



## PCSC's friendly work environment

### 2017 KPI

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

### 2016 KPI

Percentage of target met

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

### SDGs



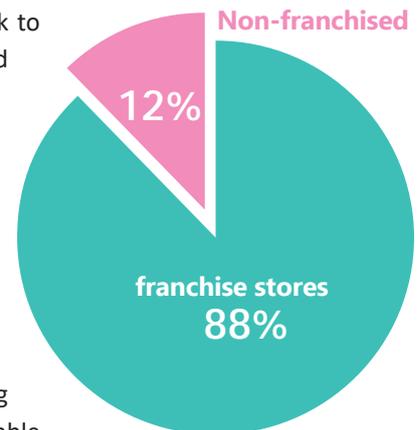
We have always believed that only happy employees can relay PCSC's values to consumers and only satisfied employees can provide superior service to create satisfied customers. To achieve this, PCSC partners strive to integrate the hard work from retail locations, franchisees, headquarters, and affiliated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



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

## 5.1 Embracing various backgrounds

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



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

### ● Franchisee operation

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

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

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

### ● Creating a joyful atmosphere

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

### ● Happiness Cooperative

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

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





## Health improvement plan

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

### Individual health resources:

### Individual medical health services

- Health services were introduced in 2013 (once every two months); by 2016, the frequency that these services are provided was increased to **16** times each month. In 2016, the medical professionals offered their services to **429** employees and satisfaction was **4.9**.

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- In 2013, 1 nurse was employed to provide health services; by 2016, the number of nurses was increased to **4**.
- In 2016, the nurses offered their services to **304** employees (a **50%** increase from 2015) and satisfaction was **4.9**.

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

### Personal health management

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

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

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

■ Health promotion events:

Health Passport



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



Weight loss events



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

Others



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



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

■ Healthy Workplace Certification:



2016

Ministry of Health and Wel-fare

Safe and Secure Location



2016-2019

Health Promotion Administration

Health Promotion  
Excellent Healthy Workplace  
(Happy and Healthy Award)



2016

Taipei Department of Health

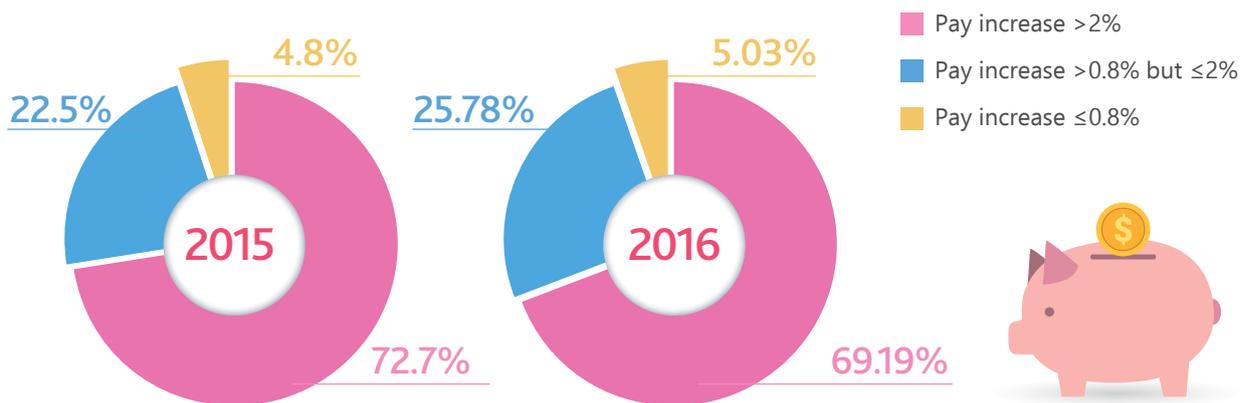
Excellent Healthy Workplace  
(Third place)



## ● Special PCSC benefits

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

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



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

## 5.2 Friendly and harmonious work environment

### ● Human rights and labor inspections

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

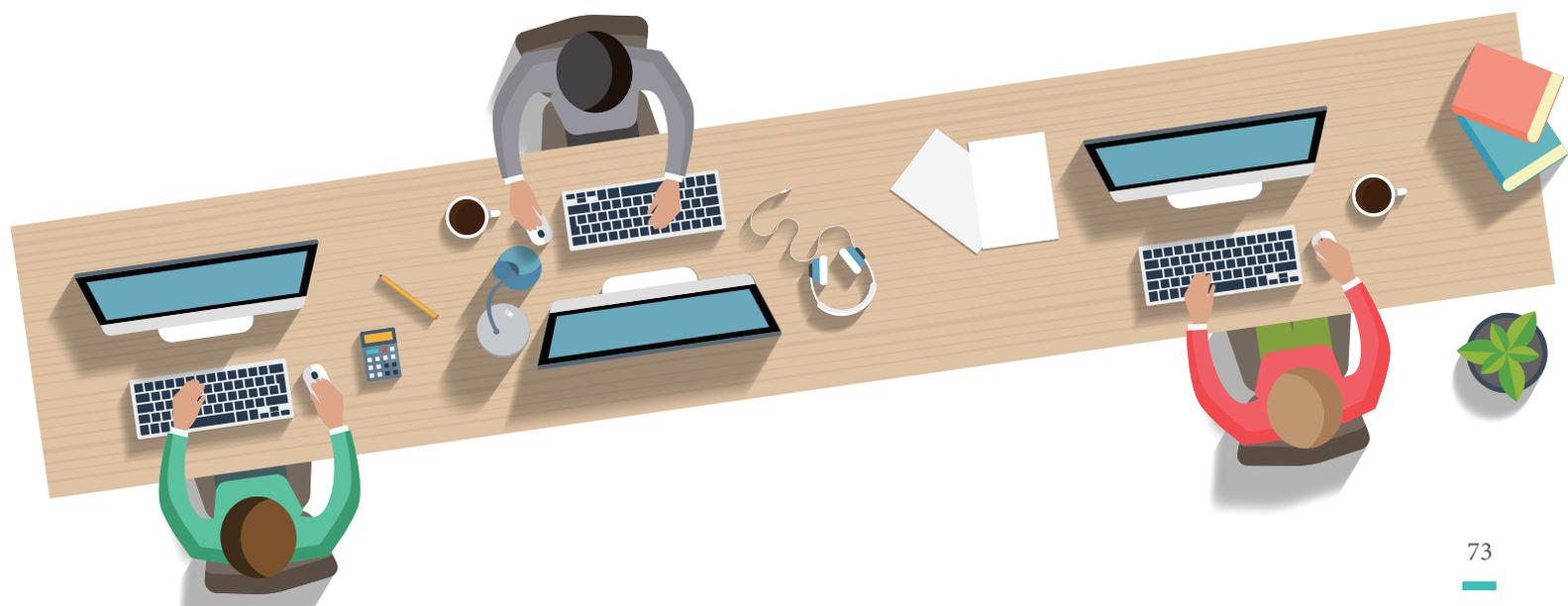


In order to solidify what they had learned by putting it to practice, inspections were specially organized from 2012 to 2014 where the participants from affiliated companies went to designated companies to conduct audits. In 2015 and 2016, affiliated companies were given labor conditions and occupational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

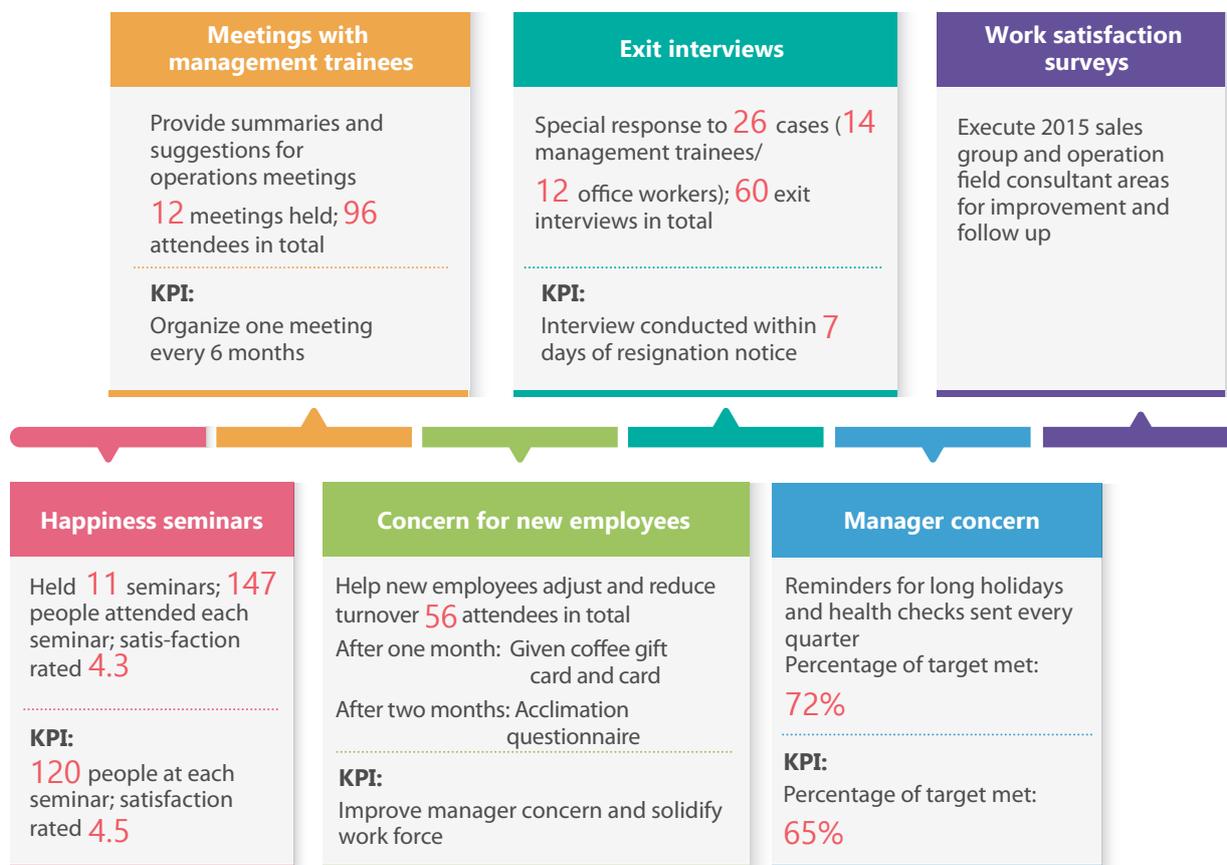
We also audited labor and health insurance compliance, work hours, salaries, and occupational safety for all franchise retail locations; suitable guidance was given for any locations that did not abide by relevant regulations. In 2016, 4,441 stores were audited and 809 stores (18.22%) failed to meet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

## ● Clear communication between labor and management

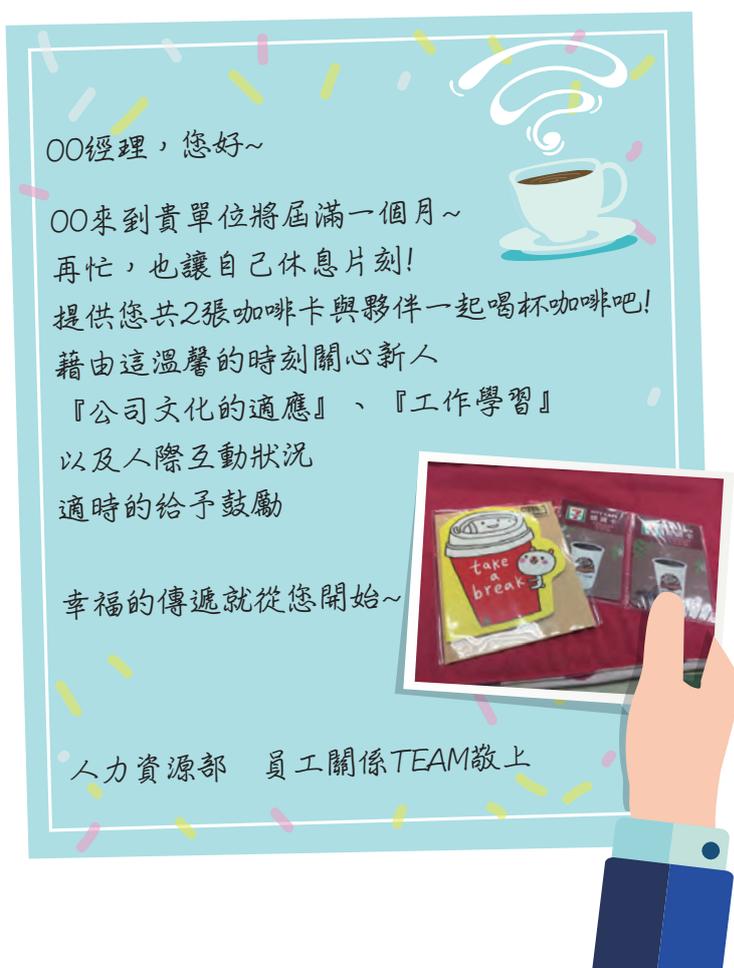
At PCSC, we view all of our partners as part of a whole; it is our mission to integrate our employees' development into our future plans for the company. We strive to create unity between labor and management, for example, by protecting workers' rights and creating a gender-equal work environment free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



■ 2016 Interest and investigative projects:



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





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

### Occupational hazard statistics

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

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

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

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

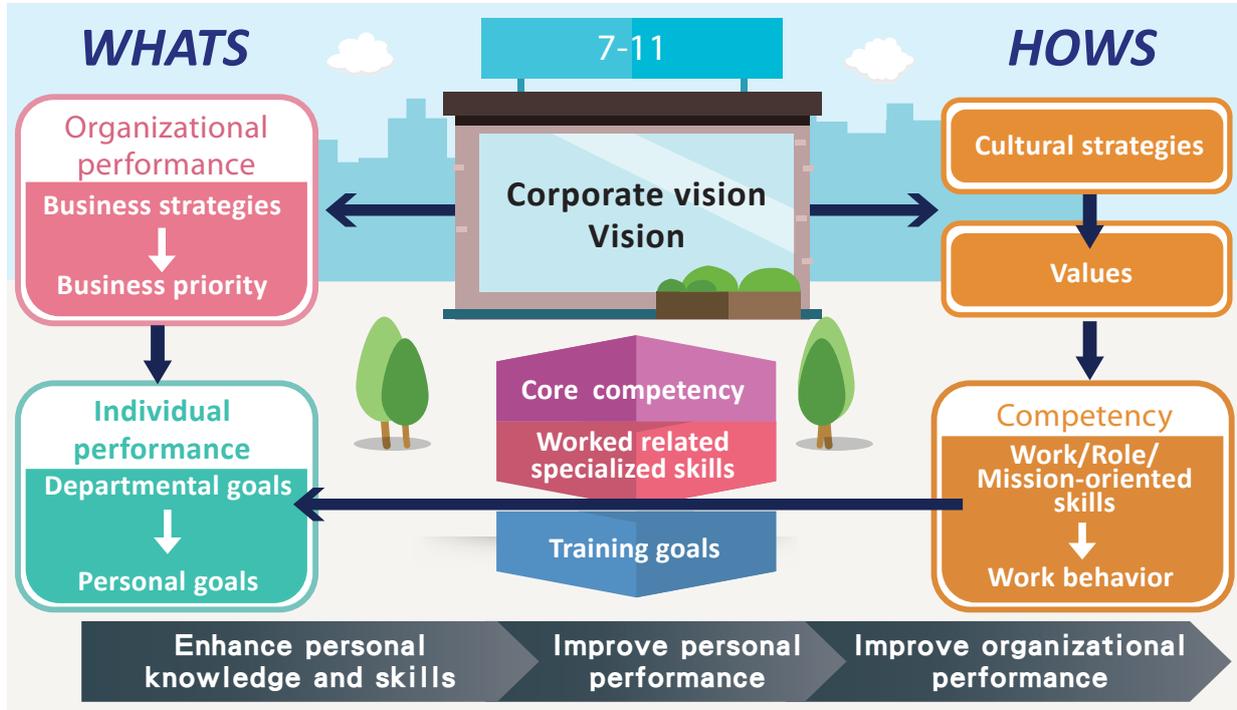
1	Establish health and safety organization	<ul style="list-style-type: none"> <li>Created an Occupational Safety and Health Committee and an Occupational Safety and Health Management Office to discuss and manage matters related to health and safety.</li> </ul>
2	Execute health and safety management	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

## 5.3 Expert career planning

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

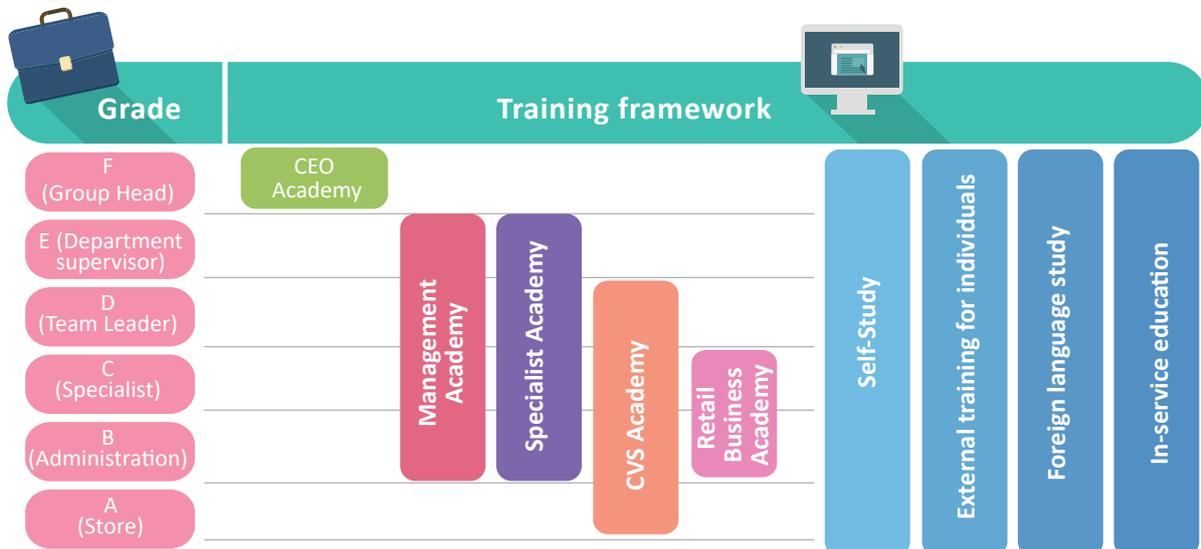


## Employee Education, Training and Career Development



Education and training is the main driving force of organizational growth; they do not just apply to new employees, but all partners must continue to study and to grow. PCSC possesses the most complete personnel development program in the industry. Extensive "classroom lectures" combined with "online learning" have helped cultivate an outstanding learning organization. PCSC possesses the most complete personnel development program in the industry. These opportunities include manger and peer guidance, knowledge management systems, outside training, company training, sem-inars and conferences, online learning, on-site education, on-the-job training and both brick-and-mortar and online libraries.

### PCSC 7-ELVEN University Training Framework



## PCSC e-learning center

The screenshot shows the PCSC e-Learning Center website. At the top, there is a navigation bar with a home icon and several menu items: 個人功能, 學習智庫, 課程管理, 訓練發展, 管理工具, 管理學院, 流通商學院, and CVS學院. Below the navigation bar is a large banner with the text "A Complete Solution for human resource development" and an illustration of people holding hands around a globe. To the right of the banner is a "個人功能" (Personal Function) box containing a user profile for 梁玉輝 and a "歡迎回來!" message, along with links for 導覽, 我的學習地圖, 我的申請專區, 最新課程, 我的查詢專區, and 主管功能. Below the banner are two sections: "最新課程" (Latest Courses) and "最新公告" (Latest Announcements). The "最新課程" section lists three courses: "【區艱問進階訓】01\_從擴益分析找機會", "【區艱問進階訓】02\_RESTORE與Layout案例研討", and "01\_新進人員先修班". The "最新公告" section lists three announcements: "CVS學院\_線上自學課程, 全新上架-歡迎夥伴觀看!", "大師OPEN講線上課程, 全新上架!!!", and "2014/02/18起線上課程新增【餘額卡】課程, 請夥伴利用時間上線".

## Individual Development Program

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

## Self-management training

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

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



## TK Spirit

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

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

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



### 2. Servant leadership courses-

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



## Open studio

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

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



## Upper management shared education

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

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





## Elite program for trainees

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

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

### Program content:

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

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

## District manager supply chain training

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

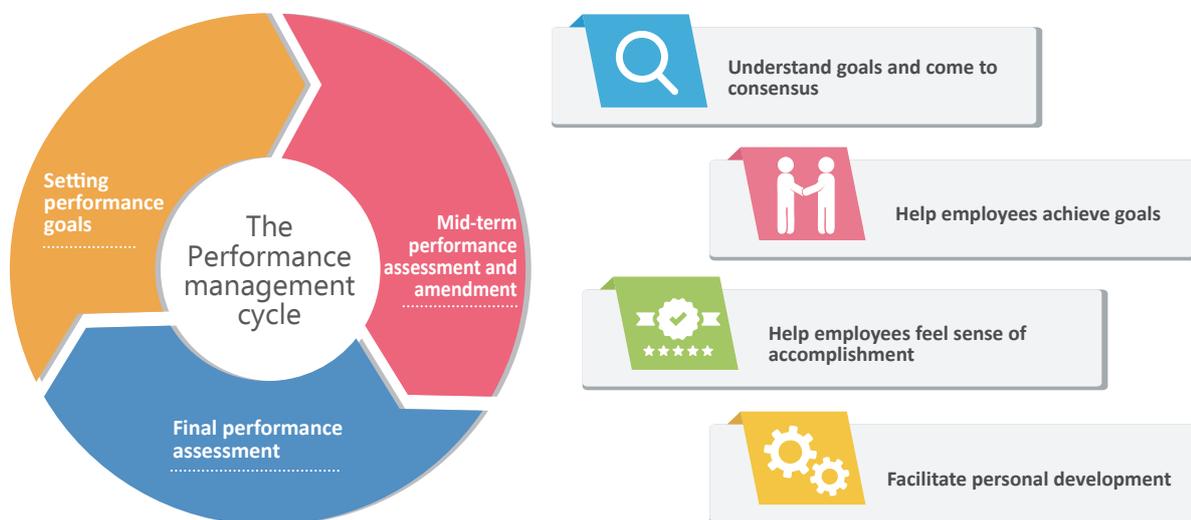




## ● Goal-oriented performance management

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

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



## ● 2016 TCFA Excellent and Outstanding Store Manager Awards

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

