

## 3

## A Good Neighbor **Who Cares for the Environment**



**72.1%** of the stores have received the highest 3-star Green Convenience Store Grading and Certification



Logistics vehicles' carbon emissions averaged 47.0 kg per trip in 2014, a reduction of **0.77%** compared to 2013



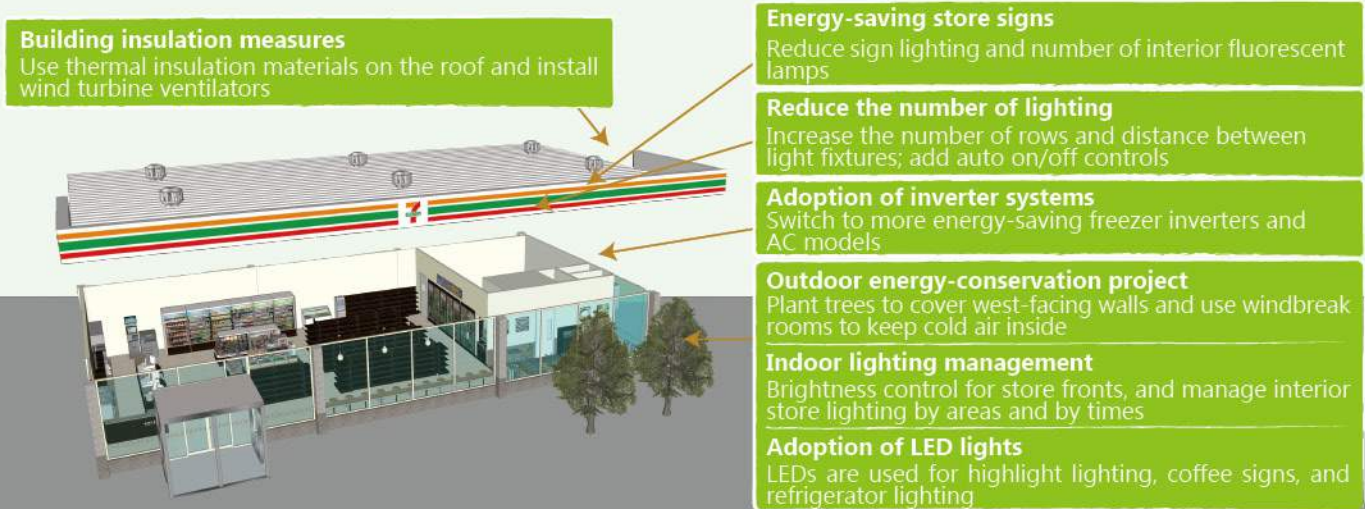
More than **28,000,000** fresh milk bottles used and recycled at our stores during the period from August 2009 through the end of 2014.

### 3.1 Energy Conservation and GHG Reduction

#### ▪ Energy-saving and carbon reduction at our stores

**W**ith the topic of global climate change becoming increasingly popular, along with rising oil and electricity prices made us realize that energy saving and carbon reduction are not just about world-class enterprises setting examples; it is also an issue of sustainable management. We leveraged our stores' large presence and influence as starting points; before new stores are opened, energy-saving designs are incorporated which included seven key focus points as follows: building insulation, energy-saving store signs, reduced lighting, inverter systems, outdoor energy-saving, indoor lighting management, and LED lights. For existing stores, energy-intensive equipment is now gradually being replaced. With consent given by the "Equipment Procurement Committee", we invest in energy-saving equipment upgrades and work with the government, Industrial Technology Research Institute, and related academic units to improve the energy efficiency of our stores and reduce operating costs. In addition, we have introduced "Store Energy-Saving Self-Inspections," setting a guideline for store staff to regularly inspect air-conditioning, ventilation fans, lighting, freezers/refrigerators, and store signs in order to maintain all equipment running at a state of high efficiency. In 2014, we carried out energy-saving programs such as replacing fixed-frequency AC in stores with inverter AC units, adding inverters and integrated heat sinks to the refrigerator system, and adding freezer inverters to 2-door freezers. This is estimated to reduce electricity consumption by 20,750MWh and carbon emissions by 10,832 tons annually.

## Energy-saving designs at our newly established stores



## Main Energy Conservation Plans Introduced in 2014

Equipment introduced	Quantity	Electricity saved (kWh/year)	Carbon reduction (Tons CO <sub>2</sub> e/year)
Circulation fan	1,874	2,712,053	1,416
Energy-saving device	446	7,017,061	3,663
Inverter AC	943	4,484,531	2,341
7.5hp external refrigerator inverter	199	428,407	224
External freezer inverter	429	1,357,528	709
T5 lights	35,731	2,510,854	1,311
Hibernation mode of Slurpee machine	3,706	653,971	341
Reduce arcade lighting	3,802	467,596	244
Reduce the operation time of indirect lighting	9,094	1,118,344	584
<b>Total</b>	<b>43,328</b>	<b>20,750,344</b>	<b>10,832</b>

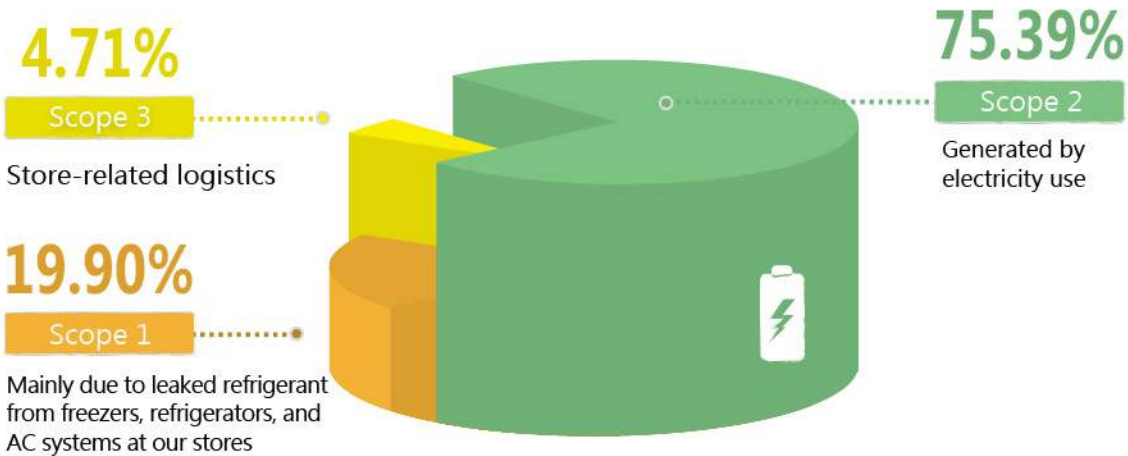
Note: The evaluation of electricity savings were based on actual meter measurements or assessments made based on energy-saving certification projects conducted by experts and academic/professional units

PCSC has been cooperating with the Architecture & Building Research Institute, Ministry of the Interior in recent years to conduct on-site inspections, diagnosis and evaluation for energy-saving modifications at the convenience stores in order to qualify for green convenience store grading and certification. A total of 3,631 stores, or 72.1% of all stores, have received the highest 3-star rating by the end of 2014, a 7% increase from 2013, indicating the affirmation of the energy conservation efforts made by our stores. In 2014, we participated in the energy-saving products and businesses competition organized by the city of Taipei. 7-Eleven Changsing store received the award of excellence for its energy-saving store design. We also learned from exchanging ideas and success stories with others.

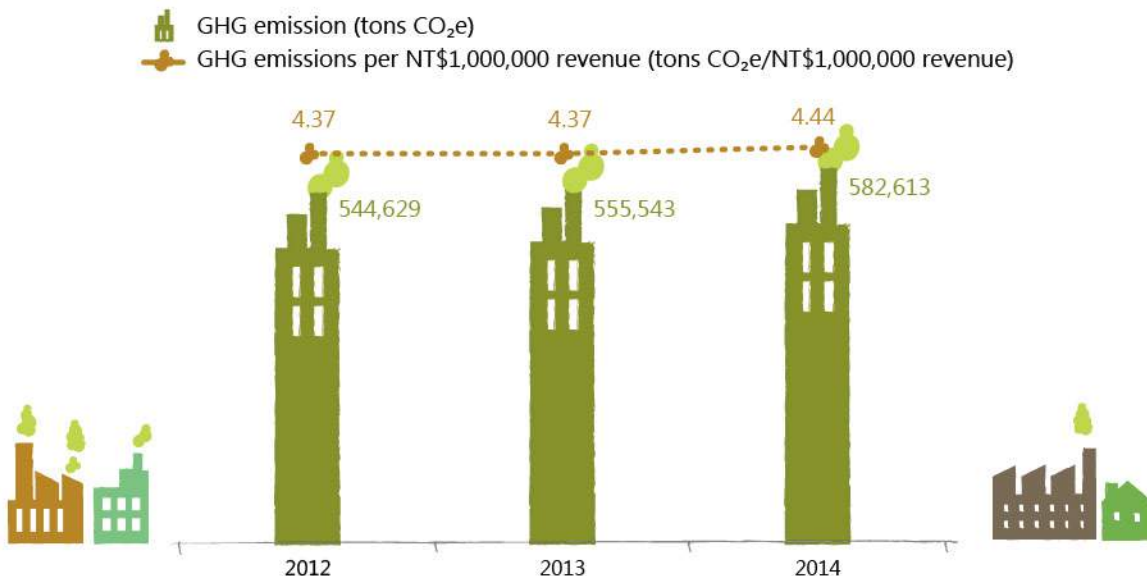
We continue to perform GHG inventory based on the GHG Protocol to track the emission of greenhouse gases within scope. We are also continuing to improve the accuracy of our data collection efforts. We can now track our electricity consumption with a 90% or higher confidence level, except for a few stores where actual data is not yet available.

PCSC's GHG inventory has updated its electricity carbon emission factor over the previous years in accordance with the national policy. In 2014, PCSC's GHG inventory totaled 582,613 tons CO<sub>2</sub>e. The relative proportion of each scope was similar to 2013, with Scope 2 emissions from electricity consumption being the largest component at 75.4%. Electricity consumed by stores in particular accounted for 99.8% of all Scope 2 emissions; Scope 1 direct emissions accounted for 19.3% and were mostly caused by leaked refrigerants from freezer and AC equipment in the stores. Scope 3 emissions from store-related logistics accounted for around 4.7%. In 2013, GHG emission per NT\$1,000,000 revenue was 4.37 tons CO<sub>2</sub>e. Total GHG emissions was 27,913 tons higher than 2013, and GHG emissions per NT\$1,000,000 revenue increased by 0.07 tons CO<sub>2</sub>e. These were mainly due to the increase in number of stores and leaked refrigerants from newly purchased freezer equipment. Most of this consisted of R404a refrigerant.

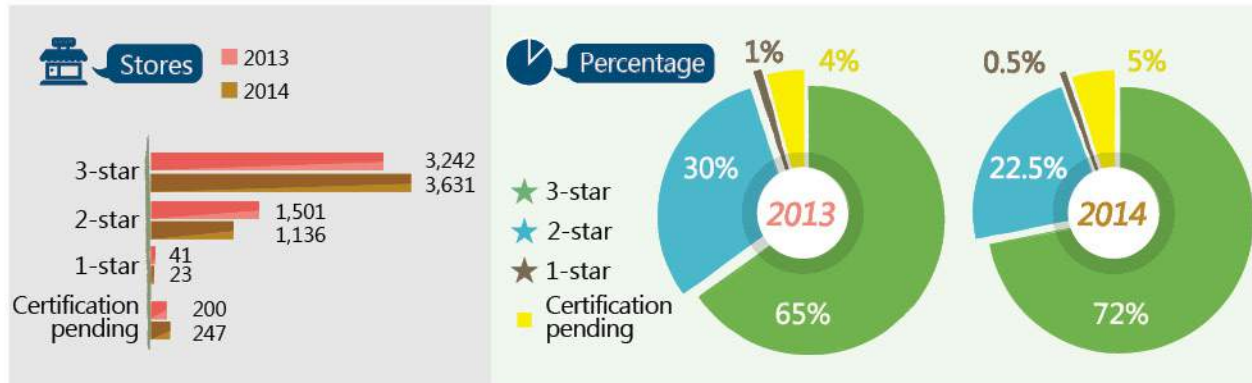
Total direct and indirect greenhouse gas emissions by percentage



GHG emission and intensity statistics



## Number of stores with green convenience store grading and certification



### 7-Eleven Changsing store received the award of excellence for its energy-saving store design

The "Energy-saving Store Design" category of Taipei City's "Energy-saving Products and Businesses" competition judged on items including the building facade, ventilation, AC, lighting and energy-saving management measures, and integration of energy-saving and aesthetics design with respect to site conditions. Measures introduced by the Changsing Store for the competition:

Assessed item	Implemented measure
Building facade and ventilation	<ul style="list-style-type: none"> <li>» Insulation film for store floor-to-ceiling windows</li> <li>» Installation of light-weight drop grid ceiling fans bearing the energy-saving mark</li> </ul>
AC equipment	<ul style="list-style-type: none"> <li>» Install AC equipment bearing the energy-saving mark</li> <li>» Install air curtains to prevent cool air from leaking</li> <li>» Lock the AC units at 26 degrees</li> </ul>
Lighting equipment	<ul style="list-style-type: none"> <li>» Install T5 light bulbs bearing the energy-saving mark</li> <li>» Replace 50 W halogen lamps with 3 to 5 W LED lamps</li> <li>» Add reflector plates and automatic timers to store signs</li> </ul>
Energy conservation management measures	<ul style="list-style-type: none"> <li>» Tiered equipment maintenance (work log, store energy-saving self-inspection, regular and random energy-saving promotions, regular contractor maintenance)</li> </ul>
Integration of energy-saving and aesthetics design based on site conditions	<ul style="list-style-type: none"> <li>» Seating area placed next to store window to take advantage of natural lighting and connection with outdoor landscaping</li> <li>» Separate cold/warm zones to reduce AC load</li> </ul>






## Energy-saving and carbon reduction at corporate headquarters

In addition to our stores, PCSC headquarters building has been practicing energy saving and carbon reduction as well by following the three principles of "electricity conservation," "water conservation," and "paper conservation." By using a patrolling management style to track the wear and use of existing equipment on each floor, we can regularly make the necessary improvements of hardware efficiency. Energy-saving slogans were displayed at common areas within the building to promote employee awareness of energy conservation issues to protect the environment. Starting 2015, we began to set the following annual reduction targets for the sake of effective target management:

- ▶ Electricity conservation: Reduce Energy Use Intensity (EUI)<sup>1</sup> by 1% compared to the prior year
- ▶ Water conservation: Reduce average water use per person by 0.5% compared to the prior year
- ▶ Paper conservation: Reduce average paper consumption per person by 2% compared to the prior year

<sup>1</sup> EUI=Total energy consumption for the year (kWh)/total floor area (sq. m)

Item	Method	2014 Performance
Electricity conservation 	<ul style="list-style-type: none"> <li>» Introduce T5 lights on floors 5 to 9</li> <li>» Set morning/afternoon on/off schedule for AC units and water dispensers</li> <li>» Increase the temperature of the chiller compressor by 1 degree</li> <li>» Introduction of total heat exchangers for the AC system</li> <li>» Introduce automatic door access control systems on each floor to prevent cold air from leaking</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Electricity saved: 63,140 kWh</li> <li>» Amount of carbon reduction: 32,896 kg</li> <li>» Electricity saved per person: 90 kWh</li> </ul>
Water conservation 	<ul style="list-style-type: none"> <li>» Install water-saving devices such as water-saving gaskets</li> <li>» Display water-saving slogans where water is used on each floor</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Water saved: 102 tons</li> <li>» Amount of carbon reduction: 15 kg</li> <li>» Water saved per person: 0.15 ton</li> </ul>
Paper conservation 	<ul style="list-style-type: none"> <li>» Promote double-sided printing</li> <li>» Introduce the scan-to-mail function to encourage soft copies in place of hard copies.</li> <li>» Introduction of individual file printing</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Paper saved: Approx. 257,436 sheets</li> <li>» Amount of carbon reduction: 4,977 kg (Note)</li> <li>» Paper saved per person: 368 sheets</li> </ul>

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

## Introduction of individual file printing

An innovative approach was introduced in 2014 for the use of "printing paper." In addition to displaying paper-saving slogans next to photocopiers, we also introduced the "individual file printing" function, requiring employees to enter their employee IDs before printing a file. Further validation is required before the file is actually printed. This prevents paper waste by printing the wrong files. We also used Forest Stewardship Council (FSC) and carbon footprint certified A4 paper for photocopying. The raw material for this type of paper comes from planned forestry programs detailing planting and harvesting.

## ■ Energy-saving and carbon reduction at affiliated logistics companies

PCSC has long cooperated with logistic affiliates to achieve significant improvements in logistics efficiency by reducing the number of delivery trips, establishing a maintenance system, scheduling joint deliveries, and upgrading logistic equipment. We strive to increase the performance of our delivery trucks and upgrade our equipment in order to reduce the environmental impact caused by logistics. President Logistics International Corp., the affiliate responsible for logistic vehicle management, introduced the use of bio-diesel in 2010 in support of government policies; it has also partnered with the Automotive Research & Testing Center on bio-diesel research to reduce the amount of smoke emission. In 2014, we began testing hybrid vehicles by purchasing one 6.5-ton ambient and one 8.5-ton dual-temperature trucks for short-range deliveries in Taipei City. The new trucks used 11% less fuel compared to standard diesel trucks based on the actual distance traveled.

### Pilot introduction of warp-airclean air catalyst

In order to make additional improvements in fuel efficiency, we tested the warp-airclean air catalyst in 2014. By reducing the size of intake air molecules and improving the combustion efficiency of the engine, we hoped to improve vehicle efficiency and reduce the amount of exhaust to reduce our impact to the environment. The fuel savings is expected to be between 4% and 8%. As this project is still under testing, future introduction will be considered based on the actual results.

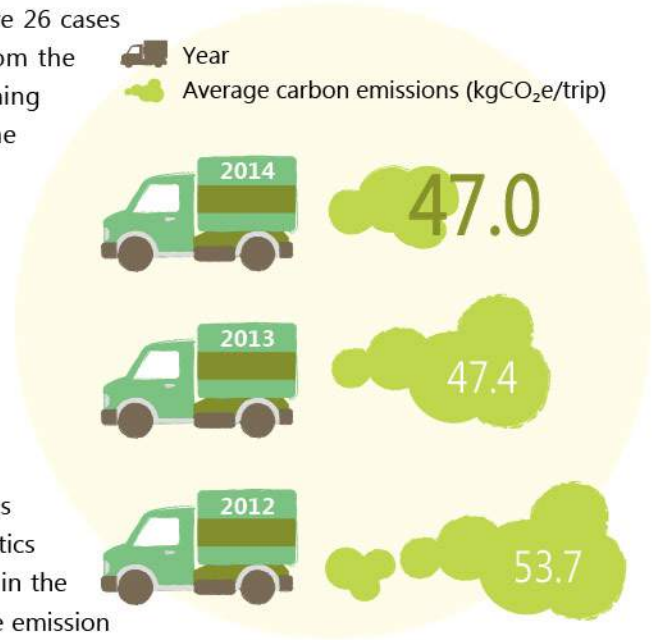
### Introduction of onboard monitoring systems (GPS/GPRS)

Apart from the points listed above, President Logistics International has set up the "Digital Mobile Monitoring Center" in 2012 and partnered with Chunghwa Telecom to co-develop a PCSC-exclusive onboard monitoring system. GPS/GPRS technology is used for real-time management of each vehicle's current status, road conditions, and cargo. Improvements such as reducing fuel consumption, constant temperature monitoring, and safer driving were made to enhance logistician safety and compliance; its three goals are real-time vehicle monitoring, safety and energy-conservation management, and operational quality control. With the exception of frozen and refrigerated trucks, onboard monitoring systems have been introduced to 100% of the vehicles as of 2014. The "Driver Behavior Report" function on the onboard monitoring system provides effective management of driver behavior and reduces poor driving habits. There were 119 speeding citations in 2014,



an improvement of 29.58% from the previous year. There were 26 cases of running a red light, which was a 36.58% improvement from the previous year. In addition, the real-time "Temperature Warning System" of the onboard monitoring system can send online alerts to supervisors and drivers of temperature problems. The "Temperature Measurement Report" enables weekly review of delivery temperatures on each route and analysis of the drivers, vehicles, or equipment having temperature issues. The average pass rate for temperature is now over 99%, ensuring the freshness and safety of our food products.

The introduction of onboard monitoring systems has proven effective in reducing incidents of vehicle idling, rapid accelerating, rapid braking, and gliding in neutral; this in turn has helped to reduce fuel consumption and carbon emissions. Statistics showed that since 2012, there has been a consistent decrease in the average carbon emissions per delivery trip. In 2014, the average emission was 47.0 kg, or 0.77% less than the previous year.



Note: Based on the statistics of PCSC distribution operations

## Recognition of outstanding drivers and the training program

In addition to equipment upgrades, we believe that "drivers" are crucial to the realization of green logistics. To encourage drivers to build a good service reputation and thank them for their contribution, we host the annual "PCSC Elite Drivers Award Ceremony." Few are chosen based on strict criteria among over a thousand drivers from President Logistics International, Retail Support International, Wisdom Distribution Service. In addition to having at least 1 year of service, certified by their delivery unit, and achieving a certain annual evaluation score, a driver must have no customer complaints or serious violations throughout the year in order to qualify for the candidate. These requirements represents the difficulty in achieving such an award. 2014 marked the 7th year of the recognition ceremony, and a total of 67 elite drivers were selected; three of the elite drivers were also presented with the "Top Driver" award.



Apart from striving to reduce the environmental impact of logistics vehicles, our logistics affiliates work tirelessly in energy saving and carbon reduction methods during the storing and sorting process at the distribution centers prior to shipping.

## Retail Support International (RSI)

RSI has continued to promote energy-saving measures including the design of the lighting and AC systems, and changing their contractual capacity for electricity. In 2014, the total electricity consumption of distribution centers was 8,642,413 kWh, which was down 298,268 kWh or 3.3% from the previous year; this is equivalent to a carbon reduction of around 155 tons. Energy-saving measures include:



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 pantry room.



Energy-intensive lights used in cafeterias, classrooms, and stairwells were replaced with energy-saving lights. Old lights are replaced regularly according to useful life to maintain effective illumination and save electricity.



Electronic official documents (purchasing and business trip applications), electronic payrolls, office paper consumption management, and double-sided printing.

The Zhongli plant has also scheduled to introduce the energy-saving service system (ESCO) in 2015. 943 units of T8 lamps will be replaced by LED lamps while the peak electricity consumption from 2 chillers will also be reduced according to actual demands; these upgrades are expected to reduce electricity consumption at the Zhongli plant by 14%, which means electricity consumption will be reduced by 44,080 kWh per month and carbon emissions by 22,966 tons. The new "Kaohsiung Second Distribution Center" was also put into service by RSI in December 2014. The plant features multiple layers of color-coated steel and thermal insulation on the roof to effectively block out the hot summer sunlight. Low-temperature zones have protruding door seals that improve the seal with parked trucks and prevent the loss of cold air. Other features such as LED lights and eco-friendly generators not only help improve inventory sorting efficiency, but are more environmentally friendly as well.

### The protruding door seals at Kaohsiung Second Distribution Center





## UPCC

To uphold the spirit of green logistics, UPCC conducts internal awareness campaigns on energy-conservation and carbon reduction; it also convenes regular energy-saving and carbon reduction meetings to review the company's energy consumption and energy-saving projects. In 2014, Madou Distribution Center launched the bakery AC improvement program involving the installation of flexible curtains, refurbishing blower bearings, as well as refurbishing and maintaining the water chilling system; this yielded electricity savings of 186,786 kWh and reduced carbon emissions by 97,315 kg. As for Yingge Distribution Center, they replaced the refrigeration and freezer unit lights with LED lights, which yielded electricity savings of 34,024 kWh and reduced carbon emissions by 17,726 kg.

### Before

AC air in the bread area flowed freely into the neighboring bakery, increasing the load for the AC units



### After

The installation of flexible plastic curtains maintained temperature control in essential areas, reduced the AC load, and saved electricity costs



## Wisdom Distribution Service Corp.

Key energy-saving measures implemented by Wisdom Distribution Service in 2014 are listed below; these measures saved a total electricity consumption by approximately 112,502 kWh, and reduced carbon emissions by 58,613 kg.

Without affecting employee activities or violating office lighting requirements, the pantry, cafeteria, and stairwells had their number of lights reduced, circuits modified, or motion sensors installed; these measures yielded electricity savings of 1,410 kWh and reduced carbon emissions by 735 kg for the entire year.

Timers were used to set 60% of the electric equipment to recharge during off-peak hours while still satisfying operational requirements; this yielded electricity savings of 11,059 kWh and carbon reductions by 5,761 kg 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 for the year.

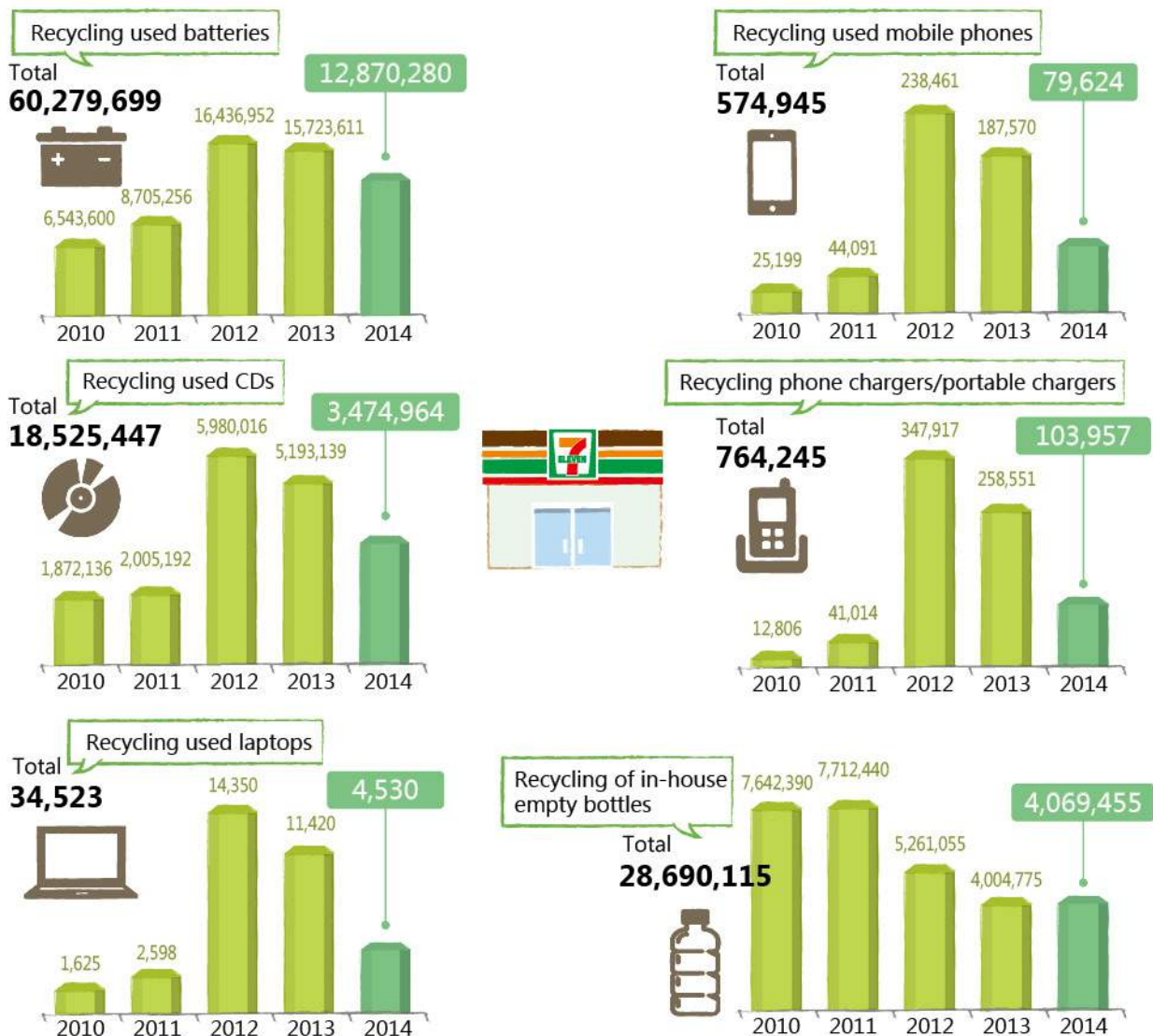
To support the rapid expansion of e-commerce business, in 2014, Wisdom Distribution Service broke ground for Phase 3 of its Shulin Distribution Center. To respond to the growing trend of green energy-efficiency, zoned lighting, AC, and insulation materials are planned to help the distribution center save energy.

## 3.2 Taiwan's Largest 24/7 Recycling Platform

Five years ago, we pioneered the "Recycle for Cash" mechanism and established Taiwan's largest resource recycling network. In addition to the regular recycling of waste containers such as PET bottles and aluminum foil packs, in 2010, 7-ELEVEN began accepting and offering in-store rebates on used batteries, laptops, CDs, mobile phones, and portable chargers for recycling due to the high rate of obsolescence in electronic products and difficulties associated with their recycling. Special sealable bags are used for used batteries and CDs. Heavy-duty damage-resistant bags were also developed exclusively for used laptops and mobile phones; these are then passed to qualified recycling contractors for eco-friendly disposal. More than 80 million pieces of recyclable products have been processed since the recycling platform was launched.

In terms of recycling in-house product packaging materials, PCSC has introduced the recycling of empty fresh milk bottles from our retail stores. More than 28 million bottles were recycled since the launch of the service in August 2009 till the end of 2014.

All of these recycled resources indicate that PCSC's efforts have made it a habit among the citizens of Taiwan to recycle at 7-ELEVEN stores. More people are now ready to protect the environment, conserve depletion of the Earth's resources, and create a better life for future generations.



Green products sold through storefront or online

More than 15 types of insulated pots and bottles



Product specifications comply with Taiwan's environmental certificate

Eco-friendly cups



Product specifications comply with the energy-saving certificate

Home appliances



More than 65 products including TVs, fans, washing machines, hot water bottles, refrigerators, and water dispensers



More than 30 products including Uni-President wheat fragrance drinks, Uni-President minced pork instant noodle, HeySong carbonated drink, and Shih An Farm animal friendly eggs

Passed carbon footprint certification and received the mark

Food and beverage



Satisfies low-pollution and recyclable packaging properties

Cleaning products



More than 40 products including hand washing soap, shower gel, laundry detergent, and dishwashing liquid

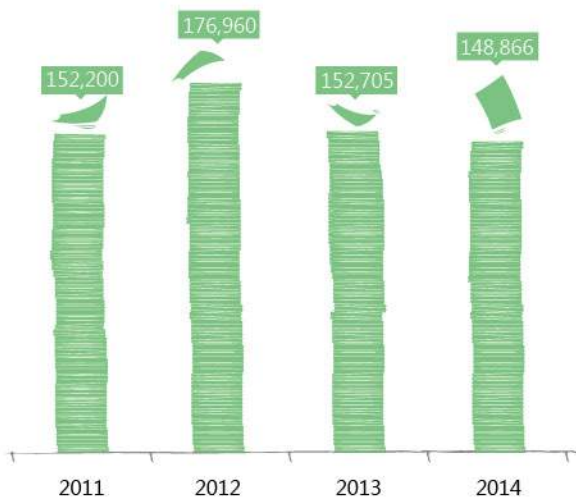


## 3.3 Green Lifestyle

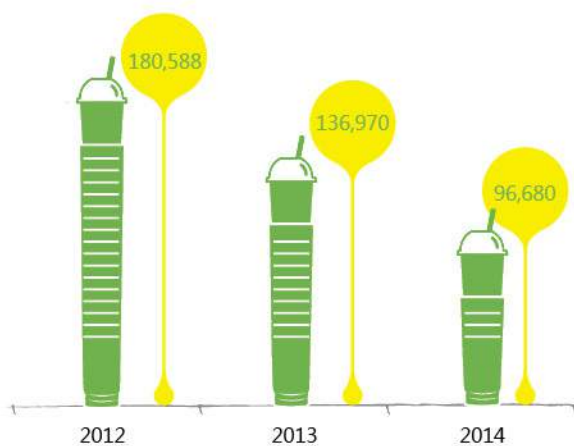
### Green management and procurement

Supporting the development of a green market through green procurement process is PCSC's commitment to the environment. We make every effort to purchase raw materials that have a low impact on the environment. For example, store promotion placards and shelf trims are made from eco-friendly stone paper. On average, more than 157,000 kg are purchased annually. All slurpee cups are now made from PLA bioplastics; with 96,680 kg purchased in 2014. Through our green procurement, we hope to reduce the environmental impact generated by the entire supply chain.

Amount of eco-friendly stone paper purchased (kg)



PLA usage (kg)



### Info

#### [ Eco-friendly Stone Paper ]

Stone paper is mainly made from rocks ground into an inorganic mineral powder; it contains zero wood fiber. Unlike conventional paper, the production process of stone paper requires no logging and does not discharge wastewater or strong acids/alkali that causes pollution. Discarded stone paper is degradable under sunlight or can be easily recycled.

#### [ PLA bio-plastic ]

Polyactic Acid or Polylactide (PLA) is a type of thermoplastic aliphatic polyester. Lactic acid and lactide required for the production of polyactic acid may be obtained from reproducible resources through fermentation, dehydration and purification. In addition, PLA is considered an environment-friendly plastic for its ease in mechanical processing and quick degradability through various ways.



We have been using the more eco-friendly Dowling printing paper for our magazines and publications since 2009. We switched to FSC-certified paper in 2013, as its color and print quality was preferred by readers. FSC is recognized internationally as the highest standard in sustainable purchasing of wood fibers. In 2014, FSC-certified matte finish paper accounted for 94.9% of all papers used by us.

### The introduction of e-receipts and iCHANNEL under the paperless initiative

At the end of 2011, PCSC became the first convenience store chain to introduce electronic receipts in support of government policies. Electronic receipts made it unnecessary to estimate and print blank receipts in advance. This means around 78 million sheets of scrapped paper receipts can be avoided each year, an equivalent of 4,041 kg. We have focused our efforts in recent years on upgrading the electronic receipts in order to reduce its size and save even more paper. In 2014, we renamed the "Electronic Receipt" to the "Electronic Receipt Stub". We also stopped providing transaction details after April unless otherwise requested. In July, stores located inside Taiwan Railway stations introduced the electronic receipts and resulted in savings of 107,641 rolls of paper and NT\$13 million in costs compared to 2013.

Since we do not initiatively provide transaction details, there are 3 different channels for consumers to check their transaction details and balance their accounts. These channels include using a mobile app to scan the QR-code on the new version of electronic receipts, registering the receipt number at the Ministry of Finance's e-receipt website, or viewing their e-receipt transaction details on the ibon kiosk at our stores. In the future, we plan to launch advertising promotions to encourage more people to use payment platforms rather than print out the e-receipt stubs to obtain a true paperless model.



## Info



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### FSC Certification

The Forest Stewardship Council (FSC) mark is currently the highest internationally recognized standard for sustainable purchasing of wood fiber; it is used as a measure of "responsible forest management" by forest management units. The FSC seal certificate is widely supported by non-governmental organizations, enterprises that are enthusiastic in the spirit of green consumption and jointly establishes the mechanism and standards to ensure sustainable development of resources.



## [ OPEN-chan Energy-saving LED TV ]

PCSC has partnered with Foxconn Electronics Inc. to launch the OPEN-chan TV. All models use energy-saving LED backlighting technology and the latest LCD panels; the TV sets also conform to the energy-saving mark requirements. The 70" TV for example, has a power consumption of just 110 W which consumers can save on electricity bills while living a low-carbon lifestyle.



### Green accounting

In keeping with our original spirit of "Friendly 24-hour Service, Happiness is Always Close By", PCSC has introduced the green accounting system in 2006. The green accounting system translates environmental protection initiatives into financial data. In 2014, PCSC invested NT\$350,251,000 in environmental protection, and spent NT\$579,162,000 on environmental expenditures.

### Green Accounting items

Category	Main items	Main items covered	Investment (NT\$1,000)	Expenditure (NT\$1,000)
<b>Merchandise</b> 	<ul style="list-style-type: none"> <li>✓ Switched to environmentally friendly product packaging</li> <li>✓ Fresh food product inspections</li> </ul>	<ul style="list-style-type: none"> <li>▶ Purchased eco-friendly PLA packaging and coffee stands</li> <li>▶ Without using additives such as preservatives, MSG in fresh foods</li> </ul>	13,690	157,634
<b>Store</b> 	<ul style="list-style-type: none"> <li>✓ Implemented energy conservation measures</li> <li>✓ Cleaning and waste disposal</li> <li>✓ Extended the service life of equipment and building materials</li> <li>✓ Green procurement</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cleaning store surroundings, landscaping, and waste handling</li> <li>▶ Introduced steel counters and refurbished equipment</li> <li>▶ Procured energy-saving equipment and eco-friendly paper/building materials</li> </ul>	336,561	359,092
<b>Contribution to society</b> 	<ul style="list-style-type: none"> <li>✓ External promotion of environmental protection</li> <li>✓ Hosted or participated in environmental protection or charity events</li> </ul>	<ul style="list-style-type: none"> <li>▶ Advocated CSR, conservation and fully utilizing resources; sponsored environmental protection organizations</li> <li>▶ Promoted Good Neighbor Funfest Environmental Protection Month in September</li> </ul>	0	41,438
<b>Internal environmental education</b> 	<ul style="list-style-type: none"> <li>✓ Promote environmental protection education</li> <li>✓ Resource recycling in the office</li> </ul>	<ul style="list-style-type: none"> <li>▶ Promote a paper-saving environment in the office</li> <li>▶ Cleaning and shaping the environment, and recycling</li> </ul>	0	18,543
<b>Distribution</b> 	<ul style="list-style-type: none"> <li>✓ Recycle through reverse logistics</li> <li>✓ Improve distribution efficiency</li> </ul>	<ul style="list-style-type: none"> <li>▶ Investment in recycling manpower and equipment</li> </ul>	0	2,455
<b>Total</b>			<b>350,251</b>	<b>579,162</b>

We are also working to reduce the amount of paper used by store POP advertisements. We have set a target for the number of POP used every marketing cycle at 130 POPs, and reduced the number of paper display stands. We currently use an average of 110 POPs for each marketing cycle, reducing the amount of POP printing by 15%. As part of the push to realize the goal of being 100% paper-free, we introduced the iChannel (in-store digital advertising screen) in 2012; this has been installed in up to 3,000 stores by the end of 2014 (60% of stores). Once it has been fully introduced, this should save around 2.6 million sheets of paper annually<sup>2</sup>. Advertising and marketing materials are now supervised by QA and legal affairs team to validate that all advertisements comply with the law or self-management regulations.

<sup>2</sup>The amount of paper saved annually is calculated based on 26 marketing cycles/year, a reduction of 20 POPs per marketing cycle for all 5,000 stores.

## ■ Green Product

Recognizing the shift towards eco-friendly and low-carbon living trends, PCSC volunteers to lead the public towards a sustainable lifestyle. The most simple and direct way is to provide consumers with high-quality and eco-friendly products to choose from. Marketing and certified products are used to convey the products' sustainability or environmental concept to consumers.

We will continue to integrate the concept of environmental friendliness with our products. We will also continue to introduce green products with eco-friendly, carbon footprint, and energy-saving marks at our stores and the virtual second floor. At the same time, we have launched eco-friendly products under our private label such as LED lights, 2.5X concentrated laundry powder/detergent, and OPEN-CHAN energy-saving TVs. Through the unique characteristics of our products, we hope to make a contribution to the environment by effectively reducing the consumption of energy and resources. By the end of 2014, more than 160 green products are being sold through storefront and online.

