

5

A Good Neighbor Who Creates a Friendly Workplace



In 2014, 280 employees with disabilities were hired, which is **3.57 times** the legal requirement



In 2014, salaries were increased by over **2%** for 72.2% of employees



As of 2014, **55** auditors have been trained to conduct internal audits and implement the principle of fairness at the workplace



5.1 Implementation of Employee Care

Becoming a happy enterprise is the vision and goal of PCSC. We believe that only "happy employees can fully demonstrate PCSC's values for customers, and only satisfied employees can provide outstanding services that satisfy consumers." We hope to continue bringing surprises and happiness to employees and customers alike, through innovative high-quality products and services, as well as comprehensive career planning. In the PCSC family, employees do not just provide labor, but are in fact creating their own ways of life as well as learning how to make a difference. The tight-knit partnership between store staff, franchisees, headquarters employees, and affiliates enable us to provide society with the most convenient services. Through our complete career planning, healthy work environment, and comprehensive benefits, we make every PCSC employees feel proud of being a part of our big happy family.



■ Our Partners

PCSC has divided Taiwan into seven zones, each with its own operational headquarters in order to respond to the requirements of local stores and consumers in a timely manner. As of December 31, 2014, we employed a total of 7,843 individuals, including 10 foreign female employees. If hourly staff from franchise stores are included, then there are more than 30,000 members in the PCSC family. Apart from helping permanent employees fulfill their dreams, since our stores operate 24-hours a day all year round and require large numbers of frontline staff to handle customer interactions, we offer not only many part-time job opportunities, but also a place where students and people reentering the workforce can showcase their talents. We have setup cooperative programs with senior and vocational high schools to provide students the chance to earn part-time income and acquire work experiences while obtaining academic credits.

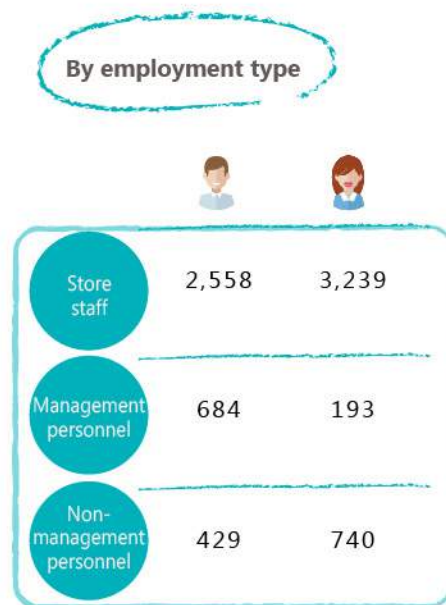
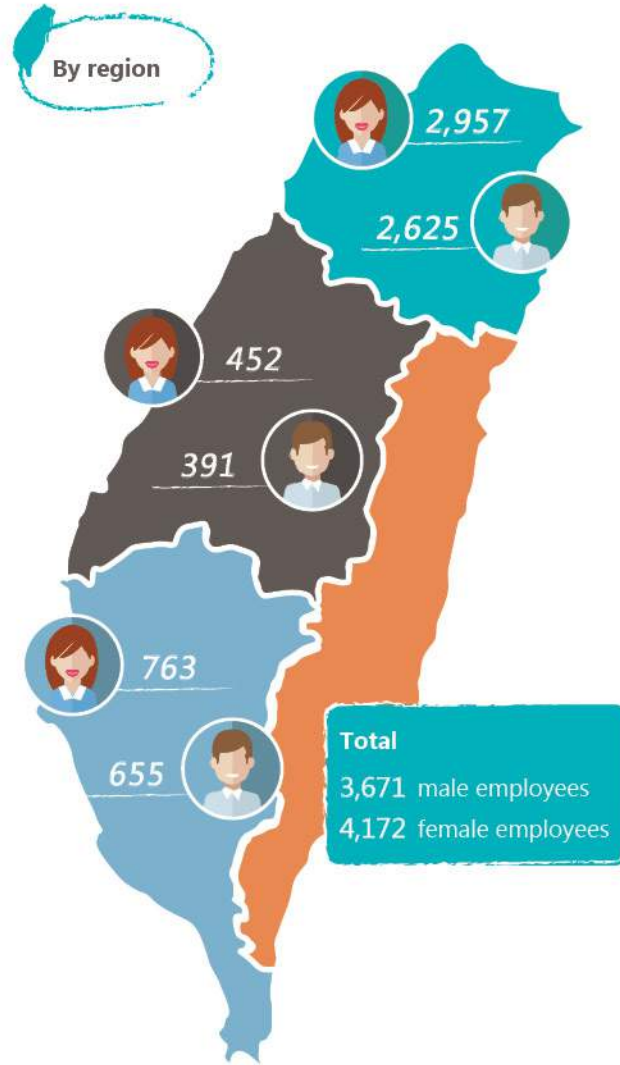
Total number and percentage of newly hired permanent employees in 2014

	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
 < 30 years old	104	10	12	126
30-50 years old	33	3	5	41
> 50 years old	1	0	0	1
Percentage of new hires (Total number of new recruits during the year/ Number of personnel in service as of 12/31/2014)				4.03%
 < 30 years old	101	21	27	149
30-50 years old	34	8	10	52
> 50 years old	0	0	0	0
Percentage of new hires (Total number of new recruits during the year/ Number of personnel in service as of 12/31/2014)				5.48%

Total number and percentage of permanent employee turnover in 2014

	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
 < 30 years old	59	5	6	70
30-50 years old	89	11	17	117
> 50 years old	2	0	0	2
Turnover ratio (Number of turnovers during the year/Number of personnel in service as of 12/31/2014)				4.53%
 < 30 years old	40	8	14	62
30-50 years old	77	12	19	108
> 50 years old	10	0	1	11
Turnover ratio (Number of turnovers during the year/Number of personnel in service as of 12/31/2014)				4.93%

Employee Statistics (As of 12/31/2014)

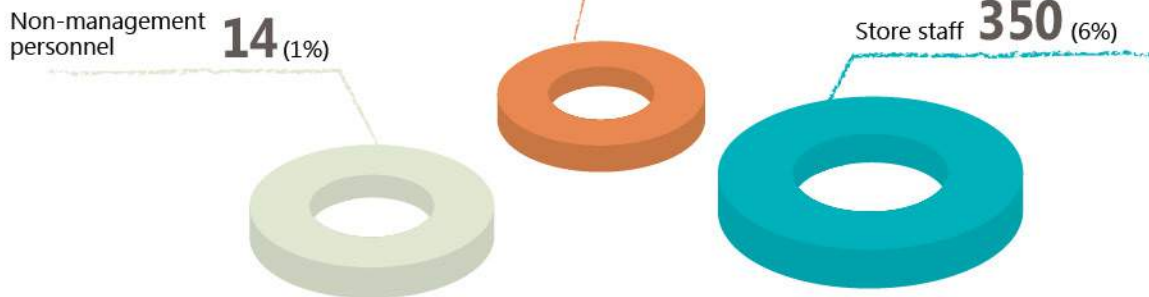


Employee age distribution (As of 12/31/2014)

Employee category	<30 years old		30-50 years old		>50 years old		Total
	Male	Female	Male	Female	Male	Female	
Store staff	1,672	1,733	862	1,448	24	58	5,797
Management personnel	50	40	565	148	69	5	877
Non-management personnel	57	143	340	586	32	11	1,169
Total number of employees	1,779	1,916	1,767	2,182	125	74	7,843

Diversified employee composition

(As of 12/31/2014)



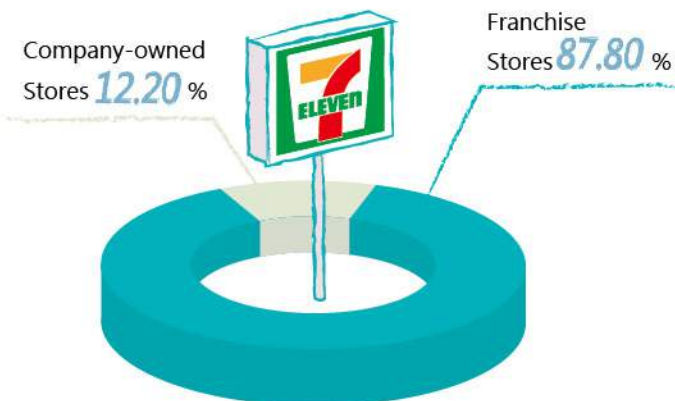
Number of employees from ethnic minorities and disadvantaged groups: 374 (5%)

Note: Ethnic minorities and disadvantaged groups include indigenous peoples and individuals with disabilities

For hourly wage workers, we do not hire those under the age of 15 in accordance with the "Labor Standards Act". We also follow the philosophy that "employment assistance is the most direct way of helping the disadvantaged achieve independence." We therefore not only provide people with disabilities with more job opportunities, but also welcome middle-aged women reentering the workforce looking for part-time work with shorter hours. In 2014, PCSC headquarters and company-owned stores hired a total of 280 employees from disadvantaged groups. This represented 3.57% of our total workforce and is 3.57 times higher than the statutory requirement.

To provide more disadvantaged people with stable employment and a chance for independence, we also hired 94 indigenous employees, which is 1.20% of our total workforce, providing a diversified and tolerant workplace environment.

Franchise business



The two types of PCSC franchise are "Franchise Chains" and "License Chains." For "Franchise Chains", the storefront is provided by the franchisee, and for "License Chains", the storefront is provided by headquarters. In 2014, there were a total of 3,420 franchisees. 87.80% of our stores in Taiwan are managed by franchisees, while 100% of offshore stores are franchise-owned. Franchising information is available on the corporate website: <http://www.7-11.com.tw/fr/index.asp>.

Franchisees are very important PCSC stakeholders. To listen and respond to our franchisees, a satisfaction survey is conducted every year. Due to the emergency food safety incidents last year, the scheduled satisfaction survey was cancelled. We nevertheless continued to express our support for franchisees. In 2014, we visited 113 stores and made 942 scheduled visits to franchisees.

We also actively built a learning and development platform for franchisees. In addition to enhancing their professional skills, the platform also offers health and recreation activities for franchisees, creating a better franchising environment. 7-ELEVEN has invested over NT\$10 million each year on motivational seminars for exceptional store managers and the Elite Franchisee Academy. In terms of health and recreation, PCSC has budgeted NT\$3 million annually in holiday subsidies for franchisees. Senior franchisees over the age of 40 who have been with the company for over 10 years receive a health exam worth NT\$16,000 every 2 years. Apart from group insurance for dependents, the spouse of franchisees can now also join PCSC's benefits trust. These initiatives are aimed at encouraging sustainable management and a positive feedback for franchisees. As a result, inquiries about new franchising opportunities have continued to rise. More than 200 franchising information seminars were held in 2014 and attracted nearly 6,000 people.

To thank franchisees for their commitment, PCSC hosts 9 "Franchisee Fellowship" events across Taiwan annually with all franchisees invited to attend. Senior franchisees who have been with PCSC for at least 10 and 20 years are also publicly recognized during the banquet for their outstanding contribution. In 2014, awards were presented to 59 franchise partners with 20 years of service and 169 franchise partners with 10 years of service. The winners of the "Best Franchisee" award were selected from each region and the award was also presented at the same time to franchisees who demonstrated exceptional business performance by embracing the TK spirit. PCSC hopes that the Franchisee Fellowship events will enhance the competitiveness of the franchise business by building consensus between stores and headquarters.

PCSC Veterans and Dependents Franchising Program is Recognized by Veterans Affairs Council

PCSC is continuing to expand our efforts to recruit top talent. Due to veterans' extensive training, methodical approach to their work and management experience, we have always been closely involved in the various job fairs organized by the military. In May of 2005, for example, we formally cooperated with the Veterans Affairs Council to offer the "Veterans and Dependents Franchising Program". Any veteran who holds a veteran's certificate as well as their dependents can embark on a new career through the comprehensive franchising system from 7-ELEVEN. The program has helped more than 300 veterans and their dependents start their own businesses; many of them becomes our finest franchisees.

▪ Building a Happy Enterprise

PCSC strives to build a secure and happy enterprise. As headquarter employees are the driving force behind all innovative products and services at PCSC, we hope that the promotion of a sound and happy workplace through the Happiness Cooperative Society, health management, and employee benefits will provide employees with a sense of fulfillment and happiness.

Happiness Cooperative Society

Work-related health topics such as job stress and excessive work-hours have attracted much public attention in recent years. The mission of the Happiness Cooperative Society formed by PCSC in 2010 is to achieve proactive caring and consultation, provide employees with the most timely and effective assistance, and educate employees on proper physical and health management concepts. PCSC is also promoting Happiness Cooperative Society branches and recruiting volunteers at our affiliates. Personality tests are used to screen for suitable volunteers. A 34-hour professional training program is also offered in partnership with the Teacher Chang Foundation on listening ability, empathy techniques, emotion recognition, problem conceptualization, and volunteer ethics. In 2014, there were a total of 136 volunteers working at the Happiness Cooperative Society (including the ones at six affiliates) responsible for conducting preliminary consultations and referrals. The cultivation of corporate volunteers not only shows greater empathy during consultations with employees but also saves the costs of referrals to Teacher Chang Foundation (TCF). The estimated investment efficiency is approximately 182%.¹ During 2014, a total of 222 care cases (103 cases from stores) with a total of 178.6 consultation hours were carried out. Cumulative care hours reached 1,371 hours in 2014. The percentage of employees who actively sought assistance and referral was 64%, which meant that more than half of our employees trusted the volunteers and was willing to actively seek help from them.

Volunteers providing care



Number of volunteers at 7-ELEVEN and 6 affiliates:

Company Logo	Number of Volunteers
	54
	39
	23
	11
	3
	1
	8



¹Investment efficiency = the cumulative investment efficiency from 2010 to December of 2014 (the ratio of training costs per volunteer and TCF fees per case) was calculated as: Cost of 1-hour TCF case service is NT\$1,960*(Cumulative care hours as of 2014: 1,371)/Total cost of volunteer training (NT\$1,475,097)

Health Promotion Program - Health Passport

Under the "Health Management Program" introduced in 2013, professional nurses were employed by the company to provide health consultations on demand. An infirmary was also set up in the headquarters to provide employees with blood pressure measurements, hot/cold compresses, and other health services. At the same time, employees were provided with exclusive "Health Passports" as well as health education through an e-newsletter and seminars; these encouraged PCSC employees to practice health management at all times and created a healthy, harmonious, and safe working environment. In 2014, we continued to expand the Health Passport program. The Health Passport program applied only to headquarter employees in 2013, and was expanded to all company-owned stores in 2014. In 2014, apart from continuing to provide on-site services with physicians and nurses as in the previous year, physiotherapy services and Automated External Defibrillators (AED) were also introduced this year. In 2015, we plan to increase on-site physician service to 32 hours per month and increase the number of nurses on staff to a total of 4. This will expand our health safety net, promote proper health care, management and promotion, and effectively build a friendly and healthy workplace.

About My Health Passport

Project approach: Analysis of employees' health exam reports from recent years showed that the top three problem areas were BMI, cholesterol, and triglycerides. BMI is a key health indicator, as an improvement in BMI can help bring about an improvement in other areas; these problem areas are closely related to lifestyle and exercise.

Content: The Health Passport consists of seven self-review items: health exam, knowledge, exercise, BMI, arts & culture, travel, and vacations. To encourage employees to develop good habits and proper health management, those who complete all seven items received a NT\$500 gift card.

Objective:

Health activities (health exam plan, health knowledge, travel plan, spiritual development plan, exercise plan, holiday plan, and BMI plan) were designed as a marketing campaign with set indicators; those who complete all of the plans with a total score of 16 points received a reward.

我的健康護照
請完成右邊 7 項的健康活動
為自己的健康上色囉!

運動計劃	— 分
健康知識	— 分
旅遊計劃	— 分
心靈成長	— 分
閱讀計劃	— 分
休閒計劃	— 分
得分	— 分

參加知識性課程 +2 分

Results:

At the end of November, 2014, the rate of abnormal BMI values among participating employees was 36.6%, down 11.7% from the start of 2014. This was also 9.4% lower than the results from 2013.

我的 2014 健康護照
My Health Passport

單位別: _____ TEAM / 門市

員 編: _____

姓 名: _____

Employee Health Education and Training

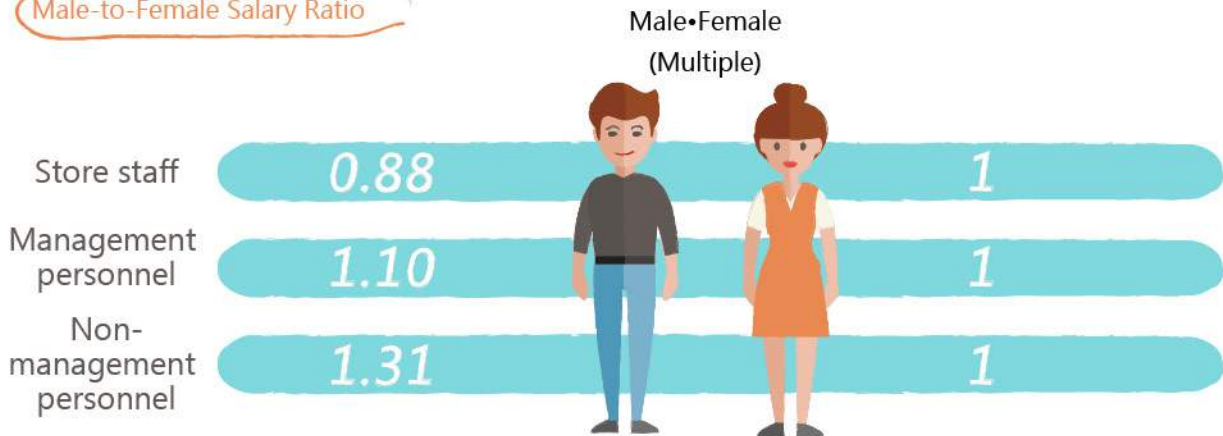
In addition to introducing professional medical resources to look after employee health, PCSC also partnered with the Millennium Health Foundation to offer health education seminars for employees to promote healthy living practices and preventive healthcare. The Millennium Health Foundation discovered that stress, long work hours, and a lack of exercise led to high blood pressure, high blood cholesterol, high blood sugar, as well as gastrointestinal, liver, and gallbladder problems; these diseases are prevalent among office workers. In serious cases, they may also lead to stroke, cardiac arrest, and diabetes. A series of seminars were therefore organized by the Foundation to convey proper health concepts to employees in partnership with the Group.

Salary and Benefits

PCSC offers competitive compensation packages to our employees. We also conduct research on salary and benefits every year to ensure that our starting salary is above the national average (the starting salary for new office specialists (with an undergraduate degree) is 1.68 times the minimum wage; for graduate degree holders, it is 1.9 times the minimum wage.) Our starting salary for graduates is therefore better than the prevailing market rate. To ensure fair compensation, the principle of equal pay for equal work applies to the starting salary of male and female. There is therefore no difference in compensation and benefits due to gender or age. Labor-management meetings are convened on a quarterly basis in accordance with the law. Five representatives from each party meet to negotiate various benefits and systems in order to create a harmonious and friendly work environment. In 2014, there was no significant difference in the male-to-female salary ratio. The difference was less than 1.5 times for all employee types. In terms of salary adjustments, 72.3% of employees received a raise of more than 2% between 2013 and 2014.

Benefits	Description
Bonuses	Performance-based adjustment, year-end bonus and other variable bonuses.
Benefits and Subsidies	<ul style="list-style-type: none"> Senior employee trip, employee health exams, trust fund, club subsidies, shopping discounts, wedding/funeral assistance, paid paternity leave, group insurance, company trip, and various subsidies from the Staff Welfare Committee. Employees are provided with family leave, family care leave, maternity leave, and childcare services in accordance with the law.
Welfare Facilities	Library, dormitory for female employees, employee consultation, happiness seminars, and other benefits.
Retirement Plan	Regulations governing staff retirement have been defined in accordance with the Labor Standards Act and Labor Pension Act. A "Labor Pension Fund Supervision Committee" was also established to supervise the accrual and distribution of pension and other related matters.
Staff Welfare Committee	A Staff Welfare Committee has been set up in accordance with the law to promote benefits for employees.

Male-to-Female Salary Ratio



Note: Compensation consists of basic salaries of 2014 and year-end bonuses.

Salary adjustment for permanent employees



Note: Take a salary adjustment ratio $\leq 2\%$ for example, the percentage = (Number of employees with salary adjustment ratio $\leq 2\%$)/Total number of employees.

Employee return and retention rate after parental leave

	Number of people	Number of people	Total
Employees eligible for parental leave in 2014	214	324	538
Employees who applied for parental leave in 2014	2	61	63
Expected returns after parental leave in 2014	4	60	64
Actual returns after parental leave in 2014	2	28	30
Actual returns after parental leave in 2013	2	27	29
Employees still on the job 12 months after returning from parental leave in 2013	2	18	20
Return rate (%)	50.00%	46.67%	46.88%
Retention rate (%)	100.00%	66.67%	68.97%

Note:

1.Return rate: Actual return after parental leave/Expected return after parental leave

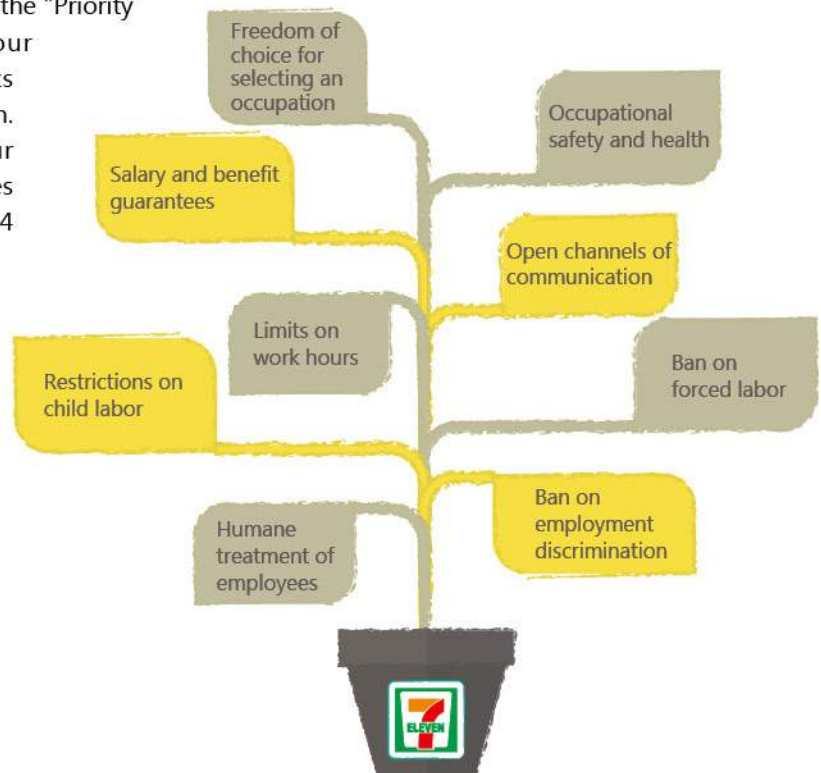
2.Retention rate: Employees still on the job 12 months after returning from parental leave (in the previous period)/Actual returns after parental leave (in the previous period)

5.2 Promote Harmonious Employee and Employer Relations

▪ Human Rights and Labor Audits

To provide a safe working environment as well as protect and respect employees' legal rights under the relevant labor laws, PCSC has drafted the "PCSC Labor Rights Policy" based on the International Labor Convention and other related sources. The policy encompasses 9 core promises on protecting employees from excessive work hours and forced labor; it represents our commitment to respect the rights and interests of our employees. We also audit franchise stores on "labor & national health insurance," "child labor," "compensation," "work hours," and "safety and health training." Stores found to be in violation are targeted for additional counseling and corrective actions. In 2014, we inspected 186 franchise stores and 173 stores were non-compliant in one or more areas. Each zone has been directed to educate these stores on the relevant laws and take corrective action, as well as ensuring that all necessary improvements have been made. We have developed a Code of Behavior for suppliers to ensure proper supplier management. This extends our labor rights standard to our suppliers to ensure that their employees can benefit from the rights they are entitled to in a safe working environment.

To reduce operating risks at our affiliates, we began training labor auditors in 2012. We also issued the "Priority Checklist for Labor Self-Inspections" to our affiliates in 2012 and required a labor rights policy to be included in their annual work plan. The training scheme was expanded to our affiliates in 2013, with a total of 55 employees from 26 affiliates received training in 2014 to join us in creating a quality work environment. During the training process, PCSC helped our affiliates carry out labor audits and provided any necessary assistance. Recommendations were also provided for any non-compliant items.



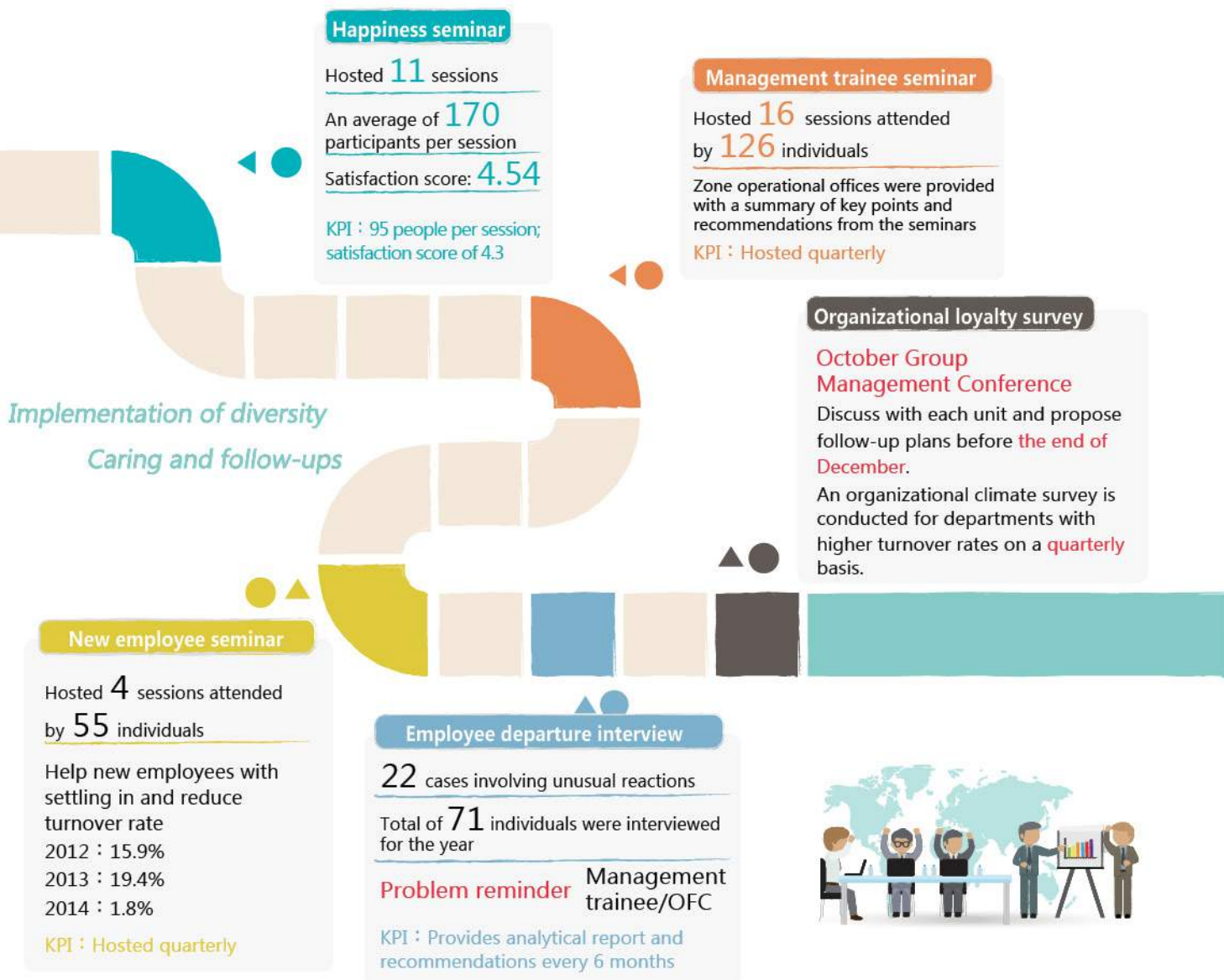
PCSC Labor Rights Policy - Promoting 9 Core Items



Additionally, Capital Marketing Consult Corp., a PCSC affiliate, also conducts employee labor and national health insurance inspections at our stores every month, to ensure all employees are properly insured as required by law and to prevent the use of child labor. In 2014, no serious abuses relating to the use of child labor were found in stores. In 2015, the Human Resources Department will conduct a full labor safety audit to ensure work conditions at all stores comply with government regulations.

Open Labor-Management Communications

To protect the rights of employees, to provide a workplace free from gender discrimination and sexual harassment, and to encourage employees to communicate directly with management, we have set up a "Customer Service Center" and a "dedicated email account" to handle inquiries. An "Internal Communications Platform" and the convening of labor-management meetings whenever necessary in accordance with the law also help to ensure timely and effective communications. At PCSC, employees are our partners rather than a part of company asset. Our mission is to combine our vision with employees' development goals. Labor-management interactions and relations at PCSC have been very positive for many years. If employees have any suggestions or feel that their rights have been violated, they can use the above channels to make a complaint. There were a total of 12 human rights-related complaints in 2014, with most cases relating to disputed work hours. All of the cases on record were resolved and closed within the same year.



PCSC also conforms with the Labor Standards Act on the minimum period of notice for assignment changes to give employees sufficient buffer time. Those who have been with the company between 3 to 12 months receive a 10-day advance notice; those between 1 to 3 years receive a 20-day advance notice; those over 3 years receive a 30-day advance notice.

5.3 Worker Safety and Health

To ensure that all employees can work in safe and healthy environment, we have established a Safety and Health Committee as well as the Occupational Safety Office in accordance with the "Labor Safety and Health Act." In 2014, the Occupational Safety Committee consisted of 14 members, including 5 labor representatives which accounted for 36% of the committee membership. Work-related injury statistics are recorded every month. Incidents are also analyzed and publicized. In 2014, there were a total of 16 cases of "Industry-specific Occupational Injuries." Our occupational injury frequency was 1.91 cases per 1,000 people, while the number of deaths due to occupational injury was zero. For specific occupational injuries, the Occupational Safety Office compiles a "Occupational Injury Case Study" to communicate to all employees in hopes to reduce work-related injuries and to realize our goal of a "zero-accident workplace."

2014 Occupational Injury Statistics



2014 Disabling Injury Statistics (not including traffic accidents)

Occupational injury rate per 1,000 people **1.91**

Disabling Injury Frequency Rate (FR) **0.96**

Disabling Injury Severity Rate (SR) **11.32**

(Note) Formula:

$$1) \text{ Occupational injury rate per 1,000 people} = \frac{\text{Number of occupational injuries}}{\text{Number of employees}} \times 1,000$$

$$2) \text{ Disabling Injury Frequency Rate (FR)} = \frac{\text{Total number of injuries and deaths}}{\text{Total work hours}} \times 10^6 (\text{per 1 million work hours})$$

$$3) \text{ Disabling Injury Severity Rate (SR)} = \frac{\text{Total days lost}}{\text{Total work hours}} \times 10^6 (\text{per 1 million work hours})$$



2014 absence rate (AR)

Number of days absent **12,666** (Note)

Total work days **1,998,848**

Absence rate **0.63%**

$$1) \text{ Absence rate (AR)} = \frac{\text{Total number of days absent}}{\text{Total work hours}} \times 100\%$$

2) Total number of days absent including menstrual leave, extended sick leave, sick leave, injury leave, and work injury leave.

Implementation of labor safety and health

1	Established health and safety organizations	Established the Safety and Health Committee and Occupational Safety Office to study and manage safety and health operations.
2	Carried out safety and health management	Produce labor safety notices for our employees' to follow in accordance with the Labor Safety & Health Act.
3	Implementation of safety and health education, training, and exercises	Safety and health education and training for newly hired and current employees. "Emergency Response" of evacuation exercises are also conducted on a regular basis to help employees master evacuation skills.
4	Implementation of safety and health inspections	<ul style="list-style-type: none"> ■ Review if there are unsafe facilities and make immediate improvements. In 2014, a total of 24 random on-site audits were conducted. Recommendations for improvements were proposed and tracked. ■ Conduct tests on indoor air quality, water quality, illumination, and perform regular cleaning/sterilization.
5	Healthcare and Insurance	Every employee receives group insurance for accident, life and medical coverage starting from their first day at work. Subsidies are offered for health exams.
6	Safety and Health Activities	<ul style="list-style-type: none"> ■ "Occupational Injury Case Studies" are produced every month to remind and warn employees about the importance of safety and health. ■ Promote Family Wednesdays to remind employees of the need to balance work and family.

5.4 Promotion and Rewards

■ Employee Education, Training, and Career Development

PCSC strives to build a "fair and friendly" workplace where both male and female enjoy the same training and development opportunities. Headquarters provide comprehensive education, training, and promotion prospects for career planning that enable ambitious employees to develop their own personal career plan. A rotation system also helps them accumulate experience and provide employees fair and open promotion opportunities.

1. Individual Development Program

PCSC employees each have an "Individual Development Plan" that they developed, based on their personal educational background, work requirements, performance evaluation results, and career development needs, with the help of their direct superiors. The program lays out the optimal combination of development courses for the employee at different stages in their career within the company. These help the employee learn and grow in a focused, organized, and disciplined manner; it also enables employees to progressively master all kinds of professional knowledge and skills.

2. Training Plan

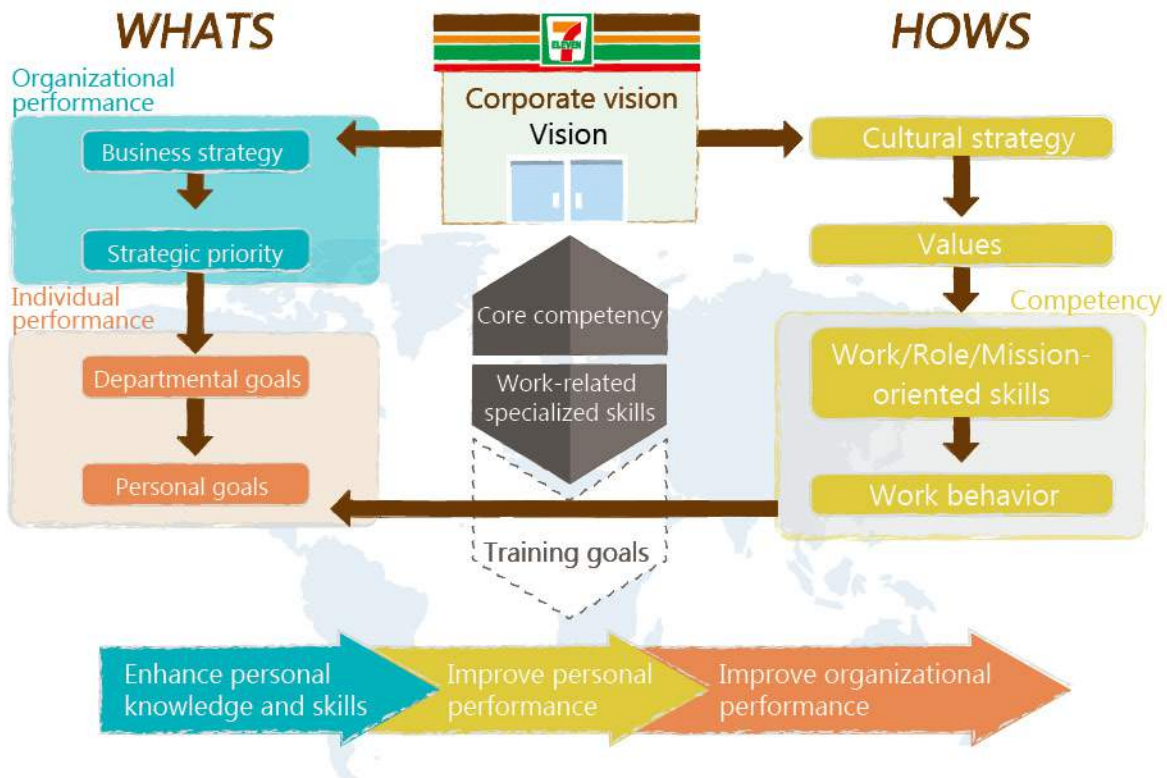
Human Rights and Anti-Corruption Training

New employee training provides a quick introduction to the company's core values, work environment, and human rights/anti-corruption rules. When office and store employees join the company, they must sign a "self-regulation agreement" agreeing to obey the company's rules on ethics, cross-gender interactions, and ban on the giving or receiving bribes. E-mail communications are used to reinforce the message. New office employees also attend a 2-hour new employee seminar on organizational overview, attendance regulations, salary definitions, sexual harassment prevention, integrity and compliance, and employee rights. Training on human rights and anti-corruption is not yet explicitly included in the training for personnel involved with store operations.

Work Capacity Upgrade Training

PCSC training uses rigorous research and interviews, combined with the Company's strategic direction, vision, and values to progressively construct a training regime that matches the organization's goals. Training activities are tailored to provide their intended recipients with a comprehensive training program covering all the skills needed for that specific role or grade. Apart from in-house courses developed by internal instructors, we have also introduced quality external training programs to enhance the overall quality and competitiveness of our employees. These courses come in a variety of different formats including lectures, group discussions, and workshops. The lively learning format helps employees absorb relevant knowledge and is also linked to the course action plan with emphasis on how the training can be applied to work. Employees are also offered self-development opportunities including individual subsidies for external training, language classes, and in-service education.

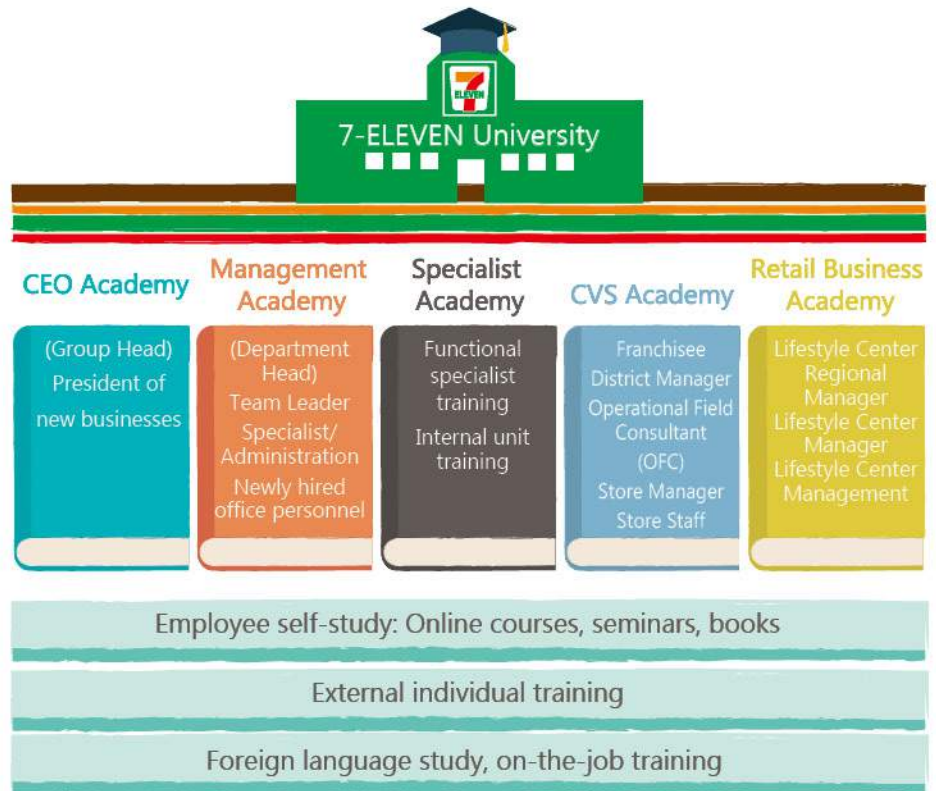
List of the comprehensive education and training system



PCSC 7-ELEVEN University Training Framework

Grade		Training framework						
F (Group Head)	CEO Academy							
E (Department Head)		Management Academy	Specialist Academy					
D (Team Leader)				CVS Academy				
C (Specialist)					Retail Business Academy			
B (Administration)						Self-Study	External individual training	Foreign language study
A (Store)								In-service education

As part of our expectations on training quality management, training organizers are continuously pushed to improve their own skills. In 2014, we received another silver medal for the Taiwan Training Quality System (TTQS). We are also making full use of e-learning platforms to provide a variety of different high-quality digital learning courses that allow employees to acquire new knowledge at any time and place.



The screenshot shows the PCSC e-Learning Center website. At the top, it features the SUMECT logo and the title "PCSC e-Learning Center". Below the title is a navigation menu with the following 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, CVS學院, and 網站管理. A large banner below the menu promotes "無限學習 隨時 OPEN!" with a cartoon character. At the bottom, there is a red banner with the 7-ELEVEN logo, the text "PCSC e-Learning Center × 天下創新學院電子報", and the 天下雜誌 logo. A small box on the left says "本週創新學院最新上線課程" and the bottom right corner says "統一超商 人力資源部".

Average employee training hours in 2014

Period: [1/1/2014 to 12/31/2014]

Employee category	Total training hours (hr)	Total participants (individuals)	Average training hours (hour/individual)
High-level managers (E/F grade)	292	68	4
Mid-level managers (D grade)	2079	355	6
Specialists (B/C grade)	158,447	29,837	5
Technicians (Store staff)	309,745	48,878	6
Total	470,563	79,138	6

3. Continued Education and Career Development

PCSC employees can enrich their learning experiences through diverse continued education channels; these channels include: guidance from supervisors and peers, knowledge management systems, external training courses, internal courses, seminars and symposiums, online learning, on-site training, in-service education, as well as physical and digital libraries.

Multiple Channels for Career Development

PCSC has spared no effort when it comes to the training and development of our employees. Employees wishing to learn new knowledge and improve their skills have our full support. Training courses, online resources, and mentoring system are used to strengthen individual development plans, help employees develop an optimal career path, and provide them with a wide variety of opportunities for growth.

Job Rotation

PCSC encourages employees to experiment and gain experience through different functions in order to expand their horizon and professional skills.

Expatriation

Employees are given opportunities for expatriation as part of our push for internationalization; this provides them with a unique opportunity to make use of their skills and abilities while enriching their international horizons, enhancing the competitiveness of both the employee and the Company.

Learning and development for newly hired office personnel



■ Cultivation of Operational Field Consultant (OFC) - The Most Important Communication Bridge with Front Line Store Staff

OFCs are the most important bridge between headquarters and stores. OFCs visit stores every week to offer advice on various problems and opportunities encountered during business management. They also explain in person the latest company policies and coach franchise owners on how to implement the policies established by headquarters. Their role is a mixture of being a detective (identify problems), a doctor (solve problems), a friend (offer encouragement and support), and a customer (empathetic thinking). OFCs provide stores with timely suggestions and advice, and help stores provide consumers with the best service. The cultivation of OFCs can be divided into store and office experience. New management trainees start at the bottom by working in stores, where their frontline experience prepares them for eventual promotion to OFCs.

PCSC has established a complete talent evaluation mechanism to build up a talent pool for every level. For example, when managing the talent pool for mid-level managers, PCSC has created the "Talent Assessment Committee". When an opening for a department head becomes available, HR submits a list of suitable candidates directly to vice president-level executives and the committee. A voting process is then taken place and only approved candidates can be promoted. Employee willingness is also taken into consideration during changes of assignment. Extensive training and task assignments are also used to strengthen the employee's management skills, knowledge, and experiences.



Various work items and execution methods:

Item	Execution method
Job Rotation	Work rotation arrangement The successor program submitted by each department is used to organize trans-departmental talent review meetings and set up job rotations.
Individual Development	Individual Development Plan (IDP) "Assessments" are conducted to identify shortfalls in the desired qualities for the intended position to serve as a reference for individual development.
	Task assignment The assignment of management tasks is used to connect training with actual application for further development.
Team Development	Training course Provide training resources targeted at the deficiencies in ability and knowledge common among managers. <ul style="list-style-type: none"> ■ Common ability improvements: Implementation of business strategy by turning strategy into action plans; assisting departments with creating their annual plans. ■ Common knowledge courses: Taught by department heads <ol style="list-style-type: none"> 1. Financial reports 2. Human resources management 3. Organizational reformation
Coaching	One-on-One regular development feedback (1) Develop a coach's ability to cultivate subordinates (2) Develop Talent with the instructions and feedback provided by the coach

■ Elite Program for Talent Cultivation

The Elite I program was initiated in 2013, and a total of 46 people completed the 9-month training program. As of January 2015, 11 of the 46 outstanding talents have been promoted to department directors, and 1 as a department deputy director. Management candidates selected for the Elite II program in 2014 underwent a 12-month training program based around the IDP, cultivating their management skills for the corresponding departments.

Plan description:

Stage	Content	Purpose
Evaluation	Work rotation arrangement	Use competency assessment to identify potential skills
Individual Development Plan (IDP)	IDP for Coach	Develop the ability to coach subordinates
	IDP for Talent	Coach Talent to complete their own IDPs
	Seminar: Power of Coaching	Continue to motivate the coach to inspire others
Competency development	Strategy execution ability	Develop Talent's ability to expand strategy into planning
Knowledge upgrade	Knowledge courses such as finance and human resources	Improve Talent's management knowledge to qualify for department heads
Feedback	One-on-one consultation and feedback with the coach	Through regular 1-on-1 sessions between the coach and Talent, the coach continues to monitor and help guide the Talent's development
	Presentation of results	Review the Talent's development accomplishments

■ Reward scheme

PCSC provides employees with all kinds of incentive schemes including performance-based salary raises, year-end bonuses, and variable bonuses. These not only reward employees for their hard work, but also encourage them to help realize the company's annual targets. In order to recognize employees who have made an outstanding or special contribution, as well as provide all employees with a role model to emulate, PCSC launched the "Outstanding Employee Selection" activity targeted at assistant store managers and staff of company-owned stores on the retail-side and specialists and administrative personnel from the headquarters. A total of 25 outstanding employees were chosen in 2014.

We hope that by selecting outstanding employees, it will reinforce our people-centric corporate culture. Through public recognition and the production of videos on the deeds of outstanding partners, we hope it will not only make award winners feel proud, but also inspire more hard-working, basic-level employees to shine brilliantly at their work position. Our employees will also learn and exchange with each other through these benchmark stories to help create a positive organizational movement!



Outstanding Store Manager Cultivation Program

To thank franchisees for their contributions, we introduced the "Outstanding Store Manager Cultivation Plan" in 2009. Each year, best store managers in each region are selected for public recognition. The top 30 move on to become "PCSC Outstanding Store Managers"; this gives ambitious franchisees and store managers an honor to compete for. This scheme has become an internal cradle for cultivating quality managers at PCSC. Those named as exceptional or outstanding store managers are qualified as instructors, and they can pass on their experiences to other store managers.

At the "2014 National Store Manager Awards" organized by the Taiwan Chain Stores and Franchise Association, 34 outstanding store managers from PCSC and its affiliates including COSMED, Starbucks, Cold Stone, and Smile competed for top honors. 12 store managers were ultimately chosen to receive the top "National Store Manager for Best Service" award. This award is considered the Oscar of the franchise industry and has been a main battleground within the industry every year.

Best Shift Manager

To accelerate the adoption of shift managers, and encourage quality store staff to implement the shift manager scheme in everyday store service, we will launch a competition for the best shift managers from each district in 2015. Winners will receive a cash prize of NT\$3,000 and a service plaque; their awards will be publicly presented by the head of the Operations Group at the National Business Innovation Conference.