



POYA



Beautiful Popular Wonderful

ALL IN ONE PLACE.

2016

CSR

REPORT

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# 01

## About the Report

- 1.1 Time Period and Scope Covered by the Report
- 1.2 The Compiler Principal of Report
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# 02

## Start on Poya's CSR

- 2.1 A message from the Management
- 2.2 External Awards

# 01 About the Report

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In 2014, Poya International Co., Ltd. (hereinafter to be referred as Poya) started to publish its “Corporate Social Responsibility Report”. The Corporate Social Responsibility Report included the information of governance, environment and society will be published by Poya annually to stakeholders for the disclosure of its policies, measures and results of corporate social responsibility, and the demonstration of its determination in realizing the sustainable development through continued effort.

## 1.1 Time Period and Scope Covered by the Report

The purpose of this report is to disclose issues which stakeholders care about, and response the issues through significant analysis.

This report covers the period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2016 and covers the scope of Poya’s headquarters and the stores national wide. Rooted in Taiwan, Poya has not yet established any branch or head office in places outside Taiwan.

## 1.2 The Compiler Principal of Report

This report is prepared according to the GRI G4 guideline at “core options”, and the map of GRI index is provided at the end of the report.

## 1.3 The Disclosure of Report

This report is published in Chinese and English version, and has been disclosed on Poya’s official website (<http://www.poya.com.tw/>) and MOPS. Data in this report are based on statistic results and related surveys complied by Poya, and the financial information is provided according to the audited financial reports.

## 1.4 The Production Team of Report

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## 02 Start on Poya's CSR

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### 2.1 A message from the Management

In 2016, due to the recovery of United States below expectation, slow recovery of Japan and Europe, and the rebalance of China, global economy impacted the momentum of international trade of Taiwan. In favor of the better performance of semiconductor industry and gradually stable price of commodities, the export showed signs of stabilizing during the second half of 2016. In addition, the modest growth in consumption and fixed asset investment drove the domestic demand. However, some risk factors still need to be cared, including the trade policy of new government of United States, the trend of anti-establishment of Europe, financial risks of emerging market, etc.

Poya shall keep making differentiation by market positioning, upgrading its services to pursue better operating performance. With the support of all personnel and the management, Poya enable to stand the top position in the retail industry.

In recent years, Poya has expanded stores around Taiwan aggressively for higher market share and visibility. By the end of December 2016, Poya had 157 stores (the store number in 2015 increased by 19.85%). With the spirit of “Proactive Innovation, Customer Orientation, Integrity and Trust”, Poya keeps providing our customers with better services and comfortable shopping space. Under the support of the customers, the growth rate of revenues and net profits after tax in 2016 all reached record highs.

In addition to growing the business, Poya also puts an effort in corporate governance. In 2016, Poya abolishes the “Rules for Director Electors” and enacts the “Procedures for Election of Directors” to attain the perfection of governance system and Board of Directors. Poya also devotes to introducing e-voting to provide multiple voting channels so that it can raise the attendance rate and establish a robust operation constitution.

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In terms of environmental protection, Poya continues to adopt energy saving equipment and implements e-system. Besides, Poya starts planning the program of new distribution center in 2015 to raise the usage efficiency of resource. The distribution center is expected to start operating in 2017.

With respect to the social participation, in 2016, Poya held the "Poya Community Care Night" to help low-income families buying necessities for free in Taitung Zhonghua branch; donated NT\$ 1 million to Taitung for rebuilding work after Typhoon Nepartak hit Taiwan; donated to NCKU, College of Medicine for building Geriatric education and research center; donated to "2016 National Rhythmic Gymnastics Championship"; donated to "A-LINE Superstar Challenge. Through social participation, Poya hopes to promote positive social culture and its value.

Poya relies on all the employees to meet its commitments of corporate social responsibility, and thus Poya provides the employees with a safe and comfortable working environment, establishes a fair and complete welfare system, emphasizes employees' training and education, and intensifies the communication channel between the management and the labors.

Poya aims at the objective of becoming as "A more preferred Poya by the customers", and will implement the sustainable spirit on environment, society and corporate governance in the future. By this report, all the efforts made by Poya on economy, environment and society can be fully presented for the friends who express a concern of our sustainability. We love Taiwan so much and value the scarce resources of the Earth. We hope our contribution to the society and environment can be served as an example for all and invite everyone to join us.

## 2.2 External Awards

The 2<sup>nd</sup> session of  
Assessment on  
Corporate  
Governance  
**Top 5%**

Poya emphasizes on Corporate governance. Except controlling the external information to make the progress with the society, Poya also established the Remuneration Committee in 2011, Audit Committee in 2014 and Nominating Committee in 2014 to complete the function of Board of Directors and protect the rights of shareholders. In 2014, Poya established Corporate Social Responsibility Committee, and announced CSR report voluntarily to implement corporate social responsibility.

The 12<sup>th</sup> session of  
Assessment on  
Information  
Disclosure  
**A+**

Poya always devotes to increasing the transparency of information. The external reports are announced in both English and Chinese version, such as financial report, annual report, meeting agenda, CSR report and material information etc. Poya also set up English-language official website to offer the information which investors concern about.



The companies in  
services industries  
with large scale  
**Top 141<sup>th</sup>**

Poya holds the company spirits of “Proactive Innovation, Customer Orientation, Integrity and Trust”, Poya keeps providing the best service and comfortable shopping environment. Poya ranks up from 158<sup>th</sup> in 2014 to 141<sup>th</sup> in 2015 and maintains 141<sup>th</sup> in 2016 in the service industry with large corporate scale according to the survey conducted by CommonWealth Magazine.

**Poya International**  
**Chen Zong-Cheng, General Manager**

# 03

## Identification and Communication of Stakeholders

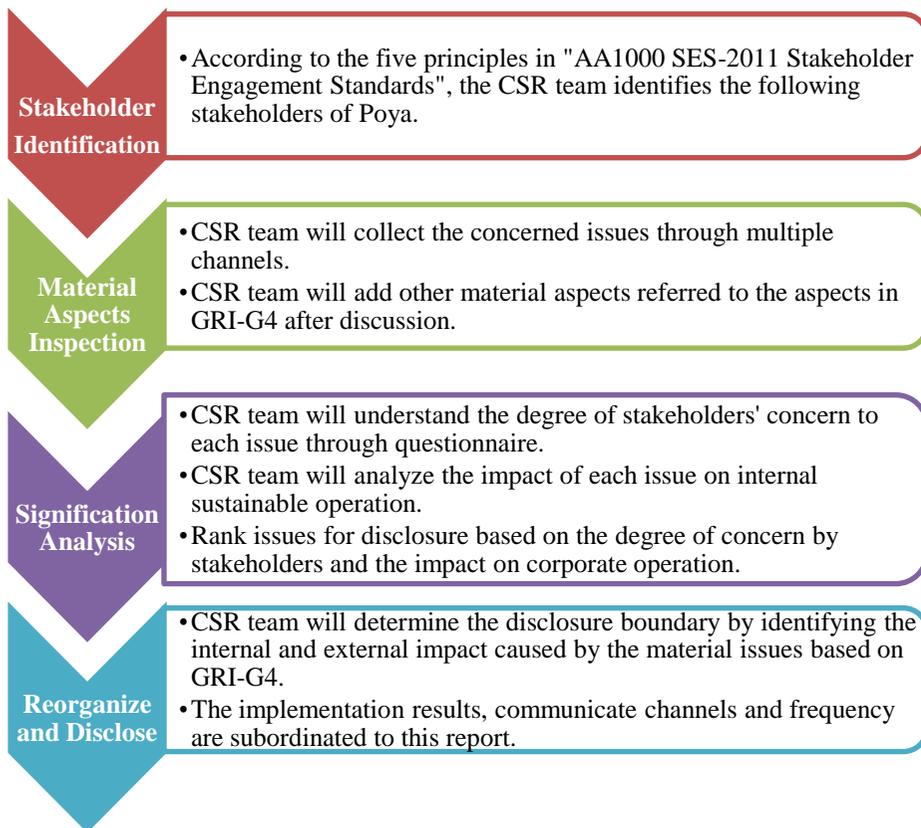
- 3.1 Identification Process of Material Aspects
- 3.2 Poya's Stakeholders and Communication Channels
- 3.3 Analysis and Ranking of Substantial Issues
- 3.4 Material Aspects and Boundary of the Report



# 03 Identification and Communication of Stakeholders

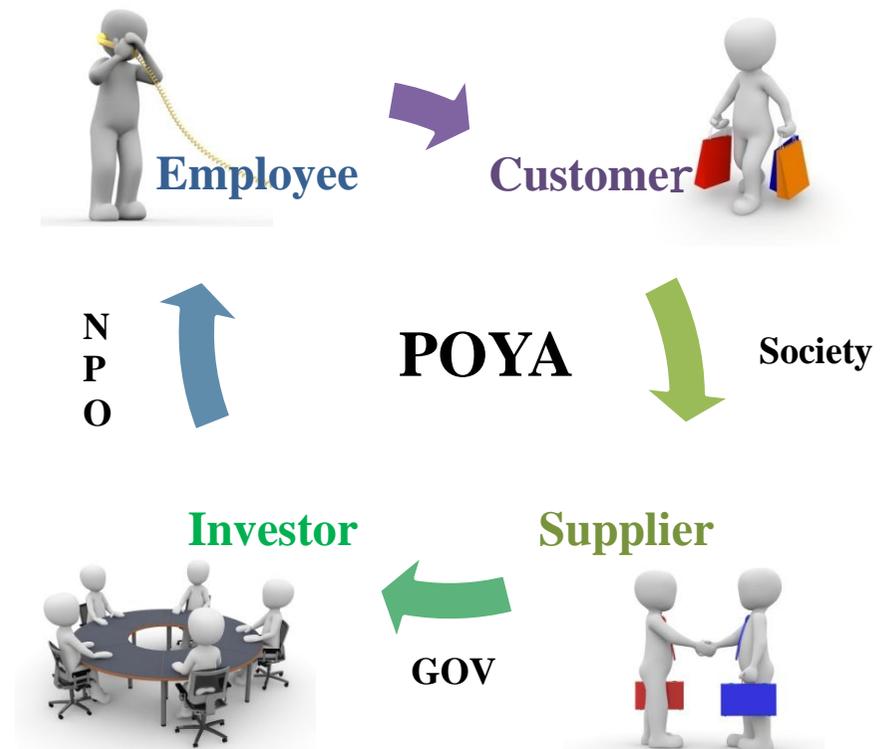
Communication with stakeholders and identification of material aspects are core works in the implementation of corporate social responsibility. In order to receive the messages from and maintain positive communication with all stakeholders, Poya provides various channels for communication and makes active disclosures

## 3.1 Identification Process of Material Aspects



## 3.2 Poya's Stakeholders and Communication Channels

According to the five principles in "AA1000 SES-2011 Stakeholder Engagement Standards" including dependency, responsibility, influence, diverse perspectives, tension and attention, the CSR team identifies the following stakeholders of Poya:



Ethical management is always the core operation principle for Poya. In order to receive the messages from all the stakeholders, Poya offers various communication channels which are shown below:

	Investor	Employee	Customer	Supplier	Government	Local Community and NPO
Concerned Issues	<ul style="list-style-type: none"> <li>▶ Corp. Operation and Finance</li> <li>▶ Shareholders' Equity</li> <li>▶ Corp. Governance</li> <li>▶ Law Compliance</li> <li>▶ Social Charity</li> </ul>	<ul style="list-style-type: none"> <li>▶ Remuneration and Welfare</li> <li>▶ Training and Education</li> <li>▶ Human Rights and Equality</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customer Service</li> <li>▶ Supplier Environment Review</li> <li>▶ Supplier CSR Management</li> <li>▶ Law Compliance</li> <li>▶ Human Rights and Equality</li> </ul>	<ul style="list-style-type: none"> <li>▶ Supplier Environment Review</li> <li>▶ Supplier CSR Management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Corp. Governance</li> <li>▶ Law Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Social Charity</li> <li>▶ Climate Change and Greenhouse Gas Emission</li> </ul>
Communication Channel & Frequency	<ul style="list-style-type: none"> <li>▶ MOPS (according to regulations)</li> <li>▶ Shareholders' Meeting (annual)</li> <li>▶ Investor Conference (6 times in 2016)</li> <li>▶ Official Website (at least once a month)</li> <li>▶ IR Email (reply in real time)</li> </ul> 	<ul style="list-style-type: none"> <li>▶ ABC Conference (monthly)</li> <li>▶ Internal meeting (monthly)</li> <li>▶ Training Course (at least once a quarter)</li> <li>▶ KPI Assessment (at least once a quarter)</li> <li>▶ Email (reply in real time)</li> <li>▶ Communication Software/ Notes /Connection (reply in real time)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Questionnaire (irregular)</li> <li>▶ Official Website (reply in real time)</li> <li>▶ 0800 Hotline (reply in real time)</li> <li>▶ AD and DM (monthly)</li> <li>▶ Communication Software (reply in real time)</li> <li>▶ Email (reply in real time)</li> </ul>	<ul style="list-style-type: none"> <li>▶ E-platform (real-time)</li> <li>▶ Review Report and Communication Meeting (irregular)</li> <li>▶ Factory Visit and New Product Conference (irregular)</li> <li>▶ Audit Management (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Agency Conference (irregular)</li> <li>▶ Correspondence for Education of Legal Rules (according to regulations)</li> <li>▶ Communication with Supervisory Body (according to regulations)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Community Care (irregular)</li> <li>▶ Society Charity (irregular)</li> <li>▶ Activities in Local Community (irregular)</li> </ul> 

### 3.3 Analysis and Ranking of Substantial Issues

Figure 3.1 shows the Matrix of Material and Substantial Issues. The material issues for first disclosure in the report shall be determined according to the degree of concerns expressed by the stakeholders to specific issues, the inquiry frequency, and the degree of substantial impacts on corporate sustainability caused by specific issues.

To those material and substantial aspects, detailed information will be included in the report to respond to the stakeholders' concerns. Other related but lower-concerned or lower-impacted issues shall also be briefly disclosed in the report. Besides, the stakeholders interested in other related issues can also gain the responses through Poya's CSR official website or other communication channels.

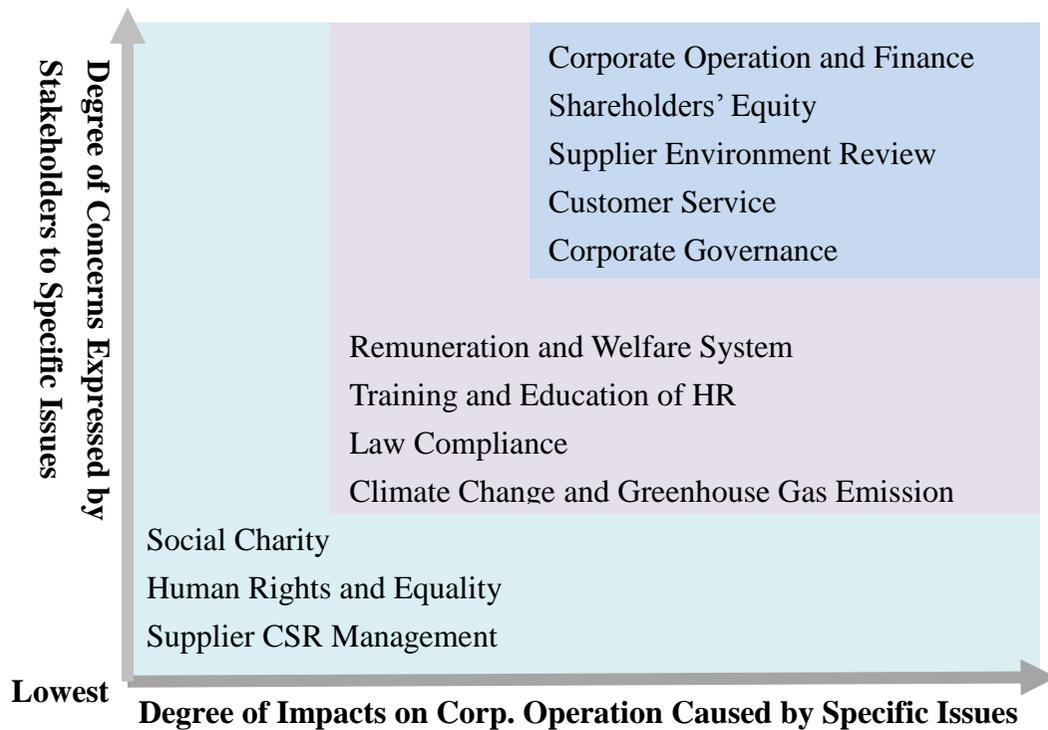


Figure 3.1 Matrix of Material and Substantial Issues

### 3.4 Material Aspects and Boundary of the Report

The CSR report covers the scope of Poya's headquarters and the branches nationwide which are substantially in the internal boundary. The external boundary includes customers, suppliers and local community. The material aspects and boundary of the report shall be determined by analyzing that whether each aspect causes substantial effect on internal and external bodies.

Category	Aspect	Internal		External		
		Head Office	Branches	Customers	Suppliers	Community
Economy	Economic Performance	■	■			
	Market Presence	■	■	■		■
	Procurement Practices	■	■		■	
Environment	Energy	■	■			■
	Water	■	■			■
	Emission/ Climate change	■	■		■	■
	Products and Service	■	■	■		
	Transport	■	■	■		
Society	Employment	■	■			
	Occupation Health/ Safety	■	■			
	Training and Education	■	■			
	Diversity and Equal Opportunity	■	■			
	Investment	■	■			
	Non-discrimination	■	■	■	■	■
	Child Labor	■	■	■		
	Forced and Compulsory Labor	■	■			
	Anti-corruption	■	■			
	Anti-competition	■	■	■		
	Customer Health and Safety	■	■	■		
	Product and Service Labeling	■	■	■	■	
	Community Participation	■	■			■

■ : Substantial aspects which shall be disclosed in the report

A man in a dark suit and a woman in a light blue suit are standing in a busy office hallway. The man is holding a clipboard and pointing at it, while the woman looks on. In the background, many other people are walking, some carrying bags and backpacks. The scene is brightly lit, suggesting a modern office environment.

# 04

## About Poya International

- 4.1 Corporate Profile and Industry Overview
- 4.2 Business Model
- 4.3 Financial Results
- 4.4 Investor Relations Management

# 04 About Poya International

## 4.1 Corporate Profile and Industry Overview

Poya was started in Tainan. The founder Mr. Chen Jian-Zao was the pioneer of the business model which Poya relied on to act as a cosmetic and grocery store. With the spirit of “customer first”, Poya keeps upgrading the store format to provide more comfortable shopping environment. Besides, Poya also devotes to offer more optional product mix. The average shopping space is around 400 pin, which is 1,300 square meter, and up to 45,000 skus are offered. Through optimizing product display and shopping area allocation, Poya satisfied customers’ expectation of one stop shopping service with the most convenient, most sufficient, and most professional experience.

The target customers of Poya are the females aged between 15-49 years old. To satisfy the purchase demands of the female customers, Poya offers the fair-priced and high CP value products. Besides, Poya will also introduce new products by getting close to the thinking of the females.

Through the store expansion, Poya emerged as the first company in Taiwan listed on GTSM as a retailer of “cosmetic and grocery specialty store” in 2002.

Corporate Profile	
Chairman	Chen Jian-Zao
Date of Foundation	March, 1997
Date of Listing	September, 2002 (Code: 5904)
Capital in 2016	NTD 0.96 billion
Industry	Comprehensive Merchandise Retailing Industry
Address of Headquarter	No.74, Sec. 3, Minzu Rd. West Central Dist. Tainan City

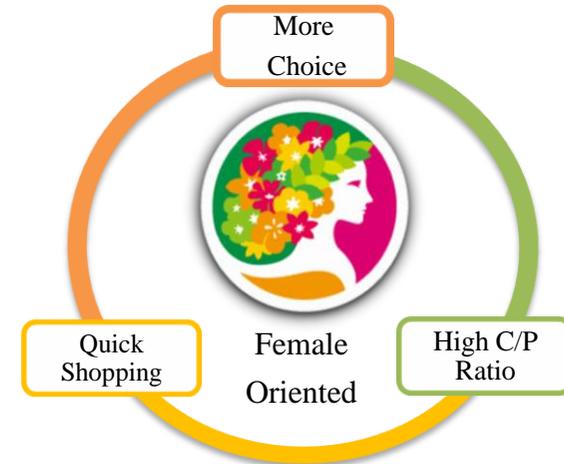


Figure 4.1 Brand Value of Poya

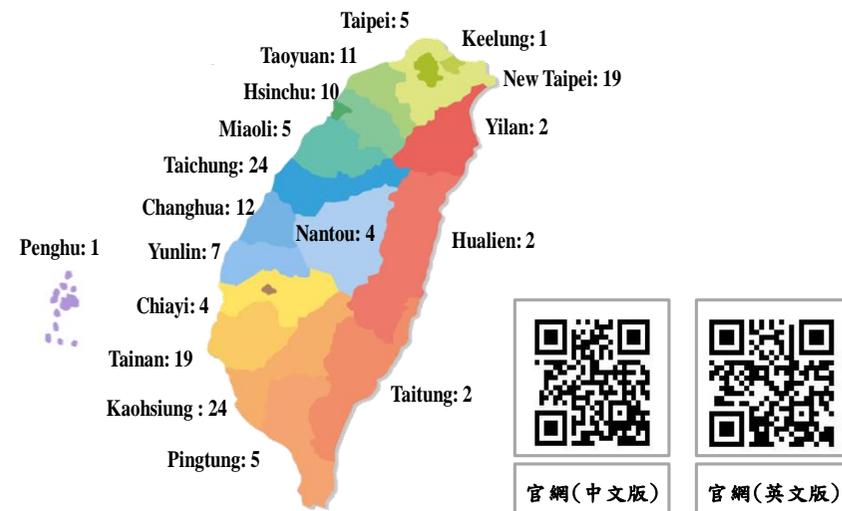


Figure 4.2 157 stores by the end of 2016

## Four categories of Poya' s product mix :

### **Trendy Skin care and cosmetic products**

Includes domestic brands of cosmetics, counters of skin care, beauty and healthy products, and cosmetics and skin care products on open-shelves.



### **Daily merchandises**

Includes daily necessities, family groceries, shampoo and showering products



### **Trendy underwear and socks**

Includes counters of branded underwear, and personalized and trendy underwear and socks.



### **Delicate and personal supplies**

Includes food, stationery, leather goods, and fashion ornaments.



## Industry Overview:

Poya is a retailer selling a whole variety of merchandise. According to the report compiled by the Ministry of Economic Affairs, the total sales of Taiwan Retailing Industry are NTD 4,100 billion in 2016. Among different types of retailing industries, the comprehensive merchandise retailing industry grew by 4.7% annually which outperformed the overall Taiwan Retailing Industry. There are five categories in comprehensive merchandise retailing industry, including the department stores, supermarkets, convenience stores, hypermarkets and others (Figure 4.3). It is the niche products of skin care products, cosmetics and personal necessities, and the comfortable, one-stop shopping space that Poya can be differentiated from the department stores, supermarkets, convenience stores, and hypermarkets. Therefore, Poya belongs to the independent category in the retailing industry. For pursuing ethical management and sound development, Poya set up “Ethical Corporate Management Best Practice Principles” in 2014 and competed with other retailers by fair and transparent way in accordance with related competitive rules. During the period of business operation, Poya do not have any event of anti-competition, anti-trust and monopolization in 2016.

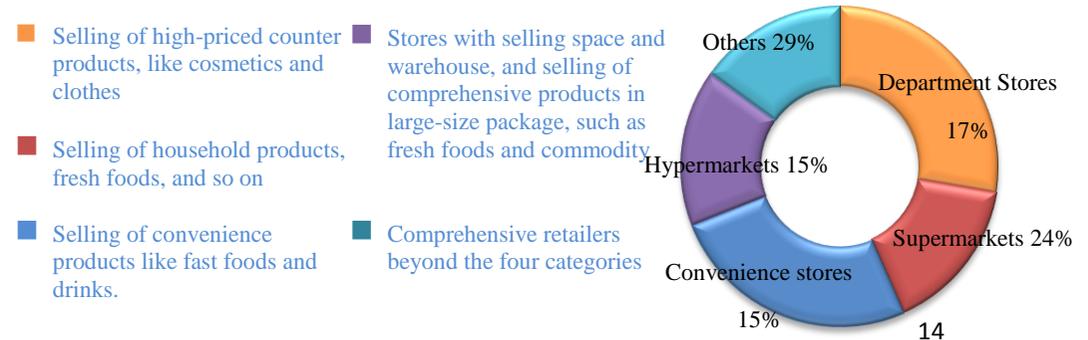


Figure 4.3 2016 Sales Percentage in Comprehensive Merchandise Retailing

Industry (Source: Ministry of Economic Affairs)

## 4.2 Business Model

The following three business strategies are for the corporate growth and the purpose of satisfying various demands of the customers:

### ■ Development of Large Scale and Chain Store System

Rooted in Taiwan, Poya has focused on store expansion and has opened to 157 stores in 2016. In addition to metropolises, Poya also opened the stores located in rural areas and even on Penghu Island in 2014 since Poya always hoped to bring the spirit of “Beauty, Trendy, and Color” into rural areas. In the future, Poya expects itself to become as “A more preferred Poya by the customers” and expand the stores national wide by setting up the store expansion plan of 400 stores in 2023.

### ■ Product Optimization

Poya holds the focus group meetings at a regular base. Besides, Poya also introduces new products and optimizes the product categories by getting close to the thinking of the female customers. Product Optimization is response to the market trend as below:

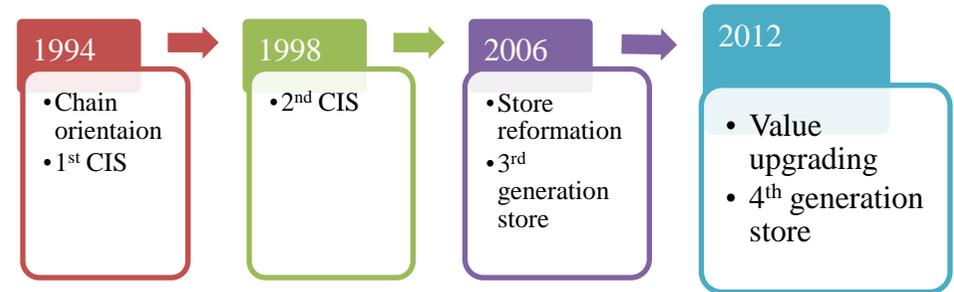


Figure 4.4 Poya Product Optimization Trend

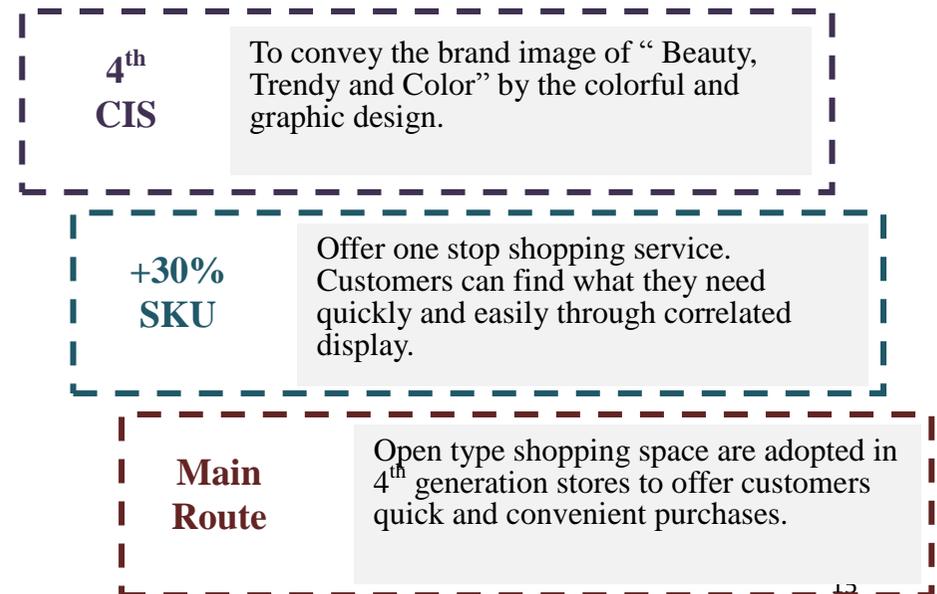
### ■ Store Upgrading

Poya always conceives the mission of “Best Services and Customer Orientation” and thus Poya tends to offer customers more comfortable shopping space and satisfy multiple demands by upgrading the store format.

#### 【Store Format in Each Stage】



【4<sup>th</sup> generation store】 4<sup>th</sup> generation stores account for over 90% of total stores. The features as below:



【5<sup>th</sup> generation store】 Poya started to allocate and run 5<sup>th</sup> generation store in 2015.

Poya launches display upgradig in 5<sup>th</sup> generation stores: (1) Set up make up zone for customers to try out cosmetics. (2) set up special areas for derma cosmetics brands with professional impression. (3) Set up hotspots and topic shelves and select specific products such as trendy, high-discussed or promoted goods in there. (4) set up lighting shelves for customer to search products easily.

In addition to offering more options for customers, Poya also puts efforts in thinking how to bring more convenience to customers to let customers make easy purchase with multiple options and enjoy shopping in stores. So far, Poya keeps trying our best to create the most diversified and convenient shopping environment and give one stop shopping experience to customers.

## Beauty

### ■ Make up zone



Multiple options & try out service

### ■ derma cosmetics



Professional impression

## Convenience

### ■ Lighting shelf



Easy to navigate

## Fashion

### ■ Hotspots



Fashion & Recommendation

### ■ 4 feet topic shelf



Topic display

### ■ Interactive shopping experience



Optimize shopping experience

## 4.3 Financial Results

In 2016, Poya reached...



Net profit in 2016: **1.17 billion NTD**  
(It grew by 22.83% from 2015 to 2016)



ROE in 2016: **39.77%**  
(It grew by 7.31% from 2015 to 2016)



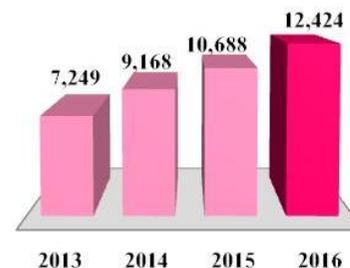
Store number in 2016: **157 stores**  
(26 new stores were opened in 2016)

Poya aims at the objective of becoming as “A more preferred Poya by the customers”, upgrading the brand value of Poya through proactive store expansion, product optimization and store upgrading. With management team and all of the employees’ efforts, the sales and net profit break the record to 12.4billion and 1.17billion respectively.

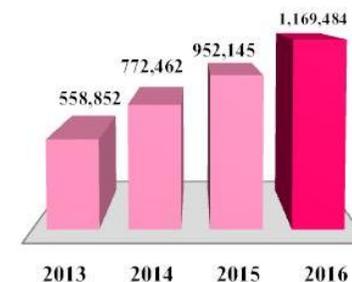
Please refer to and download the detailed operation information, annual shareholder reports and financial reports on Poya’s official website, MOPS and the following website:

[http://www.poya.com.tw/en/financial\\_reports\\_ch.html](http://www.poya.com.tw/en/financial_reports_ch.html)

Operating Revenues  
(Millions, NTD)



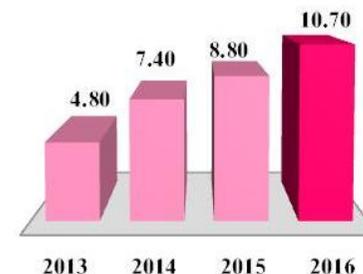
Net Income  
(Thousands, NTD)



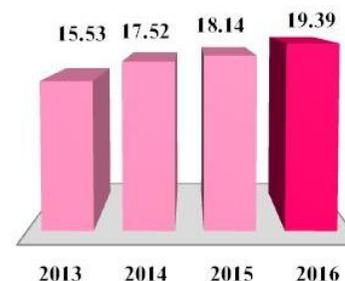
EPS  
(NTD)



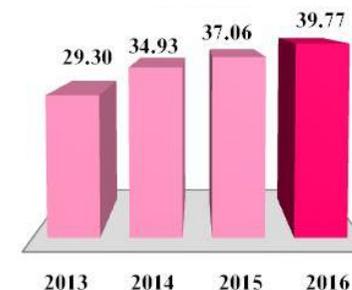
Cash Dividend  
(NTD)



Return on Assets  
(ROA:%)



Return on Equity  
(ROE:%)



## 4.4 Investor Relations Management

Sustainable operation is based on the management of investor relationship. Recently, Poya conducts a lot of revisions included e-voting system, case by case voting of motions at Board of Director meeting, English official website and the special web page for investors, EN/CN material information announcement etc. based on the spirit of corporate governance. Poya has long been conceived with the principle of “Ethical Corporate Management” to devote to improving investor relations, and pays attention to the opinions from shareholders, investors and stakeholders. Poya always share the operating achievement to shareholders.

The orientations of investor relations management are as below with following detail respectively.

**A. Maintain the shareholders' equity and treat every shareholder fairly**

**B. Improve the information transparency**

**C. Healthy corporate governance**

**D. Strengthen the structure and operation of Board of Directors**

**E. Implement corporate social responsibility.**

### ■ Maintain the shareholders' equity and treat every shareholder fairly.

a. Special web page was designed for investors and corporate governance.



The special web page was designed for stakeholders on Chinese/English official website to offer the searching service, also provide financial report/annual report, regulations, and resolutions passed by BOD or shareholder meeting.



b. Create the system of spokesman and IR contact window

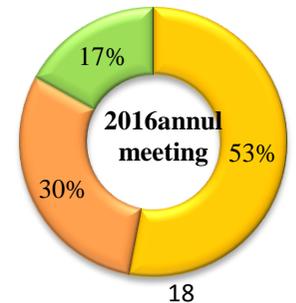
Poya appointed a share registration agent to handle related business and also arranged a company spokesman and acting spokesman for responding to the recommendations and disputes of the shareholders. Additionally, Poya also set the IR contact window to response the detail to personal investors.



c. Introduce e-voting system

In order to maintain the shareholder equity, and have a good communication with shareholders, all the acknowledgements and discussions are voted case by case. Moreover, Poya has carried out the e-voting system since 2015. The e-voter turnout was 30% in 2016, and the total voter turnout was up to 83%.

■ instant vote ■ e-vote ■ null

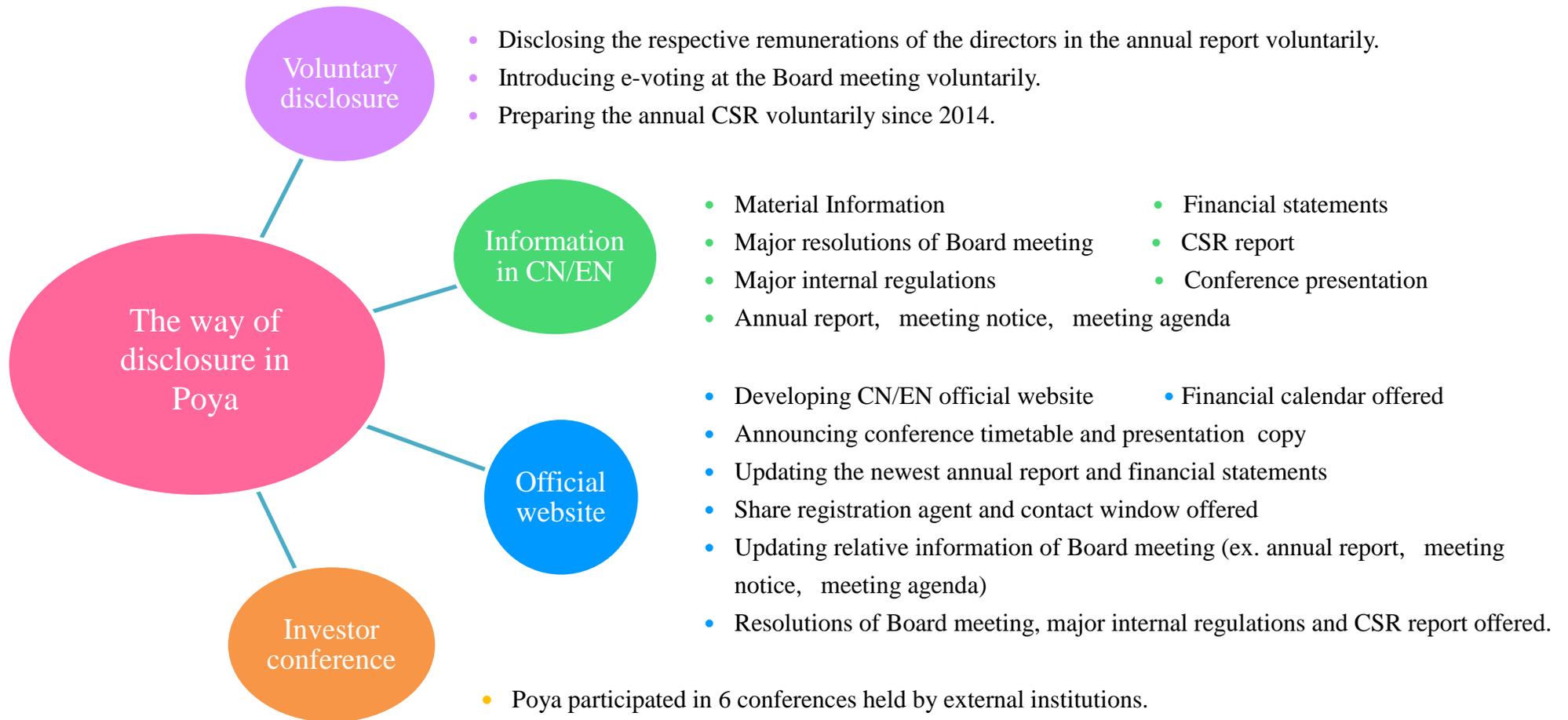


■ Improve the information transparency

The investors rely on the information disclosures from the corporate to make the investment decisions and assessments.

Therefore, information disclosure is an important part of corporate governance system. The higher transparency of corporate information, the more complete governance system is implemented. The increase of corporate transparency also could add the corporate value and reduce the financial cost.

Poya has raised the level of information transparencies since 2014. Poya makes a plan related to information disclosure and corporate voluntarily in addition to the regular information disclosure as required. The way of information declaration of Poya as follows:



■ Health corporate governance

Poya always devotes to corporate governance. In order to protect shareholders' rights and stakeholders' rights, Poya keep increasing the information transparency. Poya also makes a plan related to information disclosure and corporate voluntarily to meet the measures as competent authority required.

Poya has set up the corporate governance system proactively since 2014. Poya established the Independent Directors, audit committee and nominating committee, announced the CSR report, carried out the e-voting system voluntarily and put to the vote case by case. Through the multiple voting channels, Poya can increase the attendance rate and participation of shareholder. Poya enacted "Rules and Procedures for Board of Directors Performance Assessments" voluntarily and made a disclosure on official website. Poya would like to protect the shareholders' rights through creating the useful structure of corporate governance, maintaining information transparency and implementing corporate governance based on responsibility for works.

Poya was awarded as top 5% of the assessment of corporate governance in the consecutive 3 years from 2014 to 2016 based on the fabulous performance of corporate governance. Standing on the good basics we made in the



🏆 Awarded top 5% of 1<sup>st</sup> assessment of corporate governance.

🏆 Listed in Top 200 Forbes Asia Best

🏆 Ranked 158<sup>th</sup> in service industry according to the survey conducted by Common Wealth Magazine in 2014

🏆 Ranked in Top 50 fastest growth in service industry according to the survey conducted by Common Wealth Magazine in 2014

🏆 Awarded "Golden Laurel Award- employment promoting" which is given by Taipei Stock Exchange

🏆 Awarded top 5% of 2<sup>nd</sup> assessment of corporate governance.

🏆 Awarded A+ of 12<sup>th</sup> assessment on information disclosure

🏆 Ranked 141<sup>th</sup> in service industry according to the survey conducted by Common Wealth Magazine in 2015

🏆 Awarded top 5% of 3<sup>rd</sup> assessment of corporate governance.

In addition to compliance with Company Act, Securities and Exchange Act and other related rules, Poya also establishes effective corporate governance structure based on the “Corporate Governance Best-Practice Principles” to protect the shareholders’ rights, respect the stakeholders, raise the level of information transparencies and enhance the function of Board of Directors. Under the ethical corporate management and effective corporate governance operation, Poya can meet the commitment on corporate sustainability and get better operating performance. Figure 4.6 shows organizational chart of Poya.

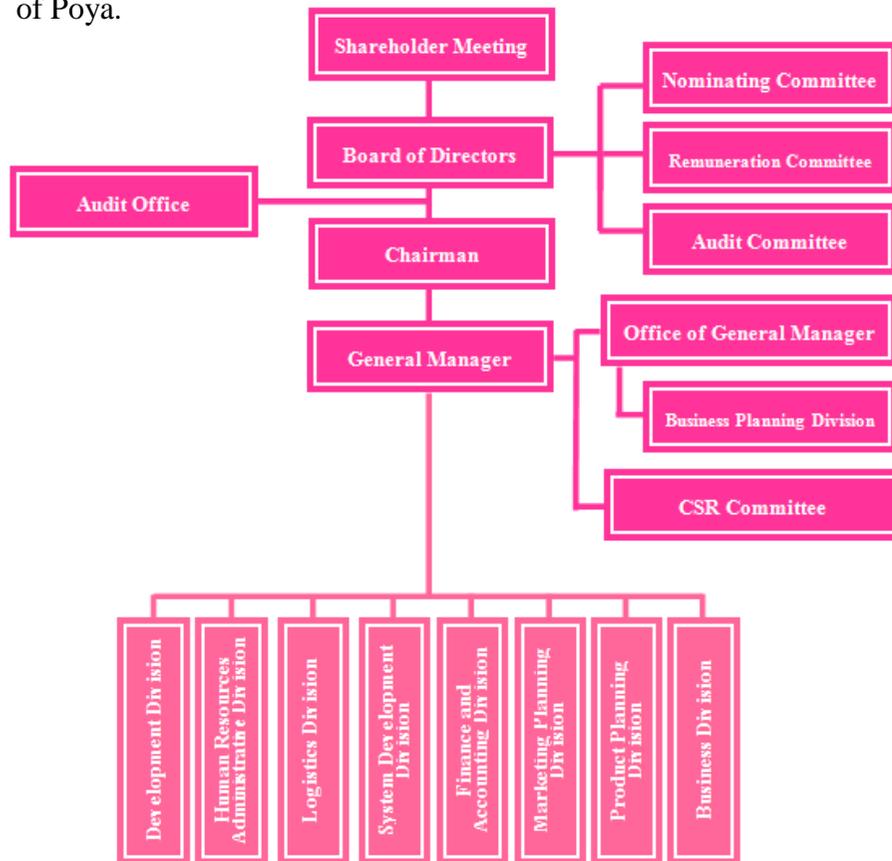


Figure 4.6 Organizational Chart

Poya established Audit Committee, Remuneration Committee and Nominating Committee under the Board of Directors. The minister is served by General Manager. Corporate Social Responsibility Committee was recalled. In order to implement corporate, Poya adopted the following methods:

-  Inspect and protect the rights of shareholders
-  Inspect the functions of Board of Directors
-  Inspect the functions of Audit Committee
-  Inspect the functions of Nominating Committee
-  Inspect the level of information transparencies
-  Inspect internal audit system
-  Inspect operating strategies
-  Undertake the responsibilities of stakeholders and society

Please refer to the policies of corporate governance, the execution and the following documents on Poya’s website (<http://www.poya.com.tw/>): Articles of Incorporation, Rules of Procedure for Board of Directors’ Meetings, Procedures for Election of Directors, Audit Committee Charter, Remuneration Committee Charter, Nominating Committee Charter, Corporate Governance Best-Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Social Responsibility Best Practice Principles, and Guidelines for the Adoption of Codes of Ethical Conduct.

■ Strengthen the Board of Directors: Structure and operation

The Directors were elected for a term of three years. Poya reelected Directors at 2014 shareholders' meeting. Simultaneously, in order to make sure the independence of Board of Directors with the view from stakeholders, Poya also elected 3 Independent Directors and established Audit Committee to replace supervisors.

The Board of Directors consists of 7 Directors and one is the female Director. The Directors are from information, finance, accounting, electronic components, construction and cultural industry backgrounds. The ability of finance decision making, industry knowledge, risk management and management ability were required. The variety of members background could increase the quality of decision making on operation and lead Poya to achieve the goal of corporate governance.

The positions taken by the Board members currently in Poya and other companies are as followed. For related information of Directors' background, please refer to the annual report issued on the special webpage for investors: <http://www.poya.com.tw/>

Name	Title	Gender	Experience
Chen, Jian-Zao	Chairman	Male	<ul style="list-style-type: none"> <li>Chairman of Dou Chin Investment Co., Ltd.</li> <li>Director of Poya Investment Co., Ltd.</li> <li>Chairman of Chen Ching Investment Co., Ltd.</li> </ul>

Name	Title	Gender	Experience
Chen Fan Mej-Jin	Vice Chairman	Female	<ul style="list-style-type: none"> <li>Chairman of Dou Chin Investment Co., Ltd.</li> <li>Director of Poya Investment Co., Ltd.</li> <li>Supervisor of Chen Ching Investment Co., Ltd.</li> </ul>
Chen Zong-Cheng	Director and General Manager	Male	<ul style="list-style-type: none"> <li>Director of Chen Ching Investment Co., Ltd.</li> </ul>
Chen Ming-Shian	Director	Male	<ul style="list-style-type: none"> <li>Chairman of ST. Shine Optical Co., Ltd.</li> <li>VP of Great China Business Dept., ST. Shine Optical Co., Ltd.</li> <li>Director of Shine Optical Holding Groups Inc.</li> <li>Director of Shine Optical Connection Inc. U.S.A.</li> <li>Director of Shine Optical (Samoa) Holding Groups, Inc.</li> <li>Director of Shine Optical HK Limited</li> </ul>
Lin Tsai-Yuan	Independent Director	Male	<ul style="list-style-type: none"> <li>Committee Member of Remuneration Committee of TYC Brother Industrial Co., Ltd.</li> </ul>
Liou Jr-Hung	Independent Director	Male	<ul style="list-style-type: none"> <li>Executive Director of Thinflex Corporation</li> </ul>

Name	Title	Gender	Experience
			<ul style="list-style-type: none"> <li>• Chairman of Song Yang Electronic Materials (Kunshan) Limited Company</li> <li>• Independent Director of eChem solutions Corp.</li> <li>• Independent Director of Fitness Factory Co., Ltd.</li> <li>• Supervisor of Chinese Television System Co., Ltd.</li> <li>• Chairman of Chien Hsing Information Co., Ltd.</li> <li>• Chairman of Chien Lian Investment Co., Ltd.</li> <li>• Director of Shun Lai Business Consultancy Co., Ltd.</li> <li>• Director of Chang Chun Biomedical Co., Ltd.</li> <li>• Director of Huang Hui Biotech Co., Ltd.</li> <li>• Director of Na Wei Regeneration Co., Ltd.</li> <li>• Independent Director of NewEdgeTechnologies Inc.</li> </ul>
Jung Jiun-Rung	Independent Director	Male	<ul style="list-style-type: none"> <li>• Chairman and General Manager of San Far Property Limited</li> </ul>

Name	Title	Gender	Experience
			<ul style="list-style-type: none"> <li>• Director of Pleasant Hotels International Inc.</li> <li>• Chairman of Jingo International Records Co., Ltd.</li> <li>• Chairman of Cheng Hsin Investment Co., Ltd.</li> <li>• Chairman of Chang Yi Investment Co., Ltd.</li> <li>• Director of Chi Yi Investment Co., Ltd.</li> <li>• Convener of Remuneration Committee of Sunfar Computer Co., Ltd.</li> </ul>

**The chairman do not take any other position of the management in Poya**

The Board of Directors is the supreme body of corporate governance. The function of chairman and general manager is clearly defined and executed by different people for the implementation of basic spirit of corporate governance.

**The operation of Board meeting**

The Company calls a Board meeting at least once a quarter. However, it shall call for special session in an emergency. The minutes of all meetings on records shall be retained as required. Convening a Board meeting can help the Directors understand the current business operation and also intensify the managerial function and the corporate governance.

**Act on Recusal of Board of Directors due to Conflicts of Interest**

If there is any interest conflict between the Board operation and one of the Director, such Director shall avoid the participation in the meeting and shall comply with Article 15 of Rules of Procedure for Board of Directors' Meetings. Besides, name of the Director, important explanation of the interested relation, the reason and situation of avoidance from the meeting shall be included in the Board minutes. Please refer to 2016 Complete Board meeting minutes on Poya's official website.

**The remunerations of Directors**

Profit distribution shall be determined based on the corporate earnings in the previous year which is submitted by the Board to the Shareholders' Meeting for resolution. Besides, the Remuneration Committee will evaluate the managerial performances of the Board according to corporate operating results, and thus the remunerations of Board members will be highly correlated to the corporate performances. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 6% for directors' remuneration. The Directors' remuneration in 2016 could be referred to annual report which announced on Poya's official website.



**The enactment and amendment in 2016**

- ✓ Articles of Incorporation
- ✓ Procedures for Election of Certified Public Accountant
- ✓ Payroll Cycles
- ✓ Reporting Regulations of Irregular, Immoral and Dishonest Conduct
- ✓ Ethical Corporate Management Best Practice Principles
- ✓ Internal Audit System
- ✓ Program Governing the Security of Personal Data Files

## Courses for further studies taken by the Directors

In order to broaden the Directors' Knowledge, Poya arrange periodic courses for further studies for Directors every year. The content of courses includes corporate governance, CSR and related regulations. All the Board of Directors met the requirements of 6 hours for further studies based on the "Guidelines for Directors' and Supervisors' Further Studies Implementation made by Listed and OTC Companies." in 2016. The course for further studies taken by the Directors as follow:



6hrs

**Title :** Chairman Chen Jian-Zao  
Vice Chairman Chen Fan Mei-Ji  
Director and General Manager Chen Zong-Cheng  
**Organizer :** Taiwan Corporate Governance Association  
**Course :**  
M&A Strategy and Best Practice  
How to Analyze Enterprise Risk Management through  
Financial Analysis

6hrs

**Title :** Independent Director Jung Jiun-Rung  
**Organizer :** Taiwan Corporate Governance Association  
**Course :**  
M&A Strategy and Best Practice  
How to Analyze Enterprise Risk Management through  
Financial Analysis

6hrs

**Title :** Director Chen Ming-Shian  
**Organizer :** Taiwan Corporate Governance Association  
**Course :**  
M&A Strategy and Best Practice  
How to Analyze Enterprise Risk Management through  
Financial Analysis

6hrs

**Title :** Independent Director Lin Tsai-Yuan  
**Organizer :** Taiwan Corporate Governance Association  
**Course :**  
M&A Strategy and Best Practice  
How to Analyze Enterprise Risk Management through  
Financial Analysis

6hrs

**Title :** Independent Director Liou Jr-Hung  
**Organizer :** Taiwan Corporate Governance Association  
**Course :**  
M&A Strategy and Best Practice  
How to Analyze Enterprise Risk Management through  
Financial Analysis



### **Purchase of liability insurances for the Company's director**

The directors of Poya International shall practice ethical corporate management, thus there isn't any lawsuit or illegal behavior. Poya takes out the insurance for the Directors every year and check the content of insurance regularly to make sure its integrity.

Poya International has purchased liability insurances for the directors and supervisors from Fubon Insurance since 2016 with the sum insured to be USD\$5 million. The period of insurances is from October 1, 2016 to October 1, 2017.

### **Internal audit**

The Audit Office is subordinate to the Board of Directors and is to make an assessment on the completeness, effectiveness and implementation of the internal audit system independently and objectively. The Audit Office shall also duly give advices for improvement to ensure that the internal audit system can be brought into full play.

The Audit Office will make an annual audit and project audit, will make an assessment on internal control system and will provide project consultation services. The internal audit reports and working papers will be offered properly to the Board of Directors and the management for suggestion to ensure the effectiveness of the internal control system.

The Audit Office will make an annual audit plan based on the risk assessment results in the previous year, execute audit process by risk assessment and review model, and assist each division and affiliates of the Company in review of the risk projects, system planning and process design. As such, Poya can lower the operation risks and increase the corporate value.

### **Rules and procedures for Board of Directors performance assessments**

Poya has formulated the measures of performance assessment of the Board of Directors in 2015 to implement the execution of corporate governance and promote the function of the Board of Director. Employees conduct the self assessment and colleague assessments at the end of the annual. The result of the performance assessment of the Board of Directors in 2016 runs properly.



#### **The Measures of Overall Assessment**

- ✓ Internal audit
- ✓ The degree of participation in corporate operation
- ✓ Promote the quality of decision making at the BOD
- ✓ The composition and structure of BOD
- ✓ The election of Directors and further studies

#### **The Measures of Performance for the members of BOD**

- ✓ Internal audit
- ✓ Corporate target and mission control
- ✓ Acknowledge of the Directors' duties
- ✓ The degree of participation in corporate operation
- ✓ Internal relationship building and communication
- ✓ The Directors' specialty and further studies

## Functional Committees

Poya established Audit Committee, Remuneration Committee and Nominating Committee under the Board of Directors to assist the Board of Directors with the duty of auditing. The Board of Directors, Audit Committee, Remuneration Committee and Nominating Committee operated by “Sample Template for Poya Co., Ltd. Rules of Procedure for Board of Directors Meetings”, “Sample Template for Poya Co., Ltd. Audit Committee Charter”, “Sample Template for Poya Co., Ltd. Remuneration Committee Charter” and “Sample Template for Poya Co., Ltd. Nominating Committee Charter” respectively. Audit Committee and Remuneration Committee were composed by 3 Independent Directors. The articles of each committee were passed by the Board of Directors, and each committee reported events and resolutions to the Board of Directors regularly.



☑The function is to assist the Board to supervise each operating unit and exercise the function required by Company Act, Securities and Exchange Act and other related rules. The Committee is consisted of 3 Independent Directors among whom 2 are financial experts. The Committee shall be under operation according to Audit Committee Charter. The Company shall call an Audit Committee meeting quarterly and shall call at least once a quarter.

☑6 meetings were called in 2016. It's a good way for Independent Directors, internal auditors, and CPA to communicate.



☑The function is to intensify the corporate governance and risk management, and to make a review on the remuneration of the Directors and managers periodically. It is to ensure that the remuneration system does fulfill the requirement of related rules and regulation, and can also appeal to the talents. The Committee is consisted of 3 Independent Directors and shall be under operation according to Remuneration Committee Charter.

☑6 meetings were called in 2016. The 3 meetings were participated by all the Independent Directors in person.



☑The function is to complete the operation of the Board, to intensify the managerial mechanism, to seek, review and nominate director candidates, to develop the organization structure of the Board and each Committee, to make a performance assessment on the Board, the Committees and each Director, and to evaluate the independence of Independent Directors. The Committee consists of 3 Independent Directors and 2 Directors and shall be under operation according to Nominating Committee Charter.

- The practice of corporate social responsibility

**Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee (herein called Responsibility Committee) is the top organization at Poya in charge of corporate social responsibility. The function of Responsibility Committee is to mark out a general course of action and set up a goal for corporate social responsibility and sustainable development of the whole company. The Responsibility Committee is consisted of seven functional teams: Labor/Ethics Regulation Team, Environment Safety/Management Team, Social Charity Team, Integrity Operation Team, Supply Chain Management Team, Business Confidentiality Management Team, and Shareholders’ Equity Protection Team. The Chairman of the Responsibility Committee shall review the annual performance of each functional team at any time as needed. Please refer to Figure 4.7 for Organization Chart of Corporate Social Responsibility Committee.

Description of Responsibility Committee:

- Chairman: The general manager
- Core members: Top manager of each division, such as Finance and Accounting Division, Human Resources Division, Marketing Planning Division and Product Planning Division.
- Functional Teams: Middle and junior managers of the relative divisions.

Poya has appointed Finance and Accounting Division as the exclusive (or concurrently) being in charge of the implementation of policies and plans of corporate social responsibility, dedicated unit to report to the Board of Directors through Chairman periodically ; Since 2014, Poya makes the annual corporate social report voluntarily to help stakeholders to understand the corporate operation of corporate social responsibility.

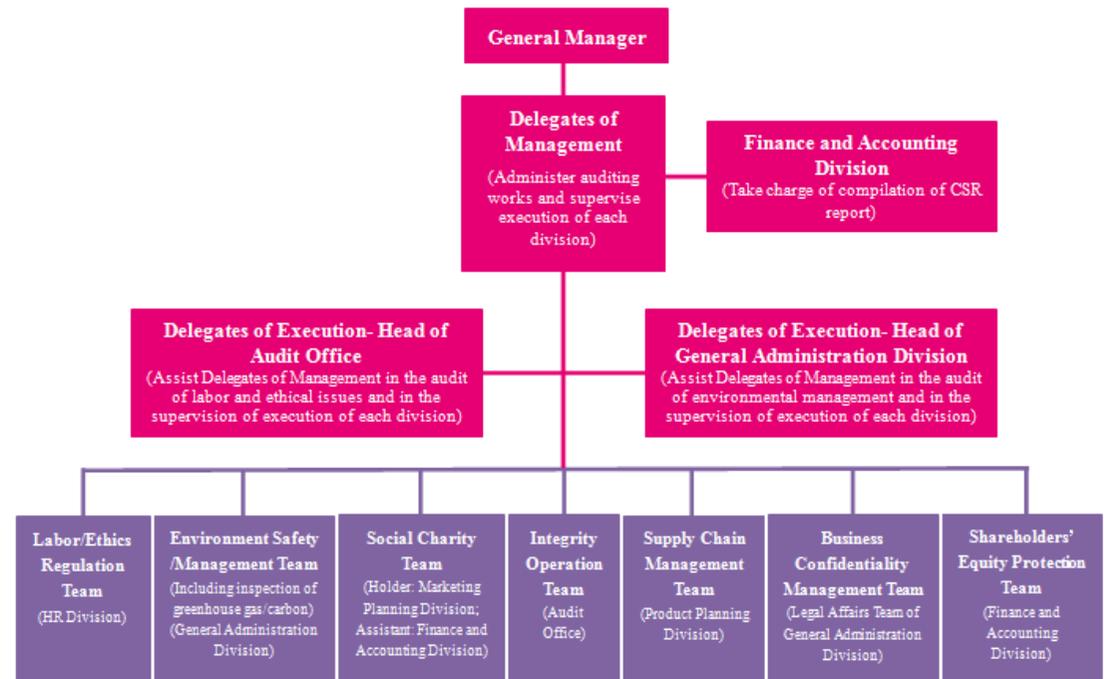


Figure 4.7 Organization Chart of Corporate Social Responsibility Committee

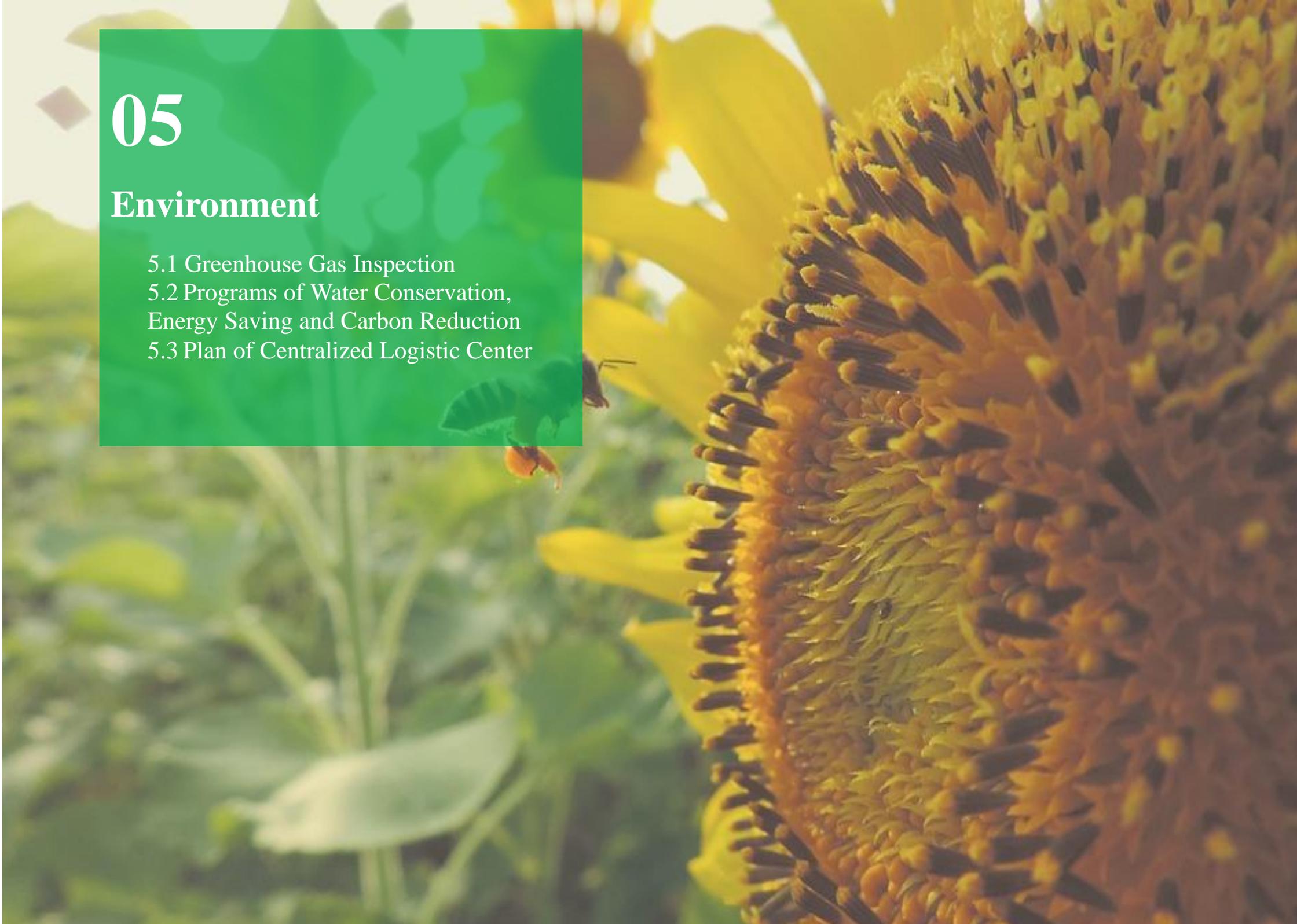
## **Risk Management**

The major operation decision shall be assessed and analyzed by the related authorities of the Company, and can be executed after the resolution of the Board. It was the compliance with the related rules and regulations, complete risk management and quick crisis handling measures that Poya could always overcome the difficulties for 20 years as founded in 1997. According to the assessment of business operation, the risks can be divided into four respects: financial risks, market risks, strategy and operation risks and damage risks. Poya sets up managerial measures and crisis reaction procedures for different risks in order to lower the uncertainty of business operation.



## **Anti-corruption**

Poya conceives the mission of ethical operation and enacts the corporate social responsibility policies such as “Ethical Corporate Management Best Practice Principles”, “Guidelines for the Adoption of Codes of Ethical Conduct” and “Procedures for Ethical Management and Guidelines for Conduct”. Poya requires the Directors, managers and all the personnel to abide by the policies mentioned above and hopes that all the employees in Poya can have self-disciplined and ethical behaviors. Poya sets its face against any corruption in whatever form. For avoidance of any improper benefits received by any personnel of the Company, Poya makes clear requirement in “Guidelines for the Adoption of Codes of Ethical Conduct” that any provision, promise, request, or acceptance of improper benefits in whatever form or name by any personnel of the Company through a third party shall be prohibited. The Audit Office is authorized to be solely responsible unit and in charge of the supervision. If any personnel of the Company violate ethical conduct, the Company shall give penalty taking into consideration how serious the violation is. The Company shall also disclose the name and title of the violator, the date and details of the violation, and the actions taken in response. In 2016, Poya did not have any violation of ethical conduct.

A close-up photograph of a sunflower's head, showing the intricate details of the yellow petals and the dark brown center. The background is softly blurred, showing more sunflowers and green leaves. A semi-transparent green rectangular box is overlaid on the left side of the image, containing white text.

# 05

## Environment

5.1 Greenhouse Gas Inspection

5.2 Programs of Water Conservation,  
Energy Saving and Carbon Reduction

5.3 Plan of Centralized Logistic Center

# 05 Environment

According to IPCC of the United Nations, global warming will lead to serious consequences like melting of glaciers, rise of sea level, extinction of certain species, lack of food and death of trees. Furthermore, the extreme weather caused by global warming also intensifies drought and water scarcity. The Global Risk Report issued by WEF in 2016 indicates that climate change ranks top 1 risk in terms of impact, and water crisis attracts the highest attention. As being a member of the earth, Poya shall spare no effort to protect the environment from global warming, climate change and water scarcity.

## 5.1 Greenhouse Gas Inspection

Poya is not an energy-intensive company, and therefore decreasing emission of greenhouse gas will not lead to an instant effect. However, Poya still supports the mitigation climate change strategy since Poya understands that global warming is one of the most serious environmental impacts in the world. Poya carries out greenhouse gas inspection annually since 2012, and starts disclosing the result in CSR since 2014.

Poya can effectively control emission of greenhouse gas generated from the usage of air-conditioners, motor vehicles for business and electricity from external supply by periodical inspection of greenhouse gas. Besides, Poya draws up and executes the plan of energy saving and carbon reduction. The reference of greenhouse gas inspection is as the right chart.



- ✚ Period of the Report**
  - ✓ 1<sup>st</sup> Jan 2013~31<sup>st</sup> Dec 2016
  - ✓ Inspect the Emission of Greenhouse Gas during such Period and Disclose the Result of Greenhouse Gas Inspection
  
- ✚ Boundary of Organization**
  - ✓ Execute the Greenhouse Gas Inspection based on ISO14064-1
  - ✓ Boundary of Organization for the Inspection:
    - (1) Headquarters in Taipei and Tainan
    - (2) 157 Stores (By the End of 2016)
  
- ✚ Scope of Gas Inspection**
  - ✓ Scope 1 Direct Emission of Greenhouse Gas  
Source: Air-conditioners and Motor Vehicles for Business
  - ✓ Scope 2 Indirect Emission of Energy Usage.  
Source: Electricity from External Supply

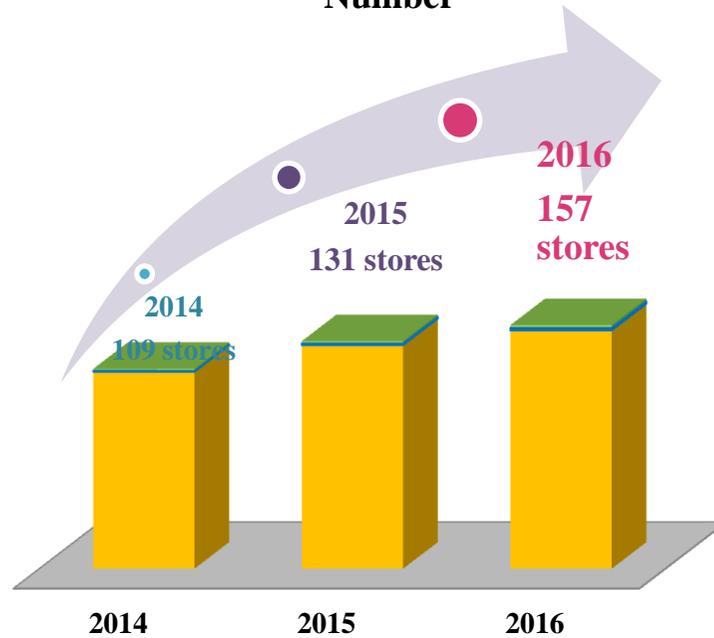
**Greenhouse Gas Inspection Methods :**

Method 1: The Emission Coefficient Method is used for tracking the vaporization of coolants in accordance with the Greenhouse Gas Emission Coefficient Management Table of Version 6.0.1. Residential and commercial use air-conditioners are used as the emission factors for the calculation of coolant vaporization.

Method 2: The fuel consumption is calculated by the gasoline usage of the motor vehicles based on CO2 emission factor of both fixed source and mobile source (fuel).

Method 3: Carbon emission is calculated by the electricity usage based on the emission coefficient of the electricity from external supply in the year.

**Carbon Emission and Annual Store Number**



The store number of Poya increased from 87 stores in 2013 to 157 stores in 2016, and therefore carbon emission generated from the usage of air-conditioners and external electricity increased.

On the other hand, owing to the store expansion need, the store renovation activity and the periodical store inspection plan, the number and utilization rate of motor vehicles for business increased in 2016, leading to more carbon emission generated from “Source of Fuel Consumption of Motor Vehicles.” However, carbon emission generated from such category accounts for 0.93%. Therefore, it is not the main source of carbon emission under Poya’s operation.

For a long time, Poya focuses on the environmental issues and responsibilities. Poya regards itself as one of the global members and dedicates itself to controlling and decreasing the negative impact led by the business operation on the environment. However, average carbon emission of each store is decreasing taking advantage of introduction of inverter air-conditioners and execution the energy-saving programs. (See Left Chart-Average Carbon Emission of Each Store)

Type	Carbon Emission(ton)&(%)			Remark
	2014	2015	2016	
Source of Vaporized Greenhouse Gas Emission	382 1.03%	449 1.06%	526 1.16%	Scope 1
Source of Fuel Consumption of Motor Vehicles	141 0.38%	285 0.67%	442 0.93%	Scope 1
External Electricity	36,694 98.59%	41,651 98.27%	44,400 97.91%	Scope 2
<b>Average Carbon Emission of Each Store</b>	<b>341</b>	<b>323</b>	<b>289</b>	

## 5.2 Programs of Water Conservation, Energy Saving, and Carbon Reduction

Poya always puts emphasis on environmental protection. In addition to promoting proper concepts of water and electricity usage, Poya also draws up suitable programs of water conservation, energy saving and carbon reduction by process improvement, equipment update and electronic platform introduction.

### ■ Program of Water Conservation

The main source of water was Taiwan Water Corporation and only the two stores located in Hualien and Kaohsiung used groundwater. Poya is a retailer, and therefore the purpose of water usage is to satisfy the normal and daily needs of our employees and part of our customers in both headquarters and the stores. Poya does not cause significant and serious effect on the source of water. Sewage is discharged into the river and ocean through sewers.

**In 2016, the avg. water usage of Poya ↓8.33% !**



Water usage (Unit: cubic meter) :

Year	Total	Average
2016	182,783	1,474
2015	164,028	1,608

\* Total water consumption is the amount of headquarter and each store.

\* The average water consumption is total amount to the number of total stores in each year. There were 157 stores in 2016 and 131 stores in 2015 respectively.

It is one of the important responsibilities of Poya to treasure and conserve the water resource. The implementation of water management includes:

### Substitution of Inverter Air-conditioners for Water Tower Air-conditioners

Poya started to introduce the modern inverter air-conditioners (see Figure 5.1) in 2013 and overall adopted the inverter air-conditioners in the new stores opened in 2014. Now, there are 157 stores, 52% of which use inverter air-conditioners to replace the outdated water tower air-conditioners, the percentage is raised by 9% compare to the year before. Poya will make a gradual replacement in order to lower the usage of water tower air-conditioners.



Figure 5.1

### Water Saving Equipment Adopting, Checkups and Repairs

Parts of Poya's stores do offer the restrooms for our customers. In order to promote water-saving activities, Poya puts up posters in the rest rooms (see Figure 5.2) of parts of Poya's stores and the headquarters. Besides, Poya purchases the toilet equipments with water-saving marks and sets up the water-saving devices, such as water-saving faucets.



Figure 5.2

The employees of Store Engineering Department will check up the water-supply equipments and drainage of the stores and the headquarters periodically. If there is any breakdown or damage, the equipment will be repaired at once in order to avoid any waste caused by water leak.

## ■ Program of Energy Saving and Carbon Reduction

Poya continues to push forward the energy management, and executes the examination program of greenhouse gas emission to comply with the advocacy of energy saving and carbon reduction promoted by government. The energy saving goals: (1). 2% Carbon Reduction each year from 2016; (2). 10% Carbon Reduction in 2021 compared to 2016. In 2016, the average electricity usage of each Poya store was about 534,593 kilowatt hour, which was 11.22% lower than the electricity usage in 2015. Taking advantage of aggressive energy-saving programs, the average electricity usage of each Poya store decreased by at least 6~7% since 2012. Besides, Poya Longtan Branch was awarded the winning prize in the energy saving competition in service industry which held by government in Jan. and Feb. 2016. The implementations of energy saving

### ○ Automatic lighting sensors were installed in stores

The automatic lighting devices were installed in the storage of each store to implement the energy saving strategy.

### ○ See-through glass adopting at the second floor (See Figure 5.3)

Adopt see-through glass to increase the natural lighting and decrease the usage of electric lights in the daytime.

### ○ Signboards with light-sensitive controller

The light-sensitive controller will automatically turn on the lights of signboard when sky gets dark and will automatically shut off the lights when the store closes or sky gets bright.

### ○ LED adopting

The traditional lamps will be replaced to LED partially in headquarter and each store on a regular schedule to maintain enough brightness, also save the energy.

### ○ Promotion of Energy-saving Concept (See Figure 5.4, 5.5)

Poya encourages them not to use the elevator unless there are more than four storeys to go up or go down. Poya encourages employees to turn off the lights and fans during lunch break and when leaving the warehouse.

### ○ Maintenance of Air-conditioners and Related Equipments

- Control the temperature at 26~28 degree (\*Raising 1 degree could save the energy by 6%.)
- Headquarter was upholstered each floor with curtains to reduce the energy consumption from air-condition.
- Decrease the unused space of the stores to lower the usage of electricity and air-conditioners.
- Inverter air-conditions were installed to save electricity by 30%~35%
- Regularly clean the air-conditioner filters to increase the efficiency of air-conditioners.



Figure 5.3



Figure 5.4



Figure 5.5

■ Program of Paper Conservation

In order to reduce the emissions of greenhouse-gas, Poya not only enacts the measures of energy efficiency and carbon reduction, but also introduces the paper-saving strategy.

Implement e-receipt

\*To response the government's strategy, Poya was the first company in Tainan to implement e-receipt system.  
 \* Poya was approved by the Ministry of Finance as an e-receipt meritorious company.  
 \* After implementing the e-receipt system, there was no need to print out receipts in advance. Therefore, Poya could receive the effect of paper-saving by e-receipt system.

Introduce IBM system

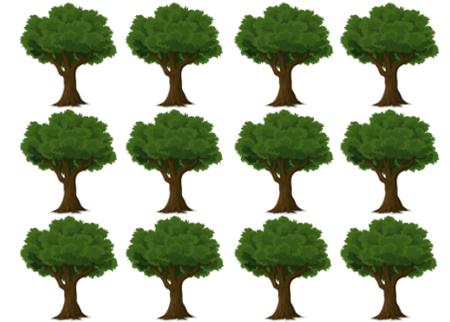
\* Poya devoted to spreading the paper saving movement, simplifying process and implementing e-paper work.  
 \* On the premise of information security, Poya advocated to reuse the paper and reduce the carbon consumption.  
 \* Poya introduces "connection system" to accelerate the efficiency of communication between each division.  
 \* Simultaneously, employees could make applications such as overtime work, day-off, attendance management and traveling allowance on Note platform to reduce the paper-use efficiently. The reduction of paper-use in 2016 was less by 245,280 sheets based on the 4,088 employees in 2016 compare to the year before.

The flexible printing of DM

\* Poya has implemented the flexible strategy of DM printing since 2013. The benefit of it was reducing DM cost by about 12% every year, which were 38 million sheets or 2,288 trees.  
 The flexible strategy of DM printing was as follow:  
 (1) Poya changed the paper grade for DM to achieve the effect of paper-saving.  
 (2) The size of DM was decided based on the peak season or low season.  
 (3) Poya has implemented e-DM since 2015. Poya also offered a point incentive and irregular lottery to encourage members to use e-DM instead of hard copy. (see the following picture)



The avg. number of trees Poya could save every year during 2014~2016:



...6,924 trees

[Explanation]

How many trees you save= How many paper you save/ 5,000\*0.6

Source: Environmental Quality Protection Foundation

- ✓ Implementing Note platform for employee management could save 245,280 sheets, which was around 30 trees.
- ✓ Flexible DM printing could save 38 million sheets. Due to low paper grade Poya adopted, the transfer rate was also low. 38 million sheets were approx. 2,288trees.

### 5.3 Plan of Centralized Logistic Center

Before introducing the centralized logistic center, the traditional goods delivery process was as followed: first, an order made by each Poya store; second, goods would be delivered by the suppliers to each Poya store based on the order (See Figure 5.6). As Poya opens new stores aggressively, the goods delivery frequencies increase enormously. In 2015, Poya's total store number reached 131 stores. Taking the delivery rate to be two times a week, the annual delivery frequencies would be up to 5.5 million annually. Through Poya's store expansion, 26 stores are opened in 2016, and the total store number is 157 in 2016. The frequencies increase by 20% to 6.5million compare with it in 2015.

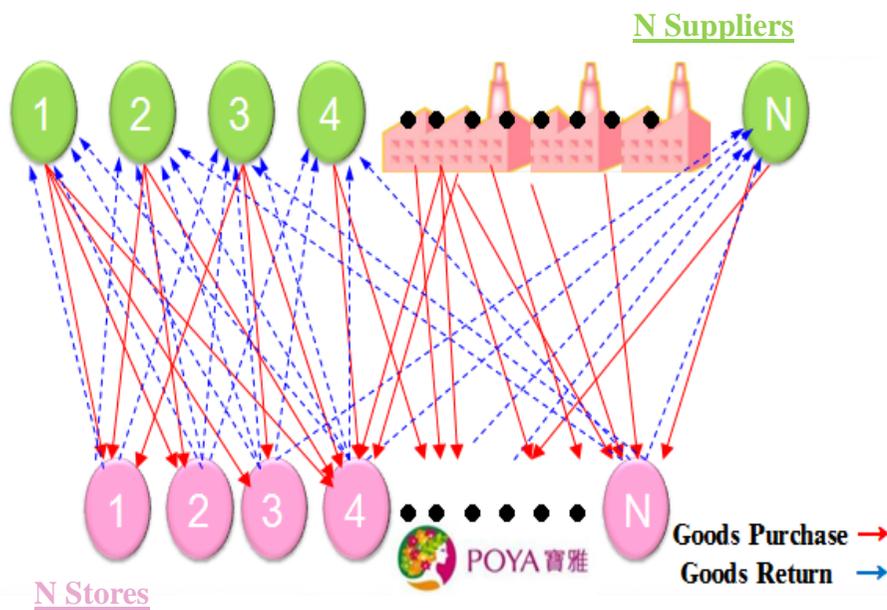


Figure 5.6 Traditional Goods Delivery Process

Total delivery frequency=  
store number\* the number of suppliers\* delivery frequency

In order to effectively decrease the delivery frequencies of the suppliers, to raise the goods delivery efficiencies and also to lower the emission of exhaust gas led by the goods delivery, Poya started the plan of centralized logistic center in 2011. Taking advantage of such centralized logistic center, Poya can simplify the goods delivery process. After the suppliers receive the orders from the stores, the suppliers can directly deliver the goods to the logistic center and then the logistic center will deliver the goods to each store based on the order (See Figure 5.7).

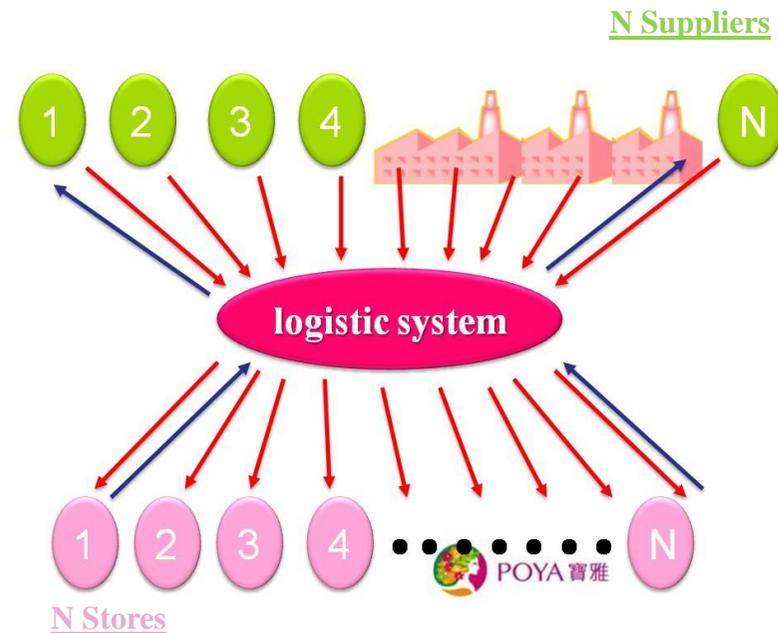


Figure 5.7 Plan of Centralized Logistic Center

Total delivery frequency=  
(store number+ the number of suppliers)\*delivery frequency

Poya attained an acceptable level of centralized distribution system from 2011 to 2013. The centralized distribution rate was maintained 64% as same as the number in 2014. It was raised to 67% in 2016.

In terms of processing management, Poya enacted purchase regulations with suppliers, including delivery schedule, the notice of entering the goods, the specification of purchase and the purchase packing rules etc.

Because Poya collected and dispatched products through distribution center, the total delivery frequency was dropped by 64%. Therefore, the carbon emission, exhaust gas emission and energy consumption were declined. Poya adopted the pattern of “deliver at night, display on the following day” based on the normal operation.

The purchase goods from suppliers were received and checked in distribution center, and Poya could order in small volume to reduce the inventory in store, then staffs could save their time and focus on the store business such as display, service, and shopping atmosphere creating to satisfy customers.(fig. 5.8)

The distribution center in Taoyuan is operated by the third party contractor. Because Poya is getting bigger and bigger, the contractor can’t grow as fast as Poya due to limited resource. Therefore, the resolution of planning and constructing the warehouse building of the distribution center was passed by the BOD in 2015. New distribution center in Kangshang Kaohsiung is expected to start operating in 2017. By then, both two distribution centers will be under operation simultaneously to reach 100% centralized distribution rate in 2018. Before the formal operation, Poya was doing a soft trial in the end of 2016 in the temporary small distribution center to let employees familiarize with the hardware and operation procedure to ensure the smooth running in the future.

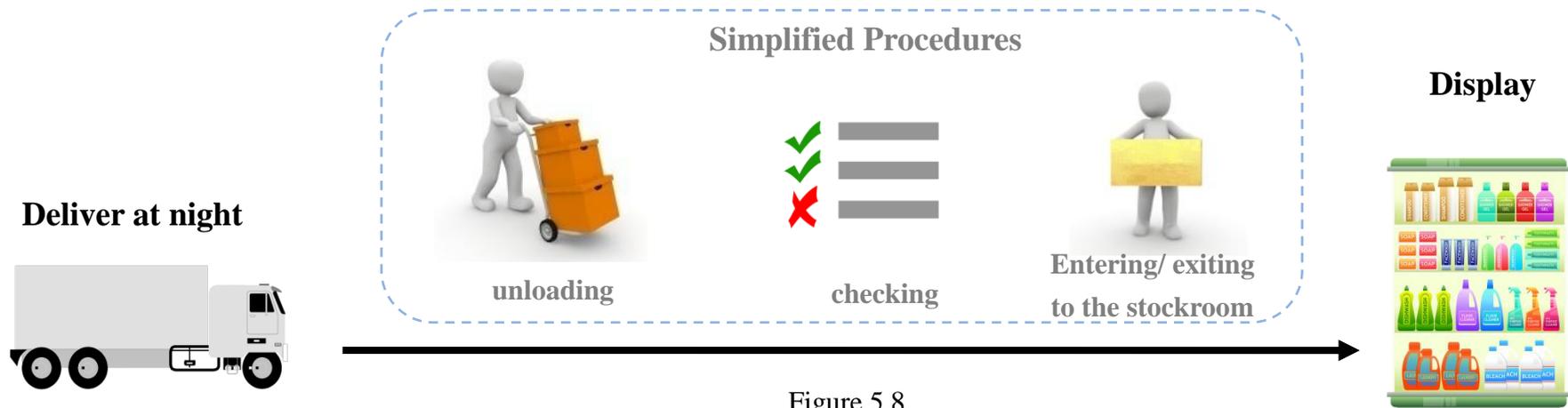


Figure 5.8  
Poya adopted the pattern of “deliver at night, display on the following day” based on the normal operation.



# 06

## Society

- 6.1 Employee Care
- 6.2 Supply Chain Management
- 6.3 Consumer Service
- 6.4 Social Participation
- 6.5 Map of GRI Index

## 06 Society

Poya focuses on its competitive ability and corporate financial performance. Besides, Poya also dedicates itself to social responsibility to protect the rights of other stakeholders. Poya regards the employees as one of the important corporate assets and therefore Poya offers the employees reasonable and fair compensation and welfare, comfortable and safe working environment, transparent promotion system and regular job training by setting up a complete human resource institution.

As a retailer selling a whole variety of merchandises and being located at the middle course between the suppliers and the customers, the main purpose of Poya is to “understand and satisfy the customers” needs.” By effective and instant supplier management system, Poya can control the products’ quality and can request the suppliers to abide the Product Labeling Law. In the long term development, Poya hopes to cooperate with the suppliers to create higher value for the customers!

With respect to the social participation, in 2016, Poya held the “Poya Community Care Night” to help low-income families buying necessities for free in Taitung Zhonghua branch; donated NT\$ 1 million to Taitung for rebuilding work after Typhoon Nepartak hit Taiwan; donated to NCKU, College of Medicine for building Geriatric education and research center; donated to “2016 National Rhythmic Gymnastics Championship”; donated to “A-LINE Superstar Challenge. Through social participation, Poya hopes to promote positive social culture and its value. As a member of Taiwan society, Poya shall not only provide customers high-quality products and considerable services but also dedicate itself to the society and to the whole Taiwan. Poya shall thank the customers’ support and love by action.



## 6.1 Employee Care

Poya is a female-orientated store mainly selling trendy cosmetics, personal products and daily groceries to the customers. It is Poya’s brand image of “Beauty, Trendy and Color” that everyone in Poya connects the daily lives and the work. As such, the monotonous works become colorful and Poya’s employees can be more sensitive to the fashion trend through working.

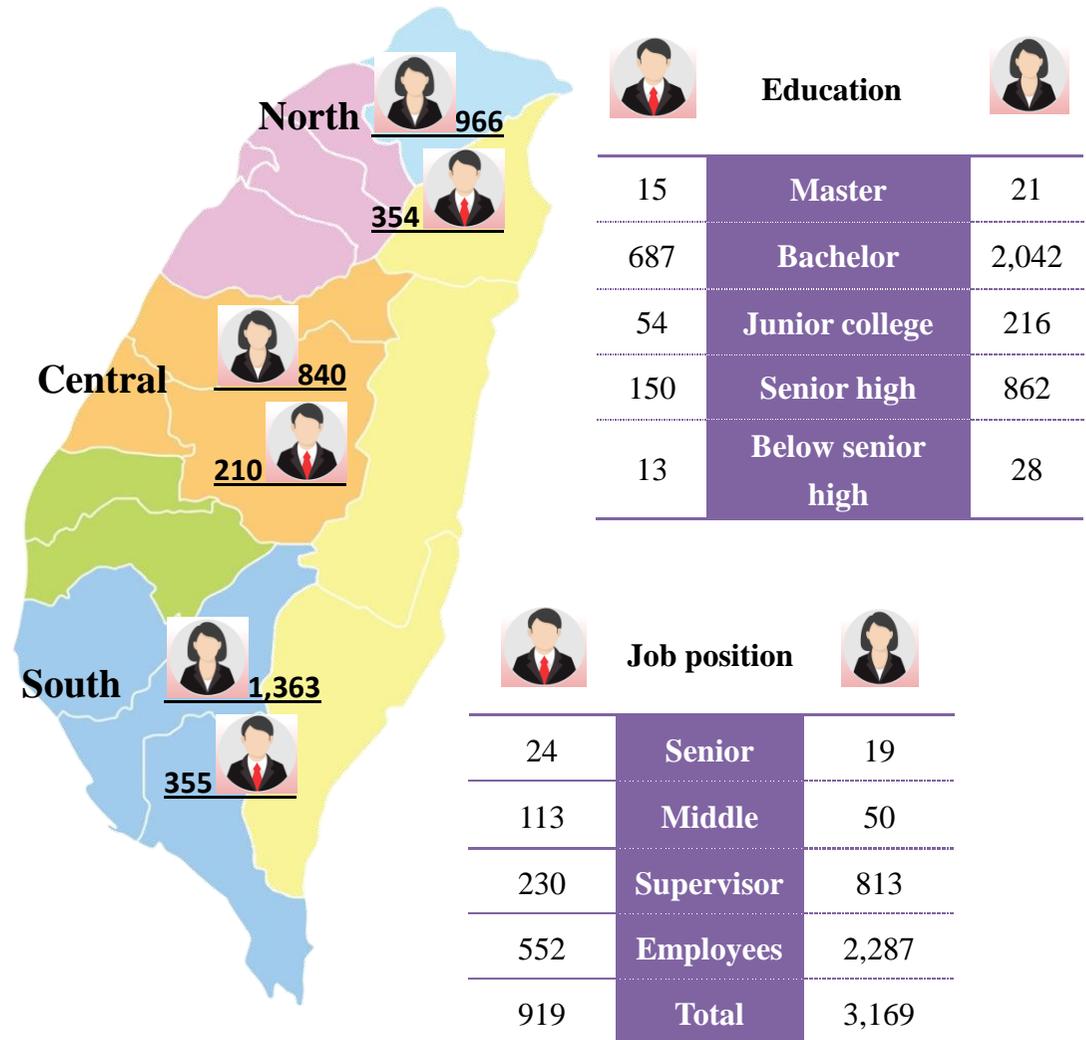
Poya regards all the employees at an equal base and avoids any discrimination owing to race, social class, language, thought, religion, political party, birthplace, gender, sexual orientation, marriage, appearance, age, disability and the status of member of labour union. Poya also hired the female employees who were married or who would like to back to the career market. By the end of 2016, there were 4,088 employees in Poya. The average age of it is 28. 1.3% of employees were the disabled. Besides, there were 24 aboriginal employees. Poya provided a kind working space with multi culture.

### Employee Structure

Poya is a retailer, employees distributed throughout Taiwan. 32.29% of employees were in northern Taiwan, 25.68% were in central Taiwan and 42.03% were in Southern Taiwan. The ratio of male and female is 1:3.

Most employees are graduated from college or above. Less than 30% of employees with high school diploma or under it were in charge of gross-root work. At present, senior officers and middle managers accounted for 5% of total employees.

## There are 4,088 employees in Taiwan.



New Employees				Ex-serving Employees		
Northern	Central	Southern		Northern	Central	Southern
268	163	227	<20 歲	278	173	227
528	441	687	21-30 歲	453	453	664
150	60	135	31-40 歲	150	62	124
45	13	23	41-50 歲	41	13	14
7	0	1	>50 歲	8	0	1

New Employees				Ex-serving Employees		
Northern	Central	Southern		Northern	Central	Southern
89	34	59	<20 歲	82	37	60
205	131	217	21-30 歲	203	144	217
45	22	44	31-40 歲	48	22	46
9	2	8	41-50 歲	14	2	7
0	0	0	>50 歲	0	0	0

By the end of 2016, Poya operated up to 157 stores. As there are more and more new stores opened, Poya has an increasing demand on labor. In terms of recruitment, Poya puts the most efforts to ensure that the recruiting process is fair, open and transparent, choosing appropriate person based on its professional capability and experience. Besides, In order to increase the customers' value and offer the better services, Poya expects all of the employees can have enthusiastic attitudes toward works and can grow with Poya.

However, the rapidly changing and highly competitive work environment made some employees depart. The Figure 6.1 shows the number of new and ex-serving employees classified by area, gender and age.

Figure 6.1 The number of new and ex-serving employees in 2016

■ Compensation and Welfare of Employees

**Compensation system**

Poya puts emphasis on the fairness of the compensation system and avoids any difference in compensation because of the age, race, or gender. All employees are paid equally for the same job. Yet, the salary adjustments will be given based on the regular overall performance evaluation since Poya advocates the corporate culture of “better performance, more rewards” .

In addition to the operation bonus for personal performance, Poya also provided employee stock dividends to share the operation performance with employees. Besides, Poya has established a complete pension fund system to allocate sufficient amount of pension fund for the employees.

**Employee Welfare Committee**

Poya has established the Employee Welfare Committee according to the Labor Standards Act to handle the matters of employee welfare, allocating the employees allowance to Employee Welfare Committee. The amount of allowance depends on the operation performance.

The amount of welfare allowance increases in response to the better sales performance in recent years. The welfare systems and subsidy plans are checked and adjusted every year based on the economic situation.



Figure 6.2 The details of employee welfare

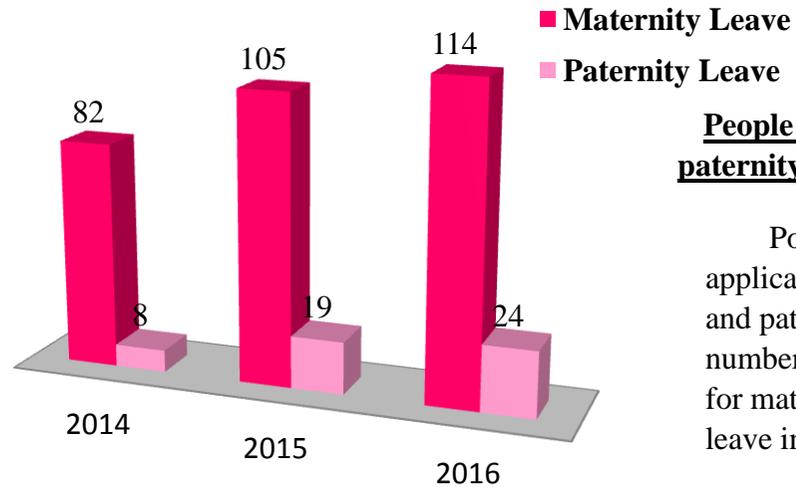
The female employees accounted for 77.5% of total employees. In order to protect their rights and let them keep balance within work, healthy and family, Poya offered menstrual leaves, maternity leave, paternity leave, breast-feeding time and the procedures of leave without pay. The breast-feeding rooms with convenience, privacy and safety were offered in headquarter and part of stores.

### Menstrual Leave

It is a type of leave which a woman may have the option to take a day-off within a month if she is menstruating and is unable to go to work because of this. Half-paid is offered, and menstrual leave is beyond measures for full attendance. It won't be taken into calculation of sick leave if total leaves in the whole year are less than 3 days.

### Family care leave

Employees can take family care leave when their family members have to take an inoculation or fall serious ill or get into a severe accident. The family care leave is up to 7 days within a year, and it will be taken into calculation of personal leave. Family care leave is beyond measures for full attendance.

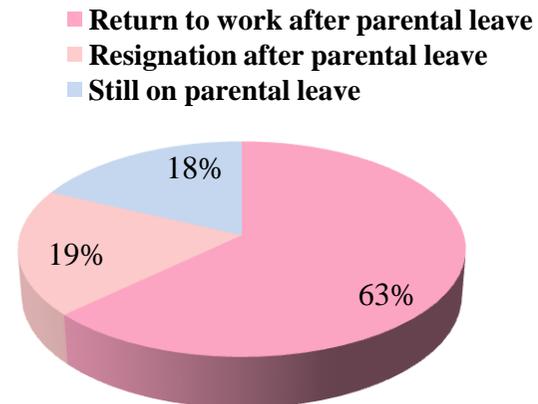


### People in maternity leave and paternity leave from 2014 to 2016

Poya offered the perfect application system of maternity and paternity leave. The number of people who applied for maternity and paternity leave in 2016 grew by 11%.

### The reinstatement rate and the ratio of employees in parental leave to total employees in 2016

The ratio of employees on parental leave to total employees with maternity leave in 2016 was 54%. By the end of 2016, the reinstatement rate of the employees was up to 63%. Some employees were still on parental leave, and some employees resigned from their positions due to family factor or personal career planning.



## Complete work environment

In order to provide comfortable and spacious working space, Poya renovated the office, pantry room and meeting rooms in 2015. Poya put the microwave into each branch in 2016 to offer a convenient rest space for employees. Poya also created a breastfeeding room which with privacy and safety voluntarily before government required, and a freezer and sofa were provided to increase the functionality and convenience.

Safety at workplace is a part of responsibilities of the company. Therefore, Poya executes fire safety inspections and maintains the facilities at all stores and the headquarters regularly. Furthermore, Poya also appoints professional technicians to all employee residences to inspect the safety of the public areas, home appliances, water heaters, and fireproof equipments.

For the promotion of job safety, Poya regularly offers the training courses of labor safety to related personnel of general administrative division every year. Poya hopes that the courses can help employees emphasize on their safety and also lower the probability of the accidents. (See Figure 6.3)

Poya will insure the related responsibility of any store construction or renovation for at least NTD 20 million and will also appoint a manager at the construction site to supervise the labors and do the safety management. If there is any accident, the injured employee will be sent to the hospital accompanied by the manager and will gain the indemnification. During the construction period (about two months), all the construction sites will be surrounded by the metal fence to avoid the customers from entering the construction sites. The administrative division is authorized as the management unit for taking a record and making a report of the accidents. Under the policies of employee safety and protection, Poya had no internal or external employees died or injured in 2016 because of corporate facilities, policies or construction.



	Number of People	Total Hours
	16	132
	26	258

Figure 6.3 Overview of labor safety training courses

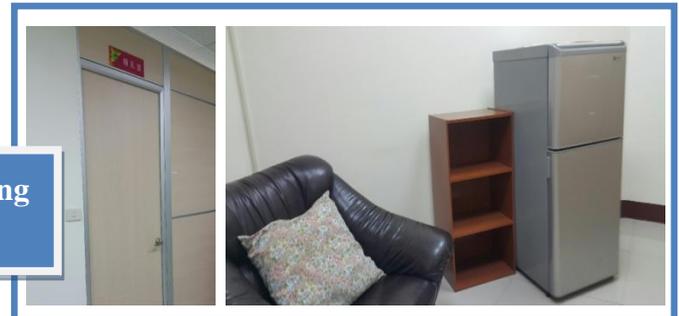


Regularly Safety Inspection

Microwave in pantry room



Spacious and comfortable pantry room



Breastfeeding room

- Employee career planning

### Training system and development

Poya puts emphasis on the cultivation and training of the talents. In addition to the routine courses, Poya also provides complete and real-time trainings to the employees by E-Learning platform. (see figure 6.4)

**In 2016 , 88 lessons were provided !**

**1,872 people participated, and the total hours were 13,104 hours.**



Figure 6.4 E-learning platform

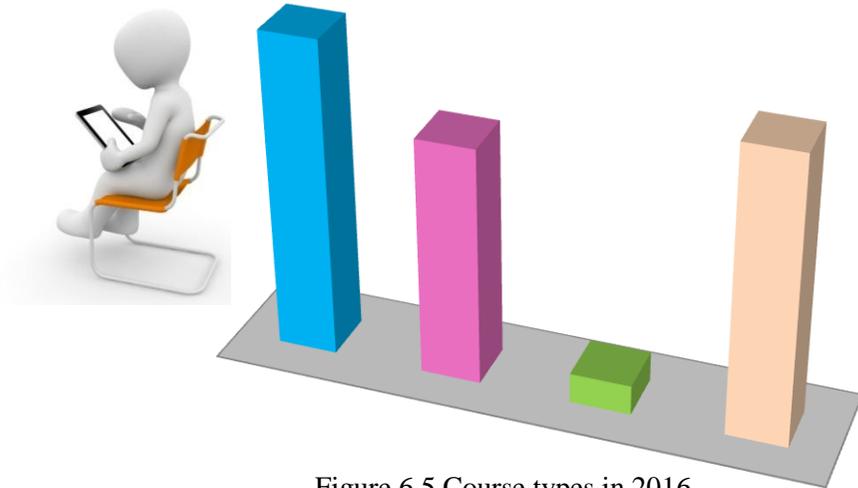


Figure 6.5 Course types in 2016

Name of course	Lessons	Hours of study
<b><u>OJT evaluation</u></b>	32	7
<b><u>Assistant store manager assessment</u></b>	24	7
<b><u>Counselor Training</u></b>	3	7
<b><u>Section manager assessment</u></b>	29	7

**Complete regular job training and promotion system**

Everyone in Poya has a fair opportunity of job promotion as long as the employee completes the essential trainings and is recognized as having contribution to its work. However as pursuing work performance, everyone shall still observes company policies and avoid any temptation from the suppliers or outsiders.

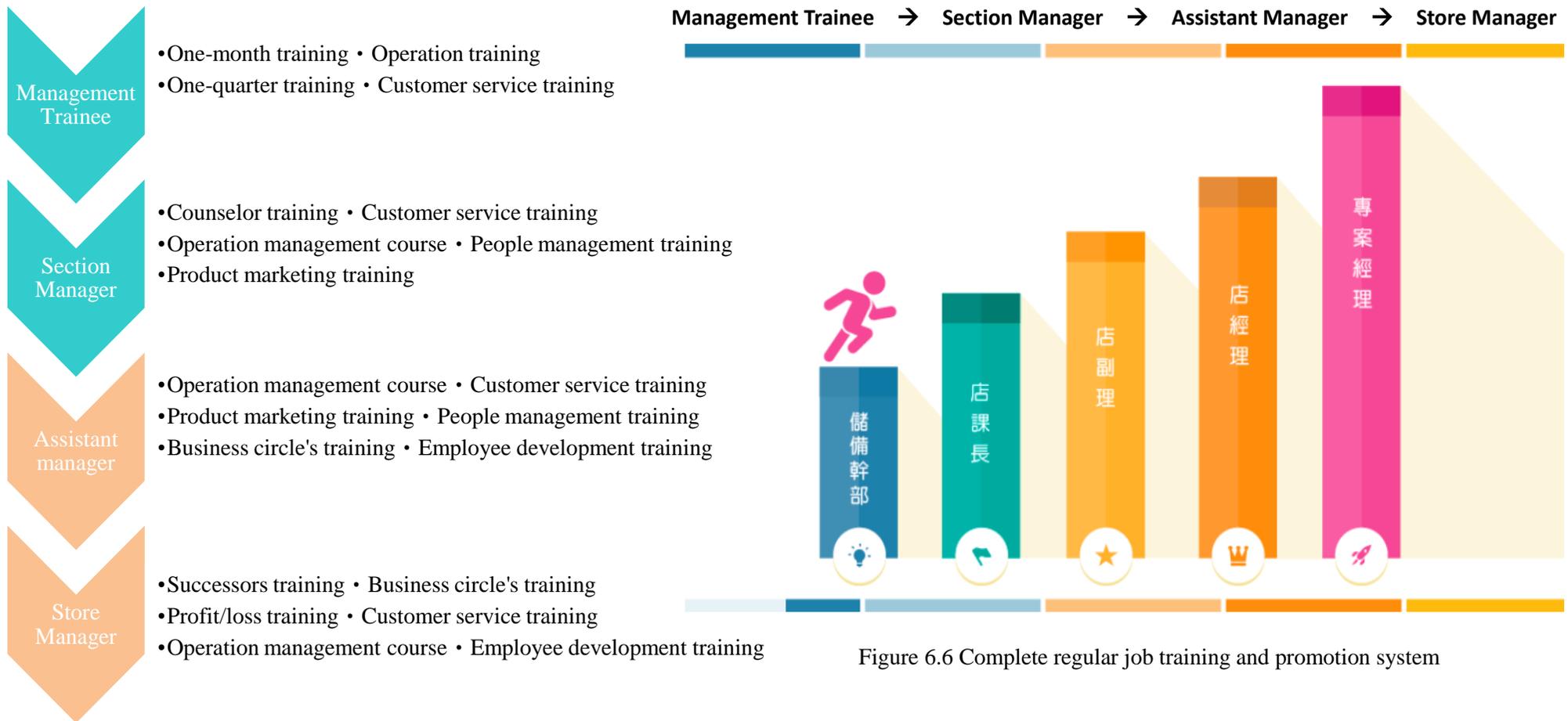


Figure 6.6 Complete regular job training and promotion system

### Performance management system

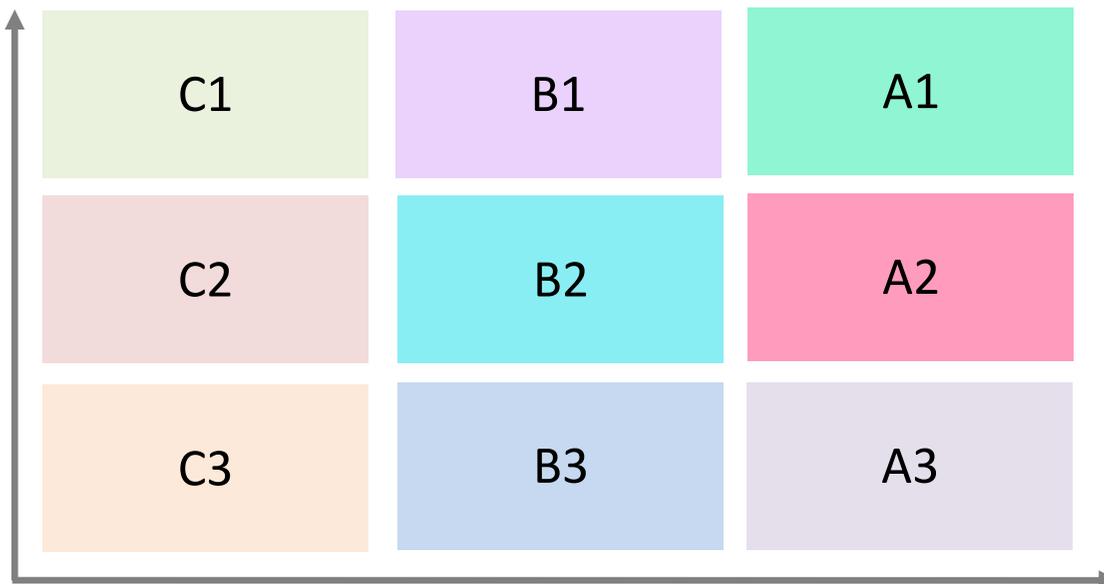
There is a justice, fair and transparent performance evaluation system which encourages the employees not only to achieve the operating goals of the company but also to emphasize on self-learning, raise working abilities and make a personal career planning. Poya advocates the corporate culture of “better performance, more rewards.” It is the abilities and working performances rather than education level or working experiences that lead to better compensation or job promotion. °

The officers of each division shall make the evaluation for employees at least once a quarter, and help employees to find their talents and suitable positions by goal setting and evaluation interview. The evaluation is the basis for promotion, compensation and pay raise.

### Retirement system

By allocating sufficient amount of pension fund, Poya has established a complete pension fund system to the employees.

Poya International adopts both the old and new systems of retirement. The Labor Retirement Regulation has been established under the old system, governed by the Labor Standards Act. After the actuarial estimation, 2% of the total monthly salaries will be allocated as reserve for the pension fund deposited at a designated account at the Bank of Taiwan (previously at Central Trust of China). The calculation of pension payment is based on the Labor Retirement Regulations and will be disbursed accordingly. Employees who elect to go with the new retirement system will have 6% of their respective monthly salaries allocated to their personal pension accounts monthly as required by the Statute for Labor Pension.



### Figure 6.7 Nine levels of KPI The evaluation contents

(Taking Finance and Accounting Division as an example)

- ✓ The ability of problem solving
- ✓ Project implementation
- ✓ Financial forecast and analysis
- ✓ The completeness of daily work
- ✓ Work attitude



## Complaint Mechanism

### ■ Employee relations management

## Communication



Poya International devotes to upgrading employees' salary, welfare and work environment. The company also offers platforms such as oral report, monthly meeting, ABC conference, and E-platform included EIP, Notes, Connections to make an effective, two-way communication with employees. The opinions from employees could be heard sufficiently.

## Fair Work Rights

Poya is keen to build a working environment with healthy and gender equality. In order to prevent employees from sexual harassment, Poya devotes to improving the facilities in working environment, encourages employees to participate the seminar of sexual harassment prevention, and enacts the "guidelines on gender equality and sexual harassment prevention". Moreover, Poya provides the complaint channels to accept the case of sexual harassment occurred during work and appoints coherent person to coordinate and handle it.

Poya has established the complaints box, 0800 hotline and "complaint mechanism" to receive the opinions from employees and answer their concerns.

The employees can complain in the following methods:

1. Oral report: The person who accepts the oral report from employees has to take a record and handle it immediately.
2. Written report or complaint form: Employees can hand over compliant forms or written reports according to complaint procedures to express their opinions. The coherent officers should make inspections and report the resolution to the complainant.

In order to pursue the development of ethical corporate management, Poya encourages employees to report any violation and allows anonymous report on the unethical practices of others in its Rules of Personnel Management to protect the reporter and stipulates relative regulations in Codes of Ethical Conduct.

## Protection of Human Rights

Poya regards all the employees at an equal base and avoids any discrimination owing to gender, age, race, colour, religion, political parties and disability. It is inalienable that all the employees in Poya deserve equal protection and treatment. During the report period in 2016, there is no discrimination occurred in Poya. Poya shall abide by the relative rules and regulations to do any operating activity or to make any investment commitment, and therefore Poya do not additionally include any clause of human rights in the contracts. However, Poya puts much emphasis on human protection and requests all the employees to handle the human right issues according to the laws and regulations. Poya do not recruit child labors and there is no recruitment of child labors during the report period in 2016.

Poya do not have any forced or compulsory labor since Poya always ensures that all the employees for offering services and the entire conditions of employment are all on a voluntary basis. Poya provides the employees with favorable welfares which are at a level comply with and even much better than the minimum level required by the local rules. There are paid leaves offered for the employees. Everyone in Poya will not be forced to work overtime and will have an overtime wage or necessary compensation if working extra hours.



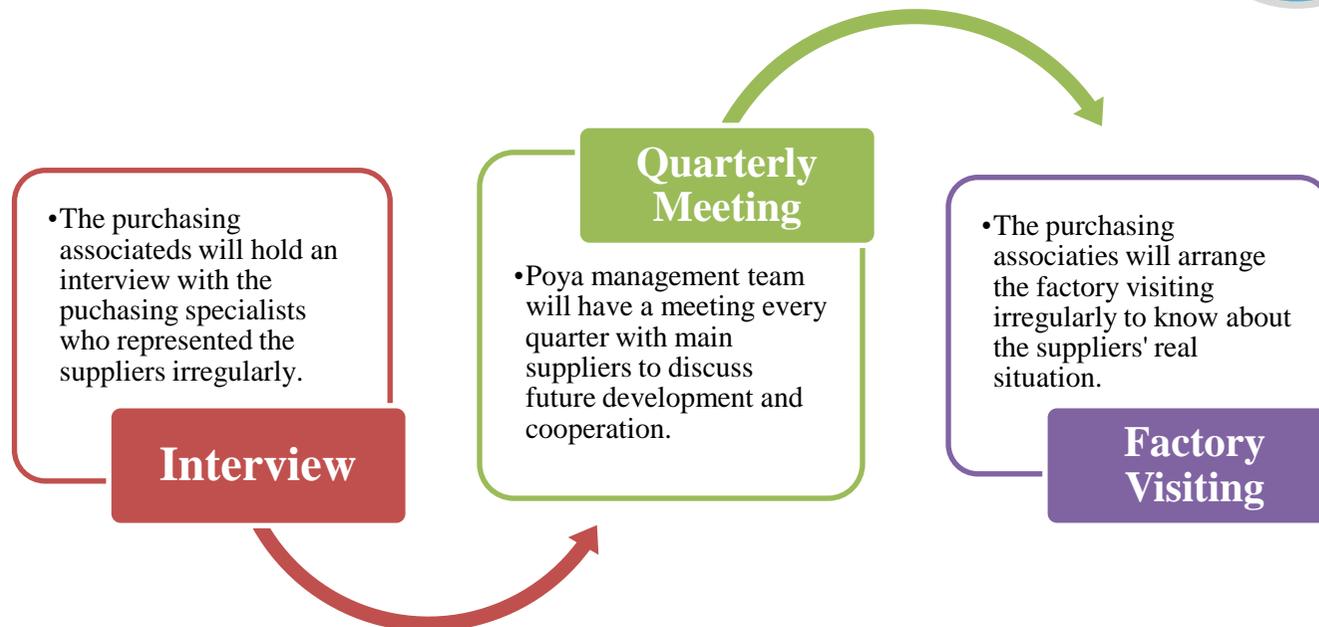
## 6.2 Supply Chain Management

Poya is a local corporation in Taiwan. Most of the goods are purchased from the local suppliers and therefore Poya faces little risk of exchange rate. Currently, there are 400 suppliers cooperating with Poya, including international corporations, local corporations in Taiwan and small or medium enterprises in Taiwan. In order to meet the customer demand, Poya offers a lot of options through making purchase from variety suppliers.

Poya has many suppliers and thus the biggest supplier accounts for lower than 5%. With a spirit of long-term development and cooperation with each other, Poya do not change the suppliers frequently. However, Poya will make a replacement for out fashion products or the suppliers when customers change their demands or purchasing behaviors. The annual change rate of the suppliers is always lower than 10%.



### ■ Supplier Management



■ Food Safety and Product Safety

Complied with the supply chain management process, some steps shall be taken before making a contract with the supplier. First, Poya shall review the related information of the suppliers. Second, employees of the purchasing division shall visit the factory to understand the environment, the process of production and the operating situation, which makes sure the product quality

In the contracts, Poya requests all the suppliers not only to ensure the quality and avoid any counterfeit of the products but also to observe the related rules and regulations. And Poya also requests all suppliers follow the Product Labeling Law. Thus, consumers understand the products and use them correctly, which achieve product safety.

In 2016, there was an accident that Poya was selling expired products. Because too many products in store, it is really challenge to execute the expiry date checking. Before it happened, Poya did the monthly checking or irregular checking before displaying. However, the execution still couldn't be made perfectly. After that, Poya reinforce our checking process and recheck by business planning division and audit office. Once the abnormal products are picked, Poya will soon send the notice to all the branches to ask employees to check the quality. Now, Poya puts more emphasis on the product quality and expiry date. These two matters are listed in the key items of store inspection.

When products are displayed on the shelves, the employees of store check the labels and the quality of products again. Besides, employees of business division will execute regular product inspection in stores and employees of audit division will execute non-period inspection. If there are concerned products in store, Poya will remove and stop selling such product until the quality being confirmed. (Figure 6.8)

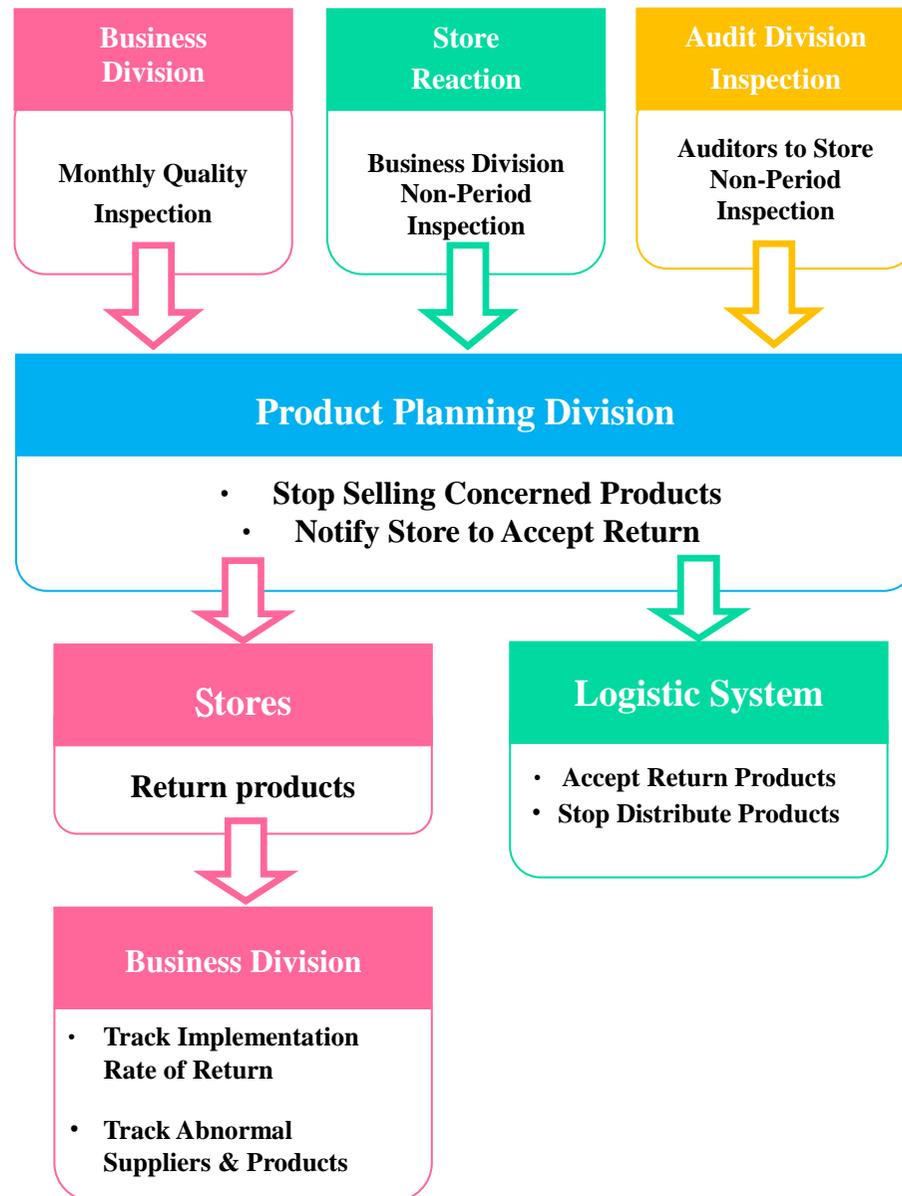


Figure 6.8 Poya monthly quality inspection flow chart

■ Suppliers Cooperation

Based on the sales number and focus group interviews, Poya catch the trend and develop the possible product. If the potential demand of new product is confirmed, Poya will work with suppliers to develop and produce this new merchandise.

For increasing the suppliers' interests in developing new products, Poya will contract with suppliers to purchase specific quantity. Besides, Poya will feedback customers' opinions to our suppliers in order to assist product development as well.

Under the cooperation, customers get the products they want. Suppliers reward higher product sales. And Poya increases sales and level of customer satisfaction. Therefore, the cooperation creates triple win for Poya, consumers, and suppliers. (Figure 6.9)



Figure 6.9 Suppliers Cooperation Model

■ Precise Order

Poya improves the ability of order precision. For suppliers, the improvement decreases operation risk and the negative influence of return bulk orders. In Poya, first, the automatic order system, based on sales volumes, suggests the best order of specific products.

Secondly, store staff reviews the suggestion to check the appropriation. Finally, store managers check the reviewed order again to achieve order precision.



■ Plan of Centralized Logistic Center

Before logistic system built, the suppliers should process orders from all Poya's stores. And they delivered products by deliver fleet or by product owners to all Poya's stores. However, as the stores number increased, up to 157 stores in 2016, many of middle and small cap suppliers had problem in delivering.

In 2011, Poya started the plan of centralized logistic system. The problem solved. In the future, suppliers only deliver one time to logistic center, instead of 157 times to all stores. The plan decreases the labor and the delivery cost for suppliers, and leads our suppliers to grow up with Poya.

## 6.3 Customer Service

So far, Poya kept heading to the goal ,” A more preferred Poya by the customers.” We focused on quality ,safety of products and customer demand, devoting to providing the most comfortable, safe and convenient shopping environment and high quality products. Facing the trend of integration in real and virtual stores, Poya started to develop e-commerce plan to fulfill diversified demands from customers.

### ■ Quality and Safety of Products

For understanding customers’ demands and raising satisfaction, Poya held focus group interview and accompanied shopping (see Figure 6.10) with those representative customers. Every year, Poya replaced almost 20% to 30% merchandises. And our merchandises policy emphasized on introducing products with safety, high quality, and closer customers’ demands.

In suppliers’ contracts, Poya clearly requests suppliers to ensure product quality, to avoid counterfeit of any product, and to comply with related laws and regulations. At the same time, Poya performs periodic inspection in stores and warehouses, and removes those concerned products which are near expiration date, damaged, defective or incomplete labeling. Employees of business division and audit division execute non-periodic inspections as well. Any concerned products will remove from shelves and stop selling immediately until the concern dismissed.



Figure 6.10 Focus group meeting and accompany shopping in Poya

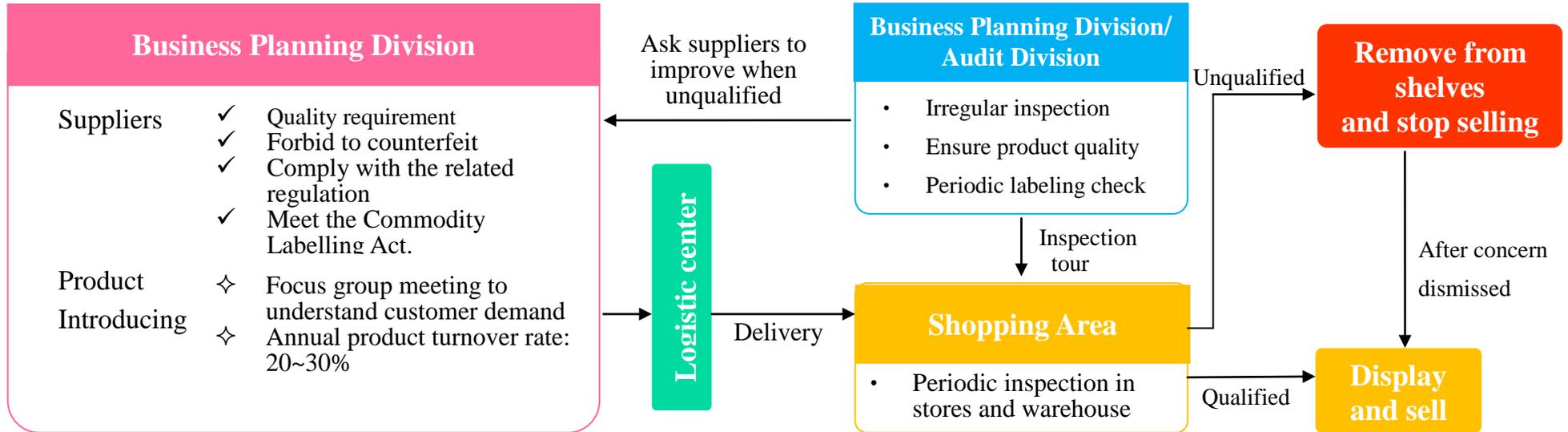


### ■ Quality and Safety of Products

Poya strictly requests our suppliers that all labels of products should abide by the Product Labeling Law, which helps consumers to get sufficient information and correct usage of products. For imported products, Poya requests the labels and instructions should attach the Chinese version, and the context should be consistent with those in foreign language. Any warning on the original label of imported products or services should be attached on the Chinese label. Poya checks the product labels periodically. If any concerns exist, Poya will inform our suppliers and request them to solve the problems. Also, employees in Business Division will track the performances of concerned suppliers, and eliminate those without improvement.

In stores, all products come with price tags. Due to promotion products which changed every month, those tags are updated monthly by store staff. Through this action, customers get the price information clearly, and the right of customers is protected.

## Management Procedure of Product Quality and Safety



**Orange Rubber Flip-Flops**  
SGS qualified non-toxic product



**Dried Fruits**  
Fresh made and non-artificial snack



**KEYTOSS Environmental Product**  
Non-toxic and odourless environment-friendly product



**Stainless Steel Thermos**  
304 Stainless-Steel, acid alkali-resistance with safety

■ Store Construction and Safety

Poya always takes this idea, “Best Services and Customer Orientation”, deeply in mind. For better customer services, in 2014, Poya upgraded stores to the fourth generation format which provides more lightful and comfortable shopping place. In addition, Poya care about the safety of shopping area. In order to provide a safer shopping environment, the employees of Store Engineering Department will check up, review and maintain the store equipments regularly to ensure the store safety. So far, Poya continues to make upgrade and improvement to let customer have much better shopping experience in our stores.

**4th generation store format:**



- **Main route design**  
Main route design which helps consumers to search products easily and faster.
- **One stop shopping service**  
Increase sku by 30% to almost 45,000 sku to fulfill consumer one stop shopping demand



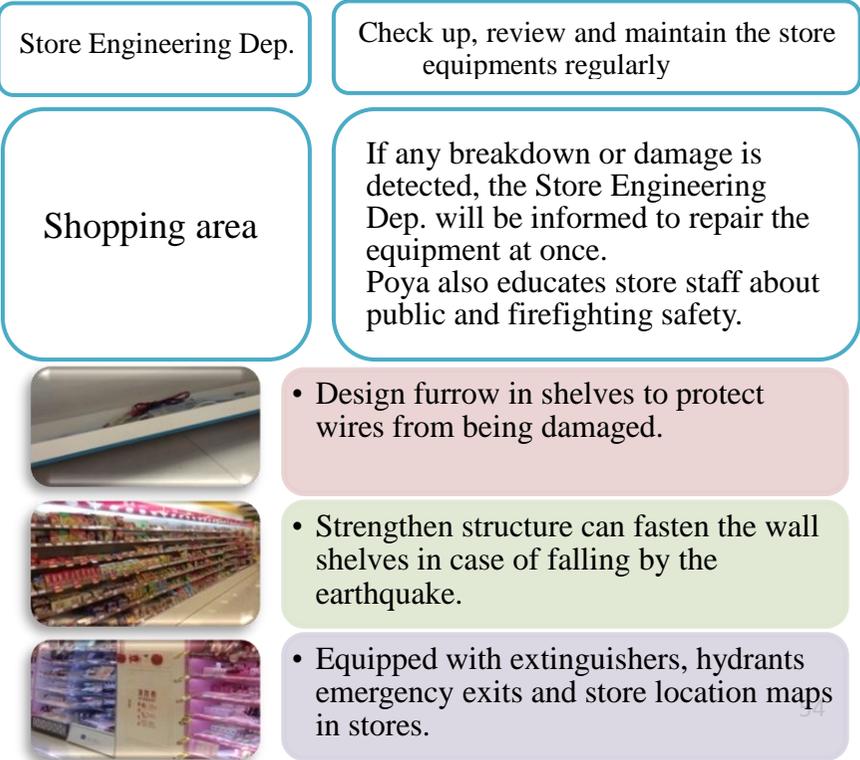
- **Interactive shopping experience**  
There are displayed dummies to demonstrate products. And those products are open to touch, try, wear, and smell. By trying out, customers can get the features of products, and ensure to match the demands. In addition, Poya offers audio and visual equipment to introduce products and improve interaction with consumers.



- **Functional shopping area**  
Poya provides shopping carts and elevators in stores. Some of stores also set restrooms and free parking. The facility let consumers enjoy shopping in Poya.

**Store safety precaution :**

For shopping area safety, Poya always makes fully preparation to prevent customers from any risk. Besides, if any accident occurs in one of the Poya store, the injured customer will be sent to the hospital accompanied by the store staff and will gain the indemnification. As such, Poya can offer customers complete protection of human safety.



## ■ Store Operation Checking System

Until the end of 2016, there are 157 stores of Poya. To sufficiently control service quality, Poya completes the Store Operation Checking System and uses this system in all stores. For those stores need to be corrected, Poya will focus on store staff training and operation process modification to increase service quality and professional image.

### Step 1

#### Service Quality Audit

By mystery shoppers, Poya reviews the store staff in product knowledge, consulting services, after-sales services and interaction with customers, etc., which ensures the standard fulfillment.

### Step 2

#### Standard Operation Process(SOP) Check

Poya performs SOP check to all stores monthly. The SOP check includes four aspects which are fundamental, display, company policy and inventory level. Based on the performances of all aspects, Poya will grade stores.



### Step 3

#### Store KPI Conference

The conference, held by general manager and participated by staff of Business Division and Finance and Accounting Division, reviews the performances of all stores. By the cost and benefit analysis and store operating report, the conference will detect the potential problems of the store and point out solutions.

### Step 4

#### Store Operation Assistance

For the stores in C level, Poya arranges the internal lecturer to assist the store operation, and tracks the result in monthly KPI conference. The assistance will keep tracking until the stores are qualified.



Though operation assistance, store managers improve skills in placing order, operating shopping district, analyzing cost and profit of stores. And the operation experiences will retain in Poya knowledge base and share with other managers.



The completed Store Operation Checking System sufficiently controls service quality, and cultivates excellent store managers and staff. The followings are feedbacks from customers:



### **Wannei Branch in Kaohsiung**

8/22 E-mail of Customer Service: The Compliment from Ms. Song.

Last Saturday around 10:30 am, my Mom went to Poya at Dashan 2<sup>nd</sup> Rd. and wanted to buy counter products. Two cashiers told her to wait for a while because the opening hours of counter sales start from 11:00 am. Since my Mom took the product tag with her, one of the cashiers actively looked for merchandise she wanted and answered a lot of questions my Mom asked with patience. When checking out, the cashier apologized for not finding counter bags and took a paper bag instead. The service of these two cashiers is really great. I think Poya puts a lot of efforts into staff training.



### **Dali Chenkung- Cashier Section Manager, Ms. Yang**

3/30 The Phone Call of Customer Service:

The Compliment from Ms. Hsu.

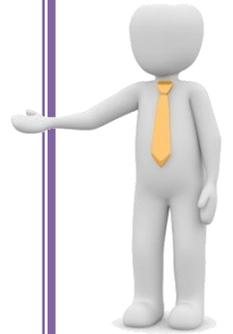
Last year, I changed my phone number. After that, each time when I shopped in Poya, there was no member data based on my new number. Today, the staff, Ms. Yang, ardently helped me to find out the problem. It is because I typed a wrong digit of my new number. She corrected it immediately. I really appreciate her and hope she can get praise.

### **Dongning Branch in Tainan**

4/7 E-mail of Customer Service:

The Compliment from Ms. Tsai.

This evening around 8:30, I went shopping at Dongning branch with my wife and kid. We just entered the 1<sup>st</sup> floor and my 8-year-old child had a nose bleeding suddenly. It was in a mess. At the time, one pretty staff actively helped us, offered tissues, cleaned the floor, and had my child seated for a break. She also concerned about my child's situation and asked us if calling an ambulance is needed. Please say thank you to her for me since we forgot to do so.



### **Gangshan Liuqiao Branch**

—Staff, Ms. Wu

2/3 The Phone Call of Customer Service:

The Compliment from Ms. Wang.

This afternoon around 5:00, staffs in Liuqiao branch answered customer's questions with patience and provided thoughtful service. I hope Poya can give them praise, especially Ms. Wu. Her instructions in detail are really objective. I want to give all the staff a "like."

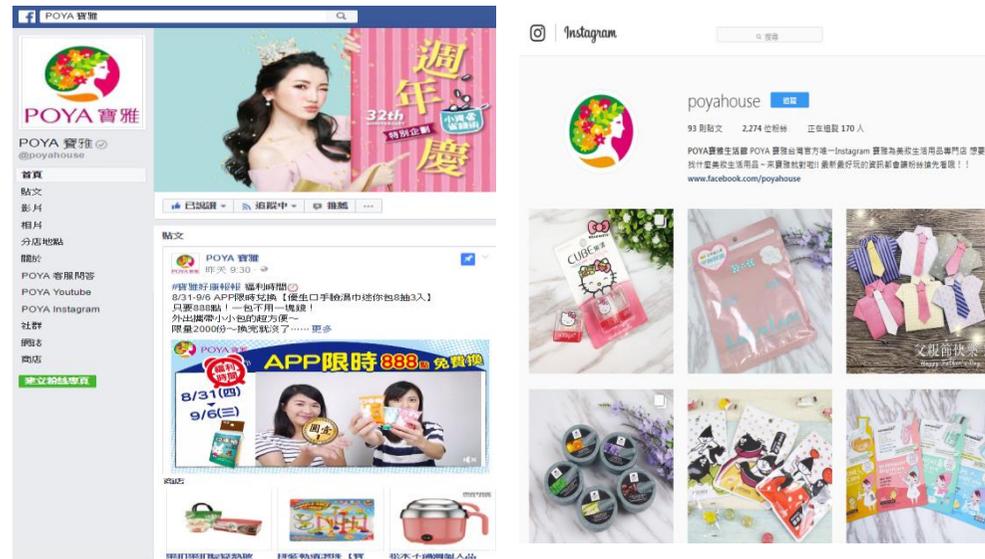
■ E-Commerce Plan

E-commerce is flourishing since smart phones and mobile devices are general. What e-commerce attracts everyone is about exploring items, comparing prices, and shopping without time and space restriction only when mobile devices on hand. Because of busy life, consumers switch their shopping style from buying in brick-and-mortar stores to buying in e-commerce. For them, e-commerce becomes a time saves and convenient choice. Thus, to provide diversified shopping channels, Poya started to plan the virtual store in YAHOO (Figure 6.11), Facebook Fan Page, Instagram (Figure 6.12), and Poya App (Figure 6.13).



Figure 6.11 Poya Virtual Store in Yahoo

Figure 6.12 Poya Facebook and Instagram Fan Page



- Poya posts the demonstrations of featured products, used by popular bloggers or models on Facebook and Instagram page. Those are lively discussed by Poya's fan group.
- Fan Page not only provides the news included promotions, featured products, fashion, but also the more friendly services to fans.



**Figure 6.13 Poya App**

Customers can anytime explore Poya App about hot sale products, online flyers, and marketing activities, etc. From App, customers can directly shop items by connecting Poya online Yahoo store. Besides, the App can also provide more product information by login to Facebook fan group. °



**App Discounts**

Update app discounts periodically. Get discount price by showing App page when checking out. No quantity restriction.



**Virtual Loyalty Cards**

Easy to get reward points! Can't find loyalty cards? It's OK. Show App and get reward points.



**Check Me**

Solve missions and get redeem points. Missions include scanning the barcode of assigned products, buying assigned goods, scanning the invoices, etc. Members collect points to redeem small gifts, like treasure hunt games, increasing shopping fun.

## 6.4 Social Participation

As a member of Taiwan society, Poya not only provides customers high-quality products and considerate services but also dedicates itself to this society and Taiwan. Poya takes action to appreciate the customers' support and love. In 2016, Poya held the "Poya Community Care Night" to help low-income families buying necessities for free in Taitung Zhonghua branch; donated NT\$ 1 million to Taitung for rebuilding work after Typhoon Nepartak hit Taiwan; donated to NCKU, College of Medicine for building Geriatric education and research center; donated to "2016 National Rhythmic Gymnastics Championship"; donated to "A-LINE Superstar Challenge. Through social participation, Poya hopes to promote positive social culture and its value.



2016.7.9 Typhoon Nepartak left a trail of destruction in Taitung behind it.



**Typhoon Nepartak hit Taitung seriously!  
Poya donated NT\$ 1 million to Taitung for rebuilding work.**

Typhoon Nepartak caused a considerable damage in Taitung on July 8<sup>TH</sup> with many streets and schools destroyed. Poya's stores in Taitung were also heavily influenced by Typhoon Nepartak and suffered huge losses. We felt the same way as the residents did. Therefore, we decided to make a donation of NT\$ 1 million to Taitung County Government for rebuilding work. Besides, we will help our employees who suffered from Typhoon Nepartak by providing the paid leaves and gift certificates. We would like to make a contribution to the society and hope Taitung will recover as soon as possible.

客服電話: 0800 033 168  
www.poya.com.tw



2016.8.2



## 【Let Poya spread the love with you tonight...】

The villagers were getting in on this act in high mood, and the chief of village helped a lot with passion. There was filled with harmony and happiness in store.



Poya is derived from Tainan, a city with warm hospitality. We always take the honest attitude towards customers. Transferring “ beauty, fashion, wonderful” to customers. Now, Poya expands more stores over the whole island. Appreciate all the friends and villagers’ support and company. Poya would like to spread unlimited warming to neighbors and residents. Therefore, we held a meaningful event with daily necessities offered to take care of low-income families. The first stop is Taitung. Poya will keep spreading this touching to other counties to create more happiness.



Poya always considers that what is taken from society shall be used in the interests of society. In order to show our deepest appreciation to friends and villagers who support us, we would like to do something special to celebrate our 31<sup>th</sup> anniversary...

## 6.5 Map of GRI Index

### ■ General Standard Disclosures

Index	Content	Chapter	Page
<b>Strategy and Analysis</b>			
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization's strategy for addressing susutainability.	02 Start on Poya's CSR- A Message from the Management	P5-6
<b>Organizational Profile</b>			
G4-3	Report the name of the organization.	04 About Poya International-Corporate Profile and Industry Overview	P13-14
G4-4	Report the primary brands, products, and services.		P13-14
G4-5	Report the location of the organization's headquarters.		P13-14
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has signigicant operations or that are specifically relevant to the sustainability topics covered in ther report.	04 About Poya International- Business Model	P15-16
G4-7	Report the nature of ownership and legal form.	04 About Poya International-Corporate Profile and Industry Overview	P13-14
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	04 About Poya International-Corporate Profile and Industry Overview 04 About Poya International –Business Model	P13-14 P15-16

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G4-9	Report the scale of the organization, including: total capitalization, total number of operations and employees, net sales).	04 About Poya International-Corporate Profile and Industry Overview 04 About Poya International –Business Model 04 About Poya International –Financial Result 06 Society-Employee Care	P13-14 P15-16 P17 P40-48
G4-10	Report the total number of employees (with the disclosure of “d” by region and gender)	06 Society-Employee Care	P40-48
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	*In Taiwan, normal employees of Poya can express themselves by employee welfare committee and complaint mechanism. Currently, there is no labor union or consultation mechanism.	
G4-12	Describe the organization’s supply chain.	06 Society-Supply Chain Management	P49-51
G4-13	Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain.	*Poya do not have any significant change of the size of organization, structure, ownership, or its supply chain.	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization (such as measures of risk management under business operation, methods of developing and promoting new products or services).	04 About Poya International-Business Model 04 About Poya International -Investor Relations Management 06 Society-Supply Chain Management 06 Society-Customer Service	P15-16 P18-29 P49-51 P52-58
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	02 Start on Poya’s CSR-External Awards 05 Environment –Greenhouse Gas Inspection 06 Society-Employee Care	P7 P31-32 P40-48
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body /participates in projects or committees/provides substantive funding beyond routine membership dues/views membership as strategic.	*Poya is the member of TCFA and Tainan Yizai Association.	

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<b>Identified Material Aspects and Boundaries</b>			
G4-17	<p>a. List all entities included in the organization’s consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.</p>	<p>Shareholders Report</p> <p>*All entities included in the organization’s consolidated financial statements or equivalent documents have been covered by the report.</p>	<p>P101-144</p> <p>-</p>
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	03 Identification and Communication of Stakeholders	P9-11
G4-19	List all the material Aspects identified in the process for defining report content.		
G4-20	For each material Aspect, report the Aspect Boundary within the organization.		
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	*None	
G4-24	Provide a list of stakeholder groups engaged by the organization.	03 Identification and Communication of Stakeholders	P9-11
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		
G4-26	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.		

Index	Content	Chapter	Page
<b>Report Profile</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	01 About the Report	P4
G4-29	Date of most recent previous report (if any)		
G4-30	Reporting cycle (such as annual, biennial)		
G4-31	Provide the contact point for questions regarding the report or its contents.		
G4-32	<ul style="list-style-type: none"> <li>a. Report the ‘in accordance’ option the organization has chosen.</li> <li>b. Report the GRI Content Index for the chosen option (see tables below).</li> <li>c. Report the reference to the External Assurance Report, if the report has been externally assured.</li> </ul>	01 About the Report 06 Map of GRI Index	P4 P61-70
G4-33	<ul style="list-style-type: none"> <li>a. Report the organization’s policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>c. Report the relationship between the organization and the assurance providers.</li> <li>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.</li> </ul>	*None	

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<b>Governance</b>			
G4-34	Report the governance structure, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	04 About Poya International –Inverstor Relations Management	P18-29
G4-38	Report the composition of the highest governance body and its committees by independence, gender, and number of each individual’s other significant positions.	04 About Poya International –Inverstor Relations Management	P18-29
<b>Ethics and Integrity</b>			
G4-56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	04 About Poya International –Corporate Profile and Industry Overview 04 About Poya International –Inverstor Relations Management 06 Society-Employee Care 06 Society-Supply Chain Management 05 Society-Customer Service	P13-14 P18-29 P40-48 P49-51 P52-58
G4-58	Report the intenal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational intergrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	06 Society-Employee Care	P40-48

■ **Specific Standard Disclosures(Three Categories – Economic, Environment and Social)**

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<b><u>Economic Category</u></b>			
<b>Economic Performance</b>			
G4-DMA	Disclose the management approach	Shareholders Report	P57-71
G4-EC1	Report the direct economic value generated and distributed	04 About Poya International-Financial Results Shareholders Report	P17 P101-144
G4-EC3	Report the coverage of the organization’s defined benefit plan obligations.	06 Society-Employee Care	P40-48
<b>Market Presence</b>			
G4-DMA	Disclose the management approach.	06 Society-Employee Care	P40-48
G4-EC6	Report the proportion of senior management hired from the local community at significant locations of operation.	06 Society-Employee Care	P40-48
<b>Procurement Practices</b>			
G4-DMA	Disclose the management approach.	06 Society-Supply Chain Management	P49-51
G4-EC9	Report the proportion of spending on local suppliers at significant locations of operation.	06 Society-Supply Chain Management	P49-51
<b><u>Environmental Category</u></b>			
<b>Energy</b>			
G4-DMA	Disclose the management approach.	05 Environment	P30-37
G4-EN6	Report the reduction of energy consumption	05 Environment -Greenhouse Gas Inspection 05 Environment -Programs of Water Conservation, Energy Saving and Carbon Reduction	P31-32 P33-35
G4-EN7	Report the reductions in energy requirements of products and services.	05 Environment -Plan of Centralized Logistic Center	P36-37

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<b>Water</b>			
G4-DMA	Disclose the management approach.	05 Environment	P30-37
G4-EN8	Report total water withdrawal by source.	05 Environment -Programs of Water Conservation, Energy Saving and Carbon Reduction	P33-35
G4-EN9	Report water sources significantly affected by withdrawal of water.		P33-35
G4-EN10	Report the percentage and total volume of water recycled and reused.		P33-35
<b>Emissions</b>			
G4-DMA	Disclose the management approach.	05 Environment	P30-37
G4-EN15	Report direct greenhouse gas (GHG) emissions (Scope 1).	05 Environment – Greenhouse Gas Inspection	P31-32
G4-EN16	Report energy indirect greenhouse gas (GHG) emissions (Scope 2).	05 Environment – Greenhouse Gas Inspection	P31-32
G4-EN19	Report the reduction of greenhouse gas (GHG) emissions	05 Environment -Greenhouse Gas Inspection 05 Environment -Programs of Water Conservation, Energy Saving and Carbon Reduction 05 Environment -Plan of Centralized Logistic Center	P31-32 P33-35 P36-37
<b>Products and Services</b>			
G4-DMA	Disclose the management approach.	05 Environment	P30-37
G4-EN27	Report the extent of impact mitigation of environmental impacts of products and services	05 Environment -Programs of Water Conservation, Energy Saving and Carbon Reduction 05 Environment -Plan of Centralized Logistic Center	P33-35 P36-37
<b>Transport</b>			
G4-DMA	Disclose the management approach.	05 Environment	P30-37
G4-EN30	Report the significant environmental impacts of transporting products, other goods and materials for the operation, and transporting employees.	05 Environment -Plan of Centralized Logistic Center	P36-37

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<b><u>Social Category: Labor Practices and Decent Work</u></b>			
<b>Employment</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-LA1	Report total number and rates of new employee hires and employee turnover by age group, gender and region.	06 Society-Employee Care	P40-48
G4-LA2	Report the benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	06 Society-Employee Care	P40-48
G4-LA3	Report return rate of return after paternity leave, by gender.	06 Society-Employee Care	P40-48
<b>Occupational Health and Safety</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-LA6	Report the type of injury and frequency of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	06 Society-Employee Care	P40-48
<b>Training and Education</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-LA9	Report the average hours of training per year per employee by gender and by employee category.	06 Society-Employee Care	P40-48
<b>Diversity and Equal Opportunity</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-LA12	Report the composition of governance bodies and category of employees according to gender, age group, minority group membership, and other indicators of diversity.	04 About Poya International-Inverstor Relations Management 06 Society - Employee Care	P18-29 P40-48

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<b><u>Social Category: Human Rights</u></b>			
<b>Investment</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-HR1	Report total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	06 Society - Employee Care	P40-48
<b>Non-discrimination</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-HR3	Report the total number of incidents of discrimination and corrective actions taken.	06 Society - Employee Care	P40-48
<b>Child Labor</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-HR5	Report the operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	06 Society - Employee Care	P40-48
<b>Forced or Compulsory Labor</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-HR6	Report the operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	06 Society-Employee Care	P40-48

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<b><u>Social Category: Society</u></b>			
<b>Anti-corruption</b>			
G4-DMA	Disclose the management approach.	04 About Poya International-Inverstor Relations Management	P18-29
G4-SO4	Report the communication and training on anti-corruption policies and procedures.		P18-29
G4-SO5	Report the confirmed incidents of corruption and actions taken.		P18-29
<b>Anti-competitive Behavior</b>			
G4-DMA	Disclose the management approach.	04 About Poya International-Corporate Profile and Industry Overview	P13-14
G4-SO7	Report total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		P13-14
<b><u>Social Category: Product Responsibility</u></b>			
<b>Customer Health and Safety</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-PR1	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	06 Society - Customer Service	P52-58
<b>Product and Service Labeling</b>			
G4-DMA	Disclose the management approach.	06 Society	P40-60
G4-PR3	Report the type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	06 Society –Customer Service	P52-58
<b><u>Social Category: Social Participation</u></b>			
-	Report the outcome of social participation activities.	06 Society –Social Participation	P59-60