



POYA
寶雅

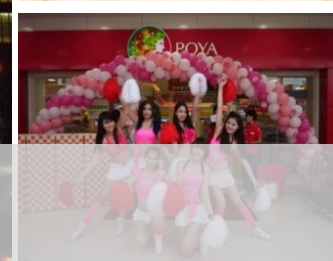


「募愛心，揪感心」照片上傳活動

寶雅以「一畚箕一大，百倍有感」的方式，助養流浪犬，並於全國門市設置募款箱，歡迎有愛心的你一同溫暖大兒~

1名 12名

社團法人台灣動物福利協會
動物學系 陳靜芬 李翠屏 030101228
社團法人愛護動物協會
動物學系 陳靜芬 李翠屏 030101228



Corporate Social Responsibility Report 2014



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About the Report



In 2014, Poya International Co., Ltd. (hereinafter to be referred as Poya) started to publish its annual “Corporate Social Responsibility Report” (See Figure). The Corporate Social Responsibility Report 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.

■ Time Period and Scope Covered by the Report

This report covers the period from January 1 to December 31, 2014 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.

■ Reference

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.

■ Basis of Data Disclosure and Calculation

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 compiled by Poya, and the financial information is provided according to the audited financial reports.

■ Contact Information

Finance and Accounting Division, Poya International Co., Ltd
Address: No. 74, Section III MinZu Road, West Central Dist,
Tainan City
Telephone: 06-2411000
Fax: 06-2412805
E-mail : fin888@poya.com.tw

02

A Message from the Management

In 2014, both the consumers and the corporations around the world can reduce the energy expenses because of the stable recovery of global economy and the decrease of international crude oil prices. However, the risk of unstable financial environment still exists and the growth capacity of economy in each region is quite insufficient and uneven as being affected by the damages from the cold weather in U.S., higher consumption tax in Japan, unemployment and debt default risk in Europe. Through market positioning, service upgrading and all the efforts made by the management and the employees, Poya can still act as a leader of cosmetic and grocery industry.

In recent years, Poya has expanded stores around Taiwan aggressively for higher market share and visibility. By the end of December 2014, Poya had 109 stores (the store number in 2014 increased by 25.29%). 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 2014 all reached record highs.

In addition to corporate growth, Poya also focuses on the corporate social responsibility. In 2014, Poya established the “Audit Committee” and the “Corporate Social Responsibility Committee” for fortifying the corporate governance system, keeping track of the issues and trends concerned by the stakeholders such as the employees, customers, shareholders, local community, suppliers, environment and the government. As such, Poya can create more value for all the stakeholders.

With respect to environmental protection, Poya enhanced the energy efficiencies by introducing the latest energy-saving technology on electricity management and lighting design. Besides, Poya also developed the centralized logistic center actively to simplify the goods delivery process, lower energy consumption and decrease the emission of exhausted gas.

Concerning social participation, Poya hopes to increase the social impacts and promotes the harmony and prosperity between the corporate and society by taking part into the social activities. In 2014, Poya proposed and executed a “Plan of Guarding Hundred Dogs.” A dog would be guarded by a Poya store and thus hundred dogs would be guarded by hundred Poya stores. Poya hopes to be served as an example and arouse customers’ attention to the stray dog problems!

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.

Chen Jian-Zao, Chairman

Chen Zong-Cheng, General Manager

03

About Poya International



3.1 Corporate Profile

Corporate Profile	
Corporate Name	Poya International Co., Ltd (herein called Poya)
Chairman	Chen Jian-Zao
Date of Foundation	March, 1997
Date of Listing	September, 2002 (Code: 5904)
Capital in 2014	NTD 0.94 billion
Industry	Comprehensive Merchandise Retailing Industry
Address of Headquarter	No. 74, Section III MinZu Road, West Central District, Tainan City

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 hardworking and entrepreneurial spirit, Mr. Chen Jian-Zao laid down a solid foundation for subsequent development of Poya from the origin business in wholesaling of accessories.

In 1993, the general manager Mr. Chen Zong-Cheng joined the management team. In order to increase the market share and enlarge the operation scale in the specialty-store market of Kaohsiung, Mr. Chen Zong-Cheng opened the second store in Kaohsiung. Next year, the chain store system successfully came into shape and the 1st generation CIS was established. In 1998, the Company officially used “POYA” as the trademark and completed the design of CIS for the 2nd generation.

In 2000, Poya signed an agreement with “Hua Nan Securities” for supervision of listing in GTSM for further expansion of business territory and market. In 2002, Poya listed on GTSM for trading its stocks. Since then, Poya has come into a new era of operation, and emerged as the first company in Taiwan listed on GTSM as a retailer of “cosmetic and grocery specialty store”.

The target customers of Poya are the females aged between 15-49 years old. In Taiwan, the important purchasing decisions and almost 80% of the purchases for the families are made by the females. 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.

Averagely, the store size of Poya is about 400 pin. Poya provides the customers with various products being up to 45,000 SKU (Stock Keeping Unit). Furthermore, Poya keeps optimizing the product display and store design. As such, the customers can enjoy the most convenient, complete and professional services and fulfill their expectation on one-stop shopping.



Figure 3.1 Brand Value of Poya

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.



3.2 Industry Overview

Poya is a retailer selling a whole variety of merchandises and is located at the lower course of the comprehensive merchandise retailing industry. The sources of merchandises include the manufacturers, distributors, and trading firms. For offering the customers better quality products at cheaper prices and for reducing the purchase costs, Poya has turned to make a direct purchase from the trading firms and the manufacturers. See Figure 3.2 which shows the associations among the upper, middle, and lower courses of the retailing industry.

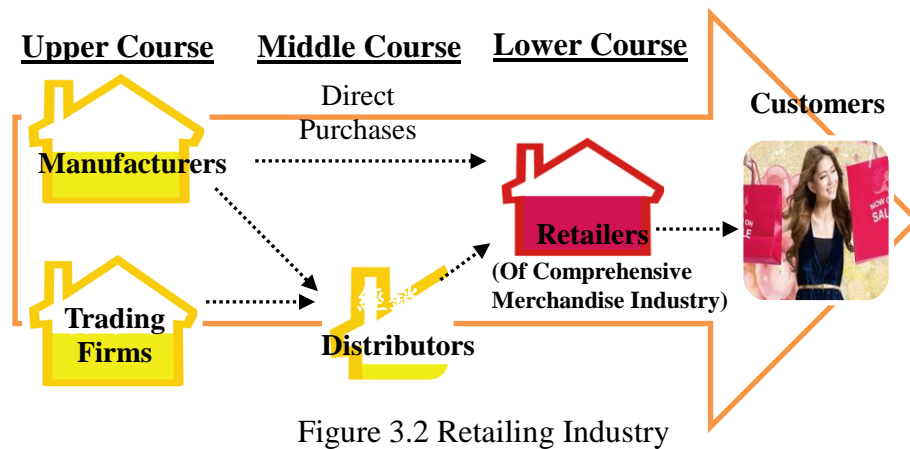


Figure 3.2 Retailing Industry

According to the report compiled by the Ministry of Economic Affairs, the total sales of Taiwan Retailing Industry grew by 3.89% annually which increased from NTD 2,930 billion in 2004 to NTD 4,010 billion in 2014. Among different types of retailing industries, the comprehensive merchandise retailing industry grew by 5.14% 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 3.3).

Poya adopts the chain store system on selling cosmetics and groceries. It is the niche products of skin care products, cosmetics and personal necessities, and the comfortable 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.

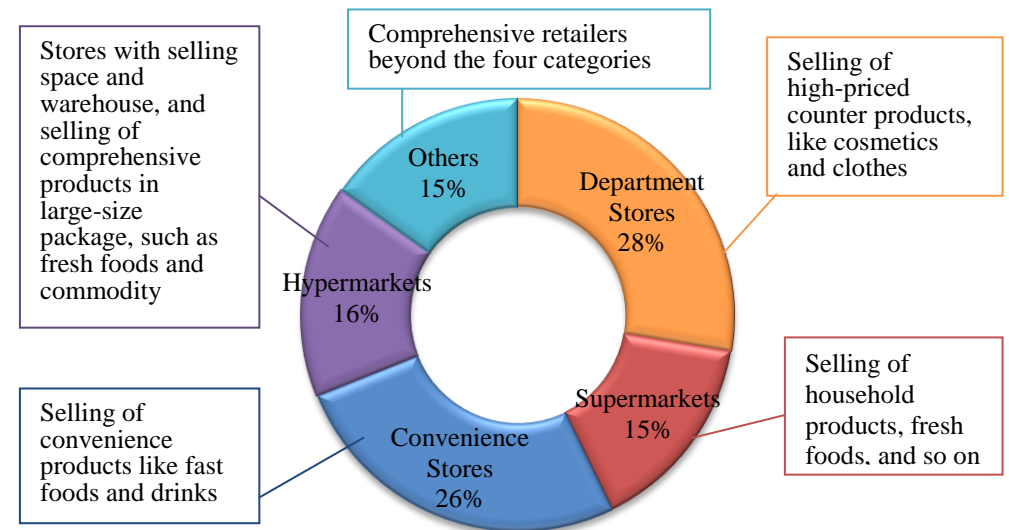


Figure 3.3 2014 Sale Percentage in Comprehensive Merchandise Retailing Industry (Source: Ministry of Economic Affairs)

3.3 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 109 stores in 2014. With more stores, Poya could offer more choices, high CP value products and quick purchasing services to customers without the restriction of time and geography.

In addition to metropolises, Poya also opened the stores located in rural areas and even on Penghu Island in Oct., 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.



Figure 3.4 Poya Stores Located in Taiwan

- Product Optimization

For providing various products and one-stop shopping services, 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.

Following the social trends of Japan, the number of small families was increasing in Taiwan. Besides, “consumption of one person” became one of the market trends as in the bloom of pursuing single lives. As such, Poya started to introduce small-sized products such as personal rice cooker (Figure 3.5) and juicer with portable cup.

Recently, the activities of road-running and travelling were more and more popular in Taiwan leading to the sale growth of related products. To help the customers save costs and time spent on purchasing, Poya developed the product category of road-running and travelling products actively and established special areas for such products in the stores (See Figure 3.6 and 3.7).



Figure 3.5 Personal Rice Cooker



Figure 3.6 The Special Area for Road-running Products

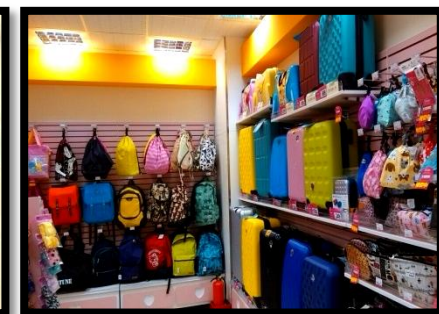


Figure 3.7 The Special Area for Travelling Products

■ Store Upgrading to 4th Generation Format

Poya always conceives the mission of “Best Services and Customer Orientation” and thus Poya tends to offer customers more comfortable shopping space by upgrading the store format. In 2013, Poya started to introduce the 4th generation format (See Figure Below). By the end of 2014, 80% of the stores have been upgraded to 4th generation.



One stop shopping can be offered to customers since SKU in 4th generation stores increases by 30%.

Through correlated display, customers can find what they need quickly and easily. For example, wet wipes will be hung up on the broadside of sanitary napkin shelves.



New CIS of 4th generation stores is to convey the brand image of “Beauty, Trendy and Color” and to enhance the cognition and reliability of consumers with Poya by the colorful and graphic design.



Main route design and opened shopping space are adopted in 4th generation stores to offer customers quick and convenient purchases.



3.4 Financial Results

Poya can provide customers with more choices, high cp value products and more comfortable shopping experiences under its own business model. Besides, more target customers and the market in Taiwan can also be reached by the aggressive store expansion strategy (Poya has 109 stores in 2014). As such, Poya can pursue corporate growth. In 2014, the sales of Poya increased by 26.46%.

Poya can have higher gross margin rate and net profits after tax taking advantage of the economics of scale and the improvement on management. The rate of net profits after tax increased from 7.71% in 2013 to 8.43% in 2014. The EPS was NTD 8.22 in 2014 and increased by NTD 2.19¹ compared to the EPS in 2013.

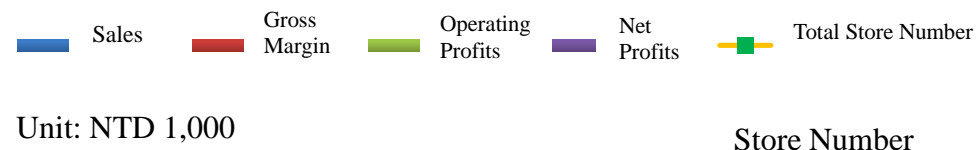
Poya always focuses on the rights of shareholders and spare no effort to maximize the shareholders' value. As such, Poya distributes cash dividends to shareholders every year at the payout ratio to be more than 80%. In 2014, the amount of total dividends was NTD 7.50 among which cash dividends was NTD 7.40.

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://ec.poya.com.tw/POYA/action/getContent.do?myAction=webArchivesOriginalWindow&webArchId=0000000013>

¹ The EPS in 2013 was NTD 6.03, the one announced in 2013.

Financial Results



	2012	2013	2014
Sales	6,272,815	7,249,459	9,167,590
GM	2,366,397	2,875,194	3,710,770
OP	448,914	596,645	894,893
NP	426,171	558,852	772,462
Stores	74	87	109

3.5 External Awards

Poya always dedicates itself to corporate governance. In order to protect the rights of shareholders and stakeholders, Poya raised the level of information transparencies. Furthermore, Poya made a plan related to information disclosure and corporate governance voluntarily to meet the requirements of the government. In 2014, Poya headed the list of the assessment on information disclosure and corporate governance.

Name of Assessment	Result	Organizer
Assessment on Information Disclosure	A+	Taiwan Stock Exchange Taipei Exchange
Assessment on Corporate Governance	Top 5%	Taiwan Stock Exchange Taipei Exchange

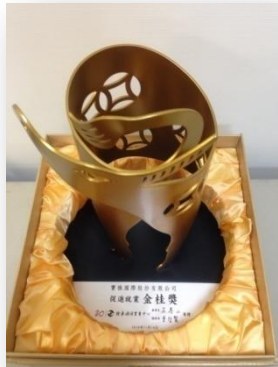


Figure 3.8 Chin-Kuei Prize

Rooted in Taiwan, Poya emphasizes the local develop. Poya not only recruits most of its employees from local, but also cultivates them by complete training and education programs. As such, Poya can raise the customers' value effectively. In 2014, Poya won the “Chin-Kuei Prize-Employment Promotion” awarded by Taipei Exchange (Figure 3.8).

With the effort of the management and all the employees, Poya receives the recognition and encouragement from the society and the government. In 2014, Poya ranked in the list of top 200 Asian companies in Forbes Magazine. Poya also ranked top 158th of the companies in services industries with large corporate scale; ranked in top 50 of the companies in services industries with fast growth capacity according to the survey conducted by CommonWealth Magazine in 2014 (Figure 3.9).

Poya bases itself on the solid foundation built up in the past. Through challenging itself, making innovation in business operation and bearing the humble attitudes, Poya will get stronger and stronger. As such, Poya can offer better quality and services to customers.



Figure 3.9 The Survey Conducted by CommonWealth Magazine in 2014- Top 50 Companies in Services Industries with Fast Growth Capacity (Source: Number 572 of CommonWealth Magazine)

3.6 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 3.10 shows organizational chart of Poya.

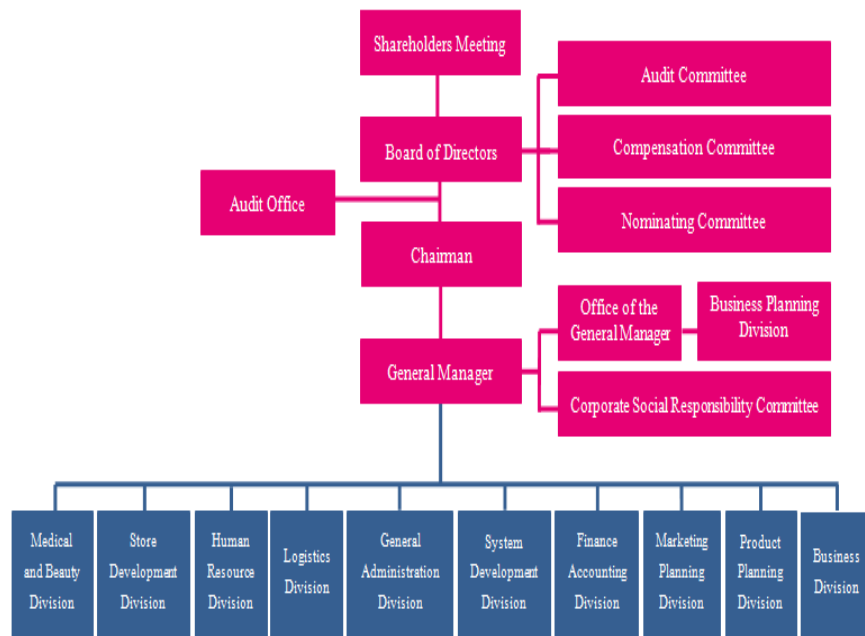


Figure 3.10 Organizational Chart

The Board of Directors, Audit Committee, Compensation Committee and Nominating Committee shall undertake the responsibilities in accordance with “Rules of Procedure for Board of Directors’ Meetings”, “Audit Committee Charter”, “Remuneration Committee Charter” and “Nominating Committee Charter”. The measures for carrying out corporate governance are as followed:

-  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.

■ Board of Directors

The Board of Directors is consisted of 7 Directors of whom 3 are Independent Directors and one is the female Director. The average age of the Directors is about 59 years old. To intensify the diversity of the Board, Poya select the Directors from information, finance, accounting, electronic components, construction and cultural industry backgrounds.

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 chairman do not take any other position of the management in Poya. As such, the rights of shareholders will be protected since Poya avoid any situation lacking of restriction mechanism led by serving as the chairman and general manager at the same time.

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. In 2014, Poya called 13 Board meetings with the average participation rate to be 91.98%.

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. Complied with Articles of Incorporation, the

remunerations of Directors shall not exceed 6% of the distributable earnings for the current period. In 2014, the remunerations of all the Board members (the remunerations of serving as general manager was also included) accounted for 0.61% of total distributable earnings.

The positions taken by the Board members currently in Poya and other companies are as followed:

Name	Title	Gender	Experience
Chen Jian-Zao	Chairman	Male	<ul style="list-style-type: none"> Chairman of Duo Chin Investment Co., Ltd. Director of Poay Investment Co., Ltd. Supervisor of Chen Ching Investment Co., Ltd.
Chen Fan Mei-Jin	Vice Chairman	Female	<ul style="list-style-type: none"> Chairman of Poay Investment Co., Ltd Director of Duo Chin Investment Co., Ltd. Director of Chen Ching Investment Co., Ltd.
Chen Zong-Cheng	Director	Male	<ul style="list-style-type: none"> Supervisor of Poay Investment Co., Ltd. Supervisor of Duo Chin Investment Co., Ltd. Director of Chen Ching Investment Co., Ltd. Supervisor of Pleasant Hotels International
Chen Ming-Shian	Director	Male	<ul style="list-style-type: none"> Chairman and VP, ST. Shine Optical Co., Ltd. VP, Greater China Business Dept, ST. Shine Optical Co., Ltd. Director, Shine Optical Holding Groups Inc. Director, Optical Connection Inc. USA Director, Shine Optical (Samoa) Holding Groups, Inc. Director, Shine Optical HK Limited

Name	Title	Gender	Experience
Lin Tsai-Yuan	Independent Director	Male	<ul style="list-style-type: none"> • Chair Professor, Graduate School of Management, Chang Jung Christian University • Associate Professor of Accounting, National Cheng Kung University • Professor of Business Administration, National Sun Yat-Sen University • Dean of Institutional Affairs, National Sun Yat-Sen University • Director and Vice President, Evening College, National Sun Yat-Sen University • Vice President, Chang Jung Christian University • Visiting Professor, College of Management, Sun Yat-Sen University at Guangzhou • Professor of Management and Accounting, Tamkang University • Executive VP, Sunonwealth Electric Machine Industry Company Limited • President, Guangdong Liang Light Fixtures Co., Ltd. • Independent Director, Taiwan Business Bank • Convener, Remuneration Committee of Sunonwealth Electric Machine Industry, TYC Brother Industrial Co., Ltd. • Practicing CPA, Chung Hsin CPA Office(1972-1988)

Name	Title	Gender	Experience
Jung Jiun-Rung	Independent Director	Male	<ul style="list-style-type: none"> • Chairman and General Manager, San Far Property Limited • Representative of Institutional Director, Pleasant Hotels International • Chairman and General Manager, Jingo International Records Co., Ltd. • Chairman, Cheng Hsin Investment Co., Ltd • Chairman, Chang Yi Investment Limited Company • Director, Chi Yi Investment Co., Ltd • Convener, Remuneration Committee of Sunfar Computer Co., Ltd • Member, Remuneration Committee of Kuenling Machinery Refrigerating Co., Ltd. • General Manager, Minfa Construction Organization
Liou Jr-Hung	Independent Director	Male	<ul style="list-style-type: none"> • Director, Thinflex Corporation • Chairman, Song Yang Electronic Materials (Kunshan) Limited Company • Independent Director, eChem Solutions Corp • Independent Director, Poya International Co., Ltd • Independent Director, Fitness Factory Co., Ltd • Supervisor, Kenmec Mechanical Engineering Co., Ltd • Chairman, Chien Hsing Information Co., Ltd. • Chairman, Chien Lian Investment Co., Ltd. • Director, Shun Lai Business Consultancy Co., Ltd.

Please refer to the detailed information about Board members in Poya's annual report announced on the official website: <http://www.poya.com.tw/>.

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.

■ **Functional Committees**

Audit Committee

Function

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 4 times a year.

Performance in 2014

4 meetings were called in 2014. It's a good way for Independent Directors, internal auditors, and CPA to communicate. The 4 meetings were participated by all the Independent Directors in person.

Remuneration Committee

Function

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. The Company shall call at least 2 times a year.

Performance in 2014

3 meetings were called in January, February and July respectively. The 3 meetings were participated by all the Independent Directors in person.

Nominating Committee

Function

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 is consisted of 3 Independent Directors and 2 Directors and shall be under operation according to Nominating Committee Charter.

Performance in 2014

The Committee was established in October 2014 and has enacted the "Nominating Committee Charter" which should be entered into force after the approval of the Board.

Protection Team of Customers' Privacy

Function

The protection team was founded in May 2013. It is consisted of 11 members. The general manager is authorized to act as the representative of the management and the auditing supervisor is on behalf of the internal auditors. For the purpose of protecting customers' privacy, and decreasing the risk of financial and goodwill losses, Poya makes risk managements on overall companies, plans and constructs managerial mechanism of personal information protection, and sets up "Personal Profile Protection Plan" for collecting, handling and utilizing personal information, and enacting and executing the protection guidelines of information assets.

Performance in 2014

Poya did not have any violation of four projects reviewed by the Audit Office according to the related rules and regulations.

■ 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 3.11 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, Audit Office, General Administration Division, Human Resources Division, Marketing Planning Division, and Product Planning Division.
- Functional Teams: Middle and junior managers of the relative divisions.

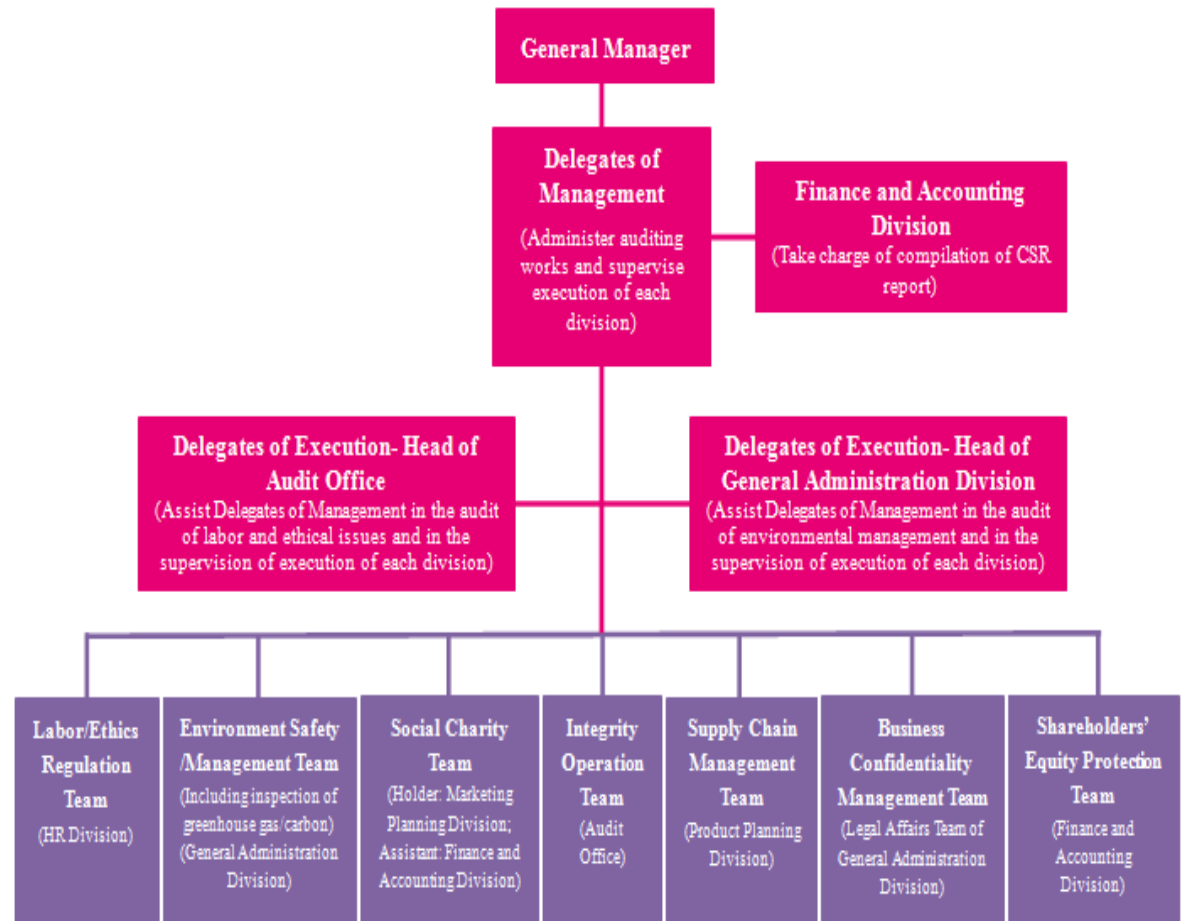


Figure 3.11 Organization Chart of Corporate Social Responsibility Committee

■ 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 18 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.



Figure 3.12 Four Risks and Risk Management

Related units taking charge of the risks mentioned above and the risk management are as followed:

Financial Risks	<ul style="list-style-type: none"> •Unit : Finance and Accounting Division, Audit Office •Management : •1. Set up and execute financial strategies •2. Make risk assessment and review
Market Risks	<ul style="list-style-type: none"> •Unit : Board of Directors 、 Office of the General Manager •Management : •1. Set up and execute market strategies •2. Control and handle the potential market risks
Strategy and Operation Risks	<ul style="list-style-type: none"> •Unit : Business Planning Division, Marketing Planning Division •Management : Risk assessment and performance review of the operation strategies
Damage Risks	<ul style="list-style-type: none"> •Unit : General Administration Division •Management : Set up contingency measures and training system

■ 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 and to assist the management in implementation of the responsibilities.

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.

■ 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 2014, Poya did not have any violation of ethical conduct.



3.7 Communication with Stakeholders and Identification of Material Aspects

Communication with stakeholders and identification of material aspects will be the core work in the realization 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 proactive disclosures.

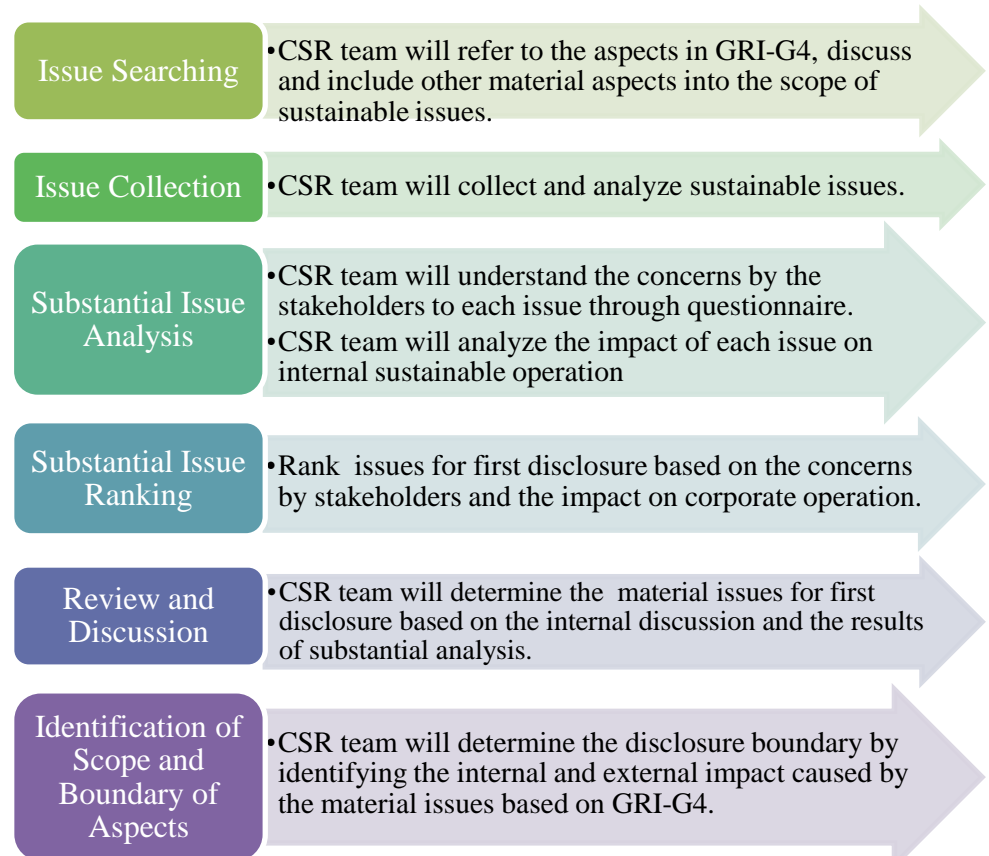
■ Poya’s Stakeholders

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



■ Identification of Material Aspects, Communication and Review

Poya hopes to communicate with the stakeholders effectively through this CSR report and therefore all the information disclosed in the report shall be confirmed to be concerned by the stakeholders and to meet stakeholders’ requirement on information about sustainable development. In addition to the substantial analysis, the identification of scope and boundary of the aspects is also taken into consideration in 2014. The process of the substantial analysis is as followed:



■ Analysis and Ranking of Substantial Issues

Figure 3.13 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.

■ Communication with Stakeholders

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

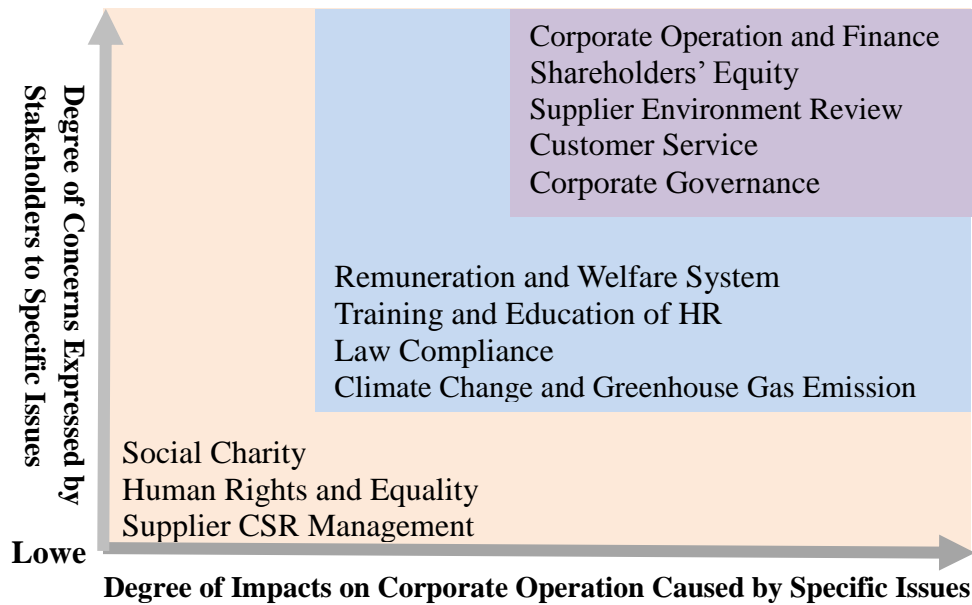


Figure 3.13 Matrix of Material and Substantial Issues

Stakeholder	Communication Channel	Concerned Issues	Response
Supplier	<ul style="list-style-type: none"> •E-platform •Irregular Review Report and Communication Meeting •Factory Visit and New Product Conference •Audit Management 	<ul style="list-style-type: none"> •Supplier Environment Review •Supplier CSR Management 	<ul style="list-style-type: none"> •Latest information shall be disclosed on e-platform irregularly. •Review report and communication meeting shall be offered irregularly.
Investor	<ul style="list-style-type: none"> •Annual Shareholders' Meeting •Investor Conference •Official Website •IR Email •Disclosure of Major Information, Financial Report and Annual Report 	<ul style="list-style-type: none"> •Corporate Operation and Finance •Shareholders' Equity •Corporate Governance •Law Compliance •Social Charity 	<ul style="list-style-type: none"> •Annual shareholders' meeting shall be held and irregular investor conference held by the security companies and the government shall be participated in to respond to the concerned issues. •Latest financial message shall be disclosed on the official website.

Stakeholder	Communication Channel	Concerned Issues	Response
Government	<ul style="list-style-type: none"> •Irregular Conference •Correspondence for Education of Legal Rules •Communication with Supervisory Body 	<ul style="list-style-type: none"> •Corporate Governance •Law Compliance 	<ul style="list-style-type: none"> •Poya will give instant response to the issues concerned by the government through various channels.
Local Community and Charity Group	<ul style="list-style-type: none"> •Community Care •Social Charity •Irregular Activities in Local Community 	<ul style="list-style-type: none"> •Social Charity •Climate Change and Greenhouse Gas Emission 	<ul style="list-style-type: none"> •Poya will give instant response to the issues concerned by local community and NPO through various channels.



■ Material Aspects and Boundary of the Report

After ranking the material issues, detailed information will be included in the report to respond to those material and substantial aspects.

The CSR report covers the scope of Poya’s headquarters and the branches national wide 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.

The following Substantiability and Boundary Table shows the boundary of each substantial aspect. Please refer to the managerial methods of each aspect in Map of GRI Index and description in each Chapter.

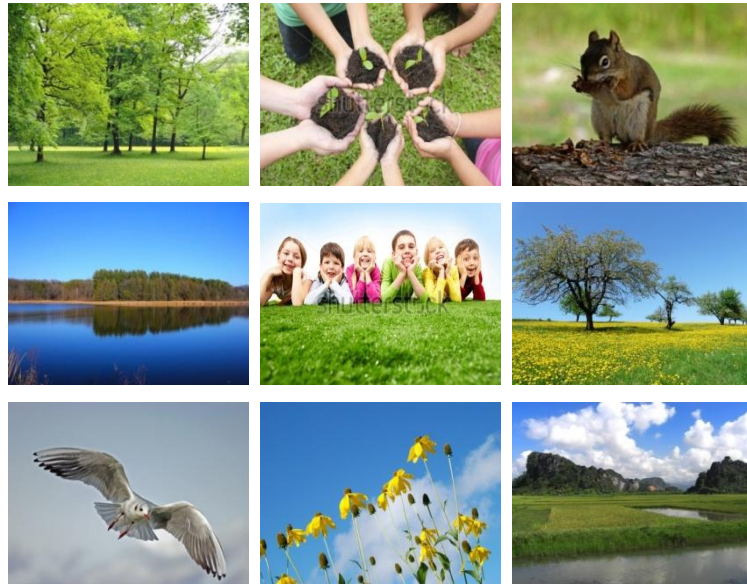
Category	ASPECT	Internal		External		
		Head Office	Branches	Customers	Suppliers	Community
Economy	Economic Performance	■	■			
	Market Presence	■	■	■		■
	Procurement Practices	■	■		■	

Environment	Energy	■	■			■
	Water	■	■			■
	Emissions/Climate change	■	■			■ ■
	Products and Services	■	■	■		
	Transport	■	■	■		
Society	Employment	■	■			
	Occupational Health/Safety	■	■			
	Training and Education	■	■			
	Diversity and Equal Opportunity	■	■			
	Investment	■	■			
	Non-discrimination	■	■	■	■	■
	Child Labor	■	■	■		
	Forced and Compulsory Labor	■	■			
	Anti-corruption	■	■			
	Anti-competitive	■	■	■		
	Customer Health and Safety	■	■	■		
	Product and Service Labeling	■	■	■	■	
	Community Participation	■	■			■

■ : Substantial aspects which shall be disclosed in the Report

04

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 2015 indicates that water crisis ranks top 1 risk in terms of impact. As being a member of the earth, Poya shall spare no effort to protect the environment from global warming, climate change and water scarcity.

It is Poya's objective and commitment in performing corporate social responsibility by continually decreasing water usage and greenhouse gas emission every year. Poya always dedicates itself to promoting proper concept of water usage and looks for ways for water conservation and water management which are suitable for Poya. In 2014, the average water usage of each store decreased by 7.08%.

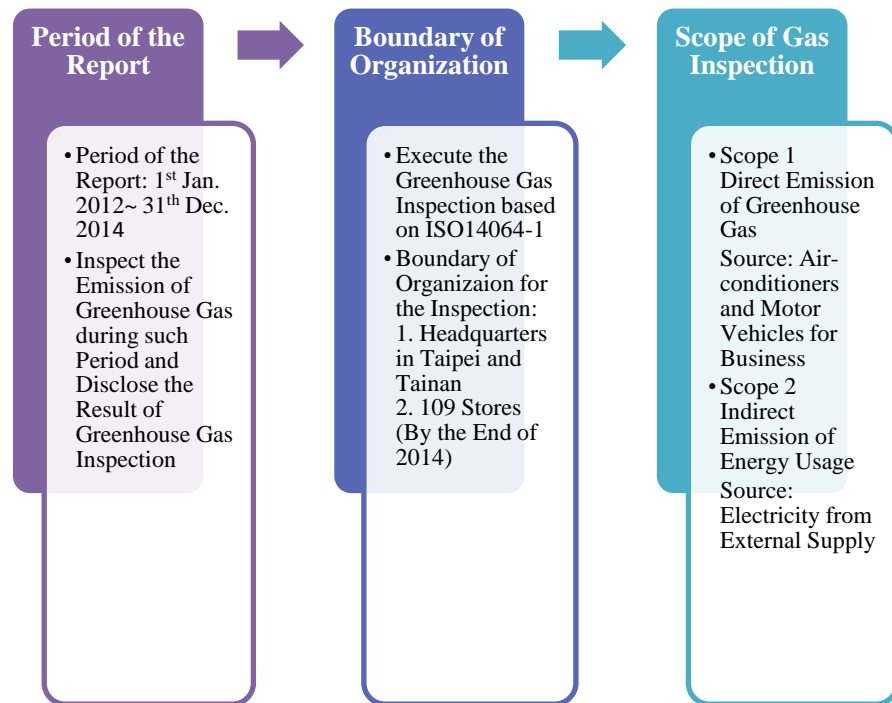
With respect to greenhouse gas, Poya can effectively control emission of greenhouse gas generated from the usage of air-conditioners, motor vehicles for business and electricity from external supply by periodical inspection of greenhouse gas. Besides, Poya draws up and executes the plan of energy saving and carbon reduction. In 2014, the average electricity usage of each store decreased by 7.04% and greenhouse gas emission of each store decreased by 8.69%.

In 2014, Poya opened 22 new stores and expanded the store number to 109 stores leading to annual delivery frequencies up to 4.7 million. In order to decrease emission of greenhouse gas generated from goods delivery, Poya develops the centralized logistic center actively. By centralized goods receiving and distribution, Poya can decrease goods delivery frequencies by 60%.

4.1 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, further drawing up the program for water management, energy saving and carbon reduction and executing the centralized logistic center plan.

The data of greenhouse gas inspection is as followed:



The period of inspection is from 2012. 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. 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). Carbon emission is calculated by the electricity usage based on the emission coefficient of the electricity from external supply in the year. See Table below:

2012					
Scope	Category	Corresponding Devices	Facilities /Activities	CO ₂ e(kg)	CO ₂ e(%)
1	Source of Vaporized Greenhouse Gas Emission	Air-conditioners	Vaporization of Coolants	306,968	1.06%
1	Source of Fuel Consumption of Motor Vehicles	Motor Vehicles for Business	Gasoline Consumption	912	0.00%
2	External Electricity Supply	Electricity from External Supply	Electricity Consumption	28,740,607	98.94%
2013					
Scope	Category	Corresponding Devices	Facilities /Activities	CO ₂ e(kg)	CO ₂ e(%)
1	Source of Vaporized Greenhouse Gas Emission	Air-conditioners	Vaporization of Coolants	361,095	1.11%
1	Source of Fuel Consumption of Motor Vehicles	Motor Vehicles for Business	Gasoline Consumption	1,909	0.01%
2	External Electricity Supply	Electricity from External Supply	Electricity Consumption	32,170,075	98.88%
2014					
Scope	Category	Corresponding Devices	Facilities /Activities	CO ₂ e(kg)	CO ₂ e(%)
1	Source of Vaporized Greenhouse Gas Emission	Air-conditioners	Vaporization of Coolants	382,775	1.03%
1	Source of Fuel Consumption of Motor Vehicles	Motor Vehicles for Business	Gasoline Consumption	141,395	0.38%
2	External Electricity Supply	Electricity from External Supply	Electricity Consumption	36,693,601	98.59%

The store number of Poya increased from 74 stores in 2012 to 109 stores in 2014, and therefore carbon emission generated from the usage of air-conditioners and external electricity increased. Carbon emission increased by 12% and 14% in 2013 and 2014 respectively. (See Figure 4.1)

However, average carbon emission of each store is decreasing taking advantage of introduction of inverter air-conditioners and execution the energy-saving programs. (See Figure 4.2)

Figure 4.1 Annual Store Number and Carbon Emission

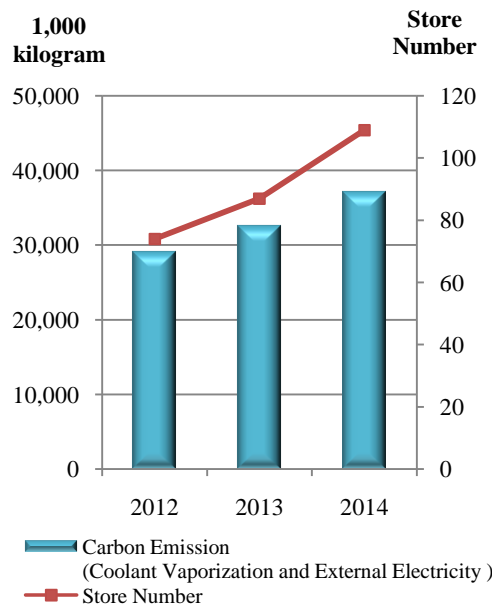
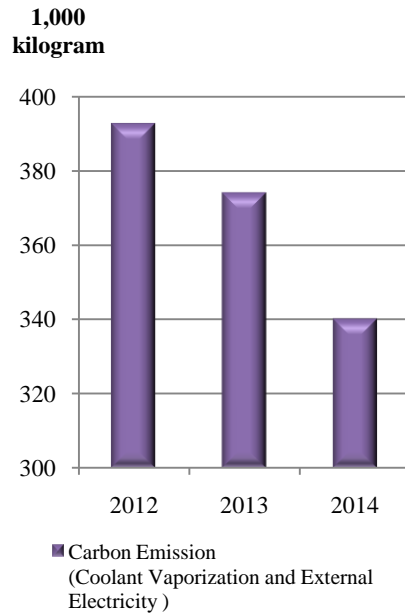


Figure 4.2 Average Carbon Emission of Each Store



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 2014, leading to more carbon emission generated from “Source of Fuel Consumption of Motor Vehicles.” However, carbon emission generated from such category accounts for lower than 0.5%. 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.



4.2 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

In 2014, the total water usage of Poya was 177,122 cubic meters. The main source of water was Taiwan Water Corporation and only the two stores located in Hualien and Kaohsiung also 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.

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

(a) Substitution of Inverter Air-conditioners for Water Tower Air-conditioners

Poya started to introduce the modern inverter air-conditioners in 2013 and overall adopted the inverter air-conditioners in the new stores opened in 2014. Now, there are 109 stores 33% of which use inverter air-conditioners to replace the outdated water tower

air-conditioners. Another 1% of the stores use the inverter air-conditioners and water tower air-conditioners simultaneously. With respect to the remaining stores which still use water tower air-conditioners, Poya will make a gradual replacement in order to lower the usage of water tower air-conditioners.

(b) Toilet Equipment for Water Saving

Parts of Poya's stores do offer the rest rooms for our customers. In order to promote water-saving activities, Poya puts up posters in the rest rooms 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.

(c) Periodical Checkups and Repairs

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.

In 2014, there was a great benefit led by the water-saving activities. The average amount of water used by headquarters and the stores dropped 7.08%. Poya will keep promoting the water-saving activities in the future to fulfill the goal of water conservation and water protection.



■ Program of Energy Saving

In 2014, the average electricity usage of each Poya store was about 646,139 kilowatt hour, which was 7.04% lower than the electricity usage in 2013. Taking advantage of aggressive energy-saving programs, the average electricity usage of each Poya store decreased by 6~7% since 2012. The implementations of energy saving include:

(a) Promotion of Energy-saving Concept

Poya promotes proper concepts of energy saving and carbon reduction to the employees working in the headquarters and the stores. For example, 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, to use the reusable tableware, and to avoid paper using in the meeting.

(b) Introduction of Electronic Invoice

Poya is the first enterprise that responds to the policy of electronic invoice in Tainan City and is approved by Ministry of Finance for the outstanding performance on E-invoice using.

(c) Introduction of IBM Connections

Poya introduces IBM connection for enhancing the communication efficiency across the departments and the stores. Such E-platform can help the horizontal organization be operated smoothly and also help reduce the consumption of paper.



(d) Maintenance of Air-conditioners and Related Equipments

1. Daily and regularly check the indoor temperature , and control the temperature at 26~28 degree in order to decrease energy consumption.

2. Regularly clean the air-conditioner filters and always keep the air-conditioner room clean in order to increase the efficiency of air-conditioners.

3. Regularly maintain and check up the equipments in order to raise operation efficiency of the equipments.



(e) Program of Energy Saving in Poya Stores

1. Gradually adopt the inverter air-conditioners and LED lighting when renovating the stores or opening a new store.

2. Decrease the unused space of the stores and separate the selling area and the warehouse to raise the utilization rate of the space and lower the usage of electricity and air-conditioners.

3. Use signboards with light-sensitive controller, which can detect the brightness or darkness of sky, to avoid resource waste. 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.

4. Adopt see-through glass at the second floor to increase the natural lighting and decrease the usage of electric lights.



Figure 4.3
Kaohsiung Sanduo Store

4.3 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 4.4). As Poya opens new stores aggressively, the goods delivery frequencies increase enormously. In 2014, Poya opened 22 new stores and thus the total store number reached 109 stores. Taking the delivery rate to be two times a week, the annual delivery frequencies would be up to 4.7 million.

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 4.5).

Sparing no effort for two years from 2011 to 2012, Poya gained more and more benefits from the centralized logistic center. In 2014, the centralized delivery rate increased by 27% compared to 2013, which reached 64%.

By centralized goods receiving and distribution, Poya can decrease goods delivery frequencies by 60%. The energy consumption, emission of exhausted gas and carbon will also be reduced.

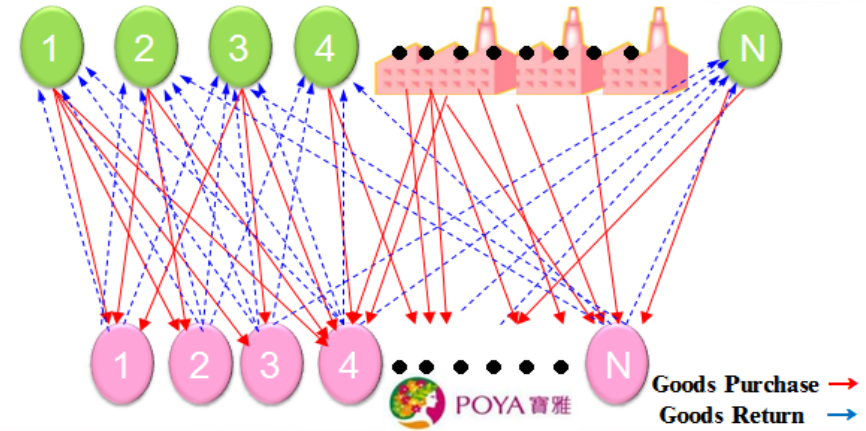


Figure 4.4 Traditional Goods Delivery Process

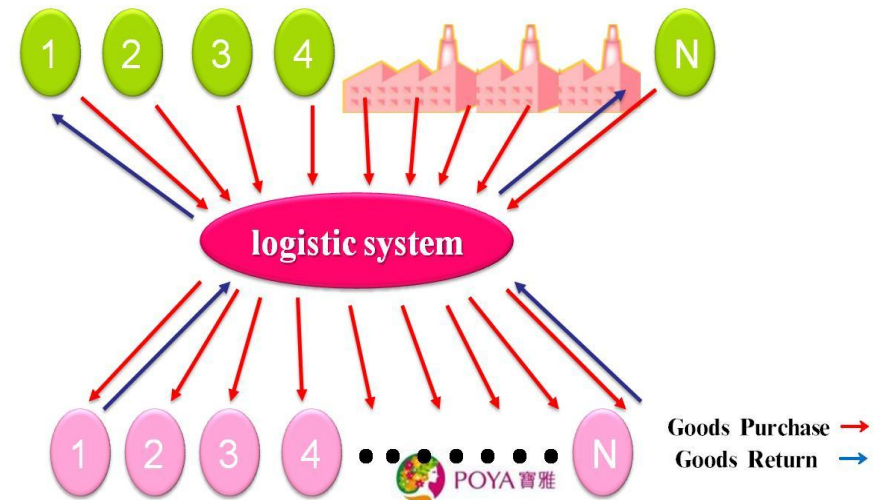


Figure 4.5 Plan of Centralized Logistic Center

05

Society



Poya focuses on its competitive ability and corporate financial performance. Besides, Poya also dedicates itself to social responsibility to maintain 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. Poya also spares no effort to abide by the related rules and regulation of human rights and avoid any discrimination, child labor and forced labor.

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 by Product Labeling Law. In the long term development, Poya hopes to cooperate with the suppliers to create higher value to the customers!

With respect to the social participation, in 2014, the Marketing Division of Poya executed a “Plan of Guarding Hundred Dogs.” A dog would be guarded by a Poya store and thus hundred dogs would be guarded by hundred Poya stores. Through helping the stray dogs, Poya hopes to be served as an example and arouses the attention of the customers to the stray dog problems! 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.

5.1 Employee Care

Poya is a female 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.

By the end of 31th Dec., 2014, Poya had 3,404 employees and had 3,500 employees if taking the partners of the logistic center into consideration. Most of the employees in Poya are college graduates or higher. Among the employees, the management accounts for 7% most of whom are local talent. A percent of the employees are the physically and mentally impaired.

As there are more and more new stores opened, Poya has an increasing demands on labor. As Table of 2014 Annual Employee Structure indicates, new employees were recruited by the stores in each region in 2014 and most of them were aged under 30 years old. The proportion of new female employees was the highest in Northern Taiwan and the proportion of new male employees was the highest in Kaohsiung and Pingtung region.

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 departure rate of the female was higher than the male in 2014. In general, most of the resigned employees were aged under 30 years old. The departure rate of both the female and the male were the highest in Northern Taiwan and the departure rate was the lowest in Southern Taiwan.

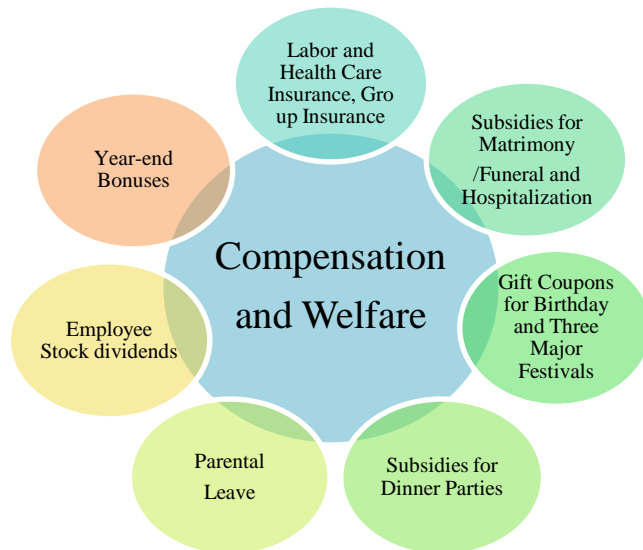
Table of 2014 Annual Employee Structure

2014		Female				
Status of Employees	Age	Central Taiwan	Northern Taiwan	Southern Taiwan	Kaohsiung Pingtung Region	(B)/(A) (C)/(A)
On the Job (A)	Under 30 years old	578	476	401	376	
	30-50 years old	177	156	227	165	
	Above 50 years old	3	7	14	1	
New Employees (B)	Under 30 years old	611	622	459	429	9.65%
	30-50 years old	90	101	84	61	3.86%
	Above 50 years old	0	3	0	0	1.00%
Resigned Employees (C)	Under 30 years old	424	529	277	308	7.00%
	30-50 years old	92	126	82	61	4.15%
	Above 50 years old	1	1	1	0	1.00%
2014		Male				
On the Job (A)	Under 30 years old	141	170	106	115	
	30-50 years old	56	87	90	49	
	Above 50 years old	1	1	6	1	
New Employees (B)	Under 30 years old	158	239	145	160	11.00%
	30-50 years old	26	40	34	45	4.28%
	Above 50 years old	0	1	1	0	1.85%
Resigned Employees (C)	Under 30 years old	111	223	105	105	8.52%
	30-50 years old	28	50	26	39	4.23%
	Above 50 years old	0	1	2	0	2.78%

■ Compensation and Welfare of Employees

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

In addition to establishing the Employee Welfare Committee, Poya also offers the employees favorable welfares which are at a level much better than the standard required by the Labor Standards Act. For example, there are gift coupons offered for the employees’ birthday and the major festivals; there are employee stock dividends and year-end bonuses to encourage employees for a better performance. The details of employee welfares are as followed:



Also, Poya provides the employees a stable work environment by offering maternity leave and paternity leave. Employees may also apply for parental leave based on personal needs. In 2014, the ratio of employees on parental leave was around 52.44% and most of them were the female employees.

For those employees on parental leave, around 34.88% of them returned to work and parts of them were still on parental leave. The ratio of employees on reinstatement for 12 months, from parental leave in 2013, was about 69.70%. Some employees resigned after the parental leave because of the family factor or personal career planning. (Figure 5.1)

■ Safety and Protection of Employees

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. (See Figure 5.2)

Figure 5.1 Number of Employees on Parental Leave in 2014

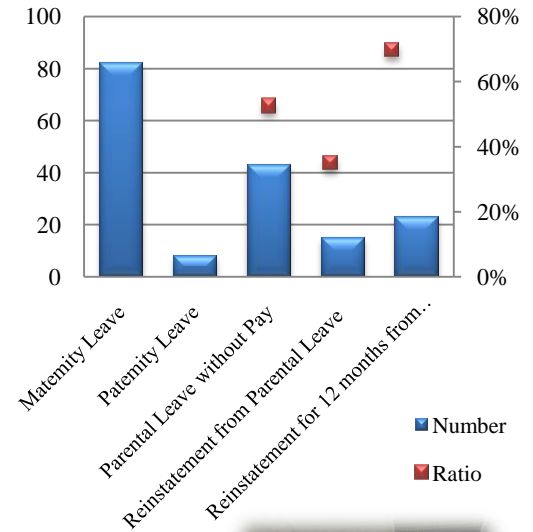


Figure 5.2 Fire Safety Inspections in the Tainan Headquarter

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 5.3)

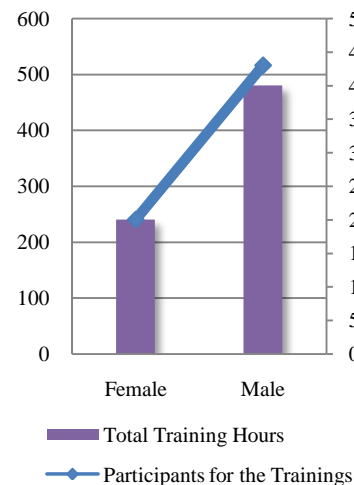
Poya will insure the related responsibility of any store construction or renovation for at least NTD 20 million and will also appoint a manager at the construction site to supervise the labors and do the safety management. If there is any accident, the injured employee will be sent to the hospital accompanied 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 employee died or injured in 2014 because of corporate facilities, policies or construction.

■ Career Development and Training of Employees

Poya puts emphasis on the cultivation and training of the talents.

Figure 5.3 Trainings of Labor Safety



In addition to the routine courses, Poya also provides complete and real-time trainings to the employees by E-Learning platform.

On the other hand, 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.

As such, taking advantage of the complete career planning and the standardized training 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 5.5 is the Overview of Each Training Course, which indicates that Poya spent around NTD 1.66 million on employee training and evaluation in 2014.

Figure 5.4 Trainings of Employees

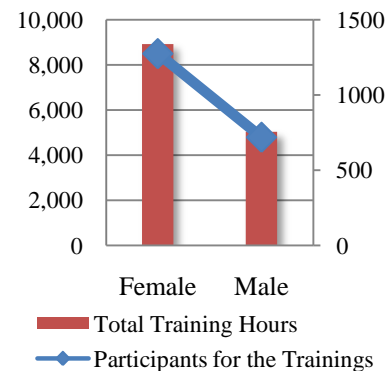
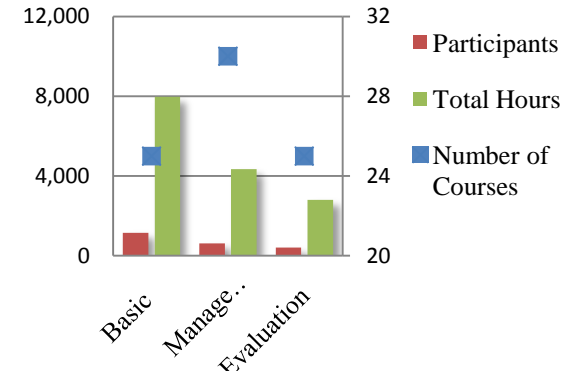


Figure 5.5 Overview of Each Training Course



■ Complaint Mechanism for Employees

Poya provides the employees with a complete communication and complaint mechanism. For example, there is an internal meeting for all employees and an ABC Sale meeting every month. Besides, Poya also offers E-platforms and internal websites, such as EIP, Note and Connection Platform to make an effective, two-way communication with the employees.

To protect the rights of employees, a formal complaint mechanism has also been set up. Anyone in Poya can raise the ideas and comments to the organization, the system or the policies through Email or free 0800 hotline.

■ 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 2014, 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 2014.

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.



Figure 5.6 All the Employees in Taichung Songzhu Store

5.2 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, all of which can be divided into four types: (1) international corporations, such as P&G, Unilever and Kao; (2) merchants that mainly import Japanese, Korean and South -East Asian goods; (3) local corporations in Taiwan, such as President and I-MEI; (4) small and medium enterprises in Taiwan, like sock factory in Shetou.

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%.

Complied with the supply chain management process (See Figure 5.7), some steps shall be taken before making a contract with the supplier. First, Poya shall review the background and other related information of the supplier. Second, employees of the purchasing division shall visit the factory to understand the environment and the process of goods production, as well as overall corporate operation. The second step is to ensure the quality of products. Figure 5.8 shows the factory picture of Taiwan Nonno, the cleanest towels.



Figure 5.7 Supply Chain Management Process



Figure 5.8 Factory of Taiwan Nonno, the Cleanest Towels

Source : <http://www.non-no.com.tw/SalePage/Index/1638597>

In the contracts, Poya requests all the suppliers to ensure the quality and avoid any counterfeit of the products. The suppliers shall comply with the related rules and regulations, and shall follow the Product Labeling Law. Sufficient information shall be offered to the customers to help them understand the products and use the products in proper way. Poya will also execute regular product inspection in Poya stores to check up the labeling and quality of products.

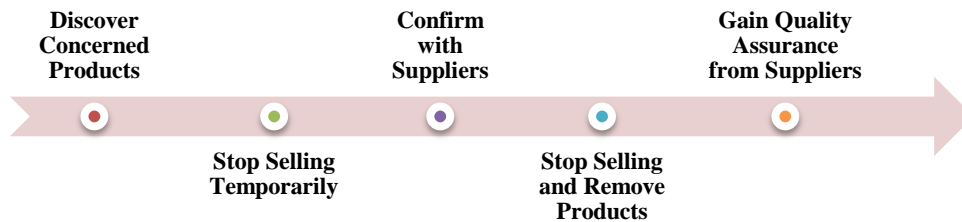


Figure 5.9 Management Processes of Concern Products

If there is any concern for the product, Poya will give priority to the customers and remove the concerned product from the shelves at once (See Figure 5.9). The product will not be sold until the employees of the purchasing division confirm the product with the suppliers and receive the declaration of quality assurance issued by the suppliers (See Figure 5.10). If concerns for the product are confirmed, Poya will stop selling such product and give subsequent treatment based on the terms of contracts (See Figure 5.10).

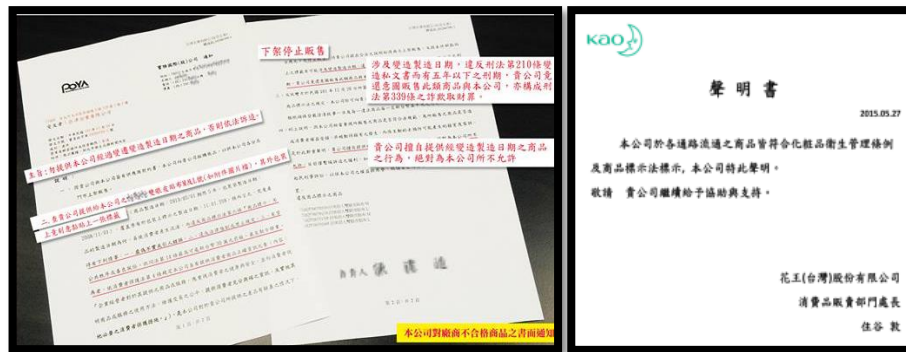


Figure 5.10 The Purchasing Contract and The Declaration Issued by Kao

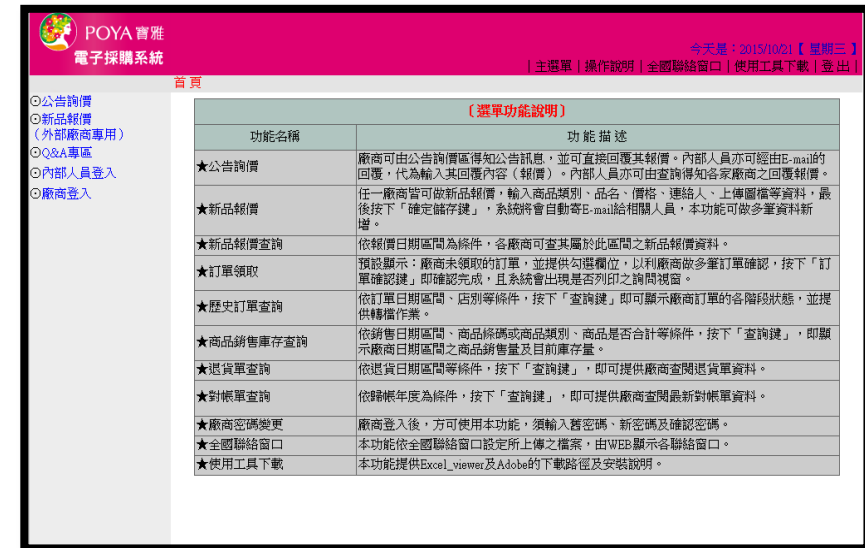


Figure 5.11 Poya E-purchasing System

For communicating with the suppliers effectively, Poya will hold irregular reviewing conferences or supplier meetings. Besides, Poya will also disclose the newest information on the E-purchasing platform as needed to respond the demands of suppliers (See Figure 5.11). Taking advantage of E-purchasing system, Poya can simplify the supplier operating process and reach the goal of fast and precise supplier management.

5.3 Customer Management

Quality and Safety of Products

The main purpose of Poya is to “understand and satisfy the customers’ needs.” By holding focus group meetings and accompanied shopping regularly, Poya can connect with the customers face to face and can understand the customers’ needs directly. What received from the customers will be executed into the store operation. For example, the customers put more emphasis on healthy products recently and thus Poya introduces safer and higher quality products to fulfill customers’ needs such as 304 stainless products (See Figure 5.12), dried fruits without additives (See Figure 5.13) and slippers made in eco-friendly materials (See Figure 5.14).

SUS304 (18/8) 食品醫療級 不鏽鋼

304不鏽鋼材質，
不會釋出對人體有害的**重金屬**元素，
不含砷、鎳、鉛，
無毒好安心。



Figure 5.12
304 Stainless Products



Figure 5.13
Natural Dried Fruits



Figure 5.14
Eco-friendly Slippers

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. Poya inspects the products displayed in the selling space or warehouse at regular base. Any product nearing expiration date, or being damaged, defective or labeling incompletely shall be removed from the shelves at once. If there is any concern for the product, Poya will remove and stop selling such concerned product until the quality being confirmed.

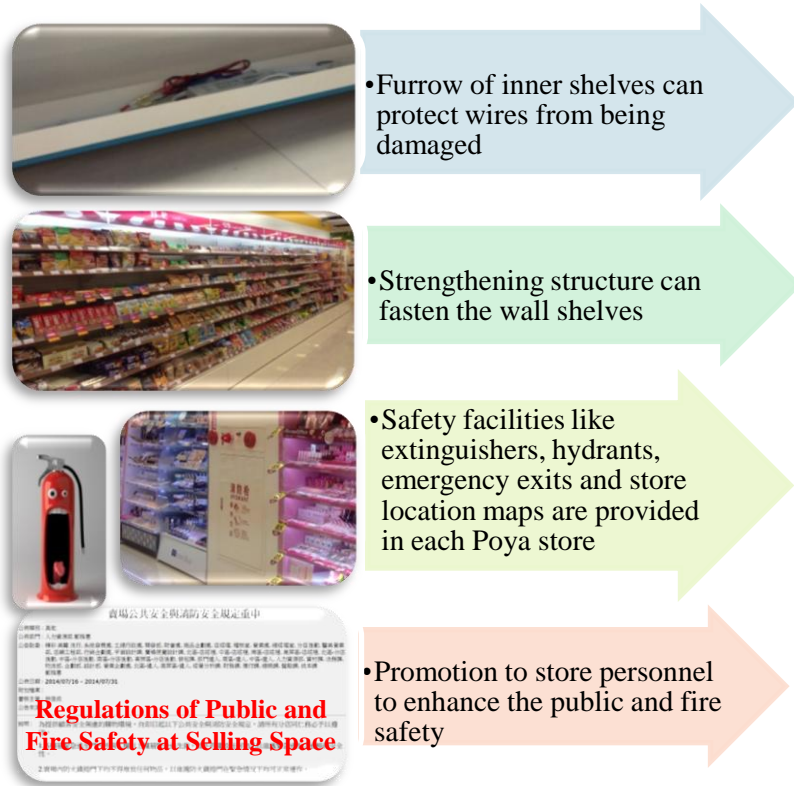
With respect to the product labeling, Poya strictly requests the suppliers to abide by the Product Labeling Law and offer sufficient information to help customers understand the products and use the products properly. To those imported merchandise, a Chinese labeling and instruction with the content being consistent to the original version of foreigner language shall be provided. If any warning is given as selling the merchandise or services in the original country, such warning shall also be offered companied with the imported merchandise to the customers. Poya will make a regular inspection of product labeling in the stores. Confirmation and requirement of improvements shall be made to the suppliers as needed.

A price label shall be put on the product displayed in the selling space and maintained regularly based on the monthly promotion activities. As such, customers’ rights will be protected by offering clear price messages to the customers. The key methods of product management are as followed:

Product Introduction	<ul style="list-style-type: none"> Introduce new products based on focus group meetings to fulfill customers' needs
Supplier Management	<ul style="list-style-type: none"> Request the suppliers to maintain the product quality based on the related rules and regulations
Product Management	<ul style="list-style-type: none"> Inspect the products displayed in the selling space and warehouse regularly to ensure the product quality
Concerned Product Management	<ul style="list-style-type: none"> Remove and stop selling the concerned product until the quality being confirmed
Product Labeling	<ul style="list-style-type: none"> Request all the suppliers to observe the Product Labeling Law Put on price labels clearly to protect customers' rights

■ Safety and Protection of Selling Space

The employees of Store Engineering Department will check up, review and maintain the store equipments regularly to ensure the safety of selling space. If there is any breakdown or damage, the employee of Store Engineering Department will be informed to repair the equipment at once. The followings are preventive measures to prevent any risk from occurring:



Poya will insure the customers against the risk of public accidents. If any accident occurs in one of the Poya store, the injured customer will be sent to the hospital accompanied by the store personnel and will gain the indemnification. As such, Poya can offer customers complete protection of human safety.

■ Protection of Customers' Privacy

To ensure that all the personal profiles for business operation can be protected properly, Poya executed “Personal Profile Protection Plan” in 2013 (See Figure 5.15). The Audit office is delegated to maintain such plan. According to “Personal Profile Protection Plan”, those profiles filled out by the store personnel or customers shall be protected in the safe and shall not be taken out arbitrarily. At a regular base, some of the personal profiles shall be destroyed to protect customers privacy.

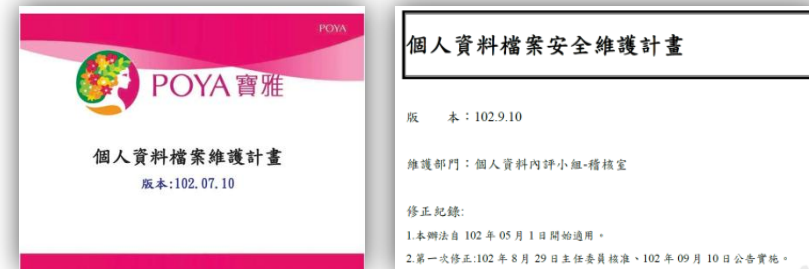


Figure 5.15 Personal Profile Protection Plan

■ Other Services to Customers

Poya always conceives the mission of “Best Services and Customer Orientation” and thus Poya tends to offer customers complete services. Under the format of 4th generation store, Poya focuses on a brighter and more comfortable shopping space. Besides, Poya also introduces the design of clear shopping routes to provide customers with a quick and easy purchase (See Figure 5.16).



Figure 5.16 Brighter Shopping Space and Clear Shopping Routes

Customers in Poya store can do experiencing shopping. For example, models are displayed in all the stores to show the products (See Figure 5.17); samples are also offered for the customers to touch, try, wear and smell (See Figure 5.18 and Figure 5.19). It is such experiencing shopping that customers can understand the products fully and purchase proper products that actually fulfill their needs.

Poya hopes that customers can shop in Poya store comfortably and leisurely, and thus Poya offers the shopping trolleys (See Figure 5.20) and the elevator (See Figure 5.21) at the selling space. In some of Poya stores, rest rooms (See Figure 5.22) and free/special parking lots (See Figure 5.23) are also provided.



Figure 5.17



Figure 5.18



Figure 5.19



Figure 5.20



Figure 5.21



Figure 5.22



Figure 5.23



Figure 5.23

5.4 Social Participation

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.

The activities of social participation shall be proposed and organized by the corporate social responsibility team, and shall be held after being approved by the management and the Board of Directors. In 2014, the Marketing Division of Poya executed a "Plan of Guarding Hundred Dogs." A dog would be guarded by a Poya store and thus hundred dogs would be guarded by hundred Poya stores. Through helping the stray dogs, Poya hopes to be served as an example and arouses the attention of the customers to the stray dog problems!

The activity of "Lovely Christmas Cards of Hundred Dogs" was also held for Christmas in December (See Figure 5.24). Poya would donate NTD 9 to "TCASA" and "Taiwan Doglover Institution" as any christmas card of hundred dogs being purchased by the customers. Figure 5.25 shows the display area of "Lovely Christmas Cards of Hundred Dogs."



Figure 5.24 Lovely Christmas Cards of Hundred Dogs



Figure 5.25 Display Area of "Lovely Christmas Cards of Hundred Dogs."

Plan of Guarding Hundred Dogs



Figure 5.26



Figure 5.27

A stray dog would be guarded by a Poya store and thus 112 dogs would be guarded by hundred Poya stores in 2014, including Tainan and Taipei headquarters. Figure 5.26 shows the store dog "Jasmine" of Kaohsiung Fengshan Store. Every month, Poya would donate NTD 500 to each store dog.

Donating boxes were placed in the stores (See Figure 5.27). Poya invited all the customers to do something for stray dogs! Any customer donating money, taking a picture with the donating box and uploading the picture could receive a lottery for winning the prizes of Hello Kitty electric pot and umbrella!



Figure 5.28

Poya also encouraged the employees to take care of the store dogs after work. Figure 5.28 shows the store dog "Tu Tuo" and the employees of Pingtung Zihyou Store. Figure 5.29 shows the store dog "Yama" and the employees of Taichung Shalu Store.



Figure 5.29

06

Map of GRI Index

■ General Standard Disclosures

Index	Content	Chapter	Page
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability.	02 A Message from the Management	P04-04
Organizational Profile			
G4-3	Report the name of the organization.	03 About Poya International-Corporate Profile	P05-06
G4-4	Report the primary brands, products, and services.		
G4-5	Report the location of the organization’s headquarters.		
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	03 About Poya International-Business Model	P08-09
G4-7	Report the nature of ownership and legal form.	03 About Poya International-Corporate Profile	P05-06
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	03 About Poya International-Corporate Profile 03 About Poya International-Industry Overview 03 About Poya International-Business Model	P05-06 P07-07 P08-09

Index	Content	Chapter	Page
G4-9	Report the scale of the organization, including: total capitalization, total number of operations and employees, net sales).	03 About Poya International-Corporate Profile 03 About Poya International-Business Model 03 About Poya International-Financial Results 05 Society-Employee Care	P05-06 P08-09 P10-10 P30-33
G4-10	Report the total number of employees (with the disclosure of “d” by region and gender).	05 Society-Employee Care	P30-33
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.	05 Society-Supply Chain Management	P34-35
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).	03 About Poya International-Business Model 03 About Poya International-Corporate Governance 05 Society-Supply Chain Management 05 Society-Customer Management	P08-09 P12-18 P34-35 P36-38
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	03 About Poya International-External Awards 04 Environment-Greenhouse Gas Inspection 05 Society-Employee Care	P11-11 P23-25 P29-33
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.	

Index	Content	Chapter	Page
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	Shareholders Report (P105-149) *All entities included in the organization’s consolidated financial statements or equivalent documents have been covered by the report.	
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	03 About Poya International-Communication with Stakeholders and Identification of Material Aspects	P19-22
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 About Poya International-Communication with Stakeholders and Identification of Material Aspects	P19-22
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
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	01 About the Report	P03-03
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	a. Report the ‘in accordance’ option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured.	01 About the Report 06 Map of GRI Index	P03-03 P40-51
G4-33	a. Report the organization’s policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.	*None	
Governance			
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.	03 About Poya International-Corporate Governance	P12-18
Ethics and Integrity			
G4-56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	03 About Poya International-Industry Overview 03 About Poya International-Corporate Governance 05 Society-Employee Care 05 Society-Supplier Chain Management 05 Society-Customer Management	P07-07 P12-18 P30-33 P34-35 P36-38

■ **Specific Standard Disclosures (Three Categories - Economic, Environmental and Social)**

Index	Content	Chapter	Page
<u>Economic Category</u>			
Economic Performance			
G4-DMA	Disclose the management approach.	Shareholders Report	P52-69
G4-EC1	Report the direct economic value generated and distributed.	03 About Poya International-Financial Results Shareholders Report	P10-10 P89-145
G4-EC3	Report the coverage of the organization's defined benefit plan obligations.	05 Society-Employee Care	P30-33
Market Presence			
G4-DMA	Disclose the management approach.	05 Society-Employee Care	P29-33
G4-EC6	Report the proportion of senior management hired from the local community at significant locations of operation.	05 Society-Employee Care	P30-33
Procurement Practices			
G4-DMA	Disclose the management approach.	05 Society-Supplier Chain Management	P34-35
G4-EC9	Report the proportion of spending on local suppliers at significant locations of operation.	05 Society-Supplier Chain Management	P34-35
<u>Environmental Category</u>			
Energy			
G4-DMA	Disclose the management approach.	04 Environment	P23-28
G4-EN6	Report the reduction of energy consumption.	04 Environment-Programs of Water Conservation, Energy Saving and Carbon Reduction 04 Environment-Plan of Centralized Logistic Center	P26-27 P28-28
G4-EN7	Report the reductions in energy requirements of products and services.		

Index	Content	Chapter	Page
Water			
G4-DMA	Disclose the management approach.	04 Environment	P23-28
G4-EN8	Report total water withdrawal by source.	04 Environment-Programs of Water Conservation, Energy Saving and Carbon Reduction	P26-27
G4-EN9	Report water sources significantly affected by withdrawal of water.		
G4-EN10	Report the percentage and total volume of water recycled and reused.		
Emissions			
G4-DMA	Disclose the management approach.	04 Environment	P23-28
G4-EN15	Report direct greenhouse gas (GHG) emissions (Scope 1).	04 Environment-Greenhouse Gas Inspection	P24-25
G4-EN16	Report energy indirect greenhouse gas (GHG) emissions (Scope 2).		
G4-EN19	Report the reduction of greenhouse gas (GHG) emissions	04 Environment-Greenhouse Gas Inspection 04 Environment-Programs of Water Conservation, Energy Saving and Carbon Reduction 04 Environment-Plan of Centralized Logistic Center	P24-25 P26-27 P28-28
Products and Services			
G4-DMA	Disclose the management approach	04 Environment	P23-28
G4-EN27	Report the extent of impact mitigation of environmental impacts of products and services	04 Environment-Programs of Water Conservation, Energy Saving and Carbon Reduction 04 Environment-Plan of Centralized Logistic Center	P26-27 P28-28
Transport			
G4-DMA	Disclose the management approach.	04 Environment	P23-28
G4-EN30	Report the significant environmental impacts of transporting products, other goods and materials for the operation, and transporting employees.	04 Environment-Plan of Centralized Logistic Center	P28-28

Index	Content	Chapter	Page
<u>Social Category: Labor Practices and Decent Work</u>			
Employment			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-LA1	Report total number and rates of new employee hires and employee turnover by age group, gender and region.	05 Society-Employee Care	P30-33
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.		
G4-LA3	Report return to work and retention rates after parental leave, by gender.		
Occupational Health and Safety			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-LA6	Report the type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	05 Society-Employee Care	P30-33
Training and Education			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-LA9	Report the average hours of training per year per employee by gender and by employee category.	05 Society-Employee Care	P30-33
Diversity and Equal Opportunity			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-LA12	Report the composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	03 About Poya International-Corporate Governance 05 Society-Employee Care	P12-18 P30-33

Index	Content	Chapter	Page
<u>Social Category: Human Rights</u>			
Investment			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-HR1	Report total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	05 Society-Employee Care	P30-33
Non-discrimination			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-HR3	Report the total number of incidents of discrimination and corrective actions taken.	05 Society-Employee Care	P30-33
Child Labor			
G4-DMA	Disclose the management approach.	05 Society	P29-39
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.	05 Society-Employee Care	P30-33
Forced or Compulsory Labor			
G4-DMA	Disclose the management approach.	05 Society	P29-39
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.	05 Society-Employee Care	P30-33

Index	Content	Chapter	Page
<u>Social Category: Society</u>			
Anti-corruption			
G4-DMA	Disclose the management approach.	03 About Poya International-Corporate Governance	P12-18
G4-SO4	Report the communication and training on anti-corruption policies and procedures.	03 About Poya International-Corporate Governance	P12-18
G4-SO5	Report the confirmed incidents of corruption and actions taken.		
Anti-competitive Behavior			
G4-DMA	Disclose the management approach.	03 About Poya International-Industry Overview	P07-07
G4-SO7	Report total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	03 About Poya International-Industry Overview	P07-07
<u>Social Category: Product Responsibility</u>			
Customer Health and Safety			
G4-DMA	Disclose the management approach.	05 Society	P29-39
G4-PR1	Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	05 Society-Customer Management	P36-38
Product and Service Labeling			
G4-DMA	Disclose the management approach.	05 Society	P29-39
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.	05 Society-Customer Management	P36-38
<u>Social Category: Social Participation</u>			
-	Report the outcome of social participation activities.	05 Society-Social Participation	P39-39