# POYA 寶雅

**2018**
2018/01/01（Mon）
▶ 12/31（Mon）

# 企業社會責任報告書
## CSR Report

## 時尚折扣・精彩生活

**Make life amazing! Beautiful Popular Wonderful all in one place. Make life amazing!**

*Make Life Amazing!*

為妳打造 精彩生活

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# 01 About the Report

# 01 About the Report

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

## 1.1 Time Period and Scope Covered by the Report

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

This report covers the period from January 1$^{st}$ to December 31$^{st}$ , 2018 and covers the scope of Poya's headquarters and the stores national wide. Rooted in Taiwan, Poya has not yet established any branch or head office in places outside Taiwan.

## 1.2 The Compiler Principal of Report

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

## 1.3 The Disclosure of Report

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

## 1.4 The Production Team of Report

POYA International Co., Ltd /Finance and Accounting Division
Address：No.74, Sec. 3, Minzu Rd. West Central Dist. Tainan City 700, Taiwan(R.O.C)
Tel：+886-6-2411000　　　　　Fax：+886-6-2412805
E-mail：fin888@poya.com.tw

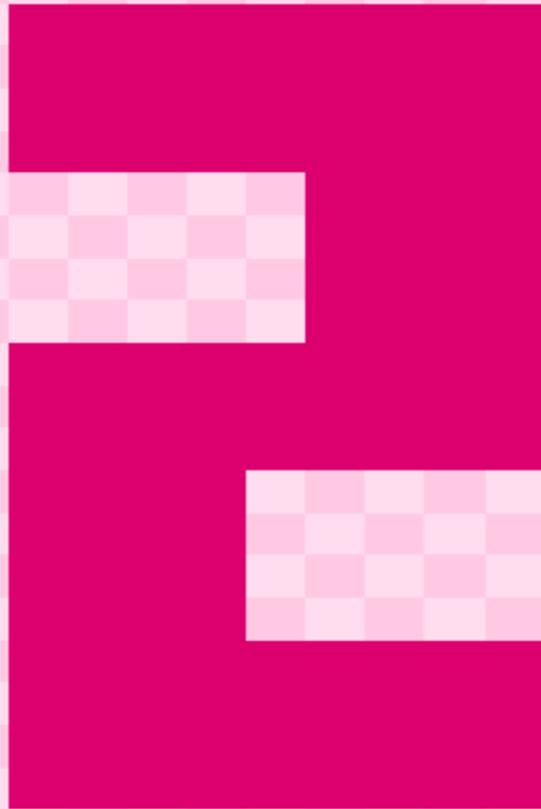**Official Website：**  (Chinese)  (English)

# 02 Start on Poya's CSR

## 2.1 A message from the Management

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# 02 Start on Poya's CSR

## 2.1 A message from the Management

The global economy kept growing in 2018, and it was conducive to Taiwan's market. In the first half of the year, the economic growth rate was over 3%, the Export maintained double digital growth, and the Taiex stayed over 10,000 points. However, the investment performance was inferior to the index. The trade war between the United States and China has started since the third quarter. Moreover, the rate raised by FED leads to strong US dollar. These two factors caused global movement of capital flows which hurt emerging markets and developing countries and also affected main economics such as the United States, EU, Japan, etc. and Taiwan finance market. Therefore, the prospect of Taiwan market turned to conservative in the second half of 2018. Regarding private consumption, the steady global economic recovery drove the sales and profits of domestic enterprises. The wage growth from January to August in 2018 hit record high since 2015 and the unemployment rate kept going down. The optimistic employment market contributed to private consumption. On the other hand, severe fluctuation of global finance market, insufficient energy of Taiex, fiscal reform by government and inflation of daily necessities influenced the confidence of domestic consumption and purchase ability. According to Directorate General of Budget, Accounting and Statistics, Executive Yuan, R.O.C., the forecast of growth rates of real consumption in 2018 and 2019 are 2.26% and 2.20% respectively.

Owing to the competitive and changeable economic environment and the impacts from population and climate change, Poya shall keep making differentiation by market positioning and upgrading its services to pursue better operating performance. With the support of all personnel and the management, there are 201 stores national wide by the end of 2018. The operating revenue and profit for the year after tax in 2018 are NT$14.1 billion and NT$1.7 billion respectively, both of which reached the record highs.

In addition to growing the business, Poya also puts an effort on incorporate governance. In 2017, Board of Directors implemented comprehensive re-election of directors and independent directors according to relevent internal regulations. All of new independent directors serve as members of audit committee. Board of Directors also elected second-term members of nominating committee and third-term members of remuneration committee to effectively enhance function of the BOD. Poya also devotes to executing e-voting to provide multiple voting channels so that it can raise[6] the attendance rate and establish a robust operation constitution.

In terms of environmental protection, Poya continues to adopt latest energy saving equipment and implements e-system. Besides, Poya started planning the program of new distribution center in 2015 and started operating Southern Logistic Center in 2017. Northern Logistic Center will be started in 2019 to raise the usage efficiency of resource.

With respect to the social participation, in 2018, Poya sponsored "Tainan volunteer firefighter alliance" and expected to be the backing of the first-line rescue team. Poya sponsored "Asian Cultural Council Foundation" and expected the ACC Grant Plan continuously to educate more talented Taiwanese artists, scholars and groups to perform on international stages. Poya sponsored national slow-pitch soft ball championships- the silence cup for hearing impaired labor in Tainan in 2018 to encourage participants. Poya sponsored "Zeelandia Alzheimer Disease Association" to built the lovely world for the Alzheimer elder. Poya sponsored" Golf development foundation" to support Golf in Taiwan. Poya participated into the "2018 Beach Clean-Up in Tainan" to support the environment protection by donations and actions.

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, development 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 limited 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.

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

## 2.2 External Awards

**The 5th session of Assessment on Corporate Governance**

**Top 5%**

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

Poya always devotes to corporate governance. In order to protect the rights of shareholders and the benefits of stakeholders, Poya continuously enhances information transparency and spontaneously plan evaluation index subjecting to the requirements of competent authority. As of 2018, Poya has ranked in top 5% of the TPEx-listed companies in "Corporate Governance Evaluation" for four consecutive years.

**2018
The companies in services industries with large scale**

**Top 121th**

Poya holds the company spirits of "Proactive Innovation, Customer orientation, Integrity and Trust", Poya keeps providing the best service and comfortable shopping environment. Poya ranks up from 158th in 2014 to 121th in 2018 in the service industry with large corporate scale according to the survey conducted by Common Wealth Magazine.

# 03 Identification and Communication of Stakeholders

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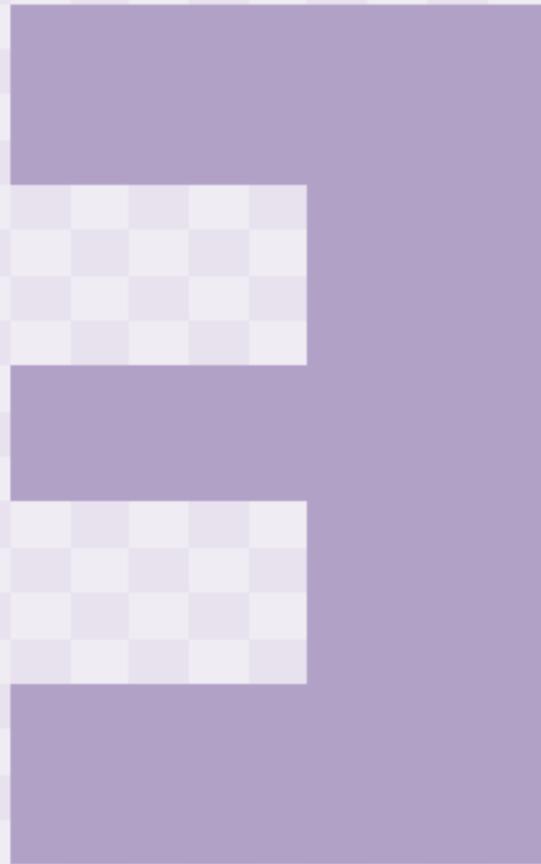
Communication with stakeholders and identification of material aspects are core works in the implementation of corporate social responsibility. In order to receive the messages from all stakeholders and maintain positive communication, Poya provides various channels for communication and makes active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

## 3.1 Identification Process of Materials Aspects

**Stakeholder Identification**

- According to the five principles in "AA1000 SES-2011 Stakeholder Engagement Standards", the CSR team identifies the following stakeholders of Poya.

**Material Aspects Inspection**

- CSR team will collect the concerned issues through multiple channels.
- CSR team will add other material aspects referred to the aspects in GRI-G4 after discussion.

**Signification Analysis**

- CSR team will understand the degree of stakeholders' concern to each issue through questionnaire.
- CSR team will analyze the impact of each issue on internal sustainable operation.
- Rank issues for disclosure based on the degree of concern by stakeholders and the impact on corporate operation.

**Reorganize and Disclose**

- CSR team will determine the disclosure boundary by identifying the internal and external impact caused by the material issues based on GRI-G4.
- The implementation results, communicate channels and frequency are subordinated to this report.

# 3.2 Stakeholders and Communication Channels

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



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

| Stakeholder | Concerned Issues | Communication Channel and Frequency |
|---|---|---|
| **Investor** | ☑ Corp. Operation and financial information<br>☑ Corp. Governance<br>☑ Shareholders' Equity<br>☑ Social Charity<br>☑ Law Compliance | ▪MOPS（according to regulations）<br>▪Investor Conference(4 times in 2018)<br>▪IR Email(reply in real time)<br>▪Shareholders' Meeting(annual)<br>▪Office website(at least once a month) |
| **Employee** | ☑Remuneration and Welfare<br>☑ Training and Education<br>☑Human Rights and Equality | ▪ABC Conference(monthly)<br>▪Internal Meeting(monthly)<br>▪Training Course(at least once a quarter)<br>▪KPI Assessment(at least once a quarter)<br>▪Email(reply in real time)<br>▪Communication Software/ Notes/Connections(reply in real time) |

| Stakeholder | Concerned Issues | Communication Channel and Frequency |
|---|---|---|
| **Customer** | ☑ Customer Service<br>☑ Supplier Environment Review<br>☑ Supplier CSR Management<br>☑ Law compliance<br>☑ Human Rights and Equality | ▪Questionnaire(irregular)<br>▪AD/DM(monthly)<br>▪Official Website(reply in real time)<br>▪Email(reply in real time)<br>▪0800 Hotline(reply in real time)<br>▪Communication Software(reply in real time) |
| **Supplier** | ☑ Supplier Environment Review<br>☑ Supplier CSR Management | ▪E-Platform(real time)<br>▪Factory Visit and New Product Presentation(irregular)<br>▪ Review Report and Communication Meeting(irregular)<br>▪Audit Management(irregular) |
| **Government** | ☑ Corp. Governance<br>☑ Law Compliance | ▪Responsible Agency Conference(irregular)<br>▪Communication with Supervisory Body (according to regulations)<br>▪Correspondence for Education of Legal Rules(according to regulations) |
| **Community and NPO** | ☑ Social Charity<br>☑ Climate Change and Greenhouse Gas Emission | ▪ Community Care(irregular)<br>▪ Society Charity(irregular)）<br>▪ Activities in Local Community(irregular) |

## 3.3 Analysis and Ranking of Substantial Issues

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

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

**Degree of Concerns Expressed by Stakeholders to Specific Issues**

Corporate Operation and Finance

Shareholders' Equity

Supplier environment Review

Customer Service

Corporate Governance

Remuneration and Welfare System

Training and Education of HR

Law Compliance

Climate chance and Greenhouse Gas

Social Charity

Human Rights and Equality

Supplier CSR Management

**Low**

**The Degree of impact on the company's sustainable corporate**

Figure 3.1 Matrix of Material and Substabtial Issues

## 3.4 Material Aspects and Boundary of the Report

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

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

# 4

## 04 About Poya International
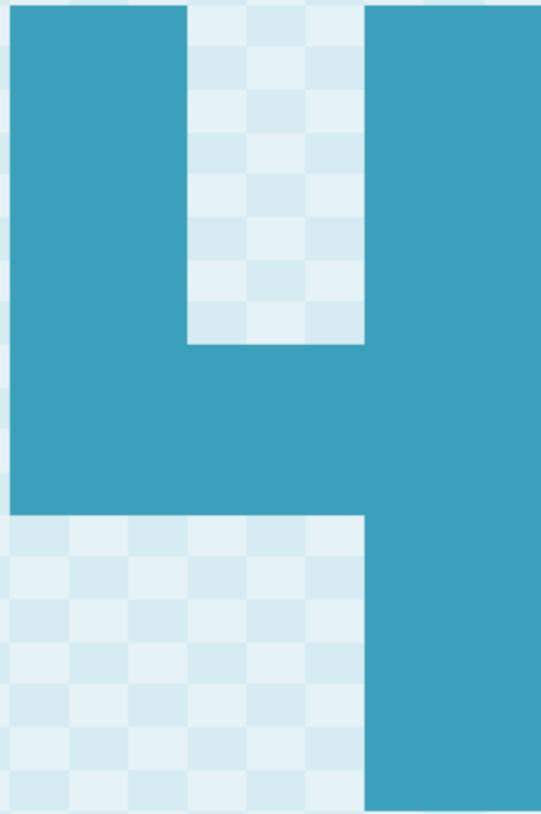
# 04 About Poya International

## 4.1 Corporate Profile and Industry Overview

Poya was started in Tainan. The founder Mr. Chen Jian-Zao was the pioneer of the business model which Poya relied on to act as a cosmetic and grocery store. With the spirit of "customer first", Poya keeps upgrading the store format to provide more comfortable shopping environment. Besides, Poya also devotes to offer more optional product mix. The average shopping space is around 370 pin, which is 1,200 square meter, and up to 60,000 SKUs are offered. Through optimizing product display and shopping area allocation, Poya satisfied customers' expectation of one stop shopping service with the most convenient, most sufficient, and most professional experience.

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

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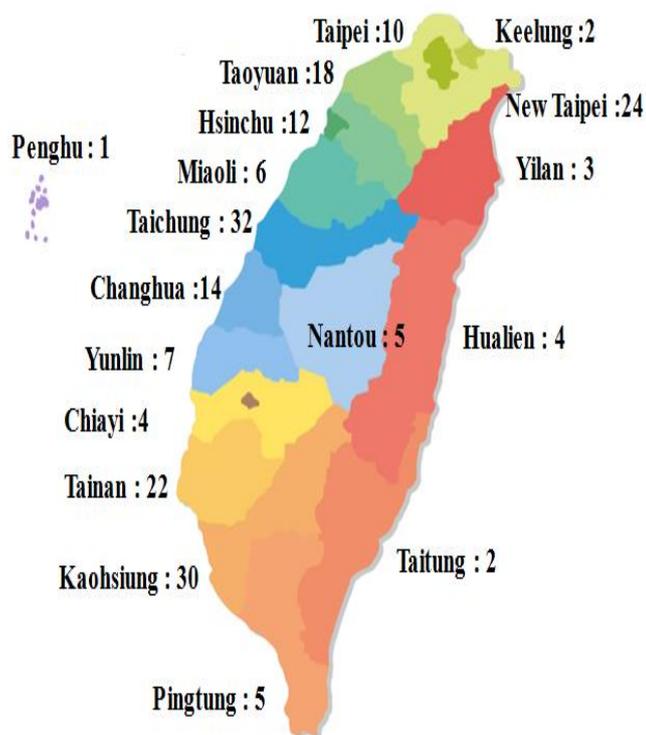


Figure 4.1    201 stores by the end of 2018

| Corporate Profile | |
|---|---|
| Chairman | Chen Jian-Zao |
| Date of Foundation | March, 1997 |
| Date of Listing | September, 2002 (Code:5904) |
| Capital | NTD 0.98 billion in 2018 |
| Industry | Comprehensive Merchandise Retailing Industry |
| Address of Headquarter | No.74, Sec. 3,Minzu Rd. West Central Dist. Tainan City |

# Main products of Poya

| Skin Care & Cosmetics | Daily Merchandises | Trendy underwear and socks | Delicate and personal supplies |
|---|---|---|---|
| •Include domestic brands of cosmetics, counters of skin care beauty and healthy products, and cosmetics and skin care products on open-shelves | •Includes daily necessities, family groceries, shampoo and showering products. | •Includes counters of branded underwear, and personalized and trendy underwear and socks. | •Includes food, stationery, leather goods and fashion ornaments. |

## Poya's Industry outlook

Poya is a retailer selling a whole variety of merchandise. According to the report compiled by the Ministry of Economic Affairs, annual growth rate of retailers in Taiwan is 3.2% and the sales is 4.3 trillion, among that the annual growth rate of comprehensive merchandise retailing industry is 4.1%, which is better than whole retailers proformance in Taiwan. The type of comprehensive merchandise retailing industry includes: Department store, Supermarket, Convenience store, Hypermarket and Other Comprehensive store，each type of store sales percentage see figure 4.2.

It is the niche products of skin care products, cosmetics and personal necessaries, and the comfortable, one-stop shopping space that Poya can be differentiated from the department stores, supermarkets, convenience stores, and hypermarkets. Therefore, Poya belongs to the independent category in the retailing industry. For pursuing ethical management and sound development, Poya set up "Ethical Corporate Management Best Practice Principles" in 2014 and competed with other retailers by fair and transparent way in accordance with related competitive rules. During the period of business operation, Poya do not have any event of anti-competition, anti-trust and monopolization in 2018.



- Selling of high-priced counter products, like cosmetics and clothes
- Selling of household product, fresh foods and so on
- Stores with selling space and warehouse, and selling of comprehensive products in large-size package, such as fresh foods and commodity
- Selling of convenience products like fast foods and drinks。
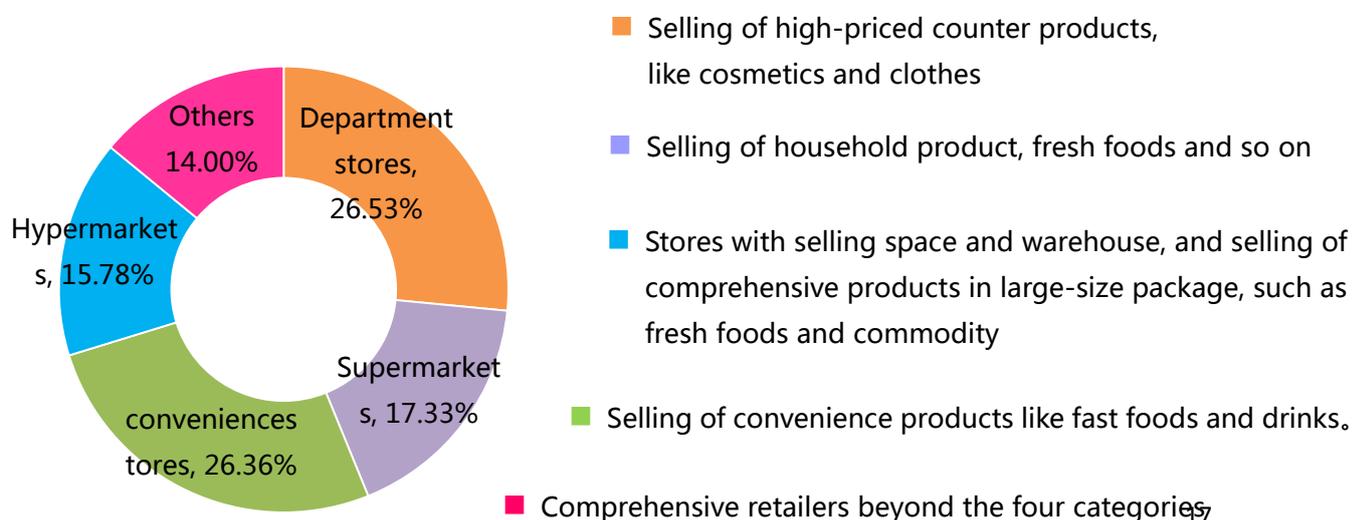- Comprehensive retailers beyond the four categories。

Figure 4.2 2018 Sales Percentage in Comprehensive Merchandise Retailing Industry (Source: Ministry of Economic Affairs)

## 4.2 Operation Strategy

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

## Department of Large Scale and Chain Store System

Rooted in Taiwan, Poya has focused on store expansion and has opened to 201 stores in 2018. In addition to metropolises, Poya also opened the stores located in rural areas and even on Penghu Island in 2014 since Poya always hoped to bring the spirit of "Beauty, Trendy, and Color" into rural areas. In the future, Poya expects itself to become as "A more preferred Poya by the customers" and expand the stores national wide by setting up the store expansion plan of 400 stores in 2023.

## Product Optimization

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

## Store Upgrading

Poya launches 5th generation stores and emphasizes on the display upgrading in 2017: (1) Set up make up zone for custormers to try out cosmetics. (2) set up special areas for derma cosmetics with professional impression. (3) Set up hotspots and topic shelvesand select specific products such as trendy, seasonal, high-discussed or promoted goods in there. (4) set up lighting shelves for customer to search products easily. In 2018, Poya introduces 6th generation stores with narrow shelves to increase SKUs. In addition to offering more options for customers, Poya keeps trying our best to create the most diversified and convenient shopping environment and give more preferable one stop shopping experience to custormers.

**Beauty**
**Make up zone**



Multiple options& try out service
Professional impression

**Fashion**
**Hotspots**          **4 feet topic shelf**



Fashion &Recommendation Topic display

**Convenience**
**Lighting shelf**



Easy to nevigate

**Interactive shopping experience**



Optimize shopping experience

18

## 4.3 Financial Results

## In 2018, Poya reached...

Net profit in 2018: **NT$1.71billion**
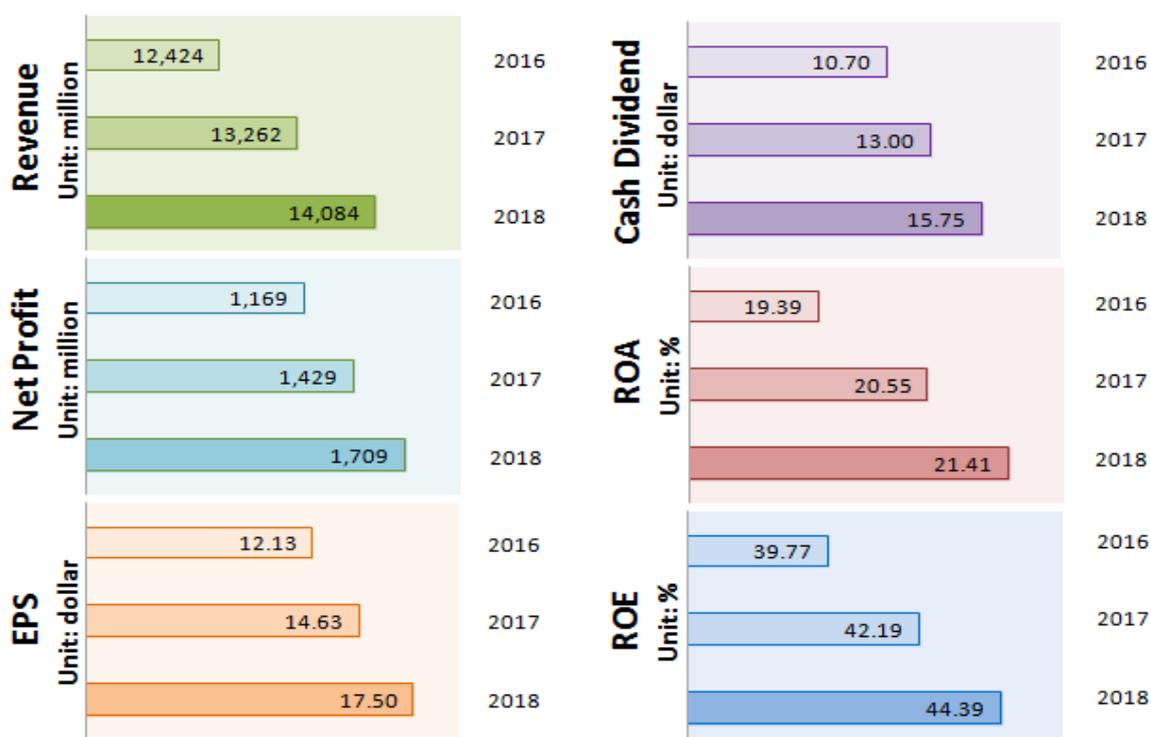(It grew by 19.60% from 2017)

ROE in 2018: **44.39%**

(It grew by 5.21% from 2017)

Store numbers in 2018: **201 stores**

(24 new stores were opened in 2017)

Poya aims at the objective of becoming as "A more preferred Poya by the customers", upgrading the brand value of Poya through proactive store expansion, product optimization and store upgrading. With management team and all of the employees' efforts, the operating revenue and profit for the year tax in 2018 are NT$14.1 billion and NT$1.7 billion respectively, both which reached the record highs.

Please refer to and download the detailed operation information, annual shareholder reports and financial reports on Poya's official website, MOPS and the following website: http://www.poya.com.tw/en/financial_reports_ch.html

**Revenue** Unit: million

| | |
|---|---|
| 12,424 | 2016 |
| 13,262 | 2017 |
| 14,084 | 2018 |

**Cash Dividend** Unit: dollar

| | |
|---|---|
| 10.70 | 2016 |
| 13.00 | 2017 |
| 15.75 | 2018 |

**Net Profit** Unit: million

| | |
|---|---|
| 1,169 | 2016 |
| 1,429 | 2017 |
| 1,709 | 2018 |

**ROA** Unit: %

| | |
|---|---|
| 19.39 | 2016 |
| 20.55 | 2017 |
| 21.41 | 2018 |

**EPS** Unit: dollar

| | |
|---|---|
| 12.13 | 2016 |
| 14.63 | 2017 |
| 17.50 | 2018 |

**ROE** Unit: %

| | |
|---|---|
| 39.77 | 2016 |
| 42.19 | 2017 |
| 44.39 | 2018 |

## 4.4 Investor Relations Management

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

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

**1** **Maintain the shareholders' equity and treat every shareholder fairly**

**2** **Improve the information transparency**

**3** **Healthy corporate governance**

**4** **Strengthen the structure and operation of Board of Directors**

**5** **Implement corporate social responsibility**

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

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



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

### b. Create the system of spokesman and IR contact window

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

### c. Introduce e-voting system

In order to maintain the shareholder equity, and have a good communication with shareholders, all the acknowledgements and discussions are voted case by case. Moreover, Poya has carried out the e-voting system since 2015. The e-voter turnout was 68% in 2018, and the total voter turnout was up to 88%.

# Improve the information transparency

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

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

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

## --Voluntary disclosure--
①Disclosing the respective remunerations of the directors in the annual report voluntarily.
②Introducing e-voting at the Board meeting voluntarily.
③Preparing the annual CSR voluntarily since 2014.

## --Information in CN/EN--
①Material Information
②Major resolutions of Board meeting
③Major internal regulations
④Financial statements
⑤CSR report
⑥Conference presentation
⑦Annual report, meeting notice, meeting agenda

## --Information transparency--
①CN/EN official website
②Financial calendar offered
③Newest annual report and financial statements
④Registration agent and contact window offered
⑤Updating relative information of Board meeting (ex. annual report, meeting notice, meeting agenda)
⑥Resolutions of Board meeting, major internal regulations and CSR report offered.

## --Investor conference--
Poya participated in 4 conferences held by external institutions in 2018 and announced conference timetable and presentation copy on official website.

# Health corporate governance

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

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

Poya was awarded as top 5% of the assessment of corporate governance in consecutive 5 years from 2018 based on the fabulous performance of corporate governance. Standing on the good basics we made in the past, Poya will keep strengthen itself through self- challenge and creative thinking with modest mindset to show our best.

In addition to compliance with Company Act, Securities and Exchange Act and other related rules, Poya also establishes effective corporate governance structure based on the "Corporate Governance Best-Practice Principles" to protect the shareholders' rights, respect the stakeholders, raise the level of information transparencies and enhance the function of Board of Directors. Under the ethical corporate management and effective corporate governance operation, Poya can meet the commitment on corporate sustainability and get better operating performance. Figure 4.4 shows organizational chart of Poya.
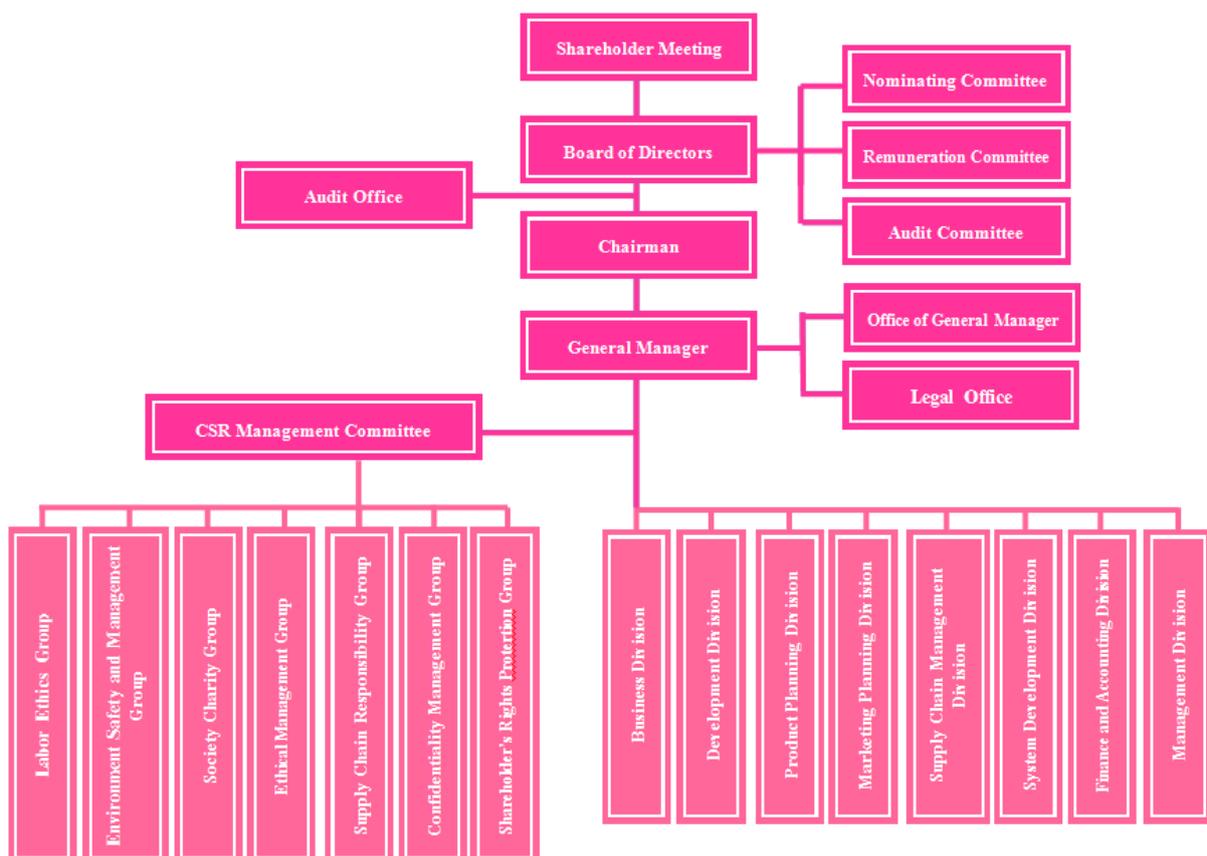


Figure 4.4 Organizational Chart

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

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

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

# Strengthen the Board of Directors: Structure and Operation

The Directors were elected for a term of three years. Poya reelected Directors at 2017 shareholders' meeting. Simultaneously, in order to make sure the independence of Board of Directors with the view from stakeholders, Poya also elected 3 Independent Directors and established Audit Committee to replace supervisors.

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

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

**Chen, Jian Zao**
Chairman

Chairman of Dou Chin Investment Co., Ltd.
Director of Poya Investment Co., Ltd.
Chairman of Chen Ching Investment Co., Ltd.
Chairman of Gao Heng Investment Co., Ltd.

**Chen, Fan Mei Jin**
Vice Chairman

Chairman of Poya Investment Co., Ltd.
Director of Dou Chin Investment Co., Ltd.
Supervisor of Chen Ching Investment Co., Ltd.

**Chen, Zong Cheng**
Director and General Manager

Director of Chen Ching Investment Co., Ltd.
Chairman of Kuai Wei Investment Co., Ltd.

**Chen, Ming Shian**
Director

Chairman of ST. Shine Optical Co., Ltd.
VP of Great China Business Dept., ST. Shine Optical Co., Ltd.
Director of Shine Optical Holding Groups Inc.
Director of Shine Optical (Samoa) Holding Groups, Inc.
Director of Shine Optical HK Limited

**Liu, Zhi Hong**
Independent Director

Director, Thinflex Corporation
Chairman, Song Yang Electronic Materials (Kunshan) Limited
Company
Independent Director, Fitness Factory Co., Ltd.
Chairman, Chien Hsing Information Co., Ltd.
Chairman, Chien Lian Investment Co., Ltd.
Director, Shun Lai Business Consultancy Co., Ltd.
Director, Chang Chun Biomedical Co., Ltd.
Supervisor, Chinese Television System Co., Ltd.

**Lin, Tsai Yuan**
Independent Director

Member of Remuneration Committee of TYC
Brother Industrial Co., Ltd.

**Zhung Jun Rong**
Independent Director

Chairman and General Manager of San Far Property Limited
Director of Pleasant Hotels International Inc.
Chairman of Jingo International Records Co., Ltd.
Chairman of Cheng Hsin Investment Co., Ltd.
Chairman of Chang Yi Investment Co., Ltd.

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

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

## The operation of Board meeting

The Company calls a Board meeting at least once a quarter and at least one independent director would attend Board meetings in person. 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.

## Courses for further studies taken by the Directors

In order to broaden the Directors' Knowledge, Poya arrange periodic courses for further studies for Directors every year. The content of courses includes corporate governance, CSR and related regulations. All the Board of Directors met the requirements of 6 hours for further studies based on the "Guidelines for Directors' and Supervisors' Further Studies Implementation made by Listed and OTC Companies." in 2018. The courses for further studies taken by the Directors could be referred to annual report which announced on Poya's official website.

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

If there is any interest conflict between the Board operation and one of the Directors, such Director shall avoid the participation in the meeting and shall comply with Article 15 of Rules of Procedure for Board of Directors Meetings. Besides, name of the Director, important explanation of the interested relation, the reason and situation of avoidance from the meeting shall be included in the Board minutes. Please refer to 2018 Complete Board meeting minutes on Poya's official website.

## The remunerations of Directors

Profit distribution shall be determined based on the corporate earnings in the previous year which is submitted by the Board to the Shareholders" Meeting for resolution. Besides, the Remuneration Committee will evaluate the managerial performances of the Board according to corporate operating results, and thus the remunerations of Board members will be highly correlated to the corporate performances. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be higher than 6% for directors' remuneration. The Directors' remuneration in 2018 could be referred to annual report which announced on Poya's official website.

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

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

Poya International purchased liability insurances for the directors and supervisors from Fubon Insurance in 2018 with the sum insured to be USD$5 million. The period of insurances is from October 1, 2018 to October 1, 2019.

## Internal audit

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

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

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

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

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

# Functional Committees

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

**Audit Committee**

☑ The function is to assist the Board to supervise each operating unit and exercise the function required by Company Act, Securities and Exchange Act and other related rules. The Committee is consisted of 3 Independent Directors among whom 2 are financial experts. The Committee shall be under operation according to Audit Committee Charter. The Company shall call an Audit Committee meeting quarterly and shall call at least once a quarter.
☑ 6 meetings were called in 2018. It's a good way for Independent Directors, internal auditors, and CPA to communicate.

**Remuneration Committee**

☑ 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.
☑ 3 meetings were called in 2018. The 3 meetings were participated by all the Independent Directors in person.

**Nominating Committee**

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

# The practice of corporate social responsibility

## Corporate Social Responsibility Committee

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

Description of Responsibility Committee：

• Chairman：The general manager

• Core members：Top manager of each division, such as Finance and Accounting Division, Audit Office, Human Resources Division, Marketing Planning Division and Product Planning Division.

• Functional Teams: Middle and junior managers of the relative divisions.

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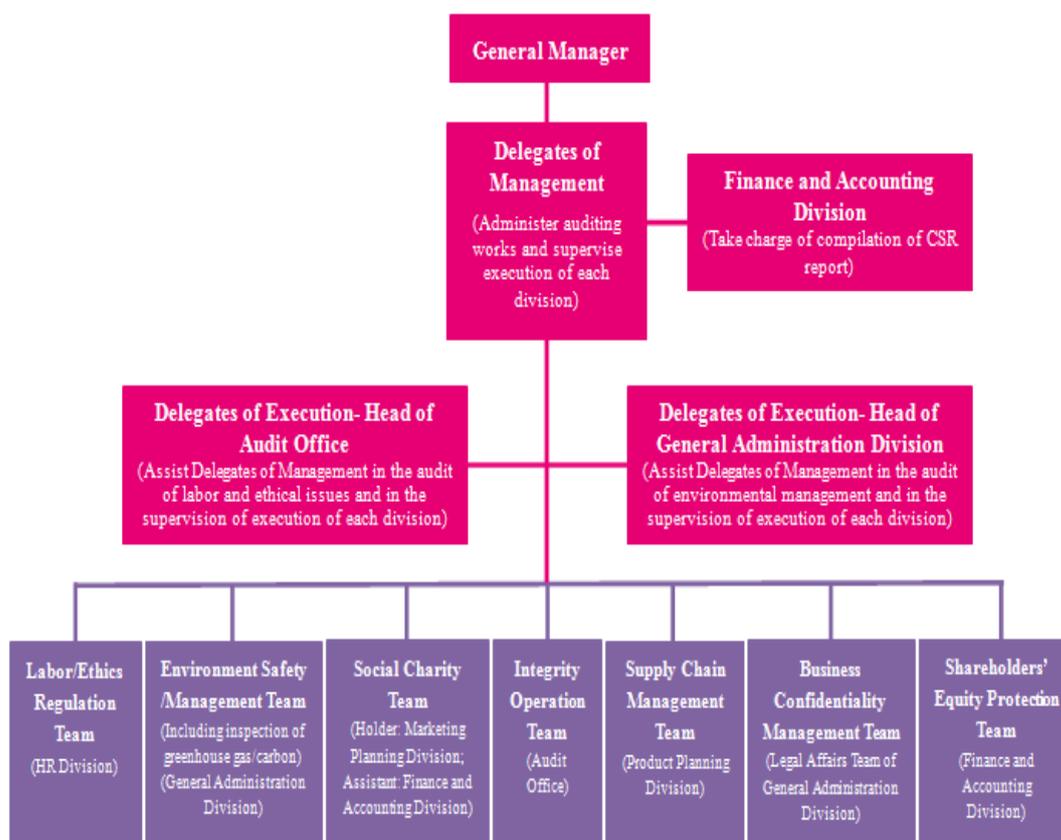


30

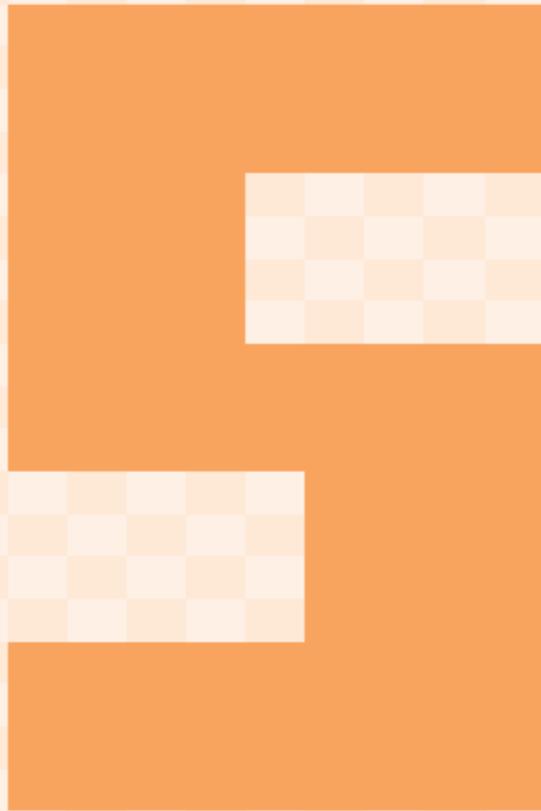Figure 4.7 Organization Chart of Corporate Social Responsibility Committee

## Risk Management

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

## Anti-corruption

Poya conceives the mission of ethical operation and enacts the corporate social responsibility policies such as "Ethical Corporate Management Best Practice Principles", "Guidelines for the Adoption of Codes of Ethical Conduct" and "Procedures for Ethical Management and Guidelines for Conduct". Poya requires the Directors, managers and all the personnel to abide by the policies mentioned above and hopes that all the employees in Poya can have self-disciplined and ethical behaviors. Poya sets its face against any corruption in whatever form. For avoidance of any improper benefits received by any personnel of the Company, Poya makes clear requirement in "Guidelines for the Adoption of Codes of Ethical Conduct" that any provision, promise, request, or acceptance of improper benefits in whatever form or name by any personnel of the Company through a third party shall be prohibited. The Audit Office is authorized to be solely responsible unit and in charge of the supervision. If any personnel of the Company violate ethical conduct, the Company shall give penalty taking into consideration how serious the violation is. The Company shall also disclose the name and title of the violator, the date and details of the violation, and the actions taken in response. In 2018, Poya did not have any violation of ethical conduct.

**Financial Risks**

Responsible unit: Finance and Accounting Division, Audit Office
Control Method:
1. Enact and conduct each strategy.
2. The pattern of risk assessment checking

**Market Risks**

Responsible unit: Board of Directors, Office of General Manager
Control Method:
1. Enact and conduct each strategy
2. Control and handle the possible market risk crisis

**Strategy and Operation Risks**

Responsible unit: Business Planning Division, Marketing Planning Division
Control Method: Make a preview of the assessment for strategic and operational risk and a review for performance.

**Damage Risks**

Responsible unit: Human Resources Administrative Division
Control method: Enact the management guidelines for contingency measures and program the training system

# 05 Environment

# 05 Environment

According to IPCC of the United Nations, global warming will lead to serious consequences like melting of glaciers, rise of sea level, extinction of certain species, lack of food and death of trees. Furthermore, the extreme weather caused by global warming also intensifies drought and water scarcity. The Global Risk Report issued by WEF in 2018, the environment issue once again becomes great concern of global experts. Through the ranking of occurrence possibility and potential danger, 5 environment-related factors rank front positions based on total 30 risks. Among them, extreme weather was the risk of great concern. Among environment risks, extreme climate, natural disasters, man-induced environmental disasters, water crisis and climate changes which are unable to be adjusted and relieved are issues we should highly think of . As being a member of the earth, Poya shall spare effort to protect the environment from global warming, climate change and water scarcity.

## 5.1 Greenhouse Gas Inspection

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

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

**Period of the Report**
- ✓ 1st Jan 2015~31st Dec 2018
- ✓ Inspect the Emission of Greenhouse Gas during such Period and Disclose the Result of Greenhouse Gas Inspection

**Boundary of Organization**
- ✓ Execute the Greenhouse Gas Inspection based on ISO14064-1
- ✓ Boundary of Organization for the Inspection:
  (1) Headquarters in Taipei and Tainan
  (2) 201 Stores (By the End of 2018)

**Scope of Gas Inspection**
- ✓ Scope 1 Direct Emission of Greenhouse Gas
  Source: Air-conditioners and Motor Vehicles for Business
- ✓ Scope 2 Indirect Emission of Energy Usage.
  Source: Electricity from External Supply

The store number of Poya increased to 201 stores in 2018, and therefore carbon emission generated from the usage of air-conditioners increased. As for external electricity, energy efficiency and carbon reduction perform well since we replaced lighting system from traditional lights to LED in 2017.

On the other hand, owing to the store expansion need, the store renovation activity and the periodical store inspection plan, the number and utilization rate of motor vehicles for business increased, leading to more carbon emission generated from "Source of Fuel Consumption of Motor Vehicles." However, carbon emission generated from such category accounts only for 0.60%. Therefore, it is not the main source of carbon emission under Poya's operation.

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

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🌏 **Greenhouse Gas Inspection Methods :**

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

② The fuel consumption is calculated by the gasoline usage of the motor vehicles based on $CO_2$ emission factor of both fixed source and mobile source (fuel).

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

---

### 2016-2018 Carbon Emission and Annual Store number

157stores    177stores    201stores
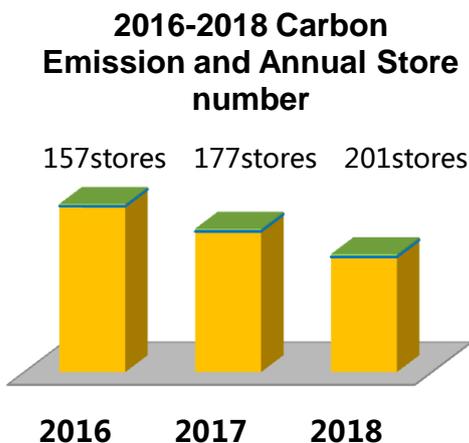


2016    2017    2018

| Type | Carbon Emission(ton)&(%) | | | Remark |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | |
| ■ Source of Vaporized Greenhouse Gas | 526 1.17% | 599 1.55% | 662 2.09% | Scope 1 |
| ■ Fuel consumption of Motor Vehicles | 168 0.37% | 211 0.55% | 189 0.60% | Scope 1 |
| ■ External Electricity | 44,484 98.46% | 37,706 97.90% | 30,837 97.31% | Scope 2 |
| **Average Carbon Emission of Each Store** | **283** | **213** | **158** | |

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

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

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

### Program of Water Conservation

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

## In 2018 , the avg. water usage of Poya↓11.0% !



Figure 5.1          Figure 5.2

Water usage in 2017 and 2018 (Unit: cubic meter)：

| Year | Total | Average |
|------|-------|---------|
| **2018** | 170,304 | 1,099 |
| **2017** | 169,188 | 1,235 |

\* Total water consumption is the amount of headquarter and each store.
\* The average water consumption is total amount to the number of total stores in each year.

### Water Saving Equipment Adopting, checkups and Repairs

Parts of Poya's stores do offer the restrooms for our customers. In order to promote water-saving activities, Poya puts up posters in the rest rooms (see Figure 5.1) 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.

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.

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

Poya started to introduce the modern inverter air-conditioners (see Figure 5.2) in 2013 and overall adopted the inverter air-conditioners in the new stores opened in 2014. Now, there are 201 stores, 62% of which use inverter air-conditioners to replace the outdated water tower air-conditioners, the percentage is raised by 5% compare to the year before. Poya will make a gradual replacement in order to lower the usage of water tower air-conditioners.

# Program of Energy Saving and Carbon Reduction

Poya continues to push forward the energy management, and executes the examination program of greenhouse gas emission to comply with the advocacy of energy saving and carbon reduction promoted by government. The average electricity usage of each Poya store was about 287,837 kilowatt hour, which was 25.14% lower and 46.15% lower than the electricity usage in 2017 and in 2016. The result is far ahead of the original goal of 10% saving by 2021, and Poya also reached 2% carbon reduction every year. Taking advantage of aggressive energy-saving programs, the average electricity usage of each Poya store decreased year by year since 2012. Same as 2017, through the implementation of LED in 2017, the carbon emission could be reduced by 26,113 tons, which represent 67 Daan Forest Park. The year of 2018 is extraordinary well for Poya on energy saving with bumper harvest.

The implementations of energy saving included:

- **Automatic lighting sensors were installed in stores**
  The automatic lighting devices were installed in the storage of each store to implement the energy saving strategy.

- **See-through glass adopting at the second floor (Figures 5.3)**
  Adopt see-through glass to increase the natural lighting and decrease the usage of electric lights in the daytime.

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

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

- **Promotion of Energy-saving Concept (See Figure 5.4, 5.5)**
  Poya encourages them not to use the elevator unless there are more than four storeys to go up or go down. Poya encourages employees to turn off the lights and fans during lunch break and when leaving the warehouse.

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

Figures 5.3

Figures 5.4

Figures 5.5

## Program of Paper Conservation

Not only reducing greenhouse gas and enacting the measures of energy saving, Poya also implemented the energy saving policy. Nowadays, the progress of technology is marvelously quick so that Poya could grow the business and reduce the burden for earth simultaneously.

Through internal E-management and reduces paper using in 2017, the headquarter uses E-filing of tax, E-voucher, E-salary slip and E-gift certificate for employees and branches reducing physical price tag and E-signature for the purchase by credit card. Poya also upgrades APP which more practical, fun and user-friendly in the middle of 2018 to attract members to download and use it, then it could cultivate the customer shopping behavior, and launch e-DM to reduce the paper waste. Poya saved around 1,560 physical DM in 2017 and 3,325 in 2018, which represents

## ...3,990 trees
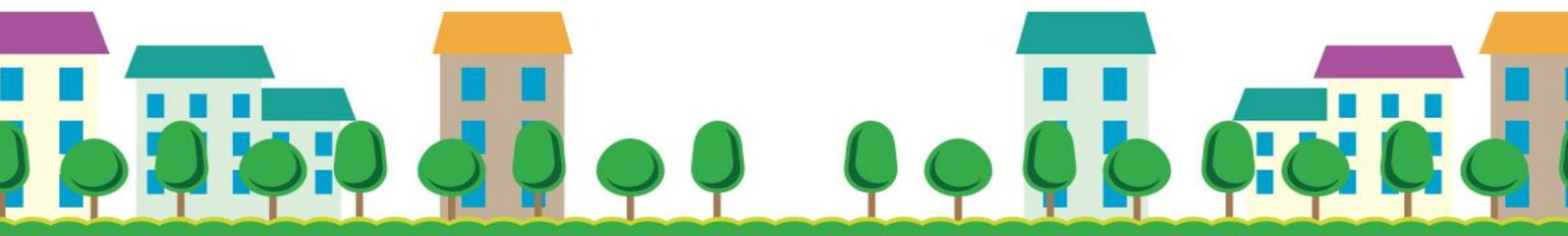
## 5.3 Plan of Centralized Logistic Center

New logistic center in Kaohsiung started to operate in July, 2017. The one in Taoyuan is operated by the third-party contractor. Since Poya is getting bigger and bigger, the contractor can't grow as fast as Poya due to limited resource. We terminated the contract in August and run it by ourselves to increase efficiency. Before the formal operation of logistic center in Kaohsiung, Poya was doing a soft trial in the end of 2016 in the temporary small one for almost half year. As a result, when the formal operation started, the benefit meets our expectation. The centralized distribution rate was 64% in 2016. In 2017, both of two distribution centers operated simultaneously and the centralized distribution rate was up to 75% in the end of 2017. Keep making the process improvement to increase the operation efficiency, the centralized distribution rate grows to 90% in 2018. Besides, Poya rent a warehouse in north to found the logistic center. After the hardware equipment is in place, we expect that new logistic center would start operating in January, 2019. By then, both centers could deliver 200 stores. It will be the best back-up for Poya's expansion target of 400 stores.

Because Poya collected and dispatched products through logistic center, the total delivery frequency decreased. Therefore, the carbon emission, exhaust gas emission and energy consumption were declined. Under stable operation of logistic center, Poya could adopt the pattern of "deliver at night, display on the following day".

The purchase goods from suppliers were received and checked in logistic center, and Poya could order in small quantity to reduce the inventory in store, then staffs could save their time and focus on the store business such as display, service, and shopping atmosphere creating to satisfy customers.(fig. 5.6)
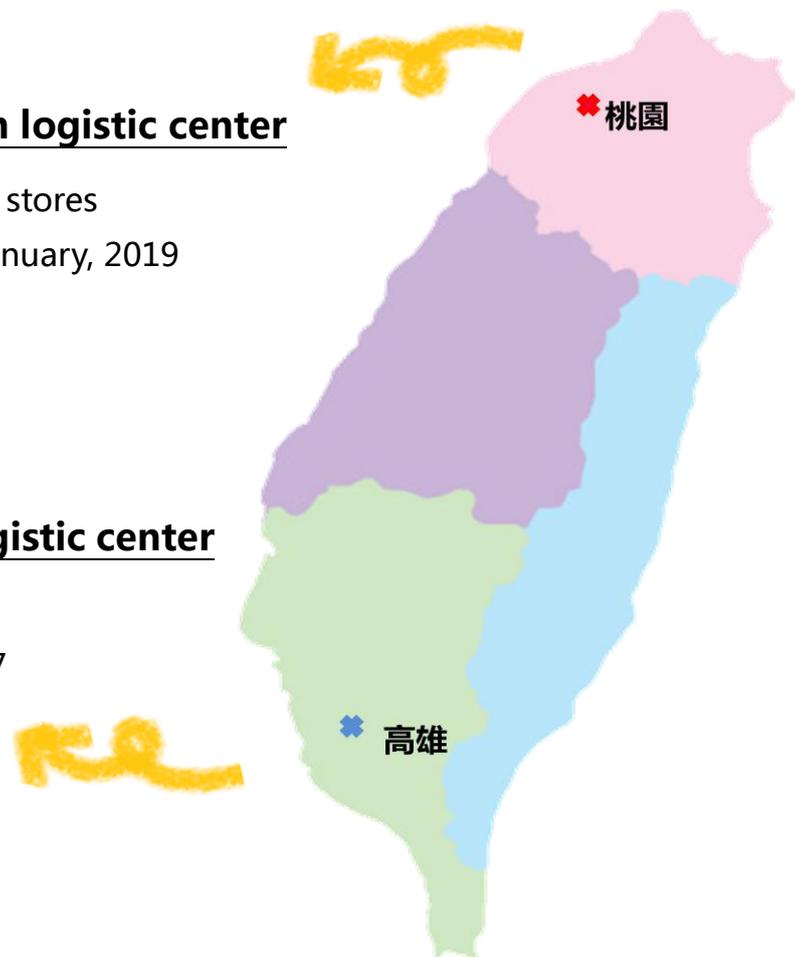
### Taoyuan logistic center

➲ Capacity: 200 stores
➲ Operate in January, 2019

桃園

### Kaohsiung logistic center

➲ Capacity: 200 stores
➲ Operate in July, 2017

高雄
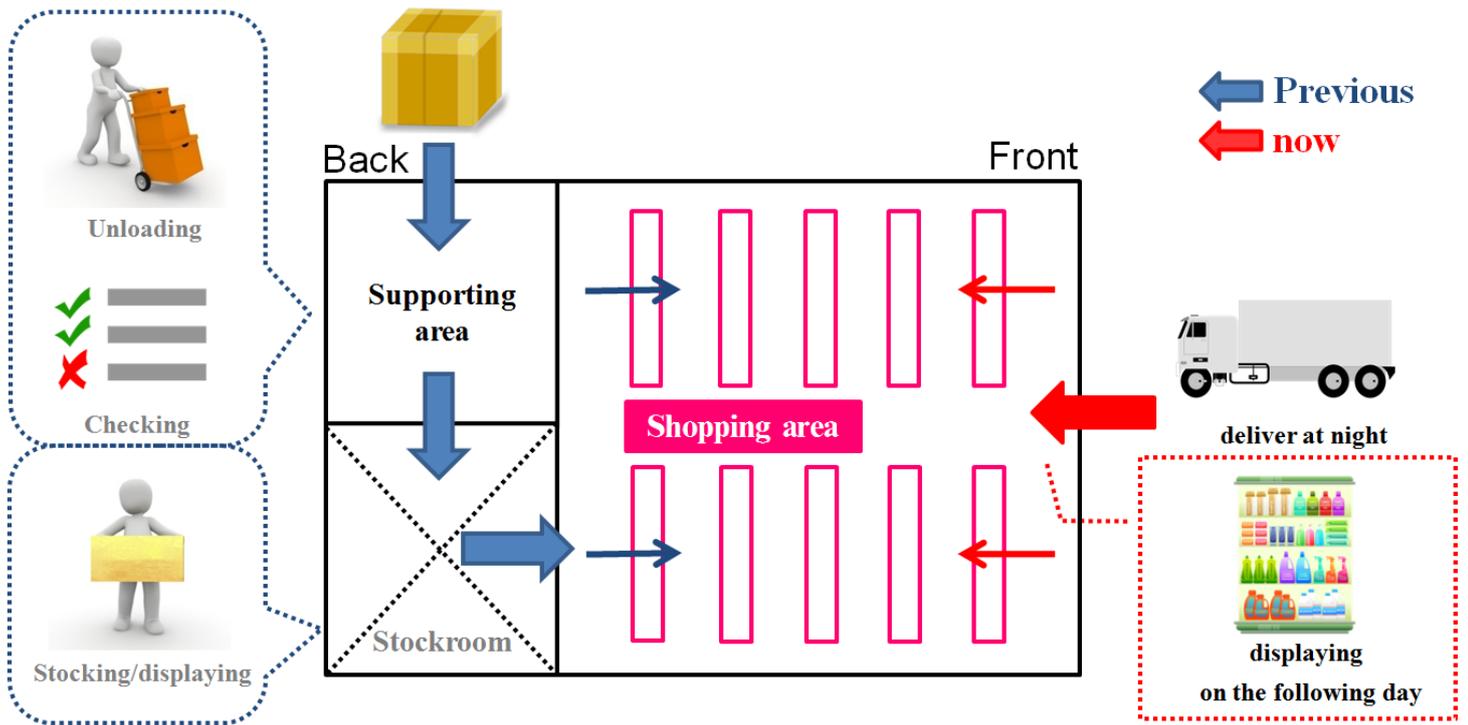
Figure 5.6

Poya could adopt the pattern of "deliver at night, display on the following day" based on the stable operation of distribution centers.
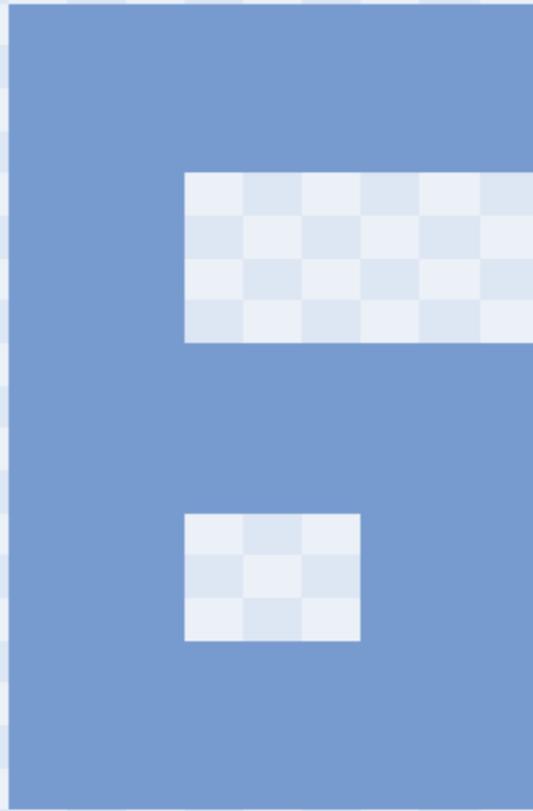
# 06 Society

# 06 Society

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

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

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. Poya participated into the "2018 Beach Clean-Up in Tainan" to support the environment protection by donations and actions. Poya sponsored "Tainan volunteer firefighter alliance" ,"Asian Cultural Council Foundation" " national slow-pitch soft ball championships- the silence cup for hearing impaired labor in Tainan" "Zeelandia Alzheimer Disease Association" and " Golf development foundation". Through social participation, Poya hopes to promote positive social culture and its value.

Be a part of society, Poya not only provided the high quality and completed service to customers, but also would like to put the efforts in Taiwan to respond customer support by action.

## 6.1 Employee Care

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

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

Poya regards all the employees at an equal base and avoids any discrimination owing to race, social class, language, thought, religion, political party, birthplace, gender, sexual orientation, marriage, appearance, age, disability and the status of member of labour union. Poya also hired the female employees who were married or who would like to back to the career market. By the end of 2018, there were 4,052 employees in Poya. The average age is 29 years old. 1.3% of employees were the disabled. Besides, there were 48 aboriginal employees. Poya provided a kind working

## Emplyee Structure(As of Dec.31,2018)

# There are 4,052 employees in Poya

### ① By area :

| North | 350 | 1,061 |
| Central | 191 | 879 |
| South | 161 | 576 |
| Kao-Ping | 153 | 681 |
| Total | 855 | 3,197 |

### ② By Age :

| <20 Yr. | 86 | 361 |
| 21-30 Yr. | 395 | 1,717 |
| 31-40 Yr. | 274 | 837 |
| 41-50 Yr. | 78 | 246 |
| >50 Yr. | 22 | 36 |

### ③ By Education :

| Junior | 11 | 26 |
| Senior | 168 | 877 |
| College | 54 | 198 |
| University | 609 | 2,076 |
| Graduate School | 13 | 20 |

### ④ By Position :

| Senior Managers | 30 | 17 |
| Middle Managers | 138 | 72 |
| Basic Managers | 212 | 918 |
| Staff | 475 | 2,190 |

**⑤By New Employees/Ex-serving Employees：**

| | New | | | | Ex-serving | | | |
|---|---|---|---|---|---|---|---|---|
| | North | Central | South | Kao-Ping | North | Central | South | Kao-Ping |
| <20 Yr. | 45 | 17 | 7 | 21 | 44 | 18 | 12 | 17 |
| 21-30 Yr. | 161 | 96 | 59 | 71 | 161 | 105 | 68 | 88 |
| 31-40 Yr. | 46 | 17 | 11 | 23 | 40 | 20 | 12 | 19 |
| 41-50 Yr. | 7 | 1 | 1 | 2 | 7 | 3 | 4 | 2 |
| >50 Yr. | 1 | 1 | 0 | 0 | 2 | 2 | 0 | 0 |

| | New | | | | Ex-serving | | | |
|---|---|---|---|---|---|---|---|---|
| | North | Central | South | Kao-Ping | North | Central | South | Kao-Ping |
| <20 Yr. | 164 | 107 | 40 | 50 | 155 | 88 | 49 | 57 |
| 21-30 Yr. | 464 | 376 | 206 | 237 | 486 | 381 | 255 | 247 |
| 31-40 Yr. | 101 | 44 | 24 | 43 | 95 | 55 | 28 | 52 |
| 41-50 Yr. | 32 | 8 | 8 | 13 | 29 | 10 | 11 | 8 |
| >50 Yr. | 4 | 1 | 3 | 0 | 6 | 0 | 5 | 1 |

By the end of 2018, Poya operated up to 201 stores. As there are more and more new stores opened, Poya has an increasing demand on labor. In terms of recruitment, Poya puts the most efforts to ensure that the recruiting process is fair, open and transparent, choosing appropriate person based on its professional capability and experience.　Besides, In order to increase the customers' value and offer the better services, Poya expects all of the employees can have enthusiastic attitudes toward works and can grow with Poya.

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

## Compensation system

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

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



**Dormitory**

**Employee stock dividend**

**Cinema Ticket**

**Sales for employee**

**Parental Leave**

**Marriage/Death /Hospitalization subsidy**

**Performance bonus**

**3-holidays & Birthday bonus**

**Year-end Party & bonus**

**Party Subsidy**

## Employee Welfare Committee

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

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

The female employees accounted for 79% of total employees. In order to protect their rights and let them keep balance within work, healthy and family, Poya offered menstrual leaves, family care leave, maternity leaves, paternity leaves, breast-feeding time and the procedures of leave without pay. The breast-feeding rooms with convenience, privacy and safety were offered in headquarter and part of stores.

### Menstrual Leave

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

### Family Care Leave

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

**■ Maternity Leaves   ■ Paternity Leaves**

| Year | Maternity Leaves | Paternity Leaves |
|------|------------------|------------------|
| 2018 | 114 | 15 |
| 2017 | 123 | 23 |
| 2016 | 114 | 24 |
| 2015 | 105 | 19 |
| 2014 | 82 | 8 |
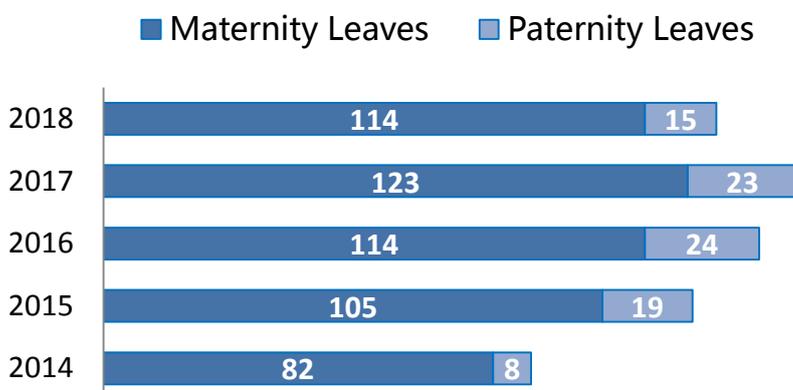
### The reinstatement rate and the ratio of employees in parental leave to total employees in 2018

To cope with government, Poya implements parental leave without pay and guarantees reinstatement to the original position. If employees have the need of taking care of their families, they can take family care leave or Poya would assist them to transfer to other suitable positions or departments. The ratio of employees on parental leave to total employees with maternity leaves in 2018 was 56%. By the end of 2018, the reinstatement rate of the employees was up to 27%. Some employees were still on parental leave, and some employees resigned from their positions due to family factor or personal career planning.

# Complete work environment

In order to provide comfortable and spacious working space, Poya's headquarter in Taipei moved to a new office which offers brand new working environment, staff tea rooms, conference rooms to enhance convenience. Poya put the microwave into each branch in 2016 to offer a convenient rest space for employees. Poya also created a breastfeeding room which with privacy and safety voluntarily before government required, and a freezer and sofa were provided to increase the functionality and convenience.

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

For the promotion of job safety, Poya regularly offers the training courses of labor safety to related personnel of general administrative division every year. Poya hopes that the courses can help employees emphasize on their safety and also lower the probability of the accidents. In 2018, there were 13 employees taking the course of labor safety with 392 hours in total.

Poya will insure the related responsibility of any store construction or renovation for at least NTD 20 million and will also appoint a manager at the construction site to supervise the labors and do the safety management. If there is any accident, the injured employee will be sent to the hospital accompanied by the manager and will gain the indemnification. During the construction period (about two months), all the construction sites will be surrounded by the metal fence to avoid the customers from entering the construction sites. The administrative division is authorized as the management unit for taking a record and making a report of the accidents. Under the policies of employee safety and protection, Poya had no internal or external employees died or injured in 2018 because of corporate facilities, policies or construction.



Spacious and Comfortable Pantry Room

Exquisite Environment

Breastfeeding Room

## Training system and development

Poya puts emphasis on the cultivation and training of the talents. In addition to the routine courses, Poya also provides complete and real-time trainings to the employees by E-Learning platform. (see figure 6.1)

In order to response the high human demand due to quick expansion which is Poya's long term plan, Poya designs a completed and standardizing apprentice system and offers a comfortable learning environment and platforms to assist employees to complete the courses as soon as possible and perform at work. The employees could get the promotion opportunities after they prove themselves by what they did, and Poya receives the good sales performance by their efforts.

## 65 lessons were provided in 2018

## 1,283 employees were participated
## Total were 8,981 hours



Figures 6.1 E-learning platform

Performance of employee career training in 2018：

| Course Name | Hours of study | Lessons | Participants | Total hours |
|---|---|---|---|---|
| OJT Evaluation | 7 | 24 | 588 | 4,116 |
| Section Manager Assessment | 7 | 24 | 464 | 3,248 |
| Assistant Manager Assessment | 7 | 17 | 231 | 1,617 |
| Total | | 65 | 1,283 | 8,981 |

| Course Name | Course Frequency | Total participants | Total hours | Total Expense(NTD) |
|---|---|---|---|---|
| Basic-level Training | 24 | 588 | 4,116 | 1,043,700 |
| Manager Evaluation | 41 | 698 | 4,865 | |

# Complete regular job training and promotion system

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



**Management Trainee**
- One-month training・Operation training
- One-quarter training・Customer service training

**Section Manager**
- Counselor training・Customer service training
- Operation management course・People management training
- Product marketing training

**Assistant manager**
- Operation management course・Customer service training
- Product marketing training・People management training
- Business circle's training・Employee development training

**Store Manager**
- Successors training・Business circle's training
- Profit/loss training・Customer service training
- Operation management course・Employee development training

# Performance management system

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

The officers of each division shall make the evaluation for employees twice a year. The specific assessment is suitable for each job position. Employees assess themselves' based on current working descriptions, key performance indicators of each department, and working objectives. The evaluation is the basis for promotion, compensation and pay raise. The system also helps employees to find their talents and suitable positions by goal setting and evaluation interview.

| | | |
|---|---|---|
| C1 | B1 | A1 |
| C2 | B2 | A2 |
| C3 | B3 | A3 |

**Figure 6.3 Nine levels of KPI The evaluation contents**

**(Taking Finance and Accounting Division as an example)**

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

# Retirement system

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

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

# Employee relations management

## Communication

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

## Protection of Human Rights

Poya regards all the employees at an equal base and avoids any discrimination owing to gender, age, race, color, religion, political parties and disability. It is inalienable that all the employees in Poya deserve equal protection and treatment. During the report period in 2018, 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 2018.

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.

## Fair Work Rights

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

## Complaint Mechanism

Poya has established the complaints box, 0800 hotline and "complaint mechanism" to receive the opinions from employees and answer their concerns.
The employees can complain in the following methods:
1. Oral report: The person who accepts the oral report from employees has to take a record and handle it immediately.
2. Written report or complaint form: Employees can hand over compliant forms or written reports according to complaint procedures to express their opinions. The coherent officers should make inspections and report the resolution to the complainant right after received.

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

## 6.2 Supply Chain Management

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

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



- The purchasing associates will hold an interview with the puchasing specialists who represented thesuppliers irregularly.

**Interview**

**Quarterly Meeting**

- Poya management team will have a meeting every quarter with main suppliers to discuss future development and cooperation.

- The purchasing associates will arrange the factory visiting irregularly to know about the suppliers' real situation.

**Factory Visiting**

# Food Safety and Product Safety

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

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

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

When products are displayed on the shelves, the employees of store check the labels and the quality of products again. Besides, employees of business division will execute regular product inspection in stores and employees of audit division will execute non-period inspection. If there are concerned products in store, Poya will remove and stop selling such product until the quality being confirmed. (Figure 6.4)
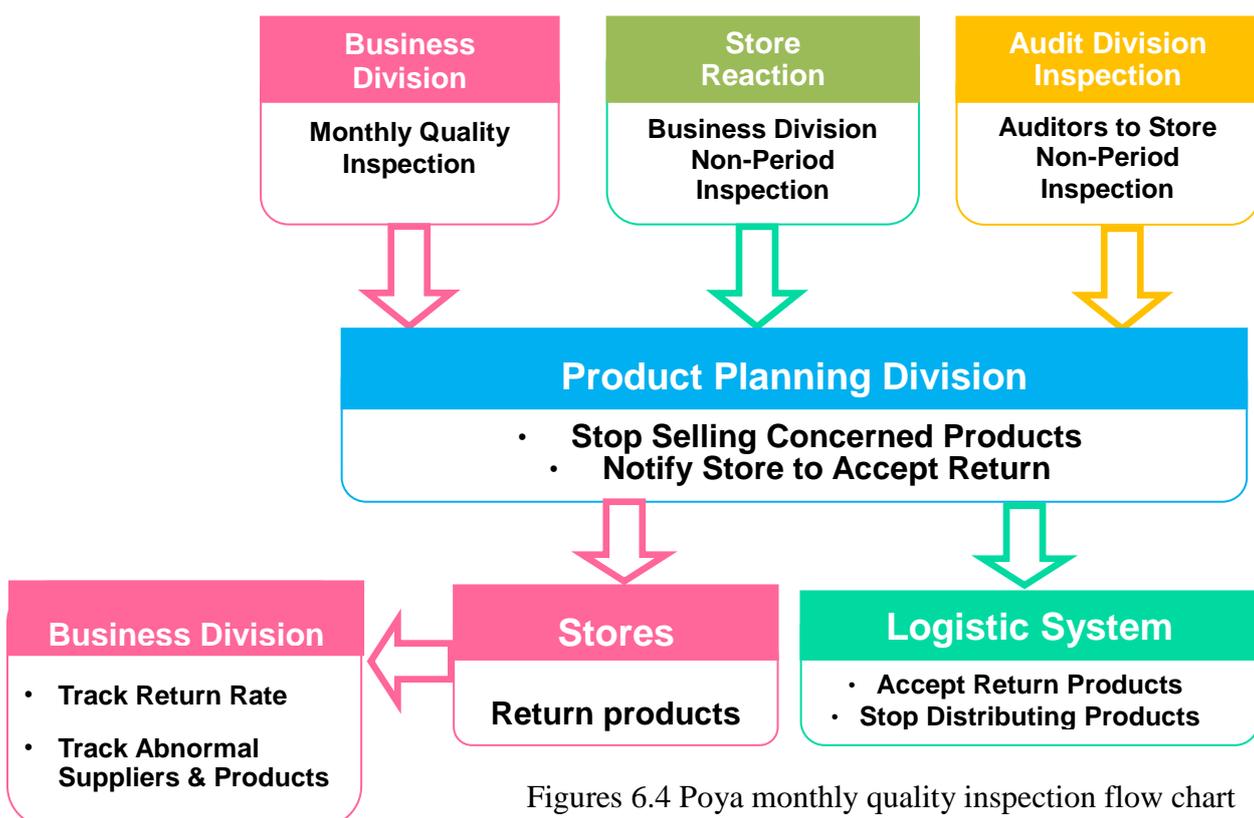


Figures 6.4 Poya monthly quality inspection flow chart

## Suppliers Coorperation

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

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

Under the cooperation, customers get the products they want. Suppliers reward higher product sales. And Poya increases sales and level of customer satisfaction. Therefore, the cooperation creates triple win for Poya, consumers, and suppliers. (Figure 6.5)



**Discover New Business**

**Contact Suppliers**

**Achieve Best Sales**

**Develop and produce Products**

Figures 6.5 Suppliers Cooperation Model

## Precise Order

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

Secondly, store staff reviews suggestions to check appropriation.

Finally, store managers check reviewed order again to achieve order precision.

## Plan of Centralized Logistic Center

Before logistic system built, the suppliers should process orders from all Poya's stores. And they delivered products by deliver fleet or by product owners to all Poya's stores. However, as the stores number increased, up to 201 stores in 2018, many of middle and small cap suppliers had problem in delivering.

In 2011, Poya started the plan of centralized logistic system. The problem solved. In the future, suppliers only deliver one time to logistic center, instead of 177 times to all stores. The plan decreases the labor and the delivery cost for suppliers, and leads our suppliers to grow up with Poya.

## 6.3 Customer Service

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

## Quality and Safety of Products

For understanding customers' demands and raising satisfaction, Poya held focus group interview and accompanied shopping (see Figure. 6.6) with those representative customers. Every year, Poya replaced almost 20% to 30% merchandises. And our merchandises policy emphasized on introducing products with safety, high quality, and closer customers' demands.

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

## Labels of Products

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

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



| Store Safety | Store Management |
| High Quality Product | Product Safety |
| Store Construction | E-commerce Plan |

Figures 6.6 Focus group meeting and accompany shopping in Poya

# Management Procedure of Product Quality and Safety

## Business Planning Division

### Suppliers

① Quality requirement

② Forbid to counterfeit
③ Comply with the related regulation
④ Meet Commodity Labelling Act

### Product Introducing

① Focus group meeting to understand customer demand
② Annual product turnover rate: 20~30%

Ask suppliers to improve when unqualified

### Bussiness Planning Division/Audit Division

☑ Irregular inspection

☑ Ensure product quality

☑ Periodic labeling check

Inspection tour

**Logistic Center**

Delivery

**Shopping Area**

☑ Periodic inspection in stores and warehouse

Unqualified

**Remove from shelves and stop**

After concern dismissed

Qualified

**Display and sell**

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

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

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

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

55

# Store Constrution and Safety

Poya always takes this idea, "Best Services and Customer Orientation", deeply in mind. In 2017, Poya introduced 5th generation stores and set up make up zone for custormers to try out cosmetics and special areas for derma cosmetics with professional impression. In 2018 Poya introduced 6th generation stores and narrowed shelves to set up more SKUs, which provide up to 60,000 SKUs to fulfill one stop shopping demand. In addition, Poya cares about the safety of shopping area. In order to provide a safer shopping environment, the employees of Store Engineering Department will check up, review and maintain the store equipments regularly to ensure the store safety. So far, Poya continues to make upgrade and improvement to let customer have much better shopping experience in our stores.

## 5th generation

**Set up Makeup Zone**
Set up make up zone for custormers to try out cosmetics

**Derma Cosmetics**
Set up special areas for derma cosmetics with professional impression

## 6th generation

**Narrow Shelves**
Narrow shelves to set more SKUs

**One stop shopping experience**
Almost 60,000 SKUs to fulfill one stop shopping demand

## 📢 Store safety precaution :

☑ For shopping area safety, Poya always makes fully preparation to prevent customers from any potential risk. In addition to educate store staffs the concept of public and firefighting safety, Poya also insures public liabilities insurance for customers. If any accident occurs in one of the Poya store, the injured customer will be sent to the hospital accompanied by the store staff and will gain the indemnification.

☑ Store Engineering Department would check up, review and maintain store equipments regularly. If any breakdown or damage is detected, the Store Engineering Dep. will be informed to repair    the equipment immediately.

Design furrow in shelves to protect wires from being damaged.

Strengthen structure can fasten the wall shelves in case of falling by the earthquake.

Equipped with extinguishers, hydrants emergency exits and store location maps in stores.

# Store Operation Checking System

Until the end of 2018, there are 201 stores of Poya. To sufficiently control service quality, Poya completes the Store Operation Checking System and uses this system in all stores. For those stores need to be improved, Poya will focus on store staff training and operation process modification to increase service quality and professional image.

## Step 1

### Service Quality Audit

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

## Step 2

### Standard Operation Process (SOP) Check

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

**SOP Checklist**
- ☑ Cleanliness
- ☑ Display
- ☑ Announcement
- ☑ Policy
- ☑ Order
- ☑ Shelves
- ☑ Inventory
- ☑ Warehouse

## Step 3

### Store KPI Conference

The conference, held by general manager and participated by staff of Business Division and Finance and Accounting Division, reviews the performances of all stores. By the cost and benefit analysis and store operating report, the conference will detect the potential problems of the store and point out solutions.
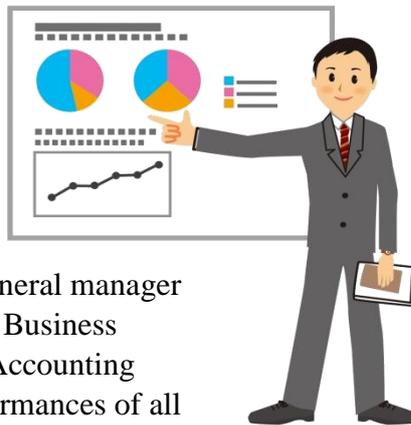
## Step 4

### Store Operation Assistance

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

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

## Taoyuan Zhongzheng

3/5 Email: Compliment from Miss Liao.

When I went to Poya today, I broke the mirror. The clerk asked me if I hurt my hand right away. I think the employee training is very good and the clerk deserves praises.

## Kaohsiung Dingshan

6/25 Email: Compliment from Miss Li.

Today I went to the branch to buy a raincoat. Even though there was no storage, the staff still helped me with enthusiasm and asked the nearby branches to get me one. I think the female staff who worked in grocery department deserves praise.

## Hsinchu Jingguo

3/15 E-mail: Compliment from Miss Lu.

After I checked out yesterday, I locked my phone and keys in the trunk. The clerk helped me contact locksmith with enthusiasm. Because I used to work in service industry, I know they usually do not lend phone so I really appreciate her.

## Taitung Xinsheng

12/11 Line: Compliment from Miss Liu

Hello, I went to Taitung branch in the end of August and left my member card there. I didn't notice it until last week. The clerk helped me get my card back by registered mail and called me to make sure if I got the card. I really appreciate her and I am deeply touched.

# E-Commerce Plan

       E-commerce is flourishing since smart phones and mobile devices are general. What e-commerce attracts everyone is about exploring items, comparing prices, and shopping without time and space restriction when mobile devices on hand. Because of busy life, consumers switch their shopping style from buying in brick-and-mortar stores to buying in e-commerce. For them, e-commerce becomes a time saves and convenient choice. Thus, to provide diversified shopping channels, Poya started to plan the virtual store in YAHOO and shopee in 2018(Figure 6.7),and successively develop Facebook Fan Page, Instagram (Figure 6.8), and Poya App (Figure 6.9)，Approximately 1.6 million downloads for Poya App cumulatively by the end of 2018.

Figure 6.7 Poya Virtual Store in Yahoo and shopee
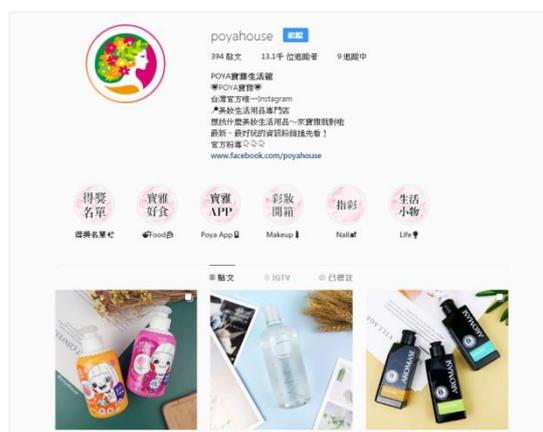
Figure 6.8 Poya Facebook and Instagram Fan Page

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

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



**Virtual Loyalty Cards**

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

**Special offer for app-members only**

Update different app discounts toward different members periodically. Get discount price by showing App page when checking out.

# 6.4 Map of GRI Index

## General Standard Disclosures

| GRI 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's strategy for addressing susutainability. | 02 Start on Poya's CSR- A Message from the Management | P6-7 |
| **Organization Profile** | | | |
| G4-3 | Report the name of the organization. | 04 About Poya International-Corporate Profile and Industry Overview | P16-17 |
| G4-4 | Report the primary brands, products, and services. | | P16-17 |
| G4-5 | Report the location of the organization's headquarters. | | P16-17 |
| G4-6 | Report the number of countries where the organization operates, and names of countries where either the organization has signigicant operations or that are specifically relevant to the sustainability topics covered in ther report. | 04 About Poya International-Operation Strategy | P18 |
| G4-7 | Report the nature of ownership and legal form. | 04 About Poya International-Corporate Profile and Industry Overview | P16-17 |
| G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | 04 About Poya International-Corporate Profile and Industry Overview 04 About Poya International –Operation Strategy | P16-17 P18 |

| GRI Index | Content | Chapter | Page |
|-----------|---------|---------|------|
| G4-9 | Report the scale of the organization, including: total capitalization, total number of operations and employees, net sales). | 04 About Poya International-Corporate Profile and Industry Overview<br>04 About Poya International –Operation Strategy<br>04 About Poya International –Financial Results<br>06 Society-Employee Care | P16-17<br>P18<br>P19<br>P42-50 |

| GRI Index | Content | Chapter | Page |
|-----------|---------|---------|------|
| G4-10 | Report the total number of employees (with the disclosure of "d" by region and gender) | 06 Society-Employee Care | P42-50 |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | *In Taiwan, normal employees of Poya can express themselves by employee welfare committee and complaint mechanism. Currently, there is no labor union or consultation mechanism. | |
| G4-12 | Describe the organization's supply chain. | 06 Society-Supply Chain Management | P51-53 |
| G4-13 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | *Poya do not have any significant change of the size of organization, structure, ownership, or its supply chain | |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization (such as measures of risk management under business operation, methods of developing and promoting new products or services). | 04 About Poya International-Operation Strategy<br>04 About Poya International -Investor Relations Management<br>06 Society-Supply Chain Management | P18<br>P20-31<br>P51-53<br>P54-60 |

| GRI Index | Content | Chapter | Page |
|---|---|---|---|
|  |  | 06 Society-Customer Service |  |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization susbscribes or which it endorses. | 02 Start on Poya's CSR-External Awards<br>05 Environment –Greenhouse Gas Inspection<br>06 Society-Employee Care | P8<br>P33-34<br>P42-50 |
| 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. |  |

| GRI 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.<br>b.Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | Shareholders Report<br>*All entities included in the organization's consolidated financial statements or equivalent documents have been covered by the report. | P92-156<br>- |
| G4-18 | a.Explain the process for defining the report content and the Aspect Boundaries.<br>b.Explain how the organization has implemented the Reporting Principles for Defining Report Content. | 03 Identification and Communication of Stakeholders | P10-12 |

| GRI Index | Content | Chapter | Page |
|---|---|---|---|
| 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. | *None | |
| 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. | | |
| 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. | 03 Identification and Communication of Stakeholders | P10-12 |
| 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. | | |
| **GRI Index** | **Content** | **Chapter** | **Page** |
| | **Report Profile** | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for inoformation provided. | | |
| G4-29 | Date of most recent previous report (if any) | 01 About the Report | P4 |
| G4-30 | Reporting cycle (such as annual, biennial) | | |

| GRI Index | Content | Chapter | Page |
|---|---|---|---|
| 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.<br>b. Report the GRI Content Index for the chosen option(see tables below)<br>c. Report the reference to the External Assurance Report,if the report has been externally assured | 01 About the Report<br>06 Map of GRI Index | P4<br>P61-72 |
| G4-33 | a.Report the organization's policy and current practice with regard to seeking external assurance for the report.<br>b.If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.<br>c.Report the relationship between the organization and the assurance providers.<br>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. | 04 About Poya International –Inverstor Relations Management | P20-31 |
| G4-38 | Report the composition of the highest governance body and its committees by independence, gender, and number of each individual's other significant positions. | 04 About Poya International –Inverstor Relations Management | P20-31 |
| **GRI Index** | **Content** | **Chapter** | **Page** |
| **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. | 04 About Poya International –Corporate Profile and Industry Overview<br>04About Poya International –Inverstor Relations Management<br>06 Society-Employee Care | P16-17<br>P20-31<br>P42-50<br>P51-53<br>P54-60 |

| GRI Index | Content | Chapter | Page |
|---|---|---|---|
| | | 06 Society-Supply Chain Management<br>05 Society-Customer Serivice | |
| G4-58 | Report the intenal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational intergrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | 06 Society-Employee Care | P42-50 |

## Specific Standard Disclosures (Three Categories-Economic, Environment and Social)

| GRI Index | Content | Chapter | Page |
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| **Economic Category** | | | |
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