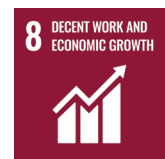


Happy and Friendly Workplace



2019 Highlights



There were **0** cases of serious occupational safety incidents and the Frequency-severity indicator was **0.21** in 2019, lower than the retail industry's average of 0.35 in the past three years (2016-2018) according to the Occupational Safety and Health Administration, Ministry of Labor

In 2019, our head office and chain stores hired **3.08** times more employees with disabilities than the statutory quota.

Health management intervention for employees with severely abnormal results during the 2019 tour health examination reached **100%**

Every employee's average training hours was the highest since 2013 at **38.57** hours per person

PCSC strongly believes that "only when employees are happy can PCSC fully demonstrate its values for customers and provide excellent services that exceed customers' expectations." As such, PCSC provides complete career planning, a wide range of education and training, a healthy and safe work environment, comprehensive benefits system, and reasonable labor rights, so that every employee and franchisee gains suitable development and care, and work together with the Company in reaching future milestones.



4.1 Overview of Human Resources

Management Approach

We referenced international regulations on human rights, such as the "International Bill of Human Rights", "Core Labor Standards of the Fundamental ILO Conventions", and "Ten Principles of the United Nations Global Compact", and established the PCSC Human Rights Policy in June 2018, consisting of seven policies for providing a friendly and safe work environment; banning forced labor; banning child labor; eliminating discrimination and making employment, training and welfare, rewards and evaluations, and promotions equal; eliminating violence, harassment, and intimidation in the workplace, and treating employees with dignity; promoting physical and mental health and work-life balance of employees; establishing diversified communication channels and grievance mechanisms to ensure stakeholders' rights. We have concrete management and implementation plans including periodically audit of occupational safety and health and labor conditions for regulatory compliance to monitor management and guidance results. We provide complete internal and external training, encourage cross-company, cross-field job rotation for more experiences, and assign important tasks and challenges to cultivate outstanding talents. Legal training for all employees is helpful in prevention from illegal conduct and a friendly and safe workplace. We periodically organize health examinations each year and organize health promotion activities based on analysis results of health examination data over the years to improve employees' health. We offer a variety of communication channels, such as: Audit Office, Joint Service Center, or stakeholder section on the official website. Employees can express their opinions online, on the phone, or in writing, and the complete system mechanisms ensure the timeliness of responses. Please refer to 3.3 Sustainable Supply Chain Management for details on PCSC's human rights requirements and audit results for suppliers.

After evaluating the area where our operations are located and the type of work involved within PCSC's individual operational scope, we found retail locations to be work environments with occupational safety concerns. For example, retail store staffs might need to come in contact with hot/cold temperatures or move heavy objects in the course of their work; they might also experience violations of labor rights due to shift work, incomplete work attendance records, unfair remuneration or vacation time that has not been given as required by the law, or too little time between shifts. We thus worked with an external third party to conduct occupational safety and health audits and audits of labor conditions of franchise stores.

Employee Structure

Besides our head office in Taipei, we have eight business operation departments to meet the needs of stores and consumers in each region. As of December 31, 2019, PCSC has a total of 8,430 employees^{Note 1}, and the total number of franchise store personnel was 39,284 as of the end of December 2019^{Note 2}. Female employees account for 54.76%^{Note 3} of all PCSC employees, while 50.99% of sales supervisors are female, showing that PCSC values gender equality in the work environment and talent recruitment.

Note 1: Includes office staff and chain store personnel.



Note 2: The total number of franchise store personnel is the number of people audited for National Health Insurance and labor insurance as of December 2019.

Note 3: The statistics in this section and the following sections do not include that franchise stores.



We do not hire people under the age of 15 as workers in accordance with the "Labor Standards Act." We also follow the philosophy that "employment assistance is the most direct way of helping the disadvantaged achieve independence." For example, we provide job opportunities for people seeking re-employment and part-time work opportunities for student jobseekers, we also collaborate with senior high (vocational) schools to provide students with work opportunities, and we have employed more people with disabilities than the statutory quota. In 2019, PCSC head office and chain stores hired a total of 260 employees with disabilities, which accounted for 3.08% of our total workforce and was 3.08 times higher than the statutory quota. Besides employees with disabilities, PCSC also hired 119 indigenous employees, accounting for 1.41% of all employees.



Distribution of employees by gender and type of employment contract (numbers as of December 31, 2019)

	 Male	 Female
Non-fixed term contract	3,814	4,616
Fixed term contract	0	0
Total	3,814	4,616

Distribution of employees by gender and type of employment (numbers as of December 31, 2019)

	 Male	 Female
Full-time	1,885	2,229
Part-time	1,929	2,387
Total	3,814	4,616

Note: Full-time employees receive monthly salaries while part-time employees receive hourly wages.

Distribution of employees by region and labor contract (numbers as of December 31, 2019)

	Northern	Central	Southern
Non-fixed term contract	5,439	1,154	1,837
Fixed term contract	0	0	0
Total	5,439	1,154	1,837

Distribution of employees by age (numbers as of December 31, 2019)

Employee category	Age	Store personnel	Management personnel	Non-management personnel	Total number of employees
 Female	≤ 30 years old	1,659	0	206	1,865
	31-50 years old	1,650	42	754	2,446
	>50 years old	198	11	96	305
 Male	≤ 30 years old	1,607	0	164	1,771
	31-50 years old	907	115	683	1,705
	>50 years old	122	88	128	338
Total		6,143	256	2,031	8,430

Note: Management personnel are team managers, department managers, and vice president or above (inclusive); non-management personnel are general employees.



Total number and ratio of new employees by age group and gender in 2019.

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
 Female	≤ 30 years old	771	66.41	289	95.07	281	70.25	1,341	71.90
	31-50 years old	196	12.27	98	32.13	107	19.71	401	16.39
	>50 years old	41	21.93	8	21.62	12	14.81	61	20.00
	Total	1,008	34.22	395	61.15	400	39.06	1,803	39.06

Percentage of new recruits (Number of newly hired female employees in the category that year/Number of active female employees in the category as of December 31, 2019)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
 Male	≤ 30 years old	1,040	88.06	307	125.82	312	90.17	1,659	93.68
	31-50 years old	121	10.93	36	17.48	46	11.73	203	11.91
	>50 years old	15	7.32	9	15.52	3	4.00	27	7.99
	Total	1,176	47.17	352	69.29	361	44.40	1,889	49.53

Percentage of new recruits (Number of newly hired male employees in the category that year/Number of active male employees in the category as of December 31, 2019)

Total number and ratio of separated employees by age group and gender in 2019

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
 Female	≤ 30 years old	873	75.19	252	82.89	283	70.75	1,408	75.50
	31-50 years old	236	14.77	68	22.30	100	18.42	404	16.52
	>50 years old	43	22.99	4	10.81	12	14.81	59	19.34
	Total	1,152	39.10	324	50.15	395	38.57	1,871	40.53

Percentage of departing employees (Number of separated female employees in the category that year/Number of active female employees in the category as of December 31, 2019)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
 Male	≤ 30 years old	1,012	85.69	250	102.46	249	71.97	1,511	85.32
	31-50 years old	161	14.54	45	21.84	44	11.22	250	14.66
	>50 years old	37	18.05	2	3.45	11	14.67	50	14.79
	Total	1,210	48.54	297	58.46	304	37.39	1,811	47.48

Percentage of departing employees (Number of separated male employees in the category that year/Number of active male employees in the category as of December 31, 2019)

Note: The number of separated employees includes employees on leave without pay



Number and ratio of managers at all levels by gender in 2019

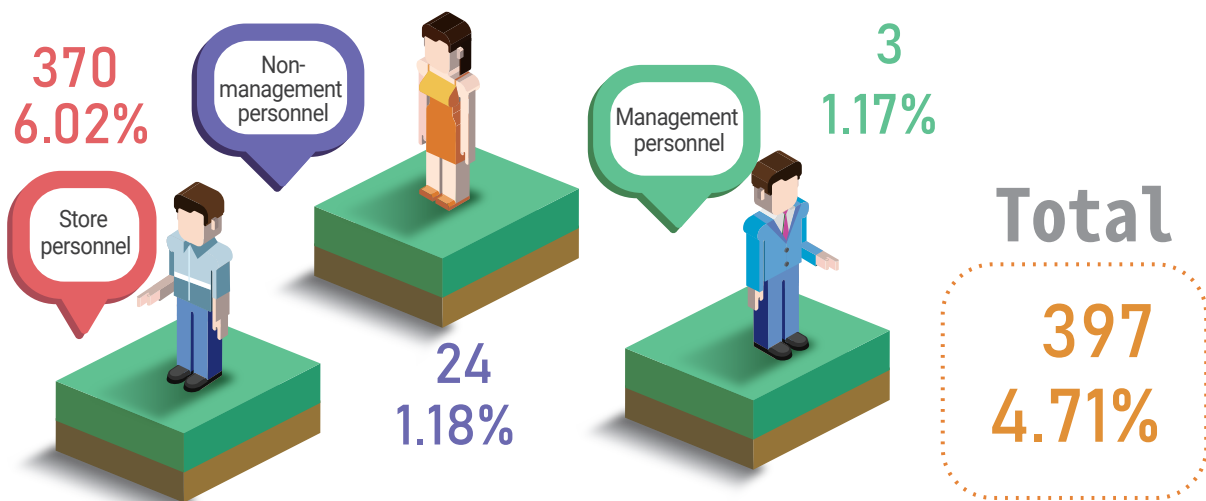
Gender	Team Manager	Department Manager	Team + Department Manager	Executive managers	Total
Female	46	4	50	3	53
Male	152	42	194	9	203
Total no.	198	46	244	12	256
Ratio of female managers	23.23%	8.7%	20.5%	25%	20.70%

Note: Executive managers are vice president and above (inclusive)

Number and ratio of management positions in revenue-generating functions by gender in 2019

Gender	Store Manager	Zone consultant	Zone Manager	Head of Zone	Total
Female	410	259	3	0	672
Male	59	512	67	8	646
Total	469	771	70	8	1,318
Ratio of females in management positions in revenue-generating functions					50.99%

Number of employees from ethnic minorities and disadvantaged groups (numbers as of December 31, 2019)



Note: Employees from ethnic minorities and disadvantaged groups include 119 aborigines, 18 foreign workers, and 260 employees with disabilities

Age-Friendly Store Project

PCSC implemented the Age-Friendly Store Project in response to the impact of aging population and low birth rates on the labor population, and stores are encouraged to hire middle age and elderly workers. To provide the elderly with a friendly and safe work environment, besides organizing training meetings for new employees, we also established an age-friendly benchmark store and three major aspects for implementation: Communicating hiring concepts, arranging workflow, and creating a friendly environment. "Communication of hiring concepts" encourages stores to hire middle age and elderly workers; "Arrangement of workflow" means arranging work items and hours suitable for middle age and elderly workers based on their physical condition; "Creation of a friendly environment" focuses on installing friendly facilities, such as effort-saving tools and barrier-free facilities. Recruitment and training is carried out in coordination with the Senior Store Managers event or channels for recruiting middle age and elderly workers, and training programs are specially designed for middle age and elderly workers.

As of the end of November 2019, we hired 739 workers in the ages 45-55 and 128 workers in the age of 50 and above. In the future, we will expand our recruitment of middle age and elderly workers, optimize training mechanisms and provide a friendlier work environment, so that middle age and elderly workers will be more willing to work at our stores.



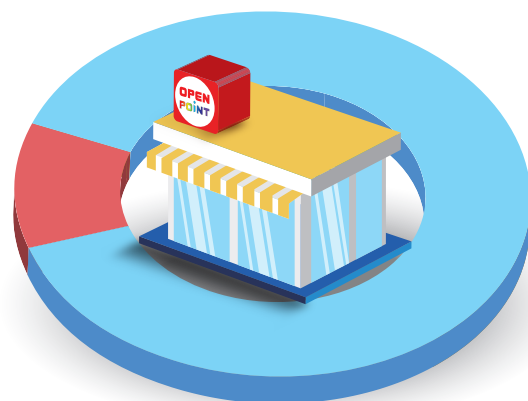
Franchisee management

PCSC had over 5,600 stores as of 2019 with a total of 3,622 franchisees. We constantly show our concern for franchisees' profits and examine the reasonableness of various systems to care for franchisees. In response to the government's annual adjustment of the minimum wage, as well as the rising labor cost of stores, we increased subsidies for franchise stores and licensed stores by NT\$6,000 per month after they have been opened for a full month starting in January 2019. We invested approximately NT\$363,000,000 in 2019 and will continue to create a relieving environment for franchisees to gain steady profits.

Franchisees are critical stakeholders for PCSC. The Franchisee Support Team visited 43 stores, participated in 11 franchisee discussion forums, and involved directly in the tasks of 139 stores in 2019 to listen to their voices and feedback.

Ratio of each type of store

Chain Stores 11%



Franchise Stores 89%

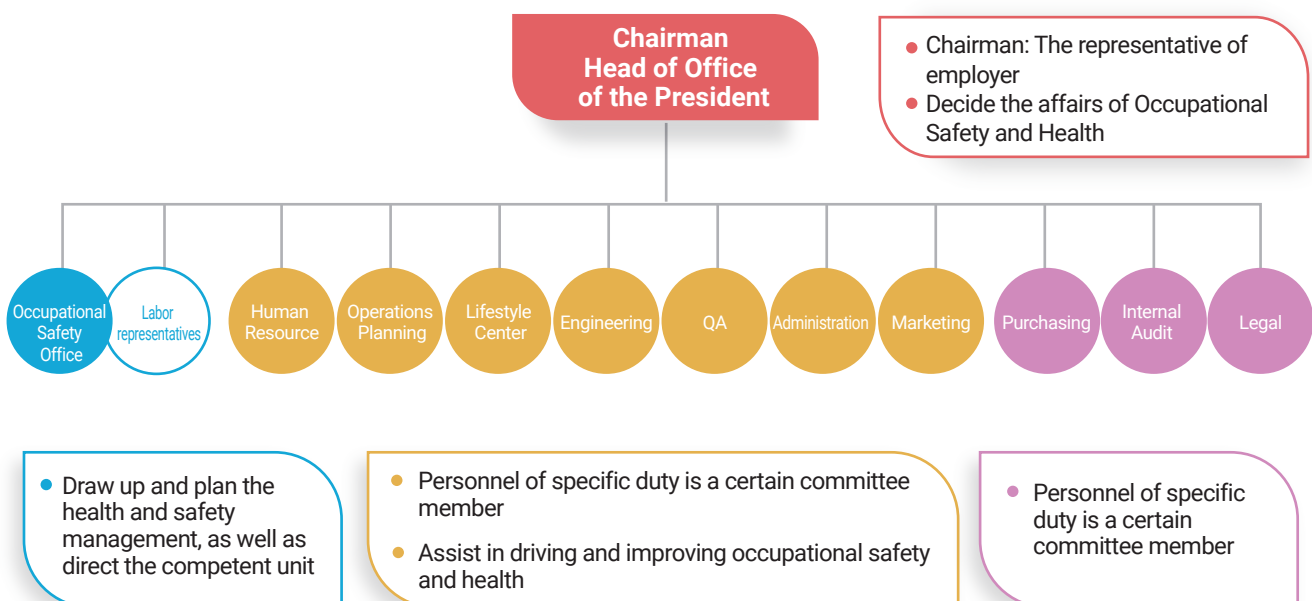


4.2 Occupational Safety and Health

Safe and Friendly Workplace Environment

To ensure that all employees have a safe and hygienic work environment, we established a level 1 Occupational Safety Office and a Safety and Health Committee in accordance with the Occupational Safety and Health Act. The committee has a total of 26 members, in which 9 are labor representatives elected by employees and they accounted for 34.62% of all members. The Occupational Safety Office has 3 full-time staff members (1 safety manager, 1 health manager, and 1 safety and health manager). The committee meets on a quarterly basis. The head of the President's Office serves as the chairperson of the meeting, and the Occupational Safety Office and nurses give quarterly reports during the meeting, which invites the highest level supervisor of each unit and labor representatives to jointly discuss the Company's safety and health affairs. The meeting also establishes occupational safety performance goals, including frequency-severity indicator lower than the retail industry's average in the past three years according to the Occupational Safety and Health Administration, Ministry of Labor, and zero serious occupational safety incidents each year. In addition to the meetings above, stakeholders can express their opinions on occupational safety and health through the Joint Service Center, exclusive e-mail, stakeholder section, and internal communication platform.

Committee organization chart



The president approved the Occupational Safety and Health Policy in 2018, which consists of five implementation guidelines for risk prevention and management. Our goals in 2019 were for frequency-severity indicator to be lower than the retail industry's average of 0.35 in the past three years (2016-2018) according to the Occupational Safety and Health Administration, Ministry of Labor, and for there to be 0 cases of serious occupational safety incidents. We took the following actions to achieve this goal: contractor safety organization meeting, safety and health education and training, emergency response drills, safety risk assessments and safety audits, air, lighting, and drinking water quality monitoring, and safety management for large events. Furthermore, we continued to implement the Overload Prevention Plan, Human Factor Hazard Prevention Plan, Illegal Violence Prevention Plan, and Maternity Health Protection Plan, to protect employees' health and safety through prevention measures and risk identification.

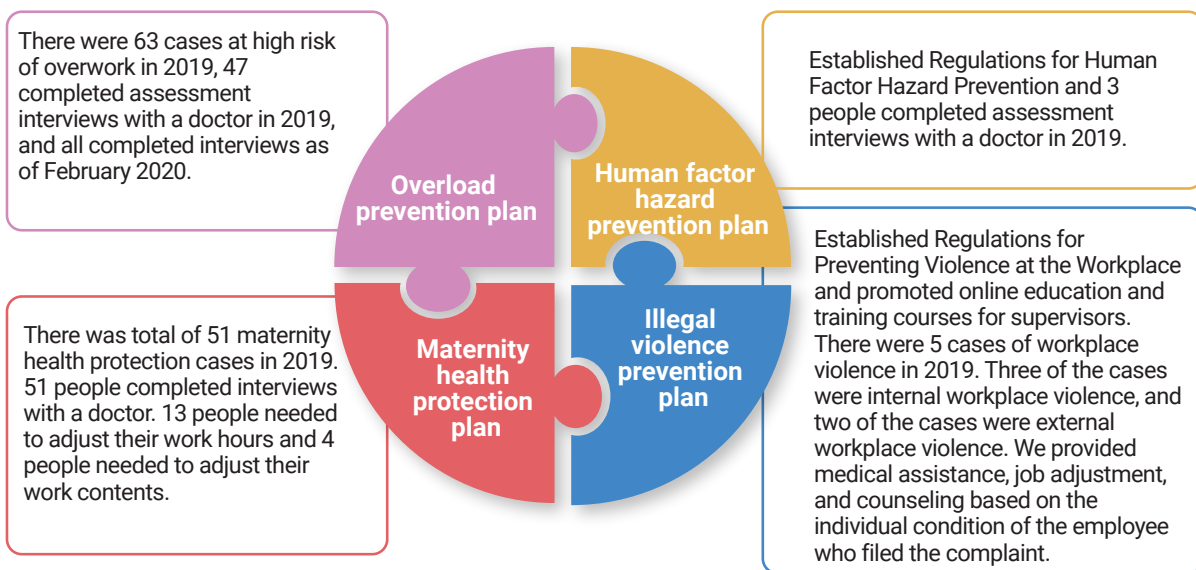
We won the Taipei City Award for Excellence in Labor Safety in 2019 and passed the annual inspection for ISO 45001 Occupational Safety and Health Management System with zero deficiencies. Our safety and health



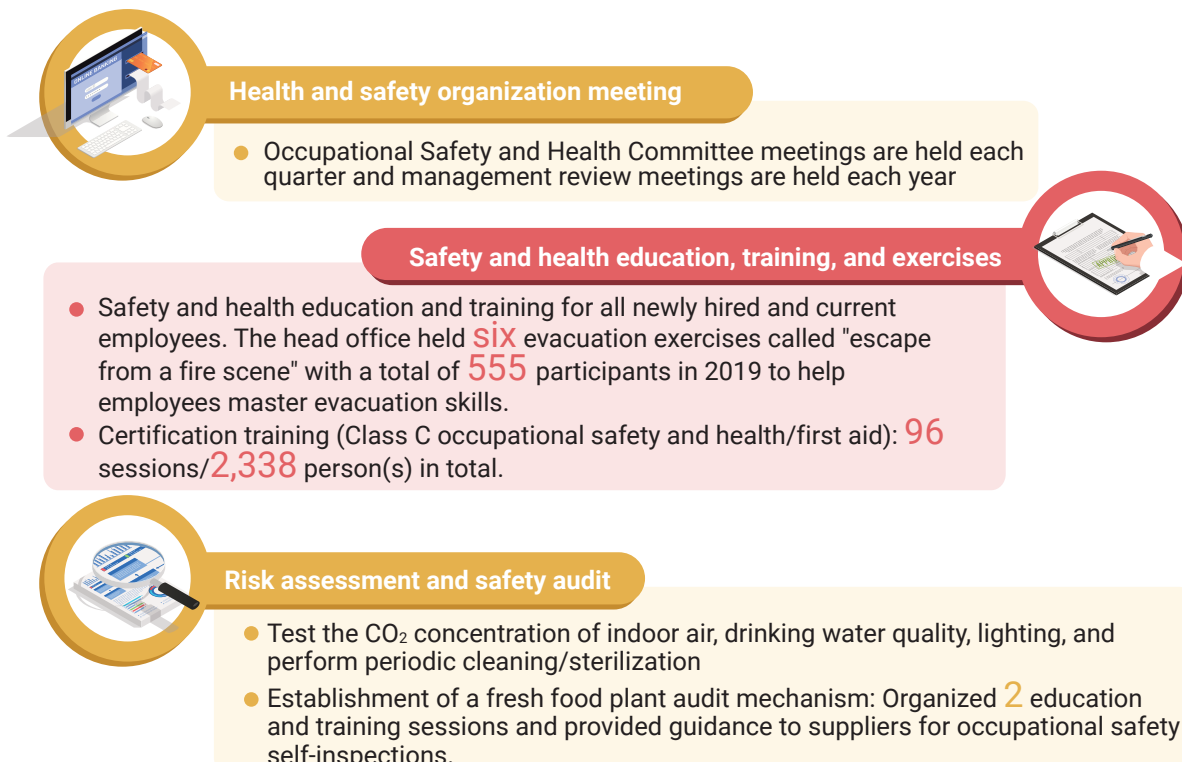
self-management shows our determination to create a safety culture foundation that meets international standards. In the future, we will engage all employees to jointly create and maintain a friendly and safe workplace. We will also continue to supervise contractors to participate in these efforts.

We allocated NT\$37,483,300 for the Occupational Safety and Health Project in 2019, which involves the establishment of an ISO45001 Occupational Safety and Health Management System, hazard and risk assessment and contractor management, employee health examinations, healthcare services provided by doctors, and health promotion events.

Management of the Four Major Occupational Safety Plans in 2019



Implementation of Occupational Health and Safety in 2019





Activity safety management



- The safety management process ensures the safety of internal and external activities organized by the Company, achieving zero occupational safety incidents.
- Three sessions were held in 2019 with a total audience of **140,000** people; we received **0** fines and **0** serious incidents occurred.



Contractor Management

- Contractor safety agreement meeting: **2** meetings with **122** contractors. Unscheduled audits: **79** audits, **15** with zero deficiencies, improved **202** deficiencies, **100%** deficiency improvement rate.
- We conducted safety risk assessments in 2019 to discover potentially unsafe behavior and environments. A total of 8 operations was listed as high risk, and the top three hazards were falling from high places, electrical shock, and the contact with hazardous substances.
- Labor safety related fines imposed on vendors: According to the Vendor Management Regulations, the Engineering and Technology Department issued a citation based on monthly construction site audit results and imposes fines for violations.
- Operating standards for high-risk machine and equipment: We established and announced the safety standards for high-risk equipment to enter the construction site on the bulletin board in the construction site.
- Contractor proof of insurance: We required contractors to buy labor insurance for their employees through the contract with contractors, and contractors are required to provide proof of insurance for construction personnel before entering the construction site, thereby supervising contractors and protecting the labor rights of their workers.
- Rooftop operation techniques: Established operation safety procedures and standard facilities for rooftop operations to prevent construction risks.
- Notice on renovation hazards of existing stores: Prepared a notice on Environmental Hazards and Risks to assist store renovation contractors for construction.
- Safety evaluations for the construction of shopping centers: Safety evaluations for individual works and identification of hazards when digging cable routes in the construction of **3** new shopping centers.

Occupational Safety and Health Management System and Health Certification





2019 Occupational Injury/Absence Statistics

PCSC strives to reduce occupational injuries, and compiles statistics on the injury rate, lost workday rate, absentee rate, occupational injury rate per 1,000 people, and frequency-severity indicator. For details, please see the table below for details. We have the achievement of zero cases of work-related fatalities or critical injuries for five consecutive years through various safety and health management plans, and the frequency-severity indicator was 0.21 in 2019 was lower than the retail industry's average rate of 0.35 in the past three years (2016-2018) according to the Occupational Safety and Health Administration, Ministry of Labor. Furthermore, PCSC had no cases of occupational illness for our employees from 2016 to 2019.

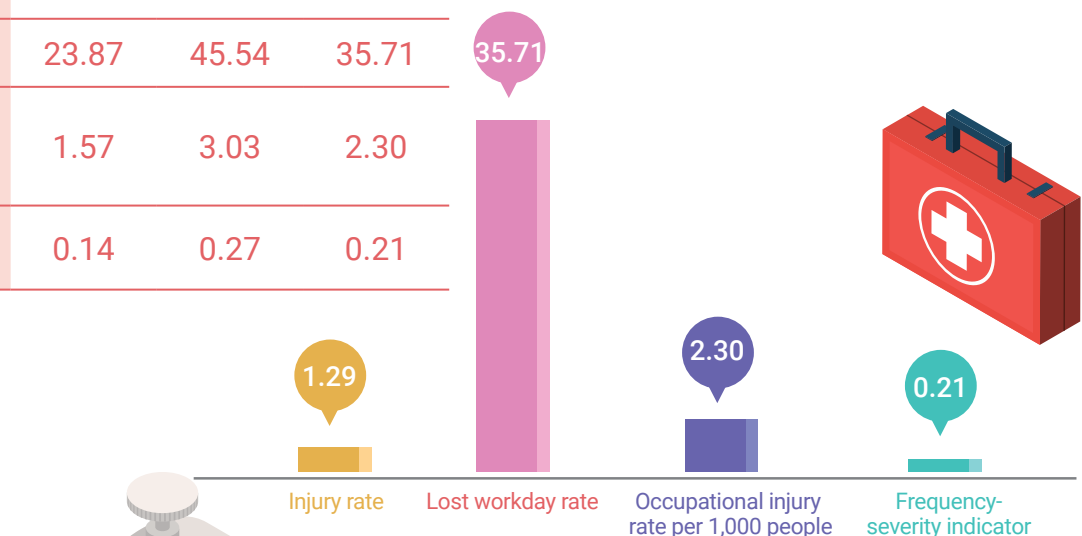
Number and type of injuries by gender in 2019

Type of Injury	Falling	Tripping	Object collapse	Cuts, lacerations, scrapes	Exposure to high/low temperatures	Inappropriate action	Other	Total
Male	1	1	1	1	0	2	0	6
Female	5	2	1	1	1	3	1	14
Total	6	3	2	2	1	5	1	20

Note : The majority of injuries occurred in store personnel.

2019 Disabling Injury Statistics by gender (excluding traffic accidents while commuting):

	Male	Female	Total
Injury rate	0.85	1.65	1.29
Lost workday rate	23.87	45.54	35.71
Occupational injury rate per 1,000 people	1.57	3.03	2.30
Frequency-severity indicator	0.14	0.27	0.21

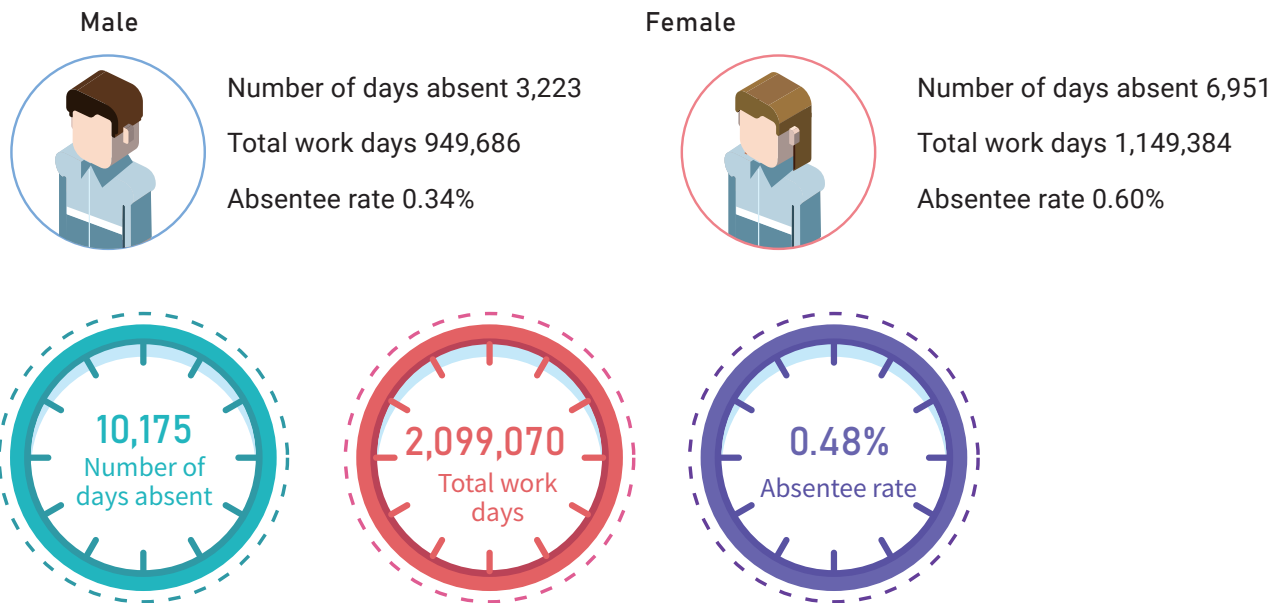


Note : Formula

- Injury rate = Total number of injuries * 10⁶/total work hours (per million hours of work)
- Lost workday rate = Total workdays lost * 10⁶/total work hours (per million hours of work)
- Occupational injury rate per 1,000 people = $\frac{\text{Number of occupational injuries per year}}{\text{Average number of employees over the year}} \times 1,000$
- Frequency-severity indicator = $\sqrt{\text{Disabling Injury Frequency Rate (FR)} \times \text{Disabling Injury Severity Rate (SR)}} \times 1000$



2019 Absence Rate



Note:

- 1) Absentee rate (AR) = Number of days absent/Total work hours x 100%.
- 2) Total workdays = Number of employees as of 2019/12/31 * Total workdays in the year
- 3) The total number of days absent include menstrual leaves, extended sick leaves, sick leaves, injury leaves, pregnancy leaves, and official sick leaves.

In the spirit of treating others as we expect to be treated, PCSC has established a complete occupational safety reporting mechanism, as well as emergency response and incident handling regulations for contractors. When an incident occurs, contractors will actively notify the responsible unit at PCSC, which then notify the Occupational Safety Office. Incident review meetings are held afterwards, and contractors are required to attend the meetings and give a report, in order to ensure safety in the work environment. No occupational accidents occurred while personnel of contractors were providing services in stores or other workplaces in 2019, 2017, and 2016. There were two injuries in 2018, and with the total work hours of contractor personnel at approximately 724,480 hours ^{Note}, the contractor worker injury rate was 2.76 in 2018. Furthermore, there were no serious occupational accidents that resulted in employee death over the years.

Note: The total work hours of contractor personnel is estimated based on the number of stores opened that year and contents of the contract.

Happiness and Health Promotion Plans

Employees are important assets of the Company, and maintaining employees' physical and mental health has always been one of PCSC's goals for becoming one of the best companies to work for. We hope to let employees maintain their health and gain a sense of happiness through active care mechanisms, health promotion activities, a friendly environment for pregnant mothers, and complete benefit measures.

Under the "Health Management Program" introduced in 2013, professional nurses were employed by the Company to provide health consultations on demand. A clinic was also set up and ready at the head office to provide employees with blood pressure measurements, hot/cold compresses, and treating simple wounds. At the same time, employees were provided with exclusive "Health Passports" and we created a healthy exercise living circle exclusive for employees through an app in 2019, encouraging all employees to maintain the habit of exercise. We also provided health education through periodic e-newsletters and seminars, which encourages employees to manage their own health.

Health and medical resources/services

Health examinations and follow-up

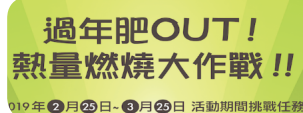
- Health examinations for general employees and food factory workers (annual): A total of 6,739 received health examinations in 2019, employee satisfaction reached 4.3 points, and participation rate reaches 84.5% (Note: Participation rate is calculated based on the total number of employees in the month of the health examination; new employees that have been on the job for less than three months are not included)
- Health examination subsidies in the amount of NT\$16,000 for full-time employees who have been in the service for 5 years and are over the age of 36 (every two years): A total of 2,038 employees was eligible to apply for the subsidy in 2019

Individual healthcare services

- Healthcare services provided by doctors: We began providing these services in 2013, and the service frequency reached 16 times a month (3 hours each time) in 2019. Doctors provided 576 hours of healthcare services one-to-one for a total of 422 employees in 2019, and employee satisfaction reached 4.8 points.
- Nurses: Our 4 nurses provided treatment to 353 people in 2019. Classified health management is implemented for employees with abnormal results in their health examinations, and we intervened in 100% of cases with extremely high risk, tracking treatment of abnormalities and managing cases.

Health Promotion App

- We created a healthy exercise living circle exclusive for employees on an app in 2019 and encouraged employees to maintain the habit of exercise.
- We organized four batches of one-month health events in 2019, including: Chinese New Year weight loss, Dragon Boat Festival, Battle to Burn Fat, and GOGO Gingerbread Man.
- A total of 3,652 people participated in the four events, and 1,755 people successfully burned 3,000 kcal, which is approximately 973 kg in total.



Mommy Handbook

- Provides expectant mothers with key points of nutrition and daily life reminders for each phase of pregnancy, the pregnancy app, and subsidies and measures of the Company for each phase
- Distributed to a total of 51 people in 2019

Other activities

- Four cancer screening activities at public expense: In 2019, pap tests were provided by public expense to 24 participants at the head office.
- Promote "Family Wednesdays" to remind employees of the need to balance work and family

► Happiness Cooperative Society

Happiness Cooperative Society was established in 2010 and has introduced professional lecturers and resource referral. It has trained enthusiastic employees who are willing to serve as volunteers who provides effective and immediate care and assistance.



Volunteers in Happiness Cooperative Society provide a wide range of care, including interpersonal relationships in the workplace, work adjustments, family, gender relations, and health, and classify cases for management. If volunteers determine that it is necessary to provide further assistance, they will actively provide professional resources or refer the case to a professional consultation institution. Happiness Cooperative Society has trained 280 volunteers in the group so far, and certificates have been awarded to 154 volunteers.

The cultivation of corporate volunteers saves on the cost of referrals to Teacher Chang Foundation (TCF). The estimated return on investment is approximately 213%^{Note}. A total of 240 care cases was carried out in 2019, involving 189 hours of support services. A total of 3,373 hours of support services has been provided as of 2019.

Note: The return on investment is the cumulative return on investment between 2010 and December of 2019 (the ratio of cost of training per volunteer to teacher's expenses for implementing each case), which is equal to the cumulative estimated cost for executing a TCF case (NT\$5,415,000)/Total cost of volunteer training (NT\$2,538,000)

To improve the low-level managers' techniques and sensitivity of caring employees, we utilized the expertise of volunteers starting in 2018 and organized 8 "One-day Experience as a Thoughtful Store Manager" over the past two years. A total of 396 people participated, and satisfaction reached 4.8 points. We also organized two volunteer learning events in 2019 to improve volunteers' techniques for helping people, and satisfaction of participants reached 4.9 points.

The Human Resources Division organized the charity experience event "Take-out Love from the Eating Hall of Happiness" in December 2019 for employees to go out of their comfort zone and experience what it means to be more blessed to give than to receive. Twenty-two office staff from the head office and their family members visited the 1919 Food Bank of the Chinese Christian Relief Association, and assisted in packaging 220 boxes of "1919 relief meals," which contain supplements, milk powder, dried mushrooms, canned food, blankets, and other supplies. The boxes will be delivered to disadvantaged families around Taiwan before Chinese New Year, so that they will have food for the holidays. Satisfaction of the event reached 4.6 points and many employees said that the event made them very happy. Even though they sweat a lot, they felt it was very meaningful and hoped to encourage others around them to take part in the event, too.



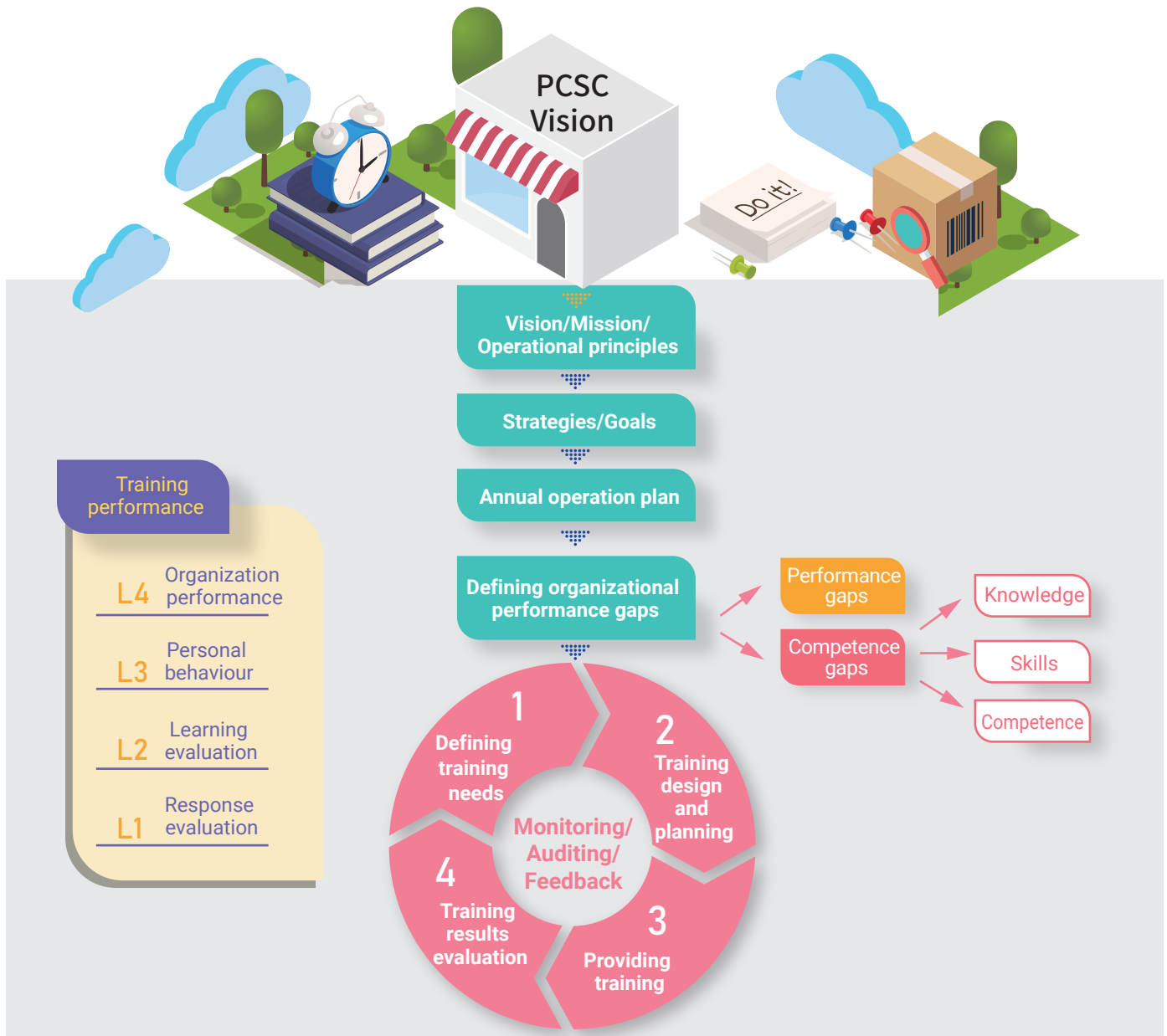
Ratio of employees who sought assistance v.s. volunteers who actively provided care in 2019:



4.3 Employee Training and Development

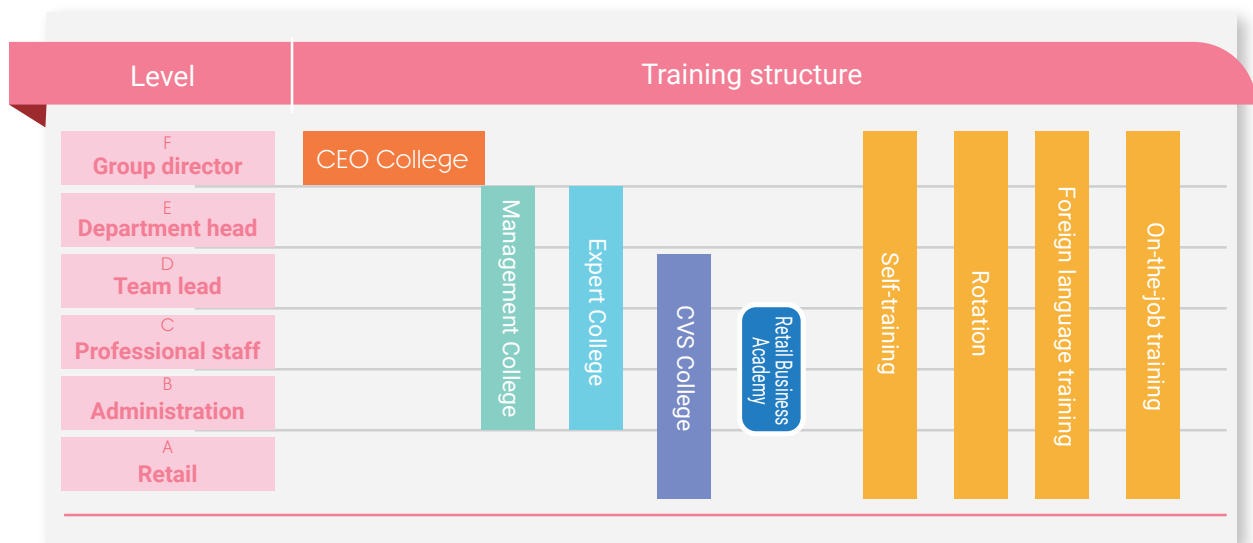
Comprehensive Training Plan

Education and training are the main drivers of organizational growth. Hence, PCSC has spared no effort when it comes to the training and development of our employees. There is no difference in the training and development of male and female employees, and we fully support employees in learning new knowledge and improving their skills. We established the "Common Ability Structure of Office Staff and Regulations for Training Courses" and "Training Management Regulations." The former specifies the abilities required by employees in each position and corresponding courses, which helps employees improve their behavior or techniques; the latter sets forth rules for various training activities. Employees can participate in internal courses or participate in external courses based on their individual needs. Our goal is to strengthen the sales/marketing training framework, expand group-level training and plan internal and external seminars. The Human Resources Division Talent Development Team and Operations Planning Department Sales Training Team are responsible for implementing education and training.





Training structure



We have invested resources into a wide range of channels for continuing education, including: Guidance from supervisors and peers, knowledge management systems, external training courses, internal training courses, seminars and symposiums, e-learning, on-the-job training, in-service education, as well as physical and digital libraries; actively training employees into professional internal lecturers who are enthusiastic and happy to share. We invested a total of NT\$64,808,000 in education and training in 2019; average training expense was NT\$7,688 per person ^{Note}.

Note: The decrease in average training expense was due to the annual training of departments being adjusted to one day and did not cost as much. Some courses were changed to online courses, which reduced transportation fees for students, lecturers' wages and transportation fees.

In addition to education and training, we also provide scholarships for on-the-job training and subsidies for learning foreign languages. We encourage employees to gain work-related knowledge when they are off work, and help employees set goals and lay out a plan for learning and growth in different phases of life, enriching their professional knowledge and skills. We also help employees formulate their Individual Development Program. Employees can express their opinions on education and training through the Joint Service Center, dedicated e-mail, stakeholder section, and internal communication platform. We learn about employees' opinions of education and training through satisfaction surveys and use it as a basis for evaluating course adjustments.

Education and Training Statistics

PCSC values employee growth and invests considerable resources into education and training each year, designing and planning different training courses for different level employees and departments, including new employee training, level-specific training, stores, public course for office staff, general education courses, and specialized training for each unit.

Average training hours of all employees was at least 25 hours in the past five years. Total education and training hours were 325,186 hours in 2019, the majority of which was from training organized by units and sales training. Employees received an average of 38.57 hours of training, which is the highest since 2013, and it shows the training hour is on an upward trend each year.



Average employee training hours in 2019 (classroom + online courses)

Employee category	Total training hours		Total no. of employees		Average hours of training per employee	
	Male	Female	Male	Female	Male	Female
Store personnel	89,338	132,477	2,636	3,507	33.9	37.8
Management personnel	9,846	2,433	203	53	48.5	45.9
Non-management personnel	48,895	42,198	975	1,056	50.1	40.0
Total	148,078	177,108	3,814	4,616	38.8	38.4



Education and Training Course

► Education and Training for New Employees

To help new employees quickly adapt to the Company and identify with the Company, new employee training is provided for store personnel and office staff. In addition to courses on corporate culture/values and vision, company regulations, system use, and health services, we provide new employees with a learning passport to guide their learning, and also assign instructors to help them adapt to the work environment. For district advisors, the core of our operations, we provide an exclusive "District Advisor Development Passport" and complete training courses, providing district advisors with guidance to quickly master things.





► General Education

We utilized the group's resources and provided legal education and aesthetic education jointly with our parent company Uni-President Enterprises Corp., and gradually established other common elective courses, sharing education and training resources.

Joint education and training in 2019

Legal Education	Purpose	To raise the legal awareness of supervisors when making decisions
	Target	Department managers and above (inclusive) in the Group and team managers at PCSC must receive 3 hours per year of legal education; the course is elective for other managers
	Classroom Course	<ul style="list-style-type: none"> Topics include labor-management disputes, trade secrets and insider trading, intellectual property rights, and personal information 25 offline courses/seminars (including video conference)
	Online course	<ul style="list-style-type: none"> Ethical corporate management and the Personal Information Management Act for office staff: Required for new employees; 243 people took the course. Online legal course: Completed by 5,838 people. Basic courses include common legal knowledge (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, sexual harassment and workplace violence) and use of the brand 7-Eleven. Other courses include how to manage incompetent personnel in accordance with the law (assist supervisors in avoiding labor-management disputes), zero workplace violence, office hazard prevention, trade secrets, store violation cases - office staff, and licensed brand promotion training. Worked with Operations Training to produce 1 online operation course.

Aesthetic Education	Purpose	To elevate the overall aesthetic literacy at Uni-President and develop a group of three qualities (including good taste)
	Target	All employees of the Group
	Topics/Class	15 classes in total (2 offline courses, 13 video conference), 983 people received training in total



▶ OPEN Masterclass

OPEN Masterclass invites senior managers, experts, and scholars to share their knowledge of different fields or business administration experience, and employees gain first-hand practical experience through the experience sharing. The experience shared by managers is made into online courses so that more employees can learn from the wisdom of senior employees. External lecturers are invited each year, and 4 sessions were organized in 2019 with a total of 1,019 participants, up 25% compared with last year.



▶ TK Culture Promotion – ISE (In store Experience)

We began helping office staff think from the market's perspective in 2015 through ISE, so that they can understand the operation with stores as well as the planning of the head office affects stores. We trained experience planning advisors to provide professional advice on planning a better experience. The experience manager arranges different divisions and offices (such as operations + marketing) together so that they will exchange opinions and put themselves in each other's shoes.



A total of 10 batches was organized in 2019 and 20 managers participated in the experience. A total of 121 batches has been held with supervisors experiencing it 237 times.

▶ Periodic Review of Individual Development

Each PCSC employee has a customized "Individual Development Program" which is developed with the help of direct superiors based on his/her personal education background, work requirements, performance evaluation results, and career development needs. The program helps employees understand their own strengths and weaknesses for development planning. The Human Resources Division planned four "Interpreting the 360 Report" classes in 2019. The small classes allowed 68 managers to learn how to use the tool for interpreting the 360 report.

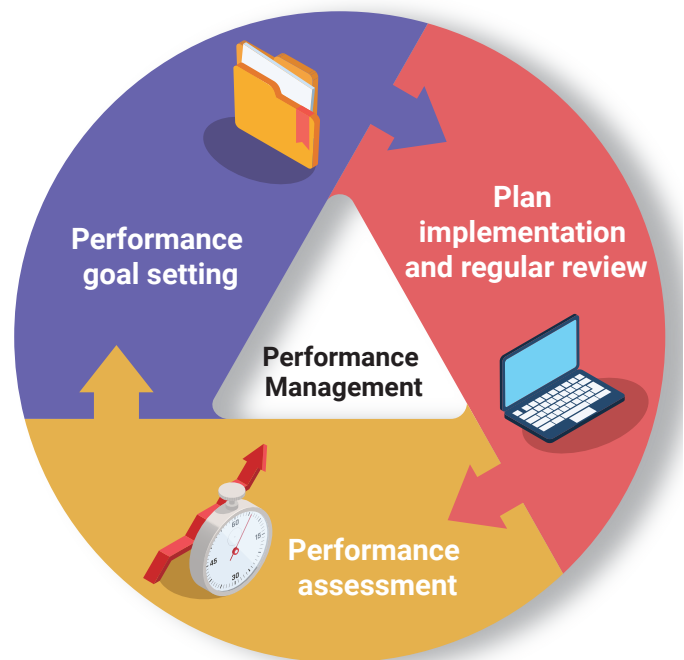




Performance Management

In the implementation of performance management, besides establishing goals that the Company and employees agree on, which will drive company growth, employees can check the progress of each work goal at any time, and make adjustments or seek the advice of their supervisor to assist their own development.

The performance management system is applicable to all employees, see the table below for details. Furthermore, we use a promotion system for employees to be promoted each year if they continue to show good performance on their jobs and gain recognition from their supervisor. Being promoted to a higher job level means having a higher base for calculating their salaries, benefits, and bonuses, which encourage employees to continue to make progress and contributions. 100% of employees, regardless of gender, received periodic performance evaluations in 2019.



Full-time employees	<ul style="list-style-type: none">■ Performance goals are set in March, for which supervisors and employees jointly discuss and set annual goals. Supervisors may provide guidance based on the progress of tasks during the evaluation period.■ The final performance evaluation is carried out in December.
Part-time employees	<ul style="list-style-type: none">■ A bonus distribution evaluation is carried out each month to incentivize part-time employees at stores to maintain the store image, service quality, and quality management.

Employee Engagement Survey

PCSC plans to conduct an employee engagement survey every two years to understand employees' engagement and how well they are adapting to the workplace. Survey subjects are district advisors and marketing personnel whose work is directly related to the revenue of stores. We analyzed results of the engagement survey to understand the interaction between managers and employees, and set the goal to increase employee engagement to 50%. We found the workplace issues that employees felt most urgently needed improvement, and further formulated improvement plans to increase employees' trust in the organization.

We conducted a job satisfaction survey for marketing personnel in 2019, and contents of the questionnaire include: Work satisfaction (need for growth, work satisfaction), internal communication (the manager's leadership, how well colleagues get along), physical and mental balance (workplace stress analysis), and organizational commitment/identification with the Company. Items were measured on a five-point scale and the response rate was 96%; the average score reached 3 points and above. We improved the electronic contract and simplified forms in response to issues reported by employees in the 2015 survey, and satisfaction (3 points or above) reached 86% and 75.8%.



We collected 174 questionnaires and statistical results as follows:

Employee Engagement Survey	All respondents	Male respondents	Female respondents
Percentage of employees who are active ^{Note 1} (%)	49.53%	55.33%	43.74%
Number of respondents ^{Note 2}	174	59	107
As a percentage of all employees	2.06%	--	--

Note 1: This questionnaire uses a 5-point scale, and 4-5 points represents active

Note 2: A total of 174 employees participated in the survey. However, 8 employees who did not select a gender were not included in statistics.

The time originally scheduled for the previous survey (2017) coincided with large-scale internal personnel and organizational changes, and we determined that an engagement survey was not suitable until employees adapted to their new position and supervisor. Questions in the 2018 engagement survey included: work satisfaction (self-grow demand, work satisfaction), job identification (work optimization, identification with the system and behavior models), internal communication (supervisor's leadership, coworker relations), and balance between physical and psychological development(workplace stress analysis). We used Likert Five-Point Scale to design the texts and scores of the questionnaire. After explained by Human Resource Department, coworkers were asked to fill in the survey questionnaires. The 2018 engagement survey primarily included zone consultants. We received 698 questionnaires back, and the statistical results are as follows:

Employee Engagement Survey	All respondents ^{Note 3}	Male respondents	Female respondents
Percentage of actively engaged employees ^{Note 1} (%)	48.25%	50.6%	45.9%
Number of respondents ^{Note 2}	698	456	170
As a percentage of all employees	8.62%	--	--

Note 1: This questionnaire uses a 5-point scale, and we defined 4&5 points as the indicator of employees hold a positive view, who could be seen as actively engaged employees.

Note 2: A total of 698 employees participated in the survey. However, 72 of them who did not select a gender were not included in statistics.

Note 3: The percentage of active employees in the 2015 survey was 44.93%, with 662 employees participating in the survey (accounts for 7.89% of all employees). However, contents of the 2015 questionnaire differed from the 2018 questionnaire, so the results cannot be directly compared.

With regard to the district advisor survey results in 2018, two main improvement measures were implemented in 2019:

- (1) For work optimization, 3G POS standard information training was provided for zone consultants in 2019, and we periodically promoted forms specific for each zone, so that personnel would become more familiar and used to the new system.
- (2) Many employees responded that the weekly report resulted in overtime, so we revised the contents of the weekly report and explicitly stated that the number of slide pages was to be reduced from 10 pages to 5 pages. This change was promoted by the Reform Committee and during manager meetings.



4.4 Employee Welfare and Care

Employee Benefits

The starting salary of college graduates that were hired as PCSC's office staff in 2019 was 1.48 times the minimum wage (NT\$23,100). The starting salary of master's was 1.74 times the minimum wage. We conduct salary and benefits surveys each year to make salaries competitive in the market. The starting salary does not discriminate between genders or age. There is no significant difference in the salaries of male and female employees. The difference in basic salary plus year-end bonus was less than 1.1 times (inclusive) for all employee types in 2019. In terms of salary adjustments, the majority of employees received a raise of more than 2% in both 2019 and 2018.

Ratio of Salaries of Male and Female Employees in 2019:

Employee category	Male(Multiple)	Female(Multiple)
Store personnel	0.93	1
Management personnel	1.10	1
Non-management personnel	1.07	1

Note: Compensation consists of basic salaries for 2019 and annual bonuses.
Note: Store personnel do not include part-time employees

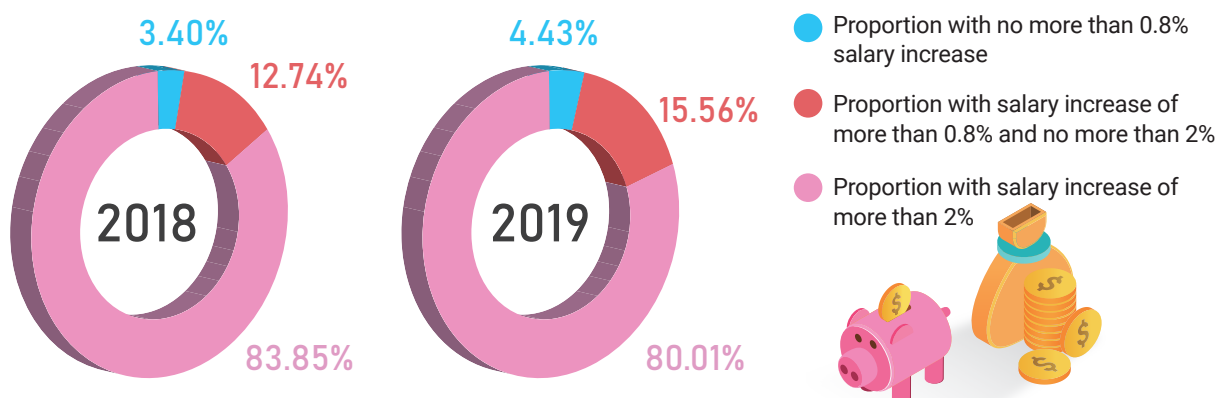
Ratio of average base salary in 2019 (excluding bonuses)

	Male(Multiple)	Female(Multiple)
Store personnel and non-management personnel	1	0.89273
Team Manager and Department Manager	1	0.93209
Executive managers	1	0.80118

Note: Store personnel do not include part-time employees.

Furthermore, the ratio of salaries (including year-end bonuses but no other bonuses) received by male and female team managers and department managers in 2019 was female/male = 0.93330.

► Salary adjustments for full-time employees:



Note: For those with a salary adjustment of >2%, for example, proportion = (No. of employees with a salary adjustment of >2%) / Total number of employees.

According to the Corporate Social Responsibility Report Authoring and Reporting Guidelines for TWSE/TPEX-listed Companies, we disclosed the number of full-time non-management personnel^{Note} was 5,287 in 2019, the average salary was NT\$970,000, and median salary was NT\$823,000. The number of employees in 2019 decreased 219 compared to 2018 because a higher percentage of employees worked part-time in 2019. Average salary in 2019 increased NT\$17,000 compared with 2018.

Note: Full-time non-management employees are not managers defined in the official document Tai-Cai-Zheng-San-Zi No. 920001301, and the employees' number of work hours reached the normal work hours (152 hours a month) stipulated by the Company. The scope of statistics covers employees excluding managers for the entire year.



Please see the table below for details on the number of employees who took unpaid parental leave in 2019. The implementation of diversified caring and follow-up plans in 2019 included caring for new employees and employee departure interview, and improvement measures implemented after the district advisor satisfaction survey in 2018. Please refer to page 55 of the 2019 annual report ^{Note} for other benefits. PCSC cares for employees and assists their families. As a result, it has set up breastfeeding rooms in its offices and has signed agreements with childcare organizations to obtain preferential prices for our employees to help reduce their childcare costs. Furthermore, PCSC offers office staff flexible work schedules, allowing them to work around the needs of their family, helping them achieve work-life balance. Due to the COVID-19 pandemic in 2020, in order to maintain workplace health and help employees respond to sudden needs, PCSC established the "Management guidelines for Employees to Work from Home" and supporting attendance measures. This allows office staff to work remotely from home. We also added new segments to the flexible work hours employees can choose from in response to the epidemic. In May 2020, we also established the "Principle of Working Away from Office", starting to include "working away from office" into our system.

Note: The annual report can be downloaded from the Market Observation Post System or the investor relations section on PCSC's website: <http://www.7-11.com.tw/company/ir/annual.html>.

Employee reinstatement and retention rate after taking unpaid parental leaves in 2019:

Item	No. of male	No. of female	Total
Employees eligible for taking unpaid parental leaves in 2019	160	234	394
Employees who applied for unpaid parental leaves in 2019	7	88	95
Expected reinstatement after unpaid parental leave in 2019	9	92	101
Actual reinstatement after unpaid parental leave in 2019	4	62	66
Actual reinstatement after unpaid parental leave in 2018	6	36	42
Employees still on the job 12 months after returning from taking an unpaid parental leave in 2018	6	28	34
Reinstatement rate (%)	44.44%	67.39%	65.35%
Retention rate (%)	100.00%	77.78%	80.95%

Note:

1. Eligible applicants refer to employees who applied for childbirth subsidies in 2017-2019.
2. Of the employees who were reinstated after taking parental leave in 2018, only one female employee was separated after 7 months, and seven female employees applied for parental leave again.
3. Reinstatement rate: Actual reinstatement after taking unpaid parental leaves/Expected reinstatement after taking unpaid parental leaves
4. Retention rate: Employees still on the job 12 months after returning from taking unpaid parental leaves (during the previous period)/Actual reinstatement after taking unpaid parental leaves (during the previous period)

Implementation of diversified caring and follow-up plans in 2019:

Caring for new employees

- Each month questionnaires are administered to management trainees who have been on the job for three months; a total of 118 questionnaires was distributed to management trainees and the response rate was 90%.

Employee departure interview

- Interviews were conducted with 59 employees in the year (30 sales managers and 29 office staff)

Job satisfaction survey

- 2 improvement measures were implemented after conducting the district advisor satisfaction survey in 2018
- The response rate of marketing personnel in the job satisfaction survey was 96%.
- A five-point scale was used and the average score of all items reached 3 points or above. We improved the electronic contract and simplified forms in response to issues reported by employees in the 2015 survey, and satisfaction (3 points or above) reached 86% and 75.8%.



Franchisee Benefits

Besides helping franchise owners enhance their professional skills, we also planned health and recreational activities for franchise owners. Over NT\$10 million is spent each year on motivational seminars for exceptional store managers and organizing the Elite Franchise Owner Academy. We set aside NT\$26.82 million in 2019 to provide franchisees with subsidies for holidays and other benefits. To care for their health, senior franchise owners over the age of 40 with more than 10 years of experience are also entitled to receive health exams valued at NT\$16,000 once every two years. In 2019, NT\$10.95 million was budgeted for the health exams of senior franchisees. Spouses are also eligible to use the quota for health exam subsidies, and a total of 108 or 15.65% of spouses applied in 2019. Please see the table below for other benefits:

Insurance subsidies and benefits enjoyed by franchisees

Insurance	
Group insurance	Besides store personnel, the family of franchisees are also eligible to enroll in group insurance and 15% of their premiums will be subsidized
Employers Liability Insurance	The franchise store strengthens the safety of colleagues at work, and guarantees the time period from 21:00 to 07:00. Any accidents occurred during this time period, including working and commuting, are covered
Franchisee/Franchise Store Employee Mutual Association	A mutual-support mechanism between franchise stores that provides funereal assistance for direct dependents

Benefits	
Group movie tickets	Franchisees can receive subsidies on movie ticket purchases. Each store is eligible to receive a 20% rebate for up to 60 tickets each year
Offers from affiliated enterprises	Product discounts and promotions from affiliated enterprises
Recreational promotions	Sports, cosmetics, and recreational promotions
Franchisee benefits trust	A tool that franchisees can use for their savings or retirement fund; subsidies are provided to encourage investment
Health exam subsidies	Senior franchisees over the age of 40 with more than 10 years of experience are eligible to receive health exams valued at NT\$16,000 once every two years (may be transferred to their spouse)

Human Rights and Labor Audits

To protect employees' labor rights, lower the operating risks of affiliated enterprises, and ensure compliance with labor laws and regulations, PCSC began providing labor auditor training in 2012. The topics include the Labor Standards Act and Occupational Safety and Health Act, which help human resources or occupational safety personnel at affiliated enterprises stay up to date on the latest laws and take response measures. The training was changed to "PCSC Labor Laws Training " in 2016 and 2017 according to the attributes of the professional knowledge. The "PCSC Annual Training on Human Resource Laws" was held in 2019, and 95 employees from 24 companies in the group received training.



To protect the labor rights of franchise stores, we audited all franchise stores on key issues such as National Health and Labor Insurance coverage, work hours, salaries, and occupational safety. Non-compliant stores received counseling. Audits were conducted dynamically and periodically for National Health and Labor insurance, and occupational safety, and annually for work hours and salaries. A total of 4,933 stores was audited in 2019, and the rate of abnormality was 3.1%, which was 1.8% lower compared to 2018. Business units in each zone provided legal guidance and make improvements based on audit results, and improvement rate reached 100%. There was one non-compliance found by the competent authority in its 2019 labor inspection, and a fine of NT\$20,000 was imposed for an employee working 15 consecutive days in a four-week period. We have instructed managers to pay more attention to attendance management. The protection of labor rights cannot be overlooked and we will continue to audit labor conditions and expand inspections to the work hours at chain stores, so as to ensure the Company's lawful operation. Furthermore, PCSC inspects the attendance records of chain store personnel and office staff every month to ensure compliance with the law and protect labor rights. We conducted occupational safety and health audits of 588 chain stores and 4,715 franchisee stores in 2018, and the deficiency rate was 6.8% in 2018. All stores (chain and franchise) conducted occupational safety and health self-inspections and were re-inspected by supervisors in 2019. Third party auditors were commissioned to conduct occupational safety and health audits, and a total of 1,890 franchise stores was audited; the deficiency rate was 3.2% (Note), 53% down compared with 2018. The main deficiencies were that the objects were not placed according to regulations and related certificates, and supervisors were tracking and providing guidance to stores for improvement measures. There were two violations of the Occupational Safety and Health Act in a single case in 2019, in which an employee was slightly injured in an occupational accident due to the lack of necessary protective equipment while working at heights, and the competent authority was not immediately notified while the employee was being treated. A fine of NT\$120,000 was imposed. In response, we 1. comprehensively reviewed the safety of ladders in stores and trained employees for the hazards of high-risk operations; 2. had all employees sign an Occupational Safety and Health Commitment; 3. promoted the implementation of occupational accident reporting procedures to members from each department during Occupational Safety and Health Committee meetings.

Note : Number of deficiencies in all stores/Number of audit items in all stores

Labor-Management Communication

PCSC values the opinions and feedback from every employee. We provide numerous communication channels to listen to and understand the opinions of our employees, including the Joint Service Center, dedicated Helpline e-mail, Stakeholder communication channel on the corporate website, and internal communication platform, we encourage employees to directly communicate with managers. In addition to the channels above, we established an internal proposal system for employees to fully express their opinions on the Company's operations. If employees have any suggestions for the Company or feel that their rights are damaged, they can use the aforementioned channels. A total of 144 reports related to employee rights occurred in 2019, and most of them were related to salary payment, improper deductions from salaries, and calculation of overtime pay. All cases were closed in 2019. We established Labor-Management Negotiation Regulations in accordance with the law and regularly held labor-management meetings, which are attended by 5 representatives from each side. Employee representatives are nominated by each department and represent all employees. Employee and management representatives can directly talk and negotiate benefits and systems, employment situation, improvement of the work environment, and labor-management cooperation during the meeting, so as to ensure and improve the effective employer-employee communication. A total of 4 labor-management meetings was held in 2019, and topics of discussion include salaries and subsidies, planning leave, and revision of work rules. Discussion results in labor-management meetings are handed over to related units for implementation. The Union of PCSC was formed by employees at the end of 2019 and has approximately 30 members. Its purpose is to improve labor rights, raise the level of happiness, and to enrich laborers' knowledge and skills. A collective bargaining agreement has not been signed yet, and we will continue to maintain good interactions with the union in the future. We will uphold our human rights policy and comply with local labor laws and regulations, and will continue to engage in communication through different channels to create harmonious employee and employer relations and a labor environment where everyone wins. Furthermore, in the event of a situation specified in Article 11 of the Labor Standards Act, PCSC communicates with employees in advance, and gives a notice 10 days in advance for employees who have worked at PCSC for three months or more but less than one year. A notice is required to be given 20 days in advance for employees who have worked at PCSC for one year or more but less than three years. A notice is required to be given 30 days in advance for employees who have worked at PCSC for three years or more.