# Commitment to Sustainable Production and Sales

Both the society and environment are experiencing rapid changes. With the consumers' environmental awareness increasing, a healthy diet becoming popular and the pace of the digitalization accelerating, President Chain Store Corporation continues to improve and optimize the products and services, as well as prioritizing the health and safety of customers is the responsibility and the highest guiding principle. To this end, President Chain Store Corporation implements various management mechanisms, including systematic management and inspection of the supply chain, as part of our effort to provide safe products with compliant labeling to our customers, and encourage suppliers to pay attention to issues such as human rights, recycling, environmental protection and carbon reduction by increasing the proportion of sustainable procurement, while strengthening consumer awareness of sustainability to co-create a new sustainable lifestyle.



Invested NT\$141,342 thousand in food safety management



The number of stores exceeded 7,000 and reached 7,077 with the highest market share

Invested NT\$180,571 thousand in research and development

OPEN POINT reaching 18 million members

iOPEN Mall attracted nearly 70,000 sellers with over 5 million products



Certified sustainable procurement of raw materials accounts for NT\$6,713 million (Note), taking up 29.21%

ISO 45001 implemented for all suppliers of privatelabel food products with annual purchases exceeding NT\$30 million

# Sustainable Goal Management Process

	Sustainable Supply Chain Management	Number of significant suppliers with capability building programs implemented	25 suppl
{		Proportion of significant suppliers that have received assistance in implementing corrective and improvement action plans	100% by
		Proportion or number of significant suppliers receiving written ESG assessments/on-site assessments	100% by
	Customer Health and Safety	Proportion of revenue from private-label products with voluntary nutrition labeling (Simple Fit+ Veggie Selection®) (Note 1)	12.5% by
		Proportion of revenue from products with reduced saturated fat, trans fat, sodium or sugar (Note 1)	3% by 20
		Proportion of revenue from fortified food products with increased nutritious ingredients(Note 2)	14% by 2
		Rate of major food safety risk violations (Note 3)	0% by 20
		Proportion of private-label products that are recalled (Note 4)	5% by 20
		The proportion of A+ and A level stores in the President Chain Store Corporation High-Quality service qualification (Note 5)	74% by 2
	Sustainable Procurement	Proportion of the cost of sustainably-certified raw materials	18% by 2
_ 	Product Labeling and Marketing Communications	Number of incidents involving private-label products violating the regulations on product labeling or marketing communications	0 case b

Content

Sustainable
Management

Sustainabl Governance Commitment to Sustainable Production

Creating a Sustainable Employe Welfare Promotion of Social Welfan & Charity

notion of Appe I Welfare

# **Management Policies**

#### Policies and Commitments

- Product Safety Management Regulations
- · Store Management Regulations
- Product Safety Information Collection and Inventory Tracking SOP
- · Rules for Safety on Private-label Products
- Rules for Onsite Assessment of Privatelabel Product Manufacturers
   Raw Material Supplier and Raw Materials
- Management Rules

  Management Measures for On-site Audit
- Management Measures for On-site Auc of Suppliers of Food Safety Products in Stores
- President Chain Store Corporation and President Chain Store Corporation's Subsidiaries' Code of Conduct for Suppliers
- Food Product Manufacturer Risk Grading and Assessment Guide

### Management Actions

- Control the raw materials through raw material management and quality assurance inspection to safeguard customer health and safety. Ensure the quality of delivery through the cultivation and management of logistics personnel. Service quality in the stores is optimized with service evaluation, quality assurance, and ethical corporate management certification training to ensure the health and safety of consumers.
- The Product Safety Management Regulations clearly stipulate that product labeling
  of delivered shipment must comply with the regulations of the competent authority,
  and the store must also check product labeling when receiving shipment to ensure
  the compliance of product labeling and marketing communications.
- Identify key suppliers and implement Supplier Management Measures, require
  suppliers to sign a code of conduct, and implement written sustainability
  assessments for key suppliers and on-site audits of specific categories of suppliers.
  Ensure supplier performance by identifying risks and implementing subsequent
  improvement plans, as well as actively fostering sustainable development of the
  supply chain through training and ESG workshops.
- The Sustainable Procurement Task Force incorporates the terms of supplier ethical corporate management and environmental sustainability into the contract, and continues to increase the proportion of sustainably certified raw material procurement.

Medium- and long- term Targets	2025 Targets		gets& Performance	↑ Exceeded	✓ Achieved -	Not Achieved
25 suppliers by 2028	20 suppliers	<b>1</b>	20 suppliers • • • • •	•••••	25 suppliers	
100% by 2028	90%	$\hat{\Gamma}$	85% • • • • • • • • •	•••••	91.30%	
100% by 2028	110 suppliers	介	100 suppliers •••••	•••••	101 suppliers	
12.5% by 2028	11%	î	10% ••••••	•••••	11.46%	
3% by 2028	2.70%	介	2% •••••	•••••	2.57%	
14% by 2028	12.5%	<b>☆</b>	12%	•••••	12.02%	
0% by 2028	0%	_	0%	•••••	0.25%	
5% by 2028	15%	介	15% •••••	•••••	0.33%	
74% by 2028	71.00%	ſì	70.00% •••••	•••••	79.00%	
18% by 2030	16.00%	î	15.10% ••••••	• • • • • • • • • • • • • • • • • • • •	29.21%	
0 case by 2028	0 case	<b>/</b>	0 case • • • • • • • •	•••••	0 case	

(Note 1) The denominator is the revenue of private-label food products.

(Note 2) The denominator is the revenue of food products. Fortified food products refer to foods that are enhanced with beneficial nutrients such as dietary fiber, vitamins, minerals, phytochemicals, or other functional additives.

(Note 3) The numerator of the calculation of rate of major food safety risk violations is the number of stores and logistics centers where major food safety risk incidents occurred, and the denominator is the number of stores and logistics centers that were audited by the competent authority for food safety issues.

(Note 4) The denominator is all recalled product units, and the scope includes official letters and voluntary recalls (recalls for food safety issues not mandatory by the competent authority). Product recall information is based on reporting.

(Note 5) The classification has been adjusted this year. A level was 90-100 points in the past. It has been adjusted to 80-89 points for A level and 90-100 points for A+ in 2024.

60

In order to effectively reduce ESG risks for supply chain as a whole and raise suppliers' awareness of sustainability issues, President Chain Store Corporation has set a long-term goal of increasing the proportion of suppliers with access to the campaign on the importance of sustainability. In 2024, we communicated with tier-1 suppliers to understand the feasibility of implementing the ESG risk assessment, as well as further coaching private-label suppliers to obtain third-party certification, achieving the annual target of 100% introduction of ISO 45001 for suppliers of private-label food products with a procurement value exceeding NT\$30 million. Moreover, we compiled promotional materials on sustainability trends and importance to raise awareness of the importance of sustainability to non tier-1 suppliers.

## + Supplier Training +

President Chain Store Corporation's Marketing Department communicates regularly each year with significant suppliers of raw materials for its private-label products on the concepts of sustainable procurement and traceability management, as well as asking them to provide us with raw materials that meet President Chain Store Corporation's sustainable procurement standards. In addition to the signing of contracts, President Chain Store Corporation actively conducts supplier training and capability building programs by providing suppliers with ESG forums, guidance for management system incorporation such as ISO 45001, introduction of certified sustainable raw materials, examples of peers with excellent ESG performance for benchmarking, as well as working with suppliers on promoting ESG services with key technologies. For details on supplier training and capability building programs, please refer to our sustainable development website.



President Chain Store Corporation worked with Cathay United in 2024 to organize the "Carbon Reduction and Circular Economy Exploration Workshop," joining hands with 12 raw material and food processing companies in the supply chain to discuss the practical analysis and case study of low-carbon transformation and circular economy. 100% of the workshop participants believe that investing in circular economy will help with low-carbon transformation, and that recycling will bring new opportunities for enterprises to "reduce carbon/waste," "enhance competitiveness" and "operate sustainably." The workshop also helped supply chain manufacturers review the current status of their own business operations and reflect on the transition opportunities that can be integrated into circular economy in the current production process, divided into three aspects of raw



materials and by-products, water and packaging. The collaboration will carry on with sustainable supply chain workshops for fresh food manufacturers, helping to negotiate mergers and explore feasible sustainable supplier project opportunities, promoting circular economy transformation of the supply chain. Yuland Biological Agriculture was also invited to share cases of promoting circular economy in the current supply chain, providing examples of sustainable supply chain cooperation for fresh food manufacturers, assisting with negotiating mergers and exploring feasible sustainable supplier project opportunities to facilitate circular economy transformation of the supply chain.

The targets and performance of President Chain Store Corporation's implementation of capability building programs for significant suppliers this year are as follows:

2024 Target and Performance	Value	Unit
Target number of significant suppliers with capability building programs implemented	20	Number of supplier
Number of significant suppliers with capability building programs implemented	25	Number of supplier
Proportion of suppliers participating in capability building programs	21.93	%

Contents

Implementing Sustainable Achieving Sustainable Governance Commitment to Sustainable Production

ating a ainable Employee Welfare Promotion of Social Welfare & Charity

2,782,458

of Append

# 3.4 Sustainable Procurement

To stay updated with international trends and maximize President Chain Store Corporation's external impact in sustainability, we set up a Sustainable Procurement Task Force in 2021 to prioritize the purchase of equipment with eco-friendly or energy-saving labels. We set and review the annual procurement amount and actively increase the percentage of raw materials with sustainability certifications to enhance the benefits of sustainability for the overall supply chain in terms of environmental protection, animal welfare, energy saving and carbon reduction. The manufacturers that produce private-label products choose PB joint-purchase materials to stay in line with the principle of prioritizing the procurement of agricultural products that value environmental protection, animal welfare and traceability. We also help raw material suppliers develop the philosophy of sustainable operations to ensure effective management of the source of private-label products.

### Green Procurement and Sustainable Raw Materials

### + Green Procurement +

President Chain Store Corporation actively manages equipment, consumables and building materials by promoting green procurement. Green building materials are chosen for store renovations, and equipment and consumables that have obtained energy labels, environmental labels or certifications, or have actual environmental protection benefits are purchased for use in stores. The scope of green procurement was expanded in 2024 to adopt solely coffee cups with FSC forest management certification as a leader in the industry. The amount of procurement reached NT\$617,979 thousand with a growth nearly doubled compared to 2023, with the hopes of reducing the consumption of natural resources and negative impact on the environment while maintaining smooth operations and service quality. The total amount for green procurement in 2024 reached NT\$2.782 billion, accounting for 20.73% of the total annual procurement amount of President Chain Store Corporation and reaching the 15% annual target. The target for 2025 has been increased to 18%.

	Categories of Green Procurement	Items for Procurement	Amount (NT\$ thousand)
Energy Star	Meets the requirements of the United States' Energy Star product energy efficiency	LCD screens, laser printers	106,974
RoHS	Verifying that electrical and electronic products comply with the EU's RoHS Directive (Restriction of Hazardous Substances Directive)	Uninterruptible power supplies, ST, Switch, WAP, POS cash registers/back- office computers	1,327,267
Energy-saving Label	Air Conditioner Efficiency Label - Cooling Seasonal Performance Factor (CSPF) Level 1 Energy Label, Bureau of Energy, Ministry of Economic Affairs	Inverter air conditioners, circulation fans, LED lamps	501,566
Green Building Material Label	Obtaining the Green Building Material Label of the Taiwan Architecture & Building Center or adopting patented eco-friendly construction methods	Green building materials	87,372
With environmental protection benefits	Customized equipment that has been tested by President Chain Store Corporation and proven to have energy-saving benefits	Eco-friendly packaging materials used in stores: PLA coffee cups, ice cream/ slushy cups, PLA/paper straws, energy-saving devices	141,300
FSC, PEFC certification	The manufacturing process of wood products is in compliance with FSC and PEFC requirements for sustainable operations	Coffee cups, paper bags, stirrers, disposable chopsticks for boxed meals, Paper Star copy paper	617,979

Total amount of green procurement

In 2024, the total procurement amount of paper food packaging materials such as paper cups, paper bags, paper boxes, paper

80 81

Achieving Sustainable Governance Commitment to Sustainable Production

Creating a Sustainable Employee Welfare Promotion of Social Welfare

# + Sustainable Raw Materials +

President Chain Store Corporation prioritizes the procurement of raw materials with environmental protection, animal welfare, energy-saving or carbon reduction labels, food safety certification, as well as working with suppliers to provide customers with more sustainable choices. Joint-purchase raw materials are mostly used for private-label products with sustainability certification, including boxed meals, cold noodles, sandwiches, coffee and freshly brewed tea. In 2024, the procurement amount for sustainably procured raw materials reached NT\$6,713 million (Note), reaching 29.21%. Moreover, coffee with rainforest certifications is sold in the stores, and FSC certification has been introduced to the iseLect refrigerated beverage packaging materials. Revenue from the two aforementioned types of products reached NT\$366.68 million.

(Note) This includes the amount for sustainable procurement with international and local certifications. In addition to the relevant category certifications listed in the table below, processed products derived from them are included (for example, directly processed products of raw materials such as fried pork ribs, roasted beef, or processed condiments using soy from certified sources are included in the calculation).

Category	Certification	Certification/Label
Soy	U.S. Soy Sustainability Assurance Protocol	NABILITY TO BE THE TOTAL OF THE
Coffee beans	Rainforest Alliance incl. UTZ	
Vegetables and Rice	TGAP	
Aquaculture	Global Animal Partnership (G.A.P.) \ BRCGS (BRC Global Standard for Food Safety)	GLOBALG.A.P. BRGS   Food Safety
Beef	AAWCS (The Australian Livestock Processing Industry Animal Welfare Certification System)	LIVESTOCK WELFARE CENTIFIC SYSTEM
Wild fish	MSC (Marine Stewardship Council)	CENTRIALE SEAFOOD MSC WOMENIC COP
Poultry	Global Animal Partnership (G.A.P.), Taiwan Animal Welfare System, PAACO (Professional Animal Auditor Certification Organization)	ANIMAL WELFARE GERTIFIED CARRIEGAROUS
Pork	IAWS (Interporc Animal Welfare Spain) \ BRCGS (BRC Global Standard for Food Safety) \ IFS (International Featured Standards )	BR©S   Food Safety Food
Dairy product	ISO 14067 and carbon reduction label	TOITŪ  CARBON  REDUCT  ISO 14067  PRODUCT

Category	Certification	Certification/Label
Packaging materials	FSC \ PEFC	FSC PEFC

(Note) For detailed procurement amount ratio of each category, please refer to the Sustainable Procurement page of the official website.

President Chain Store Corporation supports local agriculture, fishery, vegetables and fruits with three strategies of "stable procurement," "sustainability" and "planned support." We believe that supporting local products not only reduce carbon footprint to realize environmental sustainability, but also brings economic benefits to local farmers as a way to help the society. In 2024, all private-label products use local rice, including Tainan 11 rice, Taiken 9, long grain sweet rice certified with a "Taiwan Rice Label." We also work with the Agriculture and Food Agency, Council of Agriculture, Executive Yuan to ensure the supply of high-quality fresh vegetable and fruit by cooperating with production and marketing groups through the traceability system and organic certification. We further integrated online and offline sales platforms to expand cooperation with farmers' associations, fishermen's associations and small farmers to launch localized brands or seasonal products. President Chain Store Corporation also launched the Youth Deep Roots Program together with the Good Neighbor Foundation to turn the stores into a platform for young local entrepreneurs by helping them put great products on the shelves.

In 2024, President Chain Store Corporation procured and used a total of 119,000 metric tons of special agricultural products worth NT\$12.085 billion, including rice, chicken, pork, eggs, vegetables and fruits. The percentage of agricultural products procured by suppliers in Taiwan accounted for 79% of the total at NT\$8.261 billion, which was 68% of the overall procurement amount. In the future, we will continue to increase the proportion of local procurement, actively cooperate with stakeholders, and maximize our sustainability impact as a retail business by providing consumers with more benign choices that are friendly to the environment and society.

	Area	Procurement quantity (metric tons)	Percentage of suppliers by area (%)	Procurement amount (NT\$100 million)	Proportion of procurement amount (%)
	Locally sourced agricultural products (Taiwan)	93,914	79%	82.61	68%
	Non-locally sourced agricultural products (foreign origin)	24,956	21%	38.24	32%
	Total	118,870	100%	120.85	100%



82 83