



About this report

This is the tenth corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC) in accordance with the core options of the GRI standards of Global Reporting Initiative. This annual report explains PCSC's viewpoints on CSR, actions taken, 2018 outcomes with regards to corporate governance, economics, the environment, and society, as well as future plans. Importance and issue analyses (see chapter on stakeholder engagement) were also used to select material topics for PCSC in the hopes of creating the most benefit for all stakeholders through disclosure, communication, and feedback in order to accomplish our ultimate goal of becoming the greatest retail business.



Dates, scope, and data included in this report

This report details PCSC's CSR performance for the 2018 calendar year (January 1, 2018 to December 31, 2018) and some of the information herein includes CSR performance before 2018. This report focuses on PCSC, including business headquarters, retail locations, and the market. In addition, due to their relevance in the operations of this industry and the influence they have on major issues, four affiliate logistics companies, Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation, have been incorporated into this report, in areas including energy greenhouse gasses (Scope 3) as well as customer health and safety. Future reports are expected to include data from other affiliated companies in order to exemplify the information integrity of PCSC's value chain. The financial data in this report partially incorporate public information attested by a certified public accountant and are all expressed in New Taiwan Dollars. Other data stem from internal audits and statistics. Data on greenhouse gasses were calculated using the most recent carbon emission coefficients reported by Taiwan's Environmental Protection Administration and Bureau of Energy.



Report certification

SGS Taiwan was entrusted with the task of verifying that the information in this report meets the requirements of the AA1000 Type Two High Level. For the specific Subject Matter Information, we engaged PricewaterhouseCoopers (PwC) Taiwan in limited assurance to draft this report in accordance with the Republic of China Standard on Assurance Engagements Bulletin No. 1 Assurance Engagement Other than Audits or Reviews of Historical Financial Information. Please refer appendices for SGS Assurance Statement and the Limited Assurance Report issued by the Accountant. The third-party independent verification report was released after being submitted to the Board of Director's CSR Committee for review.



Release date

PCSC regularly releases annual CSR reports and discloses them on the company website at www.7-11.com.tw.

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Contact

President Chain Store Corporation

Address: 2F, No. 65 Tung-Hsin Rd Taipei, 110 Taiwan

Phone: 886-2-2747-8711

Website: www.7-11.com.tw

Contact person: PCSC Department of Public Affairs Zhao, Pei-Wen



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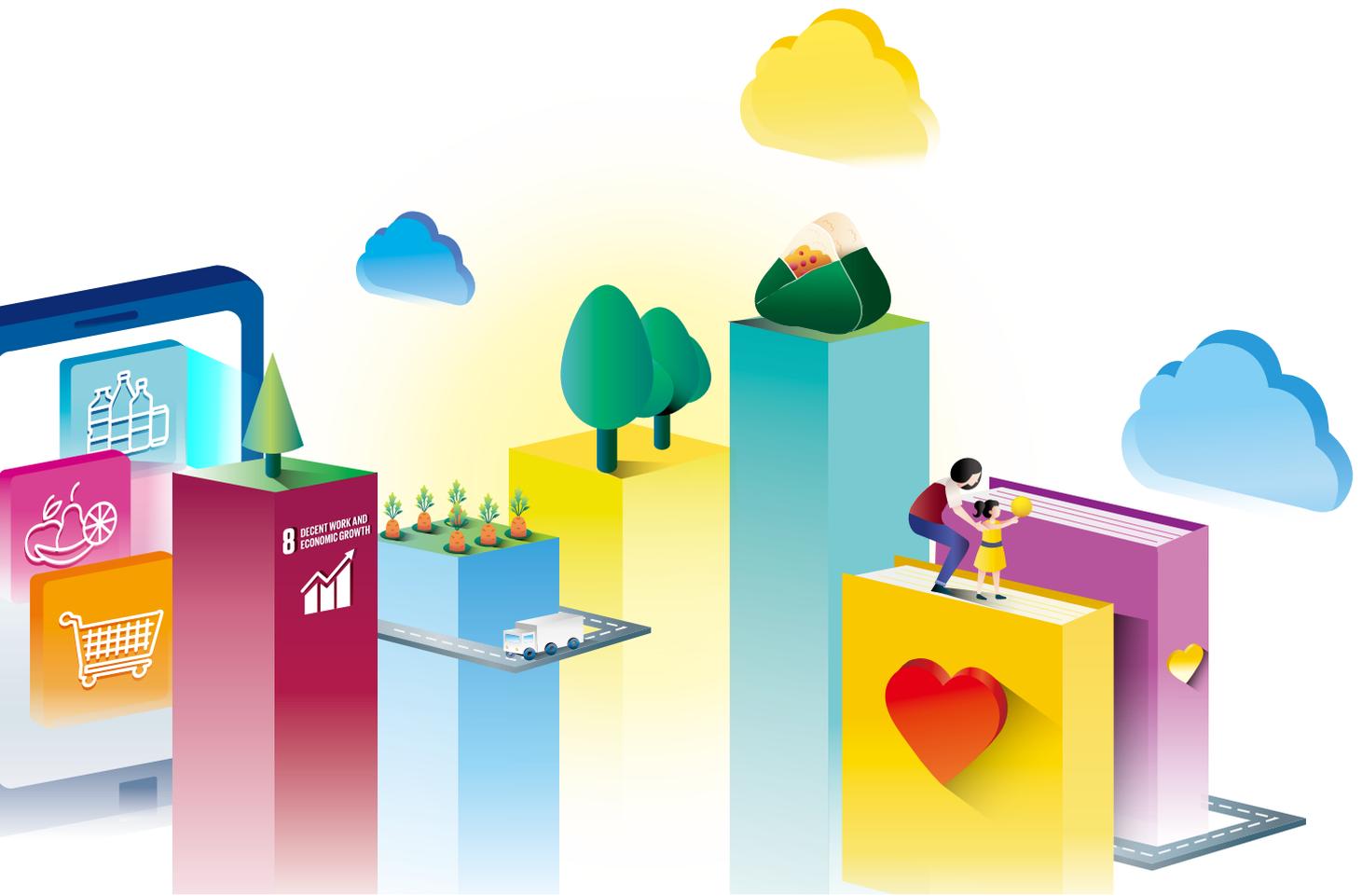
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Message from CEO



Chairman of PCSC

Lo, Chih-Hsien

Since our founding in 1978, the President Chain Store Corporation (PCSC) has become the best retail operator in Taiwan. Not only do we provide convenient services, we also excel in the area of social responsibility. Our company culture is characterized by "sincerity, innovation, and sharing". We have taken the initiative to respond to the UN's sustainable development goals, setting up key performance objectives and management mechanisms for CSR issues to establish a sound corporate management system, ensure the rights and interests of stakeholders, uphold social justice, reduce environmental impact, and then to employ these to increase transparency and disclosure. In order to demonstrate our determination to realize these objectives, implement them thoroughly, and manage them closely, in 2018, we made our CSR Committee directly responsible to the Board of Directors. The committee is composed of independent directors and upper-level managers who are responsible for establishing overall policy direction, optimizing policy quality, and enhancing the effectiveness and results.

In 2018, continued turbulence in governments and economies around the world, intensified natural disasters triggered by climate change, accelerated development in the areas of artificial intelligence and digital technology, the continued increase in Taiwan's minimum wage, the implementation of environmental laws and regulations, the rise in demand for civil equality, as well as other changes

introduced challenges, including intensified competition in terms of the e-commerce market among retailers, an increase in experiential consumption, and calls for reduced energy use. Faced with the social, political, and economic environment and the emerging risks and opportunities that they have ushered in, PCSC continued to set "serving as a creative, convenient, safe, welcoming community center" as objective. We integrated resources, including beauty products, fitness products, bakery goods, and fast foods, further launched lifestyle stores, worked together in strategic partnerships with well-known restaurants and chefs to launch a diverse selection of delicious food products and specialty restaurant cuisine, and used cutting-edge technologies to strengthen our digital platform and payment options to provide innovative and convenient products and services. In addition, we incorporated a human rights auditing mechanism into our franchise stores, drew up resource reduction goals and action plans, promoted fundraising in our stores, and initiated community care programs, while continuing to lead the retail industry in taking care of employees as well as increasing awareness and taking action to help protect the environment and show concern for society. Our efforts have received positive feedback throughout society. PCSC has again received numerous commendations, including making the "Forbes Global 2000", being selected as one of the top 250 global retailers by Deloitte, being ranked in the top 5% of the Corporate Governance Evaluation for the fourth year in a row, being selected for the Taiwan Corporate Governance 100 Index, being listed in the FTSE4Good Emerging Markets Index and the MSCI Global Sustainability Index, and being awarded the Common Wealth Magazine CSR Industry Citizen Prize.

PCSC has responded to technological trends with "unmanned stores", currently vogue the world over. We have opened the doors to "X-Store", based on three concepts: "eXplore", "eXperience", and "eXcellent", which incorporate the unique characteristics of Taiwan's local retail industry and consumer habits into store operations design. For example, facial recognition technology is used throughout the customer's shopping



President of PCSC
Huang, Jui-Tien

experience, from the time they enter the store and pay for products to when they exit the store. In addition, the store is equipped with multiple advanced technologies and state-of-the-art smart equipment, such as a self-serve coffee and microwave oven area and seating area outside the store, all of which employ smart language interaction technology, IoT systems, customer flow hotspot analysis, and scan microwaves to provide services and a shopping experience that are brand new and valuable. As a result, PCSC was rewarded the 2018 Future Commerce Awards "Best Experience Innovation" and "Judges' Choice". The X-STORE has significance strategically and as a target and most certainly represents a new chapter in Taiwan's retail industry overall and PCSC specifically. In response to consumer trends, we offer multiple payment methods and developed OPEN wallet with accumulated points across the channel, aimed at providing customers convenient digital services and showcasing the entire group's technical operations capabilities that have created a smart retail model for the service industry that is original and unrivaled in the world.

In addition to new types of stores and services, we also spare no effort in creating more innovative and safer products. In 2018, PCSC invested NT\$141,744,000 on food safety management as well as NT\$258,230,000 on food research and development. We continue to improve our products and services by focusing on supplier audit, local procurement, and membership system optimizing. Because we attach great importance on our partners and the community, we not only received International certification for the ISO 45001 Occupational Health and Safety Management Systems with zero corrections, a first for a Taiwan retailer and service industry, we employ health exams, education and training systems to ensure that each employee can enjoy a healthy, happy work environment that facilitates growth. Good Neighbor Funfests, in-store spare change donation, and rural education programs continue to be important means by which we strengthen our relationship with and show our concern for the community. In 2018, our Good Neighbor Funfest activities influenced in excess of 350,000 people, while our in-store spare change donations collected NT\$170 million. We also continue to make protecting the environment one of our goals. To that end, we continue to purchase products with ecolabels and energy-saving, reduce energy usage, and follow our performance targets to reduce paper use, thereby reducing the negative impact of our operations on the environment.

Economic uncertainty, at home and abroad, will continue in 2019. Nevertheless, PCSC will maintain integrity and honesty in our business operations, while continuing to advance the seven key building elements of our Company: people, store, product, system, logistics, policy, and culture. PCSC has evolved from a "convenience store that provides basic necessities" to "a store that consumers depend on and that surpasses their expectations" and which offers customers a "3E" environment characterized by experience, entertainment, and education. In the future, PCSC will continue to adhere to its mission, focusing on three core goals, creating a happy Company, positively impacting society, and achieving environmental sustainability. We strive to make life more convenient for our customers, ensure steady profitability for our franchisees, create a fair and friendly working environment for our employees, and increase shareholder value for our shareholders.