



Blueprint for Sustainable Management

2018 marked a couple of milestones—PCSC had its 40th anniversary and issued its 10th annual CSR report. We not only saw a number of operational breakthroughs and innovations, we applied ourselves and enjoyed a number of achievements in the areas of the economy, environment, and society as we vowed to become business leader in Taiwan characterized by sustainable operations values.

1.1

Framework for Sustainable Management

PCSC believes that corporate social responsibility is not just a slogan. Only by having a strong management mechanism, clear and definite vision and objectives, as well as operational strategies and policies can we truly realize our pledges and responsibilities in the areas of operations, employees, environment, and the community. PCSC employed a top-down and in-out approach to implement our sustainable management by forming the Corporate Social Responsibility Committee. We also set and apply sustainable vision and objectives, and combine these with the implementation and management of operational strategies.

Corporate Social Responsibility Committee (CSRC)

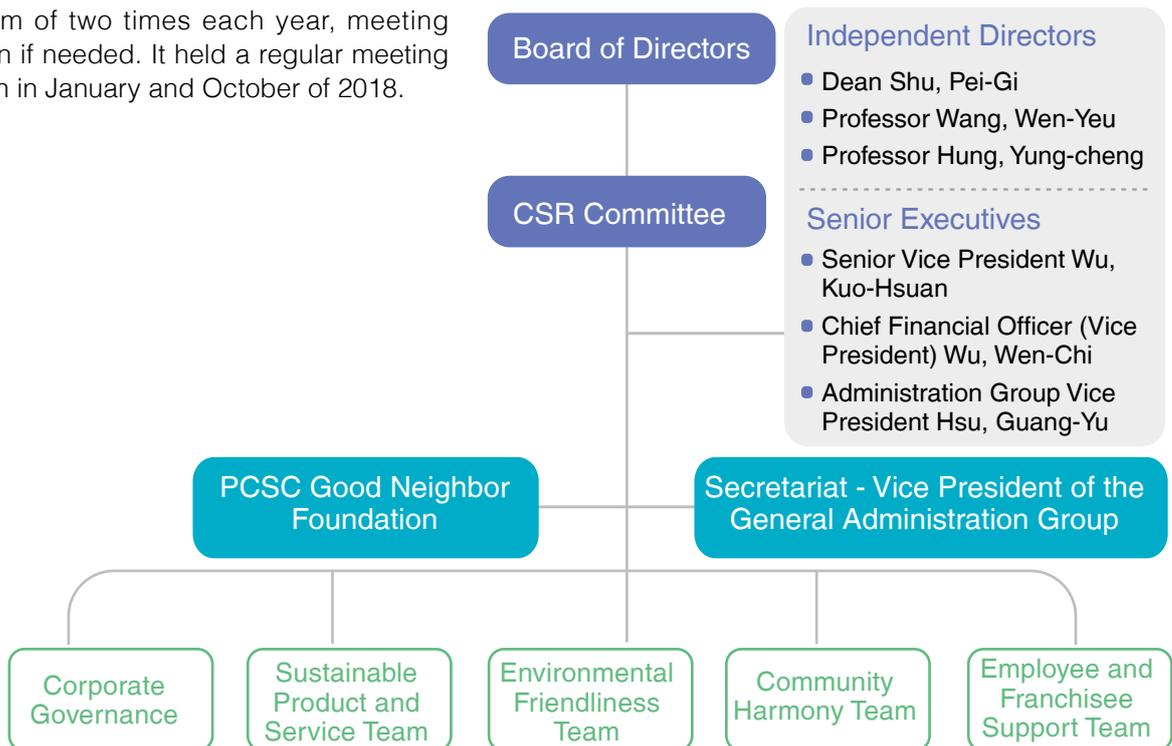
In order to implement and manage CSR, PCSC established a cross departmental CSR Committee. In 2018, the Board passed a resolution to establish a functional CSR Committee directly responsible to the Board. First, all members oversee PCSC's CSR strategies and plans. Second, they are in charge to follow up and assess CSR progress and effectiveness. Third, they review CSR Reports in accordance with the



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CSR Committee's Organizational Procedures. Last, they also report to the Board for annual achievements of the current year. In addition, the Committee formulates the PCSC CSR Code of Practice to serve as the highest guiding principles for advancing corporate social responsibility. We expect to raise the height, breadth and depth of the CSR Committee by enhancing the position it belongs to and by the professional perspective of outside directors. We also strengthen the determination of the Committee and expand the covered ground. Most importantly, the CSR Committee combine different departments to maximize performance and enhance the supervision mechanism to review the feasibility of plans.

The components of our CSR Committee includes three independent directors and three senior executives of the Company. The committee is divided up into five major teams, including "Corporate Governance", "Sustainable Products and Services", "Environmental Friendliness", "Community Harmony", and "Employee and Franchisee Relations", which are responsible for proposing and implementing concrete plans related to CSR policies, systems, or relevant management guidelines. The CSR Committee is to convene a minimum of two times each year, meeting more often if needed. It held a regular meeting once each in January and October of 2018.



Sustainable Vision and Objectives

CSR Objectives and Principles

PCSC has incorporated CSR's core principles into its operational goals as it shoulders different levels of social responsibility. We started with three main themes, "Happy Company", "Positive Impact Society", and a "Sustainable World", and employ five implementation principles to realize our CSR. We have also continued to bolster the self-management capabilities of our various departments and retail stores by incorporating CSR into their annual work plans and defining key performance indicators (KPI). A systematic management mechanism is used to review the results from each year to pursue sustainable business growth.

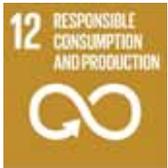
Five Principles	Implementation
Sound corporate governance	<ul style="list-style-type: none"> ● Constantly evaluate CSR results and continue to improve. The management is responsible for providing supervision while competent units are responsible for implementation ● All employees should practice a corporate culture described in the phrase "Sincerity, Innovations, and Sharing" in accordance with the self-regulation agreement ● Business activities must comply with the relevant laws and regulations in order to create an environment for fair competition
Protecting the rights and interests of stakeholders	<ul style="list-style-type: none"> ● Respect the rights and interests of stakeholders and respond to their CSR topics of concern ● Enforce the consumer rights policy by ensuring the quality of products and services ● Respect the privacy of consumers and protect their personal information
Enhancing CSR disclosure	<ul style="list-style-type: none"> ● Full disclosure of important and reliable CSR-related information ● Report on the progress of CSR implementation including various outcomes of CSR initiatives, topics of concern for stakeholders, as well as the CSR system and its action plans
Preserving social justice	<ul style="list-style-type: none"> ● Comply with labor laws and protect the legal rights and interests of employees ● Strive to prevent work-related injuries by eliminating risks to employee safety and health ● Create a positive environment for employee career development and establish an effective professional training plan ● Work with suppliers to improve CSR ● Participate in activities sponsored by citizen organizations, charities and local government agencies on community development and education to promote social harmony
Sustainable environment	<ul style="list-style-type: none"> ● Comply with environmental regulations as well as related international standards and guidelines to provide appropriate protection for the natural environment ● Strive to improve the utilization of resources and practice green procurement ● Take ecological impact into consideration and reduce the environmental impact of business activities such as R&D, production, and services



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UN Sustainable Development Goals (SDGs)

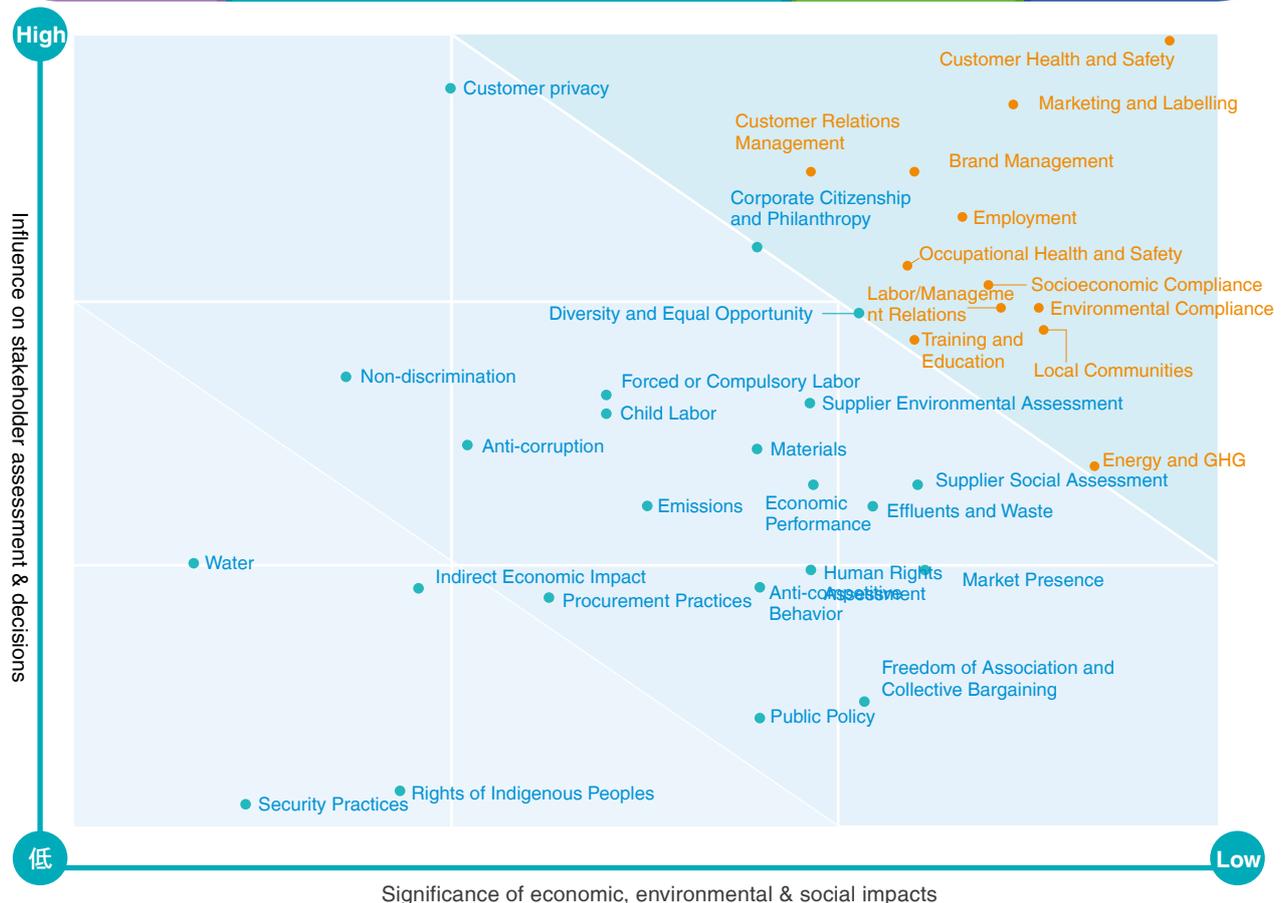
In 2015, the United Nations issued the “Transforming our world: the 2030 Agenda for Sustainable Development” which nations around the world are committed to working hard to achieve over the next 15 years. PCSC has spared no efforts to do its part to realizing the world’s sustainable development goals. In 2016, we adopted the UN’s sustainable development objectives program, analyzing 17 SDGs and 169 targets and, taking into consideration the core capabilities of our industry, our operation scope, and our three core CSR values, we found five SDGs and corresponding targets that we can help realize. In addition to these five SDGs, we have also incorporated the ideas behind the spirit and content of the 17 SDGs into the daily operations and performance highlights and laid them out in the appendix in the hope of employing integrated management ideas to carry out our social responsibilities as a global citizen.

ESG	SDGs	Significance for PCSC
GOVERNANCE		PCSC has continued to profit, steadily grow, create jobs, and become the most trusted and content business brand. Our ultimate objective is to ensure the satisfaction of our Franchisees, employee partners, shareholders, and society as a whole as well as to become business that boasts both continued growth and sustainable operations.
SOCIAL		PCSC attaches great importance to the quality of its products as well as the safety and health of consumers. Ensuring that customers enjoy safe food is its top priority and a fundamental promise.
		PCSC boasts many retail points and takes advantage of those retail points to serve remote areas, ensuring the health of those living there.
ENVIRONMENT		PCSC is not a manufacturer, but by making changes to its distribution and transportation systems, it has reduced its impact on the environment, thereby realizing its goal of responsible consumption and production.
		As Taiwan’s leading retailer, PCSC has drawn up new branch energy conservation standards, requiring that new stores utilize equipment systems with high energy efficiency ratios to both reduce greenhouse gas emissions and realize a balance between growth and protecting the environment, while maintaining high product quality and a comfortable surroundings for shopping in its retail branches.

1.2

Materiality Assessment Procedures

PCSC care about what our stakeholders' concerns. Employing different ways to communicate enables us to understand and identify issues that our stakeholders are concerned with. We conduct surveys biannually on aspects of PCSC's five principles, sustainability context, materiality, completeness, and stakeholder inclusiveness. After identifying issues that stakeholders concern and the influences they have made on the economy, environment, and society, we select important preliminary material topics. These material topics would be discussed, and confirmed with additional suggestions during regular internal meetings. Ultimately, they are submitted to the CSR Committee to review and approve. In 2018, PCSC continued to focus on the material topics that were identified in 2017 questionnaires, making adjustments based on GRI Standards and actual situations both inside and outside the Company. In 2018, we added the issue of 'Ethical Management'. In this report, PCSC makes a complete disclosure on the management approaches it has adopted for and concrete actions it has taken on these material topics. The assessment procedures and the material topics identified are shown below:





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Aspect	Material Topics	Aspects to consider with respect to GRI Standards	Internal stakeholders	External stakeholders							Chapter of Topics	
			President Chain Store Corp. (Including employees)	Investors	Suppliers	Customers	Franchisees	Charities	Government	Local Communities		
Corporate Governance	Ethical Management	NA										2.2 Corporate Governance
	Legal Compliance	GRI419 GRI307										2.3 Legal Compliance
Environment	Energy and GHG	GRI302										6.1 Putting energy conservation and carbon reduction into action
Employees	Occupational Health and Safety	GRI403										4.2 Occupational Safety and Health
	Employment	GRI401										4.1 Human Resource Overview
	Labor/ Management Relations	GRI402										
	Training and Education	GRI404										4.3 Employee Training and development
Products	Brand Management	NA										3.1 Brand management
	Customer Health and Safety	GRI416										3.2 Product Safety Management
	Marketing and Labeling	GRI417										3.4 Customer Relations Management
	Customer Relations Management	NA										
Society	Local Communities	GRI413										5.1 Charity Development Strategies

Note: Logistics affiliates are Uni-President Cold-Chain Corp., Wisdom Distribution Service Corp., Retail Support International Corp., and President Logistics International Corp.

1.3

Stakeholder Communications

PCSC stakeholders include investors, suppliers, employees, franchisees, charities, government organizations, and local communities. PCSC must be held accountable to its stakeholders, and a stakeholder area (<http://www.7-11.com.tw/communication.asp>) has been set up on the PCSC corporate website. A physical mailbox is also available. A variety of different methods and channels are used to learn about stakeholder requirements and expectations of PCSC. Other methods and channels of communication for stakeholders are described below.

 **Table of communication channels and frequency between PCSC and its stakeholders**

Stakeholders	Topics of Concern	Communicating Channel and Frequency
Investors	Ethical Corporate Management Legal compliance Brand management Customer health and safety Marketing and labeling Customer relations management	Annual stakeholders' meeting Quarterly financial statements/annual reports Disclosure through corporate website on a nonscheduled basis Annually hold investor conference , participate in conferences held by others as the need arises TWSE Market Observation Post System Website Answering questions from investors and analysts via phone or e-mail as the need arises
Suppliers	Ethical Corporate management Legal Compliance Occupational health and safety Employment Labor/Management relations Brand management Customer health and safety Marketing and labeling Customer relations management	Regular merchants' friendly association Regular suppliers' conference Implement audits and assessments on a regular basis
Consumers	Ethical Corporate management Legal Compliance Occupational health and safety Employment Labor/Management relations Training and education Brand management Customer health and safety Marketing and labeling Local communities	Regular replies by Integrated Services Center Conduct satisfaction surveys as the need arises
Employees	Ethical Corporate management Legal Compliance Occupational health and safety	Regular employer-employee meetings Quarterly Staff Welfare Committee meetings



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Stakeholders	Topics of Concern	Communicating Channel and Frequency
Employees	<ul style="list-style-type: none"> Employment Labor/Management Relations Training and education Brand management Customer health and safety Marketing and labeling Customer relations management 	<ul style="list-style-type: none"> Employee complaints e-mail box, complaints can be made on a nonscheduled basis Internal proposal system, proposals can be made on a nonscheduled basis Happy Cooperative Society – holds training classes on a nonscheduled basis/ to apply for volunteer consultations on a nonscheduled basis
Franchisees	<ul style="list-style-type: none"> Ethical Corporate management Legal Compliance Occupational health and safety Employment Labor/Management relations Training and education Brand management Customer health and safety Marketing and labeling Customer relations management Local communities 	<ul style="list-style-type: none"> Updating dedicated franchising website on a nonscheduled basis Weekly visits by regional advisor Regular monthly publications Regular franchisee discussion forums Conduct annual satisfaction surveys
Public Interest Groups	<ul style="list-style-type: none"> Ethical Corporate management Brand management Customer health and safety Customer relations management Local communities 	<ul style="list-style-type: none"> Support for charity events/initiatives on a nonscheduled basis Monthly Good Neighbor Foundation e-newsletter Quarterly Bring Back the Love Charity Donation Program fundraiser Annual fundraising proposal/ Review meeting
Government Agencies	<ul style="list-style-type: none"> Ethical Corporate management Legal Compliance Energy and GHG Occupational health and safety Customer health and safety Marketing and labeling 	<ul style="list-style-type: none"> Periodic compliance inspections Promote in accordance with relevant systems on a nonscheduled basis
Local Communities	<ul style="list-style-type: none"> Ethical Corporate management Legal Compliance Energy and GHG Labor/Management relations Customer health and safety Marketing and labeling Local communities 	<ul style="list-style-type: none"> Hold Good Neighbor Funfest events on a nonscheduled basis Set up an Integrated Services Center