

# Blueprint 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-and-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.

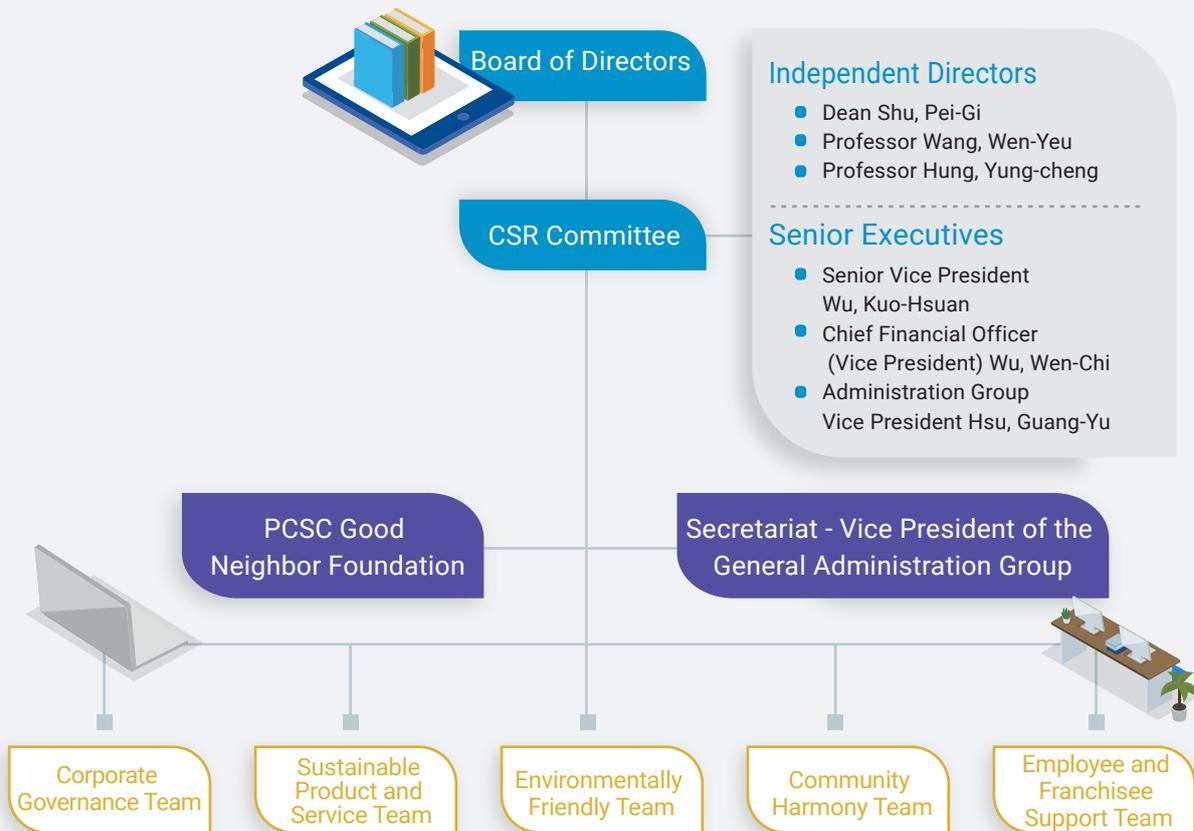
Since the establishment, PCSC has not only a lot of breakthroughs and innovations in business operations but also numerous achievements and efforts in economic, environmental, and social dimensions with the commitment to be the sustainable business leader.

## 1.1 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 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 governing principles for the implementation of 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 external directors. We also strengthen the

Committee's decision-making power and expand its influence. Most importantly, the CSR Committee coordinated different departments' to maximize performance and enhance the supervision mechanism to review the feasibility of plans.

The CSR Committee is composed of three independent directors and senior executives of the Company. The committee is made up into five major teams, including "Corporate Governance", "Sustainable Product and Service", "Environmentally Friendly", "Community Harmony", and "Employee and Franchisee Support" They are responsible for proposing and implementing concrete plans related to CSR policies, systems, or relevant management guidelines. The CSR Committee holds at least two meetings every year. It held three meetings in 2019 in February, June, and October respectively.



## 1.2 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 spirits of 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.



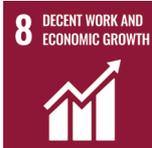
### Five Implementation Principles

### Implementation

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

## UN Sustainable Development Goals (SDGs)

In 2015, the United Nations issued the "Transforming our world: the 2030 Agenda for Sustainable Development", which is served as common goals for nations around the world being 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, taking into consideration the core capabilities of our industry, our operation scope, and our three core CSR values, we identified sustainable goals that PCSC can focus on. In 2019, PCSC identified six sustainable goals as our main development strategies. In addition to these six goals, 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		<p>PCSC has continued to profit, steadily grow, create jobs, and become the most trusted and satisfying business brand. Our ultimate objective is to ensure the satisfaction of our customers, partners, shareholders, and society as a whole as well as to become business that emphasizes on both continued growth and sustainable operations.</p>
		<p>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.</p>
SOCIAL		<p>PCSC has advantages of having enough retail locations and turning them into a community care network, allowing our stores to reach deep into remote areas where they can help take care of residents' health.</p>
		<p>By leveraging the network and channels of our stores, PCSC managed to serve as a platform on which young people who returned home can exchange and share their achievements. The platform helps them with career development in their hometowns and equip them with ability to help revitalize local industries, while strengthening the social and economic, and environmental connections between urban and rural areas.</p>
ENVIRONMENT		<p>PCSC is not a manufacturer, but with changes to its distribution and transportation systems, it has reduced its impact on the environment, thereby realizing its goal of responsible consumption and production.</p>
		<p>As Taiwan's leading retailer, PCSC has drawn up new branch energy conservation standards, which requires that new stores have to 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.</p>

## 1.3 Materiality Assessment Procedures

PCSC values what our stakeholders' are concerned about. Employing different ways to communicate with stakeholders 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 be reviewed and approved. PCSC established a systematic and standardized materiality assessment process with four steps to identify major company themes. The materiality assessment process and the major issues identified in 2019 are shown below:

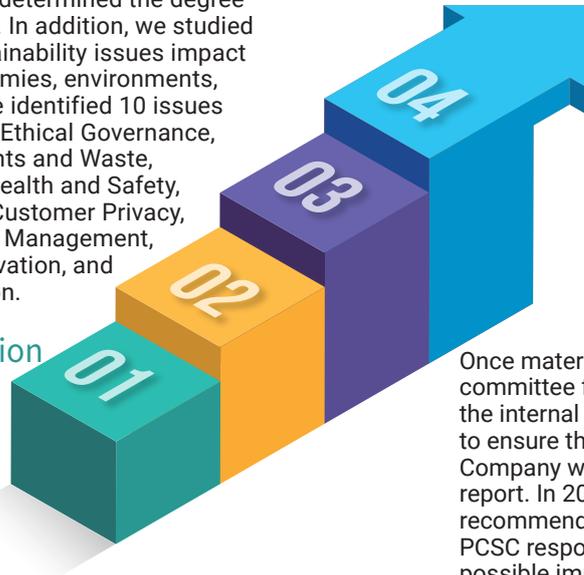


## step 02 Prioritization

Survey responses received from stakeholders are used to be analyzed and determined the degree of concern on each issue. In addition, we studied the degree to which sustainability issues impact local and overseas economies, environments, and societies. In 2019, we identified 10 issues (details below), including Ethical Governance, Legal Compliance, Effluents and Waste, Employment, Customer Health and Safety, Marketing and Labeling, Customer Privacy, Sustainable Supply Chain Management, Product and Service Innovation, and Resource Waste Reduction.

## step 01 Identification

CSR committee members identified 30 critical CSR issues based on GRI Standards topics, industry characteristics, international trends, and developments in the industry.



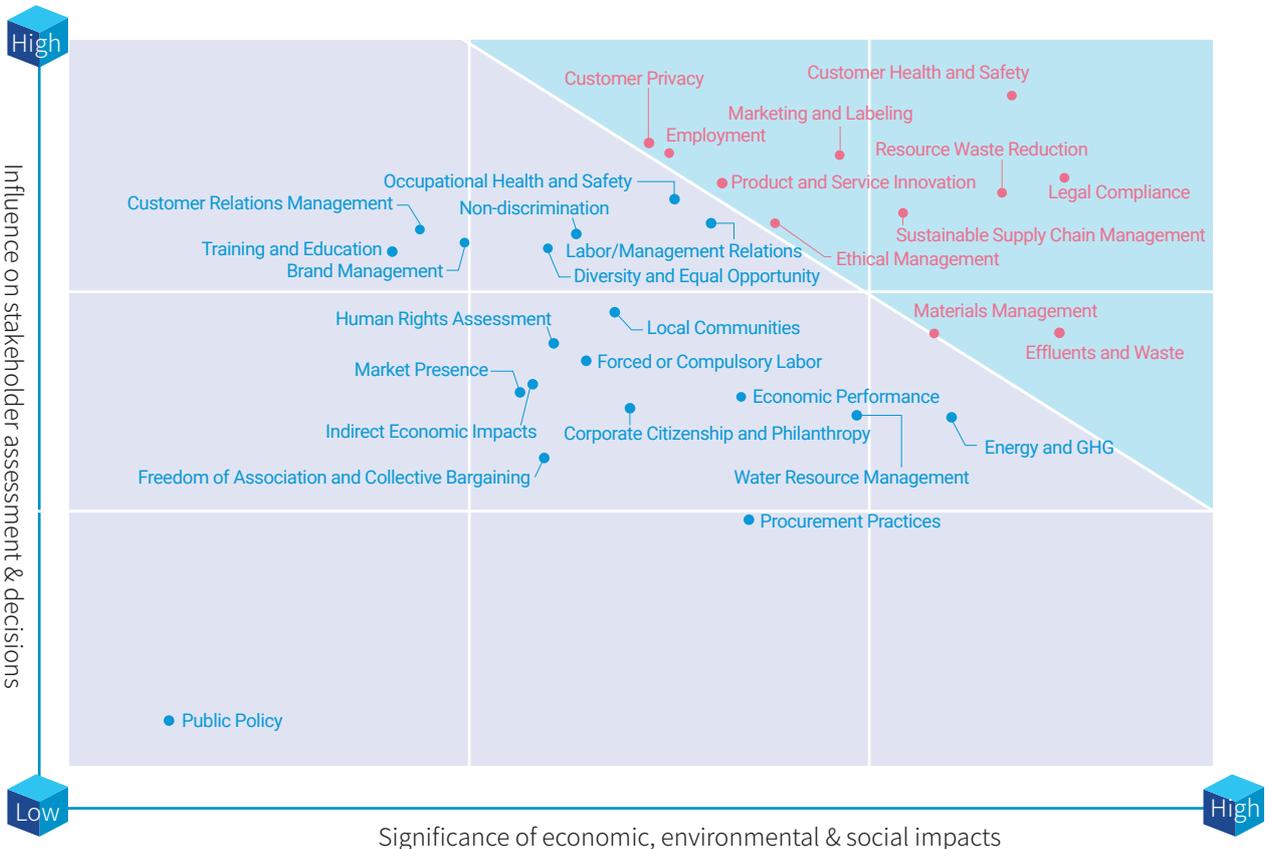
## step 04 Review

Once the Report has been completed, each team in the CSR Committee conduct a final scrutiny and review to ensure that the CSR information and accomplishments were not improperly or incorrectly expressed. The results of material topics identification and stakeholders' feedbacks will also serve as an important reference for next year's report.

## step 03 Confirmation

Once material topics are identified, CSR committee further determines the materiality and the internal and external boundary of each topic to ensure that key CSR information of the Company will be completely disclosed in the report. In 2019, based on internal discussions and recommendations from external consultants, PCSC responded to stakeholder concerns and possible impacts on the economy and society by including such issues as Local Communities, Energy and GHG, and Customer Relations Management.

2019 PCSC material topics matrix



Note: In 2019, based on internal discussions and recommendations from external consultants, PCSC responded to stakeholder concerns and possible impacts on the economy and society by including such issues as Local Communities, Energy and GHG, and Customer Relations Management.

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 Governance	GRI 205	☀	☀	☀	☀	☀	☀	☀			2.2 Corporate Governance
	Legal Compliance	GRI 419 GRI 307	☀	☀	☀	☀	☀	☀	☀	☀	☀	2.3 Legal Compliance
Environment	Energy and GHG	GRI 302	☀				☀			☀		6.2 Implementation of Energy Conservation and Carbon Reduction
	Effluents and Waste	GRI 306	☀	☀	☀		☀			☀		2.3 Legal Compliance
Employees	Employment	GRI 401	☀	☀	☀		☀	☀	☀			4.1 Overview of Human Resources
Products	Product and Service Innovation	NA	☀	☀	☀		☀	☀			☀	3.1 Innovation in Services and Products
	Customer Privacy	GRI 418	☀	☀	☀	☀	☀	☀	☀	☀	☀	3.4 Customer Relations Management
	Sustainable Supply Chain Management	GRI 308 GRI 414	☀	☀	☀		☀	☀			☀	3.3 Sustainable Supply Chain Management
	Resource Waste Reduction	GRI 301 GRI 303 GRI 306	☀	☀	☀		☀	☀			☀	6.2 Implementation of Energy Conservation and Carbon Reduction
	Customer Health and Safety	GRI 416	☀	☀	☀	☀	☀	☀	☀	☀	☀	3.2 Customer Health and Safety
	Marketing and Labeling	GRI 417	☀	☀	☀	☀	☀			☀	☀	3.4 Customer Relations Management
	Customer Relations Management	NA	☀	☀	☀		☀	☀			☀	
Society	Local Communities	GRI 413	☀				☀				☀	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.



# 1.4 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 section (<http://www.7-11.com.tw/communication.asp>) has been set up on the PCSC corporate website. A physical mailbox is also available for opinion. 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	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual shareholders' meeting</li> <li>■ Quarterly financial statements/annual reports</li> <li>■ Disclosure through corporate website on an irregular basis</li> <li>■ Annually hold investor conference , or participate in conferences held by others</li> <li>■ TWSE Market Observation Post System Website</li> <li>■ Answering questions from investors and analysts via phone or e-mail</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Effluents and Waste</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> <li>■ Resource Waste Reduction</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular merchants' networking association</li> <li>■ Regular suppliers' conference</li> <li>■ Implement audits and assessments on a regular basis</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular replies by Integrated Services Center</li> <li>■ Conduct satisfaction surveys as the need arises on an irregular basis</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> <li>■ Resource Waste Reduction</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular employer-employee meetings</li> <li>■ Quarterly Staff Welfare Committee meetings</li> <li>■ Employee complaints e-mail box, complaints can be made on an irregular basis</li> <li>■ Internal proposal system, proposals can be made on an irregular basis</li> <li>■ Happy Cooperative Society – holds training classes on an irregular basis/ to apply for volunteer consultations on an irregular basis</li> </ul>

Stakeholders	Topics of Concern	Communicating Channel and Frequency
Franchisees	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Effluents and Waste</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> <li>■ Resource Waste Reduction</li> </ul>	<ul style="list-style-type: none"> <li>■ Updating dedicated franchising website on an irregular basis</li> <li>■ Regular visits by regional advisor</li> <li>■ Regular monthly publications</li> <li>■ Regular franchisee discussion forums</li> <li>■ Conduct quarterly satisfaction surveys</li> </ul>
Public Interest Groups	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> <li>■ Resource Waste Reduction</li> <li>■ Brand Management</li> <li>■ Customer Relations management</li> <li>■ Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Support for charity events/initiatives on an irregular basis</li> <li>■ Quarterly Bring Back the Love Charity Donation Program fundraiser</li> <li>■ Annual fundraising proposal/ Review meeting</li> </ul>
Government Agencies	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Effluents and Waste</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> </ul>	<ul style="list-style-type: none"> <li>■ Periodic compliance inspections</li> <li>■ Promote in accordance with relevant systems on an irregular basis</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>■ Legal Compliance</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</li> <li>■ Customer Privacy</li> <li>■ Sustainable Supply Chain Management</li> <li>■ Product and Service Innovation</li> <li>■ Resource Waste Reduction</li> </ul>	<ul style="list-style-type: none"> <li>■ Hold Good Neighbor Funfest events on an irregular basis</li> <li>■ Set up an Integrated Services Center</li> <li>■ Create PCSC's Good Neighbor Foundation website</li> </ul>