



04

Building A Happy Workplace

Sustainability Performance

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Female managers in revenue-generating functions account for **52.02%**

A total of **261** employees with disabilities were hired, which is **3.07** times the statutory requirement

60.16% of respondents for the employee engagement survey are considered as active

Passed the annual follow-up of ISO 45001 Occupational Safety and Health Management System with **“zero defect”**

The frequency-severity indicator was **0.15** in 2020, lower than the retail industry's average rate of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor

100% of employees with severe abnormalities in the health checkup results received intervention for health management

By 2020, the Happy Cooperative Society has reached a total of **3,563** cases taken care of with a total of **2,779** hours of volunteer consultations

Corresponding Material Topic

Employment

Corresponding Stakeholders

Employees Franchisees Government agencies Public welfare organizations Suppliers Local communities

Reduce the frequency-severity indicator of employees	Zero major occupational safety incident	Validity of ISO 45001 certification
Action Plan	Action Plan	Action Plan
Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.	Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.	Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.
2020 Goals	2020 Goals	2020 Goals
The Frequency-severity indicator is lower than the retail industry's average of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor	0 incident	Passes reinspection
Achievement	Achievement	Achievement
0.15	0 incident	Pass the annual ISO 45001 system reinspection with zero defect
Target Reached	Target Reached	Target Reached
<input checked="" type="checkbox"/> Tracking <input type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input checked="" type="checkbox"/> Tracking <input type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input checked="" type="checkbox"/> Tracking <input type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded
Future Goals	Future Goals	Future Goals
The frequency-severity indicator continues to be lower than the retail industry's average rate in the past three years according to the Occupational Safety and Health Administration, Ministry of Labor	0 major occupational safety incident between 2021-2022	Entrusted third-party verification company to reinspect ISO 45001 on an annual basis to ensure validity

Compliance with labor laws and regulations



Action Plan

Perform human rights and labor audits

2020 Goals

0 labor rights violations with fines.

Achievement

2 labor rights violations with fines.

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

0 labor rights violations with fines.



Gender equality promotion



Action Plan

Provide a work environment that respects gender equality

2020 Goals

This is a medium- and long-term goal. No 2020 target has been set.

Achievement

The proportion of female department managers reaches 6.67%

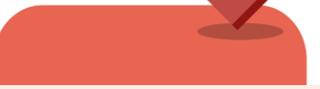
Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

The proportion of female department managers reaches 10% by 2025

Gender equality promotion



Action Plan

Provide a work environment that respects gender equality

2020 Goals

This is a medium- and long-term goal. No 2020 target has been set.

Achievement

The proportion of female team managers, store managers, district consultants and department managers reaches 48.99%

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

The proportion of female team managers, store managers, district consultants and department managers reaches 50% by 2025



Employment

Management Approach

Management Objectives and Policies

PCSC strongly believes that only when the employees are happy can PCSC fully demonstrate its values for customers and provide excellent services that exceed the customers' expectations.

We took into consideration international regulations on human rights, such as the "International Bill of Human Rights," "Core Labor Standards of the Fundamental ILO Conventions," and the "Ten Principles of the United Nations Global Compact" to formulate the PCSC Human Rights Policy in June 2018. The seven policies include providing a friendly and safe work environment and treating employees with dignity; prohibiting any discrimination, sexual harassment, non-sexual harassment, workplace violence and intimidation, and provide a grievance mechanism and properly handle various human rights violations; prohibiting forced labor, human trafficking and child labor; ensuring employment, training and welfare, rewards and evaluations, and promotions are all equal; respecting employees' freedom of association, maintaining unobstructed communication channels with employees, and building a harmonious workplace; promoting physical and mental health and work-life balance of employees; establishing diversified communication channels to ensure stakeholders' rights.

Responsibility

Human Resources Department

Action Plan

To ensure law compliance, PCSC periodically performs audits for occupational safety and health and labor conditions to stay updated with the results of management. We provide comprehensive internal and external training, encourage cross-company, cross-field job rotation to enrich the employees' experiences, and assign important tasks and challenges to cultivate outstanding talents. Legal training for all employees is provided to help prevent illegal conduct and create a friendly and safe workplace. Health checks are organized each year with health activities based on analysis of the results over the years to improve employee health.

Grievance Mechanism

A variety of communication channels are offered, such as the Audit Office, Integrated Services Center, or stakeholder platform on the official website. Employees can express their opinions online, on the phone or in writing, with timely responses guaranteed.

4.1 Overview of Human Resources

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, 2020, PCSC has a total of 8,500 employees (Note 1), and the total number of franchised store staff was 41,312 as of the end of December 2020 (Note 2). Female employees account for 55.34% (Note 3) of all PCSC employees, while 52.02% (Note 4) of managers in revenue-generating functions are female, showing that PCSC values gender equality in the work environment and talent recruitment.

(Note 1) Includes back office staff and directly-operated store personnel.

(Note 2) The total number of franchised store personnel is the number of people audited for National Health Insurance and labor insurance as of December 2020. Stores which operates less than a month have not been audited, so the number of personnel in such stores is excluded.

(Note 3) The statistics in this section and the ones below do not include franchised stores.

(Note 4) Please refer to the Sustainability Performance in the appendix for relevant statistics.

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 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 job opportunities for student jobseekers. We also collaborate with senior high (vocational) schools to provide students with job opportunities, and we have employed more people with disabilities than the statutory quota. In 2020, the PCSC head office and directly-operated stores hired a total of 261 employees with disabilities, accounting for 3.07% of our total workforce and being 3.07 times higher than the statutory quota. Besides employees with disabilities, PCSC also hired 118 indigenous employees, accounting for 1.39% of all employees.

Distribution of employees by gender and type of employment contract (numbers as of December 31, 2020)

	Male	Female
Non-fixed term contract	3,796	4,704
Fixed-term contract	0	0
合計	3,796	4,704

Distribution of employees by region and labor contract (numbers as of December 31, 2020)

	Northern	Central	Southern
Non-fixed term contract	5,423	1,106	1,971
Fixed-term contract	0	0	0
Total	5,423	1,106	1,971

Distribution of employees by gender and type of employment (numbers as of December 31, 2020)

	Male	Female
Full-time	1,864	2,175
Part-time	1,932	2,529
Total	3,796	4,704

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

Distribution of employees by age group (numbers as of December 31, 2020)

Employee category	≤30 years old		31-50 years old		>50 years old		Total
	Male	Female	Male	Female	Male	Female	
Store personnel	1,528	1,671	927	1,676	131	221	6,154
Management personnel	0	0	115	41	88	7	251
Non-management personnel	186	218	679	744	142	126	2,095
Total number of employees	1,714	1,889	1,721	2,461	361	354	8,500

(Note) Management personnel are team managers, department managers, and vice president or above (inclusive). Non-management personnel are general employees in back office.

Total number and ratio of new employees by age group and gender in 2020

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
Female	≤30 years old	833	72.69	175	57.57	329	74.94	1,337	70.78
	31-50 years old	260	16.10	36	12.95	97	17.08	393	15.97
	>50 years old	44	20.66	2	4.55	11	11.34	57	16.10
Total		1,137	38.23	213	34.03	437	39.58	1,787	37.99

Percentage of new hires (Number of newly hired female employees in the category that year/ Number of active female employees in the category as of December 31, 2020)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
Male	≤30 years old	898	80.83	163	76.17	322	82.78	1,383	80.69
	31-50 years old	137	12.33	32	15.02	57	14.36	226	13.13
	>50 years old	25	11.01	0	0.00	5	6.17	30	8.31
Total		1,060	43.28	195	40.63	384	44.29	1,639	43.18

Percentage of new hires (Number of newly hired male employees in the category that year/ Number of active male employees in the category as of December 31, 2020)

(Note 1) The number of new hires includes new recruits, leave without pay and reinstatement, and transfer of affiliated companies
(Note 2) The percentage of new hires for the year is 40.31%

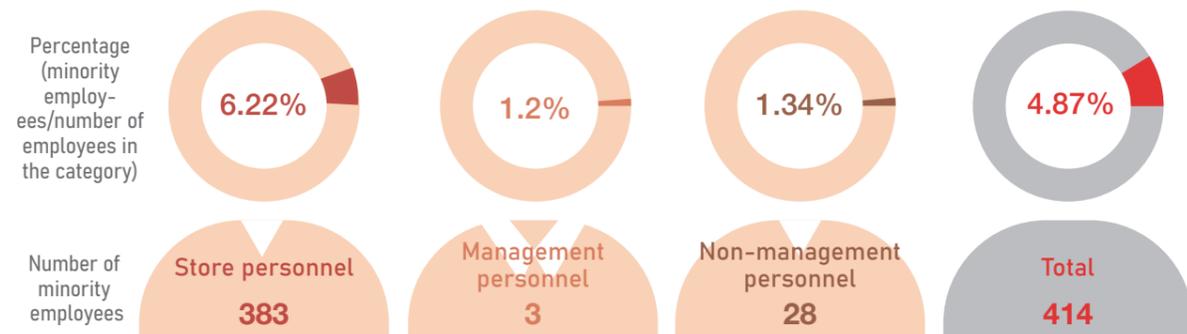
Total number and ratio of employee turnover by age group and gender in 2020

		Northern		Central		Southern		Total	
Gender	Age	Number of people	Percentage (%)						
Female	≤30 years old	816	71.20	163	53.62	295	67.20	1,274	67.44
	31-50 years old	287	17.77	52	18.71	93	16.37	432	17.55
	>50 years old	61	28.64	4	9.09	22	22.68	87	24.58
	Total	1,164	39.14	219	34.98	410	37.14	1,793	38.12
Turnover (Number of female employee turnover in the category that year/ Number of active female employees in the category as of December 31, 2020)									
Male	≤30 years old	914	82.27	164	76.64	294	75.58	1,372	80.05
	31-50 years old	176	15.84	23	10.80	61	15.37	260	15.11
	>50 years old	36	15.86	8	15.09	14	17.28	58	16.07
	Total	1,126	45.98	195	40.63	369	42.56	1,690	44.52

Turnover (Number of male employee turnover in the category that year/ Number of active male employees in the category as of December 31, 2020)

(Note 1) The number of employee turnover includes the number of people on leave without pay.
 (Note 2) The total annual turnover is 40.98%.
 (Note 3) The annual voluntary turnover (excluding retirement & resignation due to illness) is 39.96%.

Minority composition (active employees by December 31, 2020)



(Note) Minorities include 118 indigenous people, 35 foreign employees, and 261 people with disabilities. The percentage of local management personnel is 100% with no employee of foreign nationality.

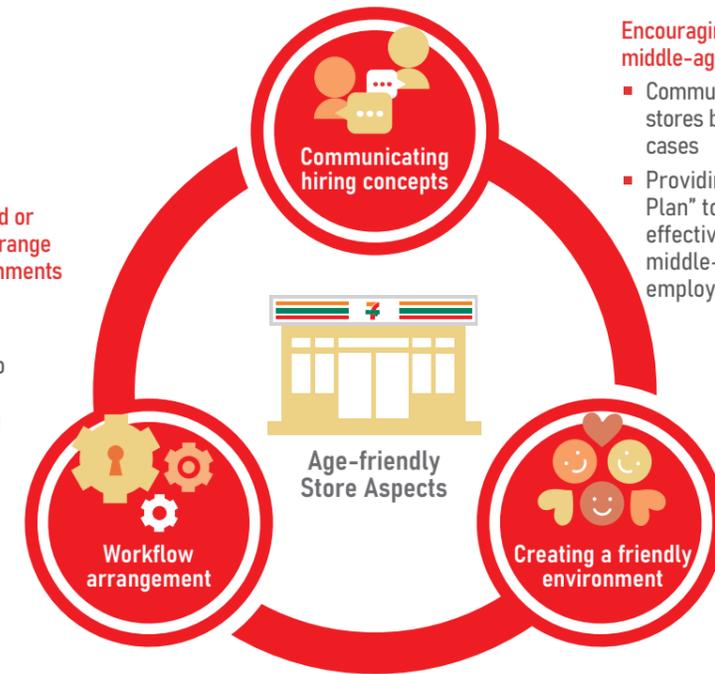
Age-friendly Store Project

PCSC launched the Age-friendly Store Project in response to the impact on the aging population and low birth rates on the labor population, encouraging stores to hire middle-aged and elderly workers with relevant measures.

Recruitment and training is carried out in coordination with such channels as the Senior Store Managers event, senior workforce centers and Employment Service Stations for recruiting middle-aged and elderly workers, and training programs are specially designed for them. To provide the elderly with a friendly and safe work environment, besides organizing training for stores eligible for this project and establishing an age-friendly benchmark store, we focused on three major aspects, including communicating hiring concepts, workflow arrangement and creating a friendly environment.

Evaluate the physical condition of middle-aged or elderly employees to arrange appropriate work assignments and time slots for them

- These employees are given shorter shifts to begin with and adjust afterwards according to their physical condition
- They are not required to climb up or bear a heavy load
- Learning each work item step by step



Encouraging stores to hire middle-aged and elderly employees

- Communicating with eligible stores based on benchmark cases
- Providing the "Elderly Learning Plan" to assist stores with effective training of middle-aged and elderly employees

- Build senior-friendly facilities, such as labor-saving tools and accessibility facilities.

As of the end of December 2020, directly-operated stores hired 810 employees aged 45-55, 146 employees aged 55 and above. In total, we hired 956 employees aged 45 and above, accounting for 11% of all employees. In the future, we will expand our recruitment of middle-aged and elderly employees, optimize training mechanisms and provide a friendlier work environment to boost the willingness of middle-aged and elderly employees working in our stores.

Labor-management Communication

PCSC values the opinions and feedback from every employee. We provide numerous communication channels, including the Integrated Services Center, dedicated email, stakeholder platform and internal communication platform, encouraging employees to directly communicate with management. 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 have been violated, they can report through aforementioned channels. A total of 151 reports related to employee rights occurred in 2020, and most of them were related to transfer, unpaid overtime pay and shift reduction. All cases were properly addressed in 2020.

We formulated Labor-Management Negotiation Regulations in accordance with the law and regularly hold 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 communicate directly to negotiate on benefits and systems, employment, improvement of the work environment and labor-management cooperation during the meeting, so as to ensure and improve the effectiveness of communication. A total of 4 labor-management meetings were held in 2020, and topics of discussion included reassignment of labor/management representatives, reelection of occupational safety and health representatives and so on. All resolutions of labor-management meetings are handed over to related units for implementation. Moreover, PCSC Labor Union was formed at the end of 2019 with approximately 30 members. It aims at improving labor rights, level of happiness and laborers' knowledge and skills. A collective bargaining agreement has not been signed yet. We will continue to maintain good interactions with the union in the future. In the meantime, we 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 labor-management relations and a win-win work environment.

PCSC continues to communicate with its employees with no strike or suspension in 2020. Furthermore, in the event of a situation specified in Article 11 of the Labor Standards Act, PCSC communicates with employees in advance, and gives 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 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 30 days in advance for employees who have worked at PCSC for three years or more.

Employee Engagement Survey

PCSC plans to conduct an employee engagement survey every two years to understand the degree of employee engagement and how well they are adapting to the workplace. District consultants and marketing personnel whose work is directly related to store revenue are prioritized survey subjects. We analyzed results of the engagement survey to understand the interaction between managers and employees, and set the goal to increase active 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.

The survey subjects were district consultants in 2020. To ask questions that matter, we have included reasons for turnover, leave without pay and other reasons collected through informal channels as foundation for the survey, creating multiple questions. This year, the survey focused on aspects such as job satisfaction, institutional recognition, internal communication, physical and mental balance and commitment to the organization. We adopt the Likert Five-Point Scale to design the texts and scores of the questionnaire. Open-ended questions were given to collect the feedback and thoughts of employees in a variety of ways.

A total of 554 people participated in the survey in 2020 (Note 1), taking up 6.52% of all employees. The percentage of people whose answers were "active" (Note 2) took up 60.16% of all survey participants (Note 3).

(Note 1) The survey is anonymous. To increase the motivation of participation and reduce the number of questions regarding personal information, gender survey was not included.

(Note 2) This survey adopts a 5-point scale, and 4 and 5 points are defined as "active."

(Note 3) The percentage of active employees in 2018 was 48.25%, with a total of 698 employees participating in the survey (accounting for 8.62% of all employees). However, the content of the survey in 2020 was different from that in 2018, so the results cannot be compared.

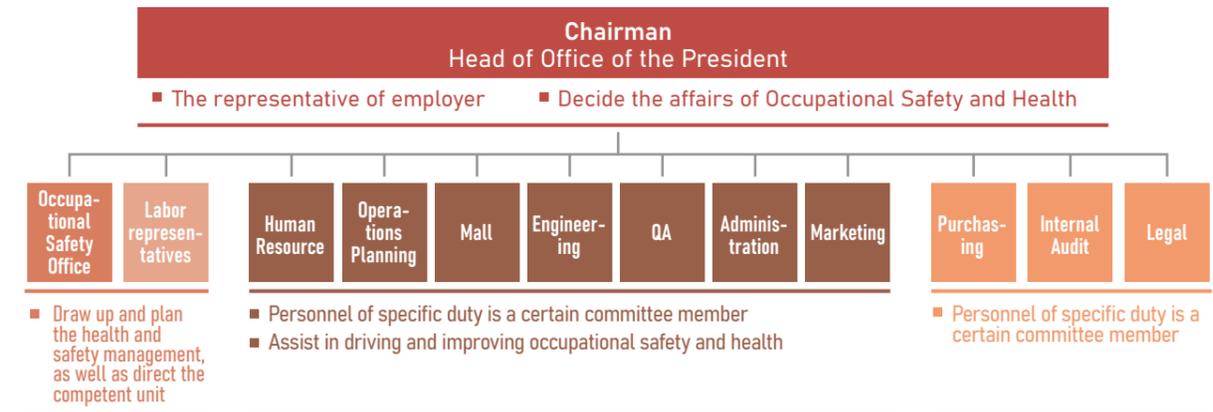
The survey result shows that "System Improvement - Feedback Reduction" is the item district consultants needed the Company to help with since it impacts on working hours, workload and work pressure. We will first review the frequency/themes of survey, plan and control the necessity of feedback from each unit, and set the time for sending surveys to prevent district consultants from being distracted from their main job of assisting the stores by the surveys. For other issues that need to be improved, relevant units will collect in-depth information through informal channels such as district consultant courses.

4.2 Occupational Safety and Health

Safety and Health Committee

To ensure that all employees have a safe and healthy 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, accounting 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 is held 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, with

supervisors of the highest level of each unit and labor representatives discussing the Company's safety and health matters. The meeting also establishes occupational safety targets, with a management review meeting each year reviewing, coordinating and making recommendations on safety and health matters, ensuring the suitability and effectiveness of occupational safety and health. In addition to the meetings above, stakeholders can express their opinions on occupational safety and health through the Integrated Services Center, dedicated email, stakeholder platform and internal communication platform.



Occupational Safety and Health Policy

The President approved the Occupational Safety and Health Policy in 2018 with five guidelines for implementing risk prevention and management. Our goals in 2020 were for frequency severity indicators to be lower than the retail industry's average of 0.36 in the past three years (2017-2019) 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: safety and health education and training, safety risk assessments and safety audits, air, lighting, drinking water quality monitoring. 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.

For contractors, we hold contractor safety agreement meetings and formulate operating standards for high-risk machinery and equipment operations, rooftop operation techniques and standards or reminder of existing store repair hazards to reduce construction risks. We conduct unexpected construction site audits every year and give penalties to contractors with flaws. In the procurement contract, the contractor shall comply with occupational safety and health laws and regulations and Code of Conduct for Supplier to ensure the contractors' safety and health concepts and protect the rights and interests of laborers.

In 2020, PCSC launched a COVID-19 contingency mechanism in response to the pandemic, established a notification mechanism including those who need to be notified and corresponding methods, and enhanced the Company's disinfection and the employees' understanding of epidemic prevention to avoid infection.

Four Major Occupational Safety Plans

<p>Overload prevention plan</p> <p>There were 26 cases at high risk of overwork in 2020, all of whom completed assessment interviews with a doctor in 2020. Eight people needed to limit work.</p>	<p>Human factor hazard prevention plan</p> <p>A human factor survey was handed out during the second half of 2020, with 25 people answering the soreness score of 3 (severe pain) or above. One person completed the interview in 2020.</p>	<p>Illegal violence prevention plan</p> <p>There were 3 cases of workplace violence in 2020, all of which were accepted with assistance offered. One was internal workplace violence, and two of the cases were external workplace violence (Note). We provided medical assistance, job adjustment and counseling based on the individual condition of the employee who filed the complaint.</p>	<p>Maternity health protection plan</p> <p>There were a total of 47 maternity health protection cases in 2020, all of whom completed interviews with doctors. 8 people needed to adjust their working hours and 3 people needed to adjust their work assignments.</p>
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(Note) External meaning the source of violence wasn't from an internal employee.

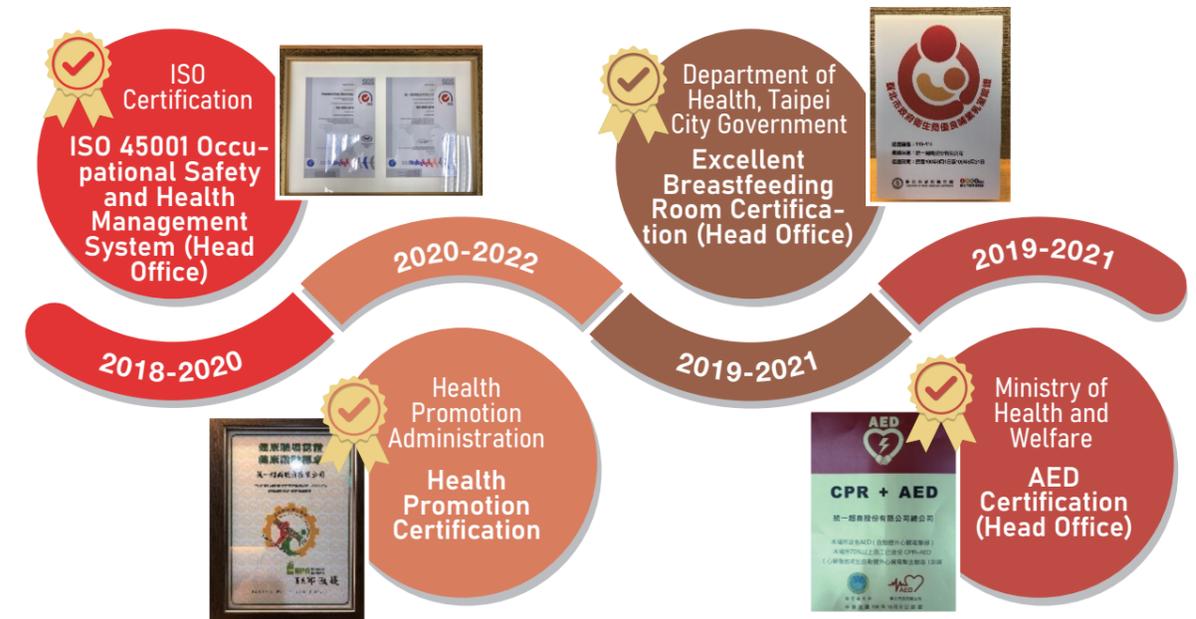
Implementation of Occupational Health and Safety

	Description	2020 Performance
 <p>Safety and Health Training</p>	Certification training (Class C occupational safety and health/first aid): Formulate Class C in-job training material exclusive to the stores in line with the stores' occupational environment.	153 sessions/ 4,505 persons in total.
	<ul style="list-style-type: none"> Occupational safety online course: Organize "Basic Knowledge for COVID-19 Prevention" course to raise awareness of the disease and strengthen the Company's control of the epidemic. Enhanced employees' safety awareness with "traffic safety course". 	<ul style="list-style-type: none"> 8,104 people completed the COVID-19 course. 6,272 completed the traffic safety course.
	Mall safety and health courses: The environment and operations of the malls are different from those in the stores. The mall safety and health course is organized accordingly.	37 people received training.
 <p>Environmental Monitoring (Head Office)</p>	The quality of drinking water receives inspection each quarter. The concentration of carbon dioxide and lighting are checked every six months.	The results exceeded standards .
	The disinfection frequency was increased in 2020 (twice a week) to enhance cleanliness for epidemic prevention.	
 <p>Contractor Management</p>	Supplier security agreement meeting: The meeting was suspended due to the epidemic prevention policy. Written materials were handed out instead.	A total of 138 suppliers.
	In 2020, the risk assessment of the construction site (Note) exposed unsafe behavior and environment. (Note) Construction site refers to renovated store.	The order of the top five risk factors included, failure to wear a safety helmet, incomplete pre-work education, falling, cutting and electric shock.
	Mall construction safety assessment: implement individualized engineering safety assessment and hazard identification in line with the type of construction.	Conducted 6 assessments for high-risk construction cases.

Occupational Safety and Health Management System and Health Certification

PCSC continued to pass the annual reinspection for ISO 45001 Occupational Safety and Health Management System with zero deficiencies in 2020, with the scope covering all employees and workers in the head office to show 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.

Occupational Safety and Health Certification



Occupational Injury Statistics

Employees

PCSC strives to reduce occupational injuries. 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. The frequency-severity indicator was 0.15 in 2020, lower than the retail industry's average rate of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor. Furthermore, PCSC had no cases of work-related ill health for our employees in 2020.

In order to reduce the probability of employees' occupational injuries, the occupational safety reporting mechanism has been adopted to stay updated with occupational injuries, conduct incident investigations, confirm what happened and explore the causes of occurrence. After understanding the nature of the problem, similar injuries are prevented with environmental equipment and management (training, campaign, etc.), personal protective equipment and other improvement measures.

Number and type of injuries by gender in 2020

	Falling, tumbling	Tripping	Object collapsing	Cuts, lacerations, scrapes	Exposure to high/low temperatures	Improper action	Being hit	Others	Total
Male	1	0	1	0	1	0	1	1	5
Female	2	2	2	1	1	2	0	1	11
Total	3	2	3	1	2	2	1	2	16

2020 Work-related Injury Statistics of Employees by Gender
(excluding traffic accidents while commuting)

 Total number of working hours and injured people	 Male	 Female	Total
Total number of hours worked (unit: hours) (Note 1)	7,123,469	8,555,624	15,679,092
Number of people with regular work-related injuries (Note 2)	5	11	16
Number of people with high-consequence work-related injuries (Note 3)	0	0	0
Number of fatality	0	0	0
Number of people with recordable work-related injuries	5	11	16

(Note 1) Total number of hours worked = number of working days in the current month * 8 hours * number of full-time employees + actual working hours of part-time employees.

(Note 2) Lost work days within 180 days.

(Note 3) Lost work days exceeds 180 days and doesn't include the number of fatalities.

 Work-related injury rate, lost workday rate, frequency-severity indicator	 Male	 Female	Total
Rate of fatalities as a result of work-related injury (Note 1)	-	-	-
Rate of high-consequence work-related injuries (Note 2)	-	-	-
Rate of recordable work-related injuries (disabling injury frequency rate) (Note 3)	0.70	1.29	1.02
Lost workday rate (disabling injury severity rate) (Note 4)	14.74	28.75	22.39
Frequency-severity indicator (Note 5)	0.10	0.19	0.15

(Note 1) Rate of fatalities as a result of work-related injury = number of fatalities*10⁶/total hours worked

(Note 2) Rate of high-consequence work-related injuries = number of people with high-consequence work-related injuries*10⁶/total hours worked

(Note 3) Rate of recordable work-related injuries = total number of recordable work-related injuries * 10⁶/ total hours worked

(Note 4) Lost workday rate = Total workdays lost * 10⁶/total hours worked

(Note 5) Frequency-severity indicator = $\sqrt{\text{Disabling Injury Frequency Rate (FR)} \times \text{Disabling Injury Severity Rate (SR)} \div 1000}$

(Note 6) Due to the inability to obtain the relevant statistical data of the franchised store employees in 2020, and the number of manufacturer workers has not reached a significant level, both of them have not disclosed occupational safety performance.

▪ **Contractors**

In the spirit of treating others as we expect to be treated, PCSC has established a comprehensive occupational safety reporting mechanism and emergency response and incident handling regulations for contractors. When an incident occurs, contractors will 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.

There was no cases of severe work-related injuries or ill health in 2020. Please refer to the table below for work-related injuries regarding contractors in 2020.

Number of contractor employees injured in 2020

	Object dropping	Being pinched	Tripping	Object collapsing	Total
 Male	1	0	1	1	3
 Female	0	1	0	0	1
Total	1	1	1	1	4

2020 Work-related Injury Statistics of Contractors (excluding traffic accidents while commuting)

Total hours worked and number of injured people	Total
Total number of hours worked (unit: hours)	578,560(Note)
Number of people with regular work-related injuries	4
Number of people with high-consequence work-related injuries	0
Number of fatality	0
Number of people with recordable work-related injuries	4

(Note) The total hours worked for the contractors' on-site employees are estimated based on the number of stores opened that year and contents of the contract.

Work-related injury rate, lost workday rate	Total
Rate of fatalities as a result of work-related injury	-
Rate of high-consequence work-related injuries	-
Rate of recordable work-related injuries(Note1) (disabling injury frequency rate)	6.91
Lost workday rate (disabling injury severity rate) (Note 2)	658.53

(Note 1) Due to the lower total hours and higher number of injuries in 2020, the relevant ratios are higher than that in previous years.

(Note 2) Unless otherwise noted, please refer to the notes for other nouns and formulas in the "2020 Work-related Injury Statistics of Employees by Gender."

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 provided training regarding the Labor Standards Act to 170 people in 2020. After assessing the location of the operating base within the scope of the individual operations and the nature of work, it is considered that the store employees may be exposed to high/low temperature, heavy objects and other working conditions with occupational safety concerns. Their labor rights could also be damaged due to incomplete record-keeping resulting from the shift system, salary or vacation days not given in accordance with the law, insufficient time between shifts and other issues that violate labor rights, or back office employees working overtime. Therefore, occupational safety and health as well as labor conditions are inspected. Please see the following table for audit results in 2020. For other human rights risk assessments and mitigation measures, please refer to "PCSC Human Rights Due Diligence Procedure" (Note 1).

(Note 1) Downloadable from the PCSC Investor Relations Website: <https://www.7-11.com.tw/company/ir/policy.html>

▪ **Back Office**

Audit Action	Audit Frequency	2020 Results
Attendance review	Each month	No abnormality
Labor audit from competent authority	Nonscheduled	No legal violation

(Note) There was no violation of occupational safety and health regulations with fines in 2020.

▪ **Directly-operated Stores**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Attendance review	Each month	No abnormality	-
Store self-inspection and district consultant reviews for occupational safety and health	Each May	The store performed self-inspections and reviews	Mitigation measures are all tracked by store managers
Labor audit from competent authority	Nonscheduled	There were two violations with 3 items non-compliant, including total daily/monthly overtime exceeding the limit, and employee missed clocking in and failing to re-register, causing attendance records not to be recorded daily to the minute. The violations led to NT\$90,000 fine in total.	Optimize the attendance system and ask management to share information on correct attendance management

(Note) There was no violation of occupational safety and health regulations with fines in 2020.

▪ **Franchised stores**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Store self-inspection and district consultant reviews for occupational safety and health	Each May	All stores performed self-inspections and reviews	
Third-party (Note 1) labor conditions inspection	June-October each year	A total of 5,305 franchised stores were inspected, with 186 abnormalities detected. The main issues included failure to present attendance data, the shift interval being shorter than 11 hours, and the number of abnormal working hours (such as double shift/overtime, etc.), etc.	Mitigation measures are all tracked by store managers
Third party (Note 1) occupation and health inspection	June-July each year	A total of 2,800 franchised stores were inspected with the deficiency rate of 2.19% (Note 2), showing a 32% decrease compared to 2019. The main issues included items not being piled up in accordance with regulations and incomplete records for the four major occupational safety protection plans.	

(Note 1) A third-party consulting company was entrusted to implement.

(Note 2) The number of deficiencies in all stores/the number of items inspected in all stores, the number of deficiencies in the stores excludes 3 items related to training and health check. Due to the epidemic in 2020, it wasn't as easy to perform training and health checks, so it was excluded from the number of deficiencies.

▪ **Contractors**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Unannounced occupational safety and health inspection at construction sites	Each month	117 inspections with 7 showing no deficiency. 308 deficiencies were detected and improved, with the improvement rate of 100%. The number of inspections increased by 172% compared with last year.	Issue review and keypoint sharing: In order to prevent the contractor from recurring the same deficiencies, we analyze the audit results and make graphic announcements to the responsible units to help them focus on important deficiencies.

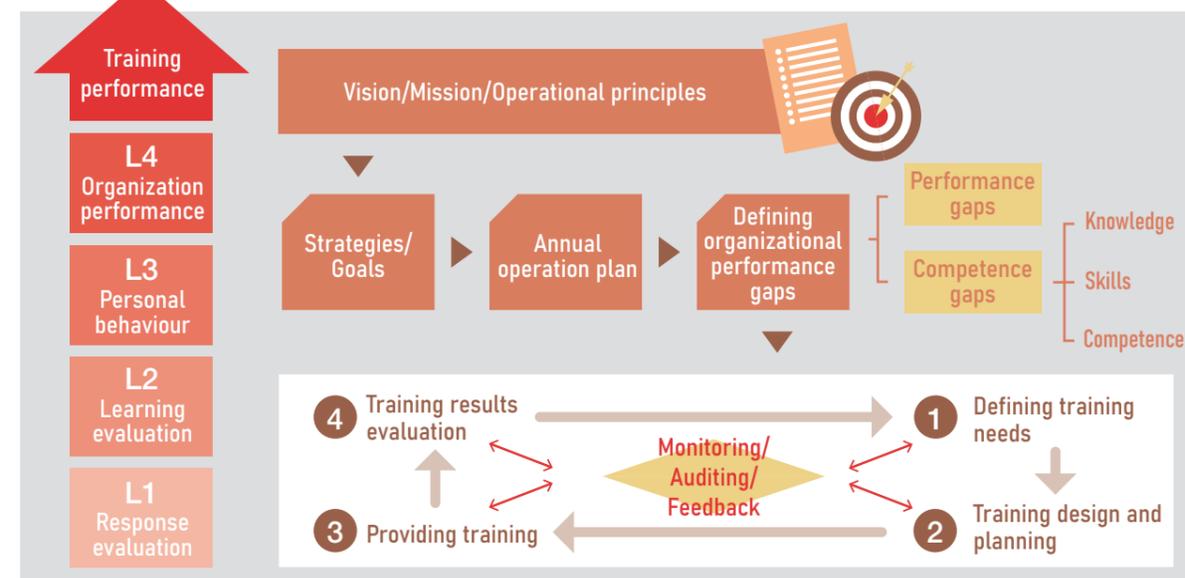
In addition, the Labor Safety Office also conducts occupational safety and health audits for the head office, stores and malls. Risk assessments are carried out according to different working environments. Unexpected inspections are carried out to verify the implementation of occupational safety and health in various units. In 2020, a total of 206 inspections were conducted, of which 25 have no deficiency. 518 deficiencies were improved with an improvement rate of 100%. The number of inspections increased by 160% compared to last year.

4.3 Training and Development

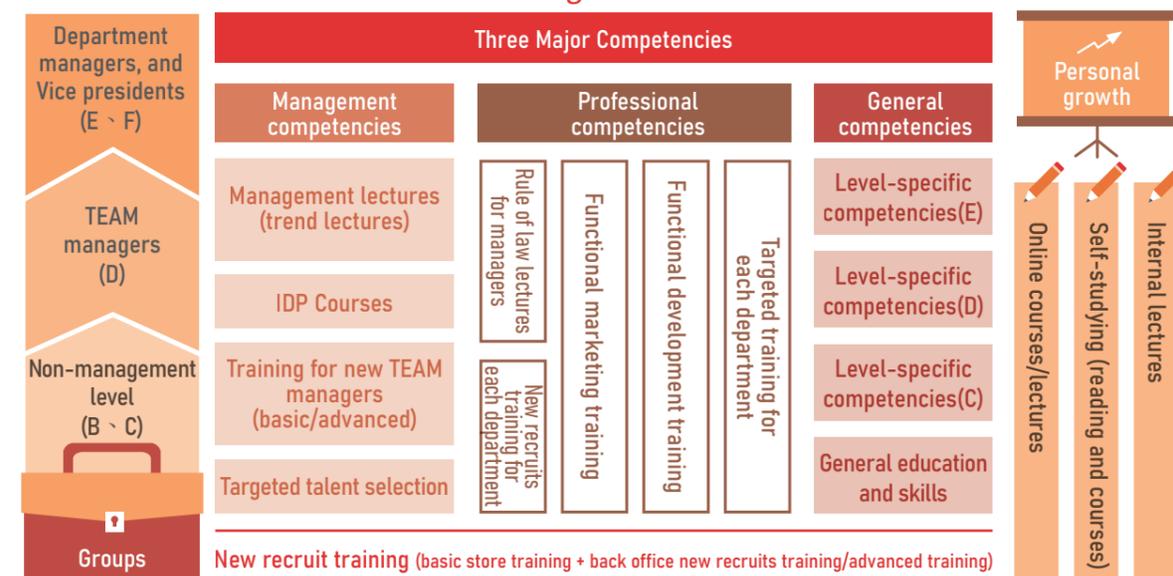
Employee Training Plan

Education and training are the main drivers of organizational growth. To this end, 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 regardless of gender, 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," detailing the capacity that each position should be equipped with and corresponding courses, standardizing various training activities, assisting them in reinforcing behavior or skills. Our goal is to strengthen the sales/marketing training framework, expand group-level training and plan internal and external lectures. The Talent Development TEAM of Human Resources Department and Sales Training TEAM of Operations Planning Department are responsible for implementing education and training.

Education and Training Planning Structure



Training Structure



We have invested in a wide range of channels for continuing education, including: guidance from supervisors and peers, knowledge management systems, external training courses, internal training courses, lectures and symposiums, e-learning, on-the-job training, in-service education, as well as training employees into professional internal lecturers who are enthusiastic and happy to share for passing on professional knowledge. We invested a total of NT\$24,679 thousand in education and training in 2020, with the average training expense of NT\$2,903 per person (Note).

(Note) The reduction in training expense per capita is due to the group's epidemic prevention policy. The Company's large-scale training activities such as teaching observations, annual special training, back office courses, etc. were suspended. The back office staff mainly relied on online learning, and the sales supervisor training adopted video or online teaching. Therefore, training costs dropped significantly compared to that in 2019.

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. In the meantime, we collect employees' feedback on education and training as the foundation for evaluating and adjusting the courses. Employees can express their opinions on education and training through the Integrated Services Center, human resources email, stakeholder platform and internal communication platform.

Education and Training Statistics

PCSC invests considerable resources into education and training each year, designing and planning different training courses for employees on different levels in different departments, including new recruit training, level-specific training, stores, public courses for back office staff, general education courses and specialized training for each unit.

The average training hours of all employees was at least 25 hours in the past five years. Total education and training hours were 232,545 hours in 2020, with an average of 27.36 hours per person. The talent development plan continued during the pandemic with a digital learning environment. By focusing on digital learning and in-store training, 64% of employee learning hours took place online.

Average employee training hours in 2020 (classroom + online courses)

Type of employees	Store personnel		Management personnel		Non-Management personnel		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of total training hours	59,471	92,902	6,717	1,390	38,337	33,728	104,525	128,020
Total number of employees	2,586	3,568	203	48	1,007	1,088	3,796	4,704
Average hours of training per employee	23.00	26.04	33.09	28.96	38.07	31.00	27.55	27.22

Education and Training Courses

Online Learning Curation

Due to the impact of the epidemic in 2020, most physical courses were put on hold. To avoid interruption in learning and increase the employees' motivation of online learning, we launched an annual online learning curation program. The courses cover categories such as trend, masterclass, office skills, career development, etc. For the first time, PCSC collaborated with educational Youtubers to create course content, allowing the employees to carry out thematic learning systematically. Two batches of online courses were launched with a total of 21 lessons (53 levels). Fun competitions were also incorporated to increase the willingness to learn. A total of 8,326 people participated in the two batches of online courses in 2020.



OPEN Masterclass offered multiple digital lectures by industry masters to share exclusive knowledge, successful working methods and the key to corporate success, so that all employees can learn and stay on top of trends at any time. In 2020, a total of 7 digital lectures were organized with 1,949 participants, showing an increase of 91% compared with last year.

OPEN Masterclass



TK Culture Promotion

- ISE (In store Experience)

In order to help back office supervisors think from the store's perspective and understand how plans from headquarter impact stores, PCSC launched ISE in 2015, helping back office staff come up with projects closer to the point-of-view of the store. We trained experience planning advisors to provide professional advice on a better experience, guiding supervisors and store employees engage in business communications.

A total of 6 batches were organized in 2020 and 12 supervisors participated in the experience. A total of 127 batches have been held so far with 237 supervisors engaging in it.



General Legal Education

We utilized the group's resources and provided legal education with our parent company Uni-President Enterprises Corp. to increase the supervisors' legal awareness in decision-making. Other common elective courses were also launched to share education and training resources.

General Education and Training in 2020

Target Audience	Supervisors above TEAM level at PCSC must receive 3 hours of legal education a year. The course is selective for managers of other levels.
Course	Basic legal course features common legal knowledge (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, sexual harassment and workplace violence) and use of the 7-Eleven brand. Other courses include trademark rights and management instructions, trade secrets and insider trading, zero violence in the workplace, office hazard prevention, cases of store violation (back office), how to prevent overwork and so on.



- 2020 Results**
- Worked with Operations Training department to produce **2** online operation courses
 - 12** online courses/lectures (including video conferences)
 - Legal course: **4,499** people completed



Franchisee Education and Training

PCSC invests tens of millions of dollars in lectures every year, organizing training courses for franchisee and encouraging them to grow through the selection of outstanding store managers.

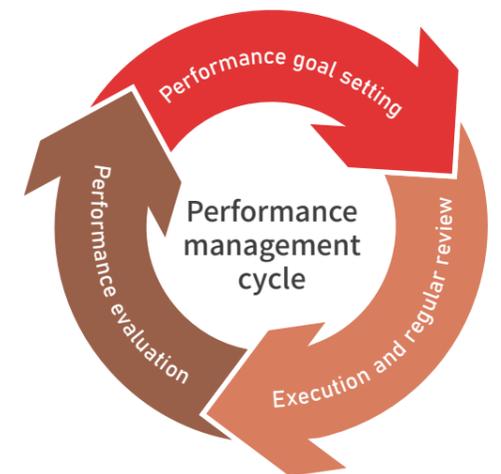
Franchisee training can be divided into two categories, namely basic training for new franchisees and training for store managers. The basic training for new franchisees refers to a total of 172 hours of intensive training lasting for 4 consecutive weeks, during which the knowledge and skills required to serve as a store manager, such as management ability, account management, quality assurance and expiration date management, as well as knowledge about business laws and regulations are taught. Qualifications for franchisees can only be obtained upon completing the training and passing the test. In 2020, training was completed for a total of 272 franchisees.

Store manager training revolves around the annual business theme and the on-site operations. It targets all store managers to boost their management abilities. The courses cover community management, team building, marketing and sales techniques. In 2020, a total of 6,065 people completed the store manager training.

Performance Management

In the implementation of performance management, besides establishing goals that the Company and employees agree on for driving growth and strengthening the connection between the evaluation indicators of employees and the company's important operating performance, employees can also check the progress of each work goal at any time, and make adjustments or seek the advice of their supervisor to assist with their own development.

PCSC full-time employees whose annual performance cycle meets the number of days specified for evaluation, are required to regularly receive performance reviews regularly regardless of gender. We use a promotion system for employees who continue to show good performance, namely having a higher base salary, benefits, and bonuses for encouraging employees to continue to make progress and contributions. For employees whose performance falls behind, their direct supervisors regularly review and follow up on their performance, in order to assist them in boosting their performance and strengthening their weaknesses.



Performance Management

Full-time Employees

- Performance goals are set in the first half of the year, for which supervisors and employees discuss and set the goals for the year. Supervisors may provide guidance based on the progress of tasks during the evaluation period.
- The final performance evaluation is carried out at the end of the year (only for those who have worked for over 273 days during the year).



Part-time Employees

- A bonus distribution evaluation is carried out each month to incentivize part-time employees to maintain the store image, service quality and quality assurance.

▪ Key Talent Management and Work Rotation

PCSC reviews succession candidates of all levels each year, building a key talent pool for different units as well as carrying out tailor-made “personal development plans” for potential talents, encouraging cross-unit rotation and assisting in talent development and cultivation. In 2020, a total of 12 talent appraisals were organized with a total of 85 people included in the talent pool. PCSC hopes to provide employees with cross-unit experience through job rotation, expand their horizons and cultivate outstanding talents. The percentage of open positions filled by internal candidates (Note) in 2020 is 54.55%.

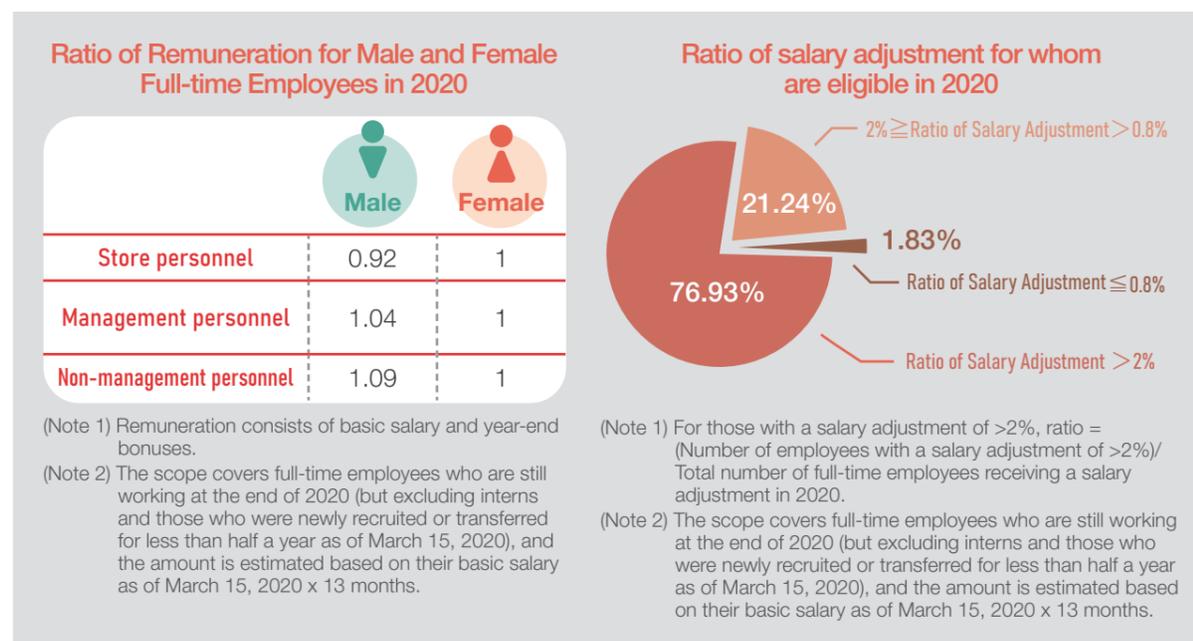
(Note) The number of PCSC employees transferred/Total number of open positions at PCSC

4.4 Welfare, Remuneration and Care

Remuneration

The PCSC remuneration policy ensures that all full-time employees receive higher payment than the statutory minimum wages, taking into account the price levels of different regions in Taiwan and the survey results of the average salary of new recruits in the retail industry. PCSC reviews whether the employees’ salary levels are market-competitive and in line with employees’ needs by adjusting the starting salary of new recruits in April each year. In 2020, the starting salary of store personnel is based on the 50th percentile (middle income level) of new recruits in the retail industry, and the starting salary of back office personnel is the 70th percentile (high income level). In addition, PCSC provides employees in areas with higher price levels with an additional allowance of 5-10% of the basic salary so that the employees and their families have enough for a decent life.

The starting salary for the new recruits at PCSC is equal for men and women for equal work, and the salary and benefits do not differ based on gender or age. In 2020, the starting salary of college graduates that were hired as PCSC's back office staff was 1.46 times the statutory minimum wages (NT\$23,800), and 1.73 times for those with a master’s degree. There was no significant difference in the remuneration ratio between men and women in 2020, and the basic salary plus year-end bonus ratios of all types of employees were within 1.1 times. In terms of salary adjustment, most of the adjustment was greater than 2% in 2020.



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) as 5,321 in 2020, with the average salary of NT\$978 thousand, and median salary as NT\$827 thousand. The number of full-time employees in 2020 increased by 34 people compared to 2019. The average salary in 2020 increased by NT\$8,000 compared with 2019, and the median salary increased by NT\$4,000.

(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.

If employees receive unfair treatment in terms of salary, they can report it through the labor dispute communication channels of the PCSC Integrated Services Center and the Audit Office. From 2021 on, in addition to the statutory minimum wages and peer salary standards, PCSC is expected to include living wage (Note 1) as a reference for setting salary standards for new recruits, as well as evaluating the reasonableness of existing employees’ salary. The goal is paying the employees a more competitive and reasonable salary.

(Note 1) PCSC refers to the living wage research report of the Chung-Hua Institution for Economic Research when calculating the living wage: “Wages should meet the minimum (basic) living needs of the workers themselves and their families (dependent family members).” Therefore, “Taiwan’s average monthly consumption expenses per capita “Taiwan’s average monthly consumption expenses on food, clothing and housing per capita * (laborer + ratio of dependents)” was adopted to estimate the average living wage in 2020. The relevant calculation quotes the results of the 2019 household income and expenses surveys published by the Directorate General of Budget, Accounting and Statistics in the latest year, and concludes that the average living wage in Taiwan was NT\$27,649 (Note 2).

(Note 2) In 2020, the average number of employed persons in each household in Taiwan should bear the living expenses of 1.12 family members, with the average monthly consumption expenses per person as NT\$22,881, of which the total consumption expenses on food, clothing and housing accounts for 57%, including food, beverages and tobacco, clothing and footwear, residential services, utility, gas and other fuels, furniture, equipment and housekeeping services, restaurants and hotels.

Health Promotion

Employees are vital assets of the Company, and keeping employees healthy is one of PCSC’s goals for creating a happy enterprise. It is hoped that through the active care of the Happy Cooperative Society, health promotion activities, and a friendly environment for pregnant women and mothers, etc., employees can maintain their health and maintain a sense of happiness.

Under the “Health Management Program” introduced in 2013, registered nurses were employed by the Company to provide health consultations on demand. An infirmary was also set up at the head office to measure the employees’ blood pressure and treat simple wounds. Employees are also provided with exclusive “Health Passports” as well as a fitness life 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 lectures, which encourages employees to manage their own health.

In 2020, we formulated epidemic prevention strategies in advance and expanded the scope of risk targets (employees whose relatives and friends returning to Taiwan from overseas in the same household or having been to the same places as confirmed cases need to work from home for 14 days. Store employees are given days off). In 2020, a total of about 1,500 people were monitored through the early warning system. The Company also provided various assistance to employees during this period. Please refer to the Sustainability Column of “Convenience Stores Joining the Fight against the Pandemic.”

Resources/Services

Health Check and Follow-up

Annual health check for employees and food workers (annual)

----- 2020 Performance -----
 A total of **6,136** people received the health check, with a satisfaction score of **4.5** and a participation rate of **85%** (Note 1).

Every two years, full-time employees who are over 36 years old receive NT\$16,000 for health check subsidy

----- 2020 Performance -----
 A total of **2,667** employees were eligible in 2020.

(Note 1) Participation is calculated based on the total number of people during the month of examination, including new recruits who have been on the job for less than 3 months.



Individual Healthcare Services

Healthcare services provided by doctors since 2013

2020 Performance

Doctors provided **576** hours of one-to-one healthcare services for a total of **721** employees, with the satisfaction rate reaching **4.8** points.

4 registered nurses

2020 Performance

- Treatment was provided for **268** people.
- Employees with abnormal health check results were categorized into different levels for management. 100% of employees with extremely high risks received intervention, correction tracking and case tracking.

Health Promotion App

"Fitness Life Circle:" Four month-long exercise promotion events were organized in 2020, including the "Year of the Mouse" event, two self-discipline events and the team event for the Dragon Boat Festival. The weight-logging event was also launched.

2020 Performance

- A total of **7,777** people joined with **49.89** million steps were made during the year. (burning 1.25 million calories with the equivalent of 1,633 kilograms.)
- The Dragon Boat Festival event added a run twist to the depressed lifestyle during the pandemic through team cohesion with a high level of participation and completion, as well as great feedback.

Mommy Handbook

Expecting mothers receive key points of nutrition and daily life reminders for each stage of pregnancy, the pregnancy app, and subsidies and measures from the Company

2020 Performance

A total of **47** people received this service

Others

Encourage flu vaccination: To maintain respiratory health and prevent the flu virus, the group launched the flu vaccination subsidy for the first time at the end of the year, handing out the subsidy of NT\$600 per person to increase the motivation for vaccination. Vaccination at work was also arranged.

2020 Performance

A total of 866 people completed the vaccination, with the vaccination rate reaching **10.1%**

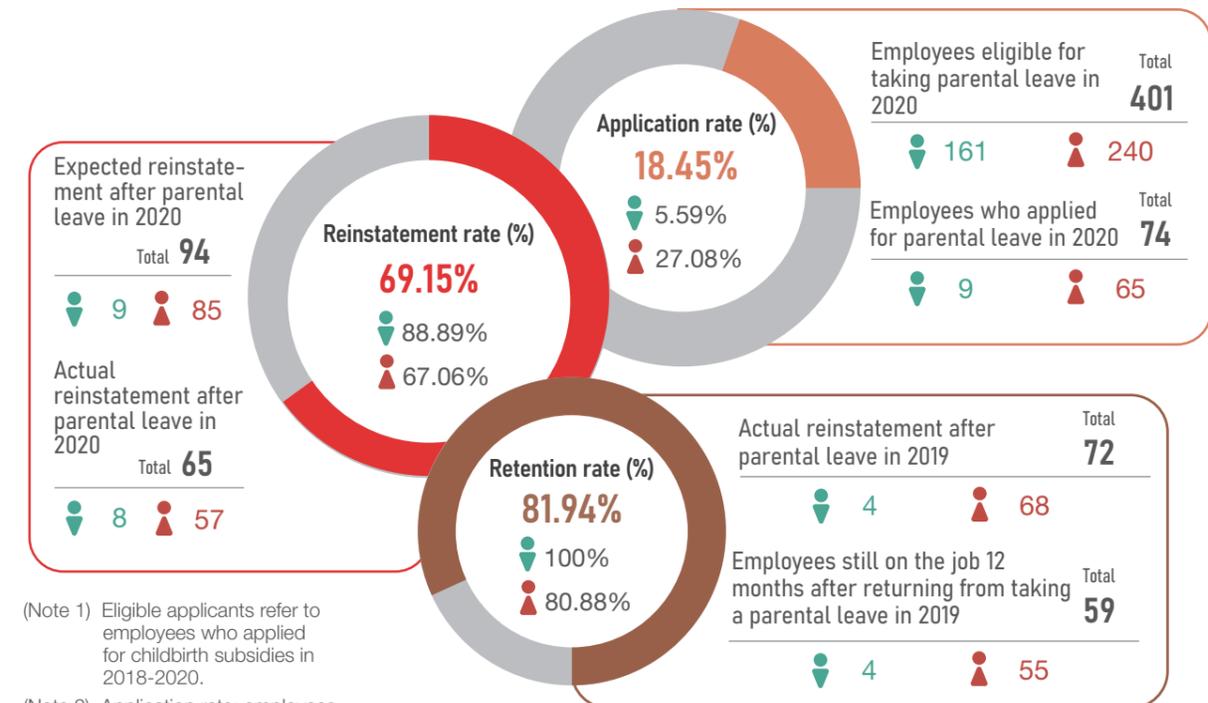
Assistance with Work/Life Balance

PCSC looks after its employees as well as their families. To this end, it has set up nursing rooms in the offices, as well as signing contracts with childcare institutions to provide preferential prices to reduce the burden of childcare. PCSC maternity leave and miscarriage leave are superior to the legal requirement. With no condition on seniority, all employees are paid their full salary to give better care to female employees. In addition, office staff can also choose the time slot to work, which makes it easy for them to allocate their time and achieve work-life balance.

Due to the COVID-19 pandemic in 2020, PCSC formulated the "Work from Home Guidelines for employees" and supporting measures for attendance, allowing back office staff to work from home in order to keep the workplace healthy and help the employees cope with any emergency. In May 2020, the guidelines for working away from office were also set, starting to include "working away from office (working from home)" into the system.

(Note) Please refer to page 58 of the 2020 Annual Report for various welfare, including employee and family insurance discounts, pension, parental leave, etc.

Employee application, reinstatement and retention rate for parental leave in 2020



- (Note 1) Eligible applicants refer to employees who applied for childbirth subsidies in 2018-2020.
- (Note 2) Application rate: employees eligible for applying for parental leave/actual number of employees applying for parental leave
- (Note 3) Reinstatement rate: Actual reinstatement after taking parental leaves/Expected reinstatement after taking parental leaves
- (Note 4) Retention rate: Employees still on the job 12 months after returning from parental leaves/Actual reinstatement after taking parental leaves (during the previous period)
- (Note 5) The actual number of people reinstated in 2019 is slightly different from in the number in 2019 CSR report due to difference in calculation method.

Franchisee Benefits

The number of PCSC stores exceeded 6,000 in 2020, with a total of 3,711 franchisees. To listen to their voice and feedback, PCSC visited 40 stores and participated in 4 franchisee discussion forums in 2020 to interact face-to-face with 72 stores. PCSC continues to stay updated with franchise profits. In 2020, PCSC provided a total of NT\$15,324 thousand in subsidies to franchise stores in areas severely affected by the epidemic to build a relieving environment for franchisees to gain stable profits.

PCSC also has the physical care and leisure activities of the franchisees in mind. In 2020, PCSC spent NT\$20.35 million in budget for vacation subsidies and other subsidies for franchisees. To take care franchisees more and care about the health of their families, spouses working in stores were entitled to health check benefits in 2020. A total of 126 spouses applied in 2020 with the application rate reaching 33%. Please see the right table for other welfare measures.

Insurance subsidies and benefits enjoyed by franchisees

Insurance Subsidy

Group insurance

15% of premiums for group insurance of franchised stores are subsidized

Franchisee /Employee of franchised store Mutual Association

A mutual-support mechanism between franchised stores that provides funeral assistance for direct dependents

Benefits

Franchisee benefits trust

Subsidy for investment is given to encourage investment

Discounts

Group movie tickets subsidy, discounts on commodities from affiliated enterprises and leisure activities

Health checkup subsidy

Franchisees over the age of 40 with more than 10 years of experience are eligible to receive health checkup valued at NT\$16,000 once every two years along with their spouses who work in the same store