

# **PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers**

Version of May 23, 2023

In order to ensure a safe working environment, dignity and respect for the employees, and business operations that comply with eco-friendly and ethical principles for the third-party suppliers (manufacturers in the supply chain) of President Chain Store Corporation (hereinafter referred to as PCSC) and its reinvested enterprises, PCSC has formulated this Code of Conduct for Third-party Suppliers(the “Code”). PCSC requires third-party suppliers to abide by this Code as well as the laws and regulations of the countries and regions in which they operate. PCSC also encourages third-party suppliers to require their downstream suppliers subcontractors and service providers to agree to and adopt this Code.

Third-party suppliers' compliance with this Code will be one of PCSC's important criteria when making decisions regarding procurement, cooperation and contract renewal. PCSC expects to promote structural innovation and sustainable growth through close cooperation, communication, audit and subsequent evaluation with third-party suppliers. We hereby specify that failure to comply with this Code or cooperate with PCSC's auditors may result in the termination of the business relationship with PCSC or other predictable or unpredictable monetary losses(including but not limited to compensation, fines, etc.).

This Code consists of five parts : Part A Labor Standards and Regulations, Part B Health and Safety, Part C Environmental Safety Standards, Part D Business Code of Ethics, and Part E Fair and Reasonable Management Procedures.

Finally, the provisions of this Code are based on the UN Guiding Principles on Business and Human Rights, 2011 (UNGPs) and other internationally recognized human rights regulations. It can be reviewed and revised at any time.

## **A. Labor Standards and Regulations**

Third-party suppliers shall undertake to uphold and respect labor and human rights and laws in accordance with internationally recognized standards. This applies to all laborers, including but not limited to temporary workers, students on work study programs, fixed-term laborers, formal

employees and any other types of laborers.

#### 1 ) Freedom of Choice

It is prohibited to hire laborers with coercive means or unreasonable contract terms. All work should be voluntary. Laborers have the right to resign or terminate the employment relationship at any time, and the third-party suppliers shall not detain or otherwise destroy, conceal or confiscate the laborers' ID cards or entry and exit documents, with the exception that the employer is legally required to hold.

#### 2 ) Prohibition of Child Labor

It is prohibited to hire child labor (persons under 15 years of age) in any manufacturing process. If laborers over 15 and under 16 years of age are hired, they are prohibited to engage in work that may endanger their health or safety, including night duty or overtime work. Third-party suppliers shall protect the rights of laborers through proper record keeping, strict review and education toward partners, as well as compliance with all applicable laws and regulations.

#### 3 ) Working Time Standards

The working time system for work, overtime, rest and days off for laborers hired by the third-party suppliers shall comply with local labor laws and regulations.

#### 4 ) Salary and Benefits

Salary paid to laborers should be in line with relevant local salary laws, including minimum wages, overtime work and statutory benefits. The laborers' overtime salary should be higher than their usual salary in accordance with local laws. Advanced payroll reduction is prohibited as a measure for management.

#### 5 ) Elimination of Discrimination

Third-party suppliers should promise that laborers will not be unlawfully discriminated against, and that differences in race, skin color, age, sex, sexual orientation, ethnicity, disability, pregnancy, religion, political stance or marital status may not affect their salary, benefits and promotion opportunities.

#### 6 ) Human Rights Approach

Harsh and inhumane treatment of laborers shall be avoided, including any form of sexual harassment, inappropriate physical punishment, mental coercion or verbal abuse. All relevant local laws and regulations shall be followed, including but not limited to the Act of Gender Equality in Employment and Sexual Harassment Prevention Act.

#### 7) Freedom of Association and the Right to Collective Bargaining

Harsh and inhumane treatment of laborers shall be avoided, including any form of harassment, inappropriate physical punishment, mental coercion or verbal abuse. All relevant local laws and

regulations shall be followed, including but not limited to the Act of Gender Equality in Employment and Sexual Harassment Prevention Act.

## **B. Health and Safety**

Third-party suppliers shall recognize and avoid or reduce the occurrence of workrelated injuries and diseases to the best of their abilities, and continue to carry out pre-employment disaster prevention education to effectively prevent and solve any prerequisite factors that endanger the health and safety.

### **1 ) Occupational Safety**

Third-party suppliers should reduce or eliminate potential safety hazards (such as fires, object's oppressions, transport vehicles, falling hazards or incidents, etc.) through reasonable systems and management, protective maintenance and safe operating procedures, continuous education and training of safety knowledge so as not to endanger workers or third parties. If necessary, employees should be provided with appropriate and well-maintained personal protective equipment and basic facilities or teaching materials for these specific dangerous incidents and risks. Reasonable measures must also be taken to keep pregnant women away from highly dangerous working environments, and reasonable and appropriate locations should be provided for breastfeeding women.

### **2 ) Emergency Response**

Third-party suppliers shall confirm and evaluate potential emergencies (including but not limited to natural disasters, infectious diseases, protests, etc.), formulate emergency procedures in advance, and follow PCSC's instructions to reduce any subsequent impact, including appropriate fire detection and extinguishing equipment, unobstructed emergency exits, personnel evacuation facilities and recovery plans, emergency reporting, employee training and drills to minimize danger to life, the environment and property.

### **3 ) Occupational Injury/Disease**

Third-party suppliers shall prevent, track, and report work injuries and occupational injuries/diseases through reasonable systems and management that include the following provisions: identify hazards and encourage employees to report in advance; provide necessary treatment assistance for work injuries and occupational injuries/diseases; investigate cases and implement corrective measures to put an end to similar occurrence; assist injured employees to return to work after recovery.

### **4 ) Physical Labor**

Third-party suppliers shall evaluate, control, and reduce the impact and hazard factors caused by physical labor to employees through reasonable systems and management, including manual transportation of materials or repeated lifting of heavy objects, standing for a long time, as well as risk hazards arising from highly repetitive or high-intensity assembly work.

#### 5) Equipment Protection

Third-party suppliers shall evaluate the risk factors of production equipment or other types of auxiliary production machinery through reasonable systems and management, as well as providing and properly maintaining physical protective devices, safety interlock switches and other necessary and reasonable equipment to prevent possible injuries to employees caused by the machinery. Moreover, education and training for operators shall be implemented to ensure reasonable and safe operations.

#### 6) Public Health

Third-party suppliers shall provide employees with clean toilet facilities, clean drinking water, as well as hygienic cooking utensils, food storage facilities and tableware. The employee dormitories provided by third-party suppliers or labor agencies should be kept clean and safe with compliant fire protection facilities, appropriate emergency exits, hot water for bathing, adequate lighting, heating and ventilation equipment, independent and safe places for storing personal belongings and valuables, as well as appropriate and accessible private space.

#### 7) Safety Notice

Third-party suppliers shall provide appropriate occupational health and safety information and training in the language understood by the employees, as well as understanding all workplace hazards faced by the employees, including but not limited to mechanical, electrical, chemical, fire and physical hazards. Health and safety-related materials should be announced in conspicuous places in the workplace, or relevant materials should be placed in an easily-accessible place for the employees. Regular training should be provided to all employees before and after work, and employees should be encouraged to improve safety and hygiene awareness.

#### 8) Natural Disaster Damage

Third-party suppliers should understand all natural disasters that could take place in the location of the factory or construction site, such as earthquakes, droughts, floods, typhoons, etc. The possibility and severity of personnel injuries, property losses and operational interruptions should be assessed with protective measures, emergency procedures, training and drills, and emergency plan implementation formulated based on the results to mitigate the risks caused by natural disasters.

#### 9) Epidemic Prevention Regulations

Third-party suppliers shall adopt various preventive and control measures for safety and health

protection and health management targeting biological pathogens in the work environment to effectively prevent the spread of the epidemic. The aforementioned control measures shall comply with the epidemic prevention measures of the Taiwan Centers for Disease Control, Ministry of Health and Welfare, as well as epidemic prevention regulations of PCSC to ensure labor health and product safety.

### **C. Environmental Safety Standards**

Third-party suppliers shall minimize adverse effects on the local, environmental and natural resources during the manufacturing procedures while ensuring the health and safety of the public:

#### **1 ) Permits**

All necessary environmental permits (including but not limited to factory permits, emission monitoring, etc.), approval and registration documents shall be obtained with appropriate maintenance and frequent updates, as well as complying with the operations and reporting requirements of the legal permit.

#### **2 ) Greenhouse Gas Emissions and Energy Efficiency, Improvement of Raw Material/Water Resource Efficiency**

The consumption of natural resources (including water, fossil fuels, minerals, and primary forest products) should be reduced through practices (such as improved production, maintenance and facility procedures, replacement materials, conservation, recycling, reuse or other methods).

#### **3 ) Pollution Prevention and Waste Management**

##### **A. Pollution prevention**

Third-party suppliers shall minimize or eliminate the discharge of pollutants and the generation of hazardous waste at the source (such as adding pollution control equipment; improving production, maintenance and facility procedures or other methods), and shall appropriately label and manage chemical substances and other substances that are hazardous to humans or the environment to ensure that these substances can be safely handled, including production, transportation, storage, use, recycling, disposal or reuse and disposal

##### **B. Exhaust emissions**

Third-party suppliers shall conduct routine monitoring of the performance of the exhaust emission control system, as well as classifying, controlling and handling all volatile organic chemicals, corrosive substances, particles, combustion by-products, etc. that are generated in the process of operation emissions in accordance with relevant laws and regulations

#### **4 ) Improvement for raw material/water resource efficiency**

Third-party suppliers shall implement a water management plan to record, classify and monitor water resources, use and discharge, seek opportunities to conserve water and control pollution channels. Prior to the discharge or disposal, all effluent shall be classified, monitored, controlled and treated in accordance with the legal requirements.

#### 5) Material Control

Third-party suppliers shall comply with all applicable laws and regulations (including but not limit to environmental regulations) to prohibit or restrict the inclusion of specific or illegal substances in the products and manufacturing processes (including recycling and disposal labels).

#### 6) Greenhouse Gas Emission

Third-party suppliers shall seek cost-effective ways to improve energy efficiency, as well as tracking, recording, and inventorying energy consumption and greenhouse gas emissions in the workplace and on the level of corporate operations, while minimizing energy consumption and greenhouse gas emissions. Should there be any violation of the current laws and regulations, the third-party suppliers shall take full responsibility.

#### 7) Environmental Responsibility

A. Third-party suppliers agree to accept audits conducted by PCSC, its personnel or contractors on matters related to laws and regulations (including but not limited to taking pictures).

B. Third-party suppliers clearly understand that deforestation has an adverse effect on global warming, and agrees to actively promote and implement actions towards “zero deforestation.” They are willing to abide by the following norms and international norms (such as the NDPE Commitment, etc.) and are committed to providing deforestation-free commodities:

(A) Third-party suppliers do not engage in deforestation, and are prohibited to engage in development in forest-covered areas, areas of high conservation value (such as important natural habitats, forests with high carbon storage, etc.), peatlands, etc.

(B) Third-party suppliers shall not clear or reclaim forest-covered land by burning or felling in any way for development or production.

(C) To protect forests, areas of high conservation value and peatland, etc., third-party suppliers shall not purchase products from any supplier that cuts down, destroys forests, peatland, or violates laws and regulations or international policies (such as the NDPE Commitment).

(D) Third-party suppliers support and actively promote the improvement of agriculture and forestry, biodiversity, afforestation, restoration of natural ecosystems, and protection of the rights and interests of farmers, workers and laborers.

## **D. Code of Ethics**

In order to fulfill PCSC's corporate social responsibility, third-party suppliers and their subcontractors must abide by the highest ethical standards, including:

### **1 ) Ethical Corporate Management**

The highest standards of ethical corporate management shall be observed in all business interactions. All participants shall adopt a zero tolerance policy to prohibit any form of bribery, corruption, extortion and embezzlement of public funds.

### **2 ) Improper Interests**

Bribery or other forms of improper proceeds shall not be promised, offered, given or received. This prohibition includes promising, offering, giving or receiving anything of value (whether directly or through a third party) in order to obtain business cooperation, transfer business to others or obtain improper proceeds.

### **3 ) Information Disclosure**

All business transactions between third-party suppliers and PCSC shall be transparent, as well as accurately recorded in the account books and business records in accordance with applicable laws and general industry practices. In addition, when PCSC assigns personnel to audit, the information concerning laborer participation, health and safety, environmental protection activities, business activities, organizational structure, financial status and performance shall be disclosed. Records shall not be falsified and the status of the supply chain shall not be falsely reported.

### **4 ) Legal Operations**

The laws and regulations of the country (including but not limited to the Act Governing Food Safety and Sanitation, the Fair Trade Act, the Commodity Labeling Act, etc.) shall be strictly abided by to ensure and prioritize legal operations.

### **5 ) Anti-competitive Practices**

Third-party suppliers shall uphold the principles of fair competition, conduct business in compliance with all applicable antitrust laws, and compete strictly in a fair manner based on products and services.

## **E. Fair and Reasonable Management Procedures**

Third-party suppliers must formulate processes and forms to identify the environmental, health,

safety and ethical hazards related to operations and labor practices. In addition, third-party suppliers must require their employees, subcontractors or subcontractors' employees to control identified risks in appropriate ways, and to comply with laws and regulations, , including but not limited to the execution of hazard notification forms, safety and health commitments, et