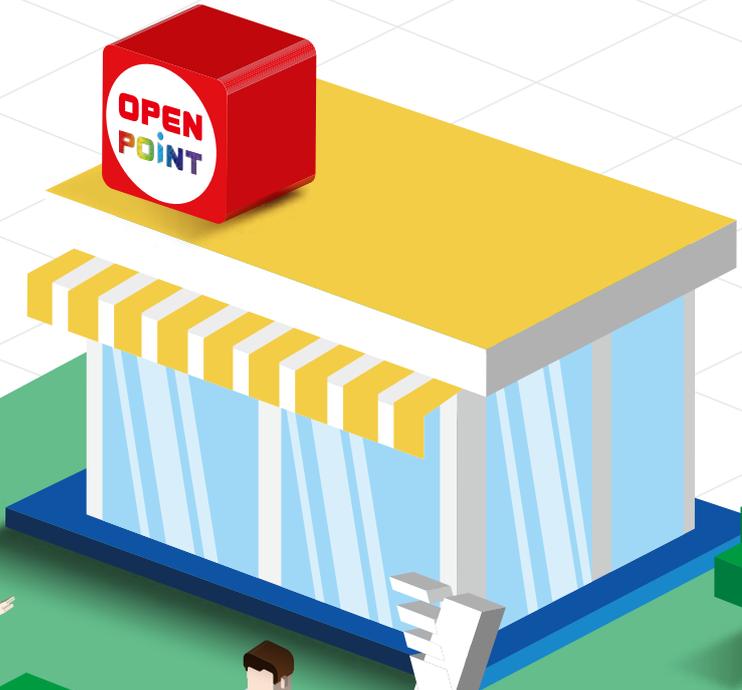


# 2019 PCSC

Corporate Social  
Responsibility Report



## About this report

This is the eleventh corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC) in accordance with the core options of the GRI standards (2016 edition) of Global Reporting Initiative. This annual report explains PCSC's viewpoints on CSR, actions taken, 2019 outcomes with regards to corporate governance, economics, environment, and society, as well as future plans. Importance and issue analyses (see chapter on stakeholder engagement) were also used to select material topics for PCSC in the hopes of creating the most benefit for all stakeholders through disclosure, communication, and feedback in order to accomplish our ultimate goal of becoming the greatest retail business.

## Dates, scope, and data included in this report

This report details PCSC's CSR performance for the 2019 calendar year (January 1, 2019 to December 31, 2019) and some of the information herein includes CSR performance before 2019. This report focuses on PCSC, including business headquarters, retail locations, and the market. In addition, due to their relevance in the operations of this industry and the influence they have on major issues, four affiliate logistics companies, Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation, have been incorporated into this report, in areas including energy greenhouse gasses (Scope 3) as well as customer health and safety. Future reports are expected to include data from other affiliated companies in order to exemplify the information integrity of PCSC's value chain. The financial data in this report partially incorporate public information attested by a certified public accountant and are all expressed in New Taiwan Dollars. Other data stem from internal audits and statistics. Data on greenhouse gases were calculated using the most recent carbon emission coefficients reported by Taiwan's Environmental Protection Administration and Bureau of Energy.

## Report certification

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

## Release date

PCSC regularly releases annual CSR reports and discloses them on the company website at [www.7-11.com.tw](http://www.7-11.com.tw).

Current version issued June 2020

Previous version issued June 2019

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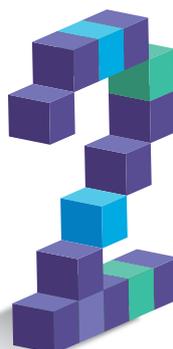
# Contents

About this report	1
Message from the CEO	4
2019 Highlights	6



## Blueprint for Sustainable Management

1.1	Corporate Social Responsibility Committee	8
1.2	Sustainable Vision and Objectives	9
1.3	Materiality Assessment Procedures	11
1.4	Stakeholder Communications	14



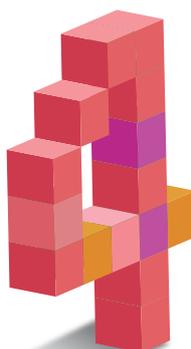
## About PCSC

2.1	Operations Overview	17
2.2	Corporate Governance	24
2.3	Legal Compliance	31



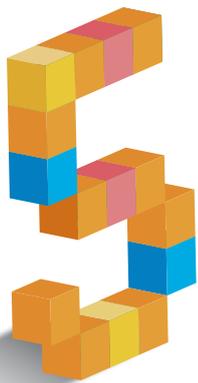
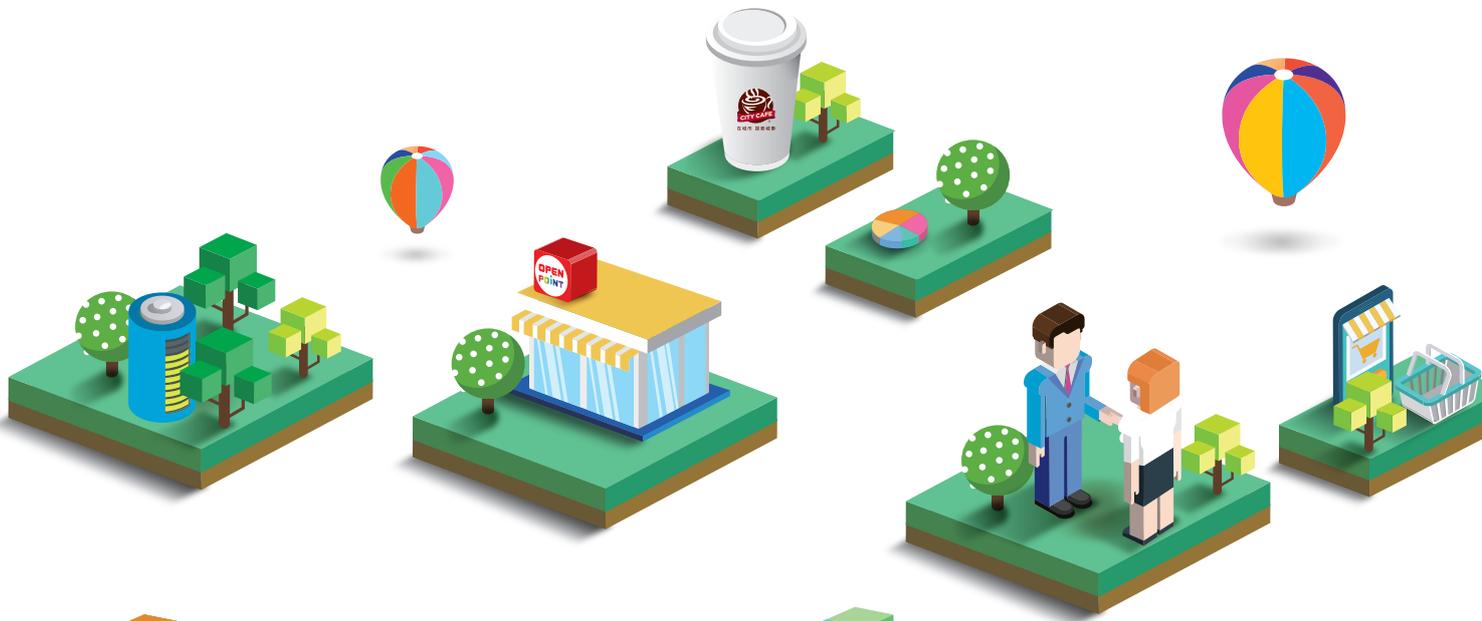
## Sustainable products and services

3.1	Innovation in Services and Products	33
3.2	Customer Health and Safety	35
3.3	Sustainable Supply Chain Management	40
3.4	Customer Relations Management	47



## Happy and Friendly Workplace

4.1	Overview of Human Resources	51
4.2	Occupational Safety and Health	56
4.3	Employee Training and Development	63
4.4	Employee Welfare and Care	70



## The Best of Neighbors

5.1	Charity Development Strategies	75
5.1	PCSC Good Neighbor Foundation	76
5.3	Charity Donation Platform	82
	Column : A Review of Store Activities in 2019	88



## A Green Leader and Good Neighbor

6.1	Environment and Risk Management	92
6.2	Implementation of Energy Conservation and Carbon Reduction	96
6.3	Resource Efficiency	104
6.4	Green Accounting & Green Procurement	107

## Appendix

■	PCSC 2016-2019 Social & Environmental Data	110
■	2019 KPI Achievement and 2020 KPI & Mid-/Long-term Target	117
■	Comparison Table of the GRI Standards 2016 Index	119
■	Table of enhanced disclosure items and assurance items according to Article 4, Para-graph 1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies	122
■	Limited Assurance Report issued by the Accountant	126
■	AA1000 Assurance Statement	128



## Message from the CEO



Chairman **Lo, Chih-Hsien**

President Chain Store Corporation (PCSC) has continued to work on sustainable operations by incorporating our core CSR philosophy into our operation objectives with our three core CSR values, "a happy enterprise", "a harmonious society", and "a sustainable planet", and our Five Implementation Principles to realize our Corporate Social Responsibilities. Since adopting UN Sustainable Development Goals in 2016 to be our principles of business, we have identified which goal of SDGs each year that PCSC can realize and set KPIs to track and review our performance. In 2018, PCSC established the cross-functional PCSC Corporate Social Responsibility Committee (CSR Committee) under the Board of Directors to oversee the implementation and management of CSR.

In 2019, the global economy was turbulent and businesses continued to face significant challenges. PCSC remained committed to sustainability, sparing no efforts in the areas of corporate governance, social engagement, and environmental protection. As a result of our determination, in 2019, PCSC was listed on the Dow Jones Sustainability World Index and Dow Jones Emerging Markets Index for the first time and was selected by the MSCI Global Sustainability Indexes and FTSE4Good Emerging Markets Index, keeping pace with international benchmark companies. In terms of corporate governance, PCSC was ranked in the top 5% in the Taiwan Corporate Governance

Evaluation System for the 5 consecutive years in a row and received the Corporate Sustainability Award by TCSA for 3 consecutive years in a row, the only listed company in the convenience store industry to receive the gold medal for the service industry.

In 2019, PCSC continued to grow, increasing to expand more than 5,600 7-ELEVEN stores and creating nearly 40,000 jobs. We supported SDGs "Decent Work and Economic Growth" and PCSC continued to serve as a creative, convenient, safe, welcoming community center, offering consumers innovative and convenient products and services. PCSC worked with all subsidiaries to achieve consolidated revenue of NT\$256.06 billion and net profits of NT\$12.11 billion in 2019.

Regarding store operations, in addition to continuing to provide larger, more featured stores as well as lifestyle stores launched to satisfy the various needs of business areas in which they are located. PCSC also introduced a new customers model and unveiled the future of convenience stores with our X-STORE and Big7 lifestyle store, the first store in Taiwan employing state-of-the-art technology to serve customers. In addition to physical products, PCSC has leveraged the intensive store network and comprehensive logistics system and equipment to enhance digital platform and applications services. In 2019, PCSC introduced "My Ship", a digital supporting platform integrating three major services which are cash, materials (logistics), and information flow to provide C2C vendors a sound, secure transaction platform. In response to recent trends of consumption and to strengthen customer loyalty, PCSC offers a variety of payment options by which OPEN POINT can be collected through diversified channels. With more than 6.5 million members, PCSC continues to build a convenient and comprehensive digital platform for customers.

PCSC also continues to be committed to product safety and innovation. In 2019, we invested NT\$148,511,000 in food safety management and product research and development. From production to store, we set up an internal monitoring mechanism and quality testing laboratory to serve as a rigorous



President **Huang, Jui-Tien**

gatekeeper of food security for our customers. We continue to set up rigorous food safety protection networks for our consumers. In 2019, 100% of the local suppliers of our own brand food products and the single-use items used in our stores passed evaluation.

We also believe it is important that partners should regularly review labor rights, develop health check-up mechanisms, as well as incorporate ISO 45001 Occupational Health and Safety Management Systems into their education and training systems to ensure that each employee can enjoy a work environment conducive to health, well-being, and growth.

Regarding social participation, PCSC held almost 17,000 Good Neighbor Funfest events this year, in which OPEN POINT was created as a pioneering registration system converting the points earned into books to support sick children, who are in early intervention of medical treatment, from disadvantaged families and to make it a platform offering diversified and online-to-offline social services. For disadvantaged senior citizens, PCSC has created a pioneering the social network for the betterment of the elderly people's welfare, such as "Good Neighbor meal delivery team", as well as employing seniors with dementia to participate in-store internship. Moreover, PCSC also launched the Youth Deep Roots Project in 2018 to assist

three groups of young people to develop local industries with funds, resource-matching, and consulting. For example, "Fish Bar," a documentary produced by young people returning to Hualien to revitalize local business won seven awards for excellence at its first participation at the 4th Taipei Golden Eagle Micro-Movie Festival held in 2020.

In response to global extreme weather and environmental degradation, we have continued to take action, such as procuring environmentally certified and energy-saving products, reducing energy use intensity, and cutting paper use. In addition, since 2019, PCSC has actively intensify our plastic reduction policies by introducing gradually to use sip lids and environmentally-friendly straws in 7-ELEVEN stores across Taiwan and our other subsidiaries to reduce our use of plastics. As a result, we received an award for excellence at the 2019 Taipei Energy Conservation Leadership Awards for our efforts.

The forecast of the global economy will still be full of uncertainty in 2020. Nevertheless, PCSC will maintain integrity and honesty in our business operations and improve the Company's seven key building elements for business: people, stores, products, systems, logistics, policies, and culture. PCSC has evolved from a "convenience store that provides basic necessities" to "a service platform that consumers depend on and that surpasses their expectations" and which offers customers an environment characterized by experience, entertainment, and education.

PCSC is "determined to become the most outstanding retailer by offering convenient services and being a good corporate citizen". We strive to make life more convenient for our customers, ensure steady profitability for our franchisees, create a fair and friendly working environment for our employees, and increase value for our shareholders. Our ultimate objective is to ensure our franchisees, employees, shareholders, and society all satisfied.



## 2019 Honors and Recognition

### 2019 年道瓊永續指數 (DJSI)

PCSC was listed on the Dow Jones Sustainability World Index and Emerging Markets Index for the first time.

MEMBER OF

# Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

### 公司治理評鑑前 5%

PCSC once again ranked in the top 5% in the Taiwan Corporate Governance Evaluation System, the only listed company in the retail industry to do so for the fifth year running.

PCSC was selected again by FTSE4Good Emerging Markets Index

PCSC was selected again by MSCI Global Sustainability Indexes, MSCI Global SRI Indexes

PCSC was again presented the Corporate Citizen Award by CommonWealth Magazine.

### 臺北市年勞動安全優良單位獎

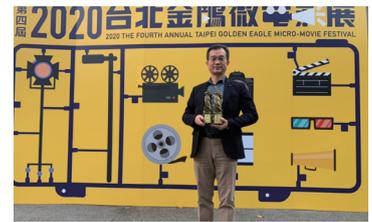
In 2019, PCSC was the first company in the retail industry presented the Labor Safety Unit Award by the Taipei Government.

### TCSA 台灣企業永續獎

PCSC received the Corporate Sustainability Award from TCSA for the third year in a row and was the only convenience store retailer in the service industry in Taiwan to receive the gold medal.

### 台北金鵬微電影獎

The PCSC Good Neighbor Foundation's Deep Roots Project for Young People presented "Fish Bar" and "Always By Your Side" documentaries received eight awards in the 4th Taipei Golden Eagle Micro-Movie Festival in 2020.



## 2019 Highlights

### CH 02 About PCSC

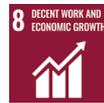
Total number of PCSC stores reached **5,655** in 2019



In 2019, PCSC invested **NT\$250,655,000** into research and development

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-added value and labor intensive sectors.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation.



PCSC achieved consolidated revenue of **NT\$256,058,888** and net profits after taxes of **NT\$12,112,109** in 2019

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour intensive sectors.

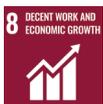
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation.

### CH 03 Sustainable Products and Services



**NT\$148,511,000** in accumulated investment in food safety management

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.



**85%** of non tier-one suppliers signed code of conduct agreements

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value.

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.



Taiwanese suppliers represented **68%** of total procurement

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.



The product system warning language alerting that alcohol and tobacco cannot be sold to customers under 18 years of age is **100%** online

3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.

100% of our privately-owned brand product and food suppliers and stores were evaluated and passed the single-use item standards for domestic suppliers

98.8% of stores being graded A or B in the Service Excellence Rating

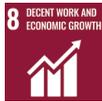
As of 2019, 6.5 million people registered OPEN POINT membership

## CH 04 Happy and Friendly Workplace



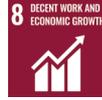
Among employees with extremely abnormal health examination results during mobile health examinations, 100% received intervention by health professionals in 2019

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



In 2019, PCSC headquarters and stores employed 3.08 times more disabled individuals than required by law

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.



0 case of serious occupational incidents. The frequency-severity indicator for 2019 was 0.21, which according to the Ministry of Labor's Occupational Health and Safety Administration, was below the retail industry average of 0.35 for the past three years in Taiwan (average for 2016-2018)

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



Employees received an average of 38.57 hours of training, the highest since 2013

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.

## CH 05 The Best of Neighbors



Organizing 17,960 Good Neighbor Funfests event attracting over 360,000 participants

(Note: The corresponding performance was the healthy and environmentally-friendly lifestyles theme at Good Neighbor Funfests)

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



Raising NT\$190,000,000 in spare change and pledged donation of goods

(Note: The corresponding performance was health promotion activities and services)

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



Raising NT\$190,000,000 in spare change and pledged donation of goods

(Note: The corresponding performance was meal delivery services and pledged donation goods)

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.



In 2019, PCSC provided funds, matchmaking resources, consulting, and guidance to assist two groups of young people develop local industries

11.a. Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

## CH 06 A Green Leader and Good Neighbor



Electricity intensity of stores reduced by 1.45% than 2018; Electricity intensity of the headquarter reduced by 2.4% than 2018

7.3 By 2030, double the global rate of improvement in energy efficiency.



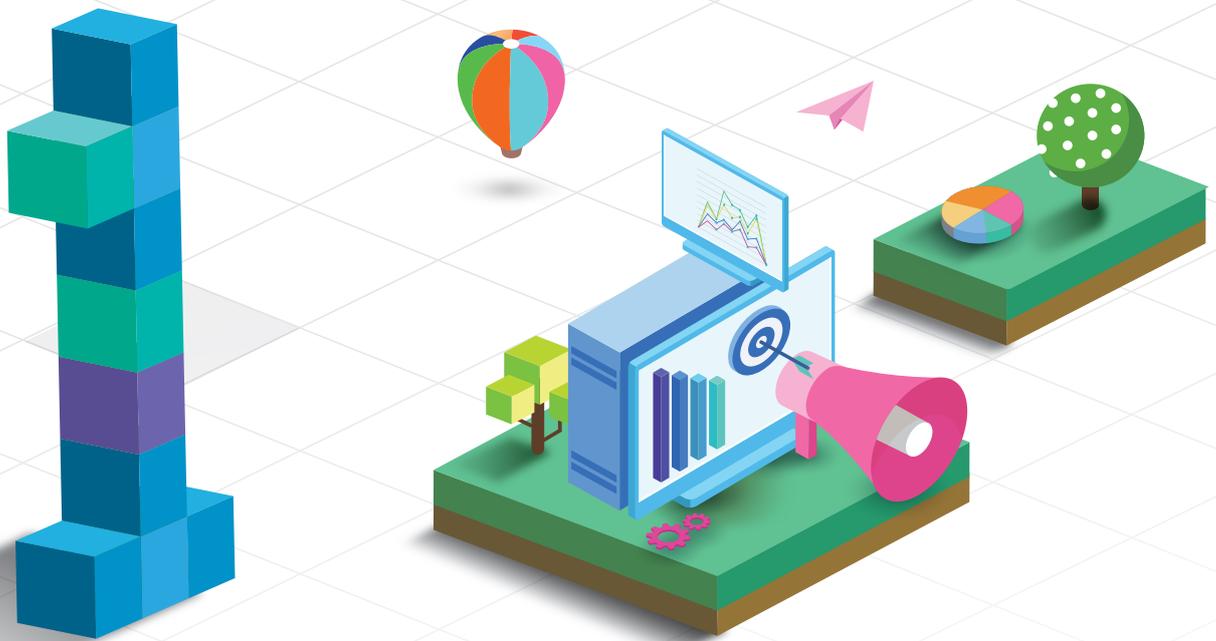
Number of refurbishment and reuse machines in 2019 reached 1,525.

12.5 By 2030, substantially reduce the production of waste through prevention, reduction, recycling, and reuse.



Environmental label and energy saving products accounted for 14.08% of the annual purchase

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.



# 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.

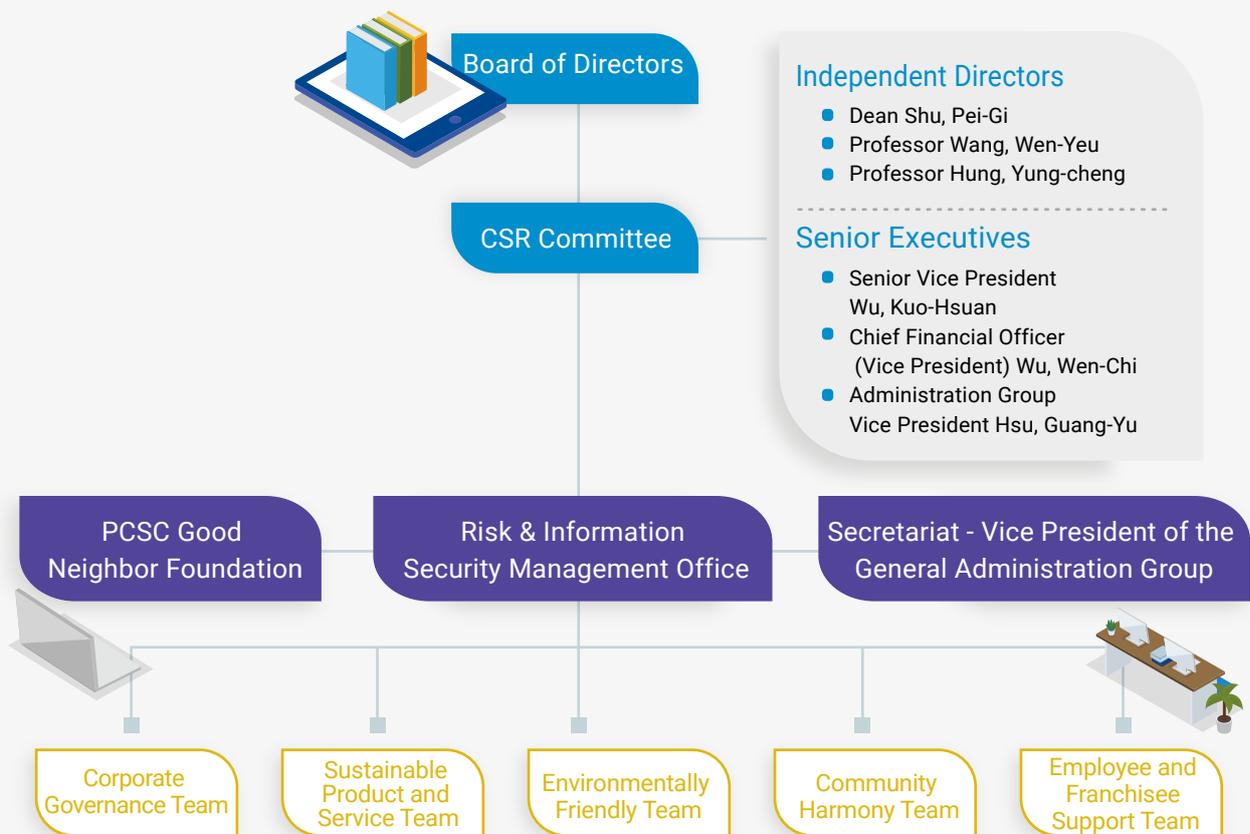
Since the establishment, PCSC has not only a lot of breakthroughs and innovations in business operations but also numerous achievements and efforts in economic, environmental, and social dimensions with the commitment to be the sustainable business leader.

## 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

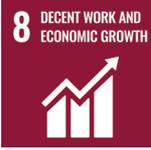
PCSC has incorporated CSR's core principles into its operational goals as it shoulders different levels of social responsibility. We started with three main themes, "Happy Company", "Positive Impact Society", and a "Sustainable World", and employ five implementation principles to realize our CSR. We 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		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.
		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.
SOCIAL		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.
		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.
		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.
ENVIRONMENT		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.

## 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:

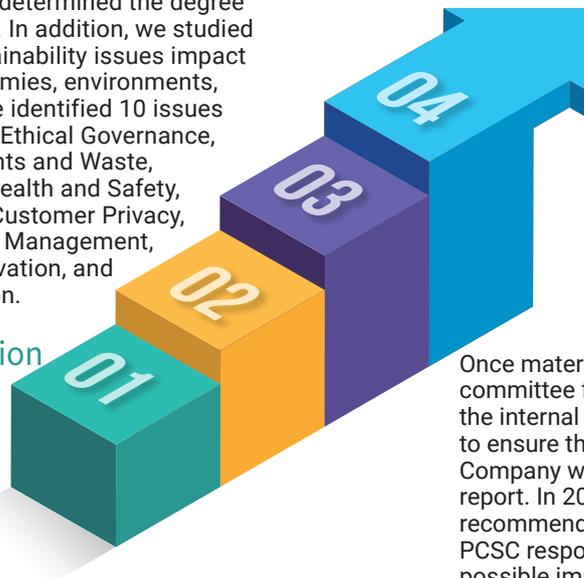


## step 02 Prioritization

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.



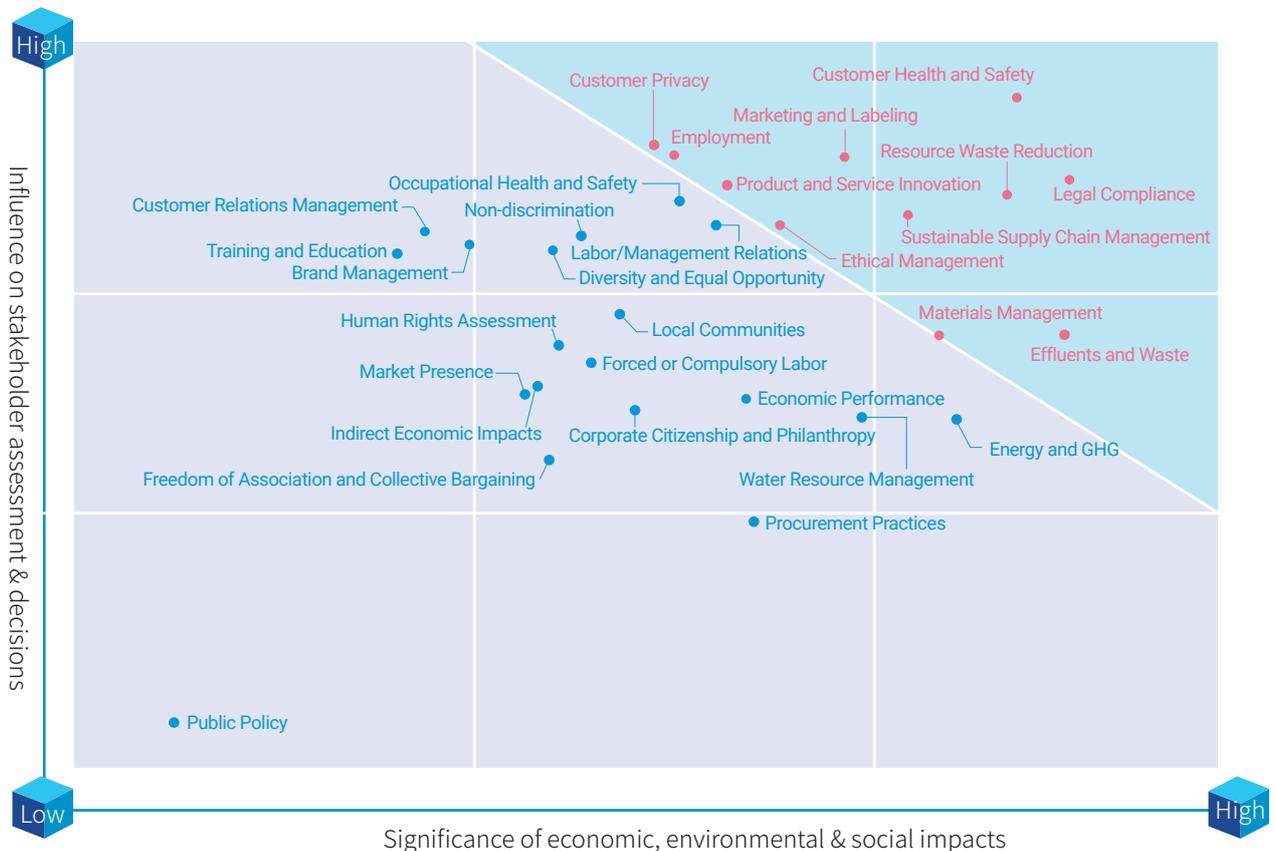
## step 04 Review

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.



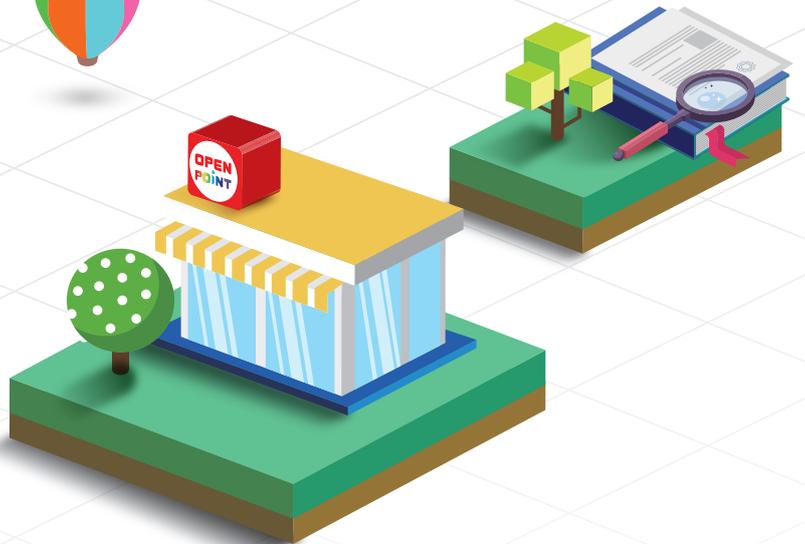
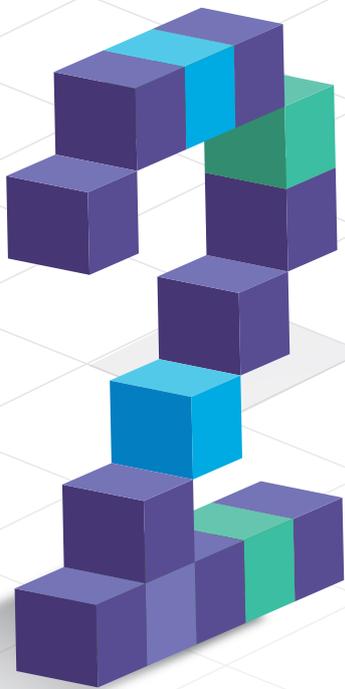
# 1.4 Stakeholder Communications

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>

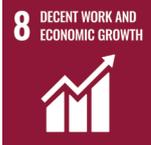
Stakeholders	Topics of Concern	Communicating Channel and Frequency
Franchisees	<ul style="list-style-type: none"> <li>■ Ethical Governance</li> <li>■ Legal Compliance</li> <li>■ Effluents and Waste</li> <li>■ Labor/Management Relations</li> <li>■ Customer Health and Safety</li> <li>■ Marketing and Labeling</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>



# About PCSC



## 2019 Highlights



Achieved consolidated revenue of NT\$**256,058,888,000** and net profits of NT\$**12,112,109,000** in 2019

Invested NT\$**250,655,000** in development and R&D.

PCSC has a total of **5,655** stores.





# 2.1 Operations Overview

## Company profile

2018 marked the 40th anniversary of the establishment of PCSC. Throughout our history, we have upheld a business culture characterized by "sincerity, innovation, sharing." We have continued to stay abreast of trends in healthy food and drinks and played our role as retailer by offering diverse, safe, quality, digital services and products. In this chapter, we will disclose the operational scope, tax policies, corporate governance framework, actions in the area of ethical operations, risk management mechanisms, and law compliance of PCSC in 2019, so the public can better understand PCSC's mechanisms for consolidating operations. In addition, we hope to utilize the optimization of our mechanism to continue to offer the public a consistent and quality retail option as we at PCSC continue to shoulder our responsibility in their daily lives.

### Scale of the Organization

Company name	President Chain Store Corporation
Number of employees	8,430 <sup>1</sup> (head office and our retail stores) and 39,284 employed in franchise stores
Year established	1978
Year listed	1997
Chairman	Lo, Chih-Hsien
President	Huang, Jui-Tien
Location of headquarters	2F, No. 65, Dongxing Rd, Xinyi District, Taipei City, Taiwan
Capital	NT\$10,396,223,000
Total number of stores	5,655 stores
Number of products and services	Products: Apx. 4300 Services: Apx. 600



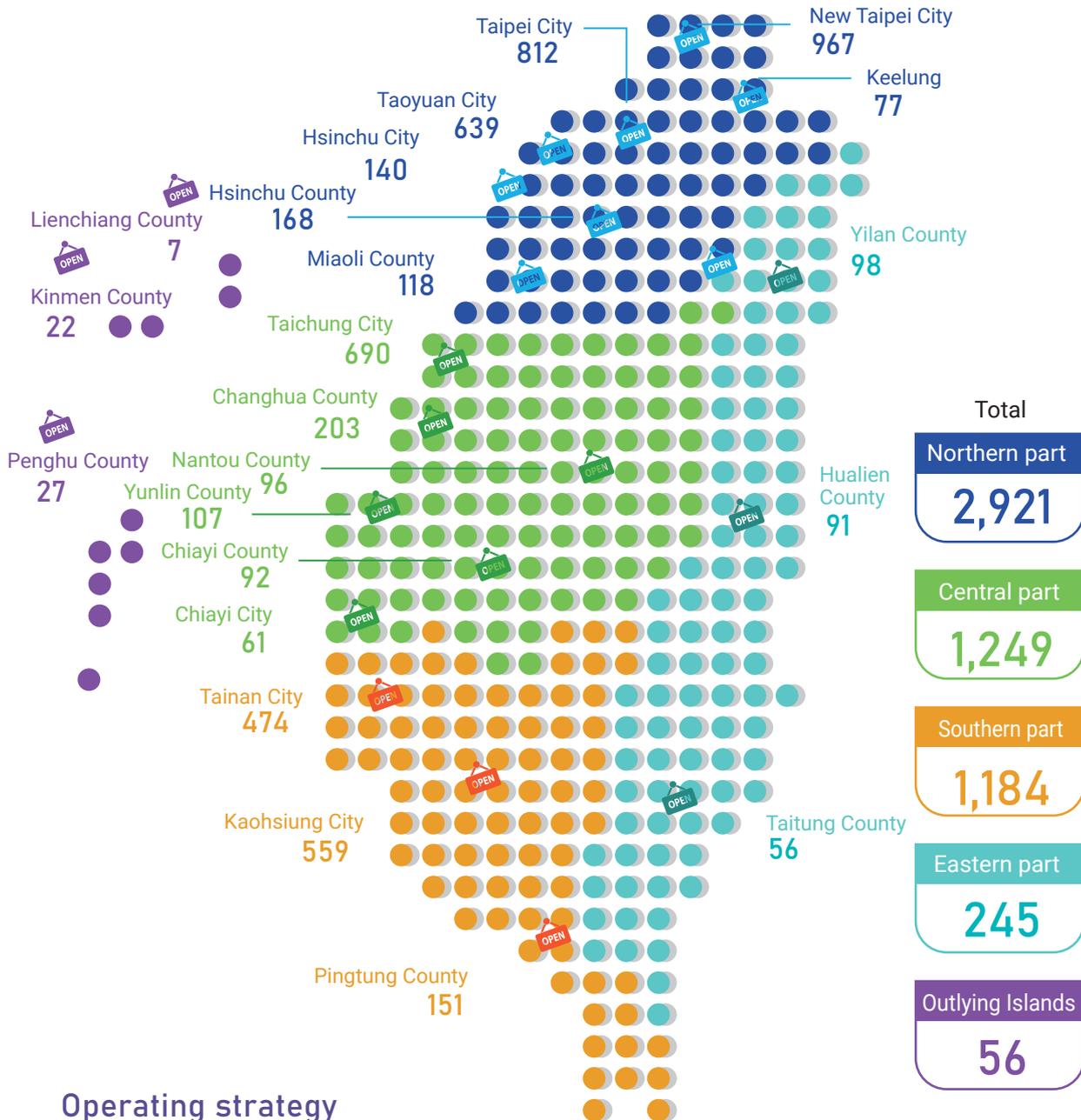
As of December 31, 2019.

<sup>1</sup> As of December 31, 2019. The number used for franchise employees was taken from Labor Insurance documents by December 2019.



## ► Stores

PCSC focused on providing customers service characterized by convenience and peace of mind. As of 2019, we had 5,655 stores, 286 more stores compared to 2018, dotting northern, central, and southern parts as well as its outlying islands. It is our hope that we can continue to expand the scope of services offered by PCSC, so we can meet the needs of customers in a timely manner with a variety of convenient and quality services and to become the "service platform that customers depend on" in their busy, everyday lives.



## Operating strategy

In 2019, factors like redirected orders and investors returning from abroad have driven domestic demand in the country. As domestic demand continues to increase, PCSC continues to uphold the principle of providing customers more value for their money in terms of products and shopping experience. In 2019, we continued to develop increasingly better tangible and intangible experiences, further integrating a number of innovative products and services, while continuing to enhance our sustainable development capabilities.



**Innovative products and services:**

- Myship

Myship is a new trading platform which combines cash flow, logistics, and information flow. It provides pickup and payment functions, resolving four main difficulties for individual sellers: organizing shipping information, remittance risks, extra costs, and consolidating accounting orders. PCSC has provided a low threshold and convenient trading channel and a new selling model for small individual vendors on the platform to penetrate the social e-commerce market.

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- Home delivery service from residents to 7-ELEVEN stores

PCSC took advantage of intensive stores network to work with President Transnet Corp. to promote a more flexible pick up and delivery services. When customers are unable to receive at home, the parcels could be sent to 7-ELEVEN store and be picked up later. PCSC provides a smoother delivery process of last mile for online shopping experience.

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- Enhancing the performance of our EC supply chain

The development of the EC volume measuring device and different types of packaging materials has allowed us to effectively use spaces in our retail stores. We have also introduced a self-service mechanism that the public can employ to pick up packages, simplifying the delivery and pick-up service process.

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- ibon App

We work closely with a specialized matching service that allows ibon app members to search among 400 kinds of services, including design, photography, digital marketing, translation, and cleaning services, so that they can satisfy home, business, and personal needs of any size, so that we can become helpers in the lives of our customers.

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- OPEN POINT membership

PCSC is optimistic about the electronic payment market and has launched the OPEN POINT membership system, a multifunction e-wallet, that accumulates various points and can be used with many payment channels. In addition, to encourage customer loyalty, PCSC integrated 20 of the Group's membership systems to launch an upgraded "OPEN POINT Group Membership ecosystem" to offer a wider range of services and reach more diverse customers.

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- The future of convenience stores

PCSC was the first to introduce all-new combination + smart stores which blend "self-service experience areas," "mini stores," and "Big7 lifestyle stores" which is an operation model that brings together under one roof the convenience store, coffee, book store, bakery, and draft beer as well as CTBC Bank smart ATMs to offer digital financial services 24/7 as we once again lead the industry in upgrading and redefining what it means to be a convenient stores.

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- Intelligent vending machines

Intelligent vending machine were an innovative service introduced in 2019. 7-ELEVEN launched the "intelligent vending machine," which incorporates AI technology into the convenience store. Developed for "mini stores", it differs from traditional vending machines that only sell drinks. Intelligent vending machines sell 30 to 40 different products, including frozen desserts as well as fresh and cooked foods. Stores managers can use IoT (Internet of Things) systems to perform remote product control quality analysis and monitor machine status in real time to reduce manpower and operating costs and increase operating efficiency.

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**▶ Long-term and short-term business development plan**

**1. Short-term business development plan**

- (1) Continue business district integration and establish a competitive base of large stores.
- (2) Strengthen the autonomy of individual stores and create an advantage through differentiated operations.
- (3) Enlarge the integration of the physical and the virtual and seize business opportunities in the virtual service area.
- (4) Optimize the operations base, establishing power for mid- and long-term development.

**2. Long-term business development plan**

- (1) Optimize the franchise mechanism to create a win-win situation.
- (2) Thoroughly implement value marketing to improve the consumer experience.
- (3) Implement lean operations and make full use of resources.
- (4) Integrate the group's resources and seek stable profits.
- (5) Actively develop talented people to ensure sustainable operations.

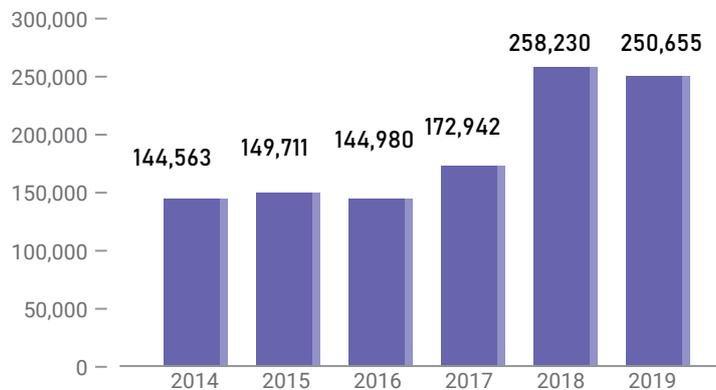


PCSC invested  
NT\$250,655,000  
in development and  
R&D.

In a time when everything from technology, consumer awareness, and the environment are changing quickly, we endeavor to play the role of industry leader, therefore, PCSC continues to invest resources into research and development to offer more product and service categories as well as store types to help us keep up with the latest trends and stay competitive. In 2019, PCSC invested NT\$250,655,000 in development and R&D.

#### R&D expenditures

Unit: NT\$1000s



### Business performance

PCSC has continued to develop better products and services, offering consumers innovative and convenient products and services. PCSC achieved operating revenue of NT\$158,031,567,000 and net profits after taxes of NT\$10,542,860,000 in 2019. Please refer to the PCSC consolidated and individual financial statements publicly available on the Market Observation Post system for details of 2019 financial performance.

#### 2019 PCSC non-consolidated revenue performance/ Direct economic value created

Unit: NT\$1000s	2018	2019
Operating Revenue	154,074,731	158,031,567
Gross Profits	53,012,367	54,177,435
Income tax expense	2,227,402	1,677,606
Net profits after tax	10,206,388	10,542,860
Earnings per share	NT\$9.8	NT\$10.14
Dividend per share	NT\$8.8	NT\$9
ROE (%)	23.77%	29.5%
Total assets	89,246,516	132,464,048
Total liabilities	53,994,466	96,241,167
Total equity	35,252,050	36,222,881

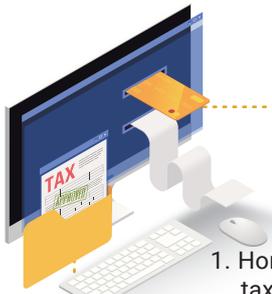
#### Direct economic value distribution

Item	2018 (Unit: NT\$1000s)	2019 (Unit: NT\$1000s)
Operating costs	101,062,364	103,854,132
Employee wages and benefits	7,131,255	7,162,446
Payments to providers of capital	Interest : 42,971 Dividends : 25,990,556	Interest : 359,593 Dividends : 9,148,676
Payments to government	2,423,894	1,738,137
Community investments	41,077	35,860

Note : Due to 2017 Starbucks Transactions, in 2018, the board of directors approved the 2018 allotment of 25 NT dollars per share in cash dividends of 2017.

### Tax Policy

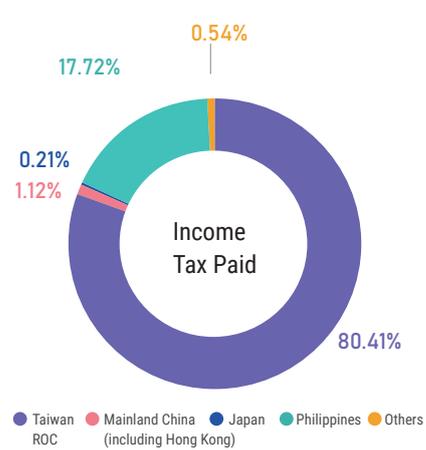
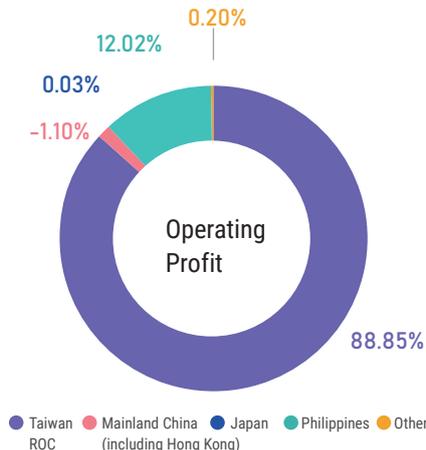
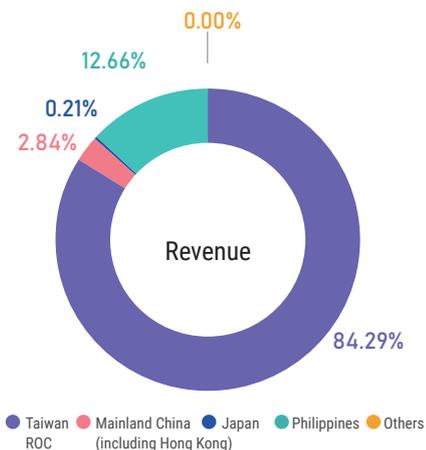
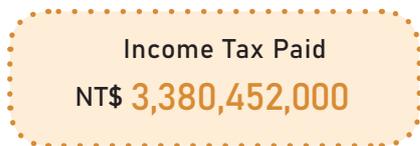
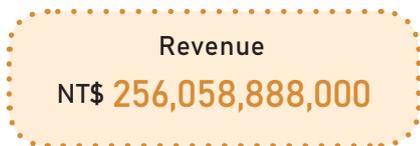
In conformity with the core values of our tax policy, PCSC is committed to following the tax laws and regulations of the areas in which it operates, honestly reporting and paying its taxes, fulfilling its tax payment obligations and supporting the government as it promotes sustainable development policies, including industrial innovation, R&D, and reinvestment. PCSC commits to ensure transactions with related parties are conducted at arm's length and always in compliance with the internationally recognized OECD principles of transfer pricing. We do not use secrecy jurisdictions or so-called "tax havens" that are meant for tax avoidance or aggressive tax planning. We carefully assess the risks associated with changes in tax laws and regulations and major transactions and drawing up countermeasures to deal with them. These core values and spirit are the foundation of our tax policy.



## PCSC Tax Policy

1. Honestly reporting and paying tax: Carrying out its social responsibilities, including following the tax laws and regulations of the countries and regions in which it operates, honestly reporting and paying its taxes, fulfilling its tax payment obligations.
2. Assessing and handling tax risk: Carefully assessing the risks associated with changes in tax laws and regulations and major transactions and drawing up countermeasures to deal with them. It should always take into consideration the tax impacts and relevant tax risks when making business decisions and in the course of daily operations
3. Ensuring open and honest communication: Maintaining communication and relationships of mutual trust and respect with tax authorities, working with them to discuss and resolve tax matters where appropriate for better understanding.
4. Information transparency: Tax information disclosure on financial statements is to be carried out in accordance with relevant regulations and standards.

Consolidated-operating revenues, operating profits, and income taxes paid of President Chain Store Corporation and its affiliate companies in different countries/regions for the year 2019



	Amount (Unit: NT\$1,000s)	Percentage
Taiwan ROC	215,846,655	84.29%
Mainland China (including Hong Kong)	7,270,303	2.84%
Japan	534,494	0.21%
Philippines	32,407,436	12.66%
Others	-	0.00%

	Amount (Unit: NT\$1,000s)	Percentage
Taiwan ROC	11,595,588	88.85%
Mainland China (including Hong Kong)	-143,953	-1.10%
Japan	3,368	0.03%
Philippines	1,569,005	12.02%
Others	25,586	0.20%

	Amount (Unit: NT\$1,000s)	Percentage
Taiwan ROC	2,718,212	80.41%
Mainland China (including Hong Kong)	37,722	1.12%
Japan	7,115	0.21%
Philippines	599,144	17.72%
Others	18,259	0.54%



### Income Tax information (Unit: NT\$1,000,000s)

Financial disclosure	2018	2019
Profit before income tax	15,402	15,164
Income tax expenses	3,658	3,052
Income tax paid	6,194	3,380

Information source: 2019 PCSC Consolidated Financial Statement

### ► Effective tax rate explanation

The effective taxes rate for 2018 and 2019 were lower than the industry average of retailers of food and consumer staples, because Taiwan was the primary source of operating profits and the income tax rate for profit-seeking enterprises in Taiwan was 20%. Although some operating profits were from Mainland China (Income tax rate 25%) and the Philippines (Income tax rate 30%), the overall tax rate of PCSC was still lower than GICS industry average tax rates.

Year	2018	2019	Industry average tax rate <sup>(Note 1)</sup>
Reported tax rate (%) <sup>(Note 2)</sup>	23.8%	20.1%	26.3%
Cash tax rate (%) <sup>(Note 3)</sup>	40.2%	22.3%	26.6%

Note 1: Industry average tax rates were taken from GICS's (Global Industry Classification Standard) average tax rates for the food and consumer staple retailers.

Note 2: Reported tax rate (%) = income tax expenses/profit before income tax

Note 3: Cash tax rate (%) = income tax paid/profit before income tax. The income tax paid for 2019 covered part of income tax payable from the previous year. In 2018, the income tax increased significantly due to a one-off transaction of an affiliated enterprise. If the effect of the one-off transaction is excluded, the cash tax rates for 2018 is 24%.

## External Participation

PCSC continues to self-evaluate itself as it strives to enhance operational performance and service quality. PCSC participates in industry association events, working with others by exchanging experience and pooling our wisdom, bringing together the energy of various businesses and others in the industry to strive toward enhanced sustainable operations, food safety, and sustainable environment.

In the aspect of food safety, we serve as the President of the Taiwan Delica Foods Development Association (TDF). PCSC donates NT\$5 million every year as operating expenses for the association. We lead Team Merchandising fresh food producers in the establishment of supply chain management platforms, raw material development, and product quality control, including standardization, regulation, quality and source management, new manufacturing process, equipment, technology assessment and introduction, public relations such as communication with government agencies/research organizations etc. We hope that working together with other members of the industry, we can provide fresh, quality food products to our consumers using cutting edge technology. In the area of business sustainability, we participate in many trade associations and other associations to learn the latest information on sustainable development and bring to bear our influence to support the sustainable business development in the country. Other than taking part in business associations and alliances, PCSC does not make any contribution or participate in other lobbying or interest groups.



Table: List of industry associations in which PCSC is a member

List of External Public Associations Memberships	Capacity	Focus Topic	2019 membership fees/contribution (Unit: NT\$)
Taiwan Delica Foods Development Association	President 	Food Safety	5,000,000
Taiwan Quality Food Association	Director 		10,000
The Business Council for Sustainable Development of Taiwan	Member 	Business Sustainability	120,000
Marketing Communications Executives International	Member 		15,000
Taipei Department Stores Association	Member 		9,000
Chinese National Association of Industry and Commerce, Taiwan	Member 		20,000
Taiwan Coalition of Service Industries	Director 		5,000
Taiwan Chain Stores and Franchise Association	Director 		30,000
Zero Energy Building Technology Alliance	Member 		Environmental Sustainability

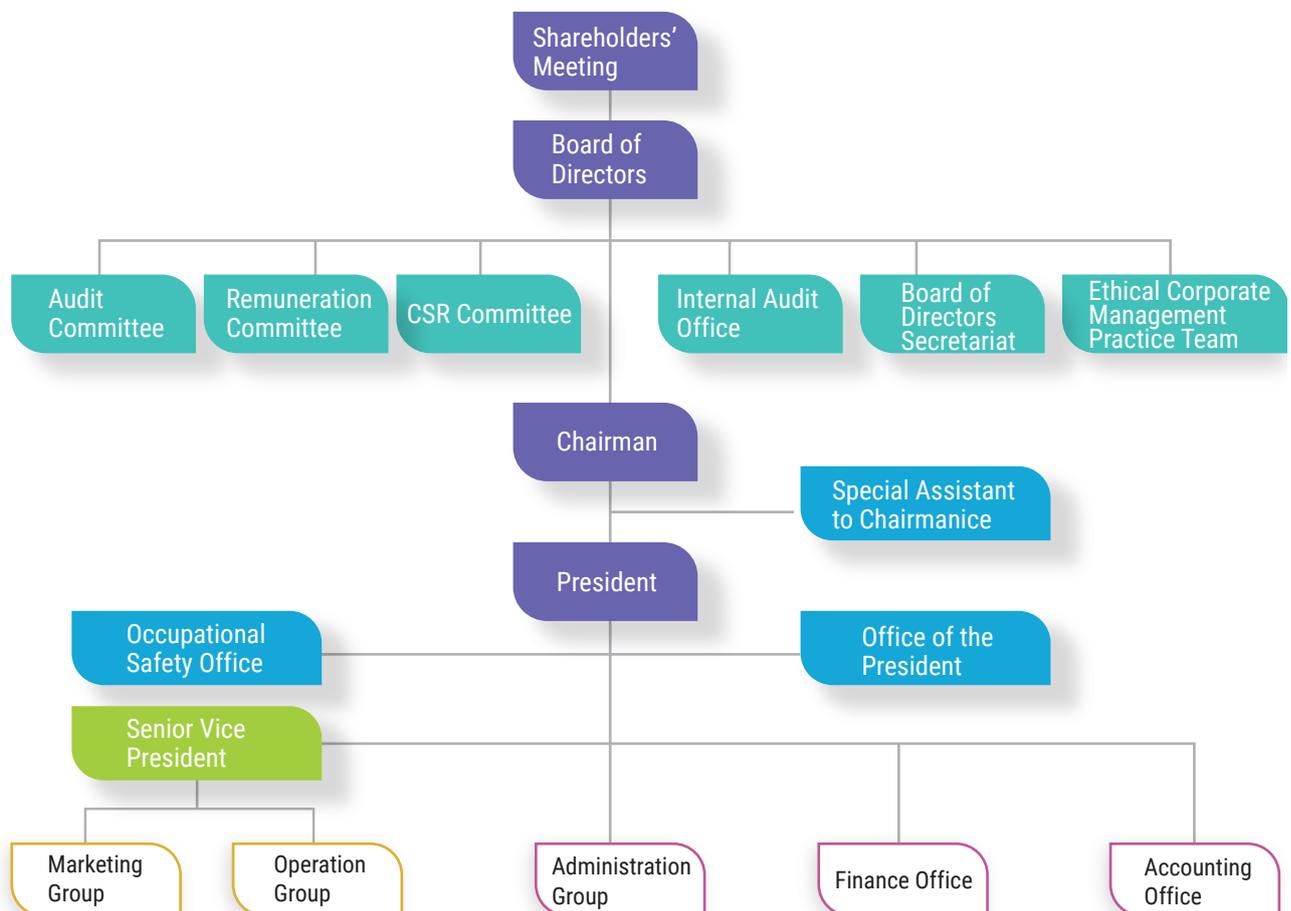
Note : This union has collected NT\$10,000 per year for the past two years, but after that the organization's surplus was sufficient so that no further fees were collected as dues.



## 2.2 Corporate Governance

### Governance Framework

PCSC believes that sound corporate governance is crucial to the stable development of a business. PCSC's sound and rigorous corporate governance framework is built on distinct layered management and, to deal with specific major issues, it designates functional committees or task forces, so that PCSC can stand immovable and continue to grow. In 2019, PCSC ranked in the top 5% in the Taiwan Corporate Governance Evaluation System, and was selected again by the TWSE Corporate Governance 100 Index, and FTSE4Good TIP Taiwan ESG Index, FTSE4Good Emerging Markets Index, MSCI Global Sustainability Indexes, and MSCI Global SRI Indexes. In addition, PCSC was listed on the Dow Jones Sustainability World Index and Emerging Markets Index for the first time.



### ► Board of Directors

PCSC's Board of Directors consists of 13 directors (including 3 independent directors). They serve 3-year terms and a nomination system is used whereby shareholders select names from a list of candidates. PCSC board is characterized by rich diversity. The average age of board members is 59 and members includes two females. The backgrounds of directors range from business administration, economy, marketing, accounting, law to information engineering. Their education, professional backgrounds, and remuneration can be found on pages 17-21 of the 2019 Annual Report <sup>Note</sup>.



In order to ensure the independence of board, per the regulations set forth in the "Regulation Governing Procedure for Board of Directors Meetings," to avoid conflicts of interest among those at the highest levels of governance for the Company, Board members who find they or a juridical person they represent has interest in a matter before the Board which could adversely impact Company interests can state their opinion and provide consultation, but are not permitted to participate in discussion or voting and must recuse themselves during discussion and voting. They are also not permitted to serve as proxy for other directors. Moreover, the Board of Directors must meet at least once per quarter to discuss the Company's business performance and development strategies as well as major investment issues. In 2019, the Board met 8 times with an average attendance rate of 98.08%.

In order to enhance financial information disclosure, managerial performance and stability, and the Company's sustainable development, the Audit Committee, Remuneration Committee, and CSR Committee have been placed under the Board of Directors, PCSC's highest guiding body. They play top-down management and supervisory roles to ensure the sound operations of the Company.

Note : The Annual Report can be downloaded from the Market Observation Post System or from the investor relations website (<http://www.7-11.com.tw/company/ir/>)

## ▶ Audit Committee

Based on the regulations of the "Regulations Governing the Exercise of Powers by Audit Committee of Public Companies," PCSC established an Audit Committee on June 21, 2012. The Audit Committee assists the Board of Directors oversee and control the fair presentation of the Company's financial report, the hiring (and dismissal), independence, and performance of certificated public accountants of the Company, effective implementation of the internal control system of the Company, compliance with relevant laws and regulations by the Company, and management of the existing or potential risks of the Company.

The Committee is composed of three independent directors with Shu, Pei-Gi serving as convener. It meets at least once per quarter. In 2019, the Board of Auditors held 4 meetings with an attendance rate of 83.33%.

## ▶ Remuneration Committee

Based on the dictates of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter," PCSC established a Remuneration Committee on August 19, 2011. It primarily assists the Board of Directors in implementing and assessing the Company's overall remuneration and benefits policy as well as remuneration for directors and managers. The Committee is composed of three independent directors with Wang, Wen-Yeu serving as convener. It meets at least 2 times per year. In 2019, the Committee held 3 meetings with an attendance rate of 88.89%.

## ▶ CSR Committee

In order to promote and implement CSR and corporate sustainability management, the Board passed a resolution to establish a CSR Committee directly responsible to the Board in 2018, incorporating an independent director mechanism. It is composed of six members, three of them are independent directors. The Committee is responsible for drawing up the Company's CSR systems, overseeing the direction of CSR policies and implementation plans, assessing the effectiveness of CSR programs, and approving CSR reports.

Although the functional committee was not set up until 2018, PCSC's CSR Committee has been promoting CSR concepts in concrete ways for many years and convenes a minimum of two times each year. In 2019, the Committee held three meetings with an attendance rate of 94.44%.



## Ethical Corporate Management

Everything in PCSC, from top to bottom and including its value chain, is rigorously regulated by ethical operations, PCSC's highest operational principle. PCSC established its "Ethical Corporate Management Practice Team" under the Board of Directors. It drafted the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Ethical Corporate Management Operating Procedures and Code of Conduct" to serve as a code of conduct to regulate ethical operations within the Company. In May of each year, we disclose the status of the Company's promotion of ethical operations on our official website.

We also utilize internal training as well as signing relevant agreements with suppliers to realize ethical operations. Since 2015, the Company has required all employees receive and complete PCSC's business ethical training courses, and the training is provided to new employees every year to enhance employee awareness. We have also checked with stores to ensure that store managers have completed the training. As of December 31, 2019, 100% of back office personnel and store managers had completed the course. In terms of collaborations with external suppliers, a clause requiring "honesty and no acceptance of bribes" has been added to PCSC supplier agreements since 2013, requiring suppliers to adhere to ethical operations and preventing dishonest business practices, protecting the common interests of both parties. Beginning in 2016, clauses related to corporate social responsibility were added to agreements with major suppliers. If suppliers violate the policies, causing a discernable impact to the source community's environment or society, the contract can be suspended or terminated at any time. In 2019, PCSC had 965 new supplier contracts and 802 new standard purchase contracts. All included sign-offs on "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility."

In the event of violations of ethical operations, employees can also offer feedback and suggestions to managers whenever they like through the Joint Service Center, email, dedicated stakeholder areas on the official website, and the internal proposal system. By drawing up ethical management and trade secret behavior code of conduct and self-discipline pact signing events, and internal communication platforms to promulgate and promote relevant information, the team promotes good behavior models throughout the employee base. The team periodically reports to the Board of Directors on the status of its work. If it is determined that stakeholders from outside of the Company have known anything that violated ethical operations, stakeholders can report violations through PCSC's Internal Audit Office and Integrated Services Center's exclusive reporting hotlines, or the stakeholder section of our website. In regard to stakeholder suggestions, we have a complete system and mechanisms to ensure stakeholder feedback is followed up properly. After stakeholders send their opinions by email through our website, messages are passed through the system directly to the responsible party, who is then required to update the status of the case within a specified period of time. PCSC keeps track of the number of reports received each month and the status of each case. In 2019, no incidents involving corruption or bribery or breach of fair trade occurred. From 2015 to 2019, there were no incidents of political contributions or other donations given to candidates, election organizations, or activities. In 2017, the Fair Trade Commission claimed that in 2017 that our franchise agreement did not offer complete disclosure of information and set a fine of NT\$5 million. The case was decided in PCSC's favor in 2019.

### Ethical Corporate Management Practice Team





## Risk Management

PCSC's ability to respond to and deal with risks has been an important key to its continued growth and stable operations. Our risk management covers the entire group and all subsidiaries. Every person, from the Board of Directors and management at all levels to staffs, participates and implements risk management. By clearly classifying each risk, setting management guidelines, and assigning a unit to deal with the risk, PCSC proactively identify, analyze, assess, monitor, respond, and report potential risks in our business operations. We also keep improving our countermeasures handling these risks. The responsible units and the implementation of risk management for PCSC's primary risks are as follow:

Aspect	Risk type	Implementation of risk management	Responsible unit
Economic	Strategic operational risk	Business groups and subsidiaries plan and assess risk before deciding on investment and operations. The President's office periodically performs analyses of related indicators and holds PCSC and affiliated enterprises quarterly meetings. There is also periodic oversight of specific types of affiliated enterprises cases with tracking and analysis of business results with timely adjustments made to operation strategy direction based on changes in market competition and consumer trends to ensure that each business unit's operational strategy conforms to the operational goals and vision.	Office of the President
Economic	Finance, liquidity, and credit risks	PCSC's finance office takes laws, policy and market changes into consideration when setting various strategies, processes and indices, periodically analyzing and assessing changes to related risk and taking appropriate countermeasures to reduce the Company's overall potential risk.	Finance Office
Corporate Governance	Market risks	Various business units, based on function, analyze and assess major domestic and foreign policy, law and technological changes and adopt appropriate countermeasures to reduce future potential operating risk. Moreover, PCSC also has an inter-division Regulation Identification Committee and periodically holds "Regulation Identification Meetings "to keep abreast of the newest changes to laws and regulations so as to be able to adopt appropriate countermeasures. Additionally, each unit's supervisors also establish a "Crisis Management Team" to effectively control and manage any potential or current market risk or crisis.	Various business units/ Regulation Identification committee/crisis management teams



Aspect	Risk type	Implementation of risk management	Responsible unit
Social	Food safety risk	<p>PCSC attaches a great deal of importance to consumer health and safety and has made food safety its top priority and continues to invest each year to ensure rigorous quality control is maintained. Because the existence of food safety risk can seriously impact the Company's image and impact income and profits, a product safety process controls mechanism has been set up to enhance management of the supply chain as a long-term effort on the part of the Company.</p> <p>Countermeasures:</p> <ol style="list-style-type: none"> <li>1.Establishing the Merchandise Safety Committee and holding regular meetings to discuss such topics as government laws and regulations, contract manufacturers and supplier assessment deficiencies, product safety information, food safety testing programs, and implementation progress.</li> <li>2.Establishing the Product Safety Information Collection and Inventory Tracking Operational Standards, collecting relevant product safety information and set up inventory and tracking procedures to ensure the safety of Company products.</li> <li>3.Using measures like contractual cooperation, production site management, ingredient tracing mechanisms and systems, supplier grading, management and on-site assessment system, distribution centers and periodic store checks, as well as occasional sampling of raw materials and finished products, to stay on top of the entire supply chain from production to store. We are continually setting up rigorous food safety protection networks for our consumers.</li> </ol>	Operations group / Marketing groups
Economic	Risks related to Maintaining franchise system order	To keep individual shops growing and the overall operations of the Company stable, PCSC continues to optimize its franchising mechanism, improving the remuneration to franchisees, and keeping franchises in good order. This is another adaptive measure the Company is taking.	Operations group / Marketing groups
Social	Risks related to demographic structure changes	<p>Our major area of operations is the region of Taiwan, but in recent years, Taiwan has been faced with such issues as a steady drop in population growth, an acceleration in the aging of the population, and a declining birthrate. Convenience stores and logistics services, the important parts of our business, are both labor intensive. Thus, we consider the decrease in the labor force to be a risk for us.</p> <p>Countermeasures:</p> <ol style="list-style-type: none"> <li>1.Continuing to keep tabs on changing trends in consumer groups and develop products needed by senior consumers to take advantage of related business opportunities.</li> <li>2.Hiring re-employed women, middle-aged and senior workers.</li> <li>3.Taking advantage of technological developments, such as AI, and optimize business structure and processes, and human resource allocation at stores to increase efficiency and lower personnel costs.</li> <li>4.Incorporating automation of warehousing processes and ordering systems in logistics to increase operational efficiency and reduce the need for manpower.</li> </ol>	Entire Company
Environment	Climate risks	PCSC has integrated our climate risk management into the extant risk management framework, in which each department identify climate risks and proposes countermeasures based on their functions. Climate risks include transitional risks from pertinent laws and regulations as well as physical risks, such as increases in the seriousness of extreme weather events and dramatic changes in weather patterns. For details, please refer to Chapter 6 "President Chain Store Corporation - Climate Change Mitigation and Adaption Measures"	Each business unit

The Internal Audit Office sets the annual audit plans, process and methodology of self-inspection in accordance with the applicable laws and regulations and based on the result of risk assessment. Through the implementation of audit plans and self-inspection, we constantly manage the above types of potential risks, and periodically report to the Board of Directors.



## ► Emerging risks

In order to stand firm in this fast-changing retail food industry, PCSC places great importance on significant social, economic, and environmental trends to better control risks that might affect the Company's profits and sustainable operations. PCSC has integrated the way we identify and respond to emerging risks into our risk management structure. The following are emerging risks that have been identified:

Emerging risks	Future impacts	Action Plans
<p><b>Demographic structure changes</b></p> <p>Human resource has been an important issue for PCSC's retail stores and logistics services. Since Taiwan has been facing significant demographic changes due to the decreasing birth rate and population growth rates as well as an aging population, PCSC expects the decrease in labor force will have great impact on the labor-intensive industries like us.</p>	<ul style="list-style-type: none"> <li>■ The decrease in the labor force and the aging population will impact on PCSC's recruitment, employment, personnel costs, and work allocation in the future.</li> <li>■ The aging society also means the portion of aging consumers will increase, which will have a substantive effect on the development of products as well as on the services offered at our stores.</li> </ul>	<p>PCSC keeps close watch on changing trends of consumer groups and labor force composition. In response, PCSC develops products suitable for senior citizens. To achieve operational efficiency, lower personnel costs and workforce needs, we have adjusted our business structure and process through hiring re-employed women, middle-aged and senior workers, as well as using AI technologies and logistics automation.</p>
<p><b>Large-scale epidemics</b></p> <p>In recent years, the threat of communicable diseases (e.g., influenza, avian flu, dengue fever, SARS, and coronavirus) has increased and the diseases have increasingly crossed international borders are increasingly affecting people's health and livelihoods. Each time an epidemic breaks out, competent authorities demand increasingly strict public sanitation and health safety laws and regulations and brought about changes in consumer psychology and behavior. PCSC stands on the front lines providing the public convenient products and services, bringing together people and products from all over. Faced with the uncertainty because of communicable diseases, in addition to ensuring the continuance of operations, it is important to ensure that customers are provided high quality products and services that are healthy and safe.</p>	<ul style="list-style-type: none"> <li>■ To prevent or control epidemics, requirements by competent authorities to enhance such areas as operational environment, food safety, employee health, and health management have increased operational costs and compliance risks.</li> <li>■ Customers deal with store personnel face to face and select for themselves products on shelves, make drinks on site, and eat at tables provided in our stores. These have all become potential routes of transmission. Integrating preventative measures increases operational costs, but an outbreak in a communicable disease could also adversely impact our business reputation.</li> <li>■ Epidemic prevention measures, such as home quarantine, could affect employee attendance, travel, the feasibility of our contractors working on site, or impact supply stability and the efficiency of material flow all of which are continuous tests for convenience store operations.</li> <li>■ Due to worries of epidemics, the public could go out less or change demand for products and services, which will influence convenience store's customer behavior and future plans for product development, logistics, and supply.</li> </ul>	<p>PCSC has taken the initiative to prioritize and strictly adhere to communicable disease prevention laws and regulations. We set up an epidemic crisis taskforce and notification system. The taskforce holds regular meetings and reports to the Board. In addition to enhancing cleanliness at all of our stores and calling on all departments and contractors to adopt epidemic prevention measures, we have integrated work-from-home and online conferencing systems for our support services to increase work flexibility. Measures used at our stores include promoting disease prevention, efficient manpower allocation, and making adjustments to product inventory. The primary objectives for our products are to ensure food safety and product supply stability. We promote foods on self-service naked food areas packaged and refrigerated and to meet customer needs, we are making adjustments to our product mix and marketing activities to mitigate potential risks brought on by communicable disease.</p>



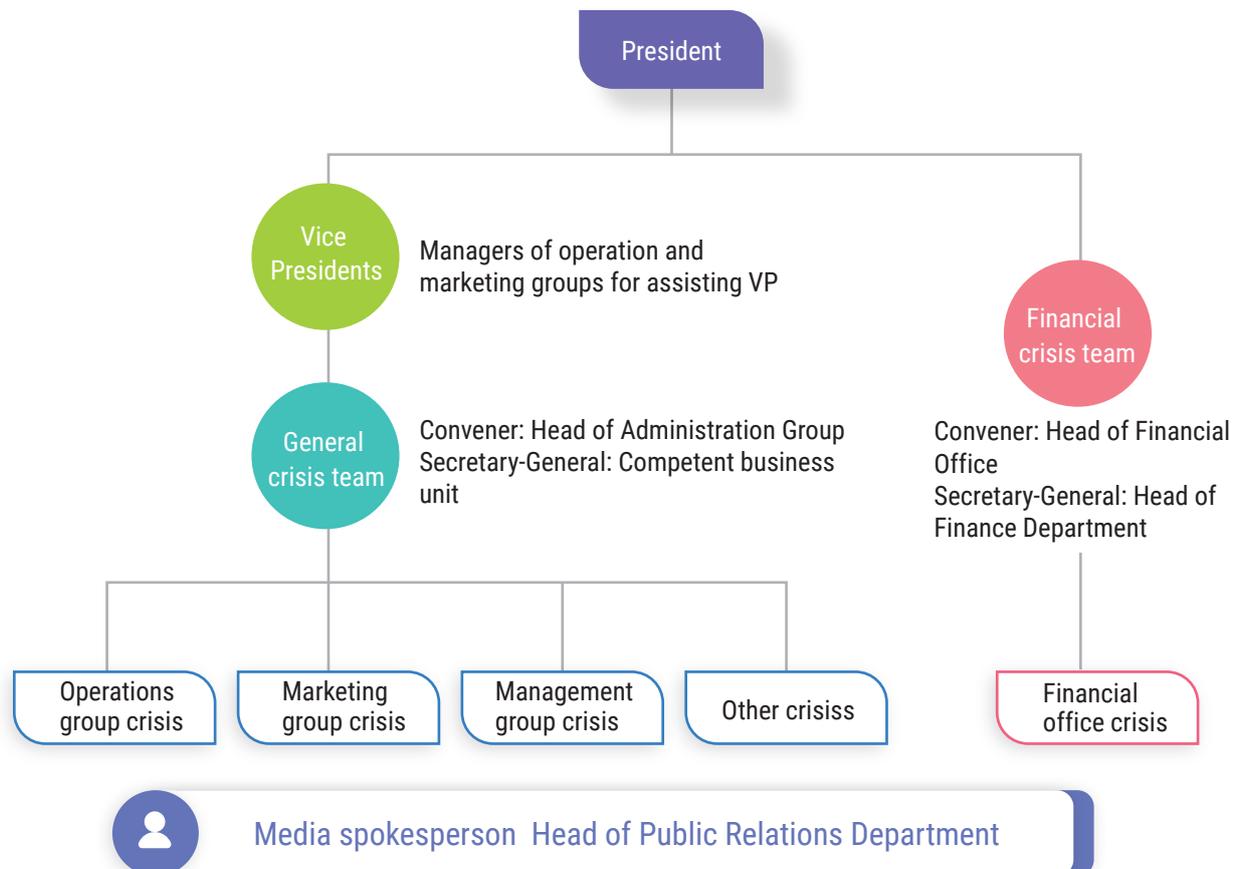
## ► Crisis management

In addition to control, PCSC has also set up a sound risk management responsibility team and SOP for dealing with crises to minimize losses caused by crises.

In 2013, the Company established a cross-departmental "Crisis Management Team" and, in 2014, published a 3rd edition of its "PCSC Crisis Management Handbook" which primarily refers to Uni-President Enterprises' (the parent company) crisis handling principles to enhance and update the structure. In light of the special characteristics of the convenience store industry, PCSC has set in place internal SOPs for dealing with crises stemming from highly sensitive issues (e.g., racial, human rights, gender orientation, and cross-strait issues, strikes, and false information on the internet), including reporting procedures, time limits for reporting, handling procedures, and the relevant competent authority. The use of these rigorous mechanisms has served to strengthen PCSC operations. This Crisis Management Team also reviews legal risks using objective data to facilitate improvement and follow up.

In 2019, the Company convened crisis management meetings to deal with the improper use of store equipment by store personnel. After these issues were dealt with, there were no derivative issues.

## ► Structure of the Crisis Team





## 2.3 Legal compliance

### Compliance Management Approach

PCSC has a Regulation Identification Committee. Each month, the committee collects relevant laws, regulations, order, bills, and interpretations that could affect the operations of various units and provides relevant laws, regulations, order, bills, and interpretations to regulation identification windows to carry out regulation identification. In the event that anything is identified as being relevant, the identification window is required to perform a risk assessment to facilitate follow up and improvement. Inter-departmental Regulation Identification Committee meetings are convened quarterly to discuss information on laws and regulations that are relevant to all units.

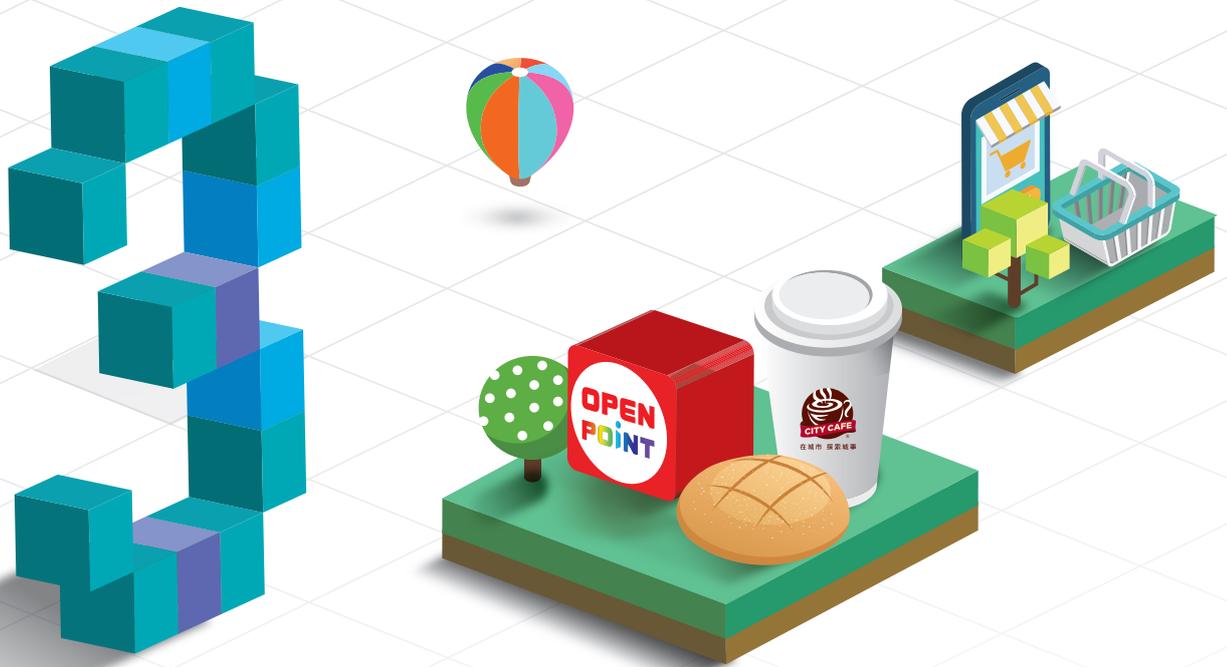


To enhance information security management, in the second quarter of 2020, PCSC begin including in the Exercise Rights of the Party Group and Information Security System Workgroup Report information on any customer privacy violations during that quarter.

### Violations during 2019

The production and sale of PCSC private brand products, including raw material sources, ingredients, product labeling, and product marketing are all governed as required by relevant laws and regulations. For non-private brand products, we work with suppliers to ensure regulatory compliance through communication, testing, and our auditing mechanisms.

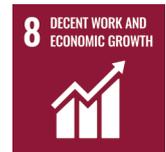
Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include "Regulations on Good Hygiene Practice for Food," "Food Sanitation Standards," as well as other relevant laws issued by the Ministry of Health and Welfare. No fines were issued against PCSC in 2019 for violating any laws or regulations mentioned above. In 2019, PCSC had no major violations of environmental laws or regulations, product or service information labeling regulations, or marketing communications regulations. Some stores violated product or service's health and safety regulations (e.g., the Tobacco Hazards Prevention Act and the Pharmaceutical Affairs Act), the Occupational Safety and Health Act, and the Labor Standards Act and were fined NT\$360,000 by competent authorities. PCSC has called on the stores to make improvements and increased dissemination of relevant regulations. Please refer to page 58 of the 2019 PCSC Annual Report for more details.



# Sustainable Products and Services



## 2019 Highlights



NT\$ **148,511,000**  
in accumulated  
investment in food  
safety management

**85%** of non-tier one  
suppliers signed code  
of conduct

**6.5** million  
OPEN POINT members  
by 2019

**68%** of purchases  
were made with  
Taiwan area suppliers  
of agricultural  
products

The system warning that alcohol  
and tobacco cannot be sold to  
customers under 18 years of age  
is **100%** online

**100%** of our own brand food  
product supplier and store's  
single-use item suppliers pass the  
supplier evaluation

**98.8%** of stores being graded  
A or B in the Service Excellence  
Rating

PCSC promised to be a benchmarking enterprise in the domestic retail industry. With our four core ideas, "innovation," "convenience," "safety," and "pleasure," as the foundation, we strive to refine our products, innovate our services, fulfill responsible marketing and labeling, maintain a strict standard of food safety, improve our relationships with customers and our privacy managements, optimize our sustainable supply chain managements, and reduce waste of resources, thereby playing a role that meets the needs of people, while providing them convenient, safe and quality services everywhere.



# 3.1 Innovation in Services and Products

As a retail enterprise, PCSC is an important part of people's lives and our products influence how they live. Innovating and continuing to refine our products and services are keys to both maintaining PCSC's competitiveness and looking after our customers.

## Management Approach

PCSC's goal is to provide a variety of innovative and quality products that exceed customers' expectations. Our Integrated Marketing Department is primarily responsible for integrating the Company's internal resources to reinforce its brand recognition and competitiveness.

## Privately-Owned Product Blueprint

For product, services, and innovation, we have a blueprint to expand the market of PCSC's private labeled brand.

Privately-Owned Product Categories	Explanation	Product Examples
Private brand (PB)	A product for which a manufacturer has signed a contract for large quantity purchases or cooperative development of a product with unique specifications.	Oden, cooked rice, fast foods, bread and other fresh food products and CITYCAFE.
Private label (PL)	Private brand products designed in-house by PCSC	iseLect series of frozen reheatable foods and snacks



## Major Events in 2019

At the end of 2019, PCSC held "OPEN!RUN" and "OPEN! balloon run," so that together with the public, it could say farewell to 2019 in a vibrant and energetic way as it marched forward into 2020, a new milestone.

### 2019 OPEN!RUN

OPEN!RUN notched up its seventh year. In this year's event, PCSC arranged 3K, 6K, and 11K routes. The 3K and 6K routes were for parents with kids and beginners. The 11K route was designed for advanced runners. On the 11K route, we also invited professional pacers from NIKE to help the contestants achieve their best performances.



### OPEN! balloon run

In 2019, the highly anticipated 14th OPEN! balloon run was held in Kaohsiung's along Shidai Boulevard near Dream Mall, featuring 20 giant cartoon character balloons as well as several new characters. In addition to the widely popular balloons, the 2019 parade had more performers than any other before, including 30 Mini Managers and 40 store managers from 7-11. Uni-President Social Welfare Charity Foundation, which also collaborated in the organizing of the parade, invited children



from remote villages to take part, so that Uni-President could show its concern for the public. That night on the stage, OPEN Chan gave the Mineshine Street Dancing prize for most popular dance group. Performances by technology school, university, and children's teams as well as by the OPEN!Family served as the perfect end to the day's activities.



## 3.2 Customer Health and Safety

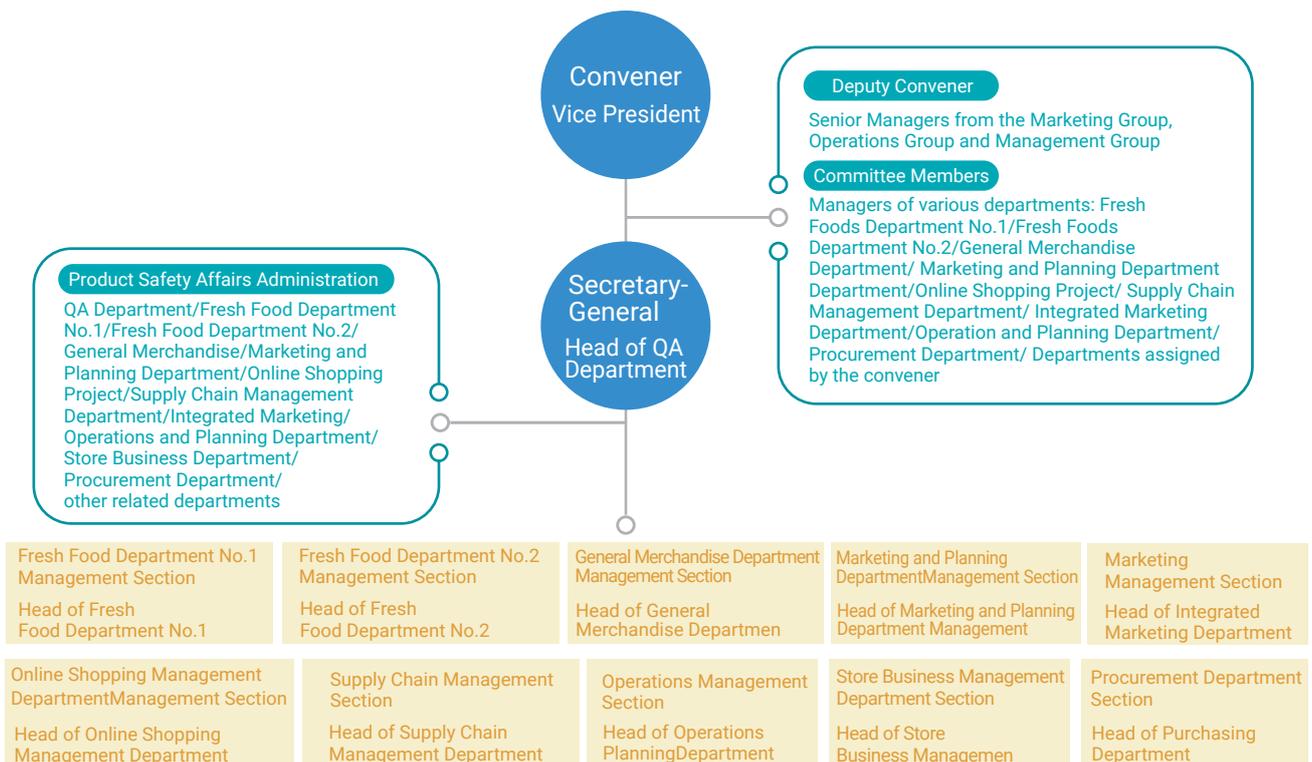
Because our industry is an important part of many people's lives, customer health and safety are PCSC's highest concern and guiding principle. We have implemented a number of management measures to provide safe products and play our part as a member of the community.

### Management Approach

Because product safety is the cornerstone of PCSC operations, we have set regulations for product safety information, raw materials, and quality inspection. PCSC has also established several regulatory mechanisms, such as internal reporting systems, logistics management, and store management, to implement food safety control, ensuring the quality and safety of all of our privately-owned brand product throughout the products life cycle, from manufacturing and shipment to storage and sales. Our accumulated investment in 2019 in product safety management was NT\$148,511,000, surpassing the Company's target of NT\$50,000,000.

### Management Structure: Product Safety Committee

PCSC's Product Safety Committee consists of three main levels. The convener is assigned by the president. The senior managers of the marketing group, operations group and management group serve as co-convener. At the second level, the manager of the Quality Assurance Department serves as the secretary-general, under which the Product Safety Office is tasked with collection of information on overall product safety-related issues. The third level is composed of 10 action teams led by the heads of each department. The Product Safety Committee focuses on safety and quality and has established a management system that covers 100% of the Company's privately-owned products. In 2019, the committee held three meetings, discussing such issues as important announcements and tracking of product safety information, progress on enhanced quality assurance plans, supervision plans for food safety and progress on other initiatives, results of new product reviews, and sharing of raw material sampling management results and product safety news.



Note: The committee's structure was last updated in December 2019. In response to organizational changes, the Commodity Management Department, Marketing Planning Management Department, and Online Shopping Project Department were incorporated into the Product Safety Committee.



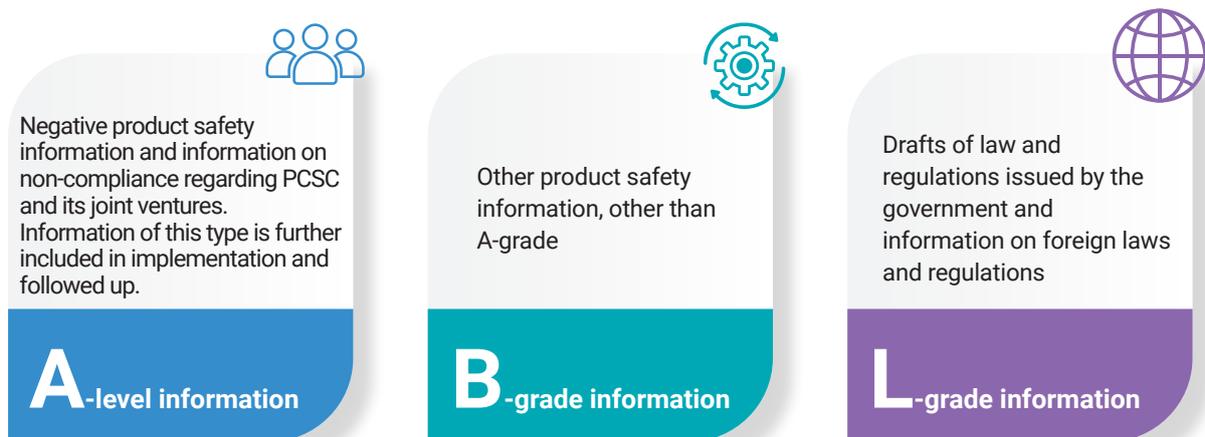
## Action Plans

### ► Tracking and responses to product safety information

Staying abreast of the latest product safety information has been key to PCSC's making product quality management a reality. Product safety information is negative reports collected by PCSC on its privately-owned brand products, information on below standard products, and information on regulations promulgated by relevant authorities and issued in other countries.

PCSC gathers and tracks information related to product safety in accordance with our "Product Safety Information Gathering and Review Tracking Standards." The information is handled using layered management. The Standards applies to all PCSC's privately-owned product, covering 100% of PCSC's privately-owned products. In 2019, the Company collected 671 product safety-related memos, including 10 A-level information, 504 B-level information, and 157 L-level information.

A total of one product safety issue remained unresolved in 2019. The amount of caffeine in a randomly tested freshly prepared beverage by the Nantou County Health Bureau exceeded the amount indicated on the label. PCSC has already explained in detail to the Taipei Health Bureau that caffeine amounts can vary and the Taipei Health Bureau did not object to PCSC's explanation. We are currently waiting for relevant authorities to pass amendments to caffeine amount labeling regulations, so that this particular issue can be closed. It is expected to be closed by the end of 2020.



Note: A-, B-, and L-level grades are based on the date that the information was announced internally.

## Material and Quality Assurance System (MAS)

PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and set up a traceability system for the meal box category (Note) in accordance with the official document (Food and Drug Administration Document No.1071300516 authorized by Ministry of Health and Welfare on 26 June 2018) promulgated in 2019. In cooperation with the ROC Fresh Foods Development Association, PCSC has set up a Material and Quality Assurance System (MAS). This ensures that product raw materials and suppliers can be tracked and managed. The main document in the MAS system is product specifications document, which records the sources of raw materials and the suppliers. As of 2019, 100% of the Company's privately-owned food products had the corresponding product specification document in the MAS system.

Note: Indicating the products which consist of grains (rice or noodles), processed grains, agriculture, livestock and seafood and which are processed to be served to groups or individuals. Those products are served with clear label or picture of the ingredients and are served by in the way of boxes or large decorative containers. The products can be eaten after brief heating up. Those products do not include the baked items served in the box.



## Quality Testing Laboratory

To manage and stay on top of product quality in a timely manner, PCSC established its own Quality testing laboratory in 2012. This laboratory is certified by TFDA and TAF. After a product is made, the laboratory first samples and tests it with microorganism or chemical methods. This allows us to sell our products in our stores with confidence. As of the end of 2019, the laboratory conducted 593 test items per requirements of CNS or Taiwan Food and Drug Administration. Another 139 conducted test items that follow directives from the above requirements those organization.



TAF certification items	
Scope of microorganisms for ISO/IEC 17025:2005 certification	4 items
TFDA certification items	
Microorganisms	4 items
Colorants	8 items
Ochratoxin A	1 items
Patulin	1 items

In 2019, a total of 810 tests were run on products and raw materials. 805 items passed the test. The passing rate was 99.4%. Four of the five items that did not pass, passed when retested. One product was taken off the shelf, because it did not meet our standards. In addition to dealing with the situation in accordance with our contracts, we also bolstered follow-up inspection and monitoring to ensure the safety of the products we sell. The quality testing laboratory resulted in costs of NT\$35,833,000, including NT\$17,767,000 in outside laboratory fees (note). This is equivalent to 0.023% of the Company's operating revenue.

Note: The quality testing laboratory costs include tests, salaries, depreciation, rentals, equipment repair and maintenance, and miscellaneous purchases.

## Supervisory Mechanisms

### Internal reporting system

PCSC has established an internal product supervision mechanism based on the "Rules for Safety on Own-Brand Products." This mechanism invites employees to come together to play a role in supervising product safety. In cases where employees in logistics, wholly-owned stores, or franchisees have doubts or questions about ads, labeling, or ingredients, they can use this mechanism to provide feedback. Issues raised in this way are forwarded to the Product Safety Committee and the person making the report receives a reward based on the severity of risk involved with the safety issue (see details below). In 2019, a total of one case was referred. It was not given a grade category and NT\$1,000 in reward money was paid out.



## PCSC product safety risk categories

Risk category	Notes on grading
1	<ul style="list-style-type: none"> <li>■ Adding of illegal ingredients or additives, as confirmed by a third-party laboratory, the short-term use or consumption of which would raise concerns about harm to human health.</li> </ul>
2	<ul style="list-style-type: none"> <li>■ Adding of illegal ingredients or additives, as confirmed by a third-party laboratory, the long-term use or consumption of which would raise concerns of harm to human health.</li> </ul>
3	<ul style="list-style-type: none"> <li>■ Legal ingredient, but over label quantity or added to a product to which it should not be added</li> <li>■ Adulterant ingredients.</li> </ul>
4	<ul style="list-style-type: none"> <li>■ False or incomplete labeling or advertisements.</li> </ul>
Not graded	<ul style="list-style-type: none"> <li>■ Cases not meeting the above four standards but for which an opinion is offered, resulting in "major changes" to system or scope after acceptance by the Company.</li> <li>■ Cases not meeting the above four standards but which have constructive or reference value.</li> </ul>

### ► Logistics

After PCSC products and raw materials are manufactured by suppliers or agents, they are shipped to stores by a logistics company. To ensure that the quality of products is maintained and guaranteed throughout the entire process of shipping, storage, and display and to reduce potential risk to products due to temperature, employees, or sanitation, we partner with logistics companies on initial logistics and in-store product management and service audits. Initial logistics involves cooperation on shipping, taking product quality management processes from the store and sending them upstream to reach the supplier at the point where goods are received. This establishes comprehensive quality control. In 2019, the initial logistics mechanism was implemented 100% on products including rice, fresh noodles, salads, cooked vegetables, frozen flavored breads, sweet potatoes, and fresh foods.

### ► Store management

Our stores are our points of service. As such, the quality of service of our stores, product best-by date management, ethical corporate management, and cigarette and alcohol sales audits greatly influence the quality of our delivery. In order to ensure that all of our stores, both self-operated and franchises, provide customers with the same high-level of quality as well as products and services that our customers have come to expect, we have established a variety of store evaluation mechanisms to maintain service quality.

### ► Service excellence assessments

PCSC conducts an annual service excellence assessment on all its directly-owned stores and franchises, examining items including basic service, professional service, comfort of the environment, and appropriateness of responses. The results of the assessment are graded A (excellent), B (meets expectations) or C (needs improvement). In 2019, the Company audited a total of 3,781 storefront operations, or 66.86% of all its stores. 2,460 stores (65%) were rated grade A or excellent. Operations specialists visit stores receiving a grade of C to provide guidance, and hold meetings to draft improvement plans, and to track results. In 2019, 98.8% of stores graded A or B, surpassing our goal (95%) and we will continue to use district consultants to provide guidance and help each gradually reach this goal.

### 2019 annual initial assessment grades



Historic assessment results	2015	2016	2017	2018	2019
A	51.11%	45.06%	41.92%	62.96%	65.1%
B	44.99%	51.12%	53.63%	35.64%	33.7%
C	3.90%	3.82%	4.45%	1.40%	1.2%
Coverage rate	68.26%	67.22%	69.72%	67.83%	66.86%

### ► Quality assurance checks

In addition, a management consulting company was engaged to perform quality assurance audits. In 2019, 98.82% <sup>(Note)</sup> of all stores underwent this audit.

A total of 5,534 stores were checked with a pass rate of 96.43%. PCSC provided concrete suggestions for substandard branches and followed up to ensure that improvements were made.

Note: A small number of stores closed in early 2019 or opened in late 2019. Consequently, they were not audited in 2019.

### ► QA and Ethical Corporate Management certification training and audits

To maintain the quality of the overall workforce, in addition to the store audits described above, PCSC continually provides quality assurance education and training for both new hires and existing employees. A total of 42,248 people participated in the training in 2019. PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.97% <sup>(Note)</sup> of the stores audited in 2019. There were 46 stores failed to pass. The primary reason for not passing was expiration or loss of certificates. PCSC provided concrete suggestions for substandard branches and followed up to ensure that improvements were made.

Note: A small number of stores closed in early 2019 or opened in late 2019. Consequently, they were not audited in 2019.

### ► Tobacco and alcohol sales audits

Additionally, to implement the law and protect youth and children, we took it upon ourselves to take action. The product system warning language alerting that alcohol and tobacco cannot be sold to customers under 18 years of age was also enhanced, with this system 100% online. The goals set in this area for 2019 were completely met.



## 3.3 Sustainable Supply Chain Management

PCSC does not run any factories itself, as all of its products are manufactured by other companies, therefore, systemized management and auditing of our supply chain is key to consolidating PCSC products. We have four main types of suppliers: Own-brand product manufacturer, suppliers of raw materials through direct transactions, suppliers of egg products, and suppliers of items related to store food safety. We ensure that suppliers adhere to our stringent quality standards using our supplier management rules and evaluation system.



### Supplier Management Rules

In order to stay on keep abreast of and monitor supplier quality, we included a special chapter on “Product Safety Management” to ensure that all suppliers conform to pertinent laws and regulations and to PCSC’s rules in terms of corporate setup, product quality, and testing. A number of the rules are set for suppliers and manufacturers of our privately-owned brand products, based on the nature of each, since these have a more direct impact on our operations and brand. (See details below on “Own-Brand Supplier Management Rules”). These rules clearly require that specific standards be adhered to for product manufacturing, packaging, testing, and appraisal.

#### Own-brand Supplier Management Rules

Item	Supplier type	Measures
1	Own-brand product manufacturer	"Rules for Onsite Appraisal of Manufacturers by Own-brand Product Committee"
2	Suppliers of raw materials through direct transactions	"Raw material supplier and raw materials management rules"
3	Suppliers of egg products	"Management and Operations Rules for Professional-Use Egg Product Raw Materials"

Additionally, to improve the quality of suppliers, we do our utmost to ask that suppliers of own-brand products obtain food safety and sanitation management system ISO22000 certification. During 2019, suppliers of privately-owned food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 50 companies. If calculating using the number of the plants, there were a total of 95 manufacturing sites; among those 49 were manufacturers of privately-owned food products within Taiwan. Of these, 49 manufactures obtained international food safety management system ISO22000 certification. Certification status for 2019 follows:

#### 2019 ISO22000 Certification

Supplier type	Supplier quantity	Amount of factories run by suppliers	Amount of contract factories of suppliers in Taiwan	Number with ISO22000 Certification		Number with ISO22000: 2018 Certification	
				Number	Percentage (Note 1)	Number	Percentage
Privately-owned Food product suppliers	50	95	49	49	100%	0 (Note 2)	0%

Note 1: The number in the denominator position does not include factories run by suppliers abroad.

Note 2: 2019 was used to educate suppliers about our requirements, therefore, in 2019, no food suppliers had completed switching over to the ISO 22000:2018. According to our work progress schedule, we expect to be able to fully realize this objective in 2021.



In addition, we established the "On-site evaluation and management measures for suppliers of food safety related items of stores" to manage and audit the quality of packaging that comes in contact with food products to ensure that minimize all possible food risks.

## Supplier Code of Conduct

As the leader among domestic retailers, PCSC hopes to make itself as the example to spur suppliers to practice corporate social responsibility. In addition to the above management rules and assessment systems, we have also set a "PCSC and PCSC Subsidiaries' Code of Conduct for Supplier," and require all suppliers to sign an "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility." The principles and agreement stipulate that suppliers are not to obtain inappropriate gains through bribery, monopoly, or the giving of gifts, are not to violate labor laws or regulations (including hiring rules, hiring child labors, working conditions, salary and remuneration, occupational safety and health), are to guarantee labor equality, a non-discriminatory workplace, and fundamental human rights, and provide products that conform to environmental protection and food safety laws and regulations to reduce their impact on the environment and human health. As to progress in the signing of the supplier code of conduct, in 2018, PCSC began requiring non-tier 1 suppliers to sign supplier code of conduct and after working hard, 85% of non-tier 1 suppliers had signed the code of conduct contract by the end of 2019, increasing by almost 82% compared with the situation in 2018. It is our hope that by 2021, all of our non-tier 1 suppliers will complete education and training and sign the supplier code of conduct.

For suppliers unwilling to sign the code of conduct, PCSC will examine their existing internal regulations and the scope of commitment. Additionally, they will be required to commit certain important items. If the supplier doesn't agree to all the above requirement, but it is still necessary to purchase the products from those supplier, the supplier will be asked to sign a "Affidavit on the Ethical Corporate Management" to require our supplier to practice corporate social responsibility.

## Supplier education and training

In addition, PCSC's supply chain management department communicates regularly each year with major suppliers of materials for its privately-owned products on the concepts of sustainable procurement and tracing management and asks them to provide us with materials that meet PCSC's sustainable procurement standards. In addition to the signing of contracts, PCSC conducted supplier training, with 85% of non-tier 1 suppliers receiving training in 2019.

## Supplier appraisal system

PCSC uses the rules mentioned above to undertake periodic evaluations of suppliers of own-brand products, suppliers of raw materials by direct purchase, and suppliers of eggs, establishing different assessment content based on the special characteristics and risks of each supplier type. This tight grasp of the assessment allows us to provide safe and quality food for customers. Our stringent standards enable us to stay on top of product quality and safety on behalf of our customers. Key supplier assessment points, standards, frequency, and results are disclosed below. In response to developments in sustainability, the weighting of ESG-related assessment items to overall assessment numbers will also be disclosed below.

### ► New supplier assessment

We set our standards based on the relevant legal conditions, quality certification, management systems, and plasticity of materials of new suppliers. We also include economic, environmental, and social standards in the assessment system to evaluate and stay on top of supplier quality. Potential suppliers are all required to undergo these assessments and pass before they are accepted as new suppliers. In 2019, a total of 17 new suppliers and manufacturers came on board. All of them passed this assessment.



Manufacturers			
1	Legal conditions	Domestic	Hold legal business registration and factory registration, etc. (Industry type listed on registrations must include processing of product types for outside organizations)
		Foreign	For foreign manufacturers, establishment of the company must conform to relevant laws and regulations in that country.
2	Quality certification	Food product contract manufacturers	Producers in Taiwan are to have ISO22000 Management System Certification. The scope of inspection is to include items that they produce for PCSC. Foreign producers are to have a minimum of HACCP or ISO9001 Management System Certification or some other international food safety system certification.
		Non-food product contract manufacturers	Priority is given to international quality Accreditation / certification, such as ISO9001.
3	Comprehensive management system	Good product quality management, own product testing capabilities, production management, and sanitation management.	

Suppliers of raw materials through direct transactions			
1	Legal conditions	The business registration, factory registration, contract manufacturer qualification checklist, food industry supplier registration number, etc., must conform to legal conditions for registration.	
2	Quality certification	Ideally holds TQF, CAS, ISO22000, HACCP certifications preferred.	

Suppliers of egg products			
1	Quality certification	Egg washing and grading site source for eggs as raw materials must be CAS certified farms and the washing and grading sites must further pass CAS assessment and be qualified (such as said product certification).	
2	Packaging and labeling in conformance	Egg packaging labels should conform to national law and regulations and CAS good agricultural product egg item standards, such as for product name, manufacturer and agent's name, address and telephone number.	
3	Inspection conformance	Eggs are inspected for conformity based on announced national methods with items of inspection including salmonella, 48 veterinary drugs, antibiotics - tetracycline, antibiotics and other metabolites, and chloramphenicol.	



## ► Assessment items

Supplier assessment items are as per the status of each as a manufacturer, supplier of raw materials by direct transaction, egg supplier, or supplier of items for in-store use. The scope includes management systems, environmental sanitation, manufacturing, and quality management systems. The above-described items for inspection ensure that product safety and organizational operations are managed well. Assessment items for different suppliers follows.



Manufacturers



Suppliers of raw materials through direct transactions



Suppliers of egg products



Supplier of items for in-store use

### Assessment items

- Management and laws and regulations
- HACCP (Hazard Analysis Critical Control Point)/Food Product Safety System
- Process product control
- Non-conforming product control and tracing
- Environmental sanitation
- Worker health and safety
- Facilities and equipment
- Vector control
- Food safety/emergency handling
- Testing and measurement
- Storage and shipping
- CSR

### Manufacturing type, trade business type

- Factory equipment and environmental sanitation management
- Employee safety and health management
- Manufacturing process control
- Product quality control
- Raw materials control
- Storage and shipping control
- Customer complaints and continuous improvement
- Relevant scope of established environmental remediation
- Quality and supply capacity assessment

### Raw material basic level farms

- Raw materials control
- Quality and supply capacity
- Factory cleanliness and sanitation
- Manufacturing process control

### Assessment items

- Factory environment
- Factory equipment
- Equipment and packaging materials
- Manufacturing process management
- Product quality management
- Sanitation management
- Shipping management
- Product sampling results
- Raw materials and product audits
- Risk management

### Assessment items

- Management
- Product quality management
- Environmental status
- Product development
- Purchasing and raw materials intake testing
- Production and packaging
- Health, safety, and work conditions
- Finished products
- Storage and shipping
- Customer complaints
- Product specification checks

## ► Conformity standards

Assessment results are scored into four categories: A ( $\geq 90$ ), B (80-89 points), C (70-79 points), D ( $\leq 69$ ). Passing standards are as follows.

Supplier type	Passing standards
Food product manufacturers	B or above (80 or more)
Non-food manufacturers	C or above (70 or more)
Raw materials through direct transaction	
Egg suppliers	
Non-food suppliers	



In the event of failure to meet standards, a penalty will be imposed as per the "Product Quality Guarantee Agreement" or "Supplier Assessment Agreement." At present, new non-food suppliers are required to pass the grade of 70 to safeguard the interests of consumers and the safe use of products. We estimate that by 2022, the minimum passing grade for potential non-food suppliers will be 75 points. This will further improve supplier screening and management. In 2019, newly introduced plants scored over 75 and the average audit score for non-food suppliers was over 80 points.

## ► Frequency of assessment

Frequency of assessment differs and are based on the results of the previous on-site assessment.

### 1. Manufacturers

Contract manufacturers are divided into food product, non-food product, domestic, and international categories and assessment frequency differs by category. PCSC set the "Food Product Manufacturer Risk Grading and Assessment Guide" to serve as a basis for assessing domestic food product manufacturer risk levels. We also completed 2018 own-brand food product manufacturer risk grading for use as reference for determining assessment frequency in 2019. For domestic manufacturers of non-food products, an on-site assessment grade of C or better constitutes a pass. Assessment frequency is once every 12 months and assessment must be completed within the same year. If the assessment results indicate a failure to meet our standards, the case is handled as a failure on the part of domestic food product manufacturers.

Comparative table of assessment frequency for domestic food product manufacturer sites

Risk Category	Grade			
	A ≥ 90 points	B 90 > points ≥ 80	C 80 > points ≥ 70	D < 70 points
	pass		fail	
Low-risk	12 months	6 months	Suppliers receiving a C are to be assessed once a month and must pass consecutive months. Suppliers not passing two months in a row are to halt production. For those passing assessment, the most recent passing assessment is to serve as the benchmark for determining when the next assessment is to take place.	Suppliers receiving a D are to immediately stop producing for PCSC or be assessed once a month and must pass three months in a row. Suppliers not passing two months in a row are to halt production. For those passing assessment, the most recent passing assessment is to serve as the benchmark for determining when the next assessment is to take place.
Medium-risk	6 months	4 months		

Comparative frequency of assessments of foreign food product manufacturer sites

Assessment grade	Results	Assessment frequency/handling of failing grade
A	Pass	1 assessment/year and assessment must be completed within the same year.
B		
C	Fail	Manufacturer must immediately halt production arrangements and pass a re-assessment within 6 months before resuming production. Otherwise manufacturing on behalf of PCSC must be terminated.
D		

For foreign manufacturers of non-food products, an on-site assessment grade of C or better constitutes a pass. Assessment frequency is once every 24 months and assessment must be completed within the same year. If the assessment result indicates a failure, the manufacturer must immediately halt production arrangements and pass a re-assessment within 6 months before resuming production. Otherwise manufacturing on behalf of PCSC must be terminated.

### 2. Other (raw materials suppliers through direct transactions, egg product suppliers, non-food suppliers)

In addition to manufacturers, suppliers of raw materials through direct transactions, suppliers of egg products, and non-food suppliers are slated for assessment every 3 to 15 months, depending on their assessment grade. If an organization fails, a re-assessment is to be performed until it results in a pass. Follow-up action is to be taken as per relevant rules (such as the "Supplier Assessment Agreement" or the "Product Quality Guarantee Agreement").

## ► Assessment results

PCSC continues to monitor the numbers and passing percentages of supplier audits as a means of quality control and stay on top of risks on the supply chain end. In 2019, there were a total of 50 suppliers of privately-owned food products with whom PCSC had a cooperative relationship <sup>(note 1)</sup> (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products). 100% of those suppliers were audited <sup>(note 2)</sup>; see the table on p.43 for these 50 suppliers. There is a total of 177 audits done. All 177 audits passed, with a compliance rate of 100%. For the non-conforming suppliers, in addition to the sanctions laid out in the "Product Quality Guarantee Agreement," they would be re-audited in accordance with regulations until accomplished the required improvements.

Note 1: Defined as (1) New factory which passes the assessment prior to 2019 and existing suppliers that passed internal submission. (2) New suppliers that successfully passed the introduction assessment during 2019. (3) Those eligible for a halt to assessment in 2019 are also included.

Note 2: Three manufacturers and five suppliers of raw materials through direct transactions ended their transaction and cooperation with PCSC based on last year's supplier assessments, so that they were not required to be audited in 2019 based on the corresponding management rules.

In 2019, there were 14 suppliers of disposable items for in-store use <sup>(note)</sup>, with 100% of them passing audit. See table on p.43 for these 14 suppliers. There is a total of 18 times audits on supplier assessment items, resulting in 18 audit results, with 100% passing rate.

Note: Indicating domestic suppliers of disposable paper cups, bowls and similar items which come into contact with food and are provided to the consumers. Assessment results for 2019 are disclosed in the table below.

Assessment results for 2019 are disclosed in the table below.

	No. of suppliers	Percentage completing audits	No. of audits	No. of passes	Percentage passed
Suppliers of privately-owned food products with whom PCSC had a cooperative relationship (including plants, suppliers of raw materials through direct transactions and suppliers of egg products)	50	100%	177	177	100%
Non-food supplier	14	100%	18	18	100%

In the event that a supplier does not pass, in addition to being fined as per the "Product Quality Guarantee Agreement," the supplier is to undergo re-assessment as per regulations until improvements are complete. PCSC views suppliers producing own-brand products with grades of C or lower as food product manufacturers and grades of D or lower as non-food product manufacturers as "high sustainability risk suppliers." In 2019, no such suppliers of own-brand products failed to reach the required standards.

## ► ESG assessment items

In addition to product quality and health issues, PCSC has responded to trends in sustainable development by integrating ESG (Economics, Social and Governance) into its scope of assessment in the hope that including sustainability indices will serve to combine the efforts of PCSC's supply chain to help make sustainable development a reality. An explanation of the weighting of these in assessment follows.

Supplier types	Economic category weight %	Environmental category weight%	Social category weight%	Other non-ESG category weights %
Non-food product manufacturer	14%	3.1%	13%	69.9%
Food product manufacturer	50%	15%	14%	21%
Farm/processing plant	50%	2%	2%	46%
Raw materials factory type	60.6%	29.6%	4.2%	5.6%
Raw materials trade type	61.1%	24.1%	3.7%	11.1%
Raw materials primary farm type	58%	21%	0%	21%



In supplier ESG assessment trends, PCSC particularly emphasizes "sanitation of operational environment" and "occupational health and hygiene of workers".

Since many of PCSC's privately-owned suppliers are tied to food product manufacturing or raw materials, to ensure that suppliers conform to food product safety laws and regulations and PCSC's own product quality management requirements, sanitation of operational environment has been added to the list of assessment items for suppliers. Furthermore, we stress that suppliers protect workers and their occupational health and hygiene of workers rights, require suppliers to exercise their corporate social responsibility, and not violate the Labor Standards Act. We believe that the occupational health and hygiene of workers on the line can impact product quality, so we urge suppliers to provide healthy, safe work conditions for employees.

PCSC hopes to work hard with its suppliers to implement corporate social responsibility. Through our supplier assessments, monitoring whether they are complying with occupational health and hygiene requirements requested by Labor Standards Act and related regulations and creating positive social impact to protect supply chain workers' lives. In 2019, there were 10 suppliers found non-conforming with ESG criteria, including inaccurate working records, irregular inspection on safe protection facilities and unclear warning signs. All of them have corrected and improved their performance after counseling.

## Major Partners

### ► Key suppliers

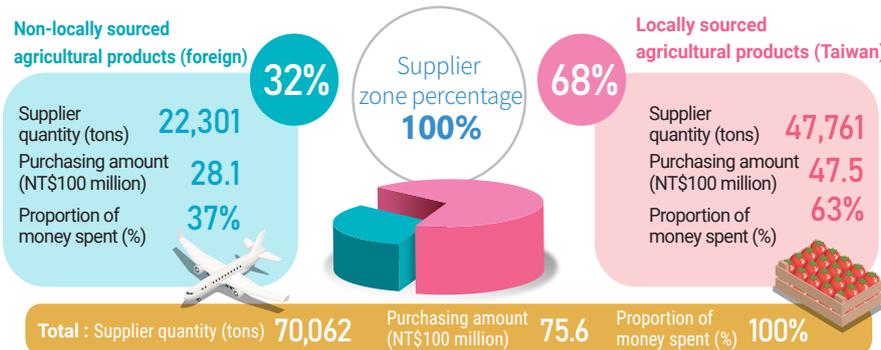
If viewed from a wider perspective, PCSC has three types of suppliers: privately-owned product contractors, non-privately-owned-brand suppliers, and other suppliers. Among these, privately-owned-brand suppliers have the closest relationship with PCSC and PCSC also has a correspondingly greater responsibility. From our own-brand product contractors, PCSC identifies "key suppliers" based on procurement amounts and product types. We increase our control and tracking of key supplier to fulfill our responsibility for our customers.

There were 17 key suppliers in 2019 defined as follows:

	Definition of a key supplier	Number of key suppliers in 2019
Procurement department	Purchasing amount > NT\$30 million and of packaging and items directly related to food products in store	2
Key tier 1	Privately-owned brand product transaction amount for previous year among five top suppliers	5
Key non-tier 1	PB raw materials supplier with transaction amount for previous year among top 10 suppliers	10

### ► Local partners

Supporting local products not only helps make environmental sustainability a reality by reducing carbon footprints, it also serves to support society as it benefits economically those locals involved in agricultural industry. In 2019, 70,000 tons of agricultural products valued at NT\$7.6 billion were used, including rice, chicken, pork, eggs, vegetables and fruit. 68% of purchases were made with Taiwan area suppliers of agricultural products at a value of NT\$4.75 billion. This was 63% of the entire purchasing budget.





## ► Elite Logisticians

Behind our renowned service is a group of tireless logisticians who deliver the goods in fair weather or foul. As we uphold our principle of caring for society, PCSC is deeply aware that ensuring the health and welfare of our logisticians is tantamount to ensuring the health and welfare of their families. With that in mind, we work tirelessly to improve and optimize personal welfare, driving safety, and labor-saving operations. To show our appreciation for their hard work, we also provide complimentary beverages, incentive bonuses, and have a contract renewal

bonus incentive program. To enhance safety, deliveries to stores in remote mountainous areas are only made during the day to reduce the risks involved in nighttime delivery. In the area of operations, requiring logisticians to swipe cards when they arrive at each branch has been replaced with GPS systems to determine vehicles location, allowing logisticians to cut out time wasted as they wait to swipe their cards, while reducing any traffic infractions.



To thank our logisticians for their outstanding performance and the successful completion of their logistics duties, PCSC held the "2019 PCSC Elite Logisticians Recognition Ceremony" on May 17 in the Fullon Hotel Lihpao Land. Attendees were from four companies: Chiehsheng, Chiehmeng, Tongchang, and Dachih. 79 of the 2,069 outstanding logisticians present were recognized for their professionalism. To rise to the top, awardees were required to not have any customer complaints or major violations in the year and had to be leaders in terms of scores on various measures of safety, service, and operations.

PCSC dedicated a night to honoring our elite logisticians. The next day, we treated them and their family to the Lihpao Resort, so they could enjoy some quality time with friends and family. We are sure they will remember this for years to come.

## 3.4 Customer Relations Management

PCSC is an inseparable part of the lives of those who live on this land. Our products and operational activities influence the health and safety of customers. How we manage customer data is important to their privacy. Our customer membership systems and preferential programs can help them with their purchases. We at PCSC, therefore, take utmost care in managing food safety and product labeling, in the timely handling of customer suggestions and grievances, in the protection of personal information, and in the designing of our membership programs.

### Management Approach

PCSC is inextricably linked to its customers through its product supply, store services, member system, and complaint handling mechanism. Our customer relationship management includes, but is not limited to, the following four areas: compliant and clear product labeling, a robust complaint handling mechanism, protection of customers' personal data, and the OPEN POINT member relationship system. The first two help us carry out our responsibility in the area of products and services, while the latter two are ways we respond to our customers.



Cooperation between our digital services department, general services center, integrated marketing department, and legal department, plus a solid digital system and data security training ensure that consumer rights are spotlighted and protected at PCSC.

## Product Labeling

Transparent product labeling is key to PCSC's promise to safeguard the rights and health of its customers. In our "Product Safety Management" rules, we clarify that "product labels of new suppliers' products must conform to Commodity Labeling Act, Act Governing Food Safety and Sanitation or relevant government laws and regulations." We also require suppliers to sign an agreement guaranteeing that the ingredients, manufacturing, labeling and advertisements for their products all conform to relevant laws and regulations.

In addition to screening potential new suppliers, product labels are the items that the logistics center must check upon receiving a shipment (including bar codes, expiration dates, and Chinese labeling). PCSC also uses its "Packaging Internal Control Design System" to keep abreast of the information on our privately-owned brand product labels. This ensures that all products have clear label information from manufacturing to shipping to final sale in the store. We had no product labeling violations in 2019.

## Complaint Mechanism

PCSC established a "General Services Center" to act as complaint conduit for internal and external issues involving products and services. Consumers can use a telephone hotline or e-mail to present their complaints or suggestions to the general services center. The Center creates a file for each issue and in cases that require follow-up, cases are only closed after customers receive information on how PCSC responded to and handled the issue. In 2019, the general services center handled 1,746 e-mailed cases and 116,402 phone calls from consumers. Some 89.7% of these could be handled immediately online. There were no major issues in 2019. Of those that had to be referred out, 100% were tracked and resolved.

## Data Security Management

PCSC strives to utilize the power of digital technology. We provide consumers with digital convenient services, including 7-11 online shopping, ibon, OPEN E-Wallet, icashPay, icash 2.0, OPEN POINT APP and Myship, so that consumers can have full access to financial service, product service and information service to deal with many aspects of life tasks.

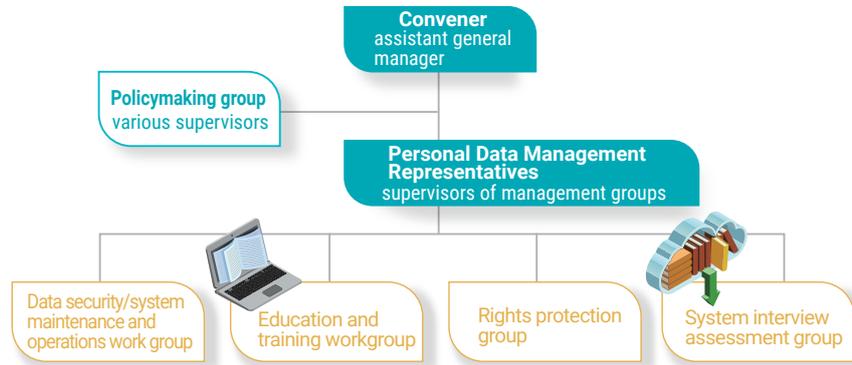
An inextricable part of all of that digitalized technology is the personal data of many customers. PCSC established a work group, a reporting system, as well as training and internal audits as concrete means for safeguarding their personal data.

The interdepartmental workgroup, "Personal Data Protection Plan Workgroup," regularly carries out personal data checks, risk analyses, systems assessments, internal reports revision, data destruction, as well as education and training. In its monthly reports, it details the confirmed results of the previous month. We systematized our training, completing 100% of internal training online. In addition to also integrating personal data risk management into the overall business risk management and audit mechanism, PCSC set up internal data security management reporting for all its departments and has added clauses concerning data security to all its contracts with external suppliers to ensure that all operating units and suppliers conform to the Company's personal data security policy. PCSC has also set up an internal assessment program and external verification system and helps departments to write corrective and prevention measures or steps for improvement in cases where assessments or audits show deficiencies. These are kept as a record of the improvements made. For employees who violate the Company's management principles concerning the security of personal data, relevant sanctions have been established as well.



To provide customers with comprehensive personal data protection, PCSC has also set up personal data issue reporting and contact windows that correspond to our various personal data collection channels.

### PCSC's Personal Data Protection Work Group structure



Identity	Point of contact in place for escalation of privacy issues	
Consumers	The Joint Service Center	<ul style="list-style-type: none"> <li>■ Tel : 0800-008711</li> <li>■ Email : public@mail.7-11.com.tw</li> </ul>
Non-consumers	All the departments within PCSC have respective point of contact in place for escalation of privacy issues	Because there are many departments within PCSC, it is hardly possible to list every point of contact in place for escalation of privacy issues. Those points of contact are also windows for handling and responding privacy issues. The processed cases will be reported to the Personal Data Protection Plan Workgroup as a record.

In 2014, PCSC first obtained TPIPAS certification. In 2018, the Company updated its certification. It did not update in 2019, because certification from 2018 was still valid. In 2019, there were no instances of PCSC personnel infringing on customer privacy.

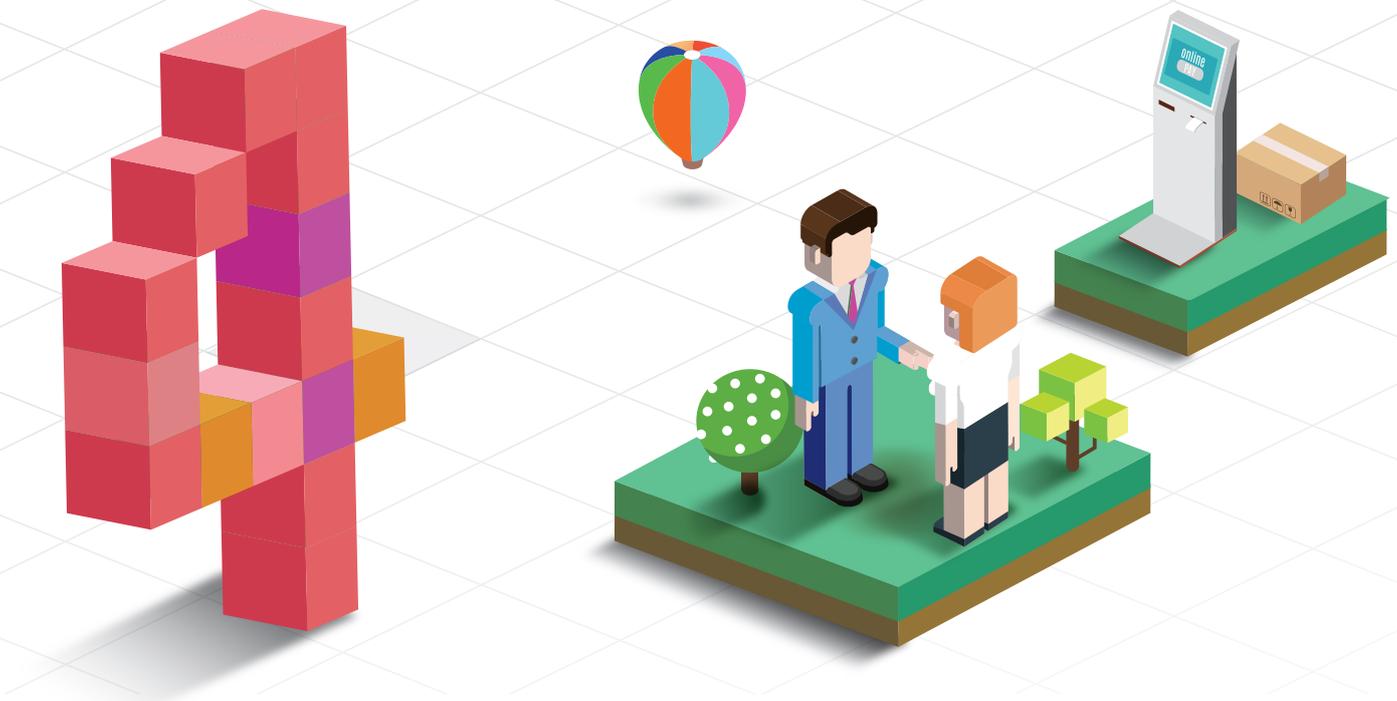
## OPEN POINT Member System

PCSC has become an important part of the lives of consumers and hopes to provide them better service through our OPEN POINT membership system. As of the end of 2019, we had 6.5 million OPEN POINT members using the full range of OPEN POINT digital service functions, which include the OPEN POINT APP, OPEN E-Wallet, e-commerce payment icashPay, ibon APP digital services (such as courier services and events), ibon wifi access, 7-ELEVEN monthly receipt lotteries, 7-ELEVEN contributor platform, and various events. In 2019, an average of nearly two million people used these services each month, more than twice the number that used them in 2018. As to usage rate, OPEN POINT APP's annual opening rate has grown, attracting over 1.6 million people to use it each month. In the future, OPEN POINT membership will expand beyond 7-ELEVEN digital services to encompass the entire PCSC group and provide more customers with excellent services.

In 2019, PCSC saw a number of innovations and breakthroughs in convenient payments. We increased the number of fields in which OPEN wallet can be used, increased electronic payment functions and accumulated points for different payments to icashPay. In addition, members can use icashPay to store value, make payments, transfer money, and accumulate points. In 2019, OPEN wallet quickly rose to become the third most popular of 7-ELEVEN mobile payment bar code identification tools.

In addition to setting up membership systems, we have a Customer Relationship Management (CRM) system based on the OPEN POINT member database. Using this digital system, current customer information includes member characteristics and loyalty status, analysis of new product potential and potential buyer segments, which are used to design "member priority" and "members only" events to meet the needs of our customers. Using big data, membership contributions increased significantly in 2019, growing by some 76% over 2018.

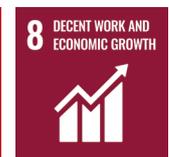
PCSC will continue to refine our membership operations. We will further integrate the group's internal existing membership system and use strategic partnerships to bring in internal and external information sources to establish a more attractive membership ecosystem, while continuing to promote the expansion of OPEN POINT membership numbers and enhancing customer loyalty and increasing the number of people coming in. We anticipate that memberships will increase in 2020 by 66% over 2019 as we strive to meet our target of 10 million.



# Happy and Friendly Workplace



## 2019 Highlights



There were **0** cases of serious occupational safety incidents and the Frequency-severity indicator was **0.21** in 2019, lower than the retail industry's average of 0.35 in the past three years (2016-2018) according to the Occupational Safety and Health Administration, Ministry of Labor

In 2019, our head office and chain stores hired **3.08** times more employees with disabilities than the statutory quota.

Health management intervention for employees with severely abnormal results during the 2019 tour health examination reached **100%**

Every employee's average training hours was the highest since 2013 at **38.57** hours per person

PCSC strongly believes that "only when employees are happy can PCSC fully demonstrate its values for customers and provide excellent services that exceed customers' expectations." As such, PCSC provides complete career planning, a wide range of education and training, a healthy and safe work environment, comprehensive benefits system, and reasonable labor rights, so that every employee and franchisee gains suitable development and care, and work together with the Company in reaching future milestones.



# 4.1 Overview of Human Resources

## Management Approach

We referenced international regulations on human rights, such as the "International Bill of Human Rights", "Core Labor Standards of the Fundamental ILO Conventions", and "Ten Principles of the United Nations Global Compact", and established the PCSC Human Rights Policy in June 2018, consisting of seven policies for providing a friendly and safe work environment; banning forced labor; banning child labor; eliminating discrimination and making employment, training and welfare, rewards and evaluations, and promotions equal; eliminating violence, harassment, and intimidation in the workplace, and treating employees with dignity; promoting physical and mental health and work-life balance of employees; establishing diversified communication channels and grievance mechanisms to ensure stakeholders' rights. We have concrete management and implementation plans including periodically audit of occupational safety and health and labor conditions for regulatory compliance to monitor management and guidance results. We provide complete internal and external training, encourage cross-company, cross-field job rotation for more experiences, and assign important tasks and challenges to cultivate outstanding talents. Legal training for all employees is helpful in prevention from illegal conduct and a friendly and safe workplace. We periodically organize health examinations each year and organize health promotion activities based on analysis results of health examination data over the years to improve employees' health. We offer a variety of communication channels, such as: Audit Office, Joint Service Center, or stakeholder section on the official website. Employees can express their opinions online, on the phone, or in writing, and the complete system mechanisms ensure the timeliness of responses. Please refer to 3.3 Sustainable Supply Chain Management for details on PCSC's human rights requirements and audit results for suppliers.

After evaluating the area where our operations are located and the type of work involved within PCSC's individual operational scope, we found retail locations to be work environments with occupational safety concerns. For example, retail store staffs might need to come in contact with hot/cold temperatures or move heavy objects in the course of their work; they might also experience violations of labor rights due to shift work, incomplete work attendance records, unfair remuneration or vacation time that has not been given as required by the law, or too little time between shifts. We thus worked with an external third party to conduct occupational safety and health audits and audits of labor conditions of franchise stores.

## 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, 2019, PCSC has a total of 8,430 employees<sup>Note 1</sup>, and the total number of franchise store personnel was 39,284 as of the end of December 2019<sup>Note 2</sup>. Female employees account for 54.76%<sup>Note 3</sup> of all PCSC employees, while 50.99% of sales supervisors are female, showing that PCSC values gender equality in the work environment and talent recruitment.

Note 1: Includes office staff and chain store personnel.

Note 2: The total number of franchise store personnel is the number of people audited for National Health Insurance and labor insurance as of December 2019.

Note 3: The statistics in this section and the following sections do not include that franchise stores.

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 assistance 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 work opportunities for student jobseekers, we also collaborate with senior high (vocational) schools to provide students with work opportunities, and we have employed more people with disabilities than the statutory quota. In 2019, PCSC head office and chain stores hired a total of 260 employees with disabilities, which accounted for 3.08% of our total workforce and was 3.08 times higher than the statutory quota. Besides employees with disabilities, PCSC also hired 119 indigenous employees, accounting for 1.41% of all employees.



Distribution of employees by gender and type of employment contract (numbers as of December 31, 2019)

	 Male	 Female
Non-fixed term contract	3,814	4,616
Fixed term contract	0	0
<b>Total</b>	<b>3,814</b>	<b>4,616</b>

Distribution of employees by gender and type of employment (numbers as of December 31, 2019)

	 Male	 Female
Full-time	1,885	2,229
Part-time	1,929	2,387
<b>Total</b>	<b>3,814</b>	<b>4,616</b>

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

Distribution of employees by region and labor contract (numbers as of December 31, 2019)

	Northern	Central	Southern
Non-fixed term contract	5,439	1,154	1,837
Fixed term contract	0	0	0
<b>Total</b>	<b>5,439</b>	<b>1,154</b>	<b>1,837</b>

Distribution of employees by age (numbers as of December 31, 2019)

Employee category	Age	Store personnel	Management personnel	Non-management personnel	Total number of employees
 Female	≤ 30 years old	1,659	0	206	1,865
	31-50 years old	1,650	42	754	2,446
	>50 years old	198	11	96	305
 Male	≤ 30 years old	1,607	0	164	1,771
	31-50 years old	907	115	683	1,705
	>50 years old	122	88	128	338
<b>Total</b>		<b>6,143</b>	<b>256</b>	<b>2,031</b>	<b>8,430</b>

Note: Management personnel are team managers, department managers, and vice president or above (inclusive); non-management personnel are general employees.



**Total number and ratio of new employees by age group and gender in 2019.**

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
 Female	≤ 30 years old	771	66.41	289	95.07	281	70.25	1,341	71.90
	31-50 years old	196	12.27	98	32.13	107	19.71	401	16.39
	>50 years old	41	21.93	8	21.62	12	14.81	61	20.00
	<b>Total</b>	<b>1,008</b>	<b>34.22</b>	<b>395</b>	<b>61.15</b>	<b>400</b>	<b>39.06</b>	<b>1,803</b>	<b>39.06</b>

Percentage of new recruits (Number of newly hired female employees in the category that year/Number of active female employees in the category as of December 31, 2019)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
 Male	≤ 30 years old	1,040	88.06	307	125.82	312	90.17	1,659	93.68
	31-50 years old	121	10.93	36	17.48	46	11.73	203	11.91
	>50 years old	15	7.32	9	15.52	3	4.00	27	7.99
	<b>Total</b>	<b>1,176</b>	<b>47.17</b>	<b>352</b>	<b>69.29</b>	<b>361</b>	<b>44.40</b>	<b>1,889</b>	<b>49.53</b>

Percentage of new recruits (Number of newly hired male employees in the category that year/Number of active male employees in the category as of December 31, 2019)

**Total number and ratio of separated employees by age group and gender in 2019**

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
 Female	≤ 30 years old	873	75.19	252	82.89	283	70.75	1,408	75.50
	31-50 years old	236	14.77	68	22.30	100	18.42	404	16.52
	>50 years old	43	22.99	4	10.81	12	14.81	59	19.34
	<b>Total</b>	<b>1,152</b>	<b>39.10</b>	<b>324</b>	<b>50.15</b>	<b>395</b>	<b>38.57</b>	<b>1,871</b>	<b>40.53</b>

Percentage of departing employees (Number of separated female employees in the category that year/Number of active female employees in the category as of December 31, 2019)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)						
 Male	≤ 30 years old	1,012	85.69	250	102.46	249	71.97	1,511	85.32
	31-50 years old	161	14.54	45	21.84	44	11.22	250	14.66
	>50 years old	37	18.05	2	3.45	11	14.67	50	14.79
	<b>Total</b>	<b>1,210</b>	<b>48.54</b>	<b>297</b>	<b>58.46</b>	<b>304</b>	<b>37.39</b>	<b>1,811</b>	<b>47.48</b>

Percentage of departing employees (Number of separated male employees in the category that year/Number of active male employees in the category as of December 31, 2019)

Note: The number of separated employees includes employees on leave without pay



Number and ratio of managers at all levels by gender in 2019

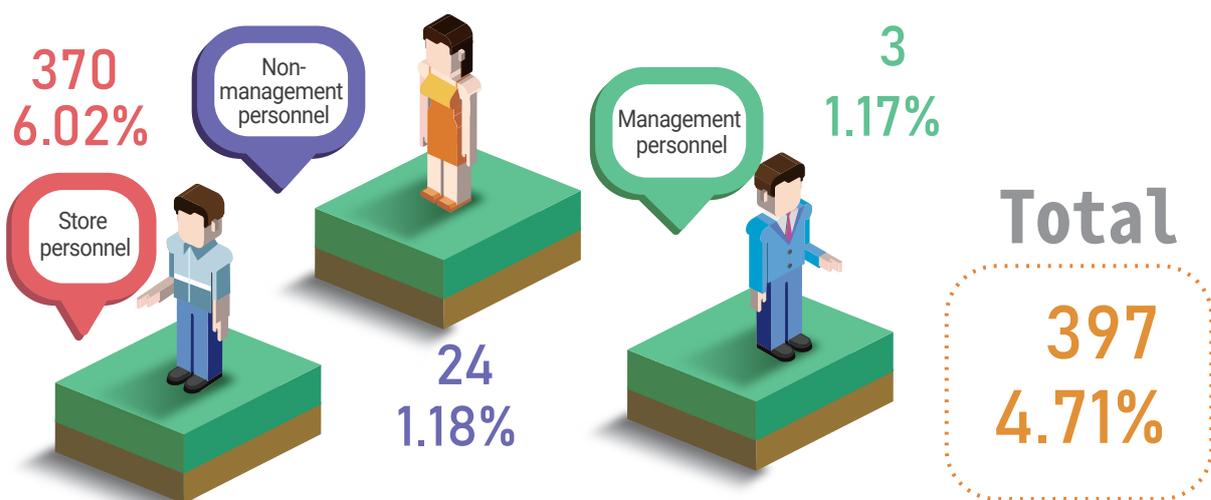
Gender	Team Manager	Department Manager	Team + Department Manager	Executive managers	Total
Female	46	4	50	3	53
Male	152	42	194	9	203
Total no.	198	46	244	12	256
Ratio of female managers	23.23%	8.7%	20.5%	25%	20.70%

Note: Executive managers are vice president and above (inclusive)

Number and ratio of management positions in revenue-generating functions by gender in 2019

Gender	Store Manager	Zone consultant	Zone Manager	Head of Zone	Total
Female	410	259	3	0	672
Male	59	512	67	8	646
Total	469	771	70	8	1,318
Ratio of females in management positions in revenue-generating functions					50.99%

Number of employees from ethnic minorities and disadvantaged groups (numbers as of December 31, 2019)



Note: Employees from ethnic minorities and disadvantaged groups include 119 aborigines, 18 foreign workers, and 260 employees with disabilities

## Age-Friendly Store Project

PCSC implemented the Age-Friendly Store Project in response to the impact of aging population and low birth rates on the labor population, and stores are encouraged to hire middle age and elderly workers. To provide the elderly with a friendly and safe work environment, besides organizing training meetings for new employees, we also established an age-friendly benchmark store and three major aspects for implementation: Communicating hiring concepts, arranging workflow, and creating a friendly environment. "Communication of hiring concepts" encourages stores to hire middle age and elderly workers; "Arrangement of workflow" means arranging work items and hours suitable for middle age and elderly workers based on their physical condition; "Creation of a friendly environment" focuses on installing friendly facilities, such as effort-saving tools and barrier-free facilities. Recruitment and training is carried out in coordination with the Senior Store Managers event or channels for recruiting middle age and elderly workers, and training programs are specially designed for middle age and elderly workers.

As of the end of November 2019, we hired 739 workers in the ages 45-55 and 128 workers in the age of 50 and above. In the future, we will expand our recruitment of middle age and elderly workers, optimize training mechanisms and provide a friendlier work environment, so that middle age and elderly workers will be more willing to work at our stores.



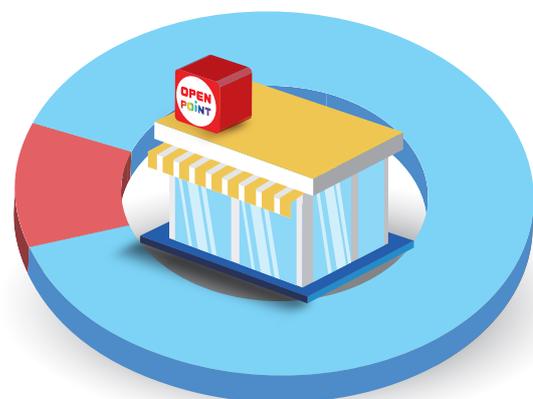
## Franchisee management

PCSC had over 5,600 stores as of 2019 with a total of 3,622 franchisees. We constantly show our concern for franchisees' profits and examine the reasonableness of various systems to care for franchisees. In response to the government's annual adjustment of the minimum wage, as well as the rising labor cost of stores, we increased subsidies for franchise stores and licensed stores by NT\$6,000 per month after they have been opened for a full month starting in January 2019. We invested approximately NT\$363,000,000 in 2019 and will continue to create a relieving environment for franchisees to gain steady profits.

Franchisees are critical stakeholders for PCSC. The Franchisee Support Team visited 43 stores, participated in 11 franchisee discussion forums, and involved directly in the tasks of 139 stores in 2019 to listen to their voices and feedback.

Ratio of each type of store

Chain Stores 11%



Franchise Stores 89%

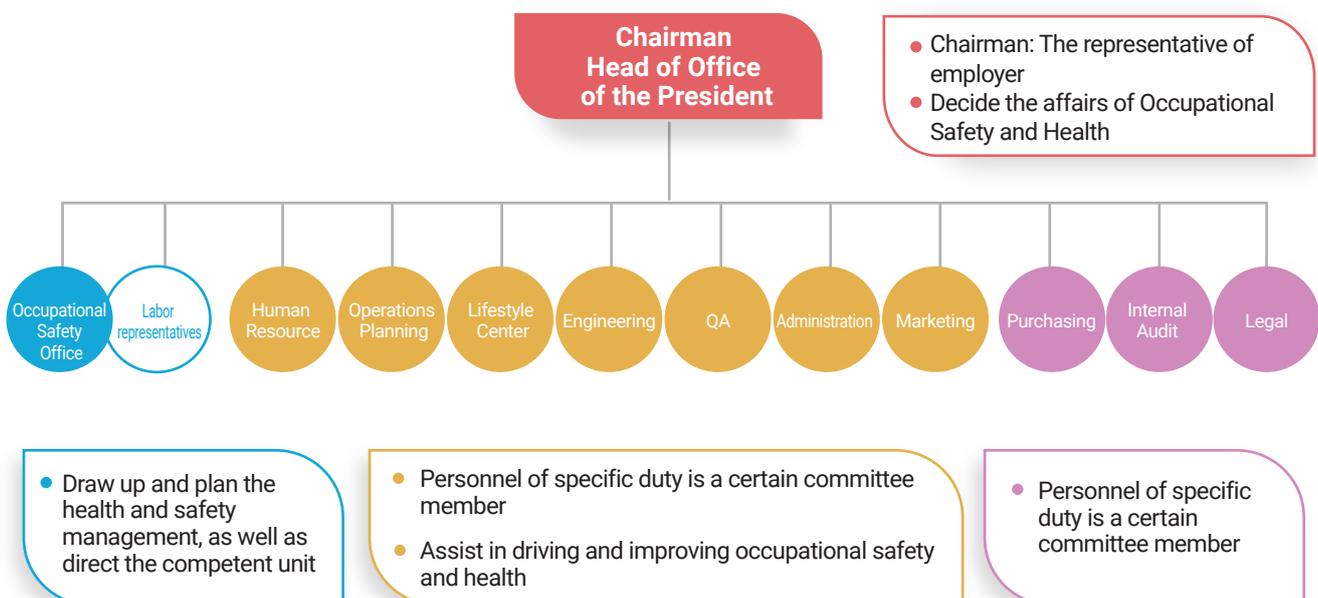


## 4.2 Occupational Safety and Health

### Safe and Friendly Workplace Environment

To ensure that all employees have a safe and hygienic 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 they accounted 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 meets 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, which invites the highest level supervisor of each unit and labor representatives to jointly discuss the Company's safety and health affairs. The meeting also establishes occupational safety performance goals, including frequency-severity indicator lower than the retail industry's average in the past three years according to the Occupational Safety and Health Administration, Ministry of Labor, and zero serious occupational safety incidents each year. In addition to the meetings above, stakeholders can express their opinions on occupational safety and health through the Joint Service Center, exclusive e-mail, stakeholder section, and internal communication platform.

#### Committee organization chart



The president approved the Occupational Safety and Health Policy in 2018, which consists of five implementation guidelines for risk prevention and management. Our goals in 2019 were for frequency-severity indicator to be lower than the retail industry's average of 0.35 in the past three years (2016-2018) 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: contractor safety organization meeting, safety and health education and training, emergency response drills, safety risk assessments and safety audits, air, lighting, and drinking water quality monitoring, and safety management for large events. 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.

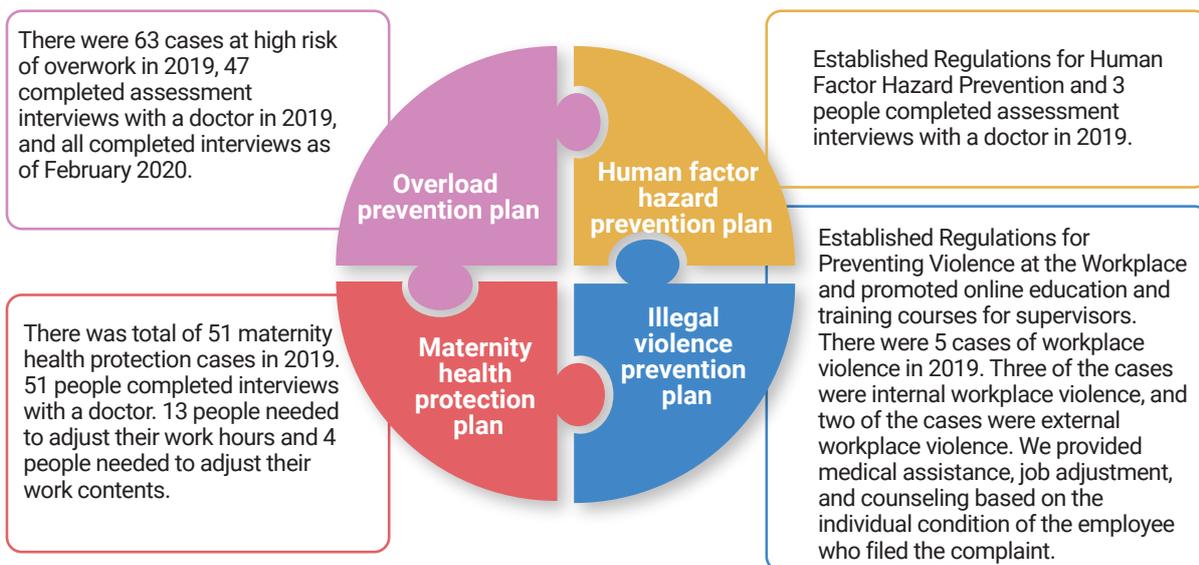
We won the Taipei City Award for Excellence in Labor Safety in 2019 and passed the annual inspection for ISO 45001 Occupational Safety and Health Management System with zero deficiencies. Our safety and health



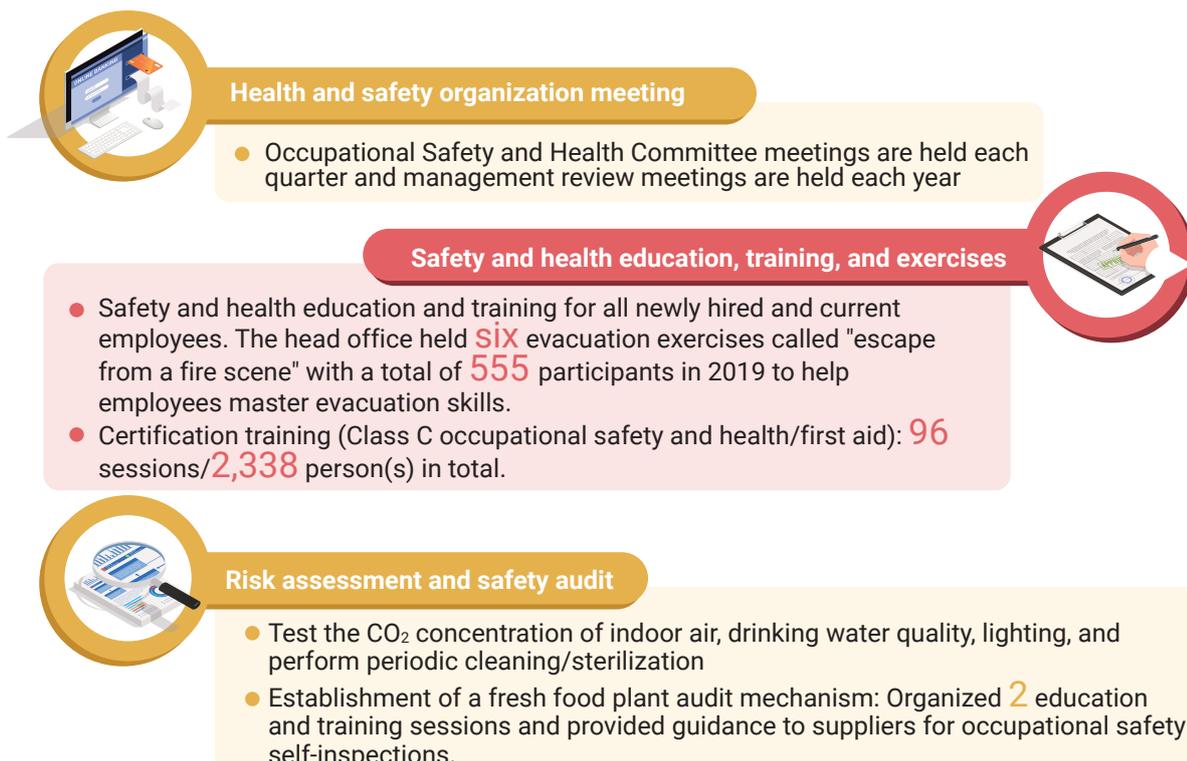
self-management shows our determination to create a safety culture foundation that meets international standards. In the future, we will engage all employees to jointly create and maintain a friendly and safe workplace. We will also continue to supervise contractors to participate in these efforts.

We allocated NT\$37,483,300 for the Occupational Safety and Health Project in 2019, which involves the establishment of an ISO45001 Occupational Safety and Health Management System, hazard and risk assessment and contractor management, employee health examinations, healthcare services provided by doctors, and health promotion events.

## Management of the Four Major Occupational Safety Plans in 2019



## Implementation of Occupational Health and Safety in 2019





### Activity safety management



- The safety management process ensures the safety of internal and external activities organized by the Company, achieving zero occupational safety incidents.
- Three sessions were held in 2019 with a total audience of **140,000** people; we received **0** fines and **0** serious incidents occurred.



### Contractor Management

- Contractor safety agreement meeting: **2** meetings with **122** contractors. Unscheduled audits: **79** audits, **15** with zero deficiencies, improved **202** deficiencies, **100%** deficiency improvement rate.
- We conducted safety risk assessments in 2019 to discover potentially unsafe behavior and environments. A total of 8 operations was listed as high risk, and the top three hazards were falling from high places, electrical shock, and the contact with hazardous substances.
- Labor safety related fines imposed on vendors: According to the Vendor Management Regulations, the Engineering and Technology Department issued a citation based on monthly construction site audit results and imposes fines for violations.
- Operating standards for high-risk machine and equipment: We established and announced the safety standards for high-risk equipment to enter the construction site on the bulletin board in the construction site.
- Contractor proof of insurance: We required contractors to buy labor insurance for their employees through the contract with contractors, and contractors are required to provide proof of insurance for construction personnel before entering the construction site, thereby supervising contractors and protecting the labor rights of their workers.
- Rooftop operation techniques: Established operation safety procedures and standard facilities for rooftop operations to prevent construction risks.
- Notice on renovation hazards of existing stores: Prepared a notice on Environmental Hazards and Risks to assist store renovation contractors for construction.
- Safety evaluations for the construction of shopping centers: Safety evaluations for individual works and identification of hazards when digging cable routes in the construction of **3** new shopping centers.

## Occupational Safety and Health Management System and Health Certification





## 2019 Occupational Injury/Absence Statistics

PCSC strives to reduce occupational injuries, and compiles statistics on the injury rate, lost workday rate, absentee rate, occupational injury rate per 1,000 people, and frequency-severity indicator. For details, please see the table below for details. 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, and the frequency-severity indicator was 0.21 in 2019 was lower than the retail industry's average rate of 0.35 in the past three years (2016-2018) according to the Occupational Safety and Health Administration, Ministry of Labor. Furthermore, PCSC had no cases of occupational illness for our employees from 2016 to 2019.

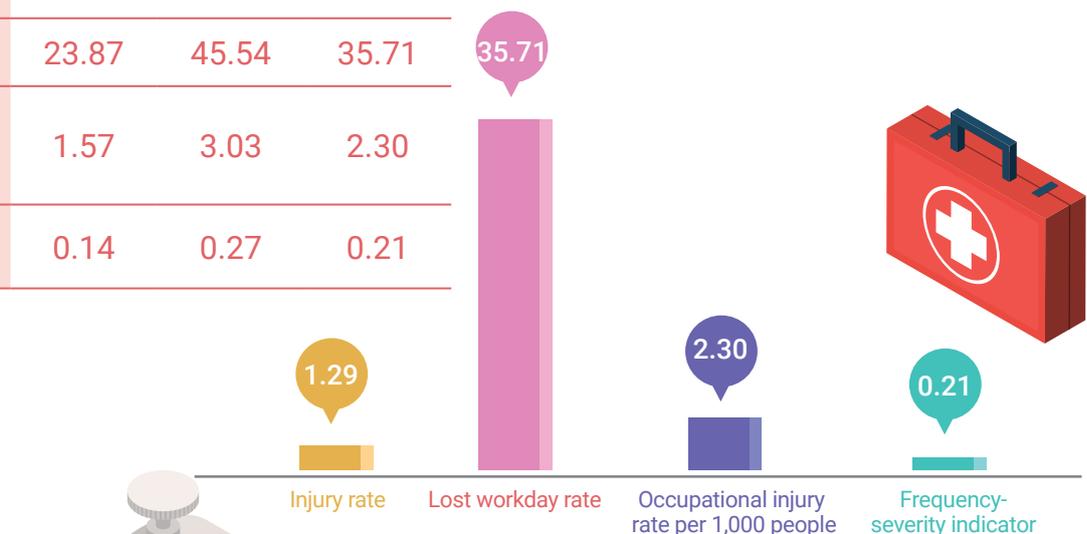
### Number and type of injuries by gender in 2019

Type of Injury	Falling	Tripping	Object collapse	Cuts, lacerations, scrapes	Exposure to high/low temperatures	Inappropriate action	Other	Total
Male	1	1	1	1	0	2	0	6
Female	5	2	1	1	1	3	1	14
<b>Total</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>20</b>

Note : The majority of injuries occurred in store personnel.

### 2019 Disabling Injury Statistics by gender (excluding traffic accidents while commuting):

	Male	Female	Total
Injury rate	0.85	1.65	1.29
Lost workday rate	23.87	45.54	35.71
Occupational injury rate per 1,000 people	1.57	3.03	2.30
Frequency-severity indicator	0.14	0.27	0.21

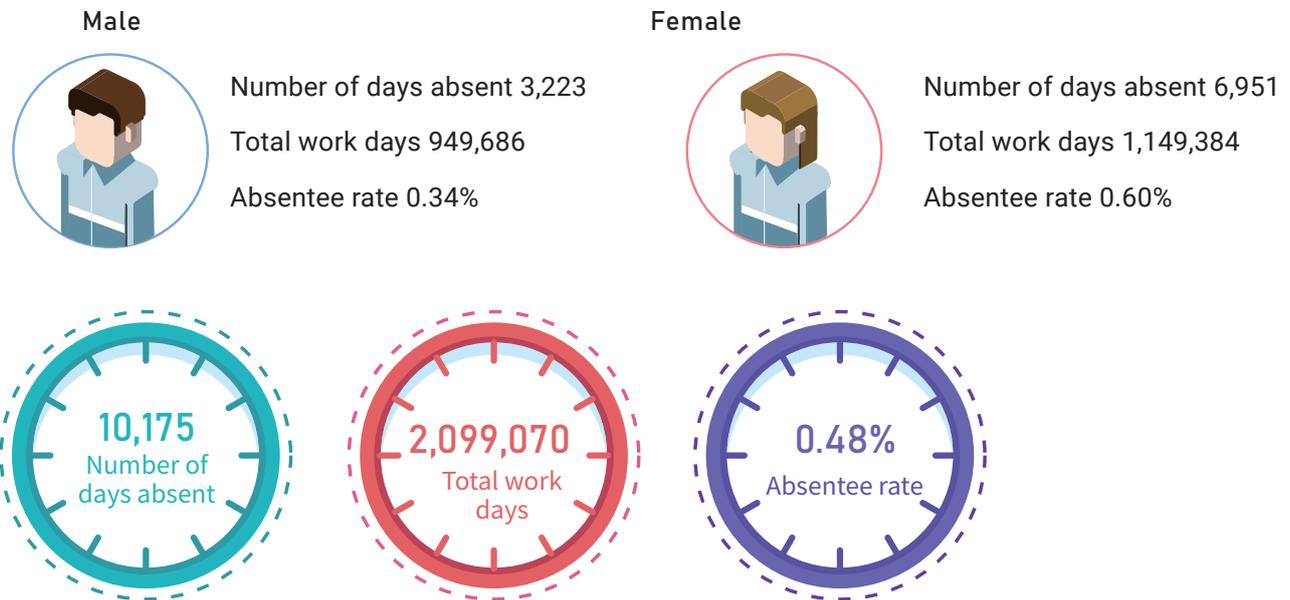


Note : Formula

- Injury rate = Total number of injuries \* 10<sup>6</sup>/total work hours (per million hours of work)
- Lost workday rate = Total workdays lost \* 10<sup>6</sup>/total work hours (per million hours of work)
- Occupational injury rate per 1,000 people =  $\frac{\text{Number of occupational injuries per year}}{\text{Average number of employees over the year}} \times 1,000$
- Frequency-severity indicator =  $\sqrt{\text{Disabling Injury Frequency Rate (FR)} \times \text{Disabling Injury Severity Rate (SR)}} \times 1000$



## 2019 Absence Rate



Note:

- 1) Absentee rate (AR) = Number of days absent/Total work hours x 100%.
- 2) Total workdays = Number of employees as of 2019/12/31 \* Total workdays in the year
- 3) The total number of days absent include menstrual leaves, extended sick leaves, sick leaves, injury leaves, pregnancy leaves, and official sick leaves.

In the spirit of treating others as we expect to be treated, PCSC has established a complete occupational safety reporting mechanism, as well as emergency response and incident handling regulations for contractors. When an incident occurs, contractors will actively 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. No occupational accidents occurred while personnel of contractors were providing services in stores or other workplaces in 2019, 2017, and 2016. There were two injuries in 2018, and with the total work hours of contractor personnel at approximately 724,480 hours <sup>Note</sup>, the contractor worker injury rate was 2.76 in 2018. Furthermore, there were no serious occupational accidents that resulted in employee death over the years.

Note: The total work hours of contractor personnel is estimated based on the number of stores opened that year and contents of the contract.

## Happiness and Health Promotion Plans

Employees are important assets of the Company, and maintaining employees' physical and mental health has always been one of PCSC's goals for becoming one of the best companies to work for. We hope to let employees maintain their health and gain a sense of happiness through active care mechanisms, health promotion activities, a friendly environment for pregnant mothers, and complete benefit measures.

Under the "Health Management Program" introduced in 2013, professional nurses were employed by the Company to provide health consultations on demand. A clinic was also set up and ready at the head office to provide employees with blood pressure measurements, hot/cold compresses, and treating simple wounds. At the same time, employees were provided with exclusive "Health Passports" and we created a healthy exercise living 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 seminars, which encourages employees to manage their own health.

## Health and medical resources/services

### Health examinations and follow-up

- Health examinations for general employees and food factory workers (annual): A total of 6,739 received health examinations in 2019, employee satisfaction reached 4.3 points, and participation rate reaches 84.5% (Note: Participation rate is calculated based on the total number of employees in the month of the health examination; new employees that have been on the job for less than three months are not included)
- Health examination subsidies in the amount of NT\$16,000 for full-time employees who have been in the service for 5 years and are over the age of 36 (every two years): A total of 2,038 employees was eligible to apply for the subsidy in 2019

### Individual healthcare services

- Healthcare services provided by doctors: We began providing these services in 2013, and the service frequency reached 16 times a month (3 hours each time) in 2019. Doctors provided 576 hours of healthcare services one-to-one for a total of 422 employees in 2019, and employee satisfaction reached 4.8 points.
- Nurses: Our 4 nurses provided treatment to 353 people in 2019. Classified health management is implemented for employees with abnormal results in their health examinations, and we intervened in 100% of cases with extremely high risk, tracking treatment of abnormalities and managing cases.

### Health Promotion App

- We created a healthy exercise living circle exclusive for employees on an app in 2019 and encouraged employees to maintain the habit of exercise.
- We organized four batches of one-month health events in 2019, including: Chinese New Year weight loss, Dragon Boat Festival, Battle to Burn Fat, and GOGO Gingerbread Man.
- A total of 3,652 people participated in the four events, and 1,755 people successfully burned 3,000 kcal, which is approximately 973 kg in total.



### Mommy Handbook

- Provides expectant mothers with key points of nutrition and daily life reminders for each phase of pregnancy, the pregnancy app, and subsidies and measures of the Company for each phase
- Distributed to a total of 51 people in 2019

### Other activities

- Four cancer screening activities at public expense: In 2019, pap tests were provided by public expense to 24 participants at the head office.
- Promote "Family Wednesdays" to remind employees of the need to balance work and family

## ► Happiness Cooperative Society

Happiness Cooperative Society was established in 2010 and has introduced professional lecturers and resource referral. It has trained enthusiastic employees who are willing to serve as volunteers who provides effective and immediate care and assistance.



Volunteers in Happiness Cooperative Society provide a wide range of care, including interpersonal relationships in the workplace, work adjustments, family, gender relations, and health, and classify cases for management. If volunteers determine that it is necessary to provide further assistance, they will actively provide professional resources or refer the case to a professional consultation institution. Happiness Cooperative Society has trained 280 volunteers in the group so far, and certificates have been awarded to 154 volunteers.

The cultivation of corporate volunteers saves on the cost of referrals to Teacher Chang Foundation (TCF). The estimated return on investment is approximately 213%<sup>Note</sup>. A total of 240 care cases was carried out in 2019, involving 189 hours of support services. A total of 3,373 hours of support services has been provided as of 2019.

Note: The return on investment is the cumulative return on investment between 2010 and December of 2019 (the ratio of cost of training per volunteer to teacher's expenses for implementing each case), which is equal to the cumulative estimated cost for executing a TCF case (NT\$5,415,000)/Total cost of volunteer training (NT\$2,538,000)

To improve the low-level managers' techniques and sensitivity of caring employees, we utilized the expertise of volunteers starting in 2018 and organized 8 "One-day Experience as a Thoughtful Store Manager" over the past two years. A total of 396 people participated, and satisfaction reached 4.8 points. We also organized two volunteer learning events in 2019 to improve volunteers' techniques for helping people, and satisfaction of participants reached 4.9 points.

The Human Resources Division organized the charity experience event "Take-out Love from the Eating Hall of Happiness" in December 2019 for employees to go out of their comfort zone and experience what it means to be more blessed to give than to receive. Twenty-two office staff from the head office and their family members visited the 1919 Food Bank of the Chinese Christian Relief Association, and assisted in packaging 220 boxes of "1919 relief meals," which contain supplements, milk powder, dried mushrooms, canned food, blankets, and other supplies. The boxes will be delivered to disadvantaged families around Taiwan before Chinese New Year, so that they will have food for the holidays. Satisfaction of the event reached 4.6 points and many employees said that the event made them very happy. Even though they sweat a lot, they felt it was very meaningful and hoped to encourage others around them to take part in the event, too.



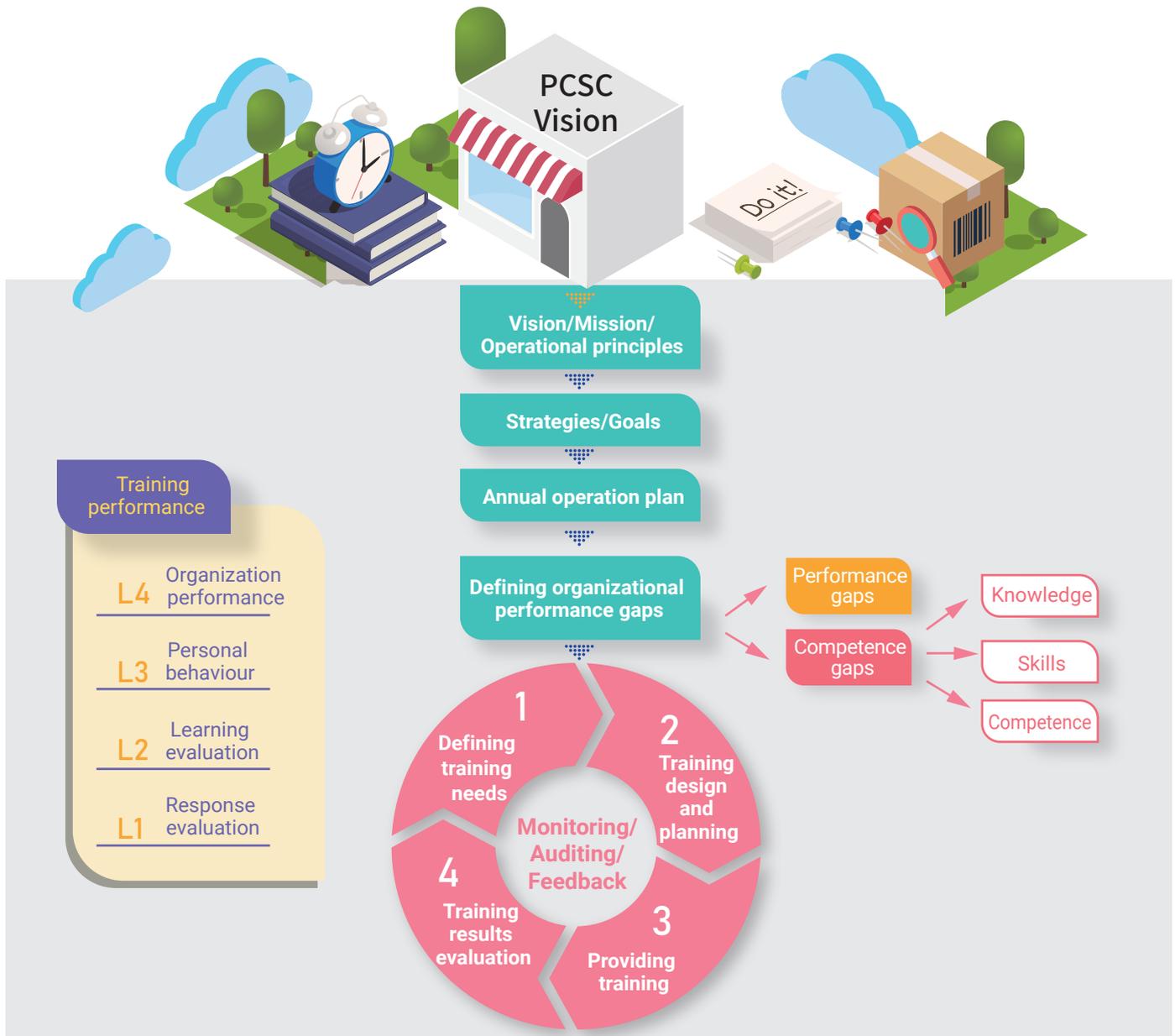
Ratio of employees who sought assistance v.s. volunteers who actively provided care in 2019:



# 4.3 Employee Training and Development

## Comprehensive Training Plan

Education and training are the main drivers of organizational growth. Hence, 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 of male and female employees, 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." The former specifies the abilities required by employees in each position and corresponding courses, which helps employees improve their behavior or techniques; the latter sets forth rules for various training activities. Employees can participate in internal courses or participate in external courses based on their individual needs. Our goal is to strengthen the sales/marketing training framework, expand group-level training and plan internal and external seminars. The Human Resources Division Talent Development Team and Operations Planning Department Sales Training Team are responsible for implementing education and training.





## Training structure



We have invested resources into a wide range of channels for continuing education, including: Guidance from supervisors and peers, knowledge management systems, external training courses, internal training courses, seminars and symposiums, e-learning, on-the-job training, in-service education, as well as physical and digital libraries; actively training employees into professional internal lecturers who are enthusiastic and happy to share. We invested a total of NT\$64,808,000 in education and training in 2019; average training expense was NT\$7,688 per person <sup>Note</sup>.

Note: The decrease in average training expense was due to the annual training of departments being adjusted to one day and did not cost as much. Some courses were changed to online courses, which reduced transportation fees for students, lecturers' wages and transportation fees.

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, and help employees set goals and lay out a plan for learning and growth in different phases of life, enriching their professional knowledge and skills. We also help employees formulate their Individual Development Program. Employees can express their opinions on education and training through the Joint Service Center, dedicated e-mail, stakeholder section, and internal communication platform. We learn about employees' opinions of education and training through satisfaction surveys and use it as a basis for evaluating course adjustments.

## Education and Training Statistics

PCSC values employee growth and invests considerable resources into education and training each year, designing and planning different training courses for different level employees and departments, including new employee training, level-specific training, stores, public course for office staff, general education courses, and specialized training for each unit.

Average training hours of all employees was at least 25 hours in the past five years. Total education and training hours were 325,186 hours in 2019, the majority of which was from training organized by units and sales training. Employees received an average of 38.57 hours of training, which is the highest since 2013, and it shows the training hour is on an upward trend each year.



Average employee training hours in 2019 (classroom + online courses)

Employee category	Total training hours		Total no. of employees		Average hours of training per employee	
	Male	Female	Male	Female	Male	Female
Store personnel	89,338	132,477	2,636	3,507	33.9	37.8
Management personnel	9,846	2,433	203	53	48.5	45.9
Non-management personnel	48,895	42,198	975	1,056	50.1	40.0
<b>Total</b>	<b>148,078</b>	<b>177,108</b>	<b>3,814</b>	<b>4,616</b>	<b>38.8</b>	<b>38.4</b>



## Education and Training Course

### ► Education and Training for New Employees

To help new employees quickly adapt to the Company and identify with the Company, new employee training is provided for store personnel and office staff. In addition to courses on corporate culture/values and vision, company regulations, system use, and health services, we provide new employees with a learning passport to guide their learning, and also assign instructors to help them adapt to the work environment. For district advisors, the core of our operations, we provide an exclusive "District Advisor Development Passport" and complete training courses, providing district advisors with guidance to quickly master things.





## ► General Education

We utilized the group's resources and provided legal education and aesthetic education jointly with our parent company Uni-President Enterprises Corp., and gradually established other common elective courses, sharing education and training resources.

### Joint education and training in 2019

Legal Education	Purpose	To raise the legal awareness of supervisors when making decisions
	Target	Department managers and above (inclusive) in the Group and team managers at PCSC must receive 3 hours per year of legal education; the course is elective for other managers
	Classroom Course	<ul style="list-style-type: none"> <li>Topics include labor-management disputes, trade secrets and insider trading, intellectual property rights, and personal information</li> <li><b>25</b> offline courses/seminars (including video conference)</li> </ul>
	Online course	<ul style="list-style-type: none"> <li>Ethical corporate management and the Personal Information Management Act for office staff: Required for new employees; <b>243</b> people took the course.</li> <li>Online legal course: Completed by <b>5,838</b> people. Basic courses include common legal knowledge (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, sexual harassment and workplace violence) and use of the brand 7-Eleven. Other courses include how to manage incompetent personnel in accordance with the law (assist supervisors in avoiding labor-management disputes), zero workplace violence, office hazard prevention, trade secrets, store violation cases - office staff, and licensed brand promotion training.</li> <li>Worked with Operations Training to produce 1 online operation course.</li> </ul>

Aesthetic Education	Purpose	To elevate the overall aesthetic literacy at Uni-President and develop a group of three qualities (including good taste)
	Target	All employees of the Group
	Topics/Class	<b>15</b> classes in total (2 offline courses, 13 video conference), <b>983</b> people received training in total



## ▶ OPEN Masterclass

OPEN Masterclass invites senior managers, experts, and scholars to share their knowledge of different fields or business administration experience, and employees gain first-hand practical experience through the experience sharing. The experience shared by managers is made into online courses so that more employees can learn from the wisdom of senior employees. External lecturers are invited each year, and 4 sessions were organized in 2019 with a total of 1,019 participants, up 25% compared with last year.



## ▶ TK Culture Promotion – ISE (In store Experience)

We began helping office staff think from the market's perspective in 2015 through ISE, so that they can understand the operation with stores as well as the planning of the head office affects stores. We trained experience planning advisors to provide professional advice on planning a better experience. The experience manager arranges different divisions and offices (such as operations + marketing) together so that they will exchange opinions and put themselves in each other's shoes.



A total of 10 batches was organized in 2019 and 20 managers participated in the experience. A total of 121 batches has been held with supervisors experiencing it 237 times.

## ▶ Periodic Review of Individual Development

Each PCSC employee has a customized "Individual Development Program" which is developed with the help of direct superiors based on his/her personal education background, work requirements, performance evaluation results, and career development needs. The program helps employees understand their own strengths and weaknesses for development planning. The Human Resources Division planned four "Interpreting the 360 Report" classes in 2019. The small classes allowed 68 managers to learn how to use the tool for interpreting the 360 report.

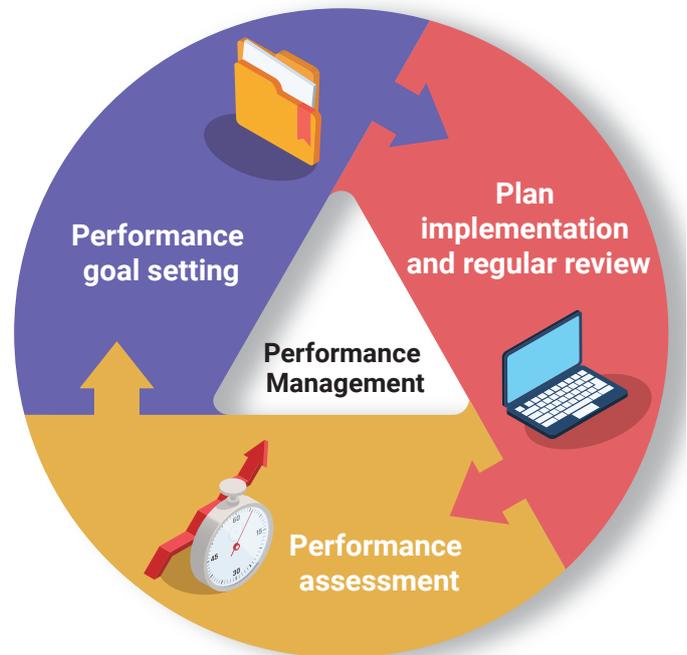




## Performance Management

In the implementation of performance management, besides establishing goals that the Company and employees agree on, which will drive company growth, employees can check the progress of each work goal at any time, and make adjustments or seek the advice of their supervisor to assist their own development.

The performance management system is applicable to all employees, see the table below for details. Furthermore, we use a promotion system for employees to be promoted each year if they continue to show good performance on their jobs and gain recognition from their supervisor. Being promoted to a higher job level means having a higher base for calculating their salaries, benefits, and bonuses, which encourage employees to continue to make progress and contributions. 100% of employees, regardless of gender, received periodic performance evaluations in 2019.



Full-time employees	<ul style="list-style-type: none"><li>■ Performance goals are set in March, for which supervisors and employees jointly discuss and set annual goals. Supervisors may provide guidance based on the progress of tasks during the evaluation period.</li><li>■ The final performance evaluation is carried out in December.</li></ul>
Part-time employees	<ul style="list-style-type: none"><li>■ A bonus distribution evaluation is carried out each month to incentivize part-time employees at stores to maintain the store image, service quality, and quality management.</li></ul>

## Employee Engagement Survey

PCSC plans to conduct an employee engagement survey every two years to understand employees' engagement and how well they are adapting to the workplace. Survey subjects are district advisors and marketing personnel whose work is directly related to the revenue of stores. We analyzed results of the engagement survey to understand the interaction between managers and employees, and set the goal to increase 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.

We conducted a job satisfaction survey for marketing personnel in 2019, and contents of the questionnaire include: Work satisfaction (need for growth, work satisfaction), internal communication (the manager's leadership, how well colleagues get along), physical and mental balance (workplace stress analysis), and organizational commitment/identification with the Company. Items were measured on a five-point scale and the response rate was 96%; the average score reached 3 points and above. We improved the electronic contract and simplified forms in response to issues reported by employees in the 2015 survey, and satisfaction (3 points or above) reached 86% and 75.8%.



We collected 174 questionnaires and statistical results as follows:

Employee Engagement Survey	All respondents	Male respondents	Female respondents
Percentage of employees who are active <sup>Note 1</sup> (%)	49.53%	55.33%	43.74%
Number of respondents <sup>Note 2</sup>	174	59	107
As a percentage of all employees	2.06%	--	--

Note 1: This questionnaire uses a 5-point scale, and 4-5 points represents active

Note 2: A total of 174 employees participated in the survey. However, 8 employees who did not select a gender were not included in statistics.

The time originally scheduled for the previous survey (2017) coincided with large-scale internal personnel and organizational changes, and we determined that an engagement survey was not suitable until employees adapted to their new position and supervisor. Questions in the 2018 engagement survey included: work satisfaction (self-grow demand, work satisfaction), job identification (work optimization, identification with the system and behavior models), internal communication (supervisor's leadership, coworker relations), and balance between physical and psychological development(workplace stress analysis). We used Likert Five-Point Scale to design the texts and scores of the questionnaire. After explained by Human Resource Department, coworkers were asked to fill in the survey questionnaires. The 2018 engagement survey primarily included zone consultants. We received 698 questionnaires back, and the statistical results are as follows:

Employee Engagement Survey	All respondents <sup>Note 3</sup>	Male respondents	Female respondents
Percentage of actively engaged employees <sup>Note 1</sup> (%)	48.25%	50.6%	45.9%
Number of respondents <sup>Note 2</sup>	698	456	170
As a percentage of all employees	8.62%	--	--

Note 1: This questionnaire uses a 5-point scale, and we defined 4&5 points as the indicator of employees hold a positive view, who could be seen as actively engaged employees.

Note 2: A total of 698 employees participated in the survey. However, 72 of them who did not select a gender were not included in statistics.

Note 3: The percentage of active employees in the 2015 survey was 44.93%, with 662 employees participating in the survey (accounts for 7.89% of all employees). However, contents of the 2015 questionnaire differed from the 2018 questionnaire, so the results cannot be directly compared.

With regard to the district advisor survey results in 2018, two main improvement measures were implemented in 2019:

- (1) For work optimization, 3G POS standard information training was provided for zone consultants in 2019, and we periodically promoted forms specific for each zone, so that personnel would become more familiar and used to the new system.
- (2) Many employees responded that the weekly report resulted in overtime, so we revised the contents of the weekly report and explicitly stated that the number of slide pages was to be reduced from 10 pages to 5 pages. This change was promoted by the Reform Committee and during manager meetings.



## 4.4 Employee Welfare and Care

### Employee Benefits

The starting salary of college graduates that were hired as PCSC's office staff in 2019 was 1.48 times the minimum wage (NT\$23,100). The starting salary of master's was 1.74 times the minimum wage. We conduct salary and benefits surveys each year to make salaries competitive in the market. The starting salary does not discriminate between genders or age. There is no significant difference in the salaries of male and female employees. The difference in basic salary plus year-end bonus was less than 1.1 times (inclusive) for all employee types in 2019. In terms of salary adjustments, the majority of employees received a raise of more than 2% in both 2019 and 2018.

Ratio of Salaries of Male and Female Employees in 2019:

Employee category	Male(Multiple)	Female(Multiple)
Store personnel	0.93	1
Management personnel	1.10	1
Non-management personnel	1.07	1

Note: Compensation consists of basic salaries for 2019 and annual bonuses.  
Note: Store personnel do not include part-time employees

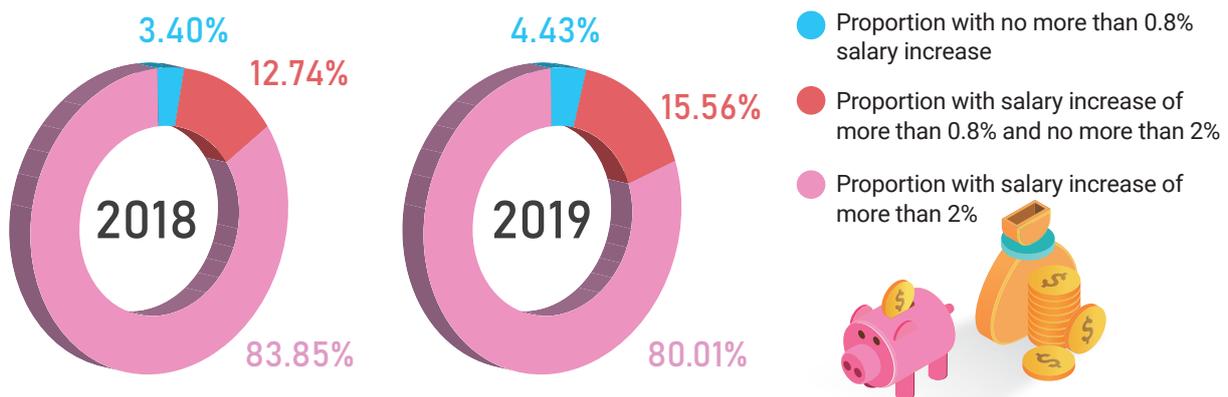
Ratio of average base salary in 2019 (excluding bonuses)

	Male(Multiple)	Female(Multiple)
Store personnel and non-management personnel	1	0.89273
Team Manager and Department Manager	1	0.93209
Executive managers	1	0.80118

Note: Store personnel do not include part-time employees.

Furthermore, the ratio of salaries (including year-end bonuses but no other bonuses) received by male and female team managers and department managers in 2019 was female/male = 0.93330.

#### ► Salary adjustments for full-time employees:



Note: For those with a salary adjustment of >2%, for example, proportion = (No. of employees with a salary adjustment of >2%) / Total number of employees.

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 <sup>Note</sup> was 5,287 in 2019, the average salary was NT\$970,000, and median salary was NT\$823,000. The number of employees in 2019 decreased 219 compared to 2018 because a higher percentage of employees worked part-time in 2019. Average salary in 2019 increased NT\$17,000 compared with 2018.

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.



Please see the table below for details on the number of employees who took unpaid parental leave in 2019. The implementation of diversified caring and follow-up plans in 2019 included caring for new employees and employee departure interview, and improvement measures implemented after the district advisor satisfaction survey in 2018. Please refer to page 55 of the 2019 annual report <sup>Note</sup> for other benefits. PCSC cares for employees and assists their families. As a result, it has set up breastfeeding rooms in its offices and has signed agreements with childcare organizations to obtain preferential prices for our employees to help reduce their childcare costs. Furthermore, PCSC offers office staff flexible work schedules, allowing them to work around the needs of their family, helping them achieve work-life balance. Due to the COVID-19 pandemic in 2020, in order to maintain workplace health and help employees respond to sudden needs, PCSC established the "Management guidelines for Employees to Work from Home" and supporting attendance measures. This allows office staff to work remotely from home. We also added new segments to the flexible work hours employees can choose from in response to the epidemic. In May 2020, we also established the "Principle of Working Away from Office", starting to include "working away from office" into our system.

Note: The annual report can be downloaded from the Market Observation Post System or the investor relations section on PCSC's website: <http://www.7-11.com.tw/company/ir/annual.html>.

### Employee reinstatement and retention rate after taking unpaid parental leaves in 2019:

Item	No. of male	No. of female	Total
Employees eligible for taking unpaid parental leaves in 2019	160	234	394
Employees who applied for unpaid parental leaves in 2019	7	88	95
Expected reinstatement after unpaid parental leave in 2019	9	92	101
Actual reinstatement after unpaid parental leave in 2019	4	62	66
Actual reinstatement after unpaid parental leave in 2018	6	36	42
Employees still on the job 12 months after returning from taking an unpaid parental leave in 2018	6	28	34
Reinstatement rate (%)	44.44%	67.39%	65.35%
Retention rate (%)	100.00%	77.78%	80.95%

Note:

1. Eligible applicants refer to employees who applied for childbirth subsidies in 2017-2019.
2. Of the employees who were reinstated after taking parental leave in 2018, only one female employee was separated after 7 months, and seven female employees applied for parental leave again.
3. Reinstatement rate: Actual reinstatement after taking unpaid parental leaves/Expected reinstatement after taking unpaid parental leaves
4. Retention rate: Employees still on the job 12 months after returning from taking unpaid parental leaves (during the previous period)/Actual reinstatement after taking unpaid parental leaves (during the previous period)

### Implementation of diversified caring and follow-up plans in 2019:

**Caring for new employees**

- Each month questionnaires are administered to management trainees who have been on the job for three months; a total of 118 questionnaires was distributed to management trainees and the response rate was 90%.

**Employee departure interview**

- Interviews were conducted with 59 employees in the year (30 sales managers and 29 office staff)

**Job satisfaction survey**

- 2 improvement measures were implemented after conducting the district advisor satisfaction survey in 2018
- The response rate of marketing personnel in the job satisfaction survey was 96%.
- A five-point scale was used and the average score of all items reached 3 points or above. We improved the electronic contract and simplified forms in response to issues reported by employees in the 2015 survey, and satisfaction (3 points or above) reached 86% and 75.8%.



## Franchisee Benefits

Besides helping franchise owners enhance their professional skills, we also planned health and recreational activities for franchise owners. Over NT\$10 million is spent each year on motivational seminars for exceptional store managers and organizing the Elite Franchise Owner Academy. We set aside NT\$26.82 million in 2019 to provide franchisees with subsidies for holidays and other benefits. To care for their health, senior franchise owners over the age of 40 with more than 10 years of experience are also entitled to receive health exams valued at NT\$16,000 once every two years. In 2019, NT\$10.95 million was budgeted for the health exams of senior franchisees. Spouses are also eligible to use the quota for health exam subsidies, and a total of 108 or 15.65% of spouses applied in 2019. Please see the table below for other benefits:

### Insurance subsidies and benefits enjoyed by franchisees

Insurance	
Group insurance	Besides store personnel, the family of franchisees are also eligible to enroll in group insurance and 15% of their premiums will be subsidized
Employers Liability Insurance	The franchise store strengthens the safety of colleagues at work, and guarantees the time period from 21:00 to 07:00. Any accidents occurred during this time period, including working and commuting, are covered
Franchisee/Franchise Store Employee Mutual Association	A mutual-support mechanism between franchise stores that provides funeral assistance for direct dependents

Benefits	
Group movie tickets	Franchisees can receive subsidies on movie ticket purchases. Each store is eligible to receive a 20% rebate for up to 60 tickets each year
Offers from affiliated enterprises	Product discounts and promotions from affiliated enterprises
Recreational promotions	Sports, cosmetics, and recreational promotions
Franchisee benefits trust	A tool that franchisees can use for their savings or retirement fund; subsidies are provided to encourage investment
Health exam subsidies	Senior franchisees over the age of 40 with more than 10 years of experience are eligible to receive health exams valued at NT\$16,000 once every two years (may be transferred to their spouse)

## 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 began providing labor auditor training in 2012. The topics include the Labor Standards Act and Occupational Safety and Health Act, which help human resources or occupational safety personnel at affiliated enterprises stay up to date on the latest laws and take response measures. The training was changed to "PCSC Labor Laws Training " in 2016 and 2017 according to the attributes of the professional knowledge. The "PCSC Annual Training on Human Resource Laws" was held in 2019, and 95 employees from 24 companies in the group received training.

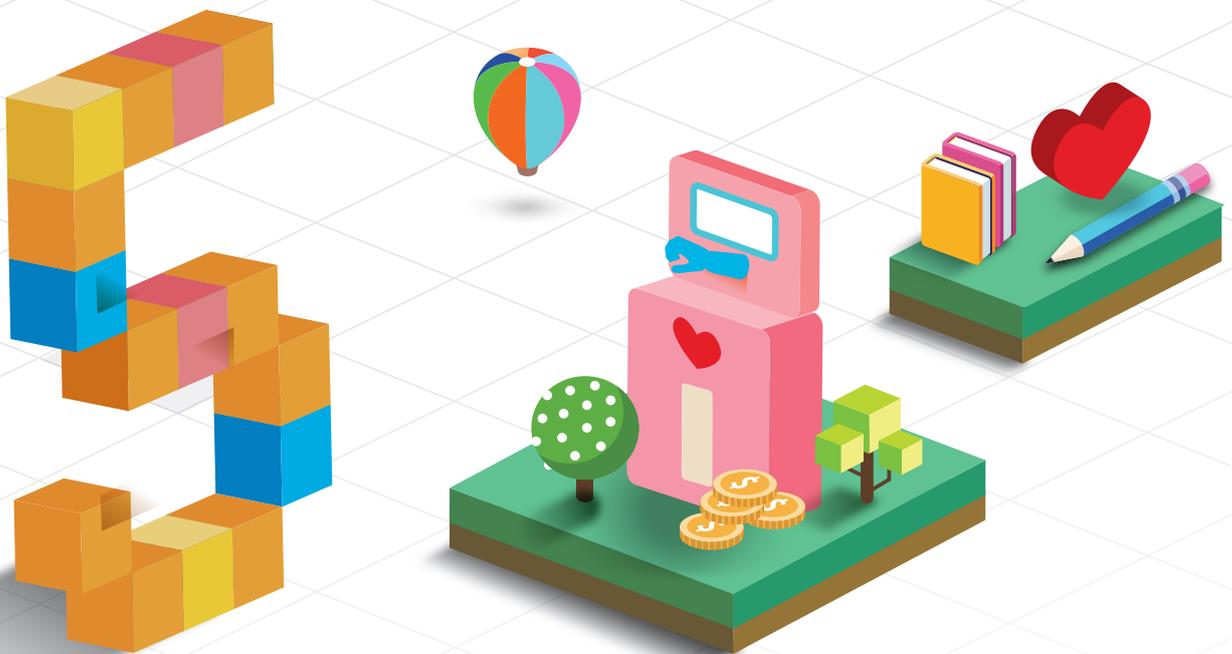


To protect the labor rights of franchise stores, we audited all franchise stores on key issues such as National Health and Labor Insurance coverage, work hours, salaries, and occupational safety. Non-compliant stores received counseling. Audits were conducted dynamically and periodically for National Health and Labor insurance, and occupational safety, and annually for work hours and salaries. A total of 4,933 stores was audited in 2019, and the rate of abnormality was 3.1%, which was 1.8% lower compared to 2018. Business units in each zone provided legal guidance and make improvements based on audit results, and improvement rate reached 100%. There was one non-compliance found by the competent authority in its 2019 labor inspection, and a fine of NT\$20,000 was imposed for an employee working 15 consecutive days in a four-week period. We have instructed managers to pay more attention to attendance management. The protection of labor rights cannot be overlooked and we will continue to audit labor conditions and expand inspections to the work hours at chain stores, so as to ensure the Company's lawful operation. Furthermore, PCSC inspects the attendance records of chain store personnel and office staff every month to ensure compliance with the law and protect labor rights. We conducted occupational safety and health audits of 588 chain stores and 4,715 franchisee stores in 2018, and the deficiency rate was 6.8% in 2018. All stores (chain and franchise) conducted occupational safety and health self-inspections and were re-inspected by supervisors in 2019. Third party auditors were commissioned to conduct occupational safety and health audits, and a total of 1,890 franchise stores was audited; the deficiency rate was 3.2% (Note), 53% down compared with 2018. The main deficiencies were that the objects were not placed according to regulations and related certificates, and supervisors were tracking and providing guidance to stores for improvement measures. There were two violations of the Occupational Safety and Health Act in a single case in 2019, in which an employee was slightly injured in an occupational accident due to the lack of necessary protective equipment while working at heights, and the competent authority was not immediately notified while the employee was being treated. A fine of NT\$120,000 was imposed. In response, we 1. comprehensively reviewed the safety of ladders in stores and trained employees for the hazards of high-risk operations; 2. had all employees sign an Occupational Safety and Health Commitment; 3. promoted the implementation of occupational accident reporting procedures to members from each department during Occupational Safety and Health Committee meetings.

Note : Number of deficiencies in all stores/Number of audit items in all stores

## Labor-Management Communication

PCSC values the opinions and feedback from every employee. We provide numerous communication channels to listen to and understand the opinions of our employees, including the Joint Service Center, dedicated Helpline e-mail, Stakeholder communication channel on the corporate website, and internal communication platform, we encourage employees to directly communicate with managers. 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 are damaged, they can use the aforementioned channels. A total of 144 reports related to employee rights occurred in 2019, and most of them were related to salary payment, improper deductions from salaries, and calculation of overtime pay. All cases were closed in 2019. We established Labor-Management Negotiation Regulations in accordance with the law and regularly held 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 directly talk and negotiate benefits and systems, employment situation, improvement of the work environment, and labor-management cooperation during the meeting, so as to ensure and improve the effective employer-employee communication. A total of 4 labor-management meetings was held in 2019, and topics of discussion include salaries and subsidies, planning leave, and revision of work rules. Discussion results in labor-management meetings are handed over to related units for implementation. The Union of PCSC was formed by employees at the end of 2019 and has approximately 30 members. Its purpose is to improve labor rights, raise the level of happiness, and to enrich laborers' knowledge and skills. A collective bargaining agreement has not been signed yet, and we will continue to maintain good interactions with the union in the future. We will 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 employee and employer relations and a labor environment where everyone wins. Furthermore, in the event of a situation specified in Article 11 of the Labor Standards Act, PCSC communicates with employees in advance, and gives a 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 to be given 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 to be given 30 days in advance for employees who have worked at PCSC for three years or more.



# The Best of Neighbors



## 2019 Highlights



Organizing around 17,960 Good Neighbor Funfests events attracting over **360,000** participants (Note 1)

Raising NT\$ **190 million** in spare change and pledge donation of goods (Note 2) (Note 3)

In 2019, PCSC provided funds, matchmaking resources, consulting, and guidance to assist **2** groups of young people develop local industries

Note 1: As KPIs of the Good Neighbor Funfests healthy and environmentally friendly lifestyles program.

Note 2: As KPIs for the program of meal delivery services and food donations.

Note 3: As KPIs of the health promotion events and services.

PCSC is an intricate part of the daily lives of people in the community. In urban and rural areas, on major roads and small alleyways, the warm lights of our stores welcome everyone. We have never wavered in our mission to become an irreplaceable Good Neighbor that infuses the entire community with happiness and a sense of trust. Starting with our core business and operating within the community allow us to better understand the needs of local residents and to earn their trust as well as good will. We have utilized PCSC core competencies to distribute corporate resources effectively to all corners of society. Through our more than 5,600 stores, PCSC is working with people to create a good and sustainable society.



# 5.1 Charity Development Strategies

## Management Approach

PCSC continues to expand, employing a one-town-one-store model and operational style of innovative compound stores and distinctive stores which provide a wide range of quality products and services to meet the needs of customers in rural areas and large cities to everything in between. In the area of charity, both PCSC Good Neighbor Foundation, established 100% by Company donations, and the fundraising platform "Bring Back the Love Charity Donation Platform" continue to serve locally. The former collaborates with 7-ELEVEN to hold charitable activities or promote community services. The latter provides the public an easy and transparent donation channel for small money amounts (donation boxes, ibon multi-function service machines) donated to non-profit and social welfare organizations, which has made 7-ELEVEN a reliable charity platform.

PCSC is concerned about people's health and continues to focus on common health problems from the perspective of preventive medicine. In response to the aging population, we promote activities such as the "What Time Is It? Café" and "The Christmas Workout Party" to help the elderly improve their health. PCSC also set up Millennium Health Stations to encourage people to check their health data regularly. We held activities, such as "Health Classrooms" and "The Millennium Waist Measurement Day," to raise public health awareness. Young and middle-aged people are exiting their hometowns, leaving behind senior citizens. As a result, we discovered that the elderly were not eating every meal and were suffering from malnutrition. To solve the problem, PCSC had our stores organize Good Neighbor meal delivery teams to bring meals to seniors living in remote areas. PCSC also donates money raised to social welfare organizations that provide meals for disadvantaged seniors and a platform for the public to donate money or food to social welfare organizations, allowing our help to reach more vulnerable groups. PCSC noted a development gap and uneven resource distribution between urban and rural areas in recent years. In addition to such issues as an aging population, falling birth rates, migration from rural areas, declines in local tourism and related industries, PCSC Good Neighbor Foundation also launched the Deep Roots Project for Young People to support youth returning to their hometowns to develop local industries and to work with them to promote local marketing and local purchasing, creating different selling opportunities, and promoting our brand identity.

7-ELEVEN's community services, spare change donations, pledge donation of goods, and ibon machine donations not only enabled PCSC to help promote health, eliminate hunger and develop communities, interaction with people also allowed us to better understand nutritional and local economic development needs, all of which could become future opportunities to promote our ready-to-eat food products sales. As for our charity strategies, we first focus on issues about people's health and nutrition needs as well as local community developments. In early 2020, we set medium and long-term goals to achieve economic and social sustainable development goals on our charity platform.

Philanthropic strategy	UN SDGs	2019 results	Activities & mid-term and long-term goal
<p><b>Good Health and Well-being</b></p> <p>Holding activities such as "Health Classrooms" and "What Time Is It? Café" to raise public health awareness and setting up Health Stations to encourage people to take their health data.</p>		<ul style="list-style-type: none"> <li>■ In 2019, we held 1,897 Health Classrooms</li> <li>■ In 2019, 578 in-store internship provided in "What Time Is It? Café"</li> </ul>	<ul style="list-style-type: none"> <li>■ By 2024, we will hold 1,800 Health Classrooms every year.</li> <li>■ In 2024, target for the in-store internship is set at 1,500, and cumulatively internships is set to reach 6,000 by 2024.</li> </ul>



Philanthropic strategy	UN SDGs	2019 results	Activities & mid-term and long-term goal
<p><b>Zero Hunger</b></p> <p>Organizing Good Neighbor Meal Delivery Teams to bring meals to seniors living in remote areas and donating money raised to social welfare organizations to provide meals for disadvantaged seniors.</p>		<ul style="list-style-type: none"> <li>In 2019, a total of 53 stores provided 27,335 meals.</li> </ul>	<ul style="list-style-type: none"> <li>By 2024, we will extend our services to include 30,000 meals delivered each year by 90 stores in 12 counties, cities, and outlying islands.</li> </ul>
<p><b>Sustainable Cities and Communities</b></p> <p>The Deep Roots Project for Young People helps youth returning to their hometowns to develop diversified local industries.</p>		<ul style="list-style-type: none"> <li>Supported two groups of young people in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Will assist a total of 30 groups of young people between 2018 and 2024.</li> </ul>

### Annual Social Welfare Participation and Input

PCSC brought its corporate influence into full play in social welfare and charity events. In 2019, the amount of monetary equivalent of time and other contribution invested in social welfare and charity events by PCSC are shown in the right table.

The monetary equivalent of time and other costs contributed by PCSC in social welfare and charity events in 2019 (unit: NT\$)

Item Contributed	Monetary Equivalent
Cash (excluding advertisement fee)	35,860,072
Time	21,552,000
In-kind giving	136,600,000
Management overheads	4,000,000
<b>Total</b>	<b>198,012,072</b>

Note: Calculations are based on such factors as the number of hours individuals contribute, salary, and the number of events held in 2019. Cash contributions include charitable donations of NT\$34,750,472, including donations to the Millennium Health Foundation, Taiwan Delica Foods Development Association, and academic organizations as well as grants and scholarships.

## 5.2 PCSC Good Neighbor Foundation

In 1999, PCSC donated and established the PCSC Good Neighbor Foundation, which has richly cultivated in Taiwan for nearly 20 years. The Foundation coupled PCSC's retail channels and business know-how to engage in community development and support the disadvantaged with local charity networks by leveraging its widespread retail locations all over Taiwan. Each year, The PCSC Good Neighbor Foundation designates nearly 70,000 people from our retail stores and a budget of over NT\$10 million to create a better quality of life for the local communities and make 7-ELEVEN a good neighbor for everyone. Our charity policies focus on three dimensions: healthy living, environmental protection, and caring for the vulnerable & those living in rural areas. In March 2019, we set up the PCSC Good Neighbor Foundation Official LINE group to allow us to interact with people more closely. Over 10,000 people joined the LINE group in the first year.

The PCSC Good Neighbor Foundation is currently engaged in long-term charity programs, including Good Neighbor Funfests, Good Neighbor Study Incentive Program, Millennium Health Stations and the Youth Deep Roots Project launched in local community in 2018.

## Youth Deep Roots Project

With 7-ELEVEN stores located in counties and towns throughout Taiwan, we have witness problems such as an exodus of young and middle-aged people from their hometowns, aging populations, low fertility, and decline in local tourism and related industries. We have also seen, however, young people returning to their hometowns to develop their own businesses. They worked hard to find needed resources and revitalize local industry, reenergizing rural communities. Therefore, in 2017, PCSC Good Neighbor Foundation started planning the Deep Roots Project for Young People to provide funds, matchmaking resources, and experts from related fields to serve as consultants to assist young people develop local industry.

PCSC provided funds, matchmaking resource, consulting, and guidance to assist 3 groups of young people develop local industry.

The Executive Yuan designated 2019 as the first year of Taiwan's Local revitalization and a variety of products and services sprang up as a result. The PCSC Good Neighbor Foundation discovered that young people did not lack the innovation or abilities to develop businesses locally; rather, they lacked long-term local venues to show their achievements and to integrate them with the market, so 7-ELEVEN collaborated with young people returning to their hometowns, providing sharing platforms for performances, exhibitions, and exchanges and introducing the OPEN! Youth Funfests to bring together local community resources, making 7-ELEVEN stores around Taiwan ideal partners in the drive to revitalize. The Deep Roots Project for Young People currently operates using two models. First, we provide the opportunity for the youth to integrate their activities with existing PCSC community events (Mini Store Managers). Second, we share our store resources (space, customers) and invite them to organize farmer's market to expand the benefits to youth farmer groups.

The Deep Roots Project for Young People also produced "Fish Bar" and "Always By Your Side," two documentaries supporting young people returning to Hualien and Miaoli, their hometowns, to set up businesses. The documentaries premiered at the 4th Taipei Golden Eagle Micro-Movie Festival held in 2020. Fish Bar received an award for excellent film as well as awards for excellence in the video and sustainability categories. It was the only micro-movie to be nominated for seven awards. Another documentary, "I'm by your side", also won an award for excellence in the operational governance category.

Starting in 2020, PCSC will collaborate with Taiwan NPO Self-Regulation Alliance. In addition to providing funds, we will provide space, stores, and social activity resources, such as Good Neighbor Funfests, to more young people returning to their rural hometowns to develop businesses. In doing so, we are increasing our local purchases in the long term and creating a win-win-win situation for business, environment, and society through local development, local procurement, and local marketing.

### Details and achievements of the 2019 team project

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#### Case 1

#### Hualien Fish Bar "Mini-Fishermen in Stores"

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The core idea of "Fish Bar" is to promote sea food education. The founder, Huang Wenqi, majored in marine environment and engineering. Witnessing the depletion of fishery resources and people's apathy toward the marine environment, she decided to promote the transformation of traditional fisheries and assist in industry upgrade. She began collaborating with the PCSC Good Neighbor Foundation in 2017, introducing Mini-Fishermen at 7-ELEVEN's stores in Hualien. It is an interactive learning activity that uses games to teach parents and children the importance of sea food education and sustainable oceans.



Since August 2019, 25 Mini-Fishermen events have been held in Hualien with nearly 750 people participating in them. Fish Bar has also connected 7-ELEVEN's stores and businesses under the guidance and assistance of PCSC Good Neighbor Foundation, store managers of



7-ELEVEN's Hualien stores, and local team leaders to launch Qixingtang Fishing Village's first stamp collecting activity. Together with four 7-ELEVEN stores as well as 60 local homestays, hotels, and restaurants, the Qixingtang Fisherman's Treasure Map takes tourists on a cultural and historical journey, helping drive local sightseeing.

PCSC Good Neighbor Foundation has worked together with Fish Bar to promote sea food education and youth power, establishing a sea food knowledge platform and providing various activities which have influenced tens of thousands of people, helping them realize that the ocean is not just a selfless provider of food, it also needs us to take better care of it and to put more effort into learning how to make the oceans sustainable.



## Case 2

### Miaoli Young Farmer's Market



The Miaoli Young Farmer's Fraternity is run by 11 people, including Tangerine House's brand leader Huang Wenyi and young farmers from Miaoli, such as Yudao Field's Yan Peiling and Hesinlong Farm's Huang Junhe. The Miaoli Young Farmers Fraternity started collaborating with PCSC Good Neighbor Foundation in 2019 to hold OPEN! Youth Funfest's Friends of the Earth Young Farmer's Market. Holding the markets in local 7-ELEVEN stores helps young farmers save travel money and time and avoid all the hassles on the road. Collaborating with 7-ELEVEN also allows them to reach different kinds of customers and increase their brand visibility. From a business angle, it also offers them the opportunity to learn how to work with a company from planning, product development, quality assurance, and sales.



After half year of discussions and planning, OPEN! Youth Funfest's Friends of the Earth Young Farmer's Market was finally launched in 7-ELEVEN's New Xueba branch, located on Taiwan Route 3, to interact closely with people and promote local Miaoli agricultural products during summer vacation. Our 7-ELEVEN stores not only promoted local marketing and procurement, creating different selling opportunities, but also integrated regional characteristics into community activity managements, raising the brand favorability.

## Good Neighbor Funfests

In 2009, the Good Neighbor Foundation began sponsoring Good Neighbor Funfests to draw local residents closer together through various organized activities. This interaction coheres emotions and strengths in communities and facilitates the bridging of distances between people. Good Neighbor Funfests have been working on four central themes: parent-child interaction, caring for the disadvantaged, education, and healthy and environmentally-friendly lifestyles. In 2019, 368,641 participants took part in nearly 18,000 events organized directly by stores. A total of 4,934 stores, 87.3% of all stores in Taiwan, took part.

Organizing nearly  
**18,000** Good  
Neighbor Funfests  
events attracting  
over **360,000**  
participants

In 2019, we integrated OPEN POINT into Funfest activities. We held 22 activities in which members could sign up by donating OPEN POINTs, all of which were donated to Reach Out and Read Taiwan to support early intervention of unwell children from disadvantaged families in rural areas. In 2019, we also introduced the concept of charity Mini Store Managers into our charity events, holding nearly 300 events over the course of the year. In April, our Give Books, Share Love event collected books for preschool children in rural areas. Anyone who donated children's book could take part in a special Mini Store Manager event. 177 of these activities were held with almost 10,000 people from over 4,000 families attending. The nearly 5,000 books that were donated were sent to 60 medical facilities in 14 cities and counties. During the Christmas Love Mini Store Managers event in December, we promoted ibon charity donations which received almost NT\$200,000.

## ► 2019 Good Neighbor Funfests Activities

Event theme	Event description	Name of main events	Number of events (ratio of all events)	Number of participants (ratio of all participants)
 education	Allows residents to experience the social value of serving the community; promotes learning through play.	<ul style="list-style-type: none"> <li>Children's reading space</li> <li>Food safety education course</li> </ul>	1,052 (5.9%)	17,187 (4.7%)
 parent-child interaction	We offer parents and their children interactive courses in the reading spaces of 7-ELEVEN stores to strengthen family bonds.	<ul style="list-style-type: none"> <li>Mini-Store Manager</li> <li>Drawing</li> <li>DIY Workshop</li> <li>Dress-up event</li> </ul>	13,503(75.2%)	222,819(60.4%)
 healthy and environmentally-friendly lifestyles	Urge the public to pay attention to local environmental issues and health concerns so that environmental consciousness and healthy habits are incorporated into daily life.	<ul style="list-style-type: none"> <li>Health Station</li> <li>Good Neighbor Health Classroom-Hepatitis and dementia screening</li> <li>Community clean-ups</li> </ul>	3,186(17.7%)	122,899(33.3%)
 caring for the disadvantaged	Strengthen communal ties by appealing to residents' emotional connection to their neighborhood so that they reach out to disadvantaged neighbors and become more involved in neighborhood matters	<ul style="list-style-type: none"> <li>"Never-Too-Old" Store Managers</li> <li>OPEN! Cares Health Promotion Stations</li> </ul>	219(1.2%)	5,736(1.5%)
<b>Total</b>			<b>17,960(100%)</b>	<b>368,641(100%)</b>

Our interactive parent-child activities are the most popular and employ learning through fun, a principle that we have continued to promote, so that the public can experience the value of service and understand what it is like to work in the service industry. Activities that spotlight caring for the disadvantaged have been less popular. In the future, we will leverage the influence that our stores enjoy locally to call upon the public to show more concern for local disadvantaged groups.

### Millennium Health Stations

Since 2008, the Good Neighbor Foundation has collaborated with the Millennium Health Foundation to establish Millennium Health Stations at selected 7-ELEVEN stores across Taiwan, which has even extended to the outlying islands of Penghu, Kinmen, and Matsu. At such stations, people can measure their blood pressure and waistline. A yearly national health exam event is also held, during which the public is encouraged to ward off the "three highs" (high blood pressure, high blood sugar, and high cholesterol) and to fight against metabolic syndrome. In 2015, the "daily service" in ibon app added the Millennium iHealth function, which enables those who monitor their health at the health stations or at home to keep track of their daily blood pressure, which is then automatically converted by the app into a diagram that can be printed from the ibon machine at any 7-ELEVEN store and given to doctors for reference. Since it went online, the app has accumulated over 251,000 records.

Millennium Health Stations distributed among **677** stores



The Health Stations upgraded to Millennium Smart Health Stations in 2018. In 2019, we added new functions, including six tests (blood pressure, pulse rate, weight, body fat, BMI, and pressure sensing), waist measurement, health knowledge, and health education information, so people can monitor their health. The values measured by the station are automatically uploaded into home records and simultaneously onto cell phone by the Millennium iHealth ibon app to manage the health condition and can be used as reference when seeing a doctor. Measuring at a store and keeping tabs on health on a phone is the epitome of "on-the-cloud smart health management". As of 2019, there are Millennium Health Stations distributed among 677 stores across Taiwan, 12% of all stores. Since the health stations were first set up, it is estimated that over 24.86 million people have visited them to measure their blood pressure.



### ► Health Promotion Activities

PSCS continues to focus on preventive medicine to deal with lifestyle related diseases in Taiwan. According to data from National Health Day and 2019 Millennium Health Stations, 48% of individuals 30-years old and up have overly large waistlines, which increases the risk of metabolic syndrome. In 2019, therefore, Millennium Health 89 Waist-sizing Day invited the public to pick up their own free tape measurers at 7-ELEVEN stores around Taiwan and to use Millennium Smart Health Stations to record their waist measurements. 1,248,000 tape measurers were distributed in 2019.

In response to the aging population, the PCSC Good Neighbor Foundation has started paying attention to Sarcopenia, an age-related decline in skeletal muscle mass as well as muscle function. In November 2019, we held our first Christmas Workout Party with 350 seniors in attendance. People over 55 years of age underwent muscle strength tests and received consultation from physicians. They also tried out impedance sports equipment and elastic band exercises and other activities that can help prevent Sarcopenia. 7-ELEVEN's Fresh Foods Department also had a muscle-building nutrition supply education area, so the public could know that our stores offer various quality protein products that are convenient.

## Support for Reading and Rural Education

Over **4,000** children took part in the program with more than **75,000** books borrowed.

### ► Reading Encouragement Program

Due to the destruction wrought by a typhoon and an earthquake in 2009 and 2010, respectively, learning resources were scarce in Kaohsiung's Jiaxian District. To increase children's motivation to learn, in 2011, PCSC Good Neighbor Foundation started working with 7-ELEVEN's new Jiaxian store to promote reading to collect stamps which could then be exchanged for breakfast to make reading a part of life in the community.

In 2014, we added eight elementary schools in Tainan and Taitung to the project to encourage children to read, employing a method in which kids could "level up" and utilizing store resources to motivate kids and to give them a sense of accomplishment as we helped them develop a reading habit. In 2019, we worked with 52 elementary schools and 26 reading classes to promote the 7-ELEVEN Reading Encouragement Program. Students receive points for reading books after teachers' approval. After accumulating 50 points, they can exchange them for NT\$50 7-ELEVEN product cards. In 2019, over 4,000 children took part in the program with over 1,000 children receiving awards and more than 75,000 books were borrowed.

#### Reading Encouragement Program A case study

We discovered that children in Tainan District's Jingliao Elementary School changed due to the reading encouragement project. With the help of the program and encouragement from teachers, children were more willing to borrow books, even becoming little storytellers, writing down what they learned from their reading to share with others. The reading skills of and amount of characters recognized by students in classes that promoted the reading encouragement program improved significantly.



## Good Neighbor Classrooms

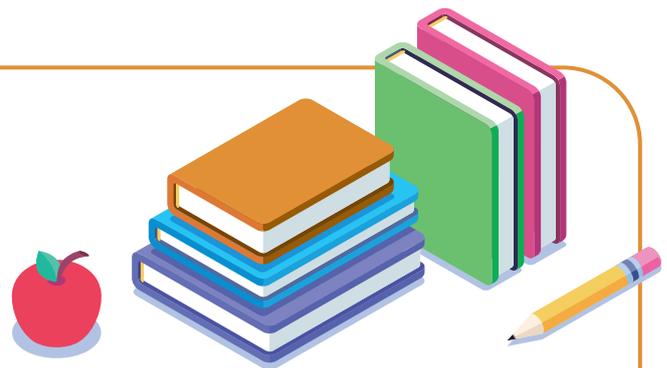
To enhance students' learning motivation, we have promoted Good Neighbor Classrooms by making stores into classrooms. Since 2015, PCSC has held over 100 events with themes ranging from language and mathematics to health education and life etiquette. These have been combined with concern for local children's education at 7-ELEVEN stores in the hope that education's impact not be limited to the classroom; rather, that it can be felt in all kinds of situations and venues.

Over **100** events have been held since 2015.

### Good Neighbor Classroom A case study

Teachers from Xinxing Elementary School, located in Yunlin County's Taixi Township, came to 7-ELEVEN to conduct extracurricular activities, bringing students there to put their Mandarin phonetic symbol, listening, math, home economics, and life management skills to practice in a real-life environment. In the process, they also became acquainted with how a store works and got a taste of how hard working in the service industry is. 7-ELEVEN also provided reward incentives to motivate them to learn during the activities. The atmosphere that day was actually quite festive. Despite the numerous missions to accomplish (arithmetic calculations, writing cards, etc.), there was never a dull moment for the students who asked questions non-stop as they wanted to complete their learning missions as quickly as possible.

Unexpected events that happened that day became great learning opportunities for the children. For instance, a kid knocked over some water, causing a minor flood in the seating area, but he took the initiative to borrow a mop from a store employee and dry the floor, showing that he was learning to deal with pressure and crises and to take responsibility. In the last part of the activity, Spreading Love in Winter, children were asked to use the rewards that they had gotten to pick a product in the store as a present for someone. Before they started choosing, the teacher reminded them to think about what the gift recipient would like. One child said, "Teacher, I would like to get something for my grandma. She can't have sweets." Another one chose a bottle of water instead of cookies and candy and wrote a gift card saying, "Mommy, I bought a bottle of water for you, because water is good for you." Yet another one selected chewing gum for his father, because he felt that chewing gum might help his father feel refreshed after a long day of hard work. In the activity, we witnessed many children start to consider and appreciate what their parents how much work their parents put in to raise them. This is something that has to be learned from life and cannot be learned from books.





**249** stores with  
OPEN! Children's  
Reading Room

## OPEN! Children's Reading Room

To encourage reading within the community, in 2016, the first retail location combining with reading room in Taiwan, "OPEN! Children's Reading Room", was established, providing a comfortable environment for families to read together. It also offers unscheduled children's story time and promotes a reading project with the local library to make reading more a part of everyday life. As of 2019, PCSC boasted 249 OPEN! Children's Reading Rooms around Taiwan, 4.4% of all of its stores in Taiwan.



## 5.3 Charity Donation Platform

PCSC has sought to expand our potential as a conduit of philanthropic services through our convenience, ubiquity and impact. In order to stimulate social awareness and enthusiasm for philanthropy, we have created several different platforms for charitable donations, including spare change donation, ibon machine donation, pledge donation of goods and Creative Initiative. We hope to make great strides toward the SDGs of No Poverty, Zero Hunger, Good Health and Well-being and Reducing Inequalities with the public.

### In-store spare change donation and ibon machine donation

#### ► In-store spare change donation

We launched the "Bring Back the Love" charity campaign in 1988, setting up over 5,600 in-store donation boxes. We encourage customers to donate spare change as well as adhere to the principle that charity is not a single good deed, but a lifestyle. It shows that Taiwan is "Always Open!" to compassionate giving. We carefully keep track of and audit monthly donations. All matters regarding transfers of funds and financial accounts are handled with transparency and all necessary measures are taken to earn and maintain the public's trust. As a result, the public can be assured that their generosity is going to a good cause.

More than NT\$**160**  
**million** dollars  
raised in 2019.

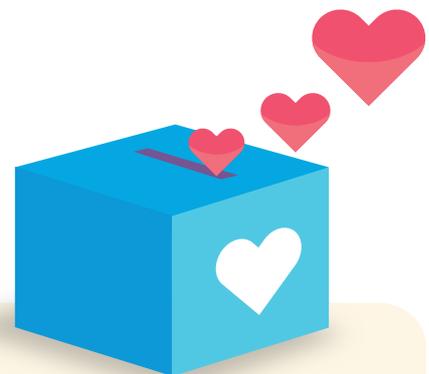
In response to the aging society, "care for seniors" was added to our "Bring Back the Love" spare change donation program starting in 2014, bringing together charity groups to focus their energies on seniors. In 2019, we collaborated with 4 charities: the Pingtung Christian Hospital, Liver Disease Prevention & Treatment Research Foundation, A Kernel of Wheat Foundation, and Hondao Senior Citizens Welfare Foundation. We focused our energies on care programs for disadvantaged seniors, and focused on rural dementia prevention and care, rural hepatitis screening, the elderly serving as caregivers for the elderly, and meal-delivery for solitary elders. The charities and the projects that we donated all responded to SDG2, Zero Hunger, and SDG3, Good Health and Well-being.



To raise awareness about problems faced by seniors, 7-ELEVEN set up the Bring Back the Love social network, starting a Facebook fan group in 2010 and Bring Back the Love Instagram in 2019 to post creative and interesting things to draw people's attention to the issue. It was rated number one by FaceBook fans in the corporate charity foundation category in a report by OpView Social Watch on social philanthropy issues. This year, we further used a knowledge platform and collaborated with social influencers to promote charity and, incorporating AR interactive technology for the first time, rolled out the AR Share Love activity AR in the hope that using a fun interactive online game to help young people better understand issues faced by seniors. In the 31th anniversary of the establishing of the Bring Back the Love platform, we incorporated "OPEN", which is not only our philanthropic brand, but also the most representative of PCSC's corporate image, into the design "OPEN! LOVE," an all-new brand concept, to expand our philanthropic platform with our charity 24/7 principle to make it easier and more convenient for customers to show their love whenever they want.

### 2019 Fundraising Results

Funds Raised Total  
**168,874** NOTE  
 in NT\$1,000



**NT\$1 donation to help dementia victims receive early intervention**

Organizer  
 Pingtung Christian Hospital

Period held

1.1-3.31

Funds Raised

**41,761** in NT\$1,000

2019

Fundraising Service and Introduction

- Increase dementia literacy, create friendly mobility. 15,875 individuals received care
- An innovative life project from medical and health care to home and community, so that seniors no longer find themselves without help. 412,678 individuals received care
- Affirming the abilities of individuals with disabilities/dementia, increasing the value and importance of their life. 585 individuals received care



### Save the Liver

Organizer  
 Liver Disease Prevention & Treatment Research Foundation

Period held

4.1-6.30

Funds Raised

**41,187** in NT\$1,000

2019

Fundraising Service and Introduction

- Helped over 29,000 people with liver issues in remote areas
- 7-ELEVEN stores offered liver disease screening, helping 4,886 people at 30 events
- Remote area liver disease screening: helped improve the quality of liver disease prevention with 15,357 people in remote areas
- Liver Disease Prevention and Treatment Program 2.0 – comprehensive medical treatment point-to-point program: helped more than 6,034 people. Liver disease specialist went to the countryside to screen for liver issues, case managers tracked those with problems and helped with registration, consulting, and referrals.
- Emergency relief for liver patients: NT\$530,000. Financial assistance was provided to 508 economically disadvantaged individuals to receive treatment and the transportation to receive treatment.





### NT\$1 Donation Protect the homes of disadvantaged seniors

Organizer  
Hondao Senior Citizens  
Welfare Foundation

2019  
Fundraising Service  
and Introduction

Period held

7.1-9.30

Funds Raised

43,479 in NT\$1,000

- Improving the living conditions of the disadvantaged elderly: Visited the homes of almost 7,000 disadvantaged seniors to determine the safety needs of their homes. As of the end of 2019, we completed improvement work on 154 residences and we are evaluating the improvement needs of another 21.
- 7-ELEVEN stores offer meal pick-up and delivery services and Care Light area integration, service coordination, and community empowerment program for disadvantaged seniors living alone: Provided 16,046 disadvantaged seniors living alone meal pick-up and delivery services; improved the long-term care for 1,513 disadvantaged and disabled seniors living alone; empowered 34 volunteer stations, 62 small-scale community organizations, and 2,869 volunteers and connected the organizations so that they can work together and help each other.
- Bolstered self-confidence among seniors to enhance their participation in society: Held 11 classes for seniors, serving a total of 2,886 individuals. Launched Ever Young Paradise, serving 4,425 seniors. We organized activities for promoting health and neighborhood plays, providing 8,560 seniors opportunities to integrate with society.



### Eating Well

Organizer  
A Kernel of Wheat  
Foundation

2019  
Fundraising Service  
and Introduction

Period held

10.1-12.31

Funds Raised

42,445 in NT\$1,000

- Donation program served over 440,000 people.
- Family kitchen & community kitchen – An estimated 21,580 individuals dined together with their communities, so that people of all ages living alone could show care for each other.
- Community mobile meals together – An estimated 8,840 took part.
- Mobile meals together vehicles prepared meals in communities, so that people of all ages living alone had someone to eat with.
- Home meal deliveries – An estimated 405,600 were served.
- Daily and holiday meal pick-up and delivery to bring love into remote areas.
- Seniors and children enjoying meals together – estimated 7,800 served.
- Meals for seniors living on their own and children to enjoy together, unleashing love by providing nutritional meals and temporary child care.



Note : These are the actual totals

### ▶ ibon machine charity donation

In 2008, people could start to donate through our ibon machines, which became a always-open donation platform. In 2019, a total of NT\$112,407,000 was raised and donated to 50 charities, with the average donation amounting to NT\$609. For fund amounts raised over the years, please refer to the Social Performance in the Appendix.

More than NT\$110  
million raised.



## Creative Initiative- Coffee on Wheels—Putting Love into Action

Nearly  
NT\$200,000  
raised in 7 events

Focused on the issue of caring for disadvantaged elderly for a long time, 7-ELEVEN's Bring Back the Love Charity Donation Program continues to employ innovative, interesting, unique, and interactive methods to spur fundraising. Starting four years ago, we have been introducing piano donation boxes, DJ donation boxes, the Rhythm of Love Wall, and 10 different "Love for Life" machines created with Korea's Sticky Monster Lab. In 2019, we launched OPEN! LOVE, a new charity brand concept to continue



our philanthropic strategy for the past 30 years of bringing together "people, stores, and services" to which we have added the connecting of the Company's internal resources to help charities to raise funds and donate material goods as well as promote charitable services. In 2019, we collaborated with CITY CAFÉ to launch "Coffee on Wheels—Putting Love into Action", which went around for almost two months offering quality coffee products to arouse the public to put their love into action.

With OPEN! LOVE, 7-ELEVEN combined for the first time Bring Back the Love with CITY CAFE's quality coffees to produce Coffee on Wheels—Putting Love into Action and designing 3-D stickers and large innovative donation boxes for three charity events. It brought together for the first time celebrities, YouTubers, and live broadcast platform. It toured various tourist spots, holding seven Coffee on Wheels fund raising events, two of which were at two large design exhibitions: the Taiwan Design Expo in Pingtung and Taipei Fashion Week. It also held a community event entitled 7-ELEVEN's Cast of Love Needs You to make the event go viral on social media.



During the nearly two months activity, 1,500 cups of coffee were shared, NT\$200,000 was raised, over 3,000 people participated, and 20 million people were reached on social media.

## 7-ELEVEN Community Care Stations

In addition to the donations from Bring Back the Love, we fulfill our potential as a local bastion of compassion to more effectively mobilize our strengths for the good of the community. With the advent of the aging society, PCSC has discovered that there are many disadvantaged elderly people in communities with a variety of needs, including food and care as well as for help to improve their physical and emotional health. This is especially true of remote areas in Pingdong, Hualien and Taitung where they have higher percentages of senior citizens. Beginning in 2014, 7-ELEVEN made care for disadvantaged elders a year-round priority. Working with NPOs that have been dealing with aging population issues for a long time, some 7-ELEVEN stores, in such areas as Pingdong, Hualien, Taitung and Chiayi, are now providing care, food pick-up and delivery services, and health checkups to disadvantaged seniors. We hope that our stores across Taiwan can serve as care stations for the local elderly community in order to mitigate the impact of aging on society with our comprehensive network of community services working in the future.



## Overview of Services in 2019

Activity	Description	Number of stores participating or events	Number of beneficiaries
<b>Making our stores dementia-friendly environment</b>			
<b>What Time Is It? Café</b> (Sister of Our Lady of China Catholic Charity Social Welfare Foundation, Old Five Old Foundation, True Love Social Welfare and Charity Foundation, Bjorgaas Foundation, Guo Wu Li-Chu Social Welfare Charity Foundation, Hondao Senior Citizen's Welfare Foundation)	<p>In 2017, we collaborated with Sisters of Our Lady of China Catholic Charity Social Welfare Foundation in Chiayi to introduce the first "What Time Is It? Café". Once a week, seniors were asked to work in stores for an hour. Our employees assisted them accomplish easy tasks, such as welcoming customers and making coffee to stimulate their brain, so as to prevent dementia. It provided opportunities for them to participate in social activities, learn, and even make their dreams come true. This activity also offered a great change for people to learn about dementia and how to interact with older people who have it.</p> <p>We evaluated the behavior of our participants according to IADL function scales for dementia in the elderly and found that over 90% of our participants became more active and more willing to try new things, their emotions became more stable and had no obvious evidence of dementia. In addition to maintaining their ability to take care of themselves, 15% of them even saw improvements in walking and moving.</p>	8 stores	578 people
<b>Our stores helped to make up the deficiency in manpower suffered by charities, thus rendering their services more complete.</b>			
<b>Good neighbor meal delivery team- Weekend meal delivery</b> (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation, Sisters of Our Lady of China Foundation, Hondao Senior Citizen's Welfare Foundation)	<p>In Hualien and Taitung, PCSC stores formed up the 'Good Neighbor meal delivery team' who deliver meals to the disadvantaged elderly during weekends and holidays. In Taichung, Changhua, Chiayi, Pingdong, and Taipei, our stores provide pick-up or delivery service by volunteers to resolve the issue that the elderly has limited access to daily meals and encourage them to go outside and enjoy social life. or the elderly with emergency situation.</p> <p>In addition to delivering meals to them, we watch for problems that the elderly might be dealing with. If we notice that they need help, we ask the charity to take action. PCSC has developed 'disaster meal daily necessity kits' with A Kernel of Wheat Foundation for people living in areas with traffic disruption due to natural disasters, or the elderly with emergency situation.</p>	53 stores	27,335 meals delivered
<b>Make full use of the ubiquity and accessibility of our stores, and make sure that services were reaching the most vulnerable</b>			
<b>Good Neighbor Health Classrooms</b> (Pingtung Christian Hospital, Liver Disease Prevention & Treatment Research Foundation)	<p>We offer our stores to be used to hold classes on hepatitis and dementia and how to prevent them, helping local residents recognize the symptoms of dementia, so that they can seek proper treatment as early as possible.</p>	70 events	7,508 people
<b>Smart Health Measurement Stations</b> (Pingtung Christian Hospital)	<p>We set up smart health measurement stations in our stores in Pingtung, which provided blood measurement service to the public. The related data automatically be uploaded and stored in the cloud database, which was shared with 10 local medical institutes, which makes medical diagnosis and treatment much more convenient for the locals.</p>	14 stores	103,096 people
<b>"Never-Too-Old" Store Managers</b> (Hondao Senior Citizen's Welfare Foundation)	<p>Stores invited the elderly to come and get a taste of retail work, reintegrating the elderly into society and giving them an opportunity to interact with the outside world.</p>	16 events	433 people



### "What Time Is It? Cafe"—A Story When a dementia patient interns with "What Time Is It? Cafe," she is surprised by modern technology and shows off her English skills.

84 year-old Grandma Guo was a housewife and was in the early stages of dementia. She couldn't believe that dementia was causing her to forget how to cook, something she had done for years and was very good at. After Hongdao Senior Citizens Welfare Foundation's Xisong Day Care Center asked her to take part in What Time Is It? Café, her daughter told us that Grandma Guo had always loved to learn and this represented a great opportunity for her to learn again.

During the internship before What Time Is It? Café opened, every time she pushed the coffee machine button and the coffee brewed automatically, Grandma Guo would be surprised and say, "Oh, that's all you need to do?" Dementia was causing her to lose her short-term memory. The way customers paid for their purchases also amazed her, especially when they used electronic wallets. It was so new to her that she said, "Oh, that's all you need to do to pay?" All the technology in the store fascinated her. Grandma Guo said happily, "It's been so nice to work here. I'm learning so much!" Our happy Grandma Guo even spoke English to customers. "How are you?" "What would you like?" "Do you like it?" she would ask customers after they tasted the coffee she made. Surprisingly, after a period of internship, forgetful Grandma Guo started remembering. When asked where she'd just been, people were surprised to hear her quickly reply, "7-11." Her daughter also shared that since starting the internship, Grandma Guo was eager to go, so she got ready faster. As a result, the daughter didn't have to keep waiting for her like before.

## Pledge Donation of Goods

The pledge donation of goods system, launched in 2018, makes it more convenient for people to help others in need by allowing them to designate items that they would like to donate at ibon machine in our stores and paying at the counter.

In addition to collaborating with the Christian Relief Association on "1919 relief meals" to ensure that disadvantaged families have enough to eat, we also worked with Sisters of Our Lady of China Foundation, A Kernel of Wheat Foundation, and the Christian Relief Association to pledge goods during the Lunar New Year and the Mother's Day. PCSC delivers items pledged by the public to disadvantaged families helped by these charities. Just before Children's Day, collaborating with PCSC Good Neighbor Foundation, we raised money to buy fresh milk for children from disadvantaged families. The total value of the items that consumers pledged in 2019 was more than NT\$ 27,304 thousand, including 44,906 sets of relief meals, 10,382 sets of Mother's-Day cakes, 10,000 sets of moon cakes and 1,087 sets of milk.

Consumers pledged over **76,000** sets of goods and donated over **150** million OPEN POINTs.



In 2019, we introduced the OPEN POINT APP "Donate Points for Love" service, inviting OPEN POINT members to contribute any remaining points that would expire at the end of the year. We collected over 150 million points, all of which were donated to A Kernel of Wheat Foundation to turn in for all kinds of daily necessities to help disadvantaged seniors and families in which children were being cared for by their grandparents in Eastern Taiwan to ensure that they ate well.

## ► Column : A Review of Store Activities in 2019

To be a good neighbor and to forge community prosperity on a local level, in addition to our headquarters and individual stores, we are taking advantage of stores in different locations such as shopping centers to facilitate communication between customers, neighbors, and the greater society as well as to stimulate cultural exchange. Building on the special features and locations of different stores, we host various events, such as mountain clean-ups, artistic performances, and funfests, to share PCSC's Good Neighbor spirit in every corner.



### Songshan Airport T2 Shopping Center

After obtaining operating rights for the domestic routes at the Songshan Airport, PCSC created an exclusive exhibition space on the first floor and on the third floor observation deck where people like to watch planes take off and land, it installed a 3-D mural entitled "Airway Citizen Stage," and holds various activities to make traveling more interesting.

For instance, we invited elementary school students to participate in a science camp, so they could use their creativities to build aircraft and learn about airplane structures and power sources. Students also experienced how to control planes by flying paper planes and launched airplanes using rubber band launching systems.

PCSC worked with the Taitung Branch of Soil and Water Conservation Bureau to hold the Pioneering East Rift Valley Granary Festivities exhibition which featured illustrations of specialty stores in Taitung, presenting Taitung, including the local work attitude, travel routes, businesses, and scenes through interactive activities and themes.

In an activity titled Songshan Christmas Music Flash Mob, we built a unique sea of Christmas lights on the observation deck and invited the Taipei Municipal Jieshou Junior High School String Orchestra to perform Christmas music.





## Qingjing Farm: Mist Plaza store

The Nantou County Government holds a mountain cleaning activity each year. This year, the PCSC store collaborated with the local government to hold the "Nantou Is My Home, Clean Taiwan, CingJing Action" activity over the course of three days in 2019. The head of the Lifestyle Center and the Central Operations manager led a group of district heads and store managers to take part in the activity as they worked with others to pick up garbage and encourage others to leave no trace behind in the forest. To express our appreciation for their help, we offered 300 volunteers a free lunch.





## New Rende Store

The New Rende store is located in the Rende service area. In 2019, PCSC renewed operating rights for Rende service area where it has blended an old city ambiance with new technology, so passengers can experience Tainan, both past and present.

PCSC decorates the shopping center each month using monthly holiday themes to create a connection with travelers and to make their travels more enjoyable.

Charities and disadvantaged groups are allowed to use areas where passersby and passengers walk by or rest free-of-charge. In 2019, 90 street performances and 66 charitable activities for disadvantaged groups were held.



## Tai'an Store

PCSC obtained the operating rights of Tai'an service area in March, 2019. It was decorated with brand new image, of which are "Mountains are warm with flowers blossoming" and "Flowers and music" themes. It served nearly 3 million people every month.

PCSC and Old Five Old Foundation worked together to look after the health of visitors. We provided professional equipment for visitors to check their blood pressure for free, invited flower promotion groups to teach flower arrangement and provided spaces for local charities and street performers for performances and sales.





## Special Column: PCSC Welfare Committee-Love Nature Society

The PCSC Welfare Committee: Love Nature Society was established by a group of PCSC employees that are concerned about the environment and the planet. Since 2016, the society has participated in events promoted by the Environmental Protection Agency as a corporate association to adopt and clean up the beaches (Zhongjiao Shazhu Bay in Jinshan, and Green Bay and Dingliao Beach in Wanli). As of 2019, we have taken part in at least 22 clean-ups since we first began. According to conservative estimates, almost 13.2 tons<sup>(Note 1)</sup> of garbage have been removed.



The sources of the garbage include illegal dumping, fishing, visitors recreating there, litterers, items floating there by other countries, natural disasters, and garbage dumps. Although there is always more garbage to pick up, it is our goal to make the oceans clear again and reduce the deaths of sea creatures, taking real action to fulfill our social responsibility and to share our beliefs with others, so they, too, will pay attention to these issues and join in the work.

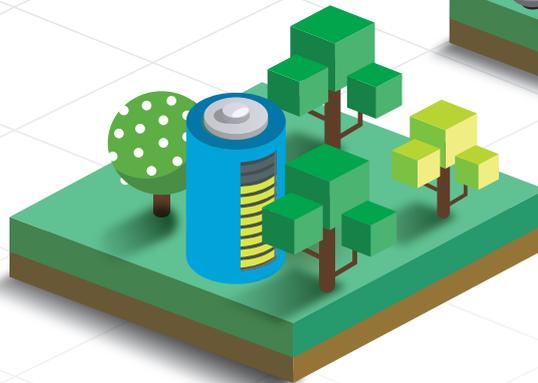
In 2019, the PCSC Welfare Committee collaborated with the Kiwanis Keelung Branch, taking part in beach cleaning activities held by Taiwan Ishare and Zhishan Garden, increasing the number of those determined to clean up and protect the marine environment.

In addition to beach clean-ups, PCSC has also taken part in the Keelung City Government Environmental Protection Agency's Air Quality Improvement Zone Adoption Program (Shanren Elementary School, Maling Elementary School) since 2018. Focusing on planting vegetation and maintaining and protecting the environment to achieve our goals of improving the quality of the air, leisure life, the ecological environment, environmental education, and sustainable use of resources. We also received commendation from the Keelung City government for our efforts.



Note 1: The figure is calculated as "22 clean-ups we took part in as of this year" multiplying "filled up at least 30 70-liter EPA garbage bags (estimate excludes large garbage) with ocean waste per clean-up" multiplying "each bag being estimated to weight 20 kgs".





# A Green Leader and Good Neighbor



## 2019 Highlights



Environmental label and energy saving products accounted for **14.08%** of the annual purchase.

Electricity intensity of stores reduced by **1.45%** than 2018; Electricity intensity of the headquarter reduced by **2.4%** than 2018

Number of refurbishment and reuse machines in 2019 reached **1,525**.

## 6.1 Environment and Risk Management

Following the growingly apparent impact of climate change, the Paris Agreement in 2015 and UN Sustainable Development Goals (SDGs) in 2016 have made climate change the core of sustainable development that countries cannot overlook. To achieve the nation's GHG reduction commitment and reduction targets, governments around the world are implementing incentive measures, establishing market mechanisms, or enacting regulations. Hence, climate change is also having a growing institutional effect on companies. For companies, whether it may be to adapt to harsh environment in the future, or to meet the requirements of the government and investors, companies must consider how to minimize the impact of climate change, energy conservation, and carbon reduction. on the organization Companies will also utilize their abilities and influence to maximize market opportunities and benefits based on their operations, value chain, and core abilities.

Therefore, companies around the world are focusing on their climate change mitigation and adaptation strategy for achieving sustainable development. Stricter regulations enforced by Taiwan and other countries, the occurrence of large scale natural disasters, and changes in consumer purchasing behavior caused by temperature changes will have different levels of impact on the revenue, cost, asset value, business reputation, and business continuity of companies.

PCSC has changed citizens consumption behavior over the past 40 years. As a leading company in Taiwan, PCSC also attaches great importance to climate change, and leads citizens towards an eco-friendly, low-carbon, sustainable lifestyle. Besides providing high quality and eco-friendly products to consumers, PCSC has proposed response measures for climate disasters, and hopes to share the benefits of environmental resources with all stakeholders, facing the potential impact from the environment together.

## 6.1.1 Environmental Commitment and Communication

We are actively improving the efficiency of resource use at our stores and for logistics, shouldering the responsibility of being a good citizen. Besides establishing the PCSC Environmental Policy and Energy Policy, we are committed to exerting the influence of our value chain to creating a friendly retail business model. We focused on "energy conservation and carbon reduction" and "effective resource use" in response to the environmental impact of our energy consumption, water consumption, and waste management, and have further committed to optimize our environment.

Community and consumers can report issues with store operations or other environmental issues through the Joint Services Center's hotline (0800-008-711) or email (public@mail.7-11.com.tw). After a case is opened, responsible units will properly handle and respond to the case, and the progress of cases is always tracked.

### Environmental Policy

Our goal is to become the best retailer with the aim of providing the most convenient lifestyle services and fulfilling our responsibilities as a corporate citizen, and we have thus made the following commitments:

- We will compliant with environmental protection laws and regulations, and prohibit any behavior that will harm the environment.
- We will continue to improve our environmental performance, and improve our surrounding environment.
- We will cherish resources and increase recycling and reuse based on the principle of making the most out of resources.
- Based on the pollution prevention, we will endeavor to reduce the amount of waste.
- With consideration to the environmental impact of our products and services in each phase of the life cycle from R&D, design, manufacturing, packaging, to delivery, we will reduce resource consumption and increase the efficiency of resource use.
- We will gradually build up an eco-friendly value chain, and take environmental aspects into consideration when selecting suppliers, developing new projects, and making merge and acquisition decisions.
- We care community development and manage sustainable relationships with communities.  
In the promotion of environmental education, we will continue to promote environmental protection concepts to employees and customers, and take action to protect the environment together.



### Energy Policy

As we match customers' needs, we have made energy conservation and carbon reduction actions a core value of our business strategy. We use our stores as a base for energy conservation and carbon reduction utilizing the channel's advantage. We also exert our influence through the benefits of energy conservation.

Our commitment:

- We will compliant with the government's energy laws and regulations and continue to make energy improvements.
- We will expand stores with energy saving designs and develop and sell energy-efficient products.
- We will optimize our energy use to achieve sustainable development.





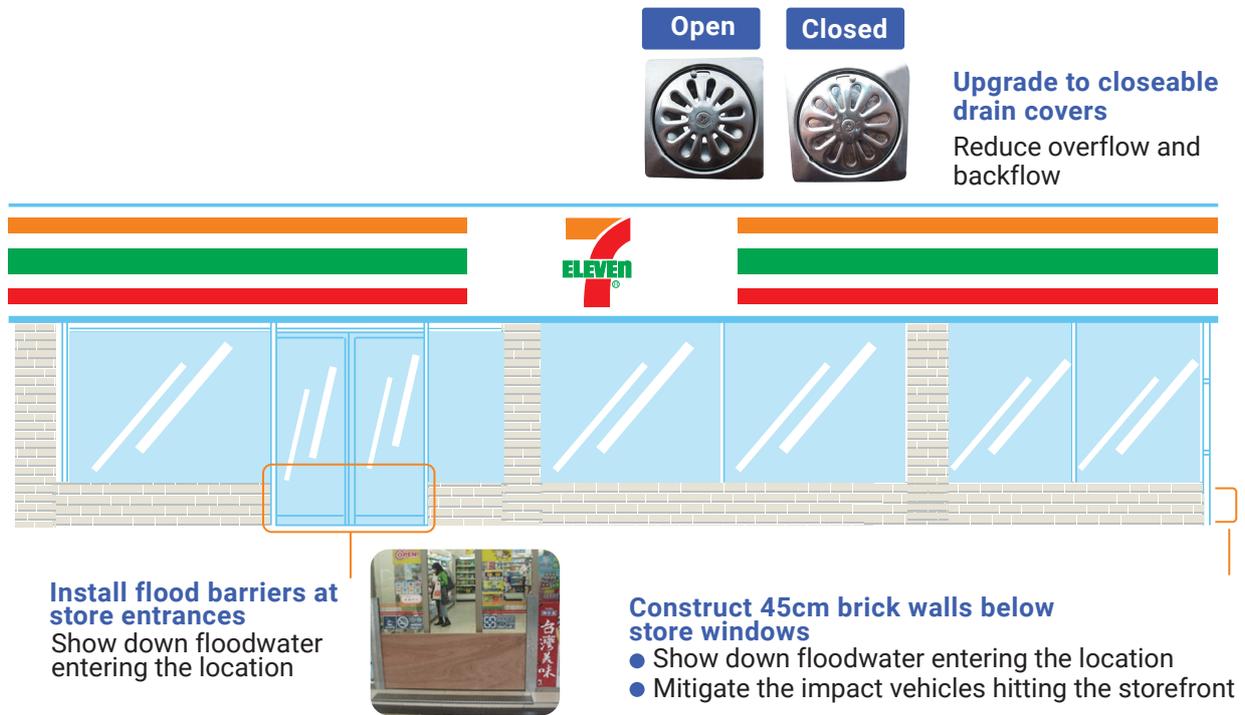
## 6.1.2 Climate Change Mitigation and Adaptation

With regard to climate change mitigation, PCSC has compiled its GHG inventory each year since 2005, and implements energy management refer to ISO 50001. We have implemented energy conservation measures at our headquarter and stores, and increased the energy efficiency of equipment, which effectively lower emission intensity and mitigate climate change. We also raise employees' awareness through guidance and training.

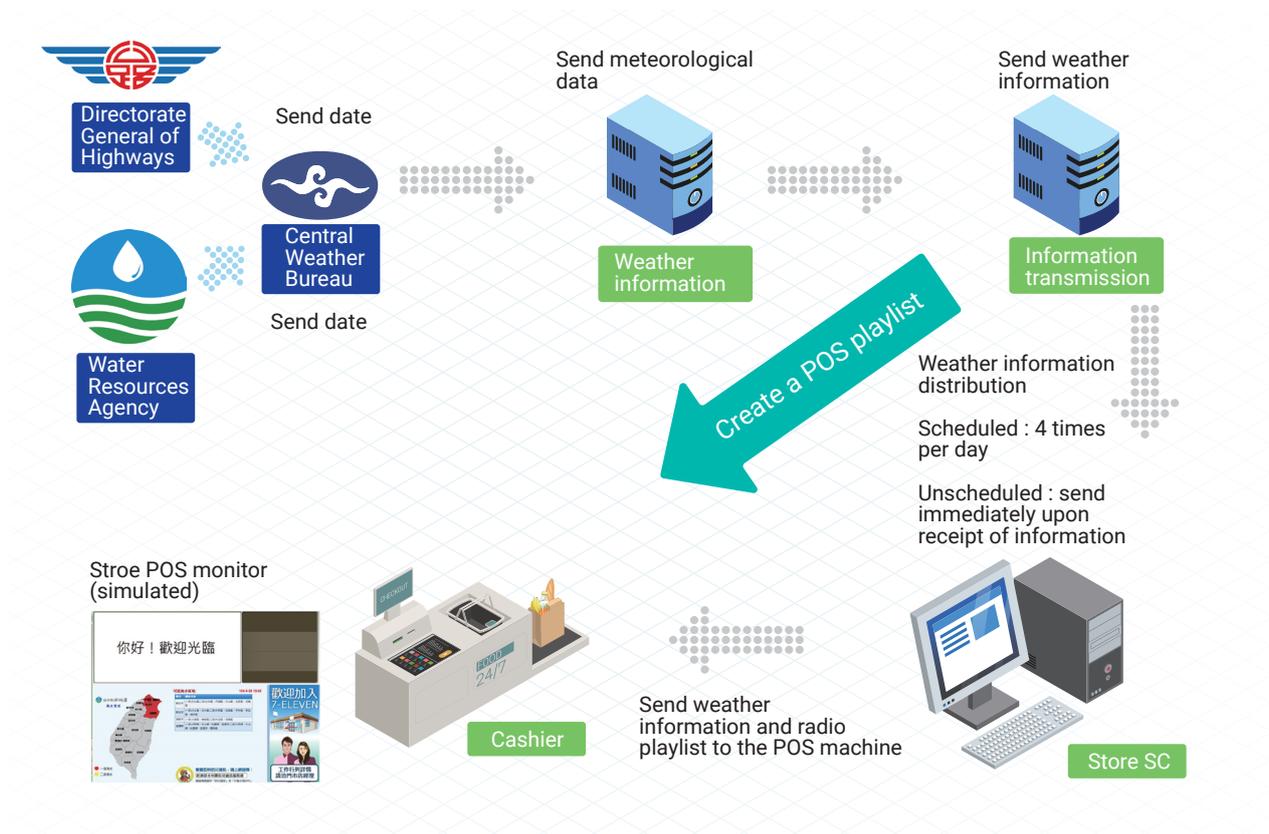
The operation of PCSC's stores is closely related to people's daily life. Hence, we utilized the wide distribution of our stores that are open 24/7 in our climate change adaptation strategy, and assist in reporting the disaster situation and providing warning information. Due to the growingly severe disasters caused by climate change, facing the physical impact brought by major disasters such as needing to repair buildings and facilities, PCSC also established the "Standards for Construction of Floodgates and Low Walls of Stores in Low-lying Areas" and stepped up training of store personnel, so that we will have better response and disaster relief abilities for typhoon and flood. This will allow stores to successfully maintain operations and improve their climate change adaptation ability and that of neighboring communities. We also provide online reminders to all stores before the torrential rain and typhoon season each year.

Climate risks		Risk description	PCSC's response
<b>Transition risks</b>	Fuel/Energy taxes or related laws	PCSC is considered a major energy user due to its contract power consumption exceeding 800 kW, and therefore must reduce power consumption by 1% each year.	<ul style="list-style-type: none"> <li>■ Set energy conservation and GHG reduction targets</li> <li>■ ISO 14064 inventory and verification is carried out each year</li> <li>■ Energy conservation and carbon reduction measures at the headquarter and stores</li> </ul>
<b>Physical risks - Acute</b>	Increased severity of extreme weather events, such as typhoon, and flood.	<ul style="list-style-type: none"> <li>■ The torrential rain in May 2019 flooded 68 stores.</li> <li>■ Typhoon Mitag in September 2019 damaged 9 stores.</li> </ul>	<ul style="list-style-type: none"> <li>■ We installed the weather information system to immediately issue weather and flood warnings to stores.</li> <li>■ Strengthened training of store personnel for response and disaster relief when a typhoon or flood occurs</li> <li>■ Established the Standards for Construction of Floodgates and Low Walls of Stores in Low-lying Areas</li> <li>■ Installed water tanks (500 L) in the storage room of stores</li> <li>■ Commissioned a vendor to check the completeness of disaster prevention/relief supplies in stores (power generator, pump, high pressure washer, searchlights, floodgate, sandbags, etc.)</li> <li>■ Natural disaster insurance covers losses and repair expenses of stores</li> </ul>

### Adaptation measures of stores in low-lying areas



### Schematic diagram of the weather information system





## 6.2 Implementation of Energy Conservation and Carbon Reduction

PCSC established energy policy to reduce the impact of energy consumption. While satisfying customers' needs, we use our stores as a base for energy conservation and carbon reduction utilizing the channel's advantage. We also exert our influence through the benefits of energy conservation.

### 6.2.1 Energy and Greenhouse Gas Management

PCSC's main business locations include stores (including retail stores and lifestyle centers) and offices (including the headquarter, regional offices, and training centers) around Taiwan and on offshore islands. Since 2017, we conducted GHG inventory according to ISO 14064-1:2006, and determined our overall GHG emissions, and also passed third party certification.

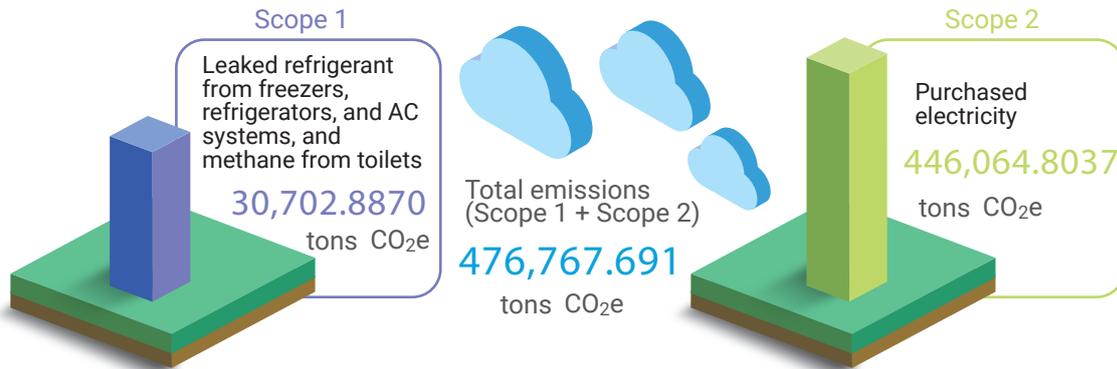
Environmental or Energy Management Certifications Obtained by PCSC	Business locations included in 2019	
	Stores (retail stores and lifestyle centers)	Offices & Training Centers
ISO14064-1:2006 GHG Inventory	5,761 stores <sup>Note</sup> , 22 lifestyle centers (excluding rented counters)	Headquarter, 8 regional offices, training centers

Note: The 5,761 stores in the 2019 inventory include 115 stores that were relocated or closed in 2019.

Total power consumption of PCSC business locations (including 22 lifestyle centers) covered in the inventory was 836,895,000 kWh in 2019, in which power consumption of convenience stores was 830,639,800 kWh, accounting for 99.25%. Scope 1 and Scope 2 GHG emissions of PCSC in 2019 was 476,767.691 tons/CO<sub>2</sub>e, in which 93.56% was Scope 2 emissions from purchased electricity. Scope 1 emissions accounted for 6.44% and was mainly due to leaked refrigerant from freezers, refrigerators, and AC systems at our stores. The scope of inventory was expanded to 5,761 stores in 2019, including 115 stores that were relocated or closed in 2019.

GHG emissions in 2019 decreased 20.79% compared with the previous year. The carbon emission factor in 2019 was 0.533 kg/kWh, down 3.79% from 0.554 kg/kWh in 2018. Furthermore, when calculating the amount of leaked refrigerant for Scope 1 this year, instead of using a fixed emission factor, we used the amount of refrigerant refilled during maintenance and repair of equipment that uses refrigerant, these are the reasons why GHG emissions decreased 77.68% from 137,580.0151 tons/CO<sub>2</sub>e in 2018 to 30,702.887 tons/CO<sub>2</sub>e in 2019.

### Scope of GHG inventory



Note 1: The boundaries of the inventory include 5,761 stores (including 115 stores that were relocated or closed), the headquarter, 8 regional offices, training centers, and 22 lifestyle centers.

Note 2: The calculation of Scope 2 emissions is location based. The electricity emission factor for 2019 has not been announced, so the factor of 0.533 kg CO<sub>2</sub>e/kWh in 2018 was used for calculation.

Note 3: Scope 1 and Scope 2 emissions were determined using the methodology of ISO 14064-1:2006; The national emission factor on the GHG inventory form was used as the emission factor; GWP uses values in the IPCC's Fourth Assessment Report in 2007. The scope of verification only includes Scope 1 + Scope 2.

## 6.2.2 GHG Emission Intensity per Unit Revenue and Reduction Targets

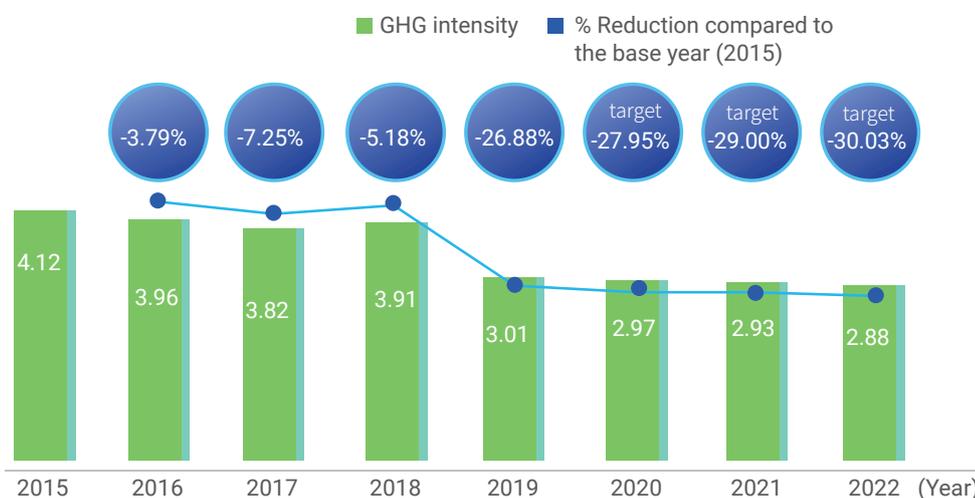
The main source of GHG emissions at PCSC is electricity consumption of stores. Considering that electricity consumption is related to the scale, equipment, and business type of stores, which will be reflected on operating revenue. We calculated the emission intensity per NT\$1 million and used it to set overall GHG reduction targets.

We use the 2015 GHG inventory results as the baseline for reduction targets. Considering future revenue growth and business expansion, we are committed to reducing GHG emission intensity (emission per NT\$1 million in revenue) by 9.26% before 2021. We achieved 92.67% of our reduction target in 2019. In the future, we will continue to review our progress in achieving targets, and update mid-term and long-term reduction targets after considering economic growth and advancements in energy-saving technologies.

Larger stores have higher refrigerant leakage due to the higher number of air conditioners in the store and storage room. Hence, we will evaluate the use of eco-friendly refrigerants, such as R448, to reduce Scope 1 GHG emissions. As for Scope 2 GHG emissions, excluded the electricity emission factor growing each year,

PCSC will implement energy conservation measures in stores and offices to gradually achieve reduction targets. We expect GHG emission intensity in 2022 to be 30.03% lower than the emission intensity in 2015 (baseline). PCSC's emission intensity per NT\$1 million in revenue was 3.01 tons/NT\$1 million in 2019, which was already 26.88% lower than 2015 (baseline).

### GHG Intensity Reduction Roadmap





### 6.2.3 Store and Office Energy Conservation

Electricity use by stores is the main source of PCSC's GHG emissions. Hence, we implemented energy conservation plans for existing and new stores, utilizing the channel's characteristics to achieve energy conservation and carbon reduction, while providing consumers with a convenient consumption experience. Departments of PCSC that are responsible for energy management include: Engineering and Technologies Department (store decoration), Operations Planning Department (assists store personnel in implementing energy management and energy conservation), and Administrative Management Team (monitors energy consumption by the headquarter and implements energy conservation actions). With each department carrying out different measures, PCSC's headquarter and stores all comply with principles for energy conservation and carbon reduction.

Considering the different patterns of electricity use by stores and the headquarter, PCSC has set annual performance indicators separately, so that reduction performance can be quantified based on the electricity intensity of stores and the headquarter.

#### ► Office Energy Conservation Actions

- Office rooms in the headquarter have different energy use patterns than stores. Besides updating the headquarters' electricity and paper reduction targets and performance indicators, we implemented the ESCO (Energy Service Company) energy conservation service system in 2019 to track electricity consumption and identify and reduce abnormal electricity use.
- The building has a full heat exchanger, which brings fresh cold air during the winter, lowers the operating frequency of air conditioners, while maintaining office space at a suitable temperature, thereby achieving energy conservation.
- We have stepped up efforts to promote the importance of energy conservation at our headquarter to raise the energy conservation awareness of all employees. We implement management by walking around, examine the operation of equipment on each floor, and immediately make improvements whenever any problems are found, ensuring the stable operation of equipment and achieving energy conservation.

#### ► Store Energy Conservation Actions

- We implemented the energy management system and compiled our GHG inventory each year. This allowed us to determine energy use characteristics of our stores and offices and identify GHG emission hotspots.
- PCSC established energy conservation rules for new stores in 2017, requiring new stores to use energy efficient equipment and systems, and gradually replacing old equipment of existing stores.
- PCSC began complying with energy conservation regulations of the Bureau of Energy for designated energy users in 2018. Actions include windbreak rooms to keep cool air inside, no longer using incandescent light bulbs, not setting air conditioner temperature lower than 26° C, reasonable lighting distribution, lighting reduction (increasing the distance between tubes) and lower brightness (lighting up a smaller area at night), shortening the time indoor lights are turned on, upgrading cold room and refrigerators, and installing constant-voltage variable-frequency hydraulic presses. These measures gradually improved the efficiency of energy use at our stores while maintaining service quality.
- We installed 2,794 sets of smart heating wire power savers on the doors of refrigerators in 2019, which will save 36,361,846 kWh.
- We focus on stores with electricity consumption higher than the average for their area and age, and assisted a total of 668 stores with making energy conservation improvements in 2019.
- Besides replacing energy-efficient equipment, all store personnel take training and are required to conduct regular checks on air-conditioning units, ventilation fans, lights, refrigerators, freezers, signs, and display windows in accordance with the "Store Energy-Saving Checklist" to ensure the efficient operation of all equipment.

- PCSC also renovate stores that have reached a certain age each year, in order to improve their energy efficiency. A total of 241 stores were renovated in 2019, and reduced electricity consumption by 6,272,442 kWh compared to 2018.

## ► Energy Conservation Performance

- Total electricity consumption by the headquarter of PCSC in 2019 was 27,607 kWh lower than the previous year, saving NT\$126,781 in electricity expenses.
- We provided guidance to 668 stores with high electricity expenses in 2019, and the average electricity savings per store was 3,267 kWh in 2019, saving approximately NT\$8,162,215 for the entire year.
- PCSC implemented 12 energy conservation action plans in 2019 and replaced/added 55,279 equipment and facilities, saving a total of 103,506,644 kWh, which is the equivalent of reducing GHG emissions by 55,169 tons CO<sub>2</sub>e. This reduced the electricity expenses of stores by a total of NT\$242.2 million. The amount of electricity saved is equal to the annual electricity consumption of 10,725.88 households.

2019 Store Energy Conservation Action Plan		Quantity replaced	Energy saved in 2019		GHG reduction (tonCO <sub>2</sub> e)
			kWh	GJ	
Equipment performance upgrade	Installation or replacement of inverter ACs in stores	1,536	31,406,786	112,577.0	16,739.8
	Energy savings from new third-generation combination refrigerator	641	7,814,026	28,009.2	4,164.9
	Installation of new energy efficient freezer	716	2,677,756	9,598.4	1,427.2
	The arcades of new stores are installed with LED lights (RC/FC2/FC1), each saves 10.08 kWh	5,535	3,793,951	13,599.3	2,022.2
	The arcades of existing stores are installed with LED lights (RC/FC2), each saves 5.04 kWh	1,593	1,143,748	4,099.7	609.6
	The signs of new stores use LED lights (RC/FC2/FC1), each saves 5.04 kWh	24,279	7,575,558	27,154.4	4,037.8
	Constant-voltage variable-frequency hydraulic presses	625	273,951	982.0	146.0
	Installation of LED lights inside stores	16,541	8,811,139	31,583.4	4,696.3
Improvement of the heat exchange environment	Introduction of windbreak room	171	1,141,135	4,090.4	608.2
	New stores are installed with DC fans (RC/FC2/FC1)	384	201,436	722.0	107.4
	DC variable frequency circulation fans in scores	464	2,305,311	8,263.3	1,228.7
Improvement heating time of heating wire	Electricity savings from heating wires of combination refrigerators in existing stores	2,794	36,361,846	130,338.3	19,380.9
<b>Total</b>		<b>55,279</b>	<b>103,506,644</b>	<b>371,017.50</b>	<b>55,169.0</b>

Note 1: The total energy savings from various plans is estimated by multiplying the difference between values measured before and after improvement by the total number of equipment replaced. The estimation method is as follows: 1. Compare the electricity consumption of constant frequency air conditioners; 2. Install an electricity meter and calculate the number of kWh used before and after improvement; 3. Calculate the difference in electricity consumption based on the average number of T5 lights and LED lights used in stores; 4. Calculate the difference in electricity consumption based on the average number of T6 lights and LED lights used in stores; 5. Compare electricity consumption with signs that use T5 lights; 6. Compare electricity consumption with constant-frequency hydraulic presses; 7. Compare the average electricity consumption after introducing the windbreak room.

Note 2: In 2019, regional managers and engineers of PCSC provided more active energy conservation guidance measures to 668 stores with monthly electricity expenses that are higher than the average for their group, which is divided by floor area. Measures include replacing energy-consuming and old equipment, improving the equipment cooling environment, lighting planning, replacing lights with LED lights, and strengthening energy conservation education to raise the awareness of store personnel. The 668 stores that received guidance reduced electricity consumption by 103,506,644 kWh in 2019, saving NT\$242.2 million in electricity expenses.



## Energy-saving designs at PCSC stores

**Signage lighting reduction and dimming**

- Reduce from the original three rows of light tubes to two.
- Reduce the lighted sectors at night.
- Plan to replace signage T5 light tubes to LED tubes, introduce intelligent lighting systems and adjust lighting brightness at different time periods.

**Smart outdoor lighting configuration**

- Adjust the originally crowded configuration to interval spacing to reduce the number of lighting tubes required
- Sidewalk lighting fixtures upgraded to LED from T5 tubes

**Building insulation measures**

- Install roof insulation and roof ventilators
- Utilize insulating building materials, replace steel panels with 1/2B brick walls to prevent heat conduction
- No glass design for east-west side windows
- Plant trees to block the sun in western facing areas

**Inverter air conditioners with circulation fans**

Use high-efficiency inverter air conditioner units combined with circular fans to achieve highly efficient cooling.

**Second-generation combination refrigerators**

- Utilize DC exhaust fans, LED lighting
- Defroster coils upgraded to smart control, improve the 24 hour continued energy consumption model

**Energy-saving windbreak rooms**

- Where feasible and allowed by law, windbreak rooms installed outside automatic doors to keep cold indoor air in and bugs out.

**Reduce indoor lighting usage hours**

- For stores without building overhangs, window light fixtures and lighted signage are linked
- Customer seating areas managed by time intervals

**Store lighting tube configuration**

- Adjust the originally crowded configuration to interval spacing to reduce the number of lighting tubes required

Projection lights, lighted coffee signage, and refrigerator lighting changed to LED light fixtures

## ► Energy Efficiency Indicator

Since most stores are open around the clock, their electricity consumption pattern is different from the headquarter, regional offices, and training centers. To effectively monitor the electricity consumption of stores and gradually improve their electricity efficiency, we established an EUI based on electricity intensity and reduction targets for stores, and tracked the progress each month.

The electricity intensity reduction target for stores in 2019 was to lower electricity intensity by 12% compared to 2014, or lower 1.5% compared to 2018. The actual electricity intensity of our stores was 947 kWh/m<sup>2</sup> in 2019, and is 1.45% lower than 2018 and 13.4% lower than 2014. Compared with 2014, we have already achieved the electricity intensity reduction target this year; Compared with 2018, we did not reach the target because the number of stores that carried out renovation and improvement in 2019 fell short of expectations, and stores added relatively more equipment this year. We will continue to improve the electricity consumption by stores in the future.

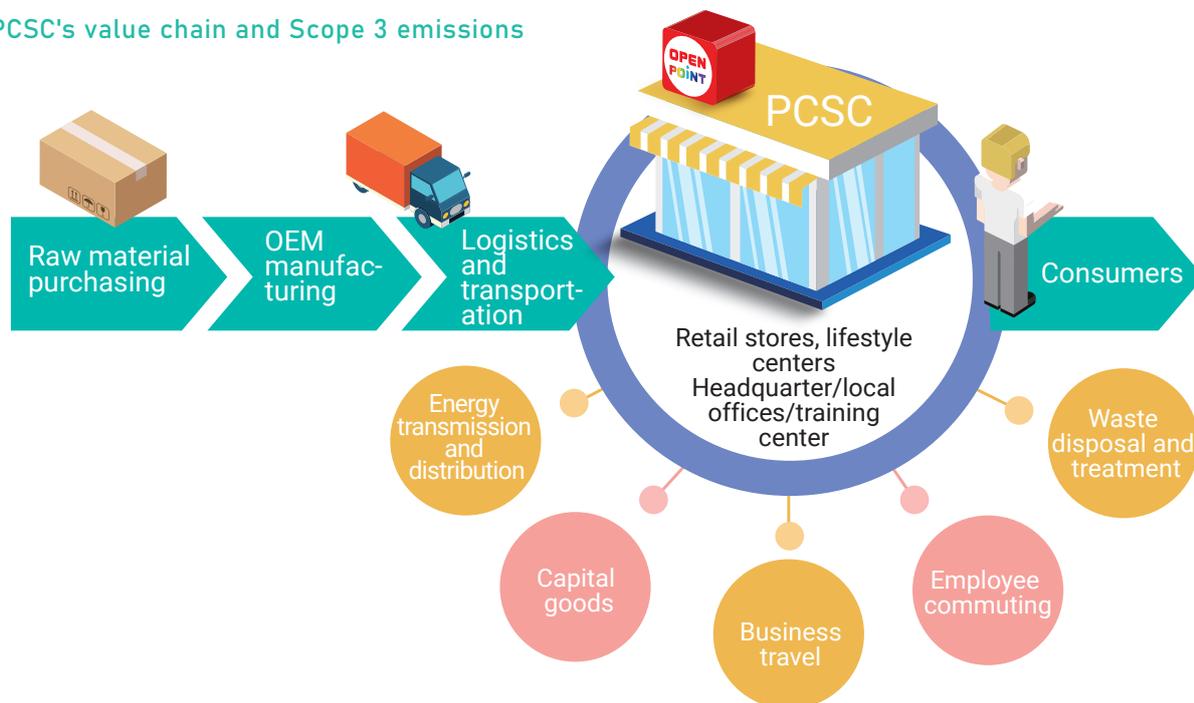
Furthermore, PCSC's electricity consumption per unit revenue was 5.39 (kWh/NT\$1,000) in 2019. For office staff to also implement energy conservation in daily operations, the headquarter implements target management and sets annual energy conservation targets based on EUI. We also implemented numerous energy conservation measures and promotion plans to raise the awareness of all employees. The headquarters' EUI was 159.1 kWh/m<sup>2</sup> in 2019, down 2.4% compared with the previous year, and surpassed the original reduction goal (reduction of 0.5% compared with the previous year) by a large margin.

EUI <sup>Note</sup> (kWh/m <sup>2</sup> )*						
Year	2014	2015	2016	2017	2018	2019
Store	1,094	1,046	1,012	1,008	962	947

Note: The EUI of stores is calculated as the electricity consumption per ping (approximately 35.58 square feet) based on the data provided by Taiwan Power Company each month; the EUI for stores in areas without any data from Taiwan Power Company is estimated on this basis. The two are added to find the total electricity consumption that month, which is then divided by total floor area.

## 6.2.4 Scope 3 GHG Emissions

### PCSC's value chain and Scope 3 emissions



To step up management of GHG emissions, we not only compiled a GHG inventory of Scope 1 and Scope 2 emissions in accordance with ISO14064-1:2006, but also identified GHG emissions from other indirect activities from the perspective of our value chain. These are known as Scope 3 GHG Emissions. We expect to gradually control the emission sources in our value chain through quantitative data, so as to understand the carbon footprint of stores' value creation process. With consideration to the feasibility of information collection and quantification, the main Scope 3 emissions of PCSC in 2019 include:

1. Upstream distribution (C4)
2. Fuel and energy related activities (C3)
3. Capital goods (C2)

### ► Upstream distribution

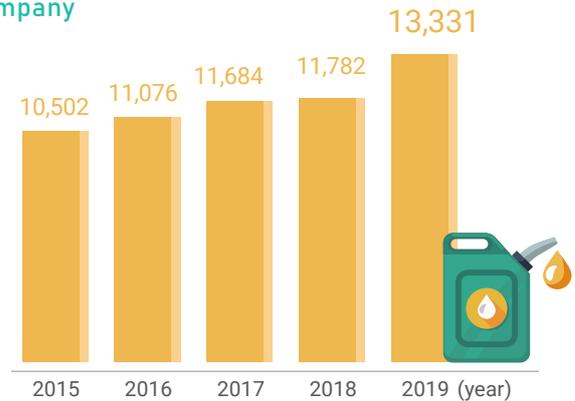
Upstream distribution refers to distribution by the logistics company, which is an important link in maintaining the smooth operation of PCSC's value chain, and is the most relevant source of Scope 3 GHG emissions. Retail Support International, UPCC, and Wisdom Distribution Service Corp. are responsible for centralized ordering and sorting, and split the responsibility for delivering products sold in stores based on their preservation conditions, product properties, and items. Furthermore, President Logistics International Corp. is responsible for the overall management of the logistics fleet including fuel consumption monitoring, introduction of green vehicles, electric carriers, and training logisticians.



We compiled statistics on the energy (diesel fuel) consumption necessary for logistics companies to provide logistics services in an entire year, and use it to estimate Scope 3 emissions. We further encourage logistics companies to implement energy conservation measures.

Total diesel fuel consumption of logistics companies for distribution was 13,331 kL in 2019, and approximately 9.51% more than previous year. Based on the fuel consumption, we estimated Scope 3 emissions at 35,331.61 tons CO<sub>2</sub>e.

Diesel fuel consumption statistics of logistics company



### ► Fuel and energy related activities

Purchased electricity is the main energy used by PCSC. When electricity is transmitted from generators to users, the resistance in transformers and switches will cause a portion of the electricity to be converted into heat, resulting in loss. Taiwan Power Company's electricity loss rate from transmission line was 3.86% in 2019, and we estimated GHG emissions from electricity loss in the transmission and distribution process at 17,218.11 tons CO<sub>2</sub>e in 2019.

### ► Capital goods

PCSC reviewed the IT related capital goods that were used in 2019, and selected the top 10 goods in terms of quantity. Scope 3 GHG emissions were then estimated from the perspective of product life cycle. With consideration to the availability of data on the top 10 goods, we were only able to obtain information on carbon emissions from LCD monitors in stores. Hence, the calculation of Scope 3 emissions in 2019 only includes LCD monitors in stores and the number of laser printers in the back office that was included in calculations in 2018. GHG emissions from IT-related capital goods was approximately 1,218.76 tons CO<sub>2</sub>e in 2019, which was about 3.5 times that of 2018, and was mainly due to 4.7 times the number of LCD monitors replaced in stores in 2019 compared to 2018; the number of laser printers that was replaced in the back office also increased by 1.4 times.

Of the Scope 3 emissions we were able to collect information on, energy-related emissions, such as diesel fuel consumption by logistics companies and electricity loss during transmission and distribution, are still the main source of emissions. PCSC will continue to compile an inventory of Scope 3 emissions to understand the environmental impact of its value chain, and fulfill our responsibility to lead retail channels.

Scope 3 emissions	Source of emissions	Quantity used in 2019	Scope 3 emission in 2019 (tons of CO <sub>2</sub> e)	Scope 3 energy consumption in 2019 (GJ)
Upstream distribution (C4)	Diesel fuel consumption by logistics company	13,331(kL)	35,331.61	466,734.06
Capital goods (C2)	IT product purchases (store LCD monitors and laser printers in the back office)	3,095 LCD monitors 230 laser printers	1,218.76	-
Fuel and energy related activities (C3)	Electricity loss from transmission and distribution during electricity use	Lost 32,304,147 kWh	17,218.11	116,294.93
Total Scope 3 emissions		-	53,768.48	583,028.99

## 6.2.5 Energy Conservation Actions of Logistics Companies

PCSC's commitment to energy conservation and carbon reduction is not only implemented in stores and offices, but also in influencing logistics affiliates in improving their logistics efficiency:

- Reducing GHG emissions from logistics by replacing old vehicles with more eco-friendly vehicles
- Optimizing the distribution process of logistics affiliates, including merging delivery routes to reduce the number of trips, and integrating primary logistics to reduce the number of trips.
- Simplifying operating procedures to shorten the wait time of refrigerated vehicles at stores and increase the energy use efficiency of vehicles.

President Logistics International Corp. is committed to replacing old logistic vehicles (emission control phases 3 and 4) with the latest emission control phase 5 vehicles, and aims to replace 267 vehicles before the end of 2020. Its 2019 goal was to purchase 56 of the latest vehicles, and has replaced 105 old vehicles with total cost of fixed assets at NT\$223,835,000. As of the end of 2019, it replaced 264 emission control phase 3 vehicles and 155 emission control phase 4 vehicles. Actions of logistics affiliates for reducing energy consumption and GHG emissions in 2019 are summarized below.

Logistics-related Energy Conservation Action Plans in 2019		Quantity	Benefits from Individual Energy Conservation Action	GHG reduction (Tons of CO <sub>2</sub> e)
President Logistics International Corp.	Replacement of old logistics vehicles	60 emission control phase 3 vehicles	Each vehicle reduces CO <sub>2</sub> emission by approximately 59.4 kg	4.18
		45 emission control phase 4 vehicles	Each vehicle reduces CO <sub>2</sub> emission by approximately 13.71kg	
	The headquarter replaced all lights with energy efficient LED lights and installed air conditioners with monitoring functions	107 lights (428 lamps)	Each lamp that is replaced is 56W lower. Assuming that lamps are used 9H a day and 250 days a year, this is expected to reduce power consumption by 13,482 kWh in 2019.	7.2
Retail Support International (RSI)	Replaced all lights at Zhongli Plant, Starbucks, and low temperature DC with LED lights	2072 lights (4,287 lamps)	Assuming the lights are used 22 days a month, this is expected to reduce power consumption by 12,050 kWh each month, and by 144,598 kWh in 2019.	77.1
UPCC	Replaced lights at Badu DC and Zhongli Fresh Food DC with LED light bulbs.	292 lights (292 light bulbs)	Assuming the light bulbs are on 16H a day and approximately 5840H a year, this replacement will reduce power consumption by approximately 27,284 kWh a year.	14.5
	Cold storage box with dry ice was originally used for sorting, but was changed to third generation frozen cooler bag and cool storage preservation plate in June 2018	The use of dry ice was reduced by approximately 188 tons after this change		188
Wisdom Distribution Service Corp.	Water chiller efficiency improved through software – Benefits from setting timer to turn on and off	The replacement will reduce overall power consumption by 65.2kW. Assuming that lamps are used 10H a day and 30 days a month, this is expected to reduce power consumption by 234,720 kWh in 2019.		125.1
<b>Total Emission Reduction from Logistics-related Energy Conservation Action Plans</b>				<b>420.3</b>

Note: The electricity emission factor for 2019 has not been announced, so the factor of 0.533 kg CO<sub>2</sub>e/kWh in 2018 was used for calculation.

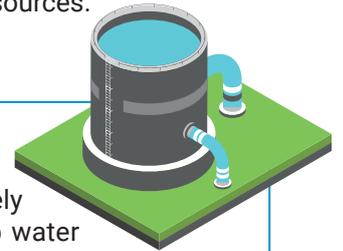


## 6.3 Resource Efficiency

Extreme weather events as well as natural resource consumption and shortage caused by climate change have made water and waste management an extremely important part of PCSC's value chain. In the stores business model, providing consumers with products and services is directly or indirectly affected by the stability of water supply and water quality, especially in areas that experience water shortages. Analyzing the water consumption patterns of stores, we identified water consumption hotspots and installed water-saving equipment to lower the impact of operations on local water resources.

### “ Water Conservation and Waste Management ”

- We made adjustments to facilities for water conservation, including using water-saving faucets, adjusting the water flow of the sink and toilet, immediately calling the plumber when there is a leak in the faucet or toilet, and putting up water conservation reminders in a clearly visible place.
- Recyclables are gathered in the recycling area and sorted into paper, glass, plastic, etc. for a professional recycling company to recycle and reuse. General waste is cleared by local environmental protection department and incinerated.



As more and more people call for plastic reduction, countries in Europe and America have made it a policy to restrict the use of single-use plastic products starting in 2019. Taiwan government began enforcing the policy to prohibit the use of plastic straws in schools, department stores, fast food restaurants, and government agencies starting on July 1. Even though PCSC is not on the list of controlled sites, we voluntarily participated in this plastic reduction action. PCSC no longer provide customers with plastic straws at 800 stores starting in August, and expanded the action to all stores in September. According to PCSC's Operations Planning Department, it's estimated that plastic straw used reduced by 229 million in the six months after the reduction action was implemented in 2019, reducing plastic straw used by an average of 38.16 million a month. This is expected to reduce plastic straw use by 458 million straws in a year. Changing consumers' habits is a challenge that we faced when the policy to prohibit plastic straw use was first implemented. PCSC began by making adjustments to the cup lid of beverages starting on July 1. Besides using sippy cup lids at stores in the four types of places where straws are banned, all beverages sold in other stores in Northern Taiwan also began providing sippy cup lids mid-July, and we gradually expanded to all stores.



Besides supporting government policy to restrict the use of plastic straws, PCSC also began to use eco-friendly packaging materials for private label products, such as: bio-based PLA materials, PSC certified packaging, recycled cup sleeves and stands, and used recyclable product packaging. We give priority to eco-friendly materials and certified packaging materials during purchases, and also proposed designs of lighter packaging materials, in hopes of gradually reducing plastic use. Logistics companies that we have worked with for a long period of time use reusable boxes and pallets instead of disposable paper boxes, which reduces the waste generated from packaging in the distribution process.

To fulfill the social responsibility of retailers and increase waste reduction and recycling rate, PCSC utilized the extensive distribution of its stores to support the Environmental Protection Administration's policy to recycle batteries and IT waste in exchange for vouchers. This will prevent such waste from entering the general waste disposal system and having a negative impact on soil and water. PCSC established an Equipment Center and internal recycling system to show the spirit of cherishing and not wasting things. The center collects old equipment released by stores that were renovated or closed, and then repairs, refurbishes, and reuses the equipment to reduce expenses and effectively prevent resource waste, which also achieves waste reduction.

### 6.3.1 Water Resource Management

All business locations of PCSC use tap water, and stores account for the majority of water consumption. The Engineering and Technology Department examined areas where stores use more water, and determined the following water consumption hotspots: restrooms for customers, sprinklers, and the sink at the counter. We installed water-saving facilities to adjust water flow to 500 cc per second, which reduced the water consumption at stores.

The headquarter is also actively participating in water conservation actions. We reduced the water flow of faucets in restrooms and pantries and installed water savers in urinals in 2019. The headquarter set the following annual water conservation goal: Reduce average water consumption per person by 0.5% compared to the previous year, and implement water conservation measures via target management. Total water consumption of the headquarter was 5,318 m<sup>3</sup> in 2019, average water consumption per person was 6.7 m<sup>3</sup>, down 6.9% compared with the previous year, surpassing the water conservation goal for the headquarter (reduce water consumption by 0.5% compared with the previous year).

Water consumption of PCSC business locations in 2019

Category	Scope	Amount in 2019
Actual water consumption	Headquarter	5,318(m <sup>3</sup> )
	3,763 stores	1,758,809(m <sup>3</sup> )
Estimated water consumption <sup>Note</sup>	8 regional offices	11,221(m <sup>3</sup> )
	1,892 stores	884,312(m <sup>3</sup> )
Total water consumption		2,659,660(m <sup>3</sup> )

Note: The water consumption of regional offices is estimated based on the average water consumption per person at the headquarter and the number of employees in regional offices. The water consumption of stores is estimated based on the average water consumption of stores for which actual statistics are available and the total number of stores. The water consumption patterns of training centers and lifestyle centers is different from the headquarter and stores, and were therefore excluded from estimates.

After analyzing the correlation between operating activities and water consumption of stores, we considered the effect of future PSD growth and store growth, and have made a commitment to maintain the intensity between average water consumption of stores and PSD at the 0.5% level of 2018 between 2019 and 2021. We will continue to track the relationship strength between water consumption and PSD, and use it as the basis for setting future goals. The relationship strength of water consumption by stores was 0.6% in 2019. The slight difference from the target value was due to the increase in beverage sales of stores in 2019 compared with 2018, resulting in the relationship strength of water consumption exceeding the target value. PCSC stepped up the promotion of water conservation measures that have room for further improvement in 2019, including reminders to turn off the faucet in the restroom of stores, immediately finding and repairing leaks when leaks occur or the water bill suddenly increases, in order to reduce the waste of water resources.

### 6.3.2 Waste Management

PCSC stores are separately responsible for waste clearance method and costs. Hence, it is relatively hard to gather data on overall waste generation and clearance. Starting in 2018, we surveyed stores that commissioned a waste clearance company, and found that this included a total of 645 stores located in Taipei City and New Taipei City in 2019. According to the waste clearance company, an average of 453,318 kg of waste is cleared each month, and we estimated the total weight of waste cleared each year on this basis. Furthermore, we analyzed the correlation between the number of seats in stores and weight of waste cleared, and found that stores with more seats had to clear far more waste than stores without seats due to consumers dining in.

Amount of non-recyclable waste cleared in 2019

Category	Scope	Amount in 2019
Actual statistics	Headquarter	24.09 Tons
	645 stores	5,262.49 Tons <sup>Note 2</sup>
Estimate <sup>Note 1</sup>	8 regional offices	50.85 Tons
	The remaining 5,010 stores	42,253.45 Tons
Total amount of waste cleared		47,768.22 Tons

Note 1: The total amount of waste cleared in regional offices is estimated based on the average amount of waste generated per person at the headquarter and the number of employees in the headquarter/regional offices in 2018. The total amount of waste cleared in stores is estimated based on the average amount of waste cleared per store provided by the waste clearance company and the total number of stores. The waste generation patterns of training centers and lifestyle centers are different from the headquarter and stores, and were therefore excluded from estimates.

Note 2: Data on the amount of kitchen waste cleared from stores by the waste clearance company is available starting in 2019. Hence, the weight of kitchen waste was deducted from the total weight of waste cleared from stores in 2019.



The total weight of non-recyclable waste cleared from the headquarter of PCSC in 2019 reached 24,099 kg. After analyzing the correlation between operating activities and waste generation of stores, we considered the effect of future PSD growth and store growth, and have made a commitment to maintain the relationship strength between waste generation of stores and PSD at 0.9% between 2019 and 2021. We will continue to track the intensity between waste clearance and PSD, and use it as the basis for setting future targets. The intensity of waste clearance by stores reached the goal of 0.9% in 2019. We will continue to track waste clearance by stores, and will maintain the relationship strength of waste clearance at the target value.

### 6.3.3 Convenient Recycling Platform

PCSC effectively combined "convenience" with "recycling" as early as 1995, starting from recycling batteries to encourage people to recycle. PCSC began to cooperate with the Environmental Protection Administration's policy in 2010, and allowed people to recycle IT-related waste at stores, including batteries, laptops, CDs, mobile phones, and chargers, utilizing the large number of stores to make recycling more convenient. PCSC provides vouchers in the amount of NT\$3 to NT\$120 based on the type and quantity of IT-related waste that is recycled, encouraging people to use stores service for recycling. This initiative has produced excellent results over the years. As revenue from CITY CAFE continued to grow, PCSC also began recycling the empty milk bottles. Utilizing the distribution process of logistics companies, recycled goods are gathered from stores through the reverse logistics system and then further sorted and handled.

#### Reverse logistics recycling performance of logistics companies in 2019

Category	Retail Support International (RSI)	UPCC	Wisdom Distribution Service Corp.	Total
Plastics (kg)	503,392	127,264	45,654	676,310
Paper and paper containers (kg)	4,721,561	2,897,864	1,297,387	8,916,812
Metals (kg)	0	10,239	2,587	12,826
Batteries (kg)	327,155	0	0	327,155
CDs (kg)	65,889	0	0	65,889
Mobile phones (units)	124,301	0	0	124,301
Chargers (units)	69,534	0	0	69,534
Notebooks (units)	9,722	0	0	9,722

Note: IT-related goods include mobile phones, chargers, and laptops.

PCSC has spared no effort in the promotion of recycling. We set the goal to reduce average paper consumption per person by 0.5% in 2019, in order to encourage employees in headquarter to conserve resources. We also promoted the use of electronic files instead of printing, scanning, and photocopying, so as to reduce paper consumption in the office and for administrative procedures. Average paper consumption per person in 2019 decreased 0.6% compared to the previous year, exceeding the original goal. Recycling is implemented at our headquarter, and 15,272.2 kg of waste was recycled in 2019, up approximately 31% compared with the previous year.

Recycling at the headquarter in 2019		
Paper	Paper	6,859 kg
	Carton	6,462 kg
Plastic bottles		1,503 kg
Tin cans		374 kg
Aluminum cans		74.2 kg
Total		15,272.2 kg

### 6.3.4 Store Equipment Reuse

PCSC established the Equipment Center to show the spirit of cherishing things, and recycles and refurbishes air conditioners, refrigerators, oden machines, and microwaves from stores that were renovated or closed, thereby preventing waste of resources and reducing waste generation. This also reduces expenses from equipment purchase. Number of machines refurbished and reused in 2019 reached 1,525, saving equipment purchase expenses reaching NT\$50,266,866.

Equipment	Number of machines refurbished and reused	Refurbishment expense (NTD)	Savings from equipment purchase (NTD)
34 types of equipment, including air conditioners, refrigerators, oden machines, and microwaves	1,525	6,460,526	50,266,866

## 6.4 Green Accounting & Green Procurement

### 6.4.1 Green Accounting

(1) Environmental accounting (green accounting):

PCSC provides consumers with safe, convenient products and innovative services in the spirit of corporate social responsibility. At the same time, we promote an eco-friendly lifestyle based around energy conservation, carbon reduction, and caring for the planet. PCSC continues to make additional contributions to society and charity through our founding ideal of "Friendly 24-hour Service, Happiness is Always Near." We convert tangible actions into financial data through the green accounting system, and compiled statistics on our environmental expenses (as shown in the table below). PCSC invested approximately NT\$1 billion on environmental protection assets and expenses in 2019, which mainly includes:

- Approximately NT\$140 million on eco-friendly packaging materials and testing
- Approximately NT\$170 million on variable-frequency equipment installed in stores for energy conservation and carbon reduction
- Approximately NT\$320 million on environment cleaning and greening and waste disposal
- Approximately NT\$120 million on eco-friendly equipment and green procurements by stores
- Approximately NT\$40 million on internal and external environmental protection promotion events and participation in social welfare events. Other policies that were implemented include: Better food safety management, plasticizer and pesticide testing, paper reduction, resource recycling, and promotion of Good Neighbor Funfest.

(2) Overview of environmental expenditures:

#### Statistics on environmental expenditures:

Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investment (NT\$1,000)	Expense (NT\$1,000)	Total
Merchandise	Switched to environment friendly packaging for products; Fresh food product inspections.	Purchased eco-friendly PLA packaging and coffee stands; Not using preservatives in fresh foods. Testing for agricultural chemical residue and other issues.	Protect people's health by taking safety and environmental impact into account.	—	144,798	144,798
Store	Implemented energy conservation measures	Purchase of energy-saving equipment - Installed 494 energy-saving devices, purchased 516 in-store AC circulating fans, installed 1,861 inverter AC units, installed 3,899 sets of LED lights, installed 1,036 sets of T5 lights, and implemented off-peak power off/standby function for 177 slurpee machines.	Conserve energy to reduce carbon emissions	157,503	17,153	174,656



Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investment (NT\$1,000)	Expense (NT\$1,000)	Total
Store	Cleaning and waste disposal	Cleaning and greening store environments, and the management of waste disposal.	Maintaining a clean environment	—	316,890	316,890
	Extended the service life of equipment and building materials	Introduction of steel counters at 1042 stores. Recovery and refurbishing of equipment for reuse.	Reduced the logging of trees and wasting resources	127,524	33,987	161,511
	Sustainable procurement	Purchased energy-saving equipment and eco-friendly paper/building materials; promoted the use of e-invoices.	Compliance with EU standards and FSC certification to cut energy consumption and reduce carbon emissions	—	124,141	124,141
Distribution	The President Logistics fleet, as well as the RSI and Wisdom logistics centers worked together to provide a reverse logistics system offering improved distribution efficiency and resource recycling	Investment in manpower and equipment for store reverse logistics.	Store recycling: 327 tons of used batteries, 66 tons of discarded CDs, 9,000 discarded laptops, 124,000 discarded mobile phones, and 69,000 discarded travel chargers/docks.	—	3,110	3,110
Internal environmental education	Environmental education and office recycling	Promotion of a paper-saving office environment, environment clean-up and greening, waste recycling.	Support Office: 1,503 kg of plastic bottles, 13,321 kg of paper products, and 448.2 kg of aluminum cans.	—	28,354	28,354
Contribution to society	Hosted or participated in environmental protection or charity events	Advocated conservation, cherishing all things, and CSR; sponsored environmental protection organizations.	7-Eleven the Love Charity Donation Program cares for the elderly and disadvantaged, and continues to find new interesting ways to interact with people and provide a unique donation experience, which will improve fundraising results! We took action to show our love by releasing the film What Time Is It? Café in 2019!	—	43,897	43,897
<b>Total</b>				<b>285,027</b>	<b>712,331</b>	<b>997,358</b>

(3) Benefits from main investments in environmental protection (energy-saving benefits from main eco-friendly equipment):

- Installation of circulation fans in stores: Invested NT\$1,448,000 to install 516 circulation fans, which will save 69,000 kWh/month and approximately 830,000 kWh/year.
- Installation of energy saving devices: Invested NT\$41,103,000 to install 494 devices, which will save 619,000 kWh/month and approximately 7.43 million kWh/year.

- Installation of inverter ACs: Invested NT\$112,930,000 to install 1,861 inverter ACs, which will save 672,000 kWh/month and approximately 8.06 million kWh/year.
- Installation of LED T5 lights in stores: Invested 2,023,000 to install 4,935 sets, which will save 254,000 kWh/month and approximately 2.16 million kWh/year.
- Slurpee machine suspension/hibernation mode during off season: 177 slurpee machines are suspended for repairs for four months or in hibernation mode for 6 hours a day during the off season, which will save approximately 133,000 kWh a year.
- Installation of steel counters: Invested NT\$127,524,000 to install 1,042 sets, and prevented 5,210 trees from being cut down. If counters are made from wood, not only will it require trees to be cut down, but also result in a shorter service life, and the counter cannot be recycled and reused. Counters made from steel have a longer service life and can be recycled and reused.

(4) Information on the EU RoHS: Products of the Company and its subsidiaries are not directly or indirectly exported to Europe and do not involve the EU RoHS.

## 6.4.2 Sustainable Procurement

Green procurement items include equipment that have obtained the Green Mark or Energy-Saving Mark, such as lights, air conditioners, IT-related products, coffee machines, and energy-saving devices, printing paper with the PAPER STAR Carbon Footprint Label, FSC certified stirrers and disposable chopsticks, and green construction materials used to renovate stores. PCSC purchases products and equipment that meet environmental standards, so that we can reduce the consumption of natural resources and mitigate the impact on the environment, while maintaining smooth operations and providing high quality services. The total amount of green procurements reached NT\$1.403 billion in 2019, which accounted for 14.08% of PCSC's annual procurement amount, achieving the goal of accounting for 5.5% of the annual procurement amount.

Item	Number	Purchase Amount (NT\$1,000)	Environmental protection mark/ Green certification
Inverter AC	1,861 units	112,930	Energy-saving mark
LCD monitor	3,744 units	23,051	Energy Star
Computer	23 units	399	Energy Star
UPS	690 units	8,783	RoHS
Coffee machine	4030 units	1,065,834	RoHS
Electricity saving device	494 units	41,103	Self-declared
Laser printer	289 units	964	Environmental protection mark
Eco-friendly packaging materials PLA - Coffee cups, ice cream cups/slurpee cups	31,168,303	48,664	Energy-saving mark
Desktop scanner	1,500 units	5,520	RoHS
OURS internal publication	11	225	FSC Certification
T5 lights	1,036	828	Energy-saving mark
T5 lights	1,666	83	Energy-saving mark
Green construction materials	14,675	37,986	Green construction material label
Circulation fan	516	1,448	Energy-saving mark
LED lights	3,899	1,110	Energy-saving mark
Printing paper	53,913 packs	3,626	PAPER STAR printing paper carbon footprint certificate
Stirrer	594,768 packs	14,901	FSC Certification
PLA straws	154,465 packs	6,652	Energy-saving mark
Disposable chopsticks (100 per pack)	869,475 packs	29,138	FSC Certification
<b>Total purchase amount</b>		<b>NT\$1,403,245,000</b>	



# Appendix

## PCSC 2016-2019 Social Data

### ► Occupational injury statistic (excluding traffic accidents):

	2016	2017	2018	2019
Injury rate	1.37	1.82	1.97	1.29
Lost workday rate	16.59	19.68	31.59	35.71
Annual occupational hazards per 1000 workers	2.29	3.55	3.70	2.30
Frequency-severity indicator	0.15	0.19	0.25	0.21

### ► Average hours of employee education and training (classroom and online courses)

Year	Number of employees	Total training hours	Average time trained (hours per person)
2016	7,850	231,011	29.43
2017	7,877	238,789	30.31
2018	8,101	259,447	32.03
2019	8,430	325,186	38.57

### ► Number of events and participants of Good Neighbor Funfests Activities

Year	2016	2017	2018	2019
Number of events	5,456	12,087	16,990	17,960
Number of participants	151,075	272,000	358,437	368,641

### ► Event Outcomes of Millennium Health Station

	2016	2017	2018	2019
Number of stores with Millennium Health Stations	677	677	664	677
Number of Event Participants	38,287	35,019	33,893	34,281

### ► Outcomes of Fundraising for Charity from ibon Machine Donations

Year	Total Number of Donations	Total Amount Donated (in NT\$)	Average Donation Amount (in NT\$)
2016	429,295	572,869,140	1,334.4
2017	148,204	90,511,910	610.73
2018	261,727	240,195,870	917.73
2019	184,464	112,407,601	609.37

## PCSC 2016-2019 Environmental Data

### 1. Energy Consumption<sup>Note</sup>

Annual energy consumption of business locations					
Unit : 10 <sup>4</sup> kWh	2016	2017	2018	2019	2019 Target
Headquarter	125	116	113.4	111.3	--
Stores	82,613	81,583	83,149.8	83,063.9	--
Lifestyle center	No inventory before 2016		410.9	410.9	--
Regional offices and training centers	97	98	140.1	103.4	--
Total	82,835	81,798	83,814.2	83,689.5	85,071.4
Coverage (%)	99.03%	96.95%	99.48%	99.51%	--

Note: The energy consumption of retail locations in 2015 and 2016 were estimated by using monthly data provided by Taiwan Power Company and the area data of the retail locations. The inventory boundary was expanded in 2016 to include local offices and the training center. The energy consumption in 2017 to 2019 were the activity data of purchased electricity from the GHG inventory verified by the third party.

### 2. Cost of Energy

Year	2016	2017	2018	2019
Cost of energy (NT\$ 1,000)	2,173,833	2,135,407	2,112,392	2,253,012

Note: Costs from the headquarter building and retail locations were included and the costs from local offices, training centers and lifestyle centers are not included.

### 3. Greenhouse Gas Emissions

Year	GHG Emission (metric ton CO <sub>2</sub> e/ per year)			Inventory Boundary	Coverage
	Scope 1	Scope 2	Total		
2016	117,313.660	438,196.536	555,510.196	Including the headquarter, local offices, training center, retail locations, but not included lifestyle centers.	99.03%
2017	119,389.058	432,710.053	552,099.111	Verified by SGS against ISO14064-1, including the headquarter, local offices, training center, retail locations and lifestyle centers. Some locations were excluded due to lack of valid evidence.	96.95%
2018	137,580.015	464,330.667	601,910.682	Verified by SGS against ISO14064-1, including the headquarter, 8 local offices, the training center, 5,466 retail locations (including 97 stores moved or closed in the year) and 22 lifestyle centers	99.48%
2019	30,702.887	446,064.804	476,767.691	Verified by SGS against ISO14064-1, including the headquarter, 8 local offices, the training center, 5,761 retail locations (including 115 stores moved or closed in the year) and 22 lifestyle centers	99.51%
2019 Target	139,643.715	471,295.627	610,939.342		

Note: Historical GHG emissions referred to CSR reports in the past years



## 4. Water Consumption

Year		2016	2017	2018	2019	2019 Target
Actual	headquarter	5,461	5,312	5,390	5,318	-
	Stores	710,936	1,225,970	1,234,393	1,758,809	-
Estimated <small>Note</small>	Regional offices	11,421	11,186	11,418	11,221	-
	Stores	584,373	533,455	726,393	883,610	-
Total		1,312,191	1,775,923	1,977,594	2,658,958	2,007,257.85
Stores with actual data		2,803	3,638	3,380	3,764	-
Estimated scope		8 regional offices and 2,304 stores	8 regional offices and 1,583 stores	8 regional offices and 1,989 stores	8 regional offices and 1,891 stores	-
Coverage		99.03%	99.07%	99.06%	99.11%	-

Note: The estimate for local offices was based on 2018 total water consumption per person at PCSC headquarter and the number of employees at local offices. For stores, the estimate is based on an average verified store water consumption and the total number of stores. Water consumption at the training center and lifestyle centers does not follow either the headquarter or retail store pattern, so these were not included in the scope of our estimates

## 5. Waste Disposed

Unit : metric tons		2016	2017	2018	2019
Actual	headquarter	--	--	23.93	24.09
	Stores	--	4,952.83	5,298.73	5,262.49 (Note2)
Estimated <small>Note</small>	headquarter	22.96	23.63	--	--
	Regional offices	48.03	49.76	50.69	50.85
	Stores	44,725.97	38,949.95	39,644.23	42,253.45 (Note3)
Total waste disposed		44,796.96	43,976.17	45,017.58	47,768.22
Stores with actual data		0	589	633	645
Estimated scope		headquarter \ 8 regional offices and 5107 stores	headquarter \ 8 regional offices and 4,632 stores	8 regional offices and 4,736 stores	8 regional offices and 5,010 stores

Note 1: The 2016 and 2017 estimate for local offices was based on 2018 waste disposed per person in the headquarter and the number of employees at the headquarter/local offices. For stores, the estimate is based the average verified store waste disposed and the total number of stores. Waste disposal pattern at the training center and lifestyle centers does not follow either the headquarter or retail store pattern, so these were not included in the scope of our estimates.

Note 2: Data on the amount of kitchen waste cleared from stores by the waste clearance company is available starting in 2019. Hence, the weight of kitchen waste was deducted from the total weight of waste cleared from stores in 2019.

Note 3: Considering the stores of estimation, these stores cannot confirm the actual food waste recycling, so the estimated value of the store's removal volume will be estimated based on the total amount of waste from the waste clearance company (without deducting food waste).

## 6. Waste Recycled

Unit : kg		2016	2017	2018	2019
Plastic	headquarter	3,308.0	2,064.0	1,643.5	1,503.0
	Stores	590,317.0	564,233.0	559,866.0	676,310.0
Paper	headquarter	15,510.0	10,586.0	9456.0	13,321.0
	Stores	5,455,166.0	8,363,317.0	8,611,585.0	8,916,812.0
Metal	headquarter	577.0	496.0	531.7	448.2
	Stores	92,400.0	50,362.0	21,723.0	12,826.0
Dry battery	Stores	478,473.0	264,202.0	304,554.0	326,965.0
CDs	Stores	85,163.0	57,496.0	56,190.0	65,450.0
Food waste <sup>(Note)</sup>	Stores	-	-	-	177,330.0

Note: Data on the amount of kitchen waste cleared from stores by the waste clearance company is available starting in 2019.

## 7. By Treatment and Disposal Method (incl. waste disposed, incinerated and recycled)

Unit : metric tons	2016	2017	2018	2019	2019 Target
Waste disposed (excl. incineration)(A)	2,003.51	2,262.64	937.29	884.66	1040.47
Waste incinerated (B)	42,793.45	41,713.53	44,080.29	46,706.22	--
Waste recycled (C)	6,720.91	9,312.76	9,565.55	10,191.59	--
Total waste incinerated and recycled (B+C)	49,514.37	51,026.28	53,645.8	56,897.81	--
Total waste generated (A+B+C)	51,517.88	53,288.92	54,583.13	57,782.47	--
Coverage	99.03%	99.07%	99.06%	99.11%	--
incineration ratio (%) <sup>Note</sup>	95.53%	94.85%	97.92%	97.91%	--

Note: The incineration ratio is the percentage of incineration to total non-recycled waste according to the national data of normal waste disposal (excl. recycled and reused) published by the Environmental Protection Administration (EPA).



# 2019 ISO 14064-1:2006 Greenhouse Gas Verification Statement



Statement TW20/00124GG

## Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2019 of  
**President Chain Store Corporation**

2F, No.65, Tung Hsing Rd.,  
Taipei City, Taiwan



has been verified in accordance with ISO 14064-3:2006 as  
meeting the requirements of

### ISO 14064-1:2006

Direct emissions	30,702.8870 tonnes of CO <sub>2</sub> e
Energy indirect emissions	446,064.8037 tonnes of CO <sub>2</sub> e
Direct emissions and energy indirect emissions	476,767.691 tonnes of CO <sub>2</sub> e

Authorized by

David Huang  
Senior Director

Date: 21 May 2020

Version 1

TGP56A-15-1 2003  
SGS Taiwan Ltd.

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This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Page 1 of 5

## 2019 KPI Achievement

Area	2019 KPI	2019 Performance	Achievement
Corporate Governance	PCSC was ranked among the top 5% in the Corporate Governance Evaluation.	PCSC was ranked among the top 5% in the Corporate Governance Evaluation for the sixth year in a row.	V
	Ethical corporate management and the Corporate Responsibility Clause were incorporated into 98% of the Department of Procurement's standard procurement contracts and the annual standard product supply contracts for marketing.	100%	V
	During the first and second halves of the year, a major communication mechanism is set up in which at least one campaign on ethical corporate management or against insider trading is organized.	During the regularly scheduled semi-annual meeting held on 23 January 2019, the theme was information security. In addition to convenience stores (business planning/legal/Information Technology Department) reporting on the results of their promotion of information security, BU, including Q-ware Systems & Services, President Information, and iCASH, also shared the results of their promotion of information security. The theme for the regularly scheduled semi-annual meeting held on 10 September 2019 was food safety. In addition to convenience stores (Business Planning, Operations Training, Human Resource Development/Joint Service Center) reporting the results of their promotion of food safety, HR reporting on the legalization of checking work attendance, Legal Reporting on Insider Trading, and Quality Control Reporting on Food Safety, BU, including Uni-Wonder Corp., Cold Stone Creamery Taiwan Ltd., and Mister Donut Taiwan, also shared the results of their promotion of food safety. Objectives were met.	V
Products	PCSC invests over NT\$50,000,000 in product safety management yearly.	NT\$148,511,000	V
	100% of PB/PL food product specifications were integrated into MAS system (within two weeks after products went on the market).	103%	V
	1. Percentage of PB joint procurement + direct trade with stores + farm suppliers that completed auditing: 100%	101%	V
		2. 100% of PB/PL OEM factories completed on-site evaluations.	105%
	100% of domestic contract manufacturers for privately-owned products (not including suppliers of raw materials used in food products, direct raw materials suppliers, or egg suppliers) have obtained international/domestic food safety certifications, such as ISO22000/ FSSC22000.	100%	V
	100% of domestic contract manufacturers for privately-owned products have obtained international/domestic food safety certifications, such as ISO22000/HACCP/CAS.	100%	V
	1. Organized OPEN! Balloon Run to promote exercise and interaction and bonding in families. NT\$8 million was invested in the activity and we maintained our target of 10,000 participants.	1. 100% 2. 127% 3. 147%	V
2. OPEN family held 15 charity performance around Taiwan to encourage disadvantaged groups and families/students and to spread on the positive energy of society.	V		
3. Encouraging sports and exercise in Taiwan by supporting the operations of the Uni-President 7-ELEVEN Lions professional baseball team, investing NT\$90 million.	V		



Area	2019 KPI	2019 Performance	Achievement	
Products	The percentage of cloud systems was increased 5%, reducing energy use.	2.68%	X	
	Continued to promote cloud-stored e-receipts (no paper receipts). The ratio of cloud-stored e-receipts to receipts overall increased by 1.5% over the previous year, reducing the number of paper receipts.	3.57%	V	
Employees	Frequency-Severity Indicator below the retail industry average for the past three years in Taiwan (0.35 average 2016-2018) as announced by the Ministry of Labor's Occupational Health and Safety Administration.	Frequency-Severity Indicator 0.21	V	
	Zero serious occupational incidents during 2019~2021. In addition, third-party auditors continue to verify ISO45001 certification standing each year to ensure the effectiveness of systems operations.	Zero case of serious occupational disasters and passed re-inspections.	V	
	In 2019, there were 0 labour law infractions or fines.	There were 2 labour-related infractions with fines totaling NT\$140,000.	X	
	85% of employees underwent physical examinations with a satisfaction score of 4.3.	84.5% of employees checked, receiving an average of 4.39 points for satisfaction.	Objectives partially met.	
Community	Organizing 16,000 Good Neighbor Funfests with over 320,000 participants, and 18,000 Good Neighbor Funfests with over 340,000 participants as of 2023	17,960 events held with 368,641 participants.	V	
	Raising NT\$170,000,000 in spare change donations and goods donations at retail stores.	Raised NT\$196,466,000 in spare change donations and pledge donation of goods at retail stores.	V	
Environment	Purchase energy-saving products certified with a Green Mark, accounting for 5.5% of annual purchases.	16.19%	V	
	Energy usage intensity (EUI) for retail locations 12% lower than 2014 and 1.5% lower than 2018.	13.4% lower than 2014 and 1.46% lower than 2018.	Objectives partially met.	
	Headquarters building (floors 2-11)	EUI in decrease of 0.5% over the previous year.	Decreased 2.4%	V
		water usage in decrease per person 0.5% over the previous year.	Decreased 6.9%	V
		paper usage in decrease per person 0.5% over the previous year.	Decreased 0.6%	V
	Integrating a cumulative total of more than 223 of the newest environmentally-friendly vehicles into the PCSC fleet by 2020, including 56 in 2019.	Retired a cumulative total of 105 vehicles.	V	
	Continue to promote cloud-stored e-receipts (no paper receipts). The ratio of cloud-stored e-receipts to receipts overall increased by 1.5% than the previous year, reducing the number of paper receipts.	As of December 2019, cloud-stored e-receipts made up 18.20% of all receipts issued.	V	
	ibon APPs that provide services using cell phone barcodes continued to increase (e.g., paying fees, rewards points exchanges, e-tickets). 7,000,000 ibon payment slips were saved, because customers used the ibon APP when checking out.	7,000,000 ibon payment slips saved.	V	

## 2020 KPI & Mid-/Long-term Target

Area	KPI
Corporate Governance	PCSC will continue to be ranked among the top 5% in the Corporate Governance Evaluation.
	Ethical corporate management and the Corporate Responsibility Clause are incorporated into 99.1% of the Department of Procurement's standard procurement contracts and the annual standard product supply contracts for marketing.
Products	Invest over NT\$60,000,000 in product safety management yearly.
	100% of PB/PL food product specifications are integrated into MAS system.
	<ol style="list-style-type: none"> <li>1. percentage of PB joint purchasing + direct trade with stores + farm suppliers that completed auditing: 100%.</li> <li>2. 100% of PB/PL OEM factories completed on-site evaluations.</li> </ol>
	100% of domestic contract manufacturers for privately-owned products (not including direct raw materials suppliers and egg suppliers) have obtained international/domestic food safety certifications, such as ISO22000/FSSC22000.
	The percentage of systems on the cloud was increased 5%, reducing energy use.
	By 2021, 100% of our food OEM factories will have obtained ISO2200:2018 certification.
Employees	Frequency-Severity Indicator below the retail industry average for the past three years in Taiwan as announced by the Ministry of Labor's Occupational Health and Safety Administration. (FSI: 0.36 average for 106~108)
	Zero serious occupational incidents during 2020~2022. In addition, third-party auditor continue to verify ISO45001 certification standing each year to ensure the effectiveness of system operations.
	0 case of labour law infractions or fines in 2020.
	85% of employees undergo physical examinations with a satisfaction score of 4.3.
	Employees with abnormal health examination results to see 100% intervention and management in 2020.
	95% of new employees at chain retail stores to receive human rights training within three months of beginning work in 2020.
	NT\$381,618 in performance bonuses per month for franchisees in 2020.
	Ensure that franchisees continue to maintain a 90% insurance rate of various types of insurance (group insurance, employer insurance, personnel insurance).
In line with rules regulating medical examination assistance, financial assistance for medical examinations in the first half of 2020 will reach 8% and more than 28% for the entire year (Rate of assistance: number of applicants/number of those qualified, those applying for medical examinations and meet qualifications: Running a franchise for at least 10 years and 41 years or older.)	



Area	KPI	
Community	Organizing 16,000 Good Neighbor Funfests with over 320,000 participants and 18,000 Good Neighbor Funfests with over 340,000 participants as of 2023.	
	Good Neighbor Funfest Health Classrooms to increase to an estimated 1800 events annually by 2024.	
	Raising NT\$185,000,000 in spare change/pledged donation of goods at stores and NT\$185,000,000 in spare change and pledged donation of goods in 2023.	
	An estimated 10 stores using the “What Time Is It? Café” program serving 900 people in 2020. By 2024, they could serve up to 1500 people each year, so from 2020 to 2024, they could serve as many as 6000 people.	
	The Good Neighbor Meal Delivery Team program is to be expanded to outlying islands in 2020 to provide meal delivery and pickup services primarily on weekends and holidays when they are needed most. An estimated 65 stores will provide 26,000 meals. By 2024, the service will be expanded to 12 counties, urban areas, and outlying islands in Taiwan, with an estimated 90 stores serving 30,000 meals.	
	Between 2018 and 2024, the Deep Roots Project for Young People is to help a total of 30 groups of young people.	
Environment	Decrease EUI for retail locations.	EUI for retail locations 13% lower than that for 2014 and 1% less than 2019.
	Integrate environmentally-friendly vehicles.	Integrate over 86 of the newest environmentally-friendly vehicles in 2020 (Currently Type 5 vehicles).
	Headquarters building (floors 2~11)	Decrease EUI 0.5% over the previous year.
		Decrease paper usage per person 0.5% over the previous year.
	Purchase Green Mark and energy-saving products, accounting for 6% of annual purchases.	
	The ratio of cloud-stored e-receipts to receipts overall increases by 2% than the previous year.	
	ibon APPs that provide services by cell phone barcodes continue to increase (e.g., paying fees, rewards points exchanges, e-tickets). 7,200,000 ibon payment slips saved, because customers use the ibon APP when checking out.	

## Comparison Table of the GRI Standards 2016 Index

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
<b>General Disclosures</b>			
	102-1 Name of the organization	2.1 Operations Overview	17
	102-2 Activities, brands, products, and services	2.1 Operations Overview	17
	102-3 Location of headquarters	2.1 Operations Overview	17
	102-4 Location of operations	2.1 Operations Overview	17
	102-5 Ownership and legal form	2.1 Operations Overview	17
	102-6 Markets served	2.1 Operations Overview	17
	102-7 Scale of the organization	2.1 Operations Overview	17
	102-8 Information on employees and other workers	4.1 Overview of Human Resources	51-52
	102-9 Supply chain	3.3 Sustainable Supply Chain Management	40
	102-10 Significant changes to the organization and its supply chain	No changes during the reporting period.	NA
	102-11 Precautionary principle or approach	2.2 Corporate Governance	27
	102-12 External initiatives	No external initiatives	NA
	102-13 Membership of associations	2.1 Operations Overview	23
	102-14 Statement from senior decision-maker	Message from CEO	4
	102-16 Values, principles, standards, and norms of behavior	2.2 Corporate Governance	26
	102-18 Governance structure	1.1 Framework for Sustainable Management 2.2 Corporate Governance	8-9 24
GRI 102 : General Disclosures	102-40 List of stakeholder groups	1.4 Stakeholder Communications	14-15
	102-41 Collective bargaining agreements	4.4 Employee welfare and care	73
	102-42 Identifying and selecting stakeholders	1.4 Stakeholder Communications	14-15
	102-43 Approach to stakeholder engagement	1.4 Stakeholder Communications	14-15
	102-44 Key topics and concerns raised	1.4 Stakeholder Communications	14-15
	102-45 Entities included in the consolidated financial statements	(Foreword)About the report	1
	102-46 Defining report content and topic Boundaries	1.3 Materiality Assessment Procedures	11-12
	102-47 List of material topics	1.3 Materiality Assessment Procedures	13
	102-48 Restatements of information	There is no restatement of information.	NA
	102-49 Changes in reporting	1.3 Materiality Assessment Procedures	11-13
	102-50 Reporting period	(Foreword)About the report	1
	102-51 Date of most recent report	(Foreword)About the report	1
	102-52 Reporting cycle	(Foreword)About the report	1
	102-53 Contact point for questions regarding the report	(Foreword)About the report	1
	102-54 Claims of reporting in accordance with the GRI Standards	(Foreword)About the report	1
		102-55 GRI content index	Appendix: Comparison Table of the GRI Standards (Foreword)About the report
	102-56 External assurance	Appendix: Limited Assurance Report issued by the Accountant Appendix: SGS Assurance Statement	126 128
<b>Material topics</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	1.3 Materiality Assessment Procedures	11-13
	<b>Ethical Management</b>		
	103-1 Explanation of the material topic and its Boundary	2.2 Corporate Governance	26
GRI 103 : Management Approach	103-2 The management approach and its components	2.2 Corporate Governance	26
	103-3 Evaluation of the management approach	2.2 Corporate Governance	26
GRI205 : Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	2.2 Corporate Governance	26
<b>Legal Compliance</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	2.3 Legal compliance	31
	103-2 The management approach and its components	2.3 Legal compliance	31
	103-3 Evaluation of the management approach	2.3 Legal compliance	31



GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
GRI307 : Environmental-compliance	307-1 Non-compliance with environmental laws and regulations	2.3 Legal compliance	31
GRI419 : Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	2.3 Legal compliance	31
		4.4 Employee welfare and care	73
<b>Sustainable Supplier Chain Management</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.3 Sustainable Supply Chain Management	40-47
	103-2 The management approach and its components	3.3 Sustainable Supply Chain Management	40-47
	103-3 Evaluation of the management approach	3.3 Sustainable Supply Chain Management	40-47
GRI 308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain Management	41
GRI 414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	3.3 Sustainable Supply Chain Management	41
<b>Energy and GHG</b>			
GRI 103 : Management approach	103-1 Explanation of the material topic and its Boundary	6.2 Implementation of Energy Conservation and Carbon Reduction	96
	103-2 The management approach and its components	6.2 Implementation of Energy Conservation and Carbon Reduction	96
	103-3 Evaluation of the management approach	6.2 Implementation of Energy Conservation and Carbon Reduction	96
GRI 302 : Energy	302-2 Energy consumption outside of the organization	6.2 Implementation of Energy Conservation and Carbon Reduction	102
	302-3 Energy intensity	6.2 Implementation of Energy Conservation and Carbon Reduction	100
	302-4 Reduction of energy consumption	6.2 Implementation of Energy Conservation and Carbon Reduction	99
GRI 305 : Emissions	305-1 Direct (Scope 1) GHG emissions	6.2 Implementation of Energy Conservation and Carbon Reduction Appendix : PCSC 2016-2019 Environmental Data	111
	305-2 Energy indirect (Scope 2) GHG emissions	6.2 Implementation of Energy Conservation and Carbon Reduction Appendix : PCSC 2016-2019 Environmental Data	111
	305-3 Other indirect (Scope 3) GHG emissions	6.2 Implementation of Energy Conservation and Carbon Reduction	101
	305-4 GHG emissions intensity	6.2 Implementation of Energy Conservation and Carbon Reduction	97
	305-5 Reduction of GHG emissions	6.2 Implementation of Energy Conservation and Carbon Reduction	97
<b>Resource Waste Reduction / Effluents and Waste</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	6.3 Resource Efficiency	104
	103-2 The management approach and its components	6.3 Resource Efficiency	104
	103-3 Evaluation of the management approach	6.3 Resource Efficiency	104
GRI 306 Effluents and Waste	306-2 Waste by type and disposal method	Appendix : PCSC 2016-2019 Environmental Data	113
<b>Labor Management Relations</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	4.1 Overview of Human Resources	51
	103-2 The management approach and its components	4.1 Overview of Human Resources	51
	103-3 Evaluation of the management approach	4.1 Overview of Human Resources	51
GRI 401 : Employment	401-1 New employee hires and employee turnover	4.1 Overview of Human Resources	53
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Employee welfare and care	70
	401-3 Parental leave	4.4 Employee welfare and care	71
<b>Local Communities</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	5.1 Charity development strategies	75
	103-2 The management approach and its components	5.1 Charity development strategies	75
	103-3 Evaluation of the management approach	5.1 Charity development strategies	75
GRI 413 : Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	5.2 PCSC Good Neighbor Foundation	78
		5.3 Charity Donation Platform	85

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
<b>Customer Health and Safety</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.2 Customer Health and Safety	35-39
	103-2 The management approach and its components	3.2 Customer Health and Safety	35-39
	103-3 Evaluation of the management approach	3.2 Customer Health and Safety	35-39
GRI 416 : Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.3 Legal compliance	31
<b>Marketing and Labeling</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.4 Customer Relationship Management	47-48
	103-2 The management approach and its components	3.4 Customer Relationship Management	47-48
	103-3 Evaluation of the management approach	3.4 Customer Relationship Management	47-48
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	2.3 Legal compliance	31
	417-3 Incidents of non-compliance concerning marketing communications	3.4 Customer Relationship Management	48
<b>Product and Service Innovation</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.1 Innovation in Product and Service	33
	103-2 The management approach and its components	3.1 Innovation in Product and Service	33
	103-3 Evaluation of the management approach	3.1 Innovation in Product and Service	33
<b>Customer Privacy</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.4 Customer Relationship Management	47-49
	103-2 The management approach and its components	3.4 Customer Relationship Management	47-49
	103-3 Evaluation of the management approach	3.4 Customer Relationship Management	47-49
GRI418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Customer Relationship Management	49
<b>Customer Relations Management</b>			
GRI 103 : Management Approach	103-1 Explanation of the material topic and its Boundary	3.4 Customer Relationship Management	47-49
	103-2 The management approach and its components	3.4 Customer Relationship Management	47-49
	103-3 Evaluation of the management approach	3.4 Customer Relationship Management	47-49
<b>Other topics</b>			
<b>GRI 200 : Economic</b>			
GRI201 : Economic Performance	201-1 Direct economic value generated and distributed	2.1 Operations Overview	17
GRI 202 : Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.4 Employee welfare and care	70
<b>GRI 400 : Social</b>			
GRI 402 Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	4.4 Employee welfare and care	73
GRI 403 Occupational Health and Safety	403-1 Workers representation in formal joint management–worker health and safety committees	4.2 Occupational Safety and Health	56
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.2 Occupational Safety and Health	59-60
GRI 404 Training and Education	404-1 Average hours of training per year per employee	4.3 Employee training and development	65
	404-2 Programs for upgrading employee skills and transition assistance programs	4.3 Employee training and development	63
	404-3 Percentage of employees receiving regular performance and career development reviews	4.3 Employee training and development	68
GRI 405 : Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	4.1 Overview of Human Resources	52 \ 54
	405-2 Ratio of basic salary and remuneration of women to men	4.4 Employee welfare and care	70
GRI 407 : Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.4 Employee welfare and care	73
GRI 409 : Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.4 Employee welfare and care	72
GRI 412 : Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	4.4 Employee welfare and care	72
GRI415 : Public Policy	415-1 Political contributions	2.2 Corporate Governance	22-23



**Table of enhanced disclosure items and assurance items according to Article 4, Paragraph 1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (hereinafter referred to as “the Rules”)**

#	Subject Matter Information	Page no.	Applicable Criteria	Regulations
1	<p>The Product Safety Committee focuses on safety and quality and has established a management system that covers 100% of the Company's privately-owned products. In 2019, the committee held three meetings, discussing such issues as important announcements and tracking of product safety information, progress on enhanced quality assurance plans, supervision plans for food safety and progress on other initiatives, results of new product reviews, and sharing of raw material sampling management results and product safety news.</p>	P.35	<p>2019 Product Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2019 and the types and percentage of products under its influence.</p> <p>The percentage is calculated according to the Merchandise Safety Committee's scope and results of its operation; if all of the Company's products are under its influence, the percentage is 100%.</p>	Subparagraph 1, item 1
2	<p>PCSC gathers and tracks information related to product safety in accordance with our "Product Safety Information Gathering and Review Tracking Standards." The information is handled using layered management. The Standards applies to all PCSC's privately-owned product, covering 100% of PCSC's privately-owned products. In 2019, the Company collected 671 product safety-related memos, including 10 A-level information, 504 B-level information, and 157 L-level information.</p> <p>Note: A-, B-, and L-level grades are based on the date that the information was announced internally.</p>	P.36	<p>Product safety information collected in 2019 and the types and percentage of products under its influence, according to the definition of information in the Product Safety Information Gathering, Review and Tracking Standards.</p> <p>The percentage is calculated according to the Product Safety Information Collection and Inventory Tracking Standards' scope and results of its operation; if all of the Company's products are under its influence, the percentage is 100%</p>	Subparagraph 1, item 1
3	<p>In 2019, the initial logistics mechanism was implemented 100% on products including rice, fresh noodles, salads, cooked vegetables, frozen flavored breads, sweet potatoes, and fresh foods.</p>	P.38	<p>The percentage of the total amount of a given product sold in 2019 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2019, according to the initial transport and logistics distribution management mechanism formulated by the Company.</p>	Subparagraph 1, item 1
4	<p>In addition, a management consulting company was engaged to perform quality assurance audits. In 2019, 98.82% <sup>(Note)</sup> of all stores underwent this audit.</p> <p>Note: A small number of stores closed in early 2019 or opened in late 2019. Consequently, they were not audited in 2019.</p>	P.39	<p>The percentage of all retail locations that were audited by the management consulting company according to the retail mechanism for managing and examining expired products from shelves.</p>	Subparagraph 1, item 1
5	<p>PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.97% <sup>(Note)</sup> of the stores audited in 2019.</p> <p>Note: A small number of stores closed in early 2019 or opened in late 2019. Consequently, they were not audited in 2019.</p>	P.39	<p>The annual percentage of all retail that were audited by the management consulting company according to quality assurance training courses and exams formulated referencing the Regulations on Good Hygiene Practice for Food.</p>	Subparagraph 1, item 1

#	Subject Matter Information	Page no.	Applicable Criteria	Regulations
6	<p>Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include "Regulations on Good Hygiene Practice for Food," "Food Sanitation Standards," as well as other relevant laws issued by the Ministry of Health and Welfare. No fines were issued against PCSC in 2019 for violating any laws or regulations mentioned above.</p>	P.31	<p>The number of letters received from competent authorities notifying of fines for PCSC chain retail locations violating the Act Governing Food Safety and Sanitation and its subordinate legislations in 2019.</p>	Subparagraph 1, item 2
	<p>Not applicable. PCSC is classified under the retail industry. Due to the special characteristics of this industry, we cannot calculate what percentage of purchases for our privately-owned products that meet internationally recognized product liability standards accounts for overall purchases.</p>		None.	Subparagraph 1, item 3
	<p>Not applicable as PCSC does not have any self-operated factories.</p>		None.	Subparagraph 1, item 4
7	<p>In 2019, there were a total of 50 suppliers of privately-owned food products with whom PCSC had a cooperative relationship (note 1) (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products). 100% of those suppliers were audited (note 2); see the table on p.43 for these 50 suppliers. There is a total of 177 audits done. All 177 audits passed, with a compliance rate of 100%. For the non-conforming suppliers, in addition to the sanctions laid out in the "Product Quality Guarantee Agreement," they would be re-audited in accordance with regulations until accomplished the required improvements.</p> <p>Note 1: Defined as</p> <ul style="list-style-type: none"> <li>(1) New factory which passes the assessment prior to 2019 and existing suppliers that passed internal submission.</li> <li>(2) New suppliers that successfully passed the introduction assessment during 2019.</li> <li>(3) Those eligible for a halt to assessment in 2019 are also included.</li> </ul> <p>Note 2: Three manufacturers and five suppliers of raw materials through direct transactions ended their transaction and cooperation with PCSC based on last year's supplier assessments, so that they were not required to be audited in 2019 based on the corresponding management rules.</p>	P.45	<p>The number of suppliers, percentages, items evaluated, number of audits, and results for evaluations of private label product and food suppliers according to Rules for Onsite Appraisal of Manufacturers by Own-brand Product Committee, Raw material supplier and Management rules, and Management and Operations Rules for Professional-Use Egg Product Raw Materials (refer to the table on p. 43).</p>	Subparagraph 1, item 5
8	<p>In 2019, there were 14 suppliers of disposable items for in-store use (note), with 100% of them passing audit. See table on p.43 for these 14 suppliers. There is a total of 18 times audits on supplier assessment items, resulting in 18 audit results, with 100% passing rate.</p> <p>Note: Indicating domestic suppliers of disposable paper cups, bowls and similar items which come into contact with food and are provided to the consumers.</p>	P.45	<p>According to the "Management Rules for Site Assessment of Suppliers of Products Related to Store Safety" (refer to the table on p.43). The table showed the number of one time used merchandise supplier evaluated, percentage, items evaluated, times of evaluation and results.</p>	Subparagraph 1, item 5



#	Subject Matter Information	Page no.	Applicable Criteria	Regulations
9	<p>PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and set up a traceability system for the meal box category (Note) in accordance with the official document (Food and Drug Administration Document No.1071300516 authorized by Ministry of Health and Welfare on 26 June 2018) promulgated in 2019.</p> <p>Note: Indicating the products which consist of grains (rice or noodles), processed grains, agriculture, livestock and seafood and which are processed to be served to groups or individuals. Those products are served with clear label or picture of the ingredients and are served by in the way of boxes or large decorative containers. The products can be eaten after brief heating up. Those products do not include the baked items served in the box.</p>	P.36	At the end of 2019, PCSC set up a box meals category traceability system in accordance with Article 9 of Act Governing Food Safety and Sanitation.	Subparagraph 1, item 6
10	As of the end of 2019, the laboratory conducted 593 test items per requirements of CNS or Taiwan Food and Drug Administration.	P.37	<p>The number of tests provided by the quality testing laboratory in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2019 (see note) and the number of tests for government-approved food additives.</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
11	Another 139 conducted test items that follow directives from the above requirements those organization.	P.37	<p>The number of non-compulsory tests provided by the quality testing laboratory referencing regulations in other countries or international journals as of the end of 2019 (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see note) or for government-approved food additives).</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
12	Our quality testing laboratory received ISO/IEC17025:2005 certification from the Taiwan Accreditation Foundation (TAF).	P.37	Laboratory certified by the Taiwan Accreditation Foundation.	Subparagraph 1, item 7
13	Taiwan Accreditation Foundation (TAF) tested 4 microorganisms according to ISO/IEC 17025:2005.	P.37	Items certified by and total of certifications from the Taiwan Accreditation Foundation (TAF).	Subparagraph 1, item 7

#	Subject Matter Information	Page no.	Applicable Criteria	Regulations
14	Taiwan Food and Drug Administration (TFDA) Certified Item: 1. 4 Microorganisms 2. 8 Colorants 3. 1 Ochratoxin A 4. 1 Patulin	P.37	Items certified by and total of certifications from the Taiwan Food and Drug Administration (TFDA).	Subparagraph 1, item 7
15	The quality testing laboratory resulted in costs of NT\$35,833,000, including NT\$17,767,000 in outside laboratory fees (note). This is equivalent to 0.023% of the Company's operating revenue.  Note: The quality testing laboratory costs include tests, salaries, depreciation, rentals, equipment repair and maintenance, and miscellaneous purchases.	P.37	The percentage of operating revenue on financial reports that is allotted to quality testing laboratory expenditures in 2019.	Subparagraph 1, item 7
16	In 2019, a total of 810 tests were run on products and raw materials. 805 items passed the test. The passing rate was 99.4%.	P.37	The total number of tests, number of passed tests, and passage rates for tests in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see note), tests for government-approved food additives, and noncompulsory tests referencing regulations in other countries or international journals (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see note) or for government-approved food additives).  Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.	Subparagraph 1, item 7
17	During 2019, suppliers of privately-owned food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 50 companies. If calculating using the number of the plants, there were a total of 95 manufacturing sites; among those 49 were manufacturers of privately-owned food products within Taiwan. Of these, 49 manufactures obtained international food safety management system ISO22000 certification.	P.40	The number of private label product food suppliers, total number of factories, total number of original design manufacturers in Taiwan, ISO22000 certifications, and total number of original design manufacturers in Taiwan certified to ISO22000.	Voluntary assurance
18	In cooperation with the ROC Fresh Foods Development Association, PCSC has set up a Material and Quality Assurance System (MAS). This ensures that product raw materials and suppliers can be tracked and managed. The main document in the MAS system is product specifications document, which records the sources of raw materials and the suppliers. As of 2019, 100% of the Company's privately-owned food products had the corresponding product specification document in the MAS system.	P.36	As of the end of 2019, the percentage of the product <sup>(note)</sup> had a document in the MAS system.  Note: the standard for calculation was products sold in 2019.	Voluntary assurance



## Limited Assurance Report issued by the Accountant



### 會計師有限確信報告

資會綜字第 19010066 號

統一超商股份有限公司 公鑒：

本事務所受統一超商股份有限公司（以下稱「貴公司」）之委任，對 貴公司選定 2019 年度企業社會責任報告書所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

#### 確信標的資訊與適用基準

有關 貴公司選定 2019 年度企業社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於 貴公司 2019 年度企業社會責任報告書第 122 至 125 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於企業社會責任報告書第 1 頁之「報告書時間、邊界與數據」段落述明。

#### 管理階層之責任

貴公司管理階層之責任係依照適當基準編製企業社會責任報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

#### 會計師之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

- 對參與編製確信標的資訊之相關人員進行訪談，以瞭解編製前述資訊之流程、所應用之資訊系統，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊進行分析性程序，如必要時，則選取樣本進行包括查詢、觀察、檢查等測試，以取得有限確信之證據。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan  
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此報告不對 2019 年度企業社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

### 會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用審計準則公報第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

### 先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

### 有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依適用基準編製而須作修正之情事。

### 其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 張瑞婷

張瑞婷



中 華 民 國 1 0 9 年 6 月 2 3 日



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRESIDENT CHAIN STORE CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by President Chain Store Corporation (hereinafter referred to as PCSC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification(2020/04/10~2020/05/19). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

The information in the PCSC's CSR Report of 2019 and its presentation are the responsibility of the management of PCSC. SGS has not been involved in the preparation of any of the material included in PCSC's CSR Report of 2019.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all PCSC's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for PCSC and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

In response to COVID-19 pandemic situation the assurance process was conducted via Teams.

Financial data drawn directly from independently audited financial accounts and greenhouse gas emissions have not been checked back to source as part of this assurance process.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from PCSC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

#### **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within PCSC's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of PCSC sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

#### **AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

##### **Inclusivity**

PCSC has demonstrated a commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

##### **Materiality**

PCSC has established processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

##### **Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

#### **GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, PCSC's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For GRI 308-1 and 414-1, PCSC is expected to initiate environmental or social due diligence as early as possible in the development of a new relationship with a supplier. It is recommended to inform stakeholders about the percentage of suppliers selected or contracted subject to due diligence processes for environmental or social impacts. For GRI 403, the organization is expected to be responsible for franchise store workers' occupational health and safety since their work is controlled by the organization. It is encouraged to compile franchise store workers' occupational health and safety performance in future reporting.

**Signed:**

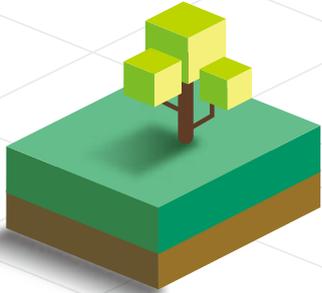
**For and on behalf of SGS Taiwan Ltd.**



**David Huang**  
**Senior Director**  
**Taipei, Taiwan**  
**2 June, 2020**  
**WWW.SGS.COM**



**AA1000**  
**Licensed Assurance Provider**  
**000-8**



# 2019 PCSC

Corporate Social  
Responsibility Report

