

Corporate Social Responsibility Report





About this report

This is the tenth corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC) in accordance with the core options of the GRI standards of Global Reporting Initiative. This annual report explains PCSC's viewpoints on CSR, actions taken, 2018 outcomes with regards to corporate governance, economics, the 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 2018 calendar year (January 1, 2018 to December 31, 2018) and some of the information herein includes CSR performance before 2018. 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 that 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 draft 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.

Current version issued June 2019

Previous version issued August 2018

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Message from CEO



Chairman of PCSC

Lo, Chih-Hsien

Since our founding in 1978, the President Chain Store Corporation (PCSC) has become the best retail operator in Taiwan. Not only do we provide convenient services, we also excel in the area of social responsibility. Our company culture is characterized by "sincerity, innovation, and sharing". We have taken the initiative to respond to the UN's sustainable development goals, setting up key performance objectives and management mechanisms for CSR issues to establish a sound corporate management system, ensure the rights and interests of stakeholders, uphold social justice, reduce environmental impact, and then to employ these to increase transparency and disclosure. In order to demonstrate our determination to realize these objectives, implement them thoroughly, and manage them closely, in 2018, we made our CSR Committee directly responsible to the Board of Directors. The committee is composed of independent directors and upper-level managers who are responsible for establishing overall policy direction, optimizing policy quality, and enhancing the effectiveness and results.

In 2018, continued turbulence in governments and economies around the world, intensified natural disasters triggered by climate change, accelerated development in the areas of artificial intelligence and digital technology, the continued increase in Taiwan's minimum wage, the implementation of environmental laws and regulations, the rise in demand for civil equality, as well as other changes

introduced challenges, including intensified competition in terms of the e-commerce market among retailers, an increase in experiential consumption, and calls for reduced energy use. Faced with the social, political, and economic environment and the emerging risks and opportunities that they have ushered in, PCSC continued to set "serving as a creative, convenient, safe, welcoming community center" as objective. We integrated resources, including beauty products, fitness products, bakery goods, and fast foods, further launched lifestyle stores, worked together in strategic partnerships with well-known restaurants and chefs to launch a diverse selection of delicious food products and specialty restaurant cuisine, and used cutting-edge technologies to strengthen our digital platform and payment options to provide innovative and convenient products and services. In addition, we incorporated a human rights auditing mechanism into our franchise stores, drew up resource reduction goals and action plans, promoted fundraising in our stores, and initiated community care programs, while continuing to lead the retail industry in taking care of employees as well as increasing awareness and taking action to help protect the environment and show concern for society. Our efforts have received positive feedback throughout society. PCSC has again received numerous commendations, including making the "Forbes Global 2000", being selected as one of the top 250 global retailers by Deloitte, being ranked in the top 5% of the Corporate Governance Evaluation for the fourth year in a row, being selected for the Taiwan Corporate Governance 100 Index, being listed in the FTSE4Good Emerging Markets Index and the MSCI Global Sustainability Index, and being awarded the Common Wealth Magazine CSR Industry Citizen Prize.

PCSC has responded to technological trends with "unmanned stores", currently vogue the world over. We have opened the doors to "X-Store", based on three concepts: "eXplore", "eXperience", and "eXcellent", which incorporate the unique characteristics of Taiwan's local retail industry and consumer habits into store operations design. For example, facial recognition technology is used throughout the customer's shopping



President of PCSC

Huang, Jui-Tien

experience, from the time they enter the store and pay for products to when they exit the store. In addition, the store is equipped with multiple advanced technologies and state-of-the-art smart equipment, such as a self-serve coffee and microwave oven area and seating area outside the store, all of which employ smart language interaction technology, IoT systems, customer flow hotspot analysis, and scan microwaves to provide services and a shopping experience that are brand new and valuable. As a result, PCSC was rewarded the 2018 Future Commerce Awards "Best Experience Innovation" and "Judges' Choice". The X-STORE has significance strategically and as a target and most certainly represents a new chapter in Taiwan's retail industry overall and PCSC specifically. In response to consumer trends, we offer multiple payment methods and developed OPEN wallet with accumulated points across the channel, aimed at providing customers convenient digital services and showcasing the entire group's technical operations capabilities that have created a smart retail model for the service industry that is original and unrivaled in the world.

In addition to new types of stores and services, we also spare no effort in creating more innovative and safer products. In 2018, PCSC invested NT\$141,744,000 on food safety management as well as NT\$258,230,000 on food research and development. We continue to improve our products and services by focusing on supplier audit, local procurement, and membership system optimizing. Because we attach great importance on our partners and the community, we not only received International certification for the ISO 45001 Occupational Health and Safety Management Systems with zero corrections, a first for a Taiwan retailer and service industry, we employ health exams, education and training systems to ensure that each employee can enjoy a healthy, happy work environment that facilitates growth. Good Neighbor Funfests, in-store spare change donation, and rural education programs continue to be important means by which we strengthen our relationship with and show our concern for the community. In 2018, our Good Neighbor Funfest activities influenced in excess of 350,000 people, while our in-store spare change donations collected NT\$170 million. We also continue to make protecting the environment one of our goals. To that end, we continue to purchase products with ecolabels and energy-saving, reduce energy usage, and follow our performance targets to reduce paper use, thereby reducing the negative impact of our operations on the environment.

Economic uncertainty, at home and abroad, will continue in 2019. Nevertheless, PCSC will maintain integrity and honesty in our business operations, while continuing to advance the seven key building elements of our Company: people, store, product, system, logistics, policy, and culture. PCSC has evolved from a "convenience store that provides basic necessities" to "a store that consumers depend on and that surpasses their expectations" and which offers customers a "3E" environment characterized by experience, entertainment, and education. In the future, PCSC will continue to adhere to its mission, focusing on three core goals, creating a happy Company, positively impacting society, and achieving environmental sustainability. 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 shareholder value for our shareholders.



Blueprint for Sustainable Management

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

1.1

Framework for Sustainable Management

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

Corporate Social Responsibility Committee (CSRC)

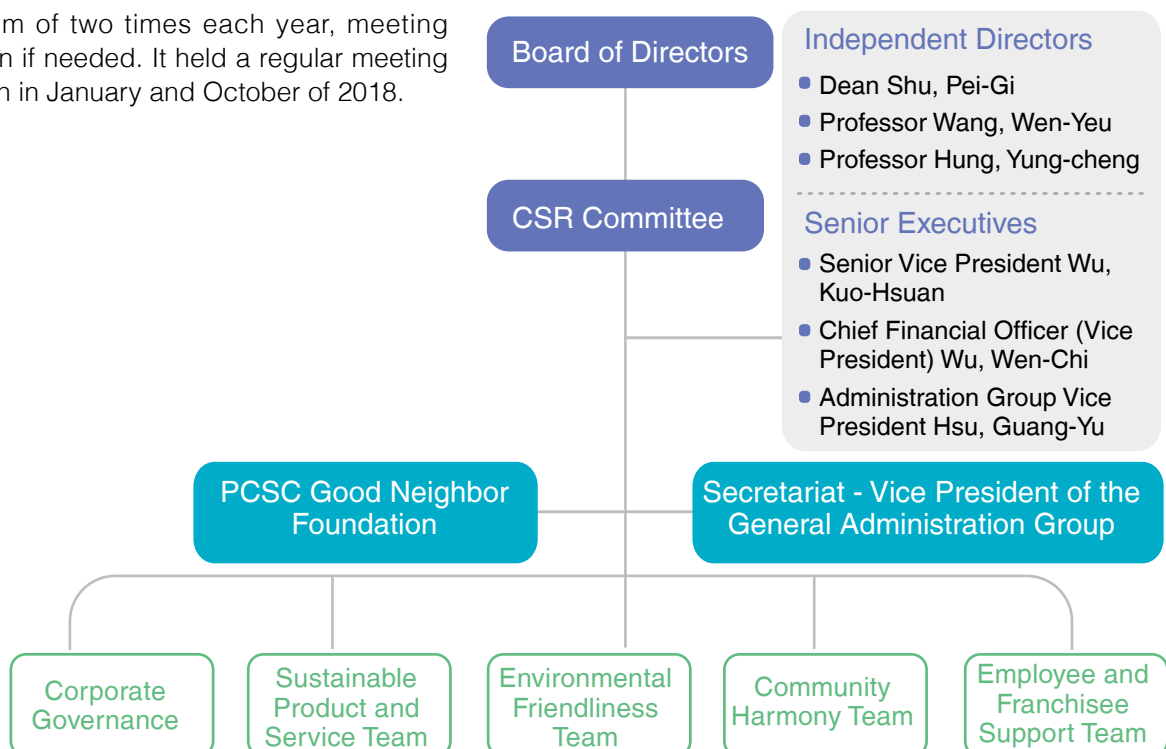
In order to implement and manage CSR, PCSC established a cross departmental CSR Committee. In 2018, the Board passed a resolution to establish a functional CSR Committee directly responsible to the Board. First, all members oversee PCSC's CSR strategies and plans. Second, they are in charge to follow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



1 Blueprint for Sustainable Management

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

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



Sustainable Vision and Objectives

CSR Objectives and Principles

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

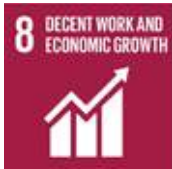




Five Principles	Implementation
Sound corporate governance	<ul style="list-style-type: none"> ● Constantly evaluate CSR results and continue to improve. The management is responsible for providing supervision while competent units are responsible for implementation ● All employees should practice a corporate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



1 Blueprint for Sustainable Management

UN Sustainable Development Goals (SDGs)

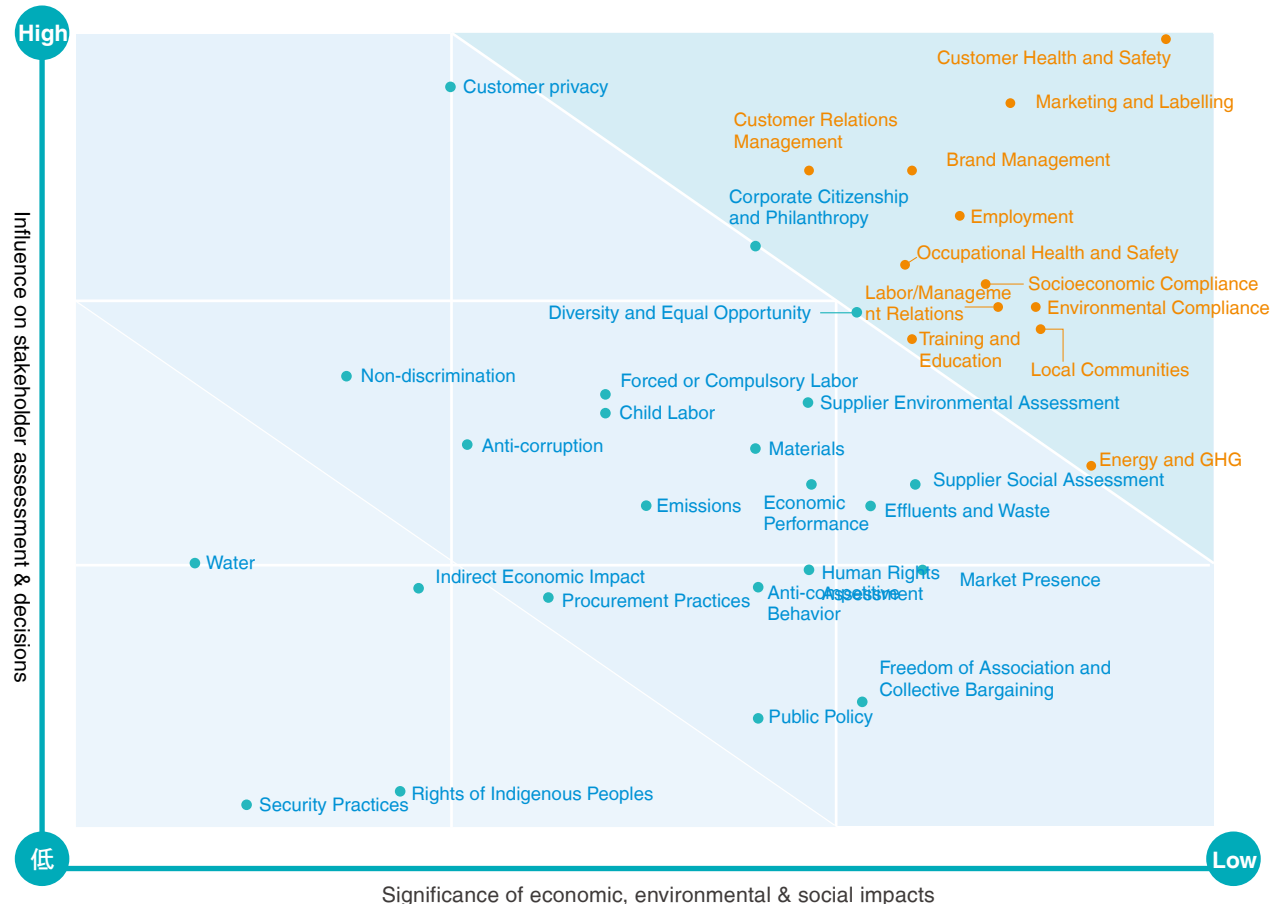
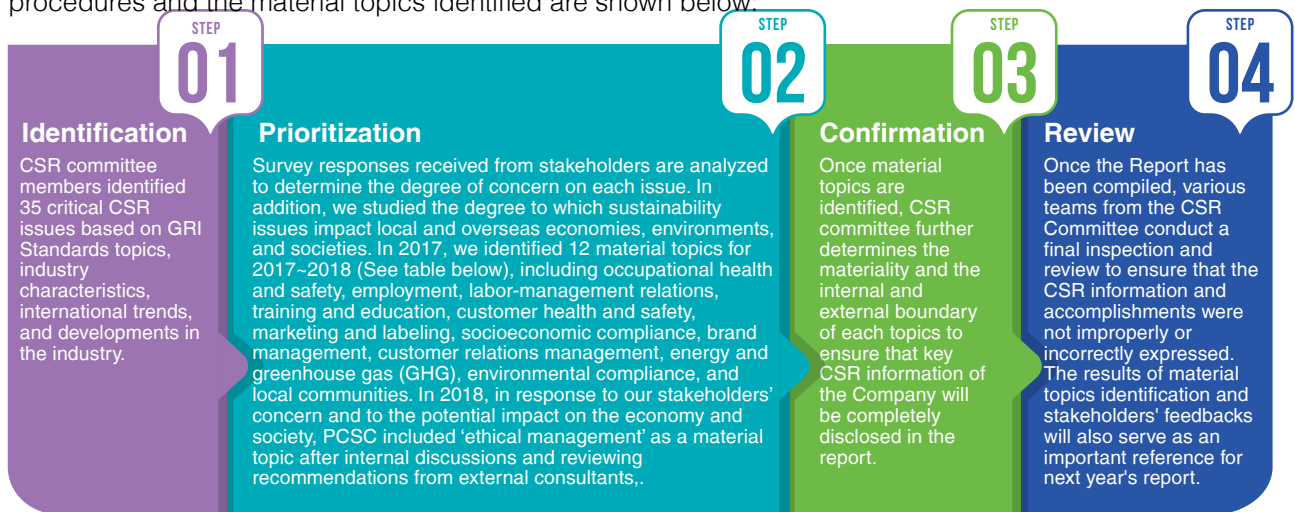
In 2015, the United Nations issued the “Transforming our world: the 2030 Agenda for Sustainable Development” which nations around the world are committed to working hard to achieve over the next 15 years. PCSC has spared no efforts to do its part to realizing the world’s sustainable development goals.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

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

1.2

Materiality Assessment Procedures

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





1 Blueprint for Sustainable 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 Management	NA									2.2 Corporate Governance
	Legal Compliance	GRI419 GRI307									2.3 Legal Compliance
Environment	Energy and GHG	GRI302									6.1 Putting energy conservation and carbon reduction into action
Employees	Occupational Health and Safety	GRI403									4.2 Occupational Safety and Health
	Employment	GRI401									4.1 Human Resource Overview
	Labor/ Management Relations	GRI402									
	Training and Education	GRI404									4.3 Employee Training and development
Products	Brand Management	NA									3.1 Brand management
	Customer Health and Safety	GRI416									3.2 Product Safety Management
	Marketing and Labeling	GRI417									3.4 Customer Relations Management
	Customer Relations Management	NA									
Society	Local Communities	GRI413									5.1 Charity Development Strategies

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

1.3

Stakeholder Communications

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



Table of communication channels and frequency between PCSC and its stakeholders

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



1 Blueprint for Sustainable Management

Stakeholders	Topics of Concern	Communicating Channel and Frequency
Employees	<p>Employment Labor/Management Relations Training and education Brand management Customer health and safety Marketing and labeling Customer relations management</p>	<p>Employee complaints e-mail box, complaints can be made on a nonscheduled basis Internal proposal system, proposals can be made on a nonscheduled basis Happy Cooperative Society – holds training classes on a nonscheduled basis/ to apply for volunteer consultations on a nonscheduled basis</p>
Franchisees	<p>Ethical Corporate management Legal Compliance Occupational health and safety Employment Labor/Management relations Training and education Brand management Customer health and safety Marketing and labeling Customer relations management Local communities</p>	<p>Updating dedicated franchising website on a nonscheduled basis Weekly visits by regional advisor Regular monthly publications Regular franchisee discussion forums Conduct annual satisfaction surveys</p>
Public Interest Groups	<p>Ethical Corporate management Brand management Customer health and safety Customer relations management Local communities</p>	<p>Support for charity events/initiatives on a nonscheduled basis Monthly Good Neighbor Foundation e-newsletter Quarterly Bring Back the Love Charity Donation Program fundraiser Annual fundraising proposal/ Review meeting</p>
Government Agencies	<p>Ethical Corporate management Legal Compliance Energy and GHG Occupational health and safety Customer health and safety Marketing and labeling</p>	<p>Periodic compliance inspections Promote in accordance with relevant systems on a nonscheduled basis</p>
Local Communities	<p>Ethical Corporate management Legal Compliance Energy and GHG Labor/Management relations Customer health and safety Marketing and labeling Local communities</p>	<p>Hold Good Neighbor Funfest events on a nonscheduled basis Set up an Integrated Services Center</p>



About PCSC

2.1

Operations Overview



Scale of the Organization

Company profile

PCSC celebrated its 40th anniversary in 2018. Since our founding in 1978, PCSC has been with the people in Taiwan, leading the way with our familiar bright green and orange sign, with the motto “Sincerity, Innovations, and Sharing” as our operating principles. PCSC has transformed ourselves into a good neighbor by enhancing our digital services, international co-brand products, our owned products and our lifestyle stores etc.

During the past 40 years, our objective has always been to become the best possible retailer, our stores serving on the front line to provide customers with quality products and services characterized by innovation, quality, safety, and convenience. We continue to open up new dimensions and challenge new possibilities in Taiwan’s retail services industry.

Company name	President Chain Store Corporation
Number of employees	8,101 ¹ (head office and our retail stores) and 36,932 employed in franchise stores
Year established	1978
Chairman	Lo, Chih-Hsien
President	Huang, Jui-Tien
Location of headquarters	2F, No. 65, Dongxing Rd, Xinyi District, Taipei City, Taiwan
Capital	NT\$10,396,222,000
Total number of stores	5,369 stores
Number of products and services	Products: Apx. 4300 Services: Apx. 600

As of December 31, 2018

¹As of December 31, 2018. The number used for franchise employees was taken from Labor Insurance documents by May 2019.

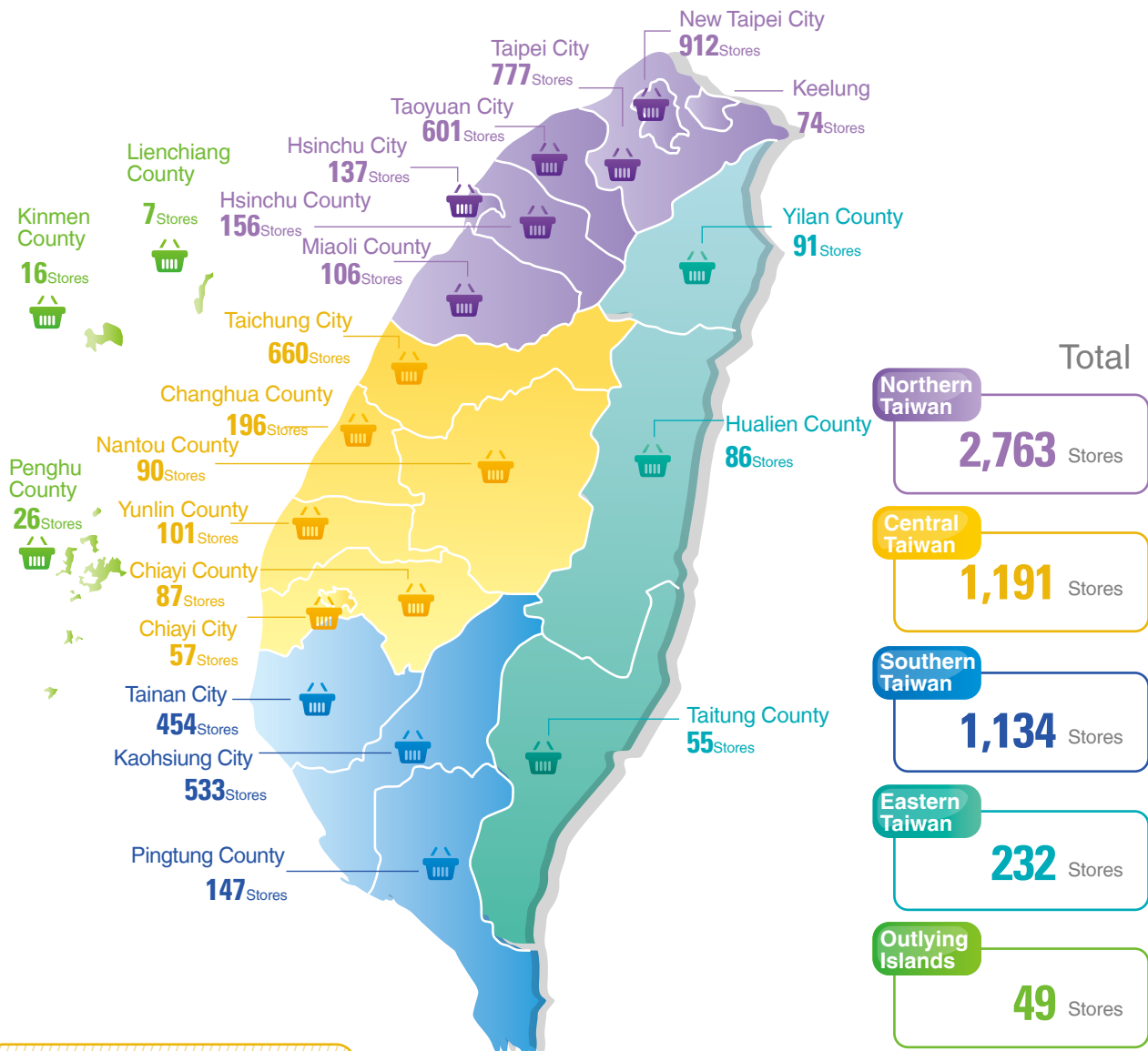


2 About PCSC



Stores

Many people have this experience. When we are travelling, arriving in a new city, walking on the streets at night after getting off work, or looking for something to do after school to pass the time, we always see one of 7-ELEVEN's warmly-lit signs on a street corner welcoming us. Since our first store opened its doors 40 years ago, PCSC has continued to expand. Employing a high-store density and diversified operations model, we have made inroads into the streets and communities of Taiwan's urban and rural areas. Our stores are ready at all times to meet customer needs with a complete range of quality products and services. As of late 2018, we had over 5,300 stores dotting northern, central, and southern Taiwan as well as its outlying islands. 7-ELEVEN has become a part of Taiwan's collective memory, lighting up and bringing warmth to the lives of countless individuals.



Operating strategy

PCSC is "pledged to become the best retail operators by providing the most convenient services in life and excelling at social responsibility". In 2018, our foundation continued to consist of people, store, product, system, logistics, policy, and culture as we employed short-term and long-term business development plans to continue expanding operations, creating value, enhancing our competitive edge, and boosting our sustainable development capabilities.



Long-term and short-term business development plan

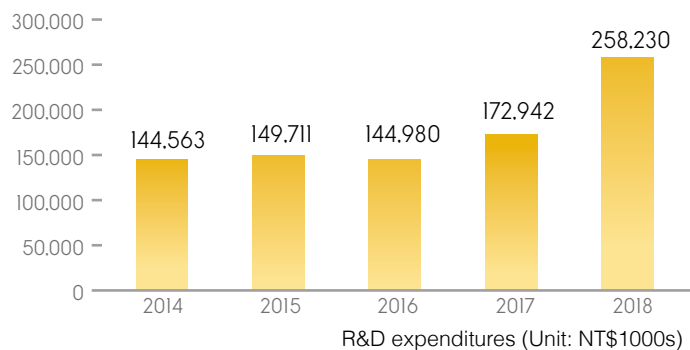
1. Short-term business development plan

- (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.

As an industry leader, we not only endeavor to continue offering our current gamut of quality products and services but also look for innovative new products, services, and even store configurations. In 2018, PCSC invested NT\$258,230,000 in development and R&D.



Business performance

In 2018, the global economy was turbulent, the basic wage in Taiwan continued to increase, and businesses continued to face significant challenges. Despite an unstable external operating environment, PCSC continued to serve as a creative, convenient, safe, and welcoming community center, offering consumers innovative and convenient products and services. Together with the hard work of our domestic and overseas subsidiaries, PCSC achieved operating revenue of NT\$154,074,731,000 and net profits after taxes of NT\$10,230,390,000 for parent company only in 2018, surpassing previous years and setting a new high. Financial performance is shown below. Please refer to the PCSC consolidated and individual financial statements publicly available on the Market Observation Post system for details of 2018 financial performance.

2018 PCSC non-consolidated revenue performance/Direct economic value created

Operating Revenue	154,074,731
Gross Profits	53,012,367
Income tax expense	2,227,402
Net profits after tax	10,206,388
Earnings per share	NT\$9.8
Dividend per share	NT\$8.8
ROE (%)	23.77%
Total assets	89,246,516
Total liabilities	53,994,466
Total equity	35,252,050

Unit: NT\$1000s

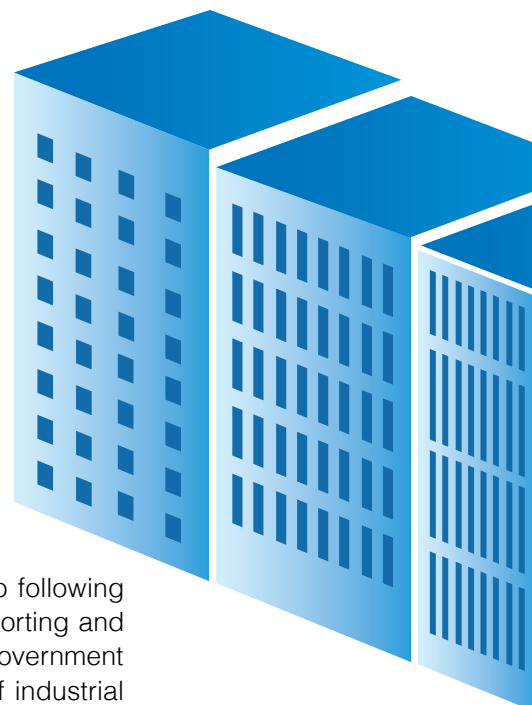


2 About PCSC

Direct economic value distribution

Operating costs	101,062,364
Employee wages and benefits	7,131,255
Payments to providers of capital	Interest: 42,971
	Dividends: 25,990,556
Payments to government	2,423,894
Community investments	41,077

Unit: NT\$1000s

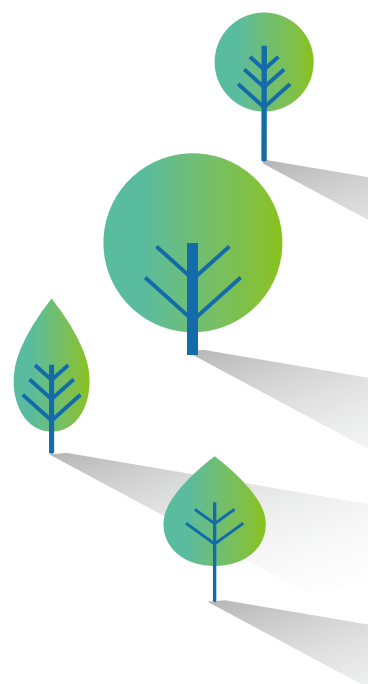


Tax Policy

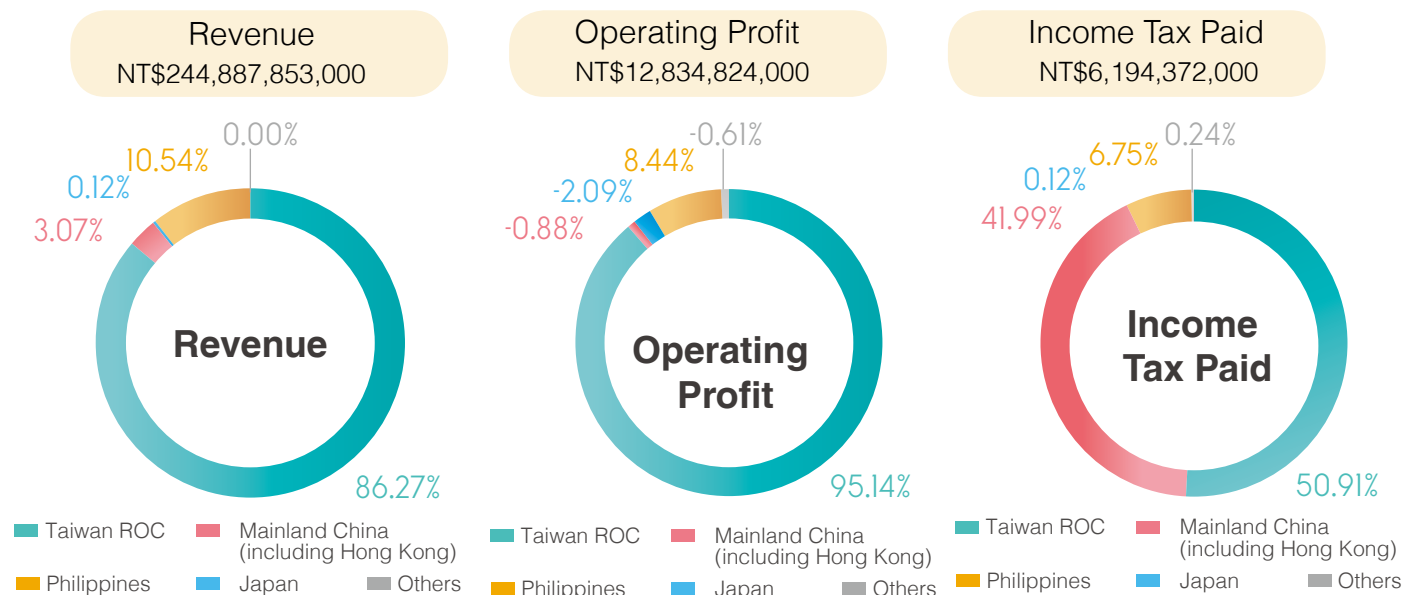
In conformity with the core values of our tax policy, PCSC is committed to following the tax laws and regulations of the areas in which it operates, honestly reporting and paying its taxes, fulfilling its tax payment obligations and supporting the government as it promotes sustainable development policies, including in the areas of 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.



For detailed information on the total consolidated operating revenue, operating profit, and income taxes paid of President Chain Store Corporation and its affiliate companies in different countries/regions for the year 2018, please refer to the PCSC Consolidated Financial Statement.



Note:

The income tax paid in 2018 covered part of income tax payable from the previous year. In 2017, the income before tax increased significantly due to a one-off transaction of selling an affiliated enterprise in China (PRC, incl. HK). The capital gains tax from this transaction were listed as income tax, affecting the amount of income tax payment for 2018. If the capital gains tax is excluded, the percentages of the taxes paid by PCSC in various places in 2018 are as follows: Taiwan ROC 85.72%, Mainland China (including Hong Kong) 2.32%, Japan 0.19%, the Philippines 11.36%, others 0.40%. The distribution of percentages is about the same as that of operating income and operating profit.

Income information

Unit: NT\$1,000,000s

Financial disclosure	2018	2017
Profit before income tax	15,402	41,382
Income tax expenses	3,658	9,064
Income tax paid	6,194	2,107

Information source: 2018 PCSC Consolidated Financial Statement

Effective tax rate explanation

The effective tax rate for 2018 and was lower than the GICS industry average for retailers of food and consumer staples, because Taiwan was the primary source of operating profits and the tax rate for profit-seeking enterprises in Taiwan in 2018 and 2017 was 20% and 17%, respectively. Although some operating profits were from Mainland China (Tax rate 25%) and the Philippines (Tax rate 30%), the overall tax rate of PCSC was still lower than GICS industry average tax rates.

Year	2018	2017	Industry average tax rate (Note 1)
Reported tax rate (%) (Note 2)	24%	22%	26.3%
Cash tax rate (%) (Note 3)	40%	5%	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 2018 covered part of income tax payable from the previous year. In 2017, the profit before income tax increased significantly due to a one-off transaction of an affiliated enterprise and the part of the relevant income taxes were paid in 2018. If the effect of the one-off transaction is excluded, the cash tax rates for 2018 and 2017 are 24% and 21%, respectively.













2 About PCSC

External Participation

As the leader in the Taiwan's convenience store industry, PCSC actively participates in industry association events, fulfilling our responsibility to the industry and society as a whole, exchanging experience, discussing technologies, and proposing issues along with up- and downstream companies in the industry as we strive to do our part and maximize our positive influence. We show concern for various CSR issues through our participation in external organizations, focusing primarily on 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 consumers in Taiwan using cutting edge technology. In the area of business sustainability, we serve as a supervisor for the Business Council for Sustainable Development of Taiwan (BCSD-Taiwan) and 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 Taiwan. Other than taking part in business associations and alliances, PCSC does not make any contribution or participate in other lobbying or interest groups.

List of External Public Associations Memberships	Capacity	Focus Topic	2018 membership fees/contribution
Taiwan Delica Foods Development Association	President 	Food Safety	NT\$5,000,000/year
The Business Council for Sustainable Development of Taiwan	Member 	Business Sustainability	NT\$120,000/year
Marketing Communications Executives International	Member 		NT\$15,000/year
Taipei Department Stores Association	Member 		NT\$4,500 semiannually
Chinese National Association of Industry and Commerce, Taiwan	Member 		NT\$20,000/year
Taiwan Chain Stores and Franchise Association	Director 		NT\$30,000/year
Taiwan Coalition of Service Industries	Director 		NT\$5,000/year
Chinese Non-Store Retailer Association	Director, Supervisor  		NT\$20,000/year
Zero Energy Building Technology Alliance	Member 	Environmental Sustainability	None (Note)

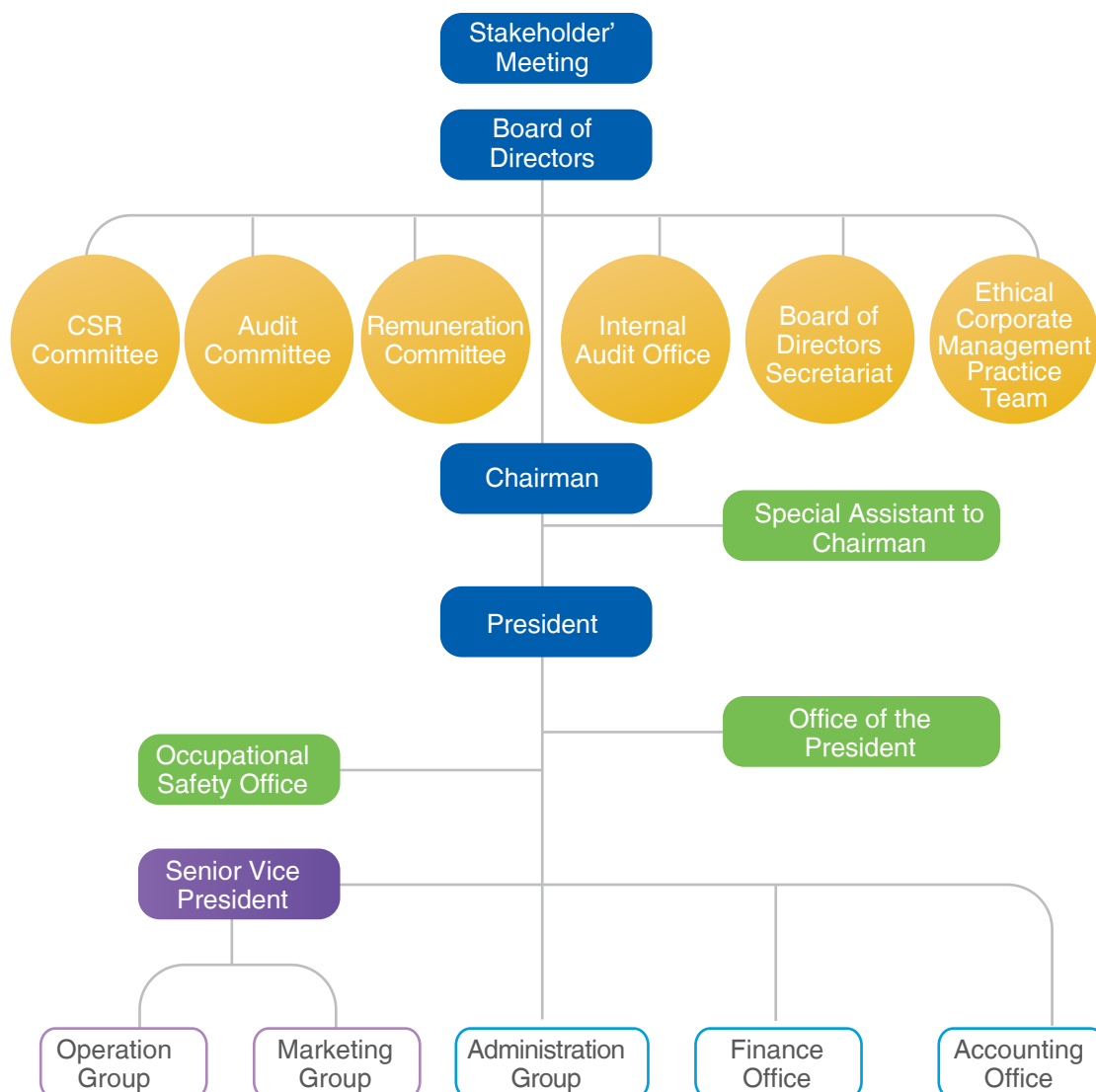
(Note) This union has collected NT\$10,000 per year for the past two years, but after that the organization's surplus was sufficient so that no further fees were collected as dues.

2.2

Corporate Governance

Governance Framework

PCSC places great emphasis on transparency of operations and corporate governance. We regard the enhancement of ethical corporate management as our long-term operating goal. As a result, we establish a good governance system and a sound supervision function for the Board and strengthen our management mechanism. In 2018, PCSC was ranked in the top 5% in TWSE's fourth Taiwan Corporate Governance Evaluation System and was selected for the Taiwan Corporate Governance 100 Index. It had continued to be selected for FTSE4Good Emerging Index and was selected among the stocks making up the MSCI Global Sustainability Indices. To enhance corporate governance, on August 3, 2018, the Board passed a resolution to add a Board of Directors Secretariat directly under the Board of Directors and appointed the vice president of the President's Office, Hsieh-Hung Hui-tzu, to assist the Board of Directors Secretariat carry out its oversight and management duties, providing directors (including independent directors) the information they need to perform their duties, assisting directors (including independent directors) to adhere to laws and regulations, and performing tasks related to Board of Directors and stakeholder meetings in accordance with the law.





2 About PCSC



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 stakeholders select names from a list of candidates. The average age of board members is 59 and members includes two females. Their education, professional backgrounds, and remuneration can be found on pages 15-20 of the 2018 Annual Report. This can be downloaded from the Market Observation Post System or from the investor relations website (<http://www.7-11.com.tw/company/ir/>). 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. From 2018 through the end of February 2019 (prior to the printing of the 2018 Annual Report), the Board met 8 times with an average attendance rate of 99%.

The Audit Committee, Remuneration Committee, and CSR Committee (established in 2018) are under the Board of Directors. They play top-down management and supervisory roles to enhance and maximize the Company's corporate governance, ethical management, and CSR performance.



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 in its supervisory duties and is responsible for the duties set forth in the Company Law, the Securities and Exchange Act and other relevant laws and regulations. The Committee is composed of three independent directors with Shu, Pei-Gi serving as convener. It meets at least once per quarter. From 2018 through the end of February, 2019 (prior to the printing of the 2018 Annual Report), the Board of Auditors held 5 meetings with an attendance rate of 100%.



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. From 2018 through the end of February 2019 (prior to the printing of the 2018 Annual Report), the Committee held 4 meetings with an attendance rate of 100%.



CSR Committee

In order to promote and implement CSR, the Board passed a resolution to establish a CSR Committee directly responsible to the Board and passed PCSC Corporate Social Responsibility Committee Organizational Procedures on December 12, 2018, incorporating an independent director mechanism. It is composed of six members, three are independent directors. The Committee is responsible for proposing and implementing concrete plans related to CSR policies and reporting status on a regular basis. For details on job responsibilities, please refer to PCSC's CSR Committee organizational procedures.

Implementation: 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 2018, the Committee held regular meetings on January 4 and October 9.

Ethical Corporate Management

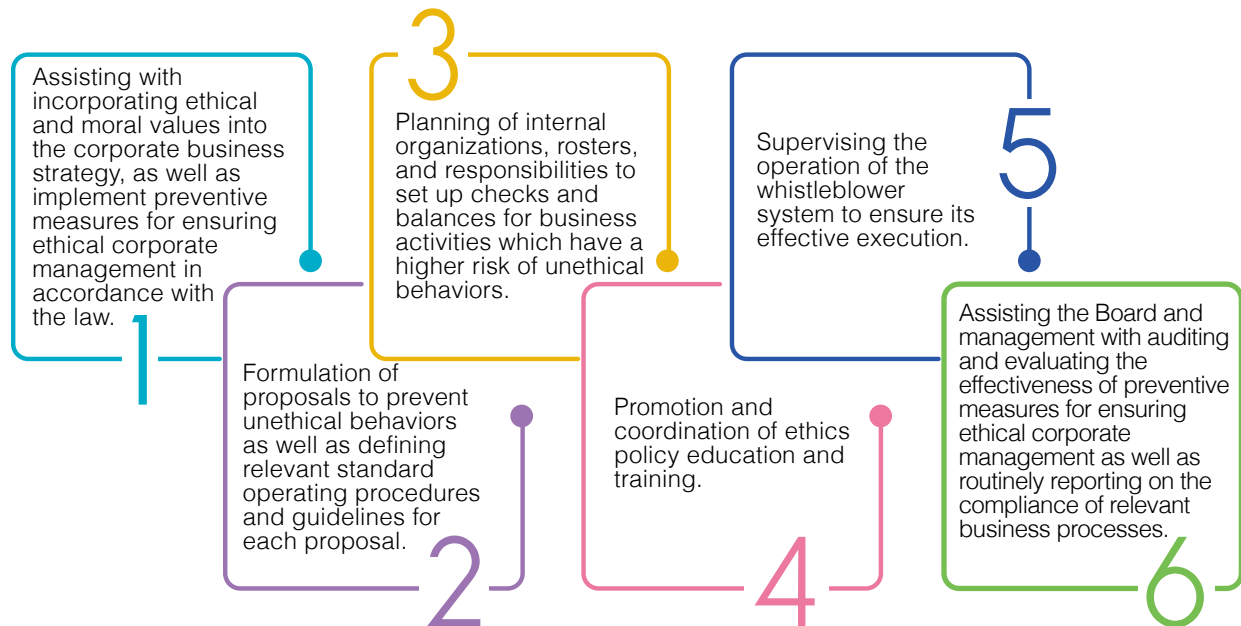
"Sincerity" is an integral part of PCSC's business culture. As such, sincerity in operations is a point upon which we refuse to compromise. Anti-corruption, transparency, and responsibility are basic management principles at PCSC. Keeping in step with worldwide trends and legal requirements, in 2015, PCSC established its "Ethical Corporate Management Practice Team" which is under the Board of Directors and is responsible for setting ethical management policies, molding corporate culture, and establishing good risk management mechanisms for healthy, sustainable corporate operations and development. Our vision is to "become a top choice among stakeholders seeking sincere collaboration. In terms of internal ethical corporate management, PCSC drafted the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Ethical Corporate Management Operating Procedures and Code of Conduct" and compiled an online course in ethical corporate management. In 2015, the Company 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 also checked with stores to ensure that store managers completed the training. As of December 31, 2018, 100% of back office personnel and store managers had completed the course. Members of the Ethical Operations Team and affiliated enterprises promote the implementation of and guidelines for ethical management during two regular project meetings held yearly. 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. To promote ethical operations outside the Company, PCSC has established prevention measures to actively and openly express our commitment to ethical operations. In PCSC supplier agreements, a clause requiring "honesty and no acceptance of bribes" was added in 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 2018, PCSC had 1116 new supplier contracts and 503 new standard purchase contracts. All included sign-offs on "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility", implementing PCSC core values. In addition to our core value of ethical operations, we are also committed to proper disclosure of information. In May of each year, we disclose the status of the Company's promotion of ethical operations on our official website and in our annual report. Both PCSC's Internal Audit Office and Integrated Services Center have set up exclusive reporting hotlines. Stakeholders can also report violations through 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.

PCSC adheres to ROC laws and regulations governing listed companies and business practices. In 2018, no incidents involving corruption or bribery or breach of fair trade occurred. From 2015 to 2018, there were no incidents of political contributions or other donations given to candidates, election organizations, or activities. In 2017, the Fair Trade Commission claimed in 2017 that our franchise agreement does not offer complete disclosure of information and set a fine of NT\$5 million. This case is currently under administrative appeal. In addition, we rigorously assess contribution amounts and recipients.



2 About PCSC

Ethical Corporate Management Practice Team



Risk Management

PCSC commits to maintain a comprehensive system of risk management, which covers the entire group and all subsidiaries. Every person, from the Board of Directors and management at all levels to staffs, participates and promotes risk management. In addition to respecting all applicable laws and regulations, PCSC also proactively identify, analyze, assess, monitor and respond to potential risks in our business operations with consideration of the nature and impact level of risks. We also keep improving our countermeasures handling these risks. PCSC ensures to achieve our strategic goals while effectively managing and controlling the relevant potential risks. The responsible units and the implementation of risk management for PCSC's primary risks are as follow:

Risk type	Implementation of risk management	Responsible unit
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
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

Risk type	Implementation of risk management	Responsible unit
Market risks	<p>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.</p>	Various business units/ Regulation Identification committee/crisis management teams
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.</p> <p>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"> 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. 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. 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. 	Marketing groups/ Operations group
Risks related to Maintaining franchise system order	<p>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.</p>	Marketing groups/ Operations group
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. Countermeasures:</p> <ol style="list-style-type: none"> 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. 2. Hiring re-employed women, middle-aged and senior workers. 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. 4. Incorporating automation of warehousing processes and ordering systems in logistics to increase operational efficiency and reduce the need for manpower. 	Entire Company
Climate risks	<p>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 "Green Trailblazer in the Neighborhood".</p>	Each business unit
<p>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.</p>		



2 About PCSC



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
Demographic structure changes <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"> ■ 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. ■ 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. 	<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>
Stricter food safety laws and regulations <p>In response to food safety issues and to meet the expectations of consumers for safe, health food, in recent years, the government has strengthened food safety mechanisms, steadily expanded the management organizations, and strictened relevant laws and regulations. Considering the growing contribution of food products to PCSC's revenue, stricter food safety laws and regulations will increase the cost of product development and legal compliance in the future.</p>	<ul style="list-style-type: none"> ■ Laws and regulations about food safety and product labelling (e.g. "Sanitation Standards for Contaminants and Toxins in Food", "Sanitation Standards for Microbiological in Foods", and "Guidelines for Food Safety Assessment and Labeling of Genetically Modified Foods") have expanded their scope and raised the standards, PCSC's compliance costs including product development, testing and suppl chain management, will be increased. ■ Higher food safety awareness of consumers has increased demands for products complying with the law. In addition, involving in a food safety scandal would seriously harm PCSC's image and could even result in damage compensation and operational losses. 	<p>PCSC emphasizes on raw material sourcing. We requires our suppliers for agricultural raw materials used in private brand products should adhere to our procurement standards. We also coach these suppliers to set up the "Origin Management Centers", obtain certificate of organic production or T-GAP (Taiwan Good Agricultural Practice to ensure the quality of materials. In the areas of product development and quality control, PCSC keeps updating testing requirements in accordance with the latest laws and regulations. In light of the unknown risks that GMO foods could have on human health, PCSC tracks materials used in private brand products, and aims to satisfy customer needs while adhering to relevant laws and regulations.</p>



Crisis management

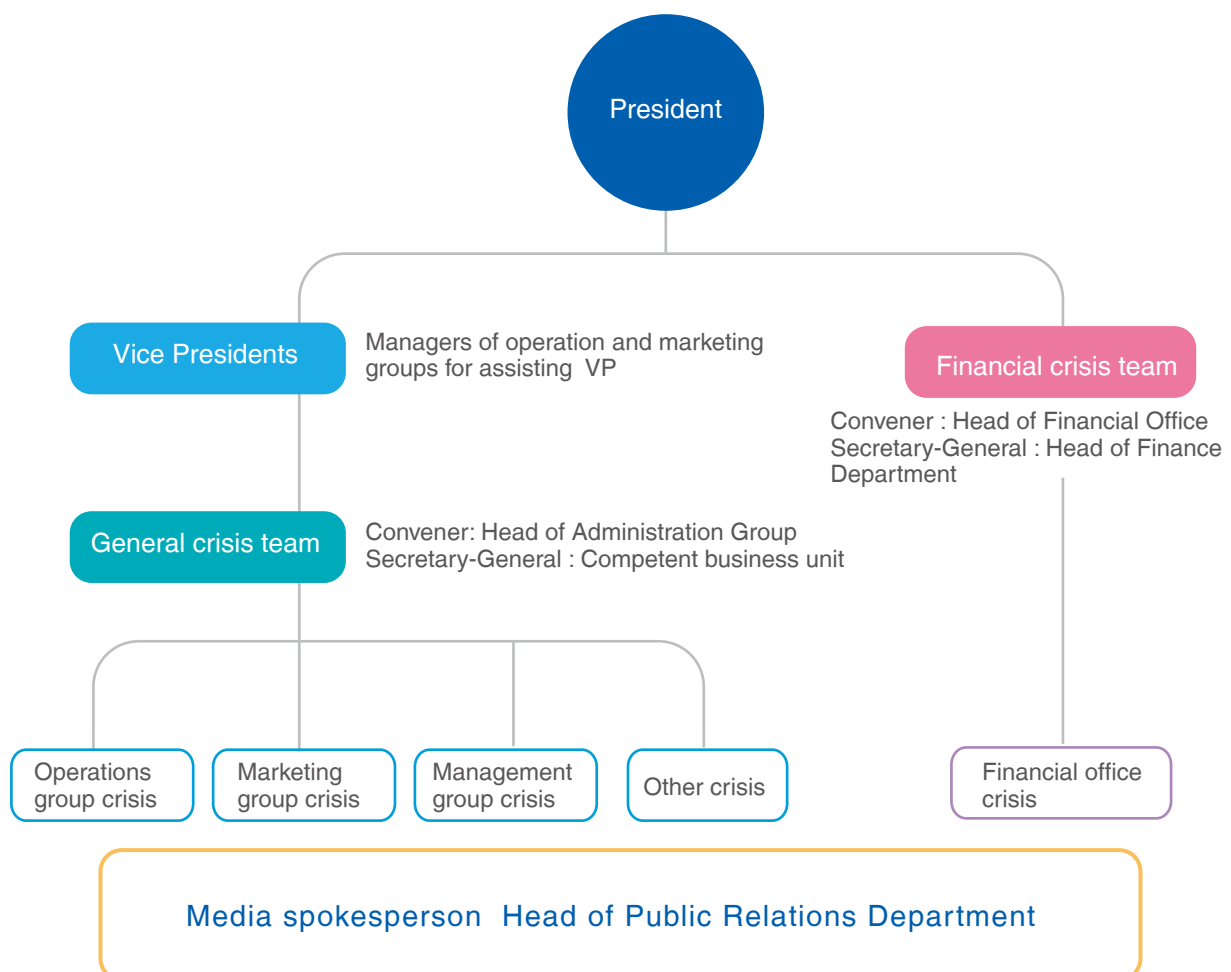
In addition to setting up a sound crisis management system, PCSC has also made all preparations necessary to handle any crisis and effectively reduce any impact and losses, so that the Company continues to make decisions efficiently and to operate stably.

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. It lays particular emphasis on the spirit of being responsible and proactive and includes descriptions of duty groups, grasping business, inter-unit communication mechanisms and so forth. Moreover, to ensure that the responsible units are able to quickly find a reference when an emergency does occur, types of crises

are categorized, such as product quality discrepancies and false advertising. Business units are clearly divided into five categories based on the nature of their work, including the Operations Group Crises, Marketing Group Crises, Financial Office Crises, Administration Group Crises, and Other Crises. These serve as the basis for an internal crises notification mechanism for guidelines for preventing, managing, and resolving when the Company is faced with a crises.

In order to enhance the timeliness and effectiveness of our crisis management process, the units that saw the most crisis situations in 2018, i.e., the Operations Group and Marketing Group, made adjustments to their notification mechanisms. All crisis management processes under the vice president, Operations Group, and Marketing Group indicated those are to be responsible for handling crises for the various units, so that when a crisis happens, it is to be classified by region, product, service, or case and the details and management of the crisis ascertained and then reported directly to the direct Group supervisor. The vice president and the Operations Group and Marketing Group heads are to review the details of the crisis and the head of the Administration Group is to designate a manager to serve as the company window for notifying the parent company. In addition, the Company conducted out PCSC affiliate crisis education training and set up a crisis section on the internal communication platform and a broadcasting group of the crisis management team to be more efficient when faced with crisis situations and to enhance employee crisis awareness. In 2018, the Company convened crisis management meetings to deal with news reports about food waste and compulsory ordering. 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 an inter-division Regulation Identification Committee and periodically holds Regulation Identification Meetings. It provides monthly/quarterly feedback to law and regulation identification reports and risk assessment forms, convenes quarterly Regulation Identification Committee meetings with departments offering feedback on identification status, countermeasures, and giving reports. In the event of a high risk issue, relevant departments are asked to give reports on how it is being dealt with during the meeting and 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 establish a "Crisis Management Team" to effectively control and manage any potential or current market risk or crisis. New risk assessment mechanisms evaluate legal risk by objective quantitative data for better improvement and tracking.

Violations during 2018

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 2018 for violating any of the laws or regulations mentioned above.

In 2018, due to breaches of the Labor Standards Act, Tobacco Hazards Prevention Act, and Trash Clearance Act, partial stores were fined a total of NT\$153,000. The situations were investigated by relevant units, improvements made, and no major losses or follow-up impact occurred. In 2018, no products sold by PCSC violated regulations regarding marketing communications and we did not sell any prohibited or controversial products. Please refer to the 2018 PCSC Annual Report page 57 for more details.





Sustainable products and services



2018 Highlights

- CITY CAFE city cherry blossom season advertisement won a 4A Creativity prize and **8** major awards overseas
- **141 million** invested in food safety management in 2018
- More than **90%** pass rate for in-store tobacco and alcohol sales audits
- In 2018, **100%** suppliers of President's own food products passed audit
- President proactively uses contract farming, increasing the proportion of locally-sourced purchases to encourage local agricultural development and reduce overall environmental footprint. In 2018, **69%** of purchases were made with Taiwan area suppliers of agricultural products.
- **3.2 million** OPENPOINT members in 2018

President led domestic retailers with "innovation", "convenience", "safety" and "pleasure" as four major product characteristics. For many years, the company has launched its own branded products and cooperation with partners both within and outside Taiwan to supply consumers with quality, convenient, tasteful, and reasonably-priced products and services characterized by nostalgia for the past and innovation into the future and developing products and services with all sorts of potential to create an unprecedented retail channel consumer experience.

In 2018, President maintained ties to customers with eye-catching brand marketing campaigns, a solid product safety management framework, and a tight supplier chain. Amid a changing social environment, President has continued to light up every corner and supply all consumer needs, large and small, leading the company in reaching new heights and writing new chapters in its history.



3 Sustainable products and services

3.1

Product management

President has always been proud of being "a good community neighbor". The company hopes not only to establish a commercial relationship with its customers, but also to use new products and services to play a role in satisfying needs at various levels and driving a life revolution. Consumer expectations for convenience stores have also shifted from the traditional "convenience" and "value for money" orientation to an image of "high-class life" and "creating a personal image". As a result, how to maintain a spirit of brand innovation and persistence amid a highly competitive, rapidly-changing retail environment while still seeking a difference and keeping the eyes of consumers on the company is undoubtedly a great challenge facing the company's sustainable operations.

Management approach

President's Integrated Marketing Department is primarily responsible for customer-centric viewpoint, repositioning branding, and employing original, innovative marketing methods to continually transmit the company's brand values. In 2018, through its unprecedented unmanned X-Store, promotions for noted brands such as GODIVA, Ichibanya's COCO, and Taihodian, coordination on holiday and seasonal marketing events, and innovation in digital sales of its own branded products, President successfully attracted the public's attention and drove wave after wave of business opportunities, as well as re-establishing the pioneering, innovative, limit-shattering image and positioning of the 7-ELEVEN brand.

Product types

President's products can be divided into its own-branded products and products that are not its own-branded. The series of own-branded products are items developed by President's fresh foods department, product department, or in cooperation with strategic partners. These products bear the President label as fully owned, exclusive products (this does not include licensed products). These include President's own brand (Private Brand, abbreviated as PB) and Private Label (abbreviated as PL) products.

Own brand 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 President.	iseLect series of frozen reheatable foods and snacks

In 2018 President also built three major private brands holding fast to the tenets of "value, style, design". The company hopes these will mesh with various kinds of consumer lifestyles and are positioned around good quality and unique personal style. They provide a wealth of choice in hopes that consumers will become "brand partners" and recapture the right to choose and self-determination along with the brand, including the well-known CITY CAFE coffee and tea brands, for which catchy marketing strategies to date which have fit consumer images have not only resulted in high brand recognition, but also changed the lives and consumption habits of consumers.

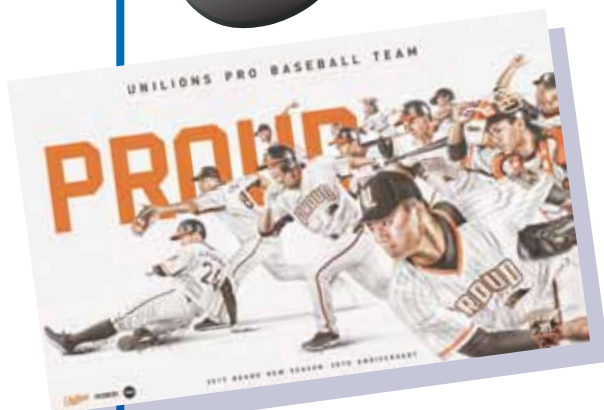


CITY CAFE also brought out its city cherry blossom theme for the first time in 2018, using the humorous story of a guy and a girl in the city. The CITY CAFE cherry blossom season [Seven days of cherry blossoms] advertisement links the brief life of the blossoms to the idea of "carpe diem" in the "hold on, don't miss the sparkle" slogan which sparked intense discussion and response from Internet users. The campaign won a 4A creativity prize and 8 major awards overseas. The campaign also coordinated with the Cherry Blossom Cup and other peripheral products, a cherry blossom themed storefront, Instagram digital events and other multimodal, integrated promotion to incite a wave of cherry blossom fever across Taiwan. In addition to the cherry blossoms, the company also promoted new products like its Sicilia lemon coffee, Taiji caramel milk tea, one-lemon tea, and attracted female consumers with its Kanahei events constantly creating new visual, olfactory and imaginary experiences for customers.

Major 2018 events

Aside from product marketing, President was also involved in professional baseball and running events in 2018. These events allowed a link between President products and the energetic vitality and pleasure of sporting events, strengthening the public's recognition of the brand while promoting a healthy lifestyle and supporting Taiwan's professional sports industry as part of its corporate responsibility.

Promoting Taiwan sport events and investing NT\$ 90 million to support the operation of Uni-President 7-ELEVEN Lions baseball team



The Uni-President 7-ELEVEN Lions are one of the few remaining original professional baseball teams in the CPBL, and as such representing an important position in the baseball industry. President has long invested in supporting the team's operation. Throughout the history of professional baseball in Taiwan and the many vicissitudes it has seen, the team has played a key role in stabilizing the industry. The company invested NT\$90 million in 2018. In addition to professional baseball, President also used the power of baseball stars to actively support the sport at the grassroots level and charity events, and thus bringing a positive influence to the society.





3 Sustainable products and services

“OPEN! RUN balloon run” promotes the habit of exercise and improves interactions between parents and children. Investing NT\$ 8 million and reaching the target of 10,000 participants.



Christmas tent decoration judging and lots of gifts. Participant families were treated to an unforgettable pre-race Christmas celebration.

The Uni-President sponsored "OPEN! RUN balloon run" notched up its sixth year in 2018. The theme of this year's event was Christmas, Happiness and Joy, and took place in Kaohsiung's Dream Mall. It attracted nearly 12,000 people of all ages. This exciting event brought together the OPEN! family's role and Kaohsiung's tourist attractions, giving runners the opportunity to have fun and exercise and families the opportunity to enjoy each other. As usual, this year's event featured a pre-race "Starlight Dream" event featuring a pajama party,



3.2

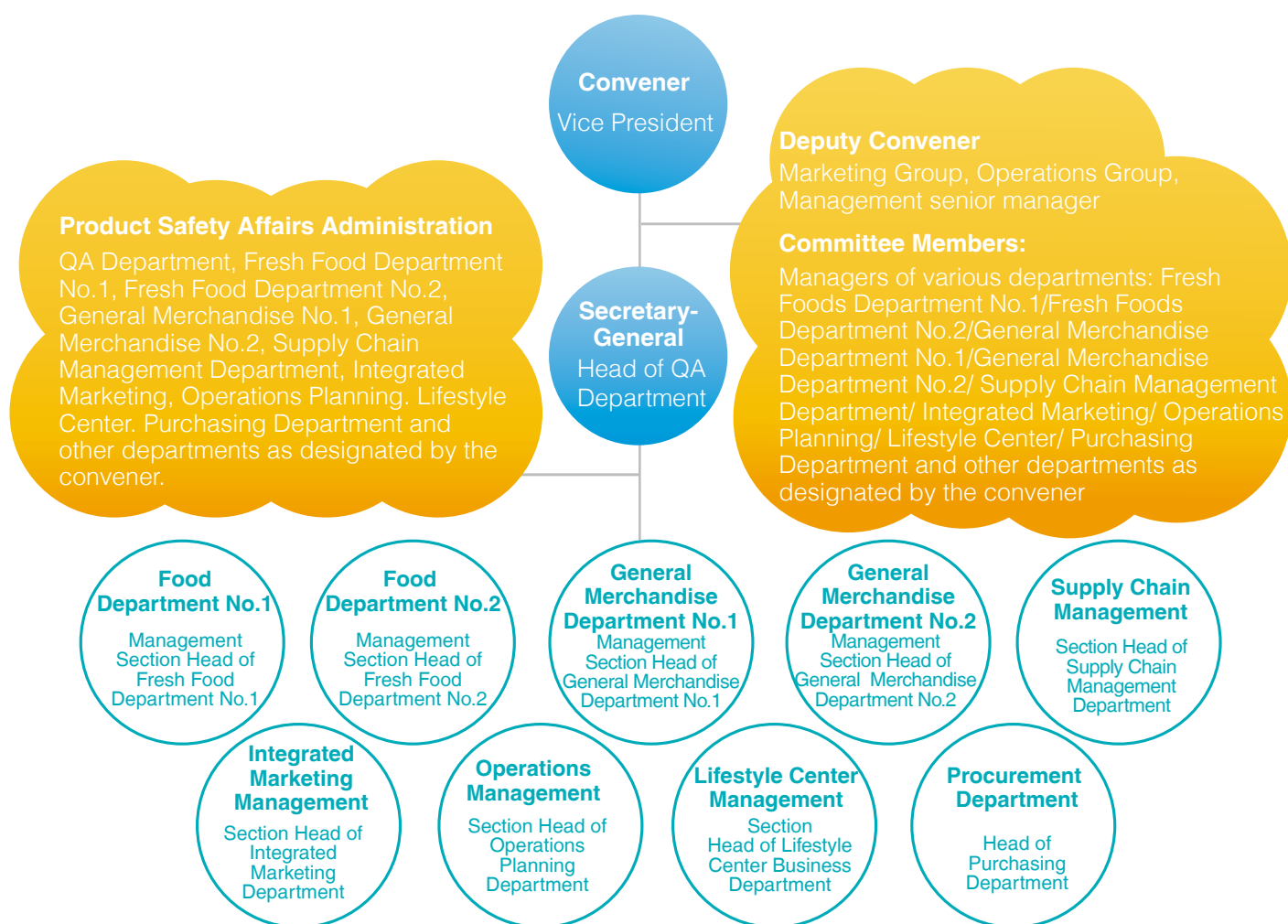
Product safety management

Management approach

Consumer trust is the cornerstone of Uni-President's operations. We have set a policy of "focusing on operations, traceability management, and winning consumer trust", and treat "food product safety" with great respect. President has established a product safety committee, set up an internal product safety audit system, and improved the capabilities of its laboratory testing. For many years, the company has operated with sincerity and trustworthiness, putting all efforts into making its products professional. President has taken on the social responsibilities, professionally controlling and managing food safety, ensuring the quality and safety of each and every own brand product throughout the product life cycle, from manufacturing to shipment, storage and sales. In 2018, the company invested over NT\$141 million on product safety management, surpassing the company's budgeted target of NT\$40 million.

Management structure: Product Safety Committee

The Vice President serves as a convener for The "Product Safety Committee". The managers of marketing group and the operations group and the supervisor of management team serving as co-conveners. The supervisor of the quality department serves as the secretary-general, and the product safety office is tasked with overall collection of product safety-related issues. Under the committee are 9 executive teams, with the head of each department acting as a team leader. The "Product Safety Committee" takes safety and quality as a point of departure, and has established a unified management system that covers 100% of the company's own-brand products. In 2018, the committee held three meetings and discussed topics including compliance with government safety directives, progress on enhanced summertime quality assurance plans, analysis of safety system audit findings, a supervision plan for food safety, and progress on other initiatives.



Note: This organizational structure was last updated in June, 2017, to include the Purchasing Department into the product safety committee organization.

Action plans



Product safety information

President gathers and tracks information related to product safety in accordance with our "Product Safety Information Gathering, Review and Tracking Standards". This ensures the management of product safety risk for 100% of President's own brand products. In 2018, the company issued 875 product safety-related memos. These included 4 A-level reports, 692 B-level reports and 179 L-level reports.



Negative product safety information and information on non-compliance regarding President and its joint ventures



Other product safety information, other than A-grade



Drafts of law and regulations issued by central government authorities, and information on foreign laws and regulations

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



3 Sustainable products and services

Material and Quality Assurance system (MAS)

Although President does not fall under Article 9 of the Food Safety and Sanitation Management Law, and so is not required to establish a tracking system, the company has enhanced product safety management on its own brands in response to our responsibility to our customers. The company is ahead of both the legal requirements and competitors in the field and in cooperation with the ROC Fresh Foods Development Association, has set up a Material and Quality Assurance System(MAS). This ensures that product raw materials and suppliers can be tracked and managed. Through the MAS system product specifications for approval have been set up clarifying the sources of raw materials and the suppliers used for own-brand food products. As of the end of 2018, 99.87% of the company's own-brand food products had a document in the MAS system (see note).

Note: In 2018, there was 1 product for which a specification sheet was not set up within 14 days of going on the market. This is the reason the file was not complete.



Food inspection laboratory

To control and grasp product quality in a timely manner, President established its own food inspection laboratory in 2012. This laboratory is certified by the TFDA and TAF. Before a product goes onto store shelves, the laboratory first performs sampling and testing on items such as traces of veterinary drugs in raw materials, pesticide residues, food additives, biotoxins, mycotoxins, microorganisms and adulterants. The products can then be sold in stores without concern. As of the end of 2018, the laboratory had 587 tests as per CNS or TFDA requirements, and another 137 that do not follow directives from those organizations.



TAF certification items

Scope of microorganisms for ISO/IEC 17025:2005 certification	4 item
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TFDA certification items

Nitrofurantol metabolites	4 item
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Chloramphenicol-type antibiotics	4 item
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Multiple trace analyses (2)	48 item
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Microorganism type	4 item
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Colorants	8 item
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Ochratoxin A	1 item
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Citrinin	1 item
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A total of 855 tests were run in 2018, with 841 items passing. This is a pass rate of 98.4%. In the case of any nonconforming raw materials, the supplier is asked to determine the cause and make appropriate changes, and nonconforming products will be taken off the shelf (along with other products from that lot) or sent for further testing with an outside laboratory. This ensures that the products we sell are safe beyond a doubt. The product inspection laboratory generated costs of NT\$38.409 million, including NT\$17.348 million in outside laboratory fees (see note). This is equivalent to 0.025% of the company's operating revenue.

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

Supervisory mechanisms

Internal reporting system

President 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 all 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 2018, a total of 3 cases were referred in this way, and NT\$2,000 in reward money paid out.

President's product safety risk categories

Risk category	Notes on grading
1	<ul style="list-style-type: none">Adding of illegal ingredients or additives, as confirmed by a third-party laboratory, the short-term use or consumption of which would bring concerns about harm to human health.
2	<ul style="list-style-type: none">Adding of illegal ingredients or additives, as confirmed by a third-party laboratory, the long-term use or consumption of which would bring concerns of harm to human health.
3	<ul style="list-style-type: none">Legal ingredient, but over label quantity or added to a product to which they should not be addedAdulterant ingredients.
4	<ul style="list-style-type: none">False or incomplete labeling or advertisements.
Not graded	<ul style="list-style-type: none">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.Cases not meeting the above four standards but which have constructive or reference value.

Logistics

After President's products and raw materials are manufactured by suppliers or agents, they are shipped to the various stores by a logistics company. To ensure the quality of products is maintained and guaranteed through the entire process of shipping, storage and display, and to reduce potential risk to products due to temperature, employees or sanitation, we partner with the 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. There was 100% participation in this plan in 2018 including fast foods (rice/noodles/salads), rice, flavored breads, bananas and fresh fruit (with the exception of corn on the cob and bamboo shoots).

Store management

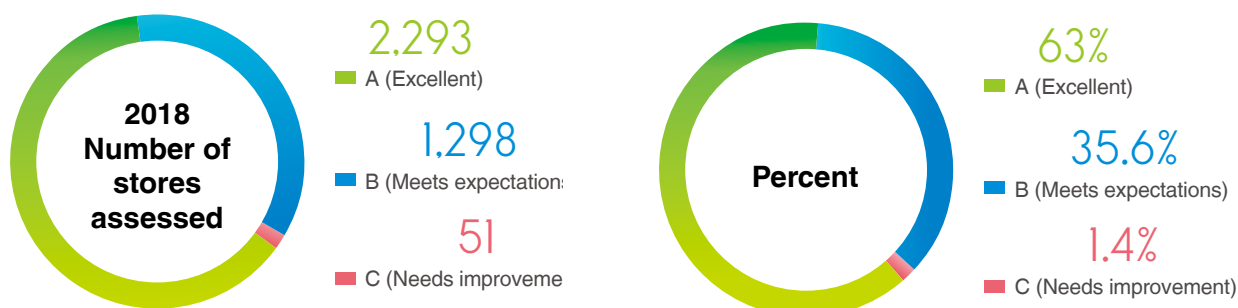
Stores are on the front line of President's operations, and in addition to cutting-edge product promotion and display and marketing topics, we have also never ignored the importance of basic quality of service. Value, quality assurance, service excellence and cleanliness of environment (VQSC) are the basis for our operations, ensuring that every store, whether directly owned or a franchise, gives consumers the very same high-quality products and services that completely meet expectations. In addition to this, by means of internal and external audit mechanisms covering various items, we ensure that the service and quality assurance for both products and employees are held to set standards.



3 Sustainable products and services

Service excellence assessments

President 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 2018, the company audited a total of 3,642 storefront operations, or 67.83% of all its stores. This year, 2,293 stores (63%) were rated grade A or excellent. This was up 21% compared to the previous year. For stores earning a grade of C, operations specialists visit the stores to provide guidance and hold meetings to draft an improvement plan and track results. In 2018, the goal was to have 95% of stores graded A or B, and we will continue to use district consultants to provide guidance and help gradually reach this goal.



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

Product expiration date management and quality assurance checks

In addition, a management consulting company was used to perform audits of product expiration dates and quality assurance. In 2018, 98.64% of all stores in Taiwan underwent this audit. A total of 22,883 stores were checked, with 22,280 passing. This is a pass rate of 97.3% (see note).

Note: A small number of stores closed in early 2018 or were not open in 2018, and so were not audited in 2018.

QA and Honest Operations certification training and audits

In addition to the store audits described above, to improve the quality of the overall workforce, President continually undertakes quality assurance education and training for both new hires and existing employees. A total of 20,117 people participated in this training in 2018. Beginning in July, 2016, President has also hired a management consulting company to audit the quality assurance training certification status of stores, with 99.43% of the stores in Taiwan audited in 2018 (see note). Only 50 stores failed to pass, and these stores were re-checked a month later.

Note: A small number of stores closed in early 2018 or were not open in 2018, and so were not audited in 2018.

Tobacco and alcohol sales audits

Additionally, to implement the law and protect youth and children, we audit performance on ID checks of customers under 18 attempting to purchase tobacco or alcohol products. In 2018, 100% of stores passed. 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 2018 were completely met.

3.3

Sustainable supply chain management

President itself does not run any factories, with all of its products manufactured by other companies. We use the setting of management measures and assessment systems to supervise and urge our suppliers to continually produce stable, high-quality products and ensure that consumers who purchase products from President all receive a high-quality item. President has suppliers both in Taiwan and abroad, and we also implement a farm contract model to support local agricultural development and make products healthier. At the same time, we also use contracts and an assessment process as a means of guidance and strive to improve supplier implementation of honest operations and corporate social responsibility as well as management systems. We firmly hope that through the above measures we will be able to establish a tight, positive force for mutual growth with our suppliers, creating a sustainable supply chain.

Supplier management rules

In our Internal Control regulations, we have set a special chapter on "Product Safety Management". This ensures that all suppliers conform to law and regulation, as well as to President's own rules, in their corporate setup, product quality and testing. Of these, various rules are set for suppliers and manufacturers of our own 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.

Table: Own-brand Supplier Management Rules

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 2018, suppliers of own-brand food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 50 companies. Based on their plant statistics, there were a total of 99 manufacturing sites; of these, 58 were manufacturers of own-brand food products within Taiwan. Of these, 57 manufacturers (see note) obtained international food safety management system ISO 22000 certification. Since ISO22000 formally began the use of the new ISO22000:2018 standards in 2018, and a comprehensive update is required prior to June of 2021, President will likewise guide and assist food product manufacturers and suppliers to complete the requirements for the new certification prior to 2021.

Note: Uni-President (Hualien plant) formally began to supply product in October, 2018 and obtained ISO22000 certification on April 4, 2019.

In addition to products themselves, in the case of suppliers of products related to store safety, we have set "Management Rules for Site Assessment of Suppliers of Products Related to Store Safety", to ensure that domestic suppliers of items such as single-use materials in contact with food are appropriately managed and audited, to implement comprehensive control of food safety risk.

Supplier appraisal system

President uses the rules mentioned above to undertake periodic evaluations of suppliers of own-brand products and to set different assessment items and process scopes for domestic and foreign suppliers, suppliers of raw materials by direct purchase and suppliers of eggs, respectively. By categorizing the targets of evaluation, the credibility and effectiveness of supplier evaluation process is enhanced. We hope that this tight grasp of the system will provide a safe and confident experience for consumers. Audit assessment items, frequency, results and other notes are given below.



3 Sustainable products and services

New supplier assessment

For new suppliers, we not only require conformance to the following basic conditions, but also impose certain assessment items based on the supplier type. Through the new supplier assessment system, we ensure that cooperating suppliers comply with laws and regulations, and have a professional level and good product quality. At the same time, we also include economic, environmental and social standards in the assessment system. In 2018, a total of 8 new suppliers and manufacturers came on board. 100% of them passed this assessment. Through new supplier screening and assessment we exercise our company's social responsibility in a sincere and direct manner.

Manufacturers

1	Legal conditions	Hold legal company registration, factory registration, business registration, updates, etc. (if permitted to go without registration by the relevant authorities, must provide corresponding documentation as proof). Industry type listed on registrations must include processing of product types for outside organizations; for foreign manufacturers, establishment of the company must conform to relevant laws and regulations in that country.
2	Quality certification	Ideally holds CAS, TQF, HACCP or ISO 22000 product quality certification.
3	Comprehensive management system	Good product quality management, own product testing capabilities, production management and sanitation management.
4	Raw material tracking	Can track back raw material origins, to ensure that products conform to ROC import and other laws and regulations and to food safety and sanitation standards regarding pesticides, traces of veterinary drugs, and heavy metals.

Suppliers of raw materials through direct transactions

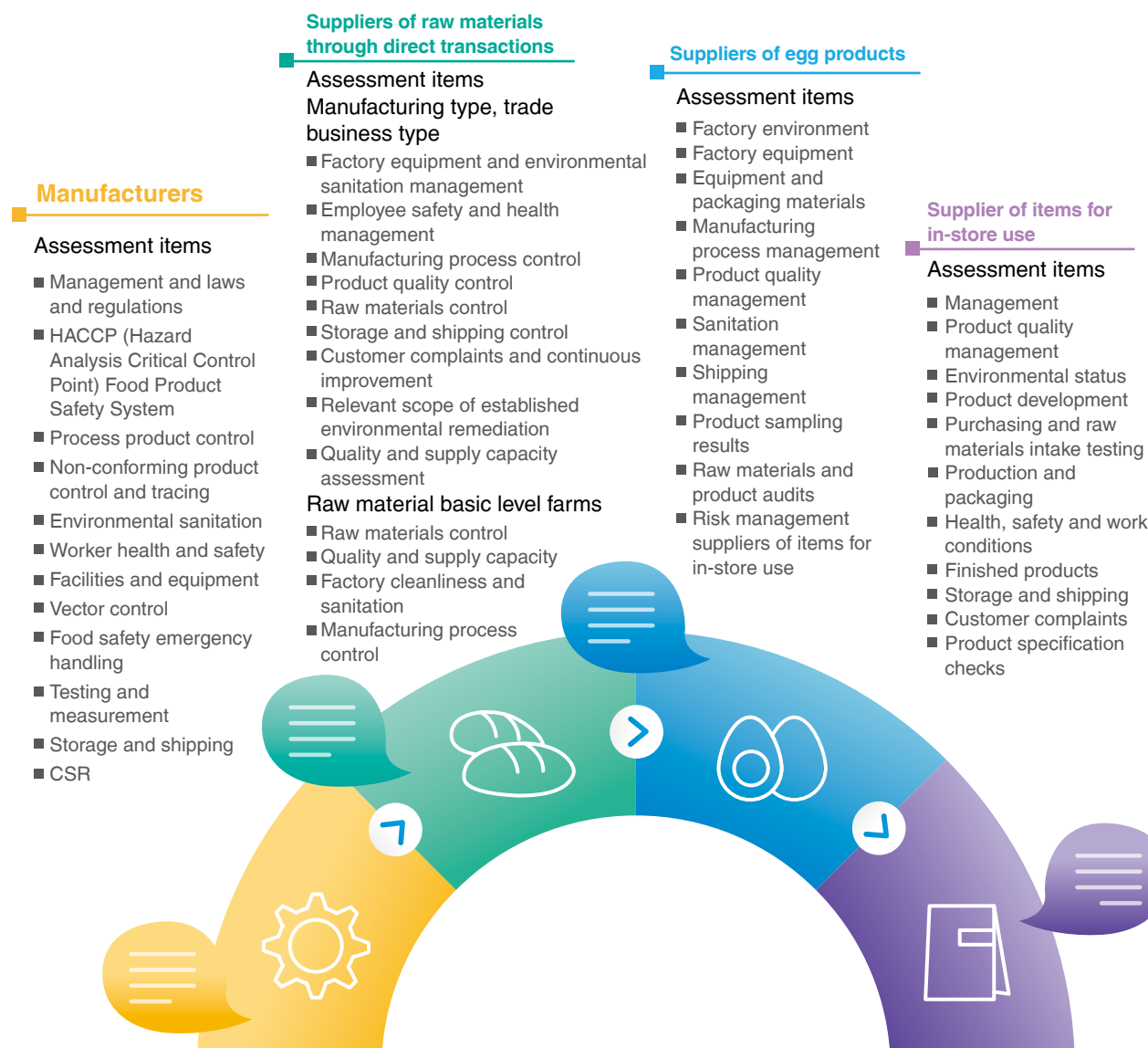
1	Legal conditions	Business registration, factory registration must conform to legal conditions for registration.
2	Quality certification	Ideally holds CAS, TQF, HACCP or ISO 22000 certifications preferred.
3	Assessment documents	Introduction of new raw materials requires provision of traceability documents and risk assessment.

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, 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 system, environmental sanitation, manufacturing and quality management systems and so on (for details see "Supplier Assessment Items" section notes). The above-described items for inspection ensure the good management of product safety and organizational operations.



Conformity standards

Assessment results are scored into four categories: A (≥ 90), B (80-89 points), C (70-79 points), D (≤ 69). The passing grade for food product manufacturers is B or higher, while non-food manufacturers, raw materials through direct transaction, egg suppliers, and suppliers of items for in-store use have a passing grade of C or higher. In case of failure, a penalty will be imposed as per the "Product Quality Guarantee Agreement" or "Supplier Assessment Agreement". At present, new suppliers of items for in-store use have a passing grade of 70, to guarantee the interests of consumers and the safe use of products. We estimate that by 2022 new entrants as suppliers of items for in-store use will have a passing grade threshold of 75 points. This will further improve supplier screening and management. In 2018, the average audit score for suppliers of items for in-store use was 84 points, and even a newly introduced firm scored over 75.



3

Sustainable products and services



Frequency of assessment

Frequency of assessment depends on the results of the previous on-site assessment. To assess the level of risk with domestic food product manufacturers, President has set the "Food Product Manufacturer Risk Grading and Assessment Guide" to act as a basis. It has also completed 2017 own-brand food product manufacturer risk grading, for use as a reference for determining frequency for the 2018 round.

1.Manufacturers

Comparative table of assessment frequency for domestic food product manufacturer sites

Grade		A ≥90 points	B, 89-80 points	C, 79-70 points	D, ≤69 points
Result		pass		fail	
Risk category	Low-risk	12 months	6 months	Requires 3 months of consecutive rechecks and must pass	Requires 3 months of consecutive recheck and continuous passes, or production halted immediately
	High-risk	6 months	4 months		

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 result indicates a failure, the case is handled as per failure on the part of domestic food product manufacturers.

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	Pass	
C	Fail	Manufacturer must immediately halt production arrangements, and pass a re-assessment within 6 months before resuming production. Otherwise manufacturing on behalf of President must be terminated.
D	Fail	

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 case is handled as per failure on the part of foreign food product manufacturers.

2. Other (raw materials suppliers through direct transactions, egg product suppliers, suppliers of items for in-store use)

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

Assessment results

In 2018, there were a total of 50 suppliers of own-brand food products with whom President had a cooperative relationship (note 1) (including plants, suppliers of raw materials through direct transactions and suppliers of egg products) with 100% of these passing at the end of assessment (note 2); see the table on p.38 for these 50 suppliers and the total of 184 audits done. 182 audits resulted in passing grades, for a compliance rate of 98.9%. For the non-conforming firms, in addition to the sanctions laid out in the "Product Quality Guarantee Agreement", the suppliers were asked to make certain improvements and re-assessment performed until they were conforming.

Note 1: Defined as (1) New factory assessment passes prior to 2018 and existing suppliers that passed internal submission. (2) New suppliers that successfully passed the 2018 induction assessment. (3) Those approved for a halt to assessment in 2018 are also included.

Note 2: One manufacturer, three suppliers of raw materials through direct transactions and one supplier of egg products concluded their transactions and work for President within the time limit for assessment corresponding to the assessment result from last year's supplier assessments, so that they were not required to be audited in 2018 based on the corresponding management rules.

Additionally, there were 11 suppliers of disposable items for in-store use (note 1) in 2018, with 100% of these passing at the end of assessment (note 2); see table on P.38 for these 11 suppliers and the 15 audits on supplier assessment items performed; 13 audit resulted in passing grades, for a compliance rate of 86.7%. Firms not in compliance in 2018 have been sanctioned based on the "Supplier Assessment Agreement" (note 2).

Note 1: Means disposable paper cups, bowls and similar items coming into contact with food and produced domestically for use in stores to serve consumers.

Note 2: The manufacturer ceased doing business with and producing for President after failing the re-assessment, so that they were not required to be audited in 2018 based on the corresponding management rules.

In addition to this, based on supplier assessment results, President views the 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 continuous risk suppliers". In 2018, there was only one such supplier of own-brand products that failed to reach standard. The supplier assessment and guidance process has been used to assist the supplier in improving.

ESG assessment items

In addition to monitoring and assessing product quality and manufacturing processes, President also considers ESG (Economics, Social and Governance) within the scope of assessment. Through its assessment system, it constantly urges suppliers to strive to improve and exercise good control in manufacturing, and to take better care of workers, protect the environment and exercise other social responsibilities. 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%



3 Sustainable products and services

In supplier ESG assessment trends, President particularly emphasizes "healthy work environment" and "employee health and safety". Since many of President's own-brand suppliers are tied to food product manufacturing or raw materials, to ensure that suppliers conform to food product safety laws and regulations and President's own product quality management requirements, workplace safety and health has been added to the list of assessment items for suppliers. In addition to this, we stress suppliers protecting workers and their rights, and require suppliers to exercise corporate social responsibility and not violate the Basic Labor Law. We consider that the health and safety of the workers on the line can impact product quality, so for the social dimension, we stress suppliers providing healthy, safe working conditions for employees.

President hopes to work hard with its suppliers to implement corporate social responsibility, and through our supplier assessments, to monitor whether they are complying with employee health and safety and other working conditions as required by labor laws and regulations. This both brings our social impact into full play and guarantees the work rights of those working along our supply chain. In 2018, of tier 1 supplier assessment results, 22 were found to be involved in situations such as inaccurate record keeping, no scheduled safety and health inspection mechanisms, or unclear announcements and labeling. After guidance, all made necessary improvements.

Supplier Code of Conduct

As the leader among domestic retailers, President hopes to use its example and its requirements to spur suppliers to come together to fulfill their corporate social responsibility. In addition to the above management rules and assessment systems, we have also set a "President Own-Brand Product Supplier Code of Conduct", and require all suppliers to sign an "Honest Operations and Corporate Social Responsibility Agreement". The principles and agreement stipulate that suppliers may not obtain inappropriate gains through bribery or the giving of presents, may not violate labor law or regulations (including hiring rules, working conditions, salary and remuneration, occupational safety and health, etc), and must guarantee labor equality, a non-discriminatory workplace and basic human rights, and provide products that conform to environmental protection and food safety laws and regulations to reduce the impact on the environment and human health. In 2019, President will further revise the content of its agreements, to clarify necessary items in the five major areas of labor, health, environment and safety, ethics and fairness. ESG related standards of conduct will be pushed outward beyond tier 1 suppliers, and will be announced on the internal web site. In addition to this, every year President's supply chain management department also periodically educates its major raw materials suppliers for own brands on sustainable sourcing and traceability management concepts, and requires them to provide raw materials in compliance with President's sustainable sourcing standards. In addition to signing a contract, President also undertakes supplier education and training, and in 2018 gradually implemented a supplier code of conduct. This first addressed new non-tier 1 supplier communication and signing of contracts, with existing non-tier 1 suppliers to receive systematic notifications and education and training in early 2019. It is anticipated that by 2021, all non-tier 1 suppliers will have completed this education and training and will have signed the code of conduct. In 2018, 3.23% of non-tier 1 suppliers had signed the code of conduct contract.

For suppliers unwilling to sign, their existing internal regulations and ability to commit will be examined, and they will be required to commit to certain important items. If communications on this issue break down, but it is still necessary to purchase the items, the supplier will be asked to sign a "Honest Operations and Anti-Corruption Statement" to ensure our insistence upon the supplier implementing its corporate social responsibility.

Major partners

Key suppliers

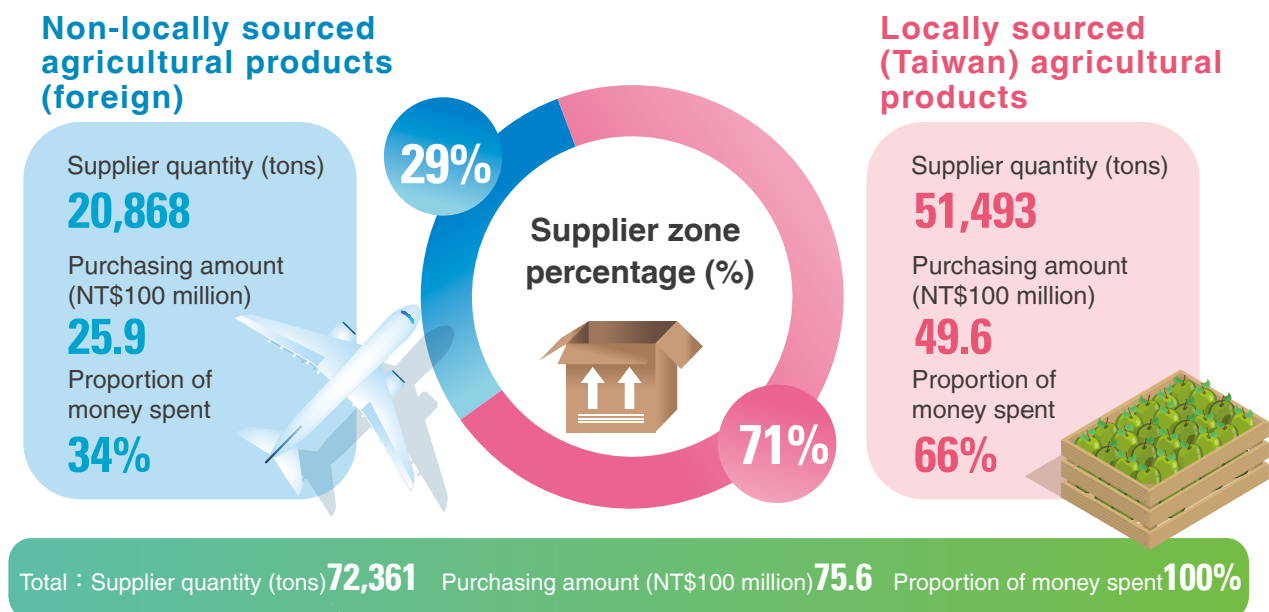
President has three types of suppliers: own-brand product processors, non-own-brand suppliers and other suppliers. Of these, own-brand suppliers have the closest relationship with President. Consequently, out of this group of suppliers, we also consider purchasing amount and type of product in identifying President's "key suppliers". For these supplier-partners, who have a great strategic significance, we also go farther with information statistics and tracking in hopes of enhancing our management of these key suppliers to optimize the strength and depth of President's supply chain management system.

There were 18 such key suppliers in 2018, defined as follows:

Definition of a key supplier		Number of key suppliers in 2018
Purchasing department	Purchasing amount > 30 million and of packaging and items directly related to food products in store operations	3
Key tier 1	Own-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 in the top 10 suppliers	10

Local partners

Behind the innovation, diversity and flavor of President's fresh food products lies the careful, determined use of fresh agricultural products. In 2018, 72,000 tons of agricultural products valued at NT\$7.6 billion were used, including rice, chicken, pork, eggs, vegetables and fruit. At the same time, President also holds fast to a spirit of "take from society, give back to society". We do our utmost to use contract farming, increasing the proportion of locally-sourced purchases to encourage local agricultural development and reduce overall environmental footprint. In 2018, 69% of purchases were made with Taiwan area suppliers of agricultural products, for a value of NT\$4.69 billion. This was 66% of the entire purchasing budget.



Elite Logisticians

To provide our consumers a delightful and convenient life around the clock, logistics companies are indispensable. So to thank our logisticians for their outstanding performance and successful completion of their logistics duties, President held the "2018 PCSC Elite Logisticians Recognition Ceremony". Attendees came from 40 logistics centers, representing four companies: Chiehsheng, Chiehmeng, Tongchang and Dachih. Seventy-nine outstanding logistics professionals were selected from 1976 total, in recognition of their professionalism and to encourage them to continue with the outstanding work in the future. The public recognition also establishes a good model for all the partners. The awardees not only could not have any customer complaints or major violations all year long, but also had to be leaders in scores on various measures of safety, service, and operations to rise to the top. In 2018, 5 of the recognized logistics professionals were being feted for the third year in a row, and were honored with a special "Honored Logistics Professional" designation.



3 Sustainable products and services

A film was also made documenting the daily work and reflections of logistics workers, and their words of appreciation displayed on the wall. Exhibits of logistics vehicles, alcohol testing systems, car systems and ergonomic equipment on-site allowed participants to see that President's concern with a safe working environment for logistics workers.

The "Nantou County Hsinhsiang Elementary School Chorus" was also invited to perform, and certificates of appreciation and scholarships were distributed to add a uniquely meaningful element of public service to the event. After the recognition ceremony, a two-day trip to Sun Moon Lake was arranged, for logistics workers and their families to enjoy their honors, and relax while appreciating the pleasures of Nature.



3.4

Customer relationship management

President is a part of communities, towns and villages large and small. From morning coffee, a noontime lunch box, to urgently needed daily-use items or a quick snack to stave off hunger, our products and services are intimately tied to consumers' daily lives. Our goal is for consumers to "not only enjoy convenience but also peace of mind" while shopping. This is the key factor in our success. It is also the most important and greatest promise we give consumers and communities. In addition to our rigorous grasp of product quality, compliance with law and regulation and clear product labeling, timely handling of consumer opinions and complaints, and strict protection of privacy for consumer personal data are all hallmarks of our response to the trust our customers place in us. In addition to this, we use the OPENPOINT member system to allow customers to accumulate points and use a digital wallet system. This allows them to get even better value each time they buy with us.

Management approach

President 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 OPENPOINT member relationship system. The first two help us carry out our responsibility for products and services, while the latter two are the ways we respond to our customers.

Through cooperation between our digital services department, general services center, integrated marketing department and legal department, plus a solid digital system and education and training about data security, we ensure that "consumer rights" are protected and emphasized at President.

Product labeling

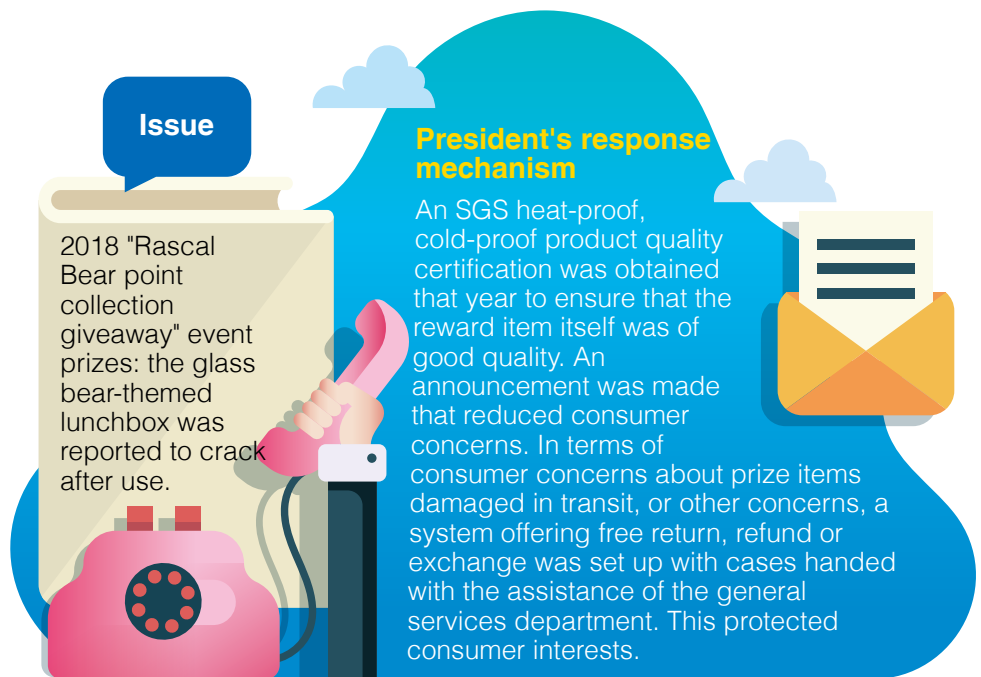
Transparency of product labeling is President's first pledge to consumers. In our "Product Safety Management" rules, we clarify that "product labels must conform to commercial labeling laws and food product safety and sanitation management laws, or relevant government laws and regulations". This is a screening standard for our new suppliers. We also require suppliers to sign an agreement guaranteeing that the ingredients, manufacturing, labeling and advertisements for their products all conform to law and regulation.

At the same time, product labels are an item that the logistics center must check upon receiving a shipment (including bar codes, expiration dates and Chinese labels). President also uses its "Internal Control Packaging Design System" to keep abreast with the information on own-brand product labels. This ensures that all products have clear label information from manufacturing through shipping, all the way to final sale in the store.

Complaint mechanism

President has established a "General Services Center" to act as complaint conduit for internal and external issues involving products and services. Consumers may use a telephone hotline or e-mail to present their complaint or opinion to the general services center. The Center creates a file for the issue and in cases that require follow-up, gives the consumer an answer before concluding the case. In 2018, the general services center handled 1,623 e-mailed cases and 88,651 phone calls from consumers. Some 88.9% of these could be handled immediately online. For those that had to be referred out, 100% were tracked and resolved.

■ Major Cases and Response Mechanisms in 2018:



Data security management

President is the leader among Taiwanese retailers, and strives to utilize the power of digital technology. We provide consumers with convenient, diversified services, including online shopping, cashflow (ibon/ibon APP), logistics (courier services), information flow (icash2.0/OPENPOINT) and other digital services. Consumers can take care of their postal, ticket purchase, printing and payment needs all at a single store. However, this means that we come into contact with more and more consumer personal data, making data security all the more important.

To ensure that consumers' personal data is totally protected, we not only include data risk management in our overall corporate risk management and audit mechanism, but also use an interdepartmental "Personal Data Protection Plan Workgroup" to periodically execute personal data checks, risk analysis, system assessment, reports, data destruction, education and training, and require everyone working at headquarters and all stores to complete a required online course on data security. President has set up internal data security management reporting for all its departments, and has added clauses concerning data security to all its external contracts. This will ensure that all operating units and suppliers conform to the company's personal data security policy. At the same time, President has also set up an internal assessment plan and external verification system and helps departments to write corrective

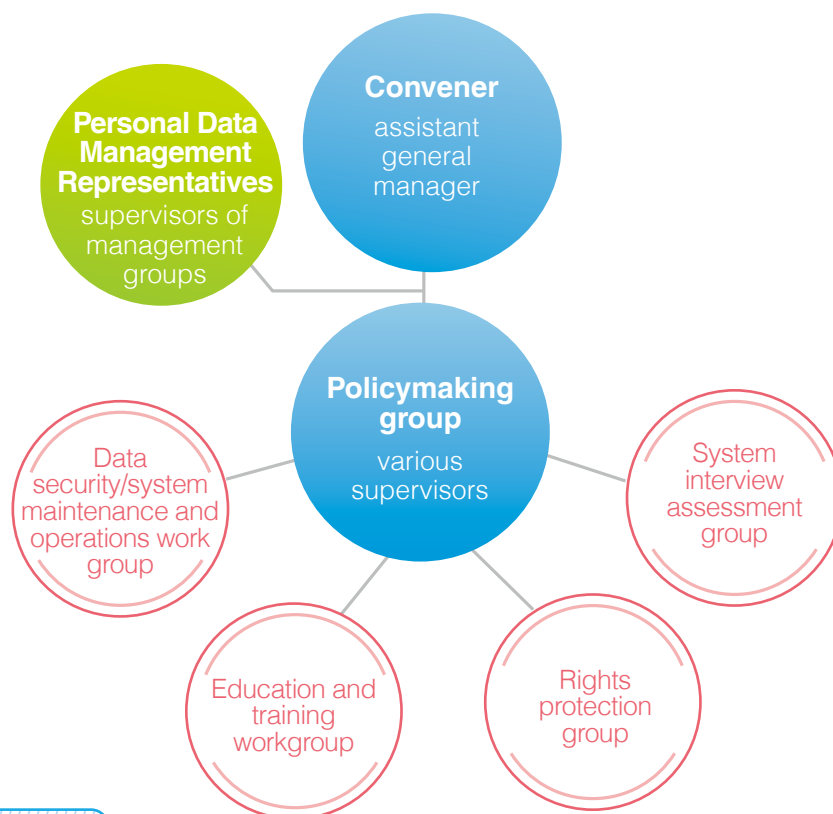


3 Sustainable products and services

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.

In addition to this, to ensure the effective operation of the personal data protection mechanism, in 2014 President first obtained TPIPAS certification. In 2018, the company updated its certification. President did not discover any complaints about or cases of its personnel violating customer privacy in 2018.

President's Personal Data Protection Work Group structure



OPENPOINT member system

President has long been close to its customers' lives, not only playing a part in satisfying their needs and being there as a caring neighbor, but through the OPENPOINT member system and its digital service system and rich value-added events becoming the consumer's best partner for daily life. As of the end of 2018, there were 3.20 million OPENPOINT members using the full range of OPENPOINT digital service functions throughout the year. These include the OPENPOINT APP, OPEN wallet, 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. All require login as an OPENPOINT member for use of digital functions. In 2018, on average nearly 500,000 people used these services per month, and in the future, OPENPOINT membership will expand beyond 7-ELEVEN digital services encompass the entire PCSC group, touching consumers from a wide variety of industries.

Since May, 2015, we have had a Customer Relationship Management (CRM) system, based on the OPENPOINT member database. Through this digital system, current consumer information includes member characteristics (including: gender, area, profession, age, etc.) and loyalty status, analysis of new product potential and potential buyer segments, and understanding which products are purchased together. It is hoped that this technology will provide consumers with products and services that better fit their particular needs.

In the future, President 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 system while continuing to promote the expansion of OPENPOINT membership numbers and enhancing customer loyalty and increasing the number of people coming in. We expect to double our 2018 membership by 2021.



Employee Care and Franchise Development



2018 Highlights

- PCSC received **ISO 45001** Occupational Health and Safety Management Systems certification with zero corrections, a first for a Taiwan retailer and service industry.
- **Zero** serious occupational disasters.
- Among employees with abnormal health examination results, those with extremely high risk saw **100%** intervention and management.
- Employees received an average of **32.03 hours** of training, the highest in the last **five years**.

We have always believed that only happy employees can relay PCSC's values and only happy employees can provide superior services that surpass customer expectations. To achieve this goal, our comprehensive career planning, diverse education and training, healthy work environment, and generous benefits package help our employees and franchisees obtain development and care they need and together with the Company reach ever new heights.



4 Employee Care and Franchise Development

4.1

Human Resources Overview

Management approach

PCSC consulted such internationally recognized human rights conventions as the “International human rights law”, “Core Labor Standards, Fundamental ILO Conventions”, and “Ten Principles of the United Nations Global Compact” when formulating the PCSC human rights policy, which was established on June 2018. Our seven major policies are designed to provide a friendly and safe work environment; to eliminate forced labor; to abolish child labor; to eradicate discrimination and ensure equal opportunities to work, access to training and benefits, rewards, and advancement; to ensure freedom from workplace violence, sexual harassment, and coercion, treating employees with dignity; to support the physical and psychological well-being of employees; to ensure a balance between work and personal life; to establish diverse channels of communication and a grievance mechanism to ensure the rights and interests of stakeholders. Specific management and measures include, regular annual reviews of occupational safety and health as well as labor conditions. PCSC employs comprehensive internal and external training, encourages inter-company and interdisciplinary work rotation to important positions and give challenges to cultivate outstanding talents. We require all employees take part in law training program to avoid illegal behavior and ensure friendlier and safe work environments. and provide annual health check-ups and implement health promotion campaigns based on the data analysis findings of health exams over the years to enhance the employee health index. PCSC has a variety of communication channels available in its auditing office, joint service center, and in the stakeholder area on its official website. They can offer suggestions over the internet, on the phone, or even write letters. We utilize a comprehensive system and mechanism to ensure the timeliness of feedback. For more details on PCSC’s human rights requirements suppliers and relevant audit results, please refer to 3.3 Sustainable Supply Chain Management.

After evaluating the area where our operations are located and the type of work they are 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. Therefore, PCSC has its Human Resources Department and external third party carry out a health and safety inspection of work environments of all of its retail stores each year and an audit of the labor conditions of franchise stores.

Employee Human Resource Structure

To meet the needs of stores and customers in each area, eight Operations Centers were established across Taiwan and a head office in Taipei. As of December 31, 2018, PCSC employed 8,101 people¹, while franchises employed 36,932 as of May 2019². We provide many part-time opportunities to retirees and students as we require a large number of people to work on the front line and interact with customers because retail locations nationwide are open 24 hours 365 days a year. We also cooperate with general and vocational high schools, providing programs where students can earn credits while earning pay and gaining valuable experience. 55.5% of PCSC’s employees are female, while 49.4% of sales-related managerial jobs are filled by females, indicating that PCSC respects gender equality in terms of work environment and personnel utilization.

With regards to waged employees, no person under the age of 15 is hired in accordance with the Labor Standards Act. Hiring is conducted under the principle that employment is the most direct way to support disadvantaged people living on their own. As such, we provide work opportunities to those with physical or mental disabilities. A total of 274 disadvantaged people (3.38% of employees) were hired at the headquarters and chain retail locations in 2018, 3.38 times more than required by law. PCSC also hired another 99 aboriginals (1.22% of employees).

¹ Including head office and our chain stores.

² As of December 31, 2018. The number used for franchise employees was taken from Labor Insurance documents by May 2019

■ Employee Distribution by Employment Region and Employment Contract (Numbers as of Dec. 31, 2018)

	Northern Taiwan	Central Taiwan	Southern Taiwan
Non-fixed term contract	5,356	984	1,761
Fixed term contract	0	0	0
Total	5,356	984	1,761

Note: The term non-fixed term contract personnel are employees of permanent contract according to GRI standards, while fixed term contract personnel are employees of temporary contract according to GRI standards.

■ Employee Distribution by Gender and Employment Type (numbers as of Dec. 31, 2018)

	Males	Females
Full time	2,344	2,904
Part time	1,260	1,593
Total	3,604	4,497



Note: Full-time personnel include part-time personnel who work 1,820 hours or more in a year.

■ Employee Distribution by Gender and Employment Contract (Numbers as of Dec. 31, 2018)

	Males	Females
Non-fixed term contract	3,604	4,497
Fixed term contract	0	0
Total	3,604	4,497

Note: The term non-fixed term contract personnel are employees of permanent contract according to GRI standards, while fixed term contract personnel are employees of temporary contract according to GRI standards.

■ Employee Distribution by Age (numbers as of Dec. 31, 2018)



Gender	Employee type	Store personnel	Management personnel	Non-management personnel	Total no. of employees
	≤30	1,624	0	162	1,786
	31–50	1,653	36	784	2,473
	>50	153	12	72	237
	≤30	1,383	0	123	1,506
	31–50	941	120	750	1,811
	>50	87	84	117	288
Total		5,841	252	2,008	8,101

Note: Management personnel does not include store managers and zone consultants.





4 Employee Care and Franchise Development

■ 2018 Total number of newly hired permanent employees and rate by age and gender

Gender	Age	Northern Taiwan	Central Taiwan	Southern Taiwan	Total
	≤30	41	25	11	77
	31–50	39	3	5	47
	>50	1	0	0	1
Rate of newly hired employees (number of female employees newly hired that year/ Number of female employees employed as of Dec. 31, 2018)					2.78%
	≤30	39	14	6	59
	31–50	22	2	3	27
	>50	1	0	0	1
Rate of newly hired employees (number of male employees newly hired that year/ Number of male employees employed as of Dec. 31, 2018)					2.41%

■ 2018 Total number of permanent employees that resigned and turnover rate by age and gender

Gender	Age	Northern Taiwan	Central Taiwan	Southern Taiwan	Total
	≤30	48	10	5	63
	31–50	57	4	13	74
	>50	2	2	2	6
Turnover rate (number of female employees that resigned that year/Number of female employees employed as of Dec. 31, 2018)					3.18%
	≤30	32	15	8	55
	31–50	51	9	7	67
	>50	3	3	7	13
Turnover rate (number of male employees that resigned that year/Number of male employees employed as of Dec. 31, 2018)					3.74%

■ 2018 Total number and ratio of managers at all levels by gender

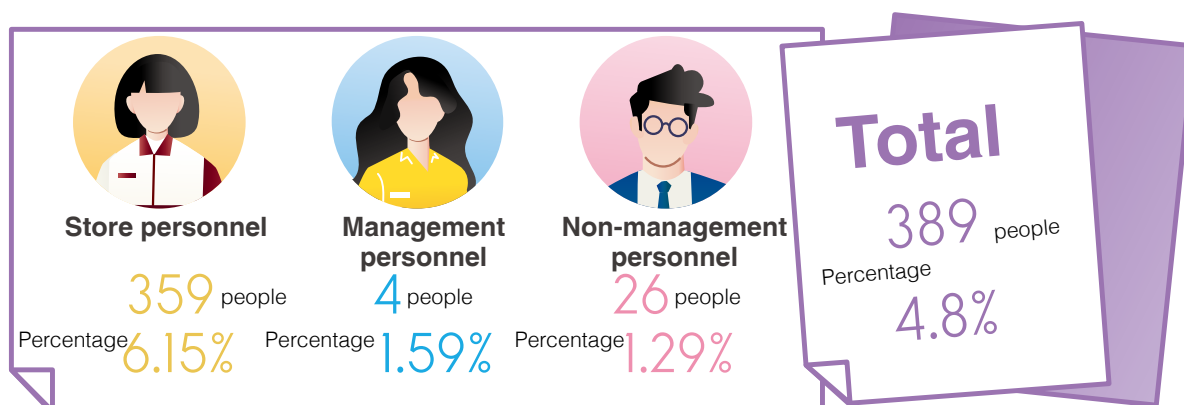
Gender	TEAM level manager	Top manager	Total
Females	41	7	48
Males	159	43	202
Total no.	200	50	250
Ratio of female managers	20.5%	14%	19.2%

Note: Here high level managers does not include male managers: president and special assistant to the chairman

■ 2018 Total number and ratio of management positions in revenue-generating functions by gender

Gender	Store managers	Zone consultants	Zone managers	Head of ZONE	Total
Females	422	231	2	0	655
Males	70	524	68	8	670
Total no.	492	755	70	8	1,325
Ratio of females in management positions in revenue-generating functions					49.4%

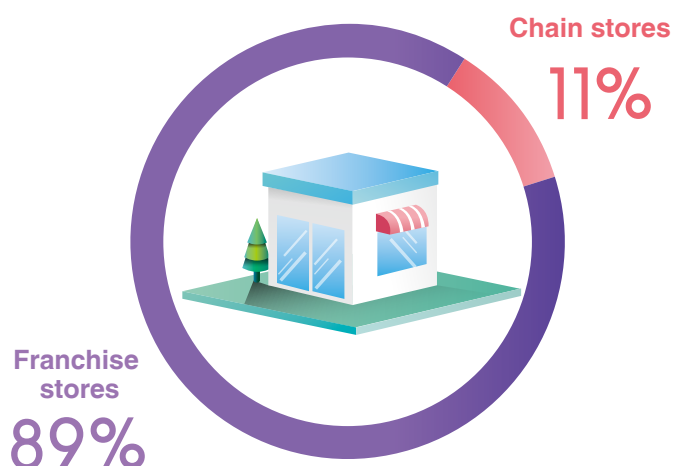
■ Minorities and disadvantaged groups (numbers as of Dec. 31, 2018)



Note: Minorities and disadvantaged groups include 99 aborigines, 16 foreign nationals, and 274 individuals with disabilities

Franchisee operations

In 2018, there were over 5,300 retail 7-ELEVEN locations across Taiwan, including 3,521 franchisees. PCSC works alongside and shares benefits with all franchisees in order to take care of our franchisees and protect their profits. We also constantly monitor the soundness of each policy. In response to increased labor costs resulting from the government's adjustment of the minimum wage, beginning in January 2018, profit distributions for franchised stores and licensed stores was increased 0.5% and an NT\$4,000 business subsidy provided. In 2018, PCSC also invested NT\$466 million, further creating an environment promoting the creation of businesses with stable profits.





4 Employee Care and Franchise Development

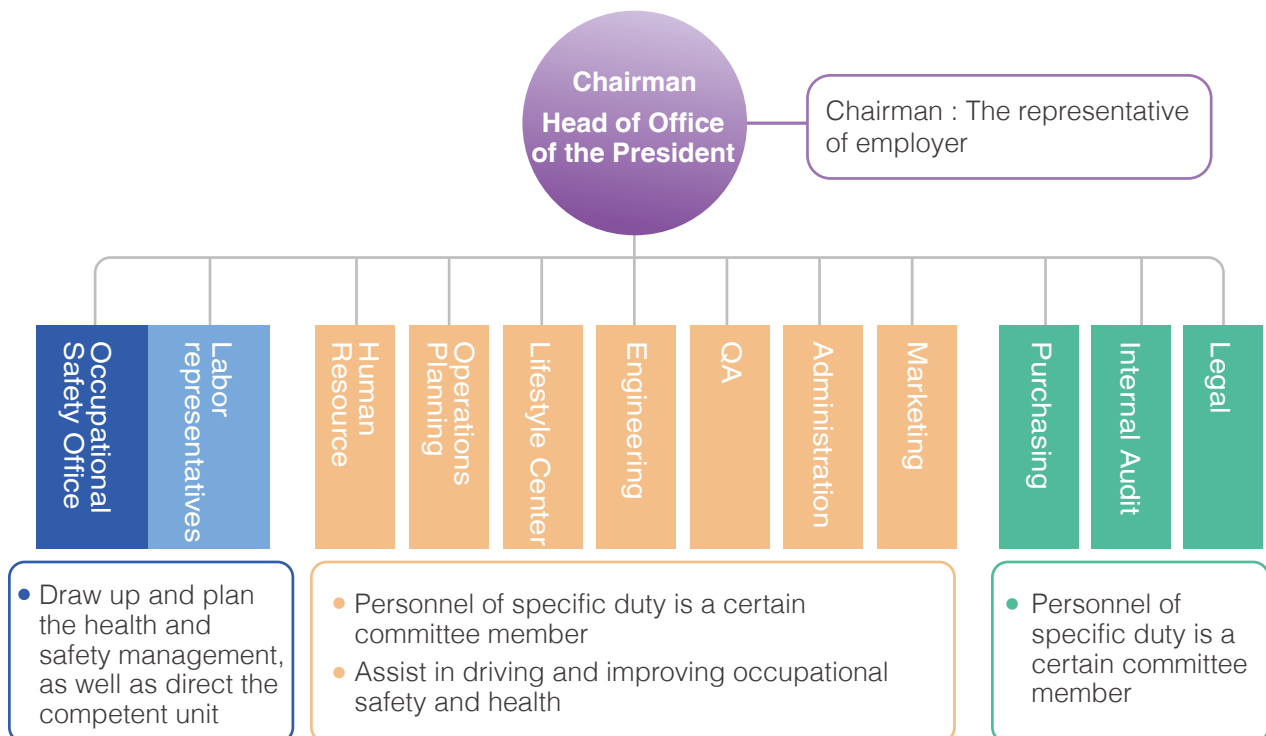
Franchisees are important stakeholders in PCSC for whom we continuously express our concern. In 2018, our franchisee relations team visited 38 retail locations, attended 17 franchisee seminars, and held face-to-face meetings at 184 retail locations in order to interact, listen to opinions, and provide feedback. It also took the initiative to participate in 66 regional store manager meetings for regional classes and 4,000 live sharings and interactions with franchisers.

4.2

Occupational Safety and Health

Management approach

In order to ensure all employees work in a safe and sanitary work environment, we have organized established a tier one Occupational Safety Office and an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. There are a total of 24 committee members, 8 (33.33%) of whom are labor representatives recommended by employees. The Occupational Safety Office has a quota for three full-time personnel (1 occupational safety management specialist, 1 occupational health management specialist, and 1 occupational health and safety management associate). Meetings are held every quarter chaired by the vice president office manager and quarterly reports are written by the Occupational Safety Office and nurses. We also invite upper management from each department and labor representatives to discuss company safety and health matters and set occupational health and safety performance objectives, such as a total injury rate that is lower than the average for the retail industry in Taiwan over the past three years and there are to be no major occupational safety incidents each year. In addition to the aforementioned meetings, relevant stakeholders can express their views concerning occupational health and safety through the Joint Service Center, email, dedicated stakeholder areas on our official website, and internal communication platforms.

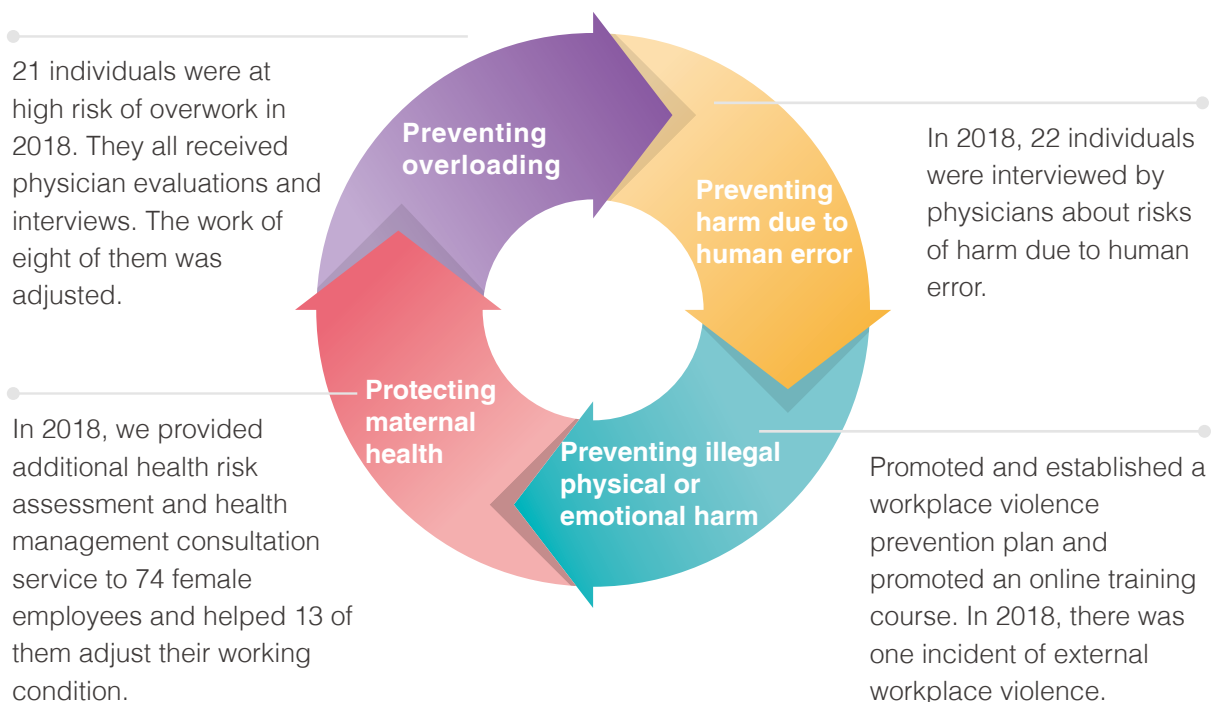


In 2018, the president of PCSC approved the "Occupational Safety and Health Policy" which consists of five major implementation guidelines to realize risk prevention and management and calls for a total injury rate lower than 0.4, the average for the retail industry in Taiwan over the previous three years (the average for the years 2015-2017) as well as for zero major occupational safety incidents for each year. To achieve these goals, we implemented the following actions: holding safety agreement organization meetings, health and safety training and emergency evacuation drills, implementing risk assessments and safety audits, monitoring the environment for air, light, and water quality, and implemented safety management for large activities. In addition, we continued to implement our four major occupational safety programs, including the "physical and psychological overload prevention program", "ergonomics hazard prevention program", "unlawful mental or physical harassment prevention program", and "maternal protection program" to protect the health and safety of our employees through prevention and risk identification. In 2018, we used our manual and online courses to guide franchises around Taiwan (apx. 4,800) in the implementation of these four major programs in accordance with the law.

In December 2018, we received ISO 45001 Occupational Health and Safety Management Systems certification with zero corrections, underscoring our determination to lay a foundation of Company culture that prioritizes safety that meets international standards. We were the first company in Taiwan's retail and service industry to receive the certification. In the future, we will realize our goal of having our entire staff work together to create and maintain a safe and friendly workplace, while continuing to monitor our contractors to ensure that they join in.

In 2018, we designated NT\$6,269,939 for the implementation of occupational safety and health programs, including the establishment of ISO45001 Occupational Health and Safety Management Systems, threat and risk assessment and contractor management, employee health exams, physician health services, setting up a health management system, and advancing health promotion activities.

2018 Four occupational safety programs



Note: "External workplace violence" means customers inflicting violence on employees.



4 Employee Care and Franchise Development



Implementation of occupational safety and health in 2018

Health and safety organization

- Occupational Health and Safety Committee meetings are held each quarter and Management Review Meetings each year.

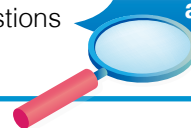


Health and safety training and drills



- Trained new and current employees on health and safety matters and holds emergency evacuation drills every year to ensure safe evacuation.
- Training courses (level C/first aid): 110 classes, 4,013 participants
- Head office evacuation drill: Held one time with 530 participants

Conduct risk assessment and safety audits



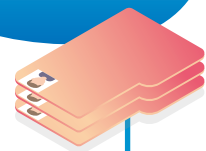
- Tested indoor air quality, water quality, and lighting and regularly cleaned and sanitized work places.
- Risk and danger identification: 55 workplace inspections were completed; 166 infractions which were corrected, suggestions for improvements were made and 100% were adopted.

Event safety management



- Safety management procedures ensured safety for all internal and external Company events; zero public safety accidents occurred.
- 4 events were managed in 2018 with 640,000 people in attendance; 0 fines and 0 major work safety incidents.

Contractor management



- 2 Taiwan-wide contractor safety agreement meetings with ; 111 contractors participated; 48 audits with no notification with 100% improvement rate
- Set up contractor labor safety fines and high risk machine and equipment operating procedures.
- Required that contractors show proof of insurance for construction workers as means for monitoring the rights of workers employed by contractors and outsourced labor.
- Assessed potential risks to occupational health and safety for contractors, including 8 operation procedures have been identified as high-risk. The top 3 accidents are: falling from high place, electric shock, and contact with harmful substances.

Occupational Health and Safety Management Systems and Health Certification



2018 Occupational injury/absentee rate statistics

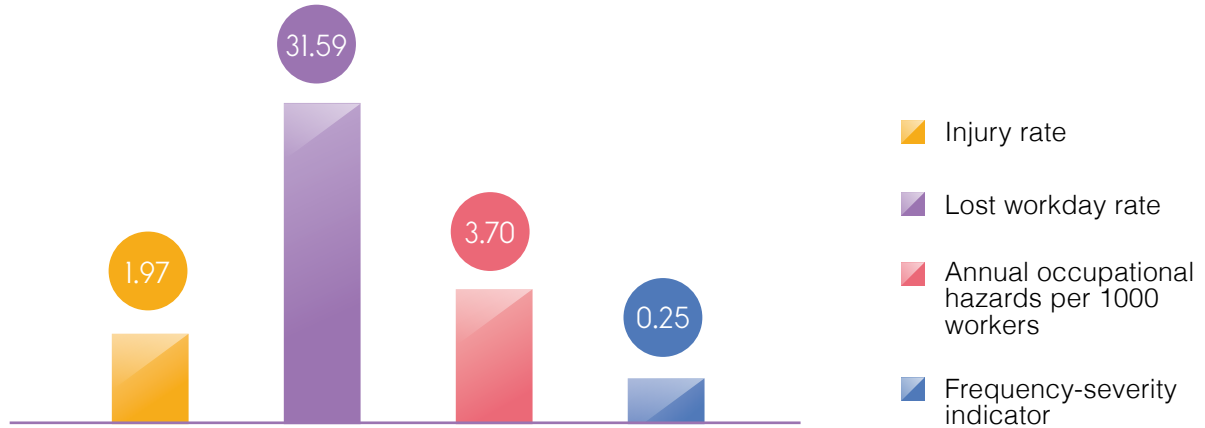
PCSC strives to reduce the number of work safety incidents by tracking important statistics, including injury rate, lost workday rate, absentee rate, annual work safety incidents per 1000 workers, and frequency-severity indicators (see the following table for details). Along with the safety and health management plans, 2018 marked the fifth consecutive year with zero work-related fatalities or critical injuries. The frequency-severity indicators in 2018 was 0.25, lower than 0.4, the average for the retail industry in Taiwan over the previous three years by 0.4 (the average for the years 2015-2017). Furthermore, from 2015 to 2018, PCSC saw no incidents of formal employees being stricken with occupational illnesses.

Injury types	Improper action	Falling objects	Objects collapsing, falling over	Coming in contact with high or low temperatures	Cuts, scrapes	Pinched, caught
People	2	1	2	8	4	1
Injury types	Bumped into	Trips	Falls, tumbles	Collisions	Other	Total
People	1	5	4	1	1	30 People



4 Employee Care and Franchise Development

2018 Disability statistics (excluding traffic accidents)



Note: Formulas for calculation are shown below:

- Injury rate = Total number of injuries * 10⁶ / Total number of work hours for all employees (per million hours of work)
- Lost workday rate = Total number of days disabled * 10⁶ / Total number of work hours for all employees (per million hours of work)
- Annual occupational hazards per 1000 workers = Number of occupational hazards * 1000 / Number of employees
- Frequency-Severitv Indicator = $\sqrt{(\text{Disabling injury frequency rate} \times \text{Disabling injury severity rate} \div 1,000)}$
- Statistics were not calculated by gender. Starting in January 2019, statistics have been calculated by gender.



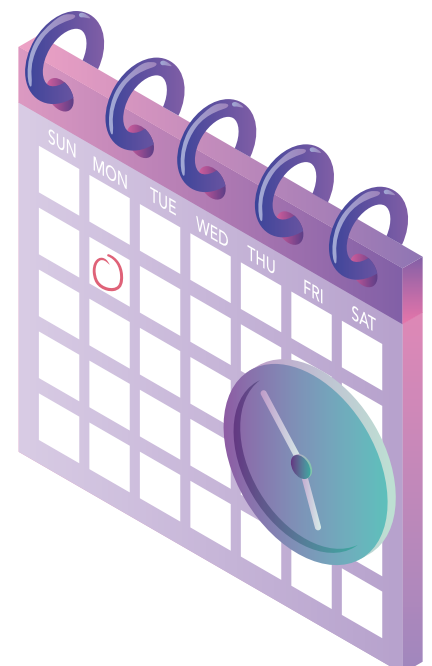
2018 Absentee rate



No. of days absent 3,151
Total no. of work days 897,645
Absentee rate 0.35%



No. of days absent 5,925
Total no. of work days 1,119,504
Absentee rate 0.53%



Note:

1) Absentee rate (AR) = Total number of days absent / Total number of work days x 100%.

2) Total number of days absent includes menstrual leave and all types of sick leave (ordinary, extended, injury, and occupational).

In the spirit of treating others as we expect to be treated, PCSC has established a sound work safety incident notification mechanism and emergency response and accident handling regulations for contractors. When the event of work-related safety incidents happen, contractors should take the initiative to notify the relevant unit at PCSC, who will then notify the Occupational Safety Office. After the incident, PCSC is to hold an incident review meeting and require that contractors attend the meeting and submit a review report to help ensure workplace safety. Between 2015 and 2017, there was no work-related injuries happened to field staffs of our contractors occurred in the workplace. In 2018, we conducted a survey on the number of serious work safety incidents of field staff sent by contractors to our stores or other locations of operation to provide service and found that there had been two incidents of work-related injury. However, we haven't had any work-related fatalities in historical record. In 2018, contractor field staff worked approximately a total of 724,480 hours (see note), we estimate that the injury rate among contractor employees was about 2.76.

Note: The number of hours worked by contractor field staff was estimated by the number new stores prepared for opening and contract details.

Health improvement plan

Employees are an important Company asset and PCSC has made it one of its “happy enterprise” goals over the years to ensure that employees are healthy, both physically and emotionally. We hope that attentive programs, health promotion events, environment considerate of expectant mothers, and great benefits allow our partners to keep healthy and gain a sense of joy in being a part of PCSC.

A Health Management Plan was executed in 2013 in which professional nurses were stationed in offices to provide health consultations and an infirmary was set up in the head office where employees could check blood pressure, receive cold or hot compresses, receive first aid, and seek consultation. Employees were also given Health Passports. In 2018, we adopted a phone app to continue promote health and employed electronic bulletins and health seminars on health education to encourage employees to manage their health.

■ Health and medical assets/services

Health checks

- Health check are provided to employees and food industry workers each year: In 2018, 6,751 people participated in health checks; employee satisfaction was 4.3 and participation was 83%.
- Full-time employees over the age of 36 and with 5 years of seniority receive a NT\$16,000 health check subsidy (every two years). 2,107 employees were allowed to apply in 2018.

Individual medical health services

- Health services: introduced in 2013, service frequency was increased to 16 times each month starting in 2018 (3 hours each time). In 2018, doctors were on-site for 576 hours and met 348 people for one-on-one consultations. Satisfaction was 4.9.
- Nurses: there are four nurses on staff. In 2018, the nurses provided services to 463 employees with a satisfaction rate of 5. In addition, PCSC introduced a comprehensive health management system to provide employees who received abnormal exam results with tiered health management, extremely high risk employees with 100% intervention management, follow up treatment tracking, and individual case follow up management.

Health passport

- In 2018, we incorporated an innovative and revolutionary app that features a Healthy Living Community for employees, emphasizing taking charge of one's own health and striking a balance between healthy living and work.
- It includes exercise and healthy diet tasks to make the campaign more fun. Tasks include a weight monitoring station, Mr./Ms. Fitness, sugar-reduction competition, healthy dishes, health genius, and healthy living genius.
- Employee participation was 31% in 2018.



Motherhood handbook

- PCSC provides nutritional tips and advice for expectant mothers during each trimester, a healthy pregnancy app, and information on company benefits and policies to help mothers enjoy raising their child.
- 74 handbooks were distributed in 2018.



Other

- PCSC launched Family Wednesdays to remind employees to maintain a proper work-life balance.



4 Employee Care and Franchise Development

Happiness Cooperative

The Happiness Cooperative was founded in 2010. Specialized teachers and resources were brought in to teach and refer to experts and train coworkers with a passion and desire to serve as volunteers to provide fellow employees with immediate and effective help. The Happiness Cooperative helps with various issues, such as problems interacting with others at work, problems adjusting to work, problems at home, problems with members of the opposite sex, and health problems, and employs tiered case management. In the



event that an evaluation requires further assistance, professional resources are actively provided and referrals to professional services made. 280 volunteers have been trained, 154 of which have received volunteer certification.

Training volunteers cuts down on costs of referring them to the outside clinic known as Dr. Chang. The estimated investment benefit is 2.08 times³. 332 were cases opened with a total of 242 hours logged in 2018. 2,455 hours of cumulative consultation time were logged from its inception until the end of 2018. In order to enhance the caring skills and sensitivity of front line managers, PCSC held four “Caring Store Manager One-Day Camps”. 195 people took part with a 4.8 satisfaction rate.

- 2018 employees who sought help vs. volunteers who sought employees who needed help

- Employees who sought help and managers who referred employees to volunteers
- Volunteers who sought employees who needed help



³ Investment efficiency = cumulative investment efficiency from 2010 to December 2018 (ratio of volunteer training costs and costs of consultation by Dr. Chang). Cumulative consultation costs by Dr. Chang (NT\$4,942,000)/ volunteer training costs (NT\$2,372,000)

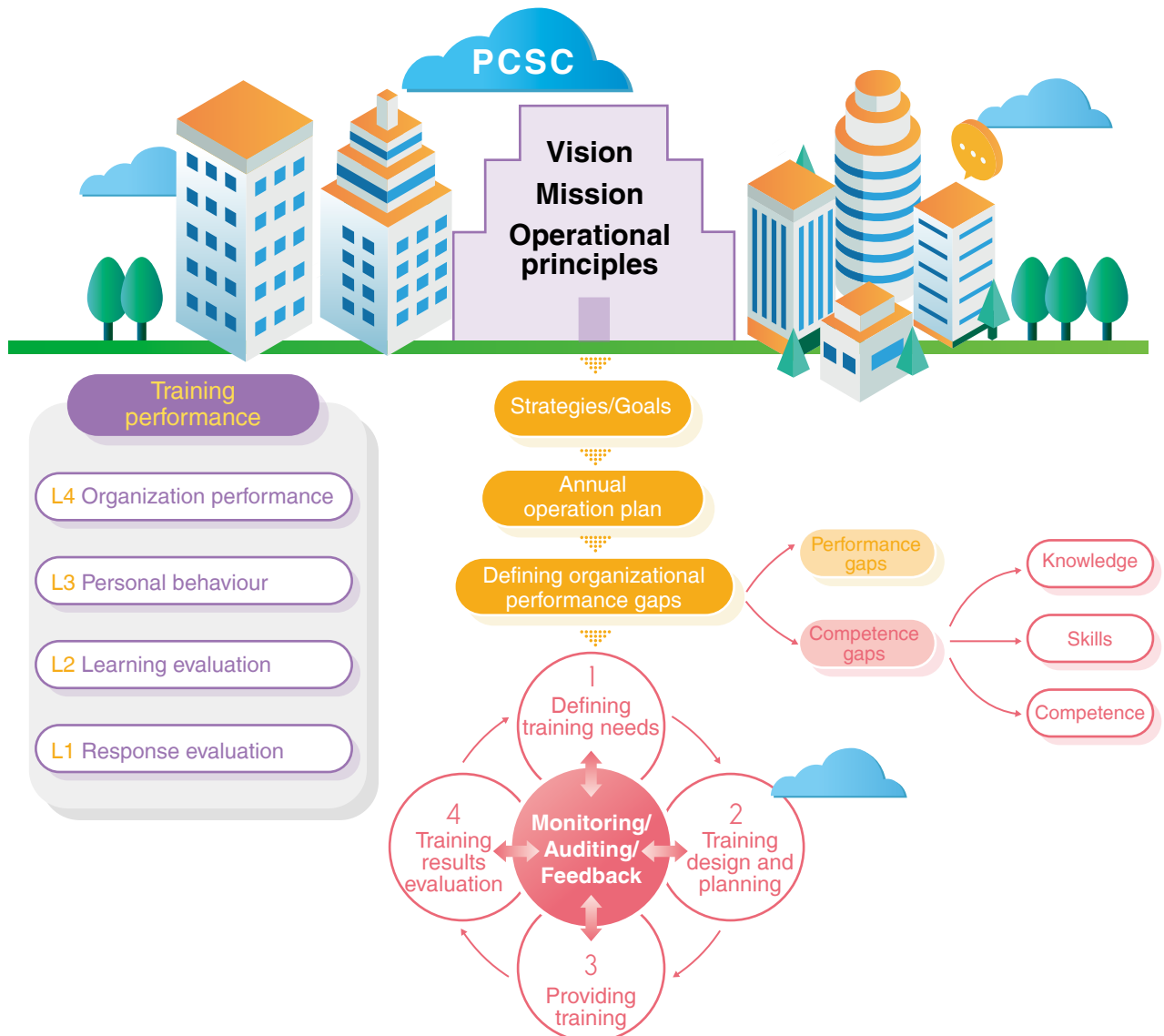
4.3

Employee training and development

Management approach

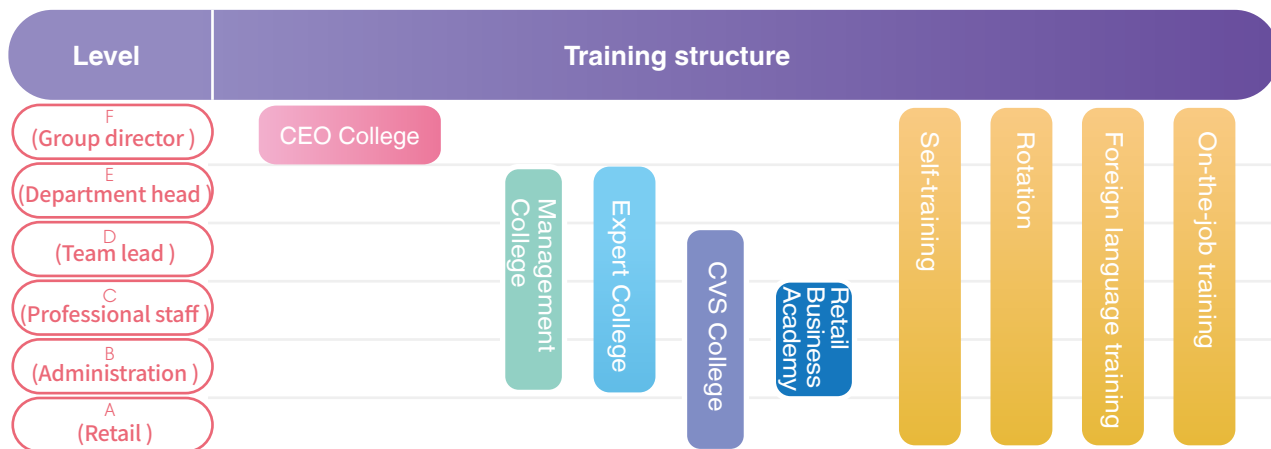
Education and training are the driving force behind PCSC's growth. We waste no effort in training our employees and provide the same opportunities for men and women to fully support them in gaining new knowledge and skills. PCSC issued "General Skills Needed by Logistics Personnel and Standards for Training Courses" and "Training Management Guidance". The former covers training programs developed by PCSC for various positions within the organization to build employee skills and standards. The latter serve as guidelines for training activities. Based on their individual needs, employees can take internal or external training classes. Our objectives include enhancing operational/sales training framework, expanding group business training, planning internal and external seminars, and having our Human Resource Department's Personnel Development Team and Operations Planning Department's Operations Training Team be in charge of advancing education and training.

- Education and training planning system:





4 Employee Care and Franchise Development



In regard to investing resources, our diverse learning opportunities foster learning anytime and anywhere. These opportunities include manager and peer guidance, knowledge management systems, outside training, company training, seminars and conferences, digital learning, on-site education, on-the-job training, and both brick-and-mortar and online libraries. PCSC cultivates enthusiasm and a willingness to share with our partners and trains specialized internal lecturers. In 2018, PCSC invested a total of NT\$83.733 million in education and training, an average of NT\$10,330 in training per person.

In 2018, in addition to implementing education and training, PCSC also encouraged employees to shore up their foundation and professional knowledge through scholarships for outside training and language courses. In order to ensure that employees have objectives at different stages and are learning and growing in a planned fashion as they steadily enrich themselves with specialized know-how and skills, PCSC also assists employees set individual development plans. If employees have any ideas concerning education and training, they can share them through the Joint Service Center, email, dedicated stakeholder areas on our official website, and internal communication platforms. We also use satisfaction surveys to determine how coworkers feel about the education and training and to serve as a basis for assessing and making adjustments to the course.

Education and training statistics

PCSC attaches a great deal of importance to employee education and continues to invest large amounts of education and training resources each year to that end. A variety of courses are designed for employees at all levels and in all departments, including new hire training, training for each level, open courses for retail and office workers, general education, and work-specific training.

Over the past five years, all Company employees have received an average of over 25 hours of training. Altogether, 259,447 hours of education and training were logged across the entire company in 2018. Courses on self-management and business were the most popular. On average, each employee dedicates 32.03 hours/year to training—the highest since 2013.

■ Average hours of employee education and training in 2018 (classroom and online courses)

Employee type	Total hours of training		Number of employees		Average time trained (hours per person)	
	Males	Females	Males	Females	Males	Females
Store personnel	65,446	110,153	2,411	3,430	27.1	32.1
Management personnel	8,258	1,612	204	48	40.5	33.6
Non-management personnel	39,944	34,034	990	1,018	40.3	33.4
Total	113,648	145,799	3,605	4,496	31.5	32.4



Education and training courses

New hire education and training

Training is provided for all new hires—retail and office workers—to help them quickly acclimate to the Company. In addition to courses available to familiarize themselves with PCSC's core values, Company culture, Company regulations, systems use, and health services, new hires are given a training passport to provide direction and a mentor is assigned to help adjust to the new environment. Special district consultant training passports and comprehensive courses are provided for district consultants, part of the core business team, for focused and fast learning.



Shared education

Utilizing Group training resources, PCSC and Uni-President Enterprises Corporation co-sponsored legal education and aesthetics education programs and has gradually developed other common optional courses to share education and training resource.

■ 2018 Common education and training

Legal education	Purpose	Increase legal awareness when drafting policies
	Open to	Group department managers or higher must attend 3 hours/year, while it is optional for managers of other levels
	Classroom course	<ul style="list-style-type: none"> On such topics as Labor Law cases, corporate governance, intellectual property rights, and personal information 23 classes/lectures
	Online course	<ul style="list-style-type: none"> Logistics, Good Faith Management, and Personal Information Protection was incorporated into our new employees required training. 226 people completed the course. Legal common sense (cooperating with the law): 5,483 people completed the course. The course includes common sense about the law (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, preventing sexual harassment and workplace violence), 7-ELEVEN brand name use Authoritative decrees—how to legally manage incompetent employees: helping managers avoid management-labor disputes Worked with Operations Training to produce 6 online operations courses (3 Four plans for occupational safety, 3 labor conditions)



4 Employee Care and Franchise Development

Aesthetics education	Purpose	To improve Uni-President Group's overall aesthetic refinement and create a group with moral character, high quality, and good taste.
	Open to	All employees can attend.
	Theme/no.of courses	6 classes/year (3 in-class and 3 video). 1,159 people completed the course.



OPEN studio

All supervisors were invited to share their specialized knowledge or business management experiences. These are edited into online courses to record and disseminate knowledge and promote a top-down learning culture. This year, outside lecturers were also invited to provide managers and employees with different viewpoints. In 2018, a total of 7 lectures were given with 814 attendees, approximately 70% more than last year's 484 attendees.



大師OPEN講

**打破框架
談行銷創新**

課程訊息

主講人：陳志華
總經理辦公室高級協理

日期：2018.05.04(五)
時間：14:00-15:30

地點：統一超商總部
2018會議室
報名請至服務課45號2樓

報名方式

登錄報名學習平台 <http://e-learning.pcsc.com.tw>，點選選課/管理課程/新增課程/大師OPEN講/20180504_打破框架談行銷創新【帳號：詹子國學號/課程密碼：123456】或掃描QRcode

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**跨界歷練(部門/產業/文化)的學習分享
談刻意練習與非刻意學習**

課程訊息

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日期：2018.06.15(五)
時間：14:00-15:30

地點：統一超商總部
2018會議室
報名請至服務課45號2樓

報名方式

登錄報名學習平台 <http://e-learning.pcsc.com.tw>，點選選課/管理課程/新增課程/大師OPEN講/20180615_跨界歷練(部門/產業/文化)的學習分享【帳號：詹子國學號/課程密碼：123456】或掃描QRcode



Elite program

Managers act as pillars in the organization. The goal of the Elite program is to pre-select talent for management through switching roles, task assignment, courses, as well as guidance and feedback aimed at developing management skills and improving readiness and planning.

Evaluations help pinpoint skills that require improvement, draft individual development plans (IDP), and set development goals. We also arrange classes to enhance knowledge and skills. 1-on-1 coaching from managers, counseling records, and a review of the results at the end of training ensure continued and steady improvements. 23 back-up managers were trained in 2018—12 from PCSC, 5 of whom were promoted. 100% of the training program was completed.

Stage	Goal	Content
Individual development plan	<ul style="list-style-type: none"> Determine areas for development Draft development plan 	<ul style="list-style-type: none"> Functional evaluation Position rotation Exclusive training and guidance
Knowledge and skill improvement	<ul style="list-style-type: none"> Increase managerial knowledge Strategically expand planning competency 	<ul style="list-style-type: none"> IDP courses Strategic executive abilities Financial courses Human resources courses Study groups
Motivation	<ul style="list-style-type: none"> Improve learning motivation Share new information on education Talent conference 	<ul style="list-style-type: none"> Initial meeting Elite e-bulletin Talent conference
Feedback	<ul style="list-style-type: none"> Regular counselling and interaction Examine results of training 	<ul style="list-style-type: none"> 1-on-1 developmental coaching records Review of results

Tanpin Kanri - In Store Experience (ISE)

Promoted since 2015, customized experiences allow logistics managers to understand each store and how plans drafted at the head office affect stores. As such, they can adjust accordingly when exercising future policies and can continue to optimize retail locations. To improve experience quality, facilitators have been trained in design experience to provide a specialized guidance through experience. As for manager experiences, mixed groups (business + marketing) were used to increase the flow of ideas and exchange of opinions.

9 exercises were implemented in 2018 with 18 managers participating. 111 exercises have taken place since its inception with a total of 217 manager experiences. In addition, a dedicated unit is responsible for proposal follow-up. As of December 31, 167 proposals were made, 119 of which have been completed.



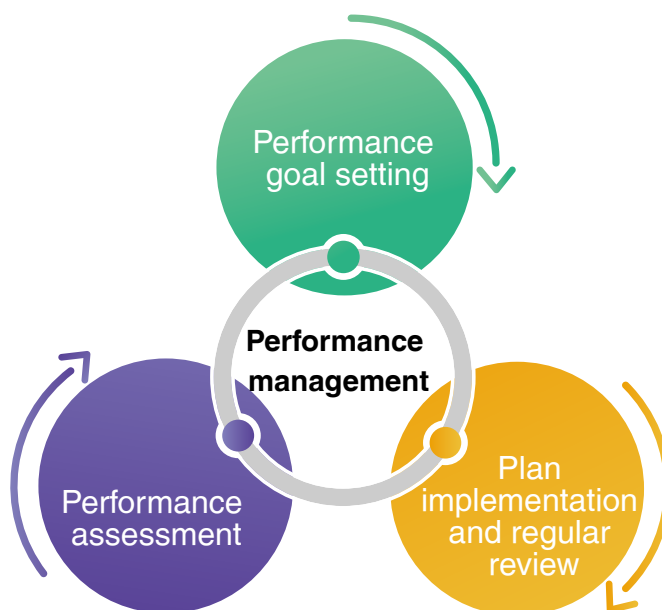


4 Employee Care and Franchise Development

Performance management

Performance management helps develop a consensus in terms of goals between Company and employees and promote Company growth. Performance management also allows employees to modify their goals and seek advice from managers to help in self-improvement.

Our performance management system is applicable for all of our partners. Refer to the table below. The Company also utilizes a promotion system each year. Employees that consistently perform well in their position and receive recognition from their supervisors can be promoted to a higher level. Promotion to a higher level means better basic pay, benefits, and bonuses to encourage employees to continue improving and contributing. In 2018, 100% of employee types, regardless of gender, received regular performance reviews.



Full time personnel

- “Setting performance goals,” beginning in March, managers and employees discuss and set annual targets. During evaluation periods, supervisors can provide guidance to help accomplish tasks
- Final performance assessments are carried out in December.

Part time personnel

- Each month, assessments for operational bonuses are conducted and bonuses issued to serve as incentive for part-time store personnel so that they work to maintain store image, service quality, and quality management.



Employee engagement survey

To determine employee work satisfaction and how they adapted to their work, PCSC conducts an employee engagement survey every two years. The priority of the survey is local consultants and Marketing Group personnel whose work responsibilities have a direct connection to PCSC's revenues. To understand how managers and our colleagues interact and to improve the ratio of actively engaged employees to the target of 50%, we analyze the findings of the engagement survey, looking for issues that personnel indicate are in high need of improvement. We then conduct further focus studies to draw up concrete improvement plans to enhance employee trust in the organization. The last time an engagement survey was conducted was in 2015. The scheduled time to conduct a survey (2017) happened to coincide with large-scale internal personnel and organizational changes. We felt that it would not be appropriate

to conduct an engagement survey before employees had a chance to adapt to their new positions and supervisors. The 2018 engagement questionnaire was designed to include questions about work satisfaction (self-grow demand, work satisfaction), job identification (work optimization, identification with system and behavior models), internal communication (supervisor 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. Questionnaire statistical findings are shown below.

Employee cohesion survey	All respondents ^{Note 3}	Male respondents	Female respondents
% of actively engaged employees ^{Note 1}	48.25%	50.6%	45.9%
Number of response ^{Note 2}	698	456	170
Perc	8.34%	—	—

Note 1: We defined 4&5 points as the indicator of employees hold a positive view toward work situation, job content, communication and balance of mind and body, who could be seen as actively engaged employees.

Note 2: A total of 698 respondents took part in the survey, but 72 of them did not tick the gender box, so their questionnaires could not be included in the statistics for gender.

Note 3: The percentage of actively engaged employees in the 2015 survey was 44.93%, with 662 employees taking part in the survey (7.89% of all employees). However, the content of the 2015 questionnaire differed from that of the 2018 questionnaire, so findings cannot be directly compared.

4.4 Employee welfare and care

Employee welfare

PCSC provides our partners with competitive salaries and wages and ensures that base pay is greater than the national standard for each year through salary and benefit surveys (remuneration for new office employees (college graduates) and labor base pay (NT\$22,000) is 1.55 times higher; remuneration for master's degree holders is 1.82 times higher; beginning pay for college graduates is based on standard salaries for current market conditions). In addition, men and women in the same position are given the same base pay to promote equality. Salary and benefits do not differ according to gender or age. There was no marked difference in salary ratios for men and women in 2018, with less than 20% difference for all positions. Regarding change in salary, when 2018 and 2017 are compared, the majority of changes were in excess of 2%.

■ 2018 Pay ratio of males to females:

Item	Males (Multiplier)	Females (Multiplier)
Store personnel	0.93	1
Management personnel	1.12	1
Non-management personnel	1.08	1

Note: Salaries compared are base salaries for 2018 plus annual bonuses.

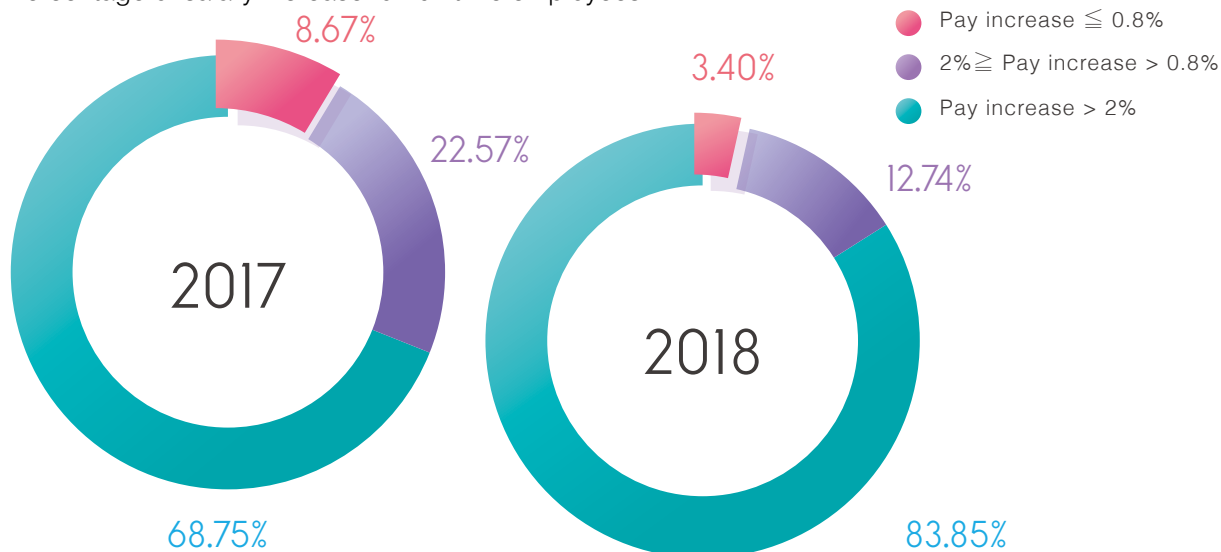
According to Article 4 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports, there are 5,506 non-managerial full-time employees in 2018⁴, and the average salary of the non-managerial full-time employees was NT\$953,000. The number of employees 2018 increased by 7 over 2017. Average salary for 2018 decreased by NT\$46,000 over 2017, which resulted from the injection of net profit of stock transaction of Starbucks in 2017.

⁴ Non-managerial full-time employees are full-time employees who are not belongs to managers defined by Taiwan Stock Exchange Corporation and their working hour achieve the requirement of the company. (152 hours/month)



4 Employee Care and Franchise Development

■ Percentage of salary increase for full-time employees:



Note: As an example, the percentage of employees who received raises $>2\%$ was calculated as: Percentage = (Number of employees who receive raises $>2\%$) / Total number of employees.

The reinstatement rate of employees that took paternal leave and the percentage of employees that took paternal leave in 2018 both increased over the previous year. For details, see the table below. Care and follow-up projects for 2018 included showing concern for new hires, personnel exit interviews, and employee engagement survey. Workplace violence was added to the work status survey to determine risk and help managers improve the situation. For information on other benefits, please refer to page 54 of the 2018 Annual Report⁵. PCSC cares for its 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. In addition, PCSC offers back office coworkers flexible work schedules, allowing them to work around the needs of their family, helping them achieve a balance between work and life.

⁵ PCSC disclosed its annual report on TWSE market observation post system or investor relations section website: <http://www.7-11.com.tw/company/ir/annual.html>

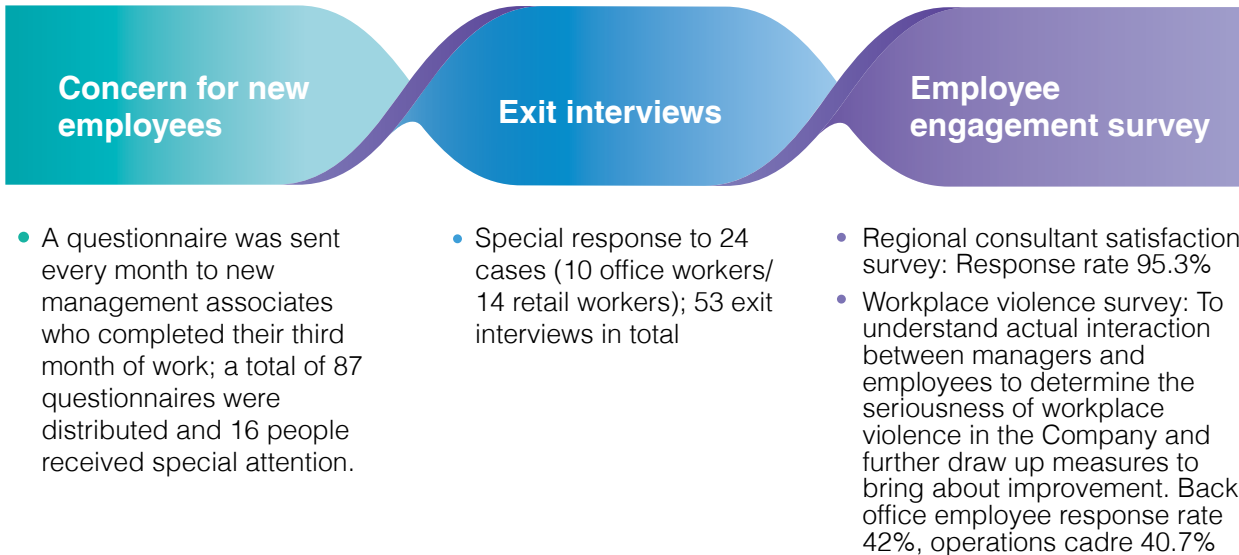
■ Reinstatement and retention rates after parental leave in 2018:

Item	No. of Males	No. of Females	Total
Number of employees with the right to ask for unpaid parental leave in 2018	178	256	434
Number of employees who took unpaid parental leave in 2018	8	63	71
Number of employees estimated to be reinstated after unpaid parental leave in 2018	5	37	42
Actual number of employees reinstated after unpaid parental leave in 2018	3	26	29
Actual number of employees reinstated after unpaid parental leave in 2017	0	17	17
Number of employees still employed 12 months after reinstatement from parental leave in 2017	0	10	10
Reinstatement rate (%)	60.00%	70.27%	69.05%
Retention rate (%)	N/A	58.82%	58.82%

Notes:

1. Reinstatement rate: Actual number of employees reinstated after unpaid parental leave / number of employees estimated to be reinstated after unpaid parental leave
2. Retention rate: [Previous period] Number of employees still employed 12 months after reinstatement from parental leave / [Previous period] Actual number of employees reinstated after unpaid parental leave

■ 2018 Interest and investigative projects:



Franchisee benefits

PCSC not only helps our franchisees improve their professional skills, but also helps to plan for health exams and leisure activities to create a positive franchise environment. Over NT\$10 million is invested annually to provide lectures, recognize outstanding store managers, organize a franchisee elite college, and encourage franchisee growth. In 2018, NT\$21 million was set aside as subsidies for franchisee vacations and other benefits. Franchisees over the age of 40 with at least 10 years of partnership are also offered a NT\$16,000 health check once every two years. The 2018 budget for these health exams was NT\$5.69 million. Applications are accepted to transfer these health exam subsidies to spouses. A total of 56 transfer applications were filed in 2018, of which 15.56% were approved. For other benefits offered, please see the following table:

■ Franchisee insurance and benefits

Insurance

Group insurance
Franchisee/franchise store
employee association

- In addition to store employees, franchisee family members can be covered. Insurance subsidy amount 15%.
- Assistance program between franchise stores to help pay for funeral costs for direct family members.

Benefit

Group movie tickets
Promotions with affiliated
companies
Discounts on leisure
activities
Franchisee trust fund
Health check subsidies

- 20% subsidy for group purchases of movie tickets up to 60 tickets per year.
- Discounts on products from affiliated companies.
- Provides franchises with opportunities for exercise, beauty treatments, and leisure.
- A tool to help franchisees save money or put away for retirement that provides investment bonuses.
- Franchisees over the age of 40 with at least a 10 year partnership are also offered a NT\$16,000 health check once every two years. (Applications can be filled out to transfer this incentive to spouses)



4 Employee Care and Franchise Development

Human rights and labor inspections

To protect the basic labor rights of our employees, to ensure compliance with labor regulations and to reduce operational risk to affiliated companies, PCSC launched labor inspector training programs since 2012 for all affiliated companies. The programs covered legal requirements from Labor Standards Act and Occupational Safety and Health Act to help those in human resources and occupational safety stay departments up to date with the latest developments and changes. In 2016 and 2017, training was specialized into “PCSC Labor Law Training”. In 2018, we held the “Annual PCSC Human Resources Regulations Training”. 100 staffs from 24 companies in the Group participated in the training program. Also we have developed three online training courses about retail store-related labor laws and regulations.

We also conducted labor rights inspections on the condition of labor and health insurance compliance, work hours, remuneration, and occupational health and safety for all franchise retail locations. Guidance was given to any locations that did not abide by relevant regulations. Inspections were completed periodically for labor and health insurance compliance and occupational safety and annually for work hours and salaries. In 2018, 4,700 stores were audited with 4.9% failing to meet at least one standard, which was 4.8% fewer than the 2017 result. Based on the inspection results, the operational units in each zones provided additional consultation on legal compliance and performance improvement, which helped achieved 100% improvement rate. One infraction regarding compensation for not giving overtime pay and not giving workers enough rest time was found during labor inspections by the competent authority in 2018. A NT\$100,000 fine was issued and correct calculation methods provided. PCSC will continue conducting labor rights inspections and analyze year-to-year performance. Retail locations that repeatedly fail inspections for the same regulations will be disclosed in order to encourage complete legal compliance. In addition, PCSC has conducted inspections on occupational health and safety for 588 directly-owned stores and 4715 franchised stores.

Communication between labor and management

At PCSC, we view all of our partners as part of a whole, attaching importance to the views and feedback of each of our employees. In order to hear and understand them better, we provide various channels for communication, such as joint service center, dedicated email Helpline, stakeholder communication channel on the corporate website, and an internal communication platform, to encourage staffs to share their thoughts directly with managers. In addition to these channels, we have set up an internal proposition system, so that employees can offer feedback concerning Company operations. If any staff has a suggestion or feels that their rights have been violated, they can file a report through any of these platforms. There were 96 reports related to employee rights filed in 2018, the majority of which were in regards to remuneration and overtime pay disputes. All of the reports were handled within the 2018 calendar year. While PCSC does not currently have a labor union, we have drawn up labor-management consultation methods in accordance with the law and hold labor-management meeting regularly. The five representatives of employers and employees respectively, and the employer representatives are nominated by each departments and represented on behalf of all employees. The representatives of the employee and employer can dialog directly during meetings to negotiate issues like benefits, welfares and regulations, employment and how to improve the working environment, which ensures and improves timely and effective employer-employee communication. In 2018, four labor-management meetings were convened discussing such topics as paid leaves, calculation methods of overtime pay, human rights policies, amending work regulations, and workplace violence. The results of the labor-management meeting are submitted to and implemented by relevant units.

In addition, in the event of an incident related to Article 11 of the Labor Standards Act, communication is first initiated with the employee: workers who have worked continuously for more than three months but less than one year are notified ten days in advance; workers who have worked continuously for more than one year but less than three years are notified twenty days in advance; and workers who have worked continuously for more than three years are notified thirty days in advance.

Community Care and Co-prosperity



2018 Highlights

- Organizing around **17,000** Good Neighbor Funfests events attracting over **350,000** participants (Note 1)
- Raising NT\$**170,000,000** in spare change and goods donations (Note 2) (Note 3)
- Cooperating with **38** elementary schools in remote areas in 2018 to promote a Points for Reading program, supporting **33** after-school Reading Companion Projects around Taiwan.

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 bank for disadvantaged seniors.

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

PCSC has brought about a retail revolution and branched out into both busy thoroughfares and quiet lanes, building a closer connection with local residents in their day-to-day lives. 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. Operating within the community allows 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 5,300 stores, PCSC is working with people to create a good and sustainable society.



5 Community Care and Co-prosperity

5.1

Charity development strategies

Management approach

PCSC has been focusing on promoting healthy living, environmental protection, caring for the less fortunate, and those living in rural areas. We have set for ourselves performance goals, such as the number of events and people attending those events and the amount of change we want to see collected each year in our in-store spare change donation. The Good Neighbor Foundation and PCSC have been working hard, investing money, manpower, and non-monetary resources (product donations, etc.). The Good Neighbor Foundation is currently engaged in charity events that include Good Neighbor Funfests, Good Neighbor Study Incentive Programs, and 7-ELEVEN Millennium Health Stations. The long-existing in-store spare change donation and Fundraising for Charity programs, were still raising money in 2018. PCSC recently added its new commodities-pledging program. We are second to none in regard to the environmental work we do through Welfare Committee and Love Nature Society and the continuation of Earth Day beach cleanup. If members of the public would like to express any opinions regarding the development of PCSC's charity activities, they can do so through our Joint Services Center, which is open to anybody. PCSC has drawn much attention and received a great deal of positive feedback from the public for the achievements of the charity work it has been engaged in over the years. In 2018, a total of 789 media reports covered PCSC's many varied charity activities and contributions society.

PCSC used its retail store resources to promote such projects as Millennium Health Stations, meal deliveries to the elderly, Youth Deep Roots Project, helping it realize its charity objective of assisting the disadvantaged in the community as well as promoting health and community development, while allowing it to better understand the potential needs of the community, in terms of health, nutrition, seniors, and for local economic development, through interaction with members of the community. All of these could turn into potential business opportunities, driving sales of retail and preorder product sales, including our own brands of fresh food products, products aimed at seniors, or health and health care products, creating a win-win scenario in terms of sustainable development for both PCSC operations and society as a whole.

Annual Social Welfare Participation and Input

PCSC brought its corporate influence into full play in social welfare and charity events in 2018. The monetary equivalent of the time and other contribution invested by PCSC was about 28% more than that in the previous year. The amounts are shown in the table below.

- The monetary equivalent of time and other costs contributed by PCSC in social welfare and charity events in 2018 (unit: NT\$)

Item Contributed	Monetary Equivalent
Cash (excluding advertisement fee)	40,925,878
Time	20,388,000
In-kind giving	131,750,000
Management overheads	4,000,000
Total	197,063,878

Note: Calculations are based on such factors as the number of hours individuals contribute, salary, and the number of events held in 2018. Cash contributions include charitable donations of NT\$39,866,567, 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 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. The Good Neighbor Foundation is focused on serving people from the local communities. Our charity policies focus on three dimensions: healthy living, environmental protection, and caring for the vulnerable & those living in rural areas. Each year, PCSC 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.

The Good Neighbor Foundation is currently engaged in long-term charity programs, including Good Neighbor Funfests, Good Neighbor Study Incentive Program, and 7-ELEVEN Millennium Health Stations. In 2018, the Foundation launched a community development program, the Youth Deep Roots Project.

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 bolsters the collective resolve of residents to improve their communities and facilitates the bridging of distances between people, ultimately adding a touch of warmth and compassion to greater society. Good Neighbor Funfests have been working on four central themes: parent-child interaction, caring for the disadvantaged, education, and healthy and environmentally-friendly lifestyles. To date, over 30,000 FunFests with varying themes attracting over one million participants have been held. In 2018, a new record of 358,437 participants took part in 17,000 events organized directly by branch stores. A total of 4,495 stores, 83.7% of all stores in Taiwan, took part.

	Event theme	Event description	Name of event	Number of events	Percentage of total number of events
Education		Allows residents to experience the social value of serving the community; promotes learning through play	Mini-Manager Children's reading space Good Neighbor Classrooms	7,256	42.7%
Parent-child Interaction		We invite parents and their children to 7-ELEVEN stores to celebrate holidays and spend quality time together to strengthen family bonds	Drawing DIY Workshop A dress-up event	5,362	31.6%
Healthy and Environmentally Friendly Lifestyle		Urge stores and local residents to recognize the importance of local environmental issues and health concerns so that environmental consciousness and healthy habits are incorporated into daily life	Health stations Hepatitis and dementia screenings Community clean-ups DIY Coffee grounds recycling	4,100	24.1%
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	Forever Young Store Manager OPEN! Cares Health Promotion Stations Blood drives	272	1.6%
Total				16,990	100%



5 Community Care and Co-prosperity

Good Neighbor Support for Rural Education

According to statistics from Ministry of Education, there are over a thousand primary and secondary schools in remote areas around Taiwan with most in Pingdong, Taitung, and Tainan. The uneven distribution of education resources has made it necessary for remote-area schools to utilize external resources to promote reading. With this in mind, the Good Neighbor Foundation donates money for teachers to Teach for Taiwan each year. In addition, in primary schools in remote areas in Yunlin, Tainan, Pingdong, Kaohsiung, Hualian, and Taitung, it has set up a Points for Reading program which encourage students to read by giving them points for reading books and then allowing them to redeem the points for food. As of 2018, students in remote elementary schools accumulated over 112,000 points for reading and borrowed nearly 120,000 books. We have also been promoting Good Neighbor Classrooms so students will continue to learn outside of the classroom and that what they learn can be applied to their lives. By encouraging reading, we have broaden students' horizons and increased the chance that they will be able to change their lives for the better and alleviate some of the impact to remote areas resulting from the unequal distribution of education resources.



Points for Reading Program

As of 2018, PCSC promoted a Points for Reading program in 38 elementary schools in remote areas, taking advantage of its convenience store resources to increase student interests in reading and their reading skills. 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 2018, over 4,000 children took part in our Points for Reading program with 1,093 of them receiving rewards.

In 2018, PCSC began collaborating with Chinese Christian Relief Association and Culture Art and Nature's (Can) Grass Book House in Sanxia to support 33 after-school Reading Companion Projects around Taiwan in order to accompany and encourage children of disadvantaged families to improve their reading skills.

Points

Reading

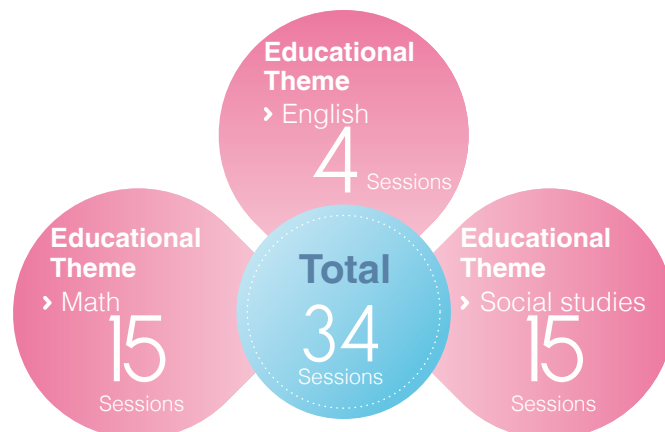
A case study: Points for Reading

The children at Tainan Municipal Longqi Elementary School collected more reading points than anybody else in Taiwan. A teacher points out that the school is well-known, because many of its younger children are from disadvantaged families from lower middle economic backgrounds. When they first begin school, they have trouble learning the phonetic system. In addition, not only are many of them unable to speak complete sentences, many cannot write a simple sentence. Their homeroom teachers designed a multipronged approach which included integrating a reading activity that they already had with our Good Neighbor Reading Points for Reading program and writing essays on what students read, supplemented by a newspaper reading program in which students were assigned one article each week. After six month, students were able to make complete sentences and write review essays.

Good Neighbor Classrooms

We encourage teachers to teach creatively. When learning through playing, students have more motivation to learn. We care about students and hope that as a result of our partnerships with local schools, learning will take place not only in the classroom, but also through various educational opportunities presented by different real-world circumstances and venues. Since its introduction, our program has hosted a total of 98 sessions, with the most common theme being math (45 sessions).

■ 2018 Good Neighbor Classrooms and Educational Themes

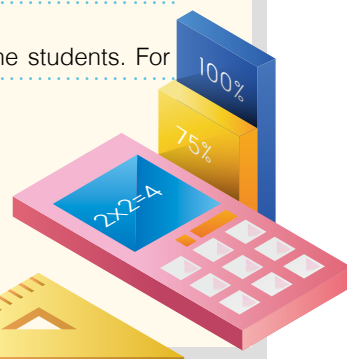


Good Neighbor Classroom

A case study: Good Neighbor Classroom

Children in lower grades at Hualien's Gaoliao Elementary School were brought by their teachers to 7-ELEVEN for an extracurricular activity. Their objective was to apply the math skills that they had learned in class into real life and learn about product information and expiration dates on product labels. Furthermore, in addition to learning about retail stores and stocking merchandise, they learned about being polite and interacting with others as they helped check each other out.

Their teacher explained that the hands-on class that day was new and interesting for the students. For example, they helped stock merchandize in the freezers, figuring out total prices when buying things, and finding the bar codes when checking customers out. Normally, kids of that age have a difficult time focusing for long periods, but they had no problems giving their complete attention to the store manager's instructions and completing all of the stations. When they got home later that day, they couldn't wait to tell their parents what they did at the store that day. The children learned by doing that day and I dare say that this will be memory that many of them will remember for a long time.



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 the end of December 2018, PCSC boasted 161 OPEN! Children's Reading Rooms around Taiwan, 3.0% of all of its stores in Taiwan.





5 Community Care and Co-prosperity

Youth Deep Roots Project

7-ELEVEN stores are found in small towns throughout Taiwan. We have witnessed the exodus of people from rural area, and the decline of visitors and tourist-related local business. There are, however, some young people moving into these areas, bringing resources and striving to develop their business that would help revitalize local community and economy. The Good Neighbor Foundation, aiming to become the partner supporting these young people, has invested resources and invited a number of specialists in relevant fields to serve as consultants to coach young people during the process of developing local business.

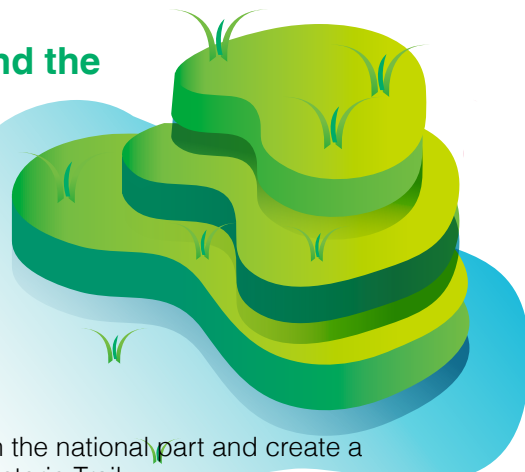
In 2018, we began working with two youth groups: the Shanheyuan Studio and the Hualien Fish Bar.

While the Shanheyuan Studio aims to realize ecotourism and environmentally-friendly farming in the Gaocuo community in Jinsha District, we collaborated with local 7-ELEVEN stores to promote their ideas and programs. Together with the Studio, we are able to revitalize this quiet mountain community. The Hualien Fish Bar is devoted to industry transformation and conveying the important concept of Fish to Table in Qixingtian area in Hualien County. Through our store events, we helped the Fish Bar's to promote the concept of sustainable ocean to a broader group of people.

■ 2018 project details and achievements

Shanheyuan Studio - Sanchong Bridge, the incubator for agricultural-creative industry and the upgrading plan for local business

Situated in Jinshan District, New Taipei City, the Gaocuo Community is graced with century-old terraced fields and natural beauty. Due to the aging population, many farmlands were retired and the beauty of the farming village was deteriorating. Hongjie Luo, a young people who has been devoting to community development in this area for years, has built close relationship and win trust with local people here. Luo and his team aim to transform the old buildings into cultural and social spaces as well as an incubator for agricultural-creative industry in the community. In addition, the Studio aims to develop an independent eco-friendly farming village in the volcanic area within the national park and create a terraced landscape for eco-tourism along the ancient Fish Road Historic Trail.



Project details

Develop the community-based experiential tourism and farming village theme activities, upgrade the packaging and quality of agricultural products, and operate a local culture platform.

2018 Achievement

In 2018, we arranged several on-site visiting with consultants to provide suggestions on how to create a local culture platform with consensus. We also cooperated with the Studio to organize hands-on activities and develop the content of community-based experiential tourism and activities to attract more visitor to Jinshan District. As a result, there were 700 visitors came to Shanheyuan Studio! Together with the Studio, we are able to revitalize this quiet mountain community!



Hualien Fish Bar: Traditional fishing industry becomes latest trend - Learning from the fish and returning to the sea

Due to the impacts of climate change, overfishing, and the exodus of young population, Hualien's Qixingtian area is faced with a challenge of industry transformation. Wenqi, a young people grown up in a fisherman's family with academic background in marine environment and engineering, has deep connection with the ocean. She is fully aware that in this day of depleting ocean resources, to achieve ocean sustainability, we must transform the traditional fishing industry from fishing, fish as food to protecting eco-environment through their expertise in information technology, management and design. Through their educational program of 'Fish to Table', they aim to redefine human-ocean relationship and achieve ocean sustainability.

Project details

Set up the 'Fish to Table' knowledge platform and develop kinds of products and services to promote the educational program, and the promote sustainable ocean education.

2018 Achievement

In 2018, we arranged several on-site visiting with consultants to provide suggestions to the team. Together with the team, we incorporated an service experiential event and beach cleanup as part of PCSC's volunteer program and corporate lectures. There were around 150 participants in the event. We continued to empower the local young people. There were 9 young people completed the training program, and engaged in 32 event as trainees. Through our store events, we helped the Fish Bar's to promote the concept of sustainable oceans to a broader group of people. In 2018, the team held 100 Fish Bar experiential events, and attracted around 1200 people participating in the Fish to Table educational program.



7-ELEVEN 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. As of 2018, there are Millennium Health Stations distributed among 664 stores across Taiwan, 12.4% of all stores. Since the health stations were first set up, it is estimated that over 23.65 million people have visited them to measure their blood pressure. In October 2015, the Millennium Health Foundation launched the Millennium iHealth ibon app, 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 170,000 records.

The Health Stations received another upgrade in 2018 when 90 stores were equipped with Millennium Smart Health Stations. In addition to measuring blood pressure, they can now measure heart rate (pulse), weight, and forehead temperature. People can then input their waist measurement and height into the system, which will then automatically calculate the BMI (Body Mass Index) to help estimate whether they're in a normal figure. The values measured by the station are automatically uploaded into home records and simultaneously onto cell phone by the Millennium iHealth ibon app mentioned earlier to simplify managing 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".



5 Community Care and Co-prosperity

Health Promotion Activities

According to data from National Health Day and 2018 Millennium Smart Health Stations, the waist size of males and females increases with age and people 50 and over are apt to underestimate their waist size. In 2018, 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.

In response to the aging society, PCSC held its first muscle deterioration (sarcopenia) prevention and education activity in November, 2018, entitled "Muscle up, Mom and Dad". We invited the people over 50 year-old to our stations and measured calf circumference and to combat sarcopenia at 7-ELEVEN stores. PCSC also provides healthy and nutritious meal recommendation with our product mix. There were 16,000 participants in total. In total, there were 16,000 people participating in the activity.



5.3

Store Charity Activities

We have sought to expand our potential as a conduit of philanthropic services. In order to stimulate social awareness and enthusiasm for philanthropy, we have created several different platforms for charitable donations, including Creative Initiative, in-store spare change donation, ibon electronic donation, and pledge donation of commodities. We believe that if we come together as a society, care for our neighbors in need, we can inspire a feeling of happiness unique to 7-ELEVEN through close, diverse interactions with the community, making great strides toward the SDG of eliminating poverty, alleviating hunger, and reducing inequalities.

Creative Initiative - Love for Life

Focusing 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, and interactive methods to give individuals unique donation experiences and to spur fundraising. We hope to get the ball rolling, stirring more people of different age groups to do their part to help in charity activities. Three years ago, we introduced piano donation boxes, DJ donation boxes, and the Rhythm of Love Wall. In 2018, we collaborated with Korea's Sticky Monster Lab to create 10 "monsters" that impede the lives of seniors and different "Love for Life" machines. Drop in a coin and you can arm wrestle one of the monsters. By beating one, you can win an exclusive Sticky Monster X Easycard, while better understanding how these difficulties affect the lives of disadvantaged seniors and donating money to help them resolve their problems.

During the activity in 2018, more than 40,000 persons experienced the "Love for Life" machines, raising over \$150,000 in donations which we donated to Pingtung Christian Hospital, Sister of Our Lady of China Catholic Charity Social Welfare Foundation, A Kernel of Wheat Foundation, and Hondao Senior Citizens Welfare Foundation



■ 10 monsters that impede the lives of seniors



Scary Sucker Guy

It bleedsscarce medical resources from remote areas, so the elderly living there have no one to turn to.



Starver

It has a bottomless pit for a stomach and wastes so much food that many seniors in rural areas end up with hunger.



Undernourisher

It wants more than anything to be a paper-thin model, so older people living on their own in rural areas lack the nutrition they need. The skinnier they get, the more he likes it.



Melancholy Man

It is the rap star of melancholy. His boom box thumps away, a relentless jackhammer of despair, at the hearts of seniors living alone.



Faraway Man

It loves laying long, winding roads that make the outside world seem remote and unattainable to older people living in in remote areas.



Yes, But Guy

It coldly analyses problems, extinguishing people passion, enticing onlookers to view old people issues with aloof detachment.



The Money Burner

It burns away the meagre income of the old, causing them to subsist in a life of poverty and misery.



The Isolator

It is adept at firing loneliness blasts that jam the distress signals of disadvantaged seniors, interfering with their connection to the outside world.



The Overwhelmer

It makes seniors taking care of each other. The sheer responsibility of looking after other old folk is enough to overwhelm them.



The Dilapidator

It has a super power that causes the homes of older people to gradually fall apart around them, exposing them to dangers.



5 Community Care and Co-prosperity

7-ELEVEN Community Care Stations

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 and Hualien in eastern Taiwan 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, Chiayi, are now providing care, food pick-up and delivery services, and health checkups to disadvantaged older people. 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:

Activity	Description	Figures	Beneficiaries
Making our branch locations dementia-friendly environment			
What Time Is It? Café	Drawing a lesson from Japan and Europe to provide senior citizens with dementia with a safe place to learn.	Each week, two to three seniors work as trainees at the Xindaye Branch (Thursdays 10:00-11:00 a.m.) and the Jiabei Branch (Wednesdays 2:30-3:30 p.m.).	
Our stores helped to make up the deficiency in manpower suffered by charities, thus rendering their services more complete.			
Weekend meal delivery (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation, Sisters of Our Lady of China Foundation)	In Hualien and Taitung, 33 PCSC's retail 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, more than 40 of our retail 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. In addition, PCSC has developed 'disaster meal daily necessity kits' for people living in areas with traffic disruption due to natural disasters, or the elderly with emergency situation.	75 stores	9,782 meals delivered
We made sure services were reaching the most vulnerable by turning stores into local community care stations.			
Lunar New Year's Banquets	During the Lunar New Year Festival, stores organized banquets and communal clean-ups for solitary elders so that they wouldn't have to spend the holiday season alone.	12 events	64 people
Good Neighbor Health Classrooms (Pingtung Christian Hospital Foundation, Liver Disease Prevention & Treatment Research Foundation)	We organized hepatitis and dementia screenings in the stores in remoted areas in Taiwan and designed a mobile service for rural areas to bring life-saving aid to the residents' doors—helping local residents recognize the symptoms of dementia, so that they can seek proper treatment as early as possible.	54 events	5,847 people
Smart Health Measurement Stations (Pingtung Christian Hospital)	We set up smart health measurement stations in retail locations in Pingtung County, which provided blood measurement service to the public. The cloud database of our health station was shared with 10 local medical institutes, which makes medical diagnosis and treatment much more convenient for the locals.	14 stores	66,661 people
Senior Store Managers (Hondao Senior Citizens Welfare Foundation)	Stores invited elderly members of the community 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.	19 events	180 people

In-store spare change donation

We launched the “Bring Back the Love” charity campaign in 1988, setting up over 5,300 in-store donation boxes, so that compassion, just like our stores, would never close for the night. 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 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.

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 care programs for disadvantaged seniors, and focusing on rural dementia prevention and care, rural hepatitis screening, the elderly serving as caregivers for the elderly, and meal-delivery for solitary elders. In 2018, we raised over NT\$150 million in spare change donations and linked up with five charities: the Pingtung Christian Hospital, Liver Disease Prevention & Treatment Research Foundation, Sister of Our Lady of China Catholic Charity Social Welfare Foundation, A Kernel of Wheat Foundation, and Hondao Senior Citizens Welfare Foundation.

■ 2018 Fundraising Results

Early dementia awareness, creating Dementia Friendly Communities (DFCs)

(Pingtung Christian Hospital)

156,995 (in NT\$1,000)

Total

Period Held

1.1 - 3.31

Funds Raised

39,710 (in NT\$1,000)

2018 Fundraising Service and Introduction

- **Dementia Prevention**
Setting up Taiwan’s first dementia friendly model community in a remote area. Beginning in Sandi Village, Pingdong County, we connected 7-ELEVEN stores and local public areas to serve more active supporting roles and even connect community residents to plan a dementia friendly curriculum and coupled that with the original comprehensive care services with the hope of transforming Sandi Village, Pingdong County into a model community.
- **Planning the Taiwan AlphaMake program to enable seniors living with dementia who have unique skills to become teachers of tradition skills.**
- **Establishing a comprehensive care services model for people living with dementia.** The services consists of “Store-home-community-grassroots” medical services coupled with Good Neighbor Health to serve as the first station for screening and educating the public about dementia.





5 Community Care and Co-prosperity

Save the Liver

(Liver Disease Prevention & Treatment Research Foundation)

2018 Fundraising Service and Introduction

Period Held

4.1 - 6.30

Funds Raised

39,950 (in NT\$1,000)

- Promoting liver screening and abdominal ultrasound.
- Setting up the Liver Disease Prevention and Treatment Program 2.0. Local medical specialists went to local communities to conduct screening and treatment evaluations for the public and registered patients with serious medical issues directly with the hospital, in effect, making medical specialists attending doctors. Health stewards conducted follow ups and management to enhance the rate by which people in remote areas with liver problems receive medical attention and treatment.



Helping the elderly serve as caregivers for the elderly

(Sister of Our Lady of China Catholic Charity Social Welfare Foundation)

2018 Fundraising Service and Introduction

Period Held

7.1 - 9.30

Funds Raised

39,453 (in NT\$1,000)

- PCSC worked with the Sisters of Our Lady of China Foundation in Chiayi, the area in Taiwan with the most severe aging issue, in four major ways, including home service, community care, caring for caregivers, and "neighborhood watch points". Together we promoted the concept of the elderly serving as caregivers for the elderly, creating a community and local neighborhood care network to assist elderly individuals that have to take on the heavy responsibility of caring for another.
- The What Time Is It? Café offers seniors living with dementia the opportunity to serve as store interns and caregivers a place to listen to lectures on how to take care of themselves.



Eat Well, resolve the issue of eating alone and depression

(A Kernel of Wheat Foundation, Hondao Senior Citizens Welfare Foundation)

2018 Fundraising Service and Introduction

Period Held

10.1 - 12.31

Funds Raised

37,727 (in NT\$1,000)

- Ensuring that disadvantaged seniors receive meals and help alleviate the depression that seniors eating alone experience, thereby caring for them both physically and emotionally.
- Our meal provision services can be divided in three major categories: delivery, pick up, and shared meals, implemented in six ways: volunteers delivering meals, stores providing meal delivery and pick up services, sharing meals in a designated venue, aboriginal community kitchens, family kitchens, and mobile kitchens. In addition to providing services to remote areas, such as eastern Yilan and Hualien, another 40-plus stores in Taichung, Changhua, Chiayi, and Taipei Counties are now providing meal pickup and delivery services.



A case study : GRANDPA WANG FROM HUALIEN

Grandpa Wang (71) from Guangfu Township, Hualien and his wife used to take care of their son who was paralyzed and bedridden after being involved in a traffic accident following. Unfortunately, Grandpa Wang later had a stroke and needed somebody else to take care of him, but then his wife died after slipping in the bathroom. Grandpa Wang was unable to care for his son, so his son was taken to a care facility and Grandpa Wang had to live on his own and because of his stroke, he could only get around in a wheelchair and could not leave his home. He later applied to have food delivered, so A Kernel of Wheat Foundation, Hualien, now delivers lunch and dinner to him. After they began providing him meals, they noted that because Grandpa Wang was home by himself all the time, he had become very unhappy and began to dwell on things, so he was referred to a professional who, after determining his situation invited Grandpa Wang to come to a day care center for the elderly and eat with other seniors. They even arranged for somebody to pick Grandpa Wang up and bring him home.

Since coming to the center, Grandpa Wang has been interacting and dining with others and now he is much happier. In addition, over time, he no longer needed a wheelchair or any other equipment to get around. And now, he does not even need anybody to shuttle him back and forth to the center; rather, he rides an electric scooter. What's more, his health has improved as a result. From this case, we can see that when seniors are able to dine with others and are encouraged to interact and socialized more with others, not only are they better fed, it can help alleviate depression that comes from eating alone and even improve physical health.



Fundraising for Charity: ibon machine donation

In 2008, our Compassion is Always Open! philanthropic platform was expanded to include donation via ibon machines. In 2018, a total of NT\$239,789,000 was raised, with the average donation amounting to NT\$916.

Hualien Earthquake

In early February of 2018, Hualien was struck by a strong quake that knocked over a number of structures and injured many people. Right after the temblor, our Tongxuan store supplied rescue workers at the nearby Marshal Hotel with water and other needed materials. The nearby Lianhua store immediately set up a material assistance center, which served as support, leveraging its logistics capabilities to get materials, including food, drinking water, and hand warmers, to the rescue workers when and where they needed them.

The treatment of the injured and the rebuilding that was necessary in the wake of the earthquake were tremendous burdens and a test for the local government and families. Making use of the fundraising platforms in our store, 7-ELEVEN collaborated with the Department of Social Welfare, Hualien County Government to launch an emergency fundraising program to bring together the power of the love of the community to help with rebuilding.

Total funds raised

Hualien County Government

NT\$125,139,000

Ministry of Health and Welfare

NT\$14,402,000





5 Community Care and Co-prosperity

Emergency fundraising for flooding in western Japan

Between June 28 and July 9, Japan experienced torrential rains that left many people dead and thousands homeless. The worst flooding in decades, it caused severe damage to roads, bridges, and power equipment in many areas. The Japan Meteorological Agency christened the event the “Western Japan heavy rain disaster”. 7-ELEVEN did its part to help Western Japan rebuild from the flooding by taking advantage of the power of its channels to launch emergency fundraising with its ibon multimedia kiosks.

Total funds raised  NT\$ **3,281,000**



Pledge Donation of commodities

The pledge donation of commodities system, launched by PCSC 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 kiosks in our stores and paying at the counter or paying by scanning the bar code at the kiosk.

In addition to collaborating with the Christian Relief Association on “1919 relief meals” to ensure that disadvantaged families have enough to eat, it also works with such non-profit organizations as Sisters of Our Lady of China Foundation, A Kernel of Wheat Foundation, and the Christian Relief Association to pledge moon cakes and Chinese New Year’s foods during the Mid-Autumn Moon Festival and the Lunar New Year. PCSC delivers items pledged by the public to disadvantaged families helped by these groups to ensure that they have enough to eat and experience the warmth of the holidays. The total value of the items pledged in 2018 was NT\$20,425,589.

■ Products pledged in 2018

Moon cakes	New Year's foods	Relief meals
No. of sets pledged 5,261 sets	No. of sets pledged 6,461 sets	No. of sets pledged 49,247 sets
Price NT\$ 400	Price NT\$ 549	Price NT\$ 300
Amount NT\$ 2,104,400	Amount NT\$ 3,547,089	Amount NT\$ 14,774,100

Column: A Review of Store Activities in 2018

To be a good neighbor and to forge community prosperity on a local level, our headquarters and individual stores are taking advantage of our strong presence in the community 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 in Taiwan.

■ A Review of Store Activities in 2018

Qingjing Farm: Mist Plaza store

The operations manager of central Taiwan was in charge of regional managers and branch managers during PCSC's 3-day Clean Taiwan, CingJing Action activity in 2018. On the second day of the activity, we provided the 220 volunteers lunches. To express our appreciation for their help, we offered them a free visit to the Swiss Garden and asked them to participate in the opening ceremony festivities for the Qingjing Windmill Festival.



New Rende Branch

The New Rende branch of 7-ELEVEN is located in the Rende service area. It has an open space that pedestrians and travelers pass by frequently. It provides the space to philanthropic organizations, such as organizations that help disadvantaged groups, for use free of charge. In 2018, it hosted performances by a total of 89 buskers and 101 activities for disadvantaged groups. In 2018, it also held a 2-day activity "1 Dollar for Charity together", during which the store donated one NT dollar to charity for each vehicle that passed by the Rende service area. It also invited disadvantaged groups and local small-scale farmers organization set up booths at a bazaar.



Wanfang Branch

iving in peace and harmony alongside Wanfang Hospital and its core value of enhancing community health, our store is guided by a belief in friendly service. We hope that each customer can experience quality service: warmth, friendliness, and convenience.

In 2018, we hosted a special Children's Day event which featured performances in the main hall and DIY bag coloring. The beloved Open Chan also made visits to young patients in their hospital rooms.





5.4

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 would like to do their part to protect the planet. They use their charitable activities to strengthen bonds between members and events they take part in to exercise, get in shape, and purify their souls as together they help clean up coastal areas around Taiwan. Since 2016, PCSC has participated in events promoted by the Environmental Protection Agency as a corporate association to beautify and clean up the beaches. We responded to government calls to adopt coastal areas by adopting Zhongjiao Shazhu Bay in Jinshan and Wanli's Green Bay and Dingliao Beach. In addition to members of the society, we expanded the activity to include affiliated companies and franchisees and together we participated in Earth Day beach clean-ups. As of 2018, we took part in at least 13 clean-ups, picking up 2 to 3 tons of garbage, doing our part to help the ocean environment return to its clean, natural state and helping reduce the death and injury of marine life. PCSC takes concrete action to carry out its responsibilities as a global citizen and implement its environmental policies.

In 2018, PCSC also took part in the Keelung City Government Environmental Protection Agency's Air Quality Improvement Zone Adoption Program (Shanren Elementary School, Maling Elementary School). For this program, an organization adopts an area and then works to improve the quality of the air, primarily by planting vegetation or installing equipment to enhance the quality of the air and environment. It also educates the public on leisure, the ecology, and the environment for the purpose of realizing the objective of attaining the sustainable use of resources. We planted trees, flowers, and grass to improve air quality. We also carried out work to beautify and maintain the environment, receiving commendation from the government for our efforts. At the end of 2018, with the support of the Keelung City Government, association members adopted a path next to a local dike and planted 50 sakura trees along the path to help beautify the environment.



Green Trailblazer in the Neighborhood

2018 Highlights

- Procurement of Green Mark and energy saving products reached a total of **10.16%** of total procurement.
- Energy usage intensity (EUI) for PCSC's retail stores fell by **4.61%** compared to 2017; EUI for the headquarter building fell by **2.5%** over 2017 figures.
- In 2018, a total of **2,716** pieces of equipment were refurbished and reused.

As the worldwide impact of climate change has grown ever more evident, international initiatives such as the 2015 Paris Agreement and 2016 UN Sustainable Development Goals (SDGs) have been adopted. No country can ignore the core issue of climate change as it works to achieve sustainable development. In order to meet national greenhouse gas commitments and goals, each nation's government may provide incentives, establish markets, or create legislative mandates. Meanwhile, climate change also has an increasing impact on business. Corporations, to adapt to potentially harsh environmental conditions or meet obligations to the government and investors, must start from their own operations, value chain, and core competencies to determine how to minimize the impacts of climate change, energy conservation and carbon reduction on their organization, while at the same time using their capabilities and influence to maximize market opportunities and benefits.



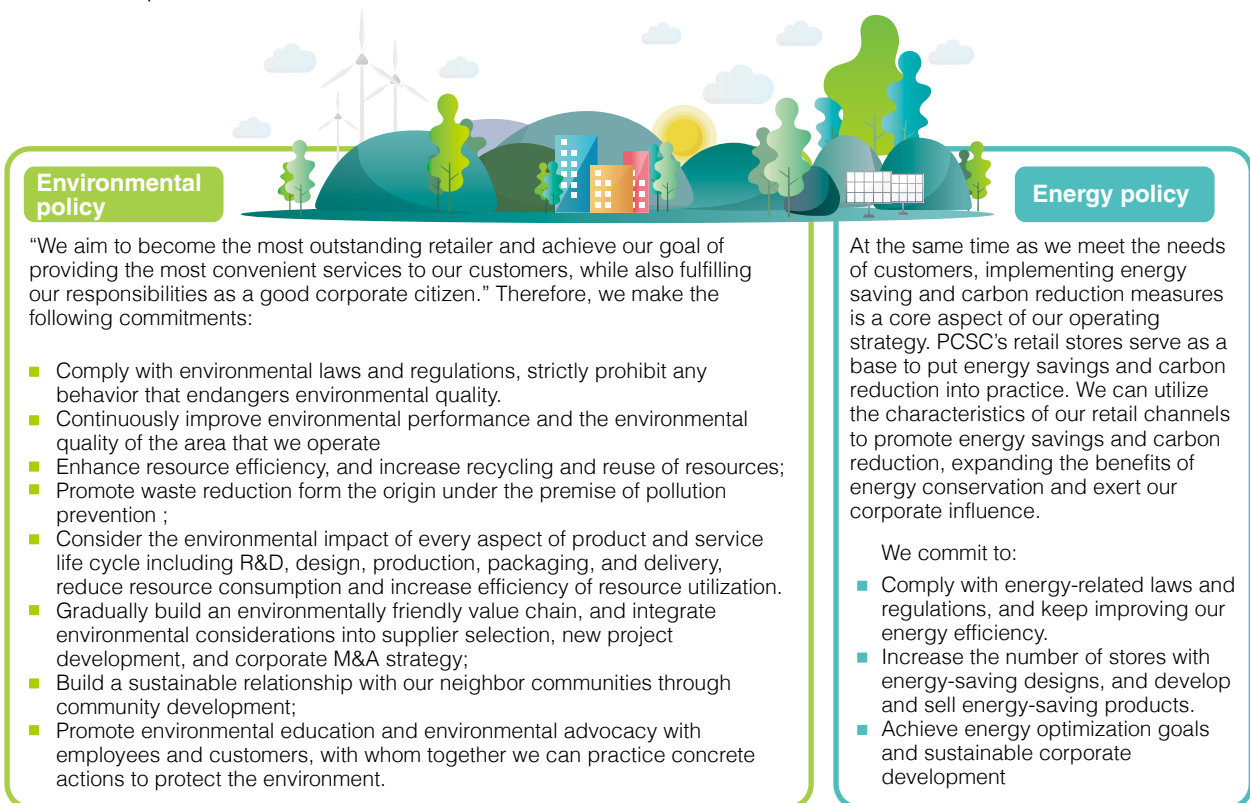
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Green Trailblazer in the Neighborhood

Environmental commitments and communication

Since the 1980's, PCSC serves the role of a good neighbor located on the boulevards and alleys of every city in Taiwan. Today, we are working to improve the efficiency of resource utilization at our retail locations and in logistics and transportation. Shouldering our responsibility to be a model citizen, we have taken the initiative to establish our PCSC Environmental Policy. We commit to utilizing the influence through our value chain to create a friendly retailing business model. Considering that energy consumption is our greatest environmental impact, we continue to concentrate on energy conservation and carbon reduction, which are the key issue for our business. As part of this focus, we established an energy policy to underline our commitment to optimizing our energy management approach.

Our neighbors and customers can contact the PCSC Joint Services Center by phone or email about any issue, including environmental conflicts. A case will be set up, and sent to the relevant unit to process and provide a response. The status of each case will be tracked.



Climate change mitigation and adaptation measures

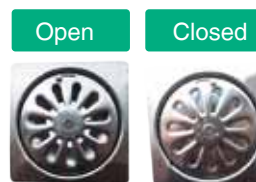
At present, mitigating and adapting to climate change is a key focus of our sustainable corporate development. Tightened mandatory regulations in Taiwan and abroad have been tightened, large-scale natural disasters, and even customer behavior influenced by temperature changes, all have impacted company revenue, costs, asset value, and even business reputation. As a leading domestic enterprise, PCSC attaches significant importance to the issue of climate change and has implemented countermeasures.

To slow the pace of climate change, since 2005 PCSC has performed an annual greenhouse gas (GHG) inventory. We have used ISO50001 as a reference to implement energy management, promoted energy saving measures within our headquarter and retail stores and increased the energy efficiency of our equipment to effectively reduce emissions intensity and mitigate the greenhouse effect. Through counseling and education, we have also raised the energy-saving awareness of our employees.

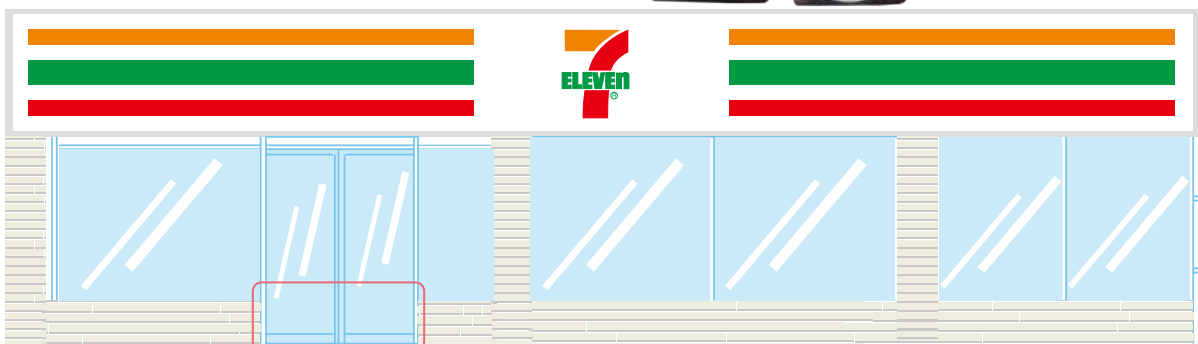
PCSC's retail stores, located across every city and county of Taiwan, play an important part in people's lives. Therefore, as part of our climate change adaptation strategy, we take advantage of our many retail locations and 24-hour operating schedule to assist in reporting disaster information and distributing disaster warnings. The harm caused by climate change grows ever more severe. In August 2018, rains in central and southern Taiwan caused serious damage to several retail locations. In addition to repairing buildings and equipment, we also amended Construction Standards for Flood Barriers and Walls for Stores in Low-Lying Areas, while providing store employees training to strengthen disaster response capabilities in the face of typhoons and flooding, which would help to smoothly maintain operations and enhance our own ability and that of the community to adapt to climate change.

Climate Risks		Description of Risk	PCSC Response
Transitional Risks	Fuel/energy tax or related regulations	Because PCSC's energy contract exceeds 800kWh, we are considered a large energy user and must reduce energy consumption by 1% each year.	<ul style="list-style-type: none"> Formulated energy and GHG reduction targets Carry out GHG inventory and verification annually in accordance to ISO 14064 Implement Headquarter energy-saving and carbon reduction measures at headquarter and retail stores
			<ul style="list-style-type: none"> Established the weather information distribution system to provide instant weather and flooding warnings to retail locations Strengthen retail staff typhoon and flood preparedness training Established Construction Standards for Flood Barriers and Walls for Stores in Low-Lying Areas Installed water storage tanks (500 L) in retail locations Commissioned external experts to assess completeness of disaster prevention/relief items (generators, water pumps, high pressure washers, searchlights, flood barriers, sandbags etc.) Store disaster insurance covered the losses and repair costs
Physical Risks - Acute	Increased severity of extreme weather events (storms, floods)	On August 23, 2018 extremely heavy rains in central and southern Taiwan lead to widespread flooding. In Chiayi and Tainan, 60 of our stores either flooded or had serious leaks.	

■ Countermeasures at low-lying retail locations



Upgrade to closeable drain covers
Reduce overflow and backflow



Install flood barriers at store entrances
Slow down floodwater entering the location

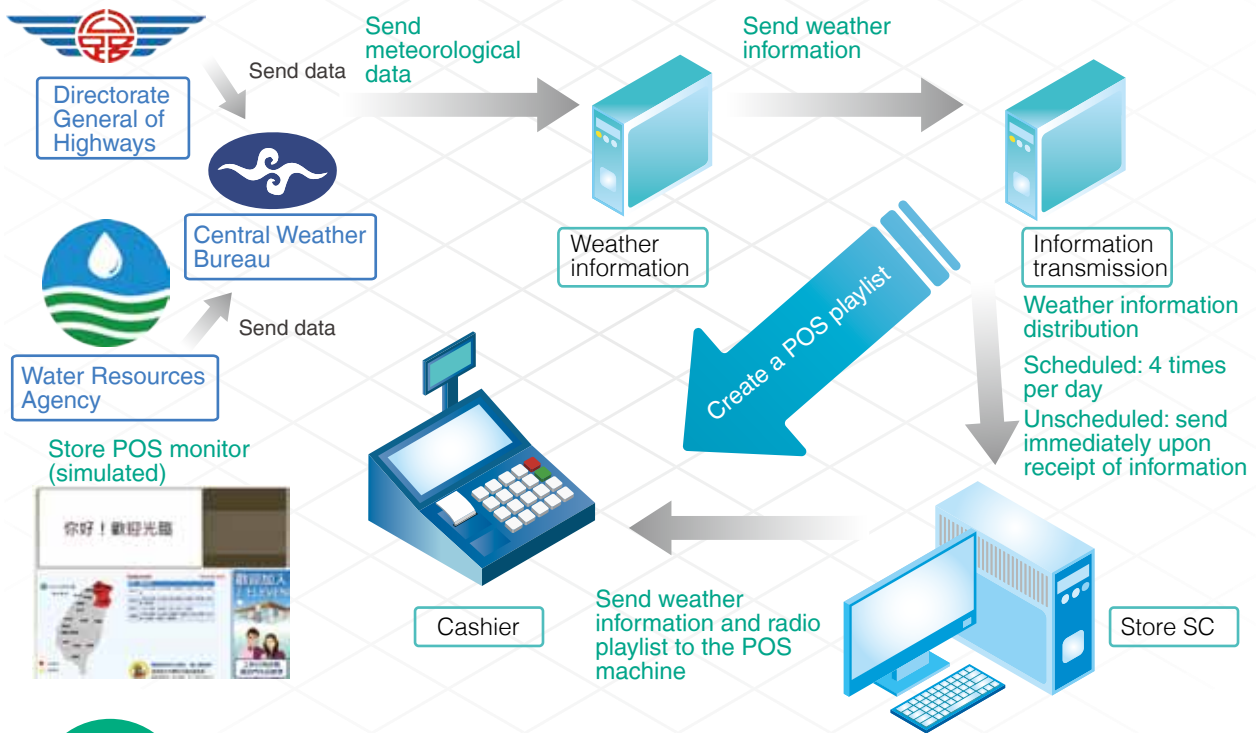


Construct 45 cm brick walls below store windows
Slow down floodwater entering the location
Mitigate the impact of vehicles hitting the storefront



6 Green Trailblazer in the Neighborhood

Weather information distribution system diagram



6.1

Putting energy conservation and carbon reduction into action

Management approach

PCSC operating locations can be primarily classified as retail locations throughout Taiwan and its outlying islands (including convenience stores and lifestyle centers) or offices (including our corporate headquarter, local offices, and training center). In order to fully understand our GHG emissions, PCSC performed GHG inventories for 2017 and 2018 according to the ISO14064-1:2006 standard, which were verified by a third party.

Through continued inventories, we know that the primary source of greenhouse gas emissions is electricity consumption, both at our retail locations and offices. Therefore, PCSC's efforts on energy conservation and carbon reduction include cooperating with competent authorities on promoting energy savings and upgrading the Company's energy management practices in the spirit of ISO50001. In addition, any retail locations with an average monthly energy costs higher than NT\$45,000 received additional counseling on how to reduce energy use. In addition, PCSC has developed energy conservation plans for both new and existing stores. While continuing to provide a high-quality, convenient consumer experience, we formulate energy saving and GHG reduction plans based on the characteristics of our channels. Units within PCSC responsible for energy management include: the Engineering Technology Department responsible for store renovation, the Operations Planning Department responsible for assisting store personnel to carry out energy management and energy conservation, and the Administration Management TEAM tasked with tracking energy consumption at PCSC headquarter and implementing energy saving measures. By dividing the responsibilities between separate departments, PCSC can carry out our energy saving, carbon reduction policies at our headquarter and every one of our many retail locations. Considering that energy usage patterns at our headquarter are different from retail locations, we set different annual performance indicators respectively. We perform quantitative assessments of the effectiveness of energy intensity reduction efforts at both our retail stores and corporate headquarter.

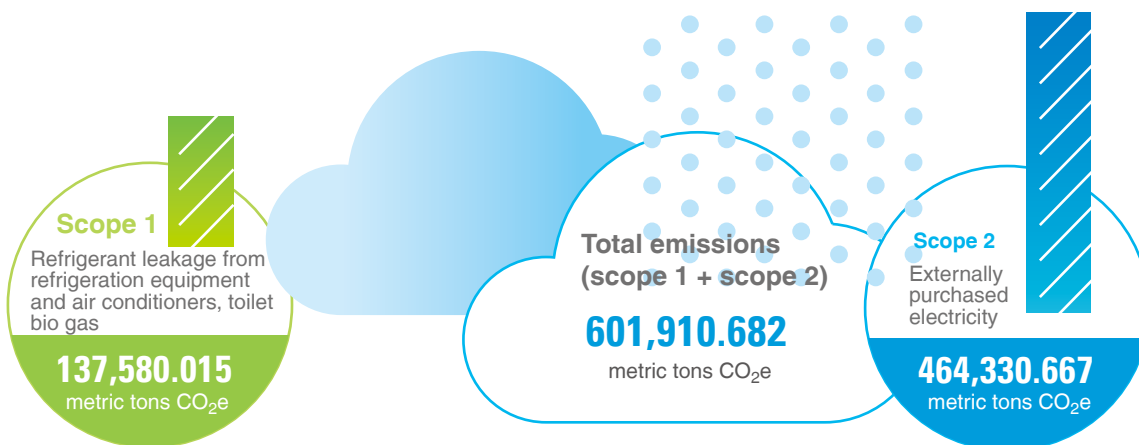
PCSC environmental or energy management certifications	Operating locations included in 2018 inventory scope	
	Retail locations (convenience stores and lifestyle centers)	Offices and training center
ISO14064-1:2006 greenhouse gas (GHG) emissions inventory	5,466 stores ^{Note} 22 lifestyle centers (excluding rented counters)	Headquarter building, 8 local offices, training center

Note: The 5,466 retail locations inventoried in 2018 include the 97 locations that moved or closed during the year.

Energy and GHG inventories

Our inventory showed that in 2018 PCSC operating locations (including 22 lifestyle centers) consumed 838,142,000 kWh of electricity, while 99.2% of this total, 831,498,000 kWh, was used by convenience stores.

In 2018, PCSC carbon emissions in scopes 1 and 2 totaled 601,910.682 metric tons of carbon dioxide equivalent (CO₂e). Of these, 77.14% originated from the use of electricity, which is classified under scope 2; Scope 1 emissions amounted to 22.86% of the total and were caused primarily by effusion of refrigerant from refrigeration, freezer, and air conditioning equipment at retail locations. In 2018, the inventory boundaries expanded to 5,466 locations, which includes 97 stores that moved or closed in 2018. In 2018, GHG emissions increased by 9.02% over the amount verified for the previous year. The increase is due to expansion of inventory boundaries, a rise in effusion of refrigerant from retail store equipment, and higher scope 2 emissions caused by the increase of the 2017 emission factor of electricity (0.554 kg CO₂e/kWh). Excluding the impact of the increased emission factor, 2018 emissions represent a 7.05% year-on-year increase.



Note 1: Inventory scope included 5,466 retail locations (including those 97 stores that moved or closed), PCSC headquarter, 8 regional offices, training center, and 22 lifestyle centers.

Note 2: Scope 2 calculations are based on location. Because 2018 grid emission factors have not yet been released, the above was calculated using the 2017 emission factor of 0.554 kilograms of CO₂e/kWh.

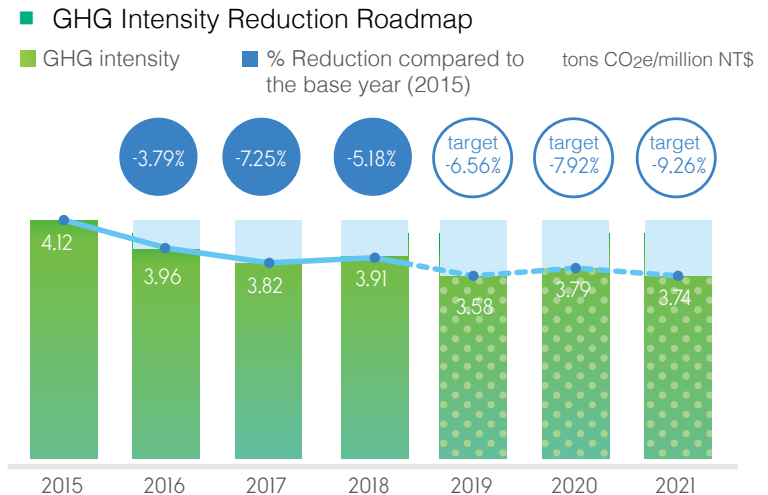
Note 3: Scope 1 and 2 emissions inventories were performed according to ISO 14064-1:2006. The emissions factors used were the national emissions factors shown on the emissions inventory calculation form. The GWP (global warming potential) was taken from 2007 IPCC Fourth Assessment Report. Inventory verification boundary only covered scopes 1 and 2 emissions.



6 Green Trailblazer in the Neighborhood

Unit revenue and greenhouse gas emissions intensity

The major source of PCSC emissions is retail store energy consumption. Considering that electricity use is related to each location's size, equipment, and business operations, which are also reflected in the operating income, we calculated the emission intensity per each million NT dollars of revenue. We used this as the quantitative indicator for our mid- to long-term GHG reduction targets. In 2018, PCSC had an GHG intensity of 3.91 metric tons CO₂e per million NT dollars of revenue, a reduction of 6.56% over our base year, 2015.



Energy conservation and GHG reduction target

PCSC established mid- and long-term GHG intensity reduction target with 2015 GHG emission inventory results as our baseline. Taking into consideration future revenue growth and operational expansion, we have committed to reaching our target of reducing GHG intensity (emissions per NT\$1 million revenue) by 9.26% before 2021. At the end of 2018, we are already 55.93% the way to our goal. In the future, we will continue to review our progress towards reaching this target and revise our mid- to long-term emissions goals based on economic trends and energy-saving technology advancements. Larger scale stores require more air conditioning units for shopping and storage areas, which results in higher amounts of refrigerant effusion. Therefore, we will assess potential use of eco refrigerants such as R448 to reduce scope 1 emissions. Excluding the impact of year-on-year emission factor growth, PCSC will work to promote energy conservation at stores and offices to achieve our GHG reduction target.

Energy conservation measures for retail locations and offices

Through implementing an energy management system and performing annual GHG inventories, we can identify energy use patterns and GHG emission hotspots across PCSC retail stores and offices. In 2017, we formulated new retail store energy conservation regulations and required newly established stores to utilize energy efficient equipment, while gradually replacing old equipment at existing locations. In 2018, PCSC also worked with Bureau of Energy's conservation regulations for designated energy users. Steps included installing windbreak rooms to prevent loss of cold air, stopping the use of incandescent light bulbs, setting thermostats to a minimum of 26°C, logical lighting configurations, reducing the number of lights (increasing distance between fluorescent tubes), dimming lights (reducing lighted sectors at night), reducing indoor lighting time, upgrading efficiency of cooling and refrigeration equipment, and installing constant pressure pumps with inverters. While maintaining our service quality, we have gradually increased the energy efficiency in our stores. In addition to replacing equipment with energy-saving models, employees at all retail locations underwent training on regular inspections of the air conditioning, circulation fans, lighting, refrigerators and freezers, and signage and windows following the "Retail Energy Reduction Checklist" in order to ensure optimal equipment performance. In addition, each year PCSC plans renovations for older existing stores to improve energy efficiency. In 2018, a total of 302 stores were renovated and we expect to complete renovations of 625 older stores by 2021, which will save up to 14,193,000 kWh of electricity compared to 2018.

In 2018, PCSC implemented nine major energy conservation action projects. A total of 37,583,476 kWh was saved, which equivalent to a reduction of 20,821 metric tons of CO₂e emissions and saved stores a total of NT\$10,2970,000 on their electric bills. The amount of energy saved could power 10,725.88 average Taiwanese households for an entire year.

2018 Energy Conservation Action Projects		Energy Saved in 2018		GHG Reduction (ton CO ₂ e)
		kWh	KJ	
Equipment Performance Upgrades	Retail store installation or upgrade to inverter air conditioners ¹	22,389,870.80	80,256,044,095.65	12,404
	Installing new second-generation combination refrigerator ²	4,479,756.20	16,057,596,519.47	2,482
	Installing inverters on combination refrigerators ²	6,508,283.21	23,328,811,006.60	3,606
	New retail locations install LED sidewalk lighting ³	236,617.85	848,151,954.89	131
	Switching to LED sidewalk lighting at existing stores ⁴	454,968.03	1,630,823,801.30	252
	Using LED lighting in signage at new stores ⁵	258,461.39	926,449,671.98	143
	Constant pressure pump with inverter ⁶	258,767.15	927,545,685.61	143
Improving heat exchange	Installing windbreak rooms ⁷	1,170,090.15	4,194,164,726.48	648
Improving heat up time of heating wires	Energy savings from combination refrigerator heating wires ²	1,826,661.31	6,547,630,946.34	1,012
Total		37,583,476.09	134,717,218,408.32	20,821

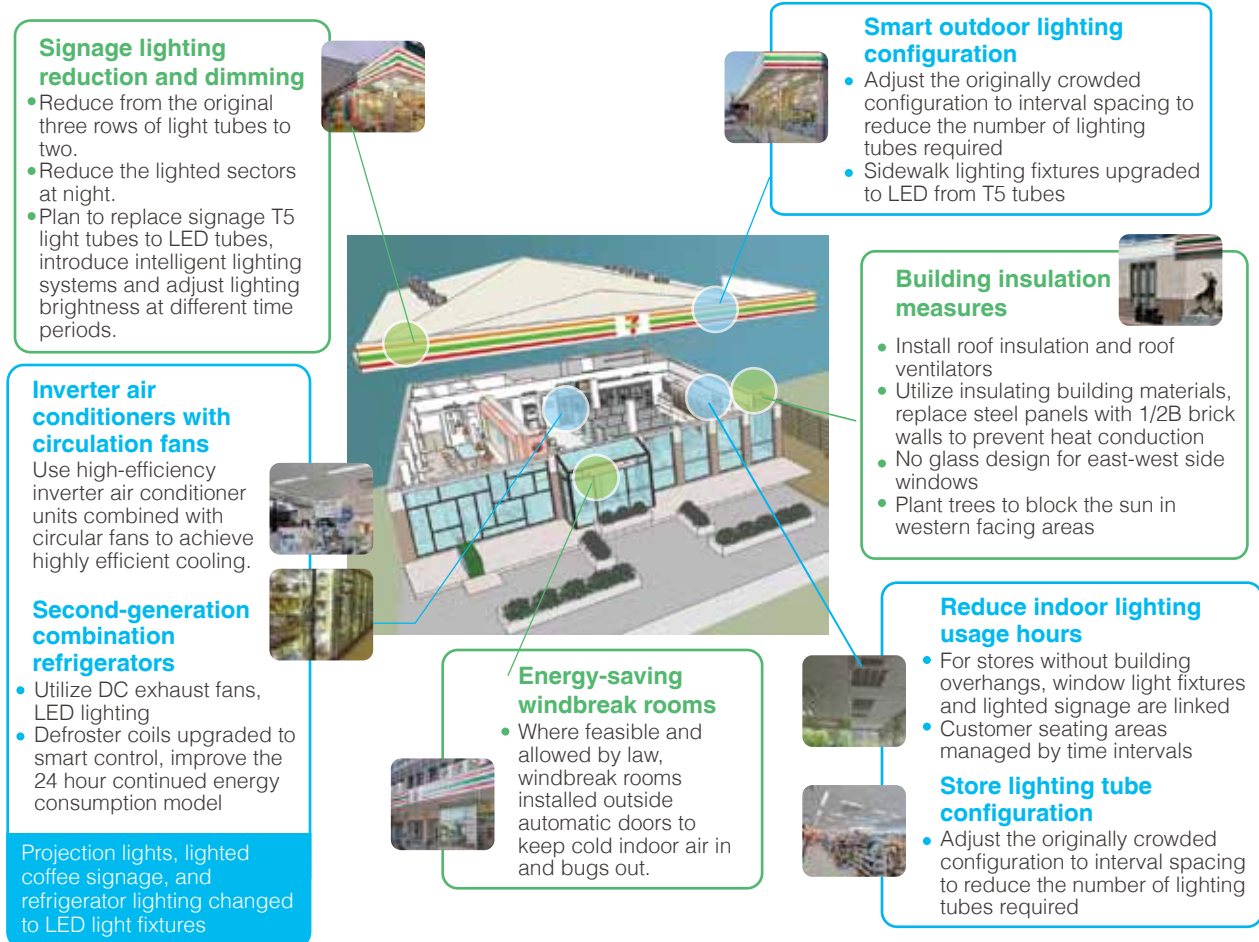
Note 1: The total energy saved is estimated based on the energy savings gained by changing one piece of equipment multiplied by the total number of equipment replaced. The estimation methods are as follows: 1. Compared with the power usage of fixed frequency air conditioners; 2. Compared the power consumption before and after the change from electric meter readings; 3. Calculated the difference in power usage of the average number of T5 lights and average number of LED lights in stores; 4. Calculated the difference in power usage of the average number of T5 lights and average number of LED lights in stores; 5. Compared with the electricity consumption of T5 lighted signage; 6. Compared with the power needs of non-inverter pressure pump; 7. Average difference in power use before and after installation of windbreak rooms

In 2018, PCSC regional operating teams and experts from the Engineering Technology Department provided more active energy-savings counseling to retail locations with monthly electricity bills higher than NT\$45,000. Other measures included replacing energy inefficient equipment and old machines, improving equipment heat transfer, implementing lighting planning, and upgrading to LED light bulbs. Store staffs also received energy saving training to improve awareness of the issue. The 319 locations that received extra counseling in 2018 reduced energy consumption by a total of 3,639,996 kWh and saved NT\$4,695,097 on electricity bills.



6 Green Trailblazer in the Neighborhood

PCSC energy-saving store design



PCSC's commitment to energy efficiency also applies to our offices. The energy use practices at our corporate headquarter differs from retail locations. We continually update the energy, water, and paper conservation targets and performance indicators for our offices and in 2018 we also adopted an ESCO (Energy Service Company) service, which tracks power consumption and can identify and reduce abnormal power usage. During the winter, cold outdoor air is circulated within the building to reduce use of air conditioning while maintaining a comfortable office temperature and achieving energy savings. In addition, in order to increase the awareness among our workforce, the headquarter has strengthened advocacy on energy conservation. We utilized a "management by walking around" approach to review equipment usage on all areas of the building. Any problems discovered were addressed immediately to ensure stable operation of equipment and achieve energy conservation. In 2018, PCSC headquarter energy use was down by 29,248 kWh compared to the previous year, which saved NT\$202,558 on our electric bills.

Retail location and office energy efficiency indicators

Because most of our convenience stores are open 24 hours a day, their energy consumption patterns are different from PCSC headquarter, regional offices, and the training center. In order to effectively monitor store energy use and gradually improve energy efficiency, we have established energy use intensity (EUI) assessment indicators and reduction targets, which are tracked monthly. In 2018, stores made great strides in energy conservation. Their performance far exceeded the 2018 targets (energy consumption was down 8.5% compared to 2014 and 1% compared to 2017). The average stores'EUI in 2018 was 4.61% lower than in 2017, and down a full 12.09% compared to 2014 levels. These were outstanding results. Furthermore, in 2018 PCSC energy usage to revenue was 5.44 (kWh/NT\$1,000).

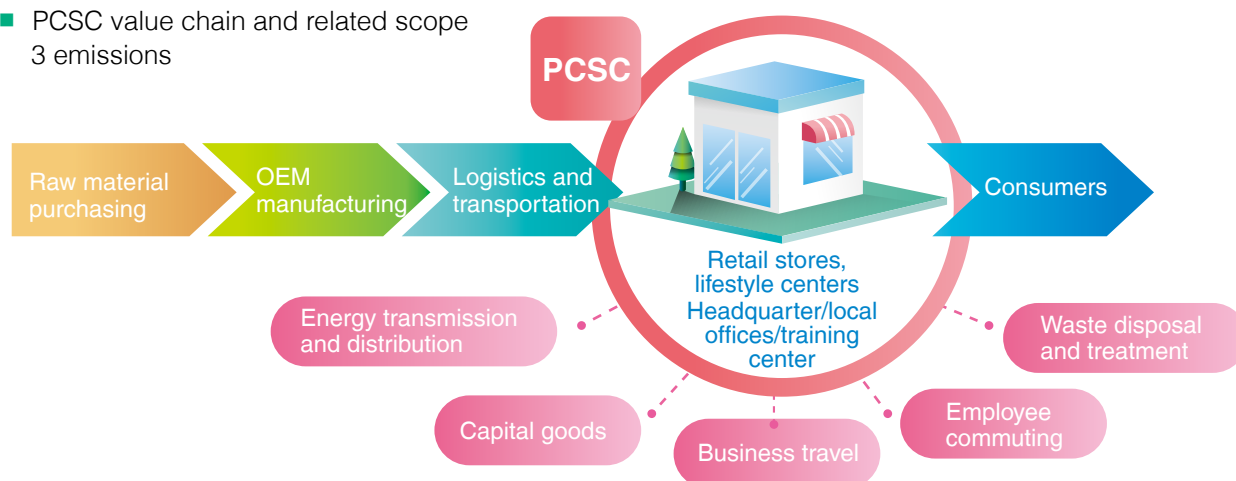
To encourage office staff to conserve energy in their day to day operation, our corporate headquarter implemented management by objectives and set the building's EUI as the indicator for the annual energy savings target. We actively promoted several energy conservation measures and an employee awareness campaign. In 2018, PCSC headquarter's EUI was 168.7 kWh/m², a year-on-year decrease of 2.5% that was far beyond the 2018 reduction target (annual reduction of 0.5%).

	EUI ^{Note} (kWh/m ²)*				
Year	2014 年	2015 年	2016 年	2017 年	2018 年
Stores'EUI	1094	1,046	1,012	1,008	962

Note: PCSC stores' EUI is assessed monthly by using data provided by Taiwan Power Company. Average kWh per ping for stores in each region are calculated and used to estimate store energy usage per ping for other stores in the region lacking data from Taiwan Power Company. These two are added together to calculate total monthly energy consumption, which is then divided by total floor area to generate the average store EUI.

Scope 3 GHG Emissions

- PCSC value chain and related scope 3 emissions



To strengthen GHG emissions management, in addition to implementing GHG inventories in accordance with ISO14064-1:2006 standard for scope 1 and 2 emissions, PCSC further identified indirect GHG emissions resulting from operations, which are classified under scope 3. Through quantitative data, PCSC aims to eventually determine all sources of emissions along our value chain to better understand the full extent of our carbon footprint vis-a-vis the process of value creation. Taking into consideration the feasibility of data collection and quantification, in 2018 PCSC's primary scope 3 sources of emissions include: upstream transportation and distribution (C4), fuel and energy-related activities (C3), and capital goods (C2).

Distribution by logistics companies (upstream transportation and distribution) is a key link that keeps the PCSC value chain moving smoothly, while also representing the category of scope 3 emissions most relevant to our operations. Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. are responsible for centralized intake and inventory and divide the responsibility to deliver goods depending on their storage requirements and characteristics of products. In addition, President Logistics International Corp. oversees the overall management of logistics vehicles, including monitoring fuel consumption, procurement of eco-friendly vehicles and electric transportation carts, Banqiao Station store refrigerated cart delivery, and logistics specialist training. We calculated the fuel (diesel fuel) required by logistics companies to provide logistics and delivery services to PCSC for the entire year to estimate our scope 3 emissions and encouraged the companies to implement energy saving measures.

In 2018, logistics companies used a total of 11,782 kiloliters of diesel fuel for transportation and distribution, which is an annual increase of 0.84%. Based on this amount of fuel, the estimated scope 3 emissions totaled 31,226.24 tons of CO₂e.



6

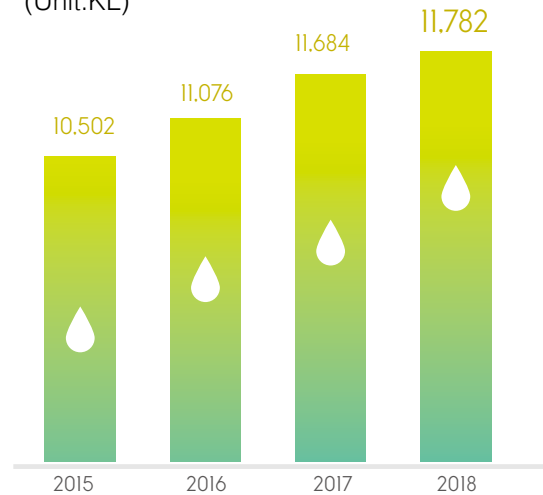
Green Trailblazer in the Neighborhood

Purchased electricity is PCSC's primary energy source and we must consider the electricity loss in the process of transmission from producer to end user. Because of equipment resistance in transformers and switches, some electricity is lost to heat. Taiwan Power Company's transmission system loss rate equals 3.82%. We estimate that in 2018 power transmission and distribution losses resulted in 17.74 tons of CO₂e GHG emissions.

Furthermore, while considering the feasibility of data collection, PCSC inventoried information technology (IT) capital goods purchased in 2018 and selected the types purchased in the largest quantities. Based on the expected product lifecycle, we estimated scope 3 GHG emissions. With the information available, 2018 products included in our scope 3 emissions calculations include LCD monitors in retail locations, office laser printers, and routers, which resulted in approximately 268.4 tons of CO₂e emissions.

In the context of our scope 3 inventory, the major sources of emissions are energy-related, including the diesel fuel used in logistics company transportation and energy transmission and distribution losses. In the future, PCSC will continue to inventory scope 3 emissions and gradually gain a better understanding of the environmental impact of our value chain to fulfil our responsibilities as Taiwan's leading retail channel.

■ Diesel consumption by logistics companies (Unit:KL)



Scope 3 Categories	Emission Source	2018 Scope 3 Emissions
Upstream transportation and distribution (C4)	Diesel consumed by logistics companies	31,226.24 tons CO ₂ e
Capital goods (C2)	Purchase of IT goods (retail store LCD screens, office laser printers, routers)	268.40 tons CO ₂ e
Fuel and energy-related activities (C3)	Transmission and distribution losses of purchased electricity	17.74 tons CO ₂ e
Total Scope 3 Emissions		31,512.38 tons CO ₂ e

Logistics company energy conservation measures

In 2018, the number of retail locations increased as did the volume of at-store packages delivery service, so logistics needs also grew. PCSC's commitment to carbon reduction is not limited to our stores and offices. We also had a positive impact on our logistics affiliates' energy efficiency. In addition to replacing old vehicles with more environmentally friendly models to reduce GHG emissions, each logistics affiliate has also actively worked to optimize the distribution process. Improvements to increase vehicle energy efficiency include consolidating transportation routes to reduce the trips required, consolidating initial shipments to reduce the need for transshipments, and even simplifying the workflow to minimize the amount of time refrigerated trucks must spend at each retail location.

President Logistics International Corp. committed to gradually replacing old transportation vehicles (that met 3rd stage and 4th stage emissions standards) with the newest 5th stage compliant vehicles. Their long-term target is to replace 223 vehicles by 2020. The 2018 target was to introduce 48 vehicles meeting the latest environmental standards. In 2018 a total of 94 old vehicles were replaced at a fixed asset cost of NT\$250,210,000. Till 2018, a total of 107 3rd stage and 82 4th stage vehicles were replaced. Uni-President Cold-Chain Corp. continues to push initial shipment consolidation. The transportation process is extended to shipments from suppliers receiving shipments from suppliers, which allows quality management along the entire process. Also, through adjusting transfer operations, changing product business volume, reassigning transportation companies, and combining regional deliveries, they reduced delivery mileage by 232 kilometers per day or 84,680 kilometers per year, a savings increased by 10.5% compared to 2017. Transportation-related energy savings and GHG reductions by the logistics affiliates in 2018 are explored in more detail below:





2018 transportation and logistics related energy conservation action plans		Quantity	Energy savings achieved	GHG emissions reduced
President Logistics International Corp.	Retired old transport vehicles and replaced them with 109 5th stage vehicles	53 3rd-stage emissions vehicles retired	Emissions reduced by approx. 59.4 kg CO ₂ per vehicle	3.769 tons CO ₂ e
		41 4th-stage emissions vehicles retired	Emissions reduced by approx. 13.71 kg CO ₂ per vehicle	
	To respond to seasonal fluctuations in quantity of non-refrigerated goods, routes were combined during the slow season (November – April)	4 routes cut	Reduced the number of trips by 104 per month saving a total of approx. 4.22 kiloliters of diesel fuel.	11.7 tons CO ₂ e
	Introduced vehicle systems to replace in-store check ins, simplifying logistics operations and shrinking waiting times to effectively reduce GHG emissions, risks involved with parking, and cash register operations within the store.	The new vehicle system reduces waiting time by 30 seconds per store. Each day there are 22,904 refrigerated deliveries to stores ¹	Each day refrigerated delivery truck waiting times were reduced by 11,452 minutes. While large vehicles consume an estimated 150 c.c. of fuel every five minutes of idling ² , the total amount of fuel saved was approx. 123.7 metric tons in 2018.	327.8 tons CO ₂ e
Uni-President Cold-Chain Corp.	Consolidating initial shipments: Adjusting transfer operations, changing product business volume, reassigning transportation companies, and combining regional deliveries.	The original five daily trips were reduced to two.	Reduced driving distance by 232 km per day resulting in an annual reduction of 84,680 km.	61.66 tons CO ₂ e

Note 1: Deliveries per day are based on the average number of refrigerated deliveries to each store in a given day multiplied by the total number of stores that year.

Note 2: Fuel consumption based on Bureau of Energy, Ministry of Economic Affairs data https://www.moeaboe.gov.tw/ECW/populace/infographics/Infographics.aspx?menu_id=2828

In addition to energy conservation and carbon reduction efforts directly related to delivery vehicles, President Logistics International Corp., Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. have taken PCSC's environmental message to heart in their entire operation. In offices and warehouses, they have taken steps to reduce air conditioning energy consumption, install LED lighting, develop new refrigeration equipment, and replace VFD chillers and monitoring systems.

Other Energy Saving Efforts by Logistics Companies in 2018

Retail Support International Corp.		Circulation fans installed in offices along with timed shutoffs for air conditioning systems that turn off after business hours	Uni-President Cold-Chain Corp.		Developed new insulated bags for frozen goods that began replacing existing cold storage boxes. Insulated bags are lighter and use cold storage plates to replace dry ice. We expect to complete the switchover in 2019.
		Installed curtains in meeting rooms in all sites to block the sun and reduce air conditioning energy consumption			
		Restrooms and refreshment areas in the headquarter were fitted with motion-sensor lighting that turns off when not in use.	Wisdom Distribution Service Corp.		Switched to VFD chillers and monitoring systems in 2018
		Package loading areas fitted with LED lighting			
		Installed electric circuits in operating and refreshment areas to provide electricity to certain areas at certain times.			



6.2

New resource efficiency proposal

Extreme weather events resulting from climate change, accelerated exploitation of natural resources due to economic development, water resource risks, waste reduction, and the circular economy, have all become key topics in sustainable corporate development. Operating a convenience store chain business model, as PCSC provides customers with a variety of products and services, we are directly or indirectly affected by water supply stability and quality. We analyzed store water usage to better understand water consumption hotspots and introduce water saving equipment to reduce our impact on local water resources.

In response to the global wave of anti-plastic waste sentiment, PCSC has introduced environmentally friendly packaging for our private brand products such as bio-based PLA material, FSC certified packaging, recycled cup sleeves and holders, and recyclable product packaging. In addition, when purchasing raw materials, we also prioritize suppliers who utilize environmental materials, certified packing materials, and propose lightweight, minimal packaging designs to gradually reduce our plastic use. Furthermore, our long-term logistics partners have replaced single-use cardboard boxes with reusable transport cartons and pallets to reduce wasted packing materials in the distribution process.

Aiming to serve as an example to all retailers, PCSC is working to reducing waste and increasing recycling in Taiwan. We have taken advantage of our large retail footprint to cooperate with the Environmental Protection Administration (EPA) to offer store credit to customers who recycle batteries and IT products with us. By keeping these items out of the general waste treatment system, we can prevent negative impacts on soil and water quality. Furthermore, PCSC established an Equipment Refurbishment Center, which repairs and refurbishes old equipment retired from stores prior to renovation or closure. By reusing existing equipment, we can reduce expenditures and conserve resources to achieve our waste reduction goals.

Treasuring water resources

All PCSC operating locations utilize municipal water supplies and retail stores consume the lion's share. Our Engineering Technology Department investigated water use in stores and discovered water consumption hotspots including customer toilets, sprinklers, and sales counter sinks. We successfully reduced use by introducing water-saving devices to restrict water volume to 500 c.c. per second. Similar efforts are also underway at our headquarter building, including installation of flow restrictors on restroom and refreshment area faucets and water-saving devices in urinals in 2018. We set a goal for the headquarter

to reduce annual water use per person by 0.5% compared to the previous year. Through management by objectives, PCSC actively worked to implement water-saving measures. In 2018, total water use at our headquarter equaled 5,390 cubic meters for an average of 7.1 cubic meters per person, which represents a reduction of 0.6% over 2017 levels, exceeding our original target. We analyzed the relationship between store operations and water use and, considering the effect of future growth of per store daily sales (PSD) and the number of stores, PCSC committed to maintaining the ratio of annual average water consumption per store to PSD at the 2018 level of 0.5% between 2019 and 2021. PCSC will continue to track the relationship between water use and PSD, and use this as reference for setting future targets.

Water Consumption	Coverage	2018
Actual water consumption	Headquarter	5,390 m ³
	3,380 stores	1234,393 m ³
Estimated water consumption ^{Note}	8 regional offices	11,418 m ³
	1,989 stores	726,393 m ³
Total water consumption		1,977,594 m ³

Note: The estimate for local offices was based on 2018 total water consumption per person at PCSC headquarter and the number 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.

Waste Management

Waste treatment and related costs are primarily the responsibility of each PCSC retail location, so it is difficult to track overall waste generation and disposal data. Starting in 2018, we studied those stores that contract with sanitation companies as part of a waste disposal project, which include 633 locations in Taipei City and New Taipei City. According to figures provided by the service providers, they transported 441,651 kilograms of waste per month, which was used to calculate the annual numbers for all retail locations. In addition, we further analyzed the relationship between the number of in-store customer seats with total waste volume and discovered that stores featuring seating areas with a relatively large number of seats generated significantly more waste due to customers consuming their purchases within the store. In 2018, non-recyclable waste transported from PCSC headquarter totaled 23,931 kilograms. We analyzed the relationship between store operations and waste generation and, considering the effect of future growth of per store daily sales (PSD) and the number of stores, PCSC committed to maintaining the ratio of monthly average weight of disposed waste per store to PSD at the 2018 level of 0.9% between 2019 and 2021. PCSC will continue to track the relationship between the amount of waste disposed and PSD, and use this as reference for setting future targets.

Waste disposed	Coverage	2018
Actual statistics	Headquarter	23.93 Metric tons
	633 stores	5,298.73 Metric tons
Estimated values ^{Note}	8 local offices	50.69 Metric tons
	4,736 stores	39,644.23 Metric tons
Total waste disposed		45,017.58 Metric tons

Note: The estimate for regional offices was based on 2018 total waste volume per person at PCSC headquarter and the number employees at the headquarter/ local offices. Estimated waste volume for retail stores was based on the average actual volume reported by service providers and the total number of stores. Waste generation 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.

Making recycling convenient

Way back in 1995, PCSC effectively combined the ideas of “convenience” and “recycling” by accepting used batteries in an effort to encourage recycling. In 2010, to deepen our cooperation with EPA policy, PCSC began accepting used IT products such as dry cell batteries, laptop computers, CDs, cell phones, and portable/dock chargers at our retail locations to make recycling more convenient. PCSC also offers store credits from NT\$3-NT\$120 depending on the type and quantity of electronics recycle to encourage the public to recycle their unwanted electronics. The program has achieved outstanding results over the years. With the growth of our CITY CAFÉ brand, PCSC has also begun recycling commercial-use milk bottles. In coordination with logistics providers existing delivery process, products for recycling deposited at retail locations are collected through the reverse logistics then classified for processing.

Logistics company Reverse Logistics Recycling Performance	2018 Performance			
	Retail Support International Corp.	Uni-President Cold-Chain Corp.	Wisdom Distribution Service Corp.	Total
Plastic (kg)	471,752	71,098	17,016	559,866
Paper and paper containers (kg)	4,510,578	2,726,912	1,374,095	8,611,585
Metal (kg)	0	8,999	12,724	21,723
Dry cell batteries (kg)	304,554	0	0	304,554
CDs (kg)	56,190	0	0	56,190
IT products (units)	167,281	0	0	167,281

Note: IT products include cell phones, chargers, and laptop computers



PCSC headquarter has also spared no effort to promote recycling. To encourage employees to conserve resources, we set a 2018 target to reduce average annual paper consumption by 0.5% per person compared to the previous year. We strengthened promotion of electronic files to replace printing, scanning, and photocopying to reduce the amount of paper used in office and administrative processes. In 2018, total cost of paper was NT\$159,480, a year-on-year reduction of about 1.8%. This amounted to paper consumption of NT\$211.4 per person in 2018, which was down 3.8% compared to 2017 and exceeded our original target. Recycling is also faithfully practiced at our headquarter building, with 11,631.2 kilograms of materials collected in 2018, a reduction of 12% over the previous year.

2018 Headquarter recycling(Unit:kg)		
Paper	Assorted paper	4,712
	Cartons	4,744
Plastic bottles		1,643.5
Iron		435.6
Aluminum		96.1
Total		11,631.2

Retail Location Equipment Refurbishment

In the spirit of cherishing all resources, PCSC established an Equipment Refurbishment Center. Through our existing recycling system, air conditioners, refrigerators, oven heaters, and microwaves are reclaimed from stores prior to renovation or closure and refurbished to save resources and prevent waste generation. At the same time, this helps save on equipment procurement costs. Over 2018, 2,716 pieces of equipment were refurbished and put back to use, which saved NT\$ 87,242,000.

Equipment	Number refurbished and reused (units)	Refurbishment costs (NT\$1,000)	Equipment procurement costs saved (NT\$1,000)
39 types of equipment including air conditioners, refrigerators, oven heaters, microwaves	2,716	9,287.24	87,242.29

6.3

Green Accounting & Green Procurement

PCSC firmly adheres to our environmental policy emphasizing energy savings and carbon reduction and a general love of our planet Earth. Our green accounting system enables PCSC to track the performance of overall environmental expenditures. Items included in PCSC green accounting include environmental packaging and testing, energy conservation and carbon reduction measures and energy and water saving equipment in retail locations, cleaning, greening, waste disposal, environmentally friendly store equipment and green procurement, and external/internal environmental education and public service activities. We also continue to promote our environmental policy, including advanced food safety management, testing for plasticizers and pesticides, reduced paper use, recycling at stores, and organizing Good Neighbor Club activities. In addition, PCSC responded to government policies by launching e-receipts and set a target to reduce paper receipts to less than 2% of overall receipts issued. By the end of 2018, paper receipts only make up 0.05% of the total receipts issued over the year. Through our green accounting system, we turn these specific actions into financial data and aggregate this information into an environmental expenditure table. In 2018, PCSC spent a total of NT\$1.004 billion in various asset investments and other expenditures aimed at protecting the environment an increase of NT\$91 million over the previous year.

■ Green Accounting: Environmental Expenditure Table

Category	Item	Description	Environmental Impact	Investment (NT\$1,000)	Expenses (NT\$1,000)	Total (NT\$1,000)
Products	Products for sale use environmentally-friendly packaging; inspection of fresh food products	Purchase environmentally-friendly packaging – PLA and coffee cup holders; Fresh food products contain no preservatives. Testing for pesticide residuals.	Recognized food safety and environmental impacts and helping to protect consumer health.	—	139,957	139,957
Retail locations	Energy saving measures	Purchased energy saving equipment - 472 power saver, 548 a/c circulation fans, 1,119 inverter a/c, 10,784 LED energy saving lights, 6,529 LED light fixtures, 388 Slurpee machines that stop/sleep during the off season.	Saved energy and reduce carbon emissions.	123,686	24,815	148,501
Retail locations	Cleaning and waste disposal	Cleaned retail locations, greening and waste disposal	Maintained a clean environment.		391,233	391,233
	Extend lifespan of equipment and building materials	Installed 586 steel countertops, equipment was recycled, refurbished and reused.	Reduced consumption of wood resources and the amount of wasted resources.	98,609	25,814	124,423
	Green procurement	Purchased energy saving equipment and environmentally-friendly paper and building materials. Promoted e-receipts.	Met EU standards, FCS certification, save electricity, and reduce carbon emissions.		115,774	115,774
Shipping	President Logistics International Corp., Retail Support International Corp., and Wisdom Distribution Service Corp. combined to create a reverse logistics system, improve shipping efficiency, and recycle resources	Investment in reverse logistics recycling work force and equipment.	Recycled at retail locations: 305 tons of dry cell batteries, 56 tons of CDs, 9,000 laptop computers, 100,000 cell phones, and 60,000 phone chargers.	—	2,970	2,970
Internal environmental education	Promotion of environmental education and office recycling	Promoted paper reduction in the office, cleaning and greening the environment, and recycling.	Recycled at offices: 1,644 kg plastic bottles, 9,456 kg paper, and 532 kg aluminum cans.	—	27,357	27,357
Social contributions	Organize or attend events beneficial to the environment and society	Promoted energy conservation and corporate social responsibility, sponsored environmental organizations.	Promoted environmental awareness and encouraged retail locations and the public to pay attention to environmental and health issues, make environmental issues a part of everyday life.	—	53,868	53,868
Total				222,295	781,788	1,004,083

Note 1: Amounts do not include tax.

Note 2: Due to adjustments in green procurement items and amounts, values differ slightly from those in the annual report.



Green Procurement

Green procurement focuses on purchasing equipment and supplies that feature environmental certification marks or declarations of conformity and include lighting, air conditioners, IT products, coffee and teapresso machines, energy-saving devices, PAPER STAR carbon footprint label certified copy paper, stir sticks and disposable chopsticks with Forest Stewardship Council (FSC) certification, and green building material used in store renovation. Through simply purchasing environmentally certified products, PCSC can maintain smooth operations and quality of service, while also reduce resource consumption and negative impacts on the environment. In 2018, green procurement totaled NT\$510 million, which is 10.16% of PCSC's total annual procurement and exceeds our original goal of 4.5%.

Purchased item	Units	Cost (NT\$1,000)	Green Mark/Green certification
Inverter air conditioners	1,119	76,268	Energy label
LCD screens	2,263	14,415	Energy Star
Computers	19	317	Energy Star
Uninterruptable power supplies	927	12,528	RoHS
Coffee and teapresso machines	705	232,578	RoHS
PC SERVERS	5	294	Energy Star
Energy saving devices	472	39,648	Declaration of conformity
Laser printers	330	1,277	Green Mark
Thermal printers	13	89	Green Mark
Environmentally friendly packaging for retail locations including PLA coffee cups, soft serve/ Slurpee cups	23,682,900	37,855	Green Mark
OURS Magazine	12	311	FSC certification
LED light fixtures	6,529	5,223	Energy label
Green building material	15,661	41,865	Green building material label
Circulation fans	548	1,260	Energy label
LED tubes/bulbs	10,784	1,286	Energy label
Copy paper	61,040 reams	3,736	PAPER STAR copy paper carbon footprint label certification
Stir sticks	514,855 packages	10,731	FSC certification
Disposable chopsticks (100 pcs)	857,878 bags	32,496	FSC certification
Total procurement		512,763 (NT\$1,000)	—

Appendix

PCSC 2015-2018 Social Data

Occupational injury statistic (excluding traffic accidents):

	2015	2016	2017	2018
Injury rate	1.29	1.37	1.82	1.97
Lost workday rate	33.34	16.59	19.68	31.59
Annual occupational hazards per 1000 workers	2.50	2.29	3.55	3.70
Frequency-severity indicator	0.21	0.15	0.19	0.25

Average hours of employee education and training in 2018 (classroom and online courses)

Year	Number of employees	Total hours of training	Average time trained (hours per person)
2015	8,274	195,997	23.69
2016	7,850	231,011	29.43
2017	7,877	238,789	30.31
2018	8,101	259,447	32.03

Number of events and participants of Good Neighbor Funfests Activities

Year	2015	2016	2017	2018
Number of events	2,543	5,456	12,087	16,990
Number of participants	116,004	151,075	272,000	358,437

Event Outcomes of Millennium Health Station

	2015	2016	2017	2018
Number of stores with Millennium Health Stations	677	677	677	664
Number of Participating Medical Professionals	1,350	1,298	1,231	1,178
Number of Event Participants	34,001	38,287	35,019	33,893

Outcomes of Fundraising for Charity from ibon Machine Donations

Year	Total Number of Donations	Total Amount Donated (in NT\$)	Average Donation Amount (in NT\$)
2015	219,302	237,777,468	1,084.25
2016	429,295	572,869,140	1,334.4
2017	148,204	90,511,910	610.73
2018	261,727	239,789,736	916.18
Total	1,551,239	1,487,992,614	959.23



PCSC 2015-2018 Environmental Data

1. Energy consumption ^{Note}

Energy consumption of PCSC's operational sites(10,000 KWh)	2015	2016	2017	2018	2018 Target
Headquarter building	143	125	116	113.4	—
Retail locations	81,093	82,613		83,149.8	—
Lifestyle center	Not included in inventory boundary before 2016		81,583	410.9	—
Local offices and training center	—	97	98	140.1	—
Total energy consumption	81,236	82,835	81,798	83,814.2	83,024.7
Coverage of operational sites (%)	98.92%	99.03%	96.95%	99.48%	—

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 and 2018 were the activity data of purchased electricity from the GHG inventory verified by the third party.

2. Cost of Energy

Year	2015	2016	2017	2018
Cost of energy (NT\$ 1,000)	2,452,052	2,173,833	2,135,407	2,112,392

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 ₂ e/ per year)			Inventory Boundary	Coverage of operational sites
	Scope 1	Scope 2	Total		
2015	121,479.960	428,173.526	549,653.486	Retail locations only, not including headquarter, local offices, training center nor lifestyle centers.	98.90%
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%
2018 Target	121,179.894	439,200.704	560,380.598		

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

4. Water consumption

Annual Water Consumption of Operational Sites (m ³)						
Year	2015	2016	2017	2018	2018 Target	
Actual	Headquarter	5,207	5,461	5,312	5,390	—
	Retail locations	926,852	710,936	1,225,970	1,234,393	—
Estimated	Local offices	10,599	11,421	11,186	11,418	—
	Retail locations	1,058,752	584,373	533,455	726,393	—
Total water consumption		2,001,409	1,312,191	1,775,923	1,977,594	2,101,815.203
Retail locations with actual data		2,347	2,803	3,638	3,380	
Estimated scope		7 local offices & 2,681 stores	8 local offices & 2,304 stores	8 local offices & 1,583 store	8 local offices & 1,989 stores	
Coverage of operational sites		99.06%	99.03%	99.07%	99.06%	

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

Waste disposed of operational sites(Metric tons)	2016	2017	2018
Actual	Headquarter	—	23.93
	Retail locations	—	4,952.83
Estimated	Headquarter	22.96	23.63
	Local offices	48.03	49.76
	Retail locations	44,725.97	38,949.95
Total waste disposed		44,796.96	43,976.17
Retail locations with actual data		0	589
Estimated scope		Headquarter, 8 local offices & 5,107 retail stores	Headquarter, 8 local offices & 4,632 retail stores
			Headquarter, 8 local offices & 4,736 retail stores

Note: 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 on 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.



6.Waste recycled

Unit : Kilogram		2015	2016	2017	2018
Plastic	Headquarter	2,974	3,308	2,064	1,644
	Retail locations	522,807	590,317	564,233	559,866
Paper	Headquarter	17,612	15,510	10,586	9,456
	Retail locations	5,026,369	5,455,166	8,363,317	8,611,585
Metal	Headquarter	431	577	496	532
	Retail locations	98,037	92,400	50,362	21,723
Dry battery	Retail locations	247,224	478,473	264,202	304,554
CDs	Retail locations	60,782	85,163	57,496	56,190

7.Waste by treatment and disposal method (incl. waste disposed, incinerated and recycled)

Unit : Metric Tons	2015	2016	2017	2018	2018 Target
Waste disposed (excl. incineration)(A)	0	2,003.51	2,262.64	937.29	2,321.33
Waste incinerated (B)	0	42,793.45	41,713.53	44,080.29	—
Waste recycled (C)	5,976.24	6,720.91	9,312.76	9,565.55	—
Total waste incinerated and recycled (B+C)	5,976.24	49,514.37	51,026.28	53,645.83	—
Total waste generated (A+B+C)	5,976.24	51,517.88	53,288.92	54,583.13	—
Coverage of operational sites	98.92%	99.03%	99.07%	99.06%	—
Incineration ratio (%) ^{Note}	—	95.53%	94.85%	97.92%	—

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).

2018 ISO 14064-1:2006 Greenhouse Gas Verification Statement



Statement TW19/00088GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2018 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
137,580.0151 tonnes of CO₂e
Energy indirect emissions
464,330.6668 tonnes of CO₂e
Direct emissions and energy indirect emissions
601,910.682 tonnes of CO₂e

Authorized by



David Huang
Director
Date: 29 April 2019
Version: 1

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2018 KPI

#	Chapter	2018 KPI	Corresponding SDGs(#)	Corresponding SDGs details
2	About PCSC	Total number of PCSC stores reached 5,369 in 2018.	NA	
2	About PCSC	In 2018, PCSC invested NT\$258,230,000 into development and research.	8	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, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
2	About PCSC	PCSC achieved consolidated revenue of NT\$154,074,000 and net profits after taxes of NT\$10,230,000 in 2018	8	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, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
2	About PCSC	In 2018, PCSC was ranked among the top 5% of the Corporate Governance Evaluation for the fourth year in a row and was once again named to the Taiwan Corporate Governance 100 Index. Moreover, PCSC was selected for FTSE4Good Emerging Index and continued to be ranked among the stocks making up the MSCI Global Sustainability Indices.	NA	
3	Sustainable Products and Services	CITY CAFE city cherry blossom season advertisement won a 4A Creativity prize and 8 major awards overseas	NA	
3	Sustainable Products and Services	PCSC invested NT\$141,744,000 in food safety management in 2018.	2	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.
3	Sustainable Products and Services	More than 90% of branches passed checks designed to ensure that they were not selling tobacco and alcohol products to minors 18-years old or younger.	3	3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate.
3	Sustainable Products and Services	During 2018, 100% of suppliers that collaborate with PCSC on its self-brand products and foods passed audits.	2	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.
3	Sustainable Products and Services	PCSC uses contracting and continues to increase local procurement to encourage agricultural development in Taiwan and reduce our overall environmental footprint. In 2018, Taiwanese suppliers represented 69% of total procurement.	2	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.

#	Chapter	2018 KPI	Corresponding SDGs(#)	Corresponding SDGs details
3	Sustainable Products and Services	As of December 2018, 3.2 million people registered to be members with OPENPOINT.	NA	
4.	Employee Care and Franchise Development	PCSC received ISO 45001 Occupational Health and Safety Management Systems certification with zero corrections, a first for a Taiwan retailer and service industry.	8	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.
4.	Employee Care and Franchise Development	Zero serious occupational disasters.	8	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.
4.	Employee Care and Franchise Development	Among employees with abnormal health examination results, those with extremely high risk saw 100% intervention and management.	3	3.d. Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.
4.	Employee Care and Franchise Development	Employees received an average of 32.03 hours of training, the highest in the last five years	4	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.
5	Community Care and Co-prosperity	Organizing around 17,000 Good Neighbor Funfests events attracting over 350,000 participants (Note 1) Note 1: The corresponding performance was the healthy and environmentally-friendly lifestyles theme at Good Neighbor Funfests.	11	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
5	Community Care and Co-prosperity	Raising NT\$170,000,000 in spare change and goods donations. (Note 2) Note 2: The corresponding performance was meal delivery services and food banks for disadvantaged seniors.	2	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.
5	Community Care and Co-prosperity	Raising NT\$170,000,000 in spare change and goods donations. (Note 3) Note 3: The corresponding performance was health promotion activities and services.	3	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.
5	Community Care and Co-prosperity	Cooperating with 38 elementary schools in remote areas in 2018 to promote a Points for Reading program, supporting 33 after-school Reading Companion Projects around Taiwan..	4	4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.
6	Green Trailblazer in the Neighborhood	Procurement of Green Mark and energy saving products reached a total of 10.16% of total procurement.	12	12.2 By 2030, achieve sustainable management and efficient use of natural resources.
6	Green Trailblazer in the Neighborhood	Energy usage intensity (EUI) for PCSC's retail stores fell by 4.61% compared to 2017; EUI for the headquarter building fell by 2.5% over 2017 figures.	7	7.3 By 2030, double the global rate of improvement in energy efficiency.
6	Green Trailblazer in the Neighborhood	2,716 pieces of equipment were refurbished and reused in 2018.	12	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



2018 KPI Achievement

Area	2018 KPI	2018 Performance	Achievement
Corporate Governance	PCSC was ranked among the top 5% of the Corporate Governance Evaluation.	PCSC was ranked among the top 5% of the Corporate Governance Evaluation for the fourth 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.	Achieved 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.	On January 30, PCSC held a routine ethical corporate management meeting to disseminate information regarding cases involving such issues as ethical corporate management and how PCSC handles them. In addition, the PCSC Monthly Operations and Management Report (ethical corporate management examples) was used to disseminate information to managers of stores and affiliated companies. Between February and December, the PCSC Monthly Operations and Management Report (with a total of 24 examples of ethical corporate management issues, primarily issues that the government had been focused on at the time) had been shared with managers of stores and affiliated companies. On 25 September, PCSC held a routine meeting during which in addition to stores giving reports on the achievements resulting from their ethical corporate management and their plans for 2019, three logistics BU were invited to share their promotion of ethical corporate management. During the meeting of the Board held on November 1, an ethical corporate management report was given iterating that PCSC had achieved its performance objectives.	V
Products	PCSC invests over NT\$40,000,000 in product safety management yearly.	NT\$141,744,000	V
	100% of PB/PL food product specifications were integrated into MAS prior to 2018.	98.81%	X
	80% of PB material suppliers completed on-site evaluations.	100%	V
	100% of privately owned product OEM factories completed on-site evaluations	100%	V
	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 product systems warning that tobacco and alcohol products are not to be sold to individuals 18-years old or younger	100%	V
	100% of branches passed checks designed to ensure that they were not selling tobacco and alcohol products to individuals 18-years old or younger.	100%	
Employees	Frequency-Severity Indicator below the retail industry average for the past three years in Taiwan (0.4 average for 2015-2017)	Frequency-Severity Indicator 0.25	V
	Zero serious occupational disasters each year	Zero serious occupational disasters	V
	2018 franchise store human rights audit 100% complete	Completed final report	V
	Held 3 symposiums on traffic and commuting	3 symposiums held	V

Area	2018 KPI	2018 Performance	Achievement
Community	Organized 15,000 Good Neighbor Funfests with over 300,000 participants.	16,990 events were held with 358,437 participants.	V
	Raised NT\$170,000,000 in spare change donations at retail stores.	Raised NT\$177,366,710 in spare change donations at retail stores.	V
Environment	Purchase energy-saving products certified with a Green Mark, accounting for 4.5% of annual purchases.	10.16%	V
	Energy usage intensity (EUI) for retail locations 1% lower than that for 2017 and 8.5% over 2014.	Reduced 4.61%	V
	Decrease EUI 0.5% over the previous year.	Decreased 2.5%	V
	Headquarter building (floors 2-11) Decrease water usage per person 0.5% over the previous year.	Decreased 0.6%	V
	Decrease paper usage per person 0.5% over the previous year.	Decreased 3.8%	V
	Integrate a cumulative total of more than 223 of the newest environmentally friendly vehicles into the PCSC fleet by 2020, including 48 in 2018.	Retired 94 vehicles, and integrated 109 new vehicles	V
	Paper receipts made up less than 2% of all receipts made.	0.05% in late December	V

2019 KPI & Mid-/Long-term Target

Area	KPI
Corporate Governance	PCSC will keep being ranked among the top 5% of the Corporate Governance Evaluation.
	Ethical corporate management and the Corporate Responsibility Clause are incorporated into 98% of the Department of Procurement's standard procurement contracts and the annual standard product supply contracts for marketing.
	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.



Appendix

Area	KPI
Products	Invest over NT\$50,000,000 in product safety management yearly.
	100% of PB/PL food product specifications are integrated into MAS (within two weeks after products go on the market).
	1. Percentage of PB joint purchasing + direct trade with stores + farm suppliers that completed auditing:100%.
	2. 100% of PB and PL OEM factories completed on-site evaluations.
	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.
	Total number of triplicate uniform invoices and other paper invoices made up less than 2% of all invoices issued over the year.
	ibon APPs that provide services using cell phone barcodes continued to be increased (e.g., paying fees, rewards points exchanges, e-tickets). 4,244,205 ibon payment slips were saved, because customers showed their used the ibon APP when checking out.
	100% of domestic contract manufacturers for privately-owned products have obtained international/ domestic food safety certifications, such as ISO22000/HACCP/CAS.
	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.
	2. OPEN family held 15 charity performances around Taiwan to encourage disadvantaged groups and families/students and to pass on the positive energy of society.
Employees	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.
	100% of domestic contract manufacturers for privately-owned products have obtained international/ domestic food safety certifications, such as ISO22000/HACCP/CAS.
	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.
	The percentage of systems on the cloud was increased 5%, reducing energy use.
	By 2021, 100% of our food suppliers will have obtained ISO2200:2018 certification.
	By 2022, new entrants as suppliers of items for in-store use will have a passing grade threshold of 75 points.
Community	By 2021, 100% of non-tier 1 suppliers will receive code of conduct training and education.
	Frequency-Severity Indicator below the retail industry average for the past three years in Taiwan. (0.35 average for 2016-2018)
	Zero serious occupational disasters during 2019~2021. In addition, a third-party auditors continue to verify ISO45001 certification standing each year to ensure the effectiveness of systems operations.
	In 2019, there is 0 labour law infractions or fines.
Community	85% of employees undergo physical examination with a satisfaction score of 4.3 point.
	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.
Community	Raising NT\$170,000,000 in spare change donations at retail stores yearly and we expect to raise NT\$185,000,000 in spare change donations and goods donations in 2023.

Area		KPI
Environment	Retail location environmental indicators	Energy reduction target: Energy usage intensity (EUI) for retail locations 1.5% lower than that for 2018, and 12% over 2014.
		Renovating older existing stores: By 2021, 625 older stores will have been renovated and will save up to 14,193,000 kWh of electricity compared to 2018.
		EUI: EUI for retail locations was 1.5% lower than that for 2018, and 12% over 2014.
		Maintaining the ratio of annual average water consumption per store to PSD at the 2018 level of 0.5% till 2021.
		Maintaining the ratio of monthly average weight of disposed waste per store to PSD at the 2018 level of 0.9% till 2021.
	Headquarter building (floors 2-11)	Decrease EUI 0.5% over the previous year.
		Decrease paper usage per person 0.5% over the previous year.
	Greenhouse gasses (GHG) reduction target	Reduce GHG intensity (ton CO ₂ e/ NT\$1 million revenue) by 9.26% over the 2015 intensity before 2021.
	Purchase Green Mark and energy saving products, accounting for 5.5% of annual purchases.	
	The ratio of cloud-stored e-receipts to receipts overall increased by 1.5% over the previous year.	
	Integrate a cumulative total of more than 242 of the newest environmentally friendly vehicles into the PCSC fleet by 2020, including 56 in 2019.	

Comparison Table of the GRI Standards 2016 Index

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
General Disclosures			
GRI 102 General Disclosures	102-1 Name of the organization	2.1	P.14
	102-2 Activities, brands, products, and services	2.1	P.14
		2.2	
	102-3 Location of headquarters	2.1	P.14
	102-4 Location of operations	2.1	P.15
	102-5 Ownership and legal form	2.1	P.14
	102-6 Markets served	2.1	P.15
	102-7 Scale of the organization	2.1	P.14
	102-8 Information on employees and other workers	4.1	P.47–P.48
	102-9 Supply chain	3.3	P.36



GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
RI 102 General Disclosures	102-10 Significant changes to the organization and its supply chain	No changes during the reporting period.	
	102-11 Precautionary Principle or approach	2.2	P.23-P.24
	102-12 External initiatives	1.1	P.9
		2.1	P.19
	102-13 Membership of associations	2.1	P.19
	102-14 Statement from senior decision-maker	Message from CEO	P.4-P.5
	102-16 Values, principles, standards, and norms of behavior	2.2	P.22-P.23
	102-18 Governance structure	1.1	P.6-P.7
	102-40 List of stakeholder groups	1.3	P.12-P.13
	102-41 Collective bargaining agreements	No trade union, not applicable.	
	102-42 Identifying and selecting stakeholders	1.3	P.12-P.13
	102-43 Approach to stakeholder engagement	1.3	P.12-P.13
	102-44 Key topics and concerns raised	1.3	P.10-P.11
	102-45 Entities included in the consolidated financial statements	About the report	P.1
	102-46 Defining report content and topic Boundaries	1.2	P.10-P.11
	102-47 List of material topics	1.2	P.10-P.11
	102-48 Restatements of information	There is no restatements of information.	
	102-49 Changes in reporting	1.2	P.10-P.11
	102-50 Reporting period	About the report	P.1
	102-51 Date of most recent report	About the report	P.1
	102-52 Reporting cycle	About the report	P.1
	102-53 Contact point for questions regarding the report	About the report	P.1
	102-54 Claims of reporting in accordance with the GRI Standards	About the report	P.1
	102-55 GRI content index	Comparison Table of the GRI Standards 2016 Index	P.110-P.114
	102-56 External assurance	About the report	P.1
		Limited Assurance Report issued by the Accountant SGS Assurance Statement	P.119-P.120 P.121-P.122
Material topics			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	1.2	P.10-P.11
Ethical Management			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	2.2	P.22-P.23
	103-2 The management approach and its components	2.2	P.22-P.23
	103-3 Evaluation of the management approach	2.2	P.22-P.23
GRI205 Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	2.2	P.22-P.23

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
Legal Compliance			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	2.3	P.27
	103-2 The management approach and its components	2.3	P.27
	103-3 Evaluation of the management approach	2.3	P.27
GRI307 Environmental-compliance	307-1 Non-compliance with environmental laws and regulations	2.3	P.27
GRI419 Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	2.3	P.27
Energy and GHG			
GRI 103 Management approach	103-1 Explanation of the material topic and its Boundary	6.1	P.87
	103-2 The management approach and its components	6.1	P.87
	103-3 Evaluation of the management approach	6.1	P.87
GRI 302 Energy	302-1 Energy consumption within the organization	PCSC 2015-2018 Environmental Data	P.101
	302-2 Energy consumption outside of the organization	6.1	P.93
	302-3 Energy intensity	6.1	P.91-P.92
	302-4 Reduction of energy consumption	6.1	P.89-P.91
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	6.1 PCSC 2015-2018 Environmental Data	P.88 P.101
	305-2 Energy indirect (Scope 2) GHG emissions	6.1 PCSC 2015-2018 Environmental Data	P.88 P.101
	305-3 Other indirect (Scope 3) GHG emissions	6.1	P.93
	305-4 GHG emissions intensity	6.1	P.89
	305-5 Reduction of GHG emissions	6.1	P.89-P.91
Employment			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	4.1	P.47
	103-2 The management approach and its components	4.1	P.47
	103-3 Evaluation of the management approach	4.1	P.47
GRI 401 Employment	401-1 New employee hires and employee turnover	4.1	P.49
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4	P.64-P.66
	401-3 Parental leave	4.4	P.65
Labor/Management Relations			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	4.1	P.47
	103-2 The management approach and its components	4.1	P.47
	103-3 Evaluation of the management approach	4.1	P.47



Appendix

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
GRI 402 Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	4.4	P.67
Occupational Health and Safety			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	4.2	P.51
	103-2 The management approach and its components	4.2	P.51
	103-3 Evaluation of the management approach	4.2	P.51
GRI 403 Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	4.2	P.51
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.2 Reason for omission Information unavailable. The breakdown by gender of injury rate and lost day rate of 2018 were unavailable due to the difficulty of classifying by gender. We start to classify by gender since Jan, 2019.	P.54-P.55
	403-4 Workers with high incidence or high risk of diseases related to their occupation	No trade union, not applicable.	
Training and Education			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	4.3	P.58-P.59
	103-2 The management approach and its components	4.3	P.58-P.59
	103-3 Evaluation of the management approach	4.3	P.58-P.59
GRI 404 Training and Education	404-1 Average hours of training per year per employee	4.3	P.59
	404-2 Programs for upgrading employee skills and transition assistance programs	4.3	P.60-P.62
	404-3 Percentage of employees receiving regular performance and career development reviews	4.3	P.63
Local Communities			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	5.1	P.69
	103-2 The management approach and its components	5.1	P.69
	103-3 Evaluation of the management approach	5.1	P.69
GRI 413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	5.2	P.70,77
Customer Health and Safety			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	3.2	P.31-P.35
	103-2 The management approach and its components	3.2	P.31-P.35
	103-3 Evaluation of the management approach	3.2	P.31-P.35
GRI 416 Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.3	P.27
Marketing and Labeling			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	3.4	P.43-P.45
	103-2 The management approach and its components	3.4	P.43-P.45
	103-3 Evaluation of the management approach	3.4	P.43-P.45

GRI Standard	Disclosure	Corresponding Section and Notes	Page(s)
GRI 417: Marketing and Labeling	417-2 Incidents of non-compliance concerning product and service information and labeling	2.3	P.27
	417-3 Incidents of non-compliance concerning marketing communications	2.3	P.27
Brand Management			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	3.1	P.29–P.31
	103-2 The management approach and its components	3.1	P.29–P.31
	103-3 Evaluation of the management approach	3.1	P.29–P.31
Customer Relations Management			
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	3.4	P.43–P.45
	103-2 The management approach and its components	3.4	P.43–P.45
	103-3 Evaluation of the management approach	3.4	P.43–P.45
GRI 418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4	P.44–P.46
Other topics			
GRI 200 Economic			
GRI 201 Economic Performance	201-1 Direct economic value generated and distributed	2.1	P.16–P.17
GRI 202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.4	P.64
GRI 300 Environment			
GRI 301 Materials	301-3 Reclaimed products and their packaging materials	6.2 PCSC 2015-2018 Environmental Data	P.96–P.97 P.103
GRI 303 Water	Water withdrawal by source	6.2 PCSC 2015-2018 Environmental Data	P.95 P.102
GRI 306 Effluents and Waste	306-2 Waste by type and disposal method	6.2 PCSC 2015-2018 Environmental Data	P.96–P.97 P.103
GRI 308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	3.3	P.37
GRI 400 Social			
GRI 405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	4.1	P.21,48,50
	405-2 Ratio of basic salary and remuneration of women to men	4.4	P.64
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	P.67
GRI 409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.4	P.67
GRI 412 Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	4.4	P.67
GRI 414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	3.3	P.37
GRI 415 Public Policy	415-1 Political contributions	2.2	P.22



Appendix

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")

No.	Subject Matter Information	Page no.	Applicable Criteria	regulations
1	The "Product Safety Committee" takes safety and quality as a point of departure, and has established a unified management system that covers 100% of the company's own-brand products. In 2018, the committee held three meetings and discussed topics including compliance with government safety directives, progress on enhanced summertime quality assurance plans, analysis of safety system audit findings, a supervision plan for food safety, and progress on other initiatives.	P.31	2018 Product Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2018 and the types and percentage of products under its influence. 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%.	Subparagraph 1, item 1
2	President gathers and tracks information related to product safety in accordance with our "Product Safety Information Gathering, Review and Tracking Standards". This ensures the management of product safety risk for 100% of President's own brand products. In 2018, the company issued 875 product safety-related memos. Note: A-, B-, and L-level grades are based on the date that the information was announced internally.	P.32	Product safety information collected in 2018 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. 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%.	Subparagraph 1, item 1
3	There was 100% participation in this plan in 2018 including fast foods (rice/noodles/salads), rice, flavored breads, bananas and fresh fruit (with the exception of corn on the cob and bamboo shoots).	P.34	The percentage of the total amount of a given product sold in 2018 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2018, according to the initial transport and logistics distribution management mechanism formulated by the company.	Subparagraph 1, item 1
4	In addition, a management consulting company was used to perform audits of product expiration dates and quality assurance. In 2018, 98.64% of all stores in Taiwan underwent this audit. (Note). Note: A small number of stores closed in early 2018 or opened in late 2018, they were not audited in 2018.	P.35	The percentage of all retail locations in Taiwan that were audited by the management consulting company according to the retail mechanism for managing and examining expired products from shelves.	Subparagraph 1, item 1
5	President has also hired a management consulting company to audit the quality assurance training certification status of stores, with 99.43% of the stores in Taiwan audited in 2018 (see note). Note: A small number of stores closed in early 2018 or were not open in 2018, and so were not audited in 2018.	P.35	The annual percentage of all retail locations in Taiwan 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.	Subparagraph 1, item 1

No.	Subject Matter Information	Page no.	Applicable Criteria	regulations
6	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 2018 for violating any laws or regulations mentioned above.	P.27	The number of letters received from the competent authorities notifying of fines for PCSC chain retail locations violating the Act Governing Food Safety and Sanitation and its subordinate legislations.	Subparagraph 1, item 2
	Not applicable as PCSC does not procure foods subject to internationally recognized accountability standards for its private label products.			Subparagraph 1, item 3
	Not applicable as PCSC does not have any self-operated factories.			Subparagraph 1, item 4
7	<p>In 2018, there were a total of 50 suppliers of own-brand food products with whom President had a cooperative relationship (note 1) (including plants, suppliers of raw materials through direct transactions and suppliers of egg products) with 100% of these passing at the end of assessment (note 2); see the table on p. 38 for these 50 suppliers and the total of 184 audits done. 182 audits resulted in passing grades, for a compliance rate of 98.9%. For the non-conforming firms, in addition to the sanctions laid out in the "Product Quality Guarantee Agreement", the suppliers were asked to make certain improvements and re-assessment performed until they were conforming.</p> <p>Note:</p> <p>Note 1: Defined as (1) New factory assessment passes prior to 2018 and existing suppliers that passed internal submission. (2) New suppliers that successfully passed the 2018 induction assessment. (3) Those approved for a halt to assessment in 2018 are also included.</p> <p>Note 2: One manufacturer, three suppliers of raw materials through direct transactions and one supplier of egg products concluded their transactions and work for President within the time limit for assessment corresponding to the assessment result from last year's supplier assessments, so that they were not required to be audited in 2018 based on the corresponding management rules.</p>	P.40	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 raw materials management rules, and Management and Operations Rules for Professional-Use Egg Product Raw Materials (refer to page 36).	Subparagraph 1, item 5
8	<p>there were 11 suppliers of disposable items for in-store use (note 1) in 2018, with 100% of these passing at the end of assessment (note 2); see table on P.38 for these 11 suppliers and the 15 audits on supplier assessment items performed; 13 audit resulted in passing grades, for a compliance rate of 86.7%. Firms not in compliance in 2018 have been sanctioned based on the "Supplier Assessment Agreement" (note 2).</p> <p>Notes:</p> <p>Note 1: Means disposable paper cups, bowls and similar items coming into contact with food and produced domestically for use in stores to serve consumers.</p> <p>Note 2: The manufacturer ceased doing business with and producing for President after failing the re-assessment, so that they were not required to be audited in 2018 based on the corresponding management rules.</p>	P.40	According to the "Management Rules for Site Assessment of Suppliers of Products Related to Store Safety" Management Rules for Site Assessment of Suppliers of Products Related to Store Safety" (refer to page 36). The table showed number of one time used merchandise supplier evaluated, percentage, items evaluated, times of evaluation and results.	Subparagraph 1, item 5



Appendix

No.	Subject Matter Information	Page no.	Applicable Criteria	regulations
	Not applicable as PCSC has currently not been legally required to establish a traceability system.			Subparagraph 1, item 6
9	The products can then be sold in stores without concern. As of the end of 2018, the laboratory had 587 tests as per CNS or TFDA requirements.	P.33	<p>The number of tests provided by the quality control laboratory in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2018 (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
10	and another 137 that do not follow directives from those organizations.	P.33	<p>The number of non-compulsory tests provided by the quality control laboratory referencing regulations in other countries or international journals as of the end of 2018 (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
11	Our quality control laboratory received ISO/IEC17025:2005 certification from the Taiwan Accreditation Foundation.	P.33	Laboratory certified by the Taiwan Accreditation Foundation.	Subparagraph 1, item 7
12	Taiwan Accreditation Foundation Certification(TAF) : Validated to test for 4 microorganisms according to ISO/ IEC17025:2005.	P.33	Items certified by and total of certifications from the Taiwan Accreditation Foundation	Subparagraph 1, item 7
13	<p>Taiwan Food and Drug Administration (TFDA) Certified Item:</p> <ol style="list-style-type: none"> 1. 4 Nitrofurantoin metabolites 2. 4 Chloramphenicol antibiotics 3. 48 Multiresidue analysis (2) 4. 4 Microorganisms 5. 8 Colorants 6. 1 Ochratoxin A 7. 1 Patulin 	P.33	Items certified by and total of certifications from the Taiwan Food and Drug Administration.	Subparagraph 1, item 7
14	<p>The product inspection laboratory generated costs of NT\$38.409 million, including NT\$17.348 million in outside laboratory fees (see note). This is equivalent to 0.025% of the company's operating revenue.</p> <p>Note: The food safety laboratory costs include tests, salaries, depreciation, rentals, equipment repair and maintenance, and miscellaneous purchases.</p>	P.33	The percentage of operating revenue on financial reports that is allotted to quality control laboratory expenditures in 2017.	Subparagraph 1, item 7

No.	Subject Matter Information	Page no.	Applicable Criteria	regulations
15	<p>A total of 855 tests were run in 2018, with 841 items passing. This is a pass rate of 98.4%.</p> <p>The following is not assurance text</p> <p>In the case of any nonconforming raw materials, the supplier is asked to determine the cause and make appropriate changes, and nonconforming products will be taken off the shelf (along with other products from that lot) or sent for further testing with an outside laboratory. This ensures that the products we sell are safe beyond a doubt.</p>	P.33	<p>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).</p> <p>Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
16	<p>During 2018, suppliers of own-brand food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 50 companies. Based on their plant statistics, there were a total of 99 manufacturing sites; of these, 58 were manufacturers of own-brand food products within Taiwan. Of these, 57 manufacturers (see note) obtained international food safety management system ISO 22000 certification.</p> <p>Note: Uni-President (Hualien plant) formally began to supply product in October, 2018 and obtained ISO22000 certification on April 4, 2019.</p>	P.36	<p>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.</p>	Voluntary assurance
17	<p>Although President does not fall under Article 9 of the Food Safety and Sanitation Management Law, and so is not required to establish a tracking system, the company has enhanced product safety management on its own brands in response to our responsibility to our customers. The company is ahead of both the legal requirements and competitors in the field and in cooperation with the ROC Fresh Foods Development Association, has set up a Material and Quality Assurance System(MAS). This ensures that product raw materials and suppliers can be tracked and managed. Through the MAS system product specifications for approval have been set up clarifying the sources of raw materials and the suppliers used for own-brand food products. As of the end of 2018, 99.87% of the company's own-brand food products had a document in the MAS system (see note).</p> <p>Note: In 2018, there was 1 product for which a specification sheet was not set up within 14 days of going on the market. This is the reason the file was not complete.</p>	P.33	<p>Article 9 of the Act Governing Food Safety and Sanitation and private label food product raw materials and quality assurance management database. As of the end of 2018, the percentage of the product specifications (note) had been completed.</p> <p>Note: The standard for calculation was products sold in 2018.</p>	Voluntary assurance



Limited Assurance Report issued by the Accountant



會計師有限確信報告

資會綜字第 18010341 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 2018 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 2018 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 2018 年度企業社會責任報告書第 115 至 118 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「報告書範疇與邊界」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行程序。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行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。



資誠

- 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、檢查及重新執行等測試，以取得有限確信之證據。

此報告不對 2018 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 8 年 6 月 2 8 日



SGS Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRESIDENT CHAIN STORE CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by President Chain Store Corp. (hereinafter referred to as PCSC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2018 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the PCSC's CSR Report of 2018 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 2018.

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. Financial data drawn directly from independently audited financial accounts has 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 28000, 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 2018 verified is accurate, reliable and provides a fair and balanced representation of PCSC sustainability activities in 01/01/2018 to 12/31/2018.

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 in place a process for stakeholder identification. A variety of engagement efforts such as survey and communication to franchisees, employees, investors, suppliers, governmental authorities, customers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. In the future, PCSC may periodically review its stakeholder identification and engagement process, as well as to establish ways for stakeholders to be involved in decisions that will improve sustainability performance.

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. Key organizational values, policies, strategies, and operational management systems may be considered throughout the materiality determination process in next reporting cycle.

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 2018, 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 future reporting, it is recommended to have more descriptions of PCSC's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
12 June, 2019
WWW.SGS.COM



AA1000
Licensed Assurance Provider
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PCSC

Corporate Social
Responsibility Report

