

2023
PCSC

ESG Insight Report









Planet Sustainability In Our Everyday Life

PRESIDENT CHAIN STORE CORPORATION

With the active engagement in ESG and sustainable development, President Chain Store Corporation continued to stand out in sustainable governance in 2023 with recognition from domestic and international sustainable ratings.

Sustainability Initiatives and Recognitions

 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	<ul style="list-style-type: none"> ● Official "TCFD Supporter" since 2022 ● Consistently refer to TCFD disclosure guidelines
	<ul style="list-style-type: none"> ● 2023 climate change questionnaire: A- rating (second consecutive year)
	<ul style="list-style-type: none"> ● MSCI ESG Leaders Index ● MSCI ACWI Index ● MSCI Emerging Markets Index ● MSCI EM Low Carbon SRI Leaders Index ● MSCI ACWI Value Index ● MSCI ACWI Growth Index ● MSCI Taiwan Index
	<ul style="list-style-type: none"> ● FTSE4Good Emerging Markets Index ● FTSE4Good TIP Taiwan ESG Index ● Taiwan RAFI® EMP 99 Index
	<ul style="list-style-type: none"> ● Dow Jones Sustainability World Index (fifth consecutive year) ● Global sustainability benchmark
	<ul style="list-style-type: none"> ● 9th Taiwan Corporate Governance Evaluation: Top 5% ● Only retail industry Company to do so for nine consecutive years

2023 Third Party Verification Overview

Item	Reporting Standards	Accreditation Body	Scope
Sustainability Report	AA1000 Type 2 high-level	SGS Taiwan	Headquarter Office Stores (retail & shopping centers) ^{Note}
	GRI 2021 Standards		
	SASB Standards Food Retail and Distribution Industry		
Sustainability Data	TWSAE3000 Assurance Engagements	PwC Taiwan	
Environmental Certifications	ISO 14064-1:2018	SGS Taiwan	7,009 Locations (99.45% coverage)
	ISO 14064-2 (micro-carbon offset)	BSI Taiwan	4 Stores
	ISO 50001	SGS Taiwan	Headquarter Office + 2 Stores
OSH Management System	ISO 45001	SGS Taiwan	<ul style="list-style-type: none"> ● 9.59% coverage for Headquarter office ● 77% conducted franchised store internal safety audit ● 85.7% of suppliers for private-label food products
Quality Assurance	ISO/IEC 17025:2017	TFDA and TAF	PCSC Quality Testing Laboratory
Information Security	ISO 27001	BSI Taiwan	In-Store POS system

Note: Due to relevance in the operations of this industry and the influence on material issues, also included in scope of boundary are 5 affiliated companies (Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, President Logistics International Corporation and Uni-President Superior Commissary Corp) and Good Neighbor Foundation. Future reports are expected to include data from other affiliated companies to present comprehensive information on PCSC's value chain. ISO14001 is not applicable to PCSC, because it is not in the manufacturing industry.

ENVIRONMENTAL

Metrics and Targets

	Units/ Base Yr	2023 Performance	2023 Targets	2024 Targets	2025 Mid-term Targets	Long-term Targets
Sustainable Procurement						
Sustainably-certified raw materials as % of cost	2021	24.47% ✓	10.55%	15.10%	16%	2030: 18%
Products with environmental protection and energy saving labels		15.91%	12%		16%	
Climate Change						
Scope 1 & Scope 2 GHG emission intensity reduction	2020	5.83% ✓	5%		1% reduction compared to previous year	2050: Net zero in Scope 1 and Scope 2 for own operations
Store energy use intensity yearly decrease		0.81% ✓	0.5%	0.5%	0.5%	
Waste						
Waste volume reduction in each store	2019	29.81% ▲	35%	38%	40%	2028: 45%
Food Waste						
Total discarded food waste	Metric Tonnes	3,561 ✓	5,969	5,667	4,461	
Food waste intensity reduction	2019	53.57% ✓	45%			2028: 45% 2030: 50% 2050: 55%
Food waste reused from the stores and factories	Metric Tonnes	8,687.50 ✓	5,853	5,686	5,686	2030: 7,144
Packaging Material						
Single-use plastic		22.47% ✓	20%	20%		2028: 10% and eliminate plastic shopping bags and straws 2050: Completely phase out single-use plastics
Consumer's own cups		18.90% ✓	15%	19%	20%	2030: 30% 2050: 50%
Recycled cups renting service	Stores	1,042 ✓	1,000	2,300	4,000	
Water Consumption						
Water consumption decrease	2019	4.87%			5%	Reduce 1% per year
Biodiversity						
Deforestation						
				Complete process formulation and degree of quantifiable impact		2050: Net positive impact 2035: No net deforestation 2050: No gross deforestation

▲ Even though we have introduced many waste reduction measures and achieved significant reductions, we failed to meet the annual target. Waste data will be continually tracked; active promotion of recycling, reuse, and plastic reduction will be emphasized to meeting future targets.

■ Food waste recycling a highly uncertain estimate. Therefore, medium- and long-term goals requires constant optimization. For 2023, disclosure for recycled food waste are currently being updated to track weight of food waste reused from the stores and factories instead.

Sustainability Strategies

PCSC Sustainability strategies are carried out by four project groups:

Sustainable Development Committee



Sustainable
Procurement



Carbon
Reduction



Food Waste
Management



Plastic
Reduction

Sustainable Procurement

Raw Materials

PCSC prioritizes the procurement of raw materials with environmental protection, animal welfare and energy-saving or carbon reduction labels. Board of Directors are the highest decision-making unit of President Chain Store Corporation's implementation of supplier ESG program. A Sustainable Procurement Task Force has been established in 2021 and reports regularly to the Board.



**Raw materials procurement (NT\$5,023mn)
for private-label products 24.47%
Sustainability Certified**

Up from NT\$2,385mn and 14.12% respectively

Category	Certification	Certification/Label	Exposure % of category as total of procurement cost	Coverage Certified % within category	
				2022	2023
Soy	U.S. Soy Sustainability Assurance Protocol		8.27%	22.47%	23.10%
Vegetable Rice	TGAP		5.30%	4.43%	7.54%
Aquaculture	ASC (The Aquaculture Stewardship Council)		2.30%	0.71%	0.25%
Beef	AAWCS (The Australian Livestock Processing Industry Animal Welfare Certification System)		2.29%	96.99%	99.96%
Pork	Better Life Label, Certified Humane®, G.A.P Certification, WELFAIRTM, IAWS (Interporc Animal Welfare Spain)		5.90%	92.12%	96.24%
Poultry	Taiwan Animal Welfare System, PAACO (Professional Animal Auditor Certification Organization)		23.89%	38.88%	27.31%
Wild Fisheries	MSC (Marine Stewardship Council)		1.87%	36.68%	15.43%
Dairy	TOITU ISO 14067 Product Carbon Reduce Certification		23.07%	-	43.80%
Packaging	FSC, PEFC		3.72%	9.46%	61.49%
Coffee	Rainforest Alliance Certified		18.69%	-	0.02%
Palm Oil	Unused		-	-	-
Cotton	Unused		-	-	-
Tobacco	Unused		-	-	-
Sugar	Not Obtained		1.79%	0%	0%
Cacao	Not Obtained		0.35%	0%	0%

Green Procurement

PCSC actively manages equipment, consumables and building materials by promoting green procurement, purchasing equipment and consumables that have obtained energy labels, environmental labels or certifications, or have actual environmental protection benefits for use in stores. Since reaching the previous 2025 10% target early, the 2025 target has been revised to 16%.



2025 target 10% green procurement out of total annual procurement
Target reached in 2023

Unit: NT\$ Thousand	2020	2021	2022	2023
Green procurement amount	845,388	897,726	1,190,255	1,784,246
Percentage of total annual procurement	10%	8.54%	9.43%	15.91%

Local Procurement

PCSC supports local agriculture, fishery, vegetables and fruits with three strategies of "stable procurement," "sustainability" and "planned support." We believe that supporting local products not only reduce carbon footprint to realize environmental sustainability, it also brings economic benefits to local farmers as a way to help the society. **Percentage of locally sourced suppliers and procurement amount for 2023 is 79% and 68%, an increase from 2022's 76% and 64% respectively.**

Area	Procurement Quantity (Metric Tonnes)	% of Suppliers by Area	Procurement Amount (NT\$100 Mn)	% of Procurement Amount
Locally sourced agricultural products (Taiwan)	81,814	79%	73.4	68%
Non-locally sourced agricultural products (foreign origin)	21,507	21%	34.8	32%
Total	103,321	100%	108.2	100%

GHG and Energy Management

Own Operations GHG Emissions Target

GHG Emissions	Unit	2021	2022	2023
Scope 1 (Direct Emissions)		31,253	29,940	30,177
Scope 2 (Indirect Emissions)	Tonnes of CO ₂ e	464,933	504,544	513,791
Total (Scope 1 + 2)		496,186	534,484	543,968
Inventory coverage	%	99.41%	99.55%	99.45%
GHG emissions intensity	CO ₂ e/NT\$ million	2.95	2.92	2.75
Scope 3 (Indirect Emissions-Others) ^{Note3}		185,911	3,393,290	4,556,628
Total (Scope 1 + 2)	Tonnes of CO ₂ e	682,097	2,927,775	5,100,596

Note 1: The greenhouse gas emissions in 2019 refers to the data disclosed in the CSR report of the past years. The 2020 greenhouse gas inventory follows the updated ISO 14064-2018 version with 2020 as base year. Indirect emissions are classified as purchased electricity and others.

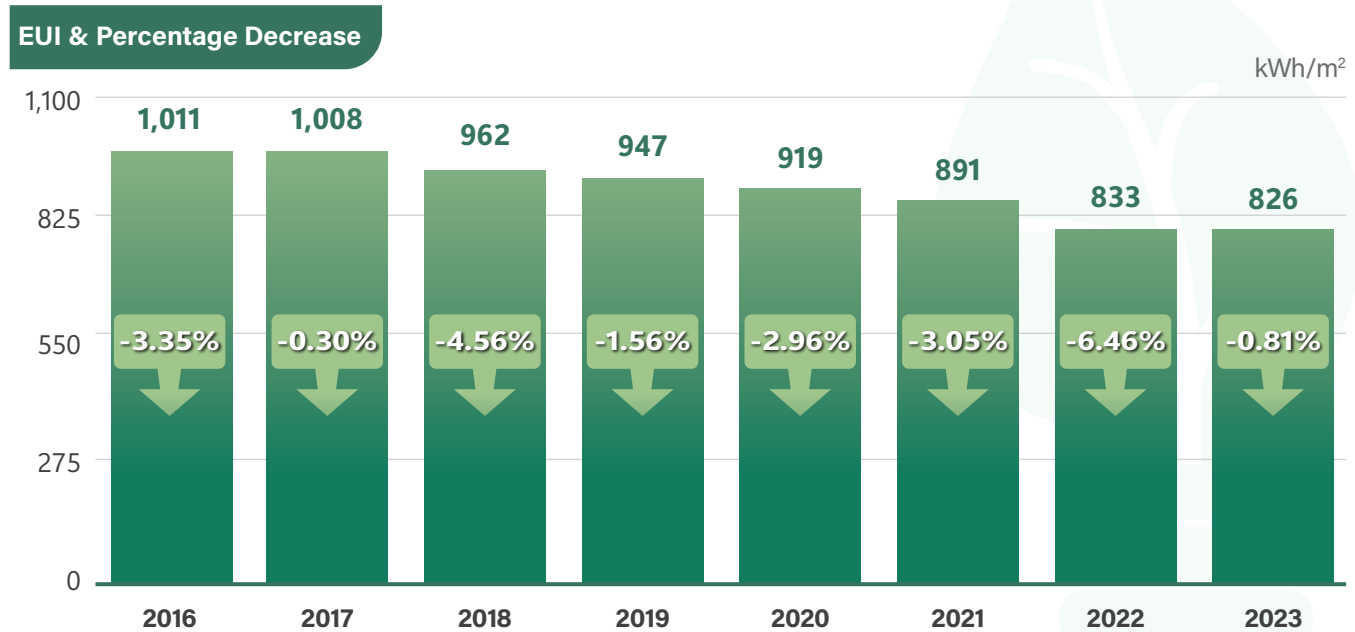
Note 2: Indirect emissions (others) include: purchased goods, upstream emissions from purchased electricity, upstream transportation, waste generated in operations, business travels, employee commuting, end of life treatment of sold products.

Note 3: Scope for Category 1 emissions of purchased goods and services expanded from only private label products, to cover all the products in 2023, hence the increase.

We are actively optimizing the inventory items and methods of Scope 3 emissions. In the future, we expect to introduce Science-Based Targets (SBT) to strengthen the carbon management of the entire value chain with updated medium- and long-term targets.

Store Energy Use Intensity (EUI) Based on Floor Space

Stores' energy consumption contributes to 99.93% of overall purchased electricity usage. Store energy intensity reduction targets are set and tracked monthly.



Biodiversity Policy and No Deforestation Commitment

PCSC established Biodiversity Policy and No Deforestation Commitment in June 2023 and assumes social responsibilities and follows the principles of biodiversity policy and zero-deforestation commitments in its operating locations and supply chain. PCSC added a new clause of "No Deforestation & Biodiversity" to the "PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers" to enhance raw material suppliers' attention to no deforestation commitments.

Climate Risks Impact Assessment

Since 2022, PCSC has carried out physical and transitional risk scenario assessments. Corresponding management measures were expanded upon and implemented. For the complete climate risks impact assessment, please refer to page 113 through to 116 of the 2023 PCSC Sustainability Report.

Physical Risks

- Probability of flooding, equipment damage, power and water outages increase impact on store operations.
- Physical risks to upstream logistics and downstream customers, like delivery, customer inconvenience and product unavailability.

Adaptation/Management Strategies

- Formulated "Construction Specifications for flood control gates and dwarf walls in at-risk Stores.
- Timely "Weather Information Distribution System" for early warning.
- Property insurance against natural disasters for stores to mitigate financial impact.
- Formulated emergency response procedures for risks, standardizing the logistics and distribution contingency mechanisms.

Transitional Risks

- In response to international net-zero trends, Taiwan's Climate Change Response Act, and the increase in electricity prices, businesses are gradually moving towards the use of low-carbon energy. PCSC may be impacted by rising electricity costs and increased operating expenses. Investing in renewable energy equipment and purchasing green electricity will also contribute to higher operating expenses.
- Regarding future policies and regulations, corporations may be subject to carbon fees and plastic reduction initiatives (e.g. bans on single-use straws, requirements for reusable cups). These could potentially have significant financial impact.
- Consumer lifestyle preference and emphasis on circular economy, impacting company brand image and alignment of product/service offerings.

Adaptation/Management Strategies

- Introducing renewable energy with the photovoltaic system generating a total of 3,000 kWh of electricity in 2023.
- Introducing the energy management system.
- Introducing 7 energy-saving measures in the stores with a total of 420,257 GJ saved in 2023.
- Coaching for stores with high electricity bills.
- Introducing energy-saving measures in the headquarters building.
- Low-carbon offerings such as low-carbon rice and fresh boxed meal with paper packaging.
- PCSC is already impacted by plastic reduction regulations and has been actively taking measures to comply with regulations.
- Incentive mechanism for circular economy services, including recycled cups service and efficient PET bottle recycling machines.
- Reduces the use of single use paper cups for freshly prepared beverages, thereby lowering material procurement operational costs.
- Price discounts encourage positive consumer behavior.

Waste Management

The waste produced by PCSC is mainly domestic waste, EPA categorized as non-hazardous general waste.



GHG Emissions		2021	2022	2023
Landfill (A)		3,260.16 5%	2,451.89 4%	2,534.36 4%
Waste incinerated (including energy recovery) (B)	Upstream ^{Note1}	76.63 0%	380.14 1%	0.00 0%
	Own Operations ^{Note2}	52,919.45 76%	41,540.23 69%	41,230.31 64%
Waste recycled or reused (C)	Upstream ^{Note1}	1,222.24 2%	2,515.14 4%	3,112.00 5%
	Own Operations ^{Note2}	12,047.51 17%	13,483.96 22%	17,417.73 27%
Total waste disposed (A+B)		56,256.24 81%	44,372.26 73%	43,764.67 68%
Total waste generated (A+B+C)		69,525.99 100%	60,371.36 100%	64,294.39 100%
Data coverage for operating locations		99.12%	99.12%	99.16%
Proportion of incineration ^{Note3}		93.34%	93.53%	93.38%

Note 1: Upstream manufacturers: 4 companies included in 2020-2021, expanded to 12 companies in 2022.

Note 2: Including the headquarters, regional offices and stores.

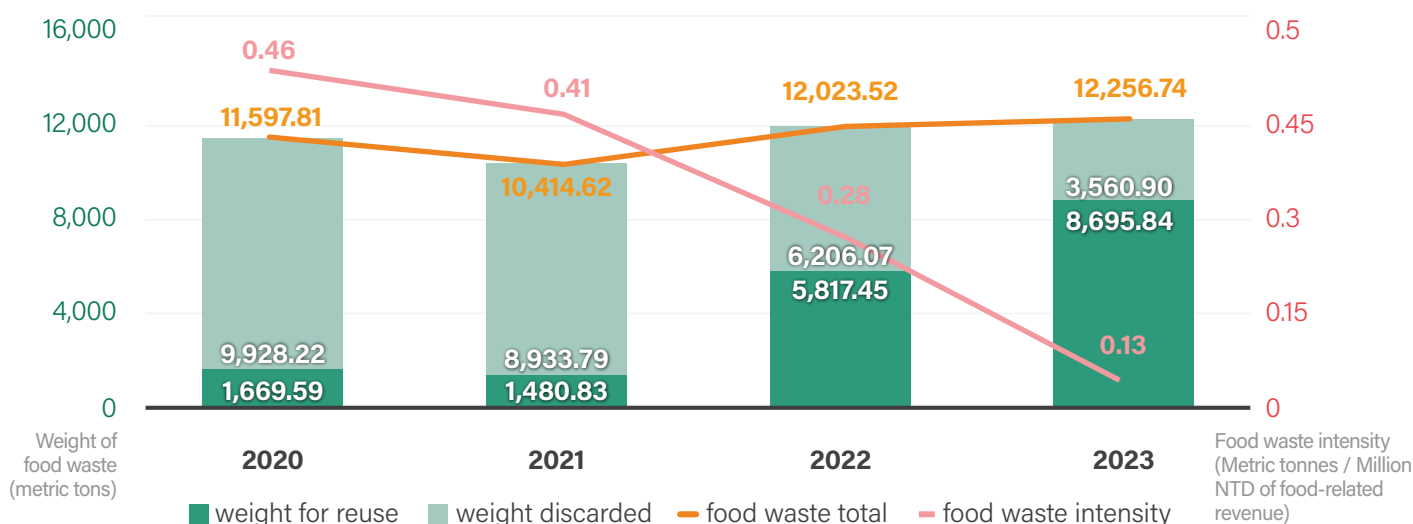
Note 3: The proportion of incineration is the waste incinerated compared to total non-recycled waste, using the national data of general waste disposal (excl. recycled and reused) published by the Environmental Protection Administration (EPA).

Food Waste Management

The total amount of food waste generated in 2023 was 12,256.74 tonnes, increasing 1.9% from 2022. The reasons include scope expansion for manufacturers from 4 to 12 this year, number of stores and continuous growth in fresh food sales. The food used for alternative purposes ratio was 70.95% (mainly for animal feed/compost) in 2023, with a significant growth compared to 48.38% in 2022. The surplus food recovery rate in manufacturing factories has grown from 87.00% in 2022 to 100.00%. Total discarded weight of food waste was 3,560.90 tonnes with a decrease of 42.6% from 2021.



Food Waste Management Performance



Packaging Material

GHG Emissions	Unit	2020	2021	2022	2023
Paper ^{Note1}	Metric tonnes	11,621	10,978	11,565	12,135
Data Coverage	%	100	100	100	100
Metal ^{Note2}	Metric tonnes	183	205	235	275
Data Coverage	%	100	100	100	100
Plastic ^{Note3}	Metric tonnes	10,138	10,093	10,168	10,293
Recyclable Plastic ^{Note4}		65.30	65.73	69.24	72.00
Compostable/decomposable Plastic ^{Note4}	%	6.87	7.30	1.90	0.91
Recycled Content Within Plastic		0.78	2.92	3.86	4.41
Data Coverage		74.00	96.80	100	100

Note 1: Packaging materials for ice cube (including plastic and paper/wood packaging materials) was added for 2022, with statistics traced back to 2020.

Note 2: Metal packaging materials for freshly brewed tea were added in 2022, with statistics traced back to 2021.

Note 3: Plastic packaging and packaging materials have been classified according to purpose and material since 2022 (see Section 4.2 of the 2023 PCSC Sustainability Report for details), so that stakeholders can understand how PCSC uses various types of packaging materials.

Note 4: In 2023, PLA tea egg boxes were gradually replaced by recyclable PET material, so PET was added to the statistics of tea egg boxes.

Water Management

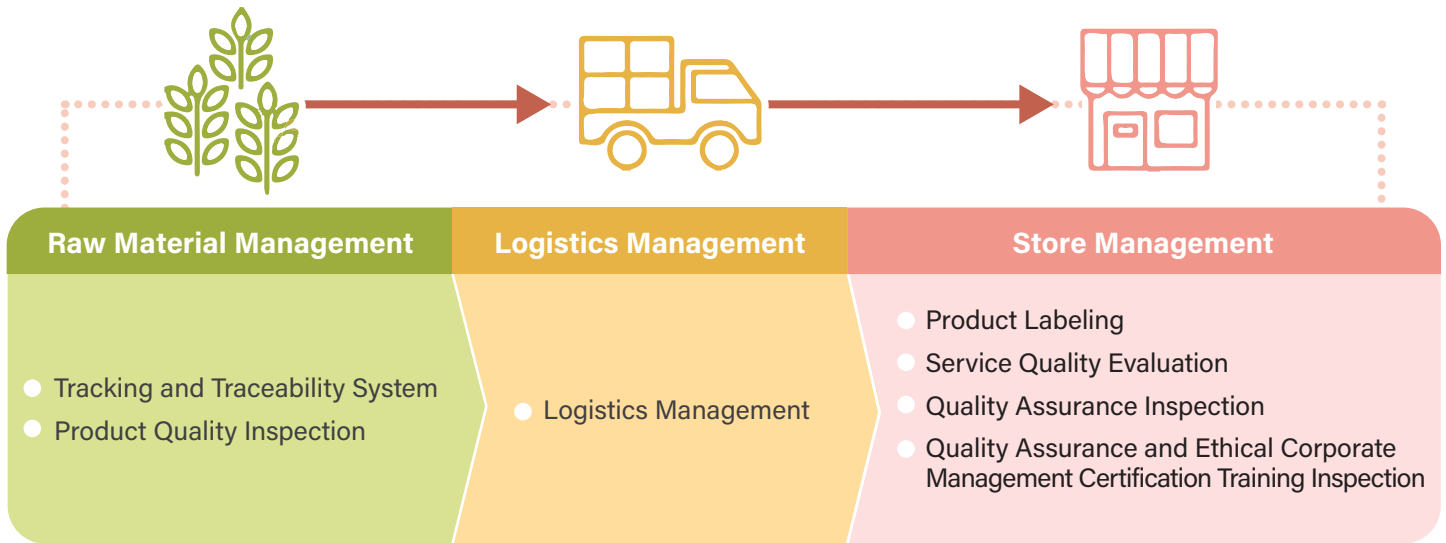


2023 consumption per store reduced by 4.87% compared to base year 2019
97.4% achievement rate of 2025 targets

All operating locations of PCSC use tap water. Besides for the fresh-brewed beverages, the overall water consumption is the most for store cleaning. For the moment, water-saving taps and toilets have been introduced in all stores. Some stores are also running a pilot program to use RO (reverse osmosis) residual water and collected rainwater for cleaning the stores.

SOCIAL

Product Value Chain Management



Raw Materials Management

Tracking and Traceability

- PCSC works with the Taiwan Delica Foods Development Association to document 100% of private-label products in Material and Quality Assurance System (MAS) to records the sources of raw materials and the suppliers.
- 24.47% certified sustainable procurement of bulk raw materials for private-label products (NT\$5,023 million).

Quality Certification

- PCSC's Quality Testing Laboratory is the first retailer with certified quality assurance lab in Taiwan that meets ISO17025 standards as well as accreditation from both the TFDA (Taiwan Food and Drug Administration) and TAF (Taiwan Accreditation Foundation) for five testing areas (microorganism counts, coliform bacteria, E. coli, salmonella, colorants).
- In 2023, a total of 937 tests were run on products and raw materials, with 99.15% passing rate. Among the unqualified products, 4 passed the reinspection and 4 were removed from shelves. In addition to treating these incidents as stated by the contract, PCSC also carried out follow-up inspections and monitoring to ensure that the products are safe.

Logistics Management

Even though logistics company is not a main element in the scope of disclosure, its operations are still disclosed due to its impact on product safety. Initial logistics involves cooperation on shipping, taking product quality management processes from the store and pushing them upstream to the supplier end to set up a comprehensive quality control mechanism.



In 2023, we continued to implement a logistics mechanism for 100% of the exclusive and private-label products.

(including rice, fresh noodles, salads, cooked food, refrigerated flavored breads, sweet potatoes and fresh foods)

Product Labeling and Marketing Communication

In 2023, the raw materials for PCSC private-label products were inspected by an external body to confirm no GMOs were adopted. PCSC is also committed to clearly displaying labels relevant to GMOs on the outer packaging in accordance with MOHW's "Guidelines for Labeling Packaged Food Containing GMO Raw Materials" and Guidelines for Labeling Bulk Food Containing GMO Raw Materials." Among private-label products, the ones whose outer packaging was marked with a label stating "Does Not Contain GMO" reached a revenue of NT\$77,296 thousand in 2023.



PCSC did not violate any regulations regarding product labeling or marketing in 2023

PCSC established an internal product supervision mechanism based on the "Rules for Safety on Private label Products." This mechanism invites employees to come together to play a role in supervising product safety. In cases where employees in logistics, directly operated stores, or franchisees have doubts or questions about ads, labeling or ingredients, they can use this mechanism to provide feedback. Issues raised are forwarded to the Product Safety Committee.

In 2023, one incident was reported internally with an employee finding the product name not corresponding with the content. The product was removed from the shelves. However, the mistake was detected by the manufacturer (with the wrong plastic film) before being reported by the employee. Therefore, the incident was not graded.

Quality Assurance and Ethical Corporate Management Training

Quality Assurance Audit

PCSC performs quality assurance audits (topics include safety and food safety) through the engagement of an external management consulting company. The audits are held once a month and 30~35% of stores are chosen each time. In 2023, 99.52% of all stores underwent this audit. A total of 29,173 stores were inspected with a pass rate of 93.69%. PCSC provided concrete suggestions for unqualified stores and followed up to ensure that improvements were made.

QA and Ethical Corporate Management Certification Training and Audits

PCSC continues to provide quality assurance education and training for both new hires and existing employees in addition to the store audits described above. A total of 87,135 people participated in the training in 2023, and 100% of the workforce have completed the training at least once. A management consulting company was hired to audit the quality assurance training certification status of stores, with 99.35% of the stores audited in 2023.

Customer Health and Safety

PCSC provides products with a variety of health concepts to meet the nutritional needs of consumers' diets. In 2023, a total amount of NT\$128,290 thousand was invested in food safety management.

- In reference to the Daily Diet Manual published by the Health Promotion Administration, PCSC continued focus on developing products with:

Reduced saturated fat

Reduced trans fat

Reduced sodium

Reduced sugar

- Preservatives, partially hydrogenated oils and fructose are not added to fresh food products.
- Strengthened the voluntary labeling of health and nutrition information on private-label food products (added chemicals, low-fat, low-sodium, low-sugar, etc.) following MOHW's "Guidelines for Nutrition Labeling of Packaged Foods" and "Nutritional Claims of Packaged Foods."

The revenue from the private-label products that comply with health and nutrition principles totaled NT\$26,815 million.

Product Safety Governance

The Product Safety Committee is divided into three main levels, with the convener appointed by the President. The governance layout promotes managerial responsibility for product safety, and meetings are held at least once a year. The Product Safety Committee set up a management system for private-label products with the scope covering 100% of private-label products. One meeting was convened in 2023, with discussions focusing on reporting and tracking important business security information, planning and responding to changes in regulations.



Level 1

Convener: Head of Supportive Service Group

Deputy Conveners: Head of Marketing Group/ Head of Operation Group/ Head of Management Group



Level 2

Director-General: Quality Assurance Department Manager

Product Safety Integration & Collection Issues: Business Security Affairs Bureau



Level 3

9 task forces with each department head as leader

Veggie Selection

The brand launched at the end of 2020, promoting purchase clarity and assurance for vegetarian selections. In 2021, the first "Veggie Selection Compound store" opened its doors with almost 300 plant-based food items. To help consumers identify product content, we have launched 13 vegetarian/plant-based labels. Categories are distinguished by green and orange for different groups by listing whether ingredients such as spices, milk and eggs are used in the products.

Combined with the existing supply chain advantages, we have launched the first vegan production line with a Taiwan Certified Agricultural Standards (CAS) label.



As of the end of 2023, 130 Veggie Selection Compound Stores have been set up, with the line sold in 2,589 stores.

Carbon emission reductions from sales amounted to 57,239 metric tonnes.

Sustainable Supply Chain Management

Supplier Code of Conduct

The highest decision-making unit of PCSC implementation of supplier ESG program is the Board of Directors. We have also revised the "UNI-PCSC's Supplier Code of Conduct" based on the United Nations Global Compact (UNGC) and UN Guiding Principles (UNGPs), with requirements for suppliers' performance in Environment, Social and Governance, as well as requiring them to sign an "Agreement on Ethical Corporate Management and the Corporate Social Responsibility. The PCSC supplier code of conduct includes:

- **Hiring Rules**
- **Prohibition of Child Labor**
- **Working Conditions**
- **Salary and Remuneration**
- **Occupational Safety and Health**
- **Labor Equality**
- **Non-discriminatory Workplace**
- **Fundamental Human Rights**
- **Products That Conform to Environmental Protection and Food Safety Laws and Regulations**

In 2023, 100% of PCSC suppliers signed the "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility."

For supplier occupational safety and health, PCSC occupational safety training exchange session has been held for three consecutive years (2021-2023) with a total of 115 suppliers participating. In November 2023, a seminar and training were organized on the practical risk management of occupational safety and fire protection for factories, with a total of 37 private-label manufacturers participating.

2023 Supplier Screening and Assessment

PCSC includes sustainability indexes such as Environment, Social and Governance in the assessment system to evaluate and stay on top of supplier quality. **New suppliers have been required to fill in the ESG assessment form and can only be taken on board if they pass the assessment.** If the ESG documents and manufacturer assessment do not meet the minimum requirements and fail to improve within the specified timeframe, the supplier is considered to have failed and will not be taken on board. A total of 13 new suppliers and manufacturers were introduced in 2023, all of which have passed the evaluation of this system.

Quality Certification Requirements

Type of Supplier	Certification Requirement
Food Product Contract Manufacturers (Taiwan)	Required to have ISO22000 certification
Food Product Contract Manufacturers (Overseas)	Minimum of HACCP or ISO9001 certification
Non-food Product Contract Manufacturers	Priority placed on ISO9001 certification
Suppliers of Raw Materials Through Direct Transactions	Priority placed on TQF, CAS, ISO22000, HACCP certifications
Suppliers of Store Supplies	Priority placed on ISO9001 certification

Private Label Food Product Suppliers

Type of Supplier	No. of Suppliers	No. of Manufacturers	ISO22000:2018 obtained by domestic suppliers	
			Number	Percentage
Private label food products	42	46	46	100%

Note : Calculating using the number of the plants, there were a total of 84 "manufacturing sites," among those 46 were contract manufacturers of private-label food products within Taiwan. Of these, 46 manufactures 100% obtained ISO22000 certification.

Employees

Employee Structure

	2019	2020	2021	2022	2023
Total Employees	8,430	8,500	8,348	8,617	8,651
Indefinite Contract	8,430	8,500	8,340	8,597	8,651
Term Contract	0	0	8	20	0
Full-time	4,114	4,039	4,006	4,024	4,235
Part-time	4,316	4,461	4,342	4,593	4,416

Age-Friendly Employment

PCSC encourages middle-aged and elderly workers to find employment by creating a friendly workplace through redesigning work responsibilities. As of the end of December 2023, the Company hired 1,847 employees aged 45-54, 505 employees aged 55 and above. **In total, we employ 2,352 employees aged 45 and above, accounting for 27.2% of all employees, exceeding the target of 23%.**

Employee's Turnover

	2019	2020	2021	2022	2023
Full Time Employee's Turnover Rate (%)	4.72	5.67	6.44	5.57	5.11

Note : Excluding the number of part-time employees

Due to industry characteristics, PCSC hires a lot of part-time employees, the 2023 annual total turnover ratio and annual voluntary turnover (excluding lay-off) is 44.08% and 44.08% respectively. The average retail industry annual turnover rate is 50~60%.

Labor Management Communication

4 Labor-Management Meetings

Meeting Attendees

- 5 Employer representatives including department heads
- 5 Employee representatives are assigned by Labor Union and represent 100% of the employees.

Labor Union

Formed at the end of 2019 by the employees.

Although a collective bargaining agreement has not been signed yet, the Company will continue to maintain good interactions with the union in the future.



A total of 253 reports related to employee rights and interests were submitted in 2023. All cases were successfully addressed in 2023.

Remuneration

In 2023, the starting salary of store personnel is based on the 50th percentile (middle income level) of new recruits in the retail industry, and the starting salary of logistics personnel is the 70th percentile (high income level). In addition, PCSC provides employees within areas of higher cost of living with an additional allowance of 5-10% of the salary.

In 2023, the ratio of starting salary to basic salary (NT\$26,400) for new back-office staff who are college graduates is 1.33 times, and 1.56 times for those with a master's degree.

Employee Performance Management System

Full-time Employees

- Performance goals are set during the first half of the year, for which supervisors and employees discuss and set the annual goals.
- The final performance evaluation is carried out at the end of the year.

Part-time Employees

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

ESG-Linked Remuneration for Directors and Senior Management

The carbon reduction ESG performance (obtaining third-party verification and tracking emission intensity) was incorporated in 2023, linking to the rewards and remuneration of senior management, including the President and senior executives. The annual target is reducing emission intensity by 1% per NT\$ million of revenue each year, passing the verification of ISO14064-1 greenhouse and ISO50001 energy management system. One point was added to the total performance score if all KPIs were met.

Gender Equality

Item	2020	2021	2022	2023
Ratio of female managers in revenue generating functions (%)	52.02	52.74	52.79	56.04

Average Salary Ratio (%) Between Female and Male (F/M)

Item	2020	2021	2022	2023	
Basic salary of non-management employees	Including management and non management in the stores	0.96	0.96	0.94	0.99
Basic salary of TEAM managers and department heads		0.94	0.93	0.94	0.97
Remuneration of TEAM managers and department heads	Remuneration includes basic salary and year-end bonus	0.94	0.93	0.95	0.97
Basic salary of executive managers (inclusive) and above ^{Note}		0.83	0.96	1.21	0.83
Remuneration of executive managers (inclusive) and above ^{Note}	Remuneration includes basic salary and year-end bonus	0.85	0.96	1.24	0.84

Note : Due to 3 newly promoted male executives in 2022, the average of male salary was down due to the entry executive salary compared with other senior executive managers, the gap has closed with tenure in 2023.

Ratio of Salaries for Female and Male Employees in 2023

Store Employees

Management

Non-Management

Female : Male

1 : 0.94

1 : 1.05

1 : 1.11

Note 1: Compensation consists of basic salary and annual bonuses.

Note 2: The scope covers full-time employees who are still working at the end of 2023 (but excluding interns and those who were newly recruited or transferred for less than half a year as of March 15, 2023), and the estimation is based on 13 months of their basic salary on March 15, 2023.

Non-compensation Benefits

IPCSC offers a variety of employee benefits. In addition to year-end bonuses and various allowances, it also provides four major benefit programs including the **Benefit Saving Trust Fund, Good Life, Flexible Leave and Healthcare**. Parental leave is also accessible in accordance with the law to favor employees' work-life balance. PCSC also has a comprehensive appointment system that allows the employees to be employed full-time or part-time, giving them the flexibility in terms of work.

Benefit Saving Trust Fund

Available to all employees after passing probation period

The trust invests exclusively in PCSC shares. Participants can transfer 6% of their monthly salary into the trust account each month, and PCSC provides an additional 1.8% as a bonus share.

Good Life

Available to all employees

- Breastfeeding rooms are available in the offices
- Contracts are signed with childcare institutions to provide preferential prices
- Office staff can also choose when they go to and from work
- "Work from Home Measures" allow back-office staff to work from home

Flexible Leave

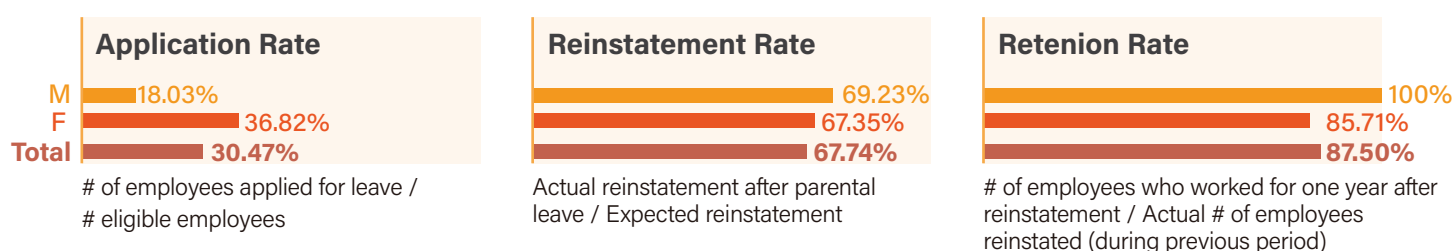
Above and beyond legal minimums

- Maternity leave and miscarriage leave superior to that of the legal requirement. With no condition on seniority, all employees are paid their full salary
- Main caretakers are offered 9 paid weeks for prenatal checkups and maternity leave
- Non-main caretakers are also given 7 days of paid parental leave before and after their spouses give birth
- A fixed amount of travel vouchers are given each year

Healthcare

Available to all employees and above legal minimums

- Annual health checkups
- Occupational disaster insurance
- Group insurance for employees and dependents
- Family Day and health promotion activities
- Full time nurses and doctors are regularly stationed



Talent Development and Cultivation

We established the "Common Ability Structure of Office Staff and Regulations for Training Courses" and "Training Management Regulations," detailing the capacity and corresponding courses all employees must attend with training activities defined, assisting them in reinforcing positive behavior or skills.

Education and Training

PCSC invested a total of NT\$60,857 thousand in education and training in 2023, with the average training expense of NT\$7,035 per person, with an increase of NT\$5,040 per capita compared to last year.

	Store Employees		Management		Non-management		Total	
	M	F	M	F	M	F	M	F
Number of total training hours	11,774.5	26,705.5	8,039	2,057	34,205	32,368	54,018.5	61,130.5
Total number of employees	2,561	3,615	203	57	1,013	1,202	3,777	4,874
Average hours of training per employee	4.60	7.39	39.60	36.09	33.77	26.93	14.30	12.54

Key Talent Development Program

PCSC conducts an annual review of successor candidates at all levels, and builds key talent pools for different units, customize “personal development plans” for potential talents, encourages cross-unit rotation and assists in development and talent. By 2023, 44 talent review meetings have been held, and a total of 384 people have been included in the reserve talent pool.

PCSC also hopes to provide employees with cross-unit experience opportunities through job rotation to expand their horizons and cultivate outstanding talents. The 2023 internal transfer rate was 67.64% (Number of transferred PCSC employees / total number of 2023 PCSC vacancies).

Occupational Safety and Health

The Board of Directors approved the Occupational Safety and Health Policy in 2024 with five guidelines for implementing risk prevention and management.

1. Comply with the laws and international standards to provide a friendly and safe working environment.
2. Invite company employees or employee representatives to participate in the consultation, enhance the awareness and knowledge of safety and health of all employees, as well as continuously improving the safety performance of the management system.
3. Assess risk control and opportunities, prioritize action plans, and strengthen the design of intrinsic safety to prevent occupational injuries.
4. Commit to zero hazard in the workplace by ensuring the safety and health management and communications with contractors.
5. Promote the physical and mental health of all employees and create a healthy workplace.

Occupational Safety and Health Office and Committee

Occupational Safety Office

3 full-time safety and health staff members.

Occupational Safety and Health Committee

29 members, in which 10 are labor representatives elected by employees, accounting for 34.48% of all members.



Goal Reached! PCSC’s 0.17 occupational injury indicator is lower than industry’s 3-year average of 0.35 (Frequency-severity indicator announced by Ministry of Labor Statistics)

Occupational Health and Safety Audits

The Occupational Safety Office conducted occupational safety and health risk assessment and unannounced audits for different working environments, targeting back office, stores and shopping centers. In 2023, a total of 261 inspections were conducted, of which 31 had zero defects, with 432 defects improved at an improvement rate of 100%. The number of inspections increased by 33.8% compared to the year before, as we inspected more stores and construction sites.

Audit Action & Frequency

Back Office

Attendance Record	Monthly
Labor audit from competent agency	As Needed

Directly-Operated Stores

Attendance record	Monthly
OHS self-inspection and district advisor review	Each May
Labor audit from competent agency	As Needed

Franchises

OHS self-inspection and district advisor review	Annually
3 rd party labor conditions inspection	Annually
3 rd party OH inspection	Annually

Contractors

Construction sites unannounced OHS	Monthly
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Human Rights and Labor Audits

Human Rights Policy

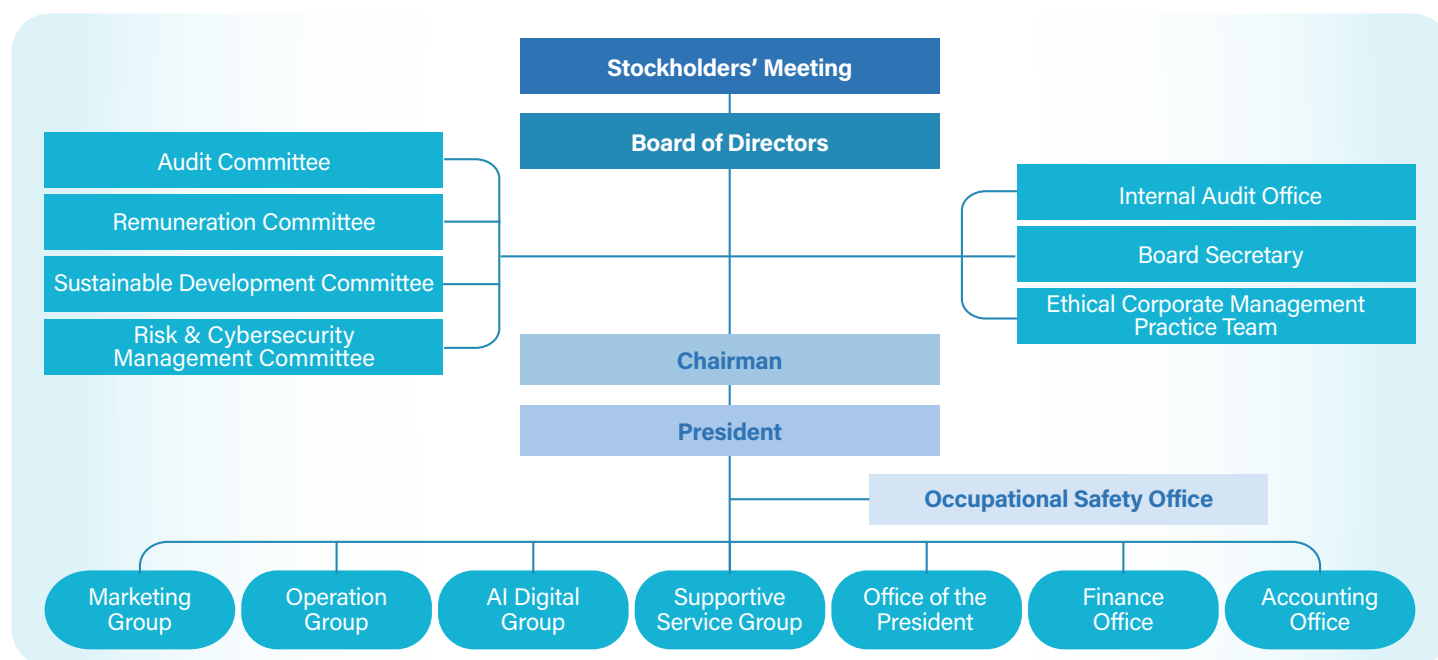
PCSC refers to “International Bill of Human Rights”, “Core Labor Standards of the Fundamental ILO Conventions”, and the “Ten Principles of the United Nations Global Compact” to formulate the policy and is committed to abide by the policy.

PCSC regularly conducts human rights and labor audits on its headquarters, regional offices, directly operated stores, tier-1 suppliers, and joint ventures within its scope of operations.

- 1 Provide Friendly and Safe Work Environment
- 2 No Forced Labor
- 3 No Child Labor
- 4 Non-Discrimination Policy, Provide Equal Opportunity
- 5 Eliminate Workplace Violent, Harassment and Threatening Behavior
- 6 Promote Health and Work Life Balance
- 7 Establish Diversified Communication Channels and Grievance Reporting to Ensure Stakeholders' Rights

GOVERNANCE

Organization



Board of Directors

The current Board of Directors consists of 9 members and was elected at the AGM on May 30, 2024. Currently, there are 3 independent directors and 2 female directors, accounting for 33.33% and 22.22% of board representation respectively.



No Directors have concurrent directorship appointments outside of the PCSC Group.

(Excluding independent directors)

In 2023, the Board convened 7 times with an average attendance rate of 100%.

Title	Name/Representative	Gender	Attendance	Concurrent External Boards ^{Note}
Chairman	Uni-President Enterprises Corp. Lo, Chih-Hsien (Uni-President Chair)	Male	100%	0
Director	Kao Chuan Investment Co., Ltd. Kao, Shioh-Ling	Female	100%	0
Director*	Uni-President Enterprises Corp. Chen, Jui-Tang	Male	100%	0
Director	Uni-President Enterprises Corp. Huang, Jui-Tien (PCSC CEO)	Male	100%	0
Director	Uni-President Enterprises Corp. Huang, Jau-Kai (Uni-President CEO)	Male	100%	0
Director*	Uni-President Enterprises Corp. Su, Tsung-Ming	Male	100%	3
Director*	Uni-President Enterprises Corp. Wu, Liang-Feng	Male	100%	0
Director*	Uni-President Enterprises Corp. Wu, Kun-Lin	Male	100%	0
Director	Uni-President Enterprises Corp. Wu, Tsung-Pin	Male	100%	0
Director	Uni-President Enterprises Corp. Wu, Wen-Chi (PCSC CFO)	Female	100%	0
Independent Director	Hsu, Ke-Wei	Male	100%	1
Independent Director	Chen, Liang	Male	100%	2
Independent Director	Hung, Yung-Chen	Male	100%	2

Note : External boards refer to those not within the PCSC group.

*: Directors not re-elected in the 2024 AGM.

Functional Committees

Attendance rate for committees were 100% for 2023.

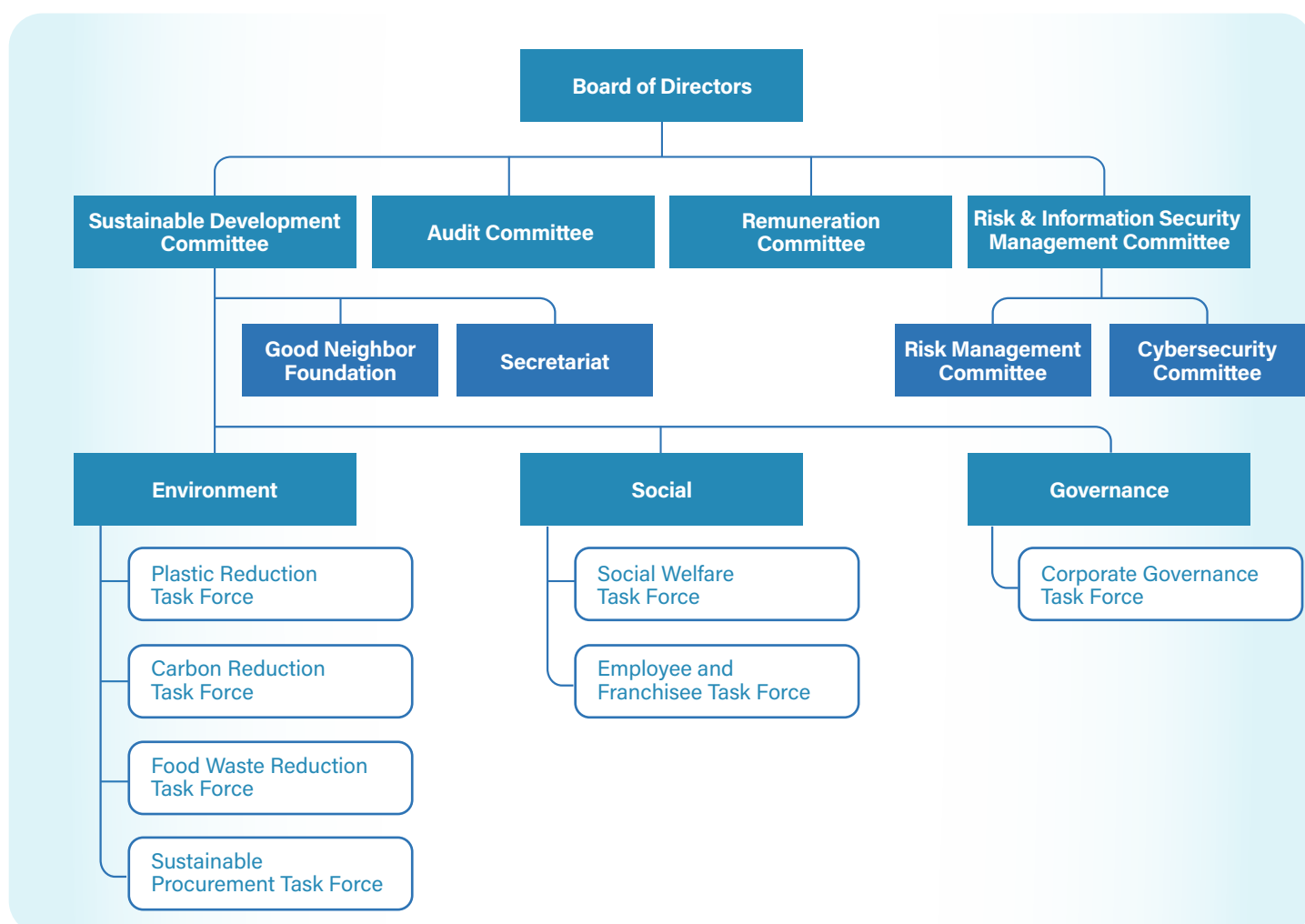
Board Title	Name	Audit Committee	Remuneration Committee	Sustainable Development Committee	Risk & Cybersecurity Management Committee
Number of Members in Committee		3	3	6	6
Number of Meetings in 2023		7	2	2	1
Independent Director	Hsu, Ke-Wei	Member	Convener	Member	Member
Independent Director	Chen, Liang	Convener	Member	Member	Member
Independent Director	Hung, Yung-Chen	Member	Member	Member	Convener
Director (CFO)	Wu, Wen-Chi	-	-	Convener	Member
Company Senior Executive ^{Note*}	Wu, Hui-Chen	-	-	Member	
Company Senior Executive *	Lua, Wen-Ji	-	-	Member	Member
Company Senior Executive *	Lin, Kuan-Yi	-	-	-	Member

*: Current Positions: Wu, Hui-Chen: Project Vice President; Lua, Wen-Ji: Vice President; Lin, Kuan-Yi: Chief Information Security Officer.

Note: Wu, Hui-Chen was dismissed in March 2024; Hsieh, Lien-Tang began his term in March 2024.

Sustainability Development Team

The Sustainable Development Committee convenes twice a year and reports annually to Board of Directors. Report was made on 13th Dec 2023.



Risk Management

On November 1, 2023, the Board of Directors approved the establishment of a "Risk and Cybersecurity Management Committee" to raise the level of management to the Board of Directors. The Committee classifies various risks and formulates management policies; monitors and provides monthly feedback on risk identification, as well as compiling the information of each department every 6 months. Departments regularly reports to the Risk and Cybersecurity Management Committee twice a year.



PCSC has set up an independent unit to conduct internal risk management process audits, and is expected to introduce the ISO 31000:2018 risk management system in 2024.

The types of risks and responsible units for management and implementation are as follows:



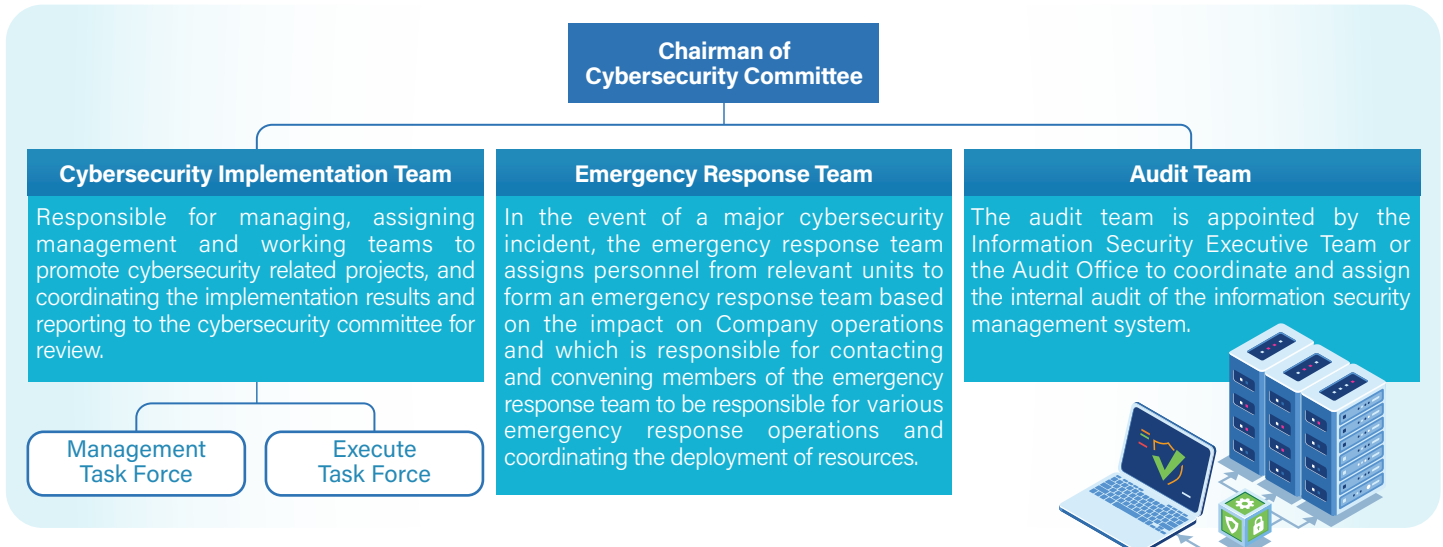
The top three risks in 2023 are financial, regulatory and franchise risks. The relevant mitigating measures are as follows:

Risk	Mitigating and Response Measures
Regulatory	In August 2023, eight major types of venues including convenience stores have been banned from providing "biodegradable plastic cutlery." The restrictions this time include "disposable plastic cutlery" and "plastic cups filled with semi-finished or finished product to be processed after purchase." The Quality Assurance Department has identified the scope of impact prior to the implementation of the law, as well as notifying relevant units. The inspection shows that beverage containers in the stores are coated paper cups that comply with the law. Freshly-prepared products that require secondary processing on site have either been discontinued or packaging replaced before August, meaning the level of impact remains unchanged and is in compliance with legal regulations. Regulations are often amended, making it an issue that requires constant attention and is therefore identified as a regulatory risk. The risk level is 8, and we will continue to watch for amendments to the law.
Financial	Setting up a preventive mechanism with multiple cash flow backup plans. For example, store operating funds can be remitted from ATMs/post office/banks. If a problem occurs in a single institution, the store will be asked to switch to another method of remittance.
Franchise	<ol style="list-style-type: none"> 1. Newly-opened stores will be given to increase their proportion. 2. Profit guaranteed for newly-opened stores to stabilize profits for franchisees. 3. Promoting multiple stores in the same business district to reduce management cost for franchisees. 4. Extended applicability for renovation costs to reduce financial pressure on franchisees.

Information Security and Privacy Protection

Cybersecurity Committee

The "Cybersecurity Committee" is the highest decision-making unit for PCSC's information security management. It was originally under the "Sustainable Development Committee," and moved under the "Risk and Cybersecurity Management Committee" in 2023 with the Chief Information Security Officer as the convener.



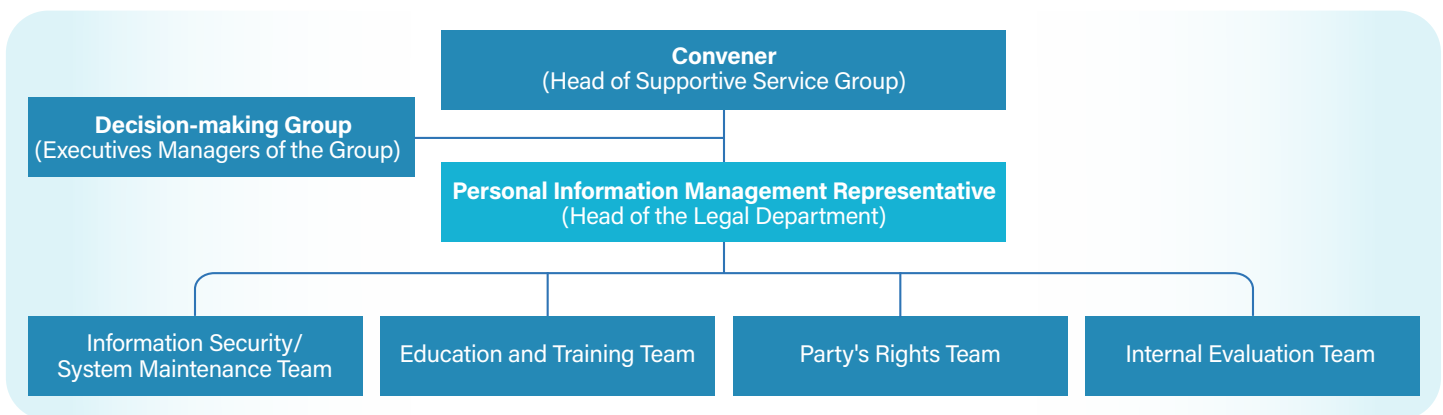
The "Cybersecurity Implementation Team," "Emergency Response Team" and "Audit Team" under the committee hold at least one review meeting a year, with the convener regularly reporting the implementation and results of information security implementation to the Risk and Cybersecurity Management Committee.



Cybersecurity policies, management plans and resources invested

Information Security and Privacy Protection

The "Personal Data Protection Task Force" is a cross-departmental task force that regularly performs personal data inventory, risk analysis, internal system review, revision of notification, data destruction, education and training.



- 100% completion of education and training through online internal training
- Embed personal data risk management into the overall risk management and audit mechanism
- Personal data protection management reports for each department
- Personal data protection clauses in contracts with external suppliers



No data leaks or complaints received regarding customer privacy infringement from the competent authority of external parties in 2023.

PCSC's internal audit plan and third-party verification system can effectively supervise and assist various departments in formulating corrective, preventive or improvement measures for non-conformities discovered during internal evaluations or audits.

Taiwan Personal Information Protection and Administration System (TPIPAS) certification since 2014. Updated in 2023 with validity of 2 years.

ISO 27001:2013 certification for cybersecurity for in-store POS system. Update to ISO 27001:2022 scheduled for 2024.

Personal Data Grievance and Contact

Consumer

Integrated Services Center

Tel: 0800-008711

Email public@mail.7-11.com.tw

All President Chain Store Corporation departments have respective contact persons for reporting privacy issues

Non-Consumer

As there are many departments within President Chain Store Corporation, it is impossible to list every point of contact for reporting privacy issues. These points of contact are also responsible for handling and responding to privacy issues. The processed cases will be reported to the Personal Data Task Force for record-keeping.

Ethical Corporate Management

PCSC's Ethical Corporate Management Best Practice Principles and Policies and its' Operating Procedures and Code of Conduct was first established and passed by the Board in 2015 and most recently revised in July of 2024.



There was no incident of corruption, bribery or event that violated the Fair trade Act, conflict of interest, money laundering and insider trading in 2023.

Employee Ethics Incentive

PCSC employees sign an agreement of self-discipline with regards to the policy. Any violation of ethical corporate management will result in a 5% to 45% reduction of year-end bonus (part of employee salary) depending on the severity of violation, or even demotion with a direct impact on the employee remuneration.



Ethical Management Promotion and Enforcement

The ethical corporate management provision is now part of all contracts with outside parties and suppliers. In order to ensure ethical operations are implemented fully, we have also set up an internal control mechanism where internal auditors perform evaluations on a regular basis. Our subsidiaries also follow these regulations to ensure operations are conducted ethically. External marketing and manufacturing trade contracts, external contracts with relevant units, and "Code of Conduct for Subcontractors" all include an ethical corporate management provision.

Ethical Corporate Management Best Practice Principles and Policies

Bribery	Article 9	Intellectual Property	Article 13
Political Funding	Article 10	Insider Trading/Anti Competition	Article 14
Donations/Sponsorship	Article 11	Customer/Stakeholder Rights Health and Safety	Article 15
Giving/Receiving Gifts	Article 12		

The Ethical Corporate Management Operating Procedures and Code of Conduct elaborates the principles and policies with practical guidelines and definitions.

Ethical Corporate Management Practice Team

The Ethical Corporate Management Practice Team is responsible for the promotion of ethical policies and preventative measures.

The Company's internal website features a Policy Promotion Area to educate employees about regulations governing ethical corporate behavior. Education training in 2023 included "Fair Trade Act", "Insider Trading", "Logistics Education Training", "Personal Data protection", "Information Security", and "Online Course on Labor Law", "Legal Compliance" and "Sexual harassment in the workplace"

Ethical Corporate Management Practice Team



Legal Compliance

In 2023, President Chain Store Corporation paid a total of NT\$310,000 in fines due to 6 violations, including 1 major violations (fines exceeding NT\$100,000).



Violations of Regulations

Enchu, Luchou, Luya and Hsinhsia stores violated the Medical Devices Act by failing to complete the change of person in charge of medical device license within 30 days.
Fines Paid: NT\$120,000

Measures for Improvement and Response

All business procedures and laws and regulations have been reviewed, with applications, tracking and closed cases listed in a table for inspection and prevention. So far all processes follow the regulations with no similar incident.

Grievance Channels and Whistleblower Protection

PCSC's Internal Audit Office and Integrated Services Center have set up exclusive reporting hotlines (02-2747-8032, 0800-008-711).

Stakeholders may also report any violations through the stakeholder section of our website.

<https://www.7-11.com.tw/communication.aspx>

In 2023, a total of 1,822 cases were raised in the stakeholder mailbox, with the total number of cases decreased by 422 compared with the same period last year.

Whistleblower information is kept confidential to reinforce Non-retaliation Policy.

PCSC has the duty to keep information about individuals who report violations confidential. Information about such individuals cannot be released without their prior consent to keep them from being improperly punished or their personal information being exposed.

Auditor Independence

For 2023, there have been M&A advisory fees paid to PwC. However, the fees are not paid directly to the auditor; they are instead paid to related entities that operate independently of the business. Policies and guidelines related to the independence of performing non-audit services can be found on Page 18 - 23 of PwC's 2023 Transparency Report.



PwC 2023
Transparency Report

Non-Voting Shares

Institutional shareholders that refrain from voting in director elections account for a significant portion (>10%) of PCSC shareholders. As of publication, major shareholders with policies refraining from director election voting is as follows:

Shareholder	Voting Policy	S/H of PCSC
Insurance Companies	Insurance Act Article 146-1	8.24%
Bureau of Labor Funds (responsible for various labor/pension funds)	BoLF Stewardship Report	5.70%
Total Non-Voting Shares for Board Elections		~ 13.94%