2021 PCSC Sustainability Report

“My Sustainability, Your Daily Life”

About This Report

This is the thirteenth Sustainability Report issued by President Chain Store Corporation (PCSC, stock code: 2912) in accordance with the core options of the GRI standards of Global Reporting Initiative and the industry standards for the Food Retailers and Distributors industry of the Sustainability Accounting Standards Board (SASB).

This annual report presents PCSC's viewpoints and actions taken on sustainable development, with details on corporate governance, economy, environment, and society in 2021, as well as future plans. Material topics applicable to PCSC were selected based on materiality assessment (see chapter on Blueprint for Sustainable Management), in the hopes of maximizing benefits for all stakeholders through disclosure, communication and feedback in order to accomplish our ultimate goal of becoming the greatest retail business.

Note: CSR Report has been renamed as the Sustainability Report this year.

Period, Boundaries and Data Included in the Report

This report details PCSC's sustainability performance for the 2021 calendar year (January 1, 2021 to December 31, 2021), with some of the information before 2021. This report focuses on PCSC, including its business headquarters, retail locations and shopping centers. In addition, four affiliated logistics companies have been incorporated in the report due to their relevance in the operations of this industry and the influence they have on material topics, including Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International and President Logistics International Corporation, covering topics including climate change (Scope 3), customer health and safety. Future reports are expected to include data from other affiliated companies in order to present comprehensive information on PCSC's value chain.

Report Management

Internal Audit

- The correctness of each chapter is verified by the supervisor of each PCSC department
- The report is approved by the PCSC Sustainable Development Committee
- The performance in sustainable development is reported to the PCSC Board of Directors each year

External Certification

Financial data	Unqualified audit report from PwC Taiwan
Environmental data	ISO 14064-1:2018 (SGS Taiwan), ISO 50001 (SGS Taiwan)
Governance data	TPIPAS , Taiwan Personal Information Protection and Administration System (Institute for Information Technology)
Occupational safety and health data	ISO 45001 (SGS Taiwan)
Sustainability data	AA1000 Type Two High Level (SGS Taiwan)
Sustainability data	Limited assurance in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China (PwC Taiwan)

Release Date

PCSC releases annual sustainability reports on the company website at www.7-11.com.tw.

- Current version issued June 2022
- Previous version issued June 2021

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Message from the Chairman and the President

Chairman

Lo, Chih-Hsien

President

Huang, Jui-Tien

With the COVID-19 pandemic continuing to wreak havoc on the global economy, 2021 was a year filled with challenges and opportunities. Even at the peak of the pandemic, PCSC continued to actively expand its stores and member ecosystem based on over 40 years of experience as a retail channel to stay updated with new market demands and opportunities. In addition to its operational performance, PCSC shoulders the responsibility of providing sustainable products and services that allow consumers to make better choices for the environment and society more easily as a retail platform closely integrated with people's lives. PCSC has declared 2021 as "Year One of Sustainability" with three major goals, including the environment, social and governance. In addition to changing the name of the CSR Committee to the "Sustainable Development Committee," the concept of "My Sustainability, Your Daily Life" has also been adopted so that consumers can practice a sustainable lifestyle and green consumption in a simpler and more convenient way with over 6,400 (Note) 7-ELEVEN stores throughout Taiwan.

With the active engagement in ESG and sustainable development, PCSC has achieved amazing performance in sustainable governance in 2021 with recognition from domestic and international sustainable ratings. It was re-listed by the Dow Jones Sustainability Index (DJSI) for the Sustainability World Index and Emerging Markets Index for 3 consecutive years as a global sustainability benchmark and the only domestic retail business that has won such titles. Moreover, PCSC was selected by the FTSE4Good Emerging Markets Index, MSCI ESG Leaders Indexes, MSCI Global SRI Indexes, TWSE Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index. In the meantime, PCSC was given the "Ten Most Prestigious Sustainability Awards" – "Top Ten Domestic Companies (Service Sector)" by the 14th TCSA Taiwan Sustainability Award. All sustainability projects have been awarded sustainability awards such as Asia Responsible Enterprise Awards, and it is the only retail business among listed companies that has ranked in the top 5% in the Taiwan Corporate Governance Evaluation System for the 7 consecutive years.

As a platform closely integrated with everyday life, PCSC shoulders the responsibility of providing sustainable products and services. We have declared 2021 as "Year One of Sustainability" to incorporate sustainable strategies in products, services and organizational structures. The spotlight has been brought on four task forces to promote green operations, including Plastic Reduction, Carbon Reduction, Food Waste Management and Sustainable Procurement. The specific actions of the four Task Forces in 2021 started from reducing single-use plastics, expanding recycling mechanisms, reducing disposable containers, to eventually developing cross-industry collaborations in circular economy, etc. PCSC is committed to the goal of eliminating single-use plastics by 2050. The "iLove Food" store campaign and AI order forecasting system at the business end reduce scrapped fresh food to gradually achieve the goal of halving food waste by 2030. The stores are committed to implementing the energy saving and carbon reduction project, which has saved the amount of electricity the equivalent of 480 stores consumed in 2021. In the meantime, logistics routes have been integrated with vehicles updated or replaced. The "Plant-based" food section is also set up to encourage consumers to reduce carbon emissions from their diet. Sustainable procurement is promoted through procuring raw materials and store supplies with sustainable certification, as well as setting up a pilot model for recycling. PCSC also continues to evolve and innovate in terms of social participation. In 2021, PCSC was the first retail business that responded to the pandemic with the "OPEN POINT APP Online Charity Donation" service. In the meantime, PCSC created the circular economy that realizes the dream of finding employment for people with cerebral palsy through the "CHIC Corporate Charity" program by joining hands with social enterprises and social welfare organizations. The program has realized environmental protection, plastic reduction and assistance to the disadvantaged. We also make good use of the advantages of enterprise scale and channel to develop in the fields of environmental protection, public welfare donations, health and well-being, elderly care, urban and rural sustainability, education quality, etc. PCSC has been running programs such as "Good Neighbor Meal Delivery," "What Time Is It? Café" and "Good Neighbor Funfest." It also extends the elderly-friendly concept to store operations and works with social welfare groups to build "Elderly-friendly Stores." These stores are now benchmark stores for the concept by optimizing training and work procedures for the elderly, as well as building age-friendly facilities.

Note: Data from April 2022

Highlights of Sustainability Performance

Environment

8%
proportion

FSC packaging has been **100%**

8% of the raw materials purchased for private-label products have sustainable certification; FSC-certified packaging has been 100% introduced to iseLect refrigerated beverages

15,567,712
kWh

After energy-saving consultation for stores with high energy bills, the total annual amount of electricity saved reached 15,567,712 kWh

6,467.4
metric tons

"iLove Food" reduced food waste by 6,467.4 metric tons

Decreased by **3%**

The annual EUI at the stores decreased by 3% compared with last year

Decreased by **1.4%**

Scope 1 and 2 GHG emissions reduced by 1.4% compared to 2020

1,400
million

Annual growth **15%**

The number of OPEN POINT members reached 14 million with a 15% annual growth

Decreased by **2.4%**

The proportion of single-use plastic packaging materials was 20.9%, reduced by 2.4% from 2020

Social

12
The frequency-severity indicator

The frequency-severity indicator was 0.2, lower than the average standard value of the retail industry over the past three years published by the Occupational Safety and Health Administration of the Ministry of Labor

216
million

NT$216 million was raised by in-store cash donations/material donations

250
million

ibon raised over NT$250 million

150,000
people

The Good Neighbor Meal Delivery Team delivered and picked up meals for over 150,000 people

120,000
people

Over 120,000 people took advantage of the Good Neighbor Funfest DIY materials

Governance

6,379
stores

The number of stores exceeded 6,300. PCSC ranks first in market share with a total of 6,379 stores

NT$**262,735,464,000**

The annual consolidated total revenue reached NT$262,735,464,000

Ranked in the **Top 5%**

The only listed company in the retail industry ranked in the top 5% of the corporate governance evaluation for the seventh consecutive year

Honors and Recognition

International

- PCSC was listed for the third year on the **Dow Jones Sustainability World Index and Emerging Markets Index,** as well as being named as a global sustainability benchmark.
- Selected again by FTSE4Good Emerging Markets Index, MSCI ESG Leaders Indexes and MSCI Global SRI Indexes.
- Ranked among the **global Top 250** by the Global Powers of Retailing 2021

Local

- Ranked in the **top 5%** in the Taiwan Corporate Governance Evaluation System, as the only listed company in the retail industry to do so for the seventh year running.
- Selected by the **TWSE Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index.**
- Given the **"Ten Most Prestigious Sustainability Awards" – "Top Ten Domestic Companies (Service Sector)," the "Platinum Award for Corporate Sustainability Report (Trade and Department Store)", "Gold Award for Actions on Sustainable Development Targets", as well as the "Social Inclusion Leadership Award in the Best Performance of Specific Category" by the 14th TCSA Taiwan Sustainability Award.**
- Presented the **17th CSR Award Model in ESG Integrated Performance by the Global Views Monthly.**
- Once again presented the **Corporate Citizen Award by CommonWealth Magazine.**

Sustainability Project Awards

- **Awarded the 10th Social Empowerment Award from Asia Responsible Enterprise Award** again for the Good Neighbor O2O Funfest. Circular Economy Project" was awarded the Buying Power Special Award (Social Co-prosperity) as the only convenience store to win the award.
- Presented the **17th CSR Award Model in "First Place in Elderly-friendliness" by the Global Views Monthly**
- **The 5th PwC Sustainable Business Awards:** "Senior Interns: New Life for the Elderly in Convenience Stores" won the Bronze Award; "CHIC Corporate Charity" won the Social & Inclusivity Award, "What Time Is It? Café Project" and "Reading Program: 20-degree Strike Zone" were shortlisted
- "Reading Program: 20-degree Strike Zone" was awarded the Top 10 Sustainability Micro-Movie Award by the 5th Taipei Golden Eagle Micro-Movie Festival Award, and "It's Good to Have 7-ELEVEN" was awarded the Best Social Inclusivity and Top 10 Sustainability Micro-Movie Award
- "2021 Food Innovation Award" Corporate Sustainability Innovation Award – "CHIC Corporate Charity - 7-ELEVEN **Sustainable Circular Economy Project" was the only convenience store to win the award. "Good Neighbor O2O Funfest" was shortlisted.**
- Awarded the First Prize by the Ministry of Economic Affairs' Buying Power Procurement of Social Innovation Products and Services. "CHIC Corporate Charity - 7-ELEVEN Sustainable Circular Economy Project" was awarded the Buying Power Special Award (Social Co-prosperity) as **the only convenience store to win the award.**

Sustainability Column

Further Actions on Plastic

Although the durability and low cost of plastic have brought revolutionary convenience to the human society, it has also brought a heavy burden to the environment. As plastics are widely and massively consumed for one-time use and take hundreds of years to decompose in nature, the threat of plastic waste to land and marine ecology as well as the harm to human health during disposal cannot be ignored. PCSC attaches great importance to environmental issues arising from plastics and regards the plastic reduction program as a priority of the Company's operations. To this end, it continues to promote FSC-certified packaging materials and the reduction of single-use plastics to completely eliminate plastics in its own operations by 2050. After declaring the 2020 as "Year One of Plastic Reduction", PCSC continued to implement the plastic reduction strategy of packaging materials in 2021, making improvements in actions regarding the reduction of single-use plastics, the expansion of recycling mechanisms, the reduction of disposable containers, and the collaboration with different industries in the spirit of circular economy (please refer to Chapter 6: Creating a Sustainable Planet). PCSC hopes to take sustainable actions in everyday life based on the green idea of "Planet Sustainability in Our Everyday Life" through diverse plastic reduction programs together with the consumers.

Alternative Materials

2021, the sales volume of the products with the new packaging is about 5.73 million units

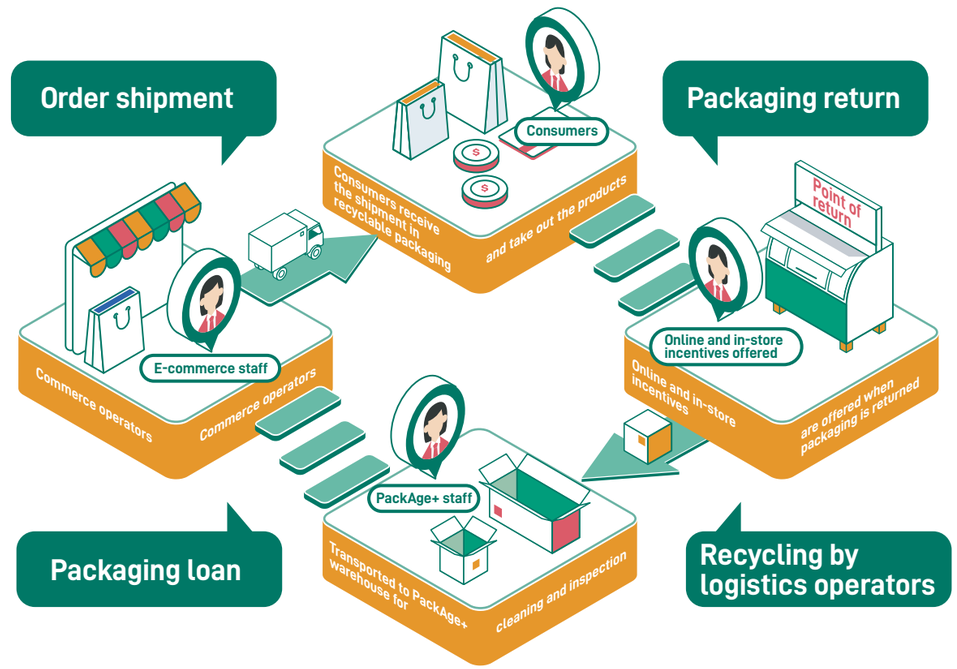
To mitigate the recent problem of plastic waste, PCSC has continued to work with suppliers to research for solutions to reduce plastics in packaging materials, including adopting the UK's BSI certified degradable plastic material "Cycle+" for fresh food packaging materials as the pioneer in the industry.

"Cycle+" is a new generation of biodegradable materials jointly developed by Taiwan's South Plastic Industry Co., Ltd. and Polymateria from the UK. It can be decomposed naturally in open air within 2 years without the necessity of an industrial composting environment under strict temperature and humidity restrictions. Once decomposed, it turns into carbon dioxide, water, and biomass without leaving plastic or harmful substances in the environment. At present, PCSC has adopted it for two fresh food products, including the Double Cheese Rice Gratin and Seafood Cheese Gratin. To inspire consumer's green consumption actions, PCSC offers membership discount on these products. By the end of December 2021, the sales volume of the products with the new packaging is about 5.73 million units, and the material will be gradually applied to other fresh food products in the future.

Cross-Industry Collaboration for Building Green Consumption Services

By the end of December 2021, a total of 214 recyclable packaging from online shopping has been returned

PCSC started collaborating with the social enterprise PackAge+ in 2021. By setting up packaging recycling machines in stores, we support the recycling of packaging materials from online shopping. The PackAge+ packaging recycling system is jointly supported by e-commerce, consumers and physical channels. PackAge+ provides recyclable packaging for e-commerce shipments, and consumers return the recyclable packaging to 29 designated convenience stores after receiving the goods. Logistics operators then hand the recyclable packaging over to the cleaning team from PackAge+. To encourage recycling, PCSC offers a limited number of medium-cup coffee vouchers to consumers who return the recyclable packaging through the online platform, hoping to build awareness of green consumption with the incentives. By the end of December 2021, a total of 214 recyclable packaging from online shopping has been returned.

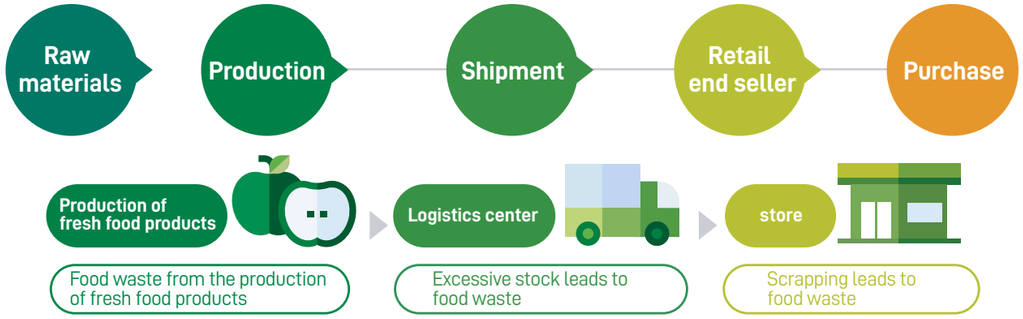


Food Waste Management

According to the UN Food and Agriculture Organization (FAO), one-third of the food produced in the world is discarded at roughly 1.3 billion tons. Food waste is not simply about wasting ingredients, it involves the loss of resources consumed during food production, including land, water, energy and labor, etc., which may also lead to food security problems. The decomposition of food waste in landfills also produces greenhouse gases. Therefore, the urgency of reducing food waste is self-evident.

As part of the retail industry, PCSC is closely intertwined with food. It has taken the responsibility in reducing food waste from three stages including "production," "order shipment" and "retail." In 2021, the Food Waste Management Task Force was set up under the Sustainable Development Committee. The task force reports the progress of the project to the Sustainable Development Committee regularly to demonstrate PCSC's determination of reducing food waste.

Supply Chain Procedure



Production

Reducing Food Waste from the Production of Fresh Food Products

PCSC reduces food waste from the factory production process through three major changes. First of all, production is now initiated upon order receipt instead of estimation to better control the production volume. The second reducing the waste of raw materials through the centralized production of various items. Last but not least, two adjustment of raw material estimates are performed prior to production to avoid excessive material in stock caused by weather changes or order fluctuations. The surplus after production is provided as employee meals. Finished and semi-finished products are also resold to employees to reduce food waste. In 2021, the production losses (amount of food waste per NT$ million of revenue) decreased by 55.4% compared to the base period of 2019.

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Order Shipment

Reducing Food Waste from Excessive Stock

PCSC has set up an AI order forecasting system at store end to reduce inventory and scrapped goods through placing accurate orders. The store end keeps the most suitable items on the shelves through monitoring the ones that are often scrapped because they don't sell well each month. In addition, starting from August 2020, the ordering time for 4° C fresh prepared food was advanced to 12 hours before delivery. This allows fresh food factories to adjust supply and demand earlier and reduce food depletion to a minimum. In the meantime, in order to reduce food loss in the process of logistics and distribution, PCSC expects to extend the validity period of fresh food products in 2022. New technologies will be adopted to allow for the extension, such as the high-temperature sterilization equipment and special sealing film to reduce food waste.

With our continuous efforts, "iLove Food" reduced food waste by 6,467.4 metric tons in 2021.

Retail

Reduce Food Waste from Scrapped Food

PCSC introduced the "iLove Food" program that takes advantage of the "smart labeling system" that was originally used for flagging expired products to prevent expiration. Besides managing the shelf life of food, this allows for better control over the "best before" time (8 hours prior to expiration). A 35% discount is given 8 hours prior to expiration (Note) on over 100 products. The "iLove Food Map" was also launched on the OPEN POINT APP in November 2021 to check on the stock as well as subscribing for product availability notifications. From May 2021, the scrapped fresh food in all stores shows a gradual downward trend. The amount of scrapped fresh food in 2021 has dropped by 10.29% compared with 2020. It is estimated that each store can increase the utilization rate of food ingredients by 10% each year. In the future, PCSC also plans outsource cleaning and transportation to certain stores, all of which will join the food waste recycling process. With our continuous efforts, "iLove Food" reduced food waste by 6,467.4 metric tons in 2021.

Note: In May 2021, the original 30% discount was further reduced to 65% for better incentives.

PCSC will continue to manage the value chain, stay updated with factory production losses, the scrap rate of fresh food (the percentage of decline in the amount of food waste per NT$ million in revenue), the recovery rate of food waste in stores (the proportion of stores with food waste recycling) and other management indicators, in order to achieve the goal of halving food waste by 2030 and contributing to the mitigation of climate change.

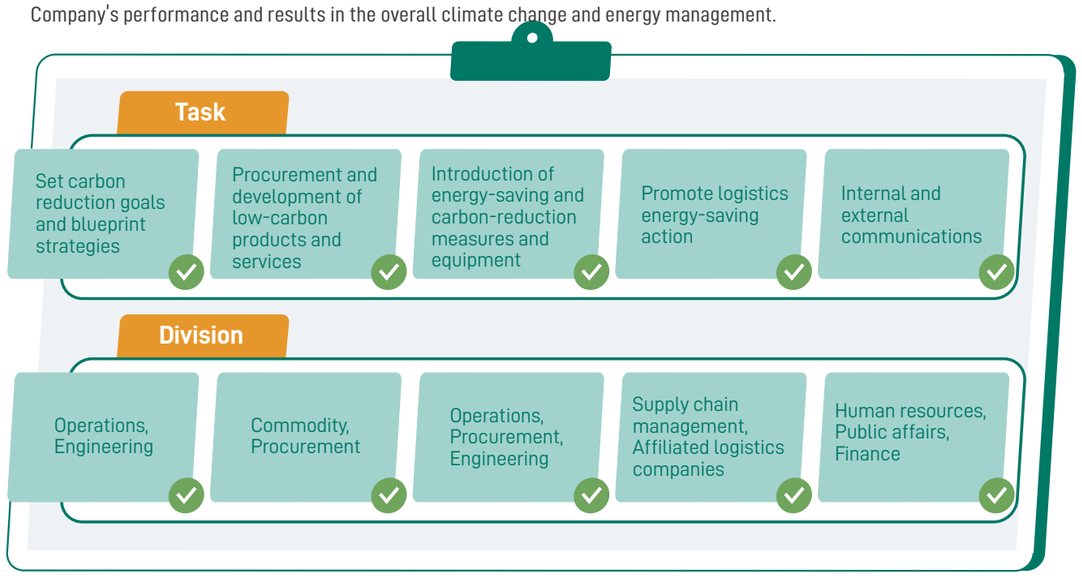
Transition to Low-Carbon Operations

After the 2021 United Nations Climate Change Conference (COP26), countries around the world have announced the 2050 net zero emission target and furthered cooperation on climate issues. Taiwan also renamed the Greenhouse Gas Reduction and Management Act to the Climate Change Response Act, reminding the enterprises to proactively respond to and manage current climate change issues. As domestic and international laws and regulations have tightened controls on GHG emissions, products and services, consumers and investors have paid more attention to companies' ability to address climate change issues. The transition to a low-carbon business model has also become a key factor for companies to enhance their competitiveness.

In view of this, PCSC officially set up a Carbon Reduction Task Force in 2021, which not only strengthens its climate resilience but also strives to mitigate the external impact of GHG emissions. PCSC began to build the TCFD framework in 2020 by incorporating the risks and opportunities of climate change issues into the Company's existing risk management framework. In 2021, PCSC continued to use the TCFD disclosure framework and conducted in-depth analysis of the impact of PCSC's key climate issues on company operations in each climate scenario, helping the Company improve management of climate risks and opportunities and strengthen low-carbon governance. To embrace the era of net zero emissions, PCSC has started to assess and plan the introduction of Science-Based Targets (SBT) to strengthen climate governance in the entire value chain and move towards the goal of achieving net zero emissions (please refer to Chapter 6 Creating a Sustainable Planet for the detailed result of TCFD implementation).

Carbon Reduction Task Force

In December 2021, the Sustainable Development Committee set up the Carbon Reduction Task Force to formulate strategies, medium- and long-term goals and action plans, and hold regular meetings to track the implementation of various action plans. In addition, PCSC has formulated incentive measures for meeting the GHG emission reduction targets for the Carbon Reduction Task Force members. Based on set target value, bonuses are set for different reduction levels, hoping to strengthen the Company's performance and results in the overall climate change and energy management.



Energy-Saving and Carbon Reduction Performance

As the largest convenience store operator in Taiwan, PCSC invests over NT$1 billion in renovating old stores each year. In the meantime, a store electricity consumption database has been built to provide immediate energy-saving guidance and improvement measures for stores with abnormal or high electricity consumption. New stores must meet the basic requirements of energy efficiency in terms of equipment and environmental management, and existing stores actively evaluate the feasibility of introducing various energy-saving actions. In terms of logistics and transportation, PCSC reduces carbon emission by integrating logistics routes, replacing refrigeration, freezer, and fuel vehicles. In 2021, PCSC promoted seven energy-saving and carbon reduction projects, which saved 68,968,976 kWh of electricity, the equivalent of the electricity consumption of 479 stores in 2021. In 2021, Sihu Store participated in the selection of the Service Industry Energy Conservation Performance Award Program of Yunlin County, which evaluates the energy management methods, energy-saving measures, and actual benefits. Sihu Store was given the Outstanding Award by replacing outdated equipment and adopting LED lamps, reducing electricity consumption by 43,120 kWh compared to the same period last year. The store also had the opportunity to share the experience with others and learn from their success.

Digital Energy-Saving Living Circle

Serving over 3.5 million people in 2021

To accelerate the achievement of GHG emission targets, electric vehicles have become a focus of attention from all walks of life. However, the general shortage of electric vehicle charging piles has always been a bottleneck for the popularization of electric vehicles in Taiwan. In response to the international trend of carbon reduction, PCSC started the first innovative convenience store in Taiwan together with the Gogoro Network to provide a battery swap station in 2015. Up until now, the station has been successfully introduced into more than 190 stores, covering North, Central, Southern and Eastern Taiwan, serving over 3.5 million people in 2021. In addition, PCSC collaborated with KYMCO to build Ionex battery swap stations for serving more people. PCSC will launch electric vehicle charging services in 2022, as well as expanding service locations based on demand. PCSC hopes to create a convenient digital energy-saving living circle through the dense service network of stores and the OPEN POINT ecosystem, working with consumers to realize the vision of a low-carbon lifestyle.

Sustainable Procurement

Sustainable procurement is an international trend and a concrete practice for companies to demonstrate positive external influence. As a leading company in the retail industry in Taiwan, PCSC has observed global resource depletion and forced labor issues in some developing countries. As a result, it has set sustainable procurement and improving resource sustainability as key projects for the Company's ESG development. The Sustainable Procurement Task Force was set up in 2021 to formulate a sustainable procurement policy for its own products/raw materials, covering raw materials of the Company's own products, coffee and store supplies. Elements such as human treatment, recycling and environmental protection are included in the supplier selection system, prioritizing procurement of raw materials and suppliers that have sustainable certification or meet the principles of sustainability and carbon reduction. Key issues include animal welfare, organic vegetables, traceable agricultural products and so on, providing consumers with the choice to support sustainability in their daily life.

Measures

Facilitating Ethical Corporate Management and Sustainable Supply Chain

PCSC plans to include environmental protection and sustainability-related provisions in supplier agreements, bringing suppliers' attention to employees and the environment. New suppliers will be required to sign the agreement. PCSC expects to complete the revision in 2022 and publish the provisions on the official website to demonstrate its commitment and determination to supply chain sustainability. In addition, PCSC also lists the sustainability provisions in the evaluation provisions, prioritizing procurement from qualified suppliers, and continuing to promote the importance of sustainable procurement to suppliers.

Building a Recycling Model and Continuing to Reward Suppliers with Good Recycling Practices

PCSC lists recycling and energy efficiency improvement as the focus of enhancing supplier social responsibilities. PCSC takes stock of the carbon reduction actions of existing bulk raw material suppliers, and encourages suppliers to continuously improve resource use efficiency or reduce carbon emissions through the priority procurement mechanism, including boiler improvement, waste recycling, etc. Moreover, demonstration farms will be set up with themes on waste, agriculture and food recycling in the supply chain, thereby building a sustainable agricultural model with customers, convenience stores, suppliers and OEMs. This will be used for further optimizing the sustainable procurement model in the future, as well as improving resource utilization for the entire supply chain.

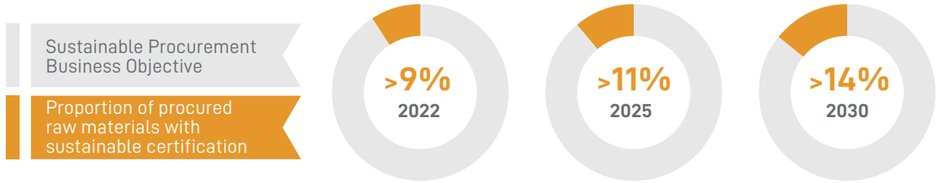
Procurement of Sustainably certified Raw Materials

PCSC works with its suppliers to create the concept of sustainable management, as well as improving resource sustainability by purchasing sustainably certified raw materials from suppliers. The Company focuses on important bulk raw materials, and gives priority to nine categories including rice, locally grown vegetables, pork, beef, chicken, eggs, aquatic products, coffee and packaging materials. Rainforest Alliance or fair trade certified raw materials are prioritized to increase the source of sustainable agricultural and livestock products through social and market forces. This ensures that the supply chain implements biodiversity conservation policies, protects nature and improve farmers' lives, as well as reducing the environmental footprint of packaging materials.

Category	Certification	Seal
Rice	T-GAP, GLOBALG.A.P	
Locally-grown vegetables	T-GAP, GLOBALG.A.P	
Pork	Animal welfare & friendly rearing system certified, regional animal welfare certifications such as Welfair and IAWS-Interporc	
Beef	Local animal welfare certifications such as USRSB (USA), Australian Animal Welfare Strategy (AAWS), ANIMAL WELFARE AUDIT (Paraguay)	
Chicken	Local animal welfare certifications such as PAACO/US-RSPE	
Eggs	Humane rearing and friendly rearing (enriched cage)	
Aquatic products	MSC, ASC, BAP	
Packing materials	FSC, PEFC	
Coffee beans	Rainforest Alliance certification, Fair Trade certification	

Procurement of Sustainably certified Store Supplies

Under the global wave of low-carbon and sustainable development, consumers are paying more and more attention to the environmental impact of product packaging. PCSC focuses on increasing the ratio of sustainable certification in terms of store packaging materials, so as to reduce the harm to the environment caused by the packaging materials. This allows consumers to balance convenience and environmental protection. PCSC has set the procurement standards for certified store supplies, continued to increase the proportion of paper packaging materials used in the stores with the FSC seal, and will gradually swap packaging materials to FSC-certified products for buns, hot dogs and steamed sweet potatoes.



Achievement and Future Plans

In 2021, the purchase amount of sustainably certified raw materials for PCSC own products reached NT$623.3 million, accounting for about 8% of certified procurement. Among this, the three major categories of raw materials, including potato, carrot and beef, have reached 90% of sustainably certified procurement respectively. In terms of product sales, PCSC actively increase the number of own products with sustainable certification. In 2021, 100% of iseLect refrigerated beverage packaging materials became FSC-certified, and Rainforest Alliance certified coffee is sold in the stores. Revenue from certified products reached NT$109.8 million. Building on this, PCSC has set a short-term target of more than 9% of sustainable procurement in 2022 and a long-term target of more than 14% by 2030, continuing to increase the proportion of sustainably certified raw materials procurement, as well as replacing regular paper with FSC materials. Looking forward to the future, PCSC will continue to explore more demonstration models of circularity and sustainability as a leader in Taiwan's retail industry, encouraging the suppliers to raise the level of sustainability through supplier commitment documents and incentive systems. PCSC will exert its influence on sustainability as a retailer to drive the overall supply chain to work together, as well as providing consumers with better choices that are friendly to the environment and society.

CH 01

Blueprint for Sustainable Management

PCSC believes that corporate Sustainability is the core of corporate operations. Sustainable development can only be achieved through a strong management mechanism, clear blueprint and continuous communication with stakeholders. To this end, PCSC has set up an Sustainable Development Committee and Sustainability Task Forces to draw up a blueprint for sustainable development with the hopes of achieving constant breakthroughs and innovations in terms of operations, economy, environment and society through setting the vision of becoming a corporate leader in sustainable operations.

1.1 Sustainable Development Declaration and Blueprint for Sustainability

To support the United Nations 2030 Sustainable Development Goals (SDGs), representatives from countries with authorized 7-ELEVEN networks gathered in 2019 to issue the 7-ELEVEN Sustainable Development Declaration. With this in mind, PCSC has further drawn up a blueprint for sustainability, contextualizing the sustainable development of PCSC to realize a sustainable future in which economy, environment and society co-exist in prosperity.

PCSC has set the tone for 2021 as "Year One of Sustainability," committing to the three goals of Environment, Social and Governance. In addition to renaming the Corporate Social Responsibility Committee to the "Sustainable Development Committee," the Company focuses on four tasks forces in "plastic reduction, carbon reduction, food waste management and sustainable procurement." It has expanded the scale of plastic reduction, carbon reduction, food waste reduction, plant-based diet and digital donation based on the concept of "My Sustainability, Your Daily Life," so that consumers can practice a sustainable lifestyle and green consumption in a simpler and more convenient manner through the 6,300 7-ELEVEN stores all over Taiwan. Besides continuous internal improvement, it also actively shares its experience in sustainable actions with international peers. In 2021, PCSC shared local sustainable practices on behalf of the 7-ELEVEN brand at the Retail Summit of Enterprises in Asia. The plastic reduction issue that the global retail channels need to face was focused on to share PCSC's specific action plans for maintaining balance among business growth, environmental sustainability and food safety.

7-ELEVEN Sustainable Development Declaration

The 7-Eleven brand is committed to achieving sustainable development in its three dimensions — economic, social and environmental - in a balanced and integrated manner.

From now till the end of 2030, the 7-Eleven brand is resolute in our commitment to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all.

One method in which this may be accomplished is through SDG #17: Partnerships for the Goals. We will work to strengthen the implementation and revitalization of global partnerships while taking in account the various levels of national and local development. As we embark on this great collective journey, it is our hope that all goals and targets are met by all nations, people and segments of society!

Aspects of PCSC's Sustainable Development

Committed to becoming a world-class enterprise, PCSC actively responds to the United Nations Sustainable Development Goals by integrating the spirit and concepts of the 17 SDGs into daily operations and performance highlights. We look forward to fulfilling our social responsibilities as a global citizen through integrated management thinking.

Theme of Sustainability	Aspect of Sustainable Development	SDG
E Environment	**Product quality commitment to achieve sustainable production and sales** Care for the health and safety of customers, implement sustainable supply chain management and procurement, provide consumers with safe products to promote their health and well-being	3, 12
	Taking advantage of the retail industry to create a convenient life Provide people with convenient and high-quality services and become the pillar of people's lives by creating products, services, innovations, as well as improving customer relationship management	12
S Social	**Energy saving, waste reduction and green operations** Adhere to green operations and optimize resource efficiency, reduce the impact on the environment and realize environmental sustainability	12, 13
	Promoting employee welfare and social stability Improve career planning, diversified education and training, a healthy and safe working environment and welfare system to take care of employees and enhance social welfare	3, 8
	Social welfare engagement to benefit disadvantaged groups Enhance health and welfare, eradicate hunger, develop urban and rural sustainability, empower through education to promote social prosperity	2, 3, 4, 11
G Governance	**Strengthening corporate governance and realizing sustainable management** Strengthen corporate governance and ethical corporate management, optimize risk management, abide by laws and regulations to protect and optimize the rights and interests of stakeholders	8

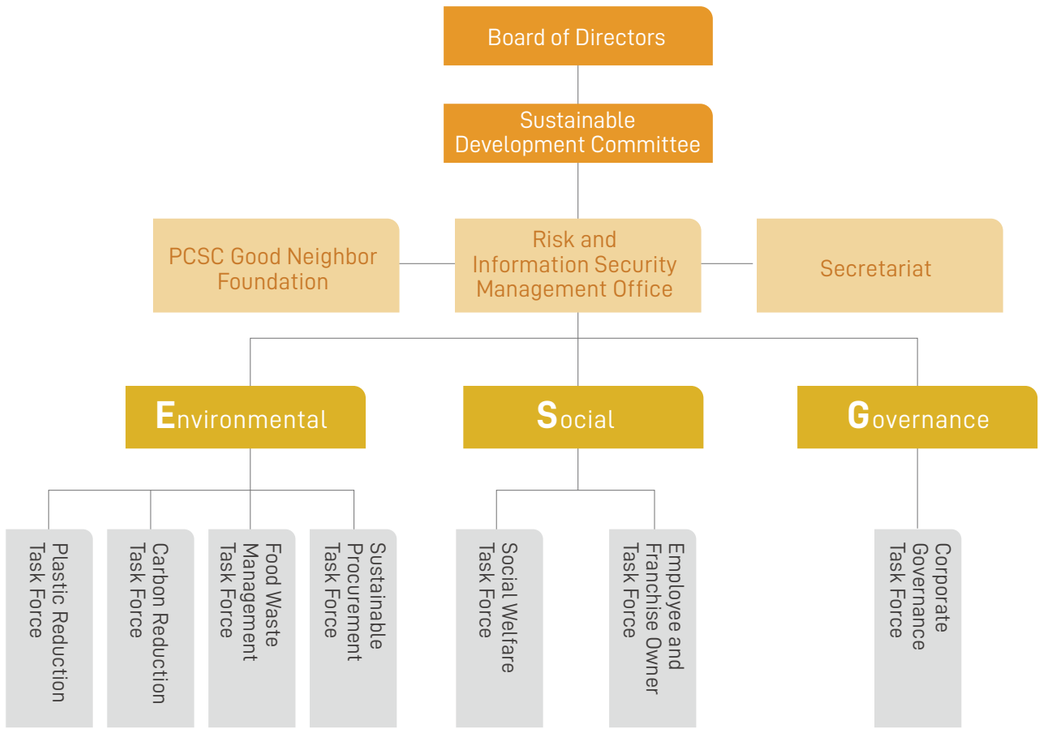
Sustainable Development Committee

To oversee the implementation and management of corporate sustainability, the "Sustainable Development Committee" (Note) has been set up under the PCSC Board of Directors. The Sustainable Development Committee is responsible for formulating and supervising the corporate sustainability policy direction and promotion plans, as well as reporting the annual results to the Board of Directors. In July 2020, the PCSC Board of Directors has resolved to set up a "Risk and Information Security Management Office" under the Sustainable Development Committee, as well as passing the "PCSC Risk Management Policy" as the highest guiding principle of the Company's risk management.

(Note: The Corporate Social Responsibility Committee was renamed as the Sustainable Development Committee in 2021.)

The Sustainable Development Committee is composed of three independent directors and the Company's senior executives. To respond to sustainability trends and corporate progress in 2021, the five groups under the Committee (Corporate Governance, Sustainable Products and Services, Eco-friendliness, Community Harmony and Care for Employees and Franchise Owners) were integrated into three groups in Environment (E), Social (S) and Governance (G) with the addition of four sustainability task forces. The Environment Group has 4 task forces in "plastic reduction," "carbon reduction," "food waste management" and "sustainable procurement." (Note) The Social Group includes task forces in "Social Welfare" and "Employees and Franchise Owners." The Sustainable Development Committee is responsible for drawing up and implementing policies in corporate sustainable development, systems, management principles and specific promotion plans. The Sustainable Development Committee convenes twice a year. In 2021, the meetings took place in June and November.

(Note) Please refer to the "Sustainability Column" for the results of the four Sustainability Task Forces in 2021.



Materiality Assessment

PCSC values the stakeholders' opinions. We communicate with stakeholders through a variety of channels to understand and identify issues that our stakeholders are concerned with. We conduct biannual surveys to evaluate the issues stakeholders are concerned with and the impact they have on the economy, environment, and society to make a preliminary selection of material topics. These topics were verified and elaborated on during regular internal meetings and then were submitted to the Sustainable Development Committee for resolution. The materiality assessment process and the issues identified in 2021 are listed below:

1 Identification

Stakeholder Confirmation

9 Stakeholders

Both "internal and external groups or individuals that have an impact on or are affected by PCSC" are taken into consideration to confirm the nine main groups of stakeholders that require constant communication, including PCSC employees, investors, customers, suppliers, franchisees, NGOs, government agencies, media and communities

Sustainability issue collection

25 issues

Members of the Sustainable Development Committee selected 25 key sustainability issues that are highly relevant to PCSC based on GRI Standards, as well as taking international sustainable standards and norms (SDGs, SASB, TCFD), sustainable investment institutions (DJSI, MSCI), industry characteristics, peer development and company development goals into consideration

2 Survey

Level of impact on sustainability

32 employees

32 employees from the 5 groups (prior to organizational change) under the Sustainable Development Committee participated in identifying the impact of sustainability issues on company operations

Stakeholders' degree of concern

293 surveys

A total of 293 surveys were collected, from stakeholders including PCSC employees (107), investors (5), customers (56), suppliers (31), franchise owners (43), NGOs (17), government agencies (6), media (3) and the community (25)

3 Analysis and sorting >> 4 Confirmation >> 5 Review

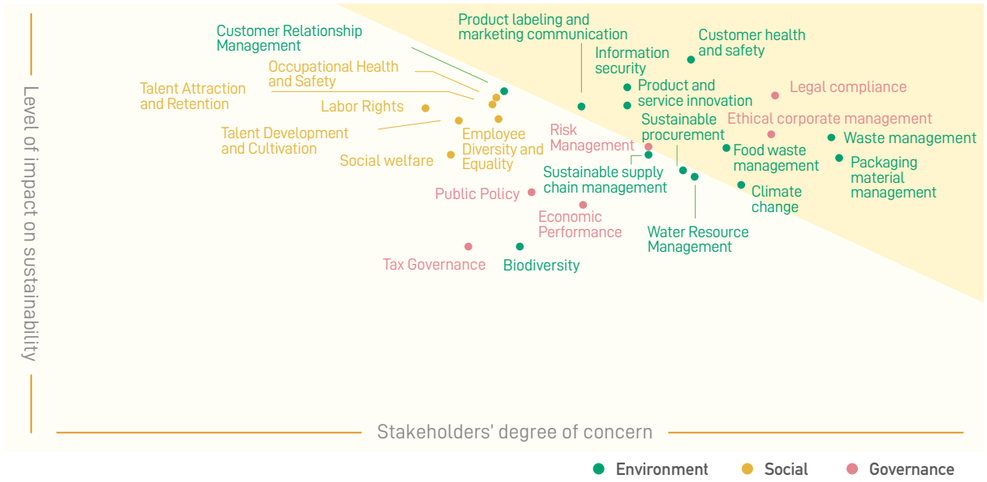
14 material topics

Based on the result of the analysis of the previous step, the degree of concern of stakeholders and the impact on the internal and external economic, environmental and social aspects of each issue are analyzed for drawing the materiality matrix of PCSC before identifying 14 material topics

Once the material topics have been identified, the Sustainable Development Committee confirms the materiality of the topics and further evaluates the internal and external boundary to ensure that important ESG information has been fully disclosed in the report

After the report has been prepared, each task force of the Sustainable Development Committee conducts a final inspection and review to examine whether the sustainability information and performance has been improperly or falsely expressed

Materiality Matrix



Note: Sustainable supply chain management, sustainable procurement, occupational health and safety and social welfare were not located in the material topic matrix in the initial stakeholder questionnaire analysis. However, after internal discussions and advice from external consultants, these four topics have been included as material topics.

Material Topic Cross Reference

Theme in Sustainability	Material Topic	Corresponding GRI Standard	Relevant SASB Topics	Corresponding Chapter
E Environment	Sustainable supply chain management	GRI 308 GRI 414	Management of Environmental & Social Impacts in the Supply Chain	3.3 Sustainable Supply Chain Management
	Sustainable procurement	NA	Management of Environmental & Social Impacts in the Supply Chain	3.4 Sustainable Procurement
	Customer health and safety	GRI 416	Food Safety Product Health & Nutrition	2.3 Legal Compliance
	Product labeling and marketing communication	GRI 417	Product Labeling and Marketing	2.3 Legal Compliance
	Product and service innovation	NA	NA	3.1 Product and Service Innovation
	Information security	GRI 418	Data security	2.2 Risk Management
	Climate change	GRI 302 GRI 305	Fleet Fuel Management Air Emissions from Refrigeration Energy Management	6.3 Mitigation and Adaptation for Climate Change
	Waste management	GRI 306	NA	6.4 Food Waste and Waste Management
	Food waste management	GRI 306	Food Waste Management	6.4 Food Waste and Waste Management
	Packaging material management	NA	Management of Environmental & Social Impacts in the Supply Chain	6.2 Packaging Material Management
S Social	Occupational Health and Safety	GRI 403	Labor Practices	4.2 Occupational Health and Safety
	Social welfare	NA	NA	5 Social Welfare
G Governance	Legal compliance	GRI 419 GRI 307	Data security Food Safety Product Health & Nutrition Product Labeling and Marketing Labor Practices	2.3 Legal Compliance 4.2 Occupational Health and Safety
	Ethical corporate management	GRI 205	NA	2.3 Legal Compliance

Material Topic Significance and Change

Sustainability issues are comprehensively ranked based on the level of impact and the degree of concern of the stakeholders, as well as comparing the ranking of material topics this year with the previous year to list the changes in order of the material topics over the two years.

↑ Increase ▲ Unchanged ↓ Decrease ● New

Material Topic	Change in Order	Significance to the Organization
Sustainable supply chain management	↓	Systematically manage and inspect the supply chain, encourage suppliers to pay attention to issues such as human rights and environmental protection to strengthen the sustainable value of the overall supply chain
Sustainable procurement	●	Consumers are increasingly concerned about the production methods and sources of the products they buy, and the continuous increase in the proportion of sustainable procurement can meet the customers' requirements for products
Customer health and safety	▲	The health and safety of customers is the responsibility and the highest guiding principle of PCSC. We strive to provide safe and compliant products through the implementation of various management mechanisms
Product labeling and marketing communication	↓	Product labeling and marketing communication are important channels for PCSC to communicate with customers. Correct product labeling and marketing communication can create customer trust and avoid risks for noncompliance
Product and service innovation	↓	Continue to innovate products and services to create a better consumer experience for customers
Information security	↑	With the wave of digitalization, PCSC continues to improve information security management and strengthen protection capabilities to comply with information security regulations. Implementing the protection of personal information and customer privacy is also intertwined with the reputation of PCSC and customer trust
Climate change	↑	Properly adjust the operational strategies of climate change issues can effectively reduce the impact of climate change issues on the revenue, cost, asset value, goodwill and operations
Waste management	↑	The challenge with pollution caused by the scarcity of natural resources and waste disposal makes reducing waste of resources an important part of PCSC's operations value chain. Proper waste management can reduce the impact of PCSC on the environment
Food waste management	↓	Food waste is not only a waste of food but also involves other environmental problems. Proper management of food waste will reduce the impact of PCSC on the environment
Packaging material management	●	The characteristics of plastic make it a common packaging material for retail products. However, due to improper use and management, plastic pollution has become one of the major environmental issues of the century. In response to the trend in plastic reduction, PCSC is committed to reducing plastic pollution in its own operations
Occupational health and safety	●	Create a healthy and safe workplace, reduce occupational injuries ratio and occupational safety risks, and improve employee cohesion
Social welfare	↓	Starting from its core business, PCSC makes full use of corporate resources to invest in social welfare, builds trust and affection in the process of community management, and strives to become an irreplaceable good neighbor in the community
Legal compliance	▲	By ensuring that PCSC operations meet the requirements of government laws and regulations, we can reduce the risk of noncompliance and protect the Company's rights and interests
Ethical corporate management	↑	Ethical corporate management is the foundation of PCSC's sustainable operations

Corresponding Value Chain Boundary of Material Topics

Material Topic	Upstream			Company Operations			Downstream		
	Investors	Suppliers	Government Agencies	PCSC (employees included)	Franchise Owners	Affiliated logistics companies (Note)	Customers	NGOs	Community
Sustainable supply chain management	●	●	●	●	●		●	●	
Sustainable procurement	●	●	●	●	●		●	●	
Customer health and safety	●	●	●	●	●	●	●	●	
Climate change		●	●	●	●	●		●	●
Waste management		●	●	●	●	●		●	●
Food waste management		●	●	●	●	●		●	●
Packaging material management		●	●	●	●			●	●
Product and service innovation	●	●	●	●	●		●	●	
Product labeling and marketing communication	●	●	●	●	●		●	●	
Social welfare				●				●	●
Legal compliance	●	●	●	●	●		●	●	●
Ethical corporate management	●	●	●	●	●		●	●	●
Information security	●	●	●	●	●		●	●	●
Occupational health and safety		●	●	●	●			●	

Note: Affiliated logistics companies include Uni-President Cold-Chain Corp., Wisdom Distribution Service Corp., Retail Support International Corp., and President Logistics International Corp.

1.4 Stakeholder Communication

PCSC stakeholders include investors, suppliers, employees, franchise owners, NGOs, government agencies, media and local communities. PCSC bears responsibilities to its stakeholders. To this end, a stakeholder section (http://www.7-11.com.tw/communication.asp) has been set up on the PCSC corporate website. A physical mailbox has also been made available. We aim at understanding the needs and expectations stakeholders have of the Company through a variety of different methods and channels. Other methods and channels of communication are described below.

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
Investors	CSC needs to communicate with investors on business performance and results in various sustainable governance aspects to be held in high regard by the investors	• Ethical corporate management • Risk management • Occupational health and safety • Labor rights • Product and service innovation • Customer health and safety • Product labeling and marketing communication • Customer relationship management • Sustainable supply chain management • Sustainable procurement	Annual shareholders' meeting	Regularly (annual)	Once
			Quarterly financial statements	Regularly (quarterly)	4 times
			Annual reports	Regularly (annual)	Once
			Disclosure through corporate website	As needed	As needed
			Organize/invited to organize road shows	As needed	• 231 phone conferences • 4 online forums
			TWSE Market Observation Post System Website	As needed	82 important messages in Chinese/English
			Answering questions from investors and analysts via face-to-face meetings/ phone or e-mail	As needed	As needed
Suppliers	Suppliers are important partners for PCSC operations. We work together with suppliers to develop innovative products and services, increase product quality and realize professional ethics to achieve the vision of sustainable supply chain and provide great services	• Legal compliance • Risk management • Waste management • Talent attraction and retention • Occupational health and safety	Management meetings	As needed	2 sessions
			Supplier Conference	As needed	• 7 procurement meetings • Over 30 product category meetings
			Supplier audit	Regularly	83 suppliers

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
Customers	Customers' point of view is an important reference for PCSC to improve its products and services. Customer satisfaction is also deeply intertwined with the Company's operational performanc	• Legal compliance • Occupational health and safety • Labor rights • Product and service innovation • Customer health and safety • Customer relationship management • Information security	Regular replies by Integrated Services Center (Note)	As needed	• A total of 2,858 cases in the stakeholder mailbox • A total of 139,724 phone calls for feedback and suggestions
Employees	Employees are the vital cornerstone of PCSC operations, and engagement with employees is the key to its sustainable operations	• Talent attraction and retention • Employee diversity and equality • Talent development and cultivation • Occupational health and safety • Customer health and safety	Employer-employee meetings	Regularly (quarterly)	4 meetings
			Staff Welfare Committee	Regularly (quarterly)	4 meetings
			Grievance email	As needed	223 emails
			Happy Cooperative Society consultations	As needed	• The volunteers provided services to 102 people • A total of 65.3 hours of consultation and 5.5 hours of external professional consultation
			Safety and Health Committee meetings	Regularly (quarterly)	4 meetings
Franchise Owners	Franchise owners are at the forefront of providing consumer services. Franchise owner engagement is the key to providing high-quality services	• Legal compliance • Talent attraction and retention • Occupational health and safety • Product and service innovation • Customer health and safety • Product labeling and marketing communication • Customer relationship management • Information security	Update the dedicated franchise website	As needed	As needed
			Regional advisor visits	Regularly (monthly)	53 visits
			Monthly publications	Regularly (monthly)	12 publications
			Franchise owner forums	As needed	20 forums

Note: 100% of customer feedback letters were replied to on the same day in 2021, and the progress was updated within three working days. The annual case close rate is 100%.

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
NGOs	PCSC aims at giving back to the society to support public welfare organizations, in the hopes of maximizing positive influence on the society	• Ethical corporate management • Public policy • Labor rights • Social welfare • Customer health and safety • Information safety	Participation in public welfare events /initiatives	As needed	A total of NT$216 million raised in the store from change and goods donations
			Fundraising events of Bring Back the Love Charity Donation Program	Regularly (quarterly)	4 times
			Fundraising proposal/review meeting	Regularly (annual)	Once
Government Agencies	Government regulations keep changing. Achieving sustainable development requires the collaboration between the public and private sectors. Engagement with government agencies can ensure the compliance and sustainability of PCSC operations	• Legal compliance • Customer health and safety • Product labeling and marketing communication • Customer relationship management • Information security	Legal Identification Committee	Regularly (quarterly)	4 times
			Comply with systems as promoted	As needed	As needed
Media	Communicate the Company's sustainable business performance to the media so that more stakeholders can understand the sustainable actions of PCSC	• Ethical corporate management • Legal compliance • Risk management • Climate change • Packaging material management • Food waste management • Employee diversity and equality • Talent development and cultivation • Customer health and safety • Product labeling and marketing communication • Customer relationship management • Information security	The Company set up a dedicated contact to release press releases and provide media assistance	As needed	A total of 200 press releases were issued, and a press contact was provided to assist the media in real-time communication
Local Communities	Being part of the retail industry, PCSC can be found on all corners of the country. Reducing negative impact on the society and environment is PCSC's responsibility and obligation	• Climate change • Packaging material management • Product and service innovation • Customer health and safety • Customer relationship management	Good Neighbor Funfest events	As needed	9,784 events
			Good Neighbor Foundation website	As needed	As needed

1.5 Process Management of Sustainable Targets

Process Management of Sustainable Targets

PCSC formulates themes and a blueprint for sustainability, as well as setting short-, medium- and long-term quantitative targets in line with material topics to regularly review the performance and target achievement.

Exceeding target | Achieving target | Falling short of the target | Tracking

Theme of Sustainability	Corresponding GRI Topics	Material Topics	Management Metrics	2025 Medium-term Targets (Note 1)	2022 Targets	2021 Targets	2021 Performance	2021 Achievement	Management Approaches and Actions
E Environment	302 305 306 308 414 416 417 418	Information Security	Number of annual violations against customer privacy and the total amount of fines paid for information security incidents	The number of violations and the amount of fines are both 0.	The number of violations and the amount of fines are both 0.	The number of violations and the amount of fines are both 0.	The number of violations and the amount of fines are both 0.	✓	Management Approaches in Chapter II
			Number of major information security incidents	≦ 3	≦ 3	No major information security incidents		✓	
		Product and Service Innovation	Number of OPEN POINT members	65% of annual active members (Note 2)	9.6 million active members	14 million active members	14 million (Note 3)	✓	
		Sustainable Supply Chain Management	Proportion of tier-1 suppliers with ESG risk assessment incorporated	95%	100% of critical tier-1 suppliers	90% of tier-1 suppliers completed the code of conduct training		▲	Management Approaches in Chapter III
			Proportion of non-tier-1 suppliers receiving the importance of sustainability awareness-raising campaign	95%	100% of critical non-tier-1 suppliers	98% of non-tier-1 suppliers completed the code of conduct training		↗	
		Customer Health and Safety	The proportion of A-level stores in the service quality evaluation	72%	70%	70%	62%	–	
		Product Labeling and Marketing Communications	Number of incidents of private-label products violating the regulations on product or service labelling and marketing communication specifications	0	0	0	0	✓	
		Sustainable Procurement	Proportion of the cost of procurement on sustainably-certified raw materials (base year 2021)	11%	9%	Base year	8%	▲	
			Proportion of the procurement spent on products with environmental protection and energy saving labels	10%	9%	7%	8%	↗	
		Climate Change	Proportion of reduction in direct (Scope 1) and indirect (Scope 2) GHG emission intensity (base year 2020)	7%	3%	1%	1.3%	↗	Management Approaches in Chapter VI
			Proportion of reduction in EUI value compared with the previous year	0.5%	0.5%	0.5%	3.1%	↗	
			The target number of vehicles with the latest environmentally-friendly standards introduced in the current year	151 phase VI vehicles	16 phase V vehicles	53 phase V vehicles	Introduced 185 phase V vehicles	↗	
		Waste Management	Proportion of reduction in waste removal for each store (base year 2019)	15%	13%	1%	12.2%	↗	
		Food Waste Management	Proportion of reduction in the scrap rate of fresh food (base year 2019)	20% in 2023, 35% in 2030	12.5%	8.4%	10.29%	↗	
			Proportion of reduction in food waste in factory per NT$ million of revenue (base year 2019)	45% in 2023, 50% in 2030, 55% in 2050	5%	5%	55.4% (Note 4)	↗	
			Proportion of food waste recycled in the stores (base year 2019)	50% in 2030	35%	33%	34%	↗	

Note 1: Unless otherwise stated in the table, the target year for all KPIs is 2025.
Note 2: Activity refers to the percentage of members with a record of consumption.
Note 3: Data on January 1, 2022.
Note 4: Due to the implementation of two policies in 2021, including advancing orders of fresh food at 4° C (from production according to estimation to production upon receipt of orders) and centralized production (decrease the number of items produced by a single manufacturer to reduce the waste of raw materials), the amount of food waste decreased further in 2021.
Note 5: The 2021 performance was enhanced by the pandemic. The future targets are set by excluding the pandemic as a factor.

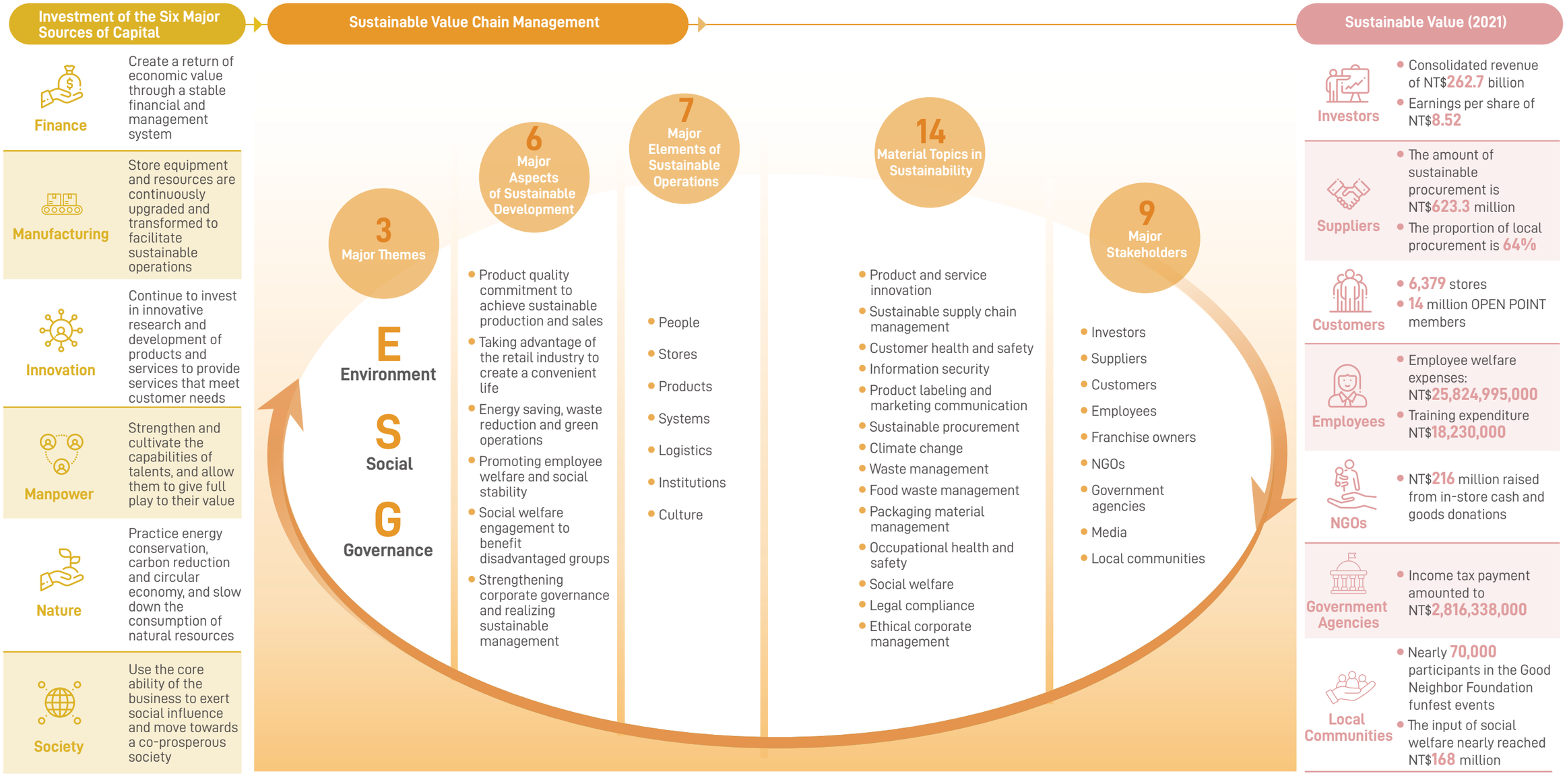
Exceeding target | Achieving target | Falling short of the target | Tracking

Theme of Sustainability	Corresponding GRI Topics	Material Topics	Management Metrics	2025 Medium-term Targets (Note 1)	2022 Targets	2021 Targets	2021 Performance	2021 Achievement	Management Approaches and Actions
E Environment	302, 305, 306, 308, 414, 416, 417, 418	Packaging Material Management	Proportion of single-use plastic	20% in 2023. 10% in 2028 and eliminate plastic shopping bags and straws. Completely phase out single-use plastics in 2050.	21%	22%	20.9%	Exceeding target	Management Approaches in Chapter VI
			Proportion of cups brought by consumers	25% of customers' own cups and cups on loan	10%	10%	6.5%	Falling short of the target	
			Number of stores running the cups on loan pilot program	710 stores in 2023	500	200	9	Falling short of the target	
S Social		Occupational Health and Safety	Frequency-severity indicator of employee	Continues to be lower than the average retail industry standard value published by the Occupational Safety and Health Administration, Ministry of Labor in the past three years	Continues to be lower than the average retail industry standard value published by the Occupational Safety and Health Administration, Ministry of Labor in the past three years	Continues to be lower than the average retail industry standard value of 0.38 published by the Occupational Safety and Health Administration, Ministry of Labor in the past three years	0.2	Exceeding target	Management Approaches in Chapter IV
	403	Social Welfare	Amount of in-store cash donation/goods donations	213 million	202 million	185 million	216 million (Note 5)	Exceeding target	Management Approaches in Chapter V
			Number of Good Neighbor Funfest sessions and participants	18,000 sessions with over 340,000 participants	16,000 sessions with over 320,000 participants	16,000 sessions with over 320,000 participants	Nearly 10,000 sessions with nearly 70,000 participants	Falling short of the target	
			Number of Good Neighbor Health Funfests	2,000	2,000	1,800	1,872	Exceeding target	
			Number of elderly people served by Good Neighbor Meal Delivery	58,000	40,000	32,000	57,591 (Note 5)	Exceeding target	
G Governance	205	Legal Compliance	Number of major violations of laws	0	0	0	0	Achieving target	Management Approaches in Chapter II
	307	Ethical Corporate Management	Proportion of independent directors	No less than 1/3	23.08%	23.08%	23.08%	Achieving target	
	419		Ranking in Corproate Governance Evaluation	Top 5%	Top 5%	Top 5%	Top 5%	Achieving target	

Note 1: Unless otherwise stated in the table, the target year for all KPIs is 2025.
Note 5: The 2021 performance was enhanced by the pandemic. The future targets are set by excluding the pandemic as a factor.

1.6 Sustainable Value Chain

PCSC expects to maximize output benefits and create economic, environmental and social value through investing 6 sources of capital and driving the internal sustainable management mechanism. In terms of promoting sustainable management within the organization, PCSC continues to optimize the seven sustainable management elements of people, stores, products, systems, logistics, institutions and culture, in order to measure and manage the value created by the Company's overall value chain for the society.



CH 02

Chapter II Strengthening Corporate Governance

Contribution towards UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

6,379 stores

No.1 market share

Exceeding 6,300 stores with the biggest market share (reaching a total of 6,379 stores)

262,735,464 thousand

The consolidated revenue and net profits amounted to NT$262,735,464 thousand and NT$10,018,536 thousand respectively

3 year

Listed on the Dow Jones Sustainability World Index and Dow Jones Emerging Markets Index for the third consecutive year, ranked among the world's benchmark companies.

7 th

Once again ranked in the top 5% in the 7th Taiwan Corporate Governance Evaluation System as the only listed company in the retail industry to do so for the seventh year running

Corresponding Material Topics

Ethical Corporate Management | Information Security | Legal Compliance

Corresponding Stakeholders

Investors | Employees | Government Agencies | Suppliers | Franchisees | Local Communities | Customers | Non-Governmental Organization

Objectives

Every element within PCSC as well as its external value chain is governed by the principle of ethical corporate management. Only by abiding by the principle of ethical corporate management can operations be long-lasting and stable, as well we are taking on the responsibility and obligation the enterprise has towards its stakeholders. Due to the rapid changes in laws and regulations, staying updated with the trend of laws and regulations can ensure the operations of the organization comply with the regulations. This reduces legal risks and protects the Company's rights and interests. In addition, PCSC also provides consumers with more convenient life choices through its online service platform. How to manage and protect the privacy of customers and provide consumers with better services based on the big data generated by consumption patterns is the key to PCSC's sustainable operations, and it is also PCSC's responsibility towards the consumers.

Policies

- Ethical Corporate Management Practice Team
- Ethical Corporate Management Best Practice Principles
- Ethical Corporate Management Operating Procedures and Code of Conduct
- PCSC Principles of Legal Control and Breakthrough
- Personal Data Protection Management System and Policy

Dedicated Units

- Ethical Corporate Management Practice Team
- Regulation Identification Committee
- Digital Innovation Department
- Integrated Services Center
- Department of Legal Affairs and Personal Data Protection Task Force

Action Plans

- PCSC raises awareness and organizes training for employees. Suppliers are requested to sign the Code of Conduct to realize ethical corporate management
- PCSC has established a Regulation Identification Committee to ensure and strengthen legal compliance through legal information reporting, regulation identification and legal breakthrough
- PCSC has set up a Personal Data Protection Team to ensure the safety of consumer data through internal audits and external verification of personal data (Taiwan Personal Information Protection and Administration System, TPIPAS), crisis prevention and education and training. In addition, PCSC continues to optimize and expand the scope of services of the OPEN POINT membership system so that consumers can enjoy more convenient services in the era of e-commerce.

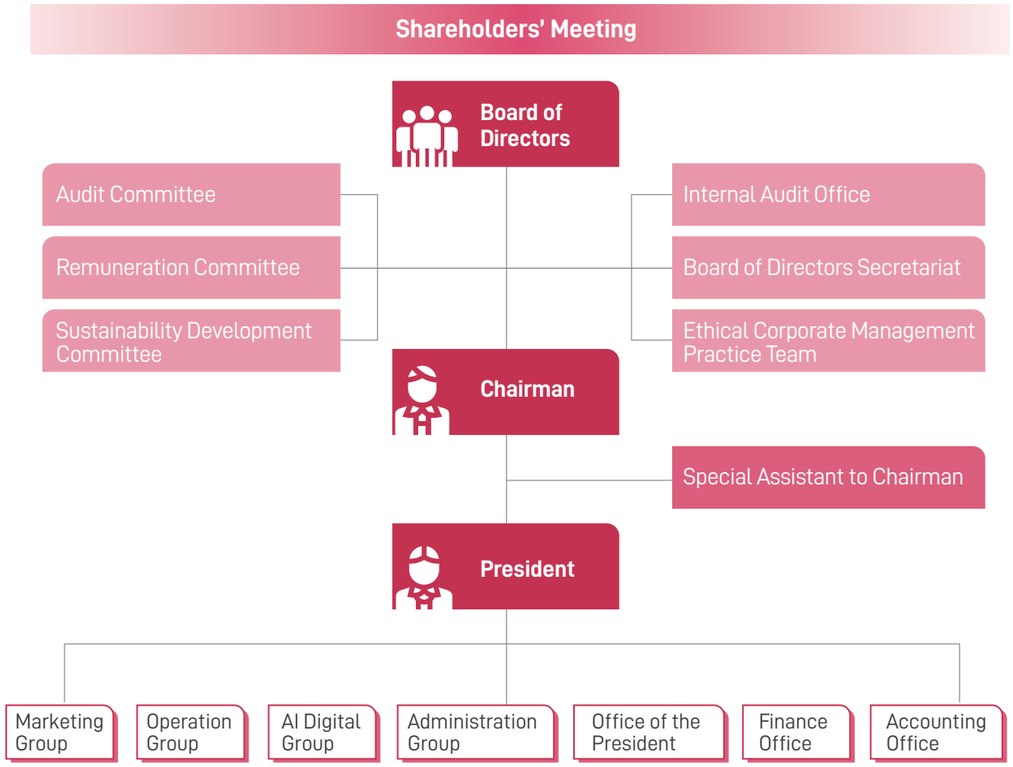
Grievance Mechanisms

- Integrated Services Center
- Stakeholder section on the official website
- Internal proposal system
- Internal Audit Office hotline
- Stakeholder grievance mailbox
- Contact for personal data declaration within the department

2.1 Corporate Governance

Governance Structure

PCSC believes that sound corporate governance is crucial to the stable development of a business. PCSC's sound and rigorous corporate governance framework is built on distinct layered management. In the meantime, it designates functional committees or task forces to deal with specific major issues, allowing PCSC to stand firm in the industry and continue to grow. In 2021, PCSC ranked in the top 5% in the 7th Taiwan Corporate Governance Evaluation System and was selected again by the TWSE Corporate Governance 100 Index, and FTSE4Good TIP Taiwan ESG Index, FTSE4Good Emerging Markets Index, MSCI ESG Leaders Indexes, and MSCI Global SRI Indexes. In addition, PCSC was listed on the Dow Jones Sustainability World Index and Emerging Markets Index for the third year running, ranked among the world's benchmark companies.



Board of Directors

To enhance financial information disclosure, managerial performance and stability, and the Company's sustainable development, the Audit Committee, Remuneration Committee and Sustainability Development Committee have been set up under the Board of Directors, PCSC's highest governing body. It carries out top-down management and supervision to ensure the sound operations of the Company.

PCSC's Board of Directors consists of 13 directors (including 3 independent directors). They are elected through a nomination system and serve a 3-year term, whereby shareholders select names from a list of candidates. The PCSC board is characterized by diversity. The average age of board members is 62 and 2 female members are included. Their backgrounds range from business administration, economy, marketing, accounting, law to information engineering. Their education, professional expertise and remuneration can be found on pages 19-26 of the 2021 Annual Report [(Note 1)].

In order to ensure the independence of board, per the regulations set forth in the "Regulation Governing Procedure for Board of Directors Meetings," if Board members or the corporation they represent have interest in a matter before the Board which could adversely impact Company interests, they can state their opinions and provide consultations but are not permitted to participate in discussion or voting and must recuse themselves during discussion and voting to avoid conflicts of interest among those at the highest levels of governance for the Company. They are also prohibited from serving as proxy for other directors. The Board of Directors must convene at least once every quarter to discuss the Company's business performance and development strategies as well as major investment issues. In 2021, the Board convened 7 times with an average attendance rate of 100%.

PCSC has set forth the "Rules for Performance Evaluation of Board of Directors" to implement corporate governance and enhance the functions of the Company's Board of Directors and functional committees, and set performance targets to enhance operational efficiency. A few measurement items linked to corporate governance and corporate sustainable development have been selected so as to ensure the Company's sustainable operations. In 2021, it was assessed that the Board of Directors, individual board members and each functional committee have a good grasp of the Company and the committee's goals and tasks, which meet the Company's operational needs, effectively promote the Company's sustainable operations, social responsibilities, risk management and long-term strategic development, as well as realizing the spirit of corporate governance.

Note 1: The Annual Report can be downloaded from the Market Observation Post System or the investor relations website (http://www.7-11.com.tw/company/ir/).

Audit Committee

PCSC set up the Audit Committee on June 21, 2012, based on the "Regulations Governing the Exercise of Powers by Audit Committee of Public Companies." The Audit Committee assists the Board of Directors in overseeing and controlling the fair presentation of the Company's financial statements, the hiring (and dismissal), independence, and performance of certificated public accountants, effective implementation of the internal control system, compliance with relevant laws and regulations, and management of the existing or potential risks of the Company. The committee is composed of three independent directors, with independent director Liang Chen as the convener, and the committee convened at least once a quarter. In 2021, the Audit Committee convened 5 times with an attendance rate of 100%.

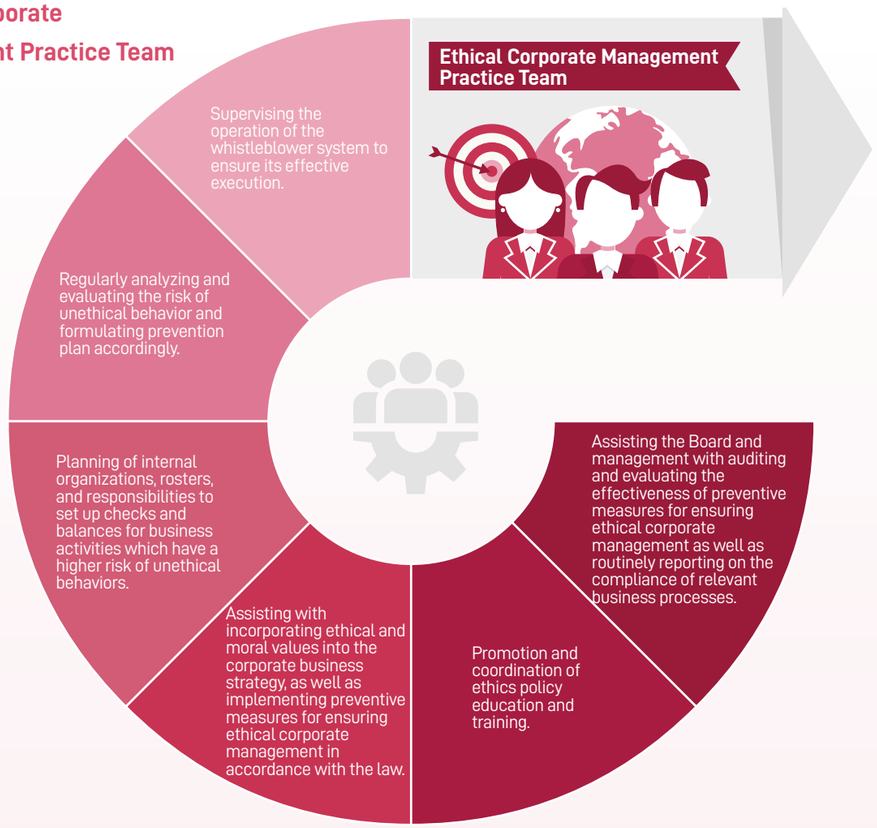
Remuneration Committee

PCSC set up the Remuneration Committee on August 19, 2011, based on 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." 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 Ke-Wei Hsu serving as convener after the mid-year election. The Committee convenes at least twice a year. In 2021, the Committee convened twice with an attendance rate of 100%.

Ethical Corporate Management

Ethical management is one of the most important guiding principles for PCSC. PCSC established its "Ethical Corporate Management Practice Team" under the Board of Directors, as well as drafting the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Ethical Corporate Management Operating Procedures and Code of Conduct" to serve as the base for promoting ethical corporate management within the Company. The status of the Company's performance is disclosed on our official website and in the annual report each May. There was no incident of corruption, bribery or event that violated the Fair-trade Act in 2021.

Ethical Corporate Management Practice Team



Internal Education and Training and External Regulations

PCSC raises awareness of ethical corporate management through a monthly publication, featuring cases or reminders collected by the Ethical Corporate Management Practice Team to promote the concept and policy. Relevant education and training apply to all PCSC employees, including store managers. In terms of external collaboration with suppliers, we have formulated ethical corporate management clauses to ensure ethical corporate management from suppliers. In 2021, a total of 1,125 supplier contracts and raw material supply agreements, as well as a total of 482 procurement contracts were signed. The signing rate of the ethical corporate management and CSR-related clauses in the aforementioned contracts is 100%.

Ethical Corporate Management Grievance Channels

In the event of violations of ethical operations, employees can also offer feedback and suggestions to management through the Integrated Services Center, email, dedicated stakeholder section on the official website and the internal proposal system. If an incident violating ethical corporate management is discovered by external stakeholders, they can report the incident through the dedicated hotline set up by PCSC's Internal Audit Office and Integrated Services Center, or the stakeholder section of our website.

After stakeholders send their feedback by email through our website, messages are passed directly to the dedicated unit, which is then required to update the status of the case within a specified time frame. PCSC keeps track of the number of reports as well as the status each month.

Financial and Tax Governance

Due to the domestic pandemic 2021, PCSC faced unprecedented challenges in terms of overall operations with a sharp decrease in the number of customers and even a complete standstill. However, PCSC continued to improve the development of products and services in the face of adversity by providing consumers with innovative and convenient products and services. Please refer to the PCSC individual financial statement available on the Market Observation Post System.

Direct economic value distribution

Item	2021 (NT$1,000)
Operating costs	111,722,341
Employee wages and benefits	6,922,452
Payment to providers of capital	Interest: 404,229 Dividend: 9,356,600
Payment to government	1,778,290
Community investment	34,912

In the meantime, PCSC stays in conformity with the core values of our tax policy by being committed to following the tax laws and regulations of the areas in which it operates, reporting and paying taxes based on the principle of honesty, fulfilling its obligations as a taxpayer, and supporting the government as it promotes sustainable development policies, including industrial innovation, R&D and reinvestment.

Operating revenue, pre-tax profit and loss, income tax payable and income tax payment in each country/region in which PCSC and its subsidiaries operate in 2021

Revenue: NT$262,735,464 thousand

Region	ROC	Philippines	Others (including Mainland China and Japan)
Amount (NT$1,000)	228,480,604	26,481,589	7,773,271
Percentage	86.96%	10.08%	2.96%

Pre-tax profit and loss: NT$12,071,695 thousand

Region	ROC	Philippines	Others (including Mainland China and Japan)
Amount (NT$1,000)	12,712,625	(246,383)	(394,547)
Percentage	105.31%	-2.04%	-3.27%

Income tax payable for the current year: NT$1,410,650 thousand

Region	ROC	Philippines	Others (including Mainland China and Japan)
Amount (NT$1,000)	1,393,466	67	17,117
Percentage	98.78%	0.01%	1.21%

Income tax paid: NT$2,816,338 thousand

Region	ROC	Philippines	Others (including Mainland China and Japan)
Amount (NT$1,000)	2,776,828	3,270	36,240
Percentage	98.60%	0.11%	1.29%

Effective Tax Rate

The effective tax rate for 2021 and 2020 were lower than the industry average as Taiwan was the primary source of operating profits and the income tax rate for profit-seeking enterprises in Taiwan was 20%. The average tax rate for the food and consumer staple retail industry in GICS comes from related industries around the world, with the average increasing due to the influence of countries with high tax rates.

Year	2020	2021 (Note 4)	Industry average tax rate (Note 1)
Reported tax rate (%) (Note 2)	17.9%	17%	26.4%
Cash tax rate (%) (Note 3)	18.6%	23.3%	26.60%

Note 1: Industry average tax rates were taken from GICS's (Global Industry Classification Standard) for 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
Note 4: The cash tax rate in 2021 is higher than the reported tax rate of book and the cash tax rate in 2020, which is mainly since the income tax liabilities estimated in previous years were realized in 2021, resulting in an increase in income tax cash payments.

2.2 Risk Management

PCSC's ability to respond to and deal with risks has been an important key to its continued growth and stable operations. Our risk management covers the entire group and all its subsidiaries. Every member, from the Board of Directors and management at all levels to the staff, participates and implements risk management policies as well as setting up corresponding dedicated units called Risk & Information Security Management Office. From here, we identify, analyze, evaluate, monitor, respond to and report all risks while improving our countermeasures. The dedicated units and risk management for PCSC's primary risks are as follows:

Risk Identification

Type	Risk Management Measures	Dedicated Unit
Strategic Operational Risks	Business groups and subsidiaries plan and assess risks before deciding on investment and operations. The Office of the President regularly performs analysis of relevant metrics with periodic oversight of specific types of affiliated enterprises cases with tracking and analysis of business results with timely adjustments made to operations strategy direction based on changes in market competition and consumer trends to ensure that each business unit's operations 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 formulating various strategies, processes and indicators, regularly analyzing and assessing changes of relevant risk and taking appropriate countermeasures to reduce the Company's overall potential risks. PCSC also continuously reviews and updates the cash flow forecast in order to adjust the cash level in a timely manner following the pandemic situation to ensure liquidity.	Finance Office
Market Risks	Based on the functions, all departments and business units analyze and assess major domestic and foreign policy, law and technological changes and adopt appropriate countermeasures to reduce potential operational risks in the future. Moreover, PCSC also has an inter-division Regulation Identification Committee that regularly holds "Regulation Identification Meetings" to keep abreast of the latest changes to laws and regulations so as to be able to adopt appropriate countermeasures. Additionally, each unit's supervisor also sets up a "Crisis Management Team" to effectively control and manage any potential or current market risks or crisis.	Various business units/Regulation Identification Committee/Crisis Management Team
Food Safety Risks	PCSC attaches a great deal of importance to consumer health and safety and has made food safety its top priority while continuing to invest each year to ensure rigorous quality control. Food safety risks can have a serious impact on the Company's image as well as income and profits. To this end, a product safety process control mechanism has been set up to enhance management of the supply chain as a long-term effort on the part of the Company. The countermeasures are listed as follows: 1. Establishingthe Merchandise Safety Committee and holding regular meetings to discuss topics such 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 own product safety information and setting up inventory and tracking procedures to ensure the safety of our products. 3. With measures such as 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, we continue to stay on top of the entire supply chain from production to store in order to set up a food safety net for our consumers.	Operations Group/Marketing Group
Risks maintaining franchisee order	To keep individual stores 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 as countermeasures.	Operations Group/Marketing Group
Climate Risks	PCSC has integrated our climate risk management into the existing risk management framework, with the departments closely related to the 5 aspects of climate change issues inventorying and evaluating climate risks and proposing countermeasures based on their functions, including transitional risks such as policies/regulations, market/technology and reputation, as well as physical risks that are both immediate and long-term, before putting forward management strategies and goals. For details, please refer to Chapter 6 "Creating a Sustainable Planet."	All business units

Emerging Risks

In order to stand firm in this fast-changing food retail 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. Emerging risks that have been identified are as follows:

Type	Emerging Risk	Future Impact	Countermeasure
Social	**Changes in the demographic structure** The number of births in Taiwan hit the all-time low in 2021, with the population decreasing by 186,000 compared with 2020. The low birth rate, low or negative growth, and an aging population are expected to lead to a reduction in the working age population and an aging consumer group in the next few years.	PCSC refers to the population estimation released by the National Development Council, and the information provided by government agencies such as the aging society and utilization of human resources to conduct scenario analysis, predict future population changes, and estimate the impact on the human resources and customer base of the stores in the medium and long term. Convenience stores and logistics which is vital to their operations, require high labor input. In addition, in an aging society, it will also lead to changes in the main consumer group. Therefore, PCSC may experience the impacts listed below as a result of this risk: 1. Impact on talent recruitment and personnel costs 2. The impact of different product structures and services required by the elderly consumer group	1-1. Plan to collaborate with schools to develop diverse employment channels, and establish a human resources recruitment platform to integrate resources for human recruitment 1-2. Create a local recruitment mechanism to increase the recruitment of middle-aged and elderly partners, and propose flexible work arrangements to rearrange the work processes for middle-aged and elderly partners 1-3. Plan to introduce various AI intelligence and labor-saving tools in stores, such as self-checkout machines and self-service coffee machines, to achieve the goal of saving labor and personal costs as well as meeting the needs for the workforce 2-1. Focus on developing products for the elderly and introduce the veggie selection lifestyle store 2-2. Evaluate the age-friendly store design to provide a friendly environment for consumption
employment and life crisis			

Type	Emerging Risk	Future Impact	Countermeasure
Social **infectious diseases**	**Changes in consumption patterns during the "new normal" of the pandemic** Pandemics such as COVID-19, dengue fever and influenza have occurred in recent years. The uncertainty and instability brought by the pandemic also have an impact on the consumption preferences and behavioral patterns. It is necessary to focus on the consumption trends in the post-pandemic era.	The risk of a large-scale pandemic is unpredictable for PCSC. A scenario analysis of the impact of consumer behavior on PCSC in the next three to five years was conducted as the basis for planning diversified development strategies in the future for physical and online businesses. The uncertainty brought by the pandemic might result in the following impacts on PCSC: 1. Impact of pandemic prevention measures on supply chain stability and logistics efficiency 2. Consumers panic buy or have doubts about the safety of the consumption environment 3. Consumers have different product demands for physical and mental health due to the pandemic situation	1-1. Constantly stay updated with the pandemic situation, adopt WFH measures and introduce an online conference system to increase work flexibility and reduce the risk of cluster infection 1-2. Plan different ways of providing the merchandise based on the principle of maintaining food safety and supply chain stability (for example, placing warm food in the self-service area in the fridge) 2-1. Sufficient stock of high-demand products (for example water and instant noodles) 2-2. Introduce a variety of electronic payment tools at the storefront to reduce exposure risks, continue to strengthen the cleaning and sanitation protocols at all operating bases as well as requiring all contractors to take pandemic prevention measures 2-3. Continue to expand and optimize online and mobile sales channels, and introduce digital tools such as mobile ordering and pickup, iPre-order, iGroup-buying, food delivery , MyShip, virtual gift voucher, etc., to provide consumers with fast, diverse, safe and convenient services 3-1. Research and develop product portfolio to improve immune health protection to help customers stay healthy 3-2. Track changes in consumer psychological state in the post-pandemic era and adjust merchandise supply accordingly

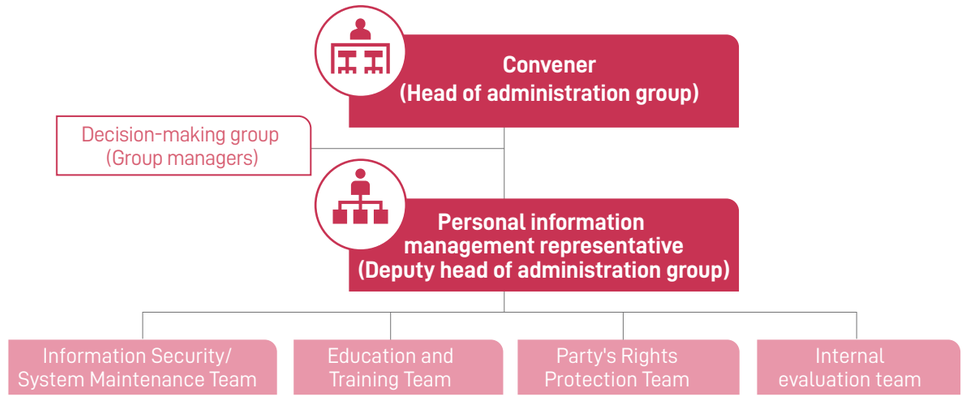
Information Security and Privacy Protection

PCSC takes advantage of the power of digital technology to make consumers' lives more convenient. To this end, it provides customers with cash flow, logistics and information flow services with digital tools such as the 7-ELEVEN online shopping site, ibon, OPEN Wallet, icash Pay, icash 2.0, OPEN POINT app (including iGroup-buying and iPre-order) and MyShip. This allows consumers to make the most of PCSC as the base and service center for everything in life.

Digital technologies involve a lot of customers' personal data. PCSC set up a special task force, reporting mechanism, as well as conducting training and internal audits to ensure the protection of consumers' personal data.

The "Personal Data Protection Team" is a cross-departmental task force that regularly performs personal data inventory, risk analysis, internal system review, notification and revision, data destruction, education and training. The task force presents the final results of the previous month in the monthly report. Education and training are systemized with a 100% completion rate of internal training through online courses. In addition to integrating personal data risk management into the overall risk management and audit mechanism of the Company, personal data protection management reports are formulated for each department, as well as adding personal data protection clauses to contracts when working with external suppliers to ensure that all operating units and suppliers comply with the Company's personal data protection policy. PCSC's internal evaluation plan and external 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. Records of improvement are equally made and kept. Corresponding penalties are also formulated for employees who violate the Company's personal data management rules.

Figure 1 Organizational Structure of the PCSC Personal Data Protection Team



Internal Audit and External Certification

PCSC integrates personal data risk management into the overall risk management and audit mechanism of the Company, and its internal evaluation program and external certification system can effectively supervise and audit various departments in formulating internal evaluation or audit non-conforming aspects. Afterwards, corrective, preventive or improvement measures are formulated with the incidents and improvement saved in the record. For key systems, PCSC performs a vulnerability scan each year to check the operating system, network services, operating system or network service settings, account password settings and management measures to ensure the security of the PCSC information system.

In order to further ensure information security, PCSC first obtained TPIPAS certification in 2014 (Taiwan Personal Information Protection and Administration System). In 2020, the Company updated its certification, with the validity period covering 2021. Moreover, PCSC entrusted a third-party to manage the security and maintenance of the system and is planning to obtain the ISO 27001 certification, which covers the in-store e-invoice system.

Grievance Mechanism

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

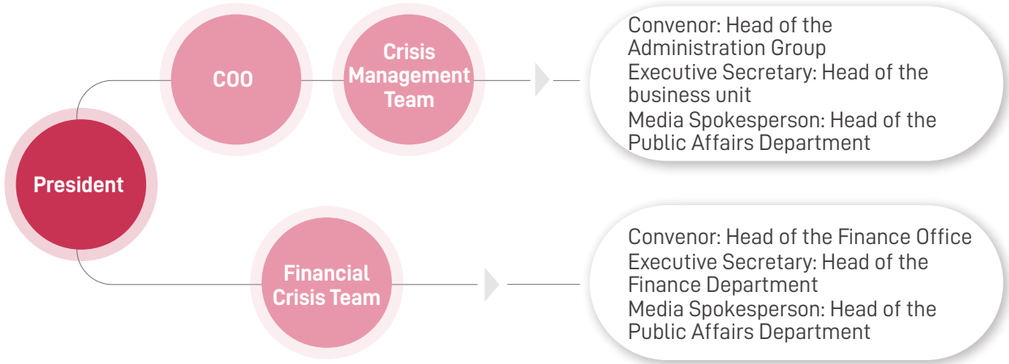
Identity	Personal Data Grievance and Contact
Consumer	**Integrated Services Center** Tel: 0800-008711 Email: public@mail.7-11.com.tw
Non-consumer	**All PCSC departments have respective contact persons for reporting privacy issues** As there are many departments within PCSC, it is impossible to list every 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 Protection Team for record-keeping.

PCSC passed the TPIPAS certification for the first time in 2014, with the verification updated in 2020. In 2021, there was no violation of customer privacy.

Crisis Management

In addition to managing risks, PCSC has also set up a comprehensive dedicated risk management unit and SOP for dealing with crises to minimize potential losses. The Company drafted the "PCSC Crisis Management Handbook" to minimize losses caused by crisis. We set up a cross-departmental "Crisis Management Team" headed by the President, as well as a "General Crisis Management Team" and "Financial Crisis Team" underneath it. Dedicated units are assigned for various types of crisis with crisis reporting principles formulated to respond to the crisis in a timely manner. The procedure is standardized from the occurrence, handling to external response to strengthen PCSC operations with a rigorous mechanism.

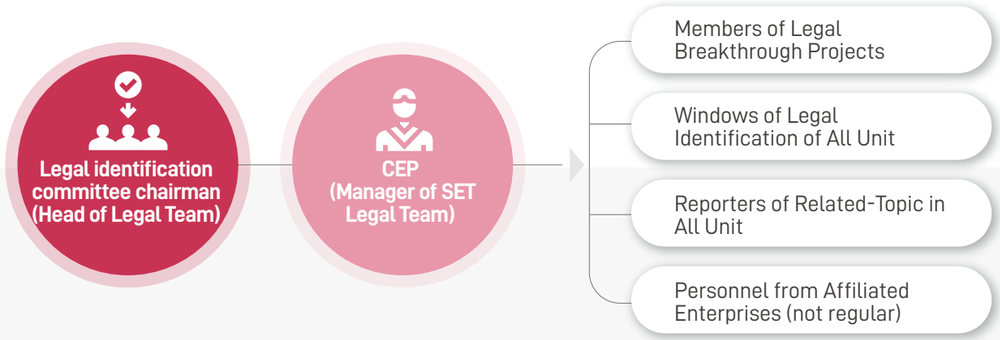
Organizational Chart of the Headquarters' Crisis Management Team



2.3 Legal Compliance

PCSC has formulated the "PCSC Principles of Legal Control and Breakthrough", stating that the Legal Identification Committee as the guiding body on legal compliance. The legal identification contact is included in each unit to ensure legal compliance in order to stay updated with the trends in legal revision, ensuing the operations of each company organization comply with government regulations.

Legal Identification Committee



Legal Compliance Mechanism

With the establishment of the Legal Identification Committee, PCSC is committed to fulfilling the goals of "legal information reporting," "regulation identification" and "legal breakthrough."

Aspect	Legal Information Reporting	Regulation Identification	Legal Breakthrough
Target and Mechanism	1 Step Collect newly revised laws and draft amendments of various central and local government agencies 2 Step Provide each unit for identification based on its business relevance to the Company 3 Step Encourage all units to immediately respond to new amendments to laws and drafts	1 Step Each unit conducts an impact assessment on the Company's operations based on the laws and regulations collected within the scope of business 2 Step Information is provided to each unit in the legal identification meeting based on the assessment result 3 Step Facilitate legal breakthroughs based on bills with impact	1 Step Evaluate feasible projects for laws and regulations that have a significant impact on the Company's business, and plan for changes in draft laws and regulations that can be implemented in accordance with the Company's needs, including the formation of action units, assignment of tasks, scheduling, etc. 2 Step Set up a new system based on the final result

Violations in 2021

Food is a staple that has a huge impact on everyday life. Therefore, PCSC lays great emphasis on food safety. 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. In October 2020, the large cup of iced American coffee sold by PCSC stores violated the labeling regulations and was discovered as such during a sample inspection. The labeling violation resulted in a penalty of NT$30,012 by the Act Governing Food Safety and Sanitation. In 2021, PCSC reviewed and implemented improvement measures regarding the violation, as well as making the stores aware of the relevant regulations. Please refer to the table below and on page 71 of the 2021 Annual Report for the detailed description of the violation, penalty and improvement measures. In addition to the Act Governing Food Safety and Sanitation, PCSC also pays attention to operational compliance in the three major aspects of economy, environment and society. In 2021, PCSC did not violate major environmental, economic or social regulations.

Note: PCSC refers to penalties over NT$10,000 as major violations.

Law Violated	Incident	Fine	Improvement Measure
Act Governing Food Safety and Sanitation	Discrepancy between the actual caffeine content and the label	NT$30,012	• Legal affairs participated in the MOHW meetings and suggested that the competent authority change the labeling to the highest value. • The competent authority accepted the feedback and amended the labeling regulations for freshly-brewed beverages. • Each store labels the drinks with the highest value in accordance with the law

CH 03

Commitment to Sustainable Production and Sales

Contribution towards UN SDGs

3 GOOD HEALTH AND WELL-BEING

182,173 thousand
Invested NT$182,173 thousand in research and development

96% Percentage
96% of stores were graded A or B in the Service Excellence Rating

122,971 thousand
Invested NT$122,971 thousand in food safety management

1,400 million **15%** growth
OPEN POINT members reaching 14 million people with a 15% annual growth

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

8% **100%**
The sustainable procurement of bulk raw materials and packaging materials for own products accounts for 8%, and FSC packaging has been imported for 100% of iseLect refrigerated beverages

90% tier-1
98% non-tier-1
90% of tier-1 suppliers and 98% of non-tier-1 suppliers have completed supplier training

Corresponding Material Topics

- Product and Service Innovation
- Customer Health and Safety
- Product Labeling and Marketing Communication
- Sustainable Supply Chain Management
- Sustainable Procurement

Corresponding Stakeholders

Investors, Employees, Customers, Suppliers, Franchisees, Civil Society, Government Agencies

Objectives

Both the society and environment are experiencing rapid changes. With the consumers' environmental awareness increasing, a healthy diet becoming popular and the pace of the society accelerating, they have different needs and criteria for products. Continuously improving and optimizing the products and services, as well as prioritizing the health and safety of customers is the responsibility and the highest guiding principle of PCSC. To this end, PCSC implements various management mechanisms, including systematic management and inspection of the supply chain, to provide safe products with compliant labeling to our customers, and encourage suppliers to pay attention to issues such as human rights, recycling, environmental protection and carbon reduction by increasing the proportion of sustainable and responsible procurement, while strengthening consumer awareness of sustainability to fulfill PCSC's role of a close partner in everyday life.

Policies

- Product safety management regulations
- Product safety information collection and inventory tracking SOP
- Rules for Safety on Own-Brand Products
- Packaging Internal Control Design System
- Rules for Onsite Appraisal of Manufacturers by Own-brand Product Committee
- Raw Material Supplier and Raw Materials Management Rules
- Management Measures for On-site Evaluation of Suppliers of Food Safety Products in Stores
- PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers
- Food Product Manufacturer Risk Grading and Assessment Guide

Dedicated Units

- Marketing Activity Department
- Product Safety Committee
- Quality Assurance Department
- Supply Chain Management Department
- Procurement Department
- Coffee Department
- Digital Innovation Department
- Gourmet Food Department
- Marketing Group
- Innovative Integration Project
- Sustainable Procurement Task Force

Action Plans

- Continue to invest in the development and provision of innovative products and services, step into the delivery market, launch in-store shopping and checkout services by mobile phone, and opened a Veggie Selection lifestyle store to improve the convenience of consumer life
- Control the raw materials through raw material management and quality assurance inspection to safeguard customer health and safety, ensure the quality of delivery through the cultivation and management of logistics personnel, service quality in the stores is optimized with service evaluation, quality assurance and ethical corporate management certification training to ensure the health and safety of consumers
- The Product Safety Management Regulations clearly stipulate that product labeling of delivered shipment must comply with the regulations of the competent authority, and the store must also check product labeling when receiving shipment to ensure the compliance of product labeling and marketing communications.
- PCSC strengthens supply chain management to ensure service quality by identifying critical suppliers, implementing supplier management measures, requiring suppliers to sign the code of conduct, and continuing to educate and evaluate suppliers.
- Launch the Sustainable Procurement Task Force to incorporate the terms of supplier ethical corporate management and environmental sustainability into the contract, and continue to increase the proportion of sustainably-certified raw material procurement

Grievance Mechanisms

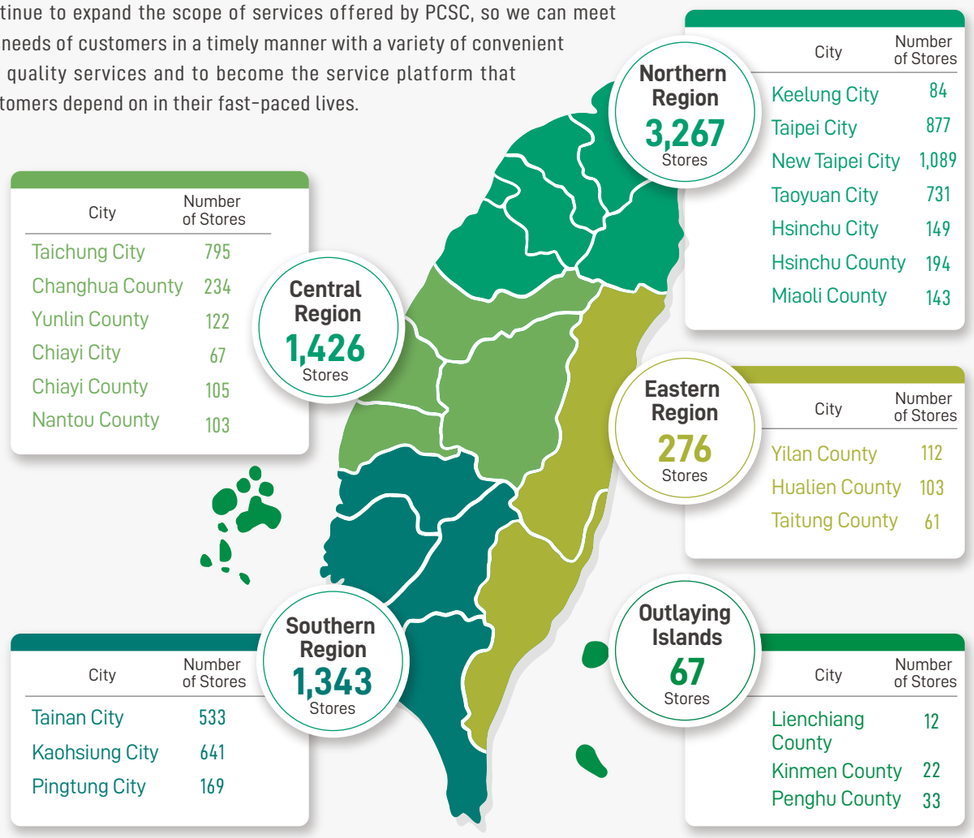
- Integrated Services Center
- Dedicated Stakeholder Section

3.1 Product and Service Innovation

PCSC's goal is to provide a variety of innovative and quality products that exceed customers' expectations. To this end, it integrates internal resources to promote product and service innovation. We launched 6,859 products and 841 services in 2021 as well as actively developing own brand products. In 2021, own brand products accounted for 20.42% of total revenue, exceeding the annual target by 20.40%. By continuing to provide consumers with more high-quality products and convenient services, PCSC becomes a good partner in people's daily life.

Stores

PCSC focuses on providing customer service characterized by convenience and peace of mind. As of 2021, we had 6,379 stores, 355 more compared to 2020, located in the northern, central, and southern parts of Taiwan as well as its outlying islands. It is our hope that we can continue to expand the scope of services offered by PCSC, so we can meet the needs of customers in a timely manner with a variety of convenient and quality services and to become the service platform that customers depend on in their fast-paced lives.



PCSC takes advantage of the power of digital technology to make consumers' lives more convenient. To this end, it provides customers with cash flow, logistics and information flow services with digital tools such as the 7-ELEVEN online shopping site, ibon, OPENPOINT app and MyShip. This allows consumers to make the most of PCSC as the base and service center for everything in life.

OPEN POINT Membership System

PCSC has adopted the three strategies of membership, points and payment since 2020 to collaborate with internal and external parties to offer services to its 14 million members. So far, it has formed alliances with over 50 brands in catering, department stores, mass retailers, drugstores, aviation, tourism, banking, gas stations, point platforms, social media platforms and sharing platforms to drive the growth in membership by over 10%. It is expected that the continuously optimized scope and quality of online services will assist the consumers in their daily lives and provide consumers with more convenience.

Expansion

PCSC laid the foundation of 12 million members in 2020. In order to expand the groups OPEN POINT serves, PCSC actively expands the membership ecosystem in addition to continuously optimizing the OPEN POINT app system performance, user interface and features. The growth rare successfully reached 15% in 2021, achieving the goal of recruiting a total of 14 million members (Note).

(Note) Statistics on January 1, 2022.

Linking

In addition to attracting consumers to become OPEN POINT members, PCSC actively builds a membership ecosystem by actively linking with other fields. Besides introducing the resources of a number of partner banks into OPEN Wallet so that consumers can pay with the OPEN POINT app, it also actively expands the applicability of OPEN POINT app. In 2021, it integrated the Group's current 18 channels and further expanded to the consumption channels of everyday life such as Formosa Oil and Simple Mart Retail. It also links the financial services of CTBC Bank. As of the end of 2021, the number of monthly active users of the app was approximately 5 million, showing an increase of 24% compared with the year before. In the future, PCSC will more actively expand external channels and provide high-quality services to a wider customer base.

Integration and Innovation

In 2021, the OPEN POINT APP added innovative services such as iGroup-buying, subscription mobile ordering and pickup system, digitalized 7-ELEVEN point collection, Love Food, virtual gift voucher, etc., so that consumers can access all features on a single app. In addition to integrating different digital services and payment tools such as icash Pay, LINE Pay and JKOPAY, PCSC integrated Pi App, GAMAPAY, Easy Wallet and Taishin Pay in 2021. Consumers can set up the OPEN POINT account and complete the payment, point collection and invoice storage with one single barcode. These contactless payment tools were especially useful for preventing the pandemic during the level 3 alert period. Moreover, the "Invoice Log Service" ranks among the top five commonly used features of the OPEN POINT app. In 2021, the feature reduced paper invoices by 315 million as the fastest growing channel for cloud invoice storage, receiving praise from visiting officials from the Ministry of Finance.

In addition to setting up the membership system, PCSC made analysis based on the OPEN POINT member database to understand the current member attributes and loyalty to estimate the potential of new products and potential buyer segments. It further designed "member prioritized" and "member exclusive" promotions to meet customer needs. With big data analysis, revenue from members increased significantly in 2021, growing exponentially by 114% over 2020. PCSC will continue to refine our membership operations in the future by being committed to integrating internal and external resources through strategic partnerships to build a more attractive membership ecosystem. We will equally expand the OPEN POINT membership base to enhance customer loyalty. We anticipate a 10% growth in 2022 compared to 2021, meeting the goal of 15 million members, as well as over 60% of active members, reaching the goal of having 9.6 million active members.

Innovative Products and Services

Although the pandemic situation in Taiwan had a significant impact on the local consumption of catering, public transportation, leisure and entertainment in 2021, the domestic demand gradually recovered with the pandemic easing, vaccination rate, as well as the government's various revitalization policies. Based on the core concept of lifestyle, PCSC continued to uphold the principle of providing consumers with products and consumer experience that are value for money. We continue to improve the technical R&D of software and facilities, as well as further combining a number of innovative products and services to maintain its competitiveness in sustainability. In 2021, PCSC invested NT$182,173 thousand in R&D to create a variety of new products and service models. We optimized the model of integrating business online and in physical stores by establishing the new online shopping platform called iPre-order and iGroup-buying, as well as offering better services in terms of "Veggie Selection" and "X-Store" to launch the first compound store with the theme of plant-based diet. Moreover, PCSC became the industry pioneer in building a new model of smart retail named "Mobile Phone Self-service Checkout" that allows consumers to buy and pay with their mobile phones. This creates all-round convenient services that enhance the consumers' shopping experience.

In order to provide people with a more convenient consumption channel, PCSC launched the new "iPre-order" platform that combines the consumption trends of online shopping and mobile payment to formulate three strategies through integrating online and offline activities, including "in-store and online preorder," "extended business opportunities with virtual shelves" and "upgraded membership management." People can shop on the iPre-order platform anytime and pick up their orders in a store nearby. The platform eliminates the restriction of limited space to offer products that cannot be placed on the shelves. From the festival-specific products in the beginning to the Daily instant microwave dishes or even household appliances, consumers are allowed to buy food from famous stores without queuing and ordering low amounts without the need to participate in group buying. We have used LIFESTYLE as the starting point to make proposals based on different themes. Besides the monthly promotions and the most popular products, the site proses fresh aquatic products, frozen food, household appliances, fashion, beauty products, etc. Everything can be purchased with just one tap like a community shopping mall, infinitely extending virtual business opportunities.

We have gone one step further on the iPre-order platform through cross-industry cooperation, so that consumers can not only shop with convenience but also easily meet their daily needs or engage in charitable giving. During the Ghost Festival period in the 8th month of the lunar calendar, PCSC collaborated with Beigang Chaotian Temple and Dajia Jenn Lann Temple to offer Pudu services. Customers can preorder the "Beigang Mazu Pudu Box" through the iPre-order platform or preorder the "Jenn Lann Temple Ghost Festival Box" in store. The products were sent to Beigang Chaotian Temple and Dajia Jenn Lann Temple for the Ghost Festival Pudu ceremony. After the ceremony was over, the boxes could be delivered at home or donated to disadvantaged families. Moreover, PCSC exclusively sold the "Ghost Festival Prayer Box" with a special design from the Beigang Chaotian Temple and the "Jenn Lann Temple Prayer Box" from Dajia Jenn Lann Temple, as well as a "Peace Prayer Surprised Grab Bag" in collaboration with Beigang Chaotian Temple and Hongludi Nanshan Fude Temple targeting small families, so that people could pray for peace during this time of the year.

In addition, in order to better play the role of a good neighbor in the social network era, PCSC has created a new smart group buying platform called "iGroup-buying" in the OPEN POINT app, offering smart features such as simple product launch, fast order statistics and notifications upon delivery so that store managers could play the role of the group buying organizers in the community. As long as consumers turn on the iGroup-buying feature in the OPEN POINT app. They can join the group buying groups of 7-ELEVEN stores everywhere to stay updated with the latest updates on group buying and discounts, as well as completing the procedures including order placement, payment, point collection and invoice storage. As long as the store manager agrees, one person can also enjoy the group buying price. We aim at creating the biggest and most convenient O2O regular customer ecosystem, in Taiwan with innovative services so that consumers can buy, pay and enjoy with convenience, turning simple taps into unlimited business possibilities.

Veggie Selection 2.0

Considering the important role that fruits and vegetables play in human nutrition and food safety, the United Nations declared 2021 as the "International Year of Fruits and Vegetables," calling on the world to invest resources in raising global awareness of a diet rich in fruits and vegetables, thereby promoting a balanced and healthy diet and lifestyle. In response to the International Year of Fruits and Vegetables, PCSC launched the new "Veggie Selection lifestyle store" with nearly 300 kinds of vegetarian and plant-based food items, of which nearly 40% are vegan. In addition to frozen meals and microwave fresh food popular among vegetarians, frozen, refrigerated and room temperature vegetarian products that can be cooked at home have also been made available. These include plant-based hamburgers, plant-based prepared food from world-renowned and local plant-based meat brands, as well as noodles, cereal bars and plant-based milk from well-known vegetarian brands to satisfy the needs for home cooking and takeaway in different consumption scenarios.

We also continue to invest and expand our own brand and series of "Veggie Selection" products that were launched in 2020. The brand section in the refrigerators of each store now offers a variety of plant-based food choices that the consumers can easily take advantage of. In 2021, dozens of vegetable and vegetarian products were sold in 1,500 stores, attracting over 7 million consumers and reducing carbon emissions by more than 1,552 metric tons.

In order to promote a plant-based diet, PCSC has been running the "Meatless Monday" campaign for a long time by rewarding consumers with OPEN POINT points. In 2021, discounts on all "Veggie Selection" items were given on International Meatless Day (November 25) to encourage more consumers to contribute to the planet with a plant-based diet.

Smart Retail

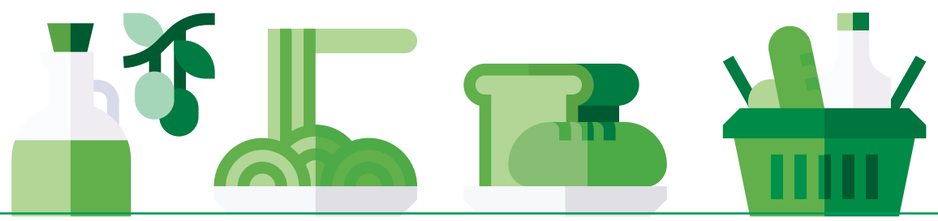
PCSC continues to explore smart retail models that meet the needs of modern and future retail, and strives to improve the convenience of daily consumption with new technologies. We opened a new X-STORE 5 in 2021 to build a new digital economic life circle by integrating intelligence, co-branding and membership to optimize the consumer journey and experience with smart technologies. The new "mobile self-checkout" was developed to create an immersive digital consumer experience by changing the traditional model of counter checkout. This turns the smartphone into a smart mobile shopping basket, as well as incorporating diverse payment tools. Consumers can finish the checkout process without queuing, as well as linking to the OPEN POINT ecosystem to finish checkout, point collection and invoice storage with one single tap.

In response to the vision of a sustainable earth, PCSC actively introduces energy-saving, carbon-reducing and paper-saving smart technology experiments. X-STORE 5 introduces MIT smart energy-saving refrigerators that save 50% of electricity compared with regular refrigerators. In the meantime, the entire store uses LED lighting. It is estimated that the energy-saving equipment in a single store can save more than 12,000 kWh of electricity each year. We continue to transplant the successful innovative smart technologies of X-STORE to other stores, such as energy-saving system used in smart refrigerators, vending machines, coffee vending machines, self-checkout, event posters and electronic shelf product labels, etc. with significant sustainable performance. For example, the latter's posters and electronic labels are estimated to save more than 10,000 sheets of paper every year, equivalent to 10 Daan Forest Parks.

3.2 Customer Health and Safety

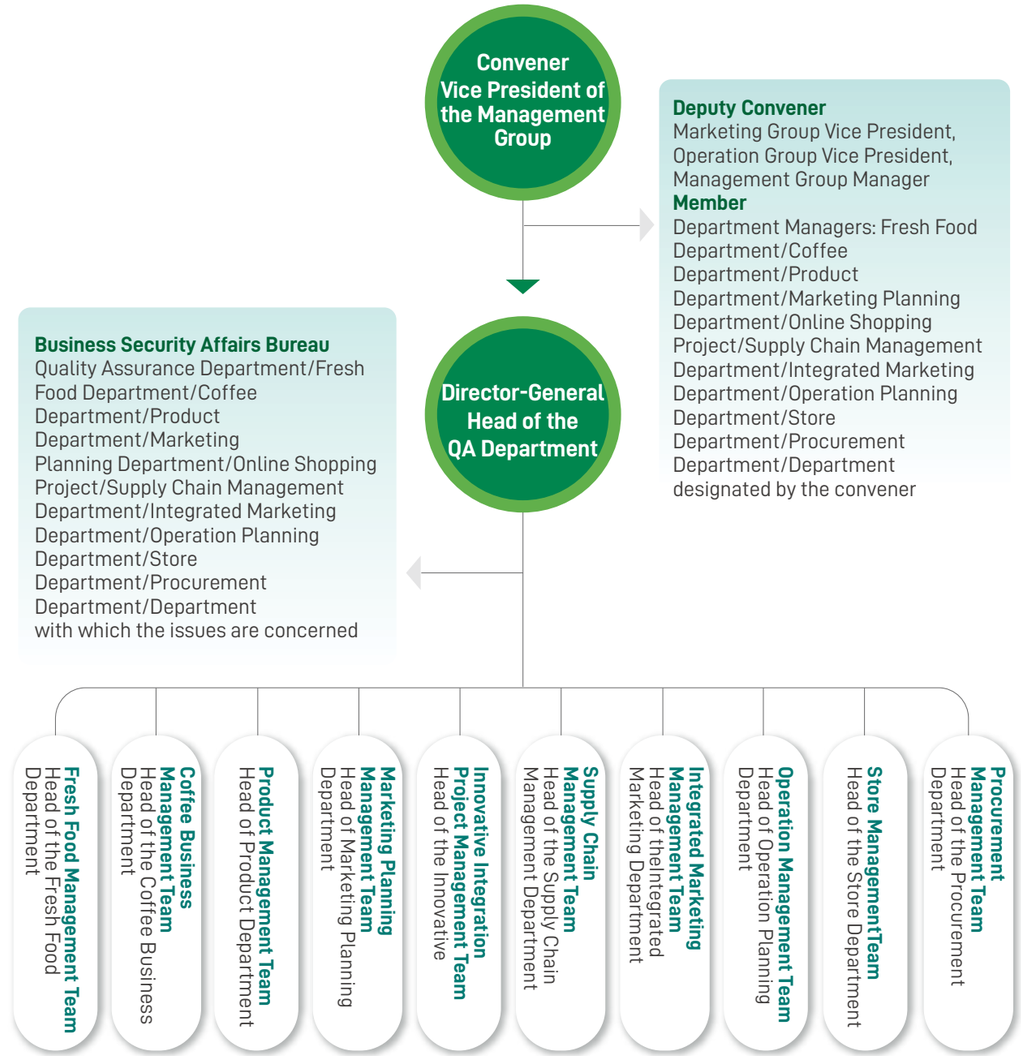
Product safety is the cornerstone of PCSC operations. Nowadays, a healthy diet have become current consumer concerns. As a member of the food retail industry, PCSC provides products with a variety of health concepts to meet the nutritional needs of consumers in their daily diets to fulfill our responsibility and obligation to consumers. PCSC follows the internal "Private-Label Product Policy" to stay on top of the value chain of products, from raw materials, logistics to stores with management mechanisms. In the meantime, we fulfil our promise of product safety by tracking product safety information and improving internal reporting mechanisms. In 2021, a total amount of NT$122,971 thousand was invested in food safety management.

- No preservatives or partially hydrogenated oils are used from raw materials to product. Each product must be inspected by a third-party testing agency. Fructose and MSG are also not added. If such ingredients are contained in raw materials, they will be tracked and managed internally.
- Microbiological standards for fresh food products are formulated according to the regulations, as well as requiring suppliers to provide qualified third-party inspection reports and perform regular inspections of all product categories.
- For products that may involve GMO materials approved by the Ministry of Health and Welfare, the information will be disclosed.



Product Safety Committee

The Product Safety Committee is divided into three main levels. The convener is appointed by the Vice President of the Management Group, with the Marketing Group Vice President and Operation Group Vice President serving as deputy conveners. The Quality Assurance Department Manager serves as the Director-General on the second level. Under the Director-General, a separate Business Security Affairs Bureau is responsible for the integration and collection of issues related to product safety. The third level consists of 10 task forces with each department head as leader. The Product Safety Committee focuses on safety and quality, and establishes a unified management system for private-label products, with the scope covering 100% of private-label products. One meeting was convened in 2021, with the discussion focusing on reporting and tracking important business security information, planning and responding to changes in regulations.



Note: Due to organizational changes, the structure was modified in December 2021.

Collection and Inventory for Product Safety Information

Staying abreast of the latest product safety information has been key to PCSC's making product quality management a reality. Product safety information is negative reports collected by PCSC on its own brand products, information on unqualified products, and information on regulations promulgated by relevant authorities and issued in other countries. PCSC manages information in different levels in accordance with our "Product Safety Information Collection and Review Tracking Standards." The system applies to 100% of PCSC's private-label products. In 2021, the Company collected 495 product safety-related memos, including 1 A-level information, 364 B-level information and 130 L-level information. The A-level information was followed up to ensure improvement, with all cases closed.

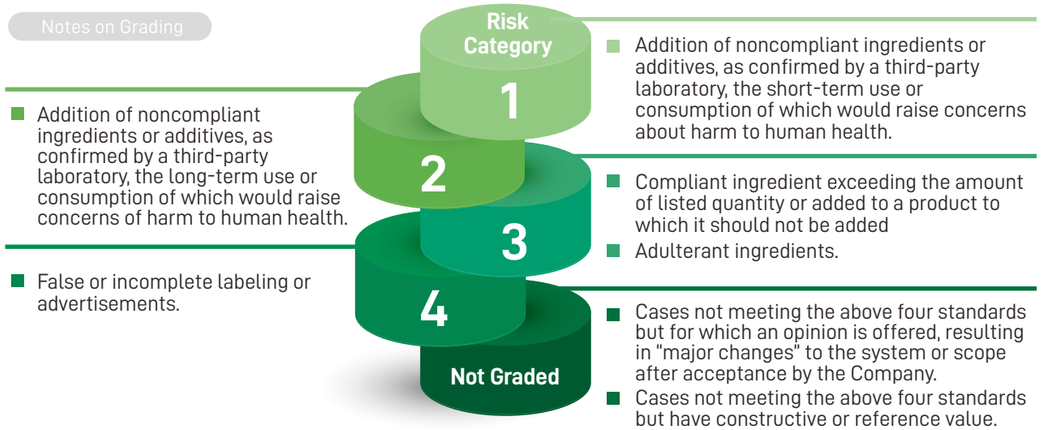
Level of Information	Description
A-level information	Negative product safety information and information on non-compliance regarding PCSC and its joint ventures. Information in this category must be included to be tracked and closed.
B-level information	Product safety information, other than Level A
L-level information	Drafts of law and regulations issued by the government and information on foreign laws and regulations

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

Internal Reporting System

PCSC has 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 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. In 2021, no incident case was reported.

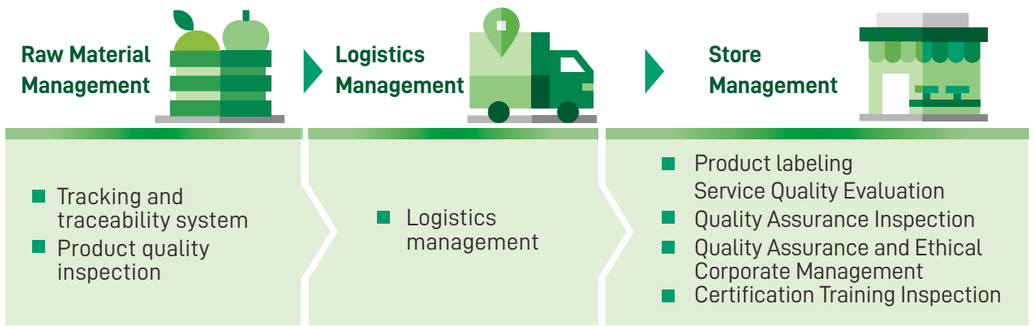
Table 2: PCSC product safety risk categories



Grievance Mechanism

PCSC established an "Integrated Services Center" to act as the internal and external channel for issues involving products and services. Consumers can voice their complaints or suggestions to the Integrated Services Center via a hotline or email. The Center creates a file for each issue and in cases that require follow-up, cases are only closed after customers receive information on how PCSC responded to and handled the issue. In 2021, the Center handled 92.3% of the cases online in real time with 100% of the cases closed. 100% of the stakeholder letters were answered without receiving a major complaint.

Product Value Chain



• Raw Material Management

Tracking and Traceability

To effectively monitor product safety and take up the responsibility of PCSC as a retail business, PCSC works with Taiwan Delica Foods Development Association (TDF) to set up a Material and Quality Assurance System (MAS) for own products. This ensures that product raw materials and suppliers can be tracked and managed. The main document in the MAS system is the product specification document, which records the sources of raw materials and the suppliers. As of the end of 2021, 100% of private-label food products had the corresponding product specification document in the MAS system.

In the meantime, PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and set up a traceability system for a total number of 527 products in the meal box category (Note 1) in accordance with the official document (Food and Drug Administration Document No.1071300516 authorized by the Ministry of Health and Welfare on 26 June, 2018) in 2021, taking up a total of 100% of box meal category.

Note 1: Indicating the products which consist of grains (rice or noodles), processed grains, agricultural, livestock and seafood ingredients, which are processed to be served to groups or individuals. Those products are served with clear labels or pictures of the ingredients and are served in boxes or large containers. The products can be eaten shortly after reheating. The definition does not include baked items served in a box.

Quality Certification

To manage and stay on top of product quality, PCSC's Quality Testing Laboratory obtained ISO/IEC17025:2017 certification following items specified by Taiwan Food and Drug Administration (TFDA) and Taiwan Accreditation Foundation (TAF). After a product is made, the laboratory first samples and tests it for microorganisms with chemical methods, ensuring product safety before it is put on the shelf. As of the end of 2021, the laboratory conducted tests on 622 items per requirements of CNS or the competent authority. Another 112 test items that follow directives from the aforementioned requirements were also conducted.

TAF Certification Items

Scope of microorganisms for ISO/IEC 17025:2005 certification	4 items
Caffeine	1 items

TFDA certification items

Microorganisms	4 items
Colorants	8 items
A Ochratoxin A	1 items
Patulin	1 items

In 2021, a total of 1,173 tests were run on products and raw materials, with 1,164 passing the test. The passing rate was 99.2%. The forementioned tests corresponded to 1,165 products, with 1,160 passing the tests. Unqualified products were retested, with 4 passing the test and 1 taken off the shelf. In addition to dealing with the situation in accordance with our contracts, we also bolstered follow-up inspection and monitoring to ensure the safety of the products we sell. The quality testing laboratory resulted in costs of NT$37,701 thousand, including NT$21,232 thousand for entrusted laboratories (Note), accounting for 0.022% of the Company's operating revenue.

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

Logistics Management

PCSC products are shipped to stores after production. Ensuring product quality during transportation is the key to stable product quality and safety. Therefore, even though the logistics company is not a main element in the scope of disclosure in this report, its operations are still disclosed due to its impact on product safety. After PCSC products and raw materials are manufactured by suppliers or contract manufacturers, they are shipped to stores by a logistics company. To ensure that the quality of products is maintained and guaranteed throughout the entire process of shipping, storage, and display and to reduce potential risk to products due to temperature, employees or sanitation, we partner with logistics companies on initial logistics and in-store product management and service audits. Initial logistics involves cooperation on shipping, taking product quality management processes from the store and pushing them upstream to the supplier end to set up a comprehensive quality control. In 2021, the initial logistics mechanism was implemented for 100% of the exclusive and own brand products including rice, fresh noodles, salads, cooked food, refrigerated flavored breads, sweet potatoes and fresh foods.

Store Management

Product Labeling

Transparent product labeling is key to PCSC's promise to safeguard the rights and health of its customers. Our "Product Safety Management" rules stipulate that new suppliers' product labeling must conform to the Commodity Labeling Act, Act Governing Food Safety and Sanitation or relevant government laws and regulations. We also require suppliers to sign an agreement guaranteeing that the ingredients, manufacturing, labeling and advertisements for their products all conform to relevant laws and regulations. In addition to screening potential new suppliers, product labels are the items that the logistics center must check upon receiving a shipment (including bar codes, expiration dates and Chinese labeling). PCSC also uses its "Packaging Internal Control Design System" to keep abreast of the information on our own brand product labels. This ensures that all products have clearly labeled information from manufacturing to shipping to final sale in the store. In 2021, there was one violation of the Act Governing Food Safety and Sanitation regarding the caffeine content labeling for large iced Americano. This was immediately addressed with the stores required to label the highest level. Please refer to 2.3 Legal Compliance for details.

In 2021, PCSC continued to focus on developing products with reduced saturated fat, trans fat, sodium or sugar. In the meantime, PCSC strengthened the voluntary labeling of health and nutrition information on food products from its own brand, stating whether there are added chemicals, low-fat, low-sodium, low-sugar, or other nutrient content of voluntary labeling in own brand products, etc. by following MOHW's "Guidelines for Nutrition Labeling of Packaged Foods" and "Nutritional Claims of Packaged Foods," as well as other health and nutrition-related voluntary labeling and other products that help promote health and nutrition, totaling NT$7,212 million in revenue.

In the meantime, PCSC is also committed to obtaining relevant labels for its private-label products. In 2021, the raw materials for PCSC's private-label products were inspected by an external body to confirm no GMOs were adopted. To make it easier for consumers to make purchase decisions, PCSC is also committed to clearly displaying labels relevant to GMOs on the outer packaging in accordance with MOHW's "Guidelines for Labelling Packaged Food Containing GMO Raw Materials" and Guidelines for Labelling Bulk Food Containing GMO Raw Materials." Among private-label products, the ones whose outer packaging was marked with a label stating "GMO-free" reached a revenue of NT$91,804 thousand in 2021.

Service Excellence Assessment

PCSC conducts an annual service excellence assessment on all its directly-operated stores and franchises, with items including basic service, professional service, comfort of the environment and appropriate responses. The results of the assessment are graded A (excellent), B (meets expectations) or C (needs improvement). In 2021, a total of 2,456 stores were graded A out of all the stores that were audited, accounting for 62.10% of the stores. Operations specialists visit stores receiving a grade of C to provide guidance, and hold meetings to draft improvement plans, conduct drills on the shortcomings as well as re-evaluating after 2 months to ensure improvement, providing the consumers with a great shopping environment. We set dual goals of the proportion of A-level stores and the combined proportion of A-level and B-level stores. In the service quality evaluation in 2021, the combined proportion of A-level and B-level stores reached 96.06%, which is higher than the target (95%). The proportion of A-level stores is slightly lower than the high-standard target we set (70%). We will continue to provide in-depth counseling through district consultants to improve the overall service quality.

2021 Annual Initial Assessment Grade	Number of stores Audited	Percentage
A (excellent)	2,456	62.10%
B (meets expectations)	1,343	33.96%
C (needs improvement)	156	3.94%

Quality Assurance Audit

In addition, PCSC engaged a management consulting company to perform quality assurance audits. In 2021, 98.97% (Note) of all stores underwent this audit. A total of 22,682 stores were inspected with a pass rate of 95.891%. The stores were unqualified mainly due to expired products. PCSC provided concrete suggestions for the issue and followed up to ensure that improvements were made.

(Note) Due to the pandemic in 2021, the number of audited stores went down. Stores in the terminal were temporarily closed with no possibility for audits. A few stores that closed down at the beginning of 2021 and those that opened between October 30 and December 31 were not audited in 2021.

QA and Ethical Corporate Management Certification Training and Audits

To maintain the quality of the overall workforce, 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 74,145 people participated in the training in 2021 (including employees who have quit). PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.73% (Note) of the stores audited in 2021.

(Note) The number of stores that were audited went down due to the pandemic in 2021. The Terminal North was temporarily closed with no possibility for audits. A few stores that closed down at the beginning of 2021 and those that opened between October 30 and December 31 were not audited in 2021. All stores with abnormalities in 2021 were re-audited with improvement completed.

3.3 Sustainable Supply Chain Management

PCSC has four main types of suppliers, including own brand product manufacturers, suppliers of raw materials through direct transactions, suppliers of egg products and suppliers of items related to store food safety. We ensure that suppliers adhere to our stringent quality standards using our supplier management rules and evaluation system.

Critical Supplier Identification

Critical Suppliers

If viewed from a wider perspective, PCSC has three types of suppliers, including private-label product contractor manufacturers, non-private-label product suppliers and other suppliers. Among these, own brand product suppliers have the closest relationship with PCSC, and PCSC also has a greater responsibility correspondingly. From our private-label product contractor manufacturers, PCSC identifies "tier-1 suppliers" and "non-tier 1 suppliers." Tier-1 suppliers are defined as suppliers that trade directly with PCSC's own brand such as food manufacturers. Non-tier 1 suppliers are defined as suppliers of raw materials for private-label products that PCSC does not directly trade with. We further identify "critical tier-1" and "critical non-tier 1" suppliers based on the amount of procurement and product category, so as to strengthen the control of important suppliers.

There were 17 critical suppliers in 2021, defined as follows:

Critical Suppliers	Definition of Critical Suppliers	Number of Critical Suppliers in 2021
Critical tier 1	Procurement amount over NT$30 million, supplying packaging and items directly related to food products in store	2
	Suppliers for own brand product with the transaction amount reaching top 5 for the previous year	5
Critical non-tier 1	PB raw materials supplier with transaction amount reaching top 10 for the previous year	10

Supplier Code of Conduct

As the leader among domestic retailers, PCSC hopes to make itself an example to spur suppliers to practice corporate social responsibility. In addition to the aforementioned management rules and assessment systems, we have set a "PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers," as well as requiring all suppliers to sign an "Agreement on Ethical Corporate Management and the Corporate Social Responsibility." For suppliers unwilling to sign the code of conduct, PCSC will examine their existing internal regulations and the scope of commitment. Additionally, they will be required to commit certain important items. If communication fails but it is still necessary to purchase from the supplier, the supplier will be asked to sign a "Affidavit on the Ethical Corporate Management" to require our supplier to practice corporate social responsibility. In 2021, 100% of PCSC suppliers signed the "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility."

Content of the Code of Conduct

The principles and agreement stipulate that suppliers are not to obtain inappropriate gains through bribery, monopoly, or the giving of gifts, are not to violate labor laws or regulations (including hiring rules, hiring child labor, working conditions, salary and remuneration, occupational safety and health), are to guarantee labor equality, a non-discriminatory workplace, fundamental human rights, and provide products that conform to environmental protection and food safety laws and regulations to reduce their impact on the economy, society and environment.

Supplier Management

Supplier Management Policy

In order to stay updated with and monitor supplier quality, we included a dedicated chapter on "Product Safety Management" to ensure all suppliers conform to laws and regulations and to PCSC's rules in terms of company incorporation, product quality and testing. A number of the rules are set for suppliers and manufacturers of our private-label products, based on the nature of each, since these have a more direct impact on our operations and brand. (See details below on "Private-Label Supplier Management Rules"). These rules clearly require that specific standards be adhered to for product manufacturing, packaging, testing and appraisal.

Item	Supplier Type	Measures
1	All suppliers	Product Quality Guarantee Agreement
2	Private-Label product manufacturers	Rules for Onsite Appraisal of Manufacturers by Private-Label Product Committee
3	Suppliers of raw materials through direct transactions	Raw Material Supplier and Raw Materials Management Rules
4	Suppliers of store food safety supplies (Note)	Management Measures for On-site Evaluation of Suppliers of Food Safety Products in Stores

(Note) This refers to domestic manufacturers of disposable paper cups, bowls, and other products that come in contact with food in stores.

Additionally, to improve the quality of suppliers, we do our utmost to ask that suppliers of private-label products obtain food safety and sanitation management system ISO22000 certification. During 2021, suppliers of private-label food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 38 companies. If calculating using the number of the plants, there were a total of 76 manufacturing sites, among those 44 were manufacturers of private-label food products within Taiwan, all of which obtained international food safety management system ISO22000 certification.

Table: 2021 ISO22000 Certification

Type of supplier	Number of suppliers for private-label food products	Number of domestic manufacturers of suppliers for private-label food products	Number of ISO22000:2018 obtained by domestic manufacturers of suppliers for private-label food products	
			Number	Percentage
Suppliers for private-label food category	38	44	44	100%

(Note 1) The number in the denominator does not include factories abroad that are run by suppliers.

Supplier Training

PCSC's Supply Chain Management Department communicates regularly each year with major suppliers of materials for its private-label products on the concepts of sustainable procurement and tracing management and asks them to provide us with materials that meet PCSC's sustainable procurement standards. In addition to the signing of contracts, PCSC actively conducts supplier training. In 2021, 90% of tier-1 suppliers finished training, and 98% of non-tier 1 suppliers finished training.

Supplier Appraisal System

PCSC follows the aforementioned rules to undertake periodic evaluations of suppliers of private-label products, suppliers of raw materials by direct transaction, and suppliers of egg products, drafting different assessment content based on the characteristics and risks of each supplier type. This rigorous assessment allows us to provide safe and quality food for customers. Our stringent standards enable us to stay on top of product quality and safety on behalf of our customers. Critical supplier assessment points, standards, frequency, and results are disclosed below. In response to current ESG developments, the percentage of ESG-related assessment items among overall assessment score will also be disclosed below.

In 2021, PCSC reached the target of "100% achievement rate for the PB [(Note 1)] joint procurement + direct transaction with stores + farm suppliers audits" and the target of "100% of PB/PL [(Note 2)] on-site evaluations for manufacturers." We will continue to keep the high standards as a target in the future.

(Note 1) Refers to contracts with manufacturers for large-quantity procurement of goods, or development of products with unique specifications, such as oden, rice, instant food, bread and other fresh food products, as well as CITY CAFE.

(Note 2) Refers to private-label products designed by PCSC, such as iseLect collection of frozen foods and snacks, etc.

New Supplier Appraisal

We set our standards based on the relevant legal conditions, quality certification, management systems, and plasticity of materials of new suppliers. We also include economic, environmental and social standards in the assessment system to evaluate and stay on top of supplier quality. Potential suppliers are all required to undergo these assessments and pass before they are accepted as new suppliers. In 2021, a total of 9 new suppliers and manufacturers came on board. All of them passed this assessment.

In order to ensure consumer rights and product use safety, the passing score for new suppliers of store supplies is 70 points. We expect to increase the eligibility standard for the introduction of new domestic and international suppliers of store food packaging supplies to 75 points in 2025 to fulfill the responsibilities of supplier selection and management. In 2021, the score of one new supplier introduction appraisal reached 73 point, continuing to move towards the goal of 75 points by 2025.

Contract Manufacturers

Legal conditions	Taiwan	Hold legal business registration and factory registration, etc. (Industry type listed on the registration must include processing of product types for outside organizations)
	Abroad	For foreign manufacturers, incorporation of the company must conform to relevant laws and regulations in that country.
Quality certification	Food product contract manufacturers	Manufacturers in Taiwan are required to have ISO 22000 Management System Certification. The scope of inspection should include items they produce for PCSC. Foreign producers are required to have a minimum of HACCP or ISO 9001 Management System Certification or some other international food safety system certification.
	Non-food product contract manufacturers	International quality certification is preferred, such as ISO 9001.
Comprehensive management system	Good product quality management, own product testing capabilities, production management and sanitation management.	

Suppliers of Raw Materials through Direct Transactions

Legal conditions	The business registration, factory registration, contract manufacturer qualification checklist, food industry supplier registration number, etc., must conform to legal conditions for registration.
Quality certification	TQF, CAS, ISO 22000, HACCP certifications preferred.

Suppliers of Egg Products

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 product certification).
Packaging and labeling compliance	Egg packaging labels should conform to national law and regulations and CAS good agricultural product egg item standards, such as product name, manufacturer and agent's name, address and telephone number.
Inspection qualification	Eggs are inspected for conformity based on announced national methods with items of inspection including salmonella, veterinary drugs, antibiotics, including tetracycline, antibiotics and other metabolites, as well as chloramphenicol.

Suppliers of Store Supplies

Legal conditions	The business registration, factory registration, food industry supplier registration number. Industry type listed on registration must include processing of product types for outside organizations.
Quality certification	Priority is given to international quality certification, such as ISO 9001.

Existing Supplier Appraisal

Assessment Items

Supplier assessment items are based on the characteristics of contract manufacturer, supplier of raw materials by direct transaction, egg product supplier or supplier of store supplies. The scope includes management systems, environmental sanitation, manufacturing and quality management systems. The aforementioned items for inspection ensure that product safety and organizational operations are well-managed. Assessment items for different suppliers are as follows:

Assessment items

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

Factory/trade type	Primary raw farm materials
Factory equipment and environmental sanitation management	Raw materials control
Employee safety and health management	Quality and supply capacity
Manufacturing process control	Factory cleanliness and sanitation
Product quality control	Manufacturing process control
Raw materials control	
Storage and shipping control	
Customer complaints and continuous improvement	
Formulate relevant scope of environmental protection	
Quality and supply capacity assessment	

Assessment item

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

Assessment item

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

Conformity Standards

Assessment results are scored into four categories: A (≧ 90 points), B (80-89 points), C (70-79 points), D (<70). Passing standards are as follows:

In the event of failure to meet standards, a penalty will be imposed as per the "Product Quality Guarantee Agreement" or "Supplier Assessment Agreement."

Type of suppliers	Passing standards
Food manufacturers	B or above (80 points or above))
Non-food manufacturers	C or above (70 points or above)
Suppliers of raw materials through direct transactions	
Suppliers of egg products	
Suppliers of store supplies	

Frequency of Appraisal

The frequency of assessment differs based on the results of the previous on-site assessment.

1. Contract Food Manufacturers

Contract manufacturers are divided into food product, non-food product, domestic and overseas categories with different assessment frequency. PCSC formulated the "Food Product Manufacturer Risk Grading and Assessment Guide" to serve as a basis for assessing domestic food product manufacturer risk levels. We also completed the risk grading for own brand food product manufacturers in 2020 as reference for determining on-site assessment frequency in 2021.

Comparison Table of On-site Assessment Frequency for Domestic Food Product Manufacturing Sites

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

Reference Table of On-site Assessment Frequency for Overseas Food Product Manufacturing Sites

Grade	Score	Result	Assessment Frequency/Follow-up in Case of Failure
A	≧ 90 points	Pass	1 assessment/12 months. Assessment must be completed within the same year.
B	90>points ≧ 80		
C	80>points ≧ 70	Fail	Manufacturer must immediately halt production arrangements and pass a reassessment within 6 months before resuming production. Otherwise manufacturing on behalf of PCSC must be terminated.
D	<70 points		

2. Contract Non-food Manufacturer

For domestic manufacturers of non-food products, an on-site assessment grade of C or above 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 to meet our standards, the case is handled as a failure on the part of domestic food product manufacturers. For overseas manufacturers of non-food products, an on-site assessment grade of C or above constitutes a pass. Assessment frequency is once every 24 months and assessment must be completed within the same year. If the assessment result indicates a failure, the manufacturer must immediately halt production arrangements and pass a re-assessment within 6 months before resuming production. Otherwise manufacturing on behalf of PCSC must be terminated.

3. Others (raw materials suppliers through direct transactions, egg product suppliers, suppliers of store supplies)

In addition to manufacturers, suppliers of raw materials through direct transactions, suppliers of egg products, and suppliers of store supplies are slated for assessment every 3 to 18 months (Note), depending on their assessment grade. If an organization fails, a re-assessment is to be performed until it reaches a passing result. Follow-up action is to be taken as per relevant rules (such as the "Supplier Assessment Agreement" or the "Product Quality Guarantee Agreement").

(Note) In response to the revision of the management measures, the assessment frequency for A-level for raw material suppliers and egg product suppliers is adjusted to 18 months from September 2021.

Assessment Results

In 2021, there were a total of 38 suppliers of private-label food products with whom PCSC had a cooperative relationship (Note 1) (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products). 100% (Note 3) of those suppliers were audited (Note 2). Please refer to the table on pages 69-70 for the list of the 38 suppliers. A total of 119 audits were performed with 119 passing, with the compliance rate reaching 100%.

(Note 1) Defined as

(1) New factory which passes the assessment prior to 2021 and existing suppliers that passed internal submission.

(2) New suppliers that successfully passed the introduction assessment in 2021.

(3) Those eligible to halt assessment in 2021 are also included.

(Note 2) Assessment items are those listed in the "Assessment Criteria."

(Note 3) 1 manufacturer and 5 suppliers of raw materials through direct transactions ended their transactions and cooperation with PCSC based on the result of last year's supplier assessments. Therefore, they were not required to be audited in 2021 based on the corresponding management rules.

In 2021, there were 13 suppliers of disposable items for store use (Note), with 100% of them passing the audit. Please refer to the table on pages 69-70 for a list of these 13 suppliers. A total of 14 audits on supplier assessment items were performed, resulting in 14 passing audit results at 100% of passing rate.

(Note 1) Refers to domestic suppliers of disposable paper cups, bowls and similar items which come into contact with food and are provided to the consumers.

(Note 2) 2 suppliers of store supplies completed the manufacturing process and submitted the application to halt the assessment prior to the scheduled month. No audit was necessary in line with the management regulations in 2021.

	Number of Suppliers	Percentage of Audits Completed	Number of Audits	Number of Passing Results	Passing Rate
Suppliers of private-label food products with whom PCSC had a cooperative relationship (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products)	38	100%	119	119	100%
Domestic suppliers of store disposable products	13	100%	14	14	100%

PCSC views suppliers producing own brand products with grades of C or below and non-food manufacturers with grades of D or below as "suppliers with high ESG risks." There was no supplier with high ESG risks in 2021.

ESG Assessment Items

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

	Type of Supplier	Weight in the Economic Category (%)	Weight in the Environmental Category (%)	Weight in the Social Category (%)	Weight in Other Categories (%)
Contract Manufacturers	Non-food manufacturers (including suppliers of store supplies)	14%	3%	13%	70%
	Food manufacturers	50%	15%	14%	21%
Suppliers of egg products		50%	2%	2%	46%
Raw material suppliers	Raw materials - factory	61%	30%	4%	6%
	Raw materials - trader	61%	24%	4%	11%
	Raw materials – primary farming and livestock	58%	21%	0%	21%

PCSC lays great emphasis on "sanitation of the operational environment" and "occupational health and hygiene of workers" in supplier ESG assessments. Since many of PCSC'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 PCSC's own product quality management requirements, sanitation of the operational environment has been added to the list of assessment items for suppliers. Furthermore, we stress that suppliers protect workers and their rights by requiring suppliers to exercise their corporate social responsibility without violating the Labor Standards Act. We believe that the occupational health and hygiene of production line workers have an impact on product quality. Therefore, this is an important social aspect to which we attach great importance. In 2021, no aforementioned issue was discovered during the tier-1 supplier assessment.

In order to effectively reduce ESG risks for the overall supply chain and increase suppliers' attention to sustainability issues, PCSC has set a long-term goal of increasing the proportion of tier-1 suppliers with ESG risk assessment and the proportion of non-tier-1 suppliers in raising the awareness for sustainability. In terms of tier-1 suppliers, we interacted with critical tier-1 suppliers in 2021 to understand the feasibility of ESG risk assessment implementation, as well as further designing an ESG risk assessment mechanism to achieve the Company's annual goal. For non-tier-1 suppliers, we collected promotional materials of ESG trends and importance to achieve the Company's annual goal of completing the planning and sorting of sustainable promotional themes and materials.

3.4 Sustainable Procurement

In order to reduce the environmental footprint of PCSC's supply chain and exert positive social influence, PCSC continues to value local procurement, and is committed to obtaining relevant sustainability certifications. Our goal is working with suppliers to pursue sustainable development. To respond to international trends and leverage the external sustainable influence of PCSC, we set up the Sustainable Procurement Task Force in 2021, as well as setting a medium-to-long-term target of procuring more than 14% of sustainably-certified raw materials by 2030.

Green Procurement and Sustainable Materials

As a retail business, one of the ways for PCSC to realize sustainable operations is providing consumers with sustainable product options. In 2021, PCSC set up the Sustainable Procurement Task Force to actively increase the proportion of raw materials that have obtained sustainable certification, so as to improve the ESG benefits of the overall supply chain in terms of environmental protection, friendly raising, energy conservation and carbon reduction. In 2021, the procurement of sustainably certified raw materials accounted for 8% of the total purchase amount of raw materials (Note).

(Note) Please refer to the Sustainable Procurement column for relevant content.

In addition to raw materials, PCSC also 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. Green building materials are chosen for store renovation to maintain smooth operation and service quality while reducing the consumption of natural resources and negative impact on the environment.

Our green procurement items and the environmental protection labels/certifications are listed as follows. The total amount for green procurement in 2020 reached NT$897 million, accounting for 8.54% of the total annual procurement amount of PCSC and reaching the 7% annual target.

Environmental Label/Green Certification		Item	Quantity	Amount (NT$ thousand)
Energy Star	Meets the requirements of the United States' Energy Star product energy efficiency	Screens	4,723 units	91,129
FSC certification	The manufacturing process of wood products is in compliance with FSC requirements	OURS publication	10 publications	216
		Stirrer	292,469 packs	6,968
		Boxed meal disposable chopsticks (100-pack)	182,996 packs	4,914
PAPER STAR Photocopying Paper Carbon Footprint Certificate	Showing GHG emissions over the product life cycle	Photocopying paper	76,473 packs	4,733
Energy Label	1. Air Conditioner Efficiency Label - Cooling Seasonal Performance Factor (CSPF) Level 1 2. Energy Label, Bureau of Energy, Ministry of Economic Affairs	Inverter air conditioners	2,293 units	138,706
		Circulation fans	610 units	4,544
		LED lamps/light boxes	2,864 units	9,723
Green Building Material Label	Obtaining the Green Building Material Label of the Taiwan Architecture & Building Center or adopting patented eco-friendly construction methods	Green building material	24,523 units	76,847
Environmental Label	Type 1 Green Mark	Laser printers	1,332 units	3,063
		Water boilers	1,014 units	11,965
	Plastic replacement	Eco-friendly packaging materials used in stores: PLA coffee cups, ice cream/slushy cups	51,535,650 units	108,920
		PLA straws	32,9507 packs	13,129
RoHS	Verifying that electrical and electronic products comply with the EU's RoHS Directive (Restriction of Hazardous Substances Directive)	Uninterruptible power supplies/ batteries	834 units	5,230
		Coffee machines	528 units	130,085
		ST	333 units	4,445
		Switch	1,242 units	9,623
		WAP	487 units	1,031
		Smart vending machines	486 units	116,118
		POS cash registers/back-office computers	856 units	70,714
Actual environmental protection benefits	Customized equipment is tested by PCSC to have actual energy-saving benefits	Energy-saving devices	832 units	68,776
	Plastic replacement	Stored-value cards (plastic to paper)	660,000 units	1,452
		Plastic bags (recycled material)	202,585 packs	15,395
Total amount of green procurement				897,726

Local Procurement

Supporting local products not only helps make environmental sustainability a reality by reducing carbon footprint, but also serves to support the society as it benefits the locals involved in the agricultural industry. In 2021, PCSC developed a new supplier management system, arranging for suppliers to regularly upload the quantity and amount of goods shipped to the system, so as to be able to more accurately calculate the purchasing information by item. The new system shows that we purchased and consumed 50,000 tons of agricultural products in 2021, costing NT$6.7 billion, including rice, chicken, pork, egg, vegetable, fruit and other categories. The number of agricultural products purchased by suppliers in Taiwan accounted for 75% of the total, with the amount reaching NT$4.3 billion, accounting for 64% of the total purchase.

Area	Procurement quantity (metric tons)	Percentage of procurement quantity (%)	Procurement amount (NT$100 million)	Proportion of procurement amount (%)
Locally sourced agricultural products (Taiwan)	38,355	75%	43	64%
Non-locally sourced agricultural products (foreign origin)	12,811	25%	23.9	36%
Total	51,166	100%	66.9	100%

CH 04

Employee Welfare

Contribution towards UN SDGs

241 employees **2.89** times

A total of 241 employees with disabilities were hired, which is 2.89 times the statutory requirement

ISO 45001 pass

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

0.2 frequency-severity indicator

The frequency-severity indicator was 0.2, lower than the retail industry's average rate of 0.38 in the past three years (2018-2020) according to the Occupational Safety and Health Administration, Ministry of Labor

52.74%

Female managers in revenue-generating functions account for 52.74%

Corresponding Material Topics

Occupational Health and Safety

Corresponding Stakeholders

Employees
Franchisees
Government Agencies
Non-Governmental Organization
Suppliers

Objectives

PCSC is committed to creating a healthy and safe workplace, and firmly believes that only by identifying and evaluating high-risk occupational safety and health hazards can we fully ensure that all employees have a safe and hygienic working environment.

Policies

The "Occupational Safety and Health Policy" includes 5 principles. Furthermore, we continued to implement 4 occupational safety protection plans such as the Overload Prevention Plan, Human Factor Hazard Prevention Plan, Illegal Violence Prevention Plan and Maternity Health Protection Plan.

Dedicated Units

- Safety and Health Committee
- Occupational Safety Office

Action Plans

Top management and labor representatives of each unit are invited to discuss the Company's safety and health issue, as well as setting performance goals for occupational safety. Management review meetings are held each year to review, coordinate and recommend safety and health matters to ensure the suitability and effectiveness of occupational safety and health operations.
To ensure that the frequency severity indicator is lower than the average value of Taiwan's retail industry and reduce the occurrence of major occupational safety incidents every year, PCSC passes the ISO45001 system verification every year and implements the following actions: safety and health education and training, safety risk assessment and safety audit, air, illumination and drinking water quality monitoring, to protect the health and safety of employees through prevention and risk identification.

Grievance Mechanisms

Stakeholders can express their opinions on occupational safety and health through the Integrated Services Center, dedicated email and stakeholder section.

4.1 Talent Attraction and Retention

Employment

Besides our head office in Taipei, PCSC has eight business operation departments to meet the needs of stores and consumers in each region. As of December 31, 2021, PCSC has a total of 8,348 employees[Note1], and the total number of franchise store staff was 41,278 as of the end of December 2021[Note2]. Female employees account for 56.13%[Note3] of all PCSC employees, while 52.74%[Note4] of sales supervisors are female. The target of the female ratio of department managers is 12% by 2025, and the target of female ratio of TEAM managers, store managers, district consultants and department managers combined is 50% by 2025, showing that PCSC values gender equality in the work environment and talent recruitment.

Note 1: Includes back-office staff and directly operated store personnel.
Note 2: The total number of franchise store personnel is the number of people audited for National Health Insurance and labor insurance as of December 2021. Stores that opened less than a month ago were not audited. Therefore, personnel from these stores are excluded.
Note 3: The statistics in this section and the ones below do not include franchise stores.
Note 4: Please refer to the historical data in the appendix for relevant statistics.

We do not hire people under the age of 15 as workers in accordance with the "Labor Standards Act." We also follow the philosophy that "employment is the most direct way of helping the disadvantaged achieve independence." Besides providing job opportunities for people seeking re-employment and part-time job opportunities for student jobseekers, we also collaborate with senior high (vocational) schools to provide students with job opportunities. In addition, we employ more people with disabilities than the statutory quota. In 2021, the PCSC head office and directly operated stores hired a total of 241 employees with disabilities, accounting for 2.89% of our total workforce and being 2.89 times higher than the statutory quota. PCSC also hired 127 indigenous employees, accounting for 1.52% of all employees.

Labor-management Communication

PCSC values the opinions and feedback from every employee. We provide numerous communication channels to listen to and understand the opinions of our employees, including the Integrated Services Center, dedicated email, and stakeholder section, encouraging employees to directly communicate with management about workplace issues that are in dire need of improvement, as well as enhancing their trust in the organization. In addition to the channels above, we established an internal proposal system for employees to fully express their opinions on the Company's operations. If employees have any suggestions for the Company or feel that their rights have been violated, they can report through channels. A total of 223 reports related to employee rights occurred in 2021, and most of them were related to overtime bonus, insurance group and shift reduction. All cases were properly addressed in 2021.

We formulated Labor-Management Negotiation Regulations in accordance with the law and regularly hold labor-management meetings, which are attended by 5 representatives from each side. Employer representatives include department heads, and employee representatives are nominated by each department and represent 100% of the employees. Employee and management representatives can communicate directly to negotiate on benefits and systems, employment, improvement of the work environment and labor-management cooperation during the meeting, to ensure and improve the effectiveness of communication. A total of 4 labor-management meetings were held in 2021, with topics covering major amendments to the law (measures on leave without pay, Article 49-1 of the Labor Standards Act being unconstitutional) and adjustment to welfare matters. All resolutions of labor-management meetings are handed over to related units for implementation. Moreover, the PCSC Labor Union was formed at the end of 2019 with approximately 30 members. It aims at improving labor rights, level of happiness and laborers' knowledge and skills. A collective bargaining agreement has not been signed yet. We will continue to maintain good interactions with the union in the future. In the meantime, we uphold our human rights policy and comply with local labor laws and regulations and will continue to engage in communication through different channels to create harmonious labor-management relations and a win-win labor environment.

PCSC continues to communicate with its employees with no strike or suspension in 2021. Furthermore, in the event of a situation specified in Article 11 of the Labor Standards Act, PCSC communicates with employees in advance, and gives notice 10 days in advance for employees who have worked at PCSC for three months or more but less than one year. A notice is required 20 days in advance for employees who have worked at PCSC for one year or more but less than three years. A notice is required 30 days in advance for employees who have worked at PCSC for over three years.

Age-friendly Employment

PCSC launched the Age-friendly Store Project in response to the impact on the aging population and low birth rates on the labor population in 2018, encouraging stores to hire middle-aged and elderly workers as well as encouraging middle-aged and elderly workers to find employment with relevant measures. As of the end of December 2021, directly operated stores hired 903 employees aged 45-55, 181 employees aged 55 and above. In total, we hired 1,084 employees aged 45 and above, accounting for 18.16% of all employees. In the future, we will expand our recruitment of middle-aged and elderly employees, optimize training mechanisms and provide a friendlier work environment to boost the willingness of middle-aged and elderly employees working in our stores.

Recruitment and training are' carried out in coordination with the Senior Store Managers event or channels for recruiting middle-aged and elderly workers, and training programs are specially designed for middle-aged and elderly workers. To provide the elderly with a friendly and safe work environment, besides organizing training meetings for new employees, we also established an age-friendly benchmark store with three major aspects, including communicating hiring concepts, workflow arrangement and creating a friendly environment.

Encouraging stores to recruit middle-aged and elderly workers

- Communicating with eligible stores based on benchmark cases
- Providing the "Elderly Study Plan" to assist with effective training of middle-aged and elderly employees
- Set up senior-friendly facilities, such as labor-saving tools and accessibility facilities.

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

- These employees are given shorter shifts to begin with before adjusting according to their physical condition
- They are not required to climb up or bear a heavy load
- Each task is learnt at stages

At the end of 2020, we worked with the Bjørgaas Foundation to create a store at the Pingtung Christian Hospital that is entirely run by senior employees. The store employs senior partners, optimizes the education, training and workflow of the seniors, designs exclusive learning schedules, etc. The store currently employs 9 people including the store manager, all of whom aged between 46-65 years old as the best model for showing the benefits of age-friendly stores. In 2021, PCSC further worked with the Seniors Talent Resource Center to organize the "Experience Camp for Senior Store Managers." The activity helped the elderly better understand store operations, as well as enhancing the willingness of middle-aged and elderly people to find employment.

Welfare, Remuneration and Care

Remuneration

The PCSC remuneration policy ensures that all full-time employees receive higher payment than the statutory minimum wages, considering the price levels of various regions in Taiwan and the survey results of the average salary of new recruits in the retail industry. PCSC reviews whether the employees' salary levels are market-competitive and in line with employee needs by adjusting the starting salary of new recruits in April each year. In 2021, 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 in areas with higher price levels with an additional allowance of 5-10% of the salary so that the employees and their families have enough for a decent life.

If employees receive unfair treatment in terms of salary, they can report it through the labor dispute communication channels of the PCSC Integrated Services Center and the Audit Office. From 2021 on, in addition to the statutory minimum wages and peer salary standards, PCSC included living wage[Note1] as a reference for setting salary standards for new recruits, as well as evaluating the reasonableness of existing employees' salary. The goal is paying the employees a competitive and reasonable salary.

Note 1: PCSC refers to the living wage research report of the Chung-Hua Institution Economic Research when calculating the living wage: "Wages should meet the minimum (basic) living needs of the workers themselves and their families (dependent family members)." Therefore, "Taiwan's average per capita monthly consumption expenses*Taiwan's average per capita monthly consumption expenses on food, clothing and housing* (laborer + ratio of dependents)" was adopted to estimate the average living wage in 2021. The relevant calculation quoted the results of the 2020 household income and expenses surveys published by the Directorate General of Budget, Accounting and Statistics in the latest year, and concluded that the average living wage in Taiwan was NT$28,738[Note 2].

Note 2: In 2021, the average number of employed persons in each household in Taiwan should bear the living expenses of 1.11 family members, with the average monthly consumption expenses per person as NT$23,262, of which the total consumption expenses on food, clothing and housing accounts for 59%, including food, beverages and tobacco, clothing and footwear, residential utilities, gas and other fuels, furniture, equipment and housekeeping services, restaurants and hotels.

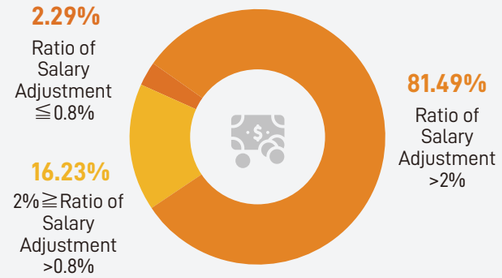
The starting salary for the new recruits at PCSC is equal for men and women for equal work, and the salary and benefits do not differ based on gender or age. In 2021, the ratio of starting salary to basic salary (NT$24,000) for college graduates for new back-office staff is 1.47 times, and 1.71 times for those with a master's degree. There is no significant difference in the remuneration ratio between men and women in 2021, and the basic salary plus year-end bonus ratios of all types of employees are within 1.1 times. In terms of salary adjustment, most of the adjustment was greater than 2% in 2021.

Ratio of Salaries for Male and Female Employees in 2021:

	Male	Female
Store employees	0.92	1
Management	1.04	1
Non-management	1.05	1

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 2021 (but excluding interns and those who were newly recruited or transferred for less than half a year as of March 15, 2021), based on their principal salary as of March 15, 2021 x 13 months of salary estimate.

Ratio of salary adjustment for full-time employees in 2021



Note 1: For those with a salary adjustment of >2%, ratio = (No. of employees with a salary adjustment of >2%)/Total number of full-time employees.
Note 2: The scope covers full-time employees who are still working at the end of 2021 (but excluding interns and those who were newly recruited or transferred for less than half a year as of March 15, 2021), based on their principal salary as of March 15, 2021 x 13 months of salary estimate.

We disclosed the number of full-time non-management personnel[Note] as 5,117 in 2021 in line with Article 4 of the Corporate Social Responsibility Report Authoring and Reporting Guidelines for TWSE/TPEx-listed Companies, with the average salary of NT$933 thousand and median salary as NT$807 thousand. The number of full-time employees in 2021 increased by 204 people compared to 2020. The average salary in 2021 decreased by NT$45 thousand compared with 2019, and the median salary decreased by NT$20 thousand.

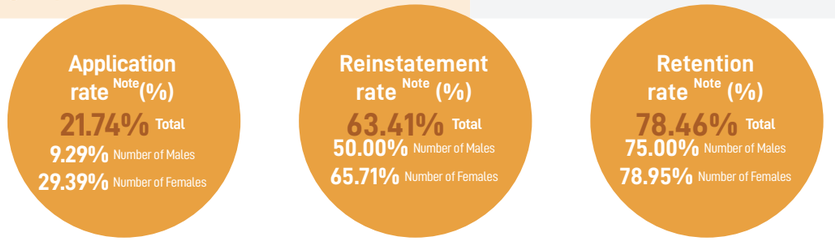
Note: Full-time non-management employees are not managers defined in the official document Tai-Cai-Zheng-San-Zi No.920001301, and the employees' number of work hours reached the normal work hours (152 hours a month) stipulated by the Company. The scope of statistics covers employees excluding managers for the entire year.

Assistance for Work-life Balance

PCSC looks after its employees as well as their families. To this end, it has set up breastfeeding rooms in the offices, as well as signing contracts with childcare institutions to provide preferential prices to reduce the burden of childcare. PCSC maternity leave and miscarriage leave are superior to that of the legal requirement. With no condition on seniority, all employees are paid their full salary to give better care to female employees. In addition, office staff can also choose the time to go to and from work, which makes it easy for them to allocate their time and achieve work-life balance. In addition, due to the impact of the COVID-19 pandemic in 2020, PCSC formulated the "Work from Home Measures" and supporting measures for attendance, allowing back-office staff to work from home. PCSC also has a complete appointment system that allows the employees to be employed full-time or part-time, giving them the flexibility in terms of work.

Employee reinstatement and retention rate after taking parental leave in 2021

Item	Number of Males	Number of Females	Total
Employees eligible [Note] for taking parental leave in 2021	140	228	368
Employees who applied for parental leave in 2021	13	67	80
Expected reinstatement after parental leave in 2021	12	70	82
Actual reinstatement after parental leave in 2021	6	46	52
Actual reinstatement after parental leave in 2020	8	57	65
Employees still on the job 12 months after returning from taking an parental leave in 2020	6	45	51



Note 1: Eligible applicants refer to employees who applied for childbirth subsidies in 2019-2021.
Note 2: Application rate: employees eligible for applying for parental leave/actual number of employees applying for parental leave
Note 3: Reinstatement rate: Actual reinstatement after taking parental leaves/Expected reinstatement after taking parental leaves
Note 4: Retention rate: Employees still on the job 12 months after returning from parental leaves/Actual number of employees reinstated after taking parental leaves (during the previous period)

Franchisee Benefits

The number of PCSC stores exceeded 6,300 in 2020, with a total of 3,707 franchisees. PCSC continues to stay updated with franchise profits to take good care of the franchisees. In 2021, PCSC provided a total of NT$162,345 thousand in subsidies to franchise stores in areas severely affected by the pandemic to build a franchise environment with peace of mind and stable profits.

PCSC also has the physical care and leisure activities of the franchisees in mind. In 2021, PCSC spent NT$25.01 million in budget for vacation subsidies and other subsidies for franchisees. To care for our partners and the health of their families, spouses working in stores have been entitled to health check benefits since 2020. Even though people were less willing to visit medical institutions due to the pandemic in 2021, the number of employees applying for health check still increased by 25% (+65 people) compared to the year before. A total of 147 spouses (+21 people) also applied. To follow up, we encourage franchisees to go through regular health checks. Please see the table below for other welfare measures.

Insurance subsidies and benefits enjoyed by franchisees

Insurance Subsidy

Group insurance

Franchisees receive 15% of their premiums in subsidy

Franchise owner/ employee mutual association

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

Benefits

Franchisee benefits trust

Subsidy for investment is given to encourage investment

Health checkup subsidy

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

Discounts

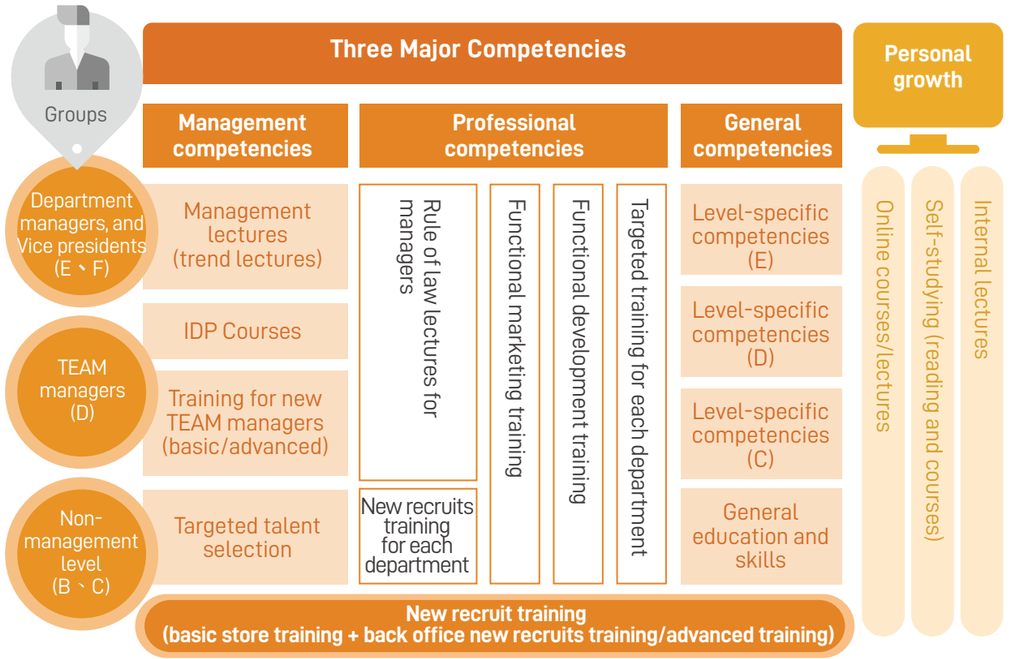
Group movie tickets, offers from affiliated enterprises, promotions for leisure activities

Talent Development and Cultivation

Employee Education and Training

Education and training are the main drivers of organizational growth. To this end, PCSC has spared no effort when it comes to the training and development of our employees. There is no difference in the training and development of male and female employees, and we fully support employees in learning new knowledge and improving their skills. We established the "Common Ability Structure of Office Staff and Regulations for Training Courses" and "Training Management Regulations," detailing the capacity and corresponding courses all employees must attend with training activities defined, assisting them in reinforcing positive behavior or skills. Our goal is to strengthen the sales/marketing training framework, expand group-level training and plan internal and external seminars. The Human Resources Division Talent Development Team and Operation Planning Department Sales Training Team are responsible for implementing education and training throughout the Company.

Training Structure



We have invested in a wide range of channels for continuing education, including guidance from supervisors and peers, knowledge management systems, external training courses, internal training courses, seminars and symposiums, e-learning, on-the-job training, in-service education, as well as training employees into professional internal lecturers who are enthusiastic and happy to share for passing on professional knowledge. In addition to education and training, we provide scholarships for on-the-job training and subsidies for learning foreign languages. We encourage employees to gain work-related knowledge when they are off work. In the meantime, we collect employees' feedback on education and training as the foundation for evaluating and adjusting the courses. Employees can express their opinions on education and training through the Integrated Services Center, human resources email, stakeholder section and internal communication platform.

Statistics on Education and Training

PCSC invests considerable resources into education and training each year, designing and planning different training courses for employees on different levels in different departments, including new recruit training, level-specific training, stores, public courses for office staff, general education courses and specialized training for each unit. We invested a total of NT$18,230 thousand in education and training in 2021, with the average training expense of NT$2,184 per person [Note 1]. The total education and training hours were 106,825 hours with an average of 12.80 hours per person [Note 2]. Over the past 5 years, the average number of training hours per person in the Company exceeded 25 hours. In 2021, we continued to implement the talent development plan during the pandemic by actively creating a digital learning environment, focusing on online digital learning, and providing a more flexible independent learning model. In 2021, the number of online courses accounted for 49% of all employees' learning hours.

Note 1: Due to the pandemic and the epidemic prevention policy, the company-wide training activities such as observation, annual special training, as well as level-specific training activities for the stores and back office adopted the online format. Starting from 2021, the Company reduced the training hours of physical courses for new store recruits and replaced them with online courses. The training hours were greatly reduced and replaced by on-the-job learning and operations. Although the average training hours and costs per person were reduced in comparison with 2020, the introduction of extensive online learning allowed the employees to learn flexibly without the restriction of time, space and the pandemic.

Note 2: The denominator is calculated based on the average number of employee education and training hours in 2021 for 8,348 employees on December 31, 2021 (including classroom training, online courses, online testing, and external training).

Type of employees	Store employees		Management employees		Non-management employees		Total	
Number of total training hours	10,096	22,296	8,463	2,268	32,420	31,282	50,979	55,846
Total number of employees	2,452	3,518	217	52	993	1,116	3,662	4,686
Average hours of training per employee	4.12	6.34	39.00	43.63	32.65	28.03	13.92	11.92

Education and Training Courses

Online Learning Curation

Most physical courses were put on hold in 2021 due to the impact of the pandemic. To avoid interruption in learning and increase the employees' motivation of online learning, we launched an annual online learning curation program with customized dedicated training courses. The results are as follows:

Two batches of themed online courses were launched for all staff members, including the Data Energy Journey, Digital Innovation and Marketing Journey with a total of 8 courses (15 levels) and a total of 5,008 people passing. The BIG FIVE five-week learning program was created for those in marketing, with courses in new marketing trends and accounting consistent with current trends and pain points. There was a total of 10 courses and 3,858 people passing. The group governance and finance courses were created for management to stay updated with the global context and develop a keen sense of business. There were 3 courses with 1,127 people passing.

OPEN Masterclass

OPEN Masterclass offered multiple digital lectures by industry masters to share exclusive knowledge, successful working methods and the key to corporate success, so that all employees can learn and stay on top of trends at any time. In 2021, a total of 6 digital and one real-life lecture were organized with 4,657 participants passing, showing an increase of 139% compared with last year.

TK Culture Promotion – ISE (In store Experience)

To practice a bottom-up approach and make sure the supervisors understand how things work in the stores, PCSC means to solve problems in the stores in a timely manner by finding the way to support store staff through learning about key store operations and exchange. Since 2015, we have assisted supervisors s in conceiving solutions from the perspective of the stores through customized store experience. Renamed ISE (In-Store Education), the reform plan was launched in 2021 and extended to all back-office staff, allowing office staff and store employees to communicate based on theme learning and working together.

A total of 10 batches were organized in 2021 and for 279 supervisors and 814 employees. A total of 135 batches have been organized so far with 1,342 people engaging in the experience.

General Legal Education

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

General Education and Training in 2021

Legal Education

Target Audience	Supervisors above team level at PCSC must receive 3 hours of legal education a year. The course is elective for managers of other levels.
Course	Basic legal course features common legal knowledge (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, sexual harassment and workplace violence) and use of the 7-Eleven brand. Other courses include laws from competent authority (the Fair-Trade Act), awareness of insider trading, zero violence in the workplace, office hazard prevention, cases of store violation (back office), how to prevent overwork, workplace violence and sexual harassment (in store), the Labor Standards Act lectures and so on.
2021 Results	• 3 self-made online courses were introduced • 12 online courses/lectures (including video conferences) • Legal course: 14,183 people completed

Cultivation and Promotion of ESG Talents

In 2021, the online course of ESG Management - Environmental Protection, Plastic Reduction and Eco-friendliness introduced the meaning of SDGs and ESG to all colleagues, as well as allowing them to understand 7-ELEVEN's commitment to sustainable management. The employees are encouraged to practice plastic reduction and environmental protection through getting to know the action plan of 7-ELEVEN's Year One of Sustainability, so that they can develop the concept of sustainable development. A total of 7,546 people passed the course, accounting for nearly 90% of the employees in the head office. These employees are now seeding of sustainability for 7-ELEVEN that will affect people around them with ESG concepts and actions.

Note: PCSC also integrates the concept of sustainability into its daily operations and extends it to every value chain participant through close cooperation. Among them, a total of 8,189 franchise employees participated in the sustainability courses, allowing the value of sustainability to be continuously implemented in real life.

Enhanced Information Security Education

In order to enhance the concept of information security and develop awareness of information security crisis, thereby reducing the risk of leakage of important personal and company information, as well as improving the overall information security protection, PCSC created the digital animation course named Information Security Vulnerability Prevention for all the logistics staff in 2021. A total of 1,856 people passed the required courses, which was simultaneously shared with all reinvestment businesses with a total of 4,265 people passing.

Franchisee Education and Training

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

Franchisee training can be divided into two categories, namely basic training for franchisees and training for store managers. The basic training for franchisees refers to a total of 172 hours of intensive training lasting for 4 consecutive weeks, during which the knowledge and skills required to serve as a store manager, such as management ability, account management, quality assurance and expiration date management, as well as knowledge about business laws and regulations are taught. Qualifications for franchisees can only be obtained upon completing the training and passing the test. In 2021, training was completed for a total of 192 franchisees. Store manager training revolves around the annual business theme and the on-site operations. It targets all store managers to boost their management abilities. In 2021, a total of 6,453 people completed the store manager training with the theme of "The Post-pandemic era - Trends, Changes in Consumer Behavior and Response."

Key Talent Management and Work Rotation

PCSC reviews succession candidates of all levels each year, building a key talent pool for different units as well as carrying out tailor-made "personal development plans" for potential talents, encouraging cross-unit rotation and assisting in development growth and talent cultivation. In 2021, total of 7 talent appraisals were organized with a total of 58 people included in the talent pool.

PCSC hopes to provide employees with cross-unit experience through job rotation, expand their horizons and cultivate outstanding talents. The internal transfer ratio [Note] in 2021 is 59.29%.

Note: The number of employees transferred by PCSC/Total number of vacancies at PCSC.

Performance Management

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

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

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. Supervisors may provide guidance based on the progress of tasks during the evaluation period.

The final performance evaluation is carried out at the end of the year (only for those who have worked for over 273 days during the year).

Performance Management System

Part-time Employees

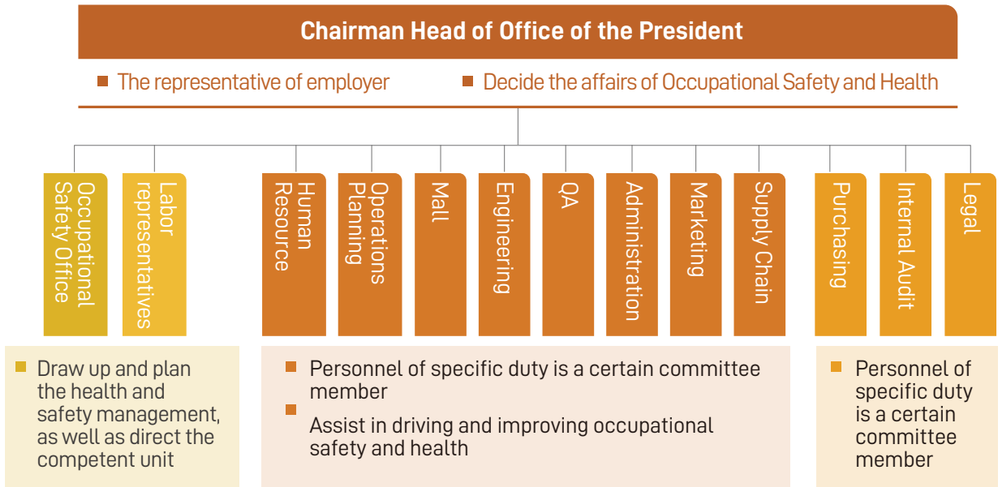
A bonus distribution evaluation is carried out each month to incentivize part-time employees to maintain the store image, service quality and quality assurance.

4.2 Occupational Safety and Health

Safety and Health Committee

To ensure that all employees have a safe and healthy work environment, we established a level 1 Occupational Safety Office and a Safety and Health Committee in accordance with the Occupational Safety and Health Act. The committee has a total of 28 members, in which 10 are labor representatives elected by employees, accounting for 35.71% of all members. The Occupational Safety Office has 3 full-time staff members (1 safety manager, 1 health manager, and 1 safety and health manager). The committee convenes on a quarterly basis, with the employer representative serving as the chairperson and the Occupational Safety Office and nurses giving quarterly reports during the meeting. All units give presentations on target programs, with supervisors of the highest level of each unit and labor representatives to discuss the Company's safety and health matters. The meeting also establishes occupational safety targets, discusses the progress, with a management review meeting each year reviewing, coordinating and making recommendations on safety and health matters, ensuring the suitability and effectiveness of occupational safety and health. In addition to the aforementioned meetings, stakeholders can express their opinions on occupational safety and health through the Integrated Services Center, dedicated email, stakeholder section and internal communication platform.

Safety and Health Committee

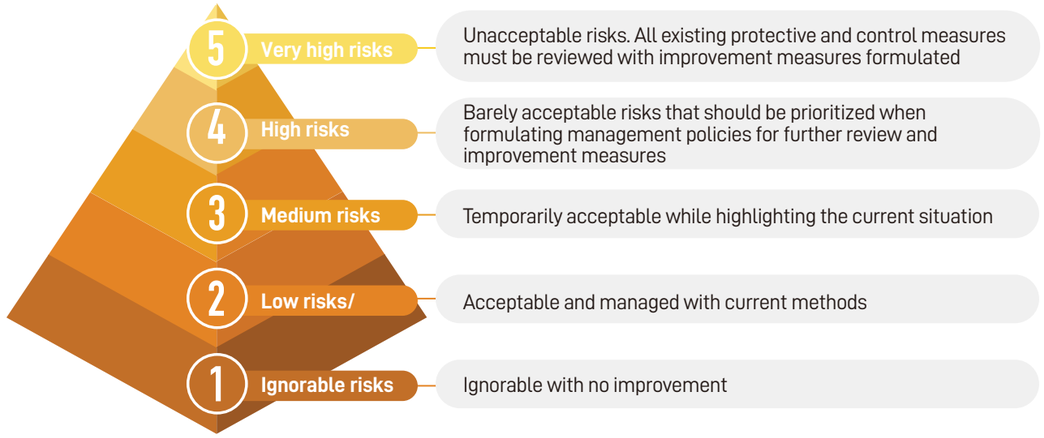


Occupational Safety and Health Policy

The President approved the Occupational Safety and Health Policy in 2018 with five guidelines for implementing risk prevention and management. Our goals in 2021 were for the frequency severity indicator to be lower than the retail industry's average in the past three years according to the Occupational Safety and Health Administration, Ministry of Labor, and for there to be 0 cases of serious occupational safety incidents. We took the following actions to achieve this goal: safety and health education and training, safety risk assessments and safety audits, as well as air, lighting, drinking water quality monitoring. Furthermore, we continued to implement the Overload Prevention Plan, Human Factor Hazard Prevention Plan, Illegal Violence Prevention Plan, and Maternity Health Protection Plan to protect employees' health and safety through prevention measures and risk identification.

PCSC conducts a risk assessment every year, and all risk assessment personnel and internal auditors receive 2 hours of education and training each year to ensure the quality of the process and the ability of personnel to identify relevant hazards and consequences according to different operations. In the meantime, existing protective measures are confirmed to assess and classify risks based on the severity of the occurrence, as well as determining whether the risk can be reduced through control measures. The residual risk after improvement measures will also be continuously monitored and measured. If the dedicated unit adds new equipment, operating procedures or changes operating procedures, occupational accidents and non-conformities that affect risk performance are not included the scope of routine assessment. In 2021, a total of 71 operations were evaluated with both software and facility control measures according to the risk level. The result of identification shows 25 risks in the first level, 35 risks in the second level, and 11 in the third level. Overall, there was no high risks of the fourth and fifth levels.

Risk Level Criteria



In order to reduce the probability of occupational disasters for employees, the occupational safety reporting mechanism has been optimized by the Occupational Safety Office and Human Resources in 2021 to stay updated with occupational disaster events, conduct incident investigations and even the Labor Insurance Injury and Illness Benefit applications. Occupational accidents are monitored through the occupational safety reporting mechanism, initiate incident investigation and tracking, confirm the details, and immediately activate the mechanism of employee care, relevant protection and assistance for special circumstances, such as being violated in the workplace. The hazard is identified by exploring the cause of the incident, inspect and analyze the opportunities for improvement, evaluate the safety equipment, strengthen personal protection, as well as making improvements based on strengthening the personnel's emergency response capabilities through education and training to eliminate and lower the risks to prevent similar incidents, safeguard work safety and create a friendly workplace.

Disaster Occurrence Procedure:

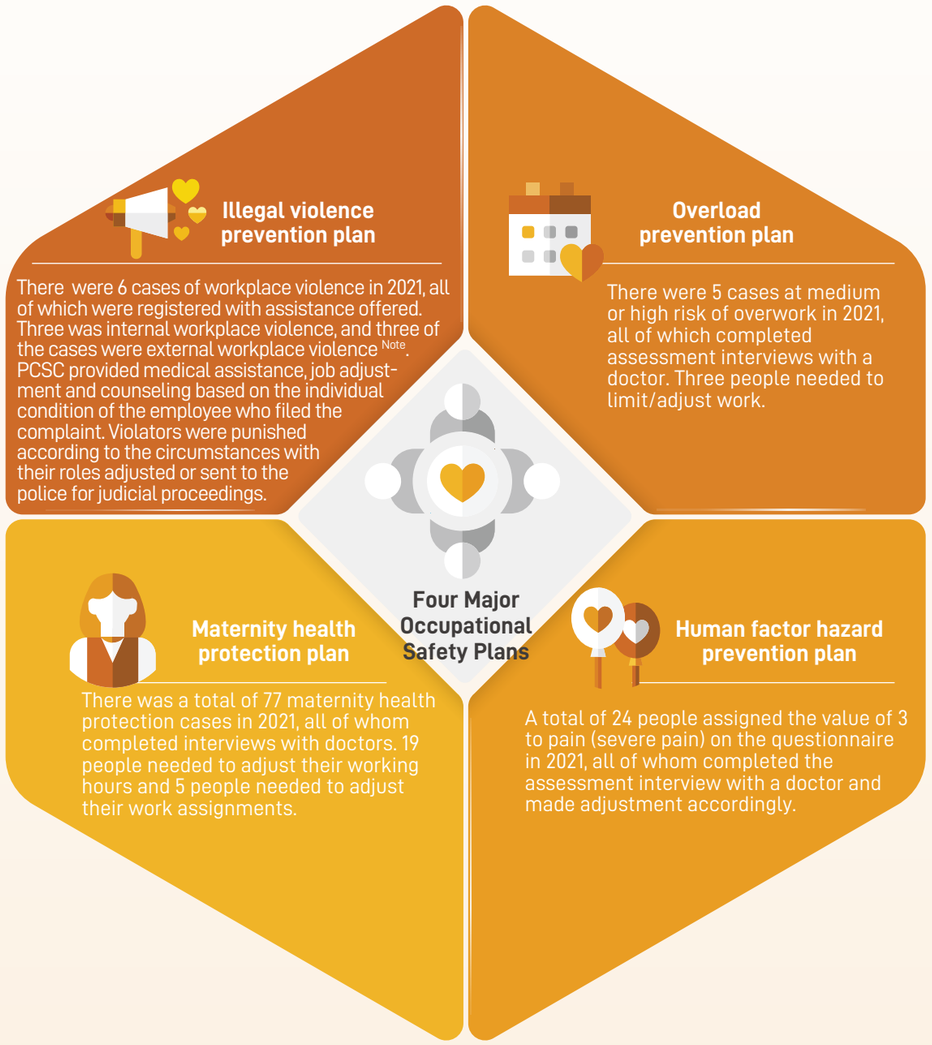
Step 1
General occupational injury
After receiving the notification, the supervisor will send a letter to PCSC's Occupational Disaster Mailbox for human resources to record as well as tracking the application for labor insurance injury and illness payment, before the investigation is conducted by the Occupational Safety Office.

Step 2
Major occupational injury
The supervisor will notify the corresponding contact within 4 hours after receiving the notification. The contact will notify the labor safety inspection authority within 8 hours of notifying the Occupational Safety Office.

Step 3
Traffic accident during commute
After receiving the notification, the supervisor will send a letter to PCSC's Occupational Accident Mailbox for human resources to record as well as tracking the application for labor insurance injury and illness payment, before the record is confirmed by the Occupational Safety Office.

Four Major Occupational Safety Plans

PCSC promotes workplace protection plans in accordance with the law to identify risk factors, select improvement methods and implementation through identifying and evaluating high-risk groups and risks. Doctor's health consultation appointments are arranged with working hours adjusted or shortened, or tasks changed. PCSC conducts health checks, management and promotion to develop a code of conduct for employees, organize relevant education and training, as well as evaluating and improving the effectiveness of implementation to protect employee health.



Note: External meaning the source of violence was not from an internal employee.

Implementation of Occupational Health and Safety

	Description	2021 Performance
Safety and Health Training	**Certification training (Class C occupational safety and health/first aid):** Outsourced for a training unit and formulate Class C in-job training material exclusive to the stores in line with the stores' occupational environment and employee assignments.	**160** sessions/**4,347** people certified in total
	"Traffic Safety Promotion (Defensive Driving)" Course: Organize traffic safety courses to enhance employees' awareness of road safety, identify potential risks of traffic hazards and reduce the probability of accidents.	A total of **19,493** people completed training
	"Office Human Hazard Prevention" Course: Assess work patterns of logistics personnel through hazard identification to avoid chronic musculoskeletal injuries due to working in front of the computer for long hours and a sedentary lifestyle. The course improves the employees' ability to protect their own musculoskeletal system, planned and organized by the labor safety personnel, doctors and other medical staff.	A total of **1,989** people completed training
Environmental Monitoring (Head Office)	The quality of drinking water receives inspection each quarter. The concentration of carbon dioxide and lighting are checked every six months.	The results exceeded standards.
	The disinfection frequency was once a week in 2021 to enhance cleanliness for epidemic prevention.	
Contractor Management	Supplier security agreement organization meeting: The meeting was suspended due to the epidemic prevention policy. Written materials were handed out instead.	**149** suppliers.
	In 2020, the risk assessment of the construction site Note exposed unsafe behavior and environment. Note: Construction site means the construction site where the store is renovated.	The order of the top five risk factors included failure to wear a safety helmet, incomplete pre-work education, falling, electric shock and explosion caused by fire.
	PCSC conducted safety counseling with on-site construction personnel in the first quarter of 2021 through on-site safety observation,	A total of **74** key risk contractors and 415 people received counseling.

PCSC standardizes contractors' compliance with occupational safety and health-related laws and codes of conduct for third-party suppliers in procurement contracts, so as to ensure contractors' safety and health concepts and protect their labor rights. PCSC formulates operating standards for high-risk machinery and equipment, roofing methods, and notification of hazards when repairing existing stores. A contractor safety agreement organization meeting is organized prior to commencement to reduce construction risks. Unannounced site audits are conducted each year, and penalties are given to contractors with flaws.

Occupational Safety and Health Management System and Health Certification

PCSC continued to pass the annual inspection for ISO 45001 Occupational Safety and Health Management System with zero deficiencies in 2021, with the internal audits and external certifications covering the scope of the 745 employees working in the head office in line with the management system, accounting for 8.92% of all employees to demonstrate its determination of building a safety culture that is up to international standards. In the future, we will engage all employees to create and maintain a friendly and safe workplace. We will also continue to include contractors in these efforts. In order to make sure the suppliers comply with occupational safety and health regulations and supplier code of conduct, the Occupational Safety Office and the Supply Chain Management Department promote the "Five-Year Plan of Occupational Safety Certification," which runs from 2019 to 2023. Pre-communication preparations were carried out in 2019, and comprehensive counseling is carried out from 2020 to 2022 to strengthen the concept of occupational safety and health in the factories through self-inspection, on-site counseling and education and training. The end goal is having all suppliers for own brand products receive ISO45001 third-party certification, as condition for sourcing suppliers in the future.

2019 – 2022	2020 – 2022	2019 – 2022.07	2019 – 2021
ISO Certification	Health Promotion Administration	Department of Health, Taipei City Government	Ministry of Health and Welfare
ISO 45001 Occupational Safety and Health Management System (Head Office)	Health Promotion Certification	Excellent Breastfeeding Room Certification (Head Office)	AED Certification (Head Office)

Human Rights and Labor Audits

To protect employees' labor rights, lower the operating risks of affiliated enterprises, and ensure compliance with labor laws and regulations, PCSC provided training regarding the Labor Standards Act to 314 people in 2021. After assessing the location of the operating base within the scope of the individual operations and the nature of work, it is considered that the store employees may be exposed to high/low temperature, heavy objects and other working conditions with occupational safety concerns. Their labor rights could also be damaged due incomplete record-keeping in the shift system, salary or vacation days not given in accordance with the law, insufficient time between shifts and other issues that violate labor rights, or logistics employees working overtime. In addition, the Occupational Safety Office conducted occupational safety and health risk assessment and unannounced audits for different working environments, targeting back office, stores and shopping malls. In 2021, a total of 211 inspection were conducted, of which 39 had zero defects, with 373 defects improved at an improvement rate of 100%. The number of inspections increased by 2.4% compared to the year before. Please refer to "PCSC Human Rights Due Diligence Procedure" [Note] for other human rights risk assessments and mitigation measures.

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

Back Office

Audit Action	Audit Frequency	2021 Results
Attendance record	Each month	No abnormality
Labor audit from competent agency	As needed	No legal violation

Note: No penalty was received for violating occupational safety and health regulations in 2021.

Directly-operated Stores

Audit Action	Audit Frequency	2021 Results	Mitigation Measures
Attendance record	Each month	No abnormality	-
Store self-inspection and district advisor reviews for occupational safety and health	Each May	The store performed self-inspections and reviews	Mitigation measures are tracked by store managers
Labor audit from competent agency	As needed	No illegal events	-

Note: No penalty was received for violating occupational safety and health regulations in 2021.

Franchises

Audit Action	Audit Frequency	2021 Results	Mitigation Measures
Store self-inspection and district advisor reviews for occupational safety and health	Each May	The store performed self-inspections and reviews	Mitigation measures are tracked by store managers
Third party[(Note 1)] labor conditions inspection	June-October each year. The inspections were scheduled between April and August in 2021. However, they were delayed till September due to the pandemic.	A total of 5,541 franchisees were inspected, with 154 abnormalities detected. The three main issues included failure to present attendance data, the shift interval being shorter than 11 hours, not showing leave record, not recording the remaining hours or pay for paid leave on the salary list.	
Third party[(Note 1)] occupation and health inspection	June-July each year	A total of 5,597 franchisees were inspected with the deficiency rate of 2.46%[Note 2], showing a 0.27% increase compared to 2011. The main issues included items being piled up in front of the distribution box in violation of the regulations, incomplete record of the 4 occupational safety programs, expired inspection record of microwave facilities, etc.	

Note 1: A third-party consulting company was entrusted to oversee the implementation.
Note 2: The number of issues in the store/the number of items inspected in all stores, the number of issues in the stores excludes 3 items related to training and health check. Due to the epidemic in 2020, it was not as easy to perform training and health checks, so it was excluded from the number of issues.

Contractors

Audit Action	Audit Frequency	2021 Results	Mitigation Measures
Unannounced occupational safety and health inspection at construction sites	Each month	123 inspections with 30 showing no issue. 190 issues were detected and improved, with the improvement rate of 100%. The number of inspections increased by 5% compared with the precious year.	Issue review and key point sharing: In order to prevent the contractor from repeating the same issues, we analyze the audit results engage in safety counseling with the workers on site during on-site safety observations during the first quarter.

Statistics on Occupational Injuries

PCSC strives to reduce occupational injuries. We have the achievement of zero cases of work-related fatalities or critical injuries for 6 consecutive years through various safety and health management plans, and the frequency severity indicator was 0.2 in 2021, lower than the retail industry's average of 0.38 in the past three years (2018-2020) according to the Occupational Safety and Health Administration, Ministry of Labor. However, the recordable occupational injury rate of female employees in this year increased compared with the previous year with more falls, contact with high/low temperature, cuts, abrasions and other incidents. Similar incidents are prevented after confirming the incident, exploring the cause, understanding the problem, and then taking improvement measures such as facilities, management (education, training, campaigns, etc.), personal protective equipment, etc. The scope of occupational injury statistics in this report covers employees in the head office and directly-operated stores. PCSC will initiate cross-department coordination in the second half of 2022, and promises to include occupational injury data from franchised stores in the scope in 2023. In addition, please refer to the appendix for the statistics of disabling injuries of employees and contractors in 2021.

Number and type of injuries by employee gender in 2021

	Falling, tumbling	Tripping	Object collapsing	Cuts, lacerations, scrapes	Exposure to high/low temperatures	Improper maneuver	Others	Total
Male	0	1	0	0	0	0	3	4
Female	3	5	1	3	3	2	1	18
Total	3	6	1	3	3	2	4	22

Number and type of injuries by contractor gender in 2021

	Falling, tumbling	Total
Male	1	1
Female	0	0
Total	1	1

Note 1: On October 23, 2021, an employee of the PCSC Shih Hsin store suffered occupational injuries due to illegal violation from a customer that refused to wear a mask.
Note 2: On November 21, 2021, an employee of the PCSC Chien Hsi franchised store died in an improper violent attack from a customer who refused to wear a mask.
Note 3: Improvement measures:
Due to the easing of the pandemic, customers could ignore to comply with epidemic prevention measures, such as contact tracing and mask wearing. If customers are not willing to comply, the staff should gently explain while prioritizing their own safety.
If a customer runs behind the counter with ill intention, be sure to keep the distance with the counter, shelves, equipment and storage as well as immediately calling the police to avoid danger.

Health Promotion Activities

Employees are a vital asset of the Company and keeping employees healthy is one of PCSC's goals for creating a happy enterprise. It is hoped that through the active care of the Happy Cooperative Society (as of 2021, the Happy Cooperative Society took care of 3,665 people over 2,844 hours), health promotion activities, and a friendly environment for pregnant women and mothers, etc., employees can maintain their health and maintain a sense of happiness. Under the "Health Management Program" introduced in 2013, registered nurses were employed by the Company to provide health consultations on demand. A clinic was also set up at the head office to measure the employees' blood pressure and treat simple wounds. In the meantime, employees are provided with exclusive "Health Passports" as well as a fitness circle exclusive for employees through an app in 2019. During the pandemic, all employees were still encouraged to maintain the habit of exercise. We also provided health education through periodic e-newsletters and seminars, which encourage employees to manage their own health.

Resources and Services

	Description	2021 Performance
Health Check and Follow-up	Annual health check for employees and food workers	Due to the pandemic in 2021, only the store employees who handle food received health checks. General labor health checks in line with the statutory period were given individually. In 2021, a total of **4,216** people received health checks, with a participation rate of **85.8%** Note.
	Every two years, full-time employees who are over 36 years with 5 years of experience receive NT$16,000 for health check subsidy	A total of **2,192** employees were eligible for application
Individual Healthcare Services	Healthcare services provided by doctors was made available in 2013	Doctors provided **576** hours of one-to-one healthcare services for a total of 753 employees, with the satisfaction rate reaching **4.92** points.
	4 registered nurses	■ Treatment was provided for **133** people ■ Employees with abnormal health check results were categorized into different levels for management. **100%** of employees with extremely high risks received intervention, correction tracking and case tracking.
APP Health Promotion App	"Fitness Life Circle" was set up for the employees. Four events were organized in 2021 (each lasting a month), including the "New Year Walk, "Gourmet Planet," "Mid-autumn Festival" and the "Ghost Month."	A total **5,338** people participated in the events, burning **19.7** million calories with the equivalent of 2,559 kilograms.
Vaccination	**Vaccination campaign:** ■ Regularly shared the information on COVID-19 vaccine appointments and assisted staff in Taipei, New Taipei, Keelung and Taoyuan in getting their first shot. The vaccine insurance was also offered to employees. ■ To maintain respiratory health and prevent the flu virus, PCSC organized flu vaccination on site to increase the motivation.	■ COVID vaccination: The coverage rate of the first dose of back-office staff was **96%**, and the second dose was **77%**. The program vaccinated **15,988** people in Taipei, New Taipei, Keelung and Taoyuan. ■ Flu vaccine campaign: **177** people were given their flu shots at work.

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

CH 05

Promotion of Social Welfare & Charity

Contribution towards UN SDGs

57,591 Visits up **50%**

Good Neighbor Meal Delivery Team provided 57,591 meals to disadvantaged households, up 50% from 2020.

1,700 Visits

What Time Is It? Café Project has served over 1,700 seniors with dementia

120,000 Visits

Over 120,000 people took advantage of the Sustainable DIY materials.

14 projects

The Youth Deep Roots Program has worked on a total of 14 projects with youth organizations.

10,000 "CHIC Corporate Charity" program **10,000** Visits

The sustainable products from the "CHIC Corporate Charity" program sold over 10,000 pieces, with over 10,000 participants.

Corresponding Material Topics

Social welfare

Corresponding Stakeholders

NGOs Local Communities Media Employees

Objectives

Building upon our core operations, PCSC fosters connections within the community to better understand our consumers' needs, build trust and confidence. We use our resources to implement goals like promoting health & well-being, eliminating hunger, developing sustainable communities, fostering education, protecting the environment, etc. - building a better, more sustainable future with our consumers and the 6,300+ stores across the country. Our mission is to become the indispensable neighbor that spreads love and ensures safety in the community.

Policies

Philanthropic policy

Dedicated Units

Both the PCSC Good Neighbor Foundation (Note), funded 100% by company donations, and the fundraising platform "Bring Back the Love Charity Donation Platform" continues to serve locally. The former collaborates with 7-ELEVEN to hold charitable activities or promote community services. The latter provides the public with an easy and transparent channel for small contributions (spare-change boxes, point donation, donation through app, goods donation and ibon machines) donated to non-profit and social welfare organizations, making 7-ELEVEN a reliable charity platform.

Action Plans

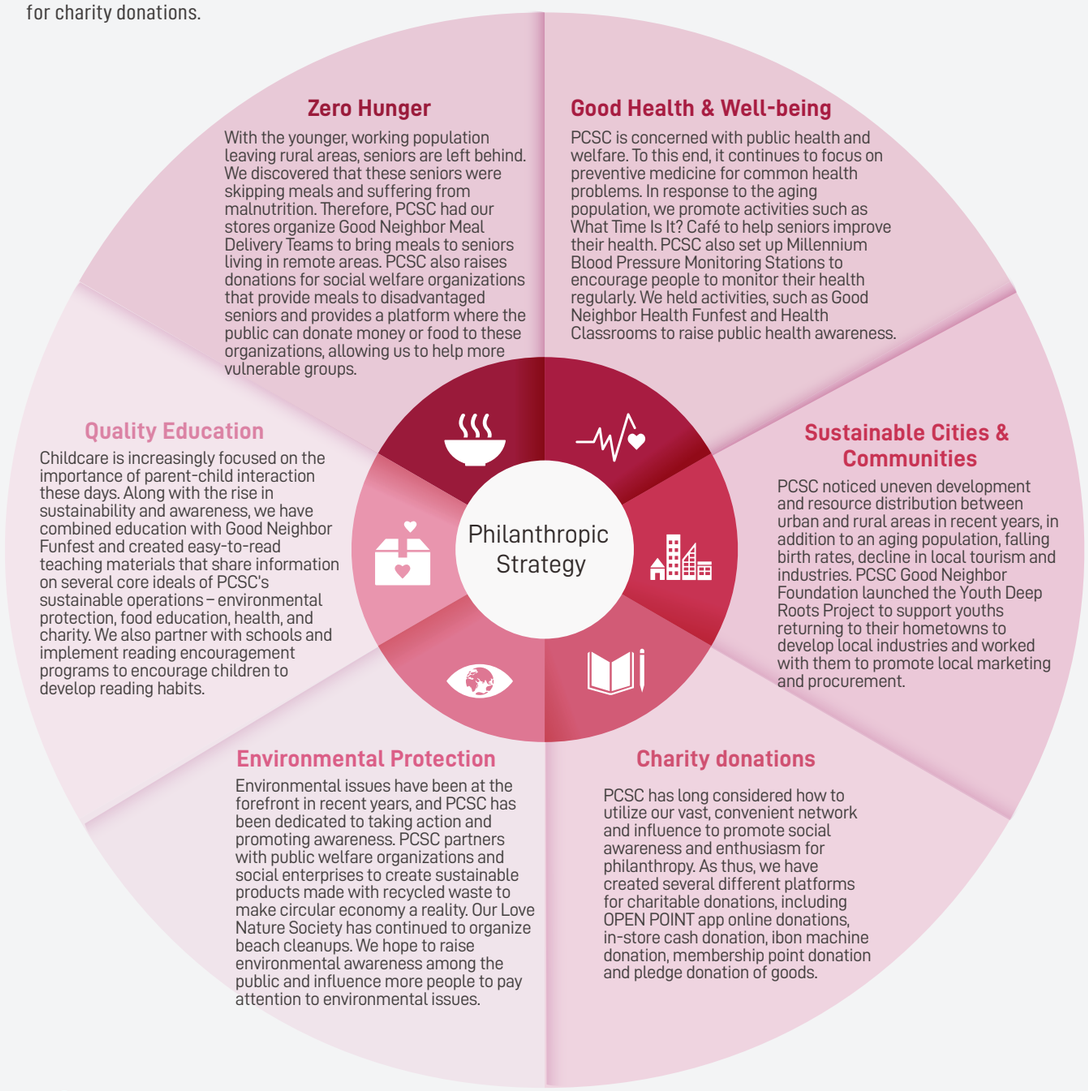
- **Health & Well-being**
  What Time is it? Café, Good Neighbor Health Classroom, Millennium Blood Pressure Monitoring Station, Good Neighbor Health Funfest
- **Eliminate Hunger**
  Good Neighbors Meal Delivery Team
- **Sustainable Cities & Communities**
  Youth Deep Roots Program
- **Education**
  Sustainable Funfests & Reading Encouragement Program
- **Environmental Protection**
  CHIC Corporate Charity Program, Beach cleanups
- **Charity Fundraising**
  Monetary, points and goods donations

Grievance Mechanisms

Established an Integrated Service Center to field ideas and feedback regarding PCSC's charitable activities.

5.1 Philanthropic Strategies

PCSC prioritizes on the promotion of health and well-being, nutritional and food needs, and sustainable cities & communities, which will achieve the SDG 2 Zero Hunger, SDG 3 Good Health and Well-being, and SDG 11 Sustainable Cities and Communities, respectively. Furthermore, we are also concerned with SDG 4 Quality Education, SDG 12 Responsible Consumption and Production and environmental protection, therefore we continue to utilize our wide network of channels to create platforms for charity donations.



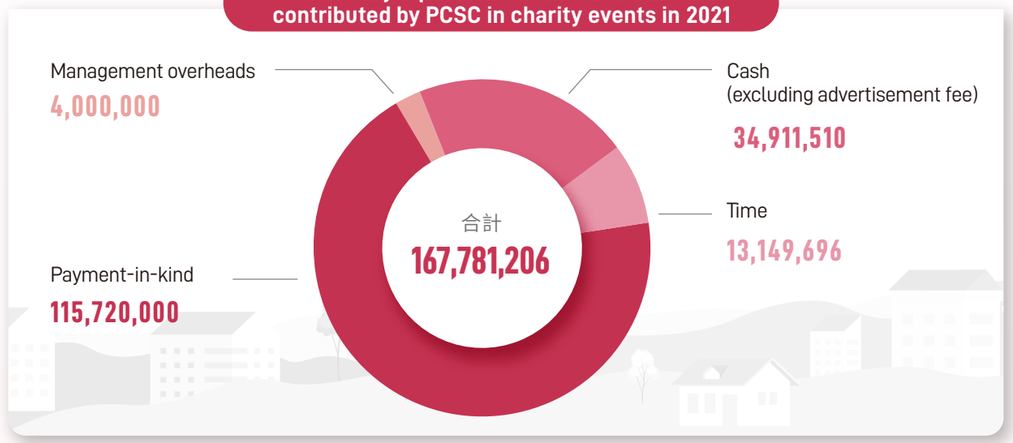
By engaging in community services, donations (money & goods), points donations, and other charitable fundraising, we not only fulfill our goals for promoting public health & education, eliminating hunger, developing communities, and protecting the environment, but also better understand the needs of the community (e.g. nutritional health or local economic development) through our interactions with the public. These can then be transformed into future opportunities to promote sales of healthy, ready-to-eat food products, achieving sustainable development for both charity and economy.

Annual Philanthropic Participation & Contribution

PCSC brought its corporate influence into full play in social welfare and charity events. The monetary equivalent of the amount of time and other contributions that PCSC invested in social welfare and charity in 2021 are shown below.

The monetary equivalent of time and other costs contributed by PCSC in charity events in 2021

(unit: NT$)



Note: Calculations are based on factors such as the number of hours individuals contributed, salary, and the number of events held. Cash contributions include charitable donations of NT$33,801,910, including donations to the Millennium Health Foundation, Taiwan Delica Foods Development Association, and academic organizations as well as grants and scholarships.

5.2 Charity Fundraising

Charitable Donations

• App Online Donation

"Bring Back the Love" charity fundraising platform is the biggest all-round channel for donation in Taiwan. In May 2021, PCSC launched a public welfare innovation called "OPEN POINT APP Charitable Donation" in response to the pandemic, allowing its vast network of members to do good at any time in line with the trend of mobile payment in the era of the pandemic. PCSC also became the pioneer in the retail industry to launch an option for "subscription donation." Consumers only have to complete the setting once to regularly donate a fixed amount of money. In addition, online donations are linked to the accounts of public welfare organizations so that they can directly and quickly benefit from the cash flow to solve urgent needs and use the funds more flexibly. The online app donation feature worked with 9 public welfare organizations, raising a total of nearly NT$5.71 million.

• In-store Cash Donation

We launched the "Bring Back the Love" charity campaign in 1988, setting up over 6,300 in-store donation boxes. We also carefully keep track of and audit donations regularly to ensure that all matters regarding fund transfers and financial accounts are handled with transparency – reassuring the public that their generosity is going to a good cause.

In response to the aging demographic, "care for seniors" was added to our in-store cash donation program starting in 2014. During the pandemic in 2021, we observed that the high-risk elderly felt lonelier during the soft lockdown. In addition to maintaining basic living needs and delaying physical and mental aging, it is also necessary to maintain interpersonal interactions and continuous social participation and contribution. Therefore, Bring Back the Love charity fundraising continued to work with social welfare organizations in promoting the "New Life for the Elderly" that aims at getting more care and reducing a sense of loneliness. The theme of environmental issues was also included for the first time in 2021 through collaboration with NGOs concerned with relevant issues. In addition, PCSC worked with public welfare organizations concentrating on people with disabilities to raise funds (Note 1). In 2021, a total of NT$179 million was raised through in-store cash donation.

(Note 1) In addition to collaborating with public welfare organizations to raise funds, we have further focused on our core retailing competence to create circular economy products with social enterprises and NPOs. Please refer to the paragraph "CHIC Corporate Charity Program" for details.

(Note 2) Click on the link to watch the video clip.

Partner Organizations and Services

1 Quarter NT$47.56 million

- The Society of Wilderness conducts ecological surveys, holds environmental education activities, environmental lectures and trains volunteers.

2 Quarter NT$43.14 million

- The Cerebral Palsy Association of R.O.C. provides vocational training for people with cerebral palsy to create the possibility of finding employment.
- A Kernel of Wheat Foundation delivered and shared meals with the elders, assisting them in repairing their houses and supporting disadvantaged elders to use long-term care services. The goal is giving elders in remote and rural areas the opportunity to enjoy their meals at home and live with peace of mind.
- Sisters of Our Lady of China Catholic Charity Social Welfare Foundation provided customized services from home to community for senior-only households and elderly living alone. Boxes of daily necessities and fresh meals were delivered to disadvantaged families during the pandemic.
- Hondao Senior Citizens Welfare Foundation provided locally-based community care to delay physical and mental aging. The elders were greeted over phone calls, provided with remote courses and online consultations during the pandemic.
- Pingtung Christian Hospital helped remote villages in Pingtung obtain dementia prevention and health care. During the pandemic, the hospital continued to safeguard the physical and mental state of the elders, eliminate loneliness, and reduce the burden on caregivers.

3-4 Quarter NT$88.73 million

Over NT$250 million raised in 2021

ibon Donations

In order to assist more charities with social welfare and more disadvantaged groups, PCSC started accepting donations at ibon machines in 2008, allowing convenient and around-the-clock donations from the public.

After the Taroko Express derailment in April 2021, PCSC initiated emergency fundraising with ibon machines in collaboration with the government at the first time. The overall charity fundraising was made very challenging by the pandemic in May. Therefore, PCSC worked with 5 public welfare organizations to launch the Quintuple Stimulus Voucher Donation Section when the voucher was made available later to boost the economy as well as charity activities, rendering great help to public welfare organizations for the second half of the year. In 2021, PCSC supported 74 public welfare organizations with ibon by raising over NT$250 million, targeting five major issues of concern including environmental protection, eradication of poverty and hunger, health care promotion, employment support for the disadvantaged and reading education.

Shopping Center Donations

Public welfare organizations received less donations in 2021 due to the COVID-19 pandemic. With shopping centers all over Taiwan, PCSC continues to take care of local public welfare organizations. The 50 PCSC shopping centers contacted local public welfare organizations affected by the pandemic by inventorying and purchasing the materials they needed. PCSC donated to a total of 11 organizations working with a wide range of recipients, including those with disabilities, living in remote and rural villages, the elderly, and children. The total value donated reached NT$843,000.

OPEN POINTS Donation

Low-touch economy is the way to the future. Combining charity donations with technology in the digital age can make the process faster and more convenient with more options. We provide two platforms for people to donate points – OPEN POINTs within the OPEN POINT APP, and points from various promotional events – allowing more options for people to do good.

A total of 14.5 million points were collected in 2021, of which 2.5 million were OPEN POINTs, and nearly 12 million points were from various promotional events, equivalent to NT$8.7 million. Most of the points donated went to providing meals and daily necessities for seniors, families, and children in need. A total of 55 organizations received our donation.

Goods Donations

PCSC wants to encourage the public to help disadvantaged families with daily necessities together. Since 2018, we have cooperated with public welfare groups to encourage the public to donate basic people's livelihood materials and festival gift boxes through 7-ELEVEN, such as 1919 meals / New Year's dish / fresh milk / Mid-Autumn Festival gift box / cake for Mother's Day, etc. The channels include the traditional 7-ELEVEN paper preorder catalogues and ibon machines. In 2021, the channels expanded to the digital iPre-order platform, allowing the pledge of items to break through the constraints of time and space, making it much more convenient for customers. In 2021, the value of the items pledged reached NT$36 million, with a total of more than 100,000 sets of items.

Stakeholder Feedback

Ten-ren Wang, Chinese Christian Relief Association

"We experienced the Taroko Express derailment and level 3 of pandemic alert. We are grateful to the partnership with 7-ELEVEN for helping the association as soon as possible, assisting people in need due to the disaster and the pandemic in a timely manner with donated items and funds raised through OPEN POINT. Not only did PCSC respond quickly, but the administrative procedures also worked smoothly."

5.3 Environmental Protection

Circular Economy

Over **10,000** sustainable products sold with over **10,000** participants

• CHIC Corporate Charity Program

PCSC worked with social enterprises and social welfare organizations for the first time. The "CHIC Corporate Charity Program" collaborated with the Cerebral Palsy Association of R.O.C. and social enterprise Story Wear by combining the concepts of the "circular economy of waste" and "employment assistance for families with cerebral palsy patients" to take advantage of the PET bottles and empty milk bottles for the zero-waste design by Story Wear. They are then handed to families with cerebral palsy patients and mothers working for non-profit organizations to sew into "sustainable products" that consumers can purchase in stores all over Taiwan or on the preorder website. This program realizes a circular economy as well as the concepts of environmental protection, plastic reduction and support for the disadvantaged, creating a win-win situation for PCSC, public welfare organizations (disadvantaged families) and social enterprises.

(Note) Please click here to watch the video clip.

Products designed by social enterprise, 7-ELEVEN reverse logistics recycling

7-ELEVEN recycles PET, empty coffee and milk bottles with reverse logistics before entrusting the waste raw materials to Story Wear, a zero-waste fashion social enterprise, for recycling, design and regeneration. In addition, fabrics from waste clothing are collected and incorporated in the products to reduce the waste of scrap fabrics in factories.

Mothers working in non-profit organizations handcraft zero-waste sustainable products

The mothers from families with cerebral palsy patients and other non-profit organizations handcraft sustainable products such as "beverage up carrier" and "denim bag" in their spare time. They can take care of their children with cerebral palsy while crafting products, and the children can also help so that caregivers could care for their families while getting an income.

The products are very eco-friendly. The "LOVE+ & EARTH-Denim Bag" not only uses denim in stock but also incorporating straps made with yarn from recycled PET bottles. The bottom of the bag is also made of recycled milk bottles. In addition, information has been made transparent with information printed on the product so that consumers can learn more about the sustainable process behind the products. The "LOVE+ & EARTH-Cup Carrier" adopts the sustainable method of upcycling to develop a rare zero-waste product that can be recycled in the PET bottle sorting box. The outer packaging of both products is made of "zero waste" recycled milk bottles to reduce the use of single-use plastic.

Public participation in public welfare activities

Consumers can purchase products in 7-ELEVEN stores or on the iPre-order website to help with environmental protection and support the employment of families with cerebral palsy patients.

7-ELEVEN promotes environmental awareness

The Good Neighbor Foundation has newly developed three sustainable handcrafted products for consumers to join the "CHIC Corporate Charity Program", with themes including sorting and recycling, recycling of PET bottles, etc., integrating the journey of PET bottle recycling into creating a picture book that teaches children about recycling. In addition, the 7-ELEVEN Bring Back the Love Facebook fan page also launched the initiative of "Raise Your Hand if You Love the Planet" to promote the public's awareness of environmental protection.

Concrete Program Benefits:

The sales of sustainable products reached NT$**4** million, creating additional income for in-store cash donations (as of July 2021)

Provided employment opportunities for **92** mothers in non-profit organizations, helping nearly 100 disadvantaged families

More than **10,000** consumers responded to the public welfare initiative with more than **10,000** sustainable products sold

Recycling

2,520 kg
PET bottles

2,968 kg
Empty milk bottles (PE) for business

3,400 yards
Scrap denim: 3,400 yards

Stakeholder Feedback

Kai Kai
(cerebral palsy patient)
"I like to remove stitches the most when working with my mom, and I can take the initiative to assist in cleaning. I can also help with simple household chores such as hanging clothes to dry when I get home, which makes me more confident in my ability. I can do something for my family who continues to accompany and take care of me."

Mrs. Wen
(family of a cerebral palsy patient)
"I now have more confidence and hope in my child's future employment potential. Regarding the Maslow's hierarchy of needs in terms of work, the most important element is understanding the motivation of work, cultivating the necessary concept and attitude before building the capabilities."

Ocean and Forest Protection

• Beach & Mountain Cleanup

PCSC's Welfare Committee founded the Love Nature Society in 2016, participating in the Environmental Protection Agency's initiative to adopt and maintain our beautiful coastlines (Zhongjiao Shazhu Bay in Jinshan, and Green Bay and Dingliao Beach in Wanli). Despite the ongoing pandemic in 2021, we only organized 3 beach cleanups with a rough estimate of 600 kilograms of garbage removed at each cleanup (Note). The trash comes from a variety of sources such as illegal littering & dumping, fisheries, recreational activities, household garbage, floating trash, debris from natural disasters, and landfills (marine litter). Although the beaches will never be truly devoid of marine litter, we are committed to restoring our coastlines to its natural beauty and preventing impact on marine life by doing our duties as a citizen and spreading the word to encourage greater participation and awareness.

Note: 30 bags of garbage were collected at each beach cleanup (70-liter EPA garbage bags, excluding bulky trash*). Each bag is estimated to weigh 20 kgs.

In addition to the beach cleanup, the Love Nature Society continued to enhance air quality by adopting trees in 2021. The trees of two schools in Keelung were adopted (Maling Elementary School and Shangren Elementary School), as well as planting 20 bald cypress in Keelung. In addition to beautifying the environment, providing a place for leisure, there are many advantages of planting trees, such as regulating the climate and air, reducing noise, conserving land, and enriching the ecology. We hope to contribute to the society through afforestation.

In addition, the PCSC shopping center has built a deep bond with the Qingjing area, where it has been operating for over 20 years. It joins the mountain-cleaning activity initiated by the Nantou County Government every year. In 2021, the operations manager, supervisors and volunteers of the central region took part in the mountain-cleaning initiative, while the Qingjing and Swiss Garden shopping centers sponsored NT$36,000 for volunteer meals. The mountain cleanup removed 900 kilograms of garbage. We hope to raise the public awareness of environmental protection in mountains and forests through participation and media coverage.

5.4 Good Health & Well-being

Care for Seniors

• What Time Is It? Café

The prevalence rate of dementia among the elderly over 65 is about 3.4% in Taiwan, meaning 1 person out of 12 has dementia. However, studies have found that the general public does not have a correct understanding and awareness of the disease. Coupled with the lack of services for dementia patients and their caregivers, it means that the prevention and care of dementia is an urgent issue. PCSC has recognized that the aging society is an irreversible trend. To this end, it works with the community charity through its wide bases, product ranges and services. Learning from the experience of Europe and Japan, PCSC began to collaborate with social welfare groups such as the Sisters of Our Lady of China Catholic Charity Social Welfare Foundation. The "What Time Is It?" Café initiative was launched in 2017 for elders with dementia to work as senior interns in the stores an hour every week. The store employees help them welcome, set up displays, accept payment and make coffee, turning convenience stores into safe venues for elders with dementia to rehabilitate through daily activities, as well as the best way to highlight the disease for the public.

Over 1,700 elders with dementia have been served as of 2021

A total of 16 stores ran the "What Time Is It?" Café project (Note 1), serving 235 seniors (Note 2) in 2021 and serving an accumulated 1,7o0 seniors as of 2021. The target is reaching 20 stores and serve 1,200 elders in 2022, as well as 32 stores and 1,600 elders in 2025. It is expected that the "What Time Is It?" Café project can delay the deterioration of the symptoms for elderly with dementia, as well as enhancing the public's awareness of the disease and personal health maintenance.

(Note 1) The 16th store started running the project in January 2022 due to the pandemic.
(Note 2) There were fewer people who received the service in 2021 as the program was halted between May and November.
(Note 3) Click on the link to watch the video clip.

Stakeholder Feedback

Hsiao Hsue

"I am glad to have this opportunity to meet Grandma Siou Jhih. Even though I often have to remind her how to do her work, I don't feel tired. Instead, I have the patience to show her. The elderly need company. Even though I know she might not remember me, it is part of both our growth that we learn from each other."

Note: The stakeholder mentioned above is not the people in the picture.

Community Outreach

• Good Neighbor Health Funfest & Good Neighbor Health Classroom

PCSC has long been concerned about the health and well-being of people by focusing on common diseases from the perspective of preventive medicine. Since 2008, the Good Neighbor Foundation has partnered with the Taiwan Millennium Health Foundation to set up the "Millennium Blood Pressure Stations" in selected stores. In the meantime, PCSC organizes health events such as the Good Neighbor Health Funfest and Good Neighbor Health Classroom to raise public health awareness.

The "Millennium Blood Pressure Station" provides self-service blood pressure and waist circumference measurement for the public. It also holds health checkups each year, calling on the public to prevent chronic diseases and metabolic syndrome. In 2021, a total of 1,872 "Good Neighbor Health Funfests" were organized with blood donation and blood pressure measurement for over 20,000 participants. Among them, the Good Neighbor Foundation and Millennium Health Foundation organized a total of 1,425 waist measurement activities in the stores on the "Waist Measurement Day" on August 9 and National Health Day in 2021, as well as enhancing the awareness of metabolic syndrome through online games. PCSC worked with 4 public welfare organizations to launch online funfests in 2021, engaging in health education and health promotion activities on themes such as disease awareness, nutritious meals, medication safety and health exercise in a fun and interactive way, providing the elders and their families with correct health education information.

5.5 Eliminating Hunger

Caring for the Neighborhood

Good Neighbor Meal Delivery Team

The meal pickup and delivery services have served over **15,000** people as of 2021

PCSC stores are located within every county and city in Taiwan, and through our meal delivery service we are able to provide meals to disadvantaged households or seniors. The program also supplied manpower for NGOs over the weekend. Starting from Hualien and Taitung in 2014, we have now expanded to have 43 stores in 10 counties and cities provide services as of 2021, including the outlying island (Green Island).

We called upon our store personnel to deliver meals to seniors who are living alone or have limited mobility. They also monitor these seniors and can report back to non-profit organizations if assistance is needed. Alternatively, financially disadvantaged seniors or households can pick up meals in-store, eliminating hunger and encouraging seniors to walk out of their homes to interact with others. In view of the pandemic at the end of 2020, the meal pickup and delivery services were expanded to cover other materials and generate more benefits. In 2021, We partnered with 4 foundations in 2021, including the Sisters of Our Lady of China Catholic Charity Social Welfare Foundation, Mennonite Social Welfare Foundation, Hondao Senior Citizens Welfare Foundation, A Kernel of Wheat Foundation. A total of 57,591 meals were delivered, up 50% from 2020.

Stakeholder Feedback

Grandpa Huang (service recipient)

"The store meal pickup provided by 7-ELEVEN increases the opportunities for me to go out and interact with people, without worrying about my daily expenses. I can also enjoy different food every day, which relieves a lot of stress in my life!"

Charity Sales in Shopping Centers

PCSC shopping centers open up spaces where customers pass by to provide space for free for charity sales by small local farmers, or for local residents to exchange for agricultural products, helping small local farmers get exposure and increase sales channels. The Taian shopping center held two events in 2021. The "rock potato" event cooked creative dishes with potatoes on the spot, as well as offering potatoes for free for Houli residents who shopped at the shopping center. A total of 480 kilograms of potatoes were purchased from local farmers for a total of NT$12,000, increasing the income for small farmers.

5.6 Sustainable Cities and Communities

Development of Local Industries

Youth Deep Roots Project

The Youth Deep Roots Program has worked on a total of **14** projects with youth groups as of 2021

With 7-ELEVEN stores across Taiwan, we have witnessed the impact of aging populations, low birth rates, and declining local tourism and other industries. Yet some youths are moving to rural areas and starting their own businesses, gathering resources to revitalize local industries and rural communities. Therefore, the PCSC Good Neighbor Foundation started the Youth Deep Roots Project in 2017. In addition to providing funds and resource matchmaking, we invite relevant experts to mentor and assist these young entrepreneurs.

PCSC Good Neighbor Foundation discovered that these young entrepreneurs did not lack the innovation or ability to grow their business, but rather a space for them to showcase their achievements and integrate them into the market. Therefore, PCSC is collaborating with these young entrepreneurs to provide a platform for performances, exhibitions, and exchange of ideas. Our OPEN! Youth Funfest program brings together resources from the local community. The Youth Deep Roots Project allows youth groups to share the resources of PCSC channels (display in physical stores and online sales through MyShip), as well as providing the stores as the space for youth groups to hold promotional activities of agri-food/fish-based diet education and local culture, turning PCSC into the best partner in local placemaking. Working hand in hand with more youth returning home to revitalize their hometowns will improve PCSC's local procurement and create a win-win-win situation for the enterprise, environment and society through local industry development, local procurement and local marketing in the long run. In 2021, PCSC worked with youth groups on 7 projects, doubling that in 2020. The youth groups organized a total of 131 activities promoting agri-food/fish-based diet education and local culture with about 3,200 people participating. In 2022, the goal is collaborating 7 projects together with youth groups, with a total of 34 by 2025 (counting from 2018).

(Note) Click here for more program details.

2021 Programs and Achievement

Goldfish Space. Neighborhood in Yilan: Passing on Local Culture and Stories

"Goldfish Space. Neighborhood" connects local people, land and production with the spirit of "good neighbor" to explore the characteristics of local towns. In conjunction with the workshops held by local artists in Toucheng, "OPEN! Youth Funfest Club – Toucheng Craftsman Experience" was launched, having artists guide the public to create and learn, as well as discovering about local craftsmen and history. A total of 11 sessions were held in 2021 with 306 participants. In addition, the PCSC helped the Yilan cross-township youth entrepreneurship team to highlight the uniqueness of products in Yilan stores with the resources of the Yilan Youth Entrepreneurship Accelerator.

Tri-Small Market in Yunlin: Agri-food Education

Tri-Small Market acts as the bridge of communication between producers and consumers by building a brand worthy of consumers' trust. This allows producers to concentrate on farming, earn a reasonable income, and transform into friendly farming, so that local agriculture and land can be managed sustainably. In the meantime, the stories of local Yunlin food ingredients and producers are shared in depth through agri-food education, creating a different relationship between producers and consumers. In 2021, a total of 12 "OPEN! Youth Funfest – Getting to Know Pineapples and in Search of Local Wheat" sessions were held for 366 people to help people get familiar with pineapples and local wheat.

Taiwan Dou in Sanxia: Sharing the Vision of Good local Food

Taiwan Dou has developed a stable business model by combining the concept of social enterprise with the domestic soybeans grown by returning young farmers. This time, local PCSC stores worked with Taiwan Dou to hold the "OPEN! Youth Funfest - Captain Bean's Mission" event to allow busy urbanites to experience a leisurely pace in the stores through videos, food lab and daily menu for office workers based on the theme of tasting the beauty of the land at 7-ELEVEN. The event also raised the public's awareness and attention to local good food and social enterprises. A total of 28 sessions were held in 2021 with 573 participants.

Stakeholder Feedback

Goldfish Space. Neighborhood (youth group)

"This project enables the team to collaborate with local 7-ELEVEN stores, connect more local residents through the activities and put the products of the youth entrepreneurship team on the shelf of 7-ELEVEN stores. As the pandemic reduced the number of people in physical stores, the Goldfish team also placed the products on the 7-ELEVEN MyShip platform. This allows the consumers to purchase online with positive feedback."

5.7 Quality Education

Over **120,000** people have taken advantage of the Sustainable DIY materials as of 2021

Foundation in Sustainability

Sustainability Funfest

The Good Neighbor Funfests began in 2009 and focuses on community outreach through four major themes such as parent-child interaction. Interactive events like Mini Store Manager allows children to experience what it's like to be a store manager, and helps them develop autonomy, interpersonal relationships and other key abilities. During the pandemic in 2020, many real-life events were halted, including Good Neighbor Funfests. As PCSC became aware that the pandemic was not short-lived, it took the initiative to create the Good Neighbor O2O (online to offline) Funfests in May through inter-departmental communications and systematic organization. By integrating the offline and online aspects of Good Neighbor Foundation events in stores all over Taiwan, we have been able to continue to host the events. Even though the pandemic worsened in 2021, PCSC still managed to hold nearly 10,000 Good Neighbor Funfest events with nearly 70,000 attendances.

PCSC has also observed the importance as well as scarcity of sustainable education and teaching materials. To this end, it has launched nearly 20 self-made materials since 2020 (10 in 2021), transforming knowledge on environmental protection, food safety, health and public welfare into easy-to-understand materials. Besides downloading the materials from the Good Neighbor Foundation website, they can be printed directly through ibon. In 2021, a total of 75,000 people took advantage of the variety of DIY materials, with cumulative over 120,000 people as of 2021. The Good Neighbor Funfest was updated through themed events as a platform for conveying knowledge in sustainability.

(Note) Click here to watch the video clip.

Stakeholder Feedback

Participating parent

"The game is great as it benefits both children and adults."

Youth Deep Roots in Sustainability Project

PCSC actively responds to the goal of SDG 4, Quality Education, by focusing on the sustainable empowerment of new generation talents and consumers. PCSC launched the Youth Deep Roots in Sustainability Project in 2020 by promoting SDG topics at colleges/universities. The "Deep Roots in Sustainability – SDG Empowerment Workshop" was organized to enhance the awareness of sustainability for the youth, as well as sharing the sustainability projects such as the PCSC's business philosophy, sustainability plan of production and sales, diversified fundraising platform and the Youth Deep Roots Program. As of 2021, PCSC has worked with a total of 15 colleges and universities, including the International College of Innovation of National Chengchi University, China Medical University, Yunus Social Business Centre, National Central University, etc., hoping to allow the younger generation to demonstrate their power through getting knowledge of topics in sustainability, thinking and taking actions.

SDGs Creative Challenge

PCSC joined hands with the Ministry of Transportation and Communications, as well as the British Office in Taiwan to display 36 selected works of Taiwanese students in the Global SDGs Creative Challenge at the Taian shopping center, responding to the 17 SDGs of the United Nations. For example, a device that reminds the elders to take medicine was created in response of SDG 3 Good Health and Well-being. The device was inspired by the elders who often forget whether they have already taken their medicine or even take the wrong medicine. It is designed like a game console with buttons, light, and music. In addition to being a fun device, it has the important function of reminding them to take medicine. It is expected that the competition would allow the students to engage in creative thinking and practice of SDGs topics, and that these topics would be known by more people through the exhibition.

Sustainable Communities

The PCSC Charity Community (7-ELEVEN Bring Back the Love Facebook fan page, Instagram account and the LINE account of the PCSC Good Neighbor Foundation) transformed from charity communities to ESG communities. In addition to disclosing sustainable information, it is also expected to enhance the public's awareness and actions on sustainability education.

In 2021, the digital and real-life exhibitions of "My Sustainability, Your Daily Life" were held with the hope of encouraging the consumers to take actions for sustainability in their daily lives. The digital exhibition told consumers how to practice sustainability in their lives with simple illustrations. The real-life events combined specialty coffee and freshly-brewed tea to communicate with consumers about bringing their own cups to reduce plastic, donate change, make online donations and purchase products with Rainforest Alliance certification and sustainability certification to promote PCSC's vision.

PCSC also connected with the media that has been working on sustainability for many years, as well as social enterprises and public welfare groups to call on the general public, hoping to expand the influence of sustainability. In 2021, the 7-ELEVEN ESG community reached more than 30 million people (Note).

Note: The number does not include the number of followers in the Good Neighbor Foundation's LINE account.

Reading Encouragement

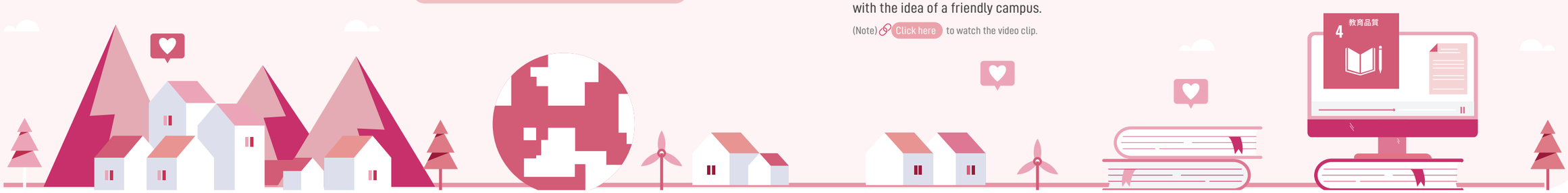
Reading Encouragement Program

Over 20% of Taiwan's rural elementary schools have no budget allocated for purchasing books and 90% need external help to promote reading according to the survey*. In alignment with SDG 4 "Quality Education", the Good Neighbor Foundation instituted a reading encouragement program that encourages children in rural elementary schools to read in 2014. The read-for-points system motivates children to read. A total of 97 schools and reading classes located in Yunlin, Chaiyi, Taitung, Lanyu and Kinmen received support in 2021, encouraging over 6,000 children to read, as well as engaging in sustainability education by providing free sustainability teaching plans.

Note: According to the results of 2016 Survey of Reading Habits and Resources in Elementary Schools conducted by the Good Neighbor Foundation across the six major cities and in rural communities.

In the summer of 2021, the "Good Neighbor Reading Program Essay Contest" was launched to encourage children to read and write during the pandemic. The contest was mainly opened to children who went to school and reading classes with the reading encouragement program. A total of 224 children submitted their entries in 3 months with 302 essays. The best-selling author of the Golden Tripod Award for children's books, Wang Wenhua, was invited to judge, selecting a total of 20 winning works in 2 groups. In addition, PCSC engaged in cross-domain collaborations, such as working with Coca-Cola and the Child Welfare League Foundation to incorporate the anti-bullying program into the schools with the reading encouragement program. The illustrated stories, relevant teaching materials and online courses were adopted to influence over 6,000 children with the idea of a friendly campus.

(Note) Click here to watch the video clip.



CH 06

Creating a Sustainable Planet

Contribution towards UN SDGs

Reduced **6,467.4** tons

iLove Food reduced food waste by 6,467.4 metric tons in 2021

Reduced **117.06** tons

The amount of plastics used in packaging materials reduced by 1.2% compared to 2020 with a total of 117.06 metric tons

Reduced **1.4%**

Scope 1 and Scope 2 emissions reduced by 1.4% in 2021 compared to 2020

Reduced **3%**

The EUI in the stores was reduced by 3% compared with 2020

Corresponding Material Topics

Climate Change
Packaging Material Management
Food Waste and Waste Management

Corresponding Stakeholders

Suppliers
Employees
Franchisees
NGOs
Government Agencies
Local Communities

- Objectives
- Policies
- Dedicated Units
- Action Plans
- Grievance Mechanisms

At present, various environmental issues such as climate change, plastic pollution, food waste and scarcity of resources are closely related to sustainable corporate operations. Effectively adopting green operations, optimizing resource efficiency, and realizing environmental sustainability are important parts in PCSC's overall operating value chain. As the leader in convenience stores, we hope to strike a balance between convenience and environmental impact by being committed to reducing the negative impact of plastics, food waste and waste in our operations, as well as actively improving our ability to address climate change issues.

- Environmental Policy
- Energy Policy
- GHG Policy
- Packaging Material Management

- Carbon Reduction Task Force (Energy conservation and carbon reduction actions for stores, headquarters building and affiliated logistics companies)
- Plastic Reduction Task Force (plastic reduction measures for store supplies and fresh food manufacturers)
- Food Waste Management Task Force (food waste reduction and management)
- Operation Planning Department (store waste management), Administration Team (waste management for the headquarters building), Logistics Planning Team (store recycling management through reverse logistics), Engineering Technology Department (refurbishment and reuse of store equipment)

- Inventory and management of environmental information (GHG inventory, packaging material data, waste removal and food waste tracking)
- Energy-saving and carbon reduction actions for own operations and value chain energy
- Planning and execution of plastic reduction actions (single-use plastic reduction, expansion of recycling mechanism, circular economy cooperation)
- Food waste management (reduce the scrap rate of fresh food, improve the management mechanism of the manufacturers, improve the recovery rate of food waste, iLove Food measures)
- 3R's of waste management (setting up a convenient recycling platform in stores, refurbishment and reuse of store equipment)

Hotline (0800-008-711)
Email (public@mail.7-11.com.tw) of the Integrated Service Center

6.1 Environmental Management

Policy and Commitment

To realize the vision of green operations, PCSC has formulated "Environmental Policy", "Energy Policy", and "GHG Policy" as the guiding principles for the Group's actions on environmental issues. Short-, medium- and long-term targets have been set based on this foundation (please refer to 1.5 Process Management of Sustainable Targets for details) to incorporate the concept of environmental sustainability into all aspects of the value chain. 2021 was declared as the "Year One of Sustainability" for PCSC to expand plastic reduction, carbon reduction, and food waste reduction strategies and realize sustainability in our operations and business model, making green consumption a part of daily life.

• Environmental Policy

PCSC is dedicated to becoming the best retailer, providing the most convenient lifestyle services, and fulfilling our responsibilities as a corporate citizen. To this end, four task forces of "Plastic Reduction," "Carbon Reduction," "Food Waste Reduction" and "Sustainable Procurement" under the Environmental Group of the Sustainable Development Committee have been organized to take charge of ESG policies, systems, or management approaches, as well as proposing and formulating concrete action plans regarding various environmental aspects. Our commitments are as follows:

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

• Energy Policy

As we strive to meet customer needs, we have made energy conservation and carbon reduction actions a core value of our business strategy. We use our stores as a base for energy conservation and carbon reduction by maximizing our retail channel's advantages. We also exert our influence through the benefits of energy conservation.

Our Commitments

We comply with the government's energy laws and regulations and continue to make energy improvements.

We expand stores with energy saving designs and develop and sell energy-efficient products.

We optimize our energy use to achieve sustainable corporate development.

• GHG Policy

As a member of the global village, PCSC lays great emphasis on the use of energy and resources, as well as the environmental impacts. To fulfill our corporate responsibilities, we control and manage GHG emissions. We further promote energy-saving and carbon-reduction plans based on the result of the inventory, with a view to reducing GHG emissions and contributing to the environment.

Communications and Incentives

PCSC shares ideas with store employees by integrating policy with practice through a variety of campaigns, online courses and education and training, helping each employee incorporate environmental management in their daily lives. PCSC launched a digital course on plastic reduction in April 2021, helping employees and franchisees understand PCSC's sustainable action plans with a total of 15,735 participants. In 2021, a total of 34,218 attendance reached for store employees completed the campaigns and courses in environmental protection. The participants include employees of directly operated stores and franchisees with a total of 12,385 hours.

Environmental Protection Campaigns or Courses in 2021

To encourage employees to actively manage energy use in stores, PCSC has formulated an energy conservation incentive scheme for stores, which incorporates the effectiveness of demand charge management of newly opened and renovated stores, power consumption management of existing stores, and energy conservation improvements into individual, store and regional engineering performance appraisal items. Rewards are given to those who spot abnormality in store electricity bills. Since 2020, store energy saving has become a regional engineering evaluation item. The top 3 stores from each quarter received a group bonus of NT$1,000, with a total of NT$12,000 handed out in 2021. Additionally, a bonus of NT$4,400 is given for recovery of abnormal electricity charges in stores. By the end of 2021, we have handed out a total of NT$24,000 in group bonus for regional engineering evaluation and a total of NT$9,845 in individual bonus for recovered abnormal electricity charges.

In addition to internal store staff training, PCSC continues to launch various sustainable initiatives to integrate sustainable actions into consumer behaviors. This includes not offering disposable cutlery in the stores, recycling plastic packaging for discount, cash back for trading in waste batteries and electronic appliances, double points for plastic reduction products and so forth. In addition, we integrate the "Good Neighbors O2O Funfest" with raising environmental awareness and teach children about recycling, extending plastic reduction actions from 7-ELEVEN stores to everyone's home. To this end, several online activities have been organized, including the "Super Positive Quotes," "Raise Your Hand if You Love the Earth" social media campaign with the hopes of encouraging consumers of all ages to support eco-friendly actions through various channels such as stores, online and offline, making sustainability a part of everyone's daily life.

Water Resource Management

Water supply and quality have a direct or indirect impact on the business model of chain convenience stores regarding the products and services we provide to consumers. Especially in areas where water resources are scarce, PCSC attaches great importance to mitigating the impact of the operations on the local water resources in its overall operating value chain. All operating sites of PCSC use tap water. Besides freshly prepared beverages, store cleaning consumes the largest share of water. In the future, the stores plan to reuse RO (reverse osmosis) residual water. The residual water wasted in the RO filtration process will be taken out from the drainage pipeline and connected to the water tower, which can be used for the faucet, building cleaning and bathroom flushing.

After analyzing the correlation between operating activities and water consumption of stores, we deducted the water used for beverages as the base for managing store water consumption. Taking 2019 as the base year, PCSC promises to reduce the water consumption of each store by 1% (after deducting the water used to freshly prepared beverages). By 2025, the water consumption should be reduced by 5% compared to the base year. The average water consumption per store in 2021 was 368 (unit/number of stores), a decrease of 18.3% compared with the base year. In addition to PCSC's attempt of reducing in-store water consumption, the amount was drastically reduced as some stores were closed from 7 to 100 days in 2021 due to the pandemic. In the future, we will continue to track the changes in water consumption as a reference for future target setting and water management.

Although the headquarters building accounts for a relatively small amount of water consumption, we set an example by closely monitoring the annual water consumption as an internal management metric, as well as reducing water consumption through water-saving actions. For example, we introduced a device to reduce the amount of water coming out of the taps in restrooms and coffee rooms, as well as installing water-saving devices at the urinals, adjusting the optimal water output of the toilets, reducing the frequency of sprinklers and so on.

6.2 Packaging Material Management

Policy and Commitments

Plastic reduction has become a trend in recent years. Although the global plastic reduction agenda has been delayed due to the global pandemic, the stakeholders remain concerned with the issue. Since plastic is one of the most common choices among packaging materials in retail industry with its durability and low costs of plastic, the society has been closely examined the use of plastics in packaging and packaging materials at supermarkets, convenience stores and hypermarkets that are closely related to everyday lives. To consolidate sustainable operations, we hope to achieve a balance between convenience and environmental impacts by committing to reducing plastic pollution in our own operations. In 2020, PCSC officially set up the Plastic Reduction Task Force, while formulating a series of management policies for the packaging materials of private-label products. This sets up a top-down plastic-reduction and environmental-friendly business model, starting from our private-label and combining various operational strategies for products, services, logistics and e-commerce, in order to achieve the vision of eliminating single-use plastic in its operations by 2050. For detailed plastic reduction schedule and the 2021 progress, please refer to 1.5 Process Management of Sustainable Targets.

- The procurement of eco-friendly, certified packaging materials and lightweight packaging should be prioritized in consideration of environmental and ecology protection, while achieving sustainable operations. A target for packaging reduction for private-label products has also been set.
- To reduce the amount of single-use plastic at the source, as well as encouraging the consumers to use more reusable packaging materials (or containers), the stores do not voluntarily provide customers with straws. A reward is also given for consumers who use their own cups for freshly prepared drinks.
- FSC certified packaging materials has been introduced to refrigerated beverages, with the proportion increasing year by year.
- The packaging materials such as cup sleeves and cup holders for freshly prepared drinks partially adopt recycled materials.
- PCSC has set up Plastic Reduction Task Force as an internal cross-functional team to consolidate the company's efforts in plastic reduction. By combining the power of internal employees and external suppliers, Plastic Reduction Task Force promotes packaging plastic reduction strategies, objectives, and action plans, while holding regular meetings to ensure the progress of each objective. The task force consumes about NT$2.5 million each year in manpower and testing resources, such as task force operations, R&D, testing costs in manpower and raw materials.

Plastic Reduction Task Force	Missions
Coffee Division	Packaging reduction for freshly prepared beverages, introduction of reusable cups
Fresh Food Division	Fresh food packaging
Product Division	Development and positioning of own-brand products, cost management of packaging materials and raw materials
Supply Chain Management Division	Collaboration and communications with own brand suppliers, development of alternative materials
Operations Division	Optimize the in-store recycling mechanism and build store employees' awareness of plastic reduction
Procurement Division	Procurement of store supplies and development of alternative materials
Public Affairs Division	Internal and external communications
Human Resources Division	Plastic reduction education and training

Statistics of Packaging Material Consumption

PCSC divides plastic packaging and packaging materials into reusable plastics, compostable or degradable plastics or recyclable plastics, and single-use plastics, before calculating the amount of plastic used in each stage and aspect from the two dimensions of product life cycle and types of services. The results are used for performance review and goal tracking, as well as formulating the corresponding plastic reduction action plans. The total consumption of plastics for packaging materials in 2021 was 9,921.42 metric tons, a decrease of 1.2% compared with 2020, of which the proportion of single-use plastics was 20.9%. We will continue to reduce the consumption of single-use plastics, moving towards the target of consuming less than 20% of single-use plastic by 2023.

Reusable plastics	Packaging that can be refilled or reused for the same purpose without ancillary products
Compostable/ degradable plastics	Compostable and technically recyclable plastic packaging has been developed
Recyclable plastics	Recyclable plastics as defined by the EPA (Note 1)
Single-use plastics	Plastics that cannot be recycled, composted/ decomposed or reused (Note 2)

Note 1: The EPA defines recyclable plastics as PET, PVC, PE, PP, PS, unexpansible PS and others. If the material itself is recyclable without having obtained the recycling label from the EPA, or if it cannot be properly recycled in the current waste disposal system, it is not considered as recyclable.

Note 2: Even if the garbage bags in the stores are made of recycled materials, they are still considered as disposable.

Statistics of Packaging Material Consumption in Each Life Cycle Stage for Private-Label in 2021 (Note)

	Manufacturing and Production	Supplier/ Manufacturer	Logistics Delivery to Stores	Store Sales and Services	Total weight of packaging materials (metric tons)
Description	● Fresh food packaging, freshly prepared beverage supplies ▲ Coffee beans/ tea packaging, iseLect beer	● Fresh food sealing film ■ Box packaging	■ Delivery cartons ● Shipping film	● Store supplies, such as shopping bags, cutlery, delivery/store packaging, store garbage bags, etc. ■ Online shopping center distribution cartons, delivery boxes, fresh food cartons, paper bowls and store supplies	
Single-use plastic (metric tons)	522.12	–	17.92	1,530.32	2,070.36
Recyclable plastic (metric tons)	638.82	4,490.35	–	1,503.32	6,632.49
Reusable plastic (metric tons)	–	–	–	481.30	481.30
Compostable/ degradable plastic (metric tons)	105.05	–	–	632.23	737.27
Percentage of single-use plastic in all plastics (%)	5.3%	0%	0.2%	15.4%	20.9%
Paper/wood (metric tons)	256.54	2,208.63	332.82	5,496.63	8,294.62
Metal (metric tons)	194.69	–	–	–	194.69

Note 1: The scope of statistics includes the packaging of the private-label products of PCSC, the supplies sold and serviced in the store (in addition to the outer packaging of the supplies, the materials used for the supplies themselves) and the packaging used for logistics and distribution. The statistics of plastic packaging materials cover 96.84% of own-brand products; the statistics of non-plastic packaging materials cover 100% of private-label products.

Note 2: The inventory of paper/wood includes the statistics of general cartons, paper containers with coating, as well as materials for cutlery packaging and content for store supplies.

Plastic Reduction Management Actions

PCSC engages in three aspects to reduce plastic, including "reduction at the source," "innovative packaging" and "encouraging customers to bring their own containers." We actively partner with suppliers to develop innovative packaging materials to reduce the consumption of single-use plastic from private-label products and services, as well as encouraging the reduction of disposable containers by providing with discounts. In 2021, the "cup on loan" model has been introduced through cross-industry collaboration, hoping to create a win-win situation with the environment while providing convenient services.

Weight Reduction for Single-use Plastic

● Plastic Reduction for Product Packaging

We are committed to reducing the burden on the earth from product packaging. To this end, we have introduced the PLA material to coffee cups, changed the lid to PET material, and introduced PP material on microwave fresh food containers in 2019, hoping to reduce environmental impact with recyclable and degradable plastics. In recent years, we have worked with suppliers to conceive how to remove, reduce or replace plastics in packaging materials from the source. To this end, we continue to promote the "Packaging Weight Reduction Program" without affecting packaging safety, quality and convenience. We have been adjusting the packaging design and developed a lightweight packaging material with a reduced packaging thickness while remaining a stable structure to reduce the amount of plastic used in fresh food packaging. For example, the thickness of stewed rice and cold noodle packaging boxes has been redesigned to reduce an average of 3%, and the packaging for hot dog buns has been reduced by 80%. Cartons have also been introduced to light meal packaging. The amount of plastic used in the packaging of fresh food products reduced by 293 metric tons in 2021 compared to 2020. In addition, we also worked with Uni-President Enterprises Corporation to develop the first label-free bottled water in Taiwan, which facilitates the recycling process.

● Plastic Reduction for Store Services

To reduce the use of plastics, we have started replacing the containers for freshly-prepared beverages with paper cups in 2019. Since 2020, the stores stopped voluntarily providing plastic straws. In 2021, we launched lightweight shopping bags and eco-friendly reusable shopping bags, while encouraging consumers to bring their own shopping bags through the Open Point campaign. In addition, we have also implemented plastic reduction measures within our scope of operations. From May 2021, all garbage bags in the stores have been replaced with 100% recyclable materials.

● Packaging Recycling and Reduction for E-commerce Orders

We are also actively promoting the reduction of packaging materials for the pickups and shipping of "MyShip" goods. Not only do we reduce the weight of the packaging materials for shipping bags, but we also developed degradable materials in 2021. Self-adhesive label has been adopted to replace the document holder, reducing unnecessary plastic consumption. In 2021, the number of document holders was reduced by about 79.78%. We started working with the social enterprise PackAge+ in 2021 to launch recyclable packaging for e-commerce orders. The consumers are encouraged to return the recyclable packaging to the 29 designated stores, reducing the consumption of resources. Please refer to the Sustainability Column-Further Actions on Plastic Reduction for details.

Expansion of the Recycling Mechanism

PCSC pioneered in introducing automatic recycling machines to stores and motivates people for recycling PET bottles by providing OPEN POINT points. The pilot program was launched at Chang Chuan and Hsin Yang stores in 2020. The Chang Chuan store recycled over 30,000 bottles in one month, with the average growing by 5,000 bottles each month. As the pilot program saw great success, PCSC installed 10 PET bottle recycling machines in 2021, recycling a total of 704,857 bottles in the year. PCSC will continue to expand the PET bottle recycling machine to different stores, as well as working with the local Department of Environmental Protection to introduce the new-generation recycling machine (ECOCO Smart Recycling Machine) to allow more items to be recycled, upgrading the recycling mechanism and performance.

Reducing Disposable Containers – Bring Your Own Cups and Cups on Loan

Reuse is the fundamental measure of reducing the amount at the source. PCSC encourages consumers to contribute to environmental protection by providing cups on loan, cups for on-the-spot consumption, and a discount for consumers who bring their own cups. To track the performance of bring-your-own-cups, we further set a target for cups brought by consumers reaching 10% in 2021. In 2021, the actual percentage of cups brought by consumers was 6.5%. Although there was a 27% growth compared with 5.1% in 2020, the target was not met as the stores halted the program due to the pandemic for the first half of the year. After the soft lockdown ended, more people brought their own cups. We also continued to offer an NT$5 discount on the first of each month in comparison to NT$3. The larger discount increased the percentage of cups consumers brought to 28%. We will continue to promote the program to encourage the consumption behavior of reuse through offering consumer incentives.

In addition to bring-your-own-cup, we also provide the option of cups on loan and cups for on-the-spot consumption to allow consumers to practice green actions without sacrificing convenience. Since 2020, PCSC has been working with the social enterprise Good to Go to launch the Cup on Loan program. For the moment, the program is available at 9 stores located in Taipei, Taoyuan and Tainan, and we expect to expand it to 500 stores in 2022. Customers can rent eco-friendly cups from the machine next to the counter with a simple and fast procedure. The same discount for bringing your own cup is offered to this program as well. The cups are returned to the machine for Good to Go to be collected, cleaned, delivered, and reused afterwards to reduce the consumption of disposable cups. In 2021, cups on loan accounted for 15% of the cups brought by consumers, reducing a total of 1,657 disposable beverage cups. In the future, we plan to expand the reusable business model to motivate the consumers to use eco-friendly cups, as well as accelerating our target of plastic reduction.

Public Welfare Combined with Circular Economy for a Win-Win Situation

PCSC not only fights plastic reduction on its own, but also aims at combining public welfare to expand its influence and drive circular economy. In 2021, we launched a series of recycled products with non-profit organizations and social enterprises by entrusting the PET bottles and milk bottles recycled by PCSC to Story Wear for designing and manufacturing. We further partnered with the Cerebral Palsy Association of R.O.C. for mothers of children with cerebral palsy and seamstresses returning to the workplace to handcraft into denim drink carrier and newsboy bags, realizing the ideal of "cradle to cradle." When this product needs to be recycled at the end, it is 100% recyclable and can be remade into a brand-new product. We look forward to creating a win-win situation that allows consumers to contribute to environmental protection and public welfare. Not only does the initiative assist local disadvantaged groups, but it also reduces waste.

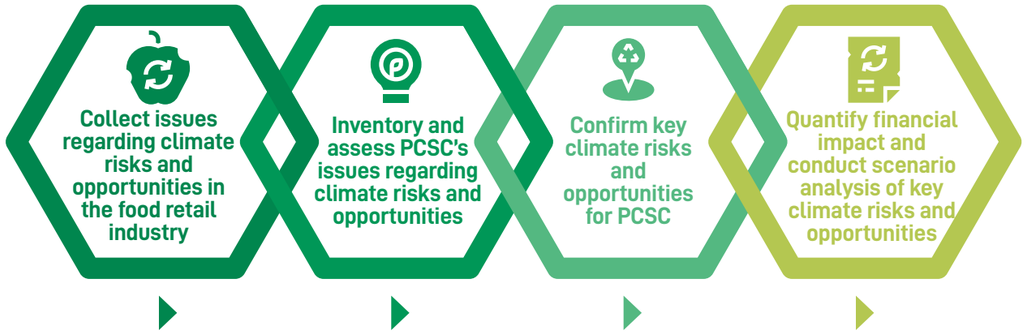
6.3 Mitigation and Adaptation for Climate Change

Climate Governance

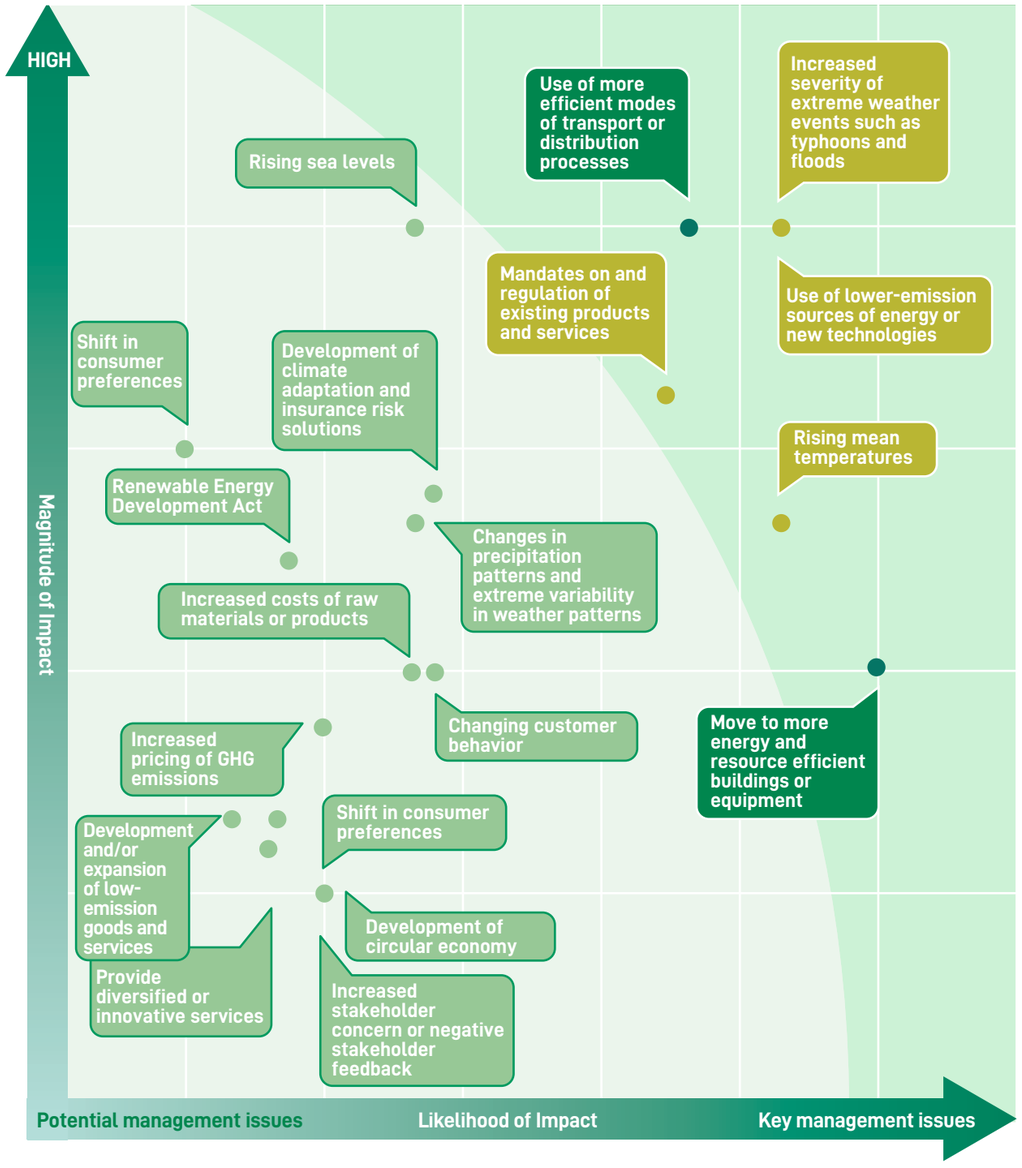
PCSC's governance structure of climate change issues has the Board of Directors as the highest governing body. The management and control mechanism of relevant issues is built under the Sustainable Development Committee, with the working group in charge of issue management and risk assessment, and the Committee reporting the management and implementation of the issues to the Board of Directors on a regular basis. PCSC set up the Carbon Reduction Task Force in 2021 as the organization dedicated to assessing and managing climate change risks and issues. This group is convened by the Secretary-General of the Sustainable Development Committee, with task forces specific to each department's functions. Please refer to the Sustainability Column – "Transition to Low-Carbon Operations" and "1.2 Sustainable Development Committee" for more details.

Assessment for Climate Risks and Opportunities

To understand the impact of climate change issues on the operations of PCSC, we have sorted out and assessed 6 major climate risks and opportunities according to the following procedures in 2020. In 2021, we further conducted scenario analysis and the financial impact quantification on three key climate risk and opportunity issues.



PCSC Climate Risks and Opportunities



(For a detailed description of the assessment of the 6 key climate risks and opportunities, please refer to PCSC's 2020 CSR Report - Response and Management of Key Climate Risks and Opportunities)

Key Issue I: Physical Risks

In view of the physical risks of "increased severity of extreme weather events such as typhoons, floods and snowfall," the probability of flooding, equipment damage, power and water outages in PCSC stores may increase with an impact on store operations. We evaluate the risk of flooding in the middle of this century (2050) for all stores in Taiwan under different climatic scenarios.

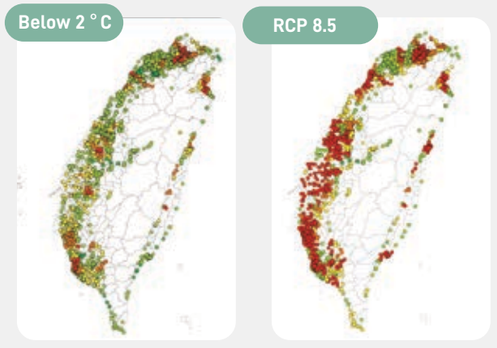
Selected Scenarios, Parameters and Assumptions

1. Below 2°C scenario: According to the level of flood risks of the National Science and Technology Center for Disaster Reduction (NCDR) during the base period (1976-2005), assuming that the temperature increase does not exceed 2°C by the end of this century, the climate and environment will remain the same as the current situation, we assess the risk level of flooding in stores in the middle of the century, and evaluate the financial impact of flooding of such stores.
2. RCP 8.5 Scenario: According NCDR's future projection of the level of flood risks (2036-2065) in the RCP 8.5 scenario, the level of flood risks and the financial impact of flooding in such stores are evaluated in the middle of the century (2050) under the high warming trend.

Methods and Results

1. Comparing the locations of all stores in Taiwan in 2021 with the NCDR risk classification, the number of stores with high flood risks (level 5):
   - Below 2° C: 26.7% of total stores in 2021
   - RCP 8.5: 63.9% of total stores in 2021
2. Based on past experiences and assuming that when a store in a high-risk area encounters flooding, the store will not be able to operate and with damage to store equipment, the estimated cost from a drop in revenue and increase in equipment repair costs in the middle of the century is approximately:
   - Below 2° C: The financial impact of potential flooding in the middle of the century will affect the revenue by about 0.04%
   - RCP 8.5: The financial impact of potential flooding in the middle of the century will affect the revenue by about 0.1%

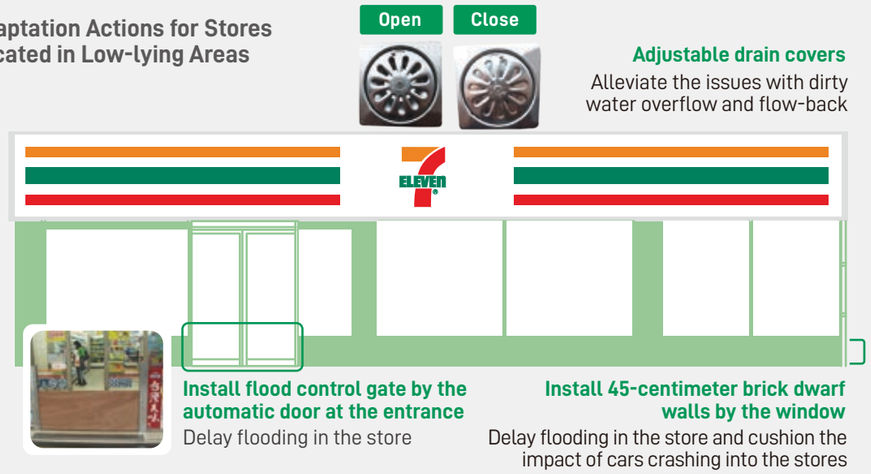
Flood risk map of all PCSC stores in Taiwan



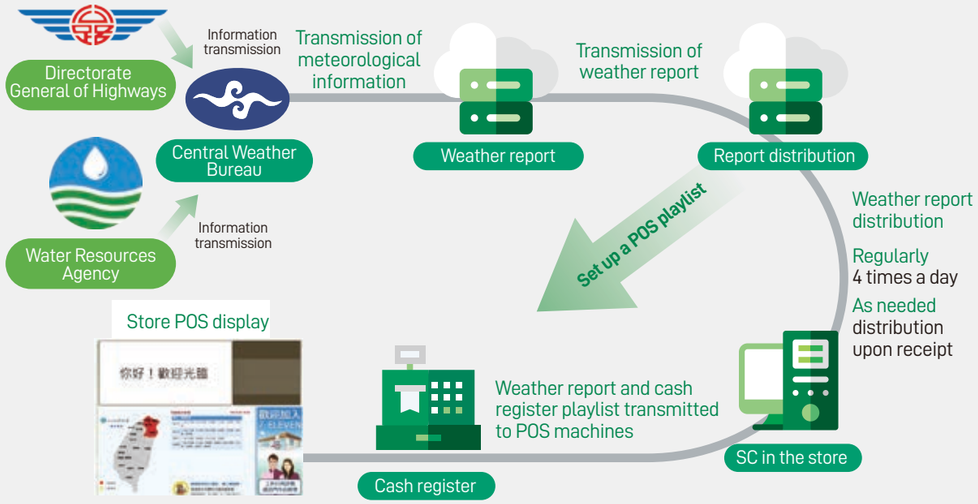
Adaptation/ Management Strategies:

To reduce the impact of flood risks on stores, PCSC has formulated the "Construction Specifications for Flood Control Gates and Dwarf Walls in the Stores Located in Low-lying Areas" and the "Weather Information Distribution System" to immediately notify the stores of the weather and issue flood warnings, so as to reduce the risks caused by flooding. In addition, to reduce the losses caused by flooding in the stores, PCSC has formulated emergency response procedures for risks, standardized the logistics and distribution contingency mechanism, and purchased property insurance against natural disasters for the stores to reduce the financial impact of losses.

Adaptation Actions for Stores Located in Low-lying Areas



Schematic Diagram of Weather Information Distribution System



Key Issue II: Transitional Risks

Considering that the Environmental Protection Administration amended the Climate Change Adaptation Act , it is expected that carbon fees will be charged for large carbon emitters in 2024. Although the act has not been extended to the residential and commercial sectors at this stage, with the government's net zero emission policy, PCSC has a high probability of being included in the carbon fee regulations in the future. To understand the potential impact in advance, PCSC assesses the potential financial impact under different scenarios in 2025 if PCSC is charged the carbon fee in the future.

Selected Scenarios, Parameters and Assumptions

1. **Net-Zero scenario:** According to *Carbon Pricing Options for Taiwan* (2020), an outsourced research report by Taiwan's Environmental Protection Administration, it is recommended that the carbon fee of US$52 is charged per metric ton of CO_2e in 2025 to achieve net zero emissions in 2050.
2. **Nationally Determined Contributions (NDC):** According to *Carbon Pricing Options for Taiwan* (2020), an outsourced research report by the Taiwan Environmental Protection Administration, it is recommended that the carbon fee of US$10 is charged per metric ton of CO_2e starting in 2021 with a 10% increase each year. By 2025, the carbon fee will reach US$14.6 per metric ton of CO_2e in 2025.

Methods and Results

1. Based on the GHG emissions of PCSC in 2021 and potential future growth, the emissions in 2025 is estimated without imposing control measures in the BAU scenario.
2. The GHG emissions in 2025 is estimated in the BAU scenario with the carbon fees under different scenarios applied. The additional costs that may be charged are approximately as follows:
   - Net-Zero scenario: the increased costs in 2025 will account for about 0.41% of the annual revenue
   - NDC scenario: the increased costs in 2025 will account for about 0.12% of the annual revenue

Adaptation/ Management Strategies:

Although the carbon fee has not been applied to PCSC, PCSC will continue to adopt a variety of energy-saving and carbon-reduction measures by gradually improving energy efficiency and reducing GHG emissions in the stores all over Taiwan to reduce the potential financial impact in the future.

1. **Introduction of renewable energy:** In response to international carbon reduction requirements and to reduce the dependence on traditional electricity, we plan to introduce renewable energy in our stores in 2022 and gradually transition to low-carbon energy.

Adaptation/ Management Strategies

2 Introduction of energy management system: To promote energy conservation and energy efficiency improvement in the headquarters and stores, the headquarters building and two stores maintained the ISO 50001 energy management system certification in 2021. Other bases also engage in energy management in the spirit and structure of the energy management system to continuously improve energy use.

3 Store energy conservation measures and achievements: In order to effectively improve the energy efficiency of stores, PCSC has formulated basic requirements for equipment and store environment management for new stores, including heat insulation, energy-saving signboards, lamp reduction, reduction of window area, frequency conversion system and LED lamps, and indoor lighting management, as well as introducing the energy-saving windbreak room depending on the stores. Existing stores actively evaluate the feasibility of introducing various energy-saving measures and gradually replace high-efficiency equipment. In 2021, PCSC stores successfully saved 68,968,976 kWh of electricity and NT$161,387,405 in electricity bills through seven projects (as below), as well as reducing indirect emissions of 346.22 million metric tons of CO_2e. In addition to the replacement of energy-saving equipment, all store employees have been trained to conduct regular inspections on air-conditioning, circulation fans, lighting, refrigerators and freezers, signboard windows and other equipment in accordance with the "Self-Inspections on Store Energy-Saving" to ensure that the equipment can maintain the efficiency. We also cooperate with the government and relevant academic institutions to improve the energy efficiency of our stores.

Store Energy-saving Action Plans		Number	Energy Saved		GHG Emission Reduction (metric ton CO_2e)	Contribution to Energy-Saving Project Results
			kWh	GJ		
Air-conditioning and refrigeration equipment upgrade	Inverter air-conditioning	2,407	37,880,744	136,371	19,016	55%
	Third-generation combination refrigerator	637	6,221,528	22,398	3,123	9%
	New energy-saving freezer	1,126	4,086,761	14,712	2,052	6%
Energy-saving optimization of store lighting system	Arcade lighting energy-saving upgrade	8,571	3,227,395	11,619	1,620	5%
	Store lamp configuration	22,372	6,479,737	23,327	3,253	9%
	Energy-saving improvement of horizontal signboard	20,682	10,128,129	36,461	5,084	15%
Improve heat exchange environment	Energy-saving windbreak room	154	944,684	3,401	474	1%
Total		55,949	68,968,976	248,288	34,622	100%

Note 1: As the grid emission coefficient for 2021 has not yet been announced, a coefficient of 0.502 kg CO_2e/kWh in 2020 was adopted as the GHG emission parameter to calculate the GHG emission reduction.

Note 2: The annual energy saving of each program is estimated by multiplying the measured value before and after the improvement of a single equipment by the total number of equipment replacements.

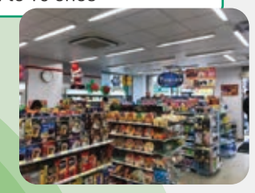
PSCS Store Energy-Saving Design

Capacitive auto controller

- Automatically control the input and cut-out of capacitors according to the actual needs of various equipment in the store to reduce the abnormal failure of system power supply and store equipment, as well as reducing the failure rate of capacitors

Store lamp configuration

- Change the lamp configuration to reduce the total number of lamps needed
- Introduce LED lamps which save 43% of energy compared to T5 ones



Arcade lighting energy-saving upgrade

- Lamps are changed from the original adjacent layout to a spaced one to reduce the total number of lamps, as well as choosing LED lamps that saves 1/3 of the energy compared to T5 ones

Third-generation combination refrigerator

- DC exhaust fans, LED lighting and smart refrigerators are used for defrosting to improve the refrigerator's 24-hour energy consumption performance
- Install sensor glass doors to reduce air-conditioning leakage. In 2021, electric heater saver and non-electric freezer glass were added, as well as optimizing the combination of refrigerator door frames to achieve further energy-saving benefits

Energy-saving windbreak room

- Considering space and legal feasibility, a buffer space is installed outside the automatic door to prevent the indoor air-conditioning from leaking and the mosquitoes and flies getting in

Optimizing the store's architectural design and reducing the window opening area

- Reduce sun exposure and open window area based on the store's geographical environment and architectural design to maintain the efficiency of the store's cold storage
- Taking the Hsinchu Tang store for example, the electricity bill before and after the energy-saving renovation saved NT$6,209 on average compared with the same period of the previous year, with the daily consumption reduced by 125 kWh

4 **Office Energy-saving Measures and Results:** The office energy consumption pattern of the headquarters building is different from retail stores. In addition to continuously updating energy-saving targets and metrics of the headquarters building, we continued to adopt the ESCO (Energy Service Company) energy-saving service system as a concrete measure to track electricity consumption and identify and reduce abnormal electricity consumption. By adopting strategies such as system efficiency improvement, equipment use timing improvement, employee energy conservation awareness and energy use monitoring, we aim to improve the energy efficiency of the headquarters building. In 2021, the electricity consumption of the headquarters building dropped by 76,280 kWh compared with 2020, showing a significant decrease. The reasons mainly include the adjustment of the temperature of the water chiller, air-conditioning indoor air blower timer setting, turning off lights during lunch breaks and so on.

Before the Energy-saving Renovation → After the Energy-saving Renovation

Mapping the window area with the K. Seren brand to reduce sun exposure

Changing the island refrigerator to an open display cabinet

Note 1: Stores with high electricity bills are selected for those ones whose kWh of electricity consumption in the same period in 2021 exceeded the average of stores with the same floor area, and the kWh of electricity consumption increased compared with the same period in 2020 with a decline in operational performance.

5 **Office Energy-saving Measures and Results:** The office energy consumption pattern of the headquarters building is different from retail stores. In addition to continuously updating energy-saving targets and metrics of the headquarters building, we continued to adopt the ESCO (Energy Service Company) energy-saving service system as a concrete measure to track electricity consumption and identify and reduce abnormal electricity consumption. By adopting strategies such as system efficiency improvement, equipment use timing improvement, employee energy conservation awareness and energy use monitoring, we aim to improve the energy efficiency of the headquarters building. In 2021, the electricity consumption of the headquarters building dropped by 76,280 kWh compared with 2020, showing a significant decrease. The reasons mainly include the adjustment of the temperature of the water chiller, air-conditioning indoor air blower timer setting, turning off lights during lunch breaks and so on.

Improvement Action	Air-conditioning System	Lighting System	Use of Electronic Appliances
System power improvement	• Adjust air-conditioning system parameters • Update self-contained energy-saving inverter air conditioners	• Gradual replacement with LED lamps	-
Timing improvement	• Use full heat exchanger to bring in fresh cool air in winter • The indoor air conditioner is equipped with timer settings.	• Automatic lighting switch sensor • Reduce indirect lighting in the hallway • Reduce lighting during lunch breaks	• Elevators, photocopiers, food heaters, water dispensers, refrigerators, etc. are turned off out of office hours
Employee awareness raising	• Awareness-raising for energy-saving		
Energy use monitoring	• Security inspection		

Key Issue III: Opportunities

In response to the increasing severity of climate change, the world is turning its attention to carbon reduction and low-carbon transition. Taiwan's relevant regulations and policies are also developing net-zero emission pathways. With PCSC having many stores all over Taiwan, logistics is an important element in PCSC's operations. If we can transition towards low-carbon transportation in advance, it will contribute to the development of the national net-zero policy.

Scenario for Analysis

Under the development of national net-zero policies such as the first phase of the Greenhouse Gas Reduction and Management Act and the Climate Change Response Act, PCSC assessed the strategic impacts in 2026 based on PCSC's low-carbon transportation transition plan and the energy efficiency improvement plan in the transportation system and transportation vehicles.

Transition Plan and Potential Opportunities and Benefits

To take advantage of climate and low carbon opportunities, PCSC not only commits to the stores and office areas' energy conservation and carbon reduction, but also actively influences long-term logistics partners and gradually invests in corresponding management plans or actions. By adopting various energy-saving and carbon-reduction methods, we improve energy efficiency, reduce environmental impact, as well as increasing the benefits brought about by addressing climate change issues. We will continuously adapt our operational strategies and respond to low-carbon operational needs in a timely manner.

We are currently working on three aspects of our low-carbon transition plan:

1 Introduction of logistics vehicles with the latest environmentally-friendly standards: To reduce the carbon emissions caused by logistics, PCSC expects to replace 267 phase III and phase IV environmentally-friendly vehicles by 2026, and purchase a total of 267 phase V environmentally-friendly vehicles, including low-temperature and room temperature ones, as well as different sizes to meet the logistics and transportation needs of PCSC stores throughout Taiwan. In addition to actively introducing new environmentally-friendly logistics vehicles, we also keep in contact with our logistics partners and regularly arrange domestic and foreign logistics and transportation exchanges, in order to make in-time adjustments in response to trends and regulations in Taiwan.

The introduction of logistics vehicles with the latest environmentally-friendly standards:

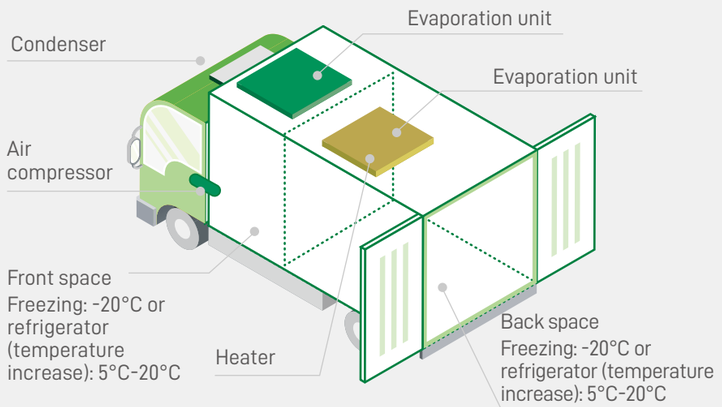
- By 2026, it is estimated that **267** phase III and phase IV environmentally-friendly vehicles will be replaced with **267** phase V environmentally-friendly vehicles.
- **357,087** liters of fuel are estimated to be saved by 2026

2 Promote dual-temperature common delivery and integrated logistics routes: To improve transportation efficiency, we adjusted the refrigerated and frozen common delivery routes, as well as replacing the original logistics vehicles with only one temperature layer to dual-temperature layers (refrigerator and freezer). This allows goods of different temperatures to be delivered together, which not only improves the loading efficiency but also achieves the energy-saving benefits of the affiliated logistics companies.

Integrate logistics routes and adjust logistics vehicle equipment:

Average annual savings of:

- **1,460** trips
- **239,797** liters of fuel used
- **664.7** metric tons of carbon emissions



3 Optimizing the internal operation procedure and equipment: We plan to introduce distribution automation to the internal operational environment and equipment in the logistics centers to reduce the picking load of personnel, walking distance, etc., saving the operating time of human distribution. In the meantime, the initial transshipment logistics routes are integrated and lighting in the logistics centers have been upgraded to improve the energy-saving benefits of the overall internal operations.

Distribution automation, energy saving and carbon reduction measures:

Average annual savings:

- NT$**83.19** million in labor costs
- **102,441** kWh of electricity and **82,773** liters of diesel

Logistics Company	Energy-saving Action	Amount of Energy/Resource Saved	Amount of Energy Saved (GJ)	GHG Emission Reduction (metric tons of CO_2e) (Note 2)
Uni-President Cold-Chain Corp	• Replacement of 170 LED lamps • Inverter air conditioner upgrade	47,071 kWh of electricity saved each year (Note 1)	169.5	23.6
Uni-President Cold-Chain Corp	Integrate 10 routes of initial transportation and transshipment trips	Annual reduction of 322,816 kilometers, saving a total of 82,773 liters of diesel	2911.2	215.7
Wisdom Distribution Service Corp	Installed 50 LED microwave induction lights, and 800 microwave induction boxes in the storage space	55,370 kWh of electricity saved each year	199.3	27.8

Note 1: Each replaced lamp is estimated to save 26 kWh of electricity, which is calculated based on the daily use time of the location and 365 days a year.

Note 2: Uni-President Cold-Chain Corp uses 1 liter of diesel fuel for logistics vehicles to run 3.9 kilometers. The diesel GHG coefficient is calculated based on the 2.606 kg of CO_2e/liter of the GHG emission coefficient management table of version 6.04 announced by the Environmental Protection Administration. The calorific value of diesel is calculated with reference to the calorific value of diesel in the energy product's unit calorific value table published by the Bureau of Energy, Ministry of Economic Affairs.

Note 3: As the carbon emission coefficient of electricity in 2021 has yet to be published, the 0.502 kg CO_2e/kWh in 2020 is used as the calculation parameter for GHG emissions.

Key Performance Metrics and Targets

Energy Use and GHG Emissions

PCSC's main business locations include stores (including retail stores and shopping centers) and offices (including the headquarters, regional offices and training centers) around Taiwan and on outlying islands. We have conducted GHG inventory in line with ISO 14064-1:2006 since 2017 to stay updated with the overall GHG emissions. In 2020, we adopted the updated ISO 14064-1:2018 as reference for GHG inventory as well as passing third-party certification. We have also continued to expand the scope of sites on inspection. The scope of the GHG inspections in 2021 covered 6,522 bases, with the coverage rate of 99.41% for the GHG inspection boundary.

Operating Bases with ISO 14064-1:2018 Certification in 2021

Stores (convenience stores and shopping centers)	6,494 stores (Note) and 17 shopping centers
Offices and training center	Headquarters, 9 regional back offices and 1 training center

A total of **6,522** sites

Note: The 6,494 stores inventoried in 2021 include the 115 stores that have moved or closed in 2021

	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Indirect Emissions (Scope 3)	Total Volume of GHG Emissions
Description	Leaked refrigerant from freezers, refrigerators, and AC and methane from toilets	Purchased electricity	Generated from transportation, products used by the organization (upstream emissions of purchased electricity, waste treatment)	
Description	31,253 metric tons of CO_2e	464,933 metric tons of CO_2e	185,911 metric tons of CO_2e	682,097 metric tons of CO_2e

Note 1: GHG inventory adopts the ISO 14064-1:2018 methodology. The organization boundary is set using operational control. The GHG emission coefficient refers to the Electricity Emission Coefficient set by the Bureau of Energy, Ministry of Economic Affairs, the Environmental Protection Administration's Emission Coefficient Management Table 6.0.4 and the Environmental Protection Administration's Product Carbon Footprint Information Network. GWP adopted the values of the fourth assessment report of the IPCC in 2007. If there is no reference value in the IPCC 2007 Fourth Assessment Report, the IPCC 2013 warming potential value is quoted.

Note 2: The calculation for indirect emissions from purchased electricity is based on location. Since the grid emission coefficient for 2021 has not been announced, the coefficient of 0.502 kg CO_2e/kWh in 2020 is adopted as the calculation parameter.

Note 3: The types of GHG covered by the inventory include carbon dioxide (CO_2), methane (CH4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3).

Note 4: The carbon dioxide emissions from biological sources are zero.

Direct Emissions

The main source of direct emissions from PCSC is the refrigerant leaked from store freezing, refrigeration and air-conditioning equipment. The emissions in 2021 are calculated based on the refrigerant refill of the equipment warranty system for the refrigerant equipment failure maintenance. The result accounted for 86% of the direct emissions, with the proportion of refrigerant not containing ozone-depleting refrigerant as 100%.

Emission Equipment	Emission Source	Direct Emissions (metric tons of CO_2e)	Percentage of Direct Emissions (%)
Septic tank	Night soil	4,344	14%
Slurpee and beer machines	CO2	3	0%
Commercial freezers	Refrigerant (R134a, R404a, R410a)	26,906	86%

Indirect Emissions

The 2021 indirect emissions survey was evaluated in accordance with the principle of materiality. Significant indirect greenhouse gas emission sources include indirect GHG emissions from purchased electricity, upstream emissions, cargo distribution and waste treatment. Among them, the emission of purchased electricity is the main source of indirect greenhouse gas emissions.

In 2021, the power consumption of all the inspected sites reached 926.16 million kWh, with the energy consumption of 3,334,180 GJ. The indirect GHG emissions were 464,933 metric tons of CO_2e, showing a decrease of 1.57% compared with the emissions in 2020. The main reason is that stores have invested in energy-saving improvement design and equipment performance improvement for many years. In 2021, a total of 498 stores participated in the energy-saving renovation plan, saving a total of 10.52 million kWh of electricity. In addition, the pandemic had an impact on the number of customers that visited a particular store, indirectly saving the electricity consumption in the stores. PCSC will continue to promote carbon reduction actions for energy saving in stores, offices, logistics and transportation, so as to gradually achieve the target set for 2025.

Emission Source		Volume	Energy Consumption (GJ)	Indirect Emissions (metric tons of CO_2e)	Percentage of Indirect Emissions (%)
Electricity	Emissions from purchased electricity	926,160,000 kWh	3,334,180	464,933	71%
	Upstream emissions from purchased electricity		-	85,485	13%
Emissions from upstream transportation and cargo distribution	Diesel fuel from distribution and transportation from logistics centers to stores	24,804,451 liters	872,392	83,839	13%
Discharges from solid and liquid waste treatment	Store waste disposal	46,075 metric tons	-	16,587	3%

Note: 100% of the electricity comes from the grid with no renewable energy.

Targets for Energy and GHG Emissions reduction

Energy Efficiency Metrics and Targets

Since most stores are open around the clock, their electricity consumption pattern is different from that of the headquarters, regional offices and training center. To effectively monitor the electricity consumption of stores and gradually improve their energy efficiency, we set up an EUI and reduction targets for stores as well as tracking the progress each month.

The electricity intensity reduction target for stores in 2021 was 914.7 kWh/m2, a decrease of 0.5% compared to 2020. The actual energy intensity of our stores was 891 kWh/m2 in 2021, showing a 3% decrease from 2020. We have reached our energy intensity reduction target this year.

EUI (Note)								
Year	2014	2015	2016	2017	2018	2019	2020	2021
EUI	1,094	1,046	1,012	1,008	962	947	919	891
Percentage of Decrease		-4%	-3%	-0.4%	-5%	-2%	-3%	-3%

Note: The EUI of stores is calculated as the electricity consumption per ping (approximately 3.3 square meters) based on the data provided by Taiwan Power Company each month. The EUI for stores in areas without any data from Taiwan Power Company is estimated on the same basis. The two are added to produce the total electricity consumption that month, which is then divided by total floor area.

GHG Emission Intensity Metrics and Targets

Considering that the largest GHG emission source of PCSC comes from electricity consumption of the stores, and that the electricity consumption is intertwined with the store size, equipment and business model, which will eventually be reflected by the revenue, we calculated the emission intensity per NT$ million in revenue as reference for the reduction target for overall GHG emissions. To effectively manage GHG emissions of PCSC's own operations and its value chain, we re-examined the goal setting method in 2021 and separated the GHG emissions of our own operations and value chain management in target setting. In our own operations, the GHG emission intensity of Scope 1 and Scope 2 is set to be reduced by 7% in 2025 and 14% in 2030, using the 2020 GHG inventory, 2.99 metric tons CO_2e/NT$ million turnovers, as the benchmark to set the GHG emission intensity target. In 2021, the pandemic indirectly affected the electricity consumption in the stores. The GHG emission intensity was 2.95 metric tons CO_2e/NT$ million turnovers, a decrease of 1.33% compared with the base year. In addition, in terms of value chain management, 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. It is hoped that PCSC can be the pioneer in the industry as well as an important partner for Taiwan in achieving its net-zero emission goal.

6.4 Food Waste and Waste Management

Food Waste and Waste Management Strategy

The busy pace of modern life gave rise to the services of compound retail stores such as convenience stores. The introduction of new products and services has made convenience stores an indispensable part of a convenient modern life. However, convenience also gives rise to the use of more disposable commodities and packaging consumables. As the leader with the largest number of stores and the most widely distributed stores in Taiwan, PCSC has unshirkable responsibilities for the issues of food waste and waste.

The waste produced by PCSC is mainly domestic waste, which belongs to the general waste and general industrial waste as categorized by the Environmental Protection Administration with no hazardous industrial waste. The generation of bulk waste is closely related to store operations, including operational waste from upstream fresh food manufacturers, general waste (food waste, general household waste, etc.) generated by store services, and recyclables generated from the stores' reverse logistics mechanism, etc. In 2021, the non-recyclable waste generated by the stores and headquarters activities reached 56,156.01 metric tons, accounting for 1.6% of the national waste for incineration. If PCSC fails to properly handle and reduce waste, not only will it put a heavy burden on the incineration plants all over Taiwan, but it will also exacerbate the subsequent environmental impact caused by waste incineration. PCSC follows the 3R principles in the overall waste management strategy to reduce, recycle, reuse, as well as minimizing non-recyclable waste. In addition to controlling the amount of waste generated and ensuring proper disposal, PCSC effectively combines "convenience" and "recycling" through its many bases to help people recycle electronic waste. Although the packaging waste generated by products and services is not included in the scope of our own operations and belongs to the downstream waste of the value chain, we are still concerned with the environmental impact of plastics. To this end, we work on the three aspects of "reduction at the source," "innovative packaging" and "encouraging people to bring their own containers" to fulfill our social responsibility, as well as further promoting the recycling mechanism in stores to gradually reduce the society's dependence on single-use plastics (for detailed packaging management measures, please refer to 6.2 Packaging Material Management).

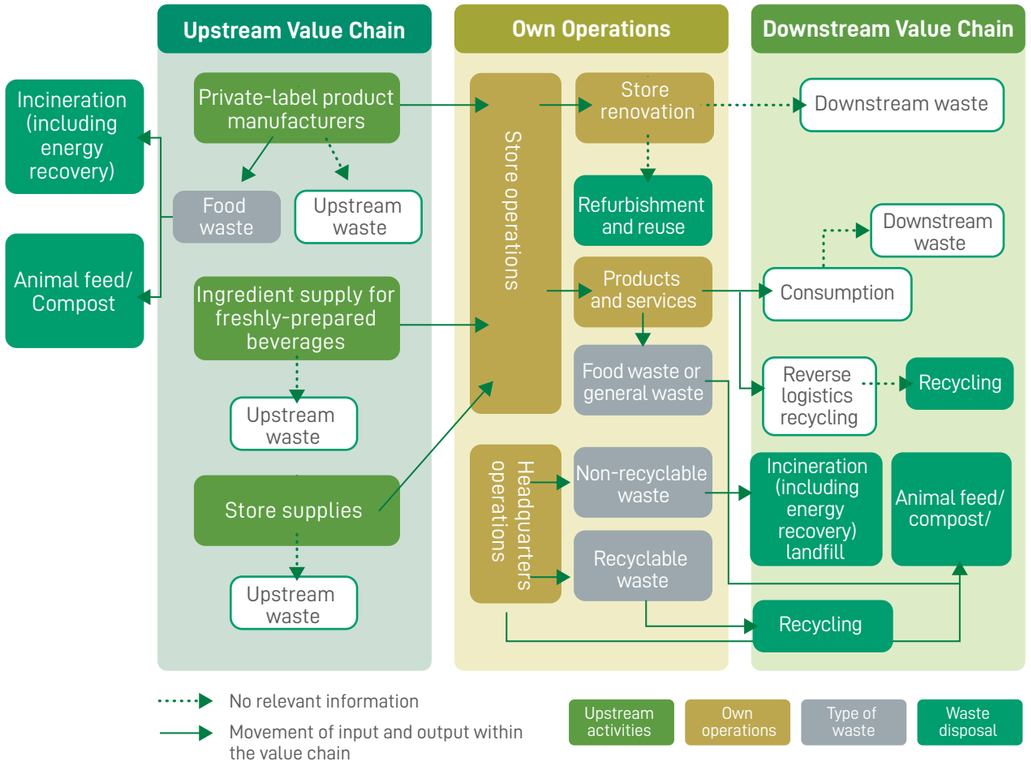
The food waste generated by convenience stores is another important issue that PCSC cannot shy away from. The types of food waste generated by store operations can be divided into four categories according to the supply chain process, including food waste produced by upstream manufacturers, losses in logistics and transportation operations, scrapped fresh food, and food waste from store operations. Food waste that cannot be properly disposed of is not only a waste in food ingredients but will also lead to food security problems. Furthermore, it will also emit GHG while decomposing in landfills, aggravating the greenhouse effect. After announcing the target of halving food waste by 2030 in 2020, PCSC took a detailed inventory to find out where food waste went and started implementing four policies in 2021, including reducing the amount of scrapped fresh food year by year, reducing production loss at the manufacturers, reducing loss during logistics operations, and increasing the recovery of food waste in the stores. PCSC regularly tracks performance through these four metrics and continues to reduce food waste and loss to ultimately reduce food waste at the source (please refer to the Sustainability Column – Food Waste Management for further details).

Note: Excluding the weight of food waste that cannot be given to pig farms but had to be incinerated due to the African Swine Fever in 2021.

Waste Generation and Process Flow Management

To understand the amount and process flow of waste, PCSC collects and calculates the amount of waste at each operating site on a yearly basis. The headquarters building signs an agreement with a waste management company, which calculates the amount of waste generated and treats various types of waste in a manner that complies with the laws. Regarding the retail stores, only Taipei, New Taipei City and Taoyuan City at present require convenience stores to dispose of waste separately from other entities, while waste from stores located in other counties and cities is disposed of with household waste. Besides the stores that are obliged to dispose of waste separately, PCSC has formulated a plan to encourage stores from other cities and counties to also outsource waste management with the aim to better control the amount of waste generated by retail stores. In addition to its own operational waste, PCSC also attaches great importance to the waste management of fresh food manufacturers in the upstream value chain. We regularly calculate the amount of food waste generated by the manufacturers and track the food waste disposal methods to better understand the situation of food waste. The recyclable waste from the stores mostly comes from packaging cartons and the electronic waste people bring in. Please refer to the "Convenient Recycling Platform" for further details.

Diagram of PCSC's Waste Generation Process



• Waste Management Performance

In 2021, a total of 1,010 stores and the headquarters building have entrusted waste management to dedicated companies, which reported the amount of waste diverted and disposed as well as removal and treatment methods for different kinds of waste, including food waste and general household waste, whereas waste produced by other stores and offices (general household waste) is harder to measure. Therefore, the amount of waste produced by a single store or per capita is used for estimation. Scrap items are estimated based on the date, and the disposal method of waste that was not outsourced to cleaning companies is speculated based on national waste disposal announced by the Environmental Protection Administration for the current year.

In 2021, the total amount of non-recyclable waste (excluding the weight of food waste that was incinerated due to the impact of African Swine Fever in 2021) from store operations and headquarters activities is 56,156.01 metric tons. To effectively manage non-recyclable waste (excluding food waste) in stores, PCSC takes 2019 as the base year and sets the average waste generated by a single store as the indicator to reduce 1% in 2021 compared with the base year. A 15% reduction from the base year is targeted for 2025. In 2021, the amount of waste generated by a single store is 7.4 metric tons, a decrease of 12.2% compared with the base year. In addition to introducing various waste reduction measures, store waste was significantly reduced in 2021 as some stores closed for 7–100 days due to the pandemic. In the future, we will continue to track waste data and actively promote recycling, reuse and plastic reduction to strengthen the management of non-recyclable waste in our stores.

PCSC Waste Generation and Disposal in 2021

Waste Disposal (Note 1)		Waste Composition	Location of Waste Generation (Note 2)	
			Upstream (Metric Ton)	Own Operations (Metric Ton)
Off-site	Animal feed/ compost	Food waste	1,222.24	258.59
Off-site	Incineration (including energy recovery)	Food waste	76.63	8,527.28 (Note 3)
Off-site	Landfill	Food waste	-	607.08
Off-site	Recycling	Recycled plastics	-	647.31
Off-site	Recycling	Paper	-	10,632.65
Off-site	Recycling	Metal	-	39.12
Off-site	Recycling	Batteries	-	341.06
Off-site	Recycling	Optical discs	-	71.39
Off-site	Recycling	Electronic appliances	-	57.39
Off-site	Landfill	General household waste	-	3,134.79
Off-site	Incineration (including energy recovery)	General household waste	-	43,910.46

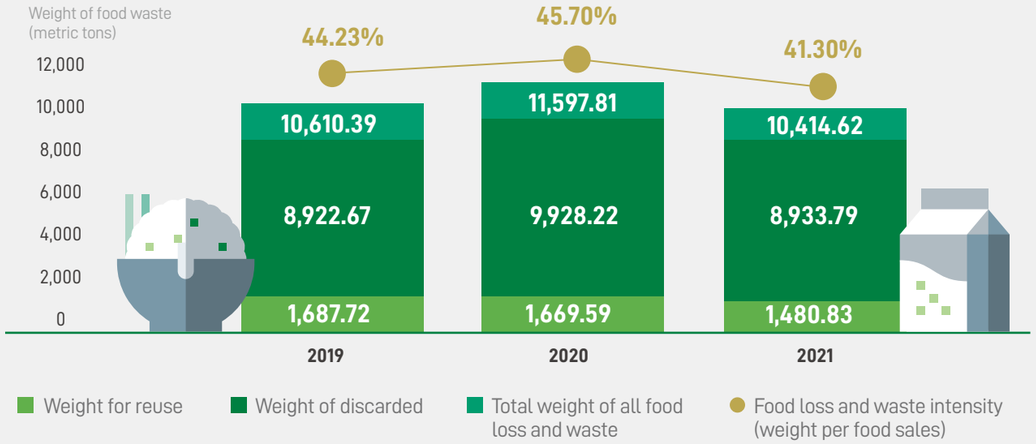
Note 1: Waste disposal data at the headquarters building and the stores that outsource waste management was collected from the outsourced cleaning companies. The proportion of waste incineration and landfill at other stores and operating bases was considered as 93.34% based on 2021's national general waste disposal published by the Environmental Protection Administration.

Note 2: The scope of data for our own operations includes the headquarters, regional offices and stores. The scope of data from the upstream covers four Uni-President Superior Commissary Corp. manufacturers in Taipei, Hualien, Tainan and Kaohsiung.

Note 3: Due to the impact of African Swine Fever in Taiwan in 2021, food waste in September 2021 could not be used as animal feed. Therefore, food waste of the month could only be incinerated. The food waste from our own operations that could only be incinerated due to African Swine Fever was 23.6 metric tons.

Food Waste Management Performance

In addition, PCSC also inventories the production and sales of own brand products from manufacturing to retail to understand the amount of food loss and waste at each stage, in order to better organize more appropriate measures for reducing food waste. The total amount of food waste in 2021 was 10,414.62 metric tons, down 10% from 2020. Due to the waste removal management mechanism in stores, the food reuse ratio was 14.22% (mainly for animal feed/compost). To effectively reduce food loss and waste, we have incorporated store food waste recycling into our management strategy to optimize our collaboration with outsourced cleaning companies, as well as encouraging all stores to follow our lead in making an effort towards food waste management.



Food Waste and Waste Reduction Actions

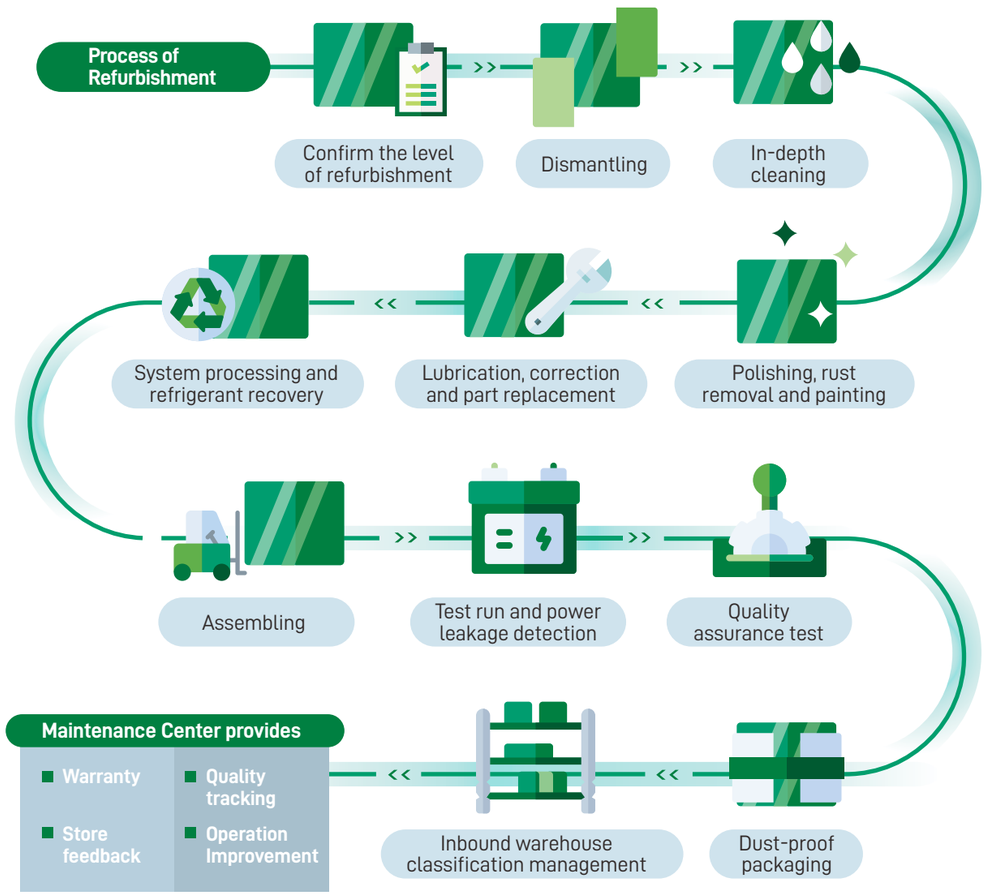
Convenient Recycling Platform

By taking advantage of the multiple bases, PCSC effectively combines "convenience" with "recycling" in helping people recycle electronic waste, including batteries, laptops, optical discs, mobile phones and chargers. To encourage people to recycle through convenience stores, PCSC provides NT$3 to NT$120 of store credit. The recyclable waste collected is shipped and distributed through the intensive and comprehensive logistics network, then classified and processed after being collected by the reverse logistics system.

Store Equipment Reuse

PCSC has over 6,000 stores in Taiwan. In order to provide the most convenient products and services, it relies on a large number and variety of machines. As the wear and tear as well as out-of-service machines cause a great burden on the environment, we have made good use of our flexible dispatch system and a great number of stores to set up the Equipment Refurbishment Center. The recycling system works on existing equipment from renovated and shut down stores, such as air conditioners, refrigerators, oden cooking machines, microwave ovens and so on. It is returned and put to use after inspecting, cleaning and repairing to reduce waste of resources and waste generation, while also saving on equipment procurement costs. In 2021, 25 types of equipment were refurbished and put to use, with the total number of 1,958 machines and saving a total amount of equipment procurement costs of NT$57,078,521.

Equipment Refurbishment Process



Upgraded iLove Food Program and Reducing Food Waste with Technology

As the leader in the retail industry, PCSC is committed to reducing food waste. Continuing the 2020 iLove Food Program, we launched the iLove Food Map in the app in 2021 to make it easy for consumers to find out about the iLove Food availability in each store, allowing them to take advantage of the convenient program. In 2021, iLove Food reduced food waste by 6,467.4 metric tons. Please refer to the Sustainability Column-Food Waste Management for more details. In addition to working together with consumers to reduce food waste, we plan to extend the shelf life of food in 2022 by taking advantage of new technologies, such as the high-temperature sterilization equipment and special sealing film to reduce food waste from overstock.

Waste Reduction in Headquarters

In order to encourage employees to save resources, the PCSC headquarters set "paper-saving" as an internal management metric. Employees are encouraged to replace printing, scanning and photocopying with electronic files and double-sided printing, etc., in order to reduce the amount of paper used in office and administrative processes. The paper consumption per capita in 2021 decreased by approximately 3% compared with the previous year. In addition, the headquarters building has also continued the recycling program. In 2021, the weight of recycling reached a total 20,624 kilograms, an increase of about 8% over the previous year.

Appendix

Sustainability Performance

Historical Data

- **Corporate Governance**

External Participation

Item for Disclosure	Sub-item for Disclosure		Unit	2018	2019	2020	2021
Name of Association	Membership	Issue in Focus					
Taiwan Delica Foods	Chairman	Food safety	NT$ W	5,219,000	5,209,000	5,209,000	5,209,000
Taiwan Quality Food Association	Director						
Taiwan Business Council for Sustainable Development	VIP member	Corporate sustainability					
Marketing Communications Executives International, Taipei	Member						
Taipei Department Store Association	Member						
Chinese National Association of Industry and Commerce, Taiwan	Member						
Taiwan Coalition of Service Industries	Director						
Taiwan Chain Stores and Franchise Association	Director						
Chinese Non-store Retailers Association	Director						
Zero Energy Building Technology Alliance	Member	Sustainable environment					
Donation or membership fee for associations	-						
Coverage rate of donation or membership fee for associations	-		%	100	100	100	100

Financial Performance

	Unit	2018	2019	2020	2021
Paid-up capital	NT$1,000	10,396,223	10,396,223	10,396,223	10,396,223
Individual financial performance/direct economic value generated					
Operating income	NT$1,000	154,074,731	158,031,567	168,147,856	168,010,130
Operating profit	NT$1,000	53,012,367	54,177,435	56,557,043	56,287,789
Income tax expenses	NT$1,000	2,227,402	1,677,606	1,476,353	959,740
Profit after tax	NT$1,000	10,206,388	10,542,860	10,238,162	8,861,619
EPS	NT$	10	10	9.85	8.52
Dividend per share	NT$	9	9	9	9
Return on Shareholders' Equity	Percentage	23.77	29.50	28.34	25.25
Total assets	NT$1,000	89,246,516	132,464,048	141,503,950	146,442,976
Total liabilities	NT$1,000	53,994,466	96,241,167	105,483,759	112,279,968
Total equity	NT$1,000	35,252,050	36,222,881	36,020,191	34,163,008

Financial Performance

Item for Disclosure	Sub-item for Disclosure	Unit	Description	2018	2019	2020	2021
Total percentage of stores graded A and B in the Service Excellence Rating		%		98.6	98.8	98.85	96.06

Employee

Item for Disclosure	Sub-item for Disclosure	Unit	Description	2018	2019	2020	2021
Number of employee complaints related to discrimination		Number of cases		0	0	0	0
Ratio of female managers at all levels	TEAM managers, store managers, district consultants	%		0	0	50.31	50.84
	Department managers	%		0	0	6.67	10.20
	TEAM managers, store managers, district consultants, department managers	%		0	0	48.99	49.54
Female executives managers in revenuegenerating functions		%	Including store managers, district consultants, district managers and managers of operation departments	0	0	52.02	52.74
Ratio of women in science, technology engineering, mathematical field		%	Including the AI Digital Group	0	0	53.7	56.14
Distribution of employee nationalities	Local	%		0	0	99.59	99.58
	Chinese	%		0	0	0.25	0.24
	Vietnamese	%		0	0	0.11	0.10
	Others	%		0	0	0.06	0.08
Employee FTEs as distributed by age group	≤30 years old	%	1. FTEs (full-time equivalents) = total annual working hoursof this category of employees/1 full-time employee's annual working hours. 2. The total working hours here is the number of employees (8348 people) who were employed at the end of the year traced back to the total working hours in 2021. 3. The ratio is FTEs of this age group/FTEs of all employees.	0	0	35.16	34.08
	31-50 years old	%		0	0	55.43	55.20
	>50 years old	%		0	0	9.41	10.72
Average salary ratio between men and women (female/male)	Basic salary of nonmanagement position employees	%	Including store employees and non-management employee.	0	0	0.96	0.96
	Basic salary of TEAM and department managers	%		0	0	0.94	0.93
	Salary and remuneration of TEAM and department managers	%	Salary and remuneration include basic salary and yearend bonus	0	0	0.94	0.93
	Basic salary of executive managers and above	%		0	0	0.83	0.96
	Salary and remuneration of executive managers and above	%	Salary and remuneration include basic salary and yearend bonus	0	0	0.85	0.97
Average training hours of employees based on gender (per FTE)	Male	Hour	1. FTEs (full-time equivalents) = total annual working hours of this category of employees/1 full-time employee's annual working hours. 2. The total working hours here is the number of employees (8348 people) who were employed at the end of the year traced back to the total working hoursin 2021. 3. The calculation is the total number of employee training hours in this category/FTEs in this category	0	0	35.05	17.40
	Female	Hour		0	0	34.59	15.10
Average training hours of employees based on level (per FTE)	Store personnel	Hour		0	0	34.03	7.40
	Management personnel	Hour		0	0	33.99	42.00
	Non-management personnel	Hour		0	0	36.64	32.20
Employee engagement survey	Percentage of employees who gave positive replies	%	Note: The interviewees were regional consultants	48.25	48.25	60.16	60.16
	Survey coverage	%		8.62	8.62	6.52	6.52

Item for Disclosure	Sub-item for Disclosure		Unit	Description	2018	2019	2020	2021
Average employee (per FTE) training expenses and hours			NT$	1. FTEs (full-time equivalents) = total annual working hours of this category of employees/1 full-time employee's annual working hours. 2. The total working hours here is the number of employees (8,348 people) who were employed at the end of the year traced back to the total working hours in 2021. 3. Average training expenses per FTE= the total number of employee training costs in this category/FTEs in this category 4. Average training hours per FTE= the total number of employee training hours in this category/FTEs in this category	0	0	3,692	2,753
			Hour		0	0	34.80	16.1
Employees divided by gender and employment	Male	Indefinite contract	Person		3,604	3,814	3,796	3,662
		Term contract	Person		0	0	0	0
	Female	Indefinite contract	Person		4,497	4,616	4,704	4,686
		Term contract	Person		0	0	0	0
Employees divided by area and employment contract	Northern Taiwan	Indefinite contract	Person		5,356	5,439	5,423	5,380
		Term contract	Person		0	0	0	0
	Central Taiwan	Indefinite contract	Person		984	1,154	1,106	1,147
		Term contract	Person		0	0	0	0
	Southern Taiwan	Indefinite contract	Person		1,761	1,837	1,971	1,821
		Term contract	Person		0	0	0	0
Employees divided by gender and type of employment	Male	Full-time	Person	Note: Full-time employees receive a monthly salary. Part-time employees are paid by hour.	2,344	1,885	1,864	1,850
		Part-time	Person		1,260	1,929	1,932	1,812
	Female	Full-time	Person		2,904	2,229	2,175	2,156
		Part-time	Person		1,593	2,387	2,529	2,530
Employees divided by age	Store employees	Male	≤30 years old	Person	Note: Management includes team managers, department heads and management above deputy managers. Non-management personnel refer to other employees in the back office.	1,383	1,607	1,528	1,370
			31-50 years old	Person		941	907	927	929
			>50 years old	Person		87	122	131	153
		Female	≤30 years old	Person		1,624	1,659	1,671	1,604
			31-50 years old	Person		1,653	1,650	1,676	1,667
			>50 years old	Person		153	198	221	247
	Management	Male	≤30 years old	Person		0	0	0	0
			31-50 years old	Person		120	115	115	122
			>50 years old	Person		84	88	88	95
		Female	≤30 years old	Person		0	0	0	0
			31-50 years old	Person		36	42	41	44
			>50 years old	Person		12	11	7	8
	Non-management	Male	≤30 years old	Person		123	164	186	185
			31-50 years old	Person		750	683	679	659
			>50 years old	Person		117	128	142	149
		Female	≤30 years old	Person		162	206	218	233
			31-50 years old	Person		784	754	744	730
			>50 years old	Person		72	96	126	153

Item for Disclosure	Sub-item for Disclosure			Unit	Description	2018	2019	2020	2021
Total number and proportion of new employees by age group and gender	Northern Taiwan	Male	≤30 years old	Person	Note 1: The number of new recruits includes new recruits, reinstated employees and transfers from affiliated companies. Note 2: The annual ratio for new employees is 38.31%. Note 3: New recruit ratio (number of new recruits in this category in the year/number of employees in this category as of December 31, 2021). Note 4: If FTEs are used to calculate the number of new recruits, the number of new recruits in 2021 is 945 (FTEs, full-time equivalents = the total annual working hours of this type of employees / the annual working hours of a full-time employee. The total number of working hours here are employees (8,348) who are still work at the company at the end of the year, tracing back to the total number of working hours in 2021).	39	1,040	898	920
				%		0	88.06	80.83	89.41
			31-50 years old	Person		22	121	137	142
				%		0	10.93	12.33	12.8
			>50 years old	Person		1	15	25	21
				%		0	7.32	11.01	8.3
		Female	≤30 years old	Person		41	771	833	787
				%		0	66.41	72.69	68.73
			31-50 years old	Person		39	196	260	245
				%		0	12.27	16.1	15.29
			>50 years old	Person		1	41	44	52
				%		-	21.93	20.66	21.49
	Central Taiwan	Male	≤30 years old	Person		14	307	163	144
				%		0	125.82	76.17	69.23
			31-50 years old	Person		2	36	32	31
				%		0	17.48	15.02	13.96
			>50 years old	Person		0	9	0	2
				%		0	15.52	0	3.85
		Female	≤30 years old	Person		25	289	175	141
				%		0	95.07	57.57	47
			31-50 years old	Person		3	98	36	40
				%		0	32.13	12.95	12.99
			>50 years old	Person		0	8	2	7
				%		0	21.62	4.55	12.28
	Southern Taiwan	Male	≤30 years old	Person		0	312	322	273
				%		0	90.17	82.78	85.85
			31-50 years old	Person		3	46	57	54
				%		0	11.73	14.36	14.25
			>50 years old	Person		0	3	5	4
				%		0	4	6.17	4.35
		Female	≤30 years old	Person		11	281	329	277
				%		0	70.25	74.94	70.66
			31-50 years old	Person		5	107	97	92
				%		0	19.71	17.08	17.33
			>50 years old	Person		0	12	11	13
				%		0	14.81	11.34	11.93

Item for Disclosure	Sub-item for Disclosure			Unit	Description	2018	2019	2020	2021
Total number and proportion of employee turnover by age group and gender	Northern Taiwan	Male	≤30 years old	Person	Note 1: The number of turnover includes the number of people on unpaid leave. Note 2: The annual total turnover ratio is 38.73%. Note 3: The annual voluntary turnover (excluding turnover due to retirement and illness) is 38.69%.	32	1,012	914	930
				%		0	85.69	82.27	90.38
			31–50 years old	Person		51	161	176	160
				%		0	14.54	15.84	14.43
			>50 years old	Person		3	37	36	41
				%		0	18.05	15.86	16.21
		Female	≤30 years old	Person		48	873	816	716
				%		0	75.19	71.2	62.53
			31–50 years old	Person		57	236	287	248
				%		0	14.77	17.77	15.48
			>50 years old	Person		2	43	61	65
				%		0	22.99	28.64	26.86
	Central Taiwan	Male	≤30 years old	Person		15	250	164	157
				%		0	102.46	76.64	75.48
			31–50 years old	Person		9	45	23	31
				%		0	21.84	10.8	13.96
			>50 years old	Person		3	2	8	9
				%		0	3.45	15.09	17.31
		Female	≤30 years old	Person		10	252	163	138
				%		0	82.89	53.62	46
			31–50 years old	Person		4	68	52	40
				%		0	22.3	18.71	12.99
			>50 years old	Person		2	4	4	8
				%		0	10.81	9.09	14.04
	Southern Taiwan	Male	≤30 years old	Person		8	249	294	257
				%		0	71.97	75.58	80.82
			31–50 years old	Person		7	44	61	62
				%		0	11.22	15.37	16.36
			>50 years old	Person		7	11	14	11
				%		0	14.67	17.28	11.96
		Female	≤30 years old	Person		5	283	295	242
				%		0	70.75	67.2	61.73
			31–50 years old	Person		13	100	93	93
				%		0	18.42	16.37	17.51
			>50 years old	Person		2	12	22	25
				%		0	14.81	22.68	22.94
Full-time employee turnover				%	Note: Excluding the number of part-time employee turnover	3.68	4.72	5.67	6.44
Members from minority groups	Store employees			Person	Note: Minority groups include 127 aborigines, 35 foreign employees and 241 persons with disabilities. People with disabilities account for 2.39% in terms of FTEs. 100% of the management are local with no foreign employees.	359	370	383	369
				%		6.15	6.02	6.22	6.18
	Management			Person		4	3	3	3
				%		1.59	1.17	1.2	1.12
	Non-management			Person		26	24	28	31
				%		1.29	1.18	1.34	1.47

Item for Disclosure	Sub-item for Disclosure		Unit	Description	2018	2019	2020	2021
Disabling injury for employees by gender (excluding statistics on traffic incidents during commute)	Male	Total working hours (Note 1)	Hour	Note 1: Total working hours = the number of working days in the month * 8 hours * the number of full-time employees + the actual working hours of part-time employees. Note 2: Those who missed work for fewer than 180 days. Note 3: The number of lost work days exceeds 180 days, excluding the number of deaths. Note 4: As it was impossible to obtain relevant data of franchise employees in 2021, and there isn't a great number of employees at the manufacturers, occupational safety performance data is not disclosed. Note 5: On October 23, 2021, an employee of the directly-operated Shih Hsin store was violated by a customer who was unwilling to wear a mask. The employee had not returned to work as of December 31, 2021. Therefore, even though the employee counted towards the number of people with occupational injuries in 2021, the number of lost working days will be calculated and disclosed when he returns to work in 2022.	0	0	7,123,469	6,988,719
		Number of people with general occupational injuries (Note 2)	Person		0	0	5	4
		Number of people with severe occupational injuries (Note 3)	Person		0	0	0	0
		Number of deaths	Person		0	0	0	0
		Number of people with recordable occupational injuries	Person		0	0	5	4
	Female	Total working hours (Note 1)	Hour		0	0	8,555,624	8,556,371
		Number of people with general occupational injuries (Note 2)	Person		0	0	11	18
		Number of people with severe occupational injuries (Note 3)	Person		0	0	0	0
		Number of deaths	Person		0	0	0	0
		Number of people with recordable occupational injuries	Person		0	0	11	18
Occupational injury rate, lost day rate, Frequency-Severity Indicator	Male	Percentage of death caused by occupational injury (Note 1)	%	Note 1: Death rate due to occupational injury = number of deaths * 10^6 / total working hours Note 2: Rate of severe occupational injury = number of severe occupational injuries*10^6/total working hours Note 3: Rate of recordable occupational injury = total number of recordable occupational injuries*10^6/total working hours Note 4: Lost day rate = total lost days * 10^6/total working hours Note 5: $\sqrt{}$ (Disabling injury frequency FR × Disabling injury severity rate SR) ÷ 1000 Note 6: The total working hours here refer to the monthly statistics of the number of people and their working hours. Note 7: On October 23, 2021, an employee of the directly-operated Shih Hsin store was violated by a customer who was unwilling to wear a mask. The employee had not returned to work as of December 31, 2021. Therefore, even though the employee counted towards the number of people with occupational injuries in 2021, the number of lost working days will be calculated and disclosed when he returns to work in 2022.	0	0	0	0
		Percentage of severe occupational injury (Noet 2)	%		0	0	0	0
		Percentage of recordable occupational injury (disabling frequency rate, Note 3)	%		0	0	0.7	0.43
		Lost day rate (disabling frequency rate, Note 4)	%		31.59 (male and female)	23.87	14.74	0.57
		Frequency-Severity Indicator (Note 5)	%		0.25 (male and female)	0.14	0.1	0.02
	Female	Percentage of death caused by occupational injury (Note 1)	%		0	0	0	0
		Percentage of severe occupational injury (Noet 2)	%		0	0	0	0
		Percentage of recordable occupational injury (disabling frequency rate, Note 3)	%		0	0	1.29	2.1
		Lost day rate (disabling frequency rate, Note 4)	%		31.59 (male and female)	45.54	28.75	49.2
		Frequency-Severity Indicator (Note 5)	%		1.97 (male and female)	0.27	0.19	0.32
	All employees	Percentage of recordable occupational injury (disabling frequency rate, Note 3)	Percentage		1.97	1.29	1.02	1.35
Disabling injury for contractors (excluding statistics on traffic incidents during commnute)	Total number of working hours		Hour	Note 1: Note 1: The total working hours of the contractor's on-site staff are estimated based on the number of opened stores and contracts in the current year. Note 2: The data includes relevant data of franchise stores	724,480	0	578,560	685,760
	Number of people with general occupational injuries		Person		2	0	4	1
	Number of people with severe occupational injuries		Person			0	0	0
	Number of deaths		Person		0	0	0	0
	Number of people with recordable occupational injuries		Person		2	0	4	1
	Percentage of death caused by occupational injury		%		0	0	0	0
Rate of contractor occupational injuries and lost days	Percentage of severe occupational injury		%	Note: The data includes relevant data of franchise stores.	0	0	0	0
	Percentage of recordable occupational injury (disabling frequency rate)		%		2.76	0	6.91	1.46
	Lost day rate (disabling frequency rate)		%		0	0	658.53	78.74
Employee occupational disease			Person		0	0	0	0

Environment

Item for Disclosure	Sub-item for Disclosure		Unit	Description	2018	2019	2020	2021
GHG Emissions (Note 1)	Direct emissions		t CO_2e/year	Note 1: The greenhouse gas emissions over the years refers to the data disclosed in the CSR report of the past years. The 2020 GHG inventory follows the updated ISO 14064-2018 version, and 2020 has been chosen as the new base year. Indirect emissions are classified as purchased electricity and others. Note 2: Indirect emissions (others) include: upstream emissions from purchased electricity, distribution and transportation of diesel from logistics centers to stores, and waste disposal in stores. Note 3: Difference in data from the previous version is caused by the misplaced number of operating sites.	137,580.02	30,702.89	30,910.58	31,252.97
	Indirect emissions (purchased electricity)		t CO_2e/year		464,330.67	446,064.80	472,365.15	464,932.82
	Indirect emissions (others) (Note 2)		t CO_2e/year		-	-	193,802.00	185,910.72
	Total amount		t CO_2e/year		601,910.68	476,767.69	697,077.73	682,096.51
	Inventory coverage		%		99.49	99.52	99.06(註 3)	99.41
Energy consumption	Headquarters		10 MWh	Note: Difference in data from the previous version is caused by the misplaced number of operating sites.	113.40	111.30	109.39	102.69
	Stores		10 MWh		83,149.80	83,063.90	92,573.12	92,373.59
	Shopping centers		10 MWh		410.9	410.9	22.1	22.1
	Regional offices and training centers		10 MWh		140.10	103.40	97.97	117.72
	Total electricity consumption		10 MWh		83,814.20	83,689.50	92,802.58	92,616.10
	Inventory coverage		%		99.49	99.52	99.06(註)	99.41
Water consumption	Actual	Headquarters	Unit	-	5,390.00	5,318.00	5,429.00	4,012.00
		Stores	Unit	A total of 4,071 stores were covered in 2021	1,234,393.03	1,758,809.00	1,845,456.00	1,577,006.00
	Estimated (Note)	Regional offices	Unit	The water consumption of regional offices is estimated by multiplying the average water consumption per capita at the headquarters and the number of employees in regional offices. The water consumption of stores is estimated by multiplying the average water consumption of inventoried stores and the total number of stores. Considering that the water use patterns of training centers and shopping centers are much different from that at the headquarters and stores, the training centers and shopping centers were excluded from the estimates.	11,418.00	11,221.00	11,876.00	8,794.00
		Stores	Unit		726,393.00	883,610.00	967,557.00	894,063.00
	Total water consumption		Unit	-	1,977,594.03	2,658,958.00	2,830,318.00	2,483,875.00
	Number of stores inventoried		Number of stores	-	3,380	3,764	3,952	4071
	Scope of estimation		-	-	8 regional offices and 1,989 stores	8 regional offices and 1,891 stores	8 regional offices and 2,072 stores	9 regional offices and 2,308 stores
	Inventory coverage		%	Note: Difference in data from the previous version is caused by the misplaced number of operating sites.	99.06	99.11	99.11(註)	99.12
Amount of packaging materials	Paper packaging	Total waste	Metric ton	Paper and metal packaging data was included since 2019	-	8,983.7	9,008.1	8,294.6
		Data coverage	%		-	100	100	100
	Metal packaging	Total waste	Metric ton		-	173.7	182.8	194.7
		Data coverage	%		-	100	100	100
	Total weight of plastic packaging		Metric ton		8,432.43	10,184.12	10,038.48	9,921.42
	Proportion of recyclable plastic packaging		%		62.95	68.22	65.95	66.85
	Proportion of compostable/degradable plastic packaging		%		3.47	5.19	6.94	7.43
	Proportion of reusable plastics		%		4.83	3.24	3.87	4.85
	Data coverage		%		67	66	74	97

Item for Disclosure	Sub-item for Disclosure		Unit	Description	2018	2019	2020	2021
Amount of waste - non-recyclable	Actual	Headquarters building	Metric ton	Note 1: The 2017 estimate for the headquarteres and regional offices was based on 2018 waste disposed per person at the headquarters and the number of employees at the headquarters/regional offices. For the stores, the estimate is calculated by multiplying the average waste removed by the entrusted companies and the total number of stores. Considering that the waste disposal pattern at the training center and shopping centers does not follow that of either the headquarters or the stores, the training centers and shopping centers were not included in the scope of our estimates. Note 2: Since 2018, the amount of food waste has been included in the waste inventory from the entrusted waste management companies by the stores. Therefore, after 2018, the total weight removed from the stores has deducted the food waste. Note 3 The amount of fresh food scraps has been included in accordance with the new version of GRI 306. Considering that some stores have not entrusted waste removal and transportation to waste management companies, the way the fresh food scraps were treated cannot be confirmed and were therefore classified as non-recyclable items. Note 4: Considering that the stores that do not outsource waste removal cannot confirm if food waste was indeed recycled, the volume of removal after 2018 was estimated based on the total volume of removal (without deducting the volume of food waste). Note 5: Explanation of the difference from the previous version: The volume of fresh food scraps in the stores has been added in line with the new version of GRI 306.	23.93	24.09	25.36	21.24
		Entrusted by the stores for removal (Note 2)	Metric ton		5,117.09 (Note 4)	5,262.49	6,529.27	7,204.72
		Taken care of by the stores (Note 3)	Metric ton		11,029.23	9,100.00	10,122.13	9,110.76
	Estimate (Note 1)	Regional offices	Metric ton		50.69	50.85	55.48	46.57
		Stores (Note 4)	Metric ton		39,644.23	42,253.45	37,061.08	39,772.71
	Total non-recyclable waste disposed (Note 5)		Metric ton		55,865.17	56,690.88	53,793.32	56,156.01
	Stores inventoried		Number of stores		633	645	925	1010
	Scope of estimation		-		8 regional offices and 4,736 stores	8 regional offices and 5,010 stores	8 regional offices and 5,009 stores	9regional offices and 5,369 stores
Amount of waste - recyclable	Plastic	Headquarters building	Metric ton	-	1.64	1.50	0.07	0.06
		Stores	Metric ton	-	559.87	676.31	633.88	647.25
	Paper	Headquarters building	Metric ton	-	9.46	13.32	17.20	18.71
		Stores	Metric ton	-	8,611.59	8,916.81	9,262.45	10,613.94
	Metal	Headquarters building	Metric ton	-	0.53	0.45	1.87	1.85
		Stores	Metric ton	-	21.72	12.83	27.00	37.27
	Batteries	Stores	Metric ton	-	304.55	327.16	365.57	341.06
	Optical discs	Stores	Metric ton	-	56.19	65.89	74.00	71.39
	Electronic items	Stores	Metric ton	Electronic items have been inventoried by weight since 2021 and traced back to the data in 2019	-	62.55	61.85	57.39
	Food waste	Headquarters building	Metric ton	Since 2021, the amount of food waste started to be inventoried by entrusted companies of the headquarters building.	-	-	-	4.99
		Stores	Metric ton	Since 2018, the amount of food waste started to be included in the waste removal inventory of the stores.	181.64	177.33	193.91	277.20
		Manufacturers	Metric ton	Since 2018, the amount of food waste of the 4 manufacturers started to be included by entrusted companies.	1,423.03	1,510.39	1,475.68	1,298.87

Item for Disclosure	Sub-item for Disclosure		Unit	Description	2018	2019	2020	2021
Volume of waste - statistics by treatment (including unrecyclable, and recyclable)	Waste landfilled (A)		Metric ton	-	1,055.56	1,074.85	1,295.03	3,260.16
	Waste incinerated (including energy recovery, B)	Upstream (manufacturers)	Metric ton	Due to the African Swine Fever epidemic in September 2021, food waste was temporarily suspended as feed on pig farms. Therefore, food waste during this month was incinerated, but recycled or reused for the rest of the year.	-	-	-	76.63
		Own operations	Metric ton		54,809.61	55,616.03	52,498.29	52,919.45
	Waste recycled or reused (C)	Upstream (manufacturers)	Metric ton		1,423.03	1,510.39	1,475.68	1,222.24
		Own operations	Metric ton		9,747.19	10,254.14	10,637.78	12,047.51
	Amount of waste handled (A+B)		Metric ton	-	55,865.17	56,690.88	53,793.32	56,256.24
	Total waste generated (A+B+C)		Metric ton	-	67,035.39	68,455.41	65,906.78	69,525.99
	Data coverage for operating sites		%		99.06	99.11	99.11	99.12
	Proportion of incineration		%	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).	97.92	97.91	97.26	93.34
Food waste and reuse (Note 1)	Food waste generated (A)	Food waste at the headquarters	Metric ton	Note 1: Starting from 2020, we have statistics on food waste and waste related to PCSC's private-label products. Due to the limited availability of past data, the data in 2019 and 2020 is more complete. Note 2: Coverage of food waste = revenue of private-label products in the food waste statistics/ revenue of all private-label fresh food products. Note 3: Explanation of the difference from the previous version: The scope of the revenue of private-label products was adjusted to contain only fresh food products. Note 4: The amount of store scraps has included the food waste from the stores. Note 5: Due to the African Swine Fever epidemic in September 2021, food waste was temporarily suspended as feed on pig farms. Therefore, food waste during this month was incinerated, but recycled or reused for the rest of the year.	-	-	-	4.99
		Store scraps (Note 4)	Metric ton		11,029.23	9,100.00	10,122.13	9,110.76
		Food waste at the manufacturers	Metric ton		1,423.03	1,510.39	1,475.68	1298.87
	Weight of food reused (B)	Food waste at the headquarters	Metric ton		-	-	-	4.52
		Food waste at the stores	Metric ton		181.64	177.33	193.91	254.07
		Food waste at the manufacturers	Metric ton		1,423.03	1,510.39	1,475.68	1,222.24
	Total weight of food waste (A - B)		Metric ton		10,847.59	8,922.67	9,928.22	8933.79
	Food waste intensity (weight divided by revenue)		%		59.60	44.23 (註 3)	45.70 (註 3)	41.30
	Food waste data coverage (Note 2)		%		99.35	98.41 (註 3)	97.57 (註 3)	98.49

GRI Standards Index

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	102-5 Ownership and legal form	[About This Report]	2
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	102-7 Scale of the organization	4.1 Talent Attraction and Retention 3.1 Product and Service Innovation Appendix: Historical Data	47 135-136
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	403-10 Work-related ill health	4.2 Occupational Safety and Health	85
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GRI 305: 2016	305-1 Direct (Scope 1) GHG emissions	6.3 Mitigation and Adaptation for Climate Change	123
	305-2 Energy indirect (Scope 2) GHG emissions	6.3 Mitigation and Adaptation for Climate Change	123
	305-3 Other indirect (Scope 3) GHG emissions	6.3 Mitigation and Adaptation for Climate Change	123
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GRI 405: 2016	405-1 Diversity of governance bodies and employees	4.1 Talent Attraction and Retention	70-71
	405-2 Ratio of basic salary and remuneration of women to men	4.1 Talent Attraction and Retention	71
GRI 409: 2016	409-1 Operations that have been subject to human rights reviews or impact assessments	4.2 Occupational Safety and Health	83-85
GRI 412: 2016	415-1 Political contributions	4.2 Occupational Safety and Health	83-85
GRI 415: 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	No political contribution was made during the reporting period	-

Sustainability Accounting Standards Board (SASB) Index

Topic	Code	Category	Accouting Metric	Page number	Description
Fleet Fuel Management	FB-FR-110a.1	Quantitative	Fleet fuel consumed (GJ), percentage renewable (%)	124	Refer to 6.3 Mitigation and Adaptation for Climate Change for details
Air Emissions from Refrigeration	FB-FR-110b.1	Quantitative	Gross global Scope 1 emissions from refrigerants (metric tons CO2e)	124	Refer to 6.3 Mitigation and Adaptation for Climate Change for details
	FB-FR-110b.2	Quantitative	Percentage of refrigerants consumed with zero ozone-depleting potential (%)	124	Refer to 6.3 Mitigation and Adaptation for Climate Change for details
	FB-FR-110b.3	Quantitative	Average refrigerant emissions rate (%)	-	No relevant data in 2021
Energy Management	FB-FR-130a.1	Quantitative	(1) Operational energy consumed (GJ), (2) percentage grid electricity (%), (3) percentage renewable (%)	124	Refer to 6.3 Mitigation and Adaptation for Climate Change for details
Food Waste Management	FB-FR-150a.1	Quantitative	Amount of food waste generated (metric tons), percentage diverted from the waste stream (%)	129	Refer to 6.4 Food Waste and Waste Management for details
Data Security	FB-FR-230a.1	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	42	No data leak in 2021
	FB-FR-230a.2	Discussion and Analysis	Description of approach to identifying and addressing data security risks	41-42	Refer to 2.2 Risk Management for details
Food Safety	FB-FR-250a.1	Quantitative	High-risk food safety violation rate	-	PCSC had no violation of major food safety regulations or product recalls in 2021.
	FB-FR-250a.2	Quantitative	(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products	-	
Product Health & Nutrition	FB-FR-260a.1	Quantitative	Revenue from products labeled and/or marketed to promote health and nutrition attributes	55	Refer to 3.2 Customer Health and Safety for details
	FB-FR-260a.2	Discussion and Analysis	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	55-56	Refer to 3.2 Customer Health and Safety for details

Topic	Code	Category	Accouting Metric	Page number	Description
Product Labeling & Marketing	FB-FR-270a.1	Quantitative	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	44	Refer to 2.3 Legal Compliance for details
	FB-FR-270a.2	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices.	-	Refer to 2.3 Legal Compliance for details
	FB-FR-270a.3	Quantitative	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	56	Refer to 3.2 Customer Health and Safety for details
Labor Practices	FB-FR-310a.1	Quantitative	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	-	No relevant data in 2021
	FB-FR-310a.2	Quantitative	Percentage of active workforce covered under collective bargaining agreements	69	Refer to 4.1 Talent Attraction and Retention for details
	FB-FR-310a.3	Quantitative	(1) Number of work stoppages and (2) total days idle	69	There was no strike or suspension in 2021.
	FB-FR-310a.4	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	44	Refer to 2.3 Legal Compliance for details
Management of Environmental & Social Impacts in the Supply Chain	FB-FR-430a.1	Quantitative	Revenue from products third-party certified to environmental or social sustainability sourcing standard	16	Refer to the Sustainability Column-"Sustainable Procurement" and 3.4 Sustainable Procurement for details
	FB-FR-430a.2	Quantitative	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	-	1. PCSC does not sell non-caged eggs 2. PCSC does not sell meat products separately. Therefore, this indicator does not apply
	FB-FR-430a.3	Discussion and Analysis	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	15-16	Refer to the Sustainability Column-"Sustainable Procurement" and 3.4 Sustainable Procurement for details
	FB-FR-430a.4	Discussion and Analysis	Discussion of strategies to reduce the environmental impact of packaging	107-111	Refer to the Sustainability Column-"Further Actions on Plastic Reduction" and 6.2 Packaging Material Management for details
Activity Metrics	FB-FR-000.A	Quantitative	Number of (1) retail locations (2) distribution centers	-	6379 retail locations
	FB-FR-000.B	Quantitative	Total area of (1) retail space (2) distribution centers	-	1,098,860 square meters (retail space)

TCFD Index

TCFD Recommended Disclosures			Corresponding Chapter and Notes	Page no.
Governance	Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	6.3 Mitigation and Adaptation for Climate Change	112
		b. Describe management's role in assessing and managing risks and opportunities.	Sustainability Column - Transition to Low-Carbon Operations 1.2 Sustainable Development Committee	13 19
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	6.3 Mitigation and Adaptation for Climate Change	113
		b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	6.3 Mitigation and Adaptation for Climate Change 6.2 Mitigation and Adaptation for Climate Change in 2020 CSR report	114-122 131-134 (2020)
		c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	6.3 Mitigation and Adaptation for Climate Change	114-122
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.	6.3 Mitigation and Adaptation for Climate Change	112
		b. Describe the organization's processes for managing climate-related risks.	6.3 Mitigation and Adaptation for Climate Change	114-122
		c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.2 Risk Management 6.3 Mitigation and Adaptation for Climate Change	40 112
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	6.3 Mitigation and Adaptation for Climate Change	123
		b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	6.3 Mitigation and Adaptation for Climate Change	123-124
		c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	6.3 Mitigation and Adaptation for Climate Change 1.5 Process Management of Sustainable Targets	125 27-28

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”)

Number	Subject Matter Information	Page No.	Applicable Criteria	Regulations
1	The Product Safety Committee focuses on safety and quality, and establishes a unified management system for its private-label products, with the scope of 100% of its private-label products. One meeting was convened in 2021, with the discussion focusing on reporting and tracking important business security information, planning and responding to changes in regulations.	P.52	2021 Product Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2021 and the types and percentage of products under its influence. The percentage is calculated according to the Product 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	PCSC gathers and tracks information related to product safety in accordance with our “Product Safety Information Collection and Review Tracking Standards.” The information is handled using layered management. The Standards apply to all PCSC private-label products, accounting for 100% of PCSC private-label products. In 2021, the Company collected 495 product safety-related memos, including 1 A-level information, 364 B-level information and 130 L-level information. In 2021, all A-level information was followed up to ensure improvement with case closed. (Note) A-, B-, and L-level information is based on the date that the information was announced internally.	P.53	Product safety information collected in 2021 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.	Subparagraph 1, item 1
3	In 2021, the initial logistics mechanism was implemented on 100% exclusive selling and private-label products including rice, fresh noodles, salads, cooked food, refrigerated flavored breads, sweet potatoes and fresh foods.	P.55	The percentage of the total amount of a given product sold in 2021 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2021, according to the initial transport and logistics distribution management mechanism formulated by the Company. The percentage is based on the percentage of the Company's total sales of this product category in 2021 from the sales of the products supplied by the manufacturers that have signed the initial transportation logistics and distribution contracts in 2021.	Subparagraph 1, item 1
4	In addition, a management consulting company was engaged to perform quality assurance audits. In 2021, 98.97% (Note) of all stores underwent this audit. (Note) (Note) Due to the pandemic in 2021, the number of audited stores went down. Stores in the terminal were temporarily closed with no possibility for audits. Some stores closed down at the end of 2021, and the ones opened between October 30 and December 31 were not audited.	P.56	The percentage of all retail locations that were audited by the management consulting company according to the retail mechanism for managing and examining expired products from shelves.	Subparagraph 1, item 1

Number	Subject Matter Information	Page No.	Applicable Criteria	Regulations
5	PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.73% (Note) of the stores audited in 2021. (Note) Due to the pandemic in 2021, the number of audited stores went down. Stores in the terminal were temporarily closed with no possibility for audits. Some stores closed down at the end of 2021, and the ones opened between October 30 and December 31 were not audited.	P.56	The annual percentage of all retail that were audited by the management consulting company according to quality assurance training courses and exams formulated referencing the Regulations on Good Hygiene Practice for Food.	Subparagraph 1, item 1
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. In 2021, the large iced Americano coffee sold by PCSC stores was discovered to violate the labeling regulations during a sample inspection, resulting in a penalty of NT$30,000 by the Act Governing Food Safety and Sanitation. However, PCSC did not violate any regulations regarding product labeling or marketing.	P.44	The number of letters and amount of fine received from competent authorities notifying of fines for PCSC chain retail locations violating the Act Governing Food Safety and Sanitation and its subordinate legislations in 2021.	Subparagraph 1, item 2
7	FSC packaging has been introduced to 100% of the iseLect refrigerated drinks sold in 2021.	P.45	The percentage of the number of items with FSCTM introduced to iseLect refrigerated beverage packaging materials in 2021 divided by the number of iseLect refrigerated beverage items in the current year.	Subparagraph 1, item 3
Not applicable as PCSC does not have any self-operated factories.				Subparagraph 1, item 4
8	In 2021, there were a total of 38 suppliers of private-label food products with whom PCSC had a cooperative relationship (Note 1) (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products). 100% (Note 2) of those suppliers were audited. Please refer to the table on p.69-70 for these 38 suppliers. A total of 119 audits were performed with 119 passing, with the compliance rate of 100%. (Note 1) Defined as (1) Suppliers that passed the assessment prior to 2021 and passed internal submission. (2) New suppliers that successfully passed the introduction assessment during 2021. (3) Those eligible to halt assessment in 2021 are also included. (Note 2) The audited items are those listed in the "Items for Evaluation." (Note 3) 1 manufacturer and 5 suppliers of raw materials through direct transactions have ended the transaction and manufacturing within the period of the evaluation frequency corresponding to the previous level of supplier evaluation. Owing to Raw material supplier and Management rules have the auditing frequency set between 3-18 months, no audit was required for 1 manufacturer and 5 suppliers of raw materials through direct transactions in 2021.	P.63	The number of suppliers, percentages, items evaluated, number of audits, and results for evaluations of private-label product and food suppliers according to Rules for Onsite Appraisal of Manufacturers by Own-brand Product Committee, Raw material supplier and Management rules, and Management and Operations Rules for Professional- Use Egg Product Raw Materials (refer to the able on p.63).	Subparagraph 1, item 5

Number	Subject Matter Information	Page No.	Applicable Criteria	Regulations
9	In 2021, there were 13 suppliers of disposable products (Note 1), with 100% (Note 2) audited. Please refer to the table on p.69-70 for these 13 suppliers. A total of 14 audits on supplier assessment items were performed, resulting in 14 passing audit results and a passing rate is 100%. (Note 1) Refers to domestic suppliers of disposable paper cups, bowls and similar items which come into contact with food are provided to the consumers. (Note 2)2 suppliers have ended the transaction with PCSC before the month of the assessment with the approvement of their evaluation -halting application of . As a result, those entities were not required to be audited according to our rules in 2021.	P.63	According to the "Management Rules for Site Assessment of Suppliers of Products Related to Store Safety" (refer to the table on p.63). The table showed the number of disposable merchandise supplier evaluated, percentage, items evaluated, times of evaluation and results.	Subparagraph 1, item 5
10	PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and follows the official document (Food and Drug Administration Document No.1071300516 authorized by the Ministry of Health and Welfare on 26 June, 2018) uploading a total of 527 products in the meal box category (Note 1) to Food Traceability Management Information System (Ftracebook) in 2021, taking up 100% of all box meal items in the current year. (Note) Indicating the products which consist of grains (rice or noodles), processed grains, agriculture, livestock and seafood and which are processed to be served to groups or individuals. Those products are served with clear labels or pictures of the ingredients and are served in the way of boxes or large decorative containers. The products can be eaten after brief heating up. Those products do not include the baked items served in the box.	P.54	In 2021, the total number of box meal items logged by the company in the Food Traceability Management Information System (Ftracebook), and its percentage in the number of all box meal items in the current year. The percentage is calculated by dividing the number of items registered in the Ftracebook box meal items by the total number of all meals.	Subparagraph 1, item 6
11	As of the end of 2021, the laboratory conducted 622 test items per the announcements and requirements of the competent authority including CNS, the Taiwan Food and Drug Administration, etc.	P.54	The number of test items (note) provided by the quality testing laboratory in accordance with the announcements and recommendations of CNS or the Taiwan Food and Drug Administration of the Ministry of Health and Welfare, Executive Yuan, and the number of test items for government-approved food additives as of the end of 2021. (Note) These test items include standard methodologies and methodologies developed by PCSC.	Subparagraph 1, item 7
12	Another 112 test items of self-inspection that do not follow directives from the aforementioned announced methodologies were conducted.	P.54	The number of non-compulsory test items provided by the quality testing laboratory referencing regulations in other countries or international journals (not according to announcements and recommendations of CNS or the Taiwan Food and Drug Administration of the Ministry of Health and Welfare, Executive Yuan (note), or not for government-approved food additives) as of the end of 2021. (Note) These test items include standard methodologies and methodologies developed by PCSC.	Subparagraph 1, item 7

Number	Subject Matter Information	Page No.	Applicable Criteria	Regulations
13	PCSC's Quality Testing Laboratory obtained certifications following test items specified by TFDA and TAF (ISO/IEC 17025:2017).	P.54	Laboratory certified by the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare and Taiwan Accreditation Foundation (TAF).	Subparagraph 1, item 7
14	Taiwan Accreditation Foundation (TAF) certified test items: 4 microorganisms, and 1 caffeine according to ISO/IEC 17025:2017 .	P.55	Test items and the total number of test items certified by the Taiwan Accreditation Foundation (TAF).	Subparagraph 1, item 7
15	Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare certified test items: 1. 4 Microorganisms 2. 8 Colorants 3. 1 Ochratoxin A 4. 1 Patulin	P.55	Test items and the total number of test items certified by the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare.	Subparagraph 1, item 7
16	The quality testing laboratory resulted in costs of NT$37,701 thousand, including NT$21,232 thousand for entrusted laboratories (Note), accounting for 0.022% of the Company's operating revenue. (Note) The quality testing laboratory costs include tests, salaries, depreciation, rentals, equipment repair and maintenance, and miscellaneous purchases.	P.55	The percentage of operating revenue on financial reports that is allotted to quality testing laboratory expenditures in 2021.	Subparagraph 1, item 7
17	In 2021, a total of 1,173 tests were run on products and raw materials, with 1,164 passing the test. The passing rate was 99.2%.	P.55	The total number of tests, number of passed tests, and passing rates for test items in accordance with announcements and recommendations of CNS or the Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare, Executive Yuan (note), test items for government-approved food additives, and non compulsory test items referencing regulations in other countries or international journals (not according to the announcements and recommendations of CNS or TFDA (note) or not for government-approved food additives). (Note) These test items include standard methodologies and methodologies developed by PCSC.	Subparagraph 1, item 7
18	During 2021, suppliers of private-label food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 38 companies. If calculating using the number of the plants, there were a total of 76 manufacturing sites, among those 44 were manufacturers of private-label food products within Taiwan. Of these, 44 manufactures 100% obtained international food safety management system ISO22000 certification.	P.58	The number of private-label product food suppliers, total number of factories, total number of original design manufacturers in Taiwan, ISO 22000 certifications, and total number of original design manufacturers in Taiwan certified to ISO 22000 in 2021.	Voluntary assurance

Limited Assurance Report Issued by the Accountant

pwc 資誠

會計師有限確信報告

資會綜字第 21020331 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 2021 年度永續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 2021 年度永續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 2021 年度永續報告書第 160 至 163 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於永續報告書第 1 頁之「報告書時間、邊界與數據」段落述明。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續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。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
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- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊選取樣本進行包括查詢、觀察及檢查等測試，以取得有限確信之證據。

此報告不對 2021 年度永續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

2 0 2 2 年 6 月 2 4 日

AA1000 Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRESIDENT CHAIN STORE CORPORATION's SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by President Chain Store Corporation (hereinafter referred to as PCSC) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the SR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2022/03/24~2022/05/18). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all PCSC's Stakeholders.

RESPONSIBILITIES

The information in the PCSC's SR Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of PCSC. SGS has not been involved in the preparation of any of the material included in the Report

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.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

TWLPP5008 Issue 2201

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1.	GRI Standards (Core)
2.	AA1000 Accountability Principles (2018)

- 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 v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018); 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.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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 organization, its subsidiaries and stakeholders.

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

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

PCSC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, It is encouraged to develop formal strategies for ongoing engagement and communication with stakeholders.

Materiality

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

Responsiveness

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

Impact

PCSC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, PCSC's SR Report of 2021, 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, more detailed descriptions of the sustainability development committee involvement with sustainable management is encouraged. For GRI 403 disclosure, PCSC is expected to be responsible for all of branch store workers' occupational health and safety since their workplaces are controlled by the PCSC. It is encouraged to compile franchise store workers' occupational health and safety performance in future reporting.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-62AME

David Huang
Senior Director
Taipei, Taiwan
15 June, 2022
WWW.SGS.COM

2021 PCSC

Sustainability Report