

2020

PCSC

Corporate Social
Responsibility Report



ZERO
HUNGER



GOOD HEALTH
AND WELL-BEING



QUALITY
EDUCATION



DECENT WORK AND
ECONOMIC GROWTH



SUSTAINABLE CITIES
AND COMMUNITIES



RESPONSIBLE
CONSUMPTION
AND PRODUCTION



CLIMATE
ACTION



7-ELEVEN.

7-ELEVEN®

6000th



We have always stood for convenience ...

And we should also be a place where
customers can feel good, where we make it
easy to make good decisions.



About This Report

This is the twelfth corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC). The report is in accordance with the core options of the Global Reporting Initiative and the Standard for Food and Retailers Distributors Industry of the Sustainability Accounting Standards Board (SASB).

This annual report presents PCSC's viewpoints and actions taken concerning CSR, elaborating outcomes in 2020 and future plans on corporate governance, economy, environment, and society. Material topics applicable to PCSC were selected based on materiality assessment (see chapter Roadmap for Sustainable Management). It's our hope to maximize benefits for all stakeholders through disclosure, communication and feedback and to accomplish our ultimate goal of becoming the greatest retail business.

Period, Scope and Data Included in the Report

This report details PCSC's CSR performance of the 2020 calendar year (January 1, 2020 to December 31, 2020), with some of the information before 2020. This report boundary focuses on PCSC mainly, including the headquarter, retail locations and shopping centers. In addition, four affiliated logistics companies (Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation) have been incorporated in the report due to their relevance to the operations and the influence they have on material issues, including energy and greenhouse gasses (Scope 3), customer health and safety. We expect to include data from other affiliated companies in order to present comprehensive information on PCSC's value chain in the future.

Report Management ▶▶▶

Internal Audit

- ⚙️ The correctness of the report is verified by the supervisor of each PCSC department.
- ⚙️ The report is approved by the PCSC Sustainability Committee.
- ⚙️ The corporate social responsibility performance is regularly reported to the PCSC Board of Directors.

External Certification

- ⚙️ **Financial data:** Unqualified Audit Report 【PwC Taiwan】
- ⚙️ **Environmental data:** ISO 14064-1:2018 (SGS), ISO 50001 【SGS】
- ⚙️ **Governance data:** TPIPAS , Taiwan Personal Information Protection and Administration System 【Institute for Information Technology】
- ⚙️ **Occupational health and safety data:** ISO 45001 【SGS】
- ⚙️ **Social data:** Principles of Social Value 【Social Value International】
- ⚙️ **Sustainability data:** AA1000ASv3 Type2 【SGS】
- ⚙️ **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 CSR reports on the company website at www.7-11.com.tw.

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Message from the Chairman and the President



Chairman

Lo, Chih-Hsien

42 years have passed since the inception of PCSC in 1978. In 1999, PCSC opened 2,000 stores. In 2005 the number reached 4,000, and in 2020 the number exceeded 6,000. The rapid growth is a result of the diversification of our product and services and illustrates the fact that PCSC is intertwined with many aspects of people's everyday life. With that in mind, PCSC is committed to engaging in positive interactions with all stakeholders and carrying out our corporate social responsibilities. With the risk of climate change, aging population and the disparity between the rich and the poor, PCSC is responsible for providing sustainable products and services to help consumers to make better choices for the environment and society more easily.

With the active engagement in ESG and sustainable development, our capabilities for sustainability governance have won even more recognition domestically and abroad. In 2020, PCSC stood out from 63 global food retail businesses to win the title of "Industry Leader" of Dow Jones Sustainability Index (DJSI) in 2020 and was re-listed on the Dow Jones Sustainability World Index and Dow Jones Emerging Markets Index, ranked as the first place in the global food retail business. Moreover, PCSC was rated AA by the MSCI ESG, ranked in the top 5% in the Taiwan Corporate Governance Evaluation System for the 6 consecutive years, and selected by the FTSE4Good Emerging 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 again given the Corporate Sustainability Award by the TCSA (the only convenience store winner.)

The most vital factor in sustainable governance is adhering to the core values of the company. In 2020, PCSC focused on its sustainable development roadmap for the first time. Multiple sustainable action plans were carried out to boost development in six aspects, including "strengthening corporate governance and realizing sustainable management", "product quality commitment and consumer safety protection", "taking advantage of the retail industry to create a convenient life," "promoting employee welfare and social stability," "social welfare engagement to benefit disadvantaged groups," as well as "energy saving, waste reduction and green operations" to achieve co-prosperity with the society. In response to the COVID-19 outbreak, PCSC complied with government policy by selling masks, protective suits, as well as providing food that is easy to preserve. To mitigate climate change and the depletion of natural resources, we have launched two innovative product lines-"Love Food" and "Plant-based." We will continue to manage the value chain to achieve the goal of halving surplus food by 2030. We have equally set up the "plastic reduction

team" as part of the plastic reduction project. With the goal of eliminating disposable plastic by 2050 and establishing the corporate image of a world benchmark, we have built a top-down business model that favors environmental protection. Besides making progress in environmental sustainability, PCSC has kept its responsibilities and commitment to its employees and the society in mind. The Happy Cooperative Society was founded as a long-term attempt of staying updated with issues around work and life pressure. Internal volunteers care for employees' mental health by reaching out and giving referral for consultation. Moreover, we continue to promote health and well-being, elderly care, urban and rural development, education and culture, environmental protection and charity donations. In 2020, we launched the "What Time Is It? Café" project that focused on dementia prevention and care. The project implemented the methodology of social return on investment and received the international certification of SROI (Social Return on Investment). It was estimated that each NT\$1 of investment could create 4.61 times of social influence. With the initiative, PCSC was the first food retail business in Taiwan that submitted an SROI certification based on elderly care.

In order to strengthen PCSC's sustainable development ecosystem, we have incorporated seven elements in the sustainable growth strategy, including people, stores, products, logistics, systems, institutions and culture. To stay in line with the "Corporate Governance 3.0 - Corporate Sustainable Development" proposed by the Financial Supervisory Commission R.O.C. (Taiwan), PCSC has declared 2021 as "the Starting Year of Sustainability." The Sustainable Development Committee under the Board of Directors is responsible for promoting ESG by incorporating elements of sustainable governance in the core of corporate culture and decision-making to realize long-term goals, including environmental protection and plastic reduction, energy saving and carbon reduction, sustainable procurement and food waste reduction. In line with the United Nations Sustainable Development Goal #12, we aim at "facilitating green economy and ensuring sustainable consumption and production models." Looking forward, PCSC expects to act as a benchmark that exceeds customers' expectation. With innovative thinking and vision of sustainability, we will create a retail ecosystem that achieves prosperous co-existence.



President

Huang, Jui-Tien

Honors and Recognition



PCSC was listed for the second time on the Dow Jones Sustainability World Index and Emerging Markets Index and named as the **“Industry Leader”** in the global food retail business.



PCSC once again ranked in the top 5% in the Taiwan Corporate Governance Evaluation System, the only listed retail company listed for the sixth consecutive year.



PCSC was selected again by FTSE4Good Emerging Index, MSCI ESG Leaders Indexes, MSCI Global SRI Indexes, TWSE Corporate Governance 100 Index and FTSE4Good TIP Taiwan ESG Index.



PCSC was again presented the Excellence in Corporate Social Responsibility by **Common Wealth Magazine**.



PCSC was awarded the **SGS 2020 CSR Awards** for the first time.



PCSC was given the **Corporate Sustainability Award** by the TCSA for the 4th consecutive year, the **Platinum Award** in the Wholesale and Retail Industry and the **Silver Award** for the English Report.

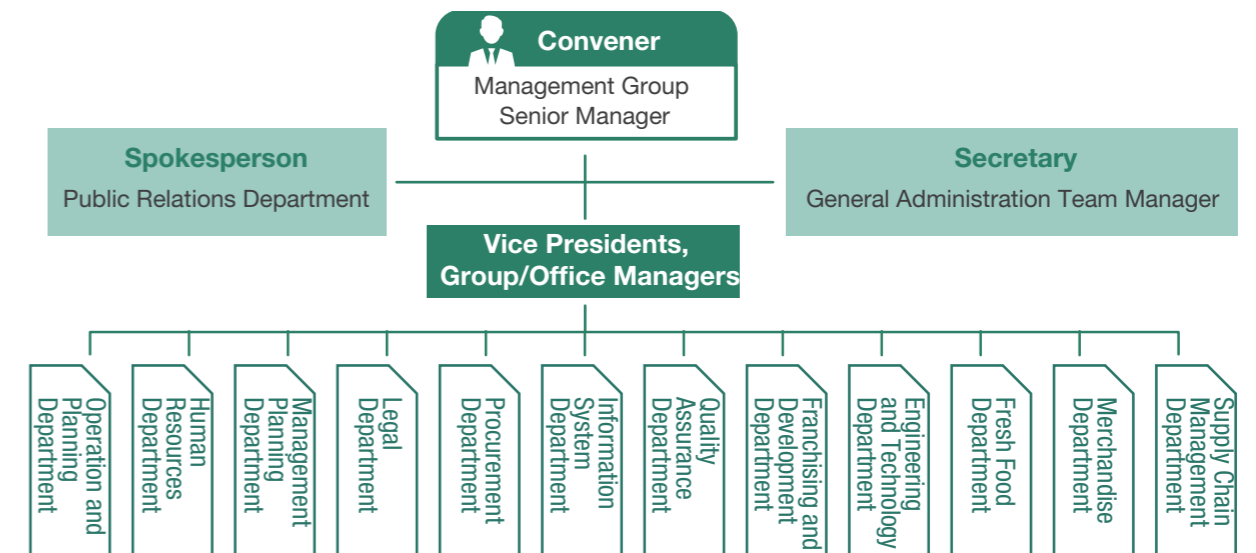


PCSC won the **Social Empowerment Award** from Enterprise Asia for the first time.



Convenient Stores Joining the Fight against the Pandemic

The COVID-19 pandemic started wreaking havoc in the beginning of 2019. With the society overwhelmed by fear and uncertainty, PCSC quickly organized the “COVID-19 Crisis Management Team” helmed by the President to prevent the pandemic by setting up different lines of defense — “social protection,” “employee care” and “continuous operations.”



Social Protection: Taking Care of the General Public by Leveraging the Capabilities of the Channel

Sales of Masks, Protective Suits and Food Supply

When the pandemic broke out, PCSC leveraged the characteristics of the industry and the promptness to start selling masks and protective suits. Besides preventing the pandemic, people cared about daily essentials supply the most. PCSC provided easy-to-stock items, including rice, noodles, oil and cans to reassure consumers the availability of diversified and qualified products.

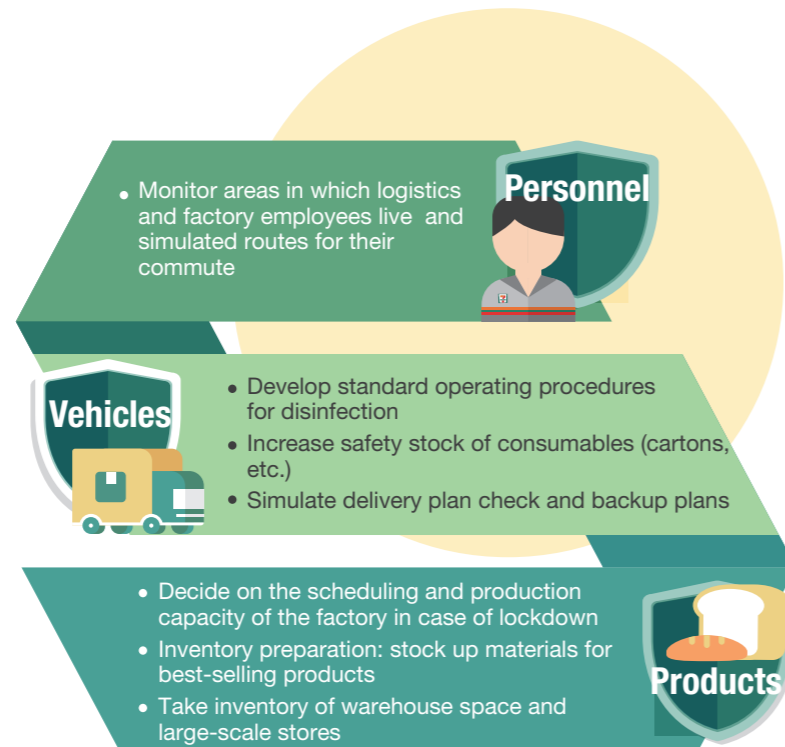


In-store Protective Measures

To prevent the pandemic while offering services, PCSC either shut down the dining area or set up dividers at high-risk stores, and placed floor markers to maintain social distancing.

Maintaining Operations

The pandemic had a huge impact on the distribution industry, especially in terms of stable supply and logistics. Besides expanding storage space and increasing inventory, PCSC had lockdown simulation plans in place for “personnel,” “vehicles” and “products” to safeguard all citizens amidst all challenges.



Employee Care

Epidemic-prevention Measures

PCSC sees employees as the most important asset. We have the responsibility and obligation to take care of the employees. During the pandemic, PCSC took care of employees’ health and livelihood through prevention, reporting and care.

Prevention	Physical Prevention	<ul style="list-style-type: none"> Employees are required to wear masks at work Daily temperature check All non-essential external visits are halted at the peak of the pandemic 	<ul style="list-style-type: none"> Increase disinfection frequency at the headquarter Increase stock of cleaning supplies Set up dividers in open space
	Subsidy	<ul style="list-style-type: none"> Subsidy is offered to employees who suffer financial loss due to the cancel of trips abroad Deliver epidemic-prevention packages (containing food and cleaning supplies) to employee homes Self-paid PCR test is fully subsidized for expats returning to Taiwan Covid insurance coverage is offered to all employees 	
	Campaign	<ul style="list-style-type: none"> Created animation regarding epidemic-prevention to help all employees stay updated with most up-to-dated information 	
	Reporting	<ul style="list-style-type: none"> Online reporting mechanism Formulated internal standard reporting procedure as well as external standard response procedure 	
	Care	<ul style="list-style-type: none"> For stores located at hospitals, PCSC offers subsidy for increased risks as well as increased insurance coverage for stores near hospitals Senior executives cheered for employees at high-risk stores and their families with letters 	

Letter from Senior Executives to Employees at High-risk Stores

Dear Store Manager and employees of Chang Ling Store,

With COVID-19 wreaking havoc in the world, both the public and private sectors in Taiwan are pulling together to put a stop to it. The pressure and hardship experienced by you all at the forefront of epidemic prevention must be even greater than what the others are experiencing. Faced with such adversity, your dedication and effort for doing your job has shone a spotlight on 7-ELEVEN’s intention for contributing social stability. On behalf of PCSC’s operation group, I would like to extend my utmost respect and gratitude!

During this pandemic, I will continue to work with the logistics team to satisfy your needs, including daily essentials and disinfection supplies (N95 masks, alcohol, anti-dust/anti-stain gloves, etc.). The company will also provide everyone with a monthly risk allowance and increase the coverage of medical insurance to ensure everyone's health and safety. Should the store have any other needs, please report to the district consultant and district manager. The logistics team and I will do our best to help.

It may take some time to cope with the various impacts brought about by the pandemic. I also hope that all the staff to set your safety and your family’s safety as the first priority. I believe that with concerted efforts, we will be able to overcome all difficulties and challenges together.

Our best employees make PCSC the best enterprise that offers topnotch services. Let’s work hard together!

Sincerely,
Vice President of the Operation Group

Love Food: Inviting Consumers to Reduce Food Waste

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. If food waste is regarded as a country, it is ranked after China and the United States as the third largest carbon emissions country.

Food waste is not simply the waste of food. It is accompanied by greenhouse gas emissions, water shortage, deforestation and land erosion, loss of biodiversity and so on. 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 the four aspects including raw materials, logistics, store orders and sales. In 2020, with the introduction of Love Food, PCSC successfully reduced 4,257.53 tons of food waste.



One-third of the food produced in the world is discarded at roughly 1.3 billion tons.

Raw Materials: Starting from the Very Beginning

To avoid wasting food materials, PCSC has selected fresh food with the best quality. 7-ELEVEN has asked suppliers to be credited with government-approved TQF, CAS and HACCP certification. The products contain no preservatives to reduce food safety risks and to prevent food waste during production. In terms of food processing, all processes are controlled in the 7 °C cold chain from food processing, production to delivery. We entrust third-party inspection to provide high-quality fresh food that meets the inspection standards while avoiding food materials being discarded due to bacteria growth.

Logistics

PCSC has built a dense low-temperature logistics network. There are 14 fresh food factories (operated under 18°C and 4°C) in Taiwan. All food is distributed at low temperature throughout the logistics and distribution network to reduce the growth of microorganisms caused by temperature change, resulting in reduction in food waste.

Store Orders

PCSC has built a sales forecast ordering system. When the store places an order, the system automatically generates the order value. In addition to evaluating factors such as the weather, it can also place accurate orders compared to the store's sales in the same period last year. This reduces inventory, food scraps and food waste.

In addition, starting from August 2020, 4°C factory's time for placing order is advanced to 12 hours before delivery. This allows fresh food factories to adjust supply and demand earlier and reduce food depletion to a minimum.

Sales

PCSC introduced the "Love Food" pilot program at its 800 stores in Taipei in April 2020. The program was expanded to 5,700 stores from June 3. We upgrade the "smart labeling system" that was originally used for flagging expired products. In addition to keeping an eye on the shelf life, a 30% discount is also given 8 hours prior to expiration. The program covers over a hundred products, and it is estimated that the amount of food waste that was reduced is the equivalent of 4 million Onigiri (rice balls). PCSC will continue to manage the value chain to achieve the goal of halving food waste by 2030, contributing to the mitigation of climate change.

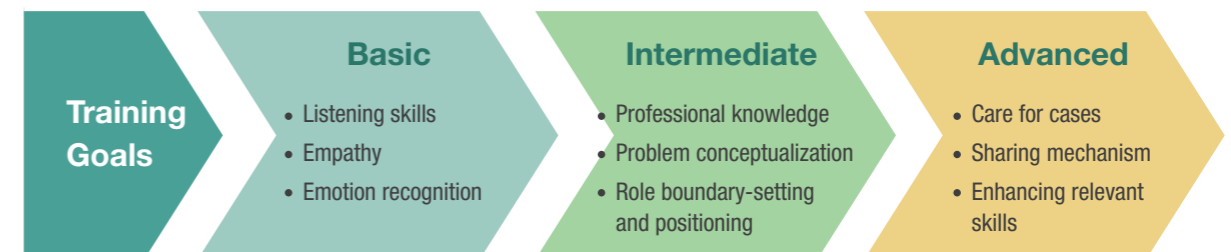


Happy Cooperative Society

"Happy Cooperative Society" was established in 2020 to help employees de-stress from work and life, maintain physical and mental health as well as healthy interpersonal relationships. The program has introduced professional trainers to train employees with passion as volunteers. The volunteers take the initiative to care for the employees and refer them to professional consultation, offering the employees timely and effective assistance.

Volunteers Trained by Professional Trainers

The "Happy Cooperative Society" incorporates professional resources from the Teacher Chang Foundation to offer gradual training from basic, intermediate to advanced levels, equipping volunteers with required capabilities. The training covers courses as well as an internship after basic training to offer cases the care they need, giving volunteers enough training in theory and practice.





We also have a rigorous licensing mechanism. Volunteers have to meet certain conditions to become a licensed volunteer. In addition to completing basic to advanced training, they have to meet certain requirements in terms of time, number of cases, interview records, counseling experience and so on. They also need to participate in group seminars to communicate and grow with other volunteers. After obtaining the license, we also support their growth with a group support network. Regional group seminars and annual conferences that promote exchange and learning among volunteers are regularly organized. With the complete volunteer training and follow-up learning mechanism, we ensure that both the professional capabilities and mentality of all volunteers can be guaranteed.

Caring Mechanism

Volunteer care covers a wide scope of topics, including workplace relationships, work adjustment, family, gender relations and health. Cases are categorized and managed by levels. If further assistance is needed, professional resources or referral to professional counseling services will be offered. Posters about volunteer services are posted on all floors of the back office and storage rooms in stores, allowing all PCSC employees to know how to seek the assistance they need.



(Note) The seminar was canceled in 2020 due to the epidemic. This photo comes from the 2019 event.

Helping Employees Feel Settled During the COVID-19 Pandemic

It was hard not to feel anxious from the news during the COVID-19 pandemic. To this end, we launched the employee care program for local volunteers to assist colleagues in the same area in feeling more settled. Moreover, with the situation becoming worse abroad, we started caring for employees abroad and their families in Taiwan on the day the first case was reported. In the meantime, their itineraries were kept on track with a reporting mechanism and backup office prepared. This helped the employees concentrate on work and reassure their families in Taiwan. Besides staying updated with the health of expat employees, video conferences were arranged to understand what they and their families needed, as well as offering strategies and assistance in line with the pandemic. This included delivering epidemic prevention supplies, medication for chronic illnesses and increasing insurance coverage.

Results



By 2020, **280** volunteers have been trained with **154** licensed.



In 2020, a total of **190** cases were taken care of with a total of **135** hours. As of 2020, a total of **3,563** people have taken advantage of the service with over **2,779** hours.

In response to the COVID-19 pandemic, **6** video conferences were arranged in 2020 to stay updated with expat employees.

Internal volunteer training has saved the counseling fee for referral to external Teacher Chang Foundation, with an estimated return on investment of **2.21** times (Note 1).

The ratio of employees actively seeking help and supervisors referring employees has reached **66%**, representing the trust and recognition of the Happy Cooperative Society (Note 2).

Note 1: The return on investment is the ratio of the cumulative training cost per volunteer from 2010 to 2020 and the cost of Teacher Chang Foundation's fee for cases, namely the estimated cumulative cost of external Teacher Chang Foundation services (NT\$5,752,000) / total volunteer training cost (NT\$2,602,000).

Note 2: Another 34% accounts for volunteers actively offering employee care.

Experience Sharing



Volunteer

I thought I learned these skills to help others, but I personally benefited the most. I have more tolerance and understanding for my relatives, friends and colleagues!



Recipient

I joined the Happy Cooperative Society because I hoped to increase my abilities to help those around me, but I was the first to be benefited. Life isn't all smooth-sailing. I had counseling during a difficult period in my life, and it helped me recognize my own value, clarify my obsession, changed my thoughts and perspectives while making me feel 10 times lighter.



Volunteer

I am lucky to have the volunteer listen to what I had to say. I was able to express my emotions and think about new ways to deal with my problems.

What Time Is It? Café

According to the statistics from the Ministry of Health and Welfare (MOHW), the prevalence rate of dementia among the elderly over 65 is about 3.4%. This means 1 person with dementia out of 12, and 1 for every 5 over the age of 80. The older people are, the higher the prevalence rate. However, studies have found that the general public does not have a correct understanding of the disease and lacks vigilance. Coupled with the lack of services for dementia patients and caregivers at home, 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 organizations 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 to turn 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 general public.

Program Goals



Create a friendly space and practice the innovative care model of rehabilitating in daily life

At present, dementia has no cure. However, its progression can be delayed with therapy. Studies point out that participating in community activities can help delay the progression of dementia. Therefore, PCSC provides internship opportunities to allow elders with dementia to maintain interactions with the crowd in a friendly and familiar environment, realize their potential, keep their dignity, as well as giving their caregivers some time off.



Act as a social platform to destigmatize dementia

Many people regard dementia as the inevitable result of aging, therefore ignoring the importance of seeking medical treatment in a timely manner. The lack of understanding of dementia can easily lead to stigma or discrimination. PCSC works with social welfare organizations in the hopes of giving the public the opportunity to get to know elders with dementia through this model, as well as applying this experience to other cities.

Program Details

Elders with dementia work as interns at the stores for one hour a week. Accompanied by store employees, they assist with welcoming consumers, arranging store displays, working with cash register, making coffee and so on.

Program Highlights



The first convenience store model for elderly interns in Taiwan: it increases the chance of letting them be in the crowd and slow down the progression of dementia.



Dementia education for the general public: the convenience store allows the general public to understand dementia better in their daily life.



Impact Evaluation

In 2020, PCSC introduced the Social Return on Investment (SROI) methodology to measure the results of the "What Time Is It? Café" program, as well as completing the first certified elderly care SROI report in the food retail industry in Taiwan.

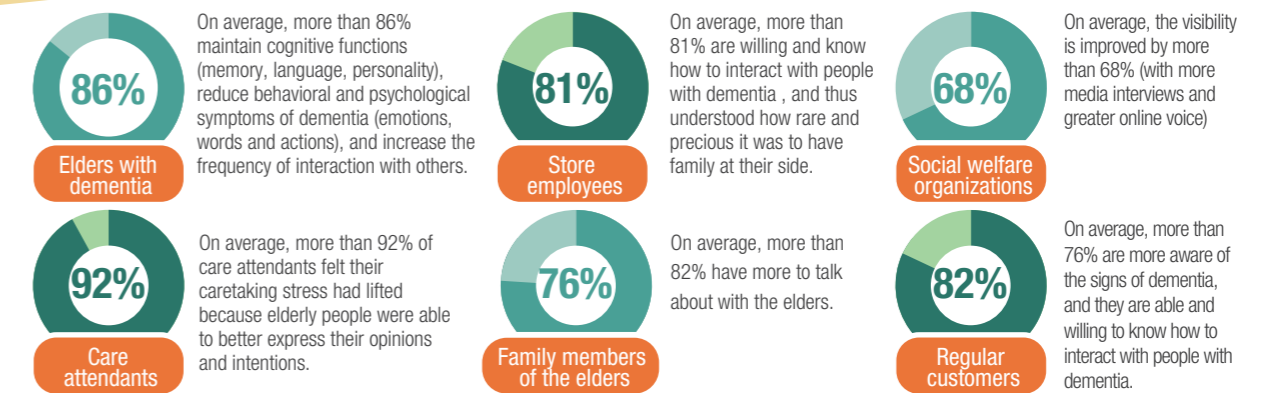
Based on interviews and questionnaires with stakeholders such as the elderly's family members, store employees, caregivers and so on, we came to the conclusion that every NT\$1 invested in the program created the social value of NT\$4.61.



SROI=4.61

The highest total value of the outcomes comes from the elderly with dementia (accounting for 36% of the total results), showing that the program has significant benefits for targeted organizations. The first three outcomes are delaying the progression of dementia, increased dementia literacy, improved family relations, improved CSR image, and better business performance. The first two achievements show that the program does help alleviate dementia and create a dementia-friendly environment.

Result Highlights



Experience Sharing

Family members of the elders

Grandma smiles more and has better social skills now. Her activity was restricted to making dumplings with the neighbors in the past, but she is now more outgoing after participating in the What Time Is It? Café. Now she greets strangers and is livelier and more confident.

Regular customer

The program draws the consumers' attention to the issue of dementia. I think the experience will enrich our lives and become a topic we can talk about with friends and family.

Care attendants from the social welfare organization

Grandma can now express herself better, so that our interactions have improved. This depends on the individual of course. Those with better cognitive functions are easier to take care of, and the experience is less tiring. Even if their cognitive functions are now regressing, they do so more slowly.

Reduce Plastic Use

The durability and low-cost nature of plastic has brought convenience to human beings. However, due to improper use and management, plastic pollution has become a major environmental issue of the century, with importance rivaling climate change. It not only threatens land and marine ecosystems, but also has an impact on human health.

PCSC opened its first convenience store in 1979 to revolutionize consumers' lives with the most convenient services. However, the brand's core philosophy includes "innovation" and "safety" in addition to convenience. In response to the challenge of plastic pollution, we named 2020 as the First Year of Plastic Reduction. This marked the beginning of our plastic reduction journey, so that we could continue to provide a convenient and reassuring lifestyle as the leader of the industry.

Plastic Reduction Blueprint

PCSC has established a plastic reduction and environmentally-friendly business model from top to bottom. The Company has formulated a plastic reduction policy with medium- and long-term goals, as well as action plans while continuing with internal and external communications to shape the image of a world-class benchmark enterprise based on company vision and own brand, combining products, services, logistics, e-commerce and other business strategies.



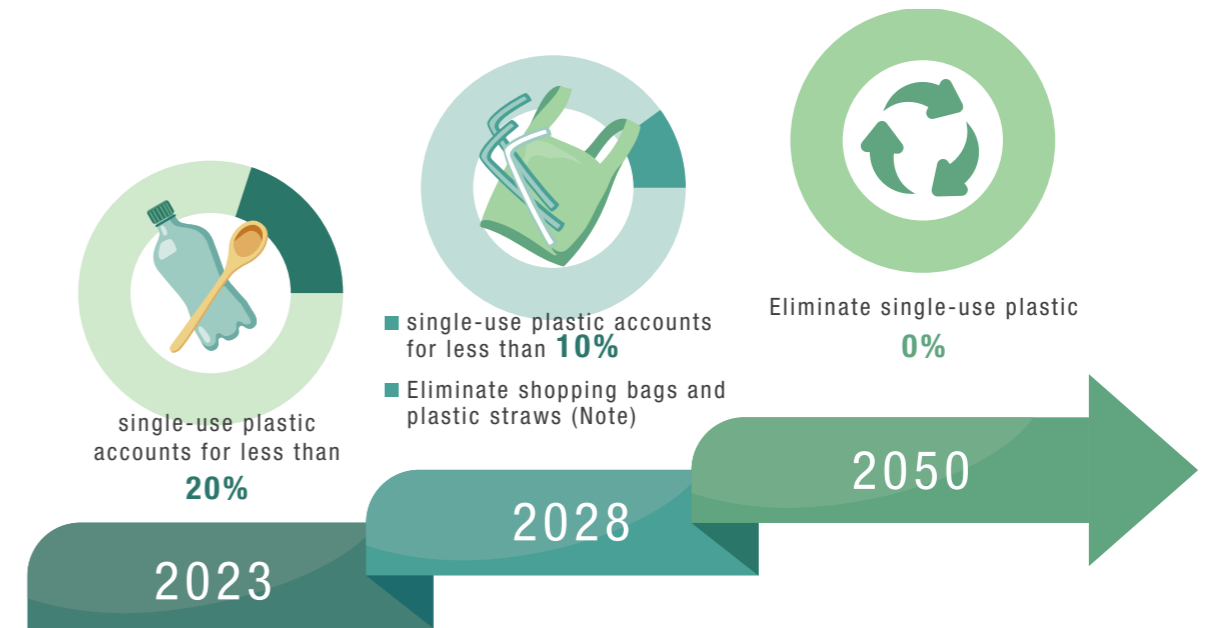
Plastic Reduction Task Force

In August 2020, the CSR Committee established a Plastic Reduction Task Force to formulate strategies, medium- and long-term goals and action plans. Monthly meetings are organized to track the implementation of various action plans.



Announce Plastic Reduction Targets

PCSC officially announced the medium- and long-term plastic reduction targets to achieve the final target of eliminating single-use plastic by 2050.



(Note) In line with the Environmental Protection Administration's policy, PCSC no longer offers plastic bags or straws for takeaway. The target is limited to when consumers ask for straws or purchase plastic bags. In the future, they will no longer be provided or be replaced by non-plastic versions.

Statistics of Packaging and Packaging Materials

PCSC divides plastic packaging and packaging materials into reusable plastic, compostable or decomposable plastic or recyclable plastic, as well as single-use plastic. The volume of plastic at each stage is inventoried in line with two dimensions--product life cycle and service type as performance measurement and the base for target achievement review, as well as planning the corresponding plastic reduction action plan.

Reusable plastic	Packaging that can be refilled or reused for the same purpose with no auxiliary
Compostable or decomposable plastic	Compostable and technically recyclable plastic packaging has been developed
Recyclable plastic	Recyclable plastic defined by EPA (Note 1)
single-use plastic	Plastic that cannot be recycled, composted/decomposed and reused (Note 2)

(Note 1) The EPA defines recyclable plastic as including PET, PVC, PE, PP, PS, PS unfoamed and others. If the material itself is recyclable without having obtained the EPA's recycling label, or cannot be properly recycled in the current waste disposal system, it is not considered as recyclable plastic.

(Note 2) Even if garbage bags are made of recyclable materials, they are still considered as single-use plastic.

Product life cycle				
Own brand	Production	Supplier shipment	Store distribution	Sales and services at the store
Packaging	<ul style="list-style-type: none"> ● Fresh food: boxed products (bento) ● Fresh good: products with soft packaging (Onigiri) ● Own brand: food and drink with iseLect packaging ● Drink: iseLect iBEER ▲ Own brand: UNIDESIGN and other daily essentials 		(Stores on outlying islands)	<ul style="list-style-type: none"> ● Plastic shopping bags, net bags, tableware, packaging for all store supplies (chopsticks packaging) ● Sealing tape ■ Additional packaging for store supplies (swizzle stick)
Fresh drinks and warm food	<ul style="list-style-type: none"> ● Fresh drinks: milk can, tea egg box, packaging provided by suppliers (carton for oden broth bags), packaging for seasoning ▲ Packaging of coffee beans/fresh tea leaves 		<ul style="list-style-type: none"> ● Sealing film ■ Carton 	<ul style="list-style-type: none"> ● Oden lid, plastic bag for warm food, net bag ● Oden bowl, paper bag for warm food ■ Cup and lid for cold drinks ■ Paper cup, cup sleeve, cup holder
Store services	NA	NA	NA	<ul style="list-style-type: none"> ● Shipping bag/document bag ■ Shipping box
E-commerce (7-ELEVEN online shopping)	NA		NA	<ul style="list-style-type: none"> ● Sealing tape/buffer material/packing bag ■ Dedicated carton

● Plastic Paper ■ Paper container ▲ Metal

Packaging Material Reduction

We work with suppliers to think about how to remove, reduce or replace plastic materials in packaging material design from the source, as well as continuing with the “Packaging Weight Reduction Program” without affecting packaging safety, quality and convenience. We have developed a lightweight packaging material with reduced packaging thickness and a stable structure to reduce the amount of plastic used in fresh food packaging by adjusting the design. For example, the thickness of stewed rice and cold noodle packaging boxes has been redesigned to reduce an average of 3%.

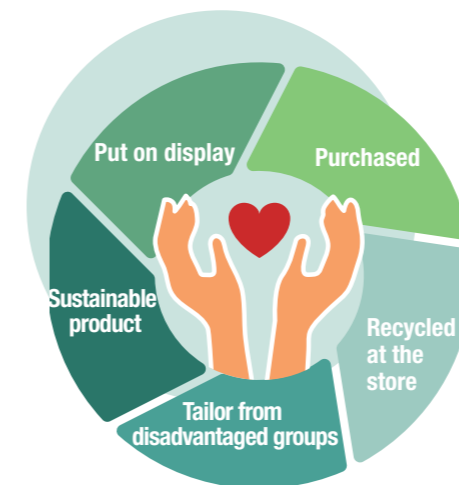


Cup on Loan

PCSC works with a social enterprise Good to Go to run the pilot of Cup on Loan program at 3 stores in Tainan. Customers can rent eco-friendly cups from the machine 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 collect, clean, deliver and refuse to reduce disposable cups. We hope to expand the reuse model to achieve plastic reduction targets sooner.

Recycling Mechanism

PCSC has innovated in introducing a recycling machine to increase people’s willingness to recycle PET bottles through additional Open Point points. In 2020, the pilot program was launched at Changchuan and Xingyang stores. The Changchuan store has collected over 30,000 bottles in one month and more than 1,000 bottles per day for a week. Due to the remarkable results of the pilot program, PCSC aims at setting up 50 machines in 2021 to recycle an estimated 18.6 million bottles a year.



Circular Economy Driven by Charity

PCSC does not act alone for its plastic reduction initiative but seeks to expand its economic, environmental and social influence at the same time. In 2021, PCSC plans to incorporate public welfare activities to realize circular economy, such as combining the resources from the Company, social enterprises and non-profit organizations to launch sustainable products in store. For example, the initiative of beverage cup carriers and Denim bags made with recycled PET bottles and milk bottles by mothers of children with cerebral palsy and tailors seeking a second career adhere to the “cradle to cradle” concept of circular economy.

PCSC expects to bring positive influence to the economy, environment and society by turning waste into brand new products. Consumers can contribute to environmental protection and public welfare through the act of purchase, assist local disadvantaged groups and reduce waste.



01

Roadmap for Sustainable Management

PCSC believes that corporate social responsibility is the core of corporate operations. Sustainable development can only be achieved through a strong management mechanism, clear roadmap and continuous communication with stakeholders. To this end, PCSC has set up a Sustainability Development Committee and formulated roadmap for sustainable development, hoping to achieving constant breakthroughs and innovations in aspects of operations, economy, environment and society to become a corporate leader in sustainable operations.

1.1 Roadmap for Sustainability

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

7-ELEVEN Sustainable Development Declaration

We, the duly licensed operators and stewards of brand 7-Eleven®, meeting in Tokyo, Japan, on this day, 28 March 2019, pledge to continue operating as a socially-responsible brand in support of the 2030 Sustainable Development Goals Agenda.

On behalf of the communities we serve, we commit to having a positive impact on our global society and at the local level where we own and operate 7-Eleven stores. The 7-Eleven brand is committed to achieving sustainable development in its three dimensions — economic, social and environmental — in a balanced and integrated manner.

Between now and 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!

PCSC Roadmap for Sustainability



Fulfilling Enterprise



Sound Society



Sustainable Earth

Strengthening corporate governance and realizing sustainable management

Strengthen corporate governance and integrity management, optimize risk management, abide by laws and regulations to protect and optimize the rights and interests of stakeholders



Committing to product quality to protect consumption safety

Care for the health and safety of customers, implement sustainable supply chain management, provide consumers with safe products to promote their health and well-being



Leveraging the capabilities of the retail channel to create a convenient life

Provide people with convenient and high-quality services and become the pillar of people's lives by innovating products and services, and by improving customer relationship management



Promoting employee welfare to facilitate 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



Engaging in social welfare to benefit disadvantaged groups

Enhance health and welfare, eradicate hunger, develop urban and rural sustainability, empower education to promote social prosperity



Saving energy and reducing waste to realize green operation

Adhere to green operations and optimize resource efficiency to reduce the impact on the environment and realize environmental sustainability



- Provide products that meet the health and nutrition standards p.56, p.58
- Offer meals for disadvantaged groups p.107

2 ZERO HUNGER



- Host Good Neighbor Funfests on sustainability to raise awareness p.112-113
- Fund reading classes and schools to help children develop reading habits p.110

4 QUALITY EDUCATION



- Collaborate with local youth groups to support local industry development projects p.108-109

11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Introduce "Love Food" to reduce food waste. p.11-12
- Local procurement. p.73
- One-time plastic reduction. p.17-20
- Procure green products. p.124-125
- Reduce waste. p.126

- Sell anti-epidemic products p.8
- Nursing staff carry out health management intervention for employees with abnormal results from health checkup p.99
- The Happiness Cooperative Club introduces professional training for employees to serve as volunteers, proactively caring for or referring employees to professional help to relieve work and life pressure p.12-14
- Host Good Neighbor health events to enhance health for the public p.15-16
- What Time Is It? Café realizes an innovative care model for elderly with dementia p.15-16
- Audits for foundries, raw material suppliers, egg products suppliers and suppliers of packaging materials for food products p.69-72

3 GOOD HEALTH AND WELL-BEING



- Help foundries obtain food safety certification p.66
- Carry out store quality assurance assessment p.62
- Launched the new "Vegetable Diet" brand to offer convenient options for consumers who want to purchase vegetable/vegan food p.56-57

8 DECENT WORK AND ECONOMIC GROWTH



- Build a good business strategy to boost economic performance p.37
- The number of employees with disabilities hired exceeds the legal requirement p.81

- The Age-friendly Store Project builds a friendly workplace for middle-aged and elderly employees p.84
- Carry out the four major occupational safety protection plans, safety and health education and training as well as occupational safety and health audits p.86-87 \ p.90-91

13 CLIMATE ACTION

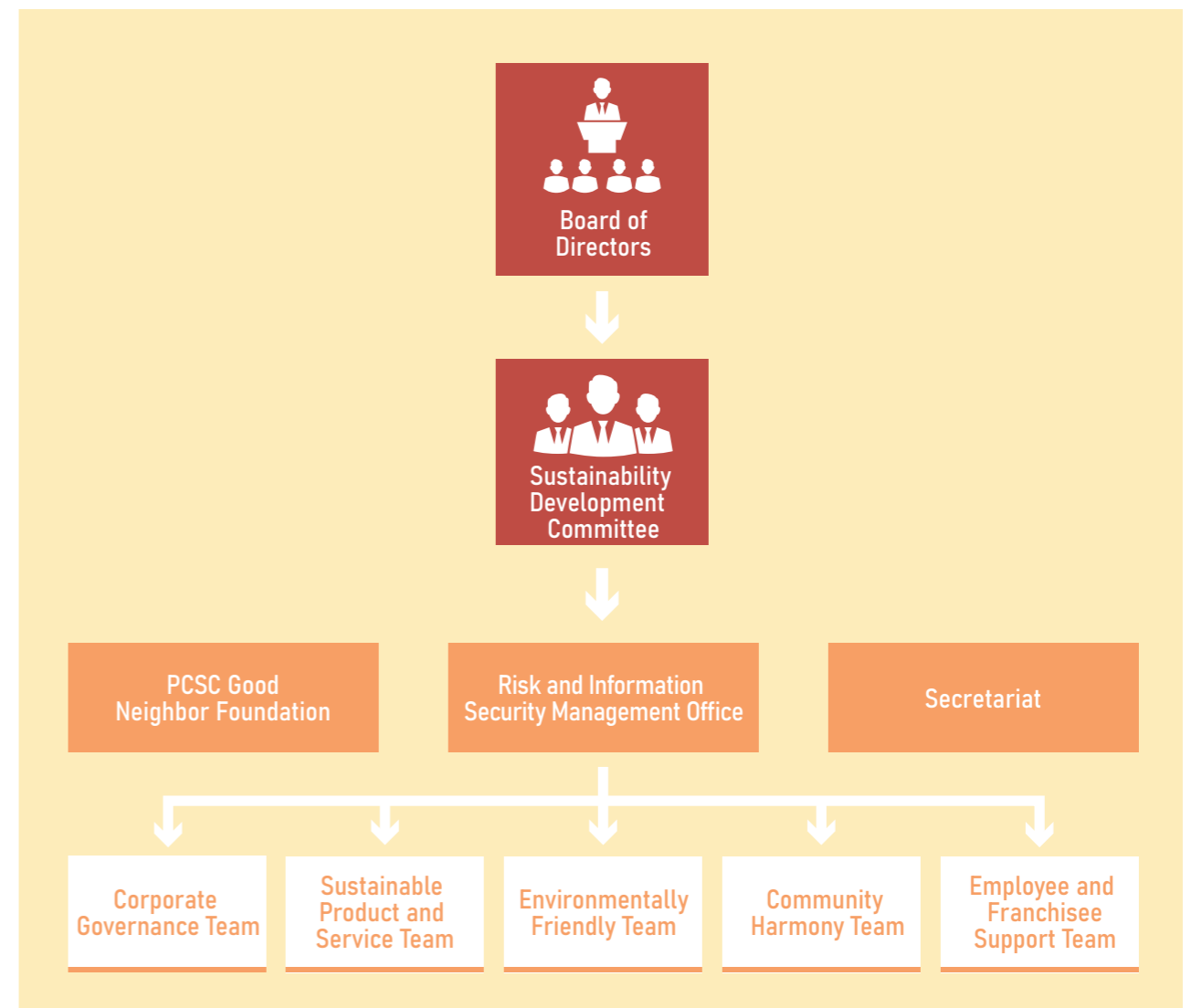


- Carry out TCFD (Task Force on Climate-related Financial Disclosures) evaluation p.130-134
- Optimize logistics and update equipment for energy and greenhouse gas management p.138-140

1.2 Sustainability Development Committee

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

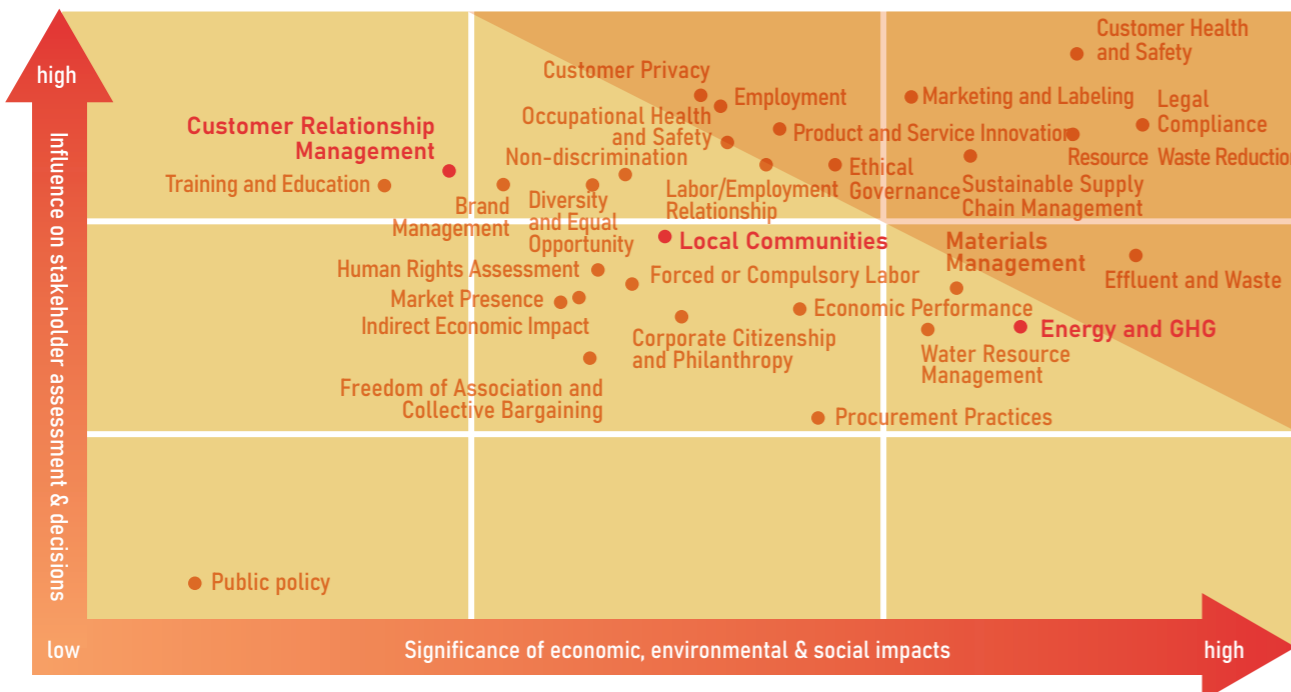
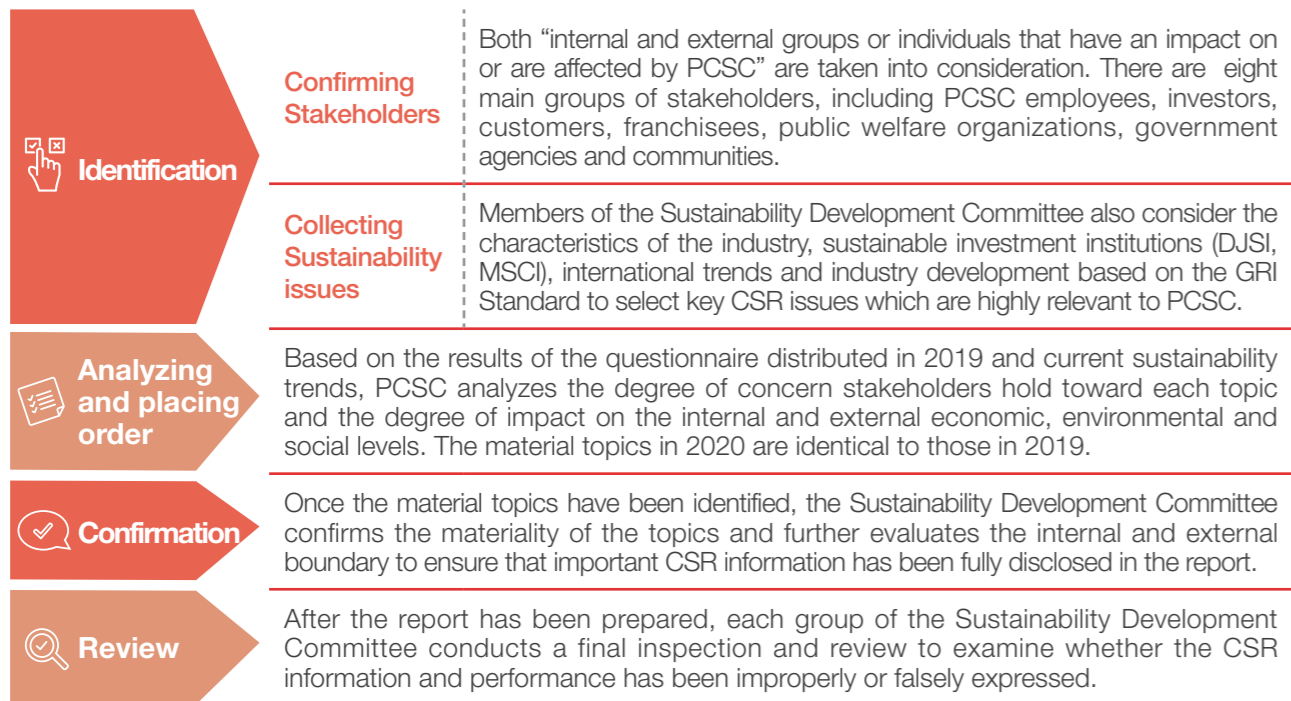
The Sustainability Development Committee is composed of three independent directors and the Company's senior executives. The Committee is divided into five groups, including "Corporate Governance," "Sustainable Products and Services," "Environmental-friendly," "Community Harmony" and "Care for Employees and Franchise Owners." The groups are tasked with making and executing proposals for corporate social responsibility policies, systems or management policies and specific promotion plans. The Sustainability Development Committee meets twice a year in June and October.



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

1.3 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 those issues have on the economy, environment and society to make a preliminary selection of material topics. These topics are then verified and elaborated on during regular internal meetings before being submitted to the Sustainability Development Committee for resolution. The materiality assessment process and the issues identified in 2020 are listed below:



(Note) Customer relationship management, local society, energy and greenhouse gases were not located in the major topic matrix in the initial stakeholder questionnaire analysis. However, after internal discussions and advice from external consultants, these three have been included as material topics.

Aspect	Material Topic	Corresponding GRI Standard	Upstream		PCSC			Downstream			Corresponding Chapter
			Investors	Suppliers	Government agencies	PCSC (employees included)	Franchisees	Affiliated logistics companies (Note)	Customers	Public welfare organizations	
Corporate governance	Ethical governance	NA	●	●		●	●		●	●	2.2 Corporate Governance
	Legal compliance	GRI 419 GRI 307	●	●	●	●	●		●	●	2.2 Corporate Governance
Products	Product and service innovation	NA	●	●		●	●			●	3.1 Product Service and Innovation
	Customer privacy	GRI 418	●	●	●	●	●		●	●	3.4 Customer Relationship Management
	Sustainable supply chain management	GRI 308 GRI 414	●	●		●	●			●	3.3 Sustainable Supply Chain Management
	Resource waste reduction	GRI 306	●	●		●	●			●	6.1 Environment Management
	Customer health and safety	GRI 416	●	●	●	●	●	●	●	●	3.2 Customer Health and Safety
	Marketing and labeling	GRI 417	●	●	●	●	●			●	3.2 Customer Health and Safety
	Customer relationship management	NA	●	●		●	●			●	3.4 Customer Relationship Management
Employees	Employment	GRI 401	●	●	●	●	●		●		4.1 Human Resources Overview 4.4 Welfare, Remuneration and Care
Society	Local communities	GRI 413				●	●			●	5.5 Empowerment through Education and Culture
Environment	Energy and GHG	GRI 302			●	●	●	●			6.2 Climate Change Mitigation and Adaptation
	Effluent and waste	GRI 306	●	●	●	●	●				6.1 Environment Management

(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, customers, employees, franchisees, public welfare organizations, government agencies 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 methods and channels. Other methods and channels of communication are described below.


	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders	PCSC needs to communicate with investors on business performance and results in various sustainable governance aspects to be held in high regard by the investors.	<ul style="list-style-type: none"> Ethical Governance Legal Compliance 	Annual shareholders' meeting	Regularly (every year)	1 time
		<ul style="list-style-type: none"> Product and Service Innovation Customer Privacy 	Quarterly financial statements	Regularly (every quarter)	4 times
		<ul style="list-style-type: none"> Sustainable Supply Chain Management 	Annual reports	Regularly (every year)	1 time
		<ul style="list-style-type: none"> Resource Waste Reduction 	Disclosure through corporate website	As needed	Updated as needed
		<ul style="list-style-type: none"> Customer Health and Safety Marketing and Labeling 	Investor video conference or online forums for investors at home and abroad	As needed	158 video conferences and 6 forums
		<ul style="list-style-type: none"> Customer relationship Management 	TWSE Market Observation Post System Website	As needed	35 posts
Investors		<ul style="list-style-type: none"> Employment Local Communities Energy and GHG Effluent and Waste 	Answering questions from investors and analysts via phone or e-mail	As needed	Conducting as needed

	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders	Suppliers are important partners for PCSC operations. We work together with suppliers to develop innovative products, increase product quality and realize professional ethics to achieve the vision of sustainable supply chain and provide great services.	<ul style="list-style-type: none"> Ethical Governance Legal Compliance Product and Service Innovation 	Management meeting	As needed	2 times
		<ul style="list-style-type: none"> Customer Privacy Sustainable Supply Chain Management Customer Health and Safety 	Supplier conference	As needed	1 time
		<ul style="list-style-type: none"> Marketing and Labeling Customer relationship Management 	Supplier audit	Regularly	146 times
Suppliers					


	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders	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.	<ul style="list-style-type: none"> Ethical Governance Legal Compliance Product and Service Innovation Customer Privacy Sustainable Supply Chain Management Resource Waste Reduction 	Regulatory Committee	Regularly (every quarter)	4 times
		<ul style="list-style-type: none"> Customer Health and Safety Marketing and Labeling Customer relationship Management Employment Energy and GHG Effluent and Waste 	Comply with systems as promoted	As needed	Conducting as needed
Government Agencies					

	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders	Employees are the vital cornerstone of the operation of PCSC. The implementation of the engagement with the employees is the most important key to the sustainable operation of the PCSC.	<ul style="list-style-type: none"> Ethical Governance Legal Compliance 	Regular employer-employee meetings	Regularly	4 times
		<ul style="list-style-type: none"> Product and Service Innovation 	Staff Welfare Committee	Regularly	4 times
		<ul style="list-style-type: none"> Customer Privacy Sustainable Supply Chain Management 	Grievance email	As needed	11 emails
		<ul style="list-style-type: none"> Resource Waste Reduction 	Internal proposal	As needed	17 proposals
		<ul style="list-style-type: none"> Customer Health and Safety Marketing and Labeling Customer relationship Management 	Happy Cooperative Society case consultations	As needed	A total of 190 people participated, spending 135 hours on consultations and referred cases to external professional services for a total of 30 hours.
Employees		<ul style="list-style-type: none"> Employment Local Communities Energy and GHG Effluent and Waste 			


	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders		<ul style="list-style-type: none"> Ethical Governance Legal Compliance Product and Service Innovation 	Update dedicated franchising website as needed	As needed	Updated as needed
Monthly publications	Regularly (every month)	12 times			
Franchisee forums	As needed	No data is available because the forums are held on non-regular basis			




	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders		<ul style="list-style-type: none"> Ethical Governance Legal Compliance Product and Service Innovation Customer Privacy Sustainable Supply Chain Management Resource Waste Reduction Customer Health and Safety Marketing and Labeling Customer relationship Management Employment Local Communities Energy and GHG Effluent and Waste 	Regular replies by Integrated Services Center	As needed	Received a total of 1,914 cases in the stakeholder mailbox and 136,958 phone calls for feedback and suggestions
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 performance				



	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times			
Stakeholders		<ul style="list-style-type: none"> Ethical Governance Legal Compliance Customer Health and Safety Local Communities 	Participation in public welfare/events initiatives	As needed	In 2020, PCSC supported the United Daily News Group's marine conservation initiative by playing the 30-second trailer of "If the Sea Can Count on You" in over 4,600 stores with OPEN! CHANNEL			
Public Welfare Organizations	PCSC aims at giving back to the society to support public welfare organizations, in the hopes of maximizing positive influence on the society					Bring Back the Love Charity Donation Program fundraiser	Regularly (every quarter)	4 times
						Fundraising proposal/review meeting	Regularly (every year)	1 time



	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Times
Stakeholders		<ul style="list-style-type: none"> Ethical Governance Legal Compliance Resource Waste Reduction Local Communities Energy and GHG Effluent and Waste 	Good Neighbor Funfest events	As needed	6517 events
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		Integrated Services Center	As needed	Received a total of 1,914 cases in the stakeholder mailbox and 136,958 phone calls for feedback and suggestions
			Good Neighbor Foundation website	As needed	As needed





02

Dedicating to Corporate Governance

Sustainability Performance

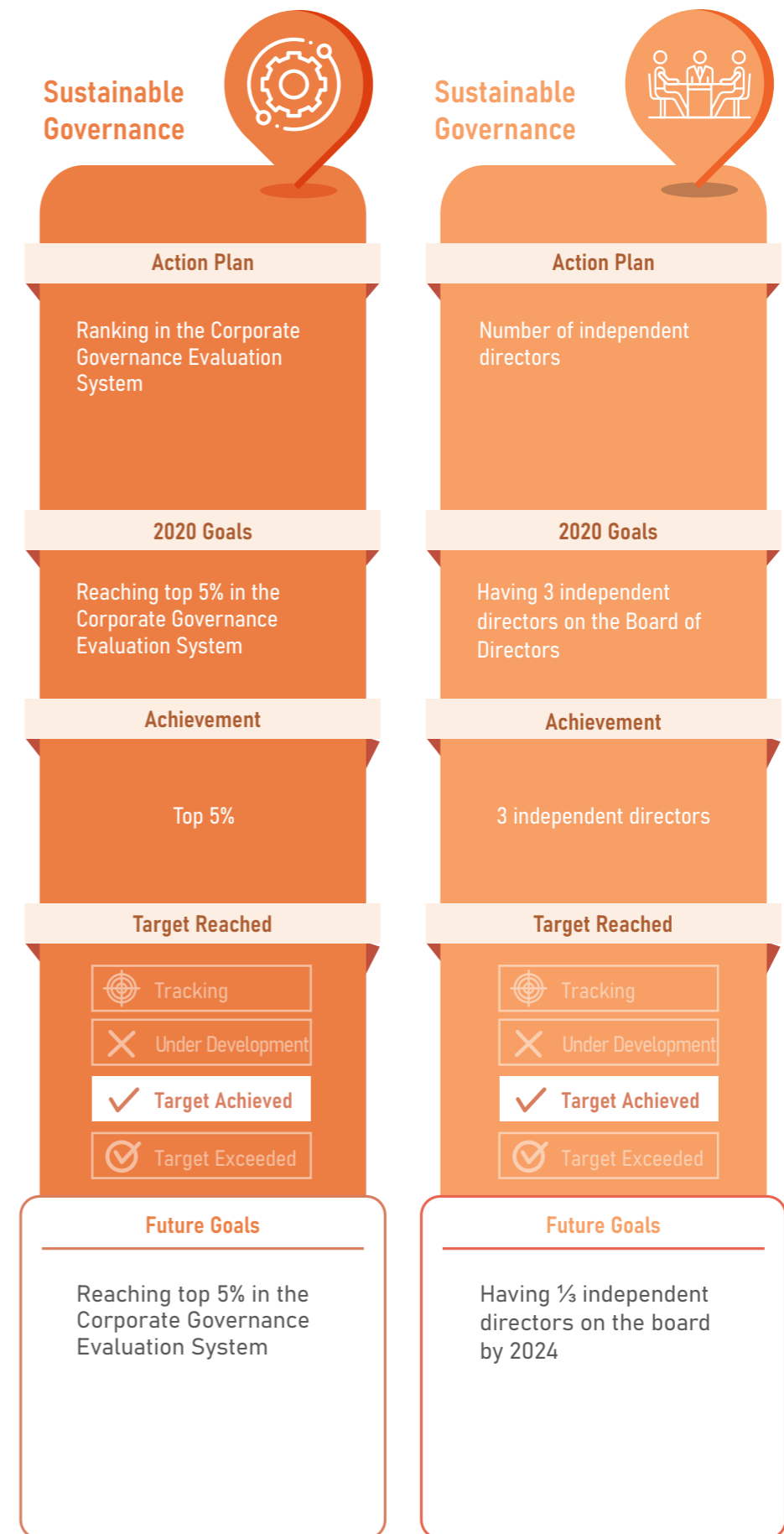
- Exceeding 6,000 stores (reaching a total of **6,024**)
- Achieved the consolidated revenue of **NT\$258,494,907** thousand and net profits of **NT\$11,340,258** thousand
- The number of female directors accounted for **15%** with **99%** of average attendance rate for all Directors
- Listed on the Dow Jones Sustainability World Index and Dow Jones Emerging Markets Index for the second time, as well as being named as the **“Industry Leader”** in the global food retail industry from Dow Jones Sustainability Index (DJSI)
- Once again ranked in the top **5%** in the Taiwan Corporate Governance Evaluation System, the only listed company in the retail industry to do so for the sixth year running
- Self or peer evaluation was organized for the first time for the Board of Directors (including functional committees such as the audit and remuneration committees)

Corresponding Material Topic

- Ethical Governance
- Legal Compliance

Corresponding Stakeholders

- Investors
- Suppliers
- Customers
- Employees
- Franchisees
- Public Welfare Organizations
- Government Agencies
- Local Communities





Ethical Corporate

Management Approach

Management Objectives and Policies	PCSC as well as its collaborating parties from external value chain is governed by the principle of ethical corporate management. Only by abiding by the principle of corporate management can operations be long-lasting and stable and to take on the responsibility towards our stakeholders.
	<ul style="list-style-type: none"> Corporate Governance Best Practice Principles Ethical Corporate Management Best Practice Principles Ethical Corporate Management Operating Procedures and Code of Conduct
Responsibility	Ethical Corporate Management Team
Action Plan	<ul style="list-style-type: none"> PCSC raises awareness and organizes training for internal personnel. Suppliers are requested to sign the Code of Conduct to realize ethical corporate management
Grievance Mechanism	<ul style="list-style-type: none"> Integrated Services Center Stakeholder section on the corporate website Internal proposal system



Legal Compliance

Management Approach

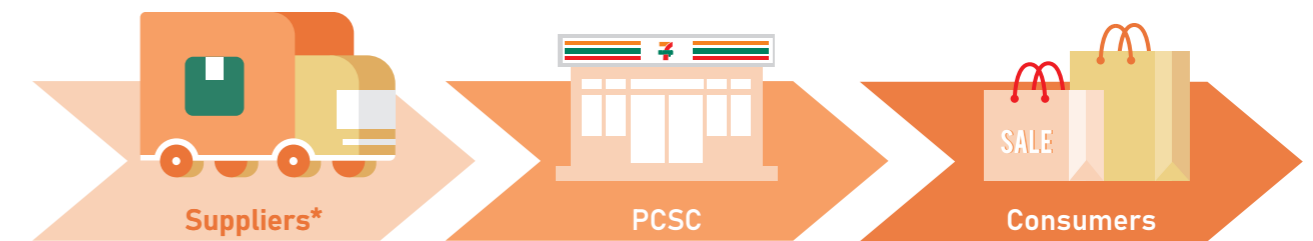
Management Objectives and Policies	Due to the rapid changes in laws and regulations, staying updated with the trend of laws and regulations can ensure the operations of the organization comply with the regulations. This reduces legal risks and protects the Company's rights and interests.
	PCSC Principles of Legal Control and Breakthrough
Responsibility	Regulation Identification Committee
Action Plan	PCSC has established a Regulation Identification Committee to ensure and strengthen legal compliance through legal information reporting, regulation identification and legal breakthrough
Grievance Mechanism	<ul style="list-style-type: none"> External: Integrated Services Center Internal: Internal Audit Office hotline, stakeholder grievance mailbox

2.1 Operational Overview

Since its founding, PCSC is not only an enterprise that provides products and services, but an inseparable part of everyday life. Keeping the operations sustainable and stable is not only the investors' expectation but also PCSC's commitment.

Company Profile

As part of the retail industry, PCSC works with suppliers to provide high-quality services and products to consumers through its stores.



* Including non-privately-owned brand product suppliers, privately-owned brand product manufacturer, suppliers of raw materials through direct transactions, suppliers of egg products, and suppliers of packaging materials for food products

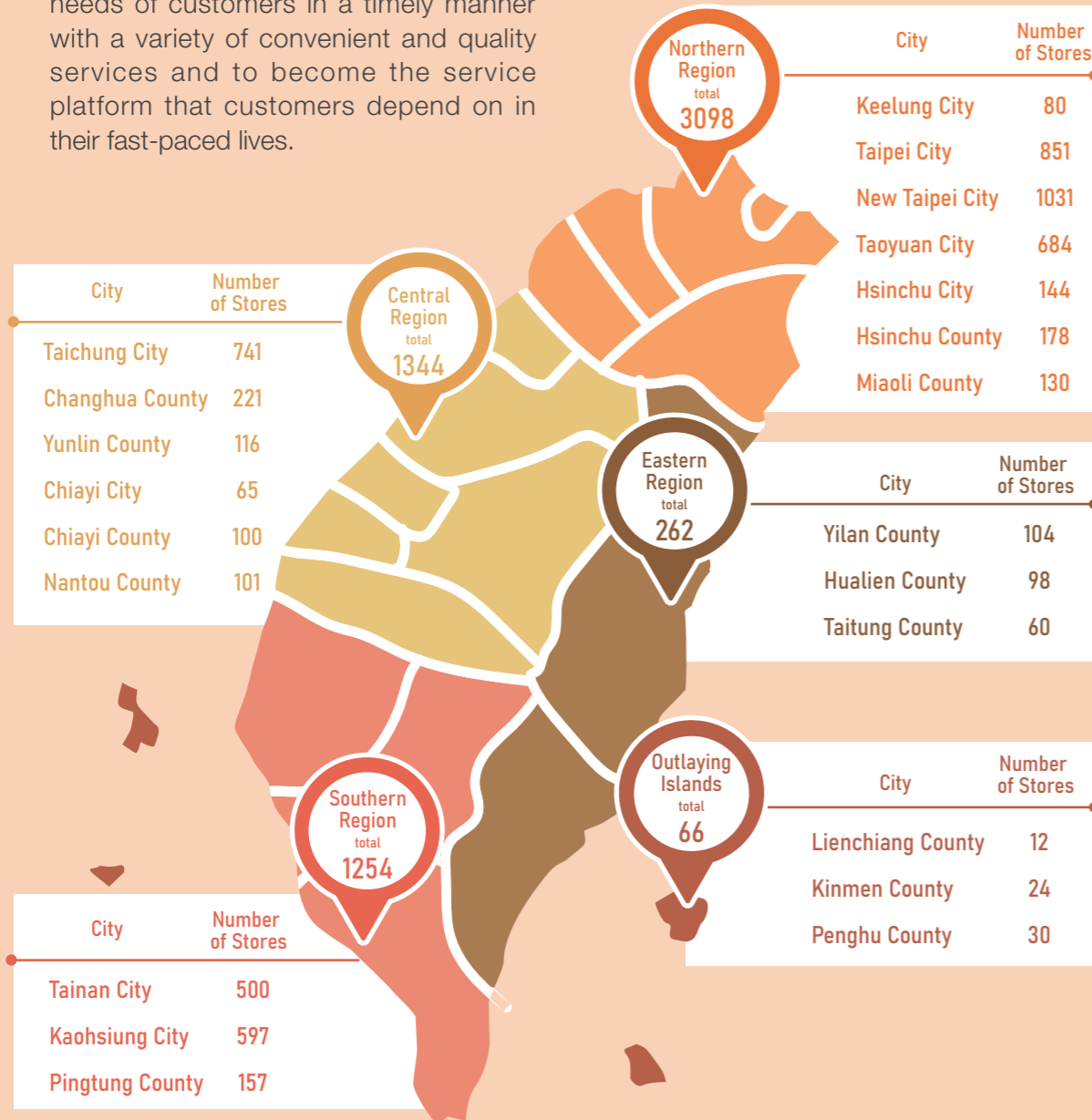
Scale of Organization

Company Name	President Chain Store Corporation
Number of Employees	8,500 employees (Note 1) and 41,312 franchise stores personnel (Note 2)
Year Established	1978
Year Listed	1997
Chairman	Lo, Chih-Hsien
President	Huang, Jui-Tien
Headquarter	2F, No. 65, Dongxing Rd, Xinyi District, Taipei City, Taiwan
Capital	NT\$10,396,223 thousand
Total Number of Stores	6,024 stores
Number of Products and Services	Products: Approx. 5,400 Services: Approx. 650

(Note 1) Including those employed at the head office and in directly-operated retail stores.

(Note 2) The number used for franchise employees was taken from Labor Insurance documents by December 2020.

PCSC focuses on providing customer service characterized by convenience and quality. As of 2020, we had 6,024 stores, 369 more stores compared to 2019, located in the northern, central, and southern parts as well as its outlying islands. It is our hope that we can continue to expand the scope of services offered by PCSC, so we can meet the needs of customers in a timely manner with a variety of convenient and quality services and to become the service platform that customers depend on in their fast-paced lives.



The 6000th PCSC Store: Fengyi Store

As a sustainable enterprise, PCSC has entered its 43rd year of operations. The milestone of the 6,000 stores, "Fengyi Store," is the first brand-new sustainable store model that combines architectural aesthetics, smart technology, energy-saving equipment, green living and compound business. PCSC expects to communicate a new sustainable retail concept with consumers with Fengyi Store.

1. Introduction of Energy-saving Facilities for Carbon Reduction

Fengyi Store adopts energy-saving label inverter air-conditioning and energy-saving fans, LED signs and lamps, energy-saving vestibule to prevent cold air from getting out, as well as the R448A environmentally friendly refrigerant that complies with the latest international conventions. The aforementioned energy-saving facilities are expected to save 10,000 kWh of electricity per year. In addition, there is also a centralized rainwater recovery system that is diverted to outdoor plants, realizing the concept of resource recycling.

2. Realizing Green Consumption with Green Building Materials

Fengyi Store adopts 30% of green building materials indoors to reduce harm to the environment and consumers. In addition, PCSC is the first to add 20% FSC-certified wood fiber to PP cutlery to reduce plastic and carbon emissions.

In the meantime, a "third-generation automatic recycling machine" has been installed outside the store. The recycling machine automatically identifies the material and shape of bottles and cans. PCSC hopes to encourage recycling by turning it into a part of everyday life, realizing green consumption hand-in-hand with consumers.



3. Integrating Smart Experience and Connecting Multiple Brands

The store has introduced X-STORE's "self-checkout system" to reduce the peak waiting time at the store and meet consumers' needs for fast checkout. In terms of products and services, Fengyi Store has introduced compound categories, including K•Seren beauty, books.com.tw, fresh beer, sweets section, and carefully selected frozen/fresh food to meet the diverse needs of consumers.



Operating Strategy

Long- and Short-term Business Development Plans

Looking forward to 2021, the global economic development is still marked by uncertainties. However, PCSC still adheres to the business philosophy of sincerity, innovation and sharing to optimize the seven foundation business elements of people, stores, products, systems, logistics, policies and culture. In the meantime, PCSC continues to boost the competitiveness of its digital platform to become a “service platform exceeding customer expectations that can be relied on.” PCSC provides consumers with a consumption space that is experiential, entertaining, educational and exploratory packaged in a diversified and digital business model to make franchisees, employees, stockholders and the society satisfied.

1. Short-term business plan

- Continue with business district integration and establish a competitive base of large stores.
- Strengthen the autonomy of individual stores and create an advantage through differentiated operations.
- Proceed with the integration of the physical and the virtual to seize business opportunities in the virtual service sector.
- Optimize the foundation of operations to facilitate medium- and long-term development.

2. Long-term business development plan

- Optimize the franchise mechanism to create a win-win situation.
- Implement value marketing to improve consumer experience.
- Realize lean operations and make full use of resources.
- Integrate the group's resources to seek stable profits.
- Actively cultivate talented people to ensure sustainable operations.

Business Performance

PCSC continues to improve its products and services to provide innovation and convenience to consumers. Please refer to the PCSC individual financial statement available on the Market Observation Post System for detailed information.

Direct economic value distribution

Item	2020 (NT\$1,000)
Operating costs	111,590,813
Employee wages and benefits	7,203,073
Payment to providers of capital	Interest:394,400 Dividend:9,356,600
Payment to government	1,358,149
Community investment	38,048

Parent company only financial performance/ Direct economic value generated

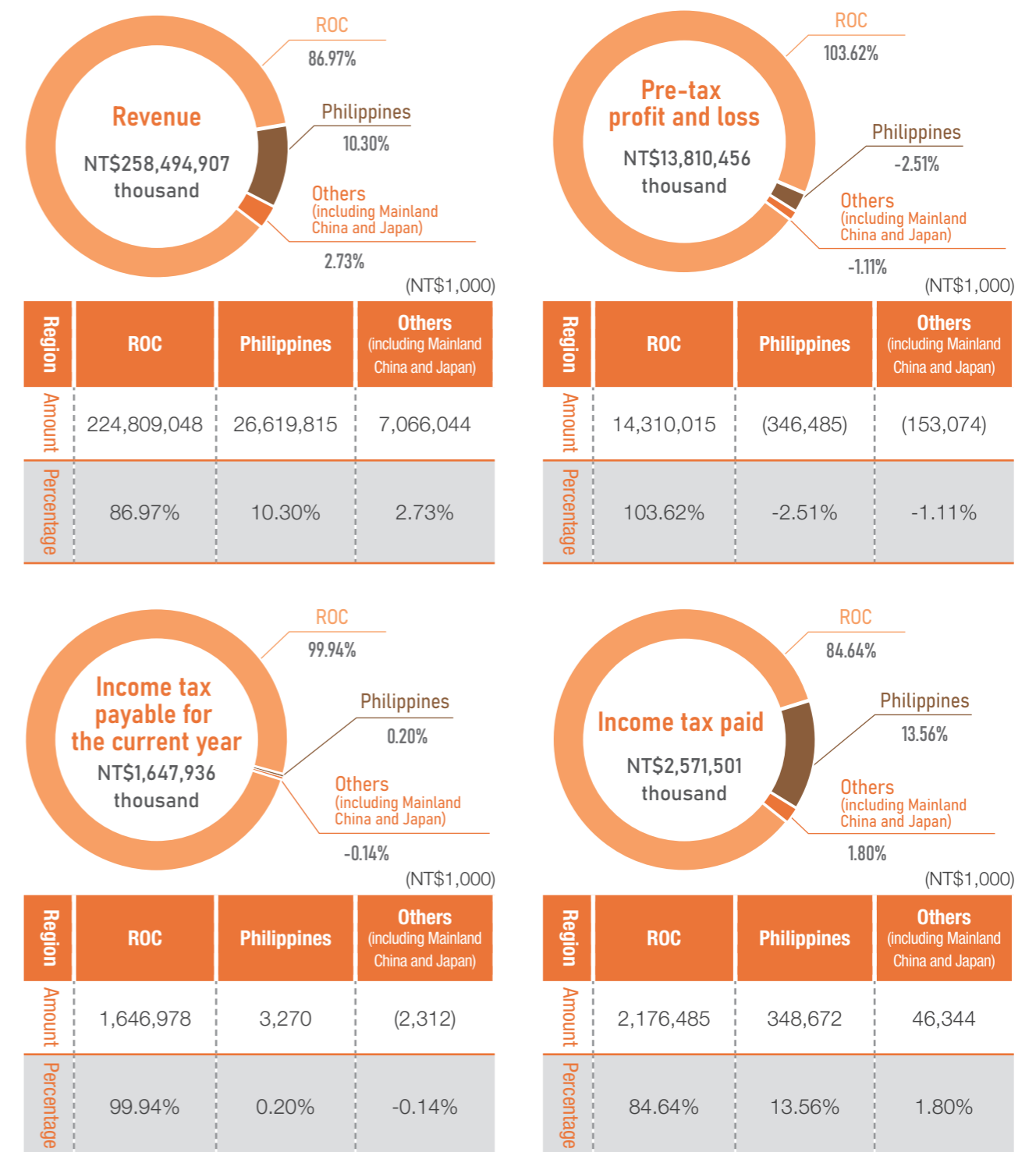
Item	2020 (NT\$1,000)
Operating Revenue	168,147,856
Gross Profit	56,557,043
Income tax expense	1,476,353
Net profit after tax	10,238,162
Earnings per share	NT\$9.85
Dividend per share	NT\$9
ROE (%)	28.34%
Total assets	141,503,950
Total liabilities	105,483,759
Total equity	36,020,191

Tax

Tax Governance

In conformity with the core values of our tax policy, PCSC is committed to following the tax laws and regulations of the areas in which it operates, 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 2020



Income tax

(Unit: NT\$million)

Financial Disclosure	2019	2020
Profit before income tax	15,164	13,810
Income tax expenses	3,052	2,470
Income tax paid	3,380	2,572

Effective Tax Rate

The effective tax rate for 2019 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%. Even though some operating profits were from Mainland China (at 25%) and the Philippines (at 30%), the overall tax rate of PCSC was still lower than GICS industry average tax rates for the food and consumer staple retailers.

Year	2019	2020 (Note 4)	Industry average tax rate (Note 1)
Reported tax rate (Note 2)	20.1%	17.9%	26.3%
Cash tax rate (Note 3)	22.3%	18.6%	26.6%

(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 subsidiary in the Philippine suffered from the impact of the COVID-19, resulting in losses in the current year and decreasing the Group's effective tax rate compared with the previous year.




External Participation

PCSC participates in industry associations to work with others by exchanging experience brainstorming, bringing together the resources of various businesses and others to facilitate development in sustainable operations, food safety and sustainable environment.

In terms of food safety, PCSC serves as the President of the Taiwan Delica Foods Development Association (TDF). PCSC donates NT\$5 million every year as operating expenses for the association, hoping to collaborate with the corporates in the industry to establish supply chain management platforms, to control raw material development and product quality, to improve on, manufacturing process, equipment; and technology evaluation and implementation, as well as to facilitate external communications. We hope to provide our customers fresh food with technology and quality that is above world standards.

In the area of business sustainability, we participate in many trade associations and guilds to stay updated with the latest information on sustainable development and exert our influence to support sustainable business development. Other than taking part in business associations and alliances, PCSC does not make any contribution or participate in other lobbying or interest groups. In 2020, PCSC did not make any political donations or donate to candidates, election organizations or events.

List of industry associations in which PCSC is a member

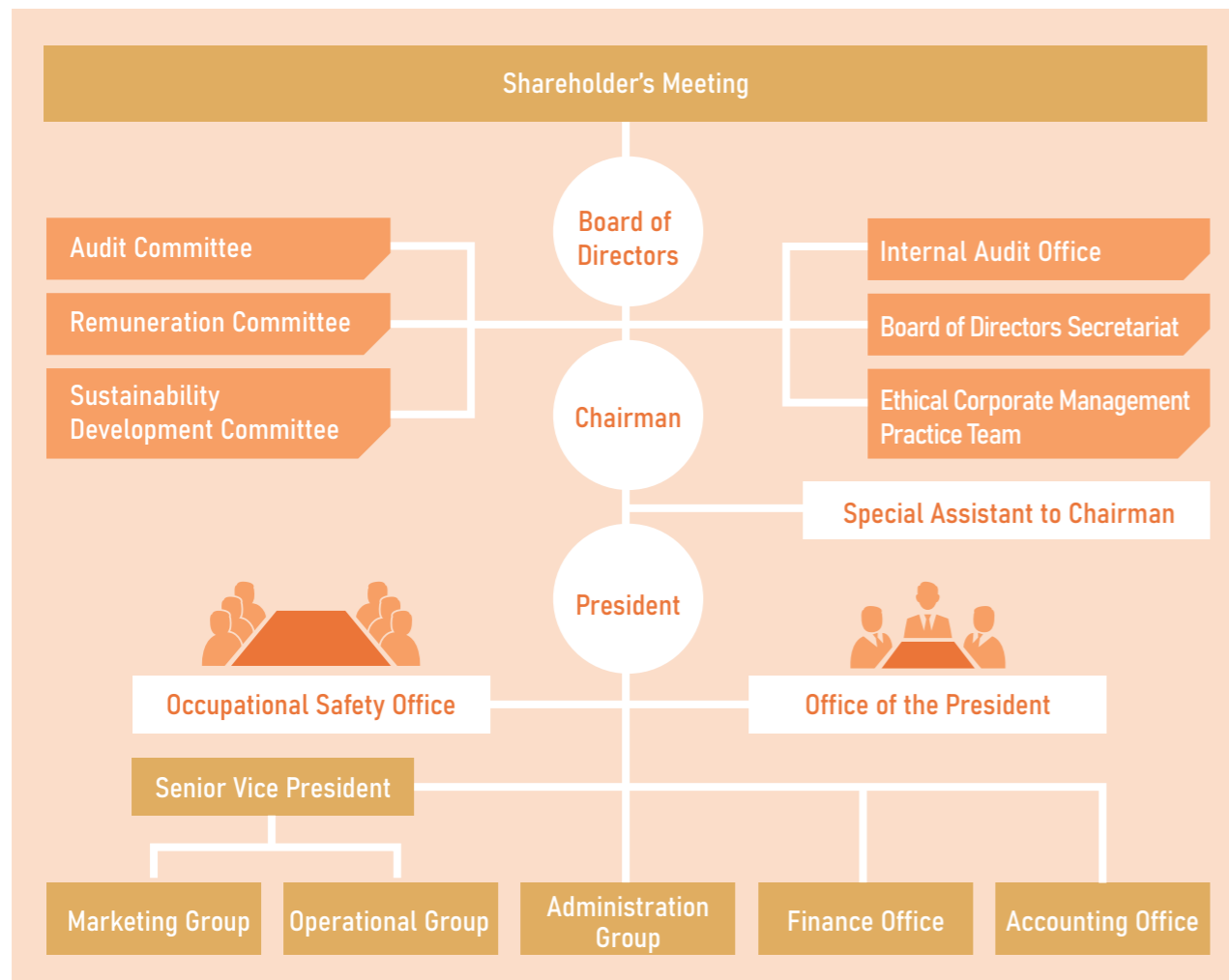
List of External Public Associations	Membership Capacity	Focus	2020 Membership Fee
Taiwan Delica Foods Development Association	President		5,000,000
Taiwan Quality Food Association	Director	Food Safety	10,000
The Business Council for Sustainable Development of Taiwan	Honorary Member	 Corporate Sustainability	120,000
Marketing Communications Executives International	Member		15,000
Taipei Department Stores Association	Member		9,000
Chinese National Association of Industry and Commerce, Taiwan	Member		20,000
Taiwan Coalition of Service Industries	Director		5,000
Taiwan Chain Stores and Franchise Association	Director		30,000
Zero Energy Building Technology Alliance	Member	 Environmental Sustainability	None (Note)

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

2.2 Corporate Governance

Governance Framework

PCSC 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 2020, PCSC ranked in the top 5% in the Taiwan Corporate Governance Evaluation System, and was selected again by the TWSE Corporate Governance 100 Index, FTSE4Good TIP Taiwan ESG Index, FTSE4Good Emerging 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 second year running. It was ranked as the number one in the industry and selected as the industry leader in the food retail business in 2020.



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 60 and 2 female members are included. The backgrounds range from business administration, economy, marketing, accounting, law to information engineering. Their education, professional expertise and remuneration can be found on pages 19-23 of the 2020 Annual Report.

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, development strategies and major investment issues. In 2020, the Board met 6 times with an average attendance rate of 99%.

(Note) 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/>).

Board Performance Evaluation

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 number of measurement items linked to corporate governance and corporate sustainable development have been selected so as to ensure the Company's sustainable operations.

<p>Measurement Items for Performance Evaluation for Board of Directors</p>	<ul style="list-style-type: none"> Degree of participation in the Company's operations Improvement of the quality of decision-making by the Board of Directors Board composition and structure Election and continuous development of Directors Internal control
<p>Measurement Items for Performance Evaluation for Individual Directors</p>	<ul style="list-style-type: none"> Understanding of the goals and missions of the Company Recognition of duties as Directors Degree of participation in the Company's operations Management of internal relationship and communication Professionalism and continuing education Internal control
<p>Measurement Items for Performance Evaluation for Members on the Functional Committees</p>	<ul style="list-style-type: none"> Degree of participation in the Company's operations Recognition of duties as Members on the functional committees Improvement in the quality of decision-making by functional committees Composition and election of functional committee members Internal control

Results of Board of Directors Performance Evaluation in 2020

The Board of Directors, individual directors and various functional committee members have a good understanding of the goals and missions of the Company and committees, meet the Company's operational needs, and can effectively facilitate the Company's sustainable operations, social responsibilities, risk management and long-term strategic development, as well as adhering to the spirit of corporate governance.

Audit Committee

Based on the "Regulations Governing the Exercise of Powers by Audit Committee of Public Companies," PCSC set up the Audit Committee in 2012. 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 of the Company, 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 Shu, Pei-Gi serving as convener. It meets at least once every quarter. In 2020, the Audit Committee convened 4 times with an attendance rate of 91.67%.

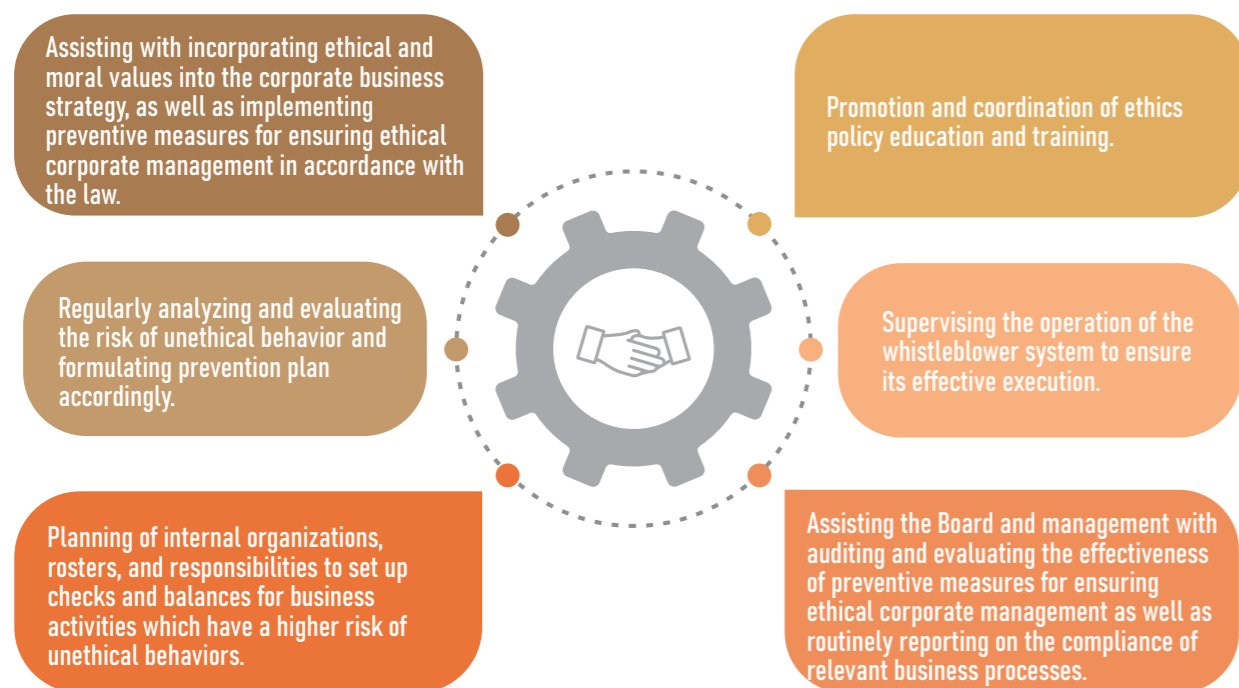
Remuneration Committee

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,” PCSC set up a Remuneration Committee in 2011. It primarily assists the Board of Directors in implementing and assessing the Company’s overall remuneration and benefits policy as well as remuneration for directors and managers. The Committee is composed of three independent directors with Wang, Wen-Yeu serving as convener. The Committee convened at least 2 times a year. In 2020, the Committee convened 3 times with an attendance rate of 88.89%.

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 operations within the Company. The status of the Company’s performance is disclosed on our official website and annual report each May. There was no incident of corruption, bribery or event that violated the Fair trade Act in 2020.

Ethical Corporate Management Practice Team



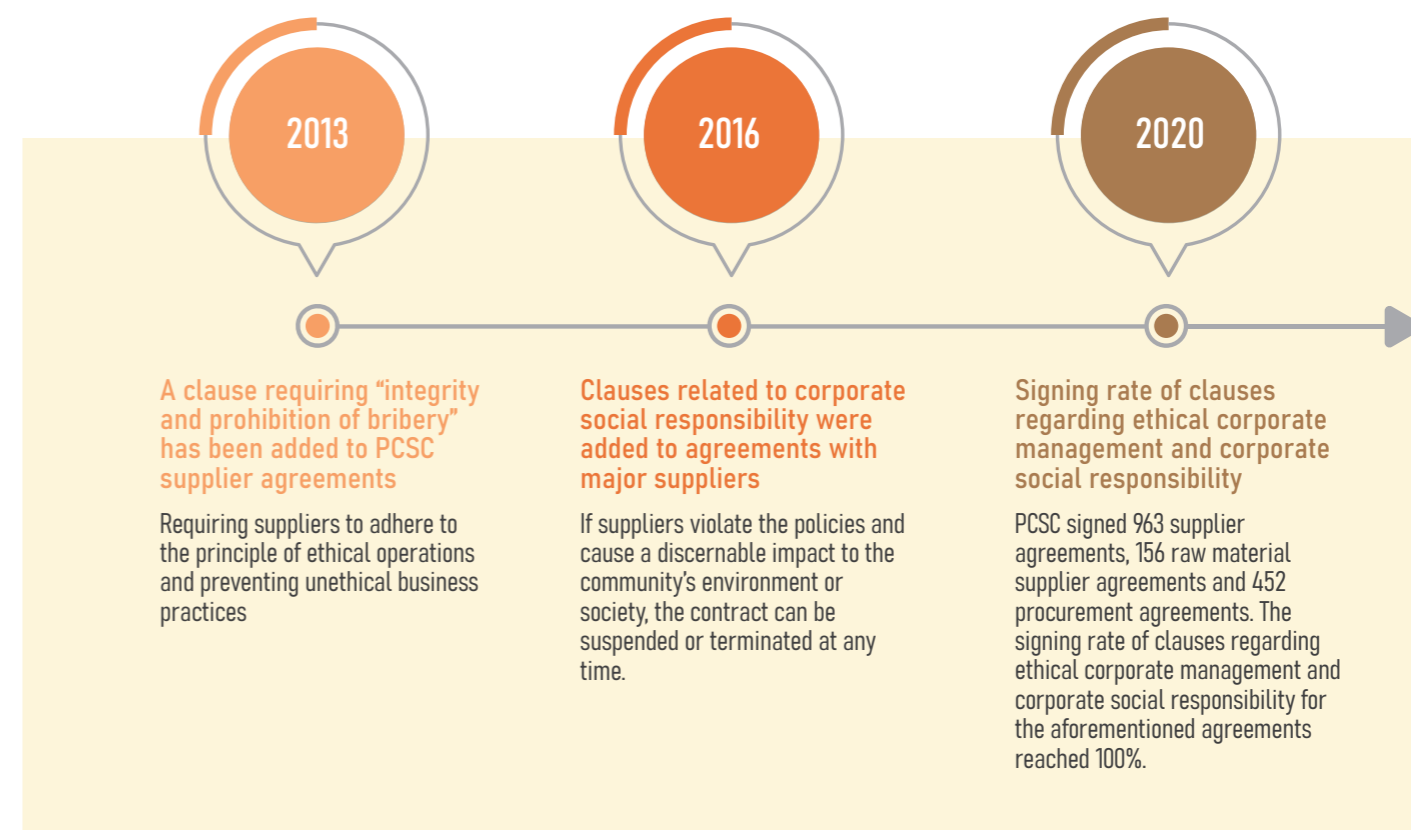
Internal Education and Training and External Regulations

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 applies to all PCSC employees, including store managers.

All Employees | 100% completed training

Store Managers | 100% completed training

In terms of external collaboration with suppliers, we have formulated ethical corporate management clauses to ensure ethical corporate management from suppliers.



Ethical Corporate Management Grievance Channels

In the event of violations of ethical operations, employees can also offer feedback and suggestions to management team 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.

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. We set up corresponding dedicated units based on the categorization of the risk. 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 follow:

Risks of All Aspects

Type	Risk Management Measures	Dedicated Unit
 Economic  Strategic operational risk	Business groups and subsidiaries plan and assess risks before deciding on investment and operations. The Office of the President periodically performs analyses of relevant indicators and holds PCSC and affiliated enterprises quarterly meetings. We conduct periodic review of specific types of affiliated enterprises cases to track and analyze the operation performance. Also, we adjust the operation strategies according to the observation on market competitiveness and consumption trend ensuring that each business unit's operational strategy conforms to the operational goals and vision.	Office of the President
 Economic  Finance, Liquidity, and Credit Risks	PCSC's Finance Office takes laws, policy and market changes into consideration when setting various strategies, processes and indicators, periodically analyzing and assessing changes of relevant risk and taking appropriate countermeasures to reduce the Company's overall potential risk.	Finance Office
 Corporate Governance  Market Risks	Various business units, based on function, analyze and assess major domestic and foreign policy, law and technological changes and adopt appropriate countermeasures to reduce future potential operating risks. Moreover, PCSC also has an inter-division Regulation Identification Committee that periodically 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 supervisors also establish 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

Type	Risk Management Measures	Dedicated Unit
 Social  Food Safety Risks	<p>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 risk can have serious impact on the Company's image and impact income and profits. Consequently, a product safety process controls mechanism has been set up to enhance management of the supply chain as a long-term effort on the part of the Company. Countermeasures are as followed:</p> <ol style="list-style-type: none"> 1. Establishing the Product Safety Committee and holding regular meetings to discuss such topics as government laws and regulations, contract manufacturers and supplier assessment deficiencies, product safety information, food safety testing programs and implementation progress. 2. Establishing the Product Safety Information Collection and Tracking Operational Standards, collecting relevant product safety information and set up tracking procedures to ensure the safety of Company products. 3. Using measures like contractual cooperation, production site management, ingredient tracing mechanisms and systems, supplier grading, management and on-site assessment system, distribution centers and periodic store checks, as well as occasional sampling of raw materials and finished products to stay on top of the entire supply chain from production to store. We are continually setting up rigorous food safety protection networks for our consumers. 	Operational Group/ Marketing Group
 Economic  Risks maintaining franchisee order	<p>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 a countermeasure.</p>	Operation Group / Marketing Group
 Environmental  Climate risks	<p>PCSC has integrated our climate risk management into the existing risk management framework, in which 5-related department identify climate risks and opportunity, including (1)transitional risks of laws and regulations, market and techniques and reputation; (2)short term and long term physical risk. PCSC formulates management strategies and targets according to all the material topics. Please refer to "Climate Change Mitigation and Adaption Measure" in Chapter 6.</p>	All business units

▪ **Emerging Risks**

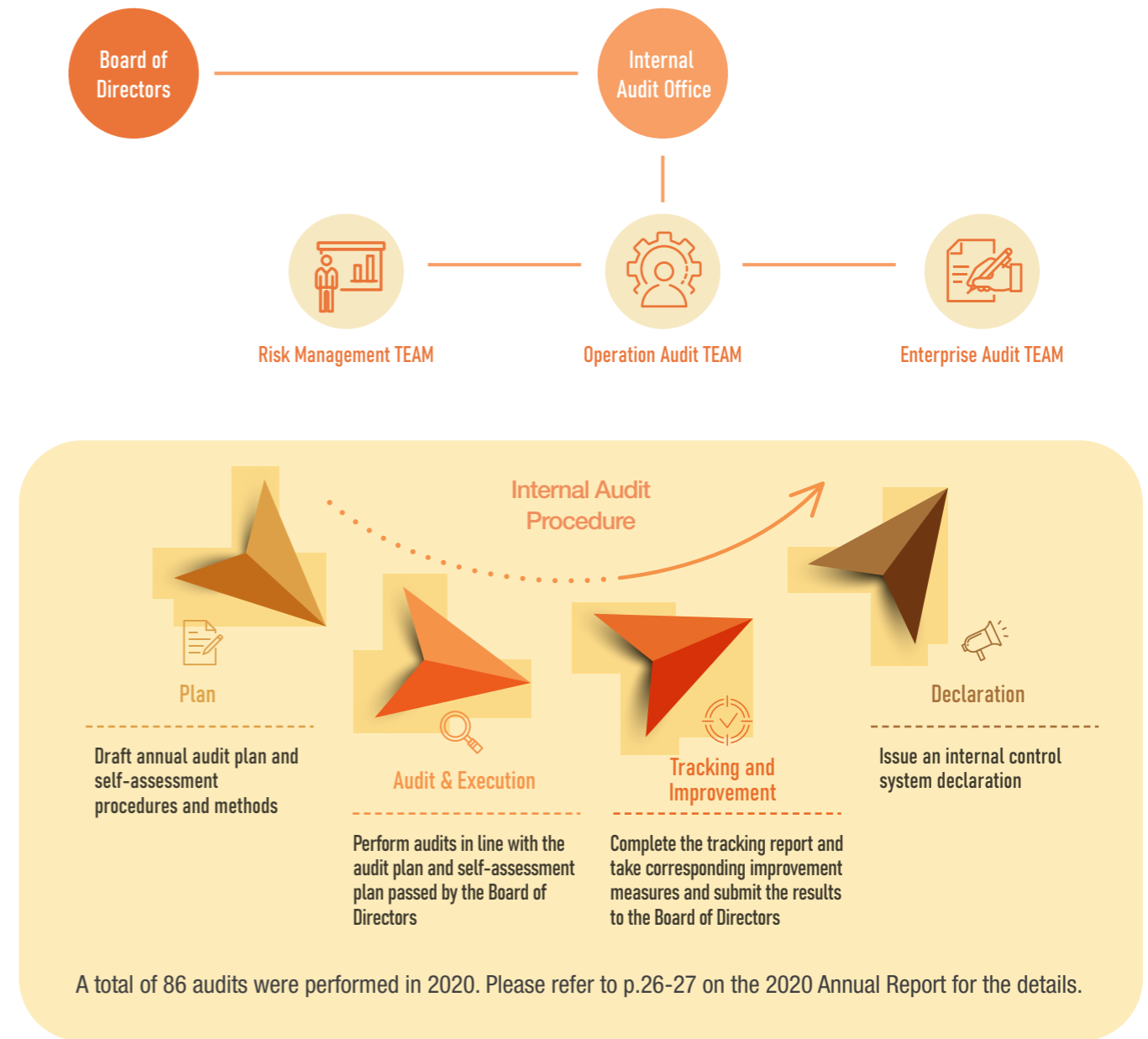
In order to stand firm in this fast-changing retail food industry, PCSC places great importance on significant social, economic, and environmental trends to better control risks that might affect the Company's profits and sustainable operations. PCSC has integrated the way we identify and respond to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

Type	Social - employment and life crisis	Social - infectious diseases
Emerging Risks	Demographic structure changes	Pandemic
	PCSC is in the business of convenience store and logistics for which intensive manpower is required. In 2020, the population in Taiwan showed negative growth for the first time. Taiwan has been facing significant demographic changes due to the decreasing birth rate and population growth rate, as well as an aging population. PCSC expects the decrease in labor force will have a great impact on all labor-intensive industries.	With the COVID-19 pandemic wreaking havoc all over the world in 2020, the impact on people's health and livelihood was considerable. With the competent authority tightened the requirements on public health and health and safety regulations, consumer psychology and behavior were also altered. PCSC stands on the front line to provide the public with convenient products and services, bringing together people and products from everywhere. Faced with the uncertainty caused by infectious diseases, it is important to ensure that customers have access to high quality products and services that are healthy and safe in addition to ensuring continuous operations.
Future Impact	<p>PCSC uses the aging society and human resource information from National Development Council and government agencies to predict the demographic change and the impact on the store manpower and consumers:</p> <ul style="list-style-type: none"> The decrease in the labor force and the aging population will have an impact on PCSC's recruitment, personnel costs and work allocation in the future. With the percentage of the elderly continuing to grow, the elderly will become our main target group in the future, bringing significant impact on product development and services. 	<ul style="list-style-type: none"> To prevent or control epidemics, requirements by competent authorities such as improving the operational environment, food safety, employee health and health management have increased operational costs. Being face-to-face with customers, open display, on-site beverage making and open dining areas are all possible channel of disease transmission. Integrating prevention measures increases operational costs, but an outbreak could have an adverse impact on our reputation. Epidemic prevention measures, such as home quarantine, could affect employee attendance, business travel, contractors performing on-site work, or have an impact on supply stability and logistics efficiency, posing challenges to continuous store operations. In the time of the pandemic, we formulate 3 to 5 years simulation plans to stay on top of consumers' changing demand and growing online business.
Countermeasure	PCSC keeps a close watch on changing trends of aging population. PCSC develops products targeting senior citizens and designs elderly-friendly stores based on the perspectives of the elderly. In terms of manpower allocation, PCSC collaborates with government and charity group to employ elderly laborers. PCSC facilitates the learning and adaption of those elderly employee by redesigning the roles and responsibility. The introduction of AI technology and labor-saving tools helps streamline the operation structure process, reducing personnel costs and demand for labor.	<p>PCSC proactively and strictly adhere to infectious disease prevention laws and regulations. To this end, PCSC has set up an epidemic crisis taskforce and reporting system while hosting regular meetings. WFH measures and online conference system have increased work flexibility and reduced risks for clusters.</p> <ul style="list-style-type: none"> The stores have adopted electronic payment to prevent the spread of the disease. PCSC also enhance sanitation mechanism internally and require our contractors to implement disease prevention plan. The primary objectives for our products are to ensure food safety and stable product supply. We have placed products in the warm food section in the fridge, develop online and mobile marketing channels, implement mobile pickup function, i-preorder and MyShip and invest in delivery service, providing customers with fast, convenient and varying services.

▪ **Internal Audit**

To prevent operational risks, ensure operational compliance and urge the Company to achieve its goals, PCSC established the Company's "Internal Control System," "Internal Audit Implementation," and "Procedures of Internal Control Self-evaluation" in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau to perform audits.

▪ **Internal Audit Organization**



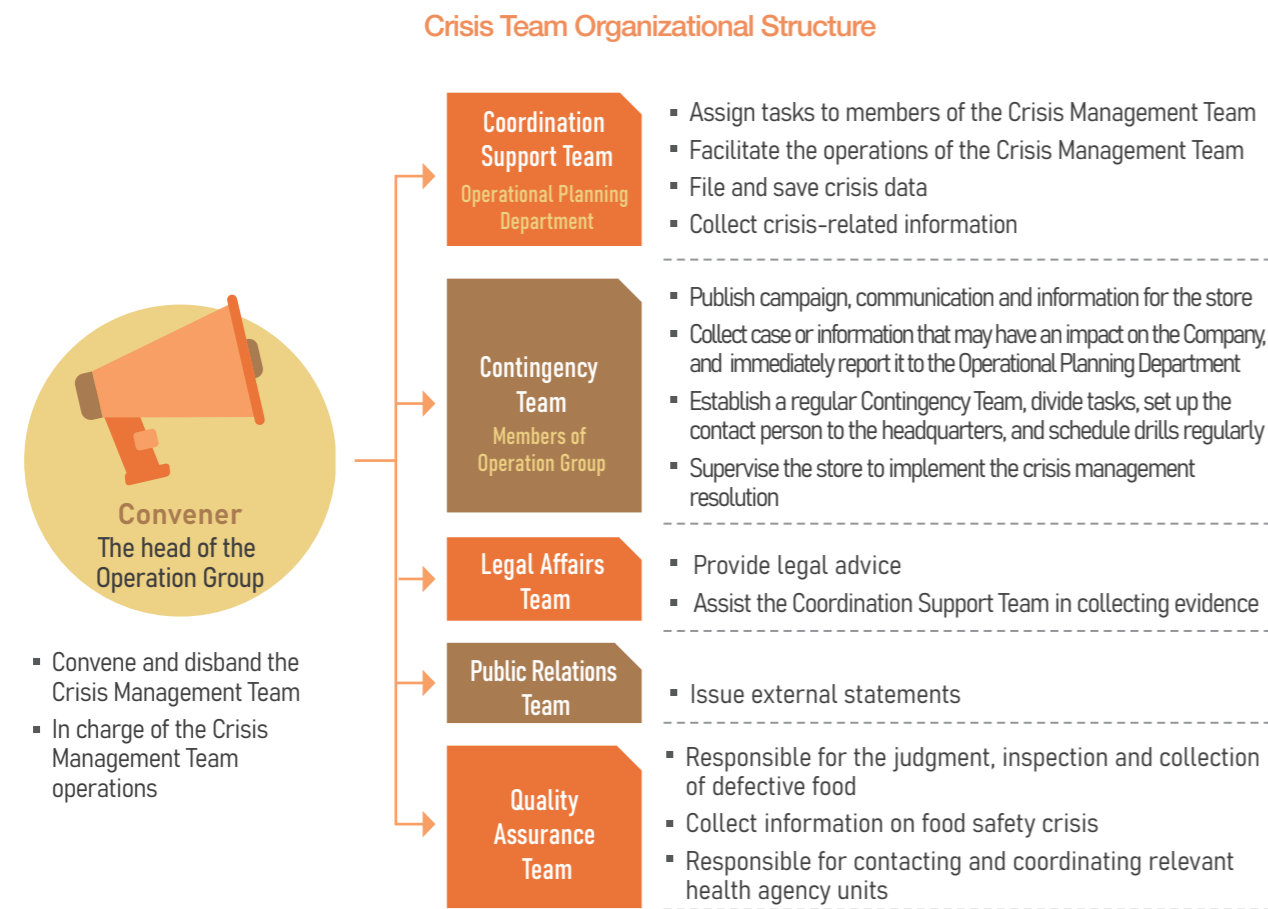
▪ **Crisis Management**

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

The Company established a cross-departmental "Crisis Management Team" with its "PCSC Crisis Management Handbook" and the "Guidelines to Crisis Management and Contingency of the Operating Group", with reference to the parent company President Enterprises Corporation's crisis management principles to enhance and update the structure.

PCSC has set up a “Crisis Management Team” headed by the head of the operation group, governing “Contingency Team,” “Legal Affairs Team,” the “Public Relations Team” and the “Quality Assurance Team.” The crisis reporting principles have also been formulated to standardize the procedure from occurrence, handling to external response, ensuring PCSC operations in the process.

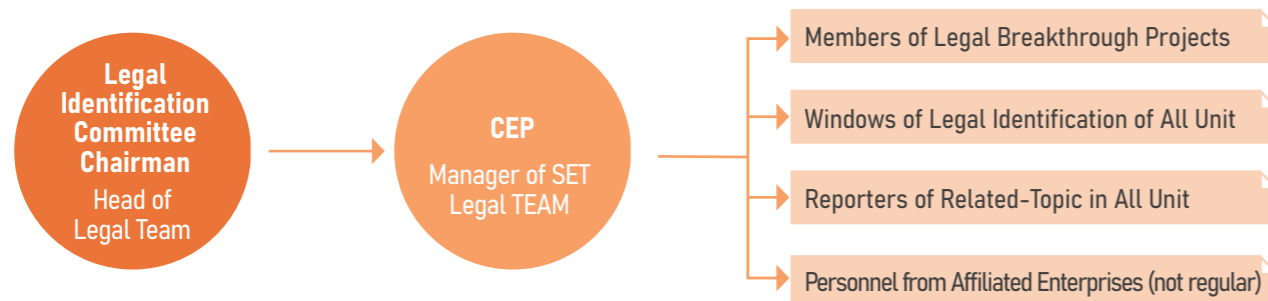
In 2020, a customer conflict in a store was covered by the media. The crisis was reported in accordance with the regulations. The police were assisted during the investigation with no other incident.



Legal Compliance

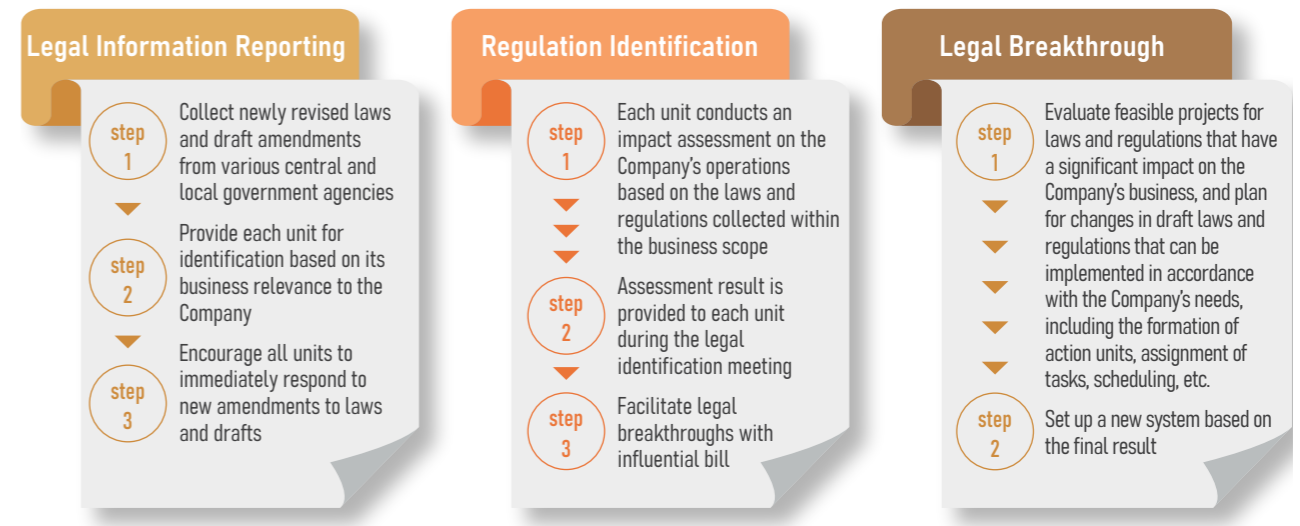
PCSC has formulated the PCSC Principles of Legal Control and Breakthrough, stating that the Legal Identification Committee as the guiding body on legal compliance. The legal identification contact is included in each unit to ensure legal compliance in order to stay updated with the trends in legal revision,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



Violations in 2020

One of PCSC’s major sources of revenue comes from food sales. 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 2020, PCSC violated the Act Governing Food Safety and Sanitation for selling expired food. There were 3 violations in total, with a total of NTD\$180,000 fine. PCSC has not violated product labeling or marketing regulations.

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 2020, PCSC did not violate major environmental, economic or social regulations. However, the Company did receive 7 violations with a total of NT\$281,200 in fine from the competent authority for violating the Pharmaceutical Affairs Act, the Tobacco Hazards Prevention Act, the Labor Standards Act, and the Road Traffic Management and Penalty Act. PCSC has conducted a thorough review of the penalties and implemented improvement measures. Please refer to the table below and page 58 of the 2020 Annual Report for detailed descriptions of all penalties, amounts of individual penalties and improvement measures.

Law Violated	Incident	Fine	Improvement Measure
Act Governing Food Safety and Sanitation	Some stores sold expired product due to inventory mistake	NT\$180,000	1. Stores are asked to check the products that are close to expiration (Note) 2. An external management consulting company is entrusted every month to inspect on expired products 3. The Quality Assurance Department will provide the result of the external management consulting company of each store on expired products in real time online to each store for further inspection

(Notes) Products that are close to expiration are the ones that will expire within a month.



03

Committing to the Service Quality

Sustainability Performance

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

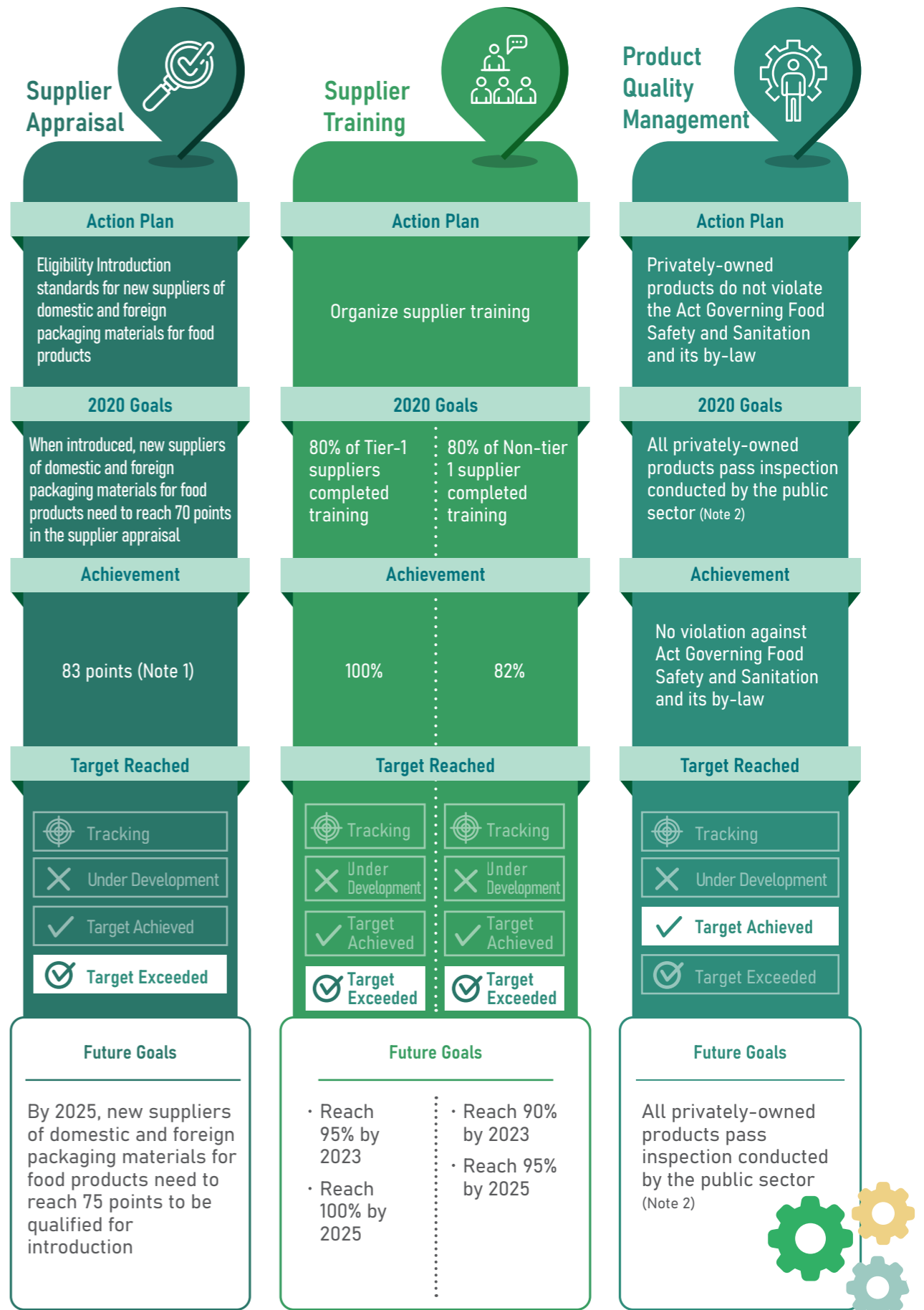
- Invested **NT\$253,643** thousand in research and development
- Invested **NT\$125,268** thousand in food safety management
- 99%** of stores were graded A or B in the Service Excellence Rating
- 100%** of non-tier one suppliers signed code of conduct
- OPEN POINT members reaching **12 million** people

Corresponding Material Topic

- Product and Service Innovation
- Customer Privacy
- Sustainable Supply Chain Management
- Customer Health and Safety
- Marketing and Labeling
- Customer Relationship Management

Corresponding Stakeholders

- Investors
- Suppliers
- Customers
- Employees
- Franchisees
- Public Welfare Organizations
- Government Agencies
- Local Communities



(Note 1) The average of introduction points of new domestic and new foreign packaging materials for food products.

(Note 2) Based on the received official letter and penalty.

Marketing and Labeling Management

Action Plan
Complying with labeling and marketing communication specifications for products or services (Note)

2020 Goals
Privately-owned products do not violate the labeling and marketing communication specifications for products or services (Note)

Achievement
No privately-owned product violated the labeling and marketing communication specifications for products or services in 2020

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals
Privately-owned products do not violate the labeling and marketing communication specifications for products or services (Note)

Customer Data Management

Action Plan
Formulating management policy and setting up taskforce to protect customer privacy

2020 Goals
No violation against customer privacy

Achievement
No violation against customer privacy in 2020

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals
No violation against customer privacy

Sustainable Procurement

Action Plan
Incorporate products or raw materials with a sustainability label

2020 Goals
Tracking

Achievement
55.4% air-tight or liquid-tight packaging material of all packaging material of privately-owned beverages acquire FSC certification

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals
By 2021, 60% of air-tight or liquid-tight packaging material of all packaging material of privately-owned beverages acquire FSC certification

(Note) Based on the received official letter and penalty

Product and Service Innovation		Management Approach
Management Objectives and Policies	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 products and services is not only the key to PCSC's stable operation, but also fulfills our responsibility of taking care of consumers.	
Responsibility	Integrated Marketing Department	
Action Plan	In 2020, the PCSC continued to invest in development and research to provide innovative products and services. The investment in R&D expenses in 2020 amounted to NT\$253,643 thousand. During the same year, we launched a mobile service that allows consumers to enjoy more convenience. Seeing that consumers have increasing awareness of health, PCSC has also given consumers more options of vegetable/vegetarian food, "New Life" concept store and a variety of health supplements.	
Grievance Mechanism	Integrated Service Center	

Customer Health and Safety & Marketing and Labeling		Management Approach
Management Objectives and Policies	Working in an industry that is highly intertwined with everyday life, safeguarding the customers' health and safety is PCSC's vital responsibility and highest guiding principle. Compliant labeling has a huge impact on consumer health and life quality. To this end, we strive to provide products that are safe and compliant with laws to succeed in the role as the partner for everyday life .	
Responsibility	Product Safety Committee	
Action Plan	<p>PCSC continues to stay updated with the latest regulations related to operations to protect the rights and interests of consumers. The value chain behind PCSC services can be divided into raw material, logistics and store sections. The quality of the raw material is controlled through quality assurance. The logistics section ensures delivery quality through the training and management of logistics personnel. In terms of stores, we continue to optimize our service quality through service assessment, quality assurance and ethical management certification training inspection, as well as tobacco and alcohol sales inspection.</p> <p>In terms of product labeling, we clearly stipulate in the "Product Safety Management" regulations that the labeling of delivered products must comply with the regulations of the competent authority. The stores are also required to inspect labeling of the products at the time upon delivery so as to ensure compliance.</p>	
Grievance Mechanism	Integrated Services Center	



Sustainable Supply Chain

Management Approach

Management Objectives and Policies	<p>PCSC does not operate factories, and all products are manufactured by suppliers. Therefore, the systematic management and inspection of the supply chain is the key to ensuring PCSC products.</p> <ul style="list-style-type: none"> Product Safety Management Regulations Measures for the Management of On-site Evaluation of Outsourcing Factories for privately-owned products Measures for Management of Raw Material Suppliers and Raw Material Measures for the Management of On-site Evaluation of Suppliers of Packaging Materials for Food Products PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers Food Product Manufacturing Factory Risk Grading and Assessment Guide
Responsibility	<ul style="list-style-type: none"> Quality Assurance Department Supply Chain Management Department
Action Plan	The quality of products provided by suppliers is a key element in product quality consistency. In order to secure the quality, we manage our suppliers by identifying the key suppliers to figure out the suppliers that have the greatest impact on our operations. Afterwards, we ensured the quality of our services by implementing supplier management measures, requiring suppliers to sign the code of conduct, as well as continuing to educate and evaluate suppliers.
Grievance Mechanism	Stakeholder section



Customer Privacy & Customer Relationship

Management Approach

Management Objectives and Policies	<p>PCSC provides consumers with convenient life choices through online service platforms. The Company manages and protects the privacy of customers and provides them with better services based on the big data generated from consumption to fulfill sustainable operations and our responsibility towards consumers.</p> <p>Personal Data Protection Management System and Policy</p>
Responsibility	<ul style="list-style-type: none"> Digital Innovation Department Integrated Services Center Integrated Marketing Department Legal Affairs Department Personal Data Protection Task Force
Action Plan	PCSC has a Personal Data Protection Task Force to oversee consumer data protection. We also conduct internal audit and external verification (Taiwan Personal Information Protection and Administration System, TPIPAS), crisis prevention and training to fulfill data protection. In addition, PCSC continues to optimize and expand the service scope of the OPEN POINT membership system so that consumers can enjoy more convenient services during the e-commerce era.
Grievance Mechanism	<ul style="list-style-type: none"> Integrated Services Center Contact person for personal data declaration in each department

3.1 Product and Service Innovation

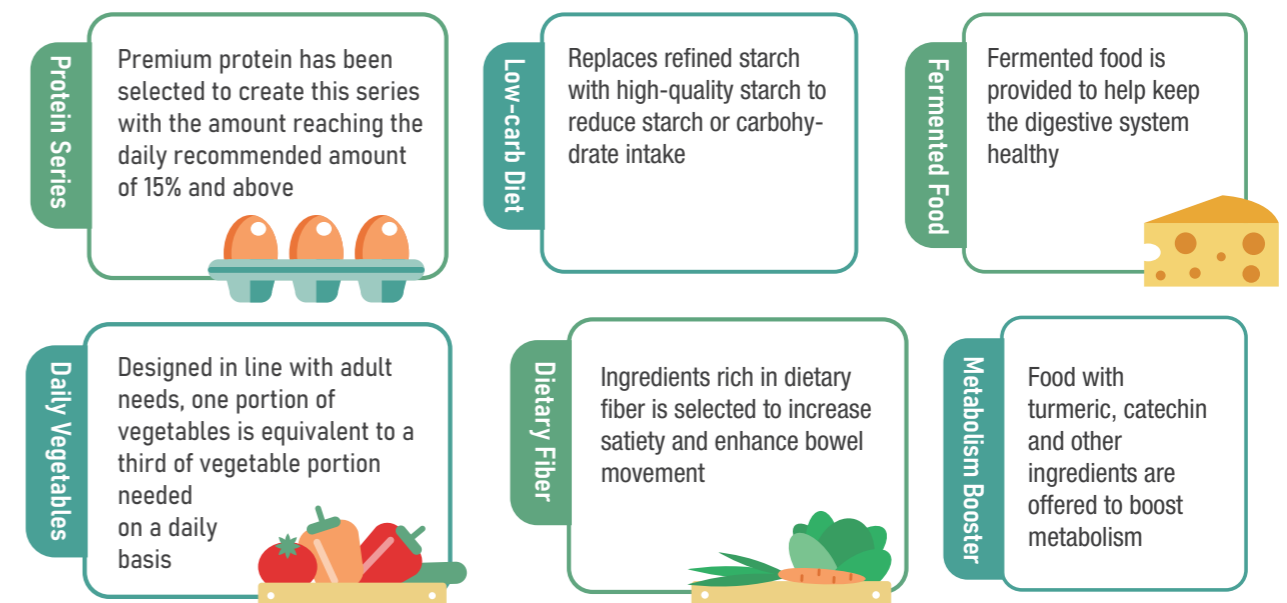
PCSC's goal is to provide a variety of innovative and quality products that exceed customers' expectations. Our Integrated Marketing Department is primarily responsible for integrating the Company's internal resources to reinforce its brand recognition and competitiveness.

Innovative Products and Services

In 2020, Taiwan benefited from the effects of trade orders swift and the investment of Taiwanese businesses, which boosted the domestic demand. With the trend of growing domestic demand, PCSC started from the core concept of all-round life and continues to uphold the principle of providing consumers with value-for-money products and consumer experience. We continue to improve the research and development in technology with software and hardware, further integrating a number of innovative products and services to maintain the sustainable competitiveness of PCSC. We invested NT\$253,643 thousand in R&D expenses in 2020 to develop 7 new products. We continued to expand "Simple Fit" and launched "Vegetable Diet" and "Mobile pickup" products and services.

Simple-Fit Compound Concept Store

Uni-President Enterprises Corporation integrated the three major brands within the group, including PCSC, COSMED and BEING fit based on the concept of a micro department store to create the Simple-Fit Compound Concept Store. PCSC set up dedicated Simple-Fit shelves with 6 healthy diet themes, hoping to give people healthy and nutritious meal options in their busy daily lives.



Vegetable Diet

According to a scientific report, the concentration of greenhouse gases has reached the peak in 3 million years in 2020, with 2016 to 2020 being the hottest five years in history. One way to mitigate global warming is to reduce meat consumption. For the benefit of the environment, the "Vegetable Diet" was launched in 2020 to enhance services in this area. It is expected to reduce 7 million kilograms of carbon emissions a year, the equivalent of what can be absorbed by 18 Da'an Forest Parks in one year. The Vegetable Diet collection also won PCSC the "Food Innovation Award" organized by the professional catering media, "foodNEXT."

1

Three Meals a Day at PCSC

Vegetable Diet aims at satisfying the needs of people on a vegetarian/vegetable diet for 3 meals a day. The menu covers onigiri, sandwiches, main meal, snacks and side dishes with nearly 10 fresh food options, giving people on a vegetarian/vegetable diet easier way of obtaining vegetarian food.



2

Collaboration with Vegetable Meal Brands to Create a Variety of Options

PCSC works with Hi-Lai Foods, Hi-Lai Vegetarian, Yang Shin Vegetarian Restaurant and Master Wah Foods to create 6 green menus, including the signature dishes of Hi-Lai Vegetarian such as Quinoa Eight Treasure Rice, Hi-Lai Foods Vegetable Noodles, Hi-Lai Foods Stir-Fried Noodles with Vegetables, Yang Shin Vegetarian Restaurant Spicy Stinky Tofu and Master Wah Foods Vegetarian Dumplings, as well as the Black Truffle and Wild Mushroom Risotto developed by PCSC.



3

Vegetable/Vegetarian Food Section & Dedicated Packaging

PCSC has set up a brand section in the refrigerated food area with two shelves. The vibrant green and yellow signs have made the section pop. In terms of product packaging, a fresh and vibrant grass green is selected as the sealing film. The vibrant "lemon yellow" shade is used as the main color of the base. In addition to the industry's first vegetarian and Vegetable logo, the collection also focuses on the sides of the packaging design so that consumers can quickly identify what they want.



4

Dedicated Vegetable/Vegetarian Food Production Line to Guarantee Product Quality

PCSC works with factories that have passed the ISO22000 food certification, specialize in the production of vegetarian food or have dedicated vegetarian production lines. In PCSC's privately-owned brand production lines, everything is separated from that of non-vegetarian food, including the equipment, production lines, appliances and even airflow, striving to create options that will earn the trust from vegetarians consumers.

Mobile Pickup

In 2020, PCSC launched the new Mobile Pickup service with the OPEN POINT app, allowing consumers to pick up their products from different stores after having purchased a larger amount. The feature applies to a variety of products so that consumers can enjoy the discount from bulk purchase as well as picking up the products wherever they want. In 2020, over 1.5 million people tried the Mobile Pickup service with the presale performance reaching NT\$3 billion.

3.2 Customer Health and Safety

Product safety is the cornerstone of PCSC as well as our responsibility and obligation to consumers. PCSC has monitored and controlled the product value chain by setting up management mechanisms for raw materials, logistics and stores. We also track product safety information and facilitate internal reporting to keep our promise for product safety. In 2020, the cumulative expenses of food safety management reached NT\$125,628 thousand, which was much higher than our target of NT\$60,000 thousand.

Facilitate Nutritional Intake and Consumer Health

Healthy eating has become one of the biggest concerns for consumers. As a food retail business, PCSC provides a variety of products with healthy concepts to meet the consumers' daily dietary requirements. PCSC follows the internal "Privately-Owned Brand Product Policy", promoting a healthy-eating lifestyle through the development of vegetable concept products, selection of premium raw materials and SOPs.

- ✓ Promote the idea of healthy living by providing a variety of vegetable products, and develop new products with reference to the daily vegetable intake recommended by Health Promotion Administration. From raw materials to finished products, no preservatives and partially hydrogenated oils are used. Each product has passed the inspection of the third party certification body prior to being placed on the shelves. PCSC does not choose to add high-fructose corn syrup and MSG. If they exist in the ingredients, they are tracked and managed internally.
- ✓ Formulate microbiological standards for fresh foods in line with regulations and require suppliers to provide qualified third-party inspection reports and perform regular inspections for all product categories.
- ✓ Regarding products that may involve the use of genetically modified organisms approved by the Ministry of Health and Welfare, all privately-owned products that might contain GMOs are clearly labelled with such information on the packaging.

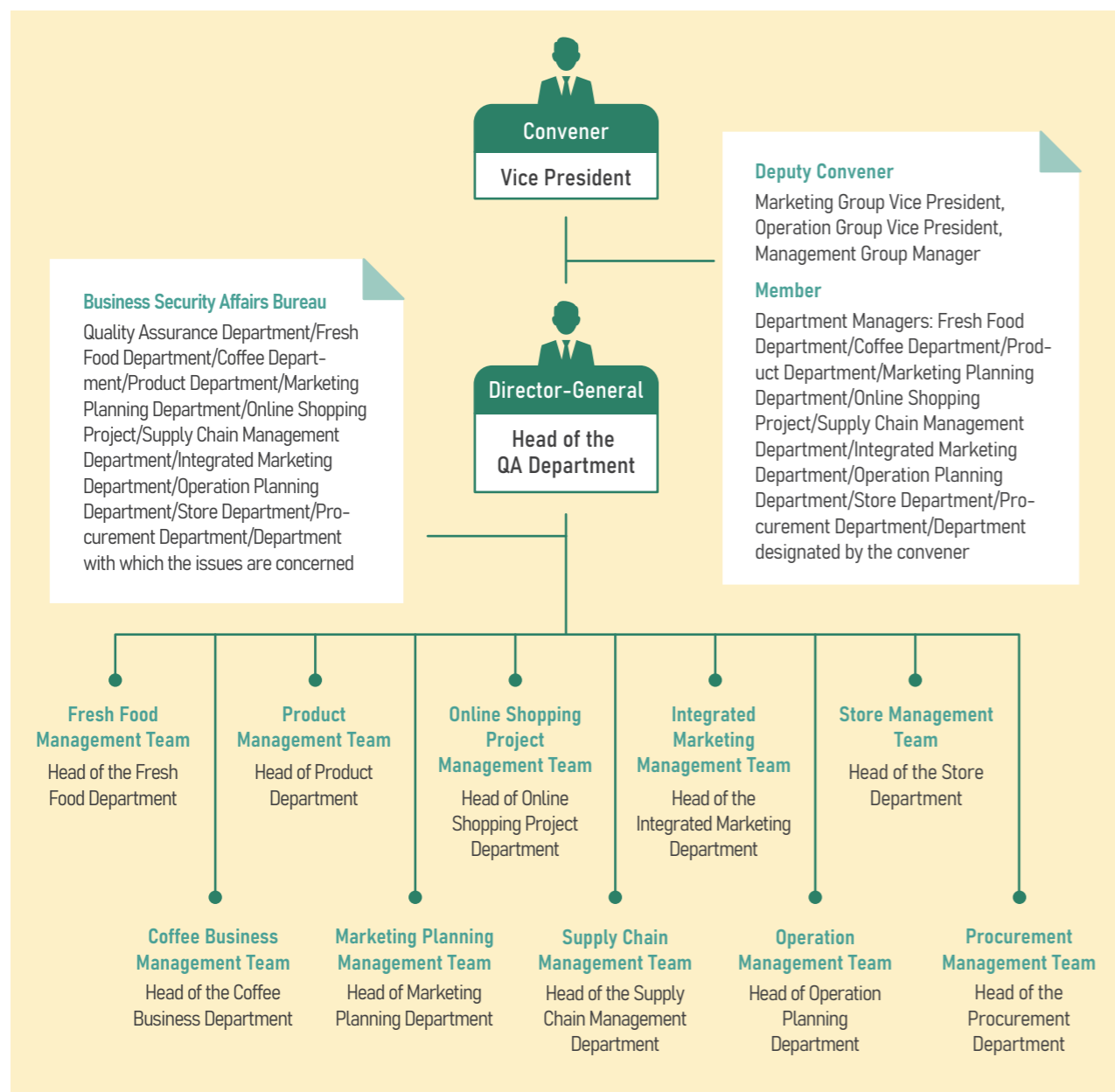
In 2020, PCSC continued to focus on developing products with reduced saturated fat, trans fat, sodium or sugar. In the meantime, PCSC strengthens the voluntary labeling of health and nutrition information on food products of its privately-owned brand. Such voluntary labelling includes compliance with the third point of Taiwan's "Packaged Food Nutrition Labeling," or other voluntary labeling approved by the government. Revenue from products related to labeling or health promotion and nutrition reached NT\$5,580 million.

In addition to focusing on products that promote health and nutrition, PCSC is also committed to obtaining relevant labels for its privately-owned products, and sell products that have obtained related labels. In 2020, the raw materials for PCSC's privately-owned 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 clear label on the outer packaging. Among its privately-owned products, the ones whose outer packaging was marked with a label stating “Does Not Contain GMO” reached a revenue of NT\$86,316 thousand.

Product Safety Committee

The Product Safety Committee is consisting of three main levels. The convener is appointed by the President, and the Marketing Group Vice President, Operation Group Vice President and the Management Group Manager serve 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 serving as leaders. The Product Safety Committee focuses on safety and quality, and establishes a unified management system for its privately-owned products, with the scope of 100% of its privately-owned products. One meeting was convened in 2020, 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 March 2020.

Product Value Chain



Raw Material Management

PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and set up a traceability system for the meal box category (Note) in accordance with the official document (Food and Drug Administration Document No.1071300516 authorized by the Ministry of Health and Welfare on 26 June, 2018) in 2019, a total of 376 products in the meal box category have undergone traceability management in 2020.

To effectively monitor product safety and take up the responsibility of PCSC as a retail business, PCSC works with the ROC Fresh Foods Development Association to set up a Material and Quality Assurance System (MAS). This ensures that product raw materials and suppliers can be tracked and managed. The main document in the MAS system is product specifications document, which records the sources of raw materials and the suppliers. As of 2020, 100% of the Company’s privately-owned food products had the corresponding product specification document in the MAS system.

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

Quality Certification

To manage and stay on top of product quality, PCSC’s Quality Testing Laboratory obtained certifications following test items specified by TFDA and TAF (ISO/IEC 17025:2017). After a product is made, the laboratory first samples and tests it for microorganisms with chemical methods, allowing us to sell safe products. As of the end of 2020, the laboratory conducted 621 test items per the announcements and requirements of the competent authority including CNS, the Taiwan Food and Drug Administration, etc. Another 111 test items of self-inspection that do not follow directives from the aforementioned announced methodologies were conducted.



TAF Certification Items	
Scope of microorganisms certification for ISO/IEC 17025:2017	4 items
TFDA of the Ministry of Health and Welfare certified items	
Microorganisms	4 items
Colorants	8 items
Ochratoxin A	1 item
Patulin	1 item

In 2020, a total of 1143 tests were run on products and raw materials, with 1135 passing the test. The passing rate was 99.3%. 7 products passed when retested, only one was 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 quality of the products we sell. The quality testing laboratory resulted in costs of NT\$35,318 thousand, including NT\$17,425 thousand for entrusted laboratories (Note), accounting for 0.021% of the Company's operating revenue.

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

Product Labeling

Transparent product labeling is key to PCSC's promise to safeguard the rights and health of its customers. Our "Product Safety Management Regulations" 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 (including bar codes, expiration dates, and Chinese labeling) are the items that the logistics center must check upon receiving a shipment. PCSC also uses its "Packaging Internal Control Design System" to keep abreast of the information on our privately-owned brand product labels. This ensures that all products have clearly labeled information from manufacturing to shipping to final sale in the store. No product labeling violation took place in 2020.

Logistics Management

PCSC products are shipped to stores by a logistics company 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 agents, they are shipped to stores by a logistics company. To ensure that the quality of products is maintained and guaranteed throughout the entire process of shipping, storage, and display and to reduce potential risk arising from temperature, employees or sanitation, we partner with logistics companies on initial logistics mechanism and in-store product management and service audits. Initial logistics management involves cooperation on shipping, making product quality management processes to start from the store and pushing them upstream to the supplier end to set up a comprehensive quality control. In 2020, the initial logistics mechanism was implemented on 100% exclusive selling and privately-owned products including rice, fresh noodles, salads, cooked food, refrigerated flavored breads, sweet potatoes and fresh foods.

Elite Logisticians

Behind our renowned service is a group of tireless logisticians who deliver the goods in fair weather or foul weather. As we uphold our principle of caring for society, PCSC continues to optimize personal welfare, driving safety, and labor-saving operations. In terms of the driving system, a total of 352 stores introduced trusted delivery operations for non-24-hour stores so that logisticians did not have to wait outside the stores that are not open or change their routes while they waited. To show our appreciation for their hard work, we also provide complimentary beverages, incentive bonuses and a contract renewal bonus incentive program.



PCSC hosts award ceremonies to thank our logisticians for their outstanding performance and contribution. Large gatherings were banned in 2020 due to the pandemic, so 12 sessions of Elite Logisticians Recognition Ceremony were organized for 83 elite logisticians out of a total of 2,056 from four companies, including Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation. To be qualified to be awarded, awardees were required to not have any customer complaints or major violations during the year, as well as being leaders in terms of scores on various measures of safety, service and operations.

Store Management

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

Service Excellence Assessment

PCSC conducts an annual service excellence assessment on all its directly owned stores and franchises, examining items including basic service, professional service, comfort of the environment, and appropriateness of responses. The results of the assessment are graded A (excellent), B (meets expectations) or C (needs improvement). In 2020, a total of 2,661 stores were graded A out of all the stores that were audited, accounting for 66.59% of the stores audited. Operations specialists visit stores receiving a grade of C to provide guidance and hold meetings to draft improvement plans and to track results. In 2020, 98.85% of stores were graded A or B, surpassing our goal of 95%. We will continue to use district consultants to provide guidance to improve our service quality.

2020 Annual Initial Assessment Grade	Number of stores Audited	Percentage
A (excellent)	2661	66.59%
B (meets expectations)	1289	32.26%
C (needs improvement)	46	1.15%

Quality Assurance Assessment

In addition, a management consulting company was engaged to perform quality assurance assessment. In 2020, 99.2% (Note) of all stores underwent this audit. A total of 23,882 assessments were conducted with a pass rate of 94.3%. PCSC provided concrete suggestions for substandard branches and followed up to ensure that improvements were made.

(Note) A small number of stores were closed in early 2020 or had opened for less than three months in 2020. Therefore, they were not audited in 2020.

▪ **QA and Ethical Corporate Management Certification Training Assessment**

To maintain the quality of the overall workforce, in addition to the store audits described above, PCSC continues to provide quality assurance education and training for both new hires and existing employees. A total of 40,073 people participated in the training in 2020. PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.95% (Note) of the stores audited in 2020. Ethical corporate management training covers QA operation execution, ethical corporate management compliance and company image maintenance.

(Note) A small number of stores were closed in early 2020 or had opened for less than three months in 2020. Therefore, they were not audited in 2020.

▪ **Tobacco and Alcohol Sales Assessment**

Additionally, to implement the law and protect youth and children, we took progressive action. The product system warning language alerting that alcohol and tobacco cannot be sold to customers under 18 years of age was in place, with this system 100% adopted. The goals set in this area for 2020 were completely met.

Tracking and Responses to Product Safety Information

▪ **Product Safety Information Collection**

Staying abreast of the latest product safety information has been key to PCSC’s product quality. Product safety information defines those negative information or non-compliance on regulations promulgated by relevant authorities concerning its privately-owned brand. 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 privately-owned products. In 2020, the Company collected 464 product safety-related memos, including 2 A-level information, 337 B-level information and 125 L-level information. The A-level information was followed up to ensure improvement, with all cases closed.

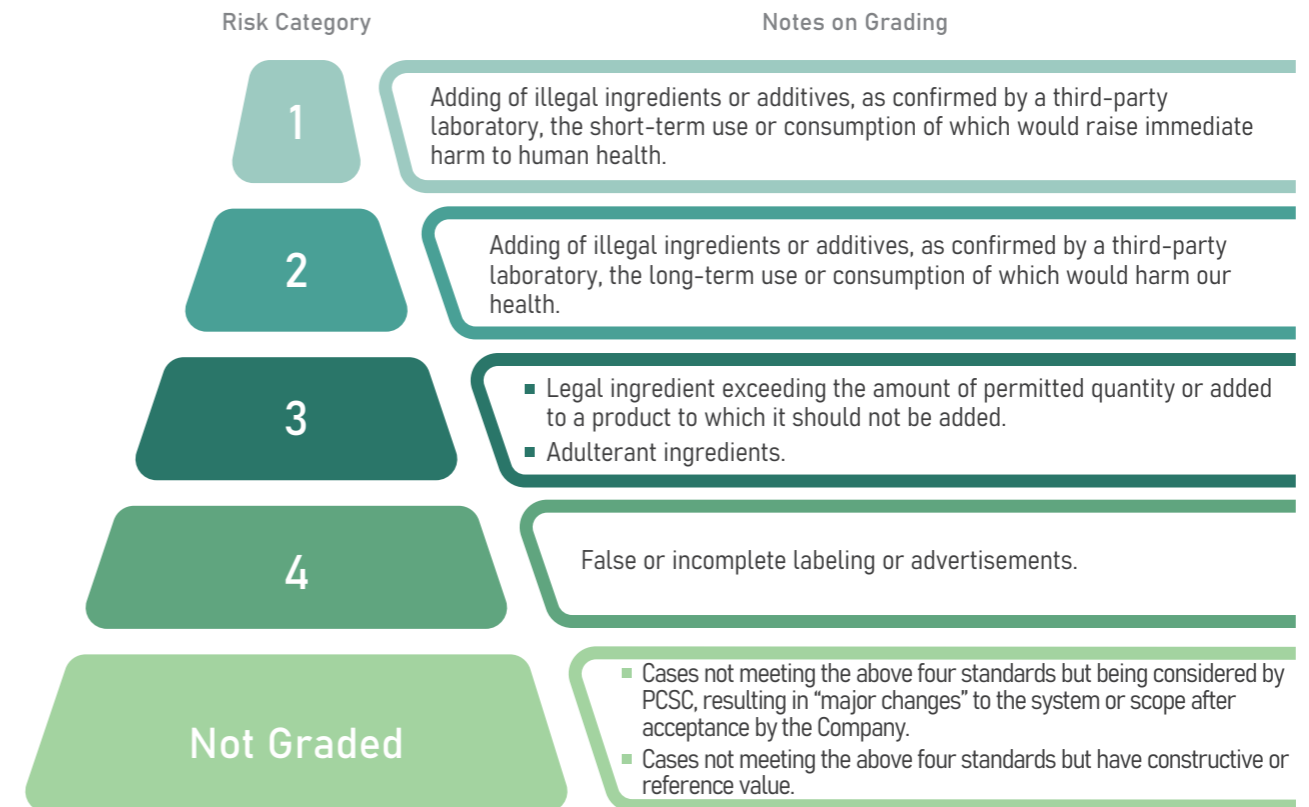
Level of Information	Description
A-level information	Negative product safety information and information on non-compliance regarding PCSC and its joint ventures. Information in this category must be included to be tracked and closed.
B-level information	Product safety information, other than Level A
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 Maintaining Safety of Privately-Owned Brand.” This mechanism invites employees to come together to play a role in supervising product safety. In cases where employees in logistics, wholly-owned stores, or franchisees have doubts or questions about ads, labeling, or ingredients, they can use this mechanism to provide feedback. Issues raised in this way are forwarded to the Product Safety Committee and the person making the report receives a reward based on the severity of risk involved with the safety issue (see details below). In 2020, one case was reported. It was not given a grade category and NT\$1,000 in reward was paid out.

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 use a telephone hotline or e-mail to file their complaints or suggestions to the Integrated Services Center. The Center creates a file for each issue and in cases that require follow-up, cases are only closed after customers receive information on how PCSC responded to and handled the issue. In 2020, the Center handled 90% of the cases online in real time without receiving a major complaint.

3.3 Sustainable Supply Chain Management

PCSC has four main types of suppliers, including privately-owned brand product manufacturer, suppliers of raw materials through direct transactions, suppliers of egg products, and suppliers of packaging materials for food products. We ensure that suppliers adhere to our stringent quality standards using our supplier management rules and evaluation system.

Key Supplier Identification

▪ **Key Suppliers**

If viewed from a wider perspective, PCSC has three types of suppliers, including privately-owned product contractors, non-privately-owned-brand suppliers and other suppliers. Among these, privately-owned-brand suppliers have the closest relationship with PCSC, and PCSC also has a greater responsibility correspondingly. Among our privately-owned brand product contractors, PCSC identifies “tier-1 suppliers”

and “non-tier 1 suppliers.” Tier-1 suppliers are defined as privately-owned brand suppliers that directly trade with PCSC, such as food manufacturers. Non-tier 1 suppliers are defined as suppliers of raw materials for privately-owned goods that PCSC does not directly trade with. Among tier-1 suppliers, we further identify “key tier-1” and “key non-tier 1” suppliers based on the procurement amount and product category, so as to strengthen the control of important suppliers.

There were 17 key suppliers in 2020, defined as follows:

Key Suppliers	Definition of Key Suppliers	Number of Key Suppliers in 2020
Key tier 1	Procurement amount over NT\$30 million, supplying packaging material for food products	2
	Privately-owned brand product supplier whose transaction amount for previous year ranked among top five	5
Key non-tier 1	PB raw materials supplier whose transaction amount for previous year ranked among top 10	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 above management rules and assessment systems, we have also set a “PCSC and PCSC Subsidiaries’ Code of Conduct for Suppliers,” as well as requiring all suppliers to sign an “Agreement of the Ethical Corporate Management and the Corporate Social Responsibility.” In 2020, 100% of PCSC suppliers signed the Agreement.

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, are to ensure a non-discriminatory workplace and fundamental human rights, and provide products that conform to environmental protection and food safety laws and regulations to reduce their impact on the environment and human health.

Signing of the Code of Conduct

All the suppliers are encouraged to sign the code of conduct. For suppliers unwilling to sign the code of conduct, PCSC will examine their existing internal regulations and the scope of commitment to ask them to make commitments to certain significant matters. If the supplier doesn’t agree to all the above requirements, but it is still necessary to purchase the products from the supplier, the supplier will be asked to sign a “Affidavit on the Ethical Corporate Management” to ensure the practice of corporate social responsibility at the suppliers’ end.

In 2020, 100% of tier-1 suppliers signed the code of conduct. We have started requiring non-tier 1 suppliers to sign the Code of Conduct since 2018. With our effort in 2020, 100% of non-tier 1 suppliers have signed the Code of Conduct, completing the goal set for 2023.

Supplier Management policy

In order to monitor supplier’s quality, we set the “Product Safety Management Regulations” to ensure all suppliers conform to laws and regulations and to PCSC’s rules in terms of company establishment, product quality and testing. PCSC requires all the supplier to sign Product Quality Guarantee Agreement. And for privately-owned brand suppliers and suppliers of packaging materials for food products, PCSC sets up different management rules based on the nature of each. These management rules clearly require that specific standards be adhered to for product manufacturing, packaging, testing and appraisal.

Privately-owned brand Supplier Management Rules

Item	Supplier Type	Measures
1	All suppliers	Product Quality Guarantee Agreement
2	Privately-owned brand product manufacturers	Rules for Onsite Appraisal for Privately-Owned Brand Product Manufacturers
3	Suppliers of raw materials through direct transactions	Raw Material Supplier and Raw Materials Management Rules
4	Suppliers of packaging materials for food products (Note)	Management Measures for On-site Evaluation of Suppliers of Packaging Materials for Food Products

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

Additionally, to improve the quality of suppliers, we do our utmost to require that suppliers of privately-owned brand products obtain food safety management system ISO22000 certification. During 2020, suppliers of privately-owned food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 40 companies. If calculating using the number of the plants, there were a total of 74 manufacturing sites, among those 41 were manufacturers of privately-owned food products within Taiwan. Of these, 41 manufactures obtained international food safety management system ISO22000 certification. Moreover, 23 manufacturers have updated to ISO 22000: 2018.

2020 ISO22000 Certification

Supplier type	Number of suppliers for privately-owned food products	Number of domestic manufacturers of privately-owned food products	Number of ISO22000 obtained by domestic suppliers of privately-owned food products		Number of ISO22000:2018 obtained by domestic suppliers of privately-owned food products	
			Number	Percentage (Note 1)	Number	Percentage
Suppliers of privately-owned food products	40	41	41	100%	23 (Note 2)	56%

(Note 1) The number in the denominator does not include factories abroad.

(Note 2) 2020 is the promotion period. Therefore, 23 food suppliers finished the update to ISO 22000:2018 in 2020. PCSC will continue to assist suppliers in updating to ISO 2000:2018 by 2021.

Supplier Training

In addition, PCSC's Supply Chain Management Department communicates regularly each year with major suppliers of materials for its privately-owned products on the concepts of sustainable procurement and tracing management and asks them to provide us with materials that meet PCSC's sustainable procurement standards. In addition to the signing of contracts, PCSC conducts supplier training. In 2020, 100% of tier-1 suppliers completed training, and 82% of non-tier 1 suppliers completed training. We will strive to achieve the goal of having 95% of non-tier 1 suppliers trained by 2025.

Supplier Appraisal System

PCSC uses the rules mentioned above to undertake periodic evaluations to suppliers of privately-owned brand products, suppliers of raw materials through direct transaction, suppliers of eggs, and suppliers of packaging materials for food products. The rules are established based on the special characteristics and risks of each supplier type. This rigorous assessment allows us to provide safe and quality food for customers. Key supplier assessment points, standards, frequency, and results are disclosed below. In response to developments in sustainability, the weighting of ESG-related assessment items is also disclosed below.

In 2020, PCSC reached the target of "100% PB (Note 1) joint procurement suppliers+ direct trade suppliers + farm suppliers were audited" and the target of "100% of PB/PL (Note 2) manufacturers were audited" in 2020. 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/development of goods with unique specifications, such as oden, rice, instant food, bread and other fresh food products, as well as CITY CAFE.

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




▪ New Supplier Appraisal

For new suppliers, we set our standards based on the relevant legal conditions, quality certification, management systems, and traceability 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 them before they are accepted as new suppliers. In 2020, 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 safety, we expect to increase the eligibility standard for the introduction of new suppliers (both domestic and abroad) of packaging materials for food products from 70 to 75 points in 2025 to fully fulfill the responsibilities of supplier selection and management. In 2020, the average score of the new supplier introduction appraisal reached 75 points or higher, achieving the goal set for 2022.






▪ Manufacturers

 Legal conditions	Domestic	Hold legal business registration and factory registration, etc. (Industry type listed on the registration must include processing of product types for outside organizations)
	Foreign	For foreign manufacturers, they must conform to relevant laws and regulations in that country.
 Quality certification	Food product manufacturers	<ul style="list-style-type: none"> Manufacturers in Taiwan are required to have ISO22000 Management System Certification. The scope of inspection is to include items that they produce for PCSC. Foreign producers are required to have at least HACCP or ISO9001 Management System Certification or other international food safety system certification.
	Non-food product manufacturers	Priority is given to international quality accreditation/certification, such as ISO 9001.
 Comprehensive management system	Good product quality management, 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, ISO22000, HACCP certifications preferred.	

▪ Suppliers of Egg Products

 Quality certification	Eggs source of egg washing site must be CAS certified farms. The site also need to 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's quality agricultural product egg item standards, such as product name, manufacturer and agent's name, address and telephone number.	
 Inspection	Eggs are inspected for conformity based on announced national methods, the inspection items include salmonella, 48 veterinary drugs, antibiotics, tetracycline, antibiotics and other metabolites, and chloramphenicol.	

▪ **Suppliers of Packaging Materials for Food Products**



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 accreditation/certification, such as ISO 9001.

Existing Supplier Appraisal

▪ **Assessment Items**

Supplier assessment items differ due to different characteristics of manufacturer, supplier of raw materials through direct transaction, suppliers of egg products, or suppliers of packaging materials for food products. The scope includes management systems, environmental sanitation, manufacturing, and quality management systems. The above-mentioned items for inspection ensure that product safety and organizational operations are managed well. Assessment items for different suppliers follows:

1.Manufacturers



- 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
- Corporate Social Responsibility

2.Suppliers of raw materials through direct transactions



Factory/trade type	Primary raw farm materials
<ul style="list-style-type: none"> ■ Factory equipment and environmental sanitation management ■ Employee safety and health management ■ Manufacturing process control ■ Product quality control ■ Raw materials control ■ Storage and shipping control ■ Customer complaints and continuous improvement ■ Formulate relevant scope of environmental protection ■ Quality and supply capacity assessment 	<ul style="list-style-type: none"> ■ Raw materials control ■ Quality and supply capacity ■ Factory cleanliness and sanitation ■ Manufacturing process control

3.Suppliers of egg products



- 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

4.Suppliers of Packaging Materials for Food Products



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

▪ **Conformity Standards**

Assessment results are scored into four categories: A (≥ 90), B ($90 > \text{points} \geq 80$), C ($80 > \text{points} \geq 70$), D (< 70 points). Passing standards are shown in the table:

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

▪ **Frequency of Appraisal**

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

Type of suppliers	Passing standards
Manufacturers	B or above (80 points or more)
Manufacturers of non-food products	C or above (70points or more)
Suppliers of raw materials through direct transactions	
Suppliers of egg products	
Suppliers of Packaging Materials for Food Products	

1. Manufacturers

Contract manufacturers are divided into food product, non-food product, domestic, and international. Assessment frequency differs by category. 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 2019 privately-owned brand food product manufacturer risk grading for determining assessment frequency in 2020. 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 results indicate a failure to meet our standards, the case is handled as a failure on the part of domestic food product manufacturers.

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

Risk Category	Pass		Fail	
	A ≥ 90 points	B $90 > \text{points} \geq 80$	C $80 > \text{points} \geq 70$	D < 70 points
Low-risk	12 months	6 months	Suppliers receiving a C are to be assessed once a month and must pass the assessment for 2 consecutive months. Suppliers not passing two months in a row is to be halted production. For those passing assessment, the most recent passing assessment is served as the benchmark for determining when the next assessment takes place.	Suppliers receiving a D are to be immediately halted producing for PCSC or be assessed once a month and must pass three assessment(per month) in a row. Suppliers not passing two months in a row are to be halted production. For those passing assessment, the most recent passing assessment is served 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 Abroad Food Product Manufacturing Sites

Grade	Score	Result	Assessment Frequency/Measures for Failing
A	≥ 90 points	Pass	1 assessment/year and 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. Foreign Non-Food Manufacturers

For foreign 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 packaging materials for food products)

In addition to manufacturers, suppliers of raw materials through direct transactions, suppliers of egg products, and suppliers of packaging materials for food products are slated for assessment every 3 to 15 months, depending on their assessment grade. If an organization fails, a re-assessment is to be performed until it 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”).

Assessment Results

In 2020, there were a total of 40 suppliers of privately-owned brand 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 40 suppliers. A total of 133 audits were performed with 132 passing, with the compliance rate of 99%. The non-conforming suppliers had insufficient protective gear and unclear instructions for safety protection. Required improvement has been made after guidance.

(Note 1) Defined as

- (1) Suppliers that passed the assessment prior to 2020 and passed internal submission.
- (2) New suppliers that successfully passed the introduction assessment during 2020.
- (3) Those eligible to halt assessment in 2020 are also included.

(Note 2) 7 manufacturers, 4 suppliers of raw materials through direct transactions and 1 egg product supplier ended their transactions and cooperation with PCSC based on last year’s supplier assessments. Therefore, they were not required to be audited in 2020 based on the corresponding management rules.

In 2020, there were 12 suppliers of packaging materials for food products (Note 1), with 100% (Note 2) audited. Please refer to the table on p.69-70 for these 12 suppliers. A total of 13 audits on supplier assessment items were performed, resulting in 13 passing audit results, the passing rate is 100%.

(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) Expansion Inc., Chien Fa Paper Pipe Co., Ltd (Yuanlin factory site), Excellent Gravure Industrial Co., LTD have stop transaction with PCSC before the assessment month. As a result, those entities are not required to be audited according to our rules.

	Number of Suppliers	Percentage of Audits Completed	Number of Audits	Number of Passing	Passing Rate
Suppliers of privately-owned brand food products with whom PCSC had a cooperative relationship (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products)	40	100%	133	132	99%
Domestic suppliers of packaging materials for food products	12	100%	13	13	100%

For privately-owned brand suppliers, food-related factories with grades of C or lower and non-food factories with grades of D or lower, PCSC define them to be “suppliers with high sustainability risks.” There was one supplier with high sustainability risks in 2020, which has since then passed 3 re-assessments.

ESG Assessment Items

In addition to product quality and health issues, PCSC has responded to trends in sustainable development by integrating ESG (Economics, Social and Governance) into its scope of assessment in the hope that including sustainability indices will serve to combine the efforts of PCSC’s supply chain to help make sustainable development a reality. An explanation of the weighting of these in assessment 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 %	
Manufacturers	Non-food	14%	3%	13%	70%
	Food	50%	15%	14%	21%
Suppliers/Processing Plants of Egg Products		50%	2%	2%	46%
Raw Material Suppliers	Factory	61%	30%	4%	6%
	Trade	61%	24%	4%	11%
	Primary Farm Raw Materials	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 privately-owned 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 the tier 1 supplier evaluation in 2020, 4 companies were involved in failure to regularly check safety protection measures, unclear instructions, or not completing follow-up to physical examinations. All of them have been improved with PCSC consultation.

PCSC hopes to work together with its suppliers to realize corporate social responsibility. Through our supplier assessments, we monitor whether they comply with occupational health and hygiene requirements requested by the Labor Standards Act and related regulations, as well as creating a positive social impact to protect supply chain workers' labor rights.

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.

Local Procurement

Supporting local products not only helps make environmental sustainability a reality by reducing carbon footprint, it also serves to support the society as it benefits the locals involved in the agricultural industry. In 2020, 70,000 tons of agricultural products valued at NT\$7.8 billion were procured by PCSC, including rice, chicken, pork, eggs, vegetables and fruit. 62% of procurement was made from suppliers of agricultural products in Taiwan at a value of NT\$4.86 billion, accounting for 62% of the procurement amount.

Area	Supplier quantity (tons)	Proportion of procured quantity (%)	Purchasing amount (NT\$100 million)	Proportion of procurement amount (%)
Locally sourced agricultural products (Taiwan)	45,832	64%	48.6	62%
Non-locally sourced agricultural products (abroad)	25,743	36%	29.6	38%
Total	71,575	100%	78.2	100%

Sustainability Certification

As a retail business, the only way for PCSC to realize sustainable operations is providing consumers with sustainable product options. Even though no privately-owned brand product received sustainable certification in 2020, elements of some of its privately-owned brand products, such as raw materials for meal boxes or beverage packaging did receive sustainable certification. The relevant certification and procurement categories are as follows:

Type of Procurement	Certification	
Plant Products	Soybean: U.S. Soybean Sustainability Assurance Protocol	Potato: Taiwan Agriculture and Food Traceability System
	Rice: Taiwan Agriculture and Food Traceability System	Carrot: Taiwan Agriculture and Food Traceability System
Animal Products	Pork: PCSC procures pork with the Better Life Label or Certified Humane® label	Eggs: The animal-welfare certificate from Taiwan Society of Agricultural Standards, Egg-Friendly Production System Definition and Guidance from Council of Agriculture, Executive Yuan
		Aquaculture: ASC certification (Aquaculture Stewardship Council)
	Beef: PCSC procures beef from suppliers with an animal welfare plan	Wild aquatic products: Factory with MSC certification (Marine Stewardship Council)
Paper and Wood	iseLect beverage packaging material: FSC certification (Forest Stewardship Council).	

3.4 Customer Relationship Management

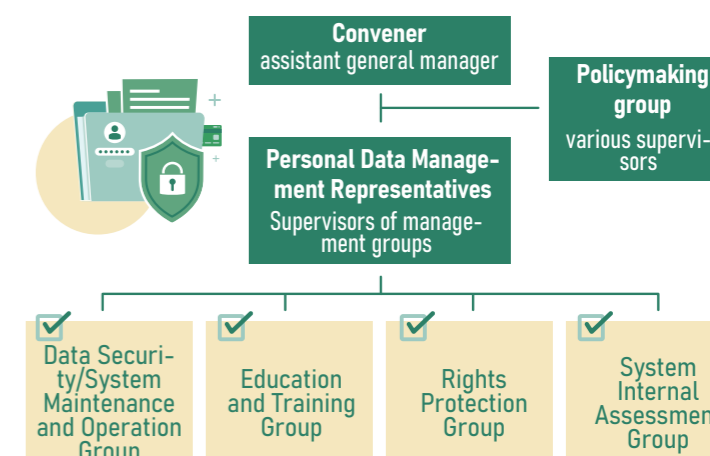
PCSC is an inseparable part of the lives of those who live on this land. How we manage customer data matters to their privacy, and our membership system and preferential programs can help them with their purchases. We at PCSC, therefore, take utmost care in protecting personal information, as well as launching innovative services to become the best partner for the public.

Customer Data Management

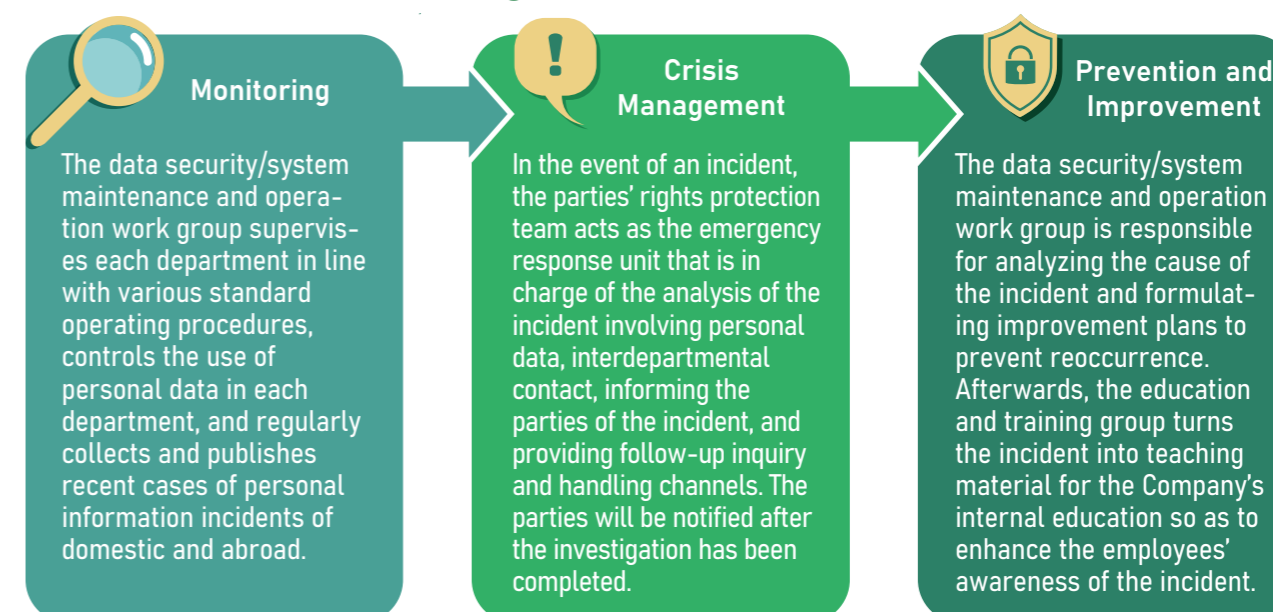
The personal data of many customers is involved in the use of digital technology. In our "Personal Data Protection and Management System and Policy," PCSC has formulated a comprehensive personal data management system and ensured its operations by setting up "Personal Data Protection Working Group", conducting internal training, managing suppliers, performing internal audits, obtaining external certification, formulating crisis prevention and handling procedures, as well as building a grievance mechanism to ensure personal data protection. In 2020, there was no infringement of customer privacy or data leakage.

Personal Data Protection Working Group

The "Personal Data Protection Working Group" is an interdepartmental organization with the Vice President being the convener. The group regularly conducts personal data inventory, risk analyses, internal system assessments, reporting for revision, data destruction, as well as education and training. The group details the results of the previous month in its monthly report, including incidents involving customer privacy violations.



Crisis Prevention and Handling Procedure



▪ **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, correct preventive measures or improvement are 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 safety 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 2018, the Company updated its certification. The certification was still valid in 2020. Moreover, PCSC entrusted a third-party to manage the security and maintenance of the system and obtained the ISO 27001 certification through the entrusted company. The certification covers the in-store POS system, the online and offline point exchange for OPEN POINT members, as well as the mobile pickup system.

▪ **Internal Education and Training and Supplier Conformity**

PCSC has systematized our training, completing 100% of internal training online. We have formulated corresponding punishment for employees violating Company personal data management measures. Clauses concerning data security have been added to all its contracts with external suppliers to ensure that all operating units and suppliers conform to the Company's personal data security policy.

▪ **Grievance Mechanism**

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

Identity	Personal Data Grievance and Contact Window	
Consumer	Integrated Services Center	Tel: 0800-008711 Email: public@mail.7-11.com.tw
Non-consumer	All PCSC departments have respective contact person 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 windows for handling and responding to privacy issues. The processed cases will be reported to the Personal Data Protection Plan Working Group for record-keeping.

Customer Relationship Management

PCSC takes advantage of digital technology to make life more convenient for consumers. Digital tools such as 7-ELEVEN online shopping site, ibon, OPEN POINT app, and MyShip provide consumers with services in cash flow, logistics and information. Consumers are given the opportunity to make the most of PCSC as the base and service center for dealing with errands.

OPEN POINT Membership System

In 2020, PCSC adopted three major strategies for OPEN POINT to show exponential growth. We hope to become the best partner that helps make life more convenient for consumers by optimizing online service scope and quality.



Expansion

The initial challenge of online services is membership expansion. The traditional membership application is cumbersome, as consumers were required to download the OPEN POINT APP or fill in multiple application fields online. This created an obstacle to membership participation. In order to expand the number of people OPEN POINT can serve, PCSC adopted the measure of joining by phone number in September 2020. This successfully attracted more than 3 million new OPEN POINT members. By the end of 2020, the number of OPEN POINT members has reached 12 million, showing an increase of 66% compared to 2019, surpassing the original target of 10 million members.



Linking

In addition to attracting consumers to become members of OPEN POINT, PCSC linked many different channels to provide them with a variety of consumption options.

PCSC actively engaged in cross-industry linking in 2020. In addition to introducing multiple bank resources into OPEN E-Wallet so that consumers can make payments with the OPEN POINT app, it also actively expanded the scope of application. In 2020, the OPEN POINT APP was extended to COSMED and Mech Smile Gas Stations. The "NT\$1 for one membership point" multi-channel point accumulation mechanism contributed to nearly 4 million active app users by the end of 2020. Users of various services increased by 138% compared with the beginning of 2020. In the future, OPEN POINT members will expand from 7-ELEVEN's digital services to the entire PCSC Group, providing high-quality services to a wider customer base.



Integration and Innovation

The OPEN POINT APP integrated OPEN E-wallet, icash Pay, ibon APP (including courier services and mobile printing) in 2020, allowing consumers to use all features in one app.

In addition to integrating different digital service features, PCSC actively expanded the services of OPEN POINT app in 2020, including mobile pickup, point exchange, payment, electronic point collection, pre-order, invoice log and other popular features to create a virtual online shelf. In terms of payment, PCSC integrated LINE Pay and JKOPAY, so that users of these two payments could link their OPEN POINT membership to pay with one barcode, collecting OPEN POINT member points, as well as saving invoices. The Three-in-one service eliminates the inconvenience of switching between different barcodes. In addition, consumers can also check invoice

details through the OPEN POINT app to confirm winning numbers and messages, which greatly improves the convenience of consumption.

In addition to setting up membership systems, we design "member prioritized" and "member exclusive" promotions through understanding current customer information including member characteristics and loyalty status, analysis of new product potential and potential buyer segments based on the OPEN POINT member database to meet the needs of our customers. With big data analysis, revenue from members increased significantly in 2020, growing by some 126% over 2019.

PCSC will continue to refine our membership operations in the future. We are committed to integrating internal and external resources through strategic partnerships to build a more attractive membership ecosystem. We will continue to expand the OPEN POINT membership numbers to enhance customer loyalty. We anticipate a 25% growth in 2021 compared to 2020, meeting the goal of 14 million members.



04

Building A Happy Workplace

Sustainability Performance

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Female managers in revenue-generating functions account for **52.02%**

A total of **261** employees with disabilities were hired, which is **3.07** times the statutory requirement

60.16% of respondents for the employee engagement survey are considered as active

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

The frequency-severity indicator was **0.15** in 2020, lower than the retail industry's average rate of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor

100% of employees with severe abnormalities in the health checkup results received intervention for health management

By 2020, the Happy Cooperative Society has reached a total of **3,563** cases taken care of with a total of **2,779** hours of volunteer consultations

Corresponding Material Topic

Employment

Corresponding Stakeholders

Employees Franchisees Government agencies Public welfare organizations Suppliers Local communities

Reduce the frequency-severity indicator of employees	Zero major occupational safety incident	Validity of ISO 45001 certification
Action Plan	Action Plan	Action Plan
Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.	Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.	Carry out four major occupational safety protection plans, safety and health education and training, as well as occupational safety and health audits. Carry out contractor occupational and safety management.
2020 Goals	2020 Goals	2020 Goals
The Frequency-severity indicator is lower than the retail industry's average of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor	0 incident	Passes reinspection
Achievement	Achievement	Achievement
0.15	0 incident	Pass the annual ISO 45001 system reinspection with zero defect
Target Reached	Target Reached	Target Reached
<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded
Future Goals	Future Goals	Future Goals
The frequency-severity indicator continues to be lower than the retail industry's average rate in the past three years according to the Occupational Safety and Health Administration, Ministry of Labor	0 major occupational safety incident between 2021-2022	Entrusted third-party verification company to reinspect ISO 45001 on an annual basis to ensure validity

Compliance with labor laws and regulations



Action Plan

Perform human rights and labor audits

2020 Goals

0 labor rights violations with fines.

Achievement

2 labor rights violations with fines.

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

0 labor rights violations with fines.



Gender equality promotion



Action Plan

Provide a work environment that respects gender equality

2020 Goals

This is a medium- and long-term goal. No 2020 target has been set.

Achievement

The proportion of female department managers reaches 6.67%

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

The proportion of female department managers reaches 10% by 2025

Gender equality promotion



Action Plan

Provide a work environment that respects gender equality

2020 Goals

This is a medium- and long-term goal. No 2020 target has been set.

Achievement

The proportion of female team managers, store managers, district consultants and department managers reaches 48.99%

Target Reached

- Tracking
- Under Development
- Target Achieved
- Target Exceeded

Future Goals

The proportion of female team managers, store managers, district consultants and department managers reaches 50% by 2025



Employment

Management Approach

Management Objectives and Policies

PCSC strongly believes that only when the employees are happy can PCSC fully demonstrate its values for customers and provide excellent services that exceed the customers' expectations.

We took into consideration international regulations on human rights, such as the "International Bill of Human Rights," "Core Labor Standards of the Fundamental ILO Conventions," and the "Ten Principles of the United Nations Global Compact" to formulate the PCSC Human Rights Policy in June 2018. The seven policies include providing a friendly and safe work environment and treating employees with dignity; prohibiting any discrimination, sexual harassment, non-sexual harassment, workplace violence and intimidation, and provide a grievance mechanism and properly handle various human rights violations; prohibiting forced labor, human trafficking and child labor; ensuring employment, training and welfare, rewards and evaluations, and promotions are all equal; respecting employees' freedom of association, maintaining unobstructed communication channels with employees, and building a harmonious workplace; promoting physical and mental health and work-life balance of employees; establishing diversified communication channels to ensure stakeholders' rights.

Responsibility

Human Resources Department

Action Plan

To ensure law compliance, PCSC periodically performs audits for occupational safety and health and labor conditions to stay updated with the results of management. We provide comprehensive internal and external training, encourage cross-company, cross-field job rotation to enrich the employees' experiences, and assign important tasks and challenges to cultivate outstanding talents. Legal training for all employees is provided to help prevent illegal conduct and create a friendly and safe workplace. Health checks are organized each year with health activities based on analysis of the results over the years to improve employee health.

Grievance Mechanism

A variety of communication channels are offered, such as the Audit Office, Integrated Services Center, or stakeholder platform on the official website. Employees can express their opinions online, on the phone or in writing, with timely responses guaranteed.

4.1 Overview of Human Resources

Employee Structure

Besides our head office in Taipei, we have eight business operation departments to meet the needs of stores and consumers in each region. As of December 31, 2020, PCSC has a total of 8,500 employees (Note 1), and the total number of franchised store staff was 41,312 as of the end of December 2020 (Note 2). Female employees account for 55.34% (Note 3) of all PCSC employees, while 52.02% (Note 4) of managers in revenue-generating functions are female, 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 franchised store personnel is the number of people audited for National Health Insurance and labor insurance as of December 2020. Stores which operates less than a month have not been audited, so the number of personnel in such stores is excluded.

(Note 3) The statistics in this section and the ones below do not include franchised stores.

(Note 4) Please refer to the Sustainability Performance 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." For example, we provide 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, and we have employed more people with disabilities than the statutory quota. In 2020, the PCSC head office and directly-operated stores hired a total of 261 employees with disabilities, accounting for 3.07% of our total workforce and being 3.07 times higher than the statutory quota. Besides employees with disabilities, PCSC also hired 118 indigenous employees, accounting for 1.39% of all employees.

Distribution of employees by gender and type of employment contract (numbers as of December 31, 2020)

	Male	Female
Non-fixed term contract	3,796	4,704
Fixed-term contract	0	0
合計	3,796	4,704

Distribution of employees by region and labor contract (numbers as of December 31, 2020)

	Northern	Central	Southern
Non-fixed term contract	5,423	1,106	1,971
Fixed-term contract	0	0	0
Total	5,423	1,106	1,971

Distribution of employees by gender and type of employment (numbers as of December 31, 2020)

	Male	Female
Full-time	1,864	2,175
Part-time	1,932	2,529
Total	3,796	4,704

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

Distribution of employees by age group (numbers as of December 31, 2020)

Employee category	≤30 years old		31-50 years old		>50 years old		Total
	Male	Female	Male	Female	Male	Female	
Store personnel	1,528	1,671	927	1,676	131	221	6,154
Management personnel	0	0	115	41	88	7	251
Non-management personnel	186	218	679	744	142	126	2,095
Total number of employees	1,714	1,889	1,721	2,461	361	354	8,500

(Note) Management personnel are team managers, department managers, and vice president or above (inclusive). Non-management personnel are general employees in back office.

Total number and ratio of new employees by age group and gender in 2020

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Female	≤30 years old	833	72.69	175	57.57	329	74.94	1,337	70.78
	31-50 years old	260	16.10	36	12.95	97	17.08	393	15.97
	>50 years old	44	20.66	2	4.55	11	11.34	57	16.10
Total		1,137	38.23	213	34.03	437	39.58	1,787	37.99

Percentage of new hires (Number of newly hired female employees in the category that year/ Number of active female employees in the category as of December 31, 2020)

Gender	Age	Northern		Central		Southern		Total	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Male	≤30 years old	898	80.83	163	76.17	322	82.78	1,383	80.69
	31-50 years old	137	12.33	32	15.02	57	14.36	226	13.13
	>50 years old	25	11.01	0	0.00	5	6.17	30	8.31
Total		1,060	43.28	195	40.63	384	44.29	1,639	43.18

Percentage of new hires (Number of newly hired male employees in the category that year/ Number of active male employees in the category as of December 31, 2020)

(Note 1) The number of new hires includes new recruits, leave without pay and reinstatement, and transfer of affiliated companies
 (Note 2) The percentage of new hires for the year is 40.31%

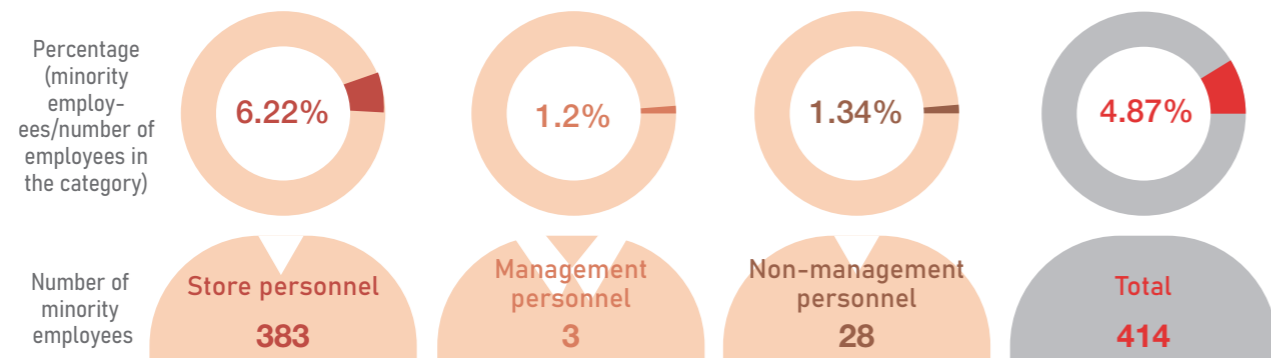
Total number and ratio of employee turnover by age group and gender in 2020

		Northern		Central		Southern		Total	
Gender	Age	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Female	≤30 years old	816	71.20	163	53.62	295	67.20	1,274	67.44
	31-50 years old	287	17.77	52	18.71	93	16.37	432	17.55
	>50 years old	61	28.64	4	9.09	22	22.68	87	24.58
Total		1,164	39.14	219	34.98	410	37.14	1,793	38.12
Turnover (Number of female employee turnover in the category that year/ Number of active female employees in the category as of December 31, 2020)									
Male	≤30 years old	914	82.27	164	76.64	294	75.58	1,372	80.05
	31-50 years old	176	15.84	23	10.80	61	15.37	260	15.11
	>50 years old	36	15.86	8	15.09	14	17.28	58	16.07
Total		1,126	45.98	195	40.63	369	42.56	1,690	44.52

Turnover (Number of male employee turnover in the category that year/ Number of active male employees in the category as of December 31, 2020)

(Note 1) The number of employee turnover includes the number of people on leave without pay.
 (Note 2) The total annual turnover is 40.98%.
 (Note 3) The annual voluntary turnover (excluding retirement & resignation due to illness) is 39.96%.

Minority composition (active employees by December 31, 2020)



(Note) Minorities include 118 indigenous people, 35 foreign employees, and 261 people with disabilities. The percentage of local management personnel is 100% with no employee of foreign nationality.

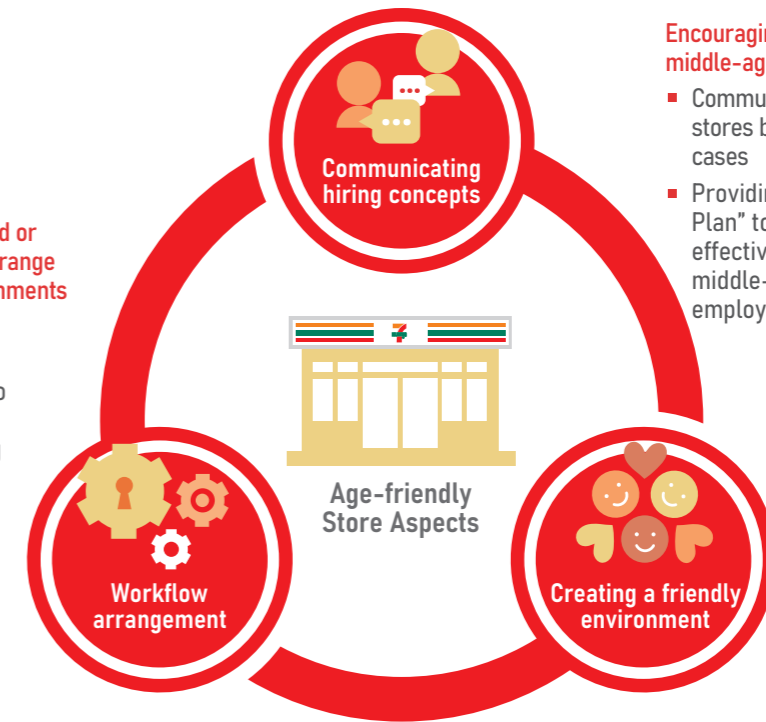
Age-friendly Store Project

PCSC launched the Age-friendly Store Project in response to the impact on the aging population and low birth rates on the labor population, encouraging stores to hire middle-aged and elderly workers with relevant measures.

Recruitment and training is carried out in coordination with such channels as the Senior Store Managers event, senior workforce centers and Employment Service Stations for recruiting middle-aged and elderly workers, and training programs are specially designed for them. To provide the elderly with a friendly and safe work environment, besides organizing training for stores eligible for this project and establishing an age-friendly benchmark store, we focused on three major aspects, including communicating hiring concepts, workflow arrangement and creating a friendly environment.

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

- These employees are given shorter shifts to begin with and adjust afterwards according to their physical condition
- They are not required to climb up or bear a heavy load
- Learning each work item step by step



Encouraging stores to hire middle-aged and elderly employees

- Communicating with eligible stores based on benchmark cases
- Providing the "Elderly Learning Plan" to assist stores with effective training of middle-aged and elderly employees

- Build senior-friendly facilities, such as labor-saving tools and accessibility facilities.

As of the end of December 2020, directly-operated stores hired 810 employees aged 45-55, 146 employees aged 55 and above. In total, we hired 956 employees aged 45 and above, accounting for 11% 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.

Labor-management Communication

PCSC values the opinions and feedback from every employee. We provide numerous communication channels, including the Integrated Services Center, dedicated email, stakeholder platform and internal communication platform, encouraging employees to directly communicate with management. 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 aforementioned channels. A total of 151 reports related to employee rights occurred in 2020, and most of them were related to transfer, unpaid overtime pay and shift reduction. All cases were properly addressed in 2020.

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. Employee representatives are nominated by each department and represent all 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, so as to ensure and improve the effectiveness of communication. A total of 4 labor-management meetings were held in 2020, and topics of discussion included reassignment of labor/management representatives, reelection of occupational safety and health representatives and so on. All resolutions of labor-management meetings are handed over to related units for implementation. Moreover, 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 work environment.

PCSC continues to communicate with its employees with no strike or suspension in 2020. 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 three years or more.

Employee Engagement Survey

PCSC plans to conduct an employee engagement survey every two years to understand the degree of employee engagement and how well they are adapting to the workplace. District consultants and marketing personnel whose work is directly related to store revenue are prioritized survey subjects. We analyzed results of the engagement survey to understand the interaction between managers and employees, and set the goal to increase active employee engagement to 50%. We found the workplace issues that employees felt most urgently needed improvement, and further formulated improvement plans to increase employees' trust in the organization.

The survey subjects were district consultants in 2020. To ask questions that matter, we have included reasons for turnover, leave without pay and other reasons collected through informal channels as foundation for the survey, creating multiple questions. This year, the survey focused on aspects such as job satisfaction, institutional recognition, internal communication, physical and mental balance and commitment to the organization. We adopt the Likert Five-Point Scale to design the texts and scores of the questionnaire. Open-ended questions were given to collect the feedback and thoughts of employees in a variety of ways.

A total of 554 people participated in the survey in 2020 (Note 1), taking up 6.52% of all employees. The percentage of people whose answers were "active" (Note 2) took up 60.16% of all survey participants (Note 3).

(Note 1) The survey is anonymous. To increase the motivation of participation and reduce the number of questions regarding personal information, gender survey was not included.

(Note 2) This survey adopts a 5-point scale, and 4 and 5 points are defined as "active."

(Note 3) The percentage of active employees in 2018 was 48.25%, with a total of 698 employees participating in the survey (accounting for 8.62% of all employees). However, the content of the survey in 2020 was different from that in 2018, so the results cannot be compared.

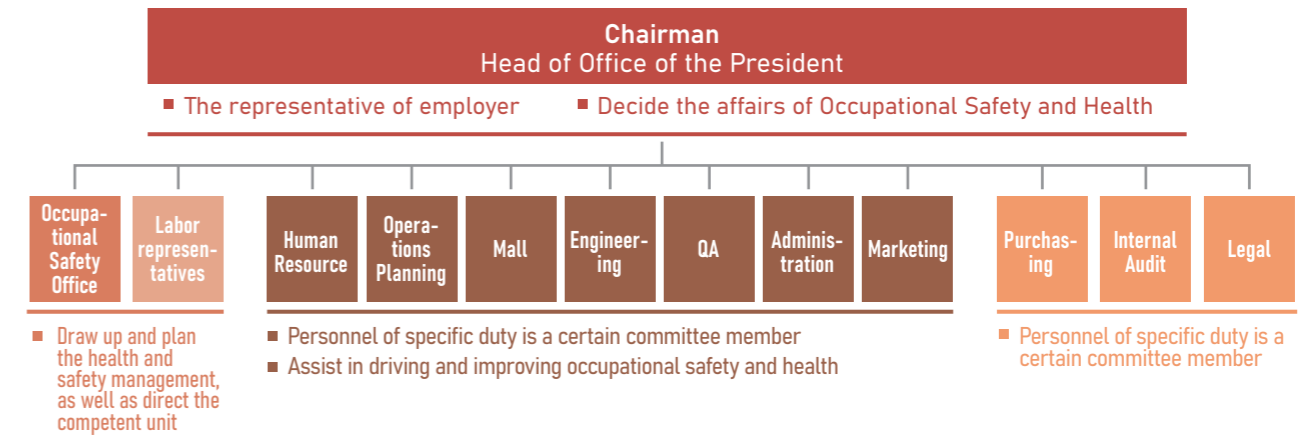
The survey result shows that "System Improvement - Feedback Reduction" is the item district consultants needed the Company to help with since it impacts on working hours, workload and work pressure. We will first review the frequency/themes of survey, plan and control the necessity of feedback from each unit, and set the time for sending surveys to prevent district consultants from being distracted from their main job of assisting the stores by the surveys. For other issues that need to be improved, relevant units will collect in-depth information through informal channels such as district consultant courses.

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 26 members, in which 9 are labor representatives elected by employees and, accounting for 34.62% of all members. The Occupational Safety Office has 3 full-time staff members (1 safety manager, 1 health manager, and 1 safety and health manager). The committee is held on a quarterly basis. The head of the President's Office serves as the chairperson of the meeting, and the Occupational Safety Office and nurses give quarterly reports during the meeting, with

supervisors of the highest level of each unit and labor representatives discussing the Company's safety and health matters. The meeting also establishes occupational safety targets, 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 meetings above, stakeholders can express their opinions on occupational safety and health through the Integrated Services Center, dedicated email, stakeholder platform and internal communication platform.



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 2020 were for frequency severity indicators to be lower than the retail industry's average of 0.36 in the past three years (2017-2019) 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, 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.

For contractors, we hold contractor safety agreement meetings and formulate operating standards for high-risk machinery and equipment operations, rooftop operation techniques and standards or reminder of existing store repair hazards to reduce construction risks. We conduct unexpected construction site audits every year and give penalties to contractors with flaws. In the procurement contract, the contractor shall comply with occupational safety and health laws and regulations and Code of Conduct for Supplier to ensure the contractors' safety and health concepts and protect the rights and interests of laborers.


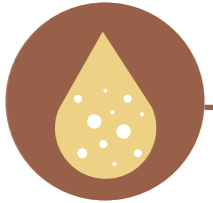

In 2020, PCSC launched a COVID-19 contingency mechanism in response to the pandemic, established a notification mechanism including those who need to be notified and corresponding methods, and enhanced the Company's disinfection and the employees' understanding of epidemic prevention to avoid infection.

Four Major Occupational Safety Plans

Overload prevention plan	Human factor hazard prevention plan	Illegal violence prevention plan	Maternity health protection plan
There were 26 cases at high risk of overwork in 2020, all of whom completed assessment interviews with a doctor in 2020. Eight people needed to limit work.	A human factor survey was handed out during the second half of 2020, with 25 people answering the soreness score of 3 (severe pain) or above. One person completed the interview in 2020.	There were 3 cases of workplace violence in 2020, all of which were accepted with assistance offered. One was internal workplace violence, and two of the cases were external workplace violence (Note). We provided medical assistance, job adjustment and counseling based on the individual condition of the employee who filed the complaint.	There were a total of 47 maternity health protection cases in 2020, all of whom completed interviews with doctors. 8 people needed to adjust their working hours and 3 people needed to adjust their work assignments.

(Note) External meaning the source of violence wasn't from an internal employee.

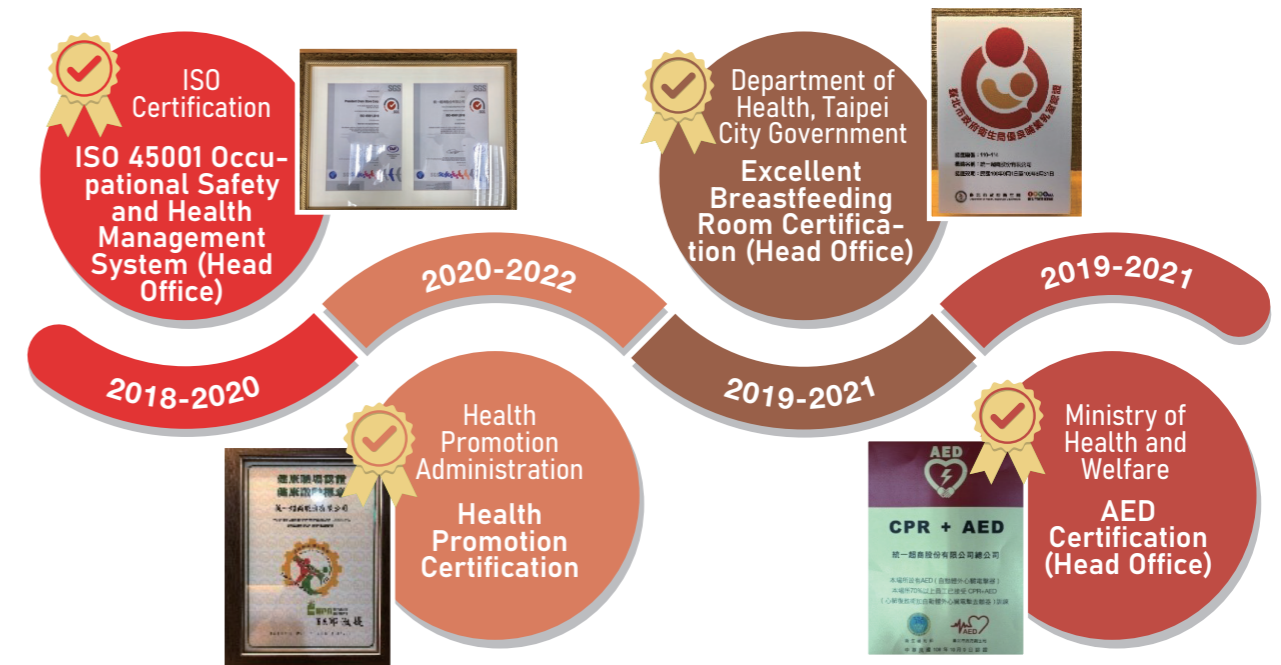
Implementation of Occupational Health and Safety

	Description	2020 Performance
 <p>Safety and Health Training</p>	Certification training (Class C occupational safety and health/first aid): Formulate Class C in-job training material exclusive to the stores in line with the stores' occupational environment.	153 sessions/ 4,505 persons in total.
	<ul style="list-style-type: none"> Occupational safety online course: Organize "Basic Knowledge for COVID-19 Prevention" course to raise awareness of the disease and strengthen the Company's control of the epidemic. Enhanced employees' safety awareness with "traffic safety course". 	<ul style="list-style-type: none"> 8,104 people completed the COVID-19 course. 6,272 completed the traffic safety course.
	Mall safety and health courses: The environment and operations of the malls are different from those in the stores. The mall safety and health course is organized accordingly.	37 people received training.
 <p>Environmental Monitoring (Head Office)</p>	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 increased in 2020 (twice a week) to enhance cleanliness for epidemic prevention.	
 <p>Contractor Management</p>	Supplier security agreement meeting: The meeting was suspended due to the epidemic prevention policy. Written materials were handed out instead.	A total of 138 suppliers.
	In 2020, the risk assessment of the construction site (Note) exposed unsafe behavior and environment. (Note) Construction site refers to renovated store.	The order of the top five risk factors included, failure to wear a safety helmet, incomplete pre-work education, falling, cutting and electric shock.
	Mall construction safety assessment: implement individualized engineering safety assessment and hazard identification in line with the type of construction.	Conducted 6 assessments for high-risk construction cases.

Occupational Safety and Health Management System and Health Certification

PCSC continued to pass the annual reinspection for ISO 45001 Occupational Safety and Health Management System with zero deficiencies in 2020, with the scope covering all employees and workers in the head office to show our determination to create a safety culture foundation that meets international standards. In the future, we will engage all employees to jointly create and maintain a friendly and safe workplace. We will also continue to supervise contractors to participate in these efforts.

Occupational Safety and Health Certification



Occupational Injury Statistics

Employees




PCSC strives to reduce occupational injuries. We have the achievement of zero cases of work-related fatalities or critical injuries for five consecutive years through various safety and health management plans. The frequency-severity indicator was 0.15 in 2020, lower than the retail industry's average rate of 0.36 in the past three years (2017-2019) according to the Occupational Safety and Health Administration, Ministry of Labor. Furthermore, PCSC had no cases of work-related ill health for our employees in 2020.

In order to reduce the probability of employees' occupational injuries, the occupational safety reporting mechanism has been adopted to stay updated with occupational injuries, conduct incident investigations, confirm what happened and explore the causes of occurrence. After understanding the nature of the problem, similar injuries are prevented with environmental equipment and management (training, campaign, etc.), personal protective equipment and other improvement measures.

Number and type of injuries by gender in 2020

	Falling, tumbling	Tripping	Object collapsing	Cuts, lacerations, scrapes	Exposure to high/low temperatures	Improper action	Being hit	Others	Total
Male	1	0	1	0	1	0	1	1	5
Female	2	2	2	1	1	2	0	1	11
Total	3	2	3	1	2	2	1	2	16




2020 Work-related Injury Statistics of Employees by Gender
(excluding traffic accidents while commuting)

 Total number of working hours and injured people	 Male	 Female	Total
Total number of hours worked (unit: hours) (Note 1)	7,123,469	8,555,624	15,679,092
Number of people with regular work-related injuries (Note 2)	5	11	16
Number of people with high-consequence work-related injuries (Note 3)	0	0	0
Number of fatality	0	0	0
Number of people with recordable work-related injuries	5	11	16

(Note 1) Total number of hours worked = number of working days in the current month * 8 hours * number of full-time employees + actual working hours of part-time employees.

(Note 2) Lost work days within 180 days.

(Note 3) Lost work days exceeds 180 days and doesn't include the number of fatalities.

 Work-related injury rate, lost workday rate, frequency-severity indicator	 Male	 Female	Total
Rate of fatalities as a result of work-related injury (Note 1)	-	-	-
Rate of high-consequence work-related injuries (Note 2)	-	-	-
Rate of recordable work-related injuries (disabling injury frequency rate) (Note 3)	0.70	1.29	1.02
Lost workday rate (disabling injury severity rate) (Note 4)	14.74	28.75	22.39
Frequency-severity indicator (Note 5)	0.10	0.19	0.15

(Note 1) Rate of fatalities as a result of work-related injury = number of fatalities*10⁶/total hours worked

(Note 2) Rate of high-consequence work-related injuries = number of people with high-consequence work-related injuries*10⁶/total hours worked

(Note 3) Rate of recordable work-related injuries = total number of recordable work-related injuries * 10⁶/ total hours worked

(Note 4) Lost workday rate = Total workdays lost * 10⁶/total hours worked

(Note 5) Frequency-severity indicator = $\sqrt{\text{Disabling Injury Frequency Rate (FR)} \times \text{Disabling Injury Severity Rate (SR)} \div 1000}$



(Note 6) Due to the inability to obtain the relevant statistical data of the franchised store employees in 2020, and the number of manufacturer workers has not reached a significant level, both of them have not disclosed occupational safety performance.

▪ **Contractors**

In the spirit of treating others as we expect to be treated, PCSC has established a comprehensive occupational safety reporting mechanism and emergency response and incident handling regulations for contractors. When an incident occurs, contractors will notify the responsible unit at PCSC, which then notify the Occupational Safety Office. Incident review meetings are held afterwards, and contractors are required to attend the meetings and give a report, in order to ensure safety in the work environment.

There was no cases of severe work-related injuries or ill health in 2020. Please refer to the table below for work-related injuries regarding contractors in 2020.

Number of contractor employees injured in 2020

	Object dropping	Being pinched	Tripping	Object collapsing	Total
 Male	1	0	1	1	3
 Female	0	1	0	0	1
Total	1	1	1	1	4

2020 Work-related Injury Statistics of Contractors (excluding traffic accidents while commuting)

Total hours worked and number of injured people	Total
Total number of hours worked (unit: hours)	578,560(Note)
Number of people with regular work-related injuries	4
Number of people with high-consequence work-related injuries	0
Number of fatality	0
Number of people with recordable work-related injuries	4

(Note) The total hours worked for the contractors' on-site employees are estimated based on the number of stores opened that year and contents of the contract.

Work-related injury rate, lost workday rate	Total
Rate of fatalities as a result of work-related injury	-
Rate of high-consequence work-related injuries	-
Rate of recordable work-related injuries(Note1) (disabling injury frequency rate)	6.91
Lost workday rate (disabling injury severity rate) (Note 2)	658.53

(Note 1) Due to the lower total hours and higher number of injuries in 2020, the relevant ratios are higher than that in previous years.

(Note 2) Unless otherwise noted, please refer to the notes for other nouns and formulas in the "2020 Work-related Injury Statistics of Employees by Gender."

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 170 people in 2020. 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 to incomplete record-keeping resulting from 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 back office employees working overtime. Therefore, occupational safety and health as well as labor conditions are inspected. Please see the following table for audit results in 2020. For other human rights risk assessments and mitigation measures, please refer to "PCSC Human Rights Due Diligence Procedure" (Note 1).

(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	2020 Results
Attendance review	Each month	No abnormality
Labor audit from competent authority	Nonscheduled	No legal violation

(Note) There was no violation of occupational safety and health regulations with fines in 2020.

▪ **Directly-operated Stores**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Attendance review	Each month	No abnormality	-
Store self-inspection and district consultant reviews for occupational safety and health	Each May	The store performed self-inspections and reviews	Mitigation measures are all tracked by store managers
Labor audit from competent authority	Nonscheduled	There were two violations with 3 items non-compliant, including total daily/monthly overtime exceeding the limit, and employee missed clocking in and failing to re-register, causing attendance records not to be recorded daily to the minute. The violations led to NT\$90,000 fine in total.	Optimize the attendance system and ask management to share information on correct attendance management

(Note) There was no violation of occupational safety and health regulations with fines in 2020.

▪ **Franchised stores**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Store self-inspection and district consultant reviews for occupational safety and health	Each May	All stores performed self-inspections and reviews	
Third-party (Note 1) labor conditions inspection	June-October each year	A total of 5,305 franchised stores were inspected, with 186 abnormalities detected. The main issues included failure to present attendance data, the shift interval being shorter than 11 hours, and the number of abnormal working hours (such as double shift/overtime, etc.), etc.	Mitigation measures are all tracked by store managers
Third party (Note 1) occupation and health inspection	June-July each year	A total of 2,800 franchised stores were inspected with the deficiency rate of 2.19% (Note 2), showing a 32% decrease compared to 2019. The main issues included items not being piled up in accordance with regulations and incomplete records for the four major occupational safety protection plans.	

(Note 1) A third-party consulting company was entrusted to implement.

(Note 2) The number of deficiencies in all stores/the number of items inspected in all stores, the number of deficiencies in the stores excludes 3 items related to training and health check. Due to the epidemic in 2020, it wasn't as easy to perform training and health checks, so it was excluded from the number of deficiencies.

▪ **Contractors**

Audit Action	Audit Frequency	2020 Results	Mitigation Measures
Unannounced occupational safety and health inspection at construction sites	Each month	117 inspections with 7 showing no deficiency. 308 deficiencies were detected and improved, with the improvement rate of 100%. The number of inspections increased by 172% compared with last year.	Issue review and keypoint sharing: In order to prevent the contractor from recurring the same deficiencies, we analyze the audit results and make graphic announcements to the responsible units to help them focus on important deficiencies.

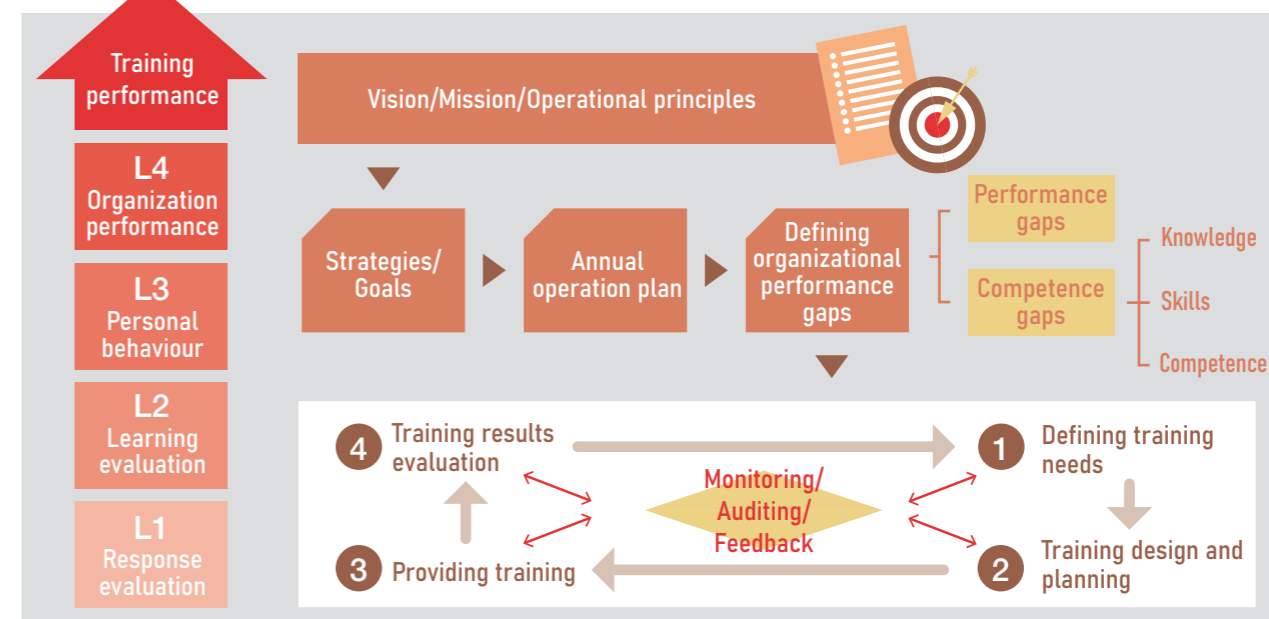
In addition, the Labor Safety Office also conducts occupational safety and health audits for the head office, stores and malls. Risk assessments are carried out according to different working environments. Unexpected inspections are carried out to verify the implementation of occupational safety and health in various units. In 2020, a total of 206 inspections were conducted, of which 25 have no deficiency. 518 deficiencies were improved with an improvement rate of 100%. The number of inspections increased by 160% compared to last year.

4.3 Training and Development

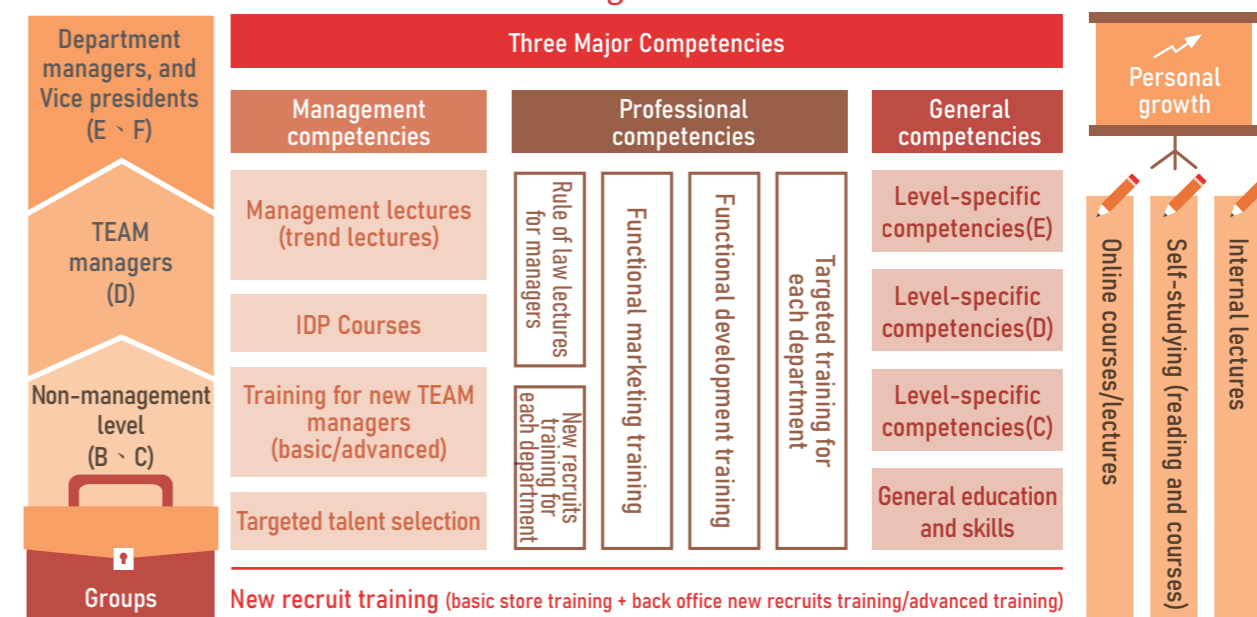
Employee Training Plan

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 regardless of gender, 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 that each position should be equipped with and corresponding courses, standardizing various training activities, assisting them in reinforcing behavior or skills. Our goal is to strengthen the sales/marketing training framework, expand group-level training and plan internal and external lectures. The Talent Development TEAM of Human Resources Department and Sales Training TEAM of Operations Planning Department are responsible for implementing education and training.

Education and Training Planning Structure



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, lectures 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. We invested a total of NT\$24,679 thousand in education and training in 2020, with the average training expense of NT\$2,903 per person (Note).

(Note) The reduction in training expense per capita is due to the group's epidemic prevention policy. The Company's large-scale training activities such as teaching observations, annual special training, back office courses, etc. were suspended. The back office staff mainly relied on online learning, and the sales supervisor training adopted video or online teaching. Therefore, training costs dropped significantly compared to that in 2019.

In addition to education and training, we also provide scholarships for on-the-job training and subsidies for learning foreign languages. We encourage employees to gain work-related knowledge when they are off work. 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 platform and internal communication platform.

Education and Training Statistics

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 back office staff, general education courses and specialized training for each unit.

The average training hours of all employees was at least 25 hours in the past five years. Total education and training hours were 232,545 hours in 2020, with an average of 27.36 hours per person. The talent development plan continued during the pandemic with a digital learning environment. By focusing on digital learning and in-store training, 64% of employee learning hours took place online.

Average employee training hours in 2020 (classroom + online courses)

Type of employees	Store personnel		Management personnel		Non-Management personnel		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of total training hours	59,471	92,902	6,717	1,390	38,337	33,728	104,525	128,020
Total number of employees	2,586	3,568	203	48	1,007	1,088	3,796	4,704
Average hours of training per employee	23.00	26.04	33.09	28.96	38.07	31.00	27.55	27.22

Education and Training Courses

Online Learning Curation

Due to the impact of the epidemic in 2020, most physical courses were put on hold. To avoid interruption in learning and increase the employees' motivation of online learning, we launched an annual online learning curation program. The courses cover categories such as trend, masterclass, office skills, career development, etc. For the first time, PCSC collaborated with educational Youtubers to create course content, allowing the employees to carry out thematic learning systematically. Two batches of online courses were launched with a total of 21 lessons (53 levels). Fun competitions were also incorporated to increase the willingness to learn. A total of 8,326 people participated in the two batches of online courses in 2020.



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 2020, a total of 7 digital lectures were organized with 1,949 participants, showing an increase of 91% compared with last year.

OPEN Masterclass



TK Culture Promotion

- ISE (In store Experience)

In order to help back office supervisors think from the store's perspective and understand how plans from headquarter impact stores, PCSC launched ISE in 2015, helping back office staff come up with projects closer to the point-of-view of the store. We trained experience planning advisors to provide professional advice on a better experience, guiding supervisors and store employees engage in business communications.

A total of 6 batches were organized in 2020 and 12 supervisors participated in the experience. A total of 127 batches have been held so far with 237 supervisors engaging in it.



General Legal Education

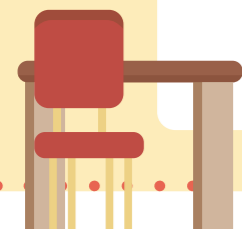
We utilized the group's resources and provided legal education with our parent company Uni-President Enterprises Corp. to increase the supervisors' legal awareness in decision-making. Other common elective courses were also launched to share education and training resources.

General Education and Training in 2020

Target Audience	Supervisors above TEAM level at PCSC must receive 3 hours of legal education a year. The course is selective 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 trademark rights and management instructions, trade secrets and insider trading, zero violence in the workplace, office hazard prevention, cases of store violation (back office), how to prevent overwork and so on.



- 2020 Results**
- Worked with Operations Training department to produce **2** online operation courses
 - 12** online courses/lectures (including video conferences)
 - Legal course: **4,499** people completed



Franchisee Education and Training

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

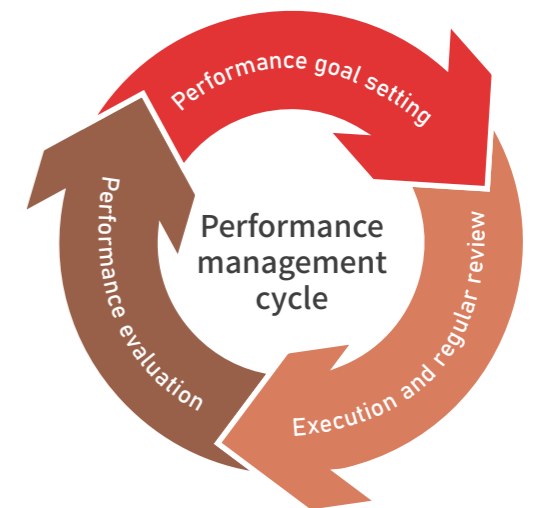
Franchisee training can be divided into two categories, namely basic training for new franchisees and training for store managers. The basic training for new franchisees refers to a total of 172 hours of intensive training lasting for 4 consecutive weeks, during which the knowledge and skills required 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 2020, training was completed for a total of 272 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. The courses cover community management, team building, marketing and sales techniques. In 2020, a total of 6,065 people completed the store manager training.

Performance Management

In the implementation of performance management, besides establishing goals that the Company and employees agree on for driving growth and strengthening the connection between the evaluation indicators of employees and the company's important operating performance, employees can also 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.

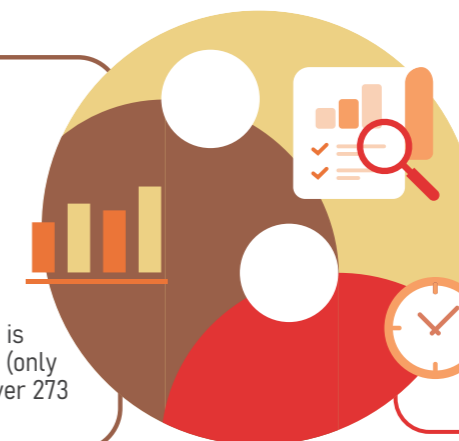
PCSC full-time employees whose annual performance cycle meets the number of days specified for evaluation, are required to regularly receive performance reviews regularly regardless of gender. We use a promotion system for employees who continue to show good performance, namely having a higher base salary,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



Performance Management

Full-time Employees

- Performance goals are set in the first half of the year, for which supervisors and employees discuss and set the goals for the year. 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).



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.

▪ 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 talent development and cultivation. In 2020, a total of 12 talent appraisals were organized with a total of 85 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 percentage of open positions filled by internal candidates (Note) in 2020 is 54.55%.

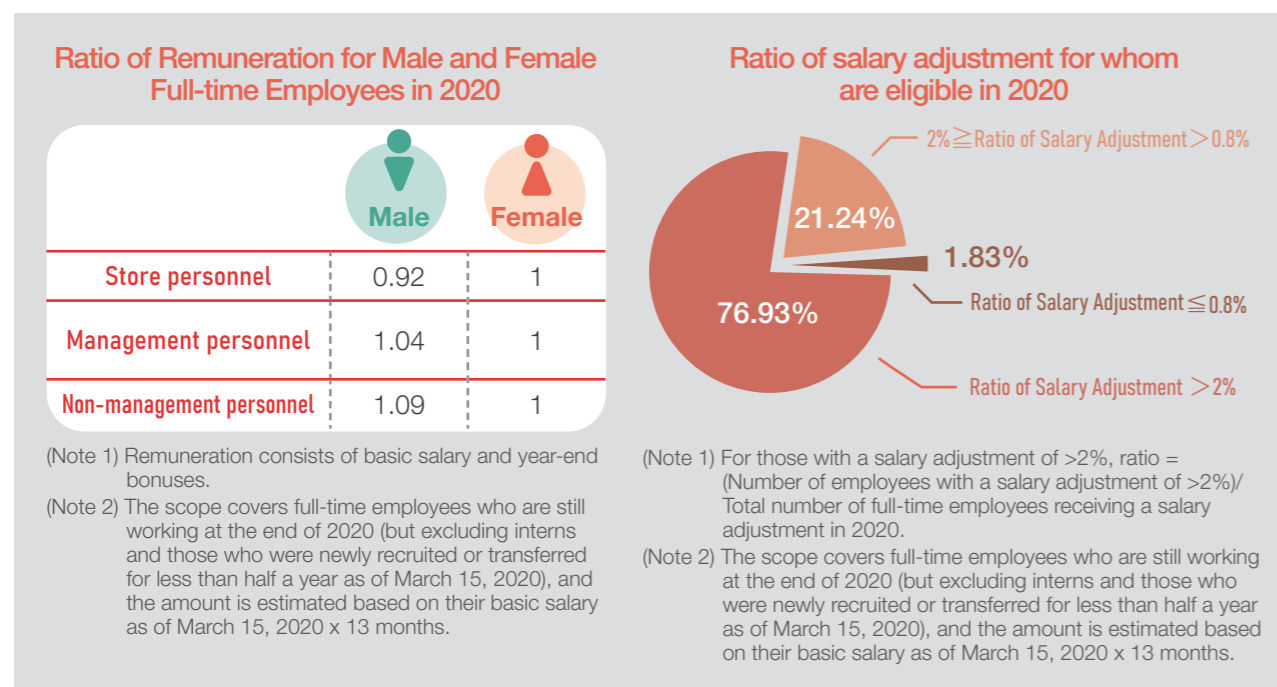
(Note) The number of PCSC employees transferred/Total number of open positions at PCSC

4.4 Welfare, Remuneration and Care

Remuneration

The PCSC remuneration policy ensures that all full-time employees receive higher payment than the statutory minimum wages, taking into account the price levels of different 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 employees’ needs by adjusting the starting salary of new recruits in April each year. In 2020, 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 back office 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 basic salary so that the employees and their families have enough for a decent life.

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 2020, the starting salary of college graduates that were hired as PCSC's back office staff was 1.46 times the statutory minimum wages (NT\$23,800), and 1.73 times for those with a master’s degree. There was no significant difference in the remuneration ratio between men and women in 2020, and the basic salary plus year-end bonus ratios of all types of employees were within 1.1 times. In terms of salary adjustment, most of the adjustment was greater than 2% in 2020.



According to the Corporate Social Responsibility Report Authoring and Reporting Guidelines for TWSE/TPEX-listed Companies, we disclosed the number of full-time non-management personnel (Note) as 5,321 in 2020, with the average salary of NT\$978 thousand, and median salary as NT\$827 thousand. The number of full-time employees in 2020 increased by 34 people compared to 2019. The average salary in 2020 increased by NT\$8,000 compared with 2019, and the median salary increased by NT\$4,000.

(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.

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 is expected to include living wage (Note 1) 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 more competitive and reasonable salary.

(Note 1) PCSC refers to the living wage research report of the Chung-Hua Institution for 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 monthly consumption expenses per capita “Taiwan’s average monthly consumption expenses on food, clothing and housing per capita * (laborer + ratio of dependents)” was adopted to estimate the average living wage in 2020. The relevant calculation quotes the results of the 2019 household income and expenses surveys published by the Directorate General of Budget, Accounting and Statistics in the latest year, and concludes that the average living wage in Taiwan was NT\$27,649 (Note 2).

(Note 2) In 2020, the average number of employed persons in each household in Taiwan should bear the living expenses of 1.12 family members, with the average monthly consumption expenses per person as NT\$22,881, of which the total consumption expenses on food, clothing and housing accounts for 57%, including food, beverages and tobacco, clothing and footwear, residential services, utility, gas and other fuels, furniture, equipment and housekeeping services, restaurants and hotels.

Health Promotion

Employees are vital assets 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, 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. An infirmary was also set up at the head office to measure the employees’ blood pressure and treat simple wounds. Employees are also provided with exclusive “Health Passports” as well as a fitness life circle exclusive for employees through an app in 2019, encouraging all employees to maintain the habit of exercise. We also provided health education through periodic e-newsletters and lectures, which encourages employees to manage their own health.

In 2020, we formulated epidemic prevention strategies in advance and expanded the scope of risk targets (employees whose relatives and friends returning to Taiwan from overseas in the same household or having been to the same places as confirmed cases need to work from home for 14 days. Store employees are given days off). In 2020, a total of about 1,500 people were monitored through the early warning system. The Company also provided various assistance to employees during this period. Please refer to the Sustainability Column of “Convenience Stores Joining the Fight against the Pandemic.”

Resources/Services

Health Check and Follow-up

Annual health check for employees and food workers (annual)

----- 2020 Performance -----

A total of **6,136** people received the health check, with a satisfaction score of **4.5** and a participation rate of **85%** (Note 1).

Every two years, full-time employees who are over 36 years old receive NT\$16,000 for health check subsidy

----- 2020 Performance -----

A total of **2,667** employees were eligible in 2020.

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



Individual Healthcare Services

Healthcare services provided by doctors since 2013

2020 Performance

Doctors provided **576** hours of one-to-one healthcare services for a total of **721** employees, with the satisfaction rate reaching **4.8** points.

4 registered nurses

2020 Performance

- Treatment was provided for **268** 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.

Health Promotion App

"Fitness Life Circle:" Four month-long exercise promotion events were organized in 2020, including the "Year of the Mouse" event, two self-discipline events and the team event for the Dragon Boat Festival. The weight-logging event was also launched.

2020 Performance

- A total of **7,777** people joined with **49.89** million steps were made during the year. (burning 1.25 million calories with the equivalent of 1,633 kilograms.)
- The Dragon Boat Festival event added a run twist to the depressed lifestyle during the pandemic through team cohesion with a high level of participation and completion, as well as great feedback.

Mommy Handbook

Expecting mothers receive key points of nutrition and daily life reminders for each stage of pregnancy, the pregnancy app, and subsidies and measures from the Company

2020 Performance

A total of **47** people received this service

Others

Encourage flu vaccination: To maintain respiratory health and prevent the flu virus, the group launched the flu vaccination subsidy for the first time at the end of the year, handing out the subsidy of NT\$600 per person to increase the motivation for vaccination. Vaccination at work was also arranged.

2020 Performance

A total of 866 people completed the vaccination, with the vaccination rate reaching **10.1%**

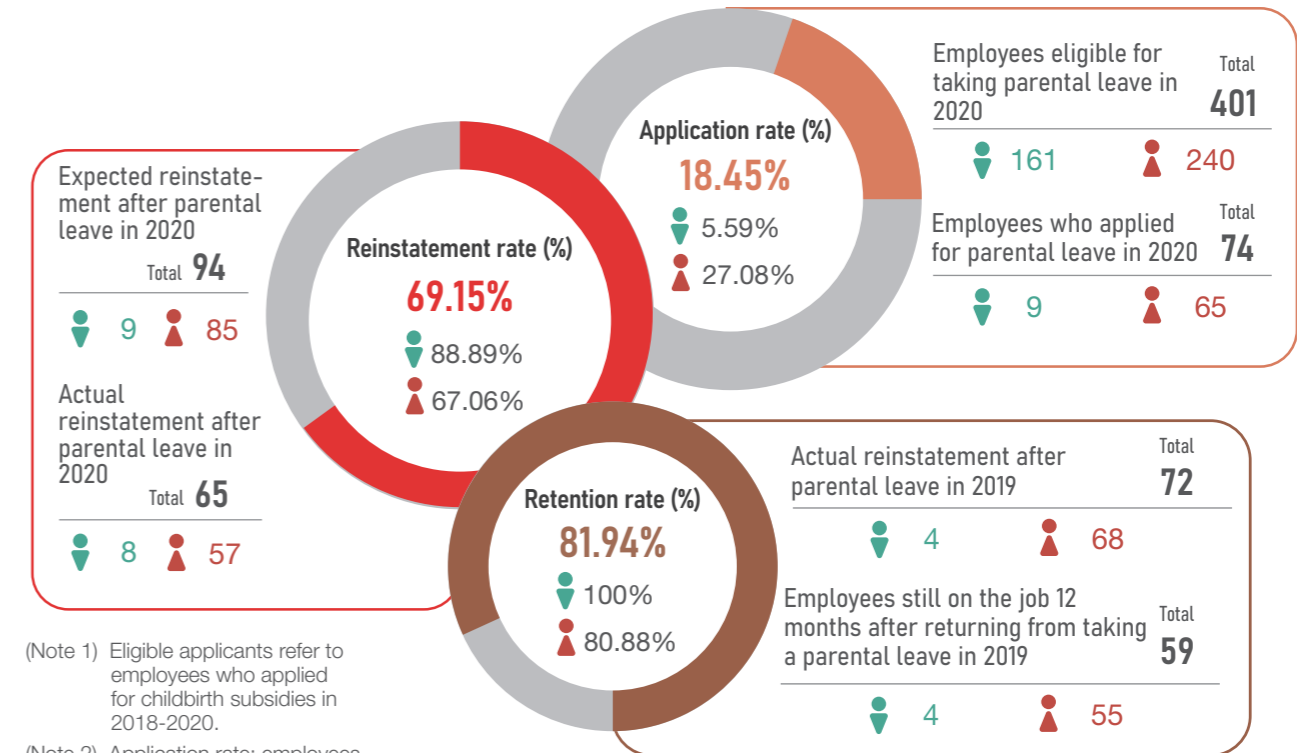
Assistance with Work/Life Balance

PCSC looks after its employees as well as their families. To this end, it has set up nursing 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 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 slot to work, which makes it easy for them to allocate their time and achieve work-life balance.

Due to the COVID-19 pandemic in 2020, PCSC formulated the "Work from Home Guidelines for employees" and supporting measures for attendance, allowing back office staff to work from home in order to keep the workplace healthy and help the employees cope with any emergency. In May 2020, the guidelines for working away from office were also set, starting to include "working away from office (working from home)" into the system.

(Note) Please refer to page 58 of the 2020 Annual Report for various welfare, including employee and family insurance discounts, pension, parental leave, etc.

Employee application, reinstatement and retention rate for parental leave in 2020



- (Note 1) Eligible applicants refer to employees who applied for childbirth subsidies in 2018-2020.
- (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 reinstatement after taking parental leaves (during the previous period)
- (Note 5) The actual number of people reinstated in 2019 is slightly different from in the number in 2019 CSR report due to difference in calculation method.

Franchisee Benefits

The number of PCSC stores exceeded 6,000 in 2020, with a total of 3,711 franchisees. To listen to their voice and feedback, PCSC visited 40 stores and participated in 4 franchisee discussion forums in 2020 to interact face-to-face with 72 stores. PCSC continues to stay updated with franchise profits. In 2020, PCSC provided a total of NT\$15,324 thousand in subsidies to franchise stores in areas severely affected by the epidemic to build a relieving environment for franchisees to gain stable profits.

PCSC also has the physical care and leisure activities of the franchisees in mind. In 2020, PCSC spent NT\$20.35 million in budget for vacation subsidies and other subsidies for franchisees. To take care franchisees more and care about the health of their families, spouses working in stores were entitled to health check benefits in 2020. A total of 126 spouses applied in 2020 with the application rate reaching 33%. Please see the right table for other welfare measures.

Insurance subsidies and benefits enjoyed by franchisees

Insurance Subsidy

Group insurance 15% of premiums for group insurance of franchised stores are subsidized	Franchisee /Employee of franchised store Mutual Association A mutual-support mechanism between franchised stores that provides funeral assistance for direct dependents
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Benefits

Franchisee benefits trust Subsidy for investment is given to encourage investment	Discounts Group movie tickets subsidy, discounts on commodities from affiliated enterprises and leisure activities
Health checkup subsidy	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



05

Engaging In Social Welfare

Sustainability Performance

2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION	11 SUSTAINABLE CITIES AND COMMUNITIES

Good Neighbor Meal Delivery Team provided **37,990** meals to disadvantaged households, up 30% from last year and expanded the service to outlying islands.

Organized **6,517** Good Neighbor Funfests attracting estimated **147,000** participants. Organized **907** health-related events with an estimated **42,852** participants.

Good Neighbor O2O Funfest attracted a cumulative estimate of **42,000** families to participate.

Raised **NT\$208 million** in spare change and pledged donation of goods.

Supported **72** schools and reading classes and encouraged **4,000** children to develop reading habits.

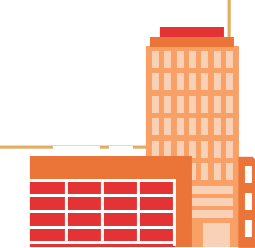
Corresponding Material Topic

Local Communities

Corresponding Stakeholders

Social Welfare Organizations

Good Health and Well-being	Zero Hunger	Sustainable Cities and Communities
Action Plan Promote events like Good Neighbor Health Funfest, and What Time Is It? Café to increase public awareness.	Action Plan Arranged stores to organize Good Neighbor Meal Delivery Teams to provide food to seniors living in remote areas, and raised funds for organizations that provide meals to disadvantaged seniors.	Action Plan The Youth Deep Roots Project helps youth returning to their hometowns to develop diversified local industries.
2020 Goals Hold 1,800 Good Neighbor Health Funfests. Serve 900 elderly people for What Time Is It? Café project in 10 stores.	2020 Goals Expand service to an outlying island and make up for the gap in deliveries during weekends. 65 stores provide 26,000 meals.	2020 Goals 30 collaborative projects with groups of youths from 2018 to 2024.
Achievement A total of 907 Good Neighbor Health Funfests in 2020, with an estimated 42,852 participants. Served a total of 510 elderly people in 2020.	Achievement 41 stores delivered 37,990 meals and expanded services to include outlying islands.	Achievement 3 collaborative projects for a cumulative total of 7 collaborations.
Target Reached Tracking Tracking Under Development Under Development Target Achieved Target Achieved Target Exceeded Target Exceeded	Target Reached Tracking Not for target number of stores Target Achieved Exceeded goal for target number of meals delivered	Target Reached Tracking Under Development Target Achieved Target Exceeded
Future Goals Hold 1,800 Good Neighbor Health Funfests every year from 2021 to 2024. • Serve 1,000 elderly people in 14 stores in 2021. • Serve 1,500 elderly people in 2024, and serve a cumulative total of 6,000 elderly people from 2020 to 2024.	Future Goals • Deliver 32,000 meals in 2021. • By 2024, we will extend our services to have 90 stores deliver 39,000 meals each year in 12 counties, cities, and outlying islands.	Future Goals • 8 collaborative projects in 2021. • 30 collaborative projects from 2018 to 2024.





Local Communities

Management Approach

Management Objectives and Policies	Our mission is to become the indispensable neighbor that spreads love and safety in the community. Starting with our core business and operating within the community allow us to better understand the needs of local residents and to earn their trust as well as good will. We use our resources to dedicate to 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 6,000+ stores across the country.
Responsibility	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, ibon machines) donated to non-profit and social welfare organizations, making 7-ELEVEN a reliable charity platform.
Action Plan	<ul style="list-style-type: none"> Health & Well-being: What Time is it? Café, Good Neighbor Health Classroom, Smart Health Stations & Good Neighbor Health Funfest Eliminate Hunger: Good Neighbors Meal Delivery Team Sustainable Cities & Communities: Youth Deep Roots Project Education Cultivation: Sustainable Funfests & Reading Encouragement Program Environmental Protection: Beach cleanups Charity Fundraising: Monetary, points and goods donations.
Grievance Mechanism	Established a Integrated Service Center to accept ideas and feedback regarding PCSC's charitable activities.

(Note) referred to hereafter as the "Good Neighbor Foundation"

5.1 Corporate Philanthropic Strategy

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 education and environmental protection, and therefore we continue to utilize our wide network of channels to create platforms for charity donations.

Childcare is increasingly focused on the importance of parent-child interaction these days, and parent-child interaction and child education has become more important. Along with the rise in sustainability awareness, we have integrated educational element with Good Neighbor Funfest and created easy-to-read teaching materials that share information on several core ideas of PCSC's sustainable operations - environmental protection, food education, health, and charity. We also partner with schools and implement reading encouragement programs to encourage children to develop reading habits.

PCSC noticed uneven development and resource distribution between urban and rural areas in recent years, in addition to an aging population, falling birth rates, and decline in local tourism and industries. PCSC Good Neighbor Foundation launched the Youth Deep Roots Project to support youths returning to their hometowns to develop local industries and worked with them to promote local marketing and procurement.

PCSC is concerned with public health and continues to focus on preventive medicine for common health problems. In response to the aging population, we promote activities such as What Time Is It? Café to help seniors improve their health. PCSC also set up Smart Health Stations to encourage people to monitor their health regularly. We held activities, such as Good Neighbor Health Funfest and Health Classrooms to raise public health awareness.

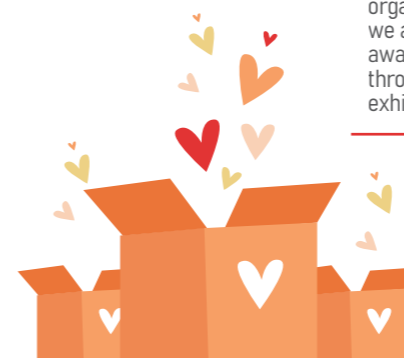


With the younger, working population leaving rural areas, seniors are left behind. We discovered that these seniors were skipping meals and suffering from malnutrition. Therefore, PCSC had our stores organize Good Neighbor Meal Delivery Teams to bring meals to seniors living in remote areas. PCSC also raises donations for social welfare organizations that provide meals to disadvantaged seniors and provides a platform where the public can donate money or food to these organizations, allowing us to help more vulnerable groups.

PCSC has utilized our vast, convenient network and influence to promote social awareness and enthusiasm for philanthropy. As thus, we have created several different platforms for charitable donations, including spare change donation, ibon machine donation, pledge donation of goods.

Environmental issues have been at the forefront in recent years, and PCSC has been dedicated to taking action and promoting awareness. Our Love Nature Society has continued to organize beach cleanups, and we also raise environmental awareness and attention through our photography exhibition.

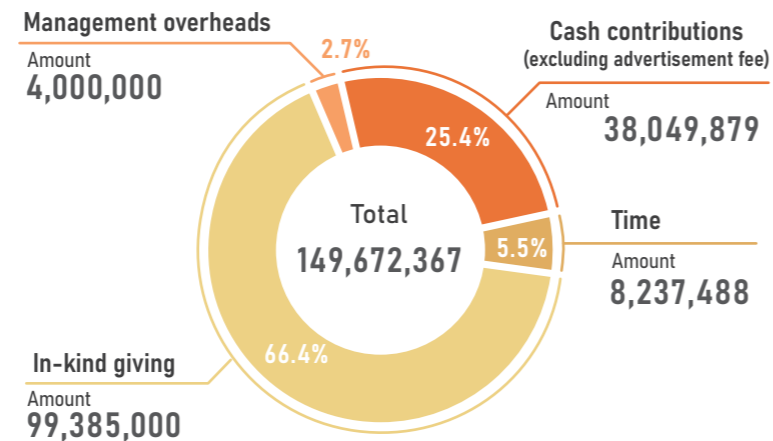
By engaging in community services and charitable fundraising such as donations of money, goods and points, we not only fulfill our goals for promoting public health, eliminating hunger, developing communities, fostering education and protecting the environment, but also better understand the needs of the community like nutrition and health or local economic development through our interactions with the public. These can then be transformed into future opportunities such as promoting 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 philanthropic events. The monetary equivalent of the amount of time and other contributions that PCSC invested in charity in 2020 are shown below. In 2020, all in-store events were cancelled between February and May because of the pandemic, therefore there was a decrease in the amount of time and in-kind giving compared to last year.

The monetary equivalent of time and other costs contributed by PCSC in charity events in 2020 (unit: NT\$)



(Note) Calculations are based on factors such as the number of hours individuals contributed, salary, and the number of events held in 2020. Cash contributions include charitable donations of NT\$36,940,279, including donations to the Millennium Health Foundation, Taiwan Delica Foods Development Association, and academic organizations as well as grants and scholarships.

5.2 Good Health & Well-being

Community Outreach

Smart Health Stations & Good Neighbor Health Funfest

Since 2008, the Good Neighbor Foundation has collaborated with the Millennium Health Foundation to establish Millennium Health Stations at selected stores. People can measure their blood pressure and waistlines at these stations, and there is a yearly national health exam event, during which the public is encouraged to combat the "three highs" (high blood pressure, high blood sugar, and high cholesterol) and prevent metabolic syndrome.

Starting in 2015, we have employed cloud technology to create Smart Health Stations, allowing residents to routinely measure their blood pressure, heart rate, and blood oxygen levels, etc. at stores and communities, making it easier for the public to manage and track their health. The database also connects to 10 local medical facilities, allowing the public easy access to their data for doctors when making a diagnosis. Our Smart Health Stations were used a total of 109,314 times in 2020, up from last year.

In 2020, we held 907 Good Neighbor Health Funfest activities, covering blood donation, blood pressure measurement and other activities, with an estimated 42,852 participants. For the 12th annual National Health Day, PCSC



Good Neighbor Foundation partnered with the Millennium Health Foundation to assist the public with measuring their blood pressure and waistlines for free across all 671 stores in Taiwan with a Millennium Health Station. Games and activities to promote health awareness were also provided to inform the public about normal blood pressure levels and waistlines. The event saw over 30,000 participants, and we recruited 522 medical personnel and 217 volunteers to help.

Good Neighbor Health Classrooms

Studies show that the public is still unaware of the dangers of dementia. As such, PCSC hopes to increase awareness of dementia by providing information on prevention or delaying the degeneration, especially in rural areas that lack medical resources.



The Good Neighbor Health Classrooms started in 2015, and toured around Pingtung countryside in 2020. We partnered with Pingtung Christian Hospital to hold the Good Neighbor Health Classrooms in stores to teach and promote awareness and prevention of dementia, including courses like prescription consultations, nutritional diet, and identifying signs of early dementia. We held a total of 24 events with stores in 2020, with 1,957 participants.

Care for Children with Special Illnesses & Medical Personnel

We use our diverse locations to serve as a platform to communicate with customers and community stakeholders. We invited the OPEN family to visit the children in the pediatric ward and clinic at two hospitals, the Yunlin Christian Hospital and Wangfang Hospital. At Tungs' Taichung MetroHarbor Hospital we provided 100 cups of coffee for free to show our support for the nurses. We also held a magic performance in the lobby of Wangfang Hospital to give support and care to the community during the pandemic.

Partnering with Dr. Rednose, an NGO dedicated to child-friendly medical services, we provided "OPEN! CARES Health Promotion Stations" at the Mennonite Christian Hospital in Hualien and the Taitung Memorial MacKay Hospital Pediatric Ward to bring happiness and ensure learning continues during the pandemic.



5.3 Zero Hunger

Caring for Seniors

▪ Good Neighbor Meal Delivery Team

PCSC stores are located within every county and city, and through our meal delivery service we are able to provide meals to disadvantaged households or seniors. Starting from Hualien and Taitung in 2014, we have now expanded to include New Taipei City, Taipei City, Yilan County, Pingtung County, Chiayi, Green Island (outlying island) in 2020.

We call upon our store managers to deliver meals to seniors who are living alone or have limited mobility. In addition to delivering meals, they also care for 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. In addition to solving the meal problem, it also encourages seniors to walk out of their homes to interact with others. We partnered with 4 foundations in 2020, 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 37,990 meals were delivered, up 30% from last year.

Feedback from Stakeholders

Store Manager Ching-Tai is a franchise partner with over 20 years of service on Green Island. When she first joined the Good Neighbor Meal Delivery Team, she didn't understand why it was necessary for the seniors to pick up the meals in-store. She asked the volunteers from the foundation and they told her that this service was provided by PCSC and the foundation, and as most of the seniors were also low-income and had difficulty leaving the house, the volunteers usually delivered the food to them during the week. But the volunteers don't work on the weekends, and since the stores are still open, the seniors can come during the weekend and pick up meals themselves to save them the cost of an extra meal.

Store Manager Ching-Tai said she could never imagine how important it would be to provide someone with the option of picking up their meals, and she's happy that she is able to help others. She also expressed recognition for company's charitable endeavors, and acknowledges the impact.



5.4 Sustainable Cities & Communities

Development of Local Industries

▪ Youth Deep Roots Project

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 has 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 discovers 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 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, making stores around Taiwan ideal partners in the drive to revitalize. There are currently two modes for operating the project. First, we provide the opportunity for young entrepreneurs to integrate their activities with existing PCSC community events (e.g. Mini Store Managers); second, we share in-store resources such as space and customers. There were three collaborative projects with youth groups in 2020, an increase from last year.

Accompanying more youths are returning to their rural hometowns to start businesses can help PCSC increase local procurement in the long term and benefit business, the environment, and society through local development, procurement, and marketing.

Details and Achievements of 2020 Projects

Hualien Fish Bar – Mini-Fishermen Event

Hualien Fish Bar has been collaborating with PCSC Good Neighbor Foundation since 2017 to promote seafood sustainability education and has since expanded to the Taipei metropolitan area in 2020 to spread the importance of seafood and ocean sustainability.



We are also furthering our collaboration to hold workshops for the promotion of sustainable fishing and seafood education. Families work together and complete scavenger hunts in-store to learn about the intimate relationship between seafood and our lives. Learning about the fish we commonly see can close the distance between us and the ocean. A total of 720 participants attended the 24 events held in 2020.

5.5 Education Cultivation

Reading Encouragement

Reading Encouragement Program

Over 20% of Taiwan's rural elementary schools have no budget for purchasing books and 90% need external help to promote reading (Note). In alignment with SDG 4 "Quality Education", the Good Neighbor Foundation instituted a read-for-points system that allows children to exchange 50 points for a NT\$50 7-ELEVEN gift card. This motivates children to read and develop a reading habit.

(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.



Since 2011, PCSC Good Neighbor Foundation has worked with the New Jiaxian store to promote students to read to collect points, which can then be exchanged for breakfast. This system saw the reading rate of four local middle and elementary schools increase fivefold with over 4,000 books borrowed over a semester. We have since introduced the system to elementary schools in areas like Tainan, Taitung, Chiayi, Hualien and Pingtung, etc., and also to reading classes in non-profit organizations such as the Chinese Christian Relief Association. Students can get points from teachers for reading books and then exchange them for rewards, which provides incentives to read on their own and present book reports. Reading and literacy has improved subsequently among these students. We worked with 72 schools and reading classes in 2020, encouraging over 4,000 students to read, and handing out points equivalent to 120,000 books read.

We also partnered with schools to introduce Good Neighbor Classrooms and bring students into 7-ELEVEN stores for field trips. Children are motivated to study by utilizing what they have learned in real-life situations, combining fun and education. We have held over a hundred events since we began in 2015.

Feedback from Stakeholders

Teacher:
7-Eleven is the department store here in the mountains - we go almost every day - and the kids were ecstatic when they found out that they could get gift vouchers for reading books. The class has read 100 books already. The program is a great motivator.

Details and Achievements of 2020 Projects



The Miaoli Young Farmer's Union - Mini Farmer Workshop

The Miaoli Young Farmer's Union is intent on providing safe agricultural products, growing with young farmers, and connecting with consumers in order to foster sustainable development of Miaoli's young farmers who care local agriculture. PCSC has began working with the union to promote local agricultural products in 2019. In 2020, we focused on yams from Miaoli and held three Mini Store Manager events teaching children about food and agriculture (Mini Farmer Workshops). A total of 69 people participated in the events, during which we promoted safe local agricultural products to instill the importance of food education from a young age.



Details and Achievements of 2020 Projects

Sunny Rush in Miaoli

Starting from sharing the art of rush-weaving and fostering the career development of local artists, the Sunny Rush team works with 45 local rush-weavers to hold classes that promote rush-weaving and train new talent. They hope that by selling the products, they can preserve this traditional art and create a more robust industry.

We have been working with Sunny Rush since 2020 and held the "Summer of rush-weaving" event in stores to introduce rush-woven art and products. Rush-weaving workshops allowed the public and children to learn more about Taiwan's rush-weaving culture, and in-store promotions reintroduced this hundred-year-old Taiwanese tradition to the public. We held 5 events in total, and attracted 48 participants. Related products were sold for a total of NTD\$ 63,378 in-store and prompted customers to make 1,000 visits and purchases.



Feedback from Stakeholders

Sunny Rush:
The project provided marketing resources and funds to relieve the financial burden of marketing. It also allowed us to connect with new consumers, creating greater economic benefit. Only with greater economic benefits can the existing social impact be expanded.

Online Picture Books

The American Academy of Pediatrics’s policy statement once mentioned that early childhood literacy is closely linked to health later on in life, and promotes reading with children as an important part of childcare. Picture books are a great way to start reading for parents and children alike because of the rich illustrations and descriptions within. Considering social distancing measures during the pandemic, the Good Neighbor Foundation developed several DIY picture books available online and at ibon machines that the public can download and print for free. The books cover topics ranging from environment, food safety, health, and charity. By popular request, we’ve also started our Good Neighbor O2O Funfest (Online to Offline), allowing parents to pick up materials in-store and then download materials online to complete the project with their children at home. They can then bring the finished book to the store and receive an award, which combines fun and learning without violating social distancing protocols.

We first introduced the *Green Sustainability Picture Book* series in 2020, covering four major environmental topics - *Conserving Electricity*, *Conserving Water*, *Recycling*, and *Planting Trees* – to teach children the importance of being sustainable. The books also include crafts such as a “turn off the lights!” sign, and recycling labels to encourage environmentally friendly actions in life. We also partnered with the Vision Project at the United Daily News Group to start the “OPEN! & Vision Project’s Ecofriendly Classroom column”. We share eco-friendly tips, and parents can scan the QR codes within the books to access environment-related articles.

We also published two picture books with handprint illustrations on food education. *Eat to Move, Move to Eat!* teaches children about the six major food groups of a healthy diet, increasing their nutritional literacy. *I Can Take Care of Grandma & Grandpa’s Health* is a collaboration with long-term advocate for senior welfare, A Kernel of Wheat Foundation (whose partnership with PCSC is entering its seventh year), to share the five most common nutritional problems affecting seniors from a nutritionists’ standpoint. The book provides solutions and explanations to each problem that are easy for children to implement at home, and they can also share this information with elderly relatives to facilitate intergenerational interaction.

Together with Dr. Chen Youda of the Taipei Medical University Hospital, we published the *Where’s OPEN! & Friends?* picture book in April, 2020. Parents can read this book with their children and learn about animal & environmental conservation, safety, health & care and other topics. The Mini Store Manager Prep Boardgames debuted in July, 2020, turning the original in-store Mini Store Manager event into a board game. Through the game, children learn to deal with sudden and unexpected situations that can arise as a store manager, developing logical thinking and problem-solving skills, as well as interpersonal relationships and teamwork etc.

An estimated 42,000 families attended Good Neighbor O2O Funfest in 2020, and the DIY craft materials online had over 47,000 downloads.



Feedback from Stakeholders

Parents:
I enjoyed helping my kids put together *the Green Sustainability Picture Book - Conserving Electricity Edition* and watching them learn ways to conserve electricity. Thank you for such a great book!



Offline Sustainability Funfest

The Good Neighbor Funfests has begun in 2009 and focused on community outreach through four major themes like 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. We also hold DIY workshops and activities for the whole family to foster parent-child relationships. From providing mostly interactive experiences in the beginning, to the addition of other themes such as food education and sustainability, etc. in 2020, we have taken Good Neighbor Funfest events up a notch to be more educational. We also first expanded our reach of stakeholders, partnering with universities involved with USR (University Social Responsibility), connecting with the younger generation. Additionally, children can bring information home to their grandparents, further connecting with the senior population, propagating the overall benefits of these events. In 2020, 3,286 stores held 6,517 Good Neighbor Funfest events, with 147,000 attendances.



Funfests centered around food education began in 2020, with accompanying picture books online that include activities and worksheets. Through this, we communicate the importance of a balanced diet, tips for seniors’ diet and solutions to common nutritional problems in seniors, so children can fully understand the nutritional needs for their grandparents.



The “Youth Deep Roots in Sustainability Project” was also introduced in 2020 and trained undergraduate students to help children learn about sustainability issues in stores. We partnered with 5 USR universities (National Chengchi University, National Taipei University, National Central University, Feng Chia University, and National University of Kaohsiung) and set up two-part educational training workshops on campus. The first part is the SDG training workshop to introduce undergraduate students to SDGs and help them understand PCSC’s sustainability practices. The second part is the Sustainability Ambassador Workshop, which helps undergraduate students develop lesson plans on sustainability. Students are then encouraged to come up with their own creative lesson plans and to go to our stores, where they can teach children about common SDG issues, sustainability labels (e.g. FSC, Carbon Footprint Labels), and

help them better understand the meaning of environmental sustainability. In 2020, 379 people attended Youth Deep Roots in Sustainability Project workshops and produced 28 sustainability lesson plans. There were 46 Good Neighbor Sustainability Funfests with a total of 690 children in attendance.

Economically disadvantaged families or those with children having special illnesses have been especially impacted by the pandemic. Therefore, we held Good Neighbor Summer Charity Funfests during summer break and invited the children from Chinese Christian Relief Association's reading class to attend for free. We also had events that the public could sign up for by donating OPEN POINTS, all of which were donated to providing meals for children after reading class.

Feedback from Stakeholders



Parent:
These sustainability labels are easily overlooked in our everyday lives. We got reacquainted with them today and realized that environmental conservation and protecting the Earth starts from the little things you do every day. It was a great event! I would love to see similar events in the future with more people in attendance. Thanks!



Although some beaches will never be truly devoid of marine debris, 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. The Love Nature Society partnered with three local Kiwanis International chapters in Keelung and Community Development Association. Nearly a hundred people collected almost a hundred bags of litter and bulky trash in beach cleanups in 2020. We hope that we have spread environmental awareness to more people so they can develop more sustainable habits.

Feedback from Stakeholders



In exchanges between participants after the event, they all agreed that beach cleanups not only allowed them to do their part for the environment, but also to enjoy time with their children. It was also a good opportunity to teach their children about conserving resources and protecting our oceans.

5.6 Environment Protection

Marine Conservation

Beach Cleaning with the Welfare Committee - Love Nature Society

Trash from the ocean litter the sand, stealing it of natural beauty and preventing recreational use of our beaches. It creates problems for marine life as well, and worse, as the plastic becomes brittle and breaks down through exposure to the elements, it mixes with the sand and becomes even harder to remove. This creates microplastics that enter the ecosystem, ending up in our bodies through the food chain. PCSC's Welfare Committee founded the Love Nature Society in 2016, participating in the Environmental Protection Administration'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 2020, we continued beach cleanups after the pandemic was under control. As of the end of 2020, we have taken part in 27 beach cleanups, removing approximately 16.2 tons of trash according to conservative estimates (Note). The trash comes from a variety of sources such as illegal littering & dumping, fisheries, recreational activities, household garbage, floating trash, and debris from natural disasters and landfills (marine litter).

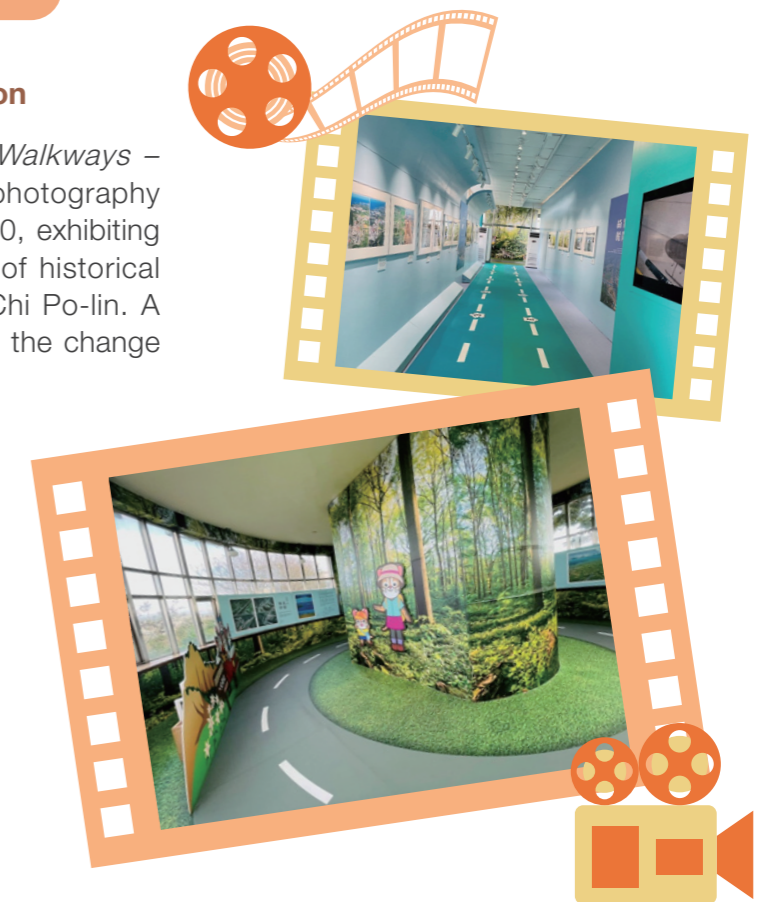


(Note) The figure is calculated as "a total of 27 beach cleanups" multiplying "yielding at least 30 or more 70-liter EPA garbage bags (excluding bulky trash)" multiplying "each bag being estimated to weigh 20 kgs".

Promoting Environmental Awareness

Chi Po-lin Photography Exhibition

We organized the *Highway · Green Walkways – Highways in the Eyes of Chi Po-lin* photography expo at the Tai'an service area in 2020, exhibiting over a hundred unpublished photos of historical highway construction from Director Chi Po-lin. A historical timeline was added to show the change in time, from when the highway was being constructed, to what it looked like when it was finished. Director Chi Po-lin takes the viewer on a visual journey to witness the transformation of not only the highway, but of the surrounding area by taking a birds-eye perspective. Through this photography exhibition, we hope that the public not only sees the changes of the highway over the past fifty years, but also to invite them to lean in and pay attention to the local environment and ecosystem, passing on the value of sustainability.



5.7 Charity Fundraising

OPEN POINTS Donation

Combining charity donations with technology in the digital age can make the donating 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 charity.

A total of 3.3 million points, equivalent to NTD\$ 3.4 million were collected in 2020 - of which 1,065,648 were OPEN POINTs, and 2,243,543 points were from various events. Most of the points donated went to providing meals and daily necessities for disadvantaged seniors and families. Our partnering organizations for the year are listed below.

A part of the points provided A Kernel of Wheat foundation with 46,739 bottles of vegetable oil (NTD\$ 2,336,950 market value) to support mobile kitchens and meal-sharing locations for disadvantaged seniors.



Monetary Donations

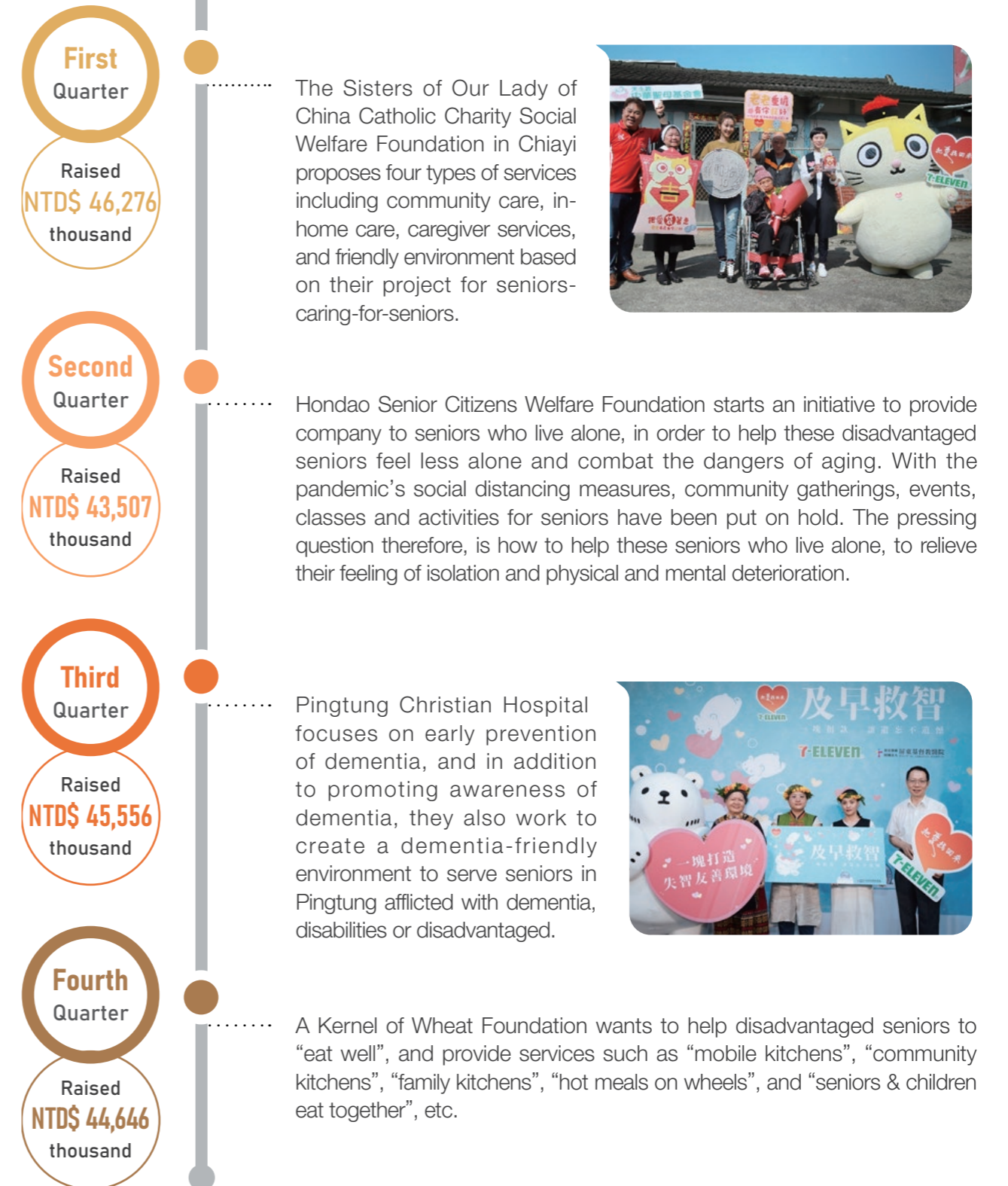
In-store Spare Change Donation

We launched the "Bring Back the Love" charity campaign in 1988, setting up over 6,000 in-store donation boxes. We also carefully keep track of and audit monthly donations 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 society, "care for seniors" was added to our "Bring Back the Love" spare change donation platform starting in 2014. In 2020, we collaborated with 4 charities to care for disadvantaged seniors and tackle issues such as senior-only households, seniors living alone, dementia prevention and care, and meal deliveries for seniors. We raised NTD\$180 million in 2020 through the program.

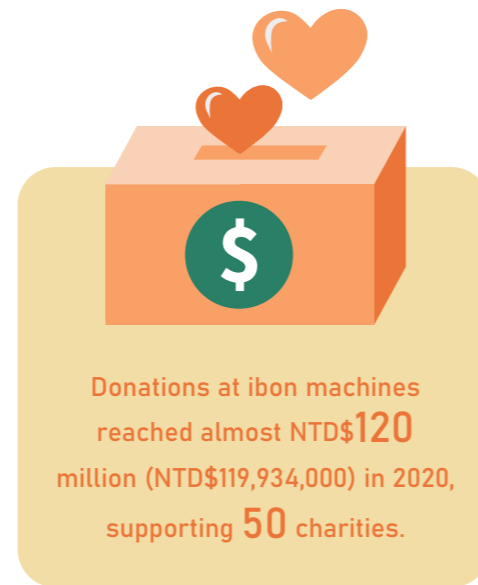
Partnering Organization & Service



▪ **ibon Donations**

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

The global economy suffered in 2020 because of COVID-19, affecting people’s livelihoods and impacting especially the charities that have been silently caring for the disadvantaged groups. In an effort to better understand the pandemic’s impact on social welfare groups and fundraising activity, PCSC started the ibon crowdfunding project in 2020 and partnered with Global Views Media to conduct the “2020 Survey on the Pandemic’s Impact on Social Welfare Groups”. We also filmed a promotional video with 50 major charities to encourage public donations at ibon machines.



▪ **Creative Donations Initiative**



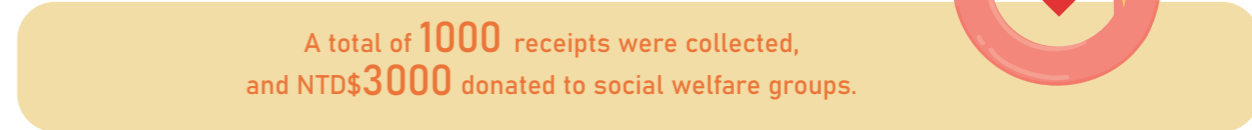
Long concerned with caring for disadvantaged seniors, “Bring Back the Love” Charity Donation Platform continues to employ innovative, interesting, unique, and interactive methods to encourage fundraising. The OPEN!LOVE Coffee on Wheels—Putting Love into Action event in October, 2020 communicated PCSC’s sustainability practices. Through utilizing online social media campaigns and the Coffee on Wheels event, we connect OPEN Chan with partnering charities: Sisters of Our Lady of China Catholic Charity Social Welfare Foundation, Hondao Senior Citizens Welfare Foundation, the

Pingtung Christian Hospital, and A Kernel of Wheat Foundation. The event provides quality coffee to encourage the public to donate and share the love, and we promoted around 60-70 charities with whom we collaborated with.



▪ **Donations in Malls**

PCSC promotes donations of all kinds and has long been concerned with social trends and issues. Our New Rende Store located in the Rende Service Area has an ongoing charity event, where passersby can donate receipts. For every receipt donated, the store will match and triple it, and then donate NTD\$3 to charity.



Goods Donation

PCSC wants to encourage the public to help disadvantaged families with daily necessities together. The public has been able to pledge items for donation at ibon machines since 2018, making it easier and more convenient to donate.

In collaboration with Christian Relief Association since 2018, we have provided packaged food and meals to support financially disadvantaged households in need. We also donate gift boxes on certain holidays to encourage families to spend the festive season together.





06

Promoting Green Operations

Sustainability Performance



The total amount of green procurement in 2020 accounted for **10%** of the total amount for annual purchase

The Energy Use Intensity (EUI) was reduced by **3%** in 2020 compared to 2019

87 vehicles of the latest environmentally-friendly standards were introduced to the PCSC fleet

Corresponding Material Topic

Energy and GHG Waste

Corresponding Stakeholders

Suppliers Employees Franchisees Public Welfare Organizations Government Agencies
Local Communities

Reduce Energy Consumption	Introduce Environmentally-friendly Vehicles	Green Procurement
Action Plan	Action Plan	Action Plan
Adopt energy-saving measures in stores, including energy-saving upgrades of air-conditioning and refrigeration equipment, optimization of store lighting systems and heat exchange	Replace vehicles from the previous generations with eco-friendly ones from the latest generation	Purchase equipment and consumables with Energy Label, Eco Label or certification, or proven to bring actual eco-friendly benefits
2020 Goals	2020 Goals	2020 Goals
Reduce the Energy Use Intensity (EUI) in the stores by 13% compared to 2014 or 1% compared to 2019	Introduce over 86 vehicles of the latest environmentally-friendly standards	The amount for green procurement accounts for 6% of the annual procurement
Achievement	Achievement	Achievement
The EUI for 2020 was 919 kWh per square meter, reduced by 3% compared to 947 kWh/square meter in 2019	Introduced 87 vehicles of the latest environmentally-friendly standards	The amount for green procurement accounted for 10% of the annual procurement
Target Reached	Target Reached	Target Reached
<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded	<input type="checkbox"/> Tracking <input checked="" type="checkbox"/> Under Development <input checked="" type="checkbox"/> Target Achieved <input checked="" type="checkbox"/> Target Exceeded
Future Goals	Future Goals	Future Goals
Reduce EUI by 0.5% in 2021 compared to 2020, reaching 914.7 kWh per square meter.	<ul style="list-style-type: none"> Replace all vehicles below phase 3 by 2021 Replace all vehicles below phase 4 by 2026 Replace all vehicles below phase 5 by 2036 	Reduce single-use plastic products by 5% by 2023

Packaging Reduction - Plastic Packaging

Action Plan	Launch the packaging-reduction project, pilot program for cups for rent and introduce fully-automated recycling machines
2020 Goals	
Tracking	
Achievement	Tracking
Target Reached	<ul style="list-style-type: none"> Tracking Under Development Target Achieved Target Exceeded
Future Goals	<ul style="list-style-type: none"> Less than 20% of single-use plastic by 2023 Less than 10% of single-use plastic by 2028, eliminate plastic grocery bags and straws Eliminate single-use plastic

Food Waste Reduction

Action Plan	Reduce the weight of food waste in the stores and factories
2020 Goals	
Tracking	
Achievement	Tracking
Target Reached	<ul style="list-style-type: none"> Tracking Under Development Target Achieved Target Exceeded
Future Goals	Reduce food waste by half by 2030 based on the amount of food waste in 2019

Compliance

Action Plan	Perform environmental management and raise awareness or relevant regulations
2020 Goals	
Tracking	0 major environmental regulation violation
Achievement	Tracking
Target Reached	<ul style="list-style-type: none"> Tracking Under Development Target Achieved Target Exceeded
Future Goals	0 major environmental regulation violation

Energy and GHG Management Approach

Management Objectives and Policies	<p>Tackling climate change has now become an urgent issue. Energy and GHG management is crucial to combating climate change. With the tightening of mandatory measures at home and abroad, consumers and investors attach great importance to corporate GHG emissions, to the point that energy and GHG emission management has a significant impact on a company's revenue, cost, asset value, goodwill and operational continuity.</p> <ul style="list-style-type: none"> Energy Policy GHG Policy
Responsibility	Engineering and Technology Department (store renovation), Operation Planning Department (assisting store personnel in implementing energy management and conservation actions), Administrative Management TEAM (staying updated with the energy consumption of the headquarters building and introducing energy-saving measures), and the Logistics Planning TEAM (staying updated with and improving the energy conservation and carbon reduction measures of logistics affiliated companies)
Action Plan	<ul style="list-style-type: none"> GHG inventory Store and office energy-saving and carbon reduction measures Logistics energy-saving and carbon reduction measures
Grievance Mechanism	Hotline of the Integrated Services Center (0800 008 711) or email (public@mail.7-11.com.tw)

Resource Waste, Effluent and Waste Reduction Management Approach

Management Objectives and Policies	<p>The challenges that come with the consumption and scarcity of natural resources, as well as waste disposal and pollution, have made reducing resource waste a very important part in the overall PCSC operating value chain.</p> <p>Environmental Policy</p>
Responsibility	Operations Planning Department
Action Plan	<ul style="list-style-type: none"> Tracking the volume of waste removal Reusing store equipment Promoting a convenient recycling platform in stores Saving paper Tracking store water consumption Introducing water-saving facilities
Grievance Mechanism	Hotline of the Integrated Services Center (0800 008 711) or email (public@mail.7-11.com.tw)

6.1 Environment Management

Policy and Commitment

Clear and consistent standards and understanding are at the core of effective management mechanisms. PCSC has formulated “Environmental Policy”, “Energy Policy”, and “GHG Policy” as the guiding principles for the group’s actions on environmental issues. PCSC will exert its influence to implement green operations and realize the vision of a sustainable earth based on this foundation.

Environmental policy

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

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

Energy Policy

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

Our commitment:

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

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 impact. To fulfill our corporate responsibilities, we will control and manage the current status of greenhouse gas emissions (GHG). We will further promote energy-saving and carbon-reduction plans based on the result of the inventory, with a view to reducing greenhouse gas emissions and contributing to the environment.

Communication and Incentives

PCSC has integrated policy with practice through continuous and diversified communication methods, passing the message to store staff through different awareness-raising programs, online courses or education and training, helping each employee implement environmental management in their daily lives.

In order to encourage employees to actively manage energy use in stores, PCSC has formulated the “Energy Conservation Incentive Measures 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. In 2020, store energy saving became a regional engineering evaluation item. The top 3 stores from each quarter received a group bonus of NT\$1,000 and a bonus of NT\$5,445 for recovery of abnormal electricity charges in stores.



Green Procurement

The source of many environmental issues comes from procurement. PCSC promotes green procurement to purchase equipment and consumables that have obtained energy-saving label, environmental protection label or certification, or have actual environmental protection benefits for the stores. Green building materials are adopted for store renovation, in order to reduce the consumption of natural resources and negative environmental impact while maintaining smooth operations and service quality.

The items of green procurement, environmental protection labels and certifications are listed below. In 2020, the total amount of green procurement reached NT\$845 million, accounting for 10% of the total annual procurement amount of PCSC, reaching the original target for annual procurement percentage of 6%. The percentage decreased compared with 2019 due to the increase in procurement expenses for store decoration and energy resource use in 2020, resulting in a decline in the percentage of product-oriented green procurement.



Categories of Green Procurement	Procurement Items	Procurement Amount (NT\$ thousand)	
Energy Star	Meet the product energy efficiency requirements of Energy Star, USA	LCD screen, laser printer	51,100
Forest Stewardship Council (FSC) certification	The entire manufacturing process of wood products meets the sustainable management requirements of FSC	ORUS publication, stirrer, disposal chopsticks for mexl boxes (100 pairs)	36,811
Carbon label	Demonstrate the GHG emissions during the product life cycle	Paper star photocopy paper	3,474
RoHS	Verify electronic engineering and electronic products that comply with EU regulations on the use of hazardous substances	Uninterruptible power system, coffee machine, ST, Switch, WAP, POS cash register/office computer	285,055
Energy label	1. Air Conditioner Performance Mark - Cooling Seasonal Performance Factor (CSPF) reaches level 1 2. Energy Label from Bureau of Energy, Ministry of Economic Affairs	Inverter AC, circulation fan, LED lamp	144,985
Green Building Material Certification	Obtaining the Green Building Material Certification from the Taiwan Architecture & Building Center or adopts construction methods with environmentally-friendly patent	Green building materials	87,105
With actual environmental protection benefits	Plastic replacement	Environmentally-friendly PLA packaging materials in stores, including coffee cup, ice cream cup/Slurpee cup, PLA straw, paper straw	187,053
	Customized equipment is self-tested by PCSC and has actual power-saving benefits	Power-saving devices	49,805
Green Procurement Total			845,388

Resource Efficiency

Population growth and modern people's pursuit of convenience and quality of life have accelerated the consumption of natural resources. In addition, climate change has led to the fragility of the earth's natural environment. The current rate of human consumption of natural resources is 1.6 times the speed of regeneration of the earth's ecosystem (Note), meaning that humans use the resources of 1.6 earths. Even if the COVID-19 pandemic caused a decline in global economic activity in 2020, many studies have shown that the consumption of natural resources has only temporarily slowed down, and the overall trend continues to deteriorate. As a frontline company that creates convenience in people's daily life, we have the responsibility and need to take active measures to reduce waste of resources and actively improve efficiency.

(Note) Based on the research results of the Global Footprint Network.

Reduce, Reuse, Recycle

PCSC starts reducing resource waste from four major aspects, including packaging and packaging materials, food waste, waste and water resources. We aim at effectively using resources and reducing waste through the 3R principle, namely reduce, reuse and recycle.



Packaging and Packaging Material Management

The trend of plastic reduction in 2019 continues to be a hot topic in 2020. Although the global plastic reduction agenda has been delayed due to the pandemic, the stakeholders' attention on plastic pollution has not been diverted. All sectors have examined packaging and plastic packaging material used in supermarkets, convenience stores and hypermarkets that are closely linked to everyday life. PCSC has named 2020 as the First Year of Plastic Reduction to promote the plastic reduction strategies, goals and action plans to reduce plastic for packaging and packaging materials, as well as tracking the performance. For details, please refer to the "Plastic Use Reduction" on page 17-20 of this report.

Food Waste Management

The Food Waste Index Report published by the UN Environment Programme (UNEP) in 2021 (Note) states that nearly 1 billion tons of food is wasted globally each year, causing 10% of carbon emissions. Not only does this contribute to the climate crisis, but it is also one of the reasons for deteriorating biodiversity and global pollution. The report points out that food waste in restaurants and shops accounts for 17% of the total food waste. As a part of the food supply chain, PCSC has the obligation and perfect position to solve the problem of food waste. To this end, PCSC has developed a sound management mechanism, including formulating strategies, goals, action plans and tracking execution performance. For details, please refer to the "Love Food" on page 11-12 of this report.

(Note) UNEP Food Waste Index Report 2021

Waste Management

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. Waste management follows the 3R principle to minimize non-recyclable waste through reduce, reuse and recycle. Please refer to Appendix Sustainability Performance for waste disposal methods and statistics.

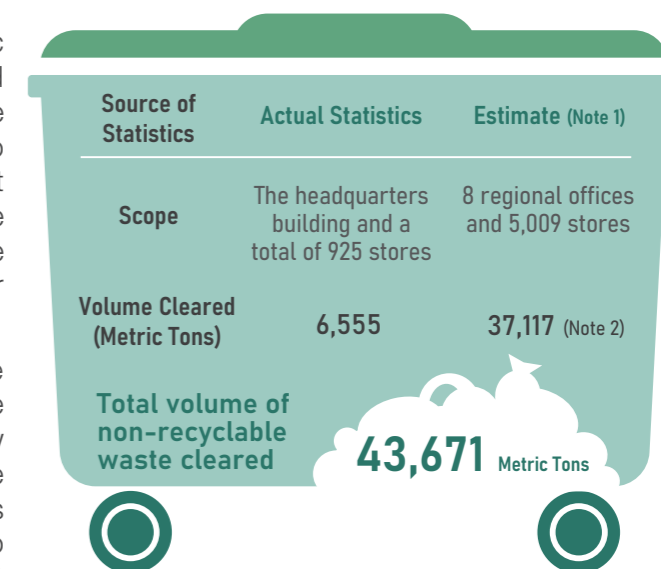
We continue to track the volume of non-recyclable waste. In 2020, a total of 925 stores and the headquarters building mostly in Taipei City and New Taipei City have commissioned waste clearance companies to remove waste. Through the reports of the clearance companies, PCSC was able to understand the volume of non-recyclable waste that had to be removed. The volume of waste generated by other stores and offices is calculated by estimation. The total amount of non-recyclable waste removed in 2020 was 43,671 metric tons.

(Note 1) The total amount of waste cleared from regional offices is estimated based on the average amount of waste generated per person at the headquarters and the number of employees in the regional offices in 2020. The total amount of waste cleared in stores is estimated based on the average amount of waste cleared per store provided by the waste clearance company and the total number of stores. The waste generation patterns of training centers and lifestyle centers are different from that in the headquarters and stores, and were therefore excluded from estimates.

(Note 2) Data on the amount of kitchen waste removed from stores by the waste removal company is available starting in 2018. Hence, the weight of kitchen waste was deducted from the total weight of waste removed from stores in 2020.

After analyzing the correlation between store-side operating activities and waste generation, as well as taking into consideration the impact of Per Store Daily Sale (PSD) growth and the increase in the number of stores in the future, PCSC has pledged to maintain the clearance weight to PSD at 0.9%. In the meantime, PCSC will continue to track the intensity of the correlation between waste clearance and PSD as reference for future goals. In 2020, the intensity of the relationship of waste clearance from the stores was 0.8%, which exceeded the target. In 2020, the number of stores increased by 7% compared to 2019, but the volume of non-recyclable waste removed decreased by 8%, showing that the waste generated by individual stores has decreased. In the future, we will continue to improve data accuracy and implement the management of non-recyclable waste in stores through recycling and plastic reduction.

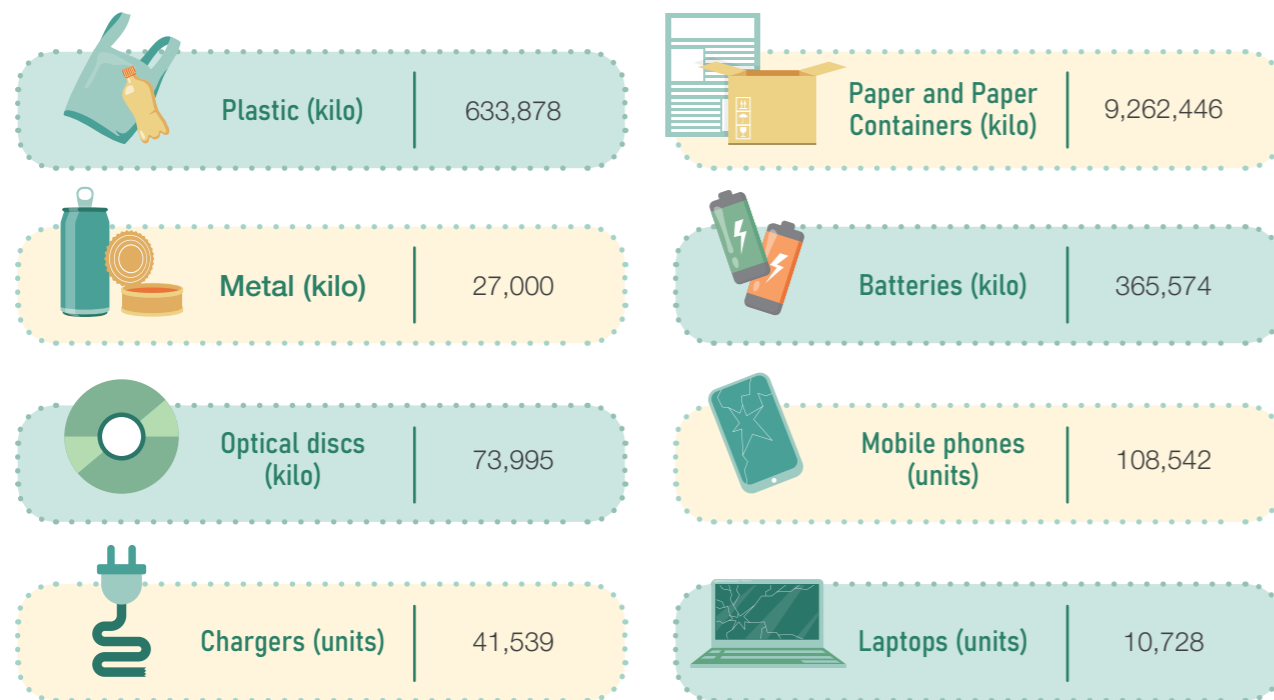
Amount of Non-recyclable Waste Cleared in 2020



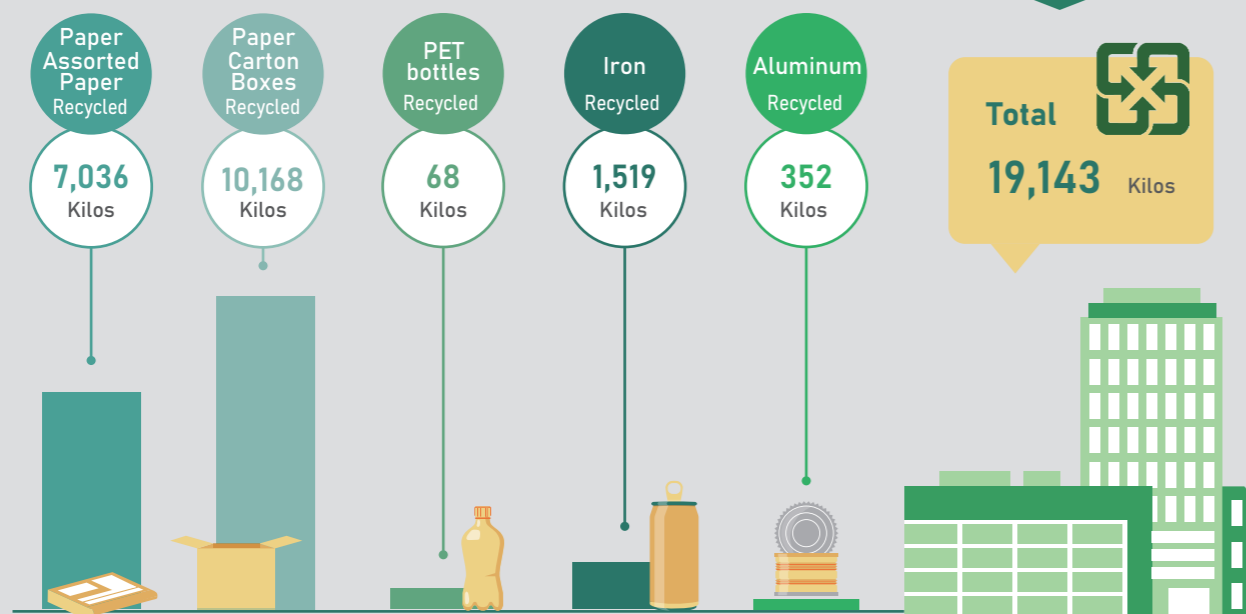
Convenient Recycling Platform

PCSC effectively combines “convenience” with “recycling” to take advantage of the multiple bases in helping people recycle information technology 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, classified and processed after being collected by the reverse logistics system. In addition, the headquarters building has also continued to implement the sorting and recycling program. The total weight recycled in 2020 was 19,143 kilograms, showing an increase of approximately 25% over the previous year.

Reverse Logistics Recycling Performance of Logistics Companies in 2019



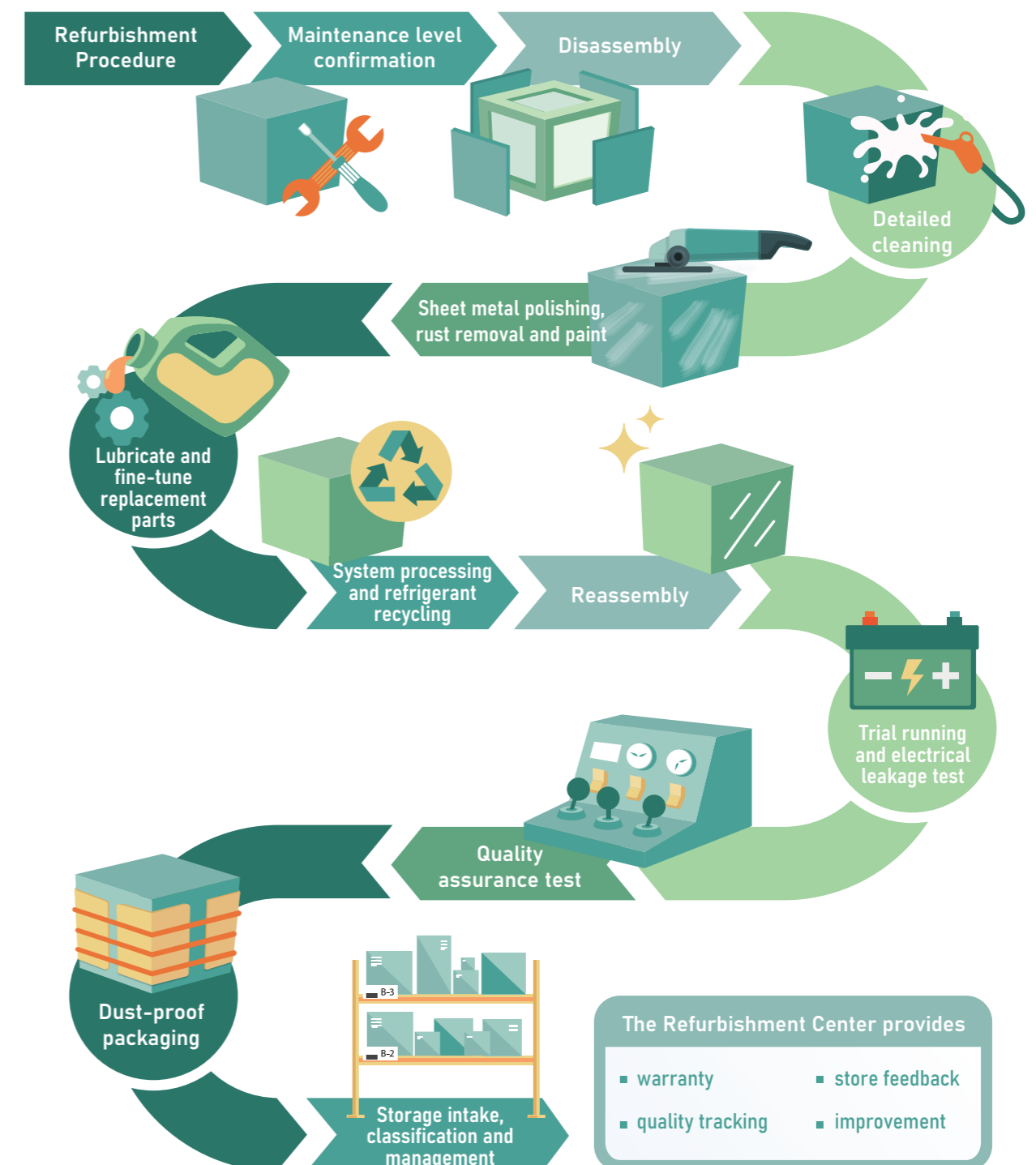
Recycling at the Headquarters Building in 2020



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, oven 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 2020, 25 types of equipment were refurbished and put to use, with the total number of 940 machines and saving a total amount of equipment procurement costs of NT\$7,072,800. Due to strengthened inventory management and replacement of old equipment at a higher frequency, the number of refurbished equipment decreased compared to that of 2019.

Equipment Refurbishment Process



Paper-saving

In order to encourage employees to save resources, the PCSC headquarters set “paper-saving” as an internal management indicator. 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. Paper consumption per capita in 2020 decreased by approximately 11% compared with the previous year.

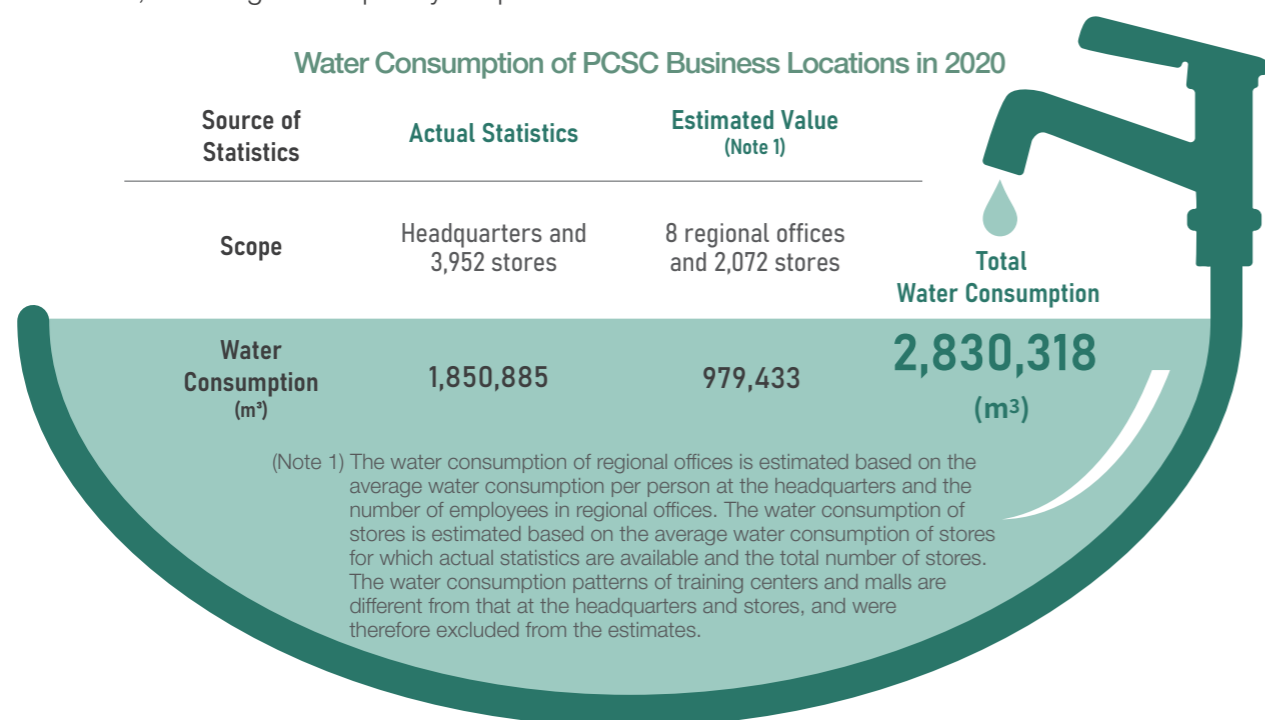
Water Resource Management

Water supply and quality have a direct or indirect impact on the business model of chain convenience stores regarding the products and services we can provide to the consumers. Especially in areas where water resources are scarce, mitigating the impact of the operations on the local water resources is an element PCSC attaches great importance to in the overall operating value chain.

All operating locations of PCSC use tap water, and the stores take up the largest share of water consumption. The Engineering and Technology Department examined areas where stores use more water before determining the following water consumption hotspots, including customer restrooms, sprinklers and sinks at the counter. We installed water-saving facilities to adjust water flow to 500 milliliters per second, which successfully reduced the water consumption at stores.

After analyzing the correlation between operating activities and water consumption of stores, we considered the effect of growth in future Per Store Daily Sale (PSD) and number of stores to make the commitment to maintain the intensity between average water consumption of stores and PSD at the 0.5% level of 2018 between 2019 and 2021. The intensity of water consumption correlation in the stores was 0.6% in 2020. The slight difference from the target value was due to the 45% increase in coffee sales in 2020, resulting in the intensity of correlation of water consumption falling short of the target value. We will continue to track the correlation between water consumption and PSD as reference for future targets.

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 indicator, 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.



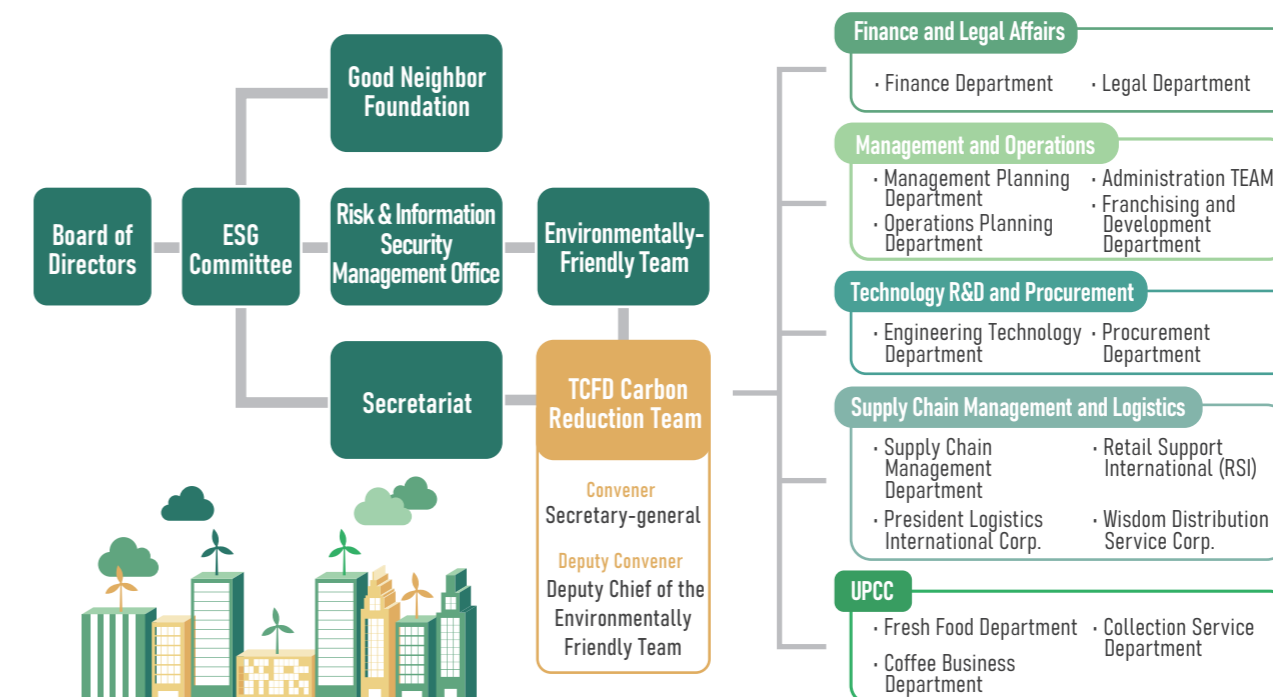
6.2 Mitigation and Adaptation for Climate Change

According to The Global Risk Report published in 2021 by The World Economic Forum (WEF), topics such as “extreme weather”, “climate action failure” and “human-environmental damage” are listed as risks with the highest likelihood. The United Nations Intergovernmental Panel on Climate Change (IPCC) also points out in the report that the world must actively limit the temperature rise to 1.5°C in order to stand a chance in minimizing the impact of climate change on earth.

The development and impact of current climate change issues show that companies need to engage in active response and management. To optimize PCSC’s governance performance on climate change issues, we have integrated the disclosure and management framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) into our management foundation for climate change issues, assessing and evaluating the impact of climate change issues on PCSC in a comprehensive manner. We have gone one step further in formulating the governance strategies and objectives for the short-, medium- and long-term climate change issues.

Climate Risk 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 ESG 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. To further understand the impact of climate change issues on PCSC, we set up a task force (TCFD Carbon Reduction Promotion Group) this year, with the Secretariat of the ESG Committee as the convener, and the Environmental Protection Group as the deputy convener to congregate the five major business units related to climate change issues (Engineering and Equipment, Logistics and Supply Chain Management, Products and Services, Management and Operations, Finance and Legal Affairs) to conduct the first phase of climate change risk and opportunity impact assessment. In 2021, a carbon reduction task force will also be set up to integrate and optimize management strategies in response to the impact of major risks and opportunities on PCSC. It is expected to reduce the financial impact of climate risks on operations and maximize the benefits of climate change issue response by integrating and optimizing the strategies.



Evaluation of Climate Risks and Opportunities

In order 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 through 3 stages.

STEP 1 Collect issues regarding climate risks and opportunities in the food retail industry

Collect CDP questionnaires, CSR reports, annual reports and third-party research reports from the food retail industry and domestic and foreign benchmarking companies to summarize the current climate change opportunities and risk issues that the food retail industry is concerned about, deciding on 12 risk and 7 opportunity topics from the perspectives of transformation risks, physical risks and climate opportunities.

Category	Item	Number of Topics
Transition Risks	Policy and Legal Risks	3
	Market Risks	2
	Reputation Risks	2
	Energy Source	1
Physical Risks	Acute Risk	1
	Chronic Risk	3
Climate Opportunities	Resource Efficiency	3
	Products and Services	4

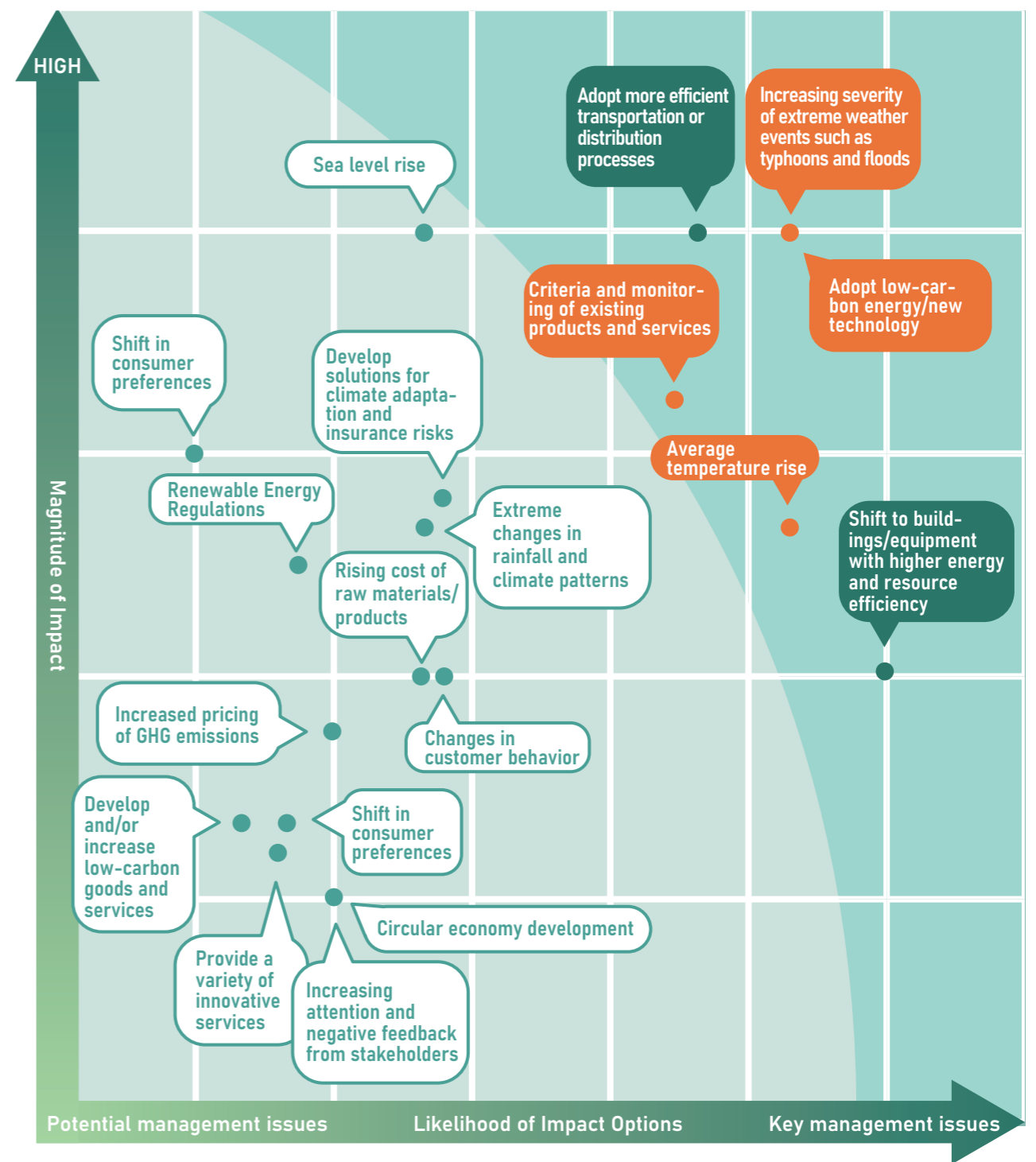
STEP 2 Inventory and assess PCSC's issues regarding climate risks and opportunities

According to the aggregated results of the aforementioned issues, PCSC creates a questionnaire for each unit targeting issues regarding climate change risks and opportunities for the retail industry to analyze the likelihood, degree (including indicators such as finance, store operations, employees, image and reputation) and period (short-term, medium-term and long-term) of the impacts before analyzing the significance of each issue on PCSC operations.

STEP 3 Confirmation of key climate risks and opportunities for PCSC

PCSC ranks the materiality of all topics in accordance with the results of the questionnaire submitted by each unit. Eventually, the convener and deputy convener of the TCFD Carbon Reduction Task Force confirms 6 key management topics (including 4 climate risks and 2 opportunities) based on the overall operations and development as well as strategic planning as the basis for advanced in-depth assessment and management.

PCSC Climate Risks and Opportunities



Response and Management of Key Climate Risks and Opportunities

	Climate Risks and Opportunities	Potential Impacts on PCSC	Timeline	Financial Impact	Adaptation/Management Strategies	Management Goals
Physical Risks	Increased severity of extreme weather events such as typhoons, floods and snow	<ul style="list-style-type: none"> The probability of extreme weather events has increased, which could lead to equipment damage in the stores, product shipment and supply delay caused by road interruptions. In addition, power outages and water cuts could also have an impact on store operations. 	Short-term (below 3 years)	<ul style="list-style-type: none"> Equipment damage leads to damage to asset value. Equipment maintenance leads to increased operating costs. Revenue loss from operation interruptions and product unavailability due to supply shortage. 	<ul style="list-style-type: none"> Appropriate planning of natural disaster asset insurance for the stores to reduce the impact of financial loss caused by disasters. Formulate emergency response procedures for typhoons, such as contingency logistics arrangements to reduce the risk of product shortage and damage. Formulate construction specifications for flood control gates and dwarf walls in the stores for low-lying areas to reduce the probability of flooding in stores. 	Set management targets for store energy efficiency to reduce energy consumption caused by average temperature rise (for detailed targets and annual achievement, please refer to page 120-121 of this report.)
	Rising mean temperatures	<ul style="list-style-type: none"> As the average temperature rises, stores need to consume more energy to maintain the operating efficiency of refrigeration equipment. Consumers may also change their consumption behavior due to the hot climate, which will affect the sales of seasonal products. The raw materials of fresh food products can easily suffer from growth cycle and quality changes due to the rising temperature, which in turn affects the prices of raw materials or causes instability in market supply. 	Medium-term (3-5 years)	<ul style="list-style-type: none"> Increase in electricity bills and raw material prices lead to increased operating costs. Changes in consumer behavior lead to changes in revenue. 	<ul style="list-style-type: none"> Actively introduce energy-saving measures in stores and headquarters to optimize energy efficiency (Please refer to page 137-140 of this report). Stay updated with the quality and supply of raw materials, and develop a variety of alternative material sources to maintain the stability of the supply chain. 	
Transition risks	Requirements and supervision of existing products and services	<ul style="list-style-type: none"> As the government's policies on plastic reduction become more and more stringent, it is expected that more policies and regulations related to plastic reduction will be imposed in the future. While implementing various plastic reduction measures, we need to adopt multiple models of awareness-raising and measures to facilitate consumer behavior changes. Some cities in Taiwan have begun to promote a separate disposal policy for convenience store waste, and it is expected to be extended to all counties and cities in Taiwan in the future. We must find qualified cleaning and transportation companies for outsourcing, and we must also strengthen the management and control mechanism of waste removal in stores. In response to the government's increased energy-saving requirements for the manufacturing industry, it is expected that the energy-saving policies of the residential and commercial sector will be expanded in the future. This may increase the pressure on PCSC's energy efficiency management. 	Medium-term (3-5 years)	<ul style="list-style-type: none"> Failure to comply with the policy in time will lead to fines and a decline in brand value and an increase in costs. Failure to effectively reduce the amount of waste generated, resulting in an increase in outsourced processing costs. 	<ul style="list-style-type: none"> Establish a plastic reduction task force to reduce the amount of single-use plastic and improve packaging materials (Please refer to the "Plastic Use Reduction" on page 17-20 of this report for details). Set up a food waste task force to reduce food waste, plan short-, medium- and long-term food waste programs to reduce waste (Please refer to the "Love Food" on page 11-12 of this report for details). Understand the energy-saving potential of stores based on the ISO 50001 energy management system and ESCO energy-saving service system to introduce relevant energy-saving management measures and optimize store energy efficiency (for details, please refer to page 138-139 of this report). 	Set up management goals for store energy efficiency, plastic reduction and food waste, strengthen management to mitigate the impact on operations from relevant topics (for detailed goal setting and annual achievement, please refer to page 120-121 of this report).
	Low-carbon and new technologies	<ul style="list-style-type: none"> In response to the Taiwanese government's requirements for renewable energy and international trends, PCSC needs to tackle energy transformation in the long term. This is expected to produce an impact on the management mechanism for directly-operated and franchised stores. 	Long-term (over 5 years)	<ul style="list-style-type: none"> Renewable energy equipment will increase operating costs. 	<ul style="list-style-type: none"> Evaluate the feasibility and ways of introducing renewable energy equipment and try to increase the proportion of renewable energy use. Promote the R&D for new refrigeration equipment and technologies, as well as improving the use of low-carbon technologies and energy efficiency. 	
Opportunities	Adopt a more efficient transportation method or distribution process	<ul style="list-style-type: none"> High-efficiency distribution processes and transportation equipment can effectively reduce the environmental impact of operations. PCSC has a good logistics management system. Over the years, many major logistics improvement measures have been implemented, such as the co-allocation mechanism of goods at different temperatures and the introduction of environmentally-friendly vehicles that can effectively reduce operating costs. 	Medium- to long-term (3-10 years)	<ul style="list-style-type: none"> Optimize distribution routes to reduce fuel costs. Environmental protection and high-efficiency temperature control equipment are introduced in vehicles to reduce fuel costs. Promote automated procedures to improve distribution efficiency and reduce operating costs. 	<ul style="list-style-type: none"> Promote the optimization of transportation routes and introduce environmentally-friendly vehicles, reduce the number of trips and environmental impact (for details, please refer to page 140 of this report). Evaluation and develop delivery vehicles with green energy. Automated distribution processes such as tally and picking. 	Draw up management goals for logistics and retail power consumption, improve resource use efficiency and maximize operating benefits (for detailed goal setting and annual achievement, please refer to page 120-121 of this report).
	Shift to buildings/equipment with higher energy and resource efficiency	<ul style="list-style-type: none"> PCSC has been promoting the design and R&D for energy-saving equipment and buildings, and it has accumulated a lot of experience in the area. With the process of gradually replacing the equipment and optimizing energy efficiency, it can effectively reduce operating costs. 		<ul style="list-style-type: none"> Introduce high-efficiency equipment and innovative store buildings with energy-saving design to reduce energy expenses. 	<ul style="list-style-type: none"> Understand the energy-saving potential of stores based on the ISO 50001 energy management system and ESCO energy-saving service system to introduce relevant energy-saving management measures and optimize store energy efficiency (for details, please refer to page 138-139 of this report). Continue to promote innovative technologies and invest in equipment R&D through industry-university cooperation to develop industry-leading energy-saving measures. 	

Energy and GHG Emissions Management

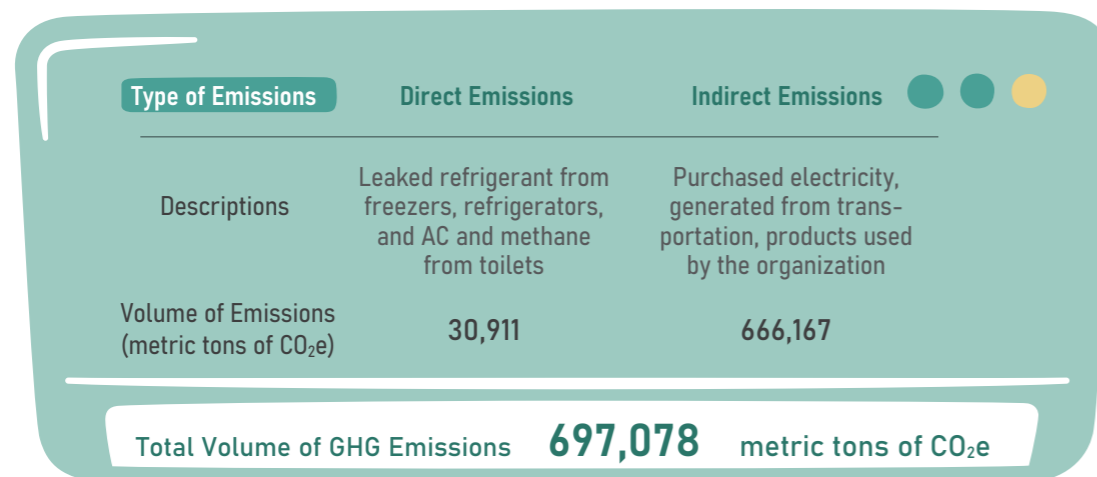
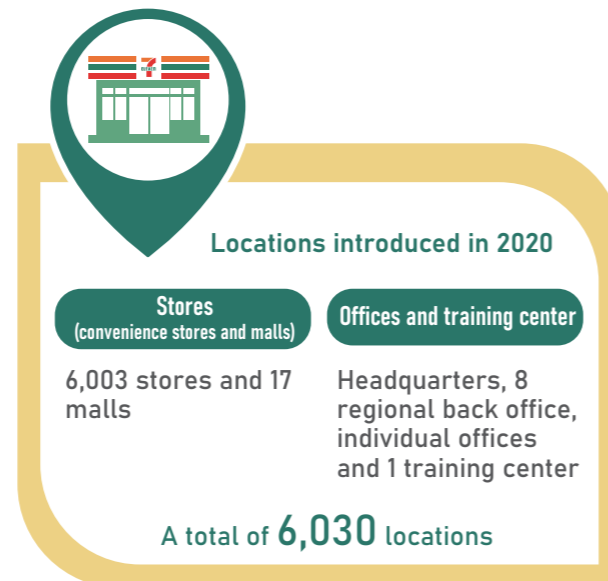
Energy Use and GHG Emissions

Third-party Verification

PCSC's main business locations include stores (including retail stores and malls) 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.

The difference between the new and the old versions changed GHG inventory to direct emissions and indirect emissions. Direct emissions are Scope 1 emissions in the past, and indirect emissions include Scope 2 purchased electricity and indirect GHG emissions from Scope 3 transportation, indirect GHG emissions of the products used by the organization and the indirect GHG emissions generated by the use of the organization's products.

We continue to expand our inventory locations. The GHG inventory for the year covered 6,030 locations, with the boundary coverage rate of 99%.



(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 second assessment report of the IPCC in 1995.

(Note 2) The calculation for indirect emissions from purchased electricity is based on location. Since the grid emission coefficient for 2020 has not been announced, the 0.509 kilogram of CO₂e in 2019 is adopted as the calculation parameter.

(Note 3) The types of GHG covered by the inventory include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), 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 2020 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%.

The direct emission target for 2020 was set at 31,163 metric tons of CO₂e. Due to the increase in the number of air conditioners in larger stores and warehouses, the number of refrigerant equipment has increased, leading to 1% of increase in leakage from refrigerant in 2020 compared with 2019. However, the target for the year has still been achieved. We will evaluate introducing eco-friendly refrigerants in the future, such as R448, to reduce direct GHG emissions.

Emission Equipment	Emission Source	Direct Emissions (metric tons of CO ₂ e)	Percentage of Direct Emissions (%)
Septic tank	Night soil	4,270	14%
Slurpee and beer machines	CO ₂	3	0%
Commercial freezers	Refrigerant(R134a、R404a、R410a)	26,638	86%

Indirect Emissions

Due to the conversion of the new version of the inventory this year, the 2020 indirect emissions survey will be evaluated in accordance with the principle of materiality. Significant indirect greenhouse gas emission sources include indirect greenhouse gas emissions from purchased power emissions and upstream emissions, cargo distribution, and waste treatment. Among them, the emission of purchased electricity is the main source of indirect greenhouse gas emissions. We have set a 2020 emission target of 452,756 metric tons of CO₂e and a target of 849,448 MWh of electricity.

In 2020, the power consumption of all the inspected locations reached 9.2803 million kWh, with the energy consumption of 3,340,893 GJ. The indirect GHG emissions were 472,365 metric tons of CO₂e, showing an increase of 6% compared with the emissions in 2019 and failing the power consumption target for purchased electricity. The main reason is that PCSC started offering a big variety of services and products in 2020, with many new types and quantities of power-consuming equipment, such as dry sweet potato machines, freshly brewed tea machines, etc. Indirect GHG emissions eliminate the influence of the year-on-year growth of the electricity emission coefficient. PCSC will strive to promote energy saving in stores and offices, as well as promoting carbon reduction actions in logistics and transportation, and gradually achieving the promised reduction target.

Emission Source		Volume	Energy Consumption (GJ)	Indirect Emissions (metric tons of CO ₂ e)	Percentage of Indirect Emissions (%)
Electricity	Emissions from purchased electricity	928,030,000 kWh	3,340,893	472,365	71%
	Upstream emissions from purchased electricity		-	101,155	15%
Emissions from upstream transportation and cargo distribution	Diesel from distribution and transportation from logistics centers to stores	22,966,614 liters	807,716	77,397	12%
Discharges from solid and liquid waste treatment	Store waste disposal	42,360 metric tons	-	15,250	2%

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

Key Performance Indicators and Targets

Energy Efficiency Indicators 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 2020 was to lower energy intensity by 13% compared to 2014, or 1% compared to 2019. The actual energy intensity of our stores was 919 kWh/m² in 2020, showing a 3% decrease from 2019 and 16% decrease from 2014. We have reached our energy intensity reduction target this year.

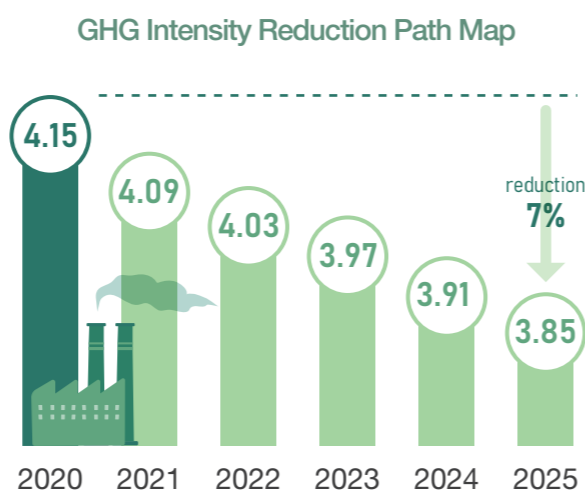
EUI (Note)							
Year	2014	2015	2016	2017	2018	2019	2020
EUI	1,094	1,046	1,012	1,008	962	947	919
Percentage of Decrease	-	-4%	-3%	-0.4%	-5%	-2%	-3%

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

GHG Emission Intensity Indicators and Targets

Since the largest GHG emission source of PCSC comes from electricity consumption of the stores, the electricity consumption is intertwined with the store size, equipment and business model, and will eventually be reflected by the revenue. We have calculated the emission intensity per NT\$million in revenue as reference for the reduction target for overall GHG emissions.

In response to the reversion of the ISO14064-1 inventory, we have reset the reduction target. The reduction target is based on the direct and indirect GHG emission intensity of the GHG inventory in 2020, namely 4.15 metric tons of CO₂e per NT\$million in turnover. After taking future revenue growth and operational expansion into consideration, we have promised to lower the emission intensity by 7% at 3.85 metric tons of CO₂e/NT\$million in revenue compared to the baseline year of 2020. In the future, we will continue to review the progress to update the medium- and long-term reduction targets while taking into consideration the trend of economic growth and energy-saving technology.



Energy-saving and Carbon Reduction Actions

The GHG emission sources of PCSC include the headquarters building, all stores and logistics. Among them, the stores use the most energy. We have created exclusive energy-saving solutions for the headquarters building, various stores and logistics. PCSC hopes to provide consumers with great convenience and experience while taking advantage of its characteristics as a channel to implement corporate energy-saving and carbon reduction actions.

Introduction of Energy Management System

In order to enhance energy-saving and energy efficiency in the headquarters and stores, the headquarters building and two stores received the ISO 50001 energy management system certification in 2020. Other locations also implemented energy management in accordance with the spirit and structure of the energy management system to achieve the goal of continuous improvement in energy use.

Store Energy-saving Measures and Results

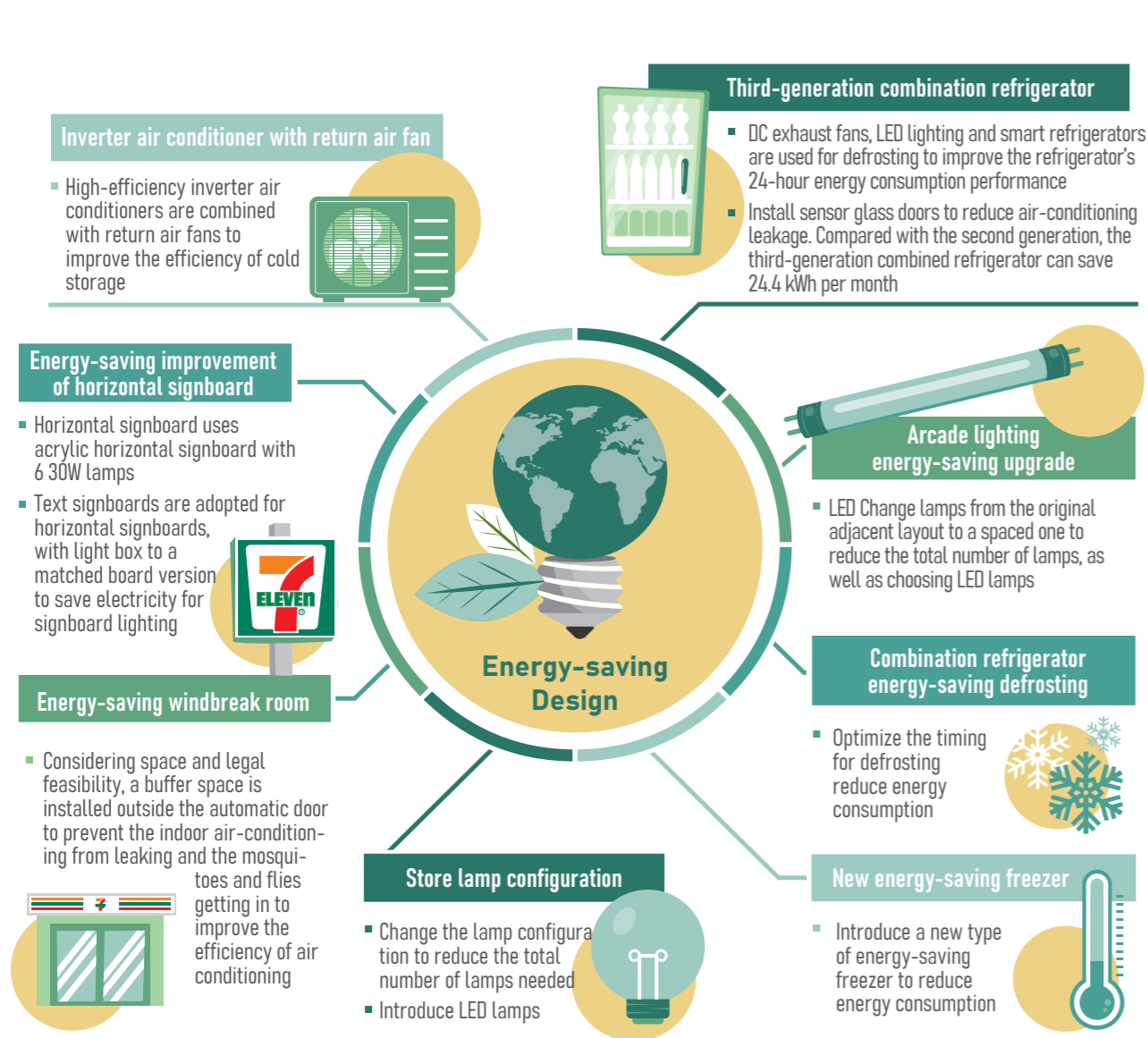
This year, we successfully saved 84,822,022 kWh of electricity and NT\$198,483,53 in electricity bills through 8 major programs this year, leading to 452.1 million in metric tons of CO₂e. Among them, the inverter air-conditioning and return air fan program is the most important energy-saving measure. It effectively improves the efficiency of cold storage in stores. Its energy-saving effect accounts for 51% of the overall energy-saving programs in 2020.

We also found that the effects of the “Energy-saving improvement of horizontal signboards” and “Reconfiguration of lamps in stores” programs are quite significant. First of all, the energy-saving improvement of horizontal signboards is achieved through adopting new signboard materials and reducing signboard lamps. Secondly, the lamp reconfiguration program in the stores adopted LED lamps to review and update the lighting fixtures to achieve rational lamp configuration and reduce unnecessary electricity consumption. Compared with other programs, these two have lower costs. Although the monthly energy-saving results for each store are limited, through the introduction of a large number of stores, we have successfully saved more than 23.7% of energy and in electricity bills for our stores in 2020.

Store Energy-saving Action Plans	Quantity Introduced	Amount of Energy Saved		Reduction in GHG Emissions (metric tons of CO ₂ e)	Percentage of Energy-saving and Carbon Reduction for the Energy-saving Program	
		kWh	GJ			
Energy-saving upgrade of air-conditioning and refrigeration equipment	Inverter air conditioner with return air fan	2,153	42,793,598	154,057	22,809	51%
	Third-generation combination refrigerator	74	330,079	1,188	176	0%
	New energy-saving freezer	1,079	3,508,991	12,632	1,870	4%
	Combination refrigerator energy-saving defrosting	1,516	13,865,026	49,914	7,390	16%
Energy-saving optimization of store lighting system	Arcade lighting energy-saving upgrade	6,108	3,357,368	12,087	1,789	4%
	Store lamp configuration	27,990	15,378,546	55,363	8,197	18%
	Energy-saving improvement of horizontal signboard	16,953	4,773,087	17,183	2,544	6%
Improve heat exchange environment	Energy-saving windbreak room	155	815,326	2,935	435	1%
Total		56,028	84,822,022	305,359	45,210	100%

(Note 1) As the grid emission coefficient for 2020 has not yet been announced, 0.509 kilogram CO₂e/kWh in 2019 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 to estimate the annual amount of energy saved.



In addition, we continue to provide energy-saving counselling to stores with high electricity costs this year. We have sent staff from the headquarters to visit stores with high electricity bills to discuss energy-saving measures. In 2020, this reduced energy consumption for 313 stores with a total of 3,082,363 kWh saved. Among the stores with high electricity costs, 43 chose to carry out comprehensive energy-saving upgrades. The store in Xiongzheng, Kaohsiung, has the best effect. The store has replaced air conditioners, adopted text signs, replaced lighting equipment with LED lights, as well as renovating the roof structure to save 74,880 kWh of electricity consumption in this store, showing a 27% decrease in electricity consumption compared to 2019.

Office Energy-saving Measures and Results

The office energy consumption pattern of the headquarters building is different from that of the stores. In addition to continuously updating energy-saving targets and performance indicators of the headquarters building. In terms of specific energy-saving measures, we have adopted strategies such as system efficiency improvement, improvement for equipment use timing, employee energy-saving awareness and energy use monitoring. In view of the improvement of the main energy consumption of the headquarters building, the power consumption of the headquarters building in 2020 dropped by 18,869 kWh compared with 2019, showing a significant decrease. The reason is mainly due to 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 Measure	Air-conditioning System	Lighting System	Use of Electronic Appliances
System power improvement	<ul style="list-style-type: none"> Adjust air-conditioning system parameters energy-saving inverter independent air conditioners 	<ul style="list-style-type: none"> Gradual replacement with LED lamps 	-
Timing improvement	<ul style="list-style-type: none"> Use full heat exchanger to bring in fresh cool air in winter The indoor air conditioner is equipped with timer settings. 	<ul style="list-style-type: none"> Automatic switch sensor. Reduce lighting during lunch breaks. 	<ul style="list-style-type: none"> Elevators, photocopiers, food heaters, water dispensers, refrigerators, etc. are turned off outside of office hours.
Employee awareness raising	Awareness-raising for energy-saving		
Energy use monitoring	Security inspection		

Logistics Energy-saving Measures and Results

PCSC's commitment to energy-saving and carbon reduction is not only implemented in stores in operation and office areas, but we also actively encourage logistics companies to improve energy efficiency. This year we integrated shipping routes, updated refrigeration/freezer equipment for the fleet as well as lighting in the logistics center to achieve energy-saving for logistics companies. As a result, we saved 64,415 liters of diesel and 1,744,971 kWh of electricity consumption, reducing GHG emissions by 1,057 metric tons of CO₂e.

Logistics Company	Energy-saving Measures	Amount of Energy/Resource Saved	Amount of Energy Saved (GJ)	GHG Emission Reduction (metric tons of CO ₂ e)
UPCC	Integrated the number of trips for 15 routes first launched for transport	Annual mileage reduction of 251,218 kilometers, saving a total of 64,415 liters of diesel	2,265	168
UPCC	Replaced refrigeration and freezing units	Saved 400,000 kWh of electricity in 2020 compared to 2019	1,440	204
Wisdom Distribution Service Corp.	Replacement of 7250 LED lamps in the logistics center	Approximately 1,243,008 kWh of electricity saved per year	4,475	633
Retail Support International (RSI)	The Kaohsiung Logistics Center replaced LED lamps and continued to implement various energy-saving measures, saving 101,963 kWh of electricity a year	101,963 kWh of electricity saved a year	367	52

(Note 1) UPCC's trips for integrated routes are calculated by using 1 liter of diesel for 4 kilometers of mileage covered by the fleet. The GHG emission coefficient from diesel is 2.606. The diesel calorific value is calculated with reference to that published by the Bureau of Energy, Ministry of Economic Affairs.

(Note 2) Since the grid emission coefficient for 2020 has not yet been published, the 0.509 kg CO₂e/kWh value of 2019 has been adopted as the GHG emission parameter.

Appendix Sustainability Performance

Corporate Governance

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020
Donation or membership fee for associations	-	NT\$	-	5,219,000	5,219,000	5,209,000	5,209,000
Coverage rate of donation or membership fee for associations	-	%	-	100	100	100	100

Products and Services

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020
Total percentage of stores graded A and B in the Service Excellence Rating	-	%	-	95.55	98.6	98.8	98.85

Employee

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020
Number of employee complaints related to discrimination	-	Number of cases	-	-	-	-	0
Ratio of female managers at all levels	TEAM managers, store managers, district consultants	%	-	-	-	-	50.31
	Department managers	%	-	-	-	-	6.67
	TEAM managers, store managers, district consultants, department managers	%	-	-	-	-	48.99
Female executives managers in revenue-generating functions	-	%	Including store managers, district consultants, district managers and managers of operation departments	-	-	-	52.02
Ratio of women in science, technology engineering, mathematical field	-	%	Including the AI Digital Group	-	-	-	53.7
Distribution of employee nationalities	Local	%	-	-	-	-	99.59
	Chinese	%	-	-	-	-	0.25
	Vietnamese	%	-	-	-	-	0.11
	Others	%	-	-	-	-	0.06

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020
Employee FTEs as distributed by age group	≤30 years old	%	(Note 1) FTEs (full-time equivalents) = total annual working hours of this category of employees/1 full-time employee's annual working hours.	-	-	-	35.16
	31-50 years old	%	(Note 2) The total working hours here is the number of employees (8500 people) who were employed at the end of the year traced back to the total working hours in 2020.	-	-	-	55.43
	>50 years old	%	(Note 3) The ratio is FTEs of this age group/FTEs of all employees.	-	-	-	9.41
Average salary ratio between men and women (female/male)	Basic salary of non-management position employees	Percentage	Including store employees and non-management employee. Store employees exclude part-time employees	-	-	-	0.96
	Basic salary of TEAM and department managers	Percentage	-	-	-	-	0.94
	Salary and remuneration of TEAM and department managers	Percentage	Salary and remuneration include basic salary and year-end bonus	-	-	-	0.94
	Basic salary for executive managers and above	Percentage	-	-	-	-	0.83
Average training hours of employees based on gender (per FTE)	Male	Hour	(Note 1) FTEs (full-time equivalents) = total annual working hours of this category of employees/1 full-time employee's annual working hours.	-	-	-	35.1
	Female	Hour	(Note 2) The total working hours here is the number of employees (8500 people) who were employed at the end of the year traced back to the total working hours in 2020.	-	-	-	34.6
Average training hours of employees based on level (per FTE)	Store personnel	Hour	(Note 3) The calculation is the total number of employee training hours in this category/FTEs in this category	-	-	-	34.0
	Management personnel	Hour		-	-	-	34.0
	Non-management personnel	Hour		-	-	-	36.6
Employee engagement survey	Percentage of employees who answered actively	%	-	44.93	48.25	48.25	60.16
	Survey coverage	%	-	7.89	8.62	8.62	6.52
Average employee (per FTE) training expenses and hours	-	NT\$	(Note 1) FTEs (full-time equivalents) = total annual working hours of this category of employees/1 full-time employee's annual working hours.	-	-	-	3,692
	-	Hour	(Note 2) The total working hours here is the number of employees (8500 people) who were employed at the end of the year traced back to the total working hours in 2020. (Note 3) Average training cost (per FTE) = total annual training cost / FTEs for all employees (Note 4) Average training hours (per FTE) = total annual training hours / FTEs for all employees	-	-	-	34.8
Disabling injury for employees	Lost-Time Injury Frequency Rate	Rate	The total working hours here is the number of people and working hours counted each month.	1.82	1.97	1.29	1.02
	Work-related fatalities	Person	-	0	0	0	0
Employee occupational disease	-	Number of people	-	0	0	0	0
Disabling injury for contractors	Lost-Time Injury Frequency Rate	Rate	-	0	2.76	0	6.91
	Work-related fatalities	Person	-	0	0	0	0

Environment

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020	
GHG Emissions (Note 1)	Direct emissions	t CO ₂ e/year	(Note 1) The greenhouse gas emissions data over the past few years is based on the data disclosed in the CSR report of the past few years. The 2020 GHG inventory follows the updated ISO 14064-2018 version, and 2020 will be set as the baseline year. Indirect emissions are classified as purchased electricity and others.	119,389.06	137,580.02	30,702.89	30,910.58	
	Indirect emissions (purchased electricity)	t CO ₂ e/year		432,710.05	464,330.67	446,064.80	472,365.15	
	Indirect emissions (others) (Note 2)	t CO ₂ e/year	(Note 2) Indirect emissions (others) include: upstream emissions from purchased electricity, emission from diesel use due to logistics and waste disposal in stores.	-	-	-	193,802.00	
	Total amount	t CO ₂ e/year	552,099.11	601,910.68	476,767.69	697,077.73		
	Coverage rate	%	96.95%	99.48%	99.51%	99.06%		
Energy consumption	Headquarter	10,000 kWh	Since 2017, the data has been extracted from GHG inventory's purchased electricity activity data.	116.32	113.40	111.30	109.39	
	Stores	10,000 kWh		81,583.00	83,149.80	83,063.90	92,573.12	
	Malls	10,000 kWh		-	410.90	410.90	22.10	
	Regional offices and training centers	10,000 kWh		98.00	140.10	103.40	97.97	
	Total electricity consumption	10,000 kWh		81,797.32	83,814.20	83,689.50	92,802.58	
	Coverage rate	%		96.95%	99.48%	99.51%	99.06%	
Electricity Expense	Cost of electricity bill	NT\$ thousands	<ul style="list-style-type: none"> The statistical boundary includes headquarter and stores, but excludes regional offices, training centers and shopping malls. PCSC received COVID-19 subsidy from the government. Therefore, the electricity bill decreased. 	2,135,407.00	2,112,392.00	2,253,012.00	2,234,691.70	
Water consumption	Actual	Headquarter	m ³	-	5,312.00	5,390.00	5,318.00	5,429.00
		Stores	m ³	-	1,225,970.00	1,234,393.03	1,758,809.00	1,845,456.00
	Estimated (Note)	Regional offices	m ³	The water consumption of regional offices is estimated based on the average water consumption per person at the headquarter and the number of employees in regional offices. The water consumption of stores is estimated based on the average water consumption of stores for which actual statistics are available and the total number of stores. The water consumption patterns of training centers and malls are different from that at the headquarter and stores, and were therefore excluded from the estimates.	11,186.00	11,418.00	11,221.00	11,876.00
		Stores	m ³	533,455.00	726,393.00	883,610.00	967,557.00	
	Total water consumption	m ³	-	1,775,923.00	1,977,594.03	2,658,958.00	2,830,318.00	
	Actual number of stores	Number of stores	-	3,638	3,380	3,764	3,952	
	Estimated scope	-	-	8 regional offices and 1,583 stores	8 regional offices and 1,989 stores	8 regional offices and 1,891 stores	8 regional offices and 2,072 stores	
	Coverage rate	%	-	99.07%	99.06%	99.11%	99.11%	
Amount of waste - unrecyclable	Actual	Headquarter	Ton	(Note 1) The 2017 estimates for local offices and headquarter were based on 2018 waste disposed per person in the headquarter and the number of employees at the headquarter/regional offices. For stores, the estimate is based the average store waste disposed per store (provided by clearance company) and the total number of stores. Waste disposal pattern at the training center and malls does not follow either the headquarter or retail store pattern, so these were not included in the scope of our estimates.	-	23.93	24.09	25.36
		Stores (Note 2)	Ton	4,952.83	5117.09 (Note 4)	5,262.49	6,529.27	
	Estimated (Note 1)	Headquarter	Ton	23.63	-	-	-	
		Regional offices	Ton	49.76	50.69	50.85	55.48	
	Stores (Note 3)	Ton	(Note 2) Data on the amount of waste disposal cleared by the clearance company has included the food waste started 2018. Hence, the weight of food waste was deducted from the total weight of waste cleared from data of stores in 2018.	38,949.95	39,644.23	42,253.45	37,061.08	
	Total unrecyclable waste disposed	Ton	(Note 3) Considering that stores can not verify food waste recycle, so starting 2018 the estimated value of the store's waste disposal volume will be based on the total amount of actual clearance waste (without deducting food waste).	43,976.17	44,835.94 (Note 4)	47,590.89 (Note 5)	43,671.20	
	Stores with actual data	Number of stores	(Note 4) Difference from 2019's version: The food waste volume is included in 2018.	589	633	645	925	
Estimated scope	-	(Note 5) Difference from 2019's version: Correction.	Headquarter, 8 regional offices and 4,632 stores	8 regional offices and 4,736 stores	8 regional offices and 5,010 stores	8 regional offices and 5,009 stores		

Disclosed Item	Disclosed sub-item	Unit	Note	2017	2018	2019	2020	
Amount of waste - recyclable	Plastic	Headquarter	Kilogram	-	2,064.00	1,643.50	1,503.00	67.80
		Stores	Kilogram	-	564,233.00	559,866.00	676,310.00	633,878.00
	Paper	Headquarter	Kilogram	-	10,586.00	9,456.00	13,320.00	17,204.00
		Stores	Kilogram	-	8,363,317.00	8,611,585.00	8,916,812.00	9,262,446.00
	Metal	Headquarter	Kilogram	-	496.00	531.70	448.20	1,871.00
		Stores	Kilogram	-	50,362.00	21,723.00	12,826.00	27,000.00
	Batteries	Stores	Kilogram	-	264,202.00	304,554.00	327,155.00	365,574.00
	Optical discs	Stores	Kilogram	-	57,496.00	56,190.00	65,889.00	73,995.00
Food waste	Stores	Kilogram	Starting 2018, we disclose the amount of food waste which is handled by the clearance company.	-	181,641.00	177,330.00	193,906.00	
Volume of waste - categorized by different ways of disposal (including unrecyclable, incineration and recycling)	Sanitary landfill (A)		Ton	-	2,262.64	933.51	884.66	1,017.69
	Waste incinerated (B)		Ton	-	41,713.53	49,019.52	46,706.22	42,653.50
	Waste recycled (C)		Ton	-	9,312.76	9,747.19	10,191.59	10,575.94
	Total waste incinerated and recycled (B+C)		Ton	-	51,026.28	53,649.62	56,897.81	53,229.44
	Total waste generated (A+B+C)		Ton	-	53,288.92	54,583.13	57,782.47	54,247.13
	Coverage rate		%	-	99.07%	99.06%	99.11%	99.11%
	Incineration ratio		%	The incineration rate refers to the ratio published by the Environmental Protection Administration (EPA). It's calculated by deducting the recycled volume from the total volume of disposal and divide the number by the total volume of disposal.	94.85%	97.92%	97.91%	97.26%
Food waste and amount of reuse (Note 1)	Food waste generated (A)	Store scrap	Ton	(Note 1) Starting from 2020, we disclose statistics on food waste and waste related to PCSC's privately-owned products. Due to the limited availability of past data, the data in 2019 and 2020 is more complete. (Note 2) Coverage rate of food waste statistics = revenue of privately-owned products included in the food waste statistics/ revenue of all privately-owned fresh food products.	-	4,988.94	9,100.00	10,122.13
		Manufacturer tailing	Ton		1,210.02	1,423.03	1,510.39	1,475.68
	Weight of food reused (B)	Store food waste	Ton		-	181.64	177.33	193.91
		Manufacturer food waste	Ton		1,210.02	1,423.03	1,510.39	1,475.68
	Total weight of food waste (A - B)		Ton		0	4,807.30	8,922.67	9,928.22
	Intensity of food waste (weight/revenue from food)		%		-	-	31.98%	34.32%
	Food waste data coverage rate (Note 2)		%		-	-	71.15%	73.27%

Comparison Table of GRI Standards

General Disclosures			
GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
1. Organizational Profile			
GRI 102 : 2016	102-1 Name of the organization	2.1 Operational Overview	34
	102-2 Activities, brands, products, and services	2.1 Operational Overview	34
	102-3 Location of headquarters	2.1 Operational Overview	34
	102-4 Location of operations	2.1 Operational Overview	35
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	102-7 Scale of the organization	2.1 Operational Overview	34
	102-8 Information on employees and other workers	4.1 Overview of Human Resources	81-82
	102-9 Supply chain	2.1 Operational Overview	34
	102-10 Significant changes to the organization and its supply chain	No significant changes during the reporting period	--
	102-11 Precautionary principle or approach	2.2 Corporate Governance	44-49
	102-12 External initiatives	No external initiatives during the reporting period	--
	102-13 Membership of associations	2.2 Corporate Governance	40
2. Strategy			
GRI 102 : 2016	102-14 Statement from senior decision-maker	[About This Report] Message from the Chairman and the President	5-6
	102-15 Key impacts, risks, and opportunities	[About This Report] Epidemic Prevention 2.2 Corporate Governance 6.2 Mitigation and Adaptation for Climate Change	8-10 44-47 131-134
3. Ethics and Integrity			
GRI 102 : 2016	102-16 Values, principles, standards, and norms of behavior	1.1 Roadmap for Sustainability	22
4. Governance			
GRI 102 : 2016	102-18 Governance structure	1.2 Sustainability Committee 2.2 Corporate Governance	24 40-42

GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
5. Stakeholder Engagement			
GRI 102 : 2016	102-40 List of stakeholder groups	1.4 Stakeholder Communication	27-30
	102-41 bargaining agreements	4.1 Overview of Human Resources	84
	102-42 Identifying and selecting stakeholders	1.3 Materiality Assessment	25
	102-43 Approach to stakeholder engagement	1.4 Stakeholder Communication	27-30
	102-44 Key topics and concerns raised	1.4 Stakeholder Communication	26
6. Reporting Practices			
GRI 102 : 2016	102-45 Entities included in the consolidated financial statements	[About This Report] Period, Scope and Data Included in the Report	1
	102-46 Defining report content and topic Boundaries	1.3 Materiality Assessment	25-26
	102-47 List of material topics	1.3 Materiality Assessment	26
	102-48 Restatements of information	Sustainability Performance	145-146
	102-49 Changes in reporting	There is no changes in reporting.	--
	102-50 Reporting period	[About This Report]Period, Scope and Data Included in the Report	1
	102-51 Date of most recent report	[About This Report] Release date	2
	102-52 Reporting cycle	[About This Report] Release date	2
	102-53 Contact person for questions regarding the report	[About This Report] Contac	2
	102-54 Claims of reporting in accordance with the GRI Standards	[About This Report]	1
	102-55 GRI content index	[Appendix] Comparison Table of the GRI Standards	149-154
	102-56 External assurance	[About This Report] Report Management	2
		[Appendix]Limited Assurance Report issued by the Accountant [Appendix]AA1000 Assurance Statement	163-164 165-167

Material Topics

GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
Ethical Governance			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	2 Dedicating to Corporate Governance	33
	103-2 The management approach and its components		33
	103-3 Evaluation of the management approach		32
GRI 205 : 2016	205-3 Confirmed incidents of corruption and actions taken	2.2 Corporate Governance	43
Legal Compliance			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	2 Dedicating to Corporate Governance	33
	103-2 The management approach and its components		33
	103-3 Evaluation of the management approach	2 Dedicating to Corporate Governance	32
		3 Committing to the Service Quality 4 Building A Happy Workplace 6 Promoting Green Operations	52-53 79 121
GRI 307 : 2016	307-1 Non-compliance with environmental laws and regulations	2.2 Corporate Governance	50
GRI 419 : 2016	419-1 Non-compliance with laws and regulations in the social and economic area	2.2 Corporate Governance 4.2 Occupational Safety and Health	50 90-91
Sustainable Supply Chain Management			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	55
	103-2 The management approach and its components		55
	103-3 Evaluation of the management approach		52-53
GRI 308: 2016	308-1 New suppliers that were screened using environmental criteria	3.3 Sustainable Supply Chain Management	67-69
GRI 414: 2016	414-1 New suppliers screened using social criteria	3.3 Sustainable Supply Chain Management	67-69
Energy and GHG			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	6. Promoting Green Operations	122
	103-2 The management approach and its components		122
	103-3 Evaluation of the management approach		120-122

GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
GRI 302 : 2016	302-2 Energy consumption outside of the organization	6.2 Mitigation and Adaptation for Climate Change	136
	302-3 Energy intensity	6.2 Mitigation and Adaptation for Climate Change	137
	302-4 Reduction of energy consumption	6.2 Mitigation and Adaptation for Climate Change	138-140
GRI 305 : 2016	305-1 Direct (Scope 1) GHG emissions	6.2 Mitigation and Adaptation for Climate Change	136
	305-2 Energy indirect (Scope 2) GHG emissions	6.2 Mitigation and Adaptation for Climate Change	136
	305-3 Other indirect (Scope 3) GHG emissions	6.2 Mitigation and Adaptation for Climate Change	136
	305-4 GHG emissions intensity	6.2 Mitigation and Adaptation for Climate Change	137
	305-5 Reduction of GHG emissions	6.2 Mitigation and Adaptation for Climate Change	138-140
Resource Waste Reduction			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	6 Promoting Green Operations	122
	103-2 The management approach and its components		122
	103-3 Evaluation of the management approach		120-122
GRI 306 : 2016	306-2 Waste by type and disposal method	6.1 Environmental Management	126-127
Employment			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	4 Building A Happy Workplace	80
	103-2 The management approach and its components		80
	103-3 Evaluation of the management approach		78-79
GRI 401 : 2016	401-1 New employee hires and employee turnover	4.1 Overview of Human Resources	82-83
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.4 Welfare, Remuneration and Care	99
	401-3 Parental leave	4.4 Welfare, Remuneration and Care	100
Local Communities			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	5 Engaging In Social Welfare	103
	103-2 The management approach and its components		103
	103-3 Evaluation of the management approach		102

GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
GRI 413 : 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.5 Education Cultivation	112
Customer Health and Safety			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	54
	103-2 The management approach and its components		54
	103-3 Evaluation of the management approach		52-53
GRI 416 : 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.2 Corporate Governance	50
Marketing and Labeling			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	54
	103-2 The management approach and its components		54
	103-3 Evaluation of the management approach		53
GRI 417 : 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	3 Committing to the Service Quality	53
	417-3 Incidents of non-compliance concerning marketing communications	3 Committing to the Service Quality	53
Product and Service Innovations			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	54
	103-2 The management approach and its components		54
	103-3 Evaluation of the management approach		3.1 Product and Service Innovation 56-58
Customer Privacy			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	55
	103-2 The management approach and its components		55
	103-3 Evaluation of the management approach		53
GRI 103 : 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.4 Customer Relationship Management	53
Customer Relationship Management			
GRI 103 : 2016	103-1 Explanation of the material topic and its boundary	3 Committing to the Service Quality	55
	103-2 The management approach and its components		55
	103-3 Evaluation of the management approach		3.4 Customer Relationship Management 75-76

Other Topics			
GRI Standard	Disclosure	Corresponding Section and Notes	Page Number
GRI 200 : Economic			
GRI 201 : 2016	201-1 Direct economic value generated and distributed	2.1 Operational Overview	37
GRI 202 : 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4.4 Welfare, Remuneration and Care	97
GRI 400 : Social			
GRI 402 : 2016	402-1 Minimum notice periods regarding operational changes	4.1 Overview of Human Resources	84
GRI 403 : 2018	403-9 Work-related injuries	4.2 Occupational Safety and Health	88-90
	403-10 Work-related ill health	4.2 Occupational Safety and Health	88-89
GRI 404 : 2016	404-1 Average hours of training per year per employee	4.3 Training and Development	93
	404-3 Percentage of employees receiving regular performance and career development reviews	4.3 Training and Development	96
GRI 405 : 2016	405-1 Diversity of governance bodies and employees	4.1 Overview of Human Resources	82-83
	405-2 Ratio of basic salary and remuneration of women to men	4.4 Welfare, Remuneration and Care	97
GRI 409 : 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.2 Occupational Safety and Health	90
GRI 412 : 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	4.2 Occupational Safety and Health	90
GRI 415 : 2016	415-1 Political contributions	No political contribution was made during the reporting period	--

Sustainability Accounting Standards Board (SASB) Index

Topic	Code	Category	Accounting Metric	Page	Response
Fleet Fuel Management	FB-FR-110a.1	Quantitative	Fleet fuel consumed, percentage renewable	136	Please refer to Chap 6.2 Mitigation and Adaptation for Climate Change.
Air Emissions from Refrigeration	FB-FR-110b.1	Quantitative	Gross global Scope 1 emissions from refrigerants	136	Please refer to Chap 6.2 Mitigation and Adaptation for Climate Change.
	FB-FR-110b.2	Quantitative	Percentage of refrigerants consumed with zero ozone-depleting potential	136	Please refer to Chap 6.2 Mitigation and Adaptation for Climate Change.
	FB-FR-110b.3	Quantitative	Average refrigerant emissions rate	-	PCSC has not yet collected the total capacity of the chillers. No response currently.
Energy Management	FB-FR-130a.1	Quantitative	(1) Operational energy consumed (2) percentage grid electricity (3) percentage renewable	136	Please refer to Chap 6.2 Mitigation and Adaptation for Climate Change.
Food Waste Management	FB-FR-150a.1	Quantitative	Amount of food waste generated, percentage diverted from the waste stream	11	Please refer to Sustainability Column "Love Food".
Data Security	FB-FR-230a.1	Quantitative	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected	-	There was no data breach in 2020.
	FB-FR-230a.2	Discussion and Analysis	Description of approach to identifying and addressing data security risks	74	Please refer to Chap 3.4 Customer Relationship Management.
Food Safety	FB-FR-250a.1	Quantitative	High-risk food safety violation rate	-	In 2020, PCSC violated the Act Governing Food Safety and Sanitation for selling expired food. There were 3 violations in total, with a total of NTD\$180 thousand fine.
	FB-FR-250a.2	Quantitative	(1) Number of recalls (2) number of units recalled (3) percentage of units recalled that are private-label products	-	There was no recall occurred in 2020.
Product Health & Nutrition	FB-FR-260a.1	Quantitative	Revenue from products labeled and/or marketed to promote health and nutrition attributes	58	Please refer to Chap 3.2 Customer Health and Safety.
	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	58-59	Please refer to Chap 3.2 Customer Health and Safety.

Topic	Code	Category	Accounting Metric	Page	Response
Product Labeling & Marketing	FB-FR-270a.1	Quantitative	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	-	There was no violation of regulations regarding product labeling or marketing in 2020.
	FB-FR-270a.2	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices.	-	
	FB-FR-270a.3	Quantitative	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) (2) non-GMO	59	Please refer to Chap 3.2 Customer Health and Safety.
Labor Practices	FB-FR-310.a.1	Quantitative	(1) Average hourly wage (2) percentage of in-store and distribution center employees earning minimum wage, by region	-	PCSC did not collect the data in 2020. No response currently.
	FB-FR-310a.2	Quantitative	Percentage of active workforce covered under collective bargaining agreements	84	Please refer to Chap 4.1 Overview of Human Resources.
	FB-FR-310a.3	Quantitative	(1) Number of work stoppages (2) total days idle	84	Please refer to Chap 4.1 Overview of Human Resources.
	FB-FR-310a.4	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations (2) employment discrimination	91	Please refer to Chap 4.2 Occupational Safety and Health.
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	73	Please refer to Chap 3.3 Sustainable Supply Chain Management.
	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 to PCSC.
	FB-FR-430a.3	Discussion and Analysis	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	58-73	Please refer to Chap 3.2 Customer Health and Safety & 3.3 Sustainable Supply Chain Management.
	FB-FR-430a.4	Discussion and Analysis	Discussion of strategies to reduce the environmental impact of packaging	17	Please refer to the Sustainability Column "Reduce Plastic Use"
Activity Metrics	FB-FR-000.A	Quantitative	Number of (1) retail locations	-	6,024
	FB-FR-000.B	Quantitative	Total area of (1) retail space	-	942,237 square meters

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

	Subject Matter Information	Page no.	Applicable Criteria	Regulations
1	The Product Safety Committee focuses on safety and quality, and establishes a unified management system for its privately-owned products, with the scope of 100% of its privately-owned products. One meeting was convened in 2020, with the discussion focusing on reporting and tracking important business security information, planning and responding to changes in regulations.	P.59	2020 Product Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2020 and the types and percentage of products under its influence. The percentage is calculated according to the Merchandise Safety Committee's scope and results of its operation; if all of the Company's products are under its influence, the percentage is 100%.	Subparagraph 1, item 1
2	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 privately-owned products. In 2020, the Company collected 464 product safety-related memos, including 2 A-level information, 337 B-level information and 125 L-level information. (Note) A-, B-, and L-level information is based on the date that the information was announced internally.	P.63	Product safety information collected in 2020 and the types and percentage of products under its influence, according to the definition of information in the Product Safety Information Gathering, Review and Tracking Standards. The percentage is calculated according to the Product Safety Information Collection and Inventory Tracking Standards' scope and results of its operation; if all of the Company's products are under its influence, the percentage is 100%.	Subparagraph 1, item 1
3	In 2020, the initial logistics mechanism was implemented on 100% exclusive selling and privately-owned products including rice, fresh noodles, salads, cooked food, refrigerated flavored breads, sweet potatoes and fresh foods.	P.61	The percentage of the total amount of a given product sold in 2020 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2020, according to the initial transport and logistics distribution management mechanism formulated by the Company.	Subparagraph 1, item 1
4	In addition, a management consulting company was engaged to perform quality assurance audits. In 2020, 99.2% (Note) of all stores underwent this audit. (Note) A small number of stores were closed in early 2020 or had opened for less than three months in 2020. Therefore, they were not audited in 2020.	P.62	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
5	PCSC hired a management consulting company to audit the quality assurance training certification status of stores, with 98.95% (Note) of the stores audited in 2020. (Note) A small number of stores were closed in early 2020 or had opened for less than three months in 2020. Therefore, they were not audited in 2020.	P.63	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

	Subject Matter Information	Page no.	Applicable Criteria	Regulations
6	Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include "Regulations on Good Hygiene Practice for Food," "Food Sanitation Standards," as well as other relevant laws issued by the Ministry of Health and Welfare. In 2020, PCSC violated the Act Governing Food Safety and Sanitation for selling expired food. There were 3 violations in total, with a total of NTD\$180,000 fine.	P.50	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 2020.	Subparagraph 1, item 2
	Not applicable. PCSC is classified under the retail industry. Due to the special characteristics of this industry, we cannot calculate what percentage of purchases for our privately-owned products that meet internationally recognized product liability standards accounts for overall purchases.		None	Subparagraph 1, item 3
	Not applicable as PCSC does not have any self operated factories.		None	Subparagraph 1, item 4
7	In 2020, there were a total of 40 suppliers of privately-owned food products with whom PCSC had a cooperative relationship (Note 1) (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products). 100% (Note 2) of those suppliers were audited. Please refer to the table on p.69-70 for these 40 suppliers. A total of 133 audits were performed with 132 passing, with the compliance rate of 99%. The non-conforming suppliers had insufficient protective gear and unclear instructions for safety protection. Required improvement has been made after guidance. (Note 1) Defined as (1) Suppliers that passed the assessment prior to 2020 and passed internal submission. (2) New suppliers that successfully passed the introduction assessment during 2020. (3) Those eligible to halt assessment in 2020 are also included. (Note 2) 7 manufacturers, 4 suppliers of raw materials through direct transactions and 1 egg product supplier ended their transactions and cooperation with PCSC based on last year's supplier assessments. Therefore, they were not required to be audited in 2020 based on the corresponding management rules.	P.71	The number of suppliers, percentages, items evaluated, number of audits, and results for evaluations of private label product and food suppliers according to Rules for Onsite Appraisal of Manufacturers by Own-brand Product Committee, Raw material supplier and Management rules, and Management and Operations Rules for Professional- Use Egg Product Raw Materials (refer to the table on p.69-70).	Subparagraph 1, item 5
8	In 2020, there were 12 suppliers of packaging materials for food products (Note 1), with 100% (Note 2) audited. Please refer to the table on p.69-70 for these 12 suppliers. A total of 13 audits on supplier assessment items were performed, resulting in 13 passing audit results, the passing rate is 100%. (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) Expansion Inc. - Chien Fa Paper Pipe Co., Ltd (Yuanlin factory site), Excellent Gravure Industrial Co., LTD have stop transaction with PCSC before the assessment month. As a result, those entities are not required to be audited according to our rules.	P.71	According to the "Management Rules for Site Assessment of Suppliers of Products Related to Store Safety" (refer to the table on p.69-70). The table showed the number of one time used merchandise supplier evaluated, percentage, items evaluated, times of evaluation and results.	Subparagraph 1, item 5

	Subject Matter Information	Page no.	Applicable Criteria	Regulations
9	<p>PCSC meets the definition of a vendor of box meals as set forth in Article 9 of the Act Governing Food Safety and Sanitation and set up a traceability system for the meal box category (Note) in accordance with the official document (Food and Drug Administration Document No.1071300516 authorized by the Ministry of Health and Welfare on 26 June, 2018) in 2019, a total of 376 products in the meal box category have undergone traceability management in 2020.</p> <p>(Note) Indicating the products which consist of grains (rice or noodles), processed grains, agriculture, livestock and seafood and which are processed to be served to groups or individuals. Those products are served with clear 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>	P.60	As of the end of 2020, PCSC set up a box meals category traceability system in accordance with Article 9 of Act Governing Food Safety and Sanitation, the number of products is calculated based on the box meals category documented in the product declaration and maintenance database in Material and Quality Assurance System, and these products were traded in 2020.	Subparagraph 1, item 6
10	As of the end of 2020, the laboratory conducted 621 test items per the announcements and requirements of the competent authority including CNS, the Taiwan Food and Drug Administration, etc.	P.60	<p>The number of test items (see 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 2020.</p> <p>(Note) These test items include standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
11	Another 111 test items of self-inspection that do not follow directives from the aforementioned announced methodologies were conducted.	P.60	<p>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 (see note), or not for government-approved food additives) as of the end of 2020.</p> <p>(Note) These test items include standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
12	PCSC's Quality Testing Laboratory obtained certifications following test items specified by TFDA and TAF (ISO/IEC 17025:2017).	P.60	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
13	Taiwan Accreditation Foundation (TAF) certified test items: 4 microorganisms according to ISO/IEC 17025:2017.	P.61	Test items and the total number of test items certified by the Taiwan Accreditation Foundation (TAF).	Subparagraph 1, item 7

	Subject Matter Information	Page no.	Applicable Criteria	Regulations
14	Taiwan Food and Drug Administration (TFDA) of the Ministry of Health and Welfare certified test items: <ul style="list-style-type: none"> 1. 4 Microorganisms 2. 8 Colorants 3. 1 Ochratoxin A 4. 1 Patulin 	P.61	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
15	<p>The quality testing laboratory resulted in costs of NT\$35,318 thousand, including NT\$17,425 thousand for entrusted laboratories (Note), accounting for 0.021% of the Company's operating revenue.</p> <p>(Note) The quality testing laboratory costs include tests, salaries, depreciation, rentals, equipment repair and maintenance, and miscellaneous purchases.</p>	P.61	The percentage of operating revenue on financial reports that is allotted to quality testing laboratory expenditures in 2020.	Subparagraph 1, item 7
16	In 2020, a total of 1143 tests were run on products and raw materials, with 1135 passing the test. The passing rate was 99.3%.	P.61	<p>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 (see 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 (see note) or not for government-approved food additives).</p> <p>(Note) These test items include standard methodologies and methodologies privately developed by PCSC.</p>	Subparagraph 1, item 7
17	During 2020, suppliers of privately-owned food products (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products) numbered 40 companies. If calculating using the number of the plants, there were a total of 74 manufacturing sites, among those 41 were manufacturers of privately-owned food products within Taiwan. Of these, 41 manufactures obtained international food safety management system ISO22000 certification.	P.66	The number of private label product food suppliers, total number of factories, total number of original design manufacturers in Taiwan, ISO22000 certifications, and total number of original design manufacturers in Taiwan certified to ISO22000 in 2020.	Voluntary assurance



會計師有限確信報告

資會綜字第 20011005 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 2020 年度企業社會責任報告書所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

確信標的資訊與適用基準

有關 貴公司選定 2020 年度企業社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於 貴公司 2020 年度企業社會責任報告書第 159 至 162 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於企業社會責任報告書第 1 頁之「報告書時間、邊界與數據」段落述明。

管理階層之責任

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

會計師之責任

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

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行情序。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情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。

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- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊進行分析性程序，如必要時，則選取樣本進行包括查詢、觀察、檢查等測試，以取得有限確信之證據。

此報告不對 2020 年度企業社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師之獨立性及品質管制規範

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

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

先天限制

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

有限確信結論

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

其它事項

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

資誠聯合會計師事務所

會計師 張瑞婷 

中華民國 110 年 6 月 25 日



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PRESIDENT CHAIN STORE CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by President Chain Store Corporation. (hereinafter referred to as PCSC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification (2021/04/07~2021/04/28). 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 CSR Report of 2020 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		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	High

Assurance has been conducted at a high level of scrutiny.

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:

Select specific reporting criteria included in the contract:

Reporting Criteria Options

1	GRI (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, CSR 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 and Task Force on Climate-related Financial Disclosures (TCFD) 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, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, PCSC may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

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 CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions impacts occur entities of boundaries and applicability, where the impacts, or be impacts stakeholder, type, location, or position by PCSC's value chain for each material topic (103-1). Also encouraged to compile franchise store workers' occupational health and safety performance in future reporting.

Signed:

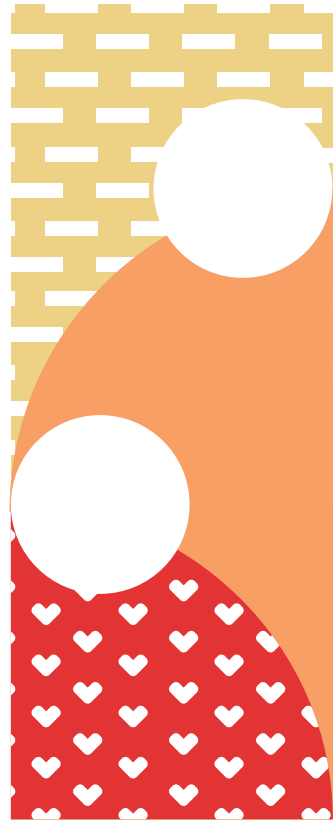
For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
31 May, 2021
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-7P1KH



2020

PCSC

**Corporate Social
Responsibility Report**

