

CH 01 Blueprint for Sustainable Management

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

1.1 Sustainable Development Declaration and Blueprint for Sustainability

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

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

7-ELEVEN Sustainable Development Declaration

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

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

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

Aspects of PCSC's Sustainable Development

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

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

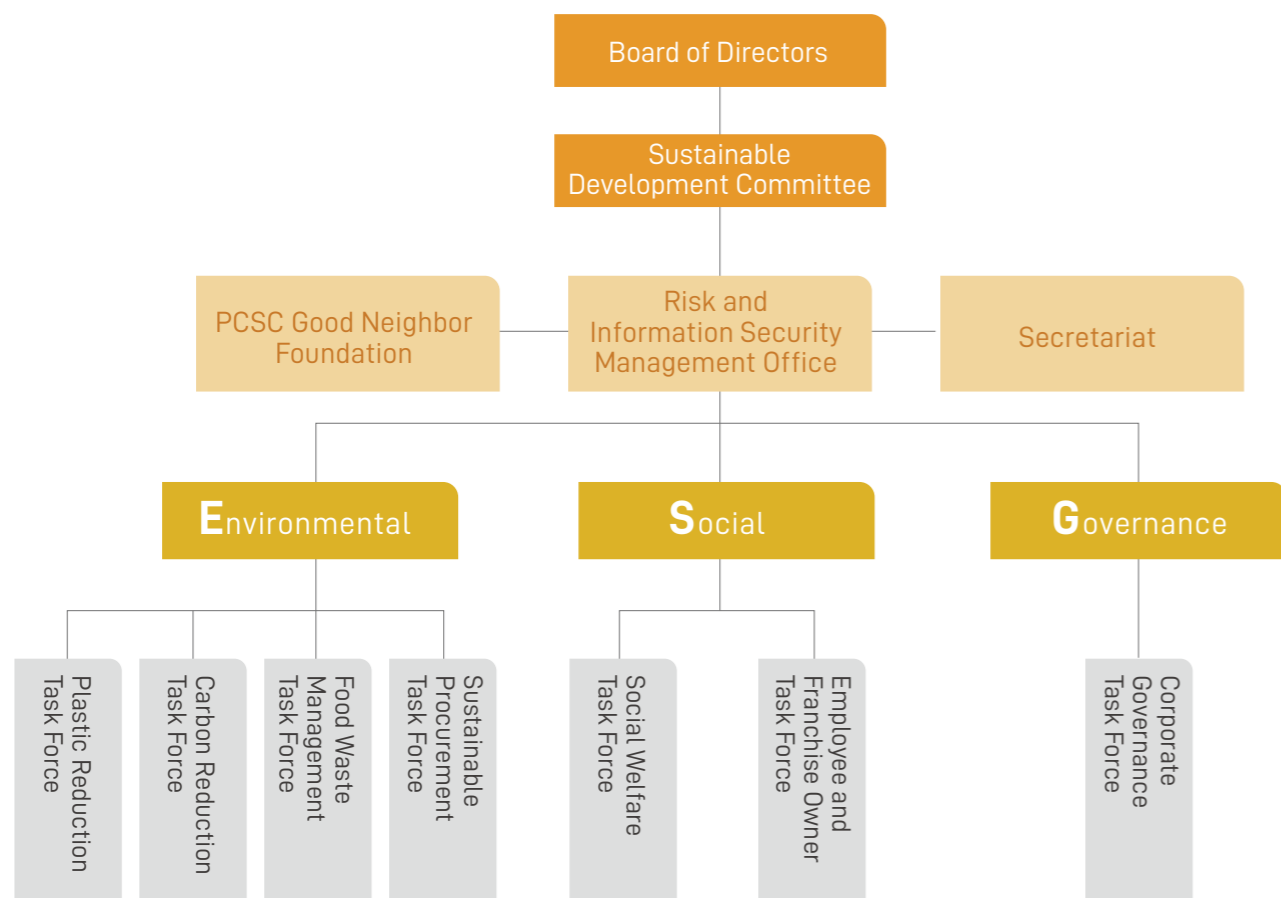
Sustainable Development Committee

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

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

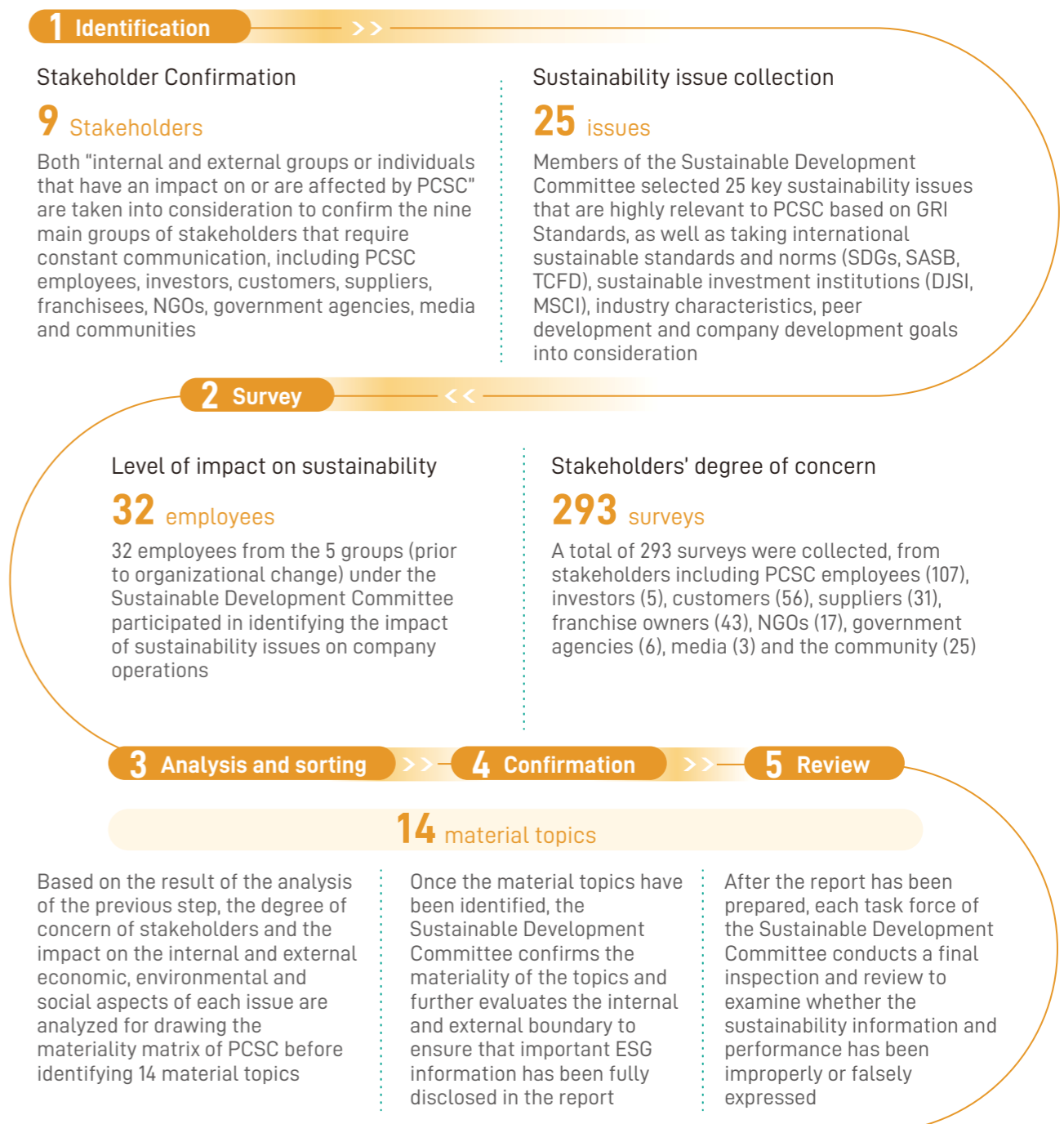
The Sustainable Development Committee is composed of three independent directors and the Company's senior executives. To respond to sustainability trends and corporate progress in 2021, the five groups under the Committee (Corporate Governance, Sustainable Products and Services, Eco-friendliness, Community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

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

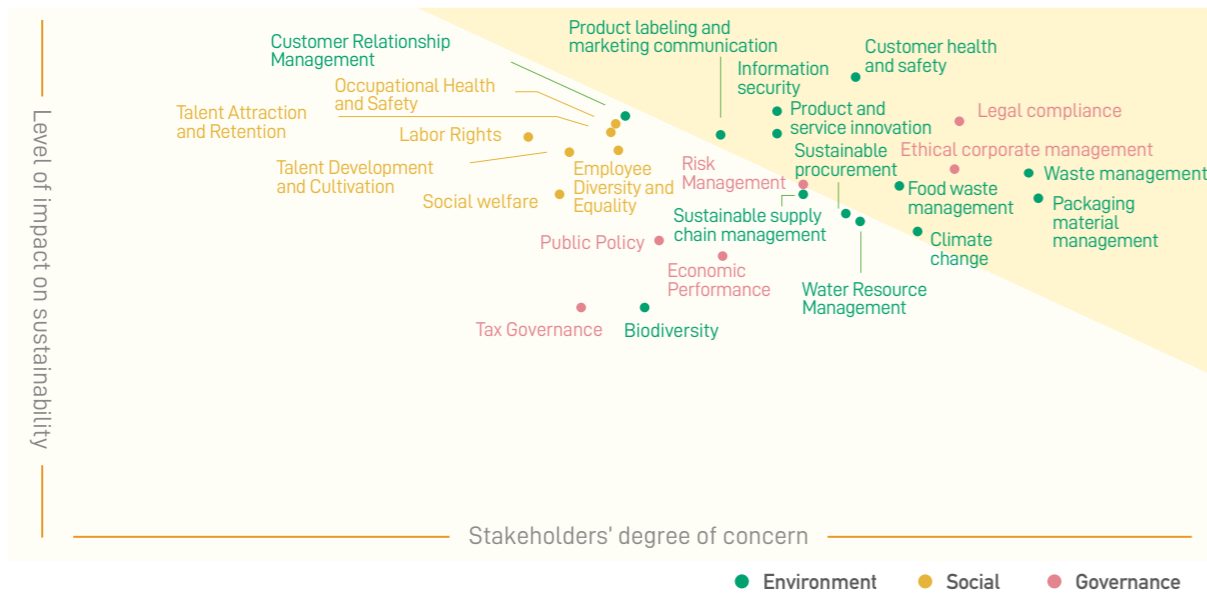


Materiality Assessment

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



Materiality Matrix



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

Material Topic Cross Reference

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

Material Topic Significance and Change

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

↑ Increase ▲ Unchanged ↓ Decrease ● New

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

Corresponding Value Chain Boundary of Material Topics

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

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

1.4 Stakeholder Communication

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

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
Investors	CSC needs to communicate with investors on business performance and results in various sustainable governance aspects to be held in high regard by the investors	<ul style="list-style-type: none"> Ethical corporate management Risk management Occupational health and safety Labor rights Product and service innovation Customer health and safety Product labeling and marketing communication Customer relationship management Sustainable supply chain management Sustainable procurement 	Annual shareholders' meeting	Regularly (annual)	Once
			Quarterly financial statements	Regularly (quarterly)	4 times
			Annual reports	Regularly (annual)	Once
			Disclosure through corporate website	As needed	As needed
			Organize/invited to organize road shows	As needed	<ul style="list-style-type: none"> 231 phone conferences 4 online forums
			TWSE Market Observation Post System Website	As needed	82 important messages in Chinese/English
			Answering questions from investors and analysts via face-to-face meetings/ phone or e-mail	As needed	As needed
Suppliers	Suppliers are important partners for PCSC operations. We work together with suppliers to develop innovative products and services, increase product quality and realize professional ethics to achieve the vision of sustainable supply chain and provide great services	<ul style="list-style-type: none"> Legal compliance Risk management Waste management Talent attraction and retention Occupational health and safety 	Management meetings	As needed	2 sessions
			Supplier Conference	As needed	<ul style="list-style-type: none"> 7 procurement meetings Over 30 product category meetings
			Supplier audit	Regularly	83 suppliers

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
Customers	Customers' point of view is an important reference for PCSC to improve its products and services. Customer satisfaction is also deeply intertwined with the Company's operational performance.	<ul style="list-style-type: none"> Legal compliance Occupational health and safety Labor rights Product and service innovation Customer health and safety Customer relationship management Information security 	Regular replies by Integrated Services Center ^(Note)	As needed	<ul style="list-style-type: none"> A total of 2,858 cases in the stakeholder mailbox
					<ul style="list-style-type: none"> A total of 139,724 phone calls for feedback and suggestions
Employees	Employees are the vital cornerstone of PCSC operations, and engagement with employees is the key to its sustainable operations.	<ul style="list-style-type: none"> Talent attraction and retention Employee diversity and equality Talent development and cultivation Occupational health and safety Customer health and safety 	Employer-employee meetings	Regularly (quarterly)	4 meetings
			Staff Welfare Committee	Regularly (quarterly)	4 meetings
			Grievance email	As needed	223 emails
			Happy Cooperative Society consultations	As needed	<ul style="list-style-type: none"> The volunteers provided services to 102 people A total of 65.3 hours of consultation and 5.5 hours of external professional consultation
			Safety and Health Committee meetings	Regularly (quarterly)	4 meetings
Franchise Owners	Franchise owners are at the forefront of providing consumer services. Franchise owner engagement is the key to providing high-quality services.	<ul style="list-style-type: none"> Legal compliance Talent attraction and retention Occupational health and safety Product and service innovation Customer health and safety Product labeling and marketing communication Customer relationship management Information security 	Update the dedicated franchise website	As needed	As needed
			Regional advisor visits	Regularly (monthly)	53 visits
			Monthly publications	Regularly (monthly)	12 publications
			Franchise owner forums	As needed	20 forums

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

Stakeholders	Importance to the Organization	Topics of Concern	Communication Channel	Frequency	Number of Communications in 2021
NGOs	PCSC aims at giving back to the society to support public welfare organizations, in the hopes of maximizing positive influence on the society.	<ul style="list-style-type: none"> Ethical corporate management Public policy Labor rights Social welfare Customer health and safety Information safety 	Participation in public welfare events /initiatives	As needed	A total of NT\$216 million raised in the store from change and goods donations
			Fundraising events of Bring Back the Love Charity Donation Program	Regularly (quarterly)	4 times
			Fundraising proposal/review meeting	Regularly (annual)	Once
Government Agencies	Government regulations keep changing. Achieving sustainable development requires the collaboration between the public and private sectors. Engagement with government agencies can ensure the compliance and sustainability of PCSC operations.	<ul style="list-style-type: none"> Legal compliance Customer health and safety Product labeling and marketing communication Customer relationship management Information security 	Legal Identification Committee	Regularly (quarterly)	4 times
			Comply with systems as promoted	As needed	As needed
Media	Communicate the Company's sustainable business performance to the media so that more stakeholders can understand the sustainable actions of PCSC.	<ul style="list-style-type: none"> Ethical corporate management Legal compliance Risk management Climate change Packaging material management Food waste management Employee diversity and equality Talent development and cultivation Customer health and safety Product labeling and marketing communication Customer relationship management Information security 	The Company set up a dedicated contact to release press releases and provide media assistance.	As needed	A total of 200 press releases were issued, and a press contact was provided to assist the media in real-time communication.
Local Communities	Being part of the retail industry, PCSC can be found on all corners of the country. Reducing negative impact on the society and environment is PCSC's responsibility and obligation.	<ul style="list-style-type: none"> Climate change Packaging material management Product and service innovation Customer health and safety Customer relationship management 	Good Neighbor Funfest events	As needed	9,784 events
			Good Neighbor Foundation website	As needed	As needed

1.5 Process Management of Sustainable Targets

Process Management of Sustainable Targets

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

🔍 Exceeding target ✅ Achieving target — Falling short of the target ▲ Tracking

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

Note 1: Unless otherwise stated in the table, the target year for all KPIs is 2025.

Note 2: Activity refers to the percentage of members with a record of consumption.

Note 3: Data on January 1, 2022.

Note 4: Due to the implementation of two policies in 2021, including advancing orders of fresh food at 4° C (from production according to estimation to production upon receipt of orders) and centralized production (decrease the number of items produced by a single manufacturer to reduce the waste of raw materials), the amount of food waste decreased further in 2021.

Note 5: The 2021 performance was enhanced by the pandemic. The future targets are set by excluding the pandemic as a factor.

🚀 Exceeding target ✅ Achieving target ❌ Falling short of the target ▲ Tracking

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

Note 1: Unless otherwise stated in the table, the target year for all KPIs is 2025.

Note 5: The 2021 performance was enhanced by the pandemic. The future targets are set by excluding the pandemic as a factor.

1.6 Sustainable Value Chain

PCSC expects to maximize output benefits and create economic, environmental and social value through investing 6 sources of capital and driving the internal sustainable management mechanism. In terms of promoting sustainable management

within the organization, PCSC continues to optimize the seven sustainable management elements of people, stores, products, systems, logistics, institutions and culture, in order to measure and manage the value created by the Company's overall value chain for the society.

