



**President Chain Store Corporation
Climate-related Disclosures Report**

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Incorporating Carbon Reduction in Our Everyday Life

Over the past year, President Chain Store Corporation has witnessed disruptions to global supply chains and the continued economic impact of inflationary pressures. Moreover, these challenges are compounded by climate change. Global climate change is not only exacerbating these economic pressures but also causing a more severe impact on the planet. These phenomena once again highlight the profound impact of environmental challenges on the food retail industry, reminding us that we must demonstrate greater resilience and innovation in responding to the greatest challenges and opportunities of our time.



Since 2020, President Chain Store Corporation has managed climate change issues based on the TCFD framework. In terms of climate governance, President Chain Store Corporation believes that actively responding to and adapting to climate change not only reflects its responsibility to the environment, but is also the key to ensuring sustainable development. Therefore, we respond to domestic and foreign climate initiatives, commit to abiding by the Paris Agreement by limiting the global temperature rise to a maximum of 1.5° C above pre-industrial levels, and declare our support for Taiwan's Pathway to Net-Zero Emissions in 2050, as well as continuing to strengthen the Company's climate governance structure to ensure the integration of climate action and corporate governance. In addition, we continue to enhance the supervision and management capabilities of the Board of Directors, Sustainable Development Committee and Carbon Reduction Task Force on climate change issues. President Chain Store Corporation's climate governance efforts continue to receive international recognition, as we have been ranked in the top 5% in the Taiwan Corporate Governance Evaluation System for 9 consecutive years, included as a constituent of the Dow Jones Sustainability World Index for 5 consecutive years and a score "A-" leader by the Carbon Disclosure Project (CDP) for two consecutive years. These achievements have proven our progress in climate change governance.

President Chain Store Corporation has proposed four core action plans regarding its major climate risks and opportunities, including industrial transition, energy transition, lifestyle transition and climate adaptation. The industrial transition strategy focuses on low-carbon transportation for affiliated companies in the logistics sector, the procurement of low-carbon raw, and the launch low-carbon private-label products such as Veggie Section, low-carbon rice, fresh boxed meals in paper packaging. In terms of energy transition, we reduce electricity consumption by requiring suppliers to provide energy-saving equipment and implement 7 energy-saving measures in the stores, as well as introducing renewable energy. In our lifestyle transition strategy, we actively promote circular economy, including Sustainable Farm, iLove Food, OPEN iECO Recycled Cups Renting Service, and recycling PET bottles with Intelligent Automatic Recycling Machines as well as reusing rPET to encourage consumers to support circular economy while reducing dependence on resources. Last but not least, in the climate adaptation strategy, we focus on mitigating the impact of extreme weather events on our operations and implementing comprehensive climate risk management measures, including setting up the Weather Information Distribution System, floodproofing facilities in the stores, and formulating emergency procedures.

We are publishing our first Climate-related Disclosures report in 2023. In the future, President Chain Store Corporation will continue to carry out various climate actions around the three core concepts of a happy enterprise, a society of common food and a sustainable planet. We believe that only through comprehensive climate governance and positive actions can we build a more stable and sustainable future.

Toward a Low-carbon Transition Operating Model

In the era of globalization, business operations face many challenges. Climate change is a highly complex and urgent issue. As part of the food retail industry, our value chain will be greatly affected by climate change. For this reason, President Chain Store Corporation must make concrete commitments and actions on sustainable development and climate change. To this end, President Chain Store Corporation manages climate-related issues based on its own vision of sustainable development. We have started to manage climate-related risks and opportunities by following the TCFD framework since 2020, and we became the first retail chain in Taiwan to join "TCFD supporter" in 2022, hoping to achieve net zero for Scope 1 and 2 emissions by 2050.

Sustainable Development and Net-zero Vision of President Chain Store Corporation

Sustainability Vision of President Chain Store Corporation

President Chain Store Corporation is committed to becoming the greatest retail business with the purpose of providing the most convenient services and fulfilling the social responsibilities of a good citizen

President Chain Store Corporation Net-zero and Emission Reduction Policy

As a member of the global village, President Chain Store Corporation values resource consumption and associated environmental impact. To fulfill its corporate responsibility, it aims at managing greenhouse gas emissions and promoting energy conservation and carbon reduction plans based on inventory results.

Our commitment

President Chain Store Corporation aims at achieving net zero Scope 1 and 2 greenhouse emissions within its operations by 2050

President Chain Store Corporation Energy Management Policy

While we meet the needs of consumers, implementing energy conservation and carbon reduction actions has become an important core value in the Company's operations strategy. We use our stores as bases for carrying out energy conservation and carbon reduction, promote energy conservation and carbon reduction with our advantages as a retail business, as well as extending the benefits of energy conservation and exerting corporate influence.

Our commitment

Complying with government energy regulations and continuing to implement energy improvements. Increasing the number of stores with energy-saving designs, developing and selling energy-saving products. Achieving the purpose of energy optimization and facilitating the Company's corporate sustainability.

President Chain Store Corporation officially signed up to support TCFD in 2022 as the first retail business in Taiwan to join the TCFD support initiative.

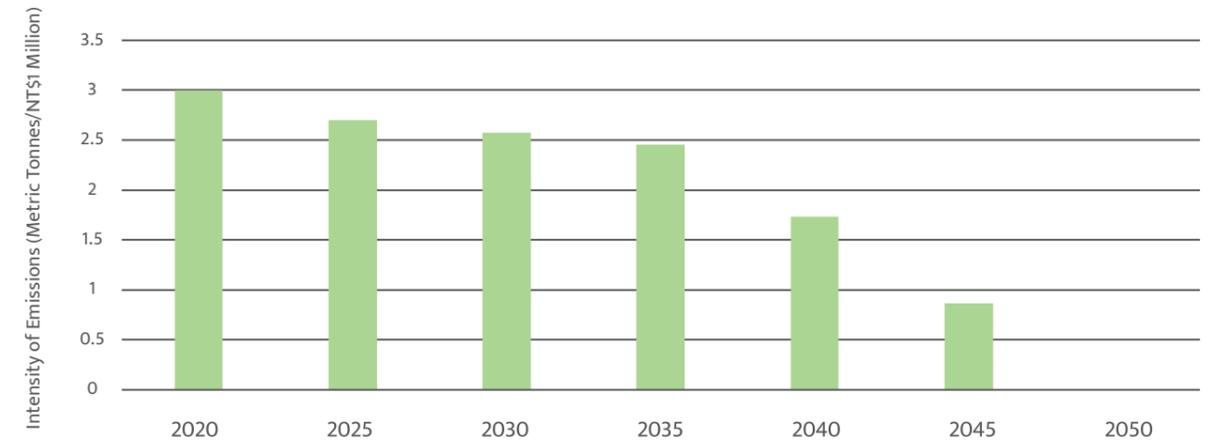


TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

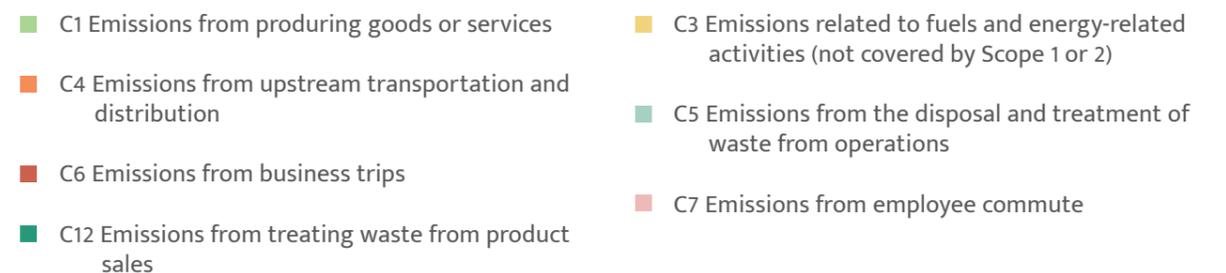
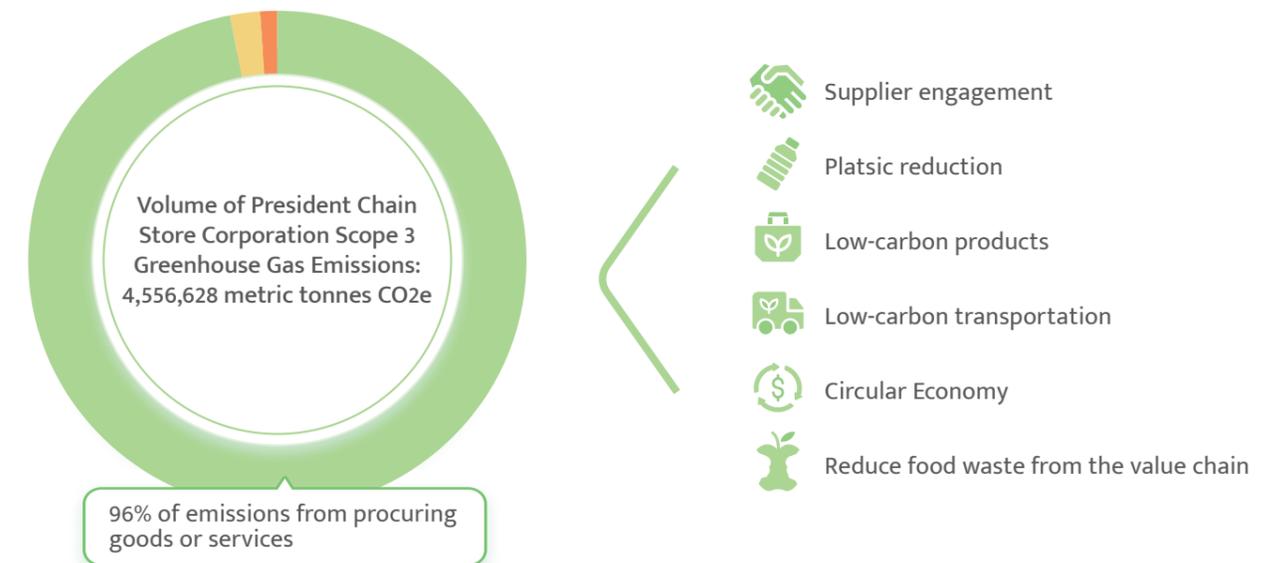
President Chain Store Corporation's Carbon Reduction Process



Scope 1 and Scope 2 Net Zero Roadmap



Scope 3 Net Zero Strategy



Net Zero Transition

 Industrial Transition

Rainforest-certified coffee is sold in stores, and FSC packaging was introduced to iselect refrigerated beverages. The revenue of the aforementioned two categories of products reached **NT\$151.88 million**.

“low-carbon rice ball” that saves **30%** of irrigation water compared to conventional farming methods

Logistics affiliated companies are required to continue to carry out energy saving and carbon reduction actions, with a total of **4,350GJ** saved in 2023

Low-carbon products such as Veggie Selection, low-carbon rice and boxed meals with paper packaging are sold

天素地蔬

The quantity and amount of local agricultural product procurement accounted for **79%** and **67%** of the total amount, respectively.

In 2023, the procurement amount of raw materials with sustainable certification reached **NT\$3,256 million** at **15.61%**

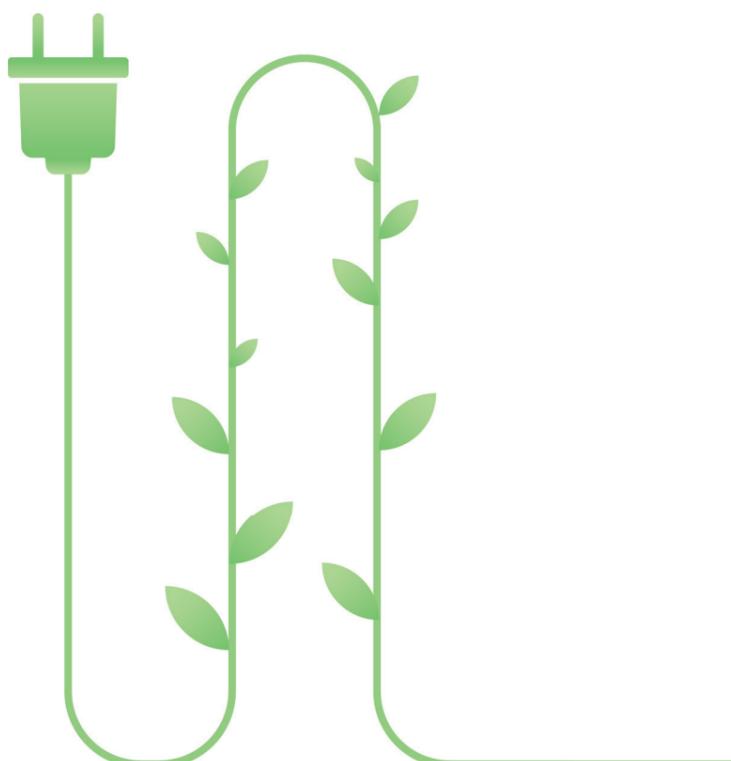


 Energy Transition

The energy management system was introduced in accordance with the energy management plan. The energy intensity of the store decreased by **0.81%** compared with the base year.

In 2023, Yawan store's renewable energy power generation capacity reached **3,000 kWh**

Seven major energy-saving measures were introduced in the store with a total of **420,257GJ** energy saved



 Lifestyle Transition

“OPEN iECO Recycled Cups Renting Service” has reduced nearly **200,000** disposable paper cups

“Intelligent Automatic Recycling Machine” was introduced in **140** stores, recycling a total of **7.912 million** PET bottles

Invest in the “Sustainable Farm” project to convert coffee ground from the stores into organic fertilizer for growing cabbage, corn and other crops to be used as side dishes in boxed meals or sold in the stores

Join hands with the Agriculture and Food Agency and Society of Wilderness to advocate food and agriculture education with Good Neighbor Funfests. A total of over **15,000** sustainable Good Neighbor Funfests were held with over 140,000 participants

The unique School of Life was created through Good Neighbor Classroom, allowing elementary schools, kindergartens, day care and other educational institutions to organize classes in our stores. Relevant sustainable picture book DIY materials were used by more than **290,000** people in 2023



Climate Adaptation and Mitigation

Formulate “Construction Specifications for Flood Control Gates and Dwarf Walls in the Stores Located in Low-lying Areas” and the “Weather Information Distribution System” to immediately notify the stores of the weather and issue flood warnings, so as to reduce the risks caused by flooding.

Set up a risk emergency response process to standardize the emergency mechanism for logistics and distribution

Purchasd property insurance against natural disasters for the stores to reduce the financial impact of losses

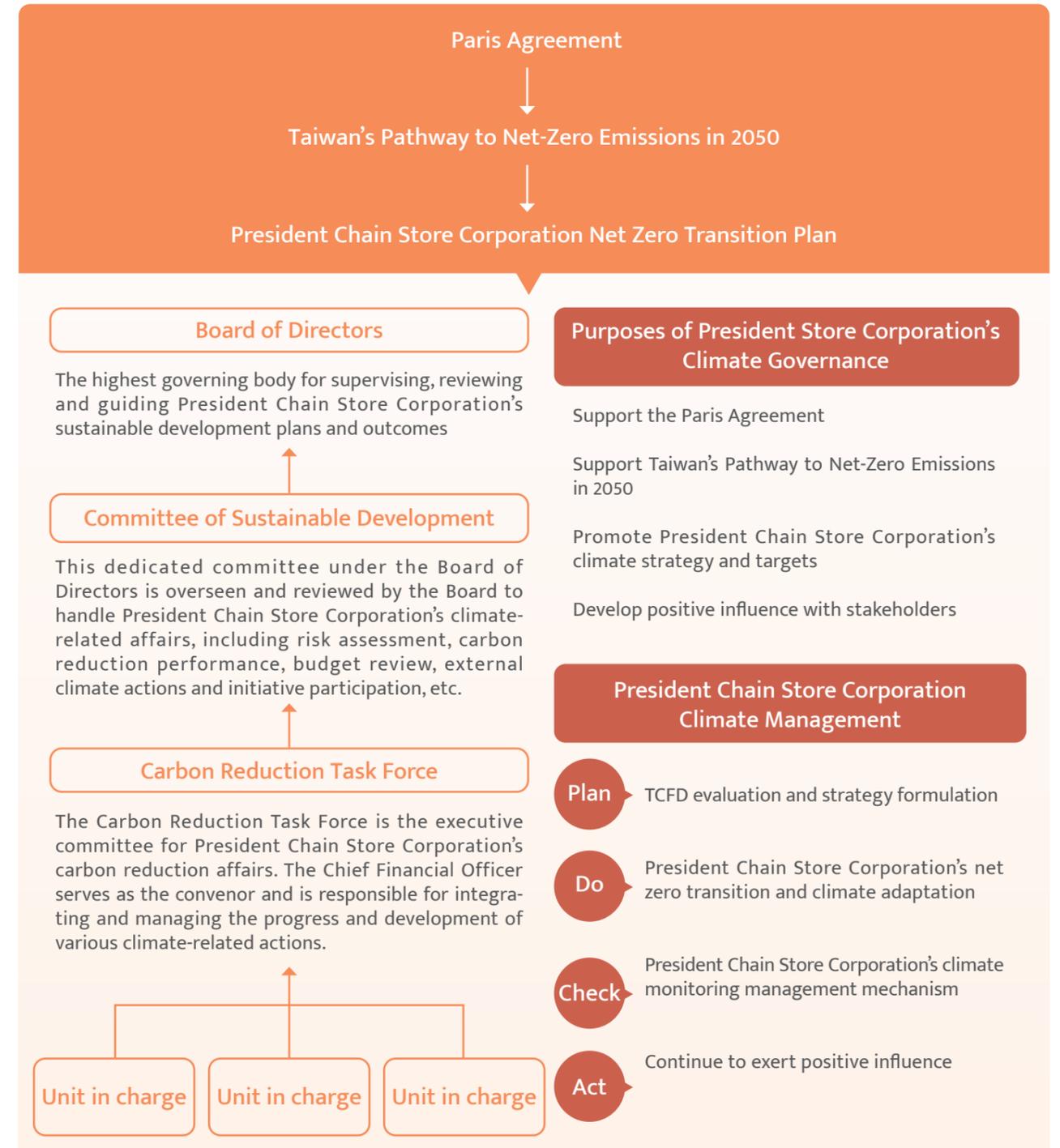
Dynamically adjust sales strategies for seasonal products in response to changes in climate patterns



Top-down Climate Governance



Facing the global challenges brought about by climate change, President Chain Store Corporation believes that actively responding to and adapting to climate change not only reflects our responsibility to the environment, but is also the key to ensuring our sustainable development. Based on this principle, we support climate initiatives both domestically and internationally, commit to abiding by the Paris Agreement to limit global temperature increase to a maximum of 1.5°C above pre-industrial levels, and endorse our support for Taiwan's Pathway to Net-Zero Emissions in 2050. To achieve such targets, we follow the PDCA cycle to construct a net-zero transition plan for President Chain Store Corporation, as well as building a complete climate governance framework so as to progressively realize our path to net-zero emissions and exert a positive influence.



1.1 Board of Directors Supervision Mechanism and Actions



Committee of Sustainable Development



Board of Directors

Core Responsibilities

The Sustainable Development Committee oversees climate-related affairs of President Chain Store Corporation, including risk assessment, carbon reduction performance, budget review, and participation in external climate actions and initiatives. The committee holds two meetings per year to supervise and review the performance of climate-related issues

The Board of Directors is the Company's highest governing body for climate governance, responsible for supervising and guiding President Chain Store Corporation's climate issue management

Regulatory mechanism incorporated for climate issues

Regulatory strategy setting and budget oversight

Responsible for reviewing and guiding annual budgets and major capital expenditures to ensure resource allocation is consistent with the Company's climate change strategy and targets

Oversee transition programs and innovation management

Oversee and guide the formulation and implementation of the climate transition plan, while reviewing innovation and R&D priorities and supporting the development of climate-related technologies and solutions

Supervisory risk management and scenario analysis

Review and guide risk management processes, including conducting climate-related scenario analyses to ensure sufficient understanding and readiness for potential future risks

Target monitoring and performance evaluation

Oversee the setting and progress of the Company's climate-related targets, including supervising and guiding employee incentive mechanisms to ensure that company targets are linked to individual performance

External cooperation and policy participation

Supervise and guide public policy participation and value chain collaboration to promote climate change-related strategies and actions to enhance the Company's impact on climate sustainability

Key achievements in regulatory oversight in 2023

- Annual review of budgets and capital expenditures related to sustainable development and climate change adaptation
- Supervise the core axis and development aspects of President Chain Store Corporation's sustainable blueprint
- Oversee the achievement of major sustainable performance management metrics
- Supervise the outcomes of climate risk and opportunity identification of President Chain Store Corporation
- Supervise the implementation outcomes of President Chain Store Corporation's climate transition plan
- Review and guide climate-related performance incentive plans for employees and senior executives

President Chain Store Corporation actively responds to the challenge of global climate change, integrating the supervision of climate issues as a crucial part of our operations strategy. We are committed to achieving climate goals by promoting related strategies and action plans. Throughout this process, the Board of Directors serves as the core decision-making body of President Chain Store Corporation, ensuring the effectiveness and practicality of our plans. Therefore, the Board's review and guidance are essential to the implementation of each climate-related initiative.

As the highest governing body on climate-related issues, the Board receives quarterly reports from the Sustainable Development Committee reports on the implementation of President Chain Store Corporation's overall climate strategy. It supervises through five major responsibilities: regulatory oversight of climate-related strategies and budgets, supervision of transformation plans and innovation management, oversight of risk management and scenario analysis, review of targets and performance, and review of external collaborations and policy engagement.

To ensure that board members possess the necessary capabilities to oversee climate issues, we have established two related standards:

1. A thorough understanding of the business environment and financial conditions of the food retail industry in order to properly monitor the financial impact of climate issues.
2. Relevant experience in overseeing or managing climate governance practices to ensure a comprehensive understanding of the broad operational impacts on the Company.

In addition, Board members regularly participate in ESG-related training courses to deepen Board members' understanding of such issues. For example, in 2023, Board members accumulated a total of 313 hours in relevant training sessions.

2023 Board ESG Training Courses

Topic	Description	Number of Hours
Sustainable management	Examine the development of climate change and carbon management trends from a macro perspective, as well as environmental, social and governance response strategies.	30
Corporate integrity and governance	Corporate governance practices, including analysis and explanations of future sustainable development blueprints, compliance with laws and regulations by directors and supervisors', anti-money laundering measures, integrity management, legal risks in investment financing, etc.	103
Business trends	Emerging business trends such as the green trade war, key technologies in 5G, innovative branding, and advancements in artificial intelligence technology are introduced as new topics for enterprises to consider as part of their business transition strategies.	180

The Board of Directors has authorized the Sustainable Development Committee to supervise and review tasks related to the sustainable development of President Chain Store Corporation, which is composed of independent directors and senior executives to ensure that sustainability strategies are formulated and implemented from multiple perspectives. The Director serves as the Chairman of the Sustainable Development Committee, responsible for convening twice a year to supervise and make decisions regarding the implementation of annual sustainability projects, as well as regularly reporting the progress of sustainable development to the Board of Directors. In 2023, the Sustainable Development Committee achieved several outcomes in its annual meeting, as outlined in the table below:

Sustainable Development Committee Determine work plans and reports to the Board of Directors	Task Force Implements work plans determined
Execution Outcomes for the Current Year	Plans for the Upcoming Year
<p>Carbon Reduction Task Force Commitment to achieve net-zero emissions in Scope 1 and 2 for its operations by 2050</p> <p>Plastic Reduction Task Force Commitment to reduce the amount of plastic used for private-label packaging/materials by 30% in 2030 compared to 2019, as well as converting 50% of the materials into environmentally friendly alternatives</p> <p>Sustainable supply chain management Supplier management/evaluation methods are adjusted according to relevant international industry standards</p> <p>Sustainable circular economy Initiatives launched for food waste recycling and reuse through projects such as Sustainable Farms and Furbaby Welfare Enterprise Project</p> <p>Organizational restructuring Consolidated into the Risk and Cybersecurity Management Committee</p>	<ul style="list-style-type: none"> • TCFD optimization • Promote sustainable supply chain management: Expand the scope of sustainable supply chain management • Inclusion of climate change/carbon reduction initiatives in subsidiaries • Performance tracking for projects managed by the four major environmental task forces

1.2 Mechanisms and Actions for the Management to Assessing Issues



Carbon Reduction Task Force

Core Responsibilities

The Carbon Reduction Task Force serves as the executive committee for managing President Chain Store Corporation's climate-related issues, responsible for the overseeing and implementing various climate management actions.

Responsibilities on climate-related issues

Financial planning and green investment

Focus on budget management for climate adaptation and capital and operating investments in low-carbon products and services, ensuring alignment with carbon reduction targets

Climate transformation strategy and implementation

This includes formulating and executing climate transformation plans and integrating climate change responses into the Company's overall business strategy to ensure consistency between our climate actions and targets

Target setting and progress monitoring

Set clear management targets related to climate change, with regular reviews of goal achievement to ensure progress meets expectations

Employee motivation and policy engagement

Implement employee incentive systems related to climate actions, actively participate in the formulation of climate policies, and strengthen the Company's positive contribution to climate action

Risk management and supply chain collaboration

Conduct climate-related risk assessments and work with supply chain partners to strengthen climate change response capabilities, promote value chain climate adaptation and reduce carbon emissions

Climate-related management actions in 2023

- Management of climate change-related incentives and energy-saving and carbon-reduction incentives for store personnel
- Plan and implement the Company's climate transformation plans in accordance with TCFD and corporate sustainable development strategies, including climate risk and opportunity identification, scenario analysis, target setting and execution, etc.
- Manage climate actions in collaboration with the value chain, such as planning plastic reduction and food waste reduction, or aligning with the government on climate-related policies and advocacy actions

In response to the evolving climate change issues, President Chain Store Corporation officially set up a Carbon Reduction Task Force in charge of relevant issues in 2021.

A member of the Sustainable Development Committee is appointed as the convener of the executive committee to formulate task forces responsible for blueprint strategies, procurement and development of low-carbon products and services, introduction of energy-saving and carbon reduction measures and equipment, and promoting logistic energy-saving measures. The four groups formulate relevant execution strategies, including the setting of medium- and long-term goals and action plans based on their respective powers and responsibilities. They hold monthly meetings to track the progress of various action plans, and conduct preliminary assessments of major climate change risks and opportunities before submitting the assessment results to the Sustainable Development Committee for high-level discussions.

To enhance the professional capabilities of all members of President Chain Store Corporation, comprehensive training programs covering topics such as plastic reduction, carbon reduction, circular economy, etc. have been arranged. The total training hours amount to 3,575 hours, aimed at deepening members' understanding of climate change and effectively implementing climate strategies into their daily work.

Environmental Protection Campaigns or Training Courses in 2023

Topic	Targets	Man-Hours
Plastic Reduction Online Course	All employees/franchisees	677
Compliance campaign: eliminating plastic straws	All store employees	45
In-store recycling and coffee ground reuse	All store employees/franchisees	167
In-store energy-saving and carbon reduction measures	All store employees/franchisees	785
Coffee quality assurance and raw material management of regulations on the use of plastic straws to encourage the use of reusable cups	All store employees/franchisees	1,701
Trends in carbon reduction and sustainability in the retail industry	Procurement units	200

1.3 Climate-related Management Incentive Mechanisms and Outcomes

President Chain Store Corporation publicly supports the Paris Agreement and aligns with the Taiwan's Pathway to Net-Zero Emissions in 2050. The company commits to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions within its own operations by 2050. In order to enhance the Company's overall reduction performance and effectively track and reward the achievement of annual carbon reduction targets, President Chain Store Corporation has implemented a "Climate Change Related Incentive System." Under this system, based on ISO14064 greenhouse gas inventory results, monetary incentives will be provided when the emission intensity (turnover/greenhouse gas emissions in metric tonnes of CO2e) decreases compared with the previous year and meets the Company's annual carbon reduction targets. The incentive system covers high-level executive members and Carbon Reduction Task Force's group in each department.

President Chain Store Corporation has two types of rewards in our energy saving incentive plan for stores. First, engineers in each region are responsible for minimizing electricity consumption and costs of their stores. The top three in each quarter's engineering evaluation will be awarded a group bonus of NT\$1,000 each. Second, if the engineers successfully recover refunds for overcharged electricity bills due to meter misreading, they will receive a bonus of up to 5% of the total refund. In 2023, the stores' abnormal electricity bill recovery bonus reached a total NT\$31,755. As of 2023, the recovery and distribution of bonuses for abnormal electricity bills in stores has reached NT\$49,484.



Climate-related Risk and Opportunity Management



2.1 Risk and Opportunity Management System

Risk Management Structure

To achieve the President Chain Store Corporation's vision of sustainability, we must develop a stable management mechanism and a clear blueprint, and continuously communicate with stakeholders about the risks and opportunities that may be foreseen in corporate operations, so as to maintain the long-term sustainability of corporate operations and value for stakeholders. In addition, President Chain Store Corporation has its operating bases all over Taiwan, with its impact on a variety of value chains. The operational risks faced by different stages of the value chain are not the same. In order to effectively reduce the impact of various risks on President Chain Store Corporation's operations, we need more active management. Therefore, President Chain Store Corporation has adopted an integrated risk management strategy and conducts climate-related risk assessment and management in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework from 2020.

Climate-related risk management procedures

STEP
01

Risk Identification

- The Carbon Reduction Task Force identifies climate-related risks and opportunities as well as examining climate-related risk and opportunity issues related to direct operations and supply chains.

STEP
02

Risk Analysis and Evaluation

- Based on the substantive financial impact indicators and strategic impact indicators ^(Note 1), the Carbon Reduction Task Force invites relevant internal divisions to evaluate climate-related risk and opportunity issues through workshops, before prioritizing them in order of importance.

STEP
03

Risk Monitoring and Response

- Affected divisions formulate response strategies, metrics and targets for major climate-related risks and opportunities.
- Report to senior management based on the degree of impact of the response strategy, up to and including the President.

STEP
04

Risk Report

- The Carbon Reduction Task Force reports the results of the annual climate risk and opportunity assessments to the Sustainable Development Committee for discussion, which are then presented to the Board of Directors as a reference for operational decision-making.

Defining Criteria for Assessing Climate-related Risk and Opportunity:

Based on the actual operating conditions of President Chain Store Corporation, the Carbon Reduction Task Force integrates the principles of substantive financial impact and substantive strategic impact ^(Note 1), and conducts assessments based on the two aspects of “possibility of occurrence” and “degree of impact.” “Possibility of occurrence” is based on the possibility of the issue occurring in President Chain Store Corporation’s value chain and used as the basis for assessment. It is ranked in five levels from high to low. “Degree of impact” is based on the impact of the issue on President Chain Store Corporation’s finance, ongoing operations and management, reputation, and public image, etc. The impact of the comprehensive assessment of the three aspects is also ranked on a five-level scale from high to low. In addition, the timeline of the assessment is clearly defined, including short-term (0-3 years), medium-term (3-5 years) and long-term (5 years and above) ^(Note 2). The scope of the value chain for assessing the impact includes upstream, own operations and downstream.

Note 1 :

- Substantive financial impact:
 - a. Climate-related risks: A single risk event causes property losses of more than NT\$1 million to the Company, it is defined as having a substantive financial impact.
 - b. Climate-related opportunities: A single opportunity event causes a change in revenue of more than NT\$1 million to the Company, it is defined as having a substantive financial impact.
- Substantive strategic impact:
 - a. Risk-related: A single risk event’s impact on the store resulting in the inability to restock or minor injury to personnel, as well as a week-long news exposure that affects the Company’s reputation is defined as having substantive strategic impact.
 - b. Opportunity-related: When a single event affects store operations and sales increases or a single news story that is exposed for a week and enhances the Company’s reputation, it is defined as having substantive strategic impact.

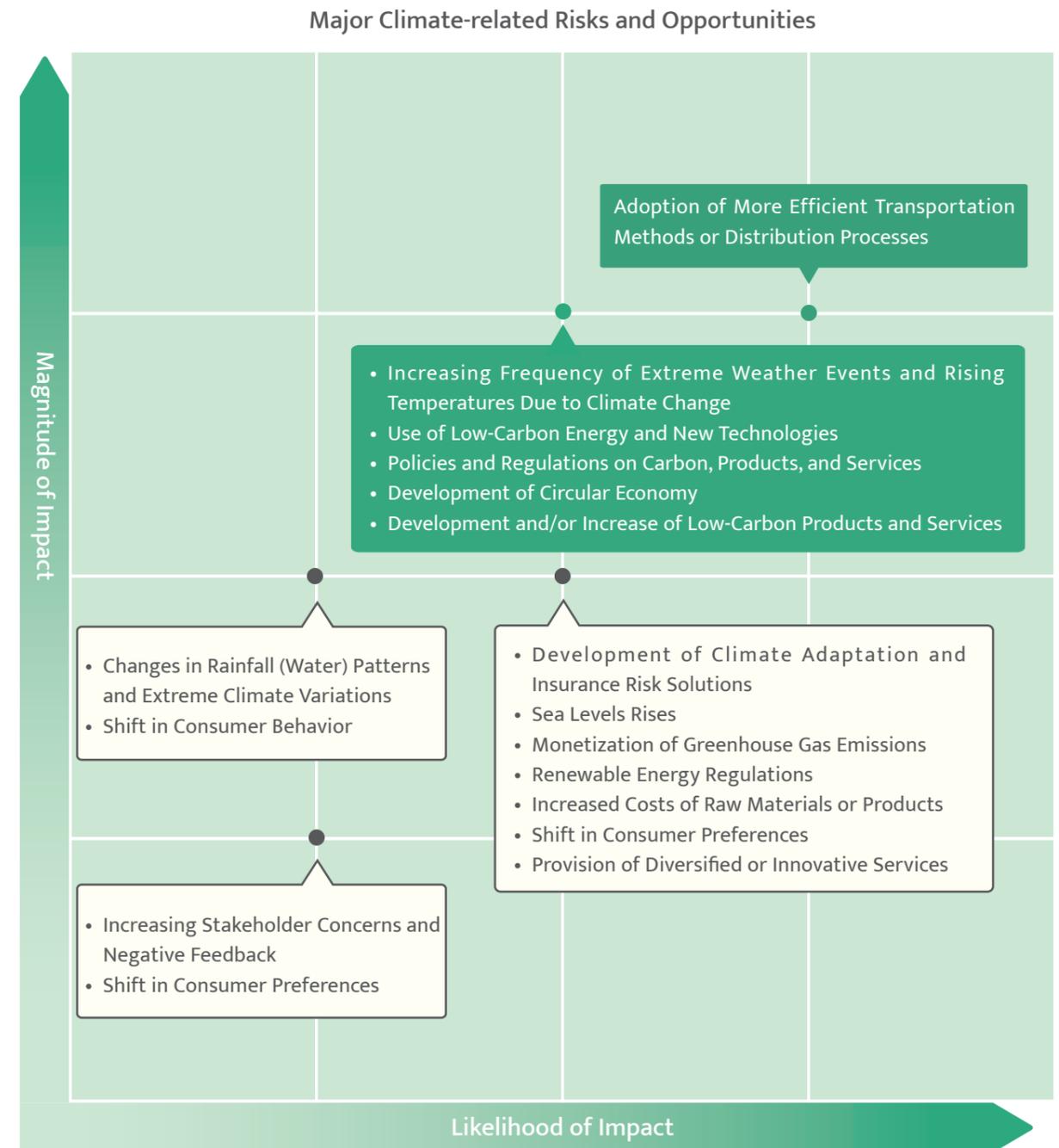
Note 2 :

- Short-term: From 0 to 3 years (2023 to 2025), the base year is based on the current year of risk assessment.
- Medium term: From 3 to 5 years (2025 to 2028).
- Long-term: Based on internal long-term development targets, 2028 is defined as the starting year and no end year is specified.

Major Climate-related Risks and Opportunities

The materiality was sorted based on the results of the questionnaires filled by relevant divisions. The items with average materiality scores in the top 70% were included in the major climate-related risks and opportunities of President Chain Store Corporation in 2023. The analysis showed that the three major risks include “low-carbon energy and new technologies,” “the number of extreme weather events and temperatures continue to rise with climate change,” “policies and regulatory requirements for carbon, products and services.” The three major opportunities are “adopting more efficient shipping methods or distribution processes,” “developing and/or increase low-carbon products and services” and “incorporating circular economy.”

Climate-related Risks and Opportunities Matrix



2.2 Major Climate-related Risks and Opportunities in 2023

Analysis of Major Climate-related Risks for President Chain Store Corporation

Category	Description	Timeline	Impact on Value Chain	Impact Assessment on Operations and Finances
<p>Transitional risk</p> <p>Low carbon energy and new technologies</p>	<p>In response to international net-zero trends, Taiwan's Climate Change Response Act, and the increase in electricity prices, businesses are gradually moving towards the use of low-carbon energy. President Chain Store Corporation operations primarily rely on electricity usage in our stores. However, the transition to low-carbon energy is constrained by the business nature and operational model of President Chain Store Corporation. The initial investments required may incur substantial costs, potentially posing risks to the operations of President Chain Store Corporation.</p>	Long-term	Own operations	<ul style="list-style-type: none"> In the future, President Chain Store Corporation may be impacted by rising electricity costs, leading to increased operating expenses Investing in renewable energy equipment and purchasing green electricity will also contribute to higher operating expenses.
<p>Transitional risk</p> <p>Policies and regulations concerning carbon, products, and services.</p>	<ul style="list-style-type: none"> Taiwan's Climate Change Response Act has been amended and is expected to impose carbon fees on major carbon emitters starting in 2025. Although the current regulations do not yet cover the residential and commercial sectors, with the government's policies moving towards net-zero emissions, President Chain Store Corporation may be subject to carbon fees in the future. Considering operational growth, this could potentially bring significant financial impact. In response to global plastic reduction trends and Taiwan's related regulations, such as the ban on single-use straws, incentives for customers who bring their own cups, and requirements for stores to gradually increase the proportion of reusable cups, President Chain Store Corporation is already impacted by plastic reduction regulations. The company has been actively taking measures to comply with these regulatory requirements. 	Mid-term	Own operations	<ul style="list-style-type: none"> If President Chain Store Corporation fails to comply with regulatory requirements, it may face government fines or fees, leading to increased operating costs. To provide reusable cup services, the company will need to invest in system development and the procurement of reusable cups, which will incur capital expenditures and operating costs. Additionally, maintaining the operation of reusable cups will require extra investments in cleaning, logistics, and manpower, thereby increasing management costs.
<p>Physical risk</p> <p>The number of extreme weather events and temperature continue to increase with climate change</p>	<p>The temperature continuing to rise and extreme weather events such as droughts, floods, typhoons or landslides occurring more frequently could cause:</p> <ul style="list-style-type: none"> Damage to President Chain Store Corporation's equipment Road disruptions will increase, causing interruptions in product transportation and supply. Changes in the sales of seasonal products will affect the product revenue in specific seasons 	Long-term	Upstream, own operations, downstream	<ul style="list-style-type: none"> The implementation of management measures in response to extreme weather events will lead to increased operating costs. Damage to store equipment and disruption of product supply will also increase capital expenditures and impact revenue. Climate change causing changes in the sales performance of seasonal products may affect the revenue from these seasonal products.

Analysis of Major Climate-related Opportunities for President Chain Store Corporation

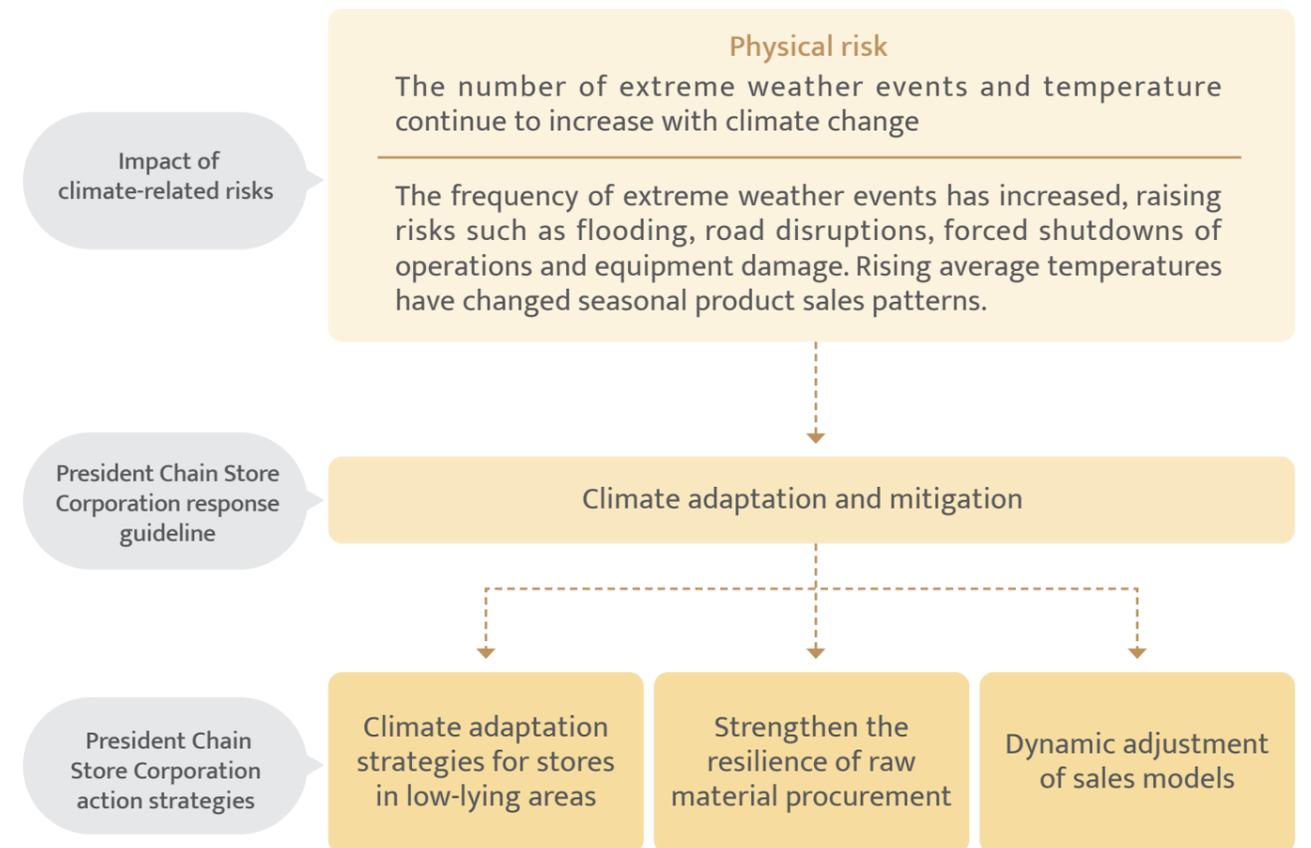
Category	Description	Timeline	Impact on Value Chain	Impact Assessment on Operations and Finances
<p>Resource efficiency</p> <p>Adopting more efficient shipping methods or distribution processes</p>	<p>Choosing energy-efficient vehicles and optimizing routes to reduce transportation or distribution costs.</p>	<p>Short-term</p>	<p>Upstream and downstream</p>	<p>Adopting efficient transportation methods or distribution processes will reduce fuel and labor costs, thereby reducing operating costs. However, this may also increase costs for vehicle replacement and R&D.</p>
<p>Products and services</p> <p>Develop and/or increase low-carbon products and services</p>	<p>As consumer awareness of climate change continues to grow, there may be an increased demand for low-carbon products and services. This also enhances the opportunities for convenience stores to develop low-carbon products and services.</p>	<p>Short-term</p>	<p>Own operations and downstream</p>	<ul style="list-style-type: none"> Increasing the range of low-carbon products and services can boost consumer purchasing intent, thereby enhancing revenue. Developing low-carbon products and services will require additional investments in research and development, as well as management costs.
<p>Resource efficiency</p> <p>Incorporation of circular economy</p>	<p>President Chain Store Corporation has implemented circular economy actions to reduce the environmental impact of its operations. This not only lowers operational risks but also attracts positive attention from sustainability-conscious consumers, enhancing the brand image and creating new business opportunities.</p> <ul style="list-style-type: none"> By introducing circular packaging, the company aims to reduce the use of single-use packaging generated by its operations. For example, the implementation of a reusable cup system helps to decrease the use of disposable paper cups and lids. The company also promotes resource recycling and reuse through incentive mechanisms. For instance, by installing efficient smart recycling machines, consumers are encouraged to recycle PET bottles, and their willingness to spend is boosted through reward mechanisms, thereby increasing the recycling rate. Additionally, efforts are made to reduce or repurpose food waste generated by our operations. Initiatives like iLove Food offer discounts on near-expiry fresh food to increase consumer purchase intent. We also turns used coffee grounds and discarded fresh food items into organic fertilizer for crop cultivation, or converts near-expiry fruits and vegetables into freeze-dried treats for pets, thus minimizing food waste. 	<p>Short-term</p>	<p>Own operations</p>	<p>Reduces the use of single-use paper cups for freshly prepared beverages, thereby lowering material procurement and other operational costs.</p> <ul style="list-style-type: none"> Offers price discounts to encourage consumer behavior change, attracting more consumers and subsequently increasing revenue from freshly prepared beverage products. Efficient Smart Recycling Machines The rewards for recycling PET bottles provided by efficient smart recycling machines increase the likelihood of consumers spending at President Chain Store Corporation, leading to revenue growth. Recycled PET bottles (rPET) can be transformed into marketable products, further driving revenue growth. iLove Food and Sustainable Farms Promoting iLove Food products reduces the weight of food waste disposal, thereby lowering waste disposal costs and increasing revenue from fresh food products.

Towards a Net-zero transition of Retail Channels



According to Taiwan’s Pathway to Net-Zero Emissions in 2050 announced by the National Development Council in 2022, a transition strategy is formulated based on the four major aspects of “energy, industry, lifestyle and society.” As one of Taiwan’s local retail channels, President Chain Store Corporation has adopted four major directions of energy transition, industrial transition, lifestyle transition and climate adaptation and mitigation as management guidelines to respond to and reduce impact on major climate risks and opportunities from our operations. We expect to become a leader of the industry towards a future of net-zero emissions by 2050.

3.1 Climate Adaptation



According to the 2024 National Scientific Report on Climate Change, the number of typhoons passing by Taiwan may decrease in the future, but the proportion of strong typhoons and the average rainfall intensity may increase. President Chain Store Corporation has more than 6,800 stores in Taiwan, and disasters such as typhoons, heavy rainfall, floods or other extreme weather events may increase the probability of equipment damage to President Chain Store Corporation stores and road disruptions, with an impact on product transportation and supply interruptions. Taking the damage caused by Typhoon Morakot in Taiwan in 2009 as an example, a total of 187 stores were affected with the costs for total damage reaching more than NT\$13 million. Some stores were closed for up to two weeks for repairs. In addition, rising temperatures may also affect our seasonal product sales and change our sales operating model.

Impact of physical risks

The identification results of climate risks and opportunities show that “increased severity of extreme weather events and rising average temperatures” are major physical climate risks faced by President Chain Store Corporations, mainly reflected in the following two aspects:

1. Affected by extreme weather events such as winds, heavy rains or floods, the logistics and transportation may be interrupted, or logistics management may be unstable, affecting product distribution and thus product sales. In addition, damage to public infrastructure caused by extreme weather events may lead to power outages, water outages, etc., Besides causing interruptions to store operations, this may also cause food manufacturing factories and food packaging factories to be unable to operate normally, and insufficient stock will affect revenue.
2. According to the “National Scientific Report on Climate Change in 2024: Phenomena, Impacts and Adaptations,” the number of summer days will reach nearly seven months if temperature increase cannot be effectively controlled. As summers become longer and winters become shorter, it will also affect sales of our seasonal products. Namely the sales of summer products will increase, and autumn/winter products will decrease. The continued rise in temperature will also increase energy consumption demand of air conditioners/refrigerators, leading to an increase in operating costs (electricity bills).

Scenario Analysis and Quantification Process

Operating base unable to operate due to heavy rains, resulting in damage to store equipment and products

Assumptions of the Scenario	<ul style="list-style-type: none"> • Maintaining the current 1°C increase in mid-century according to the IPCC AR6 assessment • 2°C increase in mid-century according to the IPCC AR6 assessment • 4°C increase in mid-century according to the IPCC AR6 assessment
Parameter	Flooding risk levels of various regions in Taiwan under three scenarios
Result of Analysis	Understanding the proportion of stores in Taiwan that may be at risk of flooding in mid-century (2050) and the potential financial impact under different climate scenarios

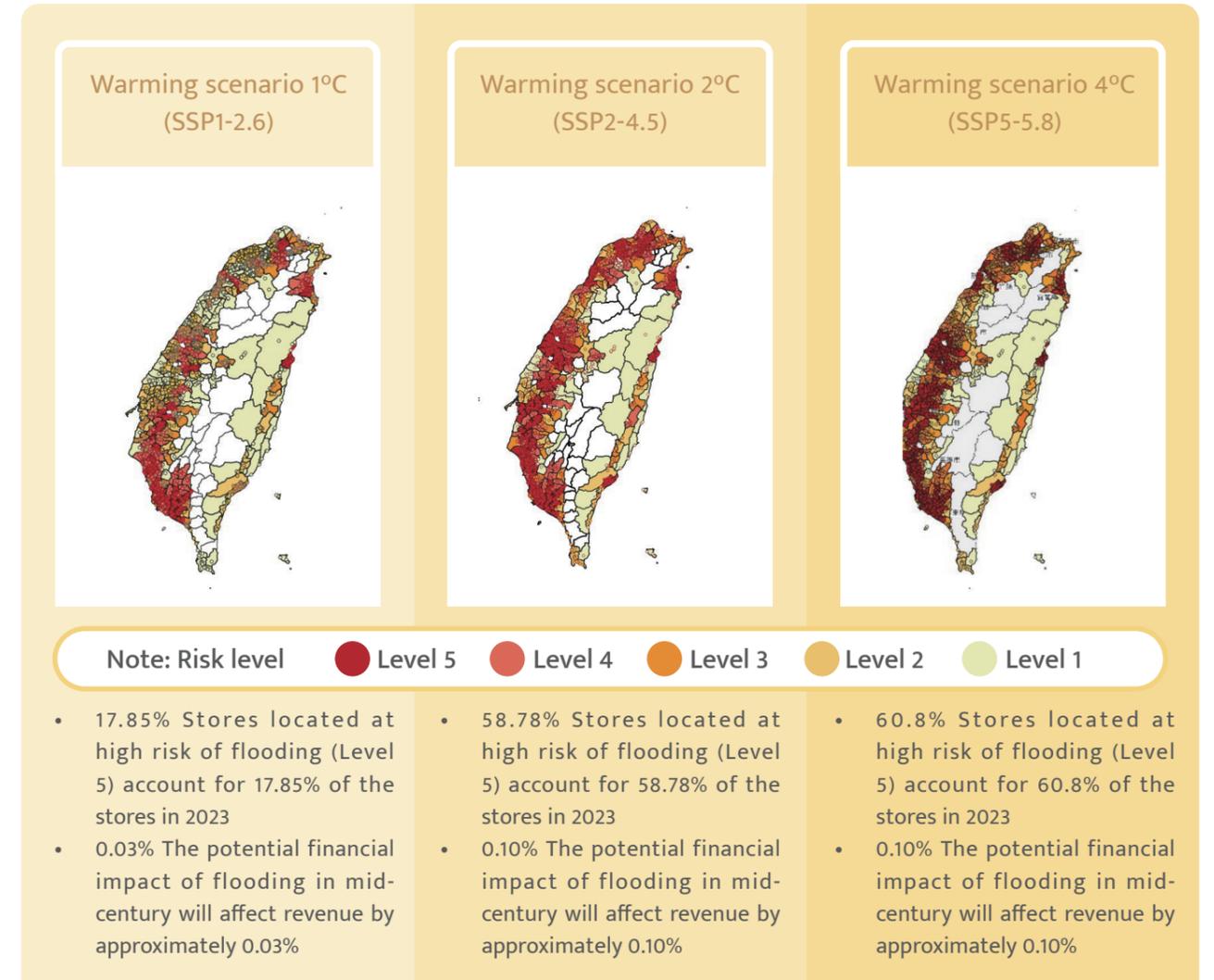
Operating base unable to operate due to heavy rains, resulting in damage to store equipment and products

Assumptions of the Scenario	According to the 2024 Scientific Report on Climate Change, summer will last nearly 7 months at the end of the 21st century under the SSP5-8.5 scenario
Parameter	Estimated number of days in summer and winter in 2030
Result of Analysis	Understanding the impact of changes in seasonal product sales under future warming scenarios

Analysis results

Store equipment and products damaged due to heavy rains

Based on the 1°C¹, 2°C² and 4°C³ climate change scenarios of the United Nations Intergovernmental Panel on Climate Change’s Sixth Assessment Report, we analyzed the risks of Taiwan’s stores with the potential of suffering from flooding risks and store equipment damage in 2050.



1. The current temperature increase is approximately close to 1°C, so the +1°C scenario is regarded as the base period of the status quo.
2. 2°C scenario: refers to most emission scenarios (above moderate emissions) in the next 20 to 40 years, where the temperature will rise by 2°C. The period when global warming of 2°C may occur is from 2041 to 2060.
3. 4°C scenario: refers to the failure of various countries’ climate policies and greenhouse gas reduction. If carbon reduction fails, global warming will rise to 4°C. The probable period is from 2081 to 2100.

Sales of seasonal products affected by rising average temperatures

The 2024 National Climate Change Scientific Research Report points out that under the SSP5-8.5 scenario, Taiwan’s summer will last nearly seven months by the end of the 21st century. If we follow the current sales strategy, our sales of seasonal products such as refrigerated drinks, salads, oden, etc. will change. According to internal sales forecasts, sales of summer products in 2030 will increase by 1.4% compared to 2023. However, as the average temperature rises and the number of summer days increases, the arrangement of store equipment also represents a potential

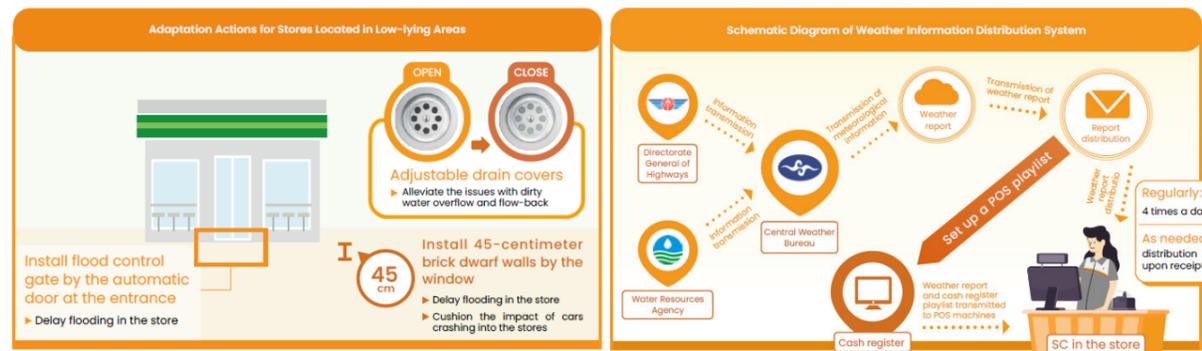
investment in management costs. Based on future store expansion conditions and equipment adjustments, we estimate that approximately NT\$159 million will be invested in facilities.

Response guideline-climate change adaptation

In response to the financial impact brought by the increasing frequency of extreme weather events, President Chain Store Corporation has responded with climate change adaptation and mitigation strategies, including the following main action plans: climate adaptation strategies for stores in low-lying areas, dynamically adjusting sales models, and strengthening the resilience of raw material procurement.

- **Action strategy-store adjustment in low-lying areas**

In order to reduce the risk of flooding in stores, President Chain Store Corporation has formulated the “Construction Specifications for Flood Control Gates and Dwarf Walls in the Stores Located in Low-lying Areas” and the “Weather Information Distribution System” to immediately notify the stores of the weather and issue flood warnings, so as to reduce the risks caused by flooding. In addition, President Chain Store Corporation set up a risk emergency response process to standardize the emergency mechanism for logistics and distribution. Flood prevention equipment and disaster insurance are purchased each year to cope with the risk of flooding. Based on the costs spent on equipment and insurance in 2023, it is estimated that in the future scenario of 2°C warming in 2050, management costs will account for approximately 4% of that year’s revenue.



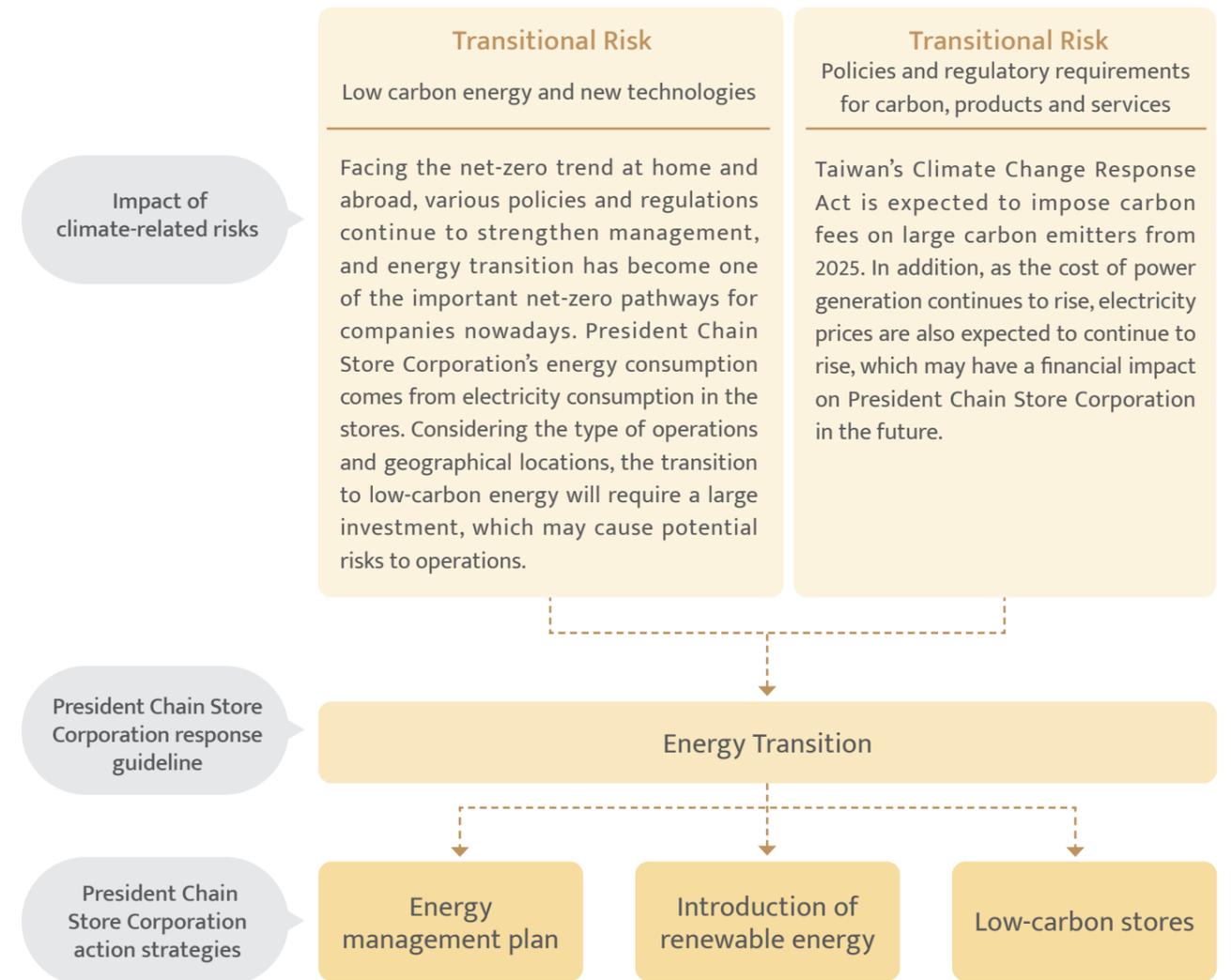
- **Action strategy-dynamic adjustment of Sales Model**

According to the aforementioned assessment results, sales of seasonal products will change due to rising temperatures in the future. Therefore, we must plan sales strategies for seasonal products in advance, such as adjusting seasonal product sales dates, increasing promotions for specific products, etc., to reduce the impact on product sales due to rising temperatures. In addition, in order to cope with potential temperature changes in the future, it is necessary to install sufficient refrigeration and freezing equipment in the stores in advance. However, this may increase electricity expenses and greenhouse gas emissions.

- **Action strategy-strengthening the resilience of raw material procurement**

In response to the situation where climate change may lead to unstable supply of raw materials, we have formulated the “On-site Evaluation and Management Guidelines for Outsourcing Private-label Products Manufacturers” and “Management Guidelines for Raw Material Suppliers and Raw Materials.” All bulk material purchases are a result of communications with suppliers based on our annual procurement. The rationality of inventory is reviewed each month based on external conditions to ensure stable supply. In addition, backup suppliers have been sourced for important raw materials and commodities in case of emergencies that lead to interruptions in the supply of commodities or raw materials.

3.2 Energy Transition



With the global trend of net zero emissions, countries around the world have continuously introduced various carbon management regulations, making carbon reduction and carbon pricing a key issue for global enterprises. In terms of the President Chain Store Corporation’s operating activities, store electricity consumption is the main source of our GHG emissions. In the face of the development of carbon-related issues and energy policies, President Chain Store Corporation further conducted a financial impact assessment on the development of low-carbon energy transition and relevant regulations to understand the impact from future policies and response strategies on our operations.

Impact of transitional risks

The identification results of climate risks and opportunities show that “low-carbon energy and new technologies” and “policies and regulatory requirements for carbon, products and services” are two major climate transitional risks for President Chain Store Corporation.

The impact on President Chain Store Corporation is mainly reflected in two aspects:

1. Considering that the Climate Change Response Act has been amended, it is expected that carbon fees will be charged for large carbon emitters in 2025. Although the act has not been extended to the residential and commercial sectors at this stage, with the government's net-zero emission policy, President Chain Store Corporation has a high probability of being included in the carbon fee regulations in the future. Considering the operational growth, it is expected that carbon fee may bring a greater financial impact.
2. With the continuous promotion of carbon pricing policies and the trend of rising electricity prices in the future, the introduction of low-carbon energy and high-efficiency energy-saving technologies is a non-negotiable investment for enterprises. However, as a part of the food retail industry, President Chain Store Corporation has over 6,000 stores in Taiwan. The introduction of low-carbon energy and technologies requires a significant capital investment, which leads to a significant financial impact.

We will conduct in-depth analysis in order to effectively address these risks. President Chain Store Corporation will evaluate the specific financial impact based on future electricity price trends in Taiwan, the development of carbon fee policies, and the introduction of low-carbon technologies.

Scenario Analysis and Quantification Process

Assumptions of the Scenario	Assuming that President Chain Store Corporation is subject to carbon fee regulations in 2030 and must pay a carbon fee, the carbon fee rate is between the carbon price required to achieve the net zero scenario in 2050 and the NDC scenario.
Parameter	<ul style="list-style-type: none"> • Under the net-zero scenario in 2050, the carbon fee rate in 2030 is NT\$3,075/tCO_{2e}. • Under the NDC scenario, the carbon fee rate in 2030 is NT\$723/tCO_{2e}.
Result of Analysis	Understand the specific impact of future carbon fees on President Chain Store Corporation and the management costs required
Assumptions of the Scenario	Based on the continued increase in low-carbon energy demand and power generation costs, we assume that Taiwan's electricity prices will continue to rise by 2030
Parameter	Based on the regression analysis of electricity price increase from 2016 to 2023, the electricity price in 2030 is estimated to be NT\$3.57/kWh
Result of Analysis	Understand the financial impact of future increase in electricity prices on President Chain Store Corporation, and evaluate the power-saving benefits and related management costs brought by the introduction of energy-saving equipment

Analysis results

Impact of carbon fee policy

We calculated the impact of the 2030 annual fee policy on the carbon fee rates under the 2050 net-zero scenario and the Nationally Determined Contributions (NDCs) scenario in the Ministry of Environment's outsourced research report, Carbon Pricing Options for Taiwan (2020). Regarding

the impact on President Chain Store Corporation, the results show that the financial impact of carbon fees accounts for approximately 0.14%-0.61% of the current year's revenue.

Impact of electricity bill increase

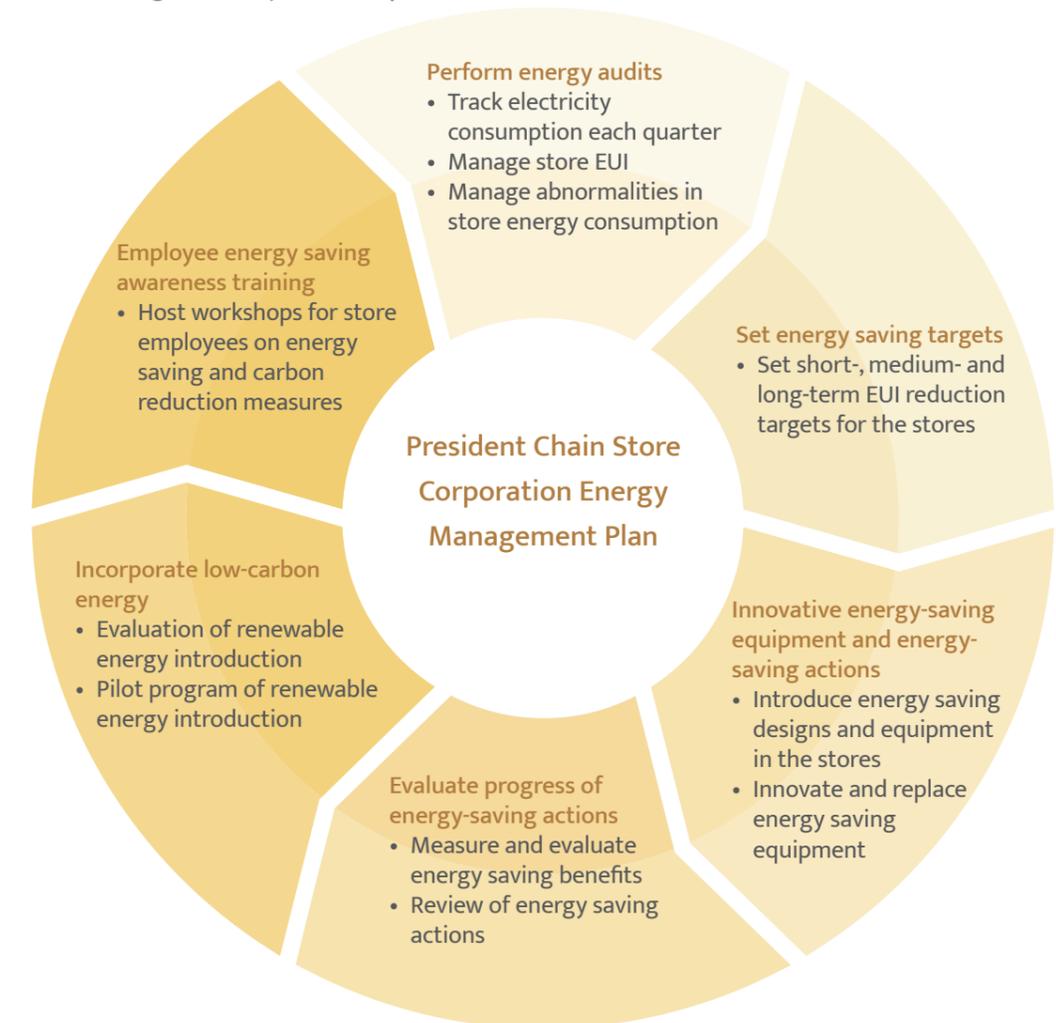
The electricity price increase in 2030 is estimated based on the trend of electricity price increase from 2016 to 2024, and President Chain Store Corporation's operating bases in Taiwan in 2030, the overall electricity bill in 2030 is expected to increase by 48.36% compared to 2023.

Response policy-energy transition

In response to the financial impact of rising carbon fees and electricity prices, President Chain Store Corporation has responded with an energy transition policy. There are three main action strategies under our energy transition policy, namely energy management system, introduction of low-carbon and renewable energy, and promotion of low-carbon stores, the costs and annual performance of each action strategy are detailed below.

Action strategy-energy management system

President Chain Store Corporation formulates energy management policies and procedures in accordance with the international standard ISO 50001 energy management system. Currently, the energy management system of the head office building and two stores has obtained external ISO 50001 energy management system certification. Other locations also conduct energy management in accordance with this standard to ensure that our energy management complies with ISO management system requirements.



President Chain Store Corporation invests approximately NT\$12.41 million in human resources on energy management every year. We follow six major energy management measures to carry out energy-saving actions. Taking 2023 as an example, our energy-saving target for this year is that the EUI of the store must be reduced by 0.5% compared with the previous year. After implementing various actions in the table below, the EUI reduction target set for this year was successfully exceeded.

Energy Management Plan	2023 Management Actions
Perform energy audits	President Chain Store Corporation tracks electricity consumption of its stores every quarter and sets annual store EUI targets. This method includes energy consumption reviews on stores with energy saving potential or abnormal electricity consumption to further improve energy efficiency.
Set energy saving targets	The energy use intensity (EUI) decreased by 0.5% compared with the previous year, and the EUI in 2023 decreased by 0.81%.
Innovative energy-saving equipment and energy-saving actions	Energy management requirements are incorporated for new and existing stores, as well as seven major energy-saving designs <ul style="list-style-type: none"> • Heat insulation • Energy-saving signboards • Lamp reduction • Reduction of window area • Frequency conversion system • LED lamps • Indoor lighting management
Evaluate progress of energy-saving actions	In 2023, President Chain Store Corporation successfully saved 116,738,105 kWh of electricity through energy-saving projects, which is equivalent to reducing indirect emissions by 57,669 metric tonnes of CO ₂ e.
Incorporate low-carbon energy	President Chain Store Corporation introduced the photovoltaic system to 7-ELEVEN Yawan store in 2022, which started generating electricity in 2023. The Yawan store generated and used 3,000 kilowatt-hours of renewable energy at the Yawan store.
Employee energy saving awareness training	Communicated on “store energy saving and carbon reduction measures” to store staff and franchisees for a total of 785 person-hours in 2023.

• Action strategy-introduction of renewable energy

In order to respond to international carbon reduction requirements and reduce dependence on traditional electricity, it is necessary to gradually increase the proportion of renewable energy in the future. However, due to the particularity of the industry, most of our stores do not own but rent buildings. In addition, store locations may be obscured by neighboring buildings. These factors limit our plans to install photovoltaic equipment at our operating locations.

In addition, according to the financial assessment of the introduction of renewable energy, if President Chain Store Corporation needs to achieve the target of 10% green electricity in 2030, it will need to invest at least 97,321.58kWh of photovoltaic installation capacity, which is expected to have an impact on our finances.

Despite facing the aforementioned difficulties, we still actively face challenges. At present, President Chain Store Corporation is planning two general directions in its renewable energy introduction strategy :

1. **Develop green power together with the Group:** We will rely on Uni-President group’s resources in renewable energy development to purchase green power from the head office. In the future, the Group will consider the application direction of renewable energy resources and gradually expand the proportion of renewable energy procurement. It currently plans to purchase 400,000 kWh of green power in 2025.
2. **Accumulate and deepen experience in the introduction of green electricity in stores:** We have introduced the photovoltaic system in stores through the pilot program to accumulate experience with self-constructed renewable energy generation equipment and applications. Currently, President Chain Store Corporation has introduced solar power generation equipment in its Yawan store with a total power generation capacity of 3,000 kWh in 2023. In the future, we will further optimize the introduction strategy of photovoltaic power based on the experience of Yawan store.

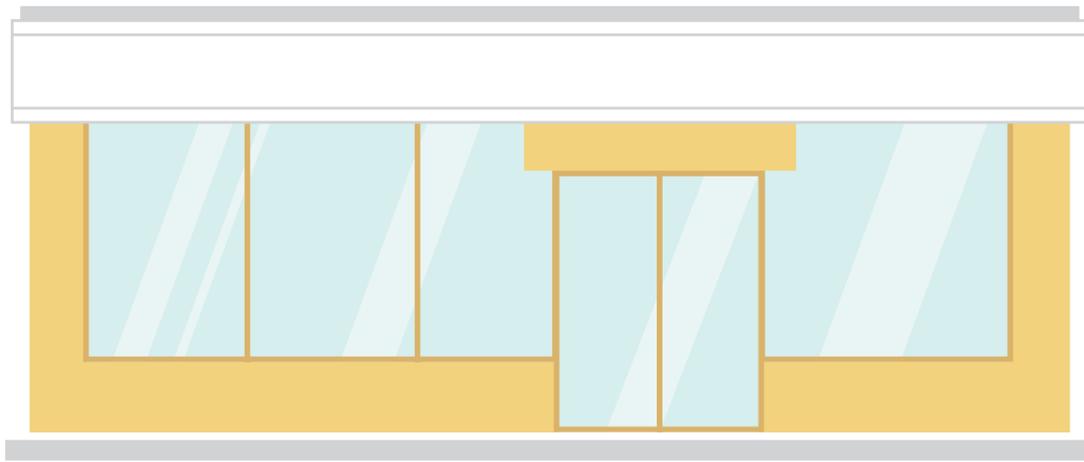


- Action strategy-low carbon store promotion

The energy consumption of President Chain Store Corporations mainly comes from the stores. The promotion of low-carbon store strategies can effectively improve the energy efficiency of the stores and reduce greenhouse gas emissions, giving us more room to cope with rising electricity prices and the impact of carbon fee policies on operations.

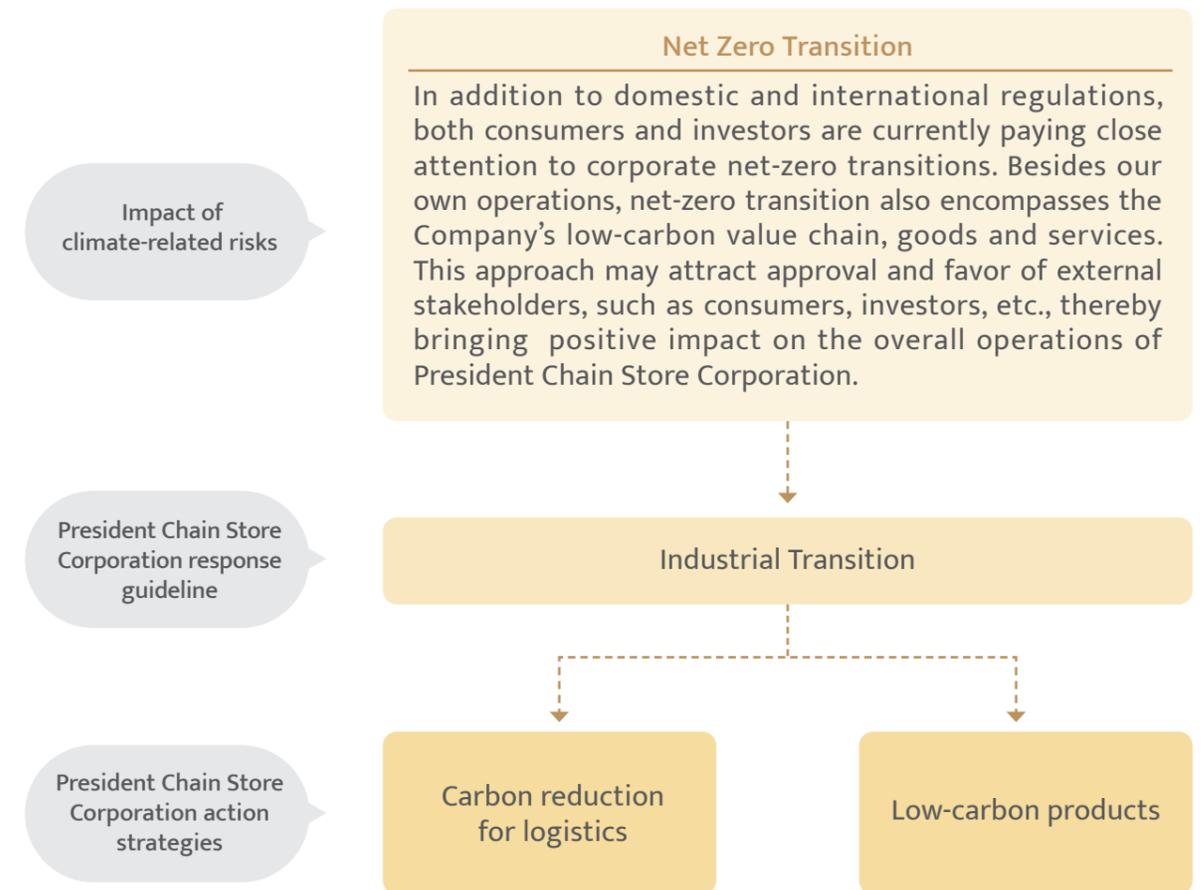
We have incorporated 7 energy-saving designs for low-carbon store equipment, including heat insulation, energy-saving signboards, lamp reduction, reduction of window area, frequency conversion system and LED lamps, and indoor lighting management. New stores will adopt these designs, while existing stores will increase energy efficiency based on individual needs.

- | | |
|---|---|
|  <p>Frequency conversion system
Introduce frequency conversion refrigerators, air conditioners and freezers to improve energy efficiency</p> |  <p>Heat insulation
Reduce sun exposure through the geographical location and architectural concepts</p> |
|  <p>LED lamps
Introduce LED lamps to save 43% of energy compared to T5 lamps</p> |  <p>Energy-saving signboards
Reduce unnecessary light tubes through smart light distribution systems and improved signboard materials and designs</p> |
|  <p>Indoor lighting management
Modify store lighting configuration to reduce the total number of lights</p> |  <p>Improve heat exchange environment
cold air from leaking and improve air-conditioning efficiency through energy-saving windbreak room</p> |
|  <p>Reduction of window area
Maintain the efficiency in cold rooms in the store by reducing the window area</p> | |



Every year, President Chain Store Corporation takes stock of the energy-saving and carbon-reduction performance of seven major energy-saving designs. In 2023, President Chain Store Corporation saved a total of 116,738,105 kWh of electricity through the environmental benefits brought by energy conservation in stores, which is equivalent to reducing 57,669 metric tonnes of CO2e emissions. For detailed information on store energy conservation and carbon reduction, please refer to the 2023 ESG Report-4.3 Climate Change Mitigation and Adaptation.

3.3 Industrial Transition



Industry opportunities under climate change

As the climate emergency continues to escalate, there is growing stakeholder concern over corporate net-zero transformations. In the food retail industry, investors and consumers are particularly interested in our efforts for net-zero transformation. As such, President Chain Store Corporations has identified the following two key opportunities.

1. **Enhanced logistics efficiency**: According to the “Second Phase (2021 to 2025) of the Greenhouse Gas Reduction Plan” published by the Ministry of Environment, the reduction plan for the transportation sector emphasizes that the energy efficiency of transportation systems and operations should be improved. For President Chain Store Corporation, the large number of stores across Taiwan makes logistics and transportation an important part of operations. We require our logistics companies to carry out low-carbon transformations through a sound logistics management system, including the introduction of environmentally friendly vehicles, the implementation of efficient distribution processes, and the introduction of carbon reduction measures in logistics centers. The various action strategies expected to be implemented from 2024 to 2026 are expected to save operating costs accounting for approximately 0.05% of our annual revenue. . This demonstrates that low-carbon transformations of logistics can not only improve transportation efficiency but also save costs on logistics, as well as reduce Scope 3 emissions from logistics and transportation.

• **Action Strategy- Introduction of New Environmentally Friendly Logistics Vehicles**

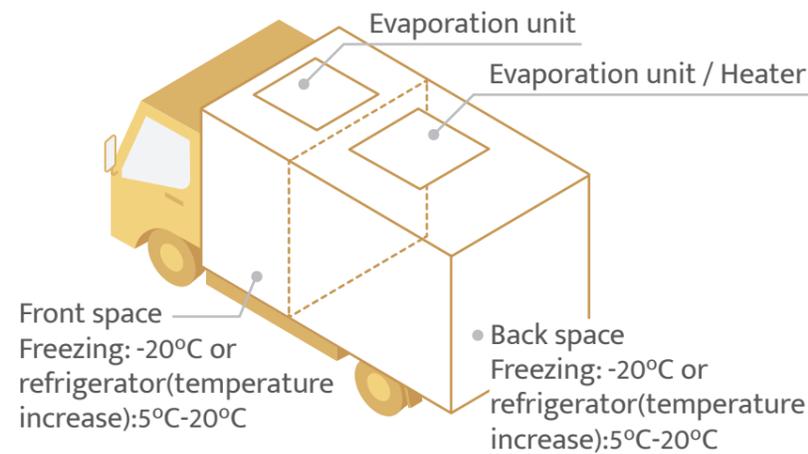
To reduce carbon emissions caused by transportation, President Chain Store Corporation's affiliated logistics companies expects to gradually phase out 213 Phase 4 logistics vehicles from 2024 to 2026 and purchase 229 Phase 6 logistics vehicles. These vehicles will include chilled, ambient, and various sizes to meet the logistics and transportation needs of President Chain Store Corporation. The annual investment accounts for an average of 0.11% of President Chain Store Corporation's revenue for the year, with an anticipated annual diesel saving of at least 287,629 liters.

• **Action Strategy- Joint Delivery of Frozen and Refrigerated Goods**

Since 2021, President Chain Store Corporation's affiliated logistics partners have transformed single-temperature logistics vehicles into dual-temperature vehicles (refrigerated and frozen) to improve loading efficiency. We expect to invest NT\$240,500,000 from 2024 to 2026 on joint delivery of frozen and refrigerated goods, and anticipate the measure to bring the following benefits:

Integrating logistics routes and adjusting equipment on logistics vehicles can save on average:

- 454,409 liters of diesel
- 1,202 metric tonnes CO2e
- NT\$14.7 million in transportation cost



• **Action Strategy- Distribution Automation**

Approximately 0.92% of our annual revenue is invested in the internal operating environment and equipment of the logistics center on the introduction of automatic distribution equipment. The incorporated equipment includes efficient automated guided electric trailers, electronic picking and sorting systems, labor-saving lifting tailgates into vehicles, etc.. Apart from significantly reducing the personnel costs of logistics distribution, the investment also reduces the workload of personnel involved in picking operations.

• **Action Strategy- Energy-saving and Carbon Reduction Measures for Logistics Centers**

Carbon reduction in logistics centers is also a crucial part of low-carbon logistics. In 2023, our affiliated logistics partners implemented carbon reduction measures for existing logistics centers, saving a total of 1,360,675 kWh of energy and reducing 672 metric tonnes of CO2e emissions. For more details on logistics energy-saving measures, please refer to the 2023 Sustainability Report - 4.3 Climate Change Mitigation and Adaptation.

2. **R&D of low-carbon products** : With rising consumer awareness of sustainable consumption, providing low-carbon products is an important direction for industrial transition. President Chain Store Corporation is committed to reducing environmental impact in every aspect from raw material sources, production processes, to final packaging. We categorize products using sustainable raw materials, energy-saving production processes and environmentally friendly packaging options as part of our low-carbon product management scope, as well as actively

developing private-label low-carbon products. President Chain Store Corporation invests approximately NT\$7.4 million in 2023 to develop private-label low-carbon products, including Veggie Selection, low-carbon rice balls, and boxed meals with paper packaging.

• **Action Strategy- Veggie Selection**

Veggie Selection is a private label of President Chain Store Corporation, providing 13 vegetarian labels (such as vegan, lacto-vegetarian, ovo-lacto vegetarian), focusing on co-branded green dining, expanding sales points, and optimizing vegetarian food labeling to promote low-carbon and plant-based diets. By 2023, we have reached the milestone of 130 Veggie Selection stores and we aim on further expanding the brand's influence.



• **Action Strategy- Low-carbon Rice Balls**

President Chain Store Corporation launched the first "low-carbon rice ball" to maximize the use of sustainable raw materials in April 2023 and commercialize low-carbon rice. "Low-carbon rice" is a collaborative effort among the Agriculture and Food Agency, National Pingtung University of Science and Technology and rice suppliers. It adopts systematic big data analysis to add probiotics and organic fertilizers in rice irrigation to activate sustainable and eco-friendly farming in the agricultural ecosystem. Compared with conventional farming methods, it achieves the results of saving water, reducing fertilizer, pesticides, and carbon emissions. For more details on low-carbon rice balls, please refer to the Sustainability section in the 2023 Sustainability Report.

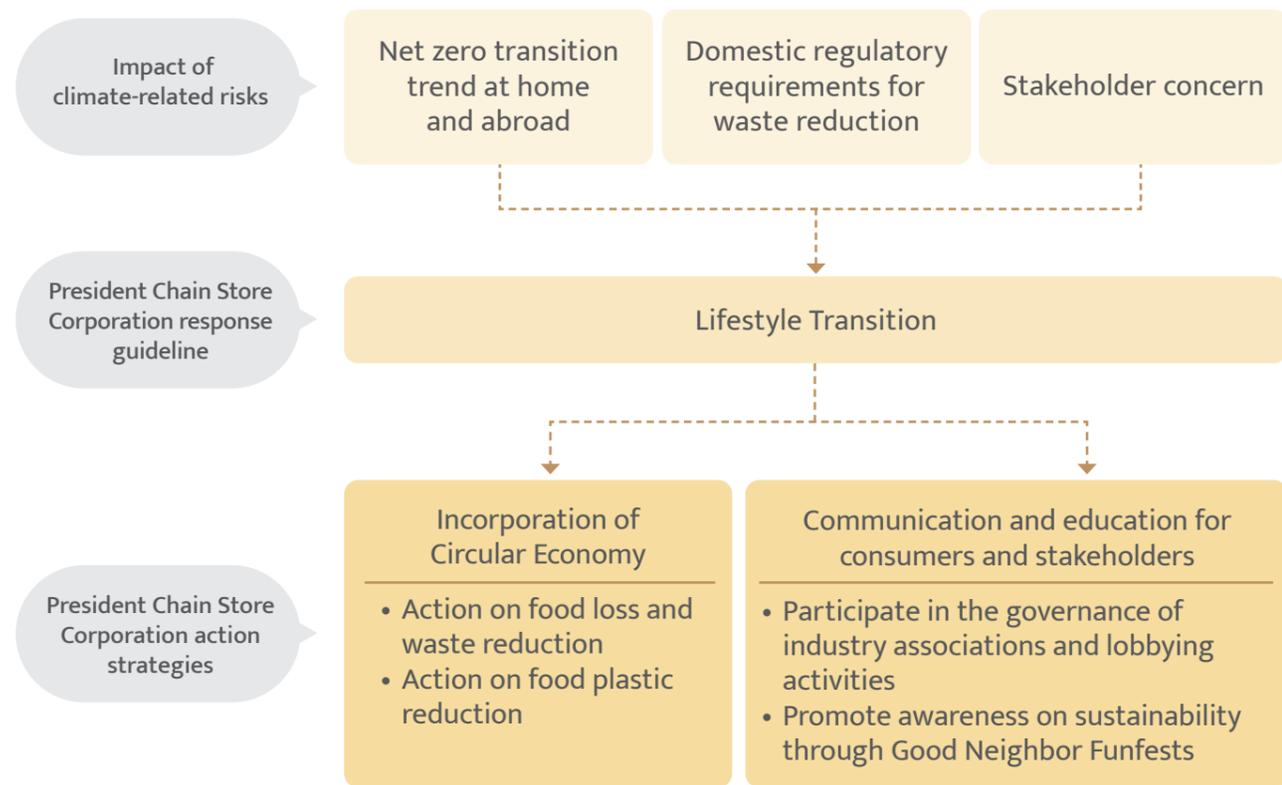


• **Action Strategy- Boxed Meals with Paper Packaging**

In addition to the low-carbon rice balls and Veggie Selection, President Chain Store Corporation also launched boxed meal with environmentally friendly paper packaging materials instead of traditional plastic packaging, significantly reducing the pollution of plastic waste to the environment. In addition, the recyclability of paper packaging helps to reduce carbon emissions during solid waste disposal processes.

Based on the historical sales data for the three major products, President Chain Store Corporation forecasts the revenue of low-carbon products in 2030 to increase by 5.68% compared with 2023. In the future, President Chain Store Corporation will continue to develop and expand the range of low-carbon products and categories, in hopes that we can jointly bring positive influence on the environment with our consumers.

3.4 Lifestyle Transition



Lifestyle transition is an important policy of President Chain Store Corporation in climate transition. As a life partner closely connected with the public, President Chain Store Corporation hopes to exert its influence and join hands with the public to create a society heading towards net zero transition. To this end, we have introduced the concept of circular economy operating model and strengthened communication and education with consumers to enhance our ability to lead the industry regarding the climate-related issue.

1. Build a circular economy operating model: In addition to adapting to international and domestic regulatory trends, we have also observed that many consumers are becoming more aware of sustainability and are beginning to pay attention to issues such as plastic reduction, food loss and waste in the retail industry. Following the principles of circular economy, President Chain Store Corporation has invested in innovative services and business models to develop multiple action strategies on issues such as plastic reduction and food waste reduction, hoping to reduce the negative impact on the environment from its operations while bringing new business opportunities based on a positive brand image. For detailed actions on plastic and food waste reduction, please refer to the Sustainability Column in President Chain Store Corporation’s 2023 Sustainability Report.

Action strategy-Food Loss and Waste Reduction

President Chain Store Corporation launched the iLove Food program in 2020, investing approximately NT\$2.55 million in program maintenance costs each year. Discounts are provided on fresh food that is about to expire to improve supply and demand, taking into account the sustainability of not wasting food and reducing environmental burdens. A 35% discount is given 8 hours prior to expiration, attracting consumers to buy fresh food products that were originally expected to be scrapped. Not only does this reduce the cost of transportation and disposal of food waste, but also reduces the negative impact of food loss and waste on the environment. The program has also increased revenue.

Action strategy-Plastic Reduction

In the face of international and domestic trends related to plastic reduction, President Chain Store Corporation has gradually integrated group resources since 2022 by investing approximately NT\$44.19 million in program maintenance costs each year⁴. Actions such as the OPEN iECO Recycled Cups Renting Service, Intelligent Automatic Recycling Machine and rPET packaging for fresh food products not only reduce the consumption of single-use plastic and paper cups, but also encourage consumers to spend in the stores with the incentive they receive. Moreover, the program attracts consumers with sustainable consumption awareness, and we estimate that it has the potential benefit of increasing revenue and reducing operating costs.

The aforementioned programs not only exert influence in reducing resource waste and promoting recycling, but also create a sustainable ecosystem of common good through diversified collaboration models and social participation to help consumers move towards a low-carbon lifestyle. Based on the cost-benefit assessment of the aforementioned programs, we estimate that the revenue it can bring to President Chain Store Corporation in 2030 will account for 6.60% of that year’s revenue.

Note: The statistical scope of program maintenance costs mainly comes from the management and maintenance costs paid by President Chain Store Corporation, excluding machine installation costs.

2. Communication and education for consumers and stakeholders:

Under the framework of the Paris Agreement, countries have committed to keeping the global temperature rise well below 2°C, and to pursuing efforts to limit the increase to 1.5°C. Through communication and education with consumers and stakeholders, we can effectively engage in dialogue, promote public awareness of climate change, and showcase President Chain Store Corporation's efforts in climate change mitigation and adaptation. This will enhance our brand image and strengthen our corporate competitiveness. Additionally, we actively engage in dialogue and collaboration with government agencies, NGOs, and other stakeholders, driving President Chain Store Corporation towards sustainable development, thereby gaining long-term competitive advantages and social recognition. These communications and collaborations not only raise public environmental awareness but also strengthen President Chain Store Corporation's leadership in climate action.

Action strategy- Participate in the governance of industry associations and lobbying activities
President Chain Store Corporation is committed to managing the risks of the climate change transition and that all climate lobbying activities should be consistent with the Paris Agreement and the goal of limiting global temperature rise to a maximum of 1.5°C compared with pre-industrial levels. The scope of this commitment applies to President Chain Store Corporation and its subsidiaries, as well as to all areas in which it operates.

In order to ensure that direct and indirect climate change lobbying in each region is consistent with the goals of the Paris Agreement, the public policies implemented by industry associations and lobbying activities that we participate in are reviewed annually. If the policies involve climate change issues, the Company and its subsidiaries should determine whether the Paris Agreement has been violated. If it violates the aforementioned provisions, the Company will communicate the results with the relevant public policy planning units or industry associations within six months to decide whether to continue participating in the industry association (including withdrawing financial support suspension or termination of membership).

In addition, when participating in industry associations and lobbying activities, the Company abides by relevant laws and regulations, explains the reasons for participating in industry associations and lobbying activities, and follow the Company and its subsidiaries’ internal evaluation procedures before reporting to the President or above for approval. The result of

participating industry associations and lobbying activities is disclosed each year. The following is the actual result of participating in industry associations and activities:

Collaborator	Participation Type	Result
Ministry of Economic Affairs	Direct Participation	<p>"Micro-carbon offsets"</p> <p>Lighting tests were conducted at four stores in Taipei City, replacing the light tubes with LEDs. According to the Micro-carbon offsets Project Operation Guidelines, an external verification body, BSI, was commissioned to verify the amount of carbon reduction, which was then submitted to the Ministry of Environment for review.</p>
Ministry of the Interior	Direct Participation	<p>"Store Energy Consumption Classification"</p> <p>Engage in "Store Energy Consumption Classification." President Chain Store Corporation supports the government's building energy saving and carbon reduction policies as the first convenience store to receive the "Nearly Zero Carbon Building" label issued by the Ministry of Interior</p>
Ministry of Environment	Direct Participation	<p>"Plastic Reduction"</p> <p>Participated in discussions on the Ministry of Environment's environmental plastic reduction project for outlying islands, implementing specific practices for the packaging reduction plan at the store in Lanyu.</p>
The Society of Wilderness	Direct Participation	<p>"Carbon Reduction"</p> <ol style="list-style-type: none"> 1. Partnered with the Society of Wilderness to participate in the "Earth Hour" global lights-off event. On March 26th (Saturday) from 20:30 to 21:30, over 6,300 stores turned off their signage lights for one hour. 2. In 2023, collaborated with the Society of Wilderness to launch the hand-drawn book "My Fruit and Vegetable Friends, Let's Have Fun!" and the DIY ordering game "Animal Restaurant, Let's Eat!" to jointly advocate for low-carbon diets and the establishment of good food-saving habits. Over 2,400 summer sustainability fun events were held at our stores.

• Action strategy-promoting awareness of sustainability through Good Neighbor Funfests

President Chain Store Corporation integrates store personnel, consumers and external organizations in the value chain (Good Neighbor Foundation) to organize and participate in Good Neighbor Funfest activities. President Chain Store Corporation has teamed up with 7-ELEVEN and Good Neighbor Foundation to promote knowledge on carbon reduction, plastic reduction, food waste reduction etc. through Good Neighbor Funfests to communicate the concept of sustainability with consumers.

In 2023, we joined hands with the Agriculture and Food Agency and Society of Wilderness to advocate food and agriculture education and environmentally friendly education with themed funfests in various stores. Picture books such as "Food with Green Power," "Field Trip on a Safe Farm," "Fun Food and Vegetable Friends" and other DIY materials to introduce good local food ingredients, earth- and animal-friendliness, carbon-reduction lifestyle through simple and understandable content to people of all ages. Over 15,000 Sustainable Good Neighbor Funfests were held with influence on more than 140,000 people. For detailed information on Good Neighbor Sustainable Funfest, please refer to 6.7 Quality Education in the 2023 ESG Report.



President Chain Store Corporation Climate Change Metrics and Targets



4.1 Achievement of Climate-related Targets

To achieve the vision of President Chain Store Corporation's climate transition, we have proposed short-, medium- and long-term quantitative targets for major climate-related topics, including climate change, waste, food loss and waste, packaging materials and other scopes of greenhouse gas emissions with 2019 as the base year. The targets will also be implemented into the detailed annual targets of each task force and relevant divisions. We also continue to track the performance and achievement every year, as well as regularly reviewing the achievement of climate-related targets.

↗ Exceeding target ✓ Achieving target – Failing to achieve target

Material Climate-related Topic	Management Subject	Mid- to Long-term Target	2024 Target	2023 Target	2023 Performance	2023 Achievement
 Climate Change	Proportion of direct (Scope 1) and indirect (Scope 2) GHG emission intensity (carbon emission intensity per NT\$ million of revenue) reduction compared with the previous year ^(Note 1)	Remaining at 1%	1%	1%	5.83%	↗
	Proportion of EUI value decrease compared with the previous year	Remaining at 0.5%	0.5%	0.5%	0.81%	✓
	Obtaining ISO 14064-1 Greenhouse Gas Verification Statement each year ^(Note 1)	Obtaining ISO14064 1 Greenhouse Gas Verification Statement	Obtaining ISO14064 1 Greenhouse Gas Verification Statement		Obtained	✓
	Passing ISO 50001 Energy Management System Certification each year ^(Note 1)	Passing ISO 50001 Energy Management System Certification	Passing ISO 50001 Energy Management System Certification		Passed	↗
 Waste Management	Proportion of weight for waste removal reduction in each store (base year 2019)	45% by 2028	38%	35%	29.81% ^(Note 2)	–
 Food waste management	Weight of food waste (scraps) produced by the stores and factories (base year 2019)	11,605 metric tonnes by 2030	11,353 metric tonnes	11,822 metric tonnes	12,248.40 metric tonnes ^(Note 3)	–
	Weight of food waste reused from the stores and factories	7,144 metric tonnes by 2030	5,686 metric tonnes	5,853 metric tonnes	8,687.50 metric tonnes	↗
	Annual volume and reduction ratio of food waste from the stores and factories (base year 2019)	4,461 metric tonnes by 2030, a 50% decrease compared to base year	5,667 metric tonnes, a 36.5% decrease compared to base year	5,969 metric tonnes, a 33.1% decrease compared to base year	3,560.90 metric tonnes, a 60.1% decrease compared to base year ^(Note 4)	↗
 Packaging material management	Proportion of single-use plastic	10% in 2028 and eliminate plastic shopping bags and straws. Completely phase out single-use plastics in 2050.	20%	20%	22.47% ^(Note 5)	–
	Proportion of cups brought by consumers	20% by 2025, 30% by 2030, 50% by 2050	19%	15%	18.9%	↗
	Number of stores offering recycled cups for rent	4,000 stores by 2025	2,300	1,000	1,042	↗

Note 1: Carbon reduction performance is linked to the rewards and remuneration of senior executives, including the President and senior executives.

Note 2: Please refer to Chapter 4.4 Food Waste and Waste Management for the reasons of failing to meet the targets.

Note 3: The annual food scrap volume increases with the number of stores and the growth of fresh food sales.

Note 4: The amount of food waste recycled in stores is an estimated figure, and thus has high uncertainty. Therefore, medium- and long-term goals are established to continuously optimize management.

Note 5: Please refer to Chapter 4.2 Packaging Material Management for the reasons of failing to meet the targets.

4.2 Performance on Climate-related Metrics

President Chain Store Corporation tracks performance every year and compares it with previous years' data to understand whether the progress of performance for key management metrics is as expected, including greenhouse gas emissions, energy consumption, energy management system incorporation, waste, food loss and waste and plastic packaging weight, etc., ensuring the Company continues to make progress on the road to net zero transition.

Climate-related Topic	Management Metrics	Unit	Metrics Performance		
			2021	2022	2023
Greenhouse gas Emissions (Note 1)	Direct emissions	t CO ₂ e/year	31,252.97	29,940.00	30,177.023
	Indirect emissions (purchased electricity)		464,932.82	504,544.40	513,790.60
	Indirect emissions (others) (Note 2)		185,910.72	2,393,290.28	4,556,627.93
	Total		682,096.51	2,927,774.68	5,100,595.56
	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emission intensity	Carbon emission intensity per million of revenue	2.95	2.92	2.75
	Data coverage for operation locations	%	99.41%	99.55%	99.45%
Energy consumption	Total electricity consumption	kWh	92,616.10	99,124.64	103,796.08
	Energy intensity in the stores	Kwh/m ²	891.00	833.20	826.47
	Data coverage for operation locations	%	99.41%	99.55%	99.45%
Waste	Unrecyclable Waste ^(Note 3)	Metric tonnes	56,256.24	44,372.26	43,764.67
	Recyclable Waste		13,369.98	15,999.09	20,529.38
	Data coverage for operation locations	%	99.12%	99.12%	99.16%
Food Loss and waste	Total weight of all food loss & waste (A)	Metric tonnes	10,414.62	12,023.52	12,256.74
	Total weight of food loss & waste volumes used for alternative purposes (B)		1,480.83	5,817.45	8,695.84
	Total discarded of food loss & waste (A-B)		8,933.79	6,206.07	3,560.9
	Data coverage for operation locations	%	98.49%	98.39%	100.00%

Climate-related Topic	Management Metrics	Unit	Metrics Performance		
			2021	2022	2023
Packaging materials (Note 4)	Total weight of plastic packaging	Metric tonnes	10,093.12	10,168.40	10,292.92
	Proportion of recyclable plastic packaging	%	65.73%	69.24%	72.00%
	Proportion of compostable/ decomposable plastic packaging		7.30%	1.90%	0.91%
	Proportion of plastic with recycled content		2.92%	3.86%	4.41%

Note 1: The greenhouse gas emissions in 2019 refers to the data disclosed in the CSR report of the past years. The 2020 greenhouse gas inventory follows the updated ISO 14064-2018 version with 2020 as base year. Indirect emissions are classified as purchased electricity and others. The greenhouse gas emission data for 2022-2023 has been verified by SGS, a third-party organization, which a statement with reasonable assurance and an unqualified opinion.

Note 2: Indirect emissions (others) in 2021 include: upstream emissions from purchased electricity, diesel for distribution and transportation from the logistics center to the stores, and store waste treatment. Indirect emissions (others) in 2022 include: upstream emissions from purchased electricity, distribution and transportation of diesel from logistics centers to the stores, waste treatment in stores, upstream product procurement and product packaging material disposal. Indirect emissions (others) in 2023 include: product procurement, upstream emissions from purchased electricity, upstream transportation, waste disposal, business trips, employee commutes and treatment/emissions from waste derived from products sold.

Note 3: Waste statistics in 2023 are divided into actual statistics and estimates. The actual statistics includes the head office building and 1,004 stores. The estimates include 9 district offices and 5,855 stores.

Note 4: The statistics of packaging materials is limited to private-label products.



Appendix 1: About This Report

President Chain Store Corporation is committed to becoming a leading life service platform in the hearts of consumers. We shoulder the responsibility of providing sustainable products and services while upholding corporate integrity as our operating policy and actively engages in sustainable corporate operations, viewing it as an ongoing endeavor.

This Climate-related Disclosures Report is issued by President Chain Store Corporation (Stock code: 2912) in accordance with the structure recommended by TCFD based on the four disclosure aspects: Governance, Strategy, Risk Management, Metrics and Targets. This report focuses on the views and specific actions President Chain Store Corporation takes in terms of climate-related disclosures, as well as detailing the potential impact and future strategic plans in facing climate-related risks and opportunities.

The scope of this report primarily includes President Chain Store Corporation, including its business headquarters, retail locations and shopping centers. This report details the topics for disclosure for the 2023 calendar year (January 1 to December 31, 2023), with some topics going beyond 2023. The Mandarin/English version is published in mid-July, 2024 at www.7-11.com.tw. This report will be updated as necessary, with the frequency depending on our management of overall climate issues and the development of external climate-related disclosure standards.

The results of the climate risk and opportunity materiality analysis, scenario analysis and financial impact disclosed in this report were evaluated through department interviews, internal and external data collection and scenario simulation analyses. The results of the report are subject to variations based on data quality and assumptions, and is intended solely for the Company's internal assessment purposes as they are different from the bases used in the Company's past, present and future financial reporting and financial performance measurement. The disclosed data is not suitable for future financial reporting and performance analysis, comparison and predictions, or as a measure for assessing stock trading prices.



Appendix 2: TCFD Disclosure Comparison Table

Information Index

TCFD Recommended Disclosure Items	Climate information by TWSE and TPEX Listed Companies	Corresponding Section	Page
Governance			
TCFD1 (a) Describe the board's oversight of climate-related risks and opportunities.	1. Describe the board and management's oversight and governance of climate-related risks and opportunities.	1.1 Board of Directors Supervision Mechanism and Actions	12
TCFD1 (b) Describe management's role in assessing and managing climate-related risks and opportunities.		1.2 Mechanisms and Actions for the Management to Assessing and Managing Issues	15
Strategy			
TCFD2 (a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (over the short, medium and long-term).	2.2 Major Annual Climate Risks and Opportunities	23
TCFD2 (b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	3. Describe the financial impact of extreme climate events and transitional actions.	2.2 Major Annual Climate Risks and Opportunities	23
		3. Towards a Net-zero Transition of Retail Channels	26
TCFD2 (c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, factors and material financial impacts used should be detailed.	3. Towards a Net-zero Transition of Retail Channels	26

TCFD Recommended Disclosure Items	Climate information by TWSE and TPEX Listed Companies	Corresponding Section	Page
Risk Management			
TCFD3 (a) Describe the organization's processes for identifying and assessing climate-related risks.	4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	2.1 Risk and Opportunity Management System	18
TCFD3 (b) Describe the organization's processes for managing climate-related risks.			18
TCFD3 (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.			18
Metrics and Targets			
TCFD4 (a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the metrics and targets used to identify and manage physical risks and transitional risks.	4.1 Achievement of Climate-related Targets	45
		4.2 Performance on Climate-related Metrics	47
TCFD4 (b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	9. Greenhouse gas inventory and assurance	4.2 Performance on Climate-related Metrics	47
TCFD4 (c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	8. If climate-related targets are set, information such as the activities covered, scope of greenhouse gas emissions, schedule planned, annual achievement progress, etc. should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, information such as the source and quantity of carbon reduction credits or the number of RECs being redeemed should be detailed.	4.1 Achievement of Climate-related Targets	45
		4.2 Performance on Climate-related Metrics	47

