

Planet Sustainability In Our Everyday Life



PCSC
ESG INSIGHT
REPORT

2022

PRESIDENT CHAIN STORE CORPORATION

Sustainability Initiatives and Recognitions



Officially became a "TCFD Supporter"
2022



Climate change questionnaire:
A- rating 2022



Sustainability-linked
Loans

CTBC Bank, MUFG Bank,
and Taipei Fubon Bank 2022



DJSI World Index Global
Sustainability Benchmark 2023



FTSE4Good

FTSE4Good
Emerging Markets Index



MSCI ESG Leaders Indexes
MSCI Global SRI Indexes

Sustainable Development Code of Practice

PCSC established Sustainable Development Code of Practice as early as 2013, with 9 revisions (as of December 2023) thus far passed by the Board to stay up-to-date with changing sustainability standards and sentiment. This internal policy covers implementation of corporate governance, developing sustainable environment, safeguarding public welfare, strengthening of disclosure and protection of stakeholder rights and interests.



2022 Third Party Verification Overview

ITEM	REPORTING STANDARDS	ACCREDITATION BODY	SCOPE
Sustainability report	AA1000 Type 2 high-level		
	GRI 2021 Standards	SGS Taiwan	Headquarter office Stores (retail & shopping centers) ^{Note}
	SASB Standards Food Retail and Distribution Industry		
Sustainability data	TWSAE3000 Assurance Engagements	PwC Taiwan	
Environmental certifications	ISO 14064-1:2018	SGS Taiwan	6,791 locations (99.55% coverage)
	ISO 14064-2 (micro-carbon offset)	BSI Taiwan	4 stores
	ISO 50001	SGS Taiwan	Headquarter office + 2 stores
OSH management system	ISO 50001	SGS Taiwan	Headquarter office (8.34% coverage) Stores (directly operated and franchise) implementation plan in place
Quality assurance	ISO/IEC 17025:2005	TFDA and TAF	PCSC Quality Testing Laboratory
Information security	ISO 27001	BSI Taiwan	In-Store POS system

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

ENVIRONMENTAL

Metrics and Targets

	2022 PERFORMANCE	2022 TARGETS	2023 TARGETS	2025 MID-TERM TARGETS	LONG-TERM TARGETS
Sustainable Procurement					
Sustainably-certified raw materials as % of cost (2021 base year)	14.12%	9%	10.55%	11%	2030: 14%
Products with environmental protection and energy saving labels (2021 base year)	9.43%	9%	9.5%	10%	
Climate Change					
Scope 1 & Scope 2 GHG emission intensity reduction (2020 base year)	2.35%	3%	5%	7%	2050: Net zero in Scope 1 and Scope 2 for own operations
Store energy use intensity (yearly decrease)	6.46%	0.5%	0.5%	0.5%	
Number environmentally friendly vehicles added	102	16	36	151	
Waste					
Waste volume reduction in each store (2019 base year)	31.24%	13%	35%	40%	
Food Waste					
Total discarded food waste (Metric Tonnes)	6,206	7,436	5,969	2028: 4,461	
Food waste intensity (2019 base year)	44.82%	40%	45%	2028: 45% 2030: 50% 2050: 55%	
Recycled food waste (2019 base year)	36.12%	35%	40%	2028: 45% 2030: 50% 2050: 70%	
Packaging Material					
Ratio of single-use plastic	25% ^{Note}	21%	20%	2028: 10% and eliminate plastic shopping bags and straws. 2050: Completely phase out single-use plastics	
Ratio of consumer's own cups	12.18%	10%	15%	20%	2030: 30% 2050: 50%
Recycled cups renting service (stores)	500	500	1,000	4,000	
Water Consumption					
Water consumption decrease (2019 base year)	14.9%			5%	Reduce 1% per year
Biodiversity			Complete process formulation and degree of quantifiable impact		2050: net positive impact
Deforestation					2035: no net deforestation 2050: no gross deforestation

Note: due to sales growth in 2022.

Sustainable Procurement

Raw Materials

PCSC prioritizes the procurement of raw materials with environmental protection, animal welfare and energy-saving or carbon reduction labels. A Sustainable Procurement Task Force was set up in 2021.



Raw materials procurement for private-label products
14.12% Sustainability Certified. (NT\$2,385 million)

CATEGORY / CERTIFICATION	CERTIFICATION / LABEL	COVERAGE CERTIFIED % WITHIN CATEGORY	EXPOSURE % OF CATEGORY AS TOTAL OF PROCUREMENT COST
Soy U.S. Soy Sustainability Assurance Protocol		22.47%	5.79%
Vegetables and rice TGAP		4.43%	6.36%
Aquaculture ASC (The Aquaculture Stewardship Council)		0.71%	0.92%
Beef AAWCS (The Australian Livestock Processing Industry Animal Welfare Certification System)		96.99%	2.13%
Pork Better Life Label, Certified Humane, G.A.P Certification, WELFAIRTM, IAWS(Interporc Animal Welfare Spain)		92.12%	4.68%
Poultry Taiwan Animal Welfare System, PAACO (Professional Animal Auditor Certification Organization)		38.88%	14.09%
Wild fisheries MSC (Marine Stewardship Council)		36.68%	0.75%
Packaging ^{Note} FSC, PEFC		9.46%	3.58%
Palm oil - Unused	-	-	-
Cotton - Unused	-	-	-
Tobacco - Unused	-	-	-
Sugar - Not obtained	-	0%	0.25%
Cacao - Not obtained	-	0%	0.36%
Dairy - Not obtained	-	0%	20.67%

Note: FSC coffee cups were launched in 2023 and most recent coverage and exposure is estimated to increase to 50.9% and 3.5% respectively.

Green Procurement

PCSC actively manages equipment, consumables and building materials by promoting green procurement, purchasing equipment and consumables that have obtained energy labels, environmental labels or certifications, or have actual environmental protection benefits for use in stores.

2025 target 10% green procurement out of total annual procurement.

UNIT: NT\$ THOUSAND	2020	2021	2022
Green procurement amount	845,388	897,726	1,190,255
Percentage of total annual procurement	10%	8.54%	9.43%

Local Procurement

PCSC supports local agriculture, fishery, vegetables and fruits with three strategies of “stable procurement,” “sustainability” and “planned support.” We believe that supporting local products not only reduce carbon footprint to realize environmental sustainability, it also brings economic benefits to local farmers as a way to help the society.

AREA	PROCUREMENT QUANTITY (METRIC TONNES)	PERCENTAGE OF SUPPLIERS BY AREA (%)	PROCUREMENT AMOUNT (NT\$100 MILLION)	PROPORTION OF PROCUREMENT AMOUNT (%)
Locally sourced agricultural products (local)	48,717	76%	47.6	64%
Non-locally sourced agricultural products (foreign origin)	15,147	24%	26.9	36%
Total	63,864	100%	74.5	100%

Biodiversity Policy and No Deforestation Commitment

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

Climate Change Assessment

Physical Risks

- Increased severity of extreme weather events such as typhoons, floods and snowfall, the probability of flooding, equipment damage, power and water outages increase impact on store operations.
- Additionally, physical risks to upstream logistics and downstream customers, like delivery, customer inconvenience and product unavailability.

Risk of Flooding in Mid-21st Century for All Taiwan Stores

SCENARIO	# STORES WITH HIGH FLOOD RISK OF TOTAL STORES IN 2022	REVENUE AFFECTED DUE TO FLOODING CAUSING INABILITY TO OPERATE AND DAMAGE TO STORES
Below 2°C	26.77%	0.05%
RCP 8.5	64.36%	0.11%

Adaptation/Management Strategies:

To reduce the impact of flood risks on stores, PCSC has formulated the “Construction Specifications for Flood Control Gates and Dwarf Walls in the Stores Located in Low-lying Areas” and the “Weather Information Distribution System” to immediately notify the stores of the weather and issue flood warnings.

Transitional Risks

In anticipation the government’s net zero emission policy and charging of carbon fees, PCSC has assessed the potential financial impact under different scenarios in 2025 if PCSC is charged with carbon fees in the future.

SCENARIO	CARBON FEE RECOMMENDED BY CARBON PRICING OPTIONS FOR TAIWAN (2020)	ADDITIONAL COSTS IN CARBON FEES AS % OF ANNUAL REVENUE
Net-Zero in 2050	Beginning 2025 2025: US\$52/tonne of CO ₂ e	0.43%
Stated Policies Scenario (STEP)	10% increase each year beginning 2024 2024: US\$10/tonne of CO ₂ e 2025: US\$11/tonne of CO ₂ e	0.09%



Adaptation/Management Strategies:

- **Renewable Energy:**
PCSC introduced a photovoltaic system in Yawan store in 2022.
- **Energy Management System:**
Headquarters building, and two stores maintained the ISO 50001 energy management system certification in 2022.
- **Store Energy Conservation Measures:**
Basic requirements for equipment and store environment management for new stores. All store employees trained to ensure equipment efficiency by conducting regular inspections in accordance with the "Self-Inspections on Store Energy-Saving".
- **Counselling for Stores with High Electricity Bills:**
492 stores with high electricity bills counselled, 60 were older stores. Comprehensive energy-saving renovations were carried out to improve the energy efficiency of store operations.
- **Office Energy-saving Measures and Results:**
Headquarters building adopts the ESCO (Energy Service Company) energy-saving service system to measure and track electricity and reduce abnormal consumption.

Opportunities

Low Carbon Transition Plan

- 1. Introduction of logistics vehicles with the latest environmentally-friendly standards.**
Replace older vehicles in 5 phases up until 2026 to reduce carbon emissions.
- 2. Optimizing the internal operation procedure and equipment.**
Introduce distribution automation to the internal operational environment and logistics centers' equipment. Continue upgrading of current lighting, air-conditioning and fans to improve energy-savings.

GHG and Energy Management

GHG inventory ISO 14064-1:2018 covers **99.55%** (office and stores)

GHG EMISSIONS	UNIT	2020	2021	2022
Scope 1 (Direct Emissions)		30,911	31,253	29,940
Scope 2 (Indirect Emissions)	Tonnes of CO ₂ e	472,365	464,933	504,544
Total (Scope 1+2)		503,276	496,186	534,484
Inventory Coverage	%	99.06%	99.41%	99.55%
GHG emissions intensity (Scope 1+2)	CO ₂ e/NT\$ million	2.99	2.95	2.92
Scope 3 (Indirect Emissions-Others)		193,802	185,911	2,393,290
Total (Scope 1+2+3)	Tonnes of CO ₂ e	697,078	682,097	2,927,775

Note 1: Greenhouse gas inventory adopts the ISO 14064-1:2018 methodology. The organization boundary is set using operational control.

Note 2: The calculation for indirect emissions from purchased electricity is based on location. The grid emission coefficient of 0.509 kg CO₂e/kWh (2021) is adopted for 2022 calculation since 2022 coefficient not available.

Note 3: The types of greenhouse gas covered by the inventory include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

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

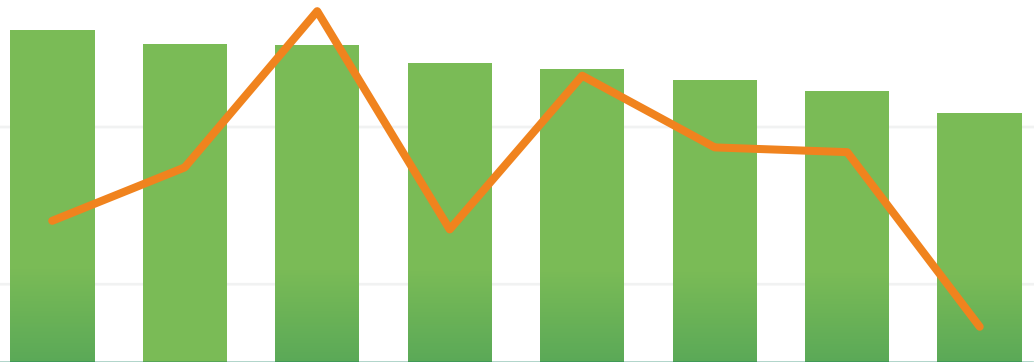
Note 5: Indirect emissions (others) include: upstream emissions from purchased electricity, distribution and transportation of diesel from logistics centers to stores, waste disposal in stores, upstream product procurement (new in 2022) and product packaging treatment (new in 2022).

Scope 2 increase of 8.5% in 2022 compared to 2021 emissions was due to increased purchased electricity due to 412 new stores and additional freezers, electronic displays, and ice makers in response to changes in the customers' shopping habits during COVID-19 pandemic.

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

Store Energy Use Intensity (EUI) Based on Floor Space

Stores' energy consumption contributes to **99.8%** of overall purchased electricity usage. Store energy intensity reduction targets are set and tracked monthly.



ENERGY USE INTENSITY	2015	2016	2017	2018	2019	2020	2021	2022
EUI (kWh/m ²)	1,046	1,011	1,008	962	947	919	891	833
Percentage of Decrease	-4.39%	-3.35%	-0.30%	-4.56%	-1.56%	-2.96%	-3.05%	-6.46%

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



Waste Management

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

UNIT: METRIC TONNES		2020		2021		2022	
Landfill (A)		1,295.03	2%	3,260.16	5%	2,451.89	4%
Waste incinerated (including energy recovery) (B)	Upstream ^{Note1}	-	-	76.63	0%	380.14	1%
	Own operations ^{Note2}	52,498.29	80%	52,919.45	76%	41,540.23	69%
Waste recycled or reused (C)	Upstream ^{Note1}	1,475.68	2%	1,222.24	2%	2,515.14	4%
	Own operations ^{Note2}	10,637.78	16%	12,047.51	17%	13,483.96	22%
Total waste disposed (A+B)		53,793.32	82%	56,256.24	81%	44,372.26	73%
Total waste generated (A+B+C)		65,906.78	100%	69,525.99	100%	60,371.36	100%
Data coverage for operating locations		99.11%		99.12%		99.12%	
Proportion of incineration ^{Note3}		97.26%		93.34%		93.53%	

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

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

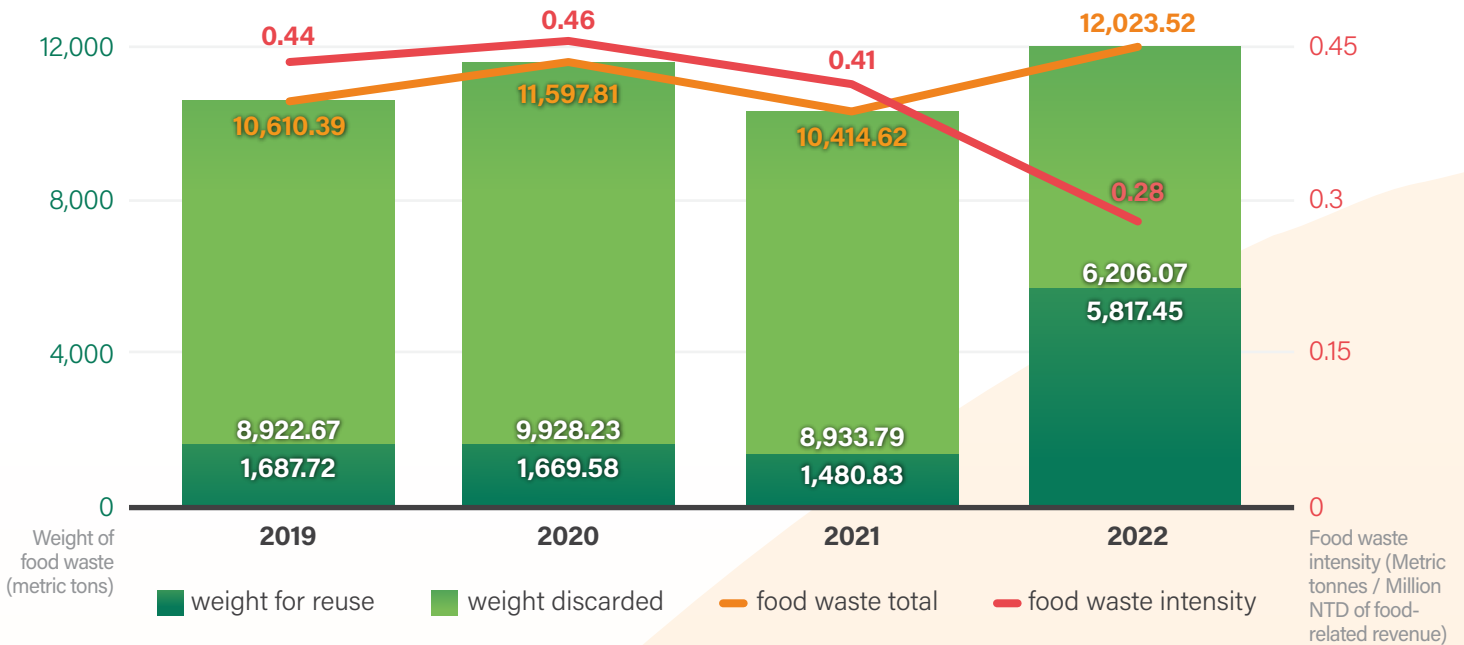
Note 3: The proportion of incineration is the waste incinerated compared to total non-recycled waste, using the national data of general waste disposal (excl. recycled and reused) published by the Environmental Protection Administration (EPA).

Stores continue to reduce food waste through the "iLove Food" campaign, gradually moving towards the goal of halving food waste by 2030.

Food Waste Management

The total amount of food waste generated in 2022 increased 15.45% from 2021 due to scope expansion for manufacturers from 4 to 12, number of stores and continuous growth in fresh food sales. The food reuse ratio was 48.38% (mainly for animal feed/compost) in 2022, with a significant growth compared to 14.22% in 2021. The actual weight of discarded food waste decreased of 30.5% from 2021.

Food Waste Management Performance



Packaging Material

	UNIT	2020	2021	2022
Paper	Metric tonnes	11,621	10,978	11,565
Data coverage	%	100%	100%	100%
Metal	Metric tonnes	183	205	235
Data coverage	%	100%	100%	100%
Plastic	Metric tonnes	10,138.26	10,093.12	10,168.40
Recyclable plastic		65.30%	65.73%	69.24%
Compostable/decomposable plastic		6.87%	7.30%	1.90%
Recycled content within plastic	%	0.78%	2.92%	3.86%
Data coverage		74.00%	96.80%	100%

Water Management

All operating locations of PCSC use tap water. Besides for the fresh-brewed beverages, the overall water consumption is the most for store cleaning. Reduction Strategy is to reuse RO (reverse osmosis) residual water in the stores for the faucet, building cleaning and bathroom flushing.

SOCIAL

Raw Materials Management

Tracking and Traceability

- PCSC works with the Taiwan Delica Foods Development Association to document 100% of private-label products in Material and Quality Assurance System (MAS) to records the sources of raw materials and the suppliers.
- 14.12% certified sustainable procurement of bulk raw materials for private-label products (NT\$2,385 million).



Quality Certification

- PCSC's Quality Testing Laboratory is the first retailer with certified quality assurance lab in Taiwan that meets ISO17025 standards as well as accreditation from both the TFDA (Taiwan Food and Drug Administration) and TAF (Taiwan Accreditation Foundation) for five testing areas (microorganism counts, coliform bacteria, E. coli, salmonella, colorants).
- In 2022, a total of 1,008 tests were run on products and raw materials, with 100% passing rate.

Quality Certification Tests

TAF Certification Items

Scope of microorganisms for ISO/IEC 17025:2017 certification

4

Caffeine

1

TFDA Certification Items

Microorganisms

4

Colorants

8

Customer Health and Safety

PCSC provides products with a variety of health concepts to meet the nutritional needs of consumers' diets. In 2022, a total amount of NT\$135,643 thousand was invested in food safety management.

PCSC continues to focus on developing products with reduced saturated fat, trans fat, sodium and sugar.

From raw materials to product, private-label fresh food contains no preservatives or hydrogenated oils. Each product must be inspected by a third-party testing agency. Fructose is not added during production, if already contained in raw materials, it will be tracked and managed internally.

Microbiological standards for fresh food products are formulated according to the regulations, as well as requiring suppliers to provide qualified third-party inspection reports and perform regular inspections of all product categories.

Clearly disclose GMO information for private-label products that may contain GMO raw materials as approved by the Ministry of Health and Welfare.

PCSC does not have products containing GMO.

When developing products, in addition to legal requirements, the standard for own-brand products and jointly purchased materials is set at 0.9% in line with EU standards to meet consumer demand and stakeholder expectations.

PCSC continues to expand the "Veggie Selection", encouraging consumers to reduce carbon emission from their diet.

Private-label Food Products Food Safety and Sanitation Management

Number of suppliers for private-label brand food products

39

Number of domestic manufacturing sites

45

Manufacturing sites with ISO22000:2018 Certification

100%

Product Labeling and Marketing Communication

Product labeling and marketing communications are important channels for PCSC to communicate with customers. Correct product labeling and marketing communications can help consumers make choices that meet their needs, foster trust and avoid risks of violation.

The Product Safety Management Regulations clearly stipulate that product labeling of delivered shipment must comply with the regulations of the competent authority, and the store must also check product labeling when receiving shipment to ensure the compliance of product labeling and marketing communications.

In 2022, private-label products accounted for 21.02% of total revenue, exceeding the annual target by 19.57%. PCSC established an internal product supervision mechanism based on the "Rules for Safety on Private label Products." This mechanism invites employees to come together to play a role in supervising product safety. In cases where employees in logistics, directly operated stores, or franchisees have doubts or questions about ads, labeling or ingredients, they can use this mechanism to provide feedback. Issues raised are forwarded to the Product Safety Committee.

For private-label products that may contain GMO materials approved by the Ministry of Health and Welfare, the information will be disclosed.

PCSC did not violate any regulations regarding product labeling or marketing in 2022.

Sustainable Supply Chain Management

Supplier Code of Conduct

In 2022, 100% of PCSC suppliers signed the "Agreement of the Ethical Corporate Management and the Corporate Social Responsibility" as required in the "PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers"

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

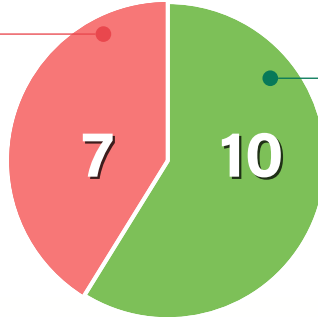
Significant Suppliers

Total number of **Significant Tier-1** and **Significant Non-tier 1** suppliers **17**



Significant Tier-1

Procurement amount over NT\$30 million, supplying packaging and items directly related to food products in store and the suppliers have signed the PCSC Subsidiaries' Code of Conduct for Suppliers, or the transaction amount is ranked within top 5 for own brand/private-label brands for the previous year and the suppliers have signed the PCSC Subsidiaries' Code of Conduct for Suppliers.



Significant Non-tier-1

PB raw materials suppliers that have signed the PCSC and PCSC Subsidiaries' Code of Conduct for Suppliers with transaction amount reaching top 10 for the previous year.

Facilitation and campaigning for robust OSH policy in supply chain

To make sure the suppliers comply with occupational safety and health regulations and supplier code of conduct, the Occupational Safety Office and the Supply Chain Management Department promote the "Five-Year Plan of Occupational Safety Certification" (2019 to 2023).

2019

Pre-communication preparations

2020-2022

Comprehensive counseling, education and training to strengthen OSH concept. Significant Tier-1 suppliers of private labels fully integrated.

2023

All suppliers for private labels require ISO45001 third-party certification as condition for sourcing.

Supplier Appraisal System

New Supplier Assessment

We set our standards for new suppliers based on the relevant legal conditions, quality certification, management systems, and plasticity of materials. Summary of quality certification requirements:

SUPPLIER TYPE	QUALITY CERTIFICATION
Contract Manufacturers (Food)	Domestic Manufacturers Required to have ISO 22000 Management System Certification. The scope of inspection should include items they produce for PCSC.
	Overseas Manufacturers Required to have a minimum of HACCP or ISO9001 Management System Certification or some other international food safety system certification.
Contract Manufacturers (Non-Food)	International quality certification/verification is a priority, such as ISO 9001.
Suppliers of Raw Materials through Direct Transactions	TQF, CAS, ISO22000, HACCP certifications preferred.
Suppliers of Egg Products	The source of eggs at the egg washing and grading site should use eggs from CAS-certified farms and the washing and grading sites must further pass CAS assessment and be qualified (with product certification).
Suppliers of Store Supplies	Priority is given to international quality certification, such as ISO 9001.

Existing Supplier Assessment

ESG risk assessment is incorporated for 100% of significant tier-1 suppliers, and the campaign for the importance of sustainability was done for 100% of significant non tier-1 suppliers.

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

Passing Standard and Frequency of Assessment

1. Food Manufacturers

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

GRADING	A ≥90 POINTS	B 90>POINTS≥80	C 80>POINTS≥70	D <70 POINTS
RISK LEVEL	PASS		FAIL	
RESULT			Suppliers receiving D: <ul style="list-style-type: none"> Immediately cease production for PCSC; OR be subject to review standards as C. Suppliers receiving C: <ul style="list-style-type: none"> Assessed once a month for three consecutive months and must pass during consecutive months. Failure to pass two months in a row are to cease production. For those passing assessment, the most recent passing assessment serves as the benchmark for determining when the next assessment takes place. 	
Low-risk	12 months	6 months		
Mid-risk	6 months	4 months		

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

GRADE	SCORE	RESULT	ASSESSMENT FREQUENCY / FOLLOW-UP IN CASE OF FAILURE TO PASS
A	≥ 90 points	Pass	Assessment must be completed within the same year
B	90>points≥80		
C	80>points≥70	Fail	Manufacturer must immediately halt production arrangements and pass a reassessment within 6 months before resuming production. Otherwise D <70points manufacturing on behalf of PCSC must be terminated.
D	<70points		

2. Non-food Manufacturers

DOMESTIC MANUFACTURERS	OVERSEAS MANUFACTURERS
On-site assessment grade of C or above constitutes a pass	
<ul style="list-style-type: none"> Assessment frequency: every 12 months Failure to meet our standards, the case is handled as a failure on the part of domestic food product manufacturers. 	<ul style="list-style-type: none"> Assessment frequency: every 24 months Failure results in immediate halt of production arrangements, until passing re-assessment within 6 months before resuming production. Otherwise manufacturing on behalf of PCSC must be terminated.

3. Others (raw materials, suppliers through direct transactions, egg production suppliers, suppliers of in-store suppliers)

Assessment every 3 to 18 months, depending on their assessment grade. If an organization fails, a re-assessment is to be performed until it reaches a passing result. Follow-up action is to be taken as per relevant rules (such as the "Supplier Assessment Agreement" or the "Product Quality Guarantee Agreement").

Assessment Results	NO. OF SUPPLIERS	% OF AUDITS COMPLETED	NO. OF AUDITS	PASSING RATE
Suppliers of private-label brand food products with whom PCSC had a cooperative relationship (including manufacturers, suppliers of raw materials through direct transactions and suppliers of egg products)	39	100%	114	100%
Domestic suppliers of in-store disposable products	13	100%	16	100%

Employees

Employee Structure

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



Age-friendly Employment

PCSC encourages middle-aged and elderly workers to find employment by creating a friendly workplace through redesigning work responsibilities. As of the end of December 2022, PCSC hired 2,145 employees aged 45 and above accounting for 24.89% of all employees.

Employees' Turnover

YEAR	UNIT	2019	2020	2021	2022
Full Time Employee's Turnover Rate	%	4.72	5.67	6.44	5.57

Note: Excluding the number of part-time employee

Due to Industry characteristics, PCSC hires a lot of part-time employees, the **2022 annual total turnover ratio** and **annual voluntary turnover** (excluding lay-off) is **42.72%** and **42.68%** respectively. The average retail and restaurant industry annual turnover rate is 50~60%.



Labor Management Communication

4

Labor-Management Meetings

Meeting Attendees

5 employer representatives including department heads.
5 employee representatives are assigned by Labor Union and represent 100% of the employees.

Labor Union

Formed at the end of 2019 by the employees.

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

Performance Evaluation

PCSC employees receive one performance evaluation a year, 100% of full-time employees completed performance evaluation covering PCSC major metrics and individual performance goals.

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

Remuneration

In 2022, the starting salary of store personnel is based on the 50th percentile (middle income level) of new recruits in the retail industry, and the starting salary of logistics personnel is the 70th percentile (high income level). In addition, PCSC provides employees within areas of higher cost of living with an additional allowance of 5-10% of the salary.

In 2022, the ratio of starting salary to basic salary (NT\$25,250) for new back-office staff who are college graduates is 1.39 times, and 1.63 times for those with a master's degree.

Gender Equality

The starting salary for the new recruits at PCSC is equal for men and women for equal work, and the salary and benefits do not differ based on gender or age.

YEAR	UNIT	2020	2021	2022
Ratio of female managers in revenue generating functions	%	52.02	52.74	52.79

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

ITEM		2020	2021	2022
Basic salary of non-management employees	Including management and non-management in the stores.	0.96	0.96	0.94
Basic salary of TEAM and department managers		0.94	0.93	0.94
Salary and remuneration of TEAM and department managers	Salary and remuneration include basic salary and year-end bonus.	0.94	0.93	0.95
Basic salary of executive managers (inclusive) and above		0.83	0.96	1.21 ^{Note}
Salary remuneration of executive managers (inclusive) and above	Salary and remuneration include basic salary and year-end bonus.	0.85	0.97	1.24 ^{Note}

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

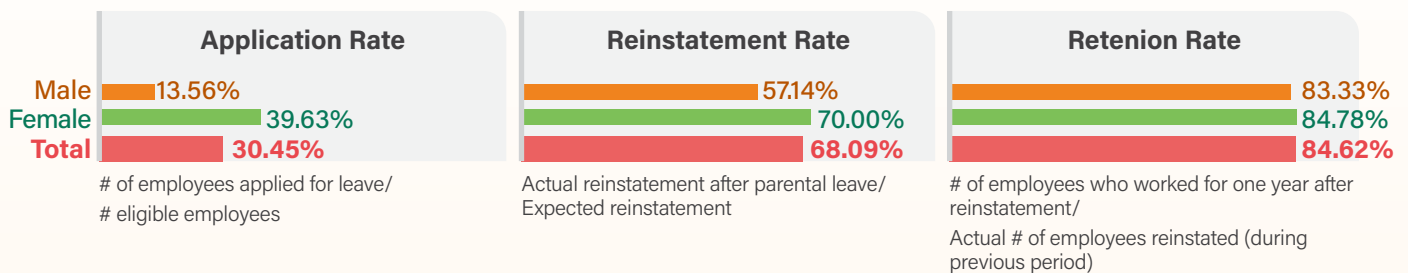
Ratio of Salaries for Male and Female Employees in 2022

	STORE EMPLOYEES	MANAGEMENT	NON-MANAGEMENT
Male : Female	0.95 : 1	1.07 : 1	1.04 : 1

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

Note 2: The scope covers full-time employees who are still working at the end of 2022 (but excluding interns and those who were newly recruited or transferred for less than half a year as of March 15, 2022), based on their principal salary as of March 15, 2022 x 13 months of salary estimate.

Parental Leave



Talent Development and Cultivation

Groups ▼	Three Major Competencies					
	① Management	② Professional			③ General	
Department managers, and vice presidents (E,F)	Management lectures (trend lectures)	Rule of law lectures for managers	Functional marketing training	Functional development training	Targeted training for each department	Level-specific competencies (E)
	IDP courses					Level-specific competencies (D)
TEAM managers (D)	Training for new TEAM managers (basic/advanced)	New recruits training for each department				Level-specific competencies (C)
	Targeted talent selection					General education and skills
Non-management level (B,C)	New recruit training (basic store training+back office new recruits training/advanced training)					

Online courses/lectures

Self-studying (reading and courses)

Internal lectures

Key Talent Development Program

PCSC develops and evaluates potential employees through the talent evaluation mechanism to cultivate reserve TEAM supervisors. PCSC conducts an annual review of successor candidates at all levels, and builds key talent pools for different units, customize "personal development plans" for potential talents, encourages cross-unit rotation and assists in development and talent. By 2022, 35 talent review meetings have been held, and a total of 321 people have been included in the reserve talent pool.

Education and Training

We invested a total of NT\$17.19 million in education and training in 2022, with the average training expense of NT\$1,995 per person.

TYPE OF EMPLOYEES	STORE		MANAGEMENT		NON-MANAGEMENT		TOTAL	
	M	F	M	F	M	F	M	F
Number of total training hours	13,094	27,540	7,408	1,872	31,141	30,737	51,643	60,148
Total number of employees	2,644	3,574	207	56	981	1,155	3,832	4,785
Average hours of training per employee	4.95	7.71	35.79	33.42	31.74	26.61	13.48	12.57

Occupational Safety and Health

Occupational Safety Office

3 full-time safety and health staff members.

Occupational Safety and Health Committee

29 members, including 10 labor representatives elected by employees (34.48%) and convenes on a quarterly basis.

4 Major Occupational Safety Plans

Overload Prevention Plan

33 cases of risking overwork. 19 completed assessment interviews with a doctor, and the others are still ongoing.

Illegal Violence Prevention Plan

9 cases of workplace violence (8 internal, 1 external) recorded and assistance offered in 2022. PCSC provided medical assistance, job adjustment and counseling based on the individual condition of the employee who filed the complaint. Violators were punished according to the circumstances with their roles adjusted or sent to the police for judicial proceedings.

Human Factor Hazard Prevention Plan

191 people noted pain factor of over 3 (severe pain) on the questionnaire in 2022, out of which one case was suspected to be work-related. The assessment interview has been completed for a doctor to offer medical advice.

Maternity Health Protection Plan

57 maternity health protection cases in 2022, all of whom completed interviews with doctors. 5 people were placed at risk level 2, but the risk was lowered after adjustment to their work assignments.

We entrust a third party to conduct inspections on labor conditions and occupational safety and health matters in stores, as well as continuing make diverse complaint channels available to ensure that employees can be taken care of in a prompt and proper manner in case of labor rights and interests infringement.

Occupational Injuries

The scope of occupational injury statistics in this report covers employees in the head office and directly-operated stores. PCSC commits to expanding scope of occupational injury data to include franchise stores in 2023.

Occupational Injury Rate, Lost Day Rate, Frequency-Severity Indicator (%)

	2020	2021	2022
Percentage of death caused by occupational injury	0	0	0
Percentage of severe occupational injury	0	0	0.06
Percentage of recordable occupational injury (disabling frequency rate)	1.02	1.35	1.26
Lost day rate (disabling frequency rate)	28.75	27.34	36.34
Frequency-Severity Indicator	0.19	0.19	0.21

Note 1: The total working hours here refer to the monthly statistics of the number of people and their working hours.

Note 2: On October 23, 2021, an employee of the directly operated Shih Hsin store was violated by a customer who was unwilling to wear a mask. The employee had not returned to work as of December 31, 2021. Therefore, the number of lost days were counted and disclosed after his reinstatement in 2022, and the incident is the main cause of the higher lost day rate for 2022.

Human Rights and Labor Audits

Human Rights Policy

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

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

Labor Audits

The Occupational Safety Office conducts occupational safety and health risk assessment and unannounced audits for different working environments, targeting back office, stores and shopping malls. In 2022, a total of 195 inspections were conducted, of which 27 had zero defects, with 315 defects improved at an improvement rate of 100%. For details of procedure, results and mitigation measures, see PCSC 2022 Sustainability Report p135-137 and PCSC Human Rights Due Diligence Procedure.

	AUDIT ACTION	AUDIT FREQUENCY
Back Office	Attendance record	Monthly
	Labor audit from competent agency	As needed
Directly-Operated Stores	Attendance record	Monthly
	OHS self-inspection and district advisor review	Each May
	Labor audit from competent agency	As needed
Franchises	OHS self-inspection and district advisor review	Annually
	3 rd party labor conditions inspection	Annually
	3 rd party OH inspection	Annually
Contractors	Construction sites unannounced OHS	Monthly

PCSC Philanthropy

	AMOUNT
Cash contribution (excluding advertisement fee)	34,540,550
Time cost (employee volunteering during paid working hours)	12,540,864
In-kind giving (products or services donations, projects, partnerships or similar)	113,455,000
Management overhead	4,768,624
Total	165,305,038

Note: Calculations are based on factors such as the number of hours individuals contributed, salary, operational and management costs for fundraising platforms and the number of events held. Cash contributions include charitable donations of NT\$33,425,550, including donations to the Millennium Health Foundation, Taiwan Delica Foods Development Association, academic organizations and grants and scholarships, as well as NT\$1,115,000 in costs for the Health Station program.

PCSC Platform Facilitated Donations

App Online Donation:

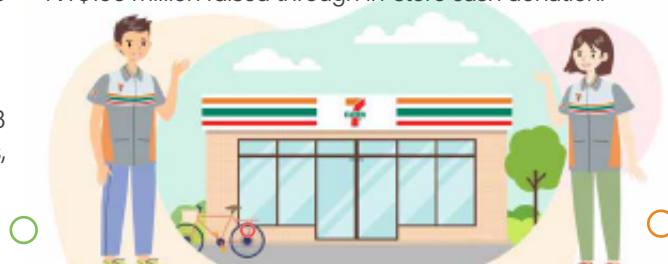
The online app donation feature worked with 40 public welfare organizations in 2022, raising a total of nearly NT\$17.44 million.

OPEN POINTS Digital Donation:

Equivalent of NT\$17 million was donated in points, where 53 organizations provided meals and daily necessities for elders, families, and children in need.

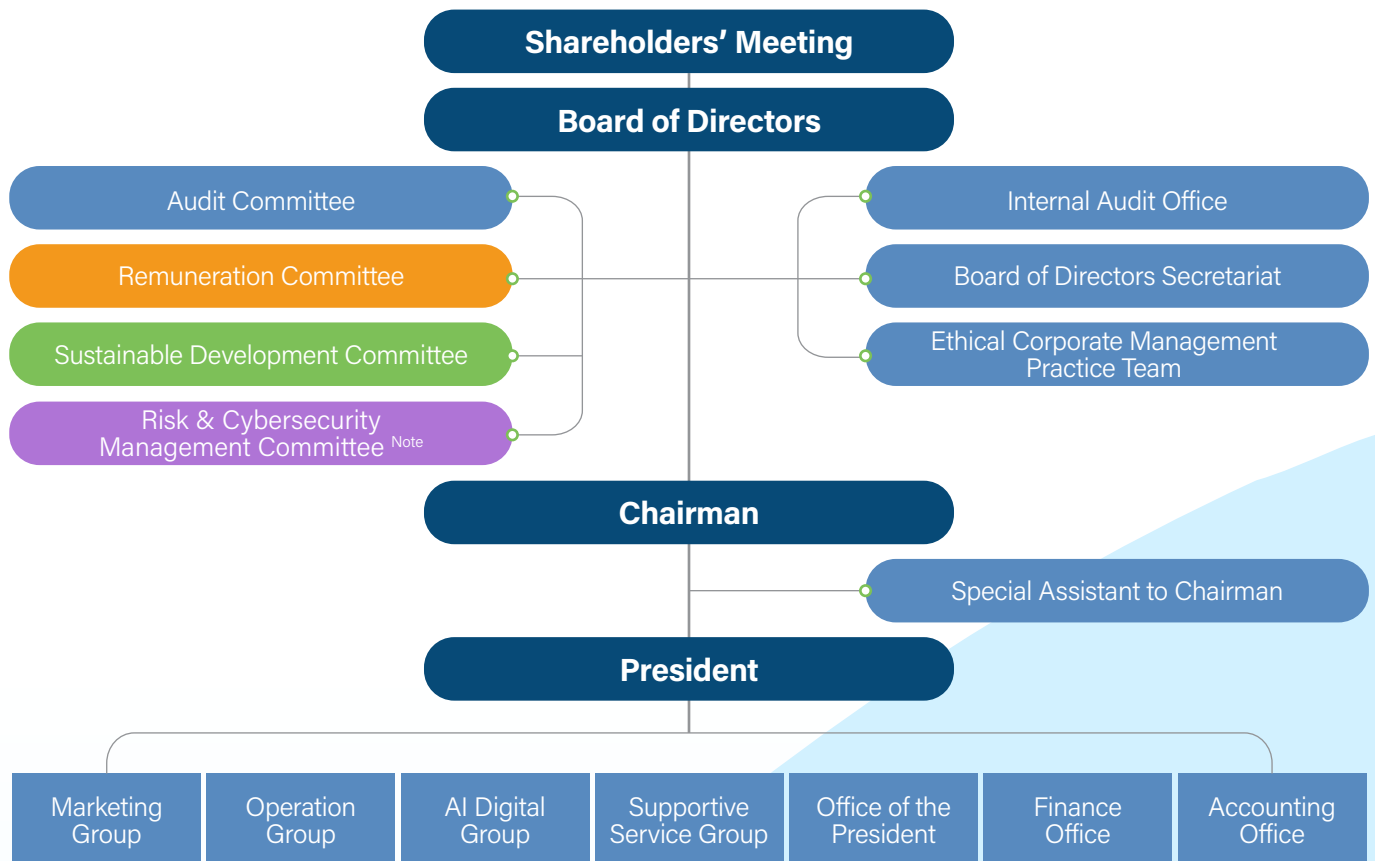
In-store Cash Donation:

NT\$196 million raised through in-store cash donation.



GOVERNANCE

Organization



Note: To enhance risk and cybersecurity management, the two functions were merged into a functional committee in November 2023 to increase supervision.

Board of Directors

The current Board of Directors consists of 13 members and was elected at the AGM on July 16, 2021.

- 3 independent directors (23.1%)
- 2 female directors (15.4%)
- 2 directors with risk management expertise (15.4%): director **Su, Tsung-Ming** and independent director **Chen, Liang** has extensive risk management expertise as independent director of Bank SinoPac Co., Ltd., and Supervisor of First Commercial Bank respectively.

In 2022, the Board convened 8 times with an average attendance rate of **99.04%**.

TITLE	NAME / REPRESENTATIVE	GENDER	ATTENDANCE
Chairman	Uni-President Enterprises Corp. Lo, Chih-Hsien (Uni-President Chair)	M	100%
Director	Kao Chuan Investment Co., Ltd. Kao, Shioh-Ling	F	100%
Director	Uni-President Enterprises Corp. Chen, Jui-Tang	M	100%
Director	Uni-President Enterprises Corp. Huang, Jui-Tien (PCSC CEO)	M	100%
Director	Uni-President Enterprises Corp. Huang, Jau-Kai (Uni-President CEO)	M	100%
Director	Uni-President Enterprises Corp. Su, Tsung-Ming	M	89%
Director	Uni-President Enterprises Corp. Wu, Liang-Feng	M	100%
Director	Uni-President Enterprises Corp. Wu, Kun-Lin	M	100%
Director	Uni-President Enterprises Corp. Wu, Tsung-Pin	M	100%
Director	Uni-President Enterprises Corp. Wu, Wen-Chi (PCSC CFO)	F	100%
Independent Director	Hsu, Ke-Wei	M	100%
Independent Director	Chen, Liang	M	100%
Independent Director	Hung, Yung-Chen	M	100%

Director Concurrent Positions

Chairman	Lo, Chih-Hsien	109 / 0	Director	Su, Tsung-Ming	15 / 4	Director	Wu, Wen-Chi	11 / 0
Director	Kao, Shioh-Ling	25 / 0	Director	Wu, Liang-Feng	9 / 0	INED	Hsu, Ke-Wei	0 / 2
Director	Chen, Jui-Tang	7 / 0	Director	Wu, Kun-Lin	4 / 0	INED	Chen, Liang	0 / 3
Director	Huang, Jui-Tien	46 / 0	Director	Wu, Tsung-Pin	28 / 0	INED	Hung, Yung-Chen	0 / 2
Director	Huang, Jau-Kai	6 / 0	Positions within the Group and Subsidiaries / External Positions					

Functional Committees

Attendance rate for committees were **100%** for 2022.

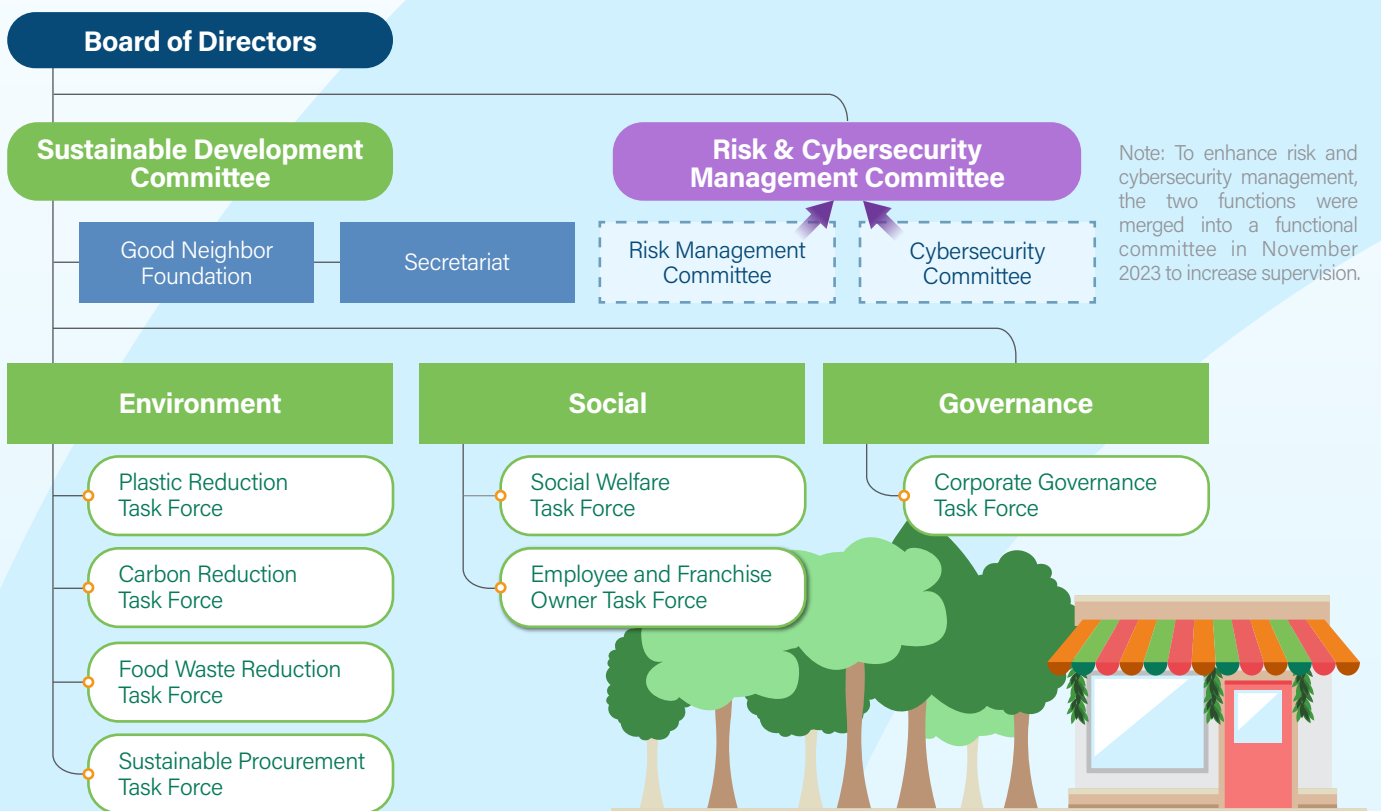
BOARD TITLE	NAME	COMMITTEE			
		Audit	Remuneration	Sustainable Development	Risk & Cybersecurity Management
Independent Director	Hsu, Ke-Wei	Member	Convener	Member	Member
Independent Director	Chen, Liang	Convener	Member	Member	Member
Independent Director	Hung, Yung-Chen	Member	Member	Member	Convener
Director (CFO)	Wu, Wen-Chi	-	-	Convener	Member
Company Senior Executive*	Wu, Hui-Chen	-	-	Member	-
Company Senior Executive*	Lua, Wen-Ji	-	-	Member	Member
Company Senior Executive*	Lin, Kuan-Yi	-	-	-	Member

* Current Positions: Wu, Hui-Chen: Project Vice President/Head of occupational safety office, Lua, Wen-Ji: Head of Supporting Group of PCSC. Lin, Kuan-Yi: Chief Information Security Officer.

Sustainability Development Team

The Sustainable Development Committee convenes twice a year and reports annually to Board of Directors. Report was made on 14th Dec 2022.

In November 2023, the "Cybersecurity Committee" and the "Risk Management Committee" (previously under the Sustainable Development Committee) was merged into a functional committee "Risk & Cybersecurity Management Committee", and reports annually to the Board of Directors.



Risk Management

Risk management is the key to sustainable operations. PCSC's risk management covers the entire group and all its subsidiaries. The "Risk Management Committee" integrates and manages all potential risks associated with strategies, operations and finances that may have an impact on the operations and profits.

In October 2022, a **total of 5 risks were compiled and identified for the year.**



From 2023 onwards:

Every Month

All departments will monitor and give feedback

Every 6 Months

Risk Management Committee risk identification data collection

Every Year

Report to Risk & Cybersecurity Management Committee

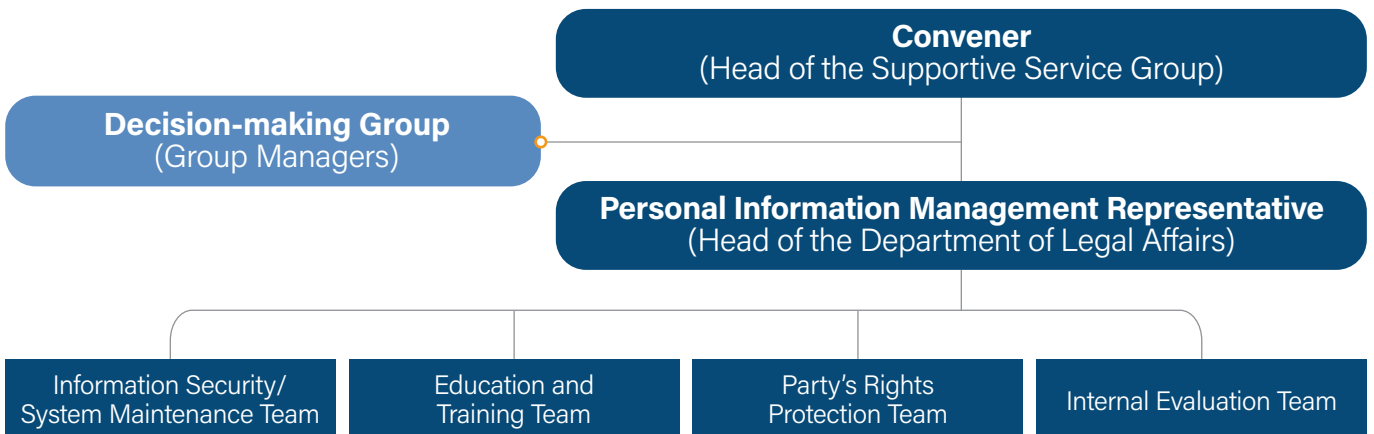
Information Security and Privacy Protection

The Chief Information Security Officer is the convener of the Cybersecurity committee and review meetings are held at least once a year and regular reports to the Risk & Cybersecurity Management Committee.

In 2022, a cybersecurity incident occurred where servers leased by the outsourced company displayed phrases of political nature on the Open Channel in stores. PCSC urgently required the stores to restart the screens, strengthen the security management of the digital signage, building a real-time monitoring system and third-party cybersecurity checks. We expect to make changes in 2023 with Presco Netmarketing taking over to further ensure cybersecurity.



Personal Data Protection Task Force



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

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

No data leak or complaints received regarding customer privacy infringement from the competent authority of external parties in 2022.

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

Taiwan Personal Information Protection and Administration System (TPIPAS) certification since 2014. Updated in 2022 with validity of 2 years.

ISO 27001 certification for cybersecurity for in-store POS system.

IDENTITY	PERSONAL DATA GRIEVANCE AND CONTACT
Consumer	Integrated Services
	Tel: 0800-008711
	Email : public@mail.7-11.com.tw
	All PCSC departments have respective contact persons for reporting privacy issues
Non-consumer	As there are many departments within PCSC, it is impossible to list every point of contact for reporting privacy issues. These points of contact are also responsible for handling and responding to privacy issues. The processed cases will be reported to the Personal Data Protection Task Force for record-keeping.

Ethical Corporate Management

PCSC's Ethical Corporate Management Best Practice Principles and Policies and its' Operating Procedures and Code of Conduct was first established and passed by the Board in 2015 and most recently revised in 2020.

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

ETHICAL CORPORATE MANAGEMENT BEST PRACTICE PRINCIPLES AND POLICIES

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

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



Audits conducted at least once a year for the Company's anti-corruption and business ethics.

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



No incident of corruption, bribery or event that violated the Fair trade Act, conflict of interest, money laundering and insider trading in 2022.

The Company's internal website features a Policy Promotion Area to educate employees about regulations governing ethical corporate behavior. Education training in 2022 included "Fair Trade Act", "Insider Trading", "Logistics Education Training", "Personal Data protection", "Information Security", and "Online Course on Labor Law".

Ethical management training covers all employees (including part-time and contractors).

Legal Compliance

In 2022, PCSC paid a total of NT\$51,500 in fines due to 2 violations that year. There were no other major violations with fines above NT\$100,000.

1. An incident with store staff selling cigarettes to an underaged person. In the follow-up, PCSC organized an information campaign in the district, requiring all cadres reiterate the importance of following relevant regulations during the district group meetings and store manager meetings. A notice was placed on the bulletin board for all personnel to read and sign. Stores were required to err on the strict side when determining the age of a customer to prevent similar incidents.
2. A specific vanilla raw material from France used in Haagen-Dazs ice cream was polluted with Ethylene oxide in 2022. PCSC voluntarily removed 5.995366 metric tonnes of products from the shelf and notified the competent authority.

Grievance Channels and Whistleblower Protection

PCSC's Internal Audit Office and Integrated Services Center have set up exclusive reporting hotlines (02-2747-8032, 0800-008-711). Stakeholders may also report any violations through the stakeholder section of our website (<https://www.7-11.com.tw/communication.aspx>).

In 2022, 1,917 messages were received through the stakeholder feedback section of the website.

PCSC has established an internal investigation SOP for violation reporting and a relevant confidentiality mechanism. Information related to reported violations is only available to auditing personnel and their direct supervisors, while related documents are placed on file by the audit supervisor. If follow-up investigations show any violations of Company regulations or Company's losses, violators are to be disciplined in accordance with PCSC regulations and correction are to be made.

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

Comprehensive confidentiality mechanism & non-retaliation policy for whistleblowers.