

CH 04 Employee Welfare



Contribution towards UN SDGs

241 employees **2.89** times

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



ISO 45001 pass

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

0.2 frequency-severity indicator

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



52.74%

Female managers in revenue-generating functions account for 52.74%

Corresponding Material Topics

Occupational Health and Safety

Corresponding Stakeholders

Employees	Non-Governmental Organization
Franchisees	
Government Agencies	Suppliers

Objectives

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

Policies

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

Dedicated Units

- Safety and Health Committee
- Occupational Safety Office

Action Plans

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

Grievance Mechanisms

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

Occupational Health and Safety Management Policies

4.1 Talent Attraction and Retention

Employment

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

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

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

Labor-management Communication

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

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

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

Age-friendly Employment

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

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

Encouraging stores to recruit middle-aged and elderly workers

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



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

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

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

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

Welfare, Remuneration and Care

• Remuneration

The PCSC remuneration policy ensures that all full-time employees receive higher payment than the statutory minimum wages, considering the price levels of various regions in Taiwan and the survey results of the average salary of new recruits in the retail industry. PCSC reviews whether the employees' salary levels are market-competitive and in line with employee needs by adjusting the starting salary of new recruits in April each year. In 2021, the starting salary of store personnel is based on the 50th percentile (middle income level) of new recruits in the retail industry, and the starting salary of logistics personnel is the 70th percentile (high income level). In addition, PCSC provides employees in areas with higher price levels with an additional allowance of 5-10% of the salary so that the employees and their families have enough for a decent life.

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

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

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

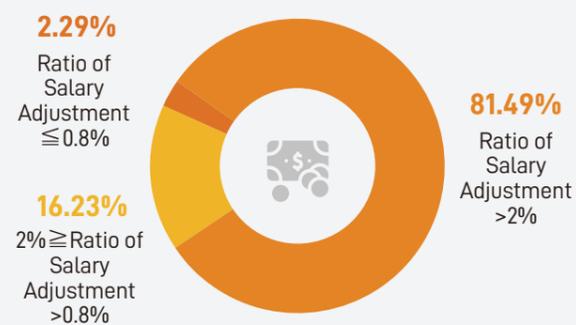
The starting salary for the new recruits at PCSC is equal for men and women for equal work, and the salary and benefits do not differ based on gender or age. In 2021, the ratio of starting salary to basic salary (NT\$24,000) for college graduates for new back-office staff is 1.47 times, and 1.71 times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

Ratio of Salaries for Male and Female Employees in 2021:

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

Note 1: Compensation consists of basic salary and annual bonuses.
 Note 2: The scope covers full-time employees who are still working at the end of 2021 (but excluding interns and those who were newly recruited or transferred for less than half a year as of March 15, 2021), based on their principal salary as of March 15, 2021 x 13 months of salary estimate.

Ratio of salary adjustment for full-time employees in 2021



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

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

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

• Assistance for Work-life Balance

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

Employee reinstatement and retention rate after taking parental leave in 2021

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

Application rate^{Note} (%)	Reinstatement rate^{Note} (%)	Retention rate^{Note} (%)
21.74% Total	63.41% Total	78.46% Total
9.29% Number of Males	50.00% Number of Males	75.00% Number of Males
29.39% Number of Females	65.71% Number of Females	78.95% Number of Females

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

Franchisee Benefits

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

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

Insurance subsidies and benefits enjoyed by franchisees

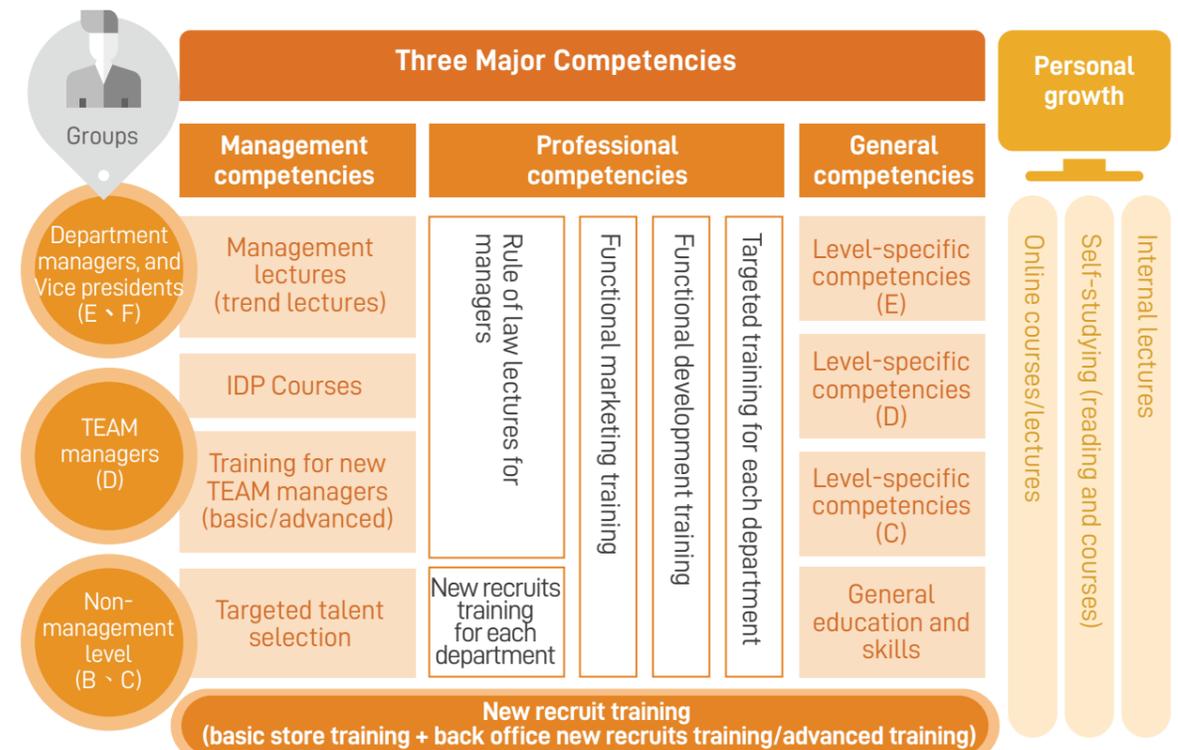
<p>Insurance Subsidy</p> <p>Group insurance</p> <p>Franchisees receive 15% of their premiums in subsidy</p>	<p>Franchise owner/employee mutual association</p> <p>A mutual-support mechanism between franchise stores that mainly provides funeral assistance for direct dependents</p>
<p>Benefits</p> <p>Franchisee benefits trust</p> <p>Subsidy for investment is given to encourage investment</p>	<p>Health checkup subsidy</p> <p>Senior franchisees over the age of 40 with more than 10 years of experience are eligible to receive health checkup valued at NT\$16,000 once every two years along with their spouses who work in the same store</p>
	<p>Discounts</p> <p>Group movie tickets, offers from affiliated enterprises, promotions for leisure activities</p>

Talent Development and Cultivation

Employee Education and Training

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

Training Structure



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

Statistics on Education and Training

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

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

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

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

• Education and Training Courses

Online Learning Curation



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

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

OPEN Masterclass

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

TK Culture Promotion - ISE (In store Experience)



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

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

General Legal Education

General Education and Training in 2021

Legal Education

Target Audience	Supervisors above team level at PCSC must receive 3 hours of legal education a year. The course is elective for managers of other levels.
Course	Basic legal course features common legal knowledge (Fair Trade Act, Act Governing Food Safety and Sanitation, Labor Standards Act, sexual harassment and workplace violence) and use of the 7-Eleven brand. Other courses include laws from competent authority (the Fair-Trade Act), awareness of insider trading, zero violence in the workplace, office hazard prevention, cases of store violation (back office), how to prevent overwork, workplace violence and sexual harassment (in store), the Labor Standards Act lectures and so on.
2021 Results	<ul style="list-style-type: none"> • 3 self-made online courses were introduced • 12 online courses/lectures (including video conferences) • Legal course: 14,183 people completed

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



Cultivation and Promotion of ESG Talents



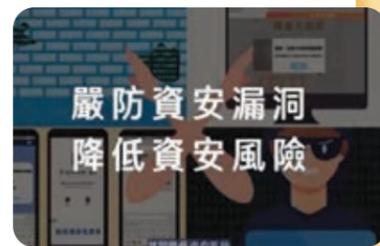
In 2021, the online course of ESG Management - Environmental Protection, Plastic Reduction and Eco-friendliness introduced the meaning of SDGs and ESG to all colleagues, as well as allowing them to understand 7-ELEVEN's commitment to sustainable management. The employees are encouraged to practice plastic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

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



Enhanced Information Security Education

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



Franchisee Education and Training

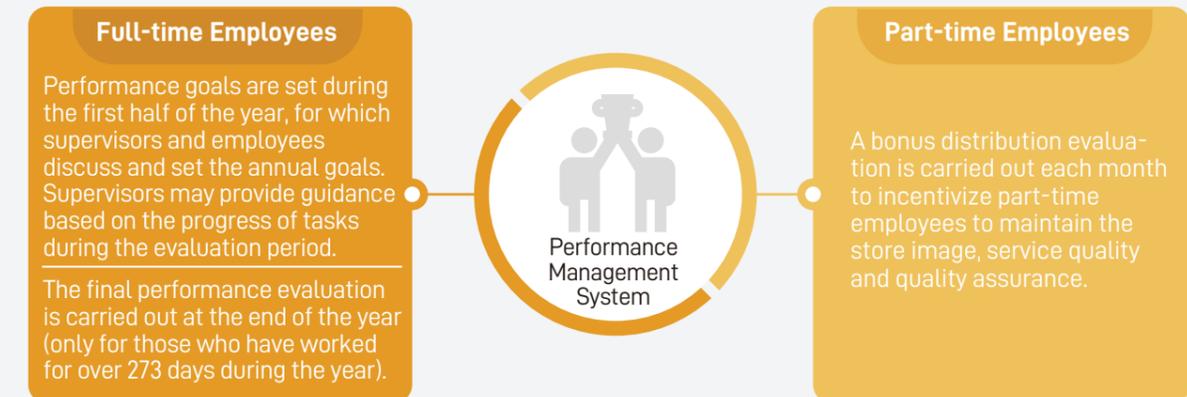
PCSC invests tens of millions of dollars in lectures every year, organizing training courses for franchise owners and encouraging them to grow through the selection of outstanding store managers.

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

Performance Management

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

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



Key Talent Management and Work Rotation

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

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

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

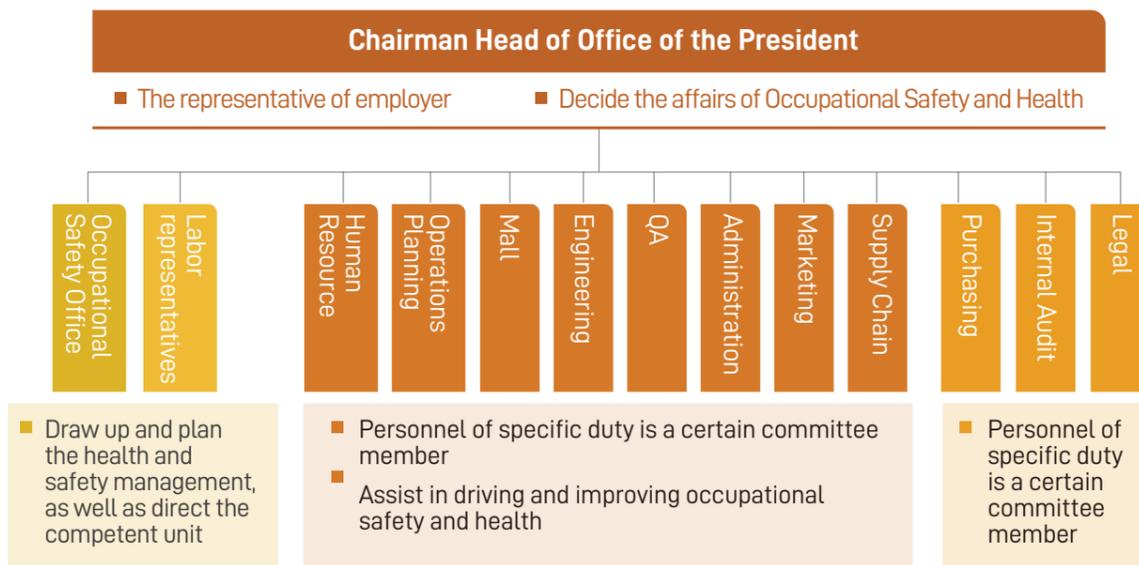


4.2 Occupational Safety and Health

Safety and Health Committee

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

Safety and Health Committee



Occupational Safety and Health Policy

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

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

Risk Level Criteria



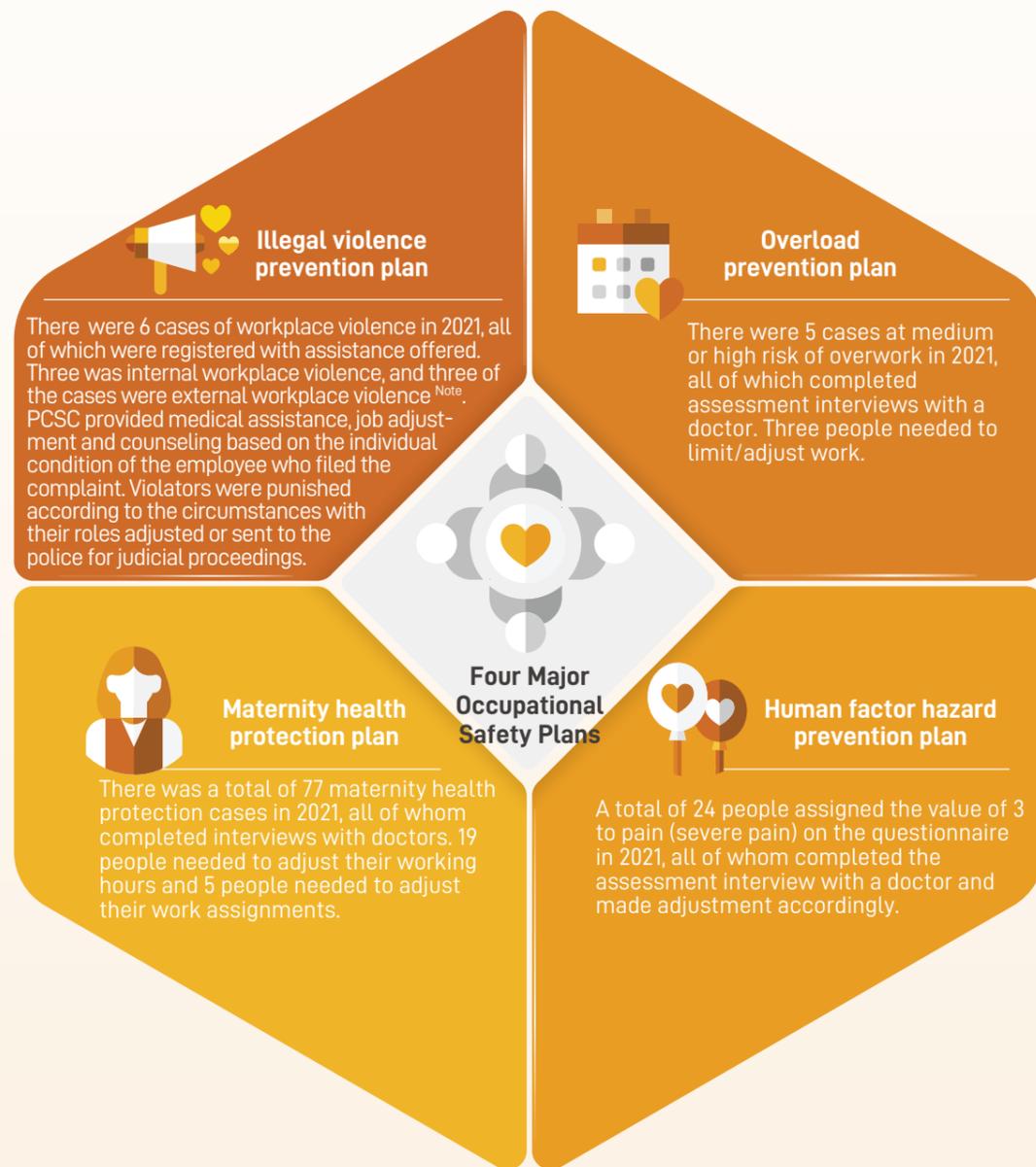
In order to reduce the probability of occupational disasters for employees, the occupational safety reporting mechanism has been optimized by the Occupational Safety Office and Human Resources in 2021 to stay updated with occupational disaster events, conduct incident investigations and even the Labor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

Disaster Occurrence Procedure:



Four Major Occupational Safety Plans

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



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

Implementation of Occupational Health and Safety

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

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

Occupational Safety and Health Management System and Health Certification

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



Human Rights and Labor Audits

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

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

Back Office

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

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

Directly-operated Stores

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

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

Franchises

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

Note 1: A third-party consulting company was entrusted to oversee the implementation.

Note 2: The number of issues in the store/the number of items inspected in all stores, the number of issues in the stores excludes 3 items related to training and health check. Due to the epidemic in 2020, it was not as easy to perform training and health checks, so it was excluded from the number of issues.

Contractors

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

Statistics on Occupational Injuries

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

Number and type of injuries by employee gender in 2021

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

Number and type of injuries by contractor gender in 2021

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

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

Health Promotion Activities

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

Resources and Services

	Description	2021 Performance
Health Check and Follow-up	Annual health check for employees and food workers	Due to the pandemic in 2021, only the store employees who handle food received health checks. General labor health checks in line with the statutory period were given individually. In 2021, a total of 4,216 people received health checks, with a participation rate of 85.8% ^{Note} .
	Every two years, full-time employees who are over 36 years with 5 years of experience receive NT\$16,000 for health check subsidy	A total of 2,192 employees were eligible for application
Individual Healthcare Services	Healthcare services provided by doctors was made available in 2013	Doctors provided 576 hours of one-to-one healthcare services for a total of 753 employees, with the satisfaction rate reaching 4.92 points.
	4 registered nurses	<ul style="list-style-type: none"> Treatment was provided for 133 people Employees with abnormal health check results were categorized into different levels for management. 100% of employees with extremely high risks received intervention, correction tracking and case tracking.
APP Health Promotion App	"Fitness Life Circle" was set up for the employees. Four events were organized in 2021 (each lasting a month), including the "New Year Walk," "Gourmet Planet," "Mid-autumn Festival" and the "Ghost Month."	A total 5,338 people participated in the events, burning 19.7 million calories with the equivalent of 2,559 kilograms.
Vaccination	<p>Vaccination campaign:</p> <ul style="list-style-type: none"> Regularly shared the information on COVID-19 vaccine appointments and assisted staff in Taipei, New Taipei, Keelung and Taoyuan in getting their first shot. The vaccine insurance was also offered to employees. To maintain respiratory health and prevent the flu virus, PCSC organized flu vaccination on site to increase the motivation. 	<ul style="list-style-type: none"> COVID vaccination: The coverage rate of the first dose of back-office staff was 96%, and the second dose was 77%. The program vaccinated 15,988 people in Taipei, New Taipei, Keelung and Taoyuan. Flu vaccine campaign: 177 people were given their flu shots at work.

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