



ANNUAL
REPORT 2021



REENGINEERING

for the New Normal



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Vision

Our vision is to be the best retailer of convenience for emerging markets.

Mission

To make daily life easier by providing modern convenience.

Core Values

Teamwork. Reliability. Customer focus. Data-driven. Integrity.

About the Cover

Reengineering for the New Normal

We are proud that 7-Eleven served as not just a corner store, but a cornerstone for so many, as we all began rebuilding toward some semblance of normalcy, through 2021 and beginning 2022.

In the cover for our 2021 Annual Report, we show how we have been working to optimize the machinery of Philippine Seven Corporation - introducing innovative store concepts, to once more engage and invigorate our customers; partnering with new digital players, to broaden our electronic service options; and, thankfully, returning to our expansion efforts, now with larger stores, a more supermarket-style assortment - powered by AI-customized planograms - and a purposeful new focus on residential areas. The gears represent how we are improving our technical prowess to support market evolution, from simply providing the convenience people want to also supplying the essentials they need.

Reenergizing growth, realigning connections, and renewing hope, we are, all together, reengineering our systems, to help our stakeholders gear up for the new normal, with extraordinary convenience and confidence.



Financial Highlights

Comparative Financial Highlights

FOR THE YEAR	2021	2020	2019
System-wide Sales Revenues	47,216,091	46,368,988	56,333,266
EBITDA	4,530,048	4,727,594	6,773,890
Operating Income	448,153	445,002	2,940,860
Net Income	(461,005)	(419,718)	1,444,573
Return on Average Equity (%)	-6.44%	-5.45%	19.12%

AT YEAR-END	2021	2020	2019
Stores in Operation	3073	2978	2864
Total Assets	28,418,465	29,749,007	29,673,664
Total Liabilities	21,447,049	22,395,140	21,636,075
Stockholders' Equity	6,971,416	7,353,868	8,037,589
Current Ratio (x)	1.10	1.00	0.93
Debt-to-Equity Ratio	3.08	3.05	2.69

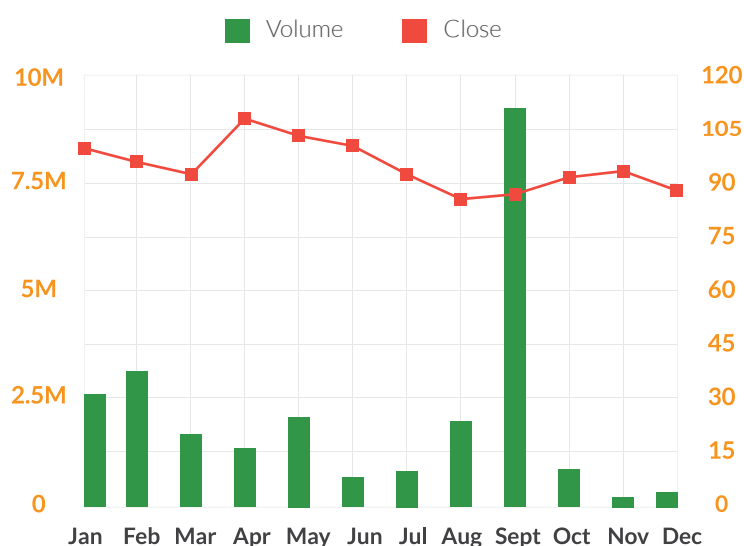
PER SHARE DATA	2021	2020	2019
Earnings Per Share (PHP)	-0.61	-0.55	1.91
Book Value Per Share (PHP)	9.22	9.72	10.63

*in PHP Thousands except data on store, ratio and per share information

Financial Ratios

	2021	2020	2019
Current Ratio (x)	1.10	1.00	0.93
Quick Ratio (x)	0.61	0.64	0.59
Debt-to-Equity Ratio	3.08	3.05	2.69
EBITDA Margin (%)	10.03%	10.83%	12.79%
EBIT Margin (%)	0.99%	1.02%	5.55%
Net Margin (%)	-1.02%	-0.96%	2.73%
Return on Ave. Equity	-6.44%	-5.45%	19.12%
EPS (PHP)	-0.61	-0.55	1.91
Book Value Per Share	9.22	9.72	10.63

Stock Price



Balance Sheet Highlights

	2021	2020	2019	2021 vs 2020	2020 vs 2019
Current Assets	14,222,718	13,896,794	12,703,448	2.3%	9.4%
Noncurrent Assets	14,195,747	15,852,213	16,970,216	-10.4%	-6.6%
TOTAL ASSETS	28,418,465	29,749,007	29,673,664	4.5%	0.3%
Current Liabilities	12,968,183	13,864,318	13,706,760	-6.5%	1.1%
TOTAL LIABILITIES	21,447,049	22,395,140	21,636,075	-4.2%	3.5%
STOCKHOLDERS' EQUITY	6,971,416	7,353,868	8,037,589	-5.2%	-8.5%
Book Value Per Share	9.22	9.72	10.63	-5.2%	-8.5%

*in PHP Thousands except data on store, ratio and per share information

Income Statement Highlights

	2021	2020	2019	2021 vs 2020	2020 vs 2019
Stores in Operation	3,073	2,978	2,864	3.2%	4.0%
System-Wide Sales	47,216,091	46,368,988	56,333,266	1.8%	-17.7%
Revenues	45,144,606	43,645,923	52,950,903	3.4%	-17.6%
Cost of Sales	29,656,633	28,783,351	34,368,461	3.0%	-16.3%
Gross Profit	15,487,973	14,862,572	18,582,442	4.2%	-20.0%
Operating Expense	15,087,045	14,674,176	15,794,863	2.8%	-7.1%
Operating Income	448,153	445,002	2,940,860	0.7%	-84.8%
Net Income	(461,005)	(419,718)	1,444,573	9.8%	-129.1%
Earnings Per Share	-0.61	-0.55	1.91	9.8%	-129.1%

*in PHP Thousands except data on store, ratio and per share information




Letter to Shareholders

To Our Shareholders,

I am very pleased to share with you our story of resilience and our road to recovery amidst the lingering and profound impact of the pandemic. 2021 marked the second year that our Company navigated the wave of changes brought about by this public health crisis. At present, we believe that we are finally seeing the light at the end of the tunnel, and we are confident that we are now in a better position to face the so-called “new normal” in this post-pandemic world.

The Philippine economy has recovered by posting a GDP growth of 5.7 percent in 2021. This is a reversal from the 9.5 percent economic contraction that occurred in 2020 owing to strict lockdown restrictions. The economic improvement was fueled by the solid 12.0 percent increase in the country’s GDP during the second quarter. This reversed five consecutive quarters of negative growth, as the linkage between infections and mobility started to diminish.



As a result, our 7-Eleven stores recorded a strong 8.5 percent growth in same store sales during the fourth quarter of 2021. This is driven by the improvement in mobility, allowing the Company to build on the solid sales growth momentum that started in the third quarter, which also reversed five consecutive quarters of sales contraction.

The economic outlook remains to be optimistic as businesses start to reopen and the rate of vaccination continues to ramp up. Alert levels have been lowered, but the public is still required to practice minimum health standards to prevent a new wave of infections and remain cautious on the emergence of new variants.

As a result, our 7-Eleven stores recorded a strong 8.5 percent growth in same store sales during the fourth quarter of 2021. This is driven by the improvement in mobility, allowing the Company to build on the solid sales growth momentum that started in the third quarter, which also reversed five consecutive quarters of sales contraction. Full year decline in same store sales was trimmed down to less than 5.0 percent from a sharp decrease of 18.0 percent in 2020.

Moreover, our systemwide sales, which account for sales of all corporate-owned and franchise operated stores, went up by 2.0 percent to P47.2 billion, corresponding to 84.0 percent of the 2019 pre-pandemic level. Operating income was flat at P448.2 million, while net loss stood at P461.0 million considering the one-time impact of the CREATE law on deferred tax asset. Our operating cash flow, on the other hand, surged 62 percent to P4.3 billion allowing us to open 164 new stores and reduce our outstanding debt by 22.0 percent. This will then enable us to pursue our market development plan of opening at least 300 new stores every year, and to take advantage of the improving macro environment.

More than 90 percent of our stores are back to 24/7 operations to best serve our convenience customers. The lifting of local curfews and bans that once prohibited minors from going outdoors helped boost our sales. Despite the Omicron surge in early 2022, we have seen that sales are fast approaching pre-covid level. Office workers are slowly going back to their physical offices, while in-person learning is being tested as most people are still cautious but ultimately optimistic that the worst is already behind us.

The share of our ready-to-eat categories to total sales has also steadily increased as this serves as a main indicator of out of home consumption. We continuously build this segment as a point of differentiation and as a response to emerging



We ended last year with more than 1,200 units activated in Metro Manila and major parts of Luzon. Going forward we plan to add at least 1,500 more cash recycler ATMs in 2022 across parts of Visayas and Mindanao.

competition. We closely work with our partner suppliers to improve their service level by giving them better demand guidance. This is expected to improve sales and profitability of our core convenience products.


Furthermore, our growing service business further accelerated during the pandemic driven by the shift towards digital payments. Many of our customers trust us with their payment needs because of our proximity, availability, and efficient fulfillment of transactions. To complement this, we partnered with Pito AXM Platform, Inc., a wholly owned subsidiary of Seven Bank Ltd. of Japan, to deploy their pioneering and highly innovative cash recycler ATMs in our stores. We ended last year with more than 1,200 units activated in Metro Manila and major parts of Luzon. Going forward we plan to add at least 1,500 more cash recycler ATMs in 2022 across parts of Visayas and Mindanao.

The ATMs provide several advantages as our store operators deposit their sales for the day and the machine “recycles” the cash to fund the withdrawals of customers of the partner banks. In addition, the ATMs generate customer traffic and, in the future, shall offer other services that will bring us closer to fulfilling our mission of making daily lives easier by providing modern convenience.

With all these developments, I believe that the Company was able to refresh its convenience store concept, while remaining true to the time-tested brand goodwill attached to our 7-Eleven name. We shall be capitalizing on our learnings during the pandemic as we solidify our position in this industry in the pursuit of our vision of becoming the best retailer of convenience in emerging markets.

Your Company remains true to its commitment to the community through our corporate social responsibility arm, the Phil Seven Foundation, Inc. or PFI. In response to the pandemic, PFI purchased 80,000 doses of AstraZeneca vaccines through the Tripartite Agreement with the National Government. More than half was donated back to the government while the remainder was administered to our front-line employees and business partners.

In line with our 7-Eleven Day celebrations, we ran our Hospital Pantry program from July 8 to 10, 2021 treating medical frontliners to a steady stream of hot meals, snacks, and refreshments for three whole days. About



**In closing, we are living
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13,500 frontliners were served across NCR, Region 4A, Cebu, and Davao. We also contributed more than 40,000 of grocery bags to 25 local government units and conducted feeding programs in partnership with the Catholic church and various NGOs.

PFI was honored to receive two accolades, “Salamat Po” award and “Hall of Fame” award at the Department of Social Welfare and Development’s Panata Ko sa Bayan Awards in appreciation for our support of their advocacies, programs, projects, and communications thrust.

In closing, we are living in a new environment, but what remains is our unwavering commitment to all our stakeholders. I am truly grateful to the Board of Directors for their continued guidance, and I would like to thank our management and employees for their commitment and hard work. I also express my sincerest gratitude to our franchisees and store operators for continuously serving our customers despite these challenging times.

Finally, my utmost appreciation to our valued shareholders, and please be assured that we shall be working harder in making your Company better and more resilient in the years ahead.

Thank you very much,



JOSE T. PARDO

Chairman of the Board & Independent Director

Dear Fellow Shareholders,

In normal times, letters that accompany full-year results, following the close of the 4th quarter, are written for the purpose of providing high-level guidance and insight into the year that was, and sketching out what may be expected in the years ahead.

These are not normal times, and limiting the discussion to 2021 alone would do a disservice to our investment community. With your indulgence, I will discuss the year that was, but also put it in the context of the first months of 2022 - which we believe was the true beginning of the 'new normal' - so that we may better appreciate what lies ahead.

We painted a dreary picture in our 2020 letter, regarding the pandemic and its effect on sales, but took heart in the significant efforts management was undertaking, so that we would be well-positioned for its end. We were not wrong about either.

Results continued their abysmal trend in 2021, although we saw Same-Store Sales Growth (SSSG) improve 3.4%, with the wane of the COVID-19 Alpha variant in Q3 (Metro Manila, where we have a third of our stores, fared relatively better with Delta than it did with Alpha, versus the rest of the country), and then 8.5% in Q4 with the wane of Delta, our first positive quarters since the pandemic began.

Much has been said about the difficulties encountered by the Philippines throughout the pandemic, but we have found that the mobility numbers provided by Google - specifically, time at home vs. 2019 - the best hard indicator of its effects on our business, after reviewing correlations between our own sales and that of fellow licensees.

For much of the pandemic, that number hovered from 18-25%, until it started a steady decline toward the end of Q3, reaching the mid-teens in mid December, and dipping to as low as 7% during the holidays - which, perhaps not coincidentally, saw sales over 120% of 2019, among our highest ever.

Our pandemic mobility number, as of this writing, is 19%, the highest in the 7-Eleven world. For comparison, Malaysia is at 15%, Japan at 6%, and Thailand, 5%. One may check for oneself how tightly those mobility numbers correlate with SSSG of those publicly listed 7-Eleven licensees.

Over the holidays, we were, for the first time, convinced that we were nearing the end of the pandemic, at least insofar as public attitudes went, and began preparing to execute all the plans laid out, over the past 18 months, for getting to pole position in the race toward the 'new normal', which continues to unfold, as we speak.

After the Omicron spurt in January, we have seen sales begin to steadily approach pre-COVID levels, even if mobility numbers - curiously - were slow to recede. Some schools have reopened on a very limited basis, but the lifting of curfews, since November 2021, and especially the ban on those 18 and under leaving the house being rescinded, since February 2022, have been a great help to a 24-hour retailer that targets a younger demographic. Furthermore, more workers are reporting to offices more frequently, typically 1-3 days a week.

While nobody, including ourselves, knows how this new normal might eventually play out (and whether another variant might disrupt it yet again), we believe our investors should know what indicators we are watching, which directions we are inclined to bet on, and what we have done (and have yet to do) in those areas:

Digitalisation

Fintechs have accelerated their pace, and with it, the growth in cash-in volumes at our stores - resulting in the growth in service income, noted in the discussion section of this report.

Consolidation in the sector has resulted in lower margins, some of which we have been able to pass on to customers, but we believe that the path to greater value creation lies in somehow combining our assets - our payments database of over 40 million unique mobile phone numbers, the Cliqq app with 10M downloads, and the 1,200 recycling ATMs that are operating thus far in our stores and are expected in all stores by year-end. We believe that partnering with new digital players, including the six new digital banks that were granted licenses last year, will be an opportunity that, because of our assets, we are uniquely positioned for.

On the e-commerce front, we expect the growth pace of grocery delivery to slow somewhat, and continue



Review of Operations



We believe that partnering with new digital players, including the six new digital banks that were granted licenses last year, will be an opportunity that, because of our assets, we are uniquely positioned for.”

to bet on the superior unit economics of a pick-up-in-store model. We blamed supply chain concerns for not taking a more aggressive stance in pushing our Cliqq Grocery offering, but have since realized that we will need a more supermarket-like assortment available online to be competitive, and are testing several models.

The foregoing aside, we have cut our burn rate on digitalization, by cutting more expensive staff and decreasing customer acquisition spend. The thinking is that we were fortunate to have built and accumulated our digital assets when it was cheaper to do so, and are now in a good position to monetize those assets, by partnering with digital players who need access to them.

Hybrid Work

Most employees would prefer the flexibility of continuing to work from home some days a week, but most employers are reluctant to allow them to do so. How this plays out will determine not just the future of CBDs, but where people live.

Even as we continue to monitor where this balance may eventually fall, we are betting more on stores outside cities than within them. We had net openings of only four stores in Metro Manila in 2021, vs. 73 in the rest of Luzon, and continue to lay our bets in this fashion, until we see more proof of resurgence in the cities, which continue to underperform in sales by as much as 20%.

We are grateful that we are well-positioned for this opportunity, with our unrivaled distribution reach throughout much of the archipelago, and that we put a freeze on new openings, since the pandemic began until the middle of last year, because we would have opened in very different places than we are now. We are back to our regular pace, targeting 300 stores this year, after only 95 net openings last year.

Lingering Pandemic Shopping Habits

Throughout the pandemic, people all over shopped less frequently, but bought more each trip. In our case, the average ticket size grew 45%, even as customer count dropped 50%; the number of items in the basket went from 2.2 to 2.8. This trend continues, even as we move into the new normal, and we aim to build on it, by widening our offerings to meet more customer needs.

This will require more space. We are now building larger stores, whenever rent is cheap, and continue iterating to determine the ideal store size for given trade areas. Pilots on enlarging existing stores have proven highly successful, and we will do more of those where we can.

Ultimately, however, we are saddled with the footprints of the 3,000+ stores we already have, and need to 'create' more space by tailoring the assortment to a particular store's customer base, using AI-powered variable planograms, something we have been testing since 2018 and rolled out through much of Metro Manila in 2021, only to be met with the supply chain challenges of such an effort at scale, during a pandemic. As will be discussed, we are close to resolving those supply chain issues, and expect to continue their rollout, when greater success is established in the next few months.

We are also taking a deeper look at how assortment needs to change - larger sizes, due to less frequent trips; more value-oriented brands, due to lower incomes and inflation - by integrating syndicated data into our product-selection process and using it to hold buyers accountable.

Supply Chain Challenges

The Philippines already had the most challenging supply chain environment in the 7-Eleven system before 2020, and it has not been spared in the duration, nor in the aftermath, of the pandemic. We are betting that these challenges will continue over the next couple of years at least, and have spent much of our time and effort, throughout the past year, building new systems and processes to mitigate these difficulties, believing relative advantage can be obtained, if the environment remains challenging.

Demand forecasting is done daily, on a per-store basis, for the next four weeks, based on sales and stock levels, and this forecast is shared with suppliers, so they can let us know if sufficient stock is available, or if a product needs to be substituted in the interim. Substitution is triggered by a store flagging that a slot is empty, so that its replacement, along with a corresponding shelf tag, can be sent.

This sounds simpler than it is in practice, but we expect to be able to scale this practice by the middle of the year. We have recently begun tracking empty shelf space weekly and holding corresponding entities - stores, buyers, suppliers - accountable.

In closing, we reference our comment, in the previous letter, that we are 'building a new machine', akin to the changes we made in 2005 to 2007, in preparation for scaling them in subsequent years - all the way to 2019. That 2005 'machine' had fixed planograms, centralized distribution, and new store expansion at its heart.

The 2022 overhaul incorporates all the knowledge and experience that our then-novice management team has accumulated since, paired with updated technology. It will have variable planograms, adaptive supply chains, and expansion with an ear to a ground that continues to shift.

We are excited to turn its dials soon.



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JOSE VICTOR PATERNO

President and CEO

2021 Milestones



3,000th Store

PSC inaugurated our 3,000th store in Meywoods, Bulacan on July 11, marking 7-Eleven Day and our commitment to serving residential communities, bringing us closer to our customers.

In-store ATMs

Partnered with Pito AxM Platform, Inc., local subsidiary of Japan's Seven Bank, Ltd., we began installing cash-recycling ATMs on March 13, ending the year with over 1,200 ATMs installed.





New Store Concepts

PSC introduced unique, compelling new convenience experiences, through our 7-Eleven x Heineken concept store in Quezon City, and our first-ever drive-thru store in Subic.

City Cafe

Under license from parent company PCSC, we introduced our new coffee brand on July 11, a fresh blend of South American, African, and local beans - quick, convenient, top-quality coffee.



Vaccination

An early private sector partner against COVID, PSC administered vaccines to over 8,500 store clerks, 3,100 PSC employees and dependents, as well as franchisees, providers, and suppliers.

Reenergizing Growth

As the pandemic wears on, Philippine Seven Corporation (PSC) is even more committed to serve more people, in more places across the country, through more hours of the day, and in even more ways. Therefore, we have not just opened new - and new kinds of - stores, but are also working to increase our service capabilities, further improve our logistics and supply, and substantially contribute to the endeavor to help all Filipinos return to a semblance of normal life.

Store Openings

PSC was elated to resume expansion, after the necessary store opening slow-down in 2020, due to COVID-19. We moved forward and opened 164 new stores in 2021, ending the year with 3,073 total stores.

Since many businesses are still operating on a work-from-home basis, we shifted our strategy from commercial and business districts to residential areas, particularly in provinces within the Greater Manila area, such as Bulacan, Cavite, and Laguna. In keeping with this, we inaugurated our milestone 3,000th store in the neighborhood of Meywoods, Bulacan on July 11, marking 7-Eleven Day and our new focus.



We introduced the country's first co-branded convenience experience, our 7-Eleven x Heineken concept store in Tomas Morato, Quezon City. Opened on May 21, the two-storey hangout features a long



bar and an upstairs chill-out area, harmonizing our companies' colors in an inviting, intimate atmosphere.

We also launched our first-ever drive-thru store on October 26, in Subic. Customers can now enjoy not just unparalleled convenience, but safety as well, as they receive their 7-Eleven fix in the comfort and security of their vehicles.



With the economy slowly reopening, over 90% of our stores were operating 24 hours, with less than 5% open from 7 a.m. to 10 p.m., and 3% unfortunately still closed -- due to the lack of foot traffic in their areas. We hope to see this change for the better, as restrictions continue to ease in 2022.

SIGNING OF THE ATM PLACEMENT ALLIANCE AGREEMENT



New Service

In 2021, PSC installed new ATMs at 1,200 stores across the Greater Manila area, in partnership with Pito AxM Platform, Inc., local subsidiary of Japan's Seven Bank, Ltd. Unlike many ATMs - especially those in convenience stores - these machines can not only dispense bills, but also accept cash deposits, which is already minimizing our store personnel's need to go out to a bank, to deposit store sales.

Several banks can share the ATMs, so that more customers can easily access financial services without fees - as of now, for instance, BDO Unibank account holders can withdraw and perform balance inquiries free of charge. We began installation on March 13, and look forward to having an ATM in every store in the coming years.



Supply and Logistics

Our logistics arm, Convenience Distribution, Inc., opened a new Distribution Center (DC) in South Cebu in November, further strengthening our logistics capabilities in the Visayas. This DC now serves 47 stores, employs 26 personnel, and paves the way for further expansion in the area.

Meanwhile, we have started on a Collaborative Planning, Forecasting, and Replenishment (CPFR) process for our Supply Chain. By coordinating with our suppliers and logistics partners on a regular basis, this process aims to improve end-to-end supply chain efficiency and inventory management.

Demand forecasting is done per store daily, allowing us to assess whether current and incoming supply will

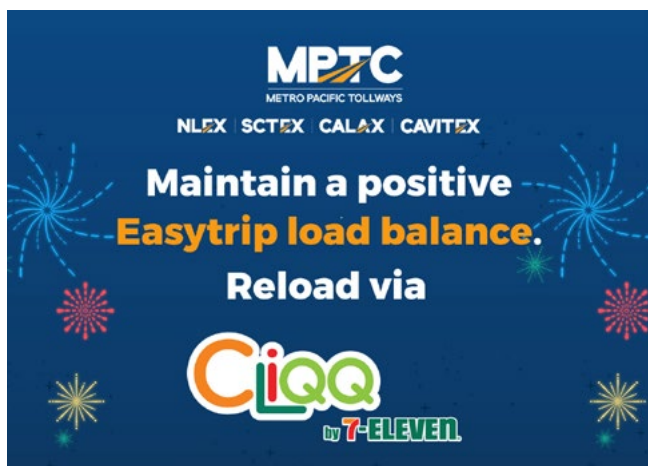




be able to meet projected demand for the next four weeks, and, if not, to provide suitable replacement on a timely basis. This ensures that stock-outs are minimized, and our shelf space always filled with SKUs that are in demand, or with an appropriate substitute item acceptable to customers.

Digital Payments and CLIQQ Grocery

Our payments category as a whole grew to Php 3.008 Billion in 2021, up 47% in transaction count, 63% in peso value, and 47% in gross commissions. Driving the growth of the payments business was the increase in e-Wallet cash-ins, as the pandemic spurred increased adoption of these payment methods. Our partnerships with the industry's biggest players such as GCash, PayMaya, and GrabPay, along with our reach of over 3,000 stores, continue to benefit customers nationwide.



Our online CLIQQ Grocery has bounced back with a positive revenue of 19%, a massive improvement from the prior year. This was despite our strategic 5% price mark-up, site age-gating to responsibly control the sales of vices such as alcohol and tobacco, and even a 50% reduction in our CLIQQ points conversion rate, from PHP1 per point to PHP0.50 per point.



These moves did not appear to trouble our users, as we actually enjoyed a volume increase of 27%. Promotions like our payday sales brought in an additional 7% in sales. As we continue to shift toward a more supermarket-like assortment of offerings, CLIQQ Grocery now carries over 3,500 activated SKUs.

Ensuring Continuity

As a responsible employer that values the health and safety of our employees and customers, PSC was one of the early private sector partners in the vaccination drive against COVID. We purchased 80,000 vaccine doses, administering half to our people in the A4 priority group - over 8,500 frontline store clerks, 3,100 PSC employees and dependents, as well as franchisees, third-party providers, and suppliers. The remaining 40,000 doses were contributed for use of the Philippine government.

As PSC is on the frontline - providing necessary essentials, food, and beverage to our communities - vaccination was not only necessary to keep our employees safe, but essential in allowing our stores to continuously operate, in the times we were most needed by our customers.

PSC is also part of Ingot Angat, a private-sector-backed campaign to restart the economy by promoting vaccination uptake, empowering the public to resume their lives - positive, productive, and protected.



In Review

PSC continues to fight through the continuing challenges of the pandemic - to sustain our operations and growth, support our franchisees and employees, and serve our customers and communities. We are reenergized to see our efforts starting to make a real, positive impact, as we reengineer our policies and processes, toward enduring innovation, evolution, and growth in the new normal.



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Realigning Connections

Our marketing and foodservice efforts continued to face challenges in 2021, as consumers struggled to adapt under the ongoing impact of COVID-19. Customers were visiting our stores less, yet buying more per visit than they had, pre-pandemic, so we streamlined our offerings, enabling them to buy for now, stock up, or order for delivery. We also updated our time-honored, crowd-pleasing events, to sustain the 7-Eleven sense of community, even amid the isolation of quarantines and social distancing.

Product Launches

With budgets still tight and many customers still working from home, we continued to innovate on our core offerings and test out new product formats, to fulfill our customers' ever-changing needs.

- Our affordable, heat-and-eat HottaUlam selection combines convenience and homey comfort - in the form of Rico's Lechon Binagoongan, Rico's Lechon Sisig, Pork Laing, Pork BBQ, Chicken BBQ, Fried Bangus, Pinakbet, and Ginataang Langka - in single and multi-serve portions.



- With customers coming to rely on us as a staple contributor to their daily diet, we partnered with Unmeat to introduce healthy, sustainable, plant-based options, such as our Unmeat Burger, Unmeat Burger Steak, and salad with plant-based protein.



- Given that travel remained restricted, we sought to let our customers explore through food experiences, via international items like our Japanese tamago and katsu sando offerings.
- To keep our customers engaged, we capitalized on our innovative co-branding efforts. We launched Bistek with Pancit, adding to our Manam line, as well as gourmet deli items in partnership with Santis, including Cheesy Hungarian, Cheesy Frankfurter, and Farmers Ham, along with our Cheesy Hungarian pandesal and Cheesy Frankfurter Toasted Sandwich.





- Amid the pandemic, we provided small sparks to enjoy every day, expanding our 7-Fresh assortment with items like our taho tub, fresh strawberries, grilled corn, creamy soup, and nacho salad.

City Cafe

With customers dropping in less often for a quick cup, it only made sense for us to elevate the quality of our coffee program, making our coffee less of something you pick up, since you already happen to be in the store, and more of a focus that draws customers into the store and enhances loyalty to 7-Eleven.

Toward this end, we partnered with 7-Eleven Taiwan to bring their meticulous coffee program to the Philippines, enhancing our coffee's aroma, body, acidity, and flavor, with a blend of South American, African, and local beans. Despite this amplification in quality, we maintained our very reasonable price point - starting at PHP29 - staying true to our brand promise, 'Real coffee for real life'.

City Cafe was launched on 7-Eleven Day 2021, supported through a digital campaign, which resumed after lockdown restrictions started to ease in October.

Crunch Time

Our Crunch Time fried chicken has long been a favorite of our customers, so we strove to expand on its popularity with new variations, namely Spicy

Sriracha Chicken, Chicken Shanghai, and Chicken Fillet.

Our FoodPanda sales grew by a healthy 19%, compared to the previous year, as we enrolled more kitchens and conducted supporting promotions. To sustain our customer base, we also ran value-for-money promos, localized promos, and promo tie-ups with recognized brands.

As of end-2021, Crunch Time was available in 1,637 stores, which constitutes 56% - more than half - of all our 7-Eleven stores, with a majority of these serving residential areas.





7-Eleven Day

Continuing our annual tradition of giving back to our communities, we celebrated 7-Eleven Day again across the nation. Thanks to our three-pronged improvement strategy, our 2021 celebration substantially surpassed our performance the prior year, with outcomes roughly attributable as follows:

- Participation of key SKUs and brands, to drive excitement and participation = customer count improvement of 37% vs. 2020, with people lining up as early as 12 midnight

- Scheduled, streamlined mechanics = enormous sales increase of 76% vs. 2020



7-Eleven DAY 3000th Store CELEBRATION
OUR THANK YOU TREAT FOR YOU

July 7-11, 2021 PROMO CODE 1Crunch POINT P299 CRUNCH CARRIER BEERIM VIA THE 7-Eleven APP	July 11, 2021 50% off BIG BITE P15 P30 ALL VARIANTS
July 9-11, 2021 P11 ONLY FOR 8oz SMALL COFFEE CUP *CITY BLENDS SMALL CUP INCLUDED*	July 11, 2021 50% off SIOPAOS P16 P32 ANY BUDGET SIOPAOS

Promo rules from July 7 to July 11, 2021. Bar D11 Fair Trade Barmit No. PTER-121312 Series of 2021

- Early communication and strong social media campaign = 73 million online impressions and a PR value worth 31M

We ran simplified mechanics across three separate promo schedules, to make it easier for our customers to understand and engage, achieving results that proved to be well worth celebrating.

7-Eleven Virtual Run

2021 marked the second year of our Virtual Run, modifying yet continuing our multi-year endeavor to promote a healthy lifestyle and nurture our community. At the same time, we upheld pandemic restrictions and customer safety, supported government vaccination efforts, and honored our frontliners.

Like the prior year, participants could run in the security of their own chosen time and place, simply uploading their results to our online hub. Results were tabulated from there, and finishers were sent congratulations and guidelines on collecting their finisher's kits at their preferred stores.

The run was held from November 7 to 30, and attracted 40,000 participants throughout the Philippines.

Customers who could show proof of both vaccination and purchase of a category sponsor's product, from any 7-Eleven store, enjoyed free sign-up. Part of the proceeds was allocated to provide PHP2M worth of CLiQQ cards to 4,000 frontliners across Luzon, Visayas, and Mindanao.



In Review

2021 was a period of constant, rapid realignment, to stay connected to the customers and communities we serve. Despite difficulties, we managed to not just supply their wants and needs, but also - we like to think - provide a few much-needed instances of joy and optimism, even amid the trials and tedium. Having proven our agility, we are optimistic that we can continue to bounce back in the coming years.



Despite difficulties, we managed to not just supply their wants and needs, but also - we like to think - provide a few much-needed instances of joy and optimism, even amid the trials and tedium.”

Corporate Social Responsibility: Renewing Hope

PhilSeven Foundation, Inc. (PFI), PSC's corporate social responsibility arm, strives to serve as a beacon of hope during this pandemic. With COVID-19 continuing to take its toll on not just physical well-being, but people's ability to provide for themselves and their families, we have been constantly at work - forming partnerships and agreements, as well as seeking, allocating, and distributing resources - to support our frontliners, and provide food, goods, and health supplies for our fellow Filipinos.

Recognition

PFI was honored to receive two PaNata Ko sa Bayan accolades - the Hall of Fame and Salamat Po awards - from the Department of Social Welfare and Development on February 28, in appreciation for our support of their advocacies, programs, projects, and communications thrust.



Health

In cooperation with numerous local government units (LGUs), PFI's September vaccination drive administered 40,000 vaccine doses for PSC personnel and members of far-flung communities. Through the national government's tripartite agreement, we secured 80,000 doses - worth PHP22 million - the other 40,000 of which were turned over for government disbursement.



On March 30, we donated 300 boxes of vitamin C, through the medical outreach program of the Department of Family and Community Medicine Doctors of Baguio General Hospital.





Frontliner Support

In line with our 7-Eleven Day celebrations, we ran our '7-11 AM Hospital Pantry' program from July 8 to 10, treating medical frontliners to a steady stream of 7-Eleven hot meals, snacks, and refreshments for three whole days. About 13,500 frontliners were served across NCR, Region 4A, Cebu, and Davao, at:

1. Cebu City Medical Center
2. Davao Medical School Foundation
3. Lung Center of the Philippines
4. Medical Center Paranaque
5. National Center for Mental Health
6. Ospital ng Imus
7. Ospital ng Malabon
8. Ospital ng Maynila
9. Ospital ng Muntinlupa
10. Pasay City General Hospital
11. Pasig City General Hospital
12. Philippine General Hospital
13. Philippine Heart Center
14. UST Hospital
15. Taguig-Pateros District Hospital



On May 24, we tied up with PSC's marketing department and suppliers, donating 600 packs of Veega Nuggets to medical frontliners, barangay responders, and persons with disabilities.





On August 3, with the help of PSC Marketing, PFI provided drinks for DSWD frontliners and barangay responders in the City of Manila, to boost their efforts during enhanced community quarantine.



Food

In the first quarter of 2021, we contributed more than 40,000 filled grocery bags to 25 LGUs across Luzon, Visayas, and Mindanao. This was another tie-up with our marketing department, as the LGU recipients had been nominated by the participants of our 2020 7-Eleven Christmas Virtual Run.



PFI partnered with Selecta in its 'Happinas' campaign, providing one scoop of ice cream for every 'Buy1Share1' Selecta bundle sold at any 7-Eleven store, starting July 2021. Selecta wound up giving a total of 77,792 scoops - equivalent to 5,984 1.3-liter ice cream tubs - to PSC's chosen charities.



On August 5, we supplied 250 kilos of rice, for children and families enrolled in the HAPAG-ASA Feeding Program, under the implementation of the Diocese of Novaliches.



We conducted a two-day Feeding Program of our own for the Dumagat community, on August 15 and 16, in coordination with various non-government organizations in Norzagaray, Bulacan.



Goods

In October, helped by PSC's e-commerce division and the League of Corporate Foundations, PFI donated toiletries and organizers to multiple beneficiaries, including Quezon City's Home for the Aged and victims of Typhoon Maring.



Again partnered with E-commerce, we held our Christmas Caravan 2021 in December, distributing apparel, footwear, bags, toys, and educational supplies to numerous beneficiaries, such as pediatric wards, juveniles, underprivileged children, and underserved communities.



In Review

While it may seem that every year is a struggle lately, for PFI the struggle is always worth it, as every life we are able to uplift, even in a small way, is part of the 7-Eleven community. We are always grateful to our partners - both internal and external - for their enthusiastic participation in our enduring commitment to help as many as we can, as much as we can, through this crisis and beyond.

Board of Directors & Corporate Officers



JOSE T. PARDO

CHAIRMAN OF THE BOARD AND INDEPENDENT DIRECTOR

Filipino, 82, Chairman of the Board and Independent Director since 2015. He chairs PSC's Executive Committee and Corporate Governance Committee. He is also the Chairman and Independent Director of Philippine Stock Exchange, Philippine Savings Bank, and Securities Clearing Corporation of the Philippines. He serves as Independent Director of JG Summit Holdings, Araneta Hotels, Inc., League One Finance and Leasing Corporation, Del Monte Philippines, Inc., and Synergy Grid and Development Philippines, Inc. (non-operating). He also serves as the Non-Executive Director of the National Grid Corporation of the Philippines. Among his awards are The Outstanding Filipino (TOFIL) Award, La Sallian "Masters" Award and Distinguished La Sallian from De La Salle University-Manila, Outstanding Alumnus Awardee from De La Salle University Graduate of School of Business, Man of the Year Awardee 2000 by Catholic Educators Association of the Philippines, Productivity Excellence in Leadership-

Industry Sector by Asian Productivity Organization Society of the Philippines, Papal Knight of St. Sylvester, Honorary Fellow of Asian Productivity Organization of Tokyo, Japan, The Outstanding Young Men (TOYM) Awardee, President Roxas Memorial Award, Founding Fellow of Development Academy of the Philippines (DAP), Citation as Monetary Board Member by Central Bank of the Philippines, and Outstanding Rotarian Award from Rotary Club District 380. Mr. Pardo earned the degree of Bachelor of Science in Commerce from De La Salle University-Manila, his Master of Business Administration (MBA) as First Graduate under the Harvard-DLSU Advisory Program from De La Salle University-Manila and Doctor of Humanities (Honoris Causa) from Gregoria Araneta University Foundation. He was given an Observation Grant to France on Promotion and Financing of Small and Medium Scale Enterprises and a Fellowship Grant to the United States on the Development of Small Medium Scale Industries.



JUI-TANG CHEN

VICE CHAIRMAN AND DIRECTOR

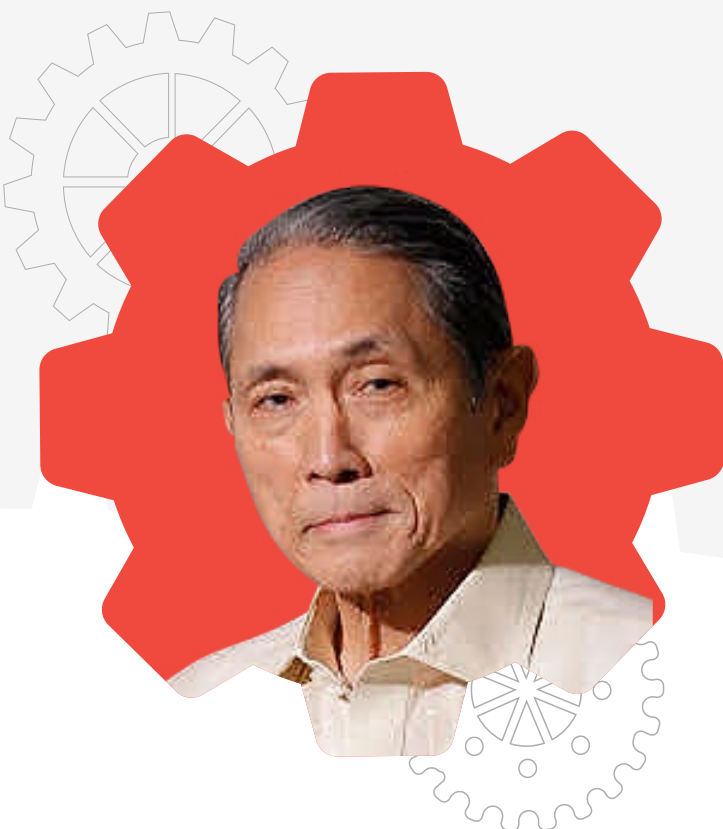
R.O.C., 63, Director of PSC since 2012. He was elected as Vice-Chairman on July 19, 2018. He is the Chairman of President Lanyang Art Corporation, President Transnet Corporation, President Collect Services Corporation, Uni-President Superior Commissary Corporation, and Kai Ya Food Co., Ltd. He is a Director of Uni-President Enterprises Corporation, President Chain Store Corporation, PCSC (China) Drugstore, Ltd., President Chain Store (Hong Kong) Holdings, Ltd., Uni-President Logistics (BVI) Holdings, Ltd., Uni-President Development Corporation, and Nanlien International Corporation. He holds a Bachelor's Degree in Economics from the Department of Economics of the National Taiwan University.

JOSE VICTOR P. PATERNO

PRESIDENT / CEO AND DIRECTOR

Filipino, 54, Director of PSC since 2005. He served as Vice-President for Operations prior to being appointed as Director and CEO of PSC. He is a member of the Executive, Audit and Risk, Compensation, and Corporate Governance Committees of PSC. He is also the Chairman and President of Convenience Distribution, Inc. (CDI) and Store Sites Holding, Inc. (SSHI), and Chairman and Trustee of PhilSeven Foundation, Inc. (PFI), which are all subsidiaries/affiliates of PSC. He is the CEO of the First Macro Finance Lending Network. He also serves as a Director of The Straits Wine Company, Inc. and the Philippine Franchise Association. He is a member of the Management Association of the Philippines, Makati Business Club, and Young Presidents Organization. He was a Management Associate of Nestle USA from 1990 to 1993. He received the 2013 CEO Excel Award from International Association of Business Communicators (IABC). He was also awarded as the 2012 Master Entrepreneur by Ernst & Young. He holds a Bachelor of Science in Mechanical Engineering, (Magna Cum Laude), from Lehigh University, Bethlehem Pennsylvania, U.S.A.





JORGE L. ARANETA

DIRECTOR

Filipino, 85, Director of PSC since 1988. He serves as the Chairman and CEO of Araneta Group. He is also the Chairman of the Board of Araneta Center Inc., Progressive Development Corporation, Uniprom Inc., and Philippine Pizza Inc. Among his awards are 2016 People of the Year Award from People Asia Magazine, President's Award as Pioneer of Retail Entertainment by Philippine Retailers Association, UP College of Business Administration 2005 Distinguished Alumni Awardee, Franchisee Awardee of the Year for Philippine Pizza, Inc., Top 5 Best Employer in Asia/Philippines by Hewitt Associates/Wall Street Journal/MAP, David Novak YUM Award, Plaque of Merit from Quezon City Chamber of Commerce and Industry, Inc. as Recognized Business Leader of Quezon City, Plaque of Appreciation for Outstanding Contribution from the Consular Corps and Diplomatic Corps of the Philippines, and Plaque of Appreciation from De La Salle University on the occasion of the establishment of the Don J. Amado Araneta Distinguished Chair of Financial Management. He holds a degree in Bachelor of Science in Business Administration from the University of the Philippines.

MARIA CRISTINA P. PATERNO

DIRECTOR

Filipino, 51, Director of PSC since 2015. She served as Marketing Assistant of Advertising and Promotions in Philippine Seven Corporation prior to her election as Director. She is currently the President of International Council on Monuments and Sites - Philippines and served as President of the T. Paterno Conservation, Inc. From 2011-2019. She was the Executive Director of San Sebastian Basilica Conservation and Development Foundation, Inc. She was also an Independent Consultant for Building and Art Restoration at The Cloisters, Metropolitan Museum of Art in New York, Sta. Ana Church in Manila, and 929-933, Broadway, New York. She holds a Degree in B.A. Humanities from Ateneo de Manila University and M.S. Historic Preservation from University of Pennsylvania, U.S.A. She also completed the Intensive Spanish Language Program of the Universidad Complutense, Madrid.





ANTONIO JOSE U. PERIQUET, JR.

INDEPENDENT DIRECTOR

Filipino, 60, Independent Director of PSC since 2010. He sits as Chairman of the Audit and Risk Committee and Member of the Executive Committee of PSC. He is the Chairman and CEO of AB Capitol and Investment Corporation. He also serves as the Chairman of Campden Hill Group, Inc. and Campden Hill Advisors. He is also an Independent Director of Ayala Corporation, DMCI Holdings, Inc., Max's Group, Inc., Semirara Mining and Power Corporation, Universal Robina Corporation, Albizia ASEAN Tenggara Fund, Sem-Calaca Power Corporation and Southwest Luzon Power Generation Corporation. He is a Board Member Adviser of ABS-CBN Corporation and Bank of the Philippine Islands. He is a Director of The Straits Wine Company, Inc. and a Trustee of the Lyceum University of the Philippines. He holds a degree in AB Economics from the Ateneo De Manila University, MSc Economics from Oxford University, and an MBA from the University of Virginia.

MICHAEL B. ZALAMEA

INDEPENDENT DIRECTOR

Filipino, 57, Independent Director of PSC since 2005. He is a Member of the Executive, Audit and Risk, Compensation, and the Corporate Governance Committees of PSC. He is the Chairman of AB Capital Securities, Inc. He serves as a Director of Campden Hill Advisors, Inc., Wespac Holdings, Inc., The Straits Wine Company, Inc., Vertere Global Solutions, Inc., and Vertere Venture Capital, Inc. He is also a Trustee of The Beacon Academy. He is the former Portfolio Manager of Global Fund of American International Group, Inc. He holds a Bachelor of Science in Finance from the Fordham University U.S.A and an MBA from the University of Virginia.



JUI-TIEN HUANG

DIRECTOR

R.O.C., 58, Director of PSC since 2017. He is the President and Director of PCSC and President Pharmaceutical (Hong Kong) Holdings, Ltd. He serves as the Chairman of iCASH Corporation, Capital Marketing Consultant Corporation, Tait Marketing & Distribution Co., Ltd., President Chain Store Tokyo Marketing Corporation, Wisdom Distribution Service Corporation, Beauty Wonder (Zhejiang) Trading Co., Ltd., President (Shanghai) Health Product Trading Co., Ltd and Retail Support International Corporation. He serves as the Chairman and Director of Ren-Hui Investment Corp. He is also a Director of President Information Corporation, President International Development Corporation, Uni-President Cold-Chain Corporation, Shan Dong President Yinzuo Commercial Ltd., RenHui Holding Co., Ltd., Books.com Co., Ltd., Uni-Wonder Corporation, President Chain Store (Shanghai) Ltd., President Chain Store (Zhejiang) Ltd., President Chain Store (Hong Kong) Holdings Ltd., PCSC (China) Drugstore Ltd., President Pharmaceutical Corporation, President Fair Development Corporation, President Drugstore Business Corporation, President Transnet Corporation, President Collect Services Co., Ltd., President Chain Store (BVI) Holdings, Ltd., President Chain Store (Labuan) Holdings, Ltd., Uni-President Foodstuff (BVI) Holdings, Ltd., Chiangjiagang President Nisshin Food Co., Ltd., Taiwan Millennium Health Foundation, Kao Chin-Yen Memorial and Education Foundation, Shanghai Sangjiang President Enterprises Co., President Nisshin Corp., and Uni-President Express Corp. He holds a Master's Degree in Marketing from National Kaohsiung First University of Science and Technology and a Bachelor's Degree in Economics from Soochow University.



WEN-CHI WU

DIRECTOR

R.O.C., 52, Director of PSC since 2008. She is a Director and the Chief Financial Officer of PCSC. She is also a Director of Uni-President (Singapore) Pte. Ltd. She is the Supervisor of Books.com Co., Ltd., President Collect Services Corporation, President Transnet Corporation, Uni-Wonder Corporation, President Information Corporation, President Chain Store (Shanghai), Ltd., President Chain Store (Zhejiang), Ltd., and Connection Labs, Ltd. She holds a Bachelor's Degree in Accountancy from the School of Accountancy in University of Missouri in Columbia, Missouri, USA.





CHING-FENG KUO

DIRECTOR

R.O.C., 51, elected as Director of PSC on July 15, 2021. He is the Vice President of President Chain Store Corporation. He also serves as a Director of 21 Century Co., Ltd., Uni-President Oven Bakery Corp., Mister Donut Taiwan Co., Ltd., Wisdom Distribution Service Corp., Uni-President Cold Chain Corp., Uni-President Superior Commissary Corp., Koasa Yamako Corp., President Chain Store Good Neighbor Foundation, Duskin Serve Taiwan Co., Ltd., Capital Marketing Consultant Corp., and President Chain Store Tokyo Marketing Corporation. He holds a Bachelor's Degree in Department of Management Science from National Yang Ming Chiao Tung University.

TSUNG-HSIEN LEE

DIRECTOR

R.O.C., 48, elected as Director of PSC on July 15, 2021. He is the Vice President of President Chain Store Corporation. He also serves as a Director of Duskin Serve Taiwan Co., Ltd., Capital Marketing Consultant Corp., Shan Dong President Yinzuo Commercial Limited, President Chain Store Good Neighbor Foundation, and Uni-President Cold-Chain Corp. He holds a Bachelor's Degree in Business Administration from Soochow University.





YING-JUNG LEE

CHIEF OPERATING OFFICER

R.O.C., 47, Chief Operating Officer of PSC since May 08, 2019. He has been with PSC since 2010. He is a Non-voting Member of the Compensation Committee and a Member of the Executive Committee of PSC. He is a Director in Convenience Distribution, Inc., a subsidiary of PSC. He was the Leader of the E-Service Team of Marketing Department of President Chain Store Corporation. He obtained his Bachelor's Degree in Cooperative Economics at Feng-Chia University, Taiwan.

JUN-YA LIU

TREASURER AND CFO

R.O.C., 41, Treasurer and CFO of PSC since July 19, 2018. He was PCSC's Head of Financial Planning from 2012 to 2018, Specialist of Financial Planning from 2010 to 2012, and Specialist of Long-Term Investment Management from 2006 to 2010. He is a Director of Store Sites Holding, Inc. and Convenience Distribution Inc., and a Trustee of PhilSeven Foundation, Inc. He holds a Bachelor of International Trade degree from the University of Shih Chien, Taipei, Taiwan and a Master of Science in Finance and Management from the University of Exeter, UK.





CHIA-FANG LEE

ASSISTANT TREASURER

R.O.C., 43, Assistant Treasurer of PSC since July 15, 2021. She was PCSC's Project Manager of Finance from 2019 to 2021, Head of Financial Planning from 2018 to 2019, and Head of Investor Relations from 2011 to 2018. She holds a Bachelor's Degree in Economics from National Chung Cheng University, Taiwan and a Master's Degree in Industrial Economics from National Central University, Taiwan.

EVELYN SADSAD-ENRIQUEZ

CORPORATE SECRETARY

Filipino, 58, Corporate Secretary of PSC since 2005. She is a Non-voting Member of the Corporate Governance Committee. She is also the Compliance Officer, Head of Legal and Corporate Services Division, and Data Protection Officer of PSC. She is the Corporate Secretary of CDI, Director and Corporate Secretary of SSHI, and Trustee and Corporate Secretary of PFI, which are all subsidiaries/affiliates of PSC. She is the President and Director of Columbia Owners' Association Inc. and DCSaguz, Inc. She also serves as Trustee and Treasurer of Good Governance Advocates and Practitioners of the Philippines (GGAPP). She is also Director and Corporate Secretary of Sterling Fluid Systems Enterprises, Inc. (SFSEI), and Ferguson Park Tower Condominium Corporation (FPTCC). She completed the Professional Directors Program under the Institute of Corporate Directors (ICD), Certified Franchise Executive (CFE) by The Institute of Certified Franchise Executives, USA and Philippine Franchise Association and Certified DPO ACE Level 1 and 2 by National Privacy Commission. She holds a degree in BSC Major in Economics from the University of Santo Tomas and Bachelor of Laws (Cum Laude) from the University of Santo Tomas.



Management Team



From Left to Right

Chia-Fang Lee
Assistant Treasurer

Min-Chieh Lai
Marketing Director

Jose Victor P. Paterno
President and CEO

Liwayway T. Fernandez
Operations Director

Ying-Jung Lee
Chief Operating Officer



Chao-Shun Tseng
Corporate Planning Head

Jose C. Ang, Jr.
General Merchandise Division
Head and Managing Director
for eWallet/Digital Team

Jun-Ya Liu
Treasurer and CFO

Atty. Evelyn S. Enriquez
Legal and Corporate
Services Division Head,
Compliance Officer

Francis S. Medina
Special Projects Head



From Left to Right

Maria Celina D. De Guzman

Internal Audit
Division Manager

Violeta B. Apolinario

Human Resources and Administration
Division Head

Francisco R. Gayanilo, Jr.

Regional Operations Manager
- Visayas

Vincent Angelo A. de la Cruz

Marketing Communications
Division Head



Armi A. Cagasan

Strategic Merchandise
Division Head

Lawrence M. De Leon

Finance and Accounting Services
Division Head
Investor Relations Officer

Ulysses V. Borral

Business Development
Division Head

Arvin S. Reyes

Information Technology
Division Head

Gil M. Abad

Regional Operations Head
- Mindanao

Corporate Governance

The continuing COVID-19 pandemic accelerated the trend of integrating environmental, social, and governance (ESG) factors in a corporation’s decision-making process. In 2021, the stricter Enhanced Community Quarantine or ECQ was imposed in the latter part of March until end of April, and once again in August, as resurgence of daily case counts happened caused by the more contagious variant. In the face of this crisis, PSC remains vigilant as it initiates mitigation efforts to help safeguard the health and safety of its employees, franchisees, and customers.

Philippine Seven Corporation (PSC or Corporation) adheres to the fundamental principles of sound corporate governance as contained in its Manual of Corporate Governance (CG Manual) and as embodied in the Philippine CG Code of 2016. Good governance is the observance of the principles of disclosure and transparency by balancing the needs of various stakeholders while generating shareholder value. The core values of teamwork, reliability, customer focus, and data-driven are PSC’s guiding principles in its efforts to create not just corporate governance awareness within the organization, but also to propel the corporation past the global pandemic towards long-term sustainable development.

Keeping pace with the developments in corporate governance, PSC strives to improve its CG Practices by following industry standards. During the awarding ceremony held last February 19, 2021, the Institute of Corporate Directors recognized PSC as one of the Top Performing Publicly-Listed Companies (PLCs) in the Philippines for achieving a score of 89 points, based on the 2019 ASEAN Corporate Governance Scorecard (ACGS).

As the world adjusts to the “new normal”, the logistical challenges brought by the COVID-19 pandemic continues to linger. Although the beyond phase of the pandemic is still uncertain, its end unknown, one thing is for sure—it allowed organizations to measure their resilience and their ability to transform challenges into opportunities. PSC, as a premier leader in convenience, ensures that good CG principles and practices pervades throughout the company as it trudges the road to recovery. PSC seeks to meet the needs of its customers and maintain a leadership position in the convenience store industry by taking advantage of economies of scale, technology, people, and a widely recognized brand. We remain focused on our vision to be the best retailer of convenience for emerging markets.



I. The Board’s Governance Responsibilities

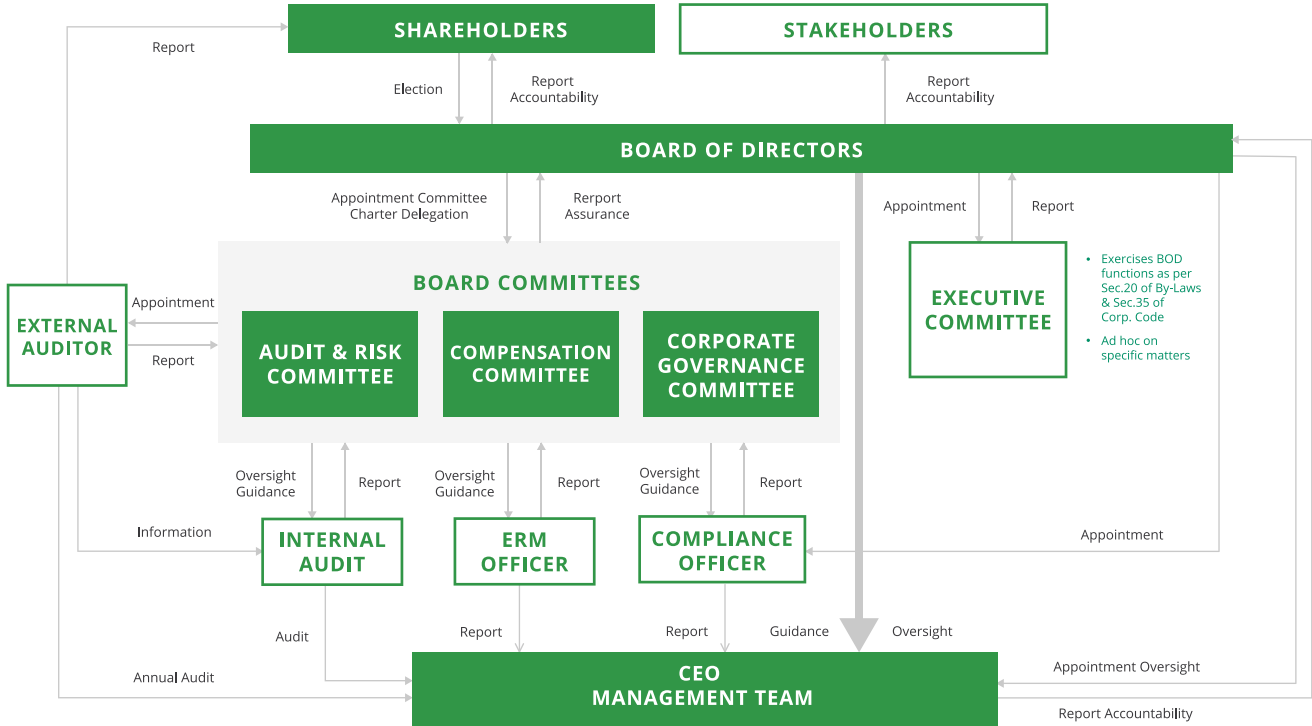
The Board of Directors is primarily responsible for the governance of the Corporation. The Corporation, corollary to setting the policies for the accomplishment of the corporate objectives, shall provide an independent check on Management.

As primary bearers of the responsibility to govern, the Corporation should be headed by a competent, working board to foster the Corporation’s long-term success and sustain its competitiveness and profitability in a manner consistent with its corporate

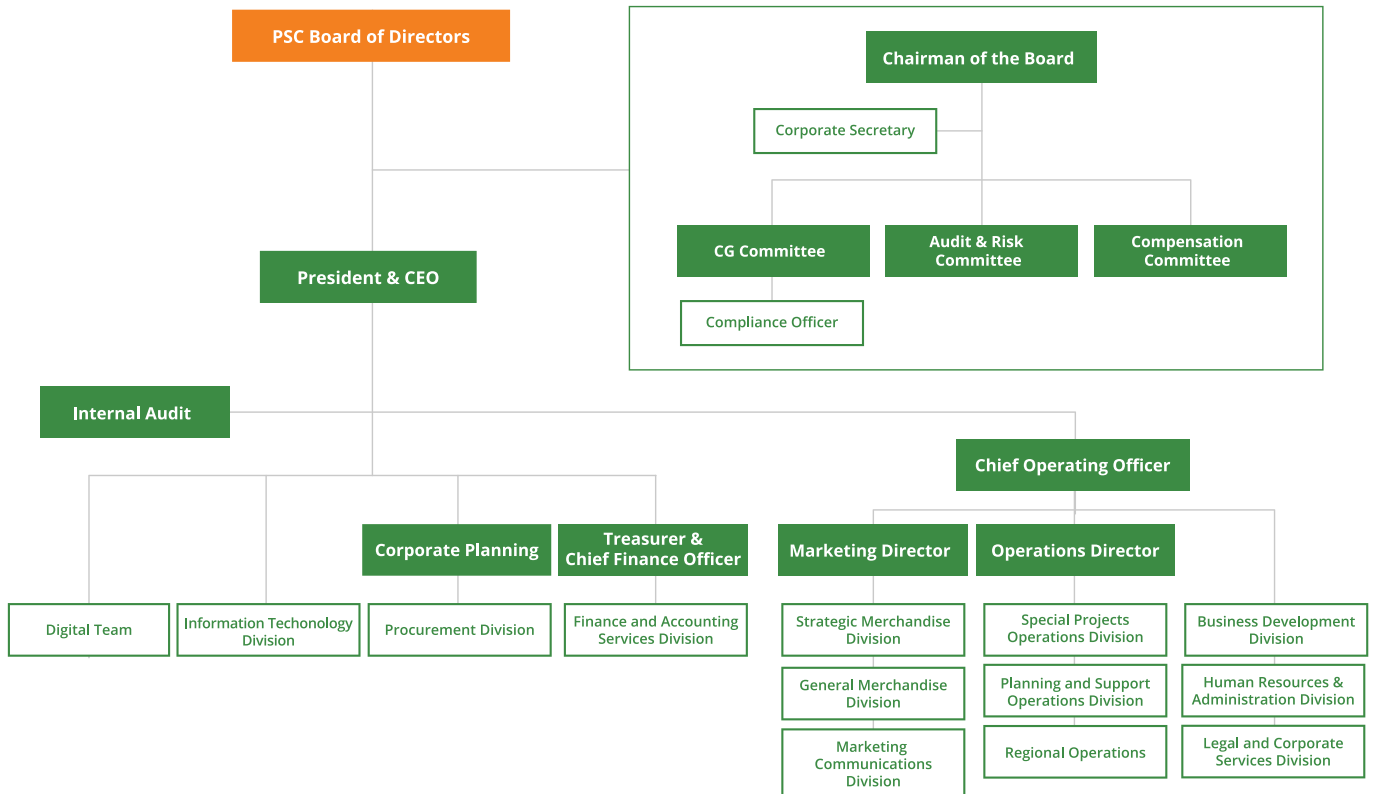
objectives and the long-term best interests of its shareholders and other stakeholders. The Board of Directors must conduct themselves in line with the

principles of good corporate governance, ensuring that the Corporation's vision, mission, and goals are attained and realized.

PSC's Corporate Governance Framework



PSC's Organizational Chart



Board Composition and Qualification

PSC's Board of Directors is composed of 11 directors, the majority of whom are non-executive directors, while 3 are independent directors in conformity with the Securities Regulation Code (SRC) provisions and Revised Corporation Code (RCC).



PSC set its qualification standards for the selection of its directors through its Corporate Governance Committee (CG Com) which reviews the qualifications of nominees as disclosed in PSC's CG Manual, CG Com Charter, and Definitive Information Statement (IS).

The Board of Directors has collective qualifications, work and professional experience, expertise, and relevant training on retail and consumer business, finance, accounting, investment, information technology (IT), property development, marketing, and corporate management. The majority of the Board of Directors are NEDs who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs

and to substantiate proper checks and balances.

All directors were elected by the stockholders during the Annual Stockholders' Meeting (ASM) to serve for one year from the election and until their respective successors have been elected and qualified.

Board Training

Integrated into PSC's CG Manual and Board Charter is its policy on training directors. It provides a training/ orientation program for first-time directors and annual continuing training to all directors. It conducts a business overview and provides an exposure tour of 7-Eleven stores and a trade-check of other retail business formats. It also provides recent trade analysis or industry benchmarking together with recent industry surveys.

PSC provides yearly training on Corporate Governance to its directors and key officers. This year, the directors and key officers participated in the PSC Corporate Governance training focused on effective enterprise-wide risk management (EWRM) including crisis management which was conducted in partnership with the Good Governance Advocates & Practitioners of the Philippines (GGAPP). The new directors of PSC Mr. Ching-Feng Kuo and Mr. Tsung-Hsien Lee attended the Corporate Governance Orientation Program conducted by the Institute of Corporate Directors last November 09-10, 2021.

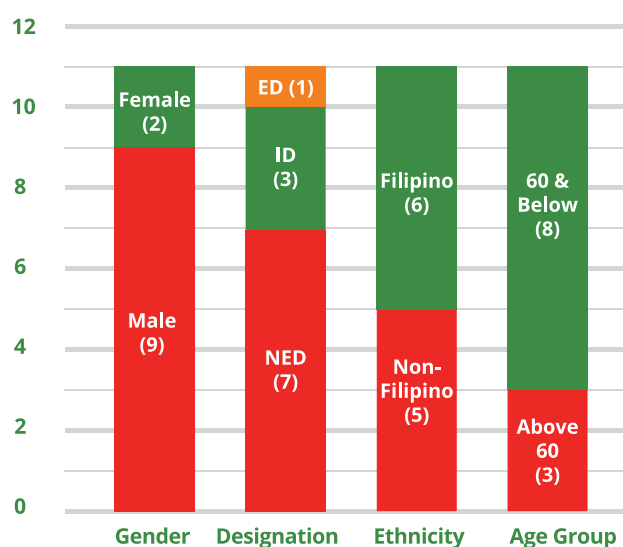
2021 CG Training of Directors

Name	Designation	Date	CG Training	Provider / Facilitator
1. Jui-Tang Chen	Vice Chairman & Director	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
2. Jose Victor P. Paterno	Director & President / CEO	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
3. Jorge L. Araneta	Director	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
4. Jui-Tien Huang	Director	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
5. Ching-Feng Kuo	Director	Nov. 09-10, 2021	Navigating the Boardroom: Corporate Governance Orientation Program	Institute of Corporate Directors

6. Tsung-Hsien Lee	Director	Nov. 09-10, 2021	Navigating the Boardroom: Corporate Governance Orientation Program	Institute of Corporate Directors
7. Maria Cristina P. Paterno	Director	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
8. Wen-Chi Wu	Director	Dec. 16, 2021	Effective Enterprise-Wide Risk Management (EWRM) includes Crisis Management	GGAPP
9. Jose T. Pardo	Chairman & Independent Director	N/A	Exempted	N/A
10. Antonio Jose U. Periquet, Jr.	Independent Director	Oct. 21, 2021	The Board's Agenda 2021: The Pathway to Recovery Through ESG	Institute of Corporate Directors
11. Michael B. Zalamea.	Independent Director	Oct. 06, 2021	Embracing Good Corporate Governance for Effective and Efficient Management	Center for Training and Development, Inc.

Board Diversity Policy

PSC values the importance of board diversity that encourages its members to have an active role in providing optimal decision-making and formulation of corporate rules, regulations, and policies. It shall embrace board diversity, as much as practicable, which is not limited in terms of age, gender, culture, skills, competence, and knowledge. The directors of PSC also have diversified business experience in retail, finance, banking, property, IT, and communications. The Board's current composition is set out in the following chart:



Board Secretary

The Board is assisted in its duties by a Corporate Secretary, who is not a member of the Board of Directors, and annually attends training on corporate governance. The Corporate Secretary is a Filipino citizen and a resident of the Philippines, is an officer of the Corporation, and has among others, the following responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of board and committee meetings and the annual board calendar, and assisting the Chair of the Board and its committees to set agendas for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments, and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management, and stockholders and contributes to the flow of information between the Board

and Management, the Board and its committees, and the Board and its stakeholders, including shareholders.

- e. Advises on the establishment of board committees and their terms of reference;
- f. Informs members of the Board, following the bylaws, of the agenda of their meetings at least five (5) working days in advance, and ensures that the members have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes arise, such as illness, death in the immediate family, and serious accidents prevent him/her from doing so;
- h. Performs required administrative function;
- i. Oversees the drafting of the bylaws and ensures that they conform with regulatory requirements;
- j. Performs such other duties and responsibilities as may be provided by laws and regulations.

Compliance Officer

The Board is assisted in its duties by a Compliance Officer, with adequate stature and authority in the Corporation. The Board appointed a Compliance Officer, who is not a member of the Board and annually attends trainings on corporate governance and has, among others, the following duties and responsibilities:

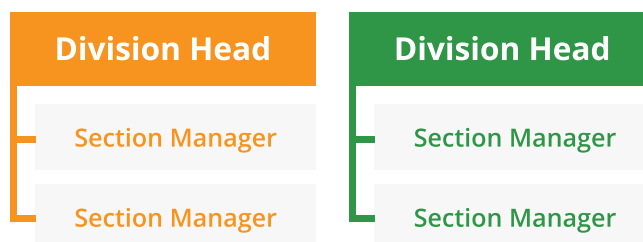
- a. Ensures proper on-boarding of new directors (i.e., orientation on the Corporation’s business, charter, articles of incorporation, and bylaws, among others);
- b. Monitors, reviews, evaluates, and ensures the compliance by the Corporation, its officers and directors, with the relevant laws, the Manual, rules and regulations, and all governance issuances of regulatory agencies;
- c. Reports the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;

- d. Ensures the integrity and accuracy of all documentary submissions to regulators;
- e. Appears before the Securities and Exchange Commission (SEC) when summoned concerning compliance with the Manual;
- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identifies possible areas of compliance issues and works towards the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the laws and regulations.

Succession Planning

PSC’s CG Manual and Board Charter provide that the Board shall ensure the adoption of an effective succession planning program for directors, key officers, and management to ensure growth and promote dynamism in the Corporation and continued increase in the shareholders’ value.

PSC started a Leadership Academy and Mentor’s Leadership Training Program in 2012. It aims to train and develop management and officers in line with the Corporation’s succession planning program. PSC will also be incorporating Advancing Candidates for Excellence (ACE) Program in the roster of its training and development programs. Leadership and business management training are also provided each year to build the competency of the management team and officers in strategic decisions, business modeling, and effective execution. Succession planning principles provide for each Division to hone the skills of at least two section managers as potentially next in line successors and are provided with training/exposure.



The retirement policy for key officers and management team (PO-HRD-PAS-044), under Republic Act 7641 or The Retirement Pay is covered by a Retirement Plan duly registered with the Bureau of Internal Revenue

Remuneration

The levels of remuneration of the Corporation should be sufficient to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. The Board shall look into the alignment of remuneration of key officers and board members with the long-term interests of the Corporation.

No director shall participate in the approval of his compensation. Directors shall not receive any compensation unless provided in the bylaws of the Corporation or approved by the stockholders as may be required in its bylaws. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings. With the passing of the RCC on February 20, 2019, the Corporation has aligned its CG Manual, policies, and bylaws to the requirements of the law.

The Corporation has certain standard arrangements for compensation and profit-sharing. Per diems of PHP 20,000.00 (Philippine Peso) or the equivalent of USD380.00 (US Dollars) net of taxes (as may be fixed by the Compensation Committee from time to time) are given to each of the members of the board of directors, members of board committees, designated corporate/executive officers, members of the advisory committee or adviser/consultant for every regular or special meeting of the Board, Executive Committee, Board Committees, and other related corporate meetings attended, either physically or by teleconferencing/videoconferencing.

The Corporation has a policy on the director's fee and gratuity for the Office of the Chairman of the Board, as approved by the Compensation Committee. A monthly director's fee shall be provided for the position of the Chairman of the Board as determined by the Compensation Committee, from time to time, as concurred by the Board and/or the Executive

Committee. An additional directors' fee (gratuity) shall be given upon the occurrence of any of the following: a) End of term of office and not accepting reappointment (except due to removal); b) Incapacity; c) Resignation due to any of the above; d) Death, which shall be equivalent to one month of the Chairman's prevailing monthly directors' fee for every year or term in office.

The Corporation updated its policy to provide guidelines for a director's fee to be provided to independent directors. As a director and member of the Board, the independent director shall be entitled to an annual director's fee of PHP 200,000.00. If he is a Chairman of any Board Committee, the independent director shall be entitled to an annual director's fee of PHP 200,000.00, and if a member of any Board Committee, the independent director shall be entitled to an annual director's fee of PHP 100,000.00.

In compliance with Section 29 of the RCC, below are details of the annual remuneration paid to directors in 2021.

Directors	Remuneration for Board, Executive Committee and Board Committees Meetings Attended	Remuneration for Independent Directors (ID) as Head and/or Member of Board Committees and as Chairman of Board and ID
Executive Director		
1. Jose Victor P. Paterno	PHP 320,000.00	
Non-Executive Director		
2. Jorge L. Araneta	80,000.00	
3. Maria Cristina P. Paterno	160,000.00	
4. Jui-Tang Chen	100,000.00	
5. Jui-Tien Huang	100,000.00	
6. Wen-Chi Wu	100,000.00	
7. Ching-Feng Kuo ²	60,000.00	
8. Tsung-Hsien Lee ²	60,000.00	
9. Lien-Tang Hsieh ¹	40,000.00	
10. Chi-Chang Lin ¹	40,000.00	
Independent Directors		
11. Antonio Jose U. Periquet, Jr.	320,000.00	PHP600,000.00
12. Michael B. Zalamea	320,000.00	600,000.00
Chairman of the Board and Independent Director		
13. Jose T. Pardo	320,000.00	1,120,872.00
Total	2,020,000.00	2,320,872.00

¹ Director until July 15, 2021

² Elected as Director on July 15, 2021

In addition to per diems, profit sharing is provided in the Code of Bylaws in an amount not exceeding 15% of the net profits of the Corporation (after tax), which shall be distributed to the members of the Board of Directors and Executive Committee members and officers of the Corporation in such amounts and manner as the Board may determine. Profit share not exceeding 15% of net profits after tax of the Corporation shall be submitted to stockholders for approval. The last profit-sharing in 1996 was set at 5% of net income after tax thereon. The directors and the executive officers did not receive any profit-sharing in the years after 1996. In 2009, target incentives and annual performance bonuses were granted to Management, officers, and support personnel based on achievement of the target rate for pre-tax income for the year as set yearly in the Corporation's annual plan and budget. These are provided to regular employees and executive officers of the Corporation.

There are no existing options, warrants, or stock plan arrangements and none are held by the directors, executive, and corporate officers of the Corporation after the Employee Stock Purchase Plan (ESPP) granted to employees as part of the Corporation's initial public offering in 1998.

Nomination and Election of Directors

The election of directors is held annually during the stockholders' meeting and conducted in a manner provided by the RCC. Each director will hold office until the next annual meeting held after his/her election and until his/her successor has been duly chosen and qualified, or until he/she has resigned. PSC set its qualification standards for selection according to applicable laws and its policies through its Corporate Governance Committee (CG Com), which reviews the qualifications of nominees. In addition to the qualifications for membership in the Board provided for in the RCC, SRC and other relevant laws, and the Bylaws of the Corporation, the Board may provide for additional qualifications which include, among others, the following:

- a. Shall be at least college education graduate or equivalent academic degree or have sufficient experience in managing the business to substitute for such formal education;
- b. Practical understanding of the business of the Corporation;
- c. Membership in good standing in relevant industry, business or professional organizations; and
- d. Previous business experience or shall be proven to possess the appropriate level of skill in line with the strategic plans and goals of the Corporation.

No person shall qualify or be eligible for nomination or election to the Board of Directors of the Corporation if he is engaged in a business which directly competes with or is antagonistic to that of the Corporation as provided in the PSC Code of Bylaws.

Nomination Procedure

The CG Committee shall meet at least once a year to oversee the development and implementation of corporate governance principles, policies, and structures provided in the CG Manual and relevant laws. It adheres to the following nomination procedures:

- a. A stockholder may recommend the nomination of a director to the Corporate Governance Committee.
- b. The nominating stockholder shall submit his proposed nomination in writing to the Corporate

Governance Committee, together with the acceptance and conformity of the would-be nominee.

- c. The Corporate Governance Committee shall screen the nominations of directors per existing laws and regulations and Corporation policies before the stockholders' meeting and come up with the Final List of Candidates.
- d. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director and independent director.

The Committee is composed of four directors as voting members, three of whom are independent directors. It also has one non-voting member. A Committee meeting shall convene upon notice in writing at least three days prior.

Voting Procedure

All voting matters, except in cases where the bylaws provide otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

Election of directors shall be by ballot unless otherwise agreed upon that a viva voce vote shall be made. A shareholder may vote such number of shares for as many persons as there are directors to be elected, or he/she may cumulate said shares and votes to one candidate as many votes as the number of directors to be elected, multiplied by the number of their shares, or they may distribute them on the same principle to as many candidates they deem fit.

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in their name or by their proxy, if there be such proxy, and shall state the number of shares voted. The counting thereof shall be supervised by an independent party and within five days from ASM, the minutes of which are uploaded on PSC's website.

Pursuant to the RCC, the SEC in its SEC MC No. 06, series of 2020, provided guidance in formulating internal procedures and by-laws which will allow directors, trustees, stockholders, members and other persons to participate and vote in absentia or through remote or electronic means of

communication in regular or special meetings of the corporation. Hence, in its annual stockholders' meeting held last July 15, 2021, voting in absentia was allowed following the Requirements and Procedure for the Participation via Remote Communication and Absentia as provided in the Corporation's Definitive Information Statement.

The Executive Committee and the Board Committees

The Executive Committee, as created under Section 20 of the bylaws pursuant to Section 34 of RCC (previously Section 35 of the Corporation Code), shall exercise during intervals between Board meeting, all the powers and functions vested in the Board, as well as act on specific matters within the competence of the Board, as may be delegated to it in the bylaws or by majority vote of the Board except with respect to the: 1) approval of any action for which shareholders' approval is also required; 2) the filling of vacancies in the Board; 3) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable, 4) amendment or repeal of bylaws or adoption of new bylaws, and 5) distribution of cash dividends to stockholders. All matters passed and acted upon by the Executive Committee in the exercise of its powers and functions as provided herein, have the same force and effect for all intents and purposes, as if passed by the Board itself.

Board committees shall be set up, to the extent

possible, to support the effective performance of the Board's functions, particularly concerning audit, risk management, related party transactions, and other key corporate governance concerns such as nomination and remuneration. The type of board committees to be established would depend on the Corporation's size, risk profile, and complexity of operations. However, if the committees are not established, the functions of these committees may be carried out by the whole board or by any other committee.

PSC's Board established the Audit and Risk Committee, Corporate Governance Committee, and Compensation Committee, which assist the Board to oversee the development and achievement of corporate objectives and strategy, risk management, business plan, targets and budgets, and monitor performance to create optimal value to the Corporation. Each Committee has its charter, which defines its purpose, roles, responsibilities, and authority, including the rules and procedures that shall guide the function of the committee.

Committees Composition, Functions and Attendance to Meetings

EXECUTIVE COMMITTEE		
Name	Position	Attendance
Jose T. Pardo	Chairman of the Board and the Executive Committee and Independent Director	7/7
Jose Victor P. Paterno	Member and President / CEO	7/7
Antonio Jose U. Periquet, Jr	Member and Independent Director	7/7
Michael B. Zalamea	Member and Independent Director	7/7
Jun-Ya Liu	Member and Treasurer / CFO	7/7
Ying-Jung Lee	Member and Chief Operating Officer	7/7

The Executive Committee acts on specific matters as may be delegated to it by the Board as provided in Section 20 of the Corporation's bylaws and Section 34 of the RCC, as discussed above.

AUDIT & RISK COMMITTEE

Name	Position	Attendance
Antonio Jose U. Periquet, Jr	Chairman and Independent Director	3/3
Jose T. Pardo	Member, Chairman of the Board and Independent Director	3/3
Michael B. Zalamea	Member and Independent Director	3/3
Jose Victor P. Paterno	Member and President / CEO	3/3

Assists the Board in the performance of its oversight responsibility for the financial reporting process, a system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations. It also provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation; and performs oversight functions over the Corporation's internal and external auditors.

Adhering to the Principle of Proportionality, PSC combines the functions of a Board Risk Oversight Committee (BROC) and Related Party Transactions Committee (RPTC) in its Audit and Risk Committee to achieve functional and cost-efficiency.

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Attendance
Jose T. Pardo	Chairman and Independent Director	1/1
Antonio Jose U. Periquet, Jr,	Member and Independent Director	1/1
Michael B. Zalamea	Member and Independent Director	1/1
Jose Victor P. Paterno	Member and President/CEO	1/1
Evelyn S. Enriquez	Non-Voting Member and Compliance Officer	1/1

It oversees the development and implementation of corporate governance principles and policies of the Corporation. It also subsumed the functions of the nomination committee. It reviews and evaluates the qualifications of all persons nominated to the Board that require Board approval and assesses the effectiveness of the Board's processes and procedures in the election or replacement of directors.

COMPENSATION COMMITTEE

Name	Position
Wen-Chi Wu	Chairman and Director
Michael B. Zalamea	Member and Independent Director
Jose Victor P. Paterno	Member and President / CEO
Jun-Ya Liu	Non-voting member and Treasurer / CFO
Ying-Jung Lee	Non-voting member and Chief Operating Officer

Establishes formal and transparent procedures for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation’s culture, strategy, and the business environment in which it operates.

Board Charter

PSC’s Board adopted a Board Charter in March 2018. The Board Charter formalizes and clearly states the Board’s roles, responsibilities, and accountabilities in carrying out its fiduciary role. PSC’s Board Charter can be accessed through this link: <https://www.7-eleven.com.ph/corporate/corporate-governance-head/board-committees/charter/>

Board Meetings and Attendance

The directors shall, as a rule, attend and actively participate in all meetings of the Board, Committees, and shareholders in person or through tele/video conferencing conducted based on the rules and regulations of SEC, except when justifiable causes such as illness, death in the immediate family, and serious accidents prevent them from doing so. The SEC reiterated the provisions of M.C. No. 6, series of 2020, allowing participation in corporate meetings through tele/video conferencing, and other remote or electronic means of communication to minimize face-to-face interactions and as a safety measure to prevent the further spread of COVID-19.

In board and committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. All directors complied with the attendance requirement of at least 50% of all board meetings for the year. Below is the list of directors of PSC and their attendance at the Annual Stockholders’ Meeting (ASM) and board meetings held for the fiscal year 2021.

Director	Position	April 29 (Regular Board Mtg)	July 13 (Regular Board Mtg)	July 15		Nov 26 (Regular Board Meeting)
				ASM	Org'l Board Mtg	
1. Jose T. Pardo	Chairman / Independent Director	✓	✓	✓	✓	✓
2. Jui-Tang Chen	Vice Chairman / Director	✓	✓	✓	✓	✓
3. Jose Victor P. Paterno	President / Director	✓	✓	✓	✓	✓
4. Jorge L. Araneta	Director	✓	✓	✓	✓	✓
5. Jui-Tien Huang	Director	✓	✓	✓	✓	✓
6. Wen-Chi Wu	Director	✓	✓	✓	✓	✓
7. Ching-Feng Kuo ²	Director	N/A	✓	✓	✓	✓
8. Tsung-Hsien Lee ²	Director	N/A	✓	✓	✓	✓
9. Lien-Tang Hsieh ¹	Director	✓	N/A	N/A	✓	✓
10. Chi-Chang Lin ¹	Director	✓	N/A	N/A	✓	✓
11. Maria Cristina P. Paterno	Director	✓	✓	✓	✓	✓
12. Wen-Chi Wu	Director	✓	✓	✓	✓	✓
13. Antonio Jose U. Periquet, Jr.	Independent Director	✓	✓	✓	✓	✓
14. Michael B. Zalamea	Independent Director	✓	✓	✓	✓	✓

¹ Director until July 15, 2021

² Elected as Director on July 15, 2021

Board Quorum

As provided in Section 16 of PSC's Amended Bylaws, a quorum at any meeting of the Board of Directors shall consist of a majority of the Directors as fixed in the Articles of Incorporation, and every decision of such quorum duly assembled as a board shall be valid as a corporate act.

Directorships

PSC recognizes and considers the affiliation of directors to ensure that they can render quality participation in PSC's Board. PSC looks at the capacity of the directors to diligently attend all meetings and efficiently perform their duties and responsibilities and the nature and kind of corporations he/she may be a director of.

Independent Directors

The independent directors of the Corporation as of December 31, 2021, are Mr. Jose T. Pardo, Mr. Michael B. Zalamea, and Mr. Antonio Jose U. Periquet, Jr. They are not officers or substantial shareholders of Philippine Seven Corporation, nor are they the directors or officers of its related companies. Their shareholdings in the Corporation are less than 2% of the Corporation's outstanding capital stock, under Section 38 of the SRC.

SEC MC 4, S 2017 provides that a company's independent director shall serve for a maximum cumulative term of nine (9), reckoning from Y2012. After which, the independent director shall be perpetually barred from re-election as such in the same company but may continue to qualify as a non-independent director. In the instance that a company wants to retain an independent director who has served for nine (9) terms, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting. Independent directors Antonio Jose Periquet, Jr. and Michael B. Zalamea completed their 9th term last July 2021. The Board in its meeting of April 29, 2021 approved the extension of their term eligibility for the meritorious reasons provided below for at least another two (2) terms for Y2021-2023. At the PSC's Annual Stockholders' Meeting held last July 15, 2021, the stockholders approved the endorsement of the Board for the extension of the eligibility for two (2) terms (Y2021-2023) of the independent directors for the meritorious reasons provided and elected Mr. Periquet and Mr. Zalamea as independent directors for the term of July 2021 to 2022.

Meritorious Justification

The Board of Directors of Philippine Seven Corporation ("PSC" or the "Corporation") in its regular meeting held last April 29, 2021, approved the eligibility of Mr. Antonio Jose U. Periquet, Jr. and Mr. Michael B. Zalamea to be elected as independent directors for another two (2) terms for the following meritorious reasons

1. The confidence and trust in their invaluable expertise and wealth of experience, providing distinctive relevant knowledge, industry experience and diversity of perspective in the formulation of sound progressive corporate strategies.
2. The continuity in the Board to keep track of the valuable information that has assisted the Board to make forward thinking decisions and to sustain the momentum, especially in the light of the COVID-19 pandemic. Furthermore, to draw from their expertise and independent views on the development of the Management's pivot programs.
3. The extension of term shall also allow the Board to have its succession planning to search for qualified independent directors.

Chairman of the Board and the CEO

The Chairman of the Board and the Chief Executive Officer have a separate leadership structure to ensure Board independence and foster the principle of balanced power and better capacity in terms of decision-making. They assume divergent key roles, wherein each requires an appropriate level of accountability from the Board, stakeholders, and shareholders.

Mr. Jose T. Pardo serves as the Chairman of the Board and Independent Director and Mr. Jose Victor P. Paterno serves as PSC's President and Chief Executive Officer. Their respective roles and responsibilities are provided below:

Chairman of the Board

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations.
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions.
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging the skills and expertise of individual directors.
- d. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors.
- e. Makes sure that the performance of the Board is evaluated at least once a year and discussed/ followed-up on.

President and CEO

- a. Determines the corporation's strategic direction and formulates and implements its strategic plan on the direction of the business.
- b. Communicates and implements the Corporation's vision, mission, values, and overall strategy and promotes any organization or stakeholder change concerning the same.
- c. Oversees the operations of the Corporation and manages human and financial resources per the strategic plan.
- d. Has good working knowledge of the Corporation's industry and market and keeps up-to-date with its core business purpose.
- e. Directs, evaluates, and guides the work of the key officers of the Corporation.
- f. Manages the Corporation's resources prudently and ensures a proper balance of the same.
- g. Provides the Board with timely information and interfaces between the Board and the employees.
- h. Builds the corporate culture and motivates the employees of the Corporation; and
- i. Serves as the link between internal operations and external stakeholders

Board Evaluation

For the year 2021, PSC piloted its digitized self-assessment for the board, directors, and board committees. Said assessment was administered through SurveyMonkey, a cloud-based survey tool. Such initiative is indicative of the Corporation's versatility and its commitment to adhere to

the ever-accelerating innovations in CG and compliance. PSC is committed to keep pace with digital transformation through continuous exploration of digital platforms and taking advantage of technology to further improve its online self-assessment initiative.

Directors and Board Assessment

PSC's Board conducts and accomplishes online self-rating surveys annually. The assessments are utilized as a vital tool for maximizing their effectiveness, which will aid the Corporation in identifying key issues necessary to facilitate the development and monitor the performance of the Corporation. The results of the assessment are compiled by the Compliance Officer and are reported to the Corporate Governance Committee.

The Board's performance is measured through a rating scale of 1 to 5, where 1 is Not Performing and 5 is

Outstanding Performance. They are asked to evaluate the Board's meeting procedures, preparation for meetings, and monitoring of the Corporation's performance and key issues/trends affecting the Corporation, among others. Meanwhile, directors also assess their individual performance by answering a self-assessment survey with 31 questions. In this assessment, each director must answer with either any of the following: SA - Strongly Agree, A - Agree, N - Neither Agree nor Disagree, D - Disagree, and SD - Strongly Disagree.

Board Committee Assessment

A self-assessment worksheet following the Audit and Risk Committee Charter is accomplished every March of each year by its members to evaluate their performance. The results of the assessment are compiled by the Compliance Officer and are reported during the Corporate Governance Committee meeting. The basis of evaluation is provided under the Code, which provides their assessment based on their respective responsibilities such as: 1) setting of committee structure; 2) oversight on financial reporting and disclosures, which provides responsibility for the financial reporting process, a system of internal control, audit process, and monitoring of compliance with applicable laws; 3) oversight on risk management and internal controls, which provides for managing credit, market liquidity, operational, and legal and other risk exposure; 4) oversight on management and internal audit, which provides a review for the annual audit plan in conformity with the objectives of the Corporation and 5) oversight on external audit, which ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

The self-assessments of the Corporate Governance and Compensation Committees were also accomplished by the committee members through the online self-assessment tool. The Committees' self-assessment followed the criteria set by the CG Manual and by each of the Committees' respective Charters.

Third Party Evaluation

As provided in Principle 6 and Recommendation 6.1 of the CG Code of 2016, The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. In 2020, PSC partnered with Good Governance Advocates and Practitioners of the Philippines, Inc. (GGAPP) and conducted the first Third Party Board Evaluation of the annual self-assessments of the Corporation's Board, directors, board committees and key officers. The next third-party evaluation shall be conducted in 2023.

Code of Conduct and Business Ethics

PSC's Code of Conduct and Business Ethics strengthens its commitment towards Corporate Governance and provides thorough guidelines for

the actions of employees. PSC remains devoted to providing excellent customer service in all of its business endeavors. PSC believes that transparency is the key to the fulfillment of its goals and retains the trust and confidence of its stakeholders. PSC employees are purpose-driven. Their actions are in the best interest of the Corporation as they work towards their goal to achieve PSC's vision and mission. The Code of Conduct and Business Ethics is disseminated to the Board, senior management, and employees. It is part of the module of new directors and discussed with new employees upon hiring. The Board, senior management, and employees can also access it through the Corporation's intranet. The Code can also be downloaded from PSC's website: www.7-eleven.com.ph.

II. Disclosure and Transparency

Disclosure and transparency are the key factors in the success of corporations. As such, PSC values it as an essential part of its full commitment to maintain good corporate governance. The Corporation is keen to provide up-to-date information about its corporate disclosures that are relevant or important to the public, shareholders, and stakeholders.

For proper implementation of the said disclosures and transparency, PSC established the Reportorial Compliance Policy. It seeks to ensure that reportorial compliance reports required by the SEC, Philippine Stock Exchange (PSE), and other regulatory agencies are submitted on time for eventual disclosure, for the benefit of the investing public. It establishes, among others, a mechanism for close coordination between concerned departments in the preparation, publication, and submission of the said reports and other disclosures of vital corporate information.

Amid the pandemic, while most of the country is placed in various stages of lockdown, the SEC, PSE, and other regulatory agencies extended regulatory relief through alternative filing procedures, such as the shift to online submission of Reportorial Requirements. SEC launched their Online Submission Tool (OST) to limit face-to-face transactions and mainly as a part of their ongoing digital transformation program. Such initiative is a welcomed change for PSC as it recognizes the importance of embracing best CG practices to ensure the highest standards of disclosure and transparency as it harnesses the full advantage of digital technology.

Transparent Ownership Structure

In conformity with SEC requirements, PSC discloses through its website the following: 1) Annual Reports, 2) Integrated Annual Corporate Governance Reports, 3) Quarterly Reports, 4) Current Reports, 5) Information Statements, 6) Beneficial Ownership Reports, and 7) GIS for the fulfillment of its obligation for transparency and

As of December 31, 2021, the following are the record and beneficial owners of more than 5% of registrant's voting securities:

Title of Class	Name and Address of Record / Beneficial Owner	Citizenship	Relationships of the record owner's representative with the issuer and said owner	Amount and Nature of Record/ Beneficial Ownership	Percent of Outstanding Common Stock as of December 31, 2021
Common	President Chain Store (Labuan) Holding, Ltd. ¹ 7(E), Main Tower, Financial Park, Labuan, Malaysia	Malaysian	Stockholder	415,105,327 (R)	54.88%
Common	Arisaig Asia Consumer Fund Limited ⁴ Craigmuir Chambers, P.O. Box 71 Road Town, Tortola, British Virgin Islands	BVI	Stockholder	79,233,591	10.47%
Common	Jose Victor P. Paterno ³ & siblings 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City	Filipino	President / CEO / Director / Stockholder	16,472,569 (R) 39,484,334 (B) <hr/> 55,956,903	2.18% 5.22% <hr/> 7.40%
Common	Asian Holdings Corporation ² 4th Floor, Uni-Oil Bldg., Commerce Ave. cor. Acacia St., Madrigal Business Park, Ayala Alabang, Muntinlupa City	Filipino	Stockholder	48,933,972 (R)	6.47%

Footnotes:

¹ Mr. Jui-Tien Huang President Chain Store (Labuan) Holding, Ltd. has the voting power on behalf of the Corporation

² Ms. Elizabeth Orbeta or Ms. Diana Pardo-Aguilar has the voting power on behalf of Asian Holdings Corporation

³ Mr. Jose Victor P. Paterno has the power of attorney to vote with the 39,484,334-shares of his siblings: Maria Cristina Paterno - 13,200,074; Paz Pilar P. Benares - 8,182,368; Ma. Elena P. Locsin - 11,488,181; Ma. Teresa P. Dickinson - 6,613,711

⁴ Ms. Rebecca Lewis of Arisaig Asia Consumer Fund Limited has the voting power on behalf of the Corporation

Conflict of Interest Policy

To safeguard transparency and fairness in all its corporate dealings, and at the same time to see to it that all transactions uphold the best interests of the Corporation, all employees are required to dissociate themselves from any engagements that may compromise the Corporation's interests and should there be any appearance of conflicting interests, disclose the same to the proper authorities in the Corporation.

DIRECTORS AND OFFICERS DEALING IN SHARES OF THE CORPORATION

Insider Trading (Trading Block-outs)

PSC observes the insider-trading policy, which prohibits directors, officers, and employees from divulging material non-public information to the damage of the Corporation and the investing public. The information is considered material if it will influence the decision of a reasonable investor in deciding whether to buy, sell, or hold the security. Covered persons are prohibited from trading within five trading days before, and within three trading days after the submission of structured and unstructured disclosures. Any transaction done involving corporate shares must be reported to the Corporate Secretary within three calendar days from the transaction day.

Shareholding of Directors and Key Officers as of December 31, 2021:

Name	Position	Beginning Balance ¹	Acquired ²	Disposed ²	Ending Balance ³	Direct Holdings ³	Indirect Holdings ³	% to Total Shares ³
Jose T. Pardo	Chairman & Independent Director	2	0	0	2	2	0	0.00%
Jose Victor P. Paterno	Director & President/ CEO	16,472,569	0	0	16,472,569	16,255,252	217,317	2.18%
Jui-Tang Chen	Vice-Chairman	2	0	0	2	2	0	0.00%
Jorge L. Araneta	Director	2	0	0	2	2	0	0.00%
Jui-Tien Huang	Director	2	0	0	2	2	0	0.00%
Ching-Feng Kuo	Director	2	0	0	2	2	0	0.00%
Tsung Hsien Lee	Director	2	0	0	2	2	0	0.00%
Maria Cristina P. Paterno	Director	13,200,074	0	0	13,200,074	13,200,074	0	1.75%
Wen-Chi Wu	Director	2	0	0	2	2	0	0.00%
Antonio Jose U. Periquet, Jr.	Independent Director	2,000,002	0	0	2,000,002	2	2,000,000	0.26%
Michael B. Zalamea	Independent Director	2	0	0	2	2	0	0.00%
Evelyn S. Enriquez	Corporate Secretary	5,895	0	0	5,895	5,895	0	0.00%
TOTAL		31,678,556	0	0	31,678,556	29,461,239	2,217,317	4.19%

¹ Based on Public Ownership Report submitted to PSE as of Dec. 31, 2020

² Based on Beneficial Ownership Reports/Changes in Directors Shareholdings submitted to PSE/SEC as of Dec. 31, 2021, if any

³ Based on Beneficial Ownership Reports/Changes in Directors Shareholdings submitted to PSE/SEC as of Dec. 31, 2021, if any

Related Party Transaction

The policy on RPTs ensures that all Corporation dealings are done on an arm's length basis, that is, these transactions are priced in such a manner similar to what independent parties would normally agree to. All transactions involving related parties require disclosure in the Audited Financial Statement. On the other hand, all related suppliers are mandated to undergo accreditation and approval by the Procurement Resources Division. The Audit and Risk Committee, chaired by an Independent Director, assists the Board in reviewing RPTs to make sure that they are consummated with only the best interest of the Corporation in mind.

Related Party Transactions covers directors, officers, substantial shareholders and their spouses, and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control, or significant influence over the reporting PLC. It also covers the reporting PLC's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture, or an entity that is jointly controlled or significantly influenced or managed by a person who is a related party. RPTs are publicly disclosed in the Annual Report, Information Statement, and the Audited Financial Statements, according to the provision for Disclosure and Transparency indicated in the Manual of Corporate Governance.

Material Related Party Transactions Policy

The policy establishes the review, approval, and reporting of Material Related Party Transactions (MRPT), which may be entered into between or among PSC or any of its subsidiaries, affiliates, directors, officers, and other related parties, taking into account its size, structure, risk profile, and complexity of operations. It also sets the materiality threshold for MRPT at 10% of the total consolidated assets of the Corporation based on its latest Audited Financial Statement (according to SEC M.C. No. 10, series of 2019, effective April 27, 2019). For the year 2021, there are no MRPTs identified.

PSC shall conduct its MRPT on a fair and arm's length basis and ensure that the transactions are in the best interest of the Corporation and its subsidiaries or affiliates and its stakeholders.

Corporate Governance Manual

The CG Manual of PSC provides for the Corporation's overview of its governance structure to enhance the Corporation's profitability and sustainability, for the benefit of its shareholders and stakeholders in achieving its corporate mission. It aims to institutionalize the principles of corporate governance across all levels of the organization. It also outlines PSC's framework of governance, responsibilities of the Board, and the Corporation employees towards its shareholders, guided by the principle of transparency.

External Auditors/ Non-Audit Services

The CG Manual provides that the Audit & Risk Committee shall disallow any non-audit work that will conflict with the duties and functions or that may pose a threat to the independence of the external auditor. The engagement/signing partner shall be rotated or changed every five years or earlier to maintain independence from the Corporation and must be duly accredited by the SEC, who shall undertake an independent audit of the Corporation and shall not provide any internal audit services. Resignation or dismissal of the External Auditor must be reported in the Corporation's annual and current reports.

The Audit and Risk Committee also approves non-audit engagements that will be taken by the firm to prevent conflicts that will affect commercial interests. The Audit and Risk Committee oversees the performance of its external auditor because they remain to be an integral part of corporate governance that makes management accountable to shareholders.

The Corporation's external auditor is SyCip, Gorres, Velayo & Co. (SGV). The Corporation incurred and accrued an aggregate audit fee of P4.04 million in 2021. This covers the annual and quarterly examination of the Corporation's financial statements in accordance with the Philippine Standards on Auditing (PSA). The auditors also provide a discussion of findings and recommendations, which is intended to improve the Corporation's accounting and reporting practices. Further, SGV also provides discussions on recent regulations issued by the BIR and the SEC.

External Auditor's Fees

	2021	2020
Fees	(in millions)	
Audit Fees	PHP 4.04	PHP 3.79
Tax Fees	0.00	0.86
All Other Fees	0.55	1.46
TOTAL	PHP 4.59	PHP 6.11

Tax fees as reflected above refers to tax compliance, advisory services, and assistance on BIR examinations rendered by tax lawyers and consultancy firms. All other fees consist primarily of fees for consultations and special engagements relating to the issuance of a long-form audit report and securing documents, which are required for the payment of dividends and other incidental expenses. The non-audit fees do not exceed the audit services fees. The fees presented above include out-of-pocket expenses incidental to PSC's independent auditors' work.

Media Analyst and Briefings

PSC, led by the President and CEO, CFO, and IRO, presents information on performance results during media briefings scheduled on the same day as the Annual Stockholders' Meeting. The IRO also presents industry trends, the impact of external factors, and regulations to shareholders, analysts, investors, and media every quarter during the investors' briefing. Group and individual briefings are also provided upon request of investors.

Presentation materials used during the investors' briefing, teleconferences, and media briefings are posted on the Corporation's website to ensure comprehensive information dissemination to all stakeholders and investors, including those who were not able to participate in the briefings.

Company Website

In compliance with SEC M.C. No. 11, series of 2014, PSC through its website, provides links to all disclosures submitted to SEC and PSE along with information that is vital to investors, shareholders, and stakeholders. To constantly develop consciousness in the conduct of the Corporation's best governance practices, a separate link is provided for Corporate Governance, Company Disclosures, and Investor Relations.

Company Website Links

Information
Business Operation https://www.7-eleven.com.ph/about/
Financial Statements https://www.7-eleven.com.ph/corporate/company-disclosures/sec-filings/annual-reports/
Shareholding Structure https://www.7-eleven.com.ph/corporate/our-company/shareholding-structure/
Group Corporate Structure https://www.7-eleven.com.ph/corporate/our-company/conglomerate-map/
Downloadable Annual Reports https://www.7-eleven.com.ph/corporate/company-disclosures/sec-filings/annual-reports/
Notice of ASM https://www.7-eleven.com.ph/corporate/company-disclosures/notice-of-annual-or-special-stockholders-meetings/
Minutes of ASM https://www.7-eleven.com.ph/corporate/company-disclosures/minutes-of-annual-meeting-of-stockholders/
Corporation's Bylaws and Articles of Incorporation https://www.7-eleven.com.ph/corporate/our-company/articles-of-incorporation-and-by-laws/

III. Internal Control and Risk Management System

Internal Control System

The Internal Audit group is governed by its Internal Audit Charter, which is in line with the functions and responsibilities as stated in the CG Manual and the Audit and Risk Committee Charter. Internal Audit reports functionally to the Audit and Risk Committee, and administratively to the President. Based on the Internal Audit plans and scope, the audit activities conducted are reviewed and submitted regularly by the Internal Audit group to the Audit and Risk Committee during meetings. The internal control system is reviewed annually.

As stated in the Report of the Audit and Risk Committee to the Board of Directors, “The Audit and Risk Committee oversees the Corporation’s financial reporting process on behalf of the Board of Directors. The Corporation’s management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.”

Internal Audit

The purpose of PSC’s Internal Audit is to provide independent and objective assurance and consulting services designed to add value and improve the Corporation’s operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps PSC accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Risk Management

Risk Management is institutionalized for the Corporation to promote good corporate governance and fulfill its long-term success by addressing risks that could affect corporate sustainability. PSC manages the economic, environmental, and social risks by establishing risk management processes and frameworks to effectively handle such risks to improve overall organizational performance.

The top risks in the retail industry to which PSC belongs include increased competition, brand reputation, and business operations/supply chain continuity. Meanwhile, the main risks arising from the Corporation’s financial instruments are credit risk, liquidity risk, and interest rate risk.

The Audit Committee ensures the integrity of internal control activities, develops, oversees, checks, and pre-approves financial management functions and systems in the areas of credit, market, liquidity, operational, legal and other risks, and crisis management. The Internal Audit Division and the External Auditor directly report to the Audit and Risk Committee regarding the direction, scope, and coordination of audit and any related activities.

The ongoing pandemic undeniably redefined what business as usual has meant to innumerable

organizations. From the unique challenges that it presented to the unforeseen and unprecedented effects, the pandemic forced organizations to change the way they do business. PSC was not spared from this. Thus, the Corporation implemented its business continuity measures to address the same.

PSC continually observes the activities of competitors in the relevant market and responds to emerging competition through the launch of innovative products and services. The successful franchise program is another move to achieve the expansion plans and to sustain leadership in the CVS industry. For 2021, noting the customer trends that evolved with quarantine regulations and safety restrictions during the first year of pandemic, PSC embarked on its pivot programs to address the new customer habits, online and digital services, and food/ goods deliveries. This moved towards a market development strategy closer to the residences of its customers who are on work from home or alternative work arrangements, together with expanded store capacity to carry additional essentials and grocery items in its product assortment and digital services for payment convenience, including the installation of ATMs.

The PSC Board of Directors or Executive Committee, via the Audit and Risk Committee, oversees the establishment and implementation of the risk management system and annually reviews the effectiveness of the system. In particular, the Audit and Risk Committee considers regularly whether:

- PSC’s ongoing risk management program identifies all material and critical areas of risk.
- Adequate risk mitigation strategies have been designed and implemented by PSC to manage all material and critical identified risks.
- PSC undertakes a regular program of audits (Internal Audit, Compliance Audit, and External Audit) to test the effectiveness of internal controls and compliance with PSC’s prescribed policies.
- Timely remedial action is undertaken to redress areas of weakness.

The Audit and Risk Committee also reviews and approves PSC’s risk management policy.

Compliance with Recent Rules and Regulations

PSC values transparency and fully discloses to its shareholders and other stakeholders' valuable information relevant to the Corporation's financial condition, results, and business operations, as well as its compliance with ethical and legal standards. Thus, PSC's Board established the Reportorial Compliance Policy. It seeks to ensure that reportorial compliance reports required by the SEC, PSE, and other regulatory agencies are submitted on time for eventual disclosure for the benefit of the investing public. It establishes, among others, a mechanism for close coordination between concerned departments in the preparation, publication, and submission of the said reports and other disclosures of vital corporate information. The Compliance Policy is reviewed on an annual basis in-line with the recent rules and regulations promulgated by the regulatory bodies and to keep track with the ever-evolving trends and best practices in CG and compliance.

Compliance with the Data Privacy Act

Republic Act No. 10173, also known as the Data Privacy Act of 2012 (DPA) and its implementing rules and regulations (IRR), aims to protect personal data information and communications systems against natural accident dangers such as accidental loss or destruction, and human dangers such as unlawful access, fraudulent misuse, unlawful destruction, alteration, and contamination.

The COVID-19 pandemic accelerated the increase in digital transactions and use of e-payments. PSC adapted to these changes through its CLiQQ app for online grocery, e-money, and bills payments, as well as partnering with food delivery services. Due to this, customer personal data is subjected to increasing privacy risks such as unauthorized access, loss of data, and unauthorized disclosure of information. Recognizing the privacy risks that may result, PSC has in place appropriate organizational, technical, and physical security measures to protect the privacy not just of its customers, but also its employees, suppliers, and business partners.

PSC complies with the requirements of the DPA, its IRR, and other relevant issuances.

IV. Cultivating A Synergic Relationship with Shareholders

BASIC SHAREHOLDER'S RIGHT

Right to Dividends

Dividend Policy

PSC considers the benefit of its shareholders as one of its priority management policies. It aims to sustain revenue stream and progressive growth to further enhance shareholder value. PSC shall continue to return capital to shareholders through a sustainable dividend policy. Effective 2015, the Corporation intends to pay at least 20% of annual net profits by way of cash dividends. This considers future capital requirements and potential growth opportunities. The Board regularly reviews the dividend policy, including the frequency of distribution, taking into account all of the above. Payment of cash dividends was made within 30 days from the date of declaration and approval by stockholders of record. Below is a table summarizing the dividends declared and paid for the last two years.

A cash dividend of PHP0.30 per share was declared and approved during the Board of Directors meeting last July 16, 2020 based on unappropriated retained earnings of 2019. Stockholders of record as of August 4, 2020, were entitled to said cash dividend and the corresponding cash payments were paid to stockholders on payment date last August 14, 2020, or within 30 days from cash dividend declaration. There was no dividend declaration in 2021 resulting from the adverse impact of the pandemic to the business. The Company incurred two years of consecutive net losses during the calendar years 2020 and 2021, and the retained earnings available for dividend declaration, based on the requirement prescribed by the SEC, is insufficient. The total outstanding capital stock of the Corporation is 756,418,283. Likewise, there was no sale of any unregistered securities. No restriction limits the ability of the Corporation to pay dividends on common equity. Below is the summary of the cash and stock dividend declaration of the Corporation.

2021, 2020 and 2019 Dividend Declaration

Year	Cash	Amount	Stock	No. of Shares
2021*	-	-	-	-
2020*	0.30	226,925,485.00	-	-
2019	0.50	378,209,142.00	-	-

* Covid -19 Pandemic start in Y2020

Right to Participate in Decisions

PSC upholds the rights of its shareholders to approve matters requiring stockholders' action, as provided for by law. Also, Section 48 of PSC's amended bylaws provide that the approval of the Board of Directors by at least a two-thirds vote of the number of directors, as fixed in the Articles of Incorporation of the Corporation, and the approval of the stockholders of the corporation, representing two-thirds of the issued and outstanding capital stock of the Corporation, shall be required for the following corporate acts:

1. Revision and amendment and/or repeal of any of the provisions of the Area Service and License Agreement (ASLA) between the Corporation and its master licensor;
2. Shortening of the term, cancellation or termination of the ASLA, or the assignment, transfer or conveyance thereof;
3. Engaging in business other than the Corporation's basic business of convenience store operation, which would generate more than 30% of the Corporation's revenue and income;
4. Change in external auditors.

Right to Participate Effectively and Vote

The Corporation facilitates the involvement of shareholders to actively participate during the ASM, which includes nomination and voting procedures. For the election of directors, shareholders entitled to vote shall vote cumulatively to elect the 11 Directors

of PSC, and each share shall be entitled to 11 votes. Holders of the Corporation's stock as of the close of business on the record date of June 09, 2021, acting in person or by proxy, were entitled to notice and to vote during the Annual Meeting held last July 15, 2021. As such, there were 756, 418, 283 shares of PSC's common stock entitled to vote for the election of directors.

The shareholders entitled to vote were entitled to one vote for each share, to approve other matters outlined in the Agenda of the Annual Meeting.

Shareholders are entitled to vote for the following: 1) Approval of Minutes of the last Annual Stockholders' Meeting; 2) Approval of 2020 Audited Financial Statements; 3) Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees, and Management since the last Annual Stockholders' Meeting; 4) Election of the Board of Directors including the Independent Directors for 2021; 5) Delegation of the Authority to the Board of Directors to Amend or Repeal the Corporation's Bylaws or Adopt New Bylaws; and 6) Appointment of External Auditor.

Right of Appraisal

The stockholders of the Corporation may exercise their right of appraisal against any proposed corporate action, which qualifies as an instance under Section 80 of the RCC, which gives rise to the exercise of such appraisal rights according to, and in the manner provided in Section 81 of the RCC.

(a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(b) In case of a sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in this Code;

(c) In case of merger or consolidation;

(d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

Pursuant to Article 81 of the RCC, the dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

Preemptive Right

In accordance to Section 38 of the RCC, all stockholders have the preemptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such a right is denied by the articles of incorporation or an amendment thereto.

Right to Information

Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Right to inspect corporate books and records

The records of all business transactions, stock and transfer books, and minutes of any meetings shall be open to inspection by any stockholder of the Corporation at reasonable hours on business days and he/she may demand, in writing, for a copy of excerpts from said records or minutes, at his/her expense as provided under Section 73 of the RCC.

ANNUAL STOCKHOLDERS' MEETING

Notice of ASM

The CG Manual provides that the Board must be transparent and fair in the conduct of the annual and special stockholders' meetings. Notices were provided containing the date, time, venue, agenda, and explanation of agenda items in accordance with Title VI of the RCC,

As part of its efforts to curb the COVID-19 pandemic, the SEC allowed alternative modes for distributing Notices of Meeting and other documents in connection with the holding of the ASM in its Notice dated March 16, 2021. In compliance with the SEC issuance, PSC caused the publication of the Notices in two newspapers of general circulation, both in print and online format. Shareholders were also notified through the PSC website and Notices were also posted through PSE EDGE on June 04, 2021, or at least 30 days before the holding of the ASM on July 15, 2021.

For 2021 PSC has once again conducted its ASM virtually or via remote communication and by live streaming.

Minutes of the Meeting

The following are the resolutions adopted during the 2021 Annual Stockholders' Meeting: 1) Approval of Minutes of the last Annual Stockholders' Meeting; 2) Approval of 2020 Audited Financial Statements; 3) Ratification of Actions Taken by the Board of Directors, Executive Committee, Board Committees, and Management since the last Annual Stockholders' Meeting; 4) Election of the Board of Directors for 2021; 5) Delegation of the Authority to the Board of Directors to Amend or Repeal the Corporation's Bylaws or Adopt New Bylaws; and 6) Appointment of External Auditor.

Investor Relations

PSC gives importance to nurturing the relations between the Corporation and its market participants, thus, PSC established the Investor Relations Program. This provides an effective tool to communicate the latest developments and information regarding the Corporation's performance concerning the capital markets and its relevance to PSC's investors and their advisors.

The program is guided by the external and internal communication policies, developed and approved by the Executive Committee. These policies are reviewed regularly or when the need for such arises.

PSC's Investor Relations Officer (IRO), Mr. Lawrence M. De Leon, Head of Finance and Accounting Services Division, is duty-bound to constantly communicate with investors regarding developments in the Corporation's business. The Corporation conducts various meetings with shareholders, aside from communications through conferences and e-mails, which is done regularly. An external public relations firm is likewise committed to communicating other aspects of the business.

To further boost the communication process to shareholders and investors, PSC's website includes updates on all necessary information, disclosures, and reports required by SEC to strengthen integrity, teamwork, and reliability, and to maintain the trust and confidence of its shareholders and investors. Contact details of the IRO are provided on the website to allow for immediate response to inquiries or questions.

PSC regularly conducts an investor briefing through teleconference and video conference. A presentation

on financial performance is discussed, followed by a question-and-answer session.

Treatment of Minority Shareholders

PSC values its minority shareholders. Thus, the Board must promote the rights of the shareholders, remove impediments to the exercise of those rights, and provide an adequate avenue for them to seek timely redress when there is a breach of their rights. Accurate and timely information should be made available to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

PSC's corporate governance framework ensures that minority shareholders are accorded equitable treatment. A minority shareholder's rights are safeguarded by the Board through effective means of redress in the event of a breach or violation of their rights arises. The Board is to provide a transparent, credible, and timely reporting of the business management to such stockholders.

V. Duties to Stakeholders

It is PSC's commitment to support and enhance long-term sustainability for its stakeholders, recognizing their crucial role to strengthen the Corporation. Thus, PSC integrates governance policies to fulfill their duties and responsibilities to their stakeholders. PSC abides by the mandatory laws, rules, and policies that will govern them in the fulfillment of their duties and responsibility to its stakeholders.

Customers

Customer loyalty is a vital component to sustain the business. Therefore, to maintain a stable long-term relationship with its customers, while delivering quality and excellent customer service, PSC continuously innovates its in-house brands, products, and services by being responsive to customer needs and the latest trends.

Strict protocols due to the ongoing pandemic—which put a limit on human mobility—has greatly shifted consumer demand and preferences. As such, stores added a vast array of products and services, dedicated to providing the immediate needs of customers. Essential products and enhanced foodservice offerings (i.e., take home and ready-to-eat food) were made available in stores. PSC also continues to serve communities where food and

grocery deliveries are unavailable throughout Luzon, Visayas, and Mindanao through its BiyaHero project.

Taking advantage of opportunities in technology, PSC continues to maximize the indispensable role of e-commerce as the future of retail. The CLIQQ mobile app remains to be one of the most preferred channels for e-money and bills payment, benefitting from the continued shift towards innovation, convenience, and safety. In February 2021, PSC, in partnership with one of the leading ATM operators worldwide—Seven Bank of Japan, started with the deployment of cash-recycling ATMs in several 7-Eleven stores in Metro Manila and surrounding provinces. There were 1,248 ATMs activated by the end of 2021. PSC's commitment towards convenience and safety does not end there. PSC ensured customer safety by adopting preventive measures on COVID-19 such as the observance of social distancing in stores, temperature check, increased cleanliness by following key handwashing and sanitation steps, and availability of contactless payments. As part of its COVID-19 response, PSC also conducted a vaccination drive to its frontline store personnel to adequately protect the workers as well as the customers that transact with them.

PSC's policy on rendering customer service requires all store employees to provide customer service based on the standards set in the store operations manual. The policy provides for sanctions and disciplinary actions in case an employee does not comply with the requirements in the manual.

To improve its service, the Corporation also utilizes the services of a third party to conduct a "mystery shopper" survey to evaluate its performance in different areas including Customer Service.

PSC's efforts to improve its customer service did not go unnoticed. In 2021, more 7-Eleven stores were awarded the Department of Trade and Industry's (DTI) Golden Bagwis Seal. The Bagwis Awards is a certified awards program of the DTI that aims to promote and foster the highest level of business ethics and uphold a fair and honest marketplace through voluntary self-regulation and service excellence.

For any concerns, customer may relay their questions or feedback through PSC's customer service hotline, e-mail address: customercare@7-eleven.com.ph, or its website: www.7-eleven.com.ph.

Creditors

Acknowledging the role of creditors in the growth and development of PSC, the Corporation and its employees are required to equip themselves with integrity in all their business dealings as provided in the Code of Conduct and Business Ethics and Core Values. With utmost respect to the rights of its creditors, PSC upholds transparency in all its disclosures and gives full compliance with all agreements.

PSC maintains a credit line with banks and suppliers which we do not fully utilize as our Capital Expenditure (CAPEX) is supported mainly through internally generated funds.

To further protect its creditors, PSC also maintains transparency regarding its corporate acts through timely disclosures to regulatory bodies. Through its Reportorial Compliance Policy, which took effect last January 1, 2014, PSC ensures that reportorial compliance reports required by the SEC, PSE, and other regulatory agencies are submitted on time for eventual disclosure for the benefit of the investing public. It establishes, among others, a mechanism for close coordination between concerned departments in the preparation, publication, and submission of the said reports and other disclosures of vital corporate information.

Suppliers/Business Partners

The pandemic has negatively impacted numerous aspects of the supply chain which put a strain on traditional operations. The placing of the country in varying stages of lockdown adversely affected the movement of goods due to nationwide border checkpoints and travel restrictions. All the more so, PSC emphasizes the value of collaboration to achieve mutually-beneficial terms with its suppliers.

PSC gives high importance to its relationship with its business partners. Through their good practices in business dealings, the Corporation was able to expand around the country. By establishing meaningful collaborations with various suppliers, be it large corporations or small enterprises, PSC was able to positively influence local economies by providing livelihood and business opportunities.

Trade and non-trade suppliers may submit

accreditation requirements based on the guidelines provided on its website. PSC takes into consideration the qualifications of its suppliers and other trading counterparts, following the policy guidelines of the Corporation under its accreditation process and trading terms agreements. All contracts with suppliers provide a clause for the observance of no conflict of interest.

To ensure that only the best and quality products are offered, products regularly undergo quality assessment. A standard selection process is implemented, such as accreditation valid for one year, to determine that the suppliers are aligned with PSC's strategic goals and objectives. PSC conducts ocular inspections and certification of suppliers' production processes and facilities with the quality assurance guidelines set by the Food and Drug Administration of the Philippines. Its commissaries comply with the Good Manufacturing Practices (GMP) standards, while some are even ISO certified.

Franchise Store Owners

Out of the operating 3,073 stores, 1,508 are franchise stores. These numbers show the significance of franchising in PSC. As such, PSC values the co-existence and co-prosperity of the Corporation and its franchise store owners.

PSC launched its pandemic support program (PSP), which offered a credit line to support its franchisees that are adversely affected by the ongoing pandemic with the mutual objective to continue the store operations and franchising business. PSC allotted the amount of P711.0 million to support the franchisees under the PSP. The PSP ensures that the franchisees will not be cash-out in their operations and allows an advance draw to support expenses of the franchisees. The program was successful as few pre-terminations were seen.

PSC also conducted vaccination drives to its franchisees and their employees to ensure a safe workplace and shopping environment.

Shareholders and Investors

The benefit of its shareholders is considered as one of PSC's priority management policies. Through PSC's Investor Relations Program,

a linkage between the Corporation and the market participants is provided, and clear communication of developments in all aspects of the business is ensured with the objective of assuring fair valuation in the marketplace. PSC aims to sustain revenue stream and progressive growth to further enhance shareholder value.

Employees

Of the many lessons that the pandemic has left, at the heart of those is the vital importance of employee wellbeing. PSC implemented various methods and policies to ensure health and safety, as well as alleviate the effects of the pandemic on its employees. These methods and policies include, but are not limited to, work from home (WFH) and other alternative work arrangements, body temperature monitoring, provision of a corporate vehicle to those who are part of the skeletal workforce, granting of cash advance and hazard pay, motorcycle and bicycle loan program, office disinfection, teleconsult services, flu vaccine administration, and regular provision of vitamin C, face masks and face shields. The Corporation also procured COVID-19 vaccines from AstraZeneca and Moderna, and partnered with a private health care provider for the administration of COVID-19 vaccines to its employees and their eligible family members.

Part of PSC's effort to alleviate the effects of the pandemic to its employees is through lessening the number of skeletal forces reporting at the office and shifting instead to a work-from-home setup. To ensure productivity, PSC also took advantage of digital technology and utilized various collaboration tools such as Google Workspace, Power BI, Workplace, and turning physical meetings to online through videoconferencing.

Employees can also protect their rights and interests, as well as those of the Corporation, as governed by the Employees Code of Discipline relating to their job conduct. Violations hereof shall be dealt with accordingly. Also, a Whistle Blowing Policy was created as a channel to report incidences of misconduct that could lead to future damage to the Corporation. Reports are then investigated to validate their authenticity.

The Community

Operating the largest convenience store network in the country, PSC can help in sustaining communities in the Philippines. Corporate Social Responsibility (CSR), through the institution of PhilSeven Foundation Inc., (PFI), became part of PSC’s corporate culture once the Corporation achieved accounting profitability in 1989. The initial beneficiaries of PFI were barangays where its stores are located, giving back to the communities where it operates. Its projects for 2021 are:

Initiative	Beneficiary
<p>7-Eleven Day Celebration is annually celebrated on July 11, as it coincides with the store’s name. With the theme “7-11 a.m. Hospital Pantry,” this year’s celebration aimed to respond to the COVID-19 pandemic through continuous support to the medical frontliners. A total of 13,500 packed meals for COVID-19 frontliners were distributed. The program was conducted in Luzon, Visayas, and Mindanao with the help of 154 PSC volunteers who contributed 770 man-hours.</p>	<p>COVID-19 Frontliners</p>
<p>COVID-19 Response</p> <p>a. Vitamin C Donation: 300 boxes to a government office</p> <p>b. Posting of COVID-19 Cases per barangay in nearby 7- Eleven stores in collaboration with the Department of Health (DOH) and LGUs as an awareness program</p>	<p>Local Government Units (LGUs) and Non-Governmental Organizations (NGOs)</p>
<p>Disaster/Calamity Relief. This is a regular standby program of PFI to provide relief and/or rehabilitation services to victims of natural and man-made disaster/calamities and social disorganization to affected areas through resource mobilization, relief distribution, and networking with other agencies. For 2021 Php 400,000.00+ worth of food support for the volunteers of DSWD in response to COVID-19 Pandemic, several Typhoons such as Maring and Odette were donated. The program mobilized 10,000+ volunteers.</p>	<p>DSWD Volunteers</p>
<p>7-Eleven Run (Virtual Run 2021) – for this year, the Virtual Run has a total of 30,000 participants. Part of the event proceeds was donated through PFI, where 40,000 grocery bags were donated to several cities and municipalities in Luzon, Visayas, and Mindanao.</p>	<p>Part of proceeds go to PFI to be used for various programs</p>
<p>Christmas Caravan – goods donation to various sectors such as medical frontliners, isolation facilities, barangay responders, persons with disability, underprivileged children and families, farmers, drug surrenderers, and Typhoon Odette victims in Cebu and Bohol.</p>	<p>Various sectors</p>

PSC, through PFI, shall continue to support local communities as it moves from projects on corporate social responsibility to creating shared value with local communities. To know more about PFI’s activities, please refer to the Corporate Social Responsibility page of this book, “Corporate Social Responsibility Highlights” and their website <http://www.philseven.com>.

Effective Redress of Stakeholders' grievances

The Corporation provides contact details via the Corporation's website, which stakeholders can use to voice their complaints or give feedback on franchising, vendor requests, investor relations, shareholder assistance and services, whistleblowing, and other concerns.

Performance-enhancing mechanisms for employee participation

Recognizing employees' needs for growth, training, and development programs are regularly provided by PSC across all levels. For Senior Management and Officers, the Corporation conducts a Leadership Academy and Mentor's Leadership Training Program, in line with the Corporation's succession planning program. In-house training on leadership skills, products, basic negotiation, change management, retailer initiatives, and basic operating and quality assurance procedures are also provided by the Corporation to employees. These are offered periodically based on the annual training calendar, monthly or quarterly. In-house trainings are designed to augment and develop the employees' skills and competencies. For 2021, trainings were conducted online via video conference.

Anti-Corruption Programs and Policies

PSC's Code of Business Conduct and Ethics was drafted to strengthen its commitment towards corporate governance and to provide thorough guidelines for employees. In this regard, it developed policies on the following to uphold ethics in business dealings and transactions: 1) Limitations on Participation in Company Sales Promotions, 2) Conflict of Interest, 3) Employment, Placement, and Transfer of Relatives, 4) Foreign and Local Business Travel, 5) Employee Promotion for Section Managers and Above, and 6) Whistleblowing. With these policies set in place, employees are informed and required to follow the rules and regulations, both from the government and from the Corporation, and to steer clear from any covert or overt acts of bribery. They are also advised to avoid solicitation and acceptance of gifts of high value (usually PHP2,000 up) from business partners and/or suppliers. Rules and guidelines in granting travel allowance and/or reimbursement

of expenses incurred for official business trips made locally or abroad are also provided. The promotion of employees to Section Managers and above is also standardized. Also, a Whistleblowing Policy was set up to provide channels for reporting violations of the Code of Conduct and Business Ethics and the mechanism for its investigation and appropriate action. PSC is also a signatory for the Integrity Pact and a participant in Integrity Summit Fora.

Whistleblowing policy

To uphold and promote ethical behavior and sound business practices, PSC directors, officers, employees, and suppliers can report any perceived illegal activities through a whistleblowing mechanism. All whistleblowing reports received by PSC will be reviewed for appropriate action, determining whether the Code of Conduct and Business Ethics and other related policies and procedures were violated. An independent committee, known as the Committee on Conduct, is tasked to handle reports of such violations.

The policy assures that the whistleblowers are accorded protection, respecting the confidentiality of the information and their identities. Thus, illegal/unethical conduct shall be reported in writing, either anonymously or otherwise, depending on the whistleblower's discretion. Modes of reporting may be through a letter, e-mail, or other means established by the Corporation. All reports are treated with the utmost confidentiality. To report an incident, any person may access the PSC Website and accomplish the form through this link: <http://www.7-eleven.com.ph/corporate/corporate-governance-head/whistle-blowing/>. Reports may also be submitted to whistleblowing@7-eleven.com.ph. The Committee on Conduct shall review the report of the whistleblower and shall evaluate the merits of the complaint according to circumstances, time of reporting, evidence, and violation of procedures and policies. The whistleblower shall be informed of the decision of the Committee. Appropriate action shall be taken against the persons found to have committed any illegal/unethical conduct. PSC provides appropriate protection from retaliation as provided in this policy and PSC's Employee's Handbook.

2021 Sustainability Report

A. Overview and Materiality Process

PSC began its journey toward sustainability reporting on March 28, 2019, when we became a signatory to the Sustainable Development Pledge, together with other licensed 7-Eleven operators and brand stewards, during the 7-Eleven 2019 International Summit, “Good for Life, Great for the Planet”, held at Tokyo, Japan.

PSC pledged to continue operating as a socially-responsible brand, in support of the 2030 Sustainable Development Goals (SDGs) of the Seven Eleven global family of licensees. This pledge is aligned with our Corporate Governance (CG) Manual, which includes, as part of corporate governance, social responsibility in all our dealings with the communities where we operate.

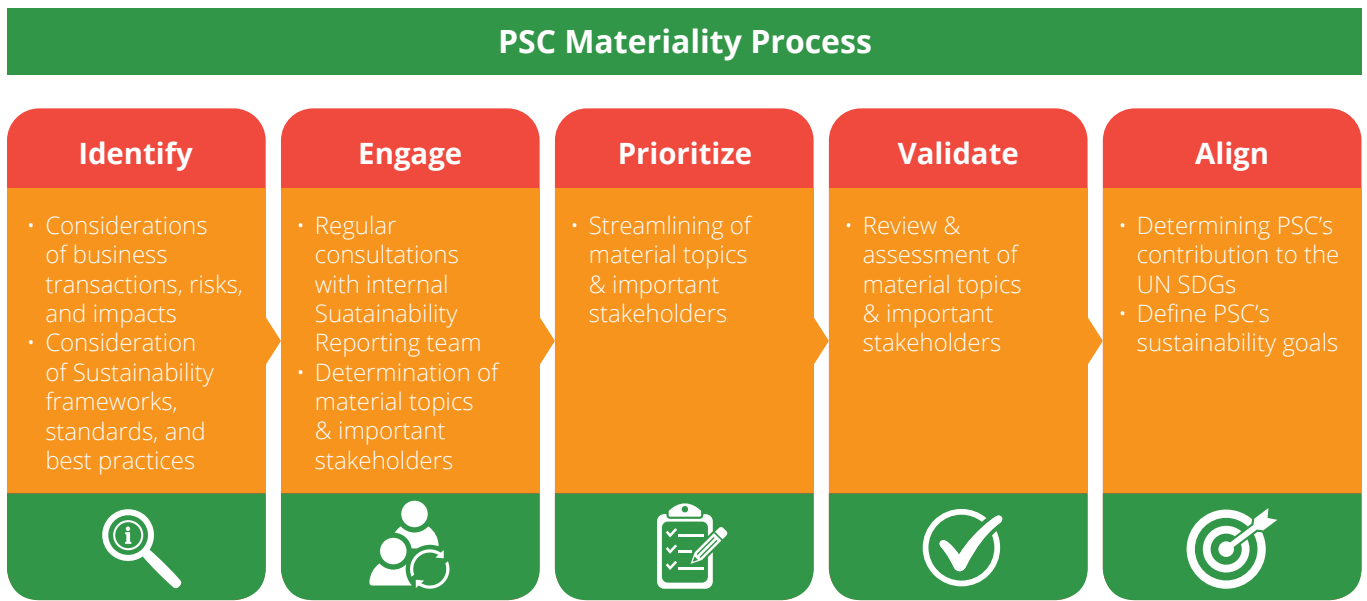
On November 17-19, 2020, PSC attended the first Environmental, Social, and Governance (ESG) Forum hosted by 7-Eleven, Inc. This was a global virtual event that convened licensees, master franchisees, and partners from 15 countries, with the goal of sharing best practices, identifying synergies, and achieving a better understanding of successful local initiatives.

The Corporation, guided by GRI Standards and UN SDGs, commenced our documentation and reporting process of sustainability practices, through a workshop facilitated by a GRI representative, with key officers/employees from business units, subsidiaries, and affiliates. Material topics, important stakeholders, and the Corporation’s policies to respond to their concerns were determined. Engagement sessions with key officers/employees, who deal directly with external stakeholders, were also conducted.

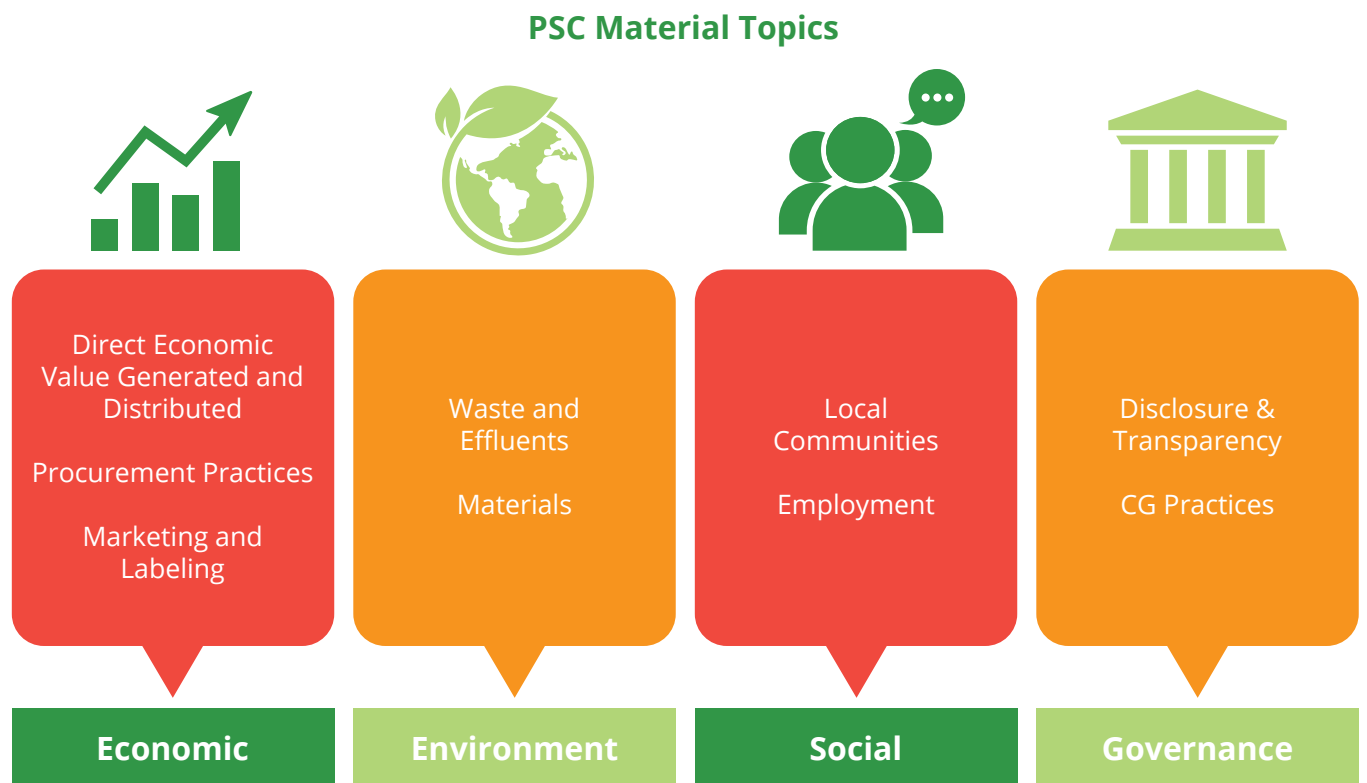
As the premier leader of convenience, PSC sets its goals to make a meaningful difference in the community and for the planet. PSC continues its commitment to set the standard for responsible retailing in the convenience store industry, through our plastic usage reduction program, while also implementing initiatives to protect our employees, serve the community, and navigate the business through the perils of the ongoing COVID-19 pandemic.



Below is a diagram showing the Corporation’s materiality process:



PSC reviewed and assessed material topics across economic, environment, social, and governance (EESG) areas. Guided by key GRI standards and UN SDGs, the result of PSC’s materiality assessment is summarized as follows:



Following the materiality process indicated above, the updated SDGs that PSC supports are as follows:

U.N. SUSTAINABLE DEVELOPMENT GOALS

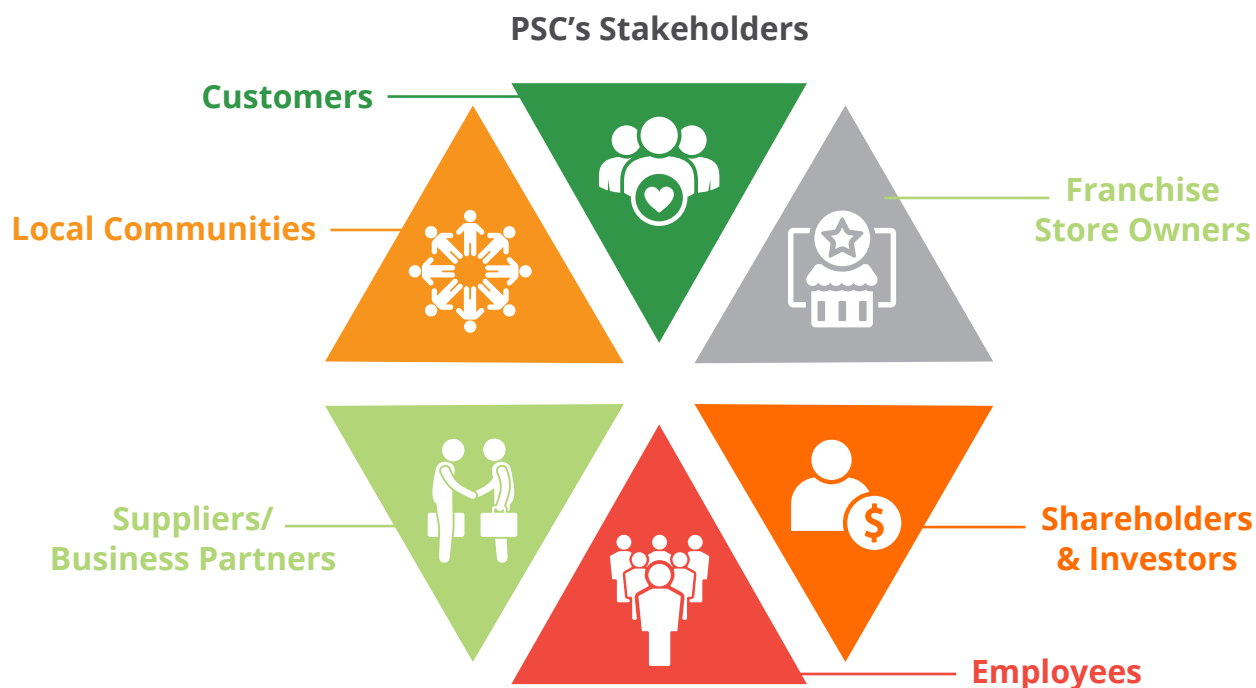
Supported by PSC

SDG	PSC's CONTRIBUTION	SDG	PSC's CONTRIBUTION
3 GOOD HEALTH AND WELL-BEING 	<ul style="list-style-type: none"> Offers In 7-Eleven stores an array of fresh fruits and salads, ready-to-eat all day hot meals, food snacks, freshly brewed coffee, hot and cold cup drinks prepared with purified water providing healthy and nutritious food choices for people on the go and meet customers' preferences; COVID-19 Vaccination for PSC employees, their dependents, franchisees, and outsource employees; Offer activities that promote health & wellness across demographics such as the annual Run 7-Eleven. For 2021, the virtual run has a total of approximately 30,000 participants. Provide employees at all levels with health insurance and recreational and wellness activities such as yearly sports tournaments, after-work fitness classes, nutrition, and work-life balance programs; "BiyHero" Project which was launched at the onset of the COVID-19 pandemic, continues to serve in areas where food and grocery deliveries are not available. Store personnel delivers the items directly to customers' homes. Product diversity for customers with the inclusion of vegan meals such as 7 Fresh Plant Burger, 7 Fresh Mixed Salad, Big Time New Plant-based Burger Steak, and ST Veega Nuggets. 	10 REDUCED INEQUALITIES 	<ul style="list-style-type: none"> Promote equal opportunity to all employees regardless of gender, age, and sector through providing pay based on performance.
4 QUALITY EDUCATION 	<ul style="list-style-type: none"> Partner with communities where 7-Eleven operates to provide access to quality Early Childhood Care and Development (ECCD) education through an Alternative Learning Facility (ALF) called the Gulong ng Karunungan (GNK) or mobile school van with educational facilities. Provide a Scholarship Program for deserving undergraduate PSC employees for career growth. Continuing education of employees under PSC's University of Seven Eleven Program (USEP) 	11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none"> Develop a playground park under its "Everyday Play" project within community public spaces for accessible green, safe public spaces for a friendly and healthy community.
		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none"> Reduce and manage waste generated in its operations through reduction of the use of plastic utensils, use of paper bags in stores instead of plastic bags, use of sustainable straws, and waste segregation. Adopt energy-efficiency measures in 7-Eleven stores and offices. PSC partnered with a treatment and storage facility for the recovery and treatment of used cooking oil. A total of 82.9 tons of used cooking oil was recovered as of July 2021.
5 GENDER EQUALITY 	<ul style="list-style-type: none"> Promote a diverse workforce through practice/enforcement of equitable treatment of all genders. Ensures gender equality through equal representation in the board, key officers, and management. 	13 CLIMATE ACTION 	<ul style="list-style-type: none"> Pursue public-private and civil society partnerships through supporting Disaster Relief Operations of the government and providing immediate relief & sustenance to displaced families/individuals and volunteers during a major disaster/calamity. PSC is a signatory to the Sustainable Development Pledge together with other licensed 7-Eleven operators and brand stewards during the 7-Eleven 2019 International Summit - "Good for Life, Great for the Planet" held in Tokyo, Japan. PSC pledged to continue operating as a socially responsible brand in support of the 2030 Sustainability Development Goals (SDGs) of the Seven Eleven global family of licensees.
		15 LIFE ON LAND 	
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> Create sustainable jobs in areas where 7-Eleven stores are located. Adheres to general labor standards and occupational health and safety standards. Offers business opportunities to qualified employees and external individuals with different 7-Eleven franchise packages. 	17 PARTNERSHIPS FOR THE GOALS 	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> Convenience with offering of more digital transactions and services such as online shopping, bills/merchant payment, cash-in agent for e-money and remittance transfer companies, and use of e-wallet/e-money through its CLiQQ Shop, 7-Connect/CLiQQ App, and CLiQQ pay services, respectively. PSC partnered with Seven Bank subsidiary to bring ATMs to 7-Eleven stores nationwide. Tie up with transport delivery service like FoodPanda Philippines, Inc. (FPP) for the delivery to customers of 7-Eleven Crunchtime products (i.e. fried chicken, fries, and corn dog) and other 7-Eleven products/merchandise. 		



B. Stakeholder Engagement

PSC continually sets its sights on being an organization that retains the trust and protects the interests of all our stakeholders, including customers; local communities; suppliers and business partners; franchise store owners; shareholders and investors; and employees. Notwithstanding the challenges brought by the pandemic, PSC aims to realize a sustainable society, guided by the U.N. SDGs.



Given the pandemic situation, the Corporation prioritizes the importance of understanding stakeholder expectations. PSC revalidated its listing of important stakeholders and the primary engagement methods and policy/activities to address stakeholder concerns, as follows:



The average number of customers that transact in the stores is about 500 to 600 per day, per store. The engagement methods for customers are a) launching of online grocery, b) digital services, c) daily store operations, d) customer

care hotline and email for customer concerns, and e) health and safety regulations, under the COVID-19 pandemic. PSC has the following policies/activities for its customers: a) optimized assortment of beverages, food service items, fresh foods, hot foods, confectioneries, personal care products, groceries, b) convenience in digital transactions, such as online shopping, bills/merchant payment, use of e-money through our CLiQQ Shop, 7-Connect/CLiQQ App, and

CLiQQ pay services, respectively, and c) customer safety through COVID-19 preventive measures, such as temperature check and observance of social distancing in stores.



As of Year-End (YE) 2021, PSC is operating 3,073 stores nationwide. The Corporation contributes to local community development, by providing products and services to different communities where it operates, and supporting

social welfare projects beneficial to the development of the community. We also create sustainable jobs in areas where 7-Eleven stores are located, by integrating, in the workforce, residents near our stores. Part of our engagement methods are a) participation in community activities, through our CSR arm Philseven Foundation Inc. (PFI), b) participation in programs/activities to help combat the effects of the pandemic, and c) exploration of initiatives that can further extend economic opportunities to our various stakeholders. The policies/activities include

a) donation of meals to volunteers of DSWD-NLRMB, during repacking of family food packs, in response to granular lockdowns brought by the pandemic and various calamities, b) 7-Eleven Day Celebration - Support to Medical Frontliners: supply of healthy meals, snacks, and refreshments for 3 days to a total of 15 hospitals in Luzon, Visayas, and Mindanao, and c) provision of business opportunities to qualified employees and external individuals, through different 7-Eleven franchise packages.



The Corporation's merchandise stocks are supplied by over 400 vendors/suppliers and are mostly governed by the trading terms contract and accreditation standards of the Corporation. The top suppliers account for a

40.30% share in the 7-Eleven business. PSC values its relationship with its suppliers/business partners, engaging them through: a) product development and b) quality improvement programs. These policies/activities include a) First, Best, and Only (FBOs) and Get It First (GIFs): products initially launched exclusively at 7-Eleven Stores (i.e., Monster Energy Ultra, Fuwa Fuwa Deli Ham and Cream Cheese, and Tuna Mayo) and b) Co-Branding: Tie-Ups with other brands for a specific product (7-Fresh Toasted Sandwich Holiday Ham, Chef Creations AND Manam Sisig & Kare-Kare, Chef Creations AND Rico's Lechon Dinuguan & Lechon Paksiw, HottaUlam AND Rico's Single Serve Lechon Sisig and Lechon Binagoongan).



Out of our 3,073 operating stores, 1,508 are franchise stores, and the remaining 1,565 are corporate-owned stores. Store franchise contracts have an average term of 5 years each. The engagement methods for franchisees are a) franchise

briefings and trainings, b) trade shows, c) Annual Franchise Day, d) Franchise Advisory Council, and e) vaccination of franchisees and their employees. The policies/activities include a) strengthening of store operation capabilities, b) construction and ongoing improvement of a highly-competitive franchise system, and c) recognition and sharing of best practices among franchisees.



PSC considers the benefit of its shareholders as one of our priority management policies. We aim to sustain revenue stream and progressive growth, to further enhance shareholder value. PSC engages its shareholders and investors

through a) the Annual Stockholders' Meeting, b) meetings/ briefings with investors, and c) posting of investor relations materials on our website, as a source of information for investors. Among our policies/activities for shareholders and investors are a) return capital to shareholders, through a sustainable dividend policy, and b) compliance with accounting procedures and timely disclosure of information.



As of YE2021, the Corporation has a total of 3,146 direct hires for support offices and stores, including those who augment our temporary needs during peak hours or seasons in the stores, and the support services units

with cooperative members. Engagement methods for employees include a) Employees' Wellness Program, to help fight COVID-19, b) Work from Home (WFH) Arrangement and other alternative working arrangements, c) Employees' Council, d) policy briefings, e) employee opinion survey, f) employee training, and g) Performance Appraisal Tool linked to incentive programs. PSC issued/created the following policies/activities for its employees: a) workforce diversity, b) transparent performance-appraisal process, c) compliance with general labor standards & occupational health and safety requirements, d) regular health and wellness activities, e) regular provision of vitamin C, face shields, face masks, and disinfectants, during the pandemic, f) support for development of employee abilities through online training, g) benefits or incentives to our employees, such as: retirement benefit plan, health card, group life and accident insurance plan, various employee programs, and recognition of top-performing employees and service awards, and h) Annual Performance Bonus for employees, based on performance appraisal rating.

Below are the Corporation's efforts to address the effect of the COVID-19 pandemic on its employees:

	<p>Health Reminder (Body temperature taking and Variance)</p>		<p>Granting of Cash Advance & Hazard Pay</p>		<p>Wearing of Face Shield in the Workplace</p>
	<p>Work from Home Arrangement</p>		<p>Motorcycle & Bicycle Loan Program</p>		<p>Flu Vaccine Administration</p>
	<p>Head Quarters (HQ) Skeletal Workforce</p>		<p>Office Disinfection Using Ultraviolet Lights (UVC) Technology</p>		<p>COVID-19 Vaccination Administration</p>
	<p>Work Arrangement for Vulnerable Employees</p>		<p>Teleconsult Services (Konsulta MD)</p>		<p>Online Collaboration Tools during WFH</p>

The "BiyaHero" project continues to serve communities where food and grocery deliveries are unavailable throughout Luzon, Visayas, and Mindanao. During the onset of the COVID-19 pandemic, PSC launched the project, through which our "BiyaHero" store personnel willingly brave the threat of the virus to deliver purchases to our customers.



C. Disclosure Topics and Management Approach

As provided in PSC’s CG Manual, the Corporation shall be socially responsible in all our dealings with the communities where we operate. We ensure that our interaction serves our environment and stakeholders, in a positive and progressive manner that is fully supportive of comprehensive and balanced development. The Corporation shall recognize the importance of the interdependence between business and community, and promote a mutually-beneficial relationship that allows the Corporation to grow our business, while contributing to the advancement of the society where we operate.

PSC is exploring opportunities for progress that come with adopting a sustainable business mindset. PSC integrates governance policies to fulfill our duties and responsibilities to our stakeholders.

Upon identification of our stakeholders, the Corporation identified the following material topics, significant to our operations, and determined our management approach:

GRI Disclosure 201-1: Direct Economic Value Generated and Distributed

PANDEMIC SUPPORT PROGRAM

When the COVID-19 virus emerged, PSC launched a Pandemic Support Program (PSP) that offered a 711M credit line (draw as needed, pay when able, zero interest, waived if store is given up), subject to more stringent performance requirements and unilaterally discontinued for any reason. PSP was made available to PSC Franchisees. Moreover, PSC exerted efforts in negotiating with lessors, to provide rental discounts as interim relief to high rental cost, at the onset of the pandemic.

GRI 204: Procurement Practices

SUPPLIER ASSESSMENT

PSC takes into consideration the qualifications of our suppliers and other trading counterparts, in accordance with the policy guidelines of the Corporation under our accreditation process and trading terms agreements. All contracts with suppliers provide a clause for observance of no conflict of interest.

Moreover, PSC’s policy on rendering customer service requires all store employees to provide customer

service, based on the standards set in the store operations manual. The policy provides for sanctions and disciplinary actions, in case an employee does not comply with the requirements in the manual.

GRI 417: Marketing & Labeling

PRODUCT AND SERVICE INFORMATION LABELING

PSC complies with applicable laws on product and service information labeling. The following are indicated in the packaging:



GRI 413: Local Communities

SUPPORTING COMMUNITIES THROUGH PFI


As early as 1989, the Corporation extended support to communities served by 7-Eleven stores. Initially, we responded mainly to requests from the barangays (community) to extend our stores’ light to dark spots and tanod (guard) outposts. We also donated cleaning supplies such as brooms, garbage bags, and waste cans to different barangays; supplied medicines for medical missions; and conducted similar initiatives to improve environment and health, in different barangays near 7-Eleven stores.

In the 1990s, donation cans were placed at our counters, for customers to drop their spare coins in the can, for charitable institutions. During calamities, some 7-Eleven stores in Metro Manila served as drop-off points for donations of relief goods. PSC employees were encouraged to join in groups to volunteer for Gawad Kalinga (a program to assist in home-building or -cleaning) and tree-planting activities.

PSC initiated the establishment of PhilSeven Foundation, Inc. (PFI) on October 02, 2007, to support our corporate social responsibility programs. The updated goals of PFI are as follows:


<p>1 To provide access to education through the provision of alternative facilities to learn.</p> 	<p>2 To promote child-friendly and healthy communities by providing venues for recreation and development.</p> 
<p>3 To leverage company resources aimed to advance the environmental awareness campaign towards "Conservation and Protection" of the environment.</p> 	<p>4 Empower communities, individuals, and PSC employees to a "call to action" through volunteerism.</p> 
<p>5 To immediately respond to major calamities and disasters by providing sustenance to the volunteers of DSWD, advocating for their welfare, "Caring for the Caregivers".</p> 	<p>6 To nurture effective partnerships and implement sustainable programs and projects that will provide opportunities to communities and individuals.</p> 

Through PFI, PSC continues to give back to the communities where 7-Eleven stores are located. Its 2021 projects are:



13,500
packed meals for frontliners

7-Eleven Day Celebration is annually celebrated on July 11, as it coincides with the theme "7-11 a.m. Hospital Pantry," this year's celebration aimed to respond to the COVID-19 pandemic through continuous support to the medical frontliners. A total of 13,500 packed meals for COVID-19 frontliners were distributed. The program was conducted in Luzon, Visayas, and Mindanao with the help of 154 PSC volunteers who contributed 770 man-hours.

300
boxes of Vitamin C

COVID-19 Response with 300 boxes of Vitamin C donations to a government office recipient and posting of COVID-19 cases per barangay in nearby 7-Eleven stores in collaboration with the DOH and LGUs as an awareness program.





400,000+
worth of food support

Disaster/Calamity Relief. This is a regular standby program of PFI to provide relief and/or rehabilitation services to victims of natural and man-made disaster/calamities and social disorganization to affected areas through resource mobilization, relief distribution, and networking with other agencies. For 2021 Php 400,000.00+ worth of food support for the volunteers of DSWD in response to COVID-19 Pandemic, several Typhoons such as Maring and Odette were donated. The program mobilized 10,000+ volunteers.



40,000
grocery bags

7-Eleven Run - Virtual Run 2021 the Virtual Run has a total of 40,000 participants. Also, part of the event proceeds was donated through PFI, where 40,000 grocery bags were donated to several cities and municipalities in Luzon, Visayas, and Mindanao.



4,000
boxes of goods

Goods donation and Christmas Caravan to various sectors such as medical frontliners, Isolation facility, Brgy. Responders, Persons with disability, underprivileged children and families, farmers, drug surrenderees, and Typhoon Odette victims in Cebu and Bohol.



PSC, through PFI, shall continue to support local communities, as it moves from projects on corporate social responsibility to creating shared value with local communities.

STRENGTHENING OUR NEIGHBORHOODS: BUYANIHAN PALENGKE

Since its inception, the Corporation has been dedicated to making life more convenient for our customers. No matter how big the challenge, PSC continues to lead in the industry, at the same time making a big impact in the community.

Working to make a difference in the lives of underprivileged members of the community - especially those hard-struck by the pandemic - PSC, together with foodpanda, linked up with the Caloocan City government and the non-profit group



ASCORP to launch the “BuyAnihan Palengke” livelihood program. Under a Memorandum of Agreement (MOA), Caloocan City became a pilot area for the BuyAnihan Palengke, where foodpanda will provide seed capital for beneficiaries to jumpstart reselling businesses, while PSC will help with logistics, utilizing current trucks and facilities to backhaul produce from the provinces of Benguet, Nueva Ecija, Rizal, and Laguna to Palengke hubs in Caloocan City, along with various beneficiaries in Metro Manila and San Pablo, Laguna.

GRI 401: Employment

EMPLOYEE SUSTAINABILITY

PSC provides a sustainable work culture and work environment that allows and inspires our employees to thrive. Here at PSC, employee sustainability is achieved through the observance of an employee culture that keeps them engaged to the level needed to perform their jobs capably, with a sense of fulfillment. Below are our existing policies and practices for the benefit of PSC employees:



Workforce Diversity



Regular Health and Wellness Activities



Annual Performance Bonus



Transparent Performance Appraisal Process



Supplemental Benefits or Incentives



Support for the Development of Employee Abilities through Online Training



Compliance with General Labor Standards & Occupational Health and Safety Requirements



Regular provision of Vitamin C, Face Shields, Face Masks, and Disinfectants, as part of COVID-19 Response

GRI 306: Waste & Effluents

PLASTIC REDUCTION

PSC commits to minimize plastic waste in our stores, through our GREEN CHALLENGE: Reduce Plastic Usage program, which aims to replace plastic sando bags with paper bags; plastic cutlery with individually-wrapped sporks; and plastic straws with sustainable straws, made of sugarcane, cornstarch, and rice.



Zero plastic bag usage in 7-Eleven stores by end of 2021



Switch to individually wrapped **spork**



Sustainable straws made of **sugarcane** are already in use in selected stores in Luzon. **Rice straws** in VisMin and additional **cornstarch straws** in Luzon for use in stores by 2022.

GRI 301: Materials

OTHER PROJECTS

PSC has a non-smoking policy and posted No Smoking signs inside its stores, to ensure air quality within its premises. PSC also fully complied with the requirements of Executive Order 26, on Providing for the Establishment of Smoke-Free Environments in Public and Enclosed Places, and extended its non-smoking policy to the area outside its premises, as defined by the EO, and posted “No Smoking” signs outside the store. Stores have also removed all cigarette receptacles from their trash bins, located outside the stores.

In compliance with the Department of Environment and Natural Resources (DENR) provisions on proper waste disposal, PSC partnered with a treatment and storage facility, for the recovery and treatment of used cooking oil. A total of 82.9 tons of used cooking oil was recovered from kitchens which provide logistics support for its fried products. As of YE 2021,

a total of 20 kitchens are fully operational, serving 1,216 stores, while those enrolled in the Sun Tech program are at 416 stores. Overall, Crunch Time has 53% coverage of 7-Eleven stores, which equates to 1,632 stores. Most of these are located in Luzon, with 1,300; followed by Visayas, with 202; and Mindanao, with 130. Average kitchen size is 100 sqm for the full-scale model and 50 sqm for the in-store model.



D. Focus for 2022 Onward

As an industry leader, PSC vows to seek opportunities that will seal our commitment to being a socially-responsible brand. The Corporation shall continue with the implementation of our plastic reduction program and shall further introduce sustainable practices and initiatives to be integrated in our business strategies. This is reflected in PSC’s sustainability goals:

PSC Sustainability Goals



Green Challenge
REDUCE PLASTIC USAGE

<p>1 Plastic Bag Reduction</p>	<p>2 Plastic Cutlery Reduction</p>	<p>3 Strawless Program (use of sustainable straws)</p>	<p>4 Carbon Footprint Study (additional goal for 2022)</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>13 CLIMATE ACTION</p>	<p>15 LIFE ON LAND</p>

Sustainability at PSC

PSC’s sustainability is anchored on our commitment to continuously operate as a socially-responsible brand. Guided by best EESG principles, PSC is dedicated to being the best retailer of convenience for emerging markets, aligning our business practices with global EESG frameworks, including UN SDGs. PSC aspires to impart a comprehensive and effective sustainable development.

Economic

Economic Performance

PSC contributes to the economic growth of the localities where our stores operate, by providing employment and business opportunities for local enterprises and individuals. PSC also recognizes the growing customer preference toward innovation and convenience, and focuses our market development plan on opening new stores in different parts of the country, diversifying our sales channels and service offerings, technology innovation, and expanding our digital relationship with our current and new customers.

PSC continues to provide convenience with the offering of more digital transactions and services such as online shopping, bills/merchant payment, cash-in agent for e-money and remittance transfer companies, and use of e-wallet/e-money through its CLiQQ Shop, 7-Connect/CLiQQ App, and CLiQQ pay services, respectively

PSC prioritizes management policies that aim to sustain revenue stream and progressive growth to further increase shareholder value.

PSC launched the Pandemic Support Program (PSP) that offered a 711M credit line as support to our franchisees that are affected by the ongoing pandemic, with the objective to continue store operations and franchising business. Moreover, the Company has exerted efforts to negotiate for rental concessions.

To support its franchisees, the Corporation also allotted funds for its Pandemic Support Program, which allowed franchisees to continue operations and keep their staff employed. Moreover, PSC negotiated for rental concessions to minimize the impact of the ongoing pandemic.

Procurement Practices

The Corporation recognizes the importance of having a procurement strategy that will protect its interest and ensure resilience, even in times of unprecedented crisis. Hence, management ensures that we are constantly offering fair value for products and services; identifying the need and the supplier; considering social responsibility; negotiating the price and term; reducing risk and ensuring the security of supply; and improving quality by pursuing innovation.

To manage reputational, operational, and supply chain risks, PSC expands into new markets, introducing its own brands to drive frequency of customer visits and



emphasize its value proposition of providing modern convenience; improves execution and adopt a more aggressive stance, as competition from the emerging minimart channel increases; strengthens coordination and collaboration with our supply chain partners; and improves our warehousing and distribution.

Keeping up with the demands of consumers and developments in the retail industry, PSC provides a wider array of products and services to a broad range of customers, through intensive market research; offers a good selection of ready-to-eat meals, for increased customer dining in 7-Eleven stores; develops a more engaging loyalty program and makes purchase of goods more accessible to customers, by

enhancing digital service; and ties up with Food Panda Philippines, Inc., for delivery of 7-Eleven Crunchtime products (i.e., fried chicken, fries, and corn dogs) and other 7-Eleven products/merchandise.

Anti-Corruption

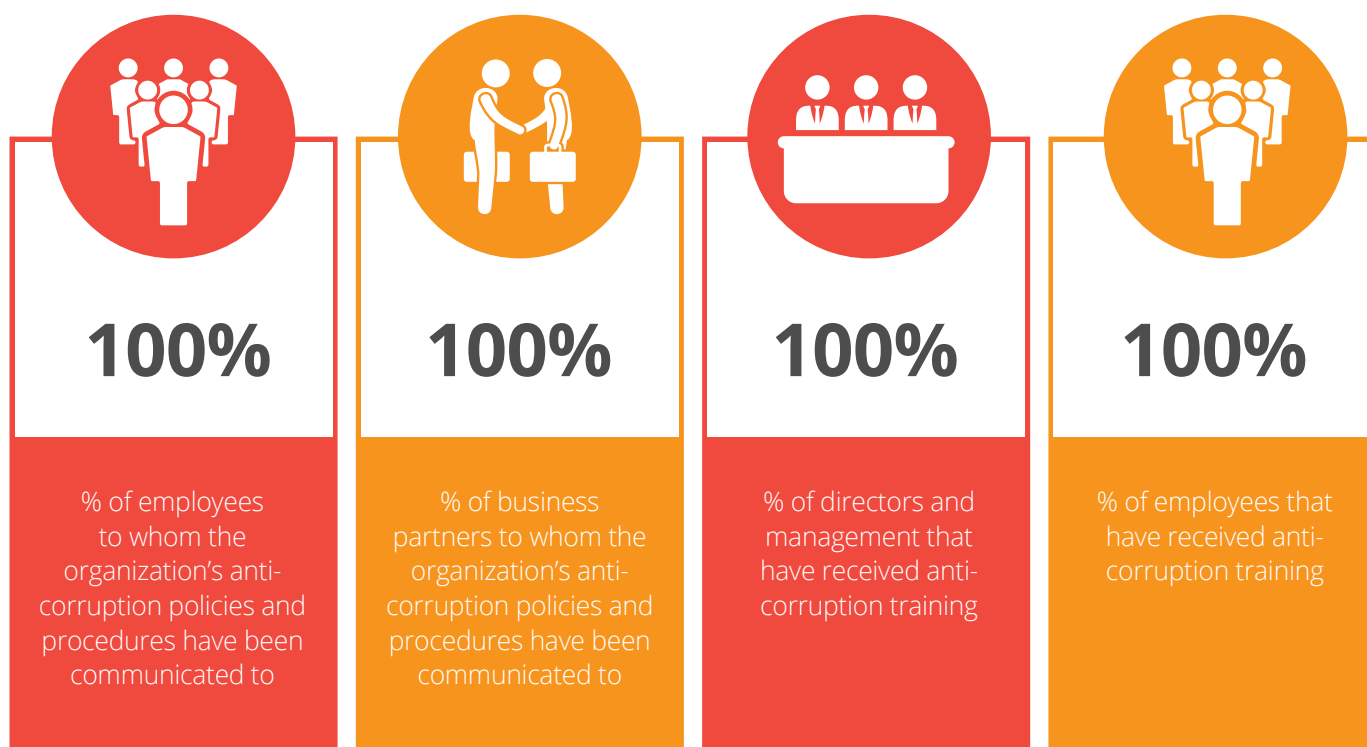
PSC's Code of Business Conduct and Ethics was drafted to strengthen our commitment toward corporate governance and to provide thorough guidelines for employees. In this regard, we developed policies on the following, to uphold ethics in business dealings and transactions: 1) Limitations on Participation in Corporation Sales Promotions, 2) Conflict of Interest, 3) Employment, Placement, and Transfer of Relatives, 4) Foreign and Local Business Travel, 5) Employee Promotion for Section Managers and Above, and 6) Whistle-blowing.

With these policies set in place, employees are informed and required to follow the rules and regulations, both from the government and from the Corporation, and to steer clear from any covert or overt acts of bribery. They are also advised to

avoid solicitation and acceptance of gifts of high value (usually PHP2000 up) from business partners and/or suppliers.

Rules and guidelines in granting travel allowance and/or reimbursement of expenses, incurred for official business trips made locally or abroad, are also provided. The promotion of employees to Section Managers and above is also standardized. Also, a Whistle-blowing Policy was set up to provide channels for reporting violations of the Code of Conduct and Business Ethics, and the mechanism for its investigation and appropriate action. PSC is also a signatory for the Integrity Pact and a participant in Integrity Summit Fora.

Employees are aware, upon on-boarding, of possible violations against the Code of Conduct and Business Ethics, as well as the mechanism for Whistleblowing. All contracts with suppliers and accreditation provide a clause for observance of no conflict of interest, anti-bribery, and corruption practices. Also, proper trainings are conducted/provided.



To uphold and promote ethical behavior and sound business practices, PSC directors, officers, employees, and suppliers can report any perceived illegal activities through a whistle-blowing mechanism. All whistle-blowing reports received by PSC will be reviewed for appropriate action, determining whether the Code of Conduct and Business Ethics and other related policies and procedures were violated. An independent committee, known as the Committee on Conduct, is tasked to handle reports of such violations.



Whistle Blowing Policy

To report an incident, any person may access the PSC Website and accomplish the form through:

<https://www.7-eleven.com.ph/corporate/corporate-governance-head/whistle-blowing/>

Or send a report to:

whistleblowing@7-eleven.com.ph

The policy assures that the whistle-blowers are accorded protection, respecting the confidentiality of the information and their identities. Thus, illegal/unethical conduct shall be reported in writing, either anonymously or otherwise, depending on the whistle-blower’s discretion. Modes of reporting may be through a letter, e-mail, or other means established by the Corporation. All reports are treated with the utmost confidentiality.

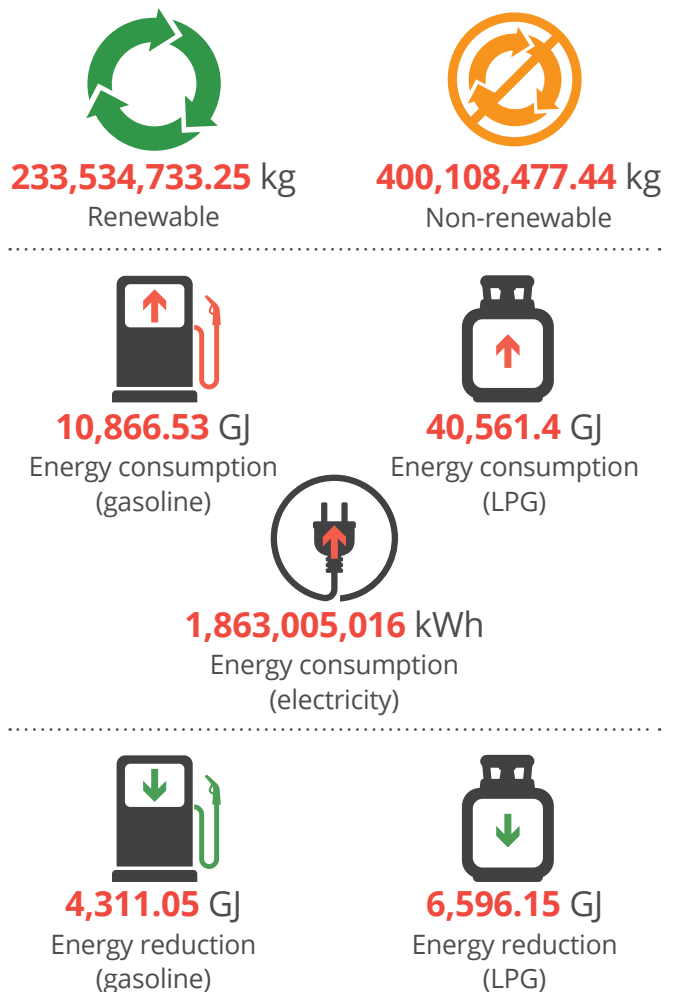
Environment

Resource Management

PSC has taken steps to minimize our environmental footprint, through the employment of materials and equipment contributing to energy and water conservation and waste disposal management. 7-Eleven stores use T5 and T8 LED lights and inverter air-conditioning units that are pre-set at 24-25 degrees Celsius. Only 1 of the 2 units are used during the graveyard shift. The stores turn off their signs at 6:00 a.m., and PSC has likewise piloted a sensor that will automatically turn on signs at 6:00 p.m.

PSC also collaborates with utility providers, to achieve better energy efficiency based on each store’s requirements. OFF-PEAK, for instance, is a project with a utility provider, where the price per consumption is lower during off-peak hours. 7-Eleven stores save economically, as the charge is lower than the usual rate of consumption. Water provided for post-mix and bubbler machines is filtered using ultraviolet water purification systems, to ensure that the water used for our products is clean and safe.

PSC has an incentive-based approach to encourage our personnel to conserve water and electricity in our stores.

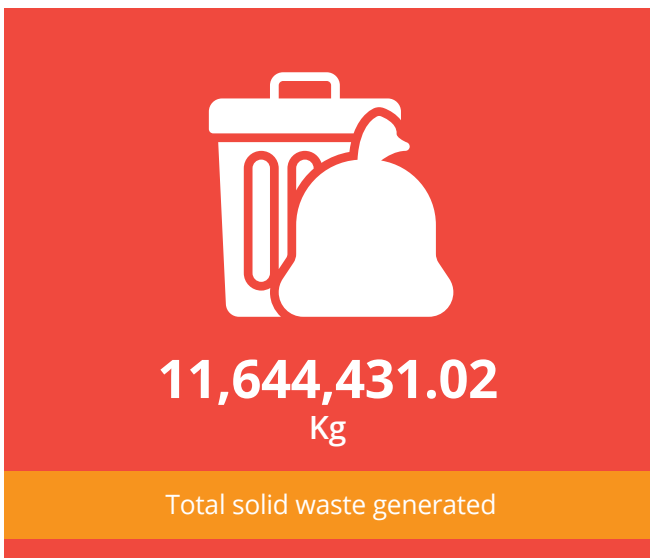
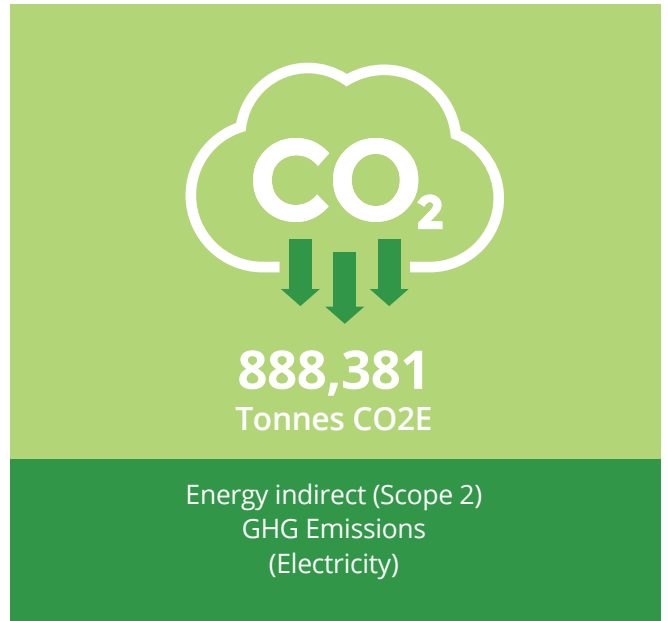


Materials Used by the Organization

As part of our long-term action plans, PSC plans to initiate utilizing both renewable & non-renewable materials, and extending the life of materials by recycling or reusing them in our operations. PSC is currently eyeing a collaboration with recycling facilities, local government units, and other NGOs, for the reduction of the amount of solid waste that ends up in landfills and bodies of water.

Environmental Impact Management

PSC started monitoring its GHG emissions in 2021. For our initial GHG accounting, the baseline data is gathered from our energy indirect (Scope 2) GHG emissions, which result from the generation of purchased or acquired electricity consumed by the organization.



Throughout our sustainability journey, PSC constantly tries to look for opportunities in further enhancing our efforts and capacities to create positive impact on the environment. PSC commenced our carbon footprint study to gauge the organization’s impact on the environment and possible contributions to climate change. From this study, PSC hopes to craft long-term plans to further incorporate environmental conservation in our daily operations.

Solid and Hazardous Waste

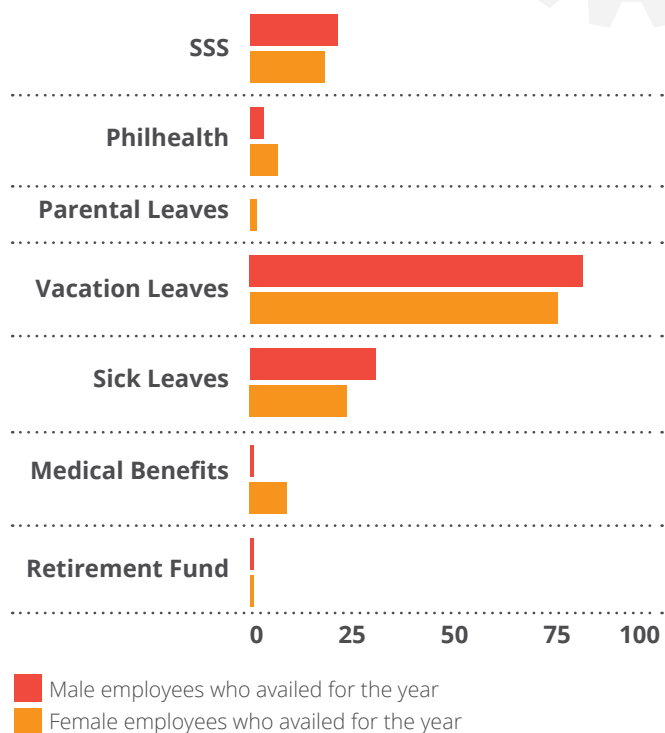
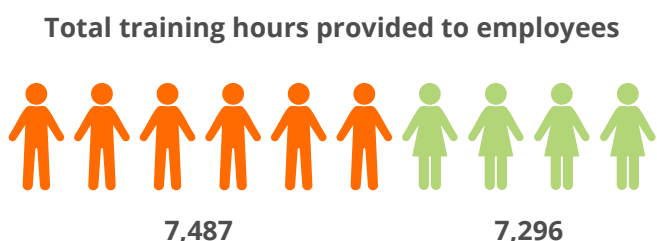
The Corporation, through our Operations Division, gathered needed information and partnered with LGUs toward recycling PET bottles, to reduce waste going to landfills. Partnered with PBS, we conducted a Waste Analysis and Characterization Study (WACS) in 2020. Data Collection and Analysis were conducted for three days. Based on WACS, 89.5% of 7-Eleven store waste are recyclables and 9% are biodegradable. PSC uses this baseline data toward the improvement of our waste management.



Social

Employee Management

Aside from government-mandated benefits, PSC provides supplemental benefits or incentives to our employees, such as retirement benefit plans, health card, group life and accident insurance plans, various employee programs and recognition of top-performing employees, and service awards, among others. We also grant annual performance bonuses to our employees, based on performance appraisal ratings.



To continually support the growth and excellence of our employees, behavioral and technical skills are constantly improved and implemented, through in-house and external training, such as Customer Service Programs, Operations Training Programs, Negotiation Skills Training, Communication Skills Training, Time and Stress Management Training, Leadership Trainings, Human Relations and Values Enrichment, and Career Development.

Workplace Conditions, Labor Standards, and Human Rights

The Corporation achieved zero work-related bodily harm by providing training on First Aid (FAT) and Occupational Safety and Health (OSH). 100% of employees have been provided OSH orientation, while FAT is a continuous training. Protocols on emerging threats are also addressed, by providing general procedures on occupational safety and health. Under the 2019 PSC Employees Handbook, refusal of an order to undergo a check-up, when there exists a physical manifestation of a disease, is prohibited. Furthermore, PSC ensures that new laws and regulations on health and safety, such as Mental Health, are covered by regular review and updating of policies.



The Corporation ensures compliance with mandatory laws and occupational safety and health. The government arm responsible for inspection closely coordinates with the Corporation to comply with general labor standards and occupational safety and health.

Supply Chain Management

Trade and non-trade suppliers may submit accreditation requirements, based on the guidelines provided on our website. PSC takes into consideration the qualifications of our suppliers and other trading counterparts, following the policy guidelines of the Corporation, under its accreditation process and trading terms agreements. All contracts with suppliers provide a clause for observance of no conflict of interest.

To ensure that only the best and quality products are offered, products regularly undergo quality assessment. A standard selection process is implemented, such as accreditation valid for one year, to determine that the suppliers are aligned with PSC's strategic goals and objectives. PSC conducts ocular inspections and certification of suppliers' production processes and facilities, vis-a-vis the quality assurance guidelines set by the Food and Drug Administration of the Philippines. Our commissaries comply with Good Manufacturing Practices (GMP) standards, while some are even ISO-certified.

For the previous years, PSC introduced an assortment of new products and rebranded our chicken meals as "Crunch Time". We also offer product diversity for customers, with the inclusion of vegan meals such as 7 Fresh Plant Burger, 7 Fresh Mixed Salad, Big Time New Plant-based Burger Steak, and ST Veega Nuggets. We also held several promotions, such as the Makibayanihan na! and the 7-Eleven X KonsultaMD promo, which both aimed to serve the community better, amid the pandemic. In furtherance of our digital strategy, PSC also introduced promos to expand the base of our CLIQQ and E-Wallet users.



78.88%
Customer Satisfaction

Supplier Accreditation Policy



PSC has a supplier accreditation policy which can be accessed through:

<https://www.7-eleven.com.ph/corporate/corporate-governance-head/companys-policies/>

Governance

Customers may relay their questions, concerns, or comments through PSC's customer service hotline, our e-mail address - customercare@7-eleven.com.ph - or our website, www.7-eleven.com.ph

PSC adheres to the fundamental principles of sound corporate governance, as contained in its Manual of Corporate Governance (CG Manual) and as embodied in the Philippine CG Code of 2016. Good governance is the observance of the principles of disclosure and transparency, by balancing the needs of various stakeholders while generating shareholder value. The core values of teamwork, reliability, customer focus, and being data-driven are PSC's guiding principles, in our efforts to create not just corporate governance awareness within the organization, but also to propel the corporation past the global pandemic, toward long-term sustainable development.

Keeping pace with developments in corporate governance, PSC strives to improve our CG Practices by following industry standards.

Customer Management

To improve our service, PSC utilizes the services of a third party to conduct a "mystery shopper" survey, evaluating our performance in different areas, including Customer Service.

Customer loyalty is a vital component to sustain the business, which is why PSC is committed to delivering quality and excellent customer service. In maintaining a stable, long-term relationship with our customers, the Corporation continuously innovates its in-house brands and products, being responsive to customer needs and the latest trends.

Governance Policies



Corporate Governance Manual

The CG Manual of PSC provides for the Corporation's overview of its governance structure to enhance the Corporation's profitability and sustainability, for the benefit of its shareholders and stakeholders in achieving its corporate mission.



Disclosure and Transparency

Disclosure and transparency are the key factors in the success of corporations. PSC values it as an essential part of its full commitment to maintain good corporate governance.



Insider Trading (Trading Block-outs)

PSC observes the insider trading policy, which prohibits directors, officers, and employees from divulging material non-public information to the damage of the Corporation and the investing public.



Conflict of Interest Policy

All employees are requested to dissociate themselves from any engagements that may compromise the Corporation's interests and should there be any appearance of conflicting interests, to disclose the same to the proper authorities in the Corporation.



Whistleblowing Policy

The policy assures that the whistleblowers are accorded protection, respecting the confidentiality of the information and their identities. An independent committee, known as the Committee on Conduct is tasked to handle whistleblowing reports.




Anti-Corruption Programs and Policies

Employees are requested to steer clear from any covert or overt acts of bribery. They are also advised to avoid solicitation and acceptance of gifts of high value (usually PHP2,000 up) from business partners and/or suppliers.





The complete write-up on PSC's Corporate Governance is posted on the Corporate Governance Page of our website, at <https://www.7-eleven.com.ph/corporate/corporate-governance-head/corporate-governance/>.

E. Product or Service Contribution to UN SDGs


3 GOOD HEALTH AND WELL-BEING



Key Products and Services

 <p>Offers ready-to-eat food, fresh fruits, salads, and cup drinks</p>	 <p>Product diversity for customers with the inclusion of vegan meals</p>	 <p>7-Eleven Run-organized Virtual Run 2021 with 30,000 participants</p>	 <p>“Biyahero” Project in areas where grocery deliveries are not available</p>
 <p>Everyday Play (EP) Project - promote child-friendly and healthy communities by construction & development of a community playground park</p>			


13 CLIMATE ACTION



Potential Negative Impact of Contribution

- a. Possible increase in plastic waste from packaging materials
- b. Risk of contracting COVID-19; store personnel who deliver the items as “Biyahero” are also considered as frontliners.
- c. Possible increase in the use of non-eco-friendly materials on construction

15 LIFE ON LAND



Management Approach to Negative Impact

- a. Reducing, reusing & recycling of plastics:
 - i. Use of paper bags in stores instead of plastic bags
 - ii. Use of sustainable straws made of sugarcane, cornstarch, and rice
- iv. PET bottles segregation in stores, HQ, and zone offices
- b. Strict implementation of COVID-19 Safety Protocols for store personnel.
- c. Limit the use of harmful materials and the use of environmentally friendly construction materials.

8 DECENT WORK ECONOMIC GRO



Key Products and Services

 <p>Create sustainable jobs in the areas where 7-Eleven stores are located</p>	 <p>E-Commerce and E-Wallet services providing online shopping experience and payment services</p>	 <p>PSC partnered with the Seven Bank subsidiary to bring ATMs to 7-Eleven stores nationwide</p>	 <p>Contactless payment for in-store purchases</p>
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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Potential Negative Impact of Contribution

- a. Possible difficulty in monitoring work conditions
- b. Slow or intermittent internet connection
- c. The threat of data breach

11 SUSTAINABLE CITIES AND COMMUNITIES



Management Approach to Negative Impact

- a. Strict monitoring of compliance to labor laws and issuances and employee engagement, Health Insurance, and wellness activities for all employees
- b. Improvement of IT infrastructure
- c. Implementation of data security standards

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



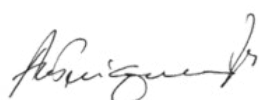
Management Approach to Negative Impact

- a. Strict monitoring of compliance to labor laws and issuances and employee engagement, Health Insurance, and wellness activities for all employees
- b. Improvement of IT infrastructure
- c. Implementation of data security standards

Audit and Risk Committee Report

Further to our compliance with applicable corporate governance laws and rules, we confirm for the year 2021 that:

1. An independent director chairs the Audit & Risk Committee, three (3) out of the four members of the Committee are independent directors.
2. The Committee had three (3) meetings during the year. The meetings of the Committee are designed to facilitate and encourage communication among the Committee, the Company, the Company's internal audit function and the Company's independent auditor. The Committee in its meetings, reviewed and approved all audit and review services provided by external auditor, SGV & Co., to PSC, and the related fees for such services;
3. According to its charter, the primary purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibility for the financial reporting process, the system of internal control, the maintenance of an effective audit process, and monitoring of compliance with applicable legal and regulatory matters.
4. The Committee provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities. The Committee also monitors and evaluates the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security.
5. The Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.
6. The Committee discussed with SGV & Co. all the items required to be discussed by the prevailing applicable Auditing Standard, including the required communications to the Audit & Risk Committee on the responsibilities under Philippine Standards in Auditing, the confirmation of independence of SGV & Co. from PSC and its subsidiaries and PSC's management as required by the applicable Independence Standards (Statement of Independence), and fraud inquiry which SGV & Co. confirmed that it is not aware of any matters that require communication;
7. As part of its oversight responsibilities, the Committee reviewed and discussed the audited financial statements of PSC and the consolidated audited financial statements of PSC and its subsidiaries as of and for the year ended December 31, 2021 with the PSC's management and with SGV. SGV has expressed its opinion on PSC's conformity with Philippine Financial Reporting Standards (PFRS);
8. Based on the foregoing but subject to the limitations of the Committee's role as encompassed in our Audit & Risk Committee Charter, the Committee recommended for approval the audited financial statements of PSC and the consolidated audited financial statements of PSC and its subsidiaries for the year ended December 31, 2021 to the Executive Committee and/or the Board of Directors. The Executive Committee, having authority to act during intervals of Board meetings, approved the same.



**ANTONIO JOSE U.
PERIQUET, JR.**

Chairman and
Independent Director



JOSE T. PARDO

Member and
Independent Director



MICHAEL B. ZALAMEA

Member and
Independent Director



JOSE VICTOR P. PATERNO

Member and
Director / President

Excerpts of Financial Statements

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 28 and 29)	₱5,376,107,427	₱5,137,144,792
Short-term investment (Notes 4, 28 and 29)	11,535,504	11,493,502
Receivables (Notes 5, 25, 28 and 29)	2,530,951,369	3,674,543,057
Inventories (Notes 6 and 18)	4,328,438,056	4,243,099,966
Prepayments and other current assets (Notes 7, 28 and 29)	1,975,685,212	830,512,756
Total Current Assets	14,222,717,568	13,896,794,073
Noncurrent Assets		
Property and equipment (Note 8)	5,274,409,357	6,336,643,785
Right-of-use assets (Note 25)	6,176,929,871	6,975,912,246
Deposits (Notes 9, 28 and 29)	1,051,630,239	1,055,456,946
Goodwill and other noncurrent assets (Notes 10 and 29)	397,716,013	462,636,786
Receivables - net of current portion (Notes 5, 10, 28 and 29)	311,198,635	58,024,244
Deferred tax assets - net (Note 26)	983,862,984	963,539,389
Total Noncurrent Assets	14,195,747,099	15,852,213,396
TOTAL ASSETS	₱28,418,464,667	₱29,749,007,469
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Notes 11, 28 and 29)	₱100,000,000	₱830,000,000
Current portion of long-term debt (Notes 11, 28 and 29)	666,690,058	241,690,058
Accounts payable and accrued expenses (Notes 12, 28 and 29)	6,627,172,856	5,954,411,302
Lease liabilities - current (Note 25)	1,953,775,783	2,125,633,197
Current portion of contract liabilities (Note 13)	777,961,799	510,441,833
Income tax payable	123,400	266,514
Other current liabilities (Notes 14, 24 and 29)	2,842,458,614	4,201,875,385
Total Current Liabilities	12,968,182,510	13,864,318,289
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 11, 28 and 29)	925,035,088	1,091,725,146
Lease liabilities - net of current portion (Note 25)	6,657,293,108	6,487,085,252
Deposits payable (Note 15)	363,885,563	361,995,615
Contract liabilities - net of current portion (Note 13)	125,857,840	141,915,647
Net retirement obligations (Note 23)	400,794,633	442,099,746
Cumulative redeemable preferred shares (Notes 16, 28 and 29)	6,000,000	6,000,000
Total Noncurrent Liabilities	8,478,866,232	8,530,821,406
Total Liabilities	₱21,447,048,742	₱22,395,139,695

(Forward)

Please refer to the companion book for the complete set of the 2021 Audited Financial Statements.

	December 31	
	2021	2020
Equity		
Common stock (Note 17)	₱757,104,533	₱757,104,533
Additional paid-in capital	293,525,037	293,525,037
Retained earnings (Note 17)		
Appropriated	5,100,000,000	6,100,000,000
Unappropriated	870,686,102	331,691,101
Other comprehensive loss		
Remeasurement loss on net retirement obligations - net of tax (Note 23)	(46,976,501)	(125,529,651)
	6,974,339,171	7,356,791,020
Cost of own shares held in treasury (Note 17)	(2,923,246)	(2,923,246)
Total Equity	6,971,415,925	7,353,867,774
TOTAL LIABILITIES AND EQUITY	₱28,418,464,667	₱29,749,007,469

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
INCOME			
Revenue from contracts with customers (Note 13)	₱45,144,606,258	₱43,645,923,273	₱52,950,902,607
Interest income (Note 21)	78,021,276	131,429,682	105,613,939
Rental income (Note 25)	63,037,775	148,687,434	137,107,640
Other income	141,107,652	181,244,036	62,037,334
	45,426,772,961	44,107,284,425	53,255,661,520
EXPENSES			
Cost of merchandise sales (Note 18)	29,656,633,373	28,783,351,394	34,368,460,873
General and administrative expenses (Note 19)	15,087,045,275	14,674,175,998	15,794,863,340
Interest expense (Note 20)	959,910,008	1,141,659,114	965,534,117
Other expenses	156,919,716	73,324,948	45,862,835
	45,860,508,372	44,672,511,454	51,174,721,165
INCOME (LOSS) BEFORE INCOME TAX	(433,735,411)	(565,227,029)	2,080,940,355
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)	27,269,588	(145,509,492)	636,366,870
NET INCOME (LOSS)	(461,004,999)	(419,717,537)	1,444,573,485
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS			
Remeasurement gain (loss) on net retirement obligations (Note 23)	116,692,739	(52,968,944)	(148,058,013)
Income tax effect	(38,139,589)	15,890,683	44,417,404
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX	78,553,150	(37,078,261)	(103,640,609)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱382,451,849)	(₱456,795,798)	₱1,340,932,876
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 27)	(₱0.61)	(₱0.55)	₱1.91

See accompanying Notes to Consolidated Financial Statements.

Please refer to the companion book for the complete set of the 2021 Audited Financial Statements.

7-Eleven Stores Worldwide

STORES	2021	2020	2019
US	13,469	10,081	9,934
Hawaii	65	65	66
Mexico	1,841	1,822	1,829
Total North America	15,375	11,968	11,829
Japan	21,227	21,048	20,988
Thailand	13,134	12,432	11,712
South Korea	11,173	10,501	10,016
Taiwan	6,379	6,024	5,647
China	3,980	3,429	3,156
Guangdong	1,550	1,403	1,281
Hong Kong	1,036	974	962
Beijing	304	283	275
Tianjin	200	179	178
Shanghai	151	136	116
Chengdu	84	73	75
Qingdao	247	113	93
Chongqing	37	35	37
Macau	51	51	47
Zhejiang	61	46	39
Jiangsu	61	24	16
Hubei	22	16	12
Shaanxi	70	36	21
Fujian	36	17	4
Henan	23	9	-
Hunan	42	17	-
Yunnan	5	17	-
PHILIPPINES	3,073	2,978	2,864
Malaysia	2,427	2,413	2,411
Australia	718	714	708
Singapore	455	423	411
Denmark	172	173	172
Norway	149	152	154
Sweden	82	84	83
Viet Nam	63	52	44
Cambodia	4	-	-
India	2	-	-
UAE	-	-	12
Total International	63,038	60,423	58,378

TOTALS / AVERAGES

78,413

72,391

70,207

Corporate Information

Corporate Head Quarters

**7th, 11th & 12 th Floors, The Columbia Tower
Ortigas Avenue, Mandaluyong City 1550**

Tel #: +632 8724-4441 to 53

Cebu Office

**7th Floor Trends Plaza Building
F. Ramos St., Cebu City**

Mobile #: +63 (998) 969 4815

Mindanao Office

**2nd Floor, Sumo Asia Hotel
Mamay Road, Davao City**

Tel # : +6382 321-2834

Website

www.7-eleven.com.ph

Email

Shareholder Services:
psc-corp@7-eleven.com.ph

Customer Care:
customercare@7-eleven.com.ph

Investor Relations

Lawrence M. De Leon

Email: investor-relations@7-eleven.com.ph

Tel #: +632 8705-5242

Principal Banker

Bank of the Philippine Islands

Auditors

Sycip Gorres Velayo & Company

Stock Transfer Agent

BDO Unibank, Inc.

14th Floor, BDO Towers Valero

8741 Paseo De Roxas,

Makati City, Philippines

Email: bdo-stock-transfer@bdo.com.ph

Tel # : +632 8878-4964



7th, 11th, and 12th Floors, The Columbia Tower
Ortigas Avenue, Mandaluyong City 1550

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