

# Achieving Sustainable Governance

President Chain Store Corporation abides by the principle of ethical corporate management from its internal operations to external value chain to ensure long-lasting and stable operations. In the meantime, President Chain Store Corporation identifies and stays updated with the trends in regulatory revisions, as well as ensuring all operations of the Company's organizations comply with government laws and regulations to uphold the rights and interests of consumers and the Company. Risk management is the key to sustainable operations. To this end, we have set up a dedicated unit for cross-departmental communications to avoid negative impact and increase the value of the Company. In addition, we attach importance to the management and protection of customer privacy, as well as providing better services based on the big data generated from consumption.



## Management Policies








### Policies and Commitments

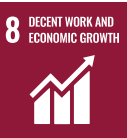
- Personal Data Protection Management System and Policy
- President Chain Store Corporation Personal Profile Data Security Maintenance Plan ([Personal Data Protection Handbook](#))
- [President Chain Store Corporation Risk Management Policy](#)
- [Articles of Incorporation](#)

### Management Actions

- President Chain Store Corporation has set up a Personal Data Protection Task Force to ensure the safety of consumer data through internal audits and external verification of personal data (Taiwan Personal Data Protection and Administration System, TPIPAS), crisis prevention and education and training.
- President Chain Store Corporation set up a Risk Management Committee to classify various risks and formulate management policies. The Committee monitors and gives feedback on risk identification on a monthly basis, as well as compiling the information of each department every six months a year. Since 2024, regular reporting to the Risk and Information Security Committee has been done twice a year. Each dedicated unit offers feedback on risk response measures through a form to realize risk identification, measurement and reporting.
- In November 2023, President Chain Store Corporation's Board of Directors resolved to set up the "Risk and Information Security Management Committee." The "Cybersecurity Committee" and "Risk Management Committee" originally under the "Sustainable Development Committee" were moved under the "Risk and Information Security Management Committee" to strengthen information security management with more comprehensive control over relevant risks.
- President Chain Store Corporation is committed to pursuing steady financial growth, continuously optimizing store operating efficiency, expanding a diversified business plan, creating excellent financial performance, building a sound corporate governance system, and creating a brand that is reassuring and trustworthy for employees, store partners, franchise owners and the general public.

## Sustainable Goal Management Process

Material Topic	Management Metrics	Medium- and long-term Targets	2025 Targets	2024 Targets& Performance
 Risk Management	Percentage of employees receiving risk management training courses	20% by 2028	10%	New target  0.65%
 Business Performance	Number of total stores	7,950 stores by 2028	7,350 stores	New target  7,077 stores
 Information Security	1. Number of information leakages 2. Proportion of information leakages containing identifiable personal information 3. Number of customers affected by information leakages 4. Number of violations that infringe on customer privacy and total fines paid due to information security incidents	2028 (1) ≤ 1 (2) ≤ 30% (3) ≤ 600 (4) ≤ NT\$700,000	(1) ≤ 3 (2) ≤ 45% (3) ≤ 850 (4) ≤ NT\$ 850,000	 (1) ≤ 3 (2) ≤ 50% (3) ≤ 900 (4) ≤ NT\$900,000  N/A



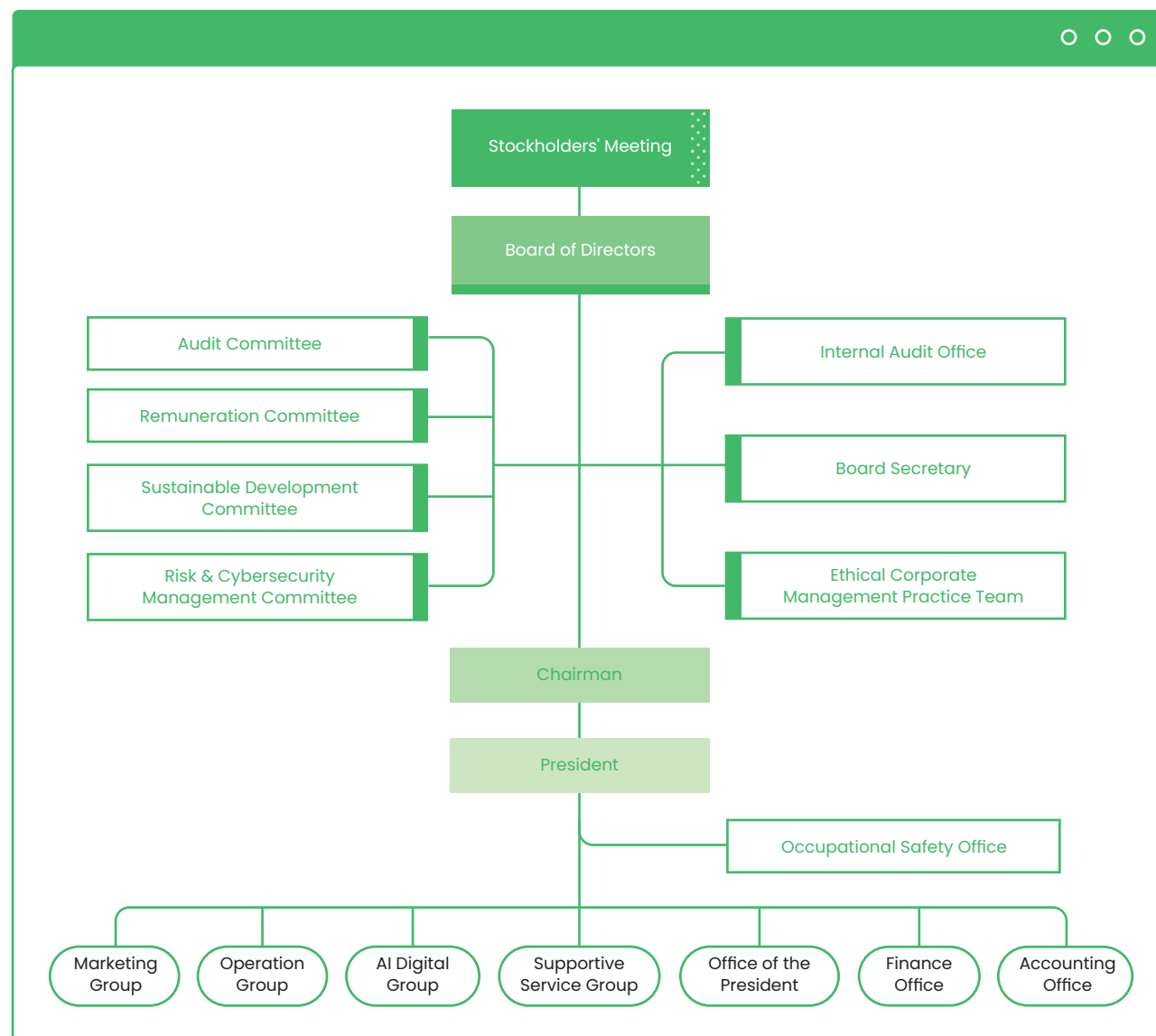
The consolidated revenue hit record high at **NT\$337,932,397** thousand, with **NT\$13,741,439** thousand in net profits that exceed the record of the previous year

President Chain Store Corporation was once again ranked in the top **5%** in the 10th Taiwan Corporate Governance Evaluation System as the only listed company in the retail industry to do so for the tenth year running

## 2.1 Corporate Governance

### Board of Directors

Sound corporate governance is crucial to the sustainable operations of a business. President Chain Store Corporation incorporates corporate governance into the Company's system of operations and with a sound and rigorous corporate governance structure. In addition to clear hierarchical management, it also sets up functional committees or task forces for specific issues to safeguard the rights and interests of stakeholders. To continuously strengthen corporate governance, the Company drafted the "[President Chain Store Corporation Corporate Governance Best Practice Principles](#)." In addition to complying with laws and regulations, the document also covers principles such as protecting shareholders' rights, strengthening the functions of the Board of Directors, acting as a supervisor, respecting the rights and interests of stakeholders and improving information transparency.



As the highest governing body of President Chain Store Corporation, the Audit Committee, Remuneration Committee, Sustainable Development Committee and Risk and Cybersecurity Management Committee have been set up under the Board of Directors to enhance financial information disclosure, managerial performance and stability and the Company's sustainable development. To this end, it carries out top-down management and supervision to ensure

the sound operations of the Company. President Chain Store Corporation's Board of Directors consists of 9 directors (including 3 independent directors). They are elected through a nomination system and serve a 3-year term, whereby shareholders select names from a list of candidates<sup>(Note 1)</sup>. The Chairman serves as the Chairman of the Board to implement and supervise all company matters without taking up the role as the Company's President. The President Chain Store Corporation board is characterized by diversity. The average age of board members is 64 with 2 female directors included. Their backgrounds range from business administration, economy, marketing, accounting, law to information engineering. Their education, work experience, professional expertise and remuneration can be found on pages 22–29 of the 2024 Annual Report<sup>(Note 2)</sup>. Moreover, education and training related to risk management and internal control are organized for Directors each year to enhance their judgment and capabilities on risk management events. In 2024, all Directors finished 2 sessions of risk management training course, covering topics such as economy, environment and society. In 2024, each Director received an average of 7.33 hours of training. For detailed information on director training, refer to page 43 of the annual report<sup>(Note 2)</sup>.

(Note 1) The nomination and selection process of functional committee members can be downloaded from [the Company's investor relations website](#).

(Note 2) The 2024 Annual Report can be downloaded from the Market Observation Post System and [the Company's investor relations website](#).

In order to ensure the independence of the board, per the regulations set forth in the "Regulation Governing Procedure for Board of Directors Meetings," if Board members or the corporation they represent have interest in a matter before the Board which could adversely impact Company interests, they can state their opinions and provide consultations but are not permitted to participate in discussion or voting. They must recuse themselves during discussion and voting, and they are prohibited from serving as proxy for other directors<sup>(Note)</sup>. The Board of Directors must convene at least once every quarter to discuss the Company's business performance and development strategies as well as major investment issues. In 2024, the Board convened 7 times with an average attendance rate of 98.41%.

(Note) The independence of the Board can be found on page 21–22 of the 2024 Annual Report, downloadable from [the Company's investor relations website](#).

### + Functional Committees +

In order to improve the supervisory function and strengthen the Company's management, the President Chain Store Corporation Board of Directors has set up an Audit Committee, a Remuneration Committee and a Sustainable Development Committee. The Risk and Cybersecurity Management Committee was set up in November 2023 following the board resolution, with the Risk Management Execution Office and Cybersecurity Execution Office underneath, functioning independently to formulate regulations for the organization. Functional committees are responsible for the discussions of the Company's major proposals and issues such as economy, environment, society, human rights, risks and cyber security. For the members of each committee, resolutions and relevant information, refer to [President Chain Store Corporation's website](#).

### + Performance Evaluation and Remuneration System for Directors +

President Chain Store Corporation has set forth the "[Rules for Performance Evaluation of Board of Directors](#)" to implement corporate governance and enhance the functions of the Company's Board of Directors as well as setting performance targets to enhance operational efficiency. A number of indicators that have been selected are highly linked to corporate governance and corporate sustainable development so as to ensure the Company's sustainable operations. In 2024, it was assessed that the Board of Directors, individual board members and each functional committee have a good grasp of the Company and their goals and tasks, which effectively promote the Company's sustainable operations, social responsibilities, risk management and long-term strategic development.

Moreover, President Chain Store Corporation has set forth the remuneration policy for directors based on the Company's Articles of Incorporation. The standards and procedures for allocating Directors' remuneration are transparent and linked to the Company's profitability. The payment of Directors' remuneration takes into account individual performance, company operating conditions, ESG performance, future risks and industry standards. The results are submitted to the shareholders' meeting after the resolution of the Remuneration Committee and the Board of Directors. The Company also adjusts the remuneration system in line with the actual conditions and laws to ensure a balance between the Company's sustainable operation and risk control.

(Note) The remuneration of the Board of Directors can be found on page 26–29 of the 2024 Annual Report, downloadable from [the Company's investor relations website](#).

## Remuneration System for Senior Management

The salary of the Company's managers is based on personal performance, including financial indicators such as the Company's profitability and their contribution to the overall operations, while taking into consideration the market salary level and the Company's operating performance. Bonus distribution is based on the Company's Rules on Bonus and Performance Management, while taking into account the Company's annual operating performance and individual performance.

Climate change is a core element in President Chain Store Corporation's plan towards sustainable development, and carbon reduction is a vital element of the plan. President Chain Store Corporation pioneered in linking carbon reduction to the performance of senior management such as CEO and senior executives since in 2023, with appropriate rewards given in line with the achievement. The targets for 2024 were reducing emission intensity by 1% per NT\$ million of revenue, passing the verification of ISO14064-1 greenhouse gas and ISO50001 energy management system. One point was added to the total performance score if all three KPIs were met.

In line with the Company's reward and remuneration system, the total performance score of senior executives is linked to the performance bonus of the current year, the calculation of salary increase and related benefits for the following year to support the progress of sustainable development with actual rewards and compensation. To implement the sustainable development strategy and promote its progress, President Chain Store Corporation expects to link remuneration of senior executives to the sustainable performance indicators of the Company's four major environmental task forces (carbon reduction, plastic reduction, food waste management and sustainable procurement). The annual targets include the proportion of single-use plastic, carbon emission intensity, the proportion of procurement value of raw materials with sustainable certification, the ratio of food waste reduction, as well as the percentage of major food safety risk violation. These metrics not only promote the Company's sustainable development, but also motivate senior executives to actively participate in continuous improvement and innovation to promote the Company's sustainable development through the connection with environmental goals.

## + Remuneration Payment for Senior Management +

In 2024, the total amount of remuneration paid by President Chain Store Corporation to senior executives accounted for 0.44% of the Company's net profit after tax. For relevant information on remuneration, please refer to pages 27-28 President Chain Store Corporation's 2024 Annual Report.

Annual Ratio of Total Remuneration	Difference in Annual Ratio of Total Remuneration
55.09%-110.18%	-1.03%

(Note 1) Definition of denominator: The median salary of all employees is calculated based on the median disclosed by the Company in the current year in accordance with the provisions of "Taiwan Stock Exchange-Non-Supervisory Full-time Employee Salary Information," and is used as the denominator of the two indicators above.

(Note 2) Definition of numerator: The annual total remuneration of the highest paid individual in the organization is calculated based on the "Range of Remuneration for Directors" disclosed in the Company's annual report. The difference in the total annual remuneration of the individual is also estimated this way.

(Note 3) The employee structure was adjusted during the year due to the retirement of senior high-paid employees and increase of new employees. As a result, the median salary has decreased with a negative ratio.

## Ethical Corporate Management

Ethical management is one of the most significant guiding principles for President Chain Store Corporation. President Chain Store Corporation established its "Ethical Corporate Management Practice Team" under the Board of Directors, as well as drafting the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Ethical Corporate Management Operating Procedures and Code of Conduct" to serve as the base for promoting ethical corporate management within the Company, as well as being incorporated into employee personal performance evaluation that is linked to their salary. Any violation of ethical corporate management will result in a 5% to 45% reduction of year-end bonus (part of employee salary) depending on the severity of violation, or even demotion with a direct impact on the employee remuneration. Moreover, the status of the Company's performance is disclosed on our official website and in the annual report each May. There was no incident of corruption, bribery or event that violated the Fair Trade Act, conflict of interest, money laundering and insider trading in 2024, nor was there political

donation. The amount of political donation in 2024 was zero. In view of the principle of zero tolerance for corruption, the "President Chain Store Corporation Anti-Corruption and Anti-Bribery Policy" <sup>(Note)</sup> will be formulated in 2025 to require all stakeholders to comply with relevant regulations.

### Ethical Corporate Management Practice Team



### The Results and Plans of Promoting Ethical Corporate Management

President Chain Store Corporation raises awareness of ethical corporate management through a monthly publication, featuring cases or reminders collected by the Ethical Corporate Management Task Force to promote the concept and policy of ethical corporate management, including labor safety, work and food safety regulations, Fair Trade Act, Personal Data Protection Act, etc. Education and training on the topic of ethical corporate management applies to all President Chain Store Corporation employees, including store managers, with certain courses expanded to management of affiliated companies. To help employees fully understand how to use the whistleblowing channels, all staff receive relevant training either during new employee orientation or through the QA and Ethical Corporate Management Certification program. In terms of external collaboration with suppliers, we have formulated ethical corporate management clauses to ensure ethical corporate management from suppliers. In 2024, a total of 198 supplier contracts and raw material supply agreements, as well as a total of 1,019 procurement contracts were signed. The signing rate of ethical corporate management and CSR-related clauses in the aforementioned contracts is 100%.

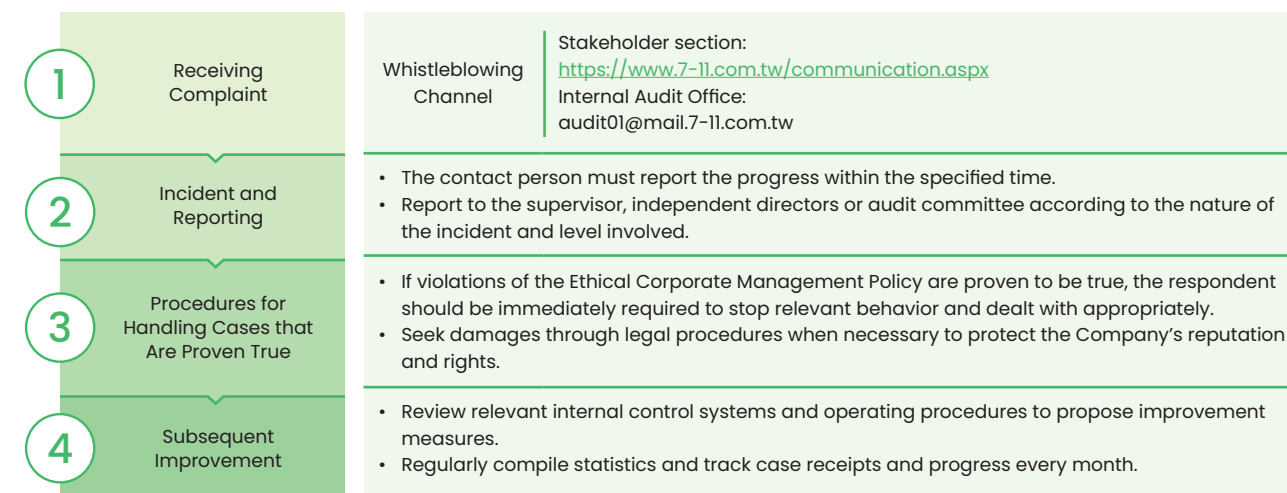




### Ethical Corporate Management Grievance Channels

In the event of violations of ethical corporate management, employees can also offer feedback and suggestions to management through the Integrated Services Center, e-mail, dedicated stakeholder section on the official website and the internal proposal system. If an incident violating ethical corporate management is discovered by external stakeholders, they can report the incident through the dedicated hotline set up by President Chain Store Corporation's Internal Audit Office and Integrated Services Center, or the hotline and stakeholder section of our website. Company personnel who handle relevant reports shall keep the identity of the whistleblower and the details confidential, as well as a zero tolerance policy for retaliation, with a commitment to protect whistleblowers from any mistreatment as a result of the act.

After stakeholders send their feedback by e-mail through our website, messages are passed directly to the dedicated unit, which is then required to update the status of the case within a specified time frame. The flow chart for handling and investigating complaints is as follows. President Chain Store Corporation keeps track of the number of reports as well as the progress each month. In 2024, a total of 1,381 cases were raised in the stakeholder mailbox, with the total number of cases decreased by 94 compared with the same period last year.



### Fiscal and Tax Governance

President Chain Store Corporation actively opened new stores in 2024 as an attempt to create sustainable economic value, driving growth through the integration of strategies for online and physical businesses to respond to rapidly changing market demands and consumer behaviors. President Chain Store Corporation's operating performance grew by 6.58% compared to last year, and it continues to set new highs. Please refer to the President Chain Store Corporation [individual financial statement](#) and [consolidated financial statement](#) available on the Market Observation Post System.

#### Direct Economic Value Distribution

Item (Unit: NT\$1,000)	2023	2024
Operating costs	130,995,405	139,489,979
Employee wages and benefits	8,287,780	8,627,124
Payment to investors	9,946,016	10,150,751
Payment to government	1,711,691	4,203,374
Community investment	26,865	26,865

(Note) Direct economic value distribution data comes from individual financial statements.

## 2.2 Risk Management

The Company's ability to respond to and deal with risks has been an important key to its continued growth and stable operations. President Chain Store Corporation is committed to maintaining a comprehensive risk management system that includes the Group's organization and subsidiaries in the scope of risk management. The Company aims to control various risks that may affect corporate operations through the risk management mechanism, as well as the integration of such mechanism into operating activities and day-to-day management. To further ensure the effectiveness of corporate risk management and align with international standards, President Chain Store Corporation has set up an independent unit to conduct internal audits on the risk management process, and introduced the ISO 31000:2018 risk management system in 2024 to develop awareness of corporate risk management through education and training. The incorporation of management system will subsequently be evaluated for the possibility of entrusting a third party to perform external audits of risk management. In order to achieve a culture of full employee participation in risk management, classroom and online risk management courses have been scheduled for 2025 to improve the risk management capabilities of all employees. For relevant training hours and information, please visit the official website.

### Risk Management Structure

The Company's Board of Directors is the highest risk management unit that is responsible for approving risk management policies and structures to ensure the effectiveness of risk management. The Risk and Cybersecurity Management Committee is affiliated to the Board of Directors with the "Risk Management Execution Office" underneath that is a cross-departmental risk management decision-making. It exercises its powers independently of other business functions and operating activities, with the Executive Vice President of the Supportive Service Group serving as the convenor. Task forces have been set up under the execution office for overall risk monitoring, assessment and measurement for President Chain Store Corporation, integrating and managing various strategic, operational, financial and other potential risks that may have an impact on the operations and profits, as well as regularly reporting to the Risk Management Execution Office. Annual plans and implementation results are submitted to the Board of Directors after discussion by the Risk and Cybersecurity Management Committee.

### + Three Lines of Defense Model for Risk Management +

President Chain Corporation developed its risk management system and control processes following the three lines of defense model. The first line of defense is for each business unit to review risks regularly (at least twice a year) with risk management units (including risk identification, monitoring and feedback), as well as monitoring and tracking crisis or relevant risks (see Chapter: Crisis Management) to ensure effective risk control. The second line of defense consists of risk management units, including the "Risk and Cybersecurity Management Committee" and the "Risk Management Execution Office." They are tasked with supervising risk management policies and implementation, coordinating and promoting cross-organizational risk management and control plans, as well as regularly reviewing and proposing suggestions for improvement <sup>(Note 1)</sup>. The third line of defense are the internal audit units, including the Audit Office and the Audit Committee. The former conducts audits on the overall systemic risk assessment processes, while the latter is responsible for reviewing internal audit reports and evaluating the effectiveness of the policies and procedures of the internal control system <sup>(Note 2)</sup>. The three lines of defense work together to form a comprehensive risk management structure, ensuring that President Chain Store Corporation can effectively respond to various risks in a changing environment.

(Note 1) The Risk Management Execution Office is responsible for reviewing the Company's risk exposure, reporting the status to the Risk and Cybersecurity Management Committee through regular meetings, and reporting to the Board of Directors annually on the risks identified and assessed, as well as the monitoring and feedback of each unit.

(Note 2) The Internal Audit Office conducted an internal audit of the overall risk management process in May 2025 in line with the internal audit system, audit the risk assessment process (including risk review, exposure review, etc.), as well as issuing an audit report. It is expected to be conducted regularly (at least once every two years) in the future to ensure effective risk control.

