

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



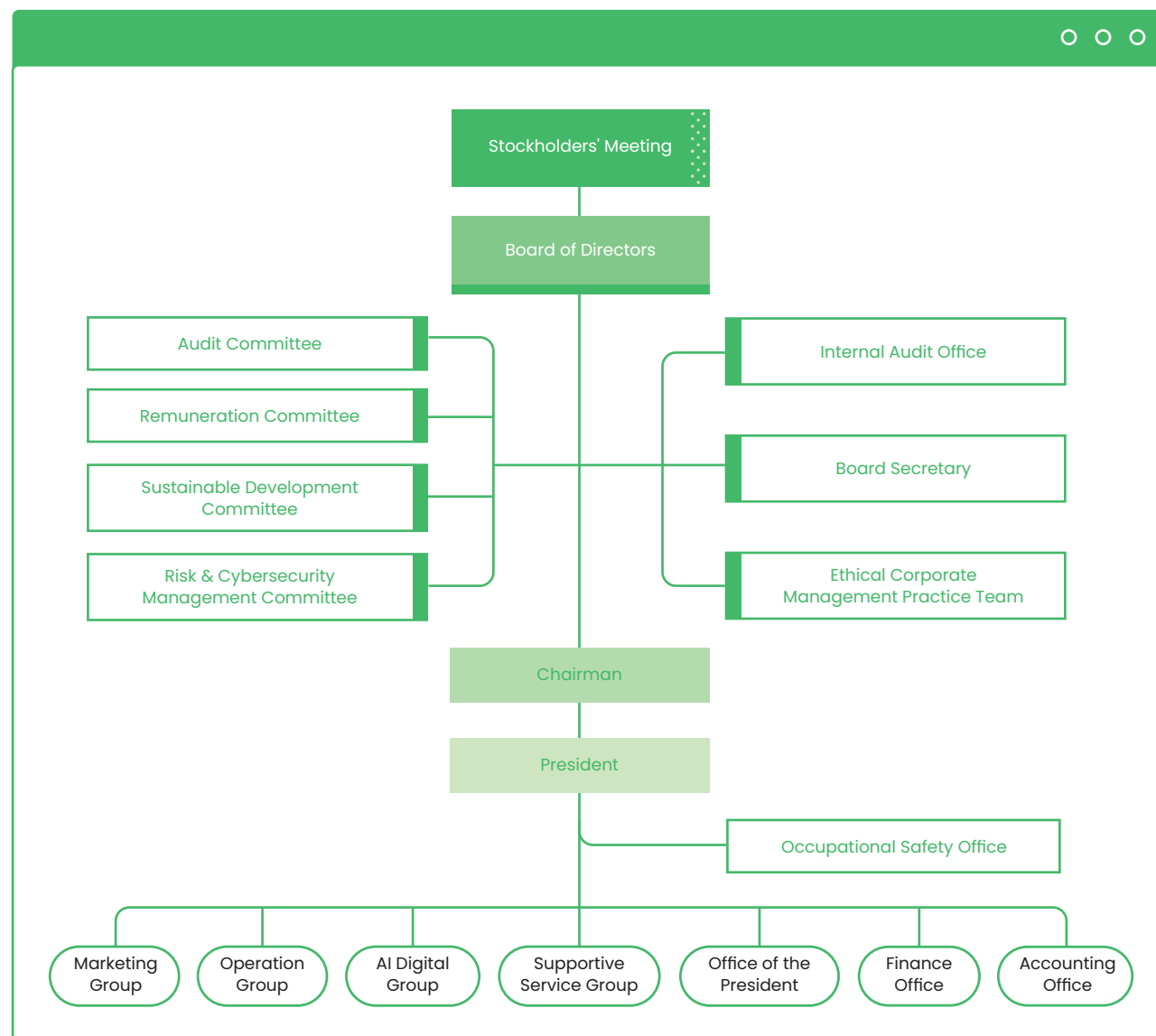
The consolidated revenue hit record high at **NT\$337,932,397** thousand, with **NT\$13,741,439** thousand in net profits that exceed the record of the previous year

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^(Note 1). 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^(Note 2). 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^(Note 2).

(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^(Note). 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" ^(Note) 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

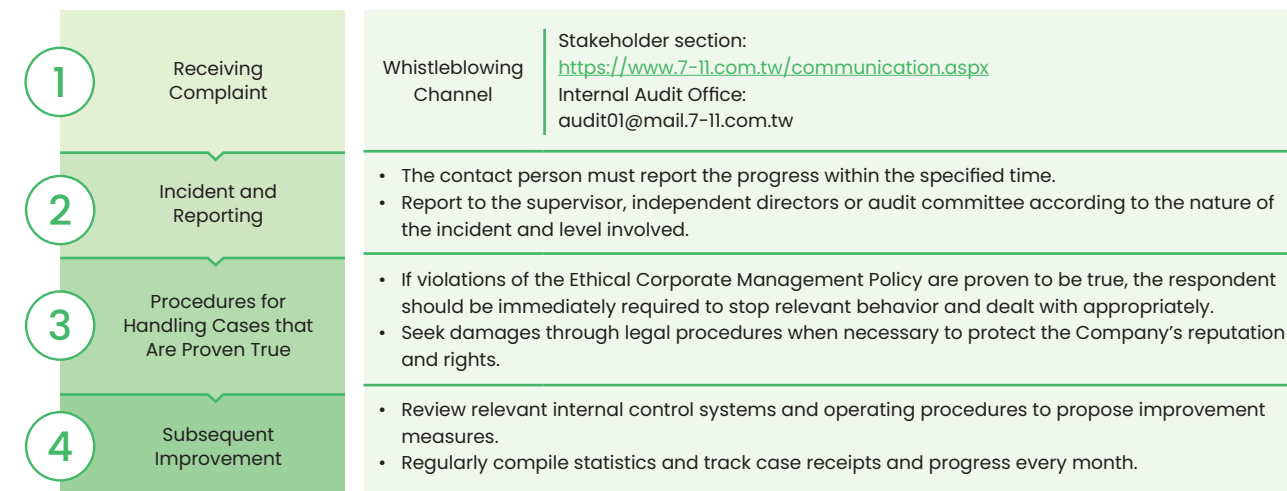
President Chain Store Corporation raises awareness of ethical corporate management through a monthly publication, featuring cases or reminders collected by the Ethical Corporate Management Task Force to promote the concept and policy of ethical corporate management, including labor safety, work and food 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

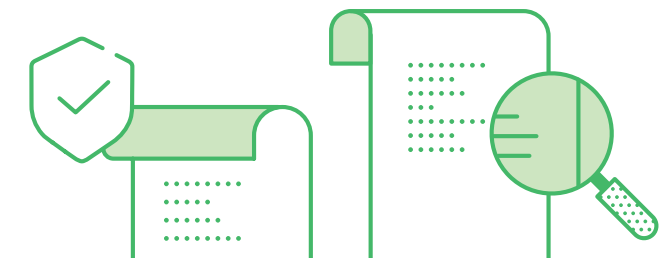
The Company's Board of Directors is the highest risk management unit that is responsible for approving risk management policies and structures to ensure the effectiveness of risk management. The Risk and Cybersecurity Management Committee is affiliated to the Board of Directors with the "Risk Management 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 ^(Note 1). 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 ^(Note 2). 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.





Risk Identification	Risk Analysis and Measurement	Risk Monitoring and Response	Risk Report
Each unit should identify risks associated with their tasks based on risk management policies and procedures, including strategic risks, operational risks, financial risks, information risks, legal compliance risks, integrity risks and other emerging risks (such as climate change or infectious diseases).	All risks that have been identified should be assessed based on the "Table of Impact Degree Judgment Criteria" to analyze the cause and negative impact on the Company, as a reference for formulating subsequent corresponding measures.	Based on the result of risk analysis, relevant personnel of each unit plan and implement risk response measures requiring prioritization, as well as serving as a reference for each operating unit to formulate and select improvement measures in the future.	Regularly summarizing the status quo of risk management and control to report to the Risk and Cybersecurity Management Committee and the Board of Directors.

Risk Identification and Ranking

President Chain Store Corporation's scope of risk management includes but is not limited to operational risks, market risks, financial risks, compliance risks, climate risks and other risks that may cause significant losses to the Company. When identifying risks, each business unit analyzes the sources of risks (such as disasters/infectious diseases, contracts/laws, financial conditions, personnel behavior, asset losses, quality, supplier operating conditions, etc.) and their potential impacts (such as finance, production/products and services, personnel, reputation and image, etc. to understand all potential types of risks. The types of risks and responsible units for management and implementation are as follows:

 Financial Risks	Description	Risks associated with financial operations, including investments, loans, etc.
	Risk Management Measures	President Chain Store Corporation's Finance Office takes laws, policy and market changes into consideration when formulating various strategies, processes and indicators, regularly analyzing and assessing changes of relevant risk and taking appropriate countermeasures to reduce the Company's overall potential risks. President Chain Store Corporation also continuously reviews and updates the cash flow forecast in order to adjust the cash level in a timely manner following the pandemic situation to ensure liquidity.
	Dedicated Unit	Finance Office

 Compliance Risks	Description	Risks associated with legal or contractual relationships.
	Risk Management Measures	Based on the functions, all departments and business units analyze and assess major domestic and foreign policy, law and technological changes and adopt appropriate countermeasures to reduce potential operational risks in the future. Moreover, President Chain Store Corporation also has an inter-division Regulation Identification Committee that regularly holds "Regulation Identification Meetings" to keep abreast of the latest changes to laws and regulations so as to be able to adopt appropriate countermeasures. Additionally, each unit's supervisor also sets up a "Crisis Management Task Force" to effectively control and manage any potential or current market risks or crisis.
	Dedicated Unit	Various business units/Regulation Identification Committee/Crisis Management Task Force

First Line of Defense

Each business unit: Each business unit reviews risks regularly in line with its responsibilities, conducts risk review regularly with risk management units, as well as monitoring and tracking crisis or relevant risks as needed.

Second Line of Defense

Risk management units: supervising risk management policies and implementation, analysis and evaluation, control and processing, monitoring and review, information communication and reporting, etc.

Each department

- Conduct risk management based on management responsibilities
- Execute risk identification and assessment
- Implement monitoring and feedback operations

Overall Risk Management

Supportive service group – Executive Vice President

Risk management executive
head of the legal department

Department heads
department employees

Department heads
department employees

Department heads
department employees

Commitment to and support
Monitoring and facilitation

Task forces

Collection and analysis
A culture of engagement

In line with the Risk Management Best Practice Principles for TWSE/TPEx Listed Companies, half of the members and the Chair of the Company's Risk and Cybersecurity Management Committee are independent directors.

Risk Management Execution Office

Bi-annual report

Risk and Cybersecurity Management Committee

Annual report of progress

Management

Board of Directors

Third Line of Defense

Independent audit units: conducting audits on the overall systemic risk assessment processes, as well as reporting regularly to the Board of Directors.

Implementation of risk management system

Review of effectiveness

Audit Office

Audit Committee

Report of overall internal control

To create a culture where all members of the Company are actively engaged in risk prevention, President Chain Store Corporation employees at all levels have their own roles and responsibilities: the head of the Supportive Service Group commits to and supports the Company's overall risk management policy, as well as serving as or appointing the CEO of Risk Management (head of the Legal Department) to be responsible for supervising and promoting the strategies from the Risk Management Task Force. The Risk Management Task Force is in turn composed of department heads and employees for risk assessment and identification, as well as reporting the results of the risk treatment plan.

Risk Management Processes

The Risk Management Execution Office identifies, analyzes, measures, monitors, responds to, reports risks based on the risk characteristics and impact levels compiled by each task force, as well as improving response measures. The processes are as follows:

Food Safety Risks	Description	Risks caused by poor quality or risks of loss caused by product safety.
	Risk Management Measures	President Chain Store Corporation attaches a great deal of importance to consumer health and safety and has made food safety its top priority while continuing to invest each year to ensure rigorous quality control. Food safety risks can have a serious impact on the Company's image as well as income and profits. To this end, a product safety process control mechanism has been set up to enhance management of the supply chain as a long-term effort on the part of the Company. The countermeasures are listed as follows: 1. Establishing the Merchandise Safety Committee and holding regular meetings to discuss topics such as government laws and regulations, contract manufacturers and supplier assessment deficiencies, product safety information, food safety testing programs and implementation progress. 2. Establishing the Product Safety Information Collection and Inventory Tracking Operational Standards, collecting own product safety information and setting up inventory and tracking procedures to ensure the safety of our products. 3. With measures such as contractual cooperation, production site management, ingredient tracing mechanisms and systems, supplier grading, management and on-site assessment system, distribution centers and periodic store checks, as well as occasional sampling of raw materials and finished products, we continue to stay on top of the entire supply chain from production to store in order to set up a food safety net for our consumers.
	Dedicated Unit	Operations Group/Marketing Group

Franchise Risks	Description	Risks caused by franchise owners' operations.
	Risk Management Measures	To keep individual stores growing and the overall operations of the Company stable, President Chain Store Corporation continues to optimize its franchising mechanism, improving the remuneration to franchisees, and keeping franchises in good order as countermeasures.
	Dedicated Unit	Operations Group/Marketing Group

Information Security Risks	Description	Risks such as major information system downtime and hacking incidents.
	Risk Management Measures	President Chain Store Corporation takes stock of information and communication systems and services, assesses their management and technical vulnerabilities, as well as the types of threats they may face, the degree of impact and the probability of occurrence to invest in protection resources for risk management and control in line with the value and impact they bring to the Company's operations. It continues to strengthen the information security risk management and control mechanism to reduce the threat of external hackers and internal human error, as well as building an information security management system that complies with laws and regulations to protect consumers' personal information and the Company's business secrets.
	Dedicated Unit	Cybersecurity Execution Office

Risk identification and prioritization are conducted using a dual-axis risk matrix. The X-axis represents the impact level (I) of the risk, rated on a scale from 1 to 5; the Y-axis represents the likelihood of occurrence (L), also rated from 1 to 5. The risk level (R) is calculated by multiplying the two scores. This serves as the standard for assessment. Scores are assigned to various risks, such as financial, food safety, franchising, and regulatory risks, and ranked according to the potential impact and consequences they may have, thereby highlighting the severity, likelihood, and significance of each risk to the Company.

Risk Matrix

The risk acceptance value is 14 (can be adjusted if necessary)			Level of Severity				
			Insignificant	Low	Moderate	High	Extremely High
			1	2	3	4	5
Likelihood	Extremely high	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Extremely low	1	1	2	3	4	5

Residual Risk Status :	insignificant	Low	Moderate	High	Extreme High
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(Note 1) Level of severity (I) indicates the impact of a risk event on the Company, with 1 being insignificant and 5 being extreme high.
(Note 2) Likelihood (L) indicates the probability the incident will occur, with 1 being extremely unlikely and 5 being extremely likely.
(Note 3) When conducting the assessment of the level of risk (R), the residual risk under the existing control measures is taken into consideration. If it is higher than 14 points (red block), it represents extremely high risks.

Relevant units will implement prevention and improvement measures for each level of risk. When the risk level (R) is higher than 14 points, the impact on the Company's operations will be more significant, so this score is adopted as the risk appetite. If risks above this level occur, relevant units should promptly respond and improve. None of the 76 risks assed this year exceeds the risk appetite. Therefore, the top three risks were selected. After review and adjustment by the head of the Risk Management Execution Office, the top three risks in 2024 were labor shortage, operational and food safety risks. The relevant risk appetite and mitigation measures are explained as follows:

Risk	Risk level (R)	Mitigating and Response Measures
Labor shortage risk	8	The aging population and declining birthrate have led to a shortage of manpower in the service industry, making recruitment difficult. As a result, some franchise stores have encountered operational difficulties due to the shortage of manpower, resulting in an increase in the number of contract terminations compared to last year. In order to stabilize the proportion of franchise stores, franchise owners have been encouraged to operate multiple stores in close proximity in recent years, so that store partners can cover multiple stores to reduce operating costs. The following countermeasures have been taken: (1) Encourage franchise owners to operate multiple stores in the same area to improve manpower efficiency. (2) Increase the proportion of new franchise owners and encourage them to recommend good employees to become franchise owners. (3) Reduce operating costs and increase store profits. (4) Assist stores with no operating opportunities to be combined with suitable stores. (5) Increase education, training and management to improve operational ability and sales.
Operational risk	3	Logistics and distribution have not been expanded in response to the growing number of stores, resulting in delayed delivery schedules. Continuous store expansion will increase the number of stores that each logistics center is responsible for, resulting in insufficient inventory and storage space for goods. When there are large shipments of new products or activities, store delivery delays and complaints will arise, increasing waiting time or loss of business opportunities. In recent years, plans have been made to expand logistics parks to increase logistics capacity, as well as increasing logistics personnel and transportation methods to avoid delivery delays through diversified recruitment and collaboration channels.
Food safety risk	2	If raw material manufacturers do not meet food safety standards or laws, food safety risks will arise, affecting the normal supply of raw materials and store operations. At present, relevant departments hold monthly meetings to confirm the latest situation, regularly conduct training on food safety-related information, and establish emergency food safety reporting procedures and other measures to ensure a stable supply of raw materials and reduce risks.

+ Emerging Risks +

In order to stand firm in the fast-changing food retail industry, President Chain Store Corporation places great importance on significant social, economic, and environmental trends to better control risks that might affect the Company's profits and sustainable operations. President Chain Store Corporation has integrated the way we identify and respond to emerging risks into our risk management structure. Emerging risks that have been identified are as follows:

Social – employment and life crisis

Emerging Risk	Future Impact
Changes in the demographic structure According to the statistics published by the Ministry of Interior for 2023, only around 135,000 babies were born, hitting the all-time low with 3,415 fewer than 2022. The low birth rate and an aging population are expected to lead to a reduction in the working age population and an aging consumer group in the next few years.	The impact of different product structures and services required by the elderly consumer group President Chain Store Corporation refers to the population estimation released by the National Development Council, and the information provided by government agencies such as the aging society and utilization of human resources to conduct scenario analysis, predict future population changes, and estimate the impact on the human resources and customer base of the stores in the medium and long term. As high labor input is vital for ensuring stable operations of the stores and high-quality logistics operations, President Chain Store Corporation will suffer from a decreasing workforce. In addition, an aging society will also lead to changes in the main consumer group. Therefore, President Chain Store Corporation may experience the impacts listed below as a result of this risk: 1. Impact on talent recruitment and personnel costs 2. The impact of different product structures and services required by the elderly consumer group
Countermeasures 1. Plan to collaborate with colleges to develop diverse employment channels, and establish a human resources recruitment platform to integrate resources for store/logistics personnel recruitment. 2. Create a local recruitment mechanism to increase the recruitment of middle-aged and elderly partners, and propose flexible work arrangements to rearrange the work processes for middle-aged and elderly partners. 3. Plan to introduce various AI intelligence and labor-saving tools in stores, such as AI ordering system, self-checkout machines and self-service coffee machines, to achieve the goal of saving labor and personal costs as well as meeting the needs for the workforce. 4. Focus on developing products for the elderly and introduce the Veggie Section compound store. 5. Evaluate the age-friendly store design to provide a friendly environment for consumption.	

Economy – inflation slowing down

Emerging Risk	Future Impact
Global economic uncertainty International political turbulences, geopolitical tensions, changes in trade tariff policies, energy price fluctuations, extreme climate events and other factors have brought instability to the global trade market and economy, leading to inflationary pressures, labor shortage and supply chain instability. Taiwan's economic growth rate was 4.59% in 2024 and is expected to drop to 3.14% in 2025. The slowdown in economic growth and the increase in Taiwan's utility rates due to international energy price fluctuations have an impact on overall consumer confidence.	The product structure of President Chain Store Corporation mainly includes food, supplies and services. Under the global economic uncertainty, the following impacts may occur: 1. Labor shortage risk leads to supply chain uncertainties: Power shortage may lead to reduced efficiency in supply chain production, processing or transportation with an impact on supply stability and product prices, operating costs, and thus reducing profits. 2. Decline in consumer confidence: The economic slowdown may have an impact on consumer behavior. Consumption may decrease with a direct impact on President Chain Store Corporation's operating income. It is crucial to develop innovative products and enhance brand management to maintain revenue, for example Star Rated Cuisine, Veggie Section and Ohlala and other fresh food products co-branded with 5-star hotels/well-known restaurants to create appeal. 3. Energy price increase: Leading to increased electricity and logistics costs in stores, reducing operating profits.

Economy – inflation slowing down

Countermeasures

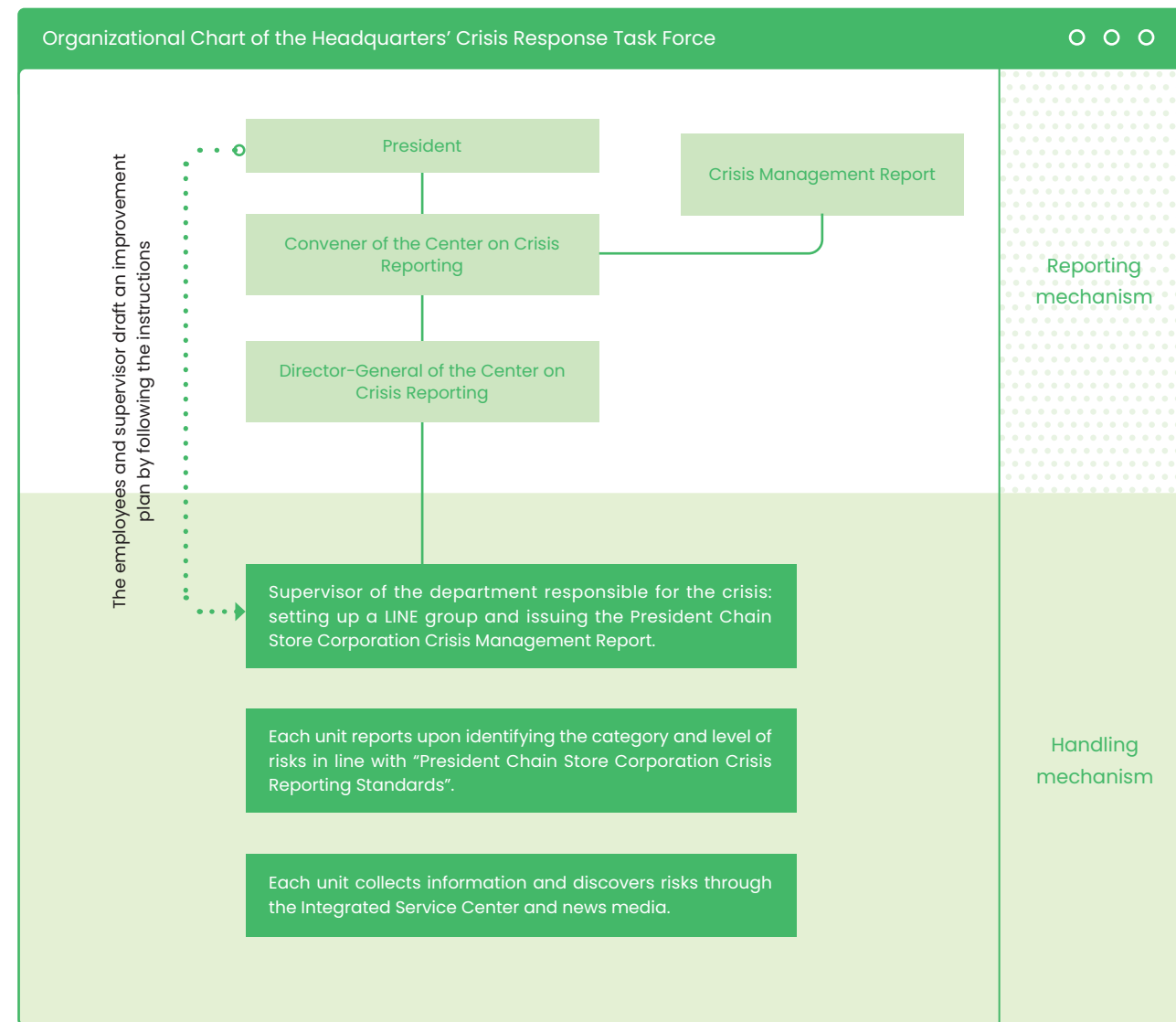
1. Engage with multiple suppliers to improve bargaining power, ensuring supply chain stability and reducing the risk of product shortage.
2. Integrate companies in the Group for joint purchases that will lower the costs to maintain price competitiveness.
3. Replace energy-saving equipment in the stores, such as energy-saving light bulbs, refrigerators, etc., to cope with the risk of electricity price hikes.
4. Continue to develop innovative products and new brands, such as Star Rated Cuisine, Veggie Section and Ohlala. Fresh food selections are launched in collaboration with 5-star hotels/well-known restaurants to enhance the sense of value and satisfy consumers' needs for eating out.

Technology – online transaction security

Emerging Risk	Future Impact
As the scale of e-commerce continues to grow over the past few years, many e-commerce operators face information security challenges and prone to frauds and vulnerabilities in information security. Scammers may hack into their databases to steal personal information and transaction records. For example, they may call consumers with a fake number that looks like that of the e-commerce or bank customer service hotline. Scammers use fraudulent tactics such as "cancelling installment payment," "repeated deductions" or "VIP upgrade" to con victims into transferring money from ATM machines. Moreover, consumers may fall victim to "one-page website scams." Scammers might also take advantage of social media to con consumers into providing bank information with excuses such as being unable to place orders. These tactics have an impact on consumers' trust in e-commerce platforms, ultimately changing their buying decisions and spending. This in turn puts pressure on the Company's image and revenue, affecting its ability to achieve its targets.	As scams evolve with each passing day, consumers have doubts about information security on e-commerce platforms with a direct impact on their consumption patterns and decision-making processes. Due to concerns about the safety of personal data, consumers may reduce the frequency of online shopping. This poses a fundamental challenge to President Chain Store Corporation, which has already expanded into the domain of e-commerce. President Chain Store Corporation's e-commerce platforms such as iOPEN Mall, 7-ELEVEN iPre-order (convenience store in e-commerce), iGroup-buying and other digital services may suffer from the following potential impacts: 1. Consumers have doubts about information security protection of e-commerce platforms, which leads to a declining interest in making online purchases with a direct impact on the platform's sales and profits. 2. If an e-commerce platform suffers from a cybersecurity incident such as a hacking or data leak, the e-commerce platform will not only have to bear huge compensation and repair costs, but may also face severe penalties from the competent authorities, including fines, suspension of business, etc., with a serious impact on the corporate image and operations.
Countermeasures To cope with the increasing number of online transactions and various new online scams, the Company will not only continue to actively prevent fraud but also prevent fraud crimes through public-private cooperation, building an anti-fraud safety net to effectively ensure the safety of people's property. The Company's e-commerce platforms have actively implemented a number of relevant measures, including but not limited to: 1. Adding clear anti-fraud slogans on the homepage, regularly sending anti-fraud messages and emails to remind consumers to be mindful of scam messages. If they can't place an order, they can instantly verify the contact information of the customer service department. 2. Anti-fraud notices and anti-scam messages are put in place when products are put on the shelves with details of scam tactics. 3. Making customer service more available by extending the hours to 21:00. 4. Blocking the internal chat system from displaying QR codes or external links, as well as scam keywords.	

Crisis Management

In addition to managing risks, President Chain Store Corporation has also set up a comprehensive dedicated risk management unit and SOP for dealing with crises to minimize potential losses. The Company drafted the “President Chain Store Corporation Crisis Management Mechanism” to minimize losses caused by crisis. The mechanism means that each unit receives and collects public opinions against President Chain Store Corporation through the Integrated Service center, franchisee feedback app, news and other channels, as well as reporting based on the “President Chain Store Corporation Crisis Reporting Standards.” The crisis report is headed by the President, who has the Crisis Reporting Center answering to him, and the executive manager of the Supportive Service Group serves as the convener of the Crisis Reporting Center. The type and level of crisis is determined by employees of the department in charge and reported to the supervisor, who will then escalate through a crisis reporting sheet. All departments involved will set up a review team (LINE group) for the crisis for prompt response and discussion. Subsequently, all departments involved will make improvements and provide responses to the crisis to avoid recurrence. We review the crisis management process with strict mechanisms to consolidate the operations of President Chain Store Corporation from occurrence, handling to external response to crisis events.



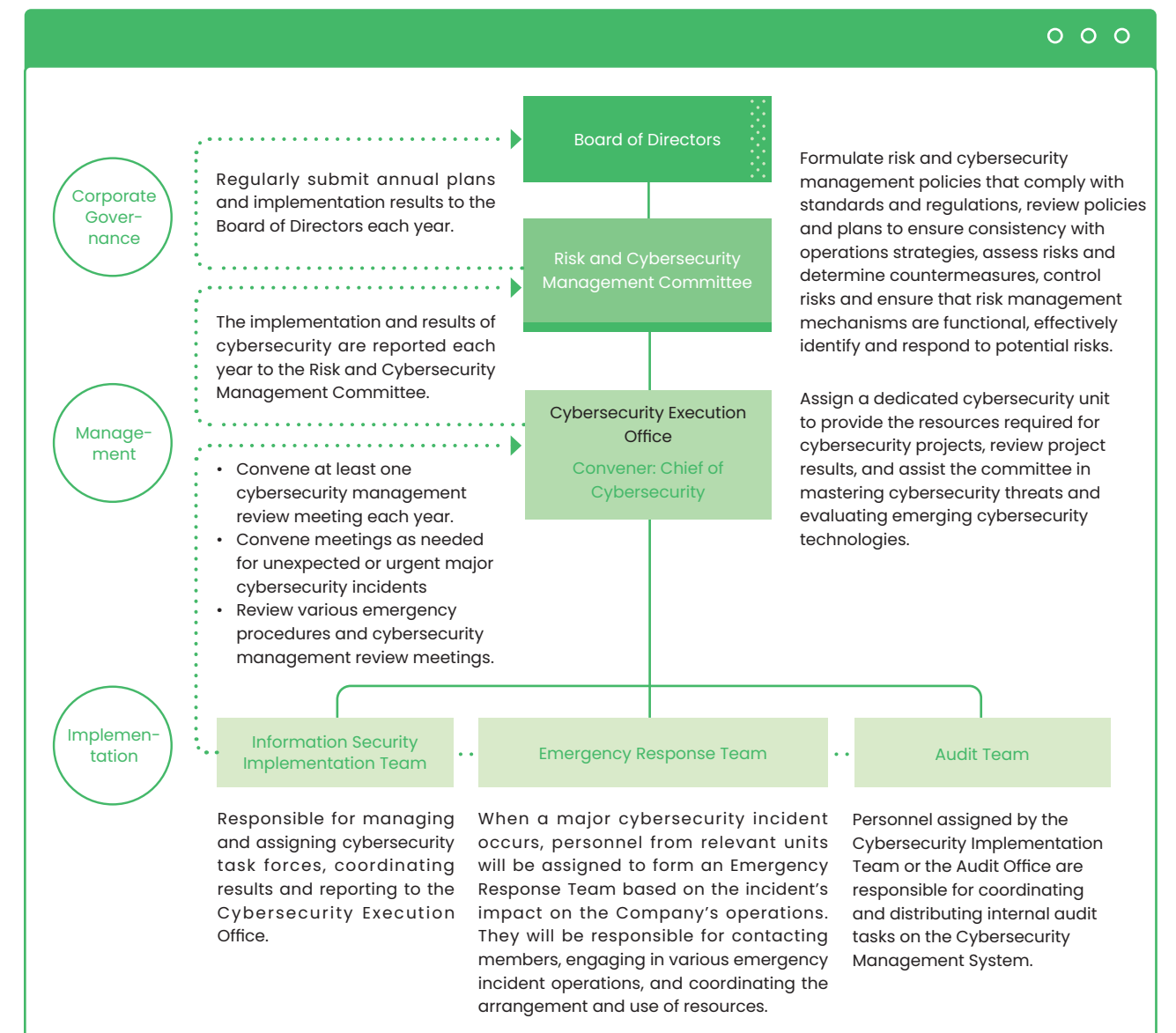
2.3 Information Security and Privacy Protection

President Chain Store Corporation takes advantage of the power of digital technology to make consumers' lives more convenient. To this end, it provides customers with cash flow, logistics and information flow services with digital tools such as the 7-ELEVEN online shopping site, ibon, OPEN Wallet, icash Pay, icash 2.0, OPENPOINT app (including iGroup-buying® and iPre-order) and MyShip. This allows consumers to make the most of President Chain Store Corporation as the base and service center for everything in life.

+ Cybersecurity Execution Office +

The “Cybersecurity Execution Office” is the highest decision-making unit for President Chain Store Corporation’s information security management. It was originally under the “Sustainable Development Committee,” and moved under the “Risk and Cybersecurity Management Committee” in 2023 with the Chief of Information Security as the convener. Previously known as the Cybersecurity Committee, it was renamed as the Cybersecurity Execution Office in December 2024. The “Information Security Implementation Team,” “Emergency Response Team” and “Inspection Team” under the committee hold at least one review meeting a year, with the convener regularly reporting the implementation and results of information security implementation to the Risk and Cybersecurity Management Committee ^(Note).

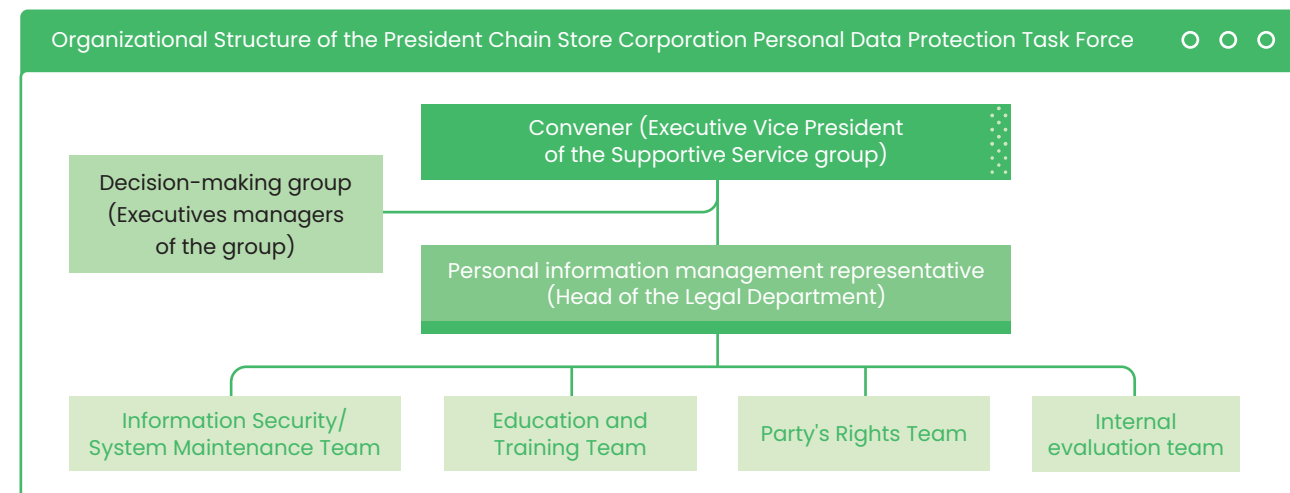
(Note) The policies, specific management plans and resources invested of the Cybersecurity Execution Office can be obtained from [the Company website](#).



+ Personal Data Protection Task Force +

President Chain Store Corporation uses customer data for non-primary collection purposes, which include marketing or communications with customers in compliance with laws and with the consent of customers. We comply with relevant government regulations and information management principles to ensure that the acquisition and use of data must be within the scope of authorized data established by the Company, adopt appropriate technical and organizational security measures, and preserve data strictly in highly secure and stable data storage systems to fulfill the confidentiality obligations of personal data of customers and investors. In 2024, the proportion of customer personal data used by the Company for marketing and communications totaled at 99.5%. Digital technologies involve a lot of customers' personal data. President Chain Store Corporation set up a special task force, reporting mechanism, as well as conducting training and internal audits to ensure the protection of consumers' personal data.

The "Personal Data Protection Task Force" is a cross-departmental task force that regularly performs personal data inventory, risk analysis, internal system review, notification and revision, data destruction, education and training. The task force presents the final results of the previous month in the monthly report. Education and training are systemized with courses and forums for new employees to pass tests and senior employees to finish courses online with a 100% completion rate for internal training. In order to enhance the awareness and expertise of all employees regarding cybersecurity, we regularly publish cybersecurity e-newsletters to share the latest trends in cybersecurity, information on threat and protective measures. In addition to integrating personal data risk management into the overall risk management and audit mechanism of the Company, personal data protection management reports are formulated for each department, as well as adding personal data protection clauses to contracts when working with external suppliers to ensure that all operating units and suppliers comply with the Company's personal data protection policy. President Chain Store Corporation's internal evaluation plan and external verification system can effectively supervise and assist various departments in formulating corrective, preventive or improvement measures for non-conformities discovered during internal evaluations or audits. Records of improvement are equally made and kept. Corresponding penalties are also formulated for employees who violate the Company's personal data management rules. Any violation will be reported to the supervisor and included in the employee's personal performance evaluation and records.



Internal Audit and External Certification

President Chain Store Corporation integrates information security management and control into the overall risk management and auditing mechanism of the enterprise, and further links the annual performance evaluation of employees. Through the internal assessment and external verification system, it can effectively identify risks and supervise various departments to determine non-compliance matters corrective and preventive measures to achieve continuous improvement. For critical information and communication systems, a business continuity plan or regular testing plan (Note) should be conducted at least once a year. In addition to checking the settings of operating systems and network services and evaluating account and password management principles, testing will also cover other related areas to identify vulnerabilities in the information and communication environment. For overall information and communication protection, red team drills are performed to identify the vulnerabilities, as well as immediately implementing

management and technical strengthening measures based on the result to ensure that the security of the information and communication systems meet the requirements of international common standards and best practices.

(Note) Business continuity/regular testing plan include vulnerability scanning and penetration testing, business continuity drills, social engineering drills and red team drills.
(Note) Detailed cybersecurity test results can be accessed on [President Chain Store Corporation's website](#).

Q1	Q2	Q3	Q4
- Vulnerability scanning - Penetration testing	- Business continuity - Planned drills	Red team drill	Social engineering drill

In order to further ensure information security, President Chain Store Corporation first obtained TPIPAS certification in 2014 (Taiwan Personal Information Protection and Administration System). In 2023, the Company updated its certification with the validity period for 2 years. Besides the personal information protection certification, President Chain Store Corporation obtained the updated ISO 27001:2013 international certification for information security regarding the in-store POS system to complete the information security management mechanism. The updated version of ISO 27001:2022 was put in place in 2024.

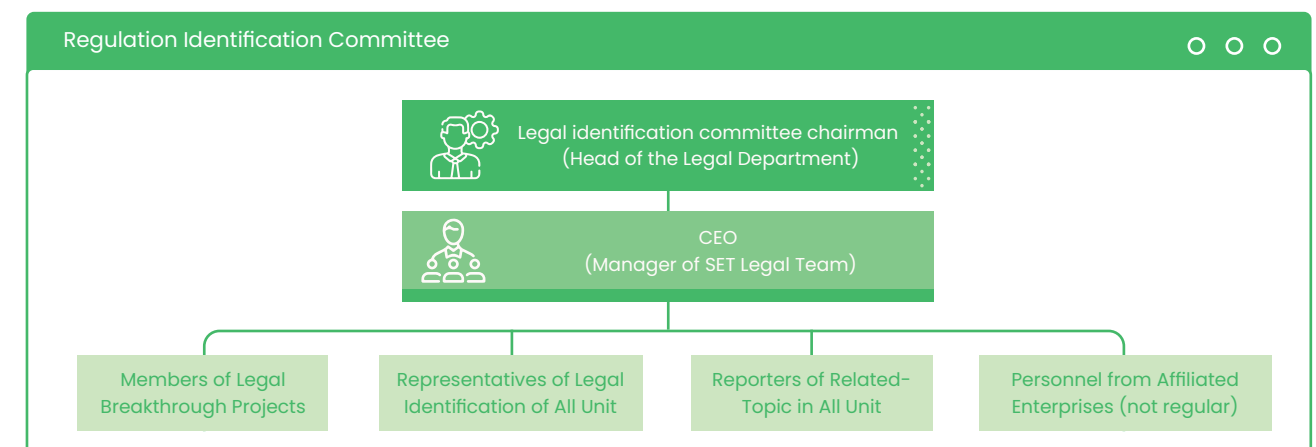
Grievance Mechanism

To provide customers with comprehensive personal data protection, President Chain Store Corporation has also set up personal data issue reporting and contacts that correspond to our various personal data collection channels. In 2024, no complaint was received regarding customer privacy infringement from the competent authority of external parties.

Identity	Personal Data Grievance and Contact
Consumer	Integrated Services Center Tel : 0800-00871 Email : public@mail.7-11.com.tw All President Chain Store Corporation departments have respective contact persons for reporting privacy issues.
Non-consumer	As there are many departments within President Chain Store Corporation, it is impossible to list every point of contact for reporting privacy issues. These points of contact are also responsible for handling and responding to privacy issues. The processed cases will be reported to the Personal Data Task Force for record-keeping.

2.4 Legal Compliance

President Chain Store Corporation has formulated the "President Chain Store Corporation Principles of Legal Control and Breakthrough", stating that the Legal Identification Committee as the guiding body on legal compliance. The legal identification contact is included in each unit to ensure legal compliance in order to stay updated with the trends in legal revision, as well as involving all employees in the identification and countermeasures of risks to ensure the operations of each company organization comply with government regulations.



Legal Compliance Mechanism

With the establishment of the Regulation Identification Committee, President Chain Store Corporation is committed to fulfilling the goals of “legal information reporting,” “regulation identification” and “legal breakthrough.” The Company also set up a cross-unit Regulation Identification Team. In addition to staying updated with legal trends, regular “regulation identification meetings” are held. In 2024, 4 regulation identification meetings were held with a total of 424 new regulations, amended bills or other major legal changes identified. The regulations mainly cover fire safety, labor conditions, fraud prevention, taxes and other relevant regulations, with countermeasures formulated and implemented by different departments.

Aspect	Legal Information Reporting	Regulation Identification	Legal Breakthrough
Target and Mechanism	1 Collect newly revised laws and draft amendments of various central and local government agencies	1 Each unit conducts an impact assessment on the Company's operations based on the laws and regulations collected within the scope of business	1 Evaluate feasible projects for laws and regulations that have a significant impact on the Company's business, and plan for changes in draft laws and regulations that can be implemented in accordance with the Company's needs, including the formation of action units, assignment of tasks, scheduling, etc.
	2 Provide each unit for identification based on its business relevance to the Company	2 Information is provided to each unit in the legal identification meeting based on the assessment result	
	3 Encourage all units to immediately respond to new amendments to laws and drafts	3 Facilitate legal breakthroughs based on bills with impact	2 Set up a new system based on the final result

President Chain Store Corporation actively communicates with its employees on the importance of compliance with laws and regulations. In 2024, the “Essential Labor Regulations for Management Positions” was organized with a total of 326 managers passing, and it was promoted to 15 subsidiaries' heads and senior management. Internal and external cybersecurity courses were arranged for regular employees, including “Cybersecurity Vulnerability Prevention,” “Social Engineering Attack Prevention,” “Cybersecurity and Cyber Crime Vulnerability from the Perspective of ChatGPT Generative AI,” and “Phishing Prevention,” with a total of 3,144 people passing the training. Training regarding regulations included “Common Crimes in Stores and Promotion of the Rule of Law,” with a total of 2,413 people passing the training by 2024. A total of 530 people passed “Advanced Promotion of Ethical Management” in 2024, 314 people passed “Legal Basics”, 43 people passed “Zero Violence in the Workplace,” 60 people passed “Labor Law Training,” and 50,670 people passed “Unlawful Infringement in the Workplace.”

Legal Compliance in 2024

President Chain Store Corporation actively stays updated with various aspects of laws and regulations, as well as adjusting relevant internal systems and business operations accordingly. All Food products sold through President Chain Store Corporation stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include “Regulations on Good Hygiene Practice for Food,” “Food Sanitation Standards,” as well as other relevant laws issued by the Ministry of Health and Welfare. In 2024, issues arose with Shrimp Strips using chili powder containing Sudan dyes, and Melona popsicles failed to meet the regulatory food inspection standards. President Chain Store Corporation was required to remove a total of 7,313.04 kilograms of products from the shelves twice in accordance with the official letter of the competent authority. In addition to complying with the competent authority to remove products from the shelves, President Chain Store Corporation also independently reviews the quality of products sold, as well as

taking the initiative to remove irregular products from the shelves. In 2024, two directly operated President Chain Store Corporation stores received fines for violating Article 15-1 (8. expiry date) of the Act Governing Food Safety and Sanitation for selling expired products. The three incidents accounted for a total of NT\$420,000 in fines. In 2024, President Chain Store Corporation headquarters received fines for 4 cases of franchise stores violating Article 15-1 Act Governing Food Safety and Sanitation. The total amount of fines is currently under calculation. The company is continuously improving its processes to ensure complete and accurate tracking of franchisee fines.

In 2024, President Chain Store Corporation had a total of 12 violations during the year, including six major violations. ^(Note) President Chain Store Corporation paid a total of NT\$2,323,851 in fines. The Company will continue to improve, review and optimize relevant measures to prevent similar incidents in the future.

(Note) The materiality of penalties for President Chain Store Corporation refers to the fines where the amount exceeds NT\$100,000.

(Note) Except for all cases involving violation of the Act Governing Food Safety and Sanitation, the rest are listed as major violations in the table below.

Regulation Violated	Violation	Number of Cases	Total Amount of Fines	Measures for Improvement and Response
Article 15-1 (8. expiry date) of the Act Governing Food Safety and Sanitation	Xieyuan and Big City directly-operated stores violated the Act Governing Food Safety and Sanitation by selling expired products	3	\$420,000	Conduct regular monthly inventory checks of all categories of goods to select and replace goods that are about to expire, and clear out the products which will be expired within the next two months to ensure that the products are removed from the shelves and scrapped in time. The selection process of products delivered daily is enhanced, especially the selection and re-inspection of iLove Food to ensure product quality and freshness. In addition, long-term product inspections will be carried out every three months, and the removal schedule will be marked in the calendar of expired products. Products that expire in the next month will be removed from the shelves and scrapped in advance, and the packaging will be damaged to avoid the risks of accidental sales.
Article 6-3 (2) of the Postal Act	The Company delivered a single letter weighing less than 500 grams, which contained three certificates and one ID badge. It was verified that the package was sent by a seller on MyShip, which violated the Postal Act.	1	\$200,000	When customers use ibon convenience life station to send parcels, a message will pop up to confirm that items weighing less than 500 grams cannot be sent if they are IDs/letters to avoid violating the Postal Act.
Article 15-1 (2) and 30-1 (1) of the Tobacco Hazards Prevention Act	The Company was suspected of selling tobacco products or their components. Although some stores have removed such products after receiving inquiries from the Health Promotion Administration and local Health Departments, they were still considered to be in violation because the product images or names involved e-cigarettes.	4	\$1,600,000	1. Continue to raise awareness of current regulations for sellers, especially regarding the sales and delivery of prohibited products (such as e-cigarettes). Sellers are reminded through pop-up windows that they will face the consequences of compensation if they violate the shipping regulations. 2. Identify and block prohibited products through existing keyword blocking and weekly manual review. In the meantime, external AI technology is sought to identify product photos better to replace a portion of manual reviews to help with sellers that deliberately try to find loopholes. President Chain Store Corporation also actively develops keyword verification tools to reduce such risks. 3. If products listed by the seller violate the platform's terms of service, the platform will immediately remove the content and file a lawsuit for compensation in accordance with relevant regulations. If necessary, the legal department will help with filing an administrative appeal to protect the legitimate rights and interests of the platform. 4. Regularly review the effectiveness of the platform's mechanism and manual review, and adjust relevant policies in a timely manner in line with market changes.