

# Part 5

## The Cheng Shin Family



### Key Performance

#### TWSE RA Taiwan Employment Creation 99 Index (Taiwan RAFI EMP 99 Index)

- ◆ Selected as one of the constituents of the "Taiwan RAFI EMP 99 Index".

#### Talent Quality Management System (TTQS) - Gold

- ◆ awarded the "Talent Quality Management System (TTQS)-Gold" by the Workforce Development Agency, MOL.

#### Talent Development

- ◆ (Taiwan) 8.84 hours of training per employee.
- ◆ (Mainland China) 19.1 hours of training per employee.

### 5.1 employee Care Policy

As the No.1 tire manufacturer in the Chinese-speaking world and one of the top ten tire manufacturers in the world, Cheng Shin has been developing its overseas business vigorously. In addition to its firm foundation and nearly 5,300 employees in Taiwan and being listed as the "TWSE RA Taiwan Employment Creation 99 Index" (Note), Cheng Shin also promotes overseas development and actively cultivates local talents.

In addition to protecting the basic rights of each employee, we also ensure the physical and mental health of our employees in the workplace through the provision of occupational safety training and special health checks. In addition, Cheng Shin also provides professional training courses and a diversified welfare system for employees, expecting each employee to realize his or her potential in a perfect and friendly workplace and to ensure the continued success of the Company.

Note: The "TWSE RA Taiwan Employment Creation 99 Index" refers to the 99 constituent stocks of listed companies selected by the Taiwan Stock Exchange Corporation and its cooperative organizations from among the listed companies based in Taiwan that employs the largest number of employees. The constituent stocks are screened by the "number of employees" and the weight of the constituent stocks is determined accordingly. For further information, please refer to: <http://www.taiwanindex.com.tw/index/index/EMP99>.

## Cheng Shin Partners

Cheng Shin recruits and hires talent regardless of race, gender, age, religion, nationality or political affiliations. By the end of 2021, the total number of employees in Cheng Shin's head office in Taiwan was 5,262, and the ratio of females to males was 1:5.3. Cheng Shin's operations in Mainland China employed a total of 4,211 employees in Kunshan and Chongqing plants, and the ratio of females to males was 1:2.3. Due to the characteristics of the industry, the proportion of female employees are relatively lower than male employees. More than 82% of the total number of employees were formal employees, and the non-regular employees were all dispatched workers or outsourced workers. There were 66 employees with physical and mental disabilities in Taiwan region, which represents 1.25% of total employees, and in line with legal requirements.

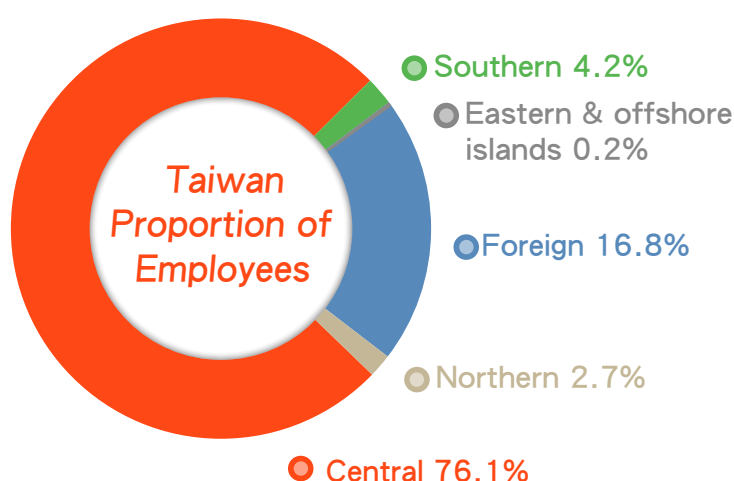
Cheng Shin's employees, including the senior management team, are subject to the Company's fair and rigorous performance evaluation mechanisms, which forms the basis for promotion and rewards. In terms of employment, the Company aims to recruit talents and create a multi-cultural environment, and takes local employment and feedback as the guiding principle.

## Number of Employees

The number of employees by employment contract, gender and region:

Category	Taiwan		Mainland China	
	Male	Female	Male	Female
Formal Employees	4,432	830	2,307	1,139
Non-regular Employees	0	0	626	139
Subtotal	4,432	830	2,933	1,278
Total	5,262		4,211	

## 2021 Employees by Region



## New Employees & Separated Employees

The percentage of new employees in Taiwan was 6.3% and the percentage of separated employees was 18.3% based on the total number of employees at the end of 2021; in Mainland China, the percentage of new employees was 88.0% and the percentage of separated employees was 88.2% based on the total number of employees at the end of 2021. The relatively higher proportion of new employees and separated employees in Mainland China is due to changes in the local labor market and industry environment.

### New employees in 2021 (persons)

Gender	Age	Taiwan	Mainland China
Female	<30	27	337
	30-49	25	335
	50-70	0	0
	Subtotal	52	672
Male	<30	143	1,636
	30-49	135	1,396
	50-70	1	0
	Subtotal	279	3,032

### Separated employees in 2021 (persons)

Gender	Age	Taiwan	Mainland China
Female	<30	60	328
	30-49	57	390
	50-70	6	1
	Subtotal	123	719
Male	<30	391	1,585
	30-49	422	1,410
	50-70	25	2
	Subtotal	838	2,997

## 5.2 Human Rights Policy and Labor-Management Relations

Item	Management Approach
Materiality	Only through the establishment of good labor relations and the improvement of labor conditions while pursuing work efficiency can we create stable and sustainable growth in production capacity and brand value.
Policy/ Commitment	Cheng Shin's working rules
Goals and Targets	Promote harmonious labor-management relations, and create a win-win situation.
Responsibility	Human resources departments, labor unions.
Resources	<ul style="list-style-type: none"> <li>• Organize labor-management meetings</li> <li>• Employee benefits expenses</li> </ul>
Communication Channels	Employee complaint mailbox/hotline
Action Plan	<ul style="list-style-type: none"> <li>• Establish work rules to protect employee rights and avoid forced labor</li> <li>• Establish labor unions</li> <li>• Labor-management meetings</li> <li>• Provides employee benefits that are superior to those required by law</li> </ul>
Effectiveness Assessment	<ul style="list-style-type: none"> <li>• Employee Satisfaction Survey</li> <li>• Selection as one of the constituents of the "Taiwan RAFI EMP 99 Index".</li> </ul>

### Human Rights Policy

It is stipulated in the Working Rules of Cheng Shin that no one under the age of 15 shall be employed as Cheng Shin's employee. During the period from 2014 to 2021, Cheng Shin did not hire any child labor, nor has the Company been involved in any complaint case relating to the employment of child labor. Under the Labor Standards Act in Taiwan, forced labor is prohibited; the same applies to expatriate employees. In addition, in order to protect employees' rights and interests and provide a workplace environment free from sexual harassment, Cheng Shin has also established management mechanisms such as measures to prevent and control sexual harassment, complaints, and disciplinary measures. One of the items under our annual raw material supplier audit also prohibit suppliers from hiring child labor, and their employee recruiting and hiring process should comply with the Labor Standards Act. In 2021, there were no violations by our suppliers.

## Labor Union Organization

To improve working efficiency and working conditions and promote the harmony between labor and management, Cheng Shin has established a labor union according to the local laws and regulations, and all employees are guaranteed by the collective agreement signed between Cheng Shin and the labor union.

As of the end of 2021, the unionization status of employees is as follows: 2,400 employees in Taiwan, accounting for 45.6% of all employees; 3,367 employees in Kunshan (Mainland China), accounting for 77.3% of all employees. The Chongqing plant does not have a labor union, but it is still managed in accordance with regulations and has established a complaint channel to actively protect the rights and interests of employees.

### Percentage of Unionized Employees by 2021

Region	Percentage of Unionized Employees by 2021
Taiwan	45.6%
Mainland China (excluding Chongqing Plant)	77.3%

## Minimum Notice Period

Any adjustment of labor conditions and the annual leave plan of Cheng Shin shall be approved by the labor union. All business activities shall comply with local laws and regulations. Rules for major changes to employees' work are as follows:

In Taiwan, the minimum notice period according to the Labor Standards Act is as follows:

For those who continue to work for more than three months and less than one year, the notice shall be given ten days in advance. For those who continue to work for more than one year and less than three years, the notice shall be given 20 days in advance. For those who continue to work for more than three years, the notice shall be given 30 days in advance.

For Mainland China, in accordance with the local rules and regulations and the Labor Contract Law, under any of the following circumstances, if it is necessary to lay off more than 20 employees or less than 20 employees but accounting for more than 10% of the total number of employees of the enterprise, the employing unit may make the layoff only after it has explained the situation to the labor union or all the employees 30 days in advance and taken the opinions of the labor union or the staff and workers, and the layoff plan has been reported to the labor administrative department.

- 1.Reorganize in accordance with the provisions of the Enterprise Bankruptcy Law.
- 2.The enterprise has encountered serious difficulties occur in production and business operations.
- 3.The layoff is still necessary after adjustments to the labor contract due to the change of production, major technological innovation, or adjustment to business operations.
- 4.Other major changes in the objective economic conditions since when the labor contract was established, resulting in the impossible performance of the labor contract.

## Labor-Management Meetings

In addition, in order to coordinate labor-management relations, promote labor-management cooperation and improve working efficiency, Cheng Shin holds labor-management meetings on a regular basis in accordance with the implementation rules of labor and management meetings and holds temporary meetings in case of major labor and management cases to ensure smooth and fair communication between labor and management. The frequency of labor-management meetings is four times a year, and a total of 28 meetings were held in Taiwan in 2021.

## Employee Communication Channels

Cheng Shin requires that all operational activities shall be in compliance with relevant laws and regulations. If employees encounter relevant problems, they can complain to the Human Resources Department or apply to the local government for labor mediation. In 2021, there were no complaints related to labor conditions and human rights in the Taiwan Plants, Kunshan Plant, and Chongqing Plant, such as freedom of association, discrimination, child labor, and sexual harassment. The complaint channels and mediation events are described as follows:

### Complaint Channels - Human Resources Department

Taiwan:

Complaint hotline:(04)8525151#321

Complaint e-mail address:cster@mail.cst.com.tw

(Commencing from March 2022, the complaint mailbox shall be changed to cster@tw.maxxis.com)

Physical complaint mailbox

Mainland China (Kunshan Plant):

Complaint Tel: 0512-57673888-8102 (HR) /8119 (Labor Union)

Employee feedback platform:[http://www.maxxis.cn/wechat/MxFeedback/auth\\_wechat.asp](http://www.maxxis.cn/wechat/MxFeedback/auth_wechat.asp)

Mainland China (Chongqing Plant):

Chongqing Labor Dispute Arbitration Committee, Changshou District Labor Supervision Brigade, Chongqing Human Resources and Social Security Network (Mayor's mailbox, Dayu website), Changshou District Yanjia Sub-district Office People's Mediation Committee.

### Local government mediation incidents

Taiwan:

In 2021, there were two cases for the settlement of wages for special leave, and both cases have been resolved through the revision of the personnel information system. In 2021, there were five mediation cases for employees' requests for severance pay or wage settlement due to the termination of labor relations, all of which were settled through mediation. In order to optimize the communication channel between the Company and its employees, we will continue to promote employee care measures and strengthen the employee suggestion and feedback mechanism to create stable and harmonious labor-management relations.

Mainland China (Kunshan Plant):

In 2021, there was a labor arbitration case for the payment of work injury benefits, which was settled through mediation.

Mainland China (Chongqing Plant):

In 2021, there was a labor arbitration case in which the injured employee initiated a dispute to terminate the labor relationship and the case was settled.

## 5.3 Safe and Healthy Workplace

Item	Management Approach
Materiality	<ul style="list-style-type: none"> <li>Employees are the most important asset of a company, and their occupational health and safety is the key foundation for a sustainable and healthy labor-employee relationship. The safety of Cheng Shin's employees is our top priority, and the health and wellbeing of our employees and the optimization of our working environment are the direction of our continuous efforts.</li> </ul>
Policy/Commitment	<ul style="list-style-type: none"> <li>Union constitution: It is stipulated that the labor union shall promote labor safety and health and the benefits of its members.</li> <li>Occupational safety and health management plan, health management, and promotion plan.</li> </ul>
Goals and Targets	<ul style="list-style-type: none"> <li>Enhance employee occupational safety, reduce the frequency of occupational hazards, and actively promote employee health and wellbeing.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>Establish the Occupational Safety and Health Committee (Taiwan).</li> <li>Establish the Occupational Safety and Health Committee (Mainland China)</li> </ul>
Resources	<ul style="list-style-type: none"> <li>Education and training resources (including manpower, instructors, and training venues).</li> <li>Publicity (Awareness) label/signage printing.</li> <li>Implementation and establishment of management system.</li> <li>General and special health examination subsidies.</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Employee complaint box/hotline.</li> </ul>
Action Plan	<ul style="list-style-type: none"> <li>Education and training: General safety and health education for new employees, fire prevention and disaster prevention training, safety education for each unit, on-site hazard identification activities, etc.</li> <li>Promotion and awareness labels and signage: Enhanced Safety Month activities, hazard awareness promotion, occupational safety and health protective equipment application standards, etc.</li> <li>Management system: ISO45001 and CNS45001.</li> <li>General and special health examinations.</li> </ul>
Effectiveness Assessment	<ul style="list-style-type: none"> <li>On-site safety and health check.</li> <li>ISO45001 certification.</li> </ul>

## Occupational health and safety management system (OSHMS)

To implement the Occupational health and safety management system ISO45001 and CNS45001 covering all Taiwan-based plants, and to implement the Occupational health and safety management system establishment and verification work, the Company invited all units to participate in the implementation committee in October 2015, with the president as the chair and each department assigning responsibility for the implementation, and together formed an implementation team led by the management representative to declare the determination to establish the management system. The system requirements were incorporated into the daily management measures to obtain the management system certificate.

The management system is externally audited by a certification body (Metal Industries Research & Development Centre) every year, and the current version of the system is ISO 45001:2018, which is valid until May 2, 2025; the latest verification work was conducted on April 2022.





## Occupational Safety and Health Committee

In order to promote the health and safety of employees, Cheng Shin's Taiwan operations stipulates in the labor union constitution that the labor union shall promote labor safety and health and member welfare matters, and establish an occupational safety and health management unit and an "Occupational Safety and Health Committee" (OSH Committee) in accordance with Article 23 of the Occupational Safety and Health Act and Article 10 of the Occupational Safety and Health Management Regulations to supervise and coordinate employee safety and health-related matters.

In accordance with the Occupational Safety and Health Act, the employer is an ex-officio member of the OSH Committee. In Taiwan, the president designates a management representative to participate in the OSH Committee, and other committee members include occupational safety and health personnel, department heads, medical personnel engaged in labor health services, and labor representatives. The company holds regular meetings to discuss and review the company's occupational safety and health management plan, health management and promotion plan and occupational disease prevention. In Mainland China, we have set up an "Environmental Safety and Health Committee", which is similar to the one in Taiwan, whereby the president appoints management representatives to participate. In accordance with the Work Safety Law of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Regulation on Work-Related Injury Insurance and other labor protection-related laws and regulations, we set up compliant labor safety and health facilities, establish a sound labor safety and health management system, develop safe operating procedures for each job position, and provide labor protection supplies (PPEs), etc., in order to ensure a safe and healthy working environment for workers.

	Taiwan	Mainland China - Kunshan Plant	Mainland China - Chongqing Plant
	Occupational Safety and Health Committee	Environmental Safety and Health Committee	
Committee members	30	27	44
Labor representatives (note)	21	21	24
Ratio of labor representatives	41%	77%	55%

Note: Not including dispatched workers, part-time employees, or other non-regular employees.

## Hazard Risk Assessment

Cheng Shin has established the "Hazard Identification and Risk Assessment Management Regulations" at its factory plants to conduct comprehensive hazard identification and risk assessment for machinery, equipment or operations that may cause injuries or accidents to personnel, and to review the performance of occupational safety and health management and evaluate its control effects in order to formulate policies and objectives as the basis for planning the Occupational health and safety management system. Risk assessment procedures are as follows





## Occupational Accidents Management

In 2021, 11 occupational accidents occurred in Cheng Shin's Taiwan operations and 10 in Mainland China operations, and the main types of occupational accidents were clamping and roll injuries.

According to the Occupational Safety and Health Administration's statistical data on total injury index for all industries from 2018 to 2020, the Disabling Injury Frequency Rate (FR) for the rubber manufacturing industry is 2.42, 187 for the Disabling Injury Severity Rate, and 0.67 for the Total Injury Index. Cheng Shin's 2021 Disabling Injury Frequency Rate (FR):1, Disabling Injury Severity Rate (SR):28, Total Injury Index (TII):0.16, which is much lower than the average. The occupational accident investigation form must be completed by the unit where the occupational disaster occurred according to Cheng Shin's factory regulations. Investigation is to be conducted on the root causes and proposed improvement measures, and then submitted for approval, review and follow-up. Improvement measures for all occupational accident cases have been completed.

### Statistics on Occupational Accidents in 2021

2021	Taiwan		Mainland China	
Gender	Male	Female	Male	Female
Number of Occupational Accidents Resulting in Work Suspension	11	0	6	4
Lost Days	305	0	217	222
Disabling Injury Frequency Rate (FR)	0		0.9	
Disabling Injury Severity Rate (SR)	28		46.7	

Note:

Work suspension disaster: rest for more than 1 day (in 8 hours) due to occupational accidents

FR: The number of disabling injuries per million hours of exposure.  $FR = \text{number of disabling injuries} \times 1,000,000 / \text{total exposed working hours}$

SR: The number of disabling lost days per million hours of exposure.  $SR = \text{Total number of days lost} \times 1,000,000 / \text{total exposed working hours}$

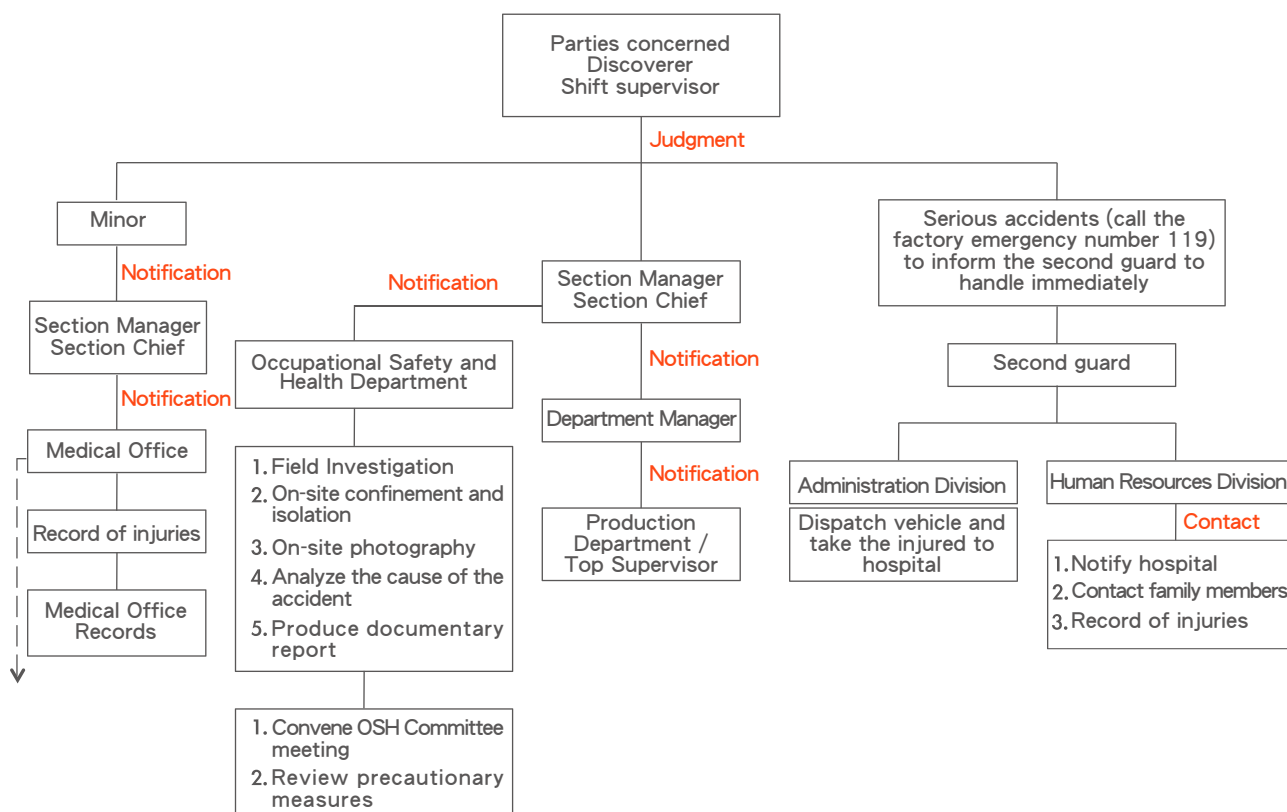
### Types of occupational disasters in 2021

Classification	Taiwan	Mainland China
Clipping, rolling injury	11	11
Collision/bump injuries	2	2
Exposure to high and low temperatures	0	0
Cuts and scrapes	1	3
Falls	2	4
Falling objects	0	0
Flying objects	0	0
Others	3	8

accordance with the Occupational Safety and Health Act. The main types of occupational accidents are the same as those in the general manufacturing industry, with "clamping, rolling injuries" and "cuts, scrapes, or bruises" as the main types of occupational accidents. In 2021, 11 work suspension occupational injuries were recorded in Taiwan, and 10 in Mainland China. In 2021, there were no cases of occupational diseases in Taiwan and Mainland China.

Cheng Shin has formulated provisions for handling disasters and accidents. In case of occupational accidents, except for first aid, the site supervisor shall report the accident to the plant in accordance with the regulations and carry out the investigation, improvement, and other operations of occupational accidents. The reporting procedures are shown in the figure below.

### Reporting Procedures of Occupational Accident in Plant



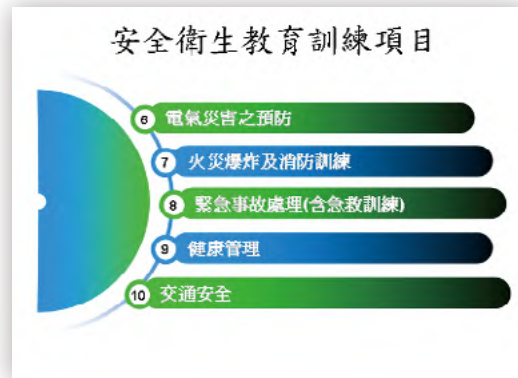
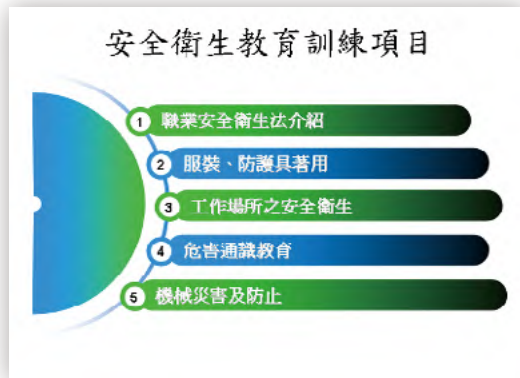
The increase of occupational accidents in Taiwan in 2021 was mainly due to the lack of safety awareness of operators, most of which were caused by the failure to comply with the standard operating procedures when eliminating abnormalities for the sake of speed, resulting in occupational accidents. At present, Cheng Shin is carrying out the "Zero Danger Zone Campaign" and actively organizes on-site hazard identification activities. Supervisors point out the problem points with a caring attitude and reminds people to accept the questions raised by the supervisor with a grateful heart, working together to prevent disasters.

## Occupational Safety Education and Training

New employees receive general safety and health education (3 hours) upon completion of their onboarding procedures.

### Safety Education for New Employees

Cheng Shin's efforts to reduce the occurrence of occupational accidents are as follows:



### Fire Fighting and Disaster Prevention Training

New employees are required to receive fire fighting and disaster prevention training after entering the factory plant to obtain fire fighting skills.



### Safety Education in Each Unit

After new employees arrive at their units, they are required to receive safety and health education training appropriate to their work.



### Training Grounds and Venues

Training venues have been set up for new employees to receive occupational training and to validate their skills and competencies before they are allowed to work on machinery equipment.



### On-site Hazard Identification Activities

In order to improve workplace safety, through the participation of all employees, Cheng Shin raises the safety awareness of all employees through false alarm proposals and 30-minute safety observation of the duty system, identify and propose improvements to the potential hazards of personnel, environment, machinery and equipment on site, and create a more comfortable and safe working environment through the PDCA model cycle to prevent disasters before they happen and ensure the safety of workers.

Note: "Duty system" in Japanese means taking charge of the site operation area, that is, the site operation supervisor.



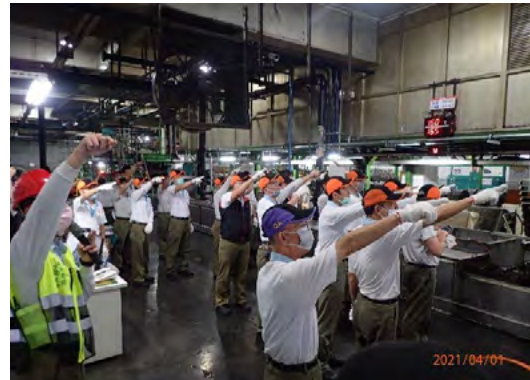
### 1. Identification call implementation

Every day before work, the supervisor shall lead the staff to point out the dangerous spots, identify the dangerous areas, and remind the staff of the safe operation.

2.30 minutes safety observation of the duty system  
The site supervisor shall conduct safety observation 30 minutes before daily operation, inspect the working environment and personnel conditions, detect the potential risk factors such as unsafe behavior or environment as early as possible, and take effective improvement countermeasures and corrective measures according to the observation results.

### 3.False alarm proposal

Effectively collect false alarms in the work area with the participation of all employees, identify them and propose corrective measures to prevent disasters and create a comfortable and safe workplace. If the proposal is approved, the proposer will be rewarded with points.



虛驚事故提案單		登錄編號:	(03)年 / 月 / 日
提案人:	姓名:	職工編號:	0000000000
提案日期:	00年 / 月 / 日	發生時間:	00年 / 月 / 日 時 分
虛驚事由(經過):			
虛驚地點(由何主管填寫):			
改善建議:		改善期限:	改善人員:
改善完成日期:		改善完成地點:	改善完成人:
提案人簽名:		提案日期:	提案地點:
提案人職稱:		提案人部門:	提案人班別:
提案人簽名:		提案日期:	提案地點:
提案人職稱:		提案人部門:	提案人班別:
提案人簽名:		提案日期:	提案地點:
提案人職稱:		提案人部門:	提案人班別:

### Department/Unit Safety and Health Inspection Activities

To ensure the safety and health of the workplace, led by the department manager (deputy manager), together with the section chief and the designated supervisor, carry out the on-site safety and health inspection activities together, and put forward the improvement of the on-site safety and health according to the position and viewpoint of the senior supervisor.



### Hazards Awareness

Set up safety billboards in obvious places on-site to publicize safety-related information for employees. Update hazard publicity materials in the cultural corridor at any time to enhance employees' safety awareness.



### Enhanced Safety Month" Activities

Hold "Safety Production Month/Enhancement Month" activities every year, organize a number of safety activities to enhance employees' safety awareness.

Propose various activities and publicity to enhance staff safety awareness



### Safety and Health Protective Equipment Standards

According to different projects, the safety and health protective gears are labeled and posted in the operation area, and foreign language translations are added to ensure the safety of all operators.

### On-site Safety and Health Inspection Activities

If a violation of occupational safety and health issues is found by the staff of the Safety and Health Department during the inspections and spot checks, an occupational safety and environmental improvement form will be issued to reprimand the violating unit. The offending unit shall report the cause, improvement measures, and recurrence prevention 82 measures to the Security and Health Department within one week. The case will be closed after reexamination and confirmation by the Security and Health Department.



## Employee Health Management

### Employee Health Service

In accordance with labor health protection regulations, Cheng Shin has set up labor health service nursing staff and hired specialist doctors to provide on-site services according to the number of employees in each plant:

### On-site clinical service status by plant in 2021

Factory	Frequency of doctor's clinical services	Total number of consultation sessions	Number of Consultations (persons)
Main Plant	9 times each month, 3 hours per session	108	108
Changhua Zhongzhuang Plant	1 time each month, 3 hours per session	12	55
Changhua Xizhou Plant	3 times each month, 3 hours per session	36	165
Douliou Plant 1	1 time every 4 months, 2 hours per session	4	26
Douliou Plant 2	1 time each month, 3 hours per session	12	101

### Continuous Health Monitoring

Each year in July, we offer health checkups to our employees pursuant to the Labor Health Protection Act at selected hospitals. The health checkups are divided into general health checkups (for general employees) and special health checkups (for workers with special health hazards), and additional health checkups for workers who work long hours at night shifts were added in 2019. In 2021, 761 employees in Taiwan region received the special health examination, among which those with abnormal lung X-rays or abnormal "three highs" (high blood pressure, high blood lipids or high blood sugar) were notified for re-examination. In addition, Cheng Shin specially provide the logistics drivers with the annual checkups for night vision, visual field, electrocardiogram and heart-related functions, so as to prevent driving accidents caused by health factors. Local regulations in China do not require a general health check for employees, but Cheng Shin still provides a special health check for employees in the high-risk working environment. The Kunshan Plant has also introduced automated logistics and actively improved the working environment to enhance the health and safety management of employees. The number of employees receiving special health examinations in 2021 is shown in the table below. The employees checked with an abnormal result have been notified for re-examination. After the re-examination, the case can only be closed by handing in the medical certificate or receipt to the resident nurse. The hospital in charge of health examination can only issue the grading report of special health examination results after the completion of the re-examination.

### Special Health Screening Items:

Noise	High temperature	Dust	N-Hexane (organic solvent) (provided in Taiwan)	Ionizing Radiation
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### Number of special health checkups in 2021

Region/number of employees	Number of employees receiving health checkups	Number of employees tracked
Taiwan	761	37
Mainland China	763	27
Total	1,524	64

### Continuous Health Monitoring

We have commissioned special physicians to conduct employee health seminars, promote a smoke-free workplace, put up health promotion posters, and promote influenza vaccination and COVID-19 vaccination for foreign migrant workers. In 2021, we invite doctors from the Department of Thoracic Medicine of Changhua Christian Hospital to hold a seminar on "Lung Cancer: The Danger of Indoor Air Pollution", which was originally scheduled to be held twice but was adjusted to one session due to the COVID-19 epidemic. In addition, Cheng Shin cooperated with local health bureaus to administer influenza vaccinations to employees, one at the Douliu Plant and one at the head office, and two COVID-19 vaccine shots for foreign migrant workers.

## 5.4 Employee Benefits and Care

### Remuneration and Benefits

Cheng Shin does not carry out differentiated management on the salary of employees by gender, race, religion, political stand, marital status, but adopts a fair and consistent attitude. And the salary is based on the labor market and regional salary situation, with the employee's position, education, work experience, seniority, and professional ability being taken into consideration. Cheng Shin assesses salary and decides promotions for employees on the basis of capabilities and performance. There is no gender bias in job bonuses.

The number of full-time employees in non-supervisory positions and the average salary in Taiwan are disclosed as follows:

Year	Total Employee Salary (NT\$ thousand)	Number of Employees -Annualized average (person)	Employee Salary - Average (NT\$ thousand/person)	Salary - Median (NT\$ thousand/person)	Earnings per share
2019	3,861,817	5,991	645	612	1.07
2020	3,884,754	5,861	663	624	1.85
2021	3,889,968	5,415	718	650	1.63

In response to the impact of the COVID-19 pandemic, the Company has moved toward a system that concentrates production capacity and salaries on existing employees, increasing average salaries by NT\$55,000/year and median salaries by BT\$26,000/year. In order to enhance employee wellbeing, in addition to the general salary, we also provide employee benefits superior to those stipulated by the government. According to nature, Cheng Shin's welfare can be divided into four categories: statutory benefits, welfare benefits, festival activities, and employee assistance as follows:

**Statutory benefits:** social insurance, statutory holidays, regular annual health checkups, medical consultation with resident doctors, pensions, employee bonuses, etc.

**Employee support:** Medical benefits, pension, bereavement allowance, marriage/burial/disability benefits, and education incentives for children of employees.



**Life benefits:** employee meals, uniforms, dormitories, parking lots, discount partner stores, and employee activity recreation areas.

**Festivals:** cash prizes or coupons for Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, year-end bonus, year-end dinner subsidies, self-improvement activity subsidies, etc.



## Parental Leave Without Pay

In order to provide employees with peace of mind, Cheng Shin provides employees with the right to apply for parental leave without pay. In the event of an injury or illness that requires a long leave of absence, employees can also apply for leave without pay and then apply for reinstatement after the period expires, so as to better take care of both personal and family care needs. For example, in 2021, 70 employees at Cheng Shin's Taiwan operations applied for leave without pay and the reinstatement rate was 65.9%, while in 2020, 48.9% of the employees who had been employed for one year after the leave were reinstated. The above information demonstrates that Cheng Shin is able to provide assistance to its employees to facilitate their return to work. Cheng Shin provides employees with the option to apply for parental leave without pay. The number of employees who applied for said leave in 2021 is as follows:

### Taiwan

Item	Number of male employees	Number of female employees	Total
Total number of employees who are entitled to parental leave in 2021(A)	399	107	496
Total number of employees who applied for parental leave in 2021(B)	31	39	70
Employees expected to return from parental leave in 2021 (C)	21	20	41
Employees who returned from parental leave in 2021 (D)	12	15	27
Employees who returned from parental leave in 2020 (E)	23	22	45
Employees still in service 12 months after returning from parental leave in 2020 (F)	8	14	22
Reinstatement rate (D/C)	57.1 %	75.0 %	65.9 %
Retention Rate(F/E)	34.8 %	63.6 %	48.9 %

### Mainland China

Item	Number of male employees	Number of female employees	Total
Total number of employees who are entitled to parental leave in 2021(A)	57	50	107
Total number of employees who applied for parental leave in 2021(B)	57	50	107
Employees expected to return from parental leave in 2021 (C)	57	40	97
Employees who returned from parental leave in 2021 (D)	57	40	97
Employees who returned from parental leave in 2020 (E)	77	77	177
Employees still in service 12 months after returning from parental leave in 2020 (F)	109	51	128
Reinstatement rate (D/C)	100.0 %	100.0 %	100.0 %
Retention Rate(F/E)	77.0 %	66.2 %	72.3 %

## Employee Satisfaction

Cheng Shin regards employee satisfaction surveys as one of the channels for employee feedback and carries out employee satisfaction surveys on a regular basis, the contents of which include corporate system and culture, working environment, education and training, remuneration and benefits, etc. In 2021, questionnaire design in Taiwan region continued to focus on the points to be improved. The employees are generally clear about the scope and responsibilities of their jobs and are satisfied with the job content, and believe that they have good communication with their colleagues in their respective departments. The average score of the 2021 Employee Satisfaction Survey in Mainland China is 87.6, with the highest score of 89.9 for "Employee Group Relations", and a lower score for food and beverage improvement, which has been prioritized for adjustment.

## Care for Foreign Migrant Workers

There are 886 migrant workers from Vietnam, Thailand, Indonesia, and other places in the Company's Taiwan operations. In addition to providing local meals in the dormitory, Cheng Shin also provides fitness facilities, cooking areas, and leisure areas to relieve the pressure of work and provides bus transportation to and from plants that are further away from the dormitory. In addition, Cheng Shin has also hired dormitory managers who are responsible for counseling foreign migrant workers. The Company holds regular meetings with dormitory managers to solve problems in life management.



Migrant Worker Dormitory



Bike Parking Area



Dormitory Management Center



Fitness Area in Migrant Dormitory

## 5.5 Career Development and Assessment

Item	Management Approach
Materiality	<ul style="list-style-type: none"> <li>We actively enhance staff professional functions and management ability through education and training to continuously implement the spirit of corporate culture, strengthen the competitiveness of employees so as to pursue our leading position in the market and sustainability.</li> </ul>
Policy/Commitment	<ul style="list-style-type: none"> <li>Cultivate excellent professional and technical personnel and management personnel who can create maximum value for Cheng Shin.</li> </ul>
Goals and Targets	<ul style="list-style-type: none"> <li>Enhance staff competencies and their management capabilities.</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>Human Resources Department</li> </ul>
Resources	<ul style="list-style-type: none"> <li>Taiwan - Continued investment of NT\$1.61 million per year.</li> <li>Mainland China - Continued investment of NT\$1.98 million per year.</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Employee complaint mailbox/hotline</li> </ul>
Action Plan	<ul style="list-style-type: none"> <li>Training courses: New staff training/professional training/management training at different levels/project-based programs/self-development courses/education promotion</li> <li>Learning channels: Lecture learning, digital learning, project assignment, interactive learning, post learning, and other multiple learning channels</li> <li>Establish Maxxis University (Mainland China) to ensure that employees can grow and learn in a sound environment</li> <li>Retiree advisory team</li> </ul>
Effectiveness Assessment	<ul style="list-style-type: none"> <li>Based on the various training courses, there are certification systems such as competency certification, vocational qualification examination and even academic qualifications.</li> </ul>

## Education, Training and Career Development

The Company plans training courses for professional and technical skills in various departments, and with different levels of planning training to enhance the professional functions of employees, improve management skills, implement the corporate culture, and strengthen the competitiveness of employees. Cheng Shin has also been awarded the "Talent Quality Management System (TTQS) - Gold" by the Workforce Development Agency, Ministry of Labor.

(Taiwan) In 2021, the Company offered 1,924 job-specific courses and 115 routine and project-based courses, totaling 2,039 courses and 40,783 training hours, with an average of 8.44 hours per employee.

(Mainland China) In 2021, the Company offered 1,973 pre-employment training courses, 1,935 job-specific courses, 95 level courses, and 122 other courses, totaling 4,125 courses, with 80,561.1 hours of training and 19.1 hours of training per employee in 2021.



## By Gender

Category	Taiwan		Mainland China	
	Male	Female	Male	Female
Total hours of training	30,808	9,975	58,781	21,780.1
Average number of hours of training per employee	6.95	12.01	20.0	17.0

## By Employee Type

Category	Taiwan		Mainland China	
	Supervisor	Non-supervisory	Supervisor	Non-supervisory
Total hours of training	5,812	34,971	14,048	66,513.1
Average number of hours of training per employee	6.77	7.94	22.0	18.6

**New Employee Training:** Aimed to provide new employees with an orientation to the training courses including Cheng Shin's corporate culture, safety training, quality concepts, policy and procedures to help them adapt to the new environment and fit into the culture of the organization. Once the orientation training is completed, employees still need to take the onsite training and obtain the qualification and capability for the job. The new employees will also be assigned mentors for assistance. After completing training, employees are required to participate in on-the-job education and training. Through pre and post training, internship and competency certification, we ensure that new employees are familiar with the working environment, master job knowledge and skills, and are familiar with the operational requirements of their positions under the guidance of their mentors and pass the certification before they can officially start their work duties.

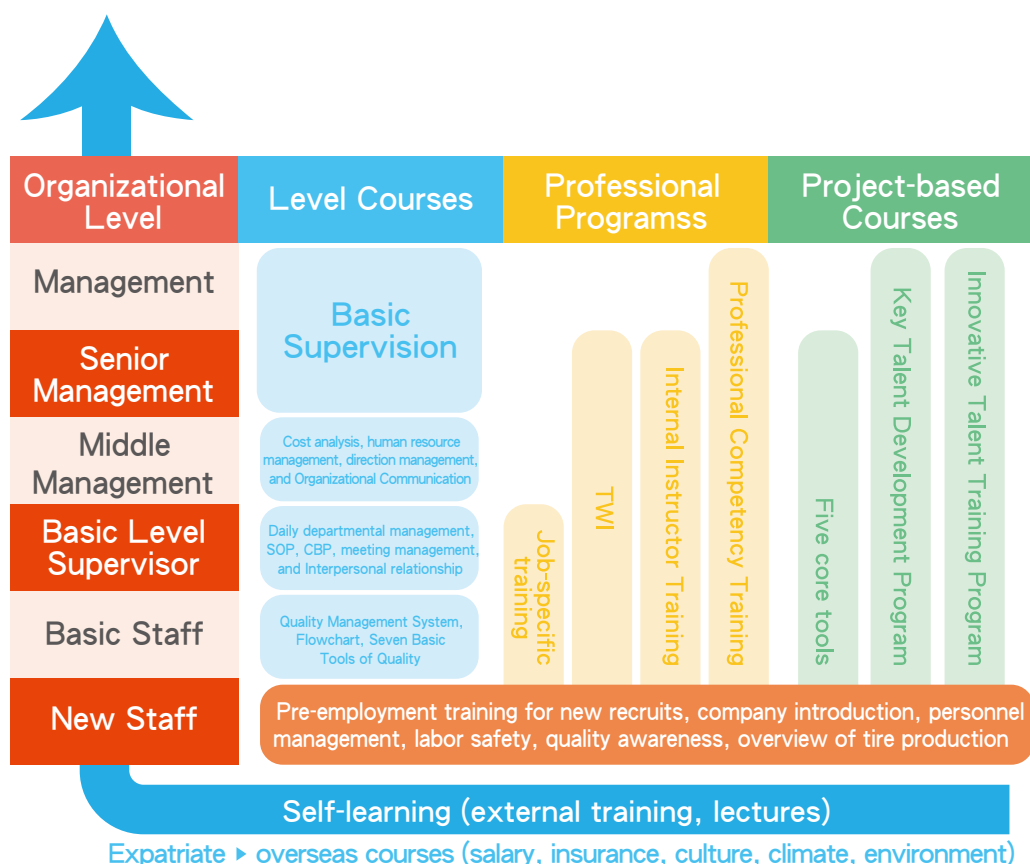
- **Training by job level:** A series of topical courses designed for different job levels to improve employees' management skills and efficiency. For example, we offer a series of courses on presentation skills and report writing for trainee-level staff to help them integrate into the work environment and master the work pace and efficiency; courses on interpersonal communication, daily management, and problem solving steps for junior staff to improve their work efficiency; and courses on direction management and leadership case studies for supervisors to enhance their leadership and management skills. In recent years, we have optimized the learning map by incorporating the previous project-based courses to enhance the functions of middle and senior executives into the annual routine training at the hierarchical level to cultivate a growth and learning mindset among middle and senior executives; we have also added conceptual courses on work safety and corporate culture as well as professional courses on risk prevention and cost management to the training; and we have started to develop management skills at an earlier stage in non-management positions to improve the hierarchical training system.



• **Professional courses:** Plan different specialized courses for each position so that staff can get perfect training at each stage. For example, in the early stage of entering the factory, we will provide training for different positions according to the knowledge and skills required by each position. In addition, we provide professional skill training in production management, R&D, quality assurance, and other professional departments to guide colleagues to focus on their own work, realize themselves, and give full play to their potential. And for special technical positions, such as maintenance electrician, welder, CNC lathe, etc., we provide special training programs to assist employees in obtaining vocational qualifications to ensure that they have the professional competence required for their jobs. With the help of internal lecturer training and TWI teaching, we are developing our own internal lecturers to teach professional courses from its own units and cross-units so as to assist the transfer and inheritance of intelligent capital and become the hub of knowledge and model transmission within the organization.

• **Project-based courses:** Cheng Shin develops annual education and training objectives according to its strategies and guidelines, plans a variety of project-based programs to meet the learning needs of staff at all levels in different areas, such as conducting regular courses on five core tools to enhance quality awareness, key talent development programs to train reserve managers and strengthen management capabilities, innovative talents training of R&D units and other courses.

• **Personal development:** Provide external training subsidy opportunities and arrange knowledge and life seminars to allow employees to absorb a variety of new knowledge while working and guide them to self-enlightenment, such as financial and mental stress relief seminars and tax filing practical seminars.



## Professional Training Framework

Cheng Shin provides diverse learning channels and opportunities for employees, emphasizing integration with work assignments in addition to practical and case studies.



• **Educational Enhancement:** In order to enable employees to improve their knowledge level and academic ability in their spare time, Cheng Shin's Mainland China operations cooperates with external professional training institutions to hold registration activities for education promotion twice a year. From 2013 to 2021, 16 sessions were held for both the college and undergraduate courses to provide professional guidance and facilitate employees in successfully completing their academic promotion.

### Maxxis University (Mainland China)

Maxxis University is a training center eponymously named after Cheng Shin's main product brand, aiming to train excellent technical and management professionals who can create the most value for our company. It was founded in 2006 with CNY 17 million, with a total indoor area of more than 1,600 square meters. The complete educational facilities and wide and comfortable learning space ensure that employees can grow and learn in a sound environment. In terms of software, the company continues to invest about CNY 4 million in education every year. Through a systematic training system and rank-based training courses, supplemented by lectures, seminars, discussions, simulations and other rich teaching modes, employees can continue to improve their professional abilities and personal development.

### Foreign Consultants and TWI Instructor Training for Overseas Plants

Since the introduction of the TWI instructor system in Taiwan and China, many training courses have been held to enable trainees to internalize their knowledge in the field of teaching through interactive learning of disciplines and technical subjects. This year, along with the establishment of overseas factories, nearly 44 TWI instructors have been trained in Taiwan. In addition, about 24 TWI instructors have been trained in Mainland China to work on the production lines of factories to achieve consistency in quality. The introduction of foreign consultants will also be combined with the TWI system to assist in improving production efficiency and reducing the probability of defective quality with the technique of observation and action analysis during operation.

### Overseas Expatriation Experience Exchange

Developing toward international management and in line with the world, we have established production bases in India and Southeast Asia. To enhance the international skills and outlook of our staff, we provide overseas expatriation applications and short-term training opportunities for outstanding staff. We also organize overseas expatriation experience sharing to pass on overseas expatriation experience and understand the cultural differences.

## Rehiring after Retirement

In accordance with the pension system of the "Labor Pension Act" and the "Labor Standards Act", retirees are provided with monthly contributions to the labor pension and provision for the labor retirement reserves, as well as retirement souvenirs when the employee meets the statutory retirement conditions.

### Retiree Advisory Team

Cheng Shin regards employees as talents, and those with rich experience are our valuable assets. The ordinary employees of Cheng Shin, containing those "rehired after retirement" are employees qualified for retirement under the Labor Standards Act and rehired by Cheng Shin. By passing on the practical experience of senior colleagues, we can drive the atmosphere of internal inheritance so as to avoid a large loss of experienced workers and improve the middle-aged and senior labor force. Under the policy of actively promoting retired employees to be rehired as specialized technicians and consultants, the internal knowledge management of Cheng Shin will continue to circulate and pass down. By the end of 2021, the total number of retired employees in Taiwan, Kunshan and Chongqing plants were 217.

## Performance Evaluation System

### Performance Management and Competency Enhancement

In order to achieve the objectives of Cheng Shin's annual business policy and to understand employees' individual performance, Cheng Shin carries out the performance evaluations of all employees on a regular basis. The focus of the performance evaluation is to measure the performance of past tasks and the setting of future work goals, which is used as the basis for employee salary, evaluation, and career development planning, and each year, the results of the previous year's performance evaluation are referred to for employee promotion to ensure fair and complete promotion channels.

Cheng Shin is committed to building a sound education and training system for the continuous improvement of employees' abilities so as to stimulate their potential for future development. Each month, performance evaluations are conducted by the supervisors of each unit based on the performance of employees' work assignments and responsibilities. If the employee's performance does not meet the expected standards, in addition to engaging in communication and care for the employee, appropriate education and training courses will be arranged to enhance the underperforming employee's skills. In 2021, 100% of employees in Taiwan and China were subject to performance evaluations.