

CST ESG 2021

Sustainability Report

Cheng Shin Rubber Ind. Co., Ltd.



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— Letter from Chairman —

In 2021, the impact of COVID-19 continued to wreck havoc as it spread rapidly around the world. This is further exacerbated by the recent war between Russia and Ukraine, with the overall global macroeconomic environment set to continue facing more challenges. This includes labor shortages caused by the pandemic, supply chain disruptions, upswing of raw material costs and shipping costs, and rising inflation, which continue to affect global economic performance. In particular, the auto industry has seen a significant drop in new car sales due to a shortage of chips. In such a difficult environment, Cheng Shin remains customer oriented, and is maximizing production capacities to meet customer needs, create new opportunities, and enhance the added value of its products, while ensuring growth of revenue and profitability.



Cheng Shin continues to cultivate its business and enhance daily operations management. We follow a policy of sustainable development in environmental protection, energy use, talent cultivation, and charitable contributions to society. With the concerted collaboration and efforts of all Group entities, Cheng Shin has been selected as a member of the FTSE4Good TIP Taiwan ESG Index for four consecutive years, and its achievements in corporate governance and corporate social responsibility continues to be widely recognized.

In terms of environmental sustainability, by the end of 2021, Cheng Shin will have completed the construction of solar power generation systems at its Xizhou and Zhongzhuang plants in Taiwan, which will be able to generate 2.1 million kilowatt-hours (kWh) of electricity per year, and establish environmental management systems at each plant. The Company promotes energy saving initiatives and set annual energy saving targets to reduce greenhouse gas emissions by 17,794.60 tons and water use by 57,265 tons in 2021. In order to improve the construction of the Company's occupational safety and health management system, we successively obtained ISO45001 & CNS45001 and ISO14001 certifications in Taiwan and ISO50001 external certification of energy management system in Mainland China in 2021 to implement environmental protection measures.

In addition, we are committed to providing our employees with a better working environment and our principle of safety first. A quality workplace environment and competency training for employees are also important goals for Cheng Shin. In 2021, we were awarded the "Gold Medal of Talent Quality-management System (TTQS)" by the Workforce Development Agency, Ministry of Labor, Executive Yuan, and were recognized again for providing the best sustainable working environment for our employees.

With the core values of "integrity and innovation" and "100% quality, 100% service, 100% trust" as the center of our culture, and with respect, care, and gratitude, we seek to continue building the "Maxxis" family together with all of our family partners, and will continue to make progress, fulfill our corporate responsibilities, and shape the sustainable growth of our business.

Chairman

Chen Yuhua



About This Report

Content

Since 2014, Cheng Shin has published a Corporate Social Responsibility (CSR) report every year, and 7 prior reports have been published to date. In August 2020, the Financial Supervisory Commission (FSC) officially launched the "Corporate Governance 3.0 -Sustainable Development Roadmap", which has changed the name of "CSR Report" to "Sustainability Report". Therefore, this report will be issued under the name of "Sustainability Report" commencing from 2021 onwards.

This report covers all aspects such as economy, environment, society, and the Company's products, and also includes corporate ethical management, eco-friendly, employee care, supplier management, shareholder's equity, customer service and community participation, and explains to all stakeholders the efforts and achievements of Cheng Shin in implementing corporate social responsibility, demonstrating our commitment to corporate social responsibility and sustainable development, while also serving as a platform for communication and discussion to promote friendly communication between Cheng Shin and its stakeholders.

The contents of this report are based on the published GRI Standards of the Global Reporting Initiative (GRI), disclosed by selecting major topics in accordance with the "Core" Disclosure Principles, uploaded to the Market Observation Post System (MOPs) and posted on the official Cheng Shin website. An index of the GRI indicators is attached at the end of the report for quick reference and inquiry.

The financial figures are calculated in New Taiwan Dollars (NT\$) and certified by the CPAs of Pricewaterhouse Coopers Taiwan (PwC). The relevant statistics are expressed and calculated on the basis of generally accepted international indicators. If the aforementioned quantitative indicators disclosed are of special significance, they will be further annotated.

Issue Date and Issue Cycle of the Report

Cheng Shin publishes the report on an annual basis. The 2021 Sustainability Report discloses our sustainability performance and responds to stakeholders' concerns for the year 2021 (from January 1, 2021 to December 31, 2021); for completeness, some information can be traced back to 2019.

Scope and Boundaries

This report covers the Group's parent company Cheng Shin Rubber Industry Co., Ltd. (referred to as Taiwan region), and its subsidiaries, Cheng Shin Rubber (China) Co., Ltd. and Cheng Shin Rubber (Chongqing) Co., Ltd. (referred to as Mainland region). Except for the financial information certified by the CPA and certain segments of the sustainability information disclosed, the report does not include

Contact Information

If you have any suggestions or questions about this report, please feel free to contact us by the following means:

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TEL: (04)852-5151 #162

Unit: Marketing and Planning Department

Company Website: <http://www.maxxis.com.tw/>



Part 1

Cheng Shin “Rolls” the World



1.1 About Us

Founded in 1967 by Mr. Luo Jye, Cheng Shin Rubber Industry Co. Ltd. (hereinafter referred to as "Cheng Shin" or the "Company"), now owns and operates 6 factory plants in Taiwan. The Company has established overseas production bases in Kunshan, Xiamen, Vietnam, Thailand, Chongqing, Indonesia, and India, and also operates R&D centers in Taiwan, Kunshan, Xiamen, the Netherlands, and the United States.

Since its founding, Cheng Shin has continued to develop and innovate and refine the tire industry based on the business philosophy of sincere management, honest work, quality first, world brand, and is committed to enhancing the well-being of the Company's employees, and contributing to humanity.

Company Profile

Cheng Shin Rubber Ind. Co., Ltd	
Date Established	January 1, 1967
Headquarters	No.215, Meigang Rd., Dacun Township, Changhua County, Taiwan.
Chairman	Chen, Yun-Hwa
President	Chen, Yun-Hwa
Paid-in Capital	NT\$32.414 billion
Total Employees	Taiwan 5,262 Global 25,599

Main products/services of Cheng Shin

Cheng Shin's main products range from gardening tires, industrial tires, bicycle tires, motorcycle tires, ATV tires, and tires and rubber products for cars, buses, light trucks, trucks, trailers, sports utility vehicles, etc.

Key Company Milestones

1967 Founded: 178 employees, a capital of NT\$6 million, specializing in the production of motorcycle and bicycle tires.



1993 In December, we received the international standard quality assurance system ISO 9001 certification in December as the first company in the tire industry to obtain this qualification in Taiwan.



1994 In November, Cheng Shin was awarded a medal with a flag-raising ceremony by Ford Motor Company.

1997 On May 29, the QS9000 quality certification was obtained.



2000 In October, the Company won the ROC National Quality Award.
In November, the Company received the National Industrial Waste Reduction Award from the Industrial Development Bureau, Ministry of Economic Affairs.
In December, the Company was awarded the group gold medal by the ROC Proposal Association.

NATIONAL QUALITY AWARD



2002 MAXXIS tires won the Forbes Magazine 2002 Global Award for enterprise excellence.

2003 On September 23, the MAXXIS brand was ranked fifth among Taiwan's Top Ten International Brands, with a brand value of about US\$256 million.

2006 In March, Cheng Shin passed the SGS audit and awarded the certificate of ISO/TS16949 Technical Specification for Automobile Industry (Design and Manufacture of Radial-ply and Bias Automobile Tires).



2010 Officially launched the new auto tire brand "PRESA", which are sold in parallel with MAXXIS through different channels to expand market share.

2011 Cheng Shin was awarded the TOYOTA Outstanding Overseas Contribution Award.

2012

China Kunshan MAXXIS Tire Test Site was officially put into operation at the end of the year.

Cheng Shin was awarded as one of the Top 50 Asia Companies by Forbes Magazine.



2014

The Tire Business Magazine ranked Cheng Shin as the world's ninth-largest tire manufacturer by market share. On December 17, the MAXXIS brand was recognized as one of Taiwan's Top Ten International Brands for 12 consecutive years, with a brand value of about US\$367 million.

2015

MAXXIS was named the number one tire brand of the year 2015 in the latest 2015 readers' poll of Enduro Bike Magazine (UK).



2016

India Plant produced the first tire.

MAXXIS HP5 tire was rated the first by the Australian Driving Solutions and the third by Professional Driver, a leading European magazine.



2017

MAXXIS MS1 won the 2017 China Wheel of the Year Award by Motor Trend China magazine.



2018

MAXXIS VS5 tire was awarded the "China Controlling Tire of the Year" award by Motor Trend China, an authoritative car magazine in China.

Cheng Shin was listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index



2019

MAXXIS AT700 tire was ranked first in an evaluation conducted by the Australian 4X4 Magazine.

MAXXIS HP5 won a recommendation from the German AUTO ZEITUNG magazine, with its ultimate performance being deeply recognized by all walks of life.

Cheng Shin was successively listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index



2020

A number of the Company' s products have won the "Taiwan Excellence Award".

Awarded Sustainable Supplier of the Year by Ford Motor Company.

MAXXIS tires won the International Design Award - 2020 Italy A' Design Award

MAXXIS HP5 was awarded the first and highly recommended honor by the German magazine ACE.



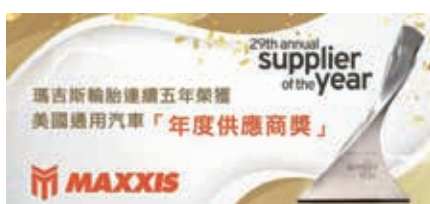
2021

Cheng Shin was successively listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index

A number of the Company' s products have won the "Taiwan Excellence Award".

Won the "Supplier of the Year Award" from General Motors for the fifth consecutive year.

Cheng Shin won Nissan Motor' s "Asia Pacific Supplier Quality Excellence Award"



Business Performance

Item	Management Approach
Materiality	In order to achieve Cheng Shin's goal of sustainable management and implement the business philosophy of "Quality First, Customer Satisfaction", we pursue business performance by strengthening our capabilities in innovation, process optimization, and brand strategy to expand global market share.
Policy/Commitment	Cheng Shin takes "Quality First, Customer Satisfaction" as its core business philosophy.
Goals and Targets	Set the goal with the customer as the center, and based on Cheng Shin's 321 Principle - 3 (100% quality, 100% service, 100% integrity), 2 (respect and care), 1 (gratitude), we seek to achieve our business objectives.
Responsibility	Company-wide
Communication Channels	Investor conferences, annual reports, and other investor communication channels
Action Plan	Customer-oriented, full production, full-capacity production, economy of scale, and avoiding unnecessary waste of raw materials to reduce costs.
Effectiveness Assessment	Business objectives and KPI of each department

Cheng Shin takes "adhering to integrity and innovation - adhering to the core business while creating new opportunities" as its core value and takes "100% quality, 100% service, 100% trust" as the core of culture. The Company continuously invests in research and development and innovation of products, puts tire testing sites into operation to shorten the product development cycle, provide better products for customers with different needs with multi-brand marketing strategy, upholds the heart of respect, care and gratitude, and promotes the recognition of everyone to participate in the joint development of the MAXXIS brand, and becoming a member of the MAXXIS family.

Combining people, machines, materials, methods, and quality with SAP (speed, accountability, and performance), avoiding the waste of 3D (dull people, dull things, and dull objects) and implements energy saving and carbon reduction, developing a self-disciplined team with integrity and responsibility, and establishing a company growth engine to achieve business goals through a systematic approach. Together with all our family members and partners, we pursue sustainable growth, strengthen environmental, safety, health and energy management, and fulfill our responsibilities as good corporate citizens of the global village.

1. The largest tire manufacturer in Chinese-speaking regions.

Cheng Shin is the largest tire manufacturer in the Chinese-speaking world, and has consistently ranked first in Taiwan in terms of revenue. With the booming development of China's automobile market, Cheng Shin has also become a leading brand in China's tire market.

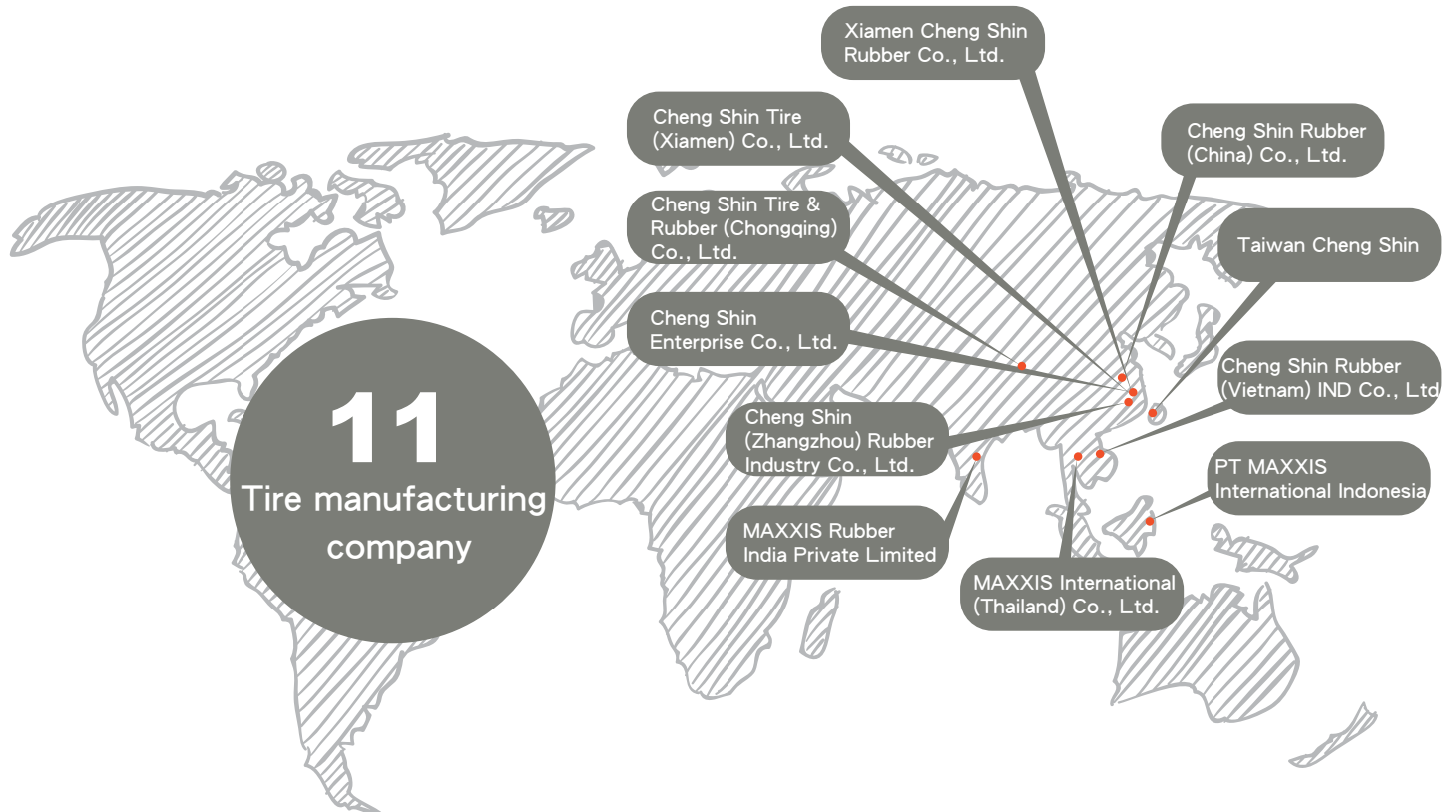
2. Actively expand into global markets

Cheng Shin has spared no effort in promoting overseas tire market sales, with export sales accounting for 73% of the total sales. At present, Cheng Shin has expanded its sales to more than 180 countries in the world, covering five continents. The rise of emerging markets has boosted demand for automobile tires. The recent investments in India and Indonesia, which are the second and fourth most populous countries in the world respectively, represent huge potential as consumer markets.

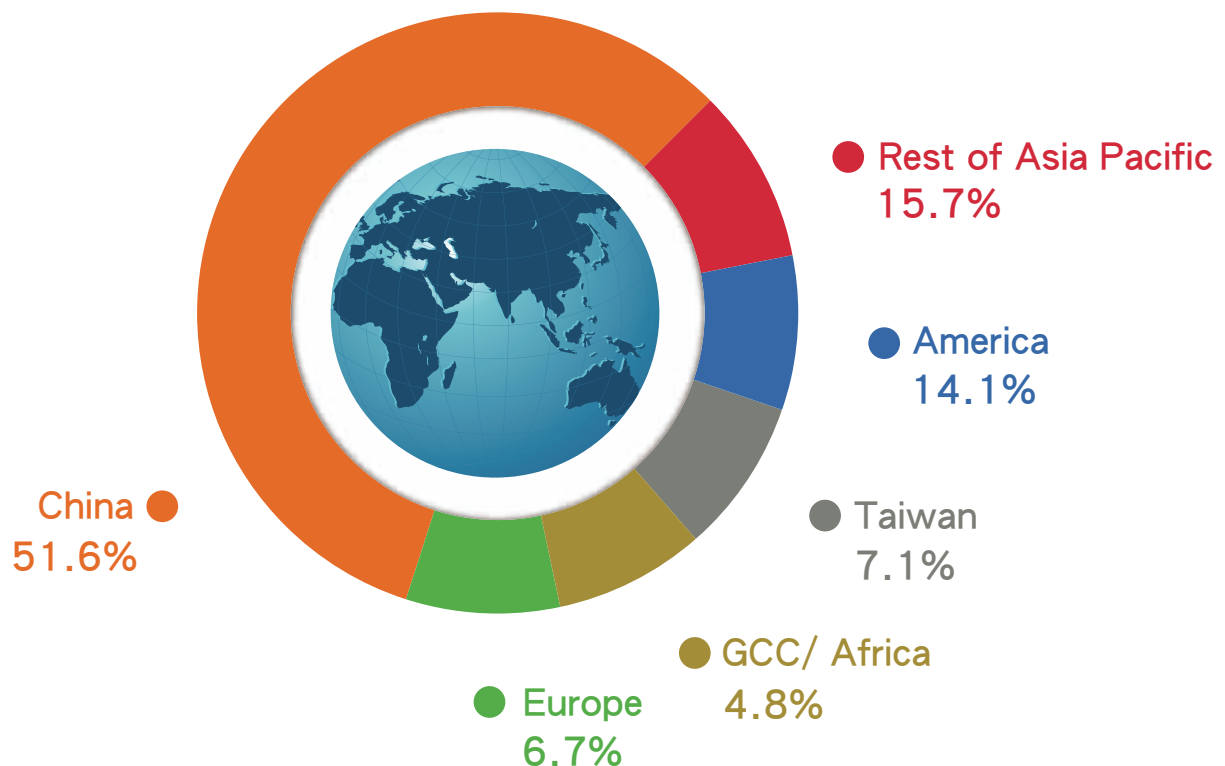
3. Globalized marketing

In terms of marketing, Cheng Shin has adopted a global marketing approach, leveraging the brand "PRESA" and MAXXIS to expand its market share through parallel sales in different channels; at the same time, the company has accelerated the enhancement of brand recognition and reputation, and promoted its brand and products on various platforms to penetrate into consumers' hearts.

Global Production Bases



Group Sales Analysis - By Region



The impact of the COVID-19 pandemic remained strong in 2021, and the rapid spread of virus variants around the world pose further challenges to the world. Labor shortages, supply chain disruptions, rising raw material costs and prohibitive ocean freight rates caused by the pandemic, coupled with rising inflation, continue to affect the performance of the global economy. The impact on the automotive industry is particularly severe, as global chip shortages have led to the scaling down of OEMs, a significant drop in new vehicle sales, and a recession in the overall industry due to production constraints. Cheng Shin's net income decreased 11.77% from last year to NT\$1.63 per share in the consolidated financial statements for FY 2021. In such a difficult environment, Cheng Shin remains customer oriented, and is maximizing production capacities to meet customer needs, create new opportunities, and enhance the added value of its products, while ensuring growth of revenue and profitability. In fiscal 2021, the Company's standalone revenue reached NT\$20.7 billion, earnings per share reached NT\$1.63, gross margin on sales reached 27%, while the brand value reached US\$264 million.

Unit: NT\$ thousand

	2019年	2020年	2021年
Operating Income	19,497,888	18,926,294	20,707,983
Gross Operating Profit	3,692,021	4,697,691	5,517,645
Operating Profit or Loss	(56,880)	953,296	2,171,864
Non-operating Income and Expenses	4,555,370	5,792,738	4,134,631
Profit Before Income Tax	4,498,490	6,746,034	6,306,495
Profit for the Year	3,466,827	5,988,702	5,270,007

Government Subsidies

Cheng Shin actively responds to government policies, especially in the aspects of industrial innovation, technological upgrading, and environmental protection. In 2021, the financial subsidies received from the government by Taiwan region included: R&D investment credit for profit-seeking business income tax recognized by the Industrial Development Bureau, MOEA as a result of active investment in R&D; subsidies for the Enterprise Human Resources Enhancement Program, the Employment Stability Program, the Employment Stabilization Training Subsidy Program for middle-aged and elderly workers, and subsidies for anti-dumping investigation and tariffs by the U.S. government on Taiwan for passenger car and light truck tires. In addition, due to the COVID-19 epidemic, the Company also received COVID-19 relief grants; in Mainland China, subsidies and grants were mostly from the Industrial Development Fund and grants for the purchase of research and development equipment.

Region (Currency)	2019年	2020年	2021年
Taiwan (NT\$)	36,350,841	82,680,249	33,775,932
Kunshan, China (CNY)	66,835,305	66,655,552	52,218,274
Chongqing, China (CNY)	24,125,026	71,139,809	12,302,288

1.2 Sustainable Cheng Shin

Strategies for Sustainable Development

Commitment to Sustainability

Running on the faith of founder Chairman Luo Jye when founded the business, Cheng Shin persists in the concepts of Honesty and Integrity, which are the most basic and important precepts for Cheng Shin and the highest guiding principles in the pursuit of sustainable operations. In addition, we also pursue the vision of a sustainable development oriented to three elements, including economy, environment, and society, centered on the Maxxis Family and the foundation of safety first.

Sustainability Policies

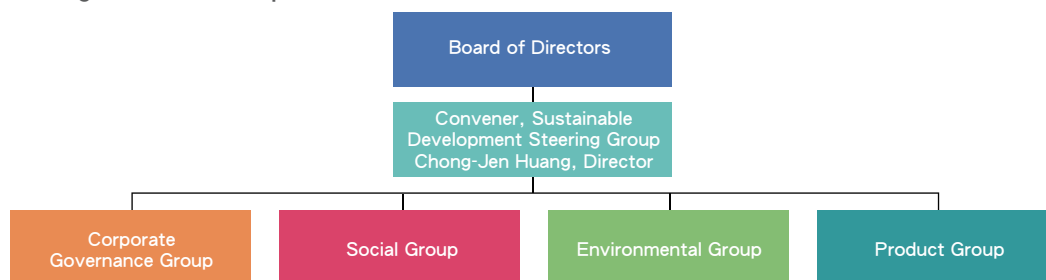


Sustainable Development Steering Group (ESG Group)

In 2015, Cheng Shin started to promote and set up a CSR Steering Group, with the Marketing Planning Department as the convener. We publish a sustainability report every year and gather the strengths of our operations in Taiwan and China (Kunshan and Chongqing plants) to actively promote the implementation of sustainable development practices in the economic, social and environmental aspects of the Company and to collect and disclose the relevant information required for this report.

In January 2022, the Board of Directors resolved to change the name of the Corporate Social Responsibility Steering Group to the Sustainable Development Steering Group (hereinafter referred to as the "ESG Group"). The ESG Group's organizational structure is divided into four working groups: corporate governance, social, environmental and product, and the Board of Directors has authorized Director Chong-Jen Huang to be the convener, responsible for corporate sustainability strategy development, performance monitoring, social responsibility and risk management.

The ESG Group reported to the Board of Directors on the contents and plans of the 2021 Sustainability Report, the improvement measures to be implemented in 2022, and the medium- and long-term policy goals at the 2022 Board Meeting. The Board of Directors shall also supervise the team to implement sound corporate governance, environmental protection and energy conservation, and strengthen overall management in the spirit of ESG.



Participation in Public Association Organizations

The public association organizations that Cheng Shin serves as directors/supervisors or consultants are as follows:

Taiwan	Taiwan Rubber & Elastomer Industries Association	Taiwan Bicycle Association	
Mainland China	Kunshan Taiwan Compatriots Investment Enterprise Association	Kunshan Human Resources Association	Jiangsu Provincial Association of Enterprises with Foreign Investment
	Jiangsu Entry-Exit Inspection and Quarantine Association	Kunshan Association of Enterprises with Foreign Investment	Suzhou Association of Enterprises with Foreign Investment
	Kunshan Safety Production Industry Association		

In addition to participating as supervisors and consultants as mentioned above, Cheng Shin also participates actively in the following public associations as members:

Taiwan	Changhua County General Trade Union	Changhua County Industrial Federation Trade Union	Changhua County Industrial Association
	Changhua County Labor and Industrial Relations Association	Changhua County Industry Association	Manufacturers Association of Yunlin Industrial Zone
	Changhua County Policemen Association	Car Safety Association	Motor R&D Safety Promotion Association
	Taiwan Transportation Vehicle Manufacturers Association	Taiwan Bicycle Association	Corporate Operating and Sustainable Development Association
	Yulon-Nissan Automobile Association	Kuozei Automobile Association	KYMC Industry Assistance Association
	SAE Taipei Section	Industrial Safety and Health Association	Taiwan Boiler Association
	Taiwan Stock Affairs Association	Chinese Excellent Management Association	YMT Exchange
	Accounting Research and Development Foundation	Taiwan Union of Nurses Association	Institute of Internal Auditors
Mainland China	Kunshan Environmental Science Association	Kunshan Special Equipment Association	Jiangsu Customs Brokers Association
	Suzhou CCPIT Suzhou Chamber of Commerce	Chongqing Taiwan Association	China Environmental Culture Promotion Association

1.3 Stakeholder Communication and Identification of Significant Topics

Stakeholder Communication and Identification of Significant Topics

For the purpose of more effective communication with the stakeholders of Cheng Shin, the ESG Group of Cheng Shin, by convening various departments and units for internal discussion and with the assistance of external experts, identified seven groups as the stakeholders of Cheng Shin, including customers, shareholders, employees, communities, government agencies, suppliers, and banks. At the same time, in daily operations, Cheng Shin carries out consultation and communication with the above stakeholders through various communication channels and platforms, and seeks to facilitate a better understanding of all stakeholders through this report, and responds to the topics and themes of their concern.



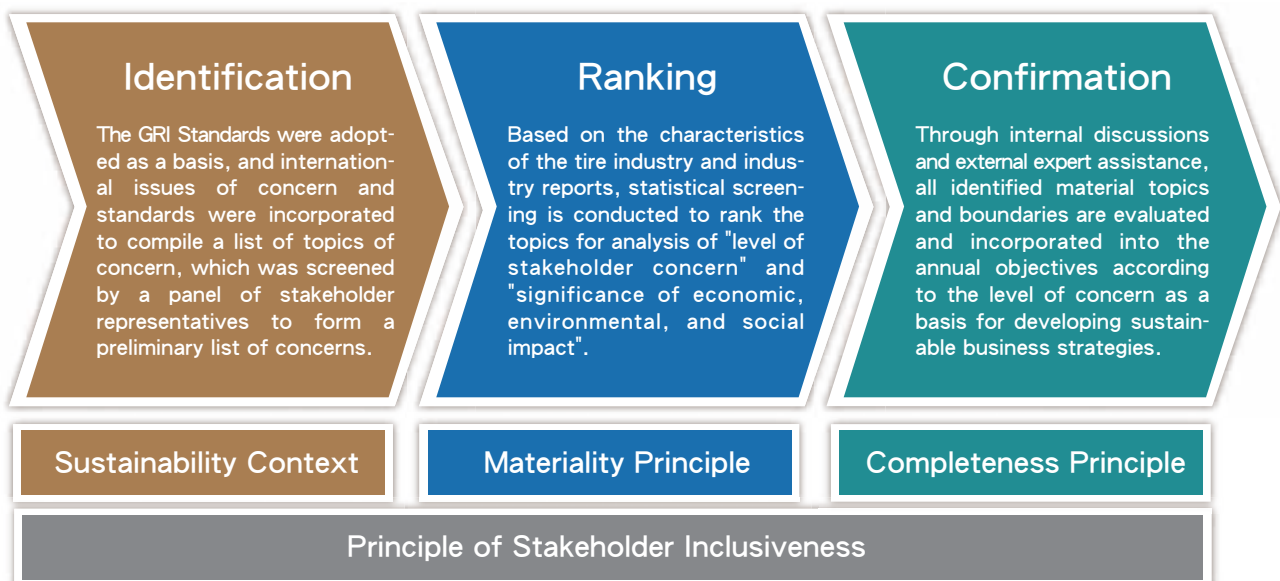
Group	Description	The significance of stakeholders to Cheng Shin	Topics of Concern	Communication method and frequency (irregular or regular (weekly, monthly, quarterly, semi-annually, etc.))	Communication performance in 2021 (number of sessions, attendance, discussion results)
Customers	Refers to major car manufacturers, dealers and general customers	Stakeholders who are concerned about the quality of Cheng Shin's products and services, and who are concerned about Cheng Shin's operations, legal compliance and environmental protection	1. Economic performance 2. Occupational health and safety 3. Market presence	1. Occasional visits to the company website 2. New product launch events from time to time 3. Sales service mailbox and telephone	1. 2021 Customer Satisfaction Survey, with satisfaction level maintained at high. 2. Held 5 new tire product launch events

Group	Description	The significance of stakeholders to Cheng Shin	Topics of Concern	Communication method and frequency (irregular or regular (weekly, monthly, quarterly, semi-annually, etc.))	Communication performance in 2021 (number of sessions, attendance, discussion results)
Shareholders	Refers to holders of shares issued by Cheng Shin	The shareholders of Cheng Shin are important supporters of the Company's survival and development. They should have fair access to material information about the company as their social evaluation of the Company will affect the change of stock price.	1.Anti-corruption 2.Employment relationship 3.Socioeconomic compliance	1.Investor conferences during the shareholders' annual meeting (per annum) 2.Update of the MOPs (regularly) 3.Establishment of a shareholders' area and a shareholders' hotline on the company's website	1.2 investor conferences were held in 2021 2.1 shareholders' annual general meeting was held in 2021 3.Update information on the MOPs in accordance with the regulations. 4.Update investor information on the Company's website from time to time 5.Address shareholders' inquiries by phone and email. All inquiries were answered. 6.Annual corporate governance evaluation. The results of the evaluation in 2021 ranked Cheng Shin among 36%-50% of listed companies.
Employees	Refers to office and factory employees	Employees are valuable assets of the company and are key stakeholders in the continued innovation and growth of the Company.	1.Employment relationship 2.Employee diversity and equal opportunity 3.Training and education	1.Hold labor-management conferences and occupational safety and health committee meetings (quarterly) 2.Holding corporate labor union meetings, Employee Welfare Committee meetings, and Human Resources Committee meetings (as required) 3.Conduct new employee seminars, employee interviews, and internal company announcements (as required)	1.Organize a total of 28 labor-management meetings to report on labor dynamics, communicate and discuss labor activities, benefits, etc. 2. Monthly factory on-site medical service, interview employees on health checkups and health consultations.
Communities	The residents/organizations and charitable organizations near the Company's base of operations	The residents living adjacent to the Company's operations are directly affected by the Company's operations and are close stakeholders.	1.Waste water and waste 2.Compliance with environmental regulations 3.Customer health and safety	1.Company website (at any time) 2.E-mail (at any time) 3.Public reporting system (company switchboard and security guards/anytime)	1.3 cases of air pollution and odor problems, but no such problems were found after investigation. 2.1 case of uncovered gutter nearby, confirmed not to be the property of Cheng Shin.
Government Agencies	Environmental Protection Administration, Occupational Safety and Health Administration, FSC, TWSE, and other competent authorities	Concerns about the results of Cheng Shin's compliance with economic, environmental and social laws and regulations, as well as the important stakeholders that affect industry development and policy promotion.	1.Anti-corruption 2.Compliance with laws and regulations regarding environmental protection, Occupational Safety and Health Administration, FSC, TWSE, and other competent authorities 3.Customer health and safety	1.Official documents (as required) 2.Communicating with the competent authority through the labor union to explain the regulations or public hearings (as required) 3.Reporting on the website of the competent authority (depending on the required reporting cycle) 4.Inspections and visits by the competent authorities (from time to time)	1.Publicity meetings held by environmental protection and occupational health related authorities: more than 30 meetings 2.Government agencies' promotion seminars and public hearings: occasional participation 3.MOPs: Disclosures made according to regulations

Group	Description	The significance of stakeholders to Cheng Shin	Topics of Concern	Communication method and frequency (irregular or regular (weekly, monthly, quarterly, semi-annually, etc.))	Communication performance in 2021 (number of sessions, attendance, discussion results)
Suppliers	Suppliers of raw materials, equipment and tooling	Stakeholders who are concerned about and willing to work together with Cheng Shin to establish a sustainable supply chain and to follow social corporate responsibility	1. Supplier Environmental Assessment compliance and promotion (e.g. G P S N R compliance) 2. Customer health and safety 3. Procurement Practices to promote sustainable supply chain management	1. On-site audits or self-assessments of new and existing suppliers (from time to time) 2. Collecting and conducting statistical analysis of suppliers' delivery performance, major suppliers' quarterly reports on product process capability and phone calls and emails to notify suppliers who have not achieved performance in the month as required and sign back the contact letter for raw material abnormalities, and convene meetings to review where necessary (monthly)	A total of 13 suppliers implement self-assessments (due to the COVID-19 epidemic) in accordance with the annual audit plan, of which 11 were rated A and 2 were rated B. All suppliers passed our assessments with an achievement rate of 100%.
Banks	Financial institutions that lend to Cheng Shin	Stakeholders who are concerned about the operational performance and sustainable development of Cheng Shin	1. Anti-competitive behavior 2. Waste water and waste 3. Environmental compliance	1. Organize seminars (as required) 2. Regular business communication by telephone, e-mail or visit (as required)	1. Held one bank meeting 2. Complete the credit line with the bank.

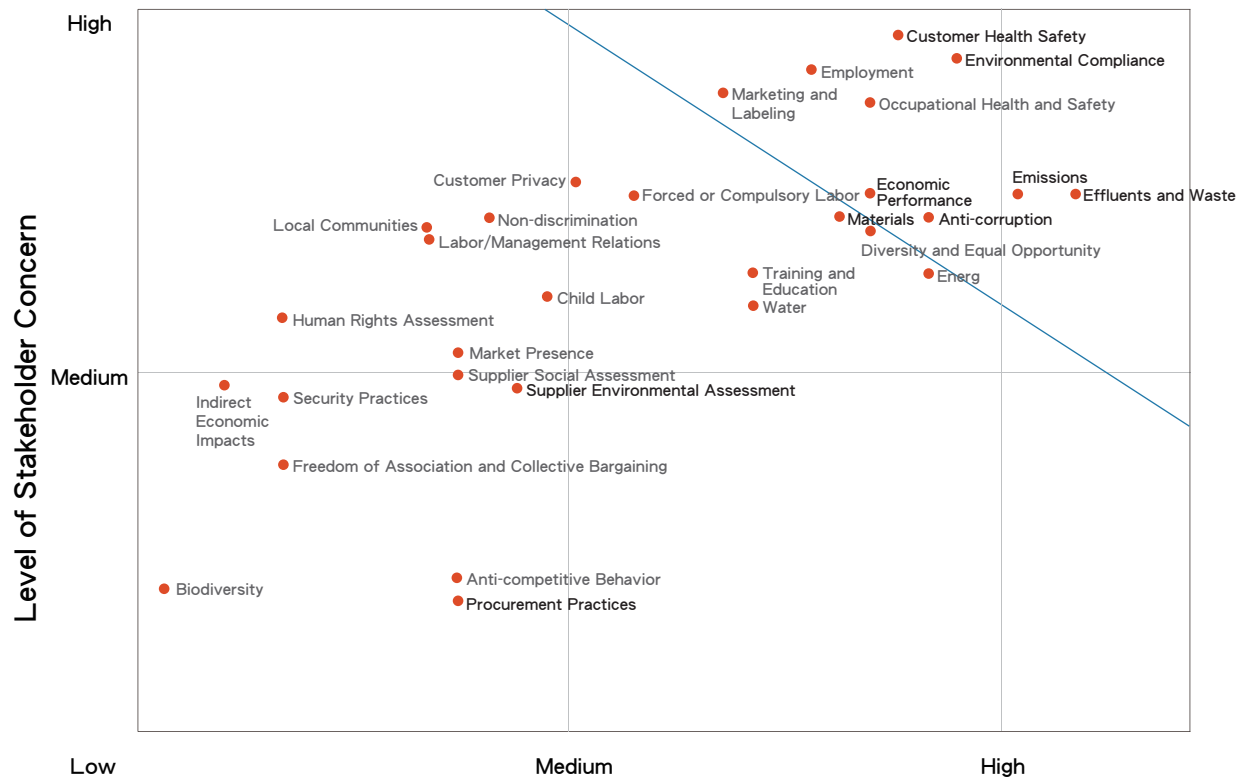
Identification Process for Material Topics

Cheng Shin identifies material topics through the following processes:



Results of Material Issues Analysis

As a result of the above procedures, the results of the analysis of material issues are as follows:










Significance of economic, environmental and social impacts





"Significant Economic, Environmental and Social Impacts" and "Stakeholder Concerns" in the matrix are classified as material issues. There are 9 major issues identified in this report, and their corresponding chapters and report boundaries are as follows:

Material Issues	Corresponding Chapter	Report Boundary							
		Within the organization	Outside the organization						
		Cheng Shin	Shareholders	Government Agencies	Employees	Communities	Suppliers	Customers	Banks
Environmental Compliance	4.7 Compliance with environmental regulations	●	●	●		●			●
Customer Health and Safety	3.1 Safe and Reliable Cheng Shin Tire	●		●		●	●	●	
Waste water and waste	4.4 Water Resources Management and Waste Recycling and Reuse	●		●		●	●		●
Emissions	4.3 Energy Resources and Greenhouse Gas Management	●		●		●	●	●	
Occupational Safety and Health	5.3 Safe and Healthy Workplace	●			●				
Employment Relationship	5.1 Employee Care Policy 5.4 Employee Welfare and Care	●			●				
Anti-Corruption	2.2 Integrity and Anti-Corruption	●	●	●					●
Economic Performance	1.1 About Cheng Shin	●	●					●	●
Marketing and Labeling	3.1 Safe and Reliable Cheng Shin Tire	●						●	

1.4 Responding to the United Nations Sustainable Development Goals (SDGs)

Cheng Shin regards Honesty and Integrity as the highest guiding principle in its sustainable operation and takes economic growth, social progress, and environmental protection as its sustainable development direction. It also lists 17 Goals of the UN's Sustainable Development Goals (SDGs) as its sustainable development goals and has identified and evaluated 9 of the 17 Goals as its focus. In terms of sustainable corporate development and community involvement strategy, Cheng Shin integrates the SDGs of the United Nations into the important reference information for corporate evaluation of social engagement, follows the five steps of the SDG Compass - Understanding, Priorities, Goal Setting, Integration, Reporting, and Communication, sets up action plans and reviews them to shape the future sustainable business development.

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	1.4 By 2030, ensure that all men and women have equal rights to resources	<ul style="list-style-type: none"> ● Since 2012, we have been sponsoring scholarships for national elementary schools around the country for many years. ● Participated in the charity one-day donation event and donated CNY 500,000 to the Kunshan Charity Society. 	6.3.3 Education support
	2.1, 2.2 Ensure adequate nutrition and access to learning environments for disadvantaged groups and the elderly	<ul style="list-style-type: none"> ● Provided more than 100 lunch boxes daily for the elderly living alone, the mobility impaired, and low- and middle-income households. ● Sponsor the Douliou City Office to promote the Elderly-Friendly Cafeteria to enhance proper care for the elderly. 	6.3.4 Giving back to the community
	3.8 Achieve universal health coverage	<ul style="list-style-type: none"> ▲ The Company provides special health checkups for workers with special health hazards at work. ▲ We will provide the health consultation service by doctors on-site at the Company's factory plants. ● Provided 1,524 special health checkups for workers in special workplaces in 2021 and tracked 64 employees. 	5.3 Safe and Healthy Workplace - Employee Health Management
	4. Establish educational facilities and provide for learning environment management	<ul style="list-style-type: none"> ▲ We provide multiple learning channels for our employees to balance work and physical/mental health. ● In 2021, we held 2 lifestyle seminars and 3 occupational safety seminars, and the total number of participants reached 399. 	5.5 Career Development and Evaluation
	4.5 by 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable	<ul style="list-style-type: none"> ● Since 2012, we have been sponsoring scholarships for national elementary schools around the country for many years. 	6.3.3 Education support
	5.1 End all forms of discrimination against all women and girls everywhere	Cheng Shin employees are paid fairly and consistently without regard to gender, race, religion, political affiliation, or marital status. We also take into account the labor supply and demand market and regional salary quotations, as well as the positions held by employees, their education, work experience and years of experience, and their professional abilities.	5.4 Employee Welfare and Care - Compensation and Benefits
	5.A Gender Equality		
	6.3, 6.4, 6.5 Sustainable Management of Water	<ul style="list-style-type: none"> ▲ The Company will continue to implement water resource management and recycling of process wastewater. ● The Company's wastewater emissions in Mainland China decreased by 2.8% compared to the previous year. 	4.4 Water Resources Management
	7.3 Improve energy efficiency	<ul style="list-style-type: none"> ▲ The Company has been involved in voluntary reduction of greenhouse gases. ▲ The Company's main goal is to improve the efficiency of its equipment. ● Reduce greenhouse gas emissions by 18,654.16 tons of CO₂e in 2021 by promoting energy saving programs in Taiwan and Mainland China. 	4.3 Energy Resources and Greenhouse Gas Management

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	8.1 Sustainable Economic Growth	▲ Cheng Shin's business philosophy is "Quality First, Customer Satisfaction". By focusing on the tire industry, Cheng Shin has been able to break through the constraints of the economic downturn with its driving force and execution, resulting in continuous growth in revenue and profit. ● In FY2021, standalone revenue reached NT\$20.7 billion, earnings per share was NT\$.63, gross margin of sales reached 27%, and brand value reached US\$264 million.	1.1 About Cheng Shin - Economic Performance
	8.7 Human Rights Management	▲ Cheng Shin's Work Rules stipulate that no one under the age of 15 shall be employed as a regular new employee. ● Cheng Shin has not hired any child labor between 2014 and 2021 and was not involved in any legal proceedings related to the employment of child labor.	5.2 Human Rights Policy and Labor-Management Relations
	8.8 Promoting a Safe Working Environment	● In accordance with the new supplier evaluation and annual audit provisions - process audit inspection for a new supplier and supplier annual audit plan shall be carried out, with the auditing items of the protection of labor working environment safety. ● Implement the ISO45001 management system to maintain the occupational safety and health of the work environment. ● Implement the maternal labor health protection program to ensure the safety of female workers at work.	3.3.2 Supply Chain Management Policies of Cheng Shin 5.3 Safe and Healthy Workplace
	11.6 Reduce the Harmful Impact of Cities on the Environment	▲ Maintain the normal operations of air pollution control equipment in factory plants. ▲ Implement waste reduction projects. ● Install prevention and control equipment in each stationary source process and ensure that the Company's processes comply with permitted air pollution control standards. ● The Company's annual management policy for 2021 clearly defines the project of "creating a sustainable environment and reducing waste", and each unit will take action in accordance with the policy.	4.5 Waste and Recycling 4.6 Air Pollution Prevention and Control
	12.2 Effective Use of Energy Resources	▲ In response to the concept of global environmental protection, Cheng Shin has established an enterprise environmental management system, committed to product design in line with the concept of environmental protection and improve the equipment and operating environment, has reduced the waste gas, wastewater, noise, and waste from manufacturing processed and energy conservation, as well as the proper recycling of resources.	4.2 Environmental Management
	12.4 Proper Waste Management	▲ In order to ensure the normal operation of the air and water pollution prevention equipment, Cheng Shin's plants are equipped with drug addition equipment. But the plant effectively adjusts prevention equipment to achieve the best operating conditions so that it does not need to add drugs to reduce the amount of unnecessary drug additions. ● The number of waste generated in the Company's Taiwan plants in 2021 is 32.9% less than that in 2020.	4.5 Waste and Recycling
	12.5 Substantially reduce waste generation by 2030 through prevention, reduction, recycling, and reuse.	▲ By continuously promoting waste (sewage) water reduction and recycling to facilitate the reduction of waste water discharge, and integrating the production planning of each plant to ensure the best use of water resources.	4.4 Water Resources Management
	12.6 Sustainability Reporting	▲ Report on sustainability by publishing an annual sustainability report and using the accessibility, transparency, timeliness, completeness, and interactivity of the website. ● The Company issues one sustainability report per year.	About This Report
	16.5 Reduce all forms of corruption and bribery	▲ The Company has established and promoted integrity management standards. ▲ Education and training for integrity management ● No violation of the laws and regulations of integrity management or internal regulations occurred in 2021	2.2 Integrity and Anti-Corruption
	16.6 The Company has developed an effective, responsible and transparent system at all levels.	▲ Management Procedures to Prevent Insider Trading ▲ Working Regulations ▲ Establishment of Rules for Related-Party Transactions ▲ Establishment of Supplier-Commercial Contracts ▲ No incidences of insider trading or corruption cases occurred in 2021.	

Part2

Credit Culture of Cheng Shin



Key Performance

10,267.5 hours of education and training on integrity management in 2021

No violation of the laws and regulations or internal regulations for integrity management occurred in 2021

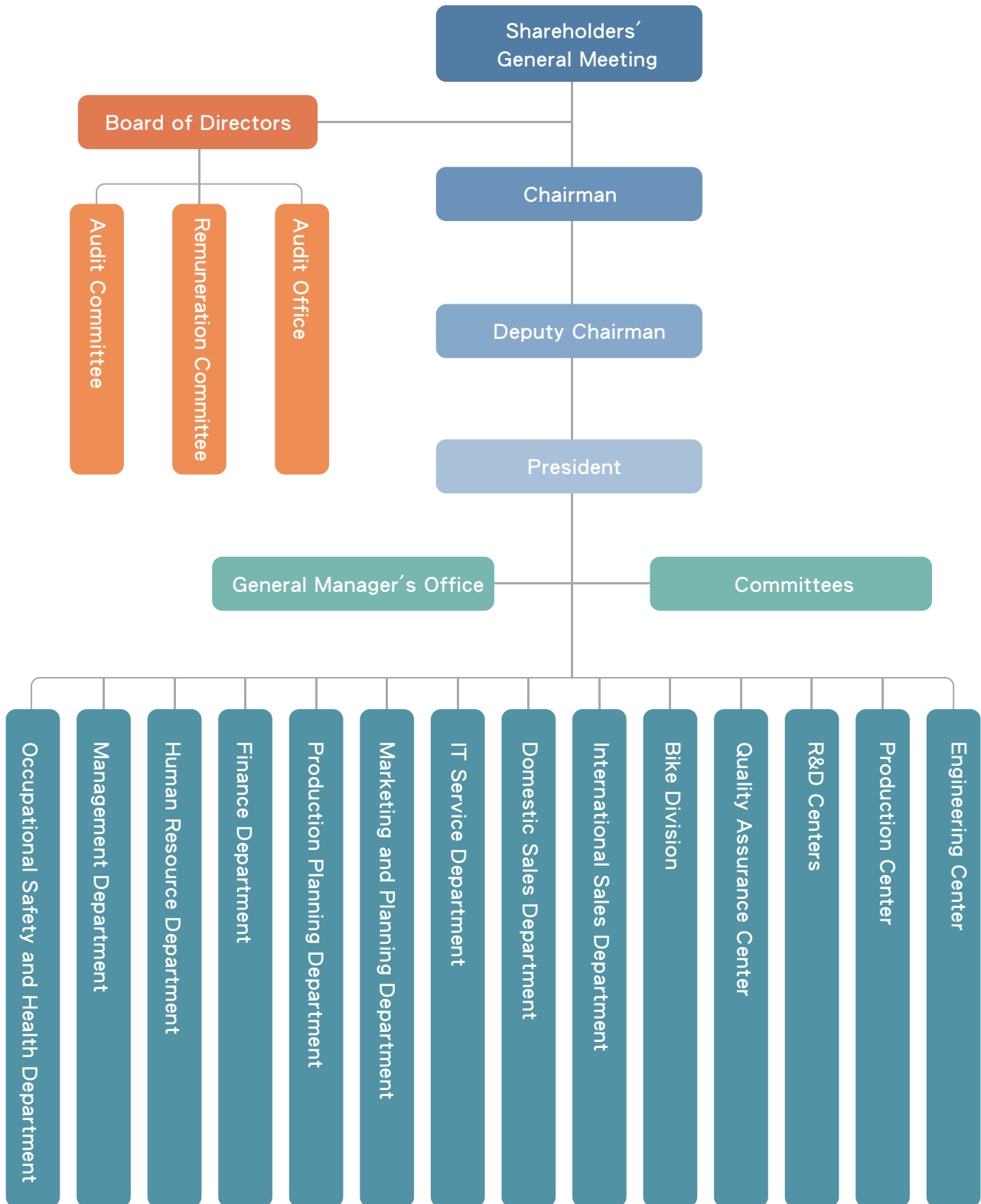
2.1 Corporate Governance

Corporate Governance Framework

The Board of Directors is the highest governance body of Cheng Shin and is responsible for overseeing the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls. The Audit Office, Audit Committee, and Remuneration Committee are established under the Board of Directors to assist the Board in fulfilling its supervisory responsibilities.



Organization Structure



The main responsibilities of each department are as follows: : Please refer to Cheng Shin' s 2021 Annual Report for details.

Operations of the Board of Directors

In accordance with Article 10 of the Board of Directors' Meeting Regulations, the board of directors of Cheng Shin shall be convened by the chairman of the board, who shall serve as the chairman of the meeting. According to Article 10 of the Rules of Procedure for the Board of Directors Meetings, the board of directors of Cheng Shin shall be convened and chaired by the chairman. However, the first board meeting shall be convened and chaired by the director with the most voting rights obtained in the shareholders' meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

According to the Articles of Incorporation, the Board of Directors of Cheng Shin has a total of 11 directors (including 3 independent directors), whose term of office is 3 years. The current composition of the Board of Directors was organized on June 16, 2020 in accordance with Cheng Shin's "Corporate Governance Best Practice Principles", which emphasizes gender equality and the general knowledge, skills and qualities necessary for the discharge of duties. Of the 11 current directors, 3 are employees (27%) and 2 are women (18%). Three of the directors serve as independent directors (27%), and the term of office of the independent directors is less than eight years. Four of the directors are over 71 years old, three are 61 to 70 years old, and four are under 60 years old. All of the board directors are R.O.C. nationals. All directors have professional backgrounds in business, finance, law and accounting. The main function of the Board of Directors is to appoint and supervise the management team of Cheng Shin so as to ensure the rights and interests of stakeholders and create maximum benefit for shareholders. It is stipulated in Cheng Shin's Rules of Procedure for Board of Directors Meetings that integrity management shall be implemented, and the directors shall adhere to the principle of a high degree of self-discipline and shall not vote on the motions listed by the board of directors that is detrimental to the interests to any stakeholder and Cheng Shin, so as to avoid conflicts of interest.

The Rules of Procedure for Board of Directors Meetings is available to download from Cheng Shin's website (http://www.cst.com.tw/shareholder_9.php).

In 2021, a total of 6 board meetings were held, with directors' (including independent directors) attendance rate of 100%. For further detailed background information on the board members, please refer to our Annual Report for the Shareholders' Meeting in 2021.

The report can be downloaded from the MOPs and the website of Cheng Shin (http://www.cst.com.tw/shareholder_7.php).

Remuneration Committee

Cheng Shin established the Remuneration Committee in 2011. It has been re-elected to its fourth term, with each term lasting 3 years. The members of the fourth term are composed of three independent members appointed by the Board of Directors, including two independent directors and one independent external expert, and one female member. The function of the Remuneration Committee is to evaluate, in a professional and objective manner, Cheng Shin's remuneration policies and systems for directors and managers of Cheng Shin and make recommendations to the Board of Directors for their reference in making decisions. In 2021, a total of 3 meetings were held, with an attendance rate of 100%. For further detailed background information on the Remuneration Committee, please refer to our Annual Report for the Shareholders' Meeting in 2021 and Cheng Shin's website.

Audit Committee

The Audit Committee was established in 2017 to replace the supervisor system and is composed of all independent directors serving a three-year term, and shall include at least 1 female member. The Audit Committee convened five times in 2021 with 100% attendance rate. For further detailed background information on the Audit Committee, please refer to our Annual Report for the Shareholders' Meeting in 2021 and Cheng Shin's website.

2.2 Integrity and Anti-corruption

Item	Management Approach
Materiality	Integrity is the cornerstone of Cheng Shin's business management, and it has a pivotal impact on shareholders, employees, customers and society as a whole. Cheng Shin takes Maxxis Family as the center and Honesty and Integrity as its most fundamental and critical concepts. The Board of Directors and the management implement the ethical management philosophy on such basis and promote ethical management culture and related policies through staff education and training so as to prevent any conflict of interest, gift-giving, and other incidents.
Policy/Commitment	Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Working Regulation, Establishment of Rules for Related-Party Transactions, Establishment of Commercial Contracts, internal control systems, etc.
Goals and Targets	Eliminate any violation of the principle of honesty and integrity
Resources	10,267.5 hours of education and training on integrity management in 2021
Communication Channels	1. (Taiwan, Kunshan) Complaint hotline, feedback platform, complaint mailbox 2. (Chongqing) Chongqing Labor Arbitration Commission, Chongqing Human Resources and Social Security Website, etc.
Action Plan	1. Formulation of integrity management rules and regulations and promotion work 2. Integrity management education and training
Effectiveness Assessment	1. No violation of integrity management in 2021 2. Internal control system (Regulations Governing Establishment of Internal Control Systems by Public Companies)

Integrity Management and Anti-corruption Regulations

In accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Cheng Shin has formulated the Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Working Regulation, Establishment of Rules for Related-Party Transactions, Establishment of Commercial Contracts, and internal control systems to implement ethical management. No violation of laws and regulations or internal rules on integrity management occurred in FY2021.

Directors - Rules of Procedure for Board of Directors Meetings

An interest avoidance system has been provided for. When the director has a stake in a matter at the meeting, that director shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of Cheng Shin would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director. Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relationship with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

Employee - Procedures for Preventing Insider Trading

Company insiders are explicitly prohibited from trading marketable securities using information not disclosed to the market.

Work Regulations

The purpose of these regulations is to ensure that the directors, officers and employees of the Company act in good faith in the performance and conduct of their duties.

Related Parties - Related-Party Transactions

The management responsibilities of personnel, assets, and finance are clearly separated between Cheng Shin and affiliate enterprises. In addition to the supervision of subsidiary companies, auditors also supervise relevant implementation on an annual basis.

Suppliers - Commercial Contracts

It has been specified in the contracts between Cheng Shin and its main suppliers that, if the supplier violates required social responsibility and integrity management standards, it shall be liable for damages, the contract shall be terminated, and the supplier shall be rejected for business permanently. In addition to following the above rules, Cheng Shing's Mainland China operations have also formulated the internal Human Resources Management Rules to regulate the behavior of anti-bribery and accepting gifts from suppliers and customers, and specify that the procurement and engineering staff shall sign the letter of commitment regularly to avoid any violation of integrity management. In order to better understand the needs and voices of Cheng Shin's employees and other internal and external stakeholders, a communication mailbox has been set up in Taiwan, with the human resources and audit units serving as the dedicated departments responsible for addressing concerns raised. The human resources unit is primarily responsible for communicating the ethical management value of Cheng Shin, while the auditing unit is responsible for handling violations. In the event of a reported violation involving a director or a senior executive, the independent director will be the unit for follow-up communication and handling. In FY2021, no apparent violations were reported from the aforementioned communication channels.

Education and Training

At present, Cheng Shin's Taiwan and Mainland China operations provide 2 hours and 1.5 hours of integrity management education and training respectively for new employees on the day of entering the factory plants, provide promotion of ethical and responsible code of conduct for in-service staff, explains and promote the behaviors to be observed and avoided in the employee service rules. The training in Mainland China is conducted separately for each new employee and current employee, so the number of education and training covers all employees and the percentage of education and training is 100%.

Training hours for integrity management (anti-corruption, anti-bribery, and employee code of conduct) over the years Unit: Hours

Region \ Year	2019	2020	2021
Taiwan Region	1,952	792	948
Mainland Region	16,184	6,330	9,319.5
Total	18,136	7,122	10,267.5

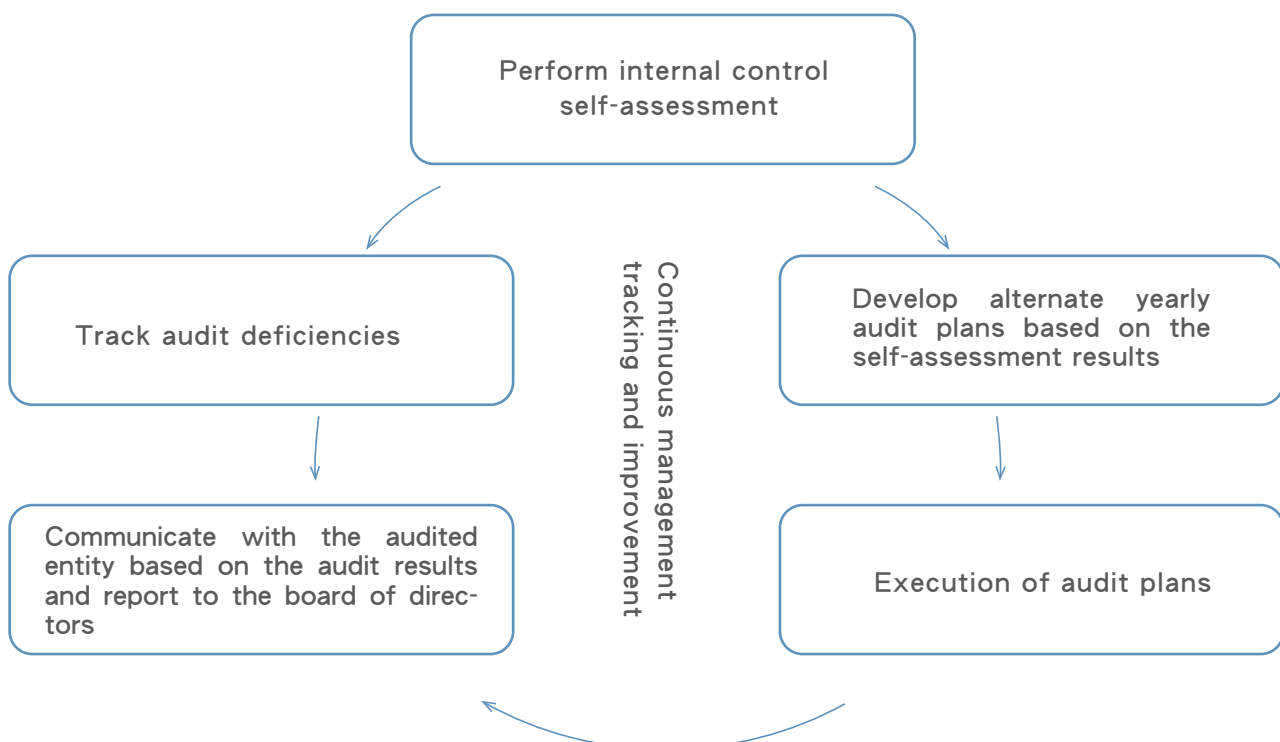
2.3 Risk Management

We have implemented corporate governance and operational management in accordance with this philosophy, as well as a sound risk management mechanism to actively face and control the risks that should be considered in the operation process in order to create sustainable corporate development.

Unit management functions and operation mechanisms

Unit	Responsibility	Frequency	Mechanism
Board of Directors	Cheng Shin's Board of Directors is the highest unit for risk management of the Company and is responsible for approving, reviewing and monitoring the Company's risk management policies in accordance with the "Guidelines for Handling the Internal Control System" to comply with laws and regulations, ensure the effectiveness of risk management, and promote and implement overall risk management as an objective.	Convene at least once every quarter	The internal audit unit establishes an annual audit plan based on risk assessment results. Supervise and manage the operation and management of subsidiaries in accordance with the "Regulations Governing the Supervision of Subsidiaries". When significant and abnormal risk events occur. The operation of the ESG Group. The above-mentioned reports are submitted to the Board of Directors for discussion and review of implementation status.

Unit	Responsibility	Frequency	Mechanism
Audit Office	An independent department under the Board of Directors. In accordance with the rules and regulations and the Company's internal control system, the Audit Office schedules an annual audit plan to verify the implementation of the relevant units and, based on the results, communicates with the units under investigation to prepare an audit report for submission to the Board of Directors as well as for subsequent follow-up monitoring.	Monthly Audit Report	Monthly audit results are presented to the independent directors for their reference. Quarterly audit findings are presented to the independent directors for their reference on status of improvements. Report to the Board of Directors on a quarterly basis on the status of audit execution.
General Manager's Office	Execute risk management decisions and coordinate cross-departmental risk management interaction and communication.	Monthly meetings	Integrate functional groups and make decisions and track progress.
Functional Groups	Integrate functional groups and make decisions and track progress.	Monthly functional meetings	Each functional group conducts cross-departmental reviews and executes regular reviews of the plan.



Cheng Shin has formulated various internal rules and regulations. According to the categories of risk factors, each responsible unit in Cheng Shin carries out risk control at different levels, evaluates and plans various control works, and implements them accordingly, expecting to minimize the uncertainty of business operation. Cheng Shin also focuses on the topics of environment, energy and resources, sets goals, and regularly reviews achievements. For details, please refer to Section 4.1 Risks and Challenges of Climate Change of this report

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Financial Risk	Exchange Rate Risk	<p>◆ The market expects the U.S. Federal Reserve to raise interest rates, engage in monetary squeeze policies. This is expected to strengthen the U.S. dollar in 2022, which will have an impact on emerging market currencies. As a multinational operating company, the financial reports of our overseas subsidiaries are denominated in the currency of the countries where they are located. Therefore, we are exposed to exchange rate risks arising from different currencies. The Group keeps close attention to the factors affecting the exchange rates and their changes of the countries in which it invests. However, changes in the political and economic situation of the host country may also affect the exchange rate fluctuations of the subsidiary's reported currency against the New Taiwan dollar.</p> <p>◆ The Group's major currencies for transactions are RMB, USD, NTD, and THB. The sales and purchases amount were of similar scale, thus the exchange rate risk is offset. The exchange rate risk arising from overseas investment mainly derives from RMB, USD, NTD, and THB, VND, INR and IDR. Cheng Shin continuously observes the trend of the foreign exchange market, records and makes appropriate currency adjustments according to the capital situation to reduce the exchange rate loss or reduce the risk to an tolerable range.</p>	Finance Department
		Interest Rate Risk	<p>◆ In early 2020, central banks around the world cut benchmark interest rates, expanded monetary easing policies, and stimulated the economy due to the impact of the COVID-19 pandemic. However, since the second half of 2021, the impact of the pandemic gradually eased, prices rose, the U.S. consumer price index (CPI) rose, and inflation became more severe, so the market expects the U.S. Federal Reserve to start raising interest rates in 2022, which will in turn affect other countries' central banks.</p> <p>◆ Cheng Shin keeps a close watch on the central banks and market conditions, and can adjust its liabilities and take hedging measures if necessary.</p>	Finance Department
		Inflation	<p>◆ Faced with the uncertainty of the global economic outlook, Cheng Shin cannot predict whether there will be significant changes in inflation or deflation in the future. However, tires are consumer goods, which are highly correlated with raw material prices, market demand, and inflation or deflation, and therefore will affect Cheng Shin's sales results to a certain extent, but will not have a material adverse effect on overall operations.</p>	Finance Department
	Business Continuity Risk	Raw material prices and raw materials supply Risks	<p>◆ Raw material price alerts: Cheng Shin has set up dedicated personnel to monitor bulk raw material market prices online in real time by monitoring international raw material exchange prices, inputting the information obtained into the system, and reporting abnormal information to the company's senior executives in real time to facilitate close observation and adept grasp of market conditions, and to reduce the risk through global procurement, development of alternative (including recycled and recyclable) materials, and development of potential suppliers.</p>	General Manager's Office

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Business Continuity Risk	Product Research Research and Development Management	<ul style="list-style-type: none"> ◆ Regularly review product generation planning and regulations in the market. ◆ Integrate market and product research and development to develop new products that meet customers' performance, quality requirements and regulatory requirements. 	R&D Center
		Transportation Risk	<ul style="list-style-type: none"> ◆ For inland and marine transportation, we use multiple large suppliers to cooperate and establish deep relationships with them over a long period of time, so that we can avoid hindering export operations due to rising market demand and fill the temporary shortage gap. ◆ Transportation price stabilization mechanisms: Inland transportation and manufacturers set up an oil price rolling mechanism and adopt reasonable and long-term transportation prices; for ocean freight transportation we have signed transportation contracts to stabilize transportation costs in the event of a large increase in 	Production Planning Department
		COVID-19 Outbreak	Regarding the impact of the COVID-19 pandemic, Cheng Shin has implemented internal measures to prevent the spread of the epidemic in accordance with the Ministry of Health and Welfare's "Guidelines for the Continued Operation of Enterprises in Response to the Severe and Special Infectious Pneumonia (COVID-19) Epidemic". This includes staff access control and work diversion to ensure sustainable operations within the company.	Occupational Safety and Health Department
		Energy Supply	<ul style="list-style-type: none"> ◆ Implement energy equipment management, regular inspection and thermal imaging camera prediction test for Grade 1, 2 and 3 equipment, and formulate energy management measures to improve energy usage efficiency and set annual energy saving targets for the Company's plants. Through effective improvement measures, Cheng Shin seeks to reduce the risk of energy supply. 	Engineering Center
	Intellectual Property Management	Intellectual Property Risk	<ul style="list-style-type: none"> ◆ The Company's products are sold to more than 180 countries globally. The preventive measures are as follows: A: Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies' products. If there is any similarity that raises concerns or potential violation to the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation has occurred. B: Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents. After the above two precautionary measures are established, authorization from the Company's management team must first be obtained before displaying the relevant patent information on the advertisements to publicize the Company's intellectual property rights and releasing any product advertisement material or new technology. 	General Manager's Office
	Digital Information Security Risks	Confidential Information Protection	<ul style="list-style-type: none"> ◆ Formulate information security policies in line with the information security management system (ISO27001), specify the implementation of various security measures and strengthen the audit management. Strengthen information security management to ensure the availability, integrity, and confidentiality of the Company's information systems, and protect them from internal and external deliberate or accidental threats. 	IT Service Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Workplace Safety and Health	Safety Risk Management	Major Disasters Accidents	<p>◆ Formulate the Disaster Accident Management Regulations: specify the procedures to respond to an emergency, the emergency response contact system, and the disaster countermeasures.</p> <p>◆ Formulate the Comprehensive Emergency Plans: For factories in China, we have stipulated the Comprehensive Emergency Plans for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, specify the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the General Safety and Health Requirements for Manufacturing Procedures, and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units.</p>	Occupational Safety and Health Department
	Environmental Risks	Environmental Control Capabilities	◆ Implement the environmental management system (ISO14001), and through annual external and internal audits, formulate environmental policies, set targets, implement, audit and review them to achieve continuous improvement of environmental performance.	Occupational Safety and Health Department
		Greenhouse Gases Emissions	<p>◆ In response to the energy saving target of the Bureau of Energy, MOEA to reduce energy consumption by 2% per year, we have set out the energy saving target for next year and the performance of this year's implementation in order to explore the benefits of energy saving measures each year.</p> <p>◆ In response to the government's promotion of the Greenhouse Gas Reduction and Management Act, the Company has actively carried out greenhouse gas emission reduction strategies, in which the heavy fuel oil in the plant is completely replaced by natural gas to effectively reduce its emissions, and the registration and certification are completed through external inspection and verification every year.</p>	Occupational Safety and Health Department
		Environmental Management	<p>◆ We have obtained ISO14001 environmental management system certification, and we have been maintaining the validity of the certification through daily management to ensure the management of environmental pollution such as air, water and waste.</p> <p>◆ In line with the local Environmental Protection Bureau's implementation of multiple permits for environmental protection, Cheng Shin actively accepts counseling to integrate all the permits to facilitate the implementation of subsequent regulations.</p> <p>◆ Each unit implements the general manager's policy to create a sustainable business environment and reduce waste. Reduce the amount of air pressure energy consumption and sewage discharge.</p>	Occupational Safety and Health Department
		Risk of Infectious Diseases	◆ Regarding the impact of the COVID-19 pandemic, Cheng Shin has implemented internal measures to prevent the spread of the epidemic in accordance with the Ministry of Health and Welfare's "Guidelines for the Continued Operation of Enterprises in Response to the Severe and Special Infectious Pneumonia (COVID-19) Epidemic". This includes the formation of an in-plant epidemic prevention team to promote and manage the epidemic, and to effectively control the entry and exit control of the Group's domestic and overseas plants, as well as the diversion of operations to ensure sustainable operations within the company.	Occupational Safety and Health Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Social	Human Resource Risk	Human Capital	<ul style="list-style-type: none"> ◆ In order to accelerate the development of talent pools, we train high potential mid- and senior-level executives through systematic training. We accelerate the training time for mid- and senior-level executives to implement the talent reserve program. ◆ We provide professional learning and growth opportunities to motivate employees and enhance the strength of our talent pool, while satisfying their learning needs and ensuring that they master key skills to implement our talent pool program. 	Human Resources Department
		Human Resource Management	<ul style="list-style-type: none"> ◆ Diversified talent recruitment channels. ◆ Strengthen employee care and promote employee retention. ◆ Encourage employees to seek to develop new skills and obtain qualifications to perform a variety of jobs in order to enhance overall capabilities and increase management flexibility. 	Human Resources Department
	Occupational Safety Risk	Safety and health standard operation management	<ul style="list-style-type: none"> ◆ In order to ensure the safety and health of the working environment, reduce the cost of accidents and reduce the loss of man-hours, we implemented the ISO45001 occupational safety and health management system, ensure the achievement of safety and health objectives and performance, consider organizational risks and opportunities and identify occupational security risks in the group and seek to eliminate hazards or risks or control them to reduce their impact. 	Occupational Safety and Health Department
	Legal Compliance	Rationalization of laws and regulations	<ul style="list-style-type: none"> ◆ For the laws and regulations amended by the government, the Company collects the latest laws and regulations announced in that month, and the responsible unit will judge the Company's degree of compliance with the laws and regulations to ensure that the subsequent implementation by the responsible unit is in compliance with the laws and regulations, and to amend the relevant regulations in factory plants. ◆ If there are any relevant laws and regulations on the environmental issues such as greenhouse gas, the Company actively participates in the contingency team organized by the government, pays attention to the draft laws and regulations and relevant changes, and keeps track of the relevant information at all times. 	General Manager's Office Occupational Safety and Health Department

Part3

Safe and Reliable Cheng Shin Tire



Key Performance

Excellent reviews and ratings

Performance of sedan, SUVs, mountain bike tires: UHP Ultra High Performance Tire VS5, HP High Performance Tire HP5, Winter Tire WP6, and AP3 SUV all season tires have been awarded with excellent reviews by international evaluation agencies and influential media.

Product	Magazine Publication	Specification/Tread	Rating
Sedan Tires	ADAC(Note1)	205/55R16 91V HP5	Recommended
	ADAC(Note1)	225/50R17 WP6	Satisfactory
	ADAC(Note1)	195/65R15 WP6	Satisfactory
	Autobild(Note2)	205/55R16 91V HP5	Satisfactory
	Autobild(Note2)	215/60R17 96H HP5	Satisfactory
	Autobild(Note2)	175/80R14 88T ME3	Satisfactory
	Autobild(Note2)	235/35R19 91Y VS5	Good
	Autobild(Note2)	225/50R17 98W AP3	Satisfactory
	Vi Bilägare(Note3)	225/45ZR17 94W HP5	Ranked No.1
	ACE Auto Club(Note4)	225/45ZR17 94W HP5	Very Recommended
SUVs	Autobild(Note2)	215/65R17 103V AP3 SUV	Satisfactory
MTB Tires	ENDURO MOUNTAINBIKE (Note5)	Bicycle Tires	MAXXIS was awarded the Best Bicycle Tire Brand of the Year2021 Best tire brand
	PINKBIKE(Note6)	Bicycle Tires	Maxxis Recognized as NO.1 Brand in Mountain Bike Tires

Note 1: ADAC, headquartered in Munich, is the largest motoring association in Germany

Note 2: AUTO BILD, a renowned German car magazine

Note 3: Vi Bilägare, headquartered in Stockholm, is Sweden's best-selling car magazine

Note 4: ACE Auto Club is Europe's leading car magazine

Note 5: ENDURO MOUNTAINBIKE Europe's leading mountain biking magazine

Note 6: PINKBIKE is an American professional bicycle sports Magazine

Cheng Shin' s tires won the 2021 Taiwan Excellence Award
Car/Light Truck Tire Product Awards

- 1.Nissan Motor "2021 Asia Pacific Supplier Quality Award"
- 2.Received Best Supplier Award from General Motors



Also, we have won the best results in various races and sponsorships around the world.

Item	Events	Honor
Bike Tire Sponsored Cyclist	2020 Tokyo Olympics	BMX Gold: Logan Martin_Australia BMX Bronze: Carlos Ramírez_Colombia XC Bronze: Linda Indergand_Switzerland
	2021 UCI Downhill WORLD CHAMPION	Men's Gold
	2021 UCI Cross-country WORLD CHAMPION	Women's Gold
ATV Tire Sponsored Cyclist	Can-Am UTV King of the Hammers (KOH 2021 Pro Turbo)	Gold Medal: Kyle Chaney
	Can-Am UTV King of the Hammers (KOH)- Toyo Tires Desert Challenge	
Motorcycle Tire Sponsorship	European Championship EMX125 EMX OPEN	European Champion
	2021 Motocross of Nation MXoN	World Champion
	2021 EnduroGP EJ World Championship	World Champion
	TSR R.4 125 A Group TSR R.4 EVS10.0	Finalist Finalist
	King of TYKA Circuit Super C Group	Fastest time in the race - broke lap records & finalist

3.1 Safe and Reliable Cheng Shin Tire

Item	Cheng Shin Product Management Strategy
Materiality	<ul style="list-style-type: none"> The quality of tires is related to the safety of drivers and passengers. Therefore, tire safety is the most pivotal core value in Cheng Shin's design, development and production process of new products. To help consumers choose the right tire for them, all products comply with the regulatory requirements for product information labeling in the regions where they are sold.
Policy/Commitment	"Quality First, Customer Satisfaction" is the core competitive strategy of Cheng Shin's products.
Goals and Targets	Innovative research and development technology to enhance product performance is expected to improve product identification, significantly expand and capture global markets, and enhance corporate development.
Responsibility	Parent and subsidiary companies and major products, R&D departments, etc.
Communication Channels	Customer service hotline and mailbox.
Action Plan	<ul style="list-style-type: none"> Continuous research and development of various high-performance tires, including fuel-saving and environmental protection tires, low rolling resistance tires, etc., to enhance product safety and energy efficiency. Pass relevant certification tests around the world to obtain the guarantee of product safety, and ensure the most stringent gatekeeping for consumer safety.
Effectiveness Assessment	<ul style="list-style-type: none"> Key performance indicators for product performance in 2021. No major violations of product-related laws and regulations for marketing and labeling occurred in 2021.

3.1.1 Product Quality Management









The tire has been an indispensable part of all kinds of vehicles, but also a security part of the vehicle. Its quality is involved in the safety of driving and passengers. Therefore, product safety is the most important core value in the design, development and production process of new products. In addition, before the product leaves the factory, we will conduct internal tests on product size, column pressure, durability and high speed to ensure the quality of the product conforms to the most stringent standards to be the gatekeeper for consumer safety.

When tires are used in driving, safety is the most basic and important link that cannot be ignored. Based on our customer-oriented approach, after confirming customer needs, Cheng Shin produces products as needed and regards product safety as the most basic and important core value. Cheng Shin has obtained product safety assurances by passing the test of relevant certification units around the world, and is the most stringent gatekeeper for consumer safety.

Customer-oriented Process



Acquiring stringent safety standards certifications have allowed our products to shine in every corner of the world, living up to the brand spirit of "Maxxis Everywhere".

Markets	Product Certification	Product Certification Description	Sales to Compliance Ratio
European Union		European E Mark Certificate. Certificate from the Economic Commission for Europe (ECE)	100%
USA	DOT	US Department of Transportation	100%
Indonesia	SNI	Standard National Indonesia	100%
Brazil		National Institute of Metrology, Quality and Technology	100%
India		The ISI Standard Mark	100%
China		China Compulsory Certification	100%
Thailand		TIS Certification TISI-Mark	100%
Philippines		BPS-Mark	100%
Taiwan		Taiwan BSMI Certified	100%
Taiwan		CNS-Mark	100%

Quality First and Customer Satisfaction

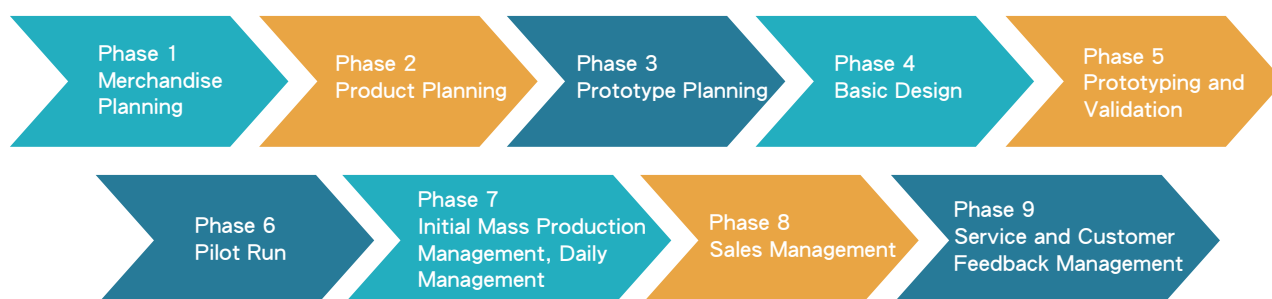
"Quality First, Customer Satisfaction" is the core competitive strategy of Cheng Shin's products. In terms of quality system, Cheng Shin has implemented total quality management and obtained ISO9001 and IATF16949 quality management system certification, and established a dedicated quality department to promote the company's quality management activities.

Region	Quality Management System
Taiwan and Mainland China	100% implementation of ISO9001 for all production activities IATF16949 is implemented in 100% of the production activities of car tires and truck tires.

Note: IATF16949 is a quality management system for the supply chain of automotive/motorcycle industry.

Quality Activities	Responsibility
Quality Assurance	Company-wide quality assurance system, quality management system establishment/maintenance and management quality improvement, standardization planning/promotion and management, quality audit activity planning/execution and management
Quality Management	Implementation and evaluation of quality management activities for suppliers, raw materials, processes, semi-finished products and finished products

Based on the basic quality policy of "Quality First, Customer Satisfaction", the Quality Assurance Department has developed a new quality management structure, which is divided into nine quality management phases, as shown below.

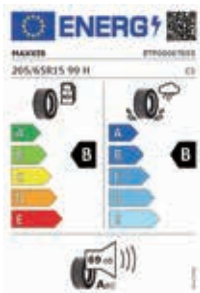


Cheng Shin's quality management system is certified to ISO 9001/IATF 16949, which serves as the basis and guideline for the development of our quality management policies and standard procedures. Cheng Shin's products are certified to meet the requirements of the European Union standards and our customers, and comply with the chemical restricted substances regulations to ensure that no lasting damage is caused to the environment.

To ensure that our employees have the correct concept of "quality", we encourage all employees to insist on the idea and practice of "Quality First" for products, work, and services. Every new employee of Cheng Shin is required to receive a basic quality education when entering the factory and to recognize the basic core concept of "Quality First" from the very beginning. In addition, quality-related courses are also arranged in regular annual education and training for all levels of personnel to continuously strengthen Cheng Shin's adherence to quality and management improvement.

3.1.2 Clear Product Labeling

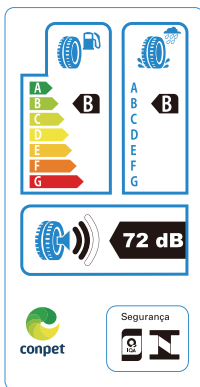
In order to help consumers choose the right tire for them, as well as in line with the concept of environmental protection and safety, all major markets around the world have established tire product labeling regulations, mainly focusing on which mainly regulate tire rolling noise, wet grip, and rolling resistance. Our tires sold to all the regions and countries are in compliance with applicable target market regulations.



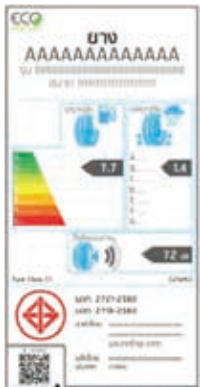
Examples of European Union tire labels



Saudi Arabia Examples of Saudi Arabia tire labels



Examples of Brazilian tire labels



Examples of Thai tire labels

Europe

In June 2020, EU 2020/740 European labeling regulation was announced to replace the original European labeling regulation EC1222/2009, and all tires sold to European countries are required to upload data to the EPREL system to disclose tire information. The new label became mandatory from May 2021, and 100% of Cheng Shin tires sold to EU countries comply with the regulations.

Gulf Cooperation Council countries (GCC) / Saudi Arabia

Tires for passenger cars and for commercial light trucks and trucks sold to the Middle East Gulf Countries are required to comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (GSO ECE 117:2016) from January 2016 and January 2017 respectively, and all Cheng Shin tires sold to the Gulf countries comply with such requirement. Since November 2015, all tires sold to Saudi Arabia must comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (SASO 2857:2016), and all Cheng Shin tires sold to Saudi Arabia comply with such requirements.

Brazil

In September 2020, INMETRO #379 was released to replace the original INMETRO #544, which regulates the labeling of rolling noise, wet grip and rolling resistance performance levels for passenger car tires, commercial light truck and truck tires sold in Brazil. 100% of the tires sold by Cheng Shin in Brazil comply with the regulations.

Thailand

The Thailand Industrial Standards Institute (TISI) was established with the approval of the Cabinet of the Thai Government to act as a national standard legislative body to enact and amend relevant laws and regulations. Tires for passenger cars, commercial light trucks and trucks sold in Thailand from September 2019 are required to comply with TISI 2721-2560, which is the standard for marking the performance levels of rolling noise, wet grip and rolling resistance. 100% of the tires sold by Cheng Shin in Thailand comply with the regulations.

Taiwan

In November 2019, the Bureau of Energy, Ministry of Economic Affairs, and Automotive Research & Test Center (ARTC) established the "Energy-Efficient Tire Industry Alliance" to introduce energy-saving labels for car tires, and manufacturers shall apply for energy-saving labels. According to the rolling resistance, the labeling can be divided into three grades: A, B, and C. The rolling resistance of grade A is the lowest one, which can save up to 8% fuel after measured, while the fuel-saving of grade B and C is 6% and 4%, respectively.

MAXXIS®
MECOTRA ME3T

205/55R16 91V

標稱胎面寬度 (mm) 標稱扁平比(%) (胎高H/胎寬W) 輪胎結構代號 (R-徑向) 標稱輪圈直徑代號 (in.) 載重指數 速度代號

DOT QUALITY GRADES

TREADWEAR	TRACTION	TEMPERATURE
380	AA/BC	A/BC

TUBELESS STANDARD LOAD BLACKWALL RADIAL PLY POLYESTER CORD STEEL BELTS

商品名稱：專用橡膠輪胎
實：1條
用：車用
產：台灣
經：如標圖紙上之標示
保存期限：5年
主要成分：橡膠、鋼絲、纖維、碳

製造日期：詳見輪胎側面，(數字前兩碼為產品製造週期，後兩碼為西元年份)
製造業者：正新橡膠工業股份有限公司
地址：彰化縣大村鄉廣福村美港路215號
服務電話：0800-092123
代理商名稱：瑞達新豐股份有限公司
代理商電話：04-8383083
代理商地址：彰化縣員林市三義里基光路180號

使用方法及注意事項：
1. 請由專業人員安裝車輛輪胎，用途，建議最適當的輪胎種類。
2. 各種輪胎請按規定使用標準輪圈組裝。
3. 請依車前規定之標籤狀況，使用適當之胎壓，空氣壓必須定期檢查。
4. 輪胎組裝完成後，請確實檢查輪胎與輪圈有無密合及試水確認有無漏氣。
5. 製造週期超過5年，應檢驗是否繼續使用，製造週期超過10年，建議應立即更換輪胎。
6. 胎面全周應有6個磨耗度指示標，當胎面磨耗指示平準與胎面切齊時，表示胎面厚度不足1.6mm，應立即更換輪胎。
7. 輪胎有受損或異常現象應由專業人員判定是否可繼續使用。
8. 避免存放於日光直射或雨水浸淫以及高溫、火花、熱源附近之處所。
9. 避免遭受油類或化學藥品污染。

更多資訊請參閱網站

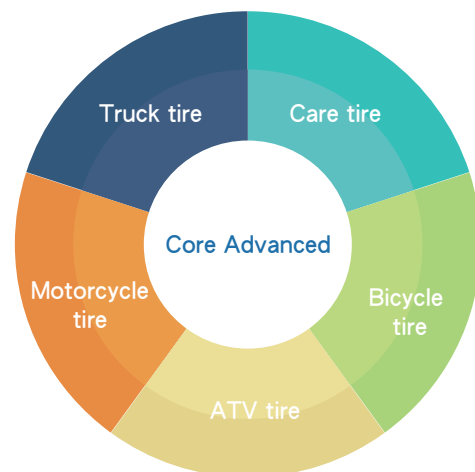
ETP02188100

4 171778 433939

Examples of Taiwan tire labels

3.2 Leading Technology, Innovative Cheng Shin

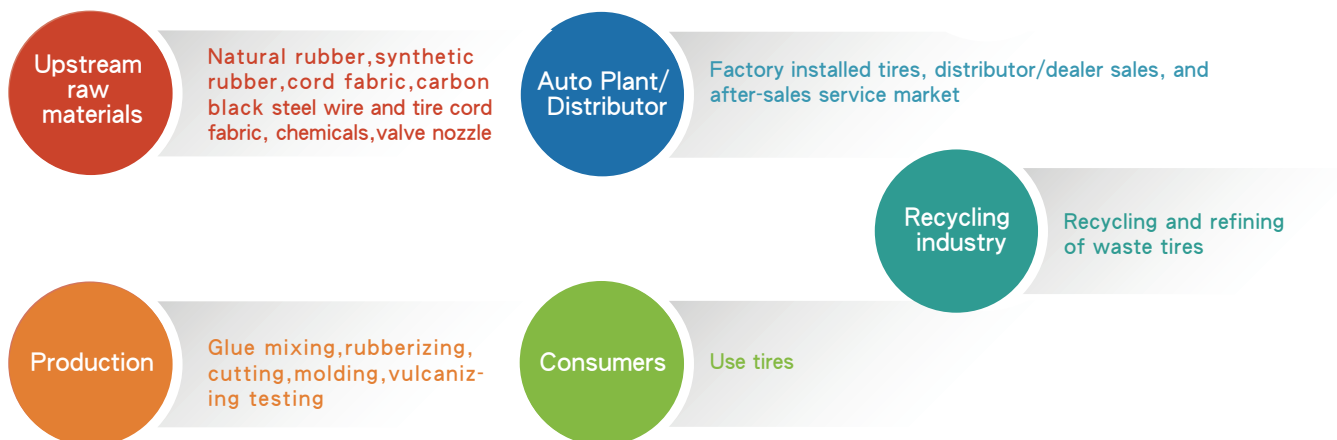
According to evolving market conditions and increasingly stringent safety and environmental regulations for tires, Cheng Shin has introduced new products such as high-performance tires, low-rolling resistance tires, safety tires, smart tires, all-weather all-season tires, winter snow tires, and all-steel wire radiated tires to meet the demands of wet grip, abrasion, noise comfortability, and better fuel efficiency. Through continuous improvement of its core technologies, Cheng Shin is committed to creating more valuable and safer products to meet customer needs.



3.3 Supply Chain Partners, Growing with Cheng Shin

3.3.1 Cheng Shin's Partners

Cheng Shin has always pursued close and long-term relationships with our suppliers based on the concept of team work, in the hope of creating a win-win situation for sustainable operation. The main product value chain of tire products from upstream raw materials, production, vehicle factories and dealers, consumer use to tire recycling is as follows:



In the value chain, Cheng Shin maximizes product value with safe and reliable tires. Among the upstream raw materials, rubber raw materials, equipment, and mold tooling companies are the three major suppliers of Cheng Shin, and the bulk purchase of raw materials mainly includes natural rubber, synthetic rubber, cord fabric, carbon black, steel wire, and steel cord fabric, accounting for about 80% of the total purchase amount.

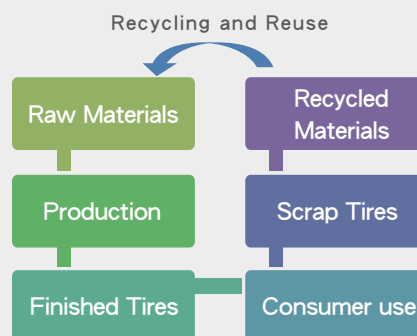
In recent years, in response to the rising awareness of international environmental protection and the principle of strengthening the resilience of the supply chain, Cheng Shen has formulated three procurement policies:

1

Cheng Shin has joined the Global Platform for Sustainable Natural Rubber (GPSNR) and is complying with and promoting the policies set by GPSNR to natural rubber suppliers (community livelihood and health care, well-functioning ecosystems (including a commitment not to deforest), respect for all human rights commitment to respect all human rights)

2

The environmental aspects and other assessments are 100% included in the supplier review phase and requires 100% compliance and verification. Some of the raw materials are introduced into the sustainable supply chain circular economy model. Please refer to the image on the right.



3

Local sourcing reduces carbon emissions from the transportation of key raw materials, stimulates local economic development, reduces the impact of shipping (including epidemics, extreme weather conditions, and outdated port infrastructure), and diversifies sourcing risks to help strengthen the supply chain.

The quantity of raw materials procured by Cheng Shin in FY2021 and the percentage of local procurement from FY2019 to FY2021 are as follows:

Taiwan Region

Material Name	FY2021 Quantity (metric tons)	% Local Procurement		
		FY2019	FY2020	FY2022
Natural Rubber (Note 1)	30,572	0.0%	0.0%	0.0%
Synthetic Rubber	36,000	43.0%	47.0%	55.0%
Tire Cord Fabric	10,360	52.0%	62.0%	56.0%
Carbon Black	33,825	98.0%	98.0%	98.0%
Steel wires and Tire Cord Fabric (Note 2)	15,229	0.0%	0.0%	0.0%

Note1: Natural rubber is mainly produced in Thailand, Vietnam, China, and other countries, while Taiwan completely relies on imports since it is located in a non-rubber producing area.

Note2: Taiwan manufacturers of tire-free steel wire and tire cord fabric must rely on imports of raw materials.

Mainland China:

Material Name	FY2021 Quantity (metric tons)	% Local Procurement		
		FY2019	FY2020	FY2022
Natural Rubber	50,878	99.0%	99.2%	100.0%
Synthetic Rubber	42,909	52.2%	49.8%	51.4%
Tire Cord Fabric	7,845	90.6%	89.0%	90.9%
Carbon Black	44,133	100.0%	100.0%	100.0%
Steel wires and Tire Cord Fabric	29,370	100.0%	100.0%	100.0%

3.3.2 Supply Chain Management Policies of Cheng Shin

Cheng Shin has a rigorous supplier audit process that includes product verification, qualification review, and on-site audits as the benchmarks for supplier audits.

Among the key items of supplier audits, the following aspects will be taken into consideration:

Concerns	Corresponding indicators	Requirements
Environment	REACH: EU Substances of Very High Concern (SVHC)	Third Party Notarized Report
	RoHS: Restriction of Hazardous Substances Directive	Third Party Notarized Report
	Eco-friendly Tires PAHs (Polycyclic Aromatic Hydrocarbons Compound Content) (Note)	Third Party Notarized Report
	Chemical Substance Identification and Safety Data Sheet (SDS)	Certificate of completion of certification and regulatory registration
Quality	ISO 9001	Certification
	Product Control Plan	Control Plan
	Quality Assurance Report	Quality Assurance Report
Human Rights	Cheng Shin attaches great importance to supplier hiring and training as well as health and safety and the environment, and bases its policies on the Code of Conduct set forth by the Responsible Business Alliance (RBA), ensuring that the Company is in compliance with RBA international conventions and local labor standards laws.	Process review and verification
Social Responsibility	Prohibit the use of conflict minerals	Sign a pledge statement
	Follow and promote the GPSNR policy	Require natural rubber suppliers to follow relevant policy and guidelines

Note: PAHs report is mainly for raw materials containing oil and resin.

- (1) Cheng Shin values every product we put into the hands of consumers and use this as a guiding principle in selecting our partners.
- (2) Major suppliers have the capacity to adequately supply production needs.
Whether the supplier has considerable manufacturing plants that can be immediately deployed in case of unexpected situations.
- (3) The main raw material supplier must obtain at least ISO 9001 or IATF 16949 quality system certification.
- (4) Raw material production plants must be verified by the Group, including the company's operating license and the legality of production.

Grading of suppliers' on-site audit results

Cheng Shin classifies the results of supplier audits into four different levels: A, B+, B, and C.

Grade A suppliers: 90.0~100.0: qualified, preferential purchasing and can increase purchase orders.

B+ suppliers: 86.0~89.9/B: 80.0~85.9: qualified.

Grade C suppliers: <79.9: Improvement needed can be judged as qualified after a follow-up review.

For qualified suppliers the Company arranges re-evaluation according to the annual supplier delivery quality performance grading, if the supplier's annual delivery performance is Grade A, then a re-evaluation is conducted at least once every three years, the process is the same as the new supplier approval process to ensure that the quality of suppliers continues to improve.

During the COVID-19 outbreak in 2021, 13 suppliers were originally scheduled to implement on-site evaluation in Taiwan. After consultation with the suppliers, the implementation was first carried out by "video conference" or "self-evaluation", and the implementation results were all 100% pass rate and 100% achievement rate. Please refer to the table below for details:

Taiwan

New Suppliers	Evaluation of New Suppliers	3	Grade A : 3 Grade B+ : 0	Grade B : 0 Grade C : 0
Existing Suppliers	On-site Evaluation	13	Grade A : 11 Grade B+ : 0	Grade B : 2 Grade C : 0
	Supply capacity performance assessment	101	Grade A : 100	Grade B : 1 Grade C : 0

Mainland China

New Suppliers	Evaluation of New Suppliers	4	Grade A : 2 Grade B+ : 1	Grade B : 1 Grade C : 0
Existing Suppliers	On-site Evaluation	46	Grade A : 8 Grade B+ : 37	Grade B : 1 Grade C : 0
	Supply capacity performance assessment	76	Grade A : 76 Grade B+ : 0	Grade B : 0 Grade C : 0

Note: In addition to the enhanced quality inspection of inbound goods, we also arranged for on-site supplier audits for Grade C suppliers.

In addition to supplier assessment and evaluation, Cheng Shin requires suppliers of raw materials to provide inspection reports from quality laboratories or third-party organizations for each shipment, and to conduct batch-by-batch or random inspections to ensure the quality of raw materials supplied. In addition to the quality control of Cheng Shin's own products, we also trace back the quality of raw materials to the source to ensure that we provide consumers with safer and better quality products.

In addition to requiring all suppliers to comply with the RBA and sign a pledge, the company's internal employees have signed an "Employee Integrity Pledge" to eliminate misconduct and anti-corruption.

In order to ensure on-time supply of raw materials for production operations, the Company has established internal plant regulations for the implementation of the "Emergency Response Plan", and will conduct emergency response drills with reference to changes in the external environment by formulating contingency themes every year. Two drills were conducted in 2021:

1. COVID-19 Pandemic Impacted Suppliers Shutdown Drill
2. Annual routine drills.

3.4 Customer Satisfaction

Customer Satisfaction Survey

To provide tires more in line with the needs of consumers, Cheng Shin keeps close to consumers through market research and market satisfaction survey every year and develops new products through research and innovation with a rigorous attitude in the face of all customer voices, including tread design, controllability, quietness, comfortability and abrasion resistance, etc., to maintain the direction of technology research and development to be consistent with that of market pull demand according to the satisfaction analysis result, so as to thoroughly understand the voice of customers and create customer value.

Taiwan Region:

A total of 395 copies of the 2021 Taiwan Consumer Satisfaction Survey were distributed and 366 copies were recovered, with a recovery rate of 92.7%:

The survey results of each question are analyzed as follows:

Customer Type	Survey Item	2019	2020	2021
End User (Customer)	Tread Design	3.72	3.43	3.47
	Controllability	4.03	4.01	4.00
	Quietness	3.02	3.17	3.11
	Comfortability	2.98	3.11	3.14
	Abrasion resistance	3.01	3.20	3.45

Remark: The scoring method of the survey

5 is very satisfied, 4 is satisfied, 3 is average, 2 is dissatisfied, and 1 is very dissatisfied.

In the 2021 survey, the scores of tread design, comfort, and abrasion resistance showed a slight increase, while controllability remained the same as the last survey, and the quietness decreased slightly. longer mileage and better fuel consumption performance. We believe this can be attributed to the new MAP5 sedan car tires launched in 2021, which is a new high cost safety tire for young urban drivers, providing excellent wet braking, grip and safety performance while enhancing abrasion resistance and energy-efficient features, with longer mileage and better fuel consumption performance. MAP5 is also a Class C energy-saving tire certified by the Energy Conservation Tire League of the Ministry of Economic Affairs. Combined with the rubber formula, tread design and structural light weight design, the tire can effectively reduce rolling resistance while maintaining good grip and safety performance, improving fuel efficiency and thus reducing fuel expenses.

This can be compared to the MS2 product launched in 2020, which was developed for mid-to high-end sedan car users, focusing on "silence" and "comfort", and enhancing "safety" performance on dry and wet roads according to the actual driving conditions and weather conditions in Taiwan, so that owners can enjoy a quiet and relaxing time on the driving journey. This is different from the 2021 MAP5 product positioning and product highlight performance, which may further directly affect consumers' impression of the product when they rate it.

In the fierce and severe market competition, Cheng Shin adheres to the concept of "Customer Value Proposition (CVP)" to develop products that meet the needs of customers, allowing the "Customer Value Proposition" to be focused, which results from effectively addressing "Customer Concerns", grasping every opportunity to serve customers, integrating customers' opinions and related needs, and using its own key resources to meet customer needs. Cheng Shin has created high-quality products and perfect services while actively establishing different channels to increase the interaction with consumers and trying its best to achieve customers' expectations, which enables Cheng Shin to obtain more opportunities to realize customer satisfaction.

Mainland China:

In the Mainland China market, the main customers are brand car manufacturers and dealers. Therefore, customer satisfaction surveys in Mainland China were conducted on these two types of customers every six months. The survey results of the past three years are as follows, with the dealers' business policies and channel policies, which are calculated by the weighted average:

Customer Type	Survey Item (e.g. quality, delivery time, overall satisfaction, etc.)	FY2019 H1 of	FY2019 H2 of	FY2020 H1 of	FY2020 H2 of	FY2021 H1 of	FY2021 H2 of
Auto brand customers	Delivery	29.6	30	30	30	30	29.6
	Quality	29.2	29.7	29.3	29.4	29.9	29.8
	Price	7.9	8.2	8	8.6	8.7	8.2
	Development	13.1	13.9	13.8	14	13.6	14
	Services	14.5	14.9	15	15	14.9	14.9
	OE Customer Total Score	94.3	96.7	96.1	97	97.1	96.5
Distributors Customers	Sedan-type Products	86	85	88	86	86	85
	SUV-type Products	86	85	88	86	86	85
	Off-Road SUV Products	86	85	88	86	86	85
	Commercial	86	85	88	86	86	85
	Services	83	84	84	81	83	82
	Promotional Campaigns	69	77	77	72	78	71
	Brand Promotion	80	78	78	75	76	73
	Distributor Commercial Policy	83	78	80	77	79	76
	Channel Policies	74	78	80	74	75	76
	Average	81	82	82	80	82	80

3.5 Protecting Customer Privacy

Item	Cheng Shin' s Customer Privacy Policy
Materiality	Cheng Shin takes the utmost care in the handling of our customers' intellectual property and identity, particularly every document and data file that is critical to the confidentiality and privacy of our products.
Policy/Commitment	<ul style="list-style-type: none"> • Set up and fully update an automated, active file encryption system. • Establish document review mechanisms.
Goals and Targets	We strive for "Data Protection, No Leakage" so that our customers and suppliers can be assured that their data is in good hands when dealing with Cheng Shin.
Communication Channels	Toll-free service hotline and customer service center mailbox.
Action Plan	<ul style="list-style-type: none"> • Start the system installation and update from the key departments, and then expand to sales units across Taiwan. • Cheng Shin's files must be reviewed by the administrator for file decryption requirements. • A single-window file declassification review mechanism for each department ensures that each declassification request is reviewed to the same consistent high standards.
Effectiveness Assessment	There have been no written complaints of invasion of customer privacy or loss of customers' confidential information.

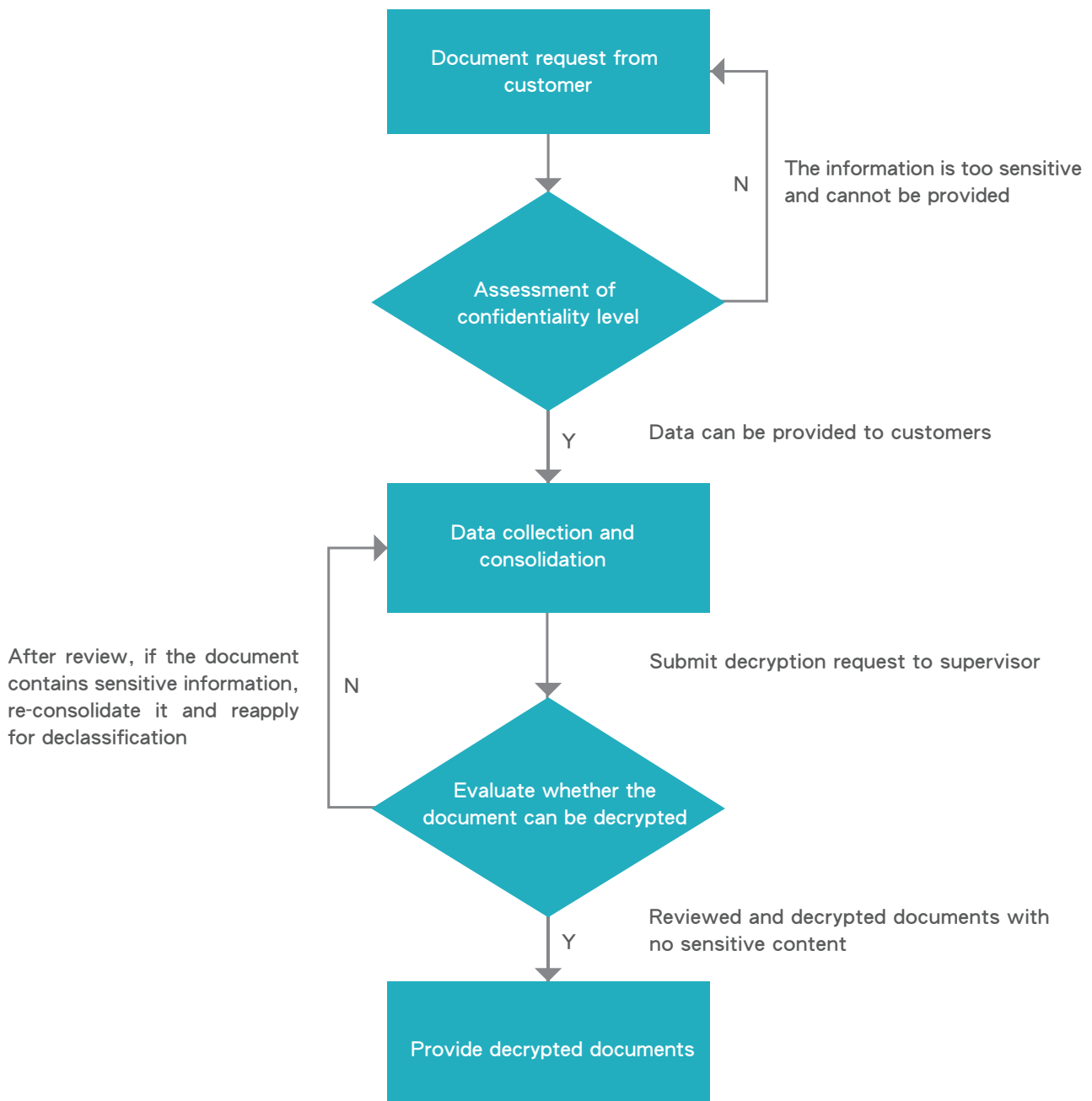
Cheng Shin has always taken the utmost care to protect our customers' intellectual property and identity, and to control every document and data file that is relevant to the confidentiality and secrecy of our products. In this regard, we strive to achieve "Data Protection, No Leakage" by continuously updating data and establishing leak protection mechanisms to provide customers and suppliers with complete peace of mind in their dealings with Cheng Shin.

Technology is changing at a rapid pace, therefore to meet the needs of the digital age, which is advancing forward at an unprecedented speed. Under the rapid development, it has profoundly transformed the life of human beings in all aspects, among which the data protection with a large amount of information becomes evermore important.

In addition to data encryption, Cheng Shin is committed to protecting the intellectual property of its customers. In addition, Cheng Shin has equipped its office computers with an automated electronic data protection system, which allows customers' sensitive files to be protected from the moment they are received by Cheng Shin, actively preventing any files from being opened by any unauthorized personnel. More importantly, any unauthorized operation will be recorded and tracked to the managers and general users of the operation, including decrypted files, printed files, deleted files. In the event of any abnormal operation, the system will immediately alert the system administrator to understand and analyze abnormal behaviors. Meanwhile, the abnormally opened files will also become garbled text to avoid the risk of disclosure of confidential documents.

In 2021, there were no written complaints of violation of customer privacy or loss of customer data in the Taiwan region and Mainland China region. Cheng Shin strictly manages and maintains the storage and use of the intellectual property rights and privacy information provided by customers and keeps confidential the contract products, projects under development, and related product information of customers. With the concerted efforts of all staff and the use of data protection systems, Cheng Shin enables customers to entrust Cheng Shin with sensitive information.

Customer Data Privacy Process



3.6 Adherence to Product Regulations

Tires are the key safety components of all types of vehicles, and, therefore, the regulations in each country provide clear and strict rules regarding tire standards, specifications and requirements applicable to tire products.

In distribution and marketing, tire manufacturers are also required to comply with relevant laws and regulations and are prohibited from engaging in anti-competitive behavior.

The Legal Department of the General Manager Office of the Head Office shall be the final judgment department for the Group's compliance with the law and regulations. All Group enterprises and factories also have dedicated staff to act as contact windows for compliance with laws and regulations of local competent authorities so as to keep abreast of the latest legal developments and adjust our operation management from time to time.

In terms of product compliance, it mainly includes the following categories:

1. Product specifications and standards: such as the specifications and safety factors of products set by various countries.
2. Product labeling and disclosure of information: specifications for labeling on products and for information to be disclosed to the public.
3. Product sales and marketing laws: such as the antitrust, advertising, and marketing laws to be followed.
4. Product usage and service provision laws: for example, tires over a certain number of years shall not be used for commercial purposes, used or sold as products of inferior quality.

Cheng Shin has always strictly adhered to compliance with relevant laws and regulations. During the year 2021, there were no major violations of the laws as described above in Taiwan and Mainland China, and no major complaints were received by the compliance communication channels with the competent authorities and local residents.

The US Department of Commerce has declared an antidumping measures against light truck and passenger tires originating out of Taiwan, Korea, Thailand, and Vietnam. The US Department of Commerce announced the final ruling in May 2021, and the Cheng Shin shall be imposed with a tariff rate that was revised downward from 52.42% in the initial ruling to 20.04%, making the export tax rate the lowest among Taiwan's brand manufacturers.

The Company also has open channels for stakeholders to communicate directly with Cheng Shin regarding compliance with laws and regulations.

- ◆ Toll-free service hotline: 0800-092123 (Customer Service Center)
- ◆ Service hours: Mondays to Fridays 08:00 AM - 05:00 PM
- ◆ E-mail : svc@mail.maxxis.com.t

Part 4

Green Cheng Shin

Key Performance

◆ ISO50001

Cheng Shin's operations in Mainland China have passed the external certification for the ISO50001 energy management system.

◆ Greenhouse Gases Reduction

The energy saving programs promoted in Taiwan and China have reduced greenhouse gas emissions by a total of 17,794.60 tons of CO₂e.

◆ Reducing the Use of Water Resources

A total of 57,265 tons of water consumption was reduced in Taiwan and Mainland China.

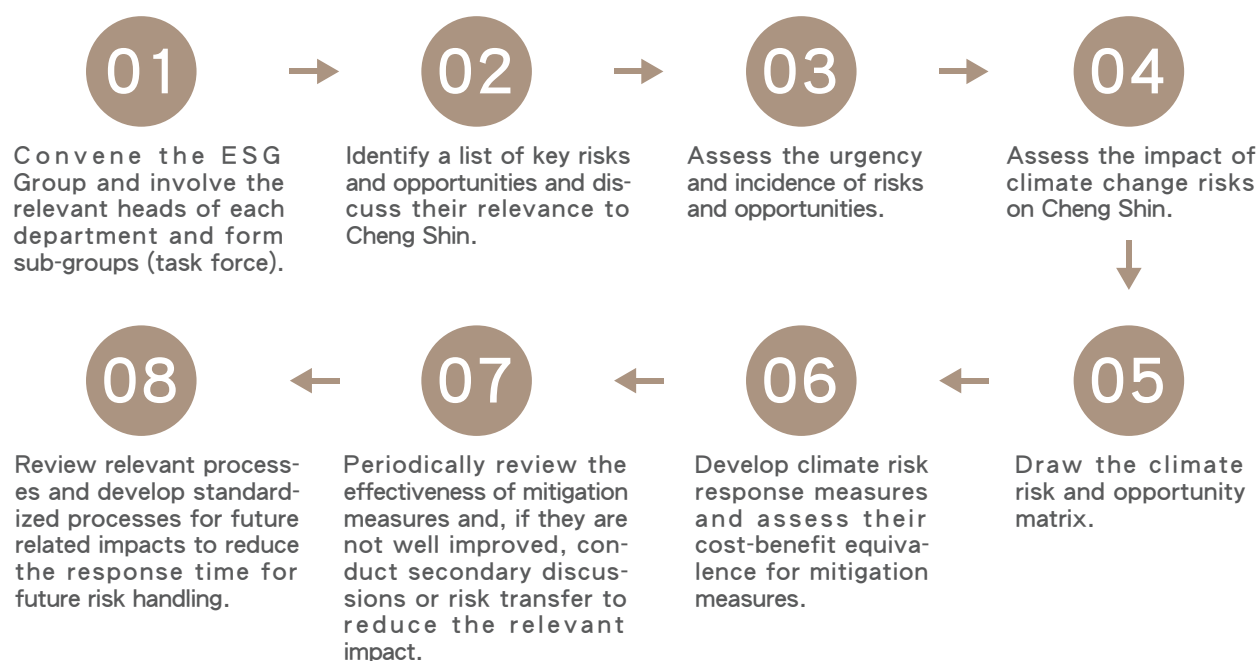
◆ Use of Green Energy

Cheng Shin has installed solar photovoltaic systems that can generate 2.1 million kilowatt-hours (kWh) per year.

4.1 Risks and Challenges of Climate Change

In order to cope with the risk and impact of extreme weather, Cheng Shin convened relevant heads of all departments through the Corporate Social Responsibility Working Group to identify major climate risk topics related to climate change based on the materiality principle and the Task Force on Climate-Related Financial Disclosures (TCFD), analyze their impact and opportunity, draw a climate change risk and opportunity matrix by identifying physical and transformational risks. Cheng Shin has developed a core and strategy for implementing climate change actions to address major risks in order to implement risk response measures, enhance the resilience of Cheng Shin to extreme climate and reduce the risk. Through regular review of the effectiveness of mitigation measures, Cheng Shin aims to standardize procedures to reduce the response time for similar risk treatment in the future.

◆ Key steps to identify climate change risks/opportunities and risk management processes



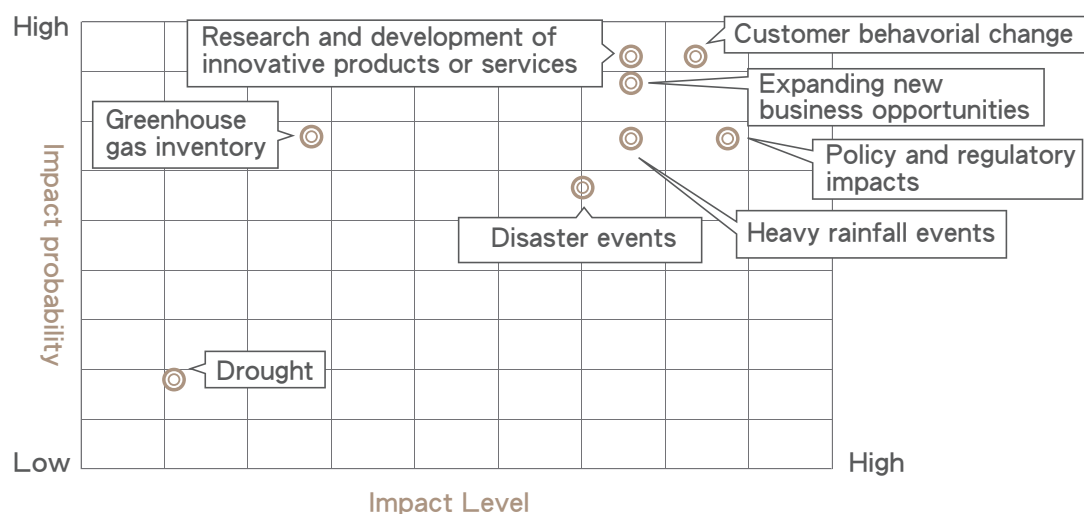
◆ Cheng Shin's TCFD Indicator Disclosure Framework

Level	Indicator	Corresponding Chapter
Governance	A. Describe the board's oversight of climate-related risks and opportunities.	Green Cheng Shin P.47
	B. Describe the role of management in assessing and managing climate-related risks and opportunities.	
Strategy	A. Describe the short term, medium term and long term climate-related risks and opportunities that the organization has identified	Green Cheng Shin P.48~51
	B. Describe climate-related risks and opportunities that would have a significant impact on the organization's business, strategy, and financial planning.	
	C. Describe the organization's strategic resilience, taking into account different climate change scenarios, including 2°C or lower.	
Risk Management	A. Describe the organization's processes for identifying and assessing climate-related risks.	Green Cheng Shin P.47~48
	B. Describe the organization's processes for managing climate-related risks.	
	C. Describe the organization's integration of processes for identifying, assessing, and managing climate-related risks into its overall risk management framework.	
Goals and Targets	A. Disclosure of the indicators the organization uses to assess climate-related risks and opportunities in accordance with its strategy and risk management processes.	Green Cheng Shin P.49 4.3.4 Greenhouse Gases Management
	B. Disclose the emissions and related risks within the scope of steps 1, 2, and 3 (where applicable).	
	C. Describe the objectives and performance of the organization to manage climate-related risks and opportunities.	

◆ Identify Risks and Opportunities of Climate Change

In response to the climate change and energy use crisis, Cheng Shin's ESG Steering Group, together with staff from each department, assessed the "impact probability" and "impact degree" of each risk according to the materiality principle. We have identified eight climate change risks and opportunities, and will develop new policies and solutions that integrate economic development, environmental protection, and sustainable development, and set short, medium, and long-term goals (short term: 2022-2025, medium term: 2025-2030, and long term: 2030-2050) to continuously strengthen climate resilience and build a culture of environmental sustainability.

◆ Climate Risk and Opportunity Matrix



◆ Climate Change Risk and Opportunity Impact Analysis

Type	Potential Risks and Opportunities	Point of Impact	to Cheng Shin	Response Measures
Transformation risk	Policy and regulatory impacts	Short-term	For the environmental protection laws and regulations announced by the government, it is necessary to understand and judge the level of compliance of our factory plants in a timely manner to facilitate compliance with government policies and regulations, resulting in increased labor costs.	<ul style="list-style-type: none"> Self-inspect the pollution prevention status and the pollution prevention equipment capability on a regular basis through the internal audit of the effective environmental management system. Establish regulations on the identification and management of environmental safety and health-related laws and regulations and collects regulations updated by relevant competent authorities every month to identify and implement them accordingly. Conduct compliance assessment once a year to comply with statutory provisions.

Type	Potential Risks and Opportunities	Point of Impact	to Cheng Shin	Response Measures
Transformation risk	Customer behavioral change	Mid-term	<ul style="list-style-type: none"> Increasing concern on environmental issues: In order to improve environmental protection and driving safety, with the expectation on the tire industry to provide consumers with better tire quality, stricter standards of EU Labeling/Marking Requirements have been put forward to implement in stages (2017~2030). Purchase of all-season tires: In some European countries, there is only light and light snow all year round, and although the temperature is cold, there are no extreme cold conditions, so for the sake of convenience, consumers are starting to buy all-season tires. In response to new trends, new product positioning and new R&D directions are planned, resulting in increased labor costs. 	Continue to carry out market and customer demand surveys so as to provide the new generation of all-season tire products in line with the market and customer demand.
	Cap-and-trade of greenhouse gases	Long-term	The current national policy trend will move toward total caps of greenhouse gas emissions, and only our main plant in Taiwan is subject to control, which may incur increased costs.	<ul style="list-style-type: none"> Participate in industrial associations, negotiate with the government on greenhouse gas caps. Participate in voluntary greenhouse gas reduction and continue to enhance the efficiency of equipment. Conduct greenhouse gas inventory.
Physical risks	Heavy rainfall events	Short-term	The waterways in the plant are not easily drained and swell, causing water to accumulate on the roads and making it difficult for vehicles to pass, and the expenses are increased by assigning manpower and purchasing additional equipment to resolve the waterlogging situation.	Remove the silt in the waterway and increase water load. Add and purchase new equipment to increase the number of drainage motors in the plant to promote drainage efficiency.
	Droughts	Mid-term	The government's water restriction policy has affected the water required for the Company's operations, resulting in increased costs.	Continuously monitor government policies related to water use restrictions to prevent unanticipated policies from affecting the Company's production capacity.
	Disaster events	Long-term	Disasters cause interruptions in operations and damages to equipment, resulting in loss of revenue.	<ul style="list-style-type: none"> Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". Such as: Emergency Response Plan Operation Process, Emergency Response Contact System, and Disaster Response Management, etc. Implement in accordance with the Technical Guidelines on Emergency Response Measures and follow the Taiwan Occupational health and safety management systems (TOSHMS) guidelines and the five related technical guidelines (risk assessment, procurement management, contracting management, change management, and emergency response measures) issued by the Ministry of Labor.

Type	Potential Risks and Opportunities	Point of Impact	to Cheng Shin	Response Measures
Opportunities	Expanding new business opportunities	Mid-term	Climate anomalies can cause a change in customer demand. If we can predict the market demand and develop new products, we are likely to enter new markets and increase our revenue.	<ul style="list-style-type: none"> Develop new products based on customer performance requirements. Segmenting markets and finding new niches.
	Develop innovative products or services	Mid-term	Anti-closing 3DSipe technology ensures that tires maintain excellent performance. Maintain product quality and enhance market competitiveness and sales volume. High wet grip 4S white smoke tread formula technology, optimize the product wet grip, enhance market competitiveness and sales volume.	Development of new generation products for each tire category.

◆ Response Strategies and Objectives for Climate Change

Type	Strategy	Climate Response Strategy Development Objectives	Achievements in 2021
Transformation risk	Internal audit and regulatory identification	Continuously ensure compliance through internal audits and regulatory identification, and advance regulatory deployment being superior to the laws and regulations.	Monthly review of the newly revised regulations and bulletins against the current status of implementation in our factory plants. Monitor draft amendments to laws and regulations and attend public hearings when necessary to express our opinions.
	Precise market response	<p>In response to the rapid development of the electric vehicle industry, develop special products tailored to EVs (sedan cars and motorcycles).</p> <ol style="list-style-type: none"> 1. Abrasion-resistant: The heavy weight of the electric car itself often leads to rapid tire wear. The tires for electric vehicles are further optimized and improved in terms of abrasion performance. 2. Low rolling resistance: Low rolling resistance can increase battery life and reduce charging times. 3. Grip: EVs have high torque, tires need to be specially designed to meet the acceleration mode of EVs. 4. Quietness: EVs produce little noise, so the tires need to be even more quiet on the road to ensure optimal comfort. 	VS-EV tires have been introduced for 4-wheel sedans and MA-EV tires are available for 2-wheel motorcycles to meet the needs of the EV market.
	Promote energy-saving and carbon-reducing manufacturing	<ul style="list-style-type: none"> Align with the Bureau of Energy's electricity saving targets each year. Aim to reduce energy consumption by 2% in 2021. 	Greenhouse gas emission intensity was 1.40 in 2020 and 1.13 in 2021, a reduction of 19%.

Type	Strategy	Climate Response Strategy Development Objectives	Achievements in 2021
Physical risks	Water resources risk management	<ul style="list-style-type: none"> Conduct management in accordance with the Measures for Flood Control Pumping, adjust motor-related equipment as necessary (e.g., water level of each area, setting of stopping pumping water level, maintenance cycle, regional maintenance management). Continue to monitor climate-related information for advance development of relevant countermeasures. 	<ul style="list-style-type: none"> Continuously monitor government policies related to water use restrictions to prevent unanticipated policies from affecting the Company's production capacity. Established a record file for obvious climate anomalies and related government policies.
	Enhance climate resilience	Conduct management according to the "Provisions for the Management of Disasters and Accidents" every year, and continuously review and revise to conform to the current situation.	Implemented plant accident management in accordance with technical guidelines for emergency response measures, implemented and avoided disaster events in accordance with management regulations, and constantly revised and reviewed the contents of management provisions.
Opportunities	Develop innovative	<ul style="list-style-type: none"> The development of a new generation of urban car tires and snow tires: anticipated development of four new products: 4X4 AT, 4X4 HT, UHP A/S and GT A/S. New generation road bike tires, development of new Receptor product, 2nd gen MTB mud tires, and Gravel product line. Develop large diameter ATV tires, Carnivore RT tires, and expected development of electrically powered ATV products. Development of a new generation of medium-sized truck tires and wide base tires, and the development of EV tires for electric buses is expected to start. 	<p>MAP5 tires (195/65R15) are superior to existing products in terms of fuel efficiency and noise performance, and have received domestic energy-saving certification with C grade, and are superior to competitors in terms of dry and wet braking performance, wet handling performance and comfort performance.</p> <p>Our new generation of road bike tires help world-class cycling teams to achieve excellent results, the second generation of MTB mud tires SHORTY outperforms existing products grip and mud drainage, while the Gravel product line is now complete. Continue development of trending skinwall tire specifications.</p> <p>Go kart M190D and RC-1K are the designated tires for CADAT in Australia and Singapore in Southeast Asia respectively; Roxxzilla ML7 and RAZR XT ML-ST1 steel belt tires are used by the champion teams of King of the Hammers in the USA respectively.</p> <p>LTS MA260 & TBR MS290 wide base tires improve tire wear mileage, reduce rolling resistance, lower fuel consumption, reduce carbon emissions, and are kinder to the environment.</p>

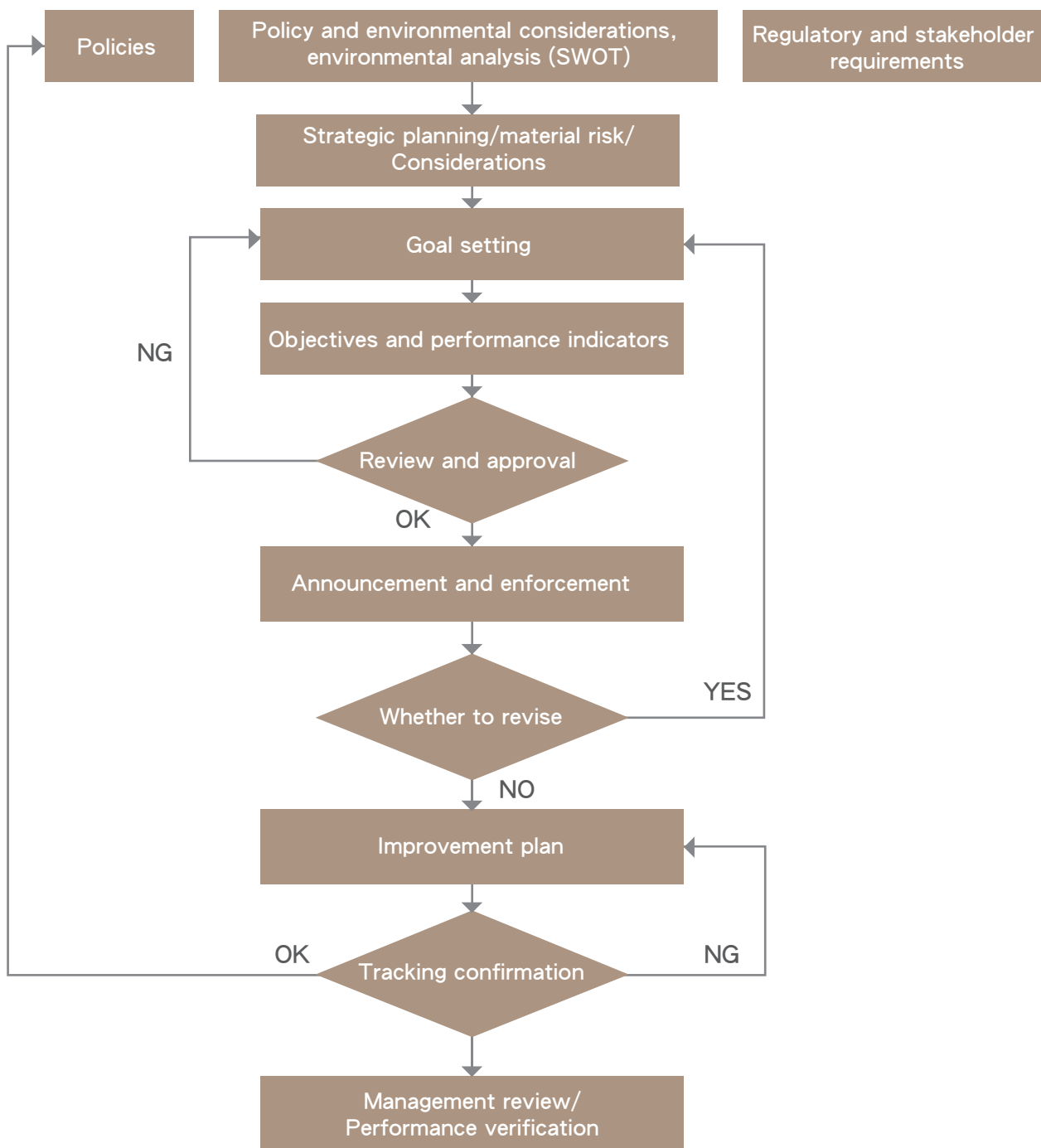
4.2 Environmental Management

The earth's climate and environment are deteriorating as a result of the effects of greenhouse gases, and Cheng Shin is fully aware of the fact that there is only one earth. As a global citizen, in order to comply with international norms such as the Paris Agreement and fulfill the corporate responsibility for environmental protection, Cheng Shin is committed to greenhouse gas inventory and has a good grasp of greenhouse gas emissions. Based on the inventory results, Cheng Shin further promotes voluntary greenhouse gas reduction programs and implements the environmental policy of "energy saving, resource recovery, operational safety, pollution prevention".

Cheng Shin has recognized that environmental protection is an indispensable factor in the sustainable operation of its business and has established a corporate environmental management system in line with the global environmental protection philosophy. Cheng Shin is committed to environmentally friendly product design and improving the equipment and operating environment, and has reduced the waste gas, wastewater, noise, and waste from the process and saved energy, achieving proper recycling of resources. Cheng Shin also strengthens the promotion of industrial safety, continues to carry out all kinds of pollution prevention and control to enhance its strength, enabling the harmonious coexistence and strong growth of the enterprise while protecting the environment.

Cheng Shin's commitment to the environment is:

- ◆ Comply with all work safety and environmental laws and regulations and related requirements.
- ◆ In considering the product life cycle, Cheng Shin is committed to continuous improvement of technology and methods during the process of design, raw material, manufacturing, storage, transportation, usage, and waste disposal, so as to reduce the impact on the environment and enhance safety.
- ◆ Set up a sound internal and external communication channel and promote the concept of environmental protection to partner suppliers.
- ◆ Continue to promote industrial waste reduction, resource recycling, and pollution prevention.
- ◆ Continue to promote environmental education and establish a complete and effective environmental management system.



Environmental Management System Flow Chart

In terms of environmental management policy, Cheng Shin's Taiwan operations have passed the ISO14001:2015 version change certification in 2017 and continued improvement through the "Plan-Do-Check-Act" model of the ISO14001 environmental management system. It has set annual targets for energy saving, water saving, waste reduction, and resource conservation and effectively improved the overall environmental performance through regular monitoring and tracking management by the ESH Committee. In addition, in order to comply with the national promotion of energy saving and carbon reduction, the industry is moving towards green industry, in line with the international trend of environmental protection, and to promote the sustainable development of the industry.



ISO14001:2015 Certificate

Environmental Communication

Adequate environmental communication and dialogue with stakeholders can enable them to understand Cheng Shin's emphasis on and management of environmental protection. In accordance with the principles of "environmental communication procedures" in the ISO14001 environmental management system, each plant will conduct community and neighborhood activities from time to time to establish smooth communication channels with the residents near the plant. In addition, Cheng Shin also provides channels for telephone complaints about local residents or external stakeholder groups who have concerns about the environmental impact on the local area of the production process. When each plant receives a telephone complaint, the handling process will be recorded in detail in the "External Communication Record Form". If there is any improvement, it will be made by the competent and responsible unit according to the complaint content and tracked by the environmental management department.

Important Communication Records of Taiwan and Mainland China Plants in 2021

Plant	External Agency	Communication / Summary	Internal Handling Situation
Taiwan	Local Agencies	The public complained about the odor situation, and routine inspections were conducted at the plant.	We went to site of the complaint to confirm that the production equipment and prevention equipment were not in operation, but there was a suspected smell of pig excrement there, and judged that the odor probably came from a nearby pigsty.
	Nearby residents	The public called the Company to complain about the odor situation	Personnel regularly inspect the Company's operational sites, report any odor immediately, and ensure the normal operation of boiler equipment, pollution sources and prevention equipment in the plant.

No related complaint cases in Mainland China occurred in 2021.

4.3. Energy Resources and Greenhouse Gas Management

4.3.1. Resource Management

The products manufactured by Cheng Shin are tires, and mainly consume raw materials such as raw rubber, synthetic rubber, carbon black, steel wire, etc. In order to reduce the exploitation of earth resources and save procurement costs, Cheng Shin adopts the following methods to reduce raw material consumption as much as possible.

- ◆ Adjust process parameters to reduce raw material consumption.
- ◆ Seek substitution of by-products, or reduce the amount to eliminate the use of by-products.
- ◆ Review the reasonableness of material usage regularly.
- ◆ Look for high-strength and lightweight reinforcing materials as alternative materials.

In 2021, the total raw materials used by Taiwan and mainland plants were 146,255 and 206,335 tons, respectively, the production capacity of tires (including inner tubes) were 145,192 and 205,185 tons, respectively, and the usage intensity of raw materials were 0.993 and 0.994, respectively. In terms of material usage, Cheng Shin has enhanced material management and increased the ratio of material reuse, reduced waste generation, reduced scrap generation and reduced material loss, thus increasing the intensity of raw material usage compared to last year. In the future, Cheng Shin will continue to utilize raw materials efficiently and maintain the intensity of raw material usage.

Usage intensity of raw materials

Plant	2019	2020	2021
Taiwan	0.856	0.880	0.993
Mainland China	0.973	0.977	0.994

Note: Usage strength of raw materials = total weight of products (tons) / total materials consumed (tons)

4.3.2. Energy Management

Adhering to the energy policy of "energy saving, carbon reduction, and efficiency improvement", Cheng Shin has always attached great importance to the usage of energy, and energy management is our fundamental commitment to the environment. Energy management steering groups have been established in both Mainland China and Taiwan plants to set energy saving targets and implementation plans every year. Through the detailed decomposition of energy-saving targets and the implementation of an incentive system linking assessment and salary rewards and punishments, the departments are encouraged to actively implement energy-saving technical transformation initiatives through quarterly performance evaluations and year-end performance evaluations, realizing the gradual implementation of energy saving and carbon reduction. At the end of 2021, our Taiwan plants launched a photovoltaic system, which is expected



to provide 2.1 million kilowatt-hours (kWh) per year. All energy management personnel in Mainland China have been trained in ISO50001:2018 energy management system requirements and have obtained internal auditor certification with management-related requirements. In addition, Cheng Shin has passed the third-party management system certifications, and the Kunshan plant has received the Energy Star Level 3 energy award.

In terms of energy use, Cheng Shin uses electricity, gasoline, diesel, and natural gas most. In 2021, the energy use in Taiwan and Mainland China plants were 1,669,961GJ and 2,255,934GJ, respectively, and the energy use intensity in Taiwan was 11.50GJ/ton and 10.99GJ/ton in China. Diesel fuel is used to power forklifts and emergency generators, while gasoline is used for company vehicles.

State of energy use

Taiwan

Energy Category	2019	2020	2021
Electricity (GWh)	232.44	230.55	219.30
Diesel (KL)	103.07	106.62	95.50
Gasoline (KL)	145.03	142.61	100.05
Natural Gas (ML)	26.92	25.84	26.20
Total Calorific Value (GJ)	1,741,988	1,699,077	1,669,961

Note 1: The source of calorific value refers to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by Taiwan Environmental Protection Administration.

Mainland China

Energy Category	2019	2020	2021
Electricity (GWh)	319.63	281.19	206.39
Diesel (KL)	418.14	348.96	321.80
Gasoline (KL)	168.12	122.48	115.09
Purchased steam ('000 tons)	522.78	472.73	435.96
Nitrogen (million Nm3)	10.47	9.18	9.76
Total Calorific Value (GJ)	2,714,061	2,420,672	2,255,934

The energy category is counted according to the China energy regulatory projects and by adopting the Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission of Enterprises in Industrial and Other Industries.

Energy Usage Intensity

Region	2019	2020	2021
Taiwan	14.01	13.84	11.50
Mainland China	10.97	11.24	10.99

Note: Energy intensity = energy consumption (GJ) / gross product weight (tons)

4.3.3. Energy Conservation and Carbon Reduction Measures

Since 2009, each Cheng Shin plant has been launching a number of energy-saving programs. In 2021, the main focus of energy saving initiatives was on process/plant equipment optimization, replacement of old equipment and energy-saving control management. It is estimated that greenhouse gas emissions in Taiwan and Mainland China operations was reduced by 2,264.60 tons and 15,530 tons of CO₂e, respectively with the Company's energy saving initiatives.

Major Energy Saving Initiatives:

Region	Item	Content	Annual Energy Saving Performance	Annual Carbon Reduction Performance
Taiwan	Equipment upgrades and optimization	The purpose of carbon reduction can be achieved by modifying the operation of the equipment or upgrading the equipment.	248,800 kWh	124.9
	Replacement with energy-saving equipment	Replace old equipment with more energy-efficient equipment.	3,697,000 kWh	124.9
	Technical optimization	Application of production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	565,400 kWh	283.80
	Equipment upgrades and optimization	The purpose of carbon reduction can be achieved by modifying the operation of the equipment or upgrading the equipment.	Saved 274 tons of steam	82.00
	Technical optimization	Upgrade production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	1. Saved 46,000 tons of steam 2. 1,555,200 kWh	15,448.00

Note1: The amount of carbon dioxide at Taiwan plants refers to the electricity emission coefficient announced by the Bureau of Energy, citing the electricity coefficient for 2020 provided in the announcement issued on Sep 27, 2021.

Note 2: The amount of carbon dioxide in Mainland China plants refers to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission" announced in 2014. Steam emission coefficient: 0.116 tCO₂e/GJ; Power emission coefficient: 6.829tCO₂e/10,000 kWh.

4.3.4. Greenhouse Gas Management

The Intergovernmental Panel on Climate Change (IPCC) has stressed that it is "very likely" that the increase in average global temperatures is caused by man-made greenhouse gases. In response to international regulations such as the Paris Agreement and to fulfill our corporate responsibility for environmental protection, we are committed to conducting greenhouse gas inventories to grasp the exact status of greenhouse gas emissions and, based on the results of these inventories, to further promote voluntary greenhouse gas reduction programs and implement energy-saving improvements to reduce energy consumption and greenhouse gas emissions. Referring to ISO14064-1:2006 Organizational Greenhouse Gas Inventory Procedures, Cheng Shin voluntarily discloses the greenhouse gas emissions on an annual basis. In accordance with the "Sustainable Development Roadmap for Listed Companies" released by the Financial Supervisory Commission in March 2022, Cheng Shin has planned its greenhouse gas inventory and verification planning period and shall proceed with relevant measures according to plan.

Cheng Shin's goal for greenhouse gas reduction is to reduce greenhouse gas emissions by 3% per metric ton of product. In 2021, the total greenhouse gas emissions from Taiwan and Mainland China plants were 164,973 and 310,027 tons of CO₂e respectively. Cheng Shin is seeing a downward trend in direct emissions. It is presumed that the direct emission project has been effective because of the continuous energy saving measures carried out at each plant year after year to improve the operating equipment required for manufacturing processes

Greenhouse gas emissions

Unit: ton CO₂e

Plant	Item	2019	2020	2021
Taiwan	Category I: Direct Emission	56,428	54,180	54,885
	Scope 2: Indirect GHC Emissions	128,773	117,353	110,088
	Total	185,201	171,533	164,973
Mainland China	Scope 1: Direct Emissions	1,453	1,177	1,088
	Scope 2: Indirect GHC Emissions	399,843	355,798	308,939
	Total	401,296	356,975	310,027

Note 1: The data for Taiwan is calculated by referring to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by Taiwan Environmental Protection Administration.

Note 2: GWP values for greenhouse gas type are based on the IPCC Fourth Assessment Report (2007).

Note 4: The amount of carbon dioxide at Taiwan plants refers to the electricity emission coefficient announced by the Bureau of Energy, citing the electricity coefficient for 2020 provided in the announcement issued on Sep 27, 2021.

Note 4: The data for the mainland region is calculated by referring to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission" issued by the National Development and Reform Commission of China in 2014.

Greenhouse gas emissions intensity

Unit: ton CO₂e

Region	2019	2020	2021
Taiwan	1.49	1.40	1.13
Mainland China	1.62	1.66	1.51

Note: GHG emissions (tCO₂e)/total product weight (tons)

4.4. Water Resources Management

4.4.1. Water Use Management

Item	Cheng Shin' s Water Use Management Strategy
Materiality	Due to environmental and climate change, the increasing lack of water resources has become one of the top five global risks.
Policy/ Commitment	Environmental policy "energy saving, resource recovery, operational safety, pollution prevention".
Goals and Targets	Reduce production water and wastewater discharge, comply with relevant laws and regulations.
Responsibility	Environmental safety departments of the parent company and subsidiaries.
Communication Channels	Environmental communication procedures.
Action Plan	<ul style="list-style-type: none"> · ISO14001 environmental management system. · Taiwan region: RO pure water is used for boiler water, and residual water is recycled for process use, and process water is recycled. · Mainland China: reclaimed water system; water saving valves are used in general areas. · Wastewater treatment method: The wastewater is pretreated at the in-plant treatment station and then discharged through pipes to municipal or industrial wastewater treatment plants. Some Cheng Shin plants treat the wastewater internally and then discharge it into natural water bodies.
Effectiveness Assessment	Regular review of production water and wastewater discharge.

Due to climate change, water resources are becoming increasingly scarce. Both developed and developing countries have been affected by dwindling water resources. Moreover, in the Global Risk Report of the World Economic Forum issued over the past three years, "water crises" around the world have been listed as one of the five global risks. Amidst the difficult conditions of poor water resources, the stability of water supply is becoming a growing concern for business operations. Based on the position of risk control and corporate sustainability, Cheng Shin has already promoted cooling water recycling through dedicated pipes, boiler steam recovery, etc., and advocated water saving, and installed faucets with water-saving features. Cheng Shin's RO reverse osmosis is mainly used for boilers, and the wastewater after reverse osmosis is reintroduced with cooling water for recycling to avoid water waste. The water sources used by Cheng Shin include tap water and underground water. Cheng Shin holds the water rights certificate issued by the competent authority for all wells in which groundwater is extracted and uses water according to the authorized amount. In 2021, the total water consumption in Taiwan and the Mainland China operations were 1,079,686 tons and 435,174 tons respectively, with total water use reduced by 0.21% and 11.21% year-on-year due to production adjustments and the promotion of water-saving awareness among employees.

Water Resources Usage

Unit : Ton

Region	Item	2019	2020	2021
Taiwan	Tap water	322,310	455,954	288,722
	Ground Water	893,491	626,048	790,964
	Total	1,215,801	1,082,002	1,079,686
Mainland China	Tap water	579,479	490,123	435,174
	Total	579,479	490,123	435,174

In addition, Cheng Shin' s Mainland China operations have always attached importance to water conservation, educating employees on water conservation in work activities, and posting water conservation reminders and signage in employee bathrooms, toilets, and sinks. The Company also encourages the multiple reuse of water resources, eliminate water leakage and waste, improve industrial water reuse, and reduce waste water discharge.



Cheng Shin' s Kunshan Plant in China was awarded a "Water-Saving Enterprise"

4.4.2. Wastewater Management

For wastewater generated from daily operations, Cheng Shin conducts wastewater discharge operations in accordance with local laws and regulations and ensures that the quality of the discharge water is within the limits of the "Effluent Standards". In order to reduce the discharge of wastewater, the boiler water in Taiwan plants is replaced with RO pure water so that the residual water can be recycled for process use and the reverse washing water for process water can be recycled. In addition, a water recovery facility has been set up in the Xizhou Plant to recycle about 35% effluent of the waste (sewage) water for irrigation and toilet flushing to reduce the discharge of water. In addition, by integrating the production configuration of each plant, Cheng Shin effectively utilizes the space and water sources in the plant, fully verifies the discharge pipelines in the plant, diverges the flow direction of wastewater and rainwater, integrates the main pipelines, and eliminates those with water leakage, damage and low frequency of use. This improvement plan can effectively reduce the discharge of wastewater (sewage). Wastewater discharge in the Company's Mainland China operations decreased by 2.8% compared to the previous year. In terms of wastewater discharge destinations, some of the Company's wastewater discharge in Taiwan and Mainland China are pre-treated at in-plant treatment stations and then discharged it to municipal or industrial park wastewater treatment plants, while in some areas, the wastewater is treated in-plant and then discharged to natural water bodies. The volume of wastewater discharged in Taiwan and Mainland China plants in 2021 were 555,293 and 404,539 tons respectively.

Wastewater discharge over the past three years

Unit: tons

Region	Wastewater characteristics	2019	2020	2021
Taiwan	Mainly domestic wastewater and cooling wastewater	531,384	448,307	555,293
Mainland China	Mainly domestic wastewater and steam condensate wastewater	436,632	416,312	404,539

Note 1: The total amount of waste water in Taiwan is counted by flowmeter equipment, and the flow meter is calibrated by a third-party qualified verification unit in accordance with Taiwan's environmental protection laws and regulations, and the frequency of verification is once a year.

Note 2: Waste water in Mainland China is measured by flowmeters specified by the government and connected to the government for measurement. The equipment is verified by the Quality Assurance Department once a year.

Note 3: The data for mainland China in the 2020 report was incorrectly stated as 284,942, and is hereby rectified.

Wastewater Discharge Basin and Environmentally Sensitive Areas

The wastewater from the Changhua main plant and each branch plant is first treated internally before being discharged to the Yangzaicuo River and the Zhuoshui River respectively, while the wastewater from each branch plant in Douliou is discharged to the Huwei River after being treated by the wastewater treatment plant in the Yunlin Technology-based Industrial Park (Zhuweizi Zone). None of the above discharge river sections affect particularly sensitive water bodies, wetlands or other nature reserves.

Region	Treatment Unit	Discharge Basin	Whether flowing through particularly sensitive water bodies, wetlands or other nature reserves
Changhua Plant	Self-treatment	Yangzaicuo River	No
Changhua Plant 2	Self-treatment	Yangzaicuo River	No
Changhua Plant 3	Self-treatment	Yangzaicuo River	No
Changhua Zhongzhuang Plant	Self-treatment	Yangzaicuo River	No
Changhua Xizhou Plant	Self-treatment	Yangzaicuo River	No
Douliou Plant 1	Yunlin Technology-based Industrial Park (Zhuweizi Zone) Sewage Treatment Plant	Huwei River	No
Douliou Plant 2	Yunlin Technology-based Industrial Park (Zhuweizi Zone) Sewage Treatment Plant	Huwei River	No
Douliou Plant 3	Yunlin Technology-based Industrial Park (Zhuweizi Zone) Sewage Treatment Plant	Huwei River	No

The water quality standards in Taiwan and Mainland China vary in accordance with the regional nature of the discharge standards. The standards for general areas and industrial areas in Taiwan are detailed in the following table. The wastewater in industrial areas is treated by the wastewater treatment facilities in the plants and discharged after reaching the discharge standard. The wastewater in industrial areas is treated by the treatment facilities in the plants and discharged to the wastewater treatment plants in the industrial parks, so the water quality and quantity standards are different from those in general areas. For water quality and quantity that exceeds the allowable discharge standard of the industrial area, additional treatment fees will be paid and the industrial area will be subject to regular water quality and quantity spot checks.

Cheng Shin follows the relevant local management norms of testing and declarations. The Taiwan plants conduct water quality testing every six months to facilitate the declaration, and the annual water quality testing result in 2021 met the effluent standards. In accordance with the control items required by the Phase 5-2 EIA, the Mainland China plants follow the water quality standards for sewage discharged into urban sewers, and the water quality testing result of the Mainland China plants in 2021 all met the implementation standards.

The following table shows the discharge water quality standards and water quality data for the Taiwan main plant and Douliou Plant 1 as well as the water quality standards and data for Mainland China.

Taiwan

Water Quality Item	Taiwan Region Effluent Standards		Effluent Testing of Main Plant (Applicable to general local standards)	Effluent Testing of Douliou Plant 1 (Applicable to industrial area standards)
	General Areas	Industrial Areas	Effluent	Effluent
Water Temperature (°C)	May-September 38°C October-April 35°C	45	25.6	24.8
Suspended Solids (mg/L)	30	320	16.0	0.7
Biochemical Oxygen Demand (mg/L)	30	320	9.8	6.6
Chemical Oxygen Demand (mg/L)	100	480	43.3	22.0
pH	6-9	5-9	7.5	7.3
Oil and grease (mg/L)	10	10	7.8	1.1

Mainland China

Water Quality Item	Water Quality Standards of Mainland Region	Effluent Testing of Mainland Region
COD(mg/m ³)	70	51.9
SS(mg/m ³)	40	21
NH3-N(mg/m ³)	10	3.25
TP(mg/m ³)	0.5	0.29
TN(mg/m ³)	10	7.56
Petroleum (mg/m ³)	1	0.35

4.5. Waste and Recycling

At present, all of Cheng Shin's waste is implemented in accordance with the "Business Waste Cleanup Plan" approved by the local environmental protection authorities, and the waste is entrusted to a qualified environmental protection and waste disposal companies certified by competent authorities. Cheng Shin tracks the vehicle routes of the waste disposal companies on a regular basis to understand whether the final flow of the waste is legal. Recyclable waste (residual) includes waste rubber, waste metal, waste plastic, waste pallet, and waste paper/carton, etc., which are sorted and collected by qualified local recyclers for recycling to enhance the life cycle of recycling of waste resources. Cheng Shin also announces the waste items and containers that should be recycled, and has properly established a sorting and recycling system to strengthen the concept of resource recycling among all personnel. In addition to compliance with the regulations for waste disposal, Cheng Shin also adopts the following practices to minimize waste generation:

- ◆ Waste is classified and recycled to reduce the type and quantity of waste disposal.
- ◆ Cheng Shin has developed Level 1-3 independent maintenance plans to extend the service life of articles by regular maintenance and gradually introduce consumables and raw materials of eco-friendly materials.
- ◆ Entrust recycling organizations to handle recyclable waste (residual items) generated by Cheng Shin according to the announced categories.
- ◆ Reduce the use of disposable tableware, provide staff with personal tableware and use stainless steel tableware in restaurants for reuse.
- ◆ The total amount of waste generated in Taiwan and Mainland China operations in 2021 includes domestic waste, general and hazardous business waste, with a total of 3,933.78 and 9,014 tons respectively.

Waste generation and treatment statistics

Unit: ton CO_{2e}

Region	2019	2020	2021
Taiwan	6,898.66	5,866.34	3,933.78
Mainland China	10,302.00	8,098.00	9,014.00

Region	Waste Type	Disposal method			Total	%
		Incineration	Landfill	Recycling		
Taiwan	Domestic waste	312.78	0	0	312.78	7.9%
	General business waste	145.25	0	3,472.06	3,617.31	92.0%
	Hazardous business waste	0.33	3.36	0	3.69	0.1%
	Total	3,933.78				100%
Mainland China	Domestic waste	33	-	477	510	5.6%
	General business waste	291	-	7,890	8,181	90.8%
	Hazardous business waste	183		140	323	3.6%
	Total	9,014				100%

Note: Since it is not possible to distinguish between incineration and landfill disposal methods for hazardous business waste at the Chongqing plant, the data presented is consolidated.

4.6. Air Pollution Prevention

The sources of air pollutants in the tire industry are mainly emissions from the manufacturing process and boiler combustion. The types of pollutants include dust, granules, nitrogen oxides, volatile organic compounds (VOCs) and odors, etc. For the prevention and control of various pollutants, Cheng Shin mainly focuses on improving the efficiency of pipe end treatment and carrying out strict monitoring and invests a large amount of funds in optimizing and upgrading the exhaust gas treatment equipment. For the treatment of VOCs and odors in the Taiwan plants, the Company has added water washing towers and photocatalytic systems at the back end of the mixing process to effectively reduce VOCs emissions and odor dispersion. All exhaust ports in the mulling workshop of Kunshan Plant are installed with compound exhaust gas treatment equipment. Air pollution emissions from Taiwan plants have been on a downward trend over the years, which is mainly due to the replacement of heavy oil boilers with more environmentally friendly natural gas boilers. However, the number of monitoring points for environmental air pollution sources in mainland plants was 56 according to the previous EIA and updated to 88 in accordance with the law and EIA in 2021. Therefore, as the number of monitoring points increases, air pollution emissions will also increase.

Air pollution emissions over the past three years

Unit : Ton

Region	Pollutant Type	2019	2020	2021
Taiwan	Sulfur oxides	-	0.02	0
	Nitrogen oxides	46.97	46.66	49.14
	Volatile organic compounds	129.80	126.1	139.22
	Particulates	0.46	0.93	1.11
	Total	177.23	173.71	189.47
Mainland China	Volatile organic compounds	6.77	6.88	7.02
	Particulates	16.01	8.63	11.62
	Hydrogen sulfide(H ₂ S)	0.03	0.04	0.11
	Total	22.81	15.55	18.75

Note1: Statistics were conducted according to the major controlled pollutants according to local regulations.

Note2: The 2020 report incorrectly disclosed the amount of 173.69 for Taiwan, and is hereby rectified.

4.7. Compliance with Environmental Regulations

Cheng Shin adheres to the principle of complying with laws and regulations, improving environmental quality, and reducing environmental pollution. Through effective internal audits of the environmental management system, Cheng Shin regularly reviews the pollution prevention situation and the proper rate of pollution control equipment, and corrects any deficiencies immediately. In addition, there are regulations on the identification and management of environmental safety and health-related laws and regulations, and the safety and health and environmental protection management units collect monthly updates from relevant authorities to identify and implement them one by one; we also conduct an annual assessment of regulatory compliance in order to comply with the law. However, in 2021, we still recorded three violations of environmental regulations in Taiwan, and at the same time, in response to the violations of environmental regulations, we are revising the reporting amount immediately and formulating and carrying out prevention and improvement measures to avoid the recurrence of the same issue. No violation occurred in our Mainland China operations.

Violations of environmental protection laws and regulations in Taiwan and Mainland China in 2021

Region	Name of Laws or Regulations Violated	Causes/Circumstances of Violation	Amount of Fines Imposed	Improvement Plan
Taiwan	Violation of Article 28, Item 1 of the Water Pollution Control Act	Due to the failure of pumping motor and level gauge in the wastewater unit, the wastewater in the tank flowed into the treatment unit, and the wastewater overflowed through the wastewater facility side channel and the discharge channel, causing leakage to surface water bodies outside the premises.	NT\$975,910	The wastewater flowing out of the treatment unit should be recovered and the faulty equipment should be repaired.
	Violation of Article 14, Item 1 of the Water Pollution Control Act	The wastewater unit is not operating normally in accordance with the permit process. The daily tap water consumption was 188 cubic meters, but on-site inspection of the water source data showed that the average daily water consumption was 643 cubic meters, which was not in accordance with the permitted daily water consumption of 188 cubic meters.	NT\$231,000	Application for change of water pollution control measures permit.
	Violation of Article 23, Item 2 of the Air Pollution Control Act	The sanctioned party (contractor) was awarded the contract to handle the miscellaneous "new construction work of Plant 3, fence and gate of Cheng Shin Rubber Industry Co.Ltd." (Control Permit No. P110P1Z115-1). After an inspection by the Environmental Protection Bureau of the Yunlin County Government on October 30, 2021, it was deemed that the piles of materials at the site were not covered with dust-proof tarps and dust-proof nets in accordance with the regulations, the paved surfaces of the vehicle paths were not cleaned, and the bare surfaces were not managed in accordance with the regulations, in violation of Article 23 of the Air Pollution Control Act.	NT\$100,000	The contractor was required to install dustproof tarps and nets in accordance with the regulations, and the pavement of the driveway was cleaned regularly.

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.

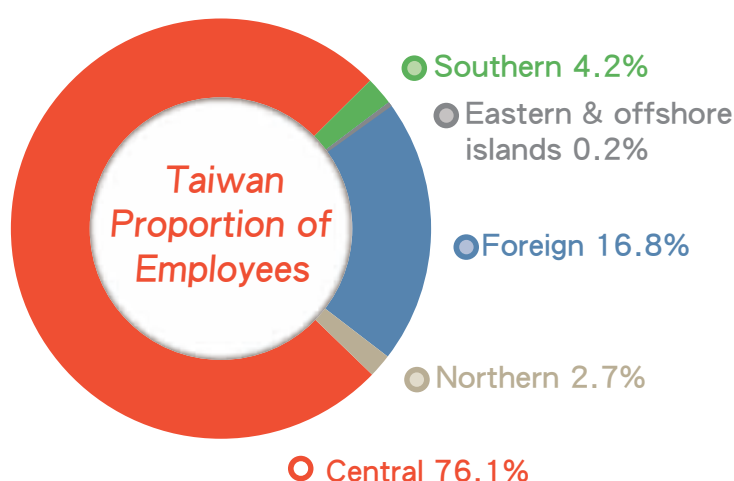
Cheng Shin's employees, including the senior management team, are subject to the Company's fair and rigorous performance evaluation mechanisms, which forms the basis for promotion and rewards. In terms of employment, the Company aims to recruit talents and create a multi-cultural environment, and takes 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"> • Organize labor-management meetings • Employee benefits expenses
Communication Channels	Employee complaint mailbox/hotline
Action Plan	<ul style="list-style-type: none"> • Establish work rules to protect employee rights and avoid forced labor • Establish labor unions • Labor-management meetings • Provides employee benefits that are superior to those required by law
Effectiveness Assessment	<ul style="list-style-type: none"> • Employee Satisfaction Survey • Selection as one of the constituents of the "Taiwan RAFI EMP 99 Index".

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

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"> 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.
Policy/Commitment	<ul style="list-style-type: none"> Union constitution: It is stipulated that the labor union shall promote labor safety and health and the benefits of its members. Occupational safety and health management plan, health management, and promotion plan.
Goals and Targets	<ul style="list-style-type: none"> Enhance employee occupational safety, reduce the frequency of occupational hazards, and actively promote employee health and wellbeing.
Responsibility	<ul style="list-style-type: none"> Establish the Occupational Safety and Health Committee (Taiwan). Establish the Occupational Safety and Health Committee (Mainland China)
Resources	<ul style="list-style-type: none"> Education and training resources (including manpower, instructors, and training venues). Publicity (Awareness) label/signage printing. Implementation and establishment of management system. General and special health examination subsidies.
Communication Channels	<ul style="list-style-type: none"> Employee complaint box/hotline.
Action Plan	<ul style="list-style-type: none"> 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. Promotion and awareness labels and signage: Enhanced Safety Month activities, hazard awareness promotion, occupational safety and health protective equipment application standards, etc. Management system: ISO45001 and CNS45001. General and special health examinations.
Effectiveness Assessment	<ul style="list-style-type: none"> On-site safety and health check. ISO45001 certification.

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. $SR = \text{Total number of days lost} \times 1,000,000 / \text{total exposed working hours}$

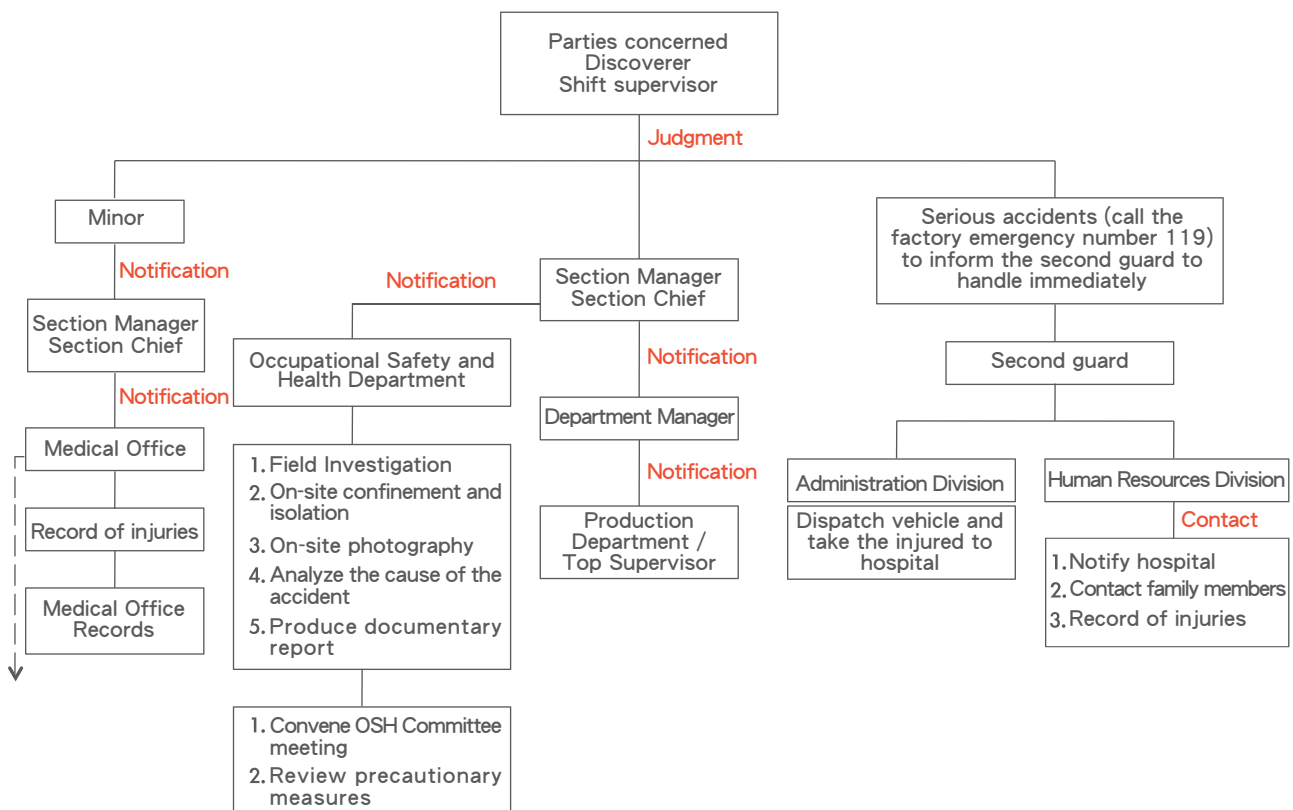
Types of occupational disasters in 2021

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



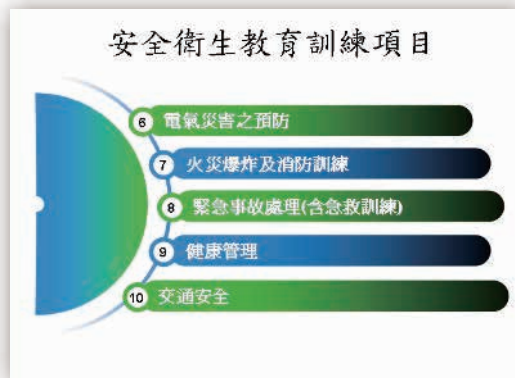
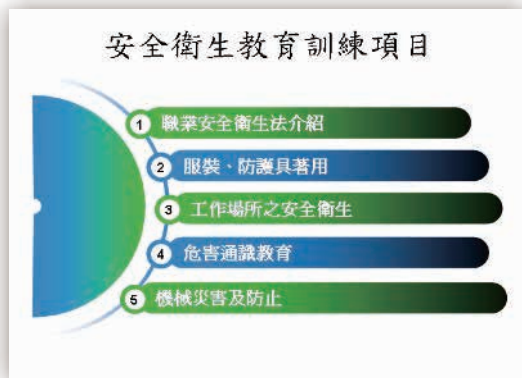
The increase of occupational accidents in Taiwan in 2021 was mainly due to the lack of safety awareness of operators, most of which were caused by the failure to comply with the standard operating procedures when eliminating abnormalities for the sake of speed, resulting in occupational accidents. At 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.



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

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

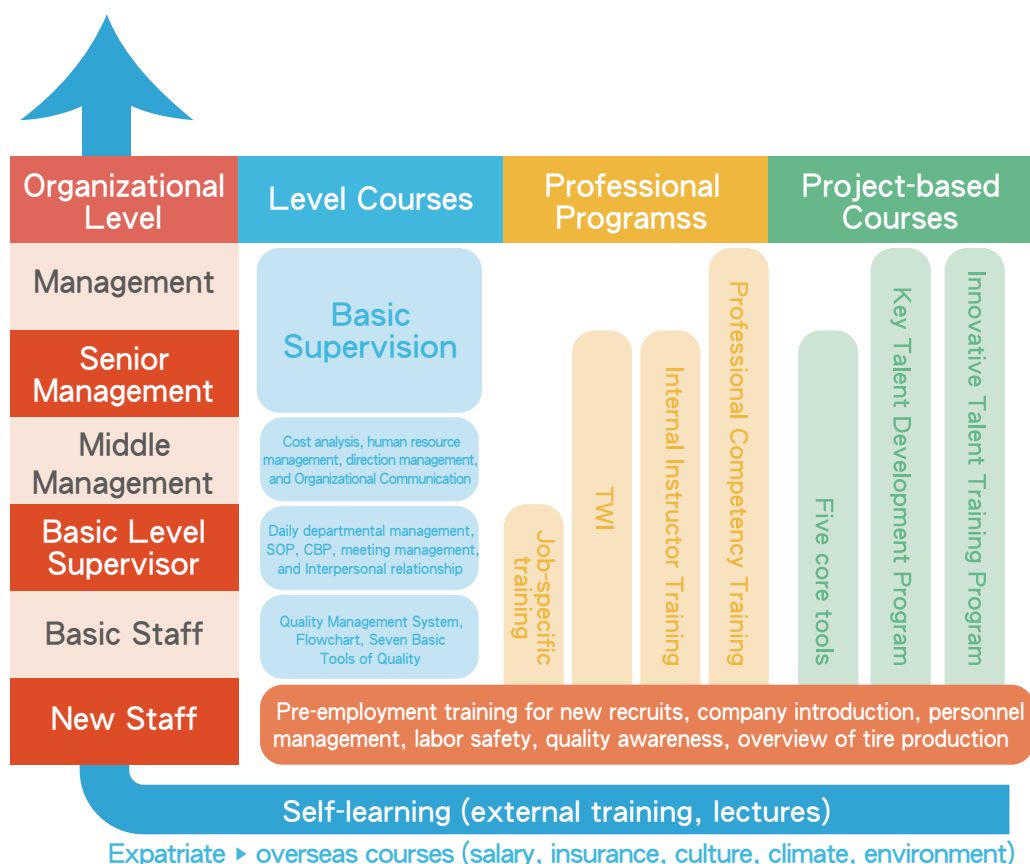
New Employee Training: Aimed to provide new employees with an orientation to the training courses including Cheng Shin's corporate culture, safety training, quality concepts, policy and procedures to help them adapt to the new environment and fit into the culture of the organization. Once the orientation 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.

Part6

Social Care and Corporate Responsibility



Key Performance

Charitable Donations

- ◆ In 2021, the total amount of charitable donations in Taiwan by the Company reached NT\$10,399,028.
- ◆ In 2021, the total amount of charitable donations in China by the Company reached CNY756,200.

Industry-Academia Cooperation

- ◆ Mainland China.
From 2019 to 2021, the Company held 116 "MAXXIS College Tour Recruitment Activities". In 2021, 131 students participated in the "College Internship Program".

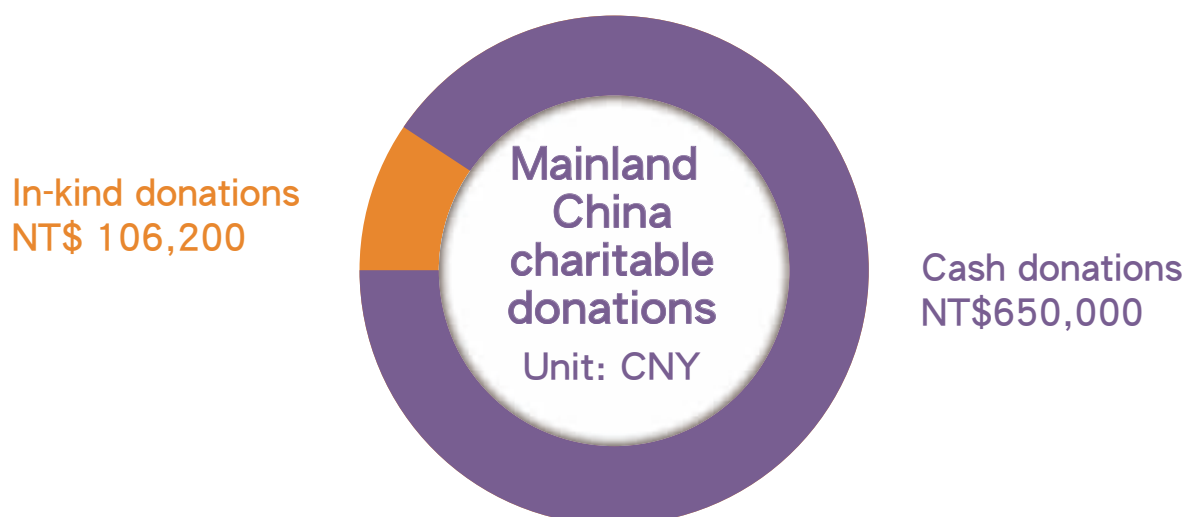
6.1 Social Harmony and Prosperity

By upholding the concept of "Building A Better Society", Cheng Shin is committed to charity and social philanthropy, and continues to integrate internal and external resources, and fulfills its corporate social responsibilities. The Company is actively involved in social philanthropy through diverse forms, such as industry-academia cooperation, sports sponsorship, arts and cultural promotion, educational support, and giving back to the community, so as to actively participate in charitable activities, caring for the community, and giving back to society.

6.2 Annual Investments in Social Engagement and Care

In 2021, Cheng Shin donated NT\$10,399,028 in Taiwan and NT\$756,200 in China, including in-kind donations and cash donations.

(Note: In 2021, due to the COVID-19 pandemic, the Company was unable to sponsor various sports events, which significantly reduced the donation amount)



6.3 Social Engagement and Giving Back to the Community

In the global fight against the COVID-19 epidemic, a number of sports events in 2021 sponsored by Cheng Shin have been canceled, postponed, or changed in a format in line with the government's policy of social distancing. Despite the impact of the epidemic, Cheng Shin is still actively involved in many social causes and activities, and has been working on five main axes: industry-academia cooperation, sports support, arts and culture, education support, and giving back to the community.

6.3.1 Industry-Academia Cooperation

With the progress of society and the development of the Company, the performance and quality requirements for tires are becoming more and more stringent. In order to improve the level of research, production and management, the demand for talents by Cheng Shin has increased. In order to meet the demand for higher-level talents, promote project innovation and development, and realize the sharing of resources between universities and enterprises, Cheng Shin has launched interactive activities with universities in recent years, including

1. Since 2015, Cheng Shin has organized two sessions of "MAXXIS Campus Your" and successfully invited 30 universities that are highly compatible with Cheng Shin's development roadmap to engage in deeper collaborations.
2. From 2019-2021, Cheng Shin went into university campuses and launched the "MAXXIS College Tour Recruiting Activities", participating in a total of 116 recruiting activities in three years, injecting new vitality into the demand for Cheng Shin's talents and establishing a good foundation for industry-academia cooperation.
3. "College Internship Program": In 2021, Cheng Shin collaborated with six universities, including Honghe University, Jiangsu Ocean University, Harbin Huade College, Taiyuan Institute of Technology, North Minzu University, and Guilin University of Technology. 131 interns were enrolled in the program, and we organized a New Sprout Program to provide special training for the interns, so that the students can improve their professional competencies through work and practice. The Company also regularly conducts internship interviews and internship group activities, cares about students' working and living conditions, and provides guidance to them, establishing a new mode of cooperation between Cheng Shin and academic institutions.



2021 Internship teambuilding activities

6.3.2 Arts and Culture Promotion

Sponsorship of the Yunlin Philharmonic Chamber Choir

Cheng Shin has been sponsoring the Yunlin Philharmonic Chamber Choir for six years. The Yunlin Philharmonic Chamber Choir was awarded the first place in the mixed choir category of the 2018 Vienna International Choir Competition & Festival, and has delved into musical theater on a professional footing.



6.3.3 Educational Support

Taiwan

Elementary School Scholarship for Disadvantaged Students

Since 2012, we have been sponsoring scholarships for elementary schools around Taiwan, taking practical actions to accompany the growth of children and help them focus on their studies while rewarding outstanding students, hoping to create a brighter future for children and the country.



Xizhou Elementary School Softball Sponsorship

Sponsorship for the Xizhou Elementary School Softball Team.



Sponsorship of Xizhou Elementary School New Student Gifts

It is a challenge for the new students to meet the new school environment and the new people in their lives. We hope to encourage the new students to embrace the new stage of learning with confidence and courage by giving them a gift, and hope that the children will develop positively and learn happily.



Sponsorship of Yuanlin Junior High School Boxing Team Uniform

Established in 1965, the Yuanlin Junior High School Boxing Team has developed into a grassroots training hub for boxing sports accredited by the Sports Administration, MOE. In 2020, the team won 5 gold, 2 silver and 3 bronze medals in the National High School Games, and was the champion of the National Boys' Team and the runner-up of the National Girls' Team. Yuanlin Junior High School has been training boxing athletes for a long time, and Cheng Shin is delighted to sponsor student athletes with training/competition uniforms to show the Company's care and support.



6.3.4 Giving Back to the Community

Taiwan

Sponsorship for Xizhou Township New Year's Day Flag Raising Ceremony, Parent-Child Walk and Green Fashion Competition

The "2021 New Year's Day Flag Raising Ceremony, Parent-Child Walk and Green Fashion Competition" was held at Xizhou Township Office on New Year's Day, attracting a total of about 1,200 people. In addition to the New Year's Day flag-raising ceremony parent-child walk, there was also a parent-child creative fashion modeling contest to promote the importance of environmental protection and to allow environmental awareness to take root at the grassroots level.



Streetlight Pledging Activity

A total of 28 streetlights in Douliou City and 50 streetlights in Xizhou Township were adopted by the Company to brighten up the night of the community, improve road safety at night, and improve local security and traffic safety.



Adoption of Airport Luggage Trolleys

The Company has adopted luggage trolleys at major airports and harbors in Taiwan, including Taipei Songshan Airport, Kaohsiung Airport, Kinmen Airport, Harbor Bureau of Lienchiang County, Beigan Airport and Magong Harbor, etc. In addition to donating brand new trolleys, the Company also regularly replaces old trolleys to ensure the quality and quantity of trolleys at airports, making them the best business travel companions for domestic and foreign travelers.



Sponsorship of tires for the Xitou Nature Education Park

Sponsored the tires for the Xitou Nature Education Park's tour bus to provide more comfortable and thoughtful services to visitors.



Employee Blood Donation Drives

In 2021, a total of 132 employees participated in two blood donation events and 197 blood bags were collected, and blood donation activities will continue to be held in the future to encourage the love of more people.



Maxxis Tire_Chiong Chiang Store Blood Donation Campaign

Maxxis Tire Chiong Chiang Store held a blood donation event for health and vitality, and Cheng Shin jointly responded by holding four blood donation events in 2021, each with about 200 blood bags collected, transforming love into action and contributing to social good.



Charity Lunch Boxes

Every day, Cheng Shin provides more than 100 lunchboxes, which are delivered by local village leaders to the village residents in need of help, including the elderly living alone, the mobility impaired, and low- and middle-income households. We hope to do our best to make the community warmer by sending warmth to every corner of the community.



Qingshui Service Area Tire Inspection

MAXXIS Tire is committed to your road safety. The professional team of MAXXIS came to the Qingshui Service Area to provide free tire inspection services to safeguard the safety of every road user.



Sponsoring Seniors' Canteen

The Company sponsored the Douliou City Office to promote the Seniors Canteen to enhance the proper care of the elderly, so that the elderly can enjoy meals together in the community and have a more nutritious and healthy meal, and encourage the elderly to head outdoors and participate in community activities to improve their social engagement as well as physical and mental health.



Mainland China

Charitable One-Day Donation

Participated in the charitable one-day donation activity and donated CNY500,000 to the Kunshan Charity Federation to help the poor and needy.



Maxxis Green Charity Fundraising Activities

Since 2016, we have established the Maxxis Green Charity Fund, upholding the concept of "you exercise, I pay; you love, I sponsor", whereby the mileage of our employees' exercise activities is converted into money for the charity fund, which is continuously used for charity activities. In 2021, we held the MAXXIS Run and Walk event and the MAXXIS Ride event, raising a total of CNY19,275 in funds for the Maxxis Green Charity Fund.



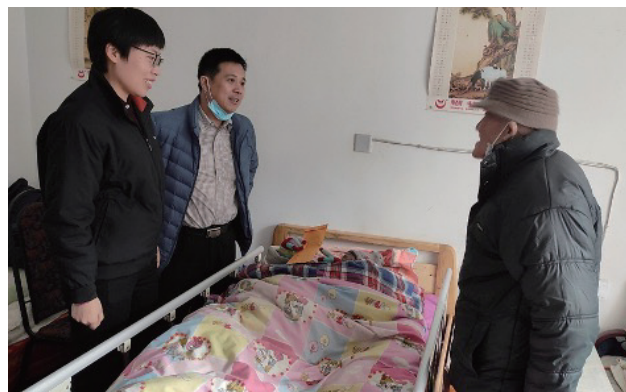
Supporting Educational Development

To support the development of education, Cheng Shin donated CNY 50,000, 30,000 and 50,000 to the College of Engineering of Honghe University, the School of Mechanical and Electrical Engineering of North Minzu University, and Jiangsu Ocean University respectively.



Elderly Care Activities

During the Lunar New Year, the Company's employees visited the nearby communities to care for the elderly.



Heading Into the Community to Provide Public Service

Head into the community to provide public service, carry out garbage sorting and safety information awareness campaigns, etc.



Online Activities for Maxxis Employees

In 2021, due to the impact of the COVID-19 pandemic, we organized a series of "online activities", i.e., we collected materials offline, and instructed employees how to make them through online videos, so that employees could operate them at home and enrich their lives.



(1) 3月：插花活動



(2) 4月：手工奶棗製作



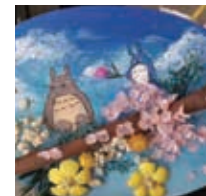
(3) 5月：多肉種植活動



(4) 6月：牛奶燕麥饅頭



(5) 9月：手工綠豆糕製作



(6) 11月：永生花擺台製作

6.3.5 Sports Activities

FTL Team Bike Riding Event

The theme of the ride event, sponsored by Maxxis FTL, is the Chinese character "Wu" (武), which represents the indomitable spirit and the courageous attitude to accept challenges in the face of any difficulties. The last ascent of the route on County Highway No.150, participants were able to experience the highly intensive King of Climbing activity, so that they could experience the beauty of the day with their two legs and enjoy the fun of the competitive ride together.



Appendix: GRI Index

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GRI 205 : Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	23
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GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67
	103-2	The management approach and its components	67
	103-3	Evaluation of the management approach	67
GRI 307 : Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	67
Sewage and waste			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64
	103-2	The management approach and its components	64
	103-3	Evaluation of the management approach	64
GRI 306 : Waste 2020	306-2	Management of significant waste-related impacts	64
	306-3	Waste generated	64
	306-4	Waste diverted from disposal	64
Customer Privacy			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	43
	103-2	The management approach and its components	43
	103-3	Evaluation of the management approach	43
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43

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Marketing and Labeling			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its boundary	32
	103-2	The management approach and its components	32
	103-3	Evaluation of the management approach	32
GRI 417 : Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	34-36
	417-2	Incidents of non-compliance concerning product and service information and labeling	45 No such event occurred during the period covered by this report.
Customer Health and Safety			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its boundary	32
	103-2	The management approach and its components	32
	103-3	Evaluation of the management approach	32
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	33
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred during the period covered by this report.
Occupational Health and Safety			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its boundary	74
	103-2	The management approach and its components	74
	103-3	Evaluation of the management approach	74
GRI 403 : Occupational Health and Safety 2018	403-1	Explanation of the material topic and its boundary	74
	403-2	The management approach and its components	75
	403-3	Evaluation of the management approach	80
	403-4	Occupational health and safety management system	75
	403-5	Worker training on occupational health and safety	78
	403-6	Promotion of worker health	81
	403-8	Workers covered by an occupational health and safety management system	74
	403-9	Work-related injuries	76
	403-10	Work-related ill health	76
			No such event occurred during the period covered by this report.

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Employment Relationship			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its boundary	71
	103-2	The management approach and its components	71
	103-3	Evaluation of the management approach	71
GRI 401 : Employment 2016	401-1	New Employees & Separated Employees	70
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
	401-3	Parental leave	83
Training and Education			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its boundary	85
	103-2	The management approach and its components	85
	103-3	Evaluation of the management approach	85
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	86
	404-2	Programs for upgrading employee skills and transition assistance programs	86-89
	404-3	Percentage of employees receiving regular performance and career development reviews	89
Other Topics			
GRI 200 : Economic			
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	38
GRI 300 : Environment			
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	38
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	57
	302-3	Energy intensity	57
	302-4	Reduction of energy consumption	58
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource	60
	303-2	Management of water discharge-related impacts	62
	303-3	Water withdrawal	61
	303-4	Water discharge	62

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GRI 305 : Emissions 2016	305-1 Direct (Scope 1) GHG emissions	59	
	305-2 Energy indirect (Scope 2) GHG emissions	59	
	305-4 GHG emissions intensity	59	
	305-5 Reduction of GHG emissions	58	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	66	
GRI 308 : Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	38	
	308-2 Negative environmental impacts in the supply chain and actions taken	40	No operations and suppliers with significant risks were found during the reporting period
GRI 400 : Social-Employees			
GRI 402 : Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	72	
GRI 405 : Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	22 ~ 69	
GRI 406 : Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	73	
GRI 408 : Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	71	No operations and suppliers with significant risks were found during the reporting period
GRI 409 : Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	70	No operations and suppliers with significant risks were found during the reporting period
GRI 400 : Social-Communities			
GRI 413 : Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	55	