

2022 CST ESG

Cheng Shin Rubber Ind. Co., Ltd.

Sustainability Report



CST ESG 2022

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— About This Report —

Contact Information

Since 2014, Cheng Shin has continued to issue a Corporate Social Responsibility (CSR) report on an annual basis. In accordance with policy requirements, Cheng Shin changed the name to "Sustainability Report" starting from 2021, and issued Cheng Shin's 9th Sustainability Report in 2022, hereinafter referred to as this Report.

This Report covers all aspects such as economy, environment, society, and the Company's products, and also includes corporate integrity management, eco-friendly, employee care, supplier management, shareholders' 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 main content of this report is primarily based on the GRI Standards issued by the Global Reporting Initiative (GRI) as the compilation framework. It aligns with the Sustainability Accounting Standards Board (SASB) guidelines and the Task Force on Climate-related Financial Disclosures (TCFD) framework for climate-related financial disclosures. The information has been concurrently uploaded to both the Public Information Observation Platform and the official website of Cheng Shin. Additionally, the GRI Index is attached at the end of the report to facilitate quick referencing and inquiries for readers.

The financial figures are calculated in New Taiwan Dollars (NT\$) and certified by PricewaterhouseCoopers Taiwan (PwC Taiwan). 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.

Scope and Boundaries

This report covers the disclosure scope of the parent company, Cheng Shin Rubber Industry Co., Ltd. (hereinafter referred to as "Cheng Shin Taiwan"), and the following subsidiary companies: Cheng Shin Rubber (China) Co., Ltd., Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., Cheng Shin Tire (Xiamen) Co., Ltd., Cheng Shin-Petrel Tire (Xiamen) Co., Ltd., Xiamen Cheng Shin Enterprise Co., Ltd., Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd (hereinafter referred to as "Cheng Shin China").

Among them, Cheng Shin Rubber (China) Co., Ltd. and Cheng Shin Tire & Rubber (Chongqing) Co., Ltd. are respectively referred to as "Cheng Shin Kunshan" and "Cheng Shin Chongqing" in the content of this Report. Cheng Shin Tire (Xiamen) Co., Ltd., Cheng Shin-Petrel Tire (Xiamen) Co., Ltd., Xiamen Cheng Shin Enterprise Co., Ltd., Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd are collectively be referred to as "Cheng Shin Xiamen" in the content of this Report.

The disclosed information in this Report is presented on a consolidated basis. It includes audited financial information, certain sustainability data, and financial statements that are consistent with the audited financial statements. However, it does not encompass the equity method investments as presented in the consolidated financial statements.

Contact Information

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

Cheng Shin Rubber Ind. Co., Ltd.

Address: No. 215, Meigang Rd., Dacun Township, Changhua County, Taiwan.

TEL: (04)852-5151 #729

Unit: ESG Steering Group

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

Report Issuance Date and Frequency: Cheng Shin publishes the report on an annual basis. The 2022 Sustainability Report discloses our sustainability performance and responds to stakeholders' concerns for the year 2022 (from January 1, 2022 to December 31, 2022); for completeness, some information can be traced back to 2020.

— Message from the Chairman —

In 2022, bottlenecks in marine shipping supply have started to ease and global demand rebounds. However, during the pandemic, various countries adopted loose monetary policies to stimulate their economies, leading to a rise in raw material prices and subsequent inflation. Cheng Shin has navigated through such a challenging environment thanks to close collaboration with suppliers and customers, leveraging its accumulated cooperative experience to mutually benefit and adapt to the rapidly changing market dynamics, expanding our market presence and revenue in the process.

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 five consecutive years, and our achievements in corporate governance and corporate social responsibility continue to be widely recognized.



In terms of environmental sustainability, we officially launched our solar power generation systems at the Xizhou and Zhongzhuang plants in Taiwan in 2022. Combined, our factories in Taiwan and Mainland China generate a total of 22,273,800 kWh of solar energy annually. Furthermore, environmental management systems have been established across various factory plants, promoting energy-saving initiatives and setting annual energy-saving targets. In 2022, Cheng Shin reduced its greenhouse gas emissions by a total of 18,133.45 tCO₂e and decreased water resource consumption by 439.361 million liters. To enhance occupational health and safety management systems, Cheng Shin Taiwan continued to obtain ISO 45001, CNS 45001 and ISO 14001 certifications, while Cheng Shin China maintained their ISO 50001 energy management system external certifications. These efforts reflect the commitment to environmental protection and reinforce a comprehensive approach to occupational safety and health management.

In addition, providing colleagues with a better working environment and prioritizing safety are commitments that Cheng Shin consistently upholds. Employees are the most valuable assets of the Company, and ensuring their occupational health and safety is a fundamental cornerstone for Cheng Shin to achieve sustainable operations. The safety of Cheng Shin's employees is our top priority, and promoting employee health and well-being, as well as optimizing the work environment, are ongoing efforts that the Company is dedicated to.

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 affiliated brands and partners, and will continue to make progress, fulfill our corporate responsibilities, and shape the sustainable growth of our business.

Chairman

Chen Yuhua

Part 1

Cheng Shin “Rolls” the World



1.1 2022 Sustainability Highlight Achievements

1. Cheng Shin's operations in Mainland China passed the external certification for the ISO50001 energy management system.
2. Greenhouse Gases Reduction
The energy saving programs promoted in Taiwan and China have reduced greenhouse gas emissions by a total of 18,133.45 tCO₂e.
3. Reducing the Use of Water Resources
A total of 439.361 million liters of water consumption was reduced in Cheng Shin Taiwan and Mainland China.
4. Use of Green Energy
Cheng Shin has installed solar photovoltaic systems that can generate 22.2738 million kWh of electricity per year.
5. Selected as one of the constituents of the "Taiwan RAFI EMP 99 Index".
6. Launched the Company's Employee Stock Ownership Program.

1.2 About Cheng Shin

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 (China), Xiamen (China), 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 4,798 Global 23,722

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 2020-2022

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 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.

Nissan Motor "2021 Asia Pacific Supplier Quality Award"



2022

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

Cheng Shin was listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index for the 5th consecutive year.

MAXXIS VS-EV Electric Vehicle Tire Wins "2022 SEMA New Products Award".



Operational Performance

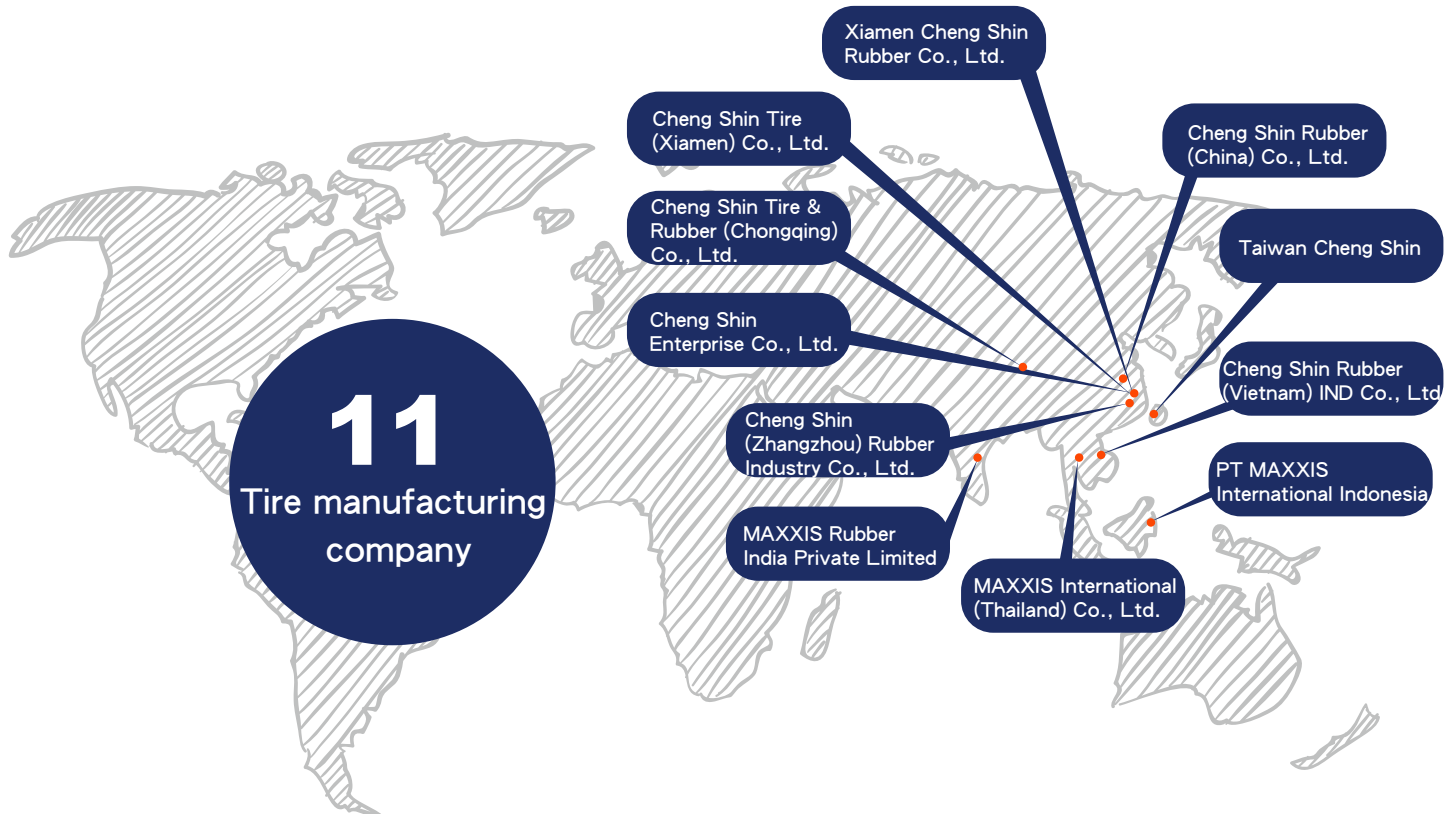
Item	Cheng Shin Operational Performance Management Guidelines
Materiality	In order to achieve Cheng Shin's goal of business sustainability and implement the business philosophy of "Quality First, Customer Satisfaction", we pursue business performance by strengthening our capabilities in innovation, process 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, manifested in the corporate culture is the concept of "Three 100%'s - 100% Quality, 100% Service, 100% Trust". The Company continuously advances by enhancing research and development, fostering innovative products, investing in tire testing facilities to expedite product development, and complementing these efforts with a diverse brand marketing strategy. This is aimed at delivering superior products to customers with varying needs. Furthermore, the Company embraces a sense of respect, care, and gratitude, fostering a sense of belonging and participation among all. This collective effort helps shape the Cheng Shin and MAXXIS brands, making everyone a part of the family.

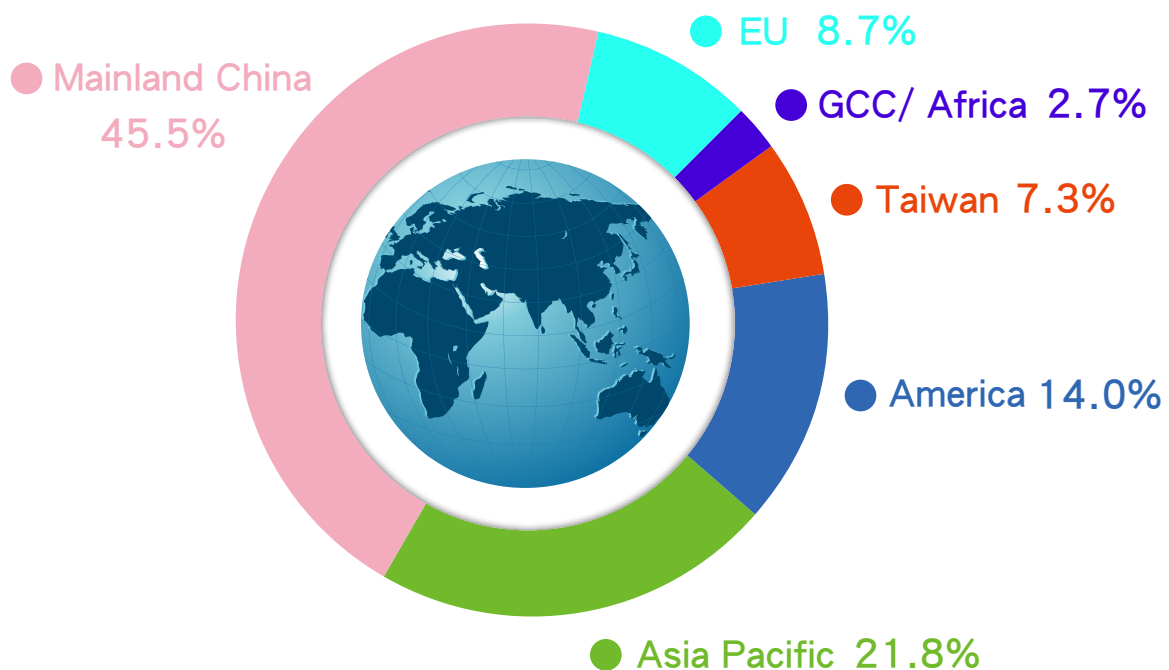
By integrating the elements of people, machinery, materials, methods, and quality with the principles of SAP (Speed, Accountability, Performance), Cheng Shin aims to avoid the wastefulness of 3D (Dullness, Delay, Defects) and promote energy conservation and carbon reduction. This approach nurtures a self-disciplined team that embodies integrity and responsibility. Furthermore, through a systematic approach, Cheng Shin aims to propel its growth engine and achieve its business objectives. 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.

- ◆ Cheng Shin is the largest tire manufacturing company in the Greater China region, consistently maintaining the top position in terms of revenue in Taiwan.
- ◆ 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 all 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. In terms of marketing, Cheng Shin employs a multi-brand strategy, promoting MAXXIS, CST, PRESA, and other brands through various channels simultaneously to expand market share. Additionally, the Company enhances brand recognition and reputation by sponsoring numerous sporting events, leveraging diverse platforms to embed the brand and its products deeply into the hearts of consumers.

Global Production Bases



Group Sales Analysis - By Region



In 2022, bottlenecks in marine shipping supply have started to ease and global demand rebounds. However, during the pandemic, various countries adopted loose fiscal policies to stimulate their economies, leading to a rise in raw material prices and subsequent inflation. Following the announcement of interest rate hikes by the United States, countries around the world have been adjusting their fiscal policies in response. Thanks to close collaboration with suppliers and customers, leveraging its accumulated cooperative experience to mutually benefit and adapt to the rapidly changing market dynamics, expanding our market presence and revenue in the process. Net income for the full-year consolidated statement of 2022 declined by 5.71% compared to last year, with an EPS of NT\$1.53. In such a difficult environment, Cheng Shin has taken a customer-oriented approach to full production to satisfy customers' needs, to create new opportunities, to enhance the added value of products, while simultaneously striving to increase revenue and profitability. In FY2022, parent company only revenue reached NT\$20.4 billion, with an EPS of NT\$1.53. The gross margin reached 29%, and brand value reached US\$250 million.

Unit: NT\$ thousand

	2020	2021	2022
Operating Income	18,926,294	20,707,983	20,409,294
Gross Operating Profit	4,697,691	5,517,645	5,972,778
Operating Profit or Loss	953,296	2,171,864	2,861,112
Non-operating Income and Expenses	5,792,738	4,134,631	3,486,130
Profit Before Income Tax	6,746,034	6,306,495	6,347,242
Net Profit for the Year	5,988,702	5,270,007	4,961,369

Government Subsidies

Cheng Shin actively responds to government policies, particularly in the areas of industry innovation, technological upgrades, and environmental protection. In 2022, Cheng Shin Taiwan received financial subsidies from the government for the following items: R&D investment credit for Profit-seeking Enterprise Income Tax recognized by the Industrial Development Bureau; credit for Profit-seeking Enterprise Income Tax for intelligent machinery and 5G Mobile Communication System, Enel X subsidies, maternity leave, paternity leave and employer's salary subsidy for paternity leave, and subsidies for Stable Employment Program. Cheng Shin China mainly received grants from the Industrial Development Fund and for the purchase of R&D equipment.

Region (Currency)	2020	2021	2022
Cheng Shin Taiwan (NT\$)	82,680,249	33,775,932	37,775,837
Cheng Shin Kunshan (CNY)	66,655,552	52,218,274	24,664,646
Cheng Shin Chongqing (CNY)	71,139,809	12,302,288	9,282,211
Cheng Shin Xiamen (CNY)	310,206,228	295,596,872	294,108,413

Participation in Public Association Organizations

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

Cheng Shin 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	China Rubber Industry Association Tyre Branch	China Rubber Industry Association Cycle Tyre Branch
	China Association of Enterprises with Foreign Investment Xiamen	Xiamen Enterprises and Entrepreneurs Association	Xiamen High Technology Enterprise Association
	Association of Enterprises with Foreign Investment	Xiamen Taiwan Business Association	Xiamen Modern Logistics Association

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

Cheng Shin Taiwan	Changhua County Confederation of Trade Unions	Changhua County Industrial Federation Trade Union	Changhua County Industrial Association
	Changhua County Labor and Industry Relations Association	Yunlin County Industry Association	Yunlin Technology Industrial Park Association
	Changhua County Policemen Association	YMT Exchange	Motor R&D Safety Promotion Association
	Taiwan Transportation Vehicle Manufacturers Association	Taiwan Bicycle Association	SAE Taipei Section
	Chinese Excellent Management Association	Kuozei Automobile Association	Taiwan Stock Affairs Association
	Corporate Operating and Sustainable Development Association	Industrial Safety and Health Association	FIA GO-Kart Accredited CTMSA Alliance Member
	Sanyang Motor ESG Charity Event	Sanyang Motor Industry Assistance Association	Changhua County Volunteer Firefighters Association
	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 Engagement

Through various forms of management, Cheng Shin engages and responds to the concerns of stakeholders, and proposes solutions and related practices.

Types and Meaning of Stakeholders

For the purpose of more effective communication with the stakeholders of Cheng Shin, the ESG Working 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 2022 (number of sessions, attendance, discussion results)
Customers	Refers to major car manufacturers, dealers and general consumers.	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 position.	1. Visits to the Company website from time to time. 2. New product launch events from time to time. 3. Sales service mailbox and telephone.	1. 2022 Customer Satisfaction Survey, with satisfaction level maintained at high. 2. Held 2 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 2022 (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 continued development. The shareholders 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. Two investor conferences were held in 2022. 2. One shareholders' annual general meeting was held in 2022. 3. Update information on the MOPs in accordance with the regulations. 4. Updates of investor information on the Company's official website (as required). 5. Address shareholders' inquiries by phone and email. All inquiries were answered. 6. Annual corporate governance evaluation. The results of the evaluation in 2022 ranked Cheng Shin among 21%-35% of listed companies.
Employees	Refers to office and factory employees	Employees are valued assets of the Company and are key stakeholders in the continued innovation and growth of the Company.	1. Employer-employee relationship. 2. Employee diversity and equal opportunity. 3. Training and education.	1. Hold labor-management conferences and occupational safety and health committee meetings (on a quarterly basis). 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. Organized a total of 28 labor-management meetings to report on labor dynamics, communicate and discuss labor activities, employee 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.	1. Wastewater and waste. 2. Compliance with environmental regulations. 3. Customer health and safety.	1. Employer-employee relationship. 2. Employee diversity and equal opportunity. 3. Training and education.	1. Company website (at any time). 2. E-mail (at any time). 3. Public reporting system (company switchboard and security guards/anytime).	1. One case of air pollution and odor problems reported, but no such problems were found after investigation. 2. There was one complaint about perimeter noise, which was found not to be a problem arising from 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. Facilitate communication between the labor union and competent authorities through regulatory explanation sessions 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 (as required).	1. Outreach 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 in compliance with applicable 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 2022 (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 (as required). 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 124 suppliers implement self-assessments in accordance with the annual audit plan, of which 85 were rated A, 36 were rated B+, 3 were rated B. All suppliers passed Cheng Shin's assessments with an achievement rate of 100%.
Banks	Refers to 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. Effluents 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 seminar event. 2. Complete the credit line with the bank.

1.4 Sustainable Cheng Shin

1.4.1 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.

◆ Implement corporate governance:

Innovation by adhering to integrity, adhering to the business, and create new opportunities to practice the corporate culture of integrity and continuous innovation, are some of the key factors for the sustainable and sound development of Cheng Shin.

Urge all the relevant members of Cheng Shin to uphold the fine tradition of integrity when performing their duties and take responsibility for their own business.

◆ Participate in social philanthropy:

Continue to care for the underprivileged and work together with the entire Maxxis family to spread the positive energy of society.

◆ Talent attraction and cultivation:

establish a friendly and diversified quality workplace, create a fair learning environment, and enhance the concept of sustainable development of employees.

◆ Reduce greenhouse gas emissions:

harness clean energy and plan energy-saving measures to reduce greenhouse gas emissions. Align with targets set out in the national Carbon Reduction Roadmap, and strive to continue efforts for the earth.

◆ Enhance energy efficiency:

Proactively conduct greenhouse gas emissions inventory and disclosures, grasp the carbon emission situation of each plant, and optimize the production process to improve energy efficiency.

◆ Safeguarding employee rights:

Cheng Shin is committed to protecting labor rights and employee welfare, and creating a healthy and safe work environment.



1.4.2 Sustainable Development Steering Group (ESG Steering Group)

In 2015, Cheng Shin started to promote and set up a CSR Steering Group, with the Marketing Planning Department as the convener. The Company publishes a sustainability report every year and converges the strengths of our operations in Taiwan and China 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 order to align with international development trends and achieve the goal of sustainable development, and to strengthen the implementation of sustainability by Cheng Shin, the Board of Directors resolved in January 2022 to rename the "Corporate Social Responsibility Steering Group" to "Sustainable Development Steering Group" (hereinafter referred to as the ESG Steering Group). The organizational structure is divided into four groups: Corporate Governance, Social, Environmental, and Product. The Board of Directors has authorized Director Chong-Jen Huang to serve as the convener, who is responsible for the formulation of corporate sustainability strategies, performance monitoring, social responsibility and risk management.





A report was presented during a Board meeting in 2023 outlining the content and plans of the 2022 Sustainability Report, as well as the implementation of improvement measures and medium to long-term policy goals for 2023. The Board of Directors also supervised the efforts of the ESG Group to uphold the ESG spirit and implement a corporate culture centered on 100% quality, service, and trust, with a focus on preserving core values and embodying ESG principles.





Note: After the board election on May 31, 2023, Chong-Jen Huang was relieved of his director position and currently serves as a consultant.

1.4.3 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 direction for sustainable development. It also lists 17 Goals of the UN's Sustainable Development Goals (SDGs) as its sustainable development goals and has identified and evaluated 11 of the 17 Goals as its focus. In terms of sustainable corporate development and community engagement strategy, Cheng Shin integrates the SDGs as key reference information for corporate evaluation of social engagement, follows the five steps of the SDG Compass - Understanding the SDGs, defining priorities, setting goals, integrating, and reporting and communication, thereby establishing action plans and reviewing them to shape the future sustainable business development.

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	1.4 By the year 2030, ensure that all employees, regardless of gender or social status, especially those who are impoverished or from disadvantaged groups, have equitable rights and access to economic resources, basic services, land and other forms of property, inheritance, natural resources, new technologies, and financial services (including microfinance).	● Since 2012, we have been sponsoring scholarships for low-income students at elementary schools around the country for many years.	4.3.3 Educational Support
	2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 2.2. By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.	● 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 and adequate care for the elderly.	4.3.4 Giving Back to the Community
	3.8. Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	▲ The Company provides special health checkups for workers involved with special health hazards at work. ▲ The Company provides health consultation services by doctors on-site at the Company's plants. ● Special health examinations were conducted for personnel in special workplaces in 2022, totaling 5,232 employees, with follow-up for 196 employees.	3.3 Safe and Healthy Workplace
	4.A. Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.	▲ Provide multiple learning channels for our employees to balance work and physical/mental health. ● In 2022, we held 3 lifestyle seminars and 2 occupational safety seminars, and the total number of participants reached 334.	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, including persons with disabilities, indigenous peoples and children in vulnerable situations.	● Since 2012, we have been sponsoring scholarships for low-income students at elementary schools around the country for many years.	4.3.3 Educational Support

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
 5 性別平等	5.1 Achieve gender equality and empower all women and girls.	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.	3.4 Employee Benefits and Care
	5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.		
 6 清潔飲水和衛生設施	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	▲ The Company continues to implement water resource management and recycling of process wastewater. ● The amount of effluent discharged in Cheng Shin Taiwan has decreased by 32.47% compared to the previous year.	2.4 Water Resources Management
	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.		
	6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.		
 7 經濟適用的清潔能源	7.3 By 2030, double the global rate of improvement in energy efficiency.	▲ The Company has been involved in voluntary reduction of greenhouse gases. ▲ Enhance efficiency of the Company's equipment. ● Reduce greenhouse gas emissions by 18,221.56 tCO ₂ e in 2022 by promoting energy saving programs in our operations in Cheng Shin Taiwan and Mainland China.	2.3.2 Energy Management
 8 體面工作和經濟增長	8.1 Sustain per capita economic growth in accordance with national circumstances, and in particular at least 7% per annum GDP growth in the least-developed countries.	▲ 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 2022, parent company only revenue reached NT\$20.4 billion, earnings per share was NT\$1.53, gross margin of sales reached 29%, and brand value reached US\$250 million.	1.2 About Cheng Shin
	8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	▲ 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 2022 and was not involved in any legal proceedings related to the employment of child labor.	3.2 Human Rights Policy and Labor-Management Relations
	8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	● Review new suppliers and their annual audit plans based on supplier evaluations and the contents of annual audit clauses. The review items should include ensuring the safety of workers' working environment. ● 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 Safe and Healthy Workplace

SDGs	Targets	Summary of Contributions ▲ Projects ● Results	Corresponding Chapter
 11 永續發展的市鎮規劃	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	▲ 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 2022 clearly defines the project of "creating a sustainable environment and reducing waste", and each unit will take action in accordance with the policy.	2.5 Waste Management, Recycling and Reuse 2.6 Air Pollution Prevention and Control
	12.2 By 2030, achieve the sustainable management and efficient use of natural 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.	2.3.1 Resource Management 2.3.2 Energy Management 2.3.3 Energy Conservation and Carbon Reduction Measures.
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	▲ In order to ensure the normal operation of the air and water pollution prevention equipment, Cheng Shin's plants are equipped with drug addiction 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 2022 is 23.9% less than that in 2021.	2.5 Waste Management, Recycling and Reuse
 12 確保永續消費和生產模式	12.5 By 2030, substantially reduce waste generation 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 optimal use of water resources.	2.4 Water Resources Management
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	▲ Publish annual sustainability reports and utilize the accessibility, transparency, timeliness, comprehensiveness, and interactivity of websites to conduct sustainable reporting. ● Cheng Shin issues one sustainability report per year.	About This Report
 16 和平、正義與健全的司法	16.5 Substantially reduce corruption and bribery in all its forms.	▲ Formulation of integrity management rules and regulations and promotion work. ▲ Integrity management education and training. ● No violation of the laws and regulations or internal regulations for integrity management occurred in 2022.	1.6.2 Integrity and Anti-Corruption
	16.6 The Company has developed an effective, responsible and transparent system at all levels.	▲ Procedures for Preventing Insider Trading. ▲ Work Regulations. ▲ Establishment of regulations for Related-Party Transactions. ▲ Suppliers - Establishment of Commercial Contracts ● No incidences of insider trading or corruption cases occurred in 2022.	

1.5 Identification for Material Topics

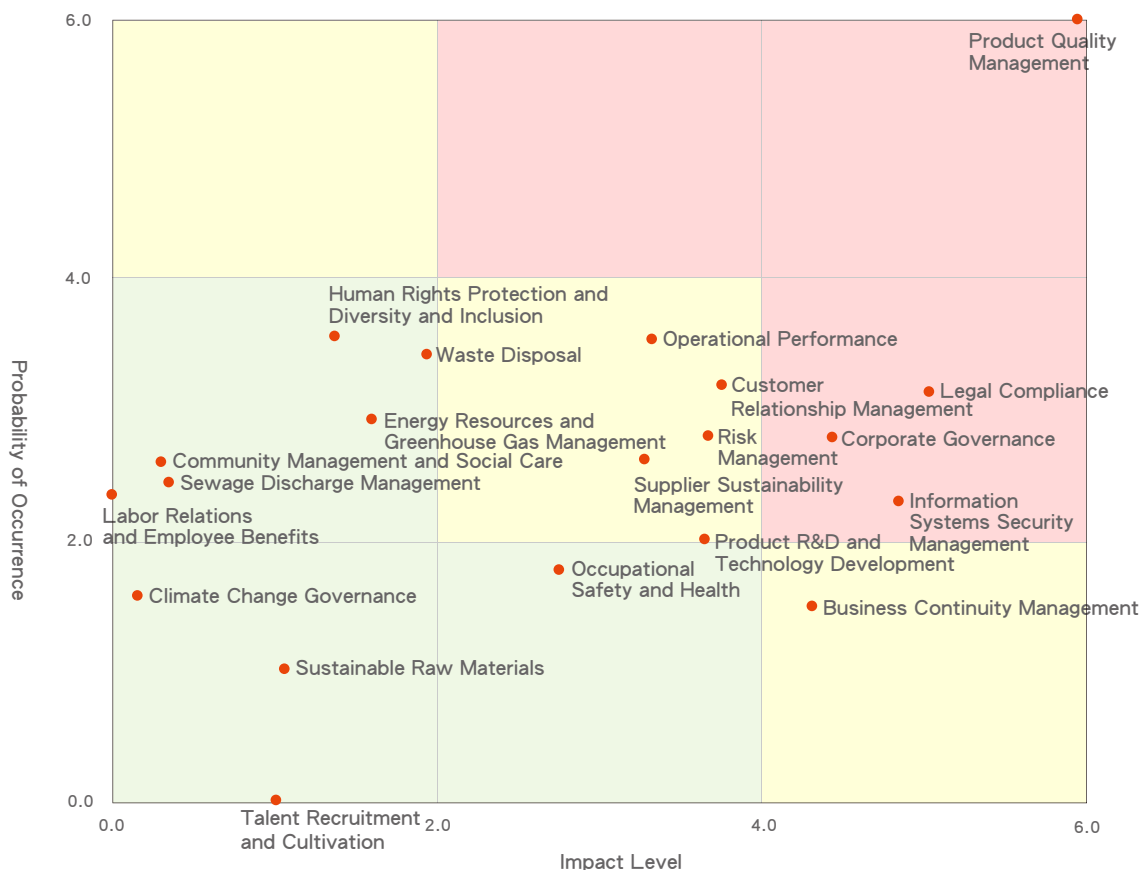
1.5.1 Identification Process for Material Topics

With reference to the GRI Standards, material topics and development trends of the same industry, we have selected 20 sustainable issues. Cheng Shin's responsible departments distributed questionnaires for stakeholders to fill out, in order to understand the degree of concern of stakeholders about the sustainability issues of Cheng Shin.

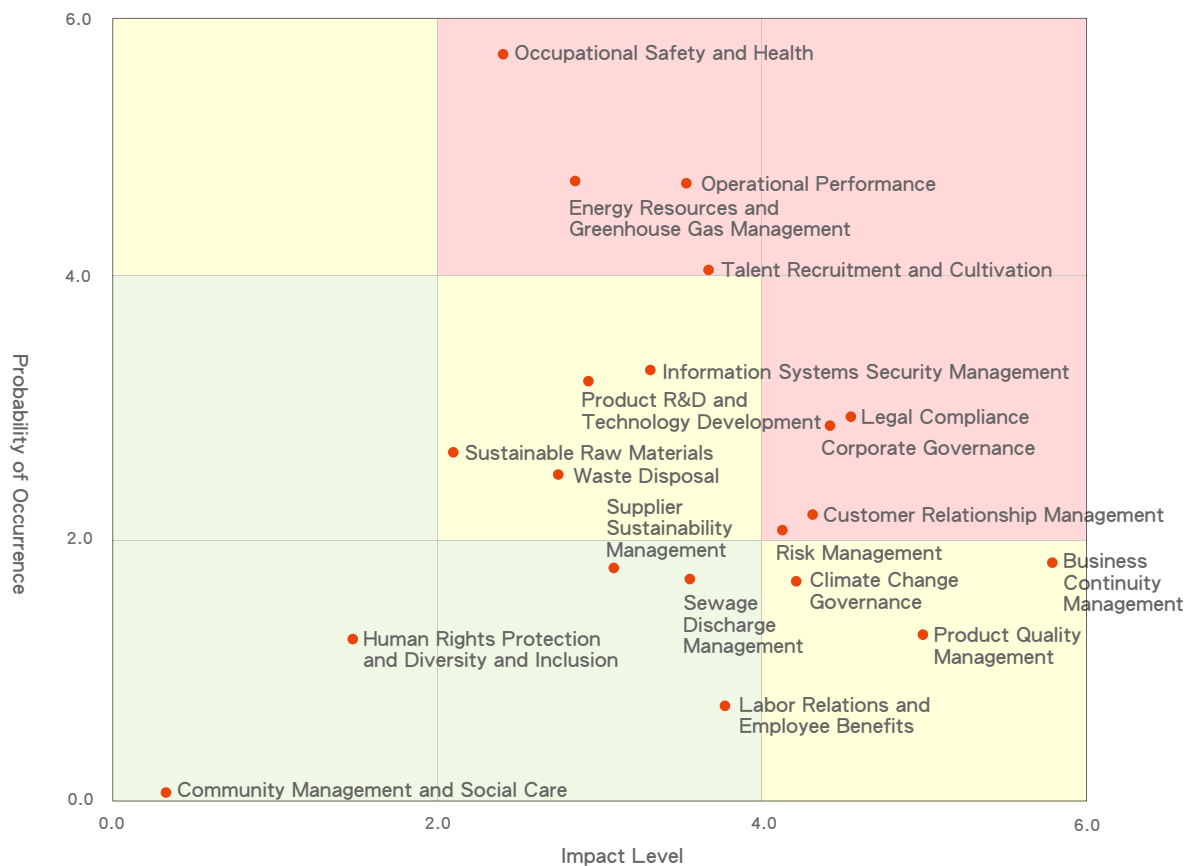
185 questionnaires were distributed in 2022, and the response rate reached 100%. After statistics and analysis, the sustainability issues were ranked in accordance with the degree of concern. Additionally, 19 senior executives within Cheng Shin completed questionnaires to assess the impact of these sustainability issues on the environmental, social, and governance aspects (E, S, G). All 19 questionnaires were collected with a response rate of 100%. After analyzing the internal assessment questionnaires for positive and negative impacts, we compiled the top five sustainability issues that emerged from both positive and negative impact assessments.

After analyzing the internal positive and negative impact assessment questionnaires, the following eight internal sustainability issues were identified by aggregating the five major sustainability issues prior to the positive and negative impacts: Product Quality Management, Legal Compliance, Corporate Governance, Customer Relationship Management, Operational Performance, Talent Recruitment and Cultivation, Occupational Safety and Health, and Energy and Greenhouse Gas Management.

Positive Impact Material Topics Matrix



Negative Impact Material Topics Matrix



By analyzing the External Stakeholder Concerns Questionnaire, the top 5 topics were: Legal Compliance, Business Continuity Management, Operational Performance, Corporate Governance, Product Quality Management. After combining internal and external concerns on material topics, nine major material topics were identified: Product Quality Management, Legal Compliance, Corporate Governance, Customer Relationship Management, Operational Performance, Talent Recruitment and Cultivation, Occupational Safety and Health, Energy and Greenhouse Gas Management, and Business Continuity Management.

Material Topics	Cheng Shin's Response Measures and Management Policies and Measures to Address Material Topics	2022 Qualitative/quantitative goals and current status of target achievement	Short-, medium-, and long-term goals and the current status of target achievement	Resources (e.g., financial, human resources) that Cheng Shin has invested in this material topic	Grievance channels and other possible actions (e.g., processes, projects, etc.) established for this material topic
Product Quality Management	Quality first and customer satisfaction are the most fundamental and key concepts to provide customers with product quality that meets their expectations.	Satisfy customers' feedback and special needs.	Maintaining and updating feedback and special needs with customer needs as the starting point.	Conduct annual customer satisfaction surveys to understand customer needs and satisfaction status for internal reference and improvement.	Free consultation service hotline: 0800-092123 Customer Service Center E-mail : svc@tw.maxxis.com

Material Topics	Cheng Shin's Response Measures and Management Policies and Measures to Address Material Topics	2022 Qualitative/quantitative goals and current status of target achievement	Short-, medium-, and long-term goals and the current status of target achievement	Resources (e.g., financial, human resources) that Cheng Shin has invested in this material topic	Grievance channels and other possible actions (e.g., processes, projects, etc.) established for this material topic
Legal Compliance	In accordance with the laws and regulations of the competent authorities, the Company implements internal regulations to comply with environmental, economic, and social laws and regulations.	Number of major environmental/socio-economic penalty fines: 7	No significant environmental/socio-economic penalties.	1. The Human Resources Department is responsible for revising internal management practices in accordance with the latest labor laws and regulations, and for publicizing or inviting external professionals to hold seminars. 2. The Occupational Safety and Health Department is responsible for conducting inspections of each plant and conducting mutual exchanges in order to strengthen employees' awareness of occupational safety and environmental protection and to comply with the requirements of laws and regulations. 3. The Audit Office conducts regular audits and feedback based on internal audit criteria.	Cheng Shin complies with regulations to establish an internal control system and an organizational management system, integrates work regulations through each unit's responsibilities, implements new regulations, revisions, and audits, and regularly reviews the requirements of various regulations and makes continuous improvements. If there are any complaints, they can be handled through the Company's complaint mailbox or report line, and the specialized unit will be responsible for handling them.
Corporate Governance	The five main pillars of the Company are: "Strengthening Board Functions to Enhance Corporate Sustainability Value," "Increasing Information Transparency to Promote Sustainable Operations," "Enhancing Stakeholder Communication to Foster Effective Interaction Channels," "Aligning with International Standards to Guide Responsible Governance," and "Deepening Corporate Sustainability Governance Culture and Offering Diverse Products".	1. Half of the independent directors are not allowed to serve more than three consecutive terms, and a diversified director training program is provided. 2. The Company's website includes a dedicated section for stakeholders, providing English versions of interim and annual financial reports, shareholder meeting annual reports, and agenda handbooks to inform stakeholders. 3. Early announcement of quarterly financial reports and monthly operations, and advancement of the shareholders' meeting to May. 4. Ranked in the top 21%~35% of Corporate Governance Performance ratings.	Short-term: Independent directors are not allowed to serve more than three terms, and a diversified director training program is provided. Mid-term: Convene quarterly press conferences. Long-term: Ranked in the top 10% of Corporate Governance Performance ratings. Sustainable corporate culture.	Cheng Shin has established a dedicated unit for corporate governance and appointed a Chief Corporate Governance Officer on March 21, 2019. This role is concurrently held by Vice President Yung-Li Lo of the Finance Department, who is supported by two corporate governance officers. This initiative aims to safeguard shareholders' rights and enhance the functionality of the Board of Directors.	The Company's official website. Stakeholder Zone and Investor Contact Window.
Customer Relationship Management	By collecting customer feedback and needs, conducting satisfaction surveys on aspects such as pattern design, handling, noise reduction, comfort, and wear resistance, we ensure that our products closely align with customer requirements. This approach aims to enhance customer satisfaction, foster long-term customer loyalty, establish a competitive advantage that is hard for competitors to replicate, and ultimately generate profits.	In 2022, a total of 390 consumer satisfaction survey questionnaires were distributed in Taiwan, and 352 questionnaires were successfully collected, resulting in a response rate of 90.3%.	With a rigorous approach, we address every customer feedback and engage in innovative research and development to create products that meet their needs. We seize every opportunity to serve our customers, putting forth our utmost dedication and effort to ensure customer satisfaction.	Cheng Shin conducts annual customer satisfaction surveys by distributing questionnaires to gain insights into customer needs and satisfaction levels. This ensures alignment between new product development and market demand, allowing us to truly understand customer feedback and establish strong customer relationship management.	We offer a toll-free consultation hotline and a customer service email as communication channels for free inquiries. ● Toll-free consultation service hotline: 0800-092123 ● Customer Service Center Email: svc@tw.maxxis.com

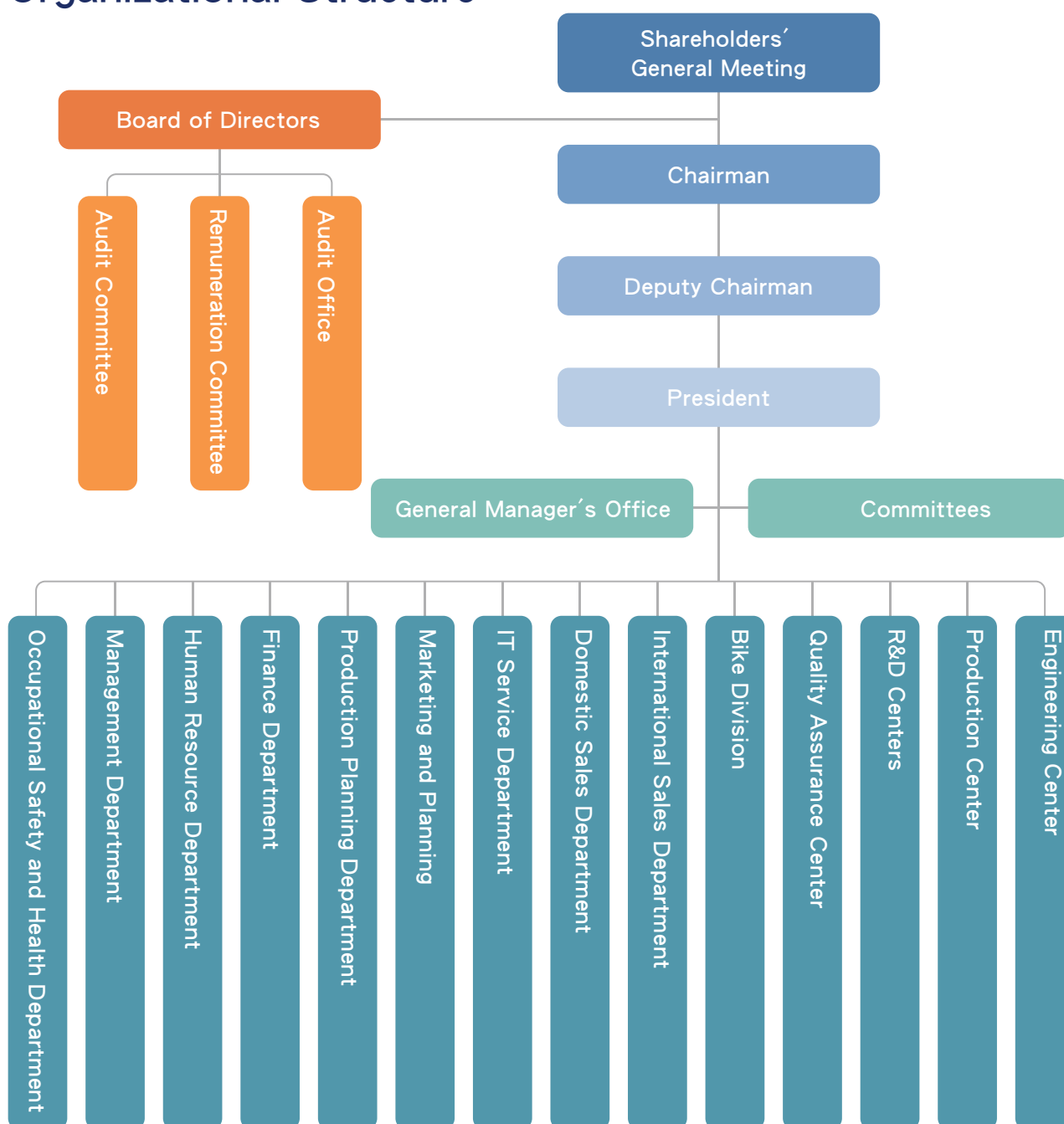
Material Topics	Cheng Shin's Response Measures and Management Policies and Measures to Address Material Topics	2022 Qualitative/quantitative goals and current status of target achievement	Short-, medium-, and long-term goals and the current status of target achievement	Resources (e.g., financial, human resources) that Cheng Shin has invested in this material topic	Grievance channels and other possible actions (e.g., processes, projects, etc.) established for this material topic
Operational Performance	Continuously improve gross and net profit. Continue to increase turnover while maintaining profitability.	Parent company only gross profit increased by 8.1%. Parent company only operating income increased by 31%. Parent company only revenue increased by -1.5%.	Short-term: Increase sales of high value-added products and eliminate low-margin products to increase profits. Medium and long term : Collaborate with R&D to continuously optimize the portfolio of high value-added products. In addition, continue to improve and innovate our services to attract more customers and increase revenue.	Collaborating across departments, we are dedicated to research and development in various categories such as EV tires, off-road tires (ATV and 4X4), karting and other racing tires, bicycle tires, motorcycle tires, etc., aiming to create high-value-added products.	The Company's official website. Stakeholder Zone and Investor Contact Window.
Talent Recruitment and Cultivation	We are committed to safeguarding labor rights and employee welfare, and creating a healthy and safe working environment. Establishing a friendly and diversified quality workplace, creating a fair learning environment, and enhancing employees' concept of sustainable development.	Diversified talent recruitment channels. Encourage employees to seek new skills and obtain qualifications to perform a variety of jobs to enhance overall competence and increase management flexibility.	Ensure that labor conditions are in line with regulatory requirements. Continuously optimize employee relations Promote human rights protection and honest	The Sustainable Development Social Group will continue to promote and involve all members of Cheng Shin Group.	Employee grievance channels. Education and training management process.
Occupational Safety and Health	Implement safety audits and improvements to avoid major safety accidents.	Objective: Achieve a 100% coverage rate in audits and a 100% improvement rate in addressing identified issues. Achievement: Achieved a 100% coverage rate in audits and a 100% improvement rate in addressing identified issues.	Short-term: Achieved a 100% coverage rate in audits, covering 7 units, with a total of 73 identified deficiencies. Mid-term: Achieved a 100% improvement rate in addressing identified issues, with all 73 deficiencies having been successfully addressed and resolved. Long-term: follow-up and maintenance rate 100%	Total number of OSH Department personnel: 28 Total number of on-site supervisors: 28 Total: 56	OSH Department mailbox: safety.dacun@tw.maxxis.com In-plant consultations: 341
Energy Resources and Greenhouse Gas Management	Reduce greenhouse gas emissions and implement energy-saving improvement programs	Objective: Reduce greenhouse gas emissions and implement energy saving improvement measures: Reduce greenhouse gas emissions by 12% and implement energy saving programs to reduce a total of 4,104.56 CO ₂ e	Short-term: Planning of energy conservation measures Mid-term: Implementation of energy-saving initiatives Long-term: Follow up and maintain 100% implementation rate.	Estimated total cost of energy saving measures is about NT\$3.3 million.	OSH Department mailbox: safety.dacun@tw.maxxis.com In-plant consultations: 341
Business Continuity Management	In order to continuously improve the Company's operational risk, to provide customers with service, delivery and product quality that meets their expectations.	Continuous and uninterrupted supply of goods to meet customer needs in terms of delivery and quality.	Conduct risk improvement programs based on the results of internal and external environmental analysis and quality management system process risk analysis.	Regularly implement risk analysis and assessment every year to identify the Company's operational risks as the basis for internal continuous improvement to avoid operational/delivery interruptions.	The following activities are conducted annually: ●Approach Management ●Management Review

1.6 Corporate Governance

1.6.1 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.

Organizational Structure



The main functions and activities of each department: Please refer to Cheng Shin's 2022 Annual Report. The Annual Report is available for download from MOPS and Cheng Shin's official website (http://www.cst.com.tw/shareholder_7.php).

Operation of the Board of Directors

In accordance with Article 10 of the Rules of Procedure for Board of Directors Meetings, 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 Board of Directors of Cheng Shin was fully re-elected on June 16, 2020.

Board Diversity and Independence

The composition of the 11th Board of Directors follows the "Corporate Governance Best Practice Principles" of Cheng Shin Tire. It emphasizes gender equality and the possession of the necessary knowledge, skills, and qualities required for the performance of duties. Among the current 11 directors, there are 3 employee directors, accounting for 27%, and 2 female directors, accounting for 18%. Among the directors, there are 3 independent directors, accounting for 27% of the total. The tenure of independent directors is within 9 years. Among the directors, 4 are aged 71 and above, 4 are aged between 61 and 70, and 3 are aged below 60. There are 4 directors with spousal or immediate family relationships within the 2nd degree of kinship, constituting 36% of all directors. With no violation of the provisions of Article 26-3, paragraph 3 of the Securities and Exchange Act, the directors meet the qualification of independence.

All members of the Board of Directors are R.O.C. nationals. All directors have professional backgrounds in business, finance, law and accounting. Cheng Shin places a strong emphasis on diversifying the composition of its board of directors. For the upcoming term, the Company intends to further enhance diversity by appointing directors with expertise beyond the mentioned professional backgrounds, as well as aiming to increase the representation of female directors.

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 for download from Cheng Shin's official website. (http://www.cst.com.tw/shareholder_9.php)

In 2022, a total of 7 board meetings were held, with directors' (including independent directors) attendance rate of 98.7%. For further detailed background information on the Board members, please refer to our Annual Report for the Shareholders' Meeting in 2022.

The Annual Report is available for download from Cheng Shin's official website. (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 3 independent members appointed by the Board of Directors, including 2 independent directors and 1 independent external expert, and 1 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 2022, a total of 4 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 2022 and Cheng Shin's website.

(http://www.cst.com.tw/shareholder_9.php)

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 4 times in 2022 with 100% attendance rate. For further detailed background information on the Audit Committee, please refer to our Annual Report for the Shareholders' Meeting in 2022 and Cheng Shin's website. (http://www.cst.com.tw/shareholder_9.php)



1.6.2 Governance Level Performance Evaluation and Remuneration System

Senior Executive Remuneration Linked to Sustainability Performance

The remuneration policy for executive management at Cheng Shin is determined by the Remuneration Committee, taking into consideration factors such as the position, qualifications, experience relative to industry benchmarks, scope of responsibilities within the Company, and contribution to the Company's operational objectives. The process of determining remuneration considers not only the overall performance of the Company but also individual performance achievements and contributions to the Company's success. This includes factors such as achieving group management objectives, internationalization and globalization efforts, talent development, strategy and goal attainment, any additional roles held, etc. The compensation is subject to review and approval by the Remuneration Committee and the Board of Directors to ensure that it is reasonable and in line with the individual employees' contributions and responsibilities.

Remuneration System for the Board of Directors

If Cheng Shin makes a profit in a year, no less than 2% shall be set aside as compensation to employees and no more than 3% shall be set aside as compensation to directors. However, if the Company has accumulated losses, such losses shall be first compensated for. The independent directors of Cheng Shin shall not be allowed to participate in the distribution of director's compensation, and shall only be paid a fixed amount of compensation and meeting attendance fees. The policy for director's remuneration at Cheng Shin is based on the "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees," and includes such criteria as being able to highlight the Company's problems or provide constructive suggestions, assisting the Company in solving its problems through concrete actions, supporting and approving the proposals of the Board of Directors, achieving significant results based on the approved proposals, and the attendance rate of the directors, etc., which are reviewed by the Remuneration Committee and approved by the Board of Directors, and then awarded with a reasonable amount of compensation. The link to the "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees" is available at <https://reurl.cc/51onR7>.



Performance Evaluation of the Board of Directors and Functional Committees

In accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees" established by Cheng Shin, an internal self-evaluation is conducted once a year and completed by the end of December of the current year. The scope of the evaluation included the performance assessment of the Board of Directors as a whole, individual Board members and functional committees, and was conducted in the form of a self-evaluation.

The results of the 2022 evaluation were presented to the Remuneration Committee on March 13, 2023 and discussed at the Board of Directors' meeting on March 14, 2023. The overall evaluation result was that "the Board of Directors and its Functional Committees are operating in a sound and professional manner", and will be used as a reference for the selection of directors to be nominated for reappointment in the future. Please refer to page 30 of the Annual Report for the results of the evaluation of the performance of the Board of Directors and its functional committees. The Annual Report is available for download from MOPs and Cheng Shin's official website (http://www.cst.com.tw/shareholder_7.php).



Enhancing Information Transparency

Completed directors' enrollment in insurance for FY2022 and reported the fact to the Board of Directors.

Intellectual Property Management Plan

The Intellectual Property Management Plan for FY2022 and its implementation status was reported to the Board of Directors on March 14, 2023.

Directors' Continuing Education

The Company plans to provide directors with training programs on taxation, economic environment, business secrets, and integrity management every year. The Company also provides quarterly guidance to directors on compliance with insider laws and regulations, and informs them of amendments to relevant laws and regulations from time to time. In FY2022, all directors attended 2 to 9 courses, with a total of 87 hours of study, which meets the requirement of 6 hours of study per year.

1.6.3 Integrity and Anti-Corruption

Item	Cheng Shin Integrity and Anti-Corruption 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, with the Maxxis family at its core, holds "Honesty" and "Integrity" as its fundamental and paramount values; these principles are deeply ingrained in the Company's ethos. The Board of Directors and management uphold these principles as the cornerstone of ethical conduct. Moreover, through employee education and training, the Company promotes a culture of integrity in its operations and enforces relevant policies and guidelines. This commitment aims to prevent any conflicts of interest or situations involving gifts and favors from arising.
Policy/ Commitment	Integrity Management Procedures and Code of Conduct, Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Regulations Governing the Handling of Material Non-Public Information, Employee Work Regulations, 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	Cheng Shin invested in 370 hours of Business Integrity Education and Training in 2022
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. There were no incidents of violating ethical business practices in 2022. 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 Integrity Management Procedures and Code of Conduct, Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Regulations Governing the Handling of Material Non-Public Information, Employee Work Regulations, Related Party Transactions, Establishment of Commercial Contracts, Internal Control Systems, etc. These measures are in place to ensure the implementation of ethical business practices. There were no violations of ethical business regulations or internal regulations in the year 2022.

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.

Employees - Procedures for Preventing Insider Trading

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

Work Regulations

Elaborates on Code of Conduct for directors, managers and employees of Cheng Shin aims to ensure that all members of Cheng Shin uphold honesty and integrity in the execution 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 - Establishment of 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 Shin China has 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 integrity 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. No apparent breach was identified in the foregoing communication pipeline in 2022.

Education and Training

Currently, for newly hired employees on their first day of joining, Cheng Shin provides 2 hours of integrity and ethics training in both Cheng Shin Taiwan and Cheng Shin China. Additionally, existing employees receive guidance on ethical and responsible behavior through the Company's Code of Conduct. The employee service rules also include explanations and promotion of behaviors to adhere to and avoid. Training in Cheng Shin 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%.

In 2022, all directors attended 2 to 9 courses for a total of 87 hours, which met the requirement of 6 hours of study per year.

Training hours for integrity management

(Anti-corruption, Anti-bribery, and Employee Code of Conduct) over the years

Unit: Hours

Region \ Year		2020	2021	2022
Cheng Shin Taiwan		396.0	474.0	370.0
Cheng Shin China	Cheng Shin Kunshan	4,595.0	7,433.5	5,516.5
	Cheng Shin Chongqing	1,734.5	1,886.0	2,186.0
	Cheng Shin Xiamen	10,600.0	10,007.0	8,865.0
Total		17,325.5	19,800.5	16,937.5

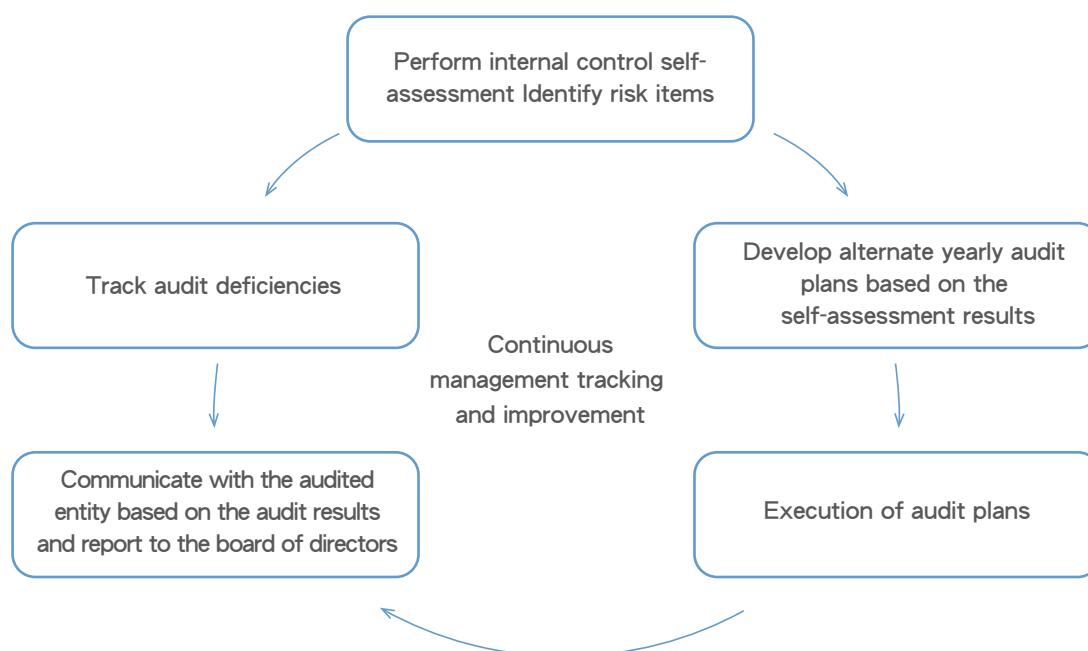
Correction: The training hours for integrity education (Anti-corruption, Anti-bribery, and Employee Code of Conduct) at Cheng Shin Taiwan in previous years were calculated incorrectly. It was mistakenly stated as 792 hours in 2020, with a total of 7,122 hours, and 948 hours in 2021, totaling 10,267.5 hours. The statistical numbers are hereby corrected.

1.7 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	<ol style="list-style-type: none"> 1. The internal audit unit establishes an annual audit plan based on risk assessment results. 2. Supervise and manage the operation and management of subsidiaries in accordance with the "Regulations Governing the Supervision of Subsidiaries". 3. When significant and abnormal risk events occur. 4. The operation of the ESG Group. 5. The above-mentioned reports are submitted to the Board of Directors for discussion and review of implementation status.
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	<ol style="list-style-type: none"> 1. Monthly audit results are presented to the independent directors for their reference. 2. Quarterly audit findings are presented to the independent directors for their reference on status of improvements. 3. 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 established various internal regulations to address different categories of risk factors. Each responsible unit within Cheng Shin is tasked with implementing risk control measures at different levels and conducting assessments and planning for risk management activities. These measures are executed based on the established plans and are reported regularly to the Board of Directors for their awareness. The goal is to minimize uncertainties in business operations to the fullest extent possible. At the same time, Cheng Shin is focusing on environmental, energy and resource issues, setting goals and regularly reviewing results.

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Financial Risk	Exchange rate risk	<p>◆In the first three quarters of 2022, due to impacts from the US policy of "continuous interest rate hikes," which led to a strong US dollar index and relative weakness in non-US dollar denominated currencies. This resulted in a depreciation of over 10% in the New Taiwan Dollar exchange rate. However, the US dollar index declined rapidly in the fourth quarter of 2022, and the market expects that the US dollar will not be able to maintain its strong position in 2023 as inflation in the U.S. declines.</p> <p>◆As a multinational company, Cheng Shin reports the financial statements of its overseas subsidiaries in the respective local currencies of those countries. This practice exposes the Company to currency exchange rate risks stemming from different currencies. While Cheng Shin remains vigilant in monitoring currency fluctuations closely, any changes in the political and economic situations of the countries the Company operates in could also impact the exchange rates between the reporting currencies of those subsidiaries and the New Taiwan Dollar.</p> <p>◆In terms of sales and procurement, Cheng Shin deals with major currencies such as the Chinese Renminbi (CNY), US Dollar, New Taiwan Dollar, and Thai Baht. Due to their relatively similar proportions in the business operations, these currency exposures have helped offset the risks associated with currency exchange rate fluctuations. The exchange rate risk arising from overseas investment mainly derives from CNY, USD, 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 a tolerable range.</p>	Finance Department
		Interest Rate Risk	<p>◆At the end of 2021, the US Federal Reserve's miscalculation of the severity of inflation, exacerbated by the escalation of the Russia-Ukraine conflict at the beginning of 2022, which led to elevated energy prices, further spurring inflationary pressures. The Consumer Price Index (CPI) in the UK and the Eurozone surged into double digits. In response, central banks of various countries kept raising interest rates in an attempt to curb rising prices. In 2022, the US Federal Reserve implemented 7 interest rate hikes throughout the year, totaling an increase of 175 basis points. The federal funds rate reached a range of 4.25% to 4.5%. Market expectations indicate that the pace of interest rate hikes in 2023 is likely to slow down, but high interest rates are expected to be maintained for a period of time.</p> <p>◆Cheng Shin remains vigilant and closely monitors the movements of central banks and the latest market conditions. Cheng Shin's internal capital deployment also mitigates its external liabilities.</p>	Finance Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Financial Risk	Inflation	◆In the face of the uncertainty of the global economic outlook, Cheng Shin is unable to predict whether there will be significant changes in inflation or deflation in the future. However, tires are considered essential consumer goods, and their prices are closely linked to raw material costs, market demand, as well as the impact of inflation or monetary tightening. As a result, there may be a certain degree of influence on Cheng Shin's sales outcomes. However, this influence is not expected to significantly impact the overall operational performance of the Company.	Finance Department
	Business Continuity Risk	Raw Material Price and Raw Material Supply Risk	◆Raw material price alert: Cheng Shin has established a dedicated team to monitor international commodity exchange prices and other relevant sources to provide real-time surveillance of major raw material markets. The information gathered is input into the system, and any abnormal signals are immediately reported to senior executives, allowing for close observation and understanding of market trends. Additionally, the Company continues to mitigate procurement risks by engaging in global sourcing, exploring alternative materials (including recycled and recyclable options), and developing potential suppliers.	General Manager's Office
		Product Research and Development Management	◆Regularly review market product generation planning and regulations. ◆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	◆For both road and maritime transportation needs, Cheng Shin collaborates with multiple large-scale logistics providers and establishes long-term relationships to avoid potential export operation disruptions caused by surges in current market demand. This strategy helps us fill temporary gaps and maintain smooth operations. ◆Freight Stabilization Mechanism: For road transportation, we have established a rolling mechanism for fuel prices in collaboration with vendors, ensuring reasonable and long-term freight rates. For maritime transportation, we have signed freight rate contracts to stabilize transportation costs in the event of significant spikes in market prices.	Production Planning Department
		Prevention of Infectious Diseases	◆The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare. ◆From time to time, we distribute health education information or coordinate with the resident doctors to hold health seminars to enhance employees' knowledge of self-protection.	Occupational Safety and Health Department
		Energy Supply	◆Implementation of energy equipment management, regular inspections of Level 1, 2, and 3 equipment and predictive inspections by thermal imaging device, as well as the formulation of energy management methods to enhance energy use efficiency and set annual energy saving targets for the plant. Through effective improvement measures, Cheng Shin seeks to reduce the risk of energy supply.	Engineering Center
	Intellectual Property Management	Intellectual Property Risk	◆Cheng Shin products are sold in more than 180 countries around the world, and the following measures are taken to prevent infringement: A.Preventing infringements by other companies on Cheng Shin: In addition to continuous monitoring of the patent landscape by the Company's Intellectual Property unit, related departments also monitor external products to identify any similarities with our own products. If any potentially infringing or overly similar products are identified, they are promptly reported to the Intellectual Property unit for verification of possible infringement. B.Preventing infringement by Cheng Shin on other companies: Prior to launching a new product, Cheng Shin's patent engineers conduct a global patent search specific to the product to ensure that there are no concerns of potential infringement. Once confirmed, the R&D engineers proceed with patent applications according to the guidelines outlined in the "Invention/New Utility Patent Management Procedures" and "Design Patent Management Procedure." This ensures that all Cheng Shin products have patent protection and adhere to the overarching principle of not infringing upon the patents of other companies. ※Cheng Shin consolidates its trademark rights based on different product categories and proceeds with trademark registrations in required regions. Before applying for trademark registrations, a global name search and risk assessment will be conducted to ensure no conflicts, thus safeguarding the global sales of Cheng Shin products. Regular monitoring for counterfeiting activities are implemented to track whether other companies are attempting to register or imitate Cheng Shin's trademarks.	Intellectual Property Management

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Intellectual Property Management	Intellectual Property Risk	In such cases, proactive actions such as filing for trademark cancellations or sending cease and desist letters will be deployed to ensure the legitimate use of Cheng Shin's trademarks. ※Cheng Shin has developed comprehensive internal guidelines for managing trade secrets. These guidelines encompass regular dissemination of the significance of protecting confidential information and maintaining its secrecy classification. Collaboration between the information security team and relevant departments will ensure effective control measures to mitigate the risks of data leakage or unauthorized access.	Intellectual Property Management
	Digital Information Security Risks	Confidential Information Protection	◆Cheng Shin has formulated a robust information security policy in alignment with the principles of the ISO 27001 standard, encompassing the implementation of a comprehensive range of information security measures and enhancing 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
Workplace Safety and Health	Safety Risk Management	Major Disasters	◆Formulation of "Disaster Incident Management Regulations": Detailed contingency process flow, emergency response contact system, and disaster response handling. ◆Formulation of "Comprehensive Emergency Response Plan": In Cheng Shin China, "Comprehensive Emergency Response Plan" is specially formulated for the prevention of fire and explosion, poisoning, mechanical injury, vehicle injury, dust explosion, electric shock, and asphyxiation, etc. The organization of the Emergency Response Leadership Team, the main responsibilities of each team, and the emergency response procedures are listed in detail, which is in accordance with the "National Security and Production Law", "General Responsibility for Safety and Health Requirements of the Production Process", "Guidelines for Preparing Emergency Preparedness Plans for Production Safety Accidents of Production and Management Units".	Occupational Safety and Health Department
	Environmental Risks	Environmental Control Capability	◆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 Gas Emissions	◆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. ◆In response to the government's promotion of the "Climate Change Response Act," Cheng Shin has been actively pursuing a greenhouse gas emission reduction strategy, including the complete replacement of the plant's fuel and heavy oil with natural gas, which effectively reduces emissions significantly, and completes the registration and certification process through an annual external inventory and verification. ◆In accordance with the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" issued by the Financial Supervisory Commission, Cheng Shin has sequentially conducted greenhouse gas inventories at each of its manufacturing plants.	Occupational Safety and Health Department
		Environmental Management	◆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. ◆In line with the Environmental Protection Bureau's implementation of multiple environmental permits, Cheng Shin actively accepts counseling to integrate the various certificates to comply with subsequent regulations. ◆Each unit carries out the President's policy to create a sustainable environment and reduce waste. Reduce the amount of air pressure energy consumption and sewage discharge.	Occupational Safety and Health Department
		Risk of Infectious Diseases	◆The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare. ◆Regularly distribute health education information or coordinate with resident doctors to organize health seminars to enhance employees' knowledge of self-protection.	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"> ◆To accelerate the development of managerial talent, we implement systematic training programs to nurture potential middle and senior-level executives. We accelerate the training time for mid- and senior-level executives to implement the Company's Talent Pool Program. ◆By offering specialized learning and growth opportunities, we motivate employees and enhance the capabilities of our talent pool. This approach not only meets the learning needs of our employees but also ensures that they acquire crucial skills, thereby implementing our talent development plan effectively. 	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 new skills and obtain qualifications to perform a variety of jobs to enhance overall competence 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"> ◆In response to the government's announcement of amended regulations, we will systematically compile the latest regulations issued within the month. The responsible teams will assess the compliance of these regulations to ensure that subsequent actions align with legal requirements. This process aims to guarantee that our operations adhere to legal standards and allows for the necessary adjustments to internal guidelines as needed. ◆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

1.8 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 have been recognized with excellent reviews by international evaluation agencies and influential media.

Product	Magazine Publication	Specification/Tread	Rating
Passenger car tires	ADAC (Note 1)	185/65R15 88T WP6	Recommendable
	Autobild (Note 2)	215/55R17 94W HP5	Satisfying
	Autobild (Note 2)	245/40R19 98Y VS5	Good
	Autobild (Note 2)	215/55R17 98V WP6	Good
	AutoZeitung (Note 3)	215/55R17 94W HP5	Highly Recommended
	SportAuto (Note 3)	245/45R19 102Y VS5	Satisfying
SUV Tires	Autobild (Note 2)	235/55R18 100Y VS5 SUV	Good
Road Bike Tires	Roadbike (Note 4)	700X28C NEW HIGH ROAD 700X28C PURSUER	High Road Racing Tires ranked #1 in Racing Tire Ratings Pursuer ranked #2 in Training Tire Ratings Tube Type Road Bike Tires ranked #2 in the world
Mountain Bike Tires	VITAL MTB (Note 5)	(Brand) Bike Tires	MAXXIS is the No. 1 ranked consumer's preferred choice for tire purchases

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

Note 2: AUTO BILD, a renowned German car magazine

Note 3: AutoZeitung/SportAuto is a renowned German automotive magazine publisher

Note 4: Roadbike magazine, the authoritative source for road cycling in Germany.

Note 5: VITAL MTB is a mountain biking sports magazine.

Tire Product Performance Accolades:

1. Each tire won the 2022 Taiwan Excellence Award.
2. MAXXIS VS-EV Electric Vehicle Tire honored with "2022 SEMA Best New Product Award".
3. Designated tire for the BMW E30 Series of the National Auto Sport Association (U.S.A.).
4. Designated tires for the 2022~2026 Karting Australia CADET 9 and CADET 12.
5. Designated tire for IAME X30 Asia in 2022.
6. Designated tire supplier for BMW Electric Vehicle CE04 from 2021~2031.



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

Item	Events	Honor
Bike Tire Sponsored Cyclist	2022 Tour de France	Australian Simon Clarke wins first Tour de France Stage 5 in Lille - Arenberg Stage 16 of the Tour de France - Pyr é n é es
	2022 UCI Downhill WORLD CHAMPION	Results: Total 19 Gold / 18 Silver / 17 Bronze
	EWS-E & EWS race recap	Results: 3 Gold, 4 Silver, 5 Bronze
	CRANKWORX Whistler	Results: 7 Gold, 4 Silver, 2 Bronze
ATV Tire Sponsored Cyclist	Can-Am UTV Hammers	Respectively won 1st and 2nd Place in the 2022 Pro Modified and Stock NA championships.
	Polaris British SXS Championship Racing	Champion in Expert Class
	WORCS ATV Pro AM Championship WORCS SxS Pro Prod Championship	Champion Third Place
	WORCS Women Pro Overall	Second Place
	GNCC XC1 Pro Championship	Champion
Motorcycle Tire Sponsorship	WORCS Motorcycle Tire 30+A Championship WORCS Motorcycle Tire 40+A Championship	Second Place Champion
	Enduro GP World Champion	Sponsored Teams TM BOANO Factory won championship
	Enduro E2 class	World Champion
	Enduro E1 class	Third Place
	TSR	Opening Race: EVS 10.0 - Finals Champion Race 2: 125 A Class - Finals Champion Race 3: EVS 10.0 - Finals Champion Race 4: 125 A Class - Finals Champion Race 5: 125 A Class - Finals Champion
ATV Tire Sponsored Events	2022 Rainforest Challenge South Europe	Sponsored Team: RED TEAM Achievement: South Europe Champion
	2022 Rainforest Challenge Grand Final	Sponsored Team: TEAM CST TIRES 4X4 MALAYSIA Achievement: Modified Champion, Under 3505cc Class Champion

1.8.1 Product Quality Management

Item	Cheng Shin Product Quality Management Strategy
Materiality	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, as well as products developed and manufactured.
Communication Channels	Customer service hotline and mailbox.
Action Plan	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	Performance indicators of products in 2022 (wet grip, rolling resistance, noise). No major violations of product-related laws and regulations for marketing and labeling occurred in 2022.










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 products enter mass production, internal testing and verification are conducted for product dimensions, load-bearing capacity, durability, and high-speed performance to ensure product quality and provide the most rigorous quality control for consumer safety.

When tires are used in driving, safety is the most fundamental aspect that cannot be ignored. Based on our customer-centric approach, after confirming customer needs, Cheng Shin designs and produces products that meet customer needs, considering safety as the paramount and crucial core value. Furthermore, by passing the tests of relevant certification authorities worldwide, we ensure the safety of our products, providing the most stringent quality assurance for consumers' 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		Certificate from the Economic Commission for Europe (ECE)	100%
USA	DOT	US Department of Transportation	100%
Indonesia		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		TISI-Mark	100%
Philippines		BPS-Mark	100%
Taiwan		Taiwan BSMI Certified	100%
Taiwan		CNS-Mark	100%

Quality First and Customer Satisfaction

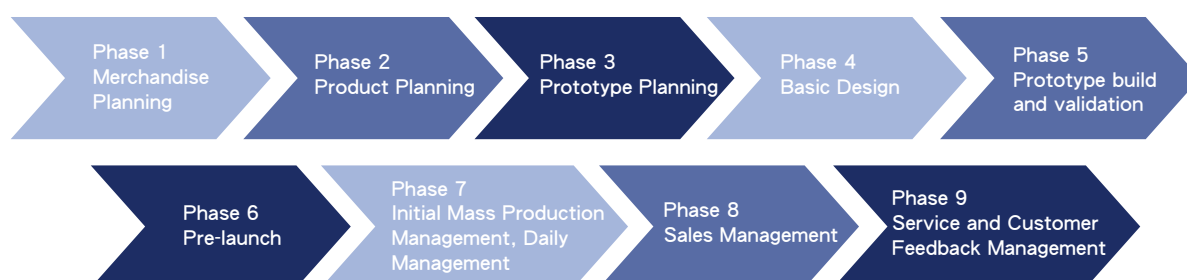
"Quality First, Customer Satisfaction" is the core competitive strategy of Cheng Shin's products. In terms of quality system, Cheng Shin has implemented total quality management and obtained ISO9001 and IATF16949 quality management system certification, and established a dedicated quality department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

Region	Quality Management System
Cheng Shin Taiwan and Cheng Shin 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 according to ISO 9001/IATF 16949 standards, which is the basis and guideline for the development of our quality management policies and standard procedures. Our products have also obtained certifications in compliance with European Union regulations and customer requirements. They adhere to chemical usage restrictions to ensure that they do not cause any lasting harm to the environment, promoting sustainability.

By instilling employees with the proper understanding of "quality," we encourage all staff members to uphold the mindset and practices of prioritizing quality in everything they do, including products, work, and services. Every new employee at Cheng Shin receives basic education on quality-related matters upon entering service with the Company. In addition, we incorporate relevant quality courses into our annual training programs and various levels of staff training to continuously reinforce our commitment to quality and enhance our management practices in this area.

The "Customer Value Proposition" comes from effectively solving "customer concerns". In addition to providing high-quality products and services, we also have a complete and smooth customer service pipeline:

Free consultation service hotline: 0800-092123; customer service center e-mail: svc@tw.maxxis.com. We aim to provide consumers with more opportunities to engage with Cheng Shin during their purchasing journey. With each customer service interaction, we seize the chance to fulfill their requests to the best of our abilities. This approach allows Cheng Shin tires to have more opportunities to contribute to customer satisfaction.

1.8.2 Clear Product Labeling

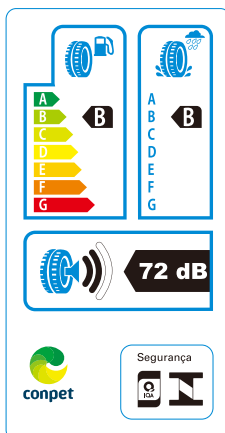
In order to help consumers choose the right tires for their needs, as well as in line with the concepts of environmental protection and safety, Cheng Shin follows global tire labeling regulations in major markets. These regulations primarily focus on three aspects: tire rolling noise, wet grip performance, and rolling resistance. Cheng Shin products are sold worldwide, and all our product offerings adhere to the legal requirements for product information labeling in their respective sales regions.



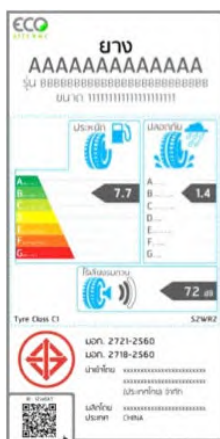
歐盟輪胎標籤釋例



沙烏地阿拉伯輪胎
標籤釋例



巴西輪胎標籤釋例



泰國輪胎標籤釋例

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, which stipulates the requirements for passenger car tires, commercial light truck tires, and bus tires sold in Brazil. These tires must meet the labeling standards for rolling noise, wet grip performance, and rolling resistance levels. Cheng Shin ensures that all tires sold to Brazil fully comply with these regulations, with 100% adherence to the specified performance standards.

Thailand

The Thailand Industrial Standards Institute (TISI) was established by the Cabinet of the Thai Government to act as the national standards legislature, promulgating and amending 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 Brazil 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.

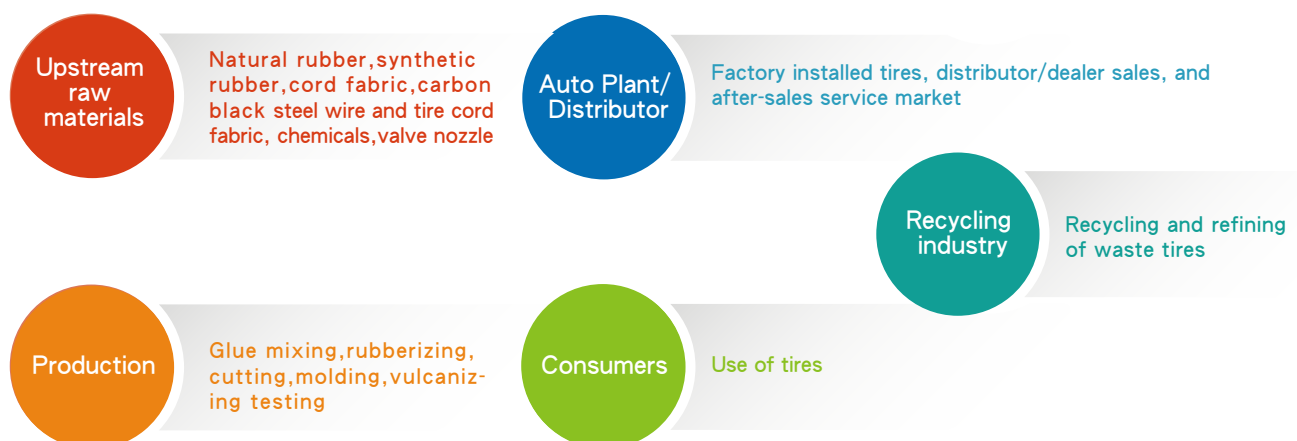


Examples of Taiwan tire labels

1.9 Supply Chain Partners, Growing with Cheng Shin

1.9.1 Cheng Shin's Partners

Cheng Shin has always approached its relationship with raw material suppliers from a partnership perspective. We uphold the concept of teamwork and strive for close and long-term collaborative relationships with our suppliers, aiming to achieve mutual benefit. Our commitment to sustainable business practices reflects our aspiration to create a win-win situation. 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 tire cord fabric, accounting for about 80% of the total purchase amount.

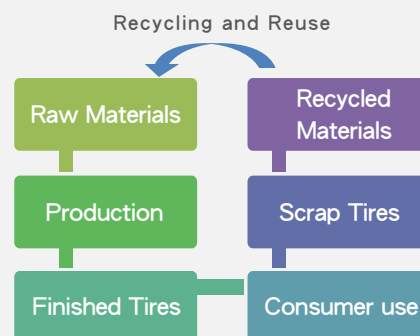
In recent years, Cheng Shin has embarked on three procurement policies in response to the rising international awareness of environmental protection and the need to strengthen the resilience of the supply chain:

1

Cheng Shin has joined the Global Platform for Sustainable Natural Rubber (GPSNR) and is committed to adhering to and promoting the policies established by GPSNR to our natural rubber suppliers. These policies include a focus on "Livelihoods and Well-being of Communities, Good Ecosystems (including a commitment to no deforestation), and Respect for 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 FY2022 and the percentage of local procurement from FY2020 to FY2022 are as follows:

Cheng Shin Taiwan:

Material Name	2022 Quantity (metric tons)	% Local Procurement		
		2020	2021	2022
Natural Rubber (Note 1)	30,572	0.00%	0.00%	0.00%
Synthetic Rubber	36,000	47.00%	55.00%	55.00%
Tire Cord Fabric (Note 2)	10,360	62.00%	56.00%	44.00%
Carbon Black	33,825	98.00%	98.00%	99.00%
Steel Wires and Tire Cord Fabric (Note 3)	15,229	0.00%	0.00%	0.00%

Note 1 : 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.

Note 2 : Due to the impact of the Russian-Ukrainian war, the import of raw fabric yarn has been affected, leading to difficulties for suppliers in obtaining the raw yarn. As a result, in order to address the supply shortage, some of the procurement has involved importing alternative materials. Therefore, the proportion of such imports is relatively lower compared to previous years.

Note 3 : Taiwan does not have domestic manufacturers of tire-free steel wire and tire cord fabric, and must rely on imports.

Cheng Shin China :

Material Name	Region	2022 Quantity (metric tons)	% Local Procurement		
			2020	2021	2022
Natural Rubber	Cheng Shin Kunshan	32,957	99.20%	100.00%	100.00%
	Cheng Shin Chongqing	7,947	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	84,050	69.00%	69.50%	71.00%
Synthetic Rubber	Cheng Shin Kunshan	26,927	49.80%	49.00%	51.00%
	Cheng Shin Chongqing	8,907	52.00%	59.00%	60.00%
	Cheng Shin Xiamen	69,946	76.00%	77.20%	78.00%
Cord Fabric	Cheng Shin Kunshan	4,924	89.00%	88.00%	96.00%
	Cheng Shin Chongqing	1,693	98.90%	99.00%	98.90%
	Cheng Shin Xiamen	16,172	86.00%	87.80%	88.00%
Carbon Black	Cheng Shin Kunshan	28,010	100.00%	100.00%	100.00%
	Cheng Shin Chongqing	7,793	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	72,948	100.00%	100.00%	100.00%
Steel wires and Tire Cord Fabric	Cheng Shin Kunshan	19,475	100.00%	100.00%	100.00%
	Cheng Shin Chongqing	4,395	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	29,283	95.00%	95.80%	96.00%

1.9.2 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	Management Achievements
Environment	REACH: EU Substances of Very High Concern (SVHC)	Third Party Notarized Report	100%
	RoHS: Restriction of Hazardous Substances Directive	Third Party Notarized Report	100%
	Eco-friendly Tires PAHs (Polycyclic Aromatic Hydrocarbons Compound Content) (Note)	Third Party Notarized Report	100%
	Chemical Substance Identification and Safety Data Sheet (SDS)	Certificate of completion of certification and regulatory registration	100%
Quality	ISO 9001	Certification	100%
	Product Control Plan	Control Plan	100%
	Quality Assurance Report	Quality Assurance Report	100%
Human Rights	Cheng Shin values supplier employment and training, as well as health, safety, and environmental standards, in accordance with the Responsible Business Alliance (RBA) Code of Conduct. We adhere to various international conventions and local labor regulations outlined by the RBA.	Process review and verification	100%
Social Responsibility	Prohibit the use of conflict minerals	Sign a pledge statement	100%
	Follow and promote the GPSNR policy	Require natural rubber suppliers to follow relevant policy and guidelines	100%

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

Furthermore, actively adhering to local regulatory requirements is of utmost importance to Cheng Shin. In response to the latest requirements from the U.S. Customs-Trade Partnership Against Terrorism (CTPAT), Cheng Shin has established a cross-functional CTPAT team in 2022 to address and revise relevant management procedures. Through regular assessments and meetings, we ensure the proper implementation of these regulations in our daily operations.

Cheng Shin values every product we put into the hands of consumers and use this as a guiding principle in selecting our partners.

- (1) The scale of production capacity of major suppliers can adequately supply the production demand.
- (2) The supplier has a large number of factories that can be immediately deployed in case of unforeseen circumstances.
- (3) Suppliers of major raw materials must obtain at least ISO 9001 or IATF 16949 quality system certification.
- (4) Raw material production plants must be evaluated and approved by Cheng Shin, including the supplier company's business license and the legality of product production.

In order to ensure the on-time supply of raw materials for production operations, Cheng Shin has formulated factory rules and regulations for the implementation of the "Emergency Response Plan" and, with reference to changes in the external environment, formulates a contingency theme each year for emergency response drills.

In 2022, one of the conducted drills involved a scenario where an overseas factory faced a major incident of a large cargo ship capsizing, resulting in a port blockage.

If suppliers encounter any related issues, they can use the following complaint channels:

Cheng Shin Taiwan:

Complaint Hotline: +886(04)8525151#264

Complaint E-mail: cysu@tw.maxxis.com

Cheng Shin China

Cheng Shin Kunshan:

Complaint Hotline: +86(0512)-57673888#8294(Procurement)

Complaint E-mail: ccwang2@mail.cst.com.cn

Cheng Shin Xiamen:

Complaint Hotline: +86(0592)-6211606#6610(Procurement)

Complaint E-mail: csta027@cn.csttires.com

The purpose is to establish a complaint mechanism and implement corrective measures. We expect suppliers to evaluate the following two points:

1. Take appropriate corrective action in case of non-compliance.
2. No retaliation against anyone who, in good faith, reports a violation of policy or law.

Potential Negative Environmental Impacts:

1. The balance between the supply and demand of natural rubber and the sustainability of smallholder farmers has been a persistent challenge, often leading to issues related to the environment, biodiversity, human rights violations, and labor rights. These factors have a significant impact on the natural rubber supply chain and contribute to inequalities within it.
2. As natural rubber is an important raw material for the tire industry, and as Taiwan has no natural rubber resources, the demand for natural rubber is supplied from Southeast Asia, which has a far-reaching impact. With the development of global business, promoting the sustainable development of natural rubber will be an important issue for Cheng Shin in the future.

Active Measures:

1. Since 2021, Cheng Shin has been a part of the Global Platform for Sustainable Natural Rubber (GPSNR). Through this platform, Cheng Shin collaborates and engages with various stakeholders across the global natural rubber industry to discuss and work on policies that promote the sustainable development of natural rubber. These discussions aim to address and resolve issues such as deforestation and ecosystem conversion, biodiversity loss, violations of human rights and labor rights, as well as inequalities within the natural rubber supply chain. Cheng Shin is committed to being a responsible participant in the natural rubber industry and contributing to its sustainable development.
2. Cheng Shin has established the Sustainable Maxxis Family, inviting natural rubber suppliers to join and commit to the sustainable development of natural rubber. The family includes various members such as smallholder rubber farmers, rubber producers, rubber processors, and traders. We have formulated sustainable development policies aimed at guiding our natural rubber suppliers to prioritize their responsibilities in environmental, social, and human rights aspects.
3. Cheng Shin's regular audits of natural rubber suppliers will incorporate the implementation of sustainable development policies within the audit projects. To verify performance, we will continuously monitor the processes related to the Company's commitments, including monitoring systems and implementations that include information from the majority of stakeholders and impact companies that do not comply with their commitments. This process will be conducted at least once annually, and the progress and results of policy implementation and commitments will be publicly reported. The audit rating results will influence Cheng Shin's procurement principles with regard to suppliers.
4. A detailed announcement of the Sustainable Natural Rubber Policy can be found on the Company's website:
http://www.maxxis.com.cn/csr_detail.php?cID=4&Key=28

1.9.3 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 approved suppliers, Cheng Shin conducts an annual evaluation of supplier delivery quality performance on a yearly basis with a re-evaluation ranking arrangement. If the supplier consistently achieves an A-level performance in annual deliveries, a re-evaluation will be scheduled at least once every three years. This re-evaluation process will follow the same procedure as the approval process for new suppliers. The goal is to ensure that the quality of supplied goods continues to improve over time.

In 2022, Cheng Shin has scheduled on-site assessments for 124 suppliers (including both new and existing suppliers). The results of these assessments indicated a 100% qualification rate and a 100% achievement rate. For more detailed information, please refer to the table below.

Cheng Shin Taiwan

New Suppliers	Evaluation of New Suppliers	1 supplier	Grade A : 1 Grade B+ : 0	Grade B : 0 Grade C : 0
Existing Suppliers	On-site Evaluation	20 suppliers	Grade A : 16 Grade B+ : 4	Grade B : 0 Grade C : 0
	Supplier Capacity Performance Assessment	105 suppliers	Grade A : 103	Grade B : 1 Grade C : 1

Note: The raw materials from this C-grade supplier were deemed not suitable during the development stage; hence no further procurement was carried out.

Cheng Shin China

New Suppliers	Evaluation of New Suppliers	Kunshan+Chongqing	3 suppliers	Grade A : 1 Grade B+ : 2	Grade B : 0 Grade C : 0
		Cheng Shin Xiamen	12 suppliers	Grade A : 12 Grade C : 0	Grade B : 0
Existing Suppliers	On-site Evaluation	Kunshan+Chongqing	41 suppliers	Grade A : 11 Grade B+ : 30	Grade B : 0 Grade C : 0
		Cheng Shin Xiamen	47 suppliers	Grade A : 44 Grade C : 0	Grade B : 3
	Supplier Capacity Performance Assessment	Kunshan+Chongqing	70 suppliers	Grade A : 69 Grade B+ : 1	Grade B : 0 Grade C : 0
		Cheng Shin Xiamen	117 suppliers	Grade A : 100 Grade C : 11	Grade B : 6

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 to the upstream sources and demand the input of quality raw materials to ensure that we provide consumers with safer and more quality-assured products.

1.10 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 without any leaks" 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"> System installations and upgrades begin in key departments and are extended to all Taiwan locations. All new documents have to be reviewed by administrators for declassification needs. Each department has a single window file declassification review mechanism to ensure that each declassification request is reviewed to the same consistent and high standard.
Effectiveness Assessment	There have been no written complaints of invasion of customer privacy or loss of customers' confidential information.

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 ever more important.

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 2022, Cheng Shin took a leading position in the industry by obtaining A-level certification from the Taiwan Intellectual Property Management System (TIPS) through the Science and Technology Law Institute of the Institute for Information Industry. This prestigious certification, valid until December 31, 2023, marks us as the first tire manufacturer in Taiwan to achieve TIPS certification. By implementing the TIPS framework and standards, we are proactively safeguarding our core business and associated brands. Furthermore, we are committed to ensuring the highest level of data protection and security. Through continuous updates and the establishment of leak prevention mechanisms, we strive to achieve the goal of "data protection without any leaks." This approach aims to provide complete peace of mind to our customers and suppliers when engaging with us, ensuring their utmost confidence in their engagements with Cheng Shin.

At Cheng Shin Taiwan, the implementation of the customer information

management policy in 2022 focused on:

1. Establishment and comprehensive update of an automated active file encryption system.
2. Establishment of document review mechanism.

Implementation Methodology:

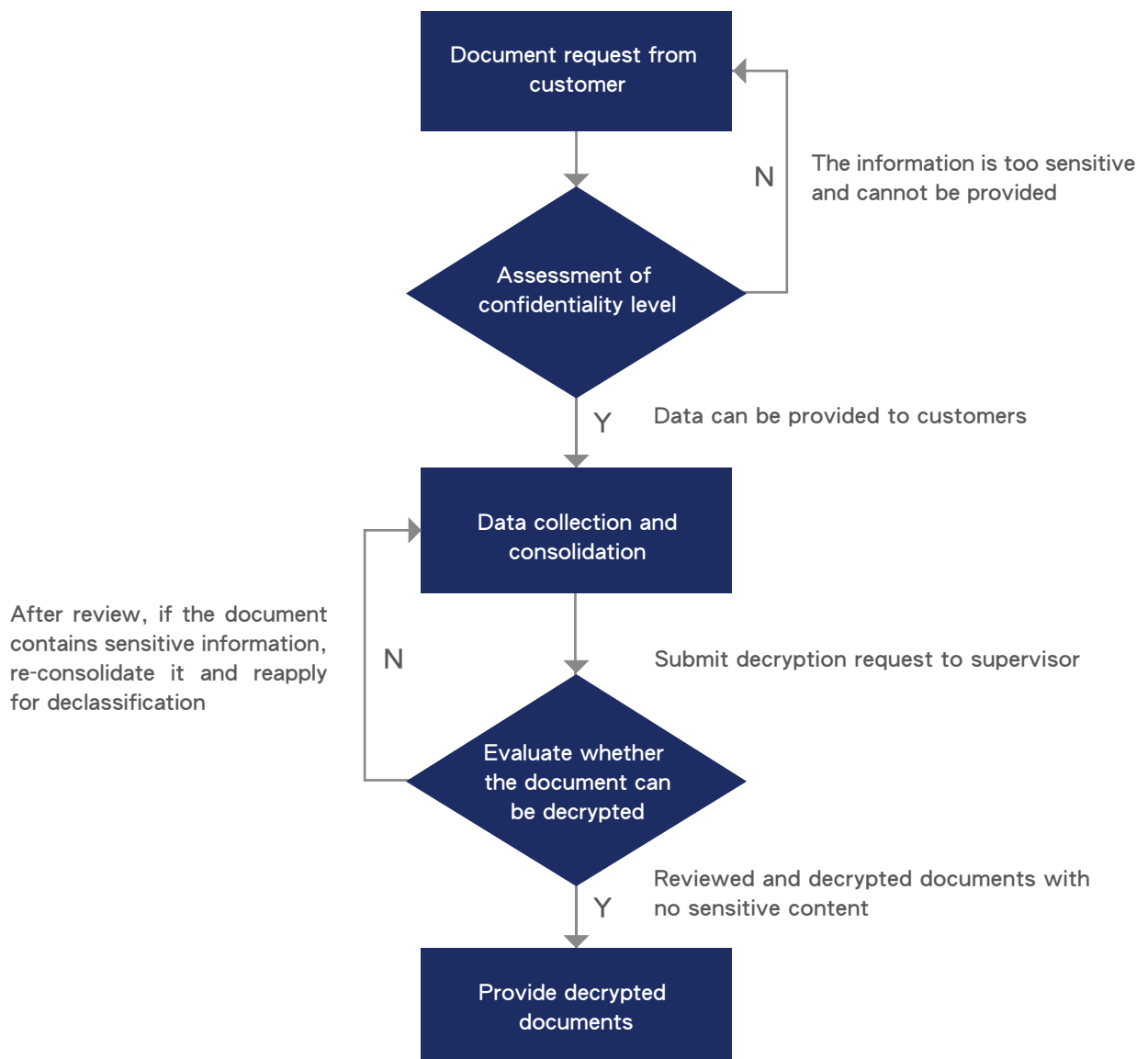
1. Starting from the key departments to install and update the system, and then expanding to all departments in the Company.
2. All new documents must be declassified to the designated supervisor for document review.
3. Each department has only a single window for file declassification review mechanism to ensure that each application for declassification is reviewed at the highest standard.



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 2022, there were no written complaints of violation of customer privacy or loss of customer data in the Taiwan region and Cheng Shin 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 Confidentiality Process



1.10.1 Customer Satisfaction

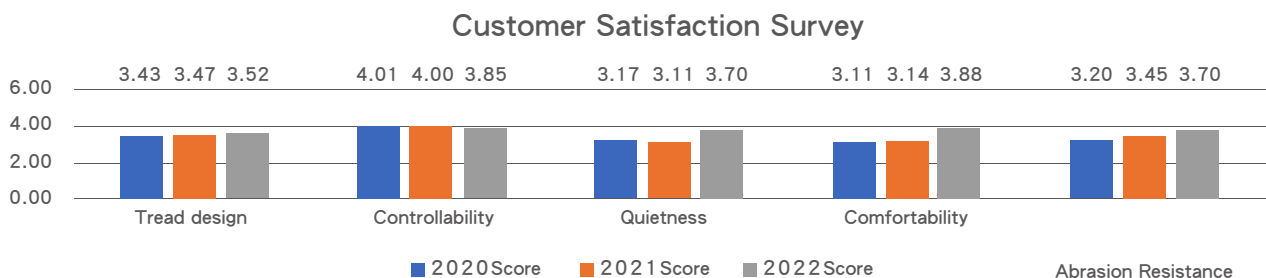
Customer Satisfaction Survey

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.

We conduct annual customer satisfaction surveys through distributed questionnaires to understand customer needs and ensure satisfaction levels. This helps us adjust our strategies to align new product development with market demands. Additionally, Cheng Shin has established communication channels, including a toll-free consultation hotline at 0800-092123, and a customer service center e-mail at svc@tw.maxxis.com. Our dedicated customer service team provides professional and enthusiastic assistance to address any inquiries or concerns.

Cheng Shin Taiwan:

A total of 390 copies of the 2022 Taiwan Consumer Satisfaction Survey were distributed and 352 copies were recovered, with a response rate of 90.3%:



Note: 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 2022 survey, scores for tread design, noise reduction, comfort, and wear resistance have indicated growth, while scores for handling have relatively decreased. This is likely attributed to the introduction of a new product in 2022: MAXXIS' first electric vehicle tire, the VICTRA SPORT EV (VS-EV). This tire is specially designed for electric vehicles and integrates the latest technologies, including sound-absorbing foam technology, a new-generation rubber compound formula, and high-strength steel wire material. It aims to provide electric vehicle owners with a high-level balanced performance of "smooth, quiet, and swift" driving. Furthermore, the development of VS-EV primarily addresses three major pain points for electric vehicle owners: range anxiety, driving noise, and increased tire replacement frequency. VS-EV highlights three key features: Low Noise (achieved by shoulder noise-reducing groove design and MAXXIS SILENT technology, certified with the EU R117 regulation test at 68 dB), Energy Efficiency (utilizing a new EV energy-saving formula technology to optimize rolling resistance by 20% and increase wear mileage by 25%), and Agile Control (improved dry and wet handling performance).

Compared to the new product introduced in 2021, the MAP5 passenger car tire, the newly launched tire is the MAP5, designed to cater to the driving needs of budget-conscious drivers. It offers a high-value proposition with a focus on safety, providing excellent wet braking, grip, and safety performance, while also enhancing wear resistance and energy efficiency, featuring extended tread life and improved fuel efficiency. Furthermore, it is certified as a Grade C energy-efficient tire by the Energy Bureau of the Ministry of Economic Affairs - Energy-Efficient Tire Alliance. This tire combines innovative rubber compound formulations, tread design, and structural lightweighting to effectively reduce rolling resistance while maintaining excellent grip and safety performance. This enhancement in fuel efficiency leads to reduced fuel consumption and ultimately results in cost savings for drivers. This positioning and performance distinction compared to the 2022 VS-EV product might potentially have a direct impact on how consumers perceive and rate the products when evaluating them.

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.

Cheng Shin China.

Cheng Shin Kunshan, Cheng Shin Chongqing

Cheng Shin China, our primary customers are brand automobile manufacturers and dealer-ships. Therefore, customer satisfaction surveys in this region focus on these two customer categories. The surveys are conducted semi-annually, and the results from the past three years are as follows. Additionally, we have enhanced the focus on dealership business and channel policies to provide a weighted average calculation:

Customer Type	Survey Item (e.g. quality, delivery time, overall satisfaction, etc.)	2020 H1	2020 H2	2021 H1	2021 H2	2022 H1	2022 H2
Four-Wheeler Product Brand Customers	Delivery	30	30	30	29.6	29.7	30
	Quality	29.3	29.4	29.9	29.8	29.8	29.6
	Price	8	8.6	8.7	8.2	8.6	8.5
	Development	13.8	14	13.6	14	13.8	13.8
	Services	15	15	14.9	14.9	14.9	14.9
	OE Customer Total Score	96.1	97	97.1	96.5	96.8	96.8
Four-Wheeler Product Distributors Customer	Sedan-type Products	88	86	86	85	85	84
	SUV-type Products	88	86	86	85	85	84
	Off-Road SUV Products	88	86	86	85	85	84
	Commercial	88	86	86	85	85	84
	Services	84	81	83	82	83	82
	Promotional Campaigns	77	72	78	71	76	75
	Brand Promotion	78	75	76	73	78	76
	Distributor Commercial Policy	80	77	79	76	79	78
	Channel Policies	80	74	75	76	78	77
	Average Score	82	80	82	80	81	80

Cheng Shin Xiamen

Cheng Shin Xiamen offers a range of products, including four-wheeler products (passenger car tires, radial freight truck/passenger bus tires, BIAS and industrial vehicle tires), as well as two-wheeler products (bicycle tires, motorcycle tires, two-wheeled electric vehicle tires, and heavy-duty motorcycle tires). These products cater to both dealerships and assembly plants. Taking into account these distinctions, the customer satisfaction surveys are conducted annually, categorized based on the customer type. For each product category and distribution channel, different survey items have been tailored to reflect their unique characteristics. The results for the past three years are as follows, with weighted averages calculated:

Customer Type	Tire Type	Survey Item (e.g. quality, delivery time, overall satisfaction, etc.)	2020 Score	2021 Score	2022 Score
Four-Wheeler Product Dealership/ Distributor Customers	Passenger car tires Domestic Sales	Product	50.5	50.1	53.8
		Sales Services	34.6	32.5	33.9
		Average Score	85.1	82.6	87.7
	Radial Truck/Passenger Bus Tires Domestic Sales	Services	49.6	32.8	20.5
		Product	39.7	46.8	61.8
		Average Score	89.3	79.7	82.3
	BIAS/ Engineering Vehicle Tires Domestic Sales	Product	24.4	24.4	24.5
		Delivery/Packaging	28.2	28.2	28.1
		Services	28.2	28.1	27.9
		Others	13.3	13.2	13.5
		Average Score	94.1	93.9	94.0
	Passenger car tires Export Sales	Services	38.9	38.9	39.1
		Delivery/Packaging	19.7	19.6	19.6
		Product	37.3	38.4	38.3
		Average Score	95.9	96.9	97.0
	Radial Truck/Passenger Bus Tires Export Sales	Services	38.8	38.1	38.6
		Delivery/Packaging	19.2	19.5	19.0
		Product	37.4	38.0	37.7
		Average Score	95.4	95.6	95.3
	BIAS/ Engineering Vehicle Tires Export Sales	Services	38.3	38.5	38.7
		Delivery/Packaging	19.1	19.1	19.3
		Product	38.1	38.1	37.1
		Average Score	95.5	95.7	95.1
Four-Wheeler Product Brand Customers	Spare Tires Domestic/Export Sales	Services	39.6	39.8	39.5
		Delivery/Packaging	14.9	14.9	14.8
		Product	38.8	39.0	38.8
		Market	5.0	5.0	5.0
		Average Score	98.3	98.7	98.2
	BIAS/ Engineering Vehicle Tires Domestic Sales	Product	32.5	32.9	32.5
		Delivery/Packaging	26.8	26.3	25.5
		Services	13.2	13.5	14.2
		Others	16.8	16.4	16.7
		Average Score	89.3	89.1	88.9

Customer Type	Tire Type	Survey Item (e.g. quality, delivery time, overall satisfaction, etc.)	2020 Score	2021 Score	2022 Score
Two-Wheeler Product Dealership/Distributor Customers	Bicycle tires Export Sales	Services	39.5	38.8	39.1
		Delivery/Packaging	18.4	19.3	19.4
		Product	39.0	39.8	37.6
		Average Score	96.9	97.9	96.1
	Motorbike Tires Export Sales	Services	38.7	38.9	38.9
		Delivery/Packaging	19.7	19.4	19.1
		Product	36.0	38.0	38.1
		Average Score	94.4	96.0	96.1
	Bicycle tires Domestic Sales	Services	38.0	37.8	38.8
		Delivery/Packaging	19.3	19.0	19.0
		Product	36.3	38.5	35.7
		Average Score	93.6	95.3	93.5
	Heavy Motorbike Tires Domestic Sales	Quality	***	29.5	29.1
		Product Packaging Appearance	***	24.0	23.4
		Delivery	***	9.3	9.2
		Service Level	***	24.4	23.7
		Others	***	9.9	9.5
		Average Score	***	97.0	95.0
	Motorbike Tires Domestic Sales	Services	24.0	23.6	23.9
		Delivery/Packaging	33.1	32.8	33.1
		Product	28.9	29.1	29.1
		Average Score	95.5	94.9	95.4
	Two-Wheeler EV Tire Domestic Sales	Services	23.9	23.6	23.8
		Delivery/Packaging	32.7	32.4	32.8
		Product	28.6	29.0	28.6
		Average Score	94.6	94.0	94.3
Two-Wheeler Product Brand Customers	Bicycle tires Domestic Sales	Services	14.4	18.4	18.0
		Delivery/Packaging	45.9	46.5	41.2
		Product	34.5	22.3	31.8
		Average Score	94.8	87.2	91.0
	Motorbike Tire/Two-Wheeler EV Tire Domestic Sales	Services	14.5	13.9	14.4
		Delivery/Packaging	14.1	14.2	13.5
		Product	54.4	54.1	54.0
		Average Score	83.0	82.2	81.9

1.11 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 Affairs Unit of the President's Office at the headquarters will serve as the final decision-making authority for legal compliance matters within Cheng Shin. Similarly, dedicated personnel are designated in each regional group company and manufacturing facility to act as the point of contact for local regulatory compliance matters with the respective authorities. This approach ensures that Cheng Shin keeps abreast of the latest legal developments and can make necessary adjustments to its operational management in a timely manner.

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 2022, there were no major violations of the laws as described above in Cheng Shin Taiwan and Cheng Shin China, and there have been no significant complaints or reports of non-compliance with regulations from regulatory authorities or local residents through the established communication channels.

The US Department of Commerce has declared antidumping measures against light truck and passenger tires originating out of Taiwan, South 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.

Cheng Shin has established 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.tw

Part 2

Environmental Sustainability, Loving the Earth



Key Performance

◆ ISO50001

Cheng Shin China has 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 18,133.45 tCO₂e.

◆ Reducing the Use of Water Resources

A total of 439.361 million liters of water consumption was reduced in Cheng Shin Taiwan and Cheng Shin China.

◆ Use of Green Energy

Cheng Shin has installed solar photovoltaic systems that can generate 22.2738 million kWh of electricity per year.

2.1.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 Steering 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 transitional 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



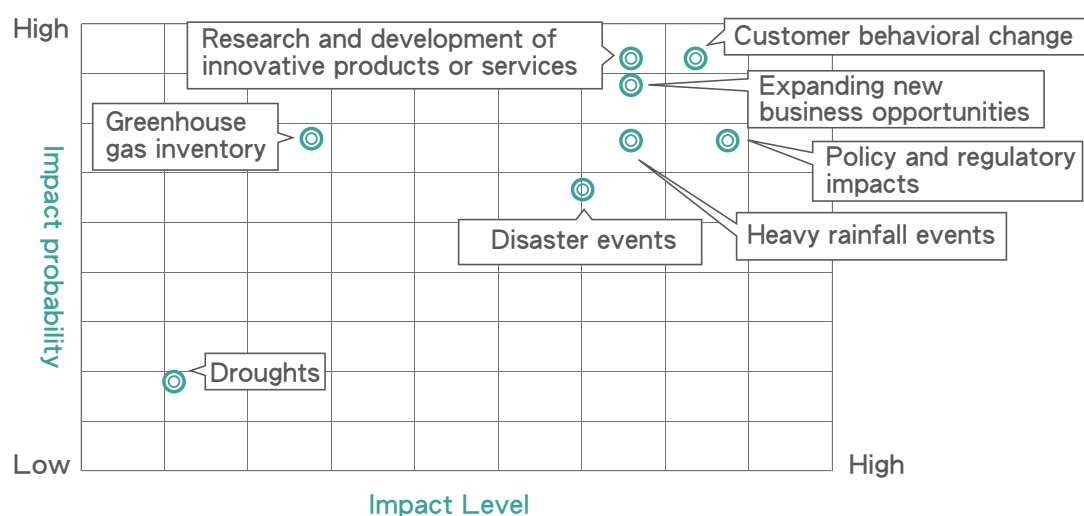
◆ Cheng Shin's TCFD Indicator Disclosure Framework

Level	Indicator	Corresponding Chapter
Governance	A. Describe the board's oversight of climate-related risks and opportunities.	2.1.Risks and Challenges of Climate Change: Identifying Climate Change Risks and Opportunities P.53
	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	2.1.Risks and Challenges of Climate Change: Analysis of Climate Change Risks and Opportunities Impact P.53
	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.	2.1.Risks and Challenges of Climate Change: Climate Change Adaptation Strategies and Goals P.55
	B. Describe the organization's 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.	2.1.Risks and Challenges of Climate Change: Climate Change Risk and Opportunity Impact Analysis P.53
	B. Disclose the emissions and related risks within Scope 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 climate change and the energy usage crisis, the Cheng Shin ESG Group collaborates with personnel from various departments to assess the "likelihood of impacts" and "degree of impacts" of various risks based on materiality criteria. Eight climate change risks and opportunities have been identified, integrating Maxxis' development with policies and solutions related to economic growth, environmental protection, and sustainable development. They also establish short, medium, and long-term objectives to continuously enhance climate resilience and foster an environmentally sustainable culture.

◆ 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
Transitional Risk	Policy and regulatory impacts	Short-term	In response to government enforced environmental regulations, it is necessary to promptly comprehend and assess compliance within the Company. This facilitates alignment with governmental policies and regulations, but it also leads to increased expenditure on manpower 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
Transitional 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.
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 2022
Transitional 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 response to market	In response to the rapid development of the electric vehicle industry, develop special products tailored to EVs (sedan cars and motorcycles). 1. Wear-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 quieter on the road to ensure optimal comfort.	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.
	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 1% in 2022. 	Greenhouse gas emission intensity was 1.13 in 2021 and 1.17 in 2022.
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 "Disaster Incident Management Regulations" 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"> Passenger Car Tires / Light Truck/Passenger Bus Tires: The development of the next-generation 4X4 HT and electric vehicle tires is expected to be initiated and will continue alongside the development of four products: 4X4 AT, UHP A/S, GT A/S, and RAZR RT tires. Motorcycle Tires: Introducing the brand-new "MAXXIS APPROACH" next-generation tire technology, driven by a close connection and attentive listening to consumer feedback. This approach amalgamates high mileage, energy efficiency, and exceptional wet grip into a unified concept, allowing for the development and provision of products that align with customer demands. Bicycle Tires: In response to the growing trend of electric bicycles in the market, we are focusing on the development of MTB, Urban, and Cargo category tires specifically designed for electric bicycles. We will continue to expand our product specifications to cater to this evolving market. ATV Tire: <ol style="list-style-type: none"> Development of ATV VOLTZILLA EV tires. Go-Kart first-gen EV car tire development. Truck Tires: Development of wide-base tires for new vehicle models and planning to initiate the development of specialized tires for EV buses. 	<ul style="list-style-type: none"> Electric vehicle tires VSEV products, with three key performance highlights: low noise, enhanced energy efficiency, and easy handling. These products have received recognition including the SEMA Best New Product Award and the Taiwan Excellence Award. Adopting the design concept "Urban X Commute X Lifestyle," we have developed the versatile 12-inch multi-functional touring tire, the "MA-CT1." The tire tread design, labeled as "B3," draws inspiration from cityscapes with towering buildings, incorporating daily life visuals to enhance the connection between urban living and commuting. This tire design is equipped with wet grip, wear resistance, and energy-saving features. We have successfully completed the development of products for the E-BIKE segment. For E-MTBs, we have expanded popular tread patterns such as DHR II, Assegai, and DHF. Our E-Urban and E-Cargo products, Metropass and Metroloads, offer advantages such as high load-bearing capacity and extended tread life. <ol style="list-style-type: none"> Roxxzilla ML7 won 2022 Pro Modified and Stock NA Champion and 2nd Place respectively. Both the Go Kart tires M190D and RC-1K have been designated for use in Australia's CADET category and in Southeast Asia's Singapore markets. Regarding the redesign and development for the front wheels of European commercial trucks, the MS290 model offers excellent handling stability and fuel efficiency. It has achieved a B-grade fuel efficiency rating certified by the European Union.

2.2.Environmental Management

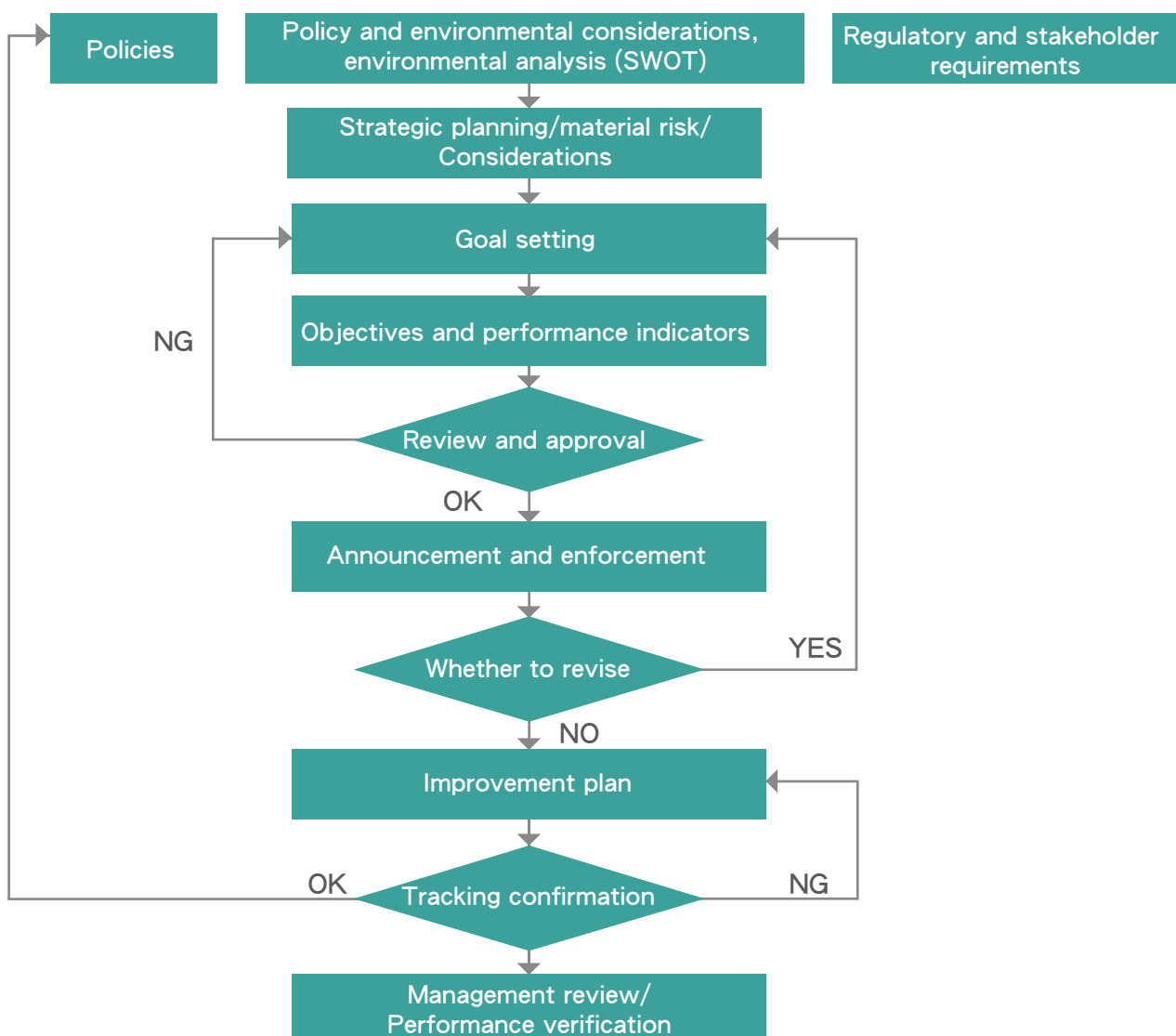
The earth's climate and environment are deteriorating as a result of the effects of greenhouse gases, and Cheng Shin is fully aware of the fact that there is only one earth. As a global citizen, in order to comply with international norms such as the Paris Agreement and fulfill the corporate responsibility

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 Cheng Shin Taiwan and Cheng Shin China Plants in 2022

Region	External Agencies	Communication / Summary	Internal Handling Situation
Cheng Shin Taiwan	Local Agencies	The public complained about the odor situation, and routine inspections were conducted at the plant.	Provide relevant operation records for preventive equipment and material quantity reports for verification.
	Nearby residents	The public has petitioned about excessive perimeter noise. The Yunlin County Government's Environmental Protection Bureau's Inspection Division conducted measurements at the intersection of Yunke Road Section 2 and Wannian Road. The area is classified as a Category 2 controlled zone, with a standard of 47dB. The measured value on-site was 52.2dB.	<ol style="list-style-type: none"> 1. Self-monitoring was scheduled once a week for the locations of the suspect, and continued for 2 weeks. 2. Investigated the type of noise generating equipment in the factory. 3. Improvements were made to address the sources.

No complaints in Cheng Shin China in 2022.

2.3. Energy Resources and Greenhouse Gas Management

2.3.1. 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 2022, the total amount of raw materials used in Cheng Shin Taiwan and Cheng Shin China was 130,966 and 479,440 metric tons respectively. The production of tires (including inner tubes) amounted to 125,202 and 477,780 metric tons respectively. The material usage intensity was 0.956 and 0.997 for Cheng Shin Taiwan and Cheng Shin China. Cheng Shin continues to enhance material management, reduce waste generation, and minimize losses from scrapped products. As a result, we are able to maintain high material usage intensity. 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

Manufacturing Plants		2020	2021	2022
Cheng Shin Taiwan		0.880	0.993	0.956
Cheng Shin China	Cheng Shin Kunshan	0.971	0.996	0.999
	Cheng Shin Chongqing	0.981	0.994	0.999
	Cheng Shin Xiamen	0.991	0.983	0.995

Note: Material usage intensity = Total product weight (metric tons) / Total consumed materials (metric tons)

2.3.2. Energy Management

Cheng Shin adheres to the energy policy of "Energy Conservation, Carbon Reduction, and Efficiency Enhancement." We have always attached great importance to energy usage and implemented energy management as a fundamental commitment to the environment. Energy management organizations have been established in both Cheng Shin China and Cheng Shin Taiwan, each setting annual energy-saving goals and execution plans. By breaking down energy-saving targets, implementing assessment and incentive systems, various departments are motivated to actively adopt energy-saving technology upgrades, progressively implementing energy conservation and carbon reduction initiatives. At Cheng Shin Taiwan, a solar photovoltaic system was inaugurated by the end of 2021, and is expected to provide approximately 4.66 million kWh annually, reducing about 2,342 tCO₂e emissions. Cheng Shin China continues to increase the area of solar power generation, reducing a total of 12,028.17 tCO₂e emissions in 2022. All energy management personnel have been trained in the requirements of the ISO 50001 energy management system, and all have obtained the internal auditor's qualification certificate and are equipped to manage the relevant requirements. In addition, Cheng Shin has already passed the third-party management system certification, and the Kunshan plant has been awarded the Energy Efficiency Star Level 3 energy award.



Regarding energy usage, Cheng Shin primarily utilizes electricity, gasoline, diesel, and natural gas. In 2022, the energy consumption in Cheng Shin Taiwan and Cheng Shin China was 1,481,816 GJ and 5,876,666 GJ respectively. The energy intensity in Taiwan was 11.84 GJ per metric ton, while in Cheng Shin China, it was 12.32 GJ per metric ton. Diesel fuel is used to power forklifts and emergency generators, while gasoline is used for Company vehicles.

State of energy use

Cheng Shin Taiwan

Energy type	2020	2021	2022
Electricity (GWh)	230.55	219.30	186.86
Diesel (KL)	106.62	95.50	41.71
Gasoline (KL)	142.61	100.05	92.83
Natural Gas (ML)	25.84	26.20	24.12
Total Calorific Value (GJ)	1,699,077	1,669,961	1,481,816

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.

Cheng Shin China

Energy type		2020	2021	2022
Electricity (GWh)	Cheng Shin Kunshan	216.25	200.25	160.65
	Cheng Shin Chongqing	64.95	61.39	44.74
	Cheng Shin Xiamen	580.98	580.85	471.45
Diesel (KL)	Cheng Shin Kunshan	314.13	290.84	233.31
	Cheng Shin Chongqing	34.83	30.96	29.99
	Cheng Shin Xiamen	491.47	491.47	417.69
Gasoline (KL)	Cheng Shin Kunshan	116.06	108.37	75.90
	Cheng Shin Chongqing	6.42	6.72	4.55
	Cheng Shin Xiamen	44.55	44.55	45.90
Natural Gas (ML)	Cheng Shin Kunshan	352.77	331.94	253.92
	Cheng Shin Chongqing	119.97	104.02	69.61
	Cheng Shin Xiamen	1,054.44	1,040.19	827.05
Total Calorific Value (GJ)	Cheng Shin Kunshan	6.23	7.14	6.60
	Cheng Shin Chongqing	2.95	2.62	1.85
	Cheng Shin Xiamen	10.83	11.49	9.99
Total Calorific Value (GJ)		7,615,396	7,415,963	5,876,666

Note 1: The energy categories are categorized according to the energy supervision items outlined in Chinese regulations, following the statistical methods and reporting guidelines specified in the Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission of Enterprises in Industrial and Other Industries.

Note 2: Cheng Shin Xiamen was added to the scope of Cheng Shin China in 2022.

Energy Usage Intensity

Region		2020	2021	2022
Cheng Shin Taiwan		13.84	11.50	11.84
Cheng Shin China	Cheng Shin Kunshan	11.09	11.04	10.25
	Cheng Shin Chongqing	11.72	10.86	9.77
	Cheng Shin Xiamen	16.21	13.76	12.32

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

2.3.3. Energy Conservation and Carbon Reduction Measures

Cheng Shin has set a goal to annually reduce energy intensity by 1%. Since 2009, various Cheng Shin manufacturing plants have been implementing multiple energy-saving initiatives. In 2022, the main focus of energy-saving efforts was on process/plant equipment optimization, replacing outdated equipment, and implementing energy-saving control and management measures. Based on the energy-saving initiatives in 2022, it is estimated that there will be a reduction in greenhouse gas emissions. The estimated emission reductions for Cheng Shin Taiwan and Cheng Shin China are 4,104.56 metric tons and 14,028.89 tCO_{2e} emissions respectively.

Major Energy Saving Initiatives:

Region	Item	Content	Annual Energy Saving Performance	Annual Carbon Reduction Performance(CO _{2e})
Cheng Shin Taiwan	Equipment upgrades and optimization	The purpose of carbon reduction can be achieved by modifying the operation of the equipment or upgrading the equipment.	124.05million kWh	631.41
	Replacement with energy-saving equipment	Replace old equipment with more energy-efficient equipment.	9.45million kWh	48.10
	Technical optimization	Application of production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	212.78million kWh	1,083.05
	Green energy use	Solar panel installation	466million kWh	2,342.00
Total				4,104.56
Cheng Shin China	Equipment upgrades and optimization	The purpose of carbon reduction can be achieved by modifying the operation of the equipment or upgrading the equipment	1. Saved 936 tons of steam 2. 706,900 kWh	1,644.20
	Technical optimization	Upgrade production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	522,100 kWh	356.52
	Green energy use	Continuously increase installed solar power generation capacity.	17.6138 million kWh	12,028.17
Total				14,028.89

Note 1: The base year for calculating the reduction of energy consumption is 2021.

Note 2: 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 2021 provided in the announcement issued on Nov 4, 2022.

Note 3: The amount of carbon dioxide in Cheng Shin China plants refers to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission" announced in 2014. Steam emission coefficient: 0.11 tCO_{2e}/GJ; Power emission coefficient: 6.829tCO_{2e}/10,000 kWh.

2.3.4.Greenhouse Gas Management

The Intergovernmental Panel on Climate Change (IPCC) emphasizes that the global average temperature increase is "very likely" caused by human-induced greenhouse gas emissions. 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. In the past, Cheng Shin has referenced ISO 14064-1:2006 for organizational greenhouse gas inventory procedures and the Environmental Protection Administration's guidelines for greenhouse gas inventory reporting. We voluntarily disclose our greenhouse gas emissions annually. In 2022, Cheng Shin Taiwan officially adopted the ISO 14064-1:2018 version for greenhouse gas inventory procedures. Furthermore, in accordance with the Financial Supervisory Commission's "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" released in March 2022, Cheng Shin has planned a schedule for greenhouse gas inventory and verification for the Group. A comprehensive greenhouse gas inventory is being conducted across all facilities, and 2023 has been set as the baseline year for energy conservation and carbon reduction. In 2022, the total greenhouse gas emissions for Cheng Shin Taiwan and Cheng Shin China facilities were 144,099.000 and 897,457.141 tCO₂e emissions 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 for the Past 3 Years

Unit: tCO₂e

Region		Item	2020	2021	2022
Cheng Shin Taiwan		Scope1:Direct Emissions	54,180.000	54,885.000	56,656.489
		Scope2:Indirect GHC Emissions	117,353.000	110,088.000	89,791.780
		Total	171,533.000	164,973.000	146,448.270
Cheng Shin China	Cheng Shin Kunshan	Scope1:Direct Emissions	1,085.200	1,006.790	787.310
	Cheng Shin Chongqing		105.860	96.370	88.960
	Cheng Shin Xiamen		1,338.676	1,338.676	1,156.553
	Cheng Shin Kunshan	Scope2:Indirect GHC Emissions	270,221.870	235,934.623	185,578.000
	Cheng Shin Chongqing		85,576.251	73,004.551	51,307.700
	Cheng Shin Xiamen		821,816.996	817,548.026	658,538.618
Total		1,180,144.853	1,128,929.036	897,457.141	

Note1: 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.

Note2: GWP values for greenhouse gas type are based on the IPCC Fourth Assessment Report(2007).

Note3: The carbon emission coefficient for electricity is referenced from the announcement by the Bureau of Energy on June 21, 2023, based on the 2022 electricity carbon emission coefficient.

Note4: 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.

Note5: According to the Financial Supervisory Commission's "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies," the year 2023 has been designated as the baseline year for energy conservation and carbon reduction.

Greenhouse gas emissions intensity

Unit: tCO₂e

Region		2020	2021	2022
Cheng Shin Taiwan		1.400	1.130	1.170
Cheng Shin China	Cheng Shin Kunshan	1.659	1.517	1.402
	Cheng Shin Chongqing	1.682	1.483	1.416
	Cheng Shin Xiamen	1.585	1.353	1.221

Note: Greenhouse gas emissions (tCO₂e)/Total product weight (tons)

Greenhouse gas emissions intensity

Unit: tCO₂e

Region	Item	2020	2021	2022
Cheng Shin Taiwan	Carbon dioxide (CO ₂)	71,142.70	68,031.30	144,240.89
	Methane	283.83	257.13	487.46
	Nitrous oxide	44.04	43.48	53.49
	Hydrofluorocarbons (HFCs)	27.41	27.41	526.43
	Perfluorocarbons (PFCs)	0.00	0.00	0.00
	Sulfur hexafluoride (SF ₆)	0.00	0.00	1,140.000
	Nitrogen trifluoride (NF ₃)	0.00	0.00	0.00

Note 1: During the reporting period in Cheng Shin China, external inventory has not been introduced yet. Therefore, this table has been intentionally left blank due to lack of data.

2.3.5.Climate-related Information

2.3.5.1.Risks and opportunities for the Company arising from climate change and related measures taken by the Company.

Item	Implementation tatus
1.Description of the Board of Directors' and management's oversight and management of climate-related risks and opportunities. 2.Describe how the identified climate risks and opportunities affect the business, strategy and finances of the Company (short, medium and long term). 3.Describe the financial impact of extreme climate events and transforma 4.Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Please refer to 2.1. Risks and Challenges of Climate Change

- 5.If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.
- 6.If there is a transition plan for managing climate-related risks, describe the plan, as well as the metrics and targets used to identify and manage physical risks and transition risks.
- 7.If internal carbon pricing is used as a planning tool, elaborate on the basis for setting the price.
- 8.If climate-related targets have been set, please provide information about the covered activities, scope of greenhouse gas emissions, planning schedule, progress achieved each year, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, please explain the source and quantity of the offset carbon emissions or the number of RECs used for the purpose.
- 9.Greenhouse Gas Inventory and Confirmation Status (fill in 2.3.5.2 separately).

2.3.5.2.Greenhouse Gas Inventory and Assurance Status

Basic Profile Information		According to the Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies, at least the following information should be disclosed:		
<input checked="" type="checkbox"/> Companies with capitalization of more than NT\$10 billion, or those involved in the steel industry, cement industry <input type="checkbox"/> Companies with a capitalization of NT\$5 billion or more but less than NT\$10 billion. <input type="checkbox"/> Company with capitalization less than NT\$5 billion	<input checked="" type="checkbox"/> Inventory of the parent company only <input type="checkbox"/> Inventory of subsidiaries in the consolidated financial report <input type="checkbox"/> Assurance of the parent company only <input type="checkbox"/> Consolidated financial reporting subsidiary's assurance			

Scope 1	Total Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$1,000)	Assurance Firm	Status of Assurance
Cheng Shin Rubber Ind. Co., Ltd.	56,656	0.002776	NA	In accordance with the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" released by the Financial Supervisory Commission in March 2022, Cheng Shin is planning to implement a group-wide greenhouse gas inventory and verification in 2023.
Total	56,656	0.002776		

Scope 2	Total Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT\$1,000)	Assurance Firm	Status of Assurance
Cheng Shin Rubber Ind. Co., Ltd.	89,791	0.004400	NA	In accordance with the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" released by the Financial Supervisory Commission in March 2022, Cheng Shin is planning to implement a group-wide greenhouse gas inventory and verification in 2023.
Total	89,791	0.004400		

Scope 3	Not Disclosed			
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Note1:Greenhouse gas emissions are disclosed based on the organizational greenhouse gas inventory procedures outlined in ISO 14064-1:2006 and the guidelines for greenhouse gas inventory reporting provided by the Environmental Protection Administration.

Note2:Intensity calculation explanation: Parent company only total emissions (tCO₂e) divided by the parent company's financial revenue in 2022 (in NT\$ thousand).

2.4. Water Resources Management

2.4.1. 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. • Cheng Shin Taiwan: RO pure water is used for boiler water, and residual water is recycled for process use, and process water is recycled. • Cheng Shin 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.

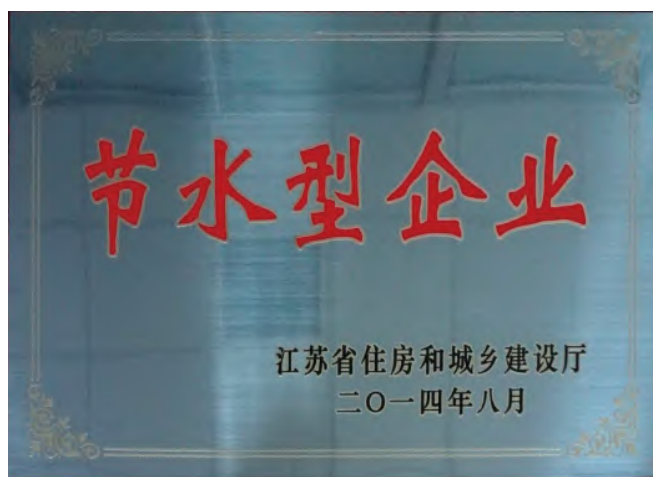
Due to climate change, water resources are becoming increasingly scarce. Both developed and developing countries have been affected by dwindling water resources. Moreover, in the Global Risk Report of the World Economic Forum issued over the past three years, "water crises" around the world have been 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 2022, the total water consumption in Cheng Shin Taiwan and Cheng Shin China was 754.751 and 852.810 million liters respectively. Due to production adjustments and increased water-saving awareness among employees, the total water consumption decreased by 30.09% and 25.44% compared to 2021.

Water withdrawal Over the Past Three Years

Unit: million liters

Region		Item	2020	2021	2022
Cheng Shin Taiwan		Tap water	455.954	288.722	236.964
		Groundwater	626.048	790.964	517.786
		Total	1,082.002	1,079.686	754.751
Cheng Shin China	Cheng Shin Kunshan	Tap water	436.433	399.040	360.357
	Cheng Shin Chongqing		53.690	36.134	34.304
	Cheng Shin Xiamen		634.776	532.062	458.149
		Total	1,124.899	967.236	852.810

In addition, Cheng Shin China has 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 recognized as a "Water-Saving Enterprise"

2.4.2. 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 Cheng Shin Taiwan's 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 from Cheng Shin China's business operations decreased by 2.8% compared to the previous year. In terms of wastewater discharge destinations, some of the Company's wastewater discharge in Cheng Shin Taiwan and Cheng Shin 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.

In 2022, the total wastewater discharged in Cheng Shin Taiwan and Cheng Shin China was 374.999 and 446.724 million liters respectively.

Wastewater Discharge over the Past Three Years

Unit: million tons

Region		Item	2020	2021	2022
Cheng Shin Taiwan		Mainly domestic wastewater and cooling wastewater	448.307	555.293	374.999
Cheng Shin China	Cheng Shin Kunshan	Mainly domestic wastewater and steam condensate wastewater	329.251	311.910	342.122
	Cheng Shin Chongqing		46.948	47.450	30.275
	Cheng Shin Xiamen	Domestic wastewater	32.309	21.160	74.327
	Total		408.508	380.520	446.724

Note1: At Cheng Shin Taiwan, wastewater volume is calculated using flowmeter equipment. Flow meters are calibrated by third-party qualified verification units in accordance with Taiwan's environmental regulations. Calibration is conducted once a year.

Note2: Waste water in Cheng Shin 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.

Water Consumption

Water consumption is calculated by subtracting the wastewater discharge from the water intake. In 2021, Cheng Shin Chongqing experienced an increase in water consumption due to steam leakage, which has been resolved after repair.

Water Consumption over the Past Three Years

Unit: million tons

Region		Wastewater characteristics	2020	2021	2022
Cheng Shin Taiwan		Mainly domestic wastewater and cooling wastewater	633.695	524.393	379.752
Cheng Shin China	Cheng Shin Kunshan	Mainly domestic wastewater and steam condensate wastewater	107.182	87.13	18.235
	Cheng Shin Chongqing		6.742	-11.316	4.029
	Cheng Shin Xiamen	Domestic wastewater	602.467	510.902	383.822
	Total		716.391	586.716	406.086

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 5	Yunlin Technology-based Industrial Park (Zhuweizi Zone) Sewage Treatment Plant	Huwei River	No

The water quality standards in Cheng Shin Taiwan and Cheng Shin 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. 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 adheres to local testing and reporting regulations. At Cheng Shin Taiwan, water quality testing is conducted every six months to facilitate reporting. The water quality tests conducted in 2022 all met the standards for wastewater discharge. In accordance with the control items required by the Phase 5-2 EIA, the Cheng Shin China plants follow the water quality standards for sewage discharged into urban sewers, and the water quality testing result of the Cheng Shin China plants in 2022 all met the implementation standards.

Cheng Shin 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 area	Industrial area	Effluent	Effluent
Water Temperature (°C)	May-September 38°C October-April 35°C	45	26.6	22.2
Suspended Solids (mg/L)	30	320	<1	1.3
Biochemical Oxygen Demand (mg/L)	30	320	2.8	3.1
Chemical Oxygen Demand (mg/L)	100	480	15.2	16.1
pH	6-9	5-9	7.4	6.6
Oil and grease (mg/L)	10	10	3.5	<0.5

Note1: The relevant testing standards are as follows: Suspended solids (NIEA W210.58A), biochemical oxygen demand (NIEA W510.55B), chemical oxygen demand (NIEA W517.53B), pH (NIEA W424.53A), and water temperature (NIEA W217.51A).

Cheng Shin China

Water Quality Item	Water Quality Standards of Cheng Shin China		Effluent Testing of Cheng Shin China		
	Cheng Shin Kunshan	Cheng Shin Chongqing and Xiamen	Cheng Shin Kunshan	Chongqing	Cheng Shin Xiamen
COD(mg/m³)	70	≤ 300	26	31	39
SS(mg/m³)	40	≤ 150	5	8	11
NH3-N(mg/m³)	5	≤ 30	0.15	1.19	3.0
TP(mg/m³)	≤ 1	≤ 1	0.1	0.25	0.18
TN(mg/m³)	15	-	1.13	4.19	13.4
Petroleum (mg/m³)	1	≤ 10	ND	0.49	0.44

2.5.Waste Management, Recycling and Reuse

Currently, Cheng Shin manages its waste disposal according to approved "Business Waste Cleanup Plans" by local environmental authorities. The Company follows the regulations outlined in the "Regulation for the Administration of an Institution Jointly Handling and Disposal the Wastes" by the Ministry of Economic Affairs and the Waste Disposal Act by the Executive Yuan. Waste materials are entrusted to certified and qualified environmental transport companies for proper disposal. The Company regularly monitors the transportation routes of these companies to ensure the legality of the waste's final destination. Additionally, Cheng Shin retains the waste transport triplicate forms issued by government systems and cross-references them with inventory records to ensure data consistency. Recyclable waste (scraps) waste includes items such as waste rubber, metal waste, plastic waste, discarded pallets, and waste paper/cardboard. These materials are collected separately and then handed over to local authorized recycling operators for recycling. This process enhances the lifecycle of waste materials by promoting resource recovery and reuse. 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.
- ◆ In accordance with regulations concerning the operation of business waste reuse, Cheng Shin entrusts recycling firms to handle the Company's recyclable (scrap) waste materials.
- ◆ 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 Cheng Shin Taiwan and Cheng Shin China operations in 2022 includes domestic waste, general and hazardous business waste, with a total of 2,992.840 and 14,581.060 tons respectively.

Waste generation and treatment statistics

Unit: tons

Region		2020	2021	2022
Cheng Shin Taiwan		5,866.340	3,933.780	2,992.840
Cheng Shin China	Cheng Shin Kunshan	8,265.033	8,503.525	5,874.651
	Cheng Shin Chongqing	797.530	762.470	582.596
	Cheng Shin Xiamen	12,383.536	8,950.253	8,123.813
	Total	21,446.099	18,216.248	14,581.060

Note1: The above data has been cross-referenced with the government's waste transport triplicate forms and confirmed to be consistent.

Region	Waste Type	Disposal method			Total	%
		Incineration	Landfill	Recycling		
Cheng Shin Taiwan	Domestic waste	161.92	0.00	0.00	161.92	5.41%
	General business waste	174.59	33.51	2,621.48	2,829.58	94.54%
	Hazardous business waste	0.15	1.19	0.00	1.34	0.04%
	Total				2,992.84	100.00%

Region		Waste Type	Disposal method			Total	%
			Incineration	Landfill	Recycling		
Cheng Shin China	Cheng Shin Kunshan	Domestic waste	33.00	0.00	477.00	510.00	7.99%
		General business waste	230.74	0.00	5,421.96	5,652.70	88.60%
		Hazardous business waste	103.89	0.00	113.73	217.62	3.41%
		Total	6380.32				100.00%
	Cheng Shin Chongqing	Domestic waste	0.00	0.00	0.00	0.00	0.00
		General business waste	0.00	0.00	1937.64	1937.64	90.05%
		Hazardous business waste	35.30	7.74	171.04	214.08	9.95%
		Total	2151.72				100.00%
	Cheng Shin Xiamen	Domestic waste	0.00	0.00	0.00	0.00	0.00%
		General business waste	567.63	0.00	7,089.83	7,657.46	94.26%
		Hazardous business waste	150.92	0.86	314.57	466.35	5.74%
		Total	8,123.81				100.00%

- Note: 1. 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.
2. As Cheng Shin Xiamen does not distinguish between household waste and general business waste, the data presented is consolidated.
3. The above data has been cross-referenced with the government's waste transport triplicate forms and confirmed to be consistent.

2.6. Air Pollution Prevention

In the tire industry, the main sources of air pollutants are process emissions and exhaust gases from combustion in boilers. The types of pollutants include dust, particulate matter, nitrogen oxides, volatile organic compounds (VOCs), and odors. There are no substances produced that would harm the ozone layer (ODS). To control various pollutants, Cheng Shin primarily focuses on improving the efficiency of end-of-pipe treatment and implementing rigorous monitoring. The Company invests significant resources in optimizing and upgrading exhaust gas treatment equipment. For the treatment of VOCs and odors in the Cheng Shin Taiwan plants, Cheng Shin has implemented water-washing scrubbers and photocatalytic systems at the backend of the compounding process. These measures effectively reduce the emissions of VOCs and the dispersion of odors. At Cheng Shin Taiwan, historical air pollution emissions have shown a decreasing trend, primarily due to the replacement of heavy oil boilers with more eco-friendly natural gas boilers.

Air pollution emissions over the past three years

Unit: kg

Region	Pollutant Type	2020	2021	2022
Cheng Shin Taiwan	Sulfur oxides	20	0.00	0.00
	Nitrogen oxides	46,660	49,140	43,520
	Volatile organic compounds	126,100	139,220	131,860
	Particulates	930	1,110	1,100
	Total	173,710	189,470	176,840

Region		Pollutant Type	2020	2021	2022
Cheng Shin China	Cheng Shin Kunshan	Volatile organic compounds	6,880	7,020	8,100
		Particulates	8,630	11,620	9,800
		Hydrogen sulfide(H ₂ S)	40	110	30
		Total	15,550	18,750	17,930
	Cheng Shin Chongqing	Volatile organic compounds	1,680	2,514	1,380
		Particulates	395	521	321
		Hydrogen sulfide(H ₂ S)	38	50	22
		Total	2,113	3,085	1,723
	Cheng Shin Xiamen	Volatile organic compounds	68,037	56,825	47,593
		Particulates	22,539	23,481	14,160
		Total	90,576	80,306	61,753

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

2.7. 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. Additional provisions are established for the identification and management of environmental, health, and safety regulations. The OSH and ESH units collect relevant updates from regulatory authorities on a monthly basis and verify their compliance one by one in accordance with the implemented regulations. An annual assessment of regulatory compliance is conducted to ensure adherence to legal requirements. However, in 2022, both Cheng Shin Taiwan and Cheng Shin China regions had one instance each of violating environmental regulations. In response to these violations, Cheng Shin promptly adjusted reporting quantities, established record management, and formulated measures for prevention and improvement to prevent the recurrence of similar incidents.

Violations of environmental protection laws and regulations in Cheng Shin Taiwan and Cheng Shin China in 2022

Region		Name of Laws or Regulations Violated	Causes/ Circumstances of Violation	Amount of Fines Imposed	Improvement Plan
Cheng Shin Taiwan		Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act	There was an error in the online declaration, which did not match the actual on-site situation.	NT\$ 6,000	Relevant units have conducted double verification to prevent a recurrence.
Cheng Shin China	Cheng Shin Xiamen	Article 36, Subparagraph 2 of Solid Waste Pollution Prevention and Control Law of the People's Republic of China	Solid waste management records were not established in a timely manner.	CNY 100,000	Account management has been established to prevent future occurrences.

Part3

Employee as Partners, A Happy Workplace



Key Performance

Taiwan RAFI EMP 99 Index

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

Launched the Company's Employee Stock Ownership Trust Program (ESOT)

Initiating an Employee Stock Ownership Trust Program, where employees have the opportunity to participate voluntarily. Participating employees contribute a fixed amount from their monthly salary, while the Company also matches with a 100% contribution, both deposited into a dedicated trust account, which aims to retain talent within the Company.

3.1 Employee Care Policy

Cheng Shin is a renowned global tire manufacturing company with flourishing overseas operations. While maintaining a strong presence in Taiwan, the Company employs nearly 4,800 employees and has been selected as a constituent of the "Taiwan RAFI EMP 99 Index" (Note). Moreover, Cheng Shin actively contributes to overseas expansion and promotes local talents.

For each employee, Cheng Shin not only ensures the protection of basic rights but also prioritizes their physical and mental well-being in the workplace. Through occupational safety training and specialized health check-ups, Cheng Shin guarantees the health of its employees in the work environment. 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 2022, the total number of employees in Cheng Shin's head office in Taiwan was 4,798 employees, with a female-to-male ratio of 1:5.4. In the Kunshan and Chongqing plants in Cheng Shin China, there were 3,203 employees, with a female-to-male ratio of 1:2.1; and 8,966 in Xiamen, China, with a female-to-male ratio of 1:2.0. Due to the characteristics of the industry, the proportion of female employees are relatively lower than male employees. The number of regular employees accounts for over 86% of the total workforce, while non-regular employees consist of dispatched workers or outsourced personnel (security guards). The impact of the global pandemic led to reduced workforce demands in the Mainland China region, resulting in a decrease in the required number of personnel. In Taiwan, a total of 58 employees with disabilities were employed, achieving an employment rate of 1.21%, which meets the legal requirements.

At Cheng Shin, all employees, including those in higher management positions, undergo a fair and rigorous performance evaluation mechanism, which serves as the basis for promotions 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.

Employee Overview 2022

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

Category	Cheng Shin Taiwan		Cheng Shin China			
			Cheng Shin Kunshan, Cheng Shin Chongqing		Cheng Shin Xiamen	
	Male	Female	Male	Female	Male	Female
Regular Employees	4,043	755	2,101	1,102	5,998	2,968
Non-regular Employees (Note)	22	0	432	103	384	126
Non-regular Employees work hours (hours)	76,032	0	102,805	25,804	58,671	23,202
Subtotal	4,065	755	2,533	1,205	6,382	3,094
Total	4,820		3,738		9,476	

Note: Non-regular employees refer to dispatched workers or outsourced staff (security guards).

Members of the Organizational Governance Unit

Percentage of Members in the Organizational Governance Unit								
Cheng Shin Taiwan				Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	0	15	4	19	2.41%
			Male	28	602	138	768	97.59%
			Subtotal	28	617	142	787	100.00%
			%	3.56%	78.40%	18.04%	100.00%	
Cheng Shin China	Cheng Shin Kunshan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	0	34	2	36	7.24%
			Male	18	420	23	461	92.76%
			Subtotal	18	454	25	497	100.00%
			%	3.62%	91.35%	5.03%	100.00%	
	Cheng Shin Chongqing			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	2	22	0	24	22.02%
			Male	6	78	1	85	77.98%
			Subtotal	8	100	1	109	100.00%
			%	7.34%	91.74%	0.92%	100.00%	
	Cheng Shin Xiamen			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	4	97	8	109	8.40%
			Male	31	1,005	152	1,188	91.60%
			Subtotal	35	1,102	160	1,297	100.00%
			%	2.70%	84.96%	12.34%	100.00%	

Number of Employees by Job Grade and Gender

Number of Employees by Job Grade and Gender Statistics							
Cheng Shin Taiwan				Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	19	736	755	15.74%
			Male	768	3,275	4,043	84.26%
			Subtotal	787	4,011	4,798	100.00%
			%	16.40%	83.60%	100.00%	
Cheng Shin Kunshan				Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	36	724	760	26.31%
			Male	461	1,668	2,129	73.69%
			Subtotal	497	2,392	2,889	100.00%
			%	17.20%	82.80%	100.00%	
Cheng Shin Chongqing				Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	24	421	445	52.41%
			Male	85	319	404	47.59%
			Subtotal	109	740	849	100.00%
			%	12.84%	87.16%	100.00%	
Cheng Shin Xiamen				Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	109	2,859	2,968	33.10%
			Male	1,188	4,810	5,998	66.90%
			Subtotal	1,297	7,669	8,966	100.00%
			%	14.47%	85.53%	100.00%	

Note: 'Supervisor' refers to personnel at the level of team leader or above.

Number of Employees by Job Grade and Age

Number of Employees by Job Grade and Age Statistics								
Cheng Shin Taiwan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
	Job Grade	Supervisor	28	617	142	787	16.40%	
		Non-supervisor	815	2,807	389	4,011	71.36%	
		Subtotal	843	3,424	531	4,798	100.00%	
		%	17.57%	71.36%	11.07%	100.00%		
Cheng Shin China	Cheng Shin Kunshan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Supervisor	18	454	25	497	17.20%
			Non-supervisor	774	1,581	37	2,392	82.80%
			Subtotal	792	2,035	62	2,889	100.00%
			%	27.41%	70.44%	2.15%	100.00%	
	Cheng Shin Chongqing			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Supervisor	8	100	1	109	12.84%
			Non-supervisor	157	582	1	740	87.16%
			Subtotal	165	682	2	849	100.00%
			%	19.43%	80.33%	0.24%	100.00%	
	Cheng Shin Xiamen			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Supervisor	35	1,102	161	1,298	14.48%
			Non-supervisor	1,275	5,918	475	7,668	85.52%
			Subtotal	1,310	7,020	636	8,966	100.00%
			%	14.61%	78.30%	7.09%	100.00%	

Statistics on Employment of Disadvantaged and Minority Groups by Cheng Shin Taiwan

Year	Number of Employees with Physical and Mental Disabilities	Number of Foreign Workers	Number of Employees from Ethnic Minorities
2022	58	865	9

Note: Ethnic minorities refer to the indigenous people of Taiwan.

Number of Employees by Educational Qualification and Gender

Number of Employees by Educational Qualification and Gender Statistics											
Cheng Shin Taiwan				Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%	
		Gender	Female	0	62	260	218	215	755	15.74%	
			Male	6	423	1,405	1,161	1,048	4,043	84.26%	
			Subtotal	6	485	1,665	1,379	1,263	4,798	100.00%	
			%	0.13%	10.11%	34.70%	28.74%	26.32%	100.00%		
Cheng Shin China	Cheng Shin Kunshan				Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%
			Gender	Female	0	1	324	431	4	760	26.31%
				Male	0	0	906	1,194	29	2,129	73.69%
				Subtotal	0	1	1,230	1,625	33	2,889	100.00%
				%	0.00%	0.03%	42.58%	56.25%	1.14%	100.00%	
	Cheng Shin Chongqing				Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%
			Gender	Female	0	0	62	189	194	445	52.41%
				Male	0	0	147	161	96	404	47.59%
				Subtotal	0	0	209	350	290	849	100.00%
				%	0.00%	0.00%	24.62%	41.22%	34.16%	100.00%	
	Cheng Shin Xiamen				Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%
			Gender	Female	0	4	768	133	2,063	2,968	33.10%
				Male	1	7	1,728	442	3,820	5,998	66.90%
				Subtotal	1	11	2,496	575	5,883	8,966	100.00%
				%	0.01%	0.12%	27.84%	6.4%	65.61%	100.00%	

New Employees & Separated Employees

The percentage of new employees in Cheng Shin Taiwan was 10.9% and the percentage of separated employees was 20.6% based on the total number of employees at the end of 2022; in Mainland China, the percentage of new employees was 61.4% and the percentage of separated employees was 61.6% based on the total number of employees at the end of 2022. 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 2022 (Number)

Number of new employees									
Cheng Shin Taiwan				Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
		Gender	Female	27	29	1	57	10.92%	
			Male	261	199	5	465	89.08%	
			Subtotal	288	228	6	522	100.00%	
			%	55.17%	43.68%	1.15%	100.00%		
Cheng Shin China	Cheng Shin Kunshan				Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
			Gender	Female	235	230	0	465	16.58%
				Male	1,279	1,061	0	2,340	83.42%
				Subtotal	1,514	1,291	0	2,805	100.00%
				%	53.98%	46.02%	0.00%	100.00%	
	Cheng Shin Chongqing				Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
			Gender	Female	36	82	0	118	38.82%
				Male	120	66	0	186	61.18%
				Subtotal	156	148	0	304	100.00%
				%	51.32%	48.68%	0.00%	100.00%	
	Cheng Shin Xiamen				Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
			Gender	Female	605	654	5	1,264	26.96%
				Male	1,640	1,772	12	3,424	73.03%
				Subtotal	2,245	2,426	17	4,688	100.00%
				%	47.89%	51.75%	0.36%	100.00%	

Number of separated employees in 2022 (people)

Statistics on the number of separated employees								
Cheng Shin Taiwan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
	Gender	Female	50	68	13	131	13.23%	
		Male	216	585	58	859	86.77%	
		Subtotal	266	653	71	990	100.00%	
		%	26.87%	65.96%	7.17%	100.00%		
Cheng Shin China	Cheng Shin Kunshan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	258	268	1	527	16.66%
			Male	1,452	1,184	0	2,636	83.34%
			Subtotal	1,710	1,452	1	3,163	100.00%
			%	54.06%	45.91%	0.03%	100.00%	
	Cheng Shin Chongqing			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	18	63	0	81	36.65%
			Male	79	61	0	140	63.35%
			Subtotal	97	124	0	221	100.00%
			%	43.89%	56.11%	0.00%	100.00%	
	Cheng Shin Xiamen			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	Female	577	584	6	1,167	26.30%
			Male	1,619	1,635	16	3,270	73.70%
			Subtotal	2,196	2,219	22	4,437	100.00%
			%	49.49%	50.01%	0.5%	100.00%	

3.2 Human Rights Policy and Labor-Management Relations

Item	Management Approach
Materiality	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Cheng Shin's working rules
Goals and Targets	<ul style="list-style-type: none"> Promote harmonious labor-management relations, and create a win-win situation.
Responsibility	<ul style="list-style-type: none"> Human resources departments, labor unions.
Resources	<ul style="list-style-type: none"> Organize labor-management meetings Employee benefits expenses
Communication Channels	<ul style="list-style-type: none"> 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 2022, 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 2022, 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.

Percentage of Unionized Employees by 2022

Region		Number of unionized employees	%
Cheng Shin Taiwan		2,400	50.02%
Mainland China	Cheng Shin Kunshan	2,351	81.38%
	Cheng Shin Chongqing	0	0.00%
	Cheng Shin Xiamen	8,078	90.10%

Note: The Chongqing plant does not have a labor union, but it still manages and establishes a complaint channel according to regulations to actively protect the rights and interests of employees.

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:

At Cheng Shin 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 Cheng Shin 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 2022.

Employee Communication Channels

Cheng Shin requires that all operational activities shall be in compliance with relevant laws and regulations. If employees encounter any related issues, they can file a complaint with the Human Resources Department or apply for labor mediation with the local government. In 2022, there were no complaints related to freedom of association, discrimination, child labor, sexual harassment, or other labor conditions and human rights issues in Cheng Shin Taiwan, Kunshan, and Chongqing plants. The complaint channels and mediation events are described as follows:

Complaint Channels - Human Resources Department

Cheng Shin Taiwan:

Complaint hotline: (04)8525151#321

Complaint E-mail: cster@tw.maxxis.com@tw.maxxis.com

Physical complaint mailbox

Cheng Shin China (Cheng Shin Kunshan):

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

Employee feedback platform: http://www.maxxis.cn/wechat/MxFeedback/auth_wechat.asp

Cheng Shin China (Cheng Shin Chongqing):

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.

Cheng Shin China (Cheng Shin Xiamen):

Complaint letters can be mailed to: Audit Division, Xinglin Plant, Attention: Manager Chen.

Complaint E-mail: csttb3@mailil.xcs.com.cn

Local government mediation incidents

Region	Case Type	Case Volume	Description	Corrective Measures
Cheng Shin Taiwan	Penalty Fines	2	Attendance shift setting and wage payment issues	Completed software revision of the personnel information system
	Mediation	1	Employee's request for wage settlement upon termination of labor relationship	To optimize the communication channels between Cheng Shin and its employees, we will continue to promote employee care measures and strengthen the employee suggestion and feedback mechanism in order to create stable and harmonious labor relations.
ChengShinChina	None	0		

3.3 Safe and Healthy Workplace

Item	Cheng Shin Safe and Healthy Workplace Management Approach
Materiality	<ul style="list-style-type: none"> Employees are the most valuable assets of Cheng Shin, and the occupational health and safety of employees is a crucial foundation for the sustainable operation of the employer-employee relationship. The safety of Cheng Shin's employees is our top priority, and promoting employee health and well-being, as well as optimizing the work environment, are ongoing efforts that the Company is dedicated to.
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 (Cheng Shin 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)

The implementation of the Occupational Health and Safety Management System ISO 45001 and CNS 45001 covers various domestic branches. In order to effectively establish and verify the implementation of the Occupational Health and Safety Management System, in October 2015, units were invited to participate in the organizational implementation. The President served as the presiding chair, and each department assigned responsible persons for implementation, forming a task force to collectively drive the initiative. Led by management representatives, the declaration of the establishment of the management system was made to demonstrate the commitment, and the system requirements were integrated into daily management practices to obtain the management system certification.

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 Cheng Shin 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. Cheng Shin China, we have set up an "Environmental Safety and Health Committee", which is similar to the one in Cheng Shin 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.

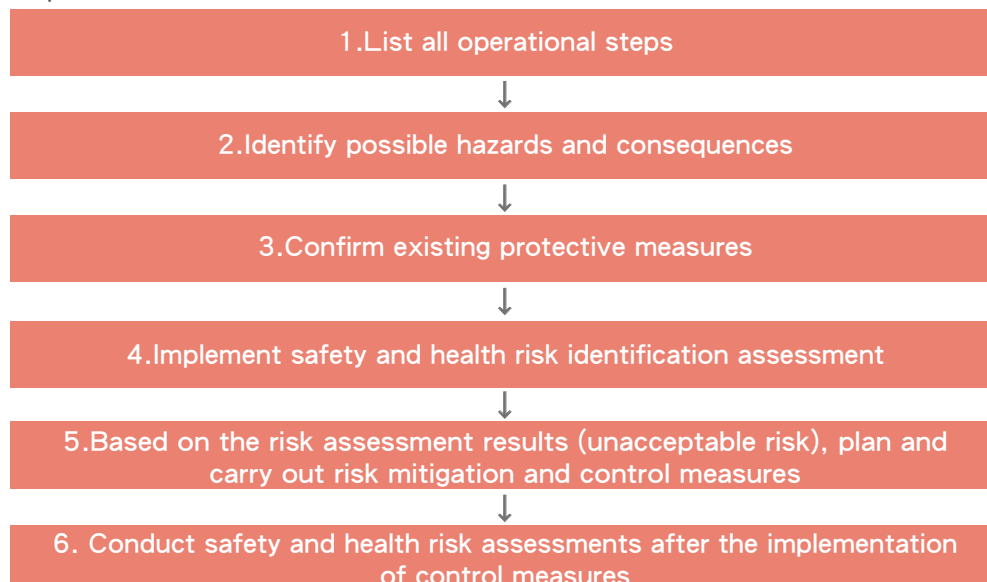
Region	Cheng Shin Taiwan	Cheng Shin China		
		Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen
Name	Occupational Safety and Health Committee	Environmental Safety and Health Committee		
Committee members	30	27	44	288
Labor representatives (note)	21	21	24	167
Ratio of labor representatives	41%	77%	55%	58%

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 2022, 7 occupational accidents occurred in Cheng Shin's Taiwan operations and 34 in Cheng Shin China's 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 2019 to 2021, the Disabling Injury Frequency Rate (FR) for the rubber manufacturing industry is 2.73, 270 for the Disabling Injury Severity Rate (SR), and 0.86 for the Total Injury Index. Cheng Shin's 2022 Disabling Injury Frequency Rate (FR):0.73, Disabling Injury Severity Rate (SR):29, Total Injury Index (TII):0.15, which is far 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 2022

2022	Cheng Shin Taiwan		Cheng Shin China					
			Cheng Shin Kunshan		Cheng Shin Chongqing		Cheng Shin Xiamen	
Total Work Hours	9,701,249.5		9,649,688.4		1,691,933.5		29,411,244.0	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Number of Occupational Accidents Resulting in Work Suspension	6	1	8	2	0	1	19	4
Total	7		10		1		23	
Death	0		0		0		0	
Mortality rate	0		0		0		0	
Recordable	106		25		1		27	
Total Recordable Injury Frequency Rate (TRIFR)	10.92		2.59		0.59		0.92	
Lost Days	341	112	138.79	5.08	0	41	1,570	406.50
Disabling Injury Frequency Rate (FR)	0.73		1.00		0.59		0.78	
Disabling Injury Severity Rate (SR)	29.00		14.90		14.23		67.20	

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. $FR = \frac{\text{number of disabling injuries} \times 1,000,000}{\text{total exposed working hours}}$

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

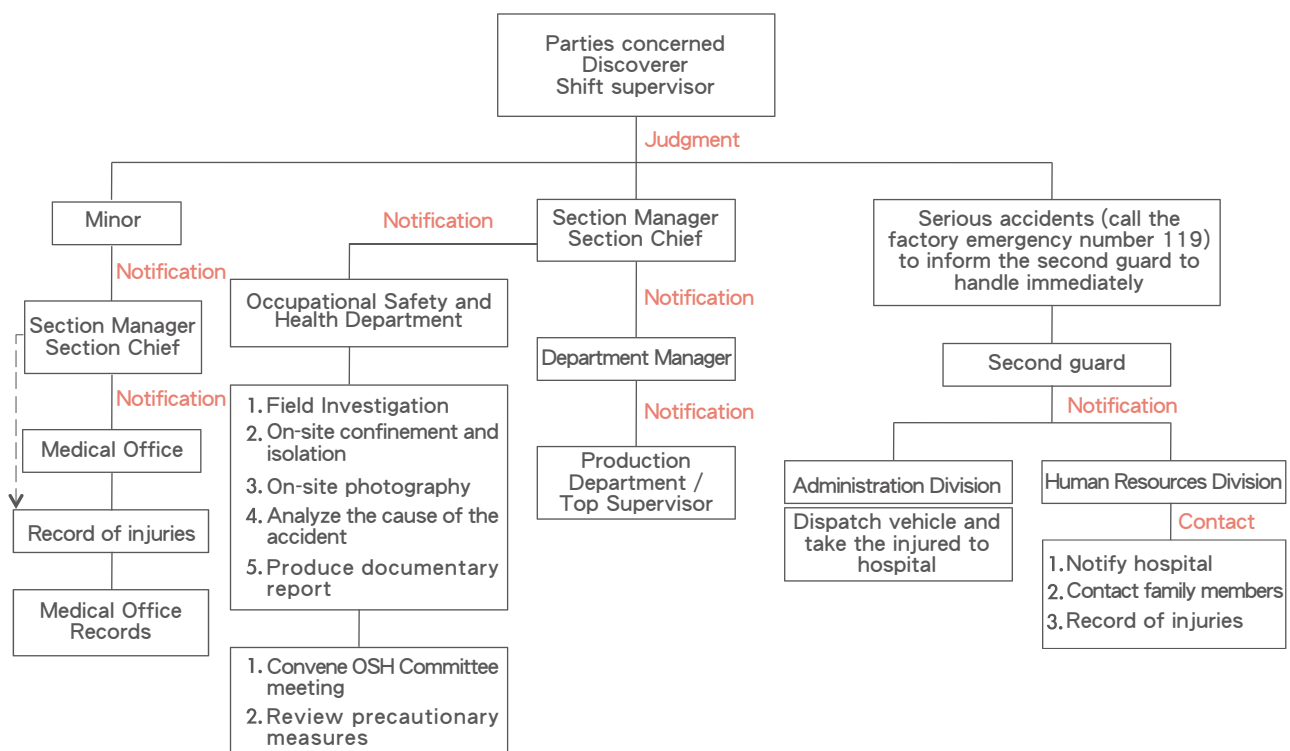
Types of occupational disasters in 2022

Classification	Cheng Shin Taiwan	Cheng Shin China		
		Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen
Clipping, rolling injury	2	4	1	10
Collision/bump injuries	0	1	0	5
Exposure to high and low temperatures	0	0	0	3
Cuts and scrapes	0	0	0	0
Falls	1	2	0	2
Falling objects	1	1	0	1
Flying objects	2	2	0	1
Others	1	0	0	1

Cheng Shin collects data and reports occupational injuries on a monthly basis in 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 2022, 7 work suspension occupational injuries were recorded in Cheng Shin Taiwan and 34 in Cheng Shin China. In 2022, there were no cases of occupational diseases in Cheng Shin Taiwan and Cheng Shin 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 2022 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" actively promoting on-site hazard identification activities. Supervisors, with a caring attitude, pinpoint problematic areas, and those reminded approach the issues with a sense of gratitude, working together to prevent accidents and disasters.

Occupational Safety Education and Training

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

Region	Percentage of completion of general safety and health education for new employees
Cheng Shin Taiwan	100%
Cheng Shin China	100%

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.

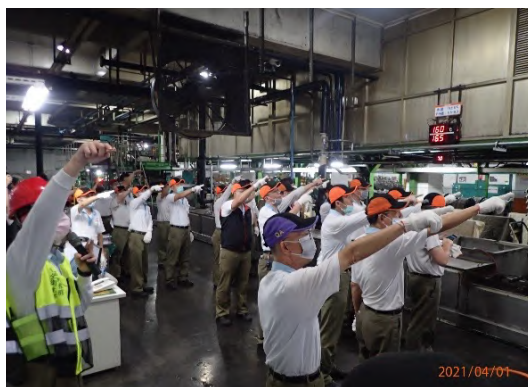
1. Identification call implementation

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.



False Alarm Proposal Form					
Factory Plant:	Department:	Section (Unit):	Time of Occurrence: Year Month Day		
Employee ID:	Name:	Place of Occurrence:			
STOP-6: <input type="checkbox"/> Pinch or roll injury <input type="checkbox"/> Heavy Object Crushing Injury <input type="checkbox"/> Vehicle Collision <input type="checkbox"/> Falling <input type="checkbox"/> Electric Shock <input type="checkbox"/> Contact with High Temperature <input type="checkbox"/> Others					
Cause and Process of False Alarm Incident (Filled according to the SWTH Principle)					
Disposal and improvement: (to be filled in by the responsible supervisor to investigate and improve the root cause)					
Improvement tracking confirmation: (to be filled in by the OSH Department)			Immediate improvement was made on: Month (Date)		
Risk Assessment:			<input type="checkbox"/> To be improved, through: <input type="checkbox"/> Improvement Plan <input type="checkbox"/> Project Improvement		
<input type="checkbox"/> Required			<input type="checkbox"/> Improvement Proposal <input type="checkbox"/> Contact Form <input type="checkbox"/> Repair Form No.		
<input type="checkbox"/> Not Required			<input type="checkbox"/> Others		
Disposal and improvement			Reward Points	Manager	Section Chief
			<input type="checkbox"/> Recognized		
			<input type="checkbox"/> Not Recognized		
Data Retention Period: 1 year					
6159_20201111_2 Cheng Shin Rubber Ind. Co., Ltd. A5 NO.6159					

Department/Unit Safety and Health Inspection Activities

To ensure occupational safety and health, on-site safety and health inspections are led by department managers (or assistant managers) along with section chiefs and designated supervisors. From the perspective of senior management, these inspections identify areas where improvements are needed in on-site safety and health, emphasizing the commitment to enhancing overall safety conditions.



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

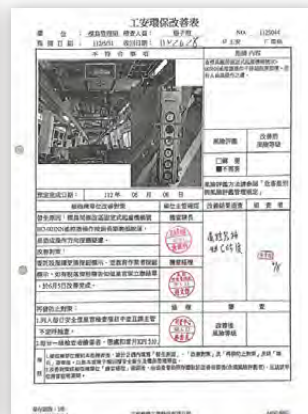


Safety and Health Protective Equipment Standards

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 Occupational 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 Service

In accordance with labor health protection regulations, Cheng Shin has set up occupational health service nurse practitioners and engages specialized doctors on an ad-hoc basis based on the number of employees in each plant. The on-site medical service situation for each plant in 2022 was as follows:

On-site clinical service status by plant in 2022

Factory Plant	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	406
Changhua Zhongzhuang Plant	1 time each month, 3 hours per session	12	52
Plant 3	1 time each quarter, 2 hours per session	4	8
Changhua Xizhou Plant	3 times each month, 3 hours per session	36	336
Douliou Plant 1	1 time each quarter, 2 hours per session	4	28
Douliou Plant 2	1 time each month, 3 hours per session	12	114

Continuous Health Monitoring

In accordance with the Labor Health Protection Rules and Regulations, Cheng Shin arranges for a nearby hospital for each plant to conduct on-site health checkups for its employees at the Company's premises every July. The health checkups are divided into general health checkups (for general employees) and special health checkups (for workers with special health hazards). In 2022, a total of 651 employees working at Cheng Shin Taiwan received special health examinations. Among them, those with abnormal chest X-ray results or significantly elevated indicators for Three Highs (hypertension, hyperglycemia, and hyperlipidemia) were notified for further re-examination. Furthermore, for logistics drivers, Cheng Shin conducts additional annual health checks that include night vision, visual acuity, electrocardiogram, and heart-related functions. This is done 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 2022 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 by Cheng Shin Taiwan)	Ionizing Radiation
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Number of special health checkups in 2022

Region/number of employees		Number of employees receiving health checkups	Number of employees tracked
Cheng Shin Taiwan		651	24
Cheng Shin China	Cheng Shin Kunshan	338	9
	Cheng Shin Chongqing	251	15
	Cheng Shin Xiamen	3,992	148
Total		5,232	196

3.4 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 approach, referencing the labor market supply and demand as well as regional compensation trends. Factors such as job position, education, work experience, seniority, and professional capabilities are taken into consideration for salary adjustments. A reasonable remuneration policy is established, aligned with annual business performance. Additionally, individual performance achievement rates and contributions to the Company's performance are evaluated to determine salary adjustments. Employee salary adjustments and promotions at Cheng Shin are primarily based on job capabilities and performance. Gender does not play a role in determining work bonuses, and there are no gender-based differences. Furthermore, to enhance employee well-being, in addition to regular salaries, the Employee Stock Trust Program was officially launched in October 2022.

The Company continues the practice of recognizing high-performing employees from the previous year and has implemented a comprehensive salary increase for employees. This adjustment has led to an increase of NT\$8 thousand per year in the median salary for employees. Additionally, the average salary saw an increase due to an accounting adjustment related to the recognition system in 2021, accounting for an additional 0.6 months of salary. Excluding this impact, the actual average salary increase for 2022 is around NT\$5,000 dollars per year, aligning with the annual trend observed in the median salary.

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

	Employee Headcount Annualized Average(person)	Employee Salary - Average (NT\$ thousand/person)	Salary - Median (NT\$ thousand/person)
2020	5,861	663	624
2021	5,415	718	650
2022	4,699	696	658

Note: The ratio of the annual total compensation of the highest paid employee salary in 2021 and 2022 to the median annual total compensation of other employees in the organization is 5.73; after adjustment, the ratio is 6.27. The higher increase in the compensation amount for the highest-paid employee in 2022 is due to their separation settlement bonus, which led to a higher growth rate compared to 2021.

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:

Benefits: social insurance, statutory holidays, regular annual health checkups, medical consultation with resident doctors, pensions, employee stock trust dividends, 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. Taking parental leave without pay as an example, in 2022, a total of 79 colleagues from Cheng Shin Taiwan applied for parental leave without pay. The rate of returning to work after the leave was 66.7%. For those who took parental leave in 2021 and returned to work, the retention rate after completing one year of service was 70.4%. 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 2022 was as follows:

Cheng Shin Taiwan

Item	Number of male employees	Number of female employees	Total
The number of eligible employees for parental leave in 2022	325	99	424
The number of employees who applied for unpaid parental leave in 2022	38	41	79
The number of employees expected to return to work after conclusion of unpaid parental leave in 2022 (A)	21	24	45
The number of employees expected to return to work after conclusion of unpaid parental leave and were actually reinstated in 2022 (B)	15	15	30
The number of employees who actually returned to work after unpaid parental leave in 2021 (C)	12	15	27
The number of employees who returned to work after unpaid parental leave in 2021 and remained in the Company's employment after one year in 2022 (D)	9	10	19
Reinstatement from unpaid parental leave%=B/A	71.4%	62.5%	66.7%
Retention rate upon reinstatement from unpaid parental leave%=D/C	75.0%	66.7%	70.4%

Mainland China

Item	Number of male employees			Number of female employees			Total
	Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen	Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen	
The number of eligible employees for parental leave in 2022	36	15	0	46	13	74	184
The number of employees who applied for unpaid parental leave in 2022	36	15	0	46	13	74	184
The number of employees expected to return to work after conclusion of unpaid parental leave in 2022 (A)	36	15	0	28	13	72	164
The number of employees expected to return to work after conclusion of unpaid parental leave and were actually reinstated in 2022 (B)	36	14	0	25	9	61	145
The number of employees who actually returned to work after unpaid parental leave in 2021 (C)	47	13	0	36	10	62	106
The number of employees who returned to work after unpaid parental leave in 2021 and remained in the Company's employment after one year in 2022 (D)	37	11	0	25	7	50	80
Reinstatement from unpaid parental leave%=B/A	100.00%	93.33%	0.00%	89.29%	69.23%	84.72%	91.30%
Retention rate upon reinstatement from unpaid parental leave%=D/C	78.72%	84.62%	0.00%	69.44%	70.00%	80.65%	75.47%

Employee Satisfaction

Cheng Shin regards employee satisfaction surveys as one of the channels for receiving feedback from employees. Regular employee satisfaction surveys are conducted, covering topics such as corporate policies and culture, working environment, education and training, compensation and benefits, and more. In 2022, the questionnaire design in Taiwan continued to focus on identifying areas for improvement. Overall satisfaction has improved by 15.71% compared to last year. According to the survey results, employees generally have a clear understanding of their job scope and responsibilities. They believe that their work contributes to the Company's operations and they have a good understanding of the Company's corporate culture. In 2022, the average employee satisfaction score of Cheng Shin China was 86.0 points. The highest score was in "Company Satisfaction" with a score of 87.5 points. The lowest score was in the area of employee meal improvements, which has been identified as a priority area for improvement and adjustment.

Care for Foreign Migrant Workers

There are 865 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



Bicycle Parking Area



Dormitory Administration Center



Migrant Worker Dormitory Fitness Area

3.5 Career Development and Evaluation

Item	Management Approach
Materiality	<ul style="list-style-type: none"> Cheng Shin actively enhances employees' professional skills and managerial competencies through education, training, and resource development. This is done to consistently embody the spirit of corporate culture, strengthen employee competitiveness, and subsequently pursue a leading position for Cheng Shin in the market and sustainable sectors.
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"> Cheng Shin Taiwan - Continued investment of NT\$630,000 per year. Cheng Shin China - Continued investment of CNY 1.73 million per year.
Communication Channels	<ul style="list-style-type: none"> Employee complaint box/hotline.
Action Plan	<ul style="list-style-type: none"> Training Programs: Orientation Training for New Employees / Job-specific Training / Hierarchy-Based Management Training / Project-based Courses / Self-Development Programs / Educational Advancement. Learning Channels: Lecture Hall-style Learning, Digital Learning, Project Assignments, Interactive Learning, On-the-job Training, and other diverse learning channels. In the Mainland China region, Maxxis University has been established, along with collaborations with nearby higher education institutions. Each year, a program for educational advancement is organized to ensure that employees can grow and learn in a supportive 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. These courses are tailored to different levels of staff to boost their expertise and improve management capabilities. This approach aligns with the company's corporate culture and aims to strengthen employee competitiveness.

(Cheng Shin Taiwan) In 2022, the Company offered 1,954 job-specific courses and 107 routine and project-based courses, totaling 2,061 courses and 37,158 training hours, with an average of 7.75 hours per employee.

(Cheng Shin China) In 2022, a total of 18,942 training sessions were conducted, including 3,116 pre-employment training courses, 4,409 courses based on specific job roles, 10,948 routine courses, 173 courses for different hierarchical levels, and 296 courses in other categories. The total training hours cumulatively amounted to 808,190.7 hours, with an average of 100.18 hours of training per employee.



Training and Education Hours - by Gender

Category	Cheng Shin Taiwan		Cheng Shin China (except for Cheng Shin Xiamen)	
	Male	Female	Male	Female
Total hours of training	26,798	10,360	565,005.9	272,753.5
Average number of hours of training per employee	6.6	13.7	106.1	97.96

Training and Education Hours - by Employee Type

Category	Cheng Shin Taiwan		Cheng Shin China (except for Cheng Shin Xiamen)	
	Supervisor	Non-supervisor	Supervisor	Non-supervisor
Total hours of training	5,415	31,743	108,719.1	729,040.3
Average number of hours of training per employee	6.9	7.9	91.38	105.69

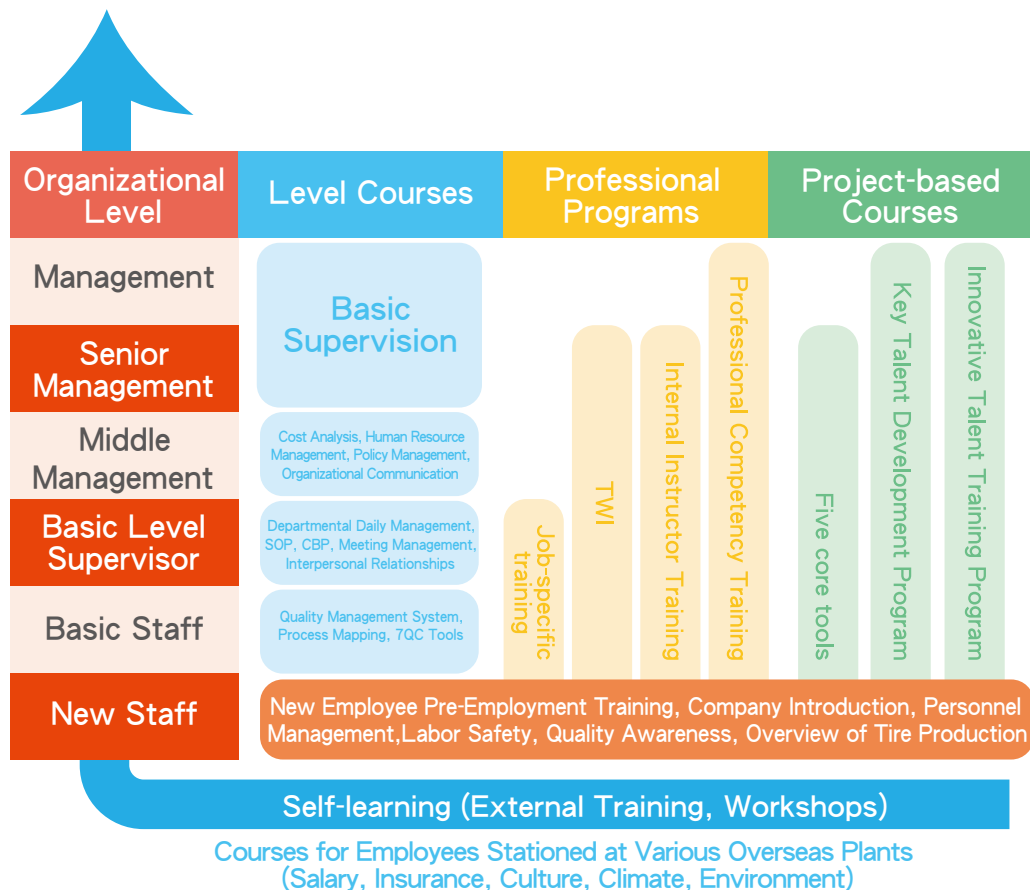
• **New Employee Training** : We provide comprehensive pre-employment training courses for new employees, covering various aspects such as corporate culture, ethical business practices, safety education, quality concepts, and company policies and regulations. These courses enhance employees' understanding of Cheng Shin and help instill a strong sense of quality and safety awareness. 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** : We have tailored specialized courses for different job positions, ensuring that our colleagues receive comprehensive training at every stage of their career. During the initial stages of joining the company, we offer position-specific training based on the knowledge and skills required for each role. Additionally, in fields such as production management, research and development, and quality assurance, we provide professional training to enhance colleagues' expertise, guiding them to focus on their roles, realize their potential, and excel. For employees in specialized technical positions such as maintenance electricians, welders, CNC lathe operators, and others, we have designed special training programs to help them obtain professional certifications, thus ensuring that employees possess the necessary professional skills for their roles. Through internal instructor training and the Training Within Industry for Supervisors (TWI) Program, we cultivate internal instructors who can deliver unit-specific and cross-unit professional courses. This facilitates the transfer and inheritance of intellectual capital within the organization, making them pivotal in the dissemination of knowledge and best practices across 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** : We offer external training subsidies and organize knowledge and lifestyle seminars to provide our colleagues with opportunities to learn diverse subjects beyond their work responsibilities. These initiatives allow our employees to absorb new knowledge while balancing their work commitments. The aim is to encourage self-discovery and personal growth. For instance, we conduct seminars on financial management, stress relief, and practical tax declaration to empower our employees with practical skills and insights.



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 Cheng Shin China, both Cheng ShinKunshan and Cheng Shin Chongqing have collaborated with external professional training institutions to provide employees with opportunities to enhance their knowledge and academic abilities while working. They organize two rounds of educational advancement enrollment activities each year. From 2013 to 2022, a total of 18 sessions of junior college and undergraduate programs have been conducted, offering professional guidance to assist employees in successfully attaining their educational degrees. In Cheng Shin Xiamen, to encourage employees to enhance their overall competency and skills and elevate the educational levels and structure of Cheng Shin's various plants to meet the long-term development needs of the Company, collaborations with nearby higher education institutions have been established. Each year, a program for academic advancement is organized. From 2006 to 2022, this initiative has led to the Company cultivating 1,281 employees with junior college degrees and 686 employees with bachelor's degrees and above.

Maxxis University (Cheng Shin China)

Maxxis University is a training center eponymously named after Cheng Shin's main product brand, aiming to train outstanding technical and management professionals who can create the most value for the 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 Cheng Shin Taiwan and Cheng Shin China, multiple training courses have been conducted to date. Through the integration of theoretical and practical learning, participants are able to internalize their knowledge and apply it effectively in the field when instructing others. In the Mainland China region, around 24 TWI (Training Within Industry for Supervisors) instructors have been trained and deployed within the factory's production lines to ensure consistent quality standards. 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.

Launched the Company's Employee Stock Ownership Trust Program (ESOT)

In order to take care of employee welfare, incentivize exceptional talents, and assist colleagues in achieving long-term savings to ensure stable post-retirement or post-employment life while enhancing employee engagement with the company, on May 11, 2022, the establishment of the "Cheng Shin Rubber Industry Co., Ltd. and Its Subsidiaries Employee Stock Ownership Association" was approved by the Board of Directors. The employee stock ownership program was officially launched in October 2022. Under this plan, employees allocate a fixed amount from their monthly salary, while Cheng Shin also contributes an equivalent amount as a 100% matching contribution. These funds are collectively deposited into a dedicated trust account. The purpose of this initiative is to retain talent, assist employees in accumulating wealth, and plan for their future retirement.

As of December 2022, the number of employees who have joined this ESOT program stood at 50.82%.

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 colleagues with extensive experience are valuable assets. The regular employees of Cheng Shin include those "rehired after retirement". These are employees qualified for retirement under the Labor Standards Act and rehired by Cheng Shin. This practice leverages the practical experience of seasoned colleagues to promote a culture of internal knowledge transfer, preventing a significant loss of experienced personnel and enhancing the capabilities of the middle-aged and senior workforce. 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 2022, the total number of retired employees who were rehired in Cheng Shin Taiwan, Cheng Shin Kunshan and Cheng Shin Chongqing were 251.

Performance Evaluation System

Performance Management and Competency Enhancement

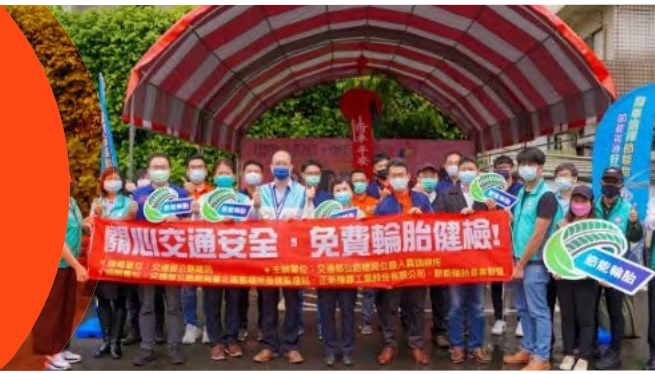
In 2022, 100% of employees in Taiwan and China were subject to performance evaluations.

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.

Part 4

Corporate Social Responsibility for the Betterment of Society



Key Performance

Charitable Donations

- ◆ In 2022, the total amount of charitable donations in Taiwan by Cheng Shin Taiwan reached **NT\$8,846,106**.
- ◆ In 2022, the total amount of charitable donations in China by the Cheng Shin China reached **CNY 736,000**.

Industry-Academia Cooperation

◆ Cheng Shin Taiwan:

Industry-Academia Cooperation in Taiwan As of December 31, 2022, a total of 12 students from Taiwan have participated in overseas internship programs.

◆ Cheng Shin China:

From 2020 to 2022, the Company held 87 "MAXXIS College Tour Recruitment Activities". In 2022, Cheng Shin participated in 12 university job fairs, launched the "University Internship Program" with a total of 79 students interning at the company, and signed an internship cooperation agreement with the School of Management at Xiamen University Tan Kah Kee College.

4.1 Social Harmony and Prosperity

Adhering to the concept of "what is taken from the society is used for the benefit of society", Cheng Shin actively engages in various charitable activities, assisting disadvantaged groups and participating in social welfare initiatives. The Company works to mobilize resources both within and outside the organization, fulfilling its corporate social responsibility. Cheng Shin participates in social welfare through a diversified approach, including "industry-academia collaboration," "educational support," "community outreach," "sports activities," "art and cultural promotion," and more. These efforts reflect the Company's core values of giving back to society, fostering positive forces within Taiwanese society, and addressing important social issues. The Company aims to make a positive impact by caring for local communities, supporting social causes, and assisting disadvantaged and marginalized groups. This approach not only raises awareness about community concerns and the challenges faced by vulnerable populations but also fosters a culture of care for community well-being and inclusivity, contributing to a better and more positive society.

4.2 Annual Investments in Social Engagement and Care

In 2022, Cheng Shin donated NT\$8,846,106 in Taiwan and CNY 736,000 in China, including in-kind donations and cash donations.
(Note: In 2022, due to the COVID-19 pandemic, the Company was unable to sponsor various sports events, which significantly reduced the donation amount)



4.3 Social Engagement and Giving Back to the Community

Amidst the global battle against the COVID-19 pandemic, various events and activities sponsored by Cheng Shin were unfortunately canceled in 2022 to align with government priorities of preventing gatherings and curbing the spread of the virus. Due to these circumstances, several sponsored events had to be postponed and are now expected to resume in 2023. Despite the challenges posed by the pandemic, Cheng Shin remains actively engaged in various social welfare and activities, continuing to make long-term contributions through educational support and community engagement initiatives.

4.3.1 Industry-Academia Cooperation

Cheng Shin Taiwan:

◆ Industry-Academia Collaboration Projects

As the company grows, Cheng Shin spares no effort in giving back to society and nurturing talent. It actively engages in collaborative efforts with higher education institutions through industry-academic partnerships. By integrating academic expertise with the demands of the industry, Cheng Shin has completed numerous industry-academic collaboration research projects, spanning disciplines such as industrial management, computer science, mechanical engineering, and business administration. These initiatives enable students to gain early insights into the job market, strengthening their practical skills needed to align with industry demands and fostering a diverse learning experience. This approach enhances students' future employability and empowers them to make informed career choices.

◆ Internship Collaborations

Cheng Shin offers internship opportunities from multiple universities, providing ambitious young students the chance to learn and grow through practical experiences within the company. During their internships, students collaborate with employees, exchange ideas, and contribute fresh perspectives. Beyond that, interns are encouraged to participate in departmental activities, learn about team dynamics and task assignments, and even present their achievements. These experiences not only cultivate diverse skill sets but also bridge the gap between theory and practice, ultimately enhancing students' competencies and preparing them for the competitive job market. Moreover, Cheng Shin also offers internship opportunities at overseas factories. Since the launch of the program in 2014, a total of 12 students have participated in internships at overseas factory locations in Thailand, Vietnam, and Mainland China by the end of 2022. These overseas internships provide students with the chance to develop workplace skills such as language proficiency, professionalism, work ethics, while also gaining a global perspective.

Cheng Shin also encourages interns to join the Company upon completing their internships or graduating. The Company not only recognizes the internship experience but also offers retention bonuses. As of 2022, a total of 14 interns have transitioned to full-time positions within the Company. This approach not only reduces the job search costs and risks for students but also helps the Company attract suitable and capable talents as valuable team members.

◆ Maxxis Academics Program

To cultivate the talents needed by Cheng Shin, since 2013, the Company has collaborated with the National Yunlin University of Science and Technology to establish the "Maxxis Academics Program." This program aims to realize the vision of giving back to society and to cultivate and attract outstanding students through a cooperative model that benefits Maxxis, the university, and the students, creating a win-win for all. The program's curriculum includes a combination of interdisciplinary courses such as corporate culture, introduction to innovation, and industry practices. It also provides opportunities for workplace internships and corporate visits. Through the training process of internships and hands-on experiences, stu-

dents achieve a "learning by doing" effect, become familiar with the workplace environment, understand corporate practices, and establish a foundation for their future career development. Additionally, the program injects innovative thinking and momentum into Cheng Shin. Outstanding students are even selected to continue their career journey with Cheng Shin after their internship through evaluation and interviews, becoming valuable new additions to the Company. Through a series of talent development processes including lectures, industry-related projects, internships, job placement assistance, we engage in conductive teaching and hone students' practical industry knowledge. We have created a platform for dialogue and exchange between professional instructors and industry experts, fostering long-term collaboration between academia and industry, as well as relationships for off-campus internships. This approach aims to achieve a "Practical and One-stop" Talent Development Program that is both practical and applicable to their career development. A total of 42 students participated from 2013 to 2022.



Cheng Shin China:

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. From 2015 to 2022, Cheng Shin Kunshan organized two rounds of "MAXXIS University Roadshow" events, successfully inviting 30 higher education institutions that are closely aligned with Cheng Shin's development to engage in profound interactions and exchanges.
2. From 2020 to 2022, Cheng Shin Kunshan went into university campuses and launched the "MAXXIS College Tour Recruitment Activities", participating in a total of 87 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. In 2022, as part of the ongoing efforts, Cheng Shin Kunshan expanded its "University Internship Program" by adding two new universities, Changzhou Vocational Institute of Textile and Garment and Xuzhou College of Industrial Technology. A total of 79 interns participated in the program, and a special training program called "New Seed Class" was organized to provide focused development opportunities for interns, enhancing their professional skills through practical work experiences. Regular intern interviews and team-building activities were also conducted to provide guidance and support, showing care for the interns' work and living needs. This initiative aimed to establish a new collaboration model between Cheng Shin Kunshan and partner universities.
4. In 2022, Cheng Shin Xiamen participated in a total of 12 university career fairs and signed an internship cooperation agreement with the School of Management at Xiamen University Tan Kah Kee College. The collaboration agreement spans a period of 3 years, during which Cheng Shin Xiamen will periodically offer relevant job opportunities to the university.

4. In 2022, Cheng Shin Xiamen participated in a total of 12 university career fairs and signed an internship cooperation agreement with the School of Management at Xiamen University Tan Kah Kee College. The collaboration agreement spans a period of 3 years, during which Cheng Shin Xiamen will periodically offer relevant job opportunities to the university.



2022 Internship Teambuilding Activities

4.3.2 Promotion of Arts and Culture

Sponsoring Hu Sheng Music Center

Hu Sheng, who is recognized by the music industry as the world's leading ethnic Chinese saxophonist, regularly performs his saxophone and other wind instruments on Fridays and Saturdays at the Miramar Entertainment Park in Taipei City, Taiwan. Cheng Shin is supporting domestic musicians by sponsoring in-kind materials (approximately NT\$20,000 in merchandise) in the hope that he can contribute to Taiwan's music industry as a whole.



Sponsorship of the Yuanlin Senior High School Wind Ensemble's 72nd Achievement Presentation

On July 17, 2022, the Yuanlin Senior High School Wind Ensemble held their 72nd presentation at the Yuanlin Performing Arts Center in Changhua. The theme of this presentation was "Yue Lao," symbolizing the strong connections among the members due to their shared passion for wind ensemble music, which tightly binds them together in solidarity. In support of the Yuanlin Senior High School Wind Ensemble, Cheng Shin sponsored the venue fee of NT\$8,000 for their achievement performance, in the hope that the development of orchestral music in the region will reach another new milestone.



4.3.3 Educational Support

Cheng Shin Taiwan

The total amount of educational support in Taiwan includes in-kind donations and cash, totaling approximately NT\$1,508,849, with an estimated number of beneficiaries of more than 800 teachers and students.

Sponsoring Scholarships for Elementary Schools

Since 2012, we have been sponsoring elementary school scholarships and grants for more than 10 elementary and junior high schools, including Huanan Elementary School and Dacun Elementary School, benefiting over 10 elementary and middle schools. Through these tangible efforts, Cheng Shin aims to accompany the growth of young students, assisting them in focusing on their studies while also rewarding outstanding scholars. The company hopes to contribute to the brighter and promising future of both the children and the nation.



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.



Sponsoring the Dacun Junior High School Cycling Team

With the support of the Changhua County Government, the Dacun Junior High School Cycling Team was officially established in 2022. Currently, the team consists of 7 cyclists and is also the first school in Changhua County to establish a cycling program. Cheng Shin is providing the team with a set of training and competition tires and equipment, demonstrating its commitment to actively supporting the school's cycling endeavors.



Cheng Shin China

Supporting Educational Development

(1) Volunteer Classroom

Cheng Shin actively participates in after-school extended services at local elementary schools in the community. As part of this initiative, Cheng Shin provides students with snacks such as bread and milk. Additionally, the Company hires professional trainers to offer extracurricular art classes for the children, providing them with creative opportunities beyond regular curriculum.



(2) Scholarships for Colleges and Universities
Cheng Shin supports the development of educational institutions by donating scholarships to different colleges. The company contributed CNY 50,000 to the School of Engineering at Honghe University and 30,000 RMB to the School of Mechanical and Electrical Engineering at North Minzu University. These donations aim to assist students in pursuing their education and academic goals.



(3) Hosting Student Study Groups

The Cheng Shin International Automobile Culture Center Tire Museum hosted 1,647 student study groups.

4.3.4 Giving Back to the Community

Cheng Shin Taiwan

Streetlight Pledging Activity

Since 2013, Cheng Shin has been actively participating in community improvement by adopting and maintaining 28 streetlights in Douliou City and 50 streetlights in Xizhou Township annually. This initiative not only brightens up the nights in these areas but also enhances nighttime road safety, contributing to improved public safety and traffic conditions.



Adoption of airport luggage trolleys from 2019 onwards

Cheng Shin has undertaken the adoption and maintenance of luggage trolleys at various major airports and seaports across the country. This initiative includes airports such as Taipei Songshan International Airport (1,000 carts), Kaohsiung International Airport (1,000 carts), Kinmen Airport, Lienchiang County Port Bureau (200 carts), Nangan Airport (100 carts), and Penghu Magong Port (200 carts). In addition to donating new trolleys, Maxxis also regularly replaces old carts to ensure the quality and quantity of the carts. This effort aims to provide the best companionship for both domestic and international travelers on their business and leisure journeys. Since 2019, we have continuously adopted airport luggage trolleys, totaling more than 2,500 trolleys, valued at NT\$25,000,000.



Employee Blood Donation Drives

Cheng Shin organized two blood donation drives in 2022, with a total of 86 employees participating and donating their blood. These efforts resulted in the collection of 143 bags of blood. Cheng Shin is committed to continuing these blood donation activities in the future, aiming to inspire more individuals to contribute their compassion through practical actions.



Maxxis Store - Jianqiang Tire Blood Donation Drive

Maxxis Store (Jianqiang Tire) held annual blood donation drive events in Yuanlin City, inviting Maxxis to participate together. In 2022, four blood donation events were organized, with an estimated 150 blood bags collected at each event. Through these practical actions, we turn compassion into life-saving contributions of blood.



Maxxis X Sansheng Temple Joint Blood Donation Drive

The joint blood donation event organized by Yuanlin Sansheng Temple and Maxxis invited the public to roll up their sleeves and donate blood. To expand the impact of the event, they collaborated with local communities to unite more local forces and promote community well-being. They successfully collected a total of 122 bags of blood, contributing to the blood banks in the central and southern regions, which were facing low blood inventory.



Mitsubishi Motors Taiwan & Maxxis Jointly Launch the "Safety for Children: Tire Health Check" service.

In 2022, Mitsubishi Motors Taiwan and Maxxis collaborated on a charitable initiative. Mitsubishi Motors Taiwan launched the "Safety for Children: Tire Health Check" service, and Maxxis joined the campaign in kind. They welcomed public welfare vehicles from children's social organizations across Taiwan to their facilities for maintenance. These vehicles were eligible for free health check and maintenance services. Maxxis tires, known for their safety, energy efficiency, and excellent quality, protected every mile of the journey for vulnerable children and the social workers who transport them.



Charity Lunch Boxes

Cheng Shin provides more than 140 free lunch boxes every day and more than 36,400 every year, valued at NT\$2,184,000. The local village leaders and borough chiefs personally deliver these meals to residents in need, including the elderly living alone, those with limited mobility, and individuals with moderate means or low incomes. This heartwarming effort brings sustenance and warmth to every corner of the community, aiming to make society a warmer and more compassionate place with our modest contributions.



The Training Institute - Tire Safety Inspection Activity

Maxxis, in collaboration with the Energy-Saving Tire Alliance and the Banqiao Motor Vehicle Station, has joined hands to organize a tire safety inspection event. The event took place at the Training Institute, Directorate General of Highways, MOTC. Free tire inspection services were provided, including checks on tire appearance, tread depth, and tire pressure. Additionally, there were demonstrations of riding on energy-saving tires and activities promoting traffic safety. The event aimed to enhance traffic safety from a citizen-oriented perspective, showcase the professionalism of the Training Institute, and contribute to ensuring traffic safety.



Sponsoring Senior Canteens

Maxxis sponsors the "Seniors Canteen" initiative promoted by Douliou City Office every month. In 2022, a total sponsorship of NT\$126,000 was accumulated, providing meals for 53 seniors, including those with mobility difficulties. This sponsorship aims to enhance the proper care of the elderly, allowing them to enjoy nutritious and healthy meals together in the community. It encourages seniors to step out of their homes and participate in community activities, fostering interaction among the elderly and promoting their overall well-being.



Cheng Shin China

Care for Families in Distress

During the Lunar New Year, we visited families in need in the neighboring community to carry out care activities.



Appreciation Activity for Healthcare Workers

(1) In appreciation of the hard work of healthcare workers during the COVID-19 pandemic, Cheng Shin donated 380 fitness cards to all healthcare workers of Kunshan No. 4 People's Hospital.



(2) Donation of Maxxis Bluetooth speakers to healthcare workers from other regions assisting Kunshan.

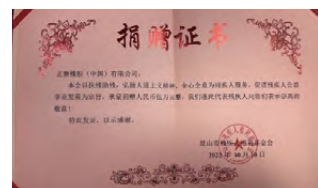


(3) Donated CNY 100,000 to Zhangzhou Gangwei Health Center.

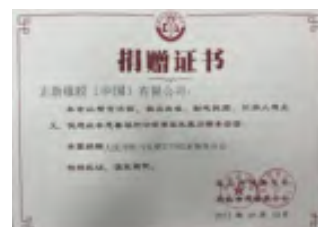


Care for Special Groups

(1) Participation in public welfare programs to help the disabled
Donated CNY 50,000 to the Kunshan Disabled Persons Welfare Foundation to care for special groups.



(2) Participate in the public welfare medical assistance program
Donated CNY 50,000 to the Lujia Charity Branch's medical assistance program to care for the sick.



Blood Donation Drive

Cheng Shin Xiamen Blood Donation Program

Xiamen Cheng Hsin Blood Donation Drive was held on July 26-28, 2022, with a total of 91 people successfully donating a total of 27,600 ml of blood.



Farming Assistance Activities

Providing assistance to farmers

In November 2022, the government of Jimei District, Xiamen City launched the 2022 Jimei District Chinese Farmers' Harvest Festival. This event was simultaneously announced on the official WeChat public account of Cheng Shin and through internal emails within Cheng Shin Xiamen, assisting the local government in promoting their agricultural products for sale within the Cheng Shin Group and its distribution network.

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发表于福建



足不出户 美味到家

迎瑞冬，庆丰收。作为1989年进入大陆市场、并首先在厦门市集美区扎根的正新轮胎，了解到人杰地灵的当地有非常多的美味的农产品。

恰逢厦门市集美区政府开展2022年集美区中国农民丰收节系列活动，同步有在线上开设助农直播专场活动。正新希望能将当地的美味农产品分享给大家，让大

4.3.5 Sports Activities

In Taiwan, 25 cycling events were held in 2022, with a sponsorship amount of NT\$3,429,669 and an estimated number of over 30,000 participants.

Changhua Classic 100K

Cheng Shin sponsored the "2022 Merida Changhua Classic 100K" long-distance cycling self-challenge event, held on April 9th, 2022. The event took place at the THSR Changhua Station in Tianzhong, Changhua. The cycling route spanned over several towns across Changhua and Nantou counties, covering a total distance of approximately 107 kilometers. Participants were required to complete the ride within 5.5 hours, making it a highly challenging endeavor.



FTL Team Bike Riding Event

Sponsored by Maxxis, the FTL event with the theme of "武" (Wu) symbolizes an indomitable spirit, representing a resilient attitude in the face of challenges. The event encompasses the final climbing segment of the designated cycling route - County Road 150, where participants are invited to engage in a friendly competition for the title of "King of the Mountain." The event concluded at the historic Beitian Temple, providing participants the opportunity to experience the scenic beauty and the joy of overcoming challenges through a day of cycling.



Appendix: GRI Index

Statement of Use: Cheng Shin Rubber Industry Co., Ltd. has followed the GRI Standards for reporting for the period January 1, 2022 to December 31, 2022

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI industry standards: At the time of this report, there were no applicable GRI industry standards.

GRI Standards	Disclosure Items	Page	Section	Supplementary Notes
General Disclosures				
Material Topics	2-1 Organizational details	5	1.2 About Cheng Shin	
	2-2 Entities included in the organization's sustainability reporting	3	About This Report	Please refer to the Company's consolidated financial statements for details.
	2-3 Reporting period, frequency and contact point	3	About This Report	
	2-4 Restatements of information	28	1.6.2 Governance Level Performance Evaluation and Remuneration System	Misreporting of training hours for integrity management (Anti-corruption, Anti-bribery, and Employee Code of Conduct) over the years
	2-5 External assurance			No external guarantees/assurance were carried out during the year
	2-6 Activities, value chain and other business relationships	32~49	1.8 Safe and Reliable Cheng Shin Tire 1.9 Supply Chain Partners, Growing with Cheng Shin 1.10 Protecting Customer Privacy	
	2-7 Employees	71	3.1 Employee Care Policy	
	2-8 Workers who are not employees	71	3.1 Employee Care Policy	
	2-9 Governance structure and composition	22	1.6 Corporate Governance	
	2-10 Nomination and selection of the highest governance body	23	1.6 Corporate Governance	
	2-11 Chair of the highest governance body	23	1.6 Corporate Governance	
	2-12 Role of the highest governance body in overseeing the management of impacts	27	1.7 Risk Management	
	2-13 Delegation of responsibility for managing impacts	27~31	1.7 Risk Management	
	2-15 Conflicts of interest	25 26	1.6.3 Integrity and Anti-Corruption	
	2-16 Communication of critical concerns	11~13	1.3 Stakeholder Engagement	
		18~21	1.5 Identification of Material Topics	
		23	1.6 Corporate Governance	
	2-17 Collective knowledge of highest governance body	24	1.6 Corporate Governance	
	2-18 Evaluating the highest governance body's performance	24	1.6 Corporate Governance	
	2-19 Remuneration policies	24	1.6 Corporate Governance	
	2-20 Process for determining remuneration	24	1.6 Corporate Governance	
	2-21 Annual total compensation ratio	24	1.6 Corporate Governance	
	2-22 Statement on sustainable development strategy	4 13~17	Message from the Chairman 1.4 Sustainable Cheng Shin	

GRI Standards	Disclosure Items	Page	Section	Supplementary Notes
General Disclosures	2-23 Policy/Commitment	40~42 78~80	1.9.2 Supply Chain Management Policies of Cheng Shin 3.2 Human Rights Policy and Labor-Management Relations	
	2-24 Embedding policy commitments	40~42 78~80	1.9.2 Supply Chain Management Policies of Cheng Shin 3.2 Human Rights Policy and Labor-Management Relations	
	2-25 Processes to remediate negative impacts	18~21	1.5 Identification Process for Material Topics	
	2-26 Mechanisms for seeking advice and raising concerns	18~212	1.5 Identification Process for Material Topics	
	2-27 Compliance with laws and regulations	5 70	1.6.3 Integrity and Anti-Corruption 2.7 Compliance with Environmental Regulations	
	2-28 Membership of associations	10	1.2 About Cheng Shin	
	2-29 Approach to stakeholder engagement	11~13 19~21	1.3 Stakeholder Engagement 1.5 Identification of Material Topics	
Business Performance				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18~21	1.5 Identification of Material Topics	
GRI 201: Economic Performance 2016	GRI 201-1 Direct economic value generated and distributed	5 9	1.2 About Cheng Shin	
	201-4 Financial assistance received from government	9	1.2 About Cheng Shin	
Anti-Corruption				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 2: General Disclosures	GRI 2-27 Compliance with laws and regulations	25	1.6.3 Integrity and Anti-Corruption	
Sewage and waste				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18~21	1.5 Identification of Material Topics	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	68 69	2.5 Waste Management, Recycling and Reuse	
	306-3 Waste generated	68 69	2.5 Waste Management, Recycling and Reuse	
	306-4 Waste diverted from disposal	68 69	2.5 Waste Management, Recycling and Reuse	
	306-5 Waste directed to disposal	68 69	2.5 Waste Management, Recycling and Reuse	
Customer Privacy				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	

GRI Standards	Disclosure Items	Page	Section	Supplementary Notes
GRI 418: Customer Privacy 2016	418-1 : Substantiated complaints concerning breaches of customer privacy and losses of customer data	44	1.10 Protecting Customer Privacy	No such event occurred during the period covered by this report.
Marketing and Labeling				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	36~38	1.8.2 Clear Product Labeling	
	417-2 Incidents of non-compliance concerning product and service information and labeling			No such event occurred during the period covered by this report.
Customer Health and Safety				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	50		
	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 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	81	3.3 Safe and Healthy Workplace	
	403-2 Hazard identification, risk assessment, and incident investigation	82 83	3.3 Safe and Healthy Workplace	
	403-3 Occupational health services	87 88	3.3 Safe and Healthy Workplace	
	403-4 Worker participation, consultation, and communication on occupational health and safety	82	3.3 Safe and Healthy Workplace	
	403-5 Worker training on occupational health and safety	85~87	3.3 Safe and Healthy Workplace	
	403-6 Promotion of worker health	87 88	3.3 Safe and Healthy Workplace	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81 82	3.3 Safe and Healthy Workplace	
	403-8 Workers covered by an occupational health and safety management system	81 82	3.3 Safe and Healthy Workplace	
	403-9 Work-related injuries	83	3.3 Safe and Healthy Workplace	
	403-10 Work-related ill health		3.3 Safe and Healthy Workplace	
Employment Relationship				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	

GRI Standards	Disclosure Items	Page	Section	Supplementary Notes
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 401: Employer-employee relationship 2016	401-1 New Employees & Separated Employees	76 77	3.1 Employee Care Policy	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	89~92	3.4 Employee Benefits and Care	
	401-3 Parental leave	91	3.4 Employee Benefits and Care	
Training and Education				
GRI 3: Material topics 2021	3-1 Process to determine material topics	18~21	1.5 Identification of Material Topics	
	3-2 List of material topics	18~21	1.5 Identification of Material Topics	
	3-3 Evaluation of the management approach	18 19	1.5 Identification of Material Topics	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	94	3.5 Career Development and Evaluation	
	404-2 Programs for upgrading employee skills and transition assistance programs	94~96	3.5 Career Development and Evaluation	
	404-3 Percentage of employees receiving regular performance and career development reviews	94	3.5 Career Development and Evaluation	
Other Topics				
GRI 200: Economic				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	39	1.9.1 Cheng Shin's Partners	
GRI 300: Environment				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	58	2.3.1 Resource Management	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	59	2.3 Energy Resources and Greenhouse Gas Management	
	302-3 Energy intensity	60	2.3 Energy Resources and Greenhouse Gas Management	
	302-4 Reduction of energy consumption	60	2.3 Energy Resources and Greenhouse Gas Management	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	64	2.4 Water Resources Management	
	303-2 Management of water discharge-related impacts	64	2.4 Water Resources Management	
	303-3 Water withdrawal	64	2.4 Water Resources Management	
	303-4 Water discharge	65	2.4 Water Resources Management	
	303-5 Water consumption	66	2.4 Water Resources Management	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	61	2.3 Energy Resources and Greenhouse Gas Management	
	305-2 Energy indirect (Scope 2) GHG emissions	61	2.3 Energy Resources and Greenhouse Gas Management	
	305-4 GHG emissions intensity	63	2.3.5 Climate-related Information	
	305-5 Reduction of GHG emissions	60	2.3.3 Energy Conservation and Carbon Reduction Measures	

GRI Standards	Disclosure Items	Page	Section	Supplementary Notes
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	70	2.6 Air Pollution Prevention	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	40 41	1.9 Supply Chain Partners, Growing with Cheng Shin	
	308-2 Negative environmental impacts in the supply chain and actions taken	42	1.9 Supply Chain Partners, Growing with Cheng Shin	
GRI 400: Social-Employees				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	79	3.2 Human Rights Policy and Labor-Management Relations	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	71~75	3.1 Employee Care Policy	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	80	3.2 Human Rights Policy and Labor-Management Relations	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	80	3.2 Human Rights Policy and Labor-Management Relations	No operations and suppliers with significant risks 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	80	3.2 Human Rights Policy and Labor-Management Relations	No operations and suppliers with significant risks 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	12	1.3 Stakeholder Engagement	
		57	2.2 Environmental Management	

SASB Index

Topics	Indicator	Value	Corresponding Chapter	Type	Code
Energy Management	(1) Total energy consumed (GJ)	(1) 1,481,816	2.3.2 Energy Management	Quantified	TR-AP-130a.1
	(2) Percentage grid electricity (%)	(2) 97.5%			
	(3) Percentage renewable (%)	(3) 2.5%			
Percentage of waste	(1) Total amount of waste from manufacturing (t)	(1) 2992.84 tons	2.5 Waste Management, Recycling and Reuse	Quantified	TR-AP-150a.1
	(2) Percentage hazardous (%)	(2) 0.04%			
	(3) Percentage recycled(%) (Note 2)	(3) 87.59%			
Product Safety	Number of recalls issued, Total units recalled (Note 3)	0	No such event occurred during the period covered by this report.	Quantified	TR-AP-250a.1
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Can increase revenue from fuel efficiency products: NT\$1,739,663		Quantified	TR-AP-410a.1
Raw Material Procurement	Description of the management of risks associated with the use of critical materials		1.9 Supply Chain Partners, Growing with Cheng Shin	Quantified	TR-AP-440a.1
Materials Efficiency	Percentage of products sold that are recyclable	100% The products manufactured by our company are tire products, primarily using raw materials such as natural rubber, synthetic rubber, carbon black, and steel wires. After tire usage, they can be directly converted into energy through fuel conversion or transformed into other reusable resources using various technologies.		Quantified	TR-AP-440b.1
	Percentage of input materials from recycled or remanufactured content (%) (Note 4)	0.058%		Quantified	TR-AP-440b.2
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (note 5)	NT\$ 0	No such event occurred during the period covered by this report.	Quantified	TR-AP-520a.1
Number of parts produced	Number of tires produced of each tire type	Radial car tires: 5,210,369 Radial truck tires: 160,119 Motorcycle tires: 4,660,652 Bicycle tires: 8,436,338 Inner tubes: 3,970,632 Other tires: 2,747,769		Quantified	TR-AP-000.A
Weight of produced parts (t)	Total weight of tires produced of each tire type Unit: tons	Radial truck tires: 160,119 Motorcycle tires: 4,660,652 Bicycle tires: 8,436,338 Inner tubes: 3,970,632 Other tires: 2,747,769		Quantified	TR-AP-000.B
Manufacturing plant area (sqm)	Based on the area of the factory as stated in the Factory Registration Certificate.	300,029.86 sqm		Quantified	TR-AP-000.C

Note 1: SASB indicators are primarily translated from the "Sustainability Accounting Standards - AUTO PARTS, 2018," including the "Sustainability Disclosure Topics & Accounting Metrics," which was published in 2018.

Note 2: Entities should disclose the legal or regulatory frameworks used to define hazardous waste, as well as the quantity of waste defined according to each applicable framework.

Note 3: Disclosure should include discussions on major recalls, such as those impacting a large number of vehicles, multiple vehicle models, or recalls related to severe injuries or fatalities.

Note 4: Entities should describe their initiatives for obtaining scrap products and components for remanufacturing, including product recycling programs.

Note 5: Entities should provide a brief description of the nature, background, and any corrective actions taken due to monetary losses.

Note 6: This SASB Index only discloses information related to Cheng Shin's operations in Taiwan.

