

# Part 3

## 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.



Changhua County Outstanding  
Manufacturer Award for Hiring Persons  
with Disabilities Exceeding Legal  
Requirements

### 3.1 Cheng Shin Partners

Cheng Shin is a renowned global tire manufacturing company with flourishing overseas operations. While maintaining a strong presence in Taiwan, the Company employs nearly 4,400 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.

Cheng Shin recruits and hires talent regardless of race, gender, age, religion, nationality or political affiliations. By the end of 2023, the total number of employees in Cheng Shin's Taiwan region was 4,406 employees, of which 9 are directors who are not employees, with a female-to-male ratio of 1:5.4. In the Kunshan and Chongqing plants in Mainland China, there were 3,726 employees, with a female-to-male ratio of 1:2.35; and 8,408 in Xiamen, China, with a female-to-male ratio of 1:3.0. There is no significant fluctuation in the number of full-time employees. 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 99% of the total workforce, while non-regular employees consist of dispatched workers or outsourced personnel (security guards). There is no significant change in these numbers.

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, it aims to recruit talents and create a multicultural environment and takes local employment and feedback as the principle.

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>.

## Employee Overview 2023

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	3,715	691	1,937	976	5,691	2,706
Non-regular Employees (Note)	20	0	678	135	5	6
Non-regular Employees work hours (hours)	69,120	0	184,753	39,221	13	0
Subtotal	3,735	691	2,615	1,111	5,696	2,712
Total	4,426		3,726		8,408	

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							
Region	Sub-Region	Gender	Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
			Mainland China	Cheng Shin Taiwan	Female	1	15
Male	20	565			153	738	97.49%
Subtotal	21	580			156	757	100.00%
%	2.77%	76.62%			20.61%	100.00%	
Cheng Shin Kunshan	Female	0		36	2	38	7.92%
	Male	8		402	32	442	92.08%
	Subtotal	8		438	34	480	100.00%
	%	1.67%		91.25%	7.08%	100.00%	
Cheng Shin Chongqing	Female	2		21	0	23	23.00%
	Male	5		71	1	77	77.00%
	Subtotal	7		92	1	100	100.00%
	%	7.00%		92.00%	1.00%	100.00%	
Cheng Shin Xiamen	Female	3	89	2	94	7.79%	
	Male	6	810	296	1,112	92.21%	
	Subtotal	9	899	298	1,206	100.00%	
	%	0.75%	74.54%	12.26%	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	672	691	15.68%	
		Male	738	2,977	3,715	84.32%	
		Subtotal	757	3,649	4,406	100.00%	
	%	17.18%	82.82%	100.00%			
Mainland China	Cheng Shin Kunshan			Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	38	696	734	24.30%
			Male	442	1,844	2,286	75.70%
			Subtotal	480	2,540	3,020	100.00%
		%	15.89%	84.11%	100.00%		
	Cheng Shin Chongqing			Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	23	354	377	53.40%
			Male	77	252	329	46.60%
			Subtotal	100	606	706	100.00%
		%	14.16%	85.84%	100.00%		
	Cheng Shin Xiamen			Supervisor	Non-supervisor	Subtotal	%
		Gender	Female	94	2,618	2,712	32.25%
Male			1,112	4,584	5,696	67.75%	
Subtotal			1,206	7,202	8,408	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	Super-visor	21	580	156	757	17.18%	
		Non-su-pervisor	628	2,621	400	3,649	82.82%	
		Subtotal	649	3,201	556	4,406	100.00%	
		%	14.73%	72.65%	12.62%	100.00%		
Mainland China	Cheng Shin Kunshan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Super-visor	8	438	34	480	15.89%
			Non-su-pervisor	890	1,605	45	2,540	84.11%
			Subtotal	898	2,043	79	3,020	100.00%
			%	29.74%	67.65%	2.62%	100.00%	
	Cheng Shin Chongqing			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Super-visor	7	92	1	100	14.16%
			Non-su-pervisor	122	483	1	606	85.84%
			Subtotal	129	575	2	706	100.00%
			%	18.27%	81.44%	0.28%	100.00%	
	Cheng Shin Xiamen			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Job Grade	Super-visor	11	941	249	1,201	14.28%
Non-su-pervisor			833	5,565	809	7,207	85.72%	
Subtotal			844	6,506	1,058	8,408	100.00%	
		%	10.04%	77.38%	12.58%	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
	Total	Weighted by level of disability		
2023	56	57	728	10

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

Cheng Shin won the Changhua County 2023 Outstanding Supplier Award for Outstanding Employment of Persons with Disabilities, providing employment opportunities for people with disabilities, creating a friendly workplace environment, and fulfilling its corporate social responsibility.

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	56	249	207	179	691	15.68%	
		Male	6	386	1,319	1,093	911	3,715	84.32%	
		Subtotal	6	442	1,568	1,300	1,090	4,406	100.00%	
		%	0.13%	10.03%	35.59%	29.51%	24.74%	100.00%		
Mainland China	Cheng Shin Kunshan		Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%	
		Gender	Female	0	1	321	408	4	734	24.30%
			Male	0	0	884	1,374	28	2,286	75.70%
			Subtotal	0	1	1,205	1,782	32	3,020	100.00%
			%	0.00%	0.03%	39.90%	59.01%	1.06%	100.00%	
Mainland China	Cheng Shin Chongqing		Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%	
		Gender	Female	0	0	53	162	162	377	53.40%
			Male	0	0	121	124	84	329	46.60%
			Subtotal	0	0	174	286	246	706	100.00%
			%	0.00%	0.00%	24.65%	40.51%	34.84%	100.00%	
Mainland China	Cheng Shin Xiamen		Ph.D.	Master's Degree	Bachelor's Degree	High School	High School and Below	Subtotal	%	
		Gender	Female	0	3	761	242	1,706	2,712	32.25%
			Male	1	10	1,699	840	3,145	5,696	67.75%
			Subtotal	1	13	2,460	1,082	4,851	8,408	100.00%
			%	0.01%	0.16%	29.26%	12.87%	57.70%	100.00%	

## New Employees & Separated Employees

The percentage of new employees in Cheng Shin Taiwan was 3.7% and the percentage of separated employees was 12.0% based on the total number of employees at the end of 2023; in Mainland China, the percentage of new employees was 57.8% and the percentage of separated employees was 62.22% based on the total number of employees at the end of 2023. 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 2023 (Number)

Number of new employees							
Region	Sub-Region	Gender	Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
Cheng Shin Taiwan		Female	14	7	2	23	14.20%
		Male	85	53	1	139	85.80%
		Subtotal	99	60	3	162	100.00%
		%	61.11%	37.04%	1.85%	100.00%	
Mainland China	Cheng Shin Kunshan	Female	184	252	0	436	12.70%
		Male	1,705	1,291	0	2,996	87.30%
		Subtotal	1,889	1,543	0	3,432	100.00%
		%	55.04%	44.96%	0.00%	100.00%	
	Cheng Shin Chongqing	Female	14	27	0	41	41.00%
		Male	34	25	0	59	59.00%
		Subtotal	48	52	0	100	100.00%
		%	48.00%	52.00%	0.00%	100.00%	
	Cheng Shin Xiamen	Female	277	561	114	952	27.27%
		Male	985	1,513	41	2,539	72.73%
		Subtotal	1,262	2,074	155	3,491	100.00%
		%	36.15%	59.41%	4.44%	100.00%	

## Number of separated employees in 2023 (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	18	48	16	82	15.47%	
		Male	110	312	26	448	84.53%	
		Subtotal	128	360	42	530	100.00%	
	%	24.15%	67.93%	7.92%	100.00%			
Mainland China	Cheng Shin Kunshan		Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
		Gender	Female	183	276	3	462	14.01%
			Male	1,497	1,337	2	2,836	85.99%
			Subtotal	1,680	1,613	5	3,298	100.00%
		%	50.94%	48.91%	0.15%	100.00%		
	Cheng Shin Chongqing		Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
		Gender	Female	22	82	0	104	43.88%
			Male	57	76	0	133	56.12%
			Subtotal	79	158	0	237	100.00%
		%	33.33%	66.67%	0.00%	100.00%		
	Cheng Shin Xiamen		Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
		Gender	Female	294	737	148	1,179	29.36%
Male			1,012	1,725	99	2,836	70.64%	
Subtotal			1,306	2,462	247	4,015	100.00%	
	%	32.53%	61.32%	6.15%	100.00%			

## 3.2 Human Rights Policy and Labor-Management Relations

### Human Rights Policy

To protect the basic human rights of our employees and value chain partners (including customers, suppliers, and local communities) and promote sustainable development of the environment, society, and economy, Cheng Shin supports and respects the "United Nations Universal Declaration of Human Rights" and the "United Nations Global Compact" (please refer to the UN Global Compact comparison table in the appendix); we strictly abide by the laws and regulations of the countries where the business is located, and regularly review the implementation of the human rights policy of the company, to ensure human rights implementation of safeguards.

The hiring process is rigorous, and the age is verified to ensure compliance with the local labor-related laws and regulations of the operating regions. Between 2014 and 2023, no child labor was used, and no child labor-related complaints were received. 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.

Cheng Shin continues to conduct publicity, education and training on human rights policies to deepen the internal emphasis on human rights issues and implement human rights protection.

Note: United Nations Universal Declaration of Human Rights <https://www.ohchr.org/en/universal-declaration-of-human-rights>

Note: United Nations Global Compact <https://unglobalcompact.org/>

### Labor Union Organization

In order to pursue the improvement of work efficiency and working conditions, and to promote harmony between the employer and the employee, Cheng Shin has established trade union organizations in accordance with local laws and regulations. Although there is an enterprise trade union established in Taiwan, no collective agreement has been signed yet. When there is any related issue to be discussed, the Company provides diversified communication channels and also adopts a positive communication method.

### Percentage of Unionized Employees by 2023

Region		Number of unionized employees	%
Cheng Shin Taiwan		2,336	53.02%
Mainland China	Cheng Shin Kunshan	2,207	73.08%
	Cheng Shin Chongqing	0	0.00%
	Cheng Shin Xiamen	6,350	99.37%

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

1.Reorganize in accordance with the provisions of the Enterprise Bankruptcy Law.

2.The enterprise has encountered serious difficulties occur in production and business operations.

3.The layoff is still necessary after adjustments to the labor contract due to the change of production, major technological innovation, or adjustment to business operations.

4.Other major changes in the objective economic conditions since when the labor contract was established, resulting in the impossible performance of the labor contract.



## Labor-Management Meetings

In addition, in order to coordinate labor-management relations, promote labor-management cooperation and improve working efficiency, Cheng Shin holds labor-management meetings on a regular basis in accordance with the implementation rules of labor and management meetings and holds temporary meetings in case of major labor and management cases to ensure smooth and fair communication between labor and management. The frequency of labor-management meetings is four times a year, and a total of 28 meetings were held in Taiwan in 2023.

## 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 2023, 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

Mainland 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](http://www.maxxis.cn/wechat/MxFeedback/auth_wechat.asp)

Mainland 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@malil.xcs.com.cn

## Local government mediation incidents

Region	CATE-GORY	Case Volume	Description	Corrective Measures
Cheng Shin Taiwan	Mediation	1	Work time arrangement problems	Continue to strengthen the employee suggestion and feedback mechanism, and optimize the communication channels between Cheng Shin and employees to create a stable and harmonious labor-management relationship.
Cheng Shin China	No relevant mediation cases in Mainland China in 2023			

### 3.3 Safe and Healthy Workplace Occupational health and safety management system (OSHMS)

The implementation of the Occupational Health and Safety Management System ISO 45001 and CNS 45001 covers various plants in Taiwan. 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 in June 2024.



### 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. In Mainland 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.

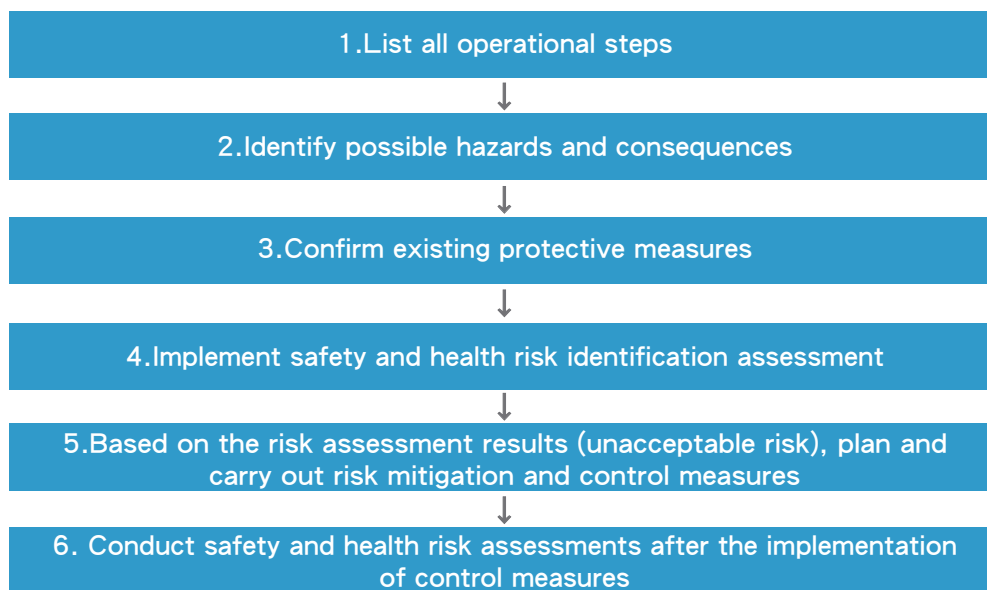
Region	Cheng Shin Taiwan	Mainland China		
		Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen
Name	Occupational Safety and Health Committee	Environmental Safety and Health Committee		
Committee members	43	26	30	289
Labor representatives (note)	19	21	18	166
Ratio of labor representatives	44%	81%	60%	57%

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 2023, a total of 3 high-consequence occupational accidents occurred in Taiwan and 43 high-consequence occupational accidents in Mainland China. 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 2021 to 2023, the Disabling Injury Frequency Rate (FR) for the rubber manufacturing industry is 2.67, 77 for the Disabling Injury Severity Rate (SR), and 0.45 for the Total Injury Index. Taiwan Cheng Shin's 2023 Disabling Injury Frequency Rate (FR):0.34, Disabling Injury Severity Rate (SR):7.62, Total Injury Index (TII): 0.05, which is far lower than the average. The occupational accident investigation form must be completed by the unit where the occupational accident 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 2023

2023	Cheng Shin Taiwan		Mainland China					
			Cheng Shin Kunshan		Cheng Shin Chongqing		Cheng Shin Xiamen	
Total Work Hours	8,653,316.6		9,978,835.5		1,564,740.5		20,188,800.0	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Number of High-consequence Occupational Accidents	3	0	9	1	1	4	22	6
Rate of High-consequence Occupational Accidents	0.34		1.00		3.19		1.38	
Total	3		10		5		28	
Fatalities	0		0		0		0	
Mortality rate.	0		0		0		0	
Recordable Number of Occupational Accidents	62		29		6		31	
Recordable occupational hazard rate	7.16		2.91		3.83		1.39	
Lost Days	66	0	477	58	28.8	97.7	1,285	355
Disabling Injury Frequency Rate (FR)	0.34		1.00		3.19		1.38	
Disabling Injury Severity Rate (SR)	7.62		53.61		80.84		81.23	

### Note:

High-consequence occupational accidents: rest for more than 1 day (in 8 hours) due to occupational accidents

Recordable occupational accidents: High-consequence occupational accidents and occupational accidents with a rest period of less than 1 day (calculated as 8 hours).

High-consequence occupational accidents rate: Number of high-consequence occupational accidents × 1,000,000/total number of working hours

Recordable occupational accident rate: Number of recordable occupational accidents × 1,000,000/total number of working hours

FR: Number of high-consequence occupational accidents per million working hours. FR = Number of high-consequence occupational accidents × 1,000,000 / total number of hours worked

SR: Total number of lost days with high-consequence occupational accidents per million working hours. SR = Total number of lost days with high-consequence occupational accidents × 1,000,000 / total number of hours worked

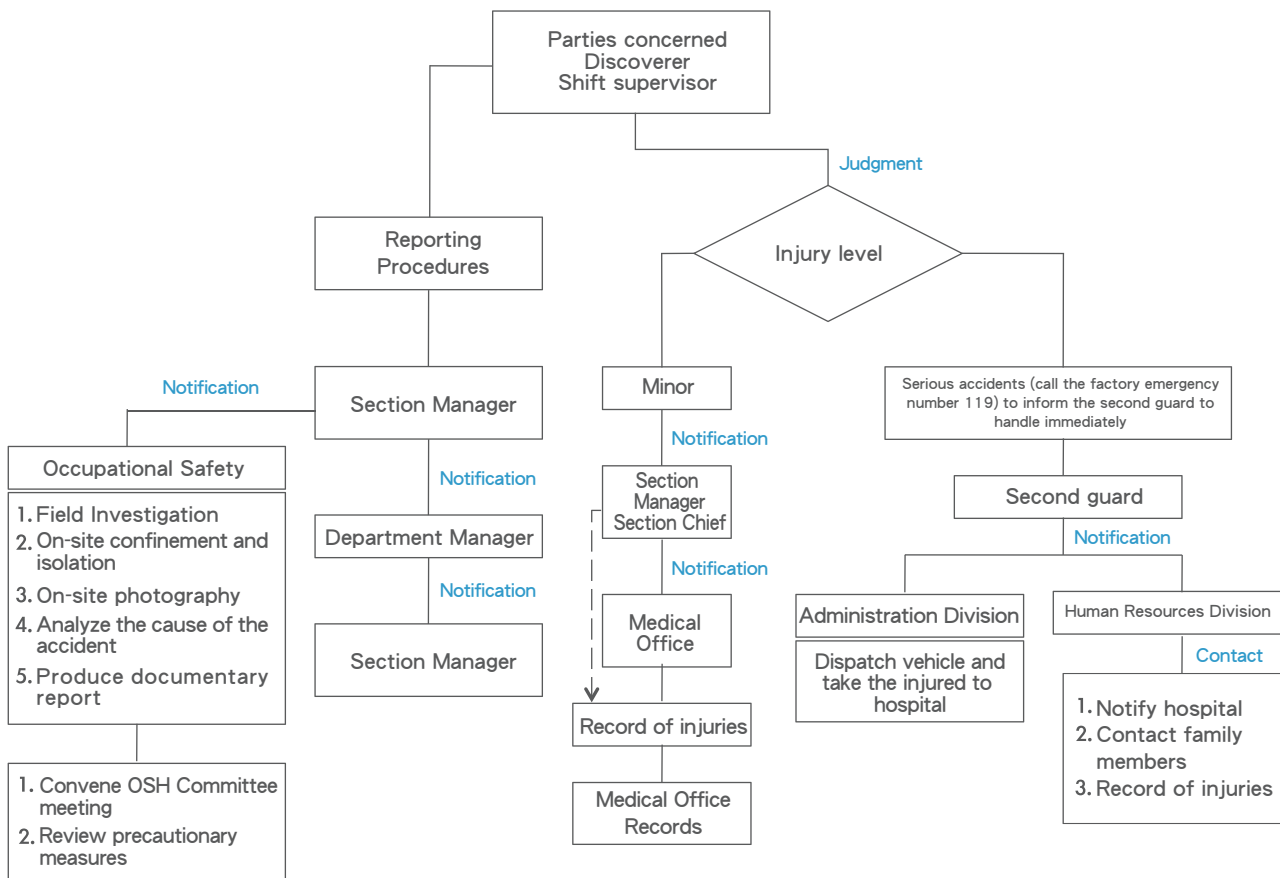
## Types of occupational accidents in 2023

Classification	Cheng Shin Taiwan	Mainland China		
		Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen
Clipping, rolling injury	14	5	1	14
Collision/bump injuries	1	5	4	3
Exposure to high and low temperatures	1	0	0	0
Cuts and scrapes	34	3	1	4
Falls	3	2	0	6
Falling objects	0	0	0	1
Flying objects	1	0	0	0
Others	8	14	0	3
Total	62	66		

Cheng Shin collects data and reports occupational accidents 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 2023, 3 high-consequence occupational accidents were recorded in Cheng Shin Taiwan and 43 in Mainland China. In 2023, there were no cases of occupational accidents in Cheng Shin Taiwan and Mainland China.

There are disaster accident management regulations. When on-site personnel discover any conditions that may cause injury or illness, they are allowed to leave the scene without any punishment. In the event of an occupational accident that requires emergency rescue, the on-site supervisor acts in accordance with the regulations to notify on the accidents internally, conduct occupational accident investigation and improvement in the factory. The notification process is as shown in the figure below. Different notification process and handling will be taken based on the severity of the injuries and damages of the accident. The organization personnel will also initiate the investigation process of the flowchart.

### Reporting Procedures of Occupational Accident in Plant



The increase in occupational accidents in Taiwan in 2023 was mainly due to operators’ lack of safety awareness. Most of these accidents were caused by operators’ failure to comply with standard operating procedures when eliminating abnormalities for the sake of speed. 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.



**虛驚事故提案單**

類別:	部門:	課(股):	發生時間: 年 月 日
員工編號:	姓名:	發生地點:	
STOP-6: <input type="checkbox"/> 失、墜傷 <input type="checkbox"/> 塵物擊傷 <input type="checkbox"/> 車輛碰撞 <input type="checkbox"/> 墜落 <input type="checkbox"/> 感電 <input type="checkbox"/> 與高溫接觸 <input type="checkbox"/> 其他			
虛驚事由、經過(按SWIR原則填寫):			
處理改善情形:(由請案主管以調查真因填寫並改善)			
改善追蹤確認:(由安衛部填寫)		<input type="checkbox"/> 立即改善,已於 月 日完成	
風險評鑑		<input type="checkbox"/> 待改善,以: <input type="checkbox"/> 改善計劃書 <input type="checkbox"/> 專案改善	
<input type="checkbox"/> 高 害		<input type="checkbox"/> 提案改善 <input type="checkbox"/> 聯絡單 <input type="checkbox"/> 修護單 NO.	
<input type="checkbox"/> 中 害		<input type="checkbox"/> 不需單	
安全衛生部 獎勵點數		經理	課長
<input type="checkbox"/> 部 可			
<input type="checkbox"/> 不認可			

保存期限: 1年  
6159\_20201111\_2 正新橡膠工業股份有限公司 AS 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

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.

where improvements are needed in on-site safety and health, emphasizing the commitment to enhancing overall safety conditions.



## "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

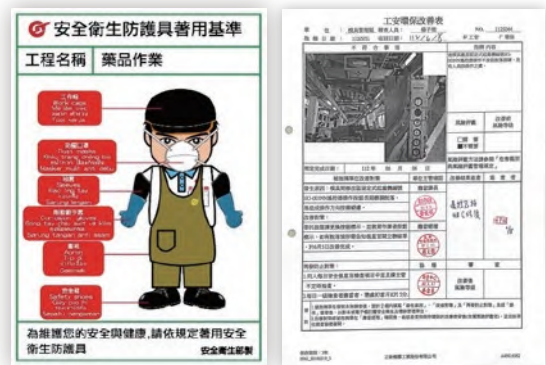


## Safety and Health Protective Equipment Standards

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

### On-site clinical service status by plant in 2023

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
Zhongzhuang Plant	1 time each month, 3 hours per session	12	52
Plant 3	1 time each quarter, 2 hours per session	4	8
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. Employee health checkups include general (for all employees) and specialized health checkups (for employees who work in a hazardous environment). In 2023, a total of 597 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 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 2023

Region/number of employees		Number of employees receiving health checkups	Number of employees tracked
Cheng Shin Taiwan		597	71
Mainland China	Cheng Shin Kunshan	378	20
	Cheng Shin Chongqing	225	2
	Cheng Shin Xiamen	2,491	157
Total		3,691	250

## 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.

Cheng Shin has enabled the employee shareholding trust in October 2022, and provided equivalent company allocations according to the regulations. It encourages employees to share business results, and increases the average salary and median salary by NTD 7 thousand/year and NTD 6 thousand/year, respectively.

### The number of full-time employees in non-supervisory positions and the average salary in

Year	Employee Headcount Annualized Average (person)	Employee Salary - Average (NT\$ thousand/person)	Salary - Median (NT\$ thousand/person)
2021	5,415	718	650
2022	4,699	696	658
2023	4,349	703	664

In 2023, the ratio of the annual total compensation of the highest paid employee to the median annual total compensation of other employees of the organization was 4.34, and the annual total compensation change ratio was -25.51.

The above employee with the highest salary in 2022 resigned in the same year, and the employee with the second highest salary in 2022 was the same as the employee with the highest salary in 2023.

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:

**Related benefits:** Statutory holidays and insurance (Note 1), regular annual health checkups, on-site physician (Note 2) Medical consultation, pension, employee bonus (Note 3), etc.

**Employee support:** Employee trust (Note 4), medical benefits, pension, bereavement allowance, marriage/burial/disability benefits (Note 5), and education incentives for children of employees.



**Life benefits:** employee meals, uniforms, dormitories, parking lots, discount partner stores, and employee activity recreation areas, discounts for employees to purchase tires.

**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.

Note 1: Except for the statutory insurance paid by Cheng Shin, no other insurances were provided.

Note 2: Only for Taiwan region.

Note 3: Only for Taiwan region.

Note 4: Only for Taiwan region.

Note 5: Only for Taiwan region.

## Parental Leave Without Pay

To enable employees to work with a peace of mind, Cheng Shin Taiwan entitles employees to unpaid parental leave in accordance with the law. For Cheng Shin China, no such leave statistics are available due to the government decree. 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 2023, a total of 67 colleagues from Cheng Shin Taiwan applied for parental leave without pay. The rate of returning to work after the leave was 100%. For those who took parental leave in 2022 and returned to work, the retention rate after completing one year of service was 100%. 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 2023 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 2023	221	56	277
The number of employees who applied for unpaid parental leave in 2023	35	32	67
The number of employees expected to return to work after conclusion of unpaid parental leave in 2023 (A)	25	19	44
The number of employees expected to return to work after conclusion of unpaid parental leave and were actually reinstated in 2023 (B)	25	19	44
The number of employees who actually returned to work after unpaid parental leave in 2022 (C)	12	15	27
The number of employees who returned to work after unpaid parental leave in 2022 and remained in the Company's employment after one year in 2023 (D)	12	15	27
Reinstatement from unpaid parental leave% =B/A	100.0%	100.0%	100.0%
Retention rate upon reinstatement from unpaid parental leave% =D/C	100.0%	100.0%	100.0%

## Care for Foreign Migrant Workers

In Taiwan, we have a total of 728 migrant workers from Vietnam, Thailand, and Indonesia. All dormitory staff are responsible for the care of migrant workers. For factories far away from the dormitory, the Company arranges transportation to commute to and from work; the dormitory provides fitness equipment and recreational venues for migrant workers to relieve work stress and cook in the dormitory cooking area when they want to taste a flavor of home. In 2023, the Changhua Dormitory won the recognition for the “Changhua Foreigners Dormitory Environmental Evaluation Competition Group A Outstanding Award” .



2023 Changhua Foreigners Dormitory Environmental Evaluation Competition Outstanding Award



Changhua Dormitory



Festive Experience (Sachet Making for the Dragon Boat Festival)



Happy Farm for Changhua Dormitory Migrant Workers

## 3.5 Career Development and Evaluation

### 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 2023, the Company offered 2,405 job-specific courses and 85 routine and project-based courses, totaling 2,490 courses and 51,233.5 training hours, with an average of 11.63 hours per employee.

(Cheng Shin Mainland China) In 2023, a total of 27,016 training sessions were conducted, including 2,953 pre-employment training courses, 2,892 courses based on specific job roles, 10,841 routine courses, 124 courses for different hierarchical levels, and 258 courses in other categories. The total training hours cumulatively amounted to 497,203 hours, with an average of 41.63 hours of training per employee.

#### Training and Education Hours - by Gender

Category	Cheng Shin Taiwan		Mainland China			
			Kunshan+Chongqing		Xiamen Region	
	Male	Female	Male	Female	Male	Female
Total hours of training	44,041	7,192.5	55,329	19,773	282,746.3	139,354.7
Average number of hours of training per employee	11.85	10.41	21.16	17.80	49.53	51.38

#### Training and Education Hours - by Employee Type

Category	Cheng Shin Taiwan		Mainland China			
			Kunshan+Chongqing		Xiamen Region	
	Supervisor	Non-supervisor	Supervisor	Non-supervisor	Supervisor	Non-supervisor
Total hours of training	9,299.5	41,934	8,117	66,985	53,751.3	368,350.2
Average number of hours of training per employee	12.28	11.49	13.99	21.29	44.57	51.05

### 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.



### 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 Mainland 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 2023, the number of employees who have joined this ESOT program stood at 54.92%.



## Employee pensions

### Old pension system

Cheng Shin sets aside 2% of the employee's total salary each month as pension funds and deposits it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Company will make up the deficiency in one single appropriation before the end of March in the following year. As of December 31, 2023, the amount of pension funds recognized by Cheng Shin under the former pension system was NT\$12,499 thousand.

### New pension system

The new pension system is available to all employees who came on board as of July 1, 2005. If an employee chooses to be subject to the new pension system, Cheng Shin will appropriate a set amount of pension funds into such employee's personal bank account (appropriation by the Company). Alternatively, the employee may appropriate 1-6% as pension funds to his/her personal bank account (appropriation by the employee). As of December 31, 2023, the amount of pension funds recognized by the Company under the new pension system was NT\$122,651 thousand.

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 retires.

### 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 2023, the total number of retired employees who were rehired in Cheng Shin Taiwan, Cheng Shin Kunshan and Cheng Shin Chongqing were 183 persons.

## Performance Evaluation System

In 2023, 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. Performance evaluations are regularly 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.