

# CST ESG 2023

## Sustainability Report

Cheng Shin Rubber Ind. Co., Ltd.



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## — About This Report —

### Content

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 10th Sustainability Report in 2024, 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 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 an engagement 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.

### Review and Assurance

The Company's Sustainability Report was compiled by various departments which the Sustainable Development Steering Group was responsible for coordinating, in accordance with the framework under the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD), and the standards and requirements of the Sustainability Accounting Standards Board (SASB). To ensure the quality of information disclosure, the Company engaged Deloitte & Touche to issued a limited assurance report according to Standard Assurance No. 3000. This report was issued after the board of directors resolved and approved it on August 12, 2024.

### Contact Information

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

Sincerely,

Board of Directors of Cheng Shin Rubber Ind., Co., Ltd.. The report is as attached.

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

Telephone: (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 2023 Sustainability Report discloses our sustainability performance and responds to stakeholders' concerns for the year 2023 (from January 1, 2023 to December 31, 2023); for completeness, some information can be traced back to 2021.

## — Message from the Chairman —

2023 ushered in the post-pandemic era. As the supply problem eased and the global auto market resumed its growth momentum, under the influence of rising interest rates and inflation, Cheng Shin's annual revenue performance was slightly lower than that of the same period last year. However, under the management and leadership of Cheng Shin's management team, we have refined our product portfolio, reduced costs, and increased profits. The net profit for 2023 made a 44.18% growth compared to the same period last year. Cheng Shin partnered with suppliers and customers to form mutually-beneficial strategies based on past partnership experiences, thereby enhancing the scale and sales volume of our Group in spite of adversities.

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

In terms of environmental sustainability, the solar power systems of our factories in Cheng Shin Taiwan and Cheng Shin China generated a total of 47.65 million kWh of electricity in 2023. Furthermore, environmental management systems have been established across various factory plants, promoting energy-saving initiatives and setting annual energy-saving targets. In 2023, Cheng Shin reduced its greenhouse gas emissions by a total of 70,753.52 tCO<sub>2</sub>e and decreased water resource consumption by 88.495 million liters. To enhance occupational health and safety management systems, Cheng Shin Taiwan continued to obtain ISO 45001, CNS 45001 and ISO 14001 certifications in 2023, 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 2023 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 70,753.52 tCO<sub>2</sub>e.
3. Reducing the Use of Water Resources  
A total of 88.495 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 47.65 million kWh of electricity per year.
5. Selected as one of the constituents of the "Taiwan RAFI EMP 99 Index".
6. Continue to implement 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.

### 企業概況：

Cheng Shin Rubber Ind. Co., Ltd.	
Date Established	January 1, 1967
Headquarters	No. 215, Meigang Rd., Huangcuo Vil., Dacun Township, Changhua County, Taiwan.
Chairman	Chen, Yun-Hwa
President	Lee, Chin-Chang
Paid-in Capital	NT\$32.414 billion
Total number of full-time employees	Taiwan 4,406 Global 21,646 persons

### 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 2021-2023

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.



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".



2023

Cheng Shin was listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index for the 6th consecutive year.

All eight MAXXIS products were recognized by the "Taiwan Excellence Award". The MAXXIS VS-EV electric tire won the Red Dot Award, the Paris DNA Design Award, and the U.S. IDEA International Design Award of Excellence. MAXXIS received the Yulon Nissan Design and Development Award.



reddot winner 2023

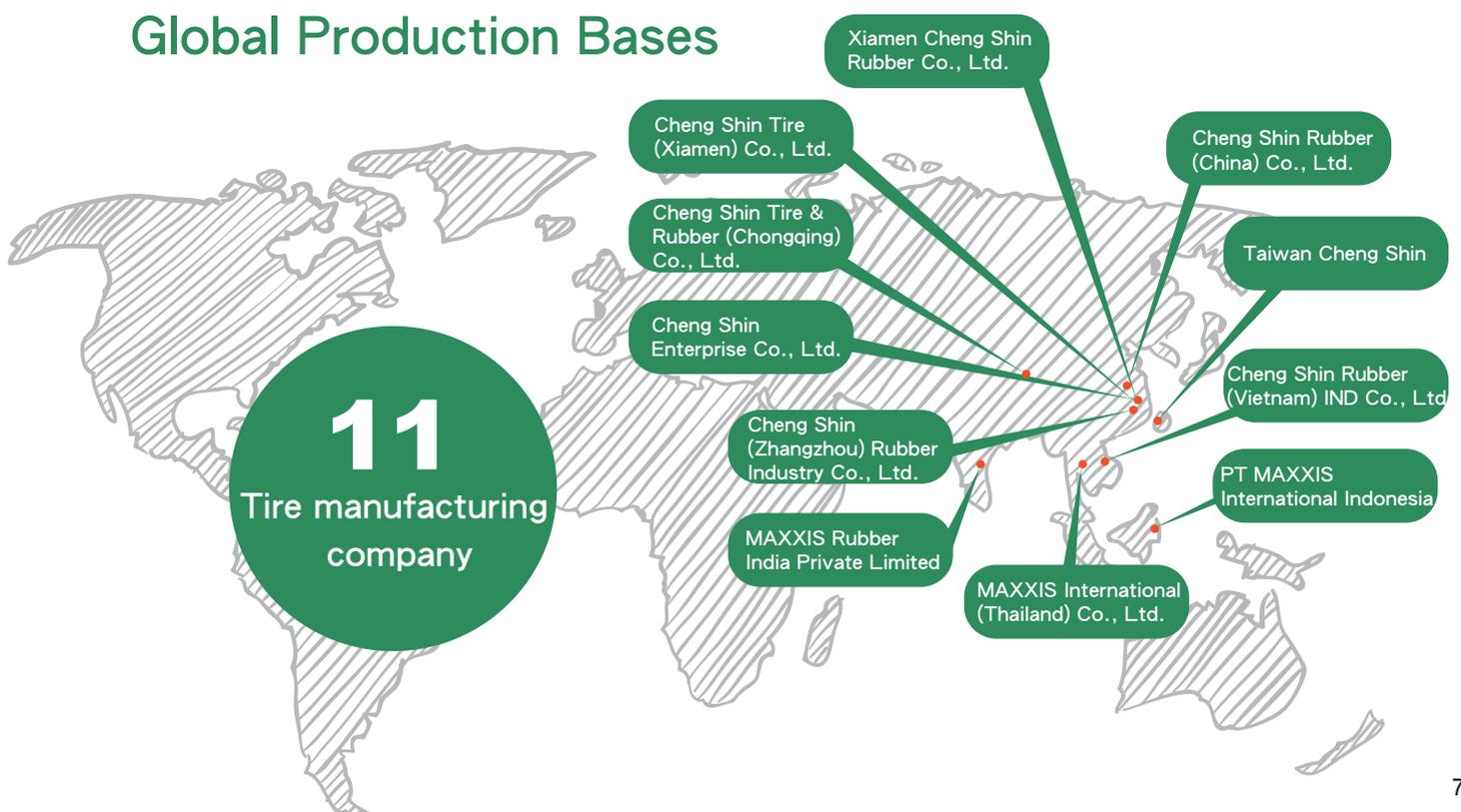
## Operational Performance

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.

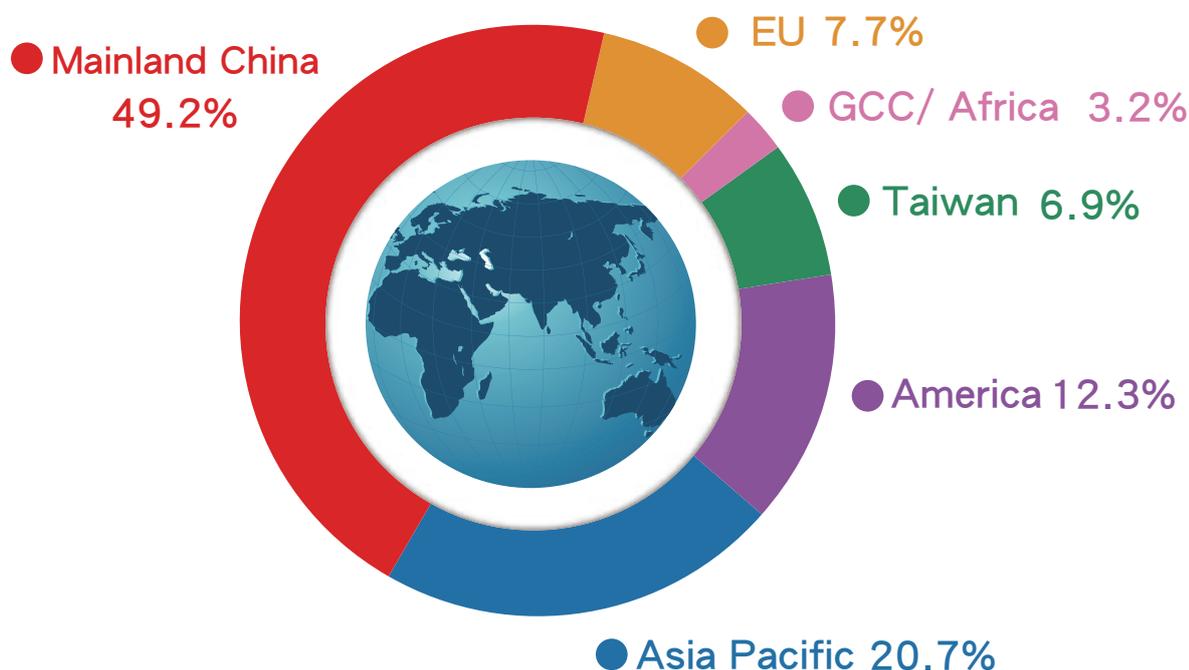
By integrating the elements of people, machinery, materials, methods, and quality with the principles of SAP (Speed, Accountability, Performance), Cheng Shin aims to avoid the wastefulness of 3D (Dullness, Delay, Defects) and promote energy conservation and carbon reduction. This approach nurtures a 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.
- ◆ The Company has spared no effort in promoting overseas tire market sales, with export sales accounting for 73% of the total sales. At present, Cheng Shin has expanded its sales to more than 180 countries in the world, covering five continents.
- ◆ The rise of emerging markets has boosted demand for automobile tires. The recent investments in India and Indonesia, which are the second and fourth most populous countries in the world respectively, represent huge potential as consumer markets. 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

## Global Production Bases



## Cheng Shin Group Sales Analysis - By Region



2023 ushered in the post-pandemic era. Under the influence of rising interest rates and inflation, the company's annual revenue performance was slightly lower than that of the same period last year. However, under the management and leadership of Cheng Shin's management team, we have refined our product portfolio, reduced costs, and increased profits. Net income for the full-year consolidated statement of 2023 increased by 44.18% compared to last year, with an EPS of NT\$2.22. 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 FY2023, the parent company's only revenue reached NT\$17.4 billion, with an EPS of NT\$2.22. The gross margin reached 30%, and the brand value reached US\$253 million.

Unit: NT\$ thousand

	2021	2022	2023
Operating Income	20,707,983	20,409,294	17,446,799
Gross Operating Profit	5,517,645	5,972,778	5,186,846
Operating Profit or Loss	2,171,864	2,861,112	2,020,789
Non-operating Income and Expenses	4,134,631	3,486,130	7,144,346
Profit Before Income Tax	6,306,495	6,347,242	9,165,135
Net Profit for the Year	5,270,007	4,961,369	7,182,382

## Government Subsidies

Cheng Shin actively responds to government policies, particularly in the areas of industry innovation, technological upgrades, and environmental protection. In 2023, 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, 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.

Unit: NT\$ thousand

	2021	2022	2023
Cheng Shin Taiwan	33,776	37,776	51,357
Cheng Shin Kunshan	225,662	106,589	348,496
Cheng Shin Chongqing	53,165	40,113	34,218
Cheng Shin Xiamen	295,596	294,108	247,236

## 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 Enterprises and Entrepreneurs Association	Xiamen High Technology Enterprise Association
	Xiamen Association of Enterprises with Foreign Investment	Xiamen Taiwan Business Association	Xiamen Modern Logistics Association
	China Bicycle 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 Labor and Industry Relations Association
	Changhua County Policemen Association	Yunlin County Industry Association	Yunlin Technology Industrial Park Association
	Changhua County Volunteer Firefighters Association	YMT Exchange	SAE Taipei Section
	Taiwan Transportation Vehicle Manufacturers Association	Taiwan Bicycle Association	Car Safety Association
	Chinese Excellent Management Association	Kuozui Automobile Association	Chinese Automobile Association
	Corporate Operating and Sustainable Development Association	Industrial Safety and Health Association	TWSAA TAIWAN STOCK AFFAIRS ASSOCIATION
	Taiwan Boiler Association	Sanyang Motor Industry Assistance Association	BAC Sustainability Alliance
	Accounting Research and Development Foundation	Taiwan Union of Nurses Association	Kymco Elites
Mainland China	Motorcycle Association		
	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

<sup>1</sup> Correction: The currency value of Xiamen region in the 2022 ESG report was mistyped as RMB, but it has been converted into NTD. It is hereby corrected.

## 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

To facilitate more effective communication with the stakeholders of Cheng Shin, the Company has established the "Sustainable Development Steering Group" as the organization responsible for planning and implementing the sustainable development strategy, as well as coordinating the implementation of the policies and goals of sustainable management among all departments. The Sustainable Development Steering Group is composed of heads of various departments, each year the Group submits a sustainability report to the Board of Directors and reports on the sustainable development strategies for the previous year. The Board of Directors supervises and implements the three 100% corporate cultures to practice the ESG spirit. The five principles of AA1000 Stakeholder Engagement Standard, including dependency, responsibility, tension, multiple perspectives, and influence, are referenced to identify and prioritize stakeholders. Through the internal discussions this time and with help from external experts, we have identified the following stakeholders: customers, shareholders, employees, government agencies, and suppliers as the five major groups of stakeholders. 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 2023 (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.	<ol style="list-style-type: none"> <li>1.Product Quality Management</li> <li>2.Business Continuity Management</li> <li>3.Product R&amp;D and Technology Development</li> <li>4.Supplier Sustainability Management</li> <li>5.Compliance with laws and regulations</li> </ol>	<ol style="list-style-type: none"> <li>1. Visits to the Company website from time to time.</li> <li>2. New product launch events from time to time.</li> <li>3. Sales service mailbox and telephone.</li> </ol>	<ol style="list-style-type: none"> <li>1. 2023 Customer Satisfaction Survey, with satisfaction level maintained at high.</li> <li>2. Held 5 new tire product launch events.</li> </ol>
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.	<ol style="list-style-type: none"> <li>1.Compliance with laws and regulations</li> <li>2.Risk Management</li> <li>3.Information Systems Security Management</li> <li>4.Product Quality Management</li> <li>5.Business Continuity Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Investor conferences during the shareholders' annual meeting (per annum).</li> <li>2. Update of the MOPs (regularly).</li> <li>3. Establishment of a shareholders' area and a shareholders' hotline on the Company's website.</li> </ol>	<ol style="list-style-type: none"> <li>1. Two investor conferences were held in 2023.</li> <li>2. One shareholders' annual general meeting was held in 2023.</li> <li>3. Update information on the MOPs in accordance with the regulations.</li> <li>4. Updates of investor information on the Company's official website (as required).</li> <li>5. Address shareholders' inquiries by phone and email. All inquiries were answered.</li> <li>6. Annual corporate governance evaluation. The results of the evaluation in 2023 ranked Cheng Shin among 21%-35% of listed companies.</li> </ol>
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.	<ol style="list-style-type: none"> <li>1.Compliance with laws and regulations</li> <li>2.Product Quality Management</li> <li>3.Occupational Safety and Health</li> <li>4.Human Rights Protection and Diversity and Inclusion</li> <li>5.Labor Relations and Employee Benefits</li> </ol>	<ol style="list-style-type: none"> <li>1. Hold labor-management conferences and occupational safety and health committee meetings (on a quarterly basis).</li> <li>2. Holding corporate labor union meetings, Employee Welfare Committee meetings, and Human Resources Committee meetings (as required).</li> <li>3. Conduct new employee seminars, employee interviews, and internal company announcements (as required).</li> </ol>	<ol style="list-style-type: none"> <li>1. Organized a total of 28 labor-management meetings to report on labor dynamics, communicate and discuss labor activities, employee benefits, etc.</li> <li>2. Monthly factory on-site medical service, interview employees on health checkups and health consultations.</li> </ol>
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.	<ol style="list-style-type: none"> <li>1.Business Continuity Management</li> <li>2.Sewage Discharge Management</li> <li>3.Waste Management</li> <li>4.Occupational Safety and Health</li> <li>5.Labor Relations and Employee Benefit</li> </ol>	<ol style="list-style-type: none"> <li>1. Official documents (as required).</li> <li>2. Facilitate communication between the labor union and competent authorities through regulatory explanation sessions or public hearings (as required).</li> <li>3. Reporting on the website of the competent authority (depending on the required reporting cycle).</li> <li>4. Inspections and visits by the competent authorities (as required).</li> </ol>	<ol style="list-style-type: none"> <li>1. Outreach meetings held by environmental protection and occupational health related authorities: more than 30 meetings.</li> <li>2. Government agencies' promotion seminars and public hearings: occasional participation.</li> <li>3. MOPs: Disclosures made in compliance with applicable regulations.</li> </ol>
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.	<ol style="list-style-type: none"> <li>1.Supplier Sustainability Management</li> <li>2.Product Quality Management</li> </ol>	<ol style="list-style-type: none"> <li>1. On-site audits or self-assessments of new and existing suppliers (as required).</li> <li>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).</li> </ol>	<ol style="list-style-type: none"> <li>1. A total of 16 suppliers implement self-assessments in accordance with the annual audit plan, of which 5 were rated A, 9 were rated B+, 2 were rated B. All suppliers passed Cheng Shin's assessments with an achievement rate of 100%.</li> </ol>

## 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 he founded the business, Cheng Shin persists in the concepts of Honesty and Integrity, which are the most fundamental precepts for Cheng Shin and the highest guiding principles in the pursuit of sustainable operations. In addition, Cheng Shin also pursues 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 ESG spirit:** We will hold fast to the philosophy of Integrity & Innovation, focus on the principal operation to embrace new opportunities and practice the corporate culture of honesty, integrity, and continuous innovation as one of the critical factors staking sustainable and sound development of Cheng Shin. Moreover, we will also urge related members of Cheng Shin to follow the good tradition of honesty and integrity and should the principal operation when they perform duties.

◆ **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.

◆ **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.



◆ **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.

◆ **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.

◆ **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

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 Board of Directors authorized former Director Huang, Chung-Jen (currently a consultant) to serve as the convener to establish four major groups: Corporate Governance, Society, Environment, and Products. Finance, human resource, marketing and planning, management, R&D and other department heads serve as members of the organization, responsible for formulating corporate sustainability strategies, performance monitoring, social responsibility and risk management work, and working on issuing sustainability reports every year.

A report was presented during a Board meeting on August 12, 2024 outlining the content and plans of the Sustainability Report of the previous fiscal year, as well as the implementation of improvement measures and medium to long-term policy goals. 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.



## 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 guide 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
	1.1.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).	<ul style="list-style-type: none"> <li>●Since 2012, we have been sponsoring scholarships for low-income students at elementary schools around the country for many years, with a total of NTD 3,010,000 sponsored.</li> </ul>	4.3.3Educational 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.	<ul style="list-style-type: none"> <li>●Provided more than 100 lunch boxes daily for the elderly living alone, the mobility impaired, and low-and middle-income households.</li> <li>●Sponsor the Douliou City Office to promote the Elderly-Friendly Cafeteria to enhance proper and adequate care for the elderly.</li> </ul>	4.3.4Giving 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.	<ul style="list-style-type: none"> <li>●The Company provides special health checkups for workers involved with special health hazards at work.</li> <li>●The Company provides health consultation services by doctors on-site at the Company's plants.</li> <li>●Special health examinations were conducted for personnel in special workplaces in 2023, totaling 597 employees, with follow-up for 17 employees.</li> </ul>	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.	<ul style="list-style-type: none"> <li>●Provide multiple learning channels for our employees to balance work and physical/mental health.</li> <li>●In 2023, we held 1 lifestyle seminars and 2 occupational safety seminars, and the total number of participants reached 163 persons.</li> </ul>	3.5.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.	<ul style="list-style-type: none"> <li>●Since 2012, we have been sponsoring scholarships for low-income students at elementary schools around the country for many years, with a total of NTD 3,010,000 sponsored.</li> </ul>	4.3.3Educational Support

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	<p>5.1.Achieve gender equality and empower all women and girls</p> <p>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.</p>	<ul style="list-style-type: none"> <li>●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.</li> </ul>	<p>3.4.Employee Benefits and Care</p>
	<p>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.</p> <p>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.</p> <p>6.5.By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.</p>	<ul style="list-style-type: none"> <li>●The Company continues to implement water resource management and recycling of process wastewater.</li> <li>●The amount of effluent discharged in Cheng Shin Taiwan has decreased by 12.78% compared to 2022.</li> </ul>	<p>2.4.Water Resources Management</p>
	<p>7.3.By 2030, double the global rate of improvement in energy efficiency.</p>	<ul style="list-style-type: none"> <li>●The Company has been involved in voluntary reduction of greenhouse gases.</li> <li>●Enhance efficiency of the Company's equipment.</li> <li>●Reduce greenhouse gas emissions by 70,753.52 tCO<sub>2</sub>e in 2023 by promoting energy saving programs in our operations in Cheng Shin Taiwan and Mainland China.</li> <li>●The 2023 annual business policy clearly stipulated the item "Reduction of Energy Intensity and Implementation of Energy Saving Improvement Plans (Steam, Electricity)" for each unit to undertake actions based on the policy.</li> </ul>	<p>2.3.2 Energy Management</p>
	<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>●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.</li> <li>●In 2023, parent company only revenue reached NT\$17.4 billion, earnings per share was NT\$2.22, gross margin of sales reached 30%, and brand value reached US\$253 million.</li> <li>●Cheng Shin's "Work Rules" stipulate that no one under the age of 15 shall be employed as a regular new employee.</li> <li>●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.</li> <li>●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.</li> <li>●Implement the ISO45001 management system to maintain the occupational safety and health of the work environment.</li> <li>●Implement the maternal labor health protection program to ensure the safety of female workers at work.</li> <li>●The 2023 annual business policy clearly stipulated the item "implementation of safety audits, improvements, and avoidance of major environmental safety incidents", and each unit undertook actions based on the policy.</li> </ul>	<p>1.2.About Cheng Shin</p> <p>3.2.Human Rights Policy and Labor-Management Relations</p> <p>3.3.Safe and Healthy Workplace</p>

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	<p>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.those in precarious employment.</p>	<ul style="list-style-type: none"> <li>●Maintain the normal operations of air pollution control equipment in factory plants.</li> <li>●Install prevention and control equipment in each stationary source process and ensure that the Company's processes comply with permitted air pollution control standards.</li> <li>●The Company's annual management policy for 2023 clearly defines the project of "creating a sustainable environment and reducing waste", and each unit will take action in accordance with the</li> </ul>	<p>2.5.Waste Management, Recycling and Reuse 2.6.Air Pollution Prevention and Control</p>
	<p>12.2.By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<ul style="list-style-type: none"> <li>●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.</li> </ul>	<p>2.3.1 Resource Management 2.3.2 Energy Management 2.3.3 Energy Conservation and Carbon Reduction Measures.</p>
	<p>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.</p>	<ul style="list-style-type: none"> <li>●In order to ensure the normal operation of the air and water pollution prevention equipment, Cheng Shin's plants are equipped with drug addiction prevention 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.</li> <li>●The number of waste generated in the Company's Taiwan plants in 2023 is 2.05% less than that in 2022.</li> </ul>	<p>2.5.Waste Management, Recycling and Reuse</p>
	<p>12.5.By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>	<ul style="list-style-type: none"> <li>●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.</li> <li>●The Company's annual management policy for 2023 clearly defines the project of "creating a sustainable environment and reducing waste", and each unit will take action in accordance with the policy.</li> </ul>	<p>2.4.Water Resources Management</p>
	<p>12.6.Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p>	<ul style="list-style-type: none"> <li>●Publish annual sustainability reports and utilize the accessibility, transparency, timeliness, comprehensiveness, and interactivity of websites to conduct sustainable reporting.</li> <li>●Cheng Shin issues one sustainability report per year.</li> </ul>	<p>About This Report</p>
	<p>16.5.Substantially reduce corruption and bribery in all its forms</p>	<ul style="list-style-type: none"> <li>●Formulation of integrity management rules and regulations and promotion work.</li> <li>●Integrity management education and training.</li> <li>●No violation of the laws and regulations or internal regulations for integrity management occurred in 2023.</li> </ul>	<p>1.6.2Integrity and Anti-Corruption</p>
	<p>16.6.The Company has developed an effective, responsible and transparent system at all levels.</p>	<ul style="list-style-type: none"> <li>●Procedures for Preventing Insider Trading.</li> <li>●Work Regulations.</li> <li>●Establishment of regulations for Related-Party Transactions.</li> <li>●Suppliers - Establishment of Commercial Contracts</li> <li>●No incidences of insider trading or corruption cases occurred in 2023.</li> </ul>	

## 1.5 Identification of Material Topics

### 1.5.1 Procedures for the Identification of 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.

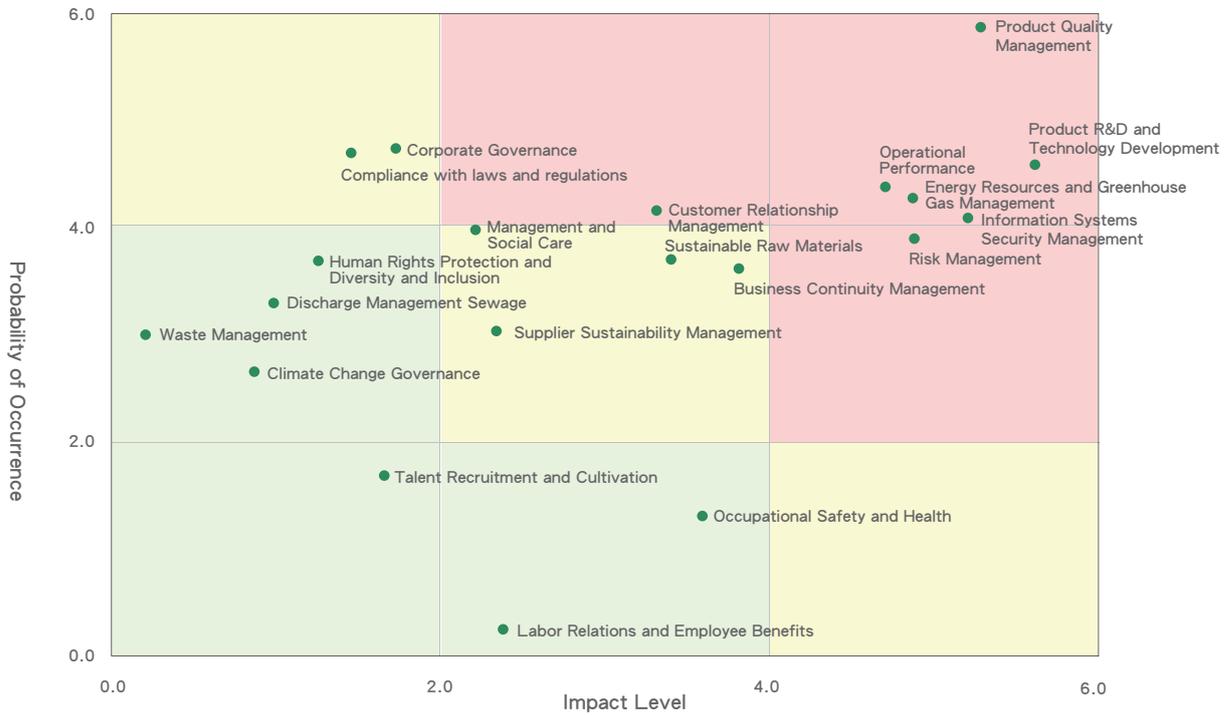
203 questionnaires were distributed in 2023, and the response rate reached 100%. After statistics and analysis, the sustainability issues were ranked in accordance with the degree of concern. Additionally, 21 senior executives within Cheng Shin completed questionnaires to assess the impact of these sustainability issues, their actual and potential, and negative and positive impacts, on the environmental, social, and governance aspects (E, S, G). All 21 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, Customer Relationship Management, Operational Performance, Talent Recruitment and Cultivation, Occupational Safety and Health, Energy and Greenhouse Gas Management, Information Security Management, Product R&D and Technology Development.

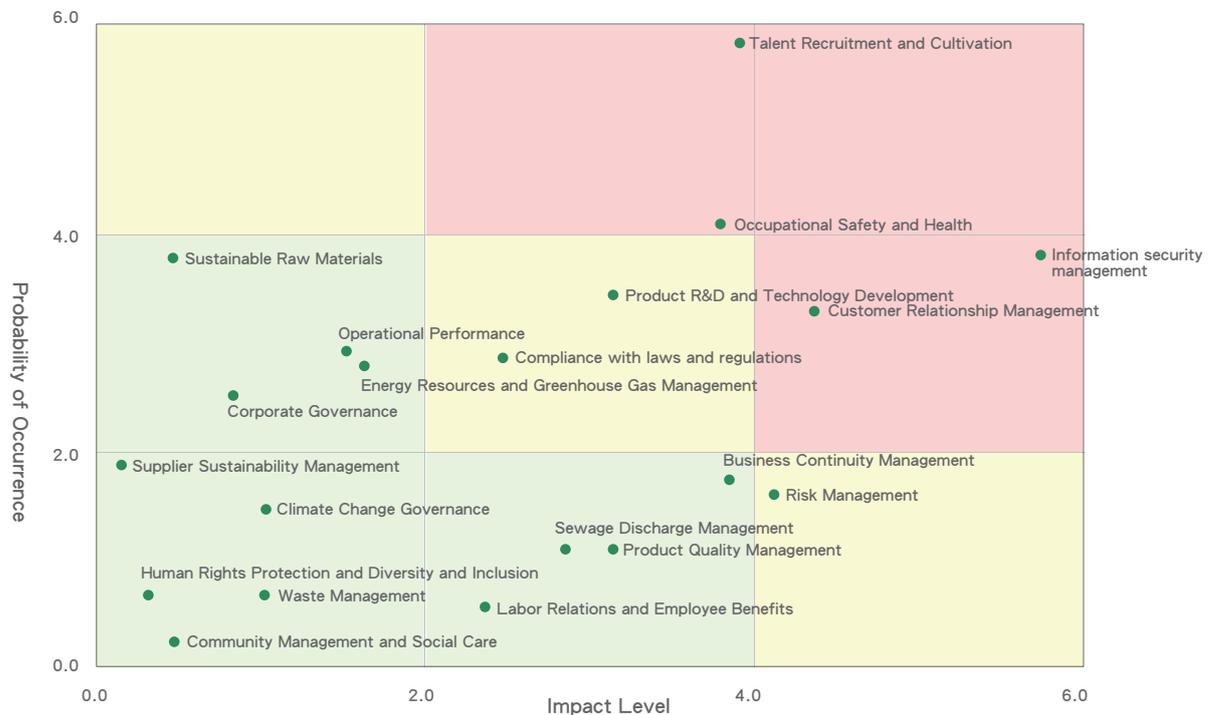
### Changes in 2023 material topics

Material Topics	Compared to 2022	Description
Product R&D and Technology Development	Newly added	Through continuous innovation, Cheng Shin highlights brand value, enhances the Company's profitability and competitiveness, and assists customers in enhancing their brand value. Materiality is highly elevated.
Information security management		Cheng Shin continues to improve information protection and implement relevant risk management processes to maintain operational sustainability. Materiality is highly elevated.
Business Continuity Management		
Corporate Governance	Decrease	With reference to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", Cheng Shin has established an effective corporate governance framework for compliance. The relevant systems are sound and continuously in operation, and the materiality is relatively low.

## Positive Impact Material Topics Matrix



## Negative Impact Material Topics Matrix



By analyzing the External Stakeholder Concerns Questionnaire, the top 3 topics were: Compliance with laws and regulations, Business Continuity Management, Product Quality Management.

After combining internal and external concerns on material topics, ten major material topics were identified: Product Quality Management, Compliance with laws and regulations, Customer Relationship Management, Operational Performance, Talent Recruitment and Cultivation, Occupational Safety and Health, Energy and Greenhouse Gas Management, Business Continuity Management, Information Security Management, Product R&D and Technology Development.

## 1.5.2 Management of Material Topics

### Management Approach of Material Topics

Material Topics: Product quality management	
Material Topics: Self-defined topic - Product Quality Management	
Items	2023 Management Approach
Policies	“Quality First and Customer Satisfaction”
Commitments	No production of defective products, no leakage of defective products, no acceptance of defective 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	Ensure that the products developed and produced by the parent and subsidiary comply with customer, market and regulatory requirements.
Resources	In-house laboratories and outsourced laboratories
Grievance mechanism	Customer service hotline and mailbox.
Specific actions	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.
Mechanisms for evaluating the management approach	Product quality management is carried out based on product performance indicators (wet grip, rolling resistance, noise), as well as marketing, labeling, and other product-related laws and regulations.
Results of the management approach evaluation	In 2023, the product performance indicators were certified. In 2023, there were no major violations of laws and regulations related to marketing and labeling of products.

Material Topics: Product R&D and technology development	
Material Topics: Self-defined Topic - Product R&D and Technology Development	
Items	2023 Management Approach
Policies	Follow the Company’s policy to make continuous improvements, honor our commitments, improve quality, satisfy customers, and provide customers with the highest quality products.
Commitments	Cheng Shin is committed to providing customers with high-quality products and becoming their trustworthy partner for mutual growth.
Goals and Targets	Continue to develop high-performance, lightweight, low rolling resistance, safety, and smart tires.
Responsibility	Act in compliance with laws and perform regular audits to ensure that no major violations have occurred.
Resources	Strengthen technical cooperation with multiple suppliers to innovate tire design technology.
Grievance mechanism	There is a contact section on the Company’s official website, where stakeholders can make complaints by phone and email.
Specific actions	Focusing on sustainable development, we develop green materials to reduce carbon emissions and resource consumption.
Mechanisms for evaluating the management approach	Continuous research and development of sustainable, environmentally friendly or waste recycling product technologies; lighter weight, low rolling resistance, wear resistance, durable tires and other product development, in line with the sustainable business environment, to facilitate sustainable development.
Results of the management approach evaluation	In 2023, the development of five low-energy consumption projects for electric vehicles was completed. In 2023, one sustainable material recycling and reuse project was developed.

## Material Topics: Information Security Management

### Material Topics: GRI 418 Customer Privacy

Items	2023 Management Approach
Policies	Formulate an information security policy in the spirit of an information security management system (ISO27001), specify the implementation of various security measures, and strengthen the audit management.
Commitments	Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and regulations, in order to protect them from internal and external deliberate or accidental threats.
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.
Responsibility	The IT Service Department is responsible for formulating information security policies, planning and executing information security operations, and the promotion and implementation of information security policies.
Resources	Provide information security-related education and training to strengthen the information security awareness of employees.
Grievance mechanism	Toll-free service hotline and customer service center mailbox.
Specific actions	Implement information security drills.
Mechanisms for evaluating the management approach	Correct and improve the deficiencies discovered through regular audit operations.
Results of the management approach evaluation	Report and review the progress of routine operations and projects.

## Material Topics: Energy Resources and Greenhouse Gas Management

### Material Topics: GRI 302 Energy, GRI 305 Emissions

Items	2023 Management Approach
Policies	Conducted a plant-wide GHG inventory and implemented energy-saving and carbon reduction measures.
Commitments	Towards net zero emissions.
Goals and Targets	Improve energy efficiency and reduce greenhouse gas emissions.
Responsibility	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.
Resources	Implement ISO 14064-1:2018 to perform inventory checks.
Grievance mechanism	There is a grievance mailbox on the Company's official website.
Specific actions	Plan the Group's greenhouse gas inventory and verification schedule in accordance with the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" , perform greenhouse gas inventory at all sites, and advance the carbon reduction baseline year to 2019.
Mechanisms for evaluating the management approach	Conduct a thorough inventory of GHG emissions and emission status, and propose carbon reduction measures for areas with higher emissions.
Results of the management approach evaluation	Continue to make energy-saving improvements to the operating machinery and equipment required for the manufacturing process.

**Material Topics: Operational performance**  
**Material Topics: GRI 201 Economic Performance**

Items	2023 Management Approach
Policies	Adjust operating strategies in real-time in response to market changes, and monitor risks such as interest rate and exchange rate changes to implement Compliance with laws and regulations.
Commitments	Cheng Shin takes "Quality First, Customer Satisfaction" as its core business philosophy.
Goals and Targets	Pursue good operational performance while keeping sustainable development in mind.
Responsibility	Committed to the development of innovative sustainable material tires to enhance market competitiveness.
Resources	Maintain good interaction with external financial institutions, monitor interest rate and exchange rate changes, in order to adjust operating strategies in a timely manner and reduce risks.
Grievance mechanism	Communication and discussion are conducted through corporate investor conferences. There is a dedicated section for investors on the Company's official website for download of relevant information.
Specific actions	Keep abreast of market changes, strengthen technical cooperation with suppliers, and increase the market value of the Company's products.
Mechanisms for evaluating the management approach	Regularly conduct financial analysis, grasp the current production capacity, financial structure, financial costs, gains and losses, compare with peers, and make adjustments to improve financial health.
Results of the management approach evaluation	Strengthen the performance management to strengthen the connection between personal performance and the Company's operational performance.

**Material Topics: Talent recruitment and cultivation**  
**Material Topics: GRI 404 Training and Education**

Items	2023 Management Approach
Policies	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.
Commitments	Establishing a friendly and diversified quality environment, creating a fair learning environment, and enhancing employees' concept of sustainable development.
Goals and Targets	Provide professional learning and growth opportunities to motivate employees and enhance the talent pool.
Responsibility	Improve the efficiency of human resources.
Resources	Diverse talent recruitment channels, encourage employees to develop new skills and obtain diverse professional qualifications and licenses in order to enhance the Company's overall capabilities and flexibility in management.
Grievance mechanism	Establish communication channels with employees.
Specific actions	Cultivate potential mid-to-high-level talents through systematic training. We accelerate the training time for mid- and senior-level executives to implement the Company's Talent Pool Program.
Mechanisms for evaluating the management approach	Correct deficiencies and establish preventive mechanisms through tracking and management.
Results of the management approach evaluation	Ensure that labor conditions comply with regulatory requirements, promote human rights protection, and promote ethical corporate management.

**Material Topics: Occupational safety and health**  
**Material Topics: GRI 403 Occupational Health and Safety**

Items	2023 Management Approach
Policies	Implement safety audits and improvements to prevent major environmental safety accidents.
Commitments	Enhance employee occupational safety, reduce the frequency of occupational hazards, and actively promote employee health and wellbeing.
Goals and Targets	No occupational accidents were reported.
Responsibility	Employees are the most important asset of Cheng Shin. We must ensure that every employee has a safe and sound working environment and conditions.
Resources	The supervisor of the Ministry of Occupational Safety and Health and the supervisor of the field unit.
Grievance mechanism	There is a grievance mailbox on Cheng Shin’s official website.
Specific actions	Conduct focused inspections (including SOP, equipment safety, and ergonomic engineering) for units with frequent occupational accidents to ensure intrinsic safety.
Mechanisms for evaluating the management approach	Each business unit shall report the occurrence of an occupational disaster to the Occupational Safety Center.
Results of the management approach evaluation	Number of high-consequence occupational accidents in Taiwan: 3 cases Number of high-consequence occupational accidents in China: 43 cases

**Material Topics: Customer Relationship Management**  
**Material Topics: GRI 416 Customer Health and Safety, GRI 417 Marketing and Labeling**

Items	2023 Management Approach
Policies	Conduct market development and maintain good interactive relationship with customers through visits and business promotion.
Commitments	Provide customers with high-quality products and solve customer feedback problems in a timely manner.
Goals and Targets	Maintain market share, conduct market development at home and abroad, and continue to develop new products for customers.
Responsibility	Set performance targets for review and conduct regular reviews.
Resources	The customer is one of Cheng Shin’s stakeholders, and on-time production delivery, high-quality management, and risk control are all provided by Cheng Shin.
Grievance mechanism	There is a contact section on the Company’s official website, where customers can obtain relevant information and services by phone or email.
Specific actions	In response to the different needs of customers, we provide diversified products.
Mechanisms for evaluating the management approach	Conduct the customer satisfaction survey on an annual basis.
Results of the management approach evaluation	Summarize the results of customer satisfaction surveys, and hold review meetings to put forward relevant improvement suggestions and track the follow-up results.

**Material Topics: Business Continuity Management**

**Material Topics: Self-defined Topic - Operational Continuity Management**

Items	2023 Management Approach
Policies	Implement operational risk management, identify actual and potential risks, and assess the impact.
Commitments	Ensure the continuity of operations without compromising the Company's operating performance and customer needs.
Goals and Targets	Continue to pay attention to operational-related issues and take early risk precautions.
Responsibility	Propose corresponding control and preventive measures for the ongoing operational risks identified.
Resources	Cheng Shin has a well-rounded risk management mechanism in place.
Grievance mechanism	There is a grievance mailbox on the Company's official website.
Specific actions	Regularly report the results of operational risk identification to the Board of Directors, hoping to minimize operational uncertainties.
Mechanisms for evaluating the management approach	Execute control self-assessment and risk identification, and draw up audit plan.
Results of the management approach evaluation	Based on the audit plan results, the Company continues to track down any outstanding items for improvement to ensure the continuity of operations.

**Material Topics: Compliance with laws and regulations**

**Material Topics: GRI 2-27 Compliance with laws and regulations**

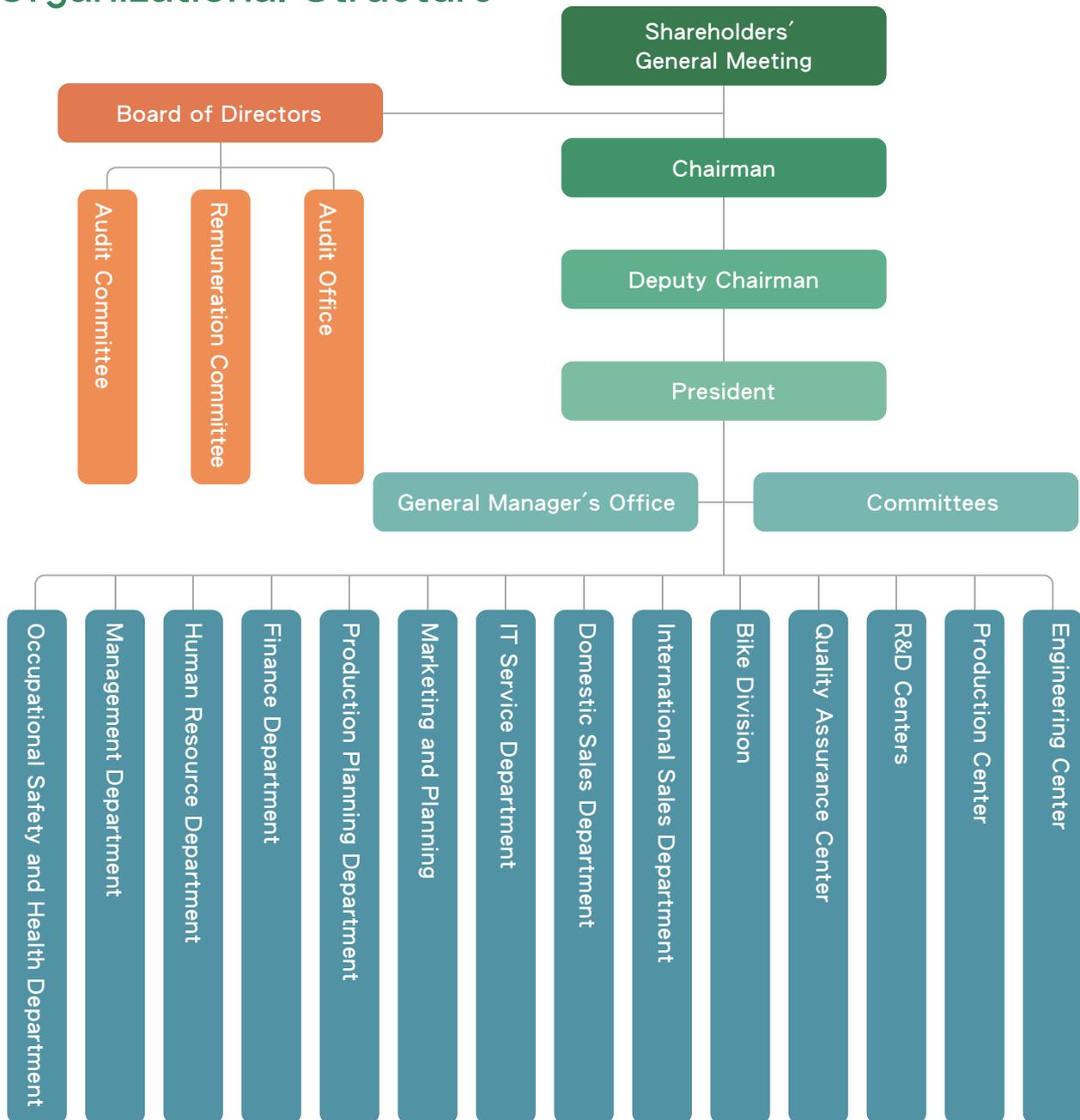
Items	2023 Management Approach
Policies	Regularly collecting laws and regulations related to products, markets, society, environment, and human rights to cope with the operational changes caused by the amendment of laws and regulations.
Commitments	Comply with relevant laws and regulations and operate in accordance with the principle of legal compliance.
Goals and Targets	Ensure that Cheng Shin is not penalized by the competent authorities for violating laws and regulations during the operation process.
Responsibility	All operating units of Cheng Shin must uphold the spirit of legal compliance.
Resources	The Legal Department regularly compiles the regulations and amendments announced by the government for the responsible units' reference.
Grievance mechanism	There is a grievance mailbox on the Company's official website.
Specific actions	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.
Mechanisms for evaluating the management approach	Each business unit regularly reports whether it violates the relevant laws and regulations, and supervises it.
Results of the management approach evaluation	Strive to comply with the relevant laws and regulations to ensure that all business operations of Cheng Shin are legal and compliant.

## 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 2023 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](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 May 31, 2023. For information about directors, please refer to the 2023 Annual Report of the Shareholders' Meeting and the website of Cheng Shin ( [http://www.cst.com.tw/shareholder\\_9.php](http://www.cst.com.tw/shareholder_9.php) ).

## Board Diversity and Independence

The composition of the 12th board of directors abides by Cheng Shin's "Corporate Governance Best-Practice Principles", which emphasizes gender equality and the general knowledge, skills and qualities necessary for the discharge of duties; out of the current 11 directors, there are 3 independent directors and over half of the total number of independent directors are not employees of Cheng Shin. There are two directors who are employees of the company accounting for 18% of the board and one female director accounting for 9% of the board. 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, 3 are aged 71 and above, 5 are aged between 61 and 70, and 3 are aged below 60. There are 5 directors with spousal or immediate family relationships within the 2nd degree of kinship, constituting 45% 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, 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.

Cheng Shin values the stakeholders' right to "know", strictly abides by the relevant regulations on the disclosure of information, and discloses the Company's financial, business, and corporate governance information through the Company's website, the Market Observation Post System, the Company's Annual Report, and the Sustainability Report, investor conferences, annual shareholder meetings, and other multiple channels to release the aforementioned types of information. Regular and timely provision of information is helpful for the establishment of smooth and effective communication channels and through stakeholder feedback to better understand the market, economy, and society and environmental changes. The Rules of Procedure for Board of Directors Meetings is available for downloading from Cheng Shin's website ([http://www.cst.com.tw/shareholder\\_9.php](http://www.cst.com.tw/shareholder_9.php)).

In 2023, a total of 8 board meetings were held, with directors' (including independent directors) attendance rate of 98%. For further detailed background information on the Board members, please refer to our Annual Report for the Shareholders' Meeting in 2023.

According to the 2023 material topics, the total number of key material incidents that have been communicated with the highest governance unit is 17 cases (Compliance with laws and regulations, operational performance, energy and greenhouse gas management, operational continuity management, and information security management).

The Annual Report is available for download from MOPs and Cheng Shin's official website ([http://www.cst.com.tw/shareholder\\_7.php](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 fifth term, with each term lasting 3 years. The members of the fifth term are composed of 3 independent members appointed by the Board of Directors, including 2 independent directors and 1 independent external expert. 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. As of current, the opinions of the stakeholders and salary consultants are not referenced. In 2023, a total of 4 meetings were held with an attendance rate of 100%. For other detailed background information of the Remuneration Committee, please refer to the 2023 Shareholders' Meeting Annual Report and Cheng Shin website. ( [http://www.cst.com.tw/shareholder\\_9.php](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. The Audit Committee convened 4 times in 2023 with 100% attendance rate. For other detailed background information of the Audit Committee, please refer to the 2023 Cheng Shin Annual Report of the Shareholders' Meeting and Cheng Shin website ( [http://www.cst.com.tw/shareholder\\_9.php](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, and pensions may be paid at retirement upon the approval of the Remuneration Committee. Besides taking the overall operating performance of the Company into consideration, personal achievements and contributions made to business operations, which includes achievement status of the Group's management performance, internationalization and Group-centered performance, talent development, achievement of strategic and target objectives, whether the person serves in concurrent positions, are also evaluated during the remuneration determination process. Also, the impact of the individual contribution to the Company's economic, environmental, and human rights aspects are also considered. The Audit Committee and the Board of Directors would then approve a remuneration that is fair and reasonable.

### 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.

Note: Cheng Shin does not have a remuneration claim mechanism, severance pay, signing bonus, or recruitment incentive.

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 includes the performance of the entire Board, individual directors, and the functional committee in the form of self-evaluation.

The results of the 2023 evaluation were presented to the Remuneration Committee on January 29, 2024 and discussed at the Board of Directors' meeting on January 30, 2024. 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 32 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](http://www.cst.com.tw/shareholder_7.php)).



## Enhancing Information Transparency

Completed directors' enrollment in insurance for FY2023 and reported the fact to the Board of Directors.

## Intellectual Property Management Plan

The Intellectual Property Management Plan for FY2023 and its implementation status was reported to the Board of Directors on March 13, 2024.

## Directors' Continuing Education

In 2023, the Company planned a total of 57 hours of courses related to environmental sustainability (green electricity trading system, net zero sustainability, sustainable finance and climate change, IFRS sustainability standards) and 48 training hours for management and taxation courses for a total of training hours of 105 hours. Relevant training certificates are obtained to meet the requirement of 12 hours of continuing education for new directors and 6 hours for continuing directors each year. Promoting insiders' compliance to directors on a quarterly basis, and notifying irregularities of relevant laws and regulations from time to time.

## 1.6.3 Integrity and Anti-Corruption

### 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 2023.

#### 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 Shing's Mainland China operations have also formulated the internal Human Resources Management Rules to regulate the behavior of anti-bribery and accepting gifts from suppliers and customers, and specify that the procurement and engineering staff shall sign the "Letter of Commitment for Integrity" 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 2023.

## Education and Training

Currently, for newly hired employees on their first day of joining, Cheng Shin Taiwan provides integrity and ethics training. Ethical and responsible code of conduct is included in the annual education and training for incumbent employees. The employee service rules also include explanations and promotion of behaviors to adhere to and avoid, and so on related contents. Training in Mainland China is conducted separately for each new employee and current employee, so the number of education and training covers all employees and the percentage of education and training is 100%.

In 2023, all directors attended 2 to 7 courses for a total of 105 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: Hour

Region \ Year		2021	2022	2023
Cheng Shin Taiwan		474.0	370.0	2,741.2
Cheng Shin China	Cheng Shin Kunshan	5,516.5	7,433.5	8,220.0
	Cheng Shin Chongqing	2,186.0	1,886.0	856.0
	Cheng Shin Xiamen	8,865.0	10,007.0	8619.0
Total		19,800.5	16,937.5	20,436.2

## Business Integrity Operations and Implementation

Education and Training	<ol style="list-style-type: none"> <li>1. Arrange 0.5 hour of ethical business education and training for new employees.</li> <li>2. In 2023, the total number of hours of education and training on ethical corporate management (anti-corruption, anti-bribery, and employee code of conduct) was 2,741 hours.</li> </ol>
Commitments	<ol style="list-style-type: none"> <li>1. All personnel involved in procurement, quotation, inquiry and contact with suppliers, sales personnel, personnel at the managerial level (including director) and above, and personnel stationed in overseas plants shall sign the "Letter of Commitment for the Code of Ethical Conduct for Employees" and submit the same to the Human Resources Department. The same procedure applies to new employees and staff who are transferred. The "Letter of Commitment for Integrity and Confidentiality" signed by the contractors are reviewed along with the contracts by the legal affairs unit. The same procedure applies to new partners.</li> <li>3. On April 1, 2023, the 9 new managers completed the signing of the Managers' Declaration.</li> <li>4. On May 31, 2023, the 11 new directors completed the signing of the directors' declaration.</li> </ol>
Promotion	<ol style="list-style-type: none"> <li>1. E-mails are delivered to directors and managers on "Reducing Violations in Insider Share Transfer", "Insider Trading Prevention Regulations" on a quarterly basis.</li> <li>2. The Company informs directors, via email, that they may not trade shares during the book-closure period before the date of the announcement (30th/15th day) of the financial report.</li> <li>3. Ethical corporate management and various important operating regulations are posted on the Company intranet for employees to query and understand.</li> </ol>
Violations of law	No violation as of December 31, 2023.

## 1.6.4 Information security management

### Information security management framework

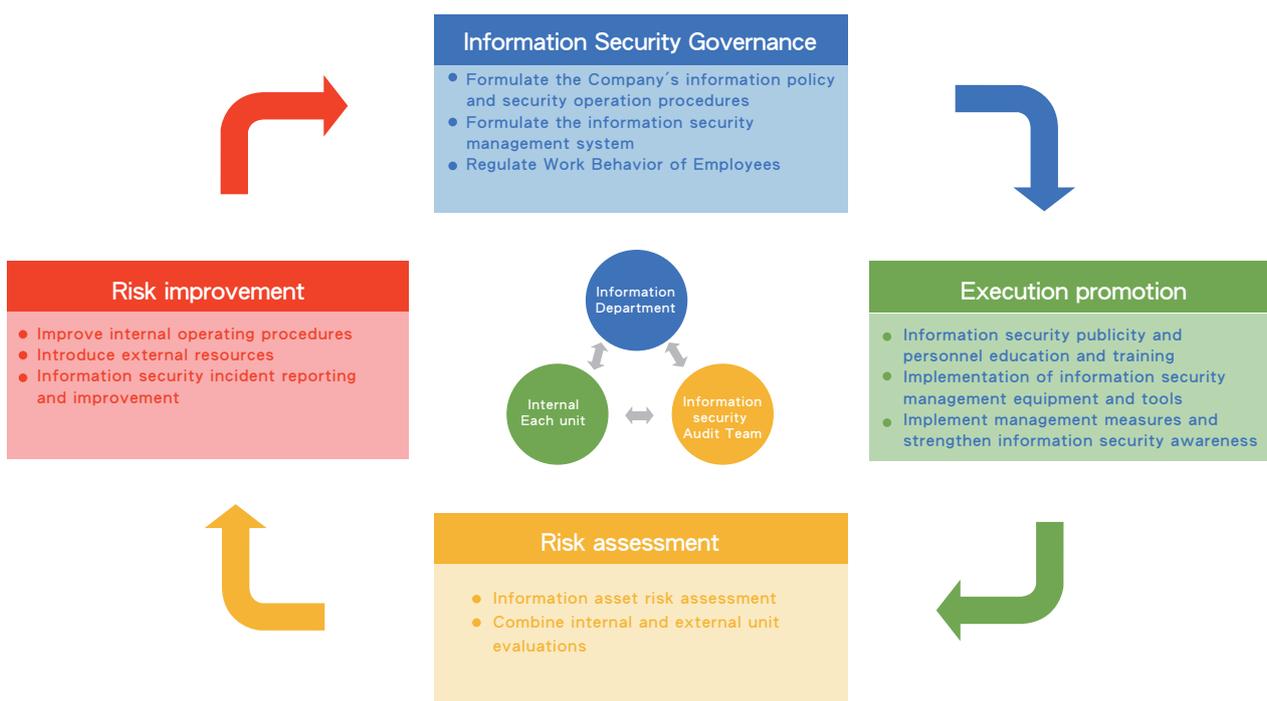
On November 10, 2022, Cheng Shin’s Board of Directors approved the establishment of the Information Security Team under the Information Service Department as the dedicated unit. Its organizational members are Chief Information Security Officer, Information Security Officer and 3 information security personnel. The main duties and responsibilities include information security maintenance and operation, information security policy promotion, information security response, information security audits, and information security education and drills. The annual audit plan includes information and information communication security management operation review, and the Information Security Group reports to the Board of Directors at least once a year, in order to implement the effectiveness of information security management measures. The implementation of information security was reported to the Board of Directors on November 9, 2023.

Cheng Shin’s information system is structured with two highly reliable host computers, remote backup, and a data backup mechanism based on its risk level to ensure continuous service. In addition, the backup data are stored and saved at another location and the drill of mock tests and emergency responses is regularly performed to ensure the normal operation and safeguards of the information system. The risk of system crash due to unpredictable natural disasters and personal negligence is also lowered to ensure that the expected system recovery timeline is met.

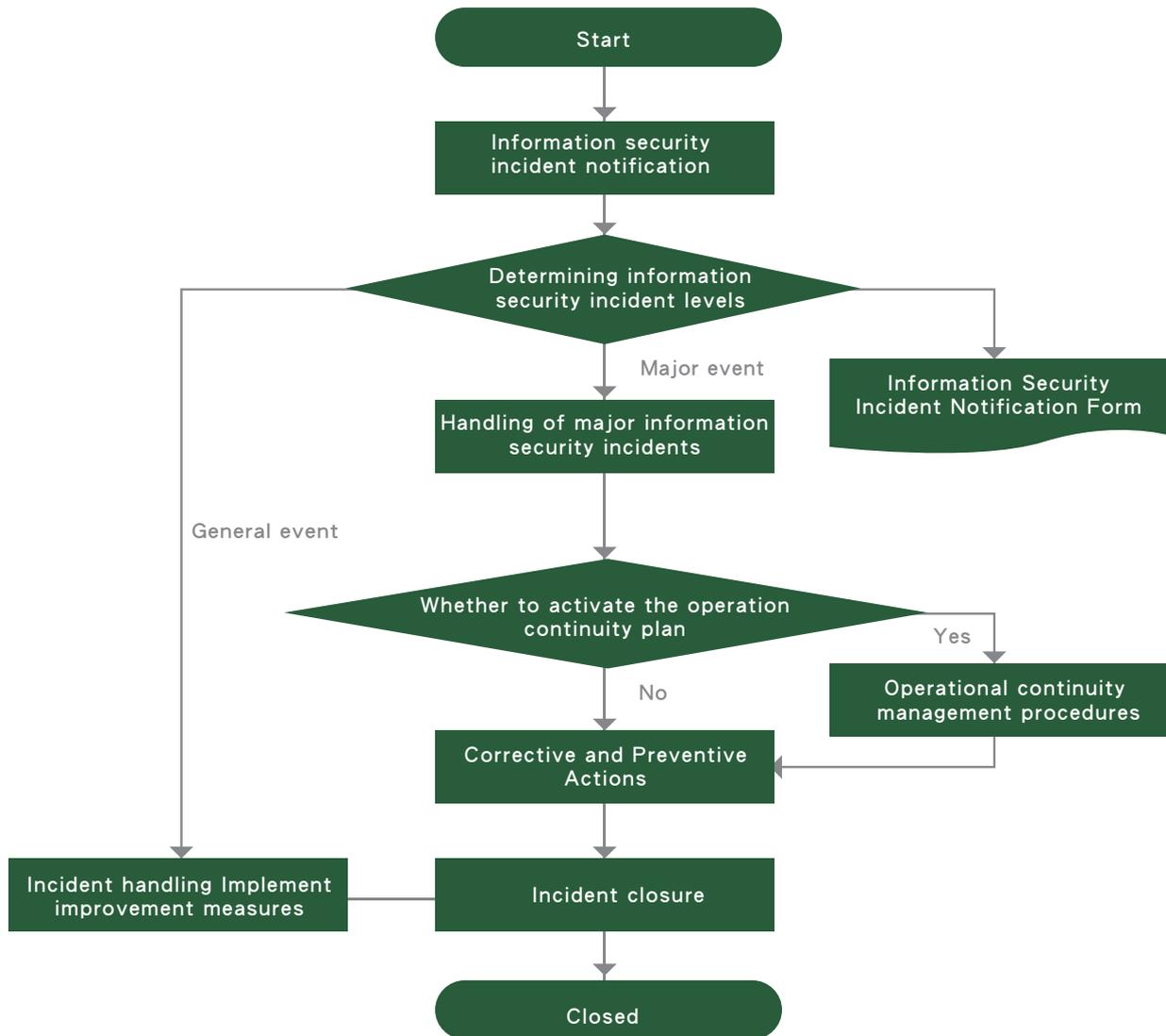
### Information and communications security policy

Formulation of information security policy and vision in the spirit of ISO 27001: ” Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and regulations, in order to protect them from internal and external deliberate or accidental threats.

### Information management process chart



## Procedures for Information Security Incident Reporting and Response



## Information security certification

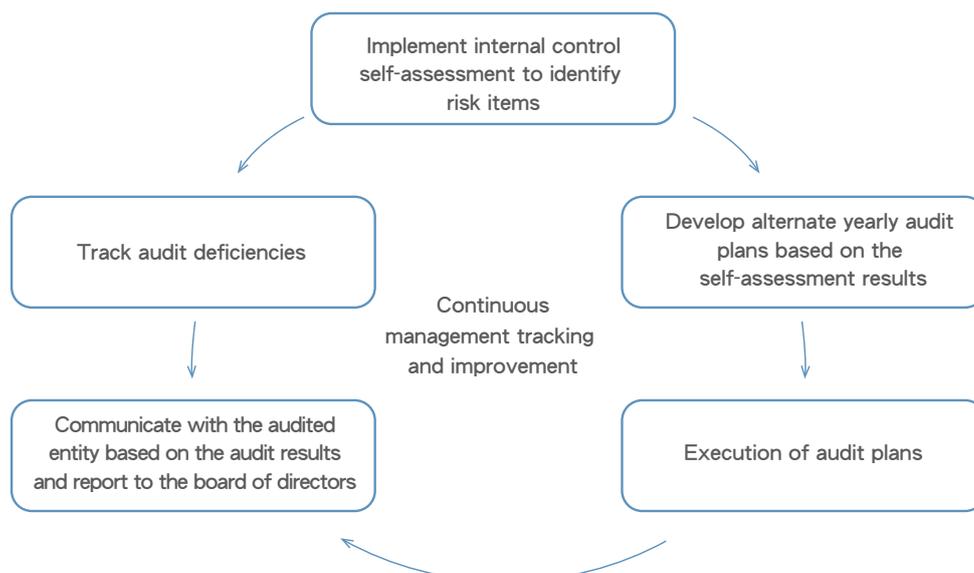
In 2023, Cheng Shin entrusted an external consultant to provide guidance to implement information security management and optimize risk control. It is expected to obtain the ISO 27001:2022 international certification and the TISAX (Trusted Information Security Assessment Exchange) accreditation mark in 2024.

## 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"> <li>1. The internal audit unit establishes an annual audit plan based on risk assessment results.</li> <li>2. Supervise and manage the operation and management of subsidiaries in accordance with the "Regulations Governing the Supervision of Subsidiaries".</li> <li>3. When significant and abnormal risk events occur.</li> <li>4. The operation of the ESG Group.</li> <li>5. The state of operation of cyber security management.</li> <li>6. The above-mentioned reports are submitted to the Board of Directors for discussion and review of implementation status.</li> </ol>
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"> <li>1. Monthly audit results are presented to the independent directors for their reference.</li> <li>2. The independent directors are aware of the improvement of the quarterly audit results.</li> <li>3. Report to the Board of Directors on a quarterly basis on the status of audit execution.</li> </ol>
President'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	<ul style="list-style-type: none"> <li>As the interest rate cut is yet to be confirmed, the US dollar index remains strong and non-US currencies are relatively weak. The market expects that the US dollar will not be able to maintain its strong position in 2024 as inflation in the U.S. declines.</li> <li>As a multinational operating company, the financial reports of our overseas subsidiaries are denominated in the currency of the countries where they are located. Therefore, we are exposed to exchange rate risks arising from different currencies. The Group keeps close attention to the factors affecting the exchange rates and their changes of the countries in which it invests. However, changes in the political and economic situation of the host country may also affect the exchange rate fluctuations of the subsidiary's reported currency against the New Taiwan dollar.</li> <li>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 risks arising from overseas investment mainly come from RMB, 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 an tolerable range.</li> </ul>	Finance Department
		Interest rate risk	<ul style="list-style-type: none"> <li>In July 2023, Fed announced another 100% life rate, raising the benchmark interest rate to 5.25%-5.5%, the highest level in the past 22 years. The timing of the rate cut in 2024 is yet to be determined, but the most important consideration is whether the inflation will move toward the 2% target. The market expects interest rate to remain high for a while.</li> <li>Cheng Shin stays on its toes and keeps close attention to the policies of central banks and the latest market conditions, and the allocation of funds within the group is adjusted to reduce exposure to external liabilities.</li> </ul>	Finance Department
		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. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.	

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Corporate Governance and Operations Management	Business Continuity Risk	Raw material prices and raw materials supply Risks	<ul style="list-style-type: none"> <li>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.</li> </ul>	President's Office
		Product Research Research and Development Management	<ul style="list-style-type: none"> <li>Regularly collect market information, plan product generations, and update safety, environmental, and other related laws and regulations.</li> <li>Continue to investigate the market demand, establish R&amp;D technology to facilitate the development of new products; also, comply with laws and regulations, and various customer quality and performance requirements.</li> </ul>	R&D Centers
		Transportation risk	<ul style="list-style-type: none"> <li>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.</li> <li>Stabilizing the transportation prices: Inland transportation and manufacturers set rolling mechanisms of oil prices and adopt reasonable long-term freight prices; In order to stabilize the transportation cost under the current situation of the sharp rise of market price, the freight rate contract is signed by sea transportation.</li> </ul>	Production Planning Department
		Prevention of Infectious Diseases	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	Occupational Safety and Health Department
		Energy Supply	<ul style="list-style-type: none"> <li>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.</li> </ul>	Engineering Center
	Intellectual Property Management	Intellectual Property Risk	<ul style="list-style-type: none"> <li>Cheng Shin products are sold in more than 180 countries around the world, and the following measures are taken to prevent infringement:                             <ul style="list-style-type: none"> <li>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.</li> <li>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&amp;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.</li> <li>※In case of patent infringement, Cheng Shin activates its internal management regulations, conducts patent comparison analysis, and confirms the status of patent infringement. Once confirmed, legal measures are pursued to ensure the protection of Cheng Shin's patent rights.</li> <li>※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. 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.</li> </ul> </li> <li>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.</li> </ul>	Intellectual Property Management

ESG	風險類別	潛在風險	管理策略及作法	負責單位
Corporate Governance and Operations Management	Digital Information Security Risks	Confidential Information Protection	<ul style="list-style-type: none"> <li>◆ Formulation of information security policy and vision in the spirit of ISO 27001: "Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and comply with the requirements of relevant laws and regulations, in order to protect them from internal and external deliberate or accidental threats.</li> </ul>	IT Service Department
	Safety risk management	Material Disaster	<ul style="list-style-type: none"> <li>◆ Formulate "Disaster Incident Management Regulations" for the plants: Specify emergency response measures, emergency contact systems, and disaster countermeasures.</li> <li>◆ Formulate "Comprehensive Contingency Measures" : In China, we have stipulated the Comprehensive Contingency Measures for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, detailing the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the Defense Production Act, the Safety and Health Regulations for Manufacturing Procedures, and the Manufacturing Safety Accident Countermeasure Guidelines for the Manufacturing Department.</li> </ul>	Occupational Safety and Health Department
Workplace Safety and Health	Environment Risk	Environment Control Ability	<ul style="list-style-type: none"> <li>◆ 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.</li> </ul>	Occupational Safety and Health Department
		Greenhouse Gas Emissions	<ul style="list-style-type: none"> <li>◆ In response to the energy saving target of the Bureau of Energy, MOEA to reduce energy consumption by 1% 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.</li> <li>◆ In response to the government's "Climate Change Response Act," the "Energy Conservation and Carbon Reduction Committee" was established to formulate greenhouse gas emission reduction strategies and goals, and review them on a regular basis.</li> <li>◆ In accordance with the "Climate Change Response Act and the Regulations Governing the Inventory, Registration and Verification of Greenhouse Gas Emissions", inventory and registration are conducted on an annual basis for plants with annual direct and indirect emissions greater than 25,000 metric tons of carbon dioxide equivalent.</li> <li>◆ 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.</li> </ul>	Occupational Safety and Health Department
		Environmental Management	<ul style="list-style-type: none"> <li>◆ The Company has obtained the ISO14001 environmental management system certification. The validity of the certificate is maintained continuously from the daily management implementation to ensure that the air pollution control, water pollution control, and waste management meet the legal requirements.</li> <li>◆ 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.</li> <li>◆ 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.</li> </ul>	Occupational Safety and Health Department
		Risk of Infectious Diseases	<ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ Regularly distribute health education information or coordinate with resident doctors to organize health seminars to enhance employees' knowledge of self-protection.</li> </ul>	Occupational Safety and Health Department
Society	Human Resources Risk	Human Capital	<ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ 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.</li> </ul>	Human Resources Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	Responsible Unit
Society	Human Resources Risk	Human Resource Management	<ul style="list-style-type: none"> <li>◆ Diversified talent recruitment channels.</li> <li>◆ Strengthen employee care and promote employee retention.</li> <li>◆ Encourage employees to seek new skills and obtain qualifications to perform a variety of jobs to enhance overall competence and increase management flexibility.</li> </ul>	Human Resources Department
	Occupational Safety Risk	Safety and health standard operation management	<ul style="list-style-type: none"> <li>◆ 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.</li> </ul>	Occupational Safety and Health Department
	Legal Compliance	Rationalization of laws and regulations	<ul style="list-style-type: none"> <li>◆ 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.</li> <li>◆ 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.</li> </ul>	President's Office Occupational Safety and Health Department

## 1.8 Safe and Reliable Cheng Shin Tire Tire Product Performance Accolades:

1. MAXXIS VS-EV Electric Vehicle Tire honored with:  
Taiwan Excellence Award, SEMA (USA), Reddot (Germany), DNA (France), IDEA (USA), MUSE (USA), IDA (USA).



2. Designated RC-1 tires for the BMW E30 Series of the National Auto Sport Association (NASA, U.S.A.).
3. Designated tires for the 2022~2026 Karting Australia CADET 9 and CADET 12.
4. Designated tire supplier for BMW Electric Vehicle CE04 from 2021~2028.
5. MAXXIS MA-MT multi-purpose tire won the A design award in Italy
6. Maxxis is an OE supplier to the BMW 1 series models in Europe. The Premitra HP5 installed on the model received the highest A rating from Labeling in wet grip and rolling resistance.
7. General Motors named Maxxis the 2022 Supplier of the Year, in recognition of outstanding global suppliers that passed the requirements. This is the seventh time that Maxxis has received the award.
8. Subaru Indiana Automotive (SIA) has received the 2023 Supplier Excellence Award from Maxxis for the fifth consecutive year, in recognition of its achievements in achieving the targets in terms of safety, quality, cost, and delivery.
9. In the Rebelle rally, the Honda team equipped the Passport TrailSport and Pilot TrailSport with ZAZR AT tires to complete a 1500-mile rally of harsh desert terrain and achieved excellent results. Since 2021, the RAZR AT has been the tire of choice for the Honda of America Racing Team (HART) Maxxis rally team in the national and regional races of the American Rally Association.
10. According to Vital MTB statistics in 2023, MAXXIS continues to be the leading MTB brand in North America.
11. In 2023, Enduro Mountainbike Magazine announced MAXXIS as the most popular tire brand of the year, making it the world's best tire brand for four consecutive years.
12. Won: 2023 Dongfeng Nissan Outstanding Supplier; 2023 SAIC-GM Outstanding Supplier; 2023 Outstanding Supplier Award from Guangzhou TRINX Co., Ltd.; 2023 Outstanding Supplier Award from WUYANG-HONDA; the Yadea "Quality Excellence Award" in 2023; the 2023 TAI LING MOTOR "Strategic Cooperation Award", and the "2023 Outstanding Supplier Award" of Jiangsu Zongshen.



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

Items	Events	Honor
Bicycle Tire Sponsored Cyclist	2023 Unbound Gravel	Keegan Swenson won the championship
	2023 UEC XC European XC Championships	Puck Pieterse won the championship (XCO) David Campos won the championship (XCC)
	2023 UCI Downhill WORLD Cup	Achievements: 13 golds, 16 silvers, and 13 bronzes.
	2023 French Downhill National Championships	Marine Cabirou won the championship
	2023 Slopestyle _(Crankworx _Whistler)	Emil Johansson won the first prize
	2023 UCI BMX WORLD CHAMPIONSHIPS	Bethany Shriever won the championship
	2023 CRANKWORX_ Innsbruck	Achievements: 4 golds, 3 silvers and 1 bronze
	2023 UCI XC WC	Nino Schurter Men's Annual Champion Puck Pieterse Women's Annual Champion
	2023 UCI ENDURO WC	Richie Rude Men's Annual Champion Florencia Espineira Women's Tramway of the Year Champion
ATV Tire Sponsored Cyclist	2023 Baja Reguengos	European Champion 2023
	2023 GNCC	Champion in XC1 Round 4 and Round 5
	2023 BITD	Class Champions - Champion
	2023 DP4	Class Champions - Champion
	2023 MAO	Class Champions - Champion and Third Place
	2023 Vorra	Class Champions - Champion and first runner-up
	2023 Red Bull championship	Scramble - won the first runner-up and second runner-up
	2023 ATV MX	Round 10 - won the second runner-up
	2023 ATV MX	Level: AMA Pro: Champion and 4th place
	2023 IXCR	Won the championship on Rounds 10, 11 and 12
Motorcycle Tire Sponsorship	TSR	Race 5: BIKE A - Finals Champion Race 5: BIKE C - Finals Champion Opening Race: EVS 10.0 - Finals Champion Race 2: 125 A Class - Finals Champion Race 3: 125 A Class - Finals Champion Race 4: EVS 10.0 - Finals Champion Race 5: EVS 10.0 - Finals Champion 125 Class A - Finals Champion

Items	Events	Honor
Go Kart International competitions	2024 - 2026 International Tillotson T4 Series T4 National Championships	MAXXIS T4 Tire Designated for Events
	2024 - 2026 CIK-FIA International Karting Championships	2024 - 2026 Exclusive tire supplier for the FIA Karting European Championship OK/Junior/OK-N World Cup and Academy Round and World Karting Championship.
	IAME Asia series X30	Won the tender for designated tires in 2023
	Asia Pacific Motorsports Championships	Won the tender for designated tires in 2023
Sedan/4X4 events	ARA Sno*Drift L2WD Series	A modified Honda Civic won the first place in the twelfth round, and finally finished the race in fourth place.
	Tire Rack 50 SCCA Solo Nationals	In the H Street-Ladies category, our Altima SR VC-Turbo equipped with VR-1 won third place. In the Super Street Modified-Ladies category, the Z performance equipped with an RC-1 won first place.

## 1.8.1 Product R&D and Technology Development

### R&D Investment

Amount invested in R&D in 2023: NTD 3,783,394 thousand

### R&D achievements

The products successfully developed in 2023 are as follows:

Highway Terrain Product Development for 4X4 Vehicles	Ultra High Performance A/S Product Development for Passenger Cars
Ultra High Performance Summer Product Development for EV Passenger Cars	Racing Tire Product Development for Passenger Cars
Gravel RT Product Development	MTB Downhill Product Development
Adventure Tire (BIAS) Product Development	Electric Vehicle Tire Product Development
Light Bike Sport Tire (BIAS) Product Development	MCR Hyper Sport Product Development
ATV EV Tire Product Development	Go-kart RC-1K 2nd Generation Product Development
Electric Bus Product Development	Light Truck (3.5T) All-Steel Product Development

### 2023 R&D New Product List

### Product R&D Planning and Future Prospects

The R&D Department abides by the sustainable policy, injects the concepts of environmental friendliness and sustainable development into product R&D and design, and continues the R&D of sustainable and environmentally friendly products, including fuel-efficient and environmentally friendly, low rolling resistance tires, electric vehicle tires and so on, enhancing product safety and energy saving features.

The products we produced have been tested by global certification authorities to ensure product safety, and we act as the strictest gatekeeper for consumer safety.

Grand Touring A/S Product Development for Passenger Cars	Product Development for 4x4 Vehicles - All-Terrain & Rugged Terrain
Ultra High Performance Summer Product Development for EV SUV	Racing Tire Product Development for Passenger Cars
All-Season Product Development of OE for MPV Vehicle	All-Season Product Development of OE for MPV Vehicle
Light Truck Product Development of OE for Electric Commercial Vehicle	New Product Development for Big Scooter
Motorcycle Product Development of OE for ICE & BEV	MCR sports tire product development
BC New DH Construction Tire Development	RAZR XT Europe Development
Off-Road Product Development for Commercial Truck	

## List of planned development products

## Leading Technology, Innovative Cheng Shin

The extensive R&D activities of Cheng Shin focus on the development of sustainable and environmentally friendly products, focusing on the key areas of improving energy efficiency and wear resistance, safety, and comfort, while reducing weight and noise.

Product	Sustainability Highlights	Technical Description
<p>Electric sedan tires VICTRA SPORT EV</p> 	<ul style="list-style-type: none"> <li>√Product Lifespan</li> <li>√Product Safety</li> <li>√Product Energy Saving</li> </ul>	<p>The new formula and the rubber polymer technology in the perfect proportion can improve grip and significantly reduce the energy lost during friction, significantly increasing the energy saving level by 20%; the optimized contour design reduces abnormal wear and can increase the wear mileage by 35%.</p>
<p>Metroloads Pro Electric Cargo Bicycle Tire</p> 	<ul style="list-style-type: none"> <li>√Product Lifespan</li> <li>√Product Safety</li> <li>√Use of recycled materials</li> </ul>	<p>Introduce anti-wear compound formula and rubber compound puncture-proof layer to improve product safety and service life; 38% of new tires are made of materials recycled from fishing nets to achieve the goals of environmental protection and sustainable operation.</p>
<p>All-weather SUV tire MA-CT</p> 	<ul style="list-style-type: none"> <li>√Product Lifespan</li> <li>√Product Safety</li> <li>√Product Energy Saving</li> </ul>	<p>The new-generation formula and tire tread design, which features energy saving and superior wet grip, have been tested and shown to show +25% in comfort in the wet, +7% in fuel efficiency for gasoline-powered vehicles, and 15% in the range extension of the dual-battery EV model. It has significantly increase safety and energy-saving performance.</p>
<p>High-performance sports tire MA-SP(L)</p> 	<ul style="list-style-type: none"> <li>√Product Lifespan</li> <li>√Product Safety</li> </ul>	<p>Using a new nano-level formula to increase grip and the introduction of a reinforced special cord material, the wear is increased by 5%, and the tires are more stable. The overall performance rating can provide better cornering stability and handling.</p>

## 1.8.2 Product Quality Management

The tire has been an indispensable part of all kinds of vehicles, but also a security part of the vehicle. Its quality is involved in the safety of driving and passengers. 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. Before the products enter mass production, internal testing and verification are conducted for product dimensions, load-bearing capacity, durability, and high-speed performance. At the same time, product safety is guaranteed by passing the test of relevant certification units around the world to ensure product quality and provide the most rigorous quality control for consumer safety. In 2023, Cheng Shin did not have any violations of health and safety regulations for products and services.



### 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		TIS Certification TISI-Mark	100%
Philippines		BPS-Mark	100%
Taiwan		Taiwan BSMI Certified	100%
Taiwan		CNS-Mark	100%

## Quality First and Customer Satisfaction

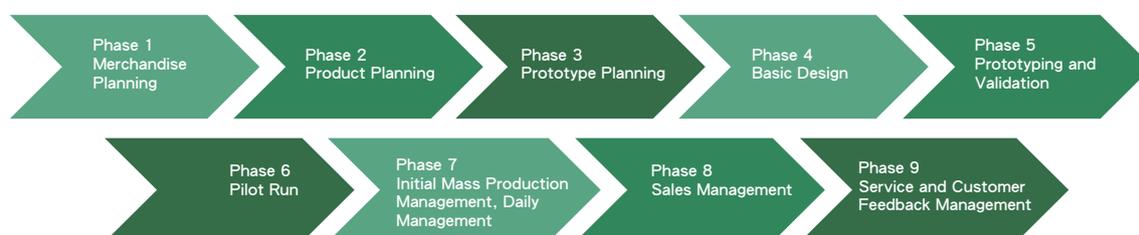
"Quality first, customers satisfied" is the Company's core competitive strategy for its products. In terms of quality system, Cheng Shin has implemented total quality management and obtained ISO9001 and IATF16949 quality management system certification, and established a dedicated quality department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

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

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

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

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



Cheng Shin's quality management system is certified 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.

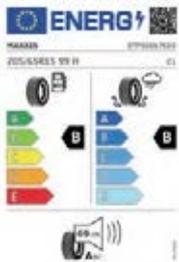
The "Customer Value Proposition" comes from effectively solving "customer concerns". In addition to providing high-quality products and services, we also have a complete and smooth customer service pipeline:

Free consultation service hotline: 0800-092123; customer service center e-mail: [svc@tw.maxxis.com](mailto: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.

### 1.8.3 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. In 2023, no violation of marketing and communication-related laws and regulations occurred.



Examples of European Union tire labels

#### Europe

In June 2020, EU 2020/740 European labeling regulation was announced to replace the 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.

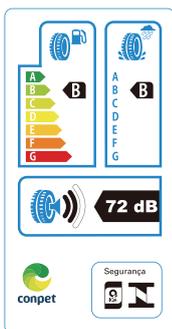


Saudi Arabia Examples of Saudi Arabia tire labels

#### 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.

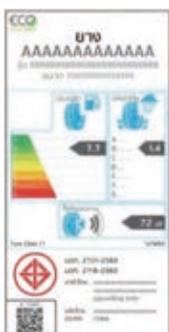
Since November 2015, all tires sold to Saudi Arabia must comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (SASO 2857:2016), and all Cheng Shin tires sold to Saudi Arabia comply with such requirements.



Examples of Brazilian tire labels

#### 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.



Examples of Thai tire labels

#### 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.

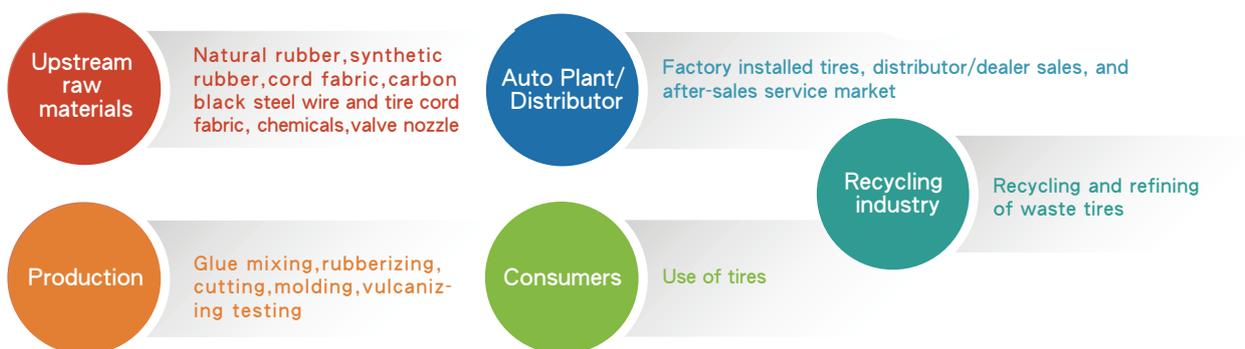


Examples of Taiwan tire labels

## 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.

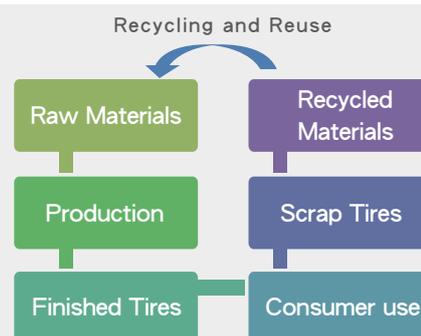
In recent years, Cheng Shin has embarked on three procurement policies in response to the rising international awareness of environmental protection and the need to strengthen the resilience of the supply chain:

1

Cheng Shin has joined the Global Platform for Sustainable Natural Rubber (GPSNR) and continues to be 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", and we establish a due diligence system to actively correspond to EU Deforestation Regulation (EUDR).

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, and the Company is actively promoting sustainable raw materials (renewable and recyclable) development and implementation.



3

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

The quantity of raw materials procured by Cheng Shin in FY2023 and the percentage of local procurement from FY2021 to FY2023 are as follows:

### Cheng Shin Taiwan:

Material Name	2023 Quantity (metric tons)	% Local Procurement		
		2021	2022	2023
Natural Rubber (Note 1)	45,957	0.00%	0.00%	0.00%
Synthetic Rubber	47,739	55.00%	55.00%	82.00%
Cord Fabric	14,027	56.00%	44.00%	81.00%
Carbon Black	52,460	98.00%	99.00%	99.00%
Steel wires and Tire Cord Fabric (Note 2)	10,547	0.00%	0.00%	0.00%

Note 1 : Local is defined as the area where Cheng Shin's production base is located.

Note 2 : 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 3 : Taiwan does not have domestic manufacturers of tire-free steel wire and tire cord fabric, and must rely on imports.

Mainland China:

Material Name	Region	2023 Quantity (metric tons)	% Local Procurement		
			2021	2022	2023
Natural Rubber	Cheng Shin Kunshan	39,200	100.00%	100.00%	100.00%
	Cheng Shin Chongqing	8,132	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	112,596	69.50%	71.00%	69.00%
Synthetic Rubber	Cheng Shin Kunshan	32,392	49.00%	51.00%	49.00%
	Cheng Shin Chongqing	8,729	59.00%	60.00%	71.00%
	Cheng Shin Xiamen	72,832	77.20%	78.00%	84.00%
Cord Fabric	Cheng Shin Kunshan	6,104	88.00%	96.00%	97.20%
	Cheng Shin Chongqing	1,723	99.00%	98.90%	98.90%
	Cheng Shin Xiamen	19,458	87.80%	88.00%	97.00%
Carbon Black	Cheng Shin Kunshan	32,783	100.00%	100.00%	100.00%
	Cheng Shin Chongqing	7,839	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	84,325	100.00%	100.00%	100.00%
Steel wires and Tire Cord Fabric	Cheng Shin Kunshan	23,211	100.00%	100.00%	100.00%
	Cheng Shin Chongqing	4,456	100.00%	100.00%	100.00%
	Cheng Shin Xiamen	35,673	95.80%	96.00%	98.00%

### 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 and anti-corruption, in accordance with the Responsible Business Alliance (RBA) Code of Conduct. We adhere to various international conventions and local labor regulations outlined by the Labor Standards Act.	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 1: PAHs report is mainly for raw materials containing oil and resin.

Note 2: Regarding anti-corruption and social responsibility, there were a total of 115 suppliers in Taiwan in 2023, and the management achievement rate was 100%.

In addition, to comply with and correspond to the requirements of EUDR regulations, Cheng Shin has started due diligence on 10 relevant suppliers and completed risk assessments in the second half of 2023 (the survey results are no high-risk suppliers). Held meetings from time to time to review with the suppliers, and accurately implemented progress tracking and intelligence capture.

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 2023, we conducted two drills: information security and extreme weather events.

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

Mainland 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](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 2023, there were a total of 115 qualified suppliers for Cheng Shin. After the assessment, the annual assessment plan scheduled 11 suppliers for on-site assessments (Note 1), and the other 6 new suppliers underwent on-site assessments according to the development plan. The results for both showed pass rate at 100%, and the achievement rate at 100%. Please refer to the table below for details.

### Cheng Shin Taiwan

New Suppliers	Evaluation of New Suppliers	6suppliers	Grade A: 2 Grade B+: 3	Grade B: 1 Grade C: 0
Existing Suppliers	On-site evaluation (Note 1)	11suppliers	Grade A: 3 Grade B+: 6	Grade B: 1 Grade C: 0
	Supplier Capacity Performance Assessment (Note 2)	105suppliers	Grade A: 105	Grade B: 0 Grade C: 0

Note 1: Since procurement has suspended for one supplier, the implementation of the audit has been suspended, and the audit will be conducted again after the supply of goods has been restored.

Note 2: The supply ability performance evaluation refers to the evaluation of suppliers with a delivery record in that year. Suppliers that have stopped production and have suspended procurement throughout the year are not in the scope of implementation.

### Mainland China

New Suppliers	Evaluation of New Suppliers	Kunshan+Chongqing	5 suppliers	Grade A: 1 Grade B+: 4	Grade B: 0 Grade C: 0
		Cheng Shin Xiamen	8 suppliers	Grade A: 8 Grade C: 0	Grade B: 0
Existing Suppliers	On-site evaluation	Kunshan+Chongqing	32 suppliers	Grade A: 5 Grade B+: 27	Grade B: 0 Grade C: 0
		Cheng Shin Xiamen	35 suppliers	Grade A: 31 Grade C: 0	Grade B: 4
	Supplier Capacity Performance Assessment	Kunshan+Chongqing	96 suppliers	Grade A: 96 Grade B+: 0	Grade B: 0 Grade C: 0
		Cheng Shin Xiamen	124 suppliers	Grade A: 109 Grade C: 11	Grade B: 4

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

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 addition to passing the trade secret certification in 2022, we will also complete the patent certification in 2023; the currently completed subjects include business secrets and patents. The TIPS Class A intellectual property management scope certificate is valid until December 31, 2025. The first tire factory to pass the TIPS verification. The implementation of the procedures and regulations introduced by the TIPS is beneficial to the protection of the core business and related 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 focused on:

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



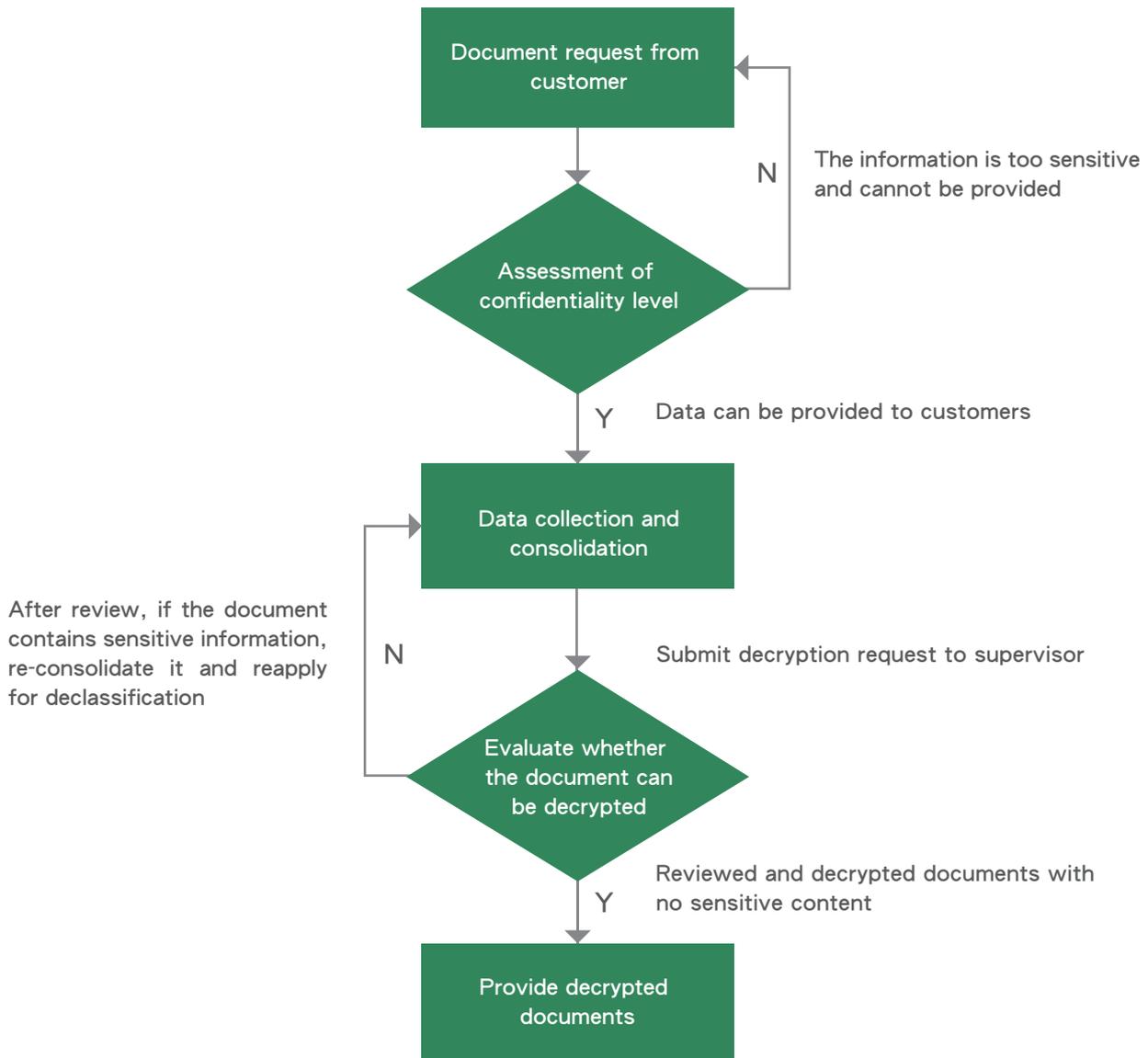
### Implementation Methodology:

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, the office computers distributed by the Company are equipped with automated electronic data protection systems and Microsoft Document Protection and Data Leakage Protection tools to encrypt and classify documents and emails and prevent unauthorized personnel from accessing sensitive information. 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 2023, there were no written complaints of violation of customer privacy or loss of customer data in the Taiwan region and Mainland China region. Cheng Shin strictly manages and maintains the storage and use of the intellectual property rights and privacy information provided by customers and keeps confidential the contract products, projects under development, and related product information of customers. With the concerted efforts of all staff and under the operation of the data protection system, Cheng Shin is perfecting its data protection, so that customers can be rest assured and put their trust in us.

Customer Data Confidentiality Process



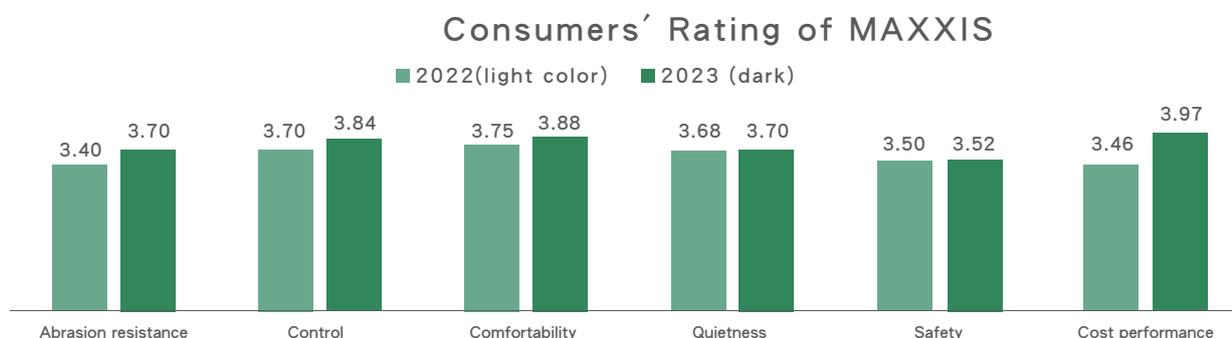
### 1.10.1 Customer Satisfaction Customer Satisfaction Survey

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 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: [svc@tw.maxxis.com](mailto: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 500 copies of the 2023 Taiwan Consumer Satisfaction Survey were distributed and 470 copies were recovered, with a response rate of 94%:



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 2023 survey, the scores of wear resistance, handling, comfort, and price-performance ratio improved, while quietness and safety remained unchanged. It is inferred that the main driving force is the new high-end sedan tire product: 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).

The new Maxxis brand, the VICTRA SPORT PRO (VSP) high-performance tire was launched in 2023. It is designed for luxury sedans and SUVs and developed to address the three demands of "control, safety and quietness". The climate in Taiwan is rainy and humid, and short bursts of high-intensity rainfall can easily accumulate water on the roads, increasing the risk of skidding during driving. In the face of changing weather conditions, ultra-high dosage silicon nanoparticles (Silica) are used to break through the water film through the strong bond between the functional groups (-OH) of the silicon nanoparticles and the water film, thereby enhancing the grip strength of the tread and road surface, enhancing wet handling performance and significantly shorten wet braking distance to enhance driving safety. VSP increases tire shoulder width and strengthens shoulder rigidity to enhance contact surface area and cornering grip, as well as enhance tread rigidity and ground contact achieving excellent control and brake performance. Aside from control and safety, tire noise is also a concern of drivers. VSP adopts the latest MAXXIS Optim-tech pitch arrangement optimization technology to effectively reduce driving noise and provide the driver and passengers with a quiet and comfortable cabin space.

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 expectations.

## Mainland China: Cheng Shin Kunshan, Cheng Shin Chongqing

In the Mainland China region, our primary customers are brand automobile manufacturers and dealerships. 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 7 (e.g. quality, delivery time, overall satisfaction, etc.)	2021 H1	2021 H2	2022 H1	2022 H2	2023 H1	2023 H2
Four-Wheeler Product Brand car customers	Delivery	30	29.6	29.7	30	30	30
	Quality	29.9	29.8	29.8	29.6	29.7	29.6
	Price	8.7	8.2	8.6	8.5	8.5	8.7
	Development	13.6	14	13.8	13.8	13.9	14.1
	Services	14.9	14.9	14.9	14.9	14.9	14.9
	OE Customer Total Score	97.1	96.5	96.8	96.8	97.0	97.3
Four-Wheeler Product Dealership/ Distributor Customers	Sedan-type Products	86	85	85	84	82	85
	SUV-type Products	86	85	85	84	82	85
	Off-Road SUV Products	86	85	85	84	82	85
	Commercial	86	85	85	84	82	85
	Services	83	82	83	82	82	85
	Promotional Campaigns	78	71	76	75	77	80
	Brand Promotion	76	73	78	76	75	78
	Distributor Commercial Policy	79	76	79	78	77	83
	Channel Policies	75	76	78	77	78	82
	Average Score	82	80	81	80	80	83

## 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.)	2021 Score	2022 Score	2023 Score
Four-Wheeler Product Dealership/ Distributor Customers	Passenger car tires Domestic Sales	Product	50.1	53.8	55.1
		Sales Services	32.5	33.9	34.3
		Average Score	82.6	87.7	89.4
	Radial Truck/Passenger Bus Tires Domestic Sales	Services	32.8	20.5	18.1
		Product	46.8	61.8	64.6
		Average Score	79.7	82.3	82.7

Customer Type	Tire Type	Survey Item <small>(e.g. quality, delivery time, overall satisfaction, etc.)</small>	2021 Score	2022 Score	2023 Score
Four-Wheeler Product Dealership/ Distributor Customers	BIAS/ Engineering Vehicle Tires Domestic Sales	Product	24.4	24.5	24.4
		Delivery/Packaging	28.2	28.1	28.5
		Services	28.1	27.9	27.8
		Others	13.2	13.5	13.4
		Average Score	93.9	94.0	94.1
	Passenger car tires Export Sales	Services	38.9	39.1	44.0
		Delivery/Packaging	19.6	19.6	19.7
		Product	38.4	38.3	33.4
		Average Score	96.9	97.0	97.1
	Radial Truck/Passenger Bus Tires Export Sales	Services	38.1	38.6	44.3
		Delivery/Packaging	19.5	19.0	19.4
		Product	38.0	37.7	33.1
		Average Score	95.6	95.3	96.8
	BIAS/ Engineering Vehicle Tires Export Sales	Services	38.5	38.7	43.9
		Delivery/Packaging	19.1	19.3	19.1
		Product	38.1	37.1	33.6
Average Score		95.7	95.1	96.6	
Four-Wheeler Product Brand Customers	Spare Tires Domestic/Export Sales	Services	39.8	39.5	39.5
		Delivery/Packaging	14.9	14.8	14.8
		Product	39.0	38.8	38.9
		Market	5.0	5.0	5.0
		Average Score	98.7	98.2	98.2
	BIAS/ Engineering Vehicle Tires Domestic Sales	Product	32.9	32.5	33.4
		Delivery/Packaging	26.3	25.5	26.2
		Services	13.5	14.2	14
		Others	16.4	16.7	16.5
		Average Score	89.1	88.9	90.1

Customer Type	Tire Type	Survey Item <small>(e.g. quality, delivery time, overall satisfaction, etc.)</small>	2021 Score	2022 Score	2023 Score
Two-Wheeler Product Dealership/Distributor Customers	Bicycle tires Export Sales	Services	38.8	39.1	44.2
		Delivery/Packaging	19.3	19.4	19.4
		Product	39.8	37.6	33.9
		Average Score	97.9	96.1	97.5
	Tires for Motorcycles Export Sales	Services	38.9	38.9	45.2
		Delivery/Packaging	19.4	19.1	25.1
		Product	38.0	38.1	47
		Average Score	96.0	96.1	97.2
	Bicycle tires Domestic Sales	Services	37.8	38.8	37.8
		Delivery/Packaging	19.0	19.0	19
		Product	38.5	35.7	38
		Average Score	95.3	93.5	94.8
	Heavy Motorbike Tires Domestic Sales	Quality	29.5	29.1	29.1
		Product Packaging Appearance	24.0	23.4	23.9
		Delivery	9.3	9.2	9.3
		Service Level	24.4	23.7	23.9
		Others	9.9	9.5	9.7
		Average Score	97.0	95.0	96
	Tires for Motorcycles Domestic Sales	Services	23.6	23.9	24.2
		Delivery/Packaging	32.8	33.1	33.8
Product		38.5	38.4	38.9	
Average Score		94.9	95.4	96.9	
Two-Wheeler EV Tire Domestic Sales	Services	23.6	23.8	24	
	Delivery/Packaging	32.4	32.8	33.2	
	Product	38.0	37.7	38.4	
	Average Score	94.0	94.3	95.6	
Two-Wheeler Product Brand Customers	Bicycle tires Domestic Sales	Services	18.4	18.0	18.0
		Delivery/Packaging	46.5	41.2	28.2
		Product	22.3	31.8	45.2
		Average Score	87.2	91.0	91.4
	Motorbike Tire/Two-Wheeler EV Tire Domestic Sales	Services	13.9	14.4	13.9
		Delivery/Packaging	14.2	13.5	25.6
		Product	54.1	54.0	47.2
		Average Score	82.2	81.9	86.7

## 1.11 Adherence to Product Regulations

Tires are the key safety features 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 2023, there were no major violations of the laws as described above in Cheng Shin Taiwan and Mainland 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.

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@tw.maxxis.com](mailto:svc@tw.maxxis.com)

# Part 2

## Environmental Sustainability, Loving the Earth



### Key Performance

- ◆ ISO 50001  
Cheng Shin's operations in Mainland China 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 70,753.52 tCO<sub>2</sub>e.
- ◆ Reducing the Use of Water Resources  
A total of 88.495 million liters of water consumption was reduced in Cheng Shin Taiwan and Mainland China.
- ◆ Use of Green Energy  
Cheng Shin has installed solar photovoltaic systems that is planned to generate 47.65 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 Sustainable Development 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



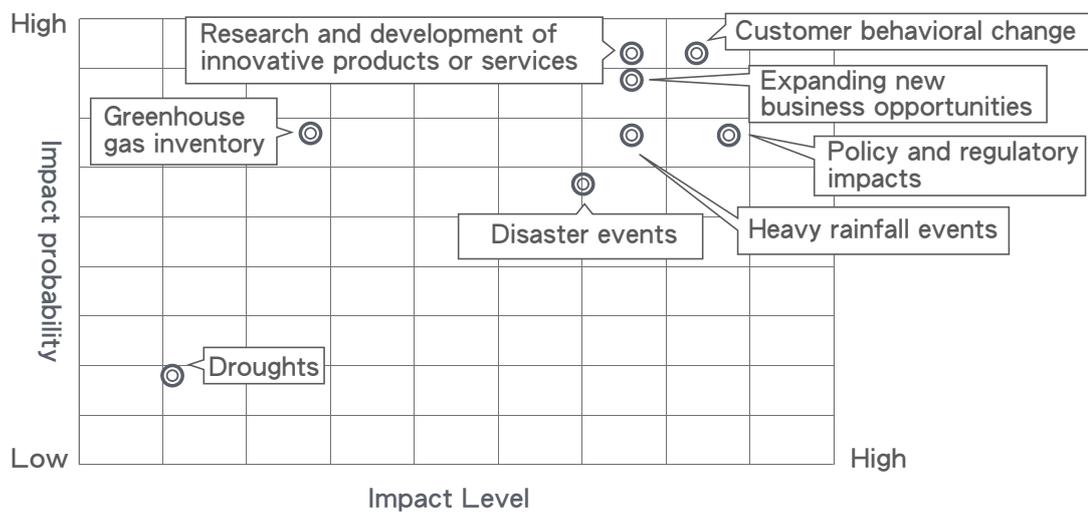
Cheng Shin’ s TCFD Indicator Disclosure Framework

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.65
	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: Climate Change Risk and Opportunity Impact Analysis P.66
	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
	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.	Adaptation Strategies and Goals P.57
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
	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.	Opportunity Impact Analysis P.55

### 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

CATEGORY	Potential Risks and Opportunities	Point of Impact	Impact on the Company	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"> <li>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.</li> <li>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.</li> <li>Conduct compliance assessment once a year to comply with statutory provisions.</li> </ul>

CATEGORY	Potential Risks and Opportunities	Point of Impact	Impact on the Company	Response Measures
Transitional Risk	Customer behavioral change	Mid-term	<ul style="list-style-type: none"> <li>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).</li> <li>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&amp;D directions are planned, resulting in increased labor costs.</li> </ul>	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"> <li>Participate in industrial associations, negotiate with the government on greenhouse gas caps.</li> <li>Participate in voluntary greenhouse gas reduction and continue to enhance the efficiency of equipment.</li> <li>Conduct greenhouse gas inventory.</li> </ul>
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"> <li>Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". For example: Emergency Response Plan Operation Process, Emergency Response Contact System, and Disaster Response Management, etc.</li> <li>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.</li> </ul>
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"> <li>Develop new products based on customer performance requirements.</li> <li>Segmenting markets and finding new niches.</li> </ul>

Opportunities	Research and development of innovative products or services	Mid-term	<p>Noise-reducing grooves are designed to isolate the pattern noise generated by the tire impacting the road and reduce noise emission.</p> <p>The high-strength structural design strengthens the rigidity of the tread and carcass to improve high-speed driving stability.</p> <p>Silicone nanoparticles with high dispersibility and polymer rubber with double-terminal functional groups, evenly dispersing molecules, can increase abrasion mileage and provide tight grip.</p> <p>This includes the initial investment in the project technology research and development costs.</p>	Development of new generation sustainable products for each tire category.
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Note: Short-term: 2023-2025 / Mid-term: 2025-2030 / Long-term: 2030-2050

## Response Strategies and Objectives for Climate Change

CATEGORY	Strategy	Climate Response Strategy Development Objectives	Achievements in 2023
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	<p>In response to the rapid development of the electric vehicle industry, develop special products tailored to EVs (sedan cars and motorcycles).</p> <p>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.</p> <p>2. Low rolling resistance: Low rolling resistance can increase battery life and reduce charging times.</p> <p>3. Grip: EVs have high torque, tires need to be specially designed to meet the acceleration mode of EVs.</p> <p>4. Quietness: EVs produce little noise, so the tires need to be even quieter on the road to ensure optimal comfort.</p>	<p>VS-EV dedicated tires for low fuel consumption, low rolling set and high mileage have been launched for four-wheeled sedans, and have been awarded the highest Grade A in Europe Lebling Energy Efficiency.</p> <p>The Metropass smart electric bicycle tire M2028eP has been developed for two-wheeled bicycles.</p> <p>Developed GOGORO Pulse Electric Tire MA-R1N for motorcycles.</p>
	Promote energy-saving and carbon-reducing manufacturing	<ul style="list-style-type: none"> <li>Align with the Bureau of Energy's electricity saving targets each year.</li> <li>Our goal is to reduce energy consumption by 1%.</li> </ul>	The greenhouse gas emission intensity was 1.17 in 2022 and 1.12 in 2023.
Physical risks	Water resources risk management	<ul style="list-style-type: none"> <li>Conduct management in accordance with the Measures for Flood Control</li> <li>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).</li> <li>Continue to monitor climate-related information for advance development of relevant countermeasures.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously monitor government policies related to water use restrictions to prevent unanticipated policies from affecting the Company's production capacity.</li> <li>Established a record file for obvious climate anomalies and related government policies.</li> </ul>
	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"> <li>• Passenger Car Tires / Light Truck /Passenger Bus Tires: The development of 4X4, UHP A/S, GT A/S, and it is expected to initiate the product development of RAZR RT tires.</li> </ul>	<ul style="list-style-type: none"> <li>• 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. They also received the best level Grade A for Energy Efficiency Label from Europe.</li> </ul>
		<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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 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.</li> </ul>
		<ul style="list-style-type: none"> <li>• Bicycle tires: Introduction of Sustainable Material - Recycled Fishing Nets Curtain Yarn</li> <li>• In response to the growing trend of electric bicycles in the market, we are focusing on the development of Urban, and Cargo category tires specifically designed for electric bicycles. We will continue to expand our product specifications to cater to this evolving market.</li> </ul>	<ul style="list-style-type: none"> <li>• At the 2023 Taipei Show, the Company announced that the recycled fishing nets curtain yarn has the advantages of 49% reduction in carbon emissions, 15% reduction in energy consumption, and a recycling rate of up to 95% with Taipei and Formosa Advanced Technologies together with the tire performance and weight equivalent to the existing curtain yarn.</li> <li>• Metroloads Pro E-Cargo tires: The application of recycled fishing nets curtain yarn is introduced to increase environmental friendliness by 38%, in line with Europe's environmental protection and green energy policies, and provide high mileage and high load capacity.</li> <li>• Ranked first in Vital MTB's survey of consumers in terms of purchase rate.</li> <li>• Won the first place in E-MTB Magazine's Readers' Choice Survey.</li> <li>• Won the first place in Enduro MTB Magazine's Readers' Choice Survey.</li> </ul>
		<ul style="list-style-type: none"> <li>• ATV tires: Development of ATV EV tires.</li> </ul>	<ul style="list-style-type: none"> <li>• A new set of EV tires for UTV was developed to meet the main performance requirement of reducing rolling resistance and noise. In 2023, the rolling resistance reduction of 10% has been achieved.</li> </ul>
		<ul style="list-style-type: none"> <li>• Go-Kart tire: Development of Go-Kart electric tire.</li> </ul>	<ul style="list-style-type: none"> <li>• As European countries hope to fully convert their indoor rental venues to EVs by 2025, EV tires are developed for low rolling resistance and low noise to save energy and handleability and provide a better Go-Kart driving experience.</li> </ul>

## Climate scenario analysis

Cheng Shin's Sustainable Development Steering Group regularly analyzes the impact of specific climate risks under different greenhouse gas emission control conditions on the operations of the Cheng Shin Group based on the TCFD framework. The results are used for the development of the climate change response strategy of Cheng Shin. For a comprehensive understanding of the potential impacts of the different scenario outcomes to Cheng Shin, we have selected multiple public scenarios for our scenario analysis. These scenarios were adopted from reports including the "Carbon Pricing Options for Taiwan, 2020" prepared by an independent research institute commissioned by the Ministry of Environment (Taiwan) for the established policy scenario in Taiwan, and the assessment report "A near-term to net zero alternative to the social cost of carbon for setting carbon prices, 2020" published by Kaufman and so on scholars for the scenario to achieve the 2050 net zero emissions goals. With reference to the recommendation of the TCFD guidelines and adopting a scenario of 2°C

or more severe, Cheng Shin selected the established policy scenario (STEPS) and the net-zero emissions scenario by 2050 (NZE) for analysis. The analysis followed the key year set in the guidelines based on the international initiatives and national policy, and the capital and investment plans of the Company were referred to, and the impact of 2030 was analyzed.

## Description of selected climate scenarios

Scenario code	Scenario description	Corresponding to the warming scenario at the end of the century
CPOT	Each country follows its National Contributions under the Paris Agreement, including existing and developing national policies and measures. Under this scenario, future greenhouse gas emissions will not be significantly different from today's.	~2.5°C
NT2NZ	The world is committed to achieving net-zero carbon dioxide emissions by 2050, so that the global average temperature by the end of the century does not exceed the pre-industrial level by 1.5 degrees. Under such circumstances, countries around the world will urge organizations to change their business practices through the extensive application of clean energy technology and the improvement of energy efficiency.	~1.5°C

## Scenario analysis: Transition risk - GHG capping and trading

As Cheng Shin have operating locations throughout Asia and considering that governments around the world are to comply with the global trend of net zero emission reduction, we may be subject to various carbon pricing systems (GHG caps, carbon taxes, and carbon fees). To ensure that our carbon reduction strategy is in compliance with the laws and regulations of the countries where our operations are located, and to analyze the potential impact of our emissions in the future, we have assumed the current laws and regulations and the planned carbon pricing system at the locations where we are operating, and assess the financial impacts and results that Cheng Shin may face in 2030 according to the two scenarios described in the preceding paragraph. According to the results of the latest analysis conducted by Cheng Shin, under the NT2NZ scenario, the financial impact of the carbon fee imposed by the Taiwan locations in 2030 will reach 2.03% of the operating revenue, which is significantly higher than the 0.36% under the COPT scenario.

(Unit: Financial impact as a percentage of operating revenue)

	Carbon pricing in the CPOT scenario	NT2NZ Scenario Carbon Pricing
Financial Impact in 2030	0.36	2.03

Note 1: The financial impact only assesses the impact of carbon pricing due to regulations, excluding the related costs that Cheng Shin expects to invest in greenhouse gas reduction.

Note 2: The scope of the above financial impact assessment only covers the Cheng Shin Taiwan area. The financial impact assessment for countries outside Taiwan will be included in the assessment scope in the future depending on the GHG inventory progress of each operating location and the development of local laws and regulations.

Note 3: As of the publication date of this report, the carbon fee rate for Taiwan has not yet been determined by the Carbon Fee Rate Review Committee. Therefore, the carbon fee for Taiwan in this table is estimated based on an external source commissioned by the Ministry of Environment in 2020. The commissioned research report "Carbon Pricing Options for Taiwan" (2020) conducted by the research institute serves as the basis for carbon pricing in Taiwan's established policy scenarios. The report recommends charging carbon-related fees from US\$10 for implementation to begin from 2024 and assumes a 10% annual carbon price increase. It is assumed that the preferential tariffs and free allowances are not taken into account. Cheng Shin will re-execute this scenario analysis when the rules for collection of carbon fees are more clarified.

Note 4: The state of carbon pricing in Taiwan is based on the Carbon Fee Regulations announced by the Ministry of Environment in 2024. The carbon fee has been implemented and the carbon fee collection mechanism has been activated for companies that emit more than 25,000 metric tons of carbon annually, and with the assumption that the tax threshold is lowered to 10,000 metric tons of carbon in 2030, a carbon fee is levied based on the annual emissions. Cheng Shin will re-execute this scenario analysis when the rules for collection of carbon fees are more clarified.

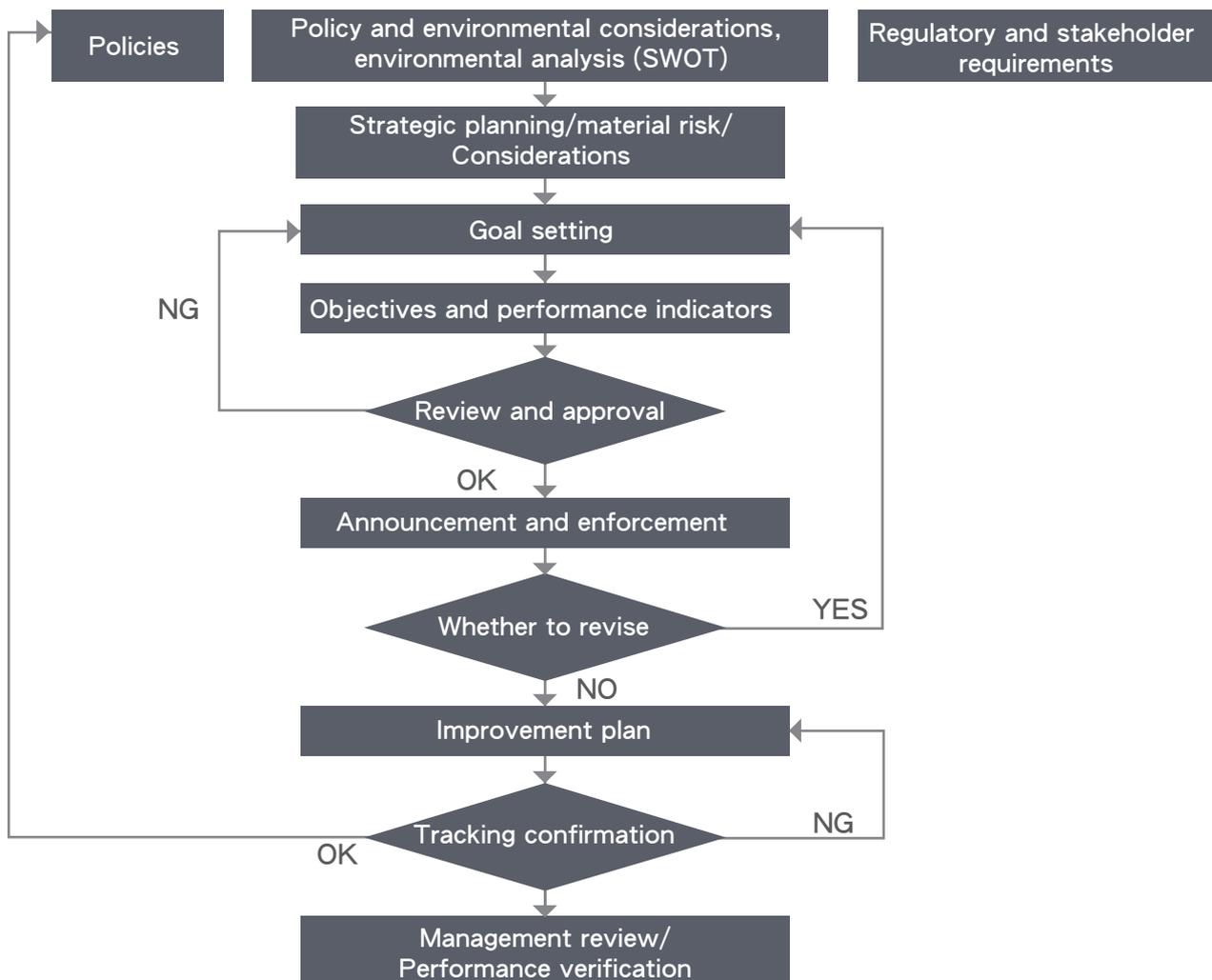
## 2.2. Environmental Management

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 believes 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 2023 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.



ISO 14001 : 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 Mainland China Plants in 2023

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 reports for verification.
	Nearby residents	The public complained about an odor over the phone and requested improvement. After investigation, it was found that the Company did not cause the odor, and responded to the public about the investigation results.	After confirming that all air pollution control equipment in the factory were working properly, we enhanced our inspections. We also conducted odor inspections outside the factory, and no obvious company-produced odor was found.
Mainland China		No related complaints in 2023.	

## 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 2023, the total amount of raw materials used in Taiwan and Mainland China was 109,933 and 554,027 metric tons respectively. The production of tires (including inner tubes) amounted to 108,169 and 550,133 metric tons respectively. The material usage intensity was 0.984 and 0.993 for Taiwan and Mainland 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		2021	2022	2023
Cheng Shin Taiwan		0.993	0.956	0.984
Mainland China	Cheng Shin Kunshan	0.996	0.999	0.992
	Cheng Shin Chongqing	0.994	0.999	0.991
	Cheng Shin Xiamen	0.983	0.995	0.994

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

Years		2023				
Manufacturing Plants	Consumption of Renewable Raw Materials (Tons)	Total Consumption of Materials (Tons)	Proportion of renewable raw materials	Gross Weight of the Product (Tons)	Usage intensity of raw materials	
Cheng Shin Taiwan		24,546	109,933	22.3%	108,169	0.984
Cheng Shin China	Cheng Shin Kunshan	40,400	159,800	25.3%	158,527	0.992
	Cheng Shin Chongqing	8,416	36,553	23.0%	36,222	0.991
	Cheng Shin Xiamen	112,754	357,674	31.50%	355,384	0.994

### 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 Mainland 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 in 2023, the solar photovoltaic system provided 4.29 million kWh annually, reducing about 2,127 tCO<sub>2e</sub> emissions. Mainland China continues to increase the area of solar power generation, reducing a total of

16,196 tCO<sub>2</sub>e emissions in 2023. All energy management personnel have been trained in the requirements of the ISO50001 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.

ISO50001 Certificate of our Mainland China Plant



Regarding energy usage, Cheng Shin primarily utilizes electricity, gasoline, diesel, and natural gas. In 2023, the energy consumption in Cheng Shin Taiwan and Mainland China was 1,262,546.22 GJ and 5,647,615 GJ respectively. The energy intensity in Taiwan was 11.67 GJ per metric ton, while in Mainland China, it was 9.94 GJ per metric ton. Diesel fuel is used to power forklifts, company vehicles (included in the calculation in 2023), and emergency generators, while gasoline is used for Company vehicles.

## State of energy use Cheng Shin Taiwan

Energy		Unit	2021	2022	2023
Electricity	Self-consumption and renewable	GWh	0	0	4.30
		GJ	0	0	15,466.53
	Externally purchased non-renewable energy	GWh	219.30	186.86	160.14
		GJ	789,475.29	672,680.56	576,499.57
Natural gas <sup>2</sup>	million kiloliter (kL)	26.20	24.12	19.40	
	GJ	1,077,977.88	992,397.96	649,291.53	
Gasoline	kiloliter (kL)	100.05	92.83	109.69	
	GJ	3,146.57	2,919.50	3,579.63	
Diesel fuel	kiloliter (kL)	95.50	41.71	503.87	
	GJ	3,428.93	1,497.60	17,708.96	
Total self-generated and self-use energy		GJ	0	0	15,466.53
Total Non-Renewable Energy Consumption		GJ	1,669,961	1,481,820	1,247,079.69
Percentage of purchased electricity		%	42.13	40.29	45.66
Renewable energy utilization rate		%	0	0	1.23

Note 1: The source of calorific value refers to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by the Ministry of Environment.

Note 2: Diesel consumption has been included under company cars since 2023.

Note 3: Percentage of externally purchased electricity is externally purchased electricity consumption/total energy consumption.

<sup>2</sup> Correction: The heating value of natural gas, gasoline, and diesel was incorrectly stated in 2021 and 2022. They are hereby corrected.

## Cheng Shin China

Energy		Unit	2021			2022			2023		
		Manufacturing Plants	Kunshan	Chongqing	Xiamen	Kunshan	Chongqing	Xiamen	Kunshan	Chongqing	Xiamen
Electricity	Self-consumption and renewable	GWh	0	0	0	0	0	0	0	0	23,765
		GJ	0	0	0	0	0	0	0	0	85,554
	Externally purchased renewable energy	GWh	6.212	0	0	9.390	0	0	11.721	0	0
		GJ	22,363	0	0	33,803	0	0	42,197	0	0
	Externally purchased non-renewable energy	GWh	200.255	61.393	580.850	160.654	44.742	471.450	171.643	40.909	451.560
		GJ	720,916	221,014	2,091,060	578,353	161,072	1,697,220	617,915	147,272	1,625,615
Purchased Steam	Thousand metric tons	331.940	104.018	1,040.190	253.919	69.606	827.050	261.962	61.939	798.670	
	GJ	901,643	282,540	2,886,433	689,710	189,067	2,294,989	711,557	168,242	2,216,248	
Gasoline	Gasoline kiloliter (kL)	108.368	6.721	44.590	75.901	4.553	45.950	82.444	6.274	45.950	
	GJ	3,578	222	1,923	2,506	150	1,982	2,722	207	1,982	
Diesel fuel <sup>3</sup>	Gasoline kiloliter (kL)	290.837	30.959	485.880	233.310	29.986	412.940	220.809	22.739	451.760	
	GJ	10,523	1,120	20,750	8,441	1,085	17,635	7,989	823	19,292	
Total Renewable Energy Consumption	GJ	22,363	0	0	33,803	0	0	42,197	0	85,554	
Total Non-Renewable Energy Consumption	GJ	1,636,661	504,896	5,000,166	1,279,010	351,374	4,011,826	1,340,183	316,544	3,863,137	

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.

## Energy Usage Intensity

Region		2021	2022	2023
Cheng Shin Taiwan		11.50	11.84	11.67
Cheng Shin China	Cheng Shin Kunshan	11.04	10.25	9.03
	Cheng Shin Chongqing	10.86	9.77	9.29
	Cheng Shin Xiamen	13.76	12.32	11.50
	Heating value in Cheng Shin China	11.89	10.78	9.94

Note: Energy Usage Intensity = amount of energy used (GJ) (including externally purchased energy and self-generated electricity) / Gross Weight of the Product (Tons)

<sup>3</sup> Correction: The quantity of diesel was incorrectly specified in the 2022 ESG report for Xiamen Factory, China. It is hereby corrected.

### 2.3.3. Energy Conservation and Carbon Reduction Measures

As for the energy reduction goals of Cheng Shin, refer to the "Energy Conservation Targets and Implementation Plans by Energy Users" of the Energy Administration, Ministry of Economic Affairs, R.O.C.. The annual and average electricity saving rate should reach more than 1%; the energy usage intensity should be reduced by 1% every year.

This electricity saving calculation excludes the energy reduction due to production capacity or production outsourcing. Since 2009, various Cheng Shin manufacturing plants have been implementing multiple energy-saving initiatives. In 2023, the main focus of energy-saving efforts was on process/plant equipment optimization, replacing outdated equipment, and implementing energy-saving control and management measures.

Through the direct measurement and integration of the implemented energy conservation plans in 2023, greenhouse gas emissions can be reduced. In Taiwan and China, 3,121.71 tons and 67,631.81 tons of CO<sub>2</sub>e emissions can be reduced, for a total of 70,753.52 tons of CO<sub>2</sub>e emissions.

#### Major Energy Saving Initiatives:

Region	Item	Content	Annual Energy Saving Performance		Annual Carbon Reduction Performance (tCO <sub>2</sub> e)
Cheng Shin Taiwan	Equipment upgrades and optimization	The purpose of carbon reduction can be achieved by modifying the operation of the equipment or modify the equipment.	466,300 kWh	1,678.68GJ	230.82
	Replacement with energy-saving equipment	Replace old equipment with more energy-efficient equipment.	1,381,400 kWh	4,973.04GJ	683.80
	Technical optimization	Application of production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	2,200 kWh	7.92GJ	1.09
	Green energy use	Solar system installation	4,460,000 kWh	16,056.0GJ	2,206
				Total	3121.71
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.Electricity Capacity: 1,602,300 kWh 2.Steam:5,884 tons	5,784.17GJ	2,090.00
	Technical optimization	Upgrade production technology or equipment technology transformation, in order to achieve the purpose of carbon reduction.	1.Electricity Capacity: 3,703,100 kWh 2.Steam: 42,049 tons	13,444.69GJ	49,345.81
	Green energy use	Continuously increase installed solar power generation capacity.	43,190,000 kWh	155,484.00GJ	16,196.00
				Total	67,631.81

Note 1: The baseline for calculating the reduction in energy consumption is calculated with reference to the electricity consumption of the old equipment.

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 2023 provided in the announcement issued on April 26, 2024.

Note 3: The carbon dioxide conversion coefficient for Mainland China is based on the data submitted in the "Model Greenhouse Gas Accounting Reports for Other Industrial Sectors" filed in 2024. Emission coefficient for steam: 0.11 CO<sub>2</sub>e/GJ, emission coefficient for electricity: 5.703 CO<sub>2</sub>e/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 was originally set as the baseline year for energy conservation and carbon reduction, which was later brought forward to 2019 after the meeting of the Energy Saving and Carbon Reduction Committee; the total greenhouse gas emissions of the factories in Taiwan and China in 2023 were 121,801.937 and 552,534.663 tons of CO<sub>2</sub>e, 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.

### Three-Year GHG Emissions

Unit: tCO<sub>2</sub>e

Region		Item	2021	2022	2023
Cheng Shin Taiwan		Category I: Direct Emission	54,885.000	56,656.489	42,670.504
		Category II: Energy Indirect Emission	110,088.000	89,791.780	79,131.433
		Total	164,973.000	146,448.270	121,801.937
		Scope 3 other indirect emissions	NA	NA	306,173.638
Cheng Shin China	Cheng Shin Kunshan	Category I: Direct Emission	1,006.790	787.310	764.752
	Cheng Shin Chongqing		96.370	88.960	73.785
	Cheng Shin Xiamen		1,338.676	1,156.553	388.11
	Cheng Shin Kunshan	Category II: Energy Indirect Emission	235,934.623	185,578.000	176,159.366
	Cheng Shin Chongqing		73,004.551	51,307.700	41,837.000
	Cheng Shin Xiamen		817,548.026	658,538.618	333,311.650
			1,128,929.036	897,457.141	552,534.663

Note 1: The data for Taiwan is calculated by referring to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by Ministry of Environment.

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

Note 3: The carbon emission coefficient for electricity is referenced from the announcement by the Bureau of Energy on April 26, 2023, based on the 2023 electricity carbon emission coefficient.

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

## GHG emissions intensity

Unit: tCO<sub>2</sub>e

Region		2021	2022	2023
Cheng Shin Taiwan		1.130	1.170	1.120
Cheng Shin China	Cheng Shin Kunshan	1.517	1.402	1.116
	Cheng Shin Chongqing	1.483	1.416	1.157
	Cheng Shin Xiamen	1.353	1.221	0.930

Note: GHG emission intensity = (Scope 1 + Scope 2 GHG emissions) (tCO<sub>2</sub>e) / total product weight (t)

## Greenhouse gas emissions by category

Unit: tCO<sub>2</sub>e

Region	Item	2021	2022	2023
Cheng Shin Taiwan	Carbon dioxide (CO <sub>2</sub> )	68,031.30	144,240.89	121,185.91
	Methane	257.13	487.46	495.43
	Nitrous oxide	43.48	53.49	63.45
	Hydrofluorocarbons (HFCs)	27.41	526.43	198.13
	Perfluorocarbons	0.00	0.00	0
	Sulfur hexafluoride (SF <sub>6</sub> )	0.00	1,140.00	0
	Nitrogen trifluoride (NF <sub>3</sub> )	0.00	0.00	0

Note 1: During the reporting period in Mainland 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.

#### Items and implementation status

1. Describe the board's and management's oversight and governance over climate-related risks and opportunities.

Implementation status: In response to climate change and the energy usage crisis, the Company's Board of Directors conducts the monitoring, and the Sustainability Development Task Force works with various department personnel 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 Cheng Hsin's 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.

2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the Company (short, medium and long term).

CATEGORY	Potential Risks and Opportunities	Point of Impact	Financial impact on the Company	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.	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.
	Customer behavioral change	Mid-term	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.
	Collection of greenhouse gas emission carbon fee	Long-term	Cheng Shin's head factory and Xizhou Plant are subject to a carbon tax on the greenhouse gas emissions in 2024, resulting in an increase in operating costs.	Participate in industrial associations, negotiate with the government on greenhouse gas caps. Promote greenhouse gas reduction efforts proactively and continue to enhance the efficiency of equipment.
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.	Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". For example: 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.	Develop new products based on customer performance requirements. Segmenting markets and finding new niches.
	Research and development of 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.

### 3. Describe the financial impact of extreme climate events and transformational actions.

Implementation status:

CATEGORY	Potential Risks and Opportunities	Point of Impact	Financial impact on the Company	Response Measures
Transformation action	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.	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.
	Customer behavioral change	Mid-term	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.
	Collection of greenhouse gas emission carbon fee	Long-term	Cheng Shin's head factory and Xizhou Plant are subject to a carbon tax on the greenhouse gas emissions in 2024, resulting in an increase in operating costs.	Participate in industrial associations, negotiate with the government on greenhouse gas caps. Promote greenhouse gas reduction efforts proactively and continue to enhance the efficiency of equipment.

Extreme climate	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.	Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". For example: 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.

4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.

Implementation status:

(1) Convene the Sustainable Development Task Force and divide groups with relevant department's responsible persons → (2) Identify and list the main risks and opportunities of Cheng Shin, and discuss their relevance to Cheng Shin → (3) Assess the urgency and incidence of the risks and opportunities → (4) Assess the intensity of the impact posed by climate change risks to Cheng Shin → (5) Draw climate risk and opportunity matrix → (6) Formulate climate risk response measures and assess whether the cost is correspondent to effects to carry out mitigation measures → (7) Regularly review the effectiveness of the mitigation measures. If the improvement is not satisfactory, reduce the level of impact through a second discussion or risk transfer → (8) Review the process and formulate standardized procedures for future related impacts, in order to reduce the response time to risk treatment in the future.

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.

Implementation status: Cheng Shin selects material climate risks and opportunities each year for scenario analysis and management, and discloses them in the Sustainability Report and CDP questionnaire.

Cheng Shin selected and analyzed the financial impact posed by the carbon fee levied by the government agency for Cheng Shin's specific operating locations under different scenarios with reference to the trend of domestic law and regulation and the public information of international peers;

For the parameters, assumptions, analysis factors and main financial impact used in the aforementioned scenario analysis, please refer to Chapter 2.1 of the Sustainability Report.

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.

Implementation status: Cheng Shin has no transformation plan in response to climate-related risk management for the time being.

7. If internal carbon pricing is used as a planning tool, elaborate on the basis for setting the price.

Implementation status: Cheng Shin does not use internal carbon pricing as a planning tool.

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.

Implementation: Cheng Shin has set 2019 as the base year for greenhouse gas reduction, and the reduction target is to reduce the emission by 22% by 2030 compared with the base year; covering the tire production activities of each plant, the scope of greenhouse gas emissions: Scope 1: direct emissions from burning fossil fuels, and Scope 2: Indirect emissions from energy use. Carbon offset and renewable energy certificates have not yet been used.

9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately).

## 2.3.5.2. GHG inventory and assurance in the last 2 years

### Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tCO<sub>2e</sub>), intensity (metric tCO<sub>2e</sub>/NTD million), and data coverage for the most recent two years.

Scope of Implementation for Verification/Assurance		Emissions in 2022 (Metric tons CO <sub>2e</sub> )	Emissions in 2023 (Metric tons CO <sub>2e</sub> )
Cheng Shin parent company	Scope 1	No Verification/Assurance	42,670.5037
	Scope 2		79,131.4331
	Total		121,801.9368
	As a percentage of the inventory data disclosed above		100%
Consolidated financial statements of some subsidiaries	Scope 1	No Verification/Assurance	No Verification/Assurance
	Scope 2		
	Total		
	As a percentage of the inventory data disclosed above		
Verification/Assurance Institution			AFNOR ASIA LTD.
Description of verification/assurance			ISO14064:2018 Reasonable assurance level
Verification/assurance opinion conclusion			None

2023, Cheng Shin parent company's greenhouse gas emission intensity was 6.9812 metric tons CO<sub>2e</sub>/NTD 1 million.

### 1-1-2 Greenhouse Gas Assurance Information

Describe the circumstances of assurance in the last two years, including the scope of assurance, assurance body, assurance criteria, and assurance opinions.

The 2022 greenhouse gas emission data are inspected based on ISO14064-1:2006, while there was no external verification.

In 2023, the annual emission data will be inventoried and externally verified according to the ISO 14064-1:2018 version.

Assurance scope: All plants in Taiwan (including Main Plant, Plants 2, 3, Zhongzhuang, Xizhou, Douliou 1, Plants 2, and 5)

Assurance institution: The external verification is entrusted to AFNOR Asia Ltd..

Date of assurance: Stage 1: April 17-19, 2024; Stage 2: April 29, 2024

### 1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

In 2023, we established the Energy Conservation and Carbon Reduction Committee, and set 2019 as the baseline year for greenhouse gas reduction. The reduction target is to reduce emissions by 22% in 2030 compared to the baseline year.

Reduction actions will be divided into three major aspects: A. Update and replacement of equipment; B. Improvement of equipment (energy leakage, etc.); C. improvement of process.

Through the direct measurement and integration of the implemented energy conservation plans in 2023, greenhouse gas emissions can be reduced. In Taiwan and China, 3,121.71 tons and 67,631.81 tons of CO<sub>2e</sub> emissions can be reduced, for a total of 70,753.52 tons of CO<sub>2e</sub> emissions.

## 2.4. Water Resource Management

### 2.4.1. Water Use Management

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 2023, the total water consumption in Taiwan and the Mainland was 828.532 and 620.884 million liters, respectively. Due to production adjustments and the improvement of employees' water conservation awareness, the total water consumption was reduced by 27.20% compared to the Mainland in 2022. In Taiwan, the water resources in 2023 decreased. The statistics include the water supply of three factories and third-party parks, resulting in a significant increase in water volume.

#### Water Withdrawal Over the Past Three Years

Unit: megaliters

Region		Item	2021	2022	2023
Cheng Shin Taiwan		Running Water	288.722	236.964	212.235
		Groundwater	790.964	517.786	474.850
		Third Party Park Water Supply	NA	NA	141.447
		Total	1,079.686	754.751	828.532
Cheng Shin China	Cheng Shin Kunshan	Running Water	399.040	360.357	302.587
	Cheng Shin Chongqing		36.134	34.304	32.037
	Cheng Shin Xiamen		532.062	458.149	286.260
	Total		967.236	852.810	620.884

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



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

## 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 in the Company's Mainland China operations decreased by 4.9% compared to the previous year. The reason for the decrease in wastewater discharge volume in 2023 for Kunshan Cheng Shin: There were fewer people living in the dormitories. The calculation of the daily living flow volume was made based on the daily point inspections. If abnormalities are found, the personnel will contact the vendors immediately to carry out calibration. In upper half of March and April, the flow meter was defective. Hence, there were no measurement records during the recovery process. In terms of wastewater discharge destinations, some of the Company's wastewater discharge in Taiwan and Mainland China are pre-treated at in-plant treatment stations and then discharged it to municipal or industrial park wastewater treatment plants, while in some areas, the wastewater is treated in-plant and then discharged to natural water bodies. In 2023, the total wastewater discharged in Cheng Shin Taiwan and Cheng Shin Mainland China was 327.060 and 425.013 million liters respectively.

### Wastewater Discharge over the Past Three Years (water discharge) Unit: megaliters

Region		Wastewater characteristics	2021	2022	2023
Cheng Shin Taiwan		Mainly consists of domestic wastewater and cooling wastewater	555.293	374.999	327.060
Cheng Shin China	Cheng Shin Kunshan	Mainly domestic wastewater and steam condensate wastewater	311.910	342.122	246.986
	Cheng Shin Chongqing		47.450	30.275	23.027
	Cheng Shin Xiamen	Domestic wastewater	21.160	74.327	155.000
	Total		380.520	446.724	425.013

Note 1: 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.

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

## Water Consumption

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

### Water Consumption in the Recent Three Years

Unit: megaliters

Region		Wastewater characteristics	2021	2022	2023
Cheng Shin Taiwan		Mainly consists of domestic wastewater and cooling wastewater	524.393	379.752	501.472
Cheng Shin China	Cheng Shin Kunshan	Mainly domestic wastewater and steam condensate wastewater	87.13	18.235	55.601
	Cheng Shin Chongqing		-11.316	4.029	9.010
	Cheng Shin Xiamen	Domestic wastewater	510.902	383.822	131.260
	Total		586.716	406.086	195.871

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

Cheng Shin 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 2023 all met the standards for wastewater discharge in accordance with the requirements of the 3-phase environmental assessment for technical renovation and in compliance with the "Emission Standards of Pollutants for the Rubber Products Industry" (GB27632-2011), the water quality tests in the Mainland region in 2023 met the implementation standards.

Cheng Shin Taiwan

Water Quality Item	Taiwan 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)	5-9月38°C 10-4月35°C	45	29.4	30.1
Suspended solids(mg/L)	30	320	12.3	<1
Biochemical oxygen demand(mg/L)	30	320	6.6	6.4
Chemical oxygen demand(mg/L)	100	480	28.2	26.5
pH	6-9	5-9	7.8	8.1
Oil and grease(mg/L)	10	10	9.4	<0.5

Note: 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 Mainland China		Effluent Testing of Mainland China		
	Kunshan	Cheng Shin Chongqing and Xiamen	Kunshan	Chongqing	Cheng Shin Xiamen
pH value	6-9		7.1	/	7.2
COD(mg/L)	70	≦ 300	22	27	26
SS(mg/L)	40	≦ 150	9	8	2
NH3-N(mg/L)	10	≦ 30	0.273	1.90	0.588
TP(mg/L)	0.5	≦ 1	0.02	0.14	0.08
TN(mg/L)	15	-	3.54	8.12	3.23
Petroleum(mg/L)	1	≦ 10	ND	0.36	0.35
BOD5(mg/L)	20		4.9	/	5.3

## 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 Taiwan and Mainland China operations in 2023 includes domestic waste, general and hazardous business waste, with a total of 2,931.508 and 14,663.404 tons respectively.

### Waste generation and treatment statistics

Unit: tons

Region		2021	2022	2023
Cheng Shin Taiwan		3,933.780	2,992.840	2,931.508
Cheng Shin China	Cheng Shin Kunshan	8,503.525	5,874.651	5,828.131
	Cheng Shin Chongqing	762.470	582.596	558.370
	Cheng Shin Xiamen	8,950.253	8,123.813	8,276.903
	Total	18,216.248	14,581.060	14,663.404

Note: 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 (Unit : metric tons)			Total	%
		Incineration	Landfill	Recycling		
Cheng Shin Taiwan	Domestic waste	119.87	0.00	0.00	119.87	4.09%
	General Business Waste	288.23	102.37	2,420.80	2,811.40	95.90%
	Hazardous Waste	0.24	0	0	0.24	0.01%
	Total				2,931.51	100.00%

Region	Waste type	Disposal method (Unit : metric tons)			Total	%	
		Incineration	Landfill	Recycling			
Cheng Shin China	Cheng Shin Kunshan	Domestic waste	4.2	/	32.8	37	0.63%
		General Business Waste	244.68	/	5,260.181	5,504.86	94.45%
		Hazardous Waste	139.673	/	146.597	286.27	4.91%
		Total				5,828.13	100%
	Cheng Shin Chongqing	Domestic waste	68.76	0.00	0.00	68.76	10.48%
		General Business Waste	0.00	28.96	498.35	527.31	80.37%
		Hazardous Waste	5.51	0.08	54.43	60.02	9.15%
		Total				656.09	100.00%
	Cheng Shin Xiamen	Domestic waste	454.717	0	0	454.72	5.49%
		General Business Waste	494.54	0	7,097.9	7,592.44	91.73%
		Hazardous Waste	161.833	15.821	52.092	229.74	2.78%
		Total				8,276.90	100.00%

Note 1: The above data has been cross-referenced with the government's waste transport triplicate forms and confirmed to be consistent.

Note 2: The recycling rate of hazardous waste is 43.92%.

## 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		2021	2022	2023	
Cheng Shin Taiwan	Oxysulfide	0.00	0.00	0	
	Nitrogen Oxides	49,140	43,520	32,680	
	Volatile Organic Compounds	139,220	131,860	122,020	
	Particulates	1,110	1,100	896	
	Total	189,470	176,840	155,596	
Cheng Shin China	Cheng Shin Kunshan	Volatile Organic Compounds	7,020	8,100	7,116
		Particulates	11,620	9,800	7,479
		Hydrogen sulfide(H <sub>2</sub> S)	110	30	279
		Total	18,750	17,930	14,874
	Cheng Shin Chongqing	Volatile Organic Compounds	2,514	1,380	2,050
		Particulates	521	321	480
		Hydrogen sulfide(H <sub>2</sub> S)	50	22	38
		Total	3,085	1,723	2,568
	Cheng Shin Xiamen	Volatile Organic Compounds	56,825	47,593	87,560.14
		Particulates	23,481	14,160	10,791.07
		Total	80,306	61,753	98,351.21

Note 1: Statistics were conducted according to the major controlled pollutants according to local regulations.

Note 2: The emission factors used in this table are as follows.

Sulfur oxides: NIEA A413.76C; nitrogen oxides: NIEA A411.75C; volatile organic compounds: announcement letter no. Huan-Shu-Kong-Zi-Di 1050059294 Industry process emission coefficients of volatile organic compounds for air pollution control fees declared for stationary pollution sources in public and private places; operation unit (including equipment components) emission coefficient; control efficiency; and other measurement regulations, particulate matter: NIEA A101.77C.

## 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 2023, Cheng Shin China region had four instances of violating environmental regulations. In response to these violations, Cheng Shin immediately made corrections to the penalized matters, and formulated measures for prevention and improvement to prevent the recurrence of similar incidents.

### Air pollution emissions over the past three years

Region		Name of Laws or Regulations Violated	Causes/Circumstances of Violation	Amount of Fines Imposed	Improvement Plan
Cheng Shin Taiwan		None			
Cheng Shin China	Cheng Shin Xiamen	Paragraph 2, Article 18 of the Regulation on the Administration of Permitting of Pollutant Discharges	12 exhaust stacks that were not listed in the pollution discharge permit	CNY 30,125	Exhaust stack rectification and pollution discharge permit revision have been completed.
Cheng Shin China	Cheng Shin Xiamen	Article 18 of the Regulation on the Administration of Permitting of Pollutant Discharges	The average concentration of non-methane total hydrocarbons exceeding the standard at the monitoring point 1 meter away from the refining machine in Workshop 502.	CNY 123,435	Passed the outsourced monitoring of the consolidated wind management system.
Cheng Shin China	Cheng Shin Xiamen	Article 45 of the Atmospheric Pollution Prevention Law	Check the door of 3B Procedure Room of calendering workshop 102 which is not closed.	CNY 22,571	Purchase and install automatic closing doors to prevent recurrence.
Cheng Shin China	Cheng Shin Xiamen	Paragraph 1, Article 20 of the Atmospheric Pollution Prevention Law	The height of the 101A exhaust pipe of mixed exhaust gas does not meet the legal requirements.	CNY 28,357	A rectification plan has been formulated and rectification implemented as planned.

# 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	%
Cheng Shin Taiwan		Female	1	15	3	19	2.51%
		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								
Cheng Shin Taiwan			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
	Gender	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		Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%	
		Gender	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			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	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			Under 30 years old	30-49 years old	50 and above (inclusive)	Subtotal	%
		Gender	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.

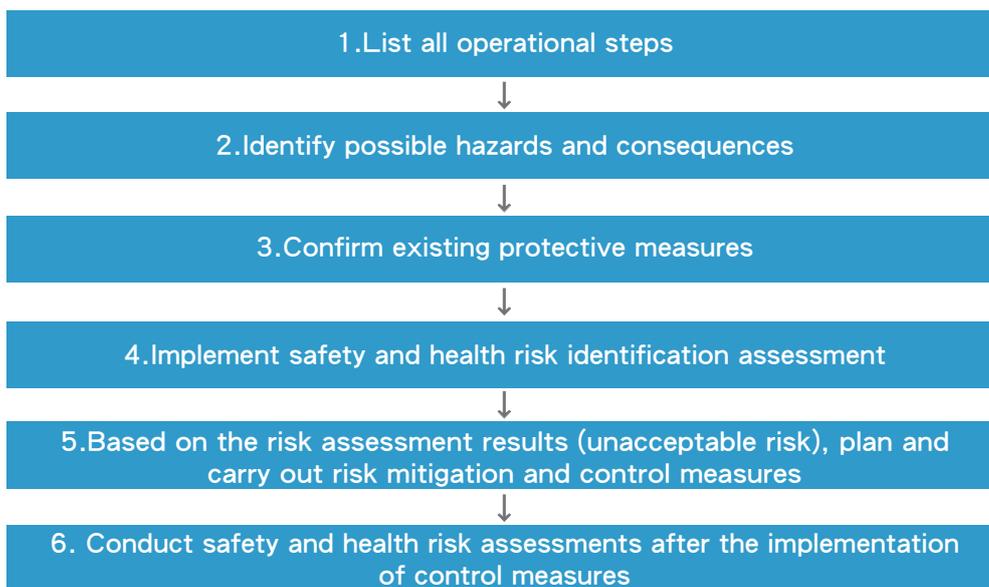
Region	Cheng Shin Taiwan	Mainland China		
		Cheng Shin Kunshan	Cheng Shin Chongqing	Cheng Shin Xiamen
Name	Occupational Safety and Health Committee	Environmental Safety and Health Committee		
Committee members	43	26	30	289
Labor representatives (note)	19	21	18	166
Ratio of labor representatives	44%	81%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

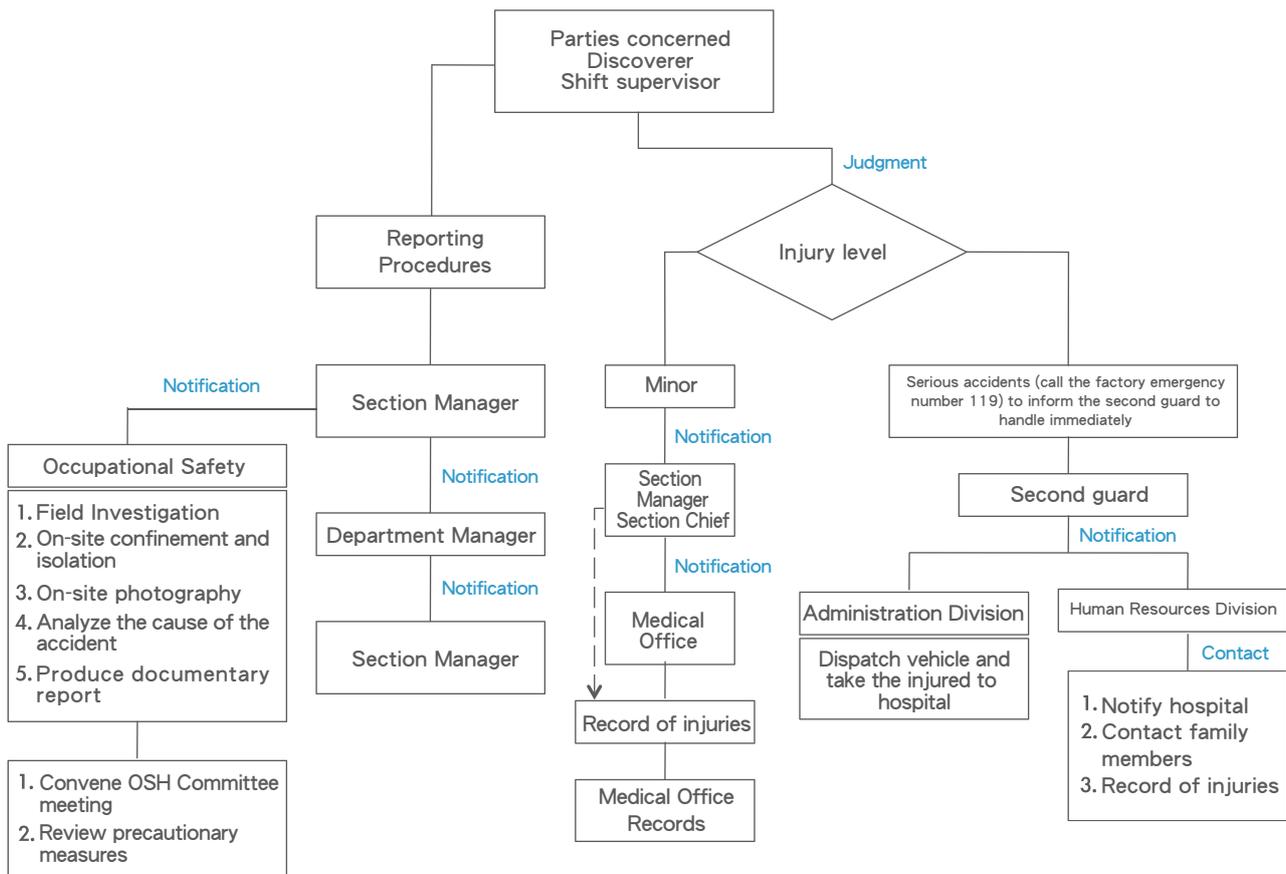
## Types of occupational accidents in 2023

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:	職別:	發生時間: 年 月 日
員工編號:	姓名:	發生地點:	
1. 工作之內容、設備、材料、環境、車輛設備、液壓、油壓、油氣及油類、油漆 2. 異常事項、經過(按時間順序敘述):			
3. 異常改善情形: (由發生至改善完成時間及改善情形)			
4. 改善前情形: (60字內填寫)		5. 改善後情形: (20字內填寫)	
6. 改善原因:		7. 改善建議:	
<input type="checkbox"/> 設備 <input type="checkbox"/> 作業 <input type="checkbox"/> 人員		<input type="checkbox"/> 改善計畫 <input type="checkbox"/> 改善計畫 <input type="checkbox"/> 改善計畫 NO	
8. 改善後情形:		9. 改善後情形:	
<input type="checkbox"/> 可 <input type="checkbox"/> 不可		10. 改善後情形:	
11. 改善後情形:		12. 改善後情形:	

製作日期: 1999年 10月 25日  
 北新機電工業股份有限公司 45 9043M

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

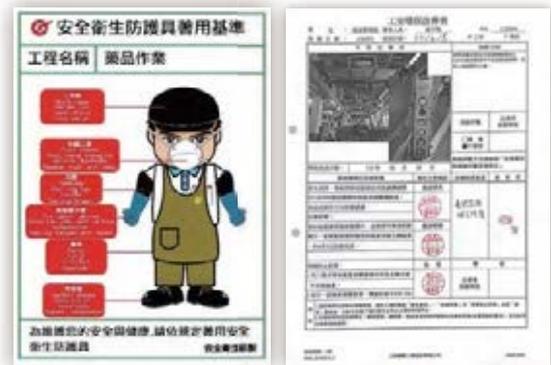


### Safety and Health Protective Equipment Standards

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.

# Part 4

## Corporate Social Responsibility for the Betterment of Society



### Key Performance

#### Charitable Donations

- ◆ The amount of the 2023 public welfare donation in Taiwan reached **NT\$6,759,753**.
- ◆ The amount of the 2023 public welfare donation in the Mainland China reached **RMB1,360,075**.

#### Industry-Academia Cooperation

- ◆ Mainland China:  
From 2020 to 2023, the Company held 88 "MAXXIS College Tour Recruitment Activities". In 2023, we participated in 19 school-enterprise job fairs and launched the "University Internship Program", with a total of 90 students interning at the Company.

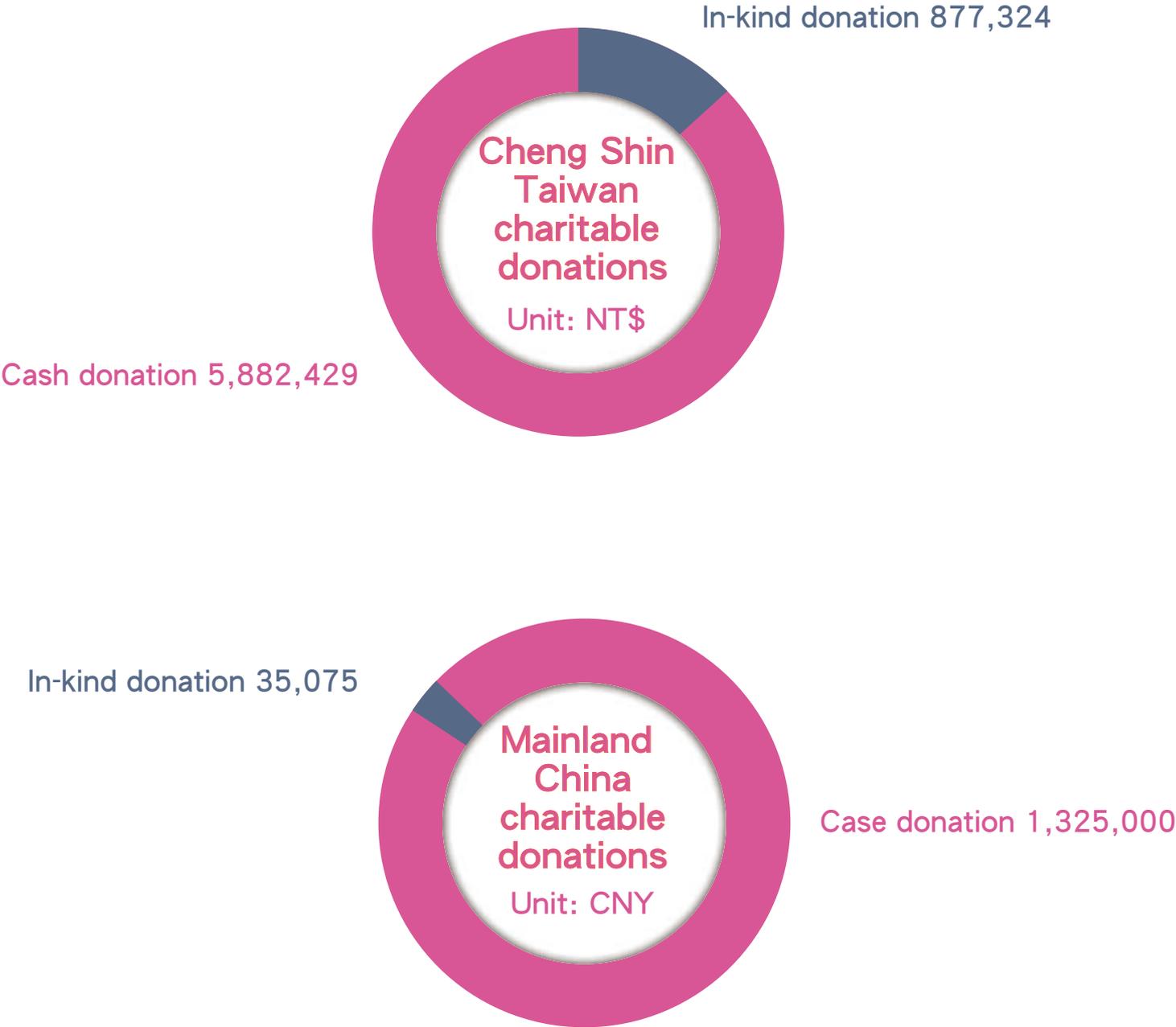
## 4.1 Social Harmony and Prosperity

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 2023, Cheng Shin donated NT\$6,759,753 in Taiwan and CNY 1,360,075 in China, including in-kind donations and cash donations.



## 4.3 Social Engagement and Giving Back to the Community

As the COVID-19 pandemic gradually eases, the government gradually loosens its anti-pandemic policies and sponsors a number of sports events to resume in 2023. Upholding the spirit of "taking what is taken from society and giving back to society", 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 com-

### 4.3.1 Industry-academy cooperation

#### Mainland 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 2021 to 2023, Cheng Shin Kunshan went into university campuses and launched the "MAXXIS College Tour Recruitment Activities", participating in a total of 88 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.
2. In 2023, a total of 90 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.
3. In 2023, Cheng Shin Xiamen participated in a total of 19 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.



Team building activity for interns in Kunshan in 2023

4. In December 2023, the "2023 'China Root-Seeking Trip' Winter Camp - Huaqiao University Camp" hosted by the All-China Federation of Returned Overseas Chinese (ACFROC) and organized by the FUJIAN YOUTH FEDERATION OF OVERSEAS CHINESE (FYFOOC), and Huaqiao University was introduced to the Cheng Shin (Xiamen) Automobile International Culture Center. More than 100 young people of Chinese descent from South Africa, Botswana, the U.S., the United Arab Emirates, and Canada visited the Center. As the Industrial Tourism Demonstration Base in Fujian Province and the Research and Practice Education Base in Xiamen, Cheng Shin (Xiamen) Automobile International Culture Center exhibits the analog tire production process, the display of tire safety education knowledge, and the tire cultural and creative product display, giving the Overseas Chinese students an unique experience of industrial tourism.



## 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 73rd Achievement Presentation

On July 11, 2023, the Yuanlin High School Wind Music Club held a wind music club performance presentation at Changhua's Yuanlin Performing Arts Hall. The theme of this presentation- "sea of sound", is mainly to express how the Wind Instrument Club is like the sea imagery. A piece of music requires the cooperation and resonance of various musical instruments. The different voice types of musical instruments, like rushing rivers, eventually converge into a sea of sound at the mouth of the sea. In support of the Yuanlin Senior High School Wind Ensemble, Cheng Shin Da Chun factory sponsored the venue fee of NT\$20,000 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\$1,637,500, with an estimated number of beneficiaries of more than 800 teachers and students.

### Sponsoring Scholarships for Elementary Schools

Since 2012, Cheng Shin has sponsored scholarships for many years in elementary and junior high schools, as well as more than 10 elementary schools and junior high schools in the plant area, including the Cheng Shin Zhongzhuang Plant and the Huanan Elementary School, Cheng Shin Dacun Plant. 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. Cheng Shin Changhua Xizhou Plant 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. It 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. In 2023, Cheng Shin continued to sponsor the team's road car tires and tubes, and provided Maxxis slats, track ropes and stickers for use in the events.



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) Hosting Student Study Groups

The Cheng Shin International Automobile Culture Center Tire Museum hosted 15,858 student study groups.



(3) Cheng Shin Public Welfare Activities in Alexander Special Education School

Together with the "Jinan Female Riding Program", the charity action of "Flowers in May" of Cheng Shin Tire, we came to Alexander Special Education School to carry out public welfare activities for caring for children with special needs, sending gifts of love and best wishes to the children.



(4) In September 2023, during the Twentieth National Science Popularization Safety Day, the Cheng Shin Tire Museum Science Popularization (Education) Base and Cheng Shin Tire Museum's personnel visited the local elementary schools and communities in Xiamen City to start tire science popularization classes, popular science "Tire Advanced Technology" and related knowledge.



## 4.3.4 Giving Back to the Community

### Cheng Shin Taiwan

#### Streetlight Pledging Activity

Since 2013, Cheng Shin Douliu and Changhua Xizhou Plant has been actively participating in community improvement by adopting and maintaining 28 streetlights in Douliou City and 50 streetlights in Xizhou Township annually for amount NT\$ 46,800. This is 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 2,700 trolleys, valued at NT\$27,000,000.



#### Employee Blood Donation Drives

Cheng Shin organized two blood donation drives in 2023, with a total of 116 employees participating and donating their blood. These efforts resulted in the collection of 183 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

Cheng Shin Maxxis Store (Jianqiang Tire) held annual blood donation drive events in Yuanlin City, inviting Maxxis to participate together. In 2023, 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 Cheng Shin Maxxis invited the public to roll up their sleeves and donate blood. They collaborated with local communities to unite more local forces and promote community well-being, and successfully collected a total of 143 bags of blood for 2023, contributing to the blood banks in the central and southern regions, which were facing low blood inventory.



### Charity Lunch Boxes

Cheng Shin Dachun and Changhua Xizhou Plant provide more than 200 free lunch boxes every day and more than 60,000 lunch boxes every year, valued at NT\$2,770,000. 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.



## Sponsoring Senior Canteens

Cheng Shin Douliu Plant sponsors the "Seniors Canteen" initiative promoted by Douliou City Office every month. In 2023, a total sponsorship of NT\$144,000 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.



### Care for Special Groups

(1) Participation in public welfare programs to help the disabled  
 Donated CNY 10,000 to the Kunshan Disabled Persons Welfare Foundation to care for special groups.



(2) Participate in the public welfare medical assistance program  
 Donated CNY 300,000 to the Lujia Rural Charity Branch's medical assistance program to care for the sick.



## Blood Donation Drive

Cheng Shin Xiamen Blood Donation Program  
 Cheng Shin Xiamen Blood Donation Drive was held on July 4-6, 2023, with a total of 145 people successfully donating a total of 42,750 ml of blood.



## 4.3.5. Sports Activities

In Taiwan, 23 cycling events were held in 2023, with a sponsorship amount of NT\$1,594,127 and an estimated number of over 30,000 participants.

### Changhua Classic 100K

Cheng Shin sponsored the "2023 Merida Mega Bank Changhua Classic 100K" long-distance cycling self-challenge event, held on April 8th, 2023. 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 112 kilometers. Participants were required to complete the ride within 5.5 hours, making it a highly challenging endeavor.



### FTL Team Bike Riding Event

Cheng Shin sponsored FTL for appointment event. The theme was "Pray" in 2023 to wish everyone a safe and smooth cycling. There will be dedicated personnel to lead the ride and pressure the team throughout the whole process. It is expected that opportunity would be opened for riders to charged to the climbing point after Taomi Family Mart point and everyone will gather at the Sun Moon Lake Wen Wu Temple after the ride is completed. Let's experience the beautiful scenery with our feet and overcome the challenges to enjoy the fun of the competition.



Cheng Shin China

2022 and 2023 Car God World Car Championship

In January and August 2023, Cheng Shin Xiamen sponsored the 2022 and 2023 Car God World Car Championship, respectively. As a well-known children’s roller coaster competition in the industry, the Little Car World Champion has attracted nearly 1,000 competitors from all over the country.



Helping Excelle Motor Team Fulfill Its Dreams in Dakar in 2023

In January 2023, the team of the Chinese motorcycle brand Excelle equipped with Cheng Shin tires and competed in the 2022 45th DAKAR RALLY. The drivers’ outstanding racing skills, indomitable fighting spirit, and excellent performance of vehicles and tires allowed them to reach the finish line and complete the race successfully!



57th Amsterdam Golden Race

In April 2023, Cheng Shin sponsored the 57th Amstel Gold Race, a UCI cycling event. A total of 25 teams participated in the event, including 18 World Tour teams and 7 continental professional teams.



## 2023 "Merida-Cheng Shin Cup" Zhengzhou Cycling Championships

In June 2023, Cheng Shin Xiamen sponsored the "Merita-Cheng Shin Cup" Zhengzhou Cycling Championships which was successfully held in Dengfeng City, Zhengzhou, Henan Province. The event aims to build a platform for cyclists and promote the development of cycling culture through the collaboration of industry brands.



## 2023 CST MTB Gdynia Marathon

In June 2023, Cheng Shin Xiamen sponsored the 2023 CST MTB GDYNIA Marathon, a high-level UCI event. The Polish team CST Orbea MTB Team sponsored once again challenged the event. Team member Aleksandra Andrzejewska won the elite women's championship for three consecutive years!



## 2023 8th Ocean Cup China Pingtan International Open and Fujian Cycling League (Pingtan Station)

In September 2023, the Company sponsored the UCI Level 1.2 Professional Cycling Open - the successful holding of the 8th Ocean Cup China Pingtan International Cycling Open and the Fujian Cycling League (Pingtan Station) in 2023. This year's Open is the one-day event of the highest level in Asia.



## Appendix: GRI Index

Statement of Use: Cheng Shin Rubber Industry Co., Ltd. has followed the GRI Standards for reporting for the period January 1, 2023 to December 31, 2023.

GRI 1 used

GRI 1: Foundation 2021

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

Indicator	Disclosure Items	Page	Corresponding Chapter	Supplementary Notes
GRI 2 General Disclosures 2021				
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	5	1.2 About Cheng Shin	Correction of currency value of Xiamen region for government subsidies. Correction of gasoline values for Xiamen region.
		64	2.3.2 Energy Management	
2-5	External assurance	124	Third-party assurance report	
2-6	Activities, value chain and other business relationships	35	1.8 Safe and Reliable Cheng Shin Tire	
		43	1.9 Supply Chain Partners, Growing with Cheng Shin	
		49	1.10 Protecting Customer Privacy	
2-7	Employees	81	3.1 Employee Care Policy	
2-8	Workers who are not employees	81	3.1 Employee Care Policy	
2-9	Governance structure and composition	24	1.6 Corporate Governance	
2-10	Nomination and selection of the highest governance body	24	1.6 Corporate Governance	
2-11	Chair of the highest governance body	24	1.6 Corporate Governance	
2-12	Role of the highest governance body in overseeing the management of impacts	31	1.7 Risk Management	
2-13	Delegation of responsibility for managing impacts	31~35	1.7 Risk Management	
2-14	Role of the highest governance body in sustainability reporting	13	1.4.2 Sustainable Development Steering Group	
2-15	Conflicts of interest	27~28	1.6.3 Integrity and Anti-Corruption	
2-16	Communication of critical concerns	10~11	1.3 Stakeholder Engagement	
		17~23	1.5 Identification of Material Topics	
		24	1.6 Corporate Governance	
2-17	Collective knowledge of the highest governance body	26	1.6 Corporate Governance	
2-18	Evaluation of the performance of the highest governance body	26	1.6 Corporate Governance	
2-19	Remuneration policies	26	1.6 Corporate Governance	
2-20	Process for determining remuneration	26	1.6 Corporate Governance	
2-21	Annual total compensation ratio	97	3.4 Employee Benefits and Care	
2-22	Statement on sustainable development strategy	4	Message from the Chairman	
		12~16	1.4 Sustainable Cheng Shin	

Indicator	Disclosure Items	Page	Corresponding Chapter	Supplementary Notes
2-23	Policy Commitments	45~47 88~89	1.9.2 Supply Chain Management Policies of Cheng Shin 3.2 Human Rights Policy and Labor-Management Relations	
2-24	Embedding policy commitments	45~47 88~89	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	19~23	1.5.2 Management of Material Topics	
2-26	Mechanisms for seeking advice and raising concerns	19~23	1.5.2 Management of Material Topics	
2-27	Compliance with laws and regulations	27 80	1.6.3 Integrity and Anti-Corruption 2.7 Compliance with Environmental Regulations	Compliance with laws and regulations is Cheng Shin's Material Topic in 2023
2-28	Membership associations	9	1.2 About Cheng Shin	
2-29	Approach to stakeholder engagement	10~11 17~23	1.3 Stakeholder Engagement 1.5 Identification of Material Topics	
2-30	Collective bargaining agreements	88~89	3.2 Human Rights Policy and Labor- Management Relations	Although Cheng Shin has not signed a collective bargaining agreement, it has formed a labor union in accordance with the law to manage the areas where no labor union has been formed to ensure smooth labor-management communication.
GRI 3 Material Topics 2021				
3-1	Process to determine material topics	17~23	1.5.1 Identification of Material Topics	
3-2	List of material topics	17~23	1.5.2 Management of Material Topics	
3-3	Evaluation of the management approach	17~23	1.5.2 Management of Material Topics	
Material Topics				
Economic Indicators				
Operational Performance				
GRI 201 Economic Performance 2016				
201-4	Financial assistance received from government	9	1.2 About Cheng Shin	
Environmental Indicators				
Energy Resources and Greenhouse Gas Management				
GRI 305 Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	68	2.3.4 Greenhouse Gas Management	
305-2	Energy indirect (Scope 2) GHG emissions	68	2.3.4 Greenhouse Gas Management	
305-3	Other indirect (Scope 3) GHG emissions	68	2.3.4 Greenhouse Gas Management	
305-4	GHG emissions intensity	69	2.3.4 Greenhouse Gas Management	
305-5	Reduction of GHG emissions	67	2.3.3. Energy Conservation and Carbon Reduction Measures	

Indicator	Disclosure Items	Page	Corresponding Chapter	Supplementary Notes
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	79	2.6 Air Pollution Prevention	
Social Indicators				
Talent Development and Cultivation				
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	101	3.5 Career Development and Evaluation	
404-2	Programs for upgrading employee skills and transition assistance programs	102~104	3.5 Career Development and Evaluation	
404-3	Percentage of employees receiving regular performance and career development reviews	105	3.5 Career Development and Evaluation	
Occupational Safety and Health				
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system (OSHMS)	90	3.3 Safe and Healthy Workplace	
403-2	Hazard identification, risk assessment, and incident investigation	91	3.3 Safe and Healthy Workplace	
403-3	Occupational health services	96~97	3.3 Safe and Healthy Workplace	
403-4	Worker participation, consultation, and communication on occupational health and safety	90	3.3 Safe and Healthy Workplace	
403-5	Worker training on occupational health and safety	94~96	3.3 Safe and Healthy Workplace	
403-6	Promotion of worker health	96~97	3.3 Safe and Healthy Workplace	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95~96	3.3 Safe and Healthy Workplace	
403-8	Workers covered by an occupational health and safety management system	90	3.3 Safe and Healthy Workplace	
403-9	Work-related injuries	92	3.3 Safe and Healthy Workplace	
403-10	Work-related ill health	92	3.3 Safe and Healthy Workplace	No such event occurred during the period covered by this report.
Customer Relationship Management				
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	55	1.11 Adherence to Product Regulations	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	55		No such event occurred during the period covered by this report.
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	42	1.8.3 Clear Product Labeling	
417-2	Incidents of non-compliance concerning product and service information and labeling	42		No such event occurred during the period covered by this report.

Indicator	Disclosure Items	Page	Corresponding Chapter	Supplementary Notes
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	49	1.10 Protecting Customer Privacy	No such event occurred during the period covered by this report.
Other Topics				
Environmental Indicators				
GRI 301: Materials 2016				
301-1	Materials used by weight or volume	64	2.3.1 Resource Management	
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	64~66	2.3 Energy Resources and Greenhouse Gas Management	
302-3	Energy intensity	66	2.3 Energy Resources and Greenhouse Gas Management	
302-4	Reduction of energy consumption	67	2.3 Energy Resources and Greenhouse Gas Management	
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	74	2.4 Water Resources Management	
303-2	Management of water discharge-related impacts	76	2.4 Water Resources Management	
303-3	Water withdrawal	74	2.4 Water Resources Management	
303-4	Water discharge	75	2.4 Water Resources Management	
303-5	Water Consumption	75	2.4 Water Resources Management	
GRI 306: Waste 2020				
306-2	Management of significant waste-related impacts	78	2.5 Waste Management, Recycling and Reuse	
306-3	Waste generated	78~79	2.5 Waste Management, Recycling and Reuse	
306-4	Waste diverted from disposal	78~79	2.5 Waste Management, Recycling and Reuse	
306-5	Waste directed to disposal	78~79	2.5 Waste Management, Recycling and Reuse	
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	43~48	1.9 Supply Chain Partners, Growing with Cheng Shin	
308-2	Negative environmental impacts in the supply chain and actions taken	47	1.9 Supply Chain Partners, Growing with Cheng Shin	
Social Indicators				
GRI 401: Employer-employee relationship 2016				
401-1	New Employees & Separated Employees	86~87	3.1 Employee Care Policy	

Indicator	Disclosure Items	Page	Corresponding Chapter	Supplementary Notes
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	97~100	3.4 Employee Benefits and Care	
401-3	Parental leave	99	3.4 Employee Benefits and Care	
GRI 402: Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	88	3.2 Human Rights Policy and Labor-Management Relations	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	82~85	3.1 Employee Care Policy	
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	88	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	88	3.2 Human Rights Policy and Labor-Management Relations	No operations and suppliers with significant risks were found during the reporting period
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	88	3.2 Human Rights Policy and Labor-Management Relations	No operations and suppliers with significant risks were found during the reporting period
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	62~63	2.2 Environmental Management	
GRI 414: Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria	43~48	1.9 Supply Chain Partners, Growing with Cheng Shin	
414-2	Negative social impacts in the supply chain, and actions taken	47	1.9 Supply Chain Partners, Growing with Cheng Shin	

## SASB Index (ALL)

TOPIC	Indicator	VALUE	Corresponding Chapter	CATEGORY	CODE
Energy Management	(1) Total energy consumption, (2) Percentage of purchased electricity (3) Utilization rate(renewable energy/-total energy)	(1)1,262,546.22 (2)45.66% (3)1.23%	2.3.2 Energy Management	Quantitative	TR-AP-130a.1
Waste Management	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled (%)	(1)2,931.51 tons (2)0.008% (3)82.579%	2.5 Waste Management, Recycling and Reuse	Quantitative	TR-AP-150a.1
Product Safety	Number of recalled vehicles (Note 1)	0	No such event occurred during the period covered by this report.	Quantitative	TR-AP-250a.1
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency or reduce emissions	To increase revenue from fuel efficiency products: NT\$2,153,766		Quantitative	TR-AP-410a.1
Materials Sourcing	Description of the management of risks associated with the use of critical materials		1.9 Supply Chain Partners, Growing with Cheng Shin	Discussion and Analysis	R-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.		Quantitative	TR-AP-440b.1
	Percentage of input materials from recycled or re-processed content (Note 2)	0.120%		Quantitative	TR-AP-440b.2
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations (note 3)	NT\$ 0	No such event occurred during the period covered by this report.	Quantitative	TR-AP-520a.1
Number of parts produced	Number of tires produced of each tire type	Radial car tires: 4,855,471 Radial truck tires: 157,013 Motorcycle tires: 3,858,833 Bicycle tires: 4,196,041 Inner tubes: 1,830,927 Other tires: 2,939,888		Quantitative	TR-AP-000.A
Weight of parts produced (t)	Total weight of tires produced of each tire type Unit: tons	Radial car tires: 58,668.988 Radial truck tires: 7,948.388 Motorcycle tires: 19,262.332 Bicycle tires: 3,383.771 Inner tubes: 290.073 Other tires: 18,222.678		Quantitative	TR-AP-000.B
Area of manufacturing plants (sqm)	Based on the area of the factory as stated in the Factory Registration Certificate.	300,029.86 sqm		Quantitative	TR-AP-000.C

Note 1: Disclosure should include discussions of major recalls, such as recalls that affect a large number of vehicles, multiple models, or recalls related to serious injury or death.

Note 2: Entities should describe their initiatives for obtaining scrap products and components for remanufacturing, including product recycling programs.

Note 3: The entity should provide a brief description of the nature, background, and any corrective actions taken as a result of the monetary losses.

Note 4: This SASB Index only discloses information related to Cheng Shin's operations in Taiwan.

## United Nations Global Compact comparison table

Classification	10 Principles	Report content or description	Page
Human Rights	Businesses should support and respect internationally proclaimed human rights	Cheng Shin should support and respect internationally proclaimed human rights. For details, please refer to "Human Rights Policy and Labor-Management Relations" in this report.	88
	Guarantee not to be complicit in human rights abuses.	Cheng Shin focuses on supplier hiring and training, health, safety, and environment, anti-corruption, and complies with various international conventions and local Labor Standards Act.	45~46
Labor Standards	Businesses should support freedom of association and the effective recognition of the right to collective bargaining.	Cheng Shin respects the employees' right to free association and regularly holds labor-management meetings to ensure smooth communication between the two parties.	88~89
	Prohibition of All Forms of Forced and Compulsory Labor	Cheng Shin's Prohibition of All Forms of Forced and Compulsory Labor	88~89
	Effectively prohibit child labor	Cheng Shin strictly prohibits child labor. For details, refer to Cheng Shin's "Work Rules"	88~89
	Elimination of discrimination in employment and occupation	Cheng Shin's Elimination of discrimination in employment and occupation	88~89
Environment	Businesses should support a precautionary approach to environmental challenges	Cheng Shin follows the TCFD framework to disclose climate change-related risks, and formulates corresponding goals and strategies for risk management.	56~61
	Initiatives to promote more environmentally responsible practices	Cheng Shin includes environment-related indicators in supplier screening and increases the proportion of local procurement to mitigate the environmental impact of procurement.	43~47
	Encourage the development and diffusion of environmentally friendly technologies	Cheng Shin continues to develop high-performance, lightweight, low rolling resistance, safety, and smart tires, and actively invests in the use and R&D of innovative sustainable materials.	38~39
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	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.	27~28

## INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

Cheng Shin Rubber Industry Co., Ltd.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report (“the Report”) of Cheng Shin Rubber Industry Co., Ltd. (“the Company”) for the year ended December 31, 2023.

### Subject Matter Information and Applicable Criteria

See Appendix for the Company’s selected performance indicators (“the Subject Matter Information”) and applicable criteria.

### Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

### Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, and observation to obtain evidence supporting limited assurance.

## **Inherent Limitations**

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

## **Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 “Quality Management for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## **Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

## **Other Matters**

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Ho, Jui-Hsuan.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

July 24, 2024

### *Notice to Readers*

*For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.*

## SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information			Corresponding Section	Applicable Criteria	Industry-specific Disclosures of the Sustainability Metrics Described in the Rules Governing the Preparation and Filing of Sustainability Reports
1.	Indicator	Unit	2023 Cheng Shin Taiwan	2.3.2. Energy Management  SASB Index (ALL)	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Appendix 1-2, Item 1
	Total energy consumption	GJ	1,262,546.22			
	Percentage of purchased electricity	%	45.66			
	Utilization rate (renewable energy/total energy)	%	1.23			
	Total self-generated and self-use energy	GJ	15,466.53			
2.	Unit: megaliters			2.4. Water Resource Management	Total water withdrawn, total water consumption, mandatorily or voluntarily disclosed total wastewater (sewage) discharged	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Appendix 1-2, Item 2
	Indicator	2023 Cheng Shin Taiwan				
	Total water withdrawn	828.532				
	Total water consumption	501.472				
	Total wastewater (sewage) discharged	327.060				
3.	Indicator	Unit	2023 Cheng Shin Taiwan	2.5. Waste Management, Recycling and Reuse	Total quantity of hazardous wastes generated, and percentage of recycled during the production process of products required to be disclosed under the law or to be disclosed voluntarily.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Appendix 1-2, Item 3
	Total quantity of hazardous wastes	Metric tons	0.24			
	Percentage of recycled	%	0			
4.	The number and rate of occupational accidents at Cheng Shin Taiwan in 2023. (1) High-consequence occupational accidents: 3, 0.34% (2) Recordable occupational accidents: 62, 7.16% (3) Fatalities: 0, 0%			3.3. Safe and Healthy Workplace	Number of employees in and rate of occupational accidents	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Appendix 1-2, Item 4
5.	Total number and rate of new employee hires at Cheng Shin Taiwan in 2023, by age group and gender.			3.1. Cheng Shin Partners	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.  b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	GRI 401-1: 2016 New employee hires and employee turnover
		Under 30 Years Old	30-49 Years Old			
	Female	14	7	2	14.20%	
	Male	85	53	1	85.80%	
	%	61.11%	37.04%	1.85%	100.00%	
	Total number and rate of employee turnover at Cheng Shin Taiwan in 2023, by age group and gender.					
		Under 30 Years Old	30-49 Years Old	50 and Above (Inclusive)	%	
	Female	18	48	16	15.47%	
	Male	110	312	26	84.53%	
	%	24.15%	67.93%	7.92%	100.00%	