

CST ESG 2024

Sustainability Report

Cheng Shin Rubber Ind. Co., Ltd.



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— About This Report —

Content

Since 2014, Cheng Shin has continuously issued 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-friendliness, employee care, supplier management, shareholder equity, customer service and community participation, and explains to all stakeholders the efforts and achievements of Cheng Shin in implementing corporate social responsibility, demonstrating our commitment to corporate social responsibility and sustainable development, while also serving as 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). 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 Group's parent company Cheng Shin Rubber Industry Co., Ltd. (referred to as "Taiwan Region"), and, starting in 2024, also includes consolidated subsidiaries (referred to as "subsidiaries"). To differentiate the data, some information pertains only to the China-based subsidiaries (referred to as "China Region"). The financial and some sustainability information, as audited by CPAs, is consistent with that in the financial reports.

Review and Assurance

Cheng Shin's Sustainability Report was compiled by various departments and coordinated by the Sustainable Development Working Group, in accordance with the aforementioned international standards and guidelines. To ensure the quality of information disclosure, Cheng Shin engaged PwC Taiwan to issue 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, 2025.

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.

TEL: (04)852-5151 #729

Unit: ESG Steering Group

Company website: <http://www.maxxis.com.tw/> Report Issuance Date and Frequency: Cheng Shin publishes the report on an annual basis. The 2024 Sustainability Report discloses our sustainability performance and responds to stakeholders' concerns for the year 2024 (from January 1, 2024 to December 31, 2024); for completeness, some information can be traced back to 2022.

— Message from the Chairman —



In 2024, the global tire market continued to face a complex mix of challenges. International trade tariff wars and exchange rate fluctuations continued to affect industry dynamics. Furthermore, with the rapid rise of the Chinese auto industry, Chinese tire brands have been actively expanding their market share through low-price strategies, intensifying global market competition. In this environment, Cheng Shin Rubber adhered to the principle of steady operations, continuously optimized its product portfolio, reduced costs, and improved profitability. Annual operations remained stable, with consolidated revenue holding steady year-on-year. The net profit for the current period in 2024 increased by 11.53% compared to last year, and the earnings per share reached NT\$2.47, demonstrating the Company's resilience in the face of fierce competition.

We have been focusing on the in-depth cultivation and development of our core tire business, dedicated to building the Taiwanese international brand "MAXXIS" and marketing our products in over 180 countries worldwide. We are not just a professional tire manufacturer, but also a company with a deep corporate culture: "100% quality, 100% service, and 100% reliability, respect and care, gratitude". We have been promoting our brand culture globally since 2024. "MAXXIS CULTURE" signboards have been installed at every sales channel carrying MAXXIS products, with the hope that consumers will gain a deeper understanding and appreciation for the MAXXIS spirit, leading to genuine love and identification with the brand.



In addition to promoting the brand culture, we also actively integrate sustainability into our daily operations. From environmental management, energy utilization, talent development to public welfare care, we work with all family members to promote the sustainable development of the Company. We have been selected as a constituent stock of the "Taiwan Sustainability Index" (FTSE4Good TIP Taiwan ESG Index) for seven consecutive years. This is not only an honor, but also recognition of our commitment to sustainability.

In terms of environmental sustainability, we are constantly promoting green transformation. In 2024, we used a total of 52.01 million kWh of solar power and implemented the ISO 50001 energy management system. Through internal energy conservation and carbon reduction measures, we managed to reduce GHG emissions by 38,934.21 MtCO₂e. We also work with our suppliers to transform waste into high-performance tire materials, achieving resource recycling and reuse, and showcasing our concrete achievements in environmental and energy management. We are deeply aware that employees are the most valuable asset of a company. With "safety first" as its core value, Cheng Shin is dedicated to building a healthy, safe, and comfortable working environment, promoting workplace wellness and equipment optimization. At Cheng Shin, we enable employees to focus on their work with peace of mind and jointly advancing towards a sustainable future with the company.

Looking forward, Cheng Shin will continue to center itself on its corporate culture to practice sustainable management, and collaborate with all stakeholders to build a more resilient and value-creating future.

Chairman *Chen Yuhwa*

Part 1

Cheng Shin “Rolls” the World



1.1 2024 Sustainability Highlight Achievements

- 1.Cheng Shin passed the external certification for the ISO50001 energy management system.
- 2.Greenhouse Gases Reduction
Promoted energy-saving programs, reducing GHG emissions by 37,416.27 tCO₂e.
- 3.Use of Green Energy
The solar photovoltaic system has been activated, and over 4 million kWh of renewable energy is used annually in Taiwan.
- 4.Selected as one of the constituents of the "Taiwan RAFI EMP 99 Index".
- 5.Continue to implement the Company’ s Employee Stock Ownership Program.
- 6.TIPS Class A intellectual property management scope valid certification

1.2 About Cheng Shin

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

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

Company Profile :

| Cheng Shin Rubber Ind. Co., Ltd. | |
|-------------------------------------|---|
| Date Established | January 1, 1967 |
| Headquarters | No. 215, Meigang Rd., 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: 4,324 employees; Group: 21,973 employees |

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 2022-2024

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.



reddot winner 2023

2024 Cheng Shin was listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index for the 7th consecutive year.
 MAXXIS VS-EV won A' Design AWARD
 Maxxventure MT and E-Gargo Metroloads Pro won iF Design Award
 2024 - E-Gargo Metroloads Pro won the Red Dot Design Award and Good Design Award



reddot winner 2024



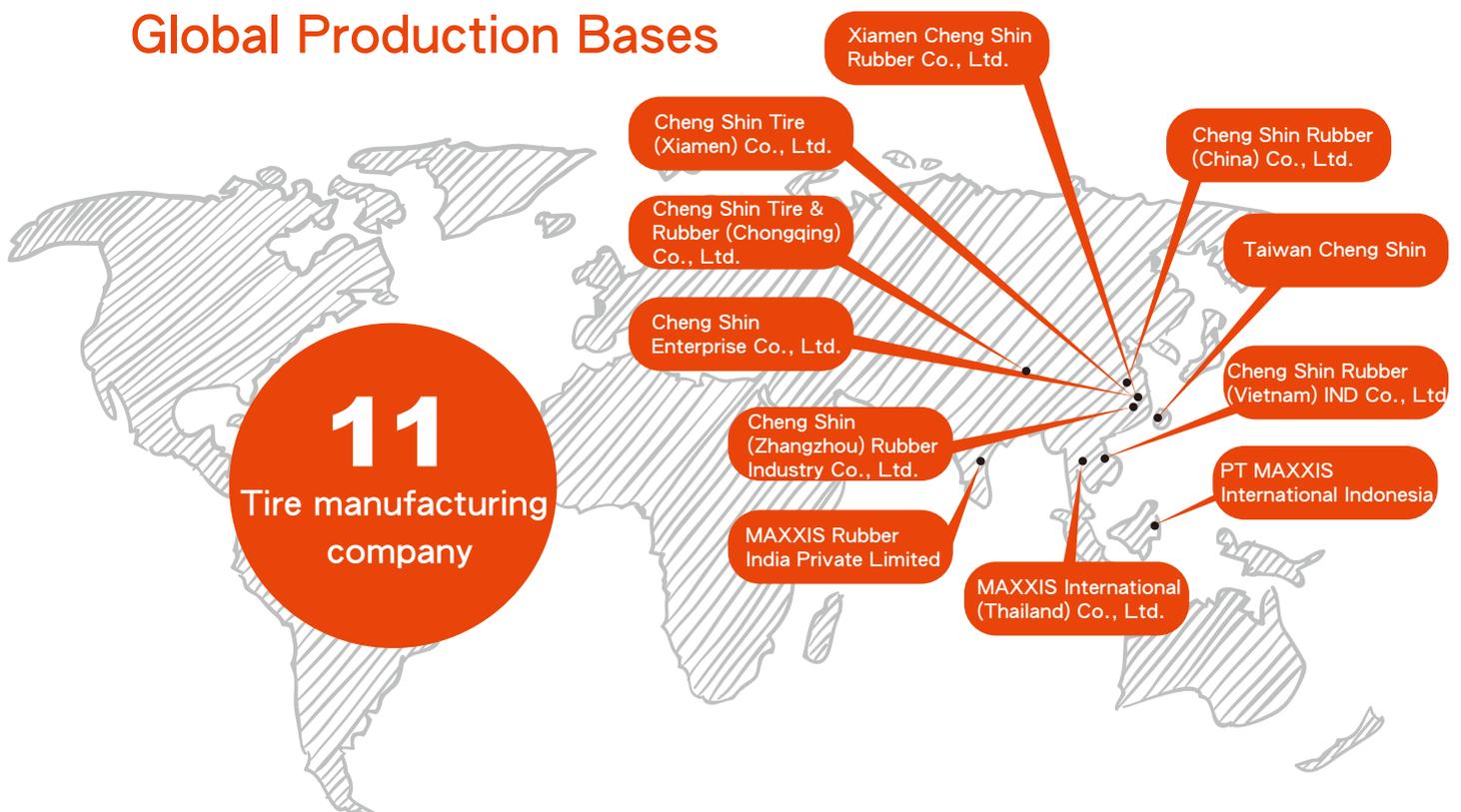
GOOD DESIGN AWARD 2024

Operational Performance

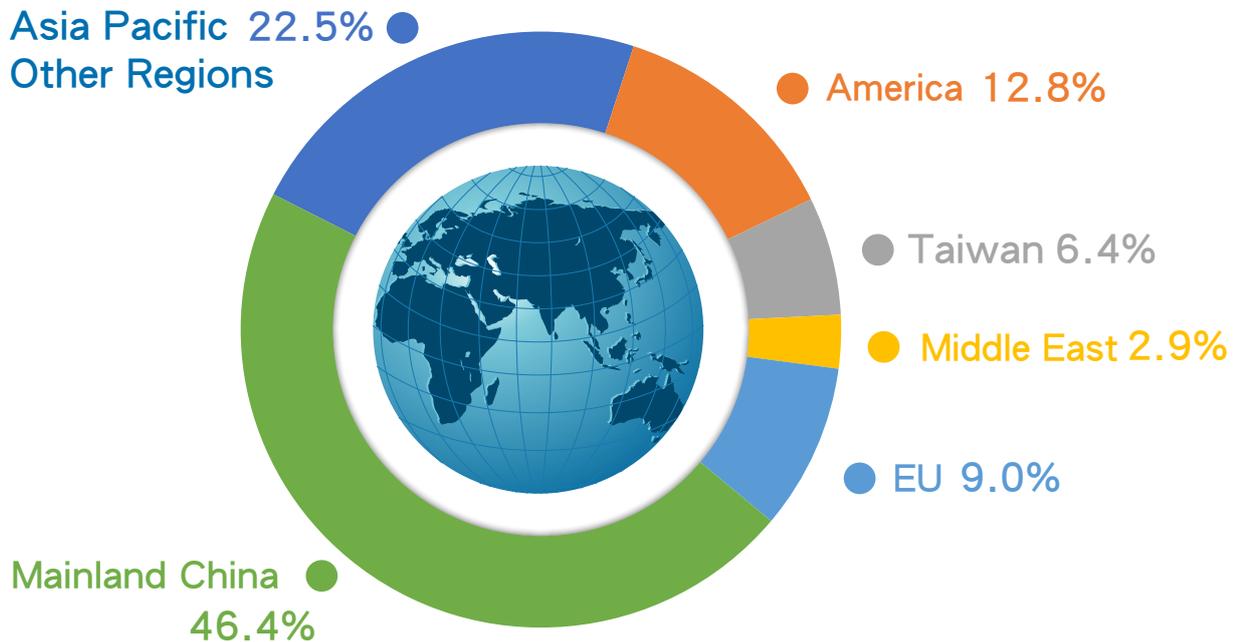
Cheng Shin considers focusing on our core business, integrity and innovation, and focus on the principal operation to embrace new opportunities, manifested in our corporate culture through the concept of "Three 100s: 100% Quality, 100% Service, 100% Trust." The Company continuously advances by enhancing 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.

- ◆ Cheng Shin has spared no effort in promoting overseas tire market sales, with export sales accounting for 73% of the total sales. At present, Cheng Shin has expanded its sales to more than 180 countries in the world, covering five continents.
- ◆ The rise of emerging markets has boosted demand for automobile tires. The recent investments in India and Indonesia, which are the second and fourth most populous countries in the world respectively, represent huge potential as consumer markets. In terms of marketing, Cheng Shin employs a multi-brand strategy, promoting MAXXIS, CST, PRESA, and other brands through various channels simultaneously to expand market share. Additionally, the Company enhances brand recognition and reputation by sponsoring numerous sporting events, leveraging diverse platforms to embed the brand and its products deeply into the hearts of consumers.

Global Production Bases



Cheng Shin Group Sales Analysis - By Region



In 2024, competition in the tire market remained fierce. As China's automotive industry continued its rise and low-price competition intensified in the tire market, the challenges became increasingly severe. However, Cheng Shin's operating revenue in 2024 remained at the same level as the previous year. Under the leadership of the management team, we streamlined our product portfolio, reduced costs, and enhanced profitability. The net profit in the consolidated financial statements for 2024 grew by 11.53% compared to the previous year, with earnings per share of NT\$2.47. We maintained a customer-centric approach, ramping up production to meet demand, creating new opportunities, and enhancing product value to achieve growth in both revenue and profit. Our brand value reached US\$239 million.

Unit: NT\$ thousand

| Consolidated statements (Note) | 2022年 | 2023年 | 2024年 |
|-----------------------------------|------------|------------|------------|
| Operating revenue | 98,622,877 | 96,201,313 | 96,247,057 |
| Gross profit | 20,983,167 | 23,388,685 | 23,243,923 |
| Operating profit and/or loss | 7,374,178 | 10,357,806 | 10,011,804 |
| Non-operating income and expenses | (403,502) | 148,804 | 730,827 |
| Profit before income tax | 6,970,676 | 10,506,610 | 10,742,631 |
| Net Profit for the Year | 4,992,260 | 7,197,962 | 8,028,188 |

Government Subsidies

Cheng Shin actively responds to government policies, particularly in the areas of industry innovation, technological upgrades, and environmental protection. In 2024, the Taiwan Region received financial subsidies from the government for the following items: R&D investment credit for active research and development recognized by the Industrial Development Bureau; income tax credit for profit-seeking enterprise engaged in the development of intelligent machinery and 5G mobile communication systems; the Industry Upgrade Innovation Platform Guidance Program; employer salary subsidies for hiring employees who have suffered occupational injuries and employer salary subsidies for maternity and paternity leave; and subsidies from the Ministry of Economic Affairs for power and public equipment. Subsidiaries in the consolidated financial statements primarily received grants from the Industry Development Fund and subsidies for the purchase of R&D equipment.

Unit: NT\$ thousand

| | 2022 | 2023 | 2024 |
|----------------------------------|---------|---------|---------|
| Cheng Shin Taiwan | 37,776 | 51,357 | 34,671 |
| Cheng Shin Kunshan | 106,589 | 348,496 | 16,514 |
| Cheng Shin Chongqing | 40,113 | 34,218 | 187 |
| Cheng Shin Xiamen | 294,108 | 247,236 | 228,405 |
| Except for subsidiaries in China | – | – | 10,586 |

Note: From 2024, all data includes consolidated subsidiaries.

Participation in Public Association Organizations

Cheng Shin actively participates in industrial associations and organizations. The number of industrial associations and organizations in which Cheng Shin currently serves as a director/-supervisor or advisor and member is listed below:

| Company | Director, supervisor, or advisor (number of industrial associations and organizations) | Members (number of industrial associations and organizations) | Amount invested (NT\$) |
|------------|--|---|------------------------|
| Taiwan | 2 | 31 | 696,674 |
| Subsidiary | 17 | 6 | NA |

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 Significance 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 Working Group is composed of heads of various departments, who submit the Sustainable Development Report to the Board of Directors and report on the implementation status of the sustainable development strategy for the previous year. 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"> 1.Product Quality Management 2.Business Continuity Management 3.Product R&D and Technology Development 4.Supplier Sustainability Management 5.Compliance with laws and regulations | <ol style="list-style-type: none"> 1. Occasional visits to the company website 2. New product launch events from time to time 3. Sales service mailbox and telephone | 1.2024 Customer Satisfaction Survey:the satisfaction level remained high. |
| 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. They should have fair access to material information about the company as their social evaluation of the Company will affect the change of stock price. | <ol style="list-style-type: none"> 1.Compliance with laws and regulations 2.Risk Management 3.Information Systems Security Management 4.Product Quality Management 5.Business Continuity Management | <ol style="list-style-type: none"> 1.Investor conferences during the shareholders' annual meeting (per annum) 2.Update of the MOPs (regularly) 3.Establishment of a shareholders' area and a shareholders' hotline on the company's website | <ol style="list-style-type: none"> 1.Two investor conferences were held in 2024. 2.One shareholders' meeting was held in 2024. 3.Update information on the MOPs in accordance with the regulations. 4.Update investor information on the Company's website from time to time 5.Address shareholders' inquiries by phone and email. All inquiries were answered. 6.Corporate governance evaluation is conducted once a year. The 2024 evaluation ranked the Company as follows: 21%-35% |
| Employees | Employees of Cheng Shin | 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"> 1.Compliance with laws and regulations 2.Product Quality Management 3.Occupational Safety and Health 4.Human Rights Protection and Diversity and Inclusion 5.Labor Relations and Employee Benefits | <ol style="list-style-type: none"> 1.Hold labor-management conferences and occupational safety and health committee meetings (quarterly) 2. Holding corporate labor union meetings, Employee Welfare Committee meetings, and Human Resources Committee meetings (as required) 3. Conduct new employee seminars, employee interviews, and internal company announcements (as required) | <ol style="list-style-type: none"> 1.Organized a total of 25 labor-management meetings to report on labor dynamics, communicate and discuss labor activities, employee benefits, etc. 2.Monthly factory on-site medical service, interview employees on health checkups and health consultations. |
| 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"> 1.Business Continuity Management 2.Sewage Discharge Management 3.Waste Management 4.Occupational Safety and Health 5.Labor Relations and Employee Benefit | <ol style="list-style-type: none"> 1. Official documents (as required) 2. Communicating with the competent authority through the labor union to explain the regulations or public hearings (as required) 3. Reporting on the website of the competent authority (depending on the required reporting cycle) 4. Inspections and visits by the competent authorities (from time to time) | <ol style="list-style-type: none"> 1.Publicity meetings held by environmental protection and occupational health related authorities: more than 30 meetings 2. Government agencies' promotion seminars and public hearings: occasional participation. 3. MOPs: Disclosures made according to regulations |
| 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"> 1.Supplier Sustainability Management 2.Product Quality Management | <ol style="list-style-type: none"> 1.On-site audits or self-assessments of new and existing suppliers (from time to time) 2.Collecting and conducting statistical analysis of suppliers' delivery performance, major suppliers' quarterly reports on product process capability and phone calls and emails to notify suppliers who have not achieved performance in the month as required and sign back the contact letter for raw material abnormalities, and convene meetings to review where necessary (monthly) | A total of 21 suppliers implemented self-assessments in accordance with the annual audit plan, of which 13 were rated A, 8 were rated B+. All suppliers passed Cheng Shin's assessments with an achievement rate of 100%. |

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 began to promote and set up a CSR Steering Group. The Company publishes a sustainability report every year and converges the strengths of our operations in Taiwan Region and China Region 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 has established 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 May 13, 2025 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 fulfill the Company's ESG commitment and implement a corporate culture centered on 100% quality, service, and trust, with a focus on preserving core values and complying with the sustainable development policy.



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 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). | ●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 3,992,860 sponsored. | 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. | ●Provided more than 100 lunch boxes daily for the elderly living alone nearby Dachun Plant and Changhua Xizhou Plant, the mobility impaired, and low- and middle-income households. ●Douliu Plant sponsored the Douliu City Office to promote the Elderly-Friendly Cafeteria to enhance proper and adequate care for the elderly. | 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. | ●The Company provides special health checkups for workers involved with special health hazards at work. ●The Company provides health consultation services by doctors on-site at the Company's plants. ●Special health examinations were conducted for personnel in special workplaces in 2024, totaling 597 employees, with follow-up for 17 employees. | 3.3.Safe and Healthy Workplace |
|  | 4.A.Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all. | ●Provide multiple learning channels for our employees to balance work and physical/mental health ●In 2024, we held 1 lifestyle seminars and 2 occupational safety seminars, and the total number of participants reached 163 persons. | 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. | ●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 3,992,860 sponsored. | 4.3.3Educational Support |

| SDGs | Targets | Summary of Contributions ▲Projects●Results | Corresponding Chapter |
|--|--|---|---|
|  <p>5 性別平等</p> | <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"> ●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. | <p>3.4.Employee Benefits and Care</p> |
|  <p>6 清潔飲水和衛生設施</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"> ●The Company continues to implement water resource management and recycling of process wastewater. ●The amount of effluent discharged in Cheng Shin Taiwan has decreased by 3.37% compared to 2023. | <p>2.4.Water Resources Management</p> |
|  <p>7 經濟適用的清潔能源</p> | <p>7.3.By 2030, double the global rate of improvement in energy efficiency.</p> | <ul style="list-style-type: none"> ●The Company has been involved in voluntary reduction of greenhouse gases. ●Enhance efficiency of the Company's equipment. ●Reduce GHG emissions by 38,943.21 tCO₂e in 2024 by promoting energy saving programs in our operations in Cheng Shin Taiwan and subsidiaries. | <p>2.3.2 Energy Management</p> |
|  <p>8 體面工作和經濟增長</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"> ●Cheng Shin's business philosophy is "Quality First, Customer Satisfaction". By focusing on the tire industry, Cheng Shin has been able to break through the constraints of the economic downturn with its driving force and execution, resulting in continuous growth in revenue and profit. ●In 2024, consolidated revenue reached NT\$96.2 billion, earnings per share was NT\$2.47, gross margin of sales reached 30%, and brand value reached US\$239 million. ●Cheng Shin's "Work Rules" stipulate that no one under the age of 15 shall be employed as a regular new employee. ●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 2024, no child labor was used, and no child labor-related complaints were received. ●Review new suppliers and their annual audit plans based on supplier evaluations and the contents of annual audit clauses. The review items should include ensuring the safety of workers' working environment. ●Implement the ISO45001 management system to maintain the occupational safety and health of the work environment. ●Implement the maternal labor health protection program to ensure the safety of female workers at work. ●The 2024 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. | <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 永續發展 的市鎮規劃</p> | <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.</p> | <ul style="list-style-type: none"> ●Maintain the normal operations of air pollution control equipment in factory plants. ●Install prevention and control equipment in each stationary source process and ensure that the Company's processes comply with permitted air pollution control standards.policy. | <p>2.5.Waste Management, Recycling and Reuse 2.6.Air Pollution Prevention and Control</p> |
|  <p>12 確保永續消費 和生產模式</p> | <p>12.2.By 2030, achieve the sustainable management and efficient use of natural resources.</p> | <ul style="list-style-type: none"> ●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. | <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"> ●In order to ensure the normal operation of the air and water pollution prevention equipment, Cheng Shin's plants are equipped with chemical addition equipment. But the plant effectively adjusts prevention equipment to achieve the best operating conditions to avoid needing to add chemicals. ●The number of waste generated in the Company's Taiwan plants in 2024 is 7.70% less than that in 2023. | <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"> ●By continuously promoting waste water (sewage) 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. | <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"> ●Publish annual sustainability reports and utilize the accessibility, transparency, timeliness, comprehensiveness, and interactivity of websites to conduct sustainable reporting. ●Cheng Shin issues one sustainability report per year. | <p>About This Report</p> | |
|  <p>16 和平、正義與 健全的司法</p> | <p>16.5.Substantially reduce corruption and bribery in all its forms.</p> | <ul style="list-style-type: none"> ●Formulation of integrity management rules and regulations and promotion work. ●Integrity management education and training. ●No violation of the laws and regulations or internal regulations for integrity management occurred in 2024. | <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"> ●Procedures for Preventing Insider Trading. ●Work Regulations. ●Establishment of regulations for Related-Party Transactions. ●Suppliers - Establishment of Commercial Contracts ●No incidences of insider trading or corruption cases occurred in 2024. | | |

1.5 Identification of Material Topics

1.5.1 Procedures for the Identification of Material Topics

1.5.1.1 Understanding the enterprise organizational context

To conduct a materiality analysis of corporate sustainability issues, a comprehensive inventory and collection of sustainability issues are required. This is then followed by an assessment and ranking based on stakeholder opinions and the Company's development goals. Based on the guidelines of GRI 3, we have integrated sustainability issues related to the Group's business operations and value chain, international sustainable development trends, important international evaluation requirements, and industry development and peer disclosure trends.

| Aspect of Consideration | Source of the Issue | Relevant sustainability issues |
|---|---|--|
| Business operations and value chain | Cheng Shin Internal Assessment | Corporate governance, operational performance, supplier sustainability management, information system security management, customer relationship management, product quality management, energy and GHG management, sewage discharge management, waste disposal, talent recruitment and cultivation, occupational safety and health. |
| International sustainable development trends | United Nations Sustainable Development Goals, related international regulations | Compliance with laws and regulations, energy and GHG management, sustainable raw materials, climate change governance, human rights protection, and diversity & inclusion. |
| Important international evaluation requirements | CDP questionnaire, IFRS Sustainability Disclosure Standards, SASB Standards | Compliance with laws and regulations, product quality management, product R&D and technology development, sustainable raw materials, waste disposal, energy and GHG management |
| Industry development and peer disclosure trends | Peer sustainability report | Climate change governance, talent recruitment and cultivation, supplier sustainability management, and sustainable raw materials. |
| Important stakeholder opinions | Stakeholder engagement results over the years | Product quality management, business continuity management, product R&D and technology development, supplier sustainability management, compliance with laws and regulations, risk management, information system security management, occupational safety and health, human rights protection and diversity & inclusion, labor relations and benefits, sewage discharge management, waste management. |

After the above-mentioned consideration and inventory process, we consolidated similar sustainability issues and ultimately summarized 20 sustainability issues, encompassing 11 governance aspects, 4 environmental aspects, and 5 social aspects, to serve as the foundation for identifying impacts and assessing their significance.

1.5.1.2 Identify Impacts and Assess Significance.

Based on the list of sustainability issues identified in the previous stage, we further invited senior executives from within the Company to evaluate the potential likelihood and impact—both positive and negative—of these sustainability issues on Cheng Shin's environmental (E), social (S), and governance dimensions. A questionnaire was distributed and achieved a 100% response rate, with 24 valid responses collected.

- Likelihood of occurrence: Likelihood of positive and negative impacts
- Impact level: Benefits from positive impacts; severity and scope of negative impacts.

In addition, we regularly distribute sustainability questionnaires to important stakeholders to gauge their level of concern regarding corporate sustainability issues.

1.5.1.3 Prioritize Impact

The following steps are taken by Cheng Shin to determine the sustainability material topics for the current year:

Step 1 Calculate questionnaire analysis results

The ESG Working Group is responsible for compiling the results of the impact analysis questionnaire, statistically analyzing the probability and impact of positive and negative impacts—calculating the average (Note) and ranking them—to effectively evaluate the importance of each issue to the Company’s operations.

Note: Average likelihood score = total likelihood scores from all valid questionnaires / number of valid questionnaires recovered; average impact score = total impact scores from all valid questionnaires / number of valid questionnaires recovered.

Step 2 Set the critical threshold

The ESG Group referred to the existing risk management framework of the Company and the practices of industry peers to define material topics as those with an average score of more than 3.5 for likelihood and impact. In addition, negative impacts scoring more than 3.5 were also defined as material topics, even if the likelihood of occurrence was low. A preliminary summary identified seven sustainability issues as material topics: corporate governance, legal compliance, product R&D and technology development, product quality management, energy and GHG management, and occupational safety and health.

Step 3 Stakeholder Input Incorporated

The ESG Group considered the product’s main product value chain—from upstream raw materials, production, vehicle factories and dealers, and consumer use through to tire recycling—and regularly identified major stakeholders through internal evaluation documents. The identification process was based on a comprehensive consideration of five key aspects: responsibility, influence, tension, diverse perspectives, and dependence. A list of material stakeholders was generated in the form of a questionnaire and used for regular opinion surveys to track changes in stakeholder concerns. For the most recent significant stakeholders identified by Cheng Shin and the communication and interaction, please refer to Section 1.3. Stakeholder Engagement

Step 4 Identify Material Topics

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.

Occupational health and safety, talent cultivation, and human rights protection were important aspects of the workplace. The ESG Working Group formulated corresponding policies and goals for material topics and planned solutions for implementation.

Changes in 2024 Material Topics

| Material Topics Compared to 2023 | | 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. |

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 | 2024 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 2024, the product performance indicators were certified. In 2024, there were no major violations of laws and regulations related to marketing and labeling of products. |

Material Topics Compliance with laws and regulations

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

| | |
|---|--|
| Items | 2024 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. |

Material Topics Customer Relationship Management

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

| Items | 2024 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 Operational Performance

Material Topics: GRI 201 Economic Performance

| Items | 2024 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 | 2024 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 | 2024 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 serious occupational accidents in Taiwan: 7 cases Number of severe occupational accidents of subsidiaries: 38 |

Material Topics Energy Resources and Greenhouse Gas Management

Material Topics: GRI 302 Energy, GRI 305 Emissions

| | |
|---|--|
| Items | 2024 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 in Taiwan Region 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: Occupational Safety and Health

Material Topics: GRI 403 Occupational Health and Safety

| | |
|---|--|
| Items | 2024 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: Information Security Management

Material Topics: GRI 418 Customer Privacy

| | |
|---|--|
| Items | 2024 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 to "enhance personnel awareness, prevent data leakage, implement daily maintenance and operation, and ensure service availability" so that customers and suppliers can rest assured when entrusting |
| 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 Product R&D and Technology Development

Material Topics: Self-defined Topic - Product R&D and Technology Development

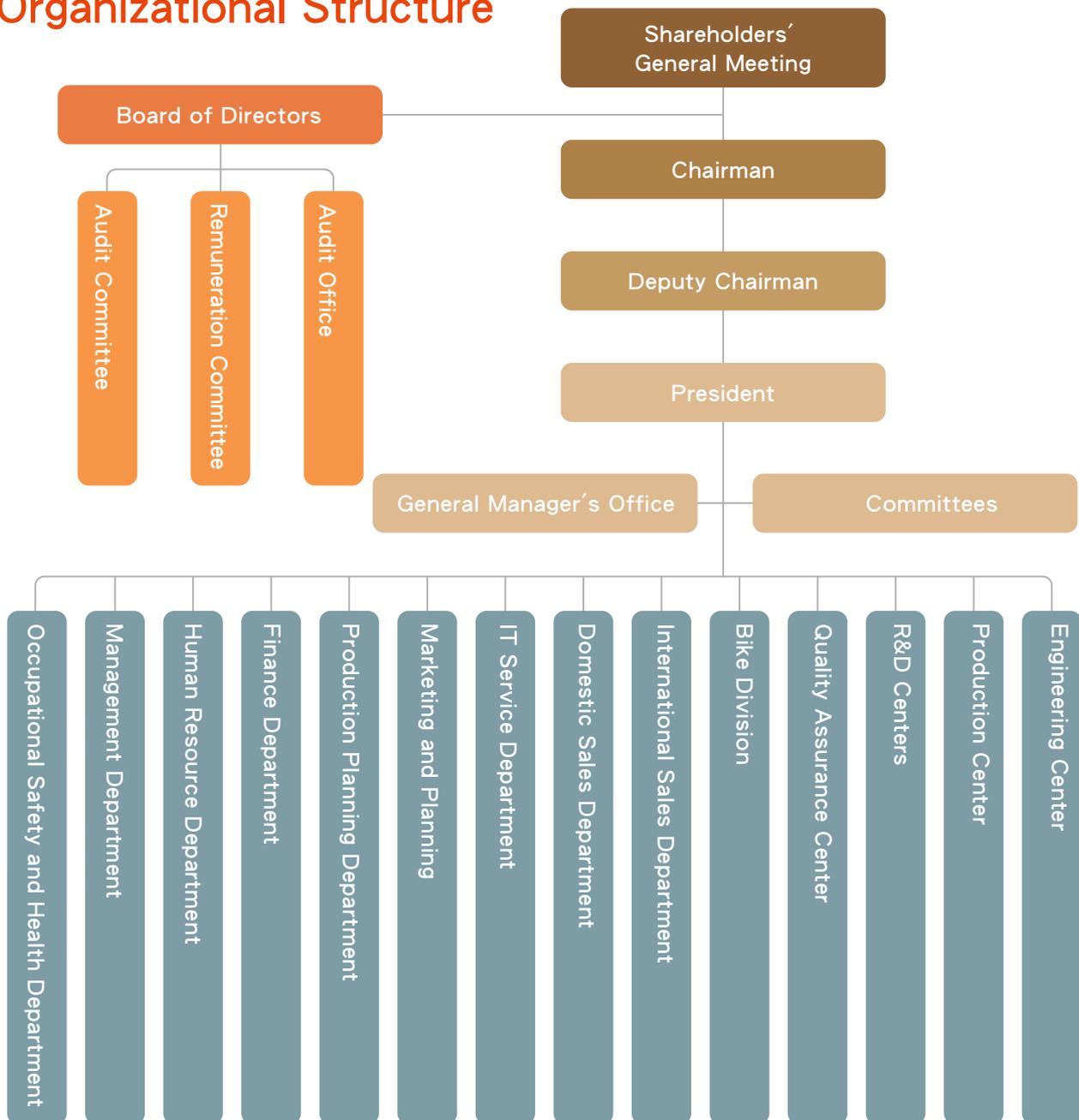
| | |
|---|---|
| Items | 2024 Management Approach |
| Policies | Follow the Company's policy to make continuous improvements, honor our commitments, improve quality, satisfy customers, and provide customers with the highest quality products. |
| Commitments | Cheng Shin is committed to providing customers with high-quality products and becoming their trustworthy partner for mutual growth. |
| Goals and Targets | Continued to develop high-performance, lightweight, low rolling resistance, durable, safe, 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; lightweight, low rolling resistance, durable tires, along with other product development, contributing to a sustainable circular economy. |
| Results of the management approach evaluation | <ul style="list-style-type: none"> ● 2024 - completed development of 12 low-energy consumption projects for electric vehicles <ul style="list-style-type: none"> - Developed 9 VS-EV for electric car tires - Developed MA 201 EV for electric bus tires - Developed one YAMAHA T56 EV for electric scooter tires - Developed one E-SUV Metropass AT for crossover commuter bicycle tires ● 2024 - completed five material and formulation development research projects <ul style="list-style-type: none"> - Developed one steel electric furnace tire bead wire - Developed one bio-based silica material - Developed one pyrolytic carbon black material - Developed one bio-based oil processing material - One EUDR natural rubber introduction |

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 2024 Annual Report. The Annual Report is available for download from MOPS and Cheng Shin’s official website (http://www.cst.com.tw/shareholder_7.php).

Operation of the Board of Directors

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. For information about directors, please refer to the 2024 Annual Report of the Shareholders' Meeting and the website of Cheng Shin. (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 nine years. Among the directors, four are aged 71 and above, four are aged between 61 and 70, and three are aged below 60. There are five 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. Cheng Shin places a strong emphasis on diversifying the composition of its Board of Directors. All directors have professional backgrounds in business, industry, finance, and accounting.

The main function of the Board of Directors is to appoint and supervise the management team of Cheng Shin so as to ensure the rights and interests of stakeholders and create maximum benefit for shareholders. It is stipulated in Cheng Shin's Rules of Procedure for Board of Directors Meetings that integrity management shall be implemented, and the directors shall adhere to the principle of a high degree of self-discipline and shall not vote on the motions listed by the board of directors that is detrimental to the interests to any stakeholder and Cheng Shin, so as to avoid conflicts of interest.

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 we use regular stakeholder feedback to better understand changes in the market, economy, society and environment.

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)

In 2024, a total of 5 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 2024.

According to the 2024 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)

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 2024, a total of 3 meetings were held, with an attendance rate of 100%. For further detailed background information on the Remuneration Committee, please refer to our Annual Report for the Shareholders' Meeting in 2024 and Cheng Shin's website. (http://www.cst.com.tw/shareholder_9.php)

Audit Committee

The Audit Committee was established in 2017 to replace the supervisor system and is composed of all independent directors serving a three-year term. The Audit Committee convened 4 times in 2024 with 100% attendance rate. For other detailed background information of the Audit Committee, please refer to the 2024 Cheng Shin Annual Report of the Shareholders' Meeting and Cheng Shin website. (http://www.cst.com.tw/shareholder_9.php)



1.6.2 Governance Level Performance Evaluation and Remuneration System

Senior Executive Remuneration Linked to Sustainability Performance

The remuneration policy for executive management at Cheng Shin is determined by the Remuneration Committee, taking into consideration factors such as the position, qualifications, experience relative to industry benchmarks, scope of responsibilities within the Company, and contribution to the Company's operational objectives, 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: The remuneration to directors of Cheng Shin is determined by referencing the practices of peer companies of a similar scale. There are no provisions for remuneration clawback, severance pay, signing bonuses, or recruitment incentives.

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>.



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 (including anti-corruption) or internal regulations in the year 2024.

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 rights and responsibilities of personnel, assets, and finance between the Company and its affiliates are clearly divided. In addition to the Operating Procedures for Supervision of Subsidiaries and Related Party Transactions, audit personnel also supervise the implementation annually.

Suppliers - Commercial Contracts

It has been specified in the contracts between Cheng Shin and its main suppliers that, if the supplier violates required social responsibility and integrity management standards, it shall be liable for damages, the contract shall be terminated, and the supplier shall be rejected for business permanently.

In addition to complying with the above rules, personnel in procurement and engineering positions must regularly sign an "Integrity Commitment" to prevent any breaches of ethical conduct. Internal "Human Resources Management Procedures" have also been established in Mainland China to regulate against bribery and the acceptance of gifts from vendors and customers. 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. 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 2024.

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 2024, all directors completed 12 hours of training courses on ethical management.

In 2024, all operating locations of the Group conducted ethical management (including anti-corruption) education and training. The education and training hours are as follows:

Training hours for integrity management

(anti-corruption, anti-bribery, and employee code of conduct) over the years

Unit: Hours

| Region \ Year | 2022 | 2023 | 2024 |
|---------------|-------|---------|-----------|
| Taiwan Region | 370.0 | 2,741.2 | 3,685.0 |
| Subsidiary | NA | NA | 25,411.1 |
| Total | NA | NA | 29,096.10 |

Business Integrity Operations and Implementation

| | |
|------------------------|---|
| Education and Training | <ol style="list-style-type: none"> 1. Arrange 0.5 hour of ethical business education and training for new employees. 2. In 2024, 3,685 hours of ethical management training (covering anti-corruption, anti-bribery, employee code of conduct, and corporate culture) were completed in the Taiwan Region. |
| Commitments | <ol style="list-style-type: none"> 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 it to the Human Resources Department. The same procedure applies to new employees and staff who are transferred. 2. Establish an integrity policy or sign an integrity commitment with cooperating vendors, and include a review of it in the legal unit's contract examination process. The same procedure applies to new partners. 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. |
| Promotion | <ol style="list-style-type: none"> 1. Through email, the Company provides quarterly education to directors (including independent directors) and managers on the following topics: Reducing Insider Equity Transfer Violations, Insider Trading Prevention Measures, Integrity Management Procedures and Code of Conduct, and Corporate Governance Guidelines. 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. 3. Important ethical corporate management and operating procedures are posted on the company intranet. A company-wide notice has also been issued to reiterate the Company's commitment to ethical conduct. Department heads are asked to disseminate this information to their teams. |
| Violations of law | No violation as of December 31, 2024. |

1.6.4 Information security management

Information security management framework

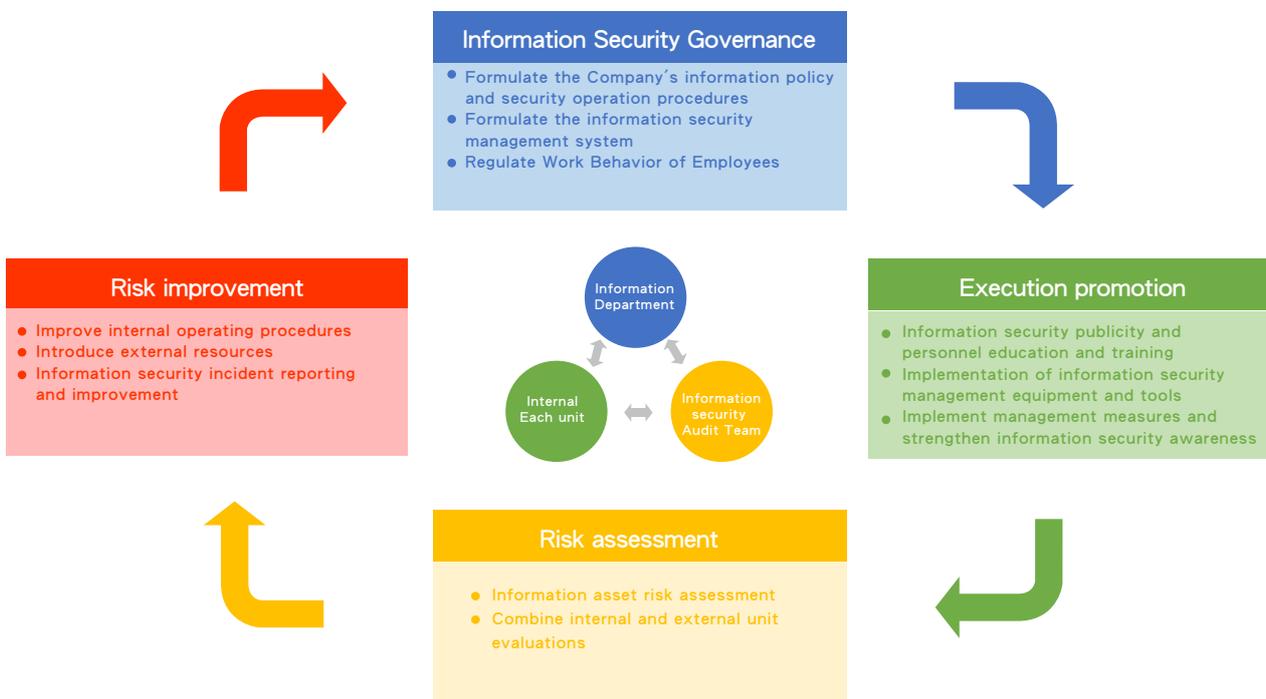
On November 10, 2022, Cheng Shin’s Board of Directors approved the establishment of the Information Security Team under the Information Service Department as the dedicated unit. Its organizational members are Chief Information Security Officer, Information Security Officer and 3 information security 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 12, 2024.

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.

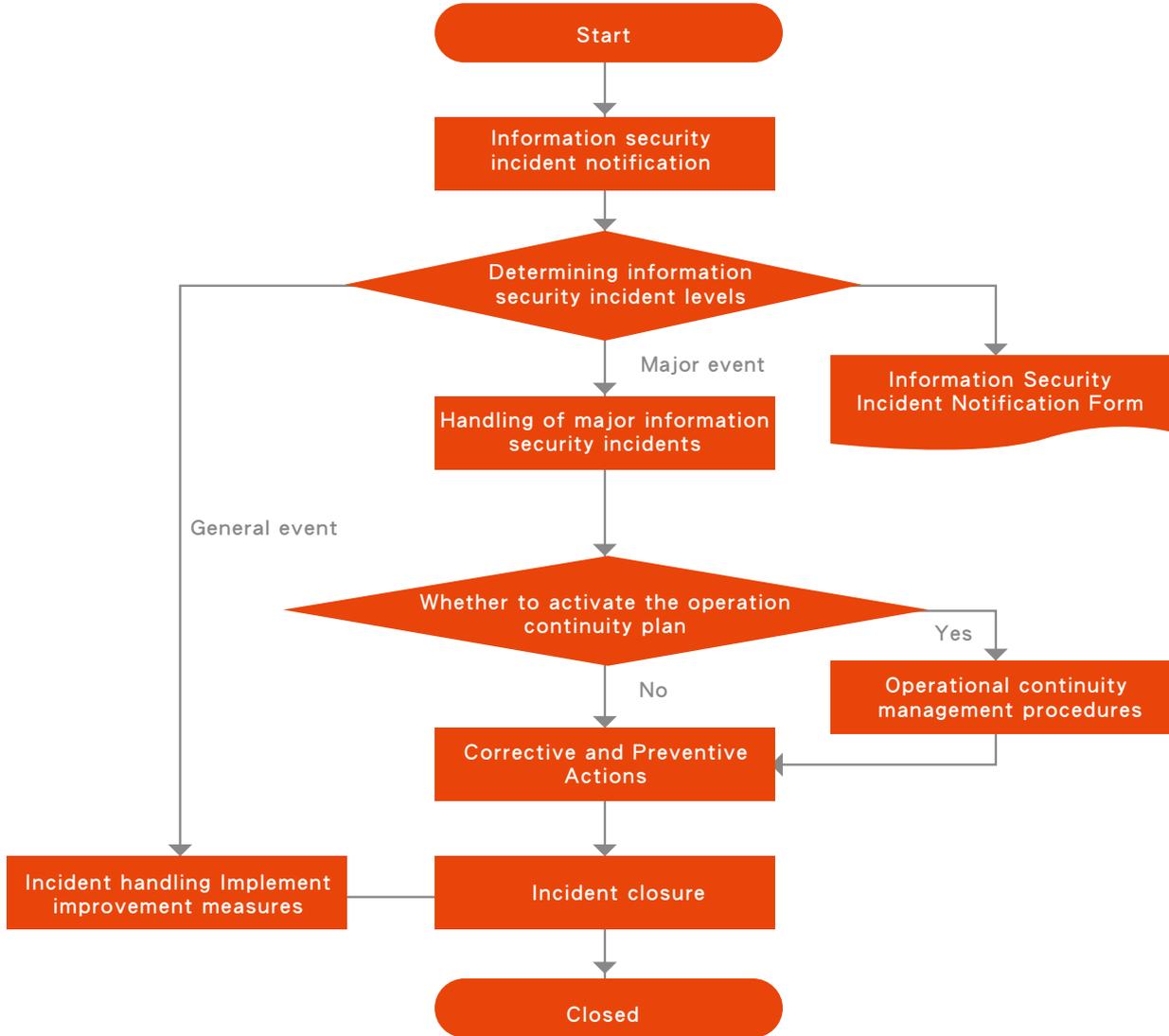
Information and communications security policy

Cheng Shin has qualified the information security management system (ISO27001:2022) certification and obtained the international on-board information security TISAX:AL2 certification. The Company has established the information security policy and vision: “strengthen personnel awareness, prevent data disclosure, implement routine operation maintenance, ensure service availability” . All various information security measures have been listed for implementation along with enhanced 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, the Company commissioned external consultants to provide guidance on information security management and risk control. On May 16, 2024, the Company passed ISO 27001:2022 international certification and obtained Trusted Information Security Assessment Exchange (TISAX) certification on July 15, 2024.

Results of the promotion of information security and personal data protection education

In 2024, all new hires received information security training in paper format before onboarding. A total of 1,780 current employees participated in information security education and training, totaling 3,560 training hours. Two social engineering phishing email tests were conducted throughout the year.

1.6.5 Intellectual Property Governance

Intellectual Property Strategy:

Since its founding, Cheng Shin has regarded research and development as the foundation of its technology. Technology is considered an "intangible asset," and the company strongly promotes the acquisition of intellectual property rights to protect its innovations. Starting in 2015, Cheng Shin has increased its investment in short-, medium-, and long-term technology development to enhance R&D capabilities. The goal is to ensure simultaneous growth in both the quality and quantity of patents, creating value through intellectual property protection and ultimately achieving revenue through patent commercialization.

In August 2020, the company integrated the management of "patents," "trademarks," and "trade secrets" under the Intellectual Property Division, enabling systematic management of intellectual property across the group. In addition to patents, trademarks and trade secrets further enhance the internal IP management strategy.

By 2024, IP management evolved from being factory-specific to centralized control under the Group's "Intellectual Property Center," covering patents, trademarks, and trade secrets. The management follows the Taiwan Intellectual Property Management System (TIPS) and implements the PDCA (Plan-Do-Check-Act) cycle.

Intellectual Property Governance Structure:

To implement its IP strategy, Cheng Shin's IP governance is led by the Intellectual Property Division under the General Manager's Office. The highest-ranking IP officer collaborates with the R&D Center, Information Services Department, and other supporting units to promote and maintain the IP management system. The company holds regular management review meetings to assess the IP system, consider internal and external IP-related issues and stakeholders, identify risks and opportunities, establish IP policies in compliance with relevant laws and company requirements, and set IP management goals. Annual reports are submitted to the Board of Directors to ensure the system remains appropriate, complete, and effective.

Intellectual Property Management System:

The Intellectual Property Division at Cheng Shin's Taiwan headquarters serves as the highest decision-making and execution body for IP management in Taiwan and supports global subsidiaries in promoting IP operations. It oversees global IP strategy and system implementation, including patent and trademark application planning, maintenance, infringement response procedures, and trade secret management and risk control mechanisms. Through centralized management and local support, Cheng Shin effectively integrates global resources to enhance IP utilization and corporate competitiveness. In 2023, Cheng Shin received TIPS Grade A certification for "Trade Secrets" and "Patent Rights," valid until December 31, 2025.

The IP management system includes:

1. Trademark Management

Cheng Shin has established comprehensive trademark management procedures covering application, maintenance, and infringement response. Preliminary searches and evaluations are conducted for new products or technologies to ensure trademark distinctiveness and eligibility. Dedicated units track application progress and handle renewals and oppositions per local regulations to maintain trademark validity.

2. Patent Management

With strong R&D capabilities, Cheng Shin continuously develops high-performance tires. Patent protection is required before launching any new product to ensure safe production, sales, import/export, and usage. If a patent proposal is deemed unsuitable after review, it may be transferred to the Trade Secret Review Committee for further evaluation and protection. This structured process ensures each technological achievement receives the most appropriate IP protection, enhancing competitiveness and security.

3. Trade Secret Management

Cheng Shin currently manages 38 trade secrets. The company has clearly defined trade secret regulations and established comprehensive management procedures, including flow control, declassification, and data destruction. Management at all levels emphasizes the importance of trade secret protection. Regular education and training highlight the importance of confidential information, and collaboration with IT strengthens cybersecurity. Access control mechanisms limit document viewing and duration, with watermarks indicating the borrower's identity. All trade secret-related communications must use company email or internal storage, and external transport of sensitive data is strictly prohibited.

IP Risk Management and Response Measures:

To optimize IP utilization and enhance its value and competitiveness, Cheng Shin follows trademark, patent, and trade secret management regulations. The company also collaborates with external professional firms for infringement monitoring, legal analysis, and response strategies. Key risk response measures include:

1. Trademark and Product Counterfeit Monitoring

Cheng Shin regularly monitors for unauthorized trademark registrations or counterfeits and proactively files cancellation requests or warning letters to protect its trademarks.

2. Patent Infringement Response Mechanism

In case of patent disputes, Cheng Shin conducts analysis and comparisons. If Cheng Shin is found to infringe, the company initiates product recalls and compensation. If another company infringes Cheng Shin's patents, it initiates claims, sends warning letters, and proposes compensation to protect its rights.

3. Trade Secret Infringement Remedies

Cheng Shin has established emergency reporting and dispute response procedures for trade secret breaches or suspected leaks, along with disciplinary mechanisms to demonstrate its commitment to protection.

4. Third-Party IP Risk Control

Cheng Shin also emphasizes IP risk control when collaborating with external vendors for raw material procurement, technology introduction, or licensing. Contracts and purchase orders include non-infringement clauses to safeguard rights and strengthen mutual IP protection awareness, reducing legal risks and ensuring supply chain stability.

IP Ownership Status:

As a world-class leader in the rubber and tire industry, Cheng Shin demonstrates strategic foresight in global patent and trademark deployment. Its IP protection network spans global markets, ensuring comprehensive protection of its technologies and brands.

1. Patents

Cheng Shin focuses domestic patent deployment on enhancing tire performance, with over 150 valid patents. Key areas include safety, environmental friendliness, handling, and noise reduction. Examples include noise and wet performance improvements, noise-reducing designs, and enhanced driving safety.

| Patent Ownership Overview | | (Unit: piece) | |
|---------------------------|------|---------------|--------------|
| Patent | Type | Taiwan | Subsidiaries |
| Invention | | 54 | 176 |
| Utility Model | | 2 | 171 |
| Design | | 298 | 377 |
| Total | | 1,078 | |

2. Trademarks

Cheng Shin actively registers trademarks to protect its MAXXIS brand across various tire products. For motorcycle tires: "SUPERMAXX" and "MAXXVENTURE"; for bicycle tires: "HIGHROAD" and "MINION"; for passenger car tires: "MECOTRA" (eco-friendly), "VICTRA" (high performance), and "WALTZ" (comfort and quiet). Over 17 trademarks are registered for specialty products like ATV tires, reflecting thorough IP planning before product launches.

| Trademark Ownership Overview | | (Unit: piece) | |
|------------------------------|--------|---------------|--|
| Registration \ Region | Taiwan | Subsidiaries | |
| Domestic | 153 | 11 | |
| International | 779 | 1,305 | |
| Total | 2,248 | | |

Incentive Policy:

To encourage innovation and improve IP output quality, Cheng Shin has established a robust incentive system. Employees are rewarded for submitting promising technology proposals. If a proposal is deemed patentable, a patent application is initiated and bonuses are awarded. If not suitable for patenting, it may be evaluated for trade secret protection, and if approved, the proposer receives a trade secret incentive.

2024 Talent Development: IP Education and Training

To enhance the effectiveness of the IP management system and raise employee awareness, Cheng Shin regularly conducts training on IP concepts, trade secret protection, information security, and updates on laws and case studies.

- For new and general employees

Basic IP courses covering IP concepts, Cheng Shin’s IP regulations, and information security training. A total of 545 participants completed the training.

- For IP-related personnel

External training under the TIPS program, including corporate governance and IP system operations, totaling 24 hours. Two employees obtained self-assessment qualifications.

1.7 Risk Management

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

Unit management functions and operation mechanisms

| Unit | Responsibility | Frequency | Mechanism |
|--------------------|--|-------------------------------------|---|
| Board of Directors | Cheng Shin's Board of Directors is the highest unit for risk management of the Company and is responsible for approving, reviewing and monitoring the Company's risk management policies in accordance with the "Guidelines for Handling the Internal Control System" to comply with laws and regulations, ensure the effectiveness of risk management, and promote and implement overall risk management as an objective. | Convene at least once every quarter | <ol style="list-style-type: none"> 1. The internal audit unit establishes an annual audit plan based on risk assessment results. 2. Supervise and manage the operation and management of subsidiaries in accordance with the "Regulations Governing the Supervision of Subsidiaries". 3. When significant and abnormal risk events occur. 4. The operation of the ESG Group. 5. The state of operation of cyber security management. 6. The above-mentioned reports are submitted to the Board of Directors for discussion and review of implementation status. |
| Audit Office | An independent department under the Board of Directors. In accordance with the rules and regulations and the Company's internal control system, the Audit Office schedules an annual audit plan to verify the implementation of the relevant units and, based on the results, communicates with the units under investigation to prepare an audit report for submission to the independent directors for approval. | Monthly Audit Report | <ol style="list-style-type: none"> 1. Monthly audit results are presented to the independent directors for their reference. 2. The independent directors are aware of the improvement of the quarterly audit results. 3. Report to the Board of Directors on a quarterly basis on the status of audit execution. |
| 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"> ◆ U.S. President Trump assumed the office in 2025 and has adopted tariffs as a negotiating strategy. The policy's uncertainty has caused drastic fluctuations in the exchange rate market. As the U.S. economy outperformed other countries and the FED's interest rate cut has been less than expected, the market expects the USD to maintain its strong position in 2025. ◆ 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. ◆ 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 a tolerable range. | Finance Department |
| | | Interest rate risk | <ul style="list-style-type: none"> ◆ In September 2024, the U.S. Federal Reserve (FED) cut interest rates by 0.5%, and again by 0.25% in November and December, bringing the base rate to between 4.25% and 4.50%. The room for interest rate cut in 2025 is limited by factors such as inflation, and the schedule for interest rate cut is still unclear. The market expects the FED will slow down the interest rate cut cycle with smaller range of interest rate cut; therefore, the interest rate is expected to maintain at a high level for certain period of time. ◆ 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. | Finance Department |
| | | Inflation | <ul style="list-style-type: none"> ◆ In the face of the uncertainty of the global economic outlook, Cheng Shin is unable to predict whether there will be significant changes in inflation or deflation in the future. However, tires are consumer goods, which are highly correlated with raw material prices, market demand, and inflation or deflation, and therefore will affect Cheng Shin's sales results to a certain extent, but will not have a material adverse effect on overall operations. | |

| ESG | Risk Category | Potential Risks | Management Strategies and Practices | Responsible Unit |
|--|----------------------------------|---|---|----------------------------------|
| Corporate governance and operations management | Continuous Operational Risk | Raw Material Price and Raw Material Supply Risk | <ul style="list-style-type: none"> 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. During the new material development stage, investigations will be conducted to determine if suppliers a. use prohibited substances and conflict minerals, or b. source materials from areas with illegal deforestation or protected zones. Suppliers will be required to submit supporting documentation such as CMRT & EMRT, supply chain management assessment questionnaires, due diligence reports, or statements, followed by risk assessment and management to mitigate procurement risks. | President's Office |
| | | Product R&D Management | <ul style="list-style-type: none"> Regularly collect market information and perform benchmark analysis, in order to understand market development trend, and to plan product generations, and update safety, environmental, and other related laws and regulations. Continue to investigate the market demand, establish R&D technology to facilitate the development of new products; also, comply with laws and regulations, and various customer quality and performance requirements. | R&D Centers |
| | | Transportation Risk | <ul style="list-style-type: none"> 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. Transportation price stabilization mechanisms: Inland transportation and manufacturers set up an oil price rolling mechanism and adopt reasonable and long-term transportation prices; for ocean freight transportation we have signed transportation contracts to stabilize transportation costs in the event of a large increase in current market prices. | Production Planning Department |
| | | Energy Supply | <ul style="list-style-type: none"> 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. Reduce energy supply risks through improvements. | Engineering Center |
| | Intellectual property management | Intellectual Property Right Risk | <ul style="list-style-type: none"> 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"> A.Preventing infringements by other companies on Cheng Shin: In addition to continuous monitoring of the patent landscape by the Company's Intellectual Property unit, related departments also monitor external products to identify any similarities with our own products. If any potentially infringing or overly similar products are identified, they are promptly reported to the Intellectual Property unit for verification of possible infringement. B.Preventing infringement by Cheng Shin on other companies: Prior to launching a new product, Cheng Shin's patent engineers conduct a global patent search specific to the product to ensure that there are no concerns of potential infringement. Once confirmed, the R&D engineers proceed with patent applications according to the guidelines outlined in the "Invention/New Utility Patent Management Procedures" and "Design Patent Management Procedure." This ensures that all Cheng Shin products have patent protection and adhere to the overarching principle of not infringing upon the patents of other companies. ✖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. ✖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. ✖Information is classified into four categories: open, internal use only, confidential, and top-secret. All definitions are implemented in accordance with internal regulations. If certain information is classified as trade secret, it is controlled in accordance with the highest principle. Information security issue is controlled in cooperation with the information department, in order to reduce the risk of disclosure of controlled data. | Intellectual property management |

| ESG | Risk Category | Potential Risks | Management Strategies and Practices | Responsible Unit |
|--|------------------------------------|-------------------------------------|---|------------------------------|
| Corporate governance and operations management | Digital Information Security Risks | Confidential Information Protection | <ul style="list-style-type: none"> ◆ Cheng Shin has qualified the information security management system (ISO27001:2022) certification and obtained the international on-board information security TISAX:AL2 certification. The Company has established the information security policy and vision: "strengthen personnel awareness, prevent data disclosure, implement routine operation maintenance, ensure service availability". All various information security measures have been listed for implementation along with enhanced 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. | IT Service Department |
| Workplace safety and | Safety risk management | Material Disaster | <ul style="list-style-type: none"> ◆ Establishment of "Disaster Incident Management Regulations" : Specify emergency response measures, emergency contact systems, and disaster countermeasures. ◆ Formulate the Comprehensive Emergency Plans: For factories in China, we have stipulated the Comprehensive Emergency Plans for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, specify the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the General Safety and Health Requirements for Manufacturing Procedures, and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units. | Safety and Health Department |
| | Environment Risk | Environment Control Ability | <ul style="list-style-type: none"> ◆ 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. | Safety and Health Department |
| | | Greenhouse Gas Emissions | <ul style="list-style-type: none"> ◆ 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. ◆ 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. ◆ 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. ◆ 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. | Safety and Health Department |
| | | Environmental Management | <ul style="list-style-type: none"> ◆ The Company has obtained the ISO14001 environmental management system certification. The validity of the certificate is maintained continuously to ensure that the air pollution control, water pollution control, and waste management meet the legal requirements. ◆ In line with the Environmental Protection Bureau's implementation of multiple environmental permits, Cheng Shin actively accepts counseling to integrate the various certificates to comply with subsequent regulations. ◆ Each unit carries out the President's policy to create a sustainable environment and reduce waste. Reduce the amount of air pressure energy consumption and sewage discharge. | Safety and Health Department |
| | | Risk of Infectious Diseases | <ul style="list-style-type: none"> ◆ The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare. ◆ Regularly distribute health education information or coordinate with resident doctors to organize health seminars to enhance employees' knowledge of self-protection. | Safety and Health Department |
| Society | Human Resources Risk | Talent Capital | <ul style="list-style-type: none"> ◆ To accelerate the development of managerial talent, we implement systematic training programs to nurture potential middle and senior-level executives. We accelerate the training time for mid- and senior-level executives to implement the Company's Talent Pool program. ◆ By offering specialized learning and growth opportunities, we motivate employees and enhance the capabilities of our talent pool. This approach not only meets the learning needs of our employees but also ensures that they acquire crucial skills, thereby implementing our talent development plan effectively. | Human Resource Department |

| ESG | Risk Category | Potential Risks | Management Strategies and Practices | Responsible Unit |
|---------|--------------------------|---|--|--|
| Society | Human Resources Risk | Manpower Management | <ul style="list-style-type: none"> ◆ Diversified talent recruitment channels. ◆ Strengthen employee care and promote employee retention. ◆ Encourage employees to seek new skills and obtain qualifications to perform a variety of jobs to enhance overall competence and increase management flexibility. | Human Resource Department |
| | Occupational Safety Risk | Safety and health standard operation management | <ul style="list-style-type: none"> ◆ In order to ensure the safety and health of the working environment, reduce the cost of accidents and reduce the loss of man-hours, we implemented the ISO45001 occupational safety and health management system, ensure the achievement of safety and health objectives and performance, consider organizational risks and opportunities and identify occupational security risks in the group and seek to eliminate hazards or risks or control them to reduce their impact. | Safety and Health Department |
| | Legal Compliance | Regulation Justice | <ul style="list-style-type: none"> ◆ In response to the government's announcement of amended regulations, we will systematically compile the latest regulations issued within the month. The responsible teams will assess the compliance of these regulations to ensure that subsequent actions align with legal requirements. This process aims to guarantee that our operations adhere to legal standards and allows for the necessary adjustments to internal guidelines as needed. ◆ If there are any relevant laws and regulations on the environmental issues such as greenhouse gas, the Company actively participates in the contingency team organized by the government, pays attention to the draft laws and regulations and relevant changes, and keeps track of the relevant information at all times. | President's Office, Safety and Health Department |

1.8 Safe and Reliable Cheng Shin Tire

Tire Product Performance Accolades:

1. MAXXIS VS-EV won A'Design AWARD
2. Maxxventure MT and E-Gargo Metroloads Pro won iF Design Award
3. 2024 - E-Gargo Metroloads Pro won Red Dot Design Award and Good Design Award



reddot winner 2024



GOOD DESIGN AWARD 2024

4. 2022~2027 - Designated RC-1 tires for the BMW E30 Series of the National Auto Sport Association (NASA, U.S.A.).
5. 2022~2026 - Designated tires for the Karting Australia CADET 9 and CADET 12.
6. 2024 - Vital MTB North American Magazine's survey ranked MAXXIS as the number one mountain bike tire product for the 12th consecutive year.
7. 2024 - Additionally, Road Bike Magazine rated MAXXIS High Road TR as an excellent tire with superior puncture resistance.
8. 2024 - Enduro Mountainbike Magazine recognized MAXXIS as the most popular tire brand of the year
9. 2024 - E-Mountainbike Magazine recognized MAXXIS as the most popular tire brand of the year
10. 2024 - MAXXIS sponsored riders achieved impressive results in various international mountain biking events, taking a total of 52 first-place finishes, 29 second-place finishes, and 21 third-place finishes.
11. Maxxis is an OE supplier to the BMW 2 series models in Europe. The Premitra HP6A installed on the model received the highest A rating from Labeling in wet grip and rolling resistance.

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

| Items | Events | Honor |
|--|--|---|
| Sponsoring bike tires for cyclists | 2024 UCI XC-1 Mairiporã Brazil (XCC) | Men's Category 1st Place: Sam Gaze Women's Category 2nd Place: Rebecca Henderson U23 Men's Category 2nd Place: Dario Lillo |
| | 2024 UCI XC-1 Mairiporã Brazil (XCO) | Men's Category 3rd Place: Filippo Colombo |
| | 2024 UCI XC-2 Araxã Brazil (XCC) | Women's Category 2nd Place: Linda Indergand Women's Category 2nd Place: Emily Johnston |
| | 2024 UCI XC-2 Araxã Brazil (XCO) | U23 Women's Category 2nd Place: Emily Johnston |
| | 2024 UCI DH-1 Fort William Scotland | Men's Category 2nd Place: Troy Brosnan Women's Category 2nd Place: Nina Hoffmann Junior Women's Category 3rd Place: Eliana Hulsebosch |
| | 2024 European XCO Continental Championships | Women's Category Champion: Puck Pieterse |
| | 2024 UCI EDR-1 Finale Ligure Italy | Men's Category 1st Place: Richie Rude Men's Category 3rd Place: Martin Maesa Women's Category 2nd Place: Ella Conolly U21 Men's Category 2nd Place: JT Fischer |
| | 2024 UCI E-EDR-1 Finale Ligure Italy | Women's Category 1st Place: Florencia |
| | 2024 UCI DH-2 Bielsko-Biala Poland | Men's Category 1st Place: Ronan Dunne Women's Category 1st Place: Marine Cabirou Women's Category 3rd Place: Nina Hoffmann |
| | 2024 UCI EDR-2 Bielsko-Biala Poland | Men's Category 3rd Place: Slawomir Lukasik Men's Category 2nd Place: Richie Rude U21 Men's Category 3rd Place: Sascha Kim |
| | 2024 UCI E-EDR-2 Bielsko-Biala Poland | Men's Category 1st Place: Slawomir Lukasik Women's Category 1st Place: Florencia Espineira |
| | 2024 UCI XC-3 Nove Mesto (XCC) | U23 Men's Category 3rd Place: Dario Lillo |
| | 2024 UCI XC-3 Nove Mesto (XCO) | Men's Category 2nd Place: Nino Schurter U23 Men's Category 2nd Place: Luca Martin |
| | 2024 Red Bull Hard Line | Men's Category 1st Place: Ronan Dunne Rider of the Week: Gracey Hemstreet |
| | 2024 Red Bull Hard Line | Men's Category 1st Place: Lucas Borba Men's Category 2nd Place: Felipe Agurto Men's Category 3rd Place: Adrien Loron |
| | 2024 National Champ_Australia-DH | Men's Category 1st Place: Luke Meier-Smith Women's Category 1st Place: Ellie Smith |
| | 2024 National Champ_Australia-XC | Men's Category 1st Place: Cameron Ivory Women's Category 1st Place: Rebecca Henderson |
| | 2024 Crankworx Rotorua | A total of 6 championships, 3 runner-ups, and 1 third place. |
| | 2024 Cape Epic | Champion: Anne Terpstra / Nicole Koller 2nd place: Nino Schurter & Sebastian Fini |
| | 2024 Red Bull Hard Line Wales | Champion: Ronan Dunne |
| | 2024 Unbound Gravel | 2nd place: Chad Haga |
| | 2024 Spanish XCC Champs | Champion: David Campos |
| | 2024 Belgium XCO Champs | Champion: Pierre de Froidmont |
| | 2024 Swiss National Champs XCO | Men's Category 1st Place: Filippo Colombo Women's Category 1st Place: Linda Indergand Women's Category 3rd Place: Nicole Koller |
| | 2024 Canada National Champs XCC/XCO | Women's Category 1st Place: Jenn Jackson |
| | 2024 UCI Mountain Bike Eliminator World Championships- | Men's Category 1st Place: Jeroen van Eck |

| Items | Events | Honor |
|------------------------------------|---|--|
| Sponsoring bike tires for cyclists | 2024 USA Gravity MTB Nationals-DH | Men's Category 3rd Place: Luca Shaw Women's Category 1st Place: Anna Newkirk |
| | 2024 USA Gravity MTB Nationals-EDR | Women's Category 1st Place: Matilda Melton Men's Category 1st Place: Richie Rude Men's Category 3rd Place: Jt Fischer |
| | 2024 Canadian Downhill National Championships | Women's Category 1st Place: Emmy Lan Women's Category 3rd Place: Andr é ane Lanthier Nadeau Men's Category 3rd Place: Johnathan Helly |
| | 2024 Leadville 100 | Men's Category 1st Place: Keegan Swenson |
| | 2024 US Open Downhill | Women's Category 1st Place: Nina Hoffmann Men's Category 1st Place: Lachlan Stevens-McNab Men's Category 2nd Place: Dakotah Norton |
| ATV Tire Sponsored Cyclist | 2024 Baja Reguengos | European Champion 2024 |
| | 2024 Mint 400 | 2nd place: UTV Pro NA |
| | 2024 Legacy Racing 500 | Champion: U NA 1900 |
| | 2024 BITD | Champion: UTV Open |
| | 2024 BITD | Champion: UTV Turbo |
| | 2024 BITD | Champion: Quad Pro |
| | 2024 BITD | 2nd place: UTV Super Stock |
| | 2024 BITD | Champion: Pro N/A |
| 2024 BITD | Champion: Turbo Pro | |
| Go Kart International | 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 2024 |
| | Asia Pacific Motorsports Championships | Won the tender for designated tires in 2024 |
| Sedan/4X4 events | 2024 - Sponsored ProLite, Champ Off Road RD 3, 4, 6, 7, 9, 10, 11 | 1st place: Trey Gibbs |
| | 2024 - Sponsored Pro 4, Champ Off Road RD 1, 5, 6, 7, 8, 10 | 1st place: Adrian Cenni |
| | 2024 - Sponsored Pro 4, Champ Off Road RD 9 | 1st place: Jimmy Henderson |
| | 2024 - Sponsored Pro 2, Champ Off Road RD 1, 2, 3, 4, 11 | 1st place: Mickey Thomas |
| | 2024 - Sponsored 4400, NCRR/NCSXS Round 6 | 1st place: Brendon Thompson |
| | 2024 - Sponsored TT, Unlimited Legacy/ Desert Showdown | 1st place: Eric/Kolton Husted |

1.8.1 Product R&D and Technology Development

R&D Investment

Amount invested in R&D in 2024: NTD 3,705,004 thousand

R&D achievements

The products successfully developed in 2024 are as follows:

| | |
|--|---|
| Grand Touring A/S Product Development for Passenger Cars | Product Development for 4x4 Vehicles - All-Terrain & Rugged Terrain |
| Ultra High Performance Product Development for Passenger Cars - Summer Type & A/S Type | Ultra High Performance Summer Product Development for EV SUV |
| Racing Tire Product Development for Passenger Cars | Light Truck Product Development of OE for Commercial Vehicle |
| All-Season Product Development of OE for MPV Vehicle | MCR 50/50 Adventure Product Development |
| ATV Non-steel belt Product Development | Second-Generation Gravel Tires Product Development |
| The new generation of Light Truck (19") All-Steel Product Development | Electric Bus Product Development |
| MC 50/50 Adventure Product Development | SYM Adventure Model Development |

2024 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.

Leading Technology, Innovative Cheng Shin

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

| Product | Sustainability Highlights | Technical Description |
|--|---|---|
| <p>Grand Touring A/S for ER-GT</p>  | <ul style="list-style-type: none"> Product Lifespan Product Safety Product Energy Saving | <p>The new silicon nano-molecule formula, combined with wear-resistant and low-temperature rubber compounds, and next-generation compounding technology to achieve both "high mileage durability" and superior "snow performance" in all seasons. ER-GT offers high mileage performance and maintains good grip; its mileage performance is 3% better than competing tires. Optimized contour, tread pattern, and structural design, combined with a next-generation compound, deliver energy-saving performance by 8% compared to existing products. We continue to contribute to the preservation of a sustainable, low-carbon environment by developing low-carbon products.</p> |
| <p>Crossover commuter electric tire E-SUV Metropass AT</p>  | <ul style="list-style-type: none"> Product Lifespan Product Safety Use of recycled materials | <p>Introduce the 4-season wear-resistant rubber compound to increase mileage by 20%, and incorporate an anti-puncture layer in the rubber compound to improve puncture resistance by 22%, thereby extending product lifespan. The high-load tire structure increases load-bearing capacity by 47%, and the use of over 50% sustainable materials demonstrates a continued commitment to environmental protection and sustainable operations.</p> |

| Product | Sustainability Highlights | Technical Description |
|---|---|---|
| <p>Multi-purpose tires MA-MT</p>  | <ul style="list-style-type: none"> Product Lifespan Product Safety Product Energy Saving | <p>3 Advantages of Maxxventure MT</p> <ol style="list-style-type: none"> 1.Improved off-road performance with lightweight design. 2.Hexagonal cube design: Prevents mud from sticking to tires. 3.Eco-friendly and sustainable: After the front wheel is replaced and the trailer is mounted, the vehicle can travel additional 5,000 kilometers. <p>Brand-new concept of ECO-friendly usage</p> |
| <p>Electric/high-performance karting tire MD01</p>  | <ul style="list-style-type: none"> Product Lifespan Product Safety | <p>A wear-resistant rubber compound combined with a reinforced rear sidewall structure is used for the tire to provide excellent support for go-karts, significantly enhancing cornering stability and handling.</p> |
| <p>Electric bus tires MA 201 EV</p>  | <ul style="list-style-type: none"> Product Lifespan Product Safety Product Energy Saving | <p>The new generation of urban buses employs new hybrid technology to reduce energy consumption, improving energy efficiency by +12%. A unique tread pattern reduces noise, while the use of high-tensile flexible steel wire enhances overall structural durability and load capacity, extending tire lifespan and improving safety performance.</p> |
| <p>Hybrid car tires VICTRA SPORT 6</p>  | <ul style="list-style-type: none"> EV Ready Product Lifespan Use of recycled materials | <p>The application of new blended materials, a highly dispersed white carbon black formula derived from environmentally friendly rice hulls, and the all-new Full Touch technology fully meets the performance requirements of both fuel and electric vehicles. Abrasion resistance is improved by 10%, wet braking by 5%, and wet handling by 8%.</p> |
| <p>All-around performance tires for passenger cars PREMITRA HP6</p>  | <ul style="list-style-type: none"> Balanced performance Product Lifespan Product Energy Saving | <p>The new environmentally friendly rice husks and new resin formula are combined with a new pattern, which improves wear performance by 11%, improves dry braking by 4%, and saves fuel consumption of gasoline vehicles by +9%.</p> |

In addition, Cheng Shin continues to listen to customer needs and successfully developed the electric car tire VICTRA SPORT EV in 2024. It has a rolling resistance that is approximately 37% better than traditional tires, which can effectively extend the endurance and wear mileage of electric vehicles and reduce carbon emissions by 0.079 tCO_{2e} during the use phase. It also cooperates with the electric motorcycle manufacturer Gogoro to launch energy-saving and carbon-reducing electric motorcycle tires, using an optimal ratio formula with high-reinforcement fillers and polymer optimization technology, and reduces the rolling resistance coefficient by approximately 5% compared to traditional motorcycle tires, while maintaining grip and reducing heat generation, reducing carbon emissions by 0.014 tCO_{2e} during the use phase.

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 2024, 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.

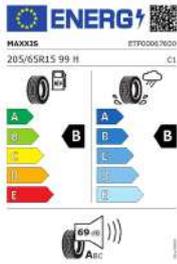
By instilling employees with the proper understanding of "quality," we encourage all staff members to uphold the mindset and practices of prioritizing quality in everything they do, including products, work, and services. Every new employee at Cheng Shin receives basic education on quality-related matters 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

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 2024, 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.

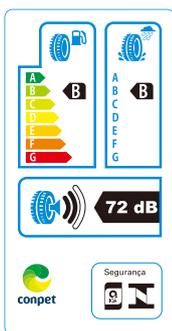


Saudi Arabia Examples of Saudi Arabia tire labels

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.

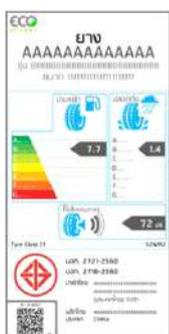
Since November 2015, all tires sold to Saudi Arabia must comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (SASO 2857:2016), and all Cheng Shin tires sold to Saudi Arabia comply with such requirements.



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.

ME3T 205/55R16

MAXXIS® MECOTRA ME3T

205/55R16 91V

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

DOT QUALITY GRADES

| TREADWEAR | TRACTION | TEMPERATURE |
|-----------|----------|-------------|
| 380 | AA@BC | @BC |

商品名稱：專用橡膠輪胎
數量：1條
用途：專用
產地：台灣

製造日期：詳指輪胎側，(數字前兩個為生產製造週期，後兩個為西元年份)
製造業者：正新橡膠工業股份有限公司
地址：彰化縣大村鄉廣興村美港路215號
電話：0800-092123
代理店名稱：瑪吉新輪胎股份有限公司
代理店電話：04-8383083
代理店地址：彰化縣員林市三義里莒光路180號

主要成分：橡膠、鋼絲、纖維、炭煙

節能等級 A

更多資訊請參閱網站

ETP02188100

4 471778 41359 9

使用方法及注意事項：
1.請由專業人員安裝橡膠輪胎，用法，建議最適當的輪胎種類。
2.各型輪胎應依規定使用標準輪圈組裝。
3.請依車輛規定之負載狀況，使用適當之胎壓，空氣壓必須定期檢查。
4.輪胎組裝完成後，請確實檢查輪胎與輪圈有無密合及試水確認有無漏氣。
5.製造週期超過5年，橡膠輪胎不能繼續使用，製造週期超過10年，建議應立即更換輪胎。
6.胎面金屬牌有6個磨耗程度指標，當胎面磨耗指示平準與胎面切線時，表示胎面磨耗厚度已達1.6mm，應立即更換輪胎。
7.輪胎有受損或異常時應由專業人員判定是否可繼續使用。
8.避免存放於日光直射或接觸雨水及油、火、熱源附近之處所。
9.避免遭受油類或化學藥品污染。

1.9 Supply Chain Partners, Growing with Cheng Shin

1.9.1 Cheng Shin's Partners

Cheng Shin has always approached its relationship with 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:

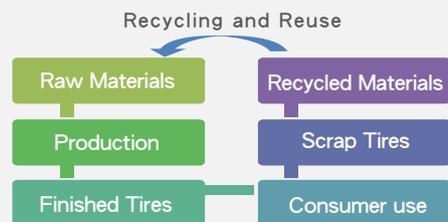


In the value chain, Cheng Shin maximizes product value with safe and reliable tires. Among the upstream raw materials, compound raw materials, equipment, and mold tooling companies are the three major suppliers of Cheng Shin, and the bulk purchase of compound raw materials mainly includes natural rubber, synthetic rubber, carcass ply, 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 Wellbeing of Communities, Good Ecosystems (including a commitment to no deforestation, protection of biodiversity), and Respect for All Human Rights", and we have established 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. From 2024 onwards, information on carbon emissions from upstream raw materials have been included in the annual tracking and management.



3 Local sourcing reduces carbon emissions from the transportation of key raw materials, stimulates local economic development, reduces the impact of shipping (including tariffs, 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 FY2024 and the percentage of local procurement from FY2022 to FY2024 are as follows:

Cheng Shin Region:

| Material Name | 2024 Quantity (metric tons) | % of Local Procurement (Note 1) | | |
|---|--------------------------------|---------------------------------|--------|--------|
| | | 2022 | 2023 | 2024 |
| Natural Rubber (Note 2) | 24,098 | 0.00% | 0.00% | 0.00% |
| Synthetic Rubber | 25,151 | 55.00% | 82.00% | 63.00% |
| Carcass Ply | 6,552 | 44.00% | 81.00% | 60.00% |
| Carbon Black | 24,944 | 99.00% | 99.00% | 99.00% |
| Steel wires and Tire Cord Fabric (Note 3) | 10,840 | 0.00% | 0.00% | 0.00% |

Subsidiaries:

| Material Name | 2024 Quantity (metric tons) | % Local Procurement 2024 |
|----------------------------|--------------------------------|-----------------------------|
| Natural Rubber | 282,183.61 | 87.13% |
| Synthetic Rubber | 814,686.39 | 58.46% |
| Carcass Ply | 163,614.43 | 97.12% |
| Carbon Black | 674,777.60 | 94.52% |
| Steel Wire and Carcass Ply | 145,959.90 | 89.39% |

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 carcass ply, and must rely on imports.

1.9.2 Sustainable Supply Chain Management Policies of Cheng Shin

In 2024, we established a Supplier Sustainable Development Code of Conduct and Statement based on SAQ 5.0. From 2025 onwards, we request our suppliers to jointly implement the Supplier Sustainable Development Code of Conduct and Statement. This has been rigorously integrated with our supplier selection and risk assessment processes, which consist of supplier qualification review, sample quality confirmation, and on-site plant audits, to serve as the basis for supplier review.

The key items of the existing supplier selection and risk assessment process are as follows (Note 1):

| Concerns | Corresponding laws/regulations/systems/indicators | Requirements | Management Achievements |
|-----------------------|---|---|-------------------------|
| Environment | REACH: EU Substances of Very High Concern (SVHC) | Provide third-party notary reports | 100% |
| | RoHS: Restriction of Hazardous Substances Directive | Provide third-party notary reports | 100% |
| | Eco-friendly Tires PAHs (Polycyclic Aromatic Hydrocarbons Compound Content) (Note) | Provide third-party notary reports | 100% |
| | Chemical Substance Identification and Safety Data Sheet (SDS) | Certificate of completion of certification and regulatory registration | 100% |
| | EUDR(EU Deforestation Regulation) | Provide due diligence and risk assessment | 100% |
| Quality | ISO 9001 | Provide valid certificates | 100% |
| | Product Control Plan | Provide control plan | 100% |
| | Quality must be verified | 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. | Pass the review and verification process (Note 3) | 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: The evaluation score proportion accounts for 75-80% of the overall evaluation.

Note 2: PAHs report is mainly for raw materials containing oil and resin.

Note 3: Regarding human rights, a total of 113 qualified suppliers in Taiwan were assessed in 2024. After the assessment, an annual on-site evaluation plan was scheduled for 10 suppliers, and no major deficiencies were identified that would place them in a high-risk management category.

It is expected that, from 2025 onwards, the following aspects (Note 1) will be added to the key items in the subsequent supplier selection and risk assessment process for assessment:

| Concerns | Corresponding laws/regulations/systems/ indicators | Requirements | Goal | Project |
|----------------------|--|---|--|---------|
| Corporate Governance | Supplier Sustainability Code of Conduct | Sign the " Supplier Sustainable Development Code of Conduct and Statement" | 100% | 2025 |
| | Supplier Sustainability Performance | Key suppliers(Note 2) are prioritized. Suppliers can additionally provide sustainability reports/international evaluations (e.g., CDP, EcoVadis, MSCI ESG Ratings, Corporate Sustainability Assessment, etc.) | Bonus items for supplier qualification review - one point per item, up to a maximum of five points | 2025 |
| | ISO 45001 | Encourage key suppliers to obtain certification. | 100% | 2026 |
| | ISCC PLUS | Key suppliers to pass the certification | Strengthen the percentage of sustainable raw materials and circular economy transparency. | 2027 |
| Environment | ISO 14064 | Encourage key and important suppliers (Note 3) to obtain certification. | Carbon reduction targets and performance tracking | 2025 |
| | ISO 14067 | Encourage key and important key suppliers to obtain certification. | Carbon emission factor provision | 2025 |
| | ISO 14001 | Encourage key suppliers to obtain certification. | 100% | 2026 |

Note 1: The evaluation score proportion accounts for 80-90% of the overall evaluation.

Note 2: Key suppliers are those of carcass ply, steel belts, and bead wires.

Note 3: Important suppliers are those supplying natural rubber, synthetic rubber, and carbon black.

Cheng Shin values the quality of 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) Main raw material suppliers must obtain at least ISO 9001 quality system certification, and ultimately IATF 16949 quality system certification.
- (4) Key raw material suppliers must obtain IATF 16949 quality system certification.
- (5) 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 2024, two drills were conducted: natural disaster and regional tension drills.

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

Cheng Shin Region:

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. We have established the ESG Maxxis Family, requiring natural rubber suppliers to join and commit to the sustainable development of natural rubber, including: Natural rubber smallholders, 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

Potential Negative Social Impacts:

1. Natural rubber smallholders lack the technical capacity and financial capital to meet the stringent due diligence requirements of the new rules and achieve traceability.
2. The cross-border trade in Southeast Asia is complex, making traceability more difficult.
3. Some of the rubber farms are unable to provide accurate geographical positioning information due to the war or national security concerns.

Active Measures:

1. Cheng Shin EUDR team has been established to coordinate responses and meet regulatory/customer requirements, with regular meetings held to review and track progress.
2. Relevant procedures and management measures have been formulated; management, tracking, and verification are carried out in accordance with these measures.
3. Due diligence and risk assessments (including on-site audits) have been conducted on natural rubber suppliers or agents, and contracts compliant with EUDR for natural rubber are being signed progressively to guarantee that all products sold in Europe meet all EU requirements.
4. For tire products sold in Europe, all plants of Cheng Shin Tire provide the necessary information/documents to customers through the traceability system/platform in accordance with EUDR requirements.

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 qualified 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.

Taiwan Region

| | | | | |
|--------------------|---|---------------|-------------------------------|---|
| New Suppliers | Evaluation of New Suppliers | 1 supplier | Grade A : 1 Grade B+ : 0 | Grade B : 0 suppliers Grade C : 0 |
| Existing Suppliers | On-site Evaluation | 21 suppliers | Grade A : 13 Grade B+ : 8 | Grade B : 0 suppliers Grade C : 0 |
| | Supplier Capacity Performance Assessment (Note 1) | 118 suppliers | Grade A : 117 Grade B+ : 0 | Grade B : 1 Grade C : 0 |

Note 1: 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.

Subsidiary

| | | | | |
|--------------------|---|---------------|--------------------------------|---|
| New Suppliers | Evaluation of New Suppliers | 19 suppliers | Grade A : 15 Grade B+ : 3 | Grade B : 0 suppliers Grade C : 1 |
| Existing Suppliers | On-site Evaluation | 85 suppliers | Grade A: : 49 Grade B+ : 36 | Grade B : 0 suppliers Grade C : 0 |
| | Supplier Capacity Performance Assessment (Note 1) | 312 suppliers | Grade A : 302 Grade B+ : 0 | Grade B : 6 suppliers Grade C : 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 business secret certification in 2022, we also completed patent certification in 2023 and obtained the certificate in 2024. Currently, we hold two TIPS A-level intellectual property management scope certificates - for business secrets and patents - which are valid until December 31, 2025. This makes us the first tire manufacturer in Taiwan to pass TIPS certification and implement the TIPS introduction process and regulations, effectively protecting our 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.



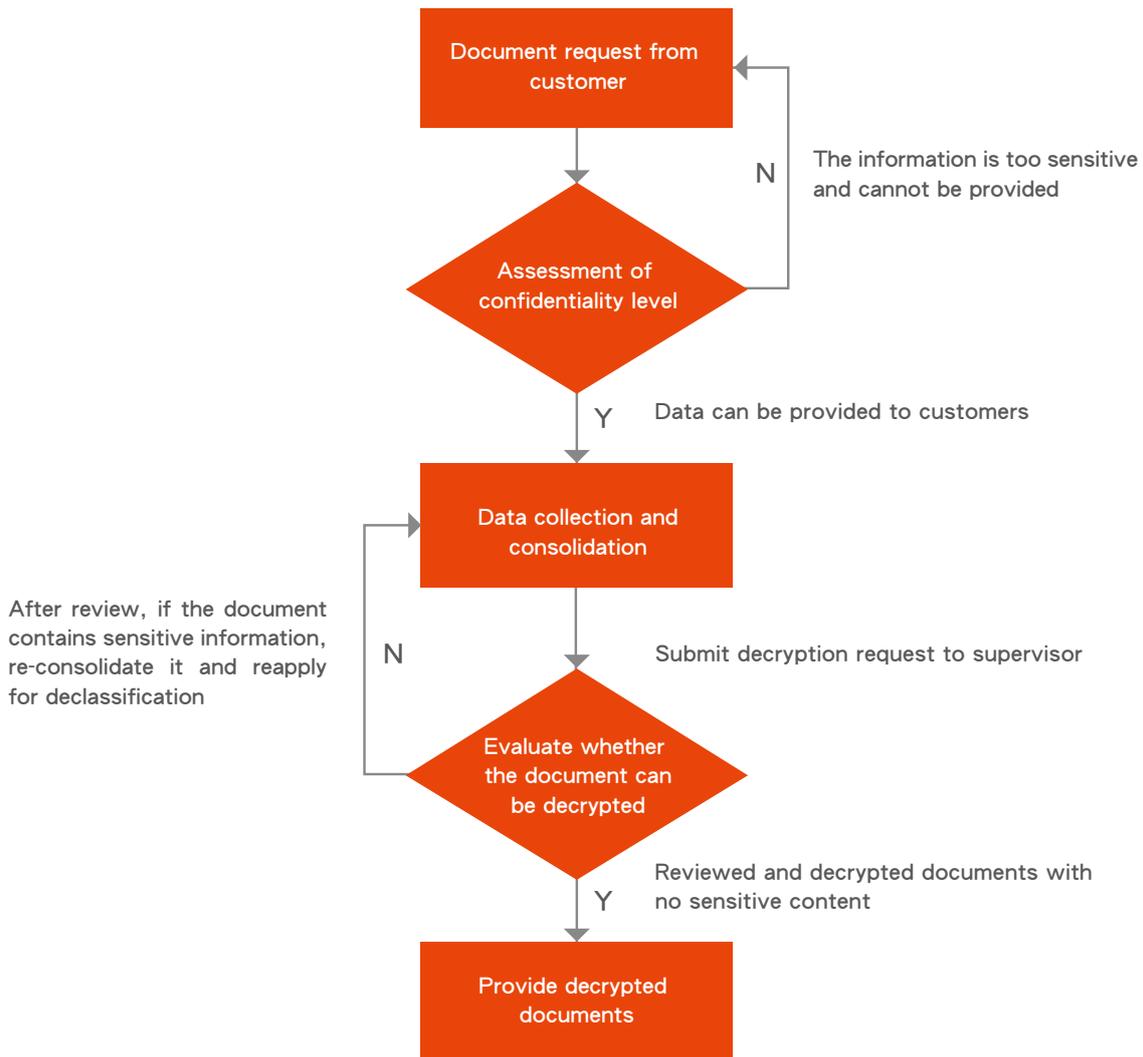
Implementation Methodology:

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 2024, there were no written complaints of violation of customer privacy or loss of customer data in Cheng Shin. 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 surveys every year, and develops new products through research and innovation, including products with improved tread design, controllability, quietness, comfortability, and abrasion resistance, etc., to maintain an R&D direction that is consistent with that of market demand and the needs of consumers, demonstrating our dedication to listening our customers and creating 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. For example, Taiwan Region:

In 2024, a total of 500 consumer satisfaction surveys were distributed for the Taiwan Region, with 480 responses received, resulting in a 96% response rate. The average survey result was rated as “average” or higher. The survey scoring system is as follows: 5 is very satisfied, 4 is satisfied, 3 is average, 2 is dissatisfied, and 1 is very dissatisfied.

In the 2024 survey, customers expressed high satisfaction with the handling stability and durability of Maxxis tires. In both high-speed driving and daily use, Maxxis tires demonstrate excellent grip and stability. Maxxis tires provide a good driving experience, especially under varying road conditions, and have consistently received positive reviews from consumers.

Additionally, Cheng Shin has established a communication channel:

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 Our dedicated customer service team provides professional and enthusiastic assistance to address any inquiries or concerns.

1.11 Adherence to Product Regulations

Tires are key safety features on all types of vehicles, and, therefore, the regulations in each country provide clear and strict rules regarding the 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 activities in violation of competition and marketing laws. 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. Regulations on product specifications and standards: including product specifications and safety factors in various countries, as well as health and safety regulations, etc.
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, and has dedicated personnel responsible for identifying the regulatory compliance of its developed products. During 2024, there were no major violations of the laws as described above in Cheng Shin Taiwan or 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