

# Part 3

## Environmental Sustainability, Loving the Earth



### Management Approach for Material Topics

| Material Topic: Energy and Greenhouse Gas Management |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Item                                                 | 2025 Management Approach                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Policy                                               | Integrate external carbon fee risks into the Company's core strategy, implement the low-carbon transition through an internal carbon pricing mechanism, and conduct greenhouse gas (GHG) inventories across all plant sites. Integration of carbon fee management into the Company's core strategy, implement low-carbon transition through an internal carbon pricing mechanism, and conduct greenhouse gas (GHG) inventories across all plant sites. |
| Commitment                                           | The "Energy Conservation and Carbon Reduction Committee" resolved to set 2019 as the carbon reduction baseline year. Additionally, a medium-term reduction target has been established to reduce emissions by 22% by 2030 compared to the baseline year, with a long-term goal of achieving net-zero emissions by 2050.                                                                                                                                |
| Goals and Targets                                    | The goals are to reduce energy intensity by 1% annually, decrease emissions by 22% by 2030 compared to the baseline year (2019), and achieve a 12% renewable energy ratio by 2030.                                                                                                                                                                                                                                                                     |
| Grievance Mechanism                                  | Toll-free service hotline: 0800-092123 and Customer Service Center e-mail svc@tw.maxxis.com.                                                                                                                                                                                                                                                                                                                                                           |
| Communication Performance                            | Communication with stakeholders has been effective, with no major concerns or grievances reported.                                                                                                                                                                                                                                                                                                                                                     |
| Specific Actions                                     | For 2025, Scope 1 and 2 greenhouse gas emissions are expected to obtain assurance in the third quarter of 2026 and will be disclosed in the sustainability report. Self-inventory and internal verification will be completed for Scope 3.                                                                                                                                                                                                             |
| Mechanisms for evaluating the management approach    | Conduct a thorough inventory of GHG emissions across all scopes, review emission levels, and propose carbon reduction measures for scopes 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.                                                                                                                                                                                                                                                                                                                           |

## 3.1 Risks and Challenges of Climate Change

### 3.1.1 Climate Change Governance

#### Climate Governance Organizational Structure

The Board of Directors at Cheng Shin is responsible for the governance of climate-related risks and opportunities through the Sustainable Development Committee. The functional committees under the Committee are authorized to assist in supervising climate change and other sustainability-related issues. The sustainable management organization chart is provided below.

#### Development of Skills and Professional Abilities on Climate-related Risks and Opportunities

More than half of the members of the Cheng Shin Board of Directors possess practical experience in sustainability or have completed relevant coursework. In addition to monitoring the progress of climate and sustainable development initiatives through the Sustainable Development Committee, the Company regularly arranges climate change-related training for directors to enhance their expertise and skills in this field. Directors took part in sustainability-related courses on net zero & sustainability, sustainable finance & climate change, and IFRS sustainability standards in 2025. Training totaled 9 hours.

## Linking Climate Performance with Remuneration Policy

Regarding performance evaluation and the remuneration system, the Group's remuneration policy is formulated and managed by the Remuneration Committee. The Committee is regularly convened to review and propose amendments to the Company's remuneration regulations, while overseeing the policies, systems, standards, and structures for the performance evaluation and compensation of directors and executive officers. For further details, please refer to Section 1.3.2.

## 3.1.2 Climate Change Strategy

The major climate-related risks and opportunities identified by Cheng Shin that can reasonably be expected to affect the Company's prospects, along with their potential time horizons, are shown in the table below:

| Category         | Issue                                        | Potential Impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Time Horizon of Impact      | Scope of Value Chain            | Response Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                  |                                              | Present                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Anticipated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                                 | Present                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Anticipated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Transition Risks | Increase in raw material costs               | Rising raw material costs have accelerated the adoption of alternative and sustainable materials. The impact of cost fluctuations on operations and profitability is mitigated by improving raw material utilization efficiency, reducing waste, and optimizing product development. Regarding the value chain, rising raw material prices may bolster the earnings of upstream suppliers in the short term. Furthermore, companies with strong brand equity possess greater price pass-through capabilities, which helps stabilize the income structure of the supply chain. | Moving forward, the Company will develop high-value-added products, optimize product mixes, and strengthen vertical integration and supply chain management to mitigate raw material supply uncertainties and price fluctuation risks. Furthermore, the Company will promote the R&D and adoption of alternative materials to enhance operational resilience and sustainable competitiveness. Regarding the value chain, these efforts are expected to promote import substitution, the use of recycled materials, and the development of the sustainable materials industry, while enhancing supply stability through long-term supplier cooperation. | Short, Medium and Long-term | Upstream, Midstream             | The operational impacts of extreme weather and energy disruptions are to be mitigated by strengthening disaster prevention facilities and emergency response mechanisms at plants, as well as promoting solar power generation and energy efficiency management. By adjusting process parameters, reviewing material usage, optimizing product design, and conducting R&D for new energy vehicle (NEV) tires, low rolling resistance tires, TLR tires, and lightweight products, the Company will enhance resource efficiency and reduce raw material consumption. Strengthen supply chain resilience and procurement decision-making quality by collaborating with energy, raw material, and downstream suppliers; developing domestic supply sources and establishing raw material price monitoring and sustainable supplier management mechanisms, thereby strengthening supply chain resilience and procurement decision-making quality. The Company also collaborates with academic and research institutions, upstream and downstream enterprises, and material and equipment suppliers to drive the adoption of innovative formulations and sustainable materials, thereby reducing the environmental impact of its products. | Strengthen collaboration with energy, raw material, and logistics suppliers to mitigate the risks of supply disruptions and delivery delays through diversified sourcing, safety stock management, advance procurement, and seasonal supply planning. Supplier climate resilience, performance, and sustainability risk assessment systems are also introduced. This is to be integrated with supply chain digitization, LCA, ERP connectivity, and raw material tracking systems to enhance supply chain transparency. By establishing flexible delivery and cost-pass-through mechanisms with customers, and leveraging industry cooperation, strategic alliances, long-term logistics contracts, property insurance, and policy funding support, the Company will mitigate the impact of cost fluctuations and bolster resources for transformation. |
|                  |                                              | Solar power generation efficiency may increase during the summer when sunlight conditions are optimal, helping to reduce demand for purchased electricity and lowering electricity costs in the short term.                                                                                                                                                                                                                                                                                                                                                                   | Increased supply chain uncertainty may drive the Company to develop local suppliers, thereby mitigating the risk of raw material procurement delays and enhancing supply resilience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Physical Risks   | Increased severity of extreme weather events |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Short, Medium and Long-term | Upstream, Midstream, Downstream |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|               |                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |                     |  |  |
|---------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------|--|--|
| Opportunities | Research and development of innovative products or services | <p>The successful development of Grade A/B rolling resistance tires and electric vehicle-related products has driven an increase in production volume and contributed positively to revenue. Simultaneously, the Company collaborated with suppliers to promote the R&amp;D and application of recycled and recovered materials. For instance, MAXXIS has fully integrated discarded fishing net cords into 80% of its bicycle tires, with certain products going even further by incorporating rice husk silica and recycled steel wires. These initiatives demonstrate Cheng Shin's commitment to sustainable manufacturing and environmental protection while driving product innovation and fostering collaborative business opportunities.</p> <p>The Company continues to promote the mass production of low rolling resistance A/B grade, electric vehicle, fuel-efficient, and recyclable design products to enhance revenue, profitability, and cooperation opportunities with high-end OE customers. Simultaneously, the Company expanded its collaboration with premium suppliers and academic institutions while securing government subsidies to strengthen the application of recycled and recovered materials, thereby enhancing product sustainability and innovation capabilities.</p> | Short, Medium and Long-term | Upstream, Midstream |  |  |
|---------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------|--|--|

## Climate Scenario Analysis

In assessing climate-related risks and opportunities, the Group followed the TCFD framework and considered industry-specific operational characteristics and climate change scenarios to identify three material climate issues: developing new products or services through R&D and innovation, rising raw material costs, and the increasing severity of extreme weather events. As the relevant financial impacts are subject to the interplay of external environmental conditions, industry changes, and non-climate factors, they involve a high degree of uncertainty, and the available data is limited at this stage; therefore, a comprehensive quantitative analysis has not been conducted. However, regarding the issue of carbon fees, which has higher identifiability and a clear policy direction, Cheng Shin has incorporated "greenhouse gas cap and emissions trading" into its transition risks. This analysis primarily references authoritative international climate scenarios (such as those from the IPCC and IEA), foreign scientific reports, and domestic policy reports to assess the impact of climate transition risks on the Company. Furthermore, quantitative analysis was conducted under the NZE and STEPS scenarios, the results of which are presented in the table below.

| Category                                             | Key Assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Chosen Scenario                 | Time Interval | Scope of Analysis | Assessment of Impact and Resilience Capability                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition Risks / GHG Capping and Emissions Trading | <p>1. Estimates for Taiwan's carbon fees were based on the "Carbon Fee Collection Regulations" and the carbon fee rates announced by the Ministry of Environment. It is assumed that starting from 2024, enterprises with annual emissions exceeding 25,000 metric tons are charged NT\$300 per metric ton, with the carbon price increasing by 10% annually thereafter. This assessment did not take into account preferential rates or free quotas. Furthermore, assuming the collection threshold is lowered to 10,000 metric tons starting from 2030, the impact of carbon fees will be estimated based on annual emissions.</p> <p>2. The scope of this assessment is limited to Cheng Shin's Taiwan operations; locations outside of Taiwan will be gradually incorporated into subsequent financial impact assessments, depending on the progress of greenhouse gas inventories and the development of local regulations.</p> | IEA STEPS and IEA NZE scenarios | 2030          | Taiwan Region     | <p>Impact assessment: Financial impact as a percentage of operating revenue based on the results of the scenario analysis:<br/>           IEA STEPS Scenario: 0.36%<br/>           IEA NZE Scenario: 2.03%</p> <p>Resilience: When reviewing annual plans, Cheng Shin's Risk Management Committee and Sustainability Committee incorporated the results of the aforementioned scenario analyses into their evaluations and formulated corresponding response measures.</p> |

- Note 1: The areas of uncertainty in this climate scenario analysis include policy changes, technological progress, shifts in market demand, environmental changes, and economic factors.
- Note 2: The IEA STEPS scenario reflects the trajectory of global and sectoral energy-related policies that were already implemented or being drafted as of the end of August 2023. Under this scenario, enterprises and institutions establish a conservative baseline for quantifying climate-related financial risks and conducting stress tests; the global mean temperature under this scenario is projected to increase by approximately 2.4°C to 2.6°C by 2100.
- Note 3: The IEA NZE scenario outlines a pathway for the global energy sector to achieve net zero emissions by 2050. Under this scenario, the energy industry does not rely on external emission reductions to achieve net-zero targets, and there is a more than 50% chance of limiting the global average temperature increase to within 1.5°C by 2100. NZE is aligned with the Paris Agreement's goal of limiting the global temperature increase to within 1.5°C by the end of the century.
- Note 4: Estimates for Taiwan's carbon fees were based on the "Regulations Governing the Collection of Carbon Fees" officially announced by Taiwan's Ministry of Environment on August 29, 2024, and the carbon fee rates announced on October 21, 2024. It is assumed that starting from 2024, enterprises with annual emissions exceeding 25,000 metric tons are charged NT\$300 per metric ton, with the carbon price increasing by 10% annually thereafter. This assessment did not take into account preferential rates or free allowances. Cheng Shin will re-perform this scenario analysis once the relevant carbon fee collection rules become clearer.
- Note 5: The state of carbon pricing in Taiwan is based on the Carbon Fee Regulations announced by the Ministry of Environment in 2024. The carbon fee has been implemented and the carbon fee collection mechanism has been activated for companies that emit 25,000 metric tons or more of carbon annually, and with the assumption that the fee threshold is lowered to 10,000 metric tons of carbon in 2030, a carbon fee is levied based on the annual emissions.

### 3.1.3 Climate Change Risk Management

To meet the requirements for climate-related financial disclosures regarding risk management, Cheng Shin has established relevant risk management policies and procedures to ensure the effectiveness of its risk management policies and to achieve the objective of comprehensive risk management.

#### Process for Identifying, Assessing, Prioritizing, and Monitoring Climate-related Risks and Opportunities

Cheng Shin has established processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities. The Company has integrated the climate risk assessment and management plan with the Company's risk management framework to ensure that key climate risks and opportunities are effectively controlled. The relevant implementation steps are described below:

1. **Collection and Identification:** The Company collects information regarding its business operations, future development directions, and relevant international information. By narrowing down the scope based on the consolidated revenue contribution of various business segments and the industry-specific implementation guidance under IFRS S2, and finally considering industry benchmarks and issues of concern to stakeholders, the Company has initially identified a list of climate-related risks and opportunities.
2. **Evaluation and Ranking:** The IFRS Sustainability Disclosure Standards Group used questionnaires to consolidate risks, opportunities, and response strategies, while defining the likelihood and degree of impact of these risks and opportunities. The identified risks and opportunities are then prioritized to determine the material climate-related risks and opportunities. The financial impacts are compiled and response measures and other relevant information are incorporated into the risk and opportunity management process.
3. **Financial Impact Response Strategies:** The Company periodically assesses whether to conduct quantitative scenario analyses based on feasibility, using the results to identify climate-related risks and opportunities and to formulate or adjust response strategies.
4. **Monitoring and Tracking:** The Company monitors and tracks improvements to risk control measures in real time based on the Company's key performance indicators and targets. It regularly reports the progress and performance of various actions to the ESG Committee and the Board of Directors, while continuously driving relevant actions and goals through internal working group meetings held by the IFRS Sustainability Disclosure Standards Group.

#### Evaluating the Likelihood and Impact of Climate-related Risks and Opportunities

The degree of impact is determined by combining the effects of risks and opportunities on the Company's core business, key resource allocation, operating models, and competitive advantages. This process involves assessing their material impact on financial performance, operational stability, and corporate governance operations, with impacts categorized into five levels based on their scope and severity.

The likelihood of occurrence is assessed primarily based on Cheng Shin's historical data, industry trends, climate science scenario analysis, and changes in the operating environment. These factors are used to evaluate the frequency and probability of each risk, which are categorized into 5 levels.

#### Integration with the Overall Risk Management Process

Group-wide risk management is executed by the General Manager's Office, which coordinates cross-departmental risk management interactions and communication. The IFRS Sustainability Disclosure Standards Group assesses and manages climate-related risks, while members of the Sustainable Development Committee and various functional departments formulate and implement relevant strategies and management goals. Concurrently, relevant information on climate-related risks and opportunities is reported to the Board of Directors to facilitate oversight of the effectiveness of managing such risks and opportunities.

### 3.1.4 Climate Change Indicators and Targets

To effectively manage climate-related risks and opportunities, and integrate climate issues into operational decision-making and performance management, Cheng Shin has established climate-related indicators and targets. These serve as the basis for tracking carbon reduction effectiveness, measuring energy usage efficiency, evaluating the progress of transformation actions, and responding to stakeholder expectations. Furthermore, the Company is gradually planning to implement an internal carbon pricing system to strengthen overall operational resilience.

Please refer to 3.3.1 Energy Management and 3.3.2 Greenhouse Gas Management for GHG-related energy conservation and carbon reduction indicators, targets, and performance for the current year. Furthermore, industry-specific metrics have been established; please refer to the SASB Index for details. Strategic targets for managing climate-related risks and opportunities have also been set, as detailed in the table below.

| Risks/Opportunities   |                                                             | Strategic Target       | Indicator                                                                                                               |                     |                         | Base Period   | Goal                                   |                     |                 |                          |                                                                                                                          |
|-----------------------|-------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------|---------------|----------------------------------------|---------------------|-----------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Category              | Description                                                 |                        | Indicator Definition                                                                                                    | Unit of Measurement | Indicator Type          |               | Target Purpose                         | Target Scope        | Target Category | Target Period/Target Set | Milestone/Interim Target                                                                                                 |
| Physical Risks        | Increased severity of extreme weather events                | Environment            | TotalEnergy Consumption                                                                                                 | Gigajoules (GJ)     | Quantitative            | 2024          | Improve energy efficiency              | Taiwan Region       | Absolute Target | 2025                     | Energy conservation target: Reduce energy consumption by 1% annually                                                     |
|                       |                                                             |                        | Percentage of Grid Electricity                                                                                          | Percentage (%)      |                         |               | Increase percentage of renewables used |                     |                 | 2030                     | Reach 1 2% renewable energy by 2030                                                                                      |
|                       |                                                             |                        | Percentage Renewable                                                                                                    | Percentage (%)      |                         |               |                                        |                     |                 |                          |                                                                                                                          |
| Transition Risks      | Increase in raw material costs                              |                        | Total Weight of Waste Generated                                                                                         | Metric Tons (t)     | Quantitative            | 2023          | Waste Reduction                        | Taiwan Region       | Absolute Target | 2024                     | 4. 26% reduction in waste from the Taiwan region in 2025 compared to 2024                                                |
|                       |                                                             |                        | Percentage of Hazardous Waste                                                                                           | Percentage (%)      |                         |               |                                        |                     |                 |                          |                                                                                                                          |
|                       |                                                             |                        | Percentage Recycled                                                                                                     | Percentage (%)      |                         |               |                                        |                     |                 |                          |                                                                                                                          |
| Physical Risks        | Increased severity of extreme weather events                |                        | Scope 1 and Scope 2 Emissions (tCO2e)                                                                                   | tCO2e               | Quantitative            | 2019          | Reduction of GHG emissions             | Taiwan Region       | Absolute Target | By 2030                  | The target for Scope 1 and Scope 2 GHG emissions is to reduce emissions by 22% by 2030 compared to the base year (2019). |
|                       |                                                             |                        | Scope 3 emissions of relevant categories shall be disclosed                                                             | tCO2e               | Quantitative            | No target set |                                        |                     |                 |                          |                                                                                                                          |
| Climate Opportunities | Research and development of innovative products or services | Products and Materials | Number of Vehicles Recalled                                                                                             | Quantity            | Quantitative            | 2025          | Increase in Fuel Efficiency            | Consolidated Entity | Absolute Target | By 2030                  | 0 cases of major recalls of Cheng Shin products per year                                                                 |
|                       |                                                             |                        | Revenue from products designed to increase fuel efficiency or reduce emissions                                          | NT\$                | Quantitative            | No target set |                                        |                     |                 |                          |                                                                                                                          |
|                       |                                                             |                        | Description of risk management associated with the use of critical materials                                            | --                  | Discussion and Analysis |               |                                        |                     |                 |                          |                                                                                                                          |
|                       |                                                             |                        | Percentage of product sales that can be recycled                                                                        | Percentage (%)      | Qualitative             |               |                                        |                     |                 |                          |                                                                                                                          |
|                       |                                                             |                        | Percentage of input materials from recycled or re-processed content                                                     | Percentage (%)      | Quantitative            |               |                                        |                     |                 |                          | 2025                                                                                                                     |
|                       |                                                             |                        | Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations. | NT\$                | Quantitative            |               |                                        |                     |                 |                          |                                                                                                                          |

## Future Planning of Carbon Pricing Systems

Starting from 2025, Cheng Shin will set an internal carbon price (ICP) of NT\$300 per metric ton based on the Ministry of Environment's "Regulations Governing the Collection of Carbon Fees." This will introduce an internal carbon fee mechanism, applied to energy-saving and carbon reduction projects and renewable energy use across all Company units. The Company will also encourage employees to propose energy-saving improvement projects to further reduce carbon emissions and improve energy efficiency at all its operating sites.

## 3.2 Environmental Management

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

Cheng Shin believes that environmental protection is an indispensable factor in the sustainable operation of its business and has established a corporate environmental management system in line with the global environmental protection philosophy. Cheng Shin is committed to environmentally friendly product design and improving equipment and operating environments to reduce waste gas, wastewater, noise, and waste from processes and save energy, and achieve proper resource recycling and reuse. Cheng Shin also strengthens the promotion of industrial safety and continues to carry out various pollution prevention and control measures to enhance its operational resilience, enabling harmonious coexistence between the enterprise and the environment to achieve endless sustainability.

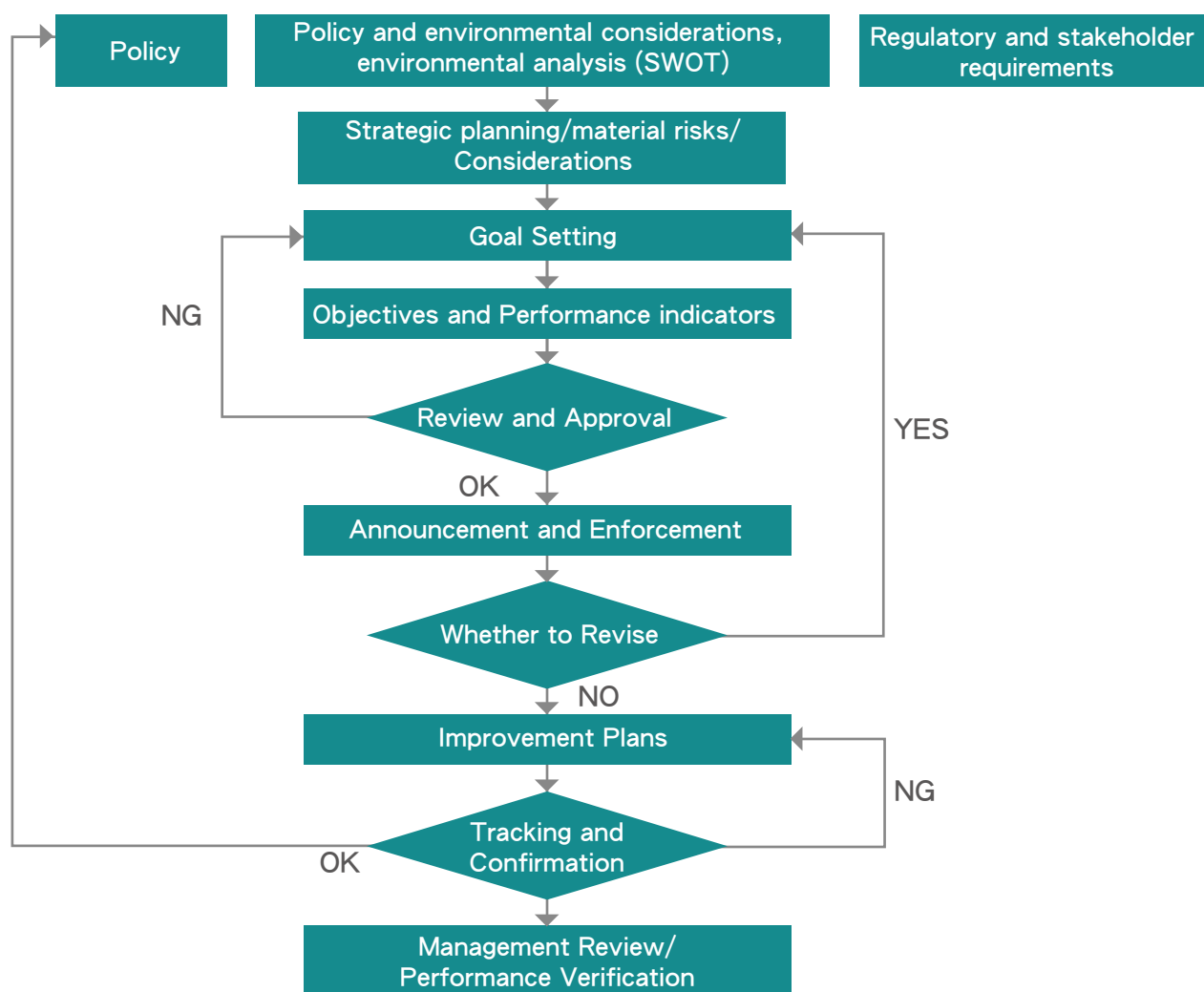
Cheng Shin's commitment to the environment is:

- ◆ Comply with all work safety and environmental laws, regulations, and related requirements.
- ◆ In considering product lifecycles, Cheng Shin is committed to continuous improvements in technology and methods across all stages—including design, raw materials, manufacturing, storage, transportation, usage, and waste disposal—to reduce environmental impacts and enhance safety.
- ◆ Establish sound internal and external communication channels and promote environmental protection concepts to contractors and partner suppliers.
- ◆ Continue to promote industrial waste reduction, resource recycling and reuse, and pollution prevention.
- ◆ Continue to promote environmental education and establish a complete and effective environmental management system.
- ◆ Cheng Shin publicly commits to refraining from investing in any fossil fuel-related industries, prioritizing resources for renewable energy, low-carbon technology, and sustainable development projects to achieve long-term environmental responsibility and climate goals.
- ◆ Cheng Shin has selected the "Net Zero Emissions by 2050 Scenario (NZE)" to evaluate financial and operational impacts on the organization. This initiative actively aligns with the government's 2050 net-zero carbon emissions policy as the Company steadily progresses toward achieving net-zero carbon emissions.



ISO14001:2015 Certificate  
Valid until November 13, 2026

### 3.2.1 Environmental Management System



Environmental Management System Flowchart

In terms of environmental management policy, Cheng Shin's Taiwan operations renewed their ISO 14001:2015 certification in 2023. Certificate 5XWE001-09 is valid through November 13, 2026. Continuous improvement is pursued through the "Plan-Do-Check-Act" model of the ISO 14001 environmental management system. Annual targets are set for energy saving, water saving, waste reduction, and resource conservation, with environmental performance systematically reviewed, tracked, and managed by the ESH Committee to effectively enhance overall environmental performance.

In addition, to align with the national promotion of energy conservation and carbon reduction, the industry is moving toward green industries, in line with international environmental trends and promoting sustainable industrial development.

### Capital Allocation for Environmental Protection

| Capital Allocation Items                                                                                                                                                                   | Description                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rainwater pumping stations, flood control works, drainage ditches, and floodgate monitoring systems were installed to enhance climate adaptation capabilities and mitigate flooding risks. | Construction costs for the rainwater pumping stations, flood control works, drainage ditches, and floodgate monitoring systems amounted to NT\$121,585 thousand, representing approximately 0.09% of total annual assets. |
| Electric vehicles were purchased to reduce GHG emissions from operations.                                                                                                                  | Capital invested in the purchase of electric vehicles: NT\$3,848 thousand, accounting for less than 0.01% of total annual assets.                                                                                         |

### 3.2.2 Environmental Compliance

Cheng Shin adheres to the principle of complying with laws and regulations, improving environmental quality, and reducing environmental pollution. Through effective internal audits of the environmental management system, Cheng Shin regularly reviews the pollution prevention situation and the proper functioning of pollution control equipment, and corrects any deficiencies immediately. Additional provisions are established for the identification and management of environmental, health, and safety regulations. The OSH and ESH units collect relevant updates from regulatory authorities on a monthly basis and review each update to determine the applicable requirements and implement them accordingly. An annual assessment of regulatory compliance is conducted to ensure adherence to legal requirements. One environmental violation nevertheless took place at the Zhongzhuang Plant in Taiwan in 2025. In response to the violation, Cheng Shin immediately corrected the non-compliance and formulated improvement measures to prevent recurrence.

| Violation of Environmental Laws |                                                          |                                   |                         |                                                                                                                                   |
|---------------------------------|----------------------------------------------------------|-----------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Region                          | Name of Laws or Regulations Violated                     | Causes/Circumstances of Violation | Amount of Fines Imposed | Improvement Plan                                                                                                                  |
| Taiwan                          | Article 20, Paragraph 1 of the Air Pollution Control Act | Non-compliant exhaust emissions   | NT\$ 120,000            | Short-term action: Improve operating procedures to reduce pollutant volatilization; long-term action: Seek alternative materials. |
| Subsidiaries                    | There were no related violations                         |                                   |                         |                                                                                                                                   |

## Environmental Communication

Effective environmental communication and dialogue with stakeholders can enable them to understand Cheng Shin's emphasis on and management of environmental protection. In accordance with the "Environmental Communication Procedure" operating principles under the ISO 14001 environmental management system, Each plant periodically establishes clear communication channels with local residents by participating in community and neighborhood activities near the facilities. Furthermore, Cheng Shin provides telephone hotlines for residents and external stakeholders to voice concerns regarding any potential environmental impacts arising from the production process. When each plant receives a telephone complaint, the handling process will be recorded in detail in the "External Communication Record Form". If any improvement measures are required, the competent and responsible unit will implement the necessary improvements based on the content of the complaint and the environmental management department will track the progress.

### Record of Important Cheng Shin External Communications in 2025

| Region       | External Agencies              | Communication / Summary | Internal Handling Situation |
|--------------|--------------------------------|-------------------------|-----------------------------|
| TaiwanRegion | No related complaints in 2025. |                         |                             |
| Subsidiaries |                                |                         |                             |

## 3.3 Energy Resources and Greenhouse Gas Management

### 3.3.1 Energy Management

Cheng Shin adheres to the energy policy of "Energy Conservation, Carbon Reduction, and Efficiency Enhancement." Cheng Shin has always attached great importance to energy usage and regards the implementation of energy management as a fundamental commitment to the environment.. Energy management organizations have been established in all plants of Cheng Shin, each setting annual energy-saving goals and execution plans. By breaking down energy-saving targets, implementing assessment and incentive systems, various departments are encouraged to actively implement energy-saving technology upgrades, thereby progressively advancing energy conservation and carbon reduction.

2025 Green Energy and Carbon Reduction Performance:

Taiwan Region: Photovoltaic systems in Taiwan supplied 4,195,600 kWh of green electricity in 2025, reducing GHG emissions by approximately 1,955.16 tCO<sub>2</sub>e

Overseas Subsidiaries: The continued purchase of green power by overseas subsidiaries reduced total emissions by 3,871.55 tCO<sub>2</sub>e in 2025.

Professional System and International Recognition: All energy management personnel have been trained in the requirements of the ISO 50001 energy management system, and all have obtained the internal auditor's qualification certificate and are equipped to manage the relevant requirements. In addition, Cheng Shin has obtained third-party certification of its management system, and the Kunshan Plant has received the "Energy Efficiency Star" Level 3 energy award.

In response to the global trend toward a green economy, Cheng Shin began implementing the ISO energy management system in 2014 and has obtained ISO 50001 certification. The validity periods of certificates are: Cheng Shin Xiamen (2024/1/8 - 2027/1/17), Xiamen Petrel (2025/6/16 - 2028/7/28), Cheng Shin Industry (2025/6/19 - 2028/7/17), Cheng Shin Zhangzhou (2026/6/26 - 2029/6/25), and Cheng Shin China (2024/12/25 - 2026/12/01). Through effective improvements in energy efficiency, Cheng Shin implements its green operations policy.

ISO 50001 Certificates of Mainland China Plants



Regarding energy usage, Cheng Shin primarily utilizes electricity, gasoline, diesel, and natural gas. In 2025, energy consumption in the Taiwan Region and subsidiaries was 1,096,120.92 GJ and 7,045,657.88 GJ, respectively. The energy intensity in the Taiwan Region was 12.69 GJ per metric ton, while that of subsidiaries was 9.96 GJ per metric ton. Diesel fuel is used to power forklifts, company vehicles (included in the calculation in 2023), and emergency generators, while gasoline is used for company vehicles.

Energy Usage Intensity

| Region        | 2023  | 2024  | 2025  |
|---------------|-------|-------|-------|
| Taiwan Region | 11.67 | 11.47 | 12.69 |
| Subsidiaries  | NA    | 10.17 | 9.96  |

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

Energy Consumption Status  
Taiwan Region

| Energy      |                                              | Unit           | 2023          | 2024          | 2025          |
|-------------|----------------------------------------------|----------------|---------------|---------------|---------------|
| Electricity | Self-generated renewable energy for self-use | Million kWh    | 4.30          | 4.29          | 4.20          |
|             |                                              | GJ             | 15,466.53     | 15,439.50     | 15,104.26     |
|             | Purchased renewable energy                   | Million kWh    | 0             | 0             | 0             |
|             |                                              | GJ             | 0             | 0             | 0             |
|             | Purchased non-renewable energy               | Million kWh    | 160.14        | 157.44        | 137.01        |
|             |                                              | GJ             | 576,499.57    | 566,769.55    | 493,219.63    |
| Natural gas |                                              | m³             | 19,398,050.00 | 17,782,257.00 | 15,502,400.00 |
|             |                                              | GJ             | 649,291.53    | 595,207.71    | 566,115.90    |
| Gasoline    |                                              | kiloliter (kL) | 109.69        | 98.48         | 99.48         |
|             |                                              | GJ             | 3,579.63      | 3,213.77      | 3,157.33      |
| Diesel fuel |                                              | kiloliter (kL) | 503.87        | 533.85        | 512.66        |
|             |                                              | GJ             | 17,708.96     | 18,762.34     | 18,523.80     |

| Energy                                 | Unit | 2023         | 2024         | 2025         |
|----------------------------------------|------|--------------|--------------|--------------|
| Total Renewable Energy Consumption     | GJ   | 15,466.53    | 15,439.50    | 15,104.26    |
| Total Non-Renewable Energy Consumption | GJ   | 1,247,079.69 | 1,183,953.37 | 1,081,016.66 |
| Total Energy Consumption               | GJ   | 1,262,546.22 | 1,199,392.87 | 1,096,120.92 |
| Percentage of Purchased Electricity    | %    | 45.66        | 47.25        | 45.00        |
| Renewable Energy Utilization Rate      | %    | 1.23         | 1.29         | 1.38         |

Note 1: The calorific value coefficients for electricity are based on the Energy Statistics Handbook of the Energy Administration, Ministry of Economic Affairs (updated June 30, 2026); the calorific value coefficients for natural gas, gasoline, and diesel fuel are based on the values announced by the Ministry of Environment on February 10, 2026.

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

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

## Subsidiaries

| Energy                                 |                                              | Unit                 | 2024         | 2025         |
|----------------------------------------|----------------------------------------------|----------------------|--------------|--------------|
| Electricity                            | Self-generated renewable energy for self-use | Million kWh          | 0.00         | 0.00         |
|                                        |                                              | GJ                   | 0.00         | 0.00         |
|                                        | Purchased renewable energy                   | Million kWh          | 47.72        | 89.86        |
|                                        |                                              | GJ                   | 171,802.00   | 323,510.52   |
|                                        | Purchased non-renewable energy               | Million kWh          | 909.86       | 743.87       |
|                                        |                                              | GJ                   | 3,275,095.81 | 2,678,260.52 |
| Natural gas                            |                                              | m³                   | NA           | 7,911,335.08 |
|                                        |                                              | GJ                   | NA           | 306,869.02   |
| Purchased steam                        |                                              | Thousand metric tons | 1,334.34     | 1,285.87     |
|                                        |                                              | GJ                   | 3,623,873.36 | 3,477,830.39 |
| Gasoline                               |                                              | kiloliter (kL)       | 136.59       | 118.78       |
|                                        |                                              | GJ                   | 4,471.59     | 3,642.02     |
| Diesel fuel                            |                                              | kiloliter (kL)       | 847.57       | 6,793.43     |
|                                        |                                              | GJ                   | 30,442.59    | 255,545.41   |
| Total Renewable Energy Consumption     |                                              | GJ                   | 171,802.00   | 323,510.52   |
| Total Non-Renewable Energy Consumption |                                              | GJ                   | 7,105,685.35 | 6,722,147.36 |
| Total Energy Consumption               |                                              | GJ                   | 7,277,487.35 | 7,045,657.88 |
| Percentage of Purchased Electricity    |                                              | %                    | 48.51%       | 42.60%       |
| Renewable Energy Utilization Rate      |                                              | %                    | 2.42%        | 4.59%        |

Note 1: The energy category of each subsidiary was counted based on the energy supervision items stipulated by local laws and regulations.

Correction: The percentage of purchased electricity for subsidiaries in 2024 was incorrectly reported as 100%; the correct value is 48.51%, and is hereby corrected.

## Energy Saving and Carbon Reduction Measures

Cheng Shin's energy reduction targets reference the "Regulations Governing the Formulation of Energy Conservation Targets and Implementation Plans by Energy Users" issued by the Energy Administration, Ministry of Economic Affairs, Taiwan. The annual electricity saving rate and average annual electricity saving rate should reach at least 1%; energy intensity should be reduced by 1% annually.

This electricity saving calculation excludes energy reductions resulting from changes in production capacity or production outsourcing. Since 2009, various Cheng Shin plants have successively implemented multiple energy-saving initiatives. In 2025, energy-saving efforts focused primarily on process/utility equipment optimization, equipment replacement, and energy conservation control and management.

Direct measurement and integration of the implemented energy conservation plans in 2025 effectively reduced GHG emissions. Taiwan operations and subsidiaries reduced emissions by 1,343.60 and 29,274.04 metric tons of CO<sub>2</sub>e respectively, for a total reduction of 30,617.64 metric tons of CO<sub>2</sub>e.

## Cheng Shin's Representative Energy Saving Initiatives

| Region        | Category                            | Description                                                                                        | Annual Energy Saving Performance |             | Annual Carbon Reduction Performance (tCO <sub>2</sub> e) |
|---------------|-------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------|-------------|----------------------------------------------------------|
| Taiwan Region | Equipment Upgrades and Optimization | Modifying equipment operation or upgrading equipment to achieve carbon reduction.                  | 178.10 MWh                       | 641.13GJ    | 82.99                                                    |
|               | Equipment Replacement               | Replacing outdated equipment with more energy-efficient alternatives.                              | 931.20 MWh                       | 3,352.32 GJ | 433.94                                                   |
|               | Technical Optimization              | Applying production technologies or technical equipment modifications to reduce carbon emissions.  | 482.80 MWh                       | 1,737.94 GJ | 224.97                                                   |
|               | Renewable Energy Adoption           | Solar power system installation                                                                    | 1,291.20 MWh                     | 4,648.32GJ  | 601.70                                                   |
| Subtotal      |                                     |                                                                                                    |                                  |             | 1,343.60                                                 |
| Subsidiaries  | Equipment Upgrades and Optimization | Modifying equipment operation or upgrading equipment to achieve carbon reduction.                  | 2,300.00 MWh                     | 84,245.41GJ | 22,657.1                                                 |
|               | Equipment Replacement               | Replacing outdated equipment with more energy-efficient alternatives.                              | 1,400.00 MWh                     | 5,040.00 GJ | 589.54                                                   |
|               | Technical Optimization              | Upgrading production technologies or technical equipment modifications to reduce carbon emissions. | 996.00 MWh                       | 7,364.35 GJ | 2,155.85                                                 |
|               | Renewable Energy Adoption           | Purchasing green power.                                                                            | 9,194.00 MWh                     | 33,098.04GJ | 3,871.55                                                 |
| Subtotal      |                                     |                                                                                                    |                                  |             | 29,274.04                                                |
| Total         |                                     |                                                                                                    |                                  |             | 30,617.64                                                |

Note 1: The baseline for calculating energy consumption reduction is derived with reference to the electricity consumption of existing equipment.

Note 2: Carbon dioxide emissions for Taiwan operations apply the 2025 electricity emission factor announced by the Energy Administration, Ministry of Economic Affairs on June 2, 2026.

Note 3: Carbon dioxide conversion factors for Mainland China operations are based on data reported in the 2024 "Template for Greenhouse Gas Accounting and Reporting in Other Industrial Sectors." Steam emission factor:0.11 tCO<sub>2</sub>e/GJ;Electricity emission factor:5.978 10,000 kWh (or 0.5978 tCO<sub>2</sub>e/MWh).

### 3.3.2 Greenhouse Gas Management

The Intergovernmental Panel on Climate Change (IPCC) emphasizes that the global average temperature increase is "very likely" caused by human-induced greenhouse gas emissions. In response to international regulations such as the Paris Agreement and to fulfill corporate responsibility for environmental protection, Cheng Shin is committed to conducting greenhouse gas inventories to grasp the exact status of greenhouse gas emissions and, based on the results of these inventories, to further promote voluntary greenhouse gas reduction programs and implement energy-saving improvements to reduce energy consumption and greenhouse gas emissions. In the past, Cheng Shin referenced ISO 14064-1:2006 for organizational greenhouse gas inventory procedures and the Ministry of Environment's guidelines for greenhouse gas inventory reporting. Cheng Shin voluntarily discloses greenhouse gas emissions annually. In 2022, Taiwan operations formally adopted the ISO 14064-1:2018 standard to conduct an inventory of seven major greenhouse gases (carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>)). In accordance with the "Sustainable Development Roadmap for Listed Companies" issued by the Financial Supervisory Commission in March 2022, Cheng Shin is planning the schedule for the group's greenhouse gas inventory and verification, with an inventory being conducted across all plants. Although 2023 was originally set as the baseline year for energy conservation and carbon reduction, the Cheng Shin Energy Conservation and Carbon Reduction Committee later moved this date forward to 2019. The reduction target is to achieve a 22% decrease in emissions by 2030 compared to the base year. In 2025, the total Scope 1 and Scope 2 greenhouse gas emissions for Taiwan operations and subsidiaries were 1,019,377.139 and 972,149.573 tCO<sub>2</sub>e, respectively. Cheng Shin has seen a year-on-year downward trend in direct emissions, which is presumed to be attributable to ongoing energy-saving improvements at various plants, resulting in significant reductions in direct emissions.

#### Three-Year GHG Emissions

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

| Region                                         | Item                                              | 2023        | 2024          | 2025          |
|------------------------------------------------|---------------------------------------------------|-------------|---------------|---------------|
| Taiwan Region                                  | Scope 1: Direct Emissions                         | 42,670.504  | 39,423.413    | 36,115.952    |
|                                                | Scope 2: Energy Indirect Emissions Location based |             |               | 65,800.242    |
|                                                | Scope 2: Energy Indirect Emissions Market based   | 79,131.433  | 74,613.388    | 63,845.080    |
|                                                | Total Location based                              |             |               | 101,916.194   |
|                                                | Total Market based                                | 121,801.937 | 114,036.801   | 99,961.032    |
|                                                |                                                   |             |               |               |
| Subsidiaries                                   | Scope 1: Direct Emissions                         | NA          | 33,565.545    | 24,081.721    |
|                                                | Scope 2: Energy Indirect Emissions Location based | NA          | 867,418.193   | 893,379.224   |
|                                                | Scope 2: Energy Indirect Emissions Market based   | NA          | NA            | 848,106.820   |
|                                                | Total Location based                              | NA          | 900,983.738   | 917,460.945   |
|                                                | Total Market based                                | NA          | NA            | 872,188.541   |
|                                                | Scope 3 Other indirect emissions                  | NA          | NA            | NA            |
| Total (Scope 1 + 2) Location based             |                                                   |             |               | 1,019,377.139 |
| Total (Scope 1 + 2) Market based               |                                                   | 121,801.937 | 1,015,020.539 | 972,149.573   |
| Taiwan Region Scope 3 Other indirect emissions |                                                   | 306,173.638 | 294,140.778   | 392,649.108   |

- Note 1: For the Taiwan region, calculations were based on the "Greenhouse Gas Emission Factors" announced by the Ministry of Environment on February 5, 2024.
- Note 2: The organizational boundary was defined using the operational control approach.
- Note 3: GWP values for greenhouse gases were based on the IPCC Sixth Assessment Report (2021).
- Note 4: The electricity emission factor was sourced from the 2024 electricity emission factor announced by the Energy Administration on April 14, 2025.
- Note 5: The data of subsidiaries for 2023 and 2024 only discloses Mainland China information.
- Note 6: The above GHG information does not include carbon dioxide emissions from biogenic sources.
- Note 7: The GHG emissions of the subsidiaries are voluntarily disclosed, and the scope of inventory will be expanded to include Scope 3 starting in 2026.

## GHG emission intensity

Unit: tCO<sub>2</sub>e/metric ton of product

| Region        | Calculation Method | 2023  | 2024  | 2025  |
|---------------|--------------------|-------|-------|-------|
| Taiwan Region | Location based     | 1.120 | 1.090 | 1.180 |
|               | Market based       |       |       | 1.157 |
| Subsidiaries  | Location based     | NA    | 1.259 | 1.374 |
|               | Market based       |       |       | 1.441 |

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

## 3.3.3 Climate-related Information

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

#### Items and implementation status

1. Describe the Board's and management's oversight and governance regarding climate-related risks and opportunities.

Implementation status: In response to climate change and the energy usage crisis, Cheng Shin's Board of Directors conducts monitoring and the Sustainability Development Task Force works with various department personnel to assess the impact likelihood and degree of various risks and opportunities based on materiality criteria. Eight climate change risks and opportunities have been identified, establishing short, medium, and long-term objectives to enhance climate resilience and foster an environmentally sustainable culture.

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

Implementation status:

| Category                         | Potential Risks and Opportunities | Financial Impact on Cheng Shin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Response Strategy and Transition Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate-related Transition Risks | Increase in raw material costs    | Short, medium, and long-term: <ul style="list-style-type: none"> <li>The inability to pass on costs forces Cheng Shin to absorb them internally, resulting in higher operating costs and reduced profit margins.</li> <li>Product price increases lead to reduced competitiveness and a decrease in orders, resulting in a decline in revenue and profit.</li> <li>Inventory pressure necessitates the early procurement of raw materials, leading to increased operating costs, while the tie-up of funds may adversely affect cash flow.</li> </ul> | Short, Medium and Long-term: <ul style="list-style-type: none"> <li>Procurement management: Enhance raw material procurement flexibility by utilizing futures and short-term contracts for hedging, establishing procurement strategies (such as batch purchasing), and optimizing inventory management to mitigate the impact of price fluctuations.</li> <li>Inventory strategy: Accelerate inventory turnover and utilize low-cost raw materials to reduce costs.</li> <li>Operational efficiency: Purchase new equipment, optimize scheduling and logistics, and implement systems to reduce material waste and enhance production efficiency.</li> </ul> |

| Category | Potential Risks and Opportunities | Financial impact on Cheng Shin | Response strategy and transformation action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------|-----------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |                                   |                                | <p>Short, Medium and Long-term:</p> <ul style="list-style-type: none"> <li>• Pricing strategy: Establish a customer cost pass-through mechanism and adjust the selling prices of certain products.</li> <li>• Price negotiation: Reach short-term price adjustment agreements (such as floating prices and cost-plus pricing) with key customers to share risks.</li> <li>• Information sharing: Establish a platform for real-time market information sharing to enhance forecasting and response speed.</li> <li>• Inventory adjustment: Adjust safety stock levels to prevent excessive stockpiling or the risk of material shortages.</li> <li>• Supply chain digitization: Introduce a supply chain management system (e.g. integration of supplier barcodes with the plant ERP system) to improve transparency and operational efficiency.</li> <li>• Supplier evaluation: Implement a supplier performance evaluation system to strengthen strategic partnerships.</li> <li>• Process management: Partner with suppliers to optimize production processes and introduce high-efficiency, energy-saving equipment to reduce energy consumption and defect rates, leveraging production line potential to support lean production.</li> </ul> <p>Medium-term:</p> <ul style="list-style-type: none"> <li>• Product strategy: Focus on high value-added products (e.g. electric vehicle tires, energy-saving tires) to satisfy customer and social expectations.</li> <li>• Brand management: Enhance brand value and reduce consumer price sensitivity.</li> <li>• Technology upgrades: Introduce automated equipment and smart manufacturing systems to optimize production processes, improve raw material utilization efficiency, and reduce waste, while adopting new technologies to enhance production efficiency.</li> <li>• Long-term contracts: Strengthen cooperation with major suppliers and establish medium- to long-term contracts to ensure supply stability and price protection.</li> <li>• Sustainable supply chain: Collaborate with suppliers to promote ESG goals, such as carbon emissions management and the use of recycled materials.</li> <li>• Supply chain strategy: Diversify supply sources, and implement regional procurement and localized production.</li> </ul> <p>Long-term:</p> <ul style="list-style-type: none"> <li>• Industry-academia collaboration: Partner with academic and research institutions to drive innovation in materials and processes, while engaging in high-level exchanges with upstream and downstream enterprises to share R&amp;D data and mitigate transition risks.</li> <li>• Product optimization: Adjust product specifications and develop alternative materials that do not compromise product quality to effectively reduce raw material consumption.</li> <li>• Industry alliances: Participate in industry associations or alliances to collectively address raw</li> </ul> |

| Category                       | Potential Risks and Opportunities            | Financial impact on Cheng Shin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Response strategy and transformation action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>material market fluctuations and policy changes.</li> <li>Global footprint optimization: Adjust global supply chain configuration and strategic partnerships based on geopolitical factors and raw material sources.</li> <li>Supplier evaluation: Conduct supplier sustainability risk assessments to ensure stable procurement and sales capabilities, and adjust the Company's procurement plans based on the results.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Climate-related Physical Risks | Increased severity of extreme weather events | <p>Short, medium, and long-term:</p> <ul style="list-style-type: none"> <li>Damage to production, energy supply, and fire protection facilities hinders the Company's normal operations or its emergency response capabilities. This results in increased repair costs and asset impairment; furthermore, potential delivery delays may lead to liquidated damages for breach of contract or damage to the Company's reputation.</li> <li>Damage to raw materials, supply chain disruptions, or logistical anomalies may hinder shipments, resulting in increased procurement costs. Furthermore, delayed deliveries may lead to penalty payments for breach of contract or jeopardize the company's reputation.</li> <li>Accidents resulting in employee injuries or fatalities are recognized as occupational accidents, necessitating the provision of medical and wage</li> <li>Flooding may lead to storage pit overflows or power outages that trigger increased exhaust emissions, resulting in violations of environmental regulations and potential fines.</li> </ul> | <p>Short-term:</p> <ul style="list-style-type: none"> <li>Equipment maintenance: Strengthen equipment maintenance, along with regular inspection of drainage systems and building structures.</li> <li>Safety management: Establish a spare parts inventory for automated firefighting, safety, and environmental protection facilities to ensure immediate repair in the event of equipment damage.</li> <li>Disaster preparedness: Monitor extreme weather forecasts and take precautionary measures in advance.</li> <li>Energy management: Strengthen the management and control of compressed air, steam, and nitrogen leaks in vulcanizing machines.</li> <li>Supplier collaboration: Communicate regularly with electricity, steam, and nitrogen suppliers; share material plans with suppliers, strengthen awareness of safety stock and crisis management capabilities, and develop seasonal plans with key suppliers.</li> <li>Order management: Coordinate with customers on a regular basis to ensure effective order control.</li> <li>Supplier sourcing: Increase the number of suppliers to enhance supply coordination.</li> <li>Raw material reserves: Stock up on raw materials in advance and increase warehouse capacity at delivery locations.</li> </ul> |
|                                |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Medium-term:</p> <ul style="list-style-type: none"> <li>Disaster response management: Establish disaster response mechanisms and a comprehensive organizational structure, and conduct regular heatstroke emergency drills.</li> <li>Facility renovation: Renovate low-lying workshops vulnerable to flooding.</li> <li>Supplier collaboration: Communicate with electricity, steam, and nitrogen suppliers as necessary.</li> <li>Supplier risk management: Formulate supplier risk management measures to ensure a sufficient supply of raw materials and safety stock.</li> <li>Procurement management: Ensure diversification of raw material supply to safeguard production stability.</li> <li>Supplier sourcing: Increase the number of suppliers to enhance supply coordination.</li> <li>Delivery adjustment: Coordinate with downstream customers to adjust delivery schedules.</li> <li>Flood prevention measures: Suppliers are required to develop measures to mitigate delivery delays caused by flooding.</li> </ul>                                                                                                                                                                                                                                         |
|                                |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Long-term:</p> <ul style="list-style-type: none"> <li>System evaluation: Re-evaluate and inspect drainage systems and cooling measures.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| Category                      | Potential Risks and Opportunities                           | Financial impact on Cheng Shin                                                                                                                                                                                                                                                                                                                                                                                                                         | Response strategy and transformation action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>Government collaboration: Seek local government support to improve surrounding drainage facilities.</li> <li>Supplier collaboration: Continue to communicate with electricity, steam, and nitrogen suppliers as necessary.</li> <li>Regional risk management: Collaborate with major suppliers to develop regional risk maps to properly evaluate procurement plans.</li> <li>Supplier evaluation: Implement a supplier climate adaptation scoring system that covers flood risk, emissions, and continuity planning.</li> <li>Establish a medium-to-long-term customer order management system to flexibly adjust production to meet demand.</li> <li>Supplier sourcing: Increase the number of suppliers to enhance supply coordination.</li> <li>Delivery adjustment: Coordinate with downstream customers to adjust delivery schedules.</li> <li>Flood prevention measures: Continue to require suppliers to develop measures to mitigate delivery delays caused by flooding.</li> </ul> |
| Climate-related Opportunities | Research and development of innovative products or services | <p>Short, medium, and long-term:</p> <ul style="list-style-type: none"> <li>Developing low-carbon, recyclable, and renewable sustainable materials to meet customer expectations and enhance competitiveness will increase R&amp;D expenses and revenue growth while reducing procurement costs and carbon tax expenditures.</li> <li>Recycling and reusing residual materials will increase R&amp;D expenses and reduce procurement costs.</li> </ul> | <p>Short-term:</p> <ul style="list-style-type: none"> <li>R&amp;D and Innovation: Develop solid tires for EVs, as well as dedicated tires for electric buses and electric heavy trucks, to meet the needs of EV customers.</li> <li>Recycled materials: Increase the use of recycled materials, such as rice husk silica, and collaborate with raw material suppliers to explore other suitable recycled materials.</li> <li>Mass production of existing products: Commence large-scale manufacturing of successfully developed electric vehicle tires and sustainable recycled products.</li> <li>Vulcanization technology: Expand the use of electric heating vulcanization systems.</li> <li>Collaborative development: Collaborate with material and equipment suppliers to strengthen research and development of recyclable steel and recycled rubber.</li> <li>Technical exchange: Conduct technical exchanges with existing customers on electric vehicle (EV) products.</li> </ul>                                         |
|                               |                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Medium-term:</p> <ul style="list-style-type: none"> <li>Product optimization: Conduct research on low-rolling-resistance optimization materials for high-market-share products to enhance product performance.</li> <li>Process improvement: Optimize the processing media for certain products.</li> <li>Recycled materials: Introduce recycled carbon black, recycled rubber, and sustainable processing agents to continue increasing the variety and proportion of recycled materials in some products.</li> <li>Smart technology: Invest in the development of smart tires.</li> <li>Energy transition: Switch the energy source for certain processes from electricity to natural gas.</li> <li>Market promotion: Promote products with a strong reputation to potential customers among other well-known domestic brands.</li> <li>Standard setting: Jointly establish testing specifications and standards for certain products in partnership with benchmark enterprises and</li> </ul>                                 |

| Category | Potential Risks and Opportunities | Financial impact on Cheng Shin | Response strategy and transformation action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------|-----------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |                                   |                                | collaborate with third-party institutions for regular verification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|          |                                   |                                | <p>Long-term:</p> <ul style="list-style-type: none"> <li>Product optimization: Adjust raw material composition and increase the scale of mass production to reduce R&amp;D costs and enhance product cost-effectiveness.</li> <li>Recycled materials: Introduce sustainable synthetic rubber and replace primary raw materials with sustainable alternatives.</li> <li>Market promotion: Promote products with a strong reputation to potential customers among other well-known domestic brands.</li> <li>Industry-academia collaboration: Partner with academic and research institutions to drive innovation in materials and processes.</li> </ul> |

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

To address the impact of extreme weather events on the Group's operations, Cheng Shin has integrated climate risks into its overall risk management framework and formulated the corresponding transition actions; please refer to the description in (2) for details.

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

Implementation status:

(1) Convene the Sustainable Development Task Force and assign responsibilities across relevant departments → (2) Identify and list the main risks and opportunities of Cheng Shin, and discuss their relevance to the Company → (3) Assess the urgency and probability of the identified risks and opportunities → (4) Assess the intensity of the impact posed by climate change risks to Cheng Shin → (5) Draw climate risk and opportunity matrix → (6) Formulate climate risk response measures and assess whether mitigation costs are proportionate to their benefits → (7) Regularly review the effectiveness of the mitigation measures. If the improvement is not satisfactory, reduce the level of impact through a second discussion or risk transfer → (8) Review the process and establish standardized procedures for related impacts to reduce the response time.

### 5. If scenario analysis is used to assess the resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.

Implementation status: Cheng Shin selects material climate risks and opportunities each year for scenario analysis and management, and discloses them in the Sustainability Report and CDP questionnaire. Cheng Shin selected and analyzed the financial impact posed by the carbon fee levied by the government agency for Cheng Shin's specific operating locations under different scenarios with reference to the trend of domestic law and regulation and the disclosure practices of international peers; For the parameters, assumptions, analysis factors and main financial impact used in the aforementioned scenario analysis, please refer to Section 3.1 of the Sustainability Report.

### 6. If there is a transition plan for managing climate-related risks, describe the plan, as well as the metrics and targets used to identify and manage physical risks and transition risks.

Implementation status: The demand for eco-friendly products will continue to grow worldwide, especially in the automobile industry. The market for electric vehicles and high-performance low-emission tires will see significant growth, and governments in various countries will introduce stricter environmental regulations. For example, Taiwan's carbon levy mechanism will force Cheng Shin to accelerate its transformation. Tire manufacturing technology and material science have also made significant progress in recent years, particularly in the use of renewable materials and extending tire lifespan. Cheng Shin has passed third-party certification for ISO 14001:2015 environmental management systems. By effectively implementing its environmental policy, Cheng Shin integrates climate risks and opportunities based on its dependencies and impacts, putting its environmental strategy and goals into practice. This ensures compliance with international and domestic laws and regulations, responsiveness to stakeholder expectations, and collaboration with supply chain partners and research institutions to develop new technologies and products.

The current transformation plan of Cheng Shin includes:

- (1) In response to the "Net-Zero Pathway for the Manufacturing Sector" published by Taiwan's Ministry of Economic Affairs, which sets 2019 as the base year for GHG reduction, the reduction target is a 22% decrease in emissions by 2030 compared to that base year.
- (2) The renewable energy target was set by Cheng Shin in August 2024: Achieve 12% renewable energy penetration by 2030.
- (3) In response to the energy saving target of the Bureau of Energy, MOEA to reduce energy consumption by 1% per year, Cheng Shin has 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.
- (4) In response to the "Renewable Energy Development Act", Cheng Shin has installed a solar photovoltaic system, which provided 4,195,600 kWh of electricity in 2025, reducing CO<sub>2</sub>e emissions by approximately 1,955.16 metric tons.

In terms of resource planning, Cheng Shin will take measures to obtain the necessary resources, including R&D investment, capital arrangement, talent cultivation, and supply chain management. Through these measures, Cheng Shin is committed to achieving its sustainable development goals and maintaining competitiveness in the global market. In terms of indicators and targets, Cheng Shin has established energy use indicators and targets - 13.05 Energy Use (GJ)/ Total Product Weight (metric tons) - to control the energy use of production sites and address the transition risk of future cost impacts from carbon levies for GHG emissions.

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

Implementation status: The basis for estimating Cheng Shin's carbon fee is derived from the "Carbon Fee Collection Regulations" officially promulgated by the Ministry of Environment on August 29, 2024, and the carbon fee rates released on October 21 of the same year. It is implemented starting in fiscal year 2024 for enterprises with emissions exceeding 25,000 metric tons, at a rate of NT\$300 per metric ton, assuming an annual carbon price increase of 10%, and without considering preferential rates or free allowances.

8. If climate-related targets have been set, please provide information about the covered activities, scope of greenhouse gas (GHG) emissions, planning schedule, and annual progress achieved. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, please explain the source and quantity of the offset carbon credits or the number of RECs used.

Implementation: Cheng Shin has set 2019 as the base year for GHG reduction, and the reduction target is to reduce emissions by 22% by 2030 compared to the base year. The scope of GHG emissions covers tire production activities at each plant, including Scope 1 (direct emissions from burning fossil fuels) and Scope 2 (indirect emissions from energy use). To further reduce GHG emissions, Cheng Shin actively responds to the government's renewable energy policies by promoting the use of green power and the adoption of RECs. In 2025, the total green power consumption reached 4,195,600 kWh, and the Company applied to the National Renewable Energy Certificate Center for 1,580 Taiwan Renewable Energy Certificates (T-RECs), with certificate numbers 23SP0406-B025000001~1580. Cheng Shin's group-wide carbon emission intensity in 2025 was 1.23 metric tons of CO<sub>2</sub>e per ton of tires, a 19.08% reduction from 1.52 metric tons of CO<sub>2</sub>e per ton of tires in the 2019 base year, continuing toward the 2030 carbon reduction target.

9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (provided in 3.3.3.2.2 and 3.3.3.2.3 separately).

### 3.3.3.2 GHG Inventory and Assurance in the Last 2 Years

#### 3.3.3.2.1 Greenhouse Gas Inventory Information

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

| Year                                                                                 |                            | 2024<br>(Taiwan Region has achieved third-party assurance) |                                                                           | 2025<br>(Taiwan Region has achieved third-party assurance) |                                                                            |
|--------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------|
| Item (Unit)                                                                          |                            | Emissions<br>(metric tons of CO <sub>2</sub> e)            | Intensity (metric tons<br>of CO <sub>2</sub> e/NTD million<br>of revenue) | Emissions<br>(metric tons of CO <sub>2</sub> e)            | Intensity<br>(metric tons of CO <sub>2</sub> e/<br>NTD million of revenue) |
| Taiwan<br>Region                                                                     | Scope 1                    | 39,423.413                                                 | NA                                                                        | 36,115.952                                                 | NA                                                                         |
|                                                                                      | Scope 2<br>Location based  | 74,613.388                                                 |                                                                           | 65,800.242                                                 |                                                                            |
|                                                                                      | Scope 2<br>Market based    | NA                                                         |                                                                           | 63,845.080                                                 |                                                                            |
|                                                                                      | Subtotal<br>Location based | 114,036.801                                                |                                                                           | 101,916.194                                                |                                                                            |
|                                                                                      | Subtotal<br>Market based   | NA                                                         |                                                                           | 99,961.032                                                 |                                                                            |
| All<br>subsidiaries<br>included in<br>the<br>consolidated<br>financial<br>statements | Scope 1                    | 33,565.545                                                 |                                                                           | 24,081.721                                                 |                                                                            |
|                                                                                      | Scope 2<br>Location based  | 867,418.193                                                |                                                                           | 893,379.224                                                |                                                                            |
|                                                                                      | Scope 2<br>Market based    | NA                                                         |                                                                           | 848,106.820                                                |                                                                            |
|                                                                                      | Subtotal<br>Location based | 900,983.738                                                |                                                                           | 917,460.945                                                |                                                                            |
|                                                                                      | Subtotal<br>Market based   | NA                                                         |                                                                           | 872,188.541                                                |                                                                            |
| Total - Location based                                                               |                            | 1,015,020.539                                              | 10.546                                                                    | 1,019,377.139                                              | 11.229                                                                     |
| Total - Market based                                                                 |                            |                                                            |                                                                           | 972,149.573                                                | 10.709                                                                     |
| Taiwan<br>Region                                                                     | Scope 3                    | 294,140.777                                                | 17.528                                                                    | 392,649.108                                                | 27.928                                                                     |

Data coverage: All plants in Taiwan (including Headquarter Plant, Plant II, Plant III, Zhongzhuang Plant, Xizhou Plant, and Douliu Plants I, II and V ,Taipei Office) and all subsidiaries in the consolidated financial statements.

The 2025 emission data was inventoried and externally verified according to ISO 14064-1:2018, as detailed in the table above.

Group-wide Scope 1 + Scope 2 emissions intensity = Group-wide Scope 1 + Scope 2 emissions/consolidated revenue; Taiwan Region's Scope 3 emissions intensity = Taiwan Region's Scope 3 emissions/revenue indicated in the parent company only financial statements.

#### 3.3.3.2.2 Greenhouse Gas Assurance Information

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

For the annual emissions data for 2024, inventory inspection and external verification were performed according to the ISO14064-1:2018 version.

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

Assurance institution: The external verification is commissioned to AFNOR Asia Ltd., and greenhouse gas verification report has been obtained.

Assurance opinions: None. For the annual emissions data for 2025, inventory inspection and external verification were performed according to the ISO14064-1:2018 version. After verification, the data may be revised.

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

Assurance institution: PwC Taiwan Sustainability Services Co., Ltd. Was commissioned to carry out the external verification and the greenhouse gas verification report has been obtained.

Assurance opinions: The Company expects to obtain a GHG Verification Report in August 2025.

### 3.3.3.2.3 GHG Reduction Goals, Strategies and Concrete Action Plans

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

In 2023, Cheng Shin established the Energy Conservation and Carbon Reduction Committee, and set 2019 as the base year for GHG reduction. The reduction target is to reduce emissions by 22% by 2030 compared to the base year.

According to the inventory results, Cheng Shin's group-wide carbon emission intensity in 2025 was 1.23 metric tons of CO<sub>2</sub>e per ton of tires, a 19.08% reduction from 1.52 metric tons of CO<sub>2</sub>e per ton of tires in the 2019 base year, continuing toward the 2030 carbon reduction target.

Reduction action plans are divided into three major aspects: A. Equipment replacement and upgrading; B. Equipment improvement (such as energy leakage control); C. Process improvement.

Direct measurements from energy conservation plans implemented in 2025 were compiled and found to have reduced GHG emissions. Taiwan operations and subsidiaries reduced emissions by 1,343.60 and 29,274.04 tCO<sub>2</sub>e respectively, for a total reduction of 30,617.64 tCO<sub>2</sub>e.

## 3.4 Water Resources Management

### 3.4.1 Water Use Management

Due to climate change, water resources are becoming increasingly scarce. Both developed and developing countries have been affected by dwindling water resources. Moreover, in the Global Risk Report of the World Economic Forum issued over the past three years, "water crises" have been listed as one of the five global risks. Amidst the difficult conditions of poor water resources, the stability of water supply is a key concern for business operations. Based on the position of risk control and corporate sustainability, Cheng Shin has already promoted cooling water recycling through dedicated pipes, boiler steam recovery, etc., and advocated water saving, and installed faucets with water-saving features. Cheng Shin's RO reverse osmosis is mainly used for boilers, and the wastewater after reverse osmosis is recycled back into the cooling water system to avoid water waste. The water sources used by Cheng Shin include tap water and groundwater. Cheng Shin holds water rights certificates issued by competent authorities for all groundwater extraction wells and uses water within the authorized limits. In 2025, water consumption by Cheng Shin Taiwan and its subsidiaries amounted to 684.941 million liters and 1,532.423 million liters respectively. Thanks to production adjustments and increased employee awareness of water conservation, Taiwan's water consumption decreased by 12.5% compared to 2024.

### Water withdrawal Over the Past Three Years

Unit: million liters

| Region        | Item                          | 2023      | 2024      | 2025      |
|---------------|-------------------------------|-----------|-----------|-----------|
| Taiwan Region | Tap water                     | 212.235   | 177.937   | 181.867   |
|               | Groundwater                   | 474.850   | 461.340   | 379.225   |
|               | Third-Party Park Water Supply | 141.447   | 143.656   | 123.849   |
|               | Total                         | 828.532   | 782.933   | 684.941   |
| Subsidiaries  | Tap water                     | 950.736   | 1,055.760 | 1,080.619 |
|               | Groundwater                   | 0.000     | 0.000     | 0.000     |
|               | Third-Party Park Water Supply | 370.754   | 485.875   | 451.804   |
|               | Total                         | 1,321.490 | 1,541.635 | 1,532.423 |

In addition, Cheng Shin's Mainland China operations have always attached importance to water conservation, educating employees on water conservation in work activities, and posting water conservation reminders and signage around employee bathrooms, toilets, and sinks. The Company also encourages the multiple reuse of water resources, eliminating water leakage and waste, improving industrial water reuse, and reducing wastewater discharge, and has been recognized as a "Water-Saving Enterprise" in China.



Kunshan Plant in China - Certified "Water-Saving Enterprise"

### 3.4.2 Wastewater Management

For wastewater generated from daily operations, Cheng Shin conducts wastewater discharge operations in accordance with local laws and regulations and ensures that the quality of the effluent is within the limits of the "Effluent Standards". In order to reduce wastewater discharge, boiler water at Cheng Shin's Taiwan operations was replaced with RO pure water so that residual water can be recycled for process use, and backwash water from processes was also recovered for reuse. In addition, a water recovery facility has been set up in the Xizhou Plant to recycle about 35% of the wastewater for irrigation and flushing toilets to reduce effluent discharge. At the same time, the production configurations of each plant were consolidated to make effective use of space and water supplies. All plant pipelines were also inventoried to separate wastewater and rainwater flows. Main pipelines were consolidated with leaking, damaged, or redundant pipelines removed. This improvement plan will effectively reduce wastewater discharge.

In 2025, Cheng Shin's Taiwan operations and subsidiaries generated 271.449 and 871.999 million liters of wastewater, respectively.

#### Wastewater Discharge over the Past Three Years

Unit: million liters

| Region        | Wastewater characteristics                                                 | 2023      | 2024      | 2025      |
|---------------|----------------------------------------------------------------------------|-----------|-----------|-----------|
| Taiwan Region | Mainly consists of domestic wastewater and cooling wastewater              | 327.060   | 316.035   | 271.449   |
| Subsidiaries  | Mainly domestic wastewater, industrial wastewater, and cooling wastewater. | 722.776   | 890.152   | 871.999   |
| Total         |                                                                            | 1,049.836 | 1,206.187 | 1,143.448 |

Note 1: At Cheng Shin's Taiwan operations, wastewater volume is calculated using flowmeter equipment. Flow meters are calibrated by qualified third-party verification units in accordance with Taiwan's environmental regulations. Calibration is conducted once a year.

### Water Consumption

The calculation of water consumption is based on water withdrawal minus water discharge.

#### Water Consumption in the Recent Three Years

Unit: million liters

| Region        | Wastewater characteristics                                                 | 2023    | 2024      | 2025      |
|---------------|----------------------------------------------------------------------------|---------|-----------|-----------|
| Taiwan Region | Mainly consists of domestic wastewater and cooling wastewater              | 501.472 | 466.898   | 413.492   |
| Subsidiaries  | Mainly domestic wastewater, industrial wastewater, and cooling wastewater. | 227.960 | 651.483   | 660.424   |
| Total         |                                                                            | 729.432 | 1,118.381 | 1,073.916 |

## Wastewater Discharge Basin and Environmentally Sensitive Areas

The wastewater from Cheng Shin's main plant and sub-plants is first treated internally before being discharged to the Yangzaicuo River and the Jhuoshuei River respectively, while the wastewater from each sub-plant in Douliou is discharged to the Huwei River after being treated by the wastewater treatment plant in the Yunlin Industrial Park (Zhuweizi Zone). None of the above-mentioned discharge river sections are located in particularly sensitive water bodies, wetlands, or other nature reserves.

| Region                     | Treatment Unit                                                                    | Water Source                      | Discharge Basin  | Whether flowing through particularly sensitive water bodies, wetlands or other nature reserves | Discharge Point | Is it a water-stressed region | Discharge into water-stressed region | Reduction targets related to water resource management |
|----------------------------|-----------------------------------------------------------------------------------|-----------------------------------|------------------|------------------------------------------------------------------------------------------------|-----------------|-------------------------------|--------------------------------------|--------------------------------------------------------|
| Changhua Plant             | Self-treatment                                                                    | Groundwater                       | Yangzaicuo River | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Changhua Plant 2           | Self-treatment                                                                    | Groundwater                       | Yangzaicuo River | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Changhua Plant 3           | Self-treatment                                                                    | Groundwater                       | Yangzaicuo River | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Changhua Zhongzhuang Plant | Self-treatment                                                                    | Groundwater, Taiwan Water Company | Yangzaicuo River | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Changhua Xizhou Plant      | Self-treatment                                                                    | Groundwater, Taiwan Water Company | Jhuoshuei River  | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Douliou Plant 1            | Yunlin Technology-based Industrial Park (Zhuweizi Section) Sewage Treatment Plant | Taiwan Water Company              | Huwei River      | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Douliou Plant 2            | Yunlin Technology-based Industrial Park (Zhuweizi Section) Sewage Treatment Plant | Taiwan Water Company              | Huwei River      | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |
| Douliou Plant 5            | Yunlin Technology-based Industrial Park (Zhuweizi Section) Sewage Treatment Plant | Taiwan Water Company              | Huwei River      | No                                                                                             | Taiwan Strait   | No                            | Not a water-stressed region          | Not high risk                                          |

In response to the regional nature of effluent discharge, water quality standard requirements differ between Taiwan and Mainland China. In Taiwan, standards are further subdivided into those for general areas and industrial areas, as detailed in the following table. Wastewater from general areas is treated by internal wastewater facilities and can only be discharged after meeting effluent standards. Wastewater from industrial areas is treated by internal treatment facilities and centrally discharged to the wastewater treatment plants of the industrial parks; consequently, its water quality and quantity standards differ from those of general areas. For water quality and quantity exceeding the industrial area's discharge standards, additional treatment fees must be paid, and the facilities are subject to regular water quality and quantity spot checks by the industrial park.

Cheng Shin adheres to local testing and reporting regulations. Taking Cheng Shin's Taiwan operations as an example, water quality testing is conducted semi-annually to facilitate reporting, and all water quality tests conducted by Cheng Shin in 2025 met the wastewater discharge standards.

## Taiwan Region

| Water Quality Item               | Taiwan Effluent Standards                |                 | Effluent Testing at Main Plant<br>(General local standards apply) | Effluent Testing of Douliou Plant 1<br>(Industrial zone standards apply) |
|----------------------------------|------------------------------------------|-----------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|
|                                  | General area                             | Industrial area | Effluents                                                         | Effluents                                                                |
| Water temperature (°C)           | May-September 38°C<br>October-April 35°C | 45              | 22.3                                                              | 30.5                                                                     |
| Suspended solids (mg/L)          | 30                                       | 320             | 13.1                                                              | 6.7                                                                      |
| Biochemical oxygen demand (mg/L) | 30                                       | 320             | 1.5                                                               | 0.3                                                                      |
| Chemical oxygen demand (mg/L)    | 100                                      | 480             | 38.0                                                              | N.D.                                                                     |
| pH                               | 6-9                                      | 5-9             | 7.2                                                               | 7.0                                                                      |
| Oil and grease (mg/L)            | 10                                       | 10              | 5.2                                                               | <1.5                                                                     |

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

## 3.5 Waste Management, Recycling and Reuse

Cheng Shin currently manages its waste disposal according to "Business Waste Cleanup Plans" approved by local environmental authorities. The Company follows the regulations outlined in the "Regulations Governing Administration of Joint Industrial Waste Removal and Disposal Organizations" by the Ministry of Economic Affairs and the Waste Disposal Act by the Executive Yuan. Waste materials are entrusted to certified and qualified environmental transport companies for proper disposal. The Company regularly monitors the transportation routes of these companies to verify the legality of the waste's final destination. Additionally, Cheng Shin retains the waste transport triplicate forms issued by government systems and cross-references them with inventory records to ensure data consistency. Recyclable waste (scrap) includes waste rubber, metal waste, waste plastic, waste pallets, and waste paper/cartons, etc., which are sorted and collected by qualified local recyclers for recycling to enhance the life cycle of resource recycling. Cheng Shin also announces the waste items and containers designated for recycling, and has properly established a sorting and recycling system to strengthen resource recycling awareness among all personnel. In addition to compliance with waste disposal regulations, Cheng Shin also adopts the following practices to minimize waste generation:

- ◆ Classifying and recycling waste to reduce the types and quantities of waste for disposal.
- ◆ Implementing independent Level 1 to 3 maintenance to extend the service life of items through regular maintenance, while gradually introducing eco-friendly consumables and raw materials.
- ◆ Entrusting reuse institutions to handle the Company's recyclable (scrap) waste materials in accordance with regulations governing industrial waste reuse operations.
- ◆ Reducing the use of disposable tableware by providing employees with personal tableware and using reusable stainless steel tableware in cafeterias.

In 2025, waste categories generated by Cheng Shin included domestic waste, general industrial waste, and hazardous industrial waste, with a total waste generation volume of 18,284.71 metric tons.

## Waste generation and treatment statistics

Unit: metric tons

| Region        | 2023       | 2024       | 2025      |
|---------------|------------|------------|-----------|
| Taiwan Region | 2,931.508  | 2,705.820  | 2,590.63  |
| Subsidiaries  | 14,663.404 | 20,105.010 | 15,694.08 |
| Total         | 17,594.912 | 22,810.830 | 18,284.71 |

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

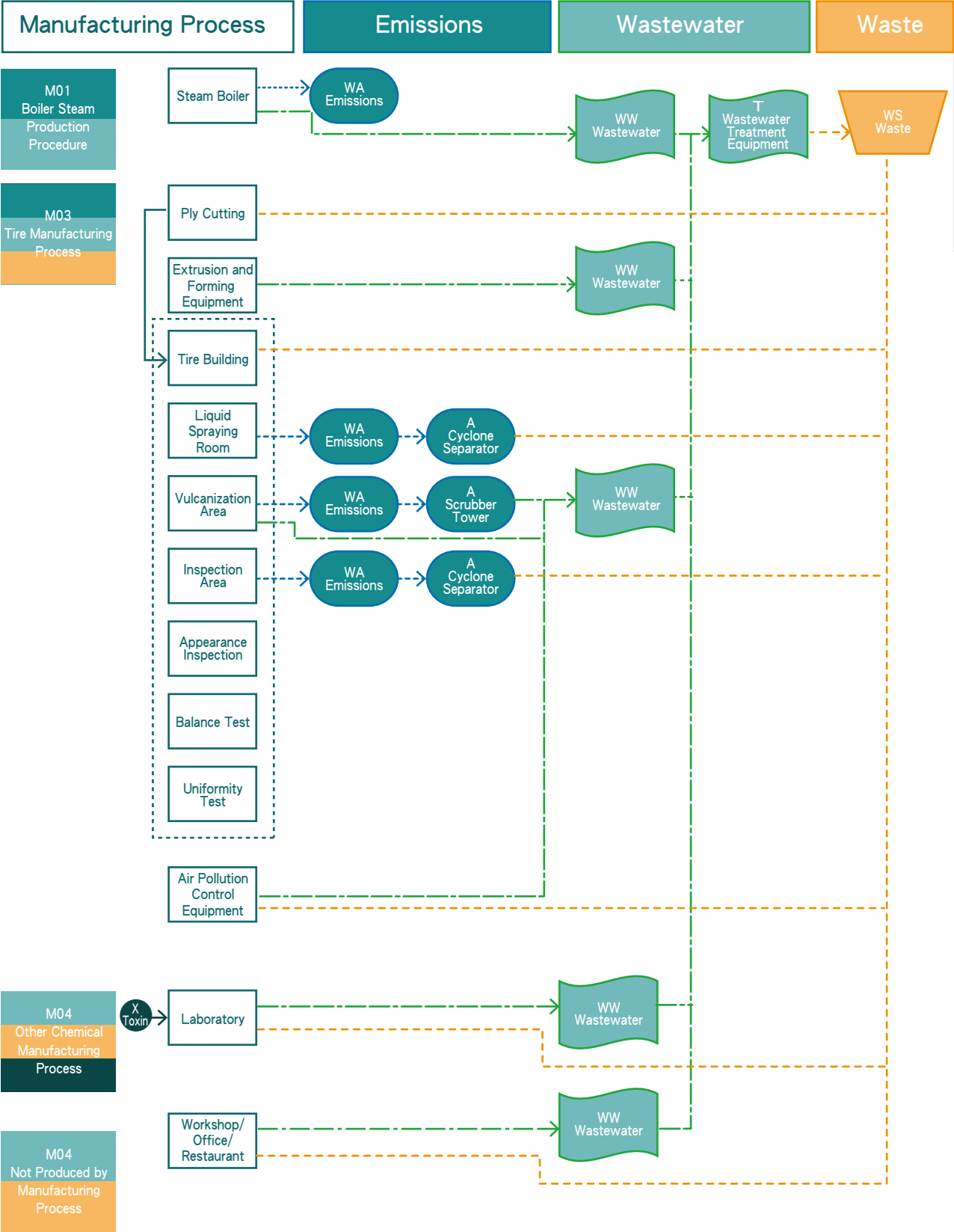
Note 2: 2025 disclosures cover plants China, Indonesia, India, Vietnam, and Thailand.

| Region                   | Waste type               |                                              | Disposal Method (Unit: metric tons) |          |                   |                       | Total    | %       |
|--------------------------|--------------------------|----------------------------------------------|-------------------------------------|----------|-------------------|-----------------------|----------|---------|
|                          |                          |                                              | Incineration                        | Landfill | Recycling         |                       |          |         |
|                          |                          |                                              |                                     |          | Reuse Preparation | Reclamation and Reuse |          |         |
| Taiwan Region            | Domestic waste           |                                              | 208.09                              | 0.00     | 0.00              | 0.00                  | 208.09   | 8.03%   |
|                          | General Business Waste   | Inorganic sludge                             | 0.00                                | 0.00     | 55.26             | 0.00                  | 55.26    | 2.13%   |
|                          |                          | Non-hazardous waste dust or mixtures thereof | 0.00                                | 9.35     | 11.24             | 0.00                  | 20.59    | 0.79%   |
|                          |                          | Waste rubber mixtures                        | 84.60                               | 0.00     | 1,954.34          | 0.00                  | 2,038.94 | 78.71%  |
|                          |                          | Others                                       | 46.72                               | 0.00     | 220.82            | 0.00                  | 267.54   | 10.33%  |
|                          | Hazardous Business Waste | Chemical mixtures or discarded containers    | 0.21                                | 0.00     | 0                 | 0.00                  | 0.21     | 0.01%   |
|                          |                          | Others                                       | 0.00                                | 0.00     | 0.00              | 0.00                  | 0.00     | 0.00%   |
|                          | Total                    |                                              | 339.62                              | 9.35     | 2,241.66          | 0.00                  | 2,590.63 | 100.00% |
|                          | Subsidiary               | Domestic waste                               |                                     | 243.40   | 445.00            | 37.86                 | 208.07   | 934.33  |
| General Business Waste   |                          | Inorganic sludge                             | 194.76                              | 0.00     | 0.00              | 0.00                  | 194.76   | 1.24%   |
|                          |                          | Non-hazardous waste dust or mixtures thereof | 228.85                              | 0.00     | 0.00              | 1,301.64              | 1,530.49 | 9.75%   |
|                          |                          | Waste rubber mixtures                        | 0.00                                | 0.00     | 0.00              | 4,986.05              | 4,986.05 | 31.77%  |
|                          |                          | Others                                       | 0.00                                | 0.00     | 70.55             | 5,255.24              | 5,325.79 | 33.94%  |
| Hazardous Business Waste |                          | Chemical mixtures or discarded containers    | 1,581.51                            | 144.03   | 52.11             | 368.17                | 2,145.82 | 13.67%  |
|                          |                          | Others                                       | 334,54                              | 30.77    | 0.00              | 211.53                | 576.84   | 3.68%   |
| Total                    |                          | 2,583.06                                     | 619.80                              | 160.52   | 12,330.70         | 15,694.08             | 100.00%  |         |

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

Note 2: The recycling rate of hazardous industrial waste reached 23.20% for Cheng Shin overall, and was 0% for its Taiwan Region.

Waste Generation Process Diagram



### 3.6 Air Pollution Prevention

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

#### Air pollution emissions over the past three years

Unit: kg

| Region        | Pollutant Type                      | 2023    | 2024    | 2025    |
|---------------|-------------------------------------|---------|---------|---------|
| Taiwan Region | Sulfur Oxides (SOx)                 | 0       | 0       | 0       |
|               | Nitrogen Oxides                     | 32,680  | 33,732  | 28,104  |
|               | Volatile Organic Compounds          | 122,020 | 107,658 | 102,575 |
|               | Particulates                        | 896     | 818     | 714     |
|               | Total                               | 155,596 | 142,208 | 131,393 |
| Subsidiaries  | Sulfur Oxides (SOx)                 | 0       | 143     | 99      |
|               | Nitrogen Oxides                     | 0       | 452     | 413     |
|               | Volatile Organic Compounds          | 96,726  | 12,610  | 102,659 |
|               | Particulates                        | 18,750  | 7,953   | 27,521  |
|               | Hydrogen Sulfide (H <sub>2</sub> S) | 317     | 103     | 128     |
|               | Total                               | 115,793 | 21,261  | 130,820 |

Note 1: Statistics were compiled based on major pollutants regulated by local laws and regulations.

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

SOx: NIEA A413.76C, NOx: NIEA A411.75C; volatile organic compounds: announcement letter no.

Huan-Shu-Kong-Zi-Di 1050059294 Industry process emission coefficients of volatile organic compounds for air pollution control fees declared for stationary pollution sources in public and private places; operation unit (including equipment components) emission coefficient; control efficiency; and other measurement regulations, particulate matter: NIEA A101.77C.