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About This Report

Report Contents

Cheng Shin has published a Corporate Social Responsibility (CSR) Report on an annual basis since 2014. In 2021, the title was changed to "Sustainability Report" in accordance with regulatory requirements. In 2025, Cheng Shin published its 11th Sustainability Report, hereinafter referred to as the "Report.

This Report presents Cheng Shin´s sustainability performance across the dimensions of governance, products, environment, and society, covering topics including corporate integrity management, environmental stewardship, employee care, supplier management, shareholder rights, customer service, and community participation. The Report communicates to all stakeholders Cheng Shin´s efforts and achievements in advancing corporate sustainability, demonstrates its commitment to corporate sustainability and sustainable development, and serves as a stakeholder engagement and communication platform to foster constructive dialogue between Cheng Shin and its stakeholders.

Reporting Principles

This Report has been prepared in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and includes disclosures with reference to the Sustainability Accounting Standards Board (SASB) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Report has been uploaded to both the Market Observation Post System (MOPS) (https://mops.twse.com.tw/mops/#/web/home) and Cheng Shin´s official website. GRI and SASB Content Indexes are provided at the end of this Report to facilitate readers´ reference and information retrieval.

Reporting Period and Frequency

Report Timing: Statutory filing and public disclosure are completed by August 31 each year

Reporting Period: Cheng Shin publishes its Sustainability Report annually. The 2025 Sustainability Report discloses the company´s sustainability performance for the 2025 (from January 1, 2025, to December 31, 2025) and responds to issues of concern to stakeholders. To ensure the completeness of the information, some information is presented retrospectively to 2023.

Boundaries and Scope

The disclosure scope of this report covers the entire Group. Starting from 2024, the disclosure scope has also included consolidated subsidiaries (referred to as subsidiaries). Some information is presented separately for Chinese subsidiaries. Financial information audited by CPAs and certain sustainability information are consistent with the financial statements.

Review and Assurance

The Cheng Shin Sustainability Report was compiled by various departments and coordinated by the Sustainable Development Working Group, in accordance with the aforementioned international standards and reporting requirements.To ensure the quality of information disclosure, Cheng Shin engaged PwC Taiwan to issue a limited assurance report according to Assurance Standard No. 3000. This Report was issued upon its approval by the Board of Directors on August 12, 2026.

Contact Information

If you have any suggestions or questions regarding this Report, please feel free to contact Cheng Shin using the following contact details:

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Message from the Chairman

In 2025, the global political and economic landscape continued to face a complex mix of challenges. Against the backdrop of the ongoing Russia-Ukraine conflict, escalating tensions in the Middle East, and the increasingly complex landscape of trade sanctions and tariff structures, geopolitical risks have reached an all-time high, becoming the primary concern for corporate operations. Meanwhile, although inflation has slowed, it remains above pre-pandemic levels, and the manufacturing industry continues to face multiple cost pressures from raw materials, labor, and energy. The global supply chain continues to undergo restructuring, trending toward regionalization and localization, while the overall operating environment remains fraught with high uncertainty.

In this environment, the tire industry is also facing structural challenges, including trade policy volatility in major markets, supply chain realignment pressures, and product upgrade requirements driven by increasingly stringent environmental regulations, and the rise of electric vehicles. In the face of the rapidly changing external environment, Cheng Shin continues to uphold its business philosophy of "Robust Operations and Total Resilience." It is steadily strengthening our core business foundations, optimizing our global supply chain footprint, and advancing regulatory compliance and risk management mechanisms to build a solid foundation for long-term development.

Meanwhile, Cheng Shin is also actively addressing the key challenges of organizational transformation and global footprint. In response to drastic changes in the industry and market environment, Cheng Shin has continued to drive the transformation of its internal operating model, shifting from passive support to proactive collaboration. This shift has strengthened cross-departmental integration and overall efficiency to enhance the speed of decision-making and execution. In terms of organizational operations, it has continued to strengthen group-level management, integrating global resources and operating locations to strengthen regional division of labor and synergy, thereby enhancing overall competitiveness and resilience. Furthermore, regarding our global footprint, Cheng Shin continues to refine its localized operational capabilities. By optimizing resource allocation and leveraging regional advantages, we effectively diversify risk and create long-term value through market diversification and flexible deployment.

Despite challenges in the external environment, in 2025 Cheng Shin maintained steady operating results, with consolidated net profit reaching NT$4.835 billion and earnings per share of NT$1.50. Reflecting the challenges of the overall industry landscape, Cheng Shin has continued to review its operational structure and implement relevant adjustments to strengthen the foundation for future operations.

Cheng Shin has long upheld "100% Quality, 100% Service, 100% Trust" as its core values. The competitiveness of the MAXXIS brand in the global market has continued to be strengthened with products now marketed in more than 180 countries. We focus on enhancing product safety, durability, and performance. At the same time, brand trust is emphasized to build long-term, stable partnerships with global customers.

In terms of sustainable development, Cheng Shin continues to integrate ESG principles into its operational strategies and everyday management. In 2025, Cheng Shin reduced greenhouse gas emissions by 30,617.64 metric tons of CO_2e through energy-saving optimization and process improvements. Meanwhile, the company expanded its use of renewable energy, with solar power consumption reaching 94.06 GWh. The ISO 50001 energy management system was also introduced to continuously enhance energy efficiency and proactively respond to the challenges of climate change.

Talent is the key driver of sustainable corporate development. Cheng Shin continues to strengthen occupational safety and health management, creating a safe, healthy, and supportive work environment while promoting diverse talent cultivation and career development systems to drive the mutual growth of employees and the Company. In the social dimension, Cheng Shin has also continued to invest in public welfare and local community care, strengthening social connections with its operating locations and fulfilling corporate social responsibility.

In terms of corporate governance and supply chain management, Cheng Shin continues to refine its regulatory compliance, risk control, and information security mechanisms to enhance overall governance quality and transparency. Furthermore, it collaborate with supply chain partners to promote sustainable management—including raw material traceability, human rights risk assessments, and quality control—to address international sustainable development trends. In 2025, Cheng Shin was selected as a constituent of the FTSE4Good Taiwan Index for the eighth consecutive year in 2025, demonstrating the results of its long-term commitment.

Looking ahead, Cheng Shin will continue to uphold the spirit of "Integrity and Innovation" and deepen tire technology R&D and product innovation. It will focus on low-carbon materials, energy-efficient designs, and electrification trends to create products that integrate safety, performance, and environmental responsibility. At the same time, Cheng Shin will continue to strengthen its global footprint and organizational resilience, working together with shareholders, employees, customers, suppliers, and all stakeholders to build a more resilient and value-creating sustainable future.

Chairman Robert Lo

Identification of Material Topics

Procedure for the Identification of Material Topics

Understanding the Organizational Context

To conduct a materiality analysis of corporate sustainability issues, Cheng Shin conducted an inventory and assessment of sustainability topics in accordance with the AA1000 SES Stakeholder Engagement Standard and with reference to international sustainability trends, regulatory requirements, international ratings and disclosure standards, stakeholder concerns, and industry peer disclosure trends.

1.Identification of stakeholder types: In accordance with the five principles of the Stakeholder Engagement Standard (AA1000 SES), Cheng Shin identified five major stakeholder groups: customers, shareholders, employees, government agencies, and suppliers.

2.Analysis of Industry Sustainability Topics: Cheng Shin completed its sustainability topic inventory by consolidating information from CDP, IFRS S1/S2, SASB, benchmark companies´ sustainability reports, historical sustainability topics, external survey results, and ESG evaluation requirements. In 2025, a total of 19 sustainability topics were identified, comprising 7 governance, 3 product, 4 environmental, and 5 social topics.

Identify Impacts and Assess Significance

Based on the list of sustainability topics identified in the previous stage, Cheng Shin invited senior executives to assess the likelihood and significance of the positive and negative impacts of each sustainability topic on external stakeholders, including the economy, the environment, and people. In 2025, a total of 58 questionnaires were returned, representing a 100% response rate, of which 29 were valid questionnaires.

Likelihood of occurrence: The probability of positive and negative impacts.

Impact level: The benefits generated by positive impacts, or the severity and scope of negative impacts.In addition, Cheng Shin regularly distributed sustainability topic concern questionnaires to important stakeholders to gauge their level of concern regarding corporate sustainability issues.

Prioritize Impact

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

Step 1 Calculate questionnaire analysis results

(1). Sustainability impact score: The sustainability impact score is calculated by summing the positive and negative sustainability impact scores for each topic identified in the internal questionnaire;

(2). Likelihood score: The likelihood score is derived by summing the scores of the positive and negative probabilities for each issue from the internal questionnaire;

(3). The scores are integrated and ranked based on three dimensions: "ranking order," "SASB material topics," and "ESG ratings." This process, supplemented by peer benchmarking and stakeholder levels of concern, is used to establish the list of material topics.

Note: Average likelihood score = total likelihood scores from all valid questionnaires / number of valid questionnaires returned;

average impact score = total impact scores from all valid questionnaires / number of valid questionnaires returned.

Step 2 Set the materiality threshold

The Sustainable Development Group referred to the existing risk management framework of the Company and the practices of industry peers to define material topics as those with an average score of more than 3.5 for likelihood and impact. In addition, negative impacts scoring more than 3.5 were also defined as material topics, even if the likelihood of occurrence was low.

Step 3 Confirm the Material Topics

Note: The x-axis represents the degree of sustainability impact, the y-axis represents the likelihood of impact, and the bubble size represents the degree of external interest.

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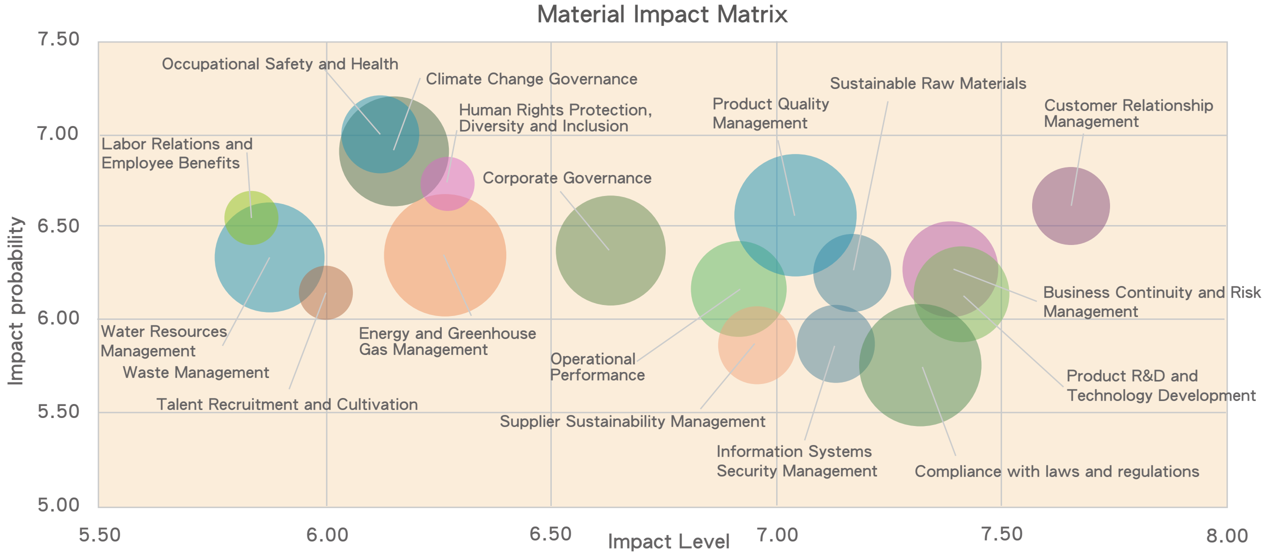


By integrating the following factors—the disclosure of policies and implementation required by ESG ratings, the frequency of material topics within the industry, rankings from internal and external questionnaires, and a reference to Cheng Shin´s 2024 material topics—a total of 10 sustainability issues were initially prioritized and selected as material topics. These include compliance, customer relationship management, product R&D and technical development, product quality management, energy and greenhouse gas management, business continuity and risk management, talent recruitment and cultivation, labor relations and employee benefits, information systems security management, and occupational health and safety.

Note: Cheng Shin currently employs supply chain collaboration as the core of its biodiversity management strategy; related content is therefore presented in the supplier sustainability management section.

Changes to the 2025 Material Topics

Material Topics	Compared to 2024	Description
Compliance with laws and regulations	Unchanged	
Customer Relationship Management	Unchanged	
Product R&D and Technology Development	Unchanged	
Product Quality Management	Unchanged	
Energy and Greenhouse Gas Management	Unchanged	
Business Continuity and Risk Management	Consolidation and Renaming	Consolidated with risk management to ensure the rapid recovery and operational resilience of the business after any compound disasters.
Talent Recruitment and Cultivation	Unchanged	
Labor Relations and Employee Benefits	Consolidation and Renaming	Newly added: "Labor Relations and Employee Benefits" has been integrated into the risk management framework, recognizing "people" as the most critical asset for business continuity. By optimizing employee well-being to mitigate the risks of talent attrition and labor shortages, the Company has established a framework that bridges social responsibility (ESG) and operational resilience.
Information Systems Security Management	Unchanged	
Occupational Safety and Health	Newly added	

Management of Material Topics

Cheng Shin complies with the GRI 3 Material Topics Standard and discloses its management approaches in accordance with GRI 3. Cheng Shin has established a concrete management approach for each relevant material topic.We have established a comprehensive and systematic management framework through clear policies and commitments, quantitative targets and indicators, robust action plans and resource investment, as well as accessible grievance mechanisms and performance evaluations. For the management approaches of relevant material topics, please refer to the opening page of each chapter.

Stakeholder Engagement

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

Types and Significance of Stakeholders

To facilitate more effective communication with the stakeholders of Cheng Shin, the Company has established the "Sustainable Development Working Group" as the organization responsible for planning and implementing the sustainable development strategy, as well as coordinating the implementation of the policies and goals of sustainable management among all departments. The Sustainable Development Working Group is composed of heads of various departments, who submit the Sustainability Report to the Board of Directors and report on the implementation status of the sustainable development strategy for the previous year. The five principles of AA1000 SES Stakeholder Engagement Standard, including dependency, responsibility, tension, diverse perspectives, and influence, are referenced to identify and prioritize stakeholders. Through the internal discussions this time and with help from external experts, we have identified the five major stakeholder groups (customers, shareholders, employees, government agencies, and suppliers). At the same time, in daily operations, Cheng Shin carries out engagement and communication with the above stakeholder groups through various communication channels and platforms, and seeks to facilitate a better understanding of all stakeholders through this Report, and responds to the issues and topics of their concern.

Stakeholder Group	Description	Significance to Cheng Shin	Topics of Concern	Communication method and frequency (ad hocor regular weekly, monthly, quarterly, semi-annually, etc.))	2025 Engagement Outcomes and Actions
Customers	Refers to major car manufacturers, dealers and general consumers.	Stakeholders who are concerned about the quality of Cheng Shin's products and services, and who are concerned about Cheng Shin's operations, legal compliance and environmental protection.	1.Product Quality Management 2.Business Continuity Management 3.Product R&D and Technology Development 4.Supplier Sustainability Management 5.Compliance	1.Ad hoc business visits and online communication via the Company website. 2.Ad hoc new product launches 3.Ad hoc customer communications via customer service email and telephone. 4.Annual customer satisfaction surveys.	Customer satisfaction surveys and continuous improvement: Taking Taiwan as an example, 500 questionnaires were distributed in 2025, with 485 responses received, and the survey results were rated as average or above. Feedback collected is forwarded to relevant departments (e.g., R&D, production, and quality management), and improvement projects are initiated to address customer pain points regarding product quality, delivery lead times, or after-sales service.

Stakeholder Group	Description	Significance to Cheng Shin	Topics of Concern	Communication method and frequency (ad hocor regular weekly, monthly, quarterly, semi-annually, etc.))	2025 Engagement Outcomes and Actions
Shareholders	Refers to holders of shares issued by Cheng Shin	Shareholders who invest in Cheng Shin are important supporters of the Company´s sustainable development. The Company is committed to protecting shareholder rights and ensuring that all shareholders have fair access to material information. At the same time, public perception of the Company may also affect its share price performance.	1.Compliance 2.Risk Management 3.Information Systems Security Management 4.Product Quality Management 5.Business Continuity and Risk Management	1.Shareholders´ Meeting and Investor Conference (annual). 2.Update of the MOPS (regularly). 3.Establishment of a shareholders´ area and a shareholders´ hotline on the Company´s website.	1.Two investor conferences were held in 2025. 2.One shareholders´ meeting was held in 2025. 3.MOPS information was updated promptly and in accordance with applicable regulations. 4.Investor information on the Company´s website was updated on an ad hoc basis. 5.Shareholders submitted inquiries via phone and email on an ad hoc basis, and all inquiries were fully answered. 6.A corporate governance evaluation is conducted annually. In the 2025 evaluation, Cheng Shin was ranked in the 21% - 35% bracket among listed companies.
Employees	Employees of Cheng Shin	Employees are valued assets of the Company and are key stakeholders in the continued innovation and growth of the Company.	1.Compliance 2.Occupational Safety and Health 3.Human Rights Protection, Diversity and Inclusion 4.Labor Relations and Employee Benefits	1.Hold labor-management conferences and occupational safety and health committee meetings (on a quarterly basis). 2.Hold corporate labor union meetings, Employee Welfare Committee meetings, and Human Resources Committee meetings (as required). 3.Ad hoc internal company announcements (as required). 4.Monthly on-site medical and nursing services, including employee health check follow-ups and health consultations.	1.Labor-management meetings are held quarterly to report on labor dynamics, communicate and discuss labor activities, employee benefits, etc. 2.2025 On-site Physician Services: A total of 128 service sessions were conducted, providing consultations to 749 employees.
Government Agencies	Ministry of Environment (MOENV),Occupational Safety and Health Administration(OSHA),Financial Supervisory Commission (FSC),Taiwan Stock Exchange(TWSE), and other competent authorities	Stakeholders concerned with Cheng Shin´s compliance performance in economic, environmental and social aspects, and who play an important role in industry development and policy promotion.	1.Business Continuity and Risk Management 2.Sewage Discharge Management 3.Waste Management 4.Occupational Safety and Health 5.Labor Relations and Employee Benefits	1.Official documents (as required) 2.Communication with competent authorities regarding regulatory briefings or public hearings through labor unions (on an ad hoc basis). 3.Reporting through the competent authority´s online reporting system (according to the required reporting cycle). 4.Inspections and visits by the competent authorities (as required).	1.Outreach meetings held by environmental protection and occupational health authorities:participation in more than 30 sessions. 2.Government agencies' promotion seminars and public hearings: occasional participation. 3.MOPS:Disclosures made in compliance with applicable regulations.
Suppliers	Suppliers of raw materials, equipment and tooling	Suppliers of raw materials,equipment and tooling.	Supplier Sustainability Management Product Quality Management	1.On-site audits or self-assessments of new and existing suppliers (as required). 2.Collection and analysis of suppliers´ delivery performance. Major suppliers submit quarterly reports on production process capability. Suppliers failing to meet monthly performance targets are notified by telephone or email and are required to sign and return raw material abnormality notification forms. Review meetings are convened when necessary (monthly).	A total of 40 suppliers underwent on-site assessments in accordance with the annual audit plan, including one new supplier that underwent an on-site audit under the supplier development program. Among them, 19 suppliers were rated Grade A, 16 suppliers were rated Grade B+, and 5 suppliers were rated Grade B. The qualification rate and achievement rate both reached 100%.

Part 1

Cheng Shin “Rolls” the World

Management Approach for Material Topics

Material Topic: Compliance with Laws and Regulations

Item	2025 Management Approach.
Policies	Regularly update regulations related to products, markets, society, the environment, and human rights to adapt to operational shifts resulting from regulatory amendments. Examples include Cheng Shin's current implementation of labor human rights and fair employment policies, labor rights and ethics policies, and environmental, safety, and health policies.
Commitments	Comply with relevant laws and regulations and operate in accordance with the principle of legal compliance.
Goals and Targets	Receive zero environmental, health, and safety (EHS) violation fines annually through 2025.
Grievance mechanism	Toll-free service hotline: 0800-092123 and Customer Service Center e-mail: svc@tw.maxxis.com.
Communication Performance	Based on reports from various business units, Cheng Shin recorded no violations of laws or regulations in 2025.
Specific actions	In response to the government´s announcement of amended regulations, we will systematically compile the latest regulations issued within the month. The responsible teams will assess compliance with these regulations to ensure that subsequent actions align with legal requirements, guaranteeing operational compliance and enabling necessary adjustments to internal procedures.
Mechanisms for evaluating the management approach	Each business unit regularly reports any violations of relevant laws and regulations, followed by ongoing monitoring and supervision.
Results of the management approach evaluation	In 2025, Cheng Shin recorded one violation of Article 20, Paragraph 1 of the Air Pollution Control Act in Taiwan, for which corrective measures are currently underway. Short-term measures focus on improving operating procedures to reduce pollutant volatilization, while long-term measures involve seeking alternative materials.

Material Topic: Business Continuity and Risk Management

Item	2025 Management Approach.
Policies	Cheng Shin´s Board of Directors is the highest unit for risk management of the Company and is responsible for approving, reviewing and monitoring the Company´s risk management policies in accordance with the "Guidelines for Handling the Internal Control System" to comply with laws and regulations, ensure the effectiveness of risk management, and promote and implement overall risk management as an objective.
Commitments	Cheng Shin takes "Quality First, Customer Satisfaction" as its core business philosophy.
Goals and Targets	Pursue good operational performance while keeping sustainable development in mind.
Grievance mechanism	1.Communication and engagement are conducted through investor conferences, with a dedicated Investor Relations sectionon the Cheng Shin website for downloading relevant materials. 2.Toll-free service hotline: 0800-092123 and Customer Service Center e-mail: svc@tw.maxxis.com.
Communication Performance	Communication with both internal and external stakeholders has been effective, with no major concerns or grievances reported.
Specific actions	Keep abreast of market changes, strengthen technical cooperation with suppliers, and increase the market value of the Company´s products.
Mechanisms for evaluating the management approach	Execute control self-assessment and risk identification, and develop audit plans.
Results of the management approach evaluation	Based on the results of the annual audit plan, all audit deficiencies have been corrected. The overall risk management mechanism is operating effectively, relevant control measures have been effectively implemented, and risk management effectiveness continues to be enhanced through regular reviews and follow-up improvement actions.

Material Topic: Information Systems Security Management

Item	2025 Management Approach.
Policies	Certified to ISO 27001:2022, obtained TISAX AL2 certification, and established an information security policy.
Commitments	Strengthen information security management, ensure the availability, integrity and confidentiality of the information systems, and comply with the requirements of relevant laws and regulations, in order to protect information systems from internal and external deliberate or accidental threats.
Goals and Targets	1.We strive to "enhance personnel awareness, prevent data leakage, implement daily maintenance and operation, and ensure service availability" so that customers and suppliers can rest assured when entrusting data to Cheng Shin during their business dealings. 2.There were zero information security incidents during the year.
Grievance mechanism	Toll-free service hotline: 0800-092123 and Customer Service Center e-mail: svc@tw.maxxis.com.
Communication Performance	Communication with both internal and external stakeholders has been effective, with no major concerns or grievances reported.
Specific actions	Implement information security drills.
Mechanisms for evaluating the management approach	Correct and improve deficiencies identified through regular audits.
Results of the management approach evaluation	Routine operations and project progress were reported and reviewed, with no major deficiencies identified.

1.1 Sustainable Cheng Shin

1.1.1 Strategies for Sustainable Development

Commitment to Sustainability

Guided by the beliefs of its founder, Chairman Luo Jye, Cheng Shin regards Honesty and Integrity, which are the most fundamental core values for Cheng Shin and the highest guiding principles in the pursuit of sustainable operations. In addition, Cheng Shin also places the "Cheng Shin Maxxis Family" at the center of its sustainability efforts, with safety as its top priority, and integrates these principles into the economic, environmental, and social dimensions of sustainable development.

Sustainability Policies

- Implement ESG spirit: We will hold fast to the philosophy of Integrity & Innovation, remain committed to its core business while embracing new opportunities and practice the corporate culture of honesty, integrity, and continuous innovation as one of the critical factors underpinning the sustainable and sound development sustainable and sound development of Cheng Shin. Moreover,we will also urge related members of Cheng Shin to follow the good tradition of honesty and integrity and remain accountable for their core responsibilities when performing their duties.
- Reduce GHG emissions: Harness clean energy and plan energy-saving measures to reduce GHG emissions. Align with targets set out in the national decarbonization pathway, and strive to continue efforts toward achieving these goals.

- Participation in social welfare activities: Continue to care for the underprivileged and work together with the entire Maxxis family to participate in social welfare activities and spread positive energy throughout society.
- Improve energy efficiency: Proactively conduct GHG emissions inventory and disclosures, monitor carbon emissions at each plant, and optimize the production process to improve energy efficiency.
- Talent attraction and cultivation: Establish a friendly and high-quality work environment, create a fair learning environment, and enhance employees' awareness of sustainable development.
- Protection of employees' rights: Committed to protecting labor rights and maintaining comprehensive employee welfare, and creating a healthy and safe work environment.

1.1.2 Sustainable Development Working Group

In 2015, Cheng Shin began to promote and set up a CSR Steering Group. The Company publishes a sustainability report every year, and mobilizes the resources of our Taiwan and China operations to promote the implementation of sustainable development practices in the economic, social and environmental aspects of the Company, as well as to collect and disclose the relevant information required for this Report.

To align with international development trends, achieve the goal of sustainable development, and to strengthen the implementation of sustainability by Cheng Shin, the Board of Directors resolved in January 2022 to rename the "Corporate Social Responsibility Steering Group" to "Sustainable Development Working Group" (hereinafter referred to as the ESG Working Group). The Board of Directors has established four major groups: Corporate Governance, Society, Environment, and Products. Department heads from finance, human resources, marketing and planning, management, R&D, and other departments at each site serve as organizational members. On August 12, 2024, the Board of Directors authorized General Manager Chin-Chang Li to serve as the convener.In addition, the Sustainable Development Committee was established on November 12, 2025, with Associate Vice President Wei-Hsiang Su appointed by the Board as the Chief Sustainability Officer. In this role, he is responsible for formulating corporate sustainability strategies, supervising performance, promoting social responsibility and risk management initiatives, as well as the annual publication of a sustainability report.

On May 13, 2026, the Board of Directors was briefed on the contents and plans of the previous year´s sustainability report, as well as the implementation of improvement measures and mid-to-long-term policy goals. The Board of Directors also supervised the efforts of the ESG Working Group to fulfill the ESG commitment and implement a corporate culture centered on 100% quality, service, and trust, with a focus on preserving core values and complying with the sustainable development policy.

Furthermore, starting in 2025, updates regarding the progress of Cheng Shin´s greenhouse gas inventory and verification schedule, along with the implementation status of the Cheng Shin IFRS Sustainability Disclosure Standards implementation plan, have been reported to the Board of Directors on a quarterly basis.

1.1.3 2025 Sustainability Highlights

2025 Sustainability Goals and Achievements

Cheng Shin Sustainability Policy	Corresponding Material Topics in Sustainability	Goal	2025 Achievement
Implementation of the ESG Spirit	Compliance wit laws and regulations	Ensure that Cheng Shin is not penalized by the competent authorities for violating laws and regulations in its operations.	One penalty was imposed for a violation of environmental regulations in 2025.
	Operational Performance	We are continuing to refine our production-side management; on the sales side, we are making every effort to secure OE (Original Equipment) contracts, expand into new markets,and optimize existing channels.	Sales of various tire products showed a polarizing trend: while automobile tires and inner tubes declined, motorcycle and bicycle tires saw counter-trend growth.
	Business Continuity and Risk Management	Continue to monitor operational-related issues and proactively manage potential risks.	Regulatory and Environmental Risk Response (Carbon Fees and Green Transformation): 1. Environmental Management System Certification: Cheng Shin has obtained ISO 14001:2015 Environmental Management System third-party certification. The company has integrated climate risks and opportunities with its dependencies and impacts to implement its environmental strategies. 2. Green Energy Product Replacement: The integration of new and old generation products has been accelerated; traditional low-margin products are being replaced with "green energy environmental tires" (such as PREMITRA HP6 and VICTRA SPORT 6) with high capacity utilization and high added value with an emphasis on safety, fuel efficiency, quietness, and low carbon emissions.
	Customer Relationship Management	Maintain market share,conduct market development at home and abroad,and continue to develop new products for customers.	After-Sales Market (AM) Customer Relations for Sustainable Products To meet customer demand for eco-friendly and high-performance products, Cheng Shin has launched a new generation of AM products to enhance customer loyalty: New Product Launch: Launched "PREMITRA HP6" and "VICTRA SPORT 6". Integrating Sustainability Value: Introduced the new-generation eco-friendly "rice husk silica" formula to effectively reduce carbon emissions while enhancing overall tire performance (safety, fuel efficiency, and quietness) in response to the expectations of stakeholders and customers for green consumption.
	Information Systems Security Management	We strive to "enhance personnel awareness, prevent data leakage,implement daily maintenance and operation, and ensure service availability" so that customers and suppliers can rest assured when entrusting data to Cheng Shin during their business dealings.	No data leakage incidents in 2025.

Cheng Shin Sustainability Policy	Corresponding Material Topics in Sustainability	Goal	2025 Achievement
Reduce GHG emissions Improve energy efficiency	Energy Resources and Greenhouse Gas Management	Reduce energy intensity by 1% per year; Reduce emissions by 22% compared to the base year (2019) by 2030; Renewable energy to account for 12% by 2030.	1. Third-party Certification: Cheng Shin has obtained ISO 14001:2015 environmental management system certification. 2. Implementation of Intelligent Systems: We are continuing to introduce intelligent systems during production to enhance overall operational and manufacturing efficiency, precisely manage resources, and reduce unnecessary energy waste during the manufacturing process. 3. Enforce Operating Standards: Strictly enforce the "say what you do, write what you say, and do what you write" principle to reduce energy and material waste resulting from human error or improper system management. 4. Energy Conservation and Carbon Reduction in Manufacturing: We have explicitly established "striving for energy conservation and carbon reduction within plants and manufacturing processes" as a core policy, and are now actively optimizing the operational efficiency of production equipment.
	Product R&D and Technology Development	Continued to develop high-performance,lightweight,low rolling resistance,low-wear, safe, and smart tires.	1. Completed the development of 4 low-energy projects for electric vehicles. was completed. 2. Completed the development of 2 sustainable products using recycled fishing net yarn. 3. Completed the development of 4 material and formulation projects.
	Product Quality Management	Pass relevant certification tests around the world to obtain assurance of product safety and ensure the most stringent protection for consumer safety.	1. ISO 14001:2015 certification: The Company has obtained third-party certification for its environmental management system, ensuring that production processes comply with domestic and international environmental and safety regulations while maintaining high quality standards. 2. Regulatory and Compliance Monitoring: In terms of product sales and marketing, we strictly comply with relevant laws and regulations to prevent anti-competitive behavior or violations of marketing laws, thereby safeguarding the reputation of our brand and products.
Talent Attraction and Cultivation	Labor Relations and Employee Benefits	Enhance employee welfare and incentivize top talent.	60% of employees are enrolled in the Employee Stock Ownership Trust Program.
	Occupational Safety and Health	No occupational accidents were reported.	No occupational accidents were reported.
	Talent Recruitment and Cultivation	Boost employee expertise, enhance management capabilities, uphold the Company's corporate culture and strengthen employee competitiveness.	Average hours of training: Taiwan Region: (TBC by HR) 16.56 hours for supervisory employees; 21.06 hours for non-supervisory employees. Subsidiaries: 33.72 hours for supervisory employees; 34.68 hours for non-supervisory employees.
Participation in social welfare activities	-	Cheng Shin continued to sponsor local educational and community outreach initiatives such as scholarships for underprivileged elementary school students.	In 2025,Cheng Shin donated NT$82,000 to scholarships for underprivileged elementary school students and participated in blood donation drives.

Responding to the United Nations Sustainable Development Goals (SDGs)

Cheng Shin regards honesty and integrity as its highest guiding principles in sustainable operation and takes economic growth, social progress, and environmental protection as its direction for sustainable development. It also adopt the 17 United Nations Sustainable Development Goals (SDGs) as its guide for sustainable development and has identified and evaluated 11 of the 17 Goals as its focus. In terms of sustainable corporate development and community engagement strategy,Cheng Shin integrates the SDGs as key reference information for corporate evaluation of social engagement,following the five steps of the SDG Compass: understanding the SDGs,defining priorities,setting goals,integrating,and reporting and communicating,thereby establishing action plans and reviewing them in a timely manner to support future sustainable development.

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
	1.1.By 2030, ensure that all men and women, in particular the poor and the vulnerable,have equal rights to economic resources,as well as access to basic services,ownership and control over land and other forms of property,inheritance, natural resources,appropriate new technology and financial services, including microfinance.	●In 2025, Cheng Shin donated NT$82,000 to scholarships for underprivileged elementary school students.	5.2.1 Sustainable Talent Empowerment
	2.1.By 2030,end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 2.2.By 2030,end all forms of malnutrition,including achieving,by 2025,the internationally agreed targets on stunting and wasting in children under 5 years of age,and address the nutritional needs of adolescent girls,pregnant and lactating women and older persons.	●Provided approximately 200 lunch boxes daily for the elderly living alone, mobility impaired,and low- and middle-income households near the Dacun Plant and Xizhou Plant. ●Douliu Plant sponsored the Douliu City Office to promote the Elderly-Friendly Cafeteria to enhance proper and adequate care for the elderly.	5.2.2 Local Prosperity and Co-prosperity
	3.8.Achieve universal health coverage (UHC), including financial risk protection, access to quality essential health-care services and access to safe, effective,quality and affordable essential medicines and vaccines for all.	●The Company provides special health checkups for workers involved with special health hazards at work. ●The Company provides health consultation services by doctors on-site at the Company's plants. ●Special health examinations were conducted for personnel in special workplaces in 2025, totaling 811 employees, with follow-up for 19 employees.	4.3 Safe and Healthy Workplace
	4.A.Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.	●Provide multiple learning channels for our employees to balance work and physical/mental health. ●In 2025, a total of five industrial safety seminars were held, reaching a cumulative attendance of 251 people. In addition, four health seminars were conducted, with a cumulative attendance of 213 participants, and one health promotion activity (physical fitness assessment) was held, with 25 participants.	3.5 Career Development and Evaluation
	4.5.By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	●In 2025, Cheng Shin donated NT$82,000 to scholarships for underprivileged elementary school students.	5.2.1 Sustainable Talent Empowerme

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
5 性別平等	5.1.End all forms of discrimination against all women and girls everywhere.	●Cheng Shin employees are paid fairly and consistently without regard to gender, race, religion, political affiliation, or marital status. We also take into account the labor supply and demand market and regional salary quotations, as well as the positions held by employees, their education, work experience and years of experience, and their professional abilities.	4.1.2 Employee Welfare and Care
	5.A.Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.		
6 清潔飲水和衛生設施	6.3.By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	●The Company continues to implement water resource management and recycling of process wastewater. ●The amount of effluent discharged in Cheng Shin Taiwan has decreased by 14.11% compared to 2024.	3.4 Water Resources Management
	6.4.By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.		
	6.5.By 2030, implement integrated water resources management at all levels, including through trans-boundary cooperation as appropriate.		
7 經濟適用的清潔能源	7.3.By 2030, double the global rate of improvement in energy efficiency.	●The Company has been involved in voluntary reduction of greenhouse gases. ●Enhance efficiency of the Company's equipment. ●Reduced GHG emissions by 1,366.66 tonnes CO_2e in 2025 by promoting energy saving programs at our operations in Taiwan and subsidiaries.	3.3 Energy and Greenhouse Gas Management
8 體面工作和經濟增長	8.1.Sustain per capita economic growth in accordance with national circumstances, and in particular at least 7% per annum GDP growth in the least-developed countries.	●Cheng Shin's business philosophy is "Quality First, Customer Satisfaction". By focusing on the tire industry, Cheng Shin has been able to break through the constraints of the economic downturn with its driving force and execution, resulting in continuous growth in revenue and profit. ●In 2025, consolidated revenue reached NT$90.78 billion, earnings per share was NT$1.5, gross margin of sales reached 22.73%, and brand value reached US$217 million.	About Cheng Shin
	8.7.Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.	●Cheng Shin's "Work Rules" stipulate that no one under the age of 15 shall be employed as a Cheng Shin employee. ●The hiring process is rigorous, and employees' ages are verified to ensure compliance with the local labor-related laws and regulations of the operating regions. Between 2014 and 2025, no child labor was used, and no child labor-related complaints were received.	4.2 Human Rights Policy and Labor-Management Relations
	8.8.Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	●Review new suppliers and their annual audit plans based on supplier evaluations and the contents of annual audit clauses. The review items should include ensuring the safety of workers' working environment. ●Implement the ISO 45001 management system to maintain the occupational safety and health of the work environment. ●Implement the female worker health protection program to ensure the safety of female workers at work. ●The 2025 annual business policy clearly stipulated the item "implementation of safety audits, improvements, and avoidance of major environmental safety incidents", and each unit undertook actions based on the policy.	4.3 Safe and Healthy Workplace

SDGs	Targets	Summary of Contributions ▲Projects●Results	Corresponding Chapter
11 永續發展的市鎮規劃	11.6.By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	●Maintain the normal operations of air pollution control equipment in factory plants. ●Control equipment is installed for each stationary pollution source to ensure that Cheng Shin´s processes comply with air pollution control permits.	3.5 Waste Management, Recycling and Reuse 3.6 Air Pollution Prevention and Control
12 確保永續消費和生產模式	12.2.By 2030, achieve the sustainable management and efficient use of natural resources.	●In response to the concept of global environmental protection, Cheng Shin has established an enterprise environmental management system,committed to product design in line with the concept of environmental protection and improve the equipment and operating environment,thereby reducing waste gas emissions,wastewater, noise,and waste generated during manufacturing processes, conserving energy, and promoting the proper recycling and reuse of resources.	3.3.1 Energy Management 3.3.1 Energy Conservation and Carbon Reduction Measures
	12.4.By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	●To ensure the normal operation of air and water pollution control equipment,chemical dosing systems are typically installed. However,the plant has effectively optimized the settings of this equipment to achieve peak performance without the need for chemicals, thereby eliminating unnecessary chemical consumption. ●The amount of waste generated in the Company's Taiwan plants in 2025 decreased by 4.26% compared to 2024.	3.5 Waste Management,Recycling and Reuse
	12.5.By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	●By continuously promoting wastewater reduction and recycling, reducing wastewater discharge, and integrating production planning across plants to ensure the optimal use of water resources.	3.4 Water Resources Management
	12.6.Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	●Publish annual sustainability reports and utilize the accessibility,transparency,timeliness,comprehensiveness,and interactivity of websites to conduct sustainable reporting. ●Cheng Shin issues one sustainability report per year.	About This Report
16 和平、正義與健全的司法	16.5.Substantially reduce corruption and bribery in all its forms.	●Formulation of integrity management rules and regulations and promotion work. ●Integrity management education and training. ●No violation of the laws and regulations or internal regulations for integrity management occurred in 2024.	1.3.3 Integrity and Anti-Corruption
	16.6.Develop effective,accountable and transparent institutions at all levels.	●Procedures for Preventing Insider Trading. ●Work Regulations. ●Establishment of regulations for Related-Party Transactions. ●Suppliers - Commercial Contract Guidelines. ●No incidences of insider trading or corruption cases occurred in 2025.	

Cheng Shin Highlights 2023 ~ 2025

2023

Cheng Shin was listed as a constituent company of the FTSE4Good TIP Taiwan ESG Index for the 6th consecutive year.
All eight MAXXIS products were recognized by the "Taiwan Excellence Awards".
The MAXXIS VS-EV electric tire won the Red Dot Award, the Paris DNA Design Award, and the U.S. IDEA International Design Excellence Award.

2024

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

2025

1.Maxxis N Vision Concept tire won Italy´s 2025 A´Design Award.
2.Maxxis´s Maxxventure AT adventure (ADV) motorcycle tire won the 2025 Golden Pin Design Award in Taiwan. Honored with the GOLDEN PIN DESIGN AWARD!
3.2025: Won the 34th Taiwan Excellence Award for the Premitra HP6 sedan tire, VR2 racing sedan tire, and ATV non-steel belt desert racing tire.
4.MAXXIS´ Victra Sport VS6 won the 2025 U.S. MUSE Design Gold Award and the 2025 German Red Dot Design Award; its high-performance touring tire,Premitra HP6,also won the 2025 German Red Dot Design Award, demonstrating MAXXIS´outstanding strength in product innovation and design aesthetics.
5.2025: Enduro Mountainbike Magazine readers voted MAXXIS as the best mountain bike tire brand of the year.
6.2025 - Vital MTB North American Magazine´s survey ranked MAXXIS as the number one mountain bike tire brand for the 13th consecutive year.
7. 2025 - Secured supplier status for DJI´s ANFLOW EB200, EB300, and EB400 series electric bicycle tires.
8.2025 - MAXXIS sponsored riders achieved impressive results in various international mountain biking events, taking a total of 44 first-place finishes,36 second-place finishes, and 37 third-place finishes.
9.2022~2027 - Designated RC-1 tires for the BMW E30 Series of the National Auto Sport Association (NASA, U.S.A.).
10.2022~2026 - Designated tires for the Karting Australia CADET 9 and CADET 12 classes.
11. Maxxis expanded its collaboration with the BMW Group in 2025, securing original equipment (OE) tire supplier status for the BMW 1 Series (European market) and the BMW 2 Series.

1.2 About Cheng Shin

Founded in 1967 by Mr. Luo Jye, Cheng Shin Rubber Industry Co., Ltd. (hereinafter referred to as "Cheng Shin" or the "Company"), now owns and operates 6 factory plants in Taiwan. The Company has established overseas production bases in Kunshan, Xiamen, Vietnam, Thailand, Chongqing, Indonesia, and India, and also operates R&D centers in Taiwan, Kunshan (China), Xiamen (China), the Netherlands, and the United States.
Since its founding, Cheng Shin has continued to develop and innovate and refine the tire industry based on the business philosophy of honest management, honest work, quality first, world brand, and is committed to enhancing the well-being of the Company's employees, and contributing to humanity.

Company Profile

Date Established	January 1, 1967
Headquarters	No.215, Meigang Rd., Dacun Township, Changhua County, Taiwan (R.O.C.)
Chairman	Tsai-Jen Lo
General Manager	Yung-Lung Luo
Paid-in Capital	NT$32.414 billion
Total number of full-time employees	Taiwan: 4,194 ; Group: 22,544

Main Product/Service Items

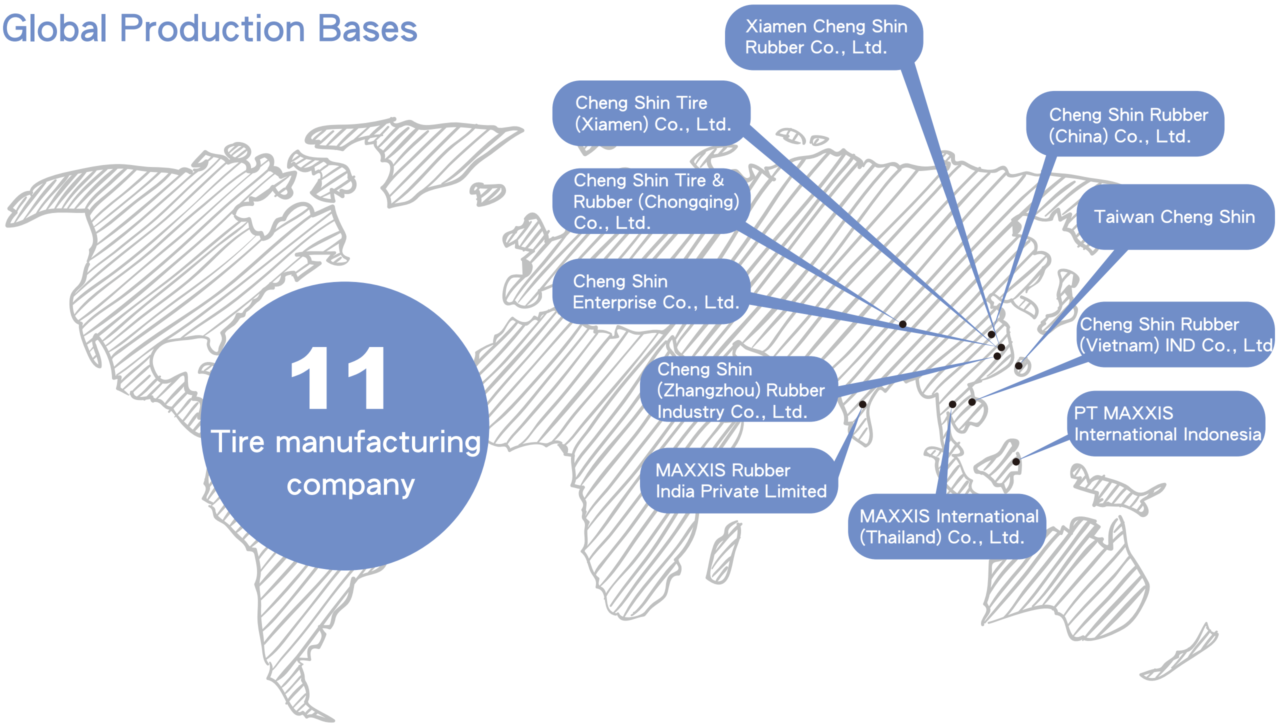
Cheng Shin's primary product range spans various fields, including tires for horticultural use, industrial use, bicycles, motorcycles, all-terrain vehicles (ATVs), passenger cars, buses, light trucks, trucks, trailers, and racing, as well as various other rubber products. Please refer to PART 2 for further product details.
heng Shin's primary product range spans various fields, including tires for gardening,industrial use,bicycles, motorcycles, all-terrain vehicles (ATVs), passenger cars, buses, light trucks, trucks, trailers, and racing, as well as various other rubber products. Please refer to PART 2 for further product details.

Business and Growth

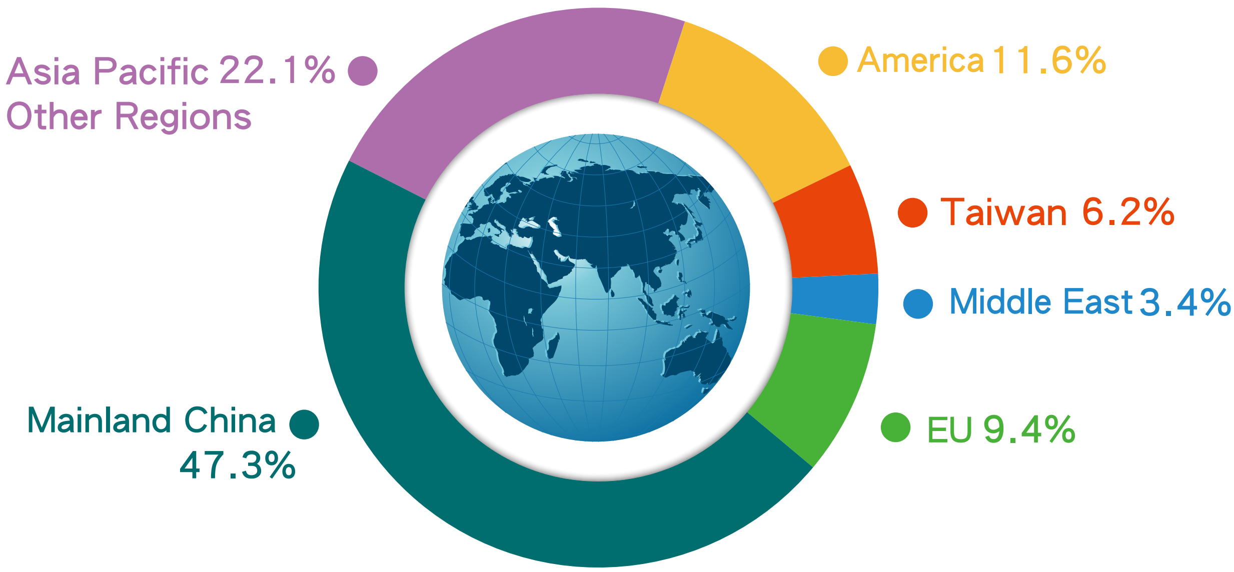
Cheng Shin supports integrity and innovation, remainins committed to its core business while creating new opportunities, and these are manifested in its corporate culture through the concept of "Three 100s: 100% Quality, 100% Service, 100% Trust. The Company continuously advances by enhancing research and development,fostering innovative products, investing in tire testing facilities to expedite product development,and complementing these efforts with a diverse brand marketing strategy. This is aimed at delivering superior products to customers with varying needs. Furthermore,the Company embraces a sense of respect,care,and gratitude,fostering a sense of belonging and participation among all. This collective effort helps shape the Cheng Shin and MAXXIS brands.
heng Shin considers focusing on our core business, integrity and innovation, and focus on the principal operation to embrace new opportunities, manifested in our corporate culture through the concept of "Three 100s: 100% Quality,100% Service,100% Trust." The Company continuously advances by enhancing research and development, fostering innovative products,investing in tire testing facilities to expedite product development,and complementing these efforts with a diverse brand marketing strategy. This is aimed at delivering superior products to customers with varying needs. Furthermore, the Company embraces a sense of respect, care, and gratitude, fostering a sense of belonging and participation among all. This collective effort helps shape the Cheng Shin and MAXXIS brands.

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

Global Production Bases



Analysis of Group Sales - By Region



Group Operational Performance

The global trade environment remains turbulent in 2025, with frequent adjustments to U.S. tariff policies creating a high degree of uncertainty. Traditional industries are bearing the brunt of these changes and are faced with severe challenges. Simultaneously, the Chinese tire market is grappling with overcapacity resulting from large-scale investment, leading to fierce domestic price competition. Coupled with rising overseas trade barriers, the competitive landscape for the entire industry has become increasingly demanding, serving as a comprehensive test of corporate operational resilience and adaptability.

The net profit in the consolidated financial statements for 2025 declined by 39.77% compared to the previous year, with earnings per share of NT$1.50. Cheng Shin maintained a customer-centric approach, ramping up production to meet demand and creating new opportunities. By continuing to strengthen its business and organizational performance, Cheng Shin is steadily increasing its overall competitiveness and growing its brand value. Cheng Shin has successfully forged MAXXIS into an international brand from Taiwan that is marketed in more than 180 countries worldwide, demonstrating Cheng Shin's strong global market presence and international footprint.

Unit: NT$ thousand

Consolidated statements (Note)	2023	2024	2025
Operating revenue	96,201,313	96,247,057	90,780,872
Gross profit	23,388,685	23,243,923	20,632,042
Operating profit and/or loss	10,357,806	10,011,804	7,155,291
Non-operating income and expenses	148,804	730,827	-312,486
Profit before income tax	10,506,610	10,742,631	6,842,805
Net Profit for the Year	7,197,962	8,028,188	4,835,490

Government Subsidies

Cheng Shin actively responds to government policies, particularly in the areas of industry innovation, technological upgrades, and environmental protection. In 2025, the Taiwan Region received financial subsidies from the government for the following items: R&D investment credit for active research and development recognized by the Administration of Industrial Development (AID); income tax credit for profit-seeking enterprise engaged in the development of intelligent machinery and 5G mobile communication systems; the Industry Upgrade Innovation Platform Guidance Program; Subsidy Program for Promoting Zero Trust IoT Fields, the Digital Transformation and Ecosystem AI Service Innovation Project, and employer subsidies for maternity exam and paternity leave.

Unit: NT$ thousand

Region (Currency)	2023	2024	2025
Cheng Shin Taiwan	51,357	34,671	73,338
Cheng Shin Kunshan	348,496	16,514	47,987
Cheng Shin Chongqing	34,218	187	165,787
Cheng Shin Xiamen	247,236	228,405	250,684
Subsidiaries outside China	NA	10,586	0

Note: From 2024, all data includes subsidiaries included in the consolidated financial statements.

Participation in Industry Associations and Organizations

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

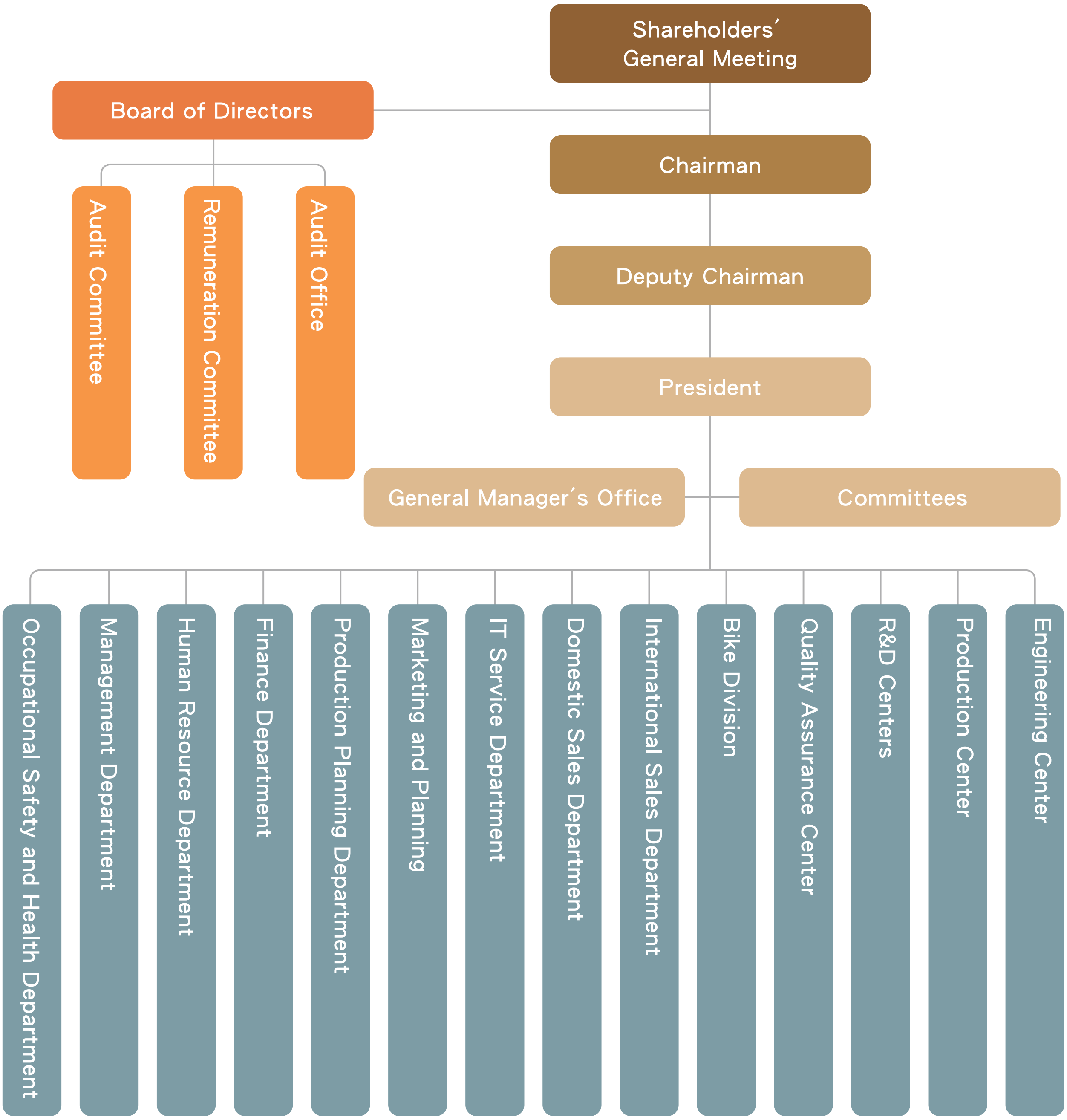
Company	Director, supervisor, or advisor (number of industrial associations and organizations)	Members (number of industrial associations and organizations)	Amount invested (NT$)
Taiwan	2	31	4,348,244
Subsidiary	17	6	NA

1.3 Corporate Governance

1.3.1 Corporate Governance Framework

The Board of Directors is the highest governance body of Cheng Shin and is responsible for overseeing the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls. The Board of Directors has established the Internal Audit Office, the Audit Committee, the Remuneration Committee, and the Sustainable Development Committee to assist in fulfilling its supervisory responsibilities.

Organizational Structure of Cheng Shin



The main responsibilities of each department are as follows: Please refer to Cheng Shin's website (http://www.cst.com.tw/shareholder_9.php)

Operation of the Board of Directors

In accordance with Article 10 of the Rules of Procedure for Board of Directors Meetings, the board of directors of Cheng Shin shall be convened by the chairman of the board, who shall serve as the chairman of the meeting. However, the first board meeting shall be convened and chaired by the director with the most voting rights obtained in the shareholders' meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.
According to the Articles of Incorporation, the Board of Directors of Cheng Shin has a total of 11 directors (including 3 independent directors), whose term of office is 3 years. For information about directors, please refer to the 2025 Annual Report of the Shareholders' Meeting and the website of Cheng Shin. (http://www.cst.com.tw/shareholder_9.php)

Board Diversity and Independence

The composition of the 12th board of directors abides by Cheng Shin's "Corporate Governance Best-Practice Principles", which emphasizes gender equality and the general knowledge, skills and qualities necessary for the discharge of duties; out of the current 11 directors, there are 3 independent directors and over half of all directors are not employees of Cheng Shin. There are two directors who are employees of the company accounting for 18% of the board and one female director accounting for 9% of the board. Among the directors, there are 3 independent directors, accounting for 27% of the total. The tenure of independent directors is within nine years. Among the directors, five are aged 71 and above, three are aged between 61 and 70, and three are aged below 60. There are five directors with spousal or immediate family relationships within the 2nd degree of kinship, constituting 45% of all directors. With no violation of the provisions of Article 26-3, paragraph 3 of the Securities and Exchange Act, the directors meet the qualification of independence.
All members of the Board of Directors are R.O.C. nationals. Cheng Shin places a strong emphasis on diversifying the composition of its Board of Directors. All directors have professional backgrounds in business, industry, finance, and accounting.
The main function of the Board of Directors is to appoint and supervise the management team of Cheng Shin so as to ensure the rights and interests of stakeholders and create maximum benefit for shareholders. It is stipulated in Cheng Shin's Rules of Procedure for Board of Directors Meetings that integrity management shall be implemented, and the directors shall adhere to the principle of a high degree of self-discipline and shall not vote on the motions listed by the board of directors that involve a conflict of interest and may be detrimental to the interests of Cheng Shin,as to avoid conflicts of interest.
Cheng Shin values the stakeholders' right to "know", strictly abides by the relevant regulations on the disclosure of information, and discloses the Company's financial, business, and corporate governance information through the Company's website, the Market Observation Post System, the Company's Annual Report, and the Sustainability Report, investor conferences, annual shareholder meetings, and other multiple channels to release the aforementioned types of information. Regular and timely provision of information is helpful for the establishment of smooth and effective communication channels and Cheng Shin uses regular stakeholder feedback to better understand changes in the market, economy, society and environment.
The Rules of Procedure for Board of Directors Meetings are available for download from Cheng Shin's website. (http://www.cst.com.tw/shareholder_9.php)
In 2025, a total of 5 board meetings were held, with a directors' (including independent directors) attendance rate of 98%. For further detailed background information on the Board members, please refer to the 2025 Annual Report of the Shareholders' Meeting.
According to the 2025 material topics, the total number of key material matters that have been communicated with the highest governance unit is 28 items (Compliance, operational performance, energy and greenhouse gas management, operational continuity management, and information security management).
The Annual Report is available for download from MOPS and Cheng Shin's official website. (http://www.cst.com.tw/shareholder_7.php)

Communication of key material matters with the highest governance body is detailed in the table below

Date	Proposal contents	Independent Director´s Opinion	Company´s Response to Independent Director´s Opinions
2025.01.21 (10th Meeting of the 12th Board)	Report Items: (1)Report of key financial activities. (2)Report of internal audit findings.	None	N/A
2025.03.12 (11th Meeting of the 12th Board)	Report Items: (1)Report of key financial activities. (2)Report of internal audit findings. (3)Progress report on Cheng Shin´s greenhouse gas inventory and verification schedule. (4)Progress report on the implementation of Cheng Shin´s IFRS Sustainability Disclosure Program.	None	N/A
2025.05.13 (12th Meeting of the 12th Board)	Report Items: (1)Report of key financial activities. (2)Report of internal audit findings. (3)Progress report on Cheng Shin´s greenhouse gas inventory and verification schedule. (4)Report on the operation of the Cheng Shin ESG Working Group. (5)Report on the operation of the Integrity Management Group. (6)Progress report on the implementation of Cheng Shin´s IFRS Sustainability Disclosure Program.	None	N/A
2025.08.12 (13th Meeting of the 12th Board)	Report Items: (1)Report of key financial activities. (2)Report of internal audit findings. (3)Progress report on Cheng Shin´s greenhouse gas inventory and verification schedule. (4)Progress report on the implementation of Cheng Shin´s IFRS Sustainability Disclosure Program. Discussion Items: (1)Completion of the Cheng Shin 2024 Sustainability Report. (2)Proposal to amend the Company´s "Procedures for the Preparation and Verification of Sustainability Reports".	None	N/A
2025.11.12 (14th Meeting of the 12th Board)	Report Items: (1)Report of key financial activities. (2)Report of internal audit findings. (3)Progress report on Cheng Shin´s greenhouse gas inventory and verification schedule. (4)Cheng Shin Information Security Management Report. (5)Progress report on the implementation of Cheng Shin´s IFRS Sustainability Disclosure Program. (6)Corporate Value Enhancement Plan Report. Discussion Items: (1)Proposal to establish the Company´s 2026 Audit Plan. (2)Amendment to the Company´s Sustainable Development Best Practice Principles (3)Establishment of the Cheng Shin Sustainable Development Committee and adoption of the "Sustainable Development Committee Charter". (4)Appointment of members of the Sustainable Development Committee.	None	N/A

Directors' Continuing Education

In 2025, the Company planned a total of 9 hours of courses related to environmental sustainability (net zero and sustainability, sustainable finance and climate change, IFRS sustainability standards). Training hours for courses related to corporate governance, taxation, and information security (corporate governance, information security risks, and taxation laws and regulations) totaled 87 hours, for a total of 96 training hours. Participants received relevant certificates of completion, fulfilling the annual training requirement of six hours for directors. Furthermore, the Company provides quarterly updates on insider regulatory compliance and timely notifications of relevant law amendments.

Remuneration Committee

Cheng Shin established the Remuneration Committee in 2011. It has been re-elected to its fifth term, with each term lasting 3 years. The members of the fifth term are composed of 3 independent members appointed by the Board of Directors, including 2 independent directors and 1 independent external expert. The function of the Remuneration Committee is to evaluate, in a professional and objective manner, Cheng Shin's remuneration policies and systems for directors and managers of Cheng Shin and make recommendations to the Board of Directors for their reference in making decisions. The opinions of stakeholders and remuneration consultants are not referenced currently. In 2025, a total of 3 meetings were held, with an attendance rate of 100%. For further detailed background information on the Remuneration Committee, please refer to the 2025 Annual Report of the Shareholders' Meeting and Cheng Shin's website. (http://www.cst.com.tw/shareholder_9.php)

Audit Committee

The Audit Committee was established in 2017 to replace the supervisor system and is composed of all independent directors serving a three-year term. The Audit Committee convened 4 times in 2025 with a 100% attendance rate. For other detailed background information of the Audit Committee, please refer to the 2025 Annual Report of the Shareholders' Meeting and the Cheng Shin website. (http://www.cst.com.tw/shareholder_9.php)

Sustainable Development Committee

Cheng Shin established the Sustainable Development Committee on November 12, 2025. The first committee consists of five members appointed by a resolution of the Board of Directors. Committee members must possess professional expertise and competence in corporate sustainability. Furthermore, the Board of Directors approved the appointment of a Chief Sustainability Officer on March 11, 2026. The term of office for committee members coincides with the term of the appointing Board of Directors. The Committee was established to fulfill sustainable development goals related to environmental protection, social responsibility, and corporate governance. In 2025, a total of one meeting was held, with an attendance rate of 100%. For further detailed background information on the Sustainable Development Committee, please refer to the 2025 Annual Report of the Shareholders' Meeting and Cheng Shin's website. (http://www.cst.com.tw/shareholder_9.php)

Implementation Status in 2025:

Meeting Date	Proposal Contents	Resolutions of the Sustainable Development Committee	Company response to Sustainable Development Committee opinions
2025.12.29 (1st Meeting of the 1st Committee)	(1)Organizational report for the Cheng Shin Sustainable Development Working Group. (2)Cheng Shin report on new and revised indicators for the 2026 ESG evaluation. (3)Report on the timetable for preparation of the Cheng Shin 2025 ESG Report. (4)Cheng Shin Human Rights Due Diligence Progress Report (5)Report on Cheng Shin's 2025 sustainable development implementation outcomes and future goals.	Proposal 2: Regarding the Company's ESG operations and ESG assessment needs, Committee Member Yong-Li Lo recommended the appointment of a Chief Sustainability Officer; the remaining reports were noted, and there were no other opinions.	Submitted to all the directors present at the 15th meeting of the 12th Board of Directors on February 10, 2026. The establishment of the CSO was approved by the Board of Directors and publicly announced on March 11, 2026.

1.3.2 Governance Performance Evaluation and Remuneration System

Senior Executive Remuneration Linked to Sustainability Performance

The remuneration policy for executive management at Cheng Shin is determined by the Remuneration Committee, taking into consideration factors such as the position, qualifications, experience relative to industry benchmarks, scope of responsibilities within the Company, and contribution to the Company's operational objectives, and pensions may be paid upon retirement after review by the Remuneration Committee and approval by the Board of Directors. Besides taking the overall operating performance of the Company into consideration, personal achievements and contributions made to business operations, which includes achievement status of the Group's management performance, internationalization and Group-centered performance, talent development, achievement of strategic and target objectives, whether the person serves in concurrent positions, are also evaluated during the remuneration determination process. Beginning in 2026, the remuneration of the General Manager and senior executives (Chief Sustainability Officer) will be linked to ESG performance. Greenhouse gas emission intensity (40%), employee safety (30%), and ESG assessment results (30%) will be incorporated into annual performance evaluations. Evaluation results will serve as the basis for operating bonus adjustments, with increases of up to 15% and reductions of up to 15%, thereby strengthening senior executives' accountability for sustainable development objectives and promoting the implementation of the Company's sustainability strategy.

Remuneration System for the Board of Directors

If Cheng Shin makes a profit in a year, no less than 2% shall be set aside as compensation to employees (with no less than 30% of employee compensation to be set aside for entry-level employees) and no more than 3% shall be set aside as compensation to directors. However, if the Company has accumulated losses, such losses shall be first compensated for. The independent directors of Cheng Shin shall not be allowed to participate in the distribution of director's compensation, and shall only be paid a fixed amount of compensation and meeting attendance fees. The policy for director's remuneration at Cheng Shin is based on the "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees," and includes such criteria as being able to highlight the Company's problems or provide constructive suggestions, assisting the Company in solving its problems through concrete actions, supporting and approving the proposals of the Board of Directors, achieving significant results based on the approved proposals, and the attendance rate of the directors, etc., which are reviewed by the Remuneration Committee and approved by the Board of Directors, and then awarded with a reasonable amount of compensation.

Note 1: The remuneration to directors of Cheng Shin is determined by referencing the practices of peer companies of a similar scale. There are no provisions for remuneration clawback, severance pay, signing bonuses, or recruitment incentives.
Note 2: Cheng Shin does not have independent remuneration consultants. Directors' remuneration is reported at the annual Shareholders' Meeting and explained to shareholders. The link to the "Regulations Governing the Performance Evaluation of the Board of Directors and its Functional Committees" is available at https://reurl.cc/51onR7.

Performance Evaluation of the Board of Directors and Functional Committees

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

The results of the 2025 evaluation were presented to the Remuneration Committee on February 09, 2026 and discussed at the Board of Directors' meeting on February 10, 2026. The overall evaluation result was that "the Board of Directors and its Functional Committees are operating in a sound and professional manner", and will be used as a reference for the selection of directors to be nominated for reappointment in the future.

Please refer to page 24 of the Annual Report for the results of the evaluation of the performance of the Board of Directors and its functional committees.

The annual report is available for download on the Market Observation Post System (MOPS) and Cheng Shin's website (http://www.cst.com.tw/shareholder_7.php).

Enhance Information Transparency

Cheng Shin has amended its "Regulations Governing the Election of Directors" and "Rules of Procedure for Board of Directors Meetings" in accordance with the law, and has established relevant corporate governance regulations. These are disclosed on the company website and the Market Observation Post System (MOPS). Furthermore, the Company discloses information regarding directors' continuing education, board meeting attendance, and remuneration on the MOPS. Financial information has been announced ahead of the statutory deadlines.

1.3.3 Integrity and Anti-Corruption

Integrity Management and Anti-Corruption Regulations

In accordance with the Ethical Corporate Management Best Practice Principles, Cheng Shin has formulated Integrity Management Procedures and Code of Conduct, Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Regulations Governing the Handling of Material Non-Public Information, Employee Work Regulations, Related Party Transactions, Establishment of Commercial Contracts, Internal Control Systems, etc. These measures are in place to ensure the implementation of ethical business practices. The Code of Conduct for directors, managers and employees of Cheng Shin is also set out in the work rules to ensure that all members of Cheng Shin uphold honesty and integrity in the execution of their duties. There were no violations of ethical business regulations (including anti-corruption) or internal regulations in the year 2025.

Directors - Rules of Procedure for Board of Directors Meetings

An interest avoidance system has been provided for. When the director has a stake in a matter at the meeting, that director shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of Cheng Shin would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director. Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relationship with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

Employees - Procedures for Preventing Insider Trading

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

Related Parties - Related-Party Transactions

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

Suppliers - Commercial Contracts

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

In addition to complying with the above rules, personnel in procurement and engineering positions must regularly sign an "Integrity Commitment" to prevent any breaches of ethical conduct. Internal "Human Resources Management Procedures" have also been established in Mainland China to regulate against bribery and the acceptance of gifts from vendors and customers. In order to better understand the needs and voices of Cheng Shin´s employees and other internal and external stakeholders, a communication mailbox has been set up in Taiwan, with the human resources and audit units serving as the dedicated departments responsible for addressing concerns raised. In the event of a reported violation involving a director or a senior executive, the independent director will be the unit for follow-up communication and handling. No apparent breach was identified in the aforementioned communication channels in 2025.

Education and Training

Currently, for newly hired employees on their first day of joining, Cheng Shin Taiwan provides integrity and ethics training. Ethical and responsible code of conduct is included in the annual education and training for incumbent employees. The employee service rules also include explanations and promotion of behaviors to adhere to and avoid, and so on related contents. Overseas subsidiaries provide training for both new hires and existing employees to communicate and instill the Company´s ethical management regulations and philosophy. To date, the training completion rate has reached 97.9%, and these programs will continue to be implemented across the entire Group.

Cheng Shin has implemented ethical corporate management, and the parent company has completed its corruption-related risk assessment procedures. In 2026, the Company will conduct comprehensive risk assessments across all subsidiaries and, based on the results, actively formulate and implement corresponding improvement and control measures to strengthen ethical governance.

In 2025, all operating locations of the Group conducted ethical management (including anti-corruption) education and training. The education and training hours are as follows:

Training hours for integrity management (anti-corruption, anti-bribery, and employee code of conduct) over the years

Unit: Hours

Region/Year		2023	2024	2025				
				Training Category	Training Hours	Total Employees	Number of Trainees	Training Coverage (%)
Taiwan		2,471.20	3,685.00	Supervisor	652.73	4,194	4,113	98.00%
				Non-supervisor	3,399.85			
Cheng Shin China		8,220.00	6,891.00	Supervisor	66.50	3,050	3,050	100.00%
				Non-supervisor	5,570.00			
Cheng Shin Chongqing		856.00	717.00	Supervisor	87.00			
				Non-supervisor	555.00			
Xiamen Group		NA	12,776.00	Supervisor	1,318.92	8,915	8,857	99.00%
				Non-supervisor	8,705.08			
Non-China Subsidiaries	Manufacturing Plants	NA	NA	Supervisor	880.00	6,075	5,742	94.52%
				Non-supervisor	7,337.50			
	Non-Manufacturing Operations	NA	NA	Supervisor	17.00	222	222	100.00%
				Non-supervisor	230.00			
Total				Supervisor	3,022.15	22,456	21,984	97.90%
				Non-supervisor	25,797.43			

Business Integrity Operations and Implementation

Commitments	1. All personnel involved in procurement, quotation, inquiry and contact with suppliers, sales personnel, personnel at the managerial level (including director) and above, and personnel stationed in overseas plants shall sign the "Letter of Commitment for the Code of Ethical Conduct for Employees" and submit it to the Human Resources Department. The same procedure applies to new employees and staff who are transferred. 2. Establish an integrity policy or sign an integrity commitment with cooperating vendors, and include a review of it in the legal unit’ s contract examination process. The same procedure applies to new partners. The "Letter of Commitment for Integrity and Confidentiality" signed by the contractors is reviewed along with the contracts by the legal affairs unit. The same procedure applies to new partners.
Promotion	1. Through email, the Company provides quarterly education to directors (including independent directors) and managers on the following topics: Reducing Insider Equity Transfer Violations, Insider Trading Prevention Measures, Integrity Management Procedures and Code of Conduct, and Corporate Governance Guidelines. 2. The Company informs directors, via email, that they may not trade shares during the book-closure period before the date of the announcement (30th/15th day) of the financial report. 3. The relevant ethical management policies and key operational procedures are uploaded to Cheng Shin´s intranet, and internal announcements are issued to reiterate the company´s commitment to ethical management. Department heads are required to provide education and training on these matters to their subordinates.
Evaluation	Cheng Shin has implemented ethical management with a comprehensive risk control mechanism and overall self-assessment procedures now in place. Further comprehensive risk assessments across all operational sites will be conducted in the future. The Company will also actively formulate and implement corresponding improvement and control measures to strengthen ethical governance.
Education and Training	1. Arrange ethical business education and training for new employees. 2. In 2025, 4,052.58 hours of ethical management training (covering anti-corruption, anti-bribery, employee code of conduct, and corporate culture) were completed in the Taiwan Region. Ethical training completion rate has reached 97.9% across the entire Group and will continue to be implemented group-wide.
Violations	No violation as of December 31, 2025.

1.3.4 Information Security Management

Information security management framework

On November 10, 2022, the Board of Directors of Cheng Shin approved the establishment of a dedicated Information Security Team under the Information Services Department with Assistant Vice President Po-Chia Chen as the Chief Information Security Officer (CISO), and Manager Hsiang-Hsien Hsiao as the Information Security Manager. The team is staffed with three dedicated information security personnel responsible for information security operations and maintenance, the promotion of information security policies, information security incident response, information security audits, and information security education and drills. The annual audit plan also includes reviews of information and communication security management operations. Furthermore, the Information Security Team is required to report the status of information security implementation to the Board of Directors at least once a year; the most recent report was completed on November 12, 2025.

The Company has also established a comprehensive information security governance framework. This includes an Information Security Committee composed of the General Manager and cross-departmental senior executives, under which an Information Security Task Force, an Information Security Audit Team , and an Information Security Response Team have been established. The Manager of the Information Department serves as the Management Representative, while the Assistant Vice President of the Information Services Department serves as the Chief Information Security Officer (CISO). The Committee and Task Force work together to establish three lines of defense comprising strategic planning, audit oversight, and incident response, thereby strengthening information security governance and operational resilience

Information and communications security policy

Cheng Shin has drawn up the "Information Security Manual" and defined an information security management vision: Strengthen personnel awareness, prevent data leakage, implement daily maintenance operations, and ensure service availability, list the implementation of various information security measures and strengthen audit management. Cheng Shin has been implementing management programs since 2023 In accordance with the information security governance framework and the five functions of ISO 27001 and the NIST CSF: Identify, Protect, Detect, Respond, and Recover. These mechanisms ensure that Cheng Shin can mitigate operational risks through prevention, detection, and rapid recovery when facing emerging cyber threats such as ransomware, data breaches, and AI-generated attacks.

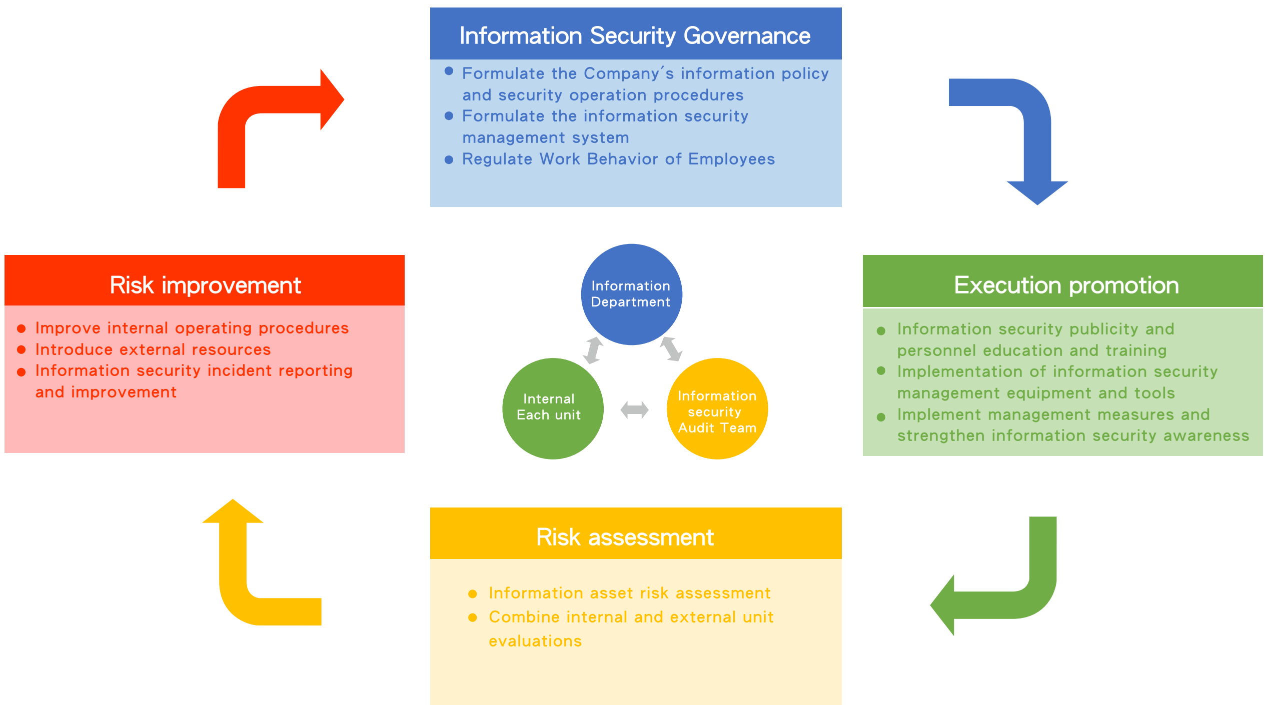
Specific management programs and resources invested toward information and communications management

With the aim to quickly and successfully resume business operations and lower the extent of possible losses and risks when the event of information system damage occurs, countermeasures are in place such as the regular analysis of disasters´ impact on operations performed every year, the designing and upgrading of the proper software and hardware equipment and resources based on their risk levels, and the improvement of the operation procedures. Cheng Shin continues to invest in cybersecurity infrastructure, with a total investment of over NT$37 million between 2023 and 2026 for equipment upgrades, vulnerability scanning and penetration testing, endpoint protection, cloud disaster recovery, and SOC.

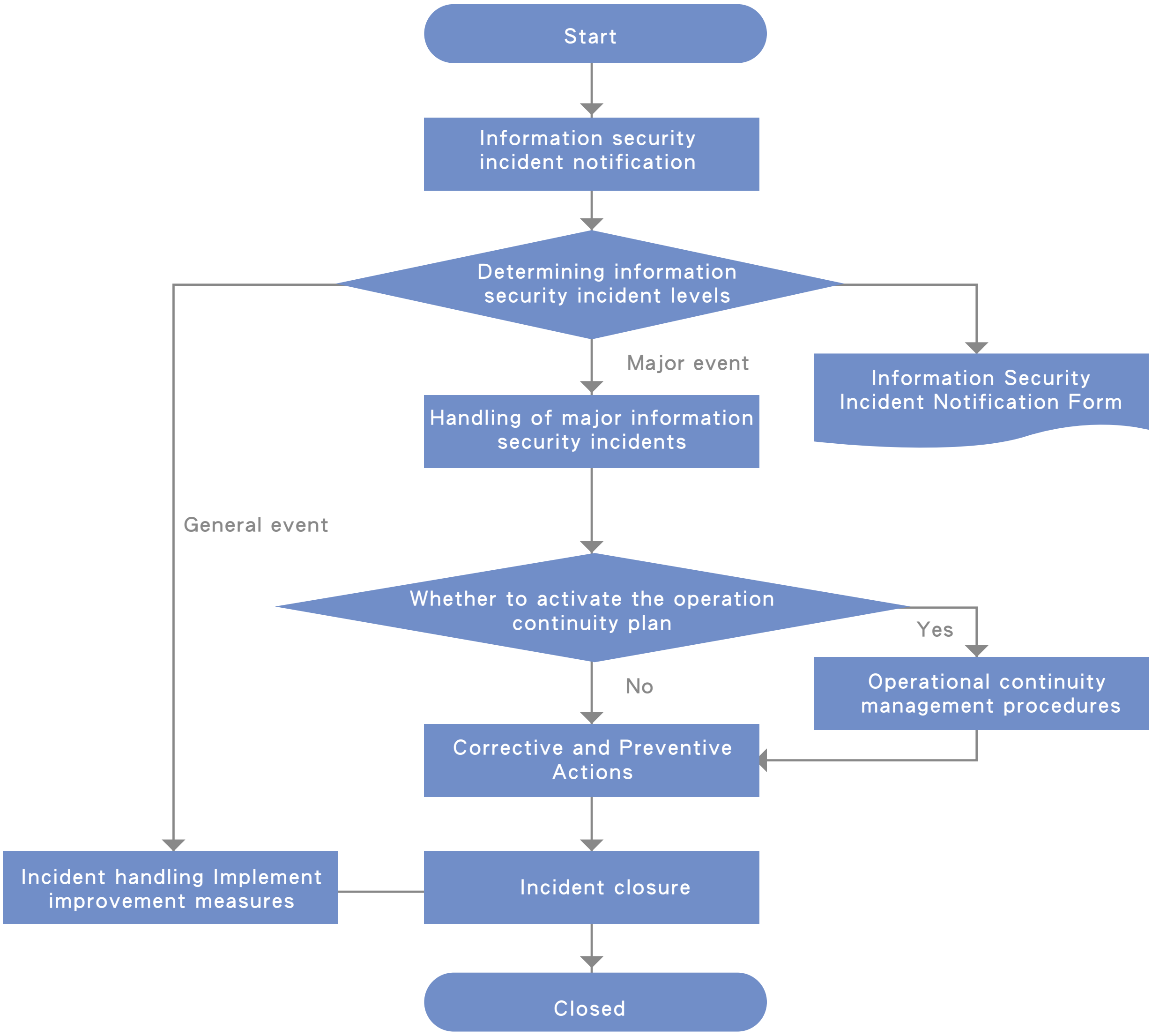
Impact of information system damage on the Company´s business and responsive measures:

The IT system architecture of Cheng Shin is designed with high-availability dual-host, off-site recovery, and data backup mechanisms based on risk levels to ensure service continuity. Backup media are transported to off-site locations for storage. Furthermore, the Company has strengthened simulation testing and emergency response drills within its data centers to ensure the normal operation and security of information systems. These measures mitigate the risk of system interruptions caused by unforeseen natural disasters or human error, ensuring that recovery time objectives (RTO) are met.

Information management process chart



Procedures for Information Security Incident Reporting and Response



Information security certification

In May 2024, the Company passed the Information Security Management System (ISO27001:2022) certification (valid from 2024/05/16 to 2027/05/15), and the International Automotive Cybersecurity TISAX:AL2 certification (valid from 2024/07/15 to 2027/07/14). These certifications cover the corporate information security management system, business continuity management, data protection, and related cybersecurity control measures, ensuring that Cheng Shin can defend against supply chain cybersecurity risks in accordance with international standards.

Information Security and Personal Data Protection Awareness and Training Results

Cheng Shin's 2025 information security initiatives as shown below
Major information security events: 0
Vulnerability scanning: Once per year (outsourced)
Social engineering drills: 2
SAP DR drills: 1
Network drills (Business Continuity): 1
Information Security Management Target Completion Rate: 100%
Information Security Education and Training: More than 2 hours/person
26 threat intelligence briefings and 18 group-wide information security communication meetings
AI-driven detection and blocking of high-risk abnormal network behavior
Daily botnet or malicious login detection (averaging 50/1000 failed login events)
In 2025, all new hires received information security training in paper format before onboarding. A total of 3,963 current employees participated in information security education and training, totaling 3,648.5 training hours.
Cheng Shin is committed to protecting customers' intellectual property and personal data privacy through rigorous information security management practices. The Company has established management and protection mechanisms for documents and information related to product confidentiality and proprietary business information. Through the continuous enhancement of information security controls, regular updates to protection mechanisms, and the implementation of data leakage prevention measures, Cheng Shin continues to strengthen its information security management capabilities, mitigate information security risks, and maintain the trust of customers, suppliers, and other stakeholders.

1.3.5 Intellectual Property Governance

Intellectual Property Strategy

Research and development have been considered the technical foundations of the company since the founding of Cheng Shin. Technology is a type of intangible asset and the Company strongly believes that intellectual property should be protected. To strengthen the Company's R&D ability, the Company has been promoting short-term, medium-term, and long-term strategic planning since 2015. The Company focuses on improving patent quality and invests in technological development to ensure that both the quality and quantity of the Company's patents continue to grow. Under the protection of intellectual property rights, the value of its technology and patents could be created and the ultimate goal would be gaining profit by the commercialization of the patents. In August 2020, the company consolidated the control of "patents", "trademarks" and "trade secrets" under the Intellectual Property Section to realize the systematic management of the group's intellectual property; In addition to patents, the internal IP management strategy of Cheng Shin will be further refined through the inclusion of trademarks and trade secrets. In 2024, Cheng Shin's intellectual property management has evolved beyond independent control programs at each factory to management by the Group's "Intellectual Property Center." Intellectual property includes "patents", "trademarks", and "trade secrets." The PDCA management cycle is implemented according to the Taiwan Intellectual Property Management System (TIPS).

Intellectual Property Management Plan

The Intellectual Property Management Plan for 2025 and its implementation status was reported to the Board of Directors on March 11, 2026.

Intellectual Property Governance Structure

To implement the intellectual property strategy, the Intellectual Property Section under the General Manager's Office serves as the primary responsible unit for intellectual property governance. The Chief Intellectual Property Officer coordinates with the R&D Center, the Information Service Department, and other supporting units to jointly promote and maintain the operations of the intellectual property management system. The Company regularly convenes management review meetings to evaluate its intellectual property (IP) management system. These meetings involve considering internal and external issues as well as stakeholders related to IP, identifying risks and opportunities to be addressed, and establishing IP management policies that align with relevant laws and the Company's compliance obligations. Furthermore, the Company sets IP management goals and reports its implementation plans and operational status to the Board of Directors annually to ensure that the IP management system remains appropriate, comprehensive, and effective.

Intellectual Property Management System

The Intellectual Property Section of the General Manager´s Office at Cheng Shin Rubber´s headquarters serves as the top decision-making and executive body for intellectual property management. It is also tasked with assisting the Group´s subsidiaries in driving their intellectual property initiatives. The division is responsible for coordinating global intellectual property strategies and establishing and implementing management systems. Its scope of work includes patent and trademark application planning, maintenance, and infringement response procedures, as well as the development of trade secret management systems and risk control mechanisms. Through the aforementioned model of dual centralized management and local support, Cheng Shin effectively leverages global resources to enhance intellectual property utilization and corporate competitiveness. The Company obtained the TIPS Grade A certification for "Trade Secrets" and "Patents" in 2023 and completed the TIPS Grade A renewal in 2025. The TIPS Grade A certificate remains valid until December 31, 2027. The Cheng Shin Intellectual Property Management System is outlined below:

1.Trademark Management

To protect the rights and interests of the Cheng Shin brand and its trademarks, the company has established comprehensive trademark management regulations covering various processes such as application, maintenance, and infringement response. Cheng Shin conducts preliminary trademark searches and evaluations for new products or technologies to ensure that the trademarks are distinctive and meet the application requirements. Following the application, a dedicated unit regularly tracks the progress of the trademark examination, handles renewals and oppositions in accordance with local laws and regulations and ensures the ongoing validity of trademark rights.

2.Patent Management

Leveraging its robust R&D capabilities, Cheng Shin continues to create tires with even higher performance. Before any new product is launched, patent protection must be secured to ensure that the company’ s production, sales, import, export, and utilization remain unhindered. This not only safeguards innovative achievements and provides security for Cheng Shin products, but also demonstrates the company’ s profound commitment to intellectual property protection.

If a patent proposal is deemed unsuitable for application following review by the Intellectual Property Review Committee, the Committee may resolve to transfer the proposal to the Trade Secret Management Review Committee for further evaluation and management regarding trade secret protection. This institutionalized process ensures that every technological achievement receives the most appropriate form of intellectual property protection, strengthening corporate competitiveness and technical security.

3.Trade Secret Management

Cheng Shin currently manages 49 trade secrets. To protect these assets, the Company has defined clear trade secret regulations and established a comprehensive trade secret management policy. This framework covers mechanisms such as trade secret flow control, decryption procedures, and data destruction. From top to bottom, all levels of management demonstrate a steadfast commitment to the protection of trade secrets.

In terms of daily management, Cheng Shin regularly conducts awareness training to emphasize the importance and protection principles of confidential information. Furthermore, the Company works closely with the IT department to strengthen cybersecurity defenses and reduce the risk of data leakage. Access control mechanisms also restrict who can view documents and for how long, with watermarks added to documents to identify the borrower. All transmissions of trade secret-related information must be conducted via the email system or internal storage space provided by Cheng Shin. Furthermore, the removal of relevant materials from the designated storage area is strictly prohibited to protect Cheng Shin´s sensitive data and trade secrets.

Intellectual Property Risks and Response Measures

To optimize the quality of intellectual property utilization, enhance its added value, and strengthen corporate competitiveness, Cheng Shin manages and maintains these assets in accordance with established management regulations for trademarks, patents, and trade secrets. Cheng Shin also values integration and collaboration with external resources. The Company partners with professional firms to conduct trademark and patent infringement monitoring, legal analysis, and strategic recommendations. The following response measures have been adopted by Cheng Shin for intellectual property risks:

1.Monitoring of Trademarks and Counterfeit Products

Regular monitoring for counterfeiting activities is implemented to track whether other companies are attempting to register or imitate Cheng Shin´s trademarks. In such cases, proactive actions such as filing for trademark cancellations or sending cease and desist letters will be deployed to ensure the legitimate use of Cheng Shin´s trademarks.

2.Patent Infringement Response Mechanism

In case of patent infringement, Cheng Shin activates its internal management regulations, conducts patent comparison analysis, and confirms the status of patent infringement. If Cheng Shin is found to have infringed upon the rights of other manufacturers, the company will initiate product recalls and compensation procedures. Conversely, if other manufacturers should infringe upon Cheng Shin´s patents, the company will launch claim procedures, which include issuing warning letters to the infringing parties and determining compensation amounts. These actions are taken to safeguard the rights and interests of Cheng Shin´s products and ensure the protection of its patent rights.

3.Remedial Measures for Trade Secret Infringement

When trade secrets are infringed, leaked, or suspected of being leaked, Cheng Shin has established emergency response procedures for reporting and disputes to enable relevant personnel to take immediate action. The Company has also implemented disciplinary mechanisms for trade secret violations, demonstrating Cheng Shin´s proactive commitment to and emphasis on protecting trade secrets.

4.Third-Party Intellectual Property Risk Management Mechanism

In addition to proactively protecting its own intellectual property rights, Cheng Shin attaches great importance to intellectual property risk control when collaborating with external vendors for raw material procurement, technology introduction, or licensing. To prevent the procurement of products that may infringe on the intellectual property of others, Cheng Shin has explicitly stipulated non-infringement warranty clauses in relevant contracts and purchase orders. This dual protection safeguards its interests while strengthening the consensus on intellectual property protection with our partners, thereby mitigating legal risks and ensuring the stability of supply chain operations.

Intellectual Property Holdings

As a world-class leader in the rubber and tire industry, Cheng Shin Tire demonstrates a highly forward-looking and strategic approach to its global patent and trademark portfolio. The intellectual property protection network spans global markets, ensuring that the company´s technologies and brands are comprehensively protected worldwide.

1.Patents

In terms of technology research and development, Cheng Shin is continuing to invest significant resources. The domestic patent portfolio focuses on enhancing overall tire performance, with 1,121 valid patents accumulated so far. Across all technologies, Cheng Shin Rubber places particular emphasis on key performance dimensions such as "safety," "eco-friendliness," "handling," and "noise reduction technology. Examples of this include methods to improve noise and wet grip performance, designs to reduce tire noise, and enhancements to tire driving safety.

Distribution of Patent Rights

Group Distributio / Patent Category	Parent company	Subsidiary
Invention Patent	62	184
Utility Patent	3	149
Design Patent	390	333
Total	1,121(patents)	

2.Trademarks

In terms of brand protection, Cheng Shin actively employs trademark registrations to comprehensively protect the identity and rights of its MAXXIS brand across various tire product categories. These include heavy-duty motorcycle tires, bicycle tires, road bike tires, mountain bike tires, passenger car tires, and ATV tires, among others. To date, 2,052 trademark rights have been registered, demonstrating a high level of importance placed on intellectual property protection and comprehensive planning prior to the launch of new products.

Trademark Holdings		單位:件
Trademark Ownership Entities / Registration Region	Parent company	Subsidiary
Domestic	154	12
Overseas	651	1,235
Total	2,052	

Incentive Policies

To encourage innovation and enhance the quality of intellectual property output, Cheng Shin has established a comprehensive incentive mechanism to encourage employees to actively submit high-potential technical proposals. Once a proposal is assessed to have patentable value, a patent application plan is initiated, and the relevant departments issue bonuses in accordance with regulations to incentivize innovation. If a patent proposal is deemed unsuitable for application following review by the Intellectual Property Review Committee, the Committee may resolve to transfer the proposal to the Trade Secret Management Review Committee for further evaluation and management regarding trade secret protection. If the proposal is ultimately confirmed to possess trade secret value, the proposer will be eligible for a trade secret proposal incentive.

From 2020 to 2024, the incentive program targeted approved invention patents, with NT$ 10,000 distributed per case. Starting in 2025, the incentive for invention patents was adjusted to NT$ 13,000 per approved case, and a new incentive of NT$ 5,000 per case was added for approved design patents. The program has distributed a total of approximately NT$434,000 between 2020 and 2025.

Note 1*: (I) refers to approved invention patent cases

Note 2*: (D) refers to granted design patents; the issuance of design patent rewards will be implemented starting from 2025.

Talent Cultivation: Intellectual Property Education and Training in 2025

Cheng Shin regularly organizes training programs to strengthen the operational effectiveness of Cheng Shin´s intellectual property management system and enhance employee awareness. These include courses on the intellectual property management system, basic IP concepts, information security training for trade secret protection, and sharing sessions on the latest regulations and case studies, all designed to help employees establish proper concepts regarding intellectual property protection. Implementation of education and training is tabled below:

For new hires and general employees

The Company provided intellectual property awareness courses covering basic IP concepts and Cheng Shin´s intellectual property management regulations. A total of 681 participants completed the training.

For personnel with intellectual property-related duties and responsibilities

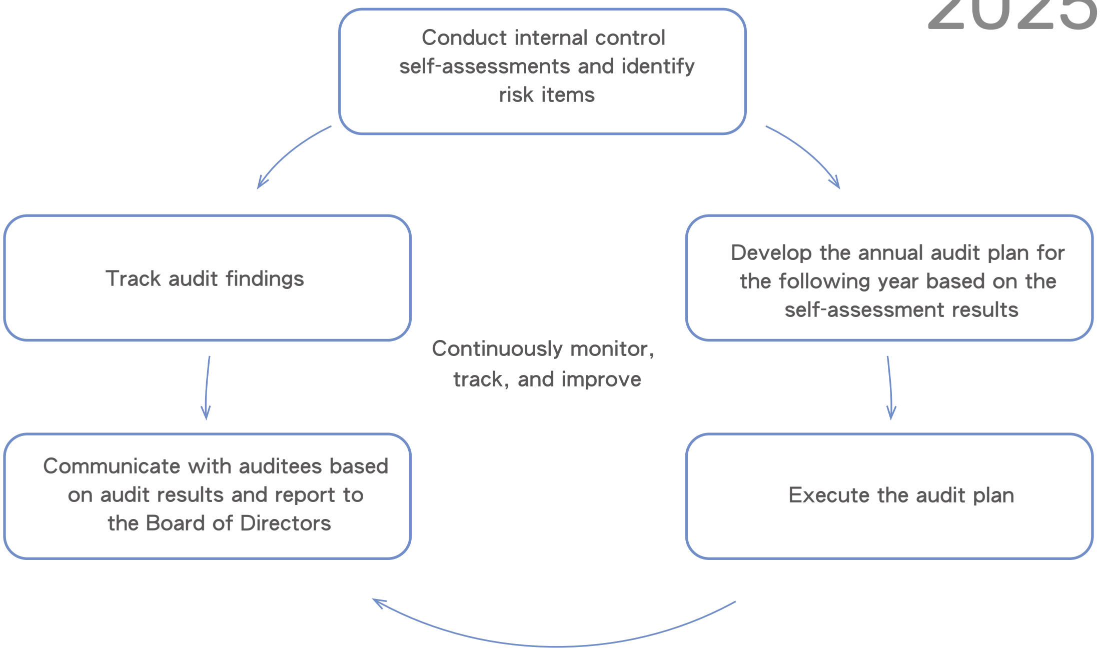
External training: The Company Provided the Self-Assessor Course under the Industrial Development Administration (IDA) TIPS Program, covering corporate governance and intellectual property management system operations for a total of 24 hours. Two employees were dispatched for training and obtained self-assessor qualifications. The Company added two new self-assessors during the year. Refresher training was also organized for two existing self-assessors to ensure the continuous improvement of the system.

1.4 Risk Management

Cheng Shin adopted the "Risk Management Policy and Procedures" as its primary guiding principle for implementation in corporate governance and operational management. Guided by the core philosophy of "Honesty, Integrity, and Safety First," Cheng Shin minimizes business uncertainties through a robust organizational structure and standardized processes to achieve its goal of sustainable management. The Company applies this philosophy to implement corporate governance and operational management, establishing sound risk management mechanisms. The Company actively addresses and controls risks inherent in its operations to foster its long-term sustainable development.

Functions and Operational Mechanisms of Responsible Units

Unit	Responsibility	Frequency	Mechanism
Board of Directors	heng Shin's Board of Directors is the highest unit for risk management of the Company and is responsible for approving, reviewing and monitoring the Company's risk management policies in accordance with the "Guidelines for Handling the Internal Control System" to comply with laws and regulations, ensure the effectiveness of risk management, and promote and implement overall risk management as an objective.	Convene at least once every quarter	1. The internal audit unit establishes an annual audit plan based on risk assessment results. 2. Supervise and manage the operation and management of subsidiaries in accordance with the "Regulations Governing the Supervision of Subsidiaries". 3. When significant and abnormal risk events occur. 4. The operation of the Sustainability Development Group. 5. The state of operation of cyber security management. 6. The above-mentioned reports are submitted to the Board of Directors for discussion and review of implementation status.
Audit Office	An independent department under the Board of Directors. In accordance with the rules and regulations and Cheng Shin's internal control system, the Audit Office schedules an annual audit plan to verify the implementation of the relevant units and, based on the results, communicates with the units under investigation to prepare an audit report for submission to the independent directors for review and sign-off.	Monthly Audit Report	1. Monthly audit results are presented to the independent directors for review and sign-off. 2. The independent directors are aware of the improvement of the quarterly audit results. 3. Report to the Board of Directors on a quarterly basis on the status of audit execution.
General Manager's Office	Execute risk management decisions and coordinate cross-departmental risk management interaction and communication.	Monthly meetings	Integrate functional groups and make decisions and track progress.
Functional Departments	Integrate functional groups and make decisions and track progress.	Monthly functional meetings	Each functional department conducts cross-departmental reviews and executes regular reviews of the plan.



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ESG	Risk Category	Potential Risks	Management Strategies and Practices	2025 Response Measures	Responsible Unit
Corporate Governance and Operational Management	Financial Risk	Exchange Rate Risk	◆ As a multinational operating company, the financial reports of its overseas subsidiaries are denominated in the currency of the countries where they are located. Therefore, the Company is exposed to exchange rate risks arising from different currencies. The Group keeps close attention to the factors affecting the exchange rates and their changes of the countries in which it invests. However, changes in the political and economic situation of the host country may also affect the exchange rate fluctuations of the subsidiary's reported currency against the New Taiwan dollar. ◆ Cheng Shin manages net foreign exchange inflows and outflows from daily operations primarily through natural hedging by offsetting income and expenses. The Company continuously monitors foreign exchange market trends and maintains records, making appropriate currency adjustments based on liquidity conditions to minimize exchange losses or reduce risks to an acceptable level.	Cheng Shin mitigates operational risks through localized production across its diverse global bases and actively utilizes financial instruments, such as foreign exchange and foreign currency hedging, to reduce the impact of global tariff and exchange rate fluctuations in 2025.	Finance Department
		Interest Rate Risk	◆ Cheng Shin's external borrowings are denominated in USD and NTD. As the U.S. Federal Reserve cut interest rates by 3 quarter-points (0.75%) in 2025, the benchmark interest rate reached 3.50% - 3.75%. Given the continued strong performance of US economic data, the probability of further rate cuts in 2026 is expected to increase. Meanwhile, NTD interest rates remain relatively low and stable. Overall, interest rate risk remains within a controllable range. ◆ The Company closely monitors the policies of central banks and the latest market conditions, and the allocation of funds within the group is adjusted to reduce exposure to external liabilities.	Cheng Shin has locked in its cost of capital by borrowing at fixed interest rates and optimizing its debt ratio, thereby reducing financial interest risks arising from interest rate fluctuations in 2025.	Finance Department
		Inflation	◆ The annual growth rate of the Consumer Price Index (CPI) in 2025 was 1.66%, a five-year low, reflecting stable price performance in Taiwan. In light of the uncertainty in the global economic forecast, the Company is not in a position to predict inflation or contraction. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.	Cheng Shin has diversified its global production bases to mitigate the impact of inflation.	Finance Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	2025 Response Measures	Responsible Unit
Corporate Governance and Operational Management	Continuous Operational Risk	Raw Material Price and Raw Material Supply Risk	◆ Raw material price alert: Cheng Shin has established a dedicated team to monitor international commodity exchange prices and other relevant sources to provide real-time surveillance of major raw material markets. The information gathered is input into the system, and any abnormal signals are immediately reported to senior executives, allowing for close observation and understanding of market trends. Additionally, the Cheng Shin continues to mitigate procurement risks by engaging in global sourcing, exploring alternative materials (including recycled and recyclable options), and developing potential suppliers. ◆ During the new material development stage, investigations will be conducted to determine if suppliers a. use prohibited substances and conflict minerals, or b. source materials from areas with illegal deforestation or protected zones. Suppliers will be required to submit supporting documentation such as REACH, RoHS, PAHs, CMRT & EMRT, supply chain management assessment questionnaires, due diligence reports, or statements, followed by risk assessment and management to mitigate procurement risks.	Cheng Shin aims to maintain at least two suppliers for key raw materials through a strategy of globally diversified procurement. A zero-disruption supply chain for key raw materials was successfully accomplished in 2025.	General Manager´s Office
		Product Research and Development Management	◆ Stay updated on regulatory changes and amendments, and conduct regular compliance audits and self-assessments. ◆ Regularly collect market information and perform benchmark analysis, in order to understand market development trend, and to plan product generations, and update safety, environmental, and other related laws and regulations. ◆ Continue to investigate the market demand, establish R&D technology to facilitate the development of new products; also, comply with laws and regulations, and various customer quality and performance requirements.	Continue to set the development of high-performance, lightweight, low rolling resistance, durable, safe, and smart tires as the goal. A total of 10 projects were completed in 2025: 4 low-energy-consumption projects for electric vehicles 2 sustainable products using recycled fishing-net yarn 4 material and formulation development projects	R&D Center
		Transportation Risk	◆ For both road and maritime transportation needs, Cheng Shin collaborates with multiple large-scale logistics providers and establishes long-term relationships to avoid potential export operation disruptions caused by surges in current market demand. This strategy helps the Company fill temporary gaps and maintain smooth operations. ◆ Transportation price stabilization mechanisms: Inland transportation and manufacturers set up an oil price rolling mechanism and adopt reasonable and long-term transportation prices; for ocean freight transportation the Company has signed transportation contracts to stabilize transportation costs in the event of a large increase in current market prices.	Zero disruptions of sea-ground logistics and zero major customer complaints were achieved in 2025.	Production Planning Department
		Prevention of Infectious Diseases	◆ The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare. ◆ Regularly distribute health education information or coordinate with resident doctors to organize health seminars to enhance employees´ knowledge of self-protection.	Seminars and information releases were completed as scheduled in 2025	Safety and Health Department
		Energy Supply	◆ Implement energy equipment management, regular inspections of Level 1, 2, and 3 equipment and predictive inspections using thermal imaging devices, as well as the formulation of energy management methods to enhance energy use efficiency and set annual energy-saving targets for the plant. Reduce energy supply risks through continuous improvements.	Cheng Shin has set the implementation of energy management as its goal. In 2025, the Company successfully supplied millions of kilowatt-hours of electricity through its green power system, reducing energy supply and operational risks.	Engineering Center

ESG	Risk Category	Potential Risks	Management Strategies and Practices	2025 Response Measures	Responsible Unit
Corporate Governance and Operational Management	Intellectual Property Management	Intellectual Property Rights Risk	◆ Cheng Shin products are sold in more than 180 countries around the world, and the following measures are taken to prevent infringement: A. Preventing Infringement by External Manufacturers: In addition to the intellectual property department's ongoing monitoring of patent statuses at other firms, the business unit also monitors whether third-party products are similar to those of Cheng Shin. If similar or potentially infringing products are identified, they are immediately reported to the intellectual property unit to verify whether an infringement has occurred. B. Preventing infringement by Cheng Shin on other companies: Prior to launching a new product, Cheng Shin's patent engineers conduct a global patent search related to the product, in order to ensure that Cheng Shin' s product has been implemented with the design around to prevent infringing the patent rights of others, following which inventors are requested to submit patent applications according to the patent application requirements specified in the "Patent Procedure Management Regulations", thereby ensuring that all Cheng Shin' s new market products are equipped with patent protection and without infringing the patent rights of others as the highest principle ※ In the case of patent infringement, Cheng Shin activates its internal management regulations, conducts patent comparison analysis, and confirms the status of patent infringement. Once confirmed, legal measures are pursued to ensure the protection of Cheng Shin's patent rights. ※ Cheng Shin consolidates its trademark rights based on different product categories and proceeds with trademark registrations in required regions. Before applying for trademark registrations, a global name search and risk assessment will be conducted to ensure no conflicts, thus safeguarding the global sales of Cheng Shin products. Regular monitoring for counterfeiting activities is implemented to track whether other companies are attempting to register or imitate Cheng Shin Group's trademarks. In such cases, proactive actions, such as filing for trademark cancellations or sending cease and desist letters, will be implemented against those infringing the trademark rights of the Company, thereby ensuring the legitimate use of Cheng Shin's trademarks. ※ Information is classified into four categories: open, internal use only, confidential, and top-secret. All definitions are implemented in accordance with internal regulations. If certain information is classified as trade secret, it is controlled in accordance with the highest principle. Information security issues are controlled in cooperation with the information department, in order to reduce the risk of disclosure of controlled data.	The Company's domestic patent portfolio focuses on enhancing overall tire performance. It now has more than 150 valid patents and 2,052 registered trademarks.	Intellectual Property Management
	Digital Information Security Risk	Confidential Information Protection	◆ Cheng Shin has obtained the information security management system (ISO27001:2022) certification and obtained the international automotive cybersecurity TISAX:AL2 certification. The Company has established the information security policy and vision: "strengthen personnel awareness, prevent data disclosure, implement routine operation maintenance, ensure service availability". All various information security measures have been listed for implementation along with enhanced audit management. The Company strengthens information security management, ensures the availability, integrity and confidentiality of the information system, and complies with the requirements of relevant laws and regulations, in order to protect the information system from internal and external deliberate or accidental threats.	There were no violations of related regulations or malicious/accidental internal/external threats in 2025.	Information Services Department
Workplace Safety and Health	Safety Risk Management	Major Disaster Incidents	◆ Establishment of the "Disaster Incident Management Regulations": specifying emergency response operating procedures, emergency contact systems, and disaster countermeasures. ◆ In response to major industrial safety incidents such as fire and explosion, the Company has initiated the self-inspection, review, and prevention on the cause of the incident, and communicates with other plants within the Group. ◆ Formulate the Comprehensive Emergency Plans: For factories in China, the Company has stipulated the Comprehensive Emergency Plans for accidents such as fire explosions, poisoning, mechanical injuries, vehicle-related injuries, dust explosions, electric shocks, and suffocation, which specify the emergency response leadership team organization, the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the General Safety and Health Requirements for Manufacturing Procedures, and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units.	No major disasters or accidents in 2025	Safety and Health Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	2025 Response Measures	Responsible Unit
Workplace Safety and Health	Environmental Risk	Prevention of Infectious Diseases	◆ The prevention and control of infectious diseases are handled in accordance with the notices issued by the Taiwan Centers for Disease Control of the Ministry of Health and Welfare. ◆ Regularly distribute health education information or coordinate with resident doctors to organize health seminars to enhance employees' knowledge of self-protection.	Seminars and information releases were completed as scheduled in 2025	Safety and Health Department
		Environmental Control Capability	◆ Implement the environmental management system (ISO 14001), and through annual external and internal audits, formulate environmental policies, set targets, implement, audit and review them to achieve continuous improvement of environmental performance.	All audits were completed as scheduled in 2025	Safety and Health Department
		Greenhouse Gas Emissions	◆ The "Energy Saving and Carbon Reduction Committee" establishes the greenhouse gas emission reduction strategy and goal, and also responds to the energy-saving goal of reducing energy consumption by 1.5% annually specified by the Bureau of Energy. The Company 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. ◆ The ISO 50001 energy management system introduced by the Company has already improved energy management performance. ◆ In accordance with the "Climate Change Response Act and the Regulations for Management of Inventory, Registration and Verification of Greenhouse Gases", inventory and registration are conducted on an annual basis for plants with annual direct and indirect emissions greater than 25,000 metric tons of carbon dioxide equivalent. ◆ In accordance with the "Sustainable Development Roadmap for TWSE- and TPEx-Listed Companies" issued by the Financial Supervisory Commission, Cheng Shin has sequentially conducted greenhouse gas inventories at each of its manufacturing plants.	All energy saving measures and carbon inventories were completed as scheduled in 2025	Safety and Health Department
		Environmental Management	◆ Implement the environmental management system (ISO 14001), and through annual external and internal audits, formulate environmental policies, set targets, implement, audit and review them to achieve continuous improvement of environmental performance. ◆ The Company has obtained the ISO 14001 environmental management system certification. The validity of the certificate is maintained continuously through daily management practices to ensure that air pollution control, water pollution control, and waste management meet legal requirements. ◆ In line with the Environmental Protection Bureau's implementation of the integration of multiple environmental permits into one, Cheng Shin actively accepts guidance to integrate the various certificates to comply with subsequent regulations. ◆ Each unit carries out the General Manager's policy to create a sustainable environment and reduce waste. The Company reduces compressed air energy consumption and wastewater discharge.	All certifications were completed as scheduled in 2025.	Safety and Health Department
		Climate Risk	◆ The sustainability team and the staff of various departments evaluate and identify physical climate risks, such as heavy rainfall and prolonged droughts, based on materiality criteria, and implement countermeasures in response to such risks.	All risk identification and assessments were completed as scheduled in 2025.	Safety and Health Department

ESG	Risk Category	Potential Risks	Management Strategies and Practices	2025 Response Measures	Responsible Unit
Society	Human Resource Risk	Human Capital	◆ To accelerate the development of managerial talent, the Company implements systematic training programs to nurture potential middle- and senior-level executives. The Company accelerates the development of mid- and senior-level executives through the implementation of its Talent Pool Program. ◆ By offering specialized learning and growth opportunities, the Company motivates employees and enhances the capabilities of its talent pool. This approach not only meets the learning needs of its employees but also ensures that they acquire crucial skills, thereby implementing its talent development plan effectively.	Boost employee expertise, enhance management capabilities, uphold the Company´s corporate culture and strengthen employee competitiveness;In 2025, supervisors in the Taiwan region underwent on average 16.56 hours of training, while non-supervisors underwent 21.06hours of training.	Human Resource Department
		Human Capital Management	◆ Diversified talent recruitment channels. ◆ Strengthen employee care and promote employee retention. ◆ Encourage employees to seek new skills and obtain qualifications to perform a variety of jobs to enhance overall competence and increase management flexibility.	To enhance talent attraction and retention, as well as strengthen diverse functional development and management flexibility; In 2025, the Company continued to expand recruitment channels and enhance employee care to bolster overall workforce capabilities and human resource flexibility.	Human Resource Department
	Occupational Safety Risk	Safety and Health Standard Operating Procedure Management	◆ In order to ensure the safety and health of the working environment, reduce the cost of accidents and reduce the loss of man-hours, the Company implemented the ISO 45001 occupational safety and health management system. In accordance with management system requirements, the Company regularly conducted hazard identification, risk assessment, and opportunity identification during the year. For high-risk operations, the Company implemented control measures such as engineering improvements, administrative controls, and education and training to eliminate hazards or mitigate risk impacts. At the same time, the achievement of safety and health objectives is tracked through internal audits, regulatory compliance assessments, and performance monitoring mechanisms. Overall implementation has been sound, with all risk control measures promoted according to plan. These efforts have effectively enhanced workplace safety and health performance as the Company continues to move toward the goal of zero major occupational accidents.	All operational management activities were completed as scheduled in 2025.	Safety and Health Department
	Legal Compliance	Regulatory Rationalization	◆ To ensure that business operations align with regulatory requirements, the Company continuously tracks amendments to environmental, safety, health, and other relevant laws and regulations announced by the government. Each month, the latest regulatory information is compiled and provided to the respective responsible units for compliance assessments. The responsible units review current management measures and operating procedures in response to new or amended laws and regulations. The relevant internal plant specifications are revised as necessary to ensure that all operations remain in compliance with legal requirements. ◆ Regarding key environmental issues such as greenhouse gas management, the Company actively participates in task forces and advocacy seminars established by the government and relevant agencies. The Company continuously monitors draft regulations and policy developments to stay informed of the latest information and plan response measures in advance. Overall implementation was sound, with no material instances of regulatory non-compliance identified.	All relevant internal regulations were revised in accordance with the law in 2025.	General Manager´s Office/Safety and Health Department

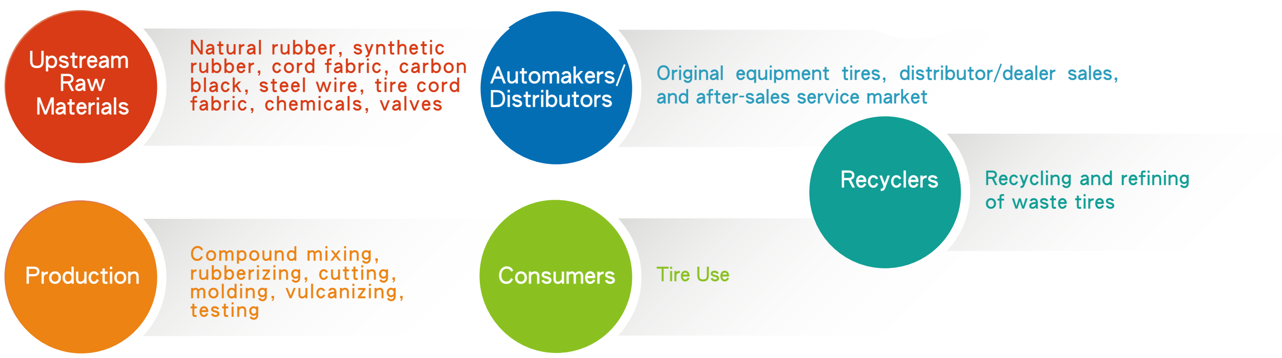
1.5 Supply Partners, Growing with Cheng Shin

Cheng Shin has always approached its relationship with suppliers from a partnership perspective. The Company upholds the concept of teamwork and strives for close and long-term collaborative relationships with its suppliers, aiming to achieve mutual benefit. Its commitment to sustainable business practices reflects its aspiration to create a win-win situation. In response to international sustainability trends, customer requirements, and the development of supply chain-related regulations (such as the EU Deforestation Regulation (EUDR), Human Rights Due Diligence (HRDD), GPSNR, forced labor, anti-corruption, C-TPAT, AEO, etc.), Cheng Shin has integrated the identification, assessment, and management of ESG risks into its existing procurement systems and supplier management processes. This serves as a "risk management and decision-making support tool" alongside the three core procurement decision-making pillars of quality, delivery, and cost.
The governance logic of supplier management follows the qualified supplier selection, evaluation, audit, and management mechanisms established in accordance with Cheng Shin´s existing procurement regulations. This chapter is divided into three sections:

- 1.5.1 Supply Chain Partners: A description of Cheng Shin´s supply chain composition, procurement performance, and resource circulation practices.
- 1.5.2 Sustainable Supply Chain Management Policies: A description of Cheng Shin´s procurement policy, supplier evaluation strategy, and continuous improvement directions for supplier selection.
- 1.5.3 Supplier On-site Audits and Audit Results: A description of Cheng Shin’ s supplier audit mechanism and annual audit results. Identified potential negative environmental and social impacts are also summarized along with the corresponding proactive measures taken.

1.5.1 Supply Chain Partners

Supply Chain Composition



In the value chain, Cheng Shin delivers product value primarily through safe and reliable tires. For upstream materials, compound raw materials, equipment, and molds represent the Company´s three major supplier categories, with compound raw materials accounting for the largest share of procurement. Major materials include natural rubber, synthetic rubber, carcass ply, carbon black, steel wire, and tire cord fabric, representing approximately 80% of the total procurement amount.

In accordance with Cheng Shin's existing procurement regulations, qualified suppliers are categorized as follows based on their importance to tire quality and safety performance, as well as their impact on the environment and personnel safety:

Classification	Scope
Key Raw Material Suppliers	Vendors supplying carcass ply, Nylon, steel belts, and bead wires.
Important Raw Material Suppliers	Vendors supplying natural rubber, synthetic rubber, and carbon black (including silica), Kevlar, and Carbon Fiber..
General Raw Material Suppliers	Suppliers of other raw materials used in the formulation, excluding key and critical raw materials
Indirect Raw Material Suppliers	Raw material vendors other than those listed above.
Key Component Suppliers	Vendors supplying valves and valve cores.

Note: The scope of "important suppliers" mentioned in Section 1.5.2, "Supplier Selection and Improvement Plan," corresponds to the "important raw material suppliers" defined in this table. Both refer to suppliers of natural rubber, synthetic rubber, and carbon black (including silica), thereby ensuring terminology consistency.

Procurement Performance

The quantity of raw materials procured by Cheng Shin in 2025 and the percentage of local procurement from 2023 to 2025 are as follows:

Parent Company:

Material Name	2025	Procurement Share (%)		
	Quantity (metric tons)	2023	2024	2025
Natural Rubber (Note 2)	17,111	0.00%	0.00%	0.00%
Synthetic Rubber	10,463	82.00%	63.00%	59.00%
Carcass Ply	5,729	81.00%	60.00%	63.00%
Carbon Black	20,286	99.00%	99.00%	99.00%
Steel Wire and Tire Cord Fabric (Note 3)	8,864	0.00%	0.00%	0.00%

Subsidiaries:

Material Name	2025	% of Local Procurement (Note 1)	
	Quantity (metric tons)	2024	2025
Natural Rubber (Note 2)	182,028.83	85.64%	87.88%
Synthetic Rubber	158,010.61	56.30%	56.61%
Carcass Ply	66,199.68	87.09%	67.51%
Carbon Black	166,162.78	84.21%	78.73%
Steel Wire and Tire Cord Fabric (Note 3)	72,709.34	81.18%	77.74%

Note 1: Local is defined as the area where Cheng Shin's production base is located.
Note 2: Natural rubber is mainly produced in Thailand, Vietnam, China, and other countries, and Taiwan relies entirely on imports as it is located in a non-rubber-producing area.
Note 3: Taiwan does not have domestic manufacturers of tire steel wire and tire cord fabric, and must rely on imports.

Resource Circulation

The products manufactured by Cheng Shin are tires, and mainly consume raw materials such as natural rubber, synthetic rubber, carbon black, steel wire, etc. To reduce the depletion of natural resources and save procurement costs, Cheng Shin adopts the following methods to reduce raw material consumption as much as possible.

- Adjust process parameters to reduce raw material consumption.
- Seek substitution of auxiliary materials, or reduce usage to eliminate the need for auxiliary materials.
- Review the reasonableness of material usage regularly.
- Look for high-strength and lightweight reinforcing materials as alternative materials.

In 2025, the total amount of raw materials used in Taiwan and subsidiaries was 88,675 and 740,582 metric tons respectively. The production of tires (including inner tubes) amounted to 86,393 and 707,354 metric tons respectively. The material usage intensity was 0.974 and 0.955 for Taiwan and subsidiaries. Cheng Shin continues to enhance material management, reduce waste generation, and minimize losses from scrapped products. As a result, the Company is able to maintain high material usage intensity. In the future, Cheng Shin will continue to utilize raw materials efficiently and maintain the intensity of raw material usage.

Usage intensity of raw materials

Manufacturing Plants	2023	2024	2025
Taiwan Region	0.984	0.979	0.974
Subsidiaries	NA	0.965	0.955

2025				
Manufacturing Plants	Renewable Raw Material Consumption (metric tons)	Total Consumption of Materials (metric tons)	Renewable Raw Material Ratio	Total Product Weight (metric tons)
Taiwan Region	19,478	88,675	21.97%	86,393
Subsidiaries	150,387	740,582	20.31%	707,354

Note: Raw Material Usage Intensity = Total Product Weight (metric tons) / Total Consumption of Materials (metric tons)

1.5.2 Sustainable Supply Chain Management Policy

Procurement Policy

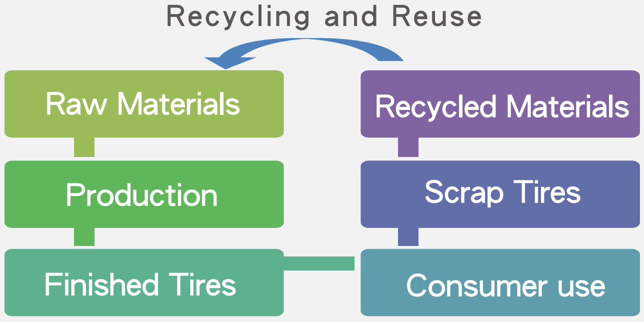
In recent years, Cheng Shin has integrated ESG into procurement management in response to growing international trends in environmental protection, human rights regulations, and supply chain resilience. Procurement policy is focused on the environmental and social (including human rights) risks associated with upstream raw materials (Scope 3 Category 1), with differentiated management applied based on raw material maturity and market conditions. The three procurement policies are as follows:

1

Cheng Shin has joined the Global Platform for Sustainable Natural Rubber (GPSNR) and remains committed to adhering to and promoting the policies established by GPSNR to its natural rubber suppliers. These policies include a focus on "Livelihoods and Wellbeing of Communities, Good Ecosystems (including a commitment to no deforestation and the protection of biodiversity), and Respect for All Human Rights." The Company has also established a due diligence system to actively respond to the EU Deforestation Regulation (EUDR) and Human Rights Due Diligence (HRDD) requirements.

2

Environmental and social (including human rights) factors have been integrated into the supplier risk management framework. Through a dual-track evaluation mechanism consisting of data reviews and process audits, the Company has established a minimum threshold of Grade B or above. This approach ensures the verifiability of suppliers´ ESG practices while mitigating supply chain risks. Some raw materials have been incorporated into a sustainable supply chain circular economy model, and the Company is actively promoting the development and adoption of sustainable raw materials (renewable and recyclable), as illustrated in the figure to the right. From 2024 onwards, information on carbon emissions from upstream raw materials has been included in annual tracking and management activities.



3

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

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

Supplier Evaluation Strategy

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

Focus Areas	Corresponding laws / regulations / systems / indicators	Requirements	Management Results
Environment	REACH: EU Substances of Very High Concern (SVHC)	Provide a third-party verification report or declaration	100%
	RoHS: Restriction of Hazardous Substances Directive	Provide a third-party verification report or declaration	100%
	PAHs for Eco-Friendly Tires (Polycyclic Aromatic Hydrocarbon Content) (Note 2)	Provide a third-party verification report or declaration	100%
	Chemical Substance Identification and Safety Data Sheet (SDS)	Completion of substance identification and regulatory registration certificates	100%
	EUDR(EU Deforestation Regulation)	Complete due diligence and risk assessments	100%
Quality	ISO 9001	Provide valid certificates	100%
	Product Control Plan	Provide control plan	100%
	Quality Verification	Quality Assurance Report	100%
Human Rights	The Company prioritizes supplier employment and training, health, safety and environmental standards, anti-corruption, information security and privacy protection, in accordance with the Responsible Business Alliance (RBA) Code of Conduct. The Company adheres to various international conventions and local labor regulations under the RBA framework and local labor laws.	Pass the review and verification process (Note 3)	100%
Social Responsibility	Prohibit the use of conflict minerals	Sign a commitment statement and provide Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) documentation if required.	100%
	Follow and promote the GPSNR policy	Require natural rubber suppliers to follow relevant policies and guidelines.	100%

Note 1: In recent years, Cheng Shin has continued to optimize its supplier evaluation framework, expanding the original ESG-based scoring mechanism into a comprehensive evaluation model that covers multiple dimensions, including quality, delivery, cost, and sustainability.
Under this adjustment, the ESG score weighting has been revised from the original 75 - 80% to approximately 40 - 55%, reflecting an expansion in evaluation dimensions rather than a reduction in the importance of ESG.
ESG remains a core indicator for supplier onboarding and risk management, with continuous implementation ensured through minimum rating standards and audit mechanisms.
Note 2: PAHs reports apply mainly to oil- and resin-based raw materials.
Note 3: Regarding environmental and social issues (including human rights), a total of 86 qualified suppliers in Taiwan were assessed in 2025. Following the assessment, 40 suppliers were selected for on-site audits under the annual audit plan, and no major deficiencies were identified that would place them in a high-risk management category.

Supplier ESG Evaluation Mechanism

During the introduction of new suppliers and the selection of raw materials, Cheng Shin has systematically incorporated environmental, social (including human rights), and corporate governance (ESG) dimensions into its supplier management processes to ensure that supply chain risks are effectively identified and managed.

In terms of its evaluation mechanism, Cheng Shin adopts a dual-track framework of "Document Review and Process Audit." This approach involves reviewing suppliers' regulatory compliance statements, sustainability codes of conduct, and relevant certification documents, supplemented by on-site audits to verify actual performance across environmental management, social responsibility, and operational control. By doing so, the Company reduces the discrepancy between supplier self-declarations and actual operations, ensuring that their ESG commitments are both traceable and verifiable.

In addition to basic quality and delivery capabilities, Cheng Shin also conducts comprehensive evaluations of suppliers' management systems and capabilities across environmental, social, and corporate governance (ESG) dimensions. These evaluations include environmental management systems, greenhouse gas inventories, occupational safety, human rights management, and regulatory compliance, providing a thorough understanding of suppliers' sustainability management maturity and risk levels.

In terms of scoring and management, ESG-related indicators have been incorporated into the supplier evaluation system, accounting for approximately 40 - 55% of the overall score. A minimum threshold of Grade B or above has been established as a critical criterion for supplier evaluation, admission, and ongoing cooperation. This mechanism is primarily utilized for identifying supply chain risks and prioritizing management efforts, serving as the foundation for subsequent initiatives to enhance supplier sustainability.

Supplier Evaluation Improvement Plan

To further enhance the maturity of sustainable supply chain governance, the Company is planning to gradually introduce international standards and external assessment mechanisms. These initiatives aim to strengthen suppliers' capabilities in environmental and social (including human rights) dimensions while establishing a traceable and verifiable foundation for supply chain management.

The improvement strategy is guided by "capability-based" principles and implemented in stages according to supplier risk and materiality. It covers key dimensions such as environmental management, carbon footprint inventory, occupational health and safety, human rights management, and the adoption of sustainable supply chain standards.

In addition to serving as a basis for enhancing supplier capabilities, this plan is being integrated into supplier evaluations, tiered management, and subsequent audit mechanisms to strengthen supply chain risk control and sustainability performance. This mechanism is primarily utilized for identifying supply chain risks and prioritizing management efforts, and is not intended as a basis for short-term supplier elimination or cost pass-through.

Directions for improvement:

Dimension	Direction	Management Requirements	Management Target	Timeline	Annual Progress Status (Note 1)
Corporate Governance	Commitment to Sustainability	Sign Supplier Sustainability Code of Conduct	100% implementation	2025	In Progress
Corporate Governance	ESG Evaluation Implementation	CDP, EcoVadis, MSCI, etc.	Inclusion in rating and bonus score mechanisms	2025	In Progress
Environment	Greenhouse Gas Management	ISO 14064	Establish carbon inventory capability	2025	In Progress
Environment	Product Carbon Footprint	ISO 14067	Provide carbon emission data.	2025	In Progress
Environment	Environmental Management System	ISO 14001	Improve Environmental Management Ability	2026	Established
Society	Occupational Health and Safety Management	ISO 45001	Implementation by Key Suppliers	2026	Established
Environment	Sustainable Raw Material Management	ISCC PLUS	Increase the proportion and traceability of sustainable raw materials.	2027	In Progress

Note 1: Annual Progress Status is defined as follows

Annual Progress Status	Definition
Initiated	Introduction and planning already under way
In Progress	Partial systems or data have been established
Established	Regular operation
Optimizing	Pacific Accident Corrective Measures

Supply Chain Resilience and Emergency Response

To ensure a stable supply of raw materials and strengthen supply chain risk management capabilities, Cheng Shin has formulated the "Procurement Risk Management Regulations" to establish a systematic risk identification and response mechanism. Based on changes in the external environment, the Company plans annual response themes and conducts drills to enhance organizational responsiveness and decision-making resilience.

Two drills were conducted in 2025, covering risk assessment scenarios for new or amended regulations and the verification of supply chain disruption response mechanisms.

Grievance Mechanism

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

Taiwan

Complaint Hotline: +886-(04)-852-5151 #264

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

Mainland China

Kunshan Plant: +86-(0512)-5767-3888 #8293（Procurement）｜zhangaihong@mail.cst.com.cn

Xiamen Cheng Shin: +86-(0592)-621-1606 #6610（Procurement）｜csta027@cn.csttires.com

The grievance mechanism aims to establish corrective measures. Suppliers are expected to cooperate in the following two areas:

1. Taking appropriate corrective actions when non-compliance occurs.
2. Prohibit any retaliation against anyone who, in good faith, reports a violation of policy or law.

1.5.3 Supplier On-site Audits and Audit Results

Supplier Audit Mechanism

To ensure supply chain quality stability and strengthen supplier risk management capabilities, Cheng Shin has established a supplier audit mechanism based on existing procurement regulations that systematically evaluates the operational performance and risk status of suppliers through continuous monitoring and tiered management.

This mechanism encompasses three key pillars:

一、Supplier Delivery Performance Management (Performance Monitoring)

Cheng Shin regularly evaluates supplier performance across multiple dimensions including delivery quality, lead time fulfillment, service responsiveness, and overall operational cooperation. These evaluations are integrated with quality, delivery, and supply stability indicators for tiered management, which serves as the basis for adjusting subsequent audit frequencies and management measures.

II. Supplier On-site Audit

Based on supplier performance ratings and risk levels, Cheng Shin conducts on-site process audits to review the product quality, process stability, and the operation of their quality management systems. The audit scope encompasses environmental (E), social (S), and governance (G) dimensions, including due diligence on occupational safety, labor conditions, human rights, and environmental management, to ensure that suppliers comply with Cheng Shin’ s sustainability management requirements.
Audits are conducted by a cross-departmental team comprising procurement, quality assurance, and technical units, and are led by qualified professional auditors to ensure the quality and objectivity of the process.

III. New Supplier and Material Qualification

Cheng Shin has established a systematic evaluation mechanism for the introduction of new suppliers and raw materials. Through document reviews, sample quality verification, and process audits, the Company comprehensively evaluates product compliance, manufacturing capabilities, and management systems to ensure they meet its requirements for quality and supply stability.
During the evaluation process, the Company also reviews, in addition to product quality and manufacturing capabilities, suppliers´ management systems and implementation across the E, S, and G dimensions. This ensures that operational and sustainability risks associated with new supply sources remain manageable.
New suppliers and raw materials must pass the internal review and approval process before being added to the list of qualified suppliers and approved material codes, serving as the basis for subsequent procurement and supply chain management.

Audit Results

Cheng Shin classifies the results of supplier audits into four levels: A, B+, B, and C.
Grade A suppliers: 90.0-100.0 points. Qualified and eligible for preferential procurement and increased purchase orders.
Grade B+ suppliers: 86.0-89.9 points. Qualified.
Grade B suppliers: 80.0-85.9 points. Qualified.
Grade C suppliers: <79.9 points. Improvement is required. Ratings or management measures may be adjusted after a follow-up review confirms the effectiveness of corrective actions.
For existing qualified suppliers, Cheng Shin arranges re-evaluations based on the annual classification of supplier delivery performance. If a supplier achieves an A rating for three consecutive years, at least one re-evaluation will be conducted in the third year. This re-evaluation process follows the same procedure as the new supplier qualification process to ensure continuous improvement in supplier quality.

2025 (Parent Company)

New Suppliers	New Supplier Audits (Note 1)	1 supplier	Grade A : 0 Grade B+ : 1	Grade B : 0 Grade C : 0
Existing Suppliers	On-site Audits (Note 1)	39 suppliers	Grade A : 19 Grade B+ : 15	Grade B : 5 Grade C : 0
	Supplier Delivery Performance Assessment (Note 2)	111 suppliers	Grade A : 110 Grade B+ : 0	Grade B : 1 Grade C : 0

Note 1: The pass rate and completion rate for new supplier audits and existing supplier on-site audits were both 100%
Note 2: In principle, Cheng Shin´s supplier performance evaluation applies to suppliers with a supply record in the current year. Suppliers with lower procurement values or transaction frequencies, and whose impact on quality, delivery, and operational risk has been assessed as limited, are subject to differentiated management and are excluded from annual routine performance evaluations.

Subsidiary

New Suppliers	New Supplier Audits	19 suppliers	Grade A : 15 Grade B+ : 3	Grade B : 0 Grade C : 1
Existing Suppliers	On-site Audits	85 suppliers	Grade A : 49 Grade B+ : 36	Grade B : 0 Grade C : 0
	Supplier Delivery Performance Assessment	312 suppliers	Grade A : 302 Grade B+ : 0	Grade B : 6 Grade C : 4

Note: Grade C suppliers are subjected to enhanced incoming inspections as well as on-site audits.

In addition to supplier assessment and evaluation, Cheng Shin requires raw material suppliers to provide inspection reports from quality laboratories or third-party organizations for each shipment. Upon receipt, Cheng Shin also conducts batch-by-batch or random inspections to ensure the quality of supplied raw materials. In addition to quality control of its own products, the Company also traces upstream sources and requires the use of quality raw materials to ensure that it provides consumers with safer and higher-quality products.
Cheng Shin has prioritized formulating a sustainable natural rubber policy for raw materials representing a significant share of procurement. The Company has initiated biodiversity management, conducted analyses of potential environmental and social impacts, and continues to actively address these impacts.

Through the aforementioned supplier audit mechanism, GPSNR platform engagement, and EUDR due diligence procedures, Cheng Shin has identified the primary potential negative environmental and social impacts, and the corresponding proactive measures as follows:

Potential Negative Environmental Impacts:

1. The balance between the supply and demand of natural rubber, the livelihoods of smallholder farmers, and deforestation has been a persistent challenge, often resulting in significant impacts on the environment, biodiversity, human rights, labor rights, and inequalities within the natural rubber supply chain.
2. As natural rubber is a key raw material for the tire industry and Taiwan lacks domestic natural rubber resources, all natural rubber demand relies on supplies from Southeast Asia. With the continued expansion of global business operations, promoting the sustainable development of natural rubber will remain an important priority for Cheng Shin.

Active Measures:

1. Since 2021, Cheng Shin has been a member of the Global Platform for Sustainable Natural Rubber (GPSNR). Through this platform, Cheng Shin collaborates with stakeholders across the global natural rubber value chain to develop and promote policies that advance sustainable natural rubber practices. These efforts aim to address issues such as deforestation and ecosystem conversion, biodiversity loss, human rights and labor rights violations, and inequalities within the natural rubber supply chain. Cheng Shin is committed to contributing to the sustainable development of the natural rubber industry.
2. The Company has established the ESG Maxxis Family, requiring natural rubber suppliers to join and commit to the sustainable development of natural rubber, including natural rubber smallholders, producers, processors, and traders. The Company has formulated sustainable development policies aimed at guiding its natural rubber suppliers to strengthen sustainability awareness in environmental, social, and human rights aspects.
3. Cheng Shin´s regular audits of natural rubber suppliers will incorporate the implementation of sustainable development policies within the audit projects. To verify performance, the Company will continuously monitor the processes related to its commitments, including monitoring systems and implementations that include information from the majority of stakeholders and impact companies that do not comply with their commitments. This process will be conducted at least once annually, and the progress and results of policy implementation and commitments will be publicly reported. The audit rating results will influence Cheng Shin´s procurement principles with regard to suppliers.

   Participation in the GPSNR Shared Investment Mechanism (SIM)
4. To further address potential environmental and social risks within the natural rubber supply chain, Cheng Shin has participated in the Shared Investment Mechanism (SIM) promoted by the Global Platform for Sustainable Natural Rubber (GPSNR). Through cross-enterprise collaboration, the Company supports improvement initiatives for key issues such as sustainable production, smallholder capacity building, and supply chain transparency within the natural rubber industry.
5. Cheng Shin is currently participating in three SIM projects. Through concrete resource investment, the Company has strengthened its management influence over the upstream natural rubber supply chain and promoted the sustainable development of the industry as a whole.

6. Cheng Shin’ s products are 100% recyclable, and the company is actively increasing the percentage of input materials sourced from recycled or re-manufactured components. In 2025, the percentage of relevant recyclable products sold was 0.13%, and the ratio of recycled/re-manufactured materials was 28.94%.
7. A detailed announcement of the Sustainable Natural Rubber Policy can be found on the Company’ s website:
   Chinese version: https://www.maxxis.com.cn/csr_detail.php?cID=3&Key=27
   English version: http://www.maxxis.com.cn/csr_detail.php?cID=4&Key=28
8. 2025 Evaluation Results: There was no significant supplier risk of forced or compulsory labor incidents.

Potential Negative Social Impacts:

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

Active Measures:

1. The Cheng Shin Group EUDR Team has been established to coordinate and fulfill regulatory and customer requirements, with regular meetings held to review and track progress.
2. Relevant process management regulations have been established. Management, traceability, and auditing have been implemented in accordance with these regulations.
3. Due diligence and risk assessments (including on-site audits) have been conducted on natural rubber suppliers or agents, and contracts compliant with EUDR for natural rubber are being progressively signed to guarantee that all products sold in Europe meet the requirements of all EU customers.
4. For tire products sold in Europe, all Cheng Shin Group plants provide the necessary information/documents to customers through the traceability system/platform in accordance with EUDR requirements.
5. Implementing the Agridence digital platform to strengthen EUDR supply chain management: To effectively address the challenges of data collection and due diligence within the natural rubber supply chain under EUDR, Cheng Shin has implemented the Agridence platform as the Group′s unified supply chain data management and risk control tool, enhancing raw material traceability and data quality management capabilities.

   The platform assists suppliers with data reporting and verification while enhancing information transparency and traceability through a systematic mechanism, serving as a vital basis for supply chain risk identification and management. The Agridence platform also serves as a critical support system for EUDR management by the Group′s various plants, effectively mitigating compliance risks resulting from incomplete or inconsistent data.

To date, the Group′s various plants have completed the platform implementation for the supply chains of products sold in Europe, achieving an implementation rate of 100%. The error rate for initial supplier data submissions fell from 40% to 10%, demonstrating the tangible impact of digital tools on enhancing supply chain data quality and risk management.