



Cheng Shin Rubber Industry Co. Ltd.
Corporate Social Responsibility Report

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Letter from Chairman

Looking back at 2020, the COVID-19 epidemic has spread around the world, forcing us all to accept and adapt to a new normal and a severely challenging external environment. Despite the advent of a vaccine, there is a high uncertainty for the future. Under the rapidly changing world environment, Cheng Shin has always been recognized by the industry with its technology and won the trust of customers by its quality. While continuing to develop in the industry, we also continue to improve our daily business management and energy utilization. We strive to achieve sustainability in accordance with the sustainable development policy and in response to the Sustainable Development Goals (SDGs) of the United Nations. With the dedication and partnership of all our staff, we have been selected as the "TSE4Good TIP-Taiwan ESG Index Series" for 3 consecutive years, which shows that Cheng Shin have been widely recognized for its sustainable work in corporate governance, social and environmental protection.



In terms of sustainable environmental protection, Cheng Shin has established environmental management systems in each plant, and is committed to promoting energy saving programs and setting annual energy saving targets. In 2020, greenhouse gas emissions were reduced by 4,861.74 tons, and water resource usage was reduced by 223,155 tons. To perfect the construction of occupational safety and health management system, Cheng Shin had obtained ISO45001 and CNS45001 certificates in Taiwan region in 2020 and continuously passed the ISO50001 energy management system external certification in mainland region. Implement environmental protection and bring our colleagues a better working environment is always Cheng Shin's commitment. Quality workplace environment and ability training for employees are also the goals Cheng Shin attaches great importance to. In 2020, Cheng Shin was awarded the "Talent Quality Management System (TTQS) - Gold" by the Workforce Development Agency, Ministry of Labor, Executive Yuan, which represents high recognition to the Cheng Shin's talent cultivation.

Cheng Shin will take "adhering to integrity and innovation" as its core value, and "adhering to the business and creating new opportunities" to practice and implement the corporate culture, and take "100% quality, 100% service, 100% trust" as the core of culture, actively invest in research and development and innovation, persist in the continuous production of high-quality tires, to provide better quality products for customers with different needs, to grow and thrive together with all the MAXXIS family and partners. Looking forward to the future, Cheng Shin will continue to focus on the tire industry, strengthen its organizational and management capabilities, attach great importance to talent cultivation, and fulfill its corporate social responsibility. Meanwhile, Cheng Shin will also balance the response to the development needs of all stakeholders, strive to create the sustainability goals of the economy, environment, and society, and foresee a better common future.

Chairman

Chen Yuhua

About the Report

Content of Report

Since 2014, Cheng Shin has published a Corporate Social Responsibility (CSR) report every year. The report, covering all aspects such as economy, environment, society, and product, and also including the corporate ethical management, eco-friendly, employee care, supplier management, shareholder equity, customer service and community participation, and explains to all stakeholders the efforts and achievements of Cheng Shin in implementing corporate social responsibility, explains to all stakeholders the efforts and achievements of Cheng Shin in implementing corporate social responsibility, demonstrating our commitment to corporate social responsibility and our commitment to sustainable development, and also serves as a platform for communication and discussion to promote friendly communication between stakeholders and Cheng Shin.

The contents of this report are based on the published GRI Standard of the Global Reporting Initiative (GRI), disclosed by selecting major topics in accordance with the "Core" Disclosure Principles, uploaded to the Market Observation Post System (MOPS) and posted on the Cheng Shin website. An index of GRI indicators is attached at the end of the report for quick retrieval and inquiry. The financial figures are calculated in New Taiwan Dollars (NT\$) and certified by the CPA (Pricewaterhouse Coopers (PwC) Taiwan). The relevant statistics are expressed and calculated on the basis of general international indicators. If the aforesaid quantitative indicators disclosed are of special significance, they will be annotated.

Issue Date and Issue Cycle of the Report

Cheng Shin publishes the report on an annual basis. This is the 7th Corporate Social Responsibility Report, the 2020 Corporate Social Responsibility Report, which discloses the sustainable development performance for the year 2020 (from January 1, 2020 to December 31, 2020) and responds to topics about the stakeholders' concerns. For completeness, some of the information will be dated back to 2018.

Scope

This report covers the Group's parent company Cheng Shin Rubber Industry Co., Ltd. (referred to as Taiwan region), and its subsidiaries, Cheng Shin Rubber (China) Co., Ltd. and Cheng Shin Rubber (Chongqing) Co., Ltd. (referred to as mainland region). Except for the financial information certified by the CPA and some of the sustainability information, it does not include the reinvestment business in the consolidated financial statements.

Contact Information

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

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TEL: (04)852-5151 #735 Unit: Marketing and Planning Department

Company Website: <http://www.maxxis.com.tw/>





Part 1

Cheng Shin in the Rolling World

1.1 About Us

Founded in 1967 by Mr. Luo Jye, Cheng Shin Rubber Industry Co. Ltd., now owns 5 factories in Changhua County and Douliu Factory in Yunlin County. It has established overseas production bases in Kunshan, Xiamen, Vietnam, Thailand, Chongqing, Indonesia, and India, and set up its R&D centers in Taiwan, Kunshan, Xiamen, the Netherlands, and the United States, with nearly 30,000 employees worldwide.

Company Profile

CHENG SHIN RUBBER INDUSTRY CO. LTD.	
DATE ESTABLISHED	January 1, 1967
HEADQUARTER LOCATION	No.215, Meigang Rd., Huangcuo Village, Dacun Township, Changhua County
CHAIRMAN	Chen, Yun-Hwa
GENERAL MANAGER	Chen, Yun-Hwa
PAID-IN CAPITAL	NT\$32.414 billion
TOTAL EMPLOYEES	Taiwan: 5,904 employees; Group: 28,596 employees

Main commodities/services of Cheng Shin

Our main products include gardening tires, industrial tires, bicycle tires, motorcycle tires, ATV tires, and tires and rubber products for cars, buses, light trucks, trucks, trailers, sports, etc.

Events:

1967

Founded: 178 employees, a capital of NT\$6 million, specializing in the production of motorcycle and bicycle tires.

All products were approved to use domestic CNS positive marking.



1993

In December, we received the international standard quality assurance system ISO 9001 certification in December as the first company in the tire industry to obtain this qualification in Taiwan.



1994

In November, Cheng Shin was awarded a medal with a flag-raising ceremony by Ford Motor Company.

1997

On May 29, the QS9000 quality certification was obtained.



In October, the Company won the ROC National Quality Award.

2000

In November, the Company received the National Industrial Waste Reduction Award from the Industrial Development Bureau, Ministry of Economic Affairs. In December, the Company was awarded the group gold medal by the ROC Proposal Association.

NATIONAL QUALITY AWARD



2002

MAXXIS tires won the Forbes Magazine 2002 Global Award for enterprise excellence.

2003

On September 23, the MAXXIS brand was ranked fifth among Taiwan's Top Ten International Brands, with a brand value of about US\$256 million.

2006

In March, Cheng Shin passed the SGS audit and awarded the certificate of ISO/TS16949 Technical Specification for Automobile Industry (Design and Manufacture of Radial-ply and Bias Automobile Tires).



2011

Cheng Shin was awarded the TOYOTA Outstanding Overseas Contribution Award.

2012

China Kunshan MAXXIS Tire Test Site was officially put into operation at the end of the year.

Cheng Shin was awarded as one of the Top 50 Asia Companies by Forbes Magazine.

2014

Tire Business magazine announced that Cheng Shin ranked the world's ninth-largest tire manufacturer by market share.

On December 17, the MAXXIS brand has been one of Taiwan's Top Ten International Brands for 12 consecutive years, with a brand value of about US\$367 million.

2015

MAXXIS has been named the number one tire brand of the year 2015 in the latest readers' poll of UK Enduro Bike magazine.

2016

India Plant produced the first tire.

MAXXIS HP5 tire was rated the first by the Australian Driving Solutions and the third by the Pro-Fessional Driver, an authoritative European magazine.



2017

MAXXIS MS1 won the 2017 China Wheel of the Year Award by Motor Trend China magazine.

2018

MAXXIS VS5 tire was awarded the "China Controlling tire of the Year" award by the authoritative car magazine in China, Motor Trend China.

Cheng Shin was listed as a constituent stock of the FTSE4Good TIP Taiwan ESG Index.



2019

MAXXIS AT700 tire won the championship evaluated by the Australian 4X4 Magazine.

MAXXIS HP5 won the recommendation evaluated by the German AUTO ZEITUNG, with its ultimate performance being deeply recognized by all walks of life.

The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index.

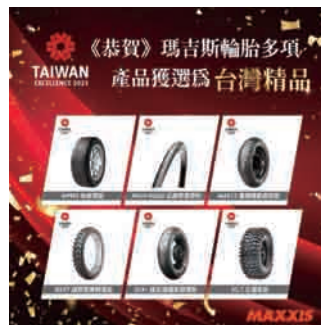


2020

The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index.

A number of products won the "Taiwan Excellence Award".

MAXXIS tires won the International Design Award - 2020 Italy A' Design Award



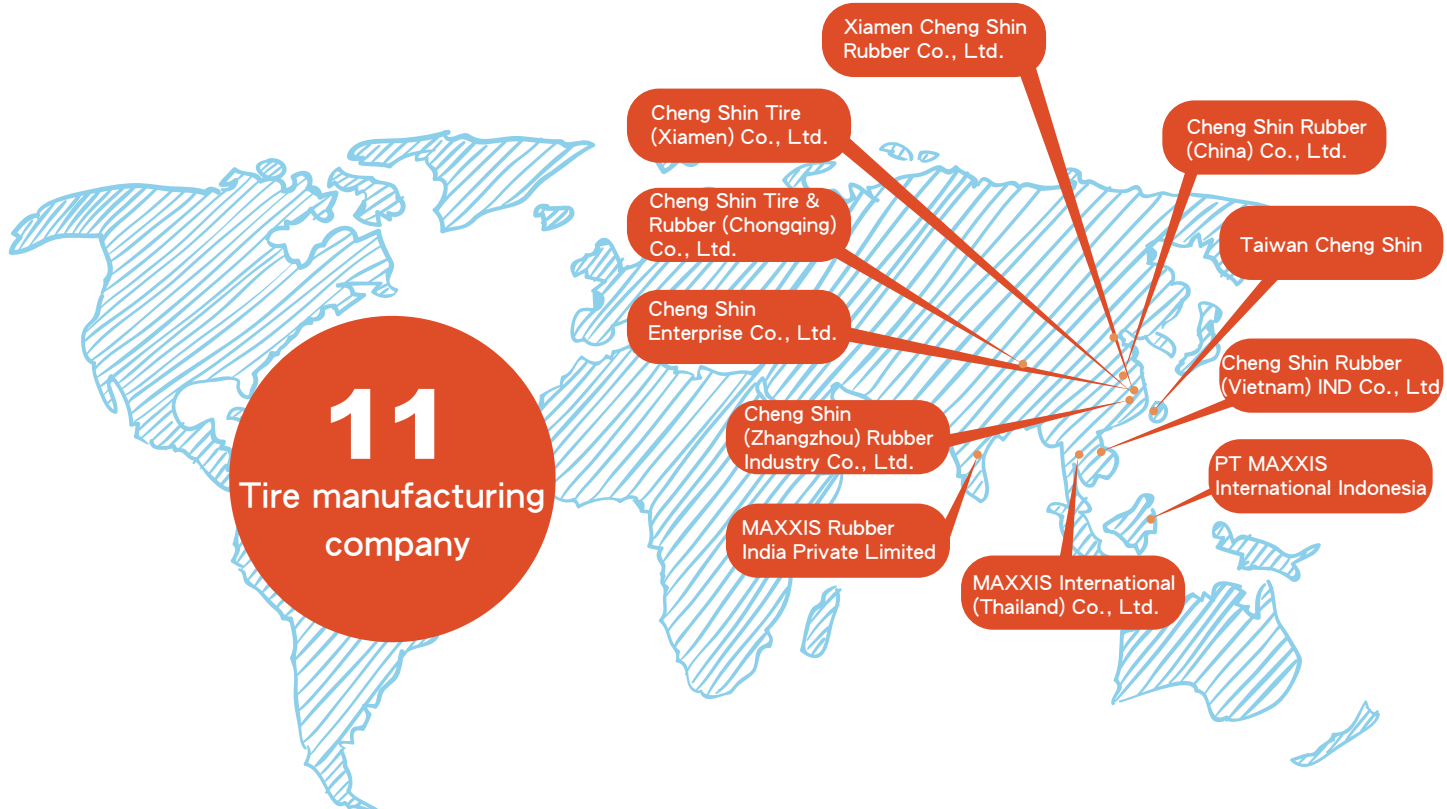
Business Performance

Project	Management policy
Importance	In order to achieve Cheng Shin's goal of sustainable management and implement the business philosophy of "Quality First, Customer Satisfaction", we pursue the progress of business performance by strengthening the innovation ability, process optimization, and brand strategy to expand global market share.
Policy/Commitment	Cheng Shin takes "Quality First, Customer Satisfaction" as its business philosophy
Goals and Targets	Set the goal with the customer as the center, and based on Cheng Shin 321 principle - 3(100% quality, 100% service, 100% integrity), 2 (respect, care), 1 (gratitude), effectively achieve the business objectives.
Responsibility	All departments of Cheng Shin
Communication Channels	Investor conference, annual report, and other investor communication channels
Action Plan	Customer-oriented, full production, full-capacity production, and taking effect of scale economy, avoid unnecessary waste of raw materials to reduce costs.
Effectiveness Assessment	Business objectives and KPI of each department

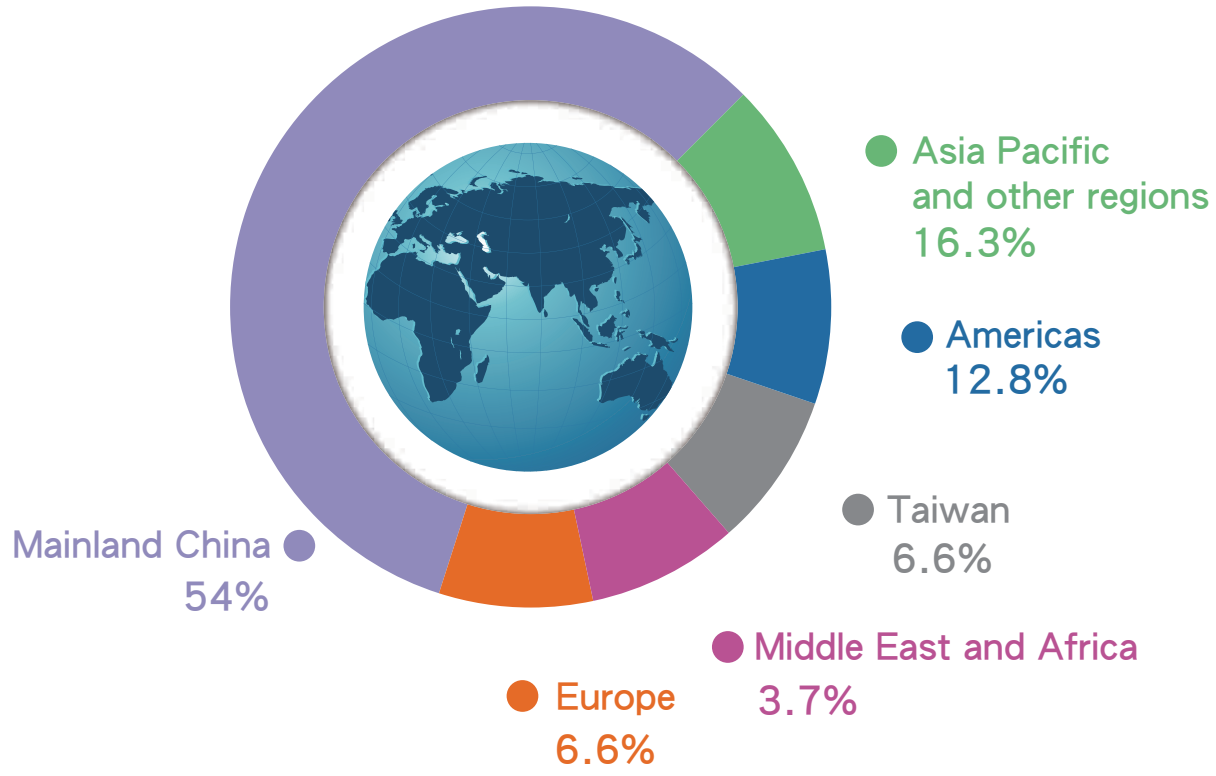
Cheng Shin takes "adhering to integrity and innovation - adhering to the business and creating new opportunities" as its core value and takes "100% quality, 100% service, 100% trust" as the core of culture, continuously strengthen research and development and innovation of products, puts the tire testing site into operation to shorten the product development cycle, to provide better products for customers with different needs with multi-brand marketing strategy, upholds the heart of respect, care and gratitude, and promotes the recognition of everyone to participate in the joint building of the MAXXIS brand, becoming a member of the MAXXIS family. In 2020, Cheng Shin achieved 3B (better, faster, and more economical) in terms of man, machine, material, method, and quality, to avoid resource waste, and implemented the business objectives of full production and cost reduction, and kept the turnover growing. Together with all our family partners, we seek win-win and sustainable growth, strengthen environmental, safety, health, and energy management, and fulfill our role as good corporate citizens in the global village.

- 1.As the largest tire manufacturer in the Chinese region, Cheng Shin has consistently ranked first in Taiwan in terms of turnover. With the booming development of China's automobile market, Cheng Shin has become the leading brand in China's tire market.
- 2.Cheng Shin has spared no effort in promoting the overseas tire market sales, with export sales accounting for 73% of the total sales. At present, Cheng Shin has expanded its sales to more than 180 countries in the world, covering five continents. The rise of emerging markets has boosted demand for automobile tires. The recent investments in India and Indonesia, which are the second and fourth most populous countries in the world respectively, represent huge potential for future consumption.
- 3.Cheng Shin adopts global marketing. In 2010, Cheng Shin officially launched a new automobile tire brand, "PRESA", which will be developed in parallel with MAXXIS through differential sales channels to expand its market share. At the same time, Cheng Shin will accelerate its improvement of brand recognition and reputation and promote the brand and products among consumers through diversified platforms.

Global Production Base



Group Sales Analysis



In 2020, impacted by the COVID-19 epidemic, many countries took lockdown and restriction actions one after another. In spite of such a challenging environment, Cheng Shin's management team has exerted its leadership and management skills to achieve the growth of net profit in the consolidated statement of the year 2020 by 70.7% compared with last year, and a new high of the earnings per share of NT\$1.85 in nearly four years, which is really not easy. In the future, Cheng Shin will make greater efforts to achieve better performance.

In 2020, Cheng Shin's revenue reached NT\$19 billion, with earnings per share of NT\$1.85, gross margin on sales up to 25%, and brand value up to US\$285 million. Unit: 1000 NT\$

	2018	2019	2020
OPERATING INCOME	19,374,623	19,497,888	18,926,294
GROSS OPERATING PROFIT	4,487,262	3,692,021	4,697,691
OPERATING PROFIT AND/OR LOSS	648,205	(56,880)	953,296
NON-OPERATING INCOME AND EXPENSES	4,238,255	4,555,370	5,792,738
PROFIT BEFORE INCOME TAX	4,886,460	4,498,490	6,746,034
PROFIT FOR THE YEAR	3,520,320	3,466,827	5,988,702

Government Subsidy

Cheng Shin actively responds to government policies, especially in the aspects of industrial innovation, technological upgrading, and environmental protection. In 2020, the financial subsidies received from the government by Taiwan region included: R&D investment credit for profit-seeking business income tax recognized by the Industrial Development Bureau, MOEA as a result of active investment in R&D, subsidy for youth employment flagship scheme and charging scheme, and the COVID-19 outbreak bailout subsidy as well. In the mainland region, the government subsidies received are mainly industrial development funds and subsidies for the purchase of R&D equipment. There were great changes in the government subsidies received by the Chongqing plant, which was mainly due to the fact that the industrial development fund from the competent authority in 2019 has not been distributed, and the industrial development fund of NT\$24.12 million due to be returned in 2017 and NT\$26.8762 million due to be returned in 2018 have not been received until 2020, which is a total of NT\$50.9962 million.

REGION (CURRENCY)	2018	2019	2020
TAIWAN REGION (NTD)	33,431,892	36,350,841	82,680,249
KUNSHAN, CHINA (CNY)	69,024,315	66,835,305	66,655,552
CHONGQING, CHINA (CNY)	41,225,351	24,125,026	71,139,809

1.2 Sustainable Cheng Shin

Commitment to Sustainable Development Sustainability Commitment

Running on the faith of founder Chairman Luo Jye when he started his business, Cheng Shin persists in the concepts of Honesty and Integrity, which are the most basic and important one for Cheng Shin and the highest guiding principles in the pursuit of sustainable operation. In addition, we will also pursue the vision of a sustainable development oriented to three elements, including economy, environment, and society, with the center of the Maxxis Family and the foundation of safety first.

Sustainable Policy

- ◆ **Implement corporate governance:** Innovation by adhering to integrity, adhering to the business, and create new opportunities to practice the corporate culture of integrity and continuous innovation, are some of the key factors for the sustainable and sound development of Cheng Shin. Urge all the relevant members of Cheng Shin to uphold the fine tradition of integrity when performing their duties and take responsibility for their own business.
- ◆ **Develop a sustainable environment:** Actively respond to the tide of environmental protection, develop and design “green and environment-friendly tires” and pursue “Safety, Oil Economy, Quietness and Environmental Performance”. Additionally, the Company has strived to realize energy saving and carbon emission reduction in the workshop and manufacturing process to contribute our wisdom and force to the earth’s environment.
- ◆ **Safeguard employees’ rights:** We have built a learning environment with heart and enhanced the concept of corporate ethics among employees.
- ◆ **Participate in social philanthropy:** We are dedicated to enhancing the social responsibility performance and realizing common harmony and prosperity with the society together with suppliers.



Corporate Social Responsibility Working Group

The CSR team of Cheng Shin consists of four groups: corporate governance, society, environment, and product, with the Marketing and Planning Department of the head office as the convening department, which is responsible for the promotion of CSR practice and concept, mobilizing the strength of Taiwan region and China region (Kunshan and Chongqing) to actively promote the implementation of corporate social responsibility in economic, social, environmental and other aspects of Cheng Shin, and collecting and disclosing relevant information required for CSR reports.

Cheng Shin started to set up and promote a dedicated unit - Marketing and Planning Department, for corporate social responsibility in 2015, which is responsible for issuing the CSR report every year. The unit has presented the report at the board meeting on May 12, 2020, to report the content and plan of the 2019 CSR report and the future planning projects in 2020.

Participate in Public Association Organizations

The public association organizations that Cheng Shin acts as directors/supervisors or consultants are as follows:

- ◆ **Taiwan region:** Taiwan Rubber & Elastomer Industries Association, Taiwan Bicycle Association.
- ◆ **Mainland region:** Kunshan Taiwan Compatriots Investment Enterprise Association, Kunshan Human Resources Association, Jiangsu Provincial Association of Enterprises with Foreign Investment, Jiangsu Entry-Exit Inspection and Quarantine Association, Kunshan Association of Enterprises with Foreign Investment, Suzhou Association of Enterprises with Foreign Investment, Kunshan Safety Production Industry Association.

In addition to participating as supervisors and consultants as mentioned above, Cheng Shin also participates actively in the following public associations as members:

- ◆ **Taiwan region:** Manufacturers Association of Yunlin Industrial Zone, Car Safety Association, Motor R&D Safety Promotion Association, SAE Taipei Section, Kuozui Automobile Association, Yulon-Nissan Automobile Association, Commodity Information Network, Changhua County Industrial Federation Trade Union, Changhua County General Trade Union, Computer Audit Association, Taiwan Transportation Vehicle Manufacturers Association, China Association for Cooperation, YMT Exchange, Corporate Operation Association, Changhua County Policemen Association, Taiwan Stock Affairs Association, The Institute of Internal Auditors-Chinese Taiwan, EUROPEAN TYRE AND RIM (ETRTO), Yunlin County Industry Association, Changhua County Industry Association, Changhua County Labor and Industrial Relations Association, Taiwan Boiler Association, Industrial Safety and Health Association, Sanyang Industry Assistance Association, Chinese Excellent Management Association, Taiwan Bicycle Association, Changhua County Industry Federation Trade Union.
- ◆ **Mainland region:** Kunshan Environmental Science Association, Kunshan Special Equipment Association, Jiangsu Customs Brokers Association, Suzhou CCPIT Suzhou Chamber of Commerce, Chongqing Taiwan Association, China Environmental Culture Promotion Association.

1.3 Stakeholders' Communication and Identification of Major Topics

Negotiation Methods for Stakeholders

For the purpose of more effective communication with the stakeholders of Cheng Shin, the CSR team of Cheng Shin identified seven groups as the stakeholders of Cheng Shin, including customers, shareholders, employees, communities, government agencies, suppliers, and banks, by convening various departments and units for internal discussion and with the assistance of external experts. At the same time, in the daily operation, Cheng Shin carries out consultation and communication with the above stakeholders through different communication channels and platforms, expects to facilitate a better understanding of all stakeholders through this CSR report, and responds to the topics and themes of their concern.



Customer

Stakeholders	Topics Concerned about	Consultation Method
Refers to the major car manufacturers, dealers, and general customers	Economic performance Occupational health and safety Market position	Business visit Company website New product release meeting Sales service mailbox and telephone

Shareholder

Stakeholders	Topics Concerned about	Consultation Method
Refers to holders of shares issued by Cheng Shin Rubber Industry Co. Ltd.	Anti-corruption Labor and employment relations Socio-economic compliance	Shareholders' Meeting Investor conference MOPS Company website setting



Employee

Stakeholders	Topics Concerned about	Consultation Method
Refers to office and factory employees	Labor and employment relations Employee diversity and equal opportunity Training and education	Labor-management meeting Enterprise trade union meeting Employee welfare committee meeting Safety and health committee meeting Human resources committee meeting Company website & E-mail address New employee symposium Employee interview Internal announcement



Community

Stakeholders	Topics Concerned about	Consultation Method
Refers to the community residents /organizations, public welfare, and charities around the operation location	Wastewater and garbage Environmental compliance Customer health and safety Local community	Company website E-mail address Public response system



Government Agency

Stakeholders	Topics Concerned about	Consultation Method
Refers to the Environmental Protection Administration, Occupational Safety and Health Administration, FSC & TWSE, and other competent authorities	Anti-corruption Compliance with environmental protection Customer health and safety	Official document Communication regulatory briefings or public hearings through trade unions with competent authorities Check and visit the competent authority of the declaration system on the competent authority's website



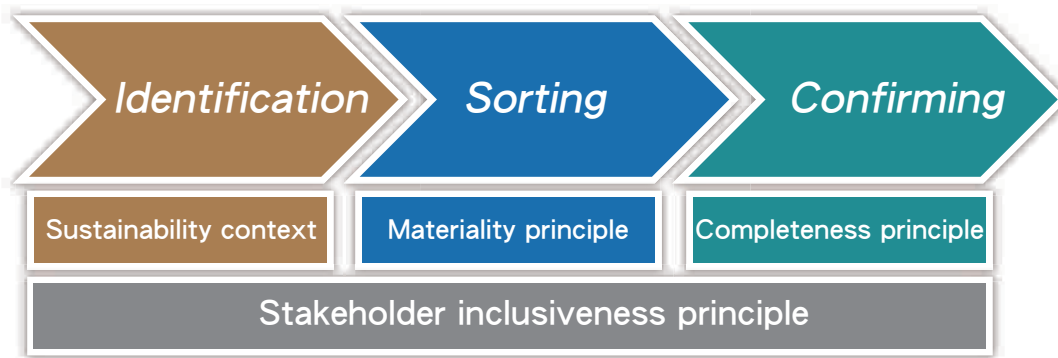
Supplier

Stakeholders	Topics Concerned about	Consultation Method
Refers to suppliers of raw materials, equipment and molds	Supplier environmental assessment Customer health and safety purchasing practices	Irregular phone calls, emails, or meetings Major suppliers report on product process stability on a monthly basis Supplier audit and manufacturer presentation meeting Company website & E-mail address

 **Bank**

Stakeholders	Topics Concerned about	Consultation Method
Refers to financial institutions that lend capital to Cheng Shin Rubber Industry Co. Ltd.	Anti-competitive practice Sewage and waste Compliance with environmental protection	Annual quota review Provide reviewed financial reports Regular business contact telephone, email or visit

Significant Topic Identification Procedure



Identification

First, based on the GRI standard, include the international concerns and standards, and then compile them into a list of topics of concern, which is selected into a preliminary list of concerns by a representative group of stakeholders.

Sorting

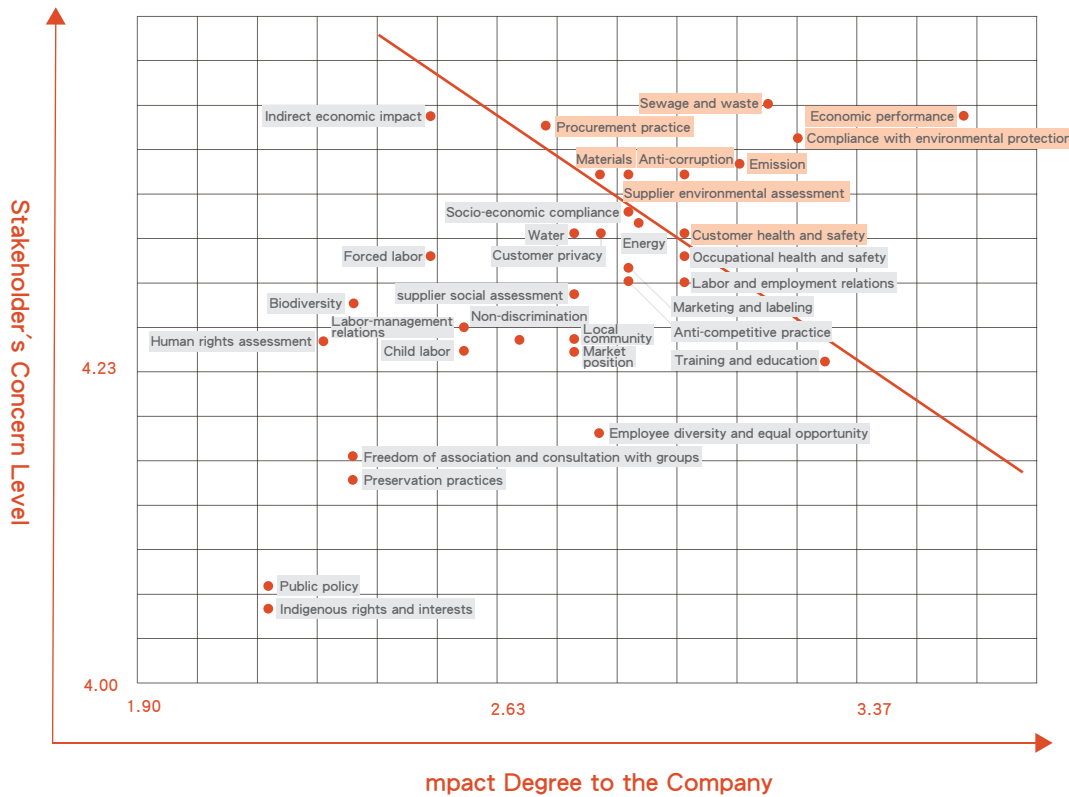
Conduct statistical screening based on the characteristics of the tire industry and peer reports, and rank the topics accordingly for the analysis of "impact on stakeholder evaluation and decision making" and "significance of economic, environmental and social impacts".

Confirming

Evaluate all identified major topics and scope through internal discussions and with the assistance of external experts and prioritize them into the annual goals as a basis for developing a sustainable business strategy.

Analysis Results of Major Topics

Through the above procedures, the analysis results of major topics of Cheng Shin are as follows:






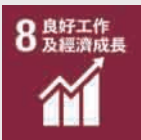






In the matrix, where "the significance of economic, environmental and social impacts" and "the concern degree of stakeholders" of a topic are at a high level, it shall be listed as major. There are nine major topics this year, and the corresponding sections and reporting scope in this CSR report are as follows:

Contents of Major Topics	Corresponding Section	Reporting Scope						
		Within the Organization	Outside the Organization					
		Cheng Shin Rubber Industry Co., Ltd.	Shareholder	Government Agency	Employee	Community	Supplier	Customer
Anti-corruption	2.2 Integrity and Anti-corruption	●	●	●				●
Economic performance	1.1 About Us	●	●				●	●
Compliance with environmental protection	4.7 Environmental Compliance	●	●	●		●		●
Sewage and waste	4.4 Water Resources Management 4.5 Waste and recycling	●		●		●		●
Supplier environmental assessment	3.3 Supply Partner, Making Joint Efforts with Cheng Shin	●		●			●	
Emission	4.3 Energy Resources and Greenhouse Gas Management	●		●		●	●	●
Customer health and safety	3.1 Safe and Reliable Cheng Shin	●		●		●	●	●
Materials	4.3.1 Resource Management	●		●		●	●	●
Procurement practice	3.3 Supply Partner, Making Joint Efforts with Cheng Shin	●					●	

1.4 Response to the Sustainable Development Goals (SDGs) of the United Nations

Cheng Shin regards Honesty and Integrity as the highest guiding principle in its sustainable operation and takes economic growth, social progress, and environmental protection as its sustainable development direction. It also lists 17 Goals of the UN's Sustainable Development Goals (SDGs) as its sustainable development goals and has identified and evaluated 9 of the 17 Goals as its focus. In terms of sustainable corporate development and community involvement strategy, Cheng Shin integrates the SDGs of the United Nations into the important reference information for corporate evaluation of social engagement, follows the five steps of the SDG Compass - Understanding, Priorities, Goal Setting, Integration, Reporting, and Communication, sets up action plans and reviews them to shape the future sustainable business development.

SDGs	United Nations' Targets	Contribution Summary ▲Plan ●Achievement	Corresponding Section
	3.8 Achieve the Target of Global Health Care	<p>▲Special health examination has been carried out for workers who work with materials particularly hazardous to their health. In case of abnormal lung X-rays or abnormal "three highs", workers have been informed of re-examination.</p> <p>▲Provide colleagues with health consultation service by the physician on-site health service.</p> <p>●In 2020, 1,226 people working in special workplaces were given special health examinations, and 88 people were tracked.</p>	5.3 Safe and Healthy Workplace - Employee Health Management
	4.A Establish educational facilities and provide a learning environment	<p>▲Provide multiple learning channels for colleagues in the factory, and balance the work and health of employees.</p> <p>●In 2020, 1 life lecture and 3 work safety lectures were held, with a total number of participants reaching 236.</p>	5.5 Career Development and Assessment
	5.1 Elimination of Discrimination Against Women	<p>●Cheng Shin does carry out differentiated management on the salary of employees by gender, race, religion, political stand, marital status, but adopts a fair and consistent attitude. And the salary is based on the labor market and regional salary situation, with the employee's position, education, work experience, seniority, and professional ability being taken into consideration.</p>	5.4 Employee Benefit and Care - Remuneration and Benefits
	5.A Gender Equality		
	6.3、6.4、6.5 Sustainable Water Management	<p>▲Implement water resources management, and continue to promote the recycling of wastewater generated from the process.</p> <p>●Taiwan region reclaimed 17.02 million cubic meters of process water.</p> <p>●In Taiwan region, the improvement plan effectively reduced wastewater (sewage) discharge by 15.6% by fully checking the discharge lines in the plant, diverting the flow direction of wastewater and rainwater, integrating major pipelines, and eliminating leaky, damaged, and infrequently used pipelines.</p> <p>●The Mainland factory realized 100% wastewater recovery application as a result of the strengthening treatment of high-concentration and low-concentration wastewater, reducing wastewater discharge by 34.7%.</p>	4.4 Water Resource Management
	7.3 Improve Energy Efficiency	<p>▲Continue to participate in the voluntary reduction of greenhouse gases.</p> <p>▲Enhance equipment efficiency</p> <p>●In 2020, CO2e emission can be reduced by 1,703.74 tons in Taiwan and 3,988 tons in mainland region, respectively</p>	4.3 Energy Resources and Greenhouse Gas Management
	8.1 Sustainable Economic Growth	<p>▲Cheng Shin takes "Quality First, Customer Satisfaction" as its business philosophy, focuses on the tire industry, and breaks through the boom restriction with its action and execution power, achieving the continued growth of turnover and profit.</p> <p>●In 2020, Cheng Shin's revenue reached NT\$19 billion, with earnings per share of NT\$1.85, gross margin on sales up to 25%, and brand value up to US\$285 million.</p>	1.1 About Us - Economic Performance

SDGs	United Nations' Targets	Contribution Summary ▲Plan ●Achievement	Corresponding Section
 <p>8 良好工作 及經濟成長</p>	8.7 Human Rights Management	<p>▲Cheng Shin's Work Rules stipulate that no one under the age of 15 shall be employed as a regular new employee. Cheng Shin has not hired any child labor between 2014 and 2020 and has not involved any appeal case relating to the employment of child labor.</p>	5.2 Human Rights Policy and Labor-Management Relations
	8.8 Promote Safety in the Working	<p>In accordance with the new supplier evaluation and annual audit provisions - process audit inspection for a new supplier and supplier annual audit plan shall be carried out, with the auditing items of the protection of labor working environment safety. ●Implement the ISO45001 management system to maintain the safety and health of the working environment. ●Implement the women labor health protection program to ensure the safety of female workers at work.</p>	3.3.2 Supply Chain Management Policies of Cheng Shin 5.3 Safe and Healthy Workplace
 <p>11 永續城鄉 和社會</p>	11.6 Reduce the Harmful Impact of Cities on the Environment	<p>▲Maintain normal operation of air pollution control equipment in the plant ▲Implement waste reduction projects ●Equip prevention and control equipment to each fixed pollution source process, and ensure that Cheng Shin's process meets the air pollution prevention and control permit ●The implementation of a reduction project in 2020: reduce domestic garbage, reduce defective rate, and reduce waste.</p>	4.5 Waste and Recycling 4.6 Air Pollution Prevention and Control
 <p>12 負責任 消費與生產</p>	12.2 Efficient Utilization of Energy Resources	<p>▲In response to the concept of global environmental protection, Cheng Shin has established an enterprise environmental management system, committed to product design in line with the concept of environmental protection and improve the equipment and operating environment, has reduced the waste gas, wastewater, noise, and waste from the process and saved energy, achieved proper recycling of resources.</p>	4.2 Environmental Management
	12.4 Proper Waste Management	<p>▲In order to ensure the normal operation of air and water pollution prevention and control equipment, pharmaceutical addition equipment has been equipped. However, the plant can effectively adjust the control equipment to the best operating state without the requirement for drugs so as to reduce unnecessary drug addition. ●In 2020, the waste output of factories in Taiwan and the mainland region was reduced by 10.7% and 21.4%, respectively.</p>	4.5 Waste and Recycling
	12.5 Substantially reduce waste generation by 2030 through prevention, reduction, recycling, and reuse.	<p>▲Reduce wastewater discharge by continuously promoting waste (sewage) water reduction and recycling and integrate the production planning of each plant to ensure the optimum utilization of water.</p>	
	12.6 Sustainability Report	<p>▲Publish annual CSR reports and make use of web accessibility, transparency, timeliness, integrity, and interactivity for sustainable reporting. ●Publish 1 CSR report every year</p>	About this report: 4.3 Energy Resources and Greenhouse Gas Management; 4.4 Water Resources Management
 <p>16 公平、正義 與健全制度</p>	16.5 Eliminate all forms of corruption and bribery	<p>▲Establishment and promotion of ethical management rules ▲Ethical management education and training ●No violation of laws and regulations or internal rules on ethical management in 2020</p>	2.2 Integrity and Anti-corruption
	16.6 Develop effective, accountable, and transparent systems at all levels	<p>▲Procedures for Preventing Insider Trading ▲Working Regulation ▲Establishment of Rules for Related-Party Transactions ▲Establishment of Supplier-Commercial Contracts ●No insider trading and corruption in 2020</p>	



Part 2

Credit Culture of Cheng Shin

Key Performance

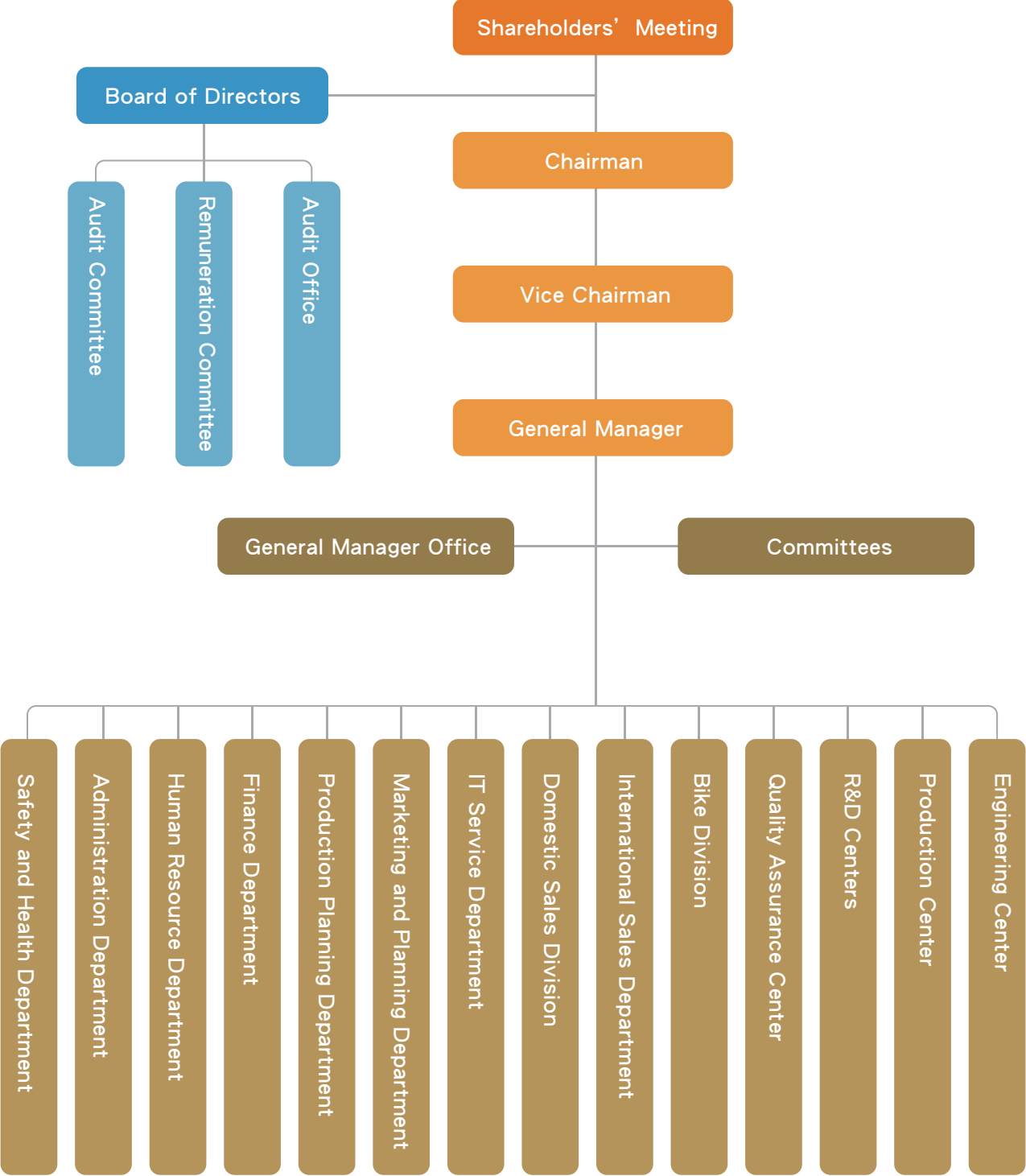
A total of 7,122 hours were invested in the education and training of ethical management in 2020
 No violation of laws and regulations or internal rules on ethical management in 2020

2.1 Corporate Governance Corporate Governance Structure

The supreme governing body of Cheng Shin is the Board of Directors, which is set up to monitor the quality and integrity of Cheng Shin in the execution of accounting, auditing, financial reporting procedures, and financial controls. The Board of Directors has an Auditing office, an Audit Committee, and a Remuneration Committee to assist the board in performing its oversight duties.



Organization Structure



The main responsibilities of each department are as follows:

Department	Tasks
General Manager Office	Plan the medium and long-term development strategies of the Company and the procurement of raw materials
Audit Office	Audit and evaluate the performance of departmental operating functions and the implementation of internal control policies.
Safety and Health Department	Plan and supervise the risk management of labor safety and health and environmental measures of all departments.
Administration Department	Responsible for the management of the Company's general affairs, assets, and operating and maintenance supplies
Human Resource Department	Responsible for short, medium and long-term human resources planning, personnel compensation, welfare and training.
Finance Department	Manage the working capital as well as matters pertaining to accounting and shares.
Production Planning Department	Manage manufacturing and sales planning and coordinate purchase orders of the Group.
Marketing and Planning Department	Responsible for the Company brand and product promotion projects, implementation of external public welfare activities, publicity materials, and corporate culture promotion, and act as the CSR corporate social responsibility unit.
IT Service Department	Implement the company computerization, and control computer data and computer software security.
Domestic Sales Division	Determine domestic sales strategies and goals.
International Sales Department	Implement and manage global sales policy (excluding Taiwan) and promotion planning.
Bike Division	Develop new customers and manage sales and services related to the OE factories and repair market of bike tires around the world
Quality Assurance Center	Plan, implement and manage quality assurance policy, quality enhancement and standardization of the whole Company.
R&D Centers	Coordinate the research and development strategies for the development of product and formulation of each tire class
Production Center	Plan and implement production schedules, manufacturing, delivery date, and quality affair pertaining to internal and external tires and rubber materials of the Company
Engineering Center	Design graphics for the development of mechanical devices and manage production.

Operations of the Board of Directors

According to Article 10 of the Rules of Procedure for the Board of Directors Meetings, the board of directors of Cheng Shin shall be convened and chaired by the chairman. However, the first board meeting shall be convened and chaired by the director with the most voting rights obtained in the shareholders' meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.

According to the Articles of Incorporation, the Board of Directors of Cheng Shin has a total of 11 directors (including 3 independent directors), whose term of office is 3 years. The Board of Directors of Cheng Shin was re-elected on June 16, 2020. The setting of current board members is in accordance with Cheng Shin's "Corporate Governance Best Practice Principles" - shall pay attention to gender equality, and members shall generally have the necessary knowledge, skills, and quality to perform their duties. Two of the current 11 directors are women. Their areas of expertise include business, finance, law, 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 ethical 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 where there is a risk of interest damage to any stakeholder and Cheng Shin, so as to avoid conflicts of interest.

The Rules of Procedure for Board of Directors Meetings is available to download from Cheng Shin's website (http://www.cst.com.tw/shareholder_9.php).

In 2020, a total of 8 board meetings were held, with directors' (including independent directors) attendance rate of 100%. For further detailed background information on the board members, please refer to our Annual Report for the Shareholders' Meeting in 2020.

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

Remuneration Committee

Cheng Shin established a Remuneration Committee in 2011, which has been re-elected to the fourth term, with the term of 3 years. The members of the fourth term are composed of three independent members appointed by the Board of Directors, including two independent directors and one independent external expert, and one female member. 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. In 2020, a total of 4 meetings were held, with an attendance rate of 100%. For further detailed background information on the Remuneration Committee, please refer to our Annual Report for the Shareholders' Meeting and Cheng Shin's website in 2020.

Audit Committee

In 2017, Cheng Shin set up an Audit Committee to replace the supervisor system, which is composed of all independent directors with a term of 3 years. In 2020, a total of 6 meetings of the Audit Committee were held, with an attendance rate of 100%. For more detailed background information on the Audit Committee, please refer to our 2020 Annual Report for the Shareholders' Meeting and Cheng Shin's website.

2.2 Integrity and Anti-corruption

Item	Management Policy
Importance	Integrity is the cornerstone of Cheng Shin's management and has a vital impact on shareholders, employees, customers, and even society. Cheng Shin takes Maxxis Family as the center and Honesty and Integrity as its most basic and important concepts. The Board of Directors and the management implement the ethical management philosophy on such basis and promote ethical management culture and related policies through staff education and training so as to prevent any conflict of interest, gift, and other incidents.
Policy/Commitment	Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Working Regulation, Establishment of Rules for Related-Party Transactions, Establishment of Supplier - Commercial Contracts, internal control systems, etc.
Goals and Targets	Eradicate any violation of the principles of ethical management
Resources	A total of 7,122 hours were invested in the education and training of ethical management in 2020
Communication Channels	1. Appeal line (Taiwan, Kunshan), feedback platform, appeal mailbox 2. Chongqing Labor Arbitration Commission (Chongqing), Chongqing Human Resources, and Social Security Network, etc.
Action Plan	1. Establishment and promotion of ethical management rules 2. Ethical management education and training
Effectiveness Assessment	1. No violation of ethical management in 2020 2. Internal control systems (Regulations Governing Establishment of Internal Control Systems by Public Companies)

Ethical Management and Anti-Corruption Rules

In accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Cheng Shin has formulated the Rules of Procedure for Board of Directors Meetings, Procedures for Preventing Insider Trading, Working Regulation, Establishment of Rules for Related-Party Transactions, Establishment of Supplier - Commercial Contracts, and internal control systems to implement ethical management. No violation of laws and regulations or internal rules on ethical management in 2020.

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.

Employee - Procedures for Preventing Insider Trading

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

Working Regulation

It has clarified the code of conduct for the directors, managers, and employees of Cheng Shin, aiming at urging all members of Cheng Shin to perform their duties in an honest manner.

Related-Parties - Related-Party Transactions

The management responsibilities of personnel, assets, and finance are clearly separated between Cheng Shin and affiliate enterprises. In addition to the supervision of subsidiary companies, the auditors also supervise the implementation on an annual basis.

Establishment of Supplier - Commercial Contracts

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

In addition to following the above rules, the mainland region has also formulated the internal Human Resources Management Rules to regulate the behavior of anti-bribery and accepting gifts from manufacturers and customers, and specify that the procurement and engineering staff shall sign the letter of commitment regularly to avoid any violation of ethical management. In order to better understand the needs and aspirations of new employees and other internal and external related parties, Taiwan region has set the communication mailbox and set the human resources unit and auditing unit as the dedicated department. The human resources unit is primarily responsible for communicating the ethical management value of Cheng Shin, while the auditing unit is responsible for handling violations. However, if the party suspected to be involved in the violation is a director or senior executive, the independent director will act as the follow-up communication and disposal unit. No apparent violation was found in the aforementioned communication channels in 2020.

Education and Training

At present, Cheng Shin Taiwan and mainland region provide 2 hours of ethical management education and training respectively for new employees on the day of entering the factory, provide promotion of ethical and responsible code of conduct for in-service staff, explain and promote the behaviors to be observed and avoided in the employee service rules. The decrease in the number of education and training hours in Taiwan region in 2020 is mainly due to the postponing of some training courses and projects as a result of the COVID-19 epidemic, while the decrease in mainland region is due to the decrease of approximately 60% in the number of new employees compared with that in 2019, resulting in fewer trainees. Therefore, the training hours have been greatly reduced. And the duration of pre-service training courses is shortened to accelerate the arrival of new employees and relieve production pressure; as a result, the training hours have been reduced.

Education & Training Hours for Ethical Management (Anti-Corruption, Anti-Bribery, Code of Conduct for Employees) Over the Years

Unit: hour

Region \ Year	2018	2019	2020
Taiwan Region	1,740	1,952	792
Mainland Region	13,282	16,184	6,330
Total	15,022	18,136	7,122

2.3 Risk Management

Ethical management is one of the most important business philosophies of Cheng Shin. Based on such concept, Cheng Shin implements corporate governance and operation management, and improves the risk management mechanism, actively manages and controls the risks that should be considered in the operation process so as to create sustainable corporate business development.

Cheng Shin has formulated various internal rules and regulations. According to the categories of risk factors, each responsible unit in Cheng Shin carries out risk control at different levels, evaluates and plans various control works, and implements them accordingly, expecting to minimize the uncertainty of business operation. Cheng Shin also focuses on the topics of environment, energy and resources, sets goals, and regularly reviews achievements. For details, please refer to Section 4.1 Risks and Challenges of Climate Change of this report.

ESG	Risk Type	Potential Risk	Control Strategies and Measures	Organizer
Corporate governance and operation management	Financial Risk	Exchange Rate Risk	<ul style="list-style-type: none"> ◆ As a multinational operating company, the financial reports of our overseas subsidiaries are denominated in the currency of the countries where they are located. Therefore, we are exposed to exchange rate risks arising from different currencies. The Group keeps close attention to the factors affecting the exchange rates and their changes of the countries in which it invests. ◆ The group's major currencies for sales and purchase are RMB, USD, NTD, and THB. The sales and purchases amount were of similar scale, thus the exchange rate risk is offset. The exchange rate risk resulting from the overseas investment comes from RMB, USD, THB, VND, INR, and IDR. Cheng Shin continuously observes the trend of the foreign exchange market, records and makes appropriate currency adjustments according to the capital situation to reduce the exchange rate loss or reduce the risk to an acceptable range. 	Finance Department
		Interest rate risk	<ul style="list-style-type: none"> ◆ In 2019, novel coronavirus pneumonia was launched by the global central bank to stimulate the economy. In 2020, the new crown pneumonia impact was to expand the easing policy and cut the benchmark interest rate. The United States will cut interest rates to close to zero interest rate and launch an unlimited QE. However, the adoption of the US financial rescue in March 2021 and the gradual slowdown of the pandemic have boosted the optimistic expectation of the market on the economic recovery. The rise of US bond yield will take the lead in influencing the non US market. Cheng Shin will monitor the updates from central banks around the world and the market condition closely, and make adjustments to the Company's liabilities and adopt necessary hedging strategies. 	Finance Department
	Continuous Operational Risk	Material Price Risk/ Material Supply Management	<ul style="list-style-type: none"> ◆ Material price alert: Cheng Shin employs the personnel responsible for observing the international raw material trading prices to timely monitor the raw material market prices online and keying in all the information into the system and inform the Company's senior management of the unusual information so as to closely oversee and seize the market trends. 	General Manager Office

ESG	Risk Type	Potential Risk	Control Strategies and Measures	Organizer
Corporate governance and operation management	Continuous Operational Risk	New product development management	<ul style="list-style-type: none"> ◆ It is expected to review the generation planning and regulations of market products. ◆ Research and develop new products according to the market and products, and meet the customer's performance, quality requirements, and regulations. 	R&D Department
		Transportation Risk	<ul style="list-style-type: none"> ◆ In inland and sea transportation, the cooperation of many large manufacturers and long-term cooperation with manufacturers are adopted to establish a deep relationship, so as to avoid the obstacles of export operation caused by the current rising market demand and fill the temporary gap. ◆ Price stabilization mechanism: inland transportation and manufacturers set rolling mechanism of oil price and adopt reasonable long-term freight price; In order to stabilize the transportation cost under the current situation of the sharp rise of market price, the freight rate contract is signed by sea transportation. 	Corporate Planning Division
		Power supply	<ul style="list-style-type: none"> ◆ Implementation of energy equipment management, regular inspection of primary, secondary and tertiary equipment and predictive detection of thermal imager, formulation of energy management measures, improvement of energy efficiency, and annual setting of energy saving objectives in the plant. Reduce the risk of energy supply through improvement. 	Construction Department
	Intellectual property management	Intellectual Property Right Risk	<ul style="list-style-type: none"> ◆ The Company's products are sold to more than 180 countries globally. The preventive measures are as follows: A: Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies' products. If there is any similarity that raises concerns or potential violation to the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation exists. B: Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents. After following the two preventive measures above, the authorization from the Company's management team must first be obtained before displaying the relevant patent information on the advertisements to publicize the Company's intellectual property rights and releasing any product advertisement material or new technology. 	General Manager Office
Information Security Risk	Confidential Information Protection	<ul style="list-style-type: none"> ◆ Formulate information security policy in the spirit of information security management system (ISO27001), specify the implementation of various security measures and strengthen the audit management. Strengthen information security management to ensure the availability, integrity, and confidentiality of information systems, and protect them from internal and external deliberate or accidental threats. 	Information Department	
Workplace safety and health	Safety risk management	Material Disaster	<ul style="list-style-type: none"> ◆ Formulate the Disaster Accident Management Regulations: specify the procedures to respond to an emergency, the emergency response contact system, and the disaster countermeasures. ◆ Formulate the Comprehensive Emergency Plans: For factories in China, we have stipulated the Comprehensive Emergency Plans for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, specify the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the General Safety and Health Requirements for Manufacturing Procedures, and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units. 	Safety and Health Department

ESG	Risk Type	Potential Risk	Control Strategies and Measures	Organizer
Workplace safety and health	Environmental risk	Environment Control Ability	<ul style="list-style-type: none"> ◆ Implement an environmental management system (ISO14001) with the annual external and internal audits, formulate environmental policies, set objectives, implement, audit and review to achieve continuous improvement in environmental performance. 	Safety and Health Department
		GHG Emissions	<ul style="list-style-type: none"> ◆ In response to the energy saving target of the Energy Bureau, energy consumption will be reduced by 2% every year. The energy saving target of next year and the implementation performance of this year will be listed in detail in the plant, so as to facilitate the discussion on the benefits of energy saving measures every year. ◆ In response to the government's promotion of the "greenhouse gas reduction and management law", our company has actively carried out the greenhouse gas emission reduction strategy, in which the heavy fuel oil in the plant is completely replaced by natural gas to effectively reduce its emissions, and the registration and certification are completed through external inspection and verification every year. 	Safety and Health Department
		Environmental Management	<ul style="list-style-type: none"> ◆ The Company has obtained the ISO14001 environmental management system certification, from the daily management implementation, to continue to maintain the validity of the certificate, and ensure the air, water, waste, and other environmental pollution management. ◆ Cooperate with the Environmental Protection Bureau to carry out the integration of multiple environmental protection permits into one license. We actively accept the guidance to integrate the certificates to promote the subsequent regulations and norms. ◆ All units implement the general manager's policy, create a sustainable business environment and reduce waste. Reduce energy consumption and sewage discharge of air compressor. 	Safety and Health Department
		Risk of infectious diseases	<ul style="list-style-type: none"> ◆ Regarding the impact of COVID-19 epidemic, Cheng Shin carries out relevant epidemic prevention measures in accordance with the "Guidelines for Continuous Operation of Enterprises in Response to the Severe Special Infectious Pneumonia (COVID-19) Epidemic" issued by the Ministry of Health and Welfare. It includes organizing an in-plant pandemic prevention team to conduct propaganda and management, effectively controlling the pandemic situation in the group's domestic and foreign factories, controlling personnel access and operation diversion, etc., so as to ensure the company's internal sustainable operation. 	Safety and Health Department
Society	Human Resources Risk	Talent Capital	<ul style="list-style-type: none"> ◆ In order to speed up the cultivation of reserve executive talents, cultivate potential middle and senior talents through systematic training, shorten the training time for middle and senior executives, and implement the reserve talent plan. 	Human Resource Department
		HR management	<ul style="list-style-type: none"> ◆ Diversify the talent recruitment channels. ◆ Strengthen employee care and enhance employee's willingness to stay. 	Human Resource Department
	Occupational Safety Risk	Safety and health standard operation management	<ul style="list-style-type: none"> ◆ In order to ensure the safety and health of the working environment, reduce the cost of accidents and reduce the loss of man-hours, we implement the ISO45001 occupational safety and health management system, ensure the safety and health objectives and performance, consider organizational risks and opportunities and identify occupational security risks in the group and seek to eliminate hazards or risks or control them to reduce their impact. 	Safety and Health Department
	Legal Compliance	Administrative Justice	<ul style="list-style-type: none"> ◆ With regard to the environmental protection regulations amended and announced by the government, the Company collects the latest promulgated laws and regulations for the responsible departments to verify if these laws and regulations are being adequately adhered to make sure that the Company's operation is in conformity and the relevant regulations of the Company will be amended accordingly. ◆ If there are any relevant laws and regulations on the environmental issues such as greenhouse gas, the Company should actively participate in the contingency team organized by the Industrial Development Bureau of the Ministry of Economic Affairs, pay attention to the draft laws and regulations and relevant changes, and keep track of the relevant information at all times. 	General Manager Office Safety and Health Department



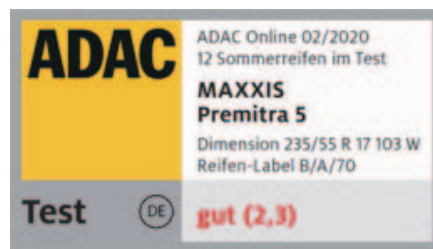
Part 3

Safe and Reliable Cheng Shin Tire

Key Performance

- ◆ Performance of car, recreational and commercial tires: UHP ultra-high performance tire VS5, winter tire WP6, all-season car tire AP3, all-season commercial tire AL2, and other products have won excellent evaluation results from international evaluation organizations and well-known media

Product	Publishing Magazine	Specification/Tread	Rating
Car tires	Auto Strassenverkehr	225/45R18 VS5	Recommended
	ADAC	225/40R18 VS5	Recommended
	ADAC	235/55R17 HP5	Recommended
	Aftonbladet	225/45R17 VS5	Recommended
	ADAC	205/55R16 WP6	Recommended
	Autobild Allrad	225/55R17 WP6	Satisfying
	Autobild Sportscars	225/40R18 WP6	Satisfying
	Auto Strassenverkehr	225/50R17 WP6	Recommended
	Autozeitung	205/55R16 WP6	Very recommended
	AMS	225/50R17 WP6	Very recommended
	Autobild	205/55R16 AP3	Satisfying
	SportAuto	225/45R18 AP3	Recommended
Recreational vehicle	Autobild Allrad	255/55ZR18 VS5 SUV	Satisfying
Commercial tires	Promobil	215/75R16 AL2	Satisfying
	Autobild	235/65R16 AL2	Satisfying



Achievements of bicycle tire products:

MAXXIS High Road and High Road SL were the designated tires for the World Class Motorcycle Team, Team Israel Start-Up Nation (Team ISN), in 2020, and obtained good performance in the Winner - Alex Dowsett (Team ISN) in Grio d'Italia _ Race 8 and Winner - Dan Martin (Team ISN) in La Vuelta_ Race 3 in 2020.



High Road SL

The 2020 MMB UCI World Cup champions Elite Man-Matt Walker (Madison Saracen) and Elite Woman-Marine Cabirou (Scott DH) used MAXXIS tires.



MINION DHF



MINION DHR II

Achievements of ATV tire products:

US ATV racer Hunter Miller took first place in the Can-Am King of the Hammers UTV Series, designated to use MAXXIS tires.



M-SC1

US ATV racer Hunter Miller took first place in the KING OF HAMMERS Series, designated to use MAXXIS tires.



ML7

Achievements of off-road motor tire:

MXGP World Tour in 2020:

- ◆ In 2020, the player was sponsored to win the champion of EMX125 for the second time. The position of competing tires MX-ST and MX-SM have been strengthened.
- ◆ MAXXIS sponsored racer Mattia Guadagnini to win the second place in the 2020 EMX250. MAXXIS sponsored racer Brian Borgers to overtake last year's world champion in the 2020 MXGP Limburg MXGP Group qualifying competition. Tim Gajser ranked first, fifth in Race 2, and sixth overall in the sub-station.



EMX125 Overall
Champion of the Year



EMX Overall Champion
of the Year



MX-ST

Achievements of M/C group tire products:

Important awards and achievements of S98P product development:

- ◆ 2020/07/28 TSR R.4 EVS10.0 - Final Champion
- ◆ 2020/07/28 TSR R.4 125 Group A - Final Champion
- ◆ 2020/07/28 TSR R.4 125 Group A - Final Runner-up
- ◆ 2020/07/28 TSR R.4 125 Group A - Third Place in the Final



3.1 Safe and Reliable Cheng Shin

Item	New Product Management Strategy of Cheng Shin
Importance	<ul style="list-style-type: none"> The quality of tires involves the safety of the driving and the passengers. Therefore, the safety of tires is the most important core value in the design, development, and production of Cheng Shin's new products. In order to help consumers choose suitable tires, all kinds of products meet the requirements of product information labeling regulations in the sales region.
Policy/Commitment	"Quality first, customers satisfied" is the Company's core competitive strategy for its products.
Goals and Targets	Innovative R&D technology to improve product performance, expecting to improve product identification, expand and capture the market, enhance the development of the enterprise.
Responsibility	Parent and subsidiary companies and main products, research and development departments, etc.
Communication Channels	Product service telephone and mailbox.
Action Plan	<ul style="list-style-type: none"> Constantly research and develop various series of high-performance tires, including fuel-efficient environment-friendly tires, low rolling resistance tires, safety tires, etc., to enhance product safety and energy saving. Pass the test by relevant certification units around the world and obtain the guarantee of product safety, do the most stringent check for the safety and health of consumers.
Effectiveness Assessment	<ul style="list-style-type: none"> Key performance indicators for product performance in 2020. No major violations of marketing, labeling, and other product-related laws in 2020.

3.1.1 Product Quality Management

The tire has been an indispensable part of all kinds of vehicles, but also a security part of the vehicle. Its quality is involved in the safety of driving and passengers. Therefore, the safety of products is the most important core value in the design, development, and production of Cheng Shin's new products. In addition, before leaving the factory, the product size, column pressure, durability and high-speed, and other related tests will be carried out internally to ensure the quality of the product and to do the most rigorous check for the safety of consumers.



When tires are used in driving, safety is the most basic and important link that cannot be ignored. Based on customer-oriented, after confirming customer needs, Cheng Shin produces products as needed and regards product safety as the most basic and important core value. Cheng Shin has passed the test by relevant certification units around the world and obtained the guarantee of product safety, and did the most stringent check for the safety of consumers.

Cheng Shin has obtained strict safety certification all over the world. The strict standard verification enables Cheng Shin's products to shine in every corner of the world and practice the brand spirit of "Maxxis Everywhere".



E-Mark Certificate from the Economic Commission for Europe (ECE)



Thailand TISI-Mark

DOT

US Department of Transportation



Philippines BPS-Mark



Indonesia SNI Certification - Standard National Indonesia; Indonesia National Standard



Brazil INMETRO Certification - National Institute of Metrology, Quality and Technology



Taiwan Standard Inspection Certification - BSMI-Mark



India ISI Certification - The ISI Standard Mark



CNS-Mark



China Compulsory Certification

Quality First, Customer Satisfaction

"Quality first, customers satisfied" is the Company's core competitive strategy for its products. In terms of the quality system, Cheng Shin is implementing comprehensive quality management and have obtained ISO9001 and IATF16949 quality management system certification, and set up a dedicated quality department to promote Cheng Shin's quality management activities:

Region	Quality Management System
Taiwan Region	All production activities are 100% ISO9001 compliant The production activities of car tires and truck and bus tires are 100% IATF16949 compliant (Note)
Mainland Region	All production activities are 100% ISO9001 compliant The production activities of car tires and truck and bus tires are 100% IATF16949 compliant (Note)

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

Quality Activities	Responsibilities
Quality Assurance	Establishment/maintenance and management of quality assurance system and quality management system, quality improvement, standardization planning/promotion and management, planning/implementation, and management of quality auditing activities
Quality Management	Implement and evaluate quality management activities of supplier, raw material, process, semi-product, finished products

Based on the basic quality policy of "Quality First, Customer Satisfaction", the Quality Assurance Department has formulated Cheng Shin's quality management structure, with 9 stages of quality management.



The quality management of Cheng Shin has passed the certification of ISO9001/IATF16949, which is the basis and guideline of our quality management policy and standard procedure.

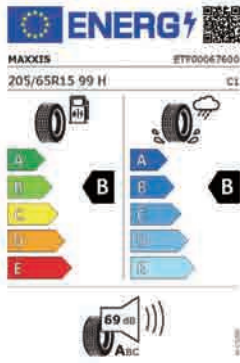
The products of Cheng Shin have passed the certification required by the EU and customers and are in compliance with the chemical restricted substances specification to ensure that there is no lasting damage to the environment.

To give a correct concept of "quality" to employees, Cheng Shin urges all employees to adhere to the idea and practice of "Quality First" for products, work, service, etc. Every new employee of Cheng Shin is required to receive a basic quality education when entering the factory and to recognize the basic core concept of "Quality First" from the very beginning. In addition, quality-related courses are also arranged in regular annual education and training for all levels of personnel to continuously strengthen Cheng Shin's adherence to quality and management improvement.

3.1.2 Explicit Product Labeling

Automotive markets around the world have tire labeling requirements in order to help consumers pick out tires that are suitable for their use. Our products are sold around the world and are in compliance with applicable product labeling regulations in the countries/regions of distribution.

In accordance with the concept of environmental protection and safety, countries in various regions have formulated tire certification labeling regulations, which mainly regulate tire rolling noise, wet grip, and rolling resistance. Our tires sold to all the regions and countries are in compliance with applicable regulations.



EU Interpretation of Labeling of Tires

Europe

In June, The Regulation (EU) 2020/740 on the Labeling of Tires was published in June to replace the former Regulation (EU) EC1222/2009 on the Labeling of Tires and to require information on all tires sold in European countries to be uploaded and disclosed to the EPREL system. The new labels will be mandatory from May 2021, and all Cheng Shin tires sold to EU countries are subject to this regulation.

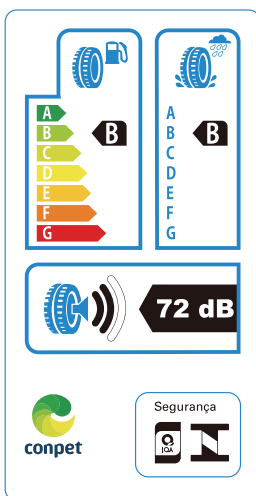


Saudi Arabia Interpretation of Labeling of Tires

Middle East Gulf Countries (GCC)/Saudi Arabia

Tires for passenger cars and for commercial light trucks and trucks sold to the Middle East Gulf Countries are required to comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (GSO ECE 117:2016) from January 2016 and January 2017 respectively, and all Cheng Shin tires sold to the Gulf countries comply with such requirement.

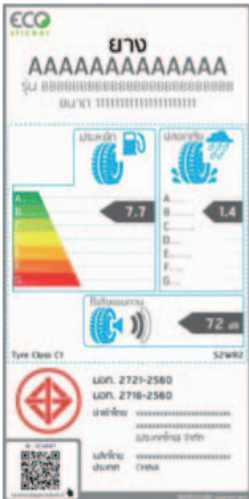
Since November 2015, all tires sold to Saudi Arabia must comply with the Vehicle Tires Rolling Resistance and Wet Grip Requirements (SASO 2857:2016), and all Cheng Shin tires sold to Saudi Arabia comply with such requirements.



Brazil Interpretation of Labeling of Tires

Brasil

Since November 2016, all tires for cars, commercial light trucks, and trucks sold to Brazil must comply with the Tire Rolling Noise, Wet Grip, and Rolling Resistance Requirements (INMETRO #544), and all Cheng Shin tires sold to Brazil comply with such requirement.



Thailand Interpretation of Labeling of Tires

Thailand

The Thailand Industrial Standards Institute (TISI) was established with the approval of the Cabinet of the Thai Government to act as a national standard legislative body to enact and amend relevant laws and regulations.

Tires for passenger cars and for commercial light trucks and trucks sold to Thailand from September 2019 are required to comply with the Tire Rolling Noise, Wet Grip, and Rolling Resistance Requirements (TISI 2721-2560), and all Cheng Shin tires sold to Thailand comply with such requirement.

Taiwan

In November 2019, the Bureau of Energy, Ministry of Economic Affairs, and Automotive Research & Test Center (ARTC) established the "Energy-Efficient Tire Industry Alliance" to introduce energy-saving labels for car tires, and manufacturers shall apply for energy-saving labels by themselves. According to the rolling resistance, the labeling can be divided into three grades: A, B, and C. The rolling resistance of grade A is the lowest one, which can save up to 8% fuel after measured, while the fuel-saving of grade B and C is 6% and 4%, respectively. And Cheng Shin has 1 grade A tire, 19 grade B tires, and 24 grade C tires being sold in China

ME3T

MAXXIS®

MECOTRA ME3T

205/55R16 91V

更多資訊請參閱網站

標稱胎面寬度 (mm) 標稱扁平比(%) (胎高H/胎寬W) 輪胎結構代號 (R:徑向型)

標稱輪圈直徑代號 (in.) 載重指數 速度代號

製造日期: 詳如輪胎側。數字前兩碼為生產週期碼。每兩碼為一年份。

DOT QUALITY GRADES

TREADWEAR	TRACTION	TEMPERATURE
380	AA/BC	BC

TUBELESS STANDARD LOAD BLACKWALL RADIAL PLY POLYESTER CORD STEEL BELTS

產品名稱: 專用輪胎
 數量: 1條
 用途: 專用
 產地: 台灣
 規格: 如標紙上之標示
 保存期限: 5年
 主要成分: 橡膠、鋼絲、帆布、炭粉

製造業者: 正新輪胎工業股份有限公司
 地址: 彰化縣大村鄉廣興村美港路215號
 服務電話: 0800-022123
 代理商名稱: 馬店新寶泰股份有限公司
 代理商電話: 04-8383083
 代理商地址: 彰化縣員林市三善里基光路180號

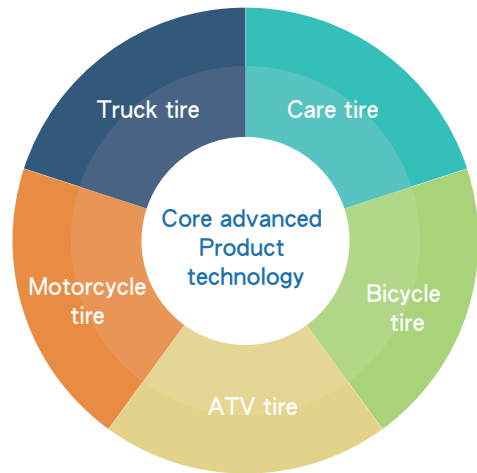
使用方法及注意事項:
 1.請由專業人員依據標紙種類、用途,建議最適當的輪胎種類。
 2.各種輪胎請依規定使用標準輪胎組裝。
 3.請依車廠規定之胎壓充氣,使用適當之胎壓,空氣應必須定期檢查。
 4.輪胎裝完成後,請確實檢查輪胎與輪圈有無密合及試水確認有無漏氣。
 5.製造日期超過5年,應檢驗是否應繼續使用,製造日期超過10年,建議儘速更換輪胎。
 6.胎面全寬具有6個磨耗底限指標,當胎面磨耗指示平臺與胎面切齊時,表示胎面殘溝不足1.6mm,應立即更換輪胎。
 7.輪胎有缺損或異常聲響時應由專業人員判定是否可繼續使用。
 8.避免停放於日光直接照射或雨水浸淫以及高溫、火花、熱源附近之處所。
 9.避免遭受油類或化學藥品污染。

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3.2 Leading Technology, Innovative Cheng Shin

According to the changes in market and environment and increasingly strict safety, environmental laws, and regulations for tires, Cheng Shin has introduced new products such as high-performance tires, low-rolling resistance tires, safety tires, smart tires, all-weather all-season tires, winter snow tires, and all-steel wire radiated tires to meet the demands of wet grip, abrasion, noise comfortability, and better fuel-efficient performance. Through continuous improvement of its core technologies, Cheng Shin is committed to creating more valuable and safer products to meet customer needs



Care tire:

- ◆ New winter tire WP6 with innovative technology

The WP6 is the latest generation of winter tires designed for optimum grip in winter road conditions such as snow and ice. The all-silicon tread rubber provides excellent braking performance in wet winter. The V-shaped main groove ensures a safe grip on the ground in snowy road conditions and provides optimal water dispersion, thus improving the resistance to water skiing. New high-strength materials are used to improve the control and stab prevention performance, as well as to reduce the calorific value between the tire body and increase mileage.



The serrated side groove wall design provides fast-breaking water film in wet land to optimize wet performance, as well as fast breaking the snow column in the groove in snow-field to optimize the performance on the snow ground.



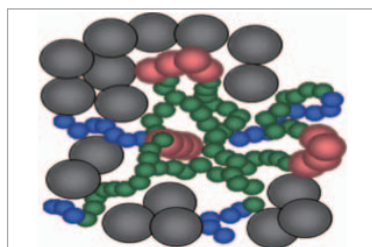
"Figure eight-shaped" side groove design is aimed to reduce the rolling resistance, increase the friction, thus improving the braking performance.



The multi-functional 3D cutter groove design provides good lateral rigidity to improve the control under dry and wetland conditions while extending the pattern grip edge to ensure the tread performance on the snow ground.



The low-rolling resistance bead filler formula design provides the performance of low heating to improve the performance on the snow ground.



After the introduction of new formula and technology, the formula, crude rubber, and drug are mixed up more evenly so as to ensure the controllability of the tire

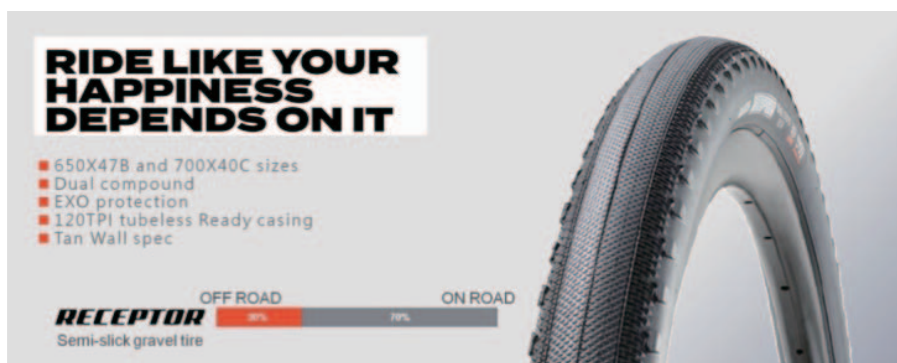


Bicycle tire:

NEW HIGH ROAD Brand new high-performance racing-class road tires. With Maxxis rubber technology-HYPR and Maxxis's latest stab prevention technology-ZK, 170TPI lightweight body, combined with the speed and the all-around grip performance, is the best partner in your competition.



NEW Semi-Slick Grave - RECEPTOR Brand new racing-class road off-road vehicle tires. With the Maxxis 120TPI lightweight and high-strength new body technology, combined with tread design with speed and turning performance, it is the best choice for your off-road racing.

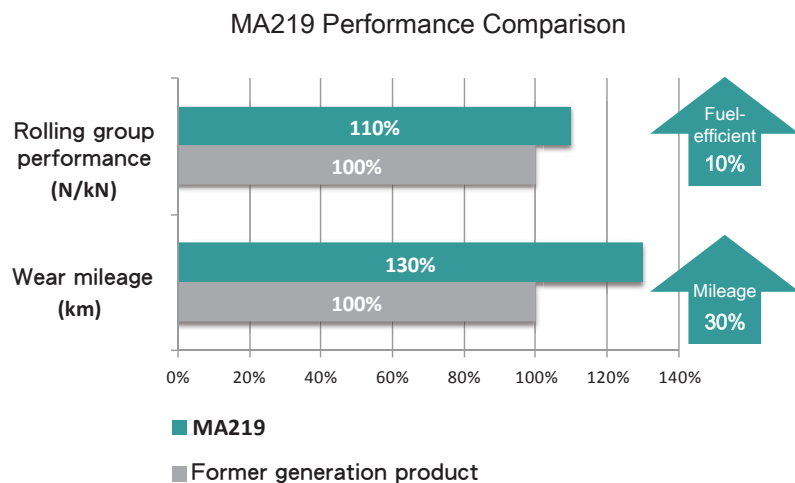


Truck and bus tires

Governments are striving to promote policies and laws to reduce environmental pollution to protect the ecological environment. How to enable the tire to reduce the resistance consumption of rolling to reduce carbon emissions and increase the wear mileage and prolong the service life of the tire is the most closely linked environmental consensus between Cheng Shin and the fleet.

In 2019, MAXXIS developed a new generation of low-rolling resistance truck and bus tire products, combined with the introduction of "HD-Blended" mixing technology, effectively reducing rolling resistance, thus facilitating customers to achieve fuel-saving and energy-saving and improving the durability of tires.

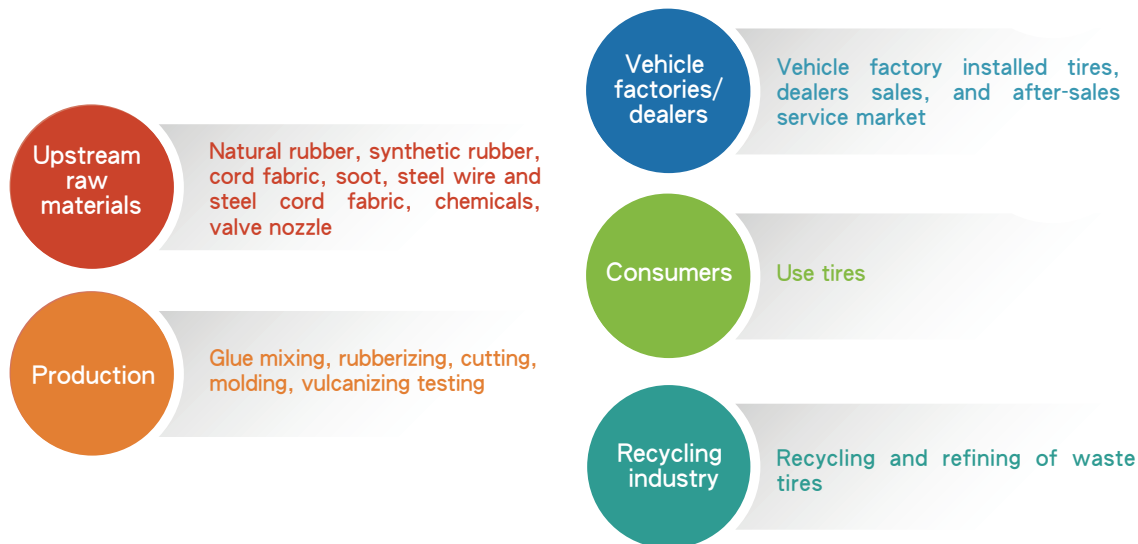
On the topic of corporate sustainability - the circular economy is an important project. For the MAXXIS all-steel wire radiating layer product, a new generation of high-tension tire wire has been developed to preserve the tire body for retread and greatly reduce the environmental pollution caused by tire scrap. A new generation of high-performance truck and bus tire - MA219, with the measured mileage of the first 315/80R22.5 in Long-Haul road conditions increased by 30% compared with the previous generation, has been highly recognized by the market. The development of 3 extension specifications (295/80R22.5, 12R22.5, and 11R22.5) has been carried out.



3.3 Supply Partner, Making Joint Efforts with Cheng Shin

3.3.1 Cheng Shin's Partners

Cheng Shin has always been operating the relationship with raw material suppliers from the perspective of partners and pursuing the close long-term cooperative relationship with suppliers with the concept of Team Work, expecting to achieve sustainable operation and create a win-win situation. The main product value chain of tire products from upstream raw materials, production, vehicle factories and dealers, consumer use to tire recycling is as follows:



In the value chain, Cheng Shin maximizes product value with safe and reliable tires. Among the upstream raw materials, rubber raw materials, equipment, and molds are the three major suppliers of Cheng Shin, and the bulk purchase of raw materials mainly includes natural rubber, synthetic rubber, cord fabric, soot, steel wire, and steel cord fabric, accounting for about 80% of the total purchase amount.

The number of raw materials purchased in 2020 and the proportion of local purchasing from 2018 to 2020 of Cheng Shin are as follows:

Taiwan Region

Name of Raw Material	2020 Purchased Quantity (tons)	Proportion of Local Purchases		
		2018	2019	2020
Natural Rubber (Note 1)	34,886	0.0%	0.0%	0.0%
Synthetic Rubber (Note 2)	33,756	27.0%	43.0%	47.0%
Fabric	9,643	53.0%	52.0%	62.0%
Soot	35,162	98.0%	98.0%	98.0%
Steel Wire and Steel Wire Curtain Cloth (Note 3)	13,955	0.0%	0.0%	0.0%

Note 1: Natural rubber is mainly produced in Thailand, Vietnam, China, and other places, while Taiwan completely relies on imports since it is located in a non-rubber producing area.

Note 2: The sharp decline in the procurement proportion of synthetic rubber in 2018 was due to the fact that domestic manufacturers were forced to turn to imports from overseas due to tight domestic supply and much higher prices than the international market. After 2019, As the prices of domestic manufacturers are slowing and close to the international market, the proportion of domestic procurement has picked up significantly.

Note 3: Taiwan manufacturers of tire-free steel wire and steel cord cloth must rely on imports.

Mainland Region

Name of Raw Material	2020 Purchased Quantity (tons)	Proportion of Local Purchases		
		2018	2019	2020
Natural Rubber	54,408	98.8%	99.0%	99.2%
Synthetic Rubber	46,256	51.8%	52.2%	49.8%
Fabric	8,087	90.6%	90.6%	89%
Soot	48,593	100.0%	100.0%	100%
Steel Wire and Steel Wire Curtain Cloth	30,752	100.0%	100.0%	100%

3.3.2 Supply Chain Management Policies of Cheng Shin

Cheng Shin has a rigorous audit process for suppliers, which includes product verification, qualification examination, and on-site factory audit as the benchmark for supplier audit.

Among the key projects of supplier site visit, in terms of the environment, we pay particular attention to the compliance with EU Chemical Safety (REACH) - Regulation (EC) No. 1907/2006 EU Substance of Very High Concern (SHVC) and Material Composition (e.g., IMDS). In the aspect of labor and human rights, we focus on suppliers' employment and training health, safety, and environment, as well as the Responsible Business Alliance (RBA), and carry out audit in accordance with the RBA international conventions and local labor standards act.

Cheng Shin attaches great importance to every product delivered to consumers and takes this as our guiding principle in choosing partners:

- (1) The capacity scale of the major suppliers can fully supply the production demand.
- (2) Each supplier has a large number of factories and can dispatch immediately in case of an emergency.
- (3) Major suppliers of raw materials shall at least obtain the ISO9001 or IATF 16946 quality system certification.
- (4) The production plant of raw materials shall be examined and verified by the Group, including the corporate business license and the legality of product production.

Cheng Shin classifies the results of supplier evaluation into four grades: A, B+, B, and C. For suppliers recognized, Cheng Shin carries out re-evaluation according to the annual supplier delivery quality performance. If the supplier's annual results are all Grade A, re-evaluation shall be arranged at least once every three years, and the process is the same as that of new supplier recognition so as to ensure continuous improvement of supplier quality.

Classification of Supplier On-site Audit Results

Grade A suppliers: 90.0~100: qualified, preferential purchasing, and can increase purchase orders.

Grade B+ suppliers: 86.0~89.9, Grade B suppliers: ~85.9: qualified.

Grade C suppliers: <79.9: (Taiwan) need further improvement, can be judged as qualified after reexamination.

(Mainland region) In addition to strengthening incoming inspection, arrange on-site supplier audit separately.

Taiwan Region

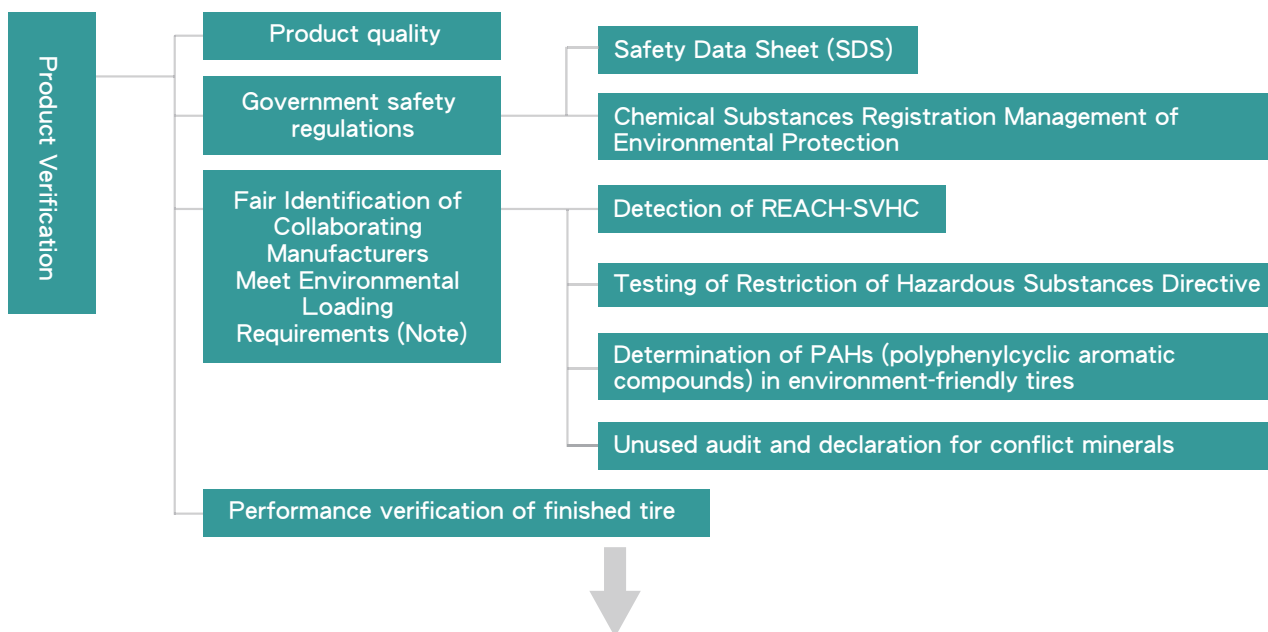
New Supplier	New Supplier Assessment	0	Grade A : 0 Grade B+ : 0	Grade B : 0 Grade C : 0
Existing suppliers	On-site assessment	5(Note)	Grade A : 2 Grade B+ : 3	Grade B : 0 Grade C : 0
	Performance assessment of supply capacity	105	Grade A : 103 Grade B+ : 0	Grade B : 2 Grade C : 0

Note: In 2020, field assessments were originally scheduled to carry out for 18 manufacturers. Due to the COVID-19 epidemic, field assessments were carried out for 5 domestic manufacturers only, while "self-assessment" was implemented by foreign manufacturers, and field assessment will be arranged after the epidemic eases down.

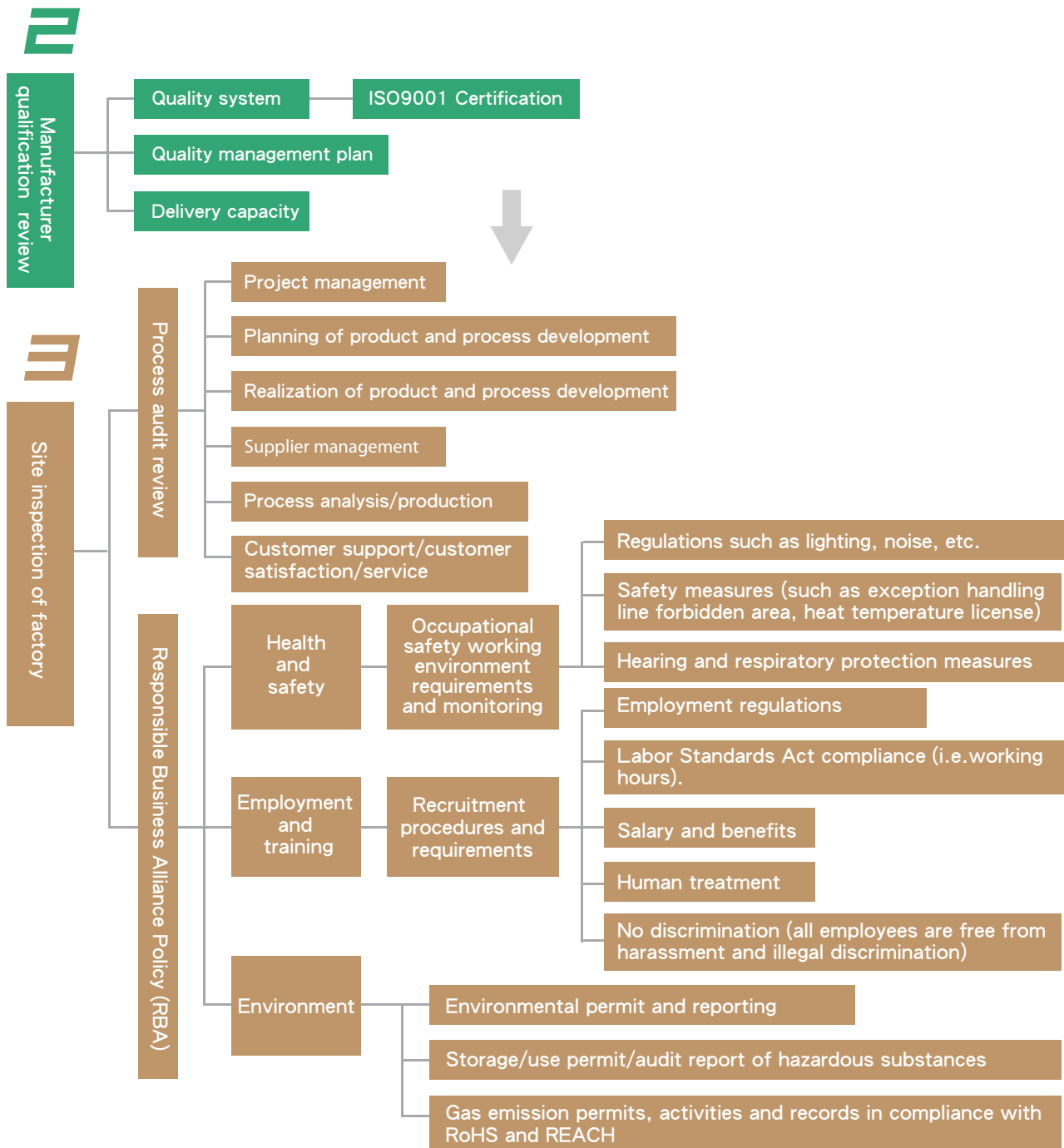
Mainland Region

New Supplier	New Supplier Assessment	2	Grade A : 0 Grade B+ : 1	Grade B : 1 Grade C : 0
Existing suppliers	On-site assessment	26	Grade A : 9 Grade B+ : 16	Grade B : 1 Grade C : 0
	Performance assessment of supply capacity	77	Grade A : 76 Grade B+ : 1	Grade B : 0 Grade C : 0

7



Note: The environmental evaluation of new suppliers include "government safety regulations" and "fair evaluation of cooperative manufacturers with environmental load requirements", 100% of which is included in the evaluation as the scoring item



In addition to supplier assessment and evaluation, Cheng Shin requires its raw material suppliers to provide inspection reports from quality laboratories or cooperative manufacturers for each batch of goods. After receiving the goods, Cheng Shin will conduct a batch inspection or sampling inspection to ensure the quality of raw materials. Besides the quality control of its own products, Cheng Shin also has requirements on the quality of raw materials from upstream so as to ensure that it can provide consumers with safer and more quality-guaranteed products.

Cheng Shin requires all suppliers to observe the Responsible Business Alliance (RBA) standards, abide by RBA and sign the letter of commitment. The Company’s internal employees should sign the Letter of Commitment on Clean Practice for Employees to prevent abuses and combat corruption.

To ensure the timely raw material supply to production and operation, the Company has worked out the internal management procedure for the implementation of the Emergency Response Plan. Moreover, the Company decides an emergency topic based on the external climate change and organizes an emergency response drill. In 2020, the Company implemented 2 drills, they are: 1. Drill of manufacturers’ business suspension due to the impact of COVID-19 pandemic; 2. Annual regular drill.

3.4 Customer Satisfaction

Customer Satisfaction Survey

To provide tires more in line with the needs of consumers, Cheng Shin keeps close to consumers through market research and market satisfaction survey every year and develops new products through research and innovation with a rigorous attitude in the face of all customer voices, including tread design, controllability, quietness, comfortability and abrasion resistance, etc., to maintain the direction of technology research and development to be consistent with that of market pull demand according to the satisfaction analysis result, so as to thoroughly understand the voice of customers and create customer value.

Taiwan Region

In 2020, a total of 377 questionnaires on consumer satisfaction in Taiwan region were sent out, and 359 of them were recovered, with a recovery rate of 95.2%. The findings are as follows:

The survey results analysis of each item is as follows:

Customer Type	Item Investigated	2018	2019	2020
End-consumers	Tread design	1.80	3.72	3.43
	Controllability	4.10	4.03	4.01
	Quietness	3.10	3.02	3.17
	Comfortability	3.00	2.98	3.11
	Abrasion resistance	3.00	3.01	3.20

Note: Score method of questionnaire survey

A score of 5 is very satisfied, 4 is satisfied, 3 is normal, 2 is dissatisfied, and 1 is very dissatisfied.

In the survey of 2020, the score of tread design and controllability showed a slight decline, while the quietness, comfortability, and abrasion resistance showed a slight growth trend. It is concluded that the new product MS2 car tires were launched in 2020, which is specially designed for families and drivers who pay attention to "quietness" and "comfortability" to meet the needs of middle and high-end car users. According to the actual driving conditions and weather conditions in Taiwan, Cheng Shin has enhanced the "safety" performance on dry and wetland roads, enabling car owners to enjoy a quiet and comfortable time on the driving journey.

Compared with the VS5 high-end performance tire launched in 2019, the product focuses on braking distance reduction on dry and wet ground, as well as driving controllability, which is significantly different from the MS2 flagship tire launched in 2020, which may further directly affect the product impression at the time of rating by consumers.

In the fierce and severe market competition, Cheng Shin adheres to the concept of "Customer Expecting Value (CVP)" to develop products that meet the needs of customers, allowing the "Customer Value Proposition" to be focused, which results from effectively addressing "Customer Concerns", grasping every opportunity to serve customers, integrating customers' opinions and related needs, and using its own key resources to meet customer needs. Cheng Shin has created high-quality products and perfect services while actively establishing different channels to increase the interaction with consumers and trying its best to achieve customers' expectations, which enables Cheng Shin to obtain more opportunities to realize customer satisfaction.

Mainland Region

In mainland region, the main customers are brand car manufacturers and dealers. Therefore, in mainland China, customers satisfaction surveys were conducted on these two types of customers every six months. The survey results of the past three years are as follows, with the dealers' business policies and channel policies, which are calculated by the weighted average:

Customer Type	Item Investigated	First half of 2018	Second half of 2018	First half of 2019	Second half of 2019	First half of 2020	Second half of 2020
Automobile brand customers	Lead time	29.7	29.5	29.6	30	30	30
	Quality	29.2	29.5	29.2	29.7	29.3	29.4
	Price	7.6	7.7	7.9	8.2	8	8.6
	Development	14.2	13.7	13.1	13.9	13.8	14
	Service	14.6	14.8	14.5	14.9	15	15
	Total score of OE customer	95.3	95.2	94.3	96.7	96.1	97
Dealer customers	Car products	86	90	86	85	88	86
	SUV products	86	90	86	85	88	86
	Off-road SUV products	86	90	86	85	88	86
	Commerical	86	90	86	85	88	86
	Service	87	89	83	84	84	81
	Promotion	69	71	69	77	77	72
	Brand promotion	78	82	80	78	78	75
	Dealer's business policies	80	83	83	78	80	77
	Channel policies	78	80	74	78	80	74
	Average	82	85	81	82	82	80

3.5 Protect Customer Privacy

Item	Customer Privacy Policy of Cheng Shin
Importance	As for the privacy of customers' intellectual property and identity, Cheng Shin has always handled every document and data file related to the confidentiality of products with the most rigorous attitude.
Policy/Commitment	<ul style="list-style-type: none"> Set up and fully update the automatic active file encryption system. Establishment of the document review mechanism.
Goals and Targets	Strive for "Data Protection, No Disclosure", giving customers and suppliers ease feeling to provide their information to Cheng Shin when doing business.
Communication Management	Free consultation service line and customer service center mailbox. °
Action Plan	<ul style="list-style-type: none"> Start the system installation and update from the key departments, and then expand to the whole Taiwan marketing departments. Cheng Shin's files must be reviewed by the administrator for file decryption requirements. A single window file decryption review mechanism for each department can ensure that every decryption request is reviewed at the same high standard.
Effectiveness Assessment	No written complaints of violation of customer privacy or loss of customer data.

Cheng Shin has always been the most rigorous attitude to completely protect the customer's intellectual property and identity privacy, control every product confidentiality and confidentiality of documents and information files. Therefore, through the continuous updating of data and the establishment of leakage protection mechanism, we strive to achieve "data protection without leakage", so that customers and suppliers can completely rest assured when dealing with Cheng Shin.

The key points of the implementation of customers' personal information management policy in Taiwan region in 2020 are as follows:

1. Set up and fully update the automatic active file encryption system.
2. Establishment of the document review mechanism.

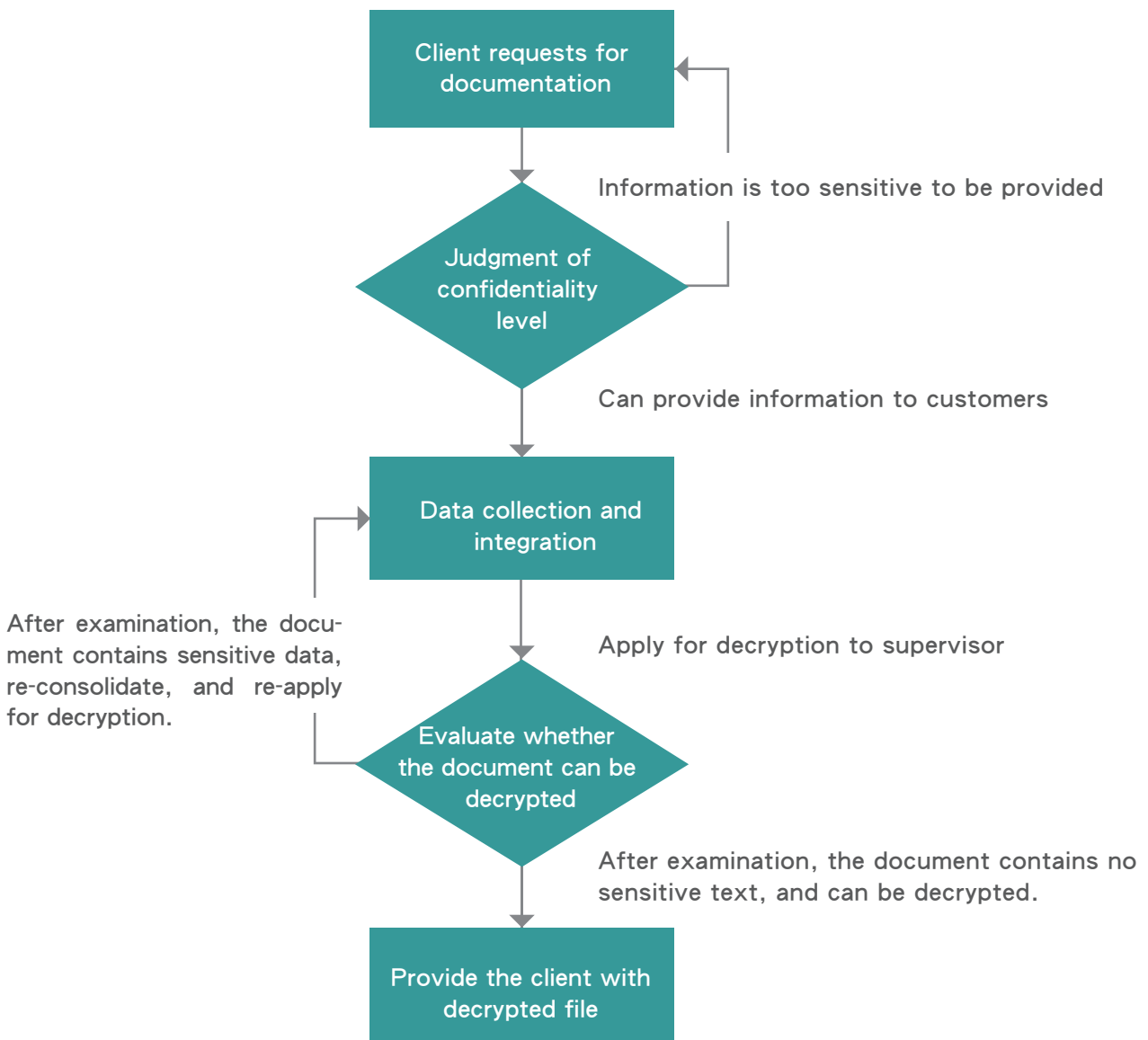
Implementation Methods

1. Start the system installation and update from the key departments, and then expand to all departments of Cheng Shin.
2. Cheng Shin's files must be submitted to the designated supervisor for review and decryption.
3. Only one single window file decryption review mechanism has been set for each department to ensure that every decryption request is reviewed at the highest standards.

Technology is changing rapidly, advancing at an unpredictable speed as a whole to meet the needs of the future technology society. Under the rapid development, it has changed the life of human beings in all aspects, among which the data protection with a large amount of information becomes more important.

In addition to multiple protection on data encryption, Cheng Shin strengthens the protection of customers' intellectual property. In addition, Cheng Shin is equipped with an automated electronic data protection system in the office computers, which allows customers' sensitive files to be protected from the moment they are received by Cheng Shin, actively preventing any files from being opened by any non-Cheng Shin personnel. More importantly, any unauthorized operation will be recorded and tracked to the managers and general users of the operation, including decrypted files, printed files, deleted files. In the event of any abnormal operation, the system will immediately alert the system manager to understand and analyze the abnormal behavior. Meanwhile, the abnormally opened files will also show garbled to avoid the risk of disclosure of confidential documents.

In 2020, there were no written complaints of violation of customer privacy or loss of customer data in the Taiwan region and mainland region. Cheng Shin strictly manages and maintains the storage and use of the intellectual property rights and privacy information provided by customers and keeps confidential the contract products, projects under development, and related product information of customers. With the efforts of all staff and the operation of the data protection system, Cheng Shin does a perfect job in data protection, enabling customers to rest assured and trust Cheng Shin.



3.6 Abide by Product Regulations

Tires are the key safety features of all types of vehicles, and, therefore, the regulations in each country provide clear and strict rules regarding tire standards, specifications and requirements applicable to tire products.

In distribution and marketing, tire manufacturers are also required to comply with relevant laws and regulations and are prohibited from engaging in activities in violation of competition and marketing laws.

The Legal Division of the General Manager Office of the Head Office shall be the final judgment department for the Group's compliance with the law and regulations. All group enterprises and factories also have dedicated staff to act as windows for compliance with laws and regulations of local authorities so as to keep abreast of the latest legal developments and adjust our operation management from time to time.

In terms of product compliance, it mainly includes the following categories:

1. Product specifications and standards: such as the specifications and safety factors of products set by various countries.
2. Product labeling and disclosure of information: specifications for labeling on products and for information to be disclosed to the public.
3. Product sales and marketing laws: such as the antitrust, advertising, and marketing laws to be followed.
4. Product usage and service provision laws: for example, tires over a certain number of years shall not be used for commercial purposes, used or sold as products of inferior quality.

Cheng Shin has always adhered to strict compliance with the laws and regulations. During the year 2020, there were no major violations of the laws as described above in the Taiwan region and the mainland region, and no major complaints were received by the compliance communication channels with the competent authorities and local residents.

The US Department of Commerce has declared an antidumping and anti-subsidy measure against light truck and passenger tires originating out of Taiwan, Korea, Thailand, and Vietnam. At present, Cheng Shin of Taiwan has been imposed a lower initial antidumping tax rate than those of other tire manufacturers in the region, and the final antidumping decision will be subject to the announcement of the US Department of Commerce in May 2021.

For compliance matters, Cheng Shin also opens the public channels for stakeholders to contact and communicate with Cheng Shin directly:

Free consultation service line: 0800-092123 Customer Service Center

Service time: Monday ~ Friday 08:00 AM ~ 05:30 PM

E-mail: svc@mail.cst.com.tw



Part 4

Green Cheng Shin

Key Performance

◆ ISO50001

The mainland region has passed the external certification for the ISO50001 energy management system.

◆ Greenhouse Gas Reduction

Energy-saving programs have been promoted in Taiwan and mainland region in the past two years, and it is estimated that the greenhouse gas emissions - CO₂e can be reduced by 4,861.74 tons.

◆ Cleaner Production

Douliu Second Factory passed the cleaner production evaluation system certification of the Industrial Development Bureau, Ministry of Economic Affairs.

◆ Reduction in the Use of Water Resources

Water consumption has been reduced in Taiwan and mainland region by a total of 223,155 tons.

◆ Reduction of Wastewater Discharge

Wastewater discharge has been reduced in Taiwan and mainland region by 15.6% and 34.7%, respectively.

4.1 Risks and Challenges of Climate Change

In order to cope with the risk and impact of extreme weather, Cheng Shin convened relevant heads of all departments through the Corporate Social Responsibility Working Group to identify major climate risk topics related to climate change based on the materiality principle and the Task Force on Climate-Related Financial Disclosures (TCFD), analyze their impact and opportunity, draw a climate change risk and opportunity matrix by identifying physical and transformational risks. Cheng Shin has developed a core and strategy for implementing climate change actions to address major risks in order to implement risk response measures, enhance the resilience of Cheng Shin to extreme climate and reduce the risk. Through regular review of the effectiveness of mitigation measures, Cheng Shin aims to standardize procedures to reduce the response time for similar risk treatment in the future.

Key steps to identify climate change risks/opportunities and risk management processes.

◆ Key steps to identify climate change risks/opportunities and risk management processes



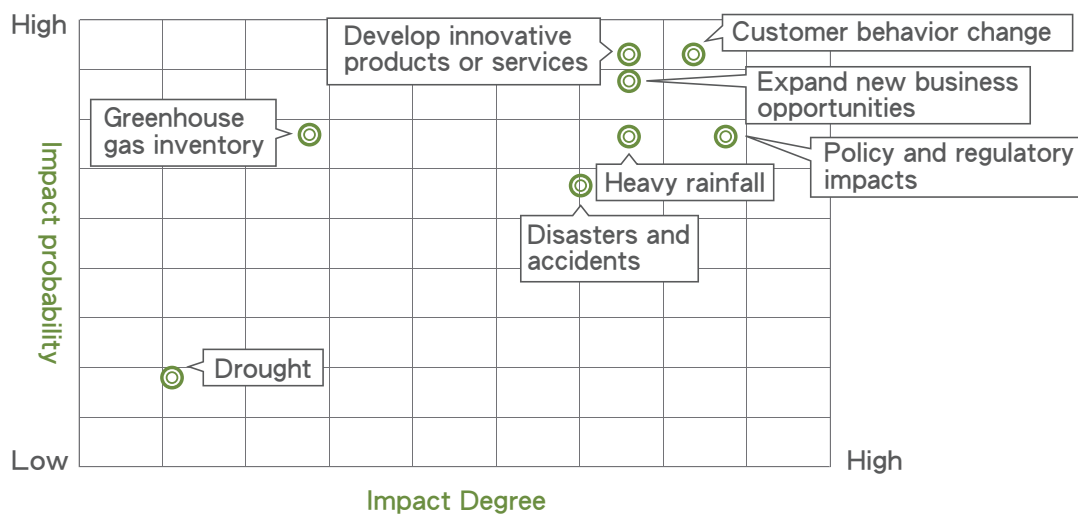
◆ Indicator Disclosure Framework for Cheng Shin TCFD

Level	Indicator	Corresponding CSR Section
Governance	A. Describe the board’s oversight of climate-related risks and opportunities.	Green CST P.48
	B. Describe the role of management in assessing and managing climate-related risks and opportunities.	
Strategy	A. Describe the short term, medium term and long term climate-related risks and opportunities that the organization has identified	Green CST P.50~52
	B. Describe climate-related risks and opportunities that would have a significant impact on the organization’s business, strategy, and financial planning.	
	C. Describe the organization’s strategic resilience, taking into account different climate change scenarios, including 2°C or lower.	
Risk Management	A. Describe the organization’s processes for identifying and assessing climate-related risks.	Green CST P.49~50
	B. Describe the organization’s processes for managing climate-related risks.	
	C. Describe the organization’s integration of processes for identifying, assessing, and managing climate-related risks into its overall risk management framework.	
Indicators and Objectives	A. Disclosure of the indicators the organization uses to assess climate-related risks and opportunities in accordance with its strategy and risk management processes.	Green CST P.52~53 4.3.4 Greenhouse Gas
	B. Disclose the emissions and related risks within the scope of steps 1, 2, and 3 (where applicable).	
	C. Describe the objectives and performance of the organization to manage climate-related risks and opportunities.	

◆ Identify Risks and Opportunities of Climate Change

In response to the climate change and energy use crisis, Cheng Shin’s CSR working group, together with staff from each department, assessed the "impact probability" and "impact degree" of each risk according to the materiality principle, identified eight climate change risks and opportunities, integrated Cheng Shin’s development with policies and solutions for economic development, environmental protection, and sustainable development, and set the long-term objectives to continuously strengthen climate resilience and build a culture of environmental sustainability.

◆ Climate Risk and Opportunity Matrix



◆ Risk and Opportunity Impact Analysis of Climate Change

Type	Potential Risks and Opportunities	Impact to Cheng Shin	Response Measures
Transformation Risks	Policy and regulatory impacts	For the environmental protection laws and regulations announced by the government, it is necessary to understand and judge the compliance degree in the factory in a timely manner to facilitate compliance with the government policies and regulations	<ul style="list-style-type: none"> Self-inspect the pollution prevention status and the pollution prevention equipment capability on a regular basis through the internal audit of the effective environmental management system. It has established regulations on the identification and management of environmental safety and health-related laws and regulations and collects regulations updated by relevant competent authorities every month to identify and implement them accordingly. Conduct compliance assessment once a year to comply with statutory provisions.

Type	Potential Risks and Opportunities	Impact to Cheng Shin	Response Measures
Transformation Risks	Customer behavior change	<ul style="list-style-type: none"> Environmental topics: In order to improve environmental protection and driving safety, with the expectation on the tire industry to provide consumers with better tire quality, stricter standards of the EU Labeling Law have been put forward to implement by stages (2017~2030). Buy all-seasons tires: Some countries in the European area have light snow weather all year round. Although the temperature is low, it won't have extremely cold weather. Therefore, for convenience, consumers began to buy all-season tires. 	<ul style="list-style-type: none"> Continue to carry out market and customer demand surveys so as to provide the new generation of all-season tire products in line with the market and customer demand.
	Cap-and-trade of greenhouse gases	At present, the national policy tends to be caps on greenhouse gas emissions, and some main plants in mainland are subject to the cap, which may result in cost increase.	<ul style="list-style-type: none"> Participate in industrial associations, negotiate with the government about greenhouse gas caps. Participate in voluntary greenhouse gas reduction and continue to enhance the efficiency of equipment. Conduct greenhouse gas inventory.
Entity Risks	Heavy rainfall	<ul style="list-style-type: none"> Affect the traffic in the plant as a result of the surface gathered water. Due to climate change, waterways in the plant have soared, resulting in water accumulation. 	<ul style="list-style-type: none"> Remove the silt in the waterway and increase the load of water. Add and purchase new equipment to increase the number of drainage motors in the plant to promote drainage efficiency.
	Drought	Water restrictions imposed by the government affect the water for business use.	Continuously monitor the government's water restriction policies to avoid any unexpected impacts on Cheng Shin's capacity.
	Disasters and accidents	Disasters and accidents cause disruption of operations and equipment damage.	<ul style="list-style-type: none"> Contingency shall be dealt with in accordance with the "Disaster and Accident Handling Management Methods". Such as: Emergency Response Plan Operation Process, Emergency Response Contact System, and Disaster Response Management, etc. Implement in accordance with the Technical Guidelines on Emergency Response Measures and follow the Taiwan Occupational Safety and Health Management Systems (TOSHMS) guidelines and the five related technical guidelines (risk assessment, procurement management, contracting management, change management, and emergency response measures) issued by the Ministry of Labor.

Type	Potential Risks and Opportunities	Impact to Cheng Shin	Response Measures
Opportunities	Expand new business opportunities	The abnormal weather caused a change in customer demand. If we can predict the market demand and develop new products, we are likely to enter new markets and increase our revenue.	<ul style="list-style-type: none"> Develop new product of all-season PCR and SUV according to customer performance requirements. Segment market and look for new niches.
	Develop innovative products or services	<ul style="list-style-type: none"> Anti-closure 3D Sipe technology. High wet grip 4S white smoke tread formula technology. 	Development of a new generation of all-season tire commercial products.

◆ Response Strategies and Objectives for Climate Change

Strategy	Sustainable Development Goals	Achievements in 2020
Internal audit and regulatory identification	Continuously ensure compliance through internal audits and regulatory identification, and advance regulatory deployment being superior to the laws and regulations.	In 2020, Xizhou Plant and Douliu First Plant in Taiwan were punished for violating the Waste Disposal Act. Cheng Shin made immediate improvements for the penalty items imposed by the Environmental Protection Administration and continued to follow up and even re-examined similar environmental issues in all plants.
Accurate Market Response	In response to the demand for all-season tires, we arrange regular market surveys every year to understand product-market feedback and consumer demand to analyze future trends.	Affected by the epidemic and the cargo transportation in short supply in 2020, the overall European car/commercial vehicle sales market declined by 10% approximately, while the demand of the all-season tire market only saw a slight decline, which is sufficient to show that the demand remains strong. In the future, we will continue to provide market feedback and continue to provide customers with satisfactory products.
Promote energy conservation and carbon reduction in manufacturing	<ul style="list-style-type: none"> Cooperate with the Bureau of Energy's electricity saving targets every year. Cheng Shin aims to reduce energy consumption by 2% by 2021. 	The energy-saving and carbon reduction performance of the central plant in 2020 is about 129,350 kWh, equivalent to 1703.74 tons of CO ₂ E, approximately
Water Resources Risk Management	<ul style="list-style-type: none"> Conduct management in accordance with the Measures for Flood Control Pumping, adjust motor-related equipment as necessary (e.g., water level of each area, setting of stopping pumping water level, maintenance cycle, regional maintenance management). Continue to monitor climate-related information for advance development of relevant countermeasures. 	<ul style="list-style-type: none"> Continuously monitor the government's water restriction policies to avoid any unexpected impacts on Cheng Shin's capacity. Established records of climate anomalies and relevant government policies.

Strategy	Sustainable Development Goals	Achievements in 2020
Enhance Climate Resilience	Conduct management according to the "Provisions for the Management of Disasters and Accidents" every year, and continuously review and revise to conform to the current situation.	Implemented plant accident management in accordance with technical guidelines for emergency response measures, implemented and avoided disaster events in accordance with management regulations, and constantly revised and reviewed the contents of management provisions.
R&D Innovation	From 2019 to 2020, the Group completed two development projects of PCR/LTR all-season tires and is expected to launch three new all-season product development projects in 2022.	<ul style="list-style-type: none"> ·AP3 SUV product development with the verification results show that the braking performance on wet ground and the control performance on dry ground are better than those of competitors. (235/60R18 Spec.) ·AP3 product development with the verification results show that operation safety on dry and wet ground is better than those of competitors. (205/55R16 Spec.)

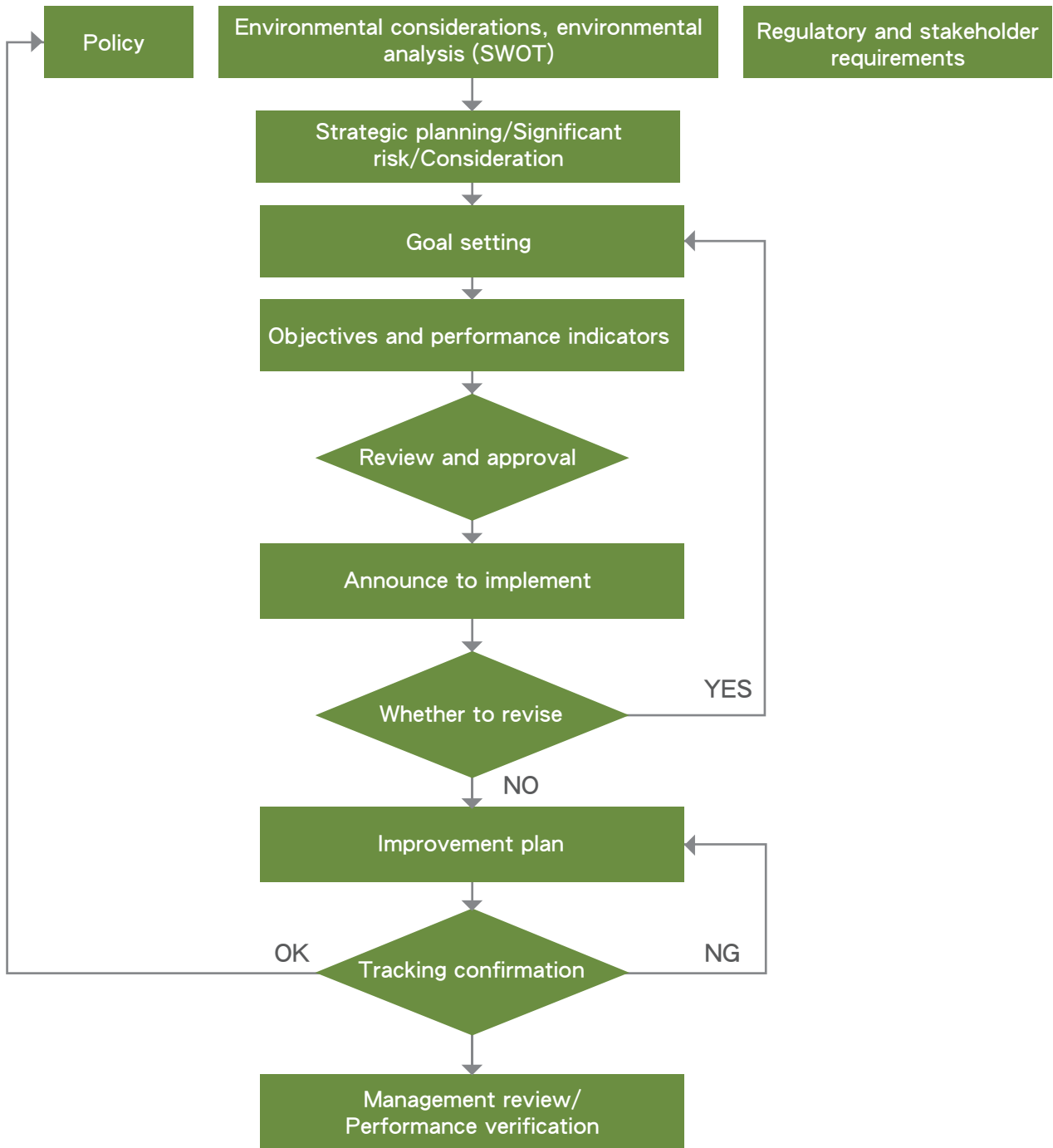
4.2 Environmental Management

The earth's climate and environment are deteriorating as a result of the effects of greenhouse gases, and Cheng Shin is fully aware of the fact that there is only one earth. As a global citizen, in order to comply with international norms such as the Paris Agreement and fulfill the corporate responsibility for environmental protection, Cheng Shin is committed to greenhouse gas inventory and has a good grasp of greenhouse gas emissions. Based on the inventory results, Cheng Shin further promotes the voluntary greenhouse gas reduction program and implements the environmental policy of "energy conservation, resource recovery, operation safety, and pollution prevention".

Cheng Shin has recognized that environmental protection is an indispensable factor in the sustainable operation of its business and has established a corporate environmental management system in line with the global environmental protection philosophy. Cheng Shin is committed to environmentally friendly product design and improving the equipment and operating environment, and has reduced the waste gas, wastewater, noise, and waste from the process and saved energy, achieving proper recycling of resources. Cheng Shin also strengthens the promotion of industrial safety, continues to carry out all kinds of pollution prevention and control to enhance its strength, enabling the harmonious coexistence and strong growing of enterprise and the environment. Cheng Shin's commitment to the environment is:

- ◆ Comply with all work safety and environmental laws and regulations and related requirements.
- ◆ Considering the product life cycle, Cheng Shin is committed to continuous improvement of technology and methods during the process of design, raw material, manufacturing, storage, transportation, usage, and waste disposal, so as to reduce the impact on the environment and enhance safety
- ◆ Set up a sound internal and external communication channel and promote the concept of environmental protection to contractors and partner factories.

- ◆ Continue to promote industrial waste reduction, resource recycling, and pollution prevention.
- ◆ Continue to promote environmental education and establish a complete and effective environmental management system.



Environmental Management System Flow Chart

In terms of environmental management policy, Taiwan region passed the ISO14001:2015 version change certification in 2017 and continued improvement through the "Plan-Do-Check-Act" model of the ISO14001 environmental management system. It has set annual targets for energy saving, water saving, waste reduction, and resource conservation and effectively improved the overall environmental performance through regular monitoring and tracking management by the EHS Committee. In addition, in line with the national promotion policy of energy conservation and carbon reduction and the international trend of environmental protection, to develop toward green industry and promote the sustainable development of the industry, Douliu Second Factory passed the "Cleaner Production System Assessment of Green Factory" certified by the Industrial Development Bureau, Ministry of Economic Affairs in 2017, being the 78th manufacturer in Taiwan to pass the evaluation. In July 2018, Douliu Second Factory was re-examined by the inspection team of the Industrial Development Bureau and passed the review without any objections.



Cleaner Production Certificate

Environmental Communication

Adequate environmental communication and dialogue with stakeholders can enable them to understand Cheng Shin's emphasis on and management of environmental protection. In accordance with the principles of "environmental communication procedures" in the ISO environmental management system, each plant will conduct community and neighborhood activities from time to time to establish smooth communication channels with the residents near the plant. In addition, Cheng Shin also provides channels for telephone complaints about local residents or external stakeholder groups who have concerns about the environmental impact on the local area of the production process. When each plant receives a telephone complaint, the handling process will be recorded in detail in the "External Communication Record Form". If there is any improvement, it will be made by the competent and responsible unit according to the complaint content and tracked by the environmental management department.

Important Communication Record of Taiwan and Mainland Plants in 2020

Plant	External Agency	Communication/ Abstract	Improvement Recommendation	Handling Situation
Taiwan Region	Nearby resident	People complained that foul smell was floating out from the chimney	Carry out regular inspection and maintenance to ensure the normal operation of air pollution control equipment system.	Went to the complaint office to confirm that the production equipment and control equipment were not in operation. But there was a suspected smell of pig excrement, and it was judged that the odor might have come from a nearby pig farm.

4.3 Energy Resources and Greenhouse Gas Management

4.3.1. Resource Management

The products produced by Cheng Shin are tire products, which are mainly made from raw materials such as raw rubber, artificial rubber, soot, steel wire, etc. In order to reduce the exploitation of earth resources and save procurement costs, Cheng Shin adopts the following methods to reduce raw material consumption as much as possible.

- ◆ Adjust process parameters to reduce raw material consumption.
- ◆ Seek auxiliary material alternatives, or reduce the usage to remove the auxiliary materials.
- ◆ Review the reasonableness of material usage regularly.
- ◆ Look for reinforcing auxiliary materials of high strength and lightweight to replace.

In 2020, the total raw materials used by Taiwan and mainland plants were 139,499 and 220,306 tons, respectively, the production capacity of tires (including inner tubes) is 122,790 and 215,330 tons, respectively, and the usage intensity of raw materials is 0.880 and 0.977, respectively. In Taiwan region, new raw materials are developed to gradually replace old materials and integrate them so as to reduce material loss. Therefore, the usage intensity of raw intensity has been improved compared with last year. In the future, Cheng Shin will continue to use raw materials efficiently and increase the usage intensity of raw materials year by year.

Use Strength of Raw Materials

Plant	2018年	2019年	2020年
Taiwan Region	0.911	0.856	0.880
Mainland Region	0.982	0.973	0.977

Note: Usage strength of raw materials = total weight of products (tons) / total materials consumed (tons)

4.3.2. Energy Management

Adhering to the energy policy of "energy saving, carbon reduction, and efficiency improvement", Cheng Shin has always attached great importance to the usage of energy, and energy management is our fundamental commitment to the environment. Energy management organizations have been established in both mainland and Taiwan plants to set energy saving targets and implementation plans every year. Implement an incentive system in which assessment is linked to remuneration, rewards, and punishments by decomposing the energy-saving targets and conduct related assessments with the quarterly and year-end performance appraisal forms. Encourage all departments to actively carry out technological renovation of energy conservation and gradually implement energy conservation and carbon reduction. All energy management personnel in the mainland plants have passed the ISO50001: 2018 energy management system requirements training, have obtained the qualification certificate of internal auditor, and have the management-related skill requirements. In addition, each plant has passed the third-party management system certification, and Kunshan Plant has been awarded the Energy Efficiency Star Level 3 Energy Award.



ISO50001:2018 Certificate of Mainland Plant

In terms of energy use, Cheng Shin uses electricity, gasoline, diesel, and natural gas most. In 2020, the energy consumption of Taiwan and mainland plants were 1,699,077GJ and 2,420,672GJ, respectively. The energy intensity of Taiwan plants was 13.84GJ/ ton, and that of mainland plants was 11.24GJ/ ton. The consumption of diesel fuel in Taiwan region in 2020 was slightly higher than that of last year. Diesel fuel was used for the power of the stacker and the emergency generator, in which most was used to supply the power of the stacker. After checking and comparing the data of diesel consumption in the previous three years, it was found that the diesel consumption increased slightly year by year, which should be caused by the frequent use of stackers as handling equipment in the plant. And all gasoline is used for official cars.

Taiwan Region

Energy Category	2018	2019	2020
Electricity (kWh)	230,922,520	232,442,420	230,555,369
Natural gas (KL)	29,383,119	26,922,209	25,839,965
Diesel (L)	88,530	103,070	106,620
Gasoline (L)	141,797	145,029	142,610
Total calorific value (GJ)	1,823,282	1,741,988	1,699,077

Note 1: The source of calorific value refers to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by Taiwan Environmental Protection Administration.

Note 2: The electricity emission coefficient is calculated by referring to the value announced by the Bureau of Energy and the electricity coefficient for 2019 provided in the announcement issued on June 30, 2020.

Mainland Region

Energy Category	2018	2019	2020
Electricity (kWh)	274,458,015	319,634,467	281,194,254
Diesel (KG)	409,485	349,145	291,377
Gasoline (KG)	137,940	123,905	90,265
Purchased steam (ton)	534,732	522,776	472,733
Nitrogen (ton)	10,505,910	10,469,403	9,184,133
Total calorific value (GJ)	2,811,985	2,714,061	2,420,672

Note: The energy category is counted according to the China energy regulatory projects and by adopting the Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission of Enterprises in Industrial and Other Industries.

Energy Usage Intensity

Plant	2018	2019	2020
Taiwan Region	13.75	14.01	13.84
Mainland Region	10.70	10.97	11.24

Note: Energy intensity = energy consumption (GJ) / gross product weight (tons)

4.3.3. Energy Conservation and Carbon Reduction Measures

Since 2009, each Cheng Shin plant has been launching a number of energy-saving programs. In the past two years, the main focus of energy-saving is on the optimization of process/plant equipment, replacement of old equipment, and energy-saving control management. It is estimated that greenhouse gas emissions in Taiwan region and mainland region will be reduced by 1,703.74 tons and 3,988 tons of CO_{2e}, respectively, with the energy conservation programs launched in the past two years.

In 2020, enumerate representative energy-saving plans for the past two years

Plant	Measures for Energy Conservation and Carbon Reduction in the Past Two Years	Calculation Instructions of Energy Saving	Annual Energy Saving Performance	Annual Carbon Reduction Performance (Unit: CO _{2e})
Taiwan Region Central plant	Improvement of voltage drop of control power supply of vulcanizer for the third manufacture department	Replaced the power supply of the man-machine monitoring system from AC 110V to DC 24V, which can effectively maintain the transient voltage and avoid the shutdown caused by the instantaneous voltage drop. It is estimated that the energy consumption can be saved by 20,416 kWh/set X 4 = 81,664 kWh/year	81,664kWh	41.6 tons

		Measures for Energy Conservation and Carbon Reduction in the Past Two Years	Calculation Instructions of Energy Saving	Annual Energy Saving Performance	Annual Carbon Reduction Performance (Unit: CO ₂ e)
Taiwan Region	Central plant	Power saving and improvement of air conditioning system in EBR workshop	Fixed the cooling pump for one-to-one cooling of the ice water machine to reduce the non-summer start-up frequency of one cooling pump (estimated at only half of a year), saving energy consumption by 20HP X 0.746 kW/HP X 300 days X 24 hours X 0.5 = 53,712 kWh	53,712kWh	27.3 tons
		Improvement of inlet water temperature of BO-026 boiler deaerator	Modified and recycled the steam decompression station of boiler No. 19 and the condensate water pipe of the distributor to the deaerator of boiler No. 26, realizing the annual recovery of condensate water of 295.2T/year, recovery of heat of (295.2T X 1,000 kg)/year X 460.4 kcal/kg = 135,910,080 kcal/year Annual saving of natural gas: 135,910,080 Kcal/year ÷ 8,885 Kcal/m ³ X boiler efficiency 95% = 14,531 m ³ Note: 8,885 kcal is the annual average low calorific of natural gas in the plant, and the low calorific value of 8,885 is put in the EPA coefficient table (version 6.0.4) to obtain the CO ₂ emission coefficient: 2.0869041798	14,531 m ³	30.5 tons
		Improvement of air source leakage in the central plant	Conducted field air pressure energy leakage control and maintenance. The air leakage measured before improvement was 1,099 kWh/day, and after improvement was 960 kWh/day, saving energy consumption (1,099-960) kWh/day X 24 hours X 300 days = 1,000,800 kWh/year	1,000,800kWh	509.4 tons
		Improvement of water usage in the chilling tank during the extrusion process	Water quality control in the control process: Extend the frequency of water changing from one week to once every two weeks. Based on the sewage discharge of 5,760T/year last year, the water changing frequency is estimated to reduce after improvement, and the sewage volume will be reduced from 480T/month to 240T/month, saving energy consumption 240T/month X 12 months X 1.64688 kWh/T = 4,743 kWh/year	4,743 kWh	2.4 tons

Plant		Measures for Energy Conservation and Carbon Reduction in the Past Two Years	Calculation Instructions of Energy Saving	Annual Energy Saving Performance	Annual Carbon Reduction Performance (Unit: CO ₂ e)
Taiwan Region	Central plant	Improvement of the process water discharge of OO-004 warm water equipment	The warm-water equipment discharges water about 7 times a week for about 4 minutes at a time. The discharge volume is calculated as 4min X 0.15m ³ /min X 7 times X 52 weeks/year = 218.4 t/year, with the drainage pipe diameter of 40mm and water volume of 0.12~0.2m ³ /min Energy saving: 218.4t X 0.44 kWh/T =96 kWh/ year	96kWh	48.9 tons
		Improvement of lighting and electricity saving in the whole plant	Replaced the 129 old 100W power-saving bulbs with the 80 new 130W high-efficiency electrode-less lamps, saving energy (0.1KW X 129 - 0.13 KW X 80) X 26 days X 24 hours X 12 months/year =18,720 kWh	18,720 kWh	9.5 tons
	2nd and 3rd Plant	Energy-saving improvement of fluorescent lamps on the west side of the sulphurization project	Replaced the old 40W traditional lamps with the 100 new 32W electronic lamps, energy saving = (0.4 KW - 0.32 KW) X 100 X 24 hours X 24 days/month X 12 months/year = 55,296 kWh/year	55,296 kWh	28.14 tons
		Improvement of energy saving of vacuum pump for the extrusion shift	5 HP X 0.746 kW /HP X 24 hours X 24 days/month X 12 months/year X 0.9 (power saving rate) = 23,203 kWh/year	23,203 kWh	11.8 tons
	Zhongzhuang Plant	Improvement of constant pressure control of sulfurized BLD pumping vacuum	25 HP X 0.746 kW /HP X 24 hours X 50% (power saving rate) X 24 days/month X 12 months/year = 64,454 kWh	64,454 kWh	32.8 tons
		Improvement of lighting and electricity saving in the plant	Replaced the old 40W traditional lamps with the 100 new 32W electronic lamps, energy saving = (0.4 KW - 0.32 KW) X 200 X 24 hours X 24 days/month X 12 months/year = 110,592 kWh/year	110,592 kWh	56.3 tons
		Improvement of air source leakage	The average daily statistical of the air compressor meter is about 1,958 kWh, improving leakage about 2%, 1,958 kWh X 2% X 24 days/month X 12 months/year = 11,278 kWh/year	11,278 kWh	5.7 tons
		Improvement of constant pressure of water supply in temperature control system of extrusion area	Changed the frequency constant voltage motor, removed the two 5HP supercharged motors, 5 HP X 2 X 0.7 (running efficiency) X 0.746 kW/HP X 24 hours X 24 days/month X 12 months/year = 36,094 kWh/year	36,094 kWh	18.4 tons

Plant		Measures for Energy Conservation and Carbon Reduction in the Past Two Years	Calculation Instructions of Energy Saving	Annual Energy Saving Performance	Annual Carbon Reduction Performance (Unit: CO ₂ e)
Taiwan Region	Xizhou	Improvement of liquid nitrogen evaporator	The cooling water recovery pipeline was equipped with water-cooled evaporator, and the liquid nitrogen outlet was changed to water-cooled evaporator, and the ice water flows to the cooling pool by natural flow pipe, to effectively reduce the electricity of 3 cooling fans for the cooling pool, saving energy $16.875 \text{ kWh} \times 0.9 \times 24 \text{ hours} \times 25 \text{ days/month} \times 12 \text{ months/year} = 109,350 \text{ kWh}$	109,350 kWh	55.7 tons
		Power saving improvement of lighting equipment in plant	Replaced the old 80W traditional lamps with the 150 new 40W LED lamps, energy saving = $(0.8\text{kW} - 0.4\text{kW}) \times 150 \times 24 \text{ hours} \times 25 \text{ days/month} \times 12 \text{ months/year} = 432,000 \text{ kWh/year}$	432,000 kWh	219.9 tons
		Pressure improvement of the air pressure system	The head pressure of the high pressure air compressor was changed from 8.6 kg/cm ² to 6.0/cm ² , energy saving = $225 \text{ kWh} \times 0.8 (8.6 \text{ kg/cm}^2 - 6.0 \text{ kg/cm}^2) \times 6\% \times 24 \text{ hours} \times 25 \text{ days/month} \times 12 \text{ months/year} = 202,176 \text{ kWh}$	202,176 kWh	102.9 tons
	Douliu Plant	Energy saving improvement of the water chiller for the air pressure system	AD-5 gas-consuming water purifier is used in 12 places of the air pressure system. To remove condensate water from compressed air, 0.4cmm cooling water is lost per minute. Replaced it with the gas-free ST-1500, energy-saving = $0.4\text{cmm} \times 12 \text{ places} / 42 \text{ CMM} \times 223.8 \text{ kW} \times 8,000 \text{ hours} = 204,800 \text{ kWh/year}$	204,800 kWh	104.2 tons
		Pressure reduction improvement of the air pressure system	The supply pressure of the air pressure systems was reduced from 6.8kg/cm ² to 6.5kg/cm ² , saving energy of about 2%, and saving power consumption of the air pressure in 2020 of $3,476,484 \text{ kWh} \times 2\% = 69,530 \text{ kWh}$	69,530 kWh	35.3 tons
		Rolling workshop lighting improvement	Replaced the old 250W metal halide lamps with the 132 new 150W LED lamps, energy saving = $(0.25\text{kW} - 0.15\text{kW}) \times 132 \times 24 \text{ hours} \times 26 \text{ days/month} \times 12 \text{ months/year} = 98,842 \text{ kWh/year}$	98,842 kWh	50.3 tons
		Energy saving improvement of air conditioning system in workshop	Adjusted the pump supply of the air conditioning system, saving energy $110 \text{ HP} \times 0.746 \text{ kW/HP} \times 24 \text{ hours} \times 26 \text{ days/month} \times 12 \text{ months/year} = 614,465 \text{ kWh/year}$	614,465 kWh	312.7 tons

Plant		Measures for Energy Conservation and Carbon Reduction in the Past Two Years	Calculation Instructions of Energy Saving	Annual Energy Saving Performance	Annual Carbon Reduction Performance (Unit: CO ₂ e)
Mainland Region	Kunshan Plant	Replace the ordinary fluorescent lamp to LED fluorescent lamp	Power saving (January - December): 588,571 kWh Saving electric charge: 588,571 X 0.6215 = NT\$365,796	588,571 kWh	433 tons
		Use high-efficient centrifugal air compressor	Eliminated and replaced the original air compressor that has been in use for nearly 20 years with 10,000V centrifugal air compressor. The electric ratio in 2019 is 0.132, and the electric ratio in 2020 is 0.120. Gas production from January to December in 2020: 337,258,025 m ³ Power saving: (0.1317 - 0.1189) X 337,258,025 = 4,316,902 kWh Saving electric charge: 4,316,902 kWh X 0.65 = NT\$2,805,986	4,316,902 kWh	3,176 tons
		Improvement of water supply mode of pool and management of energy saving	Power consumption of 123 pool in 2019: 5,139,422 kWh, output: 137,541.4 tons, unit consumption: 37.37 kWh/ton Power consumption from January to December in 2020 (excluding the impact of the epidemic in February and March): 3,811,307 kWh, output: 106,815.53 tons, unit consumption: 35.68 kWh/ ton Power saving: (37.37 - 35.68) X 106,815.53 = 180,518 kWh Saving electric charge: 180,518 kWh X 0.65 = NT\$117,336	180,518 kWh	133 tons
		Energy saving management of the vacuum pump	Power consumption of vacuum pump in 2019: 1,722,590 kWh, output (PCR+TBR): 195,948.436 tons, unit consumption: 8.791; Power consumption from January to December in 2020: 1,111,615.54 kWh, output (PCR+TBR): 164,495.407 tons, unit consumption: 6.758 Power saving: (8.791-6.758) X 164,495.407=334,469 kWh Saving electric charge: NT\$217,405	334,469 kWh	246 tons

Note 1: The amount of carbon dioxide at Taiwan plants refers to the electricity emission coefficient announced by the Bureau of Energy, citing the electricity coefficient for 2019 provided in the announcement issued on July 20, 2019.

Note 2: The amount of carbon dioxide in mainland plants refers to the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emission" announced in 2014. Steam emission coefficient: 0.116 tCO₂e/GJ; Power emission coefficient: 7.356tCO₂e/10,000 kWh.

4.3.4. Greenhouse Gas Management

The Intergovernmental Panel on Climate Change (IPCC) has stressed that it is "very likely" that the increase in average global temperatures is caused by man-made greenhouse gases.

Cheng Shin is fully aware of the fact that there is only one earth. As a global citizen, in order to comply with international norms such as the Paris Agreement and fulfill the corporate responsibility for environmental protection, Cheng Shin is committed to greenhouse gas inventory and has a good grasp of greenhouse gas emissions. Based on the inventory results, Cheng Shin further promotes the voluntary greenhouse gas reduction program and implements energy-saving transformation to reduce energy consumption and greenhouse gas emissions. Referring to ISO14064-1:2006 Organizational Greenhouse Gas Inventory Procedures, Cheng Shin voluntarily discloses the greenhouse gas emissions on an annual basis. In 2020, the total greenhouse gas emissions from plants in Taiwan and the mainland were 171,532 and 356,975 tons of CO₂e, respectively. The direct emission in Taiwan region has a decreasing trend year by year, which is speculated to be due to the continuous energy saving and improvement of the operating machinery and equipment required by the process in each plant year by year. Therefore, the direct emission projects have achieved significant results. As a result of the COVID-19 epidemic, personnel did not return to work, and the production capacity in February and March was insufficient, and some energy-consuming equipment was turned on, the greenhouse gas emission intensity of plants in mainland region increased by 2.5%.

Greenhouse Gas Emission

Unit: ton CO₂e

Plant		2018年	2019年	2020年
Taiwan Region	Category I: Direct Emission	61,527	56,428	54,180
	Category II: Energy Indirect Emission	127,931	128,773	117,352
	Total	189,458	185,201	171,532
Mainland Region	Category I: Direct Emission	1,686	1,453	1,177
	Category II: Energy Indirect Emission	416,233	399,843	355,798
	Total	417,919	401,296	356,975

Note 1: The data for Taiwan region is calculated by referring to the "Greenhouse Gas Emission Coefficient Management Table 6.0.4" published by Taiwan Environmental Protection Administration.

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

Note 3: The electricity emission coefficient refers to the value announced by the Bureau of Energy, citing the electricity coefficient for 2019 provided in the announcement issued on July 20, 2019.

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

Greenhouse gas emission intensity

Unit: ton CO₂e

Plant	2018	2019	2020
Taiwan Region	1.43	1.49	1.40
Mainland Region	1.59	1.62	1.66

Note: Greenhouse gas emission (tons of CO₂e) / Gross product weight (tons)

4.4 Water Resources Management

4.4.1. Water Usage Management

Item	Water Management Strategy
Importance	Due to climate change, the growing water shortage has become one of the top five global risks.
Policy/Commitment	Environmental policy "energy conservation, resource recovery, operation safety, pollution prevention".
Goals and Targets	Reduce production water and wastewater discharge, comply with laws.
Responsibility	Environmental safety departments of the parent company and subsidiaries.
Communication Channels	Environmental communication procedures.
Action Plan	<ul style="list-style-type: none"> · ISO14001 environmental management system. · Taiwan region: RO pure water is used for boiler water, and residual water is recycled for process use, and process water is recycled. · Mainland region: reclaimed water system; Water saving valves are used in living areas. · Wastewater treatment method: The wastewater is pretreated at the in-plant treatment station and then discharged through pipes to municipal or industrial wastewater treatment plants. Some plants treat the wastewater by themselves and then discharge it into the natural water.
Effective Evaluability	Regularly review production water and wastewater discharge.

Due to climate change, water resources are increasingly scarce. Both developed and developing countries have been affected by dwindling water resources. Moreover, in the Global Risk Report of the World Economic Forum in the past three years, the "water crisis" has been listed as one of the five global risks. In the plight of poor water resources conditions, the stability of water supply becomes the concern for business operation. Based on the position of risk control and corporate sustainability, Cheng Shin has already promoted cooling water recycling through dedicated pipes, boiler steam recovery, etc., and advocated water saving, and installed faucets with water economizers. Cheng Shin's RO reverse osmosis is mainly used for boilers, and the wastewater after reverse osmosis is reintroduced with cooling water for recycling to avoid water waste. The water sources used by Cheng Shin include tap water and underground water. Cheng Shin holds the water rights certificate issued by the competent authority for all wells in which groundwater is extracted and uses water according to the authorized amount. In 2020, the total water consumption in Taiwan and the mainland region were 1,082,002 tons and 490,123 tons, respectively, which has been reduced by 11% and 15.4%, respectively, compared with the previous year due to the production adjustment and the promotion of water-saving awareness among employees.

Water Resources Usage

Unit: ton CO₂e

Plant	Item	2018	2019	2020
Taiwan Region	Running Water	319,273	322,310	455,954
	Ground Water	1,011,271	893,491	626,048
	Total	1,330,544	1,215,801	1,082,002
Mainland Region	Running Water	643,128	579,479	490,123
	Total	643,128	579,479	490,123

In addition, the mainland region has always attached great importance to the conservation of water resources, conducted water-saving education in employee activities, and posted water-saving signs in employee bathrooms, washrooms, and washbasins, encouraged multi-usage of water, prevented leakage and waste, improved the reuse of industrial water, reduced waste sewage discharge, and has been awarded as "Water-Saving Enterprise" in China.



Kunshan Plant in mainland region was awarded as "Water-Saving Enterprise"

4.4.2 Wastewater Management

For wastewater generated from daily operations, Cheng Shin conducts wastewater discharge operations in accordance with local laws and regulations and ensures that the quality of the discharge water is within the limits of the "Effluent Standards". In order to reduce the discharge of wastewater, the boiler water in Taiwan plants is replaced with RO pure water so that the residual water can be recycled for process use and the reverse washing water for process water can be recycled. In addition, a water recovery facility has been set up in the Xizhou Plant to recycle about 35% effluent of the waste (sewage) water for irrigation and toilet flushing to reduce the discharge of water. In addition, by integrating the production configuration of each plant, Cheng Shin effectively utilizes the space and water sources in the plant, fully check the discharge pipelines in the plant, diverges the flow direction of wastewater and rainwater, integrates the main pipelines, and eliminates those with water leakage, damage and low frequency of use. This improvement plan can effectively reduce the discharge of wastewater (sewage). With the increase of high-concentration and low-concentration wastewater treatment in the mainland plant, 100% wastewater reuse was achieved, and the wastewater discharge was reduced by 34.7%. In some parts of the wastewater discharge destination, the wastewater of some plants in Taiwan and mainland is pretreated at the in-plant treatment station and then discharged through pipes to municipal or industrial wastewater treatment plants. Some plants treat the wastewater by themselves and then discharge it into the natural water. In 2020, the amount of wastewater discharged in Taiwan and the mainland was 448,307 and 284,942 tons, respectively.

Wastewater discharge in the past three years

Unit: ton CO₂e

Plant	Characteristic of Wastewater	2018	2019	2020
Taiwan Region	Mainly Daily Life and Cooling Water	535,680	531,384	448,307
Mainland Region	Mainly domestic wastewater and steam condensate wastewater	404,308	436,632	284,942

Note 1: The wastewater volume of the plants in Taiwan is measured by the flowmeter on the facilities. The flowmeter is regulated by the environmental protection regulations in Taiwan and calibrated by the qualified verification third-party once a year.

Note 2: The wastewater volume of the mainland plants is counted by the flowmeter stipulated by the government and measured by the connection with the government immediately. The flowmeter is calibrated by the quality assurance department once a year.

Water quality standards for plants in Taiwan and mainland are different depending on the location of effluent. The standards for general areas and industrial areas in Taiwan are detailed in the following table. The wastewater in the general areas is treated by the wastewater facilities in the plant and can only be discharged after reaching the effluent standards. The effluent from industrial areas is discharged to industrial sewage treatment plants after being treated by in-plant facilities. Therefore, the water quality and quantity standards are different from those in other areas. For the water unsatisfied with the water discharge standard for the industrial areas shall be charged with an additional treatment fee and shall be spot-checked on a regular basis by the industrial area.

Cheng Shin follows the relevant local management norms of testing and declaration. The Taiwan plants conduct water quality testing every six months to facilitate the declaration, and the annual water quality testing result in 2020 met the effluent standards. In accordance with the control items required by the Phase 5-2 EIA, the mainland plants follow the water quality standards for sewage discharged into urban sewers, and the water quality testing result of the mainland plants in 2020 all met the implementation standards.

The following table lists the effluent standards and water quality data of the central plant and Douliu First Plant in Taiwan, as well as the water quality standards and data of the mainland region.

Taiwan Region

Water Quality Item	Taiwan Region Effluent Standards		Effluent Testing of Central Plant (apply general areas standards)	Effluent Testing of Douliu First Plant (apply industrial areas standards)
	General Areas	Industrial Areas	Effluent	Effluent
Water Temperature (°C)	38°C in May to September 35°C in October to April	45	31.7	31.5
Suspended Solids (mg/L)	30	320	3.9	6.1
Biochemical Oxygen Demand (mg/L)	30	320	5.9	8.1
Chemical Oxygen Demand (mg/L)	100	480	19.6	25.4
pH	6-9	5-9	7.6	7.8
Grease (mg/L)	10	10	2.1	<0.5

Mainland Region

Water Quality Item	Water Quality Standards of Mainland Region	Effluent Testing of Mainland Region
COD(mg/m ³)	70	46.25
SS(mg/m ³)	40	15.50
NH ₃ -N(mg/m ³)	10	6.15
TP(mg/m ³)	0.5	0.03
TN(mg/m ³)	10	5.2
Petroleum (mg/m ³)	1	0.11

4.5 Waste and recycling

At present, all the waste in the plant is handled according to the "Business Waste Cleaning Plan" approved by the local environmental protection authority and disposed of by an environmental protection cleaning and transportation company certified by the competent authority. Cheng Shin tracks the vehicle routes of the cleaning and transportation company on a regular basis to understand whether the final flow of the waste is legal. Recyclable waste (residual) includes waste rubber, waste metal, waste plastic, waste pallet, and waste paper/carton, etc., which are sorted and collected by qualified local recyclers for recycling to enhance the life cycle of recycling of waste resources. The waste goods and containers to be recovered and reused are also announced in the plant. A classification and recovery system has been properly established to strengthen the concept of resource recovery among employees. In addition to compliance with the regulations for waste disposal, Cheng Shin also adopts the following practices to minimize waste generation:

- ◆ Waste classification and recycling to reduce the type and quantity of cleaning and transportation.
- ◆ Cheng Shin has developed the level 1-3 independent maintenance plan to extend the service life of articles by regular maintenance and gradually introduce consumables and raw materials of environment-friendly materials.
- ◆ Entrust recycling institutions and disposal companies for related recyclable (residual) wastes according to the announced categories.
- ◆ Reduce the use of disposable tableware, provide staff with personal tableware and use stainless steel tableware in restaurants for reusing.
- ◆ In 2020, the waste categories in Taiwan and mainland plants included domestic waste, general waste, and hazardous waste, with a total output of 5,866.34 tons and 8,098 tons, respectively.

Waste Output and Disposal Statistics

Unit: ton CO_{2e}

Plant	Waste Type	Action Taken			Total
		Incineration	Bury	Recycling	
Taiwan Region	Daily Life Business Waste	552.50	0	0	552.50
	General Business Waste	27.61	0	5,245.63	5,273.24
	Toxic Business Waste	0.02	40.58	0	40.60
	Total				5,866.34
Mainland Region	Daily Life Business Waste	91	-	554	645
	General Business Waste	1,255	-	5,698	6,953
	Toxic Business Waste	102		398	500
	Total				8,098

Note: Since the data of hazardous wastes in Chongqing Plant cannot be distinguished by the disposal method of incineration and bury, the data is consolidated.

4.6 Air Pollution Control

The source of air pollutants in the tire industry is mainly the exhaust gas produced by the process escape and boiler combustion. The types of pollutants include dust, granules, nitrogen oxides, volatile organic compounds (VOCs) and odors, etc. For the prevention and control of various pollutants, Cheng Shin mainly focuses on improving the efficiency of pipe end treatment and carrying out strict monitoring and invests a large amount of funds in optimizing and upgrading the exhaust gas treatment equipment. For the treatment of VOCs and odors in Taiwan plants, we installed a washing tower and photocatalyst system at the back end of the mulling process to effectively reduce VOCs emissions and odor escape. All exhaust ports in the mulling workshop of Kunshan Plant are installed with compound exhaust gas treatment equipment. Air pollution emissions from Taiwan plants have been on a downward trend over the years, which is mainly due to the replacement of heavy oil boilers with more environmentally friendly natural gas boilers. However, the number of monitoring points for environmental air pollution sources in mainland plants is 56 according to the previous EIA and is 88 updated by the law and EIA in 2020. Therefore, as the number of monitoring points increases, air pollution emissions will also increase.

Air Pollution Emissions in the Recent Three Years

Units: ton

Plant	Pollutant Type	2018	2019	2020
Taiwan Region	Oxysulfide	-	-	0.02
	Nitrogen Oxides	41.53	46.97	46.66
	Volatile Organic Compounds	121.91	129.80	126.1
	Particulates	0.34	0.46	0.93
	Total	163.78	177.23	173.69
Mainland Region	Volatile Organic Compounds	5.74	6.77	6.88
	Particulate Matter	9.03	16.01	8.63
	Sulfide (H ₂ S)	0.05	0.03	0.04
	Total	14.82	22.81	15.55

Note: Statistics are made according to the main pollutants controlled by local laws and regulations.

4.7 Compliance with Environmental Regulations

Adhering to the principle of abiding by laws and regulations, improving environmental quality, and reducing environmental pollution, Cheng Shin self-inspects the pollution prevention status and the pollution prevention equipment capability on a regular basis through the internal audit of the effective environmental management system and rectifies immediately in case of any failure. Cheng Shin has also developed the environmental safety and health-related laws and regulations identification management provisions, which are implemented by the safety, health, and environmental protection management units by collecting and identifying the relevant competent authority's laws and regulations update one by one monthly and following accordingly. Cheng Shin conducts compliance assessments once a year to comply with statutory requirements. However, there were still two cases of violation of environmental protection laws and regulations in Taiwan region in 2020, including the abnormal amount declared by the Douliu First Plant and Xizhou Plant. Meanwhile, for the violation of environmental protection laws and regulations, the plant immediately corrected the declaration amount and formulated prevention and improvement measures so as to avoid the recurrence of the same case. There is no violation in the mainland region.

Violations of environmental protection laws and regulations by Taiwan and mainland plants in 2020:

Plant	Name of Law Violated	Causes/Circumstances of Violation	Penalty	Improvement Plan
Taiwan Region	Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act	Quantity of waste declared by Douliu No. 1 Plant is inconsistent with the site	NTD6,000	Modified the declaration quantity
	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	The quantity of waste declaration of Xizhou Plant was inconsistent with the waste cleaning plan.	NTD6,000	Modified the declaration quantity



Part 5

Cheng Shin as A Whole Family

Key Performance

Taiwan Employment 99 Constituent Stocks

- ◆ Listed as the "Taiwan Employment 99 Constituent Stocks"

Talent Quality Management System (TTQS) - Gold

- ◆ We have also been awarded the "Talent Quality Management System (TTQS) - Gold" by the Workforce Development Agency.

Talent development

- ◆ (Taiwan region) Employees training, average 169 classes per month,, with an average training hours per employee of 8.84 hours.
- ◆ (Mainland region) Employees training , with an average training hours per employee of 21.9 hours.

5.1 Employee Care Policy

As the No. 1 tire manufacturer for Chinese and one of the top ten tire manufacturers in the world, Cheng Shin has been developing its overseas business vigorously. In addition to its continuous development in Taiwan with nearly 6,000 employees in Taiwan and being listed as the "Taiwan Employment 99 Constituent Stocks" (Note), Cheng Shin also promotes overseas development and actively cultivates local talents.

In addition to protecting the basic rights of every employee, occupational safety training and special health checks are also provided to ensure the physical and mental health of each employee in the workplace. Besides, Cheng Shin provides professional training courses and a multi-benefit system for employees. We look forward to the potential of all employees to realize themselves and make achievements in Cheng Shin in a perfect and friendly workplace.

Note: "Taiwan Employment 99 Constituent Stock" refers to the 99 constituent stocks of listed companies selected by the Stock Exchange and its cooperative organizations from among the listed companies whose parent company in Taiwan employs the largest number of employees. The constituent stocks are screened by the "number of employees" and the weight of the constituent stocks is determined accordingly. For related information, please refer to: <http://www.taiwanindex.com.tw/index/index/EMP99>.

Cheng Shin's Partner

The recruitment and employment of talents by Cheng Shin do not differ by race, gender, age, religion, nationality or political party. By the end of 2020, the total number of employees in Cheng Shin's head office in Taiwan was 5,904, and the ratio of females to males was 1:5.5. In the mainland, there was a total of 4,217 employees in Kunshan and Chongqing plants, and the ratio of females to males was 1:2.2. Due to the characteristics of the industry, the proportion of female employees was relatively low. More than 97% of the total number of employees were formal employees, and the informal employees were all dispatched employees, part-time students, or outsourcing employees. There were 66 employees with physical and mental disabilities in Taiwan region, with a proportion of 1.12%, up to the legal standard.

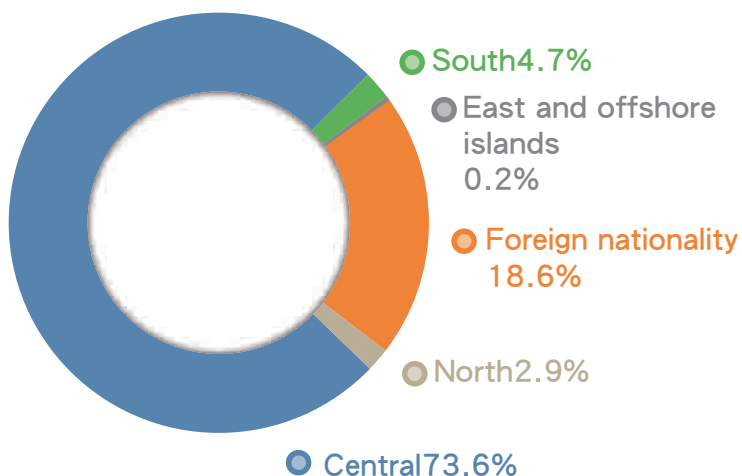
Cheng Shin's employees, including the senior management, accept the fair and rigorous performance appraisal mechanism, and take it as the basis for promotion and reward. In terms of employment, it aims to recruit talents and create a multi-cultural environment, and takes local employment and feedback as the principle.

Number of Staff

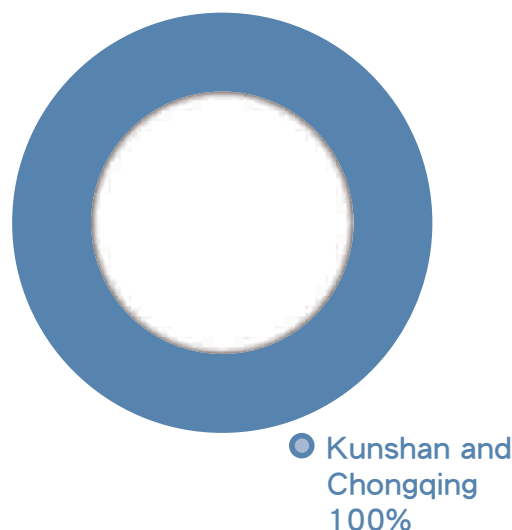
Distinguish by employment contract, gender, and region:

Type	Taiwan Region		Mainland Region	
	Male	Female	Male	Female
Formal Employee	5,001	90	2,803	1,287
Informal Employee	0	3	89	38
Subtota	5,001	0	2,892	1,325
Total	5,904		4,217	

Proportion of Employees in Taiwan Region



Proportion of Employees in Mainland Region



New Employees and Former Employees

Based on the total headcount at the end of 2020, the total number of new employees in Taiwan Region accounted for 8.9%, and that of former employees accounted for 17.2%, while the total number of new employees in the mainland region accounted for 40.1%, and that of former employees accounted for 56%. The high proportion of new employees in mainland region was due to the changes in the local labor market and industrial environment.

New Employees in 2020 (persons)

Gender	Age	Taiwan Region	Mainland Region
Female	<30	45	270
	30-49	56	163
	50-70	0	0
	Subtotal	101	433
Male	<30	205	952
	30-49	209	306
	50-70	10	0
	Subtotal	424	1,258

Former Employees in 2020 (persons)

Gender	Age	Taiwan Region	Mainland Region
Female	<30	52	353
	30-49	77	299
	50-70	11	5
	Subtotal	140	657
Male	<30	337	1,195
	30-49	502	516
	50-70	34	0
	Subtotal	873	1,711

5.2 Human Rights Policy and Labor-Management Relations

Item	Management Policy
Importance	<ul style="list-style-type: none"> Cheng Shin actively attaches great importance to and guarantees employees' rights and interests. Only by establishing good labor-management relations and improving working conditions while pursuing work efficiency can we create stable and sustainable growth of production capacity and brand value.
Policy/Commitment	<ul style="list-style-type: none"> Cheng Shin's working rules.
Goals and Targets	<ul style="list-style-type: none"> Promote harmonious labor-management relations, and create a win-win situation.
Responsibility	<ul style="list-style-type: none"> Human resources departments, trade unions.
Resources	<ul style="list-style-type: none"> Organize labor-management meeting Employee benefit expenses
Communication Channels	<ul style="list-style-type: none"> Employee complaint mailbox/special line
Action Plan	<ul style="list-style-type: none"> Formulate working rules Establish labor unions Labor-management meeting Provide employee benefits that are superior to regulation requirements
Effectiveness Assessment	<ul style="list-style-type: none"> Employee satisfaction survey Taiwan Employment 99 Constituent Stocks

Human Rights Policy

It is stipulated in the Working Rules of Cheng Shin that no one under the age of 15 shall be employed as Cheng Shin's employee. During the period from 2014 to 2020, Cheng Shin has not hired any child labor, nor has it involved any complaint case relating to the employment of child labor. Under the Labor Standards Act in Taiwan, forced labor is prohibited; the same applies to expatriate employees. In 2020, Cheng Shin had no violation of labor laws and regulations at any of its operating stations. In addition, in order to protect employees' rights and interests and provide a workplace environment free from sexual harassment, Cheng Shin has also established management mechanisms such as measures to prevent and control sexual harassment, complaints, and disciplinary measures. One of the items under our annual raw material supplier audit also prohibit suppliers from hiring child labor, and their employee recruiting and hiring process should comply with the Labor Standards Act. In 2020, there were no violations by our suppliers.

Labor Union Organization

To improve working efficiency and working conditions and promote the harmony between labor and management, Cheng Shin has established a labor union according to the local laws and regulations, and all employees are guaranteed by the collective agreement signed between Cheng Shin and the labor union.

By the end of 2020, unionized employees were as follows: 2,400 unionized employees in Taiwan region, accounting for 40.7% of the total number of employees; a total of 3,275 unionized employees Kunshan Plant, accounting for 100% of the total number of employees. Chongqing Plant is a newly built factory with no labor union, but it also manages in accordance with regulations and establishes complaint channels to actively protect the rights and interests of employees.

Percentage of Unionized Employees by 2020

Region	Percentage of Unionized Employees by 2020
Taiwan Region	40.7%
Mainland Region (excluding Chongqing Plant)	100.0%

Minimum Notice Period

Any adjustment of labor conditions and the annual leave plan of Cheng Shin shall be approved by the labor union. All business activities shall comply with local laws and regulations. Rules for major changes to employees' work are as follows:

Taiwan Region implements in accordance with the Labor Standards Act. The minimum notice period based on the employee's seniority is as follows:

If an employee has worked continuously for three months, but less than one year, the notice shall be given 10 days in advance. If an employee has worked continuously for more than one year, but less than three years, the notice shall be given 20 days in advance. If an employee has worked continuously for more than three years, the notice shall be given 30 days in advance.

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

1. Reorganize in accordance with the provisions of the Enterprise Bankruptcy Law.
2. Serious difficulties occur in production and business operation.
3. The layoff is still necessary after the alteration of the labor contract due to the change of production, major technological innovation, or adjustment of the mode of operation.
4. Other major changes in the objective economic conditions on which the labor contract is concluded have occurred, resulting in the impossible performance of the labor contract.

Labor-management meeting

In addition, in order to coordinate labor-management relations, promote labor-management cooperation and improve working efficiency, Cheng Shin holds labor-management meetings on a regular basis in accordance with the implementation rules of labor and management meetings and holds temporary meetings in case of major labor and management cases to ensure smooth and fair communication between labor and management.

Employee Communication Channels

Cheng Shin requires that all operation activities shall be in compliance. If employees encounter relevant problems, they can complain to the Human Resources Department or apply to the local government for labor mediation. In 2020, there were no complaints related to labor conditions and human rights in Taiwan Plants, Kunshan Plant, and Chongqing Plant, such as freedom of association, discrimination, child labor, and sexual harassment. The complaint channels and mediation events are described as follows:

Complaint channel of Human Resources Department

Taiwan region:

Complaint line: (04)8525151#321

Special e-mail address for complaint: cster@mail.cst.com.tw

Physical complaint mailbox

Mainland region (Kunshan Plant):

Complaint Tel: 0512-57673888-8102 (HR) /8119 (Labor Union)

Employee feedback platform: http://www.maxxis.cn/wechat/MxFeedback/auth_wechat.asp

Physical complaint mailbox

Mainland region (Chongqing Plant) :

Chongqing Labor Dispute Arbitration Committee, Changshou District Labor Supervision Brigade, Chongqing Human Resources and Social Security Network (Mayor's mailbox, Dayu website), Changshou District Yanjia Sub-district Office People's Mediation Committee.

Local Government Mediation Cases

Taiwan Region :

In cooperation with the revision of the government's one-by-one law, Cheng Shin has successively completed the program modification and control of the enhanced personnel information system, and all the working conditions have been improved. In 2020, there were four mediation cases, which were related to the salary settlement of employees after the termination of labor relations, and all cases were settled through mediation. In order to optimize the communication channels between Cheng Shin and employees, we will continue to promote employee care measures and strengthen the staff suggestions and feedback mechanisms to create stable and harmonious labor-management relations.

Mainland region (Kunshan Plant) :

In 2020, there were two labor arbitration cases, which were related to the payment of industrial injury treatment and have been settled through negotiation and mediation.

Mainland region (Chongqing Plant) :

In 2020, there were three labor arbitration cases, one of which is the employee's violation of Cheng Shin's rules and regulations, involving the dispute of physical examination leaving the post; One is the employee's illegal birth dispute with Cheng Shin; One is the dispute about termination of labor relations tentatively proposed by an injured employee, which has been settled.

5.3 Safe and Healthy Workplace

Item	Management Policy
Importance	<ul style="list-style-type: none"> Employees are the most important assets of a company, and the occupational health and safety of employees is the key basis for a sustainable employee-employer relation. The "safety" of employees is our top priority, and the health care and promotion of employees and the optimization of the working environment are the direction of our continuous efforts.
Policy/ Commitment	<ul style="list-style-type: none"> Union constitution: It stipulates that the labor union shall promote labor safety and health and the benefits of its members. Occupational safety and health management plan, health management, and promotion plan.
Goals and Targets	<ul style="list-style-type: none"> Strengthen the occupational safety of employees, reduce the frequency of occupational accidents, and actively promote the health of employees.
Responsibility	<ul style="list-style-type: none"> Establish the Occupational Safety and Health Committee (Taiwan). Establish the Occupational Safety and Health Committee (mainland).
Resources	<ul style="list-style-type: none"> Education and training resources (including manpower, teachers, and training stations). Print propaganda signs. Introduce and build the management system. Assist in general and special health examinations.
Communication Channels	<ul style="list-style-type: none"> Employee complaint mailbox.
Action Plan	<ul style="list-style-type: none"> Education and training: General safety and health education for new employees, fire prevention and disaster prevention training, safety education for each unit, on-site hazard identification activities, etc. Propaganda signs: "Enhanced Safety Month" activities, hazard awareness, safety and health protection standards, etc. Management system: ISO45001 and CNS45001. General and special health examinations.
Effectiveness Assessment	<ul style="list-style-type: none"> On-site safety and health inspection. ISO45001 validation.

Occupational Safety Committee

To promote the health and safety of employees, Cheng Shin Taiwan region has stipulated in their union constitutions that the union shall promote labor safety and health and the benefits of its members, and has set up the occupational safety and health management unit and the Occupational Safety and Health Committee in accordance with the Article 23 of the Occupational Safety and Health Act and Article 10 of the Measures for the Management of Occupational Safety and Health to supervise and coordinate the employee safety and health-related matters.

In accordance with the provisions of the Occupational Safety and Health Act, the employer shall be a de facto member of the Occupational Safety and Health Committee, Taiwan region shall appoint the management representative by the general manager to join the committee, and other members of the committee include occupational safety and health personnel, heads of departments, medical personnel engaged in labor health services, labor representatives, etc. The committee meetings are held on a regular basis to discuss and review Cheng Shin's occupational safety and health management plan, health management, and promotion plan and occupational disease prevention. The mainland region has set up an "Environmental Safety and Health Committee". In contrast to Taiwan region that management representatives shall be appointed by the general manager to join the committee, the mainland region has set up compliance labor safety and health facilities, established and improved the labor safety and health management system, formulated the safe operation process of each position, and provided labor protection equipment, and is committed to ensuring safe and healthy working conditions for workers.

Occupational Safety and Health Committee			
	Taiwan Region	Mainland region - Kunshan Plant	Mainland region - Chongqing Plant
Total Members of the Committee	56	27	44
Number of Labor Representatives (Note)	30	21	24
Proportion of Labor Representatives	54%	77%	55%

Note: Informal employees such as dispatched employees and part-time students are not included

Occupational Accidents Management

In 2020, a total of 18 accidents occurred in Taiwan region and 29 in the mainland region, and the main type of occupational accident was clamping injury.

Statistics on Occupational Accidents in 2020

2020	Taiwan Region		Mainland Region	
	Male	Female	Male	Female
Gender				
Number of Accidents Resulted in Business Suspension (Note 1)	15	3	23	6
Days Lost	608	212	269.42	128.67
Disability Injury Failure Rate (FR) (Note 2)	1.47		1.5	
Disability Injury Severity Rate (SR) (Note 3)	67		40.1	

Note 1: Rest for more than 1 day (within 8 hours) due to occupational accident.

Note 2: Number of disability injury exposed per million person hours. $FR = \text{number of disability injuries} \times 1,000,000 / \text{total exposure person hours}$.

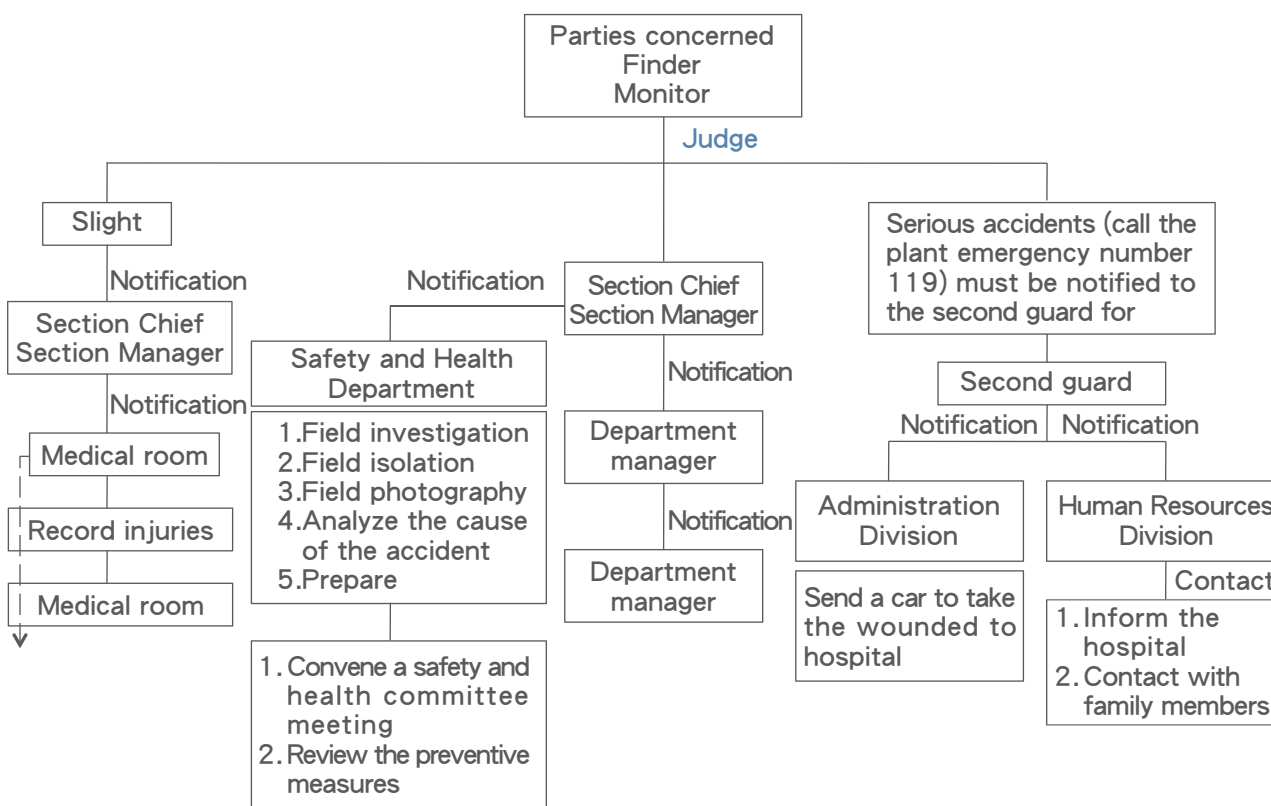
Note 3: Days lost of disability due to exposure per million person hours. $SR = \text{total days lost} \times 1,000,000 / \text{total exposure person hours}$.

Type of Occupational Disasters in 2020

Type	Taiwan Region	Mainland Region
Clipping, rolling injury	8	6
Bruises	3	3
High and low temperature contact	1	0
Cuts and scrapes	1	3
Falls	1	3
Object falls	1	0
Flying objects	0	0
Others	3	12

Cheng Shin has formulated provisions for handling disasters and accidents. In case of occupational accidents, except for first aid, the site supervisor shall report the accident to the plant in accordance with the regulations and carry out the investigation, improvement, and other operations of occupational accidents. The reporting procedures are shown in the figure below.

Reporting Procedures of Occupational Accident in Plant



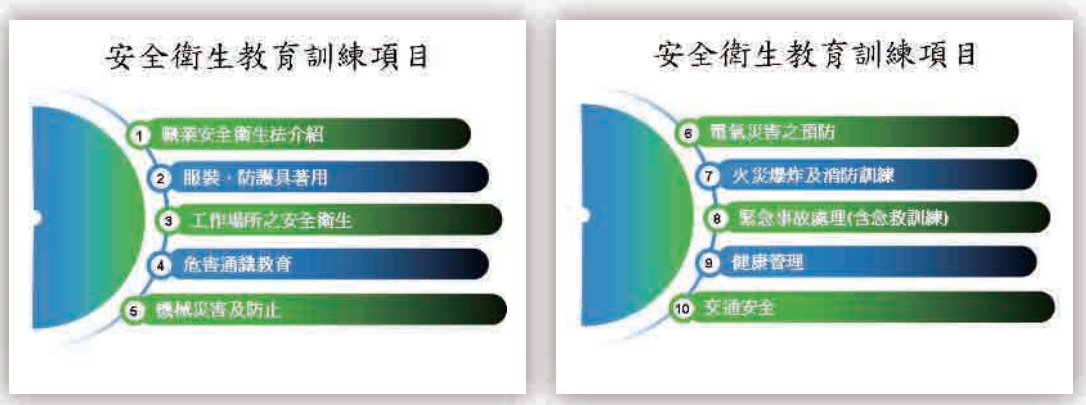
The increasing number of occupational accidents in Taiwan region in 2020 was mainly caused by the insufficient safety awareness of operators, most of which are caused by the failure to comply with standard operating procedures when removing abnormal conditions. At present, Cheng Shin is carrying out the "zero danger point activity" and actively organizing the on-site hazard identification activity. The supervisor points out the problem points with a caring attitude and reminds people to accept the questions raised by the supervisor with a grateful heart, working together to prevent disasters.

Occupational Safety Education and Training

Cheng Shin has made the following efforts to reduce the occurrence of occupational accidents:

Safety Education for New Employees

New employees shall receive general safety and health education (3 hours) upon completion of registration procedures.



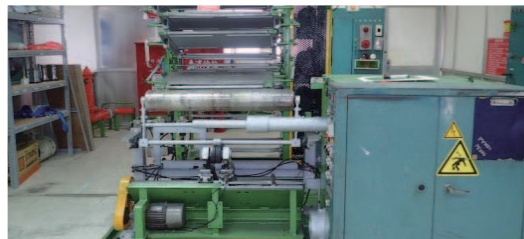
Fire Fighting and Disaster Prevention Training

New employees are required to receive fire fighting and disaster prevention training after entering the factory to obtain fire fighting skills.



Safety Education of Each Unit

New employees shall receive the appropriate safety and health education and training related to his/her job after joining the unit.



Training Stations

Cheng Shin has set up training stations for new employees to receive job training. Only with qualified skills and cognition can they be on duty.



On-site Hazard Identification Activities

To improve workplace safety, Cheng Shin improves staff safety consciousness with all employees participating, false alarm proposal and 30 minutes safety observation of the duty system, identifies potential hazards to personnel, environment, machinery, and equipment on-site and proposes improvement measures, and creates a more comfortable and safe working environment by PDCA mode cycle, to prevent disasters in the future and ensure the safety of workers.

Note: "Duty system" in Japanese means taking charge of the site operation area, that is, the site operation supervisor.

1. identify and call to implement

Every day before work, the supervisor shall lead the staff to point out the dangerous spots, identify the dangerous areas, and remind the staff of the safe operation.

2. 30 minutes safety observation of the duty system

The site supervisor shall conduct safety observation 30 minutes before daily operation, inspect the working environment and personnel conditions, detect the potential risk factors such as unsafe behavior or environment as early as possible, and take effective improvement countermeasures and corrective measures according to the observation results.

3. False alarm proposal

Effectively collect false alarms in the work area with the participation of all employees, identify them and propose corrective measures to prevent disasters and create a comfortable and safe workplace. If the proposal is approved, the proposer will be rewarded with points.



國產事故提案單		登錄編號:
部 (分廠):	製造課	100年1月30日
員工編號:	姓名: 孫安泰	發生時間: 100年1月30日 15時00分
虛構事由(經過):	搬運機因重負荷在仍發聲超載, 並造成搬運到差路障礙, 且未能在安全範圍內及時發現。	
虛構情形: (由提案主管填寫)	改善建議:	通過點數
✓ 已於 100年 1月 31日 完成	改善追蹤編號:	<input type="checkbox"/> 認可
<input type="checkbox"/> 未完成, 以: <input type="checkbox"/> 改善計劃書 <input type="checkbox"/> 修護單 NO.	OK	<input type="checkbox"/> 不認可
<input type="checkbox"/> 專案改善 <input type="checkbox"/> 提案改善 <input type="checkbox"/> 聯絡單		受理人員
提案分類: (本欄由主管人員填寫)	簽	
<input type="checkbox"/> 不安全的機械設備、設備圖則:	工安室	課長
<input type="checkbox"/> 不安全的環境	課長	課長
<input type="checkbox"/> 不安全的行為: <input type="checkbox"/> 自己 <input type="checkbox"/> 他人	課長	課長
<input type="checkbox"/> 不安全的作業流程: SOP編號:	課長	課長
其他:	課長	課長

Section Safety and Health Inspection Activities

To ensure the safety and health of the workplace, led by the department manager (deputy manager), together with the section chief and the designated supervisor, carry out the on-site safety and health inspection activities together, and put forward the improvement of the on-site safety and health according to the position and viewpoint of the senior supervisor.



Hazard Awareness

Set up safety billboards in obvious places on-site to publicize safety-related information for employees. Update hazard publicity materials in the cultural corridor at any time to enhance employees' safety awareness.



"Enhanced Safety Month" Activities

- ◆ Hold the "Safety Production Month/Enhancement Month" activities every year, organize a number of safety activities to enhance employees' safety awareness.
- ◆ Propose various activities and publicity to enhance staff safety awareness



Construction and Introduction of Occupational Safety and Health Management System

In order to implement the establishment and verification of the occupational safety and health management system, all units are invited to participate in the implementation organization, in which the CEO serves as a chairman. Each department has to assign a person responsible for the implementation, and jointly forms an implementation team to incorporate the system requirements into daily management projects. Such team was established in October 2015, led by a management representative to declare the determination to establish a management system, and subsequently completed the implementation of the personnel education and training, the early risk assessment, the determination of the occupational safety and health management system goals and objectives, the documents issuance for occupational safety and health management system, the verification and confirmation of the occupational safety and health management system performance (internal audit) and the external assessment and verification of the occupational safety and health management system. In May 2016, we obtained the OSHAS18001 and TOSHMS certificates. ISO45001:2018 was released in March 2018, Cheng Shin started the renewal at the end of 2018, and completed the ISO45001:2018 revision change verification in April 2019, and successfully obtained the ISO45001 and CNS45001 certificates.



ISO45001



CNS45001

Safety and Health Protection Standards

Make labels according to the safety and health-protective equipment required by different projects and post them in the plant, and note the foreign language translation to ensure the safety of all foreign workers in the factory.

On-site Safety and Health Inspection Activities

In case of any violation of occupational safety and health matters found by the staff of the safety and health department during the inspection in the plant from time to time, an improvement form of work safety and environmental protection shall be issued to blame the offending unit, and the offending unit shall report the cause, improvement measures, and recurrence prevention measures to the Security and Health Department within one week. The case will be closed after reexamination and confirmation by the Security and Health Department.



Employee Health Management

Continuous Health Monitoring

Each year in July, we offer health checkups to our employees pursuant to the Labor Health Protection Act at selected hospitals. The health examination for on-the-job workers includes general health examination (for general employees) and special health examination (for workers engaged in work with special health hazards). The health examination for long-term night workers was added from 2019. In 2020, 617 employees in Taiwan region received the special health examination, among which those with abnormal lung X-rays or abnormal "three highs" were notified for re-examination. In addition, Cheng Shin specially provide the logistics drivers with the annual checkups for night vision, visual field, electrocardiogram and heart-related functions, so as to prevent driving accidents caused by health factors. Local regulations in China do not require a general health check for employees, but Cheng Shin still provides a special health check for employees in the high-risk working environment. The Kunshan Plant has also introduced automated logistics and actively improved the working environment to enhance the health and safety management of employees. The number of employees receiving special health examinations in 2020 is shown in the table below. The employees checked with an abnormal result have been notified for re-examination. After the re-examination, the case can only be closed by handing in the medical certificate or receipt to the resident nurse. The hospital in charge of health examination can only issue the grading report of special health examination results after the completion of the re-examination.

Special health examination items:

Noise	High Temperature	Dust	N-hexane (organic solvent) (provided by the Taiwan region)	Ionizing Radiation
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Number of Employees Receiving Special Health Examinations in 2020

Region/Number of Employees	Number of Employees Receiving Health Examinations	Number of Employees under Tracking
Taiwan Region	617	20
Mainland Region	609	68
Total	1,226	88

5.4 Employee Benefit and Care Remuneration and Benefits

Cheng Shin does not carry out differentiated management on the salary of employees by gender, race, religion, political stand, marital status, but adopts a fair and consistent attitude. And the salary is based on the labor market and regional salary situation, with the employee's position, education, work experience, seniority, and professional ability being taken into consideration. Cheng Shin assesses salary and decides promotions for employees on the basis of ability and performance. There is no gender difference in job bonuses.

The number of full-time employees in non-supervisory positions and the average salary in Taiwan region are disclosed as follows:

Year	Total Employee Salary (NT\$ thousand)	Number of Staff-Annualized Average (person)	Employee Salary Average (NT\$ thousand / person)	Employee Salary Median (NT\$ thousand / person)	Earnings per share
2019	3,861,817	5,991	645	612	1.07
2020	3,884,754	5,861	663	624	1.85

Guided by the elite talent system, Cheng Shin re-checks the requirements of each position and concentrates the production capacity and salary with existing employees to increase the average salary by NT\$18,000/year and the median salary by NT\$12,000/year. In order to enhance employee well-being, in addition to the general salary, we also provide employee benefits superior to those stipulated by the government. According to nature, Cheng Shin's welfare can be divided into four categories: statutory benefits, welfare benefits, festival activities, and employee assistance as follows:

Statutory benefits: social insurance, public holidays, healthcare examination, medical consultation to attending physician, pension, and employee benefits

Employee assistance: medical aid, pension, condolence allowance, marriage/funeral/disability allowance, children's education incentive.



Welfare benefits: staff meals, uniforms, dormitory, parking lots, appointed stores, leisure space for staff activities.

Festival activities: cash gift of gift certificates for Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, year-end bonus, year-end dinner subsidies, self-improvement activity subsidies, etc.

Photos of various staff activities:



Taiwan region - occupational safety lecture



Mainland region - Presentation Ceremony of Cultivation Memorial Award in January Staff with 20 years of service



Taiwan region - football match



Mainland region - due to the epidemic, staff activities were held online. Include homemade snowflake pastry, DIY essential oil disinfectant, DIY lollipop, etc.



Taiwan region - participated in labor and management games in Changhua County

Paternity Leave

In order to make employees feel at ease about their work, Cheng Shin has provided paternity leave without pay for employees in accordance with laws. When an employee needs to take a long leave due to injury or illness, he/she can also apply for a leave without pay and then apply for a return to work after the leave, so as to accommodate the needs of personal and family care for the employee. For example, a total of 73 employees of Cheng Shin Taiwan region applied for paternity leave without pay in 2020, with a return rate of 95.7%. In 2019, 71.4% of such employees who had worked for one year returned to work after their paternity leave. The above information indicates that Cheng Shin can provide relevant assistance to the employees who have applied for paternity leave and returned to work, enabling them to accommodate the working environment. Cheng Shin provides employees with paternity leave according to law. The analysis of the number of employees applied for paternity leave in 2020 is as follows:

Taiwan Region

Item	Number of male	Number of female	Total
Total employees entitled to paternity leave in 2020 (A)	399	101	500
Employees applied for maternity/paternity leave in 2020 (B)	36	37	73
Employees expected to be on maternity/paternity leave in 2020 (C)	24	23	47
Employees returning from maternity/paternity leave in 2020 (D)	23	22	45
Employees returning from maternity/paternity leave in 2019 (E)	6	15	21
Employees still in service 12 months after returning from maternity/paternity leave in 2019 (F)	4	11	15
Rate of returning to work (D/C)	95.8%	95.7%	95.7%
Retention rate (F/E)	66.7%	73.3%	71.4%

Mainland Region

Item	Number of male	Number of female	Total
Total employees entitled to paternity leave in 2020 (A)	100	83	183
Employees applied for maternity/paternity leave in 2020 (B)	100	83	183
Employees expected to be on maternity/paternity leave in 2020 (C)	100	62	162
Employees returning from maternity/paternity leave in 2020 (D)	100	58	158
Employees returning from maternity/paternity leave in 2019 (E)	133	62	195
Employees still in service 12 months after returning from maternity/paternity leave in 2019 (F)	109	49	158
Rate of returning to work (D/C)	100.0%	93.5%	97.5%
Retention rate (F/E)	82.0%	79.0%	81.0%

Employee satisfaction

Cheng Shin Tire carries out employee satisfaction surveys on a regular basis, the contents of which include corporate system and culture, working environment, education and training, remuneration and benefits, etc. The employee satisfaction survey is regarded as one of the feedback channels for colleagues and used as the basis for the improvement of Cheng Shin's policies. In 2020, questionnaire design in Taiwan region continued to focus on the points to be improved. Suggestions on employee computer equipment and parking facilities of the improvement project were continuously optimized and improved. The average score of employee satisfaction in the 2020 employee survey in mainland region was 86.7, with the highest score of 88.3 for "employee group relationship". The item with a lower score was the improvement of diet, which has been prioritized for improvement project for adjustment.

Foreign Migrant Worker Care

There are 1,092 migrant workers from Vietnam, Thailand, Indonesia, and other places in Taiwan region. In addition to providing local meals in the dormitory, Cheng Shin also provides fitness facilities, cooking areas, and leisure areas to relieve the pressure of work and provides bus transportation to and from plants far away from the dormitory. We always organize activities and participate in activities organized by local authorities to relieve the homesickness of foreign migrant workers. Cheng Shin also sets up a dormitory manager to be responsible for the life guidance of foreign migrant workers and holds regular meetings with the dormitory head to solve the problems of life management.



Migrant Workers' Dormitory



Bicycle Parking Area



Dormitory Management Center



Fitness Area in Migrant Workers' Dormitory



Volleyball Match



Earthquake Prevention and Disaster Prevention Drill in Migrant Workers' Dormitories

5.5 Career Development and Assessment

Item	Management Policy
Importance	<ul style="list-style-type: none"> We actively enhance staff professional functions and management ability through education and training to continuously implement the spirit of corporate culture, strengthen the competitiveness of employees so as to pursue our leading position in the market and sustainability.
Policy/Commitment	<ul style="list-style-type: none"> Cultivate excellent professional and technical personnel and management personnel who can create maximum value for Cheng Shin.
Goals and Targets	<ul style="list-style-type: none"> Enhance staff professional functions and their management ability.
Responsibility	<ul style="list-style-type: none"> Human Resources Department of the parent company and subsidiaries.
Resources	<ul style="list-style-type: none"> Taiwan region - continued investment of NT\$2.06 million per year Mainland region - continued investment of RMB 2.28 million yuan per year
Communication Channels	<ul style="list-style-type: none"> Employee complaint mailbox/special line
Action Plan	<ul style="list-style-type: none"> Training courses: New staff training/professional training/management training at different levels/project-based programs/self-development courses/education promotion Learning channels: Lecture learning, digital learning, project assignment, interactive learning, post learning, and other multiple learning channels Establish MAXXIS University (in mainland region) to ensure that employees can grow and learn in a sound environment Advisory Board for Retirees
Effective Evaluability	<ul style="list-style-type: none"> Certification systems such as ability certification, vocational qualification certificate examination, and even academic qualification have been set up according to different training courses.

Education, Training, and Career Development

We are planning the training courses for the professional and technical abilities of each department, combining with the planning and training of different levels, to enhance the professional functions of employees, enhance their management ability, implement the spirit of corporate culture, and strengthen the competitiveness of employees. We have also been awarded the "Talent Quality Management System (TTQS) - Gold" by the Workforce Development Agency, Ministry of Labor.

(Taiwan region) In 2020, Cheng Shin opened 1,797 professional training classes, 19 classes for management training at different levels, 206 other classes, a total of 2,022 courses, a total of 52,171 training hours, with an average training hours per employee of 8.84 hours.

(Mainland region) In 2020, Cheng Shin organized 1,410 pre-employment training classes, 1,975 professional training classes, 121 classes for management training at different levels, 154 other classes, a total of 3,660 courses, a total of 92,511 training hours, with an average training hours per employee of 21.9 hours.



By Gender

Type	Taiwan Region		Mainland Region	
	Male	Female	Male	Female
Total training hours received	44,889	7,282	66,053.7	26,457.3
Average training hours received per employee	8.98	8.07	22.8	20.0

By Type of Employee

Type	Taiwan Region		Mainland Region	
	Executive	Non-executive	Executive	Non-executive
Total training hours received	6,111.5	46,059.5	17,356.1	75,154.9
Average training hours received per employee	6.92	9.17	26.1	21.2

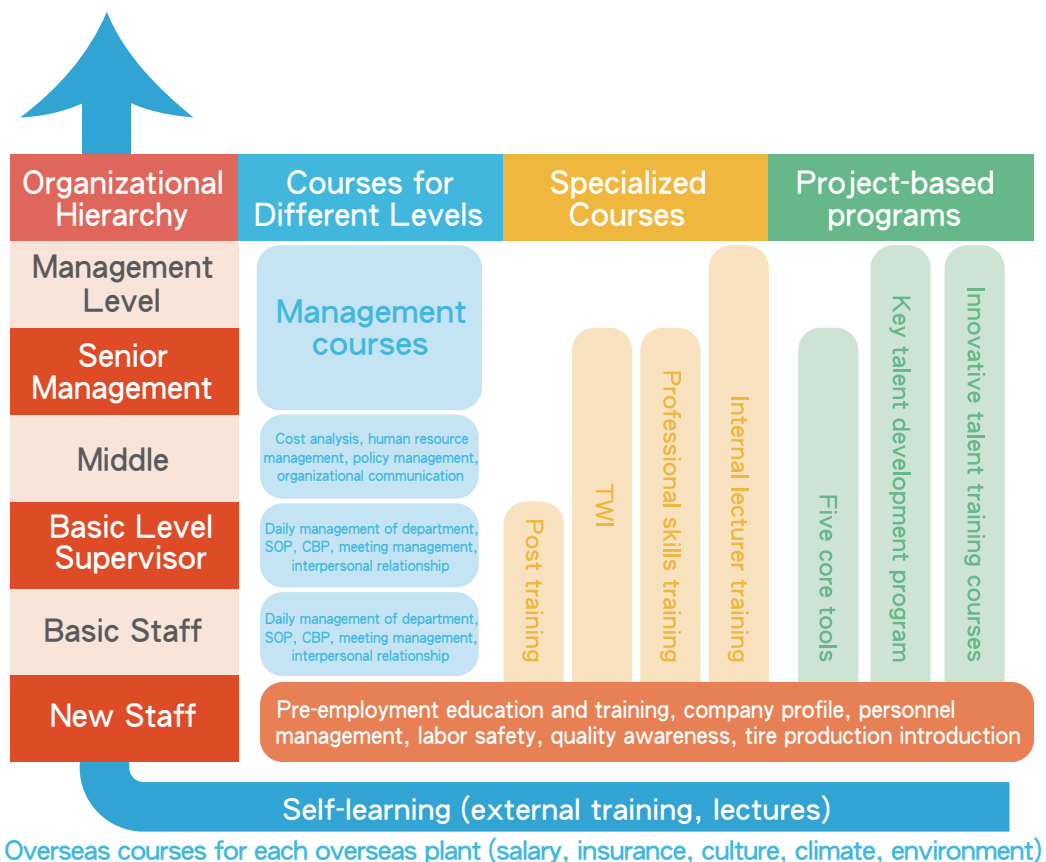
· **New employee training:** Aimed to provide new employees with an orientation to the training courses including Chen Shin's corporate culture, safety training, quality concepts, policy and procedures to help them adapt to the new environment and fit into the culture of the organization. Once the orientation training is completed, employees still need to take the onsite training and obtain the qualification and capability for the job. The new employees will also be assigned mentors for assistance.

· **Training by job level:** A series of topical courses designed for different job levels to improve employees' management skills and efficiency. The trainings will be given on topics such as presentation training and report writing for trainee level employees. The trainings will be given on topics such as presentation training and report writing for trainee level employees; communication skills, daily management and problem-solving steps to enhance the efficiency for junior management; policy management, leadership case study for officer level management. In recent years, we have optimized the learning roadmap, the project-based programs that are focused on elevating the capability of middle-top management are now conducted regularly on an annual basis to keep the management up to date and continue their learning. The training will also incorporate work safety program, corporate culture and risks mitigation, and cost management. Employees' training will start early before employees reach management level to cultivate their management skills from very early on.

- Specialized courses:** Plan different specialized courses for each position so that staff can get perfect training at each stage. For example, in the early stage of entering the factory, we will provide training for different positions according to the knowledge and skills required by each position. In addition, we provide professional skill training in production management, R&D, quality assurance, and other professional departments to guide colleagues to focus on their own work, realize themselves, and give full play to their potential. And for special technical positions, such as maintenance electrician, welder, CNC lathe, etc., we provide special training programs to assist employees in obtaining vocational qualifications to ensure that they have the professional competence required for their jobs. With the help of internal lecturer training and TWI teaching, we are developing our own internal lecturers to teach professional courses from its own units and cross-units so as to assist the transfer and inheritance of intelligent capital and become the hub of knowledge and model transmission within the organization.

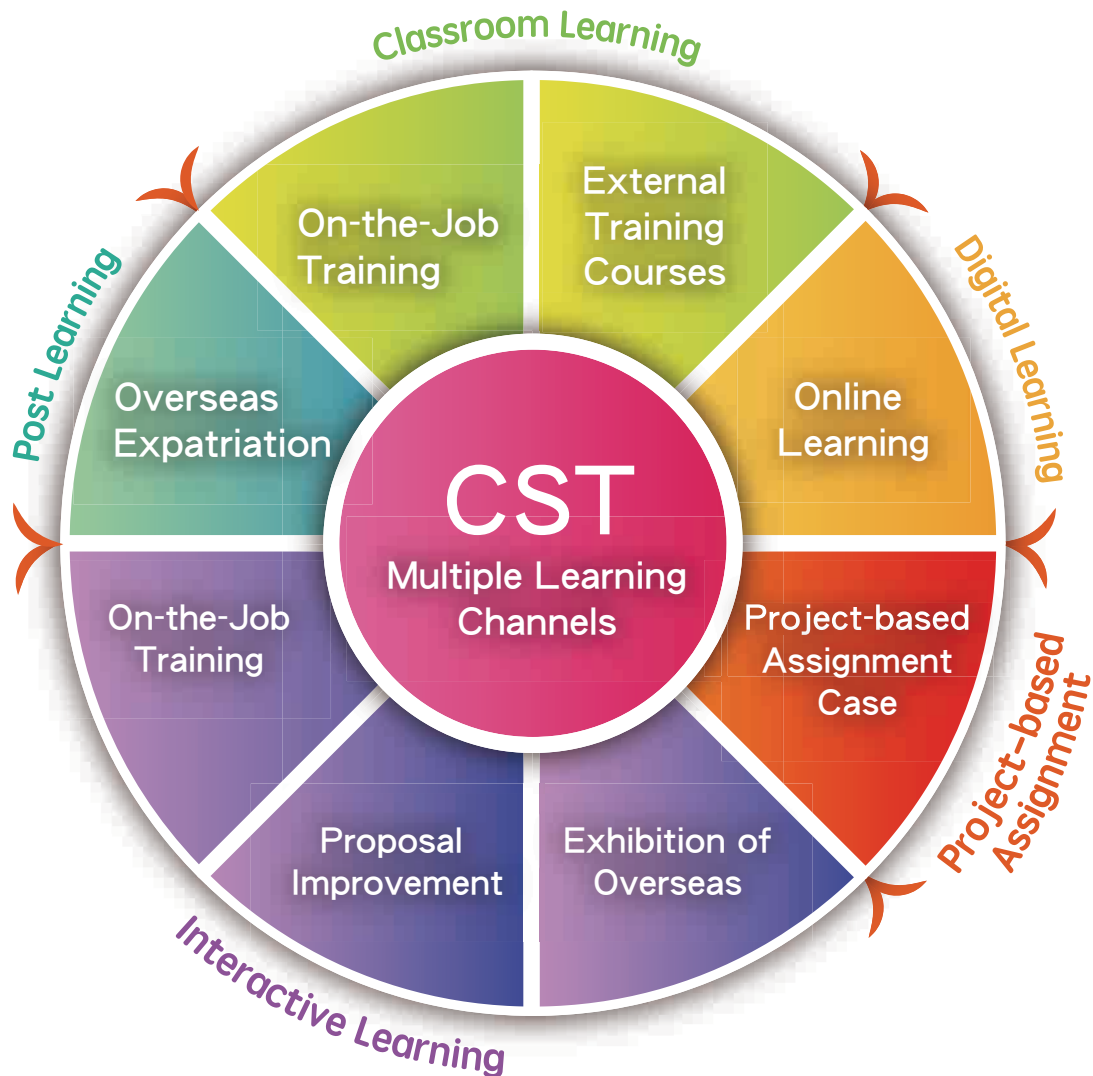
- Project-based programs:** Cheng Shin develops annual education and training objectives according to its strategies and guidelines, plans a variety of project-based programs to meet the learning needs of staff at all levels in different areas, such as conducting regular courses on five core tools to enhance quality awareness, key talent development programs to train reserve managers and strengthen management capabilities, innovative talents training of R&D units and other courses.

- Personal development:** We provide opportunities for our employees to acquire new knowledge by offering financial support for language learning and hosting talks on topics such as coffee and lifestyle, health, labor laws, and regulations.



Professional Training Framework

Cheng Shin provides diversified learning channels and opportunities for employees, emphasizes the combination with work tasks while implementing the practice and case operation.



· **Education promotion:** In order to enable employees to improve their knowledge level and academic ability in their spare time, Cheng Shin cooperates with external professional training institutions to hold registration activities for education promotion twice a year. From 2013 to 2020, 16 sessions were held for both the college and undergraduate courses to provide professional guidance and facilitate employees in successfully completing their academic promotion.

MAXXIS University (mainland region)

MAXXIS University is a training center founded and named after the brand name of Cheng Shin's products, aiming to cultivate excellent professional and technical personnel and management personnel who can create the greatest value for Cheng Shin. It was founded in 2006 with RMB 17 million, with a total indoor area of more than 1,600 square meters. The complete educational facilities and wide and comfortable learning space ensure that employees can grow and learn in a sound environment.

In terms of software, Cheng Shin continues to invest about RMB 4 million in education every year, enabling employees to continuously improve their professional ability and personal development through a systematic training system and training courses designed according to different levels, with lectures, seminars, discussions, simulation, and other rich teaching modes.

MAXXIS University Profile

Total indoor area	1,600 square meters
Accommodating capacity	450 persons
Hardware space	Training room, discussion room, computer room, multi-function hall, and supporting leisure area
Training system	Training course planning system, teacher management system, effect evaluation system, and information knowledge management system
Training courses	New employee training, in-service employee training, and training for different levels, etc.
Number of courses offered	About 225 courses are offered each month, and the average class hours per person is 1.7 hours per month.



Pre-service education and training



On-the-job education and training



Vocational education and training



Vocational skills training

Foreign Consultant Guidance and TWI Training for Overseas Plants

Since the introduction of the TWI lecturer system in Taiwan region and mainland region in 2012 and 2014, respectively, many training courses have been offered so far. Through the interactive learning of subjects and techniques, students can internalize their knowledge into the field of on-site teaching. This year, with the establishment of overseas plants, Taiwan region will train nearly 44 TWI lecturers. In the mainland region, about 24 TWI lecturers have been trained and introduced to the production line in order to achieve the consistency of quality. The introduction of foreign consultants will also be combined with the TWI system to assist in improving production efficiency and reducing the probability of defective quality with the technique of observation and action analysis during operation.

Overseas Expatriation Experience Exchange

Developing toward international management and in line with the world, we have established production bases in India and Southeast Asia. To enhance the international skills and outlook of our staff, we provide overseas expatriation applications and short-term training opportunities for outstanding staff. We also organize overseas expatriation experience sharing to pass on overseas expatriation experience and understand the cultural differences.

Rehiring after Retirement

In accordance with the pension system of the "Labor Pension Act" and the "Labor Standards Act", retirees are provided with monthly contributions to the labor pension and provision for the labor retirement reserves, as well as retirement souvenirs when the employee meets the statutory retirement conditions.

Retirement Advisory Board

Cheng Shin regards employees as talents, and those with rich experience are our valuable assets. The ordinary employees of Cheng Shin, containing those "rehired after retirement" are employees qualified for retirement under the Labor Standards Act and rehired by Cheng Shin. By passing on the practical experience of senior colleagues, we can drive the atmosphere of internal inheritance so as to avoid a large loss of experienced workers and improve the middle-aged and advanced aged labor force. Under the policy of actively promoting retirees to be recruited as specialized technicians and consultants, Cheng Shin keeps revolving around the knowledge management cycle. By the end of 2020, the number of employees rehired after retirement in Taiwan region, Kunshan, and Chongqing plants reached was up to 235 persons.

Assessment System

Performance Management and Capacity Enhancement

In order to achieve the objectives of Cheng Shin's annual business policy and to understand employees' individual performance, Cheng Shin carries out the performance assessment of all employees on a regular basis. The key point of the assessment is to measure the performance of past tasks and the setting of future work goals and take this as the basis for the employee's salary, selection, and career development planning. Every year, personnel promotion is carried out by referring to the performance assessment results of the previous year to ensure the fairness and perfection of the promotion channels.

Cheng Shin is committed to building a sound education and training system for the continuous improvement of employees' abilities so as to stimulate their potential for future development. The monthly performance assessment is carried out by the supervisor of each unit according to the performance of every staff's work projects. If the staff's performance fails to meet the expected standards, in addition to interviews and care, appropriate education and training courses will be arranged to enhance the staff's skills. In 2020, 100% of employees in the Taiwan and mainland region received the performance assessment.



Part 6

Social Care and Corporate Responsibility

Key Performance

Public Welfare Donations

- ◆ The amount of the 2020 public welfare donation in Taiwan reaches **NT\$13,442,165**.
- ◆ The amount of the 2020 public welfare donation in the Mainland reaches **RMB1,790,700**.
During the outbreak of COVID-19 in 2020, Cheng Shin has donated RMB 1.5 million yuan to Wuhan Charity Federation and donated 10,000 masks to partner universities, as well as anti-epidemic materials such as disinfectants and masks to the Kunshan Lujia Town Government.

Industry-Academy Cooperation

- ◆ Taiwan Region: As of 31 December 2020, 12 students participated in the Overseas Internship Program.
- ◆ Mainland Region:
A total of 92 "MAXXIS College Touring Recruitment Activities" were held from 2019 to 2020. In 2020, the "Internship Program for College Students" was launched, with a total of 70 students joining Cheng Shin for internships.

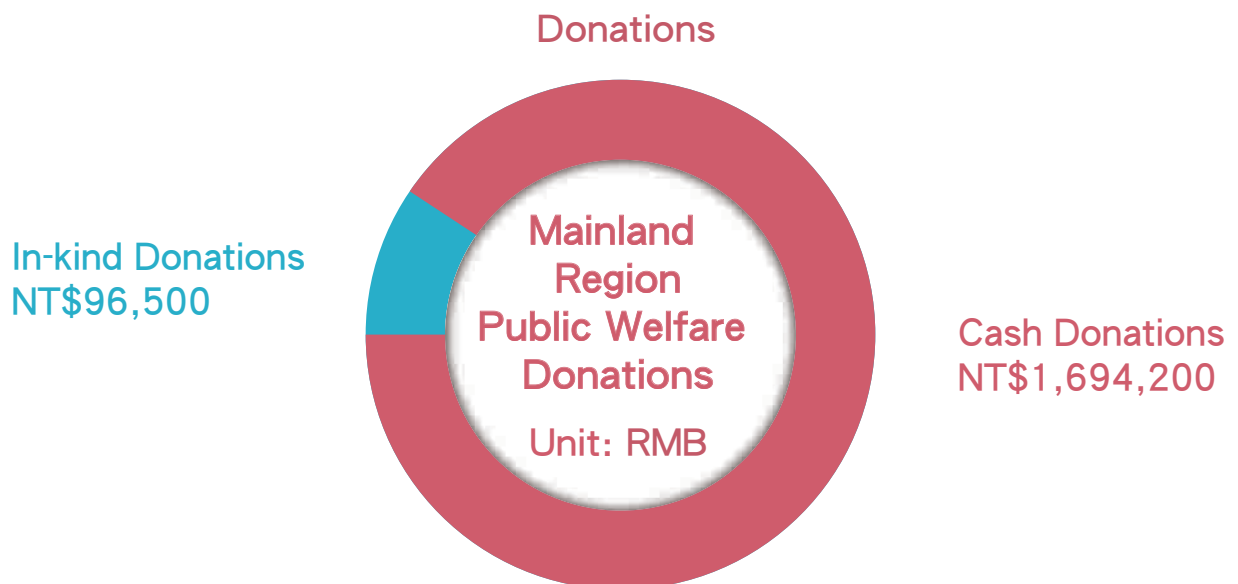
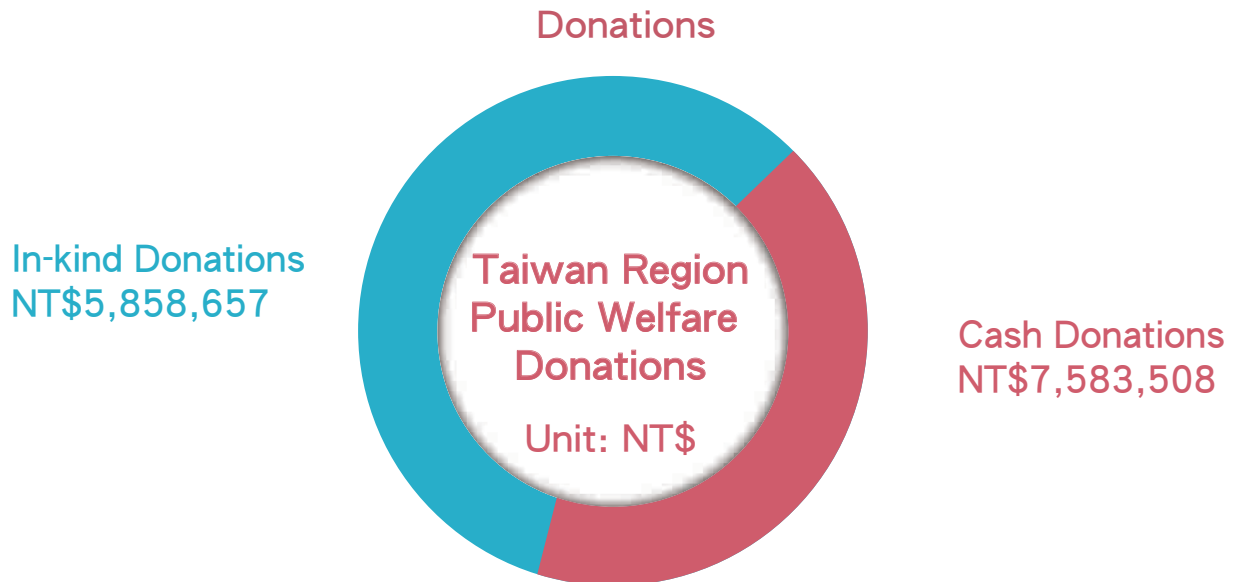
6.1 Social Harmony and Common Prosperity

Upholding the concept of "Building A Better Society", Cheng Shin commits itself to charity and social philanthropy, continues to integrate internal and external resources, and fulfills its corporate social responsibilities. We are involved in social philanthropy in multiple manners, through industry-academy cooperation, sports sponsorship, arts and cultural promotion, educational support, and community feedback, we actively participate in charity activities, caring for the community, and giving back to the society.

6.2 Annual Social Engagement and Care

Investment Amount

In 2020, public welfare donations in Taiwan region were up to NT\$13,442,165 and up to RMB 1,790,700 in mainland region, including in-kind donations and cash donations.



6.3 Social Engagement and Feedback

In the global fight against the COVID-19 epidemic, a number of sports events in 2020 sponsored by Cheng Shin have been canceled, postponed, or changed in a format in line with the government's policy of giving priority to avoiding crowds. Under the impact of the epidemic, Cheng Shin is still actively involved in a number of social public welfare and activities and has been engaged in five major aspects of cooperation between industry and school, sports support, art and culture, education support, and community feedback for a long time.

6.3.1 Industry-Academy Cooperation

Taiwan Region

◆ Professional Industrial-Academy Cooperation

With the growth of the company, in order to give back to society and cultivate talents, Cheng Shin has spared no effort in cooperating with colleges and universities, combining its academic expertise with the needs of the industry. So far, it has completed a number of industry-university collaborative research projects covering business administration, computer science and information engineering, mechanical engineering, business management, etc., giving students an early understanding of the workplace employment environment. Cheng Shin also strengthens the practical ability needed for connection with the enterprise, provides a diverse learning experience, increases students' future employment competitiveness to enabling them to make appropriate career choices.

◆ Internship Cooperation

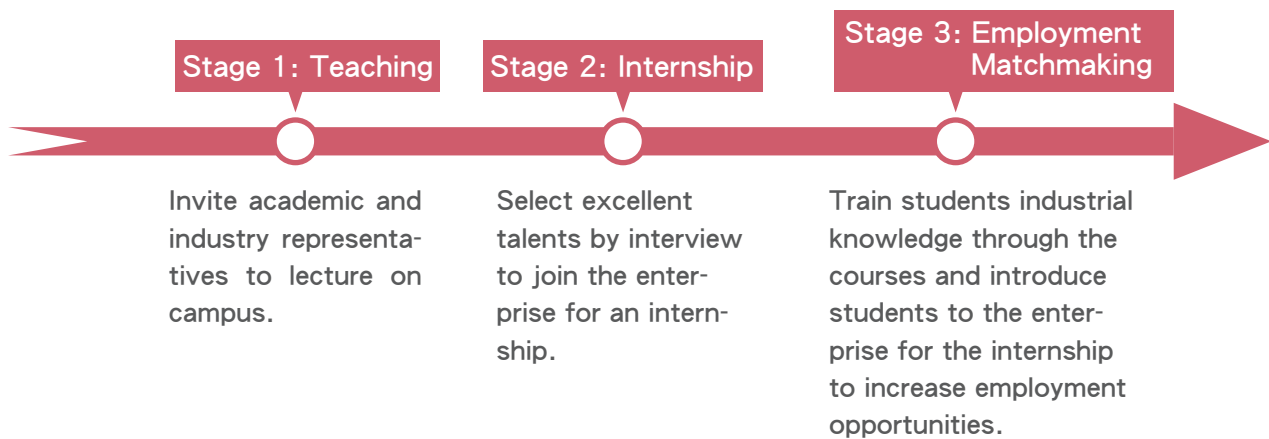
Cheng Shin provides internship positions in many universities, enabling young students to learn from their colleagues and inspire new ideas together. In addition, we also invite interns to participate in department activities to learn team division and task allocation and complete the publication of results, enlightening students' diverse abilities, combining theory with practice so as to enhance their competitiveness of employment. Besides, we also provide internship opportunities in overseas plants. Since 2014, a total of 12 students were sent to Thailand, Vietnam, and mainland plants for internships by the end of 2020. Through the overseas internship, students can develop their professional skills such as language, major, work attitude, and international perspective.

Cheng Shin also encourages interns to join Cheng Shin after their internship or graduation. We recognize the seniority of internships and provide retention bonuses. A total of 14 interns were transferred to full-time employees by 2020, which reduced the cost and risk of job-hunting for students and also facilitated Cheng Shin in recruiting applicable working partners.

◆ MAXXIS Courses

To cultivate the talents needed, Cheng Shin has cooperated with National Yunlin University of Science and Technology to set up the "MAXXIS Courses" since 2013. With the vision of giving back to society and the goal of cultivating and recruiting outstanding students, Cheng Shin has established a triple-win cooperation model among the company, the school, and the students. The courses include cross-disciplinary course combination design such as corporate culture, introduction to innovation and industrial practice, providing opportunities for workplace internship and business visit to enable students to achieve learning when working, get familiar with workplace ecology, understand enterprise practice, and lay the foundation for future career development through the training process of internship and practical experience, and injecting innovative thinking and energy into Cheng Shin. Students with

excellent performance will be retained after the internship through evaluation and interview, being the outstanding new talents of Cheng Shin. Through a series of talent training processes, such as teaching, industry project production, internship, and employment matchmaking, Cheng Shin guides teaching and hones students' knowledge of industrial practice, establishes a platform for communication and dialogue between professional teachers and industry teachers, develops long-term industry-academy cooperation and off-campus internship relationship, to realize the Incubation Program of "One-Stop Practicality and Application". A total of 42 students participated in the courses from 2013 to 2020.



Incubation Program of "One-Stop Practicality and Application"

Mainland Region

◆ MAXXIS Activity in Colleges and Universities

With the progress of society and the development of the company, the performance and quality requirements of tires have become increasingly stringent. In order to improve the level of research, production, and management, Cheng Shin has a higher level of demand for talents. To meet the needs of higher-level talents while promoting the innovation and development of projects and realizing resource sharing among universities and enterprises, Cheng Shin has carried out interactive activities with colleges and universities in recent years as follows:

1. Since 2015, Cheng Shin has organized two "MAXXIS Activity in Colleges and Universities" and successfully invited 30 colleges and universities that are highly compatible with Cheng Shin's development to join Cheng Shin for in-depth interaction and communication.
2. From 2019 to 2020, Cheng Shin entered the universities and carried out the "MAXXIS College Tour Recruitment Activity". Cheng Shin participated in 92 recruitment activities in total in the last two years, injecting new vitality into its talent demand and establishing a good foundation for its cooperation with colleges and universities.
3. In 2020, Cheng Shin cooperated with Changzhou Institute of Industry Technology and invited 50 students from the School of Intelligent Control to Cheng Shin to deepen the in-depth understanding of enterprises, schools and students through several links, such as college introduction, product and process introduction, test site visit, publicity, and intention interview, promoting the cooperation of both sides to a new level, complementing each other's advantages for common development.



Changzhou Institute of Industry Technology's Visit in 2020

4. Carry out the "College Intern Program": In 2020, Cheng Shin carried out intern cooperation with five colleges and universities, including Red River College, Changzhou Institute of Industry Technology, North Minzu University, Guilin University of Electronic Technology, and Guilin University of Technology, from which a total of 70 students joined Cheng Shin for the internship, and organized "Newbie Class" to carry out special training for interns, enabling students to improve their professional ability in work practice. Cheng Shin regularly conducts intern interviews and intern team building activities, cares about the working and living conditions of students, and gives guidance to establish a new mode of cooperation between Cheng Shin and colleges and universities.



Intern Team Building Activity in November 2020

6.3.2 Sports Fostering

Taiwan Region

Changhua Classic 100 K Ring Tour

Since 2011, Cheng Shin has been sponsoring the Merida · MAXXIS Cup for 10 consecutive years. In 2020, the event was delayed due to the outbreak, but the 5,000 riders were still enthusiastic about the event, which was still one of the most popular cycling events in Taiwan. This year, riders were invited to participate in the event, which was one of the most prestigious cycling events of the year. Riders from all over Taiwan can meet friends and ride healthily during this event.



2020 Snooker Championship between Cheng Shin MAXXIS and Taiwan Cooperative Financial Holding

Since 2012, Cheng Shin and Taiwan Cooperative Financial Holding have jointly held the National Snooker Championship of "Cheng Shin MAXXIS and Taiwan Cooperative Financial Holding Cup" for nine consecutive years. In 2020, the number of applicants broke through once again, with 117 teams registering for the competition, totaling more than 1200 players. Two Taiwan snooker players, Chiang, Hung-Chieh and Chen, Chien-An were invited to have an opening exhibition match this year, giving the snooker fans a personal experience of the real events of the international players.



2020 National Tennis Team Championship of Cheng Shin MAXXIS and First Financial Holding Cup

The National Tennis Team Championship of "2020 Cheng Shin MAXXIS and First Financial Holding Cup" was the largest tennis team competition with the highest prize in Taiwan and has attracted thousands of players to compete for the championship over the years. With years of support from Cheng Shin MAXXIS and First Financial Holding Cup, the event is now in its 11th year with a total prize up to NT\$444,000. The "Cheng Shin MAXXIS and First Financial Holding Cup" is one of the most prestigious tennis events in Taiwan. In addition to the interesting booths and activities for players to have fun with the cheering group, players are also from all ages, including the junior group (ranking match for groups of 12, 14, and 16 years old), junior college group B, open group and senior group.



2020 National Soft Tennis Championship of Jimon, Tianjue, and Cheng Shin Cup

The 72nd National Soft Tennis Championship of Jimon, Tianjue, and Cheng Shin Cup, sponsored by Yuanlin City Office, is also the most historic soft tennis tournament in Taiwan. Yuanlin City Office organized the tennis match to promote national sports and to commemorate the tennis champions Lin, Tien-Chueh and Liu, Chin-Mu in the Japan-ruled period. In 2020, the event was specially expanded to include the Organization Invitational Tournament and Individual Invitational Tournament for Heads of Government and Public Representatives, with a total of 76 groups and 51 individual teams in the 3-day event and a total of 127 teams and 862 players from all over Taiwan.



Sponsor the Cheng Shin MAXXIS Cycling Carnival

One Thousand 139 Riding Tour, Cycling Reunion, Happy Carnival!
 More than 1,200 riders participated in the 11th Cheng Shin MAXXIS Cycling Carnival, which was organized by the Yuanlin Cycling Climbing Team and strongly supported by Cheng Shin Maxxis. A variety of performances were arranged at the carnival, including "Chiu, Yen-Ni Aerobics", "Public Benefit Performance of Visually Impaired Singer Ku, Mei-Hsing", "Cycling Melbourne Shuffle", "MAXXIS Conservatory of Music Performance", etc., and all kinds of MAXXIS tire products and competitive products were displayed on-site. In addition to the wonderful performances, MAXXIS special DanTzU Noodles with antique flavor, traditional snacks, iced bean jelly, and lucky draw activities were also provided, which were a feast for riders.



6.3.3 Arts and Culture Promotion

Sponsor Yunlin County Philharmonic Chamber Choir

Cheng Shin has sponsored the Philharmonic Chamber Chorus for five years, which once won the first prize in the mixed chorus group of "2018 Vienna International Choir Competition", has stepped into music drama on a professional basis. 2020 "Gold Shou Lu Dish" Taiwanese Salon Drama Reading Party: "Reading Drama Performance - Staged Reading" is a type of staged reading in which a drama is staged with a voice which, for the first time, attempts to present the essence and spirit of the drama with the combination of "voice expression and body rhythm" of the actors and the on-site tasting Taiwanese cuisine. With the concerted efforts of the team members, the audience is able to deeply appreciate Yunlin chief chef's emotion and inheritance on the gold medal cuisine.



6.3.4 Educational Support

Taiwan Region

Elementary School Poor Student Scholarship

Since 2012, we have been sponsoring scholarships for poor students in primary schools around the country for many years, accompanying the growth of disadvantaged students with practical actions, helping them concentrate on their studies, and rewarding excellent students, expecting to create a brighter future for the children and the country.



Sponsored New Student Gift for Xizhou Elementary School

It is a challenge for the new students to meet the new school environment and characters. We hope to encourage the new students to embrace the new stage of learning with confidence and courage by giving them beautiful gifts. We also hope that the children will develop actively and learn happily.



6.3.5 Community Feedback

Taiwan Region

Sponsored the Residential Fire Alarm in Yunlin County

Based on the spirit of giving back to the society and benefiting the village, Cheng Shin donated fire alarms to Yunlin County Fire Department to safeguard the housing safety of vulnerable families and improve the home safety of villagers, expecting to attract more people to participate in such good work.



Donate Fire Brigade Disaster Relief Equipment

Cheng Shin thanked the fire personnel for coming in and out of the fire site, donated three sets of fire clothes to Yunlin Fire Bureau, standing at the front line with fire personnel to ensure the safety of fire personnel during disaster relief and protect the safety of people’s lives and property.



Street Lamp Pledging Activities

We have continuously adopted 28 street lamps in Douliu City and 50 street lamps in Xizhou Township Office to light up the night of the community, enhance road safety at night, and improve local public security and traffic safety.



Airport Baggage Cart Adoption

Adopt luggage trolleys at airports and ports across Taiwan, including Taipei Songshan Airport, Kaohsiung Airport, Kinmen Airport, Lianjiang Port Office, Beigan Airport, and Penghu Magong Port, etc. In addition to the donation of new carts, we also regularly replace old carts to ensure the quality and quantity of carts and become the best business travel partner for domestic and foreign tourists.



Staff Blood Donation Activities

Cheng Shin Tire held two blood donation activities in 2020, in which a total of 200 colleagues participated in blood donation, and 283 bags of blood were raised. In the future, we will continue to hold blood donation activities to arouse more people's love with practical actions.



Love Lunchbox

Cheng Shin provides more than 100 Love Lunchboxes every day, which are sent to villagers in need by local elder relatives, including the elderly living alone, the elderly with mobility difficulties, and the middle and low-income households. We send food and clothing to every corner of the neighborhood, expecting to do our best to make society warmer.



Sponsor Evergreen Canteen

Sponsored the Douliu Municipal Office to promote the Evergreen Canteen, to enhance proper care for the elderly, to enable the elderly to have more nutritious and healthy food in the community. We encourage the elderly to go out of the house and participate in community activities to improve the interaction between the elders and their health.



Mainland Region

New Year's Welcome Walking Parade in Lujia Town

Participated in the New Year's Welcome Walking Parade in Lujia Town and donated RMB110,000 in cash to help the poor.



Donate Masks to Help Students Return to School Safely

Based on the concept of "fight against the epidemic together and help students return to school safely", we donated 10,000 masks to the Engineering School of Yunnan Red River College on May 24, 2020 to facilitate the school in epidemic prevention and control and provide a strong guarantee for students to return to school.



Care for Parent-Child Welfare Workshop

In August 2020, we went to the parent-child welfare workshop and presented food and basketball to children, supporting the construction of the parent-child welfare workshop. (Lujia Parent-Child Welfare Workshop is a specialized organization organized by Lujia Town Enterprise Union Committee. It recruits children from working-couple families as students and offers teaching tutoring, English corner, interactive games, and other courses in cooperation with professional primary school teachers and college student volunteers as teachers. With the help of the professional management organization and on the premise of ensuring the safety of children, it strives to create a colorful summer vacation for parents and children whose parents work at the same time.)



Care for Kunshan Experimental Primary School

In August 2020, we walked into the West Campus of Kunshan Experimental Primary School and presented basketball and other items to the children, paying attention to the growth of the next generation.



Bringing Cool Solace Activities in Summer

Donate food and labor protection supplies to nearby sanitation workers to condole with their hard work.



Elderly Care Program

Visit the daycare center on the Dragon Boat Festival, present food, and condole with the elderly.



Elderly Care Program

Donate fruit, yogurt, and other food to the nursing home to condole with the elderly.



Elderly Care Program

Walk into the community near the company during the Mid-Autumn Festival to condole with the elderly.



MAXXIS Staff Online Activities

In 2020, due to the impact of the epidemic, a series of "online activities" were organized, that is, receiving goods and materials offline, teaching production methods online, and operating at home by employees to enrich their own lives.



Mainland region-due to the epidemic, staff activities were held online. Include homemade snowflake pastry,DIY essential oil disinfectant, DIY lollipop,etc.

Appendix: GRI content index

GRI	Disclosure	page	Supplement	
General Disclosures				
GRI 102 : General Disclosures 2016	102-1	Name of the organization	5	
	102-2	Activities, brands, products, and services	5	
	102-3	Location of headquarters	5	
	102-4	Location of operations	9	
	102-5	Ownership and legal form	5	
	102-6	Markets served	9	
	102-7	Scale of the organization	5	
	102-8	Information on employees and other workers	72	
	102-9	Supply chain	39	
	102-10	Significant changes to the organization and its supply chain	--	No major changes
	102-11	Precautionary Principle or approach	25	
	102-12	External initiatives	--	No such incident during the reporting period
	102-13	Membership of associations	12	
	102-14	Statement from senior decision-maker	3	
	102-16	Values, principles, standards, and norms of behavior	11	
	102-18	Governance structure	19	
	102-40	List of stakeholder groups	13	
	102-41	Collective bargaining agreements	75	
	102-42	Identifying and selecting stakeholders	13	
	102-43	Approach to stakeholder engagement	13	
	102-44	Key topics and concerns raised	13	
	102-45	Entities included in the consolidated financial statements	8	Please refer to the consolidated financial statements
	102-46	Defining report content and topic Boundaries	16	
	102-47	List of material topics	16	
	102-48	Restatements of information	--	No such incident during the reporting period
	102-49	Changes in reporting	--	No such incident during the reporting period
	102-50	Reporting period	4	
	102-51	Date of most recent report	--	2020/06
	102-52	Reporting cycle	4	
	102-53	Contact point for questions regarding the report	4	
	102-54	Claims of reporting in accordance with the GRI Standards	4	
	102-55	GRI content index	108	
102-56	External assurance	--	No external assurance in this year	

GRI	Disclosure	page	Supplement
material topic			
Economic performance			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8
	103-2	The management approach and its components	8
	103-3	Evaluation of the management approach	8
GRI 201 : ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	10
	201-3	Defined benefit plan obligations and other retirement plans	94
	201-4	Financial assistance received from government	10
ANTI-CORRUPTION			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	23
	103-2	The management approach and its components	23
	103-3	Evaluation of the management approach	23
GRI 205 : Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	23
	205-2	Communication and training about anti-corruption policies and procedures	23
	205-3	Confirmed incidents of corruption and actions taken	23
Compliance with environmental protection			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70
	103-2	The management approach and its components	70
	103-3	Evaluation of the management approach	70
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Non-compliance with environmental laws and regulations	70
Sewage and waste			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	64
	103-2	The management approach and its components	64
	103-3	Evaluation of the management approach	64
GRI 306: EFFLUENTS AND WASTE 2020	306-1	Water discharge by quality and destination	66
	306-2	Waste by type and disposal method	68
Customer privacy			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	45
	103-2	The management approach and its components	45
	103-3	Evaluation of the management approach	45
GRI 418 : CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	46

GRI	Disclosure	page	Supplement
Marketing and labeling			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31
	103-2	The management approach and its components	31
	103-3	Evaluation of the management approach	31
GRI 417: MARKETING AND LABELING 2016	417-1	Requirements for product and service information and labeling	33
	417-2	Incidents of non-compliance concerning product and service information and labeling	47
Customer health and safety			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31
	103-2	The management approach and its components	32
	103-3	Evaluation of the management approach	47
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1	Assessment of the health and safety impacts of product and service categories	31
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	47
Occupational health and safety			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77
	103-2	The management approach and its components	77
	103-3	Evaluation of the management approach	77
GRI 403 : Occupational Health and Safety 2016	403-1	Workers representation in formal joint management - worker health and safety committees	77
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	78
	403-3	Workers with high incidence or high risk of diseases related to their occupation	83
Labor-management relations			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	74
	103-2	The management approach and its components	74
	103-3	Evaluation of the management approach	74
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	73
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	83
	401-3	Parental leave	86

GRI	Disclosure	page	Supplement
Training and education			
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	89
	103-2	The management approach and its components	89
	103-3	Evaluation of the management approach	89
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	89
	404-2	Programs for upgrading employee skills and transition assistance programs	94
	404-3	Percentage of employees receiving regular performance and career development reviews	94
Other topics			
GRI 200 : Economic Disclosures			
GRI 204 : Procurement Practices 2016	204-1	Proportion of spending on local suppliers	39
GRI 300 : Environmental Disclosures			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	39
GRI 302 : Energy 2016	302-1	Energy consumption within the organization	57
	302-3	Energy intensity	56
	302-4	Reduction of energy consumption	58
	302-5	Reduction in energy requirements of products and services	36
GRI 303: Water 2016	303-1	Water withdrawal by source	65
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	63
	305-2	Energy indirect (Scope 2) GHG emissions	63
	305-4	GHG emissions intensity	63
	305-5	Reduction of GHG emissions	58
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	69
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	41
	308-2	Negative environmental impacts in the supply chain and actions taken	41

GRI	Disclosure	page	Supplement
GRI 400: Social Disclosures-employee			
GRI 402: Labor/Management Relations 2016	402-1 402-1 Minimum notice periods regarding operational changes	75	
GRI 405: Diversity and Equal Opportunity 2016	405-1 405-1 Diversity of governance bodies and employees	72	
GRI 406: Non-discrimination 2016	406-1 406-1 Incidents of discrimination and corrective actions taken	72	
GRI 408: Child Labor 2016	408-1 408-1 Operations and suppliers at significant risk for incidents of child labor	74	During the reporting period, no major risk operation locations or distributors were found
GRI 409: Forced or Compulsory Labor 2016	409-1 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	74	During the reporting period, no major risk operation locations or distributors were found
GRI 400: Social Disclosures-Communities			
GRI 413: Local Communities 2016	413-1 413-1 Operations with local community engagement, impact assessments, and development programs	95	