
2012

Corporate Social Responsibility Report



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Editorial Principle

Welcome to view the Yang Ming Marine Transport Corporation's Corporate Social Responsibility Report. There is English version posted on Yang Ming website (CSR website: <http://www.yangming.tw/csr/01csr.html>) and we also have a Chinese version on line. We hope this report can let our stockholders and other concerned parties understand our efforts made during 2009-2012.

This report is the performance about economic, environment and social responsibility of Yang Ming, our subsidiaries offices branches, self-owned fleet in Taiwan, Kao Ming container yard and Yang Ming Cultural Foundation. The period covered is from 2009/ 01/ 01 to 2012/ 06/ 30. And we will publish such a report every year from now on.

The content structure of this report was made by consulting the Global Reporting Initiative G3. Because this is our first CSR report, it has not been verified by time or an independent organization.

Chapter 1 From the Chairman and Chief Executive Officer

Dear readers :

Welcome to read Yang Ming Marine Transport Corporation's first CSR Report and share the ideas and methods with us.

At a time when stockholders, investors, customers, employees, suppliers, neighboring community and government are paying attention to Yang Ming's performance in business and social responsibility, we, as a major shipping business in Taiwan, we have strenuously improved our efficiency and taken up more social responsibility by paying back to society. We hope the publication of this report will give all concerned parties an opportunity to know more about us.

Yang Ming Marine Transport Corporation offers topnotch liner services in Asia, Europe, Americas, Australia and Africa, worthy of trust by customers. Ever since its founding, Yang Ming has striven to provide "Punctual, Speedy, Reliable and Economical" service by modernizing, renovating and institutionalizing our operations.

We have always believed “ Best staff ” is the bedrock of good performance. Therefore, we have provided them with complete training, international work environment and good salary.

Carbon reduction has become the tide of the times and green shipping the irresistible trend of the world. To protect the oceans, we have spared no effort. In this respect, and we have established KMCT, Taiwan's first “Green Terminal” in Kaohsiung. We hope that will change the stereotypic impression that terminals are the most contaminating, energy-wasting facilities.

We have also used our capability or resources to assist individuals or groups to

improve their ability, engaged in social welfare, and provided transport service and disaster relief goods transportation all the way to fulfill our responsibility for the disadvantaged without reservation .

In order to promote oceanic education and culture, we have set up the Yang Ming Cultural Foundation and two permanent exhibition facilities: the YM Oceanic Culture & Art Museum (OCAM) in Keelung and the YM Kaohsiung Museum of Marine Exploration (MOME) – both focusing on exhibitions of marine ecosystem, environment, history, technology, and so on. We have also carried Taiwan's unique culture and arts to faraway corners of the world.

Residents of the global village have excessively used or wasted the limited natural resources and energy, severely damaging the beautiful ecological environment. This has not only downgraded the quality of our life, but brought devastating disasters to the world. For the sake of our offspring, Yang Ming will stay in the course of environmental protection.



Frank F.H. Lu
Chief Executive Officer

Chapter 2 Company Profile

2.1 Company Overview

Yang Ming Marine Transport Corporation was established on December 28, 1972 with headquarters in Cidu, Keelung, Taiwan. Ever since, our employees worldwide have carried out daily tasks and met the challenges by keeping with our core value “Teamwork, Innovation, Honesty, Pragmatism.” Thanks to their persistent innovation, Yang Ming has become the 15th container ocean carrier in the world.

In the face of rapidly changing shipping environment and customers' need for multiple choices and rapid shipping services, we have forged and fortified strategic alliances with shipping partners like K-Line, COSCO and Hanjin. This has enlarged our shipping service network and increased our ports of call. In addition, through continuously using new information technology, upgrading computer systems, unifying the relevant information, and modifying working process, we have provided electronic service for our customers and raised our working quality and quantity as well.

Our main services include:

➤ **Liner Service**

Container Liner Service: Fixed-day weekly liner services for Asia/US East Coast, Asia/US West Coast, USEC/ECSA, Asia/North Europe, Asia/Mediterranean, Asia/Black Sea, Asia/Red Sea, US East Coast/North Europe, Asia/Australia, Asia Middle East and Intra-Asia regional trades. By August 2012, Yang Ming had a fleet of 89 vessels with 4.62-million-D.W.T and a capacity 380 thousand TEUs.

➤ **Bulk Service**

Kuang Ming Shipping Corp., a Yang Ming subsidiary, offers global bulk transportation service with a current fleet of 17 bulk ships. By the end of 2013, its bulk fleet will be increased to at least 20 ships and will become one of the leading Panamax bulk carriers in Taiwan.

➤ **Terminal Service**

Yang Ming has invested in exclusive terminals at Keelung, Kaohsiung and Taipei Harbors of Taiwan; Los Angeles and Tacoma of the United States; Antwerp of Belgium and Rotterdam of the Netherlands. Currently, Kao Ming Container Terminal Corp., our affiliate, is engaged in terminal investment at Kaohsiung Harbor of Taiwan. Phase One of the project, involving the construction of two berths, was completed at the beginning of 2011 and the green terminal has become Yang Ming's Far East transshipment base.

➤ **Logistics Service**

YES Logistics Corporation provides sea/air freight forwarding and integrated logistics services. It maintains outposts in major gateways in Europe, America, and Asia. In addition, YES owns and operates Taiwan's only multi-temperature warehousing logistics center in Kaohsiung Harbor, providing clients with professional, effective and total logistics services.

Yang Ming has also established container trucking business in Taiwan, UK, USA and China for inland transport services.

➤ **Cultural Undertakings**

In order to promote oceanic culture and education, Yang Ming set up the "Yang Ming Cultural Foundation" (YMCF) in 2005 and two permanent exhibition facilities: the YM Oceanic Culture & Art Museum (OCAM) in Keelung in 2004 and the YM Kaohsiung Museum of Marine Exploration (MOME) in 2007 – both are intended to enhance further awareness and consciousness of oceanic culture and marine ecosystems by introducing professional and diverse activities to the public.

2.2 Market Overview

2.2.1 Market Analysis:

Capacity oversupply, weakening demand in Europe and USA markets, surging bunker cost and the plummeting freight rates caused by fierce competition led to most global ocean carriers' operating losses in 2011. The total operating losses of the top 20 carriers reached US 5.2 billion in 2011. In view of the weak market demand,

the Drewry Container Forecaster 2012 Q2 report estimated the demand growth rate dropped to 5.2% in 2012, compared to 8.0% in 2011. However, the fleet capacity supply in 2012 grew by 6.4%, which was slightly higher than the 6.3% growth of 2011. As we can see, the demand growth decreases and the supply increases will make carriers' operation more challenging.

As far as the cost is concerned, political unrest and wars in some oil-producing countries in the Middle East and North Africa have pushed up oil prices. The average price of Brent crude oil touched US113 per barrel in August 2012. Rising fuel prices definitely added up global carriers' operation costs; nevertheless, the increasing costs were unable to be fully reflected on the ocean freight levels.

In the face of the challenging liner shipping market, the development of supply and demand will be the key factor to determine where the market heads for. Global carriers will not only have to manage the capacity efficiently and effectively but internally also have to keep taking measures to control operation costs, such as adopting fuel-saving measures, optimizing vessel deployment together with service planning, enhancing terminal efficiency.

As for market demand, in the USA, the unemployment rate remains high and economic recovery is moving at a slow pace. Therefore, we don't see the traditional peak season brought by consumer demand. In Europe, there is not an overnight solution to the sovereign debt crisis and such uncertainty also has negative influences on consumer demand. The east-west long-haul services may face greater pressure of restoring the freight rates due to the obscure economy outlooks in Europe and the USA. However, intra-Asia trade is believed to have more opportunities owing to the advantages of robust economic recovery and the development of free trade zones. In addition, the north-south services like South America and West Africa have more niche market opportunities.

In the short term, the focus will still be on the fleet capacity deployment. Carriers will have to find solutions to further absorb new capacity in the future. Overall, the development of supply and demand will be the key factor to determine where the

market heads for. The liner shipping market still faces lots of challenges.

2.2.2 Prospects, Opportunities, Challenges and Strategies

➤ Prospects

A. The trend of large-scale container ships

Carriers continue to deploy large container ships in order to take advantage of the economies of scale and to meet customers' growing demand. According to Alphaliner Cellular Fleet Projections, the fleet at 10,000 TEU or higher will increase from 6% of total fleet capacity in 2010 to 18% in 2015.

B. Intra-Asia services becoming the new focus

Due to fast developments of economy and trade in Asia, international shipping resources are further concentrated in Asia with its center tipping toward East Asia, especially China.

C. The trend of green shipping

Worldwide attention to environmental protection has led to the general awareness of energy saving and emission reduction. Besides, the international governing environmental rules are getting stricter and stricter. In order to save energy and reduce emission, container carriers are vying for greening shipping, including the adoption of low-speed steaming, high-degree automation, value-added vessel design, and more environmentally friendly alternative energy.

D. Large-scale growth and centralization of the carriers

Based on Alphaliner's report on July 31, 2012, the total existing cellular fleet capacity is 16.61 million TEUs. Top 5 carriers account for 45.8% of total fleet capacity, while top 20 carriers take up 84.2%.

➤ Opportunities

A. Increasing benefits of strategic cooperation

In order to meet tough challenges the posed by world economy brings, and the increase of carriers' scale and centralization of the carriers, the benefits from consortium and strategic alliance are increasing because the cooperation not only can reduce carriers' operation costs and risks, but also can complement

carriers' resources, so carriers can provide customers with full-scale port coverage in services and higher frequency of service loops.

B. Slow steaming to cut carbon emission

Due to the rising awareness of environmental protection, it is the trend for shipping carriers to adopt slow steaming. By doing so, it can reduce the pollution shipping operation will cause, reduce the fuel cost and also improve sailing punctuality.

C. The deregulation of cross-strait shipping policy

Cross-strait direct shipping can greatly reduce transportation time and operation costs. Carriers eligible to operate cross-strait services can plan the routes between both sides of Taiwan Strait with flexibility so as to offer customers higher quality services.

D. Intra-Asia trade coming into the spotlight

Recently the continuing growth of the developing countries in Asia like China and India and free trade zone pacts between the Association of Southeast Asian Nations (ASEAN) countries and China, Japan, Korea has led to the booming developments of trades within the region.

➤ Challenges

A. Surging fuel cost

Political unrest and wars in some oil-producing countries in the Middle East and North Africa have pushed up the oil prices. The average price of Brent crude oil touched US113 per barrel in August 2012. Rising fuel prices definitely added up global carriers' operation costs.

B. Extreme pressure from fierce market competition

Alphaliner's report in July 2012 estimated the cellular fleet growth rates in 2012 and 2013 are 7.9% and 10.4% respectively. Due to lagging economic recovery in Europe and the USA, the weak demand will worsen the oversupply problem. Freight rates are under pressure, which is believed to influence the overall operating performance.

➤ Strategies

A. Keeping enhancing the flexible alliance strategy

Yang Ming is a member of the CKYH alliance. Cooperation with Alliance members and strategic partners not only helps make the most efficient use of the capacity but also provides better transit time through the most economic arrangements of service routes. It also ensures our service quality between Asia/North America, Asia/Mediterranean, Asia/Europe, and Trans-Atlantic routes and enhances our competitiveness.

B. Integrating cross-strait services actively

Cross-strait direct shipping is beneficial for both sides. We can integrate services that were originally required to make an intermediate port call and rationalize services like China to Middle East and China to Southeast Asia in order to fully utilize our own terminals, facilitate the transship connection, and improve operation efficiency.

C. Developing emerging markets

Considering the keen competition in the main east-west trades, we will actively seek opportunities to enlarge our service scopes in intra-Asia trade. We will also carefully assess the emerging markets and develop Vietnam, India, East Mediterranean, Baltic and South America/South Africa markets.

D. Strengthening cost control

We will keep abreast of market update and competitor analysis; adjust service structures with alliance partners when necessary to avoid overlapping so as to cut costs such as fuel and port charges. Besides, slow steaming is adopted in Europe and USEC services. Other cost control measures like fuel hedging, charter market monitoring and fleet cost competitiveness enhancing are still in practice.

E. Strictly controlling safety and quality of operation

We will comply with the safety standards to ensure service quality and environmental protection. It is our first priority to maintain "Safety for Personnel, Safety for Ships, Safety for Shipment." We are already ISPS certified. It is the trend to apply IT technology to shipping industry and we've speeded up the integration of applied systems to improve efficiency, service quality and

management.

2.3 Financial Performance

(Unit : NT\$ thousands)

Item	Year 2009	Year 2010	Year 2011	2012 June
Consolidated Lifting(TEU)	2,784,079	3,205,746	3,472,592	1,728,903
Consolidated Revenue	88,892,781	130,549,767	118,554,959	59,393,333
Consolidated Asset	113,821,563	133,804,798	129,408,039	141,254,115

2.4 Company Development

As a professional global container shipping carrier, Yang Ming has earned many customers' trust. In 2011, our consolidated revenue amounted to NT\$118.55 billion and container business volume amounted to 3.47 million TEUs. When Yang Ming Group is expanding, the key to sustained growth is not only to provide excellent transportation service, but also to carry out our corporate core value, "teamwork, innovation, honesty, and pragmatism." Under current difficult operating circumstances, we will continue to serve global customers through the practice of our core value and consistent working standards. Making our transport group par excellence is our vision and mission.

2.5 Awards and Honors

2012



- Yang Ming Cultural Foundation wins Social Education Award
- Yang Ming wins LOG-NET E-Commerce Excellence Award
- Accorded Outstanding Unit for Implementing Labor Safety and Health--FIVE STAR AWARD
- Certified as Authorized Economic Operator (AEO)

2011



- Wins the LOG-NET E-Commerce Excellence Award
- OCAM's Volunteer Team wins 18th National Prize
- OCAM wins the Gold Award of 2011-2012 English Services Emblem
- OCAM Selected by Ministry of Economic Affairs as Creative Life Business Unit
- Wins Environmental Protection Administration's "CO2 Reduction Label" Award
- Rated by the Council of Labor Affairs as National-class Friendly Workplace
- Yang Ming Keelung Branch Wins 2011 Piloting Health Award

2010



- The LOG-NET Outstanding E-commerce Award
- Target Corporation's Carrier of the Year Award
- The Council of Labor Affairs' Friendly Workplace
- The Council of Cultural Affairs' Wenxin Golden Award
- Environmental Protection Administration's "CO2 Reduction Label" Award

- Yang Ming Headquarter wins 2010 Labor Safety and Health Award
- Obtained IKEA I-WAY standard accreditation

2009



- Selected by Global Vision magazine as a Top 50 CSR Enterprises
- The LOG-NET Outstanding E-commerce Award
- The 15th place of Common Wealth Corporate Citizens (the only among domestic marine transport corporations.)
- 2nd place in World Trade Magazine's liner service evaluation
- Bureau of Healthy Promotion's "2009 Most Healthy Workplace Award"
- Selected by the Council of Labor Affairs' Taiwan Train Quality System as 2nd place winner

2.6 Association Membership

Yang Ming is actively involved in many association activities. Our executives have been elected chairman or managing supervisors of National Association of Chinese Shipowners, Chinese Shipowner's Association of Taipei, Association of Shipping Services ROC, Taipei Shipping Agencies Association, and China Maritime Institute, etc. Besides, some employees, based on their expertise, are also members of professional committees in these associations, often showing interests in providing suggestions on public affairs that affect the shipping industry and economy.

As for international organizations, Yang Ming is a member of World Shipping Council (WSC) and International Council of Containership Operators, the Box Club. The WSC's goal is to provide a coordinated voice for the liner shipping industry in its work with policymakers and other industry groups. It also partners with governments and stakeholders to solve some of the world's most challenging transportation

problems. The main target at this stage is the sustainable management of the environment. Through amendments to the law and communication with governments and international organizations, the WSC seeks to reduce the pollution caused by marine transportation on the environment. Yang Ming is also the member of forums on various trades and environmental-related affairs. Such forums are helpful for individual carrier's own business strategy development. Yang Ming is a member of Canada Transpacific Stabilization Agreement (CTSA), Intra-Asia Discussion Agreement (IADA), Informal Rate Agreement (IRA), Informal Red Sea Agreement (IRSA), Informal South Asia Agreement (ISAA), Transpacific Stabilization Agreement (TSA), Westbound Transpacific Stabilization Agreement (WTSA) and Clean Cargo Working Group (CCWG).

2.7 Stakeholder Engagement

Stakeholder Engagement	Shareholders and Investors	Customers	Employees	Suppliers	Community	Government and Competent Authority	Nonprofit organizations
Communication Channels	<ol style="list-style-type: none"> 1. Hold general meeting of shareholders in 2nd quarter of each year 2. Issue company annual report before general meeting of shareholders 3. Shareholders can raise inquiries via phone or e-mail 4. Opening market observation post system 5. Via company's official website 	<ol style="list-style-type: none"> 1. Customer meeting or visit 2. Survey of customer satisfaction 3. Contract 4. Improvement according to survey and environment 	<ol style="list-style-type: none"> 1. Internal announcement 2. Periodical and non-periodical communication meeting 3. The dedicated e-mail box for Labor Safety and Health service and Code of conduct 4. Company Journal 5. Questionnaire on employee satisfaction with training course, restaurant service and office environment 	<ol style="list-style-type: none"> 1. Supplier evaluation (for price, quality, environment, human right, etc) and certification system 2. contract 3. Management of labor safety, health and sanitation 	<ol style="list-style-type: none"> 1. Yang Ming Cultural Foundation 2. Company website 3. Participating in disaster relief 4. Promoting ocean culture and conservation 5. Sponsoring Taiwan's Local art activities 	<ol style="list-style-type: none"> 1. Financial report Complying with the law and regulation 2. Via association 	<ol style="list-style-type: none"> 1. Yang Ming Cultural Foundation 2. Volunteer activities

<p>The issue they care</p>	<p>Economic issue</p> <ul style="list-style-type: none"> ✓ Corporate governance ✓ Law compliance ✓ Protection of security information ✓ Acquiring accurate financial information in time ✓ stock price ✓ Operation situation ✓ Financial situation ✓ Investment plan ✓ Organizations and Manager change ✓ Remuneration for managers and dividends for shareholders ✓ Service plan 	<p>Social issue</p> <ul style="list-style-type: none"> ✓ Salary and welfare ✓ Employee's loyalty ✓ Employee-employer relations ✓ Employee healthy ✓ Security and sanitation in working place ✓ Communication with employees and career development ✓ Partnership with customers and suppliers ✓ Accident prevention and emergency reporting system ✓ Community care and public benefit activities ✓ Job creation ✓ Anti-terrorism awareness 	<p>Environment issue</p> <ul style="list-style-type: none"> ✓ Utility and paper Management ✓ Carbon foot-print of product ✓ Pollution control ✓ Waste management ✓ Green purchase ✓ Green vessel
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2.8 Responsibility to Investors

Yang Ming has assigned full-time staff to handle relations with investors in keeping with the principles of transparency to protect shareholder rights.

2.9 Corporate Governance

2.9.1 Structure of Corporate Governance



2.9.2 The Board

The Board of Director is Yang Ming 's highest governing body. It has seven members and one of them represents labor. The chairperson of the Board also serves as the Company's Chief Executive Officer (CEO). Under the board, there is a Remuneration Committee, of which three members are specialists recruited from the outside.

In order to discuss and decide on important strategies (including economics, environmental protection, corporate social responsibilities and so on), the Charter of Yang Ming Marine Transport Corp. provides the Board shall meet at least once every three months and the important resolutions shall be immediately proclaimed on M.O.P.S. (Market Observation Post System) of Taiwan Stock Exchange for public checking.

The Ministry of Transportation and Communications (MOTC) is the biggest

shareholder who is represented by 7 directors. These directors are subject to MOTV evaluation every year-end. Besides, there are two supervisors to monitor the Company's operations. To strengthen corporate governance as well as advance risk management, the Company buys insurance for Directors and Supervisors to protect them from lawsuits by a third party due to their exercise of duties.

The Remuneration Committee is in charge of evaluating the performance of directors, supervisors and managers and setting the Company's remuneration policy and cases handed down by the Board of Directors. The Remuneration Committee under the Board is organized by 3 experts. The main task of the Remuneration Committee includes concluding, verifying and reviewing the remuneration policy, system, standard, structure for board members as well as managers and other cases handed down by the Board.

Composition of Shareholders

2012/06/15/

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	16	6	298	137,374	401	138,095
Shareholding (shares)	1,089,648,174	49,381,589	247,948,098	1,016,613,831	415,121,431	2,818,713,123
Percentage	38.66%	1.75%	8.80%	36.06%	14.73%	100%

Note: Among the shareholders, there is one from China, who holds 35,002 shares.

2.9.3 Regulatory Compliance

In compliance of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies," the Board of Directors has prescribed the "Proceedings of Board of Directors" and the "Code of Conduct for Board Directors, Supervisors and Managers" as operation guidelines.

All employees must follow national and international conventions and the Company's

rules when carrying out their task. The Company has written the "Code of Conduct" and the "Code of ethical management" for observance by members of the Yang Ming Group. It is hoped through these codes, Yang Ming can establish its core value and the standard of judgment among its employees across the world and also the image of the Company. All members are expected to understand these codes, recognize how individual conduct will influence Yang Ming as whole, and contribute to the Group's sustainability.

Yang Ming has also established the "Procedures for Handling Important Information" to strengthen cooperate governance.

The Code of Conduct has clearly illustrated the Company's concern about environment, health, discrimination, bribery, benefit dispute and asset protection . In this report period, Yang Ming has never been fined or otherwise punished for violating the law.

2.9.4 Anti-corruption

If anyone violates the "Code of Conduct" and the "Code of Ethical Management," he or she will be punished according to the severity of the offense.

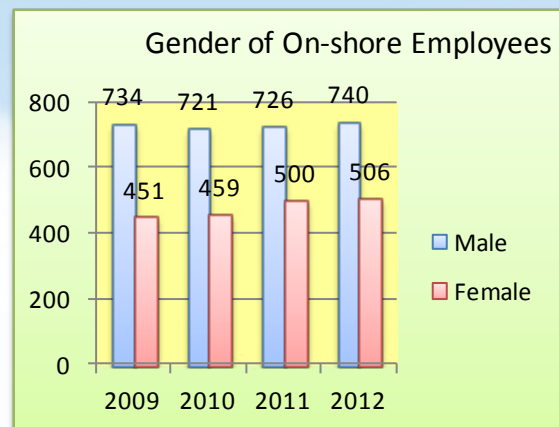
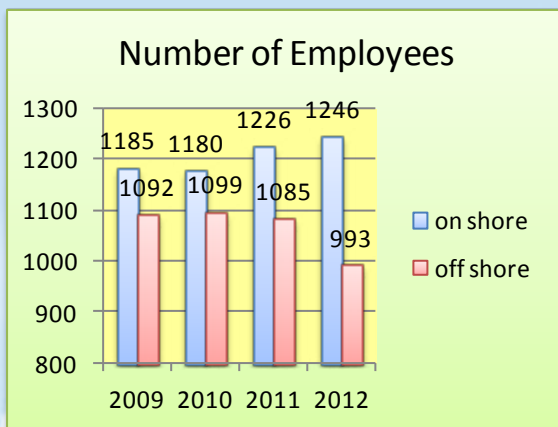
Chapter 3 Concern of Employment

3.1 Employment

Talented people are the most valuable assets of a company. In order to maintain a high quality of staff, Yang Ming focuses on people's talents. It provides employees a comprehensive training program and a globalized working environment to enable them to develop their potentials, It also has an attractive benefit policy for compensating assistance. Neither child labor nor coercive labor is allowed.

3.1.1 Employee Structure

At the end of June 2012, Yang Ming had 2, 239 employees, with 56% of them working onshore and the remaining 44% toiling aboard ships.

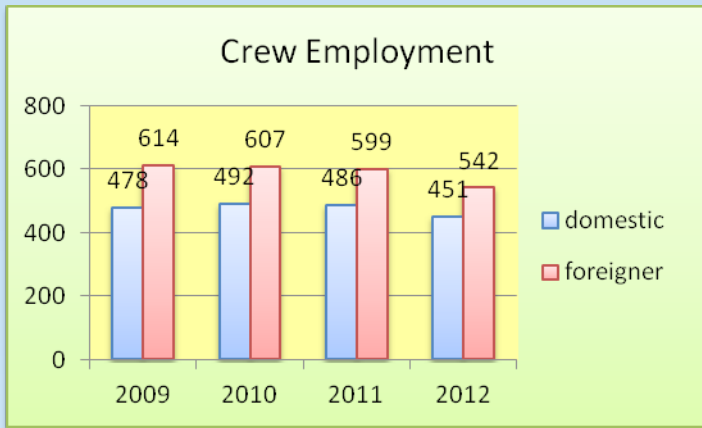


➤ On-shore Workforce

The employees working in sales and sales-related departments, terminals and abroad account for 60% of on-shore workforce, the number working in logistics and fleet management departments accounts for 17%, and the those working in supporting and management departments account for 23%.

➤ Off-shore Workforce

According to the record of Minimum Safe Manning Certificates, each vessel has a crew of 19. The average number of crew employment in 2012 is 993, of whom 451 are domestic crewmembers and 542 are foreigners.



3.1.2 Employee Recruiting

➤ On-shore Workforce

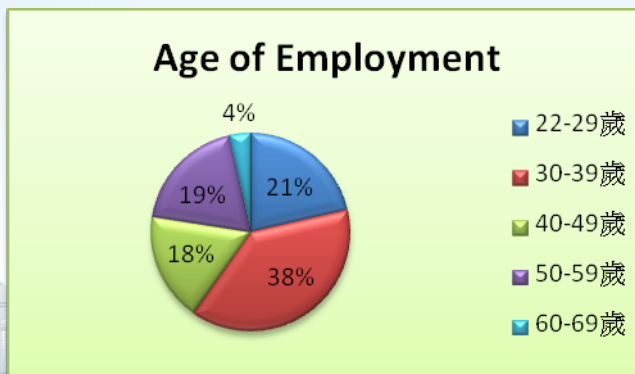
Yang Ming held extensive recruiting activities in 2010 and 2011, which contributed to the increase of domestic job opportunities. Yang Ming hired 84 people in 2010 and 109 in 2011; the people hired by the overseas subsidiaries are all local residents except for those dispatched by the headquarters.

➤ Off-shore Workforce

Yang Ming recruits qualified crew members through public recruiting and recommendation by marine industry schools, training organizations, or through cooperative education.

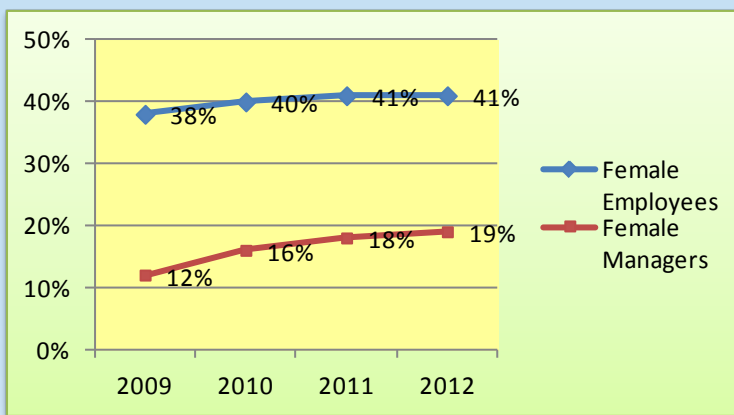
3.1.3 Prohibition of Child Labor Employment

The Labor Standard Act bans employers to hire anyone younger than 15 years old for labor work, and Yang Ming strictly adheres to the law in this respect. The youngest on-shore employees are 22 years old, and according to recruiting regulation, all applicants for crewmember positions need to be older than 18.



3.1.4 Workplace Gender Equality

The total number of female employees is 506, which accounts for 41% of the total on-shore workforce. Yang Ming has practiced the Gender Equality Act by prescribing the Guidelines for Sexual Harassment Prevention, Complaint, and Punishment. Also, it treats males and females equally in recruiting, selection, staffing, performance appraisal, and promotion. Although traditionally the ratio of male employees is still higher than the ratio of female employees, the ratio of female employees in Ying Ming has increased steadily, and the ratio of female supervisors is also growing.



3.1.5 Friendly Workplace, High Retention Rate of Employees

Yang Ming puts much attention on the work-life balance of employees and emphasizes harmonious workplace ambiance. The turnover rate of on-shore workers has remained at less than 5% since the year of 2002; this turnover rate has remained quite stable to allow it to maintain normal metabolism of human resource each year, which brings energy to the Company.

	2009	2010	2011	2012
Turnover ratio	1.35%	1.69%	1.24%	1.20%
Average age	41.35	40.13	39.04	39.12

*Retired employees are excluded

3.1.6 Performance Management and Development

➤ On-shore Workforce

The performance management of on-shore workers is implemented via PMS (Performance Management System). The standardized system has helped the employees and supervisors at all levels to be fully informed of the output of their performances and degrees of achievement through annual goal setting, goal assessment, and progress tracking. The design of PMS has integrated Yang Ming's mission and core value, the attitude of management competence, and ability dimension appraisal, which consolidates the development of employees' working attitude. Employee Online Feedback and performance interview strengthens two-way communication and counseling and assists employees in career development planning.

➤ Off-shore Workforce

For off-shore workers, performance management is based on a crewmember onboard performance; crewmember's appraisal includes items of knowledge and technical skill and work experience, integrity, conscientiousness and initiative, training and cooperation, corporation philosophy and value, work ability and quality, work attitude and willingness of learning, work performance, physical condition, negotiation and communication and learning effectiveness. Each of middle-level supervisors does assessment according to the regular performances of their subordinators, and submits the assessment reports to the departmental supervisors for further assessment. The assessment will be the basis of decision on promotion and upgrading, rewarding and punishment later on.

3.2 Employee Development

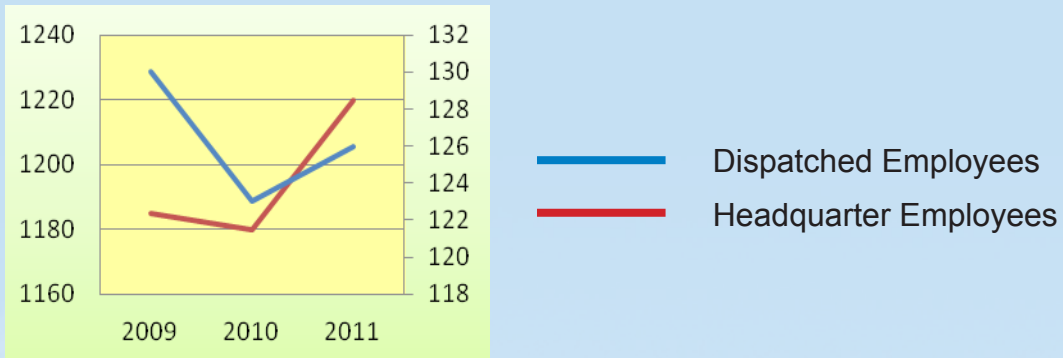
3.2.1 Training Plan and Development

➤ On-shore Workforce

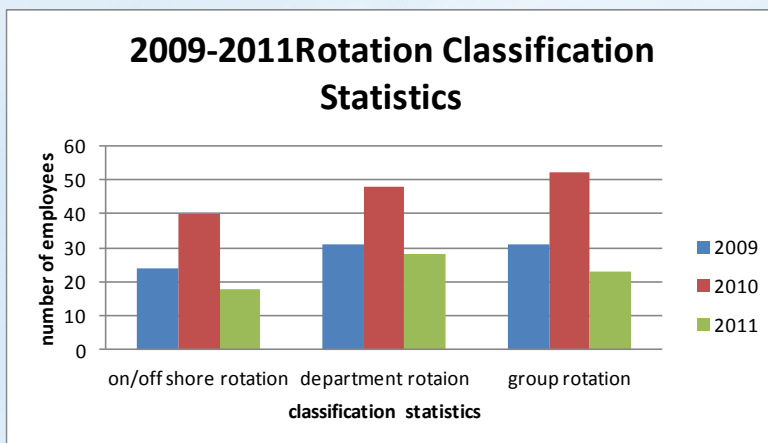


A. Education and Training : To meet group developing requirement, our human resource education policy includes international talented employees, all-purpose managers, employees with multiple abilities and skills as well as group learning.

B. Talents : Domestic and overseas job rotation renders employees opportunities to increase their experiences in different positions and broaden their international view. From 2009 to 2011, dispatched employees accounted for more than 10 percent of on-shore workforce. All the assistances provided by the Company to employees pending overseas work are regulated in documents, such as physical examination arrangement, application for working visa, apprentice program, compensation and benefit. That institutionalized approach ensures that nothing would distract the employees from their work.

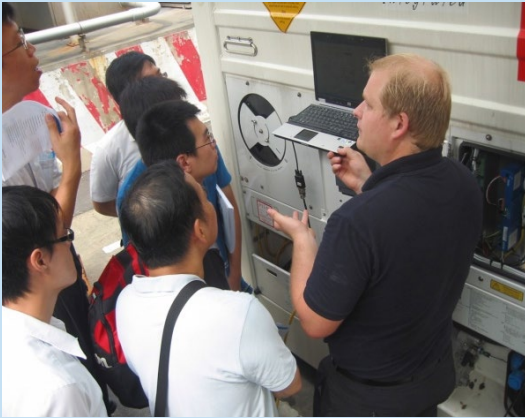


C. Job Rotation : The implementation of job rotation has been promoted in recent years for the sake of increasing employees' work experiences, development of diversified talents, avoidance of professional burnout, and inspiration of employees' morale. In addition to job rotation in the departments, the employees can apply for the vacant jobs via job vacancies bulletin. The categories and numbers of job rotation in last three years are as follows.



➤ **Off- shore workforce**

According to the regulation of Minimum Safe Manning Certificates, each vessel carries 19 persons on average. In 2012, Yang Ming recruits 993 seafarers, including 451 Taiwanese seafarers, 542 PRC seafarers and seafarers of other nationalities.



Mr. Morden from Denmark is teaching Star Cool refrigeration.



Crewmembers are practicing their learning.



Crewmembers are learning how to reassemble an oil putrefying machine.

3.2.2 Multiple Development and Learning Approaches

➤ On-shore Workforce

- A. We subsidize professional training, language training, after-work school education and the 2nd language study.
- B. We set up courses on e-learning platform to enlarge learning group and scope.
- C. We set up online reading party. We build up an up-to-down autonomy learning environment via top management's books recommendation.
- D. Via training need survey and questionnaire, we know our overseas subsidiaries' training condition. In keeping with Yang Ming's character as a transnational enterprise, we assist employees with resource sharing and mutual support to strengthen global-wide employees' learning effect.

➤ **Off shore workforce**

Yang Ming set up a Crew Training Management Center to collect crew's reports containing practical experiences when they get promotion. Besides pre-employment training, annual training and professional training, sharing practical experiences can improve the seafarers' professional skills more practically and can pass on the core expertise in view of the unique characteristics of seafarers' job. Additionally, for the foreign crew who stand for more than 50% of our crew hired, we have rent computers containing maritime training courses from the British VIDEOTEL Marine International Ltd since 2008 for training on board the vessel in order to enhance the training effect.

3.2.3 Quality of Training

➤ **On-shore Workforce**

We apply Taiwan Training Quality System standard to our company's training program. To make sure the learning effect, we design questionnaire and conduct all learners' after-course survey, which include course content, teaching methods, material preparation, learning effect, course processing improvement, pre-course questionnaire, after-course questionnaire, examination, report and on-line discussion on e-learning platform.

➤ **Off-shore workforce**

In addition to training courses, we take the advantage of onboard inspection and interview, internal and external audit to confirm the results of the training. We have achieved the goal of minimizing maritime accidents remarkably, through standardization of crew's training process and risk management, which help promote corporate image and enhance the entire crew's identification with the Company.

Onboard Training and Accomplishments



3.3 Rewards & Benefits

➤ On-shore Workforce

In order to maintain high quality and encourage staff to develop their potential, Yang Ming provides competitive compensations (higher than the lowest local payment), appropriates bonus in accordance with annual surplus, establishes Employee Stock Ownership Trust (ESOT), and offers a complete welfare system to care for the employees.

➤ Off-shore workforce

Wages for seafarers working onboard are consistent with the regulations of law and bargaining agreement. The standard of wage scale is established according to market situation and recruitment necessity. Equal pay for equal work.

3.4 Employment Relationship

3.4.1 Open Communication Channels

➤ On-shore Workforce

Yang Ming is committed to fostering unobstructed bilateral communication with employees, and conveying information through general communication channels in business to our employees promptly and correctly. In addition, we conduct opinion survey and employee satisfaction survey regularly to listen and respond to employee's opinions for enhancing management efficiency.

➤ Off-shore Workforce

Supervisors of Marine Department and management colleagues board the vessel to make face-to-face interview with the crewmembers when the vessels call at Taiwan's ports, and to know more about crewmember's requirements and problems through communication. For vessels not calling at Taiwan's ports, auditors and colleagues of Marine Department would make onboard interview with crewmembers when visiting vessels at foreign ports or during inspections. Suggestions made by the crewmembers will be forwarded to the PIC of Marine Department for follow-up actions.

3.4.2 Employee Reward

➤ On-shore Workforce

Yang Ming sustains a definite, fair and transparent reward, and penalty, promotion and performance evaluation system. Every outstanding employee will gain promotion and bonus.

➤ Off- shore Workforce

- A. Outstanding seafarers are recommended as national excellent labor representatives and model seafarers every year.
- B. Seafarers with excellent evaluation results are given priority for annual promotion.
- C. Besides monthly wages, Yang Ming provides seafarers with contract-fulfillment bonus and encouragement bonus at irregular intervals.

3.4.3 Gender Equality Implementation Act and Sexual Harassment Prevention Act

➤ On-shore Workforce

Yang Ming is committed to discrimination-free working environment and equal opportunities for self-development. We actively take appropriate preventive, corrective and disciplinary measures against harassing languages and behaviors in the workplace.

➤ Off-shore Workforce

As a model observant of the Gender Equality Implementation Act and Sexual Harassment Prevention Act, Yang Ming boasts the largest number of women seafarers among the marine transport companies in Taiwan. There are 33, accounting for 22% of seafarers in Deck Department. Once a female seafarer is pregnant or cannot serve onboard after giving birth, she can be transferred to on-shore work according to her personal will. There have been 6 female seafarers choosing to work ashore.

The fleet has been notified how to prevent sexual harassment, how to deal with it if it occurs, how to handle such complaints, and how to discipline the offender for strict compliance.

3.4.4 Freedom of Association

➤ **Union** : The Yang Ming Marine Union has existed for more than 20 years. Employees can join or quit at will.

➤ **League** : In order to strike a balance between work and life and enhance coworkers' relationship, we encourage our coworkers to form different kinds of leagues with adequate subsidy. Currently we have over 30 leagues, including sports leagues for strengthening bodies, such as ping-pong, badminton, golf, tennis, basketball, swimming and bowling. There are also literary and art leagues for cultivating talents and minds, such as flower arrangement and photography. We have leagues for energy-consuming activities, such as mountain climbing and board game as well as leagues for generating energy like aerobics and yoga. We have encouraged our branch offices also to form such leagues in the hope that all YM employees can have a healthy leisure life.

3.5 work-life Integration Programs

3.5.1 Health Care and Promotion

Ways to take care of employees' health :

➤ Improve health consciousness among employees

- A. We offers regular health examinations to instill the correct concept of health management in our employees to let them know health is an investment rather than a cost. We provide high-quality physical examination for all employees in higher frequency than is stipulated in the state regulations – once a year for high-level managers, every two-years for employees over 40, and every four-year for younger coworkers.
- B. "Prevention is better than cure." Early discovery and treatment are likely to reduce the loss of human resources of the Company. To ensure good health for employees, we have invited specialists to design various health programs, such a nutrition and diet planning, quit smoking, stress relief, regular exercise, healthy exercise, prophylactic inoculation, injury benefit, normal therapy, health website, and drinking ban in workplace.
- C. To maintain our employees' good health, we keep track of their health examination results. Hence, they can work without worry, and their dependents and family can also rest assured.

➤ Hold regular health lectures and health-promotion activities

- A. We regularly invite experts from related fields to give health and safety lectures, providing proper health and medical knowledge on such subjects as "vegetarian dish for physical and mental health", "vision care", "stress and emotional management", "take care of your hair", "enjoy slim body and nutrition", "kidney care". We also hold health activities such as healthy weight loss, physical fitness test, stretch gymnastics, hiking and exercise walking, quit smoking and so on.
- B. In addition to encouraging employees to do exercise regularly, we provide the proper exercise knowledge. We provide a wide range of clubs and set gymnasium on the 15th floor therefore employees can participate in healthy activities after work.

➤ **Build a "health management" mechanism for crews**

- A. We have set up an interface for crew health management, hoping to use it to improve their health through analysis and evaluation
- B. We want to use systematic management to fulfill our commitment to crews' health and safety
- C. Based on the composition, age, nationality, health and injuries of our crews and the provisions of the International Conventions, we seek to build up the stock of medicines used on the fleet and organize urgent ship-to-shore medical counseling so that we can play a better role and reduce the chances of delayed treatment.

➤ **Establish a health care consultation window**

- A. We establish the Health Management unit and recruit physicians and nurses in accordance with the nature and number of workplace. We carry out health examinations, health consultations, health management, health risk assessment and health promotion. Employees' questions concerning health can therefore be answered immediately and correctly, which have great impacts on their physical and mental health.
- B. We will set up a health website to post the medical lectures to allow our change crew to crews to share the medical information for the improvement of their health.

➤ **Expand the function of health service center**

- A. To transform the clinic into a health service center including consultations on mental problems
- B. In addition to providing for health examination, health and safety lectures, health promotion activities, health consultations and psychological consultations, the health services center can also establish a health website and helpline for the fleet

3.5.2 Diverse Employee Services

Creating a friendly working environment of health is the most direct way to implement employee caring and the most basic requirement to fulfill corporate social

responsibility. Our company starts from workplace environment maintenance and goes further to provide multiple services for employees, including transportation, accommodation and catering services.

➤ Office environment maintenance

Our primary task is to maintain a comfortable and clean environment in the office building. In this end, we regularly clean the office carpet and plastic floor, and sanitize building and surrounding environment. The control room monitors floor temperatures and the lighting in public area. Furthermore, it also regularly monitor office carbon dioxide and lighting level. We are prepared to immediately respond to our employees' requests for solving their problems.



➤ Transportation arrangement

To facilitating the commuting of our coworkers, we have organized five company bus routes in Taipei City and New Taipei City and we have also organize company buses for overtime workers.

➤ House-renting arrangement

We have helped our coworkers rent living places and remodeled a building on Chaochou Street in Taipei City into studios. Priority and special treatment are given to our coworkers who need accommodations. A special manager is stationed there.



➤ Catering service

We provide a cafeteria to facilitate employees for having meal at the lunch time. We choose a good caterer to provide food, review the service contract every year and evaluate their service quality.

We have complete systems for managing Cafeteria and assign person in charge to watch at any time to assure the quality of meals, the sanitation of cafeteria environment and foods. We set up a meal committee which consists representatives from all departments to monitor the quality of meals and maintain order of the cafeteria. We conduct a questionnaire survey in every quarter of the year to sound out employees' views and sum them up as the basis for improvement.



➤ **Health and leisure center (gymnasium)**



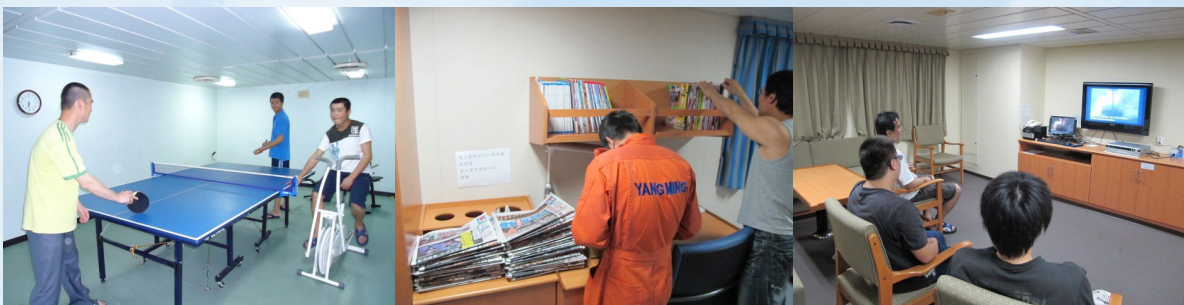
In order to cultivate the habits of exercise and leisure for employees, we provide a gymnasium in the building of the headquarters. There are Badminton courts, ping-pong tables, jogging machines, biking machines and shower rooms for employees' use after the office hours and as the site of exercise and competition for the various sports clubs.



➤ **Fleets**

A. A gym is set up on each vessel including a ping pong table, an exercise bicycle, a treadmill and other fitness equipment for crew to improve physical health and build up their bodies in spare time.

- B. Health, cyber, tourism, entertainment and other kinds of magazines have been subscribed to and other kinds of magazines have been subscribed and sent on board the vessel at regular intervals.
- C. Television and a karaoke machine equipment are set up in the saloon on board each vessel for crew's entertainment.
- D. Upon application, crew's spouses can board the vessel to travel with their loved ones in Asia area. Family members of the crew can visit on board when the vessel berths at a port. The family-friendly policy helps improve relationships between the crew and their families.



3.5.3 Yang Ming Marine Corp. Employee Welfare Committee – providing employees and their families with exercise and healthy social network for happy life

To build up a successful enterprise, employees not only work but also enjoy the pleasure of their job and find balanced development among job, family and leisure. We set up an Employee Welfare Committee and allot welfare fund from the Company's operating revenue. The welfare fund is used for employees' birthday cash gifts, insurance and health fees, festival cash gift, marriage & birth cash gift, marriage anniversary memorial gold accessories, condolence fee, children's education subsidy, children's scholarship and retired employees' consolation fees. We also use the welfare fund for tour arrangement, league activities, annual league contests and year-end party to achieve the effect of mutual interaction. Additionally we invite our office, marine, retired employees and their families to join us in our annual mountain hiking. At least, 600 people have attended this activity.

3.6 Enterprise Security and Risk Management

We define risks as accidents arising from human activities, natural disasters and worldwide or regional economic fluctuations that will cause negative impact on enterprise operations and we assess individual risk according to its frequency and severity.

3.6.1 Risk Management Policy

Our risk management policy is to prevent and control risks efficiently for regular operation aimed at permanent business development. We enforce our Risk Management Policy in the following ways:

- To concentrate risk management affairs on a dedicated department
- To enforce risk management throughout the whole Yang Ming Group
- To place equal emphasis on prevention and control and target the effort at the risks of all operation cycles
- To be proactive and positive in risk management
- To continuously introduce the good practice and professional resources of risk management from the outside
- To invest appropriate resources and promote internal and external communication
- To establish risk management system and key management points
- To strictly follow internal control system and standard operation procedures
- To form and continually develop Yang Ming Group's risk management culture
- To fully comply with laws and regulations and regularly carry out internal and external audit
- To regularly review risk management process and standard of assessment in keeping with the variation of market economy or Yang Ming's adjustment of the management and assessment standard

3.6.2 Risk Assessment Procedure

The risk assessment procedure of Yang Ming is designed mainly by consulting the Australian and New Zealand initiative, AS/NZS 4360:1999, BS 31000 and the Risk Assessment Book of the Research, published by the Development, and Evaluation

Commission, Executive Yuan, R.O.C. The risk assessment procedure consists of Risk Identification, Risk Analysis and Risk Evaluation.

The Risk Management and Legal Affairs Department executes risk assessment annually and makes and submits the annual risk assessment report to CEO for approval. After the annual risk assessment report is approved, all related departments are required to modify their procedure and check the outcome and residual risks for further improvement pursuant to the annual risk assessment report.

3.6.3 Risk Control Measure

To ensure employees and business partners to work in a safe environment, and to maintain the smooth progress and safety of the operation, we are devoted to the safety management of information systems, labor safety, workplace safety, fleet safety and the safety of commercial partners, to ensure the interest of our customers, company, employees and shareholders, and to maintain the Company's competitiveness.

➤ **Labor safety and health risk management**

All routine and non-routine activities are considered. Anyone entering the workplace including employees, contractors and visitors, is under control. We evaluate risks for high-risk operations and significantly changed environment. We decide the priority of risk management and comply with the standard of classification management: elimination, displacement, engineering control, signs /warnings, administrative controls, personal protective equipment, emergency measures in a sequential manner to reduce the risk.

➤ **Risk Management of Information System.**

Yang Ming Information System serves worldwide users in headquarters, branches, and agencies. To change support to ensure the Company's marine transport business to change be into is to be operated regularly and sustainably, we have implemented Uninterrupted Power System, disaster prevention and protection mechanism in our Data Center, furthermore, to minimize the disaster impact, we change setup to set up a remote Data Recovery Center in Kaohsiung branch office.

This Data Recovery Center can substitute HQ's IT functions equivalently once accident occurs.

➤ **Workplace safety**

To match up to the policy of U.S. C-TPAT and AEO RFID Access Control System, change to all colleagues are required to carry identification cards when they come to the building. Execute building preservation work throughout the day to ensure workplace safety and security personnel by means of access control and security patrols; daytime the building traffic safety control, and for visiting customers, vendors and other registration name and accompanied visitors allotted visitors identification card, notify the relevant departments colleagues Go to the office. 24 hours of regular inspection on each floor, to ensure that the office environment or room no abnormal condition occurs in case of an emergency situation can be immediately informed treatment.



➤ **Fleet Safety Control**

A. Based on the International Safety Management Code (ISM Code) adopted by International Maritime Organization (IMO), Yang Ming has formulated Safety Management System (SMS) which focuses on improvement of the identified hazards in each ship's operation. By way of maintaining continuous operation, review and improvement of SMS, Yang Ming enhances the safety management ability of personnel both onboard the ship and ashore.

B. In order to comply with the International Ship and Port Facility Security Code (ISPS code), Customs-Trade Partnership Against Terrorism (C-TPAT) and Authorized Economic Operator (AEO), Yang Ming's ships execute the anti-terrorism and security measures in her security policy. In addition to observing "Ship Security Plan," "Guidance on the Prevention of Piracy and Armed Robbery at Sea," ship masters and security officers are instructed to carry out crew training, security protection and emergency response. Presently, Somalia pirates have become rampant increasingly and the events of hijacking merchant ships and extorting a huge ransom happen frequently which caused great

impact on the international trade and maritime transport. In response to this serious situation, the following concrete reinforcing measures are taken:

- Join the regional reporting system and vessel movement register system operated by the multinational navies.
- Designate a company staff to monitor and advise the participation in the regional reporting system and vessel movement register system.
- Provide additional security equipment such as barbed wires, extra binoculars.
- Implement Best Management Practices (BMPs) suggested by IMO.
- Establish the citadel on board the vessel for crew's safe evacuation and hand-carry emergency satellite phone.
- Employ private armed security guards per flag state's agreement.

C. Since 2011, "Risk Assessment" has been introduced into SMS according to the requirement of ISM Code as amended by MSC.273(85) Resolution adopted by Maritime Safety Committee (MSC). It makes SMS more proactive and organized. The range of risk assessments of our company covers not only shipboard safety and environmental protection, but also the issue with regard to the labor occupational health which the 2006 Maritime Labor Convention (2006 MLC) places emphasis on.

➤ **Control of business partners**

Annually evaluation and assessment to our correspondent, terminal yard set vessels and inland transportation and other business partners, and requires it must abide by local laws., Annually for ministries room to carry out a risk assessment of the job, and to take preventive measures. In response to the C-TPAT and AEO such as supply chain security requirements for the business partners of the organization security, access tube controlled entity workplace safety, employee safety, process safety, cargo security, container security, information technology security, and safety awareness training and the threat of cognitive and other nine The major items of risk assessment. Colleagues to make sure to confirm the risk assessment can be implemented in the actual operation.

Faced with new customers the business former contract, determine customer for

legitimate businesses and / or whether the security risks will subsequently offer or contract and regular visits to customers to enhance the safety and quality of our service and delivery process.

3.7 Safety and Health

Human safety, ship safety, cargo security are three pillars of the security policy of our Company. Besides the Labor Safety and Health Department in the headquarters, we have labor safety and health unit in branches to take care of the safety and health of employees in each workplace, to provide a safe and healthy working environment and operating procedures of the ship-to-shore colleagues and to ensure the safety of employee health. We have acquired the certificates of Occupational Safety and Health Management System (OHSAS18001/TOSHMS) and has been audited annually by DNV, the external audit agency, the Council of Labor Affairs (CLA). We extend such work from headquarters to branches, subsidiaries, working partners and contractors, and to the fulfillment of social responsibility by sharing resource to units of the port areas and the organizations and companies working in the same building.

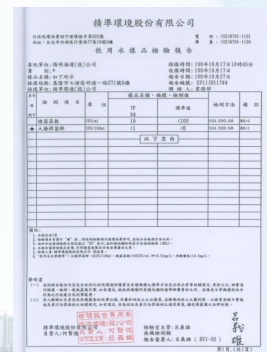
3.7.1 Safety and Health Management Organization

➤ Safety and health organization

We set the Labor Safety and Health Committee in accordance with the laws and regulations, chaired by the Executive Officer of Global Management Group, who also holds the post of OHSAS18001 management representative and Yang Ming Group general supervisor of the labor safety and health. The labor representatives are participants and meet every three months. Labor Safety and Health Management organization has been set up in Cidu head office building and sufficient numbers of full-time labor safety and health personnel are employed. labor representatives hold meeting every three months.

➤ Headquarters building

We provide relevant administrative measures or procedures and such necessities as drinking water, office environment, working environment and restaurant facility.



A. Safe drinking water : We have installed drinking fountains on each floor. In addition to commissioning monthly maintenance of water filtration equipment to an outside party, the Company hires certified inspection agencies to test water samples on a quarterly basis. The testing record is inscribed on the drinking fountain for the knowledge of staff members.



B. Office environment security : We set and implement and implement strict maintenance program for the essential equipment of this building to maintain safety of the working environment. For electrical equipment, the building security guards patrol on a regular daily basis to check if there is any abnormally occurrence. In addition, we commission a specialist inspection agency to check the facility and save the records for future reference once a month. Every year, the inspection agency will do maintenance jobs in order to maintain safe operation of the equipment. For fire management



operations, we will set fire protection plans for the building to implement fire management related jobs, commission a professionally qualified manufacturers twice a month for maintenance work of fire-fighting equipment, and conduct the yearly maintenance according to the regulations declared by the fire authorities. Fire shelter facilities within the building, equipment safety and other projects all comply with relevant regulations. Furthermore, we apply public safety checks for the building on a regular basis.



C. Operating environment security : We set specific standard operating procedures and require related business associates to thoroughly follow. Business officers in charge of hazard prevention plans for the confined spaces currently are required to undergo regular health and safety training and obtain the relevant certificates.

When undertaking other routine equipment maintenance, we follow safety

instructions, including distribution equipment maintenance, chemical use and safekeeping, and notes on use of dangerous tools, and review operation process for the accident when needed.

In contracting manufacturers, we strictly ask manufacturers comply with the stringent protection of occupational safety and Health Act and to appropriate measures. For example, contract manufacturers of building wall cleaning, which involves higher risk, are required to provide qualified license to operate hoists. The hoist equipment should have qualified inspection certificates during the safe period.

D. Cafeteria : We accommodate cafeteria for providing lunch in every working days in headquarters building. Meals Including vegetarian foods , noodles and light foods . We not only prescribe the management procedure for the cafeteria and request the the General Affairs Department that chooses the service provider to monitor the sanitation but also demand the service staff to receive health inspection every year and make sure the qualified persons can serve in the cafeteria. We inspect electric appliances, oil, liquefied petroleum gas daily to make sure they are safe . We pay special attention to the operation of change cooking utensils to cooking range and the moving of hot foods to ensure the security in cafeteria.

We set up a meal committee which is consisted of representatives from all departments to monitor the sanitation of cafeteria , collect the opinions of employees and respond to any sudden situations.

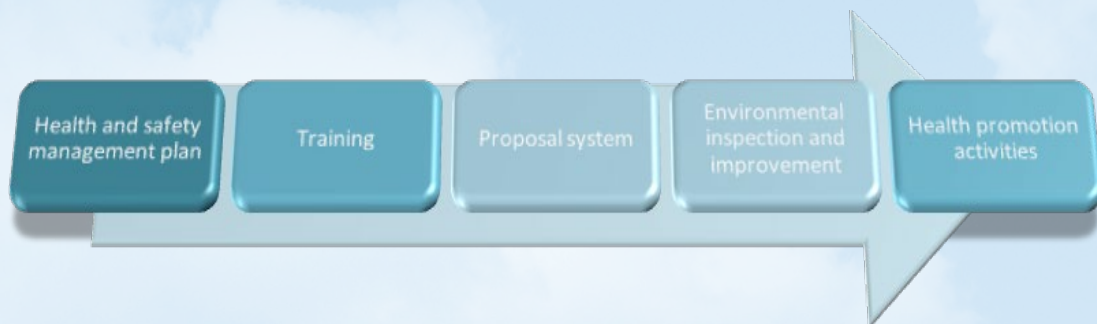
The committee also assigns on-duty representatives to conduct the inspection of health and sanitation of working staff, cafeteria and ingredients of foods once a month and make records. If there is any problem found, it will be improved at once and will be followed up. Meal committee holds a conference once a year at least.

➤ **Vessels**

Seafarers work and live day and night on board the vessel. Danger of the working environment on the vessel is well-known to the public. Occupational Safety and

Health Team (EMSH) has been established under Marine Department to ensure the safety and health of seafarers. The scope of EMSH's job duty has been divided into two parts- to ensure safety and health of seafarers on board the vessel and staff of Keelung branch office. Regulations to ensure safety and health of the branch office follows the regulations of the headquarters, shipboard seafarer's safety and health regulation is based on "YANG MING Shipboard Safety Management System"(1EMDP001) and "ISM Code".

3.7.2 Occupational Health and Safety



➤ Health and safety management plan

The essential part of Occupational Safety and Health (Occupational Health and Safety) is to implement safety and health management programs, to comply with health and safety management regulations change and to perform in accordance with plans and to quarterly review the progress. The procedures include the flare-up control, working at heights, confined space operations, repair and maintenance, all of which are well executed and the records of execution are kept. In addition, we carry out procedures of the regulatory evaluation, risk assessment, emergency procedures, health and safety auto-inspection, contractor management and procurement management. The contractors are informed of the hazards in the cooperative organization meeting while they firstly enter the workplace and their safety and health performance is regularly evaluated. We have an independent audit department, to carry out internal and external (DNV) audit plans to ensure the compliance and effectiveness of the operation of management system.

➤ Training

We carry out trainings for employees, managerial-level members, safety and health

management, the special operations personnel and contractors. For contractors, the training course includes fire-fighting, evacuation, information about hazardous elements, and holding of coordination meetings.

➤ **Proposal system**

We implement a health and safety proposal system, draft the form of near-miss reporting and give reward according to the effectiveness of the proposal.

➤ **Environmental inspection and improvement**

We carry out environmental inspection procedure and enforce the no-smoking policy at all workplace. We won the excellent no-smoking workplace awarded by Health Promotion Bureau. The office chairs have been selected considering ergonomics and comfort. We regularly inspect the quality of air, water, lighting to provide employees with a comfortable and healthy working environment. The sampling strategy of Environment inspecting program and the implementation are jointly monitored by the labor representatives and health and safety management.

➤ **Health promotion activities**

We have established a health of a health management unit and an infirmary, which recruit physicians and nurses offer health examinations, health consultations, health management and health promotion projects such as smoking cessation, weight reduction, fitness, stretching exercises, balanced diet, stress relief. We also offer high quality health examination and conduct such projects as nutritional diet, smoking cessation, stress relief lecture, regular exercise, healthy exercise, prophylactic inoculation, injury and sickness benefit, normal treatment, health knowledge website, improvement of environmental inspection, provision of personal protective equipment, safe operating procedures, environmental inspection, drinking ban in a workplace and so on. The top management show fully supports and participates in the health promotion program. We set up breastfeeding rooms in all workplaces. All employees are entitled to parental leave. For those who suffer from serious illness, we offer four-month paid sick leaves, superior to regulatory requirements, and flexible working hours .

3.7.3 Contingency Response

➤ Drawing up emergency plan

We draw up emergency plan to cope with high risks including natural disaster (fire, typhoons, earthquakes), special-device disaster (fire, explosion, leakage of chemicals) which may cause life and property loss in workplace. Each department comes up with its own emergency plan according to the identified high risks. The plan includes emergency response organization, responsibilities and staffing, emergency report process, evacuation procedure, disaster response procedure, disaster areas vigilance, recovery process, consideration of risk and the resilience during non-working days and night shift.

➤ Trainings and drills

We build emergency response process for fire, typhoon, flood, business continuity and catastrophe recovery, dangerous goods, wharf and container yards, etc. The emergency trainings implemented by the department in charge include training condition commentary, strain skills, fire-fighting in workshop. The agenda of drill includes extinguisher operation, first-aid, protective equipment use. The emergency plan is reviewed annually to ensure appropriateness, and is checked when the decree is modified, the organizations or process changed. It is also reviewed after accident or abnormal contingency drills.

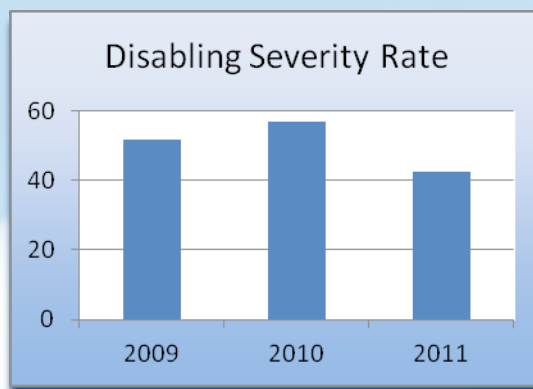
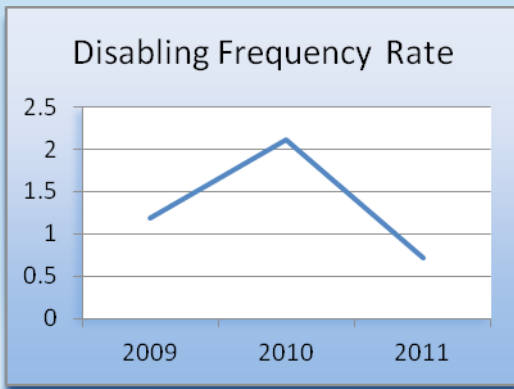
3.7.4 Enterprise Epidemic Prevention Program

To ensure business continuity during the epidemic outbreak, we come up with an epidemic prevention procedure for head office, branches, fleet and infected areas. Once the global outbreaks take place, a response team will be set up immediately to make sure the division of work and responsibilities, and to carry out relevant contingency plans for the epidemic, and actions taken immediately including information gathering and advocacy, staff and visitor management, enforcement of environmental and office hygiene, implementation of the communication procedures and risk diversification strategies. In addition, we require the port agents and fleet to comply with the requirements of headquarters to conduct measures, employing outbreak response plan, limiting going ashore while coming from the infected area,

operating the epidemic control standard process with the suspected infection crew, to minimize the negative impact on terminal operation and navigation.

3.7.5 Occupational Accident Statistics and Analysis

According to the occupational hazard statistical indicators announced by Council of Labor Affairs, the disabling frequency rate (FR, the average disabling cases/per million hours) of Yang Ming (including native crews) is 0.71 and the disabling severity rate (SR, the average loss working days/per million hours) is 42.58, both far below the average of transportation and storage industry (2.78 and 182). The significant decrease compared to the previous year proved our considerable success in occupational hazards prevention.



3.7.6 Disaster Risk Management:

➤ Disaster prevention of office building

For most possible types of fire, we set up fire-fighting, alarm, escape and fire-rescue equipment on each floor according to regulations, and inspect, repair and maintain the equipment on a regular basis in order to ensure they can work well when accident happens. Our headquarters building has waterproof gate and two sets of flood control pumps, which can pump up to 20 tons of water every minute, preventing possible flooding.



Chapter 4 Communication and Management with Supply Chain

Yang Ming always value our suppliers and treat them as working partners. We are devoted to long-term relationship with them in completing the sea carrier supply chain. In addition to monitoring their performance and encouraging them to join in environment protection, improve security and sanitation, pay attention to human right, we hope they and Yang Ming can all make efforts in CSR and risk management.

4.1 Supplier Appraisal

To provide complete shipping service, our company cooperates with thousands of suppliers in the world, including agents, ports, terminals, trains and feeders service. In order to provide stable and prompt service, we have procedures for selecting and evaluating suppliers to make sure all of them are able to follow our procedures, comply with law and regulation and get certification for meeting requirements like C-TPAT (Customs Trade Partnerships Against Terrorism), AEO (Authorized Economic Operator), CSI (Container Security Initiative), ISPS (The International Ship and Port Facility Security code), Labor health and sanitation, human right and relative laws. We hope, by this way, we can team up with suppliers to set-up a much better standard for security, environment and sanitation.

In the process of supplier selection, if necessary, we will check credit and ask for bank guarantee to reduce operation risk. Our company has subsidiaries and agents all over the world, who can closely monitor the operation of suppliers through frequent connection and non-periodical visitation. Furthermore, the result of annual evaluation will be a essential reference for next contract. Hence, we are in a good position to ask suppliers to continue improvement and meet our requirement.

Our company also has our “Code of Conduct “ and “Code of Ethical Management.” Accordingly, we ask our employees to choose suppliers by fair standards, discuss details of contact honestly and convey this concept to suppliers.

4.2 Supplier Management



4.2.1 Promotion of Supplier's Environmental Performance

As a carrier providing worldwide shipping service, we always consider environmental protection and resources-saving our social responsibility. We give priority to this effort and always try our best to strike a balance between making economic profit and ecological protection. We have made the promotion of green supply chain a core work and will continue to improve the environment and carry out environmental protection. For example :

- Use Blueway between Taichung and Kaohsiung port to reduce an average of 600 trips of trucking per week between Taichung and Kaohsiung to reduce around 140 tons of CO2 emission (compared to truck, using Blueway is a 70% reduction)
- Adopt green facilities by our subsidiary – Kao Ming Container Terminal. Please see more details in CH6.2
- California Government proceeds with a plan to reduce CO2 emission by eliminating old trucks. Our company complies with this plan by not providing unqualified trucks to our customers. Compared to the amounts of CO2 emission in 2012 and 2005, there' s an 80% reduction.

4.2.2 Suppliers' Compliance with Safety and Health Requirements

We require suppliers to comply with the government regulations on environmental protection, labor safety and health. Our contract with suppliers covers the legal obligations, acquisition of business license, workplace hazards identification, accident prevention and emergency response, limitation of subcontractor, and the environmental and safety and health regulations, in order to clearly define the responsibilities.

The safety and health management is designed in accordance with the regulations such as regulation for labor safety and health organization management and automatic inspection and procurement requirements of TOSHMS to ensure that the practices meet the requirements both in workplace and on ship.

4.2.3 Subjection of Suppliers to Risk Management

Our risk management policy is intended to prevent and control risks efficiently by: tasking risk management affairs on a dedicated department; enforcing risk management throughout the whole Yang Ming Group; managing all risks in operation cycles of Yang Ming ; positively proceeding with systematical risk management; investing appropriate resources and promoting internal and external communication; and regularly reviewing risk management processes and standard of assessment of Yang Ming Group.

4.2.4 Encouragement for Suppliers to Award Certification

Our company is constructively dedicated to security and the strengthening of certification in supply chain management. We also encourage group members or suppliers to award relate certification. To provide complete and safe supply chain service, the availability of ISO certification will be a factor for our company's consideration whether a supplier is qualified or not. Our main suppliers are agents, terminals, feeders and inland service providers, and the majority of them have recognized the importance of supply chain security and applied for certification in succession. We expect the strict working/operation procedures can speed up customs clearance. Take terminals for sample, over 90% of them have obtained ISPS

and most transport ports in Asia like Hong Kong and Singapore have awarded C-TPAT certification.

Yang Ming (including Headquarters, the Keelung, Taichung, Kaohsiung Branch offices), subsidiary company –Kao Ming Container Terminal and YM (Netherland), YM (Belgium), YM (Italy) and YM (ERO) in Germany all have been awarded AEO, and most agents are also considering application for AEO.

4.3 Regular Appraisal on Suppliers' Obedience with Yang Ming Demands

4.3.1 Regular Business Review Report

- Supplier : Through the terms of the contract (including compliance) and the daily evaluation to ensure they have observed the provisions of the Company
- Repair supplier : In the end of the year, each repair supplier of container, chassis, terminal facility and ship is evaluated, including their repair equipment, the qualification of their technicians, organization of work, the quality of construction, and the health and safety management. The supplier will be included in the list of "qualified repair suppliers" next year if there isn't any bad record.

4.3.2 On-Site Audits

In accordance with annual audit plan, Audit Department conducts on-site audits of each department, including their office environment, operation security, transportation machinery and outsourcing contracts, to ensure that suppliers meet services requested by Yang Ming .

Relevant audit performances are lists as follows :

- To review the safe operation of the workplace environment, food, such as the operating environment lighting, drinking water and air measurement, resource recycling management, gas leakage detection, health check reports of cafeteria cooks and related contracts
- To review the new vessel shipbuilding, machinery and periodic dock repairs, such as qualified supplier evaluation, work supervising records, work inspection reports

and M&R agreements and contracts

- To review ship operational safety and environmental improvements, such as reducing air and ocean pollution, management of maritime waste oil and sewage recycling, energy saving and fuel-efficient performance, major accidents processing aboard
- To review the container procurement, repair and maintenance operations, such as qualified supplier evaluation, work supervising records, work inspection reports and M&R agreements and contracts
- To review the safety of terminal stevedoring and stowage operations, such as shipside task force meetings, hazard factors notification, local regulation requirements, accidents processing, hazardous cargo loading and related service contracts
- To review the selection and management of depots, terminals, agents, transportation and feeder companies, such as the annual performance evaluations and contracts

To present the each department audit report and keep track of improvement for each non-conformity and abnormal case.

4.4 Customer Service and Satisfaction

No matter marine service, logistic service or e-commerce service, all Yang Ming product marketing is designed for the requirement of customer. We provide all professional knowledge and prompt actions from the angle of customer. We believe all our customer services are competitive.

4.4.1 Customer-Partner Relationship

Forwarder company, international trade company, Customs broker, truck company and portal company are our very important partners for business development. For the enterprise's sustainable development, the supporting and hard working of our partners are a very important to us. We value our important partners as assets as well as our employees.

4.4.2 Customer Service

- **Customer lead** : Yang Ming was privatized in 1996. One of our important goals is to ensure customer satisfaction. This attitude has already become our core value. We provide customer with lead as our priority standard in all services and we design the overview plan based on customers' real demands.
- **On-line service** : We provide an on-line service platform for customers to make on-line booking, query the information of vessel schedule, container status, import/export expenses, etc. We also maintains an on-line complaint platform which provides friendly operation interface and welcomes comment regarding our service. During working time, it will process and reply by the person in charge; at off-duty time or holidays, the system will automatically reply mails and confirm receipt of cases for the person in charge to process at their fastest available time.



- **The process of complaint** : We request our colleagues to process all complaints immediately. Besides, the vice president will review all complaint cases in order to understand all related influence. The duty department is requested to provide the settlement status and method of avoiding same issue happening again.

We translate customer's voice into action and enhance our service quality and competition.

- **Violation cases** : There have been errors in advance manifests causing delays due to internal negligence (advance manifest-- according to import Customs stipulations, the carrier needs to file cargo manifests 24 hours in advance of loading the goods on the ship at origin.) There were 7 in Europe area in 2011; 2 in USA area in 2009, 1 in 2010; 7 in Canada area in 2012; and nil in China area.

4.4.3 Customer Satisfaction

- **Satisfaction survey** : Every two years we will invite a consultant or an academic organization to design a questionnaire for posting on the web and distributing to major customers to sound out their approval rate for our service. Their answers will be sorted out for reference by departmental heads when they draw up strategies. This serves as a bridge between the Company and customers.
- **Customer Information and Privacy Protection** : We are committed to protecting the privacy of the customers of all of our business establishments. So far our company does not have any case that affects customer privacy and customer advantage.

In 2010, we arranged students from eight schools, such as National Taiwan Ocean University, for a visit to OCAM, MOME, Keelung container terminal, Port of Kaohsiung (wharf#70), head office at Keelung, and an onboard tour of one of our ships.

In 2009, we arranged students from three schools, such as National Taiwan Ocean University, for a visit to OCAM, Keelung container terminal and an onboard tour of one of our ships.

5.2 Giving Humanitarian Care, Promoting Oceanic Culture and Conservation, and Assisting Taiwan's Local Art Activities

5.2.1 Using Our Global Transportation for Social Charity

➤ Assist Taiwan's Art Activities

Yang Ming has assisted in the development and continuity of various forms of fine art by sponsoring the Taiwan Lantern Festival, Outdoor Performance of the Folk Opera Group, the Kaohsiung International Container Arts Festival, and so on. We have also donated in the 319 Hope Engineering project. We have encouraged our staff to participate in this project and raise hope and happiness to 319 townships across Taiwan.



➤ Yang Ming Offers The Taiwan Pavilion free ship back to Taiwan



➤ In 2010–2011 Yang Ming offered "Black and White" film shooting team free transport of props including an aircraft. The delivery was a 45-foot high cube and a 20-foot container.



➤ Yang Ming offers the ROC Centenary Foundation free transportation of "R.O.C. Centenary Treasure Chests," containing teaching materials for pupils of more than a thousand schools to know more about Taiwanese culture.

In celebration of the 100th anniversary of the Republic of China, the ROC Centenary Foundation and Council for Cultural Affairs teamed up with Adventist Education, the second largest private educational network in North America, to introduce Taiwan's culture to hundreds of thousands of American students. For this significant event, Yang Ming provided free transport services with one 20-foot dry container and one 40-foot dry container.



5.2.2. Giving Humanitarian Care

- In August 2009, Yang Ming offered free transportation for international aid and equipment after typhoon Morakot wrought disastrous catastrophe in southern Taiwan. The total delivery included three 20-foot container and nine 40-foot reefers.



- **In the last two months of 2010, Yang Ming offered Tzu Chi with free transport of relief goods to Pakistan**

Yang Ming offered its extensive and speedy worldwide liner services to Tzu Chi Foundation by promptly delivering its relief goods and materials to the disaster areas. Total delivery was ten 40-foot dry containers from Taiwan and twenty-one 40-foot dry containers from U.S.A to Pakistan.

- **Between March and May 2011, Yang Ming offered free shipment of relief goods to Japan**

Yang Ming offered international relief organizations and charity bodies recognized by their respective governments free FCL/FCL Port to Port transportation of relief goods to Japan. The total delivery was 26 40-foot dry containers.



5.2.3 Salvage Assistance

- **In August 2010, a Yang Ming vessel salvaged 8 sailors in the Mediterranean Sea**
YM Utmost successfully executed the salvage assistance and rescued 8 Algerian sailors while sailing in Mediterranean Sea.



5.2.4 Yang Ming Staff's Donations to Needy People

- In the name of Tsu-Kuang community, at the end of each year Yang Ming employees make voluntary donations to help disadvantaged people. The total amount breaks record year after year, showing Yang Ming employees' increasing care for the needy.
- When a devastating cyclone ravaged Myanmar (formerly Burma), and a series of destructive quakes hit Sichuan Province in China in 2008, typhoon Morakot hit southern Taiwan and a 9.0 magnitude quake ruined part of Japan on March 11, 2011, Yang Ming and its staff donated generously to the struggling victims.

5.3 Neighborhood Construction

5.3.1 Yang Ming Cultural Foundation

As Taiwan is surrounded by sea, maritime transport is always one of Taiwan's economic lifelines. Yang Ming Marine Transport since its inception in 1972, has played the bridge role between Taiwan and the world. It has contributed substantially to Taiwan's economic take-off and growth. As Taiwan's economic growth is continuing and Yang Ming's business is still surging, we always think how to use our resources and capability to raise the living standard of the people as a whole and to create more value for the country, the community as well as the Company.

In the context of this concept, we have combined our maritime profession and the humanitarian spirit to engage in marine cultural undertakings. In order to raise the people's awareness about oceanic culture, Yang Ming Marine Transport Corp. established the "Yang Ming Cultural Foundation" on May 13, 2005, mainly for intensive promotion of maritime cultural education. Through exhibitions and other activities, Yang Ming hopes people can get more access to the oceans, love the oceans and protect the oceans.

5.3.2 YM Oceanic Culture & Art Museum (OCAM)

Yang Ming Cultural Foundation operates "YM Oceanic Culture & Art Museum" and "YM Museum of Marine Exploration Kaohsiung" to promote oceanic culture and art.

Yang Ming refurbished a 1915 building in Keelung into a modern oceanic landmark and made it into a museum of oceanic culture, which was opened on December 28, 2004.

1915



1972~2004



2004~



Since its inauguration, YM Oceanic Culture & Art Museum has held 22 special exhibitions, attracting more than 320 thousand visitors.

5.3.3 YM Kaohsiung Museum of Marine Exploration (MOME)

Yang Ming cooperated with the Kaohsiung Bureau of Marine Affairs to establish a similar museum at Cijin in Kaohsiung, which was opened at the end of 2007 for the benefit of people in southern Taiwan. Since its inauguration, YM Kaohsiung Museum of Marine Exploration has held 12 special exhibitions, attracting more than 420 thousand visitors.



5.3.4. Compassion with Disadvantaged Groups

➤ Year-end donation emphatically Keelung

Yang Ming and our staff donated generously to domestic charity organizations at the end of every year to care for the weak ethnic groups. We have paid special attention to charities near our Head Office at Keelung, such as Taiwan Fund for Children and Families Keelung branch, Keelung Da-Kuang Home for Children and for a long time and supported three deprived children who live in Keelung for several years through World Vision Taiwan.

➤ Provide computers to three Charity units

Yang Ming replaces its computers every few years. The replaced computers, still usable, are donated to charity organizations.

5.4 Cultural Undertakings

5.4.1 Domestic Cultural Undertakings

➤ Cultural undertaking requires a continuous commitment of resources and time to get the effect. Since their inauguration, OCAM has held 22 special exhibitions and MOME has held 12 special exhibitions. And more than 3 hundred events were held, attracting more than 974 thousand people. Yang Ming hopes through these exhibitions and events to brighten oceanic culture and deepen art education.

A. Yang Ming Marine Transport Corporation has held painting exhibitions since 1997 to cultivate local children's artistic perception of oceanic beauty. In 2005, sponsorship of the event was handed over to the Yang Ming Cultural Foundation. In 2006, the event was made into a biennial international painting competition by encouraging the participation of foreign children. The goal is to enlarge international cultural exchange. Totally, more than 50,000 children from 55 nations and territories have participated in the recent four events. There were 12,177 entries from abroad and 17,228 entries from Taiwan. The Foundation has made the prize-winning paintings into albums for exhibition in Taipei, Hualien, Taichung and Kaohsiung.

- B. Yang Ming Holds Taiwan Ocean Literature Award : Taiwan Ocean Literature Award : Yang Ming Marine Transport Corp. and Ink magazine held the 2007 Taiwan Ocean Literature Award. We received from around the world more than 300 marine literary works. Through the preliminary review, there were 30 works selected to enter the final review. At the same time, the 30 works were published as a special issue of award-winning works for the benefit of the social public and as gifts for customers.
- C. Ocean Dream Carnival Parade (2007-2008) Be happy for all the month! The last Saturday of April, we were all on the street for the parade. In 2007, almost 2,000 people joined our parade. In 2008, more than 59 teams over 5,000 people joined this parade. The parade attracted adults and children to participate in this annual event of fairy tales for dance and fun. It turned Keelung city into a fairy-tale world.
- D. These two museums regularly organize various learning camps, such as "Oceanic Art and Handicraft Fair" and the "Oceanic Culture Summer Camp" for elementary school or preschool children. Through these games and classes, children learned the marine cultural, scientific concepts, etc.
- Yang Ming has assisted in the development and continuity of various forms of fine art by sponsoring the Taiwan Lantern Festival, Outdoor Performance, Holo Folk Opera Group, the Kaohsiung International Container Arts Festival, and so on.
 - Yang Ming chooses the works of local artists and art groups as gifts for our clients in the world to introduce Taiwan's art globally. The masterpieces of the late sculpture master Yo-Yo Yang, pottery master Chi-Shing Lin, the Cloud Gate Group, and the Holo Folk Opera Group are included in our gift list.





5.4.2 Cultural Undertakings Abroad – Using Our Global Transportation to Introduce Taiwan's Fine Art

Yang Ming chooses the works of local artists and art groups as gifts for our clients in the world to introduce Taiwan's art globally. The masterpieces of the late sculpture master Yo-Yo Yang, pottery master Chi-Shing Lin, the Cloud Gate Group, and the Holo Folk Opera Group are included in our gift list. Moreover, we have donated marine transportation to the Asian-Canadian Special Events Association for 7 continuous years to deliver their exhibition stuffs to the Taiwanese Festival in Canada. We have also donated our marine transportation to the following institutions :

- The National Cultural and Arts Foundation by delivering their works to the Venice Biennale in Italy
- The Taiwan Association of Theater Technology by delivering outstanding domestic works to the Prague Quadrennial
- The Taiwanese American Outreach Association by delivering the lanterns to Washington DC for the festooned vehicle parade.
- The Kaohsiung Museum of Fine Arts by delivering their works to Napoli of Italy for exhibition.

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陽明海運公司簡介

陽明海運股份有限公司成立於民國 61 年 12 月 28 日。自成立以來，全體員工秉持「團隊、創新、誠信、務實」之經營目標，不斷創新經營，精心協力，從製造業、中端製造業，到一個「專為大船客提供優質服務」或為全球北約航運的陽明公司、中約航運及全球航運的陽明公司之一。

陽明海運目前擁有船隊共計 74 艘，其中以散貨船為主，並有散貨船、日加輪船及油輪等船種，總噸位達 340 萬噸噸載，年營運貨運量達 230 萬 731.8，近年來營運收入及獲利均呈增長。

陽明海運目前船隻皆由新造及改良的船隻所組成，皆屬歐美最新造之船隻，其營運符合全球最新船務標準（每小時達 50 航次），且航速快捷，船務頻繁，在全球航運市場已具一流服務品質，深受客戶喜愛。

陽明海運目前全球營運航線如下：

- 北美洲定期航線：
 - 紐約/美國東岸航線：每週 1 航次
 - 溫哥華/美國西岸航線：每週 1 航次
 - 溫哥華/中國東岸航線：每週 1 航次
 - 溫哥華/中國東岸航線：每週 2 航次
 - 溫哥華/中國東岸航線：每週 2 航次
 - 溫哥華/中國東岸航線：每週 2 航次
- 全球定期航線：每週 2 航次
- 全球定期航線：每週 2 航次

為順應國際航運的發展，陽明海運自 1996 年起積極投入各項環保及節能設備：

1. 國際最嚴厲的環保設備
2. ISO 9002 國際品質管理認證
3. ISO 14001 國際環境管理系統認證
4. ISO 16949 國際品質管理系統認證
5. ISO 18001 國際職業安全衛生認證
6. ISO 14060 國際環境管理系統認證

在營運績效及服務上，陽明海運通過與日本 Line、大船 COSCO、聯興 Hsinjin 及其他船務公司的合作，以確保其全球營運服務品質。此外，陽明海運亦與全球航運業者合作，提供其全球航運服務。此外，陽明海運亦提供其全球航運服務。此外，陽明海運亦提供其全球航運服務。

5.5 Volunteers

There're 116 members in YM Oceanic Culture & Art Museum Volunteer Group. Since OCAM inauguration, our volunteer group serves more than 320 thousand visitors during these 22 special exhibitions. On average, our guide volunteers serve more than 600 tours per year. There're 47 members in YM Kaohsiung Museum of Marine Exploration Volunteer Group. Since MOME inauguration, our volunteer group has served more than 420 thousand visitors during these 12 special exhibitions. On average, our guide volunteers has served more than 900 tours per year. Guided tours are available during the opening hours, and for group visits, reservation of guided tours is also available. YM Oceanic Culture & Art Museum Volunteer Group won "The 18th National Outstanding Cultural Volunteer Award".



Chapter 6 Environmental Protection

6.1 Green Management Organization and System

Yang Ming marine takes a lead in marine industry to obtain ISO 14001 certification, environmental system on 2004, obtained “Carbon Reduction Award” in 2010 and 2011 for two consecutive years. The awards were given by the Environmental Protection Administration.



(Yang Ming wins the 2011 carbon reduction award)

The biggest challenges to international shipping companies are mostly related to gas emissions. Yang Ming's environmentally friendly fleet using energy-saving equipment have actively participated in the international ports' environmental protection programs. Yang Ming also saves fuel through deceleration of ships. Its ships reduce carbon emission by using low-sulfur clean fuel. Hence, it has reduced carbon emission year by year and won Authority of Port of Los Angeles' s award and certificate.



(2010 & 2011 Won Port Authority's award and certificate)

The Company has also joined California's "Clean Truck Program" by eliminating old trucks to reduce carbon emissions. The goal of carbon emissions for 2012 was set at 80%, compared to 2005.

Yang Ming has passed the test for IKEA I-WAY certificate which assures every customer that the delivery of their goods can meet the environmental protection standard. Yang Ming has also joined the Clean Cargo Working Group, IMO, and World Shipping Council in the hope that we can keep our marine transport clean for the benefit of our offspring.

6.2 Green Terminal

KMCT is Taiwan's first Green Terminal noted for carbon reduction. Its establishment is evidence that green shipping is our goal and also our core value. It can also enhanced our competitiveness and change people' s stereotypical impression that terminals are notorious for pollution and resource wasting.

This is why we have used environmentally friendly materials and state-of-the-art technology from the very beginning for building the terminal, office and other infrastructure, including the selection of equipment and operational systems.

The following are features of KMCT :

➤ **Highly efficient machinery**

In order to raise the work efficiency, shorten the operating time, and reduce energy consumption during vessel operation, KMCT is equipped with the power recycling system for retrieving the electricity.



Electric Vehicles



Operating Machinery



Auto Gate



Alternative Maritime Power

The terminal is installed with “Alternative Maritime Power (AMP)” which can supply the ships with power from the shore during berthing period so that it can reduce fuel consumption and carbon dioxide emission. Internal electric vehicles have been added and used in container yards, also for energy saving and carbon reduction.

➤ Infrastructure

Both the administrative building and the gate complex are installed with solar power panels on the roof, and complex solar and wind power light is used in administrative zone. Those green power resources are estimated to generate up to 170,000 watts of electricity and reduce carbon dioxide emission by 108,120 kilograms per year. In addition, the roadbed and the ground of the terminal were backfilled with the sand piles coming from dredging. A sewage processing system is installed for disposing wastewater and sludge oil.

As of now, 100% of industrial and 80% of household wastewater can be recycled. The operation area has built a green belt to preserve the original trees, a local species of Hongmaogang, and applied the pervious surface technology for recycling and reusing water resource to maximize the Green Harbor effects in keeping with the long-term goal of sustainable development.



Administrative Zone



Administrative Building



Complex solar and wind power light



Administrative Building



Green Building Label



Wasted water recycled system

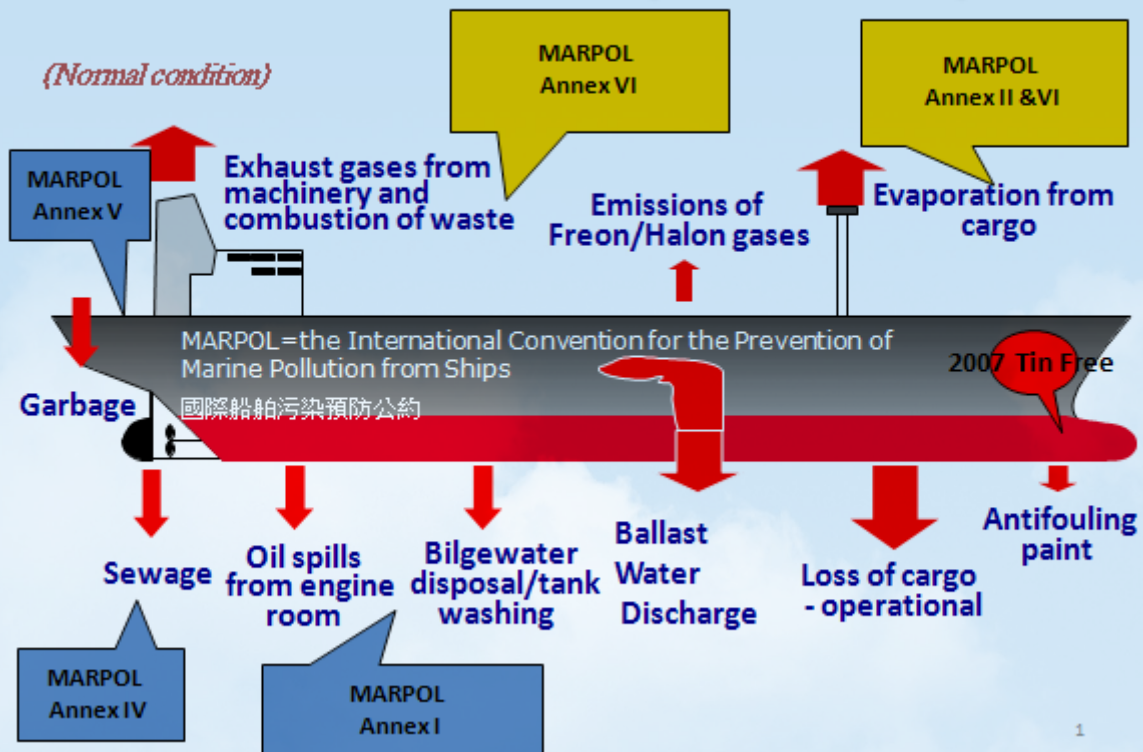
6.3 Resource Management

6.3.1 Fleets

Due to the climate change which affects the environment globally, saving energy and reducing waste have become a universal value. In addition to strengthening the fleet environmental protection regulations, the Company is actively promoting a ship energy conservation and waste reduction plan by different ways. This includes enhancement of crew's training, reduction of the risk of oil, bilge, exhaust gas, garbage and sewage pollutions, the improvement of fleet's fuel efficiency, as well as the reduction of greenhouse gas emissions and the amount of waste. The aim is to continuously improve the safety and environmental management system. Specific measures and management practices are as follows :

- **Vessel equipment** : All new ships are built in line with international standards. Yang Ming adopts the most advanced environmental protection and energy saving equipment and design to enhance prevention of prevention of ocean and air pollution.

Environmental aspects of ships



- **Significant spill accident** : Yang Ming's fleet does not have any significant spill accident. Yang Ming adopts the UK standard BS8800 for occupational health and safety management. Its characteristic is to systematically identify hazards that may exist in the work environment in order to further assess and control the hazardous risk before the disaster happens. The biggest difference between BS8800 and ISO14001 is that BS8800 imports the concept and practice of risk assessment in contrast to the passive supervision and measurement in compliance with general regulatory requirements. It particularly emphasizes the establishment of active supervision and measurement in the system to early predict, control and manage the potential risk. The Company takes the risk prevention measures to prevent pollution from happening, including to formulate risk prevention and contingency manual and shipboard oil pollution emergency plan (SOPEP 2EMMT009), implement training in spill prevention and emergency treatment based on manual and plan by shipboard / shore personnel, and to implement shipboard / shore drill

regularly to strengthen the shipboard and shore personnel's skill and knowledge of spill prevention and emergency handling measures. For example, the crew will seal deck drainage hole as preventing spillage measure before entering the port to prevent pollution from expanding in a case of spill accident.

➤ **Whale-protection campaign by fleet**

Yang Ming fleet's whale-protection campaign is prosecuted in strict compliance with international laws and regulations. The fleet actively protects the marine ecosystem. According to regulations of the National Oceanic and Atmospheric Administration (NOAA), Yang Ming's fleet will decelerate vessel's speed to 10 knots or less when the vessel is close to the United States Port shore to ensure the whales will not be hurt by the giant speedy vessel in the ocean.



➤ **Monitoring measures :**

Implementing slow steaming speed to significantly save fuel together with a precise speed monitoring system for ships in berthing, cargo work or maintenance conditions in order to meet the arriving JUST IN TIME requirements.

Using ship's position monitoring technology to actively monitor the ship's dynamics, adjust the optimal routes and implement economic speed navigation in order to save journey time and fuel consumption.

Adopting a weather routing service system to monitor climate and sea conditions for master's reference in adjusting routes and speed in order to reduce the risk of sailing, sailing time and fuel consumption.

Monitoring the main/auxiliary engine output and oil consumption regularly and analyzing the statistics in a timely manner to immediately rectify abnormal fuel and oil consumption.

Employing onboard armed guard for vessels sailing across the Indian Ocean to deter pirates and facilitate the taking of a lower speed to reduce fuel consumption and operating costs.

Implementing the voyage and dock repair program periodically to avoid increased fuel consumption of vessels due to emergency repairs and the need for sailing at higher speed to catch up schedules.

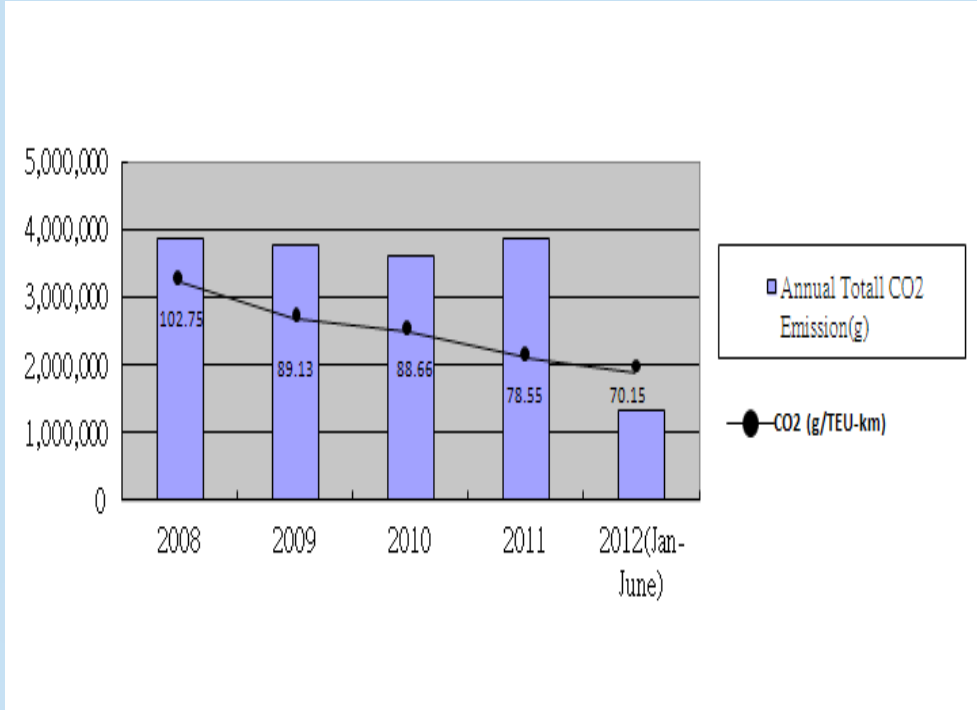
Training the crews to let them know how to save energy and protect the environment as well as the latest environmental regulations and energy-saving technology

Carrying out turbocharger cut-out work in order to enhance the performance of main engine and reduce fuel consumption and air pollution.

➤ **Jan. to Jun. fuel consumption of fleet, 2008–2012 :**

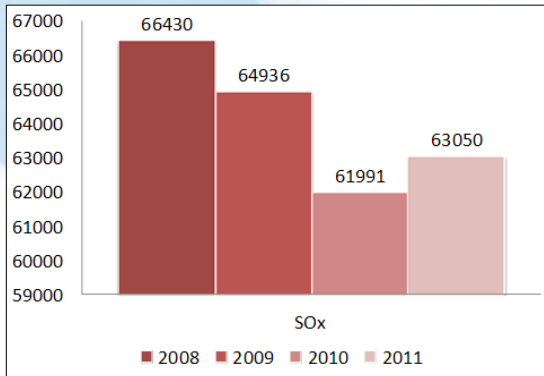
Year/ fuel consumption	Heavy fuel oil ton	MDO,MGO ton
2008	1,224,835	20,611
2009	1,201,343	8,640
2010	1,145,769	16,149
2011	1,221,949	19,416
2012/1~6 月	500,989	8,280

➤ **Fleet carbon dioxide emissions :**

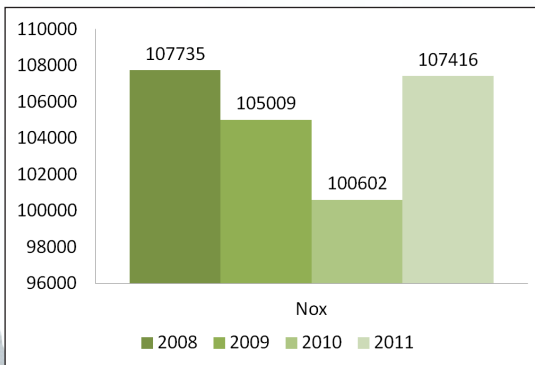


➤ **Fleet air pollutants emissions :**

1. Emission of Sox (ton)






2. Emission of NOx (ton)



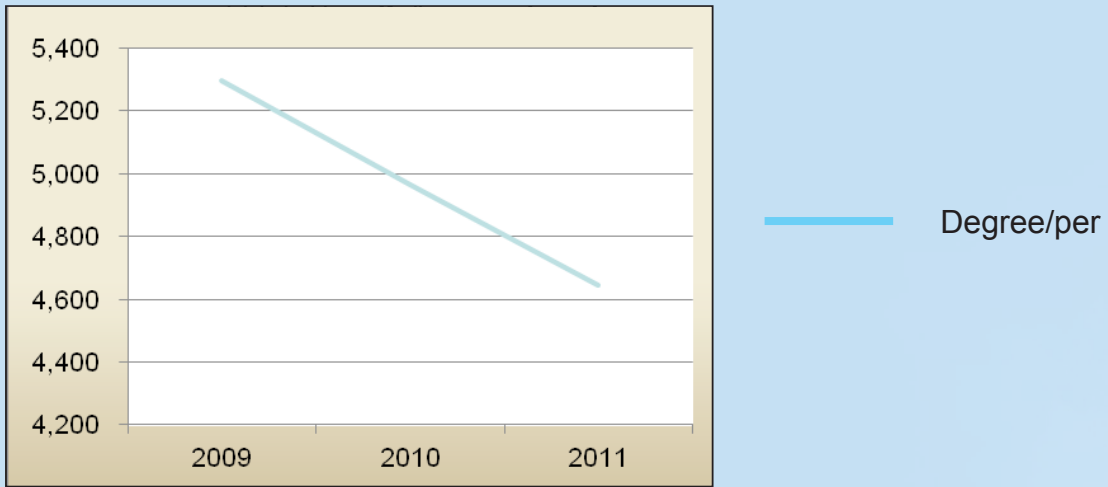
* Due to the striking difference of peak and slack seasons in the shipping industry and the close relations of fuel consumption and carbon emission, only the data up to 2011 is provided here for sake of objectivity.

6.3.2 Measurement of Office Building

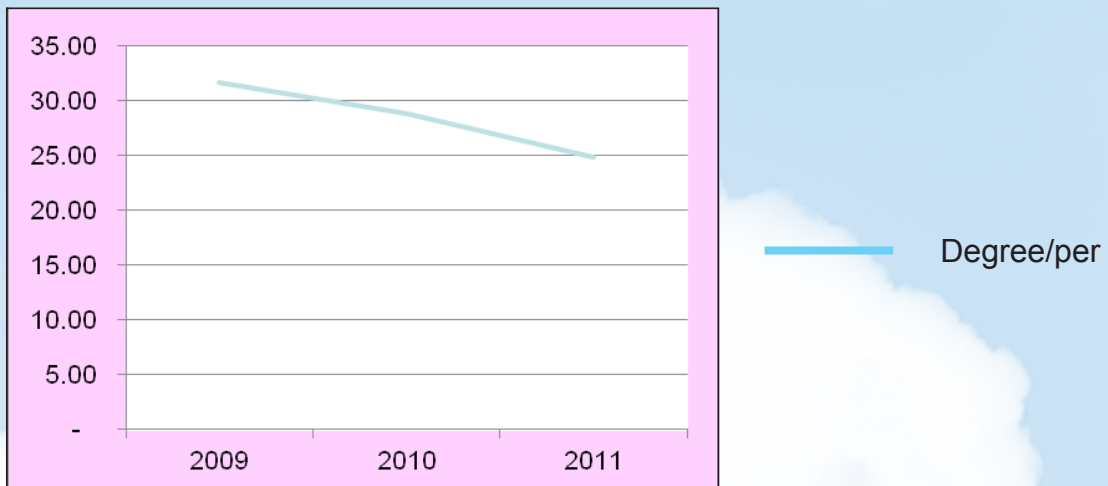
We believe the environmental protection and energy saving must begin with our daily life, so we have obliged our colleagues to save water, electricity and paper and have taken necessary measures. :

Water	Measurement
	Installing water savers on toilets and faucets
	Making daily inspection to prevent leaking
	Adopting RO water recycle
	Adding 2-section flasher to toilets
Electricity	Measurement
	Using energy-saving bulbs
	Improving air-conditioning facilities
	Putting electronic machines on power saving mode
	Turning power off when not used
	Encouraging staff to use stairs rather than the elevator
Paper	Measurement
	Building up electronic documental management system
	Using digital file instead of paper work
	Encouraging 2-side copy and reuse of envelopes and bags
	Advising staff to use their own cups

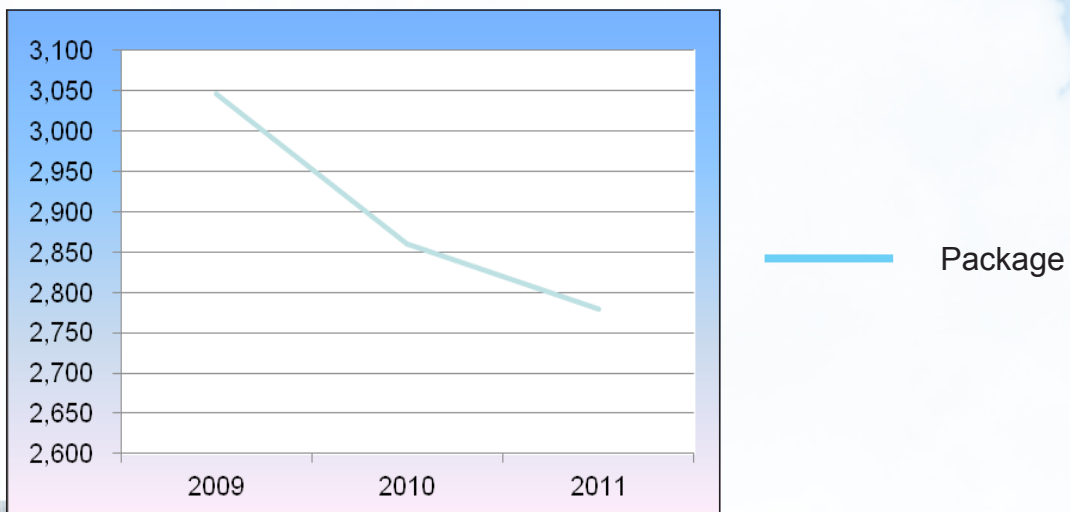
A. Yang Ming office electricity saving performance, 2009-2011 :



B. Yang Ming office water saving performance, 2009-2011 :



C. Yang Ming office paper saving performance, 2009-2011 (500 sheets/ Package)



2012 Corporate Social Responsibility Report

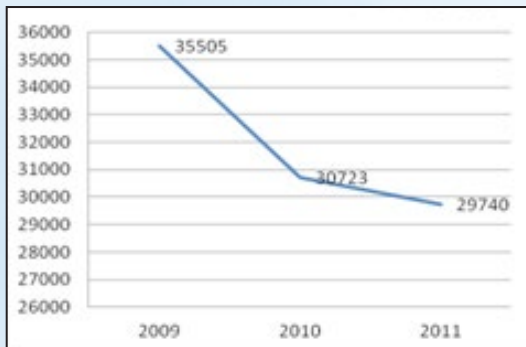
D. Yang Ming office air-condition control performance :

Resource management item	saved performance	unit	Carbon emission amount	statement
electricity saved ¹	566,400	degree	354,000	0.625kg/degree of co2 emission
water saved ²	1,705	degree	331	0.194kg/degree of CO2
Paper saved ³	337,500	sheet	6,075	1.8kg/100 A4 sheets of CO2 emission

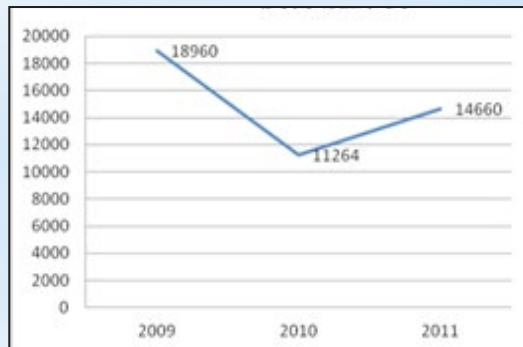
Notes:

1. Jan. 1 to Jun. 30, 2008–2012
2. Jan. 1 to Jun. 30, 2009–2012
3. Jan. 1 to Jun. 30, 2008–2012

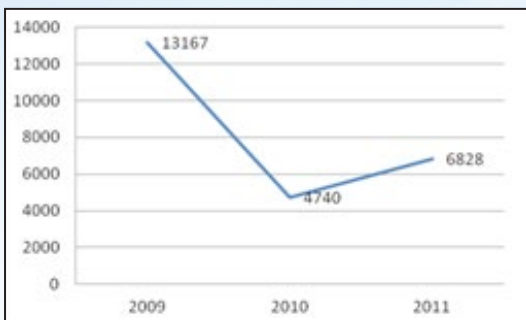
E. Yang Ming wastes statistics, 2009-2011 :



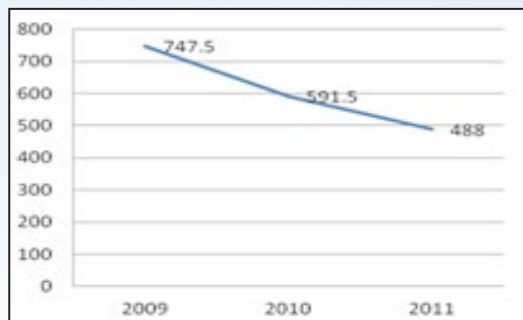
Living Wastes Chart (kg)



Leftover Chart (kg)



Paper Wastes Chart (kg)



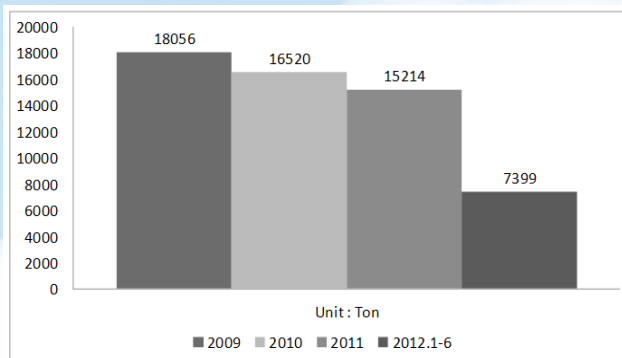
Plastics, Bulbs and Metal (kg)

➤ **Keelung and Kaohsiung Branches**

They began to save power and paper in step with the headquarters. In addition, they were asked to replace their oil-driven machinery used in the terminals to electricity-driven equipment and dispose oil waste, scraps and garbage in accordance with the provisions of the Environmental Protection Act in order to protect the environment as well as save energy.

6.3.3 Waste management and resource recycling

➤ Office waste is classified in accordance with the law and clearly marked in Chinese. General waste is to be handled by professional and qualified cleaning company. Reusable waste is trucked to the government approved agency for recycling. The related officers have to make online report in this respect. The waste water (RO wastewater) that can be filtered is recycled and pumped to water tower for reuse in the building.

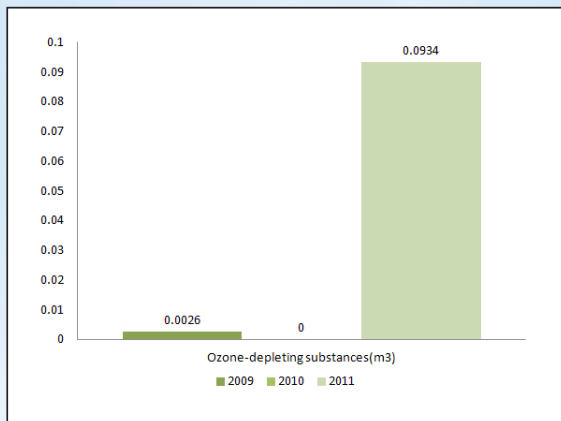
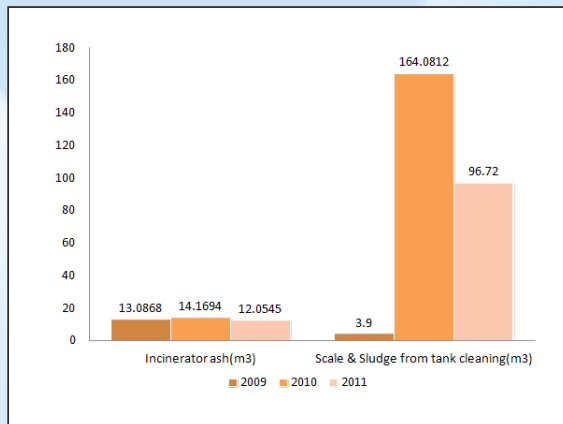
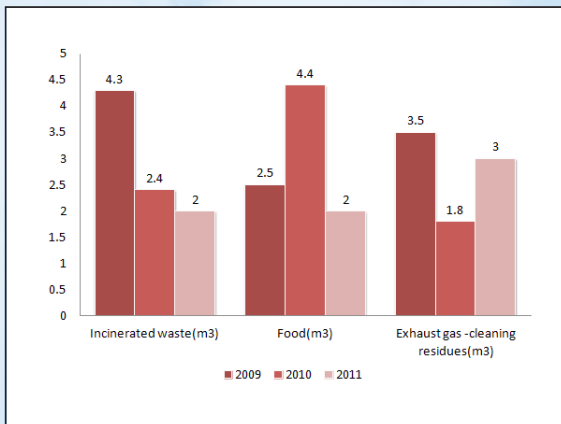
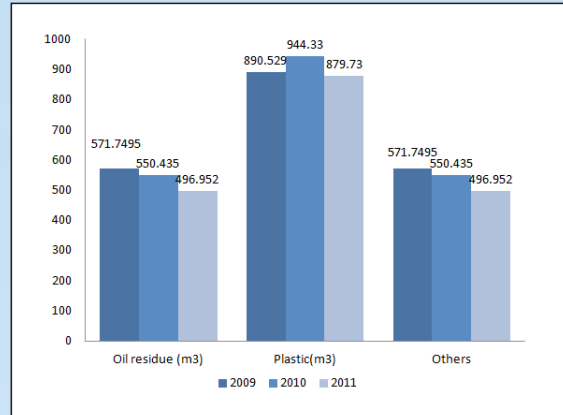
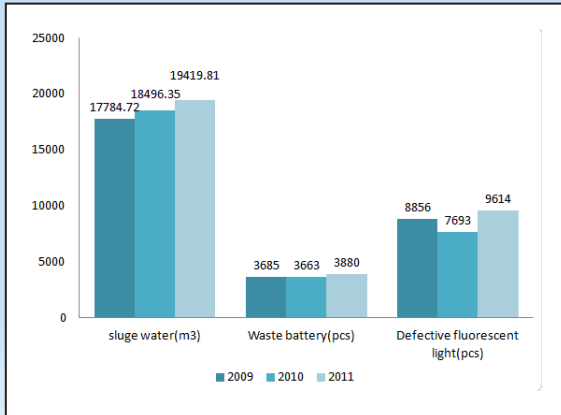


Yang Ming building's total water consumption Jan-Jun 2009-2012 :

➤ International conventions and local laws provide that waste on board should to be sent ashore by qualified company for handling and recycling. In order to minimize the waste and to maximize the amount of resource for recycling, waste on board is reduced, classified, not allowed to be thrown to sea. Ashes left when using Incinerator to burn the waste and plastic garbage sent ashore should be completely

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recorded in the Garbage Log Book.





➤ Waste yielded by Yang Ming fleet

To implement waste-recycled on vessels



Kitchen waste can be shredded by machine and reduced 1/3-1/6

6.3.4 Management of DG Shipments

- DGs refer to flammable, explosive, erosive, and radiant, or otherwise harmful materials that may cause casualty and property damage. Thus, there are strict requirements on packaging, stowage, segregation, loading/discharging, management, transportation condition, and emergency response.
- Transporting DG materials by sea involves many parties, the forwarder, Customs broker, inland-carrier, container freight station (CFS), loading/discharging Port, to mention just a few. All of them shall know their respective responsibilities. They must strictly observe DG regulations when they handle the DG shipment.
- YM marine cooperation has the ISO9001 (QMS) and ISO14001 (EMS) certificates

and has established SOP management for DG shipment, including receiving, loading as well as transportation. We steadfastly stick to the International Maritime Dangerous Goods Code (IMDG Code) set by IMO, which has unified rules on DG classification, package-testing, marking, documentations, stowage and segregation.

6.4 Promotion of Low Carbon Activities

Our company set up an Energy Conservation and Carbon Reduction Committee in 2009. The committee is divided into 5 teams and each of them focuses on a specific mission. Together, they work for green shipping competitiveness – one of the core targets of the Yang Ming Group.

- Environmental protection lecture: We invite community leaders and scholars to our head office to give lectures on a variety of subjects. In addition to management and the economic issues, they have talked about "Oceanic Taiwan" and "Climate change, our Opportunity and Challenge".
- Yang Ming had designated 2010 as the Green Year. It has chosen "Eco-YM, YM Echo" as slogan in promoting "Go Green & Save the Earth" environmental activities, which include encouraging employees to walk up the stairs more and use the lift less; to eat less meat and more vegetables; to use reusable cups instead of paper cups; and to establish a resources reuse center, where employees are invited to swap used books, clothing and toys. In addition, Yang Ming has abided by international conventions and fulfilled environmental policy to prevent ocean pollution.
- Vegetarian Day: In order to encourage employees to get used to meatless diet, the Cidu Head Office cafeteria provides only vegetarian diet every first working day starting from July 2012 for a period of six months. This is intended for environmental protection as well as for the health of employees.
- Yang Ming Culture Foundation is devoted to promoting environmental protection. It

has launched a series of energy saving and carbon reduction exhibitions, starting with "Love for the Earth." Another topic was "Love Our Homeland - Green Turtle Special Exhibition." All the exhibitions are intended to promote the concept of green ocean to let the public understand the ocean's role in the fight against global warming.



《節能減碳專欄》
簡又新博士廣播：「當地球發燒時」
- 改變飲食習慣為地球盡份心力

國內最近一個熱門議題，是國內知名廚師簡又新在電視上、報紙上談到，他曾經去參加中華美食交流協會舉辦的台灣美食展，擔任國內廚師競賽的評審。他拉出驚人表示，他覺得這些廚師都做得很好，可是他發現這些參賽者烹調的食材，其實跟超市上賣的多得多。例如：雞胸肉只用了5分之二，其他都丟掉；或是為了做8人份的菜色，卻用掉10幾人份的材料等。他認為實在太浪費。他甚至說，如果一位廚師能夠好，獲得第一名，卻浪費食材，那麼他應該要受罰。我覺得他講得很有道理。

生產1公斤的牛肉會產生36公斤二氧化碳，因此有人提倡少吃肉品以節能減碳，若是這些消費者在碗上端的菜餚之外，避免掉這更多的食物，不是產生更多二氧化碳嗎？

在工業上，對於產品的生命週期標示明確，可從零件生產開始計算共產生多少的二氧化碳，畜牧業也是一樣。國內豬肉供應量大，而豬隻食用的飼料均是進口；且台灣雖然稻米能自給自足，但因為農家改種，有許多其他農作物進口，因此也間接進口玉米大豆等等。這些進口產品的碳足跡有多高呢？種植飼料作物的過程、美國內陸運輸、海運至台灣港口、運輸至養豬場、飼養豬隻所需之能源、水資源、以及附帶產生的排泄物處理...等等所排放的二氧化碳都加起來，將全部的二氧化碳排放量加在一起時，就會發現其碳足跡並不像我們想像的低。因此在計算碳足跡時應看整體面，從生命週期觀點計算，如此一來就會發現肉品系統的二氧化碳排放量，其實不少。

回到你養著這隻食物時的情形，這樣我們想來，世界上還有很多人沒食物吃，況且全世界的人口持續的增加，預計到2050年可能會增加至90-100億人，勢必會引發糧食不足的問題。而如我們之前提過的：氣候變遷有三大問題：糧食問題、水資源問題、能源問題。跟我們的生活息息相關。氣候變遷不只是國際間的趨勢和討論的重要議題，也是能落實到生活中的概念。因此我們應該改變飲食的習慣，珍惜所養有的食物，尊重生產糧食的人，降低食品碳足跡，少吃肉品，每個人都能為地球盡份心力！

文章來源：台灣永續發展研究基金會，原文章網址：http://kiss.org.tw/sound.php?action=play_hk&type=tw-040613



2011/06/08 Invited Dr. Chien to our head office to gave us lectures

本公司「2011年十大節能減碳小撇步」

票選結果

感謝同仁們對本次十大節能減碳小撇步票選活動的熱烈支持，經1,011位同仁所票選出認為生活中最有效益的十大節能減碳小撇步如下表，「愛地球，做環保」就從日常生活中的食、衣、住、行做起，希望大家為地球減少二氧化碳排放、減緩全球暖化，貢獻一份心力。

- | | |
|-----------------|------------------|
| ① 自備環保杯、環保筷與環保袋 | ⑥ 多開窗戶，少開冷氣 |
| ② 隨手關電源、拔插頭 | ⑦ 少喝瓶裝水，自備飲用水 |
| ③ 搭大眾捷運系統並響應共乘 | ⑧ 綠化家園、種植樹木 |
| ④ 多走路，多走樓梯 | ⑨ 少開車、少騎機車，多騎腳踏車 |
| ⑤ 確實做好資源回收分類 | ⑩ 用省電燈泡 |



Flee market charity bazaar

Appendix : Global Permanent Operation Index and Global Reporting Initiative (GRI)

● Completely Exposure ◎ Partly Exposure ○ Non-exposure or Non-suitable

	GRI Index	Status	Related Articles	Page	Notation
1	Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization.	●	1.From the Board Chairman and Chief Executive Officer	5	
1.2	Description of key impacts, risks, and opportunities.	●	1.From the Board Chairman and Chief Executive 2.2 Market Overview	5 8	
2	Introduction of Organization				
2.1	Name of the organization	●	2.1 Company Overview	7	
2.2	Primary brands, products, and/or services.	●	2.1 Company Overview	7	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	2.1 Company Overview	7	
2.4	Location of organization's headquarters.	●	2.1 Company Overview	7	
2.5	Number of countries where the organization operates,	●	2.1 Company Overview	7	

	and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.				
2.6	Nature of ownership and legal form	●	2.1 Company Overview	7	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	2.1 Company Overview	7	
2.8	Scale of the reporting organization.	●	2.1 Company Overview	7	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	2.2 Market Overview 2.4 Company Development	8 13	
2.10	Awards received in the reporting period.	●	2.5 Awards and Honors	14	
3	Report Parameter				
3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	●	Editorial Principle	4	
3.2	Date of most recent previous report	●	Editorial Principle	4	

3.3	Reporting cycle	●	Editorial Principle	4	
3.4	Contact point for questions regarding the report or its contents.	●	Contact Information	107	
3.5	Process for defining report content	●	2.7 Stakeholder Engagement	17	
3.6	Boundary of the report	●	Editorial Principle	4	
3.7	State any specific limitations on the scope or boundary of the report	●	Editorial Principle	4	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	2.1 Company Overview	7	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other	○			

	information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.				
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	●	Editorial Principle	4	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	Editorial Principle	4	
3.12	Table identifying the location of the Standard Disclosures in the report	●	Global Reporting Initiative Index	84	
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	Editorial Principle	4	Unexamined Report by Third Party
4	Administer, Commitment and Participation				
4.1	Governance structure of the organization, including	●	2.9.1 Structure of Corporate Governance	19	

	committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	2.9.2 The Board	19	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	●	2.9.2 The Board	19	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	2.7 Stakeholder Engagement 2.8 Responsibility to Investors 3.4.1 Open Communication Channels	17 19 31	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's	●	2.9.2 The Board	19	

	performance (including social and environmental performance)				
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	2.9.2 The Board 2.9.3 Regulatory Compliance	19 20	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	◎	2.9.2 The Board	19	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	2.9.3 Regulatory Compliance	20	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic,	●	2.9 Corporate Governance	19	

	environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	2.9.2 The Board	19	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	2.9.2 The Board	19	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	2.7 Stakeholder Engagement 2.8 Responsibility to Investors	17 19	
4.13	Memberships in associations (such as industry	●	2.6 Association Membership	15	

	associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic				
4.14	List of stakeholder groups engaged by the organization	●	2.7 Stakeholder Engagement	17	
4.15	Basis for identification and selection of stakeholders with whom to engage	●	2.7 Stakeholder Engagement	17	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	2.7 Stakeholder Engagement	17	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key	●	2.7 Stakeholder Engagement	17	

	topics and concerns, including through its reporting.				
Economic Performance Index					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	2.3 Financial Performance 5.Social Responsibility	13 56	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	6.Environment Protection	67	
EC3	Coverage of the organization's defined benefit plan obligations	●	3.3 Rewards & Benefits	24	
EC4	Significant financial assistance received from government.	○			Not Receive financial Assistance by Government
EC5	Range of ratios of standard entry level wage compared to local minimum wage at	●	3.3 Rewards & Benefits	30	

	significant locations of operation.				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	○			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	○			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	5.3 Neighborhood Construction	61	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	○			Not evaluate for indirect economic impact
Environment Performance Index					
EN1	Materials used by weight or volume	●	6.2 Green Terminal 6.3 Resource Management	68 70	

EN2	Percentage of materials used that are recycled input materials	●	6.2 Green Terminal 6.3.2 Measurement of Office Building 6.3.3 Waste Management and Resource Recycling	68 75 78	
EN3	Direct energy consumption by primary energy source	●	6.3.1 Fleets	70	
EN4	Indirect energy consumption by primary source	●	6.3.2 Measurement of Office Building	75	
EN5	Energy saved due to conservation and efficiency improvements.	●	6.2 Green Terminal 6.3.1 Fleets 6.3.2 Measurement of Office Building	68 70 75	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	6.2 Green Terminal 6.3.1 Fleets	68 70	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	6.2 Green Terminal 6.3.2 Measurement of Office Building	68 75	
EN8	Total water withdrawal by source	●	6.3.2 Measurement of Office Building	60	

EN9	Water sources significantly affected by withdrawal of water	●	6.2 Green Terminal	68	No obvious affection
EN10	Percentage and total volume of water recycled and reused	●	6.2 Green Terminal 6.3.2 Measurement of Office Building	68 75	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	6.2 Green Terminal	68	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	6.3.1 Fleets	70	No obvious affection
EN13	Habitats protected or restored	●	6.2 Green Terminal 6.3.1 Fleets	68 70	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	●	6.2 Green Terminal 6.3.1 Fleets	68 70	
EN15	Number of IUCN Red List species and national	●	6.3.1 Fleets	70	

	conservation list species with habitats in areas affected by operations, by level of extinction risk.				
EN16	Total direct and indirect greenhouse gas emissions by weight	●	6.3.1 Fleets 6.3.2 Measurement of Office Building	70 75	
EN17	Other relevant indirect greenhouse gas emissions by weight	○			No relevant indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	6.2 Green Terminal 6.3 Resource Management	68 70	
EN19	Emissions of ozone-depleting substances by weight.	●	6.3.2 Measurement of Office Building	75	Yang Ming didn't use ozone-depleting substances
EN20	NOx, SOx, and other significant air emissions by type and weight	●	6.3.1 Fleets	70	
EN21	Total water discharge by quality and destination	●	6.2 Green Terminal 6.3.3 Waste Management	68 78	
EN22	Total weight of waste by type and disposal method	●	6.3.2 Measurement of Office Building 6.3.3 Waste Management	75 78	
EN23	Total number and volume of	●	6.3.1 Fleets	70	

	significant spills.				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	●	6.3.3 Waste Management	78	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	●	6.2 Green Terminal 6.3.1 Fleets 6.3.2 Measurement of Office Building	68 70 75	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	6.2 Green Terminal 6.3.1 Fleets	68 70	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	○			No product package
EN28	Monetary value of significant	●	6.3.1 Fleets	70	

	<p>finances and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.</p>				
EN29	<p>Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.</p>	●	<p>3.5.2 Diverse Employee Service 6.2 Green Terminal 6.3.1 Fleets</p>	<p>34 68 70</p>	<p>No obvious environment affection</p>
EN30	<p>Total environmental protection expenditures and investments by type.</p>	●	<p>6.2 Green Terminal 6.3.1 Fleets 6.3.2 Measurement of Office Building</p>	<p>68 70 75</p>	
Labor and Esteem Work Assessment Index					
LA1	<p>Total workforce by employment type</p>	●	<p>3.1 Employment</p>	<p>22</p>	
LA2	<p>Total number and rate of employee turnover by age group, gender, and region.</p>	●	<p>3.1 Employment</p>	<p>22</p>	
LA3	<p>Benefits provided to full-time employees that are not provided to temporary or part-</p>	●	<p>3.3 Rewards & Benefits</p>	<p>30</p>	

	time employees, by major operations.				
LA4	Percentage of employees covered by collective bargaining agreements.	●	3.4 Employment Relationship	31	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	3.1.5 Friendly Workplace, High Retention Rate of Employees	24	Conformity to related inform procedure
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	3.7.1 Safety and Health Management Organization	42	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	●	3.7.5 Occupational Accident Statistics and Analysis	48	
LA8	Education, training, counseling, prevention, and	●	3.7.4 Enterprise Epidemic Prevention Program	47	

	risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.				
LA9	Health and safety topics covered in formal agreements with trade unions.	●	3.7.1 Safety and Health Management Organization	42	
LA10	Average hours of training per year per employee by employee category.	●	3.7.2 Occupational Health and Safety	45	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	3.2 Employee Development	26	
LA12	Percentage of employees receiving regular performance and career development reviews.	●	3.1.6 Performance Management and Development 3.2 Employee Development	25 26	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age	●	2.9.2 The Board 3.1 Employment	19 22	

	group, minority group membership, and other indicators of diversity.				
LA14	Ratio of basic salary of men to women by employee category.	●	3.3 Rewards & Benefits	30	
Human Right Assessment Index					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	●	4.2.2 Suppliers' Compliance with Safety and Health Requirements	51	To request our suppliers obey law regulations through the contract (including labor regulation)
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	4.1 Supplier Appraisal	49	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○			

HR4	Total number of incidents of discrimination and actions taken.	●	3.4.3 Gender Equality Implementation Act and Sexual Harassment Prevention Act	32	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	3.4.4 Freedom of Association	32	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	3.1.3 Prohibition of Child Labor Employment	23	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	●	3.1 Employment	22	
HR8	Percentage of security personnel trained in the organization's policies or	●	3.6 Enterprise Security and Risk Management	38	

	procedures concerning aspects of human rights that are relevant to operations.				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	○			No Violation
Social Performance Index					
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	5.3 Neighborhood Construction	61	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	3.6.1 Risk Management Policy	38	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	2.9.3 Regulatory Compliance	20	
SO4	Actions taken in response to incidents of corruption.	●	2.9.4 Anti- corruption	21	An employee had been punished on 2011
SO5	Public policy positions and	●	2.6 Association Membership	15	

	participation in public policy development and lobbying.				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	5.2 Give Humanitarian Care, Promote Oceanic Culture and Conservation, and Assist Taiwan's Local Art Activities 5.3.4 Compassion with Disadvantaged Group	57 63	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	2.9.3 Regulatory Compliance	20	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	2.9.3 Regulatory Compliance	20	
Product Responsibility Performance Index					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such	●	6.2 Green Terminal 6.3.1 Fleets	68 70	

	procedures.				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●	4.4.2 Customer Service	54	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	6.2 Green Terminal 6.3.1 Fleets	68 70	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	4.4.2 Customer Service	54	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	4.4 Customer Service and Satisfaction	41	
PR6	Programs for adherence	○			

	to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	4.4.2 Customer Service	54	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	4.4.3 Customer Satisfaction	55	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	4.4.2 Customer Service	54	

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