

YANG MING

YANG MING MARINE TRANSPORT CORP.
陽明海運股份有限公司

2020

Corporate Social Responsibility Report



Editorial Principle

Welcome to read Yang Ming Marine Transport Corporation's (hereinafter referred to as Yang Ming) 9th edition of Corporate Social Responsibility report. We provide Chinese and English version and you can download from our company website. Taking advantage of internet, we would like to show stakeholders our efforts on social responsibility.

* Yang Ming company website for CSR:

https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialReportList.aspx

* Reporting Period

Yang Ming has published a Corporate Social Responsibility Report annually on the company website since 2012. This report deals with our efforts on social responsibility of year 2019 (January 1 to December 31, 2019). It contains management principle, key topics, important subjects and performance. We also provide the data of the past few years for reference. Last report was published on September 30, 2019 via Yang Ming company website that covered the period from January 1 to December 31, 2018. This report is to be formally published on official website on September 30, 2020.

* Reporting Scope

The organization and supply chain of our company remain unchanged. After evaluation, we decided to make shipping the focus on this report, especially the performance of sustainable development in Yang Ming (Taiwan), including economic, environmental and the social aspects, but excluding all subsidiaries in the annual report except OCAM, which is related with social issue in this report. Moreover, the financial data in the report is the annual financial report data audited by Deloitte and denominated in New Taiwan Dollars (NTD).

* External Assurance

As for the non-financial data, it has been verified by the 3rd-party notarization institution, DNV GL in accordance with GRI Standards Core Option and to the moderate level of assurance standards of DNVGL VeriSustain™. The truthfulness of this report is assured. Please refer to pages 65 for the certification document.

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From the Chairman and Chief Executive Officer

As the U.S.–China trade war has disrupted global supply chain, the cargo flow between US and China could shift to countries in Southeast Asia and emerging markets. Yang Ming Marine Transport Corp., a globalized shipping company, continues to enhance service competitiveness amid Intra-Asia market proactively toward the rationalization of routes and optimization of fleet. To strengthen the service layout in Southeast Asia, we extend service loops through slot exchange cooperation with other carriers and adopt multi-stage utilization policy on main East-West service network to improve performance and efficiency.

In response to the implementation of IMO 2020 regulations effective from January 1, 2020, ships without scrubber retrofit are requested to use marine fuels with a sulphur content of no more than 0.5% against the current limit of 3.5% in an effort to reduce the emission of sulphur oxide. As the new 0.5% global sulphur cap on marine fuels leads to the increase of the operation cost, a series of contingency plans have to be carried out including tank cleaning, preparation of the fleet desulfurization equipment installation, capital planning, diversion of risks, and considering the needs of scrubber installation for partial container vessels.

Our Company has also continuously optimized the structure of operating fleets by deploying new-built eco-friendly vessels to replace aged ones. The new-built 2,800 TEU, owned feeder type vessels to be the first ones to receive Smart Ship notations in Taiwan or the world, will be delivered from 2020 to 2021. This not only achieves enterprise citizen responsibility but also effectively reduces the unit costs to advance comprehensive competitiveness.

In 2020, the company aims to achieve profitability and sustainable operation. In addition to continuing to implement open source and cost-saving measures, it improves the ship and container ownership rate, reduces unit costs, increases the company's market competitiveness, and fundamentally improves financial structure. In addition, depending on market conditions, equity financing will be planned to further improve the company's financial structure.

Staff is the foundation of sustainable development for our company. The vision of our human resources is excellent employees, outstanding team, improving Yang Ming. And we draw up human resource policy according to following four schemes: talent internationalization, international talents, team based learning, and versatile employees. Yang Ming recruits new employees through public advertisements continually and irregularly. We provide good salary and welfare, solid and complete trainings, multiple career developments and dynamic promotion system, therefore our employees enjoy working and growing with the company all together.

In addition to continuing with our efforts to educate the public on oceanic culture, we are actively cooperating with the development of urban oceanic and arts education resources to carry out our vision of cultural citizenship. We hope to effectively match up and foster the creative display of oceanic culture, thereby producing the transformation and growth of different industries; driving the revitalization of peripheral cultures and economies; and raising the destination attractiveness of the region.

Facing climate change and global attention towards environmental protection, we actively promote energy conservation and pollution prevention in our various work areas on-ship and on-shore. We take specific measures to protect the environment, creating a deeply entwined and integrated relationship with the ocean. We will continue to plant our feet on this land, and gaze on the ocean with the noblest vision. We also hope that you will continue to lend us support and encouragement.

Bronson Hsieh
Chairman and CEO



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1. Overview

1.1 Company Profile

Yang Ming Marine Transport Corp.

Yang Ming was established on December 28,1972. Its headquarters in located in Keelung City. We focus on container shipping business with a worldwide service network and have set up 249 subsidiaries in 99 countries and we have regional centers in USA, Panama, Germany, Greece, and Dubai. In line with our core value "Teamwork, Innovation, Integrity and Pragmatism," we dedicate ourselves to providing global and elaborate shipping services, with "Punctual, Speedy, Reliable and Economical" as guideline for strengthening operational performance, strategy, and quality service. Devoted to improving our efficiency by integrating operational resource, enhancing cooperation with other carriers, and sustaining a healthy expansion, Yang Ming has become the eighth largest shipping company in the world.

● Corresponding to UN SGDs



YANG MING

To have more international competitive ability and upgrade service quality, Yang Ming has won ISO management and receive certifications:

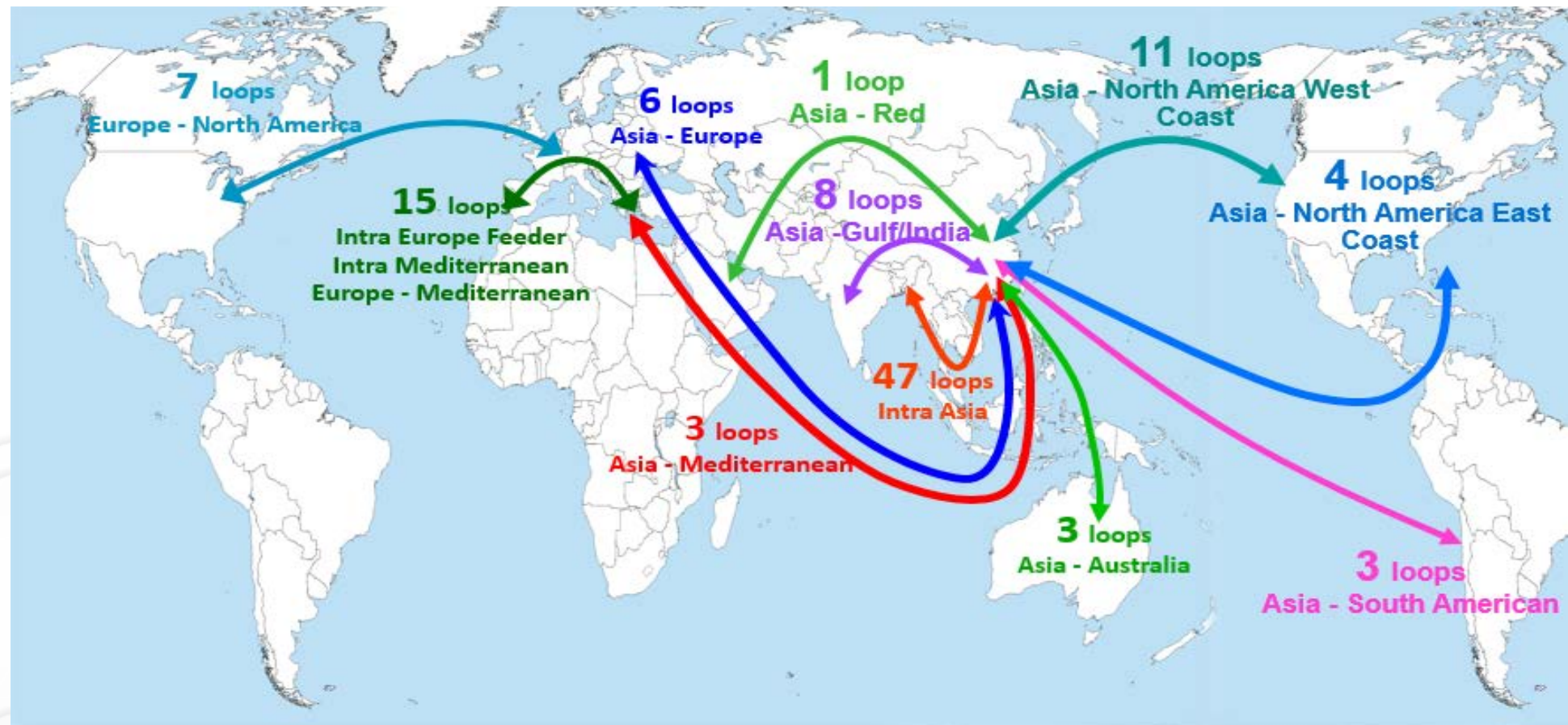
- ISO9001 (Quality Management System)
- ISO14001 (Environmental Management System)
- ISO27001 (Information Security Management System)
- ISO45001 (Occupational Safety and Health Management System), TOSHMS (Taiwan Occupational Safety and Health Management System)
- Vessel ISM Certificate
- All YM fleet meet International Ship & Port Facility Security Code (ISPS CODE) and all self-owned vessels have obtained international ship security certificate (ISSC)
- C-TPAT (Customs-Trade Partnership Against Terrorism)
- AEO (Authorized Economic Operator)

At the end of December 2019

- Actual Capital received: 2,601,335,728 shares
- Operating Revenue: NT\$ 141,181,262,000
- Operating Fleet:101 vessels
- Totaling 670 thousand TEUs/7.72 million DWT



1.2 Business Plan



A close-knit transportation network expands the synergy of alliance cooperation

Yang Ming has established a close-knit transportation network across the world through incessant service expansion and formation of international strategic alliances with other carriers to integrate of resources and achieve the synergy of product differentiation strategy and best ship module, of which the regular sailings had reached 108 per week by the end of December 2019. The shortening of transit time along the routes and prompt response to the demand of customers have won Yang Ming the credit of being a tip-top service provider with great popularity among customers.

Asia/ U.S. East Coast: 4 sailings per week
 Asia/ U.S. West Coast: 11 sailings per week
 Asia/ Europe: 6 sailings per week
 Asia/ Mediterranean and Black Sea: 3 sailings per week
 Asia/ Australia: 3 sailings per week
 Intra-Europe/Mediterranean: 15 sailings per week

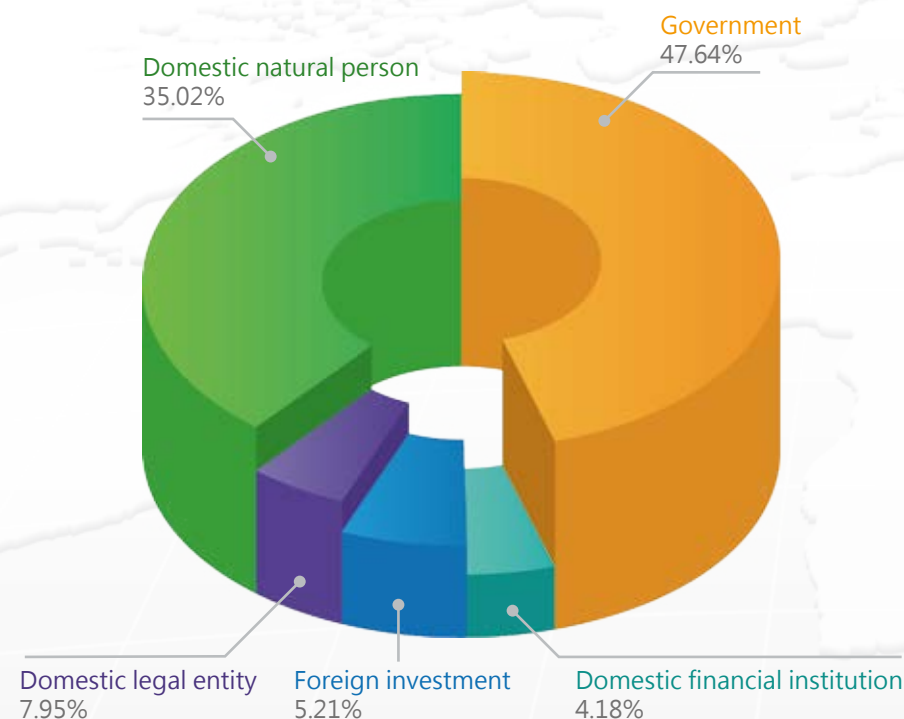
Far East/ Red Sea: 1 sailing per week
 Far East/ Middle East/India Sub-Continent: 8 sailings per week
 U.S. East Coast / Europe: 7 sailings per week
 Intra-Asia: 47 sailings per week
 Asia/ South America: 3 sailings per week

1.3 Ownership Structure and Financial Performance

1.3.1 Ownership Structure

The major shareholders of Yang Ming are domestic/foreign legal persons and natural persons. According to statistics of April 27, 2019, the shareholding ratios of government organizations, domestic natural persons, and domestic investments were 47.64%, 35.02% and 7.95% respectively.

Yang Ming Shareholders Structure



Note: The latest closing date was April 27, 2019, but the company converted C.B. into common stocks at maturity on June 27, 2019. So only the shareholding ratio of government 47.64% is a definite value, others are all estimates.

1.3.2 Economic Value Distribution

In 2019, the company issued the 18th domestic guaranteed corporate bond for a total of NT \$ 5 billion and listed on the counter on November 28. The main purpose is to repay bank loans, relieve the company's financial pressure, reduce its dependence on financial institutions, and then improve the financial structure and solvency of financial institutions.

The consolidated operating revenue of 2019 was about NT\$ 149.2 billion. It grew 5.18% compared with the revenue in 2018. Net Income (Loss) Attributable to Shareholders of the parent of 2019 was about NT\$ (4.3) billion and Earnings Per Share, before Retroactive Adjustment is NT\$ (1.66). Operating volume of 2019 was 5.43 million TEU and it grew 3.8% compared with the volume in 2018. The 3 year's concise consolidated income statement is shown below. The identified consolidated entities of financial statement are contained in the scope.

Condensed Individual Statement of Comprehensive Income - IFRSs

(UNIT: NT\$ 1,000)

Item/ Year	2017	2018	2019
Operating Revenue	131,077,812	141,832,929	149,181,262
Operating Cost	124,582,587	141,790,706	143,106,496
Operating Profit (Loss)	6,495,225	42,223	6,074,766
Income (Loss) Before Income Tax	634,790	(7,080,208)	(3,587,815)
Tax Expense (Gain)	142,924	773,852	(410,081)
Net Income (Loss)	491,866	(6,306,356)	(3,997,896)
Net Income (Loss) Attributable to Shareholders of the parent	320,849	(6,590,955)	(4,309,957)
Net Income (Loss) Attributable to Noncontrolling Interests	171,017	284,599	312,061
Earnings Per Share Before Retroactive Adjustment	0.17	(2.53)	(1.66)

2017–2019 Yang Ming's employee salary and welfare amount as follow:

(UNIT: NT\$ 1,000)

Item / Year	2017	2018	2019
Employee salary and welfare amount	2,249,613	2,203,199*	2,247,272

*The amount is different with last year's version due to adjustment by CPA

Yang Ming complies with the law in all countries and pays taxes honestly, and discloses all details in financial report. Please find our financial report by link:

https://www.yangming.com/investor_relations/Shareholder_Services/FinancialReportInfo.aspx

1.4 Future Operation Plan

Looking into the future, the scheme of new-built fleets have been accomplished including the addition of fourteen 11,000 TEU vessels with flexible deployment and ten 2,800 TEU feeder type vessels deployed in near-sea shipping services. More are expected to be delivered from 2020 to 2022. The new-built energy-saving fleets are capable of reducing pollution emissions and improving efficiency with further cost savings as well. Furthermore, long-term-chartered vessels with higher charter rates have been redelivered to owners at the expiration of contracts (redelivery of seven chartered vessels in 2018 and 2019 respectively and four chartered vessels returned in 2020). The gradual fleet replacement continues to strengthen the competitiveness and diminish the operational cost due to the significant improvement on business and cost expenses.

THE Alliance Yang Ming joined is committed to extend the cooperation till 2023 providing the delicate shipping services by the synergy achievement of product differentiation strategy and best ship module contributing from the rationalization of routes for shortening of transit time between main calling ports and fleet optimization amid THE Alliance members.

In the new service layout of 2020, THE Alliance members continue to deploy the ultra-large containerships to realize economies of scale in ship operations and enhance the efficiency of bunker saving. Regarding the service network design, optimization of service routes and ports, adjustment of sailing speed in line with the expansion of new member and capacity lead to further decreasing service unit cost and maximizing the advantages.

To cope with the hit of increasing bunker consumption cost resulting from the new effective IMO 2020 regulation and stabilize the business operation, the initiative contingency plans were carried out in 2018 and 2019 including tank cleaning, preparation of the fleet desulfurization equipment installation, purchasing plan of low-sulphur fuel and considering the diversion of risks to proceed the installation of scrubber gradually for partial container vessels for the continuous use of 3.5% high-sulphur fuel oil (HSFO) including some of new-built vessels to install scrubber during constructive phase to comply with IMO 2020 regulations aimed at in the reducing the impact of operation and cost expense through the bunker consumption price saving between low-sulphur fuel and HSFO. Once the fleet with scrubber retrofit has been completed and deployed to the service, the estimated ratio of scrubber retrofitted fleets is 27% and the rest shall use the low-sulphur fuel. In addition, keep monitoring the trend of international fuel price and new regulation published to prepare the countermeasures timely, and collect the bunker surcharges from 2019Q4 for the use of more expensive low-sulphur fuel to bear the impact of additional cost expense with shippers jointly when the new IMO 2020 sulphur cap enters into force.

In view of the latest market dynamics, we continue to adjust the operational strategy such as optimizing the structure of operating fleets by deploying new-built eco-friendly vessels to comply with the forthcoming IMO 2020 regulation and reducing the operational cost to continuously advance the comprehensive competitiveness.



1.5 Customer Service

Container shipping has been recognized as an industry with complex processes, high paper-based documentation and long connectivity between various parties. While the new technologies such as Big Data, Artificial Intelligence (AI), IoT and Blockchain are applied in other fields, this industry is standstill on its own way by running a time consuming operation mode and heavy manual works, resulting in the global supply chain inefficiency and inefficacy.

Yang Ming, as a main player of this industry shall focus on both owners' equity and industrial digitalization. As such, Yang Ming decided to join DCSA (Digital Container Shipping Association) in May 2019 to co-work with global shipping companies aimed at industrial standardization and digitalization. Yang Ming believes this will raise operational efficiency and benefit the global society. For more information about DCSA, please refer to <https://dcsa.org/>

Yang Ming Marine Joins DCSA to Promote Shipping Information

Yang Ming announced to join the DCSA (Digital Container Shipping Association) to plan the development of new information technology with international container shipping companies in May 2019. The aim is to promote the digitalization and standardization of information in the container shipping industry, to improve the operation mode of upstream and downstream in the industry and make the information interaction more efficient.

As a non-profit organization, DCSA is a digital container shipping association jointly established by four container shipping companies in November 2018, namely, Maersk, Hapag-Lloyd, Mediterranean Shipping Company (MSC) and Ocean Network Express (ONE). Its purpose is to set up common and compatible standards for information and processes and provide more convenient and consistent services, and finally achieve innovation and digital transformation of the container shipping industry.

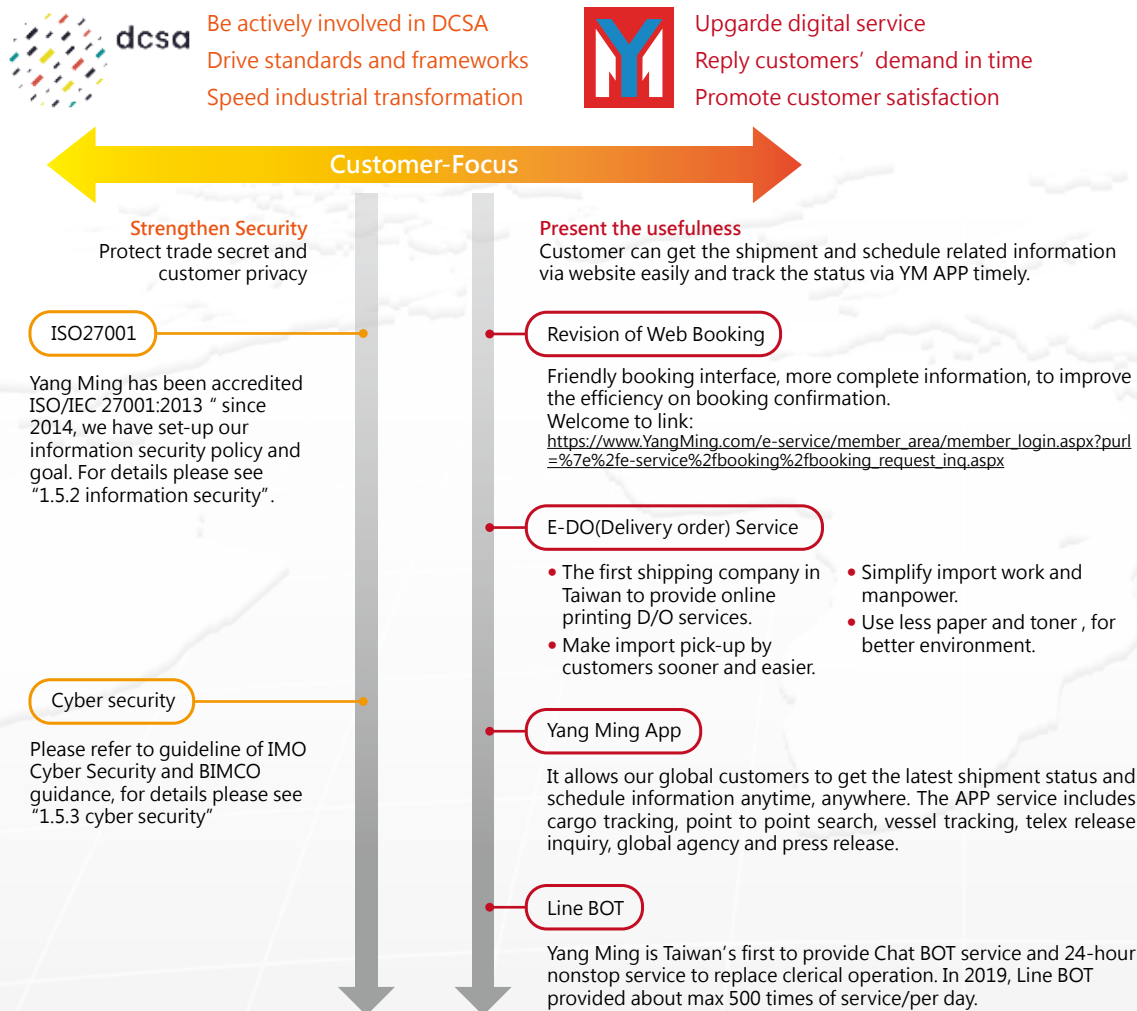
Yang Ming expressed deep approval of the establishment purpose of DCSA and said that innovation and digitization of information will be one of the development priorities of the container shipping industry. Through joining DCSA and cooperating with its members, the company hopes to establish a set of international information standards for the industry, connect all parties' information seamlessly and exchange relevant information efficiently, to promote information circulation and improve operation efficiency.

Performance of 2019 and Development in 2021- 2023 :

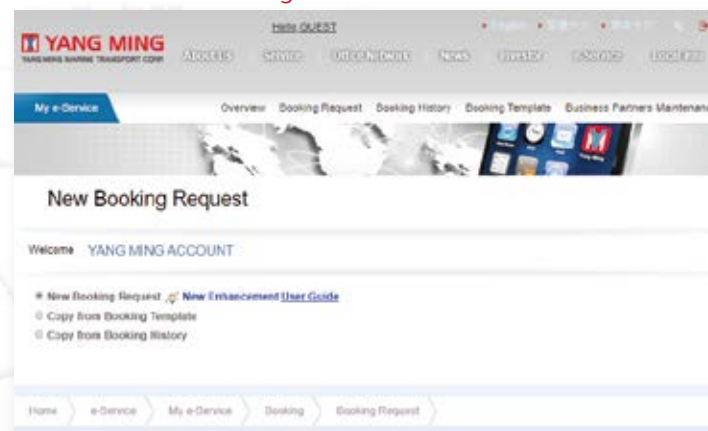
Issue	Managerial Policy of 2019	Performance of 2019	Managerial Policy of 2020	Development in 2021-2023
Improve global customer service quality	Our service is targeted on customers. The use of digital and electrical technology can improve the service quality, and thereby enhance customers' trust, reliance and satisfaction.	The new version of Web booking is complete. It contains complete information and is easier to choose transport routing.	Provide new function "Shipment Management" for customer querying related real-time shipment information on both web and mobile APP platform.	It is expected to provide online automation services by 2023, including online auto booking confirmation.
Work in industrial standardization and digitalization	Join DCSA (Digital Container Shipping Association) and co-work with global shipping companies aimed at industrial standardization and digitalization.	Join DCSA program, DCSA has published Industry Blueprint version 1.0 (IBP 1.0) in September 2019.	DCSA has published container shipping track & trace standards version 1.0 in January 2020 which includes Information Model 1.0 and TnT Interface Standard 1.0. YM will study and prepare the implementation plan for adopting this standard. In addition, in year 2020 DCSA will begin the projects of IoT standards for container shipping and Cyber security onboard ships. Yang Ming will continue to attend those 2 projects for defining standards.	Drive technology standards and frameworks that will enable carriers to bring innovative solutions to DATA definitions and data exchange methods and provide easy-to-use service.

1.5.1 Improve global customer service quality

Yang Ming is always aiming to pursuing customer satisfaction. Yang Ming learns from the feedback of customer satisfaction survey over the years and understand that customers focus on e-commerce much more than before. Base on customers' demand, Yang Ming has formulated a customer-focus digital transformation strategy and strengthened the "usefulness of Web/APP" and "data accuracy of web/APP" continuously.



Revision of Web Booking



E-DO(Delivery order) Service



1.5.2 Information security

The aim of obtaining the stringent certification of ISO 27001:2013 is to meet the requirements of related regulations and to greatly strengthen our customers' trust on Yang Ming and Yang Ming's services. With that added trust in our IT excellence, Yang Ming can continue to expand as a carrier of excellence for decades to come.

Like many other companies, Yang Ming faces an increasing cyber threat. Third parties are seeking to compromise the information of global companies. To address this reality and ensure that Yang Ming continues to earn customers' trust by maintaining a robust information security program. Led by the Chief Information Officer (CIO), Yang Ming's cyber security is a company-wide governance structure that ensures the effective management of potential risks and incorporates security controls into systems and service to safeguard information. Yang Ming deploys monitoring and response capabilities to swiftly address the situation in the event of an attack.

Every employee has a critical role to play in protecting Yang Ming's most sensitive information. To increase Yang Ming employees' awareness of cyber security threats, Yang Ming requires all of them to receive annual cyber security training and learn how to report incidents and how to reduce risks. All employees also regularly receive phishing awareness training, which tests employees' knowledge of how to identify unsafe and malicious email.

Yang Ming is committed to protecting the trust of customers, employees, and business partners. We continuously look for better practices, more effective controls and provide stronger security to protect Yang Ming information service.



Our Information Security Policy

- Information Science and Technology- another step toward enhancing our risk management and guaranteeing our group competitiveness.



Our goal of information safety

- Guarantee the accuracy and integrity of our entire business' relevant information, and improve the administrative efficiency and quality of such information.
- Ensure that all of Yang Ming' s relevant business information equipment is fully user-friendly, and provide smooth access to business operations information.
- Protect the confidentiality of Yang Ming's relevant business information, and maintain secure customer privacy and information discretion.
- Conform with any related national laws and safety standards, and reach our goal of continued steady business operations.



Yang Ming has been accredited ISO/IEC 27001:2013 "Information Security Management System" since 2014. https://www.yangming.com/About_Us/ISO_Management/Information_Security_Management_system.aspx

1.5.3 Cyber security on board ships

In recent years following the improvement of smart ship technology, more and more shipboard equipment has networked with satellite internet, such as control and monitoring system, communication and navigation system, shipboard information management system. As the IT(Information Technology), OT(Operation technology) and CT(Communication technology) have been integrated on board ships, a marine company can get high performance of fleet management, because shipboard information can be easily exchanged with each other. Meanwhile, as shipboard internet becomes more popular, cyber treats and risks would rise. It is important to control shipboard cyber security in current situation. Yang Ming has provided the guidance of shipboard cyber security in full compliance with International rules. It also has created 2019 KPI with future plan as prescribed below. To ensure data of confidentiality, integrity and availability, in the year of 2020, we are planning to integrate the differet shipboard IT assets aimed at controlling operation risks entirely. We wish to provide much better safety and efficiency service, to get the trust of information process from clients, and to execute cyber security management for maintaining policy of sustainable development.

Policy of shipboard cyber security	Management method	2019 performance	Future plan
To set up the procedure of fleet cyber security management, in order to ensure, execute, maintain and improve the management system of shipboard cyber security, always required for navigation safety.	Refer to guideline of IMO Cyber Security and BIMCO guidance.	Collect rules and do research. Seek assistance from outsourcer (ex. DNV GL) set up Security Operation Center (SOC) with CHT and integrate shipboard IT assets and network systems.	Complete and publish the procedure of shipboard cyber security management, construct SOC system for each vessel and keep PDCA (plan-do-check-audit) required in maintaining to managing and improving shipboard cyber security.



1.6 Supply Chain and Supplier Management

We cooperate with a lot of vendors, our company executes ISO Management System which can cover supply chain and supplier management to make sure our service quality, safety for personnel, safety for ships, safety for shipment. Also our management cover the requirement of quality, environment protection, information security, safety and healthy, supply chain security and port regulations in each country. We are devoted to sustainable development. We did not have any case against the regulations/laws in 2019.

1.6.1 Supplier management

We have contract with our service customers and vendors to make sure above security issues are well-monitored. Besides, we list qualified supplier, make annual evaluations to improve or terminate contract. All records will be reference for renewing contract or not. Our company has "Code of Ethical Management", "Guidelines on Unethical Conduct Prevention" and a "Whistleblowing System" to guide Yang Ming directors, supervisors, managers, employees and practical controllers not to accept any improper benefits, including rebates, commissions, palm greasing payments, or offer or accept improper benefits in other ways.

Code of Ethical Management, Guidelines on Unethical Conduct Prevention
https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialResponsibility.aspx

Whistleblowing System
https://www.yangming.com/investor_relations/Corporate_Governance/WhistleblowingSystem.aspx

Relationship with Up-, Middle- and Down- stream Companies
 (as shown in the following chart)



1.6.2 Corporate with our supply chain

Yang Ming Delivers Taiwan Guavas to US



On the last day of 2019, YM Mandate, a container vessel operated by Yang Ming, carried Taiwan's famous guava fruit from Kaohsiung to the other coast of the Pacific, the United States. The vessel arrived at Los Angeles on January 14th. It's the very first container of Taiwan guava shipped to the U.S. and passed inspection since the import ban was lifted by U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) in October 2019.

Taiwan guava is well received for its crispy taste and beautiful flavor. Since guava requires tropical environment to grow, Taiwan guava is particularly anticipated by North Americans. However, it was difficult for Taiwan guava to enter the U.S. market, because Taiwan is an endemic area of oriental fruit fly, melon fruit fly and fruit pumpkin fly. Now, as all the quarantine standards and requirements are met, fresh Taiwan guava can be delivered to the U.S. and the local consumers can enjoy this high-quality tropical fruit from Taiwan.

To ensure Taiwan guava can enter the U.S. market, Yang Ming has strengthened communication with its client. Its salesforce worked together with ship crews to closely monitor and properly control the temperature. Insecticidal cold treatment was applied to these fresh guavas and the temperature in the center of pulp was maintained at below 1°C in Yang Ming's reefer container for 17 consecutive days during the transportation. After the arrival, Yang Ming appointed a team to assist the consignee and make sure the inspection procedure was completed smoothly and the batch of fresh Taiwan guava was successfully delivered to its U.S. importer. Assistant Vice President Tan Wang of Yang Ming's Commercial Reefer Department said "Cold treatment inspection to ensure extremely high standards are fulfilled throughout the transportation. The client - Top Quality Produce, Inc., is very satisfied with the success and impressed with Yang Ming team's efficiency and capability. "Yang Ming is always committed to upgrading its refrigerated transportation services. Together with cold treatment (CT),the company also has adopted the new Active CA(Controlled Atmosphere) device for reefer containers to overcome technical difficulties. This successful experience is a result of team efforts and marks an important milestone in Yang Ming's refrigerated delivery service. The company will have greater capability to ship perishable commodities in the future. Considering the growing demand of the global cold chain market, the company seizes every opportunity to meet customers' needs. Yang Ming will continue to optimize its professional reefer services and deliver fresh products around the world.

YM Unity Is Sailing at the Entrance to Agua Clara New Lock

To celebrate Panama's new lock being used for 1,000 days and 5,763 mega ships passing, ACP (Panama Canal Authority) posted the photo of YM Unity on their Instagram to mark the new milestone. The aerial photo shows that there has not only a close relationship between ACP and Yang Ming but it also helps to create more visibility for Yang Ming in the market at the same time.

The photo shows that YM Unity is sailing at the entrance to Agua Clara New Lock.



Yang Ming was approved by CBP for C-TAPT revalidation in WBCT in November 2019

Yang Ming, as a shipping company, has become a qualified partner of Customs and is able to take care of security in the supply chain of shipping service.

1. Increase operational security with regard to vessels, terminals container yards and related facilities.
2. Consistently communicate with our business partners for co-operation on the security issues and make risk evaluation annually.
3. Develop and maintain a complete and detailed security plan and act accordingly to reduce the risk of crew, cargo, as well as vessels.

With YML's participation as a C-TPAT certified carrier, our customers will enjoy benefits of faster cargo flow, reduced inspection time and safer logistics process, all in a secured environment.

More C-TPAT details, please see our website:

https://www.yangming.com/About_Us/Security_Regulation/C_TPAT.aspx

We are also awarded the certification of Authorized Economic Operator (AEO):

https://www.yangming.com/About_Us/Security_Regulation/Authorized_Economic_Operator.aspx



The 14th China (Shenzhen) International Logistics and Supply Chain Fair (CILF) Has Been Successfully Ended

Since 2006, the China (Shenzhen) International Logistics and Supply Chain Fair (CILF) has become an important annual event in logistics field. The CILF2019 was held during October 10-12 in Shenzhen, receiving about 1,800 exhibitors & 130,000 visits from all over the world. CILF2019 had 14 exhibition areas with different themes including Logistic, Supply chain, Port & Shipping, Air cargo, Express service, Logistics equipment, Intelligent logistics and E-commerce. All exhibitors are taking this chance to promote business and keep up with the trending topics of logistics in CILF. Yang Ming Marine Transport Corp. joined CILF2019 and we changed the booth design this year to provide a new ambience for all visitors. Visitors also complimented the new design because it gave them a freshness feeling. During the exhibition period, Yang Ming Shenzhen office assigned business and operating staff every day to provide visitors with advisory service and promote business.

CILF2019 also held some forums on different topics during the exhibition period and we could find the trend of logistics or the movement of government via these forums. For example, government of Shenzhen is paying more and more attention on environment issues; they are keeping work on new energy development and electric car popularization in Shenzhen. Ports in Shenzhen are also vigorously putting forward the port shore power to meet government's environment project. Additionally, Shenzhen is committed to making itself an important pivot city in "The Belt & Road" project. They begin to make digital transformation on ports and propose to improve operating efficiency by using big data and block chain. The three days exhibition of CILF was closed on October 12, 2019, Yang Ming fully utilized this resource to communicate with current customers and promote our professional service and high quality shipping line allocation to potential customers. In the hope that we can extend the business and improve our competitiveness.



2. Sustainable Development Policy

2.1 Sustainable Development in Short/ Medium/ Long Term

To fulfill social responsibility and promote the progress in economy, environment and society, observe the "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and take shipping property into consideration, we set up our owned "Corporate Social Responsibility Best Practice Principles for Yang Ming" for our management level and all staff to follow and manage our operation in order to control the risk or reduce influence in economy, environment and society. We review our governance, environment and society target and develop different case studies to keep sustainable advancement in our business.

● Corresponding to UN SGDs



Sustainable Development in Short/ Medium/ Long Term

- Promote profit
- Strengthen information disclosure of CSR
- Strengthen navigation plan
- Promote online service
- Co-work with global shipping companies aimed at industrial standardization and digitalization.
- Strengthen cyber security
- Deepen governance by enhancing board functions
- Build green vessel fleet
- Strictly monitor the influence of IMO2020 and take necessary actions.
- Reduce CO₂ emission 10% more in years 2020 -2025
- Keep on studying possible energy-saving equipment and management



2.2 Division of Sustainable Development

To fulfil sustainable operation, Yang Ming follows significant regulations/laws and our "internal control system", "duty of board of directors and management level", "decentralization of responsibility", carries out company governance, annual management meeting, risk assessment on any issues related to governance, environment, society in internal audit and sends these things and activities to the CEO or board of directors for approval. Public Affairs Dept. is responsible for collecting all data of performance and composing CSR in keeping with the "Corporate Social Responsibility Best Practice Principles for Yang Ming".

Please find our Organization on our Company's website: https://www.yangming.com/About_Us/Group_Profile/TopManagement.aspx

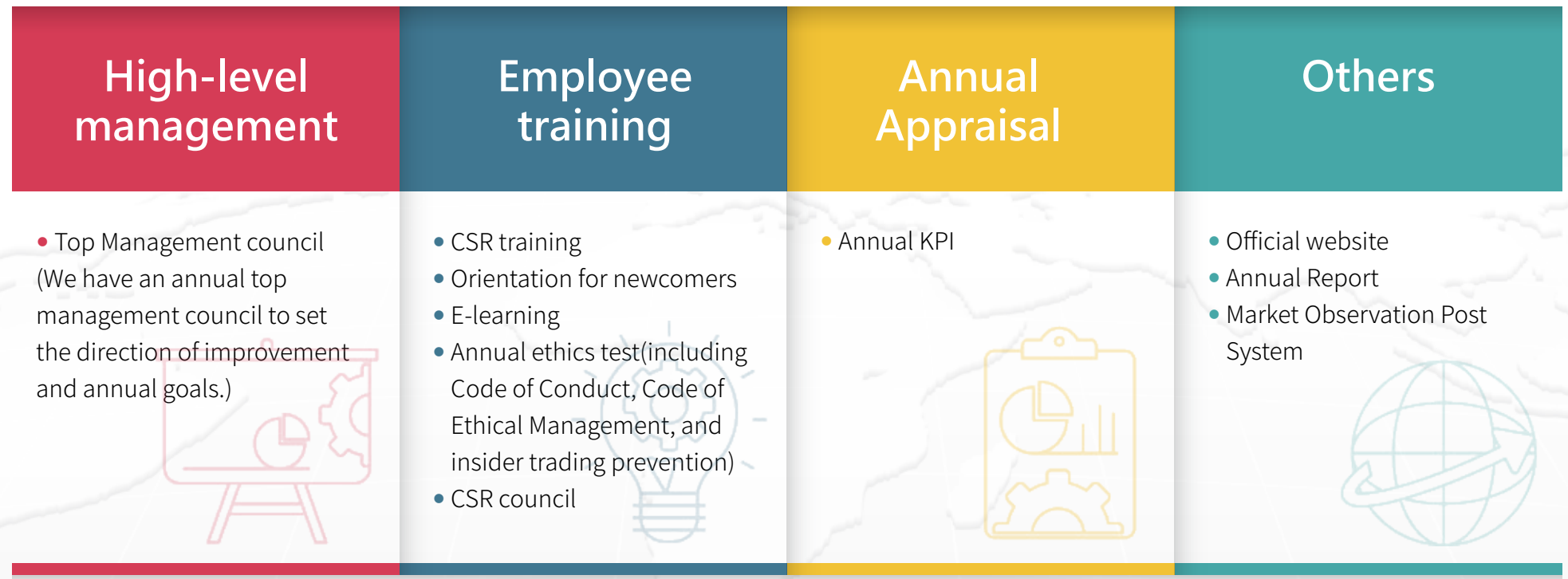
Yang Ming Sustainable Organization



2.3 CSR Internalization and Communication

To make sure all employees know the spirit of CSR, implement in our operation and provide feedback, we have internal function to promote and circulate the issues. We also integrate the appraisal system and carry out the CSR concept in routine work.

Below is the way we are executing:



2.4 Association Membership

Yang Ming is actively involved in many association activities. Our executives have been elected chairmen or managing supervisors of associations and institutes. They often show interests in offering suggestions on public affairs that affect the shipping industry and economy and comply with the law of economy, society and environment.

(1) Association Yang Ming Participate In

Association
National Association of Chinese Ship Owners
Taipei Ship Owner's Association
Association of Shipping Services, ROC
Taipei Shipping Agencies Association
National Association of Shipping Agencies, ROC
Taiwan Russia Association
Taiwan Russia Association
CR classification Society
Taiwan Lighthouse Association

(2) Environmental membership



Sustainability
in Sea carrier



World Shipping Council
It is dedicated to adoption of latest international ship standard and reduction of pollution.



International Maritime Organization (IMO)
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, it seeks to reduce the pollution caused by marine transportation on the environment.



Clean cargo
Focuses on reducing environmental impact of transportation and evaluates shippers CO2 emission annually. Yang Ming has joined as a member since 2006 and acquired Verification Statement of Greenhouse Gas Assertions from DNV GL (Appendix I) since 2017.



BICEPS Rating System
Focus on information collection of Greenhouse Gas emission, Yang Ming receive Level B in 14 shipping company.



Sustainability
in Environment
Protection



Eco Vadis
Focus on substantial issue investigation. Yang Ming has Bronze in 2019. Remark: Due to its internal process, Yang Ming got the result in the beginning of year 2020.

2.5 2019 Awards

Yang Ming is committed to the pursuit of the sustainable development. We continuously optimize our service network and fleet management. We continuously seek the excelsior and constantly refine our services in local markets to better serve clients globally. To fulfill our responsibility as Earth citizens, we strictly comply with the international environmental laws and regulations in hopes of contributing to marine environmental protection and achieving our corporate social responsibility goals.

(1) Selected the best shipping line for intra-Asia service

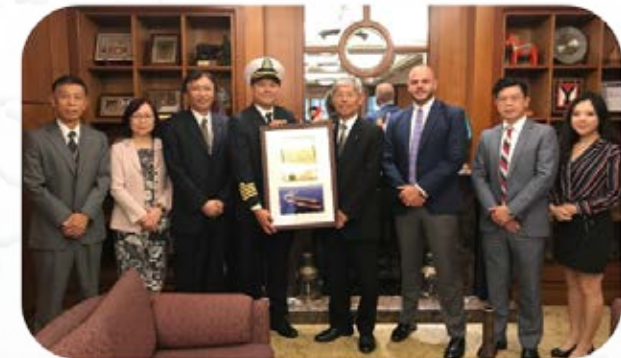
Yang Ming was once again selected the "Best Shipping Line - Intra-Asia" by the readers of Asia Cargo News, a well-known shipping media company. The award was presented at the "2019 Asian Freight, Logistics & Supply Chain Awards" (AFLAS). Yang Ming has been continuously honored with the award since 2016 which affirms its efforts to enhance intra-Asia service network.

(2) Received the recognition from the U.S. Coast Guard for participating in AMVER program

Yang Ming received the recognition from the U.S. Coast Guard for its vessels "YM Mandate" & "YM Milestone" participating in Automated Mutual Assistance Vessel Rescue (AMVER) program. The award highlights Yang Ming's commitment to safety at sea as well its willingness to offer emergency assistance to ships in need.

(3) Awarded appreciation plaque from Liberian Registry for YM EXCELLENCE's rescue operation

On May 19th, 2019, Yang Ming's containership "YM Excellence" successfully rescued two Australians who were spotted fleeing out of a flaming yacht. Liberian Registry presented Yang Ming and the captain of YM Excellence the appreciation plaque to acknowledge the vessel's swift rescue operation as well as Yang Ming's commitment to compliance with regulations and humanitarian assistance.



▲ Awarded appreciation plaque from Liberian Registry



▲ YM Excellence crews and two Australians

2.6 Identifying Stakeholders and Major Topics

In order to get integrated information of concerned issues and solution and deliver correct responses, Yang Ming defines stakeholders as groups or organizations which can influence Yang Ming or be influenced by Yang Ming. According to the 5 major principles of the AA1000 SES-2015 Stakeholder Engagement Standard (SES), we have identified 7 major categories of stakeholders. They are investors, clients, government, suppliers, employee, media and community/NGO.

In order to understand our stakeholders' expectations and needs, we engage with them through a variety of ways. The methods of engagement will vary from the stakeholders, the topics of concern to the purpose of engagement.



Employee

- Employees are the driving force of our company advance and operation.

Topics of Concern	Communication Channels (Frequency)
Operation performance	Labor-management meeting(Quarterly)
Salary and welfare	Welfare meeting (Quarterly)
Employee-employer relation	Employee box (Permanent)
Employee training and development	Internal website(Any time)
Diversity and equal chances of employee	Company's website(Any time)

Government

- Yang Ming strictly complies with the law and regulation and responds to government projects.

Topics of Concern	Communication Channels (Frequency)
Governance	Market Observation Post System (Any time)
Legal compliance	Annual report(Annually)
Anti-graft	CSR(Annually)
Occupational safety and healthy	Company's website(Any time)
Local hire	

Media

- Yang Ming is willing to offer suggestions on public issues.

Topics of Concern	Communication Channels (Frequency)
Operation strategy and realization	Market Observatory Post System(Any time) Business window (Irregularly) Phone/ Email or visit(Irregularly)

Community/ NGO

- Yang Ming provides attention and support to our community and society.

Topics of Concern	Communication Channels (Frequency)
Community integration	CSR (Annually)
Industry-academia cooperation/ collaboration	HR department (Irregularly)
Energy saving and emission management	Nonprofit organization (Irregularly)
	Through activities held by (Irregularly)
	YM Oceanic Culture& Art Museum (Irregularly)
	Company's website(Any time)

Market Observation Post System: <https://emops.twse.com.tw/server-java/t58query> (please input2609)

Company's website: <https://www.yangming.com/>

Annual report: https://www.yangming.com/investor_relations/Shareholder_Services/FinancialReportInfo.aspx

Corporate social responsibility report (CSR): https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialReportList.aspx

Customer service e-mail box: https://www.yangming.com/e-service/contact_us/contactus.aspx

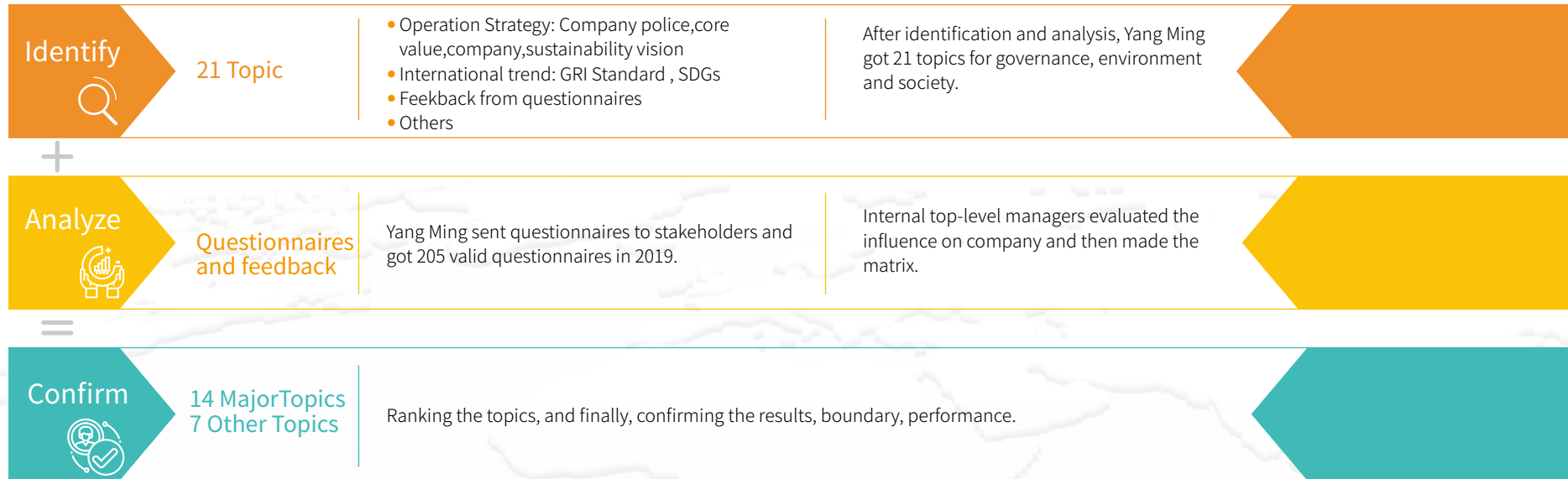
Employee box: employeebox@yangming.com

Occupational safety and healthy e-mail box: asdpservice@yangming.com

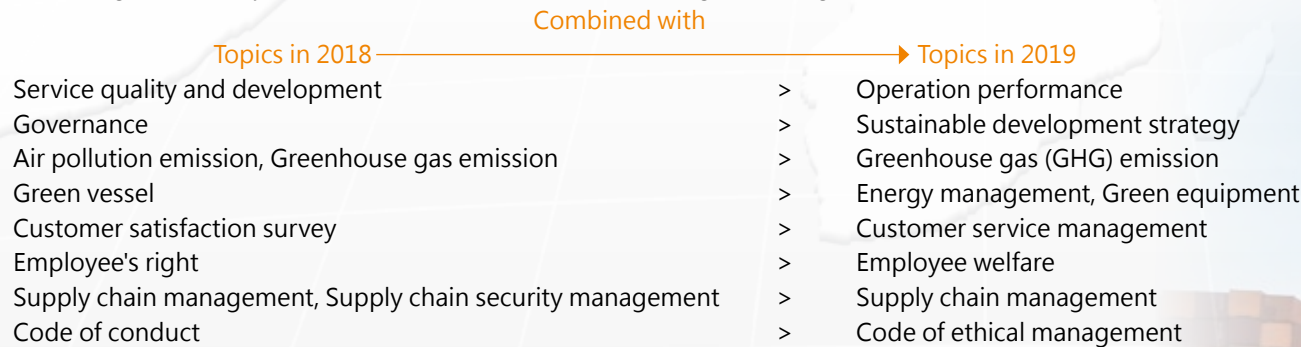
Whistleblowing e-mail box: conduct@yangming.com

2.6.1 Major 2019 topics on sustainable operation

To ensure disclosed information with stakeholder's expectations and needs, we follow the Global Reporting Initiative (GRI) Standard guidance:

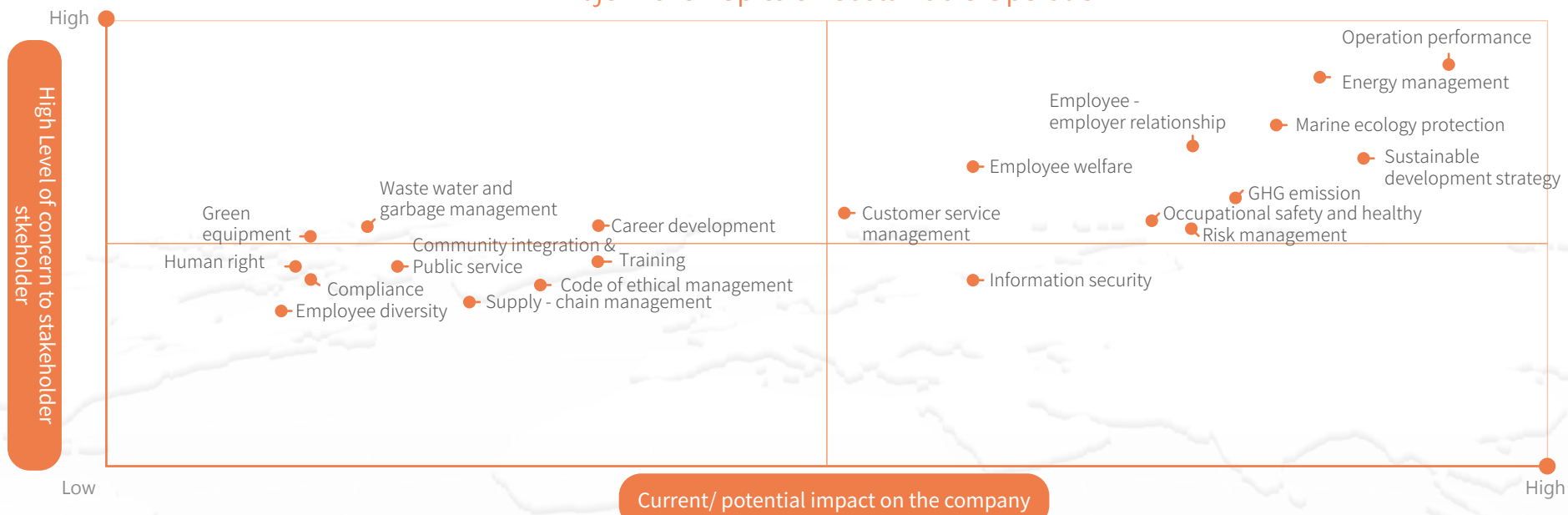


Reviewing topics last years, we combined some topics into together for give stakeholder clearer and overall information.



Below is the result of our investigation:





Major 2019 Topics on Sustainable Operation



Prior Materiality Topics (14)				Other Topics (7)	
No.	Topics	No.	Topics	No.	Topics
1	Operation performance	8	Risk management	1	Training
2	Sustainable development strategy	9	Employee welfare	2	Code of ethical management
3	Energy management	10	Information security	3	Supply-chain management
4	Marine ecology protection	11	Customer service management	4	Community integration & public service
5	Greenhouse Gas (GHG) Emission	12	Career development	5	Compliance
6	Employee-employer relationship	13	Waste water and garbage management	6	Human right
7	Occupational safety and healthy	14	Green equipment	7	Employee diversity

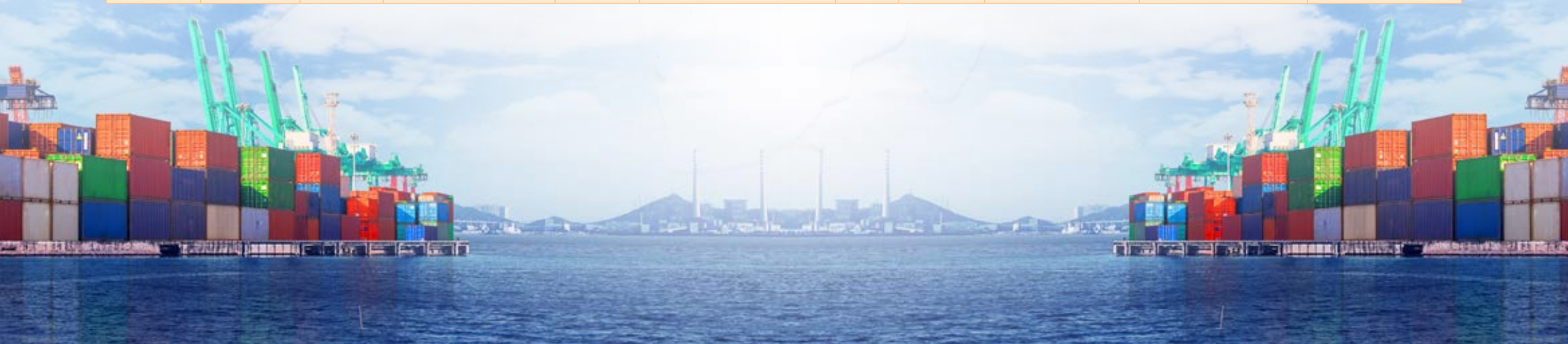
Comparing with the report in last year, there is no change in boundary. There are 14 major topics in year 2019, "Operation performance", "Sustainable development strategy" and "Energy management" are the top 3 topics of great concern to disclosure. "Marine ecology protection" was a new major topics in 2019 and "Human right" is listed as a newly added one. "Environment management system", " Stakeholder communication", " Harmful substance" were topics in year 2018 but not in year 2019. Other topics remain unchanged. For more details please see below:

Permanent Aspects	Topics	The Difference from 2018 CSR Report	GRI Standard	SDGs	Chapter	Boundary		Manageial Policy	Performance of 2019	Futhre Goal (Year 2020-2023)
						Direct/ Indirect	Bonder			
Economy	Operation Performance	Remain unchanged	GRI201-1 Direct economic value generated and distributed	  	From the Chairman and Chief Executive Officer 1.2 Business Plan 1.3 Ownership Structure and Financial Performance 1.4 Future Operation Plan	Direct	Yang Ming	<ol style="list-style-type: none"> 1. Comply IMO2020 regulation. 2. Enhance service competitiveness in Intra-Asia market. 3. Utilize JV strategy and enlarge routes and fleet optimization. 4. Improves financial structure. 	<ol style="list-style-type: none"> 1. Energy saving equipment retrofit for existing vessels. 2. Increase KVM/CMS/CTX/ITS service. 3. 2 x 14,000TEU brand new container vessels join operation. 4. Issued domestic guaranteed corporate bond. 	<ol style="list-style-type: none"> 1. Comply with IMO2020 regulation 2. Deploy new-built eco-friendly vessels 3. Optimize the structure of operating fleets 4. Improve the financial structure
Governance	Sustainable Development strategy	Remain unchanged	GRI103-2 The management approach and its components		From the Chairman and Chief Executive Officer 1.2 Business Plan 1.4 Future Operation Plan 2.2 Division of Sustainable Development 2.3 CSR Internalization and Communication 3.1 Corporate Governance and Performance 4.1 Management Scope 4.2 Energy Saving and Decarbonization	Direct	Yang Ming	<ol style="list-style-type: none"> 1. Strengthen corporate governance and law compliance. 2. Corresponding to IMO2020 regulation and take actions in our operation. 3. Operation management. 4. Keep in energy-saving management and decarbonization. 5. CSR disclosure. 	<ol style="list-style-type: none"> 1. Yang Ming did not have any case against the regulations/laws in 2019. 2. Plan of installation of scrubber. 3. Enhance Intra-Asia service. 4. Compare with year2008, Yang Ming has reduced emission of CO₂ 51.62%. 5. Yang Ming set-up "CSR column in company's website. 	<ol style="list-style-type: none"> 1. Deepen in corporation governance and law compliance. 2. Plan to reduce emission of CO₂ 10% more in the period in year 2020 to 2025. 3. Award Smart Ship Notation.
Environment	Energy Management	Remain unchanged	GRI302-4 Reduction of energy consumption GRI302-5 Reductions in energy requirements of products and services		1.4 Future Operation Plan 4.1 Management Scope 4.2 Energy Saving and Decarbonization 4.6 Sustainable Development Project in 2019 – Smart Ship Notation with Classification Society	Direct	Yang Ming and Yang Ming own vessel	Energy saving equipment retrofit for vessels · plan an efficiency-environment protection fleet.	<ol style="list-style-type: none"> 1. Deploy new-built eco-friendly vessels. 2. Energy saving equipment retrofit for existing vessels. 3. YM has set up the project team to evaluate the feasibility of using LNG and will consider using LNG in the new-built vessel program when technology is mature. 4. Construct vessel alert system monitoring abnormal M/E fuel consumption abnormal. 	Keeping in studying possible energy-saving equipment and management.

Permanent Aspects	Topics	The Difference from 2018 CSR Report	GRI Standard	SDGs	Chapter	Boundary		Managerial Policy	Performance of 2019	Futhe Goal (Year 2020-2023)
						Direct/ Indirect	Bonder			
Environment	Marine ecology protection	Remain unchanged	GRI307-1 Noncompliance with environmental laws and regulations		4.4 Marine Pollution Prevention Control	Direct	Yang Ming and its operated vessels	<ol style="list-style-type: none"> 1. Comply with MARPOL73/78 and each port authority regulation. 2. Comply ISM Code. 	<ol style="list-style-type: none"> 1. All Yang Ming fleet has complied with ballast water management plan and acquired Ballast Water Management Certificate. 2. Yang Ming provides Environmental Protection Manual on her fleet to prevent oil pollution. 3. Install ballast water treatment system (BWT). 	Comply laws and regulations.
Environment	Greenhouse Gas (GHG) emission	Remain unchanged	GRI305-1 Direct (Scope 1) GHG emissions GRI305-5 Reduction of GHG emissions GRI305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and others significant air emissions		4.1 Management Scope 4.2 Energy Saving and Decarbonization 4.3 Air Pollution Reduction	Direct	Yang Ming and its operated vessel	<ol style="list-style-type: none"> 1. Comply with MARPOL regulation. 2. Participate Clean Cargo and get verification statement of greenhouse gas assertions. 3. Through energy-saving management and retrofit project, Yang Ming CO₂ emission in Year 2019 is 48.08 g/TEU*km. 	<ol style="list-style-type: none"> 1. Arranged underwater propeller polish for 17 vessels. 2. Arranged hull cleaning and propeller polish during docking repair for 3 vessels (YM Evloution/ YM Wealth/ YM Success). 3. Through energy-saving management and retrofit project, Yang Ming CO₂ emission in Year 2019 is 48.08 g/TEU*km. 	<ol style="list-style-type: none"> 1. Plan to reduce emission of CO₂ 10% more in the period in year 2020 to 2025. 2. Comply with laws and regulation and study any possibility to reduce air emission.
Society	Employee-employer relationship	Remain unchanged	GRI419-1 Noncompliance with laws and regulations in the social and economic area		3.5 Risk Management 5.5.3 Freedom of Association 5.6 Open Communicatioand Channels	Direct	Yang Ming	Yang Ming adheres to The Labor Standards Act for maintaining harmonious employee and labor relations.	<ol style="list-style-type: none"> 1. No violation cases. 2. Maintain harmonious employee and labor relations. 	Strictly comply the law and maintain harmonious employee and labor relations.
Society	Occupational safety and healthy	Remain unchanged	GRI403-1 Occupational health and safety management system		5.2.1 Off-Shore Employees Training 5.4 Occupational Safety and Healthy	Direct	Yang Ming	Occupatioal Safety and Healthy Dept. for on-shore employee and team for off-shore employees, and execute training and exercises periodically to make sure staff safty.	<ol style="list-style-type: none"> 1. Execute training and exercises periodically. 2. Yang Ming is the first shipping company in Taiwan to award ISO45001. 	Health care for both office workers and sea crews: <ol style="list-style-type: none"> 1. Enhance implementation efficiency of health check and post-health check follows up for both top management and expatriate staff. 2. Extend employee assistance programs (EAPs) to family dependents of expatriate staff. 3. Draw up emergency plan and take actions for fighting COVID-19(coronavirus disease).

Permanent Aspects	Topics	The Difference from 2018 CSR Report	GRI Standard	SDGs	Chapter	Boundary		Manageial Policy	Performance of 2019	Futhre Goal (Year 2020-2023)
						Direct/ Indirect	Bonder			
Governance	Risk management	Remain unchanged	GRI103-2 The management approach and its components		3.5 Risk Management	Direct	Yang Ming	Our risk management processes and standard of assessment is regularly reviewed according to the variation to the situation of market economy and the changes of management policies of Yang Ming Group.	Listed "climate change" into risk assessment.	Watch/observe the trend of world and market to process risk management.
Society	Employee welfare	Remain unchanged	GRI 401 Employment	 	5.1 Employee Structure 5.5 Employee Rights and Benefits	Direct	Yang Ming and own vessel	Yang Ming adheres to The Labor Standards Act.	No violation cases.	Strictly comply the laws.
Governance	Information security	New	GRI103-2 The management approach and its components		1.5.2 Information Security 1.5.3 Cyber Security on Board Ships 3.5 Risk Management	Direct	Yang Ming	1. To meet the standard of Information security management system (ISO 27001). 2. Set-up Cyber security procedure on board ships.	1. Seeking assistance from outsourcer. 2. Publish 11 IT security articles for employees' reference. 3. Collect rules and do research. 4. Set up security Operation Center (SOC). 5. Set up the procedure of fleet cyber security management.	Construct SOC system for each vessel and keep PDCA to maintain, manage and improve shipboard cyber security.
Governance	Customer service management	Remain unchanged	GRI103-2 The management approach and its components		1.5 Customer Service	Direct	Yang Ming	1. Yang Ming has formulated a customer-focused digital transformation strategy. 2. Yang Ming joins DCSA (Digital Container Shipping Association) aimed at on industrial standardization and digitalization.	1. Revision of Web Booking. 2. E-DO (Delivery order) Service. 3. Keeping provide App/ Line BOT checking service. 4. Set-up Cyber security procedure on board ships.	1. Customers can get the shipment and schedule related information via website easily and track the status via YM APP timely. 2. Keep in anticipating DCSA for industrial standardization and digitalization. 3. Promote cyber security system to increase navigation safety.

Permanent Aspects	Topics	The Difference from 2018 CSR Report	GRI Standard	SDGs	Chapter	Boundary		Manageial Policy	Performance of 2019	Futhre Goal (Year 2020-2023)
						Direct/ Indirect	Bonder			
Society	Career Development	Remain unchanged	GRI 401 Employmen		5.2 Employee Learning 5.3 Employee Development	Direct	Yang Ming and owned vessels	Provide training according to job requirement.	<ol style="list-style-type: none"> 1. Yang Ming invites 15 teachers to Yang Ming vessel as interns to enhance teacher's experience and shorten the skill difference between school and industry. 2. Keep on job rotation to strengthen employee quality. 	Provide training according to job requirement.
Environment	Waste Water and Garbage Management	Remain unchanged	GRI306-2 waste by type and disposal method GRI307-1 Noncompliance with environmental laws and regulations		4.1 Management Scope 4.4 Marine Pollution Prevention Control 4.5 Other Environment Protection Measures	Direct	Yang Ming and Yang Ming own vessels	<ol style="list-style-type: none"> 1. Strictly follow IMO and USA Coastguard D-2 standard for any ballasting or de-ballasting. 2. Strictly comply laws for handling ship-side waste and waste oil wate. 	<ol style="list-style-type: none"> 1. There are 11 Yang Ming own vessels installed ballast water treatment system (BWT) that removes all plankton in the water to prevent causing unbalance in the ocean echo system. 2. No case is against environmental laws. 	Strictly comply with law and regulation.
Environment	Green equipment	Remain unchanged	GRI306-2 waste by type and disposal method GRI307-1 Noncompliance with environmental laws and regulations	 	4.1 Management Scope 4.4 Marine Pollution Prevention Control	Direct	Yang Ming and own vessels	Comply with IMO regulation.	There are 11 Yang Ming own vessels installed ballast water treatment system (BWT) and planned to install scurbber.	Plan to install scrubber for 3 vessels.



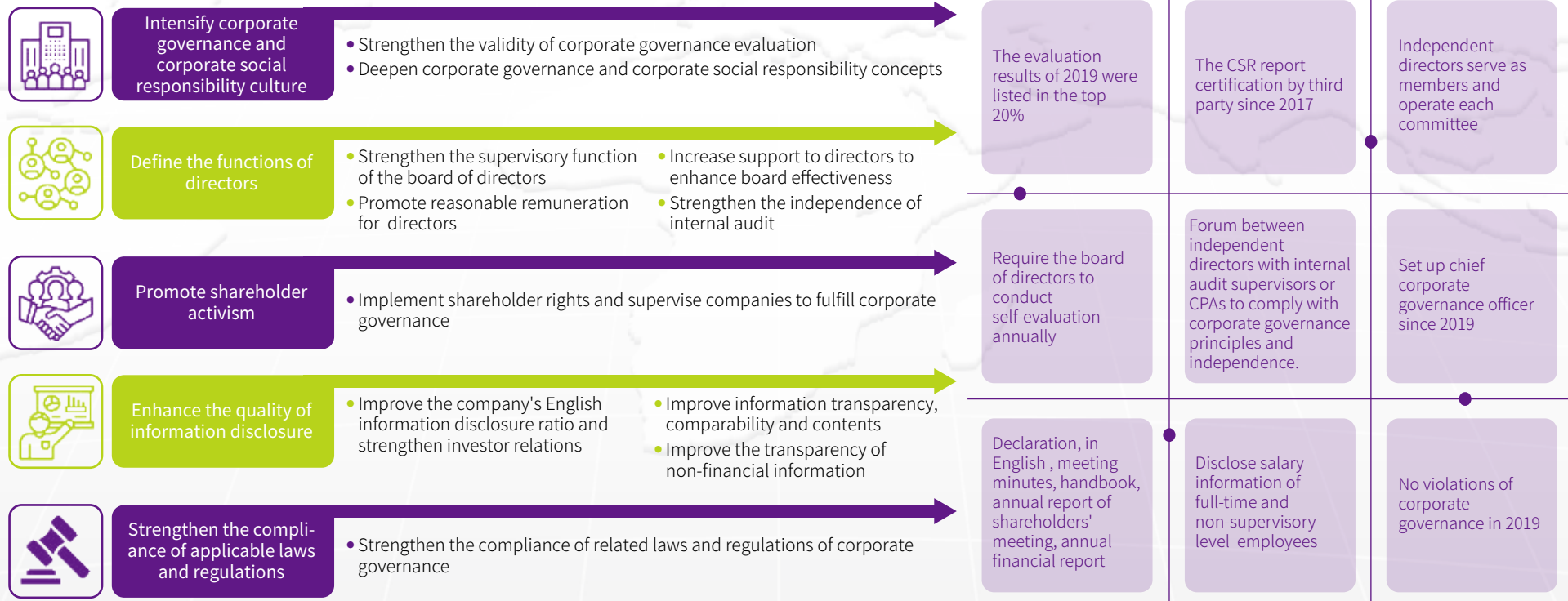
3. Corporate Governance

3.1 Corporate Governance and Performance

● Corresponding to UN SGDs



Corporate governance is a mechanism for managing an enterprise that fulfills the management's responsibilities while protecting the legitimate rights and interests of shareholders and considering to the interests of other stakeholders. Good corporate governance should embody proper incentives to impel the board of directors and the management to achieve their business objectives by means that conform to the best interests of the company and all shareholders. It should assist enterprises in reforming their management structures and should provide effective supervisory mechanisms that encourage enterprises to make the best use of resources, promote efficiency, raise competitiveness and contribute to enhancing the social welfare of the nation. Yang Ming continued to implement the board diversity policy, insure Liability Insurance for directors, and maintain the operation of various functional committees. Since the establishment of the Yang Ming Shipping Board, no conflicts of interest have occurred. In accordance with the new version of the Corporate Governance Blueprint (2018 - 2020) planned by the Financial Supervisory Commission, Yang Ming has achieved the followings in 2019:



3.2 The Assessment of the Board of Directors

The company has approved the Procedures for Performance Evaluation of the Board during the Board meeting held on November 12, 2018 and passed the amendment during the 335th Board meeting on January 25, 2019. The method of implementation through questionnaires was facilitated by the company's Office of the Secretary to assess the performance of the board of directors, individual directors, and functional committees at the end of the fiscal year. The company processed the performance assessment of the board of directors, individual directors, and functional committee (including the Audit Committee, Remuneration Committee and Special Projects Committee) for the year 2019 and submitted the assessment results and the sustainably strengthen and improve targets in 2020 during the 344th Board meeting held on March 26th, 2020.

The achievement rates of assessment criteria for the board of directors and functional committees reached 95% and 100% respectively. The assessment result has surpassed the standard. The achievement rate of assessment criteria for directors is 83%, which is up to standard.

To maintain consistency in terms of corporate governance and the Board's performance, there was a need to sustainably strengthen and improve targets in 2019 by increasing participation and supervision of directors in company operations through Board meetings, and improving relationship and communication between directors and CPAs (i.e., continuously inviting CPAs to attend Board meetings on a quarterly basis in order to discuss accounting events and key audit issues in the financial statement. In 2019, the CPAs attended the Board meetings 4 times, the Audit Committee twice, and the forum between independent directors and CPAs (individual communication) 5 times.

Note: The Annual Report 2020 information ended on March 31, 2020. The achievement rates of assessment criteria for the board of directors and functional committees reached 100% respectively; the achievement rate of assessment criteria for directors was 86.9%.

3.3 Value of Honesty and Ethic

To ensure all employees engage business activities by following the highest code of ethics, Yang Ming has regulated the "Code of Ethical Management", "Code of Conduct", "Code of Conduct for Board Directors and Managers", and "Dishonest Behavior Prevention Standards." These regulations are widely promoted and managed in Yang Ming Group.

The regulations mentioned above are included as orientation materials for new comers, and all employees are required to have a test after review through E-learning service. From September 10 to October 15 in 2019, after promoting the regulations mentioned above for 0.5 hours, 1,180 people have passed the test with 86% of completion.

Meanwhile, "Case Reporting Procedure Guidelines" is applied to all Yang Ming employees, suppliers, customers, shareholders and related parties, a channel via email conduct@yangming.com is open for reporting concerns about unethical or unlawful behaviors. Other written notices are open and accepted as well.

Other than forwarding education training related to internal material information and prevention of insider trading to the Board, Training for Preventing Insider Trading in 2019 was promoted in the company for 0.5 hours, and 1,083 people have passed the test with 89% of completion.

Guidelines on Unethical Conduct Prevention

https://www.yangming.com/investor_relations/Corporate_Governance/CorporateSocialResponsibility.aspx

Whistleblowing System

https://www.yangming.com/investor_relations/Corporate_Governance/WhistleblowingSystem.aspx

3.4 Internal Audit System

The company has established an audit department, which is subordinate to the board of directors, following the rules and regulations to perform the auditing activities of departments of Yang Ming headquarters, subsidiaries, self-owned ships, and affiliated agencies. At the end of each year, the audit department draws up the next annual audit plan based on the importance of audited unit and the result of the risk assessment. All the departments, branches and domestic subsidiaries will be audited at least once a year, foreign regional center once a year, at least one self-owned ship every month, in addition, several agents are audited for commissioned matters every year. The audit department submits the audit reports of previous month to each independent director every month, and reports to the board of directors each quarter on improvement situation found in various audits and keeps tracking until it improves.

3.5 Risk Management

The whole Yang Ming group is put into scope for performing comprehensive risk management to effectively prevent and control risks. With such efforts, we can then maintain normal operation to accomplish sustainable business management. We establish a risk management system with key management points and periodically review the risk management procedure and its assessing standard according to the changes of market or adjustment of our group's operating strategy. The main risks are assessed annually together with the analysis of the highly ranked risks and the effectiveness of its improvement measures (residual risks). The above mentioned assessments with the new risks incurred from the changes of market or adjustment of our group's operating strategy will be examined and approved by our Chairman and reviewed quarterly.

Under global trends, shipping industry is confronted with the potential risks of climate change, the pressure of energy saving and carbon reduction. We have joined several environmental protection committees to discuss climate change issues. Our operating fleet has been modified and operated under effective control system for energy saving. The efficiency of our vessels is improved by the continuous fleet renewal plan. We comply with international conventions to reduce carbon dioxide emission, which can also assist us reducing our operation risks, keeping our operation smoothly and contribute to environmental protection. Please refer to "1.4 Future Operation Plan" for the assessment of climate change and environmental protection with its impacts, opportunities and financial influences. The related details and results can be found from "Chapter 4 Environment Management ". However, because the residual risk is ranked as medium only, it is not listed in the high-risk chart below.

There were no cases of violation of economic, social and environmental laws brought to us in 2019.



Please refer to the chart for risks below, which ranks us as high or above in 2019.

Risk Type	Assessed Risks (2019)	Actions
Marketing Risk	Risk of the changes of international politics and economics (ex. US-China trade conflicts)	Monitor the changes of the market and reallocate our fleet capacity to match the changes to deny negative effects.
Operational Risk	<ol style="list-style-type: none"> 1. Impact on terminal operation and schedule. 2. Risk of leaking or fire of DG cargo (ex. false declaration) 3. Loss of wrong stowage plan due to human error 	<ol style="list-style-type: none"> 1. Enhance the communication between the captain and shore staff at main ports and reschedule or adjust berth window to stop loss. 2. Improve in-service training to increase risk awareness. Introduce blacklist to prohibit shipments from shippers with bad records. 3. Improve training for planning crews and enhance the communication with terminals.
Financial Risk	<ol style="list-style-type: none"> 1. Risk of insufficient liquidity 2. Impact on operation from fluctuating fuel prices. 	<ol style="list-style-type: none"> 1. Issue company debts. 2. Diversify the maturity dates of short-term loans. 3. Convert the loan's currency from USD to NTD for hedging. 4. Use hedging tools to avoid risk of fluctuation of fuel price.
IT Risk	<ol style="list-style-type: none"> 1. Risk of hardware malfunction (ex. network or core database system) 2. Shortage of manpower for system development. 	<ol style="list-style-type: none"> 1. Use dual ISP for backup. 2. Upgrade core database system with higher security and the database that can be synchronized to the remote backup center for important servers immediately. 3. Enhance engineer recruitment and professional training.
Legal Risk	<ol style="list-style-type: none"> 1. Violation of related antitrust laws 2. Violation of related personal data protection regulation 	<ol style="list-style-type: none"> 1. Update regulations and case sharing of important regions. 2. Consolidate the regulations of competition laws of maritime industry (such as exemptions) for their reference of Legal Affairs Office and Legal Compliance Office. 3. Conduct trainings. 4. Introduce legal compliance guideline to each Yang Ming Group at monthly meetings 5. Introduce General Guidance of Competition Law to global agents. 6. Regularly review the procedure of personal data protection regulation.

3.6 Promotion of Information Transparency

The Company's operational transparency concerns shareholder's rights. Crucial resolutions should be announced instantly after the meetings of board of director. The Company also formulated the "Procedures for Handling Material Insider Information" to establish sound mechanisms for the handling and disclosure of material inside information, promoting and enhancing the information transparency.

4. Environment Management

4.1 Management Scope

Regarding the CO₂ emission, in April 2018, IMO MEPC 72 adopted resolution on Initial IMO Strategy on reduction of GHG emissions from ships. It calls for reducing CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008. This regulation will directly affect the decision of YM for new-built vessel program of layout time, manufacturing cost, vessel design and fuel selection. Therefore, YM has set up a project team to collect information and respond to the approaches of other companies, main engine technology, LNG fuel vessels, fuel filling method, the revision of CO₂ emissions regulation of IMO, etc.

The entry into effect of EEDI Phase 3 may be brought forward from 2025 to 2022, the reduction rate for container ships of over 15,000 DWT is enhanced from 30% to 35-45%. It will prompt shipping company to actively study on alternative energy, and in terms of overall performance, LNG as the most likely alternative energy source. Due to the high price of LNG, gas stations is not common, etc... so LNG is still in initial stage in shipping industry. YM has set up the project team to evaluate the feasibility of using LNG, and will consider using LNG in the new-built vessel program when technology is mature. However, besides using LNG, it still needs the suitable design of vessel (draft, deadweight, ship speed, etc) to apply to requirement of CO₂ emission.

● Corresponding to UN SGDs



The largest energy consumption of vessel is fuel oil. In order to save fuel, new-built vessel have adopted energy-saving design and existing vessel have been equipped with energy saving retrofit. YM will continue to upgrade its old fleets to improve the efficiency and achieve the target of emission reduction. Meantime, YM strictly complies with international regulations and local laws by installing environmental protection equipment such as scrubber and ballast water treatment on time, refusing illegal speculation and using high-quality and stable equipment.

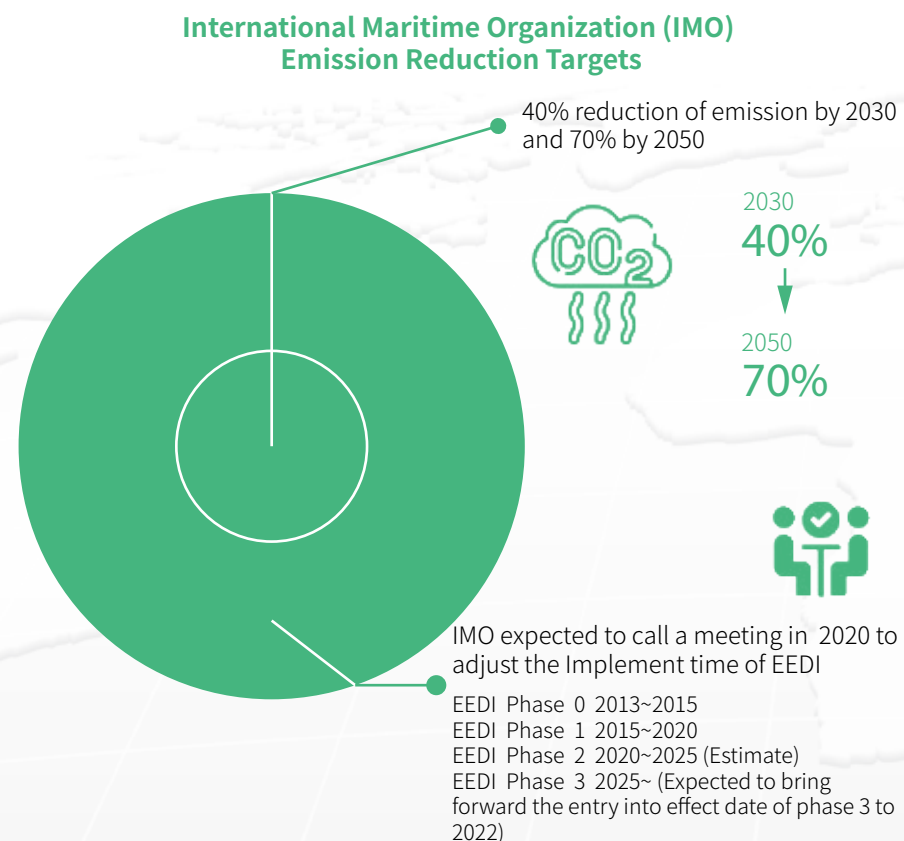


Here were the policy, achievement, and future plan of energy saving Yang Ming adopted in the year of 2019:

Energy Saving Policy	Management Method	Achievement of 2019	Plans for future
Construct vessel alert system monitoring abnormal M/E fuel consumption.	Improve abnormal fuel consumption by analyzing big data	Assemble task team to improve fleet management by analyzing big data.	Monitor big data by task team, and provide plans to optimize fleet.
	Upgrade fleet satellite communication Communicate with global satellite Monitor fleet from office Build up remote support system	Planning on install satellite Wi-Fi on owned vessels that operate more than 3 year. Smart vessel task team is required to suggest plan for vessel modification. Smart vessels are adopted the standard of newly build vessels which include cyber security structure, data synchronization and graphic display system.	New vessels launched by Yang Ming in year 2020 can be operated and monitored remotely by office. The vessels can conduct ICMS monitoring lively, efficiency monitor via Ship@web and Kognifai system provided by Kongsberg.
Develop fleet monitoring platform.	Vessel movement monitor, position monitor, schedule monitor	Cargo Schedule Management system has been built. Its main function and benefit are below: 1. Combine vessel Automatic Identifying System, calculate estimate time of arrival to next port, report weather factor and show vessel performance. 2. Analyze average cargo operation time, average anchor time in each port by marine transport group, show the on schedule rate and average delay time for reference to vessel operating.	CSM combines LOOP and NRA (developing with vender) into a new fleet monitoring system that monitor vessel safety/movement/schedule/estimate fuel consumption and efficiency to accomplish the goal of digitize management.
	Big Data Analysis ,AIS (Automatic Identify System)		
	Monitoring mobilization	Receive vessel abnormal alarm daily, build up management system target, especially the alarm of M/E, D/G, Cargo hold bilge.	Monitor big data by task team, and provide plans to optimize fleet.
	BI Business Intelligent System	After upgrade to ORACLE system, the BI system is temporarily out of service.	Plan to replace ORACLE system with Microsoft Power BI.
	BI Big Data Analysis	Achieved goal of fuel consumption through simulated calculation of vessel using Automatic Identify System big data and super computer.	Continue executing.
Conduct test and adjust for M/E to reserve energy and emission reduction.	Project of best trim for U2/U3 type vessel	Continue executing and verifying the CFD calculation data of vessel type 5.5K.	Plan to adjust 5.5K vessel type into better form for navigation compared to her previous form which consumed 70% more of fuel.
	14K trop project	Continue executing and verify CFD calculate data of vessel type 5.5K	Building standard for 2.8K newly- built vessels requires CFD calculation and the best form navigation after they are delivered and the data are verified.
	Incorporate Ship Energy Efficiency Management Plan with data collection procedure system to comply with regulation of EU MRV & IMO vessel fuel consumption data collection system	All Yang Ming vessels meet the requirement of verification requirement Statement of Compliance Certificate.	Continue executing.
	Incorporate Energy Efficiency Operation Indicator as long-term monitoring target	Provide fleet with Energy Efficiency Operation Indicator goal for fleet self review and provide up-to-date data for use of carbon emission calculator on Yang Ming website.	Continue executing.
	Introduced OPTEMAR specialist cooperate project – targeting at M/E adjustment to increase efficiency in fleet fuel use and lower exhaust rate of green house gas	Cooperate with French company "Optemar". Five vessels have participated in this project have reduce 3% of fuel consumption. The goal of energy reserve and emission reduction.	The project was due in December and an evaluation is underway.

4.2 Energy Saving and Decarbonization

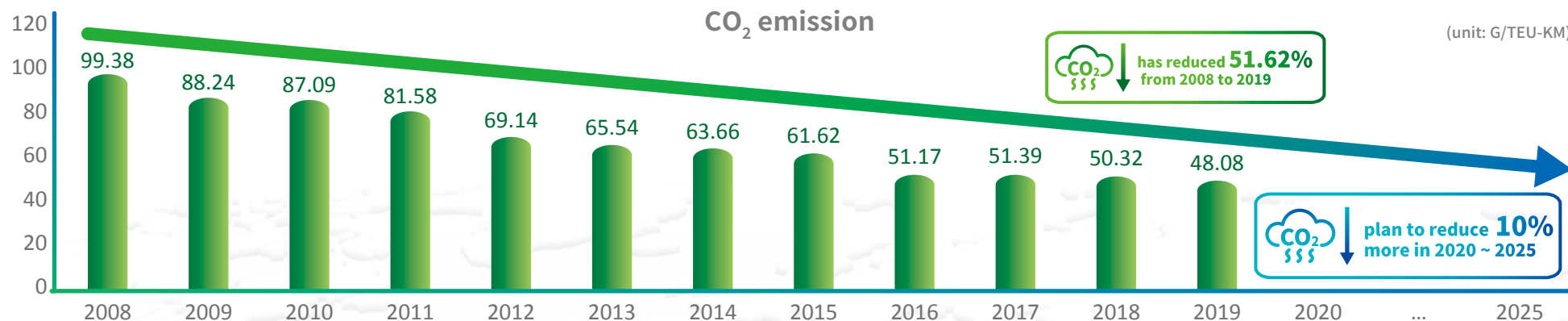
The International Maritime Organization (IMO) is one of 15 specialized agencies of the United Nations that is responsible for measures to improve the safety and security of international shipping and to prevent marine pollution from ships. In recent years, the IMO's efforts and targets for reducing emissions are described as follows:



The feasibility of the project to reduce CO₂ emissions and the actions of Yang Ming are summarized as follows:

Issue	The feasibility of the project	The actions of Yang Ming
DWT improvement	Large ship design Light weight structure	Continue to upgrade the fleets, 10K TEU chartered vessels have been delivered. Up to now, the largest vessel type of YM is 14K TEU.
Lower engine power	Design speed reduction	Reduced the service speed of existing vessels and carry out main engine derating retrofit. Depending on the actual service speed, reduce the design speed for new-built vessels.
Energy efficiency improvement	Optimized hull form Optimized trim Anti-Fouling coating improvement Optimized propulsion system Energy saving device M/E efficiency improvement	YM began to carry out Energy Saving Equipment Retrofit for existing vessels in 2013, and the result met expectations. All experience will feedback to new-built vessel design.
Alternative energy	Methanol Biofuel LNG/LPG Ammonia Hydrogen Fully electric	YM has been set up a project team to evaluate the feasibility of using LNG. However, besides using LNG, it is still needs the suitable design of vessel (draft, deadweight, ship speed, etc.) to apply to requirement of CO ₂ emission.
Renewable energy	Solar power Wind power	Up to now, there is no suitable program for container ship.

Through energy-saving management and retrofit project, comparing with Year 2008, Yang Ming has reduced CO₂ emission to 51.62% and now we plan to reduce it to 60% accumulately in 2025 with greenization of ships and reducing service speed. Yang Ming is devoted to reducing CO₂ emission and meet IMO emission reduction targets.



Note: Only Yang Ming owned vessels were counted for 2016. The 2017 count were vessels operated over 183 days. For 2019 the count were vessels operated over 90 days. Aforementioned method was approved by DNV GL in 2016.

Energy Saving Equipment Retrofit for existing vessels	Type and vessel quantity
Energy Saving Bow (ES Bow)	YM Uberty Series (8600teu) * 5 YM Uniformity Series(8600teu) * 5 YM Mutuality Series (6600teu) * 4 YM Elixir Series (4250teu) * 4
Main Engine Derating	YM Upward Series (8600teu) * 3
Energy Saving Propeller (ES Propeller)	YM Upward Series (8600teu) * 3 YM Uniformity Series (8600teu) * 5 YM Mutuality Series(6600teu) * 2

Energy saving improvement for new-building 2,800TEU container vessel*10	Compare with IMO EEDI Phase I emission standard
Reduce Service Speed ES Bow & ES Propeller Twist rudder Super long stock main engine	Other shipping company's first generation design (2,800TEU)-2.3% Yang Ming (2,800TEU) -15.7% WIN!

Target till 2025, total reduction 60% CO₂ emission compared with 2008:

- 2,800 TEU new-built vessel with design by
 - Optimizing hull form design with energy saving propeller & best vessel lines
 - Adoption of new generation main engine
 - Implementing new energy management system
 - Employing smart ship
- Plan to deliver 14 x1,1000 TEU charter vessels, sell 7x 5,500 TEU vessels and return 5 vessels.
- Vessel operation with best trim with fixed power

To reduce air pollution , Yang Ming complies with regulation of fuel switch and use of lower sulphur in special sea area set by each port authority, continues volunteering in Environmental Ship Index (ESI) project, Yang Ming also achieve goal of decarbonizing through Energy Efficiency Operation Indicator (EEOI), Ship Energy Efficiency Management Plan. Here are what Yang Ming has accomplished and her method used.

Average CO₂ emission by g/teu-km in recent years:

Year	Marine heavy fuel oil	Gasoline	Distance traveled	Quantity of CO ₂ emission	Quantity of average CO ₂ emission by g/teu-km	Quantity of average CO ₂ emission reduction by g/teu-km	Percentage of average CO ₂ emission reduction by g/teu-km
	Total consumption(MT)	Total consumption(MT)	Total miles				
2019	1,633,922	119,525	8,625,580	5,477,577	48.08	51.30	51.62%
2018	1,655,950	106,056	8,482,151	5,479,839	50.32	49.06	49.36%
2017	1,655,495	115,433	8,820,244	5,525,283	51.39	47.99	48.29%
2016	1,512,074	98,870	8,055,983	5,025,576	51.17	48.21	48.51%
2008	1,224,835	20,611	5,878,398	5,681,294	99.38	Base year	Base year

Average CO₂ emission by k/teu-km in recent years:

Year	Marine heavy fuel oil	Gasoline	Distance traveled	Quantity of CO ₂ emission	Quantity of average energy consumption by kJ/teu-km	Quantity of average energy consumption reduction by kJ/teu-km	Percentage of average energy consumption reduction by kJ/teu-km
	Total energy consumption(MJ)	Total energy consumption(MJ)	Total miles(NM)				
2019	65,059,506,196	5,103,717,500	8,625,580	5,477,577	615.92	655.57	51.56%
2018	65,936,617,100	4,528,591,200	8,482,151	5,479,839	647.11	624.38	49.11%
2017	65,918,499,910	4,928,989,100	8,820,244	5,525,283	658.90	612.59	48.18%
2016	60,207,762,532	4,221,749,000	8,055,983	5,025,576	656.03	615.46	48.40%
2008	48,770,480,030	880,089,700	5,878,398	5,681,294	1,271.49	Base year	Base year

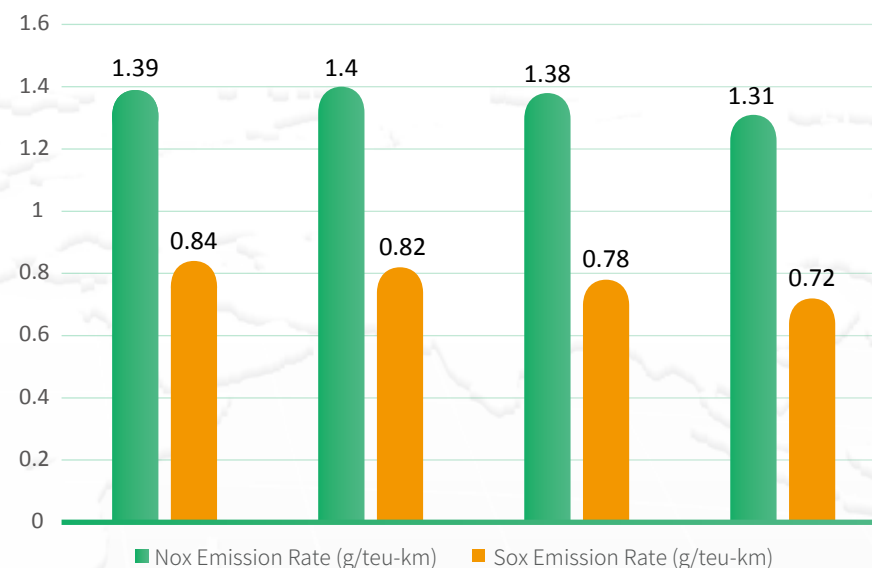
- Note:
- CO₂ calculation unit: Ton
 - CO₂ formula: 3,114 g of CO₂ emitted per Kilogram of heavy fuel oil used. 3,206 g of CO₂ emitted for diesel oil used
 - Consumption includes fuel used by M/E, D/G, Aux Boiler
 - Reason of use year 2016 as reference year – start with year 2017 Yang Ming used DNV GL as a third party data verification for first half year to ensure correctness of the data
 - Quantity of average CO₂ emission by g/teu-km = (Total consumption of marine heavy fuel oil (T) * 1000*1000*emission coefficient + Total consumption of marine gasoline (T) * 1000*1000*emission coefficient) / (TEU of each vessel * distance traveled * 1.852)
 Quantity of average energy consumption by kJ/teu-km = (Total consumption of marine heavy fuel oil (T) * 1000*Net heating value (kJ/kg) + Total consumption of marine gasoling (T)*1000 * Net heating value (kJ/kg)) / (TEU of each vessel * distance traveled * 1.852)

4.3 Air Pollution Reduction

To comply with IMO sulphur limitation in year 2020, Yang Ming has planned to install scrubber on part of her fleet, it is promising to completed installation on each vessel in year 2020. Total emission of NOx from Yang Ming fleet was on hundred and forty-eight thousand ton in year 2019, average NOx emission by g/teu-km was 1.31g/teu-km; SOx emission in 2019 was eighty-two thousand ton, average SOx emission by g/teu-km was 0.72g/teu-km. Compare to results from two years ago, it's tending to reduce.

Year	NOx		SOx	
	Total Emission(T)	Average emission by g/teu-km	Total Emission(T)	Average emission by g/teu-km
2019	148,964	1.31	82,428	0.72
2018	150,113	1.38	85,328	0.78
2017	150,608	1.40	88,278	0.82
2016	137,186	1.39	82,715	0.84

NOx and SOx Emission Rate (g/teu-km)



Note:
 1. SOx emission calculation formula: Fuel with 1% sulphur content emitted 20g of SOx per kilogram. Fuel with 3% sulphur content emitted 60g of SOx per Kilogram. Average sulphur content in fuel oil used by Yang Ming fleet in year 2019 were 2.76%; average sulphur content in Low Sulphur fuel oil was 0.3%; average fuel content in diesel oil was 0.05%.
 2. NOx emission calculation formula: Two stroke cycle engine emits 87g NOx per kilogram fuel oil used. Four stroke cycle engine emits 57g NOx per kilogram fuel oil used.
 3. CO₂, NOx, SOx emissions were calculated according to Clean Cargo standard, Year of 2017 counted only vessels operated over 183 days. Year of 2019 only counted vessels operate over 90 days. Aforementioned method was approved by DNV GL in 2016.

4.4 Marine Pollution Prevention Control

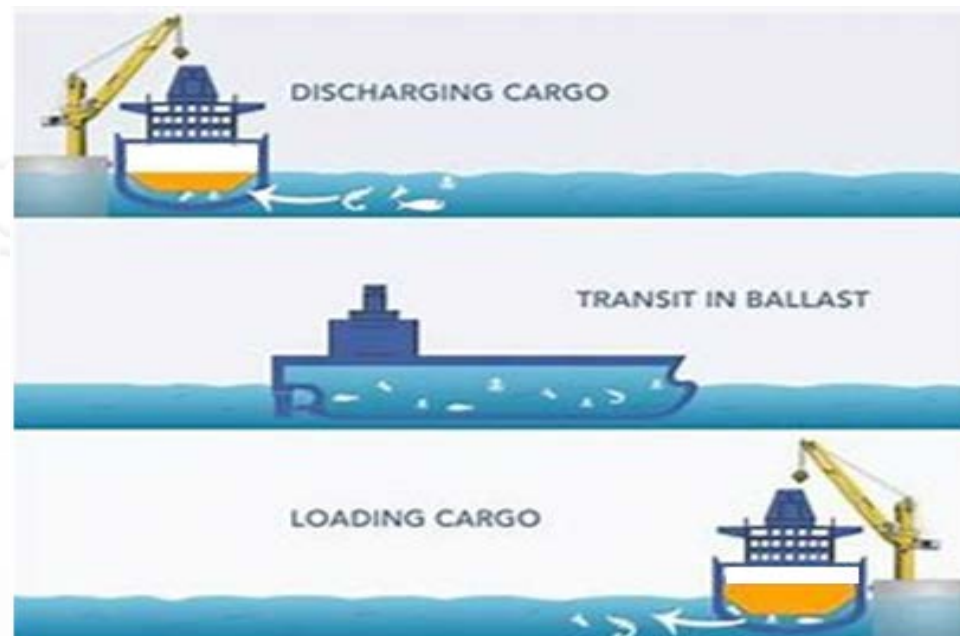
The standard and regulation made by local port authority must be strictly followed along with MARPOL 73/78 according to IMO (International Maritime Organization) regulation. International Convention for the Control and Management of Ships Ballast which has been effective since September 8, 2019 requires all vessels to install ballast water treatment system(BWT) that removes all plankton in the water to prevent causing unbalance in the ocean eco system either from ballasting or de-ballasting. International Convention for the Control and Management of Ships Ballast specifies that after the convention's effective date, all vessel must install BWT system before their International Oil Pollution Certificate is renewed. All Yang Ming fleet has complied with this regulation, ballast water management plan has been reviewed and acquired Ballast Water Management Certificate, not only for the newly launched vessels have BWT system, and other vessels have the system installed while dry docking as well.

To protect environment, prevent oil pollution, comply with ISM Code and national regulation. Yang Ming provides Environmental Protection Manual on her fleet which contents "Procedure for Reporting Accidents Shipboard Hazardous Substances", "Operating Procedure for Shipment of Containers with Substances", "Procedure for Handling Garbage on the Ship" , "Operating Procedure for Oil Bunkering " , " Operating Procedure for Bilge Water " , " Operating Procedure for Oil Record Book " , " Operating Procedure for Ballast Water " , all measure were taken to prevent and reduce the impact that a vessel has on ocean. Yang Ming also has "Ship Oil Pollution Emergency Plan" and "Major Accident Report & Response Procedure" so Yang Ming can act swiftly and contain damage to the minimum while a vessel encounters either leakage or major maritime case.

Please see Yang Ming ISM Certificate below:

https://www.yangming.com/about_us/security_regulation/Vessel_ISM_ISPS_Certificate.aspx

Ships are requested to record their garbage proposal in a book in line with international environmental laws and regulations. Yang Ming had no violations of environmental protection laws and regulations in 2019.



- Ballast water may be taken onboard by ships for stability and can contain thousands of aquatic or marine microbes, plants and animals, which are then carried across the globe. Untreated ballast water released at the ship's destination could potentially introduce a new invasive marine species. Hundreds of such invasions have already taken place, sometimes with devastating consequences for the local ecosystem. With the Control and Management of Ships' Ballast Water, control the transfer of potentially invasive species.

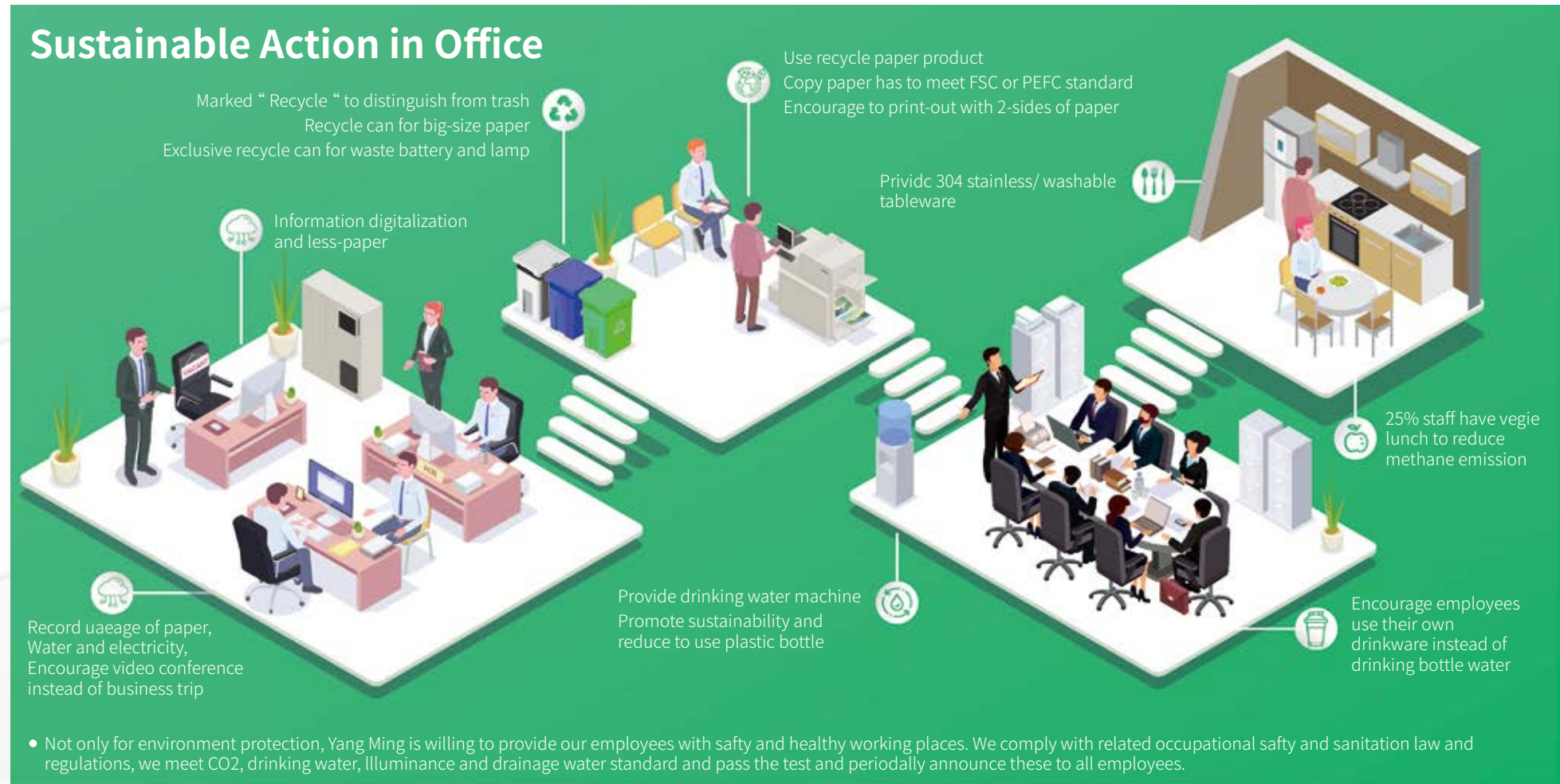
Following tables are the measures that Yang Ming took on dealing garbage, bilge, ballast, biohazards:

Item	Impact on ocean or maritime	Regulation	Measures	Accomplished by Yang Ming			
				Item	Quantity/Unit in Year 2019	Quantity/Unit in Year 2018	Quantity/Unit in Year 2017
Garbage	Pollute ocean	International Convention for the Prevention of Pollution from Ships(MARPOL)	Garbage management plan	Plastics	857.142(m3)	890.94(m3)	961.83(m3)
				Food waste	25.582(m3)	60.41(m3)	90.83(m3)
				Domestic waste	572.881(m3)	615.88(m3)	696.89(m3)
				Cooking oil	4.107(m3)	4.90(m3)	3.98(m3)
				Incinerate waste	3.639(m3)	5.51(m3)	4.86(m3)
				Waste light bulb	9,048(pcs)	13,066(pcs)	12,559(pcs)
				Waste batteries	4,142(pcs)	5,070(pcs)	6,662(pcs)
				Sewage	19,324.14(m3)	21,209.76(m3)	20,040.801(m3)
				Bilge	309.44(m3)	657.05(m3)	184(m3)
				Sludge	76.06(m3)	22.30(m3)	372.46(m3)
Note: The statistic came from 52 vessels own by Yang Ming not include chart.							
Bilge & Sewage	Pollute ocean	International Convention for the Prevention of Pollution from Ships(MARPOL)	Safety Management System (SMS) document	1. Sanitary water on the ship should be channeled to a holding tank and must use system approved by administration concerned and discharge processed sewage in water which is more than three nautical miles away from nearest land. 2. As long as bilge water contains oil, it has to be processed by the oil separator and oil content must be lower than 15PPM.			
Ballast Water	Echo system invade by new marine organism	International Convention for the Control and Management of Ships Ballast	Ballast water management plan	Strictly follow IMO and USA Coastguard D-2 standard for any ballasting or de-ballasting; For organisms greater than or equal to 50 micrometers in minimum dimension discharge must include fewer than 10 organisms per cubic meter of ballast water. Benefit: To prevent the environment hazard caused by un-treated ballast, vessels are fully prepared with ballast water management plan/ ballast water log to record all ballast water exchange procedures including exchange date, position, water depth, ballast tank capacity, exchange measure.			
Organism Pollutant	Damage cause on vessel and ocean, increase resistance while ship navigates, clogged pipe, accelerated metal corrosion, damage nav-equipments, affect the quantity and quality of aquaculture, safety of off- shore oil platform, spread diseases	2011 Guidelines for the control and management of ships' biofouling to minimize the transfer of invasive aquatic species	Biofouling management plan	Detail of operating biofouling system. 1. Inspection of biofouling. 2. Schedule of repair, maintenance, renewal. 3. Choose proper biofouling system and operating method. 4. Provide crew training to comply every regulation. 5. Detailed documents of biofouling record book. Benefit: 1. Increase effectiveness of biofouling management plan and operating method in Yang Ming fleet. 2. Port authority can evaluate potential risk of biofouling efficiently and swiftly so as to reduce delay & mistakes made by ship.			

4.5 Other Environment Protection Measures

Yang Ming maintains environment protection measures in containers and offices. Take container as an example, waterborne paints use water instead of traditional paint thinners to adjust the viscosity of paints. Its main advantage is to significantly reduce the production of volatile organic compounds (VOC) and the impact on environment and human health. We encourage green procurement. The amount in 2019 was about NT\$ 8,730,000 more than that in 2018.

Sustainable Action in Office



Marked "Recycle" to distinguish from trash
Recycle can for big-size paper
Exclusive recycle can for waste battery and lamp

Information digitalization and less-paper

Use recycle paper product
Copy paper has to meet FSC or PEFC standard
Encourage to print-out with 2-sides of paper

Provide 304 stainless/ washable tableware

25% staff have veggie lunch to reduce methane emission

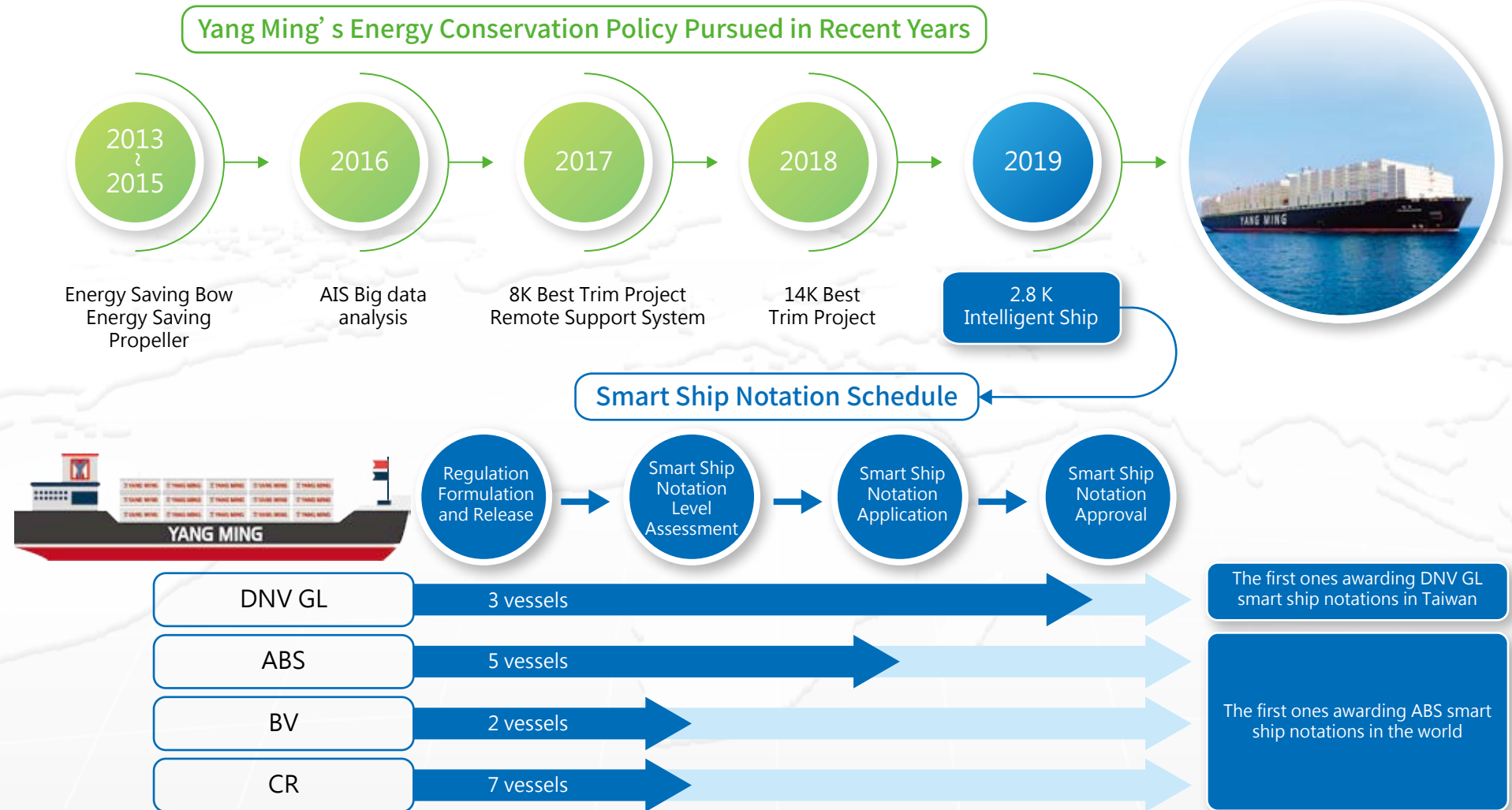
Record uaeage of paper, Water and electricity, Encourage video conference instead of business trip

Provide drinking water machine
Promote sustainability and reduce to use plastic bottle

Encourage employees use their own drinkware instead of drinking bottle water

- Not only for environment protection, Yang Ming is willing to provide our employees with safty and healthy working places. We comply with related occupational safty and sanitation law and regulations, we meet CO2, drinking water, Illuminance and drainage water standard and pass the test and periodally announce these to all employees.

4.6 Sustainable Development Project in 2019 – Smart Ship Notation with Classification Society



Note:
 1. Yang Ming new-built 2.8 K vessel has awarded " Smart Ship Notation" in May 2020.
 2. Said 10 x 2,800 newly built vessels are with the same specification and awarded " Smart Ship Notation" by ABS · BV · DNV GL when delivery , 7 of this series of vessels are also meet the" Smart Ship" guideline of CR . Once said 7 vessels register under CR, will be awarded Smart Ship Novation at the same time.

Yang Ming is the first one awarding ABS Smart Ship Notation in the world in May 2020.

Class	Requirement / Function / Advantage
 ABS	"YM Celebrity", "YM Continent", "YM Certainty", "YM Credibility" and "YM Continuity" will be the first ones awarding ABS Smart Notations in the world. The notations including Smart INF (Data INFrastructure for Smart Function implementation) & Smart SHM (Structural Health Monitoring) denote the vessels are equipped with smart information infrastructure of big data gathering, transmission to cloud so as to have ship structure endurance monitoring and future structural health awareness through ABS's customized analysis program to ensure safe sailing.
 DNV GL	"YM Centennial", "YM Capacity" and "YM Cooperation" will be the first ones awarding DNVGL Smart Ship Notations in Taiwan. The notations including Smart Ship OE (Operating Enhancement) and PE (Performance Enhancement) which represent advanced technologies such as improving container load flexibility with route specific container stowage, fuel saving with trim optimization.
 BV	"YM Credential" and "YM Constancy" will be the first vessels to receive BV Smart Ship (Machinery 1) Notation, which indicates the ships are equipped with integrated computer based system for the controlling and monitoring of the automated installations of periodically unattended machinery spaces, and they are equipped with monitoring devices allowing reduced scope of tailshaft survey.
 CR	"YM Continent", "YM Credential", "YM Centennial", "YM Capacity", "YM Certainty", "YM Credibility" and "YM Continuity" are also certified by CR with "Smart Ship H, Et, I" Notations, featuring functions of smart hull-structural health estimation, smart energy efficiency-trim optimization, and smart integration platform.

▼ Yang Ming new-built 2,800 container vessel



5. Employee Care and Community Integration

5.1 Employee Structure

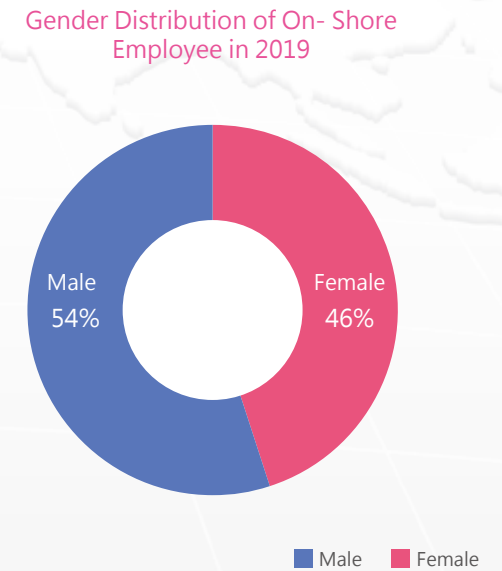
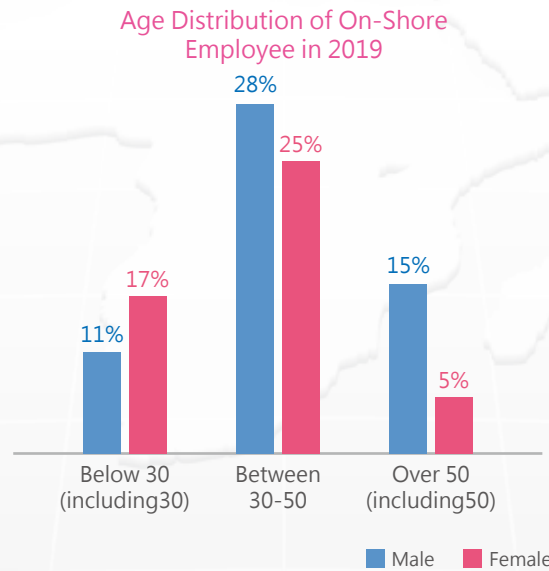
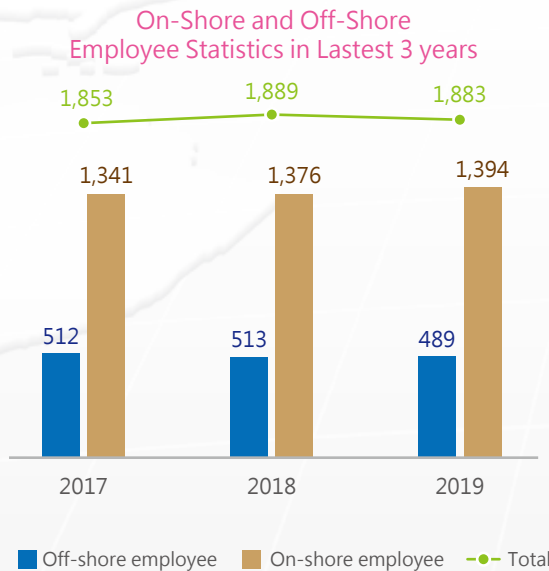
We support global initiatives and norms of CSR

● Corresponding to UN SGDs

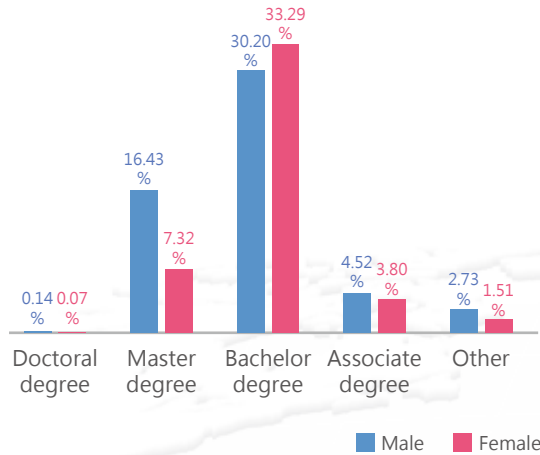


Our business locations are scattered around all the globe, therefore, we respect and follow internationally recognized human rights and standards. Our workplace is free from discrimination or violation of human rights. Employees have freedom of association and the right of collective bargaining. Moreover, we strongly prohibit employment discrimination in all forms of forced labor. Yang Ming has delivered a disclosure statement of human rights, is dedicated to supporting its importance, and has established a violation mechanism. The related human rights issues are highly aware and included into our policy. We states our determination to respect human rights. The company ratified a Human Rights Policy on November 12,2018. During the 19th Board meeting (the 3rd session) and has disclosed this information on its Chinese and English websites. From December 6 to December 31 in 2019, Human Rights Policy was promoted for 0.5 hours through e-learning service, 1,265 people passed the test with 91% of completion.

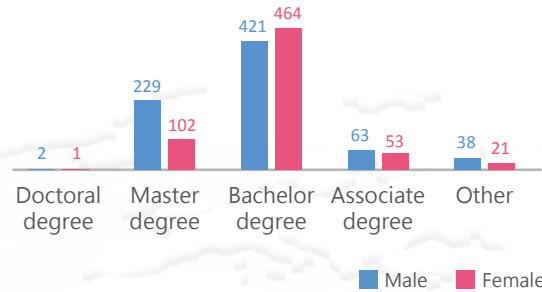
https://www.yangming.com/files/Investor_Relations/人權政策.pdf



Education Distribution Ratio of On-Shore Employee in 2019

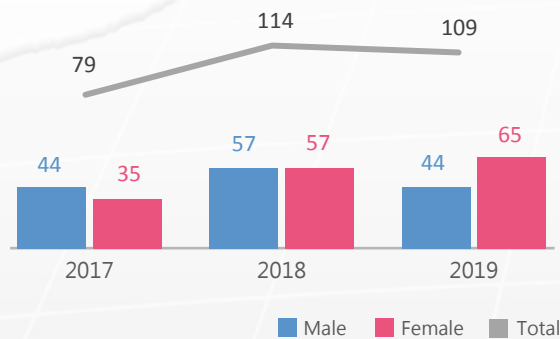


Education Distribution of On-Shore Employee in 2019

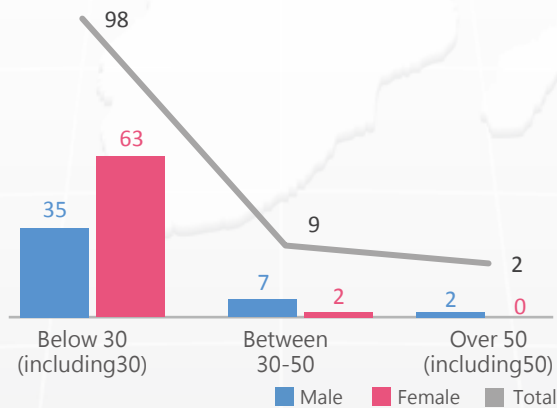


- Comply with the provisions of "Labor Standards Act".
- Abide by internationally recognized labor rights.
- Allow no child labor, forced labor, or activities involving human rights violations.
- Enforce gender equality and non-discrimination. At present, the headquarters of Yang Ming hires a total of 9 colleagues with physical and mental disabilities. If the number of physically and mentally disabled and indigenous people is insufficient among employees, penalty is administered according to the law.
- Due to nature of work of Yang Ming, there is no part-time employee. In addition, some foreign marine personnel are employed.

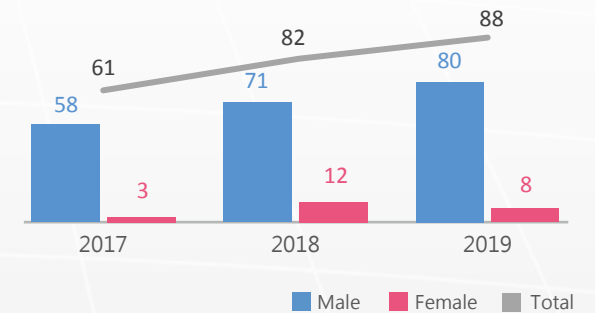
New On-Shore Employee Statistics in Latest 3 Years



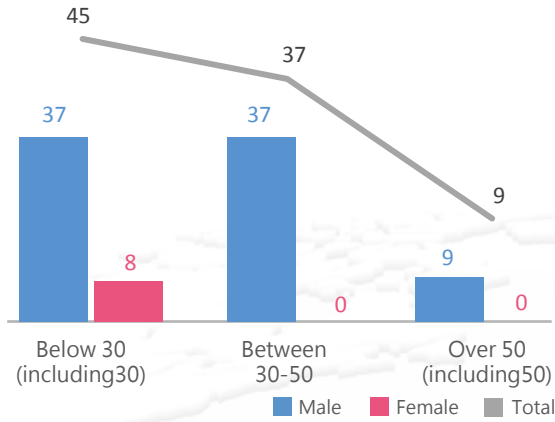
Age Distribution of New On-Shore Employee in 2019



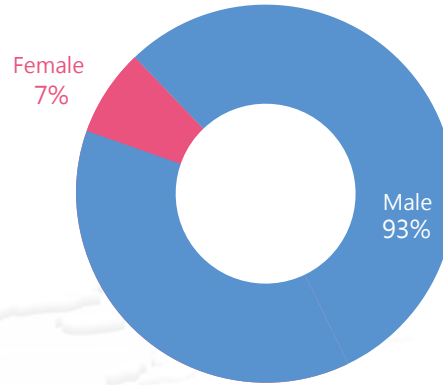
New Off-Shore Employee Statistics in Latest 3 Year



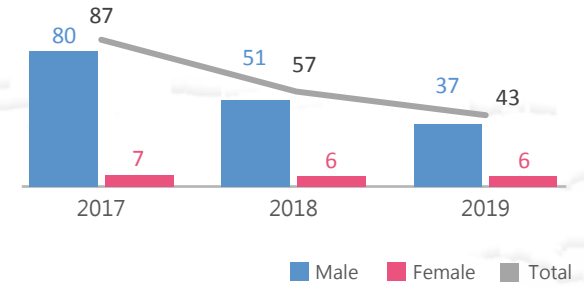
Age Distribution of New Off-Shore Employee in 2019



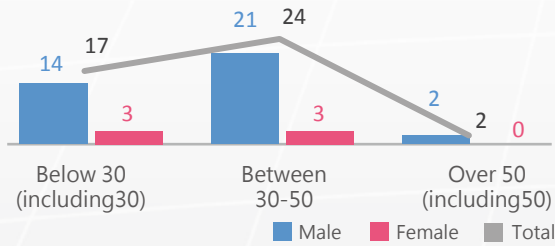
Gender Distribution of Off-Shore Employee in 2019



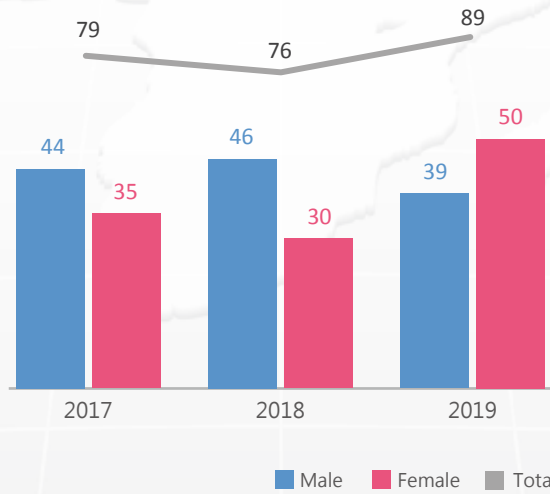
Statistics of Off-Shore Employee Leave in Last 3 Year



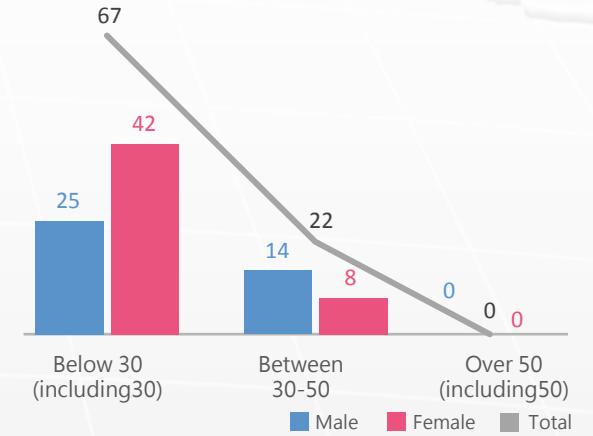
Age Distribution of Off-Shore Employee Leave in 2019



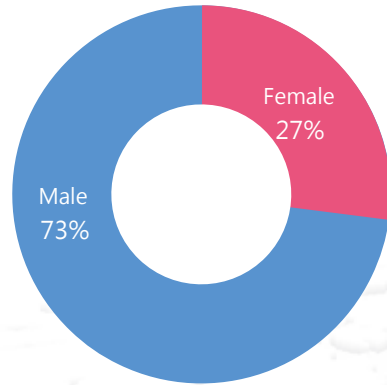
Statistics of On-Shore Employee Leave in Latest 3 Year



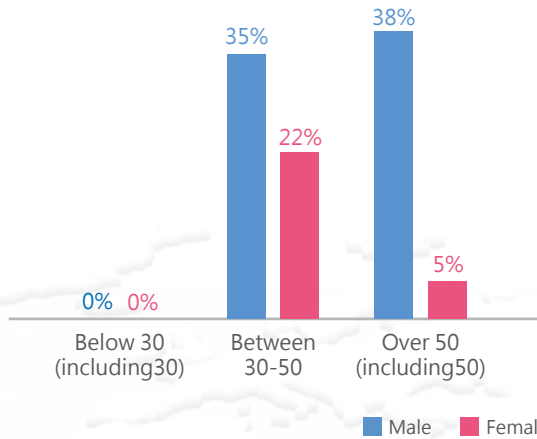
Age Distribution of On-Shore Employee Leave in 2019



Supervisory Gender Ratio in 2019

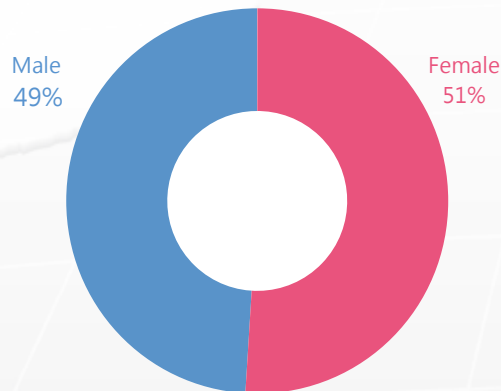


Supervisory Age in 2019

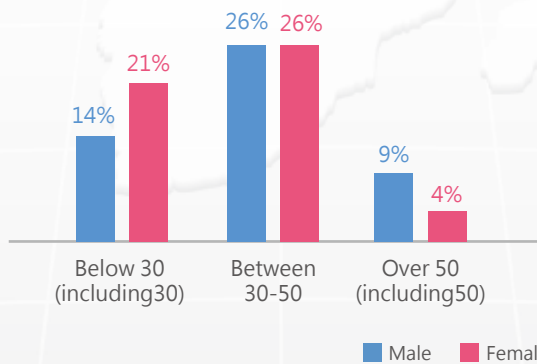


According to "Act of Gender Equality in Employment", we established measures for preventing, correcting sexual harassment, related complaint procedures and disciplinary measures. In addition, the recruitment, selection, hire, assessment and promotion of employees are also based on "Act of Gender Equality in Employment". All men and women are equal. Traditionally, though male employees tend to be the majority in marine industry, the numbers of onshore female employees and managers are increasing year after year. In 2019, the company's supervisory ratio is 73% for male managers and 27% for female managers. The proportion of female managers increased by 2% compared with 2018.

Non-Supervisory Gender Ratio in 2019



Non-Supervisory Age Ratio in 2019



Onshore Unpaid Parental Leave in 2019

Item	Female	Male	Total
Qualified number*	66	54	120
Applicants	17	0	17
Expected number of reinstatements in 2019	14	0	14
Actual number of reinstatements in 2019	11	0	11
Number of reinstatements in 2018	19	2	21
Number of reinstatements in 2018 and keep working for more than one year.	16	1	17
Reinstatement ratio (%)	79%	0%	79%
Reinstatement and keep working ratio (%)	84%	50%	81%

Note:

1. The above numbers are based on the onshore employees. The unpaid parental leave would be applied according to the labor law and our policy of unpaid leave regulation.
2. If offshore female employees are unable to serve on ships after giving birth, upon inquiry of personal wishes and considering the business needs of the company, they will be transferred to onshore work.
3. Employees may apply not only for parental leave, but also birth allowance.

5.2 Employee Learning

5.2.1 Offshore employees

For numerous reasons, such as unpredictable weather, inconveniences at medical treatment, the risk at work for mariner is much greater than people working ashore.

To ensure safety navigation, Yang Ming has set up SMS (safety management system) policy and measures according to ISM Code which includes assembled fleet quality management team and fleet management team to improve safety aboard, hosting ISM Code and various professional skill training sessions annually for officers, crews even cadet.

Goal	Measure of management	Implementation
Safety navigation	Supply occupation safety equipment	All mariners are provided with safety boots and helmet and Standard working procedure to comply with standard of occupation safety.
	Risk assessment system	Set up SOP for risk assessment. Risk assessment score may aid Captain of the vessel in making major decisions.
	Vessel maneuvering simulate training	Cooperate with National Taiwan Ocean University to rebuild cases of maritime accident in simulation program with the consultation of senior Captain for mariner training.
	Anti-piracy	Provide anti-piracy booklet vessel and to prevent pirate boarding by supplying vessel with security equipment such as barbed wire and offering decision-making advice considering the risk of the vessel's navigation area.
Occupation safety	Implement regulation of SOLAS ISM Code	Host training sessions of ISM Code and firefighting training annually, keep record of training to track relevant cost.
	Ship security system Implement regulation of SOLAS ISPS Code	All mariner must obtain training certificate of security duty according to International ship and port facility security code (ISPS); senior officer will be ship security officer in charge of maintenance of the ship's security system after having acquired training certificate.
	Somatosensory training session of occupation safety.	Lower the opportunity of occupational disaster and enhance mariner's knowledge on risk at work through reality experience and learning the correct skill.
Health of mariner	Implement risk assessment before assign mariner to the vessel.	Ensure every mariner fully understands SMS Code and other relative convention and maintains their mental and physical state in person before being assigned to the vessel.

Year of 2019 annual ISM Code and other training session statistics as below table:

Category	Total hours	Male	Female	Total person	Total hours	Average hours per person	Male average hours	Female average hours
Deck department	218	265	70	335	3,443	10.28	10.58	9.14
Engine department	186	118	0	118	2,645	22.42	22.42	0
Common course	112	147	18	165	3,392	20.56	20.58	20.39

Note: Most of the female employee work in Deck department owing to the particularity of the job.

5.2.2 Cooperation with maritime academy.

Chairman of Yang Ming was invited to be a guest lecture at National Taiwan Ocean University. He spoke on "Develop of the Maritime industry-Learn from the past, Live in the present, Investigate the future", which dealt with the present of marine transport industry base on the trade development from the past and how should the industry develop face the impact of global economy depression, hectic situation of politic, rising price of oil and environmental protection regulation. The speech was targeting grad students of NTOU, and the Chairman was hoping to combine theoretical part and the practical part of the industry through the speech and experience shared.

Except the Chairman, other colleagues who are specialized in different fields gave speech at NTOU as well. This is summed up as follows:

Date	Academy	Content	Hours
2019.10.2	NTOU	Develop of the Maritime industry-Learn from the past, Live in the present, Investigate the future	2.5
2019.10.9	NTOU	Operation introduction of container marine transport	2.5
2019.10.16	NTOU	New opportunity of maritime industry-digitized, innovation of operation	2.5
2019.10.23	NTOU	Theory and practice of marine transport marketing	2.5

National Tung Kang Maritime and Fishery Vocational High School teachers are invited to Yang Ming vessels for internship to augment their experience and shorten the skill difference between school and industry. Fifteen teachers have joined this project, Yang Ming see this project as an opportunity to communicate with maritime school, to enhance corporate image, let students see the promising future of being a mariner, and mostly, to nurture the future talent corporate social responsibility.

The competition in global marine transport industry is a never ending battle and only the well trained and educated can handle this job with high professional requirement; all marine transport will need to solve the crucial problem of human resource shortage by working together. Yang Ming not only provides students with internship but also develops cooperation with maritime academy, provide opportunity for students to focus on learning and nurture their professionalism. In the year of 2019, Yang Ming HQ also provided internship, employment guidance to NTOU, National Tung Kang Maritime and Fishery Vocational High School and National Keelung Maritime Vocational High School, in hopes to strengthen cooperation on both sides and combine theoretical part and practical part of the industry together.



Number of internships completed in the year of 2019 is shown as below:

Academy	Number of internships in deck department	Number of internships in engine department	Total number
NKMU	7	6	13
NTOU	4	6	10
TUMT	5	6	11

5.2.3 Onshore employees

Yang Ming believes that employees are the most valuable assets in the company.


To coordinate group development, we set up a human resource development policy, involving teamwork learning, multi-talented employees, managers with all aspects and global talents. We provide a complete development plan. Regarding basic level employees, we present communication skill, team building and other relative courses. In regard to mid or high-level management level, we offer relevant core competency leadership courses. We wish each management and basic level employee can apply what they learn with their work and create better working performance.

Human Resource Development Policy



Teamwork learning,
Multi-talented employees,
Managers with all aspects,
Global talents Employee Development Policy




Orientation

Orientation includes recognition of the company's operating concepts, mission and vision. We provide a series of marine management courses to build up basic know-how of shipping industry and occupational working concepts to guide new comers to get into their work smoothly.


Internal Tutors development

To coordinate with the plan of learning system, we invite outstanding coworkers from different fields to be our internal tutors to share their marine management experience and hold case study seminar to accumulate shipping industry core knowledge and do knowledge management more efficiently.


Management talent development training

Human resource system, management skill and negotiation skills courses are mandatory ability. We will provide management courses periodically or invite external tutors and hold relevant courses.

The average training hours per person in 2019

Item	Onshore employee				Total
	Management		Non-Management		
	Female	Male	Female	Male	
Headcount	78	210	563	543	1,394
Total Training Hours	1,225	3,337	12,699	10,508	27,769
Average Training Hours	15.7	15.9	22.6	19.4	19.9

External Training Courses	Hours	Headcounts	Hour/ Person
Language Training Subsidy (including English, Japanese, German, Spanish, etc.)	1,699	42	40.5hr
Professional Training Subsidy (Including Quality Control, Auditing, Human Resources, Transportation, Occupational Safety, etc.)	2,516	95	164.4hr

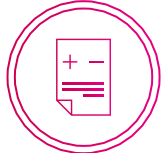
Year	Times of Using e-learning platform by employees
2017	1,189
2018	1,337
2019	1,274

Note: The sum in 2019 are changed to calculating by user count, not by viewed/clicked times in the past.



▲ Yang Ming e-Learning Platform

5.3 Employee Development



Evaluation of Employees' Performance

- From January to December in 2019, 5 seafarers were promoted as Masters, 14 seafarers as Chief Officers, 3 seafarers as Chief Engineers, and 7 as 2nd Engineers. 29 seafarers were promoted in total.
- All employees are requested to be evaluated via PMS (Performance Management System), a standardized system, including performance and career development check.
- The annual target setup, evaluation and progress tracking are conducted periodically.



Foster International Talents

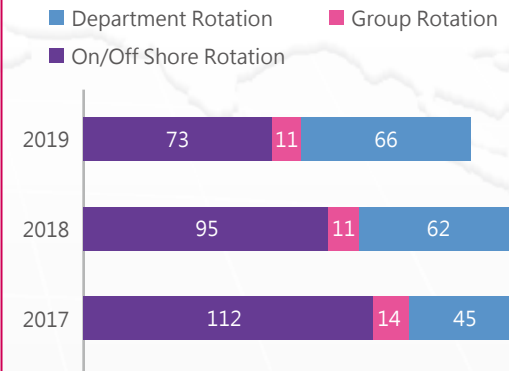
- The rate of overseas job rotation in 2019 was approximately 11%.
- We continuously hold international talent exchange program or invite local employees to visit HQ for bettering their understanding of business operations and management culture.



Rotation

- Recruit announcement
- Enhance group rotation

Rotation Category & Its Number in Lastest 3 Year



Asian Regional Talent Training Program

In order to cultivate local talents from overseas stations, Yang Ming held the "Asian Regional Talent Training Program" in 2019, 26 employees from 12 countries in Asia, joined this program. The training courses included YM group core value, global organizational structure and management and business strategy and operation. By this way, our colleagues could know more about the local operations in Taiwan and convey the concepts, expectations and requirements of the headquarters. We wish our staff all over the world could work together to achieve YM group's goals.



5.4 Occupational Safety and Health

5.4.1 Safety at work

Yang Ming operates container yards and marine transportation which carry high risks in daily work. These risks come from the fleet afloat, container handling on deck, high temperature and maintenance of machine and equipment in the engine room, as well as container handling and trailer transportation in container yard. All standard working process complies with maritime rules and local safety and health regulations.

We also carry out trainings in handling dangerous goods, fire management, first aid, operation safety management, road safety, for safety and health management administrators, contractors and procurement management (Totally, there were 57 trainings for 1,052 participants in 2019). The major types of injury in 2019 were commuting accidents and working injuries during ship sailing. We shall continuously take safety measures to avoid working injury.

2019	Total	Male	Female
Injury rate (IR)	0.33	0.51	0.13
Occupational disease rate (ODR)	0	0	0
Lost day rate (LDR)	2.1	3.98	0.13
Absentee rate (AR)	0.49	0.2	0.8
Work-related fatalities	0	0	0

Notes :

1. IR=(Amount of working injury/total working hours)*200,000
2. ODR=(Number of occupational disease/ total working hours)*200,000
3. LDR=(Total Lost working days/ total working hours)*200,000
4. AR=(Occupational sickness leaves plus sickness leaves)/ total working days *100%

The very nature of shipping, and the environments in which the industry operates, it is not easy to have doctor service during sailing time. According to Maritime Labour Convention (MLC) , to protect our seafarers and make sure they can be cured within best time to reduce any disability possibility and uncertain risk , our Marine department has awareness programs to our seafarers , once arriving at ports , the company provides free service to let our crew go to see the doctors including dentists for routine check-up.

Nationality crew accident frequency and severity rate	2016	2017	2018	2019
Disability injured frequency (Note 1)	4.78	5.09	3.90	3.88
Disability severity frequency (Note 2)	20	56	22	19

Note 1: Each million experience working hours of disability times of injury (count to 2 decimal point)=(crew accident and death toll x 10⁶)/ whole experience working hours.

Note 2: Each million experience working hours of disability injured days (count to integer)=(crew accident and death days x 10⁶)/ whole experience working hours.

Note 3: Cover data of seafarers' death, missing and sickness.

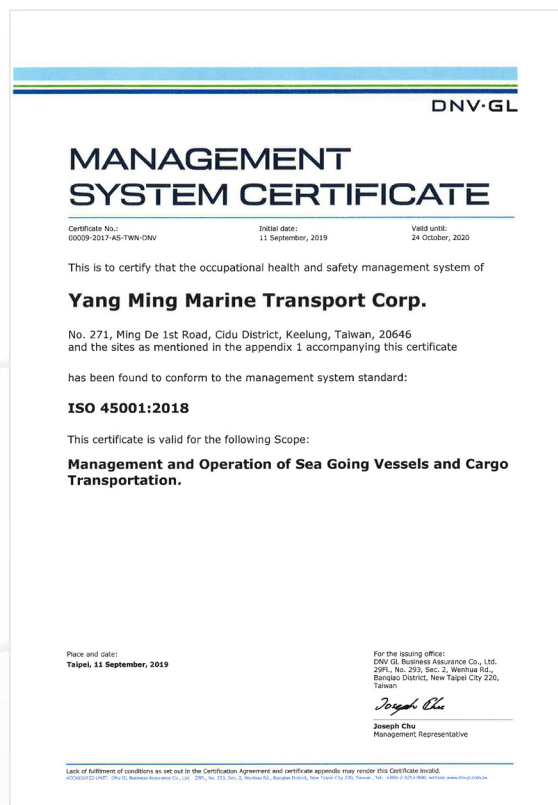


5.4.2 Yang Ming is the first shipping company certified to both ISO 45001:2018 & CNS 45001 for Occupational Health and Safety Management

Yang Ming sets up Occupational Safety and Health Management Department which is operated by dedicated staff in headquarters, branches and subsidiaries. The task of OH&S department is to plan, to promote and to provide advices for OH&S affairs. We also establish Occupational Safety and Health Committee with three labor representatives (go beyond legal requirement). Yang Ming continuously improves occupational health and safety performance and was certified to both ISO45001:2018 by International Standard Organization and Taiwan's CNS 45001 occupational health and safety management systems in 2019. The certification demonstrates Yang Ming's commitment to the trend of international standard and the building of an even healthier and safer working environment. ISO 45001 is the world's first Occupational Health and Safety Management System, which helps enterprises construct a safer, healthier and more sustainable workplace by means of risk identification, constant improvement, and strengthening compliance with current legislation. In 2017 Yang Ming starts to upgrade OH&S (Occupational Safety and Health) management system by attending seminars and trainings, reviewing operation procedures, increasing communication between management and employees; hence the certification to both OH&S management systems. In the days to come, Yang Ming will urge subsidiary companies to implement ISO45001 & TOSHMS and continue to stay true to promote safety/health first commitment, and create a safer, healthier workplace.

For more details, please refer to :

https://www.yangming.com/About_Us/ISO_Management/Safety_and_Health_Management.aspx



ISO 45001 for Occupational Health & Safety Management System Certificate



TOSHMS (Taiwan Occupational Safety and Health Management System Certificate)

5.4.3 Health management and promotion

Item	Item	Description
1	Health examination	Every two years health checkup is offered to all employees, better than the requirement of local regulations. In 2019, a total of 1,092 employees have received health examination.
2	First aid	AEDs (Automated External Defibrillator) are set in workplace for first aid.
3	Health advisory service	We have contracted doctors and full-time registered nurses to provide health advisory service, health management, health risk assessment and health promotion. In 2019, totally 1,059 employees consulted health issues with contracted doctors.
4	Health lecture	We invite safety and health experts to give health lectures. In 2019 totally 900 employees attended health lectures.
5.	Health promotion	In 2019, totally 71 employees joined weight control class.
6	EAPS(Employee assistance programs)	EAPS (Employee Assistance Programs) launched in 2015 help employees to solve problems about emotion, law, health and so on. In 2019, 44 employees took primarily consultations and 7 employees took secondary consultation (with expertise). In respect of satisfaction, the average score was 5.6(on a scale of 6).
7	Massage	Keelung's disadvantaged minority offered massage to employees and serviced 4,130 people in 2019. The service not only relieves the stress of employees but also took care of the disadvantaged as CSR action.
8	Health knowledge sharing	To share health information irregularly for all staff by using emails or internal webflow.
9	Remote medical counsel	We signed an agreement with Keelung Hospital of remote medical services. Once a crew member suffers injury on the ship or other medical issue, the captain can fax the Keelung Hospital's emergency room for timely advice. The physician faxes back medical advice so injuries and emergency can also be dealt with instructions. In 2019, we had a total of 17 remote medical consultations.



Sitting position adjustment



First-aid training



Lung function test



Maternal health protection activity



Examination of the Oral Mucosa



5.4.4 Simulation of fire rescue for Yang Ming Ci-du building

The fire department reminds that only when all employees receive emergency reaction training in the ordinary time, self-rescue in the initial stages can be effectively carried out when a fire occurs and expansion of disasters and casualties can be reduced and the concept of "Our properties should be protected by ourselves" can be strengthened. We hope via periodic exercises to let all employees be familiar with management mechanism of the scene of a fire and safeguard the safety of life of all personnel and reduce the loss of properties.

Fire-fighting Exercise in Cidu Building

Yang Ming Cidu Building is a high-rise building. According to the regulation of fire law, it is classified as a B category working place and fire safety equipments should be installed. In order to implement the maintenance and management of fire safety equipments, we entrust professional institution to inspect and maintain fire safety equipments every month. We also submit "Declaration form of fire safety equipments inspection report" to fire management authority before the deadline of declaration every year. In order to implement the fire prevention task in the ordinary time, we monitor the characteristics of usage of building, fire evacuation facilities, gas equipments and the installation of fire safety equipments and organize a fire prevention task force.

By means of fire-fighting exercise held every half year to educate and train employee, we expect everyone can bear the responsibility of prevention and rescue when disaster occurs.



Fire-fighting exercise in Cidu Building twice per year

5.5 Employees' Rights and Benefits

Yang Ming believes that employees are the most valuable assets in the company. In order to stimulate employees to develop their potentials and demonstrate high quality of work, we provide appropriate compensation for on-shore and off-shore employees, and improve the welfare system in compliance with legal requirements and the provisions of the crew's group agreement. We take care of our employees and reward them in accordance with the company's operational goals and personal performance so as to attract and retain outstanding talent. Yang Ming complies with the Labor Standards Law and maintains a harmonious labor relationship.

5.5.1 Working hours

The company's working hours, rest, vacations and overtime are all in compliance with the labor laws.

5.5.2 Employees' welfare

The overall salary of the company is based on the spirit of equal pay for equal work. There is no gender difference in the starting salary of the grass-roots staff. The basic starting salary of Yang Ming employees is NTD 32,000 (Taiwan's basic starting salary is NTD23,100). The salary information of full-time employees who are not in the position of supervisor is also announced on the public information on time according to the regulations. (<https://mops.twse.com.tw/mops/web/t100sb15>).

Full-time employee salary information for non-supervisory positions

(Unit: NT\$Thousand)

Item	2018	2019	Compare with last year (%)	Description
No. of Full-time employee for non-supervisory positions	1,480	1,485	0.34%	
Average monthly salary (thousand)	994	1,037	4.33%	
Median salary (thousand)	NA	914	NA	The declaration for the first time applies at the end of April 2020

For more employees' welfare details please see below:

1.Appropriate for welfare	The welfare benefits will be provided at a rate of 0.6 thousandth of the operating income, and deductions will be made on a monthly basis for 5 thousandth of the employee's payroll, which will be handed over to the Employee Welfare Committee for various welfare services.
2.Leave	Annual paid leave in line with the provisions of Labor Standards Law, in addition to 5 days with paid leave for sick and personal affairs. Seafarers comply with the Seafarer Act.
3.Pension	Based on "Labor Standards Law" and "Labor Pension Act," Yang Ming has set up employee retirement pension. The company sets aside a monthly pension to the designated account to protect employee's pension charges and payments as an encouragement for an employees' long-term job involvement.
4.Entrustment	Company compensates workers for 30% employee Stock Ownership Trust.
5.Insurance	Labor, national health and business trip safety insurance.
6.Health Care	Provide quality health checks at a frequency that is better than the law. Professionals regularly provide the health knowledge and hold health events. The relevant content can be seen in the description of 5.4.3.
7. Multiple Subsidy Programs	Subsidy programs for 2019; participation/beneficiary number; input/subsidy amount (thousand) Cash gift for birthday ; 1,899 ; 3,798 Cash gift for wedding ; 36 ; 180 Cash gift for retirement ; 50 ; 500 Cash gift for hospitalized employees ; 99 ; 200 Cash gift for child birth ; 59 ; 295 Education grants for Employees' Children (2 times/year) ; 1,016 ; 4,351 Scholarship for Employees' Children (2 times/year) ; 136 ; 650
8.Wedding Subsidies	In order to enhance the happiness of coworkers' family, Yang Ming hold annual commemoration of the 40th, 30th, 20th and 10th anniversary of coworkers' marriage. Each family will be given the gold gift of 6 dags, 5 dags, 4 dags and 3 dags. In 2019, 70 people received gold gifts.
9.Club Activity	Currently there are over 30 clubs, such as Ping-Pong, badminton, golf, tennis, basketball, swimming, bowling, photography, mountain climbing, aerobic dancing, yoga, and board games.
10.Hiking Activity	Annual hiking activity was held for on/ off shore coworkers, their family and retired coworkers as well with a lucky draw. The hiking activity improves the mind and body and connects with coworkers' emotions.
11.Childcare	Cooperate with legal chain childcare service organizations, and provide preferential childcare services for colleagues, in line with the provisions of "Act of Gender Equality in employment".

5.5.3 Freedom of association

The Yang Ming Marine Union has existed for more than 21 years. Employees are free to join or withdraw from it. There was 75.5% of participation tallied at the end of 2019 in the Union. To this date, employment and labor relation is well-maintained and no collective agreement law has been drawn up yet.



5.6 Open Communication Channels

As a transnational shipping company, Yang Ming believes an unobstructed flow of prompt and correct information to our employees is necessary. We also regard assisting our employees all over the globe in solving problems on their jobs as our important responsibility. In order to foster unobstructed two-way communication, we conduct opinion polls and employee satisfaction surveys regularly to listen and respond to employees' opinions for enhancing management efficiency. Besides, 4 labor-management meetings have been held on a quarterly basis since January of 2019, it is planned to hold the meeting quarterly.

In order to enhance team harmony, protect employees' rights, and help employees solve problems related to human resources, the company also set up an exclusive employee mailbox: employeebox@yangming.com. An employee can make suggestions, inquiries, and complaints using this mail box. The mailbox can only be handled by dedicated unit managers or designated managers, so the process is confidential.



5.7 Community Engagement

Yang Ming Marine Transport Corporation promotes oceanic culture activities through the integration of its shipping expertise with the cultivation of a social and humanistic spirit. After establishing the "Yang Ming Cultural Foundation," it founded the "Yang Ming Oceanic Culture & Art Museum (OCAM)" in Keelung in 2004 and the "Yang Ming Museum of Marine Exploration (MOME)" in Kaohsiung's Cijin District in 2007. The museums organize various types of special exhibitions and activities related to oceanic culture, as well as actively promote local cultural education based on the concept of universal social participation. Their special exhibitions, arts and cultural activities, courses, and workshops have all received wide acclaim. "YM Museum of Marine Exploration" ceased operations in December 2019 in accordance with the corporation's strategic plan.

YM Museum of Marine Exploration Ceases Operations

"Yang Ming Museum of Marine Exploration" managed by the "Yang Ming Cultural Foundation" ceased operations in December 2019 as part of the future strategic plan, marking the end of its chapter in southern Taiwan.

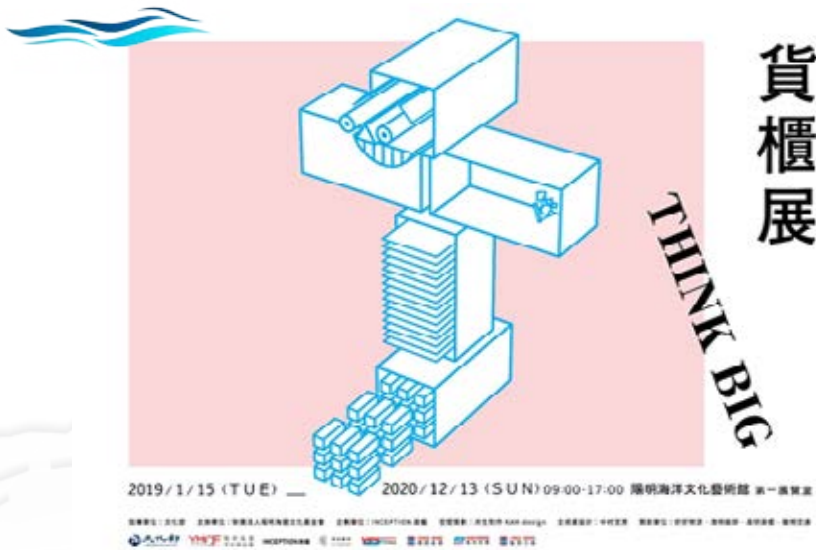
YM Museum of Marine Exploration began working hard as soon as it opened to offer a variety of activities related to oceanic education. It organized traveling exhibits to elementary schools all around Kaohsiung, and also set up a lecture hall inside the museum. It offered fishing village cultural experiences, and hosted parent-child DIY activities. These activities received an enthusiastic response. Over the years, the museum also invited students at the elementary school level and below to visit the museum installations for free, allowing them to develop a closer relationship with the ocean and get to know all of its characteristics. During its 12 years of community engagement, YM Museum of Marine Exploration organized over 235 activities, planned 19 themed exhibitions, and welcomed over 850,000 visitors. It successfully transformed into a private museum with deep cultural significance for Cijin District. Apart from organizing special exhibitions, it also helped to draw numerous visitors to Cijin District.

Yang Ming Cultural Foundation thanks everyone who ever visited "YM Museum of Marine Exploration." The time to say goodbye has arrived, but wonderful memories remain behind. Yang Ming Oceanic Culture & Art Museum in Keelung will continue with the public mission of promoting and passing on oceanic culture and working hard on behalf of oceanic education.



5.7.1 Organizing special exhibitions and activities on oceanic culture

YM Oceanic Culture & Art Museum – Think Big – Exhibition on Containers



This exhibition integrates shipping expertise and was planned by design agency INCEPTION Cultural and Creative Company. Designer Norio Nakamura was invited to come up with the key visual design. He used the "design" perspective of THINK BIG to reconstruct the importance of "containers" in everyday life, the future, and shipping. Eight emerging Taiwanese talents in the fields of graphic design, illustration, metalworking, collage art, 3D printing, printing, and architectural design were also invited to collaborate with the exhibition.

As innovations in transportation have narrowed the distance between countries, "shipping" has become the primary method for the international exchange of goods. "Containers" play a significant role in shipping. These rectangular metal boxes carry goods from all corners of the world and travel by sea day and night to bring fresh Alaskan cod to dinner plates, Vietnam-manufactured clothing to closets, and Taiwan-made computers to European shopping centers. In fact, if you carefully look at everything around you, you'll realize that nearly all the objects reached their destinations inside containers shipped by sea.

Can containers be used for purposes other than stowing goods? This exhibition not only takes you through the ins and outs of containers, but also gives you the opportunity to think outside the box through the disassembly and reorganization of these metal boxes. When you see their unlimited potential, you'll not only THINK, but also THINK BIG!



5.7.2 List of activities in 2019

January and February

- Think Big – Exhibition on Containers (OCAM)
- SEAing Life – Special Exhibition on the Transportation Renaissance (OCAM)
- Super Seaweed – Kelp Special Exhibition (MOME)
- "Welcoming the Lucky Year of the Pig" Chinese New Year Activity (MOME)



March and April

- Come! Harbor Market (OCAM)
- 2019 Keelung Fairy Tales Festival (OCAM)
- Container Check-in and Photo Opportunity (OCAM)
- Keelung Information Station (in collaboration with the Keelung City Government's Department of Transportation and Tourism) (OCAM)

Note: 21 employees served as volunteers during the 2019 Keelung Fairy Tales Festival (April 4-7, 2019).

May and June

- 2019 Floating House Maker Project Competition and Achievement Exhibition (OCAM)
- Millet Wine Story Exhibition – You Care About Us (OCAM)
- 2019 Summer Workshop (OCAM)
- "Ocean Caretaker" Environmental Education Experience (MOME)



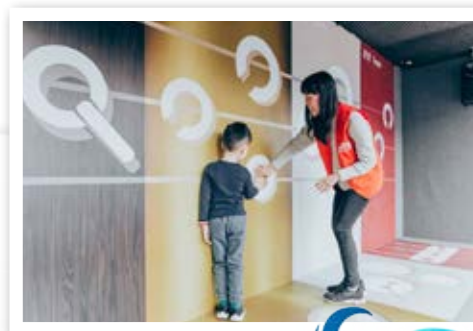
July and August

- Life by the Harbor Market (held every month) (OCAM)
- "Ocean Classroom" Kelp Special Exhibition and Crab Catching Experience (MOME)
- "Fall in Love with the Port of Kaohsiung" – Port Group Tours (MOME)
- Kaohsiung Fun Arts Summer Festival (MOME)



September and October

- 2019 Voice of the Sea Lecture Series (OCAM)
- Halloween Street Parade (OCAM)
- Symbiosis with the Sea Special Exhibition – Secrets of Maritime Signal Flags (OCAM)



November and December

- Call for Entries - Port of Keelung Children's Picture Book Competition (OCAM)
- Maritime Search and Rescue Ocean Committee (OCAM)
- Celebrate Christmas by Drinking Coffee with Snowmen! (OCAM)
- Motor Boat Maker Course x Scratch Programming Course (OCAM)
- Dessert Workshop / Heartwarming Hour (OCAM)
- Learning City – Reading Activity (OCAM)

Yang Ming Oceanic Culture & Art Museum (Activities and Number of Participants)

Activity	Dates	Number of Participants	Investment Amount (NT\$, including government subsidies)	Target Groups
Think Big – Exhibition on Containers	Jan. 15, 2019 – Dec. 13, 2020	14,194 visitors	NT\$3 million	All groups
SEAing Life – Special Exhibition on the Transportation Renaissance	Jan. 15, 2019 – Dec. 31, 2019	14,194 visitors	NT\$500,000	All groups
Come! Harbor Market	Feb. 10, 2019	90 visitors	NT\$0 (part of the Life by the Harbor Special Exhibition)	All groups
2019 Keelung Fairy Tales Festival	April 4, 2019 – April 7, 2019	308,628 visitors	NT\$2.7 million	Keelung City residents
Container Check-in and Photo Opportunity (Facebook activity)	Jan. 15, 2019 – March 31, 2019	37,146 visitors	NT\$9,000	All groups
Information Station Raincoat Selling Activity	Feb. 1, 2019 – March 31, 2019	29	NT\$0 (part of a Keelung City Government activity)	All groups
2019 Floating House Maker Project Competition	Jan. 23, 2019 (elementary school division) Jan. 24, 2019 (junior high school division) Final: May 18, 2019	160	NT\$750,000	Keelung City elementary and junior high school students
Millet Wine Story Exhibition – You Care About Us	June 7, 2019 – July 6, 2019	178	NT\$250,000	All groups
Millet Wine Story Exhibition – You Care About Us (workshop)	June 7, 2019 – Aug. 25, 2019	867		Age 18 and above
2019 Summer Workshop	July 20, 2019 – Aug. 17, 2019	30	NT\$6,000	Parents and children
Life by the Harbor Market	Second Saturday of every month in 2019	400 visitors	NT\$50,000	All groups
2019 Voice of the Sea Lecture Series (five sessions)	Sept. 21, 2019 – Oct. 26, 2019	146	NT\$0 (co-organized with National Taiwan Ocean University)	All groups
Halloween Street Parade	Oct. 3, 2019 – Oct. 28, 2019	150	NT\$3,000	Parents and children
Symbiosis with the Sea Special Exhibition – Secrets of Maritime Signal Flags	Oct. 3, 2019 – Oct. 28, 2019	241 visitors	NT\$0 (co-organized with sharing platforms)	All groups
Call for Entries - Port of Keelung Children's Picture Book Competition	Sept. 1, 2019 – Oct. 31, 2019	36 entries	NT\$300,000 for the call for entries, NT\$300,000 for promotional activities	Age 18 and above
Maritime Search and Rescue Ocean Committee	Nov. 7, 2019 Nov. 8, 2019 Nov. 15, 2019 Nov. 20, 2019 Nov. 21, 2019	280	NT\$100,000	All groups
Celebrate Christmas by Drinking Coffee with Snowmen!	Dec. 10, 2019 – Jan. 5, 2020	200	NT\$50,000	All groups
Motor Boat Maker Course x Scratch Programming Course	September 2019 – December 2019	166	NT\$0	Parents and children
Dessert Workshop / Heartwarming Hour	September 2019 – December 2019	156	NT\$25,900	Parents and children
Learning City – Reading Activity	Oct. 1, 2019 – Nov. 30, 2019	320	NT\$200,000	Taipei City, New Taipei City, Keelung elementary school students
2019 Port and Ship Tours	All of 2019	1,637	NT\$0 (sponsored by a ship company)	All groups

Yang Ming Museum of Marine Exploration (Activities and Number of Participants)


Activity	Dates	Number of Participants	Investment Amount (NT\$, including government subsidies)	Target Groups
Super Seaweed – Kelp Special Exhibition	Jan. 1, 2019 – Nov. 30, 2019	37,841 visitors	NT\$1.5 million	All groups
"Welcoming the Lucky Year of the Pig" Chinese New Year Activity	Feb. 6, 2019 – Feb. 8, 2019	1,726 visitors	NT\$30,000	All groups
"Ocean Caretaker" Environmental Education Experience	June 5, 2019 – June 9, 2019	212	NT\$300,000	Parents and children
"Ocean Classroom" Kelp Special Exhibition and Crab Catching Experience (16 sessions)	June 2019 – November 2019	875	NT\$10,000	Parents and children
"Fall in Love with the Port of Kaohsiung" Port Group Tours (three group tours)	January 2019 – June 2019	95	NT\$15,000	Groups
Kaohsiung Fun Arts Summer Festival	Aug. 6, 2019	253 visitors	NT\$0	All groups



2020 Plans

	Plan Name	Plan Category	Plan Objectives	Implementation Information	Planned Dates	Implementation Methods	Estimated Number of Events	Estimated Number of Participants	Expected Benefits
1	Special Exhibition on the Transportation Renaissance – 2019 Exhibition on Containers – Think Big	<input checked="" type="checkbox"/> Normal type <input type="checkbox"/> Series type	To use containers as a medium to talk about Taiwan's economy, Keelung's culture, and everyday life.	Containers have not only sustained Taiwan's economic development and provided people with daily necessities, but are also the most common type of large object seen in Keelung. Containers have carried goods, as well as the dreams and livelihoods of people, from past to present, and from large economies to small consumption.	Jan. 15, 2019 – Dec. 9, 2020	Exhibition	1	20,000	Understanding the development of container transportation in Taiwan.
						Promotional activity	3	300	
2	Historical Buildings and Shipping Exhibition	<input checked="" type="checkbox"/> Normal type <input type="checkbox"/> Series type	To reflect on the core value of historical buildings and establish a local shipping industry knowledge base.	The relationship between historical buildings, ports, and transportation will be reconnected through narratives about the "history of buildings" and "shipping culture."	November 2019 – Dec. 10, 2020	Exhibition	1	20,000	Preserving the historical value of Keelung's culture and shipping.
3	Keelung Fairy Tales Festival – Color Keelung	<input type="checkbox"/> Normal type <input checked="" type="checkbox"/> Series type	To jointly create large-scale land art in the Port of Keelung through collaborations between residents and the collection of historical artifacts.	A color landscape of the port and city of Keelung will be created through the creation of installation art by residents, the collection of photographs, and market fair activities.	April 2020 – May 2020	Promotional activity	1	50,000	Activating local cultural characteristics, promoting the artistic and cultural literacy of residents.
4	Floating House – Floating Container Home Maker Competition	<input type="checkbox"/> Normal type <input checked="" type="checkbox"/> Series type	To integrate environmental education topics and container reuse, and discuss future housing solutions necessitated by climate change.	Teacher-learning courses will be developed and integrated with maker programming capabilities. There will also be discussions on future housing solutions necessitated by environmental change. Keelung schools will be invited to participate in the competition, and the winning entry will form part of a traveling exhibit after the final.	January 2020 – May 2020	Seminar	2	200	Promoting the concept of environmental conservation.
						Competition	1	200	
5	Call for Entries – Port of Keelung Children's Picture Book Competition	<input type="checkbox"/> Normal type <input checked="" type="checkbox"/> Series type	To help children understand the distinguishing feature of their hometown, the Port of Keelung, through the creation and publication of picture books.	The focus is on the creation of picture books with themes suitable for children aged five to nine. There are no limits to entry. Preliminary round → Second round and interviews → Announcement of winners → Book publication → Book promotion → Book launch	September 2019 – December 2020	Competition	1	35	Getting to know the Port of Keelung.
						Prizes and subsidies	1	1	
						Promotional activity	5	100	

Appendix I. Verification Statement of Greenhouse Gas Assertions



INDEPENDENT ASSURANCE STATEMENT

Statement No.: 00005-2020-AG-TWN Issued date: 10 March, 2020 Page 1 of 2

This is to verify the reported Clean Cargo Working Group (CCWG) CO₂ and SO_x data submission (2019) of


YANG MING MARINE TRANSPORT CORP.

Scope of Verification
DNV GL Business Assurance (hereafter "DNV GL") has been commissioned by YANG MING MARINE TRANSPORT CORP. (hereafter "YM") to perform a verification of the reported data of the reported Clean Cargo Working Group (hereafter "CCWG") CO₂ and SO_x data submission for the year ended of 31st Dec., 2019 (hereafter "the Reported Data" or "the Data Submission").

Verification Criteria and GHG Programme
The verification was performed on the basis of CCWG's assurance methodology "Procedure and guidance for verifying the CO₂ and SO_x emissions data submission Version 3.0", which is based on BSR's professional experience, as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting.
The verification was conducted in accordance with recognized international standards in this area, in particular ISO 14064-3 "Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions".


Verification Statement
It is DNV GL's opinion that with limited assurance, on the basis of the verification undertaken, nothing came to our attention to suggest that the Reported Data downloaded in 29th February 2020 does not properly describe YM's adherence to the verification criteria identified as stated above. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

For and on behalf of DNV GL Taipei Office
Hsiarlin Tim Kuo
GHG Verifier




Place and date:
Taipei, 10 March, 2020

For the issuing office:
DNV GL Business Assurance Co., Ltd.
29FL, No. 293, Sec. 2, Wenhua Rd.,
Banqiao District, New Taipei City 220,
Taiwan



Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV GL cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV ZNATW-OP-I-50, Rev. 7, 2015-11



Statement No.: 00005-2020-AG-TWN Page 2 of 2
Place and date: Taipei, 10 March, 2020

Supplement to Statement

Process and Methodology
The reviews of the Data Submission and the subsequent follow-up interviews have provided DNV GL with sufficient evidence to determine the fulfilment of stated criteria. The verification process including,

- Desk review: Initial review of data submitted in the CCWG Turnkey system and supporting documentation, including completeness check and review of the methodology used.
- Office audit:
 - Review of monitoring and reporting processes,
 - interview with personnel responsible for the aggregation and submission of CO₂ and SO_x emissions data and qualitative information, and sampling of historical data.
 - Verify the effective implementation of the system for collecting and reporting emissions data and information for the sampled vessels,
 - Sample vessel emissions data, and
 - Cross-check the data against the carrier database and other supporting documentation made available.

In this stage, DNV GL verified ten (10) sampling vessels within one hundred and two (102) vessels in total.

- Final review and audit report: Final review of data submitted in the Turnkey system after corrections and audit report stating the level of assurance, observations and recommendations.

DNV GL's verification engagements are based on the assumption that the data and information provided by YM as part of review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Materiality
YM have established the data collection and aggregation process for the CCWG project. The process to determining the issues that are most relevant to YM for CCWG CO₂ and SO_x data collection and reporting from each vessel. Nothing came to our attention that the Reported Data does not properly.

Completeness
Per CCWG requirement, the Data Submission should cover the full reporting period (1st Jan. to 31st Dec. 2019) and all vessels (owned and chartered) operated by YM, this includes all owned and chartered vessels operated by the carrier for over 90 days during the reporting period. Nothing came to our attention that the Reported Data does not properly.


Accuracy and Reliability
The Company has developed the data flow for capturing and reporting CCWG Data Submission. Some errors or omissions of the data identified during the verification process have been corrected. In accordance with limited level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified data and information presented in the Data Submission is not reliable.

Verification Opinion

Verified without Qualification
 Verified with Qualification, explain Qualifications:
 Unable to Verify

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV GL cannot guarantee the accuracy or correctness of the information. DNV GL cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV ZNATW-OP-I-50, Rev. 7, 2015-11

Appendix II. Independent Assurance of CSR Report



Independent assurance statement

Scope and approach

Yang Ming Marine Transport Corporation ('Yang Ming' or 'the Company') commissioned DNV GL Business Assurance Taiwan ("DNV GL") to undertake independent assurance of the 2020 Corporate Social Responsibility Report (the "Report") for the year ended 31 December 2019.

We performed our work using DNV GL's assurance methodology VeriSustain™¹, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

We understand that the reported financial data and information are based on data from Yang Ming Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing the evaluation of reporting principles and selected performance information with a Moderate level of assurance, according to the DNV GL VeriSustain™.

Responsibilities of the Directors of Yang Ming Marine Transport Corporation and of the assurance providers

The Directors of YANG MING have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of YANG MING; however, our statement represents our independent opinion and is intended to inform all of YANG MING stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL provides a range of other services to Yang Ming, none of which constitute a conflict of interest with this assurance work. This is the 4th year that we have provided assurance.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.


Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

- Review of the current corporate responsibility issues that could affect YANG MING and are of interest to stakeholders;
- Review of YANG MING's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by YANG MING on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of corporate responsibility issues and review of selected evidence to support issues discussed;
- Site visits to the HQ to review process and systems for preparing site level corporate responsibility data and implementation of corporate responsibility strategy;
- Review of supporting evidence for key claims and 2019 data in the report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. Where financial data had been checked by another third party, and, where data of ships' Green House Gases Emission has been verified by DNV GL, we tested transposition from these sources to the report.
- An independent assessment of Yang Ming reporting against the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core Option).
- The verification was conducted based only on the Chinese version Report.

Opinion

¹ The VeriSustain protocol is available on dnvgl.com



On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Yang Ming adherence to the Principles. In terms of reliability of the performance data, in accordance with Moderate level assurance requirements, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion we also provide the following observations.

- The management approach can be improved by involving with clearer and consistent strategies in each significant topic. It is suggested to establish specific objectives/ targets from short terms to long terms for continuous performance improvement.
- The process of stakeholder engagement could be improved. The methodology of determination of stakeholders, engagement topics and communication process should be established and maintained.
- This is the first year that Yang Ming applied the frameworks provided by Task Force on Climate-related Financial Disclosures (TCFD). Followings are the areas that need improvement:
 - consider longer-term strategies and most efficient allocation of capital in light of the potential financial impacts of climate change;
 - resilience strategy, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario, and scenarios consistent with increased physical climate-related risks.
- Improving the data gathering process to cover all impact boundaries of significant topics for continual reporting.

Stakeholder Inclusiveness

The Company has identified the expectations of stakeholders through internal mechanisms in dialogue with different groups of stakeholders. The stakeholder concerns are well identified and documented. The significant CSR issues identified through this process are reflected in the Report.

Sustainability Context

Corporate Social Responsibility Report provides an accurate and fair representation of the level of implementation of related Corporate Social Responsibility (CSR) policies, and meets the content requirements of the GRI Standards.

Materiality

The process developed internally has not missed out any significant, known material issues, and these issues are fairly covered in the Report. A methodology has been developed to evaluate the priority of these issues.


Completeness

The Report covers performance data against the GRI Standards core indicators that are material within the Company's reporting boundary. The information in the Report includes the company's most significant initiatives or events that occurred in the reporting period.


Accuracy and Reliability

The Company has developed the data flow for capturing and reporting its CSR performance. In accordance with Moderate level assurance requirements, we conclude that no systematic errors were detected which causes us to believe that the specified CSR data and information presented in the Report is not reliable.

For and on behalf of DNV GL Taiwan
Date: 26 MAY 2020



Johnny Wu
Lead Verifier
DNV GL – Business Assurance Taiwan
Statement Number: 00006-2020-ACSR-TWN



David Hsieh
Sustainability Service Manager,
Greater China

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Appendix III. GRI (Global Report Initiative) Standard Sustainability Reporting Guidelines

General Standard	Disclosure		Related Section	Page
GRI 102 General disclosures 2016	102-01	Name of the organization	1.1 Company Profile	P.04
	102-02	Activities, brands, products and services	1.1 Company Profile	P.04
	102-03	Location of headquarters	1.1 Company Profile	P.04
	102-04	Location of operations	1.1 Company Profile	P.04
	102-05	Ownership and legal form	1.1 Company Profile 1.3 Ownership Structure and Financial Performance	P.04 P.06
	102-06	Markets served	1.2 Business Plan	P.05
	102-07	Scale of the organization	1.1 Company Profile 1.2 Business Plan 1.3 Ownership Structure and Financial Performance 5.1 Employees Structure	P.04 P.05 P.06 P.43
	102-08	Information on employees and other workers	5.1 Employees Structure	P.43
	102-09	Supply chain	1.6 Supply Chain and Supplier Management	P.12
	102-10	Significant changes to the organization and its supply chain	Editorial Principle	P.01
	102-11	Precautionary Principle or approach	4.1 Management Scope	P.32
	102-12	External initiatives	2.4 Association Membership	P.18
	102-13	Membership of associations	2.4 Association Membership	P.18
	102-14	Statement from senior decision-maker	From The Chairman and Chief Executive Officer	P.02
	102-15	Key impacts, risks, and opportunities	From The Chairman and Chief Executive Officer 1.4 Future Operation Plan	P.02 P.07
	102-16	Values, principles, standards, and norms of behavior	1.1 Company Profile 1.6.1 Supplier Management 3.3 Value of Honesty and Ethic	P.04 P.12 P.29
	102-18	Governance structure	2.2 Division of Sustainable Develop 3.1 Corporate Governance Framework	P.16 P.28
	102-21	Consulting stakeholders on economic, environmental, and social topics	2.6 Identifying Stakeholders and Major Topics	P.20
	102-40	List of stakeholder groups	2.6 Identifying Stakeholders and Major Topics 2.6.1 Major 2019 Topics on Sustainable Operation	P.20 P.22
102-41	Collective bargaining agreements	5.5.3 Freedom of Association	P.57	

General Standard	Disclosure		Related Section	Page
GRI 102 General disclosures 2016	102-42	Identifying and selecting stakeholders	2.6 Identifying Stakeholders and Major Topics	P.20
	102-43	Approach to stakeholder engagement	2.3 CSR Internalize and Commutation 2.6 Identifying Stakeholders and Major Topics	P.17 P.20
	102-44	Key topics and concerns raised	2.6 Identifying Stakeholders and Major Topics 3.6 Promotion of Information Transparency	P.20 P.31
	102-45	Entities included in the consolidated financial statements	Editorial Principle 1.3 Ownership Structure and Financial Performance	P.01 P.06
	102-46	Defining report content and topic Boundaries	Editorial Principle 2.6.1 Major 2019 Topics on Sustainable Operation	P.01 P.22
	102-47	List of material topics	2.6 Identifying Stakeholders and Major Topics	P.20
	102-48	No Restatements of information	Editorial Principle	P.01
	102-49	Changes in reporting	2.6.1 Major 2019 Topics on Sustainable Operation	P.22
	102-50	Reporting period	Editorial Principle	P.01
	102-51	Date of most recent report	Editorial Principle	P.01
	102-52	Reporting cycle	Editorial Principle	P.01
	102-53	Contact point for questions regarding the report	Editorial Principle	P.01
	102-54	Claims of reporting in accordance with the GRI Standards	Editorial Principle	P.01
	102-55	GRI content index	Appendix III	P.66
102-56	External assurance	Editorial Principle	P.01	
GRI103 Management approach 2016	103-2	The management approach and its components	From The Chairman and Chief Executive Officer 1.2 Business Plan 1.4 Future Operation Plan 1.5 Customer Service 2.1 Sustainable Development in Short/ Medium/ Long Term 2.2 Division of Sustainable Develop 2.3 CSR Internalize and Commutation 3.1 Corporate Governance and Performance 3.5 Risk Management 4.1 Management Scope 4.2 Energy Saving and Decarbonization	P.02 P.05 P.07 P.08 P.15 P.16 P.17 P.28 P.30 P.30 P.32 P.34

General Standard	Disclosure		Related Section	Page
GRI 200 Economic				
GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.3 Ownership Structure and Financial Performance	P.06
	201-2	Financial implications and other risks and opportunities due to climate change	3.5 Risk Management 4.1 Management Scope	P.30 P.32
GRI 300 Environmental				
GRI 302 Energy 2016	302-4	Reduction of energy consumption	4.1 Management Scope 4.2 Energy Saving and Decarbonization	P.32 P.34
	302-5	Reduction in energy requirements of products and services	4.1 Management Scope 4.2 Energy Saving and Decarbonization	P.32 P.34
GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1 Management Scope 4.2 Energy Saving and Decarbonization 4.3 Air Pollution Reduction	P.32 P.34 P.37
	305-5	Direct (Scope 1) GHG emissions	4.1 Management Scope 4.2 Energy Saving and Decarbonization 4.3 Air Pollution Reduction	P.32 P.34 P.37
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.3 Air Pollution Reduction	P.37
GRI 306 Effluents and waste 2016	306-2	Waste by type and disposal method	4.4 Marine Pollution Prevention Control	P.38
GRI 307 Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.1 Management Scope	P.32
GRI 400 Social				
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	5.1 Employee Structure	P.43
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.5 Employee's Rights and Benefit	P.56
	401-3	Parental leave	5.1 Employee Structure	P.43
GRI 403 Occupational health and safety 2018	403-1	Occupational health and safety management system	5.4 Occupational Safety and Healthy	P.52
GRI 404 Training and education 2016	404-1	Average hours of training per year per employee	5.2 Employee Learning	P.47

General Standard	Disclosure		Related Section	Page
GRI 412 Human rights assessments 2016	412-2	Employee training on human rights policies or procedures	From The Chairman and Chief Executive Officer	P.02
GRI 417 Marketing and labeling 2016	417-1	Requirements for product and service information and labeling	1.5 Customer Service 1.6 Supply Chain and Supplier Management 2.4 Association Membership 4.1 Management Scope	P.08 P.12 P.18 P.32
	417-2	Compliance concerning marketing communications	1.6 Supply Chain and Supplier Management 4.1 Management Scope	P.12 P.32
GRI 419 Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	3.5 Risk Management 5.5 Employee's Rights and Benefits 5.6 Open Communication Channels	P.30 P.56 P.57

Note: Marking in blue means "Major Topics" in this report