



Yang Ming 50th Anniversary
RIDE THE WAVE CARRY THE WORLD

2023 SUSTAINABILITY REPORT



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About the Report

Preparation, Publication and Scope

Yang Ming Marine Transport Corp. (hereinafter referred to as "Yang Ming" or the "Company") has published a sustainability report (ESG report) every year since 2012. The Report covers the economic, environmental, and social actions and achievements of Yang Ming’s operating locations in Taiwan with regard to sustainable development between January 1, 2022 and December 31, 2022. The local and key operating locations mentioned herein refer to Yang Ming’s operating locations in Taiwan.

Category	Disclosure Scope
Financial information	Yang Ming and the subsidiaries there of 1.The subsidiaries refer to the consolidated entities identified in the Financial Report of Yang Ming. 2.Please refer to <u>the Consolidated Financial Report and Auditor’s Report for 2022 and 2021 and Indenpend Auditors’ Report</u> for the subsidiaries identified therein.
Environmental information	Yang Ming and the vessels operated there by Including the subsidiaries Hong Ming Terminal & Stevedoring Corp. and Kao Ming Container Terminal Corp.
Social information	Yang Ming and all the employees there of 1. Yang Ming Cultural Foundation. 2. The statistics of occupational injuries cover Yang Ming’s onshore employees and all seafarers on R.O.C. vessels in accordance with laws and regulations.

Previous issue: June 2022

Current issue: June 2023

Next issue: June 2024 (scheduled)

External Assurance

The Report has been verified by DNV according to the DNV VeriSustain™ and in accordance with the GRI Universal Standards 2021 and SASB Standards to ensure that the Report is prepared in compliance with the requirements for contents and elements under the GRI Universal Standards, SASB Standards and TCFD framework. Please refer to Appendix to the Report for the Assurance Statement.

Editorial Guideline

Published by	Guidance
Global Reporting Initiative	GRI Universal Standards 2021
Taiwan Stock Exchange Corporation	Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
Sustainability Accounting Standards Board(SASB)	Marine Transportation Standards 2018
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD)
United Nation	Sustainable Development Goals (SDGs)
	UN Global Compact
	UN Global Compact — Sustainable Ocean Principles

Restatements of Information

As the Report is prepared in accordance with the GRI Universal Standards 2021, the number of employees for related indicators in each year has been slightly adjusted accordingly to unify the logic for the bases of statistics for the number of employees. Any difference from the data in the previous report is explained in the notes below the corresponding figure.

Contact Information

For any questions and suggestions regarding the Report, welcome to contact us.
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 ESG Website: esg.yangming.com/en/

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Sustainability Leader

In 2022, with the joint effort of our employees, onshore and onboard, Yang Ming delivered the best operating performance in history. This is an honor attributed to and shared by all employees of the Company, serving as the best gift for the 50th anniversary of Yang Ming.

Founded in 1972, the Company has faced multiple economic cycle challenges along with international trend changes and increasingly strict laws and regulations, such as changes in the form of international trade that lead to the transition from long to shore supply chains, the CBAM, and the International Maritime Organization (IMO)'s indicators that will be implemented in 2023: including the Energy Efficiency Existing Ship Index (EEXI), Ship Energy Efficiency Management Plan (SEEMP) and Carbon Intensity Indicator (CII) Rating Mechanism. All these factors reflect the changing challenges in the operating environment. Following the 50th anniversary of the Company, we will continue to develop the foundation for sustainable development for the next 50 years through various transformation plans and demonstrate our agile response capability and influence in the survival game in the industry.

In recent years, the Company has not only strived to improve our financial structure, but also been dedicated to implementing the operating strategies for sustainable development with the aims of realizing net zero emissions by 2050 and achieving the UN's SDGs. Through energy-efficient design and new eco-friendly high-tech vessels, the carbon intensity of our vessels was reduced by 59.54% in 2022, as compared to 2008, early attaining the IMO's goal of a 40% reduction by 2030. We also started to deploy LNG dual-fuel container ships and actively joined international organizations such as the Silk Alliance, the Getting to Zero Coalition, and the Society for Gas as a Marine Fuel (SGMF) to work with related members in the maritime industry chain in developing and promoting vessel decarbonization strategies in order to respond to climate change governance and march toward low carbon transformation. Yang Ming also became the first sea freight forwarder in Taiwan that joined the ranks of sustainable development with green fixed deposits as the funds for green bank loans and sustainability-linked loans.

The Company has proactively expanded digital innovation services and implemented Line Bot, e-D/O (electronic delivery order), a document intelligence system, and online quotation request services. We have utilized blockchain technology to accelerate the process of ocean shipping and trade finance and improve the customer service experience. Moreover, the identification of dangerous cargo has been enhanced through AI to build a safer shipping environment. Yang Ming adheres to ethical and transparent corporate governance and information disclosure, improves employee benefits, has a preschool center in place, and offers health checkup programs with allowances higher than those legally mandated. In addition, as the Company values the cultivation of diverse talent, we seek industry-academia cooperation to allow maritime talent development to take root. Through the Keelung 1915 YM Oceanic Culture & Art Museum, Yang Ming has been devoted to local social and cultural development and organized a diversity of exhibitions and activities related to harbors, ocean, and container shipping from the perspectives of the revitalization of local historical buildings and ocean sustainability to actively promote these ideas throughout the communities. In 2022, we collaborated with the Azure Alliance to organize employee beach and harbor cleanups at Bitou Fishing Harbor. In response to the international trend of biodiversity protection, the Company will work with the National Museum of Marine Science and Technology in 2023 to launch a coral restoration project to maintain and restore marine ecology.

In 2022, the Company won the first prize in the category of "Outstanding Enterprise" in the 19th National Brand Yushan Award, an award in the 15th Taiwan Corporate Sustainability Awards, and a prize in the category of "enterprises" in the 18th National Sustainable Development Awards in recognition of the Company's sustainable actions. In the future, we will continue to seek to be an excellent transportation group as our vision and be committed to the values of "Teamwork, Innovation, Integrity, and Pragmatism". Our goals are to ensure stable profits, save energy and reduce emissions, realize full digitalization and smart management, and protect biodiversity. By extending our corporate influence, Yang Ming will work with the value chain in reducing carbon emissions and drawing a blueprint for sustainable development, and demonstrate our determination to brave the waves and deliver sustainability, sailing toward next 50 years.



Chairman

Chen-Ming Chen

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Sustainable Development Performance in 2022

Environmental (E)

- The carbon emission intensity was substantially **reduced by 59.54%** in 2022, as compared to 2008.
- **5 11,000 TEU container ships** were delivered into Yang Ming's Pacific southwest and Pacific northwest routes
- Through effective shipping schedule control, the fuel consumption was less than expected by **356,492 tons or 21.5%**.
- Water-based paints for container coating have been used to make new containers, **reducing a total of 2,657 tons of volatile organic compounds (VOCs)**.
- Digitalization has been promoted to cut paper use, **reducing about 3.93 tons of CO2e**.
- **21** environmental education classes were provided, participated by **1,024 people**, with up to **2.261 tons** of waste reduction in total.

Social (S)

- The percentage of female managers **grew 7.14%** in 2022, as compared to 2021.
- In compliance with the government's policy, the Company set up a preschool center to provide our employees with a better and more friendly parenting choice.
- The Company provides a frequency of health checkups that is superior to the OHS law's requirements and increases the health checkup allowance **to TWD 10,000 per employee**.
- We participated in the Mariner Training Program launched by the Maritime and Port Bureau to offer scholarships to **10** students.
- The YM Oceanic Culture & Art Museum organized **20 activities** participated by **28,225 people** and released **3** publications.
- The Company organized **9** recruitment events and **5** seminars to introduce the maritime industry.
- Important teaching equipment was donated to maritime schools, and put into use in November 2022.
- A program was launched to sponsor excellent athletes. In 2022, we sponsored a total of **32 athletes** engaged in 8 types of sports.

Governance (G)

- The consolidated operating revenue was NT\$375.9 billion (**growing 12.65%**, as compared to last year); the net profit after tax was NT\$180.6 billion (**growing 9.28%**, as compared to last year); and the EPS after tax was NT\$51.71 (**growing 6.12%**, as compared to last year).
- The rating from Taiwan Ratings **was raised to twA-/twA-2**.
- In terms of holding an investor conference every quarter and publishing major information in English in real time, **the achievement rate was 100%**.
- The annual general meeting was held in a physical manner, with video conferencing as an option for participants.
- The Company established the Risk Management Committee, designated a Chief Information Security Officer and set up the Cyber Security Office.
- Developed a contract management system and launched the Procurement Portal.
- **1** auditor received an international audit certificate.
- Yang Ming signed up for the TCFD initiative.
- We opened a green fixed deposit with DBS Bank.
- The overall average score of the 2022 global customer satisfaction survey was **increased by 3.27%**, as compared to the previous survey.
- We obtained **2 patents**: the invention patent for the "Container Terminal Pick-up Method, Container Terminal Computer, and Pick-up Information System" (I792933) and the invention patent for the "Method for Predicting Fuel Consumption of Ship" (I792418), which was acquired in collaboration with National Cheng Kung University.
- The global shipowner e-bill rate **reached 96%**.
- **24** bills of lading with undeclared dangerous cargo were identified.

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Yang Ming's Recognitions in 2022

Environmental (E)

- 6th time received recognition from Vancouver Fraser Port Authority and awarded a Blue Circle Award for 2021 (on May 31, 2022).
- Yang Ming has participated in the VSR (Vessel Speed Reduction) incentive program "Protecting Blue Whales & Blue Skies" in the Santa Barbara Channel region and along the California coast, USA, since 2016, which was recognized by the Sapphire level Awards in 2022.
- "YM Continuity" was the 18th winner of the Taiwan Society Naval Architects and Marine Engineers' Vessel of the Year award.
- Received a B rating on the Carbon Disclosure Project (CDP) questionnaire.
- Recognized as one of the "Excellent Private Enterprises for Green Procurement in 2021" by the Bureau of Environmental Protection, Keelung City in 2022.
- BICEPS Level A.

Social (S)

- Acquired a United States Coast Guard AMVER (Automated Mutual-Assistance Vessel Rescue) certificate from the American Institute in Taiwan in recognition of the participation of the Company's vessels in the United States Coast Guard AMVER program hosted by the United States Coast Guard in 2021.
- Received a "Certificate for Excellent Breastfeeding Rooms in 2022" from the Department of Health, Taipei City Government.
- Received a "2022 - 2024 Badge of Accredited Healthy Workplace" from the Health Promotion Administration, Ministry of Health and Welfare.
- Excellent performance in the review of R.O.C. vessel carriers by the Maritime Port Bureau, MOTC for the employment of R.O.C. national seafarers in 2022.
- Excellent performance in the review of foreign vessel carriers by the Maritime Port Bureau, MOTC for the employment of R.O.C. national seafarers in 2022.
- Excellent performance in the review of R.O.C. vessel carriers and foreign vessel carriers by the Maritime Port Bureau, MOTC for the employment of R.O.C. national female seafarers in 2022.

Governance (G)

- Won The Best Shipping Line - Intra-Asia award in the Asian Freight, Logistics & Supply Chain Awards (AFLAS) 2022 organized by Asia Cargo News.
- The first prize in the "Outstanding Enterprise" category of the 19th National Brand Yushan Award.
- Top 6%-20% in terms of corporate governance promotion and performance in the 9th Corporate Governance Evaluation.
- "Top 100 Model Enterprises for Sustainability in Taiwan" and the "Corporate Sustainability Report Awards - Transportation Industry Golden Award" in the 15th Taiwan Corporate Sustainability Awards (TCSA).
- The Corporate Sustainability Award in the 18th "National Sustainable Development Awards" in 2022.
- Selected as the Top 30 Cases on Innovation of Shipping and Logistics Industries in 2022.
- Recognized as the "Container Liner Companies with Customer Satisfaction" in the Freight Forwarding Service Quality Survey in the 19th Golden Rotary Award.
- Selected for FTSE4Good TIP Taiwan ESG Index.
- Selected for FTSE TWSE Taiwan 50 Index.
- Selected for TWSE RAFI® Taiwan High Compensation 100 Index.
- Selected for MSCI AC Asia Pacific Index.
- Selected for TWSE Corporate Governance 100 Index.

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Company Profile

About Yang Ming

Yang Ming was founded on December 28, 1972, with its headquarters in Keelung City, Taiwan. The Company is mainly engaged in container shipping; repair, rental, and sale of containers and chassis; and shipping agency, and so on. Originally a state-owned enterprise subordinate to the Ministry of Transportation and Communications, Yang Ming was privatized in 1996. Our fleet largely consists of container ships and mainly serves enterprise customers. Our service network across Asia, Europe, the Americas, Oceania, and Africa. As of the end of 2022, the Company set up 242 operating sites in 87 countries and established the North America Regional Center, Europe Regional Center, Mediterranean Regional Center, Middle East Regional Center^{Note}, and Latin America Regional Center in the United States, Germany, Greece, Dubai, and Panama, respectively.

Note: The Middle East Regional Center was dissolved at the end of February 2023.

Information of Yang Ming Marine Transport Corp.

Headquarters Address:	No. 271, Ming De 1st Road, Cidu District, Keelung 20646, Taiwan (R.O.C.)
Capital (NT\$ thousand)	34,921,042.7
Number of Employees	3,186, including onshore and onboard employees
Industry	Shipping and Transportation
Stock Code	2609

Note 1: The information was dated December 31, 2022.

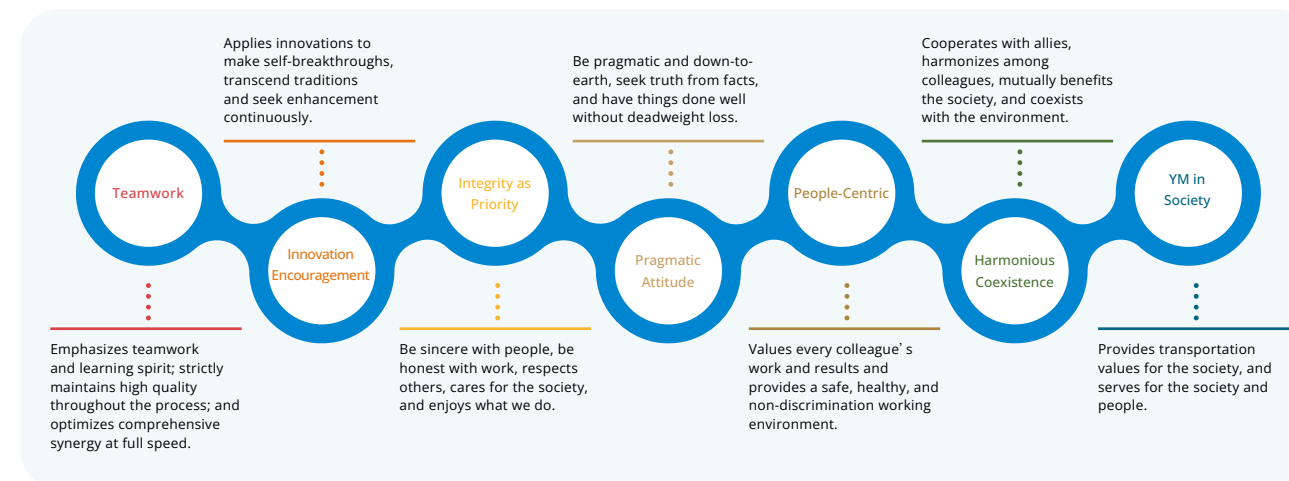
Note 2: For detailed disclosure, please refer to [CH5 Talent Navigation - Workplace Well-Being for Diverse Development](#).



Yang Ming's
International
Certifications

Organizational Philosophy

Since its establishment, the Company has been devoted to achieving the vision and goal of “being an excellent transportation group” and stayed core values of “Teamwork, Innovation, Integrity, and Pragmatism” to offer global and refined oceanic shipping services. With “Punctual, Speedy, Reliable, and Economical” as the 4 guidelines, we strive to deliver excellent services. In terms of operating performance and strategies, the Company enters into joint operations with other well-known carriers around the world to improve the efficiency of integrating global operational resources and keep the business performance growing stably. Yang Ming is currently the ninth-largest shipping company in the world.



List of Certifications:



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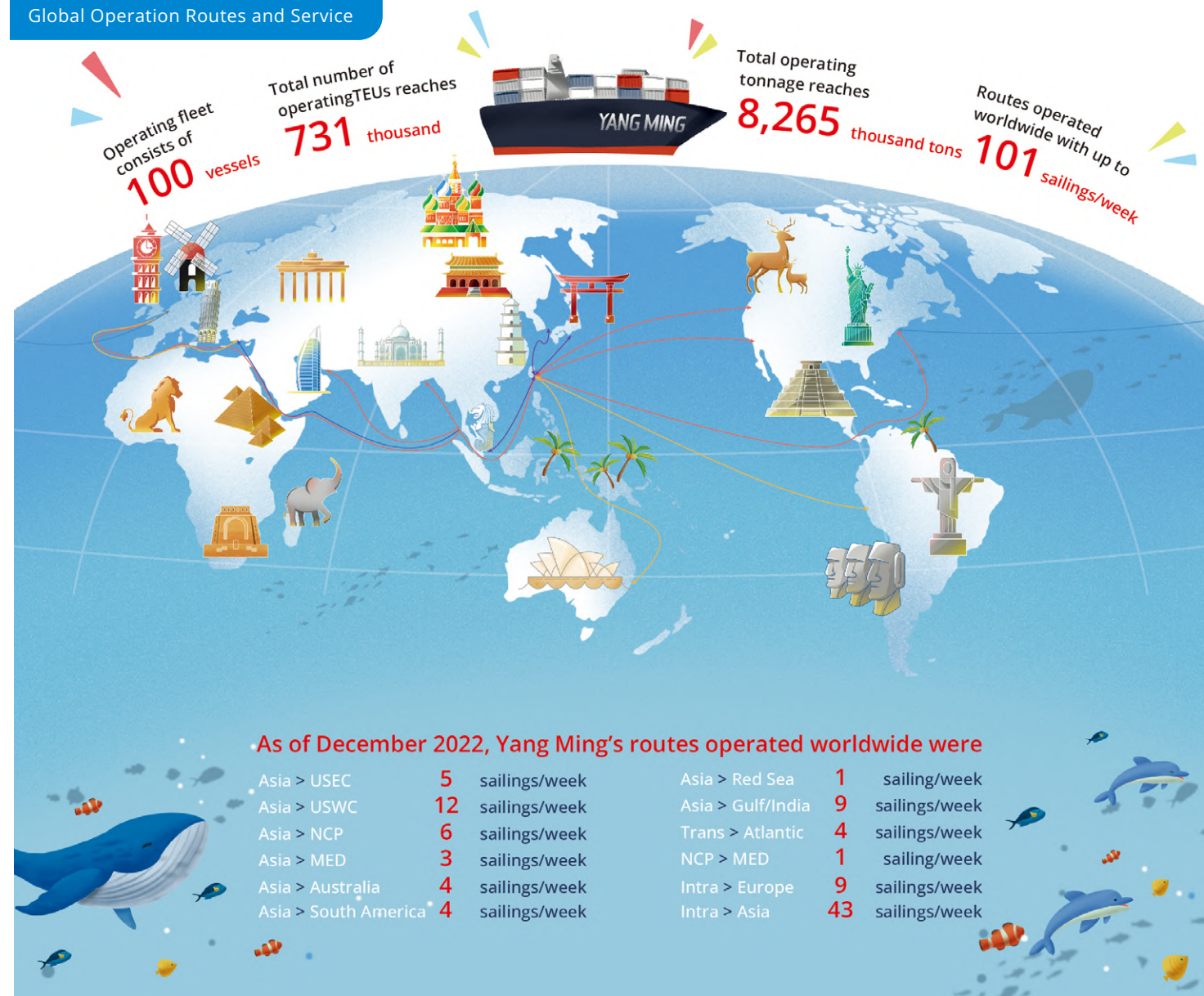
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Global Operating Layout

To offer customers convenient international shipping services, aside from a steady growth of its fleet, Yang Ming also collaborates with other shipping companies for joint services to achieve synergy by integrating operational resources globally for the purpose of ongoing steady growth of the Company. The Company joined the world's third largest alliance, THE Alliance, whose members include Hapag-Lloyd, Ocean Network Express (ONE), and HMM. THE Alliance collectively operates services between Asia and North Europe, Asia and the Mediterranean, Asia and the Middle East / Red Sea, Transpacific - West Coast, Transpacific - East Coast (via Panama and Suez Canals), Trans-Atlantic. As of the end of 2022, THE Alliance had a total of 31 routes, of which 3 were jointly operated with non-THE Alliance carriers. The number of available vessels for THE Alliance was slightly increased to 260, with a total shipping capacity of over 2.9 million TEUs.

Total ship sailing distance
7,398,967 nautical miles
Vessel operating days
33,609 days
165 ports of call

Global Operation Routes and Service



■ Adjustment of Route Strategies to Cope with the Impact of Turbulent Global Conditions

In addition to the continuous impact of COVID-19 on the market, the outbreak of the Russia-Ukraine war, China's Zero-COVID policy, and interest rate increases by the world's major economies have resulted in port labor shortage, port congestion, container shortage, shipping space shortage, and shipping schedule delay in all harbors around the world. For route planning, the Company will focus on endeavoring to maintain the sailing frequency and schedule integrity and make adjustments in port operations, feeder transport and inland transport, such as shortening the entry time of export containers in the container yards to minimize the number of containers in the yards; giving the vessels that loaded more and unloaded less higher priority in mooring, etc. in order to elevate the overall operational efficiency. We are also actively contracting for profitable cargo transportation and collaborating with alliance partners to cope with geopolitical impacts. In the long run, the focus is on adjusting routes and designing new routes as an approach to responding to market changes and needs.

■ Extra Sailings for Certain Regions to Meet Shipment Demand

To reduce customers' cargo transportation delays resulting from port congestion and the retrospective adjustment of shipping schedules, the Company has made temporary shipping capacity adjustments to perform extra sailings, thereby mitigating export shipping space shortage and meeting the customers' demand. Being aware of Taiwanese customers' demand for cargo transportation, Yang Ming has provided extra sailings from Taiwan to regions like Europe, Northwest of America, Southwest of America and the Middle East to actively contribute its corporate strength to assisting Taiwan in maintaining its competitiveness in export.

Region	Far East-USEC	Far East-Northwest US	Far East-Middle East/Red Sea
Service	EC4	P54	CGX
Extra Sailings in 2022	1	3	3

■ Improved Container Utilization

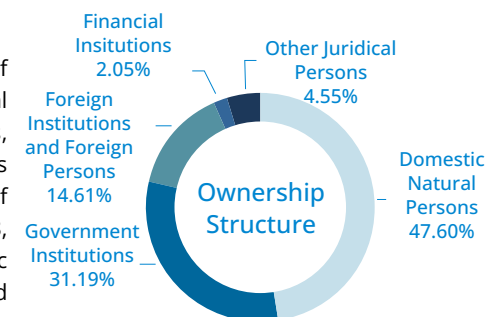
In spite of unstable market conditions as a result of the impact of the pandemic this year, the Company strived to maintain the operational efficiency of routes and container spaces. In 2022, we announced the purchase of around 38,600 containers in response to the addition of newly-built ships and the replacement of old containers with new ones and thoroughly controlled the equipment turnaround ratio, growing earnings by 9.27% YoY. When ordering new containers, we requested the manufacturer to use new eco-friendly container materials and paints consistent with international standards. For reefer containers, we even requested the use of new eco-friendly refrigerants and energy-efficient compressors to ensure the implementation of environmental protection while expanding the shipping capacity.

Container Type	Carrying Capacity in 2022	Turnaround Ratio in 2022
Dry containers	4.33 million TEUs	4.15 times
Reefer containers	180 thousand TEUs	4.03 times
Total	4.51 million TEUs	4.14 times on average

Operating Performance and Financial Governance

■ Ownership Structure

Yang Ming's shareholders mainly consist of domestic and foreign juridical persons and natural persons, among which government institutions, domestic natural persons, and foreign institutions and foreign persons hold the highest number of shares. According to the statistics dated March 28, 2023, the shareholding percentage of domestic natural persons, government institutions, and foreign institutions and foreign persons were 47.60% , 31.19% , and 14.61% , respectively.



Note: The Company's last book closure date was on March 28, 2023.

■ Financial Stability

The Company's consolidated operating revenue in 2022 was NT\$375.9 billion, increased by NT\$42.2 billion YoY, with an increase rate of 12.65%. The net income attributed to the Company was NT\$180.6 billion, increased by NT\$15.3 billion YoY. In 2022, the EPS after tax was NT\$51.71 and the net worth per share was NT\$98.21. The overall operating volume in 2022 was increased by 4% year-on-year as heavy port congestion eased with vessel waiting time reduction and service adjustment adopted. Although the overall freight rate started to drop in the second half of the year due to inflation and interest rate increases, the overall average freight rate was higher than that in 2021 owing to the Company's adjustment of related business strategies in line with market trends. The condensed consolidated statement of comprehensive income for the most recent 3 years is shown below and covers the consolidated entities identified in Yang Ming's financial reports:

● Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand

Item/Year	2020	2021	2022
Operating revenue	151,276,683	333,687,395	375,899,874
Operating cost	125,192,367	120,556,335	145,729,755
Gross profit	26,084,316	213,131,060	230,170,119
Income (loss) before income tax	16,150,043	202,376,745	233,620,714
Tax expense	-3,963,255	-36,774,864	-52,605,145
Net income (loss)	12,186,788	165,601,881	181,015,569
Net income (loss) attributable to the stockholders of the parent	11,977,013	165,268,628	180,591,942
Net income (loss) attributable to non-controlling interests	209,775	333,253	423,627
Basic earnings per share (NT\$)	4.51	48.73	51.71

Distributed Economic Values

Unit: NT\$ thousand

Item/Year	2020	2021	2022
Employee salary and benefit expenses ^{Note}	8,446,251	12,288,023	14,569,797
Social participation and engagement	15,498	22,224	51,411

Note: This item was included in the consolidated financial report, and thus the figure for 2020 and 2021 was adjusted accordingly.

In recent years, the Company has operated well and has been improving its financial structure through financial improvement plans. Yang Ming saw a current ratio of 445.91 % and a debt ratio of 32.35% at the end of 2022. Our rating from Taiwan Ratings was raised to twA-/twA-2 with a "Stable" outlook rating.

Tax Governance

In order to follow the international trend of tax governance, pursue corporate sustainable development, implement tax compliance and risk control, and protect stakeholders' interest, with pragmatism and integrity in mind, the Company set up the following principles for tax governance:



Compliance with local tax laws and regulations

Observing the tax laws and regulations of operating locations, performing our tax obligations, assessing the impact of changes in the tax laws and regulations as well as international taxation rules and developing measures in response, and not formulating tax plans and policies for the purpose of tax avoidance.



Guidelines

Conducting transactions with related parties in accordance with the "Transfer Pricing Guidelines for Multinational Enterprise and Tax Administrations" announced by the Organization for Economic Cooperation and Development (OECD), following the principles of business practices, arm's-length, and tax compliance and the transfer pricing regulations established by each jurisdiction.



Information transparency

Disclosing tax information in financial reports, annual reports and sustainability reports and through public channels regularly in compliance with financial reporting standards and annual report-related regulations to ensure information transparency.



Good communication

Having good communication with tax authorities based on the principles of honesty and mutual trust.



Development of financial talent

Enhancing the professional capabilities of taxation staff through education, training and independent study.

To implement tax governance and ensure compliance with internal procedures and tax laws and regulations in tax-related operations, the Company performs annual internal audits and reports the audit results to the Board of Directors. The Board of Directors is the supreme decision-making and supervising body in terms of tax management in the Company. The Finance Group is in charge of taxation in the Company and handles tax matters in accordance with the Company's hierarchical authorization regulations. The top manager of the Finance Group reports issues to the Board of Directors, depending on their materiality, and gives improvement advice in case of any deficiency.

Due to the nature of cross-border transactions, the Company has adopted the following measures to implement tax risk management:

- Regularly reviewing the tax laws and regulations of each operating location, maintaining good communication with local responsible authorities, and complying with local laws and regulations.
- In order to tackle the frequent change of overseas tax rules, external professional consultants are engaged to ensure compliance with the rules while controlling and preventing tax risks. The Company is also developing a tax management system to maintain the tax information and important tax-related operations of each jurisdiction, and to enable the review of the tax-related operations through electronic tax management.

In 2022, the Company's tax expense was NT\$52.605 billion, accounting for 14% of the operating revenue and increased by NT\$15.830 billion compared to 2021 and by NT\$48.642 billion compared to 2020. The Company also paid taxes in accordance with the regulations of each jurisdiction. Relevant information is disclosed in the Company's [annual report](#).



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Membership of Associations

Domestic Associations

Associations Joined	Position
National Association of Chinese Shipowners	Executive Director, Director, Supervisor, Member Representative
Taipei Shipowners' Association	President, Executive Director, Supervisor, Member Representative
Association of Shipping Services, R.O.C.	Executive Director, Director, Chairperson, Representative
Taipei Shipping Agencies Association	Executive Director, Supervisor, Member Representative
Taiwan Strait Shipping Association	Chairman, Director
CR Classification Society	Director, Committee Member
Taiwan Center for Corporate Sustainability (TCCS)	Director Representative
Common Wealth Sustainability League (CWS)	Member
Industry-academia alliance for digital transformation and sustainable development	Platinum Member
Taiwan Listed Companies Association	Member Representative
Chinese National Association of Industry and Commerce	Member Representative



International Organizations

International Organizations and Initiatives Joined	Description	Position/Status
 World Shipping Council	WSC ensures the sustainability, safety and reliability of shipping operations and opens to discussions of various shipping matters, including environmental protection, navigation and transportation safety and industrial regulations.	Board Member
 INTERNATIONAL MARITIME ORGANIZATION	IMO is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships.	Member
	 Clean Cargo Clean Cargo is a world-leading carrier-shipper initiative, dedicated to the improvement of the environmental performance of ocean borne container shipping through measurement, evaluation and report.	Member ^{Note1}
	 GLEC It is devoted to driving the widespread, transparent, and consistent calculation and reporting of the GHG emissions.	Member ^{Note1}
 BICEPS NETWORK	The BICEPS Network is a nonprofit organization that upholds sustainability in the shipping industry, gathering shipping partners to foster a sustainable environment collectively.	Member
 ecovadis	EcoVadis is the world's largest and most trusted provider of business sustainability ratings.	Member
 IVODGA INTERNATIONAL VESSEL OPERATORS DANGEROUS GOODS ASSOCIATION	IVODGA is dedicated to improving the understanding and uniform application of rules and regulations governing the maritime transportation of hazardous materials/dangerous goods and the safety of contracting for transportation. Collectively, IVODGA members are responsible for the safe transportation of over 75% of the ocean borne container traffic internationally.	Member
 OCINS Cargo Incident Notification System		
 sgmf	The Society for Gas as a Marine Fuel (SGMF) is a non-governmental organization established with the aim of coordinating and developing standards governing gas as a marine fuel, including ammonia and hydrogen in addition to LNG. It has been granted Consultative Status with the International Maritime Organization.	Member

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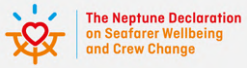
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International Organizations and Initiatives Joined	Description	Position/Status
The Silk Alliance 	The Silk Alliance was founded by Lloyd's Register Maritime Decarbonisation Hub and consists of the upstream and downstream members in industries related to maritime transport. It aims at developing safe and economically sustainable decarbonization strategies for container vessels through supply chain collaboration.	Member
	DCSA promotes digitization and standardization in the container transport industry to improve operational efficiency in upstream and downstream shipping industries.	Member
	The Getting to Zero Coalition is a partnership between the Global Maritime Forum and World Economic Forum. Its ambition is to achieve the goals of having zero-emission vessels operating on deep sea routes by 2030 and realizing full decarbonization by 2050.	Member
	By signing the Neptune Declaration, we ensure the seafarers' well-being and crew change, maintaining the smooth operation of the supply chains worldwide.	Public Initiation
	To support the TCFD (Task Force On Climate Related Financial Disclosures), Yang Ming takes action to cope with climate change and includes climate change in the assessment scope of the Group's risk assessment reports. The climate change-related risks and opportunities that the Group has identified have been organized in the assessment reports.	Public Support
	To enhance the transparency of the entire shipping value chain and promote responsible ship recycling practices, SRTI has developed a set of disclosure standards.	Member
	MACN's purpose is to eliminate corruption in the shipping industry. It has established anti-corruption policies together with its members, academic institutions, the industry, and competent authorities, shared strategies and practices, created an anonymous reporting system, promoted reforms, and enhanced the industry's awareness of corruptive behavior in order to raise integrity standards in the shipping industry.	Member

Note 1: The Clean Cargo Working Group's Secretariat was transferred from the Business for Social Responsibility (BSR) to the Smart Freight Centre (SFC) on January 1, 2022. The Company joined the CCWG and GLEC led by the SFC.
 Note 2: The Company joined the international organization as a new member on January 1, 2023.

Yang Ming's Response to the SDGs



■ Response to the SDGs-Please refer to the chapters in the Report

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5.3 Employee Compensation and Benefits
5.4 Occupational Safety and Health

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5.2 Talent Recruitment and Cultivation
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UN Global Compact Alignment

	UN Global Compact	Yang Ming's Current Practice and Future Planning
Human Rights	1.Support and respect internationally-acknowledged declarations of human rights protection	The Company supports and complies with internationally-acknowledged human rights norms and principles including the "International Bill of Human Rights," "UN Global Compact," and "International Labour Organization Fundamental Conventions and Standards" which cover but are not limited to protecting the rights and interests of workers. We have also developed a human rights policy according to the guidelines of the aforesaid documents. Each of the Company's ships operates in compliance with the Maritime Labour Convention (MLC) and has been certified for compliance with the MLC.
	2.Ensure no involvement in human rights infringement	The Company's operating locations are distributed all over the world. When it comes to human rights, we respect and protect all internationally acknowledged human rights and never engage in any activities that neglect and involve human rights violations to ensure thorough protection of internationally acknowledged human rights. Internal rules and regulations have been established. For violations of laws and regulations or the Company's internal regulations, punishments are given according to relevant punishment policies.
Labor	3.Protect the freedom of assembly and explicitly acknowledge the right of collective bargaining	To protect the employees' right to assembly, all seafarers are free to join the National Chinese Seamen's Union (NCSU) as a member. The Yang Ming Marine Union has been established for more than 22 years, and our employees may join or withdraw from the union at their choosing. The Company currently has harmonious labor-management relations and does not enter into a collective bargaining agreement. In addition, to ensure smooth labor-management communication channels, a labor-management meeting is held regularly every quarter in order to cement labor-management relations and protect the rights and interests of workers. Moreover, the Company protects the employees' freedom of association, and they are free to sign up for various clubs and activities.
	4.Eliminate forced or compulsory labor in any form	The Company always protects internationally-recognized labor rights in all operating premises, respects workers' freedom and prohibits any form of forced labor. We have also established a seafarer's job description to specify their job duties.
	5.Clearly prohibit child labor	The Company strictly forbids hiring child workers in accordance with labor laws and regulations. Job applications from children are not accepted during recruitment. There are no child workers employed by the Company.
	6.Eliminate discrimination in employment and occupation	We strive to eradicate discrimination in employment by hiring female seafarers and paying the same starting salary for male and female employees. In 2022, the percentage of female managers grew by 7.14% compared to 2021. Male employees are also allowed to apply for unpaid parental leave. Through the "Maternal Health Protection Program at the Workplace," the Company actively promotes relevant care activities and offers the employees excellent breastfeeding rooms to protect maternal health.
Environment	7.Take preventive actions against environmental challenges	The Company has developed the Ship Energy Efficiency Management Plan (SEEMP) and Carbon Intensity Indicator (CII) and managed the energy efficiency of the ships by e.g., installing or retrofitting energy-efficient facilities, ballast water treatment systems and scrubbers. We continue to assess the feasibility of using alternative energy in newly built vessels in the future. In 2022, the Company planned to build 5 LNG dual-fuel container ships upon the consent of the Board of Directors.
	8.Support initiatives to further fulfill environmental responsibilities	- Based on the TCFD framework, the Company has included climate change in the assessment scope of the Group's risk assessment reports and organized the climate change-related risks and opportunities that the Group has identified in the assessment reports as a reference for the Company's medium-to-long term strategies. - We have joined the Silk Alliance, the Getting to Zero Coalition, and the Society for Gas as a Marine Fuel (SGMF) to develop and promote vessel decarbonization strategies.
	9.Encourage the development and promotion of environmentally friendly technologies	- The Yang Ming Smart Ship Center System has been developed to monitor vessel performance and hull efficiency. The CII and related rating calculations have been included in the Smart Ship Center - Green Shipping Module. - Digitalization has been promoted to reduce paper consumption. It is estimated that about 213 tons of carbon emissions and 2.1 tons of toner can be reduced and saved by exchanging bills of lading with customers.
Anti-Corruption	10.Strongly against corruption, including extortion and bribery	- The Company has established the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct" and other internal regulations to forbid any form of corruptive behavior. - In accordance with the "Regulations Governing the Audit Committee's Handling of Stakeholder Suggestions and Complaints" and "The Procedures of Whistleblowing Cases for Yang Ming Group Members," a stakeholder suggestion and complaint system and a whistleblowing system have been developed to maintain the Company's corporate culture of ethical management

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UN Global Compact – Sustainable Ocean Principles Alignment

■ Yang Ming's Current Alignment with the “UN Global Compact – Sustainable Ocean Principle”

	Sustainable Ocean Principle	Yang Ming's Current Practice and Future Planning
Ocean Health and Productivity	1.Assess the short-term and long-term impacts of corporate activities on ocean health and integrate these impacts into corporate strategies and policies.	“Care for our environment, cherish our Earth” is the environmental policy of Yang Ming. As the Company operates international shipping services, maintaining the marine environment, making good use of resources, preventing pollution, and giving back to society are our primary responsibilities. We observe the laws and regulations of port states and preemptively take actions to ensure the compliance of our fleet with regulatory requirements and thereby reduce the impact on the local marine environment. For details, refer to CH3 Green and Sustainable Shipping - Operating Strategies for Environmental Sustainability.
	2.Consider opportunities for sustainable business activities that contribute to the restoration, protection and maintenance of ocean health, productivity, and marine life.	Yang Ming participates in and sponsors activities related to environmental protection, marine ecology, public welfare, and social growth include beach and harbor cleanups. We expect to promote a coral restoration movement on Taiwan's Northern Coast in 2023.
	3.Take action to prevent ocean pollution, reduce GHG emissions in the operations to stop ocean warming and acidification, and promote the circular economy.	- We have calculated the carbon intensity of the vessels in our fleet since 2008. The carbon intensity was 40.21g/TEU*km in 2022. A new fleet must meet the following requirements: - New, tin-free antifouling paints are used to avoid affecting the genes of marine life, causing genetic mutations, and impacting the ecology. - All vessels in the fleet have a ballast water management certificate and implement ballast water management plans in compliance with the regional regulations of port states. For existing ships, ballast water treatment systems are installed on an annual basis to control and mitigate the impact on marine ecology. - The Vessel Biofouling Management Plan has been formulated to ensure the effectiveness of the general biofouling management plans of our fleet and significantly reduce delayed vessel operations.
	4.Make relevant plans and manage the use of and impact on ocean resources to ensure long-term sustainability. Assess the impact of operating activities on the ocean as well as coastal areas and communities using precise measurement methods.	The carbon intensity is calculated with precision for an ongoing measurement of emission reduction performance. Each vessel has an environmental ship index (ESI) efficiency score. The ESI is used by ports to measure the carbon emissions of docked vessels to facilitate the reduction of carbon emissions from vessels. As long as carriers promote the upgrading of carbon reduction technologies for engines, fuels, etc. and make the carbon emissions of their vessels lower than that specified by the IMO, they may receive incentives. The Company was granted USD 45,600 by northern American ports in 2022, showing the ports of call's substantive recognition of the Company's effort in reducing vessel carbon emissions.
Governance and Engagement	5.Ensure responsible communications with law enforcement agencies and normative organizations related to ocean laws/regulations/frameworks.	Yang Ming actively supports national policies, the EU's net zero emissions by 2050, and the IMO's goal to reduce carbon intensity by 70% in 2050. The Company's current carbon intensity has been reduced by 59.54% compared to 2008, higher than the required 40% reduction by 2030. We also pay continuous attention to the amendment and promulgation of ocean laws and regulations. Yang Ming shall keep tabs on issues related to internal and external communications in the future.
	6.Observe and support standards, and promote best practices to facilitate healthy and productive oceans and protect marine life in related sectors/markets.	- Yang Ming rigorously complies with the International Convention for the Prevention of Pollution from Ships (MARPOL) and the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM) in managing wastes, sewage and ballast water of our vessels. - The YM Oceanic Culture & Art Museum promotes ocean cultures on a continuous basis. In 2022, it launched a permanent exhibition: Seafarer Activities for Kids: A Day in the Life of a Seafarer, integrated with games designed based on the ESG elements (treating wastewater from washing containers and using eco-friendly container paints) of Yang Ming, in order for children to know Keelung Port through playing and understand what it is like to work onshore at the port dock. They can also try the cookies designed like “signal flags” used for communication at sea. The children who complete these games receive a certificate of a qualified seafarer. - In 2022, we worked with the Marine Vacuum Cleaner team to organize port cleanups. The Company also implemented educational course programs in order to give the employees an understanding of the marine environment and marine technology applications, provide solutions for the shipping industry through knowledge, and return the ocean to its original lively state. Twenty-one educational courses along with beach cleanups were organized, with 1,024 groups, cleaning up an area of 0.261 hectares and removing a total of up to 2.2616 tons of garbage.

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	Sustainable Ocean Principle	Yang Ming’ s Current Practice and Future Planning
Governance and Engagement	7.Respect human rights, labor rights, and the rights of indigenous peoples in the company’ s ocean-related activities, including exercising appropriate due diligence in the supply chain and seeking opinions on identified significant impacts from relevant stakeholders and communities in a timely, transparent and inclusive manner.	● Yang Ming has stipulated its Human Rights Policy, committed to upholding internationally proclaimed human rights in which we operate without any unfair treatment arising from ethnicity or gender, caring for the underprivileged, forbidding the use of child labor as well as eliminating all forms of forced labor and discrimination in recruitment and employment. The Company offers fair, reasonable work conditions and a safe work environment and protects the physical and mental health of employees, dedicated to the ongoing elimination of hazard factors to health and safety so as to reduce the risks of occupational hazards. By signing the Neptune Declaration, the Company ensures the seafarers’ well-being and crew change, maintaining the smooth operation of the supply chains worldwide. ● The supply chain risk investigation conducted by the Company includes human rights due diligence.
Data and Transparency	8.Provide appropriate and relevant scientific data to support ocean-related research and exploration plans. 9.Adopt transparent reporting of ocean-related activities, impacts and dependency.	● Yang Ming is working with National Taiwan Ocean University on ocean projects including research on ballast water and the selection of future fuels. ● We obtained an invention patent for the “Method For Predicting Fuel Consumption of Ship” (I792418) in collaboration with National Cheng Kung University. ● Yang Ming publishes a sustainability report and conducts stakeholder engagement yearly and constantly communicates with competent authorities in conducting businesses in order to ensure the operational compliance of the Company. ● The ISO 14064 greenhouse gas inventory management has been introduced, with the relevant inventory results disclosed as the basis for sustainable environmental management and carbon reduction actions.



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Full Pandemic Prevention for Employee Safety

Yang Ming values the health of the employees. In March 2020, a pandemic response team was formed, which has been led by the Chairman since the pandemic in Taiwan worsened in May 2021. During the outbreak and spread of the pandemic in Taiwan in 2022, the Company adopted multiple measures to ensure the employees' physical and mental health and prevent disease hazards. The following are the pandemic prevention measures implemented in 2022:



■ Onshore Pandemic Control

- **Mobile offices:** In an effort to maintain the health of the employees and the normal operation of the Company, we adopted staggered shifts, flexible work time and other measures in response to the pandemic. To facilitate the Company's digital transformation, MS365 App and cloud drives were used to make flexible adjustments to traditional paper-based office work for mobile offices. This allowed the employees to not only work as usual, but also take care of their families.
- **Push notifications of pandemic prevention information:** Pandemic prevention e-mails were sent in a timely manner based on pandemic changes to provide the Company's latest pandemic prevention information and response procedures. Related education and training courses were also organized during this touch period to provide every employee with a clear understanding of the Company's actions and procedures to ensure our operation works smoothly. In addition, we also share self-care information not only with employees, but also with their families. We believe that doing so can prepare us to overcome the pandemic.
- **Vaccination encouragement:** As some of the Company's employees work at port were identified as "high exposure risk workers," the Occupational Safety & Health Office assisted them in making a reservation for vaccination as government-funded COVID-19 vaccination was available. We also worked closely with surrounding clinics in order to make a reservation for more employees to receive vaccination, thereby increasing the vaccination rate of our employees and effectively reducing their risk of infection or severe illness infection. Moreover, to further achieve herd immunity, a "third vaccination for all" program was promoted to encourage all employees to improve and increase the vaccination rate. Through a phased prize draw, the third vaccination rate of the Company's all employees were increased from 79% to 93% eventually.
- **Pandemic insurance:** The Company took out "pandemic insurance" with insurance companies for the employees to claim for a pandemic grant immediately when they were infected. In view of the fact that the insurance companies would not renew the insurance policy when it expired following the outbreak of the pandemic in Taiwan in 2022, the Company designed "Yang Ming Care Packages" containing alcohol-based sanitizer sprays, masks, rapid test kits, alcohol-based sanitizers and a NT\$2,000 voucher to show infected employees our care and make them feel that the Company was taking care of them.

■ Care for Maritime Personnel

To prevent the widespread of the pandemic, countries' port management has been stricter, which has made deploying and disembarking seafarers upon the expiration of their contracts more difficult for carriers. In consideration of the importance of physical and mental care for seafarers, the Company is the first company in the shipping industry that introduce employee assistance programs (EAPs). We have also actively expanded the EAPs to cover not only onshore personnel and expatriated personnel (including their dependents), but also onboard personnel to offer them free professional counseling services in the hope of effectively helping them solve family/emotional/legal/workplace issues they face. When seafarers are onshore, the programs are introduced from time to time during large-scale seafarer training to allow them to understand how to utilize the programs, take full care of them, and meet their needs.

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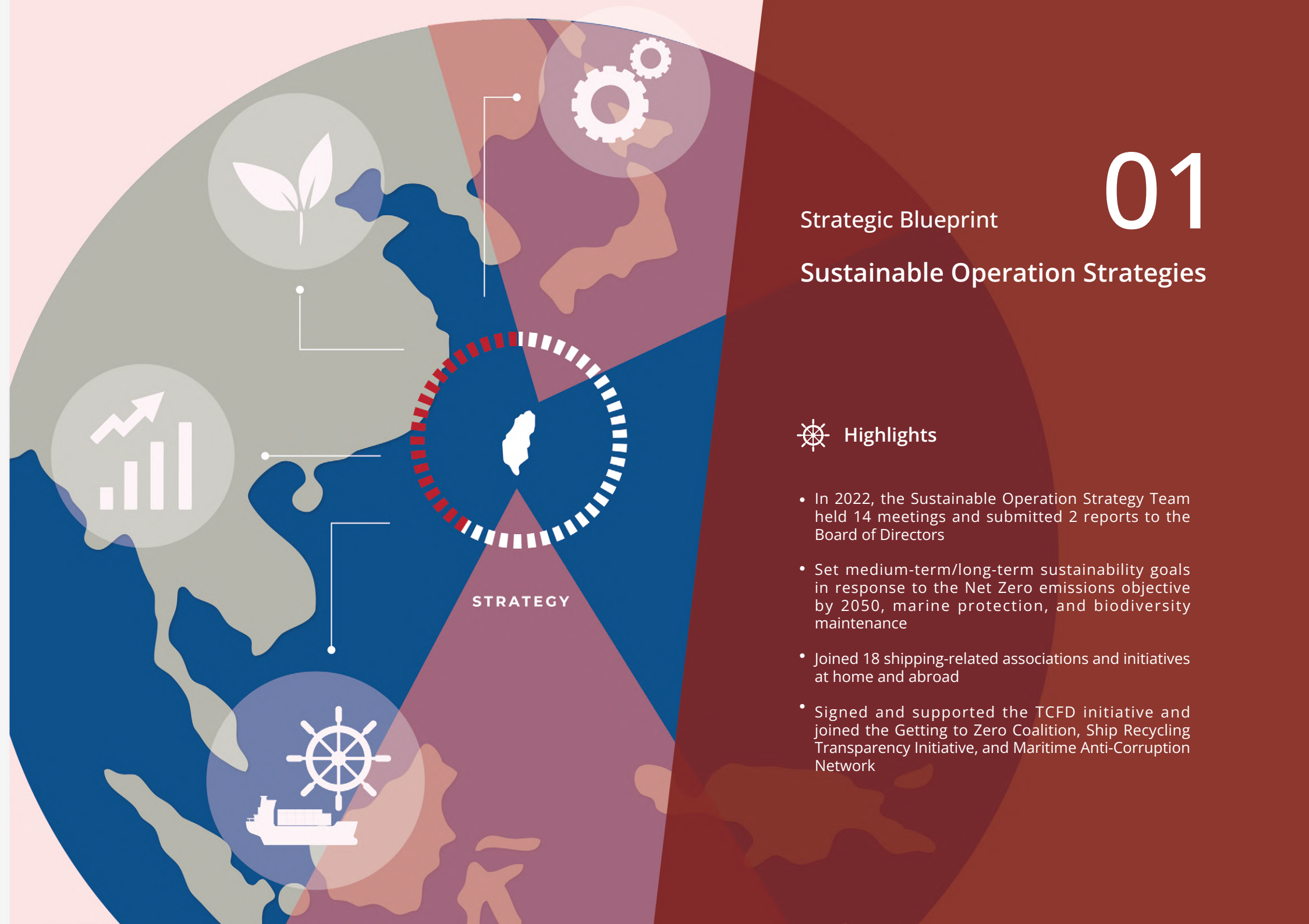
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01

Strategic Blueprint

Sustainable Operation Strategies

Highlights

- In 2022, the Sustainable Operation Strategy Team held 14 meetings and submitted 2 reports to the Board of Directors
- Set medium-term/long-term sustainability goals in response to the Net Zero emissions objective by 2050, marine protection, and biodiversity maintenance
- Joined 18 shipping-related associations and initiatives at home and abroad
- Signed and supported the TCFD initiative and joined the Getting to Zero Coalition, Ship Recycling Transparency Initiative, and Maritime Anti-Corruption Network

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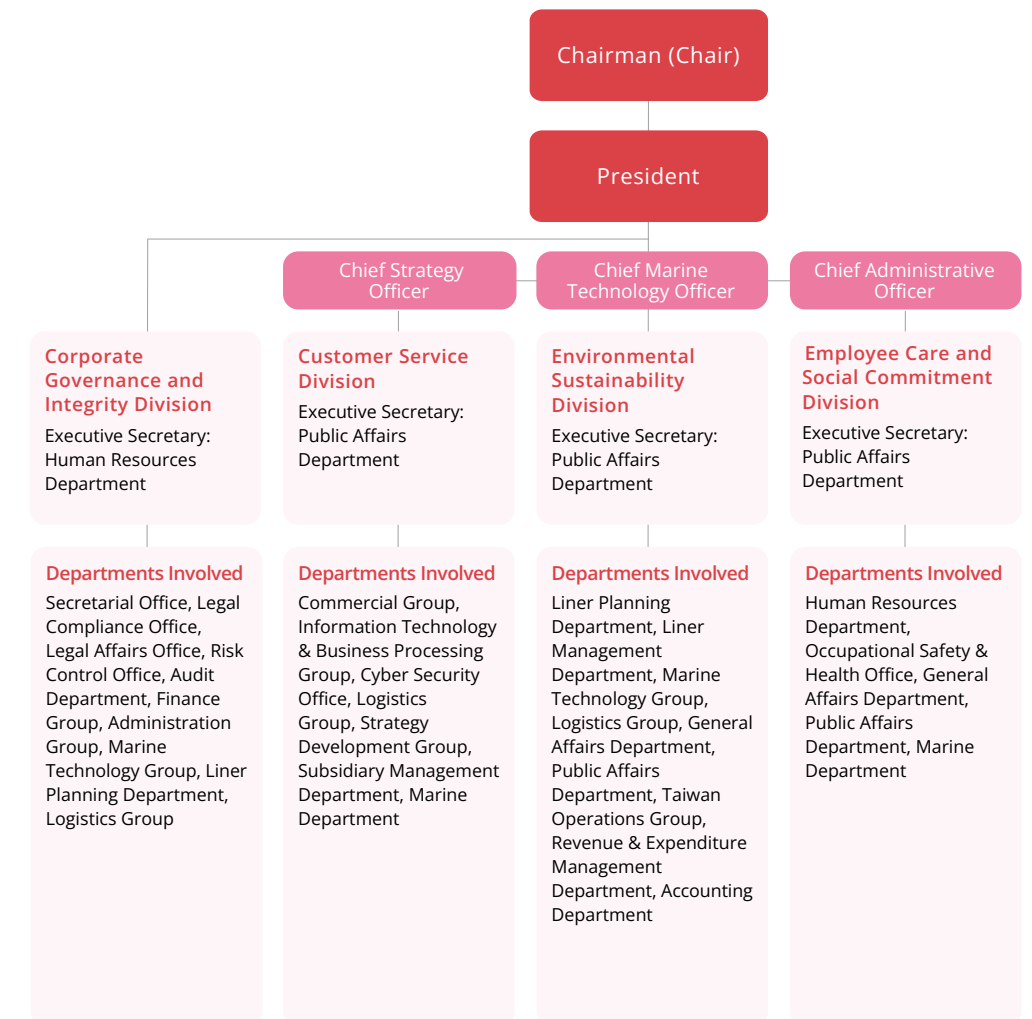
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1.1 Sustainable Development Policy and Governance Structure

Yang Ming's mission and vision are to be an excellent transportation group dedicated to offering high-quality transportation services to meet customers' needs. However, excellence is not only about this, but also about giving consideration to the issues all stakeholders are concerned about and facilitating the sustainable development of society and the Earth's environment. To achieve this goal, the Company has established the "Sustainable Development Best Practice Principles of Yang Ming Marine Transport Corporation," taking into consideration the characteristics of the shipping industry and having regard to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." The Principles are for the management and all employees to follow. In addition to managing the risks and impacts of the overall operating activities on the economy, governance, environment, and society, we take being a corporate citizen as our responsibility.

In 2021, the Sustainable Operation Strategy Team was instituted. There are four responsible divisions subordinate to the team, the Customer Service Division, Environmental Sustainability Division, Corporate Governance and Integrity Division, and Employee Care and Social Commitment Division. The team is chaired by the Chairman, with the President and the chief officers of groups serving as the supervisor of each division. The executive secretary of each division is responsible for convening division meetings on an annual basis. Through these interdepartmental meetings, the Company may focus on discussing the sustainability goals with the most significant impact on container transport processes and services and aligning them with the Sustainable Development Goals of the United Nations (UN SDGs). "Provision of excellent shipping services to fulfill the commitment to serving customers," "energy saving and emissions reduction to achieve environmental sustainability," "strengthening corporate governance and integrity management," "employee care and talent cultivation," and "enhancing social participation to give back to society" are Yang Ming's sustainable development strategies. Division supervisors review the implementation and performance of the sustainability strategies and designate responsible units to set and carry out short-term/medium-term/long-term goals with respect to stakeholders' concerns and the significant issues related to the respective policies. In the meantime, the Board of Directors supervises the promotion of sustainable development. At least one report is submitted to the Board of Directors every year (In 2022, one was made at the 374th board meeting on June 17, and the other was made at the 380th board meeting on December 16) to demonstrate the Company's commitments and determination. The implementation goals are reviewed every year from the perspective of corporate governance, environmental protection, and social co-prosperity, and different projects are developed to gradually promote sustainable operations.

Organizational Chart of the Sustainable Operation Strategy Team



Sustainable Development Best Practice Principles of Yang Ming Marine Transport Corporation

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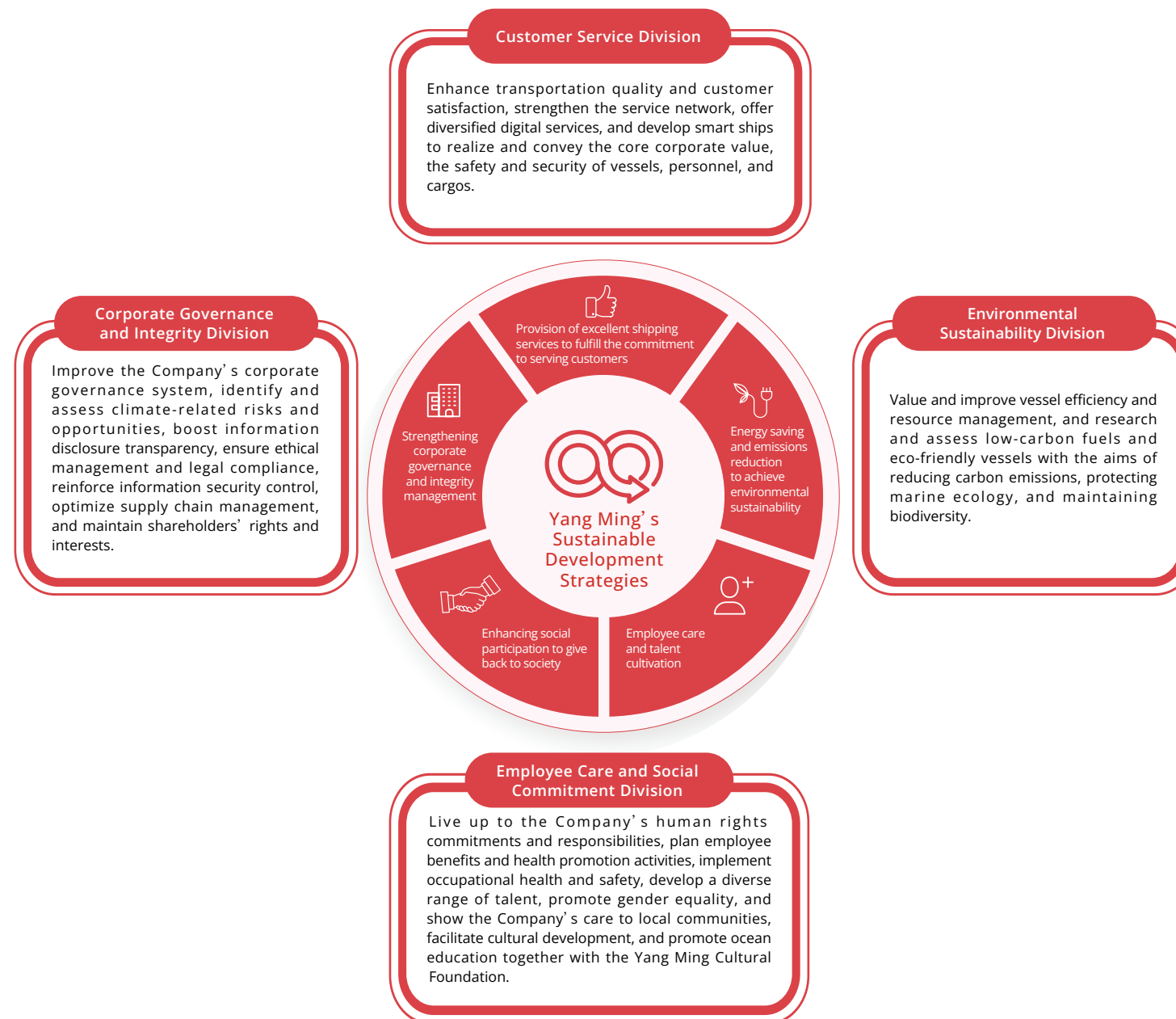
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■ Yang Ming's Sustainable Development Strategies



■ Implementation Results of the Sustainable Operation Strategy Team:

1. 2 reports were made to the Board of Directors in 2022, and the motions include:

- Sustainability goal implementation outcomes and the setting of sustainability goals
- Identification of key stakeholders and material issues of concern, and the Company's communication performance regarding the communication channels for stakeholders as well as the means and frequency of response
- Identification of the Company's climate change risks and opportunities and measures in response
- Implementation of the Company's intellectual property management plan
- GHG inventory and verification
- Reporting of the implementation results of the ethical management policy and prevention plan
- Participation in international initiatives

2. The Sustainable Operation Strategy Team held a total of 14 meetings in 2022

■ Board of Directors' Suggestions for Supervision

- In terms of the direction of the Company's carbon reduction strategy, in addition to striving to reduce the carbon emissions of the fleet, the Company may consider energy conservation as an approach to carbon reduction. At the same time, for related projects, the Company may exchange opinions and collaborate with academic institutions related to shipping or seek advice from professional organizations to actively improve carbon reduction effectiveness.
- The responsible units that have proposed ethical management advice on the amendment of the provisions of the "Codes of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," must thoroughly go through related implementation details rather than amending the relevant provisions only pursuant to the letter of the competent authority to avoid excessive formalism.

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1.2 Short-term, Medium-term and Long-term Sustainable Development Goals and Implementation Overview

Sustainable Operation Strategy and Goal	Sustainable Operation Strategy Team	Corresponding SDGs	Medium-term/ Long-term Goals (2024-2030)	Short-term Goals by 2023	Corresponding Material Topics and Related Implementation Results in 2022
Strengthening corporate governance and integrity management	Corporate Governance and Integrity Division	     	● Increase the Company's ranking to top 5% in the corporate governance evaluation ● Strive for the Taiwan Enterprise Sustainability Award ● Enhance ethical operation management mechanisms and improve information transparency and awareness ● Have auditors obtain professional licenses	● Continue to participate in the Taiwan Enterprise Sustainability Award. ● Optimize the Chinese and English versions of the Corporate ESG sustainability website. ● Implement policies for diverse board members. ● Maintain the rights and interests of shareholders and enhance information transparency. ▶ Hold at least one investor conference per quarter. ▶ Answer the DJSI questionnaire and continue to complete TCFD and CDP climate change questionnaires. ● Execute internal control system optimization projects. ● Develop two quantification models, namely a long-term corporate cash management model and a proper risk-adjusted internal rate of return. ● Conduct audits based on project type and perform internal audits at overseas locations. ● Have the contract management system go live. ● Strengthen employees' awareness of legal compliance and risk control as well as ethical operation management mechanisms. ▶ Create case studies on internal punishment and communicate the case studies once a year. ▶ Ingrain ethical management in employees through relevant education and training every year, achieve the target participation rate of 93% and the target pass rate of 93% with 0.5 course hours, and offer education and training in English to employees at overseas locations and onboard employees. ▶ Propagate the Group's whistleblowing channels and whistleblower protection measures. ▶ Join the Maritime Anti-Corruption Network (MACN). ▶ Introduce the ISO37001 anti-bribery management system certification. ▶ Communicate the importance of legal compliance every quarter and organize at least 3 education and training sessions in the year. ▶ Create a mechanism for the avoidance of conflicts of interest in the Group. ● Encourage employees to obtain international internal audit certificates or CPA licenses. We expect to have one employee that will acquire a CPA license in 2023.	● Material topic's management approaches: • Corporate governance and integrity management • Legal compliance • Risk management • Implementation and performance of sustainability strategies • Climate change governance strategies ● Corresponding chapter: • CH1 - Strategic Blueprint - Sustainable Operation Strategies • CH2 - Stable Navigation - Corporate Governance and Resilient Operations
			● Continue to optimize the sustainable management mechanism for suppliers	● Promote the Procurement Portal and enhance the functions of the portal. ● Optimize the sustainable management mechanism for suppliers on an ongoing basis, conduct a sustainability risk assessment for tier 1 key suppliers and implement due diligence and evaluation systems to deepen engagement. ▶ Carry out written reviews for over 50 tier 1 key suppliers and on-site reviews for 5 tier 1 key suppliers. ● Require suppliers identified as having high risk to make improvements, follow-ups, and replacements.	● Material topic's management approaches: • Management strategies and operational performance ● Corresponding chapter: • 2.6 Supply Chain Management

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Sustainable Operation Strategy and Goal	Sustainable Operation Strategy Team	Corresponding SDGs	Medium-term/ Long-term Goals (2024-2030)	Short-term Goals by 2023	Corresponding Material Topics and Related Implementation Results in 2022
Provision of excellent shipping services to fulfill the commitment to serving customers	Customer Service Division	  	● Improve operational performance	● Ensure a sound financial structure. ▶ Maintain a stable financial structure. ● Diversify the Group’s business. ▶ Identify investment opportunities related to terminal yards, storage logistics, and zero emission vessels. ● Strengthen the service network. ▶ Continue the planning of developing routes for niche markets. ▶ Establish operational strategies within and beyond the alliance.	● Material topic’s management approaches: • Management strategies and operational performance • R&D and investment in low-carbon technologies ● Corresponding chapter: • Preface-About Yang Ming • 3.4 R&D and Investment in Low-Carbon Technologies
			● Offer excellent customer services	● Provide safe and reliable transportation services. ▶ Implement cargo stowage and transport safety checks. ▶ Fully use weather routing ▶ Actively participate in international seminars and webinars. ● Satisfy customers’ needs for new containers. ● Offer multifaceted customer services. ▶ Develop new markets. ▶ Hold irregular customer meetings.	● Material topic’s management approaches: • Navigation and transportation safety • Customer service quality and satisfaction ● Corresponding chapter: • 4.1 Navigation and Transportation Safety • 4.2.1 Smart Ship Center (War Room) • 4.4 Customer Service Quality and Satisfaction
			● Ensure navigation and transportation safety	● Implement smart ship monitoring and audit plans. ▶ Reinforce warnings in military exercise areas. ▶ Actively increase the Company’s CII rating and reduce the number of conditions of class or recommendations. ▶ Integrate the green shipping module with big data. ● Improve cargo transportation safety. ▶ Hold a stowage planning safety and management meeting every month. ▶ Provide regular seafarer training courses. ● Enhance special cargo management. ▶ Have professionals conduct management. ▶ Implement education and training. ● Give vessel operation and seafarer training. ▶ Continue the optimization of fleet operation and organize regular seafarer training on dangerous cargo transportation, information security, and occupational safety. ▶ Raise seafarers’ safety awareness and further perform accident simulation exercises for survival, fire distinguishing, and oil pollution.	

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Energy saving and emissions reduction to achieve environmental sustainability	Environmental Sustainability Division	    	● Reduce the carbon intensity by 20% by 2025 compared to 2020 ● Achieve net zero emissions by 2050	● Keep the carbon intensity in 2023 not higher than that in 2022 at 39.88 g/TEU*km (the fleet’s carbon intensity in 2022 was 40.21 g/TEU*km). ▶ Plan the use of the SBTi methodology to set total reduction targets and expect to sign up for the SBTi initiative. ▶ Upgrade fleet energy saving measures. - Regularly monitor the management of operating vessels’ fuel consumption (the goal is to receive a CII rating of C or higher). - Research low-carbon fuels and take them into consideration for the future deployment of energy-efficient vessels. - Formulate an annual dry-docking plan for 13 vessels. - Complete the retrofit and inspection of 37 vessels. - Participate in initiative meetings to exchange opinions on carbon reduction technologies with members from different sectors. ▶ Have the parent company include GHG Inventory Categories 3 to 6 under ISO14064-1, and schedule subsidiaries’ introduction of ISO14064-1 GHG inventories and report the schedule to the Board of Directors. ▶ Reduce VOC (volatile organic compound) emissions. - Continue the use of water-based paints for newly-built containers and the use of low-VOC paints for the hull of all vessels in the fleet. ▶ Make plans for energy conservation at offices. - Discuss the installment of green energy equipment at offices and the construction of an energy-efficient server room in the headquarters. - Assess green power procurement projects and execute them in stages. - Promote aquaponics plans. ● Facilitate digitalization to cut paper use by 0.5% in comparison to the previous year. ▶ Achieve 99% or more use of electronic official documents. ▶ Make attachments to vouchers payable to become paperless. ▶ Manage shipowners’ accounts, optimize the process, and increase agents’ cloud utilization rate to 98%. ▶ Achieve 45% use of electronic import receipts and increase the e-D/O utilization rate by 3%.	● Material topic’s management approaches: · Energy resources use and consumption · R&D and investment in low-carbon technologies ● Corresponding chapter: · 3.2 Energy Use and Consumption · 3.3 Greenhouse Gas and Emissions · 3.4 R&D and Investment in Low-Carbon Technologies · 4.2.2 Digital Transformation
			● Manage water resources at offices and the container terminal	● Promote water saving and management measures and actions. ▶ Conduct statistical analysis of water consumption. ▶ Recycle the wastewater from the building’s reverse osmosis (RO) equipment and install a wastewater recycling and filtration system in the container washing area of the container terminal. ▶ Install water-saving equipment and encourage water saving.	For the detailed implementation of items not included as the material topics in 2022, please refer to 3.5 Waste Disposal and Ship Demolition and Recycling .
			● Further reduce vessel and office waste	● Reduce vessel and office waste by 1% compared to 2022. ● Achieve a 10% recycling rate or more at offices. ● Recycle 10 metric tons of destroyed paper documents in 2023.	For the detailed implementation of items not included as the material topics in 2022, please refer to 3.6 Wastewater/Sewage Discharge Management

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			● Protect marine ecology and maintain biodiversity	● Install vessel ballast water management equipment on 5 vessels. ● Comply with international biological conservation laws and regulations continuously. ● Implement marine environment cleanup programs (port cleanups). ● Team up with the National Museum of Marine Science and Technology to launch a coral restoration project.	For the detailed implementation of items not included as the material topics in 2022, please refer to 3.7 Biodiversity, CH6 Navigator for Local Communities - Community Care and Social Welfare Activities
Employee care and talent cultivation	Employee Care and Social Commitment Division	   	● Increase employee satisfaction ● Maintain harmonious labor-management relations	● Improve overall employee satisfaction: Conduct at least one employee satisfaction survey every two years and achieve a 2% or higher score increase over the previous survey. ▶ Provide employee benefits and incentives better than those required by laws. ▶ Continue to promote the preschool center to employees. ▶ Communicate the human rights policy to employees and ingrain the concept of gender equality in them by providing at least 1 hour of training, with both the minimum participation rate and the minimum pass rate reaching 92%. ▶ Continuously schedule compliance reviews for certification in accordance with the requirements of the Maritime Labour Convention and verify management performance.	● Material topic's management approaches: · Employee compensation and benefits ● Corresponding chapter: · 5.3 Employee Compensation and Benefits
			● Optimize personnel health management and promote the physical and mental health of seafarers	● Implement e-health management to improve the efficiency and quality of employee health management. ▶ Provide online reservations for health checkups, lectures, and promotion activities. ▶ Conduct health checkup satisfaction questionnaire surveys and the statistical analysis of health checkup data. ▶ Achieve the target questionnaire return rate of over 80% for the four programs under the Occupational Safety and Health Act. ● Raise employees' health awareness and improve their health. ▶ Hold at least 10 free stress relief massage sessions every month. ▶ Offer 2 free on-site physician consultation sessions on a monthly basis. ▶ Organize 6 health-related lectures and health promotion activities annually. ● Promote comprehensive EAPs to seafarers and their dependents. ● Enhance health care for seafarers. ▶ Upgrade remote medical equipment. ▶ Raise the health checkup allowance for seafarers. ▶ Communicate when and how to access the EAPs. ● Promote an ESG passport program: Encourage participation in sports events.	● Material topic's management approaches: · Occupational safety and health ● Corresponding chapter: · 5.4 Occupational Safety and Health
			● Remain accredited as a healthy workplace	● Implement workplace health management and health promotion on a continuous basis, comply with the requirements and standards of the Healthy Workplace Accreditation, and constantly adjust pandemic prevention measures according to the CDC's policies. ● Ensure zero occurrence of serious accidental injuries or death attributable to the Company. ▶ Conduct safety and health education and training to enhance employees' safety awareness.	

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Employee care and talent cultivation		3GOOD HEALTH AND WELL-BEING 4QUALITY EDUCATION 5GENDER EQUALITY 16PEACE, JUSTICE AND STRONG INSTITUTIONS	● Develop a diversity of talent	● Recruit and attract diverse talent. ● Plan the development and recruitment of maritime talent. ▶ Recruit 200 seafarers and have all of them complete competency training courses for officers and ratings. ▶ Continue to work with academic institutions in recruitment. ● Offer diverse talent cultivation courses and various learning methods (e.g., an online learning platform in addition to physical courses). ▶ 8 required courses (about 25 batches in total, totaling 131 hours). ▶ 6 elective courses (6 batches in total, 6 hours per batch). ▶ 5 promotional courses (5 batches, 0.5 hours per batch). ● Develop sustainability talent and organize at least 5 course sessions related to sustainability issues. ● Provide more opportunities for industry-academia collaboration and international exchange.	For the detailed implementation of items not included as the material topics in 2022, please refer to 5.2 Talent Recruitment and Cultivation
	Employee Care and Social Commitment Division	4QUALITY EDUCATION 11SUSTAINABLE CITIES AND COMMUNITIES 12RESPONSIBLE CONSUMPTION AND PRODUCTION 13CLIMATE ACTION 14LIFE BELOW WATER	● Sponsor specific social engagement projects ● Continuously expand green procurement and local procurement	● Demonstrate our care to local communities and promote cultural development. ▶ Support environmental protection, marine ecology conservation, cultural and art activities, cultural and creative industries, public welfare undertakings, and social growth to facilitate the implementation of cultural development activities and sponsorships. ▶ Support excellent athletes. ▶ Promote an ESG passport program - Launch volunteer service programs and environmental sustainability courses. ● Prioritize the use of the Green Mark-labelled materials and products of Taiwanese brands. ● Prioritize the use of locally-sourced ingredients in Taiwan for the staff cafeteria. ▶ Use about 650 kilograms of locally sourced ingredients in Taiwan a day, about 161,200 kilograms/year.	For the detailed implementation of items not included as the material topics in 2022, please refer to CH6 - Navigator for Local Communities - Community Care and Social Welfare Activities For the detailed implementation of items not included as the material topics in 2022, please refer to 2.6 Supply Chain Management

1.3 Stakeholder Communication



Customers

Significance to Yang Ming

Customers' recognition and support will be the key to sustainable growth

Issues of Concern

- Navigation and transportation safety
- Information security and customer privacy protection
- Customer service quality and satisfaction
- Implementation and performance of sustainability strategies
- Legal compliance

Means of Communication/Response Channels

Frequency

- | Means of Communication/Response Channels | Frequency |
|---|-------------|
| ● Participation in or response to relevant organizational initiatives and various platforms | Irregularly |
| ● Customer service contact | Anytime |
| ● Customer satisfaction survey | Biennially |
| ● Sustainability report | Yearly |
| ● Official website | Anytime |
| ● Corporate ESG website | Anytime |

Jia-Ru Wu, Senior Manager of the E-commerce and Documentation Department
Customer Service Mailbox: cs@yangming.com

Stakeholder Communication Results in 2022

- The Company answered the questionnaires of the CCWG, EcoVadis, BICEPS, and CDP
- We conduct a global customer satisfaction survey every two years. The overall average score of the global customer satisfaction survey in 2022 was 88.63, showing a 3.27% increase in comparison to that in 2020, which was 85.82
- The 2022 Sustainability Report was published in Chinese and English
- 36 press releases were published on the official website

Corresponding Chapter

- CH1 Strategic Blueprint - Sustainable Operation Strategies
- CH2 Stable Navigation - Corporate Governance and Resilient Operations
- CH4 Going Digital - Smart Operations Creating Sustainable Win-win Situations



Competent Authorities

Significance to Yang Ming

Yang Ming takes a highly self-disciplined and cautious attitude towards compliance with laws and regulations as well as the implementation of relevant procedures, and actively participates in and supports the programs promoted by the government.

Issues of Concern

- Information security and customer privacy protection
- Risk management
- Navigation and transportation safety
- Labor rights
- Legal compliance

Means of Communication/Response Channels

Frequency

- | Means of Communication/Response Channels | Frequency |
|--|-----------|
| ● Market Observation Post System | Anytime |
| ● Annual report | Yearly |
| ● Sustainability report | Yearly |
| ● Official website | Anytime |

Means of Communication/Response Channels

Frequency

- | Means of Communication/Response Channels | Frequency |
|--|-------------|
| ● Corporate ESG website | Anytime |
| ● Corporate governance evaluation | Yearly |
| ● Participation in industry associations | Irregularly |
| ● Official documents | Irregularly |

Spokesperson: President Shu-Chin Tu pr@yangming.com

Stakeholder Communication Results in 2022

- The 2021 Annual Report was issued
- The Company was ranked among the top 6%-20% in the corporate governance evaluation
- Yang Ming was selected as one of the "Top 100 Model Enterprises for Sustainability in Taiwan" and won the "Corporate Sustainability Report Awards - Transportation Industry Golden Award" in the 15th TCSA
- Yang Ming was included in FTSE4Good TIP Taiwan ESG Index, FTSE TWSE Taiwan 50 Index, TWSE RAFI® Taiwan High Compensation 100 Index, MSCI AC Asia Pacific Index, TWSE Corporate Governance 100 Index

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- CH2 Stable Navigation - Corporate Governance and Integrity Management
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Employees

Significance to Yang Ming

Employees are not only the key to an enterprise’s core competitiveness, but also the biggest driver for a company’s continuous and stable business growth

Issues of Concern

- Corporate governance and integrity management
- Employee compensation and benefits
- Legal compliance
- Management strategies and operational performance
- Occupational safety and health

Means of Communication/ Response Channels	Frequency
● Labor-management meeting, Employee Welfare Committee meeting, Occupational Safety and Health Committee meeting	Quarterly
● Yang Ming Monthly, YM You & Me	Monthly
● Chairman Mailbox, Employee Mailbox	Permanently
● Internal website, official website	Anytime
● Corporate ESG website	Anytime

Human Resource Affairs: Vice President Mei-Ling Chung Employee Mailbox: employeebox@yangming.com Recruitment Affairs: Official website/Jobs & Career	Chairman Mailbox: Chairman@yangming.com OHS Affairs: Deputy Vice President Su-Chun Tsao OHS Mailbox: HOSOService@yangming.com
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Stakeholder Communication Results in 2022

- 4 labor-management meetings, 5 Employee Welfare Committee meetings, and 4 Occupational Safety and Health Committee meetings were held
- Yang Ming signed the “Neptune Declaration on Seafarer Wellbeing and Crew Change” to support crew change
- The Company promoted the EAPs continuously and included expatriated personnel and onboard personnel remote medical consultation services, which played a timely and extremely effective role during the pandemic this year. The medical consultation services were accessed a total of 134 times this year.

- Corresponding Chapter
- [CH2 Stable Navigation - Corporate Governance and Integrity Management](#)
 - [CH5 Talent Navigation – Workplace Well-Being for Diverse Development](#)



Suppliers

Significance to Yang Ming

Yang Ming treats suppliers as important partners and has dedicated to seeking long-term partnerships with them to jointly ensure stable and sustainable operations

Issues of Concern

- Corporate governance and integrity management
- Information security and customer privacy protection
- Legal compliance
- Navigation and transportation safety
- Implementation and performance of sustainability strategies

Means of Communication/ Response Channels	Frequency	Means of Communication/ Response Channels	Frequency
● Market Observation Post System	Anytime	● Yang Ming Procurement Portal	Anytime
● Annual report	Yearly	● Official website	Anytime
● Sustainability report	Yearly	● Corporate ESG website	Anytime

Corporate Governance Team,
Public Affairs Department: Senior Manager
Huan-Yu Lin apgc@yangming.com

Mailbox for Independent Directors
ymtarzantang88@hibox.biz
Whistleblowing Mailbox: conduct@yangming.com

Stakeholder Communication Results in 2022

- Suppliers were required to sign a Supplier Evaluation Form prior to procurement, which included a “Supplier Sustainability Statement” that covered requirements on labor rights, environmental protection and occupational safety and a “Statement of Ethical Management” for self-evaluation
- Contracts required suppliers to guarantee their compliance with all laws and regulations pertaining to business execution, including but not limited to international or domestic laws, regulations or conventions on labor, environmental protection, health and safety
- The suppliers with which the Company made purchases within the year were evaluated for their contract performance, and those with found deficiencies were recorded and requested to make corrections.
- Through the analysis of annual procurement activity data, 1,503 suppliers were graded and classified, and the procurement activities were sorted into 8 categories by procured items and service nature: general affairs and services , professional services, marine fuel, vessels, safe operation of vessels, container/chassis/genset, container yard machinery, and shipping-related services.The data were further analyzed based on the purchase amount for each category and the transaction frequency with individual suppliers. In 2022, 144 tier 1 key suppliers were identified
- The Company first invited the tier 1 key suppliers to complete ESG due diligence questionnaires covering sustainable government, society and environmental management to understand the sustainability governance status of the key suppliers in the value chain through the questionnaires, and then carried out written sustainability reviews for 30 key suppliers and on-site reviews for 2 key suppliers
- Phase 1 of the Yang Ming Procurement Portal officially went live

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Investors and Banks

Significance to Yang Ming

Yang Ming values the rights and interests of shareholders and investors, and thus strives to achieve the goal of sustainable operations to make good on the Company’s responsibility to the shareholders and investors

Issues of Concern

- Navigation and transportation safety
- Energy resources use and consumption
- Implementation and performance of sustainability strategies
- Legal compliance
- Information security and customer privacy protection

Means of Communication/ Response Channels	Frequency	Means of Communication/ Response Channels	Frequency
● Participation in or response to relevant organizational initiatives	Irregularly	● Investor conference	Quarterly
● Market Observation Post System	Anytime	● Sustainability report	Yearly
● Financial report	Quarterly	● Official website	Anytime
● Annual report	Yearly	● Corporate ESG website	Anytime
● Annual general meeting	Yearly	● Corporate governance evaluation	Yearly

Transfer Agent: KGI Securities Co., Ltd. +886-2-2389-2999
Stock Information: Mr. Ching-Po Chang, Finance Department FFIC@yangming.com

Stakeholder Communication Results in 2022

- 75 pieces of material information and 36 announcements were issued in Chinese and English in accordance with regulations
- 4 investor conferences were held (online)
- 1 annual general meeting was organized

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- [CH1 Strategic Blueprint - Sustainable Operation Strategies](#)
- [CH2 Stable Navigation - Corporate Governance and Resilient Operations](#)
- [CH3 Green and Sustainable Shipping - Operating Strategies for Environmental Sustainability](#)
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Classification Societies

Significance to Yang Ming

Classification societies provide relevant regulatory information and conduct ship surveys to keep ships seaworthy

Issues of Concern

- Navigation and transportation safety
- Energy resources use and consumption
- R&D and investment in low-carbon technologies
- Greenhouse gas emissions
- Biodiversity
- Implementation and performance of sustainability strategies

Means of Communication/ Response Channels	Frequency	Means of Communication/ Response Channels	Frequency
● Market Observation Post System	Anytime	● Company website	Anytime
● Annual report	Yearly	● Corporate sustainability section	Anytime
● Sustainability repor	Yearly	● Corporate governance evaluation	Yearly
● Participation in industry associations	Irregularly		

Quality Management and Corporate Sustainability Team, Public Affairs Department
Assistant Vice President Ching-Yu Lin apqs@yangming.com

Stakeholder Communication Results in 2022

- The 2022 Sustainability Report was published in Chinese and English
- The 2021 Annual Report was published
- Yang Ming joined 18 shipping-related associations and initiatives at home and abroad.
- The Company’s executives attended 54 association meetings.

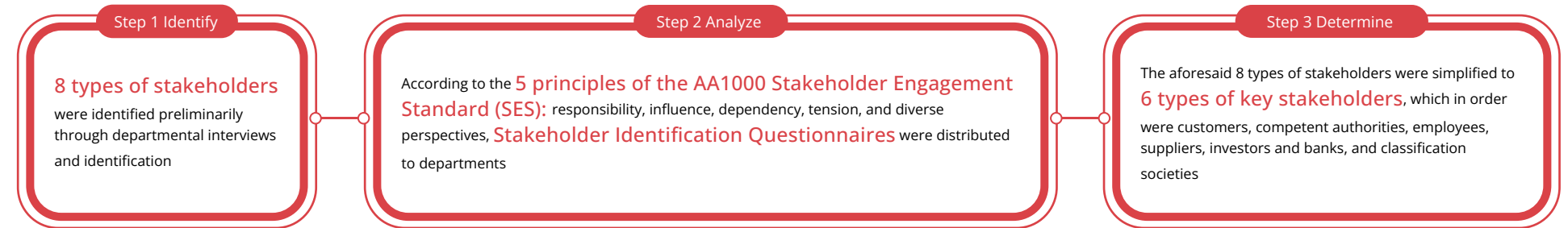
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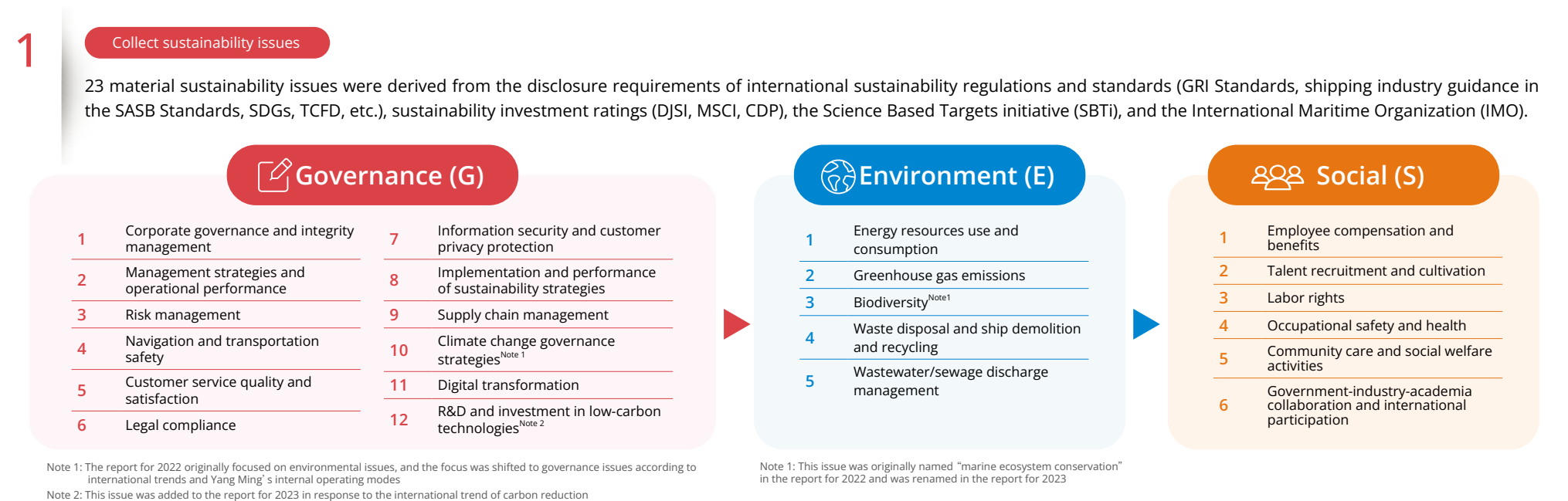
1.4 Material Topic Identification Process and Management Approaches

In compliance with and on the basis of the four reporting principles in the GRI Universal Standards 2021, namely stakeholder inclusiveness, sustainability context, materiality, and completeness, Yang Ming has gained an in-depth understanding of the context and trend of material sustainability topics in the shipping industry through diverse channels and stakeholder communications and preliminarily identified a list of sustainability issues of significance to the Company and the stakeholders thereof. After further assessment of the significance and likelihood of the impact of the sustainability issues on the economy, environment, and human rights (society), the Company's material sustainability topics for this year have been identified based on the level of stakeholders' concern about the sustainability issues. The topics are used as the basis for the strategic planning of sustainable development as well as for the disclosure of information in this Report.

● Stakeholder Identification



● Identification of Material Sustainability Topics



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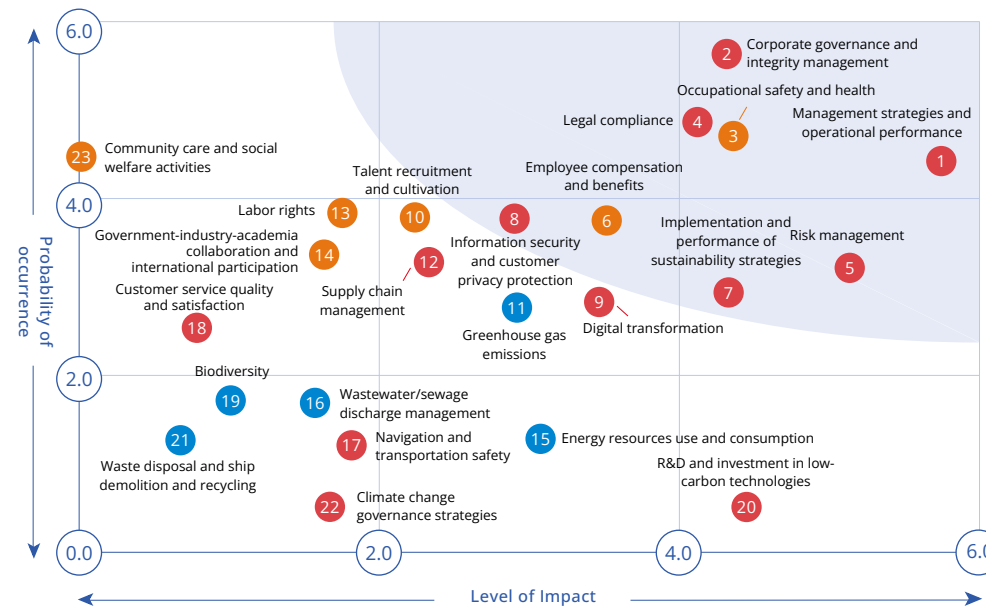
Appendix

2

Identify actual/potential significant impacts

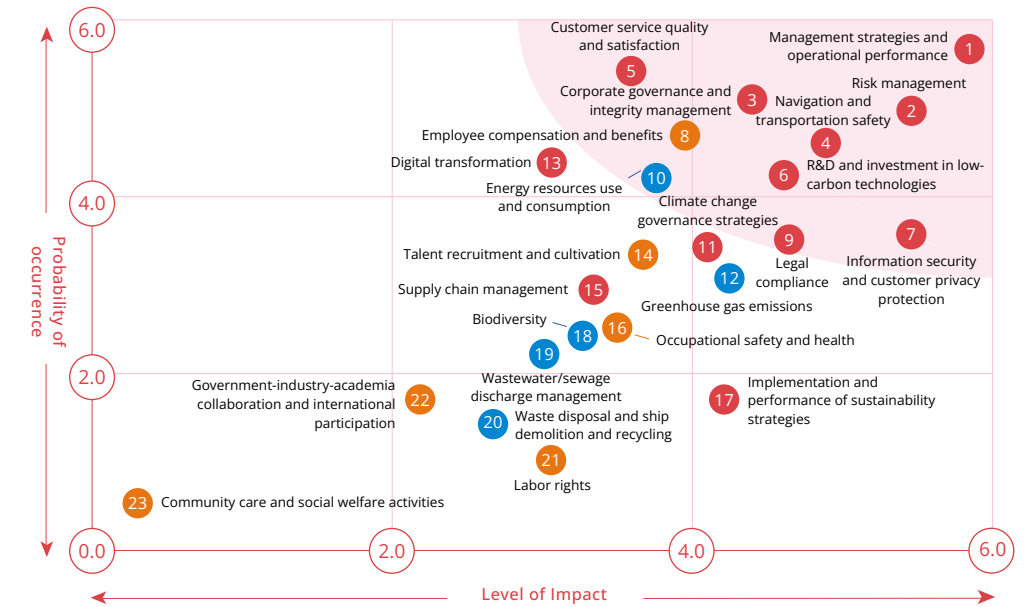
In the 34 valid survey questionnaires from the departments of Yang Ming, the departments were tasked with adhering to the principle of double materiality and assessing the actual/potential positive and negative impacts of the 23 sustainability issues on the economy, environment and human rights (society) and their probability of occurrence based on the Company's operating activities and business relationships, and then rate the issues from 1 to 5. After the questionnaire results were organized, the issues were distributed based on their positiveness/negativeness. Lists of sustainability issues having positive or negative significant impacts with a total score of 10 or higher for the significance of their positive impacts or a total score of 15 or higher for the significance of their negative impacts were generated.

Matrix of Material Topics with Positive Impacts



Note: The total score for the significance of positive impacts is calculated as the probability of occurrence of the positive impacts X the level of the positive impacts

Matrix of Material Topics with Negative Impacts



Note: The total score for the significance of negative impacts is calculated as the probability of occurrence of the negative impacts X the level of the negative impacts

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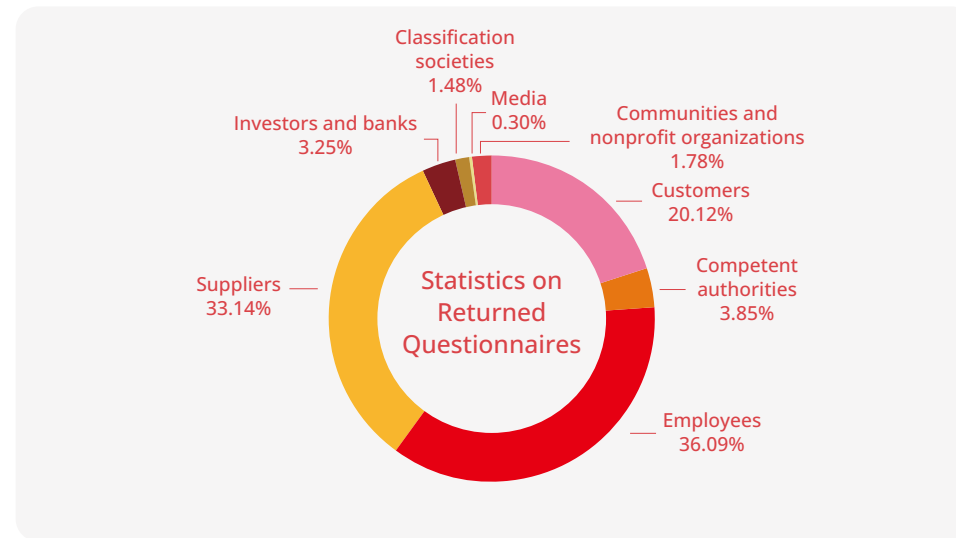
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Appendix

3

Take into account the opinions of stakeholders and respond to the expectations of different sectors

Yang Ming has put focus on the opinions of stakeholders. To ensure that the Company is able to respond to different stakeholders in an accurate and inclusive manner, we distributed and received 338 valid questionnaires for the issues of stakeholders' concern this year, of which 331 were completed by the top 6 types of stakeholders were used to identify 7 sustainability issues of their concern with a total score of 3.5 or higher for the level of concern.



Ranking	Sustainability Issue	ESG
1	Legal compliance	G
2	Navigation and transportation safety	G
3	Information security and customer privacy protection	G
4	Implementation and performance of sustainability strategies	G
5	Occupational safety and health	S
6	Management strategies and operational performance	G
7	Risk management	G

4

Determine a list of significant material topics to be responded to in a prioritized manner

Yang Ming's Sustainability Working Group reviewed the results in Steps 2 and 3 and included "climate change governance strategies" according to the advice from the management team and external experts. A total of 13 sustainability issues were selected as the material topics for this year. The response strategies, short-term, medium-term and long-term goals, performance and outcomes, and management approaches for each topic are described in compliance with the reporting requirements for the respective topics in this Report.

List of Material Topics for 2022		
	Sustainability Issue	ESG
1	Management strategies and operational performance	G
2	Corporate governance and integrity management	G
3	Occupational safety and health	S
4	Legal compliance	G
5	Risk management	G
6	Employee compensation and benefits	S
7	Implementation and performance of sustainability strategies	G
8	Information security and customer privacy protection	G
9	Navigation and transportation safety	G
10	Customer service quality and satisfaction	G
11	R&D and investment in low-carbon technologies	G
12	Energy resources use and consumption	E
13	Climate change governance strategies	G

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5

Determine the impact boundary of each material topic

The Company determined a list of 13 material topics through strict identification procedures and assessed the value chain impact boundary based on the material topics and stakeholder communication results. The boundary is shown below:

● Direct Impact ● Indirect Impact

	Value chain boundary						
	Employees	Suppliers	Customers	Competent Authorities	Classification Societies	Investors and Banks	Communities and Nonprofit Organizations
Management strategies and operational performance	●		●			●	
Corporate governance and integrity management	●	●		●		●	
Occupational safety and health	●	●	●	●			
Legal compliance	●	●	●	●	●	●	
Risk management	●			●		●	
Employee compensation and benefits	●						
Implementation and performance of sustainability strategies	●		●		●	●	●
Information security and customer privacy protection	●		●	●		●	
Navigation and transportation safety	●	●	●	●	●		
Customer service quality and satisfaction	●		●				
R&D and investment in low-carbon technologies	●	●			●	●	●
Energy resources use and consumption	●	●	●	●	●	●	●
Climate change governance strategies	●	●	●		●	●	●

6

Describe impacts and set management approaches

Yang Ming is well aware that in making positive contributions to sustainable development, negative impacts may be generated in operating activities and acknowledges that the positive and negative impacts cannot be offset by each other. Hence, in reporting the sustainability topics, relevant responsible units once again reviewed the actual/potential positive or negative impacts of the topics from the perspective of actual implementation to further develop management approaches for the material topics.

Management strategies and operational performance

GRI Topic GRI 201 Economic Performance

SASB Index TR-MT-000.B\TR-MT-000.C\TR-MT-000.D\TR-MT-000.E\TR-MT-000.F\TR-MT-000.G

Significance to Yang Ming

Stable and flexible management strategies are an essential factor for the Company to continue as a going concern and seek stable profits.

Impact Description

A decrease in the activity level of the shipping market will lead to poor management performance, indirectly affecting customers’ loading willingness and reducing service quality. Well-developed profitable management strategies can help stabilize and reinforce the Company’s financial structure and offer customers at home and abroad stable and high-quality services, thereby creating positive and circular economic impacts.

Management Approach

- Continuously reinforce the existing market and route niches.
- Seize opportunities for developing new markets.
- Plan service route adjustments and ship deployment to ensure sustainable development.

Evaluation Mechanism

- A performance review meeting is held regularly every month according to the internal assignments of authority. Based on the operating status, meetings are held from time to time to discuss route adjustments, flexibly review the operating status at any time, and react accordingly when necessary.

Management Results in 2022

- 31 THE Alliance routes in total (including 3 routes jointly operated with non-THE Alliance carriers).
- The total number of available vessels was slightly increased to 260, with a total shipping capacity of over 2.9 million TEUs. There were 101 sailings per week. A total of 7 additional sailings were added, including 1 Far East-USEC sailing; 3 Far East-Northwest US sailings, and 3 Far East-Middle East/Red Sea sailings.
- A project team was formed to formulate strategies for investment in key industries and green energy industries.

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- Customer Service Division

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Corporate governance and integrity management

GRI Topic GRI 2 General Disclosures, GRI 205 Anti-corruption, GRI 206 Anti-competitive Behavior

SASB Index TR-MT-510a.1, TR-MT-510a.2

Significance to Yang Ming

Having a sound governance structure and corporate integrity culture is an important management policy of the Company.

Impact Description

The Company considers good system operations as the foundation of stable business operations, values integrity management, and complies with laws and regulations. Yang Ming has a good reputation and strives to avoid fraud or competition law violations to prevent the Company from shouldering related responsibilities/suffering reputation damages. The Company’s internal management and business activities strictly comply with the Ethical Corporate Management Best Practice Principles, resulting in positive impacts on governance and economic activities.

Management Approach

External independent professional agencies are commissioned to assess the performance of the Board of Directors regularly and receive a professional and objective inspection report. The Company also actively participates in important evaluations at home and abroad to not only gain a good reputation, but also review the internal procedures, leading to positive impacts on the Company’s reputation and economic operations. For integrity management, in addition to requesting compliance with the “Ethical Corporate Management Best Practice Principles,” we also promote the Company’s compliance with the European Union Competition Law, the US’s Antitrust Laws, China’s Anti-Monopoly Law, Taiwan’s Fair Trade Act and other competition laws related to the Company’s business and pay attention to and abide by the regulatory measures of competent authorities for the shipping market to make sure that the Company’s operations are in compliance with the related laws and regulations.

Evaluation Mechanism

- The “Declaration System for Entertainment Invitations and Received Gifts of Value” has been implemented. A propaganda session is held every quarter to request employees to declare entertainment invitations and any received gifts of value exceeding a certain amount on the designated system.
- At least 3 compliance education and training sessions and tests are organized, e.g. on preventing insider trading and propagating the Personal Data Protection Act, competition laws, “Codes of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”.
- An internal audit is conducted by the Audit Department every year.

Management Results in 2022

- In 2022, the performance of the Board of Directors and functional committees was assessed internally. The assessment results and the improvement directions and targets that could be implemented continuously were reported to the Board of Directors.
- In October 2022, the members of the 1st Risk Management Committee were designated to ensure a sound corporate governance system and enhance the supervisory and risk management functions of the Board of Directors.
- The Company’s “Codes of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, and “Procedures for Ethical Management and Guidelines for Conduct” were amended and submitted to the Board of Directors for approval.
- The Company’s amended Procedures for Handling Material Inside Information were approved by the Board of Directors and disclosed on the Company’s website.
- We have maintained the rights and interests of shareholders and enhanced information transparency:
 - ▶ In terms of holding an investor conference every quarter and publishing major information in English in real-time, the achievement rate was 100%.
 - ▶ The annual general meeting was held in a physical manner, with video conferencing as an option for participants.
- A total of 8 Corporate Governance and Integrity Division meetings were convened.
- The “Codes of Ethical Conduct,” “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” and “competition laws” were communicated to all onshore employees of the Company through online education and training, participated by 1,478 and 1,470 people, with a test pass rate of 95.91% and 95.45%, respectively.
- The establishment of the Procurement Portal was promoted. Registration was open to suppliers in Phase 1.
- 1 auditor received an international audit certificate.

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- Corporate Governance and Integrity Division

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Occupational safety and health

GRI Topic GRI 403 Occupational Health and Safety

SASB Index TR-MT-320a.1、TR-MT-540a.1

Significance to Yang Ming

Introducing and implementing occupational safety and health management is not only the Company’s commitment to the employees, but also an essential factor for the Company to continue as a going concern.

Impact Description

Yang Ming attaches great importance to the occupational safety issues faced by all employees. For safety and occupational accidents in the workplace, hazard identification and risk assessment are carried out to reduce potentially dangerous incidents and create a good and safe employment environment, thereby delivering positive impacts on the employees. For violations of laws and regulations related to occupational safety, punishments will be imposed or lawsuits will be filed, damaging the Company’s reputation.

Management Approach

- Conduct occupational safety and health exercises and training to ensure no occurrence of serious accidental injuries or death attributable to the Company.
- Enhance health care for seafarers, upgrade remote medical equipment, and promote the mental and physical health of seafarers.
- Implement e-health management, launch the four programs under the Occupational Safety and Health Act, and conduct the statistical analysis of health checkup data to continuously improve the efficiency and quality of employee health management.
- Remain accredited as a healthy workplace and an iSports enterprise.
- Constantly enhance pandemic prevention and response measures to prevent personnel infection and ensure the Company’s normal operations.

Evaluation Mechanism

The Company has an occupational safety mailbox in place. No complaints were received in 2022.

Management Results in 2022

- We have implemented workplace health management and health promotion on a continuous basis and stayed compliant with the requirements and standards of the Healthy Workplace Accreditation.
- EAPs have been promoted in workplaces. This year, 7 campaigns were organized for onshore personnel: 3 at the headquarters in Cidu, 2 at the Taiwan Business Department, and 2 at the Taichung Branch, and 1 campaign was organized for onboard personnel.
- 5 “health checkup briefing sessions” were held for the annual health checkup, participated by 190 people.
- Onshore personnel have been provided with health checkup frequencies better than those required by law, namely once per year for personnel over 40 years old and once per 2 years for those below 40 years old.
- In response to the pandemic in Taiwan, we organized 1 online briefing session for the “instructions for rapid test kits” as well as 2 online briefing sessions for “pandemic prevention propaganda” and sent 12 telegrams for pandemic prevention. For employee care, pandemic care packages were provided for infected employees. A total of 635 employees submitted a request in 2022.
- Occupational safety education and training: 3 occupational safety education and training sessions were organized for new employees. Firefighting exercises were performed at workplaces, participated by 314 employees in total. A total of 34 people received first-aid retraining. For general personnel safety and health training, 3 online campaigns themed around pandemic prevention were held, with over 1,500 participants.
- 4 education and training sessions were organized for 26 new seafarers. A total of 587 seafarers received pre-onboard safety and health training.
- Class 3 occupational safety and health manager training was arranged for 75 officers throughout the year in order to enhance their occupational safety and health management competence.
- A company sports day was organized in December, with 1,465 participants from Yang Ming Group (including retired employees).

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- Employee Care and Social Commitment Division

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Legal compliance
GRI Topic GRI 2 General Disclosures, GRI 201 Economic Performance
SASB Index TR-MT-540a.2, TR-MT-540a.3
Significance to Yang Ming Compliance with laws and regulations is fundamental to operations. The Company must create a comprehensive mechanism to ensure total compliance.
Impact Description The Company takes legal compliance seriously and has all services compliant with related laws and regulations to reduce operational risks. Customers trust the Company and believe that the Company’s operations are compliant with laws and regulations, which thus gives the Company more chances to offer transportation services and creates positive economic impacts. In case of legal compliance issues that lead to the customers’ doubt about the Company’s services, their willingness to choose the Company’s services will be reduced.
Management Approach ● Include the Company’s legal compliance clause in external contracts to declare the Company’s compliance policy and request suppliers to comply with the Company relevant policies. ● Remind responsible units to keep an eye on competition laws, personal data protection, anti-money laundry, economic sanctions, and embargos in reviewing contracts and other legal documents and handling the Group’s matters and assist them in clarifying and identifying legal risks to avoid violations of related laws and regulations. ● Carry out education/training and propaganda on compliance with related regulations from time to time.
Evaluation Mechanism ● “Legal Compliance Survey” forms are sent to related units. They are required to complete the forms based on the actual legal compliance of their business activities during a specific period. ● The Company has an independent director mailbox (ymtarzantang88@hibox.biz) in place, which can only be accessed by Audit Committee members or the personnel designated thereby. For any suggestions helpful for the Company’s management and development, opinions on the Company’s management status and financial position or the major decisions involving the Company’s interests, and malpractice incidents, stakeholders may submit suggestions and complaints through this channel. ● The Company also offers a whistleblowing mailbox (conduct@yangming.com) to which only the Chief Audit Executive and the personnel designated thereby have limited access. If stakeholders find any conduct that is illegal, unethical, or a breach of fiduciary duty by the directors, managers, employees, and appointees of the Company and the affiliates thereof, they may report such conduct to the Company.
Management Results in 2022 ● Online courses and tests on personal data protection laws and regulations as well as competition laws were organized. 1,470 people passed the tests, with a pass rate of 95.33% and 95.45%, respectively. ● Online education, training, propaganda and tests on the “Codes of Ethical Conduct,” “Ethical Corporate Management Best Practice Principles,” , “Procedures for Ethical Management and Guidelines for Conduct,” and “competition laws” were provided and participated by 1,478 and 1,470 people, with a test pass rate of 95.91% and 95.45%, respectively.
Responsible Sustainable Operation Strategy Division ● Corporate Governance and Integrity Division
Corresponding Chapter CH2 Stable Navigation - Corporate Governance and Resilient Operations

Risk management
GRI Topic GRI 2 General Disclosures
SASB Index N/A
Significance to Yang Ming Risk management allows the Company to fully identify and control possible risks in the operations, enabling the Company to give timely responses to changes in external environments.
Impact Description Risk identification is the strategic foundation of corporate operations. If the possible potential risks faced by the Company are not fully identified, the Company’s operations will be affected, thereby causing negative impacts on society, the economy and the environment. The Company values risk management procedures and conducts appropriate risk management in response to business development in order to improve the Company’s ability to identify and control risks and enhance the flexible management capability, delivering positive impacts on the Company’s corporate image, business income, and customer relationships.
Management Approach Assess the Group’s risks periodically, integrate the business-related risks to units in project proposals when necessary or assess the overall current industrial economic environment, and summarize the possible potential risks to the Group’s operations in the risk assessment report for the Group.
Evaluation Mechanism “Group Risk Assessment” forms are sent regularly to all units. They are required to fill in the forms with the risks that may be involved in the execution of the business activities they are responsible for in a specific period. After determination through risk interviews, an annual risk assessment report is prepared and submitted to the Risk Management Committee. For high-risk items, follow-ups and improvements are performed.
Management Results in 2022 ● Risk management education and training were organized, with a total of 128 people participating in courses and 3 training hours. ● A corporate project risk report was prepared for the risk management system projects executed together with external experts. ● 1 risk management education and training section was held, and the lecturer was from the financial risk management sector.
Responsible Sustainable Operation Strategy Division ● Corporate Governance and Integrity Division
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Employee compensation and benefits

GRI Topic GRI 201 Economic Performance, GRI 401 Employment, GRI 402 Labor/Management Relations

SASB Index N/A

Significance to Yang Ming

Offering competitive employee compensation and benefits is one of the Company’s focuses on talent development and can help sharpen the Company’s competitive edge.

Impact Description

Talent management is a key factor for enterprises to remain competitive in their industries as well as the important foundation of their sustainable business growth. The Company has comprehensive salary and benefits packages in place that can improve the image as an employer, help attract and effectively retain talent, and enhance the Company’s overall competitiveness, thereby creating a positive socioeconomic circle.

Management Approach

Offer salary policies that are internally consistent with the concept of costs and fair and externally competitive.

Evaluation Mechanism

- Externally: A periodic survey on the job market and the compensation and benefits of other companies in the industry is conducted to compare them with the Company’s current salary system.
- Internally: “Employee Opinion Survey Questionnaires” are sent every two years to understand the suggestions and thoughts of internal employees.

Management Results in 2022

- To facilitate a parent-friendly work environment, the Company’s preschool center was put into operation on August 15, 2022. 1 class with childcare facilities was first available for access by employees’ children and grandchildren aged 2 to 6, allowing the employees to have children without worry while maintaining a work-family balance.
- The company provides onshore employees with a frequency of health checkups that is superior to the OHS law’s requirements. The health checkup allowance for each onshore employee was increased to NT\$10,000 and one day of official leave was granted.
- Our fleet received a Maritime Labour Certificate and a Declaration of Maritime Labour Compliance for compliance with the requirements of the Maritime Labour Convention, 2006. In 2022, 31 own vessels underwent an external MLC audit, and the results showed that all the vessels were compliant with the MLC.
- The human rights policy was communicated to all onshore employees of the Company through online education and training, with 1,428 people completing the courses and a test pass rate of up to 92.5%, to raise the employees’ awareness of human rights protection.
- 1,407 people completed the online “gender equality and sexual harassment prevention” propaganda course, with a test pass rate of 91.13%.
- The turnover rate in 2022 was reduced by 1.05% in comparison to that in 2021.
- 4 questionnaire surveys were conducted during large-scale seafarer training: YM Fleet Mess Management Survey, YM Seafarer Complaint Channel Survey, Survey on the Causes of YM’s Common Deficiencies, and Survey on YM’s PMS Use, and improvement measures were proposed.
- We set up a mailbox dedicated for seafarers: ym5134@yangming.com and a sexual harassment whistleblowing mailbox: ym0885@yangming.com. The latter can only be accessed by the Chief Marine Technology Officer and the Head of the Maritime Department. A sexual harassment whistleblowing hotline was also provided for the seafarers to submit suggestions and complaints.

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Appendix

Implementation and performance of sustainability strategies

GRI Topic Self-defined

SASB Index N/A

Significance to Yang Ming

Developing and actively implementing sustainability strategies is the cornerstone of the Company's sustainable development.

Impact Description

Yang Ming pays attention to international sustainability trends in the hope of implementing responsible business conduct by living up to sustainability strategies, including economic activities, environmental protection, and social practice. Through participation in external awards and the receipt of sustainability awards, we review our sustainability efforts and boost corporate competitiveness, actively creating positive social impacts. In case of poor sustainability performance or lack of disclosure transparency resulting in bad evaluation results, the Company may lose corporate competitiveness, leading to a negative economic impact on the corporate operations.

Management Approach

The Sustainable Operation Strategy Team convenes meetings on an annual basis. Through interdepartmental meetings, the Company may focus on the UN's SDGs with the most significant impact on container transport processes and services. "Provision of excellent shipping services to fulfill the commitment to serving customers," "energy saving and emissions reduction to achieve environmental sustainability," "strengthening corporate governance and integrity management," "employee care and talent cultivation," and "enhancing social participation to give back to society" are Yang Ming's sustainable development strategies. Division supervisors review the implementation and performance of the sustainability strategies and designate responsible units to set and carry out short-term/medium-term/long-term goals with respect to stakeholders' concerns and the significant issues related to the respective policies to demonstrate the Company's commitments and determination. The implementation goals are reviewed every year from the perspective of corporate governance, environmental protection, and social co-prosperity, and different projects are developed to gradually promote sustainable operations. The implementation and performance of the Company's sustainability strategies must be reported to the Board of Directors for review at least once a year for the purpose of supervision of the Company's promotion of sustainable development.

Evaluation Mechanism

Meetings of the supervisors of divisions subordinate to the Sustainable Operation Strategy Team are held from time to time every year to review their implementation performance. The Public Affairs Department reports the issues of stakeholders' concern, the material issues analyzed, the implementation in the previous year, and the future short-term/medium-term/long-term goals set to the Board of Directors for the purpose of its supervision of the Company's promotion and implementation of sustainable development.

Management Results in 2022

- A sustainability website in Chinese was set up.
- We completed the CDP climate questionnaire and received a B rating.
- We opened a green fixed deposit with DBS Bank.
- For the awards won, please refer to [Yang Ming's Recognitions in 2022](#).

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Corresponding Chapter [CH1 Strategic Blueprint - Sustainable Operation Strategies](#)

Navigation and transportation safety

GRI Topic GRI 416 Customer Health and Safety

SASB Index N/A

Significance to Yang Ming

Navigation and transportation safety is the Company's commitment to its employees and customers.

Impact Description

We make good use of external resources and expert systems as well as regular weather routing to improve vessel shipping efficiency and ensure navigation and transportation safety, creating stable revenue. A new generation of stowage planning software has also been introduced to enhance hull and cargo safety, which will save the costs for cargo re-stow and canal passage. Failure to control navigation and transportation safety may cause great economic losses, loss of customer trust, and other risks.

Management Approach

- Use a comprehensive information system (SMART SHIP CENTER) for seafarer and vessel condition evaluation.
- Rate sustainability issues by real-time digital data, such as CII monitoring.
- Provide practical e-learning courses (including on information security and labor safety) in various additional types of physical courses for personnel education and training.

Evaluation Mechanism

- At least 6 centralized system-based fleet checks are performed a year.
- Regular departmental meetings are held to give updates on the progress of software development. The Chief Logistics Officer, vice presidents, and deputy vice presidents attend the meetings to review the progress and corrective actions against issues.

Management Results in 2022

- Smart fleet management: Through 5G systems combined with satellite communication and satellite-based ship positioning, the weather integration system, fleet management platforms (including the Fleet Management Module and Seafarer Management Module, Green Shipping Module, and LINE Boardroom), vessel supervision app and platform, digital alert system, etc., Yang Ming could better promote smooth transportation services and navigation and transportation safety.
- Customized modifications were made to the stowage planning software for the YML. The stowage planning procedure has been controlled to improve stowage safety and reduce the probability of mis-operation.
- In 2022, 24 bills of lading with undeclared dangerous cargo were identified. The Company organized 2 education and training sessions on dangerous cargo, prepared instructions for special cargo operations, provided e-learning courses, and used Yammer as a forum on the intranet to share professional knowledge and regulations.
- In 2022, we had no containers lost at sea or collapsing, no vessels grounded, and no major vessel failures and major oil pollution events.

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Information security and customer privacy protection

GRI Topic GRI 418 Customer Privacy

SASB Index N/A

Significance to Yang Ming

Protecting customer privacy is the Company’s commitment to customers. Implementing information security can help increase business resilience.

Impact Description

Yang Ming takes information security and customer privacy protection seriously. We ensure information security through comprehensive systems and effective monitoring in accordance with laws and regulations. ISO 27001 has also been introduced to continuously enhance internal management with high standards, boost the customers’ trust in the Company, and improve the Company’s image for more investment, financing and service opportunities, bringing positive economic impacts. In the event of information leakage, in addition to a penalty, the Company may suffer image damage, causing harm to the Company’s reputation among external stakeholders and thereby leading to a customer loss.

Management Approach

In an effort to utilize information technology to support the Group’s corporate activities, create a vision where the Group can improve its management competitiveness with information, and protect the operation of the global information services from internal or external intentional or accidental threats and damages that expose business information to falsification, leakage, damage or loss risks, an information security policy has been established to use information technology to integrate risk control mechanisms and ensure the Group’s overall management competitiveness.

Information security objectives have also been set:

- Ensure the correctness and integrity of information related to the Company’s business to enhance administrative efficiency and quality.
- Ensure the availability of information equipment related to the Company’s business to meet the requirements for information and business operations.
- Ensure the confidentiality of information related to the Company’s business to protect trade secrets and the privacy of stakeholders.
- Comply with national laws and regulations as well as security standards to achieve the goal of business continuity.

Moreover, from the overall perspective of Company’s strategic risk management, we have built and maintained an information security system and established standards for information risk assessment, with the Company’s operations, laws or regulatory requirements, and the Company’s security obligations under relevant contracts taken into consideration. The publication of the developed and amended information security policy is subject to the approval of the Chairman. Employees who breach the information security policy will be reported to the Human Resource Committee for disciplinary action.

Evaluation Mechanism

- The implementation of information security control is reported to the Board of Directors quarterly.
- APT information security health checks are conducted twice a year.

Management Results in 2022

- The testing, development and adjustment of the contract management system were completed.
- We conducted an ISO 27001 external audit and have kept the certificate valid.
- The Company designated a chief information security officer and set up a dedicated unit, the Cyber Security Office, responsible for formulating information security strategies, conducting information monitoring, supervision, management and tracking, and promoting information security monitoring, e.g., the increase of password strength, MFA, Zero Trust, further data encryption, etc.
- Yang Ming has enhanced the fleet’s information security protection capability. An API was used to integrate with the information security monitoring system so that the current information security status can be checked on a unified interface. Any personnel violating information security regulations is recorded on the seafarer management interface of the Smart Ship Center (Boardroom). Personnel access has been deeply integrated with Yang Ming’s Microsoft AD. Departing employees will no longer be able to log in and their access will be limited to the Company’s internal computers.

Responsible Sustainable Operation Strategy Division

- Customer Service Division

Corresponding Chapter [CH4 Going Digital - Smart Operations Creating Sustainable Win-win Situations](#)

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Customer service quality and satisfaction

GRI Topic Self-defined

SASB Index N/A

Significance to Yang Ming

Offering high-quality services is the Company's commitment to customers and can help improve the Company's competitiveness.

Impact Description

As Yang Ming takes seriously the comments and suggestions of customers, Yang Ming understands their needs through different channels in the hope of delivering more benefits to them. We also actively communicate and properly handle complaints from our customers with the aim of offering higher quality services to promote a good social circle and drive positive economic impacts. Improper complaint handling can cause further customer complaints and customer losses, damaging the corporate reputation.

Management Approach

- Conduct a customer satisfaction survey every two years.
- Provide a customer service mailbox on the official website for customers' complaints and inquiries.

Evaluation Mechanism

Customers may file complaints on the official website. Once the complaints are established, relevant units will handle and reply to them in a project-based manner until they are closed.

Management Results in 2022

- The overall average score of the global customer satisfaction survey in 2022 was 88.63, showing a 3.27% increase in comparison to that in 2020, which was 85.82.
- The "My Ocean" system went live and a new version of the app was released.
- The new version of the app is equipped with more powerful functions and integrated with AI, including share tracking, voice assistance, Apple Watch, etc.
- The DCSA TnT platform with subscription and back-end inquiry functions for customers and the DCSA JIT back-end system for subscription management for partners went live.
- The Company developed online manifest write-off services in the container terminal in Keelung and obtained an invention patent for the "Container Terminal Pick-up Method, Container Terminal Computer, and Pick-up Information System" (I792933).

Responsible Sustainable Operation Strategy Division

- Customer Service Division

Corresponding Chapter

CH4 Going Digital - Smart Operations Creating Sustainable Win-win Situations

R&D and investment in low-carbon technologies

GRI Topic Self-defined

SASB Index N/A

Significance to Yang Ming

Performing long-term low-carbon transformation and deployment in response to climate change risks and opportunities is one of Yang Ming's future major operational policies.

Impact Description

To cope with the escalated supervisory actions of the IMO and other competent authorities, e.g., low-carbon emission environmental protection regulations and CII, the Company must make route adjustments and build more management platforms for supervision, otherwise penalty or shipping suspension may be imposed, causing serious negative economic impacts on the Company's operations. The Company has invested resources in the research and evaluation of low-carbon technologies suitable for the Company with various sectors and improved technicians' knowledge and skills for low-carbon energy for vessels and the monitoring of the vessel operation efficiency and carbon intensity. We hope that by doing so, economic and environmental losses can be reduced through the real-time monitoring and analysis of efficiency data for timely warning and improvement, creating positive impacts.

Management Approach

- Form a dedicated team to review each route's compliance and, in case of non-compliance, discuss countermeasures with carrier allies.
- Set up an LNG team with dedicated personnel responsible for LNG projects and provide relevant training courses to develop technical manpower.
- Assess the need for commissioning shipbuilding supervisors and carry out the commission process.
- Complete seafarer training as well as LNG fuel supply deployment and planning through cross-departmental coordination.
- Form a team to develop the Phase 2 functions of the Big Data Boardroom system for vessels.
- Formulate a master plan for recruitment as well as industry-academia programs to develop seafarer manpower.

Evaluation Mechanism

- Progress is reported to the Board of Directors regularly.
- Project meetings are held periodically to report and communicate on project work methods, work progress, and operating procedures and to review and assess project execution problems and efficiency.
- The Sustainable Operation Strategy Team reports implementation results every year, including the issues of stakeholders' concern, the material issues analyzed, the implementation in the previous year, and set future short-term/medium-term/long-term goals.

Management Results in 2022

- A project team was formed to formulate strategies for investment in key industries and green energy industries.
- The CII Task Force was formed.
- The specifications for the project of the construction of new 15,000 TEU LNG dual-fuel container vessels were outlined.
- 8 low-carbon fuel training courses from classification societies were completed.
- The planning of training courses for new energy and the IGF CODE was completed.
- The project to develop the Phase 1 functions of the Big Data Smart Ship Center system for vessels was completed.
- A hybrid electric vehicle was purchased as a company car.
- For the electrification of the machines in the Yang Ming Keelung Container Terminal, 2 stackers for loaded and empty containers and 3 gantry cranes were replaced.

Responsible Sustainable Operation Strategy Division

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Energy resources use and consumption

GRI Topic GRI 302 Energy, GRI 305 Emissions

SASB Index TR-MT-110a.3, TR-MT-110a.4

Significance to Yang Ming

Complying with the carbon reduction requirements of international laws and coping with challenges in achieving net zero emissions in the shipping sector are Yang Ming’s long-term goals.

Impact Description

Yang Ming attaches great importance to the strategies for the use of energy, water, resources and materials in the operations in compliance with international environmental protection laws and regulations. The Company is dedicated to promoting an operational model that can facilitate energy efficiency in the hope of attracting green corporate customers or partners and boosting the Company’s reputation. As related laws and regulations become stricter, the high carbon taxes in the international community as well as green vessels and fuels may increase operating costs. Failure to comply with international laws and regulations may face the Company with operational disruption or interruption risks.

Management Approach

The Company is a board member of the WSC and actively engages in matters related to international shipping. Relevant councils in the WSC are invited to attend pre-meetings about the trends in international environmental protection laws and regulations regularly to give opinions, reports and action plans, continuing efforts in energy conservation, carbon reduction, and the planning of green energy use.

Evaluation Mechanism

The Company’s relevant departments are assisted in information communication and report organization in the WSC Environment & Climate Council.

Management Results in 2022

- The carbon emissions in 2022 were 40.21 g/TEU*km. The following measures were implemented to improve fuel-saving performance, thereby reducing carbon emissions:
 - ▶ Promoting the Carbon Intensity Indicator (CII) rating in accordance with SEEMP PART III.
 - ▶ Conducting ship maintenance, monitoring hull efficiency, and performing hull cleaning when needed to reduce hull roughness.
 - ▶ Utilizing systems and the services provided by Weathernews Inc. (WNI) to monitor vessels’ routing and fuel consumption and to keep track of improvements in case of performance abnormalities.
 - ▶ Five 11,000TEU container vessels were delivered into Yang Ming’s Pacific southwest and Pacific northwest routes.
 - ▶ Conducting the propeller polish for 14 long-term chartered ships with abnormal fuel consumption to improve their fuel consumption.
 - ▶ Reducing the fuel consumption by 356,492 tons or 21.5% through continuous shipping schedule control.
 - ▶ We prepared a report and outlined specifications for the analysis of fuel selection for the new ship deployment project.
- Yang Ming joined the LR-Silk Alliance, Getting To Zero Coalition initiative, Society for Gas as a Marine Fuel (SGMF), Ship Recycling Transparency Initiative (SRTI), and classification societies to collect information on relevant environmental protection laws and regulations as well as next generation fuels.
- The Company has updated daily shipping news and the YM Digital Library that offers the borrowing of periodicals to share international trends/laws and regulations and carbon reduction goals and measures.
- 14 vessels underwent a regular dry dock maintenance, where the hulls were painted with eco-friendly low-friction antifouling coating to protect the outer panels from marine organisms and thereby avoid increasing fuel consumption.
- Water-based paints have been used for newly-built containers, reducing a total of 2,657 tons of VOCs (volatile organic compounds). The IP paints of the hulls in the entire fleet were replaced with (low-VOC) paints.
- Yang Ming obtained an invention patent for the “Method for Predicting Fuel Consumption of Ship” (I792418) in collaboration with National Cheng Kung University.

Responsible Sustainable Operation Strategy Division

- Environmental Sustainability Division

Corresponding Chapter CH3 Green and Sustainable Shipping - Operating Strategies for Environmental Sustainability

Climate change governance strategies

GRI Topic GRI 201 Economic Performance

SASB Index N/A

Significance to Yang Ming

Climate change governance strategies allow the Company to identify possible physical and transformation risks in the operations, enabling the Company to give timely responses to changes in external environments.

Impact Description

Failure to fully disclose climate change-related risks will lead to the incomplete disclosure of the Company’s information and affect the Company’s evaluation performance and corporate image. If any unit fails to identify climate change risks, the possible resulting impact on the Company’s operations may result in negative economic and environmental impacts. On the other hand, if climate-related risks and opportunities are well-identified, the Company’s ability to identify and control risks and to control potential long-term risks may be improved and enhanced to boost the Company’s operational flexibility and seize the climate-related opportunities, which are expected to benefit the future economy and environment.

Management Approach

Climate change-related risks are included in the Company’s risk management policy. The Risk Control Office and Sustainable Operation Strategy Team regularly assess the risks and opportunities related to climate change, report the assessment results to the Risk Management Committee and Board of Directors after the risk assessment procedure for the Group is completed, keep track of high-risk items on a quarterly basis and report the improvement results to the Risk Management Committee and Board of Directors.

Evaluation Mechanism

TCFD and CDP projects, along with the R&D of low-carbon technologies and investment planning, are implemented on an ongoing basis. The climate-related risks and opportunities in the Company’s operations are reviewed regularly.

Management Results in 2022

The Company signed the TCFD initiative in support and conducted a financial analysis of climate-related opportunities and risks for the first time.

Responsible Sustainable Operation Strategy Division

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02

Stable Navigation

Corporate Governance and Resilient Operations

Highlights

- Set up the Risk Management Committee
- 13 board meetings, with an average attendance rate of up to 94.8% and the directors' continuing education hours exceeded the legal requirements by 20%
- Created an independent director mailbox and established the Regulations Governing the Audit Committee's Handling of Stakeholder Suggestions and Complaints
- Introduced a project audit system
- Developed a contract management system and launched the Procurement Portal
- Carried out written reviews and on-site reviews in the supply chain
- Supported the Environmental Protection Administration's Green Office measures
- The green procurement amount grew 156.10% versus the previous year

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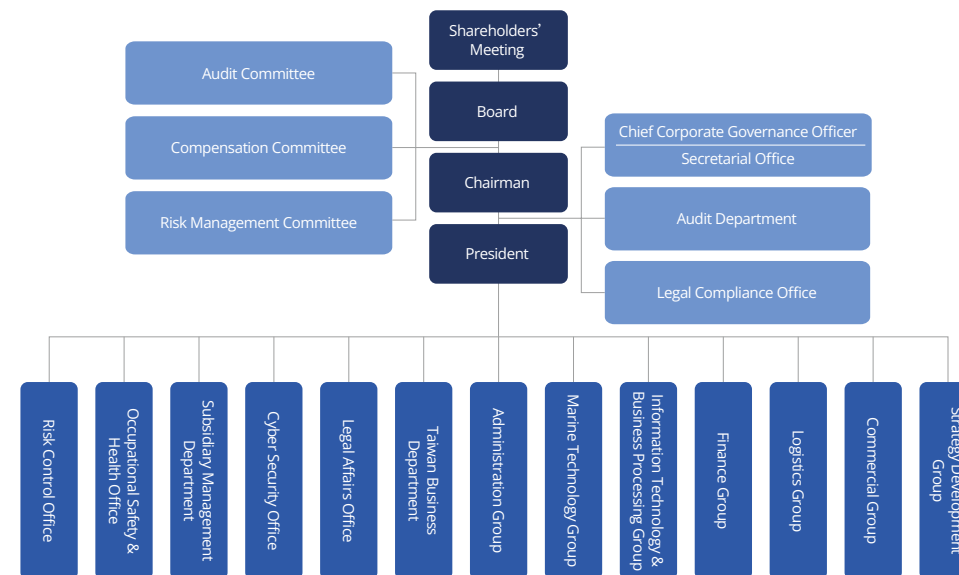
2.1 Corporate Governance Blueprint

2.1.1 Corporate Governance Structure

■ Corporate Governance Organization and Philosophy

The Board of Directors is the highest decision-making center and governance body responsible for overseeing the overall operation and management of the Company and ensuring the fulfillment of corporate sustainability responsibilities to achieve the goal of sustainable operations, promoting the advancement of the overall economy, environment and society. To make sure the business operators perform their responsibilities, protect the legal rights of shareholders, and ensure the interests of other relevant stakeholders, the Board of Directors continues to oversee and facilitate the management and operation of the Company and enhance the implementation of corporate governance matters. The functional committees subordinate to the Board of Directors include the Audit Committee and Compensation Committee. The Special Projects Committee was changed into the Risk Management Committee in 2022. It is hoped that these functional committees can assist the Board of Directors in fulfilling their duties of supervision and establishing or amending corporate governance regulations and systems, perform preliminary review functions, and ensure the independent directors exert their expertise and stay independent.

■ Corporate Governance Structure Chart



Note: The former Special Projects Committee was reorganized into the Risk Management Committee in 2022

■ Description of the Responsibilities of Functional Committees^{Note 1}

Type	Composition and Meeting Frequency	Description of Responsibilities
 Audit Committee	The committee consists of all independent directors whose number shall not be less than 3. At least 1 meeting is convened quarterly. 9 meetings were held in 2022.	Assist the Board of Directors in overseeing the quality and integrity of the Company's implementation of accounting, auditing, and financial reporting procedures and financial control and evaluating the effectiveness of the internal control system.
 Compensation Committee	- The committee shall be composed of at least 3 members designated by resolution of the Board of Directors and a majority of the members shall be independent directors. The members shall serve the same term as board members. - At least 2 meetings are convened quarterly. 11 meetings were held in 2022.	Regularly assess the compensation policies, systems, standards, and structures for the Company's directors and managers from a professional and objective perspective and periodically review the Company's organizational charter and propose amendments to the Board of Directors.
 Special Projects Committee	- The committee is composed of 3-7 members, at least one of which shall be an independent director and designated by resolution of the Board of Directors. The members shall serve the same term as board members. - At least 1 meeting is convened annually. 1 meeting was held in 2022.	Give advice and suggestions on matters with significant impacts on the Company's operations to enhance the supervisory and management functions of the Board of Directors.
 Risk Management Committee ^{Note2}	- The committee is composed of 5-7 directors designated by resolution of the Board of Directors, of which independent directors are ex officio members. The members shall serve the same term as board members. - At least 1 meeting are convened quarterly. 1 meeting were held in 2022.	Assist the Board of Directors in reviewing the Company's internal risk management policies, structures, systems and regulations as well as risk appetite or tolerance and making adjustments according to environmental changes.

Note 1: For the detailed operation of each division, please refer to [2.1.3 Operations of the Board of Directors](#)

Note 2: The Company established the Risk Management Committee upon resolution of the Board of Directors on April 15, 2022. As its functions are similar to those of the Special Projects Committee, the Special Projects Committee was abolished on October 14, 2022 when the members of the Risk Management Committee were designated. As the two committees were in a handover period in 2022, they failed to meet the required number of regular meetings. In 2023, regular meetings will be held normally.

■ Designation of the Chief Corporate Governance Officer

To continuously promote corporate governance, protect the rights and interests of shareholders, and effectively exert the functions of the Board of Directors, a resolution was adopted at the 335th board meeting on January 25, 2019 to designate the Head of the Secretarial Office, Ms. Ting-Yu Lu, as the Company's Chief Corporate Governance Officer. The Chief Corporate Governance Office is mainly responsible for handling matters related to board meetings, shareholders' meetings, and functional committee meetings, making meeting minutes, providing directors and independent directors with data required to perform their duties, assisting them in taking office and receiving continuing education, supporting them in legal compliance, and conducting company registration and registration of alteration.



Yang Ming's
Corporate
Governance



Yang Ming's
Chief Corporate
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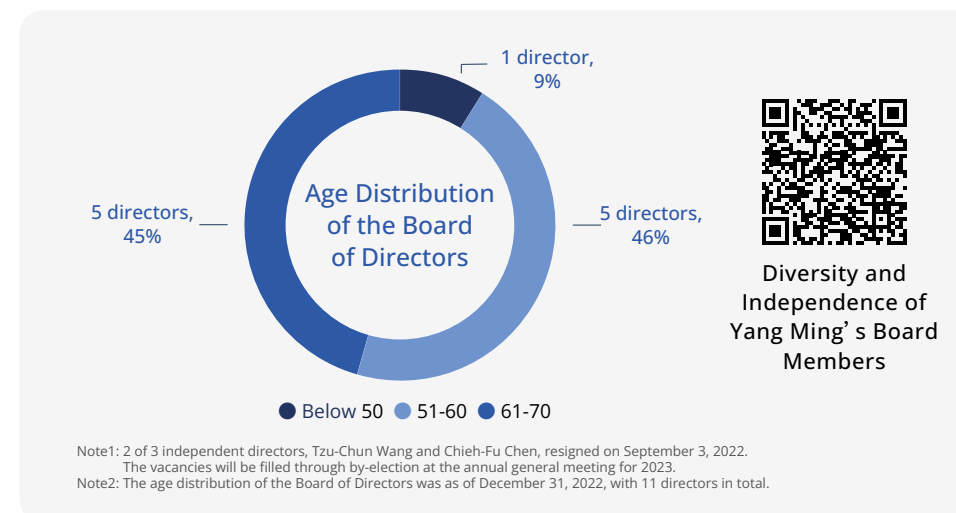
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2.1.2 Board Composition

■ Board Composition

Yang Ming elects board members in accordance with the "Regulations Governing the Election of Directors" and takes diversity into account for the composition of the Board of Directors. The election of the members is not limited by gender, age, race and nationality. Their professional knowledge and skills are also taken into consideration to see if they match the Company's business management planning and practical operational needs. The Company's current Board of Directors consists of 11 directors, including 3 independent directors^{Note1}, accounting for 27% of all directors. The board members are equipped with the knowledge and professional experiences necessary to exercise their duties, including experiences and expertise in finance, international economy and trade, shipping, engineering, law, management and other fields related to the operations of the Company. Please refer to the Company's 2022 Annual Report and official website for the professional skills and backgrounds of the board members.

To ensure that the Board of Directors can offer objective opinions and make independent and professional judgements about matters related to the Company for effective supervision of the Company's operations, the independent directors stay independent when executing their duties and do not have direct or indirect interests with the Company. The independent directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" during the two years before their election and during their term of service and issue a written declaration of compliance. The Company's Chairman does not serve as an executive. However, to meet the business management and practical operational needs of the Company, there is 1 director serving as a manager of the Company.



■ Avoidance of Conflicts of Interest in the Board of Directors

To further enhance the independence of the Board of Directors, Article 19 of the Company's Ethical Corporate Management Best Practice Principles: Avoidance of conflicts of interest specifies the regulations governing directors and managers' avoidance of conflicts of interest. The directors' avoidance of conflicts of interest is disclosed in the Company's annual report every year to avoid conflicts of interest.



Continuing Education of Yang Ming's Board of Directors

■ Continuing Education for the Board of Directors

Based on international industrial trends as well as the Company's internal operational condition changes and development needs, the Company arranges at least 6 hours of continuing education courses for each director per year to enhance their competency and knowledge and keep up with international trends. In 2022, the directors and independent directors received up to 65 hours of continuing education, 20% higher than those required by law, which were 54 hours. The continuing education covered corporate governance, ethical management, sustainable development, digital transformation, and AI in 2022.

■ Board Succession Planning

To maintain the expertise of board members and pass on their experiences, the Company's director succession planning involves not only externally recruiting competent professionals, but also training the Company's internal executives and the directors and executives of subsidiaries as candidates for successor directors. To facilitate the Company's managers' familiarity with relevant meeting procedures and help future successor members maintain supervisory functions, the Company's executives are encouraged to attend board meetings in a nonvoting capacity to report on motions and reply to the relevant questions of directors. A system has also been designed to rotate the jobs of the Company's managers, assign them overseas, or appoint them to serve as directors in subsidiaries to expand their participation in and familiarity with the units in the Group and enhance their formulation and development of company strategies, supervision and implementation of internal control and legal compliance, control of risk management, and the professional knowledge and skills for response so as to meet the requirements of the directors and succeed board members. It is hoped that by doing so, a pool of professional and talented successors can be built to fully exert the decision-making and supervisory functions of the Board of Directors.

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2.1.3 Operations of the Board of Directors

■ Board Effectiveness

Yang Ming's board members serve for a term of 3 years. The current board members were elected on May 14, 2021, and took office immediately after the election. As of December 2022, the average term of the board members was about 3.27 years. According to the corporate governance evaluation regulations requiring an average attendance rate of 85% for the board of directors, the Company held 13 board meetings in 2022, with an average attendance rate of 94.8%. To ensure the Board of Directors' effective implementation of checks and balances mechanisms, all motions developed must be submitted to the Board of Directors for reporting. The adoption of the Board of Directors' material motions is disclosed in real-time on the Company's website to promote the timeliness and transparency of corporate governance information.

■ Board Performance Evaluation

In accordance with the Rules for the Performance Evaluation of the Board of Directors and Functional Committees, the Company's Secretarial Office conducts a self-evaluation of the performance of the Board of Directors, individual board members and functional committees at the end of every year through questionnaires. An external independent professional agency or external expert or scholar team shall be commissioned to evaluate the performance of the Board of Directors and functional committees at least once every 3 years. The performance evaluation results of the Board of Directors and functional committees for the previous year are reported to the Board of Directors before the end of the first quarter of every year and used as a reference for nominating directors for the second term. The performance evaluation for 2022 was performed in January 2023, with an achievement rate of 100% for board performance evaluation items, an achievement rate of 91.3% for board member performance evaluation items, and an achievement rate of 95.8% for functional committee performance evaluation items. All evaluation results were "above standards." The results, enhancement directions, and improvement targets were submitted to the 382nd board meeting (25th of the 20th term) on March 9, 2023 for the report. For their detailed implementation, please refer to the Company's 2022 Annual Report.

For the continuous implementation of corporate governance and better board performance, the improvement directions and targets that can be implemented continuously in 2023 are shown below:

- In an effort to promote the internal relationship management and communication between the Board of Directors and the management team and ensure that there are smooth communication channels and positive interactions between board members and management departments, continuous assistance is provided for the directors in performing their duties and being well-informed prior to meetings. In addition to arranging pre-meeting communications and consultation meetings on material issues, we will conduct a director satisfaction survey, starting from the third quarter of 2023, to understand the directors' expectations and give their feedback to relevant units for better subsequent actions. The evaluation item, "good interactions between the Board of Directors and the management team," is listed as an improvement target that can be implemented continuously in 2023.
- In order to facilitate the participation of the members of functional committees in meetings and operations, if possible, meetings are scheduled for times when the convener and all members are available. The evaluation item, "members' average attendance at functional committee meetings," is listed as an improvement target that can be implemented continuously in 2023.



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2022 Board Performance Evaluation Procedure

- Evaluation period: January 1, 2022 to December 31, 2022
- Evaluation method: Questionnaires were used for the internal self-evaluation of the Board of Directors, the self-evaluation of board members, and the self-evaluation of functional committees to evaluate the performance of the Board of Director, individual board members and functional committees.

● Evaluation criteria:

Board

1. If one item is agreed or strongly agreed upon by a majority of all directors in the self-evaluation, the evaluation item is considered achieved. Also, a director attendance rate of 90% or higher, the attendance of over half of directors at shareholders' meetings, and the convention of at least 6 board meetings every year render an evaluation item achieved.
2. If the achievement rate for all evaluation items reaches 90% or higher, the result is "above the standard;" if the achievement rate for all evaluation items reaches 80% or higher but is less than 90%, the result is "meets the standard;" if the achievement rate for all evaluation items is less than 80%, the result is "improvement needed."



Board Members

1. If one item is agreed or strongly agreed upon by all directors in the self-evaluation, the evaluation item is considered achieved. Also, a director attendance rate of 90% or higher renders an evaluation item achieved.
2. If the achievement rate for all evaluation items reaches 90% or higher, the result is "above the standard;" if the achievement rate for all evaluation items reaches 80% or higher but is less than 90%, the result is "meets the standard;" if the achievement rate for all evaluation items is less than 80%, the result is "improvement needed."



Functional Committees

1. If one item is agreed or strongly agreed upon by a majority of all members in the self-evaluation, the evaluation item is considered achieved. Also, a functional committee member attendance rate of 90% or higher renders an evaluation item achieved.
2. If the achievement rate for all evaluation items reaches 90% or higher, the result is "above the standard;" if the achievement rate for all evaluation items reaches 80% or higher but is less than 90%, the result is "meets the standard;" if the achievement rate for all evaluation items is less than 80%, the result is "improvement needed."



■ Remuneration policies

● Director Compensation

The Board of Directors is authorized to determine the compensation of the Chairman and directors based on their participation in and contribution to the Company's operations and according to the annual compensation level for equivalent positions in the shipping industry. The compensation of the Chairman and directors shall be submitted to the Compensation Committee for review as required by law. The compensation percentage for the Company's directors is set in accordance with Article 18 of the Company's Articles of Incorporation. If the Company has profits in the year, no more than 2% of the profits shall be appropriated as the directors' compensation.

● Compensation and Performance of Managers

The compensation of managers shall also be submitted to the Compensation Committee for review as required by law. According to Article 18 of the Company's Articles of Incorporation, if the Company has profits in the year, 1%-5% of the profits shall be appropriated as the compensation of employees. For the payment of bonuses, other than an extra one month's salary as the Chinese New Year bonus, if the Company has earnings in the year, part of the earnings may be appropriated as the performance bonus using the performance bonus calculation formula in accordance with the Articles of Incorporation. To determine the compensation for each position, the Company evaluates the performance of the managers through a strict performance evaluation system by the Company's profits or losses, their leadership, strategic planning, successor planning, and attitude at work, with their participation in the Company's operations and responsibilities fully taken into account, to reduce future risks. The salary of other personnel is paid based on the level of responsibility for the tasks assigned thereto and according to the salary level in the industry. If any adjustment needs to be made in line with changes in the salary level in the market, the total salary adjustment range must be presented to the Board of Directors for resolution, and then the salary may be adjusted based on the performance evaluation results of the personnel.

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2.2 Ethical Management

■ Ethical Management System

In adherence to the principles of fairness, honesty, integrity, and transparency, Yang Ming established the “Yang Ming Marine Transport Corporation’s Ethical Corporate Management Best Practice Principles” based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” in 2013. Subsequently, to continuous the cultivation of a corporate culture of ethical management and the Company’s sound development, the Company formulated the “Codes of Ethical Conduct,” “Procedures for Ethical Management and Guidelines for Conduct” and other rules and systems, which are regularly updated in the Company’s internal regulations and disclosed on the official website. They are intended to stipulate the ethics and responsibilities required for employees in business conduct, widely communicate them, and enhance internal management. The Company’s Corporate Governance and Integrity Division is responsible for developing and promoting ethical management policies and prevention programs, supervising their execution, and submitting regular reports to the Board of Directors. The latest amendment was made on December 16, 2022.



Yang Ming's Ethical Management Systems

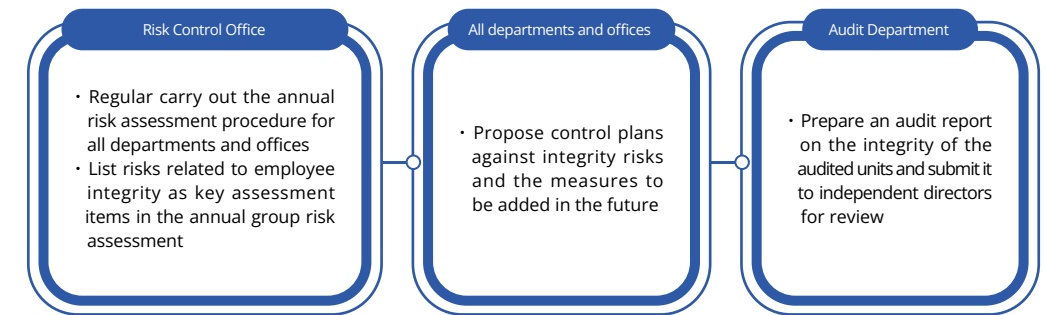
■ Implementation and Strengthening of Ethical Management

In an attempt to enhance the internal awareness of ethical management to put it into practice in daily business operations and behavior, we engage external lecturers to give classes and organize online courses and training on legal compliance, anti-corruption, integrity and morals in corporate management, and competition laws for onshore employees. For details, please refer to the education and training in [2.3 Legal Compliance Governance and Internal Audit System](#).

For external stakeholders such as customers and suppliers, the Legal Affairs Office reviews external contracts to check if they include the Company’s legal compliance clause and the link to Yang Ming’s Ethical Corporate Management Best Practice Principles to allow contract parties to be informed of and comply with the code.

In addition, Yang Ming is a container liner shipping company offering shipping services worldwide. In 2022, the Company called at 165 ports and did not call at the ports of the 20 countries with the lowest CPI scores given by Transparency International.

■ Integrity Risk Assessment Procedure



■ Whistleblowing System

The Company has an independent whistleblowing mailbox, conduct@yangming.com (with the Chief Audit Executive and designated person as the recipient), and an independent director mailbox, [ymtarzantang88@hibox.biz](mailto:yntarzantang88@hibox.biz) (with the members of the Audit Committee or designated person as the recipient). Any person who finds any conduct that is illegal and violates the work rules, Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct may report such conduct through the above-mentioned channels and the investigation process is kept secret. In October 2022, the “Procedures of Whistleblowing Cases for Yang Ming Group Members” were amended to add whistleblower protection mechanisms that allow whistleblowers to submit reports anonymously and seek protection and the relief of punishment and liability, ensuring that they will not suffer layoffs, dismissal, pay cut or other improper treatments. If any whistleblower or the Group’s personnel who provides specific evidence or cooperates to provide information helpful for the investigation is involved in violation of the Group’s relevant regulations for whistleblowing or giving the information or he/she is one of the offenders in the report, the punishment imposed may be relieved, depending on the severity of the reported violation and the significance of the information and evidence provided.

For the professional conduct of employees, the Company’s “Work Rules for Onshore Staff,” “Crew Job Descriptions,” and “Procedures of Rewards and Punishments for Employees” specify strict regulations governing the business confidentiality and avoidance of conflicts of interest of the employees. When any employees conduct unethical behavior, punishment is imposed based on the severity of the behavior pursuant to the “Procedures of Rewards and Punishments for Employees.” There were neither matters involving ethical management violation nor financial losses incurred from litigation due to involvement in corruption or penalty arising from unjust enrichment or unethical conduct, at the Company in 2022. The Procedures of Whistleblowing Cases for Yang Ming Group Members and the stakeholder suggestion and complaint system can be found in the following sections on the official website:



Stakeholder Suggestion and Complaint System



The Procedures of Whistleblowing Cases for Yang Ming Group Members

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■ Declaration System for Entertainment Invitations and Received Gifts of Value

The Company's "Declaration System for Entertainment Invitations and Received Gifts of Value" has been implemented since September 2021 and requires employees to declare entertainment invitations and any received gifts of value exceeding a certain amount on the designated system within a prescribed time limit. Since July 2022, the declaration requirement has been expanded from the employees at the headquarters and branches to expatriates. There were 86 declarations on entertainment invitations and 702 declarations on received gifts of value from the headquarters and branches in 2022.

■ Planned Introduction of ISO 37001 Anti-bribery Management Systems

To meet the commitments of corporate governance, sustainable operations, and social responsibilities, Yang Ming actively engages external consultants to assist the Company in introducing the international ISO 37001 anti-bribery management system standards in order to help the Company prevent, identify and cope with bribery.

The Company finished the differential analysis stage in the first quarter of 2023. According to the analysis results, the Company's current systems are compliant with the international ISO 37001 standards in terms of proportionality, due diligence, communication, monitoring and review for e.g. deploying appropriate human resources for anti-bribery management, assessing the ethical management of suppliers before building business relationships with them, providing regular education and training for employees, and having the Audit Department prepare audit reports for ethical management. For those with only partial compliance, the Company will continue to strengthen the anti-bribery and anti-corruption management systems and develop clearer anti-bribery policies and relevant control measures through the introduction of ISO 37001 anti-bribery management systems, thereby getting ISO 37001 certified, improving the transparency and credibility of the Company's operations, reducing the potential bribery risks arising from the operations, and achieving integrity in corporate management and sustainable governance.

2.3 Legal Compliance Governance and Internal Audit System

2.3.1 Legal Compliance

■ Response to Countries' Competition Laws

Yang Ming operates worldwide. To comply with the laws and regulations of each country, the Company has set up the Legal Compliance Office to be in charge of data on the competition laws of Taiwan, China, the European Union, the USA and other important regions. We also actively join external organizations to be informed of the latest information and regulations, continuously monitor the environment and competition, and make timely adjustments to operational actions to ensure legal compliance. To respond to countries' competition law updates and ensure the consistency of internal information with the updated competition laws, in addition to sending emails regularly to all employees of the Group, including its agents worldwide, to propagate the competition laws so as to enhance their compliance awareness and reduce the probability of violations of law by them, the responsible units present compliance matters at important meetings and increase the knowledge of the personnel assigned overseas on local competition laws to prevent violations of law.



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■ Vessel PSC Inspection and Detention Events

95 of the Company’s vessels underwent PSC inspections in 2022 and among them, 69 vessels passed without deficiencies and 26 vessels were identified to have 61 deficiencies. Abnormality and non-compliance (NC) reports, corrective action reports (CARs/CAPs) and corrective evidence were prepared for continuous tracking and improvement, and they were then transferred to the competent authorities of the flag states for case closure.

On July 12, 2022, YM MASCULINITY cooperated with the Ningbo Maritime Safety Administration to undergo a remote PSC inspection at the Port of Ningbo. Deficiencies were found in the inspection and the vessel was requested to receive a second inspection. The vessel was thus detained for 1 day. The deficiency report is shown below:

 Deficiencies	1.An alarm message displayed on the panel of the fire control system in the bridge. 2.The second officer had a lack of familiarity with operating GMDSS equipment.
 Corrective Measures	1.The crew in the engine room conducted tests to check if the alarm message resulted from line problems. After short circuits were ruled out, if the failure could not be fixed on the vessel, such failure must be reported to the Company immediately, and MCP accessories were replaced instantly to solve the failure. 2.The second officer has striven for self-improvements, and personnel were designated to provide guidance. The superior of the second officer checked the familiarity thereof with the operating skills for verification. 3.For the detention deficiencies, an ABS SURVEYOR was commissioned to board the vessel for a second inspection. The vessel passed the inspection.
 Prevention Mechanisms	1.Implement inspections and reporting and request onboard inspectors to be more focused on the inspections, on which further supervision and training on the vessel will be ensured. 2.Request onboard officers to give operational training to the new staff coming on board and verify their familiarity during their familiarization training and add the training to the monthly retraining items.

■ Personal Data Protection Laws

Personal data protection is not only an important process to implement corporate governance, but also a key commitment to achieve sustainable development. The Company established the “Personal Data Protection Operating Procedures” as the norm for employees’ collection, processing and use of personal data. We have developed a sound personal data protection system, kept an eye on the development of laws and regulations related to personal data protection, and, if appropriate, adjusted the Company’s legal compliance policies and relevant norms to ensure that the related procedures are compliant with the latest regulatory requirements. The Company’s employees are required to attend courses on personal data protection laws and regulations regularly, and the education and training hours include those for such courses, raising

the employees’ personal data protection awareness and enhancing management measures. In response to the digital development trend, the Company has developed control procedures for personal data protection and computerized information systems and included inspection of information and communications security as a required audit item for the annual audit plan according to Articles 8, 9 and 13 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies.” Pursuant to the General Data Protection Regulation (GDPR) implemented by the EU, the Company has designated a Data Protection Officer (DPO) in the Europe Head Office, who is responsible for handling local personal data protection matters, and adjusted the Privacy and Security Statement on the Group’s website.

To respond to the “Personal Information Protection Law” implemented by China from November 2021 to regulate the collection and use of personal data, the Company’s agent in China has reviewed internal procedures and made adjustments and revisions to relevant documents for compliance with the regulatory requirements.

■ Litigations and Violations of Law

In 2022, there were 1 anti-competitive case (not closed yet) and 1 anti-monopoly case arising from the Company’s operating activities worldwide. A penalty of 2.419 billion won (about US\$2 million) was imposed on Yang Ming in the anti-monopoly case. The detailed description of the 2 cases is as follows. The Company was neither involved in any litigation due to corruption nor punished for serious violations of laws and regulations in environmental and social aspects.

Note: The Company defines serious violations as anti-competitive or anti-monopoly cases or cases with a penalty of NT\$1 million or more.

● Description of anti-competitive cases

In 2022, the Company was involved in an unsettled anti-competitive behavior suit arising from the complaint filed by Intermodal Motor Carriers Conference (IMCC) of the American Trucking Associations (ATA) to the Federal Maritime Commission (FMC) against the Ocean Carrier Equipment Management Association (OCEMA) and its member carriers for restricting the rights of American trucking companies to select suppliers and chassis together with the Company.

● Description of anti-monopoly cases

In 2022, the Korea Fair Trade Commission (KFTC) confirmed that a total of 23 carriers (including the Company) around the world were engaged in an illegal concerted action on the Korea-Southeast Asia line, which was in violation of Korea’s Monopoly Regulation and Fair Trade Act and thus imposed penalties and rectification orders. For the written ruling by the KFTC, the Company sought relief by “submitting an objection against the ruling by the KFTC and, if necessary, filing an administrative lawsuit.” In July 2022, although the KFTC overruled the objection submitted by Yang Ming, the Company immediately filed an administrative lawsuit to the Seoul High Administrative Court as per law to protect the rights and interests of the Company.

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■ Training

The Company has always spared no effort when it comes to legal compliance. We arrange regular legal compliance courses for continuing learning and education for our employees to ingrain the idea of legal compliance in their daily work routine.

Course ▼	Outcome in 2022 ▼	Course ▼	Outcome in 2022 ▼
Insider trading education and training	The Company organized an online 0.5-hour course on the "internal material information and prevention of insider trading" for all onshore employees throughout the Company in Taiwan between 2022/11/21 and 2023/1/11. 1,470 employees completed the courses, with a test pass rate of 95.20%.	Courses on contract review standards	The Company has organized online courses on reviewing important clauses in contracts since 2022/11/18 to improve employees' knowledge of the contract review procedure and give them an understanding of the general basic structure and clauses of contracts. Up to 2023/1/12, 642 employees had completed the courses, with a test pass rate of 86%.
Ethical corporate management training	In 2022, the "Codes of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "competition laws" were communicated to all onshore employees of the Company in Taiwan through online 0.5-hour courses between 2022/11/9 and 2022/12/7, participated by 1,478 employees, with a test pass rate of 95.91%.	Legal compliance education and training - Courses on anti-corruption, integrity and morals in corporate management	To strengthen corporate governance and enhance employees' awareness of ethical management, Consultant Yung-Chin Hsu from PwC was invited to give a lesson. There were 209 employees participating in the lesson.
Dissemination of competition laws	The Company organized online 0.5-hour courses on the "competition laws in 2022" for all onshore employees and expatriates throughout the Company in Taiwan between 2022/11/7 and 2022/12/16. 1,470 employees completed the courses, with a test pass rate of 95.45%.	Legal compliance education and training - Copyright protection	This aimed at inculcating the concept of correctly using the works of others into employees to reduce the risk of infringement. 50 employees participated in the course.
Courses on personal data protection laws and regulations	The Company organized online 0.5-hour courses to propagate the personal data protection regulations in Taiwan and the EU and give an introduction to the Trans-Atlantic Data Privacy Framework and China's Personal Information Protection Law to all onshore employees and expatriates throughout the Company in Taiwan between 2022/10/24 and 2022/12/9. 1,470 employees completed the courses, with a test pass rate of 95.33%.		

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2.3.2 Implementation of the Internal Audit System

■ Project Audit

The Audit Department is the third line of defense for compliance governance and is mainly responsible for fully assessing and checking the Company's internal control and operations and reviewing the compliance of the internal control and operations with laws and regulations as well as moral standards through audits in order to identify and solve issues as soon as possible, thereby boosting the Company's legal compliance and risk management capabilities. Yang Ming's Audit Department introduced a project audit system (covering vessel and financial project audits) in 2022. Unlike routine internal control audits for management departments, project audits involve multiple departments and relevant personnel. By promoting departmental communication and coordination, the horizontal and vertical efficiency of collaboration in projects is increased, facilitating corporate optimization and reducing repetitive tasks and resource waste. This not only improves departmental synergy and project quality, but also promotes relevant units' identification of potential problems and bottlenecks and development of innovative management solutions. Fully assessing and analyzing items through project audits can effectively help decision makers enhance decision quality, improve risk management, and boost the Company's risk prevention and control capabilities, reducing losses and risks. Furthermore, project audits can help improve the credibility and reputation of the Company, cement the trust and recognition of the stakeholders, increase the transparency and fairness of the Company's information disclosure, and assist the Company in achieving long-term and sustainable business development.

■ Compliance Review

The Company's Legal Affairs Office, Insurance & Claim Department, Legal Compliance Office, and relevant departments and offices assist in reviewing contracts and other legal documents to verify the legality, compliance and reasonableness in order to reduce the risks and losses resulting from legal and contract violations. In addition, they also give relevant units reminders to pay attention to competition laws, personal data protection, anti-money laundering, economic sanctions, embargos and other related laws and regulations and help clarify and identify legal risks to avoid violations of related laws and regulations.

■ Contract Management

According to the advice of the Company's independent directors and CPAs, the Legal Affairs Office, together with the Information Technology Department, has selected and purchased an appropriate contract management system to manage the Company's contract review procedure in a fully systematic manner and to preserve and manage relevant contract documents using a unified method for a more transparent and controllable contract submission process. Using such a contract management system can not only reinforce contract management, contract performance management, and risk management for compliance with the existing information security standards, but also effectively boost the efficiency and quality of the contract review procedure. The contract management system was developed in 2022 and is scheduled to go live in 2023.



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2.4 Risk Management

2.4.1 Risk Warning System

■ Risk Management Vision

With becoming an excellent transportation group as a vision, Yang Ming is committed to sustainable operations and responsibilities to society by developing a comprehensive risk management mechanism to manage potential risks related to the overall operations and financial profits. Through strict risk control measures, all business risks are controlled to the extent that they are tolerable to ensure adequate corporate capital while increasing the Company's operational quality and value.

■ Risk Management Organization

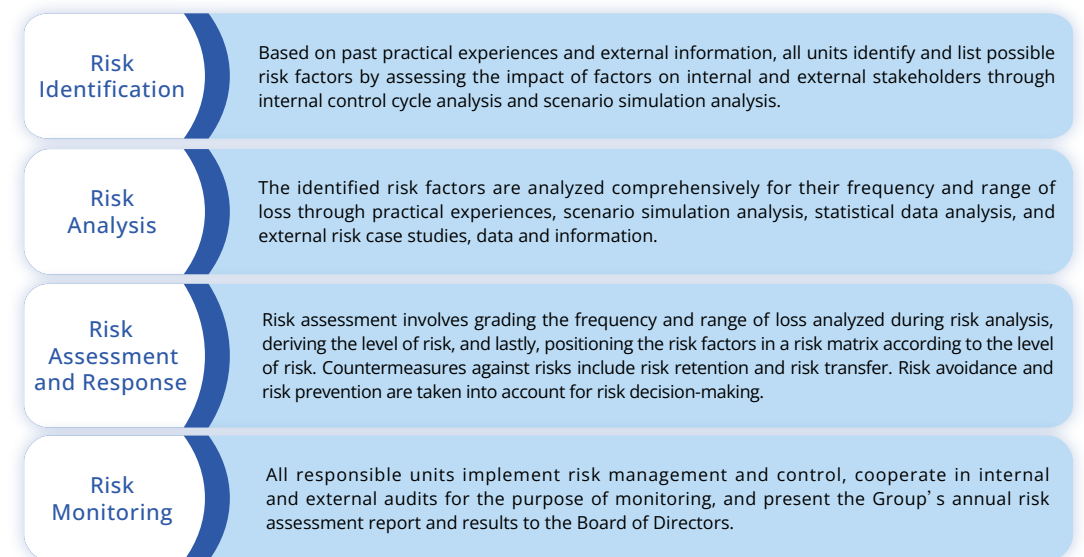
The Company set up the "Risk Management Committee" subordinate to the Board of Directors in 2022. The committee is responsible for reviewing internal risk management policies, structures, systems and regulations as well as the review and response measures for material risk events. The "Risk Control Office" is in charge of formulating, revising, and abolishing risk management procedures, controlling the overall risk level and cross-departmental project risk management in accordance with the procedures, conducting annual risk assessments for the Group, and assisting business management departments in dealing with matters and providing education and training. The "Audit Department" takes charge of auditing risk management practices to ensure the effective operation of the Company's risk management procedures.



■ Risk Management Policy and Procedure

To provide a compliance basis for risk management practices, the Company has developed the "Risk Management Policy" as the norm for risk management and the highest guidelines for the standard procedures. The latest amendment to the policy was approved at the 357th board meeting on May 12, 2021. The Risk Control Office regularly identifies the risk factors that may influence the Company every year. After the possible frequency and range of loss are analyzed, the office formulates and assesses countermeasures and, in accordance with the latest internal audit requirements and standards, monitors potential risks continuously and implements the countermeasures to control all types of risks on an ongoing basis. Risk management strategies are formulated for different risks, including management objectives, organizational structures, responsibilities, and risk management procedures and other mechanisms, and are thoroughly implemented to control all types of risks arising from business activities to the extent that they are acceptable.

■ Risk Management Procedure



■ Risk Management Scope

The Company's risk management scope covers the departments of the headquarters, subsidiaries, branches, and regional centers, including Europe, the Mediterranean, the United States, Latin America, Western Asia, Asia, and China. After an integrated risk assessment is performed, the results are organized and presented to the headquarters to implement and reinforce corporate risk management. The Company completed an annual risk assessment for the Group and conducted risk tracking quarterly in 2022. Specifically, we also included whether there was any impact of capital expenditure on the overall operational structure as well as operational risks in the annual risk assessment to build reasonable models. Also, Yang Ming plans to develop quantitative risk indicators in 2023 to improve the existing management mechanisms for more effective risk management and corporate sustainable operations.

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2.4.2 Risk Assessment Results

Yang Ming focused on the five aspects, strategy, operation, finance, legal compliance, and climate change, during the annual risk assessment for the Group to review and assess the potential risks faced by the Group, their frequency of occurrence, and the severity of their impacts. The Company’s risk assessment for 2022 and the strategies for mitigation and response are described in the following table:

Risk Source	Risks Assessed in 2022	Description	Countermeasures
Operation	Personnel safety risk	By organizing the risk assessment questionnaires and interviews with units, we were informed that traffic accidents during commuting constituted a majority of the Group’s personnel safety accidents. However, there were some due to operational errors leading to staff injury, which occurred mostly to on-site operators, according to the records.	- As there is a high chance of accidents in terminal yards and on ships, we will increase the safety awareness of personnel before on-site operational practices for accident prevention, provide education and training periodically, and perform regular accident drills and machine maintenance. In case of problems like old machines, they are regularly renewed to reduce operator accidents caused due to the old machines. - The Company takes out corresponding insurance for shipyard supervisors and factory engineers and increases their insurance coverage, has more pre-operational simulations for personnel, puts on warning signs in dangerous areas and asks the personnel to follow them, and further communicates safety precautions in the workplace and the safety operating distance to reduce the probability of accidents.
Strategy	Vessel shortage risk	Failure to timely approve and perform vessel deployment planning may lead to a vessel shortage for not investing in vessel resources in a timely manner, resulting in the Company being unable to keep operating the lines, having a reduced shipping capacity, or even worse, and failing to fulfill the responsibilities under vessel sharing alliances and thereby causing the risk of failure to stay in the existing alliances for jointly operating lines. Failure to plan and make a response early will pose an extremely high risk to the Company’s negotiations with ship owners about contract renewal.	- Medium-term/long-term development plans are formulated and approved after discussions at top management meetings. Regular discussion meetings are held to revise the vessel acquisition plan according to economic changes and the plan is then submitted to the competent unit. Subsequently, the plan is presented to the Advisory Committee and Board of Directors for discussion in accordance with the Company’s procedures after multiple discussions where relevant units exchange opinions. - If the vessel acquisition plan has been drawn up and there are institutional risks in the industry or economy, the Liner Planning Department will convene meetings of relevant units to come up with countermeasures. The department also assesses the feasibility of postponing the delivery of ships, if necessary, constantly adjusts and reviews medium-term/long-term vessel resource deployment planning, always keeps an eye on the vessel market, forms cross-departmental project teams according to the preparedness schedule, and proposes new ship construction or long-term ship rent projects to the Board of Directors to reduce the probability and severity of risks.
Finance	Exchange rate risk	Exchange rate fluctuations inevitably affect the profit and investment performance of transnational enterprises. For example, having well-allocated foreign currency assets not only helps the enterprises reduce the risk of exchange rate fluctuations, but also allows them to reap profits from the fluctuations, increasing operating revenue.	- Exchange rate-sensitive risk positions are reduced to control transaction risks, adjust the foreign currency payment structure, and solidify the control mechanism for exchange rate risk transfer. - As assessed, there was a risk of the NTD strengthening and the USD weakening. The Company’s Finance Department proposed countermeasures: adjusting net USD-priced positions to reduce the risk of exchange rate pricing fluctuations, regulating the surplus foreign currencies for natural hedging, and performing cash flow hedging from time to time (lease liabilities and USD demand/time deposits) to mitigate the impact of exchange rate fluctuations on profits or losses.
Legal Compliance	Legal compliance risk	As the Company grows in scale, the operational methods become more complex and the Company is restricted and affected by laws and regulations to a larger extent, e.g., competition laws/antitrust laws/anti-monopoly laws/fair trading laws (hereinafter collectively referred to as the “Competition Laws”) and laws and regulations related to the Group’s operations, such as those on personal data protection, counter-terrorism, economic sanctions, embargos, securities trading and investment, taxation, environmental safety, labor, vessels, and ocean shipping. Being investigated by competent authorities or determined to have committed violations will generate legal, staff, time, and administrative costs.	- Yang Ming raises the legal compliance awareness of the Group’s employees, e.g., by regularly providing education and training in the Group, communicating the concept of legal compliance (including the Taiwan Business Department, Keelung Branch, Taichung Branch, Kaohsiung Branch) to expatriates as well, and periodically sending legal compliance reminders to the Group’s subsidiaries and agents around the world. - The Company attends World Shipping Council and THE Alliance meetings to gather information on regulations, conducts regular personal data inventories in accordance with the Personal Data Protection Act to control all departments and offices’ retention of personal information and provide improvement and adjustment suggestions, and develops an audit system for economic sanctions and embargos to give advice or commission external lawyers or experts to provide assistance and professional advice on changes in domestic and foreign regulations related to the Group.
Climate Change	Climate change risk	Climate change issues have drawn more and more attention from countries around the world. In addition to the losses that climate change itself may cause, the Company must pay attention to countries’ tightening environmental protection regulations and policies (e.g., levying carbon taxes) to enhance corporate sustainable development and facilitate a well-developed ecosystem.	The countermeasures have been developed. Please refer to 2.5 Climate Change Governance Strategies

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■ Other Non-high Risks of Continuous Concern

Risk Source	Risks Assessed in 2022	Description	Countermeasures
Finance	Customer credit risk/counterparty risk	If this risk is not controlled or there is any omission in the control, customers/counterparties may default on their contractual obligations due to the deterioration of their corporate structures or other factors (e.g., having disputes with their counterparties), which may result in the risk of default loss or the risk of bad debts and thereby cause financial losses to the Company.	Internally, the Company has control procedures specific to the customer credit risk/counterparty risk. Taking the business units as an example, new customers, collect information through on-site interviews and other channels; for credit customers, they review the credit conditions and sales contribution of the customers in many ways before offering credit and approve the credit terms on a case-by-case basis. For payment collection, the payment collectors are exempt employees responsible for performing reconciliation, making payments, and following up on payments at regular time intervals, regularly organizing the payments of the credit customers, and raising the level of control over key customers. Although this risk is a risk of significance, it has been controllable according to the feedback from units. Therefore, the Company will pay continuous attention to this issue and have further discussions with relevant units if there are practices requiring adjustments.
Strategy	Freight price change risk	The pandemic affected the economies worldwide. However, the shipping market benefited from the loose monetary policies and relief programs implemented by many countries around the world in the second half of 2020, promoting economic recovery. Meanwhile, as the demand of countries for pandemic prevention supplies and household necessities started to increase, the stock on the market progressively went up again and the freight price rose accordingly. However, between March and May 2022, as a result of the Ukraine-Russia war and China’s zero-COVID, energy rationing, and lockdown policies, the demand for containers dropped and the freight price went down. Also, in July of the same year, due to increasingly severe inflation leading to reduced spending power and a strong interest rate hike by the Federal Reserve System, the freight price was once again on the decline.	As this risk may affect the Company’s medium-term/long-term operations, the Company came up with subsequent response policies and asked all departments to review them in 2022. To mitigate the impact of this risk, the sales units have kept an eye on international shipping information (Global Supply Index, Alphaliner, etc.) at all times to look at the sales in Asia in the market. After changes in the demand and supply for TEUs next year are verified, we will make adjustments based on changes in market conditions and external factors, such as TEU diversion and the regular monthly analysis of profits and losses on routes.
Climate Change	Operational risk of newly-built ships	With the increasingly strict environmental protection regulations in the international community, failure to keep up with changes in the international environmental protection regulations will impose a certain level of impact on the companies in the shipping industry where vessels are used as revenue-generating vehicles and that produces a large amount of carbon emissions. Perhaps in the short run, there are other methods that can be used to avoid or reduce carbon emissions. At the end of the day, for long-term management, a timely reformation is a necessary approach for companies to achieve sustainable operations. Before such reformation, the companies must still assess their current operational status and see if there will be corresponding control measures to ensure future tolerance so as to reduce future operational risks.	The Company decided to build LNG dual-fuel vessels in 2022. In comparison to vessels using conventional fuels, LNG-fueled vessels can achieve a 20% reduction in GHG emissions. Moreover, as LNG virtually does not generate SOx and particles, which can significantly cut NOx emissions, the LNG dual-fuel vessels not only meet the IMO’s latest ship type requirements for carbon emissions in 2023, but also help the Company avoid paying carbon border taxes that will be levied by the EU, starting from October 2023. Although the vessels using the new fuel can create new operational opportunities and activities for the Company, they also bring a lot of new challenges, such as deploying sufficient seafarers, possessing a certain level of management capabilities or experiences for the new vessels, and sourcing the fuel subsequently. In addition to compliance with environmental protection laws and regulations in the future, the Company must take into account market conditions when expanding the fleet afterwards. Even though more vessels lead to more revenue, from a balance sheet perspective, the vessels are the Company’s assets requiring depreciation. Fleet expansion means an increase in operational costs. As the construction and operation of new ships are important decisions for the Group, expanding the Company’s shipping capacity needs careful, comprehensive consideration of whether there is an excess difference between demand and supply in the market to reduce subsequent operational risks.



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■ Emergency Handling Procedures

Yang Ming has formulated emergency handling procedures for various operations, detailing the reporting and handling procedures for relevant events to control subsequent improvements. Drills are carried out regularly as well.

Emergency Handling Procedures for Operations	Description
Yang Ming Group’s Working Procedure for Reporting and Handling Major Incidents	The procedures govern the items to be reported, parties to be notified, content, and handling of major incidents with the Group, or those upon reception of crisis notice prior to a potential major incident, for effective control and handling before or after a major incident.
Major Accident Report & Response Procedure	The procedure ensures the Company’s early knowledge of a vessel marine incident (accident) so as to take proper risk prevention and response measures for the ultimate goal of damage mitigation.
Procedure for Work-related Accident and Emergency Response Plans	The procedure requires workplaces to formulate emergency response plans in effective response to work-related accidents or incidents in the workplaces, reducing the harm and damage caused.
Procedure for Handling Serious Crew Injury/ Illness (Death)	The procedure dictates the regulations for the elimination or mitigation of damages in the event of accidents/disasters arising from dangerous goods/ materials onboard Yang Ming’s vessels or during shipping.
Emergency Procedure for Shipboard Hazardous Goods	The procedure dictates the regulations for the elimination or mitigation of damages in the event of accidents/disasters arising from dangerous goods/ materials onboard Yang Ming’s vessels or during shipping.
Procedure for Emergency Preparedness & Response Plans for Office Buildings and Premises	The procedure is formulated for disaster prevention and emergency relief to minimize life-threatening injuries to staff and property loss.
Information Security Incident Management Procedures	The procedures ensure the effective reporting of information security incidents as well as crisis handling and prevention in the event that the core activities in the server room and network room of the Information Technology Department of Yang Ming are subject to force majeure or man-made sabotage.
Epidemic Prevention and Response Procedures	The procedures are to enhance the monitoring and risk assessment of epidemics in locations where Yang Ming operates and to improve the preparedness and response mechanisms so as to reduce the risk of personnel infection and ensure the normal operations of the Company.
Procedures for Reporting High-risk Communicable Diseases by Agents	The procedures dictate the procedures for Yang Ming’s agents to report their office operations and employee status to the headquarters in the event of a high-risk communicable disease outbreak in order to allow the headquarters, agents and offices to carry out effective response and handling measures before and after the outbreak to reduce the operational risks of the Company.
Procedures for Handling (Container Yard) Accidents	The procedures govern the handling of accidents taking place in the container yard of Yang Ming, covering the appraisal of damages to personnel, containers, cargo, machinery or facilities, the attribution of liabilities, notarization, indemnity claims, insurance claims, etc.



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2.5 Climate Change Governance Strategies

■ Summary of Climate-related Financial Disclosures

Climate change remains an important issue that companies have to tackle enroute to achieving sustainable development in 2022. The “Global Risks Report” warned that as extreme weather and climate action failures have been identified as key risks, the threats brought about by extreme weather have become more and more evident. In addition, with multiple countries and international organizations aiming at achieving net zero emissions, the laws and regulations related to climate adaptation have become progressively explicit. As one of the key roles in the global shipping industry, Yang Ming continues to treat climate change management and response as the Company's major tasks. In addition to managing and monitoring the risks and opportunities brought by climate change to the Company on an ongoing basis, we include climate change factors in operational planning and decision-making and continuously adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework as the basis for climate risk management to identify the opportunities and challenges delivered by climate change to Yang Ming and, through governance, strategy, risk management, and metrics and targets, promote climate adaptation and mitigation management. For the second consecutive year, the Company identified the R&D of low-carbon products and services as a climate-related opportunity to be committed to discovering more low-carbon business opportunities and improving corporate resilience. We also assessed the feasibility of investment in new energy to frame a climate-related sustainability blueprint specifically for Yang Ming, enhancing corporate resilience while contributing to the environment.

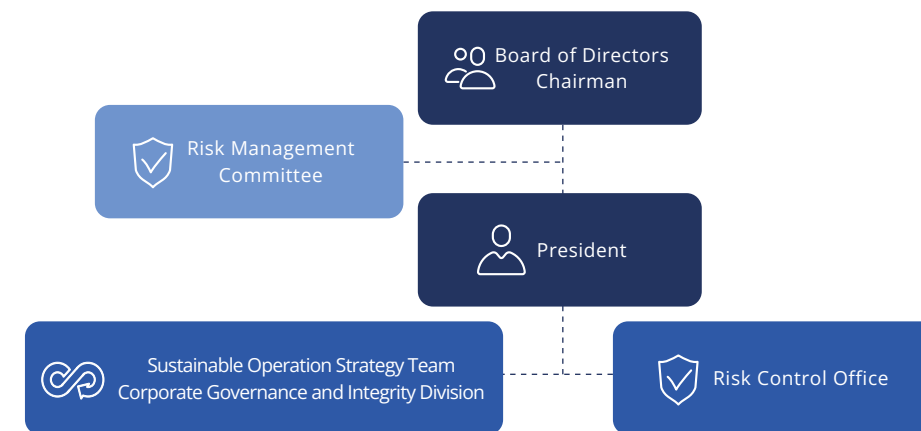
2.5.1 Climate Change Governance

■ The Role of the Board of Directors in Climate Change Governance

Yang Ming's Board of Directors is the highest governance body on climate change issues, responsible for overseeing and making decisions about the Company's climate change governance efforts. The “Risk Management Policy” was established by Yang Ming. The Risk Control Office and Sustainable Operation Strategy Team assess the risks related to climate change, report the assessment results to the Risk Management Committee and Board of Directors after the risk assessment procedure for the Group is completed, keep track of high-risk items on a quarterly basis and report the improvement results to the Risk Management Committee and Board of Directors.

The Board of Directors deliberates on the risks and opportunities related to climate change for the Company and incorporates them in motions, and helps the Company mitigate and adapt to the impact of climate-related risks on corporate operations through related capital expenditure. Climate-adaptive services are also offered.

■ Climate Change Governance Organization Structure and Segregation of Duties



- Board of Directors**
 - The Board of Directors is the highest supervisory body responsible for reviewing the Group's annual risk reports and results as well as tracking results and reports to ensure the effective implementation of climate-related risk management systems.
- Risk Management Committee**
 - Climate change risks are one of the risk types faced by Yang Ming. To make sure that the Company operates normally so as to achieve corporate sustainable operations, the Risk Management Committee is responsible for reviewing the Company's risk management policies, structures, systems and regulations as well as risk appetite or tolerance and making adjustments according to environmental changes.
- Sustainable Operation Strategy Team-Corporate Governance and Integrity Division**
 - The Corporate Governance and Integrity Division subordinate to the Sustainable Operation Strategy Team is responsible for the promotion and further implementation of TCFD recommendations. The divisions in the Sustainable Operation Strategy Team assess countermeasures for risk mitigation based on the identified climate-related risks and opportunities. Education and training on climate change trends and the assessment of climate-related risks and opportunities are conducted once every year to enhance employees' knowledge of global climate change trends and allow departments to identify the risks and opportunities in different climate change scenarios.
 - The team is responsible for enhancing climate-related risk management and organizing relevant briefing sessions attended by departments to identify the risks and opportunities related to corporate operations and having larger impacts with the help of the experiences and thoughts gained by the departments from executing business activities. The Chairman, President and other senior management officers also participate in the identification of the risks and opportunities to strengthen the management of climate-related risks and opportunities in the future.
- Risk Control Office**
 - In the annual corporate risk assessment, the climate change risks and opportunities are incorporated in the sources and scope of risk assessment.
 - In case of a residual risk of high or above, the Risk Control Office conducts regular tracking quarterly and demands corrective actions by departments to reduce the risk level to medium or lower. The results of the said assessment and tracking are submitted to the Chairman for approval before being presented to the Board of Directors. In case of a medium or lower level of residual risk, the respective business management units perform controls in line with their operating procedures.

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2.5.2 Management of Climate Change Risks and Opportunities

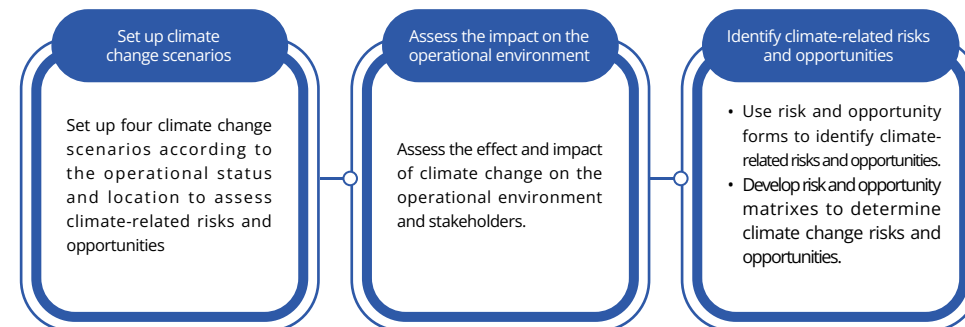
■ Procedures to Identify Climate Change Risks and Opportunities

To effectively manage climate-related risks and opportunities, Yang Ming's Risk Control Office and Sustainable Operation Strategy Team are responsible for assessing and tracking climate-related risks that may cause impacts on the operations of the Company. The scope of the TCFD project continued to expand this year, establishing a comprehensive assessment mechanism, projecting financial impacts and management costs, making rolling adjustments to related management mechanisms, and proposing strategies to respond to climate change risks and opportunities.

The Risk Control Office and all other departments include possible impacts on the operations of the Company in the assessment of climate change risks. Education and training programs are implemented across the Company to improve employees' knowledge of global risk trends and climate change, guiding them through assessing the likelihood, impact and influences of climate change risks, so that they can identify risks and opportunities under different climate change scenarios. The results are verified by the management team, and then the development of corresponding strategies and the evaluation of financial impacts will follow.

To develop a climate-related risk management mechanism and come up with response strategies, the Company holds climate-related risk and opportunity response strategy meetings attended by the Chairman, President, and other senior management officers to form strategies to properly reduce, transfer, accept or control/manage the high-risk and high-opportunity factors identified by departments. Based on the identified risks and opportunities, the Company estimates the possible financial impacts that may result from climate change, and develops response strategies to mitigate costs and realize benefits.

The specific procedure for identifying climate change risks and opportunities is shown below:



Type of Climate-related Risks and Opportunities	Climate Change Scenario	Scenario Description
1. Transition risk 2. Opportunity	● NDC: The Republic of China's nationally determined contribution ● IEA NZE 2050	● The risks generated and faced by the Company during low-carbon transformation in a scenario where the Republic of China has set a nationally determined contribution and global warming is limited to 2° C. ● The scenario with a path to controlling global warming stably at 1.5° C, provided in the World Energy Outlook (WEO) of the International Energy Agency (IEA), is analyzed.
Physical risk	● The global warming scenario in the IPCC's Sixth Assessment Report, RCP 6.0 (or SSP 2 - 4.5) ● The global warming scenario in the IPCC's Sixth Assessment Report, RCP 8.5 (or SSP 5 - 8.5)	● The climate-related risks that may be faced by the Company are assessed based on the scenarios used in the Sixth Assessment Report (AR6) issued in August 2021 by the Intergovernmental Panel on Climate Change (IPCC). RCP 6.0 (or SSP2 - 4.5) is a medium-high emission scenario where GHG emissions will peak at around 2060. ● Under an extremely high GHG emissions scenario, RCP8.5 (or SSP5 - 8.5), climate change aggravates the change of future average temperatures, extreme heat days, total annual rainfall, annual maximum daily rainfall intensity, annual maximum consecutive dry days, and the proportion of severe typhoons, which may cause operational impacts on Yang Ming and the value chain thereof.

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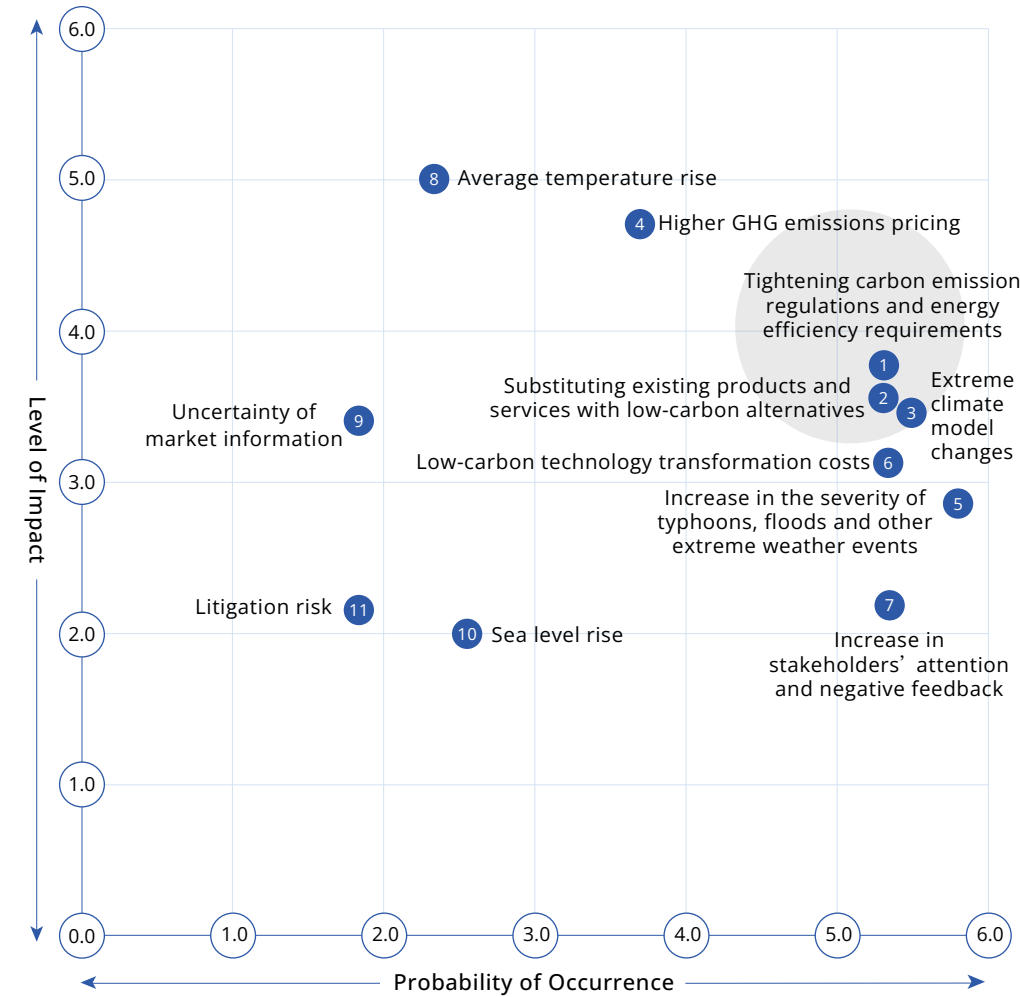
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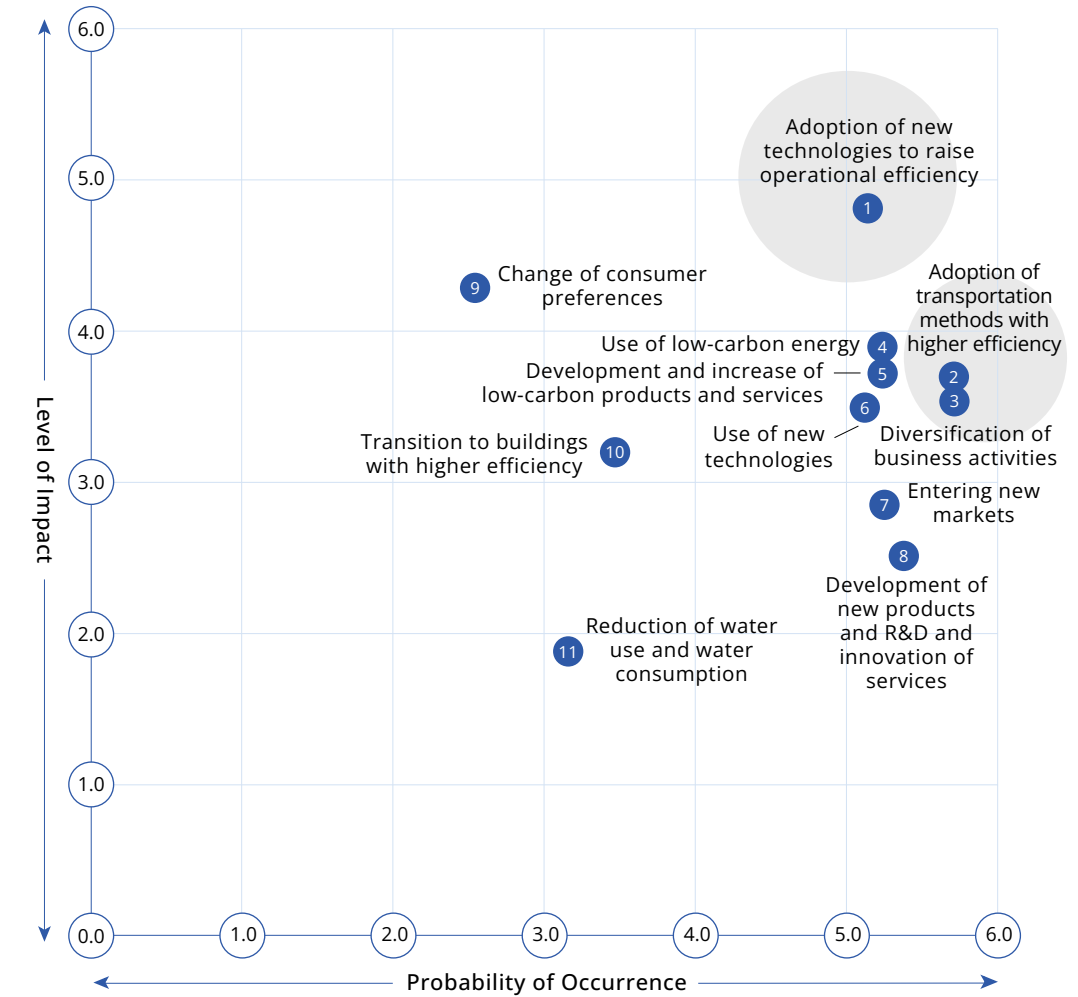
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After the climate-related risks and opportunities were identified, based on the “likelihood” and “impact” of the risks or opportunities, 3 high-risk factors and 3 high-opportunity factors were identified for Yang Ming for 2023. The climate change risk and opportunity matrixes of Yang Ming for 2023 are as follows:

● Climate Change Risk Matrix



● Climate Change Opportunity Matrix



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■ Description of Climate Change Risks

● Summary of Climate Change Risks Identified

Risk Ranking	Risk Category	Risk Factor	Estimated Time Horizon
001	Transition risk Policies and regulations	Tightening carbon emission regulations and energy efficiency requirements	Short-term
002	Transition risk Technology	Substituting existing products and services with low-carbon alternatives	Medium-term
003	Physical risk Long-term	Extreme climate model changes	Medium-term

Note: Definition of time horizon:
 (Short-term) 2023-2024/
 (Medium-term) 2024-2029/
 (Long-term) 2029-2036

Risk 001 - Tightening carbon emission regulations and energy efficiency requirements

Impact scenario:

The laws and regulations related to the reduction of GHG emissions become stricter and the cost goes higher. If the governance insensity continues to increase, carbon taxes and fees will continue to go up. Carbon taxes and fees may be imposed on the GHG emissions produced in corporate operations, increasing operating cost.

Risk Impact Assessment

- Imposition of carbon fees and taxes:** With clearer carbon emission pricing systems worldwide and tighter regulations of vessel operations, the amount of carbon fees or taxes may increase.
- Tightening environmental regulations:** New building vessels are required to use energy-efficient equipment and scrubbers or use alternative fuels. It is also required to replace existing old ships with new building ones in a stepwise manner. If the Company’ s existing vessels fail to comply with related standards, the construction cost will be increased.
- Impacts on sailing schedules:** To reduce carbon emissions, a lower vessel speed will result in extended sailing schedules and affect periodic sailing scheduling and planning.

Financial Impact Assessment

Increased operating costs, higher capital expenditure, increased expenses, decreased value or early scrapping of assets.

Risk Response Strategies

- SEEMP implementation:** In early response to the IMO’ s carbon intensity requirements for international shipping, Yang Ming’ s carbon intensity in 2022 was not higher than that in 2021, with a target value of 41.6 g/TEU*km.
- Main engine derating and speed reduction:** Since 2023, we have derated the main engines of the vessels in the existing fleet and reduced their speed for the purpose of reducing fuel consumption and carbon emissions.
- Replacement of old, energy-consuming vessels with new, eco-friendly, and energy-efficient vessels:** The Company has ordered new, eco-friendly, and energy-efficient vessels to replace those that are old and energy-consuming, and has used low-carbon fuels to reduce the overall fuel consumption and carbon emissions of the Company’ s fleet.

Continuously improving the efficiency of the fleet and reducing energy consumption have been the objectives that we have been working on. These responses described herein are also applicable to multiple risks and opportunities (including Risk 002 and Opportunity 003).

Risk Response Cost

Increased operating costs, higher capital expenditure.

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Risk 002 - Substituting existing products and services with low-carbon alternatives

Impact scenario:

As GHG emissions reduction requirements become more specific, the Company must invest additional capital expenditure on the R&D of low-carbon products and services to operate green vessels and offer highly-efficient transportation services. Replacement of old vessels with new ones increases capital expenditure. However, failure to replace old products and services with low-carbon ones may lead to customer loss and revenue decline.

Risk Impact Assessment

- 1. Increase in fuel costs:** The price of low-carbon fuels is higher than conventional fuels, resulting in an increase in operating costs.
- 2. Technical transformation and maintenance costs:** In the initial stage, low-carbon vessel operators require external guidance and assistance from the personnel dispatched by external management companies, and the repair and maintenance expenses paid to repairers and shipyards are higher than those for conventional equipment, which will increase relevant operating costs.
- 3. Equipment costs for new building vessels:** New building vessels must be equipped with low-carbon equipment, leading to increased construction costs.
- 4. Loss of existing customers:** To reflect the increase in fuel costs, the selling price of products and services is increased, which may cause the loss of the Company's existing customers.

Financial Impact Assessment

Increased operating costs, higher capital expenditure, increased expenses.

Risk Response Strategies

Strategic procurement of low-carbon products and new vessels: Yang Ming negotiates or contracts with low-carbon product suppliers for long-term contract prices, and procures vessels using low-carbon fuels through open bidding processes to reduce expenditure and costs.

Risk Response Cost

Increased operating costs, higher capital expenditure.

Risk 003 - Extreme climate model changes

Impact scenario:

The rising level of impact from climate model changes as well as frequent floods and droughts contributes to the interrupted operation of inland transportation and terminals everywhere and delayed sailing schedules. Sailing schedule delays will affect fleet capacity and increase dispatch costs, causing revenue decline and cost increase.

Risk Impact Assessment

- 1. Damage to vessels/containers:** Navigation in severe weather conditions may cause containers falling off ships and damaged, vessel securing equipment to be damaged, cargo damaged, and additional costs.
- 2. Disruption or halt of port operations:** Extreme weather may cause ports to shut down, sailing schedules to delay, call ports to be omitted, and voyages to be cancelled. The disruption of inland transportation may also aggregate capacity reduction. Extended sailing schedules may lead to customer loss and even affect customers' operations.
- 3. Increase in fuel consumption to keep up with sailing schedules:** Sailing schedules are prolonged due to extreme weather. To keep up with the schedules, additional fuel costs are required.

Financial Impact Assessment

Increased operating costs, reduced income, increased expenses.

Risk Response Strategies

Adoption of optimal routing services with precise weather forecast information: The Company's vessels follow weather routing plans to increase or decrease navigation speed to avoid areas of severe weather or sea conditions. Since 2022, we have used systems and services provided by Weathernews Inc. to monitor our vessels' navigation and fuel consumption and to keep track of improvements in case of performance abnormalities

Risk Response Cost

Increased expenses.

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■ Description of Climate Change Opportunities

● Summary of Climate Change Opportunities Identified

Opportunity Ranking	Opportunity Category	Opportunity Factor	Estimated Time Horizon
001	Resource efficiency	Adoption of new technologies to raise operational efficiency	Short-term/medium-term
002	Resource efficiency	Adoption of transportation methods with higher efficiency	Short-term/medium-term
003	Products and services	Diversification of business activities	Long-term

Note: Definition of time horizon:
 (Short-term) 2023-2024/
 (Medium-term) 2024-2029/
 (Long-term) 2029-2036

Opportunity 001 - Adoption of new technologies to raise operational efficiency

Influence scenario:

The Company adopts new technologies to enhance operational efficiency and uses energy-efficient equipment at the terminal to improve performance and reduce carbon emissions. By boosting operational efficiency and installing energy-efficient equipment, operating costs are cut, and the expenses for responding to climate impacts are reduced.

Opportunity
Impact
Assessment

1. Highly-efficient terminal operations: Process improvements, such as optimization of operating procedures, improvement of cargo handling efficiency, and real-time workplace monitoring, and process change management, as well as software and hardware upgrades will effectively enhance the operational efficiency of container yards, reducing energy consumption, increasing equipment availability and turnover, and cutting operating costs.

2. Use of low-carbon equipment: Low-carbon emission/electronic stackers and LED lighting equipment are used to replace outdated stackers using diesel fuel and electricity-consuming lighting equipment to reduce carbon emissions and cut potential carbon costs.

Financial
Impact
Assessment

Reduced operating costs.

Opportunity
Execution
Strategies

Replacement of machinery and equipment for reduced operating costs: Energy-efficient lighting equipment is used and stackers using diesel fuel are replaced to reduce operating expenditure.

Opportunity
Response
Costs

Higher capital expenditure, increased expenses.

Opportunity 002 - Adoption of transportation methods with higher efficiency

Influence scenario:

The Company adopts equipment with higher efficiency, monitors the vessels’ sailing resistance, and regularly cleans hulls to allow the vessels to have good energy efficiency performance. In compliance with the supervisory requirements of international organizations, the Company improves the vessels’ sailing efficiency and reduces their carbon emissions, cutting operating costs.

Opportunity
Impact
Assessment

Reduction of vessels’ fuel consumption and carbon emissions: Regularly cleaning hulls, monitoring main engine torque, and installing energy-efficient propellers and bulbous bows, which allow vessels to sail with low resistance can reduce fuel consumption. If the EU’s Fit-55 carbon transaction platform and FuelEU Maritime go live and apply to ocean carriers in the future, carbon fees can be reduced, and penalties can be avoided.

Financial
Impact
Assessment

Reduced operating costs.

Opportunity
Execution
Strategies

Reduction of vessels’ fuel consumption: Regularly cleaning vessels’ hull and making energy-efficient modifications to propellers and bulbous bows can reduce sailing resistance and prevent outer panels from marine organisms, cutting fuel consumption.

Opportunity
Response
Costs

Increased expenses.

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Opportunity 003 - Diversification of business activities

Influence scenario:

In response to climate change and in line with international sustainability trends, continuous efforts will be put into the research of low-carbon transportation routes and products, investment in new energy development, etc. Diversified product and service development and applications as well as business diversification can boost revenue, save costs, and help gain support from customers.

Opportunity Impact Assessment

- 1. Launching of sailings with low-carbon energy ships:** We continuously assess all possible alternative energy technologies and look at the feasibility of clean energy/green fuels for additional business sources.
- 2. Investment in low-carbon energy transportation equipment:** Yang Ming plans to participate in national renewable energy programs and discusses with potential joint venture partners about investing in maintenance vessels for offshore wind farms, LNG carriers, etc. to increase revenue sources.
- 3. Development of new routes:** Low-carbon vessels are deployed to keep up with the trend of green corridors in the future and increase business sources. Short-distance or low-carbon emission routes are developed for additional business sources.

Financial Impact Assessment

Increased operating revenue, reduced operating costs, increased value of fixed assets, higher direct costs.

Opportunity Execution Strategies

- 1. Investment in green energy and low-carbon equipment:** A certain amount of capital expenditure has been budgeted for investing in green energy and relevant transport ships in the following 5 years (2023-2027). The amount may be adjusted annually according to the implementation status.
- 2. Construction of low-carbon vessels:** We have invested in and built suitable vessels or modified vessel equipment to operate routes, constantly paid attention to the development of environmental regulations and market conditions, and prepared a report and outlined specifications for the analysis of fuel selection for the new ship deployment project.

Opportunity Response Costs

Increased capital expenditure.

2.5.3 Climate Change Metrics and Targets

Climate Change Risk Metrics

Net zero emissions by 2050 (long-term)

To support the government's net zero emissions policy, we have formulated a decarbonization pathway according to our operations. For relevant GHG strategies towards carbon reduction, please refer to [3.1 Environmental Management Policy](#).

1% reduction in carbon intensity in 2022 (short-term)

Newly-built 11,000 TEU ships were put into operation. The drydock time of old vessels was reduced to improve hull efficiency. Yang Ming collaborated with Weathernews Inc. in the forecasting of safe and fuel-saving routes, and continuously promoted the achievement of the carbon intensity reduction target. In 2022, the carbon intensity decreased by 5.15% compared to 2021. For more information about Yang Ming's annual carbon intensity and emissions as well as its achievement of the IMO's target, please refer to [3.3 Greenhouse Gas and Emissions](#).

Climate Change Opportunity Metrics

Annual hull cleaning (short-term/medium-term)

Yang Ming picks a suitable port for underwater cleaning every year. The Company's vessels are dry-docked once in 5 years to recoat their outer panels.

Paying attention to the development of laws / regulations and markets (long-term)

Yang Ming keeps an eye on the development of environmental regulations and market conditions every year. We have joined the Silk Alliance, the Getting to Zero Coalition, and the Society for Gas as a Marine Fuel (SGMF) to exchange opinions on technical feasibility and assess potential profits through risk and opportunity analysis, providing a foundation for future investment in new energy.

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2.6 Supply Chain Management

2.6.1 Yang Ming's Supply Chain Management Vision

In view of the importance of supply chain management, Yang Ming has set sustainability goals based on the UN's Sustainable Development Goals (SDGs), established the "Supply Chain Management Policy" and "Supplier's Code of Conduct" according to the GRI Standards, United Nations Global Compact (UNGC), International Labor Organization (ILO) and other international standards, and encouraged suppliers to sign the "Company Sustainability Statement Survey," inviting them to commit themselves to ethical management, promote environmentally sustainable development, and protect fundamental human rights.

2.6.2 Supply Chain Overview

Yang Ming's supplier management covers quality, environmental protection, information security, occupational safety and health, supply chain safety, and the regulatory requirements of port states. While transporting the cargo of customers, we also pay attention to the issues of stakeholders' concern, thereby fulfilling corporate social responsibilities together with suppliers from different sectors.



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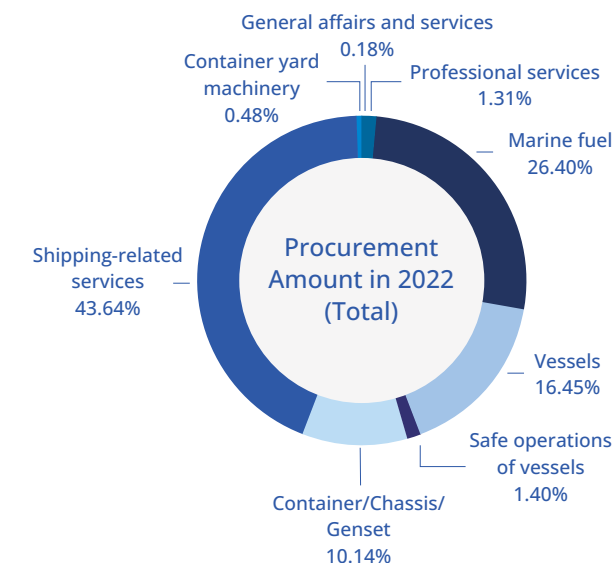
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■ Annual Procurement Analysis

The Company analyzes the annual procurement amounts and grades/classifies suppliers. In 2022, Yang Ming conducted procurement transactions with 1,364 suppliers, which were categorized into 8 types by procured items and service nature: general affairs and services, professional services, marine fuel, vessels, safe operation of vessels, container/chassis/genset, container yard machinery, and shipping-related services. The Company set a materiality threshold for each type by the procurement amount and transaction frequency with the suppliers and identified a total of 166 Tier 1 suppliers, accounting for 82% of the total procurement amounts.

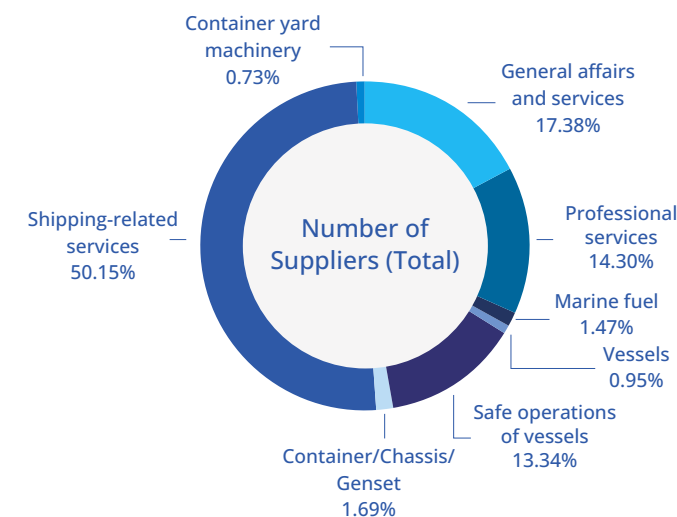
8 Procurement Types	Definition of Tier 1 Suppliers	Significance to Yang Ming
General affairs and services	Accounting for over 2% of total procurement amounts	The basic general supplies necessary for corporate operations to maintain the basic operational efficiency and work quality of the Company.
Professional services	Accounting for over 1% of total procurement amounts	The labor services for improving overall navigation and transportation safety, efficiency or quality or the professional services related to corporate operations to enhance operational quality and workplace safety, attaining personnel safety, vessel safety and cargo safety.
Marine fuel	Accounting for over 1% of total procurement amounts	The stability of fuel supply and quality is tied to the daily operation of vessels. Also, such procurement constitutes a main part of the Company’s operating costs.
Vessels	Accounting for over 1% of total procurement amounts	Vessels are the backbone of the Company’s international container shipping services. Their construction, chartering or other uses/deployment have direct and significant impacts on the operation of routes.
Safe operation of vessels	Accounting for over 1% of total procurement amounts	Yang Ming treats personnel safety, vessel safety, and cargo safety as first priorities. Thus, the installation and maintenance of vessel equipment, the supply and inspection of parts and accessories, material supply and quality requirements, and vessel docking repairs are the keys to vessel sailing safety.
Container/Chassis/Genset	Accounting for over 1% of total procurement amounts	In line with the capacity of the vessels in service, maintaining a stable number of containers is a prerequisite for meeting the transport needs of customers. Also, container yard machinery are required to maintain the safety and efficiency of transport services. As such, both are important capital expenditures.
Container yard machinery	Accounting for over 1% of total procurement amounts	
Shipping-related services	Accounting for over 0.4% of total procurement amounts	Stevedoring at ports, storage at terminals, connection by feeders and inland transport via trucks and railway together constitute the global maritime transport service network. Yang Ming ensures the accurate connection of all transport links with 24/7 operation so as to offer customers global maritime transport services that are punctual, speedy, reliable and economical.

■ Proportion of 8 Types of Procurement Expenditure



Note: The proportion of procurement category to total procurement amounts in 2022

■ Proportion of 8 Types of Suppliers



Note: The proportion of suppliers by procurement category to all suppliers in 2022

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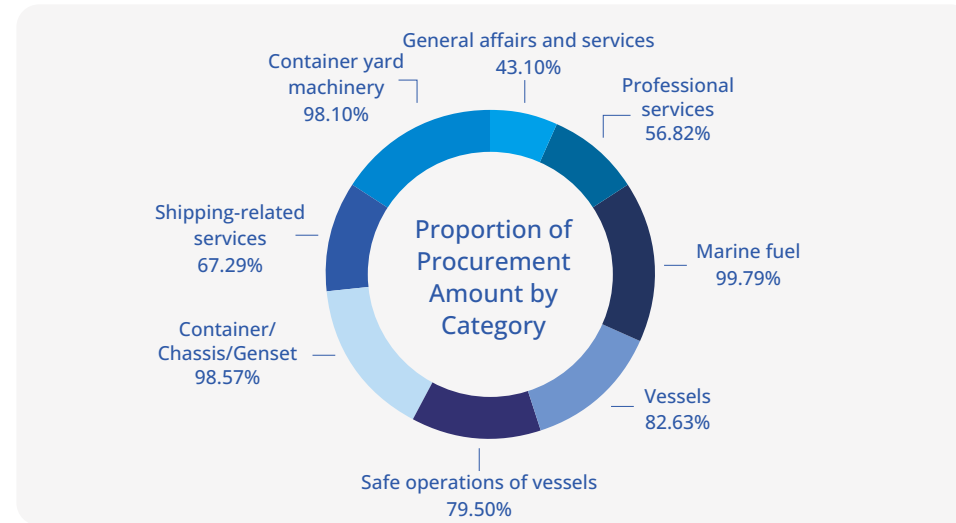
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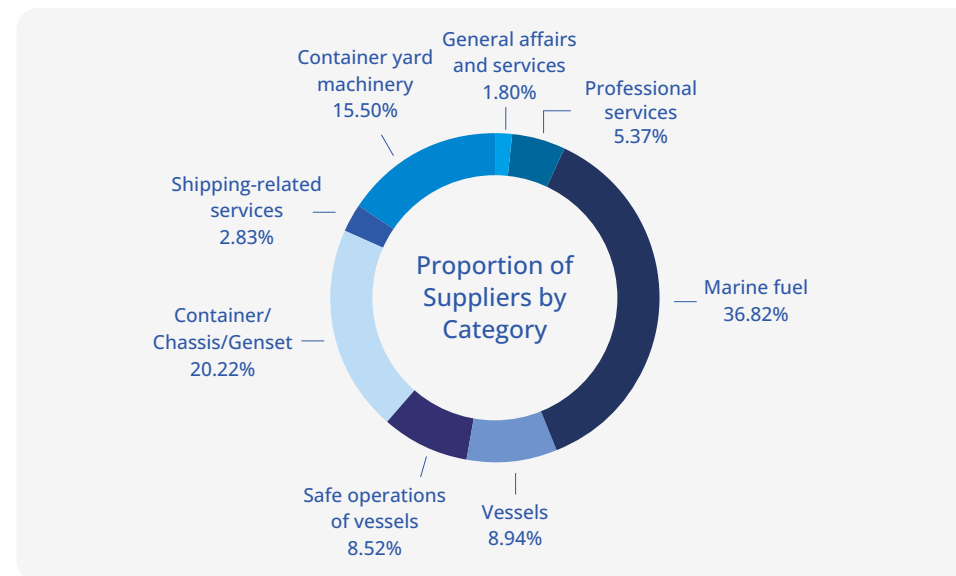
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■ Proportion of the Procurement Amounts with the Respective 8 Types of Tier 1 Suppliers



■ Proportion of the Number of Suppliers in the Respective 8 Types of Tier 1 Suppliers



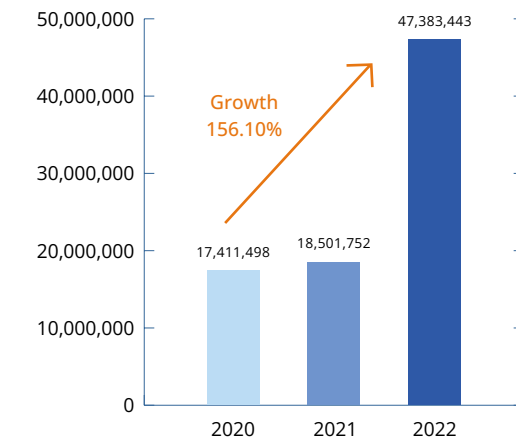
● Local Procurement and Green Procurement

Marine transportation services are all over the world. As a part of the container transport industry, the Company offers global shipping and route services as well as regional transport services (e.g., feeder, train, truck, and other inland transport services). Moreover, based in Taiwan, Yang Ming strives to ensure the procurement of general affairs and services from local (Taiwanese) suppliers, except for procurements specific to the shipping industry, with the aim of facilitating and supporting the industry in Taiwan, realizing local procurement and promoting local economic growth.

Since 2013, the Company has supported the National Green Life Movement initiated by the Environmental Protection Administration, Executive Yuan by prioritizing the use of Green Mark-labelled products. Yang Ming was recognized as an "Excellent Private Enterprise for Green Procurement" by the Keelung City Government for 2 consecutive years. The Company's green procurement amount in 2022 grew 156.10% compared to 2021, accounting for 23.45% of the procurement amount for general affairs and services. This year, to further support the Environmental Protection Administration's Green Office measures, Yang Ming has become a partner of the movement to put energy saving, carbon reduction, and eco-friendly philosophies into practice in offices and incorporate them into daily office activities in an effort to contribute to ecological protection and continuously attain the Company's sustainable development goals.

The Company's procurement expenditure in Taiwan in 2022 accounted for 2.40% of the total procurement expenditure, and green procurement accounted for 0.04% of the total procurement expenditure.

■ Yang Ming's Green Procurement Amount



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2.6.3 Sustainable Supply Chain Management Policy

Yang Ming adopted the “ISO 9002 International Quality Management System Certification” in 1996 to progressively develop operating procedures, including selection and procurement procedures for vessels, accessories, materials, fuels, container machines, terminals, railways/highways. We also receive a third-party audit annually. In 2022, to ensure sound supply chain management policies, the Company reviewed the existing procurement management system and identified documents whose amendment must be prioritized in the future based on the “ISO 20400 Sustainable Procurement” framework to reinforce the Company’s management of procurement governance, procurement principles and supplier selection. We expect to amend the following management guidelines in 2023 for the purpose of attaining sustainability.

Management Aspect	Management Document
Procurement governance	Supply Chain Management Policy
	Procurement Sustainability Issue Assessment Form and Procurement Policy
Procurement Principles	Supplier’s Code of Conduct
Supplier selection	Supplier Evaluation Process/Pre-qualification/Capability Assessment Practices
	Tender Management Process and Practices
	Supplier Confidentiality Agreement
	Suppliers’ Letter of Commitment to CSR
	Supplier Ethical Corporate Management Best Practice Principles



■ Supplier’s Code of Conduct

In 2021, the Company formulated the Supply Chain Management Policy requesting supplier partners to jointly support Yang Ming’s existing ISO management systems. To build a sustainably developed operating environment, the Company undertakes to communicate with different supply chain partners about environmental protection, human rights and labor management, ethics and integrity, public welfare, and other issues, create comprehensive management mechanisms, and continue improvement and optimization efforts.

On the basis of the Company’s management philosophies of “Teamwork, Innovation, Integrity, Pragmatism,” Yang Ming’s vision is to be an excellent transportation group in the hope of working with supplier partners to promote sustainable development and ensure business, financial, environmental and social sustainability. According to the regulations and acknowledged standards of the UN Global Compact, Ethical Trading Initiative, OECD, ISO 45001, ISO 27001, ISO 14001, Universal Declaration of Human Rights, International Labour Organization (ILO) and other international organizations, the Company regularly reviews and amends Yang Ming’s Supplier’s Code of Conduct and such amendment covers 3 parts: human rights and workers, environment, business ethics, and ethical management to reflect that the Company has acknowledged global issues and undertaken to comply with related standards. We also hope that our suppliers comply with these standards and encourage them to actively cooperate and make continuous improvements.

Topic	Brief Description
Human Rights and Workers	The Company is devoted to creating and maintaining a good working environment where employees are treated reasonably and with respect. Our suppliers are requested to adopt the same or similar standards in their working environments to ensure that the human rights of their employees are not affected and infringed. Relevant measures cover working hour management, salary and benefits, employee privacy, gender and opportunity equality, child labor, and occupational safety and health.
Environment	Suppliers should consider environmental factors and conduct improvement and maintenance for impact factors in the course of operations to reduce environmental burdens and impacts. Relevant measures cover the management of energy consumption and GHG emissions, waste and wastewater management, noise management, and air pollution management.
Business Ethics and Ethical Management	Suppliers should observe the highest moral standards in the course of operations, expand relevant business activities, and develop relevant policies for internal propaganda to enhance their employees’ understanding of corporate ethical management policies.

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■ Supply Chain

With the aim of creating a sound and sustainability-based supply chain management system, Yang Ming aims at 4 key outcomes: a sound procurement system with sustainability factors; effective control of suppliers’ sustainable management maturity, performance and on-going tracking; enhanced sustainability awareness through internal education and training; and sustainable engagement with suppliers. The following table shows the action plan for each key outcome and short-term and medium-term/long-term targets:

Key Outcome	Action Plan	Target by 2023	Target by 2024-2030
A sound procurement system with sustainability factors	Amend the Supplier’ s Code of Conduct.	Release and implement the amendment.	Continuously make amendments according to sustainability issues and risks.
	Amend and add procurement-related documents.	Release and implement the amendment.	Continuously amend and add procurement-related documents.
Effective control of suppliers’ sustainable management maturity, performance and on-going tracking	Written and on-site reviews for suppliers.	Carry out written reviews for over 50 suppliers and on-site reviews for 5 suppliers.	Increase the number of suppliers reviewed year by year and achieve a supplier review rate of 100%.
	Supplier risk evaluation.	Initiate risk evaluation.	Increase the number of suppliers evaluated year by year.
Enhanced sustainability awareness through internal education and training	Organize internal education and training to enhance departments’ sustainability awareness and improve communication with departments and units participating in projects.	Organize 1 internal education and training session.	Design relevant education and training based on sustainability issues to continuously enhance internal sustainability awareness.
Sustainable engagement with suppliers	High-risk suppliers’ improvement and follow-ups.	Request high-risk suppliers identified annually for improvement and follow-ups.	
	Precise management of suppliers with special business types.	Identify 3 types of suppliers with special business types and design questions specifically for them.	Enhance the management of suppliers with special business types and create a supplier performance tracking mechanism.

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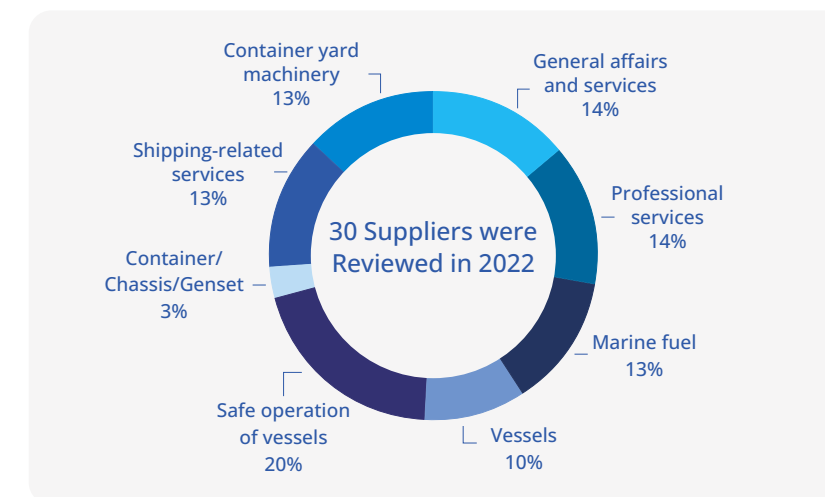
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2.6.4 Supply Chain Management Process



● Implementation Performance in 2022

In 2022, the Company sent the sustainability self-assessment questionnaires to the 144 Tier 1 suppliers identified in the previous year. There were 3 topics and 27 indicators. We conducted written reviews for 30 suppliers answering the questionnaires, including 4 for general affairs and services, 4 for professional services, 4 for marine fuel, 3 for vessels, 6 for safe operation of vessels, 1 for container/chassis/genset, 4 for shipping-related services, and 4 for container yard machinery. Among them, 2 suppliers for shipping-related services received on-site reviews.



● Planning of Goal Implementation in 2023

1. To increase the number of suppliers reviewed year by year, we will conduct written reviews for 50 suppliers in 2023, of which 5 will receive on-site reviews.
2. The sustainability risk evaluation will be initiated.
3. There will be an improvement tracking program for the high-risk suppliers identified in the sustainability risk evaluation result, thereby reducing the overall supply chain management risk.

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■ Supplier Evaluation and Selection

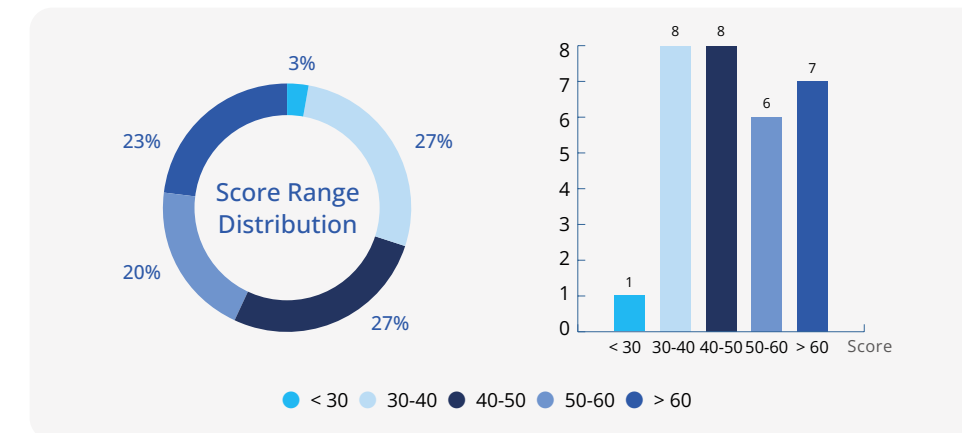
The Company assesses the qualifications of suppliers and selects them in accordance with the procurement and disposal procedures. For supplier selection, aside from the basic information of suppliers, the Company Sustainability Statement Survey and a Statement of Integrity in Business Operation are required, where sustainability topics such as labor rights practices, occupational health and safety, environmental protection, and corporate code of ethics are included.

Once becoming the Company's official partners, our supplier partners must promise to observe all laws and regulations that should be complied with when executing their business activities, including but not limited to international or domestic regulations or conventions on labor, environmental protection, health and safety, and obtain licenses or special permits required to perform their business activities, including but not limited to having their employees meet regulatory qualification requirements and acquiring business licenses for businesses requiring special approval. Our supplier partners should completely understand the Company's requirements for the health, safety, hygiene and employment of employees as well as environmental protection, confirm that they have been informed of them, and undertake to take corresponding safety measures. In case of any staff injury/death or disaster during the contract period, our supplier partners should take necessary response measures and make a report to the Company immediately after the incident occurs. In conclusion, in the event of any violation of the statement or contract provisions, Yang Ming may terminate the contract without notice and will not collaborate with suppliers that fail to make improvements afterwards and are not compliant with the requirements. The Company did not cause negative social or environmental impacts on the supply chain in 2022.

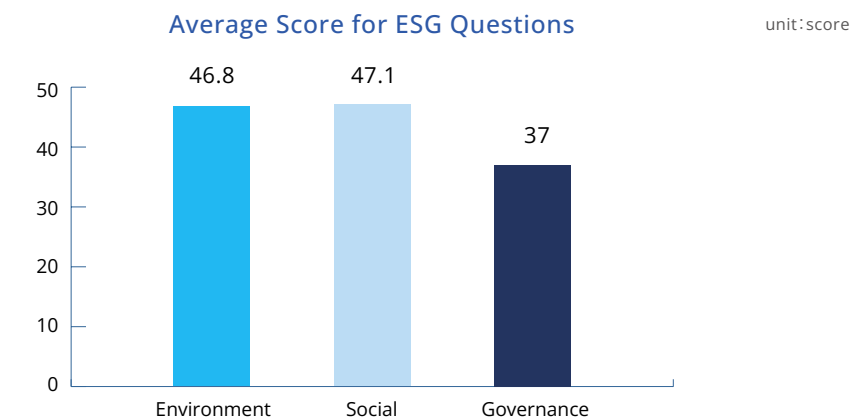


■ Supplier ESG Sustainability Review

The Company conducted a written supplier sustainability review for the first time in 2022, where the total average score of all suppliers was 49. There were 7 suppliers with a score of higher than 60, accounting for 23%. The percentage of suppliers with scores falling within the lowest score range was 3% and those with a score of over 50 was 43%.



According to the comparison among governance, social and environmental issues, environmental and social questions had similar scores, and governance questions got the lowest scores. The issues with the top 3 highest scores were related to "legal compliance," "integrity management," and "sustainable governance," indicating that the suppliers were stronger in terms of the management of legal compliance, integrity management, and sustainable governance. Suppliers with lower scores were weaker when it came to the management of "supplier management," "business continuity management," and "energy/resource use" issues and will be provided with guidance and improvement advice in the evaluation in 2023.



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■ Supplier Risk Evaluation

To reinforce supply chain management, the Company plans to create a supplier risk evaluation system that is scheduled to be implemented in 2023 and provide different management methods based on the risk level of suppliers in the hope of effectively reducing the Company's supplier and supply chain risks. In the first phase, sustainability self-assessment questionnaires will be sent to 166 Tier 1 suppliers. The data answered by the suppliers will be converted into risk values for calculation. They are then compared with the sustainability issues identified by the Company to set materiality thresholds, classify the suppliers by risk level, and develop different management methods.



■ Supplier Engagement

By enhancing the engagement with suppliers, the Company improves its sustainability capabilities while continuously boosting the Company's supply chain resilience. In 2022, written supplier sustainability self-assessments using questionnaires and on-site audits were carried out for the first time. Yang Ming distributed sustainability self-assessment questionnaires to 30 suppliers in 8 different categories and selected 2 suppliers for on-site audits to understand their sustainability maturity as the foundation for promoting the Company's supply chain management system and building the sustainability awareness of the suppliers. Relevant measures include e.g. performing on-site inspections or providing assistance to help suppliers with poor performance in written reviews develop necessary systems. In the future, we will increase the number of suppliers reviewed year by year so as to drive the compliance of the overall supply chain with ESG indicators.



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03

Green and Sustainable Shipping

Operating Strategies for Environmental Sustainability

Highlights

- Substantially reduced the carbon intensity by 59.54% in 2022 compared to 2008
- Reduced the fuel consumption by 356,492 tons or 21.5% through effective shipping schedule control
- 90.32% of Yang Ming's vessels achieved an estimated CII rating of C or higher
- Used water-based paints for all newly-built containers, reducing up to 2,657 tons of VOCs
- Promoted digitalization to cut paper use, reducing about 3.93 tons of CO₂e
- Reduced the water consumption of offices and container terminals by 9.23% compared to 2021 and cut the volume of waste by 17.77% compared to 2021, with a 11.01% increase in the recycling rate
- Entered into systematic collaboration with National Cheng Kung University to obtain 1 invention patent
- Received the highest Sapphire award in 2022 in recognition of Yang Ming's support for the Protecting Blue Whales & Blue Skies Program



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3.1 Environmental Management Policy

Yang Ming upholds the core value of achieving environmental sustainability through energy saving and emissions reduction. We were the first ISM-certified carrier in Taiwan in 1996 and implemented the ISO 14001 environmental management systems in 2004. Through a series of environmental protection measures, the Company has been dedicated to protecting marine ecology, reducing carbon emissions, and air pollution in an effort to ensure a better environment for future generations. By carrying out fleet renewal, deploying new eco-friendly vessels, optimizing ship sailing attitudes, adjusting cargo ballasting and ensuring energy-efficient draft operation based on stowage planning practices, working with WNI using big data cloud technologies, and other intelligent technologies to enhance operational efficiency through monitoring by the Smart Ship Center, reinforcing fleet carbon reduction management, monitoring the energy consumption performance of vessels, refining the existing vessels for better energy efficiency, the carbon intensity of the Company’s operating vessels in 2022 was 40.21 g/teu-km, reduced by up to 59.54% compared to 2008, exceeding the target of the IMO. The fleet not also uses shore power to reduce air pollution, but also conducts wastewater discharge control and lowers ship speed to maintain local marine ecology. Furthermore, the Company supports the Environmental Protection Administration’s Green Office measures, and the offices and the Keelung (Yang Ming) Container Yard adopt energy saving and carbon reduction measures to enhance the efficiency of energy utilization and implement local procurement, green procurement, and source reduction in order to lower energy use and reduce resource waste.

To implement specific commitments and strategies to achieve net zero emissions by 2050, the Company conducted a GHG inventory in 2021 as the base year for the Company’s total carbon emissions and deployed LNG dual-fuel container ships. In 2022, Yang Ming became a founder member of the Silk Alliance and joined the Getting to Zero Coalition and the Society for Gas as a Marine Fuel to work with the companies in the shipping industry chain in developing fuel transformation and sustainable decarbonization strategies in the hope of serving as a sustainability leader in the global shipping industry.



● Use of Shore Power to Reduce the Impact of Vessels on the Environment

Yang Ming’s American investee company West Basin Container Terminal (WBCT) has developed and managed 16 alternative maritime power (AMP) systems that not only comply with federal and local laws and regulations, but also meet the specifications of the California Air Resources Board (CARB), improving the air quality in harbor areas. The Company’s vessels equipped with shore power equipment actively cooperate with ports such as the Port of Los Angeles, Port of Long Beach, and Port of Oakland in initiating shore power connections. With these AMP systems, container ships can use on-shore power when calling at the ports, reducing the air pollution produced by generators.

Moreover, the Company’s Kao Ming Container Terminal Corp. is an eco-friendly container terminal using green energy and equipped with 6 AMP systems for use by container ships when calling at the port. In addition, Kao Ming actively cooperates with the Environmental Protection Administration in shore power promotion to facilitate the development of environmental protection businesses in Taiwan.

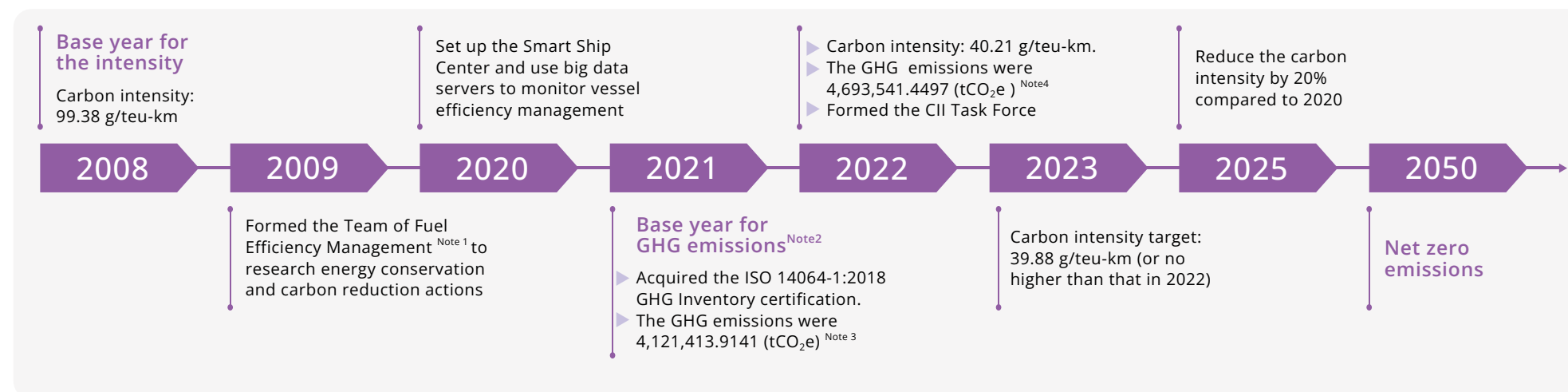
■ Yang Ming’s Operating Vessels Installed with AMP Systems

	Number
Own ships	19
Chartered ships	4 chartered ships + 34 chartered ships with AMP container modules

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Decarbonization Pathway & GHG Strategies



Now Steps

Vessel Energy Conservation Measures

- Hull optimization (designing highly energy-efficient propellers and streamlined hulls to the extent that they are practical)
- Use of the Low-Load Tuning EGB mode with the main engine
- Smart fleet management - 5G systems combined with satellite communication and ship positioning, the weather integration system, Green Shipping Module
- Replacement of old vessels with new eco-friendly vessels in the fleet

Energy Conservation Measures at Offices and the Container Terminal

- Use of electric motorcycles as company vehicles and replacement of existing company cars with hybrid electric vehicles in a stepwise manner
- Adoption of energy-efficient LED lighting equipment, zoning lighting, and induction lights
- Machine electrification and replacement of old machines
- Prioritized purchase of equipment with a Level 1 energy efficiency label
- Automatic switch of elevators, computers and printers to power saving mode

Ocean Pollution Prevention - Fleet Management

- Acquisition of ISM and ISO 14001 management system certifications for the fleet
- Dangerous cargo management (combined with AI identification)
- Ocean garbage reduction
- Use of the latest low friction antifouling paint
- Regular vessel maintenance (using new, tin-free ship paints)
- Stowage planning management for zero containers lost at sea
- Biological pollution management plans
- Ballast water management
- Vessel sewage treatment

Next Steps

Fleet/Offices/Container Terminal

- Acquisition of a VOS/CII integration monitoring platform for the Smart Ship Center
- Ordering 5 LNG dual-fuel container ships
- Participation in international initiatives and organizations for the joint development of fuel transformation and green corridor projects
- Setting GHG emissions reduction goals
- Adoption of engine power limitation (EPL) for the fleet's retrofit tracking and management
- Development of alternative vessel fuels & energy-efficient equipment and technologies
- Use of green energy at owned offices
- Digital transformation - Increasing digital use
- Waste management - Improving the recycling rate

Note 1: The Energy Conservation Team was founded in 2009 and was renamed Team of Fuel Efficiency Management in 2019.

Note 2: 2021 was set as the fixed base year. However, as Categories 3-5 emission sources were added according to the identification results for material emission sources, the base year needed to be adjusted. The base year for Categories 1 and 2 remained 2021, while the base year for Categories 3-5 was set as 2022.

Note 3: GHG inventory data for 2021: Categories 1+2: 4,000,525.4688 (tCO₂e); Categories 3-5: 120,888.4453 (tCO₂e).

Note 4: GHG inventory data for 2022: Categories 1+2: 4,045,499.9538 (tCO₂e); Categories 3-5: 648,041.4959 (tCO₂e).

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3.2 Energy Use and Consumption

Due to the Company's implementation of appropriate energy management measures, despite a 12% increase in business volume in 2022, there was no significant increase in the total heating value. The energy intensity was 0.137 (GJ/NT\$ thousand), reduced by 9.00% in comparison to 2021.

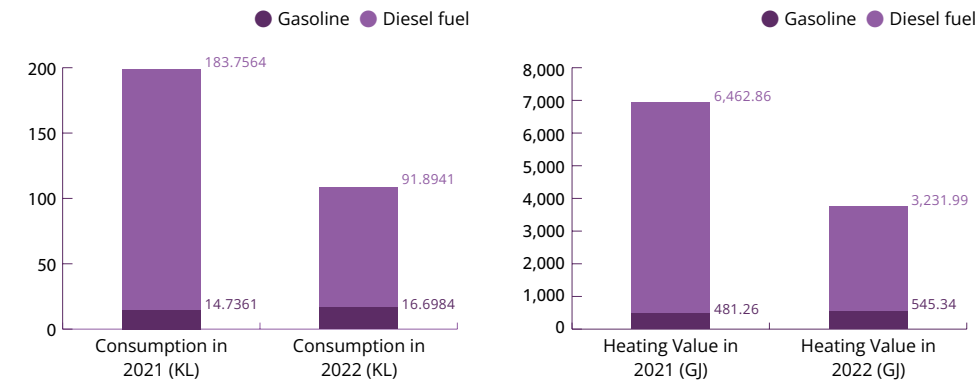
Total Energy Consumption for Organizational Operations

Energy Type	Heating Value in 2021	Heating Value in 2022
Total heavy fuel oil consumption (GJ)	47,355,563.01	48,598,418.37
Energy intensity (GJ/NT\$ thousand)	0.151	0.137
Proportion of heavy fuel oil	94.01%	94.11%
Total (GJ)	50,371,782.22	51,639,486.66

Note: The energy use intensity was calculated based on the Company's consolidated operating revenue in the current year, which was NT\$375,899,874 (thousand)

Energy Consumption of Onshore Business Locations

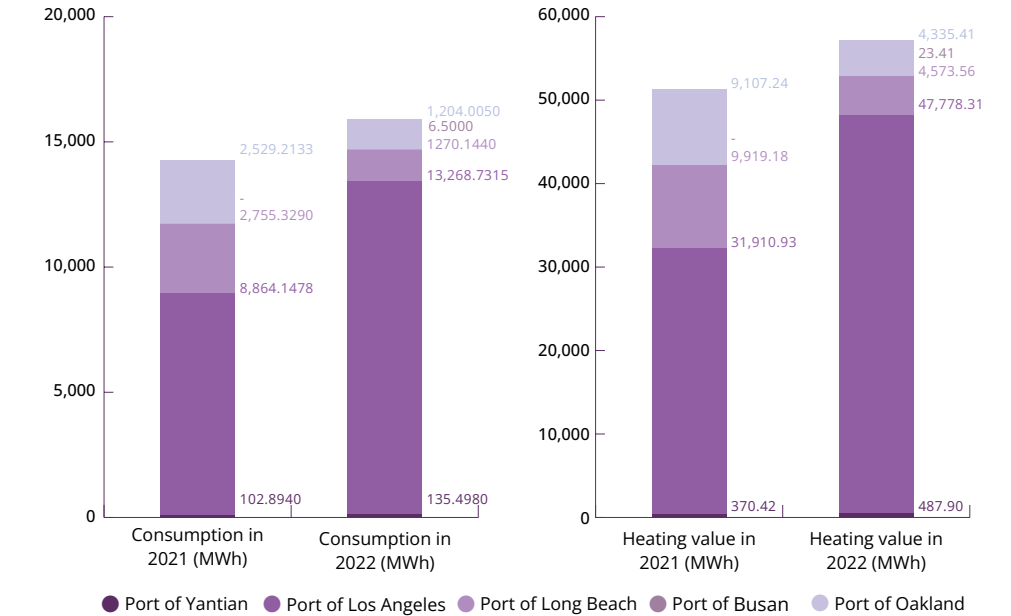
Direct Emissions



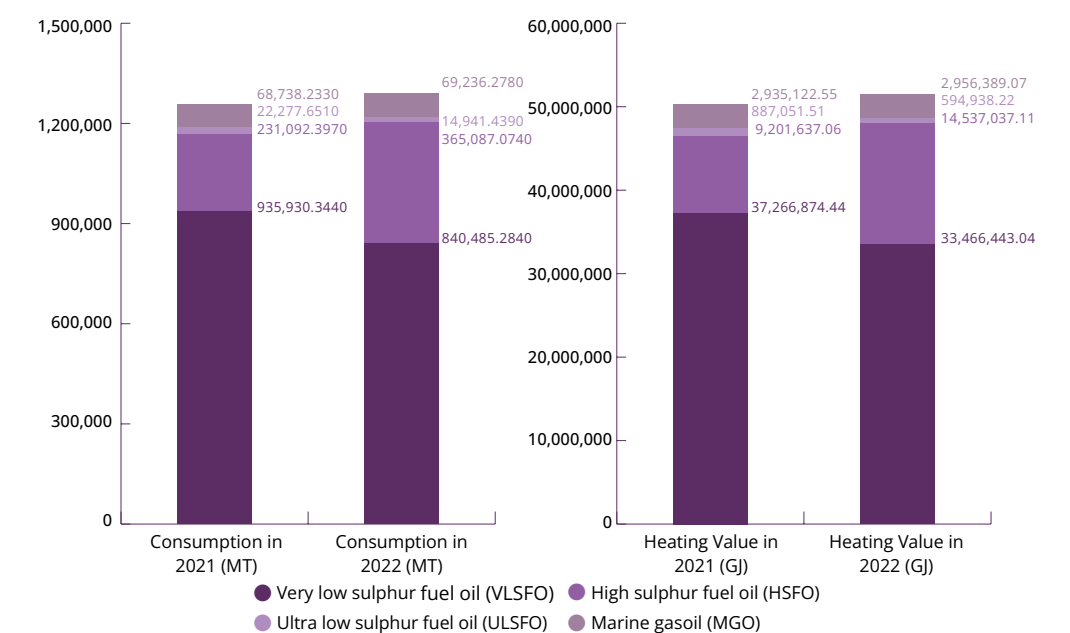
Imported Energy Indirect Emissions

Energy Type	Consumption in 2021 (MWh)	Heating Value in 2021 (GJ)	Consumption in 2022 (MWh)	Heating Value in 2022 (GJ)
Electricity (purchased)	6,343.0992	22,835.16	6,582.7506	23,703.30

Shore Power



Vessels' Energy Consumption



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Energy Conservation Strategies

Operational Scope	Energy Conservation Strategies
 Onshore business locations	● Use of electric motorcycles as company vehicles and replacement of existing company cars with hybrid electric vehicles in a stepwise manner. ● Adoption of energy-efficient LED lighting equipment, zoning lighting, and induction lights. ● Prioritized purchase of products with a Level 1 energy efficiency label.
 Container terminals	● Machine electrification: The old equipment in Keelung (Yang Ming) Container Yard was replaced with electronic equipment in 2022. Please refer to 3.4 R&D and Investment in Low-Carbon Technologies.
 Reefer containers	● Use of frequency converters for reefer containers, with a utilization rate increased from 3% in 2021 to 18% in 2022.
 Fleet	● Implementation of SEEMP Part I/II/III to promote the effective use of fuels and prepare records as per laws in order to save energy and reduce carbon emissions. ● Smart Ship Center - Monitoring with the Green Shipping Module. ● Determination of optimal routes with weather routing systems. ● Foundation of the CII Task Force in 2022 to pay attention to the actions and regulations of international organizations such as the IMO.

Energy Conservation Measures at Yang Ming’s Office in Cidu

The Company has adopted various energy conservation facilities and actions since 2010. The number of employees grew in response to the expanded corporate business scope. Even though the number of employees in the office building in Cidu where Yang Ming’s headquarters are located was increased by 36% in 2022 compared to 2010, the annual electricity consumption dropped 11%. The following are some energy conservation measures adopted:

- Setting up programs for group control of the 4 elevators, where the elevators will enter sleep mode when not in use for 10 minutes for energy conservation.
- Setting up the water dispensers on each floor to automatically keep them in sleep mode from 23:00 to 06:00 on weekdays and all day on weekends.
- Using water chiller units of different tons for the central air conditioner in the building based on seasonal and temperature requirements and setting up the auto power-on time of the air-handling unit on each floor and the frequency converter for automatic input regulation according to needs.
- Setting up printers in power saving mode to have them automatically enter power saving mode when not in use for a period of time.
- Setting up office computers in power saving mode to have them automatically enter low-power-consuming sleep mode after not in use for 5-10 minutes.

Fleet’s Energy Use

The IMO approved the new “Energy Efficiency Existing Ship Index (EEXI)” and “Carbon Intensity Indicator (CII)” regulations at the MEPC 76 meeting held via video conference from June 10 to 17, 2021, which will take effect on January 1, 2023. For the IMO’s strategies to reduce the GHG emissions of vessels, on the technical aspect, the EEXI is adopted; on the operational aspect, the CII is adopted. By calculating the “EEXI” and “CII,” correction plans are developed for vessels with poor performance, and the vessels are included in the SEEMP.

In addition to making cross-departmental discussions on EEXI regulations to develop an appropriate inspection schedule and reduce the carbon emissions of vessels based on the maximum engine power limit after construction, the Company’s CII Task Force (across 9 departments including the Marine Department, Operations Department and Engineering Department) founded in September 2022 checks the CII ratings of vessels on each route to timely monitor the change of the CII ratings and annual fuel consumption with digital tools and holds regular meetings every month to discuss the timing of adopting the 21 rating optimization measures for the vessels to tackle problems at the source. Each ship aims at obtaining a CII rating of C in the current year.

The following table shows the number of vessels with a CII rating of C or higher in 2022 estimated by the Company using the fleet’s energy efficiency data (fuel consumption/sailing distance), accounting for 90.32%:

Annual CII Rating	A	B	C	D	E
Number of Vessels	24	26	34	8	1

All the EEXI obtained by the Company in 2022 meet the requirements:

Name/Model of New Vessel	Attained EEXI/Required EEXI
YM Increment/I Type	18.65 / 18.67
YM Celebrity/C Type	15.7 / 16.8
YM Cosmos/M Type	13.00 / 13.02
YM Efficiency/E Type	13.70 / 13.71
YM Masculinity/M+ Type	11.66 / 11.68
YM Maturity/M+ Type	11.53 / 11.54
YM Uniform/U Type	11.10 / 11.12
YM Express/E+ Type	13.47 / 13.48
YM Success/M Type	12.99 / 13.00

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The following are the measures adopted by the Company in response to the EEXI and CII:

Issue	Regulation Description and Planning	Suggested Improvement Methods from Classification Societies	Yang Ming’s Practices
Energy Efficiency Existing Ship Index(EEXI)	EEXI must be submitted to Classification Societies for recognition for international energy efficiency certificates (IEEC, for one-time verification like EEDI)	● Shaft/main engine power limitation ● Conversion of fuels into low-carbon fuels or installation of energy conservation devices ● Installation of new highly-efficient vessels	● Installation of energy conservation equipment and energy-efficient modifications on existing vessels: ▶ Main engine load reduction modification for vessels in the fleet: Fleet engine derating: The maximum output horsepower of engines is brought down, limiting the engine revolution and horsepower output, to reduce the fuel consumption ● In 2022, five 11,000 TEU newly-built long-term chartered ships were delivered and put into operation.
Carbon Intensity Indicator(CII)	Vessels’ annual CII values must be calculated annually and reported. The vessels are rated from A to E based on their performance every year. If any vessel is rated D for 3 consecutive years or E in one year, correction plans must be developed.	● Hull and superstructure optimization (hull cleaning /coating) ● Propulsion system (electric, new energy-efficient) (ESD) energy efficiency management ● Fleet management and logistics planning (weather routing/waste heat recovery system/improved logistics) ● Sailing optimization ● Speed optimization ● Fuel replacement (alternative fuel)	● Installation of energy conservation equipment and energy-efficient modifications on existing vessels: ▶ Energy-efficient modifications are made to the bulbous bows on vessels in the fleet to reduce vessel resistance ▶ Energy-efficient modifications are made to the propellers on vessels in the fleet ● With the Smart Ship Center (SSC), each vessel’s status can be checked in a real-time manner, and data analysis is also available, which not only reduces maritime risks, but also help enhance vessel energy efficiency management ● The use of weather routing helps: ▶ Optimize routes and shorten sailing time ▶ Maintain relatively stable power output according to sailing schedule requirements and allow speed and RPM to fluctuate properly under different weather conditions, reducing unnecessary fuel consumption ● 19 fuel saving measures are adopted, and AI is used to gather the locations of vessels through GPS and calculate the actual route distance accurately ● Hull cleaning: Formerly vessels aged 10 years or more needed to be cleaned once every 5 years, but now they must be cleaned every 2.5 years to reduce fuel consumption to improve efficiency

The EEDI of the Company’s newly-built vessels are higher than that specified by the applicable regulations. In 2022, five new vessels were delivered, and all of them are EEDI certified. The management practices mentioned above are compliant with regulatory requirements and undergo an external audit annually.

■ New Vessels’ EEDI

Name/Model of New Vessel	Number of Vessels Delivered during 2013~2021	Number of Vessels Delivered in 2022	EEDI (g CO ₂ / ton-Nm)
E type	5	0	16.22
C type	10	0	15.70
W1 Type	10	0	9.22
W2 Type	5	0	8.88
W3 Type	5	0	8.52
T1 Type	5	0	8.06
T2 Type	4	5	7.87
Average			10.78

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3.3 Greenhouse Gas and Emissions

3.3.1 Greenhouse Gas

According to the IMO's statistics, the global shipping industry produces over 1 million tons of CO₂ emissions every year, accounting for about 2.9% of the CO₂ emissions worldwide. The shipping industry plays an important role in reducing global carbon emissions. In recent years, the UN Climate Change Conference and EU have called for the control of global warming at 1.5 °C , and many international initiatives and organizations have encouraged enterprises to set reduction targets and measures in response to the goal of net zero emissions by 2050. Yang Ming has actively promoted green shipping. In 2021, the Company introduced the ISO 14064-1 GHG inventory and acquired third-party verification. Based on the inventory results, we promoted and planned the setting of GHG emission reduction targets and measures for the Company. In 2022, the Company continued to complete the ISO14064-1 GHG inventory for the vessels owned and operated by the Company, which was third-party verified and Taiwan Accreditation Foundation (TAF)-certified.

GHG Inventory Results

Emission Score	Emissions in 2021 (tCO ₂ e)	Emissions in 2022 (tCO ₂ e)
Category 1 - Direct emissions	3,989,792.8227	4,034,299.5445
Category 2 - Indirect GHG emissions from imported energy	10,732.6461	11,200.4093
Category 3 - Transportation	266.4290	3,691.7967
Category 4 - Products used by organization	95,316.5363	591,848.4237
Category 5 - The use of products from the organization	25,345.4800	52,501.2755

Note: In the inventory in 2022, the emissions from employee commuting and business travel were included in Category 3 emissions; the emissions from purchased goods and capital goods as well as the carbon emissions from the handling of vessel waste were included in Category 4 emissions.

The increase in the total Category 1 emissions was due to a 12% increase in business volume, but the overall carbon intensity was reduced by 4.91%. To reduce fuel consumption by vessels, the Company increased the use of shore power at ports of call, leading to an increase in the total Category 2 emissions and a 2.33% rise in the overall carbon intensity. In order to better control the Company's Category 3 emission data year by year, the Company's GHG inventory was expanded this year, which was the main cause for the change in the total Category 3 emissions.

	2021	Carbon Intensity	2022	Carbon Intensity	Change
Category 1	3,989,792.8227	0.0163	4,034,299.5445	0.0155	-4.91%
Category 2	10,732.6461	0.000043	11,200.4093	0.000044	2.33%
Category 3~5	120,928.4453	0.0005	648,041.4959	0.0025	400.00%

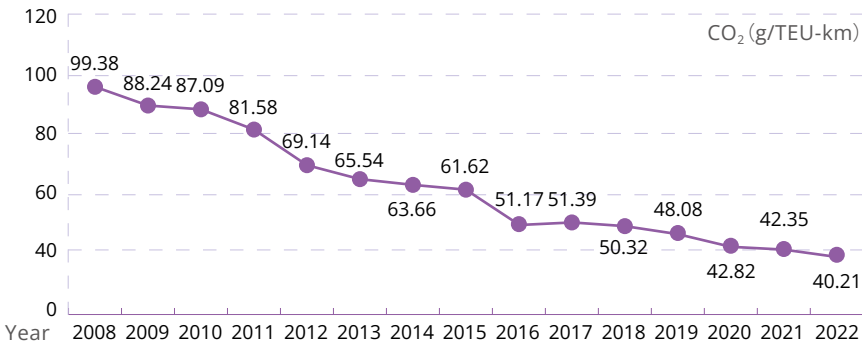
Note 1: The base year is 2021. Unit: tCO₂e

Note 2: Carbon intensity is the volume of carbon emissions per unit of currency. The Company's carbon intensity was calculated based on the parent company's operating revenue of NT\$261,012,906. Unit: tCO₂e/NT\$ thousand of total revenue

Management of Vessels' Carbon Emissions

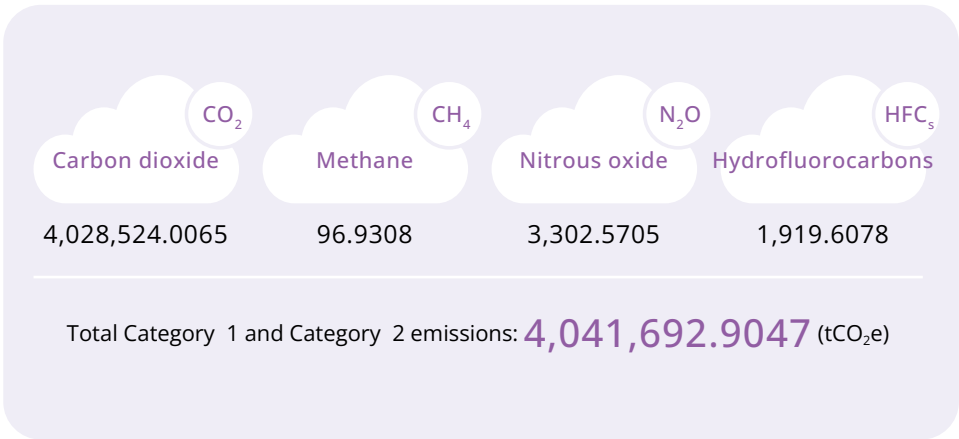
Yang Ming continues to go above and beyond international regulatory requirements by adopting management measures such as hull optimization, the introduction of new eco-friendly vessels, optimal ship speed control, the use of smart monitoring systems, and the modification of existing ships. The CO₂ emission intensity of the operating vessels in 2022 was reduced by 59.54% compared to 2008, early attaining the IMO's goal of a 40% reduction by 2030 and proceeding towards the goal of a 70% reduction by 2050.

Carbon Emission Intensity Performance of the Fleet



Although the fleet's CO₂e in 2022 was 102,194.7764 (tCO₂e) higher than that in 2021, the carbon intensity was reduced by 2.14 g/TEU-km, showing a 5.05% improvement, thanks to the fact that the unit transport volume in 2022 was higher than that in 2021.

Fleet's GHG Emissions in 2022



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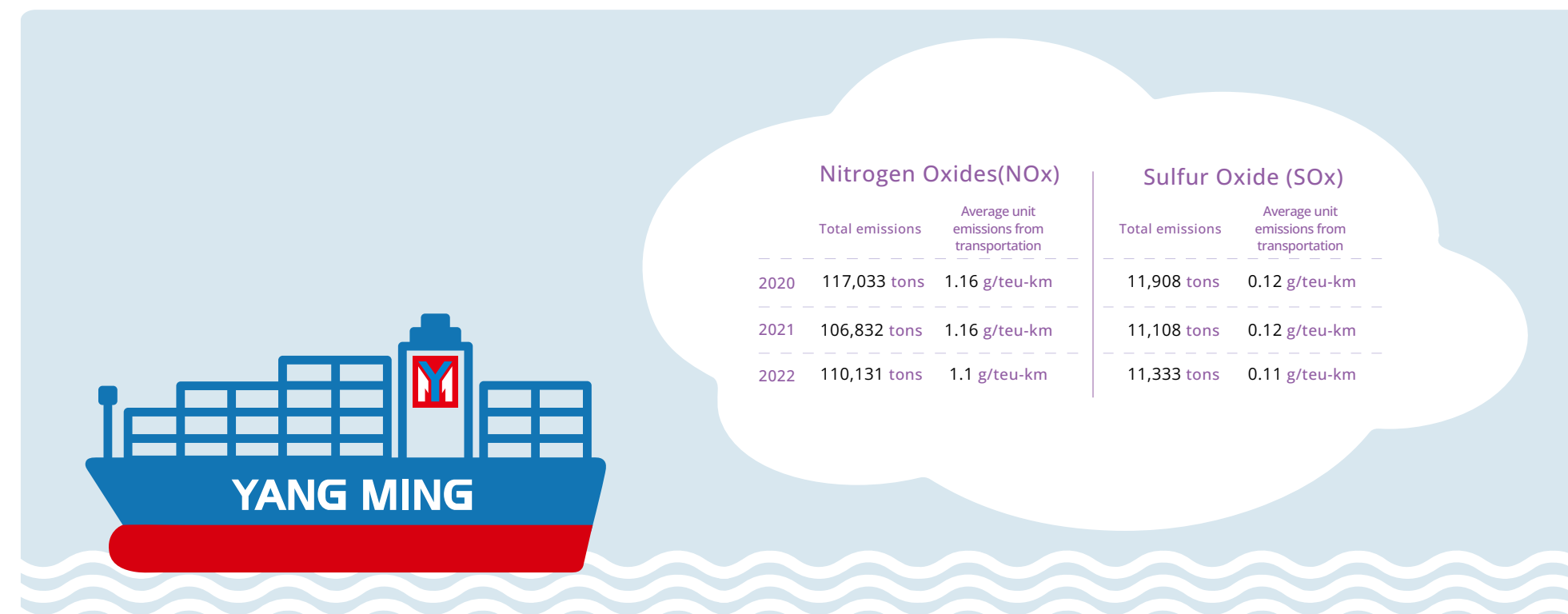
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3.3.2 Air Pollution Emissions

The sulfur limit of the International Maritime Organization (IMO) requires that the content of sulfur in ship fuels shall not exceed 0.50%. Since it took effect in January 2020, all ocean carriers have been under enormous pressure in terms of reducing SOx emissions. Yang Ming’s fleet met the requirement early in the fourth quarter of 2019. Compared to the heavy fuel oil formerly used, the newly-used fuel’s SOx emissions have been reduced by 86%. As of 2022, 44% of the Company’s vessels have been installed with desulfurizers, and 56% have used low-sulfur fuels. The average unit emissions of NOx and SOx were reduced by 5.17% and 8.3%, respectively, in comparison to 2021.

■ Air Pollution Emissions



In 2022, in continuation of Yang Ming’s support of environmental protection and air quality improvement, all newly-manufactured containers used water-based paints, effectively reducing VOC emissions by 2,657 tons. In addition, in both on-shore or onboard operating activities, the equipment and consumables used by the Company do not emit ozone depleting substances. For example, all the Company’s own reefer containers newly-manufactured in 2022 started to use the R134a refrigerant, reducing about 428 kilograms of emissions as compared to when the R404a refrigerant was used for container repair in 2021. This demonstrated the Company’s attention and efforts given to air pollution control.

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3.4 R&D and Investment in Low-Carbon Technologies

With the deepening awareness of environmental protection worldwide, such as the IMO's annual carbon intensity reduction targets or the European Union's goal of achieving a 75% GHG reduction by 2050 compared to the relative base year 2020, Yang Ming has been actively dedicated to low-carbon technology investment and R&D, paid continuous attention to the development of low-carbon industries, sought opportunities to invest in clean energy and relevant transport ships in a pragmatic manner, and adopted a variety of strategies including developing the deployment of alternative fuels, researching energy-efficient technologies for vessels, and engaging in industry-academia collaboration, welcoming the challenges of global zero carbon emissions and attaining the goal of green sustainability.

Development of Alternative Fuels

We have kept an eye on the technical maturity of different alternative fuels for ships (e.g., biofuel, methanol, hydrogen, ammonia), the vertical integrity of the supply chain, and the development of international environmental protection regulations. The Company initiated the deployment of five 15,000 TEU LNG power-driven dual-fuel container ships. The carbon emissions of LNG are about 20% less than those of conventional fuels. Moreover, to develop alternative fuels with higher maturity, we chose to build LNG-powered dual-fuel vessels which are cleaner as our new ships in the hope of not only reducing carbon emissions, but also enhancing the overall operating competitiveness of the fleet. Since 2023, Yang Ming has arranged basic and advanced LNG and engine model training for excellent seed seafarers to obtain certificates for the IGF CODE.

For the research of energy-efficient technologies for vessels, the Company has put in continuous efforts and gained progressive outcomes. Currently, the research focuses on carbon capture devices, bubble drag reduction, energy-efficient wind shields, energy-efficient propellers, shaft generators, and exhaust/waste heat recycling systems. While assessing the maturity of relevant infrastructure (e.g., refueling ports), fuel supply chains, and main engine/electric machinery technology development, Yang Ming will continue investing resources in seeking the innovation and breakthrough of energy-efficient technologies to help achieve the goal of green shipping.

Column

Industry-Academia Researches

In 2022, Yang Ming obtained an invention patent for the "Method for Predicting Fuel Consumption of Ship" (I792418) together with the Systems and Naval Mechatronic Engineering of National Cheng Kung University. This research was initiated jointly by Yang Ming, National Cheng Kung University, and CSBC Corporation, Taiwan in 2016 to execute the Ministry of Science and Technology's "Data Analytics for Smart Shipping and Marine Energy Management" project. Lasting 3 years, the project developed an energy efficiency program to verify the energy efficiency and maintenance cycle/effect of each ship and mark the operating range of onboard main engines, electric machinery, or vessel shafts, thereby enabling continuous monitoring. In case of any abnormality, alarms can be sent to onboard operators and onshore managers. It is hoped that through data mining, we can identify important factors that may affect the energy efficiency performance of vessels objectively, create hull health assessment models, and predict power consumption in order to formulate effective energy efficiency improvement strategies.

In response to the goal of net zero emissions by 2050, the Company has been actively looking for low-carbon alternative fuels. Yang Ming and National Taiwan Ocean University's "YM-NTOU Framework - Yang Ming Think Tank" has been commissioned to assess the feasibility of using methanol as an alternative fuel for container vessels in the future. The use of methanol will be taken into account for the future deployment of next generation energy-efficient vessels.



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Low-carbon Investments for Onshore Business Locations	
Installation of green electricity production units in the business building	Chongqing Building has commissioned professional contractors to design an eco-friendly and energy-efficient green roof where there will be an aquaponics system, green plants, and a recreational trail and to introduce green energy and rainwater recycling systems, which can produce an effective heat insulation effect and thereby reduce the AC energy consumption of the building. The expected outcomes are: ● 3,960 kWh of annual solar power generation. ● 134 metric tons of rainwater recovered per year. ● 2,016 kilograms of carbon emissions reduced per year.
Vehicle electrification	Electric motorcycles are used as company vehicles, and the existing company cars have been replaced with hybrid electric vehicles in a stepwise manner. A hybrid electric vehicle consumes 3 L/100km less than a conventional one. It is expected that 600 liters of fuel can be saved for all our company cars throughout the year.
Electrification of container yard equipment	We completed the installation of new-model gantry cranes and the rearranging of the loaded container storage area in the Keelung (Yang Ming) Container Yard in 2022. ● The energy efficiency and safety of the new-model gantry cranes have been verified by the American Bureau of Shipping and TÜV Rheinland®. Power can be supplied to the gantry cranes through power cables, reducing power loss during power transmission where, in the past, relay substations were required and lowering the average energy consumption of each load and unload of a container. The power consumption of modern gantry cranes is only one-sixth of that of old-model ones. We also stopped using diesel rubber-tyred gantry cranes, reducing about 95 thousand liters of diesel annually, equivalent to a reduction of 248.40 tons CO₂e. ● Rearranging and renovation of the loaded container storage area: Yang Ming was the first to place the container pickup lane in the middle of the storage area to shorten the distance that gantry crane trolleys have to move, enhancing pickup efficiency. Loaded containers are placed on both sides of the lane, and cement and steel-reinforced container pads are used to deal with the rainy weather in Keelung and avoid stacking the containers on the waterlogged ground, effectively reducing the risk of moisture damage to cargo. The area has a storage capacity of 2,160 TEUs, and there are 336 reefer container plugs for import/export and transshipment containers, which effectively expands the service capacity of Yang Ming at Keelung Port.



3.5 Waste Disposal and Ship Demolition and Recycling

As Yang Ming has developed more energy-efficient vessels and continued the expansion of service routes as a leading global ocean carrier, the replacement of old ships with new ones and the increasing waste production volume as a result of rising demand have become important issues. Effective management is achieved through policy development and by sorting, disposing of and recording/controlling the waste produced in the course of operations as well as disposing of decommissioned vessels.

Onshore Waste Management Measures	1	Waste sorting and recycling are performed to ensure proper waste disposal and thereby improve the quality of recycled items.
	2	Employees are encouraged to bring their own cutlery and avoid using one-time use cutlery.
	3	Environmental propaganda and education are promoted to foster employees’ environmental protection awareness.
	4	Employees are encouraged to bring their own cups and get an appropriate amount of food for lunch to avoid waste and reduce kitchen waste.
	5	Promotion of paperless work: If possible, all business documents are handled and stored electronically. The Company has promoted paperless attachments to vouchers payable and digital shipowner bill management, improved the agents’ cloud utilization rate, and used electronic import receipts, contributing to a reduction of about 3.93 tons CO ₂ e. Printing on both sides of paper is also requested to make the most of waste paper.
	6	We commission qualified disposal vendors to dispose of general waste. Each operating premise should dispose of its waste in accordance with the environmental protection regulations of the respective county or city.

Composition of Waste from Onshore Locations

	2021		2022	
	Recycled	Incinerated	Recycled	Incinerated
Domestic waste from employees	0	1.90	0	6.89
General waste from business activities	0	262.87	0	247.08
Waste lubricant oils	2.80	0	0	0
Waste wooden pallets	0	44.09	0	0
Waste paper	6.5	0	8.3	0
Waste metal	1.4	0	3.6	0
PET bottles	0.2	0	0.2	0
Total waste	10.9	308.86	12.1	253.97

Note: The recycling headquarters building in Cidu

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Vessel Waste Management Measures

- 1 The sorting/collection and handling of onboard waste comply with the related regulations in Annex V to the International Convention for the Prevention of Pollution from Ships. Waste management plans have been formulated for the fleet to handle hazardous waste and solid waste produced onboard. The plans cover 5 main procedures: collection, sorting, handling, storage, and recording.
- 2 All food residues are properly handled according to conventions and the laws of port states.
- 3 In addition to reducing waste and hazardous substances, waste batteries/chemicals/waste bulbs/medical waste are disembarked for recycling and disposal.
- 4 There are stainless steel garbage bins onboard for waste sorting. The waste storage area is disinfected and cleaned regularly.

Composition of Waste from Ocean Vessels

Unit: Metric ton

	2022	
	Recycled	Disembarking for transport and disposal
Domestic waste from employees	0	37.69
Waste oil mixtures	16,708.36	0
Other waste	0	15.28
Total waste	16,708.36	52.97

Note 1: In international shipping practices, vessel waste disembarked is counted in volume. After the volume of the fleet's waste disembarked is counted annually, the volume is converted into and presented in weight based on relevant coefficients ([Websites as reference:1: Websites as reference:2](#)). As oily waste contains a high proportion of water, its gravity is 1. The gravity of waste cooking oil is 0.93.

Note 2: Disposal methods depend on the related regulations of port states. The subsequent transport and handling processes are conducted by vendors deemed qualified by local ports. All waste is disposed of off-site.

Vessel Recycling

Yang Ming has a green ship recycling policy in place. When it comes to disposing of decommissioned vessels, the Company complies with the Hong Kong Convention (HKC) 2009. We also protect the health and human rights of workers as well as the marine environment in accordance with the requirements in the following table. **The Company did not carry out any ship demolition activities in 2022.**

Green Ship Recycling Management Measures

- 1 Inventory of Hazardous Materials (IHM) preparation: A qualified professional assessment company has been commissioned to prepare an IHM to regulate processes.
- 2 Onboard and sampling inspections: Areas with hazardous substances and pollutants undergo onboard and sampling inspections by classification societies (IHM Part I).
- 3 Careful selection of ship recyclers: Buyers are required to select HKC and ISO certified green ship recyclers to ensure eco-friendly ship recycling.
- 4 Active tracking: The Company understands the situation with the buyer and ship recycler and asks them to provide a certificate and certification of completion of ship recycling.

The Company's responses to the "Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009" and "EU Ship Recycling Regulation" and their progress in 2022 are as follows:

- In 2022, **19** vessels were IHM certified, including YM Wealth, YM Success, YM Increment, YM Inception, YM Image, YM Initiative, YM Instruction, YM Interaction, YM Inauguration, YM Improvement, YM Eternity, YM Plum, YM Orchid, YM Cosmos, YM Immense, YM Hawk, YM Harmony, YM Mandate, and YM Maturity.
- As of the end of 2022, **41** own vessels have been IHM certified, accounting for about **77%**.
- We plan to have all vessels in the fleet IHM certified in 2023.

Buyers Required to Select ISO Certified Green Ship Recyclers



Yang Ming Signed and Joined the Ship Recycling Transparency Initiative (SRTI) in 2022

3.6 Wastewater/Sewage Discharge Management

Water resources are another issue that Yang Ming gives particular focus. The Company strictly complies with the water resource regulations stipulated by the competent authorities in business locations and the international regulations of the IMO and MARPO in terms of the use of water resources and discharge.

Water Resource Management Measures

Boundary	Management Measure	Description
Ocean vessels	Ballast water treatment equipment	Refer to 3.7 Biodiversity for details
	Vacuum toilets	The toilets are installed in the accommodation area of vessels to reduce the fresh water consumption for flushing while lowering the volume of water delivered.
	Clean bilge water tanks	The tanks store clean condensation water produced by main engine air coolers to reduce the working load of oil-water separators.
Onshore business locations	Installation of water-saving devices and regular pipeline inspections	Faucets are adjusted to have the proper amount of water flow out each time to avoid wasting water resources. The purchase of products with Water Conservation Marks is prioritized. The pipeline is regularly inspected to see if there is any water leak. RO systems are also used to recycle wastewater.
	Office wastewater management	The domestic wastewater/sewage and rinsing wastewater from the 2nd and higher floors of the building in Cidu are directly discharged to the public sewer of Keelung City, and those from the 1st and lower floors are pumped into the public sewer with the sewage/wastewater pumps in the basement.
Container terminals	Container washing wastewater management	- All container washing wastewater is collected in the sedimentation tank, treated with the wastewater treatment system, and then discharged into the sea after meeting the discharge standards of the Bureau of Environmental Protection. The Company reports related water quality inspection results every six months according to laws and undergoes random audits by the Bureau of Environmental Protection. - On average, about 40,000 liters of domestic wastewater/sewage is discharged into the septic tank every month. The Bureau of Environmental Protection is commissioned to pump fertilizers twice every year.

Water Use by Onshore Business Locations

	Water withdrawal in 2020	Water withdrawal in 2021	Water withdrawal in 2022
Offices	42.798	35.147	31.906
Container terminals	5.463	5.455	4.756
Total	48.261	40.602	36.662

Note1: Yang Ming’s headquarters building in Cidu uses RO systems to recycle part of the wastewater for domestic water use
Note 2: None of the Company’s onshore business locations withdraw water in areas of water stress

Ocean vessels

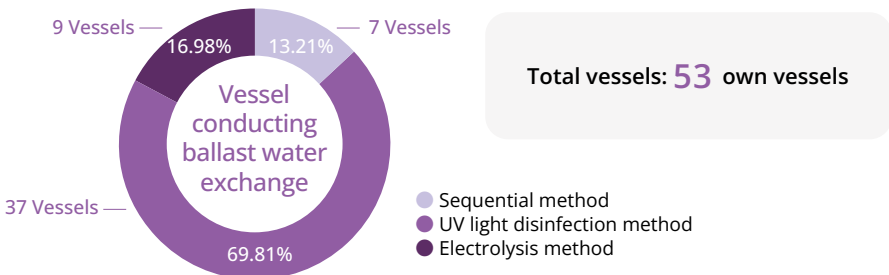
The total water withdrawal in 2022 was 196.566 million liters, and none of our vessels withdrew water in areas of water stress.

3.7 Biodiversity

During transport, to maintain vessel stability, “ballast water” is pumped in, if necessary, to keep the vessel balanced. However, as the ballast water may carry local aquatic organisms, a “ballast treatment system” is required to remove the aquatic organisms and pathogens contained in the ballast water and sediments in order to avoid affecting the marine environment and ecological balance. In accordance with the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (BWM), Yang Ming has installed ballast water treatment equipment on the vessels and created a new edition Ballast Water Management Plan (BWMP) for review and delivery to the vessels. Relevant ballast water management practices are subject to Port State Control (PSC) inspections to meet the requirements of all port states.

- In 2022, **5** vessels were installed with ballast water equipment, including YM Inventive, YM Instruction, YM Interaction, YM Inauguration, and YM Improvement, and the new edition Ballast Water Management Plan was submitted for review.
- As of the end of 2022, the Company’s **44** own vessels have been installed with ballast water systems, accounting for about **86%**.
- We expect to install ballast water equipment on all Yang Ming’s vessels by Q1 2024.

Ballast Water Treatment Methods



The research project titled “Research and Discussion on the Ballast Water Treatment Methods Applicable to Cargo Ships” was commissioned by Yang Ming and National Taiwan Ocean University to the “YM-NTOU Framework – Yang Ming Think Tank” in 2022 to analyze the cost-effectiveness and biological treatment effect of chemical agents in treating vessel ballast water. Through such research plans, the ballast water treatment mechanism for the Company’s vessels is reviewed in a strict and responsible manner. We also continue to look for more appropriate ways to reduce the impact of ballast water on marine ecology. **In 2022, there were no events with serious leaks or release of vessel waste into nature.**

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The total time that the Company’s vessels sailed through marine protected areas was 163 days in 2022. The sailing details are shown below:

Marine Protected/Reserve Areas that Yang Ming’s Vessels Sailed through	Location of Area	Total Sailing Time in 2022 (Days)
Offshore white dolphin conservation area in Coastal Changhua	Eastern Asia	21
Area between two waterways in San Francisco’s separation zone/Southern California waters - 2021 Protecting Blue Whales and Blue Skies Incentive	Southwest coast, the U.S.	77
Offshore Alaskan Whale Sanctuary in the U.S.	Northern America	1
Coral Sea Particularly Sensitive Sea Area (PSSA) in Australia	The Great Barrier Reef area in Australia	64

Note: Marine protected/reserve areas are as defined by the Sustainability Accounting Standards Board (SASB)

Plan for Vessel Speed Reduction to Protect Blue Whales

Between May and November every year, to prevent vessels from colliding with blue whales, humpback whales, fin whales, and other endangered large marine animals in Southern California and San Francisco Bay waters and allow the whales to migrate to the waters for foraging, the Company decreases the speed of the fleet to below 10 knots in continuation of the Company’s support of the “Protecting Blue Whales & Blue Skies” Program hosted by the National Oceanic and Atmospheric Administration (NOAA) since 2016. In recognition of Yang Ming’s effort, we were presented with a Sapphire award which is the highest honor in 2022.



Great Barrier Reef Protection

The Company’s vessels call at the Port of Sydney, Port of Melbourne, and Port of Brisbane in Australia. In sailing all the way from any Asian port to the aforementioned ports, low-sulphur fuels containing less than 0.5% of sulphur are used. Instead of the core waters of the Great Barrier Reef, our vessels navigate the Particularly Sensitive Sea Area waters east of the Great Barrier Reef according to route recommendations from Weathernews Inc. to conserve the coral reef, demonstrating Yang Ming’s contribution and determination to protect the marine ecological environment.

Asian Gypsy Moth Regulations

The Company’s fleet observes the announcement on Asian gypsy moths (AGMs) made jointly by the United States Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS), and Canadian Food Inspection Agency (CFIA) to take the following measures for vessels docked in the AGM supervision area during the certain risk period:

- Accredited certification bodies inspect the vessels and certify that they are free of AGMs.
- The vessels should arrive at the ports in Northern America free of AGMs. To avoid facing route changes, being asked to leave port for cleaning, and being potentially affected in terms of reducing the risk of AGMs entering Northern American, carriers should conduct frequent vessel inspections themselves to identify and remove (scrape off) any AGM egg masses and AGMs in any state of development. All found AGM egg masses and AGMs should be properly treated or destroyed before entering any American and Canadian ports.
- The vessels should provide a list of ports that they called at in the past 2 years to their Canadian or American agents at least 96 hours before arrival at any Northern American ports.

The bamboo flooring of the Company’s containers must meet Yang Ming’s testing requirements. Before assembly, the flooring undergoes permanent preservative treatments according to the container quarantine and inspection procedures of the Australian Federal Departments of Health and Transport and in accordance with the Australian Quarantine and Inspection Service’s requirements. After use, all containers must be fully cleaned and free of organic substances in compliance with the requirements of the Institute of International Container Lessors (IICL) in each pre-trip inspection. In addition, new, tin-free ship paints are used for hulls to avoid ocean pollution, maintaining biodiversity.

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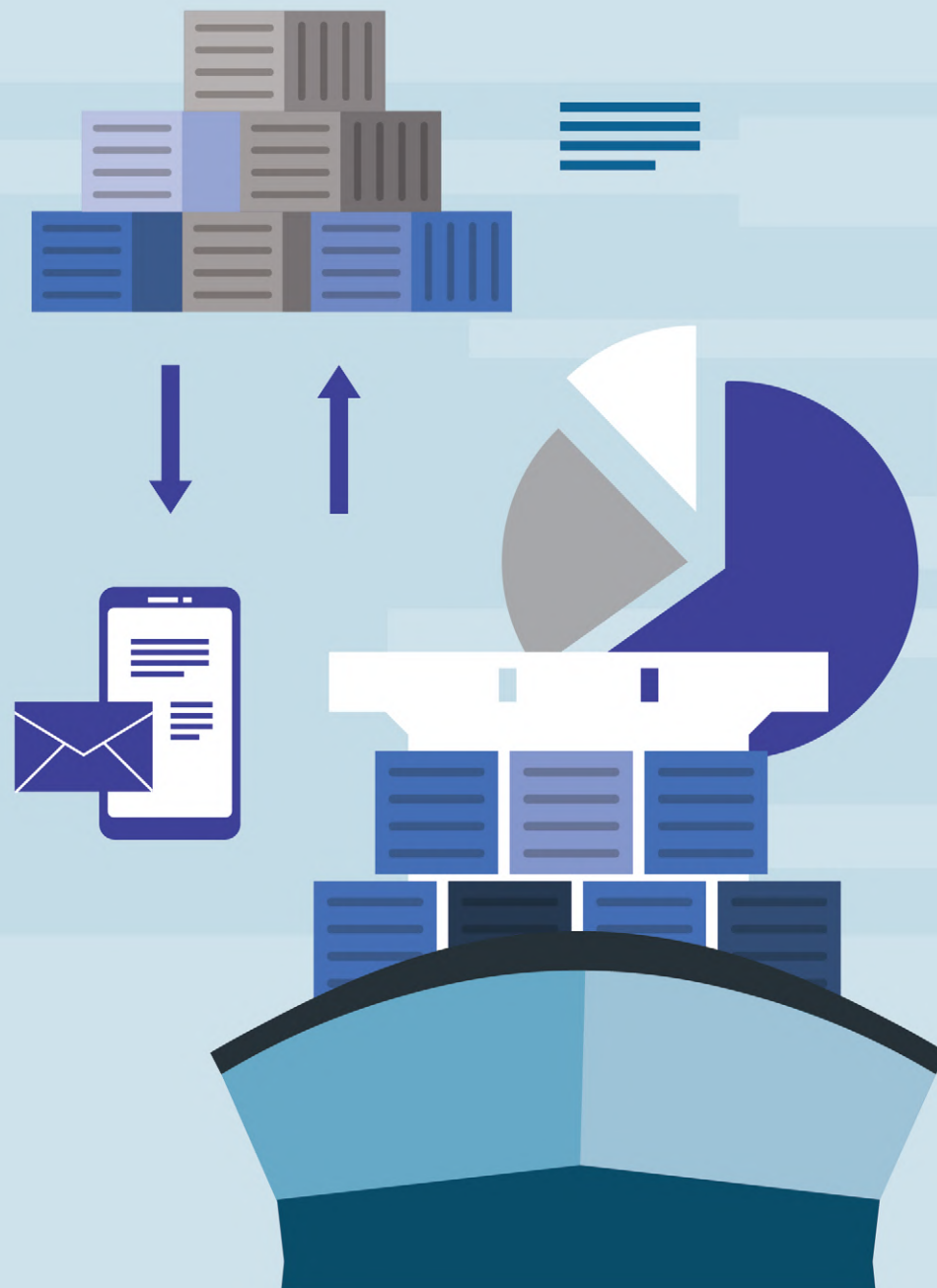
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Going Digital

Smart Operations Creating Sustainable Win-win Situations

⚓ Highlights

- The global shipowner e-bill rate reached 96%
- Launched online manifest write-off services in Keelung (Yang Ming) Container Yard and obtained 1 invention patent, which could reduce the pick-up time by half a day or more
- 26 digital transformation courses, with 10,344 participants
- Designated a Chief Information Security Officer and set up the Cyber Security Office
- The overall average score of the 2022 global customer satisfaction survey was increased by 3.27%, as compared to the previous survey.
- Zero containers lost at the sea or collapsed in 2022

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4.1 Navigation and Transportation Safety

4.1.1 Cargo Transport Safety

To ensure that cargo can be delivered to any point worldwide safely, Yang Ming strictly observes all international conventions such as the SOLAS, MARPOL, CSC and IMDG Code and complies with countries’ laws and regulations on cargo and dangerous goods in cargo arrangement and transport. Aside from abiding by the conventions and laws and regulations, the Company has introduced WNI’s professional weather routing system for transportation to gain access to the safest route recommendations. All employees operating the system are required to receive various education and training courses to build complete knowledge of navigation and transportation safety and abilities to operate professional systems and software. With the aforesaid multiple control measures, the Company’s cargo transport safety is effectively ensured.

According to statistics, there were 2 incidents reported through the “Cargo Incident Notification System (CINS)” in 2022. In both incidents, the export customers involved intentional undeclaration of cargo in the e-booking stage and the bill of lading, resulting in the containers emitting smoke during shipping. The Company’s subsequent handling measures are described below:



- 1.The subsequent shipping of the containers emitting smoke was immediately terminated after they were discharged at the port.
- 2.We included the customers in the blacklist and identified other bookings that they made right away to discharge all of them at the port and terminate the shipping contracts with them early.
- 3.The commodity of the undeclared cargo in these bookings were added to the database as high-risk keywords for reviewing new bills of lading in the future. Meanwhile, the other recent bills of lading were reviewed once again through the system to check if there were same commodity names.
- 4.Penalties were imposed on the customers according to the Company’s notice of penalties for undeclaration by customers.
- 5.The commodity of the undeclared cargo were circulated to all our representatives in Asia to raise their awareness of freight safety.
- 6.The loading arrangement was revised to regulate that any cargo with the same commodity as the cargo involved in the undeclaration shall only be shipped on deck.

■ Yang Ming’s Safe Transportation Process

01

■ Education and Training

All staff must receive education and training on stowage planning, special cargo, and dangerous goods before carrying out relevant tasks. For detailed education and training for seafarers, please refer to [5.2 Talent Recruitment and Cultivation](#).

Training Courses for the Operations Department’s Dedicated Personnel (for Dangerous Goods and Special Cargo)

Course Type	Total Trainees	Total Training Hours
EXIS’s professional IMDG CODE courses - IMDG Code e-learning course	3	90
Professional knowledge on special cargo - Introduction to the CTU Code Course	4	40



■ Pre-departure Safety Checks

- Cargo safety
Seafarers and onshore employees use Class certified stowage software and the software equipped with the Apply Specific Route & Short Voyage and Lashing Force Checking functions in order to view all types of cargo safety data and conduct Lashing Force and Max Stack Weight checking.
- Route safety
Weather routing systems are used for access to safe route recommendations provided by professional companies, reducing concerns about vessel sailing safety caused due to weather factors.
- Pre-loading cargo inspections and verification:
 - ▶ After stowage planners receive pre-stowage plans, they use the Pre-Plan Checklist (PPC) to check the pre-stowage plan on an item-by-item basis to ensure compliance with all safety requirements.
 - ▶ If any incompliant stowage plan is found, the planners at the terminal should modify it and send the modified pre-stowage plan to the onboard/onshore personnel for verification of all safety data.
 - ▶ Only after the seafarers confirm that there is no safety issue may cargo be loaded.
 - ▶ When the port of loading finds that the actual stowage is inconsistent with the pre-stowage plan, which leads to safety concerns, after the cargo is loaded, it should ask for correction immediately.



02

■ Sailing Safety Monitoring

- When any stowage safety issues are found after departure, either of the following 3 actions is taken to solve concerns about subsequent sailing:
 - ▶ Fix the issues through cargo restow at the next port.
 - ▶ Return to the loading port.
 - ▶ Look for the nearest port to solve the safety issues.
- When the captain finds that there are risk concerns about synchronous rolling or parametric rolling during navigation, necessary actions will be taken immediately, such as changing the sailing direction or speed.



03

■ Review and Improvement

- Regular review and experience sharing:
 - ▶ A monthly stowage safety management meeting is held regularly to review the causes of abnormal incidents, eliminate the causes of cargo restow, and share stowage experiences.
- Yang Ming has joined international organizations consisting of shipowners to discuss transport safety issues.



04

There were no containers lost at sea or collapsing in 2022.

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4.1.2 Special Cargo Transportation

To enhance cargo transport safety and attain the goals of personnel safety, vessel safety, and cargo safety, Yang Ming has set up a professional dangerous goods management team responsible for strictly carrying out safety inspections for loading dangerous goods containers on ships (including for alliance partners). All containers with dangerous cargo must undergo loading data review and approval procedures to confirm that all related international conventions and port regulations & limitations on dangerous goods are complied with before loading.

The YM DG Policy has been developed with the following rules taken into account:

1. Prohibited goods under the IMDG CODE
2. High-risk cargo
3. Cargo having a high frequency of abnormal incidents during shipping and is prohibited from shipping by most carriers

In addition to the main 3 rules, the Company has also incorporated the professional knowledge and suggestions on the dangerous properties of cargo provided by the Cargo Incident Notification System (CINS) into the YM DG Policy to make revisions from time to time.

For all dangerous goods containers carried by the Company, relevant data should be in place and submitted to the Operations Department for review. The containers will not be approved for loading unless the declared data is compliant with the requirements of the IMDG CODE and YM DG Policy. If our alliance partners intend to apply for loading dangerous goods on Yang Ming's vessels, the goods may be loaded on the ships only after the same review procedures are completed.

■ Key Points for Dangerous Goods Management

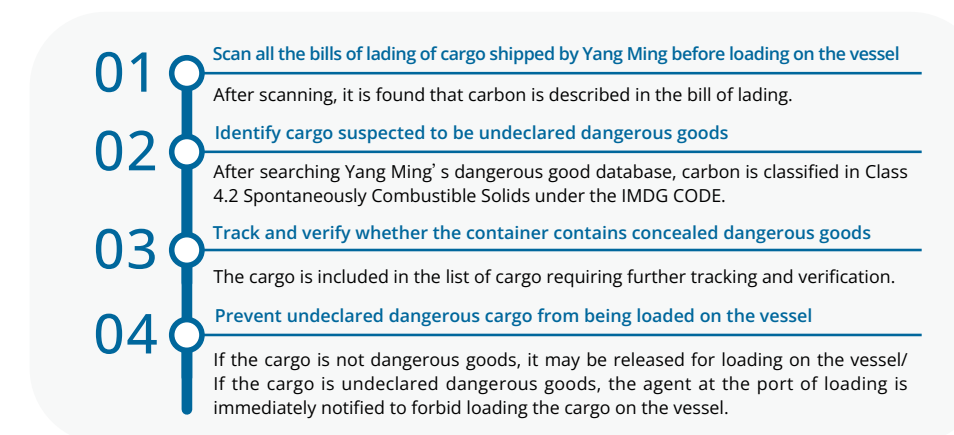
1. Being well-informed	2. Compliant stowage	3. Evaluation implementation	5. Thorough implementation
Yang Ming has joined the World Shipping Council, CINS, International Vessel Operators Dangerous Goods Association (IVODGA), and other shipowner organizations to gain a real-time understanding of safety messages and discuss relevant shipping and transportation safety issues.	Stowage planners must arrange containers with dangerous goods on ships and conduct the stowage process in accordance with the stowage and segregation requirements of the IMDG Code, the Certificate of Fitness for Ships Carrying Dangerous Goods, YM Dangerous Goods Policy, and the operation regulations and related special requirements of each port.	The delivery of documents on dangerous cargo to vessels and transshipment ports is included as an evaluation item for agents.	The application data of dangerous cargo must be fully registered on the dangerous cargo management system. When receiving dangerous cargo, agents should verify the dangerous cargo declaration and dangerous cargo label, check if there is any damage or leakage on the exterior of the container, and store the cargo in accordance with the dangerous cargo operation regulations of the container terminal.
		4. Agile management	
		When any abnormal conditions of dangerous cargo are reported by the CINS, timely announcements and notifications are sent to agents to check if there is cargo of the same commodity.	

Thanks to the strict control of the navigation and transportation safety of each batch of dangerous goods, the Company did not violate the IMDG Code and the dangerous cargo loading/discharging operation regulations of each port in transporting dangerous goods in 2022. For labeling violations by customers, there were 6 dangerous goods containers violating the labeling specifications of the IMDG CODE in 2022. As the liabilities were attributed to the shippers, the Company asked the customers to bear relevant derivative costs.

■ Detection and Defense System (DDS)

This undeclared cargo detection system is developed by Yang Ming together with an external developer. The Company also maintains a keyword database containing the commodity and fictitious of undeclared dangerous goods to detect suspicious bills of lading. Shipping instructions (SI for short) and official bills of lading are reviewed before loading on the vessel. In addition to containing the names of dangerous goods in the IMDG Code, this database is updated by the members of the dangerous goods management team from time to time to add the of undeclared goods. Bills of lading are scanned using this system on a daily basis. If there are any keywords for suspicious goods or undeclared dangerous goods in any bill of lading, the actual commodity of such batch of cargo suspected to be dangerous goods will be tracked immediately, and the customer is further required to provide the related documents of the product for verification to rule out the doubt that the cargo is undeclared dangerous goods. If it is verified that the commodity provided by the customer in the declaration is consistent with the name of the actual products in the container, this batch of cargo will be allowed to be loaded on the vessel according to the original shipping schedule; if it is verified that the cargo is undeclared dangerous goods, the agent at the port of loading is notified immediately to cancel the loading arrangement to prevent the loading of undeclared dangerous cargo on the vessel, thereby enhancing the transport safety of dangerous goods. **There were 24 cargo concealment incidents identified in 2022.**

■ System Use Procedure & Examples



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■ Education and Training

Vessels’ stowage planning and stowage safety have been key issues highly discussed recently. Maritime organizations and countries around the world strictly ask container carriers to treat the issues as ones of the important shipping affairs and safe operational practices. To enhance the professional knowledge of maritime workers on the transport of dangerous goods containers, the Company has designed online education and training courses on dangerous goods based on the IMDG CODE and organized the “Training on Operational Safety for Dangerous Goods” and “Case Studies of Abnormal Incidents related to Related to Dangerous Cargo Transportation” courses to meet the mandatory basic dangerous good training requirements of the IMDG Code for relevant workers, thereby improving the safety of cargo control. Relevant professional courses and training are used to boost maritime workers’ knowledge of business activities related to dangerous goods and their risk awareness for dangerous goods.

Training Courses (on Dangerous Goods and Special Cargo) for the Company’s Employees in Related Units

Course Type	Total Trainees	Total Training Hours
Pre-boarding safety training and pre-service familiarization training – Operational precautions for dangerous goods containers and project cargo	45	22.5
Training courses for onshore seafarers – General course on dangerous goods and case studies of abnormal transportation incidents	31	62
Professional courses and training at the headquarters/agents – Online basic course on the IMDG CODE	921	1,842
Pre-boarding safety training and pre-service familiarization training - An introduction to the operation of large-sized and special cargo	45	22.5
Training courses for onshore seafarers - General course on the operation of large-sized and special cargo	31	62
Professional training at YM(ERO)/agents - General course on the operation of large-sized and special cargo	121	242



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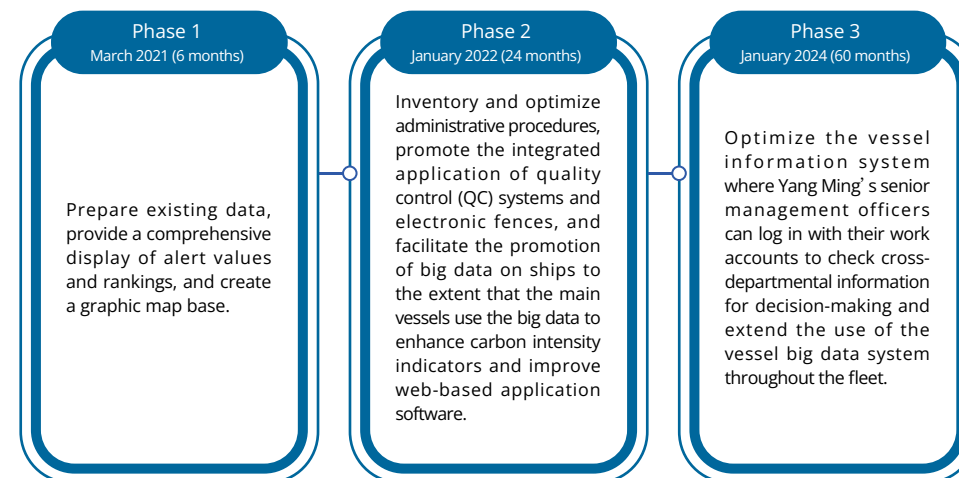
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4.2.1 Smart Ship Center(War Room)

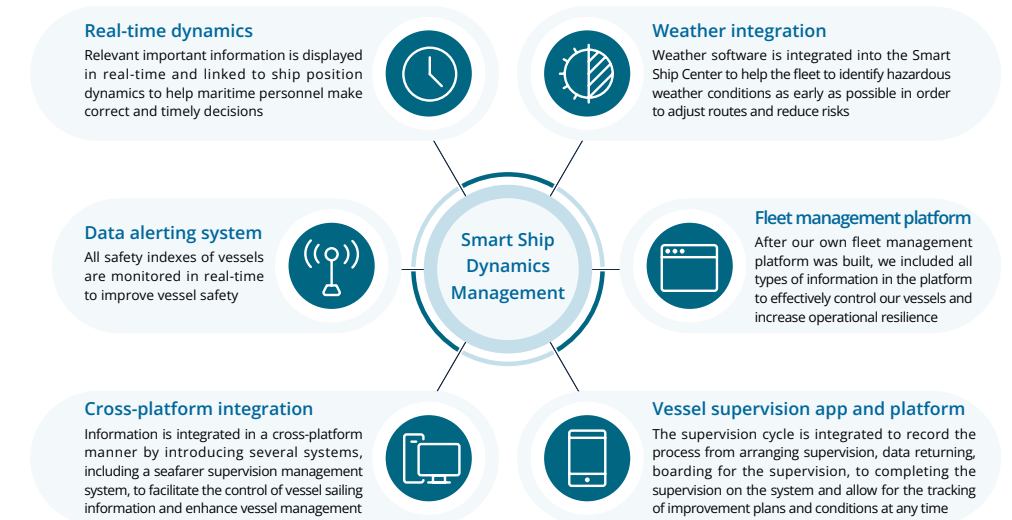
Yang Ming's newly designed smart ships are incorporated with big data servers collecting voyage data and actual engine room operating data to monitor the speed and sailing schedule of ships and predict their sailing conditions in the future. Weathernews Inc. and supervision captains are in charge of monitoring the dynamics of the ships, and weekly meetings are held regularly for reporting. The energy efficiency performance of every ship in the fleet is monitored in a real-time manner through the data reported by Power BI. On the shore side, the energy efficiency performance is managed through satellite networks. Data analysis is conducted and equipment health and potential risks are also assessed to reduce fuel consumption while saving energy and reducing carbon emissions.

In response to the Company's digital transformation strategy, Yang Ming's vessels have introduced systematic information systems to effectively organize the existing information/ data and administrative procedures of the fleet in order for the shore side to monitor fleet management synchronously. Phase 1 of the War Room Smart Ship Center project was completed. The information on the fleet is now available for search through LINE Chatbot. The information systems of all units have been integrated in a stepwise manner to organize the information on the systems for subsequent tracking and improvement.

3 Phases of the Smart Ship Center (War Room) Project from 2021~2029



Smart Ship Dynamics Management



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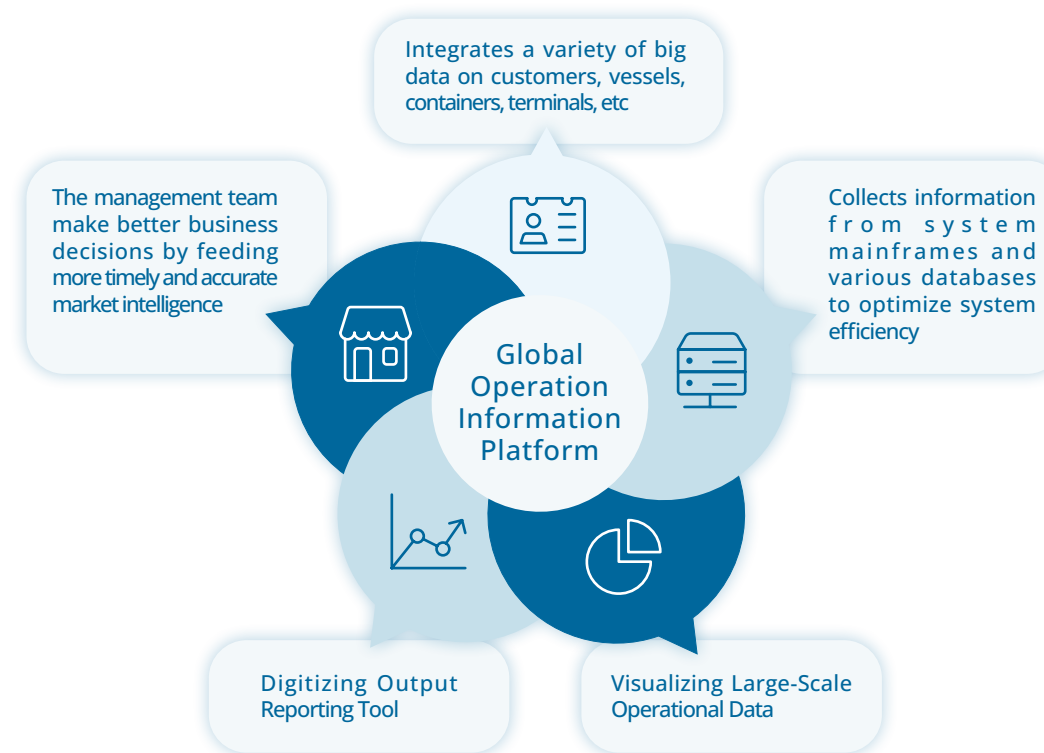
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4.2.2 Digital Transformation

To better service our customers, Yang Ming established a global business intelligence platform as part of the digital transformation program. This platform is a decision-making support system that integrates a variety of big data on customers, vessels, containers, terminals, etc., and collects real-time information from system mainframes and various databases to optimize system efficiency, visualize the information to enable employees to get insights from reporting tools easily and conveniently. The platform also helps the management team make better business decisions by feeding more timely and accurate market intelligence.



Digital Transformation of Accounts Payable Management and Auditing Procedure

Yang Ming has actively implemented digital transformation, made the accounting procedure with shipowners go digital and paperless, and used this as the KPI for evaluating the performance of Yang Ming's agents worldwide. The Company's agents and suppliers around the world are required to provide e-bills in PDF or EDI without printing paper vouchers to reduce the use of international delivery services to send the bills to regional centers and the headquarters in Taiwan for auditing. The Cloud FS (Cloud File Server) has also been created to store e-bills. The Company has collaborated with external R&D vendors and professional consultants in introducing digital tools OCR (optical character recognition) + RPA (robotic process automation). In particular, the OCR rate can come up to 98%. The process from receiving bills from shipowners and suppliers to completing the auditing process is integrated.

Benefits of Digital Transformation of Accounting with Shipowners

E-bills	523,079 bills are reduced a year, cutting about 3.35 tons of CO ₂ e.
Development of Cloud FS	The global digital bill rate reaches 96%, reducing the carbon emissions from the delivery of paper bills.
Introduction of optical character recognition (OCR) + robotic process automation (RPA)	About 9 minutes can be saved per bill on average; about 25 hours of manual time can be saved per supplier in one month.
Electronic signature system	Online signing is not subject to time. The search conditions and control mechanisms have been strengthened.

Note: Source for conversion

Yang Ming's achievements for digital and paperless billing with shipowners worldwide in 2022 are shown in the following table

Region	Number of digital bills throughout the year	Number of bills throughout the year	Bill digitalization rate (Cloud FS)
Americas	276,347	279,138	99%
Europe	75,875	75,875	100%
Asia	170,857	191,974	89%
Global	523,079	546,987	96%

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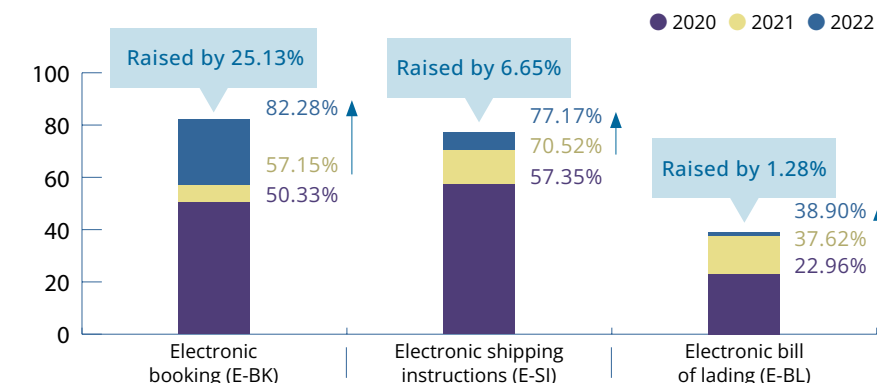
● Yang Ming's E-Customer Service System

In recent years, the contactless economy and remote working have become the new normal, and digital transformation has been mainstreamed in the post-pandemic era. The Company has continuously innovated parts of the overall logistics system, striving to provide customers with more convenient and smoother service experiences. As of this year, we released several widely acclaimed services, including LINE Chatbot, an intelligent documentation system, e-D/O (electronic delivery order), digital telex release bills of lading, and e-Counter. In 2022, in addition to optimizing the services mentioned above, we launched a brand-new mobile version of the E-Service app. The app was newly equipped with a mobile e-booking function to allow customers to make an e-booking at any time, anywhere, can be opened via Siri for real-time cargo tracking and tracing, and was designed to be used on Apple watches. The functions of the mobile E-Service app the customers use the most are shown in the following table:

Function	Times of Use
Cargo Tracking	6,393,485
Point to Point Search	480,153
Vessel Tracking	250,599
Notification	1,558
Service Search	1,161



■ Use of E-Service



Note: E-Service enables customers to submit, search, and print data online. The figures in the table represent the percentages of the use of E-Service throughout the year.

The Company was engaged in cross-industry cooperation with multiple banks in Taiwan, being the country's leading carrier in the execution of proofs of concept on blockchain and international trade, and successfully accelerated the shipping and trading/financing processes through blockchain technology. Moreover, document digitalization allows customers who need to work from home or staggered shifts to deal with import/export business activities remotely during the pandemic, saving printing and delivery costs.



■ Yang Ming's e-Service Types

List of e-Services	Service Description	Performance in 2022
LINE Chatbot Container Yard Chatbot	Improved from the conventional inquiry method via phone in the past, the instant messaging inquiry service allows customers to check the latest vessel and container movement information via LINE Chatbot on the phone.	In 2022, there were about 500 inquiries made through the LINE Chatbot services of the Keelung (Yang Ming) Container Yard, Taiwan Business Department and Hong Ming Terminal & Stevedoring Corp. on average per day, equivalent to reducing the number of works by about 3.
e-D/O (electronic delivery order)	Delivery orders (i.e. "D/O") are stored on the cloud for import customers to download, streamlining the complicated import D/O exchange process and reducing time of the import pick-up process by at least half a day.	In 2022, e-D/O accounted for about 30.25% of import delivery orders. 50,089 paper import delivery orders were reduced, cutting about 0.32 tons of CO₂e and reducing approximately 93 working days spent for printing and binding.
e-Voucher (electronic voucher)	To address the need for travel due to the difference between the D/O receipt and pick-up sites, Yang Ming offers an e-Voucher service that enables customers to speed up and simplify the transmission of delivery orders through cellphone authentication, effectively improving the speed and timeliness of the customers' import process.	In 2022, electronic vouchers used accounted for up to 15.38% of e-D/O.
e-Counter	The Company worked with multiple banks in Taiwan in launching the e-Counter service to cope with the communication limits resulting from the pandemic. The digital transformation of conventional import/export processes has been conducted e.g. by moving payment and D/O receipt processes online to increase customers' operational speed and timeliness and avoid the risk of contact between the customers and partners.	In 2022, the online reservation services had a utilization rate of 89.74%, and it was estimated that 213 tons of carbon emissions and 2.1 tons of paper ink could be reduced and saved from exchanging bills of lading with customers.
Digital Telex Release Bills of Lading	Digital telex release bills of lading have saved nearly 70% of costs in paper and toner from export bills of lading for Taiwanese enterprises, allowing customers to speed up the process without working over the counter.	Overall, up to 70.43% of export bills of lading were digitalized in 2022, reducing 41,261 paper bills of lading and cutting about 0.26 tons of CO₂e.
Online Manifest Write-off Services for the Keelung (Yang Ming) Container Yard	Online customer manifest write-off services are provided to allow shippers and customs brokers to complete the manifest write-off process online, not only saving the time and labor costs required for over-the-counter services, but also reducing the pick-up time by about half a day.	80.25% of time spent by the field team of Yang Ming's Keelung Branch on manifest write-off has been saved, equivalent to cutting about 1-1.5 employees/day.
My Ocean Freight	The service was released in 2022, enabling customers to make price inquiries online 24/7 without being subject to nine-to-five working hours. Digital forms are created to reduce manual work and simplify work flows.	Total number of members worldwide signing up for My Ocean Freight during 2022/5/6-12/31: 637.
e-Service App	A version with a brand-new look and refined functions was launched in 2022, providing users with a fresh user experience. Functions that allow for more convenient and faster e-booking submission and acquisition of cargo information were added.	The new version of the app has been installed 4,583 times. For its detailed use, please refer to Yang Ming's E-Customer Service System.

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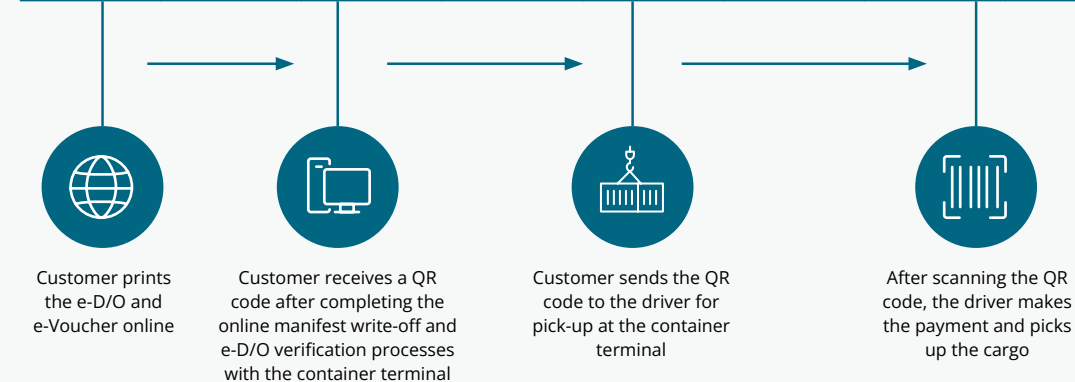
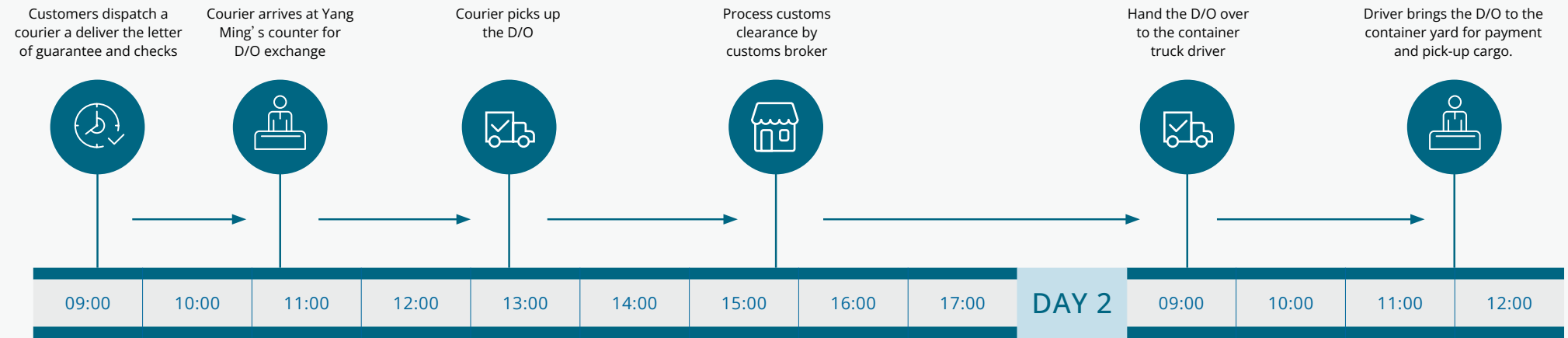
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■ Import/Export Customer E-Services in Taiwan

In recent years, to deliver more convenient and optimized services for customers, the Company has rolled out innovative digital services combined with e-Counter and RPA (robotic process automation)-based automatic reconciliation in place of manual OTC reconciliation, saving about 2 minutes per transaction, as well as e-D/O (an invention patent for the "Information System for Processing Delivery Order and Method and Serving Method Thereof" (I741895) was obtained in 2021) and online manifest write-off services for Keelung (Yang Ming) Container Yard (an invention patent for the "Container Terminal Pick-up Method, Container Terminal Computer, and Pick-up Information System" (I792933) was obtained in 2022), offering the customers online one-stop import pick-up services that allow shippers to exchange the bill of lading, write off the manifest, and dispatch freight drivers for pick-up without having to be on site personally or exchange the bill of lading for a delivery order. The online services not only increase the convenience of import processes, but also reduce the pick-up time of the shippers by more than half a day.

■ A Comparison Before and After the Adoption of E-Services in the Yang Ming Taiwan Business Department's Counter

► Before Introduction of E-Services



► After Introduction of E-Services



Save about half a day or more

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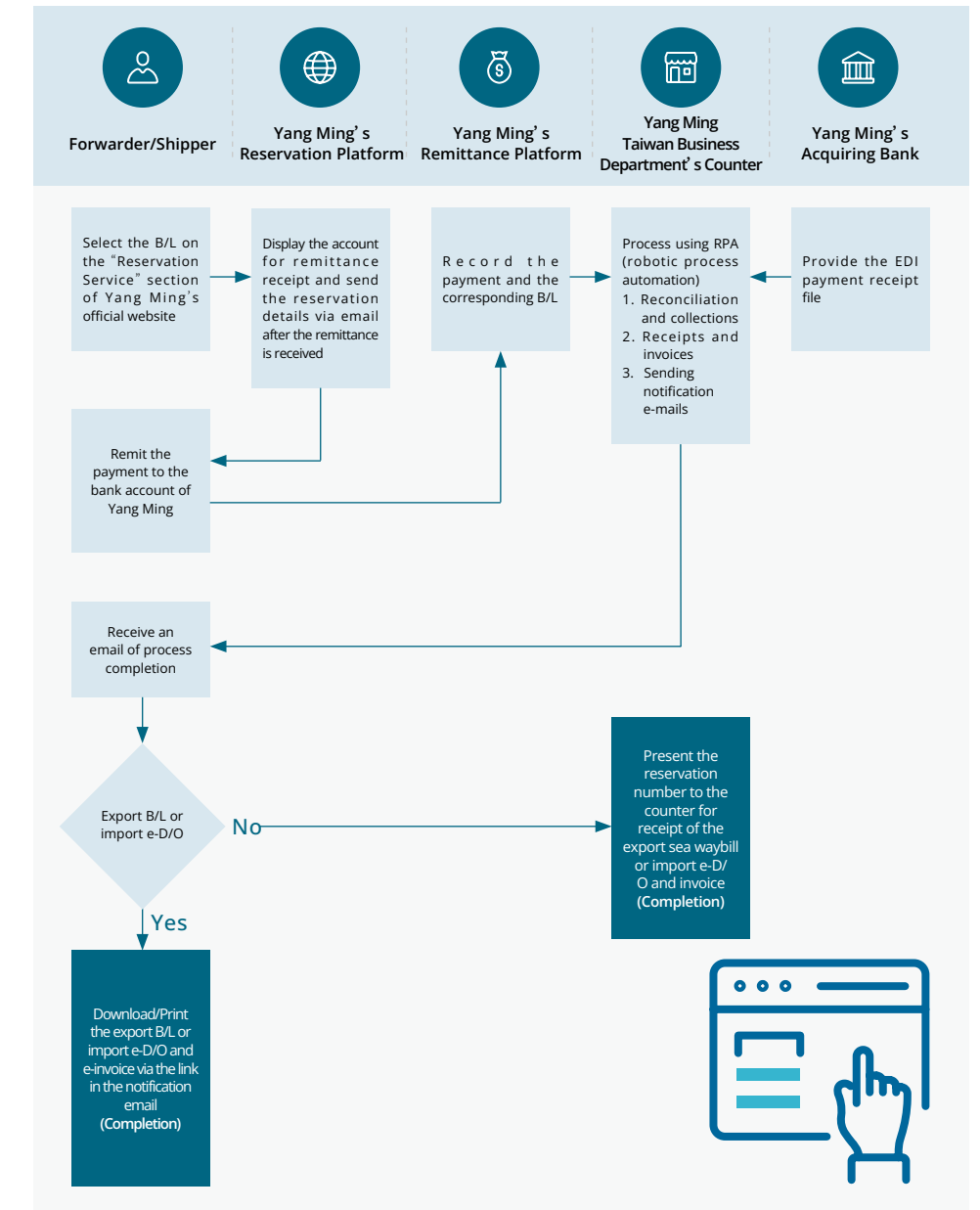
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Import Customers	- Register and activate e-D/O services. - Proceed with "Import Reservation Platform" and make a payment by remittance. - Receive the e-D/O and e-Voucher.
Export Customers	- Proceed with "Export Reservation Platform" and make a payment by remittance. - For a sea waybill, attach the e-D/O link when replying to the notification email. - Download or print for reference, if necessary, with an e-invoice attached.
Online Manifest Write-off Services for the Keelung (Yang Ming) Container Yard	- Customer prints the e-D/O and e-Voucher online. - Customer receives a QR code after completing the online manifest write-off and e-D/O verification processes with the container yard. - Customer sends the QR code to the driver for pick-up at the container yard. - After scanning the QR code, the driver makes the payment and picks up the cargo.



Import/Export E-Service Process in Taiwan



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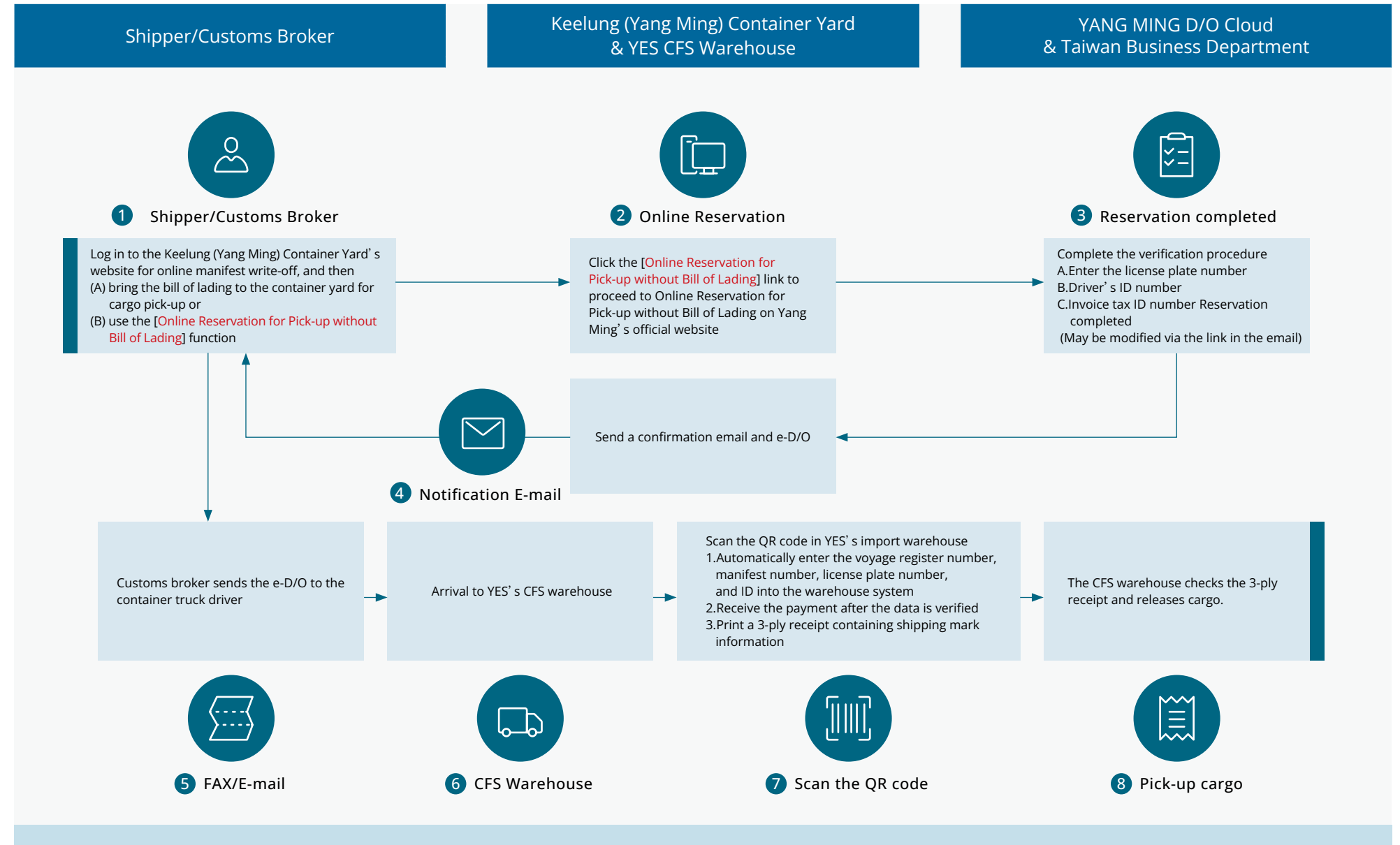
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■ Employee Training and Upskilling for Digital Technologies

In response to advancing digital technology tools and services, the Company has been constantly seeking opportunities in optimizing and innovating customer service in digital form. To ensure success, transformation of company culture through talent development, employee upskilling and education of digital technologies is being done on an ongoing basis. In 2022, 62 events were organized, including digital technology lectures, collaborative platform tutorials, and experience sharing workshops, with 10,344 participants. In addition to training courses, the Company has organized Power BI contests and activities to foster employees' digital technology competencies and familiarizing them with the global business intelligence platform, enhancing efficiency in day to day operations, and building a long-term competitive edge.

■ List of Education and Training

Lecture	Number of Participants
Digital transformation lecture “Digital Transformation Approach and Ricoh’s Journey to Transformation”	227
Digital transformation lecture “An Easy Introduction to MS365” (2 sessions)	563
MS365 collaborative platform tutorial (39 units and departments/37 sessions)	1,531
MS365 tool tutorials - Yammer, Forms, Edge and OneDrive...; 22 sessions	8,023



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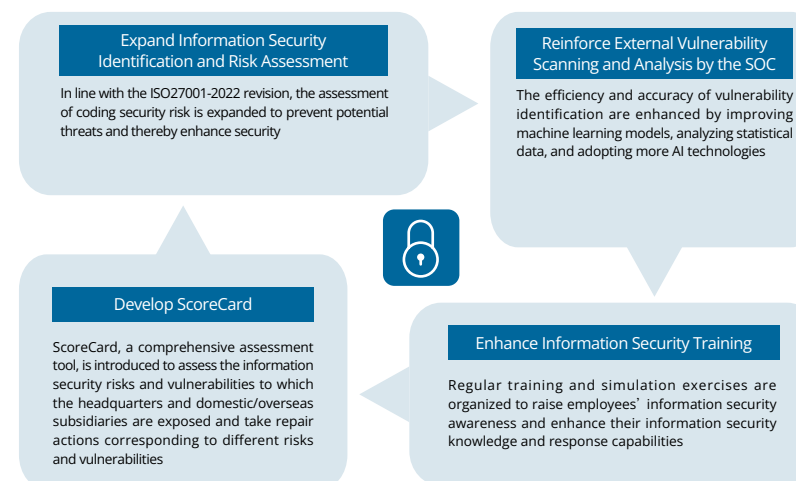
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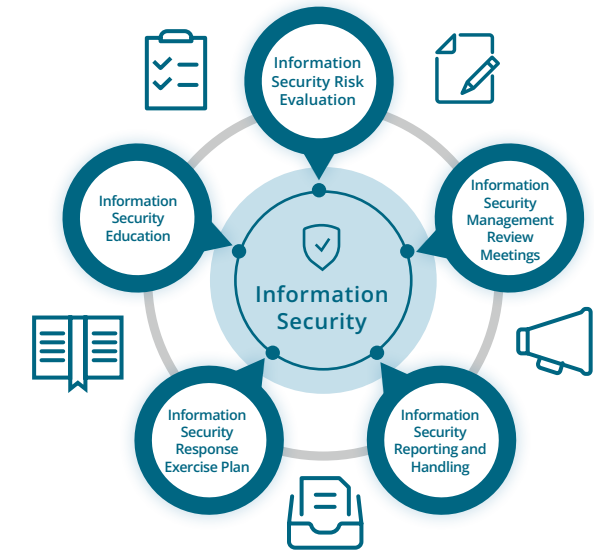
A sound information security mechanism not only can enhance operational resilience, but also serves as the backbone for customer privacy protection. In 2022, Yang Ming did not have any substantiated complaints about breaches of customer privacy or losses of customer data. Furthermore, to ensure the protection and security of operational information, the Company has been certified to ISO 27001:2013 Information Security Management System. Management review meetings are held annually to implement information security activities and review the progress of goal achievement and risk mitigation in the current year to make sure that the Company's information is safe and secured. The management review meetings are chaired by the Chairman or the person designated thereby and attended by relevant departmental officers. An ISO 27001 external audit is conducted every year to ensure that the Company's management systems and their performance comply with the requirements of the ISO. In response to changing information security issues and protection system improvements, the Company expects to update the certificate to the ISO 27001:2022 version in 2024.

In compliance with Article 9-1 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the Company appointed a Chief Information Security Officer to set up the "Cyber Security Office" in 2022, which is responsible for information monitoring, supervision, management and tracking as well as information security strategy development. In 2022, Yang Ming initiated a series of information security programs internally, such as password strength increase, MFA, Zero Trust, and additional data encryption. We also plan to extend the programs externally to other operation-related units afterwards. In an effort to boost information security management strength, the Company has adopted fortress-like information security strategies and progressively expanded them in the following four directions:

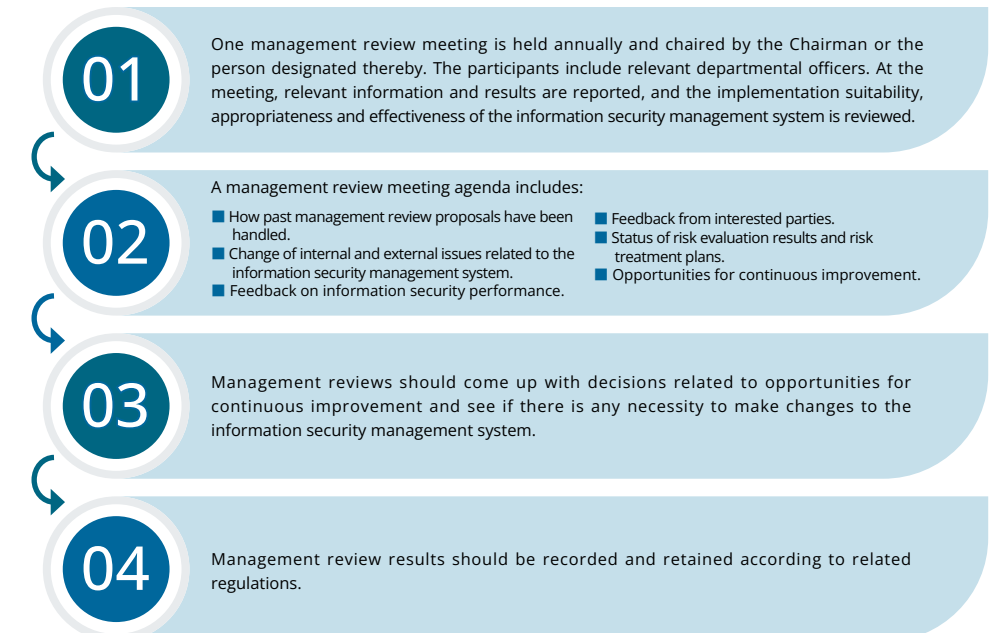
Fortress-like Information Security Strategies



Maintenance and Control of Yang Ming's Information Security



Information Security Management Review Meeting Procedure



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■ Information Security Risk Evaluation

According to the requirements in the Company’s information security policy, an information security risk evaluation is conducted regularly every year to assess and determine the level of risk based on internal/external information security issues, the probability of occurrence, the level of impact, and the level of influence scale. The evaluation covers system infrastructure, system change management, project and resource management, asset and physical environment management, software/hardware license and compliance. After the evaluation is completed, treatment measures are developed against high-risk items and presented at a management review meeting.

● Information Security Outcomes

Dimensions of Information Security	Observation Items	Target Value	Achievement in 2022
Confidentiality No access, use, or falsification by unauthorized personnel	Number of quarterly reported incidents caused by information security invasion	≤1	Yes
	Quarterly issuance of information security notifications	≈100%	Yes
Integrity Avoidance of unintentional or intentional data damage that cannot be restored	Quarterly regulation archiving and identification	≈100%	Yes
	Number of quarterly reported incidents caused by viruses damaging information security	≤1	Yes
Availability Ensured the normal use of information and the continuing operation of systems	Availability of Superdome and other important hosts	≥99.5%	Yes
	Firewall host availability	≥99.5%	Yes
	WAN availability	≥99.5%	Yes

■ Information Security Reporting and Handling

To timely respond to and handle information security incidents, employees may report any incidents they encounter at any time. After receiving a report, the Information Security Team categorizes and handles the incident based on its type.

■ Information Security Response Exercise Plan

Units start to count the number of machines infected, engage in communication and coordination, and adopt a response plan immediately from the point where the Security Operation Center reports/the system detects/a user reports a computer or network anomaly. With the aim of enhancing the Company’s information security attack tolerance, exercises are performed to review the process, increase personnel’s familiarity with the practices of each stage, and revise the response and restoration plan.

■ Information Security Education



To enhance employees’ knowledge of information security, the Company organizes at least 3 social engineering exercises and 1 online information security promotion education and training session for all employees annually to raise personnel’s information security awareness and protect the Company’s information assets from disruption, damage, intrusion or any other malicious behavior. For different personnel categories, different information security education and training methods are planned and shown in the following table:

 Information Security Personnel	Education and training in threat intelligence analysis
	Education and training on handling information security events
 Information Personnel	Information security education and training for new employees
	Education and training in source code testing
 General Personnel	Education and training on social engineering exercises
	Communication of the information security policy
	Information security education and training for new employees



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■ Vessel Information Security

Yang Ming's smart vessel information security management focuses on the following 3 points:

1. Incorporate ISM management and designate vessel information security officers.
2. Obtain information security certificates for the engine room monitoring systems provided by smart vessel equipment suppliers.
3. Work closely with communication companies in information security monitoring

The Company issued a vessel information security manual in 2021. As of the end of 2022, 49 vessels in the fleet introduced corporate information security monitoring center services. The vessel information security system is audited by a third-party body regularly. Social engineering exercises and training are organized for seafarers, and those who fail in the exercises and training are required to participate in remedial education and training. In 2022, no property loss occurred to the fleet due to information security.

To maintain customer privacy and navigation and transportation safety, the Company developed the Vessel Information Security War Room system to monitor the use of all data in real-time. The system is also used as an important line of defense against information security anomalies to ensure the provision of safe and secured customer services and experience.

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4.4 Customer Service Quality and Satisfaction

Yang Ming adheres to the service philosophies and policies of Teamwork, Innovation, Integrity, and Pragmatism and is devoted to offering customers high-quality services. For operational strategies, we enhance the efficiency of integrating global operational resources by collaborating with other well-known carriers around the world. As for customer management, the Company has developed customer relationship management policies and kept in close touch with local agents and sales employees on a daily basis to understand customers' needs and market trends and thereby make timely responses.

In order to enhance customer satisfaction and service quality, the Company has organized the "From Responsibility to Accountability" course that helps build employees' awareness of service quality and personal accountability and motivates them to comply with the three main principles for handling customer complaints: listening, apologizing, and being lenient, put themselves in customers' shoes, show empathy, understand the customers' needs, and provide assistance with a positive and active attitude. In the event of circumstances where customers incur damage, first-line sales personnel and local agents should understand and listen to the customers' problems, discuss with the relevant personnel from the headquarters and develop solutions, and then notify the Cargo Loss Claim Team of the Insurance & Claim Department. Relevant departments should find out the roots of the problems and who should be accountable for them. The Sales Department serves as the coordinator responsible for giving instructions to local agents and handling the problems in comprehensive ways acceptable to the customers, thereby maintaining good customer relationships and promoting future relationship development.

Customer Complaint Handling Process

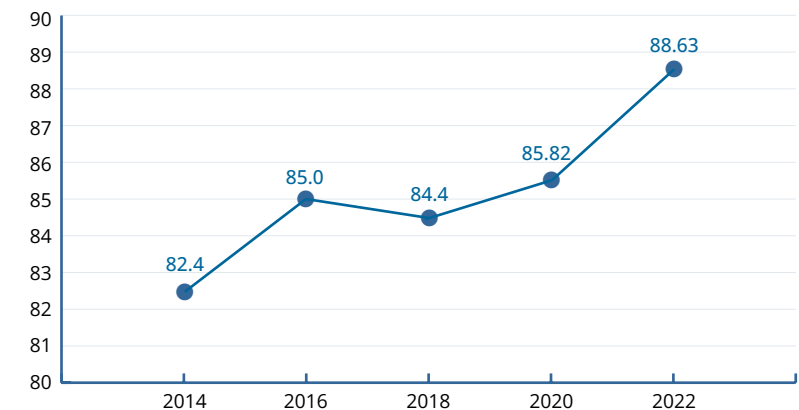
- 01 **Customers make complaints or express other opinions about the Company's services**
Complaints are made via phone, in written form, or through the customer service mailbox on the official website.
- 02 **E-commerce & Customer Service Team receives customers' opinions and determines if they are customer complaints**
Complaints are passed on to the relevant units to investigate their cause.
- 03 **Responsible units receive the complaints passed on to them by the E-commerce & Customer Service Team**
They will clarify what the customers are unsatisfied and complain about the Company, and then solve the problems and make improvements while reporting the complaint handling results to the E-Commerce & Customer Service Team.
- 04 **E-commerce & Customer Service Team and the responsible units in the headquarters**
After being solved, the complaints are added to the [Customer Complaint Handling Register] form to record the content of the complaints and the corrective actions taken for complaint closure and archiving.
- 05 **E-commerce & Customer Service Team**
At the end of each quarter, the archived complaints are summarized into a report and submitted to the relevant responsible units.
- 06 **Responsible units' contact persons**
They follow up on the complaints to see if the customers become satisfied and continue to use the Company's transportation services.

Customer Satisfaction Survey

Oriented towards customer needs, Yang Ming continues to deepen the logistics services, enhance service quality, create values for customers, and optimize procedures through digital transformation to respond to the customers' requirements in a timely manner.

We conduct a customer satisfaction survey every 2 years, where customer samples are provided by the Sales Department and agents worldwide. In the survey performed in 2022, 1,634 questionnaires were distributed, of which 1,078 were returned, with a return rate of 65.97%. The questionnaires covered 7 service aspects: booking and delivery, containers, quotation and rating, documentation quality, customer services, e-commerce, and customer complaints and provided open-ended questions for customers to answer. For any unsatisfactory feedback from customers, we ask the agents to contact the customers, provide solutions and require the agents to ask the customers if they are satisfied with subsequent improvements and report the results to the E-commerce & Documentation Department. The E-commerce & Documentation Department organizes complaint records for the headquarters' Sales Department's reference at the end of each quarter and follows up on the customers to see if they become satisfied and continue to do business with the Company.

Statistics on Overall Satisfaction Scores over the Years



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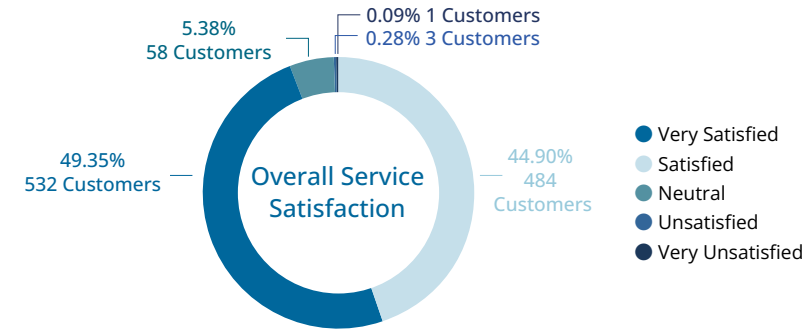
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● Overall Service Satisfaction in 2022

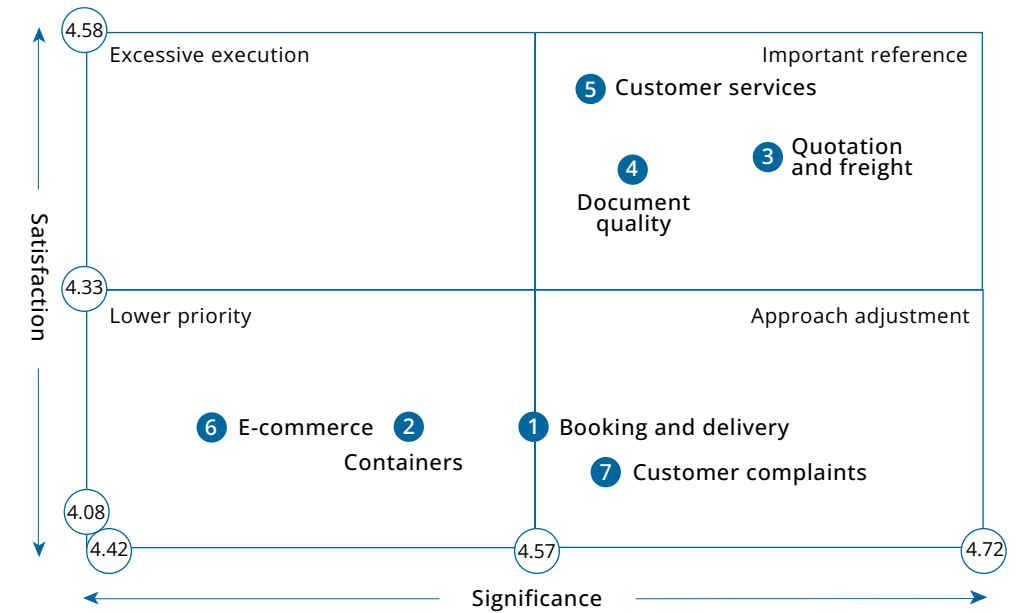
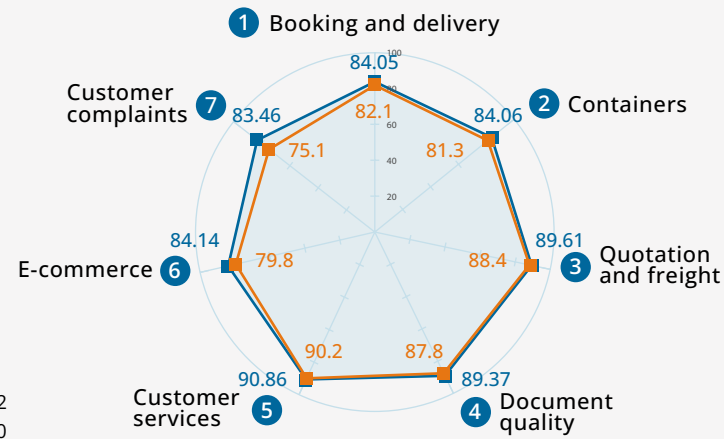
Satisfaction with all aspects in 2022 was higher than that in 2020. The satisfaction scores for all aspects exceeded 80, and respondents' opinions fell between "Satisfied" and "Very Satisfied," reducing the satisfaction difference between leading aspects and lagging aspects.



The average overall service satisfaction score was **88.63**, increased by **3.27%** compared to the previous survey
Total satisfied respondents accounted for **94.25%**

● Satisfaction and Significance Comparison

In comparison to the previous survey, "customer complaints" and "e-commerce" had the most significant increases in satisfaction in 2022, with an increase of 8.4 points and 4.3 points, respectively, leading to an increase of 2.8 points in the overall service score.



In addition to reviewing the customer satisfaction survey results from the E-commerce & Documentation Department for improvement, to enhance service quality and provide customers with better cold chain services, the Company uses reefer container IoT monitoring equipment, GPS, and onboard satellite communication and onshore wireless communication technology (Cellular) and combines them with AI/big data technology to make container monitoring to go cloud-based, smart, and real-time. We also conduct project surveys for special cargo customers from time to time. For example, in a survey on the preference for reefer container machinery brands, the result revealed that customers had relatively little care about reefer container machinery and cared more about container conditions and the age of containers. We will continue to order new containers to satisfy the customers' demand for new containers.



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05

Talent Navigation

Workplace Well-Being for Diverse Development

Highlights

- The percentage of female managers grew 7.14% , as compared to 2021.
- Reduced the onshore employee turnover rate by 1.05% in comparison to 2021
- Offered a frequency of health checkups that is superior to the OHS law's requirements and increased the health checkup allowance to NT\$10,000 per employee
- Granted 5 days of paid personal/sick leave
- Provided 134 at sea medical consultations
- Set up a preschool center
- Breastfeeding room has been ranked first in Keelung City for 6 consecutive years.

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5.1 Human Rights Policy and Diverse Communication Channels

5.1.1 Yang Ming's Human Rights Policy

■ Human Rights Policy and Declaration

Yang Ming has operated worldwide for a long time and has been dedicated to respecting and maintaining internationally acknowledged human rights and ensuring the compliance of business activities with local laws and regulations as well as international standards, thereby providing a fair and equal working environment and making sure that the rights and interests of our employees and partners are respected and protected. When it comes to human rights, we respect and protect all internationally acknowledged human rights and never engage in any activities that neglect and involve human rights violations. The Company's Human Rights Policy has been developed based on the International Bill of Human Rights, the United National Global Compact, and the human rights conventions of the International Labour Organization. Internal rules and regulations have been established. For violations of laws and regulations or the Company's internal regulations, punishments are given according to relevant punishment policies.

Yang Ming has committed to upholding internationally proclaimed human rights in the locations where we operate without any unfair treatment arising from ethnicity or gender, ensuring the freedom of association and collective bargaining rights, respecting privacy, caring for the underprivileged, forbidding the use of child labor, prohibiting harassment, and banning forced labor. We have also strived to eliminate all forms of forced labor and discrimination in recruitment and employment. The Company offers reasonable working conditions, maintains the physical and mental health of employees, endeavors to reduce factors hazardous to safety and health, and ensures thorough protection of the personal privacy of all customers, employees and stakeholders, fulfilling human rights protection responsibilities.



■ Human Rights Education and Training

The Company's education, training, and propaganda on the Human Rights Policy aim at raising employees' awareness of human rights protection. The Company organized a 0.5-hour course for all onshore employees in 2022, and 1,428 employees completed the course, with a test pass rate of up to 92.5%.

■ Human Rights Due Diligence

International organizations have established relevant conventions and standards for the shipping industry and emphasized that vessel operators must further develop their human rights regulations. To raise awareness of seafarers' rights, the seafarers have asked their companies to provide corresponding protection measures. The Company takes human rights issues seriously and introduced the concept of human rights due diligence in March 2023. By analyzing the trends of international human rights issues, interviewing internal officers, and reviewing internal labor-management documents, the human rights issues are summarized and presented to the head of each department and office for assessment. These questionnaires cover Yang Ming's own operations for assessment and contain 25 issues categorized into 4 groups, namely labor rights, health and safety, environment and community, and governance and morality. We hope to identify our own operational risks through these assessment questionnaires. The initial assessment results indicate that none of the issues are considered high-risk issues. 18 issues are medium-risk issues and the other 7 are low-risk issues. In the future, the Company will use the initial assessment results as the basis to initiate an official human rights due diligence process with the aim of progressively deepening and expanding human rights as well as planning and executing relevant risk mitigation and subsequent remedial measures based on the identified potential risks.

● Human Rights Risk Issue Identification Process

- 01 International Human Rights Standards**
Identify human rights issues in the shipping industry according to the International Bill of Human Rights, UN Global Compact, the human rights conventions of the International Labour Organization, and the Geneva Declaration on Human Rights at Sea.
- 02 Internal Data Review**
Pore over labor-management meeting records, employee feedback, records of special events, and MSCI ratings to determine potential human rights risks.
- 03 Interviews with the Management**
Have interviews with Yang Ming's top level and middle level management to understand if the Company has had any event involving human rights infringement recently to determine events with human rights risks.
- 04 Questionnaire Preparation/Distribution**
Prepare questionnaires according to the International Bill of Human Rights, internal data review results, and the interviews with the top-level management, discuss with Yang Ming's team, and have Yang Ming's middle-level management complete the questionnaires.
- 05 Questionnaire Result Assessment**
Analyze the answers in the questionnaires to identify the human rights risk issues that Yang Ming should take seriously.

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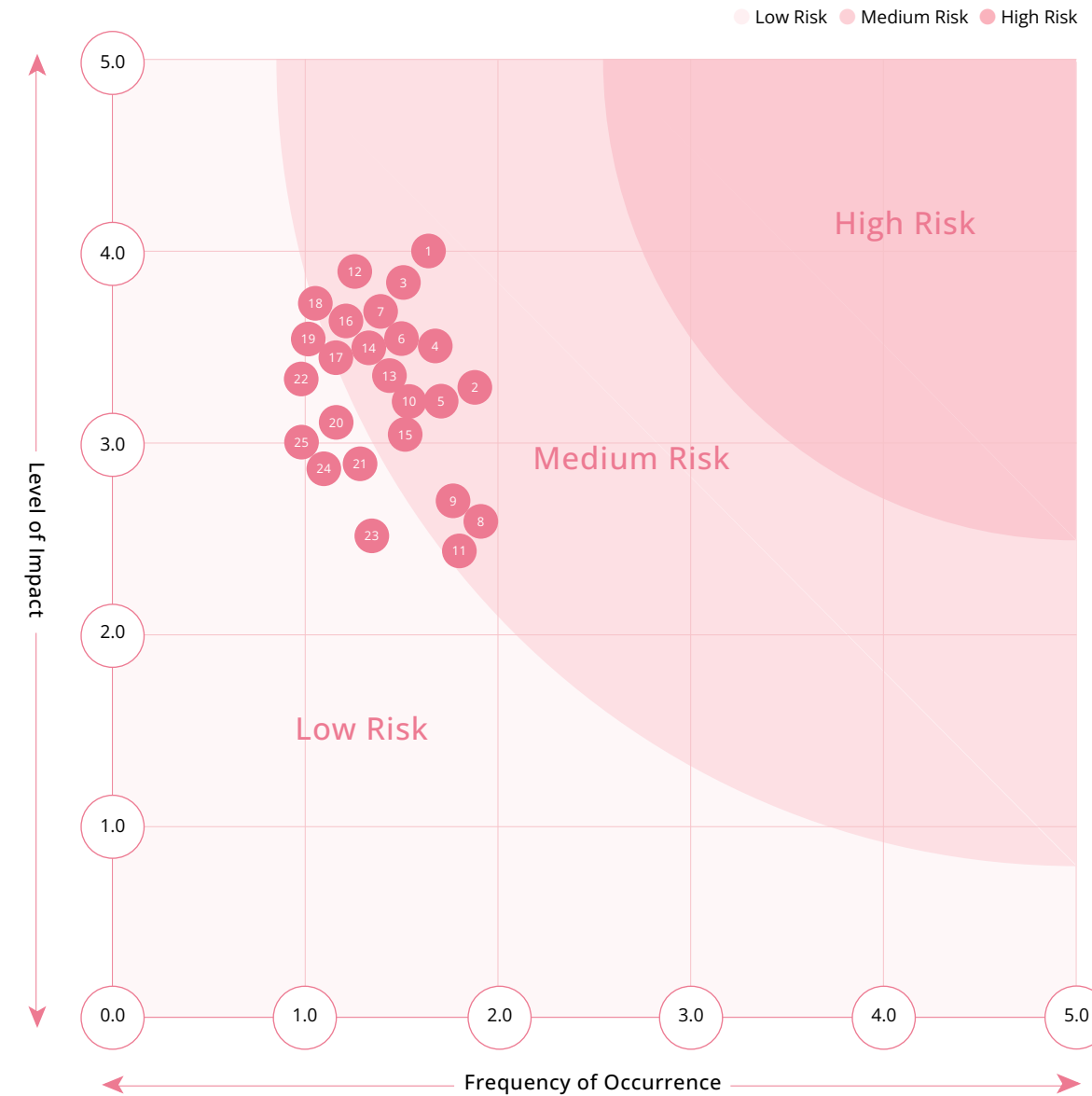
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● Initial Human Rights Risk Identification Matrix



No.	Medium-Risk Issues
1	Biodiversity
2	Bullying and harassment
3	Protection of seafarers' personal safety
4	Collective bargaining
5	Gender discrimination
6	Work-related injuries and occupational diseases
7	Occupational safety
8	Talent training and development
9	Work-life balance
10	Public health and accommodation
11	Working hours
12	Human rights and moral principles
13	Identity protection and retaliation prevention
14	Human trafficking
15	Employment and occupational discrimination
16	Information on safe operation
17	Wages and benefits
18	Personal data and privacy protection

No.	Low-Risk Issues
19	Child labor
20	Freedom of speech expression
21	Physical and mental health
22	Compulsory or forced labor
23	Diversity and inclusivity
24	Freedom of religion
25	Freedom of association

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5.1.2 Smooth Communication Channels

■ Complaint Channels for Onshore Employees

Yang Ming’s Human Resources Department is responsible for managing the employee mailbox and complaint hotline that allow employees to express their opinions in a real-time manner simply via email. When encountering discrimination, sexual harassment, and workplace violence in the workplace, the employees can file a complaint through the Chairman’s mailbox, independent directors’ mailbox, or independent reporting mailbox (managed by the Chief Audit Executive and designated person) or to the department concerned. Any person can report any illegal act or violation of the work rules, Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct through the aforesaid channels.

■ Complaint Channels for Seafarers

To understand the thoughts of seafarers, the Company carries out 4 questionnaire surveys during seafarer training, including a survey on complaint channels for the seafarers and has an independent complaint mailbox and a sexual harassment whistleblowing mailbox in place for the seafarers, which can only be accessed by the Chief Marine Technology Officer and the Head of the Maritime Department. A sexual harassment whistleblowing hotline was also provided for the seafarers to submit suggestions and complaints. In addition, all the Company’s vessels have acquired a “Maritime Labour Convention”^{Note} certificate and complied with the requirements of international conventions.

Note: The “Maritime Labour Convention” (MLC) is a labor protection standard convention established by the International Labour Organization and aims to ensure that the working and living rights of all seafarers are protected and promote the sustainable development of international trade and shipping.

For the prevention of sexual harassment and illegal violence, please refer to **5.4.2 Health Management and Care - Prevention of Illegal Infringement**

After receiving complaints and suggestions from onshore employees and seafarers, the Company replies to the employees one by one and handles the complaints and suggestions properly and reasonably. For their detailed numbers and types, please refer to the following:

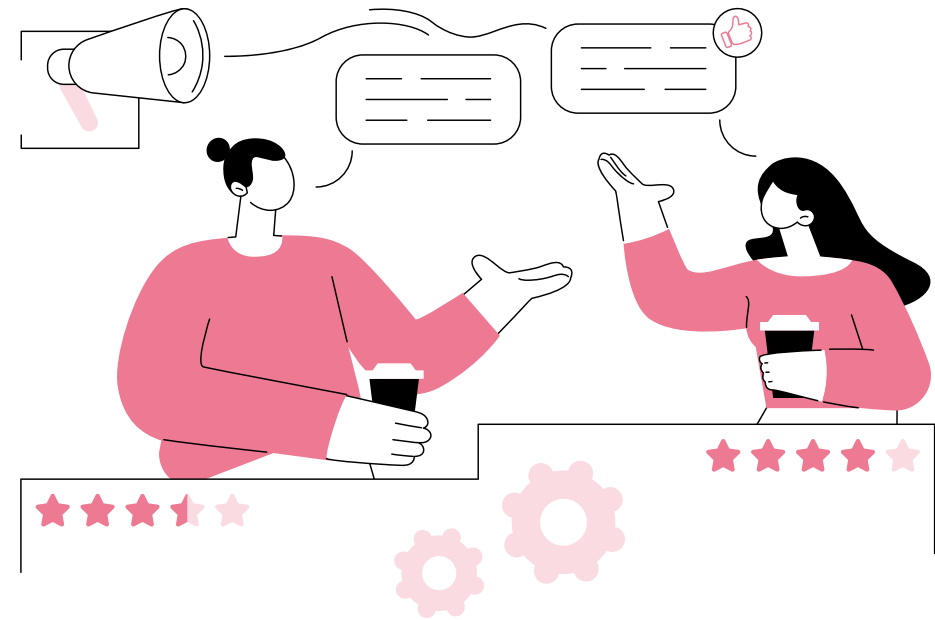
	Communication Channel	Number of Complaints/ Suggestions	Type of Complaints/Suggestions
Onshore Employees	Chairman mailbox/employee mailbox	3	Feedback on employee promotion and bonuses, internal management suggestions
Seafarers	Chairman mailbox/complaint mailbox for seafarers	15	Pandemic prevention requirements, salary and benefits, and employees' thoughts

■ Labor-management Meetings

To ensure smooth labor-management communication, the Company organizes at least one labor-management meeting per quarter. In 2022, 4 labor-management meetings were held.

■ Freedom of Association

In support of the UN Global Compact, the Company ensures that all employees have the freedom of association, and all seafarers can choose by themselves if they join any union of seafarers. The Company has also set up a marine union for over 22 years, and the employees may join or withdraw as they wish. The Company currently has harmonious labor-management relations and does not enter into any collective bargaining agreement.



5.2 Talent Recruitment and Cultivation

5.2.1 Talent Recruitment

Talent Management Policy

Yang Ming endeavors to create an open-minded, inclusive, diverse and respectful working environment and develops talent recruitment strategies based on the Company’s short-term/medium-term/long-term plans to attract the most excellent talent to join the team. The safety and operating efficiency of the fleet correlate closely to the abilities of seafarers, who are the most important factor to the operation of the fleet. The Company continuously recruits talent aspiring to work as seafarers and provides good career development opportunities to ensure that the team has the most excellent talent, thereby enhancing the operation of the fleet.

Total Number of Employees (Including Contracted Employees)



Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

Overview of the Employment of Onshore Manpower

Statistical Overview of the Employment of Onshore Manpower (by Gender)

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
General Employees ^{Note1}	678	755	707	766	736	776
Temporary Employees ^{Note2}	1	1	1	1	15	17
Part-time Employees ^{Note3}	0	0	0	0	1	9
Total	1,435		1,475		1,554	

Note 1: The Company’s general employees include office and field personnel.

Note 2: The Company’s temporary employees include interns and student part-timers.

Note 3: The Company’s part-time employees are massagists.

Note 4: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

Number of Diverse Onshore Employees Employed

2022	Number of Employees with Disabilities	Number of Foreign Employees (Non-Taiwanese)	Number of Minority Employees (Indigenous Peoples)
Taiwan	18	1	16

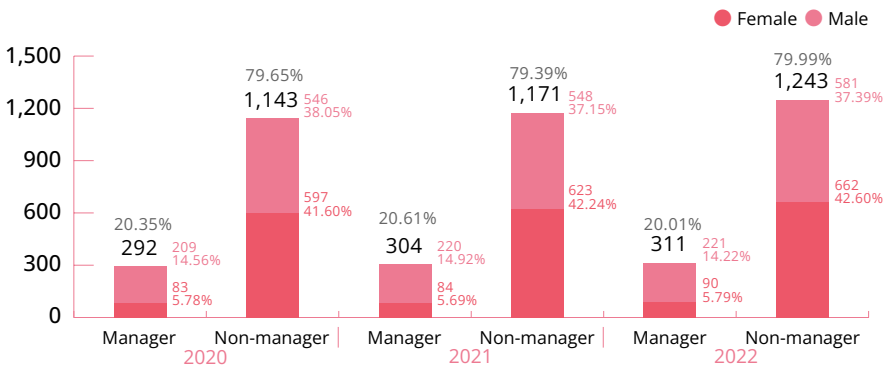
Note: Employees with disabilities: Counted monthly; Indigenous employees: Data dated December 2021; the data for 2022 will be available in 2024.

Number of Onshore Employees by Age and Gender

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Below 30	257	156	265	159	278	163
31-50	350	388	374	415	396	431
Above 51 years	73	211	69	193	78	208
Total	680	755	708	767	752	802
	47.39%	52.61%	48.00%	52.00%	48.39%	51.61%

Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

Number of Onshore Employees by Job Grade and Gender



Note: Managers refer to team leaders or higher management.

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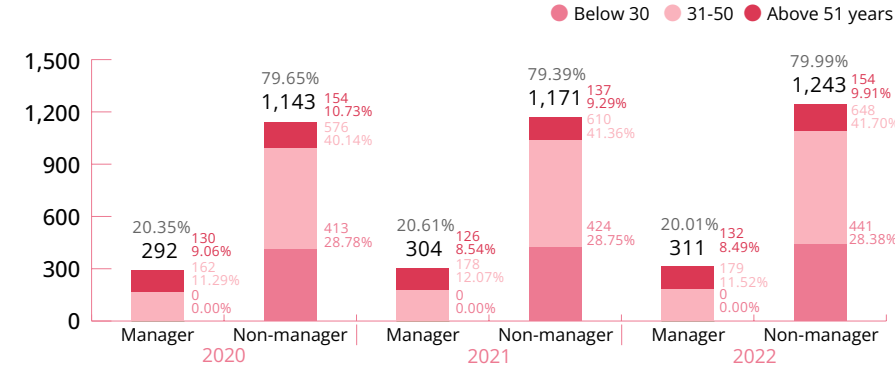
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● Number of Onshore Employees by Job Grade and Age

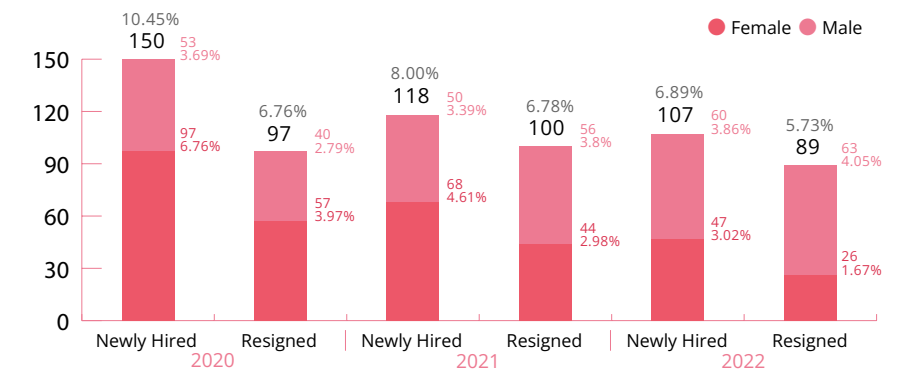


Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

● Number of Onshore Employees by Education and Gender

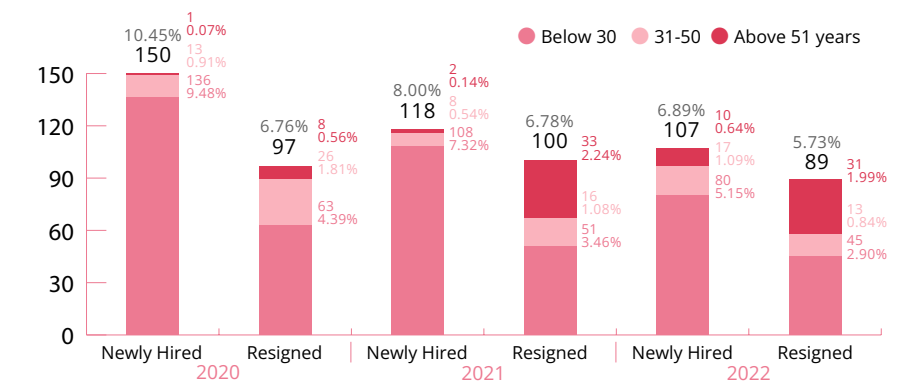
	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Below Senior High School	20 37.04%	34 62.96%	20 40.00%	30 60.00%	20 39.22%	31 60.78%
Associate's Degree	61 53.98%	52 46.02%	51 46.79%	58 53.21%	51 46.36%	59 53.64%
Bachelor's Degree	488 53.16%	430 46.84%	518 53.62%	448 46.38%	551 53.55%	478 46.38%
Master's Degree	119 34.20%	229 65.80%	119 34.10%	230 65.90%	130 35.81%	233 64.19%
Doctor's Degree	1 50.00%	1 50.00%	0 0.00%	1 100.00%	0 0.00%	1 100.00%
Subtotal	689 48.01%	746 51.99%	708 48.00%	767 52.00%	752 48.39%	802 51.61%
Total	1,435		1,475		1,554	

● Number and Ratio of Newly Hired and Resigned Onshore Employees



Note:
New hire rate = Number of new hires in the current year/Number of employees at the end of the current year by age and gender.
Turnover rate = Number of resigned employees in the current year/Number of employees at the end of the current year by age and gender.

● Age Distribution of Newly Hired and Resigned Onshore Employees



● Number of Interns

The Company fosters excellent young students for the shipping industry through industry-academia collaboration annually to allow them to get involved in shipping-related work early, thereby develop excellent talent for the overall industry. Other than interns, no non-employee workers were employed.

	2020	2021	2022
Interns	14	16	16

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Overview of the Employment of Seafarer Manpower

Statistical Overview of the Employment of Seafarer Manpower (by Gender)

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
R.O.C.	40	588	53	692	58	813
Foreign Nationality	0	554	0	589	0	761
Total	1,182		1,334		1,632	

Note 1: All the Company’s seafarers are employed as general employees (including sailing and marine engineering interns and apprentices).
Note 2: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

Diverse Seafarers Employed

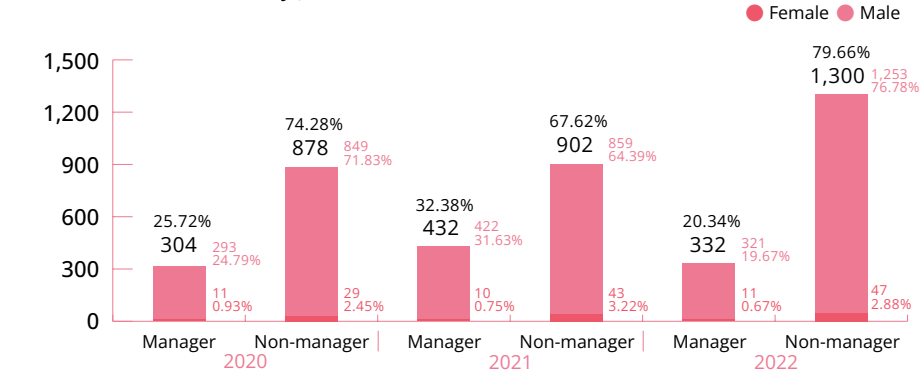
Year	Number of Employees with Disabilities
2022	2

Number of Seafarers by Age and Gender

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Below 30	22	230	34	325	39	407
31-50	18	744	19	782	19	960
Above 51 years	0	168	0	174		207
Total	40	1,142	53	1,281	58	1,574
	3.38%	96.62%	3.97%	96.03%	3.55%	96.45%

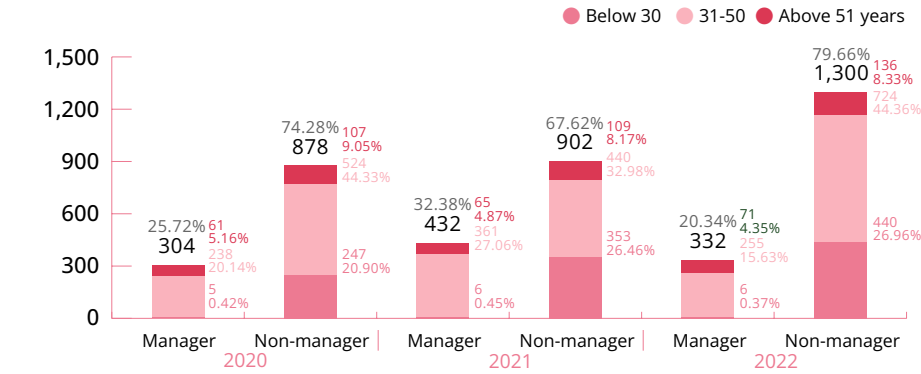
Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

Number of Seafarers by Job Grade and Gender



Note: Seafarers’ managers are Captains, Chief officers, Chief engineers, and 2nd engineers.

Number of Seafarers by Job Grade and Age



Number of Seafarers by Education and Gender

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Below Senior High School	0	223	0	258	0	342
	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
Associate’s Degree	1	104	1	101	1	108
	0.95%	99.05%	0.98%	99.02%	0.92%	99.08%
Bachelor’s Degree	38	253	49	322	54	351
	13.06%	86.94%	13.21%	86.79%	13.33%	86.67%
Master’s Degree	1	8	3	11	3	12
	11.11%	88.89%	21.43%	78.57%	20.00%	80.00%
Doctor’s Degree	0	0	0	0	0	0
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	40	588	53	692	58	813
	6.37%	93.63%	7.11%	92.89%	6.66%	93.34%

Note: As the educational background of seafarers was defined as that of Taiwanese onshore employees, only the educational background of R.O.C. seafarers was disclosed above.

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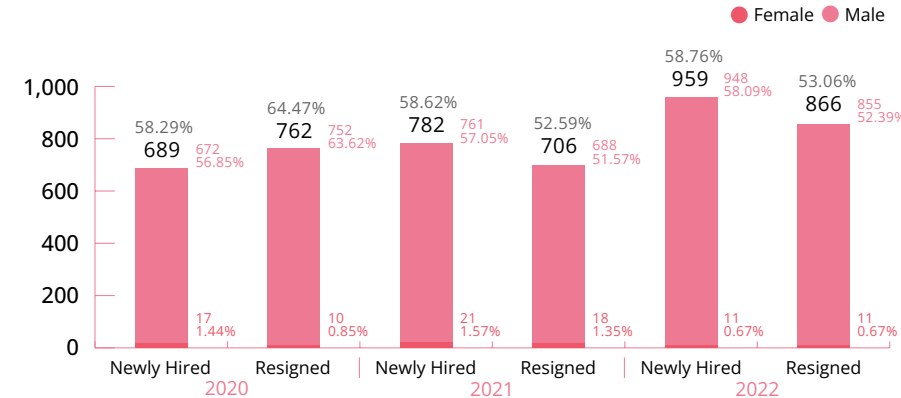
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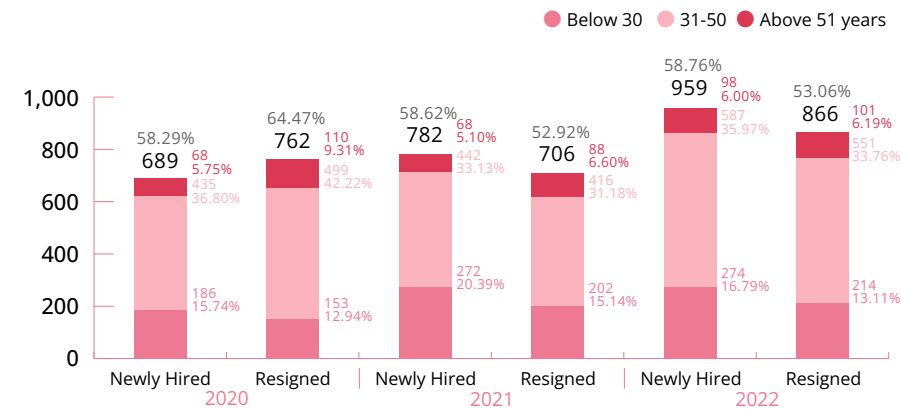
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● Number and Ratio of Newly Hired and Resigned Seafarers



Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

● Age Distribution of Newly Hired and Resigned Seafarers



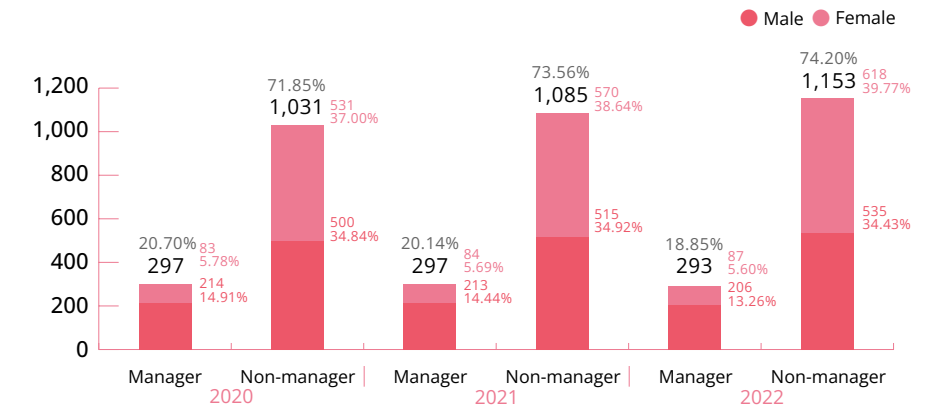
Note: The statistical logic for counting the number of employees was unified in line with the GRI Universal Standards 2021. Hence, the number of employees in 2020 and 2021 was slightly adjusted.

5.2.2 Talent Cultivation

● Proportion of Senior Management Employed from the Local Community in Taiwan

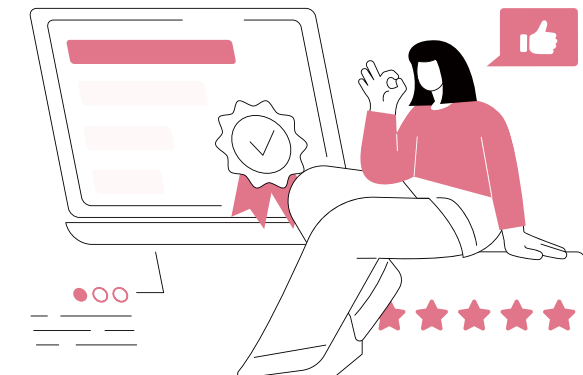
2022	Number
Number of Senior Management Officers	10
Number of Senior Management Officers Who Are Locals	10
Percentage	100%

● Employee Performance Assessment



Note 1: The Company's performance evaluation covers all employees. The statistics shown above represent the onshore employees serving for 6 months or above in the current year.

Note 2: Seafarers are also required to undergo performance evaluation. However, due to the nature of their work, the evaluation is conducted in a way different from that for onshore employees. In 2022, 35 seafarers were promoted (of which 10 were promoted to Captains; 16 were promoted to Chief officers; 5 were promoted to Chief engineers; and 4 were promoted to 2nd engineers).



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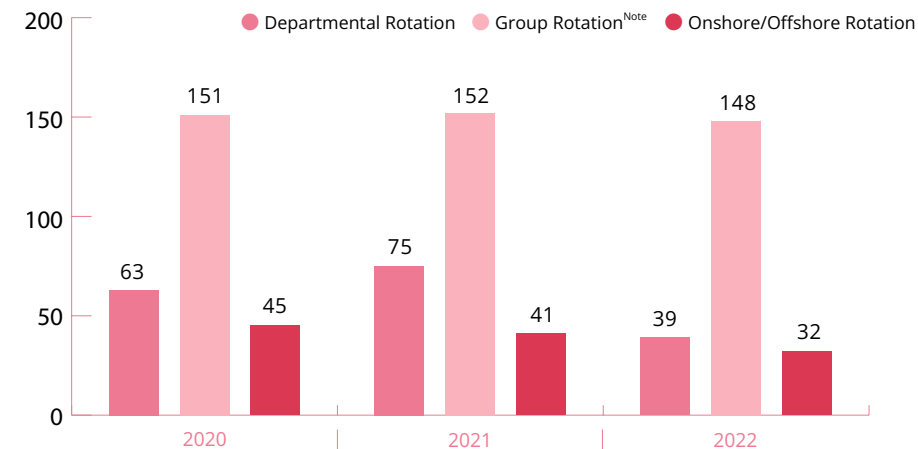
Seafarer Safety Management

To improve sailing safety, the Company has developed relevant safety management policies and measures according to the ISM CODE in response to the risks of changing weather and medical inconveniences that seafarers face when working on ships and set up the Fleet Quality Management Team and Fleet Management Team A. Through the shipboard audit and supervision or the boarding visit mechanism, the overall ship operation and sailing safety were elevated. The training for seafarers aims to improve their competences and raising their occupational health and safety awareness by elaborating on the maritime cases, the ISM policy of the Company, and the latest conventions, laws and regulations. In light of the call for emissions reduction to protect the environment in recent years, the seafarer training was also improved to include courses on clean energy for ships and compliance with environmental regulations worldwide.

Employee Development

Based on the all-around talent cultivation policy, the Company encourages employees to gain experience from working in a different unit or even overseas after staying in the same position for 2 or 3 years to build enough competency in order to develop comprehensive skills. The Company will continue to promote employee rotation which is the key to the Company's talent development.

Employee Rotation

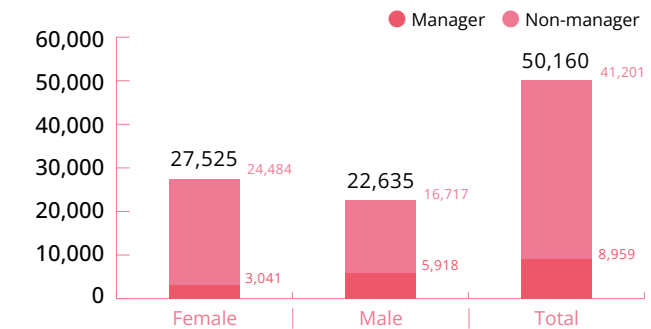


Note: As the collection of data on rotation within the group was expanded to expatriated personnel and subsidiaries in this year's report, the data in 2020 and 2021 was adjusted accordingly.

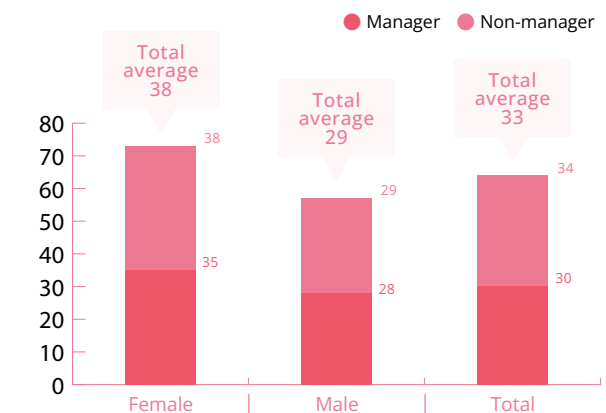
In the future, we will continue implementing overseas apprenticeship plans and other relevant programs to dispatch employees with potential to each regional center overseas for training or apprenticeship to broaden their global horizons.

Training Hours

Total Training Hours for Onshore Employees



Average Training Hours per Year per Onshore Employee



Note:
 Managers: Employees with a job grade of 6 or higher, excluding project managers.
 Non-managers: Employees with a job grade of 5 or lower, including project managers with a job grade of 6.

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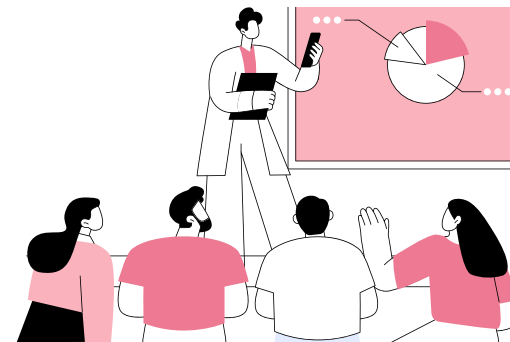
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● Education and Training for Improving the Competency of Onshore Employees in 2022

Course Type	Total Trainees	Total Training Hours
Dissemination courses	11,960	5,901
Professional industry-related courses	6,401	8,061
Labor safety and health courses	3,276	4,504
Labor Standards Act Course	2	45
Orientation	351	3,012
Financial accounting courses	30	246
Corporate governance courses	2	12
Information courses	5	260
Computer courses	8,794	13,972
Management skill courses	460	5,335
Audit courses	86	979
Competency development courses	175	1,050
External training courses	206	3,329



● Seafarer Education and Training Courses Organized to Improve Seafarers' Competency in 2022

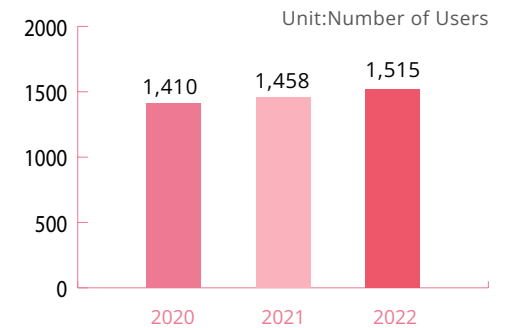
Course Type	Trainee	Total Trainees	Number of Classes	Total Class Hours
Competency Improvement Training for Deck Crew (BRM/simulator operation/company lectures)	Deck crew	8	1	112
Competency Improvement Training for Deck Crew (LODG/information security/vessel stowage/Pyramius' s app/case studies on maritime)		16	1	336
Captain Competency Enhancement Training and Pre-boarding Briefing		1	1	28
Training and Pre-boarding Briefing for Chinese Seafarers Promoted to Captains		2	1	80
Line Splice Training		14	2	105
Promotional Ship Maneuvering Simulation Training Course		40	8	280
BRM Ship Maneuvering Simulation Course		22	2	170
Online Large-Scale Seafarer Training for the First Half of 2022		30	1	1,050
DNV Root Cause Analysis and Event Investigation Course	All seafarers	19	1	266
Law-related Education and Training		3	1	24
Online Large-Scale Seafarer Training for the Second Half of 2022		53	1	1,855
Pre-Service Seafarer Training		185	6	1,387.5
Pre-Service Seafarer Training (Management Level)		38	6	190
Fuel Purifier Training Course for Engineers		9	1	189
Main Engine Electronic Control System Training Course for Engineers		3	1	54
Professional Competency Improvement Education and Training Course for Engineers		27	2	609
Comprehensive Machinery - Lathe Training	Engineers	18	1	720
Generator Disassembly and Assembly Skill Education and Training		12	2	288
Engineer AMOS_PMS Education and Training		3	1	63
Reefer Container Education and Training		7	1	112
Programmable Control Training		12	1	480
ERM Engine Room Resource Management		22	2	176

Note: The time period for the data on the total seafarer training hours and the number of trainees is from January 1, 2022 to December 31, 2022.

■ YM e-Learning Platform in 2022

The advancement of modern technology makes online learning a convenient and popular learning method. The Company's "YM e-Learning" online learning platform offers abundant learning resources, including videos, digital teaching materials, and online tests. Moreover, when it comes to labor safety awareness, we have also worked with the shipping training center to provide online courses and education, enhancing employees' occupational safety awareness. Through the resources and training on the platform, our employees can learn more effectively. The number of users of the platform has grown year by year and reached 1,515 in 2022.

● Number of Users of the YM e-Learning Platform



● Seafarer e-Learning Platform

Year	2022
Number of Uses	34,550

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Deepening Shipping Talent Cultivation

Yang Ming has been devoted to promoting the culture and education in the shipping industry and has not fallen behind in developing young students. We hope to have talent better equipped with professional shipping knowledge and skills through the delivery of diverse education, thereby achieving the long-term development and prosperity of the Company. As such, the Company has actively implemented various industry-academia collaboration and education/training programs to make maritime education better fit the industry and deepen hands-on teaching to inspire and facilitate the growth and development of young people.

The Company widely recruits talents and actively increases industry-academia exchange and collaboration opportunities to develop talent interested in the shipping industry and aspiring to work in the industry. In 2022, 16 interns were enrolled in 6 programs in the hope of equipping young students with industrial knowledge and skills in a face-to-face manner and fostering overall competitiveness.

Post-baccalaureate Programs and Courses to Nurture New Generations

The Company teamed up with National Taiwan Ocean University and the Department of Shipping Technology of National Kaohsiung University of Science and Technology (NKUST) to continue launching post-baccalaureate merchant marine and marine engineering courses and programs. In the post-baccalaureate diverse expertise development courses and programs, professors from National Taiwan Ocean University are responsible for delivering professional shipping-specific knowledge and skills. In addition to basic shipping practices, the courses and programs even cover international conventions and maritime regulations, navigation English, navigation, and many other contents. Moreover, the students are provided with hands-on courses on engine room and bridge resource management, radar operation, etc. as well as lessons given by instructors from the industry, helping them get the big picture of marine transportation. Yang Ming also provides marine internship and service opportunities enabling students to apply what they have learned.

Yang Ming's Letters of Intent with Educational Institutions and Organizations

- Cooperation agreement signed with National Taiwan Ocean University
- Letter of intent signed with National Kaohsiung University of Science and Technology
- Cooperation agreement on seafarer talent cultivation signed with Taipei University of Marine Technology
- Letter of intent for industry-academia collaboration with National Penghu Marine & Fishery Vocational High School
- Memorandum of understanding with the Affiliated Keelung Maritime Senior High School of National Taiwan Ocean University
- Cooperation agreement with National Suao Marine & Fisheries Vocational High School
- Mariner Training Program of the Maritime and Port Bureau, Ministry of Transportation and Communications
- Memorandum of understanding for the promotion of industrial training for veterans



Marine Talent Cultivation Outcomes in 2022

- Officers: **47** students enrolled in the post-baccalaureate merchant marine and marine engineering program continuously launched by Yang Ming together with National Taiwan Ocean University in Keelung ; **18** students enrolled in the post-baccalaureate shipping technology program jointly launched by Yang Ming and the NKUST.
- Ratings: **29** students enrolled in the rating training program launched by Yang Ming and the NKUST in Kaohsiung ; **31** students participated in the rating training program jointly organized by Yang Ming and the Chinese Maritime Institute (as well as the Veterans Affairs Council) in Wanli ; **9** students enrolled in the rating training program launched by Yang Ming together with the NTUT.
- Students are provided with maritime internship opportunities. There were **38** sailing and marine engineering interns from the three maritime universities.

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■ Upgrading Industry-Academia Equipment

In 2022, the Chairman signed memorandums of understanding (MOU) for industry-academia collaboration with National Taiwan Ocean University, National Kaohsiung University of Science and Technology, the Affiliated Keelung Maritime Senior High School of National Taiwan Ocean University, and National Suao Marine & Fisheries Vocational High School, donated the latest ship maneuvering simulation equipment to National Kaohsiung University of Science and Technology, upgraded the Multi-Function Ship Handling Simulator system of National Taiwan Ocean University and donated a global maritime distress safety system (GMDSS) simulator to it. This can not only facilitate the provision of formal education and training in the future, but also equip students with more abilities and skills that prepare them to engage in the industry and workforce immediately after graduation. Also, maritime and seafarers can have better access to on-the-job training and research, boosting navigation and transportation safety and the cultivation of shipping talent.

■ Project Research

Project	Research Description
Project 1: Research on Merchant Ships' Use of Methanol Fuel	Analyze and assess the feasibility of using methanol as alternative energy for container ships in the future in the hope that the use of methanol can be taken into account for the selection of equipment for newly built vessels.
Project 2: Research and Discussion on the Ballast Water Treatment Methods Applicable to Container Ships	Analyze the cost-effectiveness and biological treatment effect of chemical agents in treating vessel ballast water.

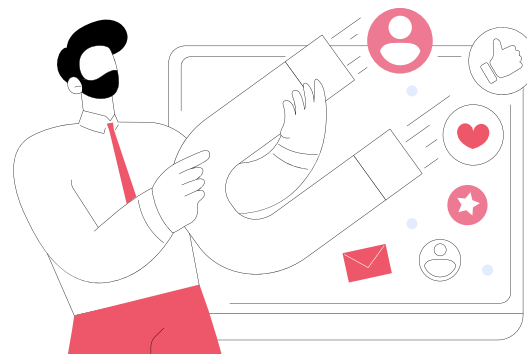
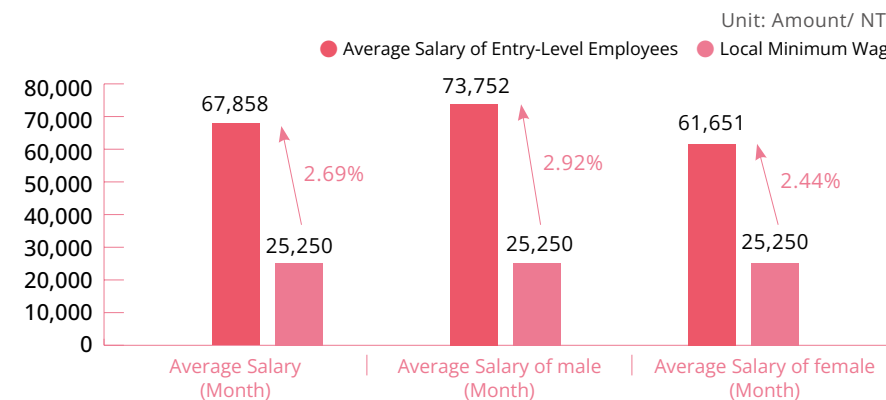


5.3 Employee Compensation and Benefits

Employee Compensation and Benefits

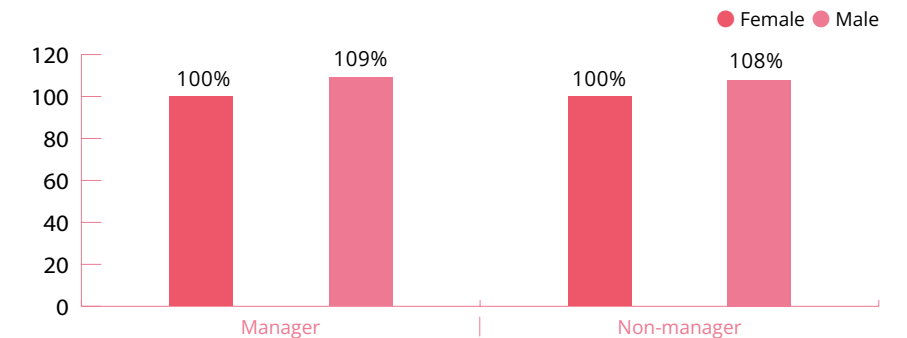
Yang Ming strives to offer highly competitive compensation and benefits to attract and retain excellent employees. The Company's overall compensation policy adheres to the philosophy of equal pay for equal work. There is no gender gap in the starting salary of entry-level employees. The basic starting salary of new hires was increased from NT\$36,000 to NT\$43,600 in 2022, growing by 21.1%. In comparison to the basic starting salary in Taiwan in 2022, which was NT\$25,250, the starting salary offered by the Company was extremely competitive in the job market. The salary of non-managerial full-time employees is published on the Market Observation Post System on time as required.

Ratio of the Standard Salary of Entry-Level Employees to the Local Minimum Wage in 2022, by Gender



Compensation Ratio

The Company always employs employees, adjusts their salary, and determines their promotion salary in accordance with the salary structure, never gives differential treatment due to gender difference, and ensures equal pay for equal work. The salary difference was mainly due to job duties, years of service, performance, and other non-gender factors.



Note: The following basic compensation ratios were derived based on the calculation formula (Standard salary of male employees in the same position/Standard salary of female employees in the same position*100%)

Average Salary of Non-Managerial Full-Time Employees and Its Difference Compared to the Previous Year

	Unit	2021	2022	Difference (%)
Total Salary of Non-Managerial Full-Time Employees	NT\$ thousand	4,182,095	4,793,161	15%
Number of Non-Managerial Full-Time Employees	Employee	1,519	1,621	7%
Average Salary of Non-Managerial Full-Time Employees	NT\$ thousand	2,753	2,957	7%
Median Salary of Non-Managerial Full-Time Employees	NT\$ thousand	2,429	2,585	6%

Note: The salary of onshore employees, seafarers and part-timers was taken into account when calculating the median salary of non-managerial full-time employees.

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Employee Rights and Benefits

Item	Description
 Life Insurance (Group Insurance)	The main purpose of “general employee group insurance” taken out in 2022 is to provide life and financial protection for employees and their families when the employees themselves and their dependents need hospitalization due to injury or illness or, unfortunately, pass away or become disabled during the employees’ service in the Company. Initially, 1,520 people were insured, with NT\$5,320,244 spent. The number of insureds may increase or decrease every month based on the number of employees.
 Trust	- Employee Stock Ownership Trust:Yang Ming offers a 30% subsidy to encourage all employees to participate in the stock ownership trust plan and purchase the Company’s shares. - Employee Savings Trust:We provide a 20% subsidy to encourage employees to build wealth over the long term by participating in the benefit fund trust plan.
 Health Check-ups	- Better frequencies than those required by law are provided, namely once per year for personnel over 40 years old and once per 2 years for those below 40 years old. - The health check-up allowance was increased to NT\$10,000. - One-day official leave is granted.
 Appropriation of Benefit Funds	The Company appropriates 1.5‰ of operating income and deducts and uses 5‰ of employees’ salary monthly as benefit funds in order for the Employee Welfare Committee to provide various benefits.
 Paid Personal /Sick Leave	In addition to the leave as required by the provisions of the Labor Standards Act, onshore employees are provided with 5 days of paid personal/sick leave each year, so that they can have flexibility when they have to go on leave. Due to the nature of the work of seafarers, relevant shore leave is provided in accordance with the provisions of the Seafarer Act.
 Flextime System	The system enables employees to adjust their working hours flexibly to not only avoid the trouble of commuting during rush hours, but also make it convenient to take care of their families or pick up their children.
 Retirement Pension	Yang Ming’s employee retirement policy has been established based on the “Labor Standards Act” and “Labor Pension Act.” The Company makes a monthly pension contribution to designated accounts to ensure the contribution and payment of employees’ pensions, thereby further encouraging their long-term service in the Company and growth with us.
 Subsidies and Allowances	Allowances in 2022 – Number of employees receiving/benefited amount invested/of the allowances - Birthday cash gift – 2,057 recipients; NTD 10,285 (thousand) - Wedding cash gift – 41 recipients; NTD 205 (thousand) - Retirement cash gift – 37 recipients; NTD 370 (thousand) - Hospitalization benefit – 68 recipients; NTD 136 (thousand) - Childbirth allowance – 24 recipients; NTD 120 (thousand) - Education allowance for employees’ children (2 times per year) – 1,094 recipients; NTD 4,763 (thousand) - Scholarship for employees’ children (2 times per year) – 162 recipients; NTD 810 (thousand)
 Wedding Gold Accessories	In order to enhance the happiness of employees’ families, Yang Ming holds an annual commemoration for the 40th, 30th, 20th and 10th anniversary of their marriages, where each family is given 22.5 grams, 18.75 grams, 15 grams, or 11.25 grams of gold accessories, respectively. In 2022, a total of 63 employees received the gold accessories.
 Preschool Center	To support the public childcare policy implemented by the government and provide a more convenient and friendly working environment for childcare for employees, the Company set up a cooperative preschool service center at the Xin Yi office building in Keelung, which was officially put into service on August 15, 2022. The preschool center enrolls preschoolers at the age of 2-6 and prioritizes the children and grandchildren of the employees. The monthly tuition is only NT\$2,000, which is the same as that of non-profit kindergartens, significantly reducing the parenting and financial burden of the employees. With the center, the employees are able to give birth to and raise children with no worries and ensure work-family balance, facilitating a childcare-friendly workplace.
 Club Activities	There were 26 clubs in 2022, including table tennis, badminton, golf, volleyball, tennis, basketball, swimming, bowling, aerobic dance, and yoga clubs.

Application for Parental Leave in 2022

Item	Female	Male	Total
Number of employees applying for parental leave eligibility in 2022	4	0	4
Number of employees applying for parental leave in 2022	4	0	4
Number of employees who should return to work from parental leave in 2022	8	2	10
Number of employees who should and did return to work from parental leave in 2022	8	2	10
Number of employees who returned to work from parental leave in 2021	15	1	16
Number of employees who returned to work from parental leave in 2021 and continued to work for one year in 2022	15	1	16
Parental leave return-to-work rate	100%	100%	100%
Parental leave retention rate	100%	100%	100%

Pension Plan

Yang Ming’s employee retirement policy has been established based on the “Labor Standards Act” and “Labor Pension Act.” The Company makes a monthly pension contribution to designated accounts to ensure the contribution and payment of employees’ pensions, thereby further encouraging their long-term service and dedication to the Company.

Transition Assistance Program for Retired or Terminated Employees

Program Content	Program Description	Number of Uses in 2022
Severance pay ^{Note}	Severance pay is given as required by law	1
Retirement consultations	Pension system and practice courses	101
Employment guidance	-	0
Resignation transition guidance program	-	0
Retired employee recruitment system	Retired employees are hired as regular/irregular employees	2

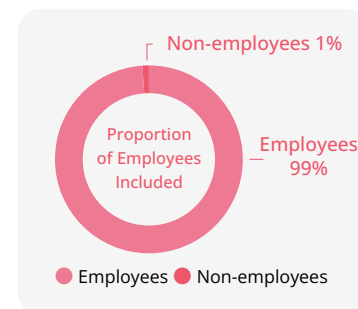
Note: As required by the "Labor Standards Act", the Company always notifies employees early before making significant operational changes that may seriously affect their rights.

5.4 Occupational Safety and Health

5.4.1 Occupational Safety and Health Promotion and Maintenance

■ Yang Ming's Occupational Safety and Health Management Policy

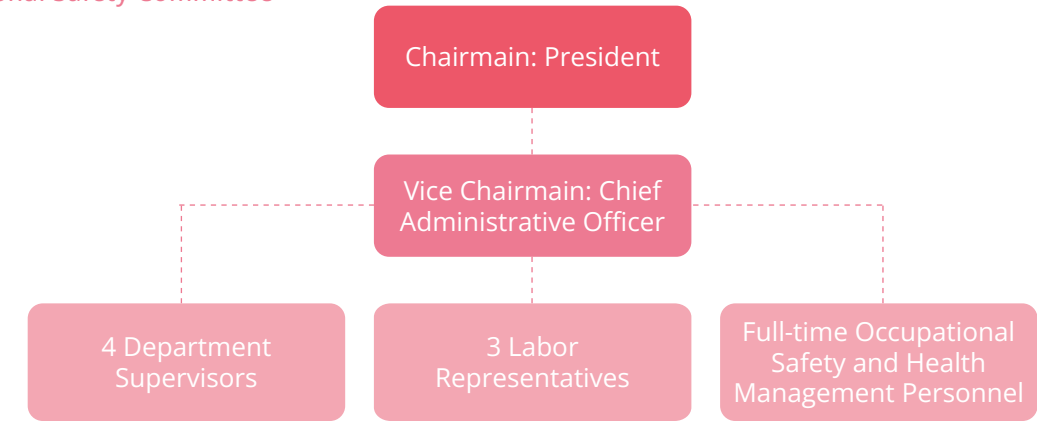
The Company offers international marine transportation services and values personnel safety, vessel safety, and cargo safety during transportation. To implement the occupational safety and health policy of “ensuring occupational safety and promoting the physical and mental health of employees,” Yang Ming was certified to ISO 45001 Occupational Health and Safety Management Systems in 2019 and became the first ISO45001-certified carrier in Taiwan. We were also certified by Taiwan Occupational Safety and Health Management Systems (TOSHMS). Relevant certificates have been disclosed on the Company's official website. The Company's occupational safety and health management system covers 100% of the Company's operations, including relevant vessel container transportation management, customer service, terminal container loading/unloading, cargo storage, and freight forwarding practices, as well as employees (99%) and non-employees (1%) in the Company's premises in Taiwan.



Occupational Safety and Health Management System Certificates

The Company set up the “Occupational Safety and Health Committee” in accordance with the Regulations of Occupational Safety and Health Management. The committee consists of 9 members who are occupational safety and health personnel, relevant department heads, and labor representatives, of which 3 are labor representatives. All safety and health performance indicators for occupational safety and health education and training, health management, and occupational disease prevention are reviewed at Occupational Safety and Health Committee meetings every quarter. In addition to giving advice on improvements and response measures, the occupational safety and health proposals presented by all departments and workers are discussed, and the results are communicated throughout the Company to improve workplace and environmental safety for the employees and facilitate healthcare.

■ Occupational Safety Committee



● Workers covered by an occupational health and safety management system

Year	Auditing Status	Number of People Covered by the Management System		Total Number of Members in the Organization		Total
		Employees	Non-employees	Employees	Non-employees	
2020	Unaudited	0	0	0	0	0
	Audited internally	1,524	4	1,524	4	1,528
	Audited or certified by external organizations	1,524	4	1,524	4	1,528
2021	Unaudited	0	0	0	0	0
	Audited internally	1,591	20	1,591	20	1,611
	Audited or certified by external organizations	1,591	20	1,591	20	1,611
2022	Unaudited	0	0	0	0	0
	Audited internally	1,664	18	1,664	18	1,682
	Audited or certified by external organizations	1,664	18	1,664	18	1,682

Note 1: The number of non-employees in 2020 and 2021 included part-timers, contracted and re-contracted employees. However, to meet the definition of non-employees under the management system, namely workers directed or supervised by responsible persons in workplaces as per Article 2 of the Enforcement Rules of the “Occupational Safety and Health Act”, the data in 2020 and 2021 was adjusted accordingly.

Note 2: To comply with the competent authority's regulations governing the reporting of accident-free work hours or work-related accidents, the data includes the number of Taiwanese seafarers on R.O.C. vessels.

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■ Work-Related Injury Statistics

The Company has spared no effort to implement field safety and health management and enhance prevention practices. Since the Keelung (Yang Ming) Container Yard started to report its accident-free work hours in 2006, there have been any work-related accidents for 16 consecutive years. As of the end of December 2022, the Keelung (Yang Ming) Container Yard’s accident-free work hours have reached 1,282,352 hours (1.282 million hours), and the number has been continuously increasing.

● Statistics on Employees' Work-Related Injuries

Year	Number of hours worked	Work-related injuries		
		Number of high-consequence work-related injuries (excluding fatalities)	Number of fatalities as a result of work-related injury	Number of recordable work-related injuries
2020	3,769,331	0	0	1
2021	3,949,132	1	0	3
2022	4,089,813	1	0	1

Note: The Statistic of work-related injuries cover all seafarers on R.O.C. vessels in accordance with laws and regulations.

● Statistics on Non-Employees' Work-Related Injuries

Year	Number of hours worked	Work-related injuries		
		Number of high-consequence work-related injuries (excluding fatalities)	Number of fatalities as a result of work-related injury	Number of recordable work-related injuries
2020	357,464	0	0	0
2021	402,384	0	0	0
2022	326,688	0	0	0

■ Information on Work-Related Accidents

According to the Group’s annual risk assessment report and result in 2022, containing information summarized from the risk assessment forms returned by all units, multiple units mentioned personnel safety risk when it came to operational risks. It was found that a majority of accidents were traffic accidents during commuting. However, there were some accidents involving operational errors that led to personnel injuries and fatalities, and most of them occurred during field operations (in container terminals/on vessels). Relevant units have come up with corresponding control measures to reduce the frequency of risk occurrence. For example, in September 2022, an injury accident occurred on one of the Company’s R.O.C. vessels as a result of a lifting operation. The injured seafarer has recovered and returned to work in the fleet. The Company has asked the entire fleet to further emphasize the safety of lifting operations. The Company’s employee disabling injury frequency rate, disabling injury severity rate, number of employees suffering serious work-related accidents, and other work-related accident indicators between 2020 and 2022 were lower than the industry’s averages.

● Absences due to Incidents

No.	Year	Total Work Hours (hrs)	Recorded Incidents Leading to Absences (Persons)			Lost time incident rate (LTIR)
			Absences Due to Serious Work-Related Accidents	Absences Due to Work-Related Fatalities	Absences Due to Work-Related Injuries	
Onshore Employees	2020	3,149,186	0	0	0	0
	2021	3,176,876	0	0	0	0
	2022	3,281,533	0	0	0	0
Seafarers	2020	717,408	0	0	0	0.00
	2021	772,256	1	0	0	1.29
	2022	808,280	1	0	0	1.24
Total	2020	3,866,594	0	0	0	0.00
	2021	3,949,132	1	0	0	0.25
	2022	4,089,813	1	0	0	0.24

Note: Lost time incident rate (LTIR) = Number of persons suffering work-related injuries ÷ Total work hours X Per million work hours.

There were no employees suffering occupational diseases and serious work-related accidents in the Company in 2022

■ Contractors’ Occupational Safety and Health Management

The Company sees contractors as important partners. To ensure the safety of their employees at work, in addition to holding coordination organization meetings, ensuring prior notification of hazards, and supervising operations in compliance with the laws and regulations related to occupational safety and health, all workplaces promote various management mechanisms to strengthen the contractors’ safety and health management. A contractor qualification review procedure has been established, where contractors are required to complete a sustainability statement and a qualification review form, as well as to abide by the laws and regulations on labor health and safety in working environments, strive to provide employees with a safe and health working environment, and organize comprehensive occupational safety and health education and training for them in order to reduce the probability of occurrence of accidents or incidents and protect the employees’ legal rights. After being evaluated by relevant units, qualified contractors are classified, and a “List of Qualified Contractors” is created. The qualified contractors in the list will be first invited by procurement departments to bid. This procedure will help procurement departments better understand contractors while improving the construction quality and safety level of contracted works in practical aspects. The Company attended 24 coordination organization meetings in 2022.

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■ Risk Assessment in Workplaces

The Company has established the “Safety and Health Risk and Opportunity Management Procedures” to carry out risk assessment in the workplace. In 2022, the Company's workplaces in Taiwan identified 147 operational items, and a total of 560 operational risks and 44 operational opportunities were assessed and reviewed throughout the Company's workplaces. The level of the risks was determined based on the risk matrix and risk rating table. There were about 3% of the items that were high-risk items in the operations, and improvement measures such as engineering control, management control, and personal protective equipment were adopted according to assessment results to reduce the level of risk to which the items were exposed from high to low. The assessment results were then submitted to the Occupational Safety and Health Committee for review and approval. The contents of risk and opportunity assessment forms are reviewed every year and used as principles for safety and health management strategies. In addition, working environment monitoring, continuous management, and tracking/assessment are also conducted.

Yang Ming is well aware that employees are an important asset for the Company and therefore endeavors to provide employees onboard and onshore with safe and healthy working environments based on risk and opportunity assessment results, comply with occupational safety laws and regulations, and formulate related operational procedures to ensure the safety and health of the employees.

● Workplace Inspection Actions

Item	Description
Drinking water equipment	- According to the Environmental Protection Administration's “Regulations Governing the Use and Maintenance of Stationary Equipment for Continuous Supply of Drinking Water,” stationary equipment installed in public or private premises for continuous supply of drinking water for the public shall be maintained or inspected by the individuals/organizations in charge of the equipment or professional vendors. The Company conducts water quality inspections in accordance with the provision. - The water source of the building is tap water, and the water dispensers installed are sampled and tested for water quality and Escherichia coli by a testing body accredited by the central competent authority every 3 months. A “water quality inspection record” is prepared according to the result and clearly pasted on each dispenser.
Air conditioning equipment	- The equipment is governed by the “Procedures for the Management and Maintenance of Electromechanical Equipment in Yang Ming's Cidu Building.” - The mesh filters of the air handling unit on each floor are cleaned once a month, and the cleaning works are recorded in the “Air Conditioning Mesh Filter Maintenance Record.” - Maintenance of water chiller units: The water chiller units are maintained and serviced by external vendors once a quarter. In the first quarter of every year, the drain clearing process is conducted, and the units undergo full maintenance at least every 3 years.
Air Quality	The Company performs CO ₂ monitoring every 6 months as required by law, and all values observed have been below the statutory threshold, ensuring a comfortable office environment for employees.
Food safety	The Company has set up the Mess Committee, undergone irregular sampling inspections by external hygiene bodies, and obtained a hygiene management rating mark in recognition of our performance.

■ Occupational Safety and Health Education and Training

Yang Ming has an occupational safety and health management plan as well as safety and health work rules in place to perform periodic inspections, prioritized inspections, operating inspections, and on-site inspections and implement employee safety and health education and training in order to ensure that every worker is familiar with the laws and regulations related to occupational safety and health, safety and health work rules, and related knowledge and skills. In 2022, 36 education and training sessions on the safety of onshore employees were organized, with 467 trainees in total.

To protect the safety and health of workers effectively, the Company arranges training based on their types of work, operating environments, and other important factors and according to the probability of risk occurrence and the level of impact on the Company's operations, including periodic retraining for the Chief Occupational Safety and Health Officer, occupational safety and health managers, and Occupational Safety Committee members, regular retraining for labor health service nurses, and training for new employees and existing employees. A total of 3 training sessions have been organized.

■ Safety Culture Enhancement

In an effort to enhance employees' safety awareness, the idea of prevention is incorporated into their daily work routine to ensure the sustainable development of the Company and achieve personnel safety, vessel safety and cargo safety. The following are our continuous efforts to promote a safety culture:

- 1.Valuing vessels' safety culture:** In 2022, to improve vessel operation safety and effectively identify dangerous areas onboard, there were 360 officers and 4 superintendents completing the Class 3 occupational safety and health manager training as of December 31, 2022, which was above and beyond what the laws require.
- 2.Continuously performing onboard emergency response exercises**
Please refer to “[5.2.2 Talent Cultivation-Seafarer Safety Management](#)” for details.
- 3.Enhancing dangerous good management in harbor areas:** Even though a dangerous good storage area has been set up in Yang Ming's container yard in Keelung, to enhance dangerous good management in operational sites and facilitate disaster prevention and emergency response, the Company has conducted education and communication on disaster prevention, thereby improving the professional competency of employees handling dangerous goods, consolidating dangerous good safety and management culture, and ensuring a sound prevention and response organization, manpower and equipment. This can allow for proper disaster control and recovery in a short period of time in order to ensure the safety of personnel, environment and property and minimize impacts. The “Dangerous Good Storage Management Plan” established in accordance with the “Regulations on Port Services at Commercial Ports” was implemented after being submitted to and approved by the Port of Keelung, Taiwan International Ports Corporation. 4 Class A dangerous goods officers and 1 Class B dangerous goods officer were also designated, more than the number required by law. The aforesaid officers should have a certificate of completion after being trained and qualified by the Maritime Port Bureau, and receive periodic retraining.

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● Communication of Information on Dangerous Goods

- ▶ Dangerous goods' hazardous properties and label identification
- ▶ Purpose of dangerous goods declarations
- ▶ Emergency response plans and case studies of abnormal incidents at terminals



Operations in harbor areas are of high risk. To maintain operational safety in the Keelung (Yang Ming) Container Yard and enhance employees' dangerous goods awareness and emergency response, the container terminal organizes regular dangerous goods training annually as well as one fire extinguishing, reporting and evacuation drill at least every 6 months to reduce the probability of fire occurrence, and unfortunately, in case of any emergency, utilize fire extinguishing equipment while effectively deploying proper manpower to quickly handle the emergency, put out the fire promptly, and minimize the damage.

Yang Ming's Workplace Occupational Safety Education/Training and Outcomes:

- 1 dangerous goods training session, with 23 trainees and at least 2 training hours per trainee.
- Designated 4 Class A dangerous goods officer and 1 Class B dangerous goods officer.
- 374 employees participated in workplace fire drills.
- 360 officers and 4 ship superintendents completed the Class 3 occupational safety and health manager training.
- 36 education and training sessions on the safety of onshore employees, with 467 trainees.

5.4.2 Health Management and Care

● Comprehensive Health Care

■ Increase of Health Checkup Frequencies and Allowance

In 2022, the Company conducted a regular health checkup for employees, where the health checkup allowance was increased to NT\$10,000, and there were 637 employees eligible for the allowance. Yang Ming also went above and beyond what the law requires by adjusting the health checkup frequencies as follows: "once per year for employees over 40 years of age; once per 2 years for those below 40 years of age" and granted an official leave, providing all employees with better health care. In addition, the health checkup was deliberately designed based on the incidence rate of the top 10 most common cancers in Taiwan, enabling the employees to choose the health checkup package that best suits them based on their individual health conditions, age and family health history. The employees rated their satisfaction with the health checkup in 2022 at nearly 5 points, almost hitting the perfect score.

After this health checkup, the employees' health risks were classified based on the level of abnormality and abnormal items in the results and tracked subsequently. As most employees participating in this health checkup were middle aged, the statistical analysis found that a higher proportion of employees were at medium or high risk of "developing cardiovascular diseases in 10 years." The analysis also indicated that a majority of employees were overweight, and this might be correlated to the global widespread of COVID-19, a substantial reduction in exercise volume, and a more unbalanced diet. Therefore, after the annual health checkup was completed, we organized the "Walk Towards Health 2022" campaign. 462 employees signed up for the campaign, of which 276 won the "Goal Achieved Award."

■ Construction of Emergency Medical Aid Mechanisms

We installed automated external defibrillators (AEDs) in our 6 premises in Taiwan, and inspect and check them regularly. Moreover, our first aider deployment is better than that required by law. As of the end of 2022, there were 51 employees who are qualified first aiders in Taiwan, and personnel retraining has been organized periodically.

■ Employment of Doctors and Nurses for Health Management and Health Promotion Activities

The Company employed 3 on-site health service doctors and 3 professional nurses as required by law to provide employees with professional health management and consultation services in corporate health management and promotion activities.

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■ Health Lectures

The Company has organized health lectures to increase employees' knowledge of health and encourage them to build good habits in life. In 2022, 25 health lectures were held, with 2,818 participants. These lectures could help boost the health culture within the Company and prompt the employees to value and pay attention to their health.

■ Employee Assistance Programs (EAPs)

The Company has been working on EAPs in collaboration with the Hsinchu City Lifeline Association to offer employees unlimited initial consultations and 4 free expert consultations and provide them with a sound support system. They can consult about problems related to marriage, family, parent-child relationships, financial management, and laws, and we will help them properly deal with the problems that affect their physical and mental health.

■ Soothing Massage for Employees

The Company actively fulfilled corporate social responsibilities by working with the Enlightenment Association for the Disadvantaged in Keelung City to offer employees a soothing massage service. This service was not only widely welcomed by the employees, but also highlighted the Company's attention to social responsibilities. In 2022, we held 89 massage sessions, participated by 1,674 employees.



■ Health Knowledge Promotion

With the aim of improving employees' health knowledge and self-management abilities, the Company shared health information with the employees from time to time via email and the Yang Ming Monthly, YM You & Me. In 2022, 11 columns about occupational safety were issued to provide the latest health knowledge and helpful management tips in order for the employees to better manage their health.

■ Onboard Telemedical Consultation Services

Yang Ming collaborated with Keelung Hospital of the Ministry of Health and Welfare in offering seafarers telemedical consultation services. All medical needs at sea are treated as Level 1 needs in ER and require professional medical doctors to give advice or determine if seafarers are in need of emergency hospitalization based on the medical suppliers and medicines on the vessel. In 2022, 134 at-sea medical consultations were carried out, providing comprehensive medical support for seafarers.

■ Flu Vaccination at the Company in Collaboration with the Qidu District Public Health Center

In support of the government's vaccination policy, Yang Ming made a request to the Qidu District Public Health Center to send medical staff to the Company to provide flu vaccination for our employees so as to protect their own health, their families, and the overall health of the Company. Headed by the Chairman, hundreds of employees waited in line for the vaccination, demonstrating their high-level determination to protect themselves and the entire organization.



Statistics of Health Promotion Activities in 2022:

- 25 health lectures, with 2,818 participants
- 8 EAPs communication campaigns and 1 seafarer EAPs communication campaign, participated by 50 seafarers
- 89 massage sessions, with 1,674 participants.
- 11 columns about occupational safety published in the Yang Ming Monthly, YM You & Me
- 134 at sea medical consultations performed

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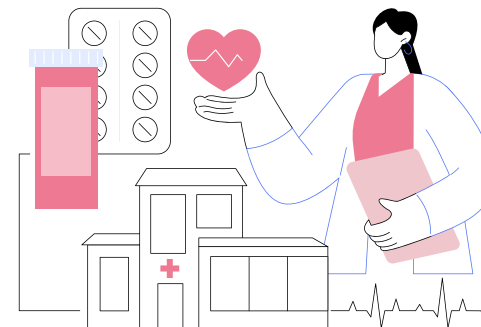
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■ Health Management Platform

The Company has established health risk classification management criteria to identify employees at high health risk based on their health checkup results. Such employees are provided with the necessary care and advice, helping them improve their health progressively. To cope with the fact that the existing manual work mode and system functions could no longer meet actual needs due to the Company's increasingly complex employee health management activities as a result of the increased number of employees, more regulatory requirements, higher health check-up frequencies, more detailed health check-ups as well as more diverse health promotion activities, the Company built an online health management platform in 2022 and planned to use this platform to help the Company achieve the following short-term/medium-term/long-term goals:

- 1. Combination with Existing Functions Related to Health Management and Promotion Activities:** Planning, reservation, activity reminder, implementation result, subsequent tracking and reminder, activity history search, and indicator analysis and comparison functions are integrated into the same platform for easy daily management, reducing manual work time and improving operational efficiency.
- 2. Post-Health Checkup Health Management:** Employees at a high level of health risk may be identified based on the default health management classification criteria and prioritized for health consultations and tracking as well as subsequent health management, replacing the manual determination process to increase operational efficiency and save work time.
- 3. Health Indicator Management:** This enables quick generation of work reports and analysis reports to make health management plans and review outcomes based on individuals or groups' health trend changes, enhancing operational efficiency and saving work time.
- 4. Health Checkup Data Input Management:** Health checkup data may be input in the specified format, reducing manual work time and boosting work efficiency.
- 5. Improvement of Health Management Services:** The convenience of use by employees e.g. making activity reservations, receiving notifications, viewing and searching personal health data, and implementing subsequent self-health management is increased, thereby building good personal health habits.

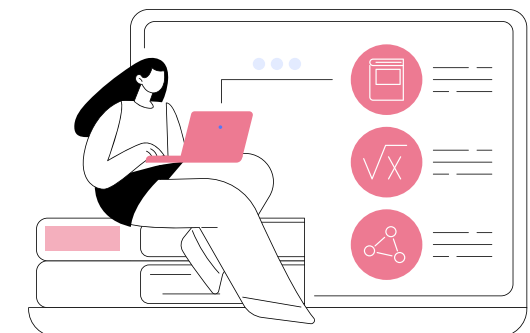


■ Implementation of the Four Hazard Prevention Plans as Required by Law

► Prevention of Ergonomic Engineering Hazard

Office operations are mainly performed in the Company's working environment, and some employees are stevedore or dockworker banksmen, signalers or workers. After the Occupational Safety & Health Office reviewed the Company's workplaces and working environments in support of the Ministry of Labor's "Ergonomic Prevention Measures," it found that the Company's employees have been subjected to potential hazards of musculoskeletal disorders and eyestrain arising from long-term computer use, and therefore, it has promoted different health promotion activities on a continuous basis ever since, including:

- Providing large monitors or dual monitors for the employees to increase eye comfort; purchasing ergonomic office desks and chairs, reducing discomfort after sitting for a long time.
- Working with on-site service doctors to launch the "Ergonomics – Walking Around Service" where the Company's employees in different regions are provided with assistance in making individual adjustments and finding the sitting posture that best suits them as well as health education; inviting physical therapists from Taipei Veterans General Hospital and Cathay General Hospital to give health lectures at the Company, sharing tips to prevent "ergonomic hazards" and providing health care advice to encourage the employees' self-care to get rid of stiffness in back muscles.
- Collaborating with the Keelung City Government and Enlightenment Association for the Disadvantaged to officially engage 9 visually-impaired massagists in November 2022 to provide massage services. Through muscle relaxation massage (20 minutes per session), employees' stress can be reduced, thereby boosting work efficiency.
- Organizing a 15-minute "Office Aerobics" session in every afternoon, where employees may choose to do aerobics (stretching) or stroll/walk around the sports field to limber up and enhance their cardiopulmonary function.



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► Maternal Health Protection

The Company engages professional medical staff to give workplace health guidance for workplace maternal protection and provide individual job suitability assessments and advice, sets up well-equipped breastfeeding rooms, and grants prenatal examination leave, paternity leave or unpaid parental leave as required by law. In 2022, 15 female employees and 2 male employees (within 1 year after their spouses' childbirth) participated in the maternal protection plan where they completed 5 face-to-face interviews with the Company's contracted doctors for hazard identification, risk assessment and job suitability assessment and were provided with health education and information during pregnancy and postpartum periods. Other maternal care actions are as follows:

- Work adjustment: If on-site service doctors determine that the work or work location of pregnant employees requires adjustments, the Human Resources Department will contact the employees concerned and adjust their work or work location.
- Flextime system: It not only allows employees to avoid the trouble of commuting during rush hours, but also makes it convenient to take care of their families or pick up their children.
- Preschool service center: Set up in 2022, the center is open for employees to send their children here, freeing them of work and life worries.
- Breastfeeding-friendly spaces: Taking the headquarters in Cidu as an example, its breastfeeding room has been ranked first in Keelung City for 6 consecutive years. The breastfeeding room is equipped with an exclusive sink, a baby-bottle steam sterilizer, a breast milk fridge, and a baby bottle cleaning detergent. What's more, in consideration of the fact that the low temperature duration during winter in Keelung is relatively longer, heating equipment and blankets are also provided, and exclusive hangers are available for female employees to hang their clothes, offering them a heartwarming and stress-free breastfeeding environment.



► Prevention of Illegal Infringement

The Company has established the “Procedures for Sexual Harassment Prevention, Whistleblowing and Punishment” to protect the individuality/dignity and personal freedom of the Company’s workers, job seekers, and business counterparties, provide a working environment free of sexual harassment, and adopt proper preventive, corrective, and punishment measures against sexual harassment incidents. To prevent the occurrence of sexual harassment incidents, promotion posters have been pasted in the Company’s offices and public premises to raise gender equality awareness throughout the Company. The Human Resources Department is responsible for communicating and delivering sexual harassment prevention knowledge and skills to ingrain the concept of gender equality in the Company. The seed staff for sexual harassment prevention communicates relevant prevention measures from time to time to internal departments, and the Marine Department is responsible for communicating the measures to seafarers.

In investigating a sexual harassment complaint involving onshore employees, the complaint should be submitted to the Sexual Harassment Complaint Handling Committee for arbitration. If the complaint of sexual harassment is substantiated after the arbitration, it should be presented to the Human Resources Committee to determine the punishment in accordance with the Reward and Punishment Procedures for the Company’s Onshore Employees. If a complaint of sexual harassment involving seafarers is substantiated after arbitration, it should be presented to the Seafarer Arbitration Committee to determine the punishment pursuant to the Reward and Punishment Procedures for Seafarers or the employee contract or the agreement with the seafarer agency. **In 2022, there were no illegal infringement and sexual harassment incidents involving onshore employees and seafarers.**

Onshore Employees	Seafarers
1,407 people completed the online “gender equality and sexual harassment prevention” propaganda course in 2022, with a test pass rate of 91.13%.	● Before boarding, seafarers are provided with training courses, including what EAPs are, what they cover, and how to utilize them. ● The “Illegal Infringement in the Workplace (Covering Sexual Harassment Prevention)” lecture and EAPs communication campaign (2 hours) held during the onshore large-scale officer training on December 19, 2022 was participated by 50 employees.

► Prevention of Diseases Caused by Abnormal Workload

According to the Ministry of Labor’s guidelines, the Company has formulated the “Plan for Prevention of Diseases Caused by Abnormal Workload” for the Company’s workplaces with over 100 employees. To ensure more accurate control of employees’ cardiovascular health conditions, Yang Ming has collaborated with health checkup hospitals to calculate the employees’ incidence of cardiovascular diseases in 10 years based on their health checkup results. We schedule health consultations with doctors for employees at higher risk, where they need to complete a 10-year cardiovascular disease risk assessment form and are given proper advice. Subsequently, health promotion activities are organized, including health lectures, weight loss classes, health-related physical fitness activities, and nutrition education lectures, allowing the employees to make their lives healthy and reduce their health risks.

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Navigator for Local Communities

Community Care and Social Welfare Activities.

Highlights

- Sponsorships totaled around NT\$52 million
- Launched a program to sponsor excellent athletes, where a total of 32 athletes engaged in 8 types of sports were sponsored in 2022
- The YM Oceanic Culture & Art Museum organized 20 activities with 28,225 participants and released 3 publications.
- 21 environmental education classes, with 1,024 participants and up to 2,261 tons of waste reduction.



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6.1 Yang Ming's Community Care Strategies

Yang Ming has been dedicated to promoting ocean cultures and education and supporting the development of local communities. With “enhancing social participation to give back to society” as one of our sustainable development strategies, we demonstrate our empathy while developing our business, work with government organizations, charities, academic organizations, and NGOs in support of humanitarian and charitable aid, value the education and development of young people and students, offer education subsidies, expand the seafarer manpower pool, and donate important practical teaching equipment required for professional seafarer training to maritime schools. Furthermore, in line with the sports policies implemented by the government, the Company sponsors excellent athletes and those with potential. Yang Ming also actively facilitates community development to encourage the promotion of local cultures. Yang Ming “spreads” happiness to society, cares for more communities, and heads toward the future of sustainable development.

Sponsorship Type



Humanitarian and charitable aid About NT\$12 million

Yang Ming has provided support for international emergency relief organizations (for wars, refugees) and domestic social welfare organizations. The Company encouraged onboard and onshore employees to support the year-end donation campaign of Yang Ming's welfare club to put kindness into action and collect and provide physical resources to organizations for the vulnerable in Taiwan. In 2022, a total of 779 employees participated in the campaign and made donations to up to 19 charities.



Sponsorship of sports events, promotion of local cultural activities About NT\$5 million

In 2022, the Company sponsored the organization of the Citizens Sports Games and actively assisted the government in the location where the headquarters is located in promoting cultural activities e.g. by supporting the organization of the Keelung Fairy Tales Festival and Keelung City Expo in 2022. Different ocean education and promotion activities were organized through the YM Oceanic Culture & Art Museum to give knowledge of the cultures of Keelung Port. The YM Oceanic Culture & Art Museum also put out calls for shipping- and ocean-themed picture book submissions to convey and give knowledge of the shipping industry and the idea of a sustainable ocean and donated picture books to the elementary schools and junior high schools in Keelung City for the promotion of ocean cultures/education and local cultures.



Industry-academia collaboration and teaching equipment donation About NT\$35 million

We encouraged young people and students to enter the ocean shipping sector by offering scholarships to enrich our marine talent pool. Important teaching equipment required for professional seafarer training was donated to maritime schools at all levels to bridge the gap between education and employment and jointly develop maritime talent.



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Onboard Sailing from Keelung to the World

2022, about **13,710** visits



Sustainability x Environment

- Yang Ming's call for and promotion of ocean friendliness-themed picture books

2022/01/01-10/31

38 pieces/promoted to **400** people

- Goods Re-Thinking - Obsolete Ship Part Recycling Project

2022/09/30-2023/02/28

6,065 visits

- Ocean Fishing Exhibition

2022/03/08-05/25

507 visits

- World Oceans Day

2022/06/01-06/08

60 visitors participating in the carbon reduction program

- ITRI Augmented Reality Interactions

2022/10/14

3,020 visitors participating in the interactions

- Indigenous People Bulau: The Earth's Natural Handicrafts Exhibition

2022/05/26-09/30

5,697 visits

Workshop(Wreath) on 2022/07/09

45 participants (2 sessions)

Workshop(Shellflower) on 2022/08/20

25 participants



Society x Engagement

- Searching the Seaport for 26 hours!

2022/04/22~(Continuing)

142 teams / **426** participants

- Love & Life, KEELUNG 2022

2022/10/08-10/09

5,201 participants

- First Bank Green Financial Education Center X YM Oceanic Culture & Art Museum "Carbon Reduction Leader" Summer Camp

2022/07/06, 2022/07/13, 2022/07/20, 2022/07/27, 2022/08/03

200 participants (5 sessions)



Publications

- Publication of the first-prize ocean friendliness-themed picture book in 2022
- Promotion of the first-prize picture book in 2022 in school
- Publication of Seaside Stories - Life of Workers at Keelung Port



Social Welfare x Care

- Keelung Mid-Summer Ghost Festival 2022

1,200 visits

(Co-organizer offering the square as an event venue)

- 2022 International Day of Persons with Disabilities

in Keelung **520** visits (Offering museum visits)



Education x Promotion

- Seafarer Activities for Kids

2022/04/11~(Permanent exhibition) **547** families

participating in the activities / **1,094** visits

- Together, We Experience Art

2022/05/25 **13** teachers participating in the event

- The Port City - Keelung - Step Keelung Port by Stamps during

2022/12/09~(Permanent exhibition) **1,122** visits

- International Museum Day

2022/05/18-05/22 **22** participants

- Creation of a digital archive and social media posts for collections

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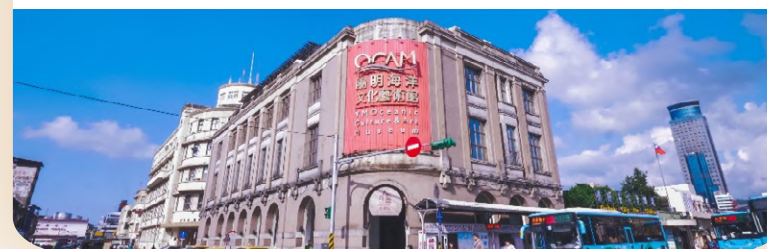
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Promotion of Ocean Cultures and Connection with Local Communities

Inaugurated in 1915, the building of the YM Oceanic Culture & Art Museum, subordinate to the Yang Ming Cultural Foundation, has carried the memories and seaport stories of carriers and seafarers during the long-term historical development of ocean transportation at Keelung Port. The YM Oceanic Culture & Art Museum was founded at the end of 2004. It has put years of development efforts in local communities and actively invited local organizations' engagement for connection and co-creation. It has been over a year since the Keelung 1915 YM Oceanic Culture & Art Museum was renovated and started anew in 2021. By launching experiential activities well designed for different communities and combined with shipping knowledge in a friendly and funny way, people are deeply connected with the land of Keelung. We hope that this can build local consensus, create a sense of identity, boost the cultural competence of people in the communities, give knowledge of shipping and life on the sea, offer the chance to experience seaport cultures, and attract attention to ocean sustainability issues, preserving historical memories for Keelung. The foundation will continue to convey Yang Ming's ESG values and ocean cultures to the public in diverse and creative ways and implement social welfare activities.



Flea Market Event in 2022

Since 2010, Yang Ming has followed the tradition continued for years and organized an internal anniversary charitable flea market at the end of every year. Our employees have actively donated items for charity sales. In 2022, 1,785 items were received and traded at the market to make the best use of items that were still useable to realize the idea of environmental protection by cherishing what we have and fully putting environmental protection into practice. This year, we also invited the "Taoyuan City Merry House Social Welfare Foundation," "Genesis Social Welfare Foundation," "Gofe Sheltered Workshop," "Victory Kitchen of Taipei City Victory Social Welfare Foundation," "I can LOHAS Workshop of Taipei Autism Children Social Welfare Foundation" and other charities to the charitable flea market in the hope of encouraging our employees to purchase the products of the charities for support through the event.

Thanks to the fervent support and purchases by the employees in the flea market, there were 664 items sold, including the ship models sold at an online auction and the company gifts available for sale onsite. This year's charitable proceeds totaling NT\$209,518 along with the year-end charitable donations from our employees were donated to the organizations for the vulnerable in need through the Huashan Social Welfare Foundation in continuation of Yang Ming's care for society so as to inject positive energy into more charities and jointly grow with the society.



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Ballast Water Animation and 365-degree Panoramic View of Container Ships

In 2022, the YM Oceanic Culture & Art Museum teamed up with the Industrial Technology Research Institute (ITRI) to integrate a model of the latest 2,800 TEU container ship, "YM Continent," in the museum with the "interactive transparent display augmented reality technology" supported by the Ministry of Economic Affairs and developed and designed by the ITRI and integrate the marine environment sustainability issues that Yang Ming values into the design to transform static displays into dynamic interactions. Such digital technology delivers an unprecedented visiting experience to visitors and successfully simplifies abstruse ESG issues. The container ship model displayed in the museum has been 3D modelled and a smart touch display is installed by the physical ship model. People can feel free to touch the virtual ship model in the display by zooming in or out to view the container ship from all angles. With the description in the 3 animations and 3 games, a clear understanding of the basic structure and equipment of merchant ships can be given. Through dynamic data combined with marine ecology images, the 3D 365-degree panoramic animations introduce how ballast water keeps large cargo vessels balanced without overturning on the rough sea and what environmental protection measures should be adopted to maintain marine ecology.



Love & Life, KEELUNG

To celebrate the opening of the National Square in front of the Keelung 1915 YM Oceanic Culture & Art Museum, the museum that is also located by the port organized the Love & Life Bazaar, musical performances, and multiple themed tours supported by local organizations, introducing the culture and life at Keelung Port to participants from various perspectives. During the two-day event, the museum extended its opening hours and people could visit the museum for free. The event attracted a total of over 5,201 participants.



Searching the Seaport for 26 hours!

The ocean is tied closely to the history of this city. Every line influences the movement of people in Keelung Port. As tides come and go, the hustle and bustle of the city is ongoing. The shipping stories occurring in Keelung are also the stories of people in this city. The YM Oceanic Culture & Art Museum worked together with Clubon to release the real escape game, "Searching the Seaport for 26 hours!". The game combined the exhibitions in the museum and the spots outside the museum to guide tourists through the downtown attractions in the west coast of Keelung Port, including the Harbor Building, commission store block, and Chenghuang Temple, enabling them to complete tasks while getting introduced to Keelung and the shipping industry! With a movie-like storyline loved by young people, the game engaged young players in exploring, from the museum to Keelung Port, to complete team tasks, successfully leading them into the museum in a game-playing manner.



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Goods Re-Thinking - Obsolete Ship Part Recycling Project Exhibition

80% of the world's daily necessities and cargo trading relies on marine transport. After huge container vessels reach the end of their lives, the steel hull plates removed therefrom can be melted and recycled. Ship parts, old instruments and equipment, and obsolete materials are still of value. Shui-Yan Yang, a designer good at hardware creation, finds multiple possibilities and imaginations for using waste container ship parts in life, successfully integrating shipping into life and delivering the sustainability value of waste material recycling. Important container ship parts are cleverly hidden in every piece of artwork. In this exhibition, visitors could learn about special parts on container ships from recycled works and know their features and applications. From the sketches of the designer, the visitors could slowly come up with various imaginations about objects on the sea and get to know more about and observe them with different approaches. The visitors could therefore start to pay attention to environmental protection issues from an industrial perspective and discover the recyclability of waste items.



Seafarer Activities for Kids - A Day in the Life of a Seafarer

The "A Day in the Life of a Seafarer" activities designed exclusively for parents and children are integrated with games designed based on Yang Ming's ESG elements. Through interactive games involving driving a container trailer and stacker, lifting containers, and mooring a ship with ropes, they can enjoy parent-child interactions, know Keelung Port by "playing", and understand what it is like to work onshore at the port dock. These games also help promote the features of Keelung and convey Yang Ming's determination to facilitate ocean sustainability. The children who complete these games receive a certificate of honor and a limited edition Yang Ming souvenir to give them a sense of honor. The activities are thus popular among parents and children. A total of 547 families, totaling 1,094 people, participated in the activities.



Environmental Classroom

The Yang Ming Cultural Foundation collaborated with First Bank in organizing the "Carbon Reduction Leader Summer Camp" to jointly promote environmental sustainability issues through a cross-industry alliance. An ESG trend course was organized specifically for students for the first time. The course was combined with various activities, including games, board games, exhibition visits, and port cruises. As the environment is changing, sustainable development has become a common language for all. The camp provided environmental education from an industrial perspective to deliver synergy benefits and give the public an understanding of how to promote a zero carbon environment and life at all levels, from individuals to industries! From the top 2 industries to how to find a balance between economy and environmental sustainability, the camp also designed courses exclusive for the children who want to experience and learn about various jobs, are newborns to international trading, and care about the future of the Earth.



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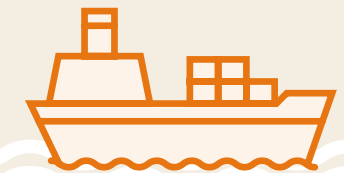
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Call for and Promotion of Ocean Friendliness-Themed Wordless Picture Books in Schools in 2022

About 8 million tons of garbage flow into the sea every year. Humans' lack of knowledge about ocean conservation will cause unprecedented disasters for the Earth and ocean. Yang Ming relies on the ocean for operation and is well aware of the impact of ocean pollution on the environment, society and economy. We hope to convey the importance of ocean conservation through child education. The Yang Ming Cultural Foundation worked together with the Bureau of Environmental Protection, Keelung City, to promote the ideas of ocean sustainability and environmental protection. A call for illustrations combined with "telescope," "clock," and "vessel" elements was held to publish a picture book related to ocean protection issues. Well-known picture book authors were also invited to come up with the story. A publishing house was then engaged to publish the picture book. In October 2022, which was the month of ocean conservation, the foundation invited Sky Nien, a well-known children's picture book author, and suyu, the first-prize author, was invited to read the new picture book, Listen, the Ocean is Singing! to help children follow the steps of the main girl character in the book to find ways to stop ocean pollution, engaging the readers in taking action to protect the ocean. In 2022, the published picture books were sent to 7 elementary schools in Keelung City for the promotion of ocean friendliness-themed wordless picture books, ingraining the ideas of ocean sustainability and environmental protection in children.



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- (Column) Sports Promotion to Light Up Hope

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Ocean Cleanup in Collaboration with Azure Alliance to Contribute to Biodiversity Preservation

The Ellen MacArthur Foundation, a foreign authoritative research foundation, warned in its report that there are currently 1.5 trillion tons of garbage in the ocean and about 8 million tons of garbage flow into the ocean every year around the world, which could reach a height equivalent to over 200 Taipei 101s if piled up. If no action is taken, such an enormous amount of ocean plastic garbage will double by 2030; if no change is made, there will be more garbage than fish in the ocean by 2050. The ocean is not only the origin of marine life, but also carries the past, present, and future of Taiwan. The ocean is the “foundation of Taiwan,” and import/export shipping trading is one of the key pillars of Taiwan's economic growth. While offering high-quality transportation services, Yang Ming bears the responsibility for implementing environmental protection and engaging in ocean protection and sustainability. In response to the UN's SDG 14 - Life below Water, the Company has dedicated itself to engagement in marine environment conservation and cleaning activities. There are currently 220 fishing ports around Taiwan. However, due to a severe lack of cleaning equipment and failure in proper management, the garbage accumulated in the harbor may flow into the ocean when the wind direction changes. In 2022, the Company teamed up with the Azure Alliance to implement a marine environment cleanup project. With the Azure Alliance's “Ocean Trash Collector - Marine Vacuum Cleaner” creates a key line of defense that effectively prevents the flow of garbage from the land into the ocean, removes the floating ocean trash in the harbor, and introduces systematic solutions so as to bring back cleanness to the ocean. Each Marine Vacuum Cleaner can remove about 200 kilograms of ocean garbage from the ocean in one day and prevent about 52 metric tons of garbage from entering the ocean annually. Through smart technology, the goal of taking concrete actions to reduce ocean garbage was achieved. The garbage salvaged from the ocean was sorted, and some plastic objects were recycled and turned into practical desks and chairs, which are provided to Bitou Elementary School, forming an ocean waste recycling chain and giving plastic garbage that causes ocean pollution a second life. The promotion of corporate sustainability actions relies on the engagement of all employees. The Company also invited the staggered participation of all employees in education courses and programs where the Azure Alliance's professional lecturers delivered environmental education and training to the participating employees and guided them through the onsite operation of the Marine Vacuum Cleaner and beach cleanups, allowing the employees to understand the marine environment and technology applications. Actual participation in the onsite activities helped foster the vocation of every employee for environmental sustainability actions and engage them in jointly creating a more sustainable and bluer future for the coastal environments in Taiwan.



In 2022, a total of **21** education courses along with beach cleanups were organized



1,024 participants



Cleaning up an area of **0.261** hectare



Removing up to **2.2616** tons of garbage

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6.1 Yang Ming's Community Care Strategies
(Column) Promotion of Ocean Cultures and Connection with Local Communities
(Column) Ocean Cleanup in Collaboration with Azure Alliance to Contribute to Biodiversity Preservation
(Column) Sports Promotion to Light Up Hope

Appendix

Column

Sports Promotion to Light Up Hope

Yang Ming takes seriously the health of employees. We have encouraged them to build good exercise habits outside of work to maintain their physical and mental health and provided them with health checkups and club allowances. By organizing various health lectures and encouraging the employees to be more engaged in physical fitness activities, Yang Ming has become an "iSports enterprise" certified by the Sports Administration, Ministry of Education. To create social co-prosperity and deliver care to the community, the Company has planned the cultivation of young and excellent professional athletes with potential in Taiwan through long-term fixed-amount sponsorships since 2021. The Company hopes that the investment of corporate resources can facilitate the professional training and career development of players and enable more new sports stars to concentrate on training in a worry-free environment in order to cope with more different challenges and strive for better results in competitions.



Results of Sports Promotion in 2022



NT\$1,728,000 sponsorships
for 32 athletes



NT\$2,000,000 sponsorship
for the Citizens Sports Games 2022



NT\$1,500,000 sponsorship
for the Chinese Taipei Football Association
in support of domestic sports development.



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Independent Assurance Statement

Statement No.: C601159-2022-AG-TWN-TAF
Issued date: 18 May, 2023
Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2022) of

YANG MING MARINE TRANSPORT CORPORATION

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by YANG MING MARINE TRANSPORT CORPORATION (hereafter "the Organization") to perform a verification of the greenhouse gas statements of Greenhouse Gas Inventory Management Report (2022) (hereafter the "Inventory Report") in Taiwan, ROC with respect to the sites listed in Appendix A. The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization. The further descriptions for the Reporting Boundary listed in Appendix B and C.

Verification Criteria and GHG Programme
The verification was performed on the basis of ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2013, ISO14064-3:2019

Verification Statement
It is DNV's opinion that the Inventory Report (2022), which was published on April 2023 (Ver. 1), is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches:
- For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2022) were verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was verified and tested using agreed-upon procedures, AUP, defined in Inventory Report.

Also, the GHG information as stated in Appendix B and C has been verified during the process.

Chun-Nan Lin
GHG Verifier



Place and date:
Taipei, 18 May, 2023



For the issuing office:
DNV Business Assurance Co., Ltd.
25th, No. 293, Sec. 2, Wenhsia 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 cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV ZNAIW-OP-F50, Rev.10, 2023-2

Independent assurance statement of Greenhouse Gas Inventory Management Report(2022)-01



Statement No.: C601159-2022-AG-TWN-TAF
Place and date: Taipei, 18 May, 2023
Page 2 of 2

Supplement to Statement

Process and Methodology
The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

Quantification of Greenhouse Gas Emission
The Inventory Report covering the period 1st January, 2022 to 31st December, 2022, it is DNV's opinion that 100% GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification
☐ Financial Management Control ☒ Operational Management Control ☐ Equity Share

GHGs Verified
☒ CO₂ ☒ CH₄ ☒ N₂O ☒ HFCs ☒ PFCs ☒ SF₆ ☒ NF₃

Quantification of GHG emissions in Direct and Imported Energy Indirect Emission Source: (tonnes CO₂e)

Site	Direct Emissions (Category 1)	Imported Energy Indirect Emissions (Category 2)	Total
Yang Ming Marine Transport Corp. Cidu Headquarter	105.4426	1,284.6651	1,390.1077
Yang Ming Marine Transport Corp. Keelung Sinyi Building	8.8517	770.0474	778.8991
Keelung Container Terminal	241.1864	661.4455	902.6319
Yang Ming Marine Transport Corp. Taiwan Business Department	12.1238	160.9593	173.0831
Yang Ming Marine Transport Corp. Taichung Branch	4.4602	24.3501	28.8103
Yang Ming Marine Transport Corp. Taichung Wuqi Office	1.6016	16.1029	17.7045
Yang Ming Marine Transport Corp. Kaohsiung Branch	82.7827	433.0498	515.8325
100 Ships	4,033,843.1155	7,849.7892	4,041,692.9047
Total	4,034,299.5445	11,200.4093	4,045,499.9538

Quantification of other indirect emissions

Category	Subcategory	tonnes CO ₂ e
Transportation (Category 3)	CDP1 Upstream transportation and distribution	2,841.8597
	CDP6 Business travel	214.1480
	CDP7 Employee commuting	635.7890
Products used by organization (Category 4)	CDP2 Capital goods	211,555.1204
	CDP2 Fuel and energy-related activities (not included in Scope 1 or 2)	380,181.1398
	CDP5 Waste generated in operations	112.1725
The use of products from the organization (Category 5)	CDP13 Downstream leased assets	52,501.2755
	Total quantified greenhouse gas emissions in Category 3 & 5	648,041.4950

* Unless other indicated, the Indirect Emissions was calculated based on 2021 electricity emission factor of 0.509 kg CO₂-e/kwh, which was announced by Bureau of Energy, Ministry of Economic Affairs. The Global Warming Potential (GWP) defined in IPCC AR5 (2014) has been choose and correctly referred by the Organization.

Verification Opinion ☒ Unmodified

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 cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV ZNAIW-OP-F50, Rev.10, 2023-2

Independent assurance statement of Greenhouse Gas Inventory Management Report(2022)-02



Independent assurance statement

Scope and approach

Yang Ming Marine Transport Corporation ("Yang Ming" or "the Company") commissioned **DNV Business Assurance Taiwan** ("DNV") to undertake independent assurance of the 2022 ESG Report (the "Report") for the year ended 31 December 2022.

We performed our work using DNV's assurance methodology VeriSustain™, 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 2021.

The Report also incorporated the relevant sustainability reporting guidelines, such as Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, Marine Transportation SASB Standards, and TCFD.

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 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 was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV provides a range of other services to Yang Ming, none of which constitute a conflict of interest with this assurance work. This is the 7th year that we have provided assurance.

DNV'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 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;
- 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 2022 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, we tested transportation from these sources to the report.
- An independent assessment of Yang Ming reporting against the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021).
- The verification was conducted based only on the Chinese version Report.

¹ The VeriSustain protocol is available on [dnv.com](https://www.dnv.com)

Independent assurance statement of 2023 Sustainability Report

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GRI 2: General Disclosures 2021				
2-1	Organizational details		About the Report About Yang Ming	004 008
2-2	Entities included in the organization’ s sustainability reporting		About the Report	004
2-3	Reporting period, frequency and contact point		About the Report	004
2-4	Restatements of Information		About the Report	004
2-5	External assurance		About the Report	004
2-6	Activities, value chain and other business relationships		About Yang Ming	008
2-7	Employees		5.2 Talent Recruitment and Cultivation	106
2-8	Workers who are not employees		5.2 Talent Recruitment and Cultivation	106
2-9	Governance structure and composition		2.1 Corporate Governance Blueprint	044
2-10	Nomination and selection of the highest governance body		2.1 Corporate Governance Blueprint	044
2-11	Chair of the highest governance body		2.1 Corporate Governance Blueprint	044
2-12	Role of the highest governance body in overseeing the management of impacts	Risk management	2.1 Corporate Governance Blueprint 2.4 Risk Management	044 053
2-13	Delegation of responsibility for managing impacts		2.1 Corporate Governance Blueprint	044
2-14	Role of the highest governance body in sustainability reporting		2.1 Corporate Governance Blueprint	044
2-15	Conflicts of interest		2.1 Corporate Governance Blueprint	044
2-16	Communication of critical concerns		1.1 Sustainable Development Policy and Governance Structure 2.1 Corporate Governance Blueprint	020 044
2-17	Collective knowledge of the highest governance body		2.1 Corporate Governance Blueprint	044
2-18	Evaluation of the performance of the highest governance body		2.1 Corporate Governance Blueprint	044

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2-19	Remuneration policies		2.1 Corporate Governance Blueprint	044
2-20	Process to determine remuneration		2.1 Corporate Governance Blueprint	044
2-21	Annual total compensation ratio		Omitted as the highest annual total compensation which is the organization’s confidential information should not be disclosed in accordance with the Company’s salary confidentiality policy	
2-22	Statement on sustainable development strategy		About Yang Ming	008
2-23	Policy commitments	Corporate governance and integrity management/Risk management	2.1 Corporate Governance Blueprint	044
2-24	Embedding policy commitments	Corporate governance and integrity management/Implementation and performance of sustainability strategies (self-defined topic)	About the Report 2.1 Corporate Governance Blueprint	004 044
2-25	Processes to remediate negative impacts		1.4 Material Topic Identification Process and Management Approaches	031
2-26	Mechanisms for seeking advice and raising concerns	Corporate governance and integrity management	2.2 Ethical Management	048
2-27	Compliance with laws and regulations	Legal compliance	2.3 Legal Compliance Governance and Internal Audit System	049
2-28	Membership associations	Implementation and performance of sustainability strategies (self-defined topic)	About Yang Ming Membership of Associations	008 / 012
2-29	Approach to stakeholder engagement		1.3 Stakeholder Communication	028
2-30	Collective bargaining agreements		5.1 Human Rights Statement and Diverse Communication Channels	103
GRI Disclosure	Disclosure Description (GRI/Self-defined)	Corresponding Material Topics in 2023 (13 Topics in Total)	Corresponding Chapter	Page
GRI 3: Material Topics 2021				
3-1	Process to determine material topics		1.4 Material Topic Identification Process and Management Approaches	031
3-2	List of material topics		1.4 Material Topic Identification Process and Management Approaches	031
3-3	Management of material topics		1.4 Material Topic Identification Process and Management Approaches	031

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GRI 200 Series: Economic Topics				
GRI 201 Economic Performance 2016				
201-1	Direct economic value generated and distributed	Management strategies and operational performance	Operating Performance and Financial Governance	010
201-2	Financial implications and other risks and opportunities due to climate change	Climate change governance strategies	2.5 Climate Change Governance Strategies	057
201-3	Defined benefit plan obligations and other retirement plans	Employee compensation and benefits	5.3 Employee Compensation and Benefits	114
GRI 202 Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee compensation and benefits	5.3 Employee Compensation and Benefits	114
202-2	Proportion of senior management hired from the local community	Talent recruitment and cultivation	5.2 Talent Recruitment and Cultivation	106
GRI 203 Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported		(Column) Ocean Cleanup in Collaboration with Azure Alliance to Contribute to Biodiversity Preservation	130
GRI 204 Procurement Practices 2016				
204-1	Proportion of spending on local suppliers		2.6 Supply Chain Management	064
GRI 205 Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	Corporate governance and integrity management	2.2 Ethical Management	048
205-2	Communication and training about anti-corruption policies and procedures	Corporate governance and integrity management	2.2 Ethical Management	048
205-3	Confirmed incidents of corruption and actions taken	Corporate governance and integrity management Legal compliance	2.2 Ethical Management 2.3 Legal Compliance Governance and Internal Audit System	048 049
GRI 206 Anti-competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Legal compliance	2.3 Legal Compliance Governance and Internal Audit System	049
GRI 207 Tax 2019				
207-1	Approach to tax		Operating Performance and Financial Governance	010
207-2	Tax governance, control, and risk management		Operating Performance and Financial Governance	010

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GRI 300 Series: Environmental Topics				
GRI 302 Energy 2016				
302-1	Energy consumption within the organization	Energy resources use and consumption	3.2 Energy Use and Consumption	075
302-3	Energy intensity	Energy resources use and consumption	3.2 Energy Use and Consumption	075
302-4	Reduction of energy consumption	Energy resources use and consumption	3.2 Energy Use and Consumption	075
302-5	Reduction in energy requirements of products and services	R&D and investment in low-carbon technologies	3.4 R&D and Investment in Low-Carbon Technologies	080
GRI 303 Water and Effluents 2018				
303-3	Water withdrawal		3.6 Wastewater/Sewage Discharge Management	083
GRI 304 Biodiversity 2016				
304-2	Significant impacts of activities, products, and services on biodiversity		3.7 Biodiversity	083
GRI 305 Emissions 2016				
305-1	Direct (Scope 1) GHG emissions		3.3 Greenhouse Gas and Emissions	078
305-2	Energy indirect (Scope 2) GHG emissions		3.3 Greenhouse Gas and Emissions	078
305-3	Other indirect (Scope 3) GHG emissions		3.3 Greenhouse Gas and Emissions	078
305-4	GHG emissions intensity		3.3 Greenhouse Gas and Emissions	078
305-5	Reduction of GHG emissions		3.3 Greenhouse Gas and Emissions	078
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		3.3 Greenhouse Gas and Emissions	078
GRI 306 Waste 2020				
306-2	Management of significant waste-related impacts		3.5 Waste Disposal and Ship Demolition and Recycling	081
306-3	Waste generated		3.5 Waste Disposal and Ship Demolition and Recycling	081
306-4	Waste diverted from disposal		3.5 Waste Disposal and Ship Demolition and Recycling	081
306-5	Waste directed to disposal		3.5 Waste Disposal and Ship Demolition and Recycling	081
GRI 308 Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria		2.6 Supply Chain Management	064
308-2	Negative environmental impacts in the supply chain and actions taken		2.6 Supply Chain Management	064

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GRI 400 Series: Social Topics				
GRI 401 Employment 2016				
401-1	New employee hires and employee turnover	Talent recruitment and development	5.2 Talent Recruitment and Cultivation	106
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee compensation and benefits	5.3 Employee Compensation and Benefits	114
401-3	Parental leave	Employee compensation and benefits	5.3 Employee Compensation and Benefits	114
GRI 403 Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	Occupational safety and health	5.4 Occupational Safety and Health	116
403-2	Hazard identification, risk assessment, and incident investigation	Occupational safety and health	5.4 Occupational Safety and Health	116
403-3	Occupational health services	Occupational safety and health	5.4 Occupational Safety and Health	116
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health	5.4 Occupational Safety and Health	116
403-5	Worker training on occupational health and safety	Occupational safety and health	5.4 Occupational Safety and Health	116
403-6	Promotion of worker health	Occupational safety and health	5.4 Occupational Safety and Health	116
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety and health	5.4 Occupational Safety and Health	116
403-8	Workers covered by an occupational health and safety management system	Occupational safety and health	5.4 Occupational Safety and Health	116
403-9	Work-related injuries	Occupational safety and health	5.4 Occupational Safety and Health	116
403-10	Work-related ill health	Occupational safety and health	5.4 Occupational Safety and Health	116
GRI 404 Training and Education 2016				
404-1	Average hours of training per year per employee	Talent recruitment and cultivation	5.2 Talent Recruitment and Cultivation	106
404-2	Programs for upgrading employee skills and transition assistance programs	Talent recruitment and cultivation Employee compensation and benefits	5.2 Talent Recruitment and Cultivation 5.3 Employee Compensation and Benefits	106 114
404-3	Percentage of employees receiving regular performance and career development reviews	Talent recruitment and cultivation	5.2 Talent Recruitment and Cultivation	106
GRI 405 Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	Talent recruitment and cultivation	5.2 Talent Recruitment and Cultivation	106
405-2	Ratio of basic salary and remuneration of women to men	Employee compensation and benefits	5.3 Employee Compensation and Benefits	114

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GRI 406 Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken		5.1 Human Rights Statement and Diverse Communication Channels	103
GRI 407 Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		5.1 Human Rights Statement and Diverse Communication Channels	103
GRI 408 Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor		5.1 Human Rights Statement and Diverse Communication Channels	103
GRI 409 Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		5.1 Human Rights Statement and Diverse Communication Channels	103
GRI 412 Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments		5.1 Human Rights Statement and Diverse Communication Channels	103
412-2	Employee training on human rights policies or procedures		5.1 Human Rights Statement and Diverse Communication Channels	103
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		2.6 Supply Chain Management	064
GRI 413 Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs		(Column) Ocean Cleanup in Collaboration with Azure Alliance to Contribute to Biodiversity Preservation	130
GRI 414 Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria		2.6 Supply Chain Management	064
414-2	Negative social impacts in the supply chain and actions taken		2.6 Supply Chain Management	064
GRI 416 Customer Health and Safety 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Navigation and transportation safety	4.1 Navigation and Transportation Safety	086
GRI 418 Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information security and customer privacy	4.3 Information Security and Customer Privacy	097

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Sustainability Disclosure Topics & Accounting Metrics

Code	Accounting Metric	Category	Unit of Measure	Corresponding Chapter	Page
Greenhouse gas emissions					
TR-MT-110a.1	Gross global Scope 1 emissions	Quantitative	Metric tons	3.3 Greenhouse Gas and Emissions	078
TR-MT-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	3.3 Greenhouse Gas and Emissions	078
TR-MT-110a.3	(1) Total energy consumed, (2) percentage heavy fuel oil, (3) percentage renewable	Quantitative	Gigajoules (GJ), percentage(%)	3.2 Energy Use and Consumption	075
TR-MT-110a.4	Average Energy Efficiency Design Index (EEDI) for new ships	Quantitative	CO ₂ (grams)/tons-nautical miles	3.2 Energy Use and Consumption	075
Air Quality					
TR-MT-120a.1	Air emissions of the following pollutants: (1)NOx (excluding N ₂ O), (2)SOx, (3)particulate matter (PM ₁₀)	Quantitative	Metric tons(t)	3.3 Greenhouse Gas and Emissions	078
Ecological Impacts					
TR-MT-160a.1	Shipping duration in marine protected areas or areas of protected conservation status	Quantitative	Number of travel days	3.7 Biodiversity	083
TR-MT-160a.2	Percentage of fleet implementing ballast (1)water exchange and (2) treatment	Quantitative	Percentage(%)	3.7 Biodiversity	083
TR-MT-160a.3	Number and aggregate volume of spills and releases to the environment	Quantitative	Number, cubic meters(m ³)	3.7 Biodiversity	083
Employee Health and Safety					
TR-MT-320a.1	Loss time incident rate (LTIR)	Quantitative	Rate	5.4 Occupational Safety and Health	116
Business Ethics					
TR-MT-510a.1	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International’ s Corruption Perception Index	Quantitative	Number	2.2 Ethical Management	048
TR-MT-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting Currency	2.2 Ethical Management	048

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Code	Accounting Metric	Category	Unit of Measure	Corresponding Chapter	Page
Accident and Safety Management					
TR-MT-540a.1	Number of marine casualties, percentage classified as very serious	Quantitative	Number, percentage(%)	5.4 Occupational Safety and Health	116
TR-MT-540a.2	Number of conditions of class or recommendations	Quantitative	Number	2.3 Legal Compliance Governance and Internal Audit System	049
TR-MT-540a.3	Number of port state control (1) deficiencies and (2) detentions	Quantitative	Number	2.3 Legal Compliance Governance and Internal Audit System	049

Activity Metrics

Code	Activity Metric	Category	Unit of Measure	Supplementary Information	Corresponding Chapter	Page
TR-MT-000.A	Number of shipboard employees	Quantitative	Number	Pure data	5.2 Talent Recruitment and Cultivation	106
TR-MT-000.B	Total distance traveled by vessels	Quantitative	Nautical miles	Pure data	Global Operating Layout	009
TR-MT-000.C	Operating days	Quantitative	Days	Pure data	Global Operating Layout	009
TR-MT-000.D	Deadweight tonnage	Quantitative	Thousand deadweight tons	Pure data	Global Operating Layout	009
TR-MT-000.E	Number of vessels in total shipping fleet	Quantitative	Number	Pure data	Global Operating Layout	009
TR-MT-000.F	Number of vessel port calls	Quantitative	Number	Pure data	Global Operating Layout	009
TR-MT-000.G	Twenty-foot equivalent unit (TEU) capacity	Quantitative	TEU	Pure data	Global Operating Layout	009



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