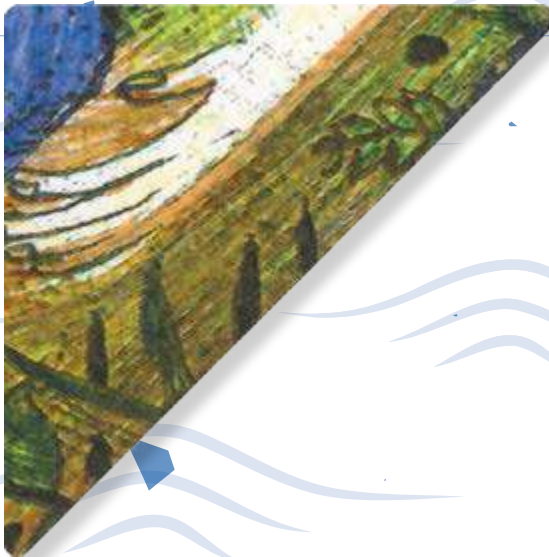
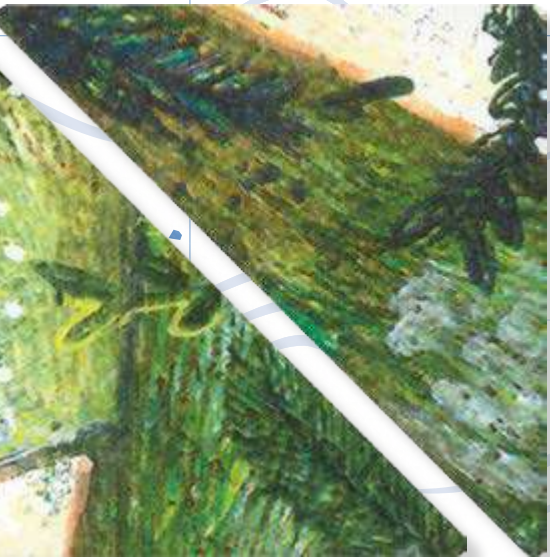
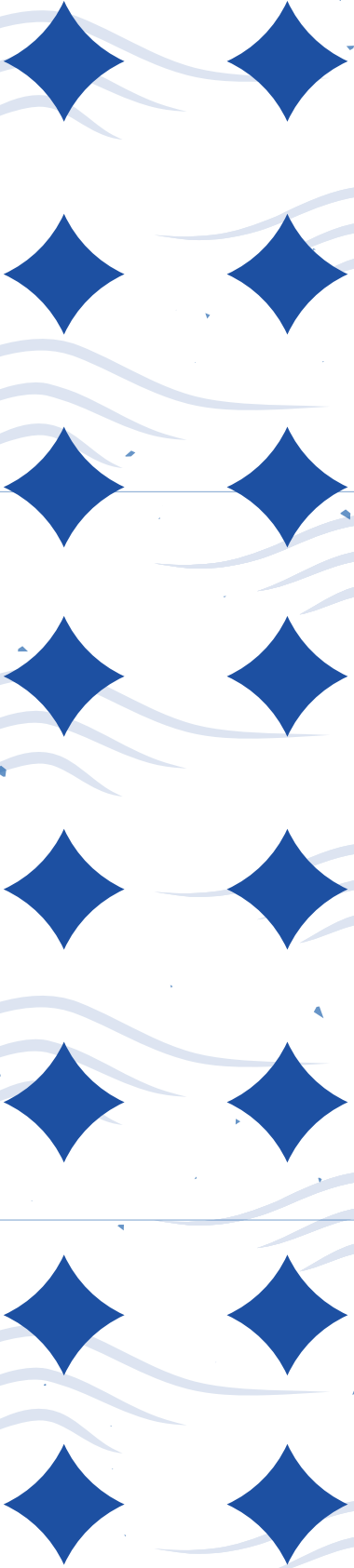
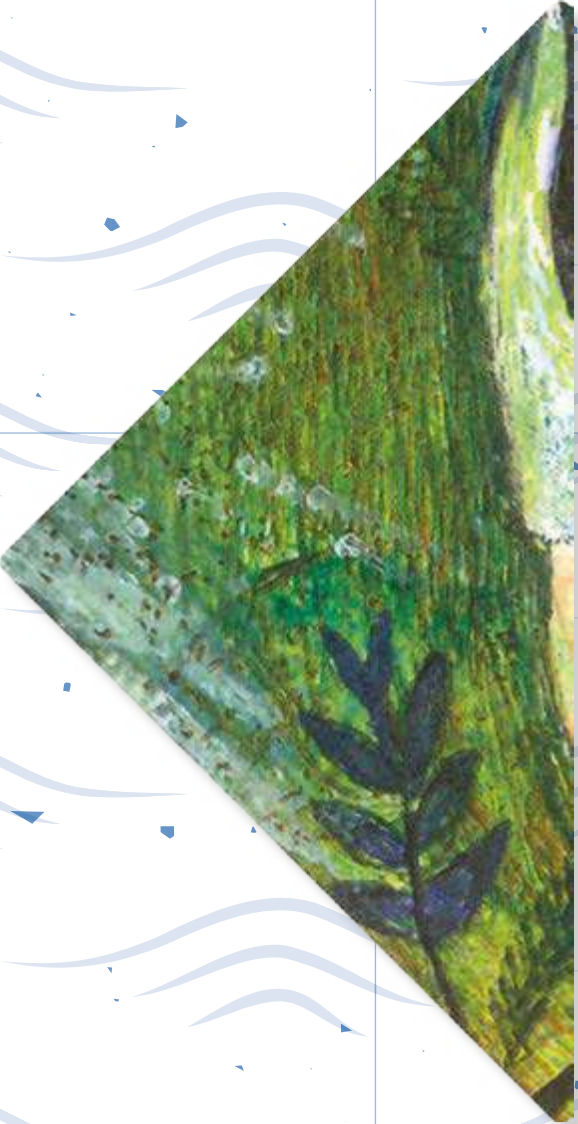
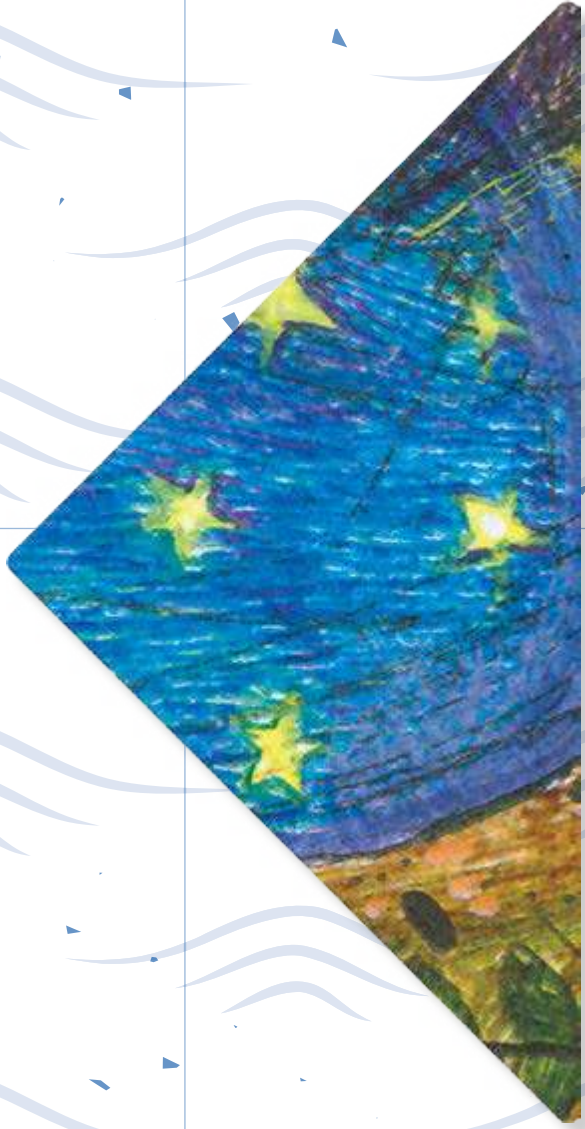


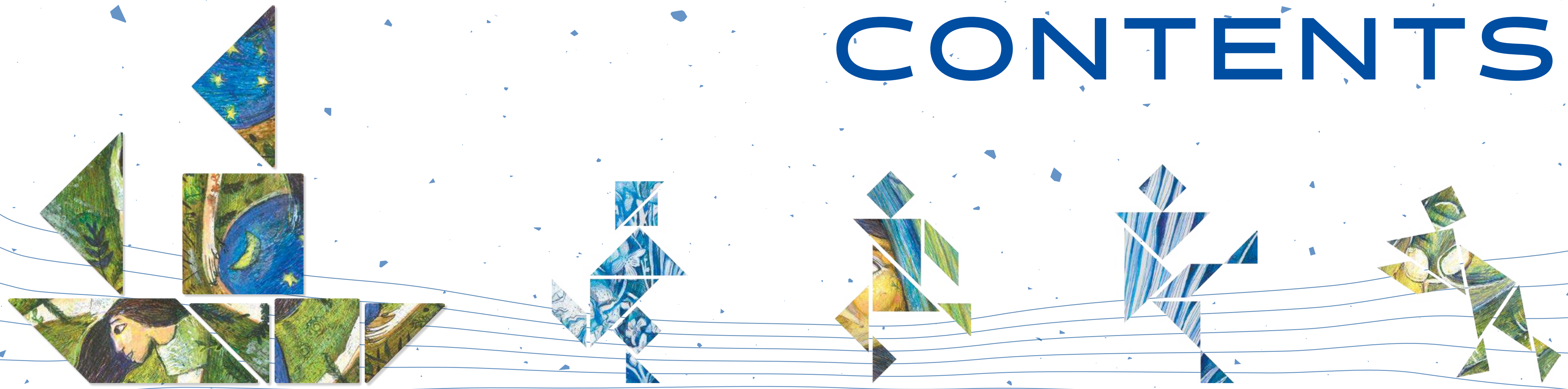
# 2022

## SHIH WEI NAVIGATION

### Sustainability Report



# CONTENTS



## About this Report

## Value Creation

## Sustainable Management

## Environmental

## Social

## Governance

## Appendix

Content	1	1.1 Company Profile	10	2.1 Sustainable Management Structure	26	3.1 Green Shipping	41	4.1 Happy Workplace	70	5.1 Governance Structure	116	GRI Content Index	147
About this Report	2	1.2 Business Performance	19	2.2 SDGs Sustainability Visions and SDGs	27	3.2 Climate Change Mitigation	45	4.2 Human Rights Management	89	5.2 Integrity Management	127	TCFD Disclosure Recommendations	157
Message from Top Management	5			2.3 Material Topics Analysis	28	3.3 Climate Change Adaptation and Climate Risk Management	52	4.3 Occupational Safety and Health Management	91	5.3 Risk Management	130	SASB Index (Marine Transportation)	158
				2.4 Stakeholder Engagement	34	3.4 Water Stewardship	58	4.4 Customer Relations	101	5.4 Ship Safety Management	133	Independent Assurance Opinion Statement	162
				2.5 Participation in Public Associations	37	3.5 Waste Management	60	4.5 Social Care and Investment in Public Welfare	102	5.5 Supply Chain Management	137		
						3.6 Air Pollutant Management	63	Special Report Column 1	109	5.6 Information Security Management	144		
						3.7 Protection of Marine Ecology	64	Special Report Column 2	111				

# About this Report

## GRI :

- 2-1
- 2-2
- 2-3
- 2-4
- 2-5

Shih Wei Navigation Co., Ltd. (Stock Code: 5608, hereinafter referred to as Shih Wei Navigation) has been upholding its corporate policies of “Safety of Lives, Safety of Ships, Safety of Cargoes, and Safety of Environments” in the implementation of its corporate social responsibility and sustainable development. Through public information disclosure, the corporate vision of sustainable management turns into actions. Shih Wei Navigation published its first Sustainability Report in 2021 for the establishment of good communication with all its stakeholders.

Our third Sustainability Report with the theme of “Achieving Common Good, Navigating to Net Zero” emphasizes on how much we care about the impacts on economy, the environment and human rights as well as our stakeholders. We are determined to join hands with all the stakeholders to promote green shipping, fulfill the corporate social responsibility, and step toward sustainable corporate development.

The contents of this Report were provided and compiled by all the departments. To ensure the accuracy and to meet the expectations of the stakeholders, the contents have been confirmed by the members of the Sustainable Report Editorial Team and approved by department heads then the Chairwoman before publication. Shih Wei Navigation presents to all stakeholders its endeavor and specific actions and performance in sustainable development and implementation of ESG in a responsible manner.

## Scope and Boundaries of Reporting

The boundary of this Report covers the scope of information of corporate governance and social information of the Headquarter and its subsidiaries. The reporting of environmental information is focused on the Headquarter and the fleet of its subsidiaries. In addition, the financial information is based on the consolidated statement of the 2022 Annual Report. Unless otherwise specified, the calculations were all in NT dollars. The reporting period of this Report is from January 1 to December 31, 2022. To present the medium- and long-term performance and the changes as well as trends of some topics, relevant data and figures for the years 2020 and 2022 could be included. This is our first Sustainability Report verified by an external third party, greatly increasing the quality and credibility of the disclosure. Some errors in the data in previous years have been corrected in this Report. Please refer to the notes in the tables.



[Shih Wei Navigation 2022 Annual Report](https://www.swnav.com.tw/en/investors/shareholders-meeting)

<https://www.swnav.com.tw/en/investors/shareholders-meeting>



## Internal Audit and Editorial Management Procedures

### Data collection

1. Hold a kick-off meeting and set the axis and outline of the report.
2. Establish an editorial team to write and compile the content.
3. Collect data.
4. The departments responsible for the data conduct data review.

### Compilation and review

1. The editorial team compiles the first draft of the report.
2. The editorial team members make discussions and review.
3. Review and revise the content.
4. The department heads review the content.

### External verification and art editing

1. External verification is conducted.
2. Graphic design is conducted.

### Review & approval and publication

1. The report is reviewed and approved by the Chairwoman before publication.
2. Report to the board of directors after publication.

## Compilation Standards and Guidelines

The Administration Department is in charge of the cross-departmental Sustainable Report Editorial Team coordination. The team is to collect, via multiple channels, the sustainability topics in regard to the economic, environmental, and social dimensions of the shipping industry. Through internal workshops, representatives from all the departments and the executives jointly evaluate the internal and external impact of the sustainability topics, integrate the viewpoints of the stakeholders and identify material topics related to the Company through systemic analysis. Management approaches and performance data are collected based on the topics identified, and the collected data are submitted to the department heads and the Chairwoman for review. Finally, the results are disclosed to the stakeholders and information users.

Issued by	Standards and Guidelines followed
Global Sustainability Standard Board, GSSB	GRI Universal Standards 2021
International Sustainability Standards Board, ISSB	SASB Standards - Marine Transportation
Financial Stability Board, FSB	Task Force on Climate-related Financial Disclosures, TCFD
United Nations, UN	Sustainable Development Goals, SDGs
Taiwan Stock Exchange Corporation, TWSE	<ul style="list-style-type: none"> <li>■ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</li> <li>■ Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies</li> </ul>

## External Assurance

The financial information in this Report is quoted from the annual financial report audited and assured by CPAs from KPMG. The data and statistics of the fleet's GHG emission are calculated based on the figures from the verification letters, issued by ClassNK, for IMO - Ship fuel oil consumption. The relevant international certificates are obtained and valid in regard to environmental protection and safety management (see [Chapter 3 Green Shipping](#)). This Report has passed the external verification by Bureau Veritas Certification (Taiwan).

## Release Schedule

Starting from 2023, Shih Wei Navigation will release its Sustainability Report of the previous year by the end of June.

- Current edition: June 2023
- Previous edition: September 2022
- Next edition: June 2024

## Unit of Currency

The financial information is presented in New Taiwan Dollars (NT\$), and the exchange rate is based on that in the Company's financial statement.



## Contact Information

For any advice on the content of this 2022 Sustainability Report, please contact us at any time. Your valuable opinions enable us to forge ahead. The contact information is as follows.



### Contact

SHIH WEI NAVIGATION CO., LTD. -  
Administration Department



### TEL

+886-2-8712-1888#225



### Address

Fusing N. Road 167 16F, Song-Shan  
District, Taipei 105403, Taiwan, R.O.C.



### E-mail

esg@swnav.com.tw



### Contact Us

<https://www.swnav.com.tw/en/contact-us>



### Shih Wei Navigation official website

<https://www.swnav.com.tw/en>



### Corporate sustainability

<https://www.swnav.com.tw/en/sustainability/esg/download>



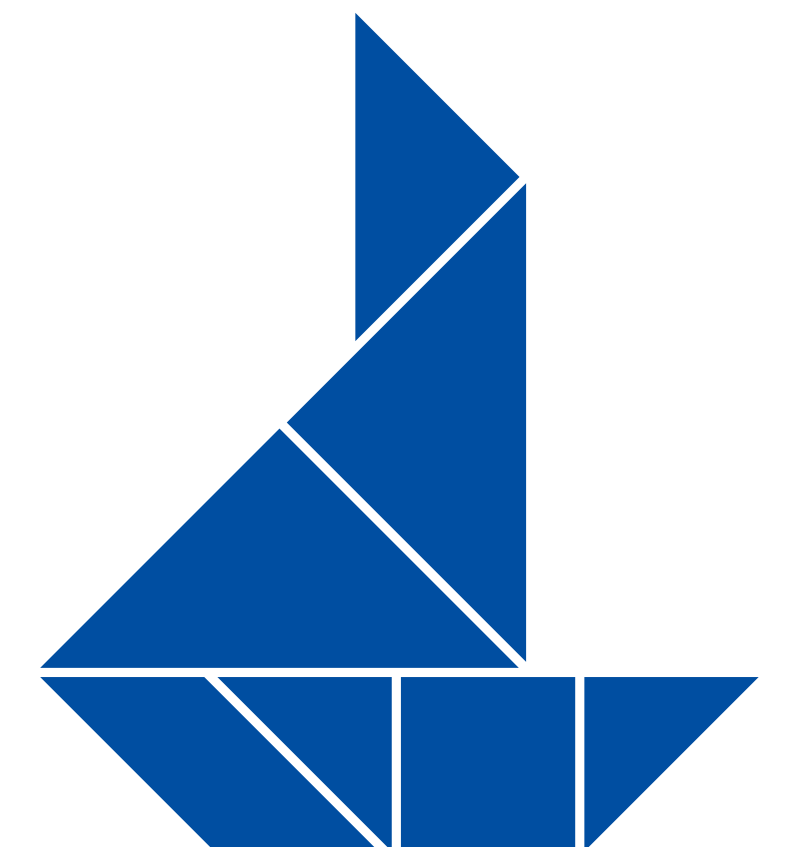
### Investor services

<https://www.swnav.com.tw/en/investors/revenue>



### Stakeholders

<https://www.swnav.com.tw/en/stakeholders>



# Message from Top Management

GRI :

2-22

The renowned English writer and art critic, John Ruskin, once said, “When we build, let us think that we build forever.” An enterprise is like a building, it all lies in soundness and resilience. Every step taken is to stabilize the foundation, and the time and costs invested determine the persistence of an enterprise on its philosophy and its influence. In terms of the implementation of ESG, Shih Wei Navigation takes every single step in a down-to-earth manner. With sustainable management as the core concept, a high-quality corporate culture is shaped. In addition, we also stimulate our cooperative partners to grow with us by exercising our influence, striving for the pursuit of sustainable development, aiming at protecting generations to come.

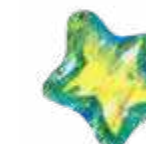
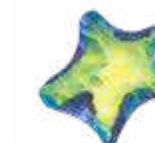
Shih Wei Navigation makes stepwise effort in creating an ESG culture of “starting from every little thing”. Through diverse methods, we promote our ESG concept step by step for the employees to naturally internalize it and improve their literacy. For example, we set the goal of the cleaning a mountain or a beach once a year for the employees to participate in. Such activity would enable them to understand the importance of maintaining the ecological environment as well as allow them to get out of the busy routine life and get close to nature for physical and mental balance. In terms of setting the sustainable development strategies, the impacts on the economy, environment and human are also included in the operating strategies. Such strategies are also incorporated into the material topic. We believe that only by ensuring the effective link between the sustainable development strategies and the Company’s operating goals, and by taking into account transparency, integrity, and resilience can the long-term competitive advantages be maintained. In the future, we will continue to pay attention to both domestic and international development trend and make stepwise adjustment of the sustainable goals to align with the international standards. Shih Wei Navigation was ranked 21%-35% in the 2022 (9th Round) Corporate Governance Evaluation of TWSE-listed companies, a significant improvement compared with the result of 36%~50 % in the 8th Round Corporate Governance Evaluation in 2021, showing that we are moving toward the right direction.

2022 was a crucial year for Shih Wei Navigation to promote ESG. Shih Wei Navigation’s EPS stood at NT\$6.8, the second highest ever in company’s history. To ensure long-term business operation, the cash capital increase was utilized to increase working capital and improve the financial structure, so as to reduce the financial and operational risks and solve the problems such as excessive financial leverage. Such strategy would bring positive benefit of strengthening our competitiveness, improving the operating efficiency, and securing the shareholders’ and creditors’ rights. In addition, to respond to the global trend of carbon reduction and circular economy as well as to fulfill the sustainable goals of the Company, we make use of excess funds to invest in a green energy company, Thermolysis Co., Ltd., whose core business is on recycled carbon fiber and high value carbon material technology. With such investment we hope to contribute our part in green energy and carbon reduction.

Under the pressure of global trend of net zero emissions, relevant regulations and the customer demands are all affected. Therefore, in regard to fleet management, in the face of the requirements in the new regulations of Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII), we have completed relevant preparations in accordance with the SEEMP (Ship Energy Efficiency Management Plan) Part III by the end of 2022 to facilitate the calculation and declaration of the 2023 CII rating in 2024 for statement of compliance by the flag state. It is also scheduled to introduce ISO 14064-1:2018 organization level greenhouse gas inventory in 2023, aiming at obtaining the external verification of the parent company in 2024 and the external verification for the subsidiaries in 2025.

In terms of supply chain management, the concept of local procurement continues. The carbon footprint of the overall supply chain is reduced as much as possible and high-quality suppliers that prioritize the safety of cargo delivery are selected. In addition, the suppliers’ performance in the aspect of environment and human rights are also included in the criteria for supplier evaluation. We look forward to joining hands with our cooperative partners in the reduction of environmental and social impact.

It is Shih Wei Navigation’s indispensable duty to create diverse and inclusive labor relations and improve the well-being of employees and the working environment. We established the human rights policy in the end of 2022 to not only protect the rights of our employees but also be aware of whether our cooperative partners comply with human rights norms. During the outbreak of COVID-19



# Message from Top Management

GRI :

2-22

pandemic, we cooperated with the government's vaccination policy and encouraged our employees to receive vaccination by providing incentives. We also encourage our employees and their family members to actively donate blood in exchange of compensatory leave for the sake of public welfare.

Due to the characteristics of the shipping industry, there is no specific community base to maintain or operate. However, it is our belief that through the participation in public welfare projects to help remote communities can we not only fulfill our corporate social responsibility but also involve our employees in the cycle of common good to create a win-win situation. Therefore, we deem the "public welfare organizations/the disadvantaged groups" are one of our important stakeholders. In 2022, we reached out to many aspects in terms of social welfare. Other than the continuous cooperation with the "After School Association of Taiwan" for one of their afterschool bases in remote area, we also expanded our cooperation with other corporate partners. Together with "Kang Hsuan Educational Publishing Group" and the "Eastern Publishing Co., Ltd.", we donated dictionaries and picture books respectively to the kids from the After School Association. In addition, we also supported the smallholders and purchased the fruits and donated them to the bases of After School Association of Taiwan around Taiwan as the Moon Festival presents. We joined hands with other corporate partners for the common good and supported the schoolchildren in the bases of After School Association of Taiwan.

I was honored to be invited to be the lecturer in the NTOUer Inheritance & Innovation Lecture to share my experience and business philosophy in the shipping industry. I also encouraged the students to keep improving themselves personally and professionally and learn beyond the established social framework.

Every issue of our Sustainability Report records the growth of Shih Wei Navigation. There is still so much to be done in the face of various ESG issues, and it may require more time and efforts. However, every action we take, every move we make, and the courage we pluck up and belief we hold on to shape we are, and that will have influence on ourselves, on our families, and even on more communities.

At the end of 2022, the CBD COP15 reached a historic agreement to protect at least 30 percent of the planet's land and water by 2030. However, many species have disappeared from the earth. The recently released ecological documentary, Good Morni MIT, which took 17 years of painstaking camera work to film the life cycle of salamander, a species of the same period as dinosaurs. Although salamanders often hide under small stones, they are the epitome of the evolutionary history. Every species has its extraordinary features, and the disappearance of every tiny species reminds us that the disappearance of any species could leave serious impact on our environment. Therefore, before making any decision, may we be wise enough to stop, think, and listen, and take into account the following generations while meeting the needs of the present. This may change ourselves, the environment, and even the destiny of the communities. When we keep the concept of sustainable development in the deep consciousness, we may get to have more unified ideas, and the social atmosphere may become more stable. We also aim at aligning with international benchmark companies and creating Shih Wei Navigation a more promising and internationalized enterprise.

Chairwoman & President

**Shin-Chyi Lan**





## Goals for 2030

- To achieve stable earnings of the Company and share profits
- To strengthen the business performance of the core business in the shipping industry and that in the subsidiary, Dancewoods Hotel, for the enhancement of our industrial competitiveness

## Corresponding Sustainability Topics

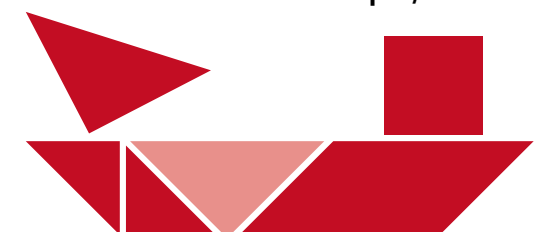
- **Economic Performance**
- Tax Policy

Note: Highlighting with background color and bold font indicates Material Topics

<p><b>Material Topics Management</b></p>	<p>The financial performance of a corporation’s business is not only the foundation for its sustainable development but also the indicator stakeholders care about most. To fulfill the corporate sustainability while at same time taking into account the social inclusion and environmental sustainability, Shih Wei Navigation aims to construct a high-quality corporate governance mechanism to create economic value in a stable manner.</p>
<p><b>Material Topic</b></p>	<p>■ Economic Performance</p>
<p><b>Impacts</b></p>	<p>To ensure the long-term operational development of Shih Wei Navigation, cash capital increase is conducted to increase the working capital and improve the financial structure for the purpose of lowering the financial risks and solving problems such as excessive financial leverage, enhancing the competitiveness and improving operational performance, which will bring positive impact on the shareholders equity and the creditors. The excess funds are also used to invest in green tech companies, R&amp;D of recycled carbon fiber, high-quality carbon materials and green energy technologies in hope of the positive benefits they can bring in the future.</p> <p>The profit of the Company increased in 2022, and the surplus was distributed to relevant stakeholders. However, the factors of international financial situation, tight financial policy, high interest rates caused by inflation, Russo-Ukrainian War, and the impact of China’s anti-pandemic policy on economy may all bring negative impacts.</p>
<p><b>Policy Commitments</b></p>	<ul style="list-style-type: none"> <li>■ Implement corporate governance and provide high-quality services on the premise of maintaining the environment and promoting social inclusion to achieve stable earnings and share profits</li> <li>■ Comply with relevant financial laws and regulations and maintain good economic performance management for continuous improvement of the Company’s operating performance</li> <li>■ Strategic alliance: Establish strategic cooperation with peers on the cost side to generate economies of scale for cost reduction</li> <li>■ Increase the vessel utilization: Renew the contract of the leasing business model at an appropriate timing to reduce the ballast distance and the lay-up status of ships to achieve the highest operating efficiency</li> <li>■ Increase fundraising and reduce the ratio of borrowing</li> </ul>
<p><b>Management System</b></p>	<p>Shih Wei adopts a sound and complete management system to ensure safe operation. Please refer to Chapter 5 Corporate Governance for details. The President and the supervisors at all levels in the Business Department are those in charge of business performance.</p>



<p><b>Specific Actions</b></p>	<ul style="list-style-type: none"> <li>■ Sell old vessels and those whose market shrank</li> <li>■ Strengthen ship management performance to lower operating losses</li> <li>■ with peer companies to create economies of scale in terms of procurement and maintenance for cost reduction</li> <li>■ Equip ships with speed limiters and fuel consumption detectors for the enhancement of carbon reduction performance</li> <li>■ Organize relevant training courses to increase professionalism of our associates</li> </ul>
<p><b>Metrics and Targets</b></p>	<ul style="list-style-type: none"> <li>■ Continue to achieve stable earnings of the Company and share profits</li> <li>■ Continue to serve as the bulk cargo fleet as the business goal, replace the old fleet, optimize the operation and cargo carrying capacity of vessels, and enhance operational performance to improve the competitiveness</li> </ul>
<p><b>Evaluation Methods</b></p>	<ul style="list-style-type: none"> <li>■ The Finance Department balances the books on time, analyzes the monthly operating performance, and discusses directions for improvement with the managers and various departments</li> <li>■ The Head Office has designated a full-time contact window to explain the financial and business status to shareholders and investors. The employees and stakeholders can also make complaints to the Business Department through this channel</li> <li>■ The cash capital increase plan has been conducted to lower the financial risks and solve the problems such as excessive financial leverage. The board of directors makes assessment of investment risks in accordance with the relevant regulations of the government and the Financial Supervisory Commission (FSC)</li> <li>■ The annual financial report has been verified by a CPA firm</li> <li>■ Relevant proposals (such as economic distribution) are discussed and resolved by the functional committees and the board of directors</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<p>Relevant stakeholders include Employees, Customers, Shareholders and other Investors, and Public Welfare Groups/ Disadvantaged Groups. Please see <a href="#">2.4 Stakeholders Engagement</a> for details.</p>



# 1.1 Company Profile


## 1.1.1 Overview of Shih Wei Navigation

Shih Wei Navigation Co., Ltd. operates as a drybulk ship owners engaging in the shipping transportation, shipping agency, ship leasing, and trading. Established in March 1985, the Company was approved to trade its stocks on Taipei Exchange (TPEX) on July 3, 2001, thereafter listed on Taiwan Stock Exchange (TWSE) on August 25, 2003.

The Company adheres to the policy of “ensuring safety of lives, ships, cargos, and environments.” At its establishment in 1985, the Company acquired the 5,000 DWT log carrier, ‘MV Tien Wei,’ carrying bulk and general cargo from Taiwan to Southeast and Northeast Asia. In the same year, the company joined the Log Carriers Group of the Association of Shipping Services, R.O.C., carrying Malaysian logs to Taiwan and Japan. In 1998, delivery of 72,000 DWT Panamax bulker from the shipyard, ‘MV Giant Pescadores’. In the same year, the company joined the Bulk Cargo Committee of the Association of Shipping Services, R.O.C. As of December 31, 2022, The Company and its subsidiary companies operate a total of 34 vessels of various types, with an average age of approximately 10 years. We’re a domestic shipping company with a diverse fleet. In the future, we’ll expand, enhance service quality, and strengthen our financial structure to maximize shareholder value.

In December 2012, the Company made investment in its subsidiary, Dancewoods Hotel & Resorts. As of December 31, 2022, the Company’s shareholding ratio was 51.52%. The subsidiary operates Dancewoods Hotel & Resorts as the first Japanese garden-themed landscape hotel & resort in Taiwan.

### ► Company profile

<b>Company Name</b>	SHIH WEI NAVIGATION CO., LTD.		
<b>Number of Employees</b>	707 (Onshore personnel: 74; Sea crews: 633)		
<b>Paid-in Capital</b>	NT\$ 3,692,670,900	<b>Date of Incorporation/ Date of Listing</b>	March 11, 1985/ August 25, 2003 (Stock Code: 5608)
<b>Address of Headquarters</b>	Fusing N. Road 167 16F, Song-Shan District, Taipei 105403, Taiwan, R.O.C.		
<b>Domestic and Overseas Operating Bases</b>	Taipei, Taiwan (no physical operating bases were established for overseas subsidiaries)		
<b>Industry</b>	Marine Transportation	<b>Main business</b>	<ul style="list-style-type: none"> <li>■ Shipping agency</li> <li>■ Shipping transportation</li> <li>■ Wholesale/retail trade of ships and component parts</li> </ul> <p><i>*All business activities that are not prohibited or restricted by law, except those that are subject to special approval.</i></p>
<b>Shipping Product Categories</b>	Grains, coal, steel products/ machinery equipment, ores, timbers, fertilizers, industrial chemicals, etc.		
<b>Chairwoman</b>	Luo Pan Investment Corp. (Representative: Shin-Chyi Lan)	<b>President</b>	Shin-Chyi Lan
<b>Consolidated Reporting Entities</b>	 <p>Please refer to the 2022 Consolidated Financial Statements for details.  <a href="https://www.swnav.com.tw/uploads/files/shares/financial/financial-11112SW-A-en.pdf">https://www.swnav.com.tw/uploads/files/shares/financial/financial-11112SW-A-en.pdf</a></p>		

Note: Data as of December 31, 2022

### GRI :

2-1

2-2

### SASB :

TR-MT-000.A

TR-MT-000.B

TR-MT-000.C

TR-MT-000.D

TR-MT-000.E

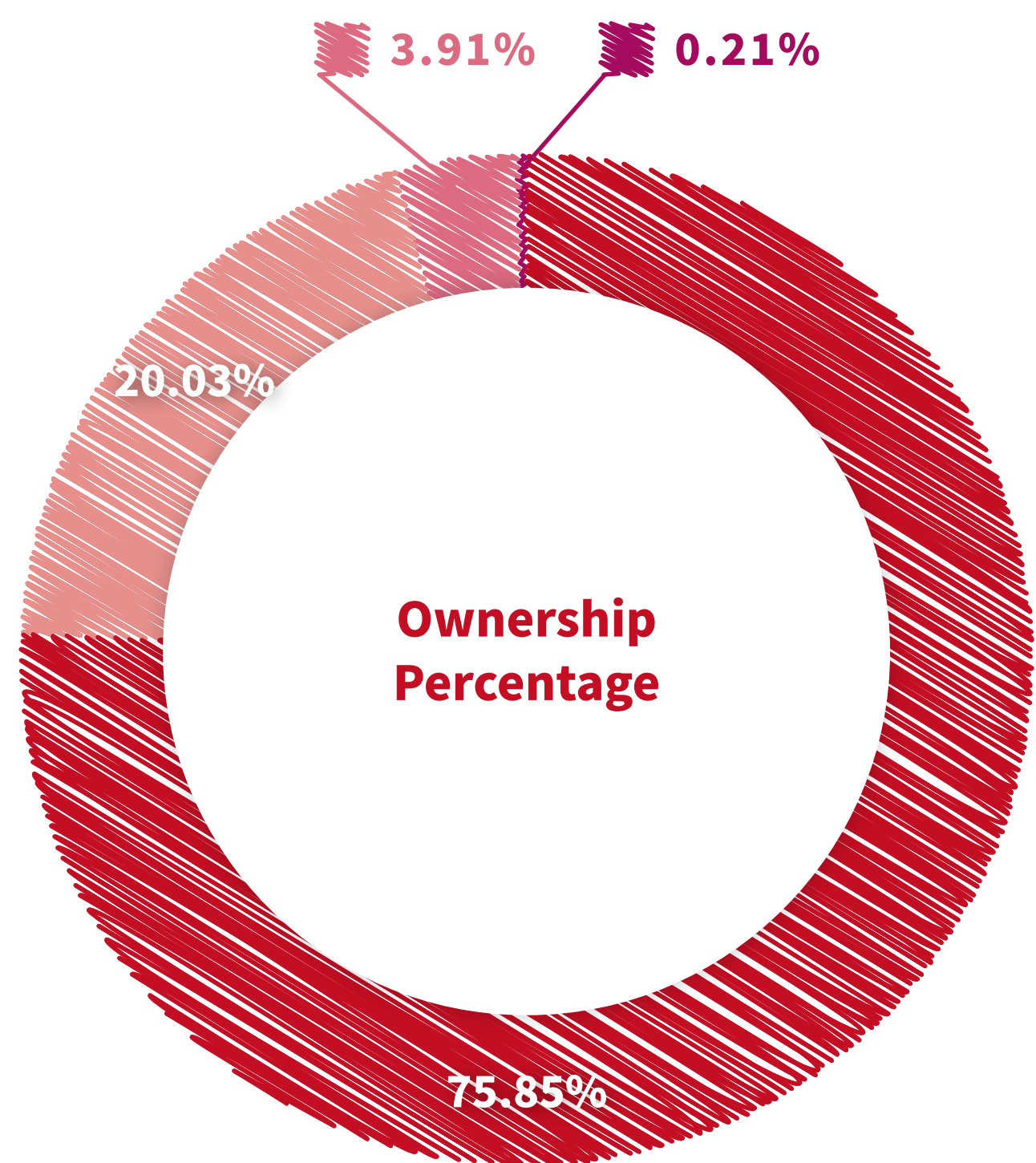
TR-MT-000.F

TR-MT-110a.1

TR-MT-110a.4

TR-MT-160a.3

### ► Shareholders Composition



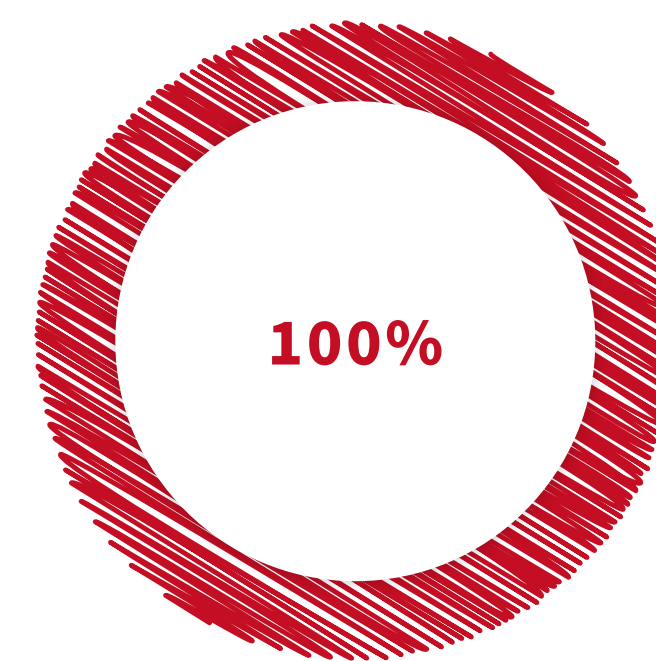
	Individuals	75.85%
	Other legal persons	20.03%
	Foreign Institutional Investors and Foreigners	3.91%
	Financial Institutional Investors	0.21%



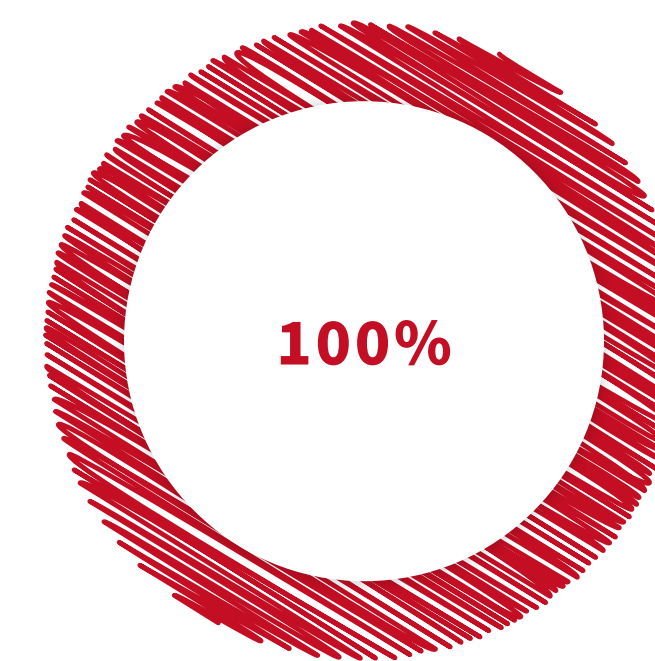
#### List of Top 10 Shareholders:

<https://www.swnav.com.tw/uploads/files/shares/shareholders/shareholders-top10-112-en.pdf>

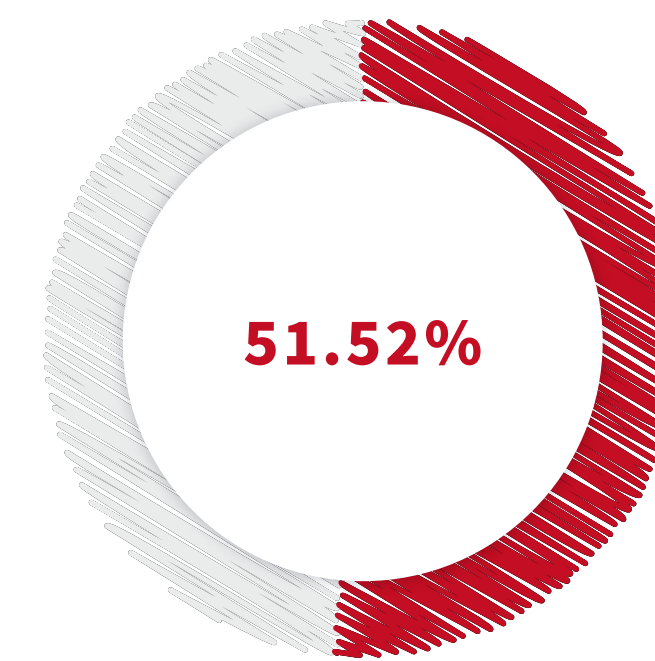
### ► Shareholding of affiliates



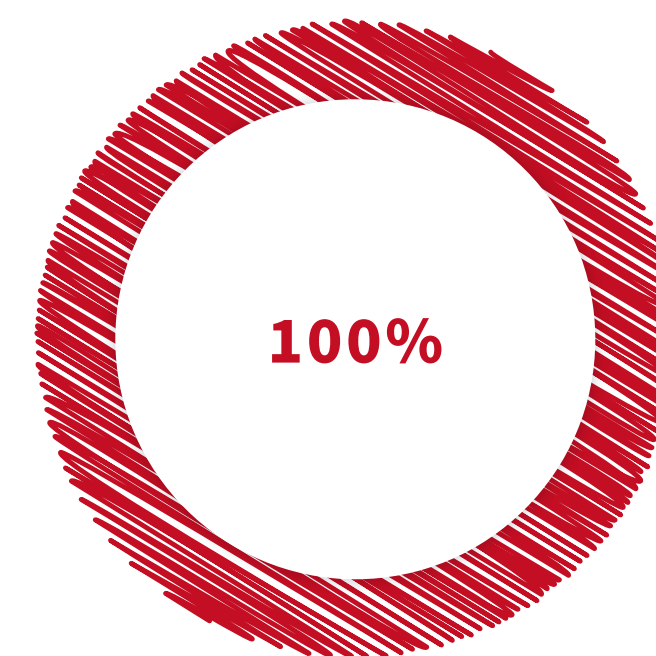
**Dong Lien Maritime S.A. Panama**  
100% shareholding



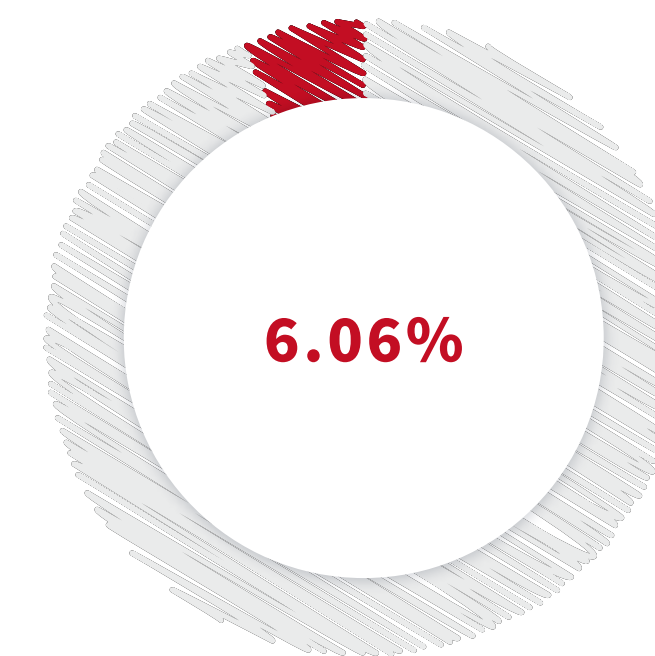
**Fortunate Maritime S.A. Panama**  
100% shareholding



**Dancewoods Hotel & Resort**  
51.52% shareholding



**Wholly-owned subsidiary**  
100% shareholding



**Thermolysis Co., Ltd.**  
6.06% shareholding



**Financial Report**

#### Note:

1. Please refer to the 2022 Consolidated Financial Statements at: <http://www.swnav.com.tw/investors/financial/>
2. See [3.3.3 Investment in Green Energy](#) for detailed information of Thermolysis Co., Ltd.

## ► 2022 Key Results

In vessel operation			Operating revenue	Net operating income	EPS
37 years			NT\$ 6,715,813 thousand	NT\$ 2,828,743 thousand	NT\$ 6.08
Number of employees			Turnover rate of onshore personnel	Lost time incident rate (LTIR)	
Onshore personnel	Sea crews	Total	13.5%	1.268	
74	633	707			
Number of vessels			Average vessel age	Thousand deadweight tons of vessels	
Bulk carrier	Passenger ship	Total	10 years	1,174	
33	1	34			
Operating days			Total distance traveled by vessels	Number of vessel port calls	
11,516			1,578,730 nm	1,143	
Gross global Scope 1 emissions			Average Energy Efficiency Design Index (EEDI)	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Number and aggregate volume of spills and releases to the environment
374,790.008 Metric tons (t)CO <sub>2</sub>			5.585	NT\$ 0	0 case

Note : Data as of December 31, 2022

# 1.1.2 Business Model and Industry Overview

GRI:

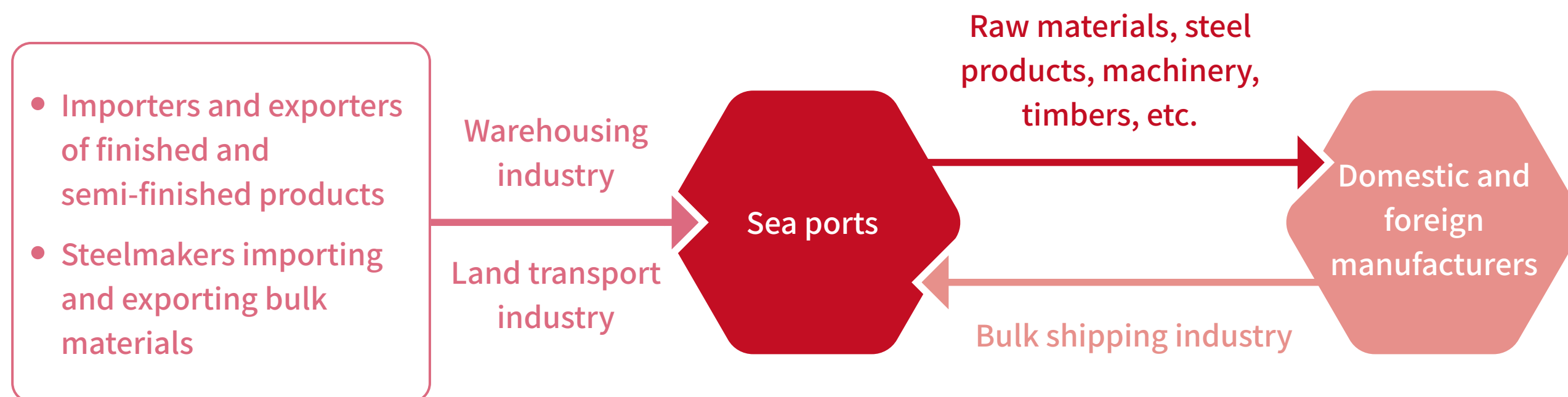
2-6

## Business model

Bulk shipping refers to the shipping service of carrying bulk cargoes, including daily necessities and basic industrial materials, such as grains, steel products, coal, ores, etc. The schedules and routes depend on the places of delivery, and the lessees determine the routes and ports of call. The cargo shipping is characterized by one-way transportation and being seasonal, and it is a free market. Due to the high uncertainty of the routes, the schedules for supply and repair inspection arrangements also depend on the port information.

Shih Wei Navigation mainly provides marine transportation services. Different from general manufacturing industries, there are no manufacturing process of general products or supply of main raw materials. Therefore, there are no obvious upstream, midstream, and downstream relationships.

## Relation map of bulk and general cargo shipping industry



## ► Industry Status and Development

In the face of labor shortages, the factors of crisis of supply chain interruptions, the global logistics restrictions and trade tensions, border closure and port congestion, lack of international shipment and the difficulty for crews to swap shifts all challenged the flexibility and resilience of the shipping operators. To rebuild the resilience of the supply chain, remove the obstacles for sea crews to ship swap, increase turnover rate of ships, tackle the difficulties, and make rolling adjustment of strategies at any time are the ways to go through the hard time. The loose monetary policies adopted by countries and the promotion of infrastructure construction in 2020 stimulated global economic growth in 2021. The prices of bulk commodities rose, the international crude oil prices remained high, and the hire rates of the fleet soared, which all contributed to explosive growth of bulk shipping.

The BDI index hit the lowest at 1,296 points (January 26, 2022) and the highest at 5,650 points (October 7, 2021) between 2021 and 22Q1. The index increased significantly in 21Q1. The average BDI index in 2021 increased by times compared with that in 2020. The BDI index fell in the beginning of 2022, and the downward trend continued until the Lunar New Year holiday. However, after that, the index rebounded and the BDI averaged 2,041 points in 23Q1. Yet the upward trend was hindered by Russo-Ukrainian War, disrupting what was expected in the market. In 2022, we paid close attention to the trend of the BDI Index and the fluctuation of the drybulk market in the trouble times.

In terms of the market demands, bulk shipping is dominated by bulk commodities such as iron ore, coal, and grains, mainly finished and semi-finished products. Market demands are closely related to the global trade volume of bulk commodities. Russia and Ukraine are the major exporting countries of energy, grains, and industrial metal, which account for 2% of the global trade volume. From the perspective of macroeconomy, The IMF forecasted 3.1% global economic growth for 2024 in its latest World Economic Outlook report (January), an increase of 0.2% compared with that for 2023.



## ► Overview of Industry Trend

- Currently, the world shipping regulations are mainly characterized by measures for reducing environmental hazards caused by the emissions of vessels. The measures include the calculations of carbon footprint of ships, the use of low-sulfur fuel to reduce sulfur oxide emissions, the installation of the ballast water management system to reduce water pollution and building future eco-friendly ships that emit less nitrogen oxide or are powered by liquefied natural gas or Biofuel instead of fossil fuels.
- Shipbuilders will focus on building energy efficient and eco-friendly vessels. To comply with international regulatory requirements, shipbuilders set sales target to build new types of vessels that do not cause environmental pollution.
- Following this industry trend, the fleet development for the future will move toward young fleets with eco-friendliness and fuel efficiency.

## ► Competition in the Industry

The keen competition in the global shipping market and the implementation of international regulations for environmental protection forced the shipping companies to invest in the modification of vessels in operation, strengthen management, retrofit equipment when required, and pursue economies of scale for cost reduction. We work with high-quality shipyards to build energy-efficient and eco-friendly vessels to maintain a highly competitive fleet.



## 1.1.3 Overview of Fleet Service

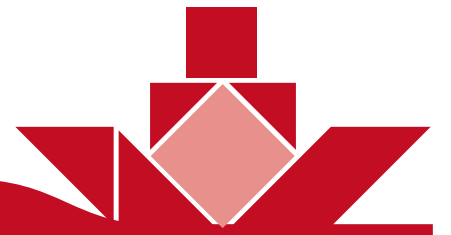
### ► Fleet Size

As the end of 2022, the Company owns a total of 34 vessels, all drybulk carriers except for 1 passenger ship. Compared with the previous year, the plan for old vessel replacement was conducted during the reporting year, and 1 log carrier was sold.

Vessel type	Route	Number	Total deadweight tonnage (DWT)	Cargoes
	Round the World	1	82,230	Bulk commodities such as ore, coal, grains, and industrial materials
	Round the World	2	152,966	Bulk commodities such as ore, coal, grains, and industrial materials
	Round the World	2	120,425	Bulk commodities such as ore, coal, grains, and industrial materials
	Round the World	2	116,284	Bulk commodities such as ore, coal, grains, and industrial materials



## ► Fleet Size



Vessel type	Route	Number	Total deadweight tonnage (DWT)	Cargoes
	Round the World	21	639,552	Bulk commodities such as steel products, ore, coal, cement clinker, and industrial materials
	Indian Ocean, Pacific Ocean, and Asia	4	50,079	Steel products/machinery equipment, wood pulp, chemicals, fertilizers, and drybulk and general cargo
	Indian Ocean, Pacific Ocean, and Asia	1	12,611	Logs and ddrybulk and general cargo
	Coastal area in Taiwan	1	N/A	Passenger ship (no cargoes)
<b>Total</b>		<b>34</b>	<b>1,174,147</b>	

Note: The total deadweight tonnage (DWT) is the total weight that a type of ship can carry. Since the DWT of the same type of vessel may differ, it is thus presented in the total deadweight tonnage.

## ► Service Regions

Shipping Line and Near-Sea Shipping Line, with the latter covering routes from Far East to the Middle East, including China, Japan, South Korea, Taiwan, Southeast Asia, India, Arabia, and the Persian Gulf and the former covering the importing and exporting countries on the five continents around the world.

Based on the corporate policies of “ Safety of Lives, Safety of Ships, Safety of Cargoes, and Safety of Environments”, the ships are prohibited from going to high-risk regions or countries subject to internal sanctions and trade control. In addition, we pay close attention to international trends at all times to plan safe and economical routes to create the maximum benefits for both our customers and shareholders.

## ► Market share of Shih Wei Navigation

Market share	Type Tonnage	10,000 – 39,999 (DWT)		40,000 – 64,999 (DWT)		65,000 – 99,000 (DWT)	
		Number of vessels	DWT	Number of vessels	DWT	Number of vessels	DWT
Global		3,290	98,152,915	4,013	224,914,338	3,046	246,291,168
Shih Wei Navigation		26	702,242	4	236,709	3	235,196
Market share		0.79%	0.72%	0.10%	0.11%	0.10%	0.10%

Note:

1. As of December 31, 2022, excluding the coastal passenger ship
2. 10,000 – 39,999 (DWT): including ship types of Handysize, Logger, and Multi-Purpose
3. 40,000 – 64,999 (DWT): including ship types of Ultramax and Supramax
4. 65,000 – 99,000 (DWT): including ship types of Panamax and Kamsarmax
5. The data source for the global fleet is based on the Bulk Carrier Fleet Summary published by SSY, with data as of December 2022



## ► Analysis of operating performance

### ▮▮▮ Ratio of operating revenues in the past three years

Source of income	Year		
	2020	2021	2022
Rental	92%	97%	96%
Freight	2%	0%	0%
Service	0%	0%	0%
Others	6%	3%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The Company mainly provides shipping services of ship leasing and drybulk shipping. Except for 1 Passenger Ship, all the bulk carriers carry bulk commodities including grains, coal, steel products/ machinery equipment, ore, timbers, fertilizers, industrial chemicals, etc.



### ▮▮▮ Ratio of cargo carried in the past 3 years

Cargo Type	2020	2021	2022
Coal	16.00%	23.00%	19.19%
Construction Aggregates	12.00%	7.00%	10.71%
Fertilizer	7.00%	5.00%	4.86%
Grain and Agricultural Products	15.00%	12.00%	17.96%
Logs and Forest Products	6.00%	5.00%	6.73%
Mineral Concentrates	17.00%	17.00%	13.58%
Salt / Sulphur	2.00%	4.00%	5.76%
Steel Products and General Cargoes	23.00%	25.00%	17.23%
Others	2.00%	2.00%	3.98%

### ▮▮▮ Ratio of revenues of vessels (by type) in the past 3 years

Vessel Type	2020	2021	2022
Handysize	51.00%	66.07%	65.34%
Kamsarmax	12.00%	9.98%	9.07%
Panamax	23.00%	12.62%	9.97%
Multi-Purpose	14.00%	11.33%	15.62%
Logger			
Supramax			
Ultramax			

# 1.2 Business Performance

## GRI :

201-1

201-4

415-1

Shih Wei Navigation is devoted to enhancing the value of its stakeholders, attaching great importance to the opinions of its shareholders and investors. The operating results are shared with all the shareholders and employees. In addition, the Company also actively participates in public welfare activities to fulfill its corporate social responsibility.

## 1.2.1 Financial Performance

Shih Wei Navigation's 2022 operating revenue amounted to NT\$6.7 billion, an increase of 21.4% compared with 2021, with the net operating profit being NT\$1.933 billion and EPS at NT\$ 6.08. The Company has made profits for two consecutive years, and the profits have also hit a record high. Therefore, the Company's board of directors has approved a cash dividend of NT\$1.5 per share.

In 2022, the Company conducted cash capital increase by issuing an amount not exceeding 40,000 thousand shares to increase the capital of the subsidiaries and repay the bank borrowings of the affiliates. The issue price per share was NT\$20, and the paid-in capital after the capital increase reached NT\$3,692,671 thousand. The MOEA approved the issuance of new shares and change of registration on December 13, 2022.

► Shih Wei Navigation's Consolidated Financial Statements for 2020-2022 are shown in the following table

Unit: NT\$: thousand

	Item	2020	2021	2022	
Operating performance and profitability	Direct economic value generated	Operating revenues	2,670,823	5,532,719	6,715,813
		Non-operating revenues	226,799	324,485	250,567
	N/A	Operating margin	(466,039)	2,582,940	3,170,529
		Net operating profit	(687,898)	2,271,144	2,828,743
		Net profit before tax	(1,002,565)	2,311,674	2,430,997
		Net profit for the current period	(1,007,168)	1,913,311	1,933,972
		EPS	(3.27)	7.16	6.08
		Total assets	21,627,846	24,322,297	25,083,031
		Total liabilities	18,136,474	173,02,442	14,883,150
		Total equity	3,491,372	7,019,855	10,199,881
Value distribution	Economic value distributed	Operating costs	3,136,862	2,949,779	3,545,284
		Compensation and benefits of employees	963,085	1,117,758	1,303,716
		Payment to sponsors	399,432	926,475	959,880
		Income tax	0	0	123,606
		Government penalties	11	130	302
		Social participation and engagement	0	656	1,183
		Political donations	0	0	0

Note:

1. Income tax does not include deferred tax
2. Payment to sponsors includes the distribution of shareholder dividends and the interest payment to lender

## ► Dividend Policy

In response to the competitive shipping market, the dividend policy of Shih Wei Navigation is based on the principle of maintaining the soundness of the Company's long-term financial structure and the growth and expansion for future operations. The Company shall prioritize the retention of funding necessary for operations and expansion before distributing the remaining earnings in the form of cash dividends or stock dividends, among which, cash dividends shall not be lower than 10% of total dividends.

The 2022 Earning Distribution Proposal was approved by the board of director on March 30, 2022, with the cash dividend being NT\$ 1.5 to create value for our investors.



## ► Financial Grants from the Government

In 2022, the financial grants from the government reached NT\$405,830, as detailed in the following table:

Unit: NT\$

Item	Granted by	Amount granted
Anti-epidemic subsidy for purchasing alcohol	Maritime Port Bureau, MOTC	14,400
Subsidy for Taiwanese seafarers taking anti-epidemic transportation	Maritime Port Bureau, MOTC	230
Subsidy for the Youth Employment Ultimate Plan	Taipei-Keelung-Yilan-Hualien-Kinmen-Matsu Regional Branch, Workforce Development Agency, Ministry of Labor	371,200
Subsidy for establishing breastfeeding room	Department of Labor, Taipei City Government	10,000
Subsidy for establishing breastfeeding room	Ministry of Labor	10,000
<b>Total</b>		<b>405,830</b>



### Financial Report

<https://www.swnav.com.tw/en/investors/financial>



### Investor Conference

<https://www.swnav.com.tw/en/investors/law-meeting>



## 1.2.2 Tax Policy

GRI :

207-1

Shih Wei Navigation operates in accordance with the local tax regulations, adheres to compliance with laws and regulations, implements corporate sustainable development, and enhances shareholder value to fulfill its corporate social responsibility. The related-party transactions of the Company conform to the transfer pricing regulations and Arm's length Principle. The transparency of the tax information disclosed in financial reports has been improved in accordance with relevant regulations and the requirements of the IFRSs, and it is ensured that there is no major misrepresentation of fraud or error in the content.

The tax (financial and accounting) policies, internal control system, and compliance with regulations of our company are subject to external audits conducted by an accounting firm on a quarterly basis, as well as an annual audit. Internal auditing is carried out by the Internal Audit Department, which performs various audit tasks on a monthly basis in accordance with the annual audit plan.

As a taxpayer, Shih Wei Navigation has always declared its tax in an honest manner and maintained continuous and effective communication with the tax collection authorities to support the government in the promotion of sustainable development. When preparing financial statements, the management of the Company shall be responsible for the assessment of the Company's operating capability, the ability to continue as a going concern, and the information disclosure. Shih Wei Navigation has established the Audit Committee to be responsible for the supervision of the financial reporting process. Moreover, education and training are conducted from time to time to strengthen the professional knowledge of the tax personnel of the Company so as to equip them with the abilities to handle various tax-related issues. A total of 3 sessions of tax-related education and training were organized in 2022, with 19 participants and a total of 42.36 hours.

The daily transactions of Shih Wei Navigation are generally kept in the current day account or no later than the time limit stipulated in the Income Tax Act or other relevant laws and regulations. All the transaction certificates and vouchers are entered up in the account after being approved by the supervisors. The trail balance is prepared based on the general ledger on a monthly basis, based on which the balance sheets, profit and loss statements, and various subledgers are then prepared. Except for the cash on hand, all receipts and payments go through the bank accounts. Petty cash is used for sporadic expenses that the management personnel will then apply for expense reimbursement with the payment certificate.



## CHAPTER

# Sustainable Management

2.1 Sustainable Management Structure

2.2 Sustainability Visions and SDGs

2.3 Material Topics Analysis

2.4 Stakeholder Engagement

2.5 Participation in Public Associations

### Corresponding SDGs



## Goals for 2030

- To refer to the sustainable development policies of benchmark enterprises at home and abroad and make corresponding adjustment of the Company's sustainability strategies in accordance with the characteristics of the industry
- To make continuous improvement of the sustainable performance in the environmental, social, and corporate governance aspects to promote the implementation of sustainable management of the Company

## Corresponding Sustainability Topics

- Sustainable Development Strategies**

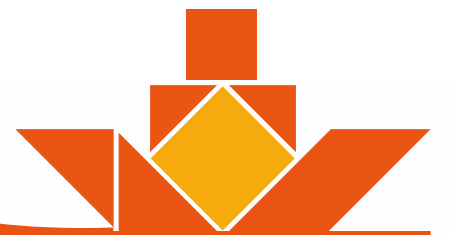
Note: Highlighting with background color and bold font indicates Material Topics

<b>Material Topics Management</b>	As awareness of sustainability rises at home and abroad, all stakeholders gradually attach importance to the sustainable development strategies of the Company. To ensure effective connection between the sustainable development strategies and the Company's operational goals, Shih Wei Navigation will make stepwise plans as well as adjust and revise various sustainability goals to align with international standards.
<b>Material Topic</b>	<ul style="list-style-type: none"> <li>Sustainable Development Strategies</li> </ul>
<b>Impacts</b>	If an enterprise does not establish comprehensive sustainable development strategies to cope with the impact on the environment, society, and people (including human rights), it will be difficult to make effective management of the sustainability topics and implement management policies. Moreover, shareholders and investment institutions are paying more attention to ESG. If no specific sustainable strategies are presented, investors may lose their confidence. On the contrary, if an enterprise sets up complete strategies and implements sustainable performance management, it would be more preferred by investors and even obtain Sustainability-linked Loans (SLLs) from the bank to facilitate its low-carbon transition.
<b>Policy Commitments</b>	<ul style="list-style-type: none"> <li>Implement compliance, strengthen corporate governance and disclose ESG information as required by competent authorities</li> <li>Implement practices for environmental sustainability, strictly comply with domestic and foreign environmental regulations, and promote GHG inventory and actions for energy conservation and carbon reduction</li> <li>Attach importance to human rights issues, care about employee rights and interests, and ensure the provision of a healthy and safe, discrimination-free, and fair workplace.</li> <li>Fulfill the corporate responsibility, take part in social welfare, promote social inclusion, and improve the quality of education for schoolchildren in remote areas</li> </ul>
<b>Management System</b>	<ul style="list-style-type: none"> <li>Shih Wei Navigation ensures safe operation with a sound and complete management system. See <a href="#">2.1 Sustainable Management Structure</a> and <a href="#">5.1 Governance Structure</a> for details.</li> </ul>



## Specific Actions

- Organize ESG education and training to enhance the collective intelligence among our associates
- Report to the board of directors the implementation results and future plans and supervise as well as follow up the implementation results on a regular basis
- Take specific actions and implement ESG policies from every little thing at work and in the daily life:
- ◆ In Terms of Governance
  - ▶ M.V. Modest SW successfully entered CSBC Corporation's shipyard in Keelung for dock repair, and the overhaul was completed in February 2022, making it the first foreign merchant vessel to Taiwan for repairs during the COVID-19 pandemic period
  - ▶ We are 2 years ahead of the regulatory requirements to publish the Sustainability Report and autonomously disclose the non-financial information. The report is compiled in accordance with the GRI, TCFD, and SASB standards
  - ▶ The Company makes investments in carbon fiber regeneration & recycling and relevant green energy industries
  - ▶ The result of the 9th (2022) Corporate Governance Evaluation of Shih Wei Navigation was 21 ~ 35%. In terms of industry classification, the evaluation for Shih Wei Navigation, in the category of companies with a market capitalization of over NT\$5 billion to NT\$10 billion, was 6% ~ 10%.
- ◆ In terms of Environmental
  - ▶ Ahead of regulatory requirements, the Company plans to proactively conduct an independent GHG inventory. It aims to formally adopt the ISO 14064-1:2018 organization level GHG Inventory Standard in 2023, with the goal of obtaining external verification from the parent company by 2024 and from subsidiary ship operating companies by 2025.
  - ▶ The reuse of resources is advocated. The company mobile phones are refurbished and offered to our employees at preferential prices after being replaced
  - ▶ We work in line with Asus Foundation for the Renewable Computer Hope Project, and recycled and donated 16 desktop computers, 5 printers, and 5 screens in 2022
  - ▶ We work with Chinese Taipei Alpine Association and invite the employees to join the mountain
  - ▶ In response to the concept of circular economy, we turn the idle or discarded resources in the office into creative decorations for Christmas and handmade red envelopes for the Spring Festivals and other decorations
- ◆ In terms of Social
  - ▶ The Company's Human Rights Policy has been formulated to protect the basic human rights of the employees, customers, and the stakeholders
  - ▶ We continue to cooperate with After School Association of Taiwan, adopting the Yuanxiang base in Wutai Township, Pingtung County, and sponsoring 22 rural schoolchildren, and the amount invested in 2022 amounted to NT\$656,250.
  - ▶ We jointly donated 194 dictionaries with Kang Hsuan Education Publishing Group to help schoolchildren in rural areas
  - ▶ We donated 170 boxes of fruit to north, central and south bases of the After School Association of Taiwan
  - ▶ We donated picture books to schoolchildren in the 10 bases of the After School Association of Taiwan
  - ▶ Our M.V. Trump SW successfully rescued 8 Burmese fishermen in the South China Sea, preventing their families from being broken up, demonstrating the social influence of Shih Wei Navigation
  - ▶ We worked in line with the government's COVID-19 vaccination policy and encouraged our employees to receive vaccination. Those getting the second dose would be granted NT\$1,000, the third NT\$ 10,000. In 2022, a total of 83 employees applied for the vaccination grant, and the total amount issued reached NT\$ 668,000
  - ▶ To encourage our employees and their family dependents to actively donate blood, the Company provides compensatory leave for those who donate blood for public welfare



### Metrics & Targets

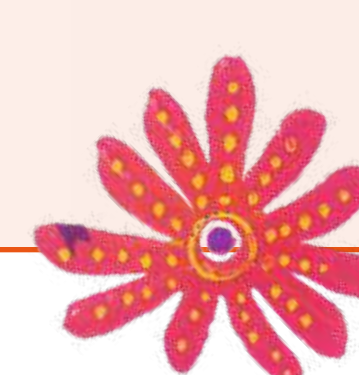
- In terms of Governance
  - ◆ Prepare and compile the Sustainability Report in accordance with international standards of GRI, TCFD, and SASB on a yearly basis
- In terms of Environmental
  - ◆ Implement management of GHG emissions and energy, initiate GHG inventory and obtain external verification
  - ◆ Take part in beach cleanup or mountain cleanup activities at least once a year
- In terms of Social
  - ◆ Attach importance to the health and safety in the workplace, striving for zero occupational accidents
  - ◆ Implement management of human rights and keep dedicated to no use of child labor and no forced labor
  - ◆ Engage in social welfare projects every year

### Evaluation Methods

- The Sustainability Report will be verified by a third party
- Participate in the Corporate Governance Evaluation conducted by TWSE to understand the gap between the promotion of sustainable development of the Company and that in the outside world
- Report sustainability related proposals to the board of directors for discussions. See [5.1 Governance Structure](#)- Board Operations for detailed information

### Stakeholder Engagement

Relevant stakeholders include Employees, Competent Authorities, Customers, Public Associations, Suppliers/ Contractors, Shareholders and other Investors, and Public Welfare Groups/Disadvantaged Groups.  
Please see [2.4 Stakeholders Engagement](#) for details.



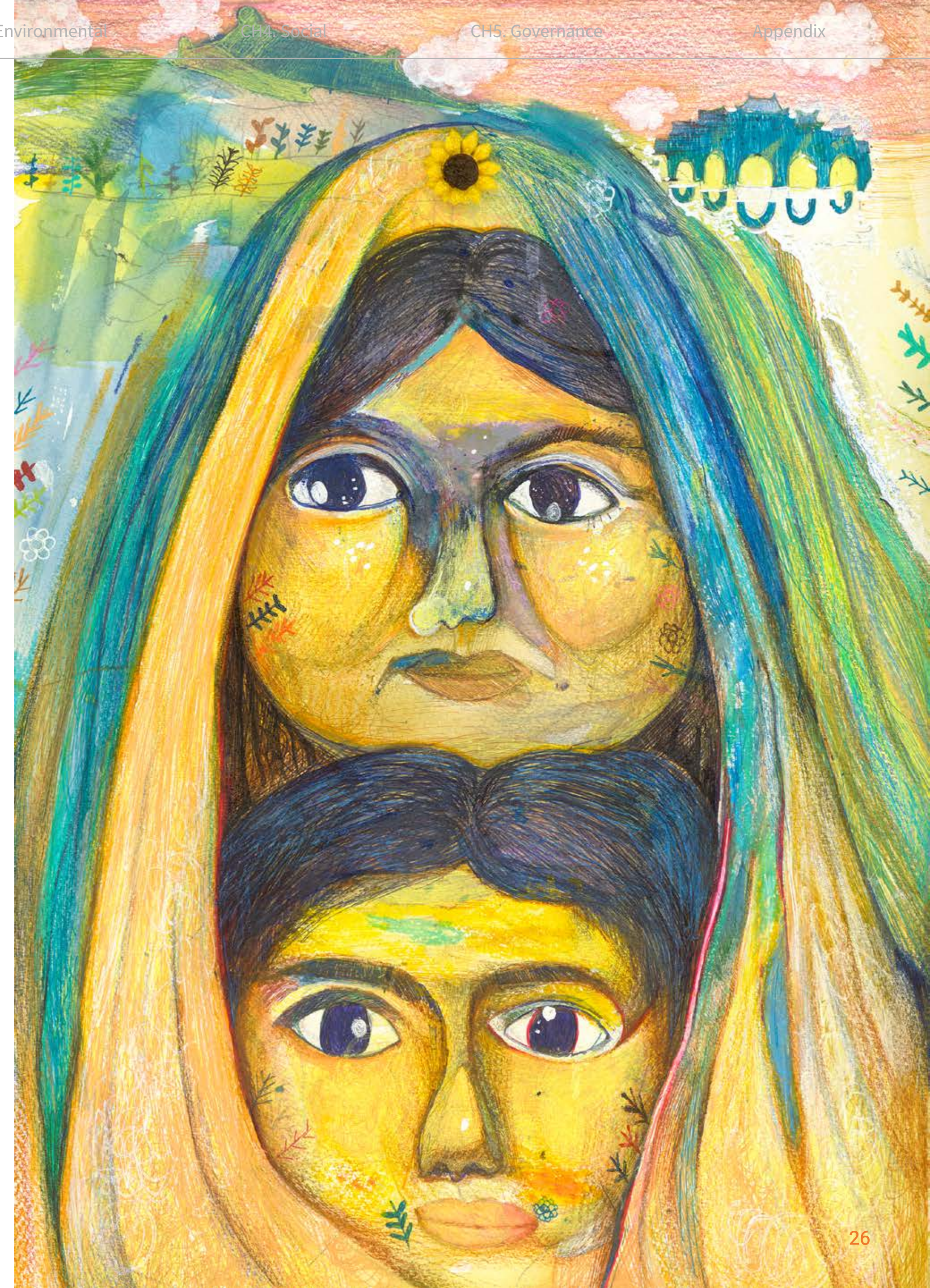
# 2.1 Sustainable Management Structure

## GRI :

- 2-12
- 2-13
- 2-14
- 2-16
- 2-23
- 2-24

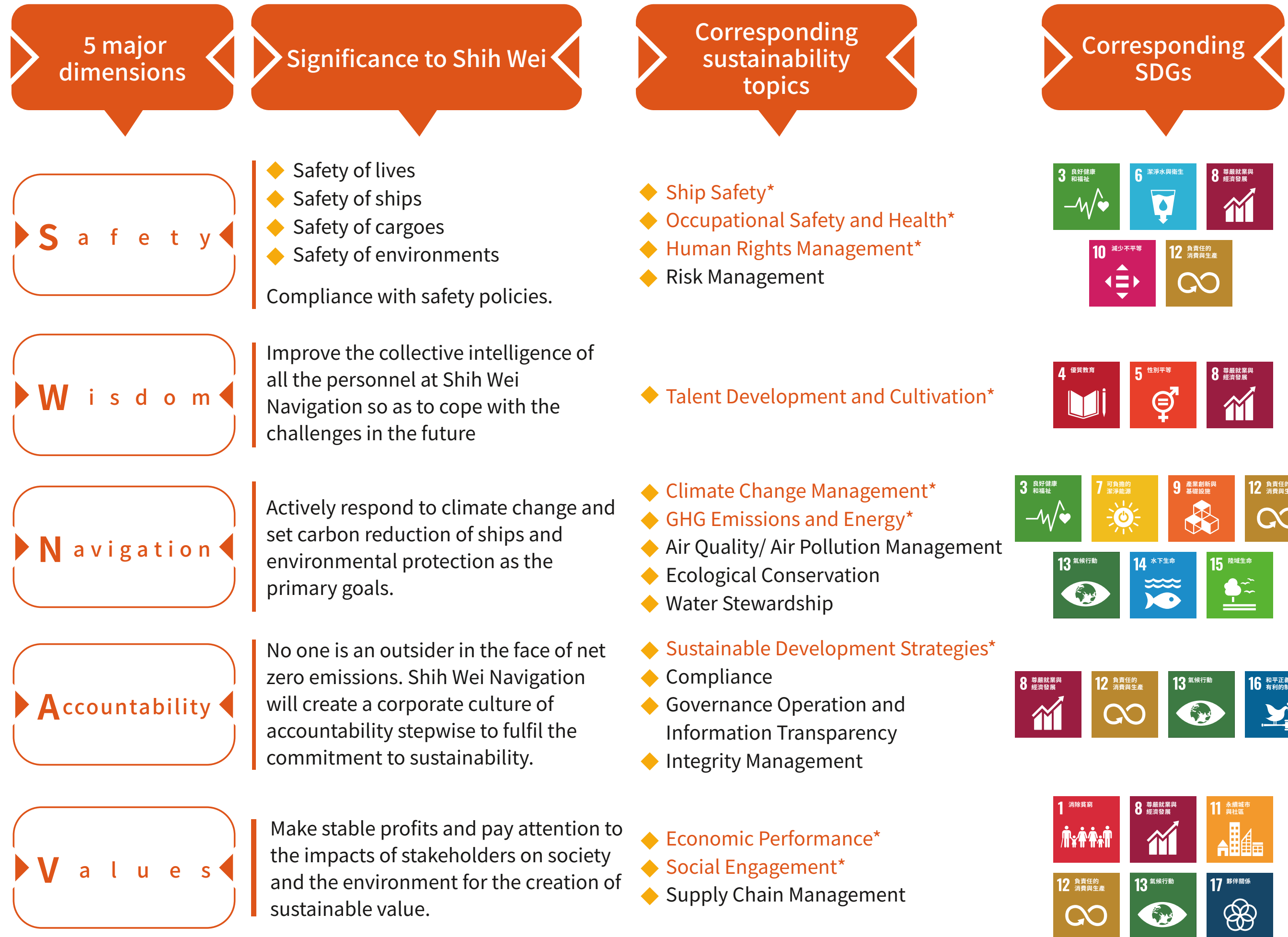
In the face of the global trend of net zero emissions, Shih Wei Navigation, as a global citizen, has gradually promoted the formulation of sustainable policies, systems, and related management approaches and guidelines for the enterprise to achieve sustainable development. The Administration Department is responsible for coordinating projects related to sustainable development and setting up a cross-departmental Corporate Social Responsibility Promotion Task Force convened by the Chairwoman to coordinate environmental, social, and corporate governance issues related to corporate operations to meet the legal requirement and international trends. In addition, relevant working groups are set up based on relevant issues for the promotion of sustainability action plans, information reports and disclosure, external assessment of sustainability and so on. This task force reports the implementation status to the board of directors on a regular basis to reach the effect of supervision.

After the annual Sustainability Report is finalized, the implementation results and future plans are reported to the board of directors on a regular basis, at least once a year. In terms of GHG inventory, relevant planning and implementation status are also reported to the board of directors on a quarterly basis to fulfill the supervisory responsibility. Implementation status of the Company's sustainable development was reported to the board of directors in the meeting dated November 10, 2022.



# 2.2 Sustainability Visions and SDGs

In the context of rising awareness of sustainability and constantly increasing climate risks, the promotion of net-zero transition has become a crucial issue critical to the survival of an enterprise. In 2022, Shih Wei Navigation combined the UN Sustainable Development Goals (SDGs) and proposed the Sustainable Development Roadmap: Vision 2030. The ESG goals and action guidelines are formulated in response to the sustainability topics in 5 dimensions to serve as the guiding principles for the sustainable development of the Company. Shih Wei Navigation will continue to promote specific action plans in accordance with the sustainable development roadmap.



\*Material Topics for 2022

## 2030 Sustainable Goals and Actions

### Governance

Comply with laws and regulations and improve data quality.

- Continue to publish Sustainability Reports and make stepwise improvement of data quality.
- Prepare and compile Sustainability Reports and strengthen information disclosure in accordance with the international standards of GRI, TCFD, and SASB.
- Strengthen corporate governance and optimize as well as refine the measures.

### Environmental

We are all part of environmental sustainability.

- Implement GHG inventory and obtain external verification.
- Make stepwise adjustment of carbon reduction targets to align with international trends.
- Carry out climate actions for active energy conservation and carbon reduction.

### Social

Fulfill corporate social responsibility.

- Care for employees and attach great importance to Occupational Safety and Health.
- Promote social welfare actions and local procurement.
- Continue to promote relevant education and training to improve the collective intelligence.

# 2.3 Material Topics Analysis



## 2.3.1 Steps

GRI :

- 3-1
- 3-2
- 3-3

In 2022, we followed the GRI Universal Standards 2021: GRI 3: Material Topics 2021 and readjusted the assessment process of material topics. The assessment principle was changed to “the actual or potential level of impact of the economic activities of the Company on external economy, environment, and people (human rights). In addition, “the level of possible impact on the sustainable management of the Company” was also assessed to respond to the Double Materiality proposed by the EU to enable the stakeholders and readers to better understand the substantial external and internal impact Shih Wei Navigation causes in the process of economic activities.



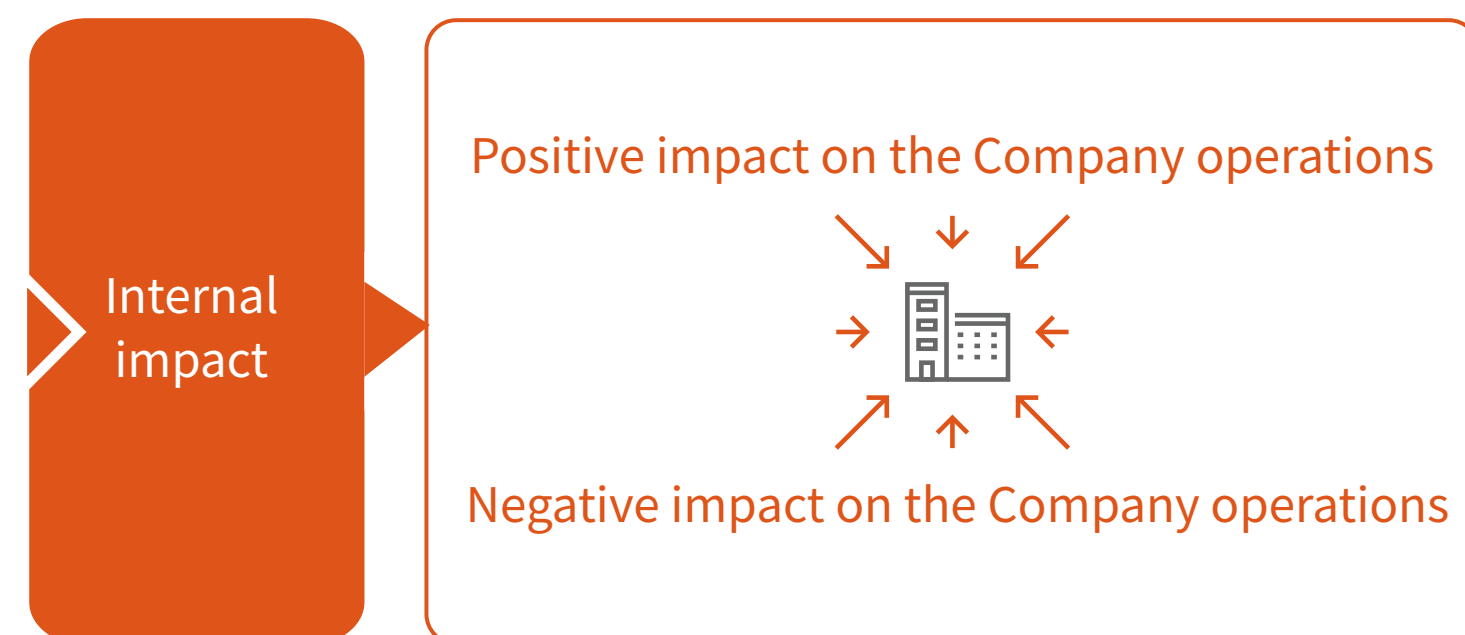
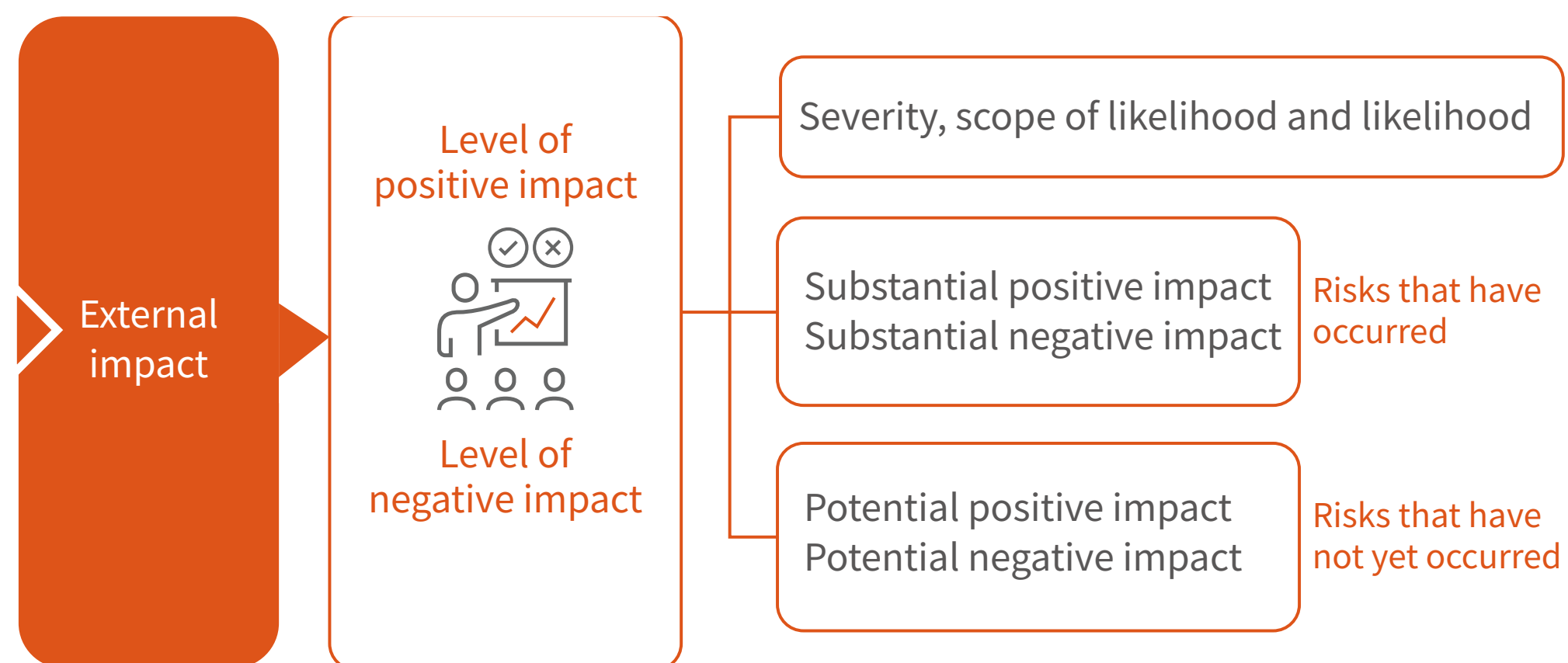
Steps	Content of work	Description
<b>1</b> Understand the organization's context	Identification of stakeholders (communication objects)	Please refer to <a href="#">2.4 Stakeholder Engagement</a> for details.
	Assessment of the activities and business relationship of all entities Shih Wei Navigation controls or has interests in	Make assessment and consideration of the economic, environmental, and human rights challenges faced by the affiliates, subsidiaries, and those having business relationships with concerning operations.
<b>2</b> Identify actual and potential impacts	Collection of sustainability topics	By referring to the international sustainability standards and related guidelines and norms (GRI guidelines, SASB, SDGs), sustainability rankings at home and abroad (TCSA, CSA), and cases in the same trade, more than 40 sustainability topics were collected, and the editorial team summarized them and listed a total of 25 sustainability topics.
	Analysis of business impact	Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, issues of stakeholders' concern, industrial norms and standards, and advice from sustainability consultants are all referred to for the assessment of business impact.
<b>3</b> Assess the significance of the impacts	Assessment of double materiality of sustainability topic	The management team consists of 24 members, including the Chairwoman, 8 high-level executives and representatives from all units and departments to express the Company's emphasis on sustainability topics. Preliminary scoring is conducted based on the Impact Assessment Form for Sustainability Topics.
<b>4</b> Prioritize the most significant impacts for reporting	Prioritization of the material topics	When the results are released, material topics are then determined in accordance with the significance of the impacts, business strategies, and level of stakeholders' concern.
	Determine material topics to be covered	The management team determines the material topics to be covered and conducts inspection in accordance with the requirements of reporting topics.
	Determine the content to be covered for each material topic	Refer to the GRI standards and guidelines to determine what to report on each material topic.

## 2.3.2 Assess the Significance of the Impacts

### Assessment Process

In 2022, the level of impact of sustainability topics on economic, environmental, and people (human rights) as well as that on the Company operation were assessed via the Impact Assessment Form for Sustainability Topics by the management team, with each item scoring from 1-5 points.

### Assessment Framework



### Example of the Impact Assessment Form for Sustainability Topics

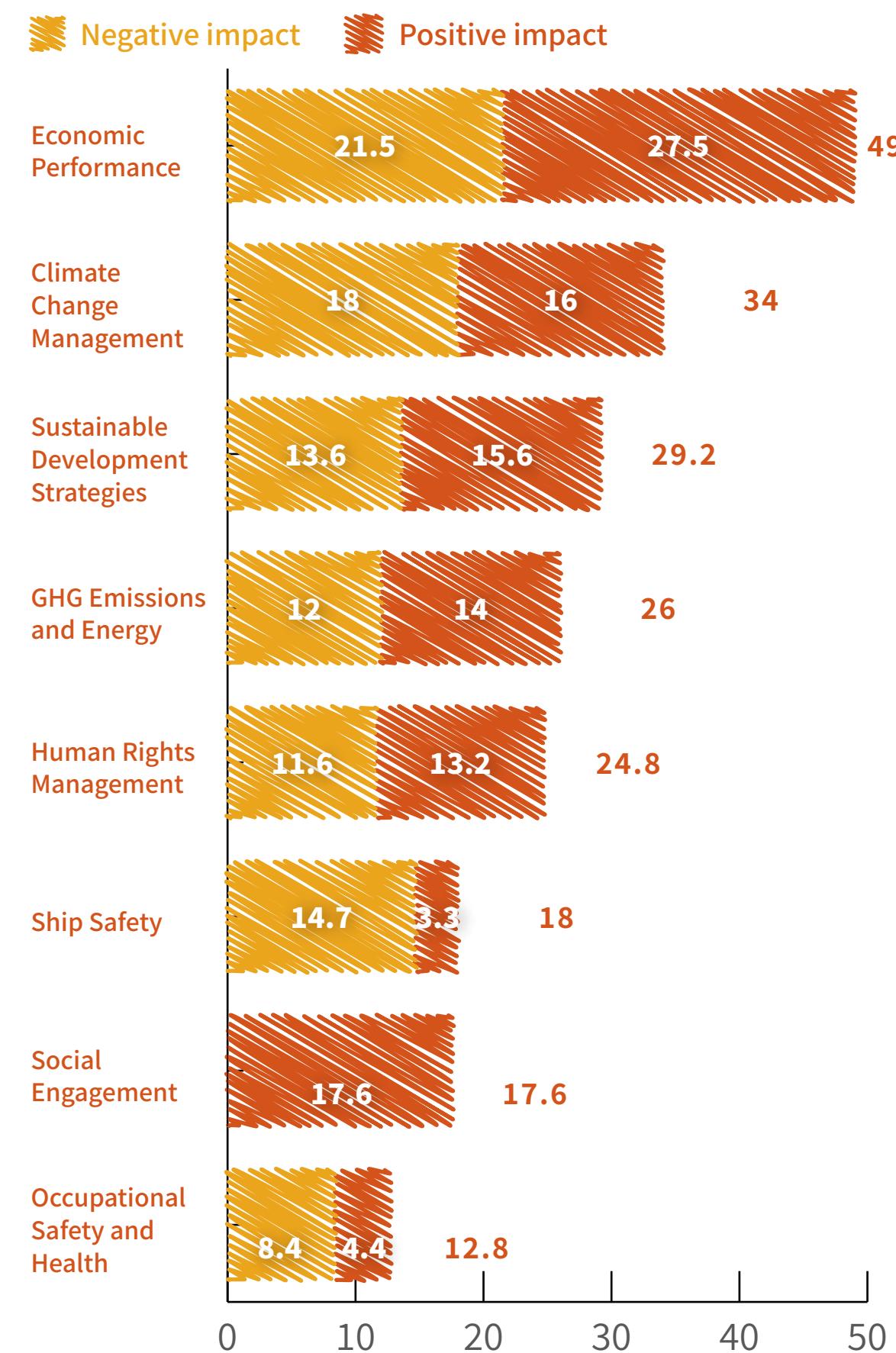
Dimension	Sustainability topics	Level of negative impact (Externally)	Level of negative impact on business (Internally)	Significance (Negative)	Level of positive impact (Externally)	Level of positive impact on business (Internally)	Significance (Positive)
Economic	Economic Performance	4.3	5	21.5	5.5	5	27.5
Environmental	Climate Change Management	4.5	4	18	4	4	16
Human Rights	Human Rights Management	2.9	4	11.6	3.3	4	13.2



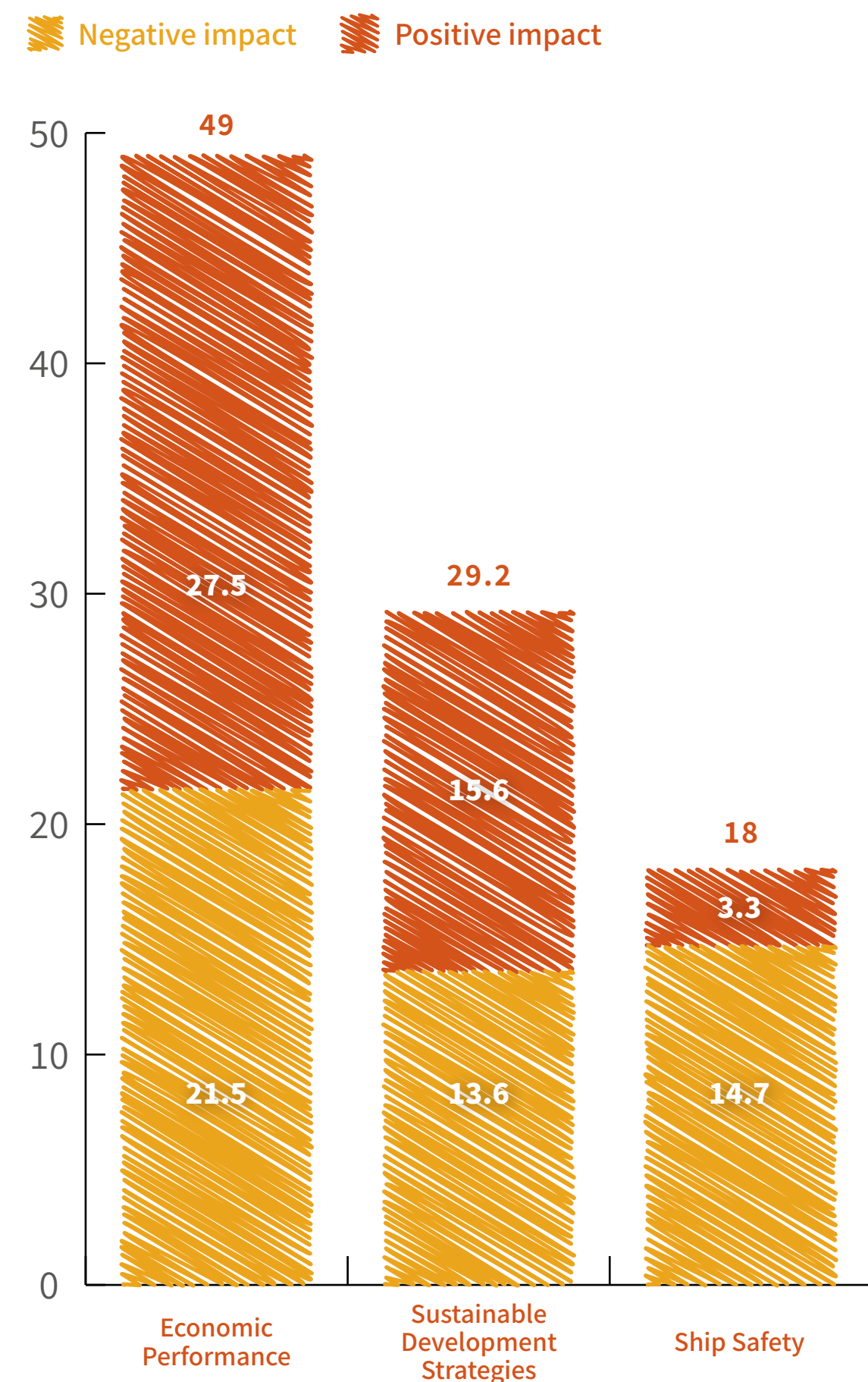
### ► Impact Prioritization

After data collection via the Impact Assessment Form for Sustainability Topics, a total of eight material topics were determined in accordance with the quantification results, which were then prioritized based on operational considerations. The results of the eight material topics are as follows.

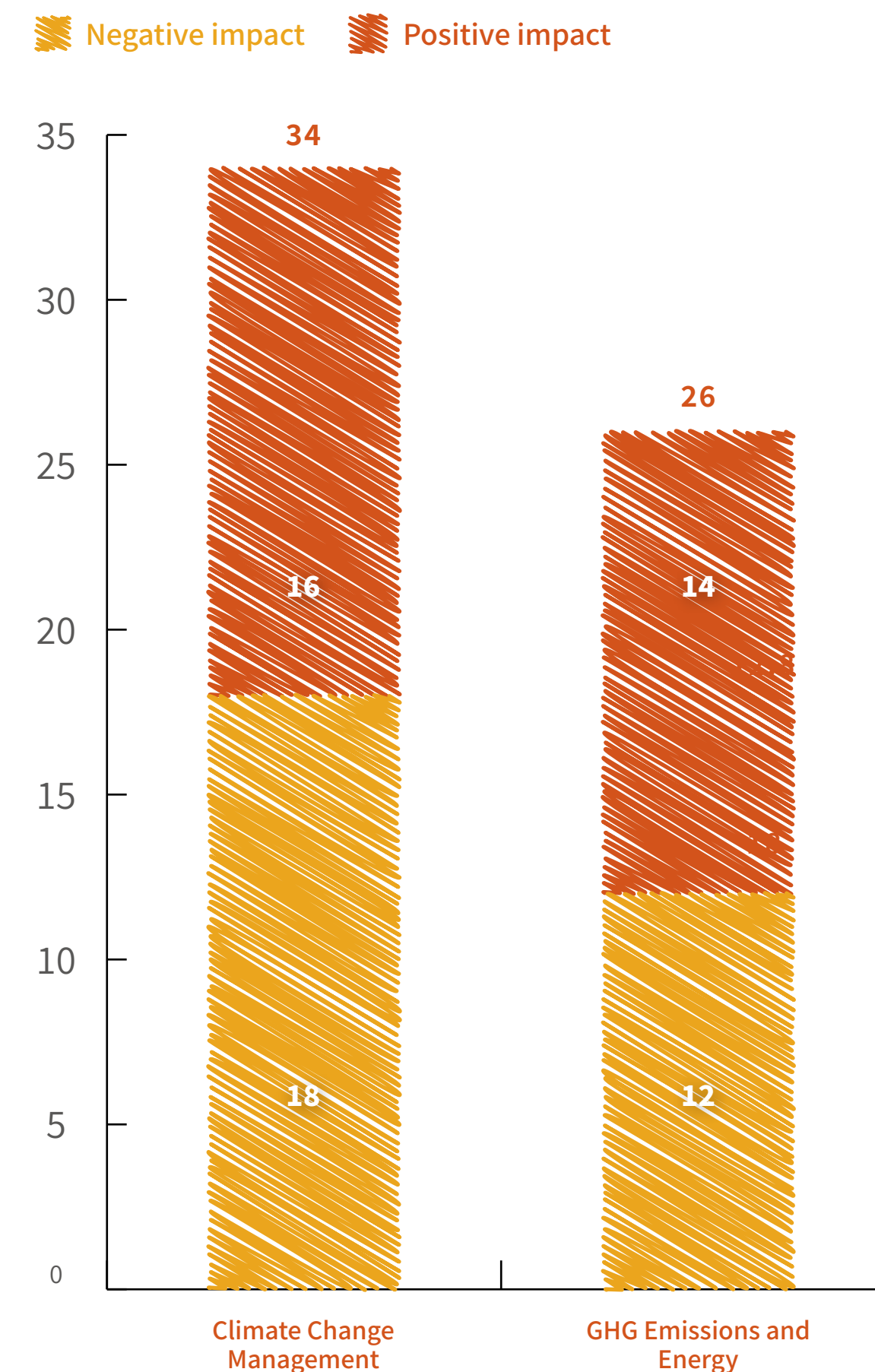
#### ► Results of Impact Assessment of Material Topics



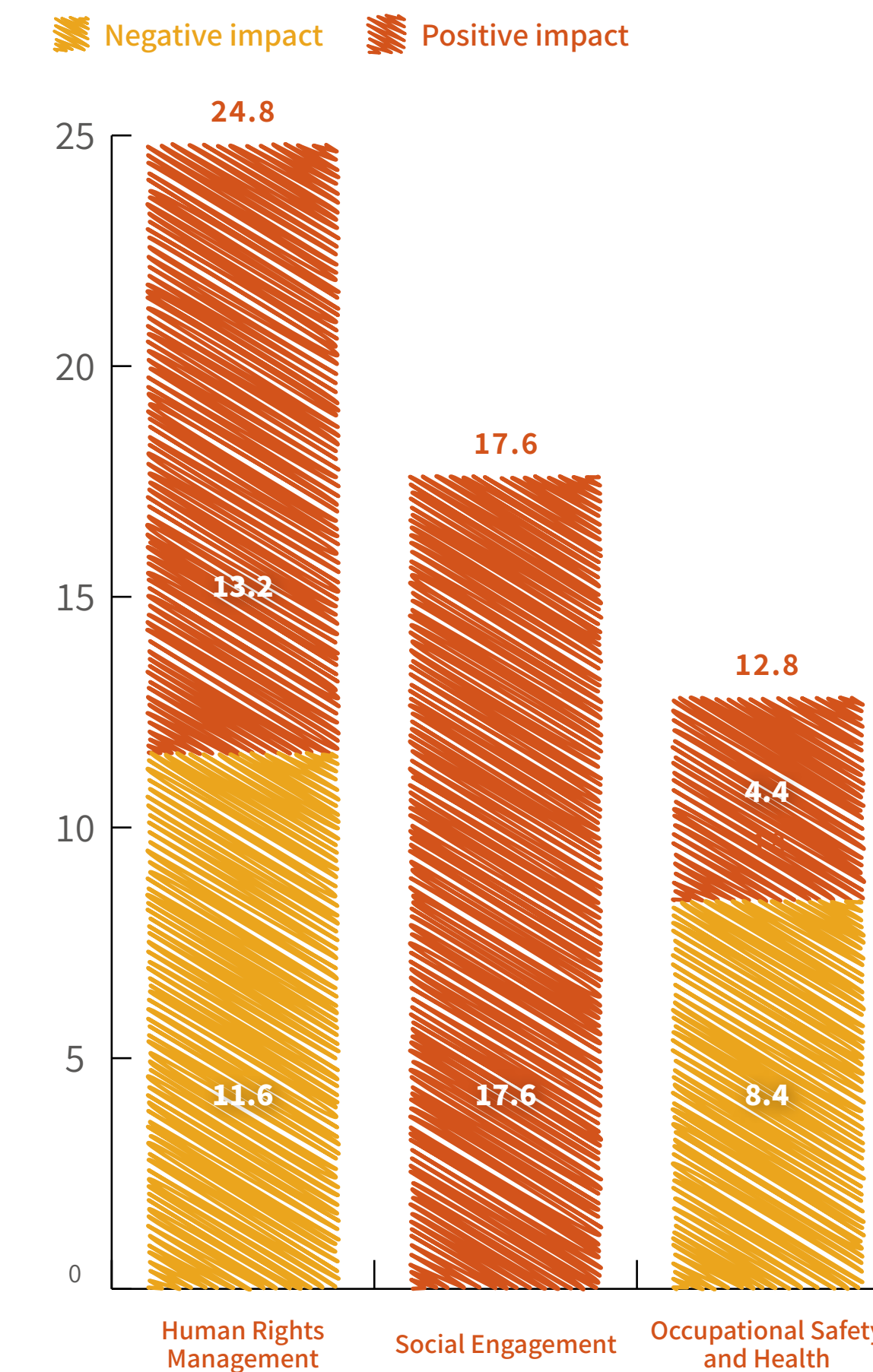
#### ► Prioritization of economic impacts



#### ► Prioritization of environmental impacts



#### ► Prioritization of people (including human rights) impact



## 2.3.3 List of Material Topics



Rankin	2022 Material Topics	GRI Topic-Specific Standards	Significance to Shih Wei Navigation	Corresponding Chapter	Corresponding Sustainability Standards
1	Economic Performance	GRI 201 Economic Performance (201-1~201-4)	To ensure the sustainable management of the Company, replenish working capital and improve the financial structure, Shih Wei Navigation pursues steady growth and operational profitability while creating higher value for its shareholders to enhance investors' trust.	Chapter 1 Value Creation	<ul style="list-style-type: none"> <li>■ TWSE- Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies</li> <li>■ TWSE- Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</li> </ul>
2	Climate Change Management	GRI 201 Economic Performance (201-2) GRI 2: General Disclosures 2021 (2-23~2-24)	Climate change management is getting more important to business operations for an enterprise. In the face of the requirement for carbon reduction in the market environment and the gradual regulatory restrictions at home and abroad, both positive and negative impacts will be brought to the economy and the environment.	Chapter 3 Environmental	<ul style="list-style-type: none"> <li>■ Task Force on Climate-Related Financial Disclosures (TCFD)</li> <li>■ TWSE- Dedicated Chapter for Climate-related Disclosures (Appendix II)</li> <li>■ S&amp;P Global CSA Transportation and Transportation Infrastructure- Climate Strategy, Operational Eco-efficiency</li> </ul>
3	Ship Safety	GRI 417 Marketing and Labeling 2016 (417-1~417-2) GRI 2: General Disclosures 2021 (2-23~2-24)	Ship Safety is crucial to the operation of the Company. Any occurrence of marine accident may affect the Company's profit and directly or indirectly cause personal safety risk for sea crews. In addition, the ships are subject to relevant safety and equipment supervision requirements of the port state or competent authorities to ensure the safety of the navigation of ships.	Chapter 5 Governance	<ul style="list-style-type: none"> <li>■ SASB Marine Transportation- Accident and Safety Management</li> </ul>
4	Sustainable Development Strategy	GRI 2: General Disclosures 2021 (2-12~2-13~2-14~2-16~2-23~2-24)	The stakeholders are paying more and more attention to the Company's sustainable development strategies. To ensure effective connection between the sustainable development strategies and the operational goals, Shih Wei Navigation will make stepwise plans as well as adjust and revise various sustainability goals to align with international standards.	Mainly disclosed in Chapter 2 Sustainable Management, and also described in other chapter	<ul style="list-style-type: none"> <li>■ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</li> </ul>





Rankin	2022 Material Topics	GRI Topic-Specific Standards	Significance to Shih Wei Navigation	Corresponding Chapter	Corresponding Sustainability Standards
5	GHG Emissions and Energy	GRI 302 Energy 2016 (302-1, 302-3) GRI 304 Biodiversity 2016 (304-1, 304-2, 304-3) GRI 305 Emissions 2016 (305-1, 305-2)	Regulations governing GHG and air pollutant emission are closely related to environmental protection and compliance. Responsible emission management can effectively reduce the cost risk and improve the competitiveness of products and services in sustainable topic	Chapter 3 Environmental	<ul style="list-style-type: none"> <li>■ SASB Transportation- GHG Emissions, Air Pollution</li> <li>■ MSCI Ocean Shipping- Carbon Emissions</li> </ul>
6	Human Rights Management	GRI 405 Diversity and Equal (405-1、405-2) GRI 406 Non-discrimination (406-1) GRI 407 Freedom of Association and Collective Bargaining 2016 (407-1) GRI 2: General Disclosures 2021(2-23、2-24)	Shih Wei Navigation complies with international conventions, attaches importance to human rights, and ensures that there will not be discrimination or unequal treatment due to race, nationality, gender, sexual orientation, etc.	Chapter 4 Social	<ul style="list-style-type: none"> <li>■ Universal Declaration of Human Rights (UDHR)</li> <li>■ The United Nations Global Compact (UNGC)</li> <li>■ United Nations Guiding Principles on Business and Human Rights</li> <li>■ ILO Declaration on Fundamental Principles and Rights at Work</li> <li>■ Maritime Labour Convention (MLC)</li> </ul>
7	Occupational Safety and Health	GRI 403 Occupational Safety and Health (403-1、403-2、403-3、403-4、403-5、403-6、403-7、403-8、403-9、403-10)	Shih Wei Navigation has been implementing the safety policies of maintaining safety of lives, safety of ships, safety of cargos, and safety of environments. We regard safety of lives as the primary safety goal and comply with all safety regulations to ensure the safety and health of our associates.	Chapter 4 Social	<ul style="list-style-type: none"> <li>■ SDG 8.8: Protect Labour Rights and Promote Safe Working Environments</li> <li>■ SASB Marine Transportation- Employee Health and Safety</li> <li>■ MSCI Ocean Shipping- Health &amp; Safety</li> <li>■ S&amp;P Global CSA Transportation and Transportation Infrastructure-Occupational Health and Safety</li> </ul>
8	Social Engagement	GRI 203 Indirect Economic Impacts 2016 (203-1、203-2) GRI 413 Local Communities 2016 (413-1、413-2)	To implement corporate social responsibility with the spirit of “achieving common good”, Shih Wei Navigation believes that corporate engagement in public welfare is an important channel for the promotion of the sustainable development of a society. We hope to build multiple partnerships through public welfare programs.	Chapter 4 Social	<ul style="list-style-type: none"> <li>■ SDGs 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</li> </ul>

Explanation of the reasons why the 2021 material topics were no longer with materiality in the reporting year

2021 Material Topics	Explanation of the reasons why the 2021 material topics were not listed in 2022 material topics
Compliance	
Information Security	This year, the GRI Universal Standards 2021 was adopted for the assessment of the significance of material topics on economic, environmental and human rights aspects.
Corporate Governance	
Waste	
Green Shipping	The list of sustainable topics was summarized this year, and the content of which was combined into the Climate Change Management.
Energy	The list of sustainable topics was summarized this year, and the content of which was combined into GHG Emissions and Energy.
Risk Management	<ul style="list-style-type: none"> <li>■ This year the GRI Universal Standards 2021 was adopted this year for the assessment of the significance of material topics on economic, environmental, and human rights aspects</li> <li>■ The list of sustainable topics was summarized this year, and the content of which was combined into Climate Change Management (including Climate Risk and Opportunities)</li> </ul>



# 2.4 Stakeholder Engagement

## 2.4.1 Identification of Stakeholders

In 2022, Shih Wei Navigation followed the guidelines of GRI Material Topics Assessment for the reassessment of material topics and impacted stakeholders. A total of seven major stakeholders were identified, including Employees, Competent Authorities, Customers, Public Associations, Suppliers/Contractors, Shareholders and other Investors, Public Welfare Groups/Disadvantaged Groups.

GRI :

2-29



## 2.4.2 Stakeholder Communication Results

To actively understand stakeholders' needs and the topics of their concern, the Company has set up a corresponding unit in charge of immediate communication, response, review, and improvement. After the publication of the annual Sustainability Report, the stakeholders' communication status will be reported to the board of directors at least once a year.

SASB :

TR-MT-540a.2

TR-MT-540a.3



Stakeholder	Significance	Annual key issues	Communication channels/ frequency	2022 communication performance
 <p>Employees</p>	<p>Employees are the important assets for Shih Wei Navigation to enhance its competitiveness, and also the most important foundation for the sustainable management of the Company.</p>	<ul style="list-style-type: none"> <li>■ Economic Performance*</li> <li>■ Employee Rights and Benefits</li> <li>■ Talent Cultivation and Retention</li> <li>■ Occupational Safety and Health*</li> <li>■ Human Rights Management*</li> <li>■ Social Engagement *</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual performance appraisal and employee interview (Annual)</li> <li>■ Labor-Management Conferences (Quarterly)</li> <li>■ Employee Welfare Committee Meetings (Quarterly)</li> <li>■ Sexual harassment complaint hotline and mailbox (Immediate)</li> <li>■ Contact phone number and email of Administration Department (Immediate)</li> <li>■ Contact information of HR on the Company website (Immediate)</li> </ul>	<ul style="list-style-type: none"> <li>◆ A total of 79 sessions of education and training were held</li> <li>◆ A total of 4 sessions of labor-management Conferences were held</li> <li>◆ A total of 4 sessions of Employee Welfare Committee meetings were held</li> <li>◆ One session of Team Building &amp; Mountain Cleanup was held</li> </ul>
 <p>Competent Authorities (the Government)</p>	<p>Shih Wei Navigation strictly abides by the government laws, regulations and policies and cooperates with inspections and supervision so that the public and private sectors can jointly work for the goal of sustainable development.</p>	<ul style="list-style-type: none"> <li>■ Compliance</li> <li>■ Ship Safety *</li> <li>■ Occupational Safety and Health*</li> <li>■ Climate Change Management*</li> <li>■ GHG Emissions and Energy*</li> </ul>	<ul style="list-style-type: none"> <li>■ Official documents exchanges (Irregular)</li> <li>■ Decree briefing, publicity meetings, or symposiums (Irregular)</li> <li>■ Foreign authorities, such as the port states (Irregular)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Responded 23 times to TWSE e-questionnaires</li> <li>◆ Participated in 7 Taiwan government's decree briefings, and there was no inspection or deficiency improvement</li> <li>◆ Participated in 33 seminars and educational training sessions organized by competent authorities</li> <li>◆ There were total of 111 inspections from Port State Control (PSC), 230 items of deficiencies, and 3 ship arrests</li> <li>◆ Received a total of 26 inspections from flag states.</li> </ul>
 <p>Customers</p>	<p>Shih Wei Navigation is dedicated to providing excellent shipping services. We expect to stay closer to the customers' needs and expectations to become an indispensable partner for their business development, aiming at creating value together.</p>	<ul style="list-style-type: none"> <li>■ Customer Service and Satisfaction</li> <li>■ Customer Privacy and Cyber Security</li> <li>■ Integrity Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Telephone (Immediate)</li> <li>■ EMAIL (Immediate)</li> <li>■ Face-to-face communication with customers (Irregular)</li> <li>■ Customer satisfaction (Irregular)</li> </ul>	<ul style="list-style-type: none"> <li>◆ No complaints from customers were received in 2022</li> <li>◆ Visited clients and had face-to-face interactions 24 times</li> </ul>

Note: \*Highlighted as Material Topics

Stakeholder	Significance	Annual key issues	Communication channels/ frequency	2022 communication performance
 <p>Public Associations</p>	<p>Public associations related to shipping provide regulatory information. Through the examination, we aim to maintain the ship seaworthiness and safety, striving to achieve green shipping and facilitate human rights for sea crews and ensure the goal of safety of ships.</p>	<ul style="list-style-type: none"> <li>■ Climate Change Management*</li> <li>■ GHG Emissions and Energy*</li> <li>■ Ship Safety *</li> <li>■ Ecological Conservation</li> <li>■ Occupational Safety and Health*</li> <li>■ Social Engagement *</li> </ul>	<ul style="list-style-type: none"> <li>■ Telephone (Immediate)</li> <li>■ EMAIL (Immediate)</li> <li>■ Meetings (Irregular)</li> <li>■ Questionnaire (Irregular)</li> </ul>	<ul style="list-style-type: none"> <li>◆ A total of 11 sessions of meetings were held with Classification Society and Gallagher Marine Systems</li> <li>◆ A total of 86 times of deficiencies were issued by the Classification Society</li> <li>◆ Participated in 13 educational training sessions organized by classification societies, seafarers' unions, and other public associations</li> <li>◆ Attended 8 meetings organized by shipping agents' associations, seafarers' unions, classification societies, and shipowners' associations</li> </ul>
 <p>Suppliers/ Contractors</p>	<p>Suppliers/Contractors are the long-term and important partners for Shih Wei Navigation. Through close cooperation, we will jointly pursue the goal of corporate sustainable management.</p>	<ul style="list-style-type: none"> <li>■ Sustainable Supply Chain Management</li> <li>■ Ecological Conservation</li> <li>■ Human Rights Management*</li> </ul>	<ul style="list-style-type: none"> <li>■ Telephone (Immediate)</li> <li>■ EMAIL (Immediate)</li> <li>■ Supplier evaluation (Twice a year)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Two times of supplier evaluation were conducted</li> </ul>
 <p>Shareholders and other Investors</p>	<p>It is because of the support of the shareholders and investors can Shih Wei Navigation continue its various development and improvement. They are the strong support for the sustainable management of the Company.</p>	<ul style="list-style-type: none"> <li>■ Economic Performance*</li> <li>■ Integrity Management</li> <li>■ Risk Management</li> <li>■ Sustainable Development Strategies*</li> </ul>	<ul style="list-style-type: none"> <li>■ Investor Conference (Annual)</li> <li>■ Shareholders' meeting (Annual)</li> <li>■ TWSE MOPS (Immediate)</li> <li>■ Mega Securities Register &amp; Transfer Agency (Immediate)</li> <li>■ Contact number and email on the Company website (Immediate)</li> </ul>	<ul style="list-style-type: none"> <li>◆ 2 Investor Conferences were held</li> <li>◆ 1 shareholders' meeting was held</li> </ul>
 <p>Public Welfare Groups/ Disadvantaged Groups</p>	<p>Engaging in social welfare depends on professional helpers. Therefore, Shih Wei has developed long-term partnership with public welfare groups, which helps Shih Wei Navigation enhance its social influence and provide substantial help to the groups in need, maximizing the benefits of the resources invested.</p>	<ul style="list-style-type: none"> <li>■ Social Engagement *</li> <li>■ Ecological Conservation</li> </ul>	<ul style="list-style-type: none"> <li>■ Telephone (Immediate)</li> <li>■ EMAIL (Immediate)</li> <li>■ Meetings (Irregular)</li> </ul>	<ul style="list-style-type: none"> <li>◆ A total of 9 sessions of public welfare activities were organized, including mountain cleanup activities and lectures on protection and conservation of marine resources and lives</li> <li>◆ Visited children in Wutai Township in Pingtung once</li> </ul>

Note: \*Highlighted as Material Topics

## 2.5 Participation in Public Associations

GRI :

2-28

Shih Wei Navigation not only is dedicated to the development of its core business but also expects to make contributions to the sustainable development of shipping related industries in Taiwan. Therefore, the Chairwoman and high-level executives actively participate in public affairs and hold positions in public associations. It is hoped that through exchanges and cooperation, the consensus and resources of the industry can be gathered to contribute to the environment on earth. Moreover, we also actively care for the disadvantaged groups and hope to set an example for others to follow, enabling a benevolent cycle in the society while fulfilling our social responsibility.



Name of Association	Position
CR Classification Society	Director, committee member
Association of Shipping Services, R. O. C.	Executive director, committee member
Taipei Shipowners' Association	Member representative
Taipei Shipping Agencies Association	Member
Association for Cruises Development of Taiwan	Member
Taiwan Entrepreneurs Association	Member
7th NTU EMBA Alumni Association	Executive director
NTOU Alumni Association	Executive director, director
Bureau Veritas Asia & Australia Committee	Committee member
ClassNK Taiwan Committee	Committee member, technical committee
The Britannia Steam Ship Insurance Association (Britannia P&I Club)	Director, chair of Nomination Committee, committee member

# CHAPTER

# Environmental

3.1 Green Shipping

3.2 Climate Change Mitigation

3.3 Climate Change Adaptation and Climate Risk Management

3.4 Water Stewardship

3.5 Waste Management

3.6 Air Pollutant Management

3.7 Protection of Marine Ecology

Corresponding SDGs



## Goals for 2030

- To follow the carbon reduction strategies and targets set by the International Maritime Organization (IMO) and actively respond to the impact brought by climate change
- To strive for the maintenance of the environment on earth and reduce negative impact on the environment caused by business activities

## Corresponding Sustainability Topics

- **Climate Change Management**
- **GHG Emissions and Energy**
- Water Stewardship
- Waste Management
- Air Quality/ Air Pollution Management
- Ecological Conservation

### Material Topics Management

To cope with the carbon reduction trends at home and abroad and to meet the changes in market demands, Shih Wei Navigation makes strengthened management of GHG and energy, and has actively promoted energy-saving and carbon-reducing measures and assessed risks and opportunities brought by climate change so as to incorporate these conditions into considerations for business operation.

### Material Topic

- Climate Change Management
- GHG Emissions and Energy

### Impacts

About 27% of the GHG emissions of global transportation come from marine transportation. Ships emit approximately 1 billion metric tons of carbon dioxide every year, accounting for nearly 3% of global GHG emissions. If no active actions are taken, in addition to the negative impact on the environment, we may also be forced to face the situations in which the investors, customers and other stakeholders will gradually increase their demands for low-carbon ships and the government may impose stricter laws and regulations so that the ships may be required to slow down or be levied carbon taxes or carbon fees. Proactive countermeasures have to be proposed to avoid negative impact on corporate profitability. Looking at this from another perspective, new market opportunities can be created by ensuring the advantages of environmental performance. Shih Wei Navigation will strive to work on its environmental performance so as to become the most preferable bulk shipping company with sustainability development.

### Policy Commitments

- Follow the carbon reduction strategies set by the International Maritime Organization (IMO) and set carbon reduction targets, and make stepwise adjustment of the company policies
- Initiate GHG inventory and obtain external verification.

### Management System

- Shih Wei Navigation ensures safe operation with a sound and complete management system. See [3.1 Climate Governance](#), [3.2 Climate Change Mitigation](#), and [3.3 Climate Change Adaptation and Climate Risk Management](#) for details.

### Specific Actions

- Plan GHG inventory plans of the parent company, and report to the board of directors for supervision and management on a quarterly basis
- The Ship Energy Efficiency Management Plan (SEEMP) has been established for the fleet since 2013, and the StormGeo Daily Reporting System was introduced at the end of 2017, collecting the quantitative data of daily ship position, cargo volume, fuel consumption, and inventory of fuel, making it possible to monitor GHG and air pollutants. From 2019, the fuel consumption of our fleets of the entire fleet has obtained third-party certification from ClassNK to comply with international regulations such as IMO DCS and EU-MRV. As of 2022, a total of over NT\$8.06 million has been invested
- Energy-saving and carbon-reducing measures are implemented on the ships and in Taipei Headquarters. See [3.2 Climate Change Mitigation](#) for details
- Include the commitment to reduce environmental impact in the agreement with suppliers to achieve the targets in partnership
- Make assessment of the climate risks and opportunities as suggested in TCFD and develop countermeasure

Note: Highlighting with background color and bold font indicates Material Topics





Metrics & Targets

- It is expected to establish the GHG Inventory Team in 2023 and formulate the Operating Procedures for GHG Inventory, it aims to formally adopt the ISO 14064-1:2018 organization level GHG Inventory Standard in 2023, with the goal of obtaining external verification from the parent company by 2024 and external verification from subsidiary ship operating companies by 2025
- Compliant with the new regulations of EEXI and CII:
  - ▶ Reduce the GHG emissions of ships to meet EEXI requirements
  - ▶ Conduct verification and obtain certificate of the CII of ships and improve the CII rating

For details, see [3.1.1 Climate Governance](#), and [3.1.2 Corresponding Strategies and Measures for Climate Change](#).

Evaluation Methods

- In the future, a third-party verification will be imported in the GHG inventory to enhance the credibility
- The fleet adopts the StormGeos-Insight system to monitor the Carbon Intensity Indicator (CII) of the ship to obtain the latest status, and relevant preparation was completed at the end of 2022 to facilitate the calculation and declaration of the 2023 CII values in 2024 and to obtain the certificate
- The fleet will receive a third-party verification by ClassNK for the total energy consumption every year and obtain the Statement of Compliance - Fuel Oil Consumption Reporting and Operational Carbon Intensity Rating in accordance with international regulations
- The evaluation of the effectiveness of carbon emission management of the fleet will be conducted in accordance with the Ship Energy Efficiency Management Plan (SEEMP) III Internal Management Review Procedure, and the Risk Management Department will make the submission to the verification unit for the review of annual targets
- The FleetDSS (Decision Support System) is used to make real-time monitoring of the ship position, mark the ship of concern and cooperate with the weather forecast service and navigation suggestions, and close contact can be made with the ships to obtain relevant meteorological data of the actual ship position as well as the carbon emission data to facilitate timely development of countermeasures

Stakeholder Engagement

Relevant stakeholders include Employees, Competent Authorities, Customers, Public Associations, Suppliers/ Contractors, Shareholders and other Investors. Please see [2.4 Stakeholders Engagement](#) for details



# 3.1 Green Shipping

Marine Transportation emits approximately 1 billion metric tons of carbon dioxide every year, accounting for nearly 3% of the global GHG emissions, having great impact on the environment. To respond to climate change, Shih Wei Navigation has set ship carbon reduction and environmental protection its primary goals. In 2022, COP27 launched the Green Shipping Challenge, and more than 40 ports, enterprises, and governments have responded to it. We also pay close attention to the international trends and incorporate the latest trends into operational references.

Shih Wei Navigation has established an environmental management system suitable for the industry characteristics and in accordance with the safe operations of ships and environmental protection regulations stipulated by the International Maritime Organization (IMO) for the management of the safe operation of the fleet and environmental protection. The effectiveness of the management system is audited by the third-party inspection organization ClassNK.



## 3.1.1 Climate Governance

The issues of climate change have continued internationally for years. In 2022, Taiwan officially announced Taiwan's Pathway to Net Zero Emissions in 2050. To respond to the government policy and effectively mitigate the impact of climate change, Shih Wei Navigation has set GHG emission targets based on the international maritime climate change strategies initiated by IMO and incorporated the SDGs into its operating activities. It is expected to set up an exclusively (or concurrently) dedicated unit or working group in 2023 to further promote relevant management approaches and measures, such as GHG reduction, energy management targets and so on. The schedules for the GHG inventory and verification of the parent company have been submitted to the board of directors in 2022 for the management and control on a quarterly basis, and the climate risk issues are also reported to the board of directors after the publication of the Sustainable Report for the board to implement its supervisory responsibilities.

### Shih Wei Navigation's short-, medium-, and long-term carbon reduction goals

Year	2018	2025	2030	2050
Description	Base year of carbon emissions	The year to achieve the short-term goal	The year to achieve the medium-term goal	The year to achieve the long-term goal
Target value	Annual total carbon emissions of 509,725 tonCO <sub>2</sub>	Annual reduction of 23% of the total carbon emission	Annual reduction of 40% of the total carbon emission	Annual reduction of 70% of the total carbon emission

Note:  
Based on the estimates of the medium- and long-term carbon reduction goals, the annual carbon reduction goal is to reduce the GHG emissions by 3.33% (unit: tonCO<sub>2</sub>) annually compared with the base year 2018. The targets were achieved in 2019-2022, and in 2022, there was a reduction of 26.45% in GHG emissions compared to 2018.

GRI :

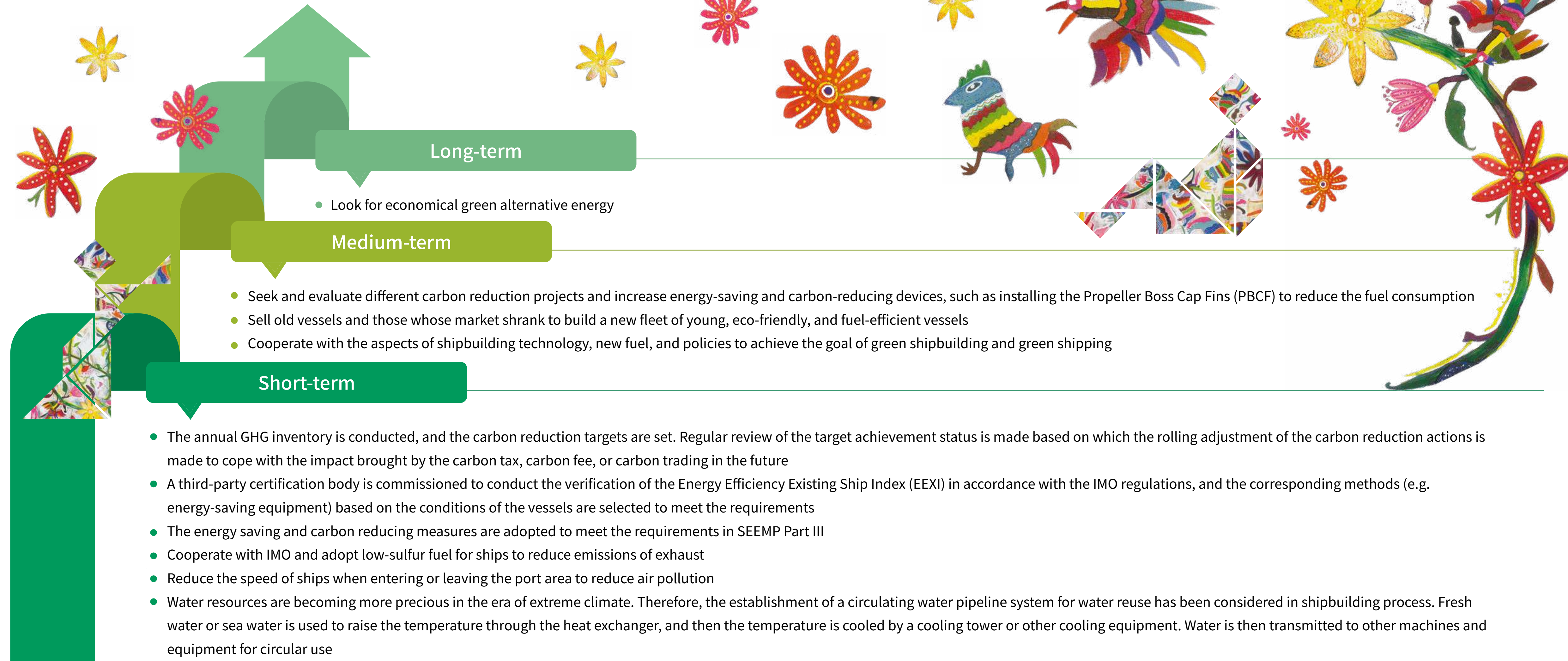
2-23

2-24

SASB :

TR-MT-110a.1

## 3.1.2 Corresponding Strategies and Measures for Climate Change



# ▶ The international environmental protection and safety management certificates possessed by the fleet of Shih Wei Navigation



Safety Management Certificate



International Ship Security Certificate



Cargo Ship Safety Construction Certificate



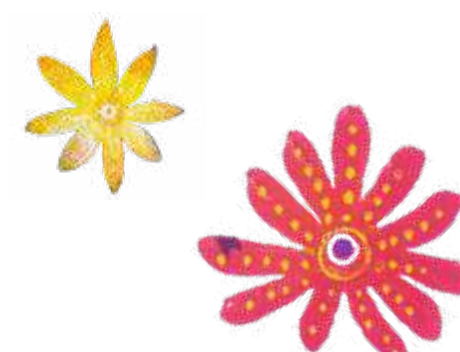
International Sewage Pollution Prevention Certificate



International Air Pollution Prevention Certificate



International Oil Pollution Prevention Certificate



Cargo Ship Safety Equipment Certificate



Statement of Garbage Pollution Prevention from Ship

► The international environmental protection and safety management certificates possessed by the fleet of Shih Wei Navigation

► Certificate of compliance with international carbon reduction regulations possessed by the fleet of Shih Wei Navigation



International Ballast Water Management Certificate



International Energy Efficiency Certificate



Confirmation of Compliance-SEEMP Part III



Document of Compliance



International Anti-Fouling System Certificate



Statement of Compliance on Inventory of Hazardous Materials



Statement of Compliance - Fuel Oil Consumption Reporting and Operational Carbon Intensity Rating



# 3.2 Climate Change Mitigation

## 3.2.1 GHG Management

GRI:

- 305-1
- 305-2
- 305-4

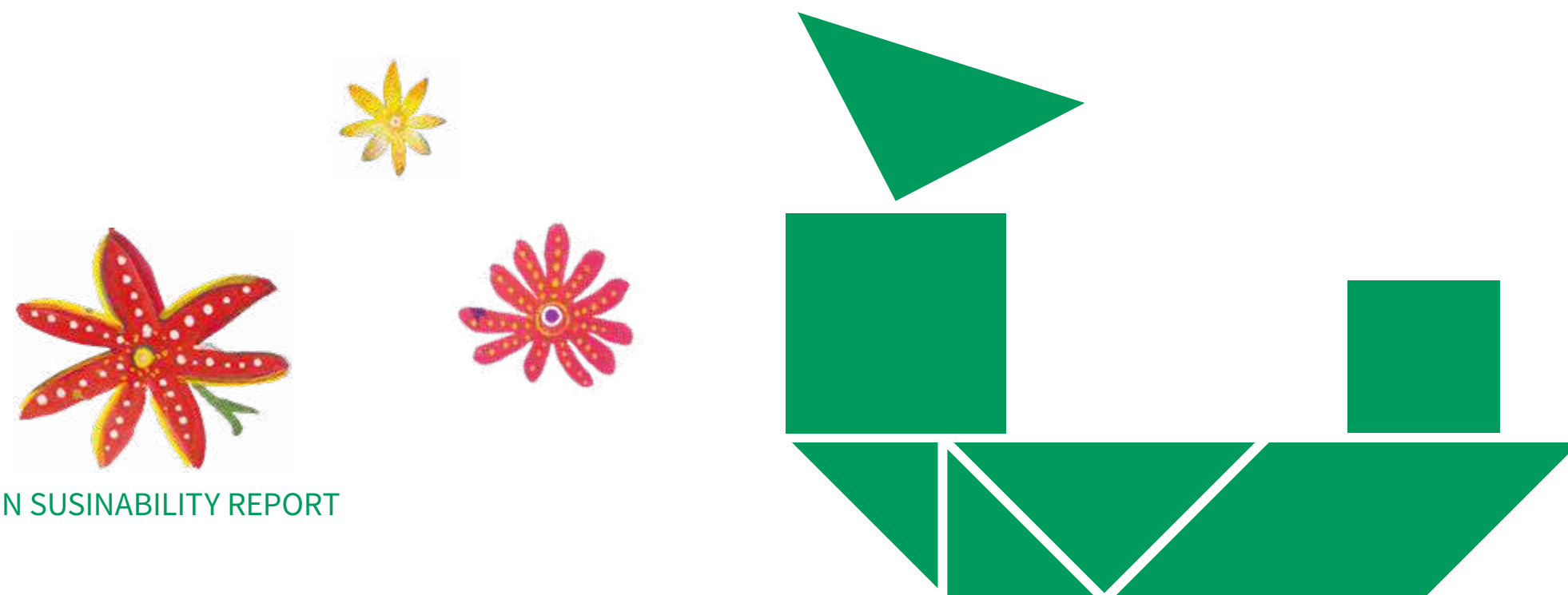
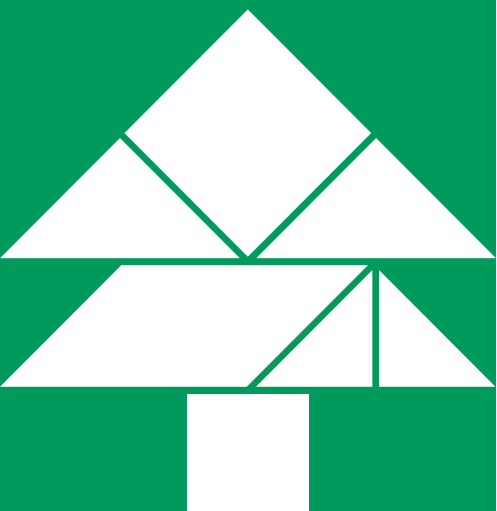
SASB:

TR-MT-110a.1

To make effective control and management of GHG, Shih Wei Navigation cooperates with the government in the promotion of GHG inventory and verification information disclosure to make stepwise establishment of the capabilities of carbon inventory and management. Currently, we have conducted autonomous inventory of the GHG emissions of the Headquarters (parent company) and the fleet (subsidiaries) between 2019-2022. The ISO 14064-1:2018 organization level GHG Inventory Standard is planned to be officially adopted in 2023. The goal is to obtain external verification for the parent company in 2024 and for the ship operating subsidiaries in 2025. The schedules for the GHG inventory and verification of the parent company have been submitted to the board of directors in 2022 for the management and control on a quarterly basis so as to fulfill the supervisory responsibilities.

The boundary of the Company's GHG management scope is set by the operational control, which is divided into the Head Office and the fleet. Scope 1 emissions are from the fuel used for fleet operation and Scope 2 emissions are from the purchased electricity of the Head Office. The inventory of Scope 3 emissions has not been carried out. Currently, the autonomous inventory of Scope 1 and Scope 2 emissions have been completed.

To make effective management of the GHG and energy of the fleet, we have imported the StormGeo s-Insight system to every vessel for the reporting of relevant data daily. Through the data platform, the latest status can be grasped to ensure the ships' compliance with EU-MRV, IMO DCS, EEXI, CII, and other regulatory requirements.



## ► Knowledge Station: Marine Transportation Regulations

The Marine Transportation is an industry with various carbon reduction related regulations, and therefore, there is a lot of regulatory terminologies.

To improve the readability of this Report, relevant information is specially organized here for the readers to quickly grasp relevant carbon reduction regulations in marine transportation.

EU-MRV (Measurement, Reporting, Verification)	IMO DCS (Data Collection System for Fuel Oil Consumption of Ships)
<p>This is an EU regulation on the monitoring, reporting, and verification of the CO<sub>2</sub> emissions of ships, which was in effect on January 1, 2018. This regulation is applicable to ships greater than 5,000GT.</p>	<p>This is a mandatory regulation for International Maritime Organization (IMO) to collect fuel data for marine transportation, requiring ships greater than 5,000GT to collect and report relevant data to IMO database from January 1, 2019.</p>
<p style="text-align: center;"><b>Penalty</b></p>	<p style="text-align: center;"><b>Penalty</b></p>
<p>If the ship fails to have a Monitoring Plan or does not obtain a Document of Compliance according to the schedule for two years in a row, it will be banned from entering the European Union.</p>	<p>If the ship fails to obtain the Statement of compliance- Fuel Oil Consumption Reporting, it will be arrested or detained by Port State Control (PSC) in accordance with International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI Provision 10.</p>
IMO EEXI and CII	

IMO follows the Paris Agreement and has established a mid- to long-term GHG reduction strategies for the entire marine transportation, and added two new regulations, the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) in the 76th meeting of Marine Environment Protection Committee (MEPC). These two new regulations came into effect on November 1, 2022 in the hope of reducing GHG emissions in marine transportation.

EEXI is an index to assess the improvement of fuel consumption of existing ships exceeding 400 GT. The Attained EEXI has to be equal to or less than the required EEXI. Non-compliant ships shall take countermeasures such as limiting engine power or increasing energy conservation measures to effectively improve fuel consumptions.

IMO Data Collection System (DCS) constituted the CII rating and the basis of the Ship Energy Efficiency Management Plan (SEEMP) Part III. Starting from January 1, 2023, the SEEMP Part III has to be verified, and this is applicable to ships of 5,000GT or above to record and achieve CII targets. From 2024, CII must be calculated and summarized based on the DCS data of the previous year and a third-party verification has to be submitted. The ship is given a rating from A to E, which will also be recorded on the Statement of Compliance (SOC) that is required to be retained for 5 years. For ships achieve a D rating for 3 consecutive years or an E rating in a single year, a corrective action plan needs to be developed as part of the SEEMP and approved by Recognized Organization (RO).



IMO EEXI and CII - ship carbon intensity and rating system

## ► GHG emissions statistics of Shih Wei navigation in the past four years

Since the 2022 Russia-Ukraine conflict, there have been changes in the supply chain and supply-demand blocks, leading to adjustments in route planning. Although the sailing distance has decreased slightly by approximately 0.62% compared to the previous year, the total cargo carrying capacity of the fleet has significantly reduced due to differences in cargo types. This change has resulted in a reduction in Ton-nautical Mile / Ton-mile, leading to an increase in GHG emissions intensity and energy intensity.

Unit: Metric tons (t) CO<sub>2</sub>

Source of emission		Year	2019	2020	2021	2022
Head Office (Headquarters)	Scope 1		N/A	N/A	N/A	N/A
	Scope 2		107.100	96.008	90.975	93.670
The fleet	Scope 1 (Calculation includes only CO <sub>2</sub> )		455,353.000	448,336.000	392,521.801	374,790.008
	Scope 2		N/A	N/A	N/A	N/A
	Total		455,353.000	448,336.000	392,521.801	374,790.008
	Number of vessels in total shipping fleet		42	40	34	33
	Ton-nautical Mile		529,876,748,896	571,429,580,468	508,515,951,237	395,132,066,870
	Total distance traveled by vessels (nm)		2,028,036	2,013,250	1,588,670	1,578,730
	GHG emission intensity (Metric tons (t) CO <sub>2</sub> / Ton-nautical Mile)		0.000000859	0.000000785	0.000000771	0.000000948
Total GHG emissions	Scope 1		455,353.000	448,336.000	392,521.801	374,790.008
	Scope 2		107	96.008	90.975	93.670
	Total		455,460.100	448,432.008	392,612.776	374,883.678



Note:



1. The GWP Value from the Fifth Assessment Reports (AR5) by IPCC in 2013 was applied
2. Scope 2 emissions from the headquarters office are calculated by summing up the electricity usage data listed on the monthly electricity bills. For externally purchased electricity by the headquarters office, the emissions are calculated based on the carbon emission coefficients for electricity published by the Bureau of Energy, MOEA, for each respective year. Scope 1 emissions from the fleet are calculated based on the data from ClassNK fuel oil consumption certification. According to the fourth IMO GHG Study, the emission factors for Diesel/Gas Oil and Heavy Fuel Oil are 3.206 and 3.114, respectively
3. GHG emission intensity should be calculated in tonCO<sub>2</sub>/ton-nautical mile to show the relationship between the cargo load and the carbon emissions more accurately. If calculated in tonCO<sub>2</sub>/nautical mile, only the total voyage distance is considered, which may not be enough to present carbon emission intensity. Due to the re-statement, only the unit of tonCO<sub>2</sub>/ton-nautical mile would be used from 2021. Ton-nautical Mile / Ton-mile is calculated by multiplying the weight of the cargo in tons by the distance traveled by the vessel in nautical miles
4. The 2019-2022 data coverage rates all reached 100%. There is no relevant data for the passenger ship since there was no actual operation



## ► GHG Reduction Actions

As GHG effect and the influence of global warming are getting more and more significant, the impact of climate change is an inevitable issue an enterprise has to face for sustainable management. For marine transportation, it often involves high capital expenditures in the process of promoting carbon reduction actions. In addition, the carbon emission intensity of the fleet can be affected by the short-term market fluctuations.

There are also different international regulations that need to be followed. As of 2022, the carbon reduction actions taken by Shih Wei Navigation are detailed as follows.

Type of operating base	Countermeasures
 <p>The fleet</p>	<ul style="list-style-type: none"> <li>■ Sell old vessels and those whose market shrank to build a new fleet of young, eco-friendly, and fuel-efficient vessels</li> <li>■ Fuel switching: Use low sulfur fuel oil to reduce the emissions of sulfur oxides (SOx)</li> <li>■ The Company's new vessels built after 2015 adopt the electronically controlled engines (B&amp;W ME-B), which have the same cylinder diameter of 500mm as the traditional engines (B&amp;W MC-C) used in shipbuilding in 2011. When the two types of engines are compared, the electronically controlled engines have the advantages of more precise electronic control of fuel injection, more fuel-saving effect, high reliability, and reduced frequency of maintenance. Therefore, new vessels built after 2015 adopt the ME-B type engines to meet the environmental requirements and achieve the highest economic benefit</li> <li>■ Compliance with EEXI and CII regulations:             <ul style="list-style-type: none"> <li>▶ Energy conservation requirements are given in terms of ship design efficiency on the premise of accomplishing a certain amount of transportation task while making the most efficient use of fuel. Ships not meeting the emission standards or causing pollution will be restricted or have to make adjustment or improvement. After the calculation by the third-party certification agency, ClassNK Consulting Service Co., Ltd. (NKCS), some vessels of the fleet have to be equipped with Engine Power Limitation (EPL) to reduce the GHG emissions to meet the requirements of EEXI</li> <li>▶ Every year, the vessels will undergo the CII verification and rating. If the rating is not good, corrective action plans will be established and included in the Ship Energy Efficiency Management Plan (SEEMP)</li> </ul> </li> <li>■ The Propeller Boss Cap Fins (PBCF) are installed in the vessels to reduce fuel consumption. It is planned to install the PBCF in the vessels of the entire fleet to improve the CII rating</li> </ul>
 <p>Head Office</p>	<ul style="list-style-type: none"> <li>■ All the fluorescent lamps in the office have been replaced with lamps with energy-saving labels issued by the government</li> <li>■ Emphasize the importance of work efficiency among employees and reduce the time for them to linger in the office to reduce energy consumption</li> <li>■ The server virtualization was introduced in 2021 to achieve environmental protection, energy conservation, and reduction of maintenance costs by reducing the number of physical servers</li> <li>■ Traditional laser and inkjet printers have been phased out and replaced by printers with Continuous Ink Supply System (CISS), saving as much as 95% of electricity compared with printers of the same level, putting an end to the harm of toners to human health. Currently, a total of 6 units are in use</li> <li>■ In 2022, three photocopiers were replaced, and the new model rented is with the energy-saving label approved by the Bureau of Energy, MOEA, that can improve efficiency while at the same time reduce energy consumption</li> <li>■ In 2022, the renewal project of the chillers of air-conditioning units was implemented to improve energy efficiency and achieve the benefits of energy conservation</li> </ul>

## 3.2.2 Energy Management

GRI :

302-1  
303-3

SASB :

TR-MT-110a.3  
TR-MT-110a.4

Shih Wei Navigation has set the Energy Management Policy in accordance with IMO Resolution MEPC.213(63), regulating the establishment of the Ship Energy Efficiency Management Plan (SEEMP) to reduce the fuel consumption and the GHG (such as carbon dioxide) emitted by ship operations. To achieve the energy conservation goals, the Company has set up an energy management policy for the energy consumption management, aiming at avoiding unnecessary consumption, improving cost-effectiveness and working conditions, and reducing the amount of pollution, particularly the CO2 and Sox emitted by the engines.

The onshore personnel and the sea crews all have to comply with the Company’s energy management policy to implement the SEEMP and make collective recording, monitoring, analysis and improvement to pave the way for the next PDCA (Planning, Doing, Checking and Assessment) Cycle. Through the SEEMP, the Company and the ships have to establish the PDCA cycle for energy efficiency management.

Shih Wei Navigation’s fleet is strictly compliant with international environmental conventions and regional environmental regulations, and takes operational management measures and carbon reduction strategies to reduce energy consumption of the vessels. The fleet of Shih Wei Navigation provides high quality and safe shipping service under the premise of taking environmental protection, energy conservation and carbon reduction into account for the purpose of maintaining the marine ecology and contributing to the environmental protection for the earth. The power consumption of the Head Office is reduced through green purchase. By purchasing energy saving products, the electricity consumption is reduced. Due to the difference in business types, energy use is divided into that in the fleet and that in the Head Office.

### ► Waste Heat Recovery

Ships use fuel for propulsion, and the exhaust gas from the main engines, around 400 degrees Celsius, is used to heat the boilers. The steam generated from this process not only preheats viscous fuel but also serves as a heat source in winter. Waste heat recovery helps achieve energy and fuel efficiency.

Additionally, during engine operation, cooling water is used to lower its temperature. The cooling water is heated to about 80 degrees Celsius through heat exchange and then sent to the freshwater generator. Using vacuum technology, the generator distills and cools seawater, producing freshwater.

Type of operating base	Power source
The fleet	The main type of energy is fuel used in ship engines, generators, and auxiliary equipment, etc.
Head Office	Purchased electricity



## ► Statistics of energy consumption in the past three years

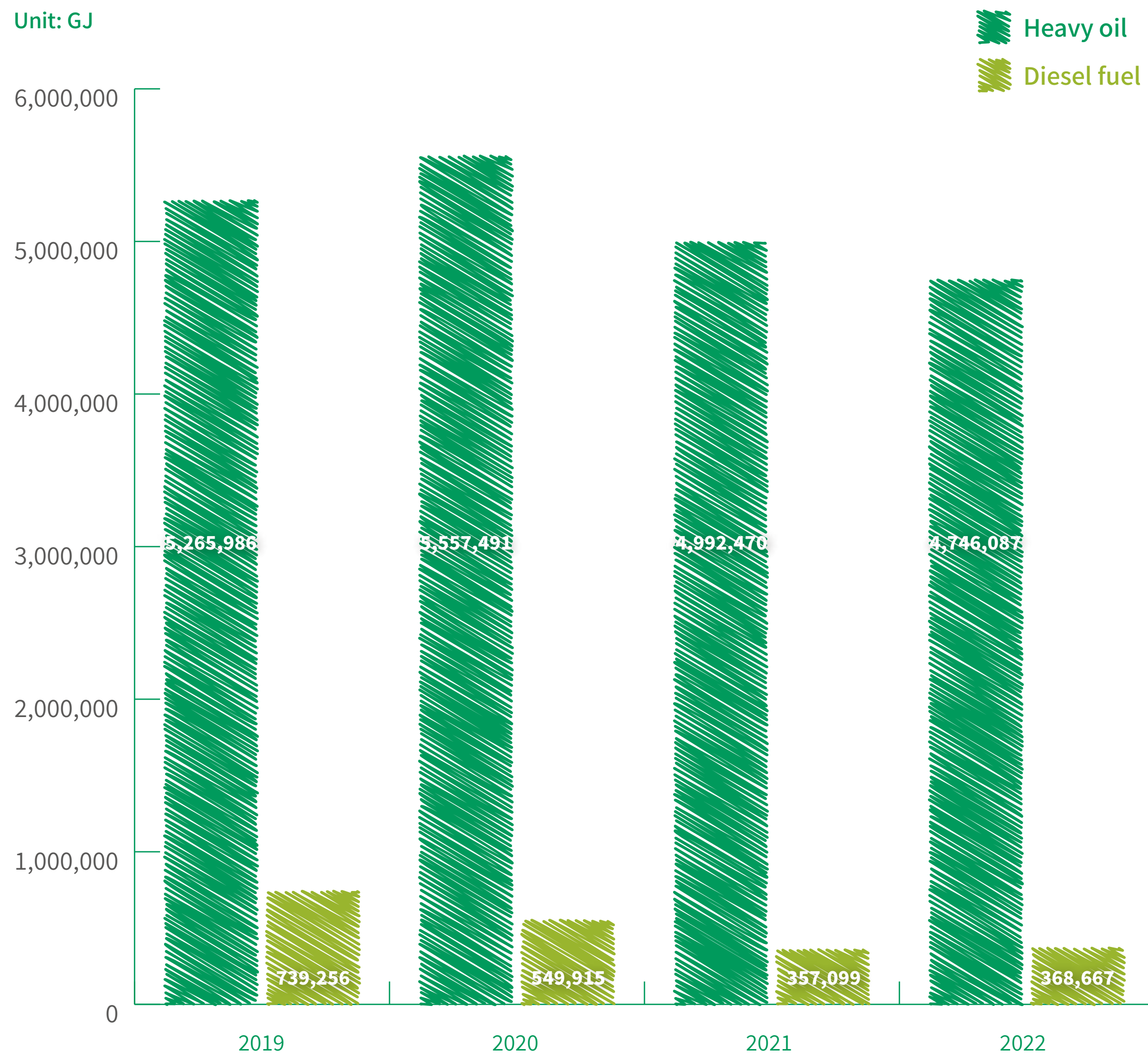
Item	Year	2020	2021	2022
<b>The Fleet</b>				
Diesel (metric tons)		13,453	8,736	9,019
Heavy oil (metric tons)		130,060	116,837	111,071
Total (metric tons)		143,513	125,573	120,090
Diesel (GJ)		549,914.840	357,099.237	368,667.356
Heavy oil (GJ)		5,557,491.472	4,992,469.869	4,746,087.462
Total (GJ)		6,107,406.312	5,349,569.106	5,114,754.818
Ton-nautical Mil		571,429,580,468	508,515,951,237	395,132,066,870
Energy intensity (GJ/ ton-nautical mile)		0.0000106879	0.0000105200	0.0000129444
<b>Head Office</b>				
Purchased electricity (kWh)		183,225	179,085	185,372
Total (GJ)		659.610	644.706	667.339
Number of employees (people)		68	69	74
Energy intensity (GJ/number of employees)		9.700	9.344	9.018
Total energy consumption (GJ)		6,108,065.922	5,350,213.812	5,115,422.157

Note:

- 1 Gcal = 4.185 GJ
- The calorific values refer to the Taiwan Energy Statistics Year Book published by the Bureau of Energy, MOEA, which are 8,400 Kcal/L for Diesel and 9,600 Kcal/L for Heavy Fuel Oil
- According to the conversion table provided by the Bureau of Energy, Ministry of Economic Affairs, 1 kWh is equivalent to  $3.6 \times 10^6$  joules
- Currently, the Company does not use renewable energy
- Due to the calculation of the boundaries and consolidation of the methods, relevant information of external electricity consumption cannot be obtained
- The electricity consumption of the Head Office was converted based on the data listed in the monthly electricity bills, including the shared utility power in the office building
- The fleet's energy data is derived from the ClassNK verification letter - IMO - Ship Fuel Oil Consumption Reporting
- This table is restated due to the misuse of unit in the 2021 report, incorrectly wrote "iters" as "metric tons". To avoid confusion, starting from 2022, "metric tons" will be uniformly used to disclose the fuel data for the past three years

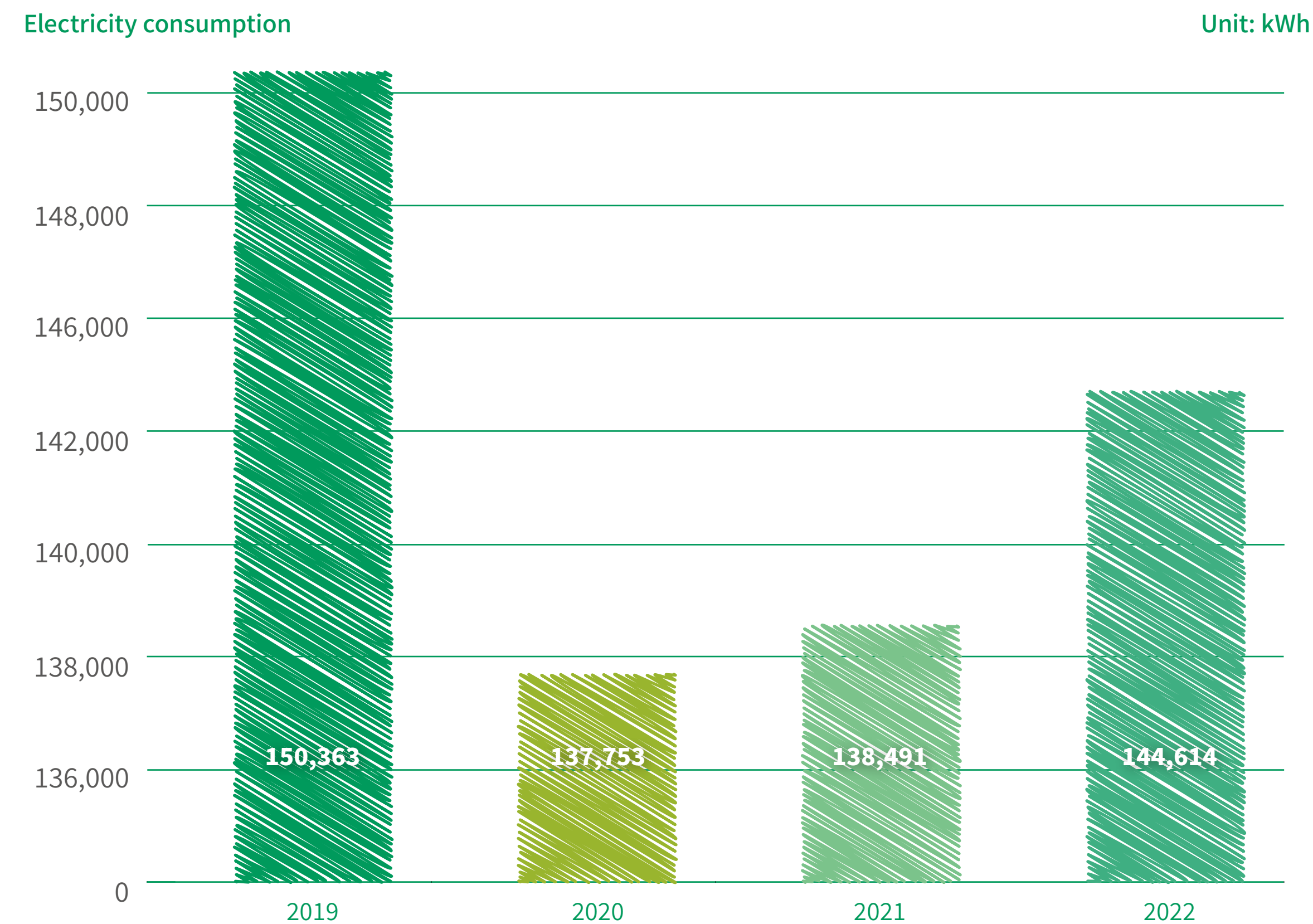


### ► Statistics of the fuel consumption of the fleet in the past four years



### ► Statistics of separate power consumption in the office in the past four years

Due to the impact of COVID-19 epidemic, the Head Office implemented staggered shifts for employees in 2020 and 2021 until the popularization of vaccination and the change of the government's epidemic prevention policy in 2022. Therefore, the electricity consumption in the office increased compared with the previous two years. Moreover, despite the increase in offshore personnel, the implementation of energy conservation measures enabled the electricity consumption in the office to decrease significantly compared with 2019, showing the effectiveness of energy conservation.



Note:  
To track and examine the power use status in the Head Office building, only independent power use is calculated, excluding the shared utility power in the office building.

### ► Energy Efficiency Design Index (EEDI)

Energy Efficiency Design Index (EEDI) is the carbon emission calculated based on the fuel oil consumed by the ship at a certain speed under the status of design maximum payload, and the unit is g CO<sub>2</sub>/t·nm.

The establishment of EEDI is to control carbon emissions from the source starting from the shipbuilding stage. In accordance with regulations of MARPOL Annex VI, the calculation of EEDI should start from the time between 2013 and 2014 when the new shipbuilding contract was signed. The higher the EEDI index, the more energy consumption and the lower the energy efficiency the ship has.

Currently, the calculation of the EEDI applies to 2 vessels at Shih Wei Navigation, which has also been verified. The average EEDI of the vessels is 5.585 g CO<sub>2</sub>/t·nm.

## 3.3 Climate Change Adaptation and Climate Risk Management

The impact of climate change is getting increasingly serious that reducing GHG emissions from human activities alone cannot achieve immediate improvement. How to make changes from the social and economic development models to enable humans to adapt to the impact of climate change and continue to seek survival, lives, and development under the extreme weather and global warming effect as well as the adaptation policy that is as important as mitigation have become the focus for governments and enterprises to research and discuss countermeasures.

More than 80% of the global trade and transportation depend on marine transportation. Therefore, to respond to the impact brought by climate change is an inevitable issue for this industry. Many climate hazards may directly or indirectly influence the port operation, while the rise of sea level is another serious potential threat. The influence of both is increasing, which indicates the importance of climate risk management.

### 3.3.1 Climate Risk Management Framework

Marine Transportation is facing the impending EU' s Carbon Border Adjustment Mechanism (CBAM) and IMO' s carbon reduction strategies, having significant impact on corporate operations. To understand the potential risks of climate change for Shih Wei Navigation and to respond to the international trend of Task Force on Climate-Related Financial Disclosures (TCFD), we referred to the TCFD recommendations published by Financial Stability Board (FSB) to make analysis of risks and opportunities in accordance with the disclosure frameworks around four thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets, and relevant countermeasures are discussed and developed.





### Governance

Disclose the organization's governance around climate-related risks and opportunities.



### Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.



### Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.



### Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.



### Governance

The board of directors of Shih Wei Navigation serves as the highest governance unit for the sustainable development issues. The Chairwoman directly supervises the implementation of this project, and the Administration Department is in charge of the coordination. The cross-departmental Corporate Social Responsibility Promotion Task Force composed of a dedicated full-time employee and members from different departments is in charge of the coordination of corporate operational issues in relation to the environmental, social, and corporate governance, and climate risk is one of the items.

The TCFD identification results are approved by the chairperson, and are reported to the board of directors after the publication of the Sustainability Report for the discussion on climate change risk issues to achieve effective supervision. In addition, the refinement and adjustment of the content of the TCFD are continued to be made on a yearly basis to meet the current operational situation and meet the needs of stakeholders. Furthermore, Shih Wei Navigation currently submits the schedules for GHG inventory and relevant verification to the board of directors on a quarterly basis for tracking, management, and discussion.

### Strategy

In accordance with the context of climate change identification, the risk implications of the high-risk climate factors identified and the financial impact areas to Shih Wei Navigation, as well as the countermeasures taken are further explained.

Shih Wei Navigation makes regular adjustment and identification of climate risks on a yearly basis, and the results are incorporated in the Company's operational strategies. Moreover, after the promotion of GHG inventory, we make stepwise adjustment of the carbon reduction targets, and the attainment status will be regularly reviewed based on which we will make rolling revision of the carbon reduction actions so as to cope with the impact that will be brought by the future carbon tax, carbon fee, or carbon trading.

When making assessment of climate risks and opportunities, Shih Wei Navigation defines the short-, medium-, and long-term timelines to ensure the consistency with its carbon reduction targets.

Short-term	Medium-term	Long-term
In 5 years (by 2025)	In 10 years (by 2030)	In 30 years (by 2050)

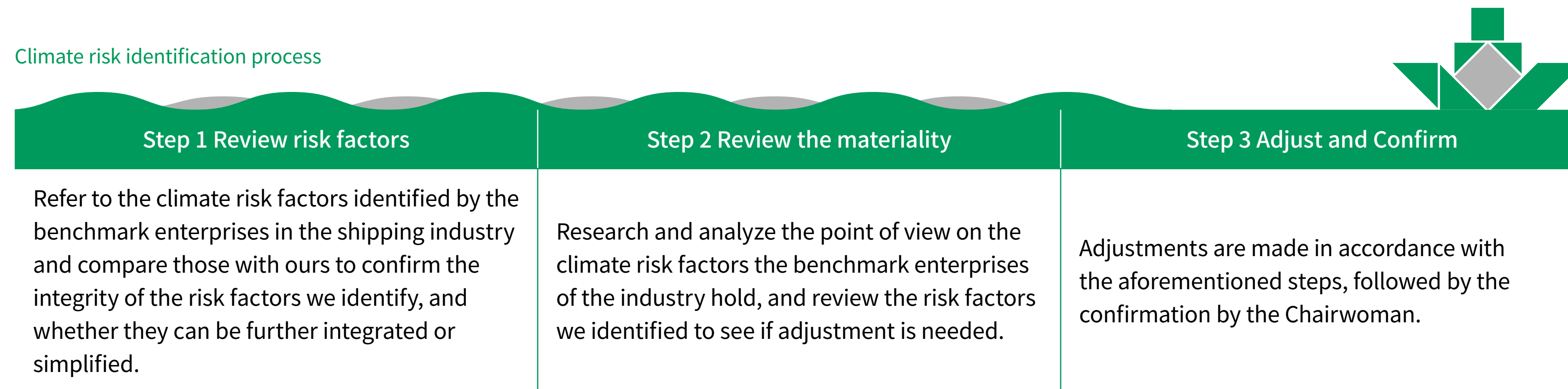
Note: Please refer to [3.1.1 Climate Governance](#) for the carbon reduction targets set by the Company.

## ► Risk Management

Shih Wei Navigation makes use of the climate change risk matrix for the identification and prioritization of relevant risks and the risk path for the understanding of the financial impact of these risk factors on the operations of the Company and also takes inventory of the countermeasures. We collect and refer to the risk factors of the benchmark enterprises in the shipping industry and further review the climate risk management status once again to make adjustment of the existing risk matrix.

The climate risk factors identified in 2022 were further converged based on the risk characteristics and the impact on the shipping industry. In addition, comparison with the results of the benchmark enterprises and discussion were made to facilitate the adjustment of the materiality.

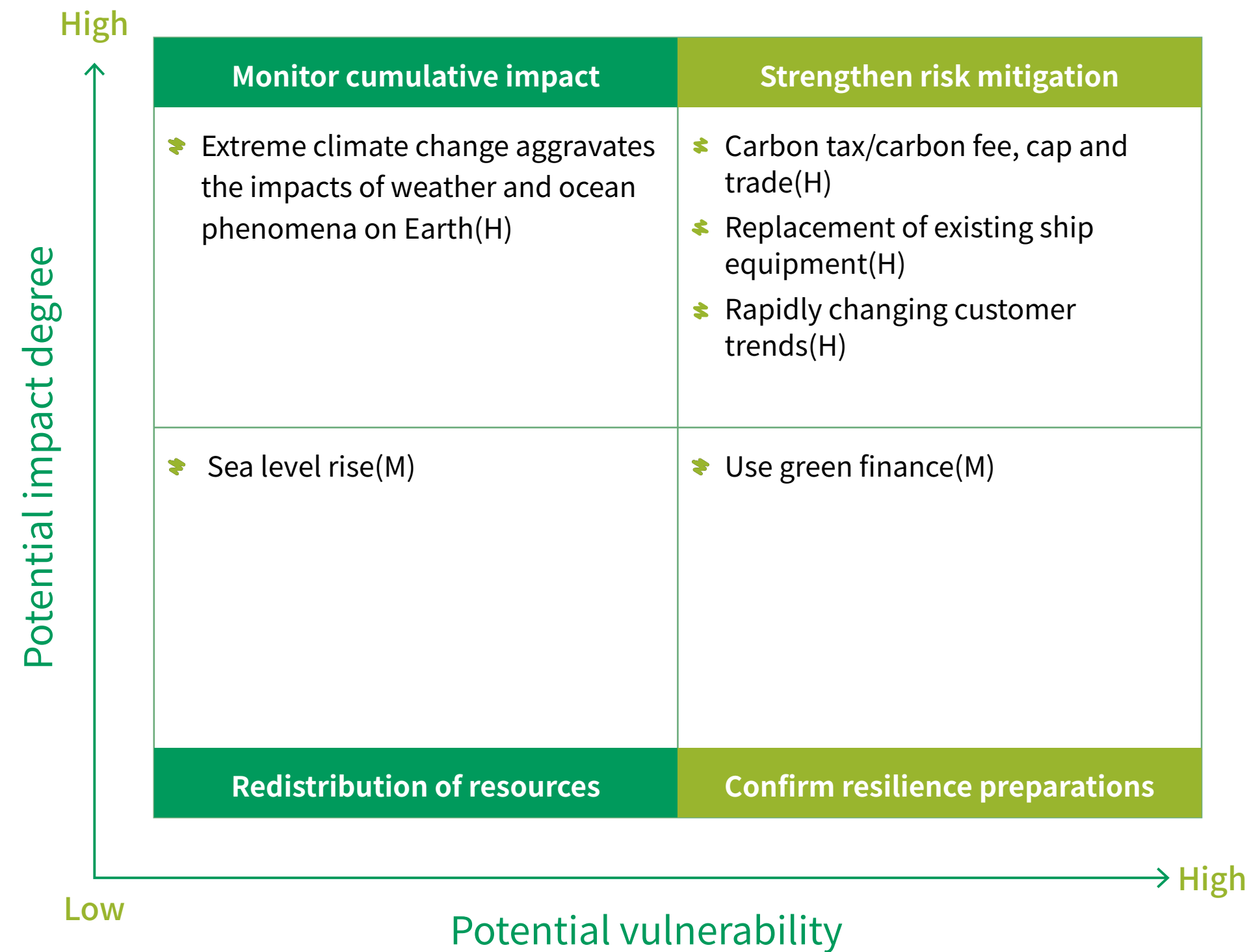
### Climate risk identification process



NO.	Climate risk factors of Shih Wei Navigation	Risk/Opportunity Type	Materiality
1	Carbon tax/carbon fee, cap and trade	Transition Risks- Policy and Legal Risks	High
2	Replacement of existing ship equipment	Transition Risks-Technology and Innovation Risks	High
3	Rapidly changing customer trends	Market opportunity	High
4	Extreme climate change aggravates the impacts of weather and ocean phenomena on Earth	Physical Risks- Acute	High
5	Sea level rise	Physical risks- Chronic	Medium
6	Use green finance	Market opportunity	Medium



According to the identification results, there are a total of 4 high-risk climate factors and 2 medium-risk factors for Shih Wei Navigation. The distribution of these factors is detailed in the following climate risk matrix diagram.



- Note:
1. Potential impact degree: from low to high, making assessment of the impact degree the risk factors may have on the enterprise
  2. Potential vulnerability: from low to high, making assessment of an enterprise's adaptive capacity for risk factors

### ► Metrics & Targets

Shih Wei Navigation has relevant management strategies in terms of climate change, energy, water resources, and waste management, and regular tracking of the management effect is conducted. In terms of the carbon reduction targets, we currently follow IMO's GHG emission targets in the establishment of our GHG emission targets, and relevant strategies and targets will be adjusted depending on the international trends and new technologies. In the future, we will also research and discuss the management indicators for the use of water resources, waste discharge, air pollutant emissions and so on, and continue to track the energy consumption and GHG emissions. See [3.1.1 Climate Governance](#) for details.





## 3.3.2 Climate Risk and Opportunities & Responses

Relevant countermeasures and assessment of financial risk and opportunities targeting at the aforementioned four high-risk climate factors have been formulated.

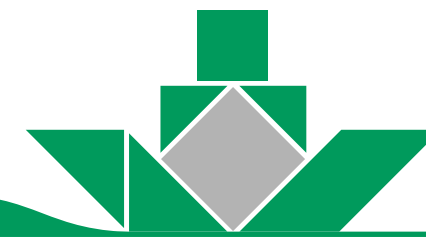
### TCFD Risk countermeasures and responses

Risk Type	Category	Risk content	Countermeasures	Cost of risk response
Transition	Policy and regulations	Carbon tax/carbon fee, cap and trade	<p>Short-term:</p> <ul style="list-style-type: none"> <li>▶ The annual GHG inventory is conducted, and the carbon reduction targets are set. Regular review of the target achievement status is made based on which the rolling adjustment of the carbon reduction actions is made to cope with the impact brought by the carbon tax, carbon fee, or carbon trading in the future</li> <li>▶ A third-party certification body is commissioned to conduct the verification of the Energy Efficiency Existing Ship Index (EEXI) of the vessels in accordance with the IMO regulations, and the corresponding methods (e.g. energy-saving equipment) based on the conditions of the vessels are selected to meet the requirements</li> <li>▶ The energy saving and carbon reducing measures are adopted to meet the requirements in SEEMP Part III</li> </ul> <p>Medium-term:</p> <ul style="list-style-type: none"> <li>▶ Seek and evaluate different carbon reduction projects and increase energy-saving and carbon-reducing devices, such as installing the Propeller Boss Cap Fins (PBCF) to reduce fuel consumption. It is planned to introduce the PBCF into the entire fleet to improve the CII rating</li> <li>▶ Sell old vessels and those whose market shrank to build a new fleet of young, eco-friendly, and fuel-efficient vessels</li> </ul> <p>Long-term:</p> <ul style="list-style-type: none"> <li>▶ Look for economical green alternative energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Compare the existing energy-saving ships with others unmodified, the modified and energy-saving ones can save approximately NT\$48,577/vessel of carbon tax compared with unmodified ones with the same deadweight tonnage (the carbon tax is calculated at US\$100/ton)</li> <li>■ As of 2022, there were 33 bulk ships, including 5 energy-saving ships and 28 unmodified ones, which could save <math>48,577 \times 28 =</math> NT\$1,360,156</li> </ul>
Transition	Technology and Innovation Risks	Replace and update existing ship equipment	<p>Short- and medium-term:</p> <ul style="list-style-type: none"> <li>▶ Replace energy-consuming equipment and install energy-saving devices, such as the Propeller Boss Cap Fins (PBCF) to reduce fuel consumption and improve energy efficiency</li> </ul>	Installation of PBCF costs approximately NT\$1.5 million per vessel
Physical	Acute	The exacerbation of extreme climate change intensifies the impact of weather and ocean phenomena on Earth	<p>Frequent storms and typhoons may lead to extra fuel costs or affect the routes of the ships.</p> <ul style="list-style-type: none"> <li>▶ In the future, we will continue the improvement of our risk management strategies to lower the risks and implement drills for special situations for the sea crews</li> <li>▶ We introduce the FleetDSS (Decision Support System) system, and through the real-time ship position monitoring, combined with the weather forecasts and navigation suggestions, the data of the vessel's performance of each voyage is monitored and gathered for result analysis that can be used as reference basis for future responses</li> </ul>	Relevant service of navigation or ship position monitoring costs about NT\$ 62,000 per vessel

GRI :

201-2

## TCFD Opportunity countermeasures and responses



Opportunity Type	Transition
Category	Market opportunity
Opportunity content	In the rapidly changing customer trends, more ships using green and low-carbon technology and renewable energy will be used.
Countermeasures	The regulations will strictly limit the carbon emissions of ships, which will lead to changes in customer behavior. The low-carbon fleet will be advantageous to market competition. In the future, we will make use of more green and low-carbon technologies and renewable energy to gradually form a low-carbon fleet. Shih Wei Navigation will strive to ensure its environmental performance to become the most preferable bulk shipping company
Cost of opportunity response	Installation of PBCF costs approximately NT\$1.5 million per vessel.
Expected benefits	A fleet that is compliant with environmental regulations can reduce not only energy consumption and carbon emissions but also the costs of carbon tax/carbon fee, which is expected to improve operational performance by 1-10%.



## 3.3.3 Green Energy Investment

In terms of adaptation to climate change, in addition to paying continuous attention to land use, such as forest carbon sinks issues, Shih Wei Navigation also pays close attention to the future development of circular economy and green energy. Therefore, the investment in Thermolysis Co., Ltd. is explained as follows.

Thermolysis Co., Ltd. (hereinafter referred to as Thermolysis) was established in 2016. Its patented technology, Microwave-Assisted Pyrolysis (MAP) was originated from two Norwegian companies, MicroFuel AS and Scandinavian Biofuel Company. The technology was supported by the EU 7th Framework Programme (FP7) from 2009 to 2012 and currently has patents in 19 countries around the world.

In addition to exclusive patent authorization, Thermolysis has further improved and optimized its technologies and equipment to meet business needs. Its core business is the application and development of microwave heating technology, and it is constantly striving for perfection, and is committed to advancement for higher efficiency and zero pollution procedures, providing cleaner and higher value of products.

ESG trends have become an important issue global enterprises have to face. Currently, due to the development of circular economy and the policy requirement for net zero emissions, the external industrial environment is beneficial for the development of Thermolysis, which is also the main reason for Shih Wei Navigation to make investment in it. Despite the impact of epidemic and the sudden risks that might occur when it comes to the demand for products, in this inevitable global trend of carbon reduction for net zero emissions, the potential of Thermolysis' s main development direction and strategies for the following 10 years is very promising, and it is very likely to be favored in the market.



Thermolysis official website

<https://www.thermolysis-asia.com/>



# 3.4 Water Stewardship

GRI :

303-1:2018

303-2:2018

303-3:2018

Climate change has caused changes in rainfall patterns globally, and the rainy season can no longer be predicted based on historical trends. In addition, the frequency of rainstorms and prolonged droughts have increased. Water stewardship has become one of the issues enterprises are concerned about. Although the Head Office of Shih Wei Navigation is in the area with low to medium risk level (Medium 1-2) according to World Resources Institute (WRI) Aqueduct Tools, Taiwan’s steep terrain that makes it difficult to retain water and the impact of climate change often force it to face severe water shortage. Therefore, effective water stewardship will help with water conservation, reducing the environmental footprint, costs, and operational risks of enterprises.



WRI Aqueduct Tools

<https://www.wri.org/aqueduct>



## 3.4.1 Water Consumption in the past three years

There are two sources of freshwater for ships, one from the ocean and is obtained from an evaporator system that uses distillation, and the other is from the shore that is provided by water suppliers. There is no use of surface water, ground water or other water sources. Statistics of the freshwater made by the freshwater maker on the ships are difficult to obtain; therefore, the water consumption of the fleet is based on water intake data on the shore.

100% of the tap water used in the Head Office is from Taiwan Water Corporation. There is no use of surface water, ground water or other water sources. Water is only used by employees and visitors, which has no significant impact on the water sources. Water is mainly used for drinking water, air-conditioning system, cleaning, and so on. Part of the water is for cleaning tableware and the restrooms. To follow the policy of cherishing water resources, our employees are encouraged to adjust water flow to small flow to save water resources. In addition, to protect the health of employees, we commission the manufacturers to test the drinking water quality to ensure the safety and quality of drinking water.

Operating activities	Source of water	Unit: Megaliter(s)		
		2020	2021	2022
The fleet	Third party water	12.920	16.429	17.497
	Seawater (produced freshwater) <sup>Note5</sup>	N/A	N/A	N/A
Head Office	Third party water	1.74	1.20	1.44

Note:

- 1 Megaliter= 1,000 m<sup>3</sup>
- 1 metric ton = 1,000 liters
- Due to the impact of the epidemic during 2021 and 2022, the proportion of navigation decreased and that of anchoring or berthing increased, leading to reduced water production by the ship and increased water intake onshore
- Starting from 2022, the data source for ship’s water intake has been reorganized. In order to ensure data comparability, the water intake for the years 2020 and 2021 has been retrospectively calculated and adjusted for disclosure
- Ship’s water intake mainly comes from seawater, which is processed through a freshwater generator to produce fresh water. Currently, data on seawater intake is unavailable, and it will be required for the fleet to record this information in the future

## 3.4.2 Methods and Handling of Water Stewardship

### Water for ships

Water acquisition	There are two sources of freshwater for ships, one from the ocean, and is obtained from an evaporator system that uses distillation, and the insufficient part is taken from freshwater onshore.
Water consumption	Water is used to cool the main and auxiliary engines, supply boiler water, clean the cargo tank and deck of the ship, and for the daily domestic water use and drinking water for sea crews.
Water discharge	The ship sewage and oily water is treated by the equipment system, and is discharged into the ocean or collected by the shore equipment in accordance with the regulations in MARPOL 73/78 and the discharge regulations of specific countries so as to protect the local water environment and lower the pollution to the marine ecology.

### Discharge Management of Water Resources

In addition to the discharge regulations of specific countries and regions, ship sewage water is discharged after being disinfected and decomposed by the sewage treatment system in accordance with the regulations stipulated in MARPOL 73/78.

Bilge water, on the other hand, is treated by the oil-water separator, and the clean water can be discharged into the ocean. The non-dischargeable oily waste is sent to an incinerator for burning or collected by a professional shore reception equipment provider when the ship is berthed, as prescribed in Annex I of MARPOL 73/78.

In addition, the freshwater suppliers are also required to provide healthy and safe water quality report in accordance with the local regulations. For ballast water management, please see [3.7.2 Ballast Water Management](#).

### Methods and Handling of Water Stewardship

Due to limited space (mainly for loading) and the high salinity of seawater that cannot be directly used, waste heat recovery drives the freshwater generator to convert seawater into fresh water for crew and equipment use. Most of the ship's equipment adopts an internal circulation mechanism, which effectively utilizes the precious water resources on board by repeatedly using freshwater through heating and cooling.

The ship's freshwater generator requires the involvement of waste heat recovery system. For more information about waste heat recovery, please refer to section [3.2.2 Energy Management - Explanation of Waste Heat Recovery](#).



## 3.5 Waste Management

### GRI:

306-1:2020

306-2:2020

306-3:2020

306-4:2020

306-5:2020

Waste generated during a ship's voyage includes domestic waste, cooking oil, food waste, plastics, electronic waste, etc. If not treated properly, it may cause impact on marine ecology.

### 3.5.1 Waste Management Policies and Practices

Shih Wei Navigation updated its Waste Management Plan in accordance with the IMO MEPC.277(70), regulating the waste collection, treatment, storage, and discharge procedures to commonly maintain the marine environment. For waste generated during the ship's voyage, including domestic waste, cooking oil, food waste, plastic products, and electronic waste, we require all the ships of the Company to strictly abide by the Waste Management Plan in accordance with the requirements stipulated in IMO's Guidelines for the Development of Garbage Management Plans, and actual implementation is required to achieve the purpose of waste reduction and environmental pollution prevention.

Shih Wei Navigation's Head Office belongs to general office environment, and the waste generated is domestic waste of the employees. In accordance with the Company's environmental policy and relevant environmental laws and regulations set by the government, waste is classified into general waste, recyclable resources (paper, PET bottles, cans), which is disposed of by a commissioned third-party waste disposal operator. After proper recycling of reusable and recyclable materials, unrecyclable waste is eventually disposed of by means of incineration or landfill. In 2022, there was no incident of any waste violation by the waste disposal operator. Furthermore, to contribute to the environment, we have been upholding the concept of taking specific actions from little things. For example, we promote the policy of reducing paper consumption in the office, give priority to using wastepaper in photocopying, make good use of the printing functions like selecting printing multi-pages on one sheet and/or duplex to save paper and toner consumption. In addition, we also introduced digital tools such as electronic sign-off, and electronic access control & attendance management system, greatly reducing paper consumption in the office.



## ► Ship Waste Management Process

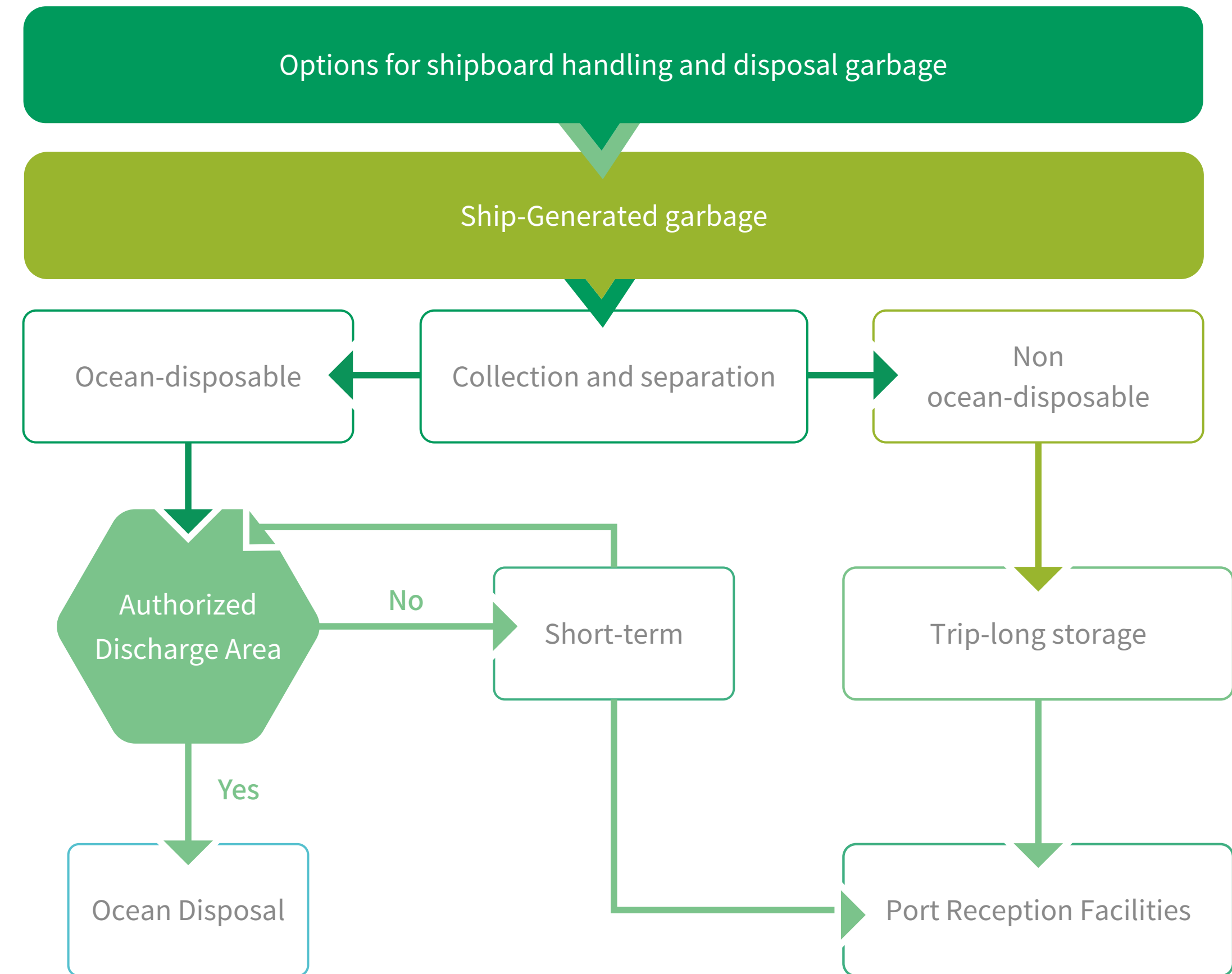
Shih Wei Navigation’s Waste Management Plan came into effect on March 1, 2018, strictly requiring all ships to manage waste in accordance with this Plan for effective waste management to prevent environmental pollution. Sea crews are also required to fill in the Garbage Record Book when disposing waste.

Ship waste treatment must be explained from the source of waste. “Ship waste” refers to various food wastes, domestic wastes, operational wastes, all plastics, cargo residues, cooking oil, fishing gear, animal carcasses, etc., generated during the normal operation of the ship that requires continuous or regular treatment.

Due to limited storage space on board, in addition to proper waste classification, waste reduction is also necessary. To minimize ship waste generation, the fleet follows the waste management principles and measures stipulated in the Waste Management Plan. All crew members are required to bring as few items that may generate waste as possible and to choose reusable items and containers. Combustible waste is incinerated in accordance with the design of onboard incinerators and regulatory requirements to achieve waste reduction. During port calls, waste disposal contractors are engaged based on the current waste storage situation to collect and recycle or treat the waste onshore, reducing waste disposal at sea and contributing to environmental protection.

The most common ship waste is food waste, which is generated daily. Its main treatment method follows the regulations of MARPOL 73/78 Annex V, and it can only be discharged into the sea in specific areas after proper processing. Next are domestic waste and cargo residues; however, plastic waste and domestic waste are prohibited from being discharged into the sea. Other waste is treated through onboard incineration (such as domestic waste) or sent for onshore recycling. For more details, please refer to the explanation in the table - Statistics of various types of waste treatment by the fleet in the past three years.

The treatment process of ship waste is as follows:



## ► Statistics of different types of waste treated by the fleet in the past three years

Shih Wei Navigation makes regular collection of the statistics of waste generated by the entire fleet from the Garbage Record Book of each vessel and the organized data is shown in the following table. The reason for the significant decrease in waste of the fleet in 2022 compared with the previous year was not only because of the sale of the ships but also the exact unloading work at the wharf, which resulted in reduced amount of cargo residues.

Unit: Metric ton(s)

Garbage Categories	2020	2021	2022	Disposal method(s)
A. Plastic	5.343	5.837	9.280	Incineration, onshore collection
B. Food wastes	115.365	107.943	137.898	Ocean dumping, incineration, onshore collection
C. Domestic wastes	17.483	13.490	28.142	Incineration, onshore collection
D. Cooking oil	1.673	2.136	1.970	Incineration, onshore collection
E. Incinerator ashes	5.766	5.539	5.297	Onshore collection
F. Operational wastes	37.148	54.770	42.635	Onshore collection
G. Animal carcasses	0.000	0.000	0.000	Ocean dumping
H. Fishing gear	0.032	0.000	0.000	Onshore collection
I. Electronic waste	27.988	1.031	6.059	Onshore collection
J. Cargo residues (free from harm to the marine environment)	1,085.991	431.493	151.784	Ocean dumping, onshore collection
K. Cargo residues (harmful to the marine environment)	0.000	0.000	0.000	Onshore collection
<b>Total</b>	<b>1,296.788</b>	<b>622.238</b>	<b>383.063</b>	

Note:

1. Incineration refers to the method of using the ship's incinerator to reduce the subsequent waste disposal amount
2. Onshore collection refers to waste being transported by qualified vendors approved by port authorities, as arranged by the port agent. All waste is treated in accordance with local regulations. Therefore, the final disposal method of onshore collected waste cannot be traced
3. Ship waste is measured in cubic meters (m<sup>3</sup>) and converted into metric tons using conversion factors for various types of waste

## 3.5.2 Disposal of Decommissioned Ships

Currently, the average age of Shih Wei Navigation's vessels is about 10 years, and there is no need to dispose of decommissioned ships. Based on the concepts of environmental protection and sustainable management, and in response to the IMO's Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (also known as the Hong Kong Convention Note) established in 2009 and the EU Ship Recycling Regulation (EU-SRR), the Company focuses on the process of reusing and recycling ships. As part of its commitment to circular economy practices in ship usage and recycling, the company has been progressively planning to implement the Inventory of Hazardous Materials (IHM) for its fleet, including its collection, maintenance, and updates. As of 2022, the IHM compilation has been completed for 22 vessels, achieving a completion rate of 66.67%.

Through public disclosure, Shih Wei Navigation aims to reduce the use or the generation of hazardous substances, lower the impact and hazards on the environment, and the health and safety of the workers by taking the initiative in being responsible for the final dismantling and recycling of decommissioned ships so as to respond to the United Nations Sustainable Development Goals (SDGs).

Note:

IMO established the "Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships", or "Hong Kong Convention" in 2009, this convention applies environmental principles throughout the entire life cycle of ships, including design, construction, operation, and dismantling, to ensure the safety and health of stakeholders and minimize environmental impact. According to the Hong Kong Convention, ships intended for dismantling and recycling must provide an inventory of hazardous substances. Ship recycling facilities are also required to submit a Ship Recycling Plan for review by the Classification Society before commencing ship breaking. The plan must provide detailed procedures for dismantling each ship's structure and handling hazardous materials, along with taking necessary measures to protect workers and the environment at the ship recycling facility. However, the Convention has not yet come into force because the combined gross tonnage (GT) of contracting countries' merchant ships does not exceed 40% of the global merchant fleet's total tonnage.

# 3.6 Air Pollutant Management

GRI:

305-6  
305-7

SASB:

TR-MT-120a1

The management and control of the nitrogen oxide (NOx) and sulfur oxide (Sox) emissions of Shih Wei Navigation's fleet is implemented in the stages of ship building, equipment replacement, and voyage process to ensure complete implementation and control so as to reduce the emissions of air pollutants.

To work in line with the IMO 2020 Global Sulfur Cap regulation, the fleet has completely changed to use low-sulfur fuel oil (0.5%), and when entering the so-called Emission Control Areas, the ships use low-sulfur fuel with 0.1% maximum sulfur content, and only distillate fuels (e.g. MGO or MDO) with 0.1% sulfur content limit are allowed when ships are within 24 nautical miles of the California coastline. To comply with the requirements of the regulations on nitrogen emissions from marine engines, we have actively adjusted the marine engines to meet the Tier I or Tier II nitrogen emission restrictions. Moreover, to be compliant with the requirement of MARPOL Annex VI, after an inventory of the Company's fleet, all young ships use eco-friendly refrigerants (R404A). For old ships, the refrigerant (R22 refrigerant) in the vessel flake ice machines and ship air-conditioners has been completely eliminated and changed to eco-friendly refrigerants (R-407), aiming at joint maintenance of the environment. In 2022, Shih Wei Navigation did not emit any ozone-depleting substances (ODS) during ship operation.



## Statistics of air pollutant emissions from ships of Shih Wei Navigation in the past two years

Unit: Metric ton(s)

Category	Year	2021	2022
NOx		8,895.998	8,446.166
SOx		171.571	170.137
PM <sub>10</sub>		453.677	430.238
PM <sub>2.5</sub>		417.383	395.819

Note:

This table includes restatements of information, as follows:

- Starting from 2022, the calculations are based on data from ClassNK fuel oil consumption certification and the formula provided in the fourth IMO GHG Study 2020:
  - ◆ NOx emissions are calculated using emission factors based on engine speed and emission standards as described in the Engine International Air Pollution Prevention (EIAPP) certificate for diesel engines
  - ◆ SOx emissions are calculated using emission factors based on the fuel used, and the quantity of SOx emitted varies depending on the sulfur content in the fuel
  - ◆ PM<sub>10</sub> emissions are calculated using emission coefficients based on engine type, Tier, and the type of fuel consumed along with its sulfur content (%)
- Starting from 2022, the sulfur content weighted average is calculated based on the fuel quantity (MT) and sulfur content (%) recorded in each vessel's Bunker Delivery Note (BDN) to compute SOx and PM<sub>10</sub> emissions
- The 2021 data has been recalculated using the above-mentioned methods



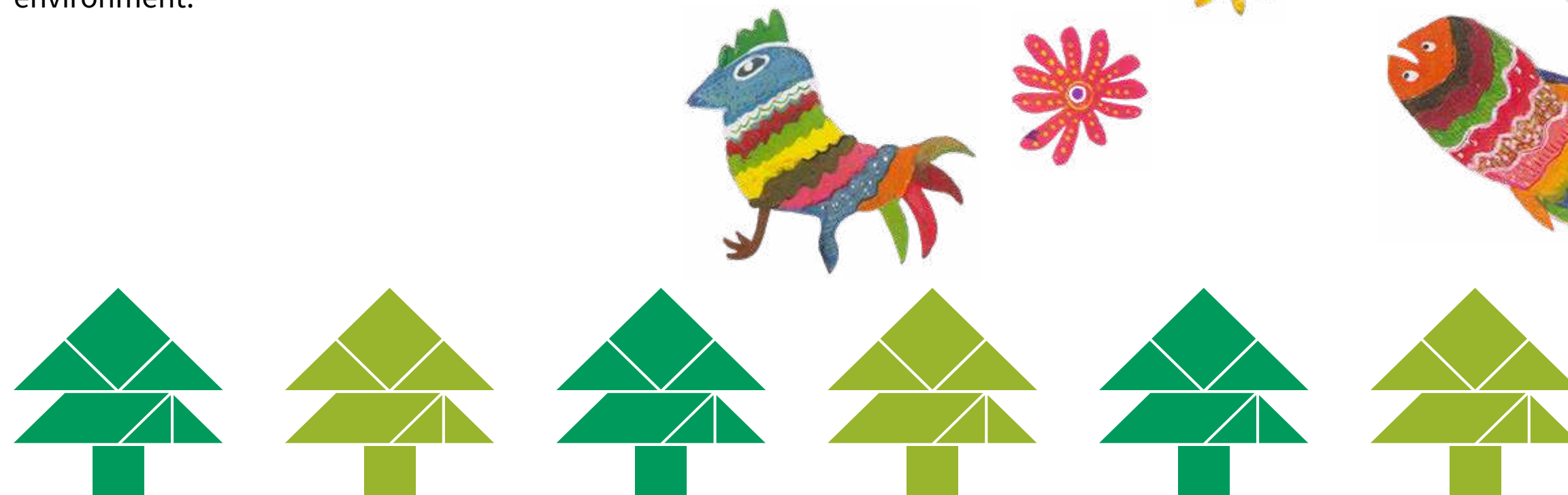
# 3.7 Protection of Marine Ecology

## GRI :

- 2-23
- 2-24
- 304-1
- 304-2
- 304-3
- 304-4

There are diverse ecological environments on Earth, creating a stable and close relationship between humans and ecosystems. With the increase in population and rapid global economic development, long-distance transportation and trade activities have become more frequent. Over 80% of global trade volume is transported by sea. Alien species and pathogens can be transported through ballast water or attached to the hull structure of ships, entering new environments beyond their natural dispersal range. This has resulted in negative impacts and disruptions to local ecosystems.

As a shipping company, Shih Wei Navigation considers safeguarding the marine ecology as a significant environmental issue. In 2022, we collaborated with the National Museum of Natural Science to organize an employee education and training session on the sustainable use of marine resources. During this event, our colleagues learned about the causes, impacts, and current status of marine fishery resource depletion. Through group competitions and activities, they also gained insights on how to choose sustainable seafood and translate awareness into environmental actions in their daily lives. Together, we strive to protect marine resources and promote the sustainability of the marine environment.



## 3.7.1 Commitment to Comply with International Regulations or Conventions for the Protection of Marine Environment

In 2022, the sailing-time of the Company's fleet in Marine Protected Areas or Protected Areas totaled 477.208 days.

To protect the North Atlantic right whales, we comply with the requirements of National Oceanic and Atmospheric Administration (NOAA) of the United States and lower the speed of ships to 10 knots or lower when sailing in the Seasonal Management Areas (SMAs). See "Ocean Protection Primary School- Protecting the North Atlantic Right Whales" for details.

In 2022, the number of times and volume of harmful substances leakage from the Company's fleet was zero.



## SASB :

- TR-MT-160a.1
- TR-MT-160a.3

Shih Wei Navigation operates in compliance with the following international laws and regulations, and is committed to the maintenance of ocean sustainability to do our part for the earth.

### ► International Acts on Marine Environment Protection

- ◆ International Convention for the Prevention of Pollution from Ships, MARPOL
- ◆ International Convention for the Control and Management of Ships Ballast Water and Sediments, Ballast Water Management Convention
- ◆ International Convention on the Control of Harmful Anti-fouling Systems on Ships
- ◆ International Convention for the Safety of Life at Sea, SOLAS

### ► Local Regulations of Ports of Call in Different Countries

- ◆ IMO SOx Emission Control Areas
- ◆ US Vessel General Permit, VGP
- ◆ Marine Invasive Species Program, MISP
- ◆ EU Regulation No. 2015/757 on the Monitoring, Reporting and Verification of carbon dioxide emissions from maritime transport, EU-MRV



### ► Ocean Protection Primary School- Protecting the North Atlantic Right Whales

The North Atlantic Right Whale is a type of right whales that is currently listed as a critically endangered species by the International Union for Conservation of Nature (IUCN). Although whaling has been banned, their survival is still at serious risk due to accidental vessel strikes or entanglement in fishing gear. In addition, climate change also causes them to leave the protected areas to hunt for food. According to scientists, there were only 336 North Atlantic right whales left in 2022.

The vessel speed is the major reason for the vessel strike with North Atlantic right whales. National Oceanic and Atmospheric Administration (NOAA) has issued vessel speed restrictions requiring all vessels 65 feet or longer must travel at 10 knots or less in Seasonal Management Areas (SMAs) along the U.S. east coast at certain times of the year to reduce the threat of vessel collisions with endangered North Atlantic right whales.

Source : NOAA Reducing Vessel Strikes to North Atlantic Right Whales  
(<https://www.fisheries.noaa.gov/national/endangered-species-conservation/reducing-vessel-strikes-north-atlantic-right-whales#mandatory-ship-reporting-system>)



NOAA also requires ships over 300GT to report to the shore base station when entering the major habitats of right whales, and the shore base station will provide information of right whales, such as the recent locations being spotted and precautions that can be taken to avoid colliding with whales.



# 3.7.2 Ballast Water Management

SASB :

TR-MT-160a.2

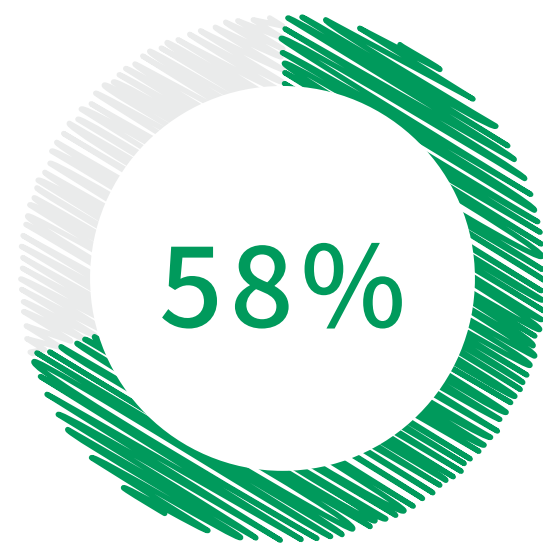
Ballast water is pumped into ballast tanks from the sea to add weight when the ship unloads its cargo and pumped out when it is taking on cargo to balance the weight of the ship during a voyage. However, during transoceanic transportation and the ballast water discharge process, the water source containing viruses, bacteria, and non-indigenous species enters the waters of different countries through ballast water or ship hulls. Once invasive species spread, they are often difficult and costly to eradicate. Moreover, they may establish large breeding populations in new environments, posing threats to the survival environment of native species and impacting coastal ecosystems and industries worldwide.

In consideration of the fact that protecting and maintaining biodiversity and sustainable development have become the universal values, IMO developed the International Convention for the Control and Management of Ships' Ballast Water and Sediments in 2004 in the hope of preventing and controlling the harm caused by alien species through the management of ship ballast water.

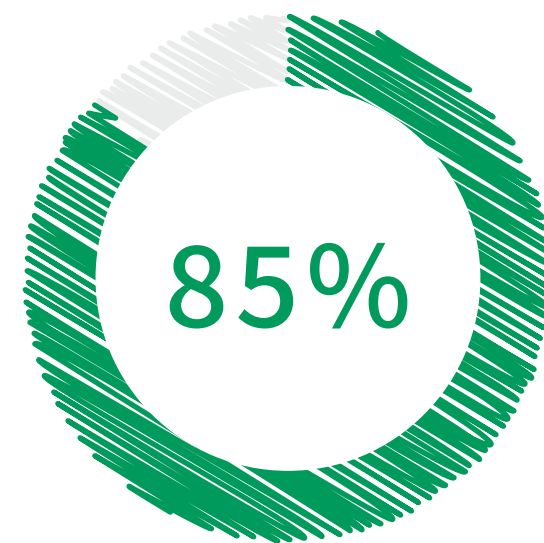
All vessels of Shih Wei Navigation have implemented ballast water management (excluding passenger ships).

### Key performance (excluding passenger ships)

Percentage of ships that have implemented ballast water exchange



Percentage of ships that have implemented ballast water treatment



To avoid the different degrees of environmental pollution and ecological impact in the ports of different countries caused by the propagation of alien species brought by the ship when the ballast water is exchanged or discharged in different waters, Shih Wei Navigation has formulated standard ballast water management methods in accordance with ballast water related regulations stipulated by IMO and MARPOL, and relevant certificate was also obtained to fulfill our corporate social responsibility and protect the marine environment.

## ▶ IAFS certificate: Shih Wei Navigation's fleet obtained the International Anti-fouling System (IAFS) Certificate issued by Classification Societies

Shih Wei Navigation entrusted the ClassNK based in Japan and Bureau Veritas based in France to test the types and compositions of ships in accordance with the International Convention on the Control of Harmful Anti-fouling Systems on Ships, 2001. It was confirmed that the ships are free of organic tin compounds, and the IAFS Certificate was obtained.



## ▶ BWMC: Shih Wei Navigation's fleet obtained the International Ballast Water Management Certificate (BWMC) issued by Flag State

According to the requirements stipulated in the International Convention for the Control and Management of Ships' Ballast Water and Sediments, ships must have the ballast water management plans, certificates, and record books. The vessels of our fleet have successively installed the ballast water treatment equipment and obtained authorization so as to work in line with the ballast water declaration and discharge regulations across the world to jointly maintain the marine ecology and environment.



# CHAPTER Social

4.1 Happy Workplace

4.2 Human Rights Management

4.3 Occupational Safety and Health Management

4.4 Customer Relations

4.5 Social Care and Investment in Public Welfare

Special Report Column- Visit the Wutai Base in Pingtung

Special Report Column- The maritime rescue operation of  
M.V. TRUMP SW

Corresponding SDGs



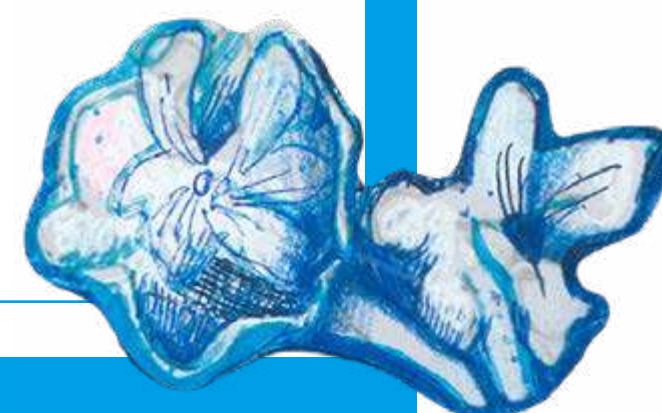
## Goals for 2030

- Implementing the Shih Wei Policy, we are committed to creating a safe and healthy workplace environment with zero occupational accidents
- Creating a diverse, inclusive, and friendly work environment to foster mutual growth for employees and the company
- Adhering to domestic and international human rights conventions, we continuously uphold human rights management to avoid related negative impacts
- Engaging in partnerships with various stakeholders, and actively participating in society, we strive to create a beautiful home for the "Common Good" where everyone can prosper together



## Corresponding Sustainability Topics

- **Human Rights Management**
- **Occupational Safety and Health**
- **Social Engagement**
- Talent Development and Cultivation



Note: Highlighting with background color and bold font indicates Material Topics

<p><b>Material Topics Management</b></p>	<p>Employees are the most valuable assets of the company, and Shih Wei Navigation values their rights and interests. We are committed to creating a safe, healthy, fair, non-discriminatory, and inclusive work environment. We encourage our colleagues to engage in social welfare activities and promote energy conservation and carbon reduction, cultivating a culture of sustainability starting from the little things.</p>
<p><b>Material Topic</b></p>	<ul style="list-style-type: none"> <li>■ Human Rights Management</li> <li>■ Occupational Safety and Health</li> <li>■ Social Engagement</li> </ul>
<p><b>Impacts</b></p>	<p>Shih Wei Navigation adheres to human rights policies, avoiding any form of discrimination or unequal treatment based on race, nationality, gender, sexual orientation, or other factors. We also continuously encourage the promotion of women to managerial positions, which applies to all subsidiaries and encompasses all employees and overall operational activities. We require all value chain partners, including suppliers, outsourcing companies, contractors, and customers, to follow the same standards. If any supplier is found to violate human rights and fails to implement corrective measures, we will discontinue future cooperation with them.</p> <p>Shih Wei Navigation believes that only with healthy employees and strict adherence to workplace safety regulations can we collectively create a safe and secure working environment to provide customers with reliable quality and service. In the event of a serious accident, it may result in employee injuries, impact the company's operations and reputation, and potentially affect the livelihoods of employees and have adverse effects on society.</p> <p>At Shih Wei Navigation, we aim to promote the cycle of "Common Good" by driving various social welfare projects. The active participation of our colleagues is essential to sustain a positive impact, connect with external resources and partners, and strengthen our relationships. Through these efforts, we strive to achieve our vision of fostering social inclusion and promoting local development.</p>
<p><b>Policy Commitments</b></p>	<ul style="list-style-type: none"> <li>■ In accordance with relevant international human rights conventions, Shih Wei Navigation has established a human rights policy to ensure compliance by employees and business partners, and strictly prohibits the use of child labor</li> <li>■ We uphold employment freedom and equality, fostering a friendly work environment characterized by diversity, inclusivity, non-discrimination, harassment prevention, gender equality, protection of women's rights, and zero tolerance for discrimination</li> <li>■ We have developed procedural manuals and management handbooks to regulate workers, activities, and workplaces. Regular onboard inspections and occasional visits by professionals (such as qualified internal auditors or third-party verification organizations) are conducted to ensure compliance with safety management requirements</li> <li>■ We adhere to regulations and safety management standards, conducting regular safety-related education, training, and drills</li> <li>■ Each year, we allocate budget for public welfare projects</li> </ul>





<p><b>Management System</b></p>	<p>Shih Wei Navigation ensures smooth operations through a sound management system, as detailed in Chapters <a href="#">4.2 Human Rights Management</a>, <a href="#">4.3 Occupational Safety and Health Management</a>, and <a href="#">4.5 Social Care and Investment in Public Welfare</a>. The President, along with supervisors from the Crew Management Department, Risk Management Department, Marine Department, Administration Department, and Business Department, are responsible for social inclusion issues.</p>
<p><b>Specific Actions</b></p>	<ul style="list-style-type: none"> <li>■ Formulate the Shih Wei Navigation Human Rights Policy and emphasize the importance of human rights issues during supplier negotiations, aiming to collaborate with partners to achieve common goals</li> <li>■ Implement labor safety-related education and training programs and raise awareness among employees</li> <li>■ Conduct relevant safety inspections, review the implementation of the Maritime Labour Convention on board, and conduct internal audits by dispatching personnel on board annually</li> <li>■ Ensure the safety and hygiene of workplaces and accommodation, actively safeguarding the physical and mental health of employees</li> <li>■ Conduct health examinations for onshore personnel</li> <li>■ We continue to cooperate with After School Association of Taiwan, adopting the Yuanxiang base in Wutai Township, Pingtung County, providing financial assistance for schoolchildren' supplementary education expenses and promoting various social welfare projects</li> <li>■ M.V. Trump SW successfully rescued Myanmar seafarers</li> </ul>
<p><b>Metrics &amp; Targets</b></p>	<p>Strictly enforce safety policies and continuously promote relevant training to achieve zero injuries, zero accidents, and zero losses.</p>
<p><b>Evaluation Methods</b></p>	<ul style="list-style-type: none"> <li>■ Conduct regular inspections and occasional ship visits to ensure compliance with safety management requirements</li> <li>■ Each vessel holds regular "Shipboard Safety Meeting" and "Shipboard Safety &amp; Health Committee Meeting" every month, in accordance with the Safety Management System(SMS). Meeting records are reported to the Head Office and signed off on to ensure the implementation and monitoring of safety management requirements</li> <li>■ Provide diverse communication channels to collect employee feedback</li> <li>■ Gather feedback from colleagues through the Public Welfare Team and adjust programs as necessary through collaboration with external partners and interviews with charitable organizations</li> <li>■ Regularly report to the Board of Directors to track the implementation effectiveness</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<p>Relevant stakeholders include Employees, Competent Authorities, Suppliers/Contractors, Public Welfare Groups/ Disadvantaged Groups. Please see <a href="#">2.4 Stakeholders Engagement</a> for details</p>



# 4.1 Happy Workplace

The employees are the most important assets of Shih Wei Navigation. Through a competitive compensation and work system, we strive to create a workplace with diversity and equality, assist our associates to continue the improvement of professional knowledge, construct a friendly workplace, and create a good and interactive corporate culture. We hope that all employees can bring their potential and talents into full play, grow together with the Company, and become the solid foundation for Shih Wei Navigation to step toward sustainable management.

## 4.1.1 Manpower Structure

Due to the characteristics of the industry, the employees of the Company are divided into “onshore personnel” and “sea crews”, and all the employees are important assets for the Company to maintain stable operation. Onshore personnel are recruited and managed by the Administration Department while sea crews by the Crew Management Department. We comply with domestic and foreign laws and regulations, attach importance to labor rights, and establish appropriate management policies, performance appraisal, compensation and benefits measures, and the education & training and continuing education measures to achieve the goal of sustainable management.



GRI :

- 2-7
- 2-8
- 202-2
- 401-1
- 402-1
- 405-1

## ► Onshore Personnel

The Headquarters (Head Office) of Shih Wei Navigation is located in Taipei, Taiwan, and no physical operating bases were established for overseas subsidiaries. The operation of global business is conducted in the Head Office. Onshore personnel refer to our associates working in the Head Office, with a number of 74 people including the top management, 100% of whom are Taiwanese. The Company is subject to Taiwan laws and regulations. In terms of protecting and providing equal employment opportunities for the disadvantaged groups, Shih Weil Navigation employed one employee with disabilities, meeting the standard of 1% quota stipulated in Article 38 of the People with Disabilities Rights Protection Act. Moreover, in the event of major operational changes that have an impact on the employees' labor rights, the Company will give advance notice in accordance with the seniority of the employees to allow them to have proper time for psychological adjustment and preparation.

Item/Gender	Female						Male						Total
	Full-time			Temporary			Full-time			Temporary			
Type of contract	Full-time			Temporary			Full-time			Temporary			Total
Age (years of age)	≤ 30	31-50	>50	≤ 30	31-50	>50	≤ 30	31-50	>50	≤ 30	31-50	>50	
Full-time (people)	10	33	6	0	0	0	4	11	10	0	0	0	74
Part-time (people)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total (people)	10	33	6	0	0	0	4	11	10	0	0	0	74

Note: The Company does not involve worker dispatching of employees, part-time students, interns, volunteers, and non-employee workers, nor does it hire employees with no guaranteed hours.

## ► The total number of onshore personnel in the past three years

2020		2021		2022	
Number of female employees	Number of male employees	Number of female employees	Number of male employees	Number of female employees	Number of male employees
48	20	50	19	49	25
68		69		74	



## ► Overview of onshore personnel structure in the past two years

Shih Wei Navigation		2021				2022			
		Male (people)	Proportion	Female (people)	Proportion	Male (people)	Proportion	Female (people)	Proportion
Total workforce		19	27.5%	50	72.5%	25	33.8%	49	66.2%
Age	≤ 30	1	1.4%	12	17.4%	4	5.4%	10	13.5%
	31-50	8	11.6%	34	49.3%	11	14.9%	33	44.6%
	>50	10	14.5%	4	5.8%	10	13.5%	6	8.1%
Managerial level	Grassroots personnel	6	8.7%	31	44.9%	10	13.5%	31	41.8%
	Management	8	11.6%	16	23.2%	10	13.5%	15	20.3%
	Senior management	5	7.2%	3	4.4%	5	6.8%	3	4.1%
Education	Senior high school and below	0	0%	2	2.9%	0	0.0%	1	1.3%
	College/ Associate	16	23.2%	42	60.9%	21	28.4%	42	56.8%
	Master	3	4.3%	6	8.7%	4	5.4%	6	8.1%
	PhD	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Nationality	R.O.C. (Taiwan) national	19	27.5%	50	72.5%	25	33.8%	49	66.2%
	Foreign national	0	0.0%	0	0.0%	0	0.0%	0	0.0%

### Note:

1. Grassroots personnel: personnel holding the position under deputy section chief (exclusive)
2. Management: Supervisors excluding grassroots personnel and senior management
3. Senior management: Head of each department
4. Those still on the job as of December 31 of the current year, regardless of seniority, professional skills, job content and so on
5. The onshore personnel of the Company are all R.O.C.(Taiwan) nationals

### ► The number of new recruits of onshore personnel in the past three years

Year	2020				2021				2022			
	Male (people)	Employment rate for males (%)	Female (people)	Employment rate for females (%)	Male (people)	Employment rate for males (%)	Female (people)	Employment rate for females (%)	Male (people)	Employment rate for males (%)	Female (people)	Employment rate for females (%)
≤ 30	1	100	0	0	3	100	7	58.3	4	100	4	40
31-50	0	0	1	2.7	1	12.5	0	0	4	36.4	3	9.1
>50	1	8.3	0	0	0	0	0	0	0	0	0	0
<b>Total number</b>	<b>3</b>				<b>11</b>				<b>15</b>			
<b>Total employment rate (%)</b>	<b>4.4</b>				<b>15.9</b>				<b>20.3</b>			

Note:

1. Employment rate (%)= The number of new recruits in the category in the current year/ the total number of employees in the category at the end of the year
2. New recruits also include those who leave the Company midway

### ► Employee turnover of onshore personnel in the past three years

Year	2020				2021				2022			
	Male (people)	Turnover rate for males (%)	Female (people)	Turnover rate for females (%)	Male (people)	Turnover rate for males (%)	Female (people)	Turnover rate for females (%)	Male (people)	Turnover rate for males (%)	Female (people)	Turnover rate for females (%)
≤ 30	0	0	2	28.6	3	100	1	8.3	1	25	4	40
31-50	1	14.3	2	5.4	0	0	3	8.8	1	9.1	4	12.1
>50	5	41.7	0	0	2	20	1	25	0	0	0	0
<b>Total number</b>	<b>10</b>				<b>10</b>				<b>10</b>			
<b>Total turnover rate (%)</b>	<b>14.7</b>				<b>14.5</b>				<b>13.5</b>			

Note:

1. Turnover rate (%) = The number of employees in the category who leave the Company in the current year/ the total number of employees in the category at the end of the year
2. The number of employees who left the Company includes those who resign voluntarily or are laid off, retired, or die in service

### ▶ Workplace Diversity and Equality

In the Company, the employees' compensations and positions do not differ due to difference in gender, age, nationality, or ethnic groups, realizing the equal pay for equal work and equal promotion opportunities for both male and female employees. The ratio of females holding senior management positions is as high as 75% in the Company.

The Company has established the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace to maintain gender equality and personal dignity.

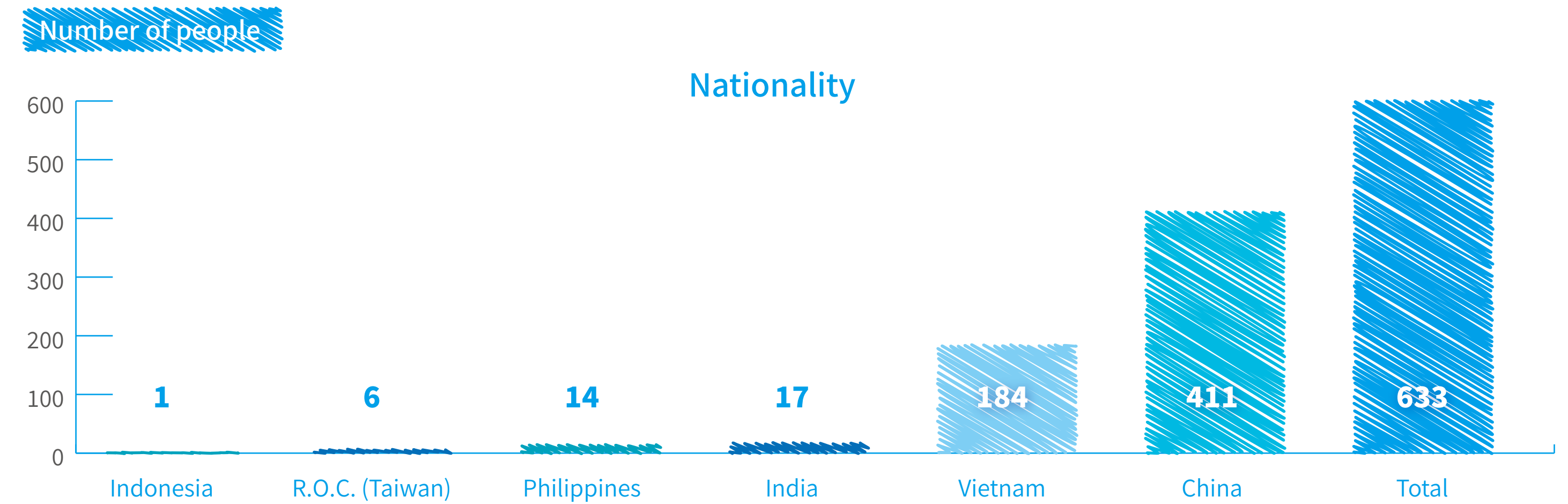
### ▶ Sea Crews

Sea crews refer to the seafarers. Most of the seafarers of Shih Wei Navigation are assigned by the crew agency to perform relevant obligations, and corresponding insurance is also arranged. The average contract period per person is about 10 months, and when the contract expires, the seafarers are arranged to disembark. Therefore, the sea crews do not have direct contractual relationship with Shih Wei Navigation. As for whether to return to work for Shih Wei Navigation again after the expiry of the contract depends on the arrangement of the crew agency company. Therefore, it is unlikely to calculate the number of new recruits and turnover rate of sea crews. However, there is a fixed-term contractual relationship between the Taiwanese seafarers serving for the marine flag carriers in Taiwan\*note and Shih Wei Navigation, which applies to the regulations of the Seafarer Act and the Labor Standards Act, stipulating the employer to allocate the pension to the dedicated pension account on a monthly basis while their compensations are allocated to their individual personal accounts.

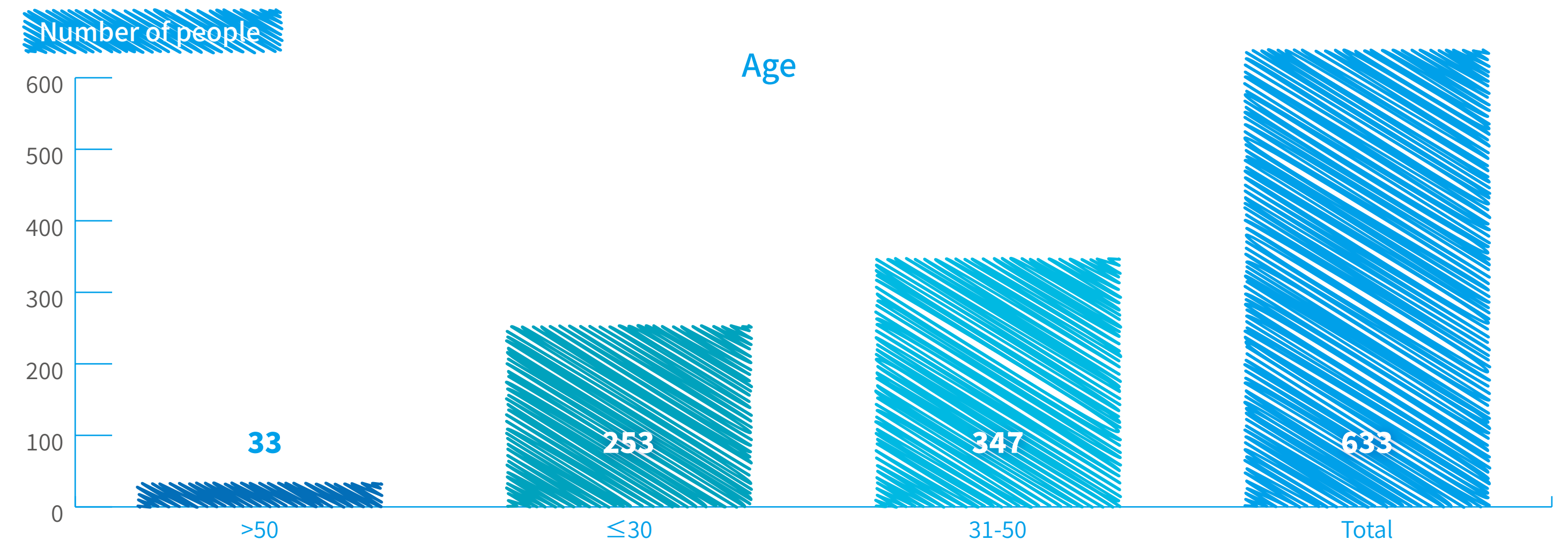
Seafarers holding a license that is compliant with the regulations, passing the medical examination, and at least 18 years old can arrange appointments with Shih Wei Navigation regardless of the gender. In 2022, the seafarers assigned were mostly Chinese, followed by Vietnamese, Filipino, Indian, and Taiwanese, with a total of 663 people. Among all the seafarers, 2 are Chinese females, both under 30 years of age, and the other crew members are all males.

Note: Flag carriers in Taiwan refer to ships hanging the flag of Taiwan.

### ▶ Nationality distribution of sea crews in 2022



### ▶ Age structure of sea crews in 2022



## 4.1.2 Employee Care

GRI:

- 2-19
- 2-21
- 2-24
- 202-1
- 401-2
- 401-3
- 405-2

### 4.1.2.1 Employee Compensations

#### ▶ Onshore Personnel

Shih Wei Navigation provides fair and market-competitive compensation to attract, retain, and motivate outstanding talents. We carry out an annual performance appraisal of all employees as the basis for bonuses distribution. The compensation of employees includes the salary (including the basic salary and meal allowance), performance bonus, festival bonus, and the employee compensation.

#### ▶ Business Performance and Employee Compensation

As prescribed in Article 32 of the Company’s Articles of Incorporation, “If the Company has earnings in the year (earnings distributed to employees and directors as compensations shall be deducted from the profit before tax), the earnings distributed as compensation to its employees shall not be less than 2% and no more than 5% to its directors; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses. The Company may issue profit sharing bonuses to employees of an affiliated company meeting certain conditions.

### ▶ Equal Pay for Equal Work

Full-time employees of the Company, males and females, receive equal pay for equal work, regardless of gender, age, ethnic group, religion, political affiliation, and marital status.

Category	Gender pay ratio	
	Female	Male
Senior management	1	0.89
Management	1	1.33
Grassroots personnel	1	1.05

Note:

1. Grassroots personnel: personnel holding the position under deputy section chief (exclusive)
2. Management: Supervisors excluding grassroots personnel and senior management
3. Senior management: Head of each department
4. Those still on the job in the Company as of December 31 of the current year are all included in the statistics regardless of the seniority, professional skills, job content, and other factors
5. Calculated based on the fixed salary of the 12 months of the year



The compensation of new recruits will be reviewed based on the employee's previous work experience, competence, and the market condition of the applied position, which exceeds the basic wage stipulated in the Labor Standards Act.

The average wage of the female and male grassroots personnel in Shih Wei Navigation is 1.83 times the local minimum wage in Taiwan.

Shih Wei Navigation discloses the salary information of all non-managerial full-time employees as prescribed by law, makes regular declaration and discloses such information on TWSE MOPS. Please see the following table for details.

### ► Overview of the employees' salary information

Unit: NT\$ thousand

Item/Year	2020	2021	2022
Number of non-managerial full-time employees (people)	67	63	68
Total amount of salaries of non-managerial full-time employees	48,644	109,585	110,765
Average salary of non-managerial full-time employees	726	1,739	1,629
Median salary of non-managerial full-time employees	668	1,570	1,508

Note: The "non-managerial full-time employee" referred to by TWSE (Taiwan Stock Exchange) are the total number of all employees (or permanent employees, including Taiwanese and foreign employees) of the enterprise excluding those holding managerial positions, employees of overseas branches, part-time employees, and those meeting the exemption criteria.

### ► The ratio of the highest individual's annual total compensation to the median annual total compensation of employees for the year 2022

Annual total compensation ratio <sup>*Note1</sup>	5.36
Change in the annual total compensation ratio <sup>*Note2</sup>	1.31

Note:

1. The annual total compensation ratio = Annual total compensation for the organization's highest paid-individual / Median annual total compensation for all of the organization's employees excluding the highest-paid individual
2. The change in the annual total compensation ratio = Percentage increase in annual total compensation for the organization's highest-paid individual / Median percentage increase in annual total compensation for all of the organization's employees excluding the highest-paid individual
3. Based on the disclosure requirements of the Taiwan Stock Exchange Corporation (TWSE), the company reports the "Information about salary of full-time employees who are not in a managerial position" as the statistical basis, revealing the annual total compensation of the highest-paid individual and the median salary of full-time employees.

### ► Sea Crews

The salaries are reviewed with the spirit of equal pay for equal work based on the job content, work experience, competence and certificates obtained. The calculation basis of the seafarers' salaries is based on the standards of the International Transport Workers' Federation (ITF), and will not differ due to difference in gender, age, ethnic group, religion, political affiliation, and marital status.

Each sea crew is entitled to various bonuses depending on different situations, such as the seniority/reinstatement bonus, bonus for cleaning/opening and closing the cabin, deck/engine maintenance bonuses or bonuses for special achievement, and additional incentive bonuses approved by the Company's Rewards and Disciplinary Committee.

The calculations of bonuses differ based on the sea crew's seniority and job assignment, making it difficult to calculate the salaries and ratio of salaries.



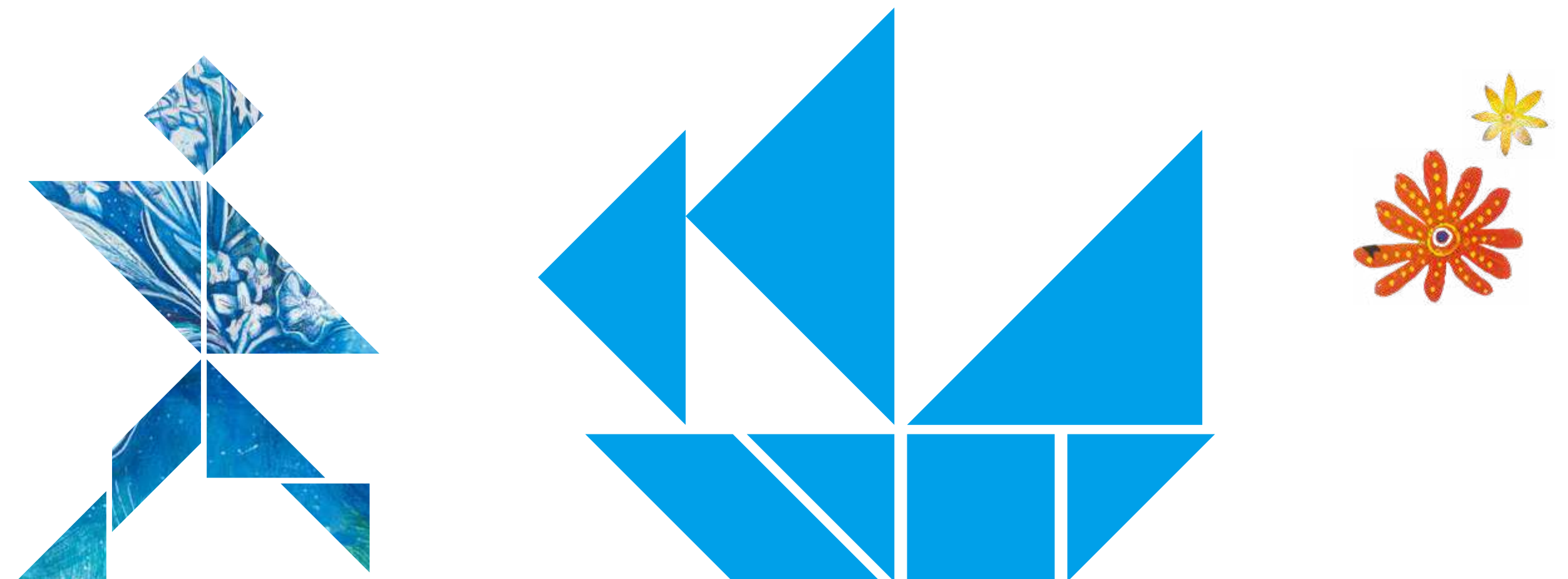
## 4.1.2.2 Employee Benefit System

### ▶ Onshore Personnel Benefits

To provide employees with great working environment, in addition to regulatory items, Shih Wei Navigation also provides many benefit items superior to regulatory ones, such as the 7-hour working hours a day, focusing on the physical and mental balance of the employees so that they can give play to their abilities. In addition, to take care of employees with special needs, flexible adjustment of remote work and working in the office can be made so that they can take care of both their families and work. Please see the Table- Overview of Benefits Superior to Legal Regulations for details.

In terms of the benefit system, various employee benefits have been provided, such as Mid-Autumn Festival bonus & Dragon Boat Festival bonus, year-end bonus, performance bonus, staff travel, dinner party with raffle prizes, and wedding/funeral/festive celebration allowances. In addition to the original labor and health insurance, the group insurance plan is also purchased to insure all employees. On different festivals, different departmental competitions are held or group activities incorporating ESG spirit are also organized, such as lectures on environmental protection, beach (mountain) cleanup activities, and turning idle or discarded resources in the office into creative decorations for Christmas and handmade red envelopes for the Lunar New Year holidays and other decorations to increase team cohesion and bound. In addition, we worked in line with the government's COVID-19 vaccination policy and encouraged our employees to receive vaccination. Those getting the second dose would be granted NT\$1,000, the third NT\$ 10,000. In addition, we also encourage our employees and their family dependents to actively donate blood in exchange of compensatory leave.

Benefit items	Category
Labor insurance, national health insurance, various types of leave, pension	Government regulations
Group insurance, festival gifts, scholarship, wedding/funeral/sick leave subsidies and emergency relief, group recreational activities, year-end party, employee trip subsidies, pandemic-prevention welfare measures, flexible shifts, reuse of electronic devices, health examination, blood donation in exchange of compensatory leave, typhoon leave	Superior to legal regulations



## Overview of Benefits Superior to Legal Regulations

Item	Description	Amount (NT\$)/ Description
Employee compensations	Employee compensations are distributed in accordance with the Company's Articles of Incorporation to share business profits with our employees	52,100,000
Festival bonuses and performance bonuses	Handled in accordance with Employee Work Rules and Methods for Distributing Performance Bonuses	The Company adopts a secret salary system, so this part is not disclosed.
Working hours	Superior to the statutory weekly working hours, those of the Company are <a href="#">35 hours/week</a>	N/A
Group insurance	The group insurance plan is purchased to insure every single employee, and the content includes accident insurance, medical insurance, hospitalizations and injury hospitalizations, etc	107,477
Festival gifts	Gift vouchers or gifts for Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year holidays	142,100
Scholarship	Scholarship is issued to qualified children of the employees' based on the transcripts of every semester	47,500
Wedding/ funeral/sick leave subsidies and emergency relief	Employees can apply for relevant subsidies by submitting the required supporting documents in accordance with the regulation	1,726,000
Group recreational activities	Group activities and competitions are arranged based on the background of holidays or festivals to enhance team spirit and sense of honor of the departments	135,835
Year-end party	Hold the year-end party and provide cash prizes and raffle prizes	339,000

Item	Description	Amount (NT\$)/ Description
Employee travel subsidies	The employee trip is held from time to time, and the employees and one family member of theirs are fully subsidized	382,696
Pandemic-prevention welfare measures	Provide employees with customized masks, vaccination incentives, and work from home option if family care is needed. Flexible shifts are also provided for the employees to adjust their commuting time based on their needs	A total of 83 employees applied for the vaccination grant, and the total amount issued reached NT\$ 668,000
Flexible shifts	Survey is conducted to know the employees' needs for the adjustment of the commuting time. Currently, there are three shifts available, which is a normal policy and not limited to the pandemic period	N/A
Reuse of electronic devices	The Company mobile phones are refurbished and offered to the employees at preferential prices after being replaced	Replacement of mobile phones from time to time
Health examination	Implementation of fully subsidized employee health examination	145,500
Blood donation in exchange of compensatory leave	Our employees can provide proof of blood donation of the current year in exchange of 4 hours/per donation of compensatory leave (up to 12 hours per year per person). Proof of employees' family members' blood donation can also exchange compensatory leave at 2 hours/per donation, and applications of up to 4 family members per employee are taken	In 2022, a total of <b>14</b> family members of the employees applied for the exchange program, with <b>42</b> hours of compensatory leave in total
Typhoon leave	Implementation of typhoon leave, and no salary or leave will be deducted	In 2022, we did not encounter typhoons, and there was no typhoon leave implemented to cooperate with the competent authority

## ▶ Working Hours and Leave System

The working hours of the Company are 7 hours a day, five days a week. The working hours are fixed and in a non-shift system. Supervisors will grant leave when employees need to take care of their families. Employees can also take their annual leave, family care leave and so on to strike a balance between work and family life. We also cooperate with government policies and provide childcare subsidies for parents to make use of childcare services so as to work at ease.

The total working hours of onshore personnel in 2022 amounted to **128,100.74 hours**, with an average daily working hours of **7.02 hours** per employee.



## ▶ Parental Leave

Please refer to Table- Statistics of Application for Parental Leave without Pay and Reinstatement for details. Supervisors of the Company will grant leave when employees need to take care of their families. Employees can also take their annual leave, family care leave and so on to strike a balance between work and family life. In addition, the Employee Welfare Committee also provides a one-time maternity allowance.

### ▶ Statistics of Application for Parental Leave without Pay and Reinstatement

Item	Year								
	2020			2021			2022		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible to apply for parental leave without pay A	0	9	9	0	7	7	1	5	6
Number of employees actually applied for parental leave without pay B	0	0	0	0	1	1	0	1	1
Number of employees who should be reinstated after parental leave of the year C	0	0	0	0	0	0	0	2	2
Number of employees actually reinstated of the year D	0	0	0	0	0	0	0	2	2
Number of employees actually reinstated in the previous year E	0	0	0	0	0	0	0	0	0
Number of employees reinstated after parental leave without pay in the previous year and have been reinstated for a year F	0	0	0	0	0	0	0	0	0
Reinstatement rate of the year % (D/C)	0	0	0	0	0	0	0	100	100
Retention rate of the year (F/E)	0	0	0	0	0	0	0	0	0



## ► Benefits for Sea Crews

- Sea crews enjoy the “seniority/reinstatement bonus”, “extra food allowances on three festivals”, “fees for newspapers and magazines” and “bonus for entering dangerous areas”
- Ensure that the sea crews are provided with proper living quarters and entertainment equipment onboard
- Ensure that the sea crews have access to high-quality food, drinking water and catering services (great equipment for general cooking) in accordance with sanitary conditions and regulations
- If the crew member disembarks at any port for treatment due to injury or diseases, in addition to the disease benefit stipulated in the contract, if permanent damage is caused in the accident that leads to the loss of working ability, graded disability compensation is also provided as stipulated in the agreement (attachment)
- When a ship sails into a pirate affected area (such as the Gulf of Aden), the Company will send armed security to board the ship, follow the escort warship, and provide anti-theft facilities (such as the roll gabion)
- Provide sufficient anti-pandemic materials during the pandemic period to ensure that the infection risks for sea crews can be reduced
- Taiwanese crew members are contracted in accordance with the Fixed Term Employment Contract for Employing Seafarers stipulated by Maritime Port Bureau of MOEA, in accordance with Article 13 of Seafarer Act and signed the collective agreement with the National Chinese Seamen’s Union. During the pandemic period, our associates in the Crew Management Department interacted with the crews’ family members from time to time so that our sea crews to work without worries, and their family members can also understand the care and protection the Company provides for its employees
- Chinese seafarer labor service agencies provide their seafarers with five insurances and one fund, and the main policies include endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, childbirth insurance and housing accumulation funds. Due to the particularity of this occupation, the social insurance fee is generally 100% covered by the seafarer labor service agencies, and the payment cannot be stopped at will no matter the seafarers are on the ship or at home on vacation, the social insurance fee shall be paid in full amount every month



## ▲ 4.1.2.3 Retirement System and Implementation Status

In accordance with the pension plan stipulated in the Labor Standard Act and relevant regulations, the payment of the employees’ pensions is calculated based on the years of service and the recurring salary before retirement. For the contribution to the pension fund of the old pension system, the Company contributes 5.2% of the total monthly salaries of the employees to the laborers’ pension fund accounts in Bank of Taiwan. From July 1, 2005, with the implementation of the Labor Pension Act (hereinafter referred to as the “new system”), if the in-service employees choose the “new system”, the defined contribution plan is applied to the years of service, and no lower than 6% of the monthly salary shall be provided to individual pension accounts for employees by month.

Old pension system appropriation: The Company contributes 5.2% of the total salaries of the employees applying to the old systems by month. In 2022, the total amount contributed amounted to NT\$960,670.

The contribution percentage of the New System accounts for 6% of the salaries (In 2022, the employer contributed NT\$3,373,905/ total annual insured amount reached NT\$ 56,676,150.

By the end of 2022, the labor pension reserve was sufficient to pay the pension to those eligible for retirement within the following year.



GRI :

201-3

# 4.1.3 Talent Cultivation

GRI :

404-3

## 4.1.3.1 Performance Development

### ▶ Onshore Personnel

To attract and retain excellent talents, promote talent development, and encourage employees to work attentively while enhancing their cohesion so as to create the maximum benefits, the annual performance bonus distribution standards have been established in accordance with the regulations in the Employee Work Rules, which is implemented on a yearly basis.

Male/female ratio of employees receiving appraisal



Note:

1. The appraisal period was until December 31, 2022
2. The scope of appraisal applies to all formal employees below the President
3. The chairwoman of the Company concurrently serve as the President, whose performance appraisal is conducted by the board of directors, and is included in the female employees receiving performance appraisal
4. There were 2 employees not included in the appraisal because of the following reasons.
  - (1) One is a new recruit at the end of December, so the employee was not applicable to the appraisal
  - (2) The other employee was not included in the appraisal due to the nature of the work and that it was clearly stated in the contract that the performance appraisal shall not be included, and therefore, the employee was not applicable to the appraisal



## ► Sea Crews

The sea crews have to receive the quarterly performance appraisal in terms of work attitude, technical abilities, conduct, and knowledge regardless of their gender and rank. The description of the objects' ranks is detailed as follows.

Objects	Person in charge of the appraisal	Description
Deck Department Employees	Chief Officer	<ul style="list-style-type: none"> <li>The Chief Officer and Chief Engineer shall conduct the performance appraisal in a fair, impartial, and objective manner, fill in the sea crew evaluation form, and then submit the forms to the Master, who will then send the results back to the Crew Management Department via email. Besides the quarterly appraisal, in the event of change of crews, the Chief Officer/Chief Engineer have to conduct extra evaluation to control the quality of the crews and the results serve as the basis for whether to dispatch the crews back again in the future</li> </ul>
Engine Department Employees	Chief Engineer	<ul style="list-style-type: none"> <li>If the seafarer is considered to have poor attitude toward work, lack of skills for his/her duties, have unregulated life habits, and lack of knowledge to cope with work, in addition to reporting this to the Master by the Chief Officer and Chief Engineer, re-education and re-training should be given, and relevant record should be kept in the Crew Retraining Record Form to enable the crew member to have an opportunity for improvement of abilities and conduct, and the results are included in the performance appraisal form. If the crew cannot be re-educated, the Master will report to the Crew Management Department to arrange disembarkation</li> </ul>
Chief Officer	Master	<ul style="list-style-type: none"> <li>The Master shall make appraisal of the Chief Engineer and Chief Officer at all times, and the assessment report of all crew members shall be submitted to the Crew Management Department</li> <li>When the Master receives the performance assessment form made by the Chief Officer and Chief Engineer after their appraisal of their subordinates, the Master shall carefully review and sign it, and submit the results to the Company via email. The responsible supervisor of the Crew Management Department shall review the assessment forms. If necessary, the Chief Engineer, Chief Officer, and second engineer shall be further evaluated by the engineers and manager in the Marine Department, and the results will be used as the reference for future employment and dispatch</li> </ul>
Chief Engineer		
Master	The supervisors of various departments at the Head Office	The assessment of the Master will be conducted by the responsible supervisor of the Crew Management Department after the contract expires, and the results are further evaluated by the managers of the Risk Management Department, Business Department, and the Marine Department. The results are recorded in the Master assessment form, which is submitted to the President for review, and finally archived for future reference.

## 4.1.3.2 Education and Training

### GRI :

404-1

404-2

#### ► Onshore Personnel

- The Company has established the “Management Measures for On-the-job Training for Employees” to encourage the employees to make improvement, enrich their professional knowledge and skills and improve their work efficiency
- To make our employees to understand the newly added (revised) maritime-related regulations and improve safety management of the fleet, we will assign the employees to participate in external training courses from time to time, such as the International Safety Management Code (ISM Code), International Ship and Port Facility Security Code (ISPS Code), etc
- To cope with internationalization and improve the employees’ foreign language abilities, the Company provides subsidies for foreign language training courses
- In addition to provide orientation for new recruits, we also arrange continuing education for the accounting supervisor (personnel), audit supervisor (personnel), and the corporate governance senior officer every year, and the training costs are covered by the Company. In 2022, our employees participated in 79 classes of various professional function and education and training courses, with a total of 2,080.17 course hours (man-hour), a total of 810 participants, and the total cost amounted to NT\$ 245,900



Education and Training



Education and Training

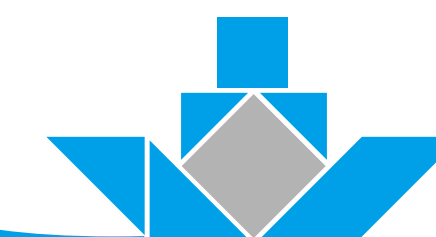


Occupational Safety Education and Training



Occupational Safety Education and Training

## Employee training statistics in the past three years



Year		2020			2021			2022		
Employee category		Total number	Total training hours (man-hour)	Average training hours (man-hour)	Total number	Total training hours (man-hour)	Average training hours (man-hour)	Total number	Total training hours (man-hour)	Average training hours (man-hour)
Managerial position	Male	5	49	9.8	5	143.5	28.7	5	207.33	41.47
	Female	4	16	4	4	111.5	27.9	4	190.33	47.58
Full-time	Male	20	52	2.6	19	275.5	14.5	25	631.15	25.25
	Female	48	97	2.02	50	560.5	11.2	49	1,449.02	29.57
Total hours (man-hour)		149			836			2,080.17		

Note:

1. The managerial position refers to the head of each department
2. Full-time position includes managerial positions
3. Average training hours per male (or female) of each category = Total training hours for male (or female) of that category / Total number of males (or females) in that category at the end of the year

## The total amount of investment in education and training and the average training costs in the past three years

Unit: NT\$

Year	2020	2021	2022
Total amount of education and training	35,700	41,500	245,900
Average training amount per person	525	601	3,323

Note:

1. This table only includes the hours and costs of paid courses
2. The average training amount per person = Total training amount / total number of onshore personnel
3. Due to the COVID-19 pandemic during 2020-2021, the amount invested in training was lower



### ▶ 2022 Education and training statistics by category- By training type

Unit: Hours (man-hour)

Type of training	Training hours
Internal education and training	975
Seminar/ Explanation session	201.46
Professional training institution	537.71
Professional training institution (On-the-job subsidy)	366
<b>Total</b>	<b>2,080.17</b>

### ▶ 2022 Education and training statistics by category- By courses

Unit: Hours (man-hour)

Type of courses	Training hours
ESG	814.31
Business Management	71
Risk Management	105
Financial Management	147.36
Ship Management	268.5
Integrity Management	44
Information Security and Management	169
Occupational Safety and Health	461
<b>Total</b>	<b>2,080.17</b>

### ▶ Sea Crews

Regardless of gender and rank, sea crews averagely received 77 hours of onboard drills and relevant education and training in 2022. In terms of the joint ship-shore interactive drill, quarterly drills and relevant education and training, the average training hours were more than 88 hours per person.

To improve the seafarers' functions, we subsidize fees and provide classes in accordance with the needs of different ranks to help the crews obtain relevant certificates.

In addition, books and newspapers providing industry-related knowledge are also provided, such as Crew Watch and Health Watch of Britannia P&I Club, so that sea crews can also understand the latest information and cases of the industry.



# 4.1.4 Diversified Communication Channels

The Company has high-quality employees, and the business philosophy and management policies are clearly and actually implemented. The Company has established various internal communication channels, including the labor-management conference, Employee Welfare Committee, the executive board meetings, and others. Over the years, the labor and the management have been able to operate satisfactorily under the respect of the labor-management ethics. In 2022, there were no major labor disputes.

GRI :

2-25

2-26

2-30

## ▶ Communication and Grievance Mechanism

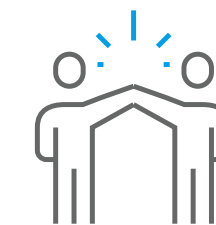
### III Onshore personnel

#### Internal Communication

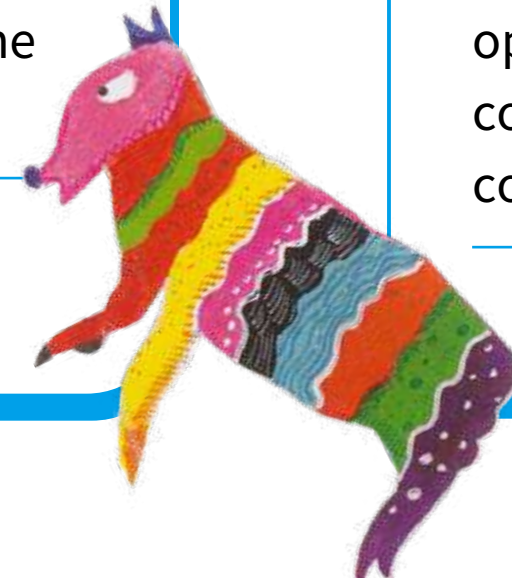


The employees are important assets of the Company, and a harmonious labor-management relationship is also the solid cornerstone of the Company to step toward sustainable management. We are dedicated to creating a safe, healthy, physically and mentally balanced working environment where human rights are respected, and employees are free from discrimination and harassment. We also provide diversified communication channels to listen to the employees' voice.

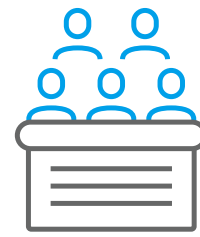
#### Labor-management Conferences



The Company does not have trade union. Labor-management conferences are held on a quarterly basis as prescribed by law. Each conference consists of three management representatives and three labor representatives to ensure smooth progress of the meeting so as to protect the employees' legitimate rights and interests, facilitate employees' understanding of the Company's operating and important policies, and further to coordinate labor relations for strengthened cooperation.

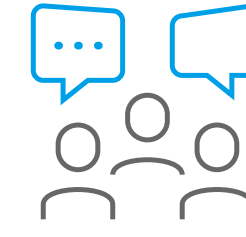


## Employee Welfare Committee



To promote the labor-management relations, provide employees with additional benefits and subsidies when encountered with special circumstances, Shih Wei Navigation has set up the Employee Welfare Committee in accordance with law to provide employees with wedding/funeral/maternity allowance, injury, and illness subsidy, scholarship, etc., and hold birthday parties regularly with birthday cash gifts. In addition, on special holidays, group activities and competitions are arranged based on the background of holidays or festivals to enhance team spirit and e-cards are sent to improve the bond among employees so as to strengthen the spirit of cooperation.

## Exchanges of Opinions



We encourage our employees to communicate more often with the management via various methods and channels. Designated hotlines and communication mailboxes are set up for different matters so that employees' voice can be heard and responded to.

### Hotline

**Human Resources:** +886-2-8712-1888 ext. 213

**Occupational Safety and Health:** +886-2-8712-1888 ext. 210, 226

**Sustainability Development:** +886-2-8712-1888 ext. 225

### Email

**Employee Communication:** hr@swnav.com.tw

**Board of Directors:** director@swnav.com.tw

**Independent Director:** independent\_director@swnav.com.tw

## Grievance Mechanism



To create a working environment free from sexual harassment, the Measures of Prevention, Complaint and Punishment of Sexual Harassment have been established. When the employees or job applicants encounter sexual harassment incidents in the workplace, they can file a complaint via the dedicated mailbox and hotline.

According to the "Occupational Safety and Health Act," anyone who witnesses or hears about workplace violence incidents can file a complaint through the designated complaint mailbox and hotline. Upon receiving the complaint, the investigation will be conducted in a confidential manner. If the investigation confirms the veracity of the complaint, appropriate disciplinary actions will be taken.

**Hotline:**+886-2-8712-6686      **Email:** posh@swnav.com.tw

The Company will handle relevant incidents in accordance with the handling procedures of the measures mentioned above. The investigation results will be sent to the complainant, and the case will be properly handled and closed.

*There were no received complaint cases in 2022.*



Measures of Prevention, Complaint and Punishment of Sexual Harassment

<https://www.swnav.com.tw/uploads/files/shares/sexual-harassment-prevention-measures.pdf>



## ► Sea crews

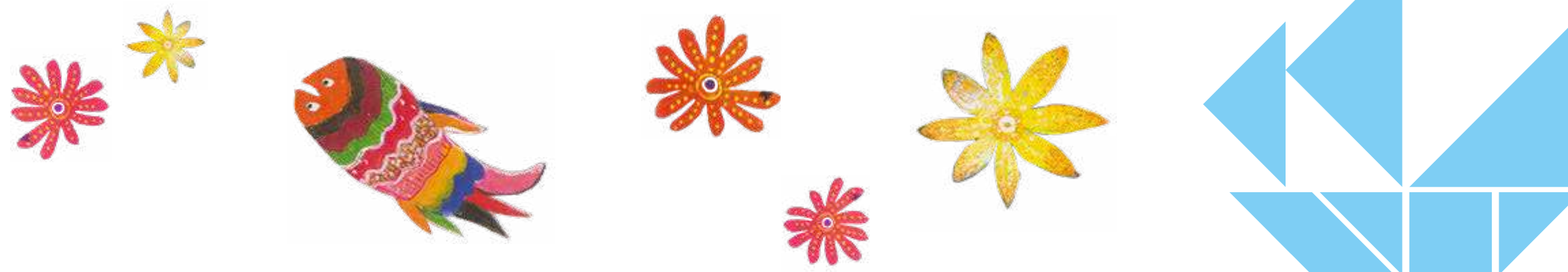
### ▮ On-board Complaint Procedures

To ensure fair, effective, and prompt handling of complaints alleging violations of the requirements of the Maritime Labour Convention, 2006 (MLC) that may infringe upon the rights of seafarers, Shih Wei Navigation has established the following procedures to comply with the MLC and the laws of Taiwan (Republic of China, R.O.C.) (applied for R.O.C.-registered ships) and Panama (applied for Panama-registered ships):

- At the time of signing the employment contract, all seafarers shall be introduced to and provided with information about the "On-board Complaint Procedures" of the company, along with relevant contact information. A copy of the "On-board Complaint Procedures" should also be displayed in public areas on the vessel for seafarers' reference
- Seafarers may submit any complaints related to alleged violations of MLC requirements in accordance with the "On-board Complaint Procedures"
- The "On-board Complaint Procedures" should seek to resolve complaints at the lowest level possible. However, in any case, seafarers have the right to directly lodge complaints with the master or, if necessary, with the appropriate external authorities
- The master has the capacity to provide impartial advice on seafarers' complaints on a confidential basis and assist seafarers in following the available on-board complaint procedures
- Any form of "retaliation" or "harassment" against seafarers who file complaints is prohibited. "Retaliation" or "harassment" includes any adverse actions taken against the seafarer for filing a complaint unless the complaint is clearly vexatious or malicious
- All complaints and the conclusions of such complaints should be documented on the "On-board Complaint Form," and copies of the records should be provided to the relevant seafarers for archiving. The master should keep the aforementioned documents in a dedicated file known as the "On-board Complaint Records Book"

There were no seafarers' complaints in the year 2022.

In addition, in the event of accidents or incidents, there may be various negative impacts such as damage to the environment and habitats, damage to the company's reputation, and disruptions to operations. Shih Wei Navigation will take action according to the Safety Management System to minimize the impact of disasters. For details, please refer to Section 4.3 Occupational Safety and Health Management - Safety Management System of Shih Wei Navigation.



# 4.2 Human Rights Management

## GRI:

2-24

2-23

406-1

407-1

408-1

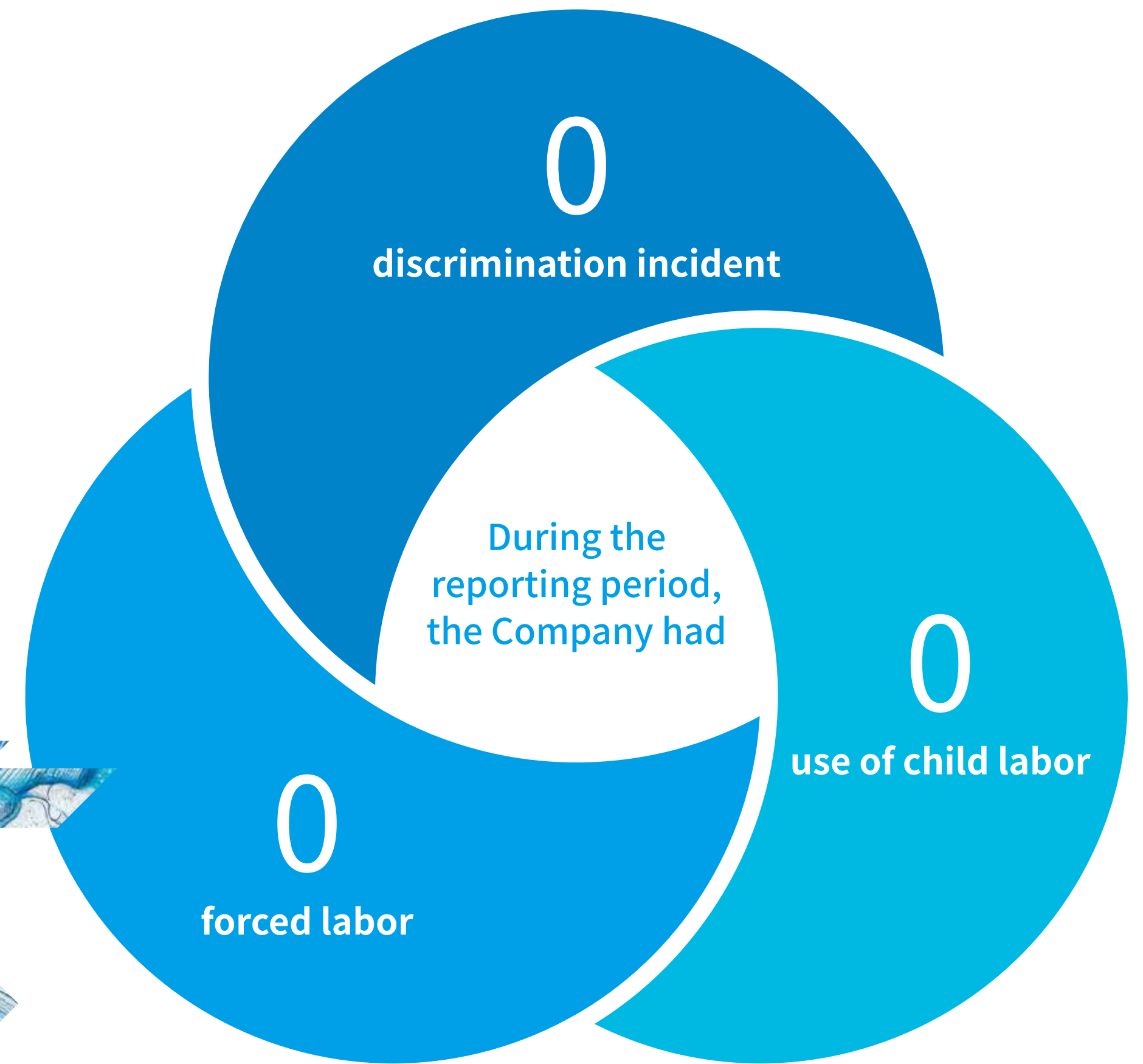
409-1

411-1

Shih Wei Navigation Co., Ltd. believes that protecting human rights is essential for sustainable business operations. To ensure that each and every employee is treated fairly and with respect at the workplace, we follow internationally recognized human rights conventions and put our commitments and policies concerning human rights in place.

The minimum age of the seafarers the Company recruit shall be 18 years old, therefore, the Company did not employ any child labor in 2022. In addition, there was no violation of indigenous rights, either. We do not interfere or restrict the employees' freedom of association or actions of collective bargaining. Sea crews, in particular, can freely decide to join the Seamen's Union or the Master Mariners Association, and the Company even helps collect and pay the membership fees for the sea crews.

In terms of supplier engagement, the website for the Company's Human Rights Policy has been added to the order system at the end of 2022. We will continue to strengthen the publicity and communication and sincerely hope our partners in the value chain can jointly value and safeguard human rights. *In 2022, no incidents of use of child labor or forced labor were found among our major suppliers.*



## ▶ Human Rights Policy

### Scope of Application

The Shih Wei Navigation Co., Ltd. Human Rights Policy applies to all Group companies, including all employees and across our entire business activities. The Policy also requires the same standards to be followed by our suppliers, outsourcing companies, contractors, customers, and other value chain partners.

### Follow principles

- Universal Declaration of Human Rights (UDHR)
- The United Nations Global Compact ( UNGC)
- United Nations Guiding Principles on Business and Human Rights (UNGPRHR)
- ILO Declaration on Fundamental Principles and Rights at Work
- Maritime Labor Convention (MLC)

### Commitments and Policies

Shih Wei Navigation Co., Ltd. is committed to complying with the human rights protection laws and guidelines in areas where we operate worldwide. Where there is a conflict between internationally recognized human rights principles and the laws and regulations of a country, we will seek ways to respect internationally recognized human rights principles in our operations to the maximum extent possible. We exercise due diligence to prevent human rights infringements on everyone and build a culture of equality, respect, care, and security within our company by the following principles. We also supervise our value chain partners in the protection of human rights:



Prohibit the use of all forms of forced labor



Prohibit the hiring of child labor



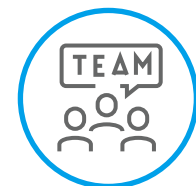
Implement equal employment opportunity and equal treatment, and create a friendly work environment that is diverse and inclusive, free from discrimination, free from harassment, with gender equality, ensuring women's rights, and has zero tolerance for discrimination



Provide fair wages, leave system, working hours and equal remuneration that are compliant with the law



Ensure the safety and health of the workplace, as well as of the places where we provide meals and accommodation, and strive to protect the physical and mental health of our employees



Respect our employees' right to freedom of association, i.e., the right to form or join any groups or organizations having a common viewpoint or purpose



# 4.3 Occupational Safety and Health Management

To ensure work safety of onshore personnel and the crew members on board, the Administration Department, the Crew Management Department and the Risk Management Department are in place to take charge of providing all employees with a safe and healthy work environment. In addition, training and publicity are given to reduce the occurrence of occupational accidents.

## GRI :

- 403-1:2018
- 403-2:2018
- 403-3:2018
- 403-4:2018
- 403-5:2018
- 403-6:2018
- 403-7:2018
- 403-8:2018
- 403-9:2018
- 403-10:2018

## SASB :

TR-MT-320a.1

## 4.3.1 Occupational Safety and Health (OSH) Policy

### The Fleet

To comply with the requirements of the Maritime Labour Convention (MLC) and International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) , we implement risk management in accordance with the International Safety Management Code (ISM Code), including hazard identification, risk assessment and accident investigation.

The Company has established the Safety Management System Manual (SMSM) and MLC Compliance Manual to regulate all workers and activities on the ship. In addition, there are also professionals (internal qualified auditors and third-party verification agencies) to conduct regular inspections on board and irregular visits to ensure the compliance with the Safety Management System requirements.



## Head Office

The Head Office is a general office space, and there is no production line or mechanical equipment. The number of employees in the Head Office does not meet the criteria to introduce an occupational safety and health management system required by the Occupational Safety and Health Act. However, the Company still established the Occupational Safety and Health Management Plan and the Safety and Health Work Rules in accordance with the Occupational Safety and Health Act to implement the safety and health management in the workplace to ensure the safety and health of our employees. Through the PDCA Cycle (Plan-Do-Check-Action Cycle) and the constant auditing system, problems can be found, and corrective and preventive measures can be taken immediately to improve the performance of occupational safety and health management for the effective prevention of occupational accidents.

### 1. The content to the Occupational Safety and Health Management Plan includes the followings:

- Identification, assessment, and control of work environment or task hazards
- Management of machinery, equipment, or tools
- Labelling and communication of hazardous chemicals
- Planning and monitoring of sampling method for hazardous job environments
- Assessment of the process or construction safety of dangerous job sites
- Procurement management, contractor management, and modification management
- Operation standards for safety and health
- Periodic inspections, target inspections, job checks, and on-site inspection tours
- Safety and health educational training
- Management of personal protective equipment
- Health examination, management, and facilitation
- Compiling, sharing, and application of safety and health information
- Emergency response and preparedness
- Investigation and settlement and statistical analysis of occupational accidents, near misses, events that affect the physical and mental health, and implementation status of return-to-work program
- Record of safety and health management and measures for performance assessment

3. As prescribed in Article 324-3 of the Regulations for the Occupational Safety and Health Equipment and Measures. “To prevent employees from being physically or mentally violated by other people’s actions during the performance of their duties, employers shall take the following measures to prevent violence and record of execution shall be made and kept for three years.” Since the number of employees in the Company does not reach 100, the establishment of a prevention plan for illegal infringement in the performance of duties can be replaced by records or documentation of execution. The Company refers to the Guidelines for preventing illegal infringements in the performance of duties established by the Occupational Safety and Health Administration, Ministry of Labor to carry out the hazard identification and risk assessment (Hazard Identification and Risk Assessment Form for Prevention of Illegal Infringement in the Workplace), takes corresponding control measures, and reviews whether there are measures that should be added or improved based on the current situation while checking whether the measures taken are effective and reviewing relevant deficiencies in the implementation process as a reference for future improvement

### 2. The content to the Safety and Health Work Rules includes the followings:

- Plan, supervise, and promote the safety and health audit and management of each unit
  - Establish the Occupational Safety and Health Supervisor
  - Implement safety and health education and training, and regularly hold safety and health education and publicity on a quarterly basis
  - Assign staff to participate in safety education and training for first aid personnel from time to time and obtain certificates
  - Conduct regular and occasional inspections and provide ways to improve work
  - Maintenance and inspection of machinery, equipment, or tools
  - Review of standards for work safety and health
  - Health guidance and management measures
  - Preparation, maintain, and usage of protective equipment
  - Notification and report of accidents
  - Other matters related to safety and health
4. In terms of the Maternal Health, the occupational safety and health personnel are responsible for the management of work items and environment optimization and try their best to provide a friendly working environment for female employees. For parental leave, please see [4.1.2 Employee Care](#)
5. Looking into 2023, the four major hazard prevention measures of the Occupational Safety and Health Act will continue to be implemented and promoted in the Head Office, namely the “maternity health protection”, “prevention of overwork”, “ergonomic hazard prevention, and “prevention of unlawful infringement”, so as to reach the goal of protecting the physical and mental health of employees and continuing the creation of a friendly workplace





## Statistics of Occupational Accidents

Year	2022	
Total working hours of onshore personnel	128,101	
Total working hours of sea crews	1,448,304	
Total Person-work Hours	1,576,405	
Number of occupational injuries for onshore personnel	0	
Number of occupational injuries for sea crews	2	
Total number of occupational injuries	2	
Number of death	0	
Number of very serious casualty	0	
Lost time incident rate, LTIR	Onshore personnel	0
	Sea crews	1.380
	All employees	1.268

Note:

1. There are no non-employee workers in the Company, such as part-time workers, interns and volunteers
2. A very serious (marine) casualty, in accordance with the definition of the Resolution of the Maritime Safety Committee MSC.255 (84) issued by IMO, refers to a marine casualty involving the total loss of the ship or a death or severe damage to the environment
3. Starting from this year, the LTIR will be calculated in accordance with the Sustainability Accounting Standards Board (SASB) Marine Transportation Standards, and the LTIR for all employees in 2021 shall also be revised to 1.237.

LTIR = Lost time incidents / Total Person-work Hours\*1,000,000 hours

Type	Description
 The Fleet	<p>In 2022, there were no crew fatalities of occupational diseases. Two injury and disease cases of crew members when on duty that filed insurance claim are described as follows.</p> <ul style="list-style-type: none"> <li>■ The crew member wore safe and appropriate clothing at work, but due to the shaking of the ship, the crew member accidentally injured the left thigh. The wound was too large so the ship deviated urgently and went ashore for medical treatment. After receiving treatment in the hospital, such crew member was discharged and returned home</li> <li>■ One crew member was bitten by a poisonous insect and the swelling persisted, so such crew member applied to disembark for medical treatment. After treatment, such crew member recovered and returned to the home country</li> </ul>
 Head Office	<ul style="list-style-type: none"> <li>■ The Company is a general office space, and there is no production line or mechanical equipment, so there is no relevant content or description. There is no need to introduce the occupational safety and health management system as required by law</li> <li>■ The office does not have special operations, so there are no personnel for special inspection</li> <li>■ The Company provides new employees and employees with health examinations and provides subsidies to take care of the health of all employees in accordance with the Item 1 of Article 20 in the Occupational Safety and Health Act</li> <li>■ The above-mentioned provision of health examination started from August 1, 2022, and a total of 70 employees received the health checks while the 4 new recruits submitted their labor medical examination reports on the arrival day. The 74 onshore personnel all received health examinations, and there were no occupational diseases among them</li> <li>■ A total of NT\$ 1,103,073 was invested between 2021-2022 for the prevention of ergonomic hazards in the office and the meeting room           <ul style="list-style-type: none"> <li>▶ To prevent the occurrence of occupational diseases caused by prolonged sitting among our office personnel, in addition to playing exercise music regularly every day to encourage them to exercise, we even comprehensively changed all the chairs into ergonomic ones in 2022, investing in a total of NT\$ 593,750. It is hoped that the ergonomic chairs can improve our associates' sitting postures so as to reduce the pressure of the spine, preventing low back pain to achieve the risk of occupational injury</li> <li>▶ The tables and chairs in the meeting room were comprehensively replaced to create a healthy meeting space, and the amount invested was NT\$ 509,323. Our associates and visitors are provided with comfortable back support when seated to prevent muscle injuries</li> </ul> </li> </ul>

### ▶ Routine training for fleet safety management

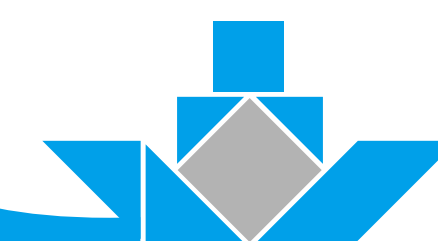
Type of training	Content
General training	Lifesaving and firefighting, refueling, work on and below the deck and in places where machinery is located (including operation of anchors, anchor chains, and mooring lines but not limited to training for hazardous activities), confined space training, high risk work, emergency towing drills
Training for hazardous activities	Confined space training, high risk work, emergency towing drills
Training for hazardous situations	Accident and emergency response, drills of crew overboard rescue

### ▶ Identification of Hazards and Process of Accident Investigation

The fleet compares the possibility and consequences of the event in accordance with the Risk Assessment Worksheet of the Safety Management System Procedures (SMSP) to obtain the scores of risk levels based on which the corresponding measures are determined.

Likelihood ( L )	Consequence ( H )		
	Low	Medium	High
Very Unlikely	1	2	3
Unlikely	2	3	4
Likely	3	4	5
Very Likely	4	5	6





Risk factor score	2	3	4	5	6
Hazard Severity	Trivial	Tolerable	Moderate	Substantial	Intolerable

Risk factor score	Hazard severity	Suggestion of measures to be taken
2	Trivial	No action is required and no documentary record to be kept.
3	Tolerable	No additional controls are required. Consideration may be given to a more cost effective solution or improvement that imposes no additional cost burden. Monitoring is required to ensure that the controls are maintained.
4	Moderate	Efforts should be made to reduce the risk, but the costs of preventive should be carefully measured and limited. Risk reduction measures should be implemented within a defined time period. Where the moderate risk is associated with extremely harmful consequences, further assessment be necessary to establish more precisely the likely of harm as a basis for determining the need for improved control measures.
5	Substantial	Work should not be started until the risk has been reduced. Considerable resources may have to be allocated to reduce the risk. Where the risk involves work in progress, urgent action should be taken.
6	Intolerable	Work should not be started or continued until the risk has been reduced. If it is not possible to reduce the risk even with unlimited resources, work has to remain prohibited.



### ► Safety Management System of Shih Wei Navigation

To ensure effective management and implementation of safety and environmental protection policies, the Company has established the Safety Management System Manual of Shih Wei Navigation in accordance with the International Convention for the Safety of Life at Sea (SOLAS) and the International Safety Management Code (ISM Code). Actual implementation is carried out to achieve the goal of safety and health management.

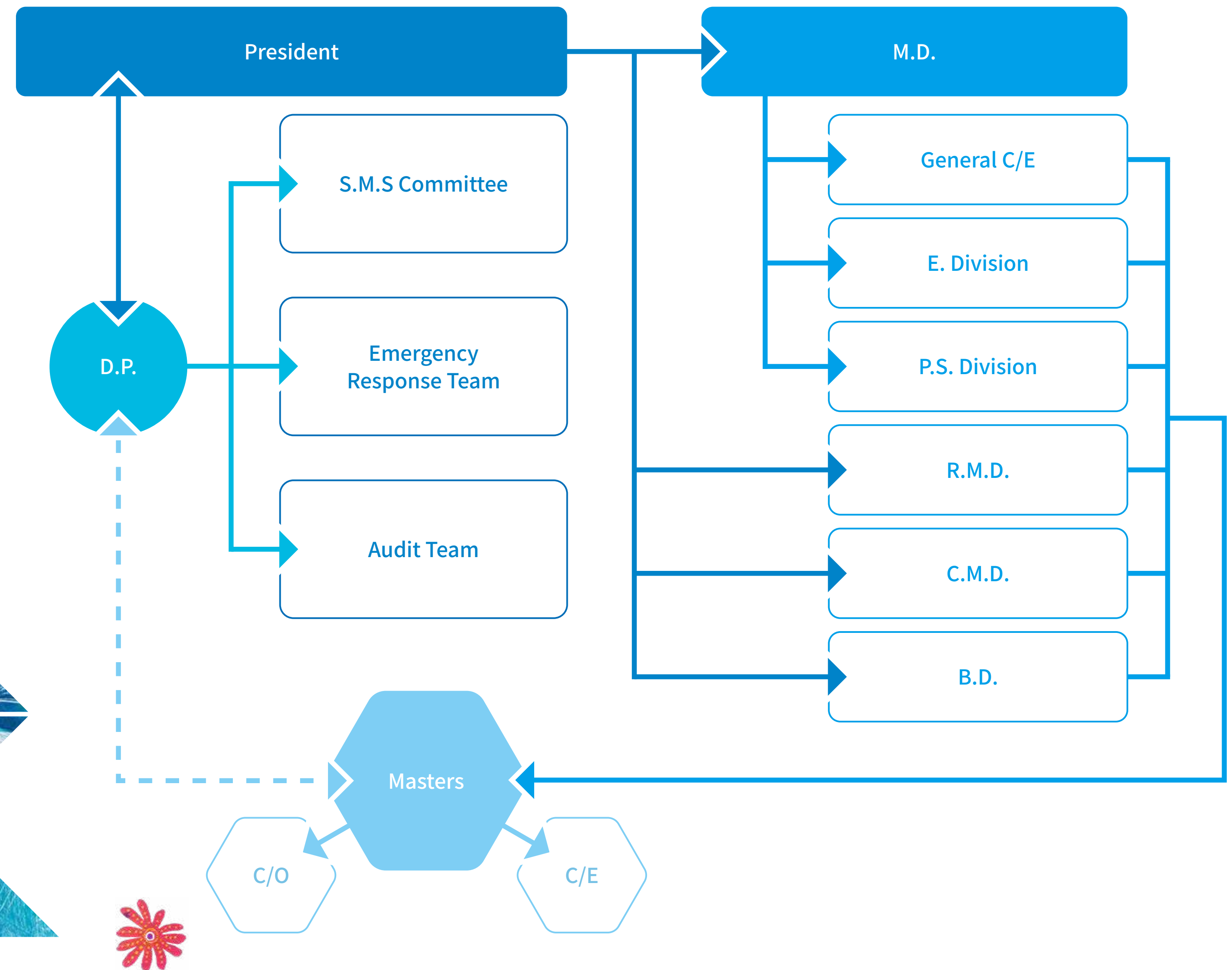
The Safety Management Committee of the Company is an organization established upon the approval of the President, whose responsibility is to formulate and revise the Safety Management System Manual, review and manage the procedures, analyze and investigate deficiencies, disasters and accidents. The chairperson of the committee is responsible for the final decision of the above items.

When an accident occurs, an emergency response team shall be immediately established, and the member of this team shall include supervisors and professionals in the Risk Management Department, Marine Department, Crew Management Department, and Business Department, so that when an emergency occurs on board, professionals needed can be gathered immediately to provide professional judgement and consultation, and the Master will be advised of actions to be taken so as to make the rapidest and appropriate handling of the emergency.

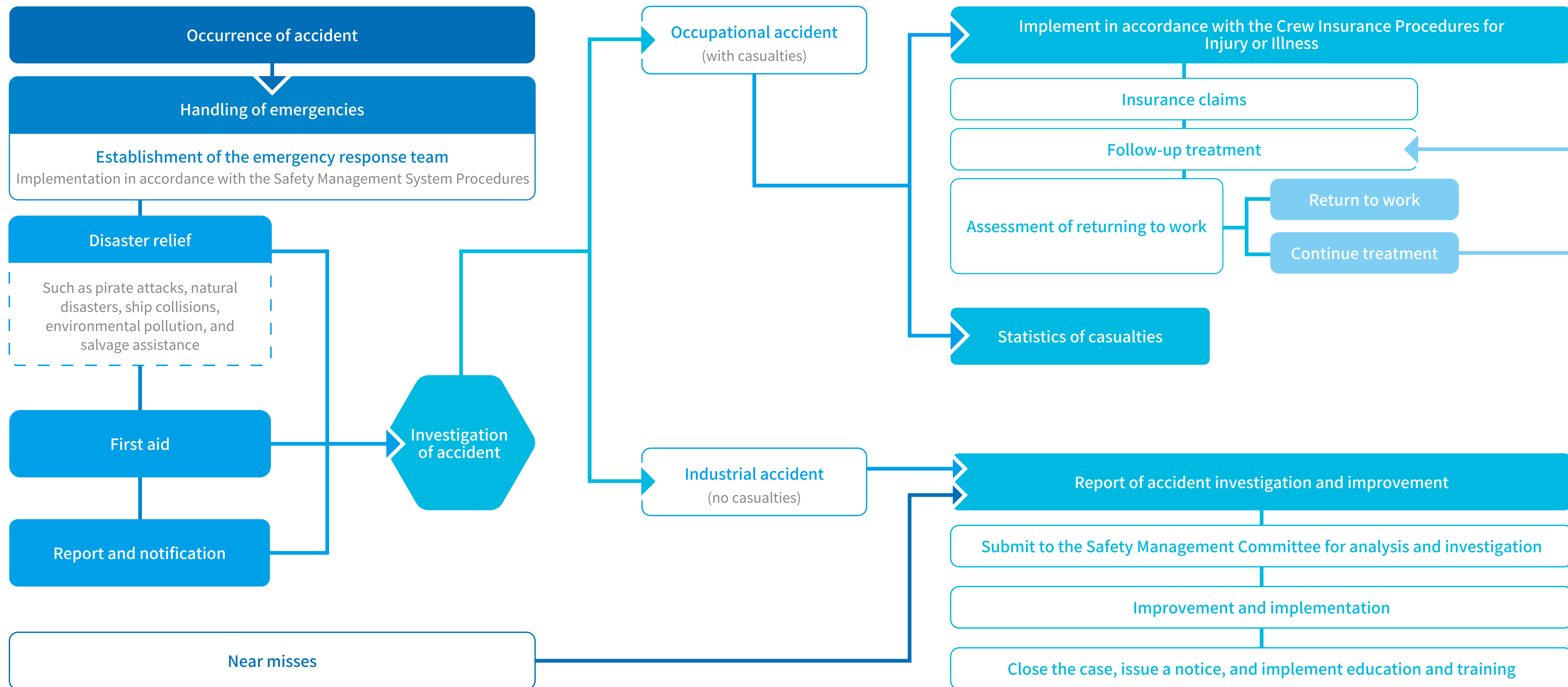
The audit team (composed of personnel with qualifications of appropriate training in the Risk Management Department or qualified external personnel) should conduct internal audits of the company and the ships at least once a year.

We define the types of potential hazards for management in accordance with the working environment and the characteristics of operational hazards, and we learn from the accidents or near misses that have occurred to make improvement of the deficiencies of the management system so as to avoid the same or similar accidents from happening again.

### ► Organization Chart for S.M.S.



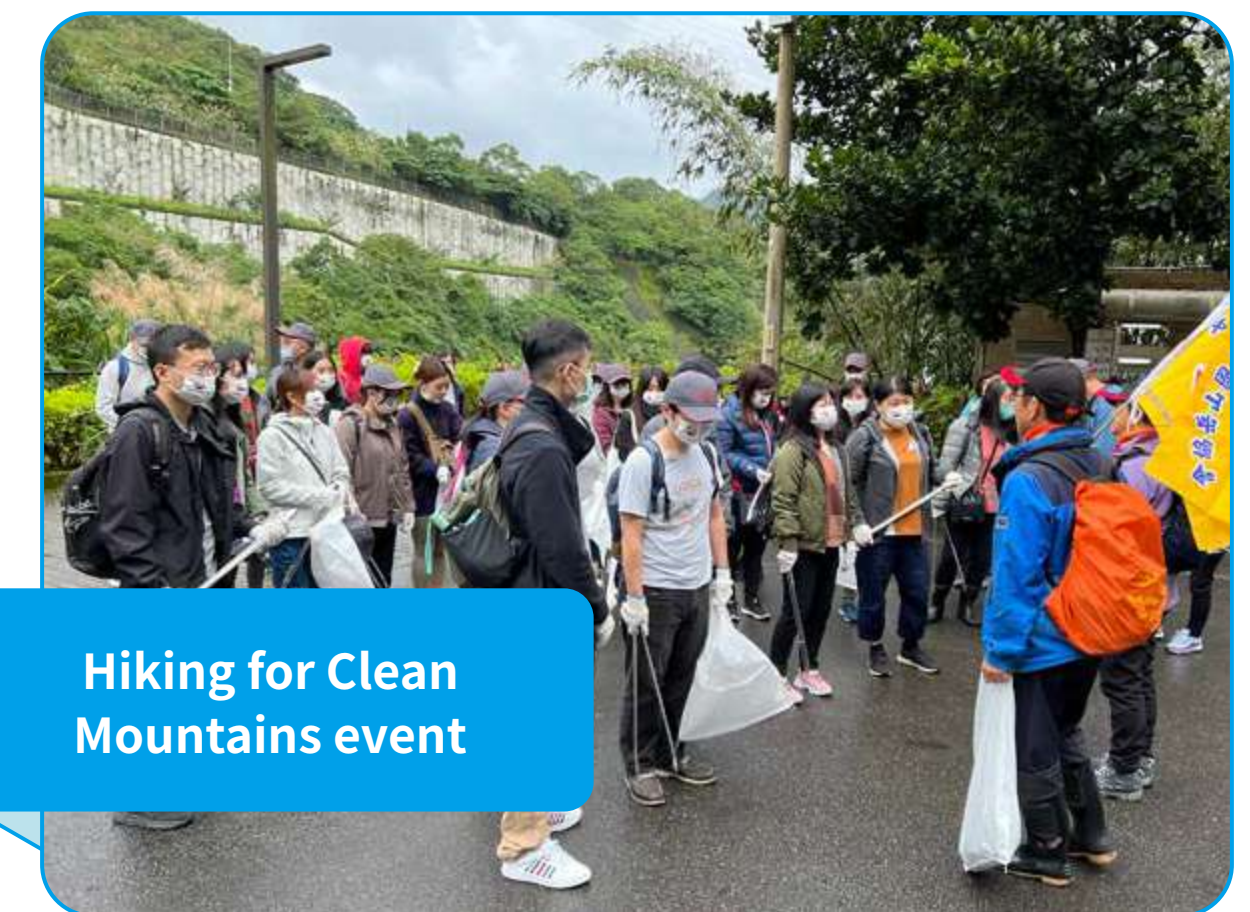
### ► The process of fleet hazard identification, risk assessment, and accident investigation



## 4.3.2 Health Promotion

### ▶ Onshore Personnel

- The employees enjoy group insurance (including accident insurance, accident medical benefits, and hospitalization insurance) to provide 24/7 protection so that our employees are provided with coverage for accidental injuries and hospitalization during and outside working hours
- The Company provide steamers and microwave ovens and encourages employees to bring their own lunch boxes in eco-friendly and non-toxic utensils to have balanced diets
- The air conditioning system of the Company is cleaned every year, and the air-conditioning vents in the office are cleaned twice a year
- The Company has established an Air Hockey Room for the employees to use to relieve the pressure from work and to enhance a positive atmosphere of the office
- We organize mountain cleanup and team building activities to encourage our employees to participate in outdoor activities and enhance cohesion
- We cooperated with the government's COVID-19 epidemic prevention policy and placed alcohol in multiple places within the office area and provided masks. Employees also made daily report of their health conditions and were also encouraged to receive vaccination. The vaccination grant was provided to those receiving vaccination, and the total amount issued reached **NT\$ 668,000**
- The public areas of the building are disinfected once a month to prevent pests so as to ensure the sanitation of the environment
- The Company implements employee health examination to know the physical health status of the employees. In addition, the health management is implemented to grasp the health conditions of the employees in accordance with the Labor Health Protection Act of the Ministry of Labor



## ► Sea Crews

### ▮▮▮ Care for the crew members' health

Shih Wei Navigation provides health protection and medical treatment in accordance with the Maritime Labour Convention, 2006, and ensures all ships are equipped with the medical kits, medical equipment and medical guide prescribed by the competent authority. The medical care of the crew members is under the responsibility of the Master and Chief Officer who have received medical training. The Second Officer is in charge of the infirmary, the medical kits and the contents inside, the medical equipment, as well as the medical guide, and also submits application for medical supplies when necessary. The purpose of the measures is to ensure that relevant personnel can participate in medical assistance on the ship effectively, so that the patient can receive standard medical care when on board.



#### Condition Consultation

When an accident occurs or when a crew member feels unwell during ship navigation, the Master can contact the International Radio Medical Centre (C.I.R.M.) to seek for medical advice or consult with an onshore doctor to evaluate the condition for preliminary diagnosis and medical advice.

If there is still a need for medical treatment when the ship docks, the medical report of such crew member will be prepared and the port agent will be contacted to arrange medical treatment. Since the COVID-19 pandemic has slowed down, the port agent will arrange for the crew member to receive medical treatment ashore or arrange for a doctor to board the ship for preliminary diagnosis and treatment.

#### General Medication

Medications for colds, contusions, muscle soreness and other minor injuries or diseases that can be self-diagnosed are prepared on board. Recently, due to the COVID-19 pandemic, the crew members have been under too much pressure, resulting in decreased immunity, and problems of herpes and calculus have greatly increased. Therefore, drugs for the two problems are also included in the list of the general medications. Crew Management Department would control the amount of purchasing general medications (statistical table for the amount on the purchase of general medications).

#### Medication Taking

In addition to providing qualified medications in accordance with the WHO's International Medical Guide for Ships, other standing medicine for daily use is also provided for the crew members. Please see General Medications for details.

#### Health Training

Regular safety and health training and guidance are provided to crew members, including special hazard information, audio-visual materials for the enhancement of crew safety and health awareness, such as the DVD training manual of Programme of Personal Safety (POPS), the E-Circular of real cases of the fleet, etc.

## ► Seafarers' Perspective Photo Competition

During the pandemic, the crew members experienced harder and more intense life in order to obey various pandemic prevention policies. To relieve the intenseness, we organized the first “Seafarers’ Perspective Photo Competition” and encouraged the crew members to take photos to record and share their lives on board. This could facilitate crew members’ interaction and also soothed their body and mind. What is more, all the associates can also have the opportunity to see the ever-changing beauty of the sea, which also deepened our determination to protect the environment.



### Triple Image on the Bridge

“

For a seafarer, in addition to the daily routine work, with the company of the blue sky, white clouds, the sun, the moon and the stars, taking photos has become part of my life on board. When you record the great moments on the ship, you’ ll find that life as a seafarer is not as boring as expected. I can always recall some good memories by looking at the photos.

**Chung-Yi Lee,**  
The Third Officer on M.V. Aquamarine SW

”



### Rainbow Arch

“

After an unexpected thunderstorm, a beautiful rainbow appeared in from of the ship. Looking at it from the bridge, it seems that the ship is about to go through a rainbow arch. As the saying goes, “After the storm comes the rainbow.” It seems to imply that a beautiful and better life awaits me.

**Cheng-Chien Tu,**  
The Second Officer on M.V. Danceflora SW

”



### Human and Nature

“

On the afternoon of July 16, I went to the bow of the ship for daily maintenance of the anchor windlass and accidentally found a seal enjoying the sunbath at the bulbous bow. When I looked at it carefully, I found another one in the water. I think the two seals were playing together. Such a warm and beautiful scene amazed me, and it also reminds me how much it means to protect the marine environment.

**Yu-Long Huang,**  
Mechanic on M.V. Danceflora SW

”

## 4.4 Customer Relations

### GRI:

417-1

417-2

417-3

### ► Management and Improvement of Customer Relations

- The fleet of the Company operates ships in both ocean-going and near-sea shipping lines on an irregular basis. The near-sea shipping operates from the Far East to the Middle East, including China, Japan, Korea, Taiwan, Southeast Asia, India, Arabia, and the Persian Gulf. The ocean-going shipping routes include all importing and exporting countries on the five continents in the world. Under the ship specification and as long as it is compliant with legal requirement, new routes can be added to provide shipping services with appropriate remuneration. There were no prohibited cases in 2022
- To maintain good customer relations and control the Company's liability risks, the Company's fleet has joined the Britannia Steam Ship Insurance Association Limited (the Britannia P&I). The Britannia P&I was founded in 1855, and it is the world's first shipowners' mutual insurance association as well as a member of International Group of P&I Clubs, rated A by Standard & Poor's (S&P)
- Shih Wei Navigation operates as a dry cargo shipping company engaging in the shipping transportation and shipping agency. To develop global shipping operation and expand diversified operations, the Company established two wholly-owned Panamanian subsidiaries, Dong Lien Maritime S.A. Panama and Fortunate Maritime S.A. Panama and their subsidiary companies to expand the scale of the fleet and organize an international shipping network. In the future, we will continue to diversify our modes of operation and expand routes in different regions
- The shipping services provided by Shih Wei Navigation and labor relations are all compliant with laws and regulations. Relevant provisions are listed as follows.
  - Maritime Labour Convention, MLC
  - International Safety Management Code, ISM Code
  - International Maritime Organization, IMO
  - Universal Declaration of Human Rights
  - United Nations Guiding Principles on Business and Human Rights
  - The United Nations Global Compact, UNGC
  - International Labour Organization, ILO



## 4.5 Social Care and Investment in Public Welfare

### 4.5.1 Public Welfare Investment Strategy

#### GRI :

203-1

203-2

413-1

413-2

In terms of social participation, Shih Wei Navigation used to sponsor excellent art creators and disadvantaged groups many times. Back then, there was no specific goal or direction, but we have been upholding the concept of pursuing [Common Good](#), and that we have to keep doing good deeds. Since 2021, we have participated in social welfare activities and worked harder to achieve the SDGs by involving in social participation in multiple ways. For example, we have adopted Yuanxiang base in Wutai Township, Pingtung County, participated in the beach cleanup in Zhuangwei Township in Yilan, supported Eden Social Welfare Foundation's donation of used clothes, and joined Asus Foundation for the Renewable Computer Hope Project. We keep passing on the concept of Common Good to facilitate positive cycle in the society.

To promote the [cycle of Common Good](#), we set our public welfare strategies in four major axes, namely “[Happy Learning](#)”, “[Environmental Protection](#)”, “[Local Participation](#)”, and “[Cultural Inheritance](#)”.

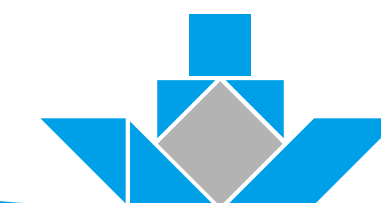
In terms of implementation, the chairwoman serves as the convener and the cross-departmental Public Welfare Team was established for the implementation of social care to exert our social influence and response to SDGs. For example, for Quality Education (SDG 4), we provide more learning resources and opportunities for children in indigenous tribes. For Climate Action (SDG 13), we set Environmental Protection as the main axis to cope with the impacts on industries, community environment and ecology brought by extreme climate, striving to contribute to environmental sustainability and a zero-carbon society. As for Sustainable Cities and Communities (SDG 11) and Partnerships for the Goals (SDG 17), they are the ways we use to strengthen communication with stakeholders.

Due to the characteristics of the shipping industry, Shih Wei Navigation does not have physical operating bases in ports and terminals in other countries, making it difficult to operate local communities. Therefore, we started from working with After School Association of Taiwan and adopted Yuanxiang base in Wutai Township, Pingtung County and gradually expanded to other bases to help schoolchildren in remote areas to enjoy “happy learning”. In the future, we also look forward to making long-term cultivation in Wutai in Pingtung and even to its neighboring communities so as to achieve the sustainable vision for the preservation of the Rukai Culture and promotion of local development.

For fleet management, in addition to abiding by the requirements of MARPOL and other regulations, since 2008, we have kept sailing at the speed of 10 knots or lower when sailing in the Seasonal Management Areas (SMAs) to protect the North Atlantic right whales so as to enhance the protection of biodiversity and reduce ecological impacts. In addition, we also set the goal of organizing the beach cleanup or mountain cleanup at least once a year to encourage our employees to participate in the activities in person to implement environmental protection.

Every year, the Administration Department prepares the budgets and provides various supports for the social welfare projects of the Company, and the Public Welfare Team is in charge of the coordination. In addition to long-term projects, through multiple proposals and discussions in the meetings, different public welfare activities are held after approved by the chairwoman. Our employees are called on to participate in these activities. The implementation results are reported to the board of directors on a regular basis.





Axis of Public Welfare	Description of strategy	Corresponding SDGs	Visions	Goals	Objects	Social influence
<p><b>Happy Learning</b></p>	<ul style="list-style-type: none"> <li>We have worked with the After School Association of Taiwan and adopted the Yuanxiang Base in Wutai Township, Pingtung County, assisting schoolchildren in the base to learn and grow happily by sponsoring in multiple ways.</li> </ul>	<p>Extended SDGs</p>	<ul style="list-style-type: none"> <li>To reduce the problem of lacking teaching resources due to the gap between the urban and rural areas</li> <li>To enable schoolchildren to have a chance for multiple opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Long-term adoption of the Yuanxiang Base in Wutai Township, Pingtung County</li> <li>To enhance schoolchildren's understanding of the shipping industry</li> <li>Linking the resources to provide better learning environment and resources</li> </ul>	<ul style="list-style-type: none"> <li>schoolchildren in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Improve the quality of education</li> <li>To enable schoolchildren to know the shipping industry and plant seeds for their future career choices</li> </ul>
<p><b>Environmental Protection</b></p>	<ul style="list-style-type: none"> <li>Work with external non-profit organizations for the planning of various environmental protection actions so as to promote environmental education, enhance our associates' environmental awareness to contribute to the environment on earth</li> <li>Since 2008, the fleet of the Company has cooperated with the practices of reducing the speed to 10 knots or lower along the U.S. east coast at certain times of the year to protect the North Atlantic right whales</li> <li>We abide by the International Convention for the Control and Management of Ships' Ballast Water and Sediments formulated by IMO in 2004 in the hope of preventing and controlling the harm caused by alien species through the management of ship ballast water</li> </ul>	<p>Extended SDGs</p>	<ul style="list-style-type: none"> <li>To implement environmental sustainability from actions in daily lives and stick to it</li> </ul>	<ul style="list-style-type: none"> <li>Organize 1 beach cleanup or mountain cleanup every year</li> <li>To improve the environmental awareness of the stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Neighboring communities</li> </ul>	<ul style="list-style-type: none"> <li>Deep rooting for the environmental awareness</li> <li>To reduce ecological impacts</li> </ul>
<p><b>Local Participation</b></p>	<ul style="list-style-type: none"> <li>We participate in public affairs of the neighboring communities and take care of rural communities to respond to local needs, taking specific actions to facilitate the local development.</li> </ul>	<p>Extended SDGs</p>	<ul style="list-style-type: none"> <li>To facilitate social inclusion and contribute to the establishment of an inclusive and harmonious ecological circle</li> </ul>	<ul style="list-style-type: none"> <li>To assist with the industrial development in rural areas through the local procurement policy</li> <li>To enhance the public's recognition of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Community residents</li> <li>Community organizations</li> </ul>	<ul style="list-style-type: none"> <li>Giving back to communities</li> <li>Implementation of social inclusion</li> </ul>
<p><b>Cultural Inheritance</b></p>	<ul style="list-style-type: none"> <li>To extend the action from the adoption of the Yuanxiang Base in Wutai Township, Pingtung County, we cooperate with local communities, schools, and NGOs in the promotion of the preservation of Rukai culture and ethnic harmony.</li> </ul>	<p>Extended SDGs</p>	<ul style="list-style-type: none"> <li>Assist with the promotion of the aboriginal culture and promote harmony and mutual understanding among ethnic groups</li> </ul>	<ul style="list-style-type: none"> <li>Provide a stage for schoolchildren to demonstrate the unique art and culture of the Rukai tribe.</li> <li>To assist schools with the promotion of cultural education of the Rukai tribe</li> </ul>	<ul style="list-style-type: none"> <li>Schoolchildren in rural areas</li> <li>Schools in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of Rukai Culture and enhance the public' multicultural literacy</li> </ul>



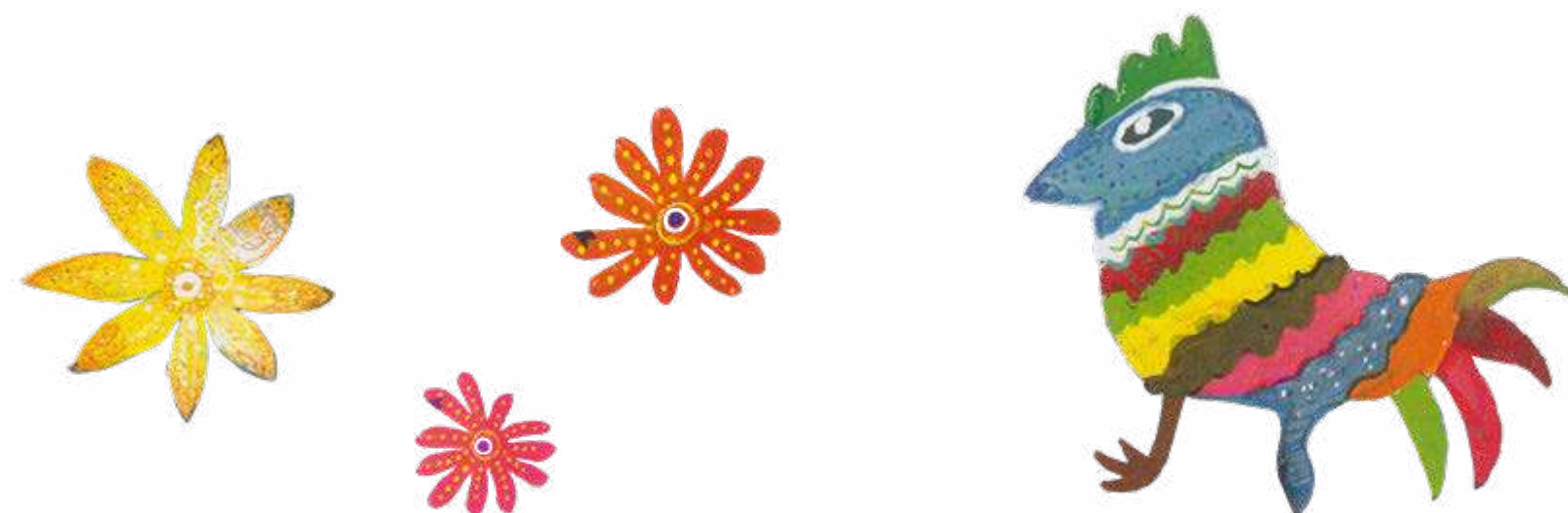
## 4.5.2 Public Welfare Achievements and Highlights

### Types of public welfare projects invested in 2022

Unit: NTDS\$

Type of public welfare	Type of public welfare	Amount	Proportion
Charity	Public welfare donation	757,958	35.89%
	Public welfare donation	0	0.00%
Charity	Local participation	6,000	0.28%
	Environmental sustainability	50,450	2.39%
Business promotion	Education and culture	470,141	22.26%
	Care for vulnerable groups	827,162	39.17%

What is worth mentioning is that for the rescue operations at sea carried out in 2022, excluding the operating losses, the cost of the rescue operation alone amounted to **US\$ 24,467.58 (NT\$780,900)**. Please see “[Special Column Report 2](#)” for details.



Donated dictionaries in collaboration with Kang Hsuan Education Publishing Group



Donated picture books to Dongshan Base in Yilan



Donated picture books to Wutai Base in Pingtung



Sponsored the Rotary Club's 'Meeting English Learning Partners in Rural Areas' event

The Public Welfare Team Visits Wutai Base in Pingtung



Cleaning the Mountains Together with the Chinese Taipei Alpine Association



► Appreciation Certificate from Asus Foundation



**感謝狀**

四維航業股份有限公司 惠存

茲承蒙 貴單位積極參與「再生電腦 希望工程」之公益捐贈活動，謹致誠摯謝意。

ASUS Foundation  
Wishes to Recognize

For the tremendous efforts and support which have made Charity Recycling Program a great success

財團法人華碩文教基金會 代表人  
ASUS Foundation



董事長

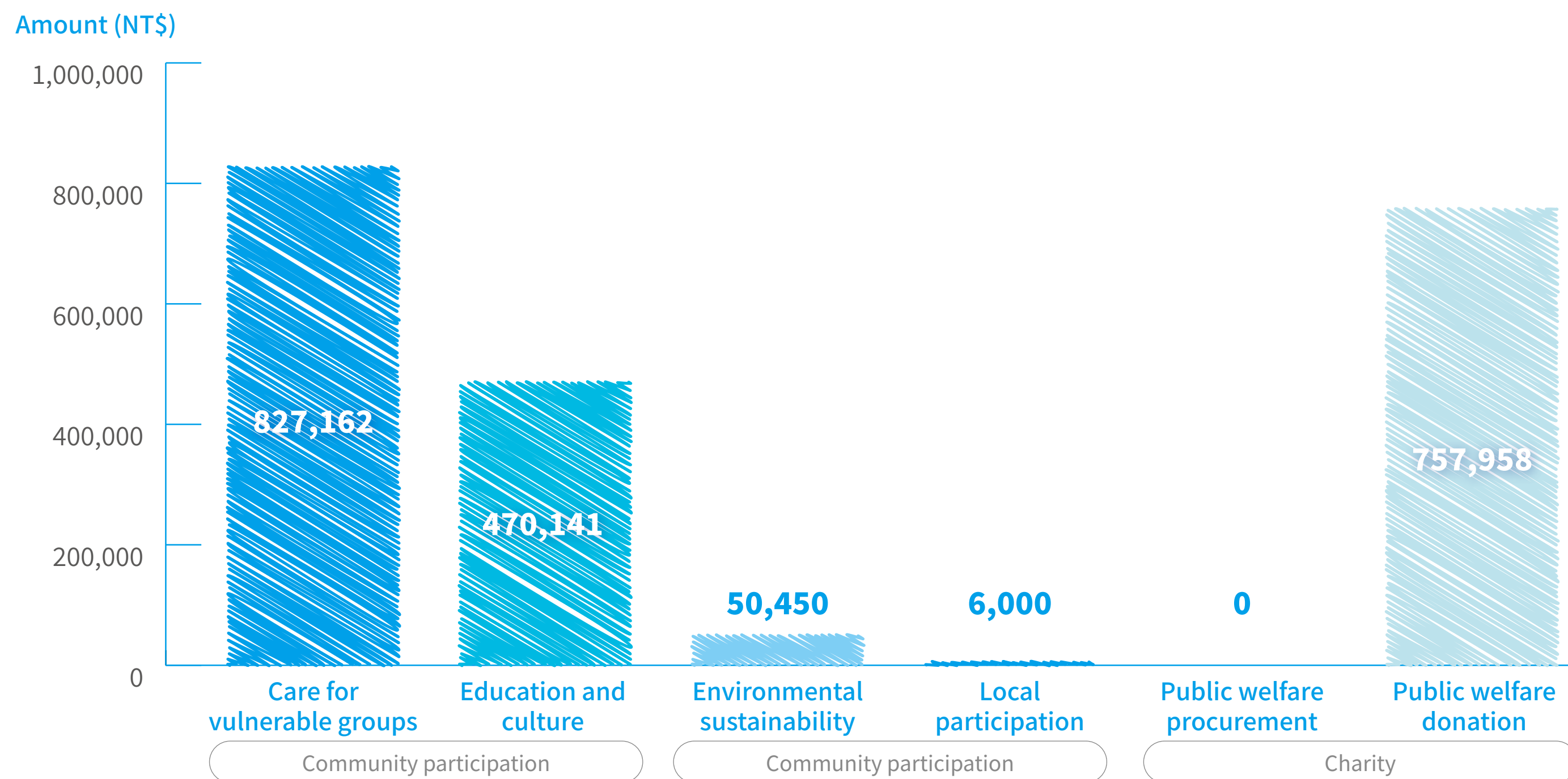
AF230112046

再生電腦捐贈，逆物流回收愛地球

▶ 2022 overall value of the investment in public welfare projects

Unit: NTD\$

Type of Contribution	2022
Cash contributions	2,111,711
Employee volunteering during paid working hours	60,732
In-kind giving: Product or service donations, projects/partnerships or similar	166,040
Management overheads	606,000



Note: Some donations or public welfare projects, such as the adoption of the “secret base for children in Yuanxiang in Wutai Township, Pingtung County” is implemented in the model of appropriation first and implementation later. Therefore, the year of the amount recognized is consistent with the year of the project implementation.



## Highlight projects

### Happy Learning Project

Since 2021, Shih Wei Navigation has cooperated with After School Association of Taiwan and adopted the secret base for children in Yuanxiang in Wutai Township, Pingtung County under the concept of common good and accompanied the disadvantaged children to learn and grow. In 2022, we invested NT\$656,250 for the 22 schoolchildren in Wutai Elementary School. In addition to tutoring, more attention was paid to their character education and multiple courses were also provided, including Rukai culture and art, and reading promotion. We also link the resources of our partners to expand the services to other bases. The specific actions taken in 2022 include the followings.

- We jointly donated 194 dictionaries with Kang Hsuan Education Publishing Group to help schoolchildren in rural areas
- We donated 170 boxes of fruit to the bases of the After School Association of Taiwan in northern, central and southern Taiwan on Mid-Autumn Festival
- We donated picture books with the Eastern Publishing Co., Ltd. to schoolchildren in the 10 bases of the After School Association of Taiwan
- We entrusted Owl Parenting Association to organize the Read Aloud in Taiwan to provide education and training to the responsible people and tutoring teachers in the 84 bases of the After School Association of Taiwan

In addition, we joined hands with our subsidiary, Dancewoods Hotel, to sponsor the Rotary Club District 3481's "Meeting English Learning Partners in Rural Areas" event to support the English Online Tutoring Program in the Rural Area.



## 孩子的秘密基地

### Introduction of our strategic partner - After School Association of Taiwan

The Association was founded under the leadership of director, Nien-Jen Wu, and has made long-term cultivation in cities, counties, and towns, providing free after-school tutoring for economically disadvantaged schoolchildren in primary and middle schools. It is hoped that the folk forces can be combined to accompany children along the way in education. Currently, there are 84 "secret bases" countrywide, providing services all around Taiwan.

# Highlight projects

## Environmental Sustainability

Shih Wei Navigation has set the plan to organize the beach cleanup or mountain cleanup once a year. In 2022, we cooperated with the Chinese Taipei Alpine Association and went to Shiding Danlan Historic Trail in New Taipei City for the mountain cleanup, and a professional guide was also arranged, enabling our associates to contribute to the environment and at the same time have deeper understanding of historic and cultural context locally.

On the other hand, to respond to circular economy, we continue to cooperate with Asus Foundation for the Renewable Computer Hope Project and recycled and donated 16 desktop computers, 5 printers, and 5 screens in 2022. For the decoration for major festivals such as Christmas, idle or discarded resources in the office are firstly used to make creative decorations for Christmas to gradually enhance the awareness of environmental sustainability in the daily life.



## Art & Culture

The 2021 I Draw Peace exhibition initiated by Kherson educational-aesthetic complex Art School and Lviv Children's Art Gallery aimed to let the innocent children in war-torn Ukraine to find the innocence and beauty and have self-healing during the process of art creation.

Shih Wei Navigation worked with its subsidiary, Dancewoods Hotel, and Pink ART Studio to co-organize the touring exhibition of artworks: 2021 I Draw Peace-Children Draw the World Relay- Taiwan, to introduce this meaningful exhibition of Children's paintings to Taiwan, the first Asian stop of the tour, and sponsored the venue and giving away ticket invitations, investing in NT\$ 87,780. In addition to promoting the development of art and culture in Taiwan, it is also hoped that visitors can appreciate the value of peace from the kids' own perspective.





# Special Report Column 1

## 🏠 To walk one more mile with kids, to do our part for love 🏠

A kid blinked his big round eyes, staring curiously at one of our male colleagues with small eyes and asked, “What is wrong with your eyes, mister?” This hilarious scene happened in November, 2022 when the Public Welfare Team went to visit After School Association of Taiwan’s secret base for children in Yuanxiang in Wutai Township, Pingtung County. The innocence and carefree attitude of the Rukai children with thick eyebrows and big eyes was really refreshing. We try hard not to pollute this pure land with the philistines from outside.

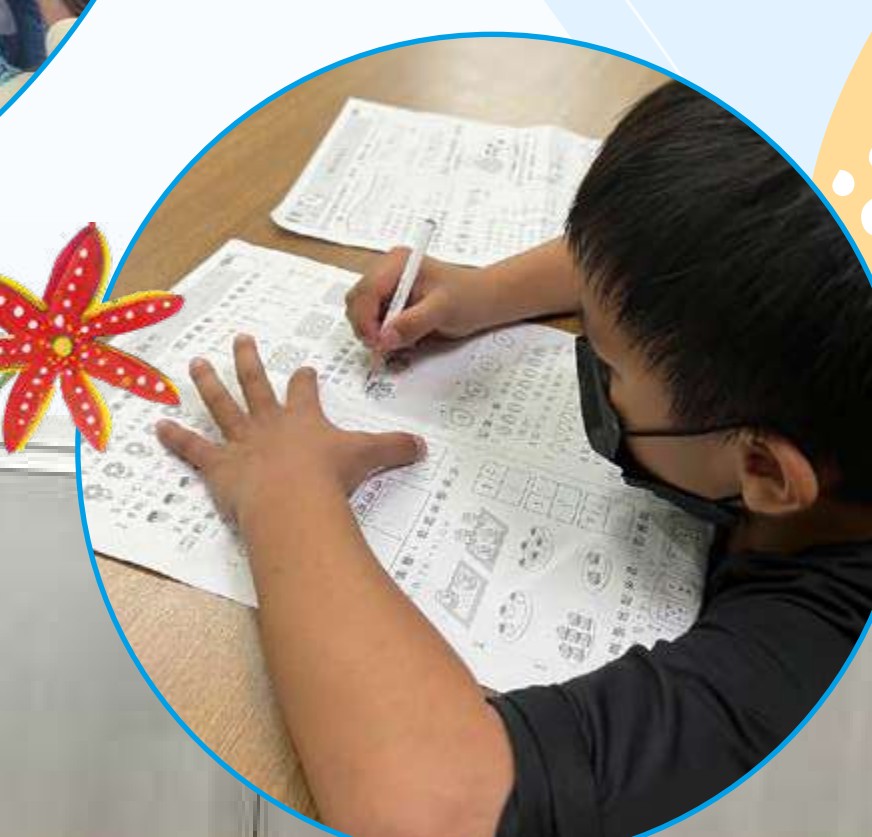
During the intensive 2-day visit, we also visited Principal Chong of Wutai Elementary School. When talking about the family changes these children faced, we are aware that the support system behind them is crucial, and we feel fortunate to be part of the system to accompany these kids grow up. Principal Chong also shares with us his philosophy of education. He does not want the kids to take donations for granted. He wants them to know that everything has to be earned and obtained with hard work. On the day we visited the school, we saw the milk sponsored by Kuang Chuan Dairy Co., Ltd. Principal Chong required the children to run on the playground to exchange exercise for the milk. This is a very delicate consideration of an educator. Only when giving in the right way can value be created.



We continued linking resources with other enterprises and what we did in 2021, and further expanded the love and support to more bases of the After School Association of Taiwan in 2022. We joined hands with Kang Hsuan Education Publishing Group in donating dictionaries, with the Eastern Publishing Co., Ltd. in donating picture books. We also donated more than 130 boxes of pomelos on Mid-Autumn Festival to the After School Association of Taiwan for over 2,000 children around Taiwan to enjoy the fruit. In addition, to help enhance the professional knowledge and skills of the teachers in all the bases of the After School Association of Taiwan to stimulate children's interest in reading, we specially hired the Owl Parenting Association to train these teachers professional skills and tips of reading.

We want to walk for one more extra mile and reach out to engage in public welfare to have positive influence on society. In 2023, we will continue working together with the After School Association of Taiwan. In addition to adopting the Yuanxiang Base in Wutai Township, Pingtung County, we even supported the public welfare purchase of sugar apples produced in the Zhiben base in Taitung before the Lunar New Year Festival. In addition, we also cooperate with GC (Give Circle), a donation network, and invite our associates to participate in the "reducing carbon emissions by sharing" action, encouraging them to donate things they do not need but are still in great conditions or brand-new items to the disadvantaged groups for free.

Our strength is limited as an individual, but our collective power can be infinite. If we can gather all the little strength from the masses, we can make use of the strong power to help those in need and further create an infinite cycle of good, creating extraordinary influence in the society.



# Special Report Column 2

## Shipwrecking is unpredictable, once it happens, emergency rescue measures have to be taken at once.

There is an old saying that goes, “There is always danger in sailing and horse riding.” It means that those engaging in the transportation industry are at high risk when working. As a shipping company, Shih Wei Navigation attaches great importance to disaster prevention and risk management. Therefore, when we find people in need of help at sea, we are absolutely duty-bound to reach out our helping hand. Rescue at sea is not only an obligation, but also the basic morality of a human being.

**On August 26, 2022, we rescued 8 Burmese seafarers in the South China Sea, all safe and sound.**

On the morning that day, when M.V. TRUMP SW was sailing to the South China Sea, the Chief Officer and the duty sailor found that there were some people in distress at sea. Upon learning the news, the Master immediately reported to the Company and mobilized all crew members to take part in the rescue operation. Our crew members’ solid training came in handy in this operation, and the eight seafarers in distress were all rescued within an hour. Through the remote guidance of the onshore personnel, the rescued seafarers were settled in the tally room isolated from the living area to implement pandemic prevention. At the same time, emergency medical treatment such as disinfection and wound care was also given to the injured seafarers. The chief cook also prepared hot noodle soup, milk, and bread for these seafarers for them to allay their hunger and replenish energy. Other crew members offered dry clothes to keep them warm.

After being rescue, one of the seafarers told us that due to the bad weather and sea conditions, their fishing boat unfortunately sank. The eight fishermen only held on to the floating oil barrels for survival in the desperate condition. They had drifted for two days before the M.V. TRUMP SW found them. They were all very thankful to all the crew members for rescuing them.

**SROI ∞ Nearly US\$ 25,000 was invested in the rescue operation in exchange of 8 priceless lives.**

$$\begin{array}{l}
 \text{SROI} \\
 \text{SROI} = \frac{\text{Total impact value}}{\text{Total input value}} = \frac{\text{Rescue of Burmese fishermen}}{\text{Calculated in SROI}} = \frac{\text{Priceless lives}}{\text{US\$ 25,000}}
 \end{array}$$



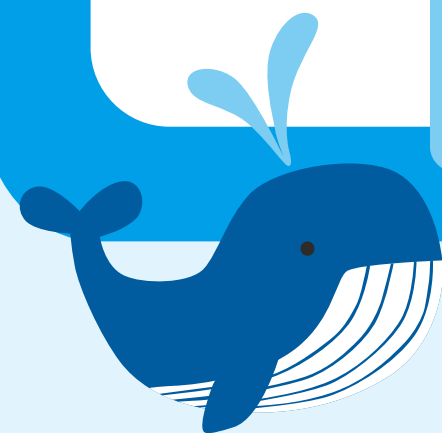


Due to the impact of the COVID-19 pandemic and the complicated administrative procedures of cross-border rescue, such as personnel notification, handover, and so on, the 8 seafarers stayed in Vung Tau Port in Vietnam for nearly one month before successfully handed over to the Myanmar authorities on October 5 so that they could finally be able to return home by plane. The expenses of the 8 seafarers during this period was all covered by Shih Wei Navigation. Excluding the business loss caused by the deviation, Shih Wei Navigation has invested nearly NT\$ 25,000, or NT\$ 790,000 for the rescue operation, equivalent to the amount of adopting 2-year lunch for schoolchildren in rural areas. We are aware that life is priceless. The 8 seafarers are all the breadwinners of their families. The rescue operation saves 8 families from being broken. Looking at this from the perspective of the Social Return on Investment (SROI), the value of this operation is too high to be calculated, nearly infinite. This action also demonstrates the spirit of Shih Wei Navigation and its clients. By working together, Shih Wei Navigation and its clients demonstrated the spirit of helping each other and standing together with all in times of need regardless of nationality and culture.

## Some knowledge of shipwreck rescue

There are always risks for ships to sail at sea. In the face of accidents at sea, most seafarers are willing to reach out their helping hand to take actions. Therefore, the rescue operations at sea can be seen as an unwritten rule in this industry that has been practiced for hundreds of years. The International Convention for the Safety of Life at Sea (SOLAS) was drafted and passed in 1914 in response to the Titanic sinking incident, and it is also the earliest international rescue convention. According to the 1974 edition of SOLAS, rescue actions should be taken for people in distress at sea in the area of responsibility. On the other hand, it is clearly specified in Article 102, Chapter 5 of Taiwan's Maritime Act that **“every shipmaster is bound, so far as he can do so without serious danger to his ship, crews and passengers thereon, to render assistance to any persons in danger of being lost at sea or in distress”**. Therefore, rescue at sea is not only based on the universal value of humanitarian care but also incorporated in relevant laws and regulations at home and abroad to protect the rights and interests of the rescuers as well as those in distress.

Shih Wei Navigation and its crew members on M.V. TRUMP SW deserve a thumb-up for the embodiment of the humanitarian values in the salvage assistance.



# CHAPTER

# Governance

- 5.1 Governance Structure
- 5.2 Integrity Management
- 5.3 Risk Management
- 5.4 Ship Safety Management
- 5.5 Supply Chain Management
- 5.6 Information Security Management

## Corresponding SDGs



## Goals for 2030

- According to domestic and international corporate governance indicators and practical cases, we continuously enhance the corporate governance mechanism
- We integrate and manage various aspects of safety and risks in the company's operations effectively

## Corresponding Sustainability Topics

- Integrity Management
- Governance Operation and Information Transparency
- Compliance
- **Ship Safety**
- Risk Management
- Supply Chain Management
- Information Security

Note: Highlighting with background color and bold font indicates Material Topics

### Material Topics Management

Shih Wei Navigation has always upheld the Shih Wei Policy, which prioritizes the safety of personnel, ships, cargoes, and the environment. We firmly believe that ensuring the safety of personnel is essential to maintain the overall safety of our operations.

Shih Wei Navigation implements safety management in accordance with relevant domestic and international regulations. Both onshore personnel and sea crews are fully committed to their maritime and engineering skills, ensuring that safety, survival, firefighting, and pollution prevention equipment on board are always maintained in compliance with international standards and conventions.

### Material Topic

- Ship Safety

### Impacts

In the event of ship incidents in relation to ship grounding, collision, or encountering natural or man-made disasters, huge costs of repair and compensation will incur, and the incidents may affect the safety of the crews or indirectly affect the cargoes or environment. The impacts may be the delay of shipping schedule, violations of environmental regulations, and even lead to operational impacts that could cause economic and reputational damage. On the contrary, when the ship has zero accidents or have no defects, in addition to smooth operation, the image of the Company can also be enhanced.

### Policy Commitments

- All personnel of Shih Wei Navigation both onshore personnel and sea crews, shall understand, comply with, and maintain this policy to meet the requirements of the Company and other relevant regulations at home and abroad. Please refer to section 5.4.1 for the Shih Wei Policy
- Shih Wei Navigation, in order to uphold the four safety policies, ensures that the consigned cargoes from customers are properly and safely loaded in accordance with the International Maritime Dangerous Goods Code (IMDG Code), the International Convention for the Prevention of Pollution from Ships (MARPOL), and the International Convention for the Safety of Life at Sea (SOLAS)



<p><b>Management System</b></p>	<p>Shih Wei Navigation ensures smooth operations through a well-established management system. Please refer to Chapter 5.4 on Ship Safety Management for details. The supervisors of the Crew Management Department, Risk Management Department, and Maritime Department are responsible for ship safety management.</p>
<p><b>Specific Actions</b></p>	<ul style="list-style-type: none"> <li>■ Conduct regular and irregular safety promotions</li> <li>■ Organize relevant educational training and workshops</li> <li>■ Arrange personnel to visit and board the ships at suitable ports to care for and understand the physical and mental conditions of the crew. Hold regular safety meetings on each ship every month to review the implementation of onboard safety and security practices, discuss accidents or casualties that occurred during the month, analyze the causes, and take measures to prevent recurrence</li> <li>■ Collaborate closely with the affiliated classification societies and Protection and Indemnity Clubs (P&amp;I Clubs) of each vessel to assist in rectifying and improving issues</li> </ul>
<p><b>Metrics &amp; Targets</b></p>	<p>Continuously conduct promotion, continuously improve safety measures, and conduct relevant training to achieve zero accidents, zero pollution, and zero losses.</p>
<p><b>Evaluation Methods</b></p>	<ul style="list-style-type: none"> <li>■ Regular inspections of the vessels are conducted to identify and rectify any deficiencies                         <ul style="list-style-type: none"> <li>▶ Internal Audits: Shih Wei Navigation arranges annual internal audits conducted by personnel at appropriate ports</li> <li>▶ External Audits: Periodic external audits are conducted by the affiliated classification societies of each vessel</li> </ul> </li> <li>■ Each responsible department continuously tracks the implementation status and the level of achievement of objectives</li> </ul>
<p><b>Stakeholder Engagement</b></p>	<p>Relevant stakeholders include Employees, Competent Authorities, Customers, Public Associations, and Suppliers/Contractors. Please see <a href="#">2.4 Stakeholders Engagement</a> for details.</p>

## 5.1 Governance Structure

### GRI :

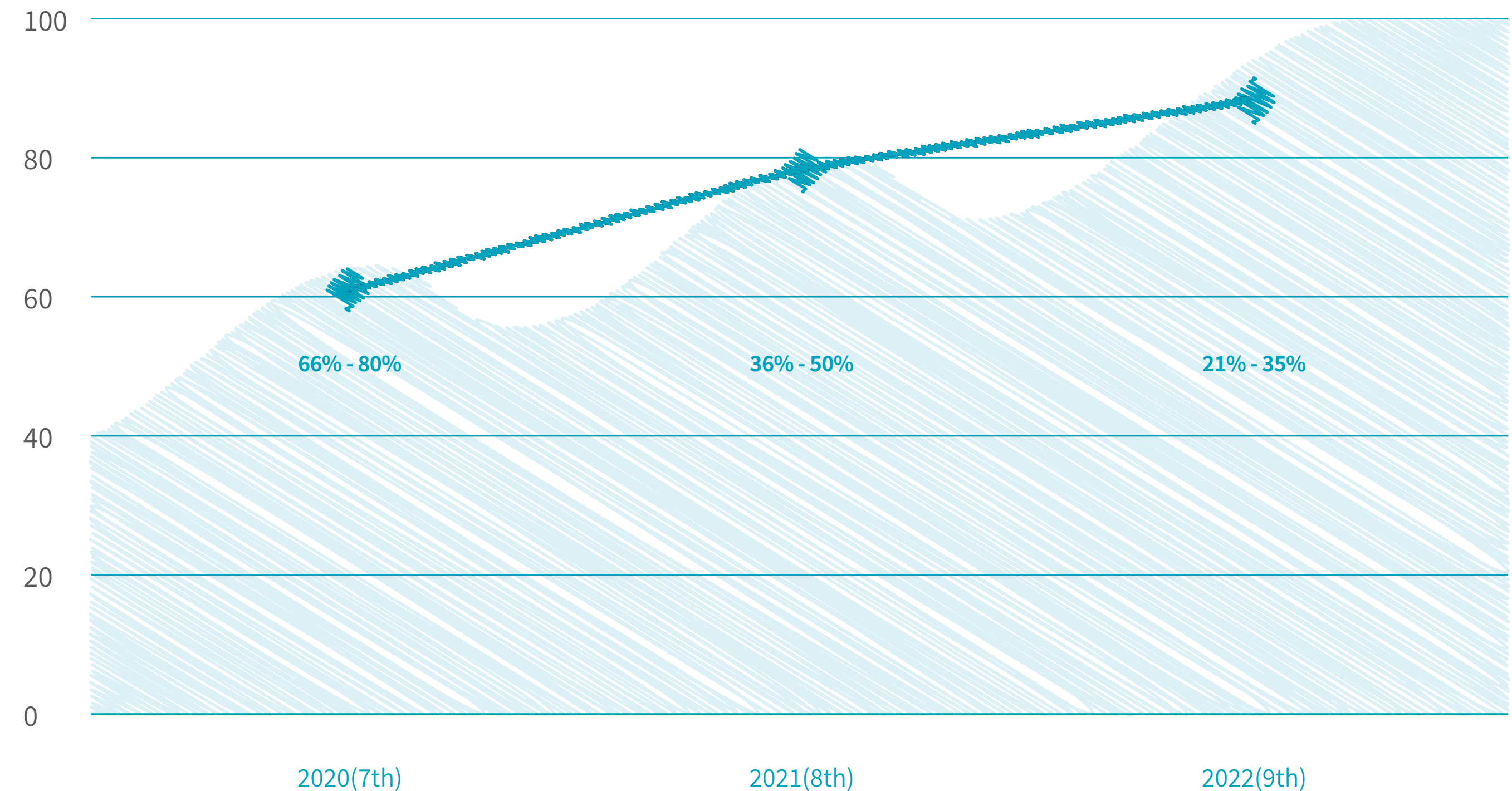
2-9  
2-10  
2-11  
2-18  
2-20  
405-1

For an enterprise, robust corporate governance is the foundation of sustainable management. We protect stakeholders' rights and fulfill our corporate social responsibility through implementing the corporate governance system, strengthening the functions of the board of directors, giving full play of the functional committees, and making transparent information disclosure. Meanwhile, we also ensure the complete operation of the Company's internal control and audit system to lower the operational risks and prevent operational malpractice, so as to respond to the trust of the shareholders and stakeholders.

The Company participated in the 2022 (9th Round) Corporate Governance Evaluation of TWSE-listed companies and was ranked 21%-35%. In terms of industry classification, the evaluation for Shih Wei Navigation, in the category of companies with a market capitalization of over NT\$5 billion to NT\$10 billion, was 6% ~ 10%. The result shows improvement compared with the previous two years, indicating that our dedication to the improvement of corporate governance has paid off and obtained recognition.



### ► The results of the Corporate Governance Evaluation in the past three years



Note:

1. The Corporate Governance Evaluation is jointly promoted by Taipei Exchange (TPEX) and the Taiwan Stock Exchange (TWSE), and the aim is to improve the corporate governance standards for TWSE/TPEX listed companies
2. In the Corporate Governance Evaluation, the companies are divided into seven groups of top 5%, 6% to 20%, 21% to 35%, 36% to 50%, 51% to 65%, 66% to 80% and 81% to 100% respectively according to evaluation scores
3. The Y-axis shows the average score of the enterprises in the same range group, not the actual score of the Company

Shih Wei Navigation upholds honesty and integrity as the foundation of corporate management, striving to improve the corporate governance structure to fulfill its responsibility of corporate sustainable management. A sound and efficient board of directors is the foundation of great corporate governance. Under the board of directors are the Audit Committee and the Remuneration Committee to assist the board of directors in fulfilling the supervisory responsibility.

The board of directors serves as the highest decision-making team and governance unit of The Company. It is in charge of the supervision of the Company's overall operating responsibilities and also the implementation results of the management's policies. The election of board members follows the regulations of the Procedures for Election of Directors to ensure the diversity and independence of the board members. The Chairwoman concurrently holds the position as the President to improve the operational efficiency and execution of decision-making. The Company will increase the seats of independent directors in the 2023 general shareholders' meeting, and there will be more than 50% of directors not concurrently serving as employees or managers to improve the functions of the board of directors and strengthen the supervisory function.



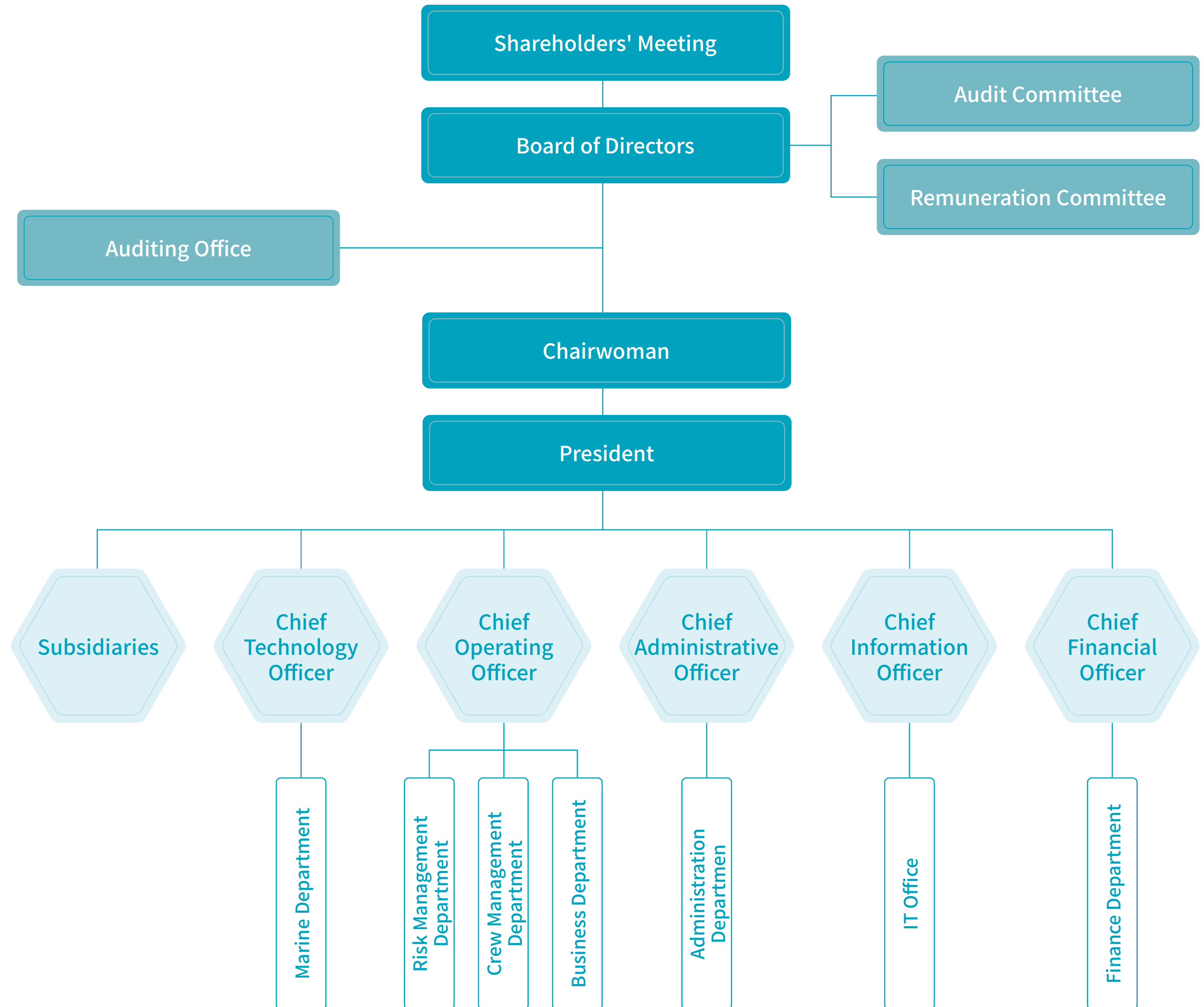
**Responsibilities of the Board of Directors (Article 12 of the Rules of Procedure for Board of Directors Meetings)**

<https://www.swnav.com.tw/uploads/files/shares/policy/policy-10.pdf>



**Procedures for Election of Directors**

<https://www.swnav.com.tw/uploads/files/shares/policy/policy-11.pdf>



## 5.1.1 Board Composition

The current board of directors is composed of 6 directors. The proportions of directors with employee status, independent directors, and female directors are 17%, 50% and 17% respectively. The tenure of the 3 independent directors is below 3 years. In terms of the age distribution, 1 director is aged 71-80, 2 aged 61-70, 2 aged 51-60, and 1 under the age of 50.

### GRI :

2-12

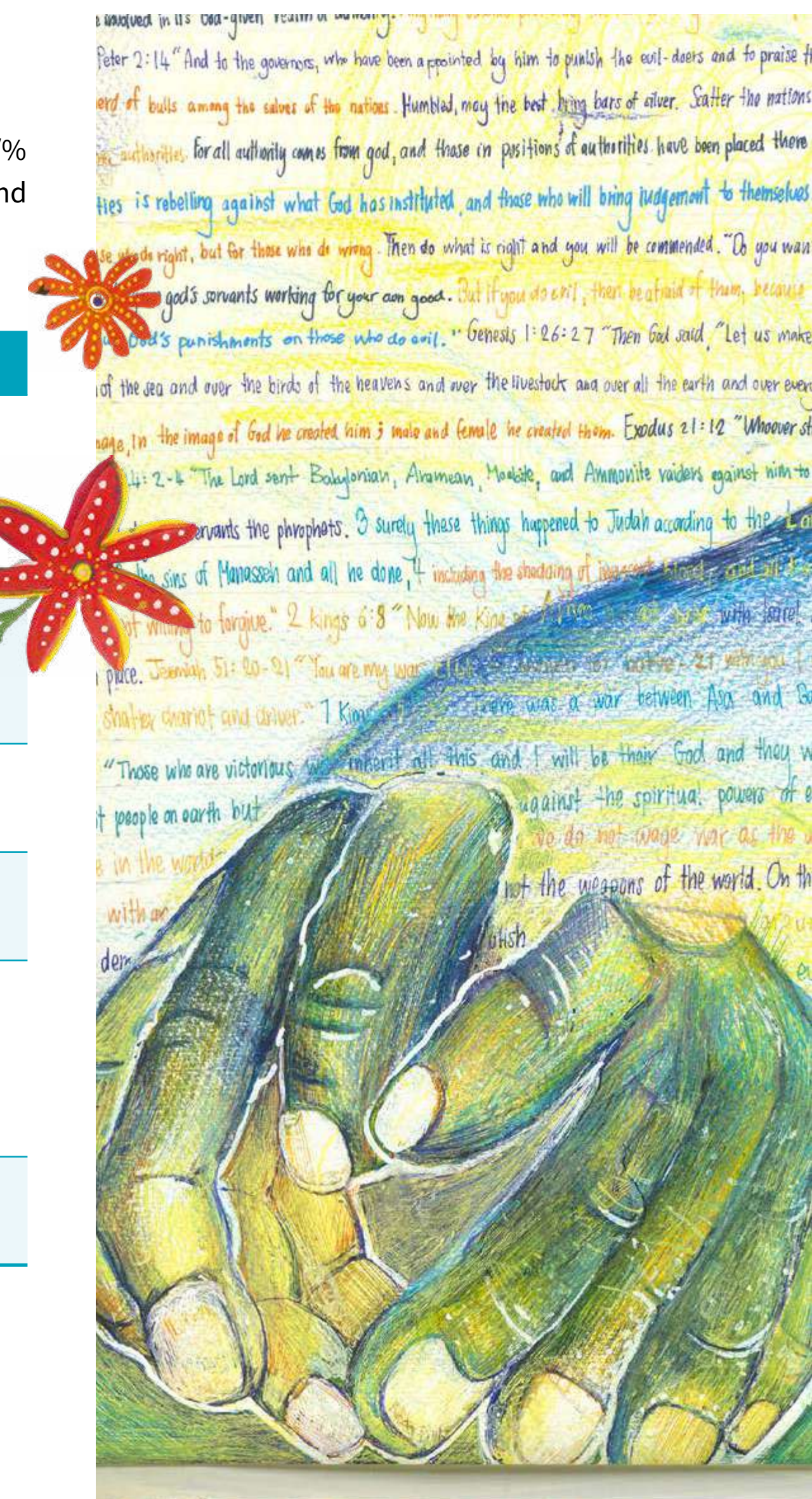
2-15

2-16

Title	Name	Gender	Education and Experience
Chairwoman	Lan, Shin-Chyi	Female	Graduated from the Department of Merchant Marine, National Taiwan Ocean University. Currently taking EMBA courses at the Schools of Management, NTU. Having been in the shipping business for many years, and is good at shipping management, business management, and corporate governance.
Director	Chen, Huo-Tsai	Male	Master of the Institute of the Law of the Sea, National Taiwan Ocean University. Qualified as a maritime notary of R.O.C, with nearly 40 years of practical experience in maritime adjusting and notarization and is one of the authorities in this field.
Director	Kuo, Chen-Yu	Male	MBA in Finance and Marketing, University of Rochester, New York, specializing in media-related industry/ commercial fields.
Independent Director	Lin, Po-Ging	Male	Graduated from Insurance Department, Tamkang University. Former manager of Land Bank, and has many years of experience in financial theory and accounting.
Independent Director	Chen, Po-Chung	Male	Master, College of Management, Fu Jen Catholic University. Currently working in the construction industry and is a professional manager with the expertise in auditing, accounting, and corporate governance. Also serves as the executive director of Taiwan EMBA Baseball and Softball Association and has been caring for children in remote areas for a long time.
Independent Director	Chang, Lu-Chang	Male	Graduated from the Taipei Institute of Technology and has many years of experience in business management.

Note:

1. The term of office of the current board of directors is from June 24, 2020, to June 23, 2023. So far, a total of 19 board meetings have been convened. Data as of December 31, 2022
2. For the detailed information of the directors' education, experience, attendance, and continuing education, please refer to the Annual Report and the Company's official website



## ► Independence of Directors

The current board members are all compliant with the regulations stipulated in Item 3 and Item 4 of Article 26-3 of the Securities and Exchange Act. All the board members (including the 3 independent directors) do not exist a spousal relationship or a familial relationship within the second degree of kinship.

All the independent directors meet the positive and passive qualifications and independence stipulated in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. In addition to the compliance with the above-mentioned laws and regulations, the proportion of the independent directors accounts for 50% of all the 6 seats of directors, reflecting the independence of the board of directors of the Company.



## ► Recusal from Conflicts of Interests

To effectively implement the system of avoidance of conflict of interest, the Company has formulated [the Rules of Procedure for Board of Directors Meetings](#) that clearly states the recusal system for directors to abide by.

Recusal from conflicts of interests of board members in 2022 is detailed as follows.

Content of proposal	Recusal from conflicts of interest	Description
Review of the 2022 festival bonuses and 2021 annual performance bonus of the chairperson on March 29.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.
Review of the 2021 remuneration of individual directors and managers and remuneration of employees on March 29.	Lan, Shin-Chyi, Chen, Huo-Tsai, Kuo, Chen-Yu, Lin, Po-Ging, Chen, Po-Chung, Chang, Lu-Chang	Recusal from discussion and voting in conflict of interest.
Review of the proposal for adjustment of the salary for the chairperson on June 30.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.
Proposal on the 2022 allocation of the amount of stock subscriptions granted to managers and employees by issuing new shares for cash capital increase on June 30.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest for the concurrent position as the President.
Proposal on issuing incentives for managers to receive the third dose of COVID-19 vaccination on June 30.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest for the concurrent position as the President.
Review of the proposal of 2022 year-end bonus of the chairperson and managers on December 22.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.



## ► Board Operation

The meeting of the board of directors shall be convened at least once every three months to review and supervise the business performance. Major proposals are reported to the board of directors as prescribed by law. In 2022, a total of 7 board meetings were convened, with the attendance rate reaching 100%.

To make effective and immediate discussion on ESG strategy issues and major events, including economic, environmental, and social impacts, relevant matters are submitted and reported to the board of directors. When necessary, the responsible units of each proposal will report on the follow-ups in the following board meeting.

## ► Submission of ESG-related proposals to the board of directors of Shih Wei Navigation, Co., Ltd. in 2022

Date of board meeting	Aspect	Proposal
2022/02/24	Governance	The Company's 2021 financial statements and consolidated financial statements
2022/05/05	Environmental	The planning of the disclosure schedule of the GHG inventory and verification of the Company
2022/11/10	Governance	The Company's 2021 Sustainability Report
2022/11/10	Governance	Ships sale plans
2022/12/22	Social	Report of the social welfare investment project
2022/12/22	Governance	Operation and implementation status of Integrity Management in 2022



### Board Operation

<https://www.swnav.com.tw/en/govern/bod>



### Annual Report of the Shareholders' Meeting

<https://www.swnav.com.tw/en/investors/shareholders-meeting>



### Summary of the 2022 Board Meeting Minutes

[https://www.swnav.com.tw/uploads/files/shares/bod/SBMM2022\\_EN.pdf](https://www.swnav.com.tw/uploads/files/shares/bod/SBMM2022_EN.pdf)

## ▶ Board Diversity

The Company advocates and respects the diversity policy. To strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the diversity policy will be beneficial for the overall performance of the Company. The selection and appointment of board members are based on the principle of meritocracy. Board members shall possess complementary capabilities across industries, including the basic requirements (such as age, gender, and nationality), professional knowledge background, skills and industry experience (such as shipping, insurance, adjustment, accounting, and corporate governance), ability to make operational judgements, ability to conduct management administration, ability to lead, and ability to conduct crisis management. In the future, the Board Diversity Policy will be properly revised depending on the board operation, type of operation, and development needs to ensure that all members of the board have the knowledge, skills, and expertise to perform their duties.



## ▶ Management Goals and Practices

Management Goals and Implementation	Implementation Status	Attainment Status
The independent directors account for half of all directors	Three seats of independent directors, accounting for 1/2 of all directors	Attained
At least one seat of female director	One seat of female director	Attained
The seats of directors concurrently serving as employees shall not exceed one-third of all directors	One, accounting for 1/6 of all directors	Attained
The term of office of independent directors does not exceed three terms	The tenure of the independent directors in this session is below 3 years, and there have been no instances where their terms exceeded 3 sessions	Attained
All members of the board have the knowledge, skills, and expertise to perform their duties	All directors meet the criteria of having professional knowledge and skills (as shown in the following table)	Attained



## Implementation status of board diversity of the current members of the board



Core project of diversity Name	Basic composition							Industry experience					Professional abilities						
	Nationality	Gender	Concurrently serving as the employee	Age (years of age)				The tenure of independent directors is less than 3 years	Shipping	Banking	Insurance	Adjustment	Construction	Business management	Business	Finance	Accounting	Law	Corporate Governance
				≤50	51-60	61-70	71-80												
Lan, Shin-Chyi	R.O.C.	F	◆	◆				◆		◆			◆	◆				◆	
Chen, Huo-Tsai		M			◆						◆		◆				◆		
Kuo, Chen-Yu		M		◆				◆						◆					
Lin, Po-Ging		M			◆		◆			◆	◆			◆	◆	◆			
Chang, Lu-Chang		M				◆	◆	◆						◆					
Chen, Po-Chung		M			◆			◆					◆	◆		◆	◆		◆

## 5.1.2 Functional Committees

GRI :

2-19

2-20

To effectively supervise the implementation status of the management team and establish various systems, the Audit Committee, the Remuneration Committee, and the Auditing Office have been established under the board of directors to ensure the shareholders' rights and the transparency of corporate operations. The committee members are all independent directors.

Responsibilities of functional committees and the operation status in 2022

Unit	Responsibilities	Operation status
Audit Committee	<p>The Company set up the Audit Committee on June 28, 2017, and the main function of the Audit Committee is to supervise the following matters:</p> <ul style="list-style-type: none"> <li>Fair presentation of the financial reports of this Corporation</li> <li>The hiring (and dismissal), independence, and performance of certificated public accountants of this Company</li> <li>The effective implementation of the internal control system of this Company</li> <li>Compliance with relevant laws and regulations by this Company</li> <li>Management of the existing or potential risks of this Company</li> </ul> <p>The Committee members shall exercise the due care of a good administrator and faithfully perform the duties prescribed in this Charter; they shall be accountable to the board of directors and shall submit their proposals to be resolved by the board.</p>	<p>The Audit Committee is composed of 3 independent directors. The Audit Committee meetings were convened 7 times in 2022, and the attendance rate of all committee members was 100%.</p>
Remuneration Committee	<p>The Company set up the Remuneration Committee on December 20, 2011, and the main duties of the Remuneration Committee include the followings:</p> <ul style="list-style-type: none"> <li>Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of this Company</li> <li>Periodically assessing the degree to which performance goals for the directors and managerial officers of this Company have been achieved, setting the types and amounts of their individual compensation, and submitting the proposals to the board of directors for discussion</li> </ul>	<p>The Remuneration Committee is composed of 3 independent directors. The Remuneration Committee meetings were convened 3 times in 2022, and the attendance rate of all committee members was 100%.</p>

Note:

- Data of the above information is as of December 31, 2022
- For more details and updates of relevant information, please check the Company's official website. The operation status of the functional committees of the Company is reported as prescribed by law and is also regularly disclosed on Market Observation Post System (MOPS)



[Articles of Incorporation](https://www.swnav.com.tw/uploads/files/shares/policy/policy-01.pdf)

<https://www.swnav.com.tw/uploads/files/shares/policy/policy-01.pdf>



[Audit Committee](https://www.swnav.com.tw/en/govern/audit-committee)

<https://www.swnav.com.tw/en/govern/audit-committee>

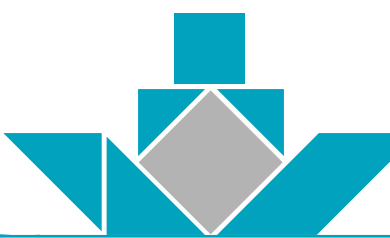


[Remuneration Committee](https://www.swnav.com.tw/en/govern/compensation-committee)

<https://www.swnav.com.tw/en/govern/compensation-committee>

## ► Remuneration Policy

The directors' remuneration structure and policy have been established in accordance with the Articles of Incorporation and the Measures for the Remuneration of Directors and Managers. The directors' performance indicators do not yet include the ESG performance. Except for the director(s) concurrently serving as the employee(s), no pension, severance pay, and various bonuses are provided, nor is there a clawback mechanism.



Directors	The Remuneration Committee may determine the directors' remunerations in grades ranging from 0%-150% based on the degree of individual director's participation in company operation and the value of contribution to the Company with the salary of the same trade as the basis.
Independent directors	When independent directors perform their duties in the Company, the Company shall pay NT\$10,000-50,000 per month to the independent directors regardless of operating profits or losses. The Remuneration Committee will make adjustment in accordance with the individual independent director's participation in company operation and the value of contribution to the Company.
Managers	The Remuneration Committee may determine the managers' remunerations in grades ranging from 0%-150% based on the degree of individual manager's participation in company operation and the value of contribution to the Company with the salary of the same trade as the basis.
Employees	The compensation of new employees is based on the complexity of work, the severity of responsibility, and the expertise, education, and expertise. The salary adjustment and the distribution of various bonuses are planned in accordance with Employee Work Rules and the individual performance appraisal results. Please see <a href="#">4.1.2.1 Employee Compensations</a> for details.



## 5.1.3 Performance of Board of Directors

GRI :

2-17

### ► Performance Evaluation of Board of Directors

To implement corporate governance and enhance the Company's board functions and performance, the Company has established the Rules for Performance Evaluation of Board of Directors. The Company's board of directors shall conduct an internal board performance evaluation every year, and the evaluation results shall be submitted to the board of directors for report; the external evaluation shall be conducted every three years.

In 2022, an evaluation was conducted by the external professional and independent organization, Taiwan Institute of Ethical Business. The results were reported during the board meeting in 2023Q1. The summary of the evaluation results is as follows.

For more details, please refer to our Company's official website.

Evaluation aspects	Operation status
<ul style="list-style-type: none"> <li>■ The professional functions of the board of directors</li> <li>■ The decision-making effectiveness of the board of directors</li> <li>■ The board of directors' degree of emphasis on and supervision of internal control</li> <li>■ The board of directors' attitude toward sustainable management</li> </ul>	<p>Shih Wei Navigation has conducted evaluations and established a dedicated risk management unit. However, owing to the fact that the shipping market is greatly affected by external uncertainties, it is advised to first set up a task force on risk management. Subsequently, the establishment of the Risk Management Committee or the Sustainable Development Committee can be considered to facilitate integrated risk assessment for prevention and implementation in the future.</p>

### ► Continuing Education for Directors

The Company arranges and plans at least 6 hours of education and courses for each director on a yearly basis to update directors' professional knowledge and functions in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, by referring to the industrial changes and the Company's internal developmental needs, as well as aligning with the annual strategic development priorities.

In 2022, the total number of training hours for directors of the Company totaled 57 hours, with 9.5 hours per person, superior to the 6 hours per year suggested by regulations.



[Rules for Performance Evaluation of Board of Directors](https://www.swnav.com.tw/uploads/files/shares/bod/bod-00.pdf)

<https://www.swnav.com.tw/uploads/files/shares/bod/bod-00.pdf>



[2022 External Performance Evaluation of Board of Directors](https://www.swnav.com.tw/uploads/files/shares/bod/bod-07.pdf)

<https://www.swnav.com.tw/uploads/files/shares/bod/bod-07.pdf>



[Directors' training status in 2022](https://www.swnav.com.tw/uploads/files/shares/bod/DCE2022_EN.pdf)

[https://www.swnav.com.tw/uploads/files/shares/bod/DCE2022\\_EN.pdf](https://www.swnav.com.tw/uploads/files/shares/bod/DCE2022_EN.pdf)

## 5.1.4 Internal Audit

### ► Organization of Internal Audit

The Company has set up an Auditing Office to be in charge of the audit work of the Company. The Auditing Office operates under the board of directors, with 2-3 auditors in this unit. Before the end of January every year, the basic information of the auditors and the education and training they have received shall be reported online, and whether the internal auditors are qualified persons as full-time internal auditors will be checked at any time. In addition, the appointment and dismissal of the Company's chief internal auditor shall be subject to approval by the Audit Committee and the board of directors and shall be reported online to the competent authority for reference before the tenth day of the month following the approval by the board of directors.

The appointment, dismissal, evaluation, and compensation of the internal auditors shall be handled in accordance with relevant internal control procedures and shall be signed by the chief internal auditor and submitted to the chairperson for approval.

### ► Internal Audit Operation

#### ||| Scope of Audit

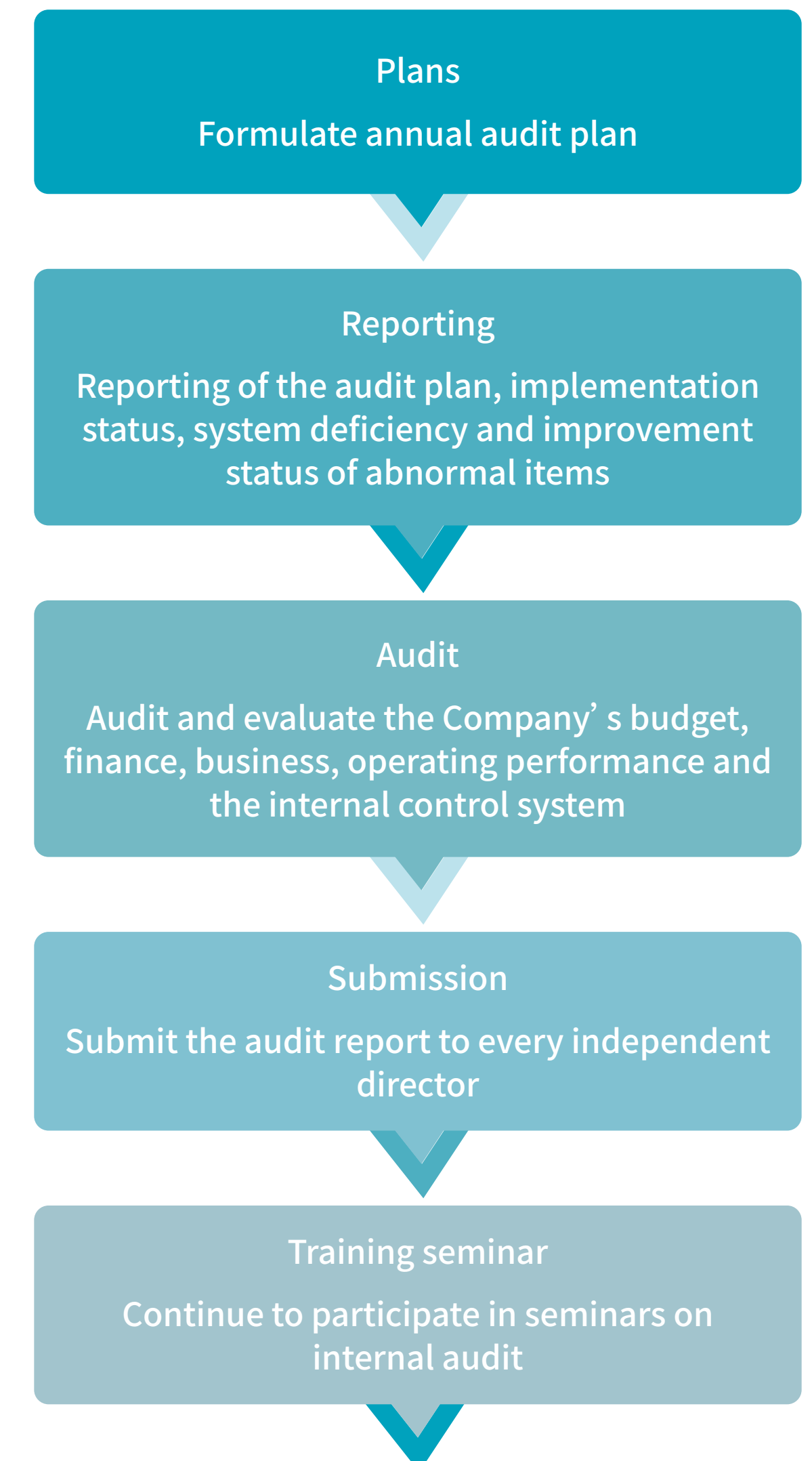
The scope of audit includes the accounting audit, property audit, management inspection, procurement audit, budget audit, and others

#### ||| Audit Implementation Procedures

Preparatory work before the audit, on-site audit, analysis and research, summary of deficiencies in the audit report and tracking improvement

#### ||| Execution of Audit Work

- An annual audit plan for the internal audit operations shall be formulated based on which the audit work can be implemented
- The Company shall report the audit plan for the following year before the end of every fiscal year. Within 2 months after the end of every fiscal year, the Company shall report the implementation status of the audit plan for the previous year and shall report the deficiencies in the internal control system found in the internal audit of the previous year within 5 months after the end of every fiscal year. The reporting method is to submit online reporting in accordance with the prescribed format for reference through the internet information system
- The internal auditor shall conduct audit and evaluation of the Company's budget, finance, business, operating performance and the internal control system in accordance with the annual audit plan, and also attach working paper and random inspection information, and prepare the audit reports for inspection. The audit reports, working papers, and relevant materials shall be kept for at least 5 years
- The audit report prepared in accordance with the regulations mentioned above shall be submitted to every independent director of the Company to review by the end of the following month after the completion of the audit project. In addition to the audit report, the annual audit plan of the internal audit operation, the actual implementation status, and improvement status of abnormal items shall all be reported to every independent director or the Audit Committee
- The internal auditors shall continue to participate in seminars on internal audit organized by professional institutions or by the Company to improve the audit quality and capabilities



## 5.2 Integrity Management

### GRI :

2-23

2-26

205-1

205-2

205-3

206-1

### SASB :

TR-MT-510a.1

TR-MT-510a.2

### 5.2.1 Integrity Management System and Implementation

Shih Wei Navigation upholds honesty and integrity and has established “Corporate Governance Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Codes of Ethical Conduct” to prevent offering or acceptance of bribes, illegal political donations, improper charitable donations or sponsorship, offering or acceptance of unreasonable presents or hospitalities, or other improper benefits. Relevant information is also publicized in the education & training for the personnel in the Company on a regular basis. Information of implementation status is also disclosed on the Company’s website, in the annual reports and the Public Reports.

Shih Wei Navigation’s Administration Department is in charge of the promotion of corporate integrity management, and the main responsibilities include ensuring relevant anti-fraud measures for integrity management, formulating the dishonest behavior prevention program, reducing the risk of unethical behavior in business, promoting the publicity and training of integrity policies, planning and implementing a reporting system, assisting the board of directors and the management to evaluate the implementation status, and reporting to the board of directors once a year in accordance with the Procedures for Ethical Management and Guidelines for Conduct approved by the board of directors. The Administration Department reported to the board of directors on the 2022 operation and implementation of integrity management on December 22, 2022. The board of directors has established various organizations and channels, such as the Audit Committee, Remuneration Committee, and the internal audits with the care of a good administrator to prevent unethical behavior and ensure the implementation of the integrity management policy.

To implement integrity management and avoid frauds, Shih Wei Navigation has established an accounting system and an internal control system that are functioning normally. The auditors of the Company conduct audits in accordance with the audit plans on a regularly basis. In 2022, the Company did not involve in any incidents related to fraud, insider trading, anti-competitive behavior, anti-trust and monopoly behavior, and market manipulation, nor were there any related legal proceedings and penalties. In addition, during the reporting period, the number of the fleet of Shih Wei Navigation to call at ports of the 20 most corrupt countries based on the Corruption Perceptions Index (CPI) published by the Transparency International (TI) was four.



### 5.2.2 Anti-corruption

It is stipulated in Employee Work Rules Shih Wei Navigation Co., Ltd, that all employees should be honest and upright. If an employee is found to be guilty of malpractice for personal gain, embezzlement of public funds, acceptance of bribes or other illegitimate interests, the labor contract of such employee shall be terminated to prevent the occurrence of corruption. The stipulations in the Employee Work Rules are announced during the New Employee Orientation Training.

The Company also implements a self-monitoring mechanism through the self-assessment of the internal control, and 100% of the employees in the Head Office received the audit. As of 2022, the Company and the internal personnel were not involved in incidents of corruption or fraud. The Employee Work Rules are uploaded onto the Company’s intranet for employees to refer to while the Ethical Corporate Management Best Practice Principles is available on both the Company’s intranet and extranet for related parties to refer to and comply with.





## 5.2.3 Prohibition of Insider Trading

The Company prohibits insiders such as the directors or employees to make profits by using unpublished information on the market to purchase or sell marketable securities. In addition, a monthly email reminding directors and other insiders not to trade their stocks during the closed period of 30 days before the announcement of the annual financial report, or during the close period of 15 days before the announcement of the quarterly financial report.

The Company conducts education, publicity, and training for employees every year and requires them to read the digital teaching materials on insider trading prevention and punishment. The content of the course includes the definition, purpose, and constituent elements of insider trading, its behavioral agent, abnormal situations, and violation handling to enable all employees and directors have a better understanding of the important internal information and the importance of insider trading prevention.

## 5.2.4 Education and Training

Shih Wei Navigation enables all employees to understand and comply with rules and regulations through the directors' continuing education, employee education and training, and written publicity.

Training courses for new employees include ethics, management rules, and discipline-related contents. The Company's corporate culture courses are organized and arranged for grassroots employees, mid-level and senior executives to participate in, and the training of the corporate integrity culture is conducted through meetings, emails, and e-newsletters.

In addition, new employees shall sign a confidentiality agreement upon employment to ensure the compliance with the Company's relevant guidelines and system regulations. General employee education and training is divided into internal and external education and training. If employees have training needs, they can submit application for training in accordance with regulations.

In 2022, a total of 3 sessions of education and training on integrity management and compliance were organized, with 16 participants and a total number of 44 training hours. There were no violations of integrity management throughout 2022.



## 5.2.5 Whistleblowing System and Whistle-Blower Protection

Shih Wei Navigation has added and established an independent reporting email ([legal@swnav.com.tw](mailto:legal@swnav.com.tw)) in the Procedures for Ethical Management and Guidelines for Conduct, and the description of the investigation standard operating procedures and relevant confidentiality mechanism for reports accepted. Employees and internal and external personnel can report relevant violations of integrity management regulations or misconduct through mails.

The Company keeps the identity of the whistleblower and the content of the report confidential, and also implements protection measures for the whistleblower.

The whistleblower shall at least provide the following information

- The whistleblower's name, ID card number, and anonymous whistleblowing is also acceptable, and the whistleblower's address, phone number, and email address
- The name of the person being accused or other information sufficient to identify the accused person's identity and characteristics can be used for investigation

In terms of the fleet, we have posted contact information of designated personnel and head of every department in the bridge, the engine control room and other important public areas so that sea crews can make use of the contact information.

In 2022, there were no reporting cases received in the Head Office and the fleet.



GRI :

2-26



## 5.2.6 Major Violation Incidents

### GRI :

2-27  
416-1  
416-2

Shih Wei Navigation's operating bases and the entire fleet strictly abide by all regulations in the aspects of environmental protection, ship safety, and occupational health and safety to fulfill the safety goals of [Shih Wei Policy](#) and ensure that the impact of the Company's daily operation on the surrounding environment and communities can be reduced to the minimum.

For the Head Office to implement the occupational health and safety management to protect the safety and health of all employees and external personnel, we carry out the workplace hazard identification for employees and contractors, work site, operation observation, and construction safety in accordance with the Notification of Hazard Factors in Contracting Operations and Notification of the work environment and hazardous elements for contractors of the Code of Practice of Safety and Health at Work to control, prevent, and weaken hazards and risks, reduce the impact on health and safety, and establish a safety culture of mutual protection among employees, external personnel, contractors and the Company. See [4.3.1 Occupational Health and Safety Policy](#).



In 2022, the Head Office and the entire fleet did not receive penalties due to major violations. Based on the integrity management and information transparency, 2 incidents of fleet sanctions were disclosed in detail as follows.

Date of Sanction	Date of Payment	Amount of Penalty	Reason
2022/3/8	2022/4/8	169,193	When anchored in the Astoria ANCH, M.V. Modest SW was sanctioned by the US Department of Homeland Security because a Bangladeshi crew member disappeared.
2021/9/6	2022/6/2	132,130	M.V. Genius SW did not apply to the local customs for the change of the port at the Port of Dongjiakou (Qingdao) and made an unauthorized diversion to an overseas port without approval, which was considered an illegal act by the local customs.
Total		301,323	

Unit: NTDS

#### Note:

1. Definition of major violations: Incidents where the penalty exceeds NT\$ 100,000
2. The Company's total amount of economic sanctions imposed by governments in 2022 was NT\$ 302,000, which was also disclosed in 1.2.1 Financial Performance

Shih Wei Navigation accepts penalties modestly with an open mind and makes reviews and improvement measures for the deficiencies in a prompt manner. Relevant penalties have been improved, and also have been reviewed as well as approved by the competent authority. In the future, we will continue the implementation of internal audits and operating procedures and strengthen employee education, training, and publicity to prevent occurrence of violations.

## 5.3 Risk Management

GRI :

2-12

The risks faced by enterprises are getting more diverse and complex. With the threats of globalization, geopolitical conflicts, diseases, and climate change, how to comprehensively grasp and manage major risks that have major impact on operations and profitability has become a crucial issue.

Shih Wei Navigation makes detailed lists of the opportunities and risks faced by the shipping industry and the corresponding strategies and actions taken based on our niches for every relevant department and unit targeting at the opportunities and risks in accordance with the scope of work. Risks related to ship operation are handled in accordance with relevant policies and procedures of International Safety Management (ISM).

The board of directors serves the highest guiding unit for risk management proposals. Every year after the compilation of the Sustainability Report completes, the Report is submitted to the board of directors. The content of the Sustainability Report includes risk management and climate risk management (see [3.3 Climate Change Adaptation and Climate Risk Management](#) for details). On November 10, 2022, the Administration Department reported to the board of directors the promotion status of sustainable development and future strategies, planning, goals, and management approaches, which would be supervised by the board of directors. It is scheduled to promote the introduction of the risk management system in 2023. In the future, we hope to establish a task force on Risk Management to fully grasp and integrate various risk management issues in a systematic manner.

### 5.3.1 Risk Identification

In accordance with the principle of materiality and by referring to the TCFD suggestions, five major risk aspects were constructed, and 26 risk topics were identified. Coping strategies targeting at high risks were proposed. For detailed information concerning climate risk, please see [Chapter 3](#).

1	2	3	4	5
Strategy Risk	Financial Risk	Operating Risk	Compliance Risk	Climate Change Risk
Strategic risk	Credit risk	Major labor safety incident	More stringent environmental regulations	Carbon tax/fee Cap and trade
Increase ship utilization	Liquidity risk	Navigation risk	Policies and regulations that restrict the carbon emissions	Rapidly changing customer trends
Investment risk	Market risk	Safe transport of goods		Increased insurance costs
Use green financing	US dollar collapse	Transnational operation, deficiency found by port state control		The exacerbation of extreme climate change intensifies the impact of weather and ocean phenomena on Earth
Replace and update existing ship equipment		Operational impact of COVID-19 or other infectious diseases		Sea level rise
		Talent recruitment and turnover risk		
		Information security risk		
		Reputation risk		
		Damage to the Company's rights and interest for violation of integrity management behavior		
		Rising prices of oil and raw materials caused by intense geopolitics		

## 5.3.2 High Risks and Countermeasures

Major Risk Items	Significance and Impact	Coping Strategies	Corresponding Material Topics
Navigation risk	<ul style="list-style-type: none"> <li>Pirate attack</li> <li>Maritime safety</li> <li>Bad weather, improper human operation (including improper dock loading and unloading) that causes the ship to capsize, causing ship collision damage, endangering the safety of the crew members, cargo falling into sea, customer cargo loss and other transportation risks</li> </ul>	<ul style="list-style-type: none"> <li>All ships shall ensure the operation of the distress system is smooth in accordance with the Ship Security Plan (SSP)</li> <li>The crew members will carry out drills for various special situations (such as anti-theft) during the annual ship-shore interaction to ensure that the crew members can have appropriate on-the-spot response and contingency measures in the face of emergencies</li> </ul>	Ship Safety
Transnational operation, deficiency found by port state control	<ul style="list-style-type: none"> <li>Port State Control is a regulation formulated by the IMO that requires all countries to inspect foreign ships to verify whether the ship and the status of its equipment meet the requirements of international regulations to ensure the safety of the ship operation</li> </ul>	<ul style="list-style-type: none"> <li>Urge the crew members to comply with the regulations of the flag state and local regulations to smoothly pass inspection</li> <li>Each department has to understand different laws and regulations in different places, and English communication skills have to be improved to respond immediately and for support</li> <li>Keep close contact with the port agents and ships to closely understand the situation</li> </ul>	Ship Safety
Operational impact of COVID-19 or other infectious diseases	<ul style="list-style-type: none"> <li>Higher quarantine standards at ports and terminals that lead to delays in shipping schedules</li> <li>The crew member may be infected with COVID-19, causing the inability for the ship to dock, forcing the cargo to be unloaded and increasing the costs of transshipment</li> <li>Many countries prohibit crew members from disembarking and embarking, that will make crew members to fail to return home when the crew employment contract expires, leading to violations of international conventions</li> </ul>	<ul style="list-style-type: none"> <li>Provide crew members with sufficient anti-epidemic materials to reduce the chances of infection. Prepare sufficient masks, rapid screening reagents, soothing medication and others. In case of a crew change, all crew members on board will be equipped with a full set of protective clothing, N95 masks, face shields, gloves and other epidemic prevention accessories. Crew members are also reminded to pay attention to their own protection before departure</li> <li>Maintain close communication with the port agents and pay close attention to the updates to get familiar with the situation in each country. This will enable the department to provide crew assistance and guidance in a timely manner. Due to the pandemic, pandemic prevention policies differ from country to country, and the crew replacement process is among the first to be influenced. Therefore, to ensure that the crews will be able to smoothly board the ship or return home for vacation when their contract expires, the department maintains close contact with local port agents and updates the latest staff replacement regulations.</li> <li>The departments of the Company also maintain smooth communication channels for requests/difficulties or coordination, aiming at accomplishing the tasks with the minimum costs</li> <li>Measures such as work from home (WFH), video conferences for interviews are taken</li> </ul>	Occupational Health and Safety

Major Risk Items	Significance and Impact	Coping Strategies	Corresponding Material Topics
<p>Rising prices of oil and raw materials caused by intense geopolitics</p>	<ul style="list-style-type: none"> <li>The Russo-Ukrainian War has led the increasing oil prices, which will lead to an increase in the price of marine lubricants as well as the operating costs</li> <li>The tense situation in the Taiwan Strait may also cause the fluctuations of commodity prices. If a war breaks out, the operations will be interrupted</li> </ul>	<ul style="list-style-type: none"> <li>Regularly hold tenders for lubricating oil contracts. Selection method: Select the best lubricating oil contractor by quantitative analysis and scenario analysis</li> <li>Replenishment operations: Lubricating oil replenishment needs to be flexibly arranged depending on the route of each ship and the port of call. Alternatively, the fuel costs may be passed on to customers based on the operational approach</li> <li>Continuing with digital transformation, the headquarters office is equipped with remote work and management capabilities to ensure uninterrupted operations</li> </ul>	<p>Economic Performance</p>
<p>Carbon tax/fee Cap and trade</p>	<ul style="list-style-type: none"> <li>Net zero emission by 2050 has become an international trend. IMO will have to adjust its carbon reduction strategies and set more stringent ones while relevant laws and regulations at home and abroad will follow the measures. In the face of EU's upcoming Carbon Border Adjustment Mechanism (CBAM), the operating costs will inevitably increase</li> </ul>	<ul style="list-style-type: none"> <li>Promote GHG inventory and obtain external verification</li> <li>Promote various energy conservation and carbon reduction measures</li> <li>Ship equipment improvement of replacement</li> </ul>	<p>Climate Change Management (TCFD) GHG Emissions and Energy</p>
<p>The exacerbation of extreme climate change intensifies the impact of weather and ocean phenomena on Earth</p>	<ul style="list-style-type: none"> <li>Extreme weather causes failed weather forecasting, which increases the risk of sea navigation or becomes the cause of speed claim</li> </ul>	<ul style="list-style-type: none"> <li>Review the reasons on a ship-by-ship basis, and make timely revisions of the contracted ship speed, arrange ship cleaning, or include comprehensive considerations in the "for sale" list</li> <li>Introduce in-voyage monitoring and gather the analysis of the performance results of each ship every voyage as a reference for future response</li> </ul>	<p>Ship Safety</p>

# 5.4 Ship Safety Management

## 5.4.1 Shih Wei Policy

### ► Disclosure of Ship Accidents and Safety Management



GRI :

- 2-23
- 2-24
- 417-1
- 417-2

SASB :

- TR-MT-540a.1
- TR-MT-540a.2
- TR-MT-540a.3

Item		Description	
<b>Number of marine casualties, percentage classified as very serious</b>			
2021		2022	
Incidents	19	Incidents	16
Very serious marine casualties	0%	Very serious marine casualties	0%
<b>Number of Conditions of Class or Recommendations</b>			
86		N/A	
<b>Number of Port State Control (PSC)</b>			
Deficiencies	230		
Detentions	3		
The percentage of incidents with no deficiencies	47.747%		

- Statistics of marine incidents and very serious casualty defined by IMO were gathered
- The data in 2021 Sustainability Report was calculated incorrectly and was corrected in this Report
- For detailed information concerning the employee casualty, please refer to 4.3 Occupational Health and Safety Management

- There were a total of 111 inspections in 2022, with 53 instances having no missing counts
- Port State Control (PSC) refers to the control of ships arriving at ports in accordance with international conventions or local regional agreements to ensure safety in many ways. Detention (or the so-called arresting a ship) can be seen as a warning of insufficient ship management that requires immediate adjustment and improvement to ensure the safety of the ship, personnel and even the environment

Shih Wei Navigation has been upholding the four safety policies since foundation, namely the safety of lives, safety of ships, safety of cargos, and safety of environments, which have been serving as the profound cultural heritage within the Company that all onshore personnel and sea crews shall understand and abide by.

Safety of lives tops the four policies at Shih Wei Navigation because it is our belief that only when safety of lives is guaranteed can we guarantee the safety of ships and take into account cargos and environments. We conduct safety management in accordance with stringent domestic and foreign laws and regulations.

In the event of ship incidents in relation to ship grounding, collision, flooding, fire, etc., huge costs of repair and compensation will incur, and the incidents may affect the safety of the crews or indirectly affect the cargos or environment. The impacts may be the delay of shipping schedule, violations of environmental regulations, and even lead to operational impacts that could cause economic and reputational damage. On the contrary, when the ship has zero accidents or have no defects, in addition to smooth operation, the image of the Company can also be enhanced.



Shih Wei Policy	
All personnel of Shih Wei Navigation Co., Ltd., both onshore personnel and sea crews, shall understand, comply with, and maintain this policy to meet the requirements of the Company and other relevant regulations at home and abroad.	
Safety of Lives	To safely and effectively maintain and operate the fleet managed and operated by the Company so that the Company, the crew members and visitors, whether onboard or ashore, can obtain a safe and healthy working environment.
Safety of Ships	In addition to adhering to the sailing and engineering skills, onshore personnel and sea crews have to ensure that the safety, survival, fire distinguishing and pollution prevention equipment on board can always be compliant with the highest standards of international conventions.
Safety of Cargos	During the loading and unloading operations, the safety of the ship is the priority. In addition to rational arrangement and distribution of the cargo to enable the stability of the ship at all times when loading and unloading, safety inspection of all the equipment systems should also be carried afterward, and after loading, fastening procedures should also be carried to maintain the safety of the cargo.
Safety of Environments	Prevent incidents of oil spills or discharges and dumping of garbage or toxic substances in the waters the ship navigates and abide by the environmental control regulations and rules on air, water, and general environment set by the competent authorities or in accordance with international norms.

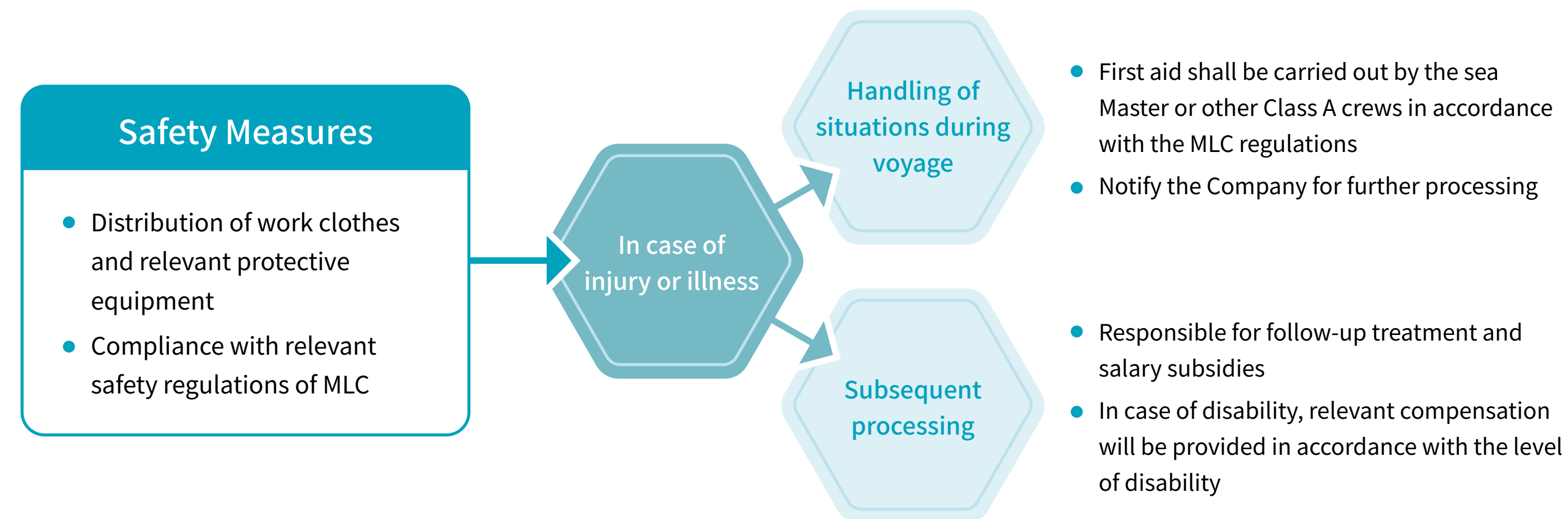
## 5.4.2 Practices for Implementation

### ► Ensure Safety of Lives

The crew members are equipped with appropriate work clothes, work shoes, and other relevant protective equipment when serving on the ship. It is strictly required that they wear work clothes and protective equipment in accordance with regulations during work. The Company also implements the measures in accordance with the Maritime Labour Convention (MLC) to protect the safety of the crew members and prevent the occurrence of accidents.

If a crew member is unfortunately injured or falls sick during the voyage, based on the provisions in Chapter 7 "Onboard Medical Care" of the "Shih Wei Navigation MLC Compliance Manual," the sea Master or other qualified Class A crew should provide first aid and notify the Company for further processing.

Please refer to [4.3 Occupational Health and Safety Management](#) for more details.



### ► Ensure Safety of Ships

To reduce the occurrence of accidents during ship navigation to achieve the purpose of safe maritime transport, Shih Wei Navigation arranges personnel education and training on a regular basis and accepts practical operations related to individual duties to enhance awareness and responsibility of ship safety.

Based on the safety of ships and for zero accidents in navigation, the consigned cargoes are properly and safely loaded on the ship in accordance with the International Maritime Solid Bulk Cargoes Code (IMSBC Code), IMDG Code, International Convention for the Prevention of Pollution from Ships (MARPOL), and International Convention for the Safety of Life at Sea (SOLAS). To maintain the normal operation of the machinery of the ship, the fleet of Shih Wei Navigation requires that all crew members should maintain the machinery in accordance with the methods suggested in the manuals.





## ► Ensure Safety of Cargos

### III Cargo Specification and Management

All cargo ships in the Shih Wei Navigation fleet comply with the Cargo Exclusion Clause agreed upon with the customers. During the contract period, the vessels carrying the designated cargos for customers are equipped with appropriate certificates to demonstrate compliance with the conditions allowed by the ship certificate issuing agency. Customers are also required to adhere to IMO and local regulations for the loading, stowage, and transport of their cargos, and the Company and the ships retain relevant specifications for inspection and reference.

In addition to following the SOLAS specifications, the loading and shipping of the cargos also abides by the regulations stipulated in the International Maritime Solid Bulk Cargoes Code (IMSBC Code) and International Maritime Dangerous Goods Code (IMDG Code) to ensure that the dangerous goods are transported in full compliance with the IMDG Code and other relevant international regulations and local regulatory requirements of each port state. We also require our customers to provide the Shipper's Declaration or the Material Safety Data Sheet (MSDS) before loading the goods.

### III Management of Dangerous Goods

The Dangerous Goods Certificate (DG) is issued when a ship leaves the factory. On the certificate the types of dangerous goods allowed to be loaded are clearly specified. If the dangerous goods to be loaded are not listed in the DG Certificate, equipment can be installed in accordance with the condition for loading the dangerous goods so as to meet the loading regulations, and such goods will be listed in the DG certificate.



## ► Ensure Safety of Environments

Shih Wei Navigation grasps the latest domestic and foreign environmental regulations and information on a regular basis and complies with them accordingly.

See [Chapter 3 Environmental Sustainability](#) for more information.

Regulation or policy	Announced by	Contingency measures
Climate Change Response Act	Environmental Protection Administration, Executive Yuan, R.O.C.	<ul style="list-style-type: none"> <li>Autonomously disclose GHG emissions and actively conduct energy conservation and carbon reduction</li> <li>The ISO 14064-1:2018 organization level GHG Inventory Standard is planned to be officially adopted in 2023. The goal is to obtain external verification for the parent company in 2024 and for the ship operating subsidiaries in 2025</li> </ul>
International Convention for the Prevention of Pollution from Ships (MARPOL)	International Maritime Organization (IMO)	The bilge water and domestic sewage will be discharged in accordance with regulations after being treated by the equipment system to protect the local water environment and prevent pollution to the marine ecology
International Convention for the Control and Management of Ships' Ballast Water and Sediments		Install ballast water treatment system on the ships and establish ballast water management regulations
Sulphur Cap		Implement low-sulfur fuel oil to reduce exhaust emissions

# 5.5 Supply Chain Management

## GRI :

- 2-6
- 2-24
- 204-1
- 308-1
- 308-2
- 407-1
- 408-1
- 409-1
- 414-1
- 414-2

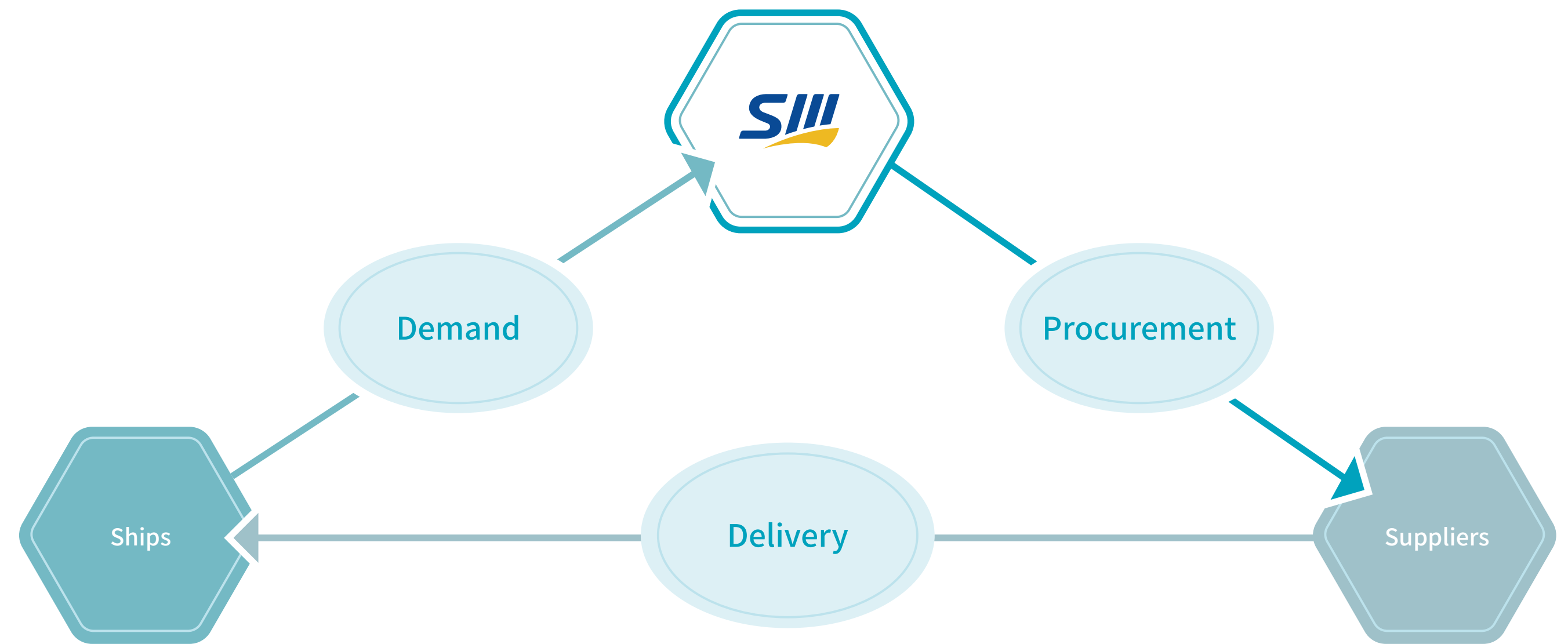
Shih Wei Navigation regards each supplier a long-term partner to jointly establish a safe shipping supply chain and fulfill corporate social responsibility. Supplier evaluation is implemented for supplier management. In addition to requiring suppliers to meet requirements for prices, quality, and services, we also strive to urge them to comply with environmental regulations, improve occupational health and safety, and attach importance to human rights. Relevant standards have been included in the evaluation criteria in 2022 and the revision of the regulations is expected to be passed and implemented in 2023.

To implement the sustainable policy, the Head Office gives priority to purchasing equipment and appliance with environmental protection labels and energy-saving labels. Based on the principles of local procurement and procurement for public welfare, we purchased related products from local smallholders. In terms of fleet management, we still uphold the same principle of local procurement. However, due to the characteristics of the industry, relevant procurement, maintenance, contracting and so on are mainly arranged in the port of call, and therefore the procurement is mainly from the local suppliers to reduce the carbon footprint. In 2022, the proportion of overseas procurement reached 98.2%.

### 5.5.1 Overview of the Supply Chain in Marine Transportation

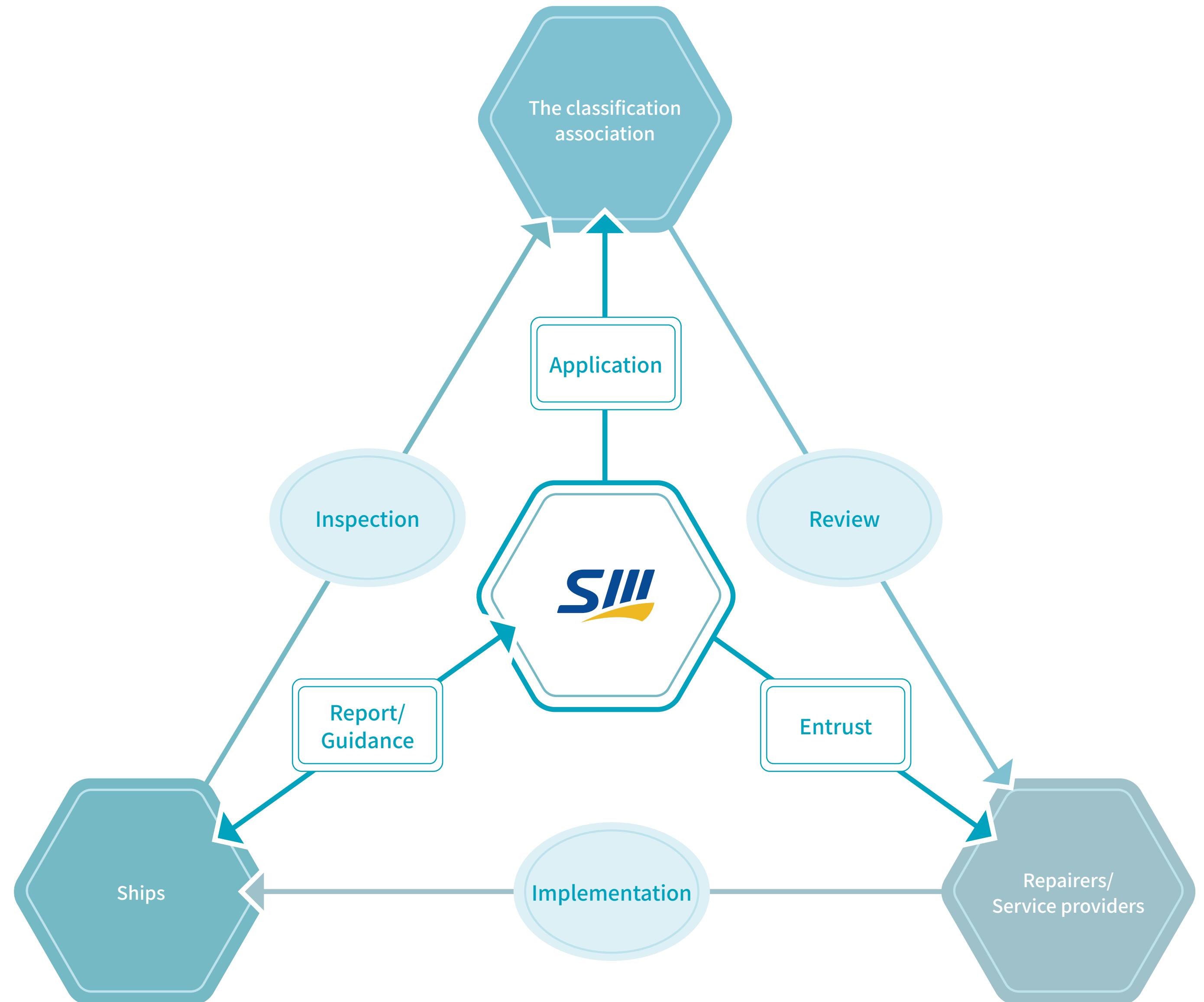
We have cooperative relationships with hundreds of suppliers globally, including agencies, ports, docks, ship repair providers, and so on. We hope that through the collective efforts with the cooperative suppliers, better environmental, safety and health standards can be further developed.

In addition to requiring the suppliers to comply with local government laws and regulations to meet the environmental, industrial safety, hygiene, and human rights requirements, oral explanations are given and contracts are signed for the suppliers to assume their responsibilities.

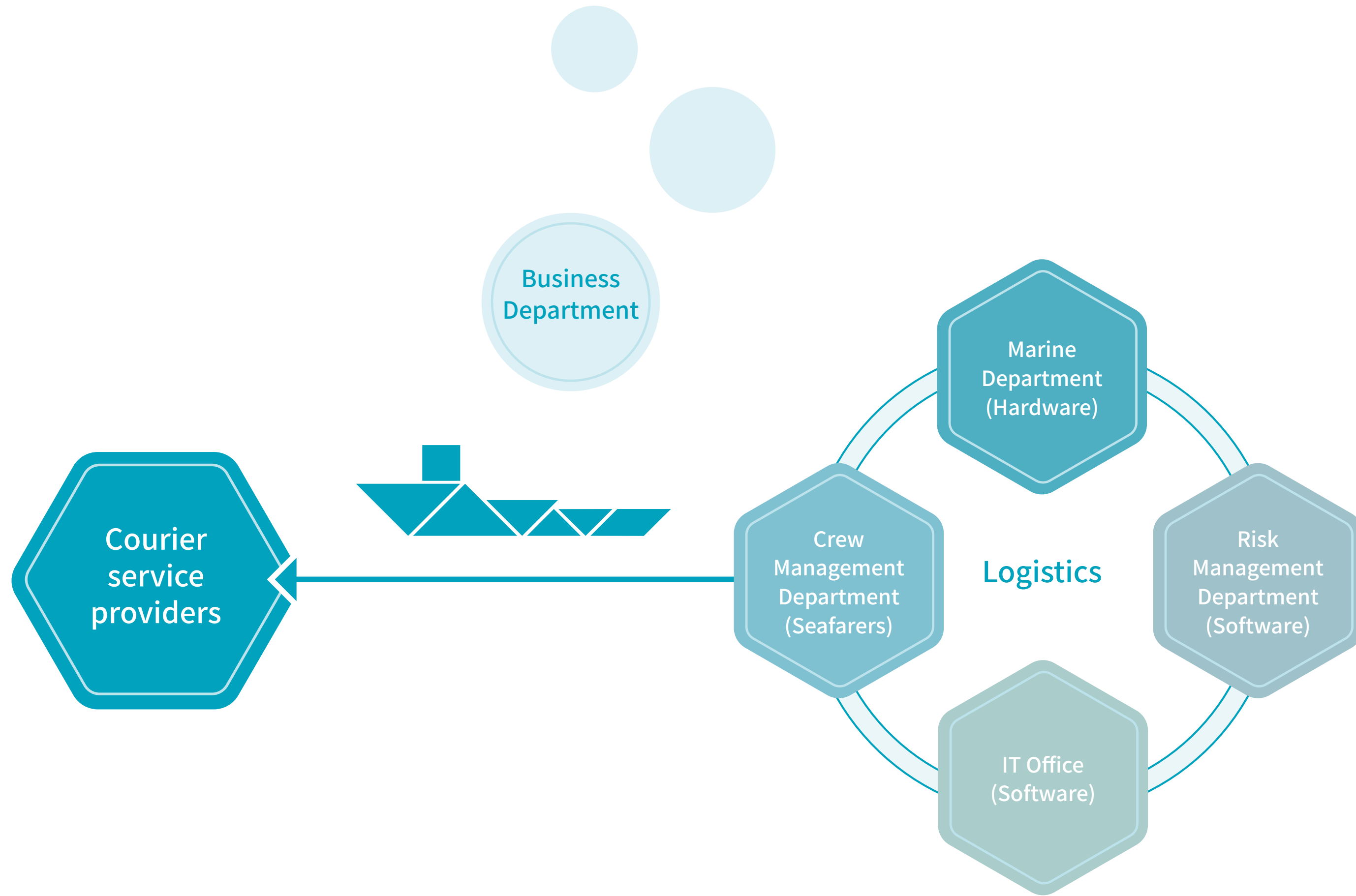


The Marine Department, Crew Management Department, Risk Management Department, and the IT Office are in charge of logistics management and support in accordance with the type of demands to maintain the normal operation of the software and hardware equipment of the ships so as to achieve safety of lives, safety of ships, safety of cargos, and safety of environments, assisting the Business Department with cavassion and enabling better efficiency of the safety management system for the Risk Management Department.

Item	Content
Supply	The ship submits applications to the Company for demands for materials, accessories, nautical charts, various electronic devices, and so on, and the Company will then place orders and arrange delivery from the suppliers according to the appropriate port and look for suppliers with third-party verified MED (Marine Equipment Directive), ISO 14001, etc., and the delivery of materials is arranged by courier service providers.
Repair	When the ship reports for equipment damage that requires repair, the Company will first provide technical guidance for the ship end to repair by themselves. If the equipment cannot be repaired, it will be repaired by third-party certified (such as the classification society) repair service providers and technicians. After the repair project is completed, the surveyor assigned by the classification association will conduct the inspection and acceptance.
Ship Survey	To maintain the seaworthiness of the ships, the Company makes regular arrangement for relevant inspections (annual inspections), intermediate inspections (docking repair), and special inspection (docking repair), and the repairer/service providers and the classification association are entrusted to board the ship to jointly carry out the inspection items.



In terms of the supply chain management, Shih Wei Navigation has to maintain good cooperative relationships with the suppliers, repairs/ service providers, and classification associations, so as to meet the demands of the ship end in the shortest time possible to facilitate smooth and safe navigation of the ships.



## 5.5.2 Supplier Management Performance

Aspect	Key Performance
Governance	<ul style="list-style-type: none"> <li>Shih Wei Navigation established the Human Rights Policy and added that to the order system for the suppliers to understand and to abide by</li> <li>We have established the Supplier Management Measures and the Supplier Assessment Form incorporated with the environmental and human rights indicators, and it is expected to be announced and implemented in 2023</li> <li>In 2022, the supplier evaluations were carried out twice, and all suppliers passed the evaluations. There are no supplies with whom we need to terminate the cooperative relations</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Currently, the main suppliers Shih Wei Navigation cooperates with have all obtained relevant environmental certificates that will be provided together with the materials by the suppliers, such as the asbestos-free certificate</li> <li>In 2022, some freight forwarders have introduced an aviation carbon calculation system to calculate the GHG emissions generated by the accessories of a ship during shipping. In the future, we will continue to track the cooperating contractors by providing similar systems to have more accurate calculation of the carbon emissions of marine accessories/spare parts</li> </ul>
Social	<ul style="list-style-type: none"> <li>The marine supplies are all verified to be in line with international regulations to maintain safety of navigation and safety of crew members</li> <li>We require our suppliers to declare that they will comply with relevant regulations of the Company in terms of environmental protection, occupational health and safety and labor rights</li> <li>In 2022, there were no incidents of use of child labor or forced labor found among the major suppliers</li> </ul>

## 5.5.3 Suppliers Management System

Shih Wei Navigation has formulated the e Supplier Management Measures for suppliers to follow so as to establish and maintain the requirements for the suppliers' supply capabilities and quality. We also create a "supplier directory" to make regular evaluation of the cooperative situation between the Company and the suppliers. The evaluation indicators include the price, quality, and service attitude, and the evaluation is carried out every six months.

During the supplier selection process, we will additionally require credit investigation or ask the bank to issue a letter of guarantee to reduce the possible operational risk of the suppliers. In addition, the suppliers' service performance is also evaluated through the daily work contact and irregular mutual visits for our suppliers to make continuous improvement to meet the requirements.

Shih Wei Navigation is a shipping company serving the global market. We have always required our suppliers around the world to cooperate with the regulations of the Company and also the local laws and regulations in terms of environmental protection, safety and health, and human rights. By signing the contracts, the suppliers shall undertake its due responsibility to continue the improvement and advancement of various measures to jointly maintain the service quality. See [4.2 Human Rights Management](#) for the human rights policy of the Company.





When selecting suppliers, Shih Wei Navigation puts the environmental factors into consideration

- Compliant with the considerations of non-asbestos or Materials Safety Data Sheet (MSDS) and other eco-friendly materials
- The Company's marine spare parts are manufactured in Japan by Japanese brand, so most of them have to be ordered from several manufacturers in Japan, yet the ordered spare parts are uniformly arranged and delivered to the appropriate port by air by the freight company to reduce the transport costs (including carbon emissions)
- By adhering to the principle of localization of the supply chain, the procurement of materials is mainly based on the shipping schedule and local high-quality suppliers. Local procurement can reduce unnecessary costs, increase supply flexibility, shorten transport time, and reduce transportation costs and carbon dioxide emissions. It can also reduce the GHG emissions in the overall supply chain and create local employment opportunities
- If there is no long-term cooperative supplier at the port of call, we will select suppliers with GMP, ISO 9001, and HACCP certifications, or look for great suppliers from the ship supplier member list of the International Ship Suppliers Association (ISSA), ShipServ and so on to ensure the safety of delivery and for more secure transactions
- To ensure the smooth sailing of the ship, the stock of the cylinder oil on board is regularly checked. When making replenishment, the appropriate safe stock of the cylinder oil on the ship will also be confirmed, and the lubricating oil testing is regularly carried out. To ensure the safe navigation of the ship, the Company will also arrange the fuel sampling and testing when refueling



## 5.5.4 Supplier Evaluation

### Evaluation of New Suppliers

Hazardous substance process management is the manifestation of the sustainable development of an enterprise. Through the control of the Inventory of Hazardous Materials (IHM), a hazardous substance management system is established. From the selection of raw materials to the finished products, the prohibited substances having significant impacts on the environment should be grasped so as to provide supplies that are complaint with international regulations and also to avoid health or safety related impacts on the crew members. After evaluation in December, 2021, it was decided to entrust a third-party external laboratory to conduct sampling tests to get objective evidence showing that the products from the suppliers meet relevant requirements and do not contain hazardous substances, which can help the Procurement & Supply Division control whether the products in the supply chain meet the specifications.

### Evaluation of Existing Suppliers

The Company has established the suppliers' internal control system and the evaluation form. When there are new suppliers, evaluation in accordance with the following content will be conducted.

- The procurement unit shall evaluate the cooperative supplier and fill in the Records of Evaluation of Suppliers before submitting it to the responsible supervisor for approval. The same procedure applies when the supplier information is updated. The items for evaluation include price, quality, and service enthusiasm. The evaluation measures were revised at the end of 2022, and the aspects of environment and human rights were included. The revision of the regulations is expected to be passed and implemented in 2023
- The procurement unit shall conduct annual evaluation of the approved suppliers' evaluation records
- For those evaluated as qualified or for our long-term contract suppliers, the procurement unit can directly make procurement from them without the price comparison and negotiation. However, it is still necessary to check the market conditions every year and conduct continuous appraisal of the suppliers on a regular basis to protect the interest of the Company. The revision of the evaluation method for suppliers was completed by the end of 2022, and the frequency of supplier evaluations has been changed to at least once a year. The implementation is expected to take place in 2023

Currently, the main suppliers Shih Wei Navigation cooperates with have all obtained relevant environmental certificates that will be provided together with the materials by the suppliers, such as the asbestos-free certificate.

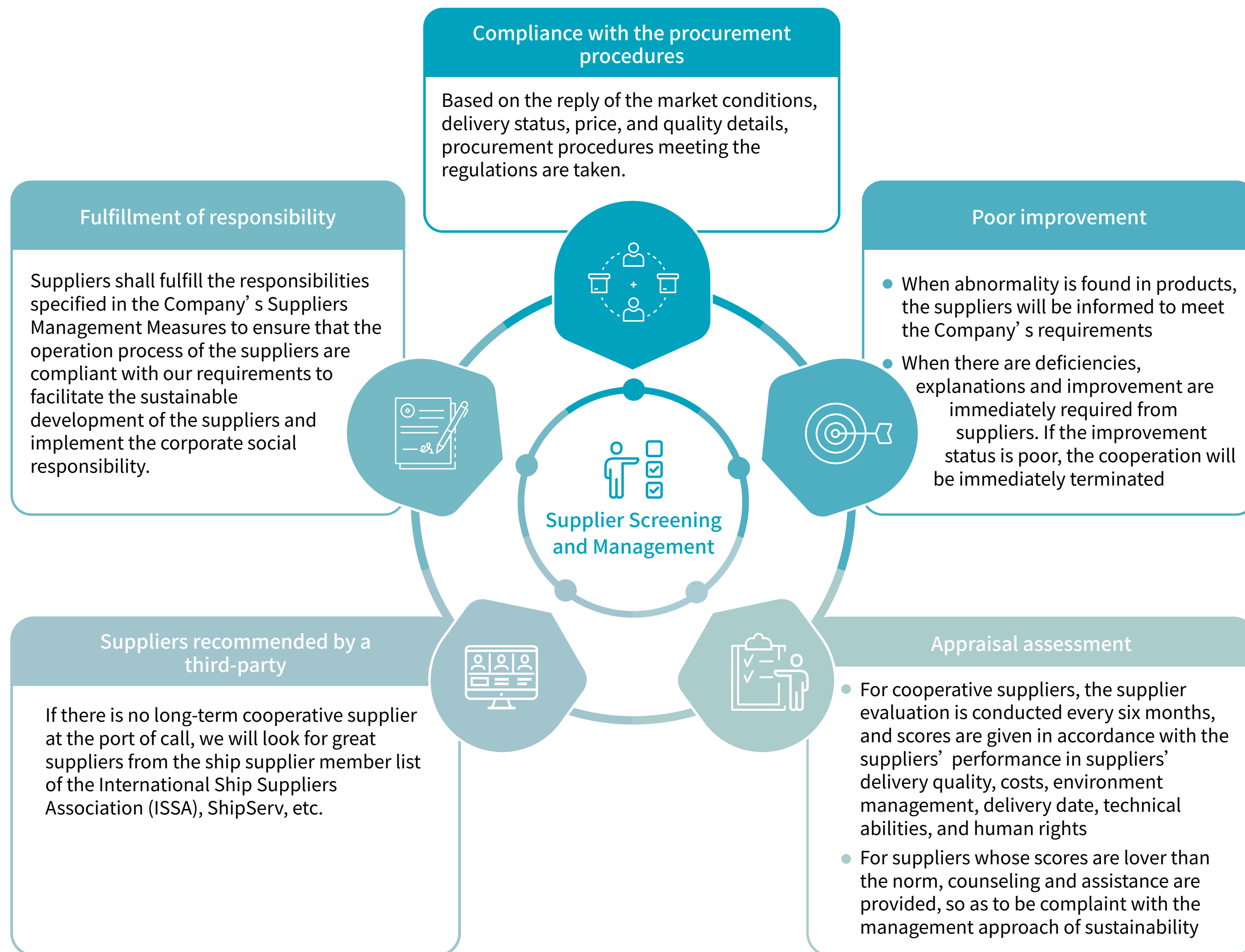
Compared with 2021, Shih Wei Navigation had 3 new suppliers in 2022: 1 in Australia and 2 in Singapore.

[A total of 107 suppliers were evaluated in 2022, all of which were qualified.](#)



## 5.5.5 Quality Control of Suppliers

- Based on reply of the market conditions, delivery status, price, and quality details, procurement procedures meeting the regulations are taken
- Supplier management system verification: To respond to the environmental protection and safety of crews, suppliers capable of providing international verification and compliance with international regulations are priority cooperative suppliers
  - ◆ Provide asbestos-free marine products (does not contain substances harmful to the environment)
  - ◆ Cables and wire ropes are with certificates and breaking force test certificates
  - ◆ Tank cleaning agents are provided with the MSDS to ensure that there are no excessive toxic substances in the ingredients, or priority is given to eco-friendly cleaning agents
- Suppliers approved by third-party verification units such as the classification society, or suppliers quoted by local agencies and recommended by local manufacturers
- When abnormality is found in products, the suppliers will be informed that the preset requirements of the Company are not reached. When there are deficiencies, explanations and improvement are immediately required. If the improvement status is poor, the cooperation will be immediately terminated





# 5.6 Information Security Management

GRI :

418-1

With the popularization of computer use and the booming development of the internet, rapid and significant impacts have been brought on humans, changing the lifestyle of people.

Along with the information convenience comes the information security issues that concern all. Therefore, we must implement robust information security measures and invest in costs to ensure that we can enjoy the benefits of information convenience while safeguarding information security. This is the correct attitude to address information security issues and prepare ourselves for greater impacts and challenges in the future.

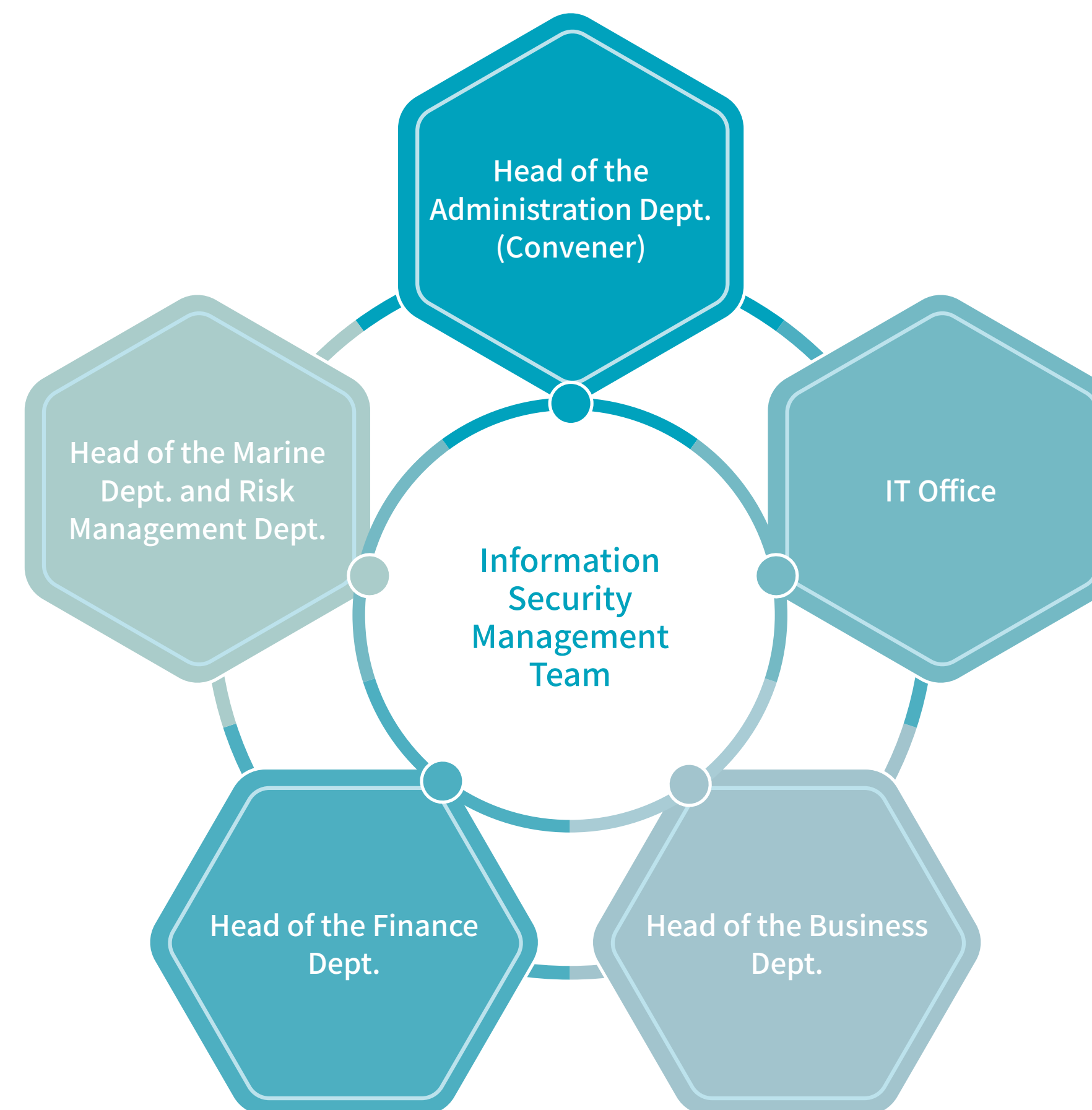
## 5.6.1 Information Security Policy

The Company maintains the normal operation of the network information system, ensures the security of network information transmission of transactions, and secures the confidentiality and integrity of computer processing data for the security of information, system, equipment and network and follows the regulations of the Computer Processing Operation Cycle Procedure.



## 5.6.2 Information Security Management Framework

Shih Wei Navigation has always placed great importance on information security, an internal information security management team is established, with the head of the Administration Department as the convener, and the members are composed of the head of each department and the personnel in the IT Office. Discussion and review on various information security issues of the Company are regularly conducted. In addition, we also actively recruit full-time (part-time) information security supervisors and personnel.



## 5.6.3 Management and Implementation Methods

- For the control of data acquisition and maintenance, information system processing, computer equipment and system software, network system security, all the operations will be confirmed to be compliant with information security and relevant laws and regulations
- Personal Data and Confidentiality Management
  - ◆ In accordance with the Company's Personal Data Protection Management Measures, the storage, distribution, transmission, and maintenance of personal data are strictly controlled to maintain the operational safety and interests of the Company. In addition, the Company's competitive advantages, core technologies and control of business information will be strengthened
  - ◆ The publicity and explanation will be strengthened to our associates in the education and training of new employees or when explaining the management regulations
- Strengthen the integration of the overall information system
- Server Virtualization and enhanced security management: The overall planning of the information system, hardware/software installation and maintenance, database backup and restoration drills, and the safety protection and control of systems are all well controlled. The server virtualization is introduced to achieve the effectiveness of environmental protection, energy conservation and reduction of maintenance costs by reducing the number of physical servers. Furthermore, the disaster prevention, information security, monitoring, notification mechanism, abnormality management and backup are strengthened, while training and regular drills are implemented
- Employee education and training is arranged from time to time for the employees to obtain relevant certificates. Through publicity and communication of information security concepts, employees can understand the importance of information security, which will enhance the employees' awareness of information security and emergency response capabilities to make effective control of risks
- Regular internal and external audits are conducted for information circulation and information security to ensure the level of implementation of internal information security management measures so as to achieve continuous improvement of the control measures



## 5.6.4 Customer Data and Privacy Protection

Shih Wei Navigation places great emphasis on information security and ensures the utmost protection of the data provided by our customers to safeguard their privacy rights. Comprehensive control has been implemented for the access, processing, transmission, and storage of customers' data as well as the safety of personnel and equipment. In addition, relevant security maintenance measures and controls at all levels have been taken for the related application system development, design and maintenance, database, network, personal computers, storage media and so on to prevent theft, loss, or leakage of customer data, so as to ensure the security of customer data.

In 2022, there was zero complaint or major information security incident in relation to infringement of customer privacy rights or loss of customer information at Shih Wei Navigation.

## 5.6.5 Ship Information Security

The Company is dedicated to the implementation of ship information security. The dedicated computer for Electronic Navigation Chart (ENC) and the data transmission are carried out through dedicated disk devices to avoid virus infection. In 2021, the update plan for the satellite network for ships started. The update of 11 ships was completed in 2021 and 17 in 2022, accounting for 80% of the fleet. The update of all ships is expected to be completed in 2023. With the network structure that can be online at all times, the anti-virus software can be updated in real-time to enhance security. In addition, with the firewall control of the ship and at the ground station, the network use of the ship can be more secure.

# CHAPTER Appendix

GRI Content Index

TCFD Disclosure Recommendations

SASB Index (Marine Transportation)

Independent Assurance Opinion Statement











# Appendix

## GRI Content Index

Statement of use	Shih Wei Navigation's report is prepared in accordance with GRI standards. The disclosure period of this report is the fiscal year 2022 (January 1, 2022 to December 31, 2022). The following indicators have all been externally verified, and the verification results are detailed in the Independent Assurance Statement.
GRI 1 used	GRI 1: Foundation 2021 (GRI 1 does not include any disclosures)
Applicable GRI Sector Standard(s)	N/A

## General Disclosures 2021

GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
2-1	Organizational details	<ul style="list-style-type: none"> <li> About this Report</li> <li> 1.1.1 Overview of Shih Wei Navigation</li> </ul>	002 010	
2-2	Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li> About this Report</li> <li> 1.1.1 Overview of Shih Wei Navigation</li> </ul>	002 010	
2-3	Reporting period, frequency and contact point	About this Report	004	
2-4	Restatements of information	About this Report	002	
2-5	External assurance	<ul style="list-style-type: none"> <li> About this Report</li> <li> Independent Assurance Opinion Statement</li> </ul>	004 162	
2-6	Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li> 1.1.2 Business Model and Industry Overview</li> <li> 5.5 Supply Chain Management</li> </ul>	013 137	

GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
2-7	Employees	4.1.1 Manpower Structure	070	
2-8	Workers who are not employees	4.1.1 Manpower Structure	070	No such incidents occurred during the reporting year
2-9	Governance structure and composition	5.1 Governance Structure	117	
2-10	Nomination and selection of the highest governance body	5.1 Governance Structure	117	
2-11	Chair of the highest governance body	5.1 Governance Structure	117	
2-12	Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none"> <li>■ 2.1 Sustainable Management Structure</li> <li>■ 5.1.1 Board Composition</li> <li>■ 5.3 Risk Management</li> </ul>	026 118 130	
2-13	Delegation of responsibility for managing impacts	2.1 Sustainable Management Structure	026	
2-14	Role of the highest governance body in sustainability reporting	2.1 Sustainable Management Structure	026	
2-15	Conflicts of interest	5.1.1 Board Composition	119	
2-16	Communication of critical concerns	<ul style="list-style-type: none"> <li>■ 2.1 Sustainable Management Structure</li> <li>■ 5.1.1 Board Composition</li> </ul>	026 120	
2-17	Collective knowledge of the highest governance body	5.1.3 Performance of Board of Directors	125	
2-18	Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> <li>■ 5.1 Governance Structure</li> <li>■ 5.1.3 Performance of Board of Directors</li> </ul>	116 125	
2-19	Remuneration policies	<ul style="list-style-type: none"> <li>■ 4.1.2.1 Employee Compensations</li> <li>■ 5.1.2 Functional Committees</li> </ul>	075 123	

GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
2-20	Process to determine remuneration	■ 5.1.2 Functional Committees	123	
2-21	Annual total compensation ratio	4.1.2 Employee Care	076	
2-22	Statement on sustainable development strategy	Message from Top Management	005	
2-23	Policy commitments	<ul style="list-style-type: none"> <li>■ 2.1 Sustainable Management Structure</li> <li>■ 3.1 Green Shipping</li> <li>■ 3.7 Protection of Marine Ecology</li> <li>■ 4.2 Human Rights Management</li> <li>■ 5.2 Integrity Management</li> <li>■ 5.4.1 Shih Wei Policy</li> </ul>	026 041 064 089 127 133	
2-24	Embedding policy commitments	<ul style="list-style-type: none"> <li>■ Chapter 1 Value Creation</li> <li>■ Chapter 2 Sustainable Management</li> <li>■ Chapter 3 Environmental</li> <li>■ Chapter 4 Social</li> <li>■ Chapter 5 Governance</li> <li>■ 2.1 Sustainable Management Structure</li> <li>■ 3.1 Green Shipping</li> <li>■ 3.7 Protection of Marine Ecology</li> <li>■ 4.1.2 Employee Care</li> <li>■ 4.2 Human Rights Management</li> <li>■ 5.4.1 Shih Wei Policy</li> <li>■ 5.5 Supply Chain Management</li> </ul>	007 022 038 067 113 026 041 064 075 089 133 137	
2-25	Processes to remediate negative	4.1.4 Diversified Communication Channels	086	

GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
2-26	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> <li>■ 4.1.4 Diversified Communication Channels</li> <li>■ 5.2 Integrity Management</li> <li>■ 5.2.5 Whistleblowing System and Whistle-Blower Protection</li> </ul>	087 127 128	
2-27	Compliance with laws and regulations	5.2.6 Major Violation Incidents	129	
2-28	Membership associations	2.5 Participation in Public Associations	037	
2-29	Approach to stakeholder engagement	2.4 Stakeholder Engagement	034	
2-30	Collective bargaining agreements	4.1.4 Diversified Communication Channels	086	The Company does not have any collective bargaining agreements

## GRI 3: Material Topics

GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
3-1	Process to determine material topics	2.3 Material Topics Analysis	028	
3-2	List of material topics	2.3.3 List of Material Topics	031	
3-3	Management of material topics	2.3 Material Topics Analysis	028	

# Specific Topic Standards

## GRI 200: Economic Series

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Business Performance	019	
	201-2	Financial implications and other risks and opportunities due to climate change	3.3.2 Climate Risk and Opportunities & Responses	056	
	201-3	Defined benefit plan obligations and other retirement plans	4.1.2.3 Retirement System and Implementation Status	080	
	201-4	Financial assistance received from government	1.2 Business Performance	020	
Market Presence 2016	202-2	Proportion of senior management hired from the local community	4.1.1 Manpower Structure	072	
Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.5 Social Care and Investment in Public Welfare	102	
	203-2	Significant indirect economic impacts	4.5 Social Care and Investment in Public Welfare	104	
Procurement Practices 2016	201-4	Proportion of spending on local suppliers	5.5 Supply Chain Management	137	
Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	5.2 Integrity Management	127	
	205-2	Communication and training about anti-corruption policies and procedures	5.2 Integrity Management	127	
	205-3	Confirmed incidents of corruption and actions taken	5.2 Integrity Management	127	No such incidents occurred during the reporting year
Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5.2 Integrity Management	127	
Tax 2019	207-1	Approach to tax	1.2.2 Tax Policy	021	



## GRI 300: Environmental Series

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Energy 2016	302-1	Energy consumption within the organization	3.2.2 Energy Management	050	
	302-3	Energy intensity	3.2.2 Energy Management	050	
Water and Effluents 2018	303-3	Water withdrawal	3.4 Water Stewardship	058	
Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.7 Protection of Marine Ecology	064	
	304-2	Significant impacts of activities, products and services on biodiversity	3.7 Protection of Marine Ecology	064	
	304-3	Habitats protected or restored	3.7 Protection of Marine Ecology	064	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	3.7 Protection of Marine Ecology	065	
Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2.1 GHG Management	047	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2.1 GHG Management	047	
	305-4	GHG emissions intensity	3.2.1 GHG Management	047	
	305-6	Emissions of ozone-depleting substances (ODS)	3.6 Air Pollutant Management	063	
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	3.6 Air Pollutant Management	063	

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Effluents and Waste 2020	306-1	Water discharge by quality and destination	3.5 Waste Management	060	
	306-2	Waste by type and disposal method	3.5 Waste Management	060	
	306-3	Significant spills	3.5 Waste Management	062	Partial disclosure
	306-4	Transport of hazardous waste	3.5 Waste Management	062	
	306-5	Water bodies affected by water discharges and/or runoff	3.5 Waste Management	062	
Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	5.5 Supply Chain Management	137	
	308-2	Negative environmental impacts in the supply chain and actions	5.5 Supply Chain Management	137	



## GRI 400: Social series

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Employment 2016	401-1	New employee hires and employee turnover	4.1.1 Manpower Structure	073	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> <li>■ 4.1.2 Employee Care</li> <li>■ 4.1.4 Diversified Communication Channels</li> </ul>	077 087	
	401-3	Parental leave	4.1.2 Employee Care	079	
Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1.1 Manpower Structure	071	
Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.3 Occupational Safety and Health Management	091	Partial disclosure
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational Safety and Health Management	097	
	403-3	Occupational health services	4.3 Occupational Safety and Health Management	098	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational Safety and Health Management	091	
	403-5	Worker training on occupational health and safety	4.3 Occupational Safety and Health Management	091	
	403-6	Promotion of worker health	4.3 Occupational Safety and Health Management	098	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational Safety and Health Management	091	
	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational Safety and Health Management	091	
	403-9	Work-related injuries	4.3 Occupational Safety and Health Management	093	
	403-10	Work-related ill health	4.3 Occupational Safety and Health Management	093	No cases of Work-related ill health occurred during the reporting year

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Training and Education 2016	404-1	Average hours of training per year per employee	4.1.3 Talent Cultivation	084	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1.3 Talent Cultivation	083	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.3.1 Performance Development	081	
Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> <li>■ 4.1.1 Manpower Structure</li> <li>■ 5.1 Governance Structure</li> </ul>	070 121	
	405-2	Ratio of basic salary and remuneration of women to men	4.1.2 Employee Care	075	
Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.2 Human Rights Management	089	
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	<ul style="list-style-type: none"> <li>■ 4.2 Human Rights Management</li> <li>■ 5.5 Supply Chain Management</li> </ul>	089 140	Partial disclosure
Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> <li>■ 4.2 Human Rights Management</li> <li>■ 5.5 Supply Chain Management</li> </ul>	089 140	Partial disclosure
Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> <li>■ 4.2 Human Rights Management</li> <li>■ 5.5 Supply Chain Management</li> </ul>	089 140	Partial disclosure
Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	4.2 Human Rights Management	089	No such incidents occurred during the reporting year
Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Social Care and Investment in Public Welfare	102	
	413-2	Operations with significant actual and potential negative impacts on local communities	4.5 Social Care and Investment in Public Welfare	102	

GRI Series	GRI Standards	Disclosure Items	Chapter	Page Number	Omission/Note
Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	5.5 Supply Chain Management	142	
	414-2	Negative social impacts in the supply chain and actions taken	5.5 Supply Chain Management	140	
Public Policy 2016	415-1	Political contributions	1.2 Business Performance	019	
Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	5.2.6 Major Violation Incidents	129	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	5.2.6 Major Violation Incidents	129	No such incidents occurred during the reporting year
Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	■ 4.4 Customer Relations	101	
			■ 5.4.1 Shih Wei Policy	133	
	417-2	Incidents of non-compliance concerning product and service information and labeling	■ 4.4 Customer Relations ■ 5.4.1 Shih Wei Policy	101 133	No such incidents occurred during the reporting year
	417-3	Incidents of non-compliance concerning marketing communications	4.4 Customer Relations	101	No such incidents occurred during the reporting year
Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.6 Information Security Management	145	

## TCFD Disclosure Recommendations

Framework	Recommended Disclosures	Chapter	Page Number	Note
Governance	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	3.3.1 Climate Risk Management Framework	053	
Strategy	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	3.3.1 Climate Risk Management Framework	056	
	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	N/A	N/A	During the reporting year, the company did not use scenario analysis to assess resilience to climate change risks
	Describe the financial impact of extreme weather events and transformative actions.	3.3.2 Climate Risk and Opportunities & Responses	056	
Risk Management	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<ul style="list-style-type: none"> <li>■ 3.3 Climate Change Adaptation and Climate Risk Management</li> <li>■ 5.3 Risk Management</li> </ul>	052 130	It is scheduled to promote the introduction of the risk management system in 2023. In the future, we hope to establish a task force on Risk Management to fully grasp and integrate various risk management issues in a systematic manner
Metrics and Targets	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	N/A	N/A	During the reporting year, the company did not have a transition plan in place for managing climate-related risks
	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	N/A	N/A	During the reporting year, the company did not use internal carbon pricing as a planning tool
Metrics and Targets	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<ul style="list-style-type: none"> <li>■ 3.1.1 Climate Governance</li> <li>■ 3.2.1 GHG Management</li> </ul>	041 045	During the reporting year, the company did not use carbon credits or renewable energy certificates (RECs)
	Greenhouse gas inventory and assurance status.	3.2.1 GHG Management	045	During the reporting year, the company did not obtain external assurance for the greenhouse gas inventory. It is anticipated that in 2023, the ISO 14064-1:2018 organization-level greenhouse gas inventory will be introduced, with the goal of obtaining external verification from the parent company in 2024 and from the ship operating subsidiaries in 2025

## SASB Index (Marine Transportation)

Topic	Code	Accounting Metric	Category	Response	Chapter	Page Number	Note
Greenhouse Gas Emissions	TR-MT-110a.1	Gross global Scope 1 emissions (Metric tons (t) CO <sub>2</sub> )	Quantitative	374,790.008	<ul style="list-style-type: none"> <li>■ 1.1.1 Overview of Shih Wei Navigation</li> <li>■ 3.2.1 GHG Management</li> </ul>	012 047	
	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	Shih Wei Navigation has set GHG emission targets based on the international maritime climate change strategies initiated by IMO. Please refer to 3.1.1 Climate Governance for details.	3.1.1 Climate Governance	041	
	TR-MT-110a.3	(1) Total Energy Consumed (GJ) (2) Percentage of Heavy Fuel Oil (%) (3) Percentage of Renewable Energy (%)	Quantitative	(1) 5,144,754.818 (GJ) (2) 92.792% (3) 0%	3.2.2 Energy Management	050	Percentage of Heavy Fuel Oil (%) = Heavy Fuel Oil(GJ) / Total Energy Consumed (GJ) = 4,746,087.46 / 5,114,754.82 *100% = 92.792%
	TR-MT-110a.4	Average Energy Efficiency Design Index (EEDI) for New Ships (Grams of CO <sub>2</sub> per ton-nautical mile)	Quantitative	5.585	<ul style="list-style-type: none"> <li>■ 1.1.1 Overview of Shih Wei Navigation</li> <li>■ 3.2.2 Energy Management</li> </ul>	012 052	Currently, the calculation of the EEDI applies to 2 vessels at Shih Wei Navigation. Average EEDI = (5.11+6.06) / 2 = 5.585


Topic	Code	Accounting Metric	Category	Response	Chapter	Page Number	Note
Air Quality	TR-MT-120a.1	Air emissions of the following pollutants (Metric ton(s)): (1) NOx (excluding N <sub>2</sub> O) (2) SOx (3) Particulate Matter (PM <sub>10</sub> )	Quantitative	(1) 8,446.166 (2) 170.137 (3) 430.238	3.6 Air Pollutant Management	063	Starting from 2022, the sulfur content weighted average is calculated based on the fuel quantity (MT) and sulfur content (%) recorded in each vessel's Bunker Delivery Note (BDN) to compute SOx and PM <sub>10</sub> emissions. The data for the year 2021 is also reevaluated accordingly. For more details, please refer to 3.6 Air Pollutant Management for details.
Ecological Impacts	TR-MT-160a.1	Shipping duration in marine protected areas or areas of protected conservation status (Number of travel days)	Quantitative	477.208	3.7.1 Commitment to Comply with International Regulations or Conventions for the Protection of Marine Environment	064	
	TR-MT-160a.2	Percentage of fleet implementing ballast water (1) Exchange (%) (2) Treatment (%)	Quantitative	(1)58% (2)85%	3.7.2 Ballast Water Management	066	All vessels of Shih Wei Navigation have implemented ballast water management (excluding passenger ships).
Ecological Impacts	TR-MT-160a.3	(1) Number (2) Aggregate volume of spills and releases to the environment (m <sup>3</sup> )	Quantitative	(1) 0 (2) 0	<ul style="list-style-type: none"> <li>■ 1.1.1 Overview of Shih Wei Navigation</li> <li>■ 3.7.1 Commitment to Comply with International Regulations or Conventions for the Protection of Marine Environment</li> </ul>	012 064	
Employee Health & Safety	TR-MT-320a.1		Quantitative	1.268	4.3 Occupational Safety and Health Management	093	Due to adjustments in the calculation method, the overall LTIR for all employees in 2021 has been revised to 1.237.



Topic	Code	Accounting Metric	Category	Response	Chapter	Page Number	Note
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	4	5.2 Integrity Management	127	According to the 2023 Corruption Perception Index (CPI) published by Transparency International, Azerbaijan, Honduras, Iraq, and Myanmar have the same score as Zimbabwe, which ranks 20th from the bottom. Therefore, they are all included in the calculation. Upon investigation, our company's fleet made a total of 3 port calls in Myanmar in 2022 and 1 port call in Honduras.
	TR-MT-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption (NT\$)	Quantitative	0	5.2 Integrity Management	127	
Accident & Safety Management	TR-MT-540a.1	Number of marine casualties, percentage classified as very serious	Quantitative	<ul style="list-style-type: none"> <li>■ Number of marine casualties: 19 incidents</li> <li>■ Percentage classified as very serious: 0%</li> <li>■ Number of marine casualties: 16 incidents</li> <li>■ Percentage classified as very serious: 0%</li> </ul>	5.4.1 Shih Wei Policy	133	<ul style="list-style-type: none"> <li>■ Based on the definitions provided by the IMO for marine casualties and very serious marine casualties, statistics have been compiled.</li> <li>■ The data in the 2021 Sustainability Report was calculated inaccurately and has been corrected in this year's report.</li> <li>■ For detailed disclosure on employee injuries and fatalities, please refer to 4.3 Occupational Safety and Health Management.</li> </ul>
	TR-MT-540a.2	Number of Conditions of Class or Recommendations	Quantitative	86	<ul style="list-style-type: none"> <li>■ 2.4.2 Stakeholder Communication</li> <li>■ 5.4.1 Shih Wei Policy</li> </ul>	036 133	
	TR-MT-540a.3	Number of Port State Control (1) Deficiencies and (2) Detentions	Quantitative	(1) 230 (2) 3	<ul style="list-style-type: none"> <li>■ 2.4.2 Stakeholder Communication Results</li> <li>■ 5.4.1 Shih Wei Policy</li> </ul>	035 133	There were a total of 111 inspections in 2022, with 53 instances having no missing counts.

Topic	Code	Accounting Metric	Category	Response	Chapter	Page Number	Note
Activity	TR-MT-000.A	Number of shipboard employees	Quantitative	633	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.B	Total distance traveled by vessels (Nautical miles, nm)	Quantitative	1,578,730	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.C	TR-MT-000.C	Quantitative	11,516	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.D	Deadweight tonnage (Thousand deadweight tons)	Quantitative	1,174	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.E	Number of vessels in total shipping fleet	Quantitative	34	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.F	Number of vessel port calls	Quantitative	1,143	1.1.1 Overview of Shih Wei Navigation	012	
	TR-MT-000.G	Twenty-foot equivalent unit (TEU) capacity	Quantitative	Not Applicable	N/A	N/A	The Company does not operate Container Ships, therefore, the item is not applicable.

# Independent Assurance Opinion Statement



**INDEPENDENT ASSURANCE STATEMENT**

**To: The stakeholders of SHIH WEI NAVIGATION CO., LTD.**

**Introduction and objectives of work**

Bureau Veritas Certification Taiwan has been engaged by SHIH WEI NAVIGATION CO., LTD. to conduct an independent assurance of its 2022 SHIH WEI NAVIGATION SUSTAINABILITY Report. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the 2022 SHIH WEI NAVIGATION CO., LTD. SUSTAINABILITY Report are the sole responsibility of the management of SHIH WEI NAVIGATION CO., LTD. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

**Scope of work**

The assurance process was conducted in line with the requirements of the AA1000 Assurance Standard (AA1000AS) v3, Type 1 - AccountAbility Principles and Performance Information engaged. The scope of work included:

- Data and information included in 2022 SHIH WEI NAVIGATION CO., LTD. SUSTAINABILITY Report for the 1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Accountability Principle (2018)<sup>1</sup> v3:
  - Inclusivity
  - Materiality
  - Responsiveness
  - Impact
- Evaluation of the Report against the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the GRI Sustainability Reporting Standards.

The levels of assurance have been applied as moderate level assurance.


**Methodology**

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of SHIH WEI NAVIGATION CO., LTD.;

<sup>1</sup> Published by AccountAbility: The Institute of Social and Ethical Accountability  
<http://www.accountability.org>

BUREAU VERITAS Page 1 of 4



2. Review of documentary evidence produced by SHIH WEI NAVIGATION CO., LTD.;
3. Review performance data listed in report with sampling basis;
4. Visits to head office located in Taiwan, Taipei City;
5. Review of SHIH WEI NAVIGATION CO., LTD. data and information systems for collection, aggregation.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

**Our findings**

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in 2022 SHIH WEI NAVIGATION CO., LTD. SUSTAINABILITY Report are accurate, reliable and free from material mistake or misstatement;
- The Report provides a fair representation of SHIH WEI NAVIGATION CO., LTD.'s activities over the reporting period;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over SHIH WEI NAVIGATION CO., LTD.'s performance and status during the 1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022;
- The Report properly reflects the organisation's alignment to and implementation of the AA1000 Assurance Standard (AA1000AS) v3 principles of Inclusivity, Materiality, Responsiveness and Impact in its operations. Further detail is provided below;
- SHIH WEI NAVIGATION CO., LTD. has established appropriate systems for the collection, aggregation and analysis of relevant information;

**Alignment with the principles of AA1000 Accountability Principle (2018)**


**Inclusivity**

SHIH WEI NAVIGATION CO., LTD. has processes in place for engaging with key stakeholders including socially responsible investors, clients, employees, supply chain, authority, and local community; and covering material topics such as Economic, Social and Environment.

**Materiality**

The Report addresses the range of environmental, social and economic issues of concern that SHIH WEI NAVIGATION CO., LTD. has identified as being of highest material importance. The identification of material topics has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.

BUREAU VERITAS Page 2 of 4



**Responsiveness**

SHIH WEI NAVIGATION CO., LTD. is responding to those issues identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

**Impact**

SHIH WEI NAVIGATION CO., LTD.'s management system can monitor, measure and be accountable for how their actions affect their broader ecosystems.

**Report structure**

SHIH WEI NAVIGATION CO., LTD. does fully provide the information to achieve the GRI Standards 2021, and the performance indices do correspond and can be cross referenced to the content of relevant GRI Standards.

SHIH WEI NAVIGATION CO., LTD. does fully provide the information to achieve SASB (INDUSTRY STANDARD - MARINE TRANSPORTATION), and the performance indices do correspond and can be cross referenced to the content of relevant requirements.

**Key areas for ongoing development**

Based on the work conducted, we recommend:

- Relationship between highest governance body and SUSTAINABILITY aspects could be improved; (RESPONSIVENESS)
- Data collection methodology could establish for long-term monitoring KPI. (INCLUSIVITY)

**Limitations and Exclusions**

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by SHIH WEI NAVIGATION CO., LTD.) and statements of future commitment.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

**Statement of independence, impartiality and competence**

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with more than 190 years history in providing independent assurance services. Bureau Veritas 2022 full year revenues reached 5.65 billion euros.

BUREAU VERITAS Page 3 of 4



Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with SHIH WEI NAVIGATION CO., LTD., its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

**Bureau Veritas Certification Taiwan**  
3F-B, No. 16, Nanjing E. Rd., Sec. 4, Songshan District, Taipei 10553, Taiwan R.O.C.  
28 June, 2023



技術審查: Lily Chuang 日期: 28/June/2023  
查證人員: [Signature] 日期: 28/June/2023

BUREAU VERITAS Page 4 of 4



Address: 16th Floor, No. 167, Fuxing North Road, Songshan District, Taipei City

Fax: 886-2-8712-7598

Phone: 886-2-8712-1888 (REP.)

Web: [www.swnav.com.tw](http://www.swnav.com.tw)