

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.

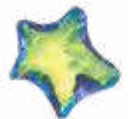
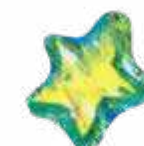
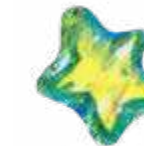
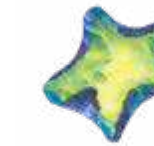
Shih Wei Navigation makes stepwise effort in creating an ESG culture of “starting from every little thing”. Through diverse methods, we promote our ESG concept step by step for the employees to naturally internalize it and improve their literacy. For example, we set the goal of the cleaning a mountain 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



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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 winwin 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