

**2019**

Corporate Social Responsibility Report

**Dedicated to Enriching Your Life**



2019 Corporate Social Responsibility Report



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Corporate Social Responsibility Report

This report is printed on environmentally friendly paper.



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# Introduction About the CSR Report

## Editing, issuance and scope

Evergreen Marine Corp. (hereinafter referred to as Evergreen Marine) has issued the Corporate Social Responsibility (CSR) Report since 2013. The CSR Report covers the actions and achievements of Evergreen Marine with regards to its economic, social and environmental aspects from January 01, 2019 to December 31, 2019. All the local or important operating bases disclosed or referred to in the CSR Report indicate those in the Taiwan area.

To completely disclose relevant performance information, the information of the fleet regarding the environment and educational training also involves our subsidiaries in Britain and Singapore. The information about the expatriates covers the individuals under the centralized management of the Evergreen Group (Evergreen International Corporation).



- Previous version : September 2019
- Current version : August 2020
- Next version : Scheduled at August 2021

## Editorial policy

Evergreen Marine is continuing to monitor all CSR-related issues. Open channels of communication are maintained with each stakeholder to incorporate their concerns in the corporate governance, economic, social and environmental aspects into our business strategy and options. The publication of this report is also used to examine our practices in sustainable development. The editorial structure of this report adheres to the “Core” options of the Global Reporting Initiative Standards (GRI Standards) to ensure a full disclosure of CSR accomplishments made by Evergreen Marine and the outcomes of stakeholder communications.

## External assurance

We commissioned Deloitte Taiwan to conduct a limited audit of this Report in accordance with the ROC Statements of Assurance Engagements Standards No 1. “Assurance Engagements other than Audits or Reviews of Historical Financial Information.” The letter of assurance is included in the report annex.

## Contact information

If you have any questions about the CSR Report, please contact us:

### **Evergreen Marine Corporation**

CSR Committee

**Address** : No. 163, Sec. 1, Xinnan Rd., Luzhu Dist., Taoyuan City

**Contact number** : 03-312-3123

**E-mail** : [csr@evergreen-marine.com](mailto:csr@evergreen-marine.com)

## A Message from the Chairman

Looking back on 2019, the global economy was hit by high uncertainty arising from the China-U.S. trade war, Brexit, trade protectionism, and geopolitical tensions, which took a heavy toll on the global shipping industry. Despite an ever-changing business environment, we took on every challenge actively based on our business philosophy of integrity. We continued to deliver the best performances in terms of fleet upgrades, route optimization, terminal efficiency improvement, information security upgrades, and quality customer service.

About 70% of the surface of the Earth is covered by oceans, and 90% of global freight transport are through shipping networks. As an ocean carrier, Evergreen Marine supported 17 Sustainable Development Goals (SDGs) issued by the United Nations. Our attention was centered on three major issues, namely, green shipping, ethical corporate management, and social care, and our efforts were made in the aspects of environmental protection, corporate governance, and social prosperity.

Green shipping involves striking a balance between operational efficiency and environmental protection. In the day-to-day operations, it is embodied by applying modern technology to the entire shipping supply chain. From building next-generation green ships, improving port efficiency and navigational safety, and integrating procurement logistics to digital services and electronic document solution, a set of sustainable and environmentally-friendly shipping models have been established from a perspective of environmental and corporate sustainability.

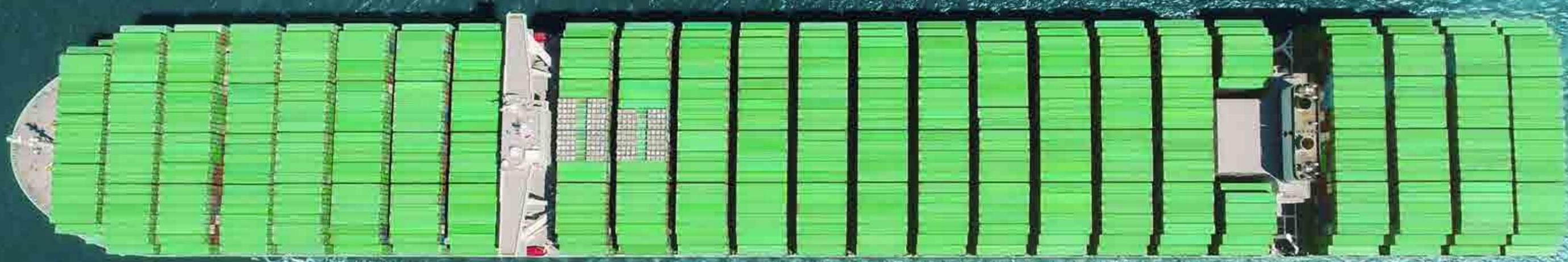
Ethical corporate management is the fundamentals of Evergreen Marine's sustainable development. Evergreen Marine has ranked in the top 5% of listed companies in Taiwan many times, showing that our long-term endeavors to implement corporate governance have been recognized by the competent authority. We have established a good corporate governance system to clearly stipulate that employees are required

to act in consistence with the code of ethics when performing their duties. To minimize operating risks, risk management mechanisms were also in place to systematically assess and plan for expected or unexpected risks in the business environment. Since shipping is an international industry, complying with local laws and relevant anti-trust regulations is often the focus of our self-evaluation.

Social care is the value of our existence. As a public entity in society, Evergreen Marine takes care of every employee and creates a safe workplace while providing care for and engaging with communities. While organizing various philanthropic activities with Chang Yung-Fa Foundation, Evergreen Marine endeavored to forward industry-university cooperation programs, so as to establish a maritime talent pool for the sustainable development of the shipping industry. We also teamed up with the Evergreen Maritime Museum to introduce the development of the shipping industry and marine culture to the public.

The global economy is facing an unprecedented health and economy challenges in 2020. The COVID-19 pandemic has triggered the deepest global recession in decades. In response to the impact of the outbreak, we have imposed necessary contingency measures. We believe our competitiveness could be further strength by actively improving operation performance, and implementing the company's core values of "creating profits, caring for employees and giving back to the society" are the best solutions to meet the challenges of 2020. Let us work together to create a better and peaceful society.

Anchor Chang,  
Chairman of Evergreen Marine Corp.







Environmental Protection

1. The fleet's CO<sub>2</sub> emissions were reduced by **1%** from 2018 and **36.9%** from 2008.
2. **60%** of fleet desulfurization was completed.
3. **100%** of our ships underwent dry-docking and maintenance.
4. Announced the Green Ship Recycling Policy in compliance with the **Hong Kong Convention, EU SRR**, and Inventory of **Hazardous Materials (IHM)**
5. Signed the "**Arctic Shipping Corporate Pledge**"
6. Promoted retiring of old containers, optimizing the process of container repair / maintenance and routing of empty reposition.
7. Waste disposal at Kaohsiung Container Terminal was reduced by **7.3%**.
8. The supply mains vs. the fuel-powered operation of gantry cranes at Kaohsiung Container Division increased **from 85% to 86%**.
9. The replacement of lighting equipment at Kaohsiung Container Division saved **21,852 kWh** of electricity annually, reducing carbon emissions by **49,000 KgCO<sub>2</sub>e**.
10. Kaohsiung Container Division reduced ozone-depleting substances by replacing **70** sets of R-22 air conditioners.

Social Commitment

1. Completed **ISO 45001 / CNS 45001** transition.
2. Achieved **100%** of the occupational safety and health management plan and internal audit.
3. **No violation** of gender equality, sexual harassment, infringement, compulsory labor and child labor took place in 2019.
4. **Sponsored** the "7th Paint a Marvelous Ship - National Elementary School Maritime Drawing Competition" held by the **Evergreen Maritime Museum**.
5. Sponsored **30** elementary and junior high school students from disadvantaged families to participate in the summer camp held by the Evergreen Maritime Museum.
6. Sponsored the Post-baccalaureate Marine Engineering Program launched by National Taiwan Ocean University in 2019.
7. A total of **1,455** ship crew members completed **29** training courses held by the Seafarer Training Center in 2019.
8. A total of **450** students from three maritime universities completed the onboard internship in 2019, with the total number of training hours reaching **65,600**.
9. Donated **12** 20-foot containers to the Adolescents' Home, Taoyuan for use as temporary housing, storage, and talent classrooms.
10. Called on our employees and family members to participate in **coastal cleanup initiatives** in **North and South Taiwan, Singapore, and India**.

Corporate Governance

1. Revenue and volume in 2019 increased by **12.6%** and **7.8%** respectively.
2. Ranked in the top **5%** of the listed companies in the 6th Corporate Governance Evaluation.
3. Selected as a constituent of the **FTSE4Good TIP Taiwan ESG** Index.
4. The Board members held a 3-hour refresher course every six months, with a **100%** achievement rate.
5. The attendance rate of the Board members averaged **92.98%**.
6. Formulated the "**Standard Operating Procedures for Handling Directors' Requests**" for the fulfillment of the Board members' duties.
7. **100%** of the Board performance evaluation was implemented.
8. Appointed a **corporate governance officer**.
9. Established a risk assessment program for ethical corporate management.
10. Signed the "**Statement of Commitment to Ethical Corporate Management**".
11. A total of **3,192** employees attended the training courses on **anti-trust law, economic sanctions law, and anti-bribery / anti-corruption**, as well as Personal Data Protection Act in 2019.
12. Enhanced spot checks and inspections of **highly sensitive areas** and **high-risk cargoes subject** to economic sanctions.
13. Provided each branch's material with regard to personal data protection (e.g., "**Employee Notice / Consent / Consent to Recruitment**") in the EU.
14. Formulated and disclosed the **Supplier's Code of Conduct**, which specifies the requirements for suppliers.
15. An **anti-corruption** clause was incorporated into suppliers' newly signed or revised contracts.



# Chapter 01

## Green Shipping

- 1.1 About Evergreen Marine Corp.
- 1.2 Operating Strategies
- 1.3 Operating Performance
- 1.4 Sustainability Strategies
- 1.5 Achievements



# Chapter 01 Green Shipping

## 1.1 About Evergreen Marine Corp.

### 1.1.1 Introduction to Evergreen Marine Corp.

The Evergreen Marine Corp. was founded by Dr. Chang Yung-Fa on September 1, 1968. Primary business activities included domestic and international sea freight, shipping agent and container terminal operations. Since establishment, Evergreen Marine has set many milestones in the shipping industry, including being the first shipping company in Taiwan to establish regular fully containerized shipping lines between the Far East and the U.S. East Coast, establishing the world's first-ever regular fully containerized round-the-world shipping lines in the east-west direction, and became the No.1 container shipping company in the world in 1985.

In addition to continuous improvement in operations, Evergreen Marine has committed to talent cultivation, development of next-generation green fleet, and launch of e-commerce platforms. Embracing its role as “a guardian of the green earth,” Evergreen Marine has taken the initiative in responding to international environmental trends and regulations. We have actively participated in many environmental protection programs. Low speed sailing is used to reduce the GHG emissions and improve the air quality around the port. Such initiatives also contributed to the conservation of endangered sea life by reducing the risk of collision with blue whales, humpback whales, fin whales and other large animals.

Guided by our corporate philosophy of “Creation of Profits, Care for Employees, Contribution to the Society,” and dedicated efforts to achieve the business scale today together with all our employees, Evergreen Marine aims to keep in line with the changing world with the Evergreen's spirit of “Challenge, Innovation and Teamwork” and will continue to make a contribution to the world by promoting the development of trade through the provision of reliable transportation services. For more information about the history of Evergreen Marine, please refer to our official website:



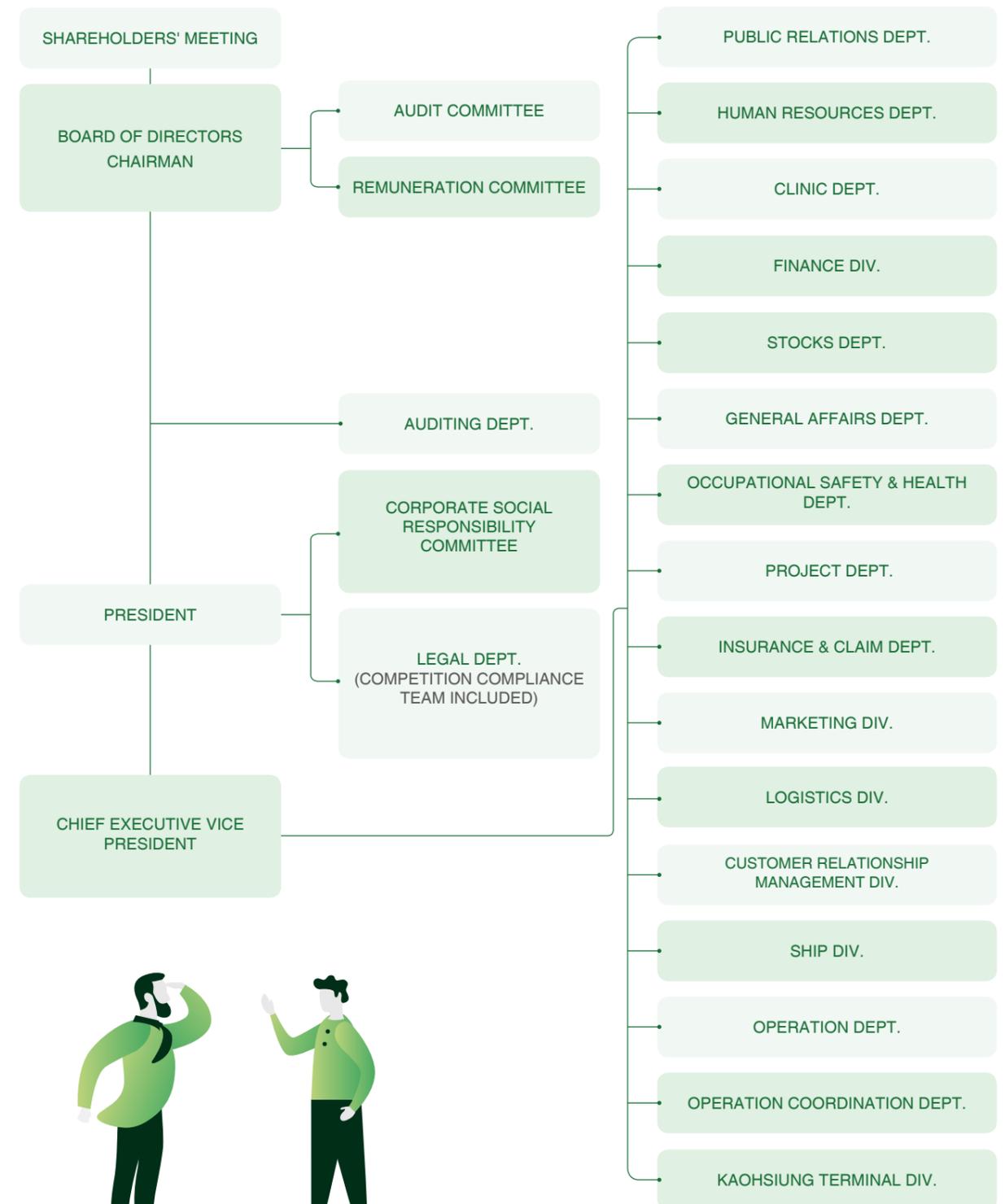
Evergreen Marine official website

### 1.1.2 Organization Overview

Evergreen Marine Corp. was officially formed on September 25, 1968. Approval for becoming a public company was granted by the Securities and Futures Commission (SFC) of the Ministry of Finance on November 2, 1982. SFC approval for Category A listing was granted on July 6, 1987, and Evergreen Marine was officially listed on the Taiwan Exchange on September 21 of the same year. Primary business activities included domestic and international sea freight, shipping agent and container terminal operations.



### Evergreen Marine organization chart



### Introduction to Evergreen Marine Corp.

<b>Name</b>	<b>Evergreen Marine Corp.</b>
<b>Location of headquarters</b>	1-4F., No. 166, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
<b>Industry</b>	Shipping industry
<b>Primary business</b>	Shipping carrier / shipping agent / container terminal operations
<b>Quantity of products / services provided</b>	7,084,500 TEU (standard 20' shipping container)
<b>Number of employees</b>	1,844
<b>Local and overseas offices</b>	Primary base of operations is Taiwan; 320 cities in 118 countries
<b>Capital (NT\$ thousand)</b>	48,129,738



### Fleet size

At the end of 2019, Evergreen Marine operated a total of 201 fully containerized ships with a capacity of 1,283,000 TEU. The main ship types by build year are as follows:

Ship type			Length overall (LOA)	Capacity	QTY
<b>E</b> type ship	<b>2001</b> HATSU ETHIC		300.00	6,332 TEU	5
<b>S</b> type ship	<b>2005</b> EVER SMART		300.00	7,024 TEU	10
<b>L</b> type ship	<b>2012</b> EVER LAMBENT		334.98	8,452 TEU	30
<b>T</b> type ship	<b>2013</b> THALASSA PISTIS		368.47	14,000 TEU	20
<b>B</b> type ship	<b>2017</b> EVER BLISS		211.90	2,926 TEU	20
<b>G</b> type ship	<b>2018</b> EVER GOLDEN		400.00	20,000 TEU	11

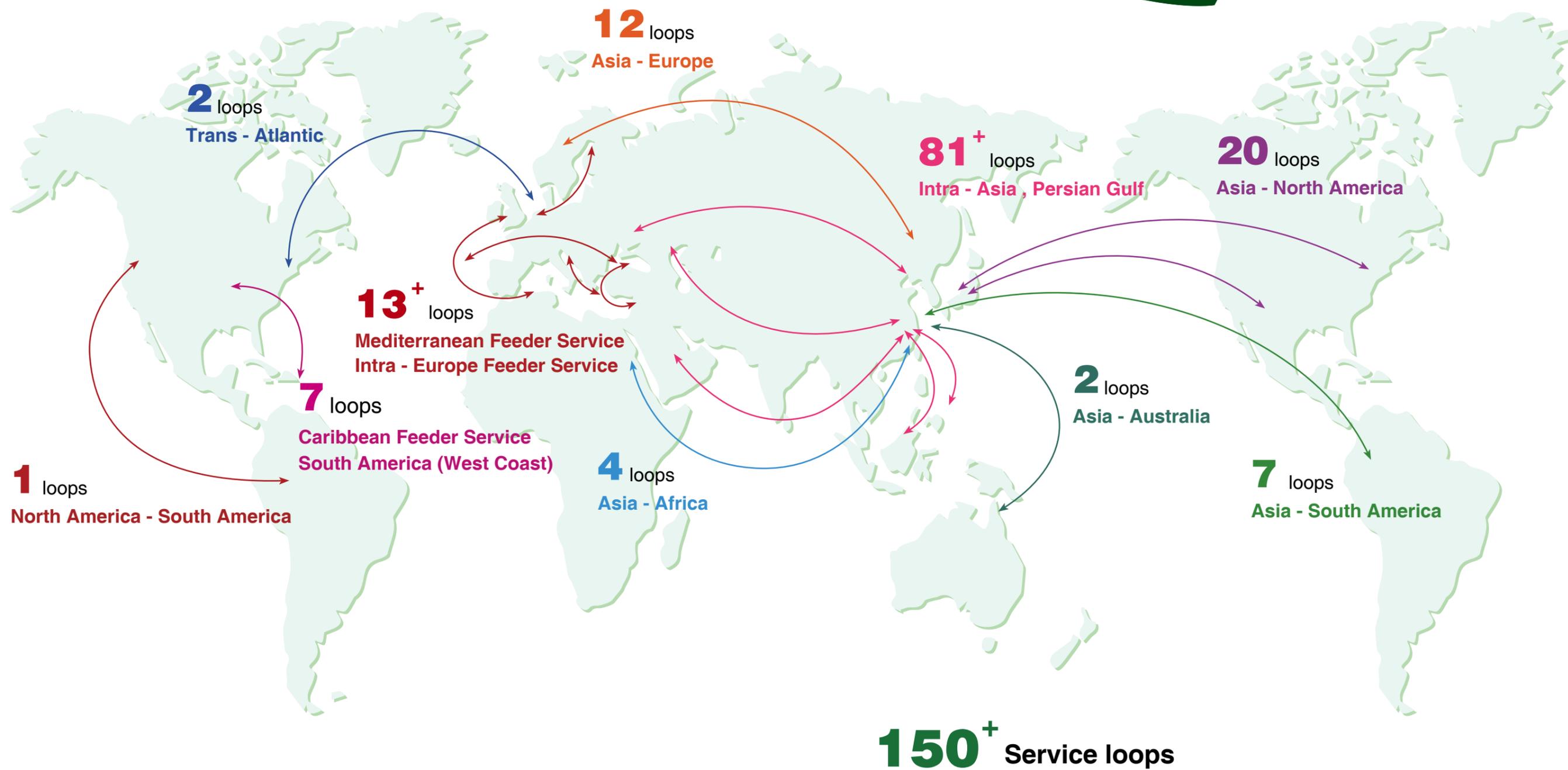
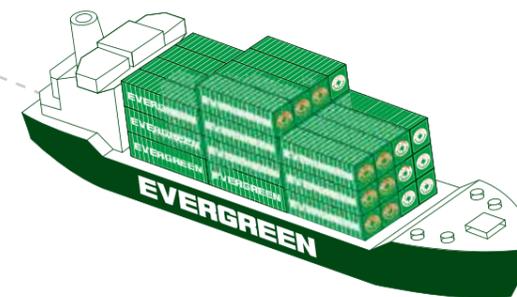


### Service network

Evergreen Marine now has a worldwide service network stretching across five continents, with a total of 150+ service loops or more.



EVERGREEN LINE



### 1.1.3 Advocacy and Public Engagement

#### Participation in public associations

Name of the organization	Membership
<b>National Association of Chinese Ship owners (NACS)</b>	Managing Supervisor, Director / Supervisor, Members' Representative, and Convener, Chairperson, and Member of Professional Committee
<b>Taipei Ship owners' Association (TSA)</b>	Managing Director / Supervisor, Director / Supervisor, and Members' Representative
<b>Association of Shipping Services, R.O.C. (AOSS)</b>	Managing Director, Chairperson, Representative, Managing Director, and Director
<b>The R.O.C. National Association of Shipping Agencies</b>	Members' Representative, Managing Director / Supervisor, and Director
<b>Taipei Shipping Agencies Association (TSAA)</b>	Managing Director, Director / Supervisor, and Members' Representative
<b>Foreign National Seafarers' Employment Affairs Commission, R.O.C.</b>	Chairperson
<b>General Chamber of Commerce of R.O.C.</b>	Group Members' Representative
<b>Taipei Chamber of Commerce</b>	Members' Representative
<b>China Maritime Institute</b>	Group Members' Representative
<b>Chinese Maritime Research Institute</b>	Group Members' Representative
<b>The Association of Marine Affairs</b>	Group Members' Representative
<b>Chinese National Association of Industry and Commerce</b>	Type B Group Members' Representative
<b>CR Classification Society</b>	Classification Committee Member / Board Member
<b>Asian Shipowners' Association (ASA)</b>	Member
<b>ICCO Box Club</b>	Member
<b>American Bureau of Shipping (ABS)</b>	Chairman of Taiwan National Committee / Technology Committee Member
<b>ClassNK Taiwan Committee</b>	Chairperson
<b>DNV GL Business Assurance</b>	National Committee
<b>Lloyd's Register Quality Assurance</b>	Asia Shipowners Committee Member
<b>Through Transport Club (TT Club)</b>	Director

#### Participation in international platforms

Name of the organization	Participation
<b>World Shipping Council (WSC)</b>	President Hsieh, Hui-Chuan served as Board member of WSC.
<b>Clean Shipping Index (CSI)</b>	In 2019, Evergreen Marine had 60 ships registered with CSI, which would score performance in five areas of emissions, namely, SOx and particular matter emissions, NOx emissions, CO2 emissions, maritime chemicals and maritime wastewater & waste control.
<b>Environmental Ship Index (ESI)</b>	Evergreen Marine currently has 136 ships registered with this environmental protection platform.
<b>Clean Cargo (verification)</b>	The environmental protection information of 178 ships in the Evergreen fleet have been verified by a third-party (ClassNK of Japan) to be in compliance.
<b>Cargo Incident Notification System (CINS)</b>	As one of the five founding shipowners, Evergreen Marine has served as the chairperson of CINS since 2020.
<b>The International Vessel Operators Dangerous Goods Association (IVODGA)</b>	Member
<b>Digital Container Shipping Association (DCSA)</b>	Member



## 1.2 Operating Strategies

In 2019, ever-changing global economics took a toll on the shipping market. Alphaliner statistics indicated that over 1,000,000 TEU were delivered in 2019, the second lowest in the past decade. The number of recycled ships declined significantly in 2019, as a result total space increased by 4% compared with 2018. Particularly, the Far East-European route contributed a 4.8% increase due to the delivery of large new-builds. As no front loading containers were scheduled in response to high tariffs, shipments in the Pacific route dropped in 2019 compared with those in 2018, even although there were more blank sailings conducted. The average freight rate rebounded by the imposition of emergency fuel surcharges at the end of 2019. However the annual average freight rate was still lower than 2018.

**In response to the above changes in the shipping market, Evergreen Marine plans to take the following measures:**

1. Continue to provide customers with better direct shipping services by improving space utilization and lowering transshipment costs under the framework of OCEAN Alliance
2. Continue to manage capacity and optimize fleet deployment.
3. Cut the inland transportation ratio in the United States and utilize vessel space and container equipment efficiently to reduce container supply factor.
4. Install scrubbers in the fleet in line with the new regulations of using low-sulfur fuel and impose a low-sulfur fuel surcharge starting from the end of 2019 to reflect costs
5. Set the goals and cost monitoring mechanisms for revenue, freight, shipments, and contracts

Since global population continues to rise amid the increasing popularity of free trade agreements, global trade demands are expected to increase in the future. As one of the important members of shipping, Evergreen Marine aims to provide sufficient space to meet customer requirements by building new eco-friendly ships while enhancing our quality of service through shipping alliances, cloud technology, and network platforms to promote smooth global operations.

The IMO low sulfur rules, which will take effect on January 1, 2020, could have an impact on some ships sailing at sea at the end of 2019. To this end, we installed exhaust scrubbers and imposed a low-sulfur fuel surcharge on some routes. Regarding climate risks, we use the Weather Navigation Information (WNI) System to strictly monitor extreme weather such as typhoons, and take measures such as slow speed for late arrival, skip calling, change the port berthing sequence in response. Evergreen Marine demonstrates its commitment to sustainable development with concrete actions. In 2019, we signed the "Declaration of Refusal to Sail the Arctic Circle" to support the "Protecting the Arctic" initiated by the Ocean Conservancy and Nike.

### Global partnerships

Competition in the main traditional sea freight markets has been dominated by the three major alliances of 2M, Ocean Alliance, and THE Alliance since April 2017. The Ocean Alliance, made up of Evergreen Marine, COSCO, CMA GGM and Orient Overseas, jointly operated 39 lines with 330 ships totaling 3.88 million TEU under the "Day 3 Product" plan in 2019.

Considering impacts, including rising fuel prices and chartering costs, significant reduction in recycled ships, intensive delivery in ultra-large ships, China's waste import restrictions, the decline in average freight rates, the use of low-sulfur fuel and ballast water discharge in compliance with new regulations of the IMO and impact of climate change, Evergreen Marine will enhance its joint cooperation with Ocean Alliance partners in the future to strengthen competitiveness and reduce environmental damage; moreover, we have decided to extend the cooperation agreement with alliance partners for another 5 years to the end of March in 2027 in hopes of expanding the coverage of service networks, increasing load factors, reducing costs, sharing resources, and facilitating environmental protection. In addition to Ocean Alliance services, the construction of a complete global service network through the development of regional niche market is one of the cornerstone for our sustainable development.

## 1.3 Operating Performance

In 2019, even though fuel price decline, but due to chartering costs up, and average freight rates down on America / Europe routes, as a result offset the benefits of falling fuel prices; in December, the freight rates on Far East-Europe routes rebounded slightly due to favorable conditions such as installation of scrubbers, withdrawal services and blank sailings, imposition of a low-sulfur fuel surcharge on some routes, and route-contract negotiations. In general, due to the drop in fuel prices and an increase in fuel efficiency, the overall operating performance of ocean carriers in 2019 was better than that in 2018.

A total of 7,084,500 TEU were shipped in 2019, an increase of 511,900 TEU (7.79%) from 2018. Capital was NT\$48,129,738,000 and consolidated revenues were NT\$190,589,281,000 in 2019. In 2019, the net profit decreased by approximately NT\$302 million from 2018 mainly due to the adoption of IFRS 16 - Leases starting from 2019. Since the amount of lease assets depreciation plus the interest expense on lease liabilities was greater than the original rent, it had a great impact on profit or loss; the gain on disposal of assets also decreased from 2018, together making non-operating expenses higher than those in 2018.

### Financial performances in the past three years

Unit: NT\$ thousand

	2017	2018	2019
<b>Operating revenue</b>	150,582,692	169,236,653	190,589,281
<b>Operating costs</b>	139,693,568	161,771,163	176,017,661
<b>Gross profit</b>	10,889,124	7,465,490	14,517,620
<b>Pre-tax income (loss)</b>	7,447,549	1,195,404	778,900
<b>Income tax expense</b>	785,928	1,116,903	1,001,913
<b>Net income (loss)</b>	6,661,621	78,501	(223,013)
<b>Net income attributable to shareholders of the parent company</b>	7,005,171	293,919	112,519
<b>Net income attributable to non-controlling interests</b>	(343,550)	(215,418)	(335,532)
<b>Earnings per share</b>	1.88	0.07	0.02



## 1.4 Sustainability Strategies

As the world's leading container transportation and shipping company, Evergreen Marine shoulders the responsibility for promoting corporate citizenship in addition to providing quality services across the globe. With our corporate social responsibility centered on the aspects of environment, society and governance (ESG), we expect ourselves to strive toward the mission and vision of corporate social responsibility with concrete action.

### Corporate sustainability strategies

To secure long-term viability, Evergreen Marine is striving toward the Sustainable Development Goals, which are the blueprint centering on environmental protection, social inclusion, and economic growth to achieve a better and more sustainable future for all. We have formulated the "Corporate Social Responsibility Best Practice Principles." The Corporate Social Responsibility Committee is also in place to be in charge of promoting CSR and sustainable development. The Corporate Social Responsibility Committee reports the results of CSR practice to the Board of Directors every year. In the face of global warming and climate change, Evergreen Marine has referred to the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities and draw up corresponding management approaches. Please refer to 2.3.3 Risk Management and Response Measures for Climate Change.

To achieve corporate sustainability, we have set the following short, medium and long-term goals and strategies:

#### Short-term goals and strategies

1. Enhance joint cooperation and open up niche routes
2. Optimize fleet deployment and strengthen core routes
3. Invest in green ships and upgrade shipping equipment
4. Control various costs and R&D of e-commerce

#### Medium- and long-term goals and strategies

1. Invest in strategic locations to build a global network
2. Continue to upgrade the fleet to comply with environmental regulations
3. Leverage digital platforms to develop smart transportation
4. Strengthen industry-university cooperation to cultivate seafaring talent



Aspect	Short-term goals	Medium- and long-term goals
Environmental Protection	<ul style="list-style-type: none"> <li>• Reduce the fleet's CO2 emissions by 1% or more in 2020 from 2019</li> <li>• Continue the installation of scrubbers on the fleet</li> <li>• The energy efficiency of F-type ships to be delivered in 2020 meets environmental regulations 2 years ahead of schedule</li> <li>• Implement the Green Ship Recycling Policy in compliance with the Hong Kong Convention, EU SRR, and IHM</li> <li>• Optimize container repair / maintenance and increase the percentages of directly retired old containers and directly released empty containers at the terminal</li> <li>• Reduce waste disposal at Kaohsiung Container Terminal by 2% annually</li> <li>• Improve the rationalization of storage spaces at Kaohsiung Container Terminal to reduce the shifting by about 10% and save energy by 5%</li> <li>• Increase the supply mains for gantry cranes by electricity-powered operation against fuel-powered operation at Kaohsiung Container Terminal by up to 87%</li> <li>• Apply for ISO 14001 certification</li> <li>• Expected to participate in Ship Recycling Transparency Initiative (SRTI) in August 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the fleet's CO2 emissions rate by 40% in 2030 and by 70% in 2050 from 2008, with the overall CO2 emissions reduced by 50%</li> <li>• Continue the installation of scrubbers on the fleet</li> <li>• The EEDI of 23,000-type ships delivered between 2021 and 2022 is ahead of EEDI phase I &amp; III standards</li> <li>• Implement the Green Ship Recycling Policy in compliance with the Hong Kong Convention, EU SRR, and IHM</li> <li>• Optimize empty reposition arrangement and increase the percentages of directly retired old containers and directly released empty containers at the terminal</li> <li>• Reduce waste disposal at Kaohsiung Container Terminal by 10% in the next 5 years</li> <li>• Improve energy efficiency greatly after the relocation of Kaohsiung Container Terminal to the newly developed 7th Container Center between 2022 and 2023</li> </ul>
Social Commitment	<ul style="list-style-type: none"> <li>• Apply for the comprehensive ISO45001 / CNS 45001 transition</li> <li>• Draw up the human rights policy and human rights risk assessment and management mechanisms</li> <li>• Conduct employee satisfaction surveys</li> <li>• Continue to implement whistle-blowing and protection policies and measures</li> <li>• Continue to sponsor the maritime drawing competition held by the Evergreen Maritime Museum and organize coastal cleanup and book donations</li> <li>• Continue to sponsor the Post-baccalaureate Marine Engineering Program, and onboard internships in 2020, to organize training held by the Seafarer Training Center, and onboard internships in 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Fully implement the ISO 45001 / CNS 45001 management system</li> <li>• No high-risk cases found in human rights risk assessment results; cases with moderate risk account for less than 25% of the total cases; and no material violations (subject to a fine of exceeding NT\$1 million).</li> <li>• Maintain the starting salary of new hires in the top 25% of the domestic shipping industry</li> <li>• Keep the turnover of staff below 8%</li> <li>• Continue to sponsor philanthropic activities such as arts and cultural activities and coastal cleanup</li> <li>• Improve training courses held by the Seafarer Training Center and onboard internships for maritime talent</li> <li>• Provide a more user-friendly learning environment and shape a corporate culture of cross-disciplinary learning and continuing education</li> <li>• Implement risk control and hazard identification to achieve the goal of zero accidents through early prevention</li> <li>• Roll out more employee assistance programs to help the staff achieve work-life balance</li> </ul>

Aspect	Short-term goals	Medium- and long-term goals
Corporate Governance	<ul style="list-style-type: none"> <li>• Increase revenue and volume by fleet upgrades and joint operations</li> <li>• Strengthen the performance of the Board of Directors, with an average</li> <li>• Check for any potential violations of anti-trust laws by E-mail Auditor System and raise the employees' anti-trust law compliance awareness through internal training and other methods</li> <li>• Assist contracting departments in drafting/reviewing the sanction and personal data protection clauses. Signing up the personal data protection clause for cross-border transmission of employee data</li> <li>• Publish anti-bribery/anti-corruption Policy on Company's website</li> <li>• Keep conducting compliance trainings</li> <li>• Promote the use of the Supplier Code of Conduct as the criteria for selecting and evaluating suppliers and encourage purchasing units to conduct on-site auditing at the time of supervision and acceptance</li> <li>• Continue a variety of e-commerce services such as i-B/L, i-Dispatch, and GreenX (digital booking platform) and provide ShipmentLink that connects customers and bank partners for trade finance service</li> <li>• Update the Company's Website Cookie Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to increase revenue and volume by fleet upgrades and joint operations</li> <li>• Elevate the level of corporate governance to protect the rights and interests of investors</li> <li>• Implement E-mail Auditor System to global offices/ agents</li> <li>• Pay close attention for developments of economic sanctions/ anti-bribery/ personal data protection laws around the world and adjust the Company's relevant compliance policies and procedures in a timely manner</li> <li>• Outstretch the anti-bribery/anti-corruption policy to global agents</li> <li>• Conduct compliance training in accordance with the changes of the relevant laws and practices.</li> <li>• Evaluate and manage the suppliers from ethical and sustainable perspectives to promote sustainable procurement</li> <li>• Continue a variety of e-commerce services such as i-B/L, i-Dispatch, and GreenX (digital booking platform) and provide customers with one-stop logistics services</li> <li>• The ethical corporate management evaluation results show no high-risk cases; cases with moderate risk account for less than 25% of the total cases; and there are no material violations (subject to a fine of exceeding NT\$1 million)</li> </ul>

Regarding environmental protection, the IMO low sulfur rules, which will take effect on January 1, 2020, stipulate that ships will have to use fuel with a maximum 0.5% sulfur content. Since 2018, Evergreen Marine has started to install scrubbers in new or existing ships to remove sulfur from the ships' emissions, which helped combat climate change (SDG 13 - Climate Action) and conserve and sustainably use the oceans, seas and marine resources (SDG 14 - Life below Water). The "Green Ship Recycling Policy" in compliance with the Hong Kong Convention, EU SRR, and IHM and the "Declaration of Refusal to Sail the Arctic Circle" also corresponded to SDGs 13 and 14. In addition to corresponding to SDGs 13 and 14, our delivery of next-generation green ships was to build resilient infrastructure and foster innovation under SDG 9.

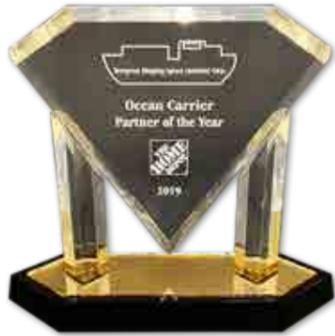
In terms of social commitment, we completed ISO45001 / CNS 45001 transition to ensure our employees' healthy lives and promote well-being at all ages (SDG 3) and to ensure safe drinking water and sanitation for all employees (SDG 6). No violation of gender equality, sexual harassment, infringement, compulsory labor and child labor took place in 2019, which echoed with SDG 4 to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all and SDG 5 to achieve gender equality and empower all women and girls.

As to corporate governance, our revenue and shipments grew in 2019, and 100% of our employees complied with occupational safety and health regulations and completed related training, which promoted sustained economic growth and employment in line with SDG 8. Evergreen Marine established a risk assessment program for ethical corporate management, signed the Statement of Commitment to Ethical Corporate Management, and provided judicial access to everyone, which echoed with SDG 17 to strengthen the means of implementation and revitalize the global partnership for sustainable development. Enhanced training, the operation of the Seafarer Training Center, and industry-university cooperation were responses to SDG 4 - Quality Education.

## 1.5 Achievements

Evergreen Marine has been dedicating to improving operating efficiency, providing high quality services, and maintaining a green environment, which have long been recognized by customers and port authorities, and has been praised and encouraged by relevant units for its commitments and contributions to the economic, social, and environmental matters.

Home Depot  
**Ocean Carrier Partner of the Year 2019**



AFLAS  
**2019 Best Shipping Line - Asia Europe**



Hillman  
**Ocean Carrier of the Year 2019**



Agriculture Transportation Coalition  
**2019 AGTC Annual Ocean Carrier Award**



Lloyd's List  
Europe Award 2019  
Excellence in Environmental  
Management



Vancouver Fraser Port Authority  
2019 Blue Circle Award



TWSE  
Top 5% of  
Corporate Governance  
Excellence in 2019



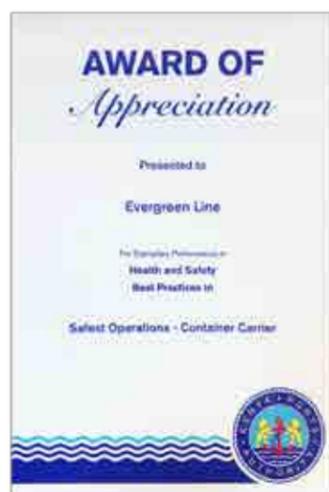
Commandant of  
the United States Coast Guard  
**Automated Mutual**  
- Assistance Vessel Rescue System  
(AMVER) Shipmate Award for the 14th time



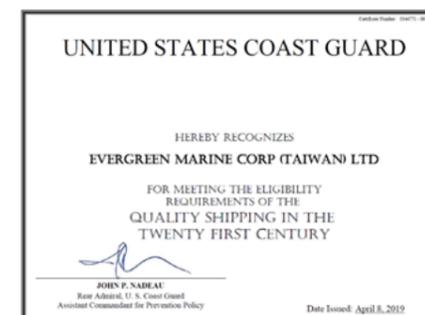
Maritime and Port Authority of  
Singapore (MPA)  
Manpower Recognition Award



Kenya Ports Authority  
Safest Operations  
Container Carrier



United States Coast Guard (USCG)  
Quality Shipping in  
the Twenty First Century  
(QUALSHIP 21) 2019



Taiwan Society of Naval Architects  
and Marine Engineers  
**Ship of the Year 2019  
(EVER BOOMY)**





## Chapter 02

### Stable Operations and Ethical Management

- 2.1 Corporate Governance
- 2.2 Ethical Management
- 2.3 Risk Control
- 2.4 Information Security
- 2.5 Protection of Personal Data
- 2.6 Compliance



#### Highlights

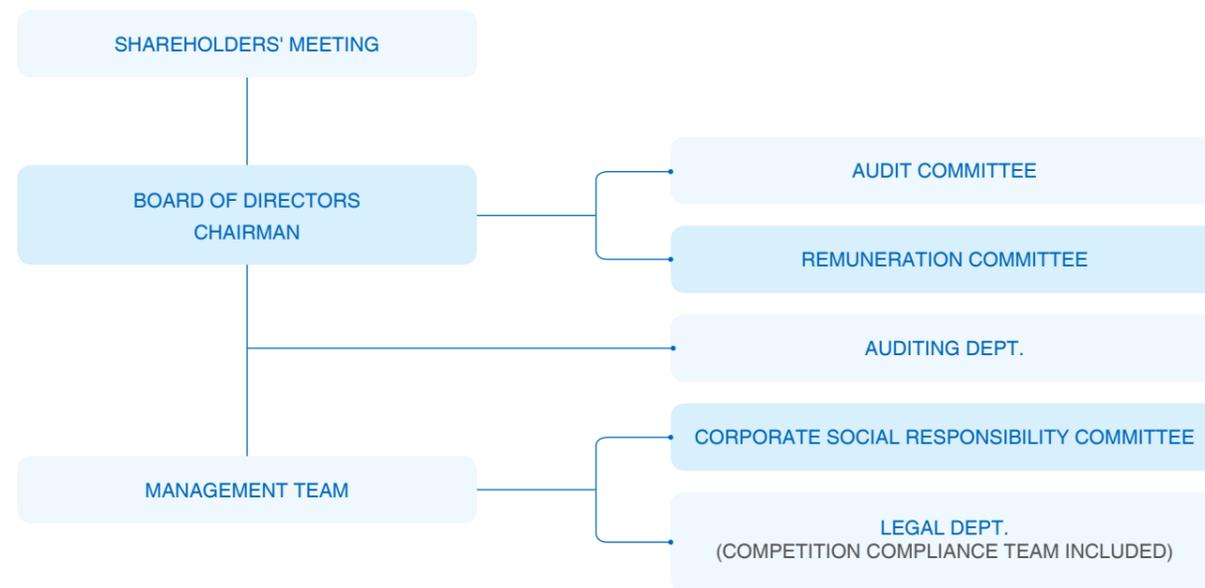
- Ranked in the top 5% of publicly-listed companies in the 6th corporate governance evaluation
- Conducted the evaluation of the Board performance, with a 100% achievement rate
- 3,192 employees participated in related compliance training in 2019

# Chapter 02

## Stable Operations and Ethical Management

### 2.1 Corporate Governance

#### Governance structure



In 2014, independent directorships were introduced by Evergreen Marine as part of our corporate governance efforts. Accountants and attorneys were invited to become independent directors in order to further strengthen the Board of Director’s management and supervisory capabilities through their professional background and independence. Information transparency initiatives include regular disclosures of financial reports on our English and Chinese corporate websites, as well as our efforts in fulfillment CSR, implementation of ethical corporate management, and maintenance of labor-management relations are all available through our websites in “Corporate Governance,” “CSR,” “Stakeholder,” “Ethical Corporate Management,” and “Investor Service” zones. The disclosures keep local / foreign investors, global customers and supply chain partners informed about our company’s operation status.

Corporate governance at Evergreen Marine is overseen by the head of Stock Department (senior vice president) who has more than three years of experience with corporate governance matters such as company share affairs, shareholder meetings, and Board of Director meetings in accordance with relevant laws and regulations.



Evergreen Marine  
Corporate Governance

With outstanding corporate governance, Evergreen Marine has been ranked in the top 5% of publicly listed companies in five out of six corporate governance evaluations conducted by Taiwan Stock Exchange Corporation (TWSE).

For more information on corporate governance, please refer to our 2019 Annual Report and the "Corporate Governance" section on the corporate website

### 2.1.1 Board of Directors

#### Operation of the Board of Directors

A nomination system is used for the selection and appointment of directors in accordance with the laws of R.O.C. and our Articles of Incorporation. Directors are appointed for a term of 3 years and are elected by shareholders from a list of candidates announced by Evergreen Marine. Evergreen Marine has 9 seats in the Board of Directors, including one corporate director who ceased to assign a representative on April 15, 2019. Considering that directors would be re-elected in June 2020, Evergreen Marine did not hold a by-election in 2019. The number of directors was actually 8 in 2019. The Board of Directors consisted of 7 males, accounting for 87.5%, and 1 female, accounting for 12.5%. All of the directors were over the age of 50.

The Chairman of Evergreen Marine cannot also serve as the President of the Company. All members of the Board of Directors exercise due diligence and come from a variety of professional backgrounds, including business management, transportation management, financial accounting, law, electronic information, government and supervision. The Board of Directors’ meeting is convened at least once every quarter in accordance with the “Rules Governing Board of Directors Meetings” to effectively supervise the business activities of the corporate management and pass resolutions on important items of business. They also ensure that the Company adheres to the law and proper disclosure is made on all business and financial information.

The Board of Directors' meeting was convened 7 times in 2019. Attendance by directors is as follows:

Title	Name	Actual attendance	Actual attendance rate (%)	Note
Chairman	Evergreen Steel Corp. Representative Chang, Cheng-Yung	7	100%	Nil
	Chang Yung-Fa Foundation Representative Chang, Kuo-Hua	7	100%	Nil
Director	Chang Yung-Fa Foundation Representative: Chang, Kuo-Ming	5	71.43%	Nil
	Evergreen International S.A. Representative Ko, Lee-Ching	7	100%	Nil
	Evergreen International S.A. Representative Hsieh, Huey-Chuan	5	83.33%	Date of inauguration : April 15, 2019 Required attendance : 6 times



Title	Name	Actual attendance	Actual attendance rate (%)	Note
 <b>Director</b>	Evergreen Steel Corp. Representative Hsieh, Huey-Chuan	1	100%	Previously appointed Date of dismissal : April 15, 2019 Required attendance : 1 time
	Evergreen International S.A. Representative Lee, Mong-Jye	1	100%	Previously Appointed Date of dismissal : April 15, 2019 Required attendance : 1 time
 <b>Independent Director</b>	Yu, Fang-Lai	6	85.71%	Nil
	Chang, Chia-Chee	7	100%	Nil
	Li, Chang-Chou	7	100%	Nil

Note 1 : Please refer to Evergreen Marine's 2019 Annual Report for information regarding the experience, academic background and positions at other companies held by members of the Board of Directors.

Note 2 : On April 15, 2019, the corporate director, Evergreen Steel Corp., ceased to appoint its representative, Hsieh, Huey-Chuan; on the same day, Evergreen International S.A. appointed Hsieh, Huey-Chuan as its representative.

To avoid conflicts of interests, if a director or the legal entity they represent has a conflict of interest with an item up before the Board, then the conflict of interest must be explained at that meeting. Where the conflict may impact on the interests of Evergreen Marine, then they should recuse themselves and not participate in the discussion or voting. They may not exercise voting rights on behalf of other directors either. Please refer to Evergreen Marine's 2019 Annual Report for information regarding the recusal of directors over conflicts of interests in accordance with relevant laws by not participating in the discussion or voting.

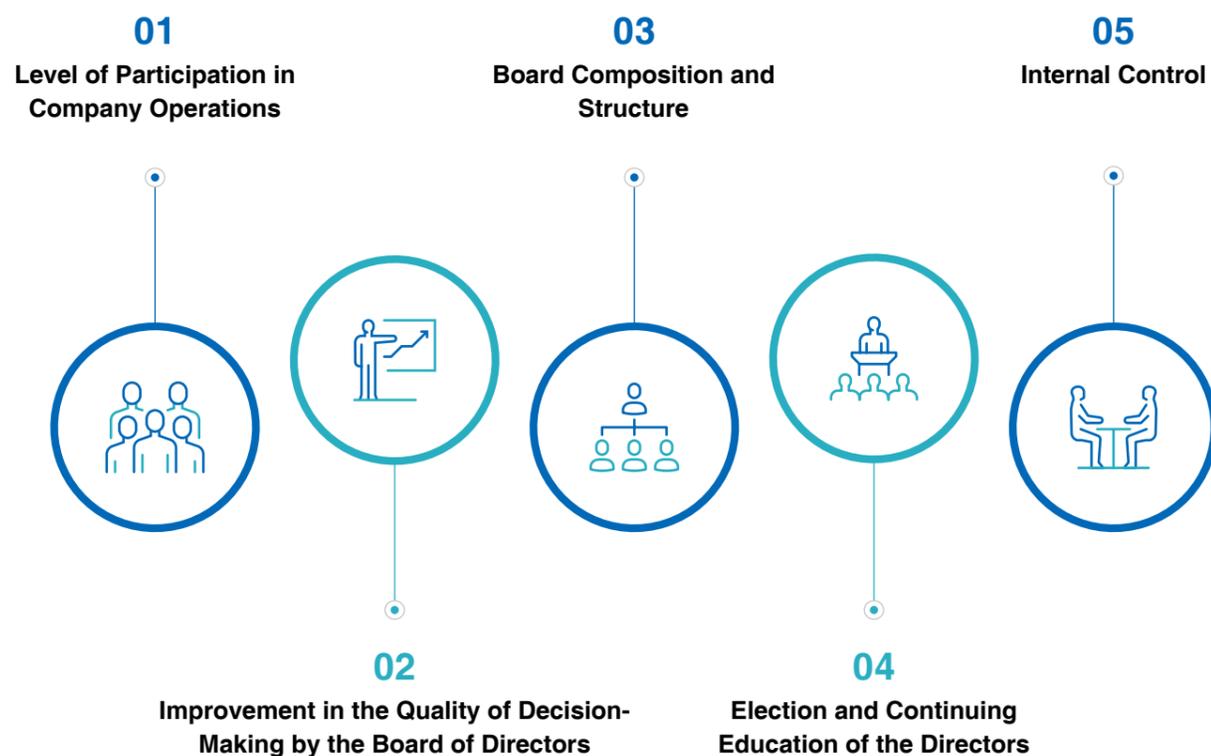
Evergreen Marine regularly organizes in-service education courses for directors every year to enhance their professional know-how. The courses encompass risk management-related corporate governance issues such as finance, business, commerce, legal affairs, and accounting, as well as CSR. All the directors have completed training hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." In-service education for directors in 2019 has been disclosed on the Market Observation Post System (MOPS).



Course type	Professional training institution	Course title	Title / Name
 <b>Corporate Governance</b>	Taiwan Corporate Governance Association	Duties and Risk Management of Directors under the Latest Corporate Governance Roadmap	Director Chang, Cheng-Yung Director Chang, Kuo-Hua Director Ko, Lee-Ching Independent Director Yu, Fang-Lai Independent Director Li, Chang-Chou
 <b>Technology</b>	Taiwan Corporate Governance Association	Artificial Intelligence in Taiwan - Opportunities and Challenges of Industrial Transformation	Director Chang, Cheng-Yung Director Chang, Kuo-Hua Director Chang, Kuo-Ming Director Ko, Lee-Ching Director Hsieh, Huey-Chuan Independent Director Yu, Fang-Lai Independent Director Li, Chang-Chou
 <b>Finance</b>	Taiwan Insurance Institute	Corporate Governance Seminar for Directors and Supervisors (Including Independent Directors) - IFRS 17	Director Chang, Kuo-Ming
 <b>Corporate Governance</b>	Taiwan Stock Exchange Corporation (TWSE)	Advocacy of Effective Performance of Board Functions	Director Hsieh, Huey-Chuan
 <b>Corporate Social Responsibility</b>	Taiwan Stock Exchange Corporation (TWSE)	Task Force on Climate-related Financial Disclosures (TCFD) Forum ESG Investment Forum	Independent Director Chang, Chia-Chee
 <b>Corporate Governance</b>	Taiwan Stock Exchange Corporation (TWSE)	Advocacy of Effective Performance of Board Functions	Independent Director Chang, Chia-Chee

### Performance assessment for Board of Directors

The “Regulations Governing the Performance Evaluation” were drawn up in accordance with Article 37 of the “Corporate Governance Best Practices for TWSE / GTSM-listed Companies” to ensure sound corporate governance, enhance Board functions, set performance targets and boost the effectiveness of the Board. The performance of Evergreen Marine’s Board of Directors (including functional committees) is assessed in the following five aspects:



The “Regulations Governing the Board Performance Evaluation” as well as the methodology and outcome of annual performance evaluations are disclosed on our corporate website or MOPS. The 2019 Board of Directors’ self-evaluation outcome was good.

### 2.1.2 Operation of Functional Committees

#### Remuneration Committee

It is the responsibility of the Remuneration Committee to prepare proposals to the Board of Directors on the following matters:

1. The formulation and regular review of policies, systems, standards and structure of performance evaluations and remuneration for directors and managers.
2. The regular review and setting of remuneration for directors and managers.

The Remuneration Committee shall convene at least two meetings every year, and meetings can also be convened whenever necessary. The Remuneration Committee meeting was convened 3 times in 2019. Meeting details can be found in our 2019 Annual Report.

#### Audit Committee

The Audit Committee is purely made up of independent directors and its responsibilities include reviewing the following:

1. The Company’s financial statements to ensure that they are true and accurate, the selection / removal of CPA as well as the assessment of the CPA’s independence and performance.
2. The effective implementation of the Company’s internal controls.
3. The Company’s compliance with the relevant laws and regulations.
4. The Company’s management of existing or potential risks.

The Audit Committee meeting shall be convened at least once every quarter, and may be convened at any time if necessary. The Audit Committee meeting was convened 7 times in 2019. Meeting details can be found in our 2019 Annual Report.

#### Corporate Social Responsibility Committee

The “CSR Principles” and “CSR Implementation Rules” were passed by the Board of Directors to embrace sustainable development and fulfill our corporate social responsibility. These reflect Evergreen Marine’s vision and commitments on economic, environmental and social issues. Evergreen Marine is committed to becoming a “guardian of the green Earth” and has set up the “CSR Committee” to ensure the continued implementation of sustainable corporate management practices. The President and Chief Executive Vice President of Project Dept. respectively serve as the Chairman and Director General of the CSR Committee; members of the Committee are made up of 16 department heads, as well as 25 executive secretaries.

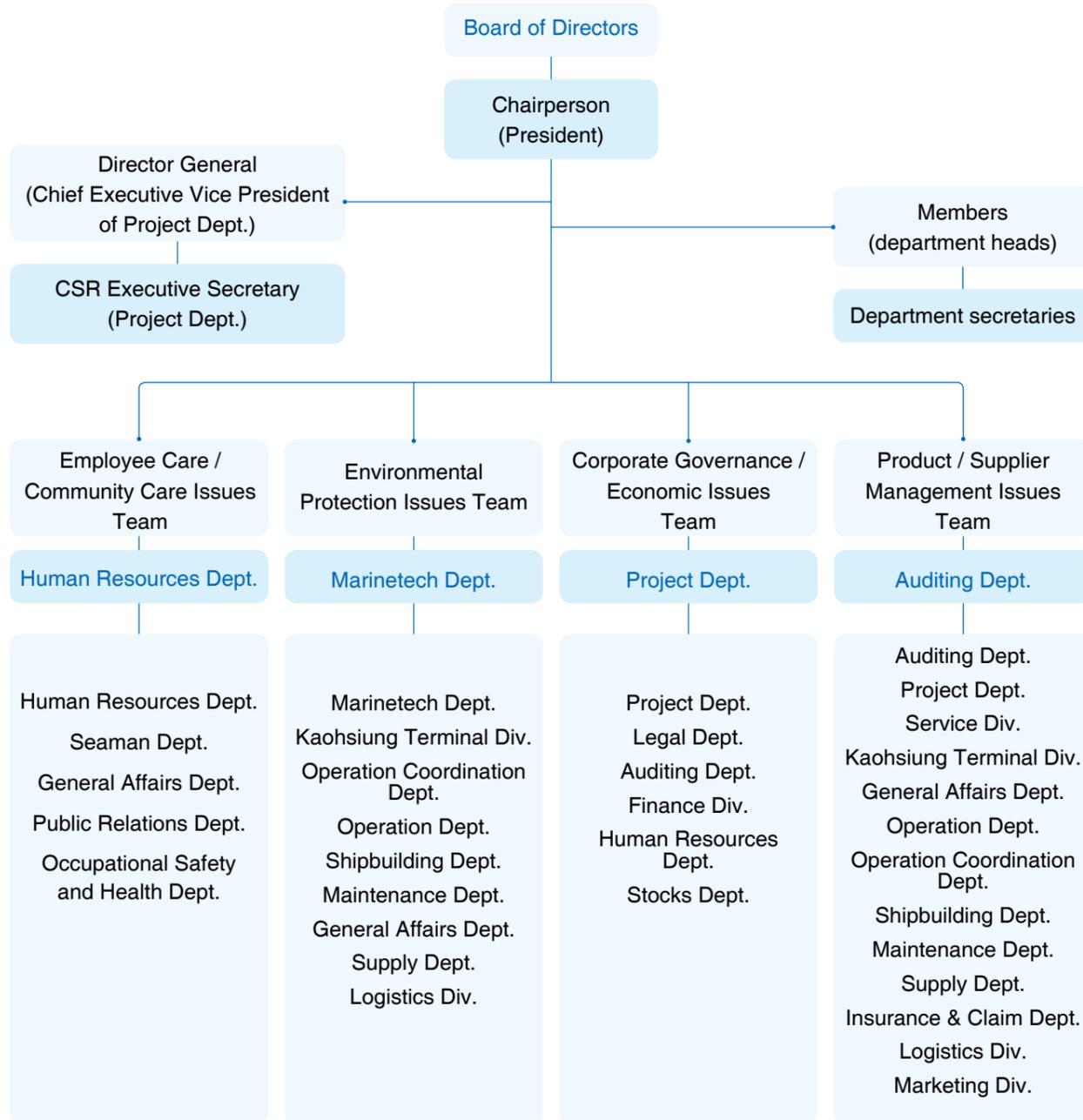
The Committee is divided into the Employee Care/Community Care Issues Team, Environmental Protection Issues Team, Corporate Governance/Economic Issues Team and Product/Supplier Management Issues Team. The relevant departments in each team are responsible for communicating and responding to stakeholders on issues of concern. The CSR Committee reports its progress and work plans to the Board of Directors every year and makes the fulfillment of CSR part of the corporate decision-making process.

The CSR Committee shall convene at least once a quarter. The CSR Committee meeting was convened 6 times in 2019. Committee organizational chart, Committee job function & Issue Team job function as follows:





Evergreen Marine CSR Committee Organizational Chart



The CSR Committee is responsible for the following:

1. Formulation and implementation of CSR policies, systems, and related management policies.
2. The four teams under the CSR Committee are responsible for communicating and responding to stakeholders on issues of concern.
3. Review of economic, environmental and social issues.
4. Compilation of CSR reports.
5. Reporting of progress, performance, and work plans regarding issues of concern and their risks and opportunities to the Board of Directors.

The functions of each issue team are separately described as follows:

Team	Functions
 <p><b>Employee Care / Community Care Issues Team</b></p>	<p>The team is responsible for talent cultivation and development, human rights protection, workplace safety and employee health care, and community engagement and contribution to society, as well as promotion of activities in aspects of education, art and culture, and charity, and environmental protection through collaboration with Chang Yung-Fa Foundation, Evergreen Maritime Museum, and Evergreen Symphony Orchestra.</p>
 <p><b>Environmental Protection Issues Team</b></p>	<p>The team is responsible for integration and implementation of sustainable shipping and innovative technologies, energy management, emission management, water resource management, and waste management, with an aim to maintain marine ecology, port safety, and human well-being.</p>
 <p><b>Corporate Governance / Economic Issues Team</b></p>	<p>The team is responsible for enhancing the Board functions, organizing training for directors, and protecting shareholders' equity while integrating corporate governance-related rules and systems to perfect and further the internal control system; the team is also tasked to promote Evergreen Marine's sustainable development with sound business strategies and policies.</p>
 <p><b>Product / Supplier Management Issues Team</b></p>	<p>The team is responsible for assisting each department in maintaining the sustainability of its supply chain in the aspects of environmental protection, compliance, human rights / labor rights, and workplace safety and health, hoping to establish long-term partnership with suppliers that spells mutual benefits and sustainable growth for procurement. Evergreen Marine has been improving customer service and quality-related work through optimized software and hardware services, so as to increase customer satisfaction.</p>



## 2.2 Ethical Management

In 2014, the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Code of Ethics and Conduct" were approved by the Board of Directors. On October 4, 2019, the Board of Directors resolved to pass the amendments to the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct." The commitment to ethical management signed by the Chairman was uploaded to the corporate website on December 24, 2019. Please refer to the "CSR - Ethical Management" section.

According to the "Evergreen Line Corporate Social Responsibility Policy" formulated by Evergreen Marine, all Evergreen offices and agencies across the globe are required to abide by the commitment to anti-bribery, anti-corruption, and anti-discrimination during the course of business. The anti-corruption policy and process is published on the corporate website and announced to the staff. Evergreen Marine propagates the concept of ethical management among the staff through internal public information, departmental meetings, business meetings, and talks with senior executives in order to implement ethical management. All managerial levels are requested to continuously remind their subordinates of the ethical management policy and oversee compliance. Evergreen Marine periodically organizes orientation training and provide courses on "ethical management and code of ethics and conduct" for new recruits every year. In 2019, 76 new recruits participated in the training, accounting for 5.4% of all shore employees. A total of 139 new shipping-related recruits at Evergreen Marine and Evergreen International Corp. have completed the training.

In May, we launched training on the "anti-corruption / anti-bribery policy" on the E-learning platform and requested all managerial levels to complete the training and pass the test. A total of 349 managers and above completed the training. In 2019, our grievance mailboxes did not receive any internal and external grievances concerning violations of the Code of Ethics and Conduct.

In November 2019, Evergreen Marine established a risk assessment program for ethical corporate management, which will take effect in 2020. Prevention programs will be established according to the results of risk assessment. For unethical conduct with a high degree of risk that may occur within Evergreen Marine's business scope, the Auditing Dept. has scheduled follow-up audits on the specific prevention programs.

In terms of compliance with competition laws, Evergreen Marine continues to audit relevant department's e-mail self-inspections with the e-mail audit system on a monthly basis. If there is a need to further clarify and communicate the concept of competition laws during the audit, the Auditing Dept. will reach relevant employees on its own initiative. We enhance all employees' awareness of compliance through various channels such as meetings, pre-service training for new recruits, electronic bulletin boards, grievance mailboxes, and competition law notices. For expatriate supervisors and employees, we provide enhanced training on knowledge and practice of local competition laws to avoid transgressions. In 2019, the Competition Compliance Team completed 9 training courses on competition laws, with the number of participants reaching 1,410.



## Investigations over competition laws in recent years

### Investigation by the U.S. Department of Justice (DOJ)

#### Fact in contention

The U.S. DOJ issued a subpoena to Evergreen Marine in March 2017 to investigate inappropriate communication beyond the scope authorized by the TSA among carriers.

#### Start date

March 2017

#### Current status

In February 2019, the DOJ informed our lawyer of the investigation results, where there were no violations be found on Evergreen Marine, and the investigation is now closed.



### Investigation by the European Commission into Evergreen Marine's general rate increase

#### Fact in contention

The EU investigators dawn raided the Evergreen Marine branch in London on May 17, 2011, targeting the industry practice that carriers all issued general rate increases (GRIs) around the same time. The EU believed this could amount to "price signals" between carriers, which had violated the rules on "concerted practice" under competition laws.

#### Start date

May 2011

#### Current status

The last report was submitted to the EU on December 6, 2019 and has been accepted by the EU. Although the report has expired, Evergreen Marine will comply with the quotation process specified in the report to allay the EU's concern.





## 2.3 Risk Control

### 2.3.1 Risk Control

#### Risk management process



Evergreen Marine has drawn up a risk management policy to ensure the integrity and implementation of the risk management system and to enhance the division of risk management work, ultimately ensuring the achievement of our operation goals.

The Project Dept. is responsible for urging each department in charge to implement risk management policies, monitoring management processes, relaying risk management information, and dealing with risk management-related issues. The Auditing Dept. is responsible for conducting audits on the implementation of risk management policies to ensure that risk management policies are implemented effectively. The risk management process includes risk identification, risk measurement, risk response, risk monitoring, and information and communication.



#### Risk types and countermeasures

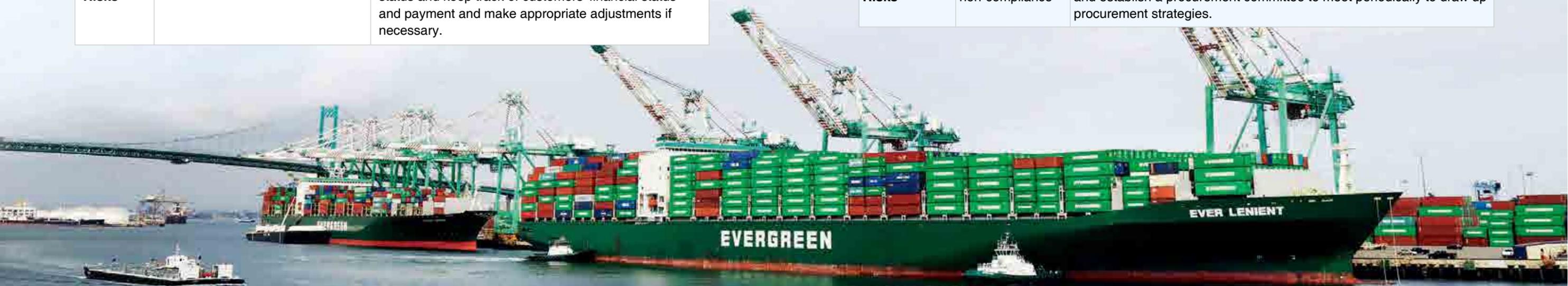
Risk type	Description	Mitigation actions or countermeasures
<b>Market Risks</b>	International politics, economy, and epidemics cause unstable shipments and a reduction in revenue.	Select quality customers, develop new customers, expand e-commerce, send customers notifications of service changes and other precautions, conduct customer satisfaction surveys to improve customer experience, uphold the business philosophy of corporate and environmental sustainability to win customers' support, and strengthen north-south and regional loops to diversify market risks.
<b>Operational Risks</b>	The overly concentrated market increases risk.	Strengthen joint cooperation with appropriate carriers, regularly review the performance of jointly operated routes, and conduct market assessments in line with market needs to develop niche markets in a timely manner and to diversify operational risks.
<b>Financial Risks: Exchange Rate Risks</b>	Risks mainly come from transaction risks and accounting risks.	Adopt money market hedges or forward exchange hedges, control centralization of capital, offset risks of position, and keep track of exchange rates to avoid risks.
<b>Financial Risks: Interest Rate Risks</b>	Interest expenses may increase due to rising interest rates.	Issue fixed-rate bonds or undertake fixed-rate bank loans, undertake interest rate swaps as appropriate to avoid the risk of interest-bearing long-term liabilities at floating rates, and undertake loans with floating-rate interest through time deposits to offset part of risk arising from changes in interest rates.
<b>Financial Risks: Credit Risks</b>	The Company may suffer from the inability of customers to pay the accounts receivable per terms of collection or of counterparties of financial instruments to fulfill contractual obligations.	Establish and implement credit risk management, conduct credit risk analysis, evaluate the credit quality of customers based on their financial status, past experience, and other factors, and only transact with financial institutions with good credit ratings.





Risk type	Description	Mitigation actions or countermeasures
<b>Financial Risks: Liquidity Risks</b>	The Company has financial liabilities with different maturities (including accounts payable, lease liabilities, and long-term loans). If the assets are difficult to realize or have insufficient liquidity to pay financial liabilities due, the Company will be exposed to liquidity risks.	Undertake short-term time deposits only with excess funds to improve liquidity, monitor cash flow forecasting, ensure that there are sufficient funds to meet operational needs and mature financial liabilities, apply to financial institutions for credit lines in case of contingencies, and issue new shares or convertible bonds based on the market to raise required funds.
<b>Operation and Strike Risks</b>	Route plans jeopardize the normal ship schedules due to factors such as operations or strikes.	Strictly track and monitor ship schedules and adjust ship schedules flexibly to meet the requirements of route plans and make various adjustments to restore the subsequent passages to a normal state.
<b>Cargo Safety Risks</b>	Dangerous goods are declared wrongly and concealed.	<ol style="list-style-type: none"> <li>1. Employee training and propaganda:               <ol style="list-style-type: none"> <li>I. Train customers to declare honestly and enhance the awareness of dangerous goods.</li> <li>II. Organize training on regulations governing dangerous goods.</li> </ol> </li> <li>2. Safety management on the transportation of dangerous goods:               <ol style="list-style-type: none"> <li>I. Establish a standard management system for dangerous goods and set restrictions on the transportation of dangerous goods.</li> <li>II. Strengthen the dangerous goods management system.</li> </ol> </li> </ol>
<b>Sanction Risks</b>	International economic sanctions and embargoes	Establish a computerized inspection system to conduct self-inspections according to the sanctions list and request due diligence for customers on the watch list and keep records to protect owners and the Company.
<b>Credit Risks</b>	Customer credit issues	Request branches to make good use of risk investigation reports to confirm customers' financial status and set credit terms based on their shipment status and keep track of customers' financial status and payment and make appropriate adjustments if necessary.

Risk type	Description	Mitigation actions or countermeasures
<b>Climate Change</b>	Climate anomalies	Use the weather navigation system and flexible mooring to reduce the risks caused by climate anomalies, accelerate ship replacement, install scrubbers, install shore power systems, request suppliers to float the climate anomaly response plans, request agents/branches to report disasters and emergency responses in time, and issue green bonds.
<b>Pandemic Risks</b>	Outbreaks of communicable diseases	Request branches/agencies to monitor the epidemics and report to local governments' regulations and countermeasures, keep track of the global epidemics through meetings and take response measures according to the classification of the epidemics.
<b>Information Security Risks</b>	Hackers, viruses, and other invasions and destruction	Divide work and responsibilities of departments, classify the security level of information assets, conduct annual regular information security personnel management and training, implement computer system management, network management, system access management, system development and maintenance management, and entity and environment management, and make and manage business continuity plans.
<b>Spare Parts Procurement Risks</b>	Poor quality of spare parts, delayed supply, shortages, or non-compliance	Establish correct spare parts specifications and terms of purchase and collate annual fleet requirements, optimize the existing evaluation system, select qualified suppliers, develop new suppliers to maintain competitiveness, and review subsequent equipment maintenance cycles to confirm equipment's useful life.
<b>Dry-Docking Risks</b>	Poor quality of dry-docking and maintenance, delayed delivery, and accounting discrepancies	Established a dry-docking and maintenance project to control annual dry-docking and maintenance of the fleet, audit shipyards' locations / capacities / construction methods, and reputation on-site, weigh the advantages and disadvantages objectively using the existing dry-docking and maintenance evaluation mechanism as a basis for selection, develop outstanding shipyards to maintain the flexibility of fleet allocation, and give comprehensive consideration to the inquiries to avoid a large gap with actual accounts.
<b>Fuel Procurement Risks</b>	Poor fuel quality, short supply or non-compliance	Establish an evaluation system to select qualified suppliers, develop new suppliers to maintain competitiveness, arrange for bunker surveyors to conduct fuel inspections, arrange the best fueling ports, and establish a procurement committee to meet periodically to draw up procurement strategies.





### 2.3.2 Emergency Response System

Evergreen Marine is dedicated to providing a safe and positive working environment. Comprehensive protective measures in place for all work-related hazards to ensure the safety of ship crews and to prevent marine pollution. Risk management during shipboard operations and prevention of potential hazards are clearly set out in the management manual. According to the ship management manual, Evergreen Marine has not only established comprehensive risk assessment procedures to prevent accidents during critical and special operations; standard checklists are also defined for important ship operations to ensure the standardization and uniformity of fleet operations.

Every critical operation is clearly defined in the ship management manual, including sailing during limited visibility and in high-traffic waters, adverse weather conditions, as well as ship refueling operations; it also covers special operations such as hot work, entering enclosed ship spaces, elevated operations, helicopter operations, underwater operations, elevator maintenance and high-voltage operations. Evergreen Marine has not only established comprehensive risk assessment procedures to prevent accidents during critical and special operations. Standard checklists are also defined for important ship operations to ensure the standardization and uniformity of fleet operations.

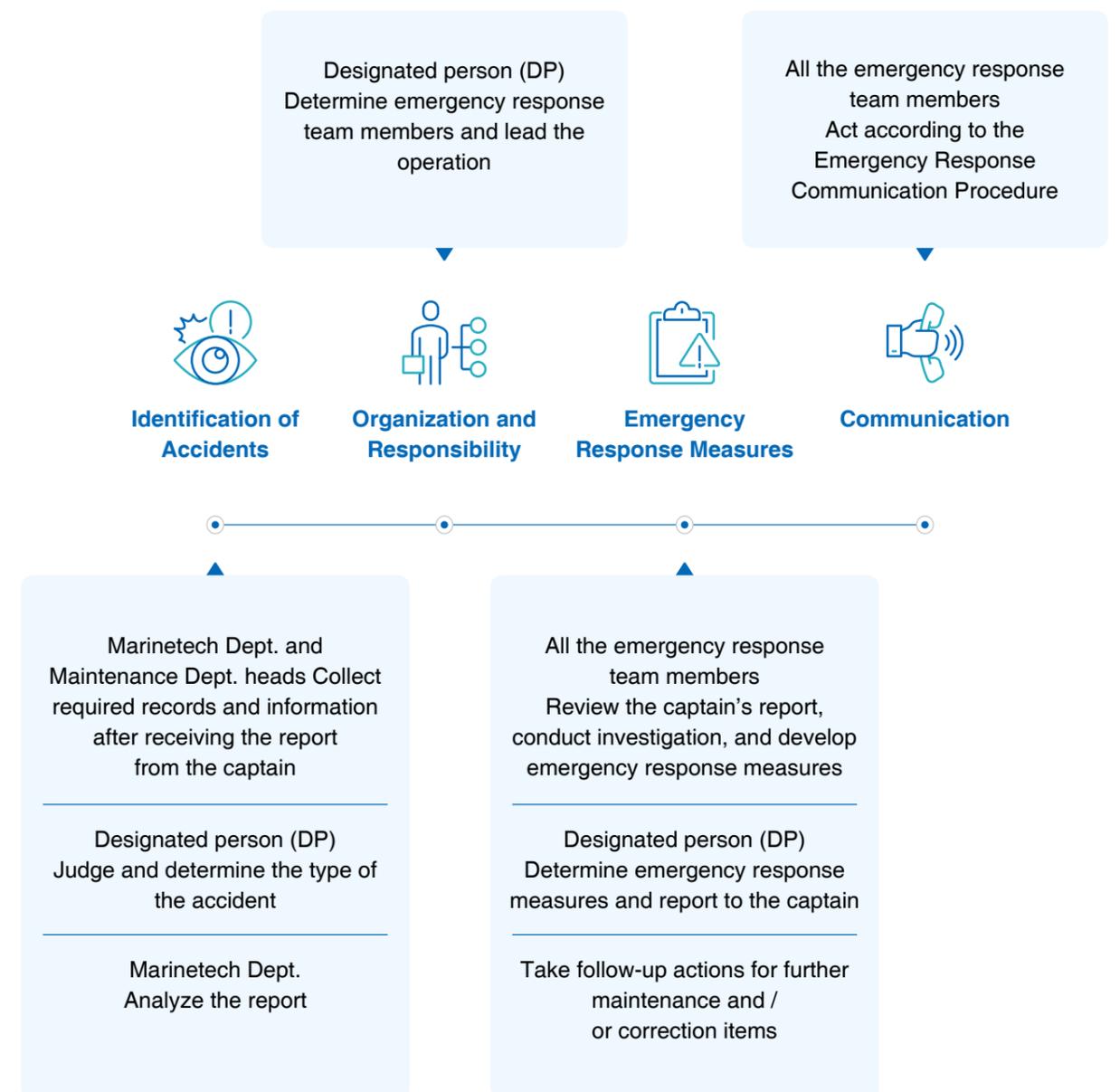
To deal with shipboard emergencies, a complete monthly, quarterly and annual training program for the fleet has been developed based on different types of disaster and their frequency according to the guidelines set by the management system; in addition, Evergreen Marine is capable of providing immediate and effective support as well as guarantees unobstructed communications between ship and shore management personnel when a disaster occurs. Evergreen Marine and the fleet therefore conduct regular bilateral ship-shore exercises every year to guarantee personnel and cargo safety, minimize ship damage, and reduce the impact on the marine environment if an accident should unfortunately occur. In case of any accidents, the fleet is required to report in accordance with regulations and initiate the emergency response procedure accordingly.

**The schedule of emergency response drills for the fleet are as follows:**

Item	Frequency
1. Abandon ship drill	Once every month
2. Firefighting drill	Once every month
3. Steering failure and emergency turn drill	Once every quarter
4. Collision drill (including oil pollution) / warning / report	Once every year
5. Water ingress drill	Once every year
6. Pipe leakage / Hull damage	Once every year
7. Rescue tow drill	Once every half a year
8. Refueling / Fuel spill	Once every year
9. Stranding / Running aground	Once every year
10. Man overboard and rescue	Once every year
11. Engine failure	Once every year
12. Generator failure	Once every year

Item	Frequency
13. Fire and explosion / Personnel search and rescue	Once every year
14. Hazardous substance training	Once every year
15. Entry into enclosed space and search and rescue	Once every quarter
16. QI drill	Once every quarter
17. Simulated scenario drill	Once every year

**Emergency response procedure**





### Special column: cooperation on anti-highjacking drills

In accordance with the "International Ship and Port Facility Security Code," our fleet implements relevant security measures in the ship security plan to prevent possible security threats; in addition, we augment ship and shore drills or participate in anti-terrorism drills held in port states to prevent respond to possible crises. In 2019, we cooperated with the Republic of China Marine Corps and the Coast Guard Administration Special Task Force, Executive Yuan to organize anti-hijacking training respectively.

In terms of marine operations, according to the regulations of our "Safety and Environmental Management Manual" MN-08 regarding "emergency preparedness," emergencies are divided into shipwrecks and accidents other than shipwrecks, and will be handled separately according to the instructions of the designated person in charge of safety management.

Each of our ships is equipped with the "Shipboard Oil Pollution Emergency Plan" approved by the flag state and periodically conducts drills on various shipwrecks that may cause marine pollution. In the event of a shipwreck such as collision, grounding, fire / explosion, hull rupture, or ingress, which may cause marine pollution, the ship will take emergency response measures according to the contingency plan and notify the authority of the coastal state. On weekdays, we conduct emergency drills and training periodically based on the preventive measures in the contingency plan. The scope of emergency drills and training includes notifications and alarms, pipeline leaks, and stranding.

To ensure the safety of ships and crew members, Evergreen Marine has stipulated in the "Safety and Environmental Management Manual" that the fleet should conduct emergency drills such as fire fighting and ship abandonment on a regular basis in accordance with the relevant provisions of the "International Convention for the Safety of Life at Sea" (SOLAS/1974).

### Special column - COVID-19 response

The global spread of COVID-19 has caused lockdowns in many countries and cities, taking a heavy toll on global trade. Due to cargo owners' inability to pick up the cargoes, slow customs clearance, poor traffic, and shortage of operators, some ports, terminals, and container yards have been jam-packed or working inefficiently. Shipyards and docks have also delayed operations due to lack of labor and raw material supply. Due to factors such as restrictions on ship crew boarding / disembarkation and grounding of aircraft, the replacement of ship crew members has also caused certain inconvenience.

In the wake of the COVID-19 pandemic, Evergreen Marine has divided onshore epidemic risks into 5 levels and drawn up relevant countermeasures such as epidemic reporting mechanisms based on the level of risk to maintain the normal operation of global business:

- Level 0:** Confirmed cases of infection with the communicable disease detected abroad with evidence showing that the disease has infected a person.
- Level 1:** Cases of human-to-human transmission of the communicable disease occurring abroad.
- Level 2:** Cases of infection with the communicable disease spreading to humans domestically or carrying from abroad.
- Level 3:** An epidemic of confirmed cases of human-to-human transmission of the communicable disease domestically under effective control.
- Level 4:** A large-scale epidemic of confirmed cases of human-to-human transmission of the communicable disease domestically without being effectively controlled.

### Anti-epidemic measures for domestic office buildings and shore employees

Since January 29, 2020, Evergreen Marine has repeatedly communicated the epidemic information announced by the Centers for Disease Control to all employees and taken various epidemic prevention measures, including preparing epidemic prevention supplies (including masks, alcohol, (ear) forehead thermometers, temperature sensors, protective clothes, and goggles) required for performing official duties, organizing self-health management training, enhancing employees' health management (e.g., always wearing masks during work), strengthening disinfection, planning and conducting drills in working from home, organizing WEBEX meetings, and reducing unnecessary business trips; in addition, epidemic prevention and response meetings for offices and agencies at home and abroad have been held from time to time. Since March 16, employees have been arranged to work remotely to control the risks of dense population in offices and commuting while maintaining business backup.

### Anti-epidemic measures for the fleet and ship crew members

To prevent the epidemic from jeopardizing the operation of the fleet and the health of the ship crew, Evergreen Marine has suspended or conditionally allowed the deployment of crew members of all nationalities since February 2020. Ship crew members are strictly required to implement epidemic management on their own, including accepting centralized quarantine before boarding; taking a body temperature regularly every day, wearing masks, having meals in groups, and avoiding unnecessary gatherings; and staying on board during the calls, to prevent cluster infections and protect the health and safety for all during service. All people boarding the ships for official duties are required to wear masks, take and log their body temperature at the entrance of the stairs, and use sterilizing fluid for disinfection.

In addition to thorough disinfection and cleaning of all areas on board, each ship is equipped with adequate anti-epidemic supplies (including masks, alcohol, ear / forehead thermometers, temperature sensors, protective clothes, and goggles) in case of emergencies.

### Shipping business

Evergreen Marine maintains close contact with alliance members and adjusts routes and fleet configuration according to market changes to increase the utilization of spaces.

For dry-docking and maintenance, Evergreen Marine will supply the repair supervisors and ship crew members with N95 masks and 75% alcohol, and other anti-epidemic supplies. Employees returning from business trips are required to wear protective clothes provided by the Company during the flight and undertake home isolation for 14 days immediately upon arrival. Fully-paid epidemic prevention leave is offered to protect the safety and property of employees under home isolation.

Regarding fleet management, we have established three levels of epidemic standards based on the severity of the epidemic in each port state, specifying the requirements to be adopted and a prevention and response model to be established. The Company holds daily COVID-19 prevention meetings to review and report the epidemic prevention incidents of the fleet, and collates the special requirements of port states and sends them to the ships for compliance. From time to time, the ships and expatriate personnel at ports are updated with the fleet's regulations / procurement guidelines / emergency drills in response to the COVID-19 pandemic by marinetechnical notices.

In principle, the replacement of ship crew members is in accordance with the provisions of the fixed-term employment contract but is subject to the travel ban adopted by each country; in addition, the routine replacement of foreign crews is prohibited. In the face of the constraints, we have arranged the replacement of ship crew members at suitable ports while obtaining each flag state's consent to the extension of the crew employment contract.

As to stowage, alternatives have been drawn up in the wake of the regional center's inability to undertake stowage. Secondary supply ports have also been arranged for the supply of ship supplies.



### 2.3.3 Risk Management and Response Measures for Climate Change

Climate change is a global issue. As a guardian of the green earth, Evergreen Marine keeps track of issues related to climate change and formulates environmental protection policies. Advanced marine technology is developed for fleet to maximize its load-ability and satisfy energy conservation targets, and dedicate efforts towards environmental protection together with suppliers. Under the increasing threat of climate change, Evergreen Marine identifies the opportunities and challenges brought about by climate change and extreme weather referring to the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, in response to severe weather that affect ship safety, such as rough sea conditions, typhoons, sea fog, sea ice and extremely low atmospheric pressure, are included in Evergreen Marine's "risk management" assessment system. To set up disaster prevention plans, monitor the performances of preventive measures, and eventually reduce the risk of climate change, and seize potential opportunities, the relevant budgets are made.

In response to the possible impact of climate change, Evergreen Marine has established the following operating procedures based on the four core elements, namely, governance, strategy, risk management, and indicators and goals:



#### Governance

Climate change issues are identified, planned, and promoted by the executive secretary of the Project Dept. and the Environmental Protection Issues Team. Quarterly meetings are held to report the progress and goals of climate change management to the Board of Directors every year.



#### Strategy

The duration of impacts is divided into short-term, medium-term, and long-term spells. We conduct operational risk assessments on the scope of impacts and draw up countermeasures for the aftermath of the impacts.



#### Risk Management

The CSR Committee identifies and assesses the transition risks of policies and regulations, technology, market and reputation and the physical risks of acute and slow-moving climate change, and takes mitigation or adaptation actions based on the degree of risks.



#### Indicators and Goals

Indicators and goals are set in line with climate change policies and risk management. The greenhouse gas emission factors are based on the IMO MEPC / 29 / 18 / Dec.1989 and the "Emission Factors for Greenhouse Gas Inventories 6.0.4" announced by the Industrial Development Bureau, Ministry of Economic Affairs. Besides, Evergreen Marine makes full disclosures of water resource management and waste management and tracks improvements on a regular basis.





Risks and opportunities related to climate change are as follows:

Issue	Changes in domestic and foreign regulations	Increased customer awareness of environmental protection
Type of Risk	Transition risks	Transition risks
Duration of Impact	Short / medium / long-term	Short / medium / long-term
Object of Impact	<ol style="list-style-type: none"> <li>1. Company ships</li> <li>2. Products or services</li> <li>3. Shipowners / Charterers</li> </ol>	<ol style="list-style-type: none"> <li>1. Company</li> <li>2. Customers</li> <li>3. Employees</li> </ol>
Negative Impact and Financial Impact	<ol style="list-style-type: none"> <li>1. Rising oil prices or equipment modification increase operating costs.</li> <li>2. Energy conservation and carbon reduction practice increases operating costs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Environmentally-friendly equipment modification increases operating costs.</li> <li>2. Failure to meet the needs of customers and stakeholders for environmental protection takes a toll on the corporate image.</li> </ol>
Opportunities and Benefits	<ol style="list-style-type: none"> <li>1. Install scrubbers in ships to save the expense of low-sulfur fuel purchase</li> <li>2. Replace old ships with green ship to save operating costs also fulfill our corporate sustainability and environmental protection commitments</li> <li>3. Improve energy efficiency and save electricity</li> <li>4. Elevate the corporate image as a guardian of the green Earth</li> </ol>	<ol style="list-style-type: none"> <li>1. Issue green bonds to purchase eco-friendly equipment</li> <li>2. Use energy efficient equipment to reduce energy consumption</li> <li>3. Promote innovative functions such as Internet and EDI to improve work efficiency</li> </ol>
Response Measures	<ol style="list-style-type: none"> <li>1. Evaluate the installation of desulfurization and denitrification equipment in existing or newly built ships according to the statutory requirements</li> <li>2. Purchase compliant low-sulfur fuel and ensure the stable quality of fuel</li> <li>3. Build next-generation green ships</li> </ol>	<ol style="list-style-type: none"> <li>1. Keep abreast of environmental trends and evaluate the feasibility of responses to the trends</li> <li>2. Replace paperwork with e-mail and electronic data interchange (EDI) to reduce carbon emissions</li> </ol>
Actions	<ol style="list-style-type: none"> <li>1. Replaced old ships with new ones</li> <li>2. Equipped new ships with desulfurization and denitrification equipment (60% of our new ships had been equipped with scrubbers by the end of 2019)</li> <li>3. Negotiated contracts with oilers to ensure stable volumes and prices</li> </ol>	<ol style="list-style-type: none"> <li>1. Issued NT\$2 billion of green bonds to purchase and install eco-friendly fuel equipment in ships</li> <li>2. Complied with environmental requirements and evaluated the feasibility of new energy</li> <li>3. Promoted the replacement of paperwork with electronic operations to increase productivity</li> </ol>

Issue	Changes in energy policies and equipment requirements	Increased frequency of extreme weather
Type of Risk	Transition risks	Physical risks
Duration of Impact	Short / medium / long-term	Short / medium / long-term
Object of Impact	<ol style="list-style-type: none"> <li>1. Company ships</li> <li>2. Suppliers</li> <li>3. Shipowners / Charterers</li> <li>4. Ship crew members</li> <li>5. Customers</li> </ol>	<ol style="list-style-type: none"> <li>1. Company ships</li> <li>2. Employees</li> <li>3. Products or services</li> <li>4. Suppliers</li> <li>5. Customers</li> </ol>
Negative Impact and Financial Impact	<ol style="list-style-type: none"> <li>1. Berthing at specific terminals is restricted due to shore power connection requirements, which affects the ship schedules.</li> <li>2. Failure to meet the energy conservation and carbon reduction goals of customers or authorities results in less booking or idle ships and increases operating costs.</li> </ol>	<ol style="list-style-type: none"> <li>1. The affected safety of ships, crews and cargoes increases operating costs.</li> <li>2. Affected ship schedules and inland transportation schedules result in increased costs for customers and the Company.</li> </ol>
Opportunities and Benefits	<ol style="list-style-type: none"> <li>1. Improve energy efficiency to reduce energy costs</li> <li>2. Develop green marinetech, elevate the corporate image, and increase opportunities for cooperation with upstream and downstream suppliers</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop weather and sea condition monitoring and navigation, optimize ship schedules, and improve operational efficiency</li> <li>2. Develop ship position monitoring technology and improve marinetech standards</li> <li>3. Strengthen the Company's resilience to extreme weather and increase customer trust and support</li> </ol>
Response Measures	<ol style="list-style-type: none"> <li>1. Glean information on new energy and evaluate its feasibility</li> <li>2. Install shore power systems in line with local laws and regulations and terminal facilities</li> <li>3. Have responsible engineers arrange professional maintenance service providers to conduct maintenance aboard</li> <li>4. Organize environmental training for employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Use the fleet safety management system (FMS. safety) provided by WNI Weather Navigation Company to monitor weather information</li> <li>2. Plan ship schedules and port calls efficiently based on climate monitoring data</li> <li>3. Improve loading / unloading efficiency to reduce berthing time at terminals</li> <li>4. Keep track of disasters proactively, and urge suppliers to float countermeasures such as route changes</li> <li>5. Pay close attention to changes in navigable water level restrictions issued by the Panamanian authorities, adjust maximum loading TEU flexibly according to changes in navigable draft and adjust fleet deployment if necessary</li> </ol>
Actions	<ol style="list-style-type: none"> <li>1. In 2019, 207 ships used shore power in the United States. A total of 76 ships used shore power at Chinese ports.</li> <li>2. The shore power connection rate increased. The shore power connection rate at Kaohsiung Container Terminal reached 86%.</li> </ol>	<ol style="list-style-type: none"> <li>1. In 2019, WNI gave advice to 272 ships on the avoidance of 29 typhoons.</li> <li>2. In 2019, there was neither damage caused by typhoons, explosive cyclones, sea ice, or sea fog nor major customer complaints against inland transportation.</li> </ol>



## 2.4 Information Security

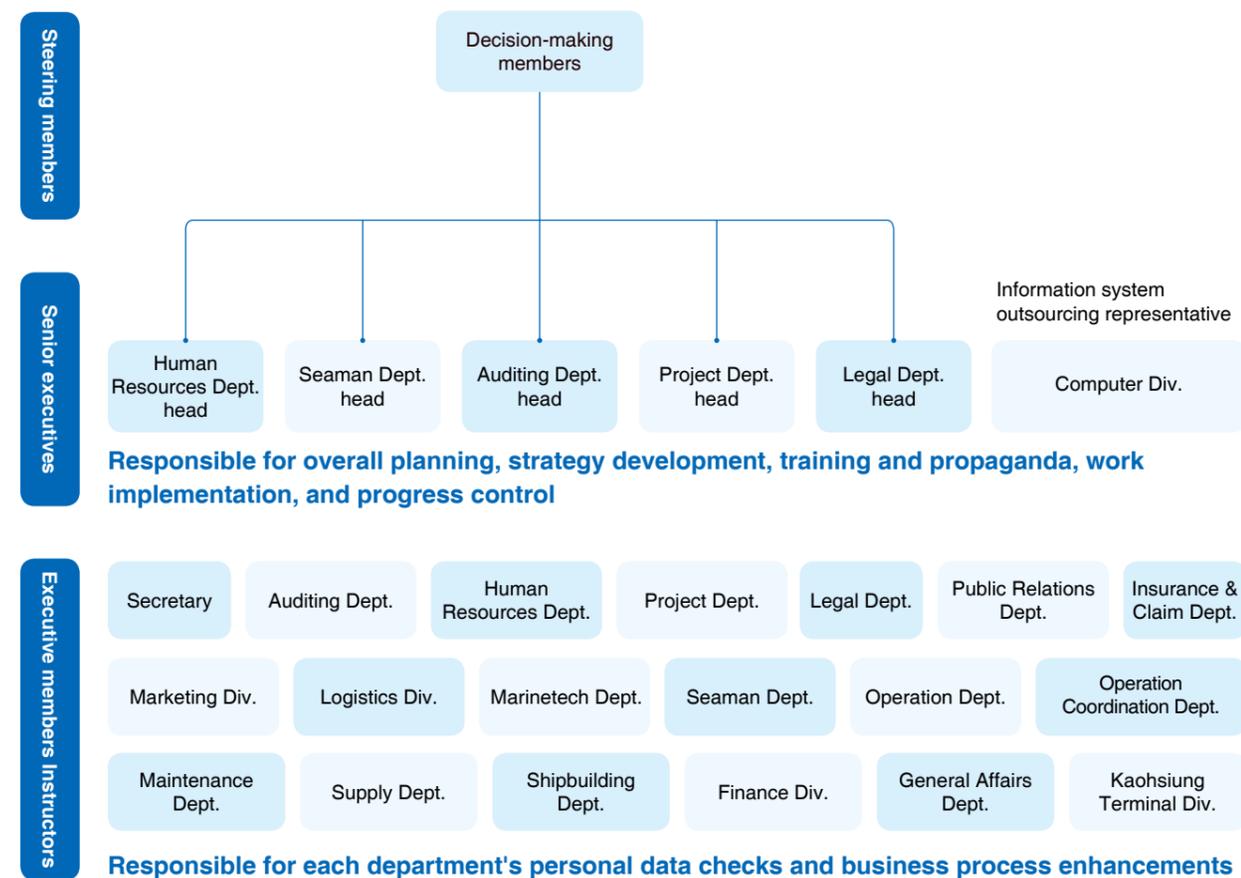
Evergreen Marine has complete control over the access, processing, transmission, and storage of customer information, along with relevant measures and controls established to ensure the safety of application system development, design and maintenance, databases, networks, personal computers, and storage media. For online transactions, encryption and authentication mechanisms are in place to prevent customer information from stealing, alteration, damage, loss or leakage, ensuring the security of customer information. In 2019, no complaint about infringement of customer privacy or loss of customer information was reported.

## 2.5 Protection of Personal Data

Evergreen Marine has established the "Personal Data Management Committee," with senior executives serving as steering members and managing decision-making members from Human Resources Dept., Seafarers Dept., Auditing Dept., Information Team of Project Dept., and Legal Dept. and the head of the Auditing Dept. serving as the convener.

The decision-making members are responsible for overall planning, strategy development, training and propaganda, work implementation, and progress control. In addition, third-party information service providers appoint a representative to attend the decision-making committee meeting. Each department appoints a (deputy) manager as an executive committee member to serve as the contact between the department and decision-making members.

### Personal Data Management Committee Organizational Chart



In terms of compliance with privacy protection regulations, Evergreen Marine attaches great importance to the protection of customer information. Our collection, processing, and use of customer information accord with relevant laws and regulations and authorizations. Controls are also in place to keep customer information strictly confidential. In 2019, we provided the "Employee Notice / Consent / Consent to Recruitment" for all shipowners and branches in the EU, of which the departments in charge of personnel / supervision passed them on to the employees via announcements; the "Evergreen Line Privacy Policy" was also updated on the corporate website. In response to Germany's personal data protection laws and regulations, Evergreen Marine's Germany office has also appointed a data protection officer (DPO) to handle issues related to the protection of personal data of European branches and agents and completed the registration of DPO in Germany through a lawyer.

Evergreen Marine has established the "Personal Data Management Committee," consisting of decision-making members from Information Team of Project Dept., Human Resources Dept., Auditing Dept., Seafarers Dept., and Legal Dept. The Legal Dept. has a dedicated mailbox (Dataprivacy@tw.evergreen-line.com) set up to conduct preliminary review of personal information incidents, make inquiries with relevant departments, and reply. If the findings indicate that there is a need to revise operating procedures, it will be reported to the decision-making members of the Personal Data Management Committee for decision-making. To enhance the employees' knowledge of personal data protection management, Evergreen Marine provides relevant training for new recruits; in addition, regulations in respect of personal data protection management are communicated to employees, so as to incorporate the awareness and concept of personal data protection into day-to-day business operations. In 2019, one training on personal data protection management was held, with the number of participants reaching 72.



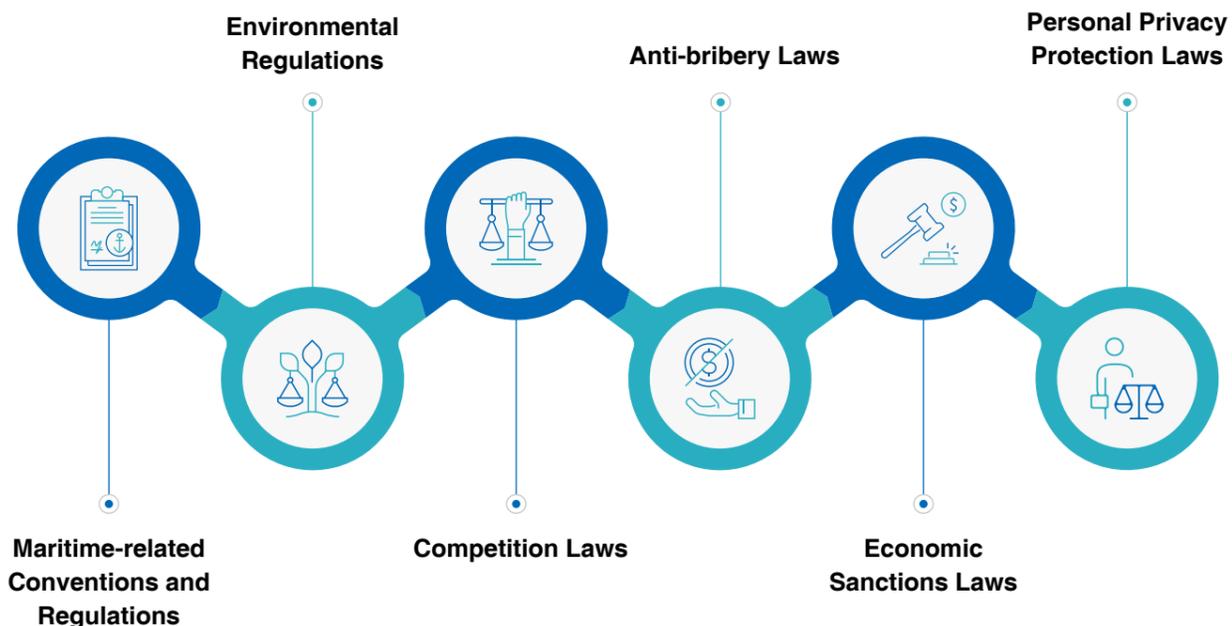
Evergreen Line Privacy Policy





## 2.6 Compliance

As Evergreen Marine operates all over the world, it is incumbent on us to comply with the laws and regulations of many countries. Evergreen Marine is committed to complying with laws and regulations, and has drawn up policies or guidelines for different areas of compliance, including but not limited to maritime-related conventions and regulations, environmental regulations, competition laws, anti-bribery laws, economic sanctions laws, and personal privacy protection laws.



Evergreen Marine keeps track of all international conventions and national laws and regulations on a regular basis and confirms the implementation of these laws and regulations, and adjusts response measures in a timely manner to ensure compliance. We also include periodic review of laws and regulations in the annual safety management review meeting. The review results of compliance with maritime laws and regulations are retained in accordance with regulations. For time-sensitive compliance requirements, Evergreen Marine issues notices to the fleet for compliance. The fleet is also required to fill in and submit the ship safety compliance checklist on a regular basis; besides, the Marinotech Dept. periodically checks the status of implementation on board.

In terms of compliance with competition laws, Evergreen Marine continues to audit relevant business units' e-mail self-inspections with the e-mail audit system on a monthly basis. If there is a need to further clarify and communicate the concept of competition laws during the audit, the Auditing Dept. will reach relevant employees on its own initiative. We enhance all employees' awareness of compliance through various channels such as meetings, pre-service training for new recruits, electronic bulletin boards, grievance mailboxes, and competition law notices. For expatriate supervisors and employees, we provide enhanced training on knowledge and practice of local competition laws to avoid transgressions. In 2019, the Competition Compliance Team completed 9 training courses on competition laws, with the number of participants reaching 1,410.

Regarding economic sanction regulations, in 2019, Evergreen Marine continued to compare the customer list, supplier list, and customer information on bills of lading with the latest sanctions list through the automatic screening system and manual checks to immediately monitor and control the list of transaction counterparties. In the light of the latest enforcement of international economic sanctions, the Competition

Compliance Team also took the initiative in strengthening spot checks and review of highly sensitive areas (e.g., Dalian, China, Central and South America) and high-risk cargoes (e.g., sugar, cigarettes, and petroleum), and adjusted and enhanced due diligence accordingly. If a suspicious transaction patterns is found in the bill of lading, we will ask the local salesforce to establish contact and pay a visit. If the results of enhanced due diligence indicate that the company may be a shell company set up by a company on the embargo list to evade sanctions, it will be blacklisted in accordance with the "Evergreen Line Embargo Compliance Policy" to avoid breaking the law. We also helped review the embargo-related clauses in customer contracts and supplier contracts to protect our rights and interests. A total of 4 training courses on economic sanctions were completed in 2019, with the number of participants reaching 1,138.

With regard to anti-bribery / anti-corruption compliance, we regard "integrity" as one of our most important core values. In addition to clearly defining the division of business and responsibilities and hierarchical, transparent management, Evergreen Marine has established closely related operating procedures, codes of conduct, and guidelines for ethical management for the staff to follow in day-to-day business operations. We have also taken various measures to strengthen internal business ethics and implement the anti-corruption policy, and request all of our employees to comply. A total of 4 training courses on anti-bribery / anti-corruption were completed in 2019, with the number of participants reaching 572.

### Training on laws and regulations in 2019

Laws and Regulations	Number of training courses	Number of participants
Competition Laws	9	1,410
Anti-bribery / Anti-corruption Laws	4	572
GDPR	1	72
Others (economic sanctions)	4	1,138

Viewing compliance as one of our key core values, Evergreen Marine requires that all business activities should comply with relevant laws and regulations in Taiwan and countries / areas where business activities take place. Evergreen Marine requires that the staff should abide by the principle of ethical management and should not violate relevant laws and regulations in pursuit of profits. In 2019, Evergreen Marine was fined NT\$120,000 for two violations of labor laws and regulations. The two cases have been reviewed and tracked for improvement. In 2019, there was no violation of economic laws and regulations. In 2019, there was no penalty imposed on the Company for the violation of environmental laws.





## Chapter 03

### Partnership and Customer Management

- 3.1 Shipping Alliance
- 3.2 Cargo Safety
- 3.3 Supplier Management
- 3.4 Customer Management
- 3.5 Digital Platforms



#### Highlights

- 90.9% of new suppliers underwent CSR screening
- The customer satisfaction rate averaged 4.85 (on a 5-point scale)
- Partnered with BlueX Trade to provide online inquiry, booking, and payment services through an e-commerce platform, GreenX

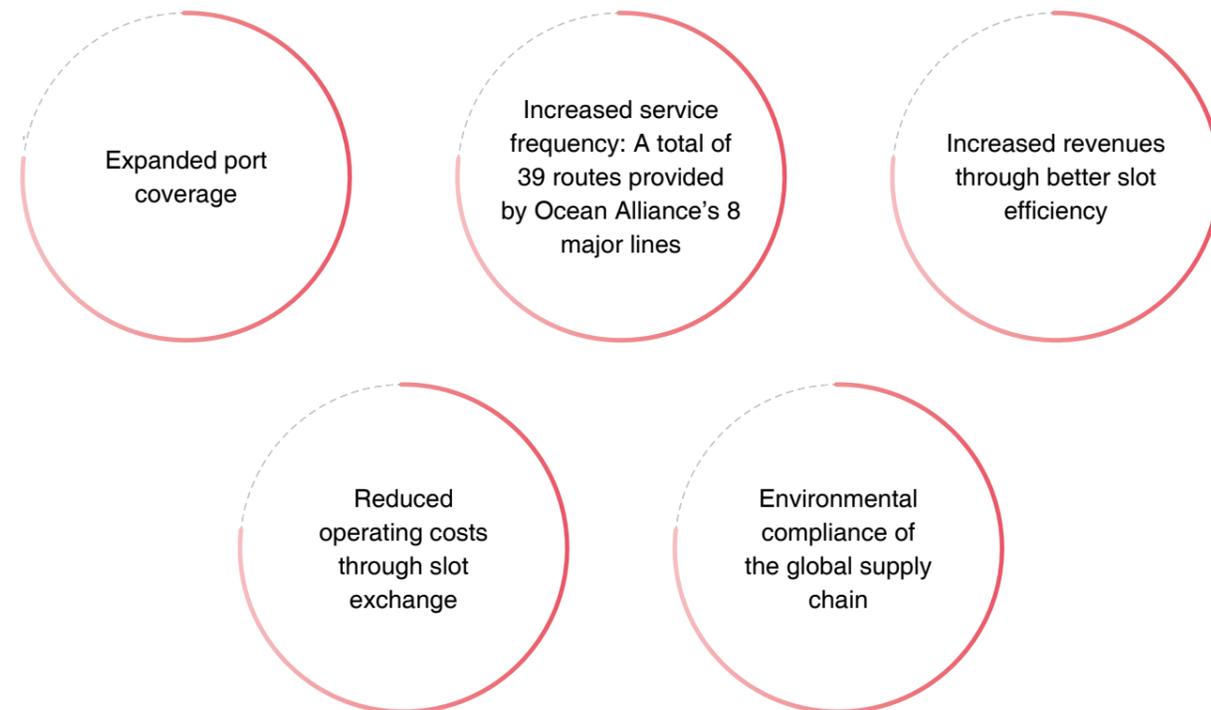


# Chapter 03 Partnership and Customer Management

## 3.1 Shipping Alliance

### 3.1.1 Development of Associated Operations

In response to the trend toward larger vessels to reduce the cost of shipping operations, various partnership models are used by shipping companies to obtain the slots and services that they each need in order to increase the port coverage and port-call frequency. Such associated operations reduce operating risks and the imbalance between slot supply and demand on the market and further meet environmental requirements of the global supply chain. The largest alliance in the shipping market is the OCEAN Alliance formed by Evergreen Marine, CMA CGM, COSCO SHIPPING, and OOCL.



The partnership model chosen by Evergreen Marine is independently operated lines (core service) supplemented by vessel sharing. Slot exchanges are conducted with lines operated by associated shipping companies as equals, or directly purchased slots in order to obtain each other's slots on lines that they operate.



#### 2019 Evergreen Marine's Cooperation Model of OCEAN Alliance (OA)



Vessel Sharing

If the returns on a new line and the slot demand are insufficient to support independent operations, team up with one or more carriers to provide ships on that line in order to reduce and share operating costs



Slot Exchange

Exchange slots with one or more carriers on an existing route to provide customers with more options and improve competitiveness



Slot Charter

Buy and sell slots with one or more carriers on existing lines that they operate in order to satisfy each other's demand for slots on lines that they operate

Following Day 1 Product and Day 2 Product, the Ocean Alliance launched the "Day 3 Product" plan in third quarter of 2019, and will launching "Day 4 Product" planning in the fourth quarter of 2020.



**2019 Ocean Alliance Day 3 Product cooperation on 39 lines with 330 ships totaling 3.88 million TEU**

- Far East / Europe ..... 7 routes per week
- Far East / Mediterranean ..... 5 routes per week
- Far East / US East Coast ..... 7 routes per week
- Far East / US Southwest ..... 8 routes per week
- Far East / US Northwest ..... 4 routes per week
- Far East / Middle East ..... 4 routes per week
- Far East / Red Sea ..... 2 routes per week
- Pan - Atlantic routes ..... 2 routes per week



**2019 Ocean Alliance Day 4 Product cooperation on 39 lines with 333 ships totaling 3.90 million TEU**

- Far East / Europe ..... 7 routes per week
- Far East / Mediterranean ..... 4 routes per week
- Far East / US East Coast ..... 7 routes per week
- Far East / US Southwest ..... 9 routes per week
- Far East / US Northwest ..... 4 routes per week
- Far East / Middle East ..... 4 routes per week
- Far East / Red Sea ..... 2 routes per week
- Pan-Atlantic routes ..... 2 routes per week

### 3.1.2 Cooperation Mode and Outlook

The OCEAN Alliance is based on each member providing each other with the contact details for their internal decision-making units and business leaders. All personnel involved handle matters related to their respective units and must be familiar with the conditions set by the alliance contract. Allied carriers are responsible for carrying the cargo of other members on their respective lines and ships. Any adjustments to lines and ports or goods and sailing schedules will only be made after close consultation between allied carriers and if it does not impact on line quality and members' interests. System integrations include providing each other with members' loading information. A data format that is acceptable to each carrier's information platform was also defined through mutual agreement. An Operations Coordination Center (OCC) staffed by 2 people from each carrier was established by the Ocean Alliance (OA) in Hong Kong to coordinate the operation of OA lines. The OCC is responsible for ensuring smooth operations of the OA line network by compiling the standard pro-forma schedule (PFS), updating schedules, handling unexpected events and disputes, etc.

In the short term, Evergreen Marine will continue to maintain close cooperation on the 8 major lines, and discuss any market developments with allied carriers and make line adjustments as necessary to provide customers with the best line services. For medium- and long-term strategies, the Company will not only strengthen cooperation on the best-performing lines but also form partnerships on other niche lines such as the Asia / Western South America, Eastern South America, Australia and India market.

## 3.2 Cargo Safety

### 3.2.1 Freight Transport Regulations

The transportation of goods by sea play an important part in economic and trade development. Upholding the safety of the employee, cargo, and ship as well as the zero accident have always been the Evergreen Marine's philosophy. Containers entrusted to us by customers are carefully loaded aboard our ships in accordance with relevant international regulations established by the IMO. We also arrange for regular personnel training and education, receive in-depth and sophisticated training on transportation requirements of specific dangerous goods for duties performed by each personnel to raise their awareness and strengthen their sense of responsibility, in order to reduce the chance of accidents and realize the aforesaid safe transport goals.

In addition to complying with the aforesaid international regulations, Evergreen Marine has also developed the following three work instructions to ensure proper management and the correctness of related policies, procedures and implementations: "Cargo Transport Procedure," "Stowage Operating Instructions," and "Dangerous Cargo Control Instructions." The "Consignment Acceptance Guidelines" were also drawn up to ensure the safety of ships at sea and customer cargo. All customers cooperated with the relevant regulations in 2019 and no violations were reported.

- Cargo Transport Procedure**
  - Individual management of the receiving, stowage, loading, transport, unloading, delivery, and schedule management processes.
- Stowage Operating Instructions**
  - The work rules for stowage personnel cover the assignment of responsibilities, collection of loading information before stowage, establishment of basic stowage (space distribution) principles, and stowage precautions.
- Dangerous Cargo Control Instructions**
  - Ensure full compliance with the International Maritime Dangerous Goods Code (IMDG Code), other international conventions and the local regulations of the port state during the transportation of dangerous cargo to protect the safety of life at sea and prevent marine pollution.

The "Cargo Incident Notification System" (CINS) is an accident reporting platform jointly set up by leading international carriers in 2011. The purpose of the platform is to raise the safety of the supply chain through the sharing of accident information in order to reduce shipping accidents caused by cargo on shore and on ship, as well as highlighting the risks on specific goods and / or failure of packaging.

According to TT Club, a ship fire at sea occurs on average every 60 days in recent years. On average, one container ship caught fire every week in the first half of 2019, most of which were directly related to the wrong declaration or concealment of cargoes (especially dangerous goods) . For shipowners and cargo owners, wrong declaration or concealment of cargoes that causes serious damage to the safety of ship crew members, ship assets, and cargo assets is an issue that needs attention.

As one of CINS's founding members, Evergreen Marine assesses cases reported via CINS and takes immediate action while finding ways of preventing them in order to reduce shipping accidents caused by cargoes.

CINS shares all cargo-related incident analyses, opinions and insights exchanged between carriers on abnormal cargo information or accidents, and relevant guidelines drawn up by the task forces for members' implementation, aiming to improve the transportation safety in the shipping industry and prevent threats to life and cargo loss.



### 3.2.2 Management of Dangerous Cargoes



The transport of goods by sea is a part of international trade and dangerous goods are imported and exported by major ports around the world. According to the International Maritime Dangerous Goods Code (IMDG Code) and local laws and regulations, consignors are required to declare and label dangerous goods correctly with supporting documents before delivering the goods to the carriers, so as to ensure safe loading and emergency handling of ship crew members.

To provide customer service and ensure the safety of maritime transport at the same time, Evergreen Marine has introduced a keyword inquiry system for dangerous goods. With this system, the dangerous goods team members having expertise in chemistry and sea transportation enhance the document review of dangerous goods and communicate closely with customers to gain an in-depth understanding of the characteristics of the dangerous goods and methods for safe delivery. This can reduce the risk of wrong declaration or concealment of cargoes and protect the safety of workers in the transportation supply chain, improving the effectiveness of damage prevention.

Becoming a member of the OCEAN Alliance means that Evergreen Marine has significantly broadened the scope of dangerous goods we will accept while continuously assigning training and reading in respect of regulatory updates to employees, so as to increase employees' knowledge of dangerous goods and stowage skills. The "Evergreen Line Dangerous Goods Stowage Policy" is also in place to reinforce our adherence to the concept of safe delivery of goods.

In 2019, there were no penalties for incidents of transportation services not conforming to local or national laws / regulations. Evergreen Marine fleets and docks adhere strictly to all operating procedures. There were no significant spills of oil, fuel, waste or chemical substances resulting in massive fines for violations of environmental protection regulations in 2019.

### 3.3 Supplier Management

#### 3.3.1 Value Chain Overview

Evergreen Marine's service network spreads all over the world, with our suppliers spanning five continents. Viewing each supplier as an important business partner, Evergreen Marine works closely with all suppliers to promote the flow of international cargo by delivering owners' goods to their destinations.

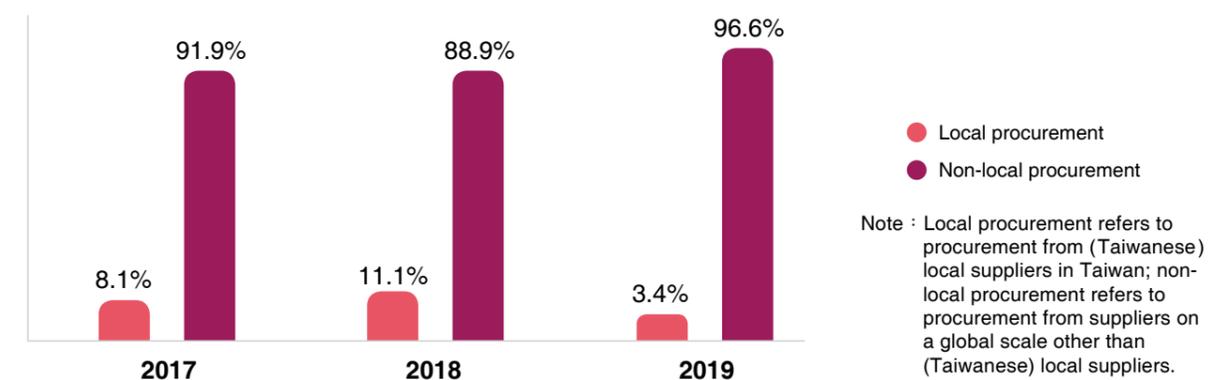
##### Evergreen Marine's value chain



To effectively manage suppliers, Evergreen Marine has drawn up the "Supplier Code of Conduct," which each supplier is required to comply with, and the principles of supplier selection that incorporate the aspects of CSR practice such as environmental protection, labor, human rights, and social impacts. How Evergreen Marine cooperates with each supplier is regulated through relevant instructions.

Products or services purchased by Evergreen Marine such as ship fuel oil, barges, inland container transportation, and inland container yards are mainly sourced from local suppliers. As a listed company in Taiwan, Evergreen Marine gives priority to local suppliers in Taiwan as far as possible, albeit the ratio of local procurement was relatively low in 2019 due to the large purchases of ships and terminal equipment from suppliers overseas.

##### 2019 Ratio of local procurement



The Company complies with cross-border security standards set by the customs for supply chain products, and has obtained the certificate of Authorized Economic Operator (AEO) to ensure the supply chain safety from the start till the end. The standing "Authorized Economic Operator Committee" was established, with AEO management representatives and executive secretaries appointed to be responsible for promoting activities in relation to AEO certification and supply chain safety management, in order to ensure that supply chain safety meets relevant laws and regulations and customers' requirements.



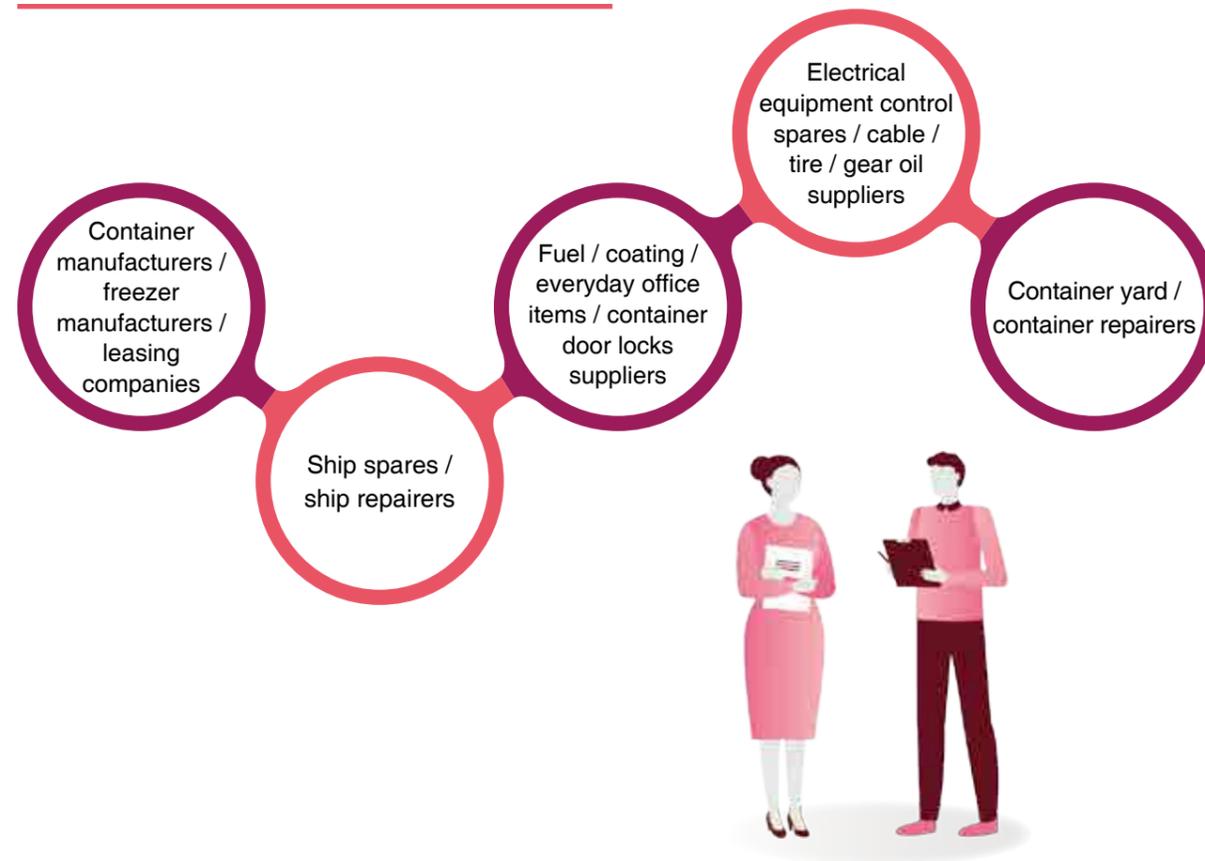
### 3.3.2 Selection of Suppliers

Recently, sustainable development indicators such as environmental protection, labor, human rights, and social impacts have gradually received public attention. To fully implement supplier sustainability management, Evergreen Marine encourages all partners to pitch into action to address sustainability issues. We have taken sustainable development indicators such as environmental protection, labor, human rights, and social impacts as one of the considerations for supplier screening and evaluation.

#### Five major aspects of the Supplier Code of Conduct



#### Selection of suppliers and CSR standards



When selecting new container manufacturers / freezer manufacturers / leasing companies and other suppliers, Evergreen Marine considers their product quality, delivery time, price, market record / reputation, and service quality; their environmental and social records are also vetted to avoid dealing with companies that are at odds with our CSR policy. Inquiries, price negotiations and orders for all proposed purchases are conducted in accordance with CSR ideals and guidelines as much as possible. Bidders and procurement projects are assessed in terms of environmental sustainability, human rights protection, and integrity before they are recognized as qualified suppliers.

For ship repairers and ship recycling shipyards, Evergreen Marine attaches great importance on suppliers' labor rights and environmental safety, and requires suppliers to provide employee insurance (labor and health insurance), personnel training, and occupational safety management.

Evergreen Marine's occupational safety regulations for repairers and suppliers	
1	Timely conduct occupational safety and health education for workers.
2	Instruct employees to wear personal protective equipment, including helmets / safety footwear / fitted work uniforms / seat belts.
3	Advocate on safety and health precautions before commencement of construction.
4	Implement construction according to safety and health standards.
5	Educate on safety and health regulations for workers.
6	Strictly prohibit smoking / drinking at the construction site.
7	Workers must dispose of on-site garbage by themselves.
8	Responsible companies will be suspended from operations for a short period of time when there are work accidents due to construction error, which caused damage to the ship, such as fire disasters and oil spills. For serious cases, the responsible companies will be permanently suspended from operations and shall compensate for relative damages.
9	Contractors shall comply with the occupational safety regulations and accept guidance from Evergreen Marine's ship personnel.
10	In accordance with entry and exit vehicle restraints at loading docks, a vehicle should have yellow warning lights placed on its car roof, and should park at non-designated locations.
11	The hanging operations has been carried out in accordance with Item 12 of Evergreen Marine's "Operating standards for safety and health."
12	The terminal spraying operation has been carried out in accordance with Item 8 of Evergreen Marine's "Operating standards for safety and health."
13	As for other hazard prevention policies, please refer to the relevant labor regulations and occupational safety and health regulations.

During the selection of suppliers, the Company also encourages suppliers to provide CSR-related documents and "Environmental Protection Agreement" and incorporates corporate social responsibility into contract provisions. Although new suppliers were fewer in 2019 than in 2018, the ratio of new suppliers that underwent CSR screening increased from 53.1% to 90.9%, showing that the Company has gradually achieved results in implementing CSR screening.



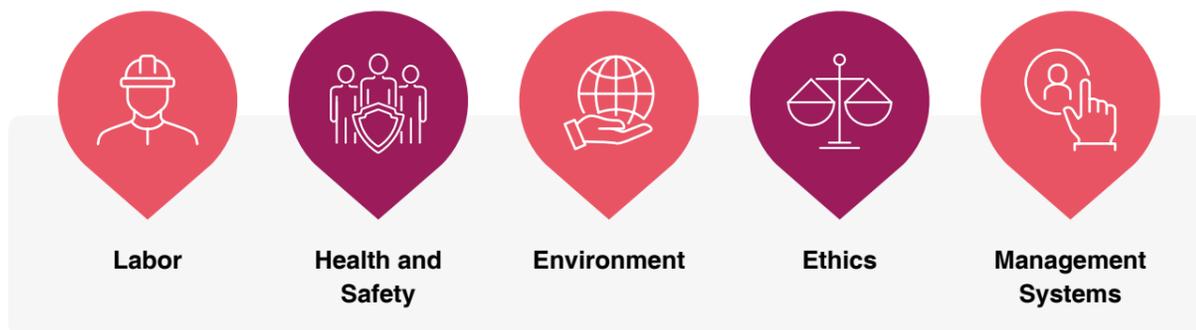
### CSR screening of new Evergreen suppliers

CSR screening of new Evergreen suppliers	2018	2019
Number of new suppliers	49	33
Ratio of new suppliers that underwent CSR screening	53.1%	90.9%

### 3.3.3 Supplier Evaluation

In 2018, Evergreen Marine established the "Supplier Code of Conduct" to set common values and standards for cooperative suppliers under five key aspects. Evergreen Marine also established the "Supplier Transaction Management Instructions" and "Business Partner Management Instructions" for the procurement department to follow. The annual supplier evaluation is conducted every year, appraising each supplier's service quality, professionalism, flexibility, product delivery time, and price, as well as its CSR practice in environmental, social (labor and human rights), and economic aspects. The average result of the supplier evaluation in 2019 was positive and the requirements were met in every category.

#### Five major aspects of the Supplier Code of Conduct



### Frequency of supplier evaluation

1. Qualified suppliers who have business dealings with the Company and may affect our service quality are evaluated at least once a year.
2. If regular evaluations of suppliers are impossible due to the particularity of the suppliers' business nature or the peculiar functions of their products, an evaluation will be conducted within the year from the date of business dealings.

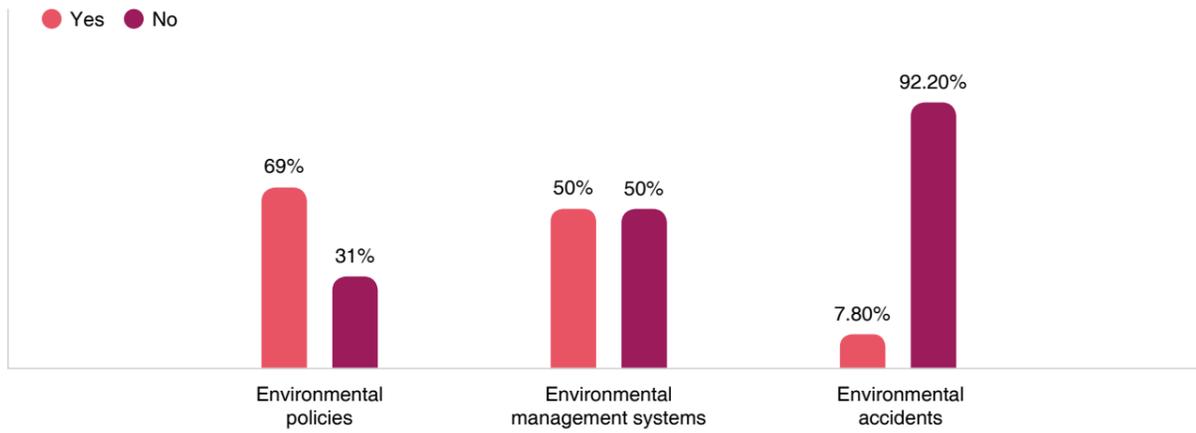
### Aspects of supplier evaluation

To examine the implementation of suppliers' corporate social responsibilities, the Company distributed questionnaires about suppliers' environmental, labor practice and human rights, and social responsibilities in 2019. A total of 129 questionnaires were retrieved. The suppliers' performances in the aspects of environmental protection, labor practice / human rights, and economy are summarized below, which serve as the basis for supplier screening and improvement.

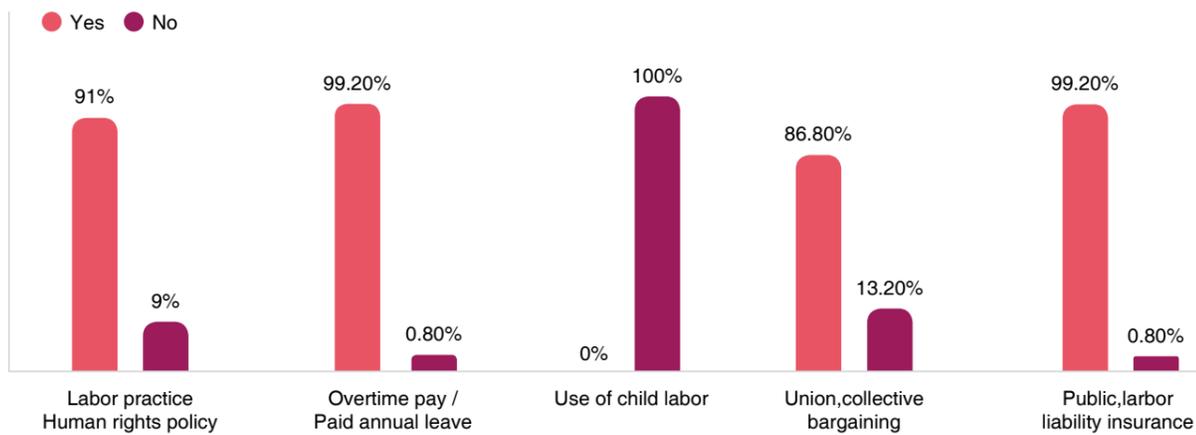




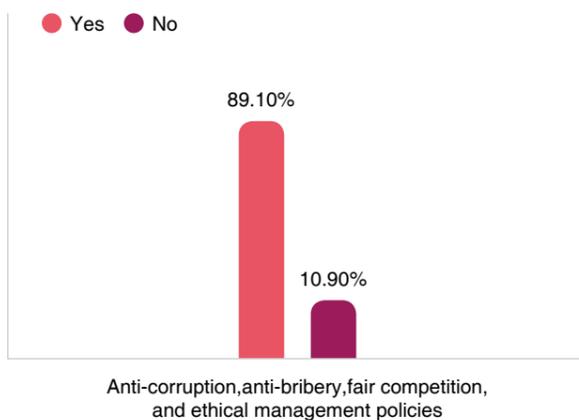
### Environmental assessment



### Labor practice and human rights assessment



### Social impact assessment



To maximize the benefits of procurement, each business department has procurement bylaws in place. For inland container yard suppliers, our local offices and agents work together to supervise the quality of service at all inland container yards and make improvements to their cost structure. Due to national differences in environmental protection, labor, human rights and social policies, all of our local suppliers must obey the laws of their nation. They must also adjust their operating models based on changes and developments in national legislation to avoid impacting negatively on environmental protection, workers, human rights, and society; in addition, Evergreen Marine's contracts with suppliers have included provisions regarding compliance with corporate social responsibility, ethical management, and other corporate governance related laws and regulations in order to fulfill corporate social responsibilities of both Evergreen Marine and our suppliers.

Our container manufacturers, freezer manufacturers, and leasing companies operate under the government's environmental, labor, human rights, and social policies. Suppliers must abide by the basic requirements for supplier screening in compliance with national laws and regulations. Evergreen Marine ensures a fair procurement and evaluation process through online bidding methods with a strict deadline of bidding.

For ship spares and repairers, the computer management system simultaneously sends out e-quotation, and sets consistent requirements and quotation deadlines as the basis for final procurement review and evaluation, in order to implement a fair procurement process. In terms of supplier evaluation, the HUB (ship) and SOL (shore) evaluation mechanism review each procurement case (repairs / spare parts) in a more stringent manner than the required annual supplier evaluation. In 2019, the Company achieved an average of 8.72 points (on a 10-point scale). Qualified suppliers that could influence Evergreen Marine's quality of service will also be appraised in the computer system. The ship crew members evaluate the packaging and documentation when spare parts are delivered while the engineers in charge evaluate the spare parts' delivery time, price and quality when they are expended.

### Maintenance platform meeting

A maintenance platform meeting is convened every month. Platform members consist of representatives from the Auditing Dept., Supervisory Dept., Finance Div., and Maintenance Dept. Platform meetings are held to discuss spare parts procurement and selection of ship repair shipyards, the analysis on spare parts inventory, as well as the requirements and progress of related program development. Maintenance platform review items are as follows:

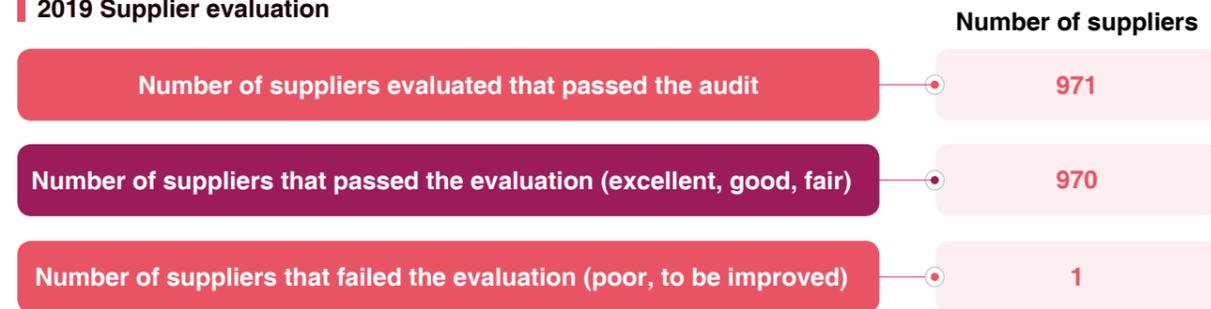
1. Procurement of common spare parts: same spare parts of more than two ships with procurement amount above US\$100,001 (inclusive)
2. Review or amendment of the existing procurement process
3. Results and analysis of the fleet's spare parts inventory twice a year
4. Shipyard selection and distribution for the next year: If there are temporary factors such as shipping schedules / ship repair that resulted in changes in distribution of the original shipyard, it shall be reported to the maintenance platform after the incident.
5. Development progress and major amendments of the new program related to ship maintenance (e.g., shipping warehouse / inventory / deployment / regeneration / warranty)
6. The change in development or process of the ship maintenance program for outbound shipping stations (Tokyo, Shanghai & Singapore) (including repairs and spare parts)
7. Other main / special matters that require group resolution



The suppliers uses an online quotation system to prevent behavioral risk. A fair and open supplier evaluation system is also in place to select the best qualified suppliers in terms of prices and evaluation criteria and disqualify low-performing suppliers. Evergreen Marine also sign contracts with suppliers to guarantee reasonable prices and supply in order to save on costs. New suppliers are required to sign the "Environmental Protection Agreement" to become part of the Evergreen Marine's supply chain.

The supplier evaluation and follow-up management are conducted in accordance with the "Supplier Transaction Management Instructions (AUD-PM10)." In 2019, one supplier failed the evaluation. The supplier failed the evaluation due to delivery of defective goods from September 2018 to March 2019 that caused damage to the Company's equipment.

2019 Supplier evaluation



### 3.4 Customer Management

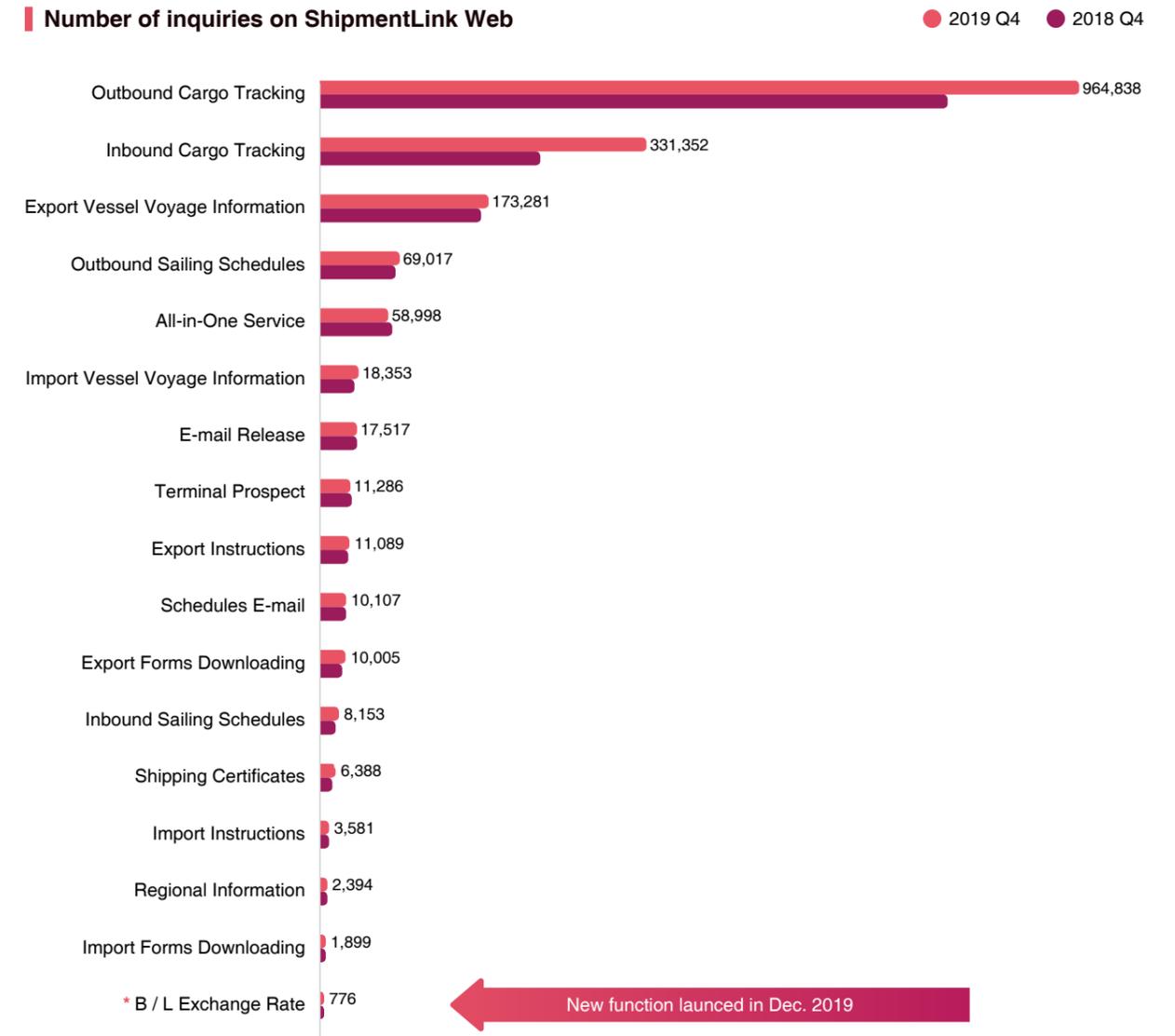
#### 3.4.1 Customer Relationship Management

Evergreen Marine provides human-friendly and cordial services. Based on the concept of "one-stop service" that allows customers to get satisfactory answers as quickly as possible, we have a VIP email set up to provide various services at all time. Evergreen Marine is constantly improving service quality through digital platforms. In addition to ShipmentLink launched in 2018, we partnered with a well-known electronic transaction platform, Bolero, to roll out two innovative functions, namely "i-B / L" and "i-Dispatch," in 2019. The paperless e-commerce service helps cargo owners streamline international trading processes, improve their operational efficiency, and achieve high quality global delivery services.

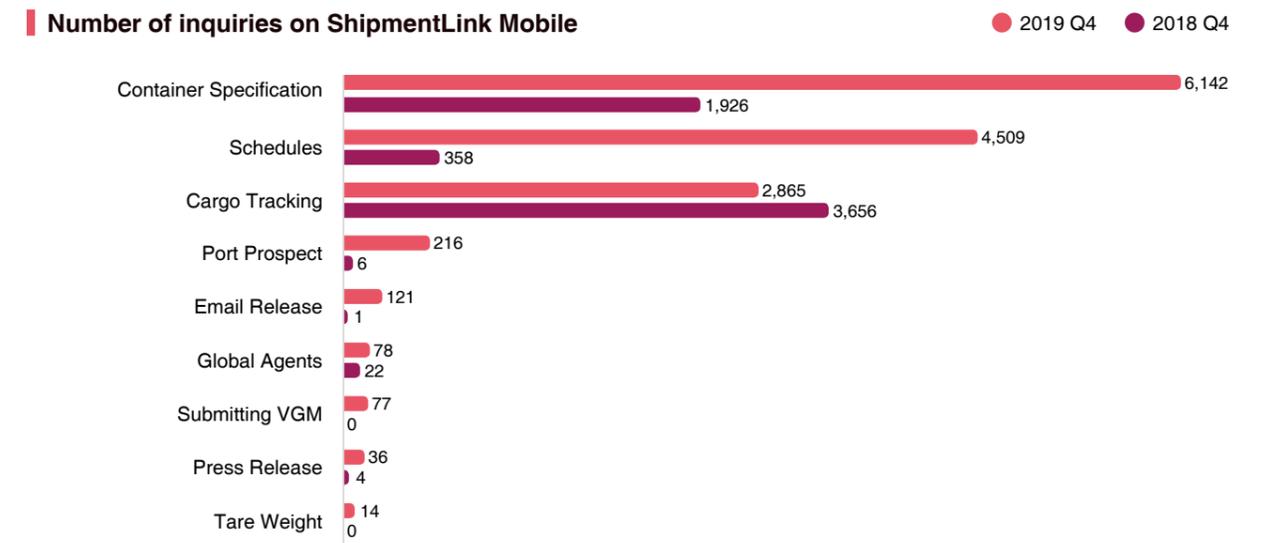
i-B / L	i-Dispatch
Evergreen issues an electronic bill-of-lading that serves as a document of title recognized by banks and insurers through the ShipmentLink platform. Once it is received by the customer, they can transfer the ownership of their goods with ease through the ShipmentLink platform. Procedures such as importing / exporting, payment processing between banks and carriers, collection and settlement can all be accelerated.	The digital delivery of trade documents to all units involved in the international trade process, which includes commercial invoices, loading list, place of origin / quarantine / insurance certificates can be encrypted and uploaded in electronic format to ShipmentLink for rapid dispatching. Commercial confidence is assured as well.

ShipmentLink Web and ShipmentLink Mobile provide our customers with everything that they need to know at any time, including the container movements, sailing schedule, register and call sign, B / L information, e-mail release status, and regional information. In the fourth quarter of 2019, the numbers of inquiries on the ShipmentLink Web and ShipmentLink Mobile exceeded 1.7 million and 10,000 respectively, both representing an increase from 2018.

#### Number of inquiries on ShipmentLink Web



#### Number of inquiries on ShipmentLink Mobile



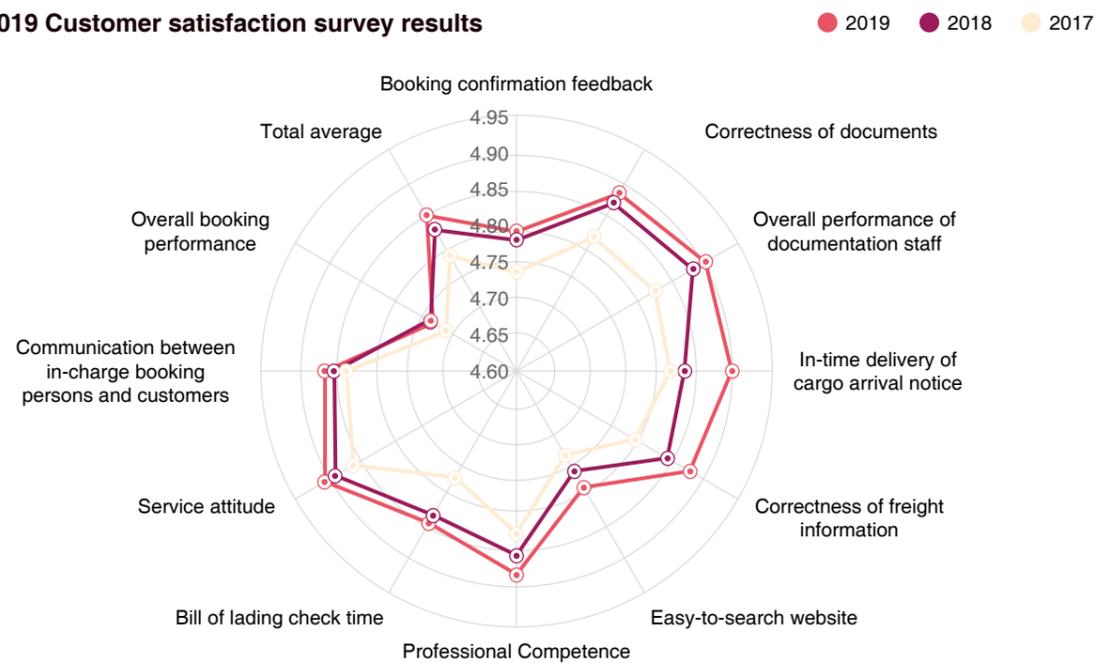


To protect customers against the loss or damage of their goods in transit, Evergreen Marine has purchased insurance from the company with the best credit rating among 13 international carriers' liability insurance companies. To protect customers' property, the causes of repeated cargo damage or loss are analyzed and looked into immediately. Preventive measures are taken accordingly to reduce customer claims for compensation, improve the safe delivery of goods, and maintain long-term customer relations.

### 3.4.2 Satisfaction Survey

We firmly believe that customer feedback plays an important role in ensuring the service quality. In 2019, Evergreen Marine conducted a customer satisfaction survey via customer visits and questionnaires, and retrieved a total of 1,059 valid questionnaires. The overall service performance averaged 4.85 points (on a 5-point scale), higher than 4.79 points in 2017 and 4.83 points in 2018.

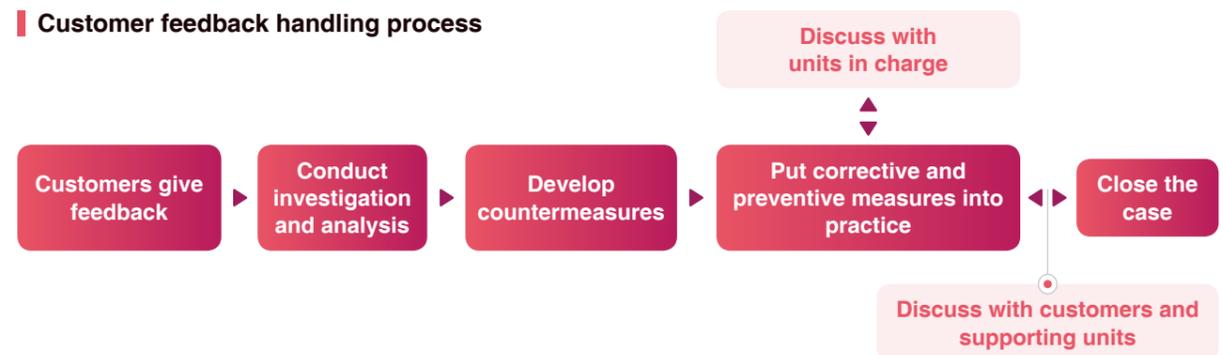
#### 2017~2019 Customer satisfaction survey results



### 3.4.3 Customer Feedback

Evergreen Marine responds promptly and prudently to all complaints or opinions about the quality of service raised by customers to maintain goodwill, thereby improving quality and enhancing competitiveness. When receiving appeals or complaints from customers, the units in charge shall, upon investigating and analyzing the causes, draw up corrective and preventive measures and put them into practice immediately until the abnormal problem or situation is smoothed away.

#### Customer feedback handling process



## 3.5 Digital Platforms

### 3.5.1 GreenX - Digital Booking Platform

In response to the customers' need for greater efficiency in the shipping operations, Evergreen Marine partnered with BlueX Trade, an American start-up in Silicon Valley, to launch an e-commerce platform, GreenX, which provides online inquiry, booking and payment services. Both parties will further develop additional services in cooperation with third-party suppliers in the international transportation supply chain to create an online shipping ecosystem.



Once registering and activating a GreenX account, customers may start enjoying highly efficient online services such as route searches, instant freight quotes, and bookings in a few clicks at any time. It also gives customers the power to make payments and submit Verified Gross Mass and B / L instruction online, making it an one-stop digital platform for shipping management. Users can directly check the freight rate and book spaces and then transfer money within 24 hours on bank, saving time required to confirm the quotes. Booking through GreenX requires neither signing contracts with carriers nor agreeing on fixed shipments to secure spaces, giving customers the flexibility to make booking at the most convenient times. During the promotion, customers can also choose the "traditional payment mode" and pay and collect the bill of lading at Evergreen Line's local agents while enjoying online booking and secured spaces.

Evergreen Marine addresses ourselves to providing digital integrated services. In addition to quotes and space booking related to shipping operations, GreenX customers will be able to access trade services such as freight financing, insurance, customs brokerage, trucking and warehousing in the near future. By matching business needs, this digital portal provides one-stop supply chain solutions to meet customers' needs in the shipping operations.



### 3.5.2 Cloud Data Integration System

With the internal cloud data integration system, the Company is able to obtain information on inbound shipments on board before a ship arrives at the port; then, it will contact the cargo owners and suppliers to make a transport plan in advance in hopes of accelerating container movements, reducing costs, and improving service quality. Information on outbound shipments is integrated so that a ship can provide stowage information before arriving at the port, reducing loading errors and speeding up the shipping operations. Related payables are integrated by the system to reduce payment errors.

## Special column Building a green fleet

Since establishment, Evergreen Marine has always upheld the business philosophy of sustainable development. "We seek not only to comply with legislation, but also to go beyond compliance," said President Chang, founder of the Evergreen Group. Filled with ambition to become a green enterprise, Evergreen Marine has been committed to protecting the Earth in pursuit of sustainable development. From S-type ships delivered in 2005, L-type ships in 2012, and B-type ships in 2017, to F-type ships in 2020, Evergreen Marine has been adamant in using state-of-the-art technology to build new eco-friendly ships with outstanding performance.

In pursuit of optimal loading, punctuality in shipping, and competitiveness, all of the ships owned by Evergreen Marine, from S-type to L-type, B-type, and F-type ships, also adopt the latest environmentally-friendly equipment to meet the Company's environmental requirements. The newly built B-type and F-type ships have improved energy efficiency and reduced greenhouse gas emissions. The newly delivered F-type ships are the first large container ships to use the latest selective catalytic reduction (SCR) to achieve a significant reduction in NOx emissions.

In 2019, Evergreen Marine signed contracts to build 14 ships, including 10 ships of 23,000 TEU and 4 ships of 1,800 TEU, to further optimize the composition of the Evergreen fleet according to the ship revitalization plan. These new ships are expected to be delivered between 2021 and 2022. In addition to adopting an engine with ultra-long stroke, this type of ship has further optimized linear design and has been equipped with energy-saving facilities to meet with the energy efficiency standard, EEDI PHASE 3. The introduction of this type of ship will significantly reduce the carbon emissions per transport unit.

In terms of the ship revitalization plan, the Company plans to phase out a total of self-owned 36 ships, including 20 medium and large ships and 16 small ships, within 5 years. At the end of 2019, the installation rate of open loop SOx scrubbers reached 56%, and 60% of our old ships were installed with SOx scrubbers. The above efforts will enhance the Company's ability to protect the environment and marine ecology.

Every year, Evergreen Marine collects the social responsibility reports and sustainability policies of the shipyards as the basis for evaluation.



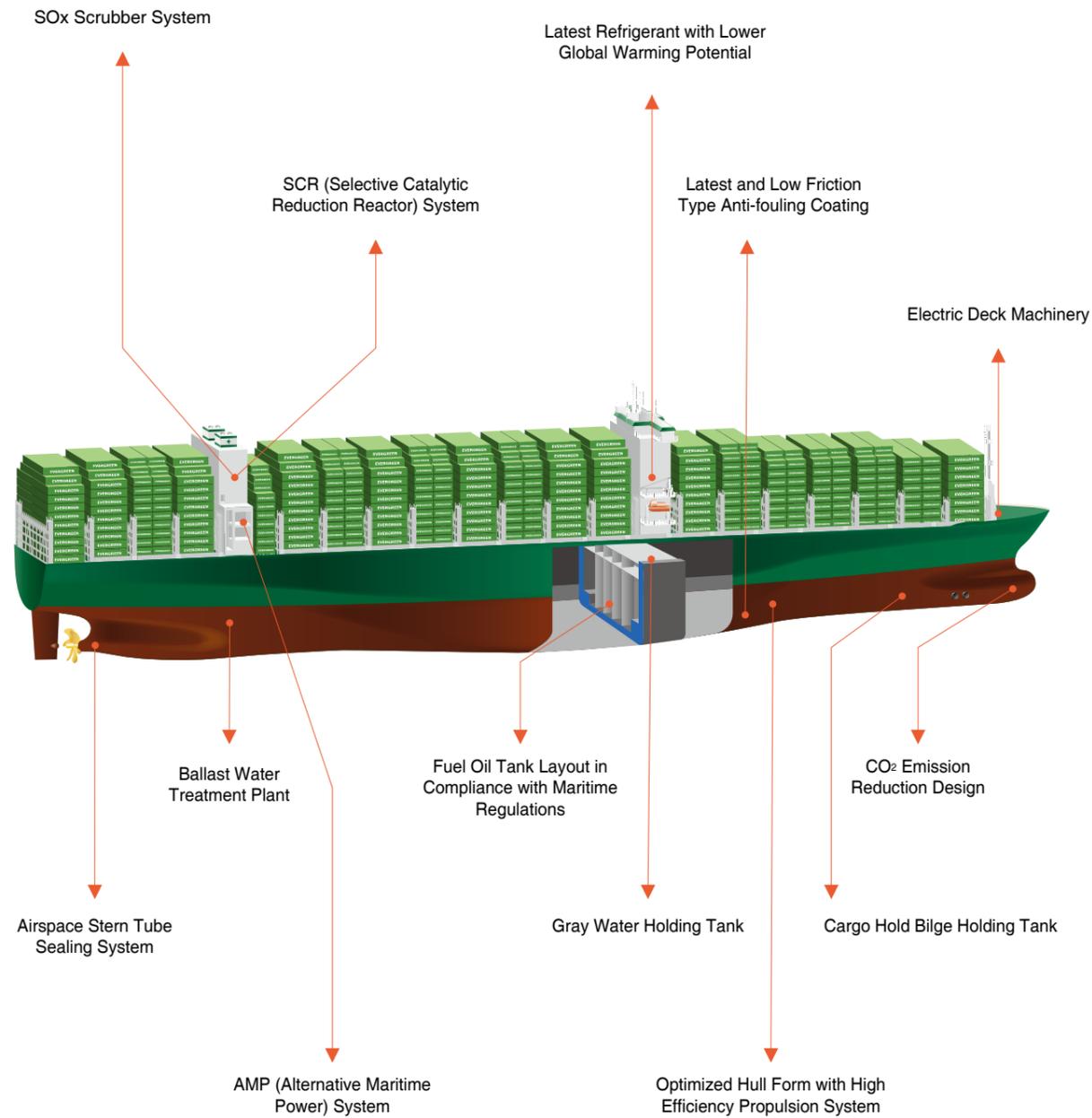
Item	Content	S type ship	L type ship	B type ship	F type ship
1	Optimized Hull Form With Highly Efficient Propulsion System To Reduce Fuel Consumption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Amp System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Low Sulfur Fuel System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Fuel Compartment With Protection Function	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Gray Water Holding Tank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Cargo Hold Sewage Holding Tank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Use Electric Deck Machinery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Environmental Protection Certificate From The Shipyard Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Airtight Stern Seal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Carbon Reduction Type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Minimum Ballast Design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Reserved Space For Nox Tier Iii Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Ballast Water Treatment Plant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Inverter Controlled Sea Water Pump	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Environment-Friendly Refrigerant For Freezers And Air Conditioners (Gwp: Below 2,000)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Ht47 (New Ultrahigh-Strength Steel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For more information on green ship types, please refer to the corporate website.



Evergreen Marine official website

## F type ship



Note: In line with the environmental certification of the classification societies (ABS: ENVIRO Notation, LR: IHM Notation).



In 2018, Evergreen Marine signed a contract with Samsung Heavy Industries of Korea to construct eight new F-type ships. The new ships will optimize the composition of the Evergreen fleet and form part of the ship revitalization plan. The F-type ship measures 334 meters in length and 48.4 meters in width, and has a designed draft of 13 meters. This ship type is designed to carry 19 rows of containers on the deck. It sails at speed of up to 23.0 knots. The delivery of this new ship type is expected to take place between 2020 and 2021, and will hopefully replace existing Evergreen ships. In addition to increasing the overall capacity of the fleet, it will also effectively reduce the environmental impact from our fleet operations.

The F-type ship is installed with an exhaust scrubbing system to effectively remove SO<sub>x</sub> from exhaust, which complies with the 2020 global sulfur limit released by MARPOL; in addition, it removes NO<sub>x</sub> from exhaust with SCR, which complies with the stricter NO<sub>x</sub> tier III standard.

Other equipment such as alternative maritime power (AMP), electric deck machinery, air space stern tube sealing system, low friction anti-fouling coating, refrigerant with low global warming potential, gray water holding tank, and cargo hold bilge holding tank features low carbon and environmentally-friendly design. The F-type ships has the environment notations registered in the class certificates that demonstrate its compliance with the international regulations and environmental requirements of classification associations. (ABS: ENVIRO, LR: IHM).



## B type ship

For new B-type ships, an SOx scrubbing system is installed. A main engine with electronic fuel injection produces 20% less NOx emissions than conventional engines in compliance with the 2015 Energy Efficiency Design Index (EEDI) and NOx Tier II emission standards set by the IMO.

The ten Gen 3 B-type ships built by CSBC Taiwan are equipped with the latest sword bow developed by the shipyard. The bow can handle different drafts and speeds while effectively reducing wave resistance and drag when the ship is in motion to optimize ship speed and engine performance. The 9th B-type ship of CSBC Taiwan named “EVER BOOMY” have won the 15th “Ship of the Year Award” by the Taiwan Society of Naval Architects and Marine Engineers.



## L type ship

L-type ships are equipped with the exhaust gas desulfurization tower cleaning system, electric deck machinery, AMP system, airtight stern seal, fuel compartment with protection function, green refrigerant with low GWP value, Tin Free non-toxic paint on the outer panel, ballast water treatment system, NOx Tier II electronic controlled fuel injection engine with low-load tuning EGB fuel control mode, which includes the design of Slow Steaming, and grey water holding tank.



## S type ship

S-type ships are equipped with exhaust gas desulfurization tower cleaning system, electric deck machinery, AMP system, airtight stern seal, fuel compartment with protection function, green refrigerant with low GWP value, and Tin Free non-toxic paint on the outer panel, and are gradually installed with the ballast water treatment system.



## Chapter 04

### Sustainable Shipping and Environmental First

- 4.1 Environmentally-friendly Design
- 4.2 Energy Management
- 4.3 Emissions Management
- 4.4 Water Resource Management
- 4.5 Waste Management
- 4.6 Biodiversity



#### Highlights

- L-type, B-type, and F-type ships were built with the latest environmentally-friendly design to improve energy efficiency and reduce exhaust emissions.
- Total CO<sub>2</sub> emissions in 2019 were 36.9% lower than those in 2008.
- Scope 1 and Scope 2 GHG emissions were reduced by 3.8%.
- Land-based domestic waste was reduced by 12.3%.



# Chapter 04 Sustainable Shipping and Environmental First

## 4.1 Environmentally-friendly Design

Adhering to Evergreen Marine's philosophy of protecting the marine ecology and watching over the green planet, Evergreen Marine's container ships that operate on all routes around the world are in compliance with the Company's environmental policy and the latest international laws and conventions, and even adopt environmentally friendly design before the regulations take effect, regardless of whether these laws and conventions are regulated by law or voluntarily submitted. Evergreen Marine's philosophy of green ships means that advanced marine technology is used to optimize each ship type in order to maximize returns and satisfy energy conservation targets.

### 4.1.1 Container Design

Evergreen Marine strives to prevent pollution, conserve energy, and reduce carbon emissions in course of container design. We adopt environmentally-friendly materials for container construction and make the following adjustments in order to reduce environmental pollution and GHG emissions:



#### Environmentally-friendly

<p><b>Flooring</b></p> <ul style="list-style-type: none"> <li>• Use composite bamboo-wood flooring for 100% of our containers</li> <li>• Reduce the amount of timber consumption</li> </ul>	<p><b>Paint</b></p> <ul style="list-style-type: none"> <li>• Use water-based paint</li> <li>• Reduce the emission of volatile organic compounds (VOCs)</li> </ul>
<p><b>Adhesive</b></p> <ul style="list-style-type: none"> <li>• Switch to water-based sealants for dry containers</li> <li>• Reduce the emission of volatile organic compounds (VOCs)</li> </ul>	<p><b>Leasing</b></p> <ul style="list-style-type: none"> <li>• Require container leasing companies to use environmentally-friendly materials for containers</li> <li>• Extend the leasing period of containers</li> <li>• Adjust the points of leasing and retiring to reduce the need to move empty containers</li> </ul>

To ensure that the containers manufactured meet the quality requirements of Evergreen Marine, professional inspection companies are engaged to assist with the inspection and acceptance for each batch of order. In 2019, a total of 44 LOG managers and senior employees were also assigned to assist with the on-site supervision of the container quality, so as to ensure that container manufacturers and inspection companies operate in accordance with Evergreen Marine's regulations and requirements. Before the assignment, all LOG senior employees and managers were required to receive training on the supervision of container inspection and learn the environmental safety requirements of container manufacturers. This allowed them to ensure the quality of container manufacturing according to the relevant supervision and control processes.

### 4.1.2 Fuel Use (Supply, Finance, Shipbuilding)

Evergreen Marine's fuel procurement mainly considers fuel quality to ensure safety on board. The fuel team will hold meetings on a regular basis, which discuss matters such as market supply and demand analysis, resolution of the list of fuel suppliers of each port and procurement quantities, and set target prices and quantities for hedging, with subsequent reviews after each meeting.

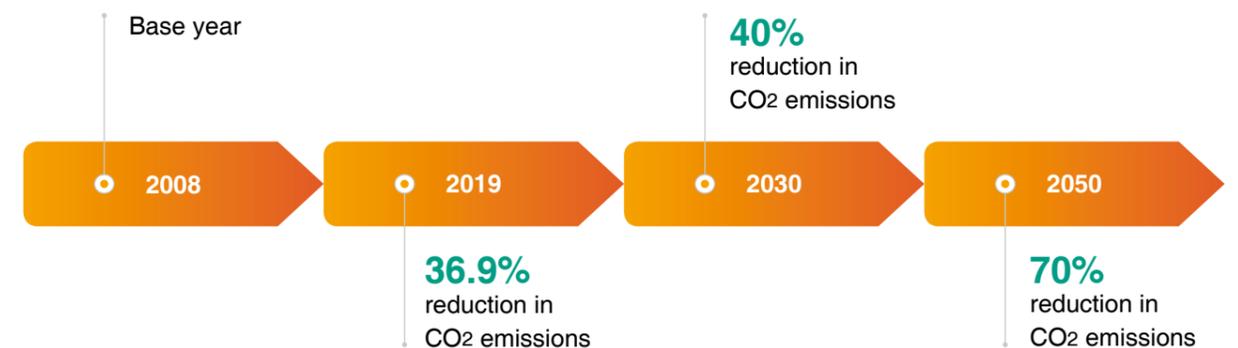
According to the IMO's fuel sulfur cap, the sulfur content of ships' fuel oil is limited to 0.50% m / m starting from 2020. To this end, Evergreen Marine has installed SOx scrubbers on the ships and purchased low-sulfur fuel oil to reduce SOx emissions of ships at sea, mitigating air pollution and environmental impacts. The installation of SOx scrubbers is a cost-effective way for ships to use sulfur-containing fuel oil in compliance with the regulatory restrictions on the sulfur content, keeping Evergreen Marine's business competitive and long-term viable.

Before ships are refueled, it is necessary to consider the voyages, shipments, and weather conditions. Ships should be refueled at the ports with the best route prices and quality and sufficiently to make a round trip. Before refueling ships, the Company will consider factors such as loads, sailing schedules, oil storage, and port oil prices and determine the best refueling plan upon departmental agreement, so as to achieve the maximum shipments, personnel and cargo safety, and energy efficiency. Evergreen Marine currently refuels ships based on the experience of each ship type, and is designing related programs to control the amount of fuel. Any abnormal events such as fueling / fuel consumption will be discussed and resolved at the platform meetings. In terms of quality control, the fuel suppliers will be evaluated as the basis for reviewing providers of fuel procurement through oil analysis and testing, in order to achieve the purpose of monitoring fuel quality.

## 4.2 Energy Management

### 4.2.1 Use of Energy and GHG Management

IMO statistics indicated that CO2 emissions from the shipping industry accounted for 2.7% of all primary global GHG emissions. If left unchecked, this ratio may grow to 15% by 2050. In response to the global trend in green shipping, CO2 reduction targets have been set, and a 40% reduction in CO2 emissions by 2030, a 70% reduction in CO2 emissions by 2050, and total GHG emissions by 50% are planned with 2008 as the baseline. CO2 emissions of the Evergreen Marine decreased by 36.9 (61.46 g / TEU-KM) in 2019 compared to those in 2008.



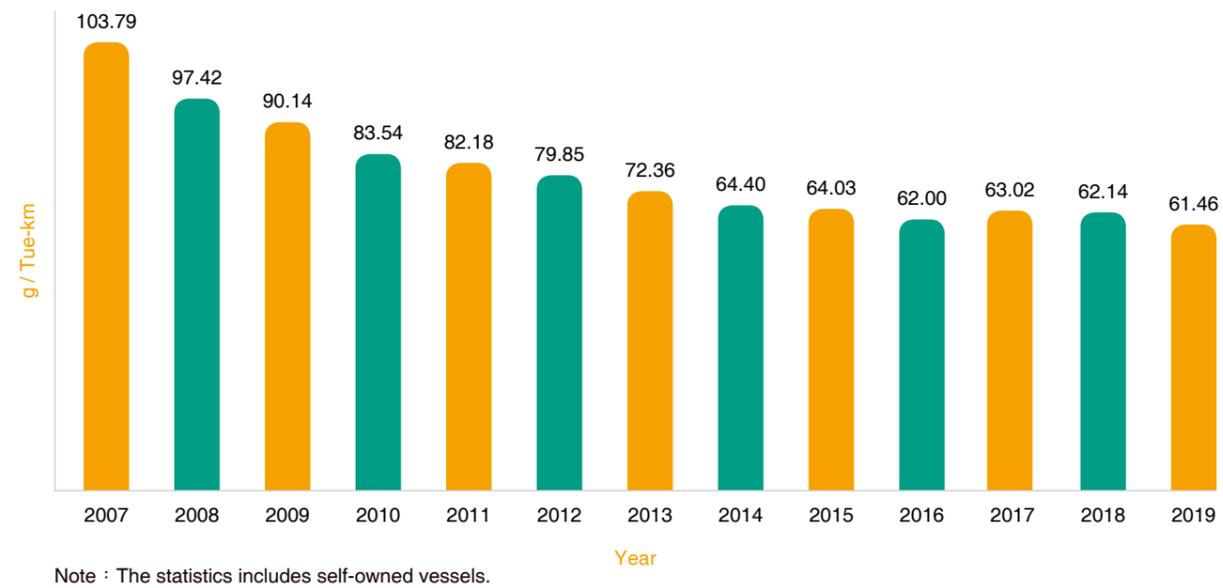
Total energy management is practiced by Evergreen Marine's ships at sea, Terminal Div., and office buildings. Various energy usage and reduction plans are reviewed and implemented to effectively manage energy use and maximize the returns from carbon reduction.



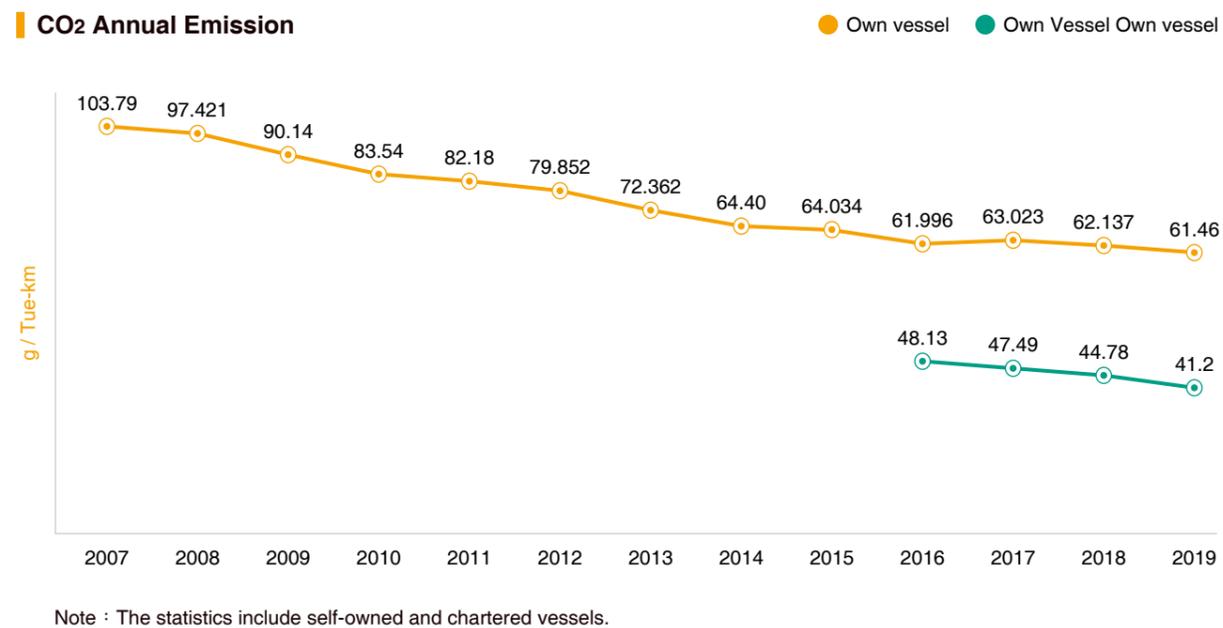
### Ships at sea

A variety of business management measures, reduction strategies and improvements in marine design have been employed by the Evergreen fleet to reduce the energy consumption of our ships since 2007. A new generation of green ships is also being introduced to do our part of protecting the Earth's environment through the reduction of pollution and GHG emissions. The long-term efforts of Evergreen Marine to save energy and reduce carbon showed achievements in the year by year reduction of the ships' fuel consumption rate, as well as the continuous reduction of the marine fleet's carbon dioxide emission rate.

#### CO2 Annual Emission



#### CO2 Annual Emission



### Fuel consumption data monitoring

A fuel consumption data collection system was introduced by the EU and IMO for the annual reporting of ship fuel consumption and technical parameters. Data collection has been carried out since 2019 to monitor the GHG emissions of all ships of 5,000 gross tonnage or above that enter and exit the EU, sail between EU member states, and call at EU ports. The EU has adopted a 3-step approach to environmental protection and emission reduction in the shipping industry. Step 1 was the proposal of the MRV (Monitoring, Reporting, Verification) system. All shipping that sail near or dock at EU ports now have their carbon emissions monitored starting on January 1, 2018. Step 2 is to draw up concrete reduction targets for the shipping industry. Step 3 will involve the implementation of further medium and long-term measures including mandatory market initiatives. In 2019, the Evergreen fleet submitted a total of 16 annual reports, all of which were in line with the monitoring scope of the MRV. As low-sulfur marine diesel oil was used in accordance with regional regulations, the consumption of marine diesel oil in 2019 increased by 55.7% from 2018.

#### Energy consumption of ships at sea in the past 3 years

	2017	2018	2019
Marine heavy fuel oil consumption (ton)	1,781,944	1,830,318	1,676,056
Marine diesel oil consumption (ton)	116,539	137,167	213,555
Marine fuel oil consumption rate (g / TEU-KM)	18.4	18.5	18.2

Note 1 : The statistics includes self-owned vessels.  
 Note 2 : Marine fuel includes marine heavy oil and marine diesel fuel.  
 Note 3 : Fuel consumption is the sum of actual monthly fuel consumption.

#### Direct GHG emissions from Evergreen fleets in the past 3 years

	2017	2018	2019
Fleet CO2 emissions (ton CO2e)	5,923,081	6,139,371	5,903,899
Fleet CO2 emission rate (g / TEU-KM)	63.023	62.137	61.46

Note 1 : Scope 1 (direct) GHG emissions only cover CO2 emissions.  
 Note 2 : GHG inventory is based on GHG emissions = Energy consumption and GHG emission factor; The GHG emission factor is based on the values given in IMO MEPC / 29 / 18 / Dec.1989 and the GHG emission factor management table 6.03 edition issued by the MOEA Industrial Development Bureau (IPCC 4th Evaluation Report (2007) , January 2017) ; GHG emission total was calculated using the operational control method.



## Shore operations

### Kaohsiung Terminal Div. and office buildings

No.4 Container Terminal of Kaohsiung Port has started to use 23 diesel (E-RTG) gantry cranes in 2008, which is installed with slide rail equipment to be connected to the municipal power and flexibly adjusted between diesel or municipal power based on the characteristics of the container storage area. After units coordinated their efforts, the average consumption of municipal power increased from 85% of total electricity in 2018 to 86% in 2019, which effectively enhanced operational stability and reduced diesel consumption, energy consumption and exhaust gas emissions. In terms of lighting, Kaohsiung Terminal Div. replaced a total of 11 less energy-efficient high-pressure sodium (HPS) lamps / quartz lamps with energy-saving LED lamps. To avoid the emission of ozone-depleting substances, a total of 70 air conditioners that originally used chlorofluorocarbons (R-22) were phased out and replaced with energy-saving R-410A refrigerant models in 2019.

### Energy consumption at Kaohsiung Terminal Div. in the past 3 years

	2017	2018	2019
Diesel oil receiving amount (liter)	1,467,566	1,007,457	1,086,669
Gasoline consumption (liter)	42,306	35,641	37,675
Fuel oil intensity (liter / work load)	1.29	1.23	1.26
Power consumption for hosting machine (kWh)	22,589,680	21,274,283	24,414,865
Total electricity consumption (kWh)	45,072,653	39,947,664	40,091,825
Hosting machine power use intensity (kWh / work load)	3.54	3.40	3.67

Note 1 : Diesel use is based on the amount applied; gasoline is based on the amount replenished; electricity usage is based on meter readings.

Note 2 : Work load refers to the number of containers handled by cranes (diesel or electric-powered) .

### GHG emissions of Kaohsiung Terminal Div. in the past 3 years

	2017	2018	2019
Direct GHG emissions (ton CO <sub>2</sub> e)	3,935.66	2,706.09	2,917.12
Indirect GHG emissions (ton CO <sub>2</sub> e)	23,798.36	22,131.01	21,368.94

	2017	2018	2019
GHG emission intensity (ton CO <sub>2</sub> e / load)	3.78	3.51	3.24

Note 1 : Scope 1 (direct) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by company vehicles. Scope 2 (indirect) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by electricity used for yard equipment and reefer container. in the office building. GHG emissions are summarized using the operational control method. Estimation method and source of factor: Energy emission = Energy consumption \* GHG emission factor; the GHG emission factor is based on the GHG emission factor management table 6.03 edition issued by the MOEA Industrial Development Bureau (IPCC 4th Evaluation Report, January 2017) in 2018 and on the GHG emission factor management table 6.04 edition (IPCC 5th Evaluation Report, June 2019) in 2019.

Note 2 : Work load refers to the number of containers handled by cranes (diesel or electric-powered).

### Energy consumption of office building in the past 3 years

	2017	2018	2019
Gasoline consumption (liter)	7,764	7,952	7,212
Total electricity consumption (kWh)	6,585,200	6,287,400	6,125,600
Energy use intensity (EUI) (kWh / M <sup>2</sup> )	234.88	224.26	218.49

Note 1 : Electricity use is based on actual energy consumption; gasoline use is based on refueling slips.

Note 2 : EUI = Externally purchased electricity / Total building floor area (28036.4 M<sup>2</sup>) .

### GHG emissions of office building in the past 3 years

	2017	2018	2019
Direct GHG emissions (ton CO <sub>2</sub> e)	17.57	18.00	16.32
Indirect GHG emissions (ton CO <sub>2</sub> e)	3,490.16	3,483.22	3,264.94
GHG emission intensity (ton CO <sub>2</sub> e / M <sup>2</sup> )	0.13	0.12	0.12

Note 1 : Scope 1 (direct) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by company vehicles. Scope 2 (indirect) GHG emissions are calculated using the CO<sub>2</sub> equivalent generated by electricity used in the office building. GHG emissions are summarized using the operational control method.

Note 2 : Estimation method and source of factor: Energy emission = Energy consumption \* GHG emission factor. Source of Scope 1 GHG emissions: The GHG emission factor is based on the GHG emission factor management table 6.03 edition issued by the MOEA Industrial Development Bureau (IPCC 4th Evaluation Report, January 2017) in 2017 and 2018 and on the GHG emission factor management table 6.04 edition (IPCC 5th Evaluation Report, June 2019) in 2019; three-year data were recalculated, those sources of GHG emission include CO<sub>2</sub>. Scope 2 was calculated using the site-based method. Starting from 2019, the electricity emission factor management table issued by the Ministry of Economic Affairs was used and traced back to 2017 and 2018.

Note 3 : GHG emission intensity = Carbon emission of externally purchased electricity / Total building floor area (28036.4 M<sup>2</sup>) .



**Energy consumption of Evergreen Marine (unit : GJ)**

Energy type	2017	2018	2019
Heavy fuel oil	71,622,174.14	73,566,483.86	67,366,188.10
Gasoline	2,012.48	1,752.15	1,804.16
Diesel	4,743,070.95	5,553,684.64	8,627,152.70
Electricity	2,076,298.55	1,858,338.87	1,857,629.90
Total	78,443,556.11	80,980,259.52	77,852,774.87

Note 1 : The energy conversion coefficient is based on the Heat Content of Energy Products table (2018.6.20) published by the MOEA Energy Bureau.

Note 2 : The 2017 and 2018 data in this table were recalculated.

**Evergreen Marine's GHG emissions**

Energy type	2017	2018	2019
Scope 1 GHG emissions	5,927,034.23	6,142,095.09	5,906,832.44
Scope 2 GHG emissions	27,288.52	25,614.23	24,633.88

Note : Data in this table were updated for the retrospective adjustment to GHG emissions of the office building in 2017 and 2018.

**4.2.2 Energy Saving and Carbon Reduction Outcomes**

**Ships at sea**

To fulfill our commitment to environmental protection, Evergreen Marine adopts the following methods to reduce the rate of CO2 emissions:

- a. Carry out the ship revitalization plan.
- b. Reduce the speed of a ship to sail at a slow speed.
- c. Monitor the fuel consumption and engine operation of ships throughout the course to ensure the thrust of the engine.
- d. Provide real-time weather information with the weather navigation system for the fleet to choose the best route and maximize fuel efficiency.
- e. Improve the efficiency of cargo loading / unloading to shorten the duration of calls at ports.
- f. Properly plan the cargo space of a ship to maximize economic benefits.
- g. Apply special anti-fouling coating to the hull.
- h. Turn off unnecessary equipment such as lights and pumps.

Evergreen Marine takes two measures to reduce CO2 emissions. First, we stay in contact with the shipping registry. The shipping registry has formulated verification guidelines to meet international carbon emissions monitoring and reporting requirements, providing a reliable basis for conducting subsequent verification in a timely manner. Second, we organize training to understand International environmental regulations requirements, develop implementation guides and monitoring plans, and implement the monitoring and reporting requirements. Existing data monitoring and analytical methods are assessed to determine if they satisfy the requirements so that the appropriate measure can be put into place. A system for collecting the data required by environmental regulations can then be developed to build a data-collection platform. These measures not only help prepare for the implementation of MRV regulations, but also provide an accurate electronic record of our own operational data. The data can be used to facilitate centralized management and analysis of fleet performance so that improvements can be made.

According to the carbon emission monitoring requirements under the IMO's Data Collection System (DCS) and EU's MRV, the Evergreen fleet reports relevant data annually to obtain certification, and keeps abreast of emission reduction issues and the latest trends.

**Weather navigation**

Evergreen Marine is continuing to work with Weathernews Inc. (WNI) to step up our monitoring of fleet fuel consumption. We hope that this will optimize fuel efficiency, reduce carbon emissions and make a difference to the environment.



Evergreen Marine Philosophy

WNI provided the Evergreen Fleet with weather navigation services on 2,122 voyagers in 2019. Using weather observation data to calculate the optimum route saved 7,075 tons of fuel compared to average annual fuel consumption for the same segments. Evergreen Marine also employed big data analytics to continuously optimize ship speed, improve fuel efficiency and reduce emissions. Fleet status and port arrivals are also closely monitored to optimize their arrival time, reduce waiting times and reduce fuel consumption.

For more information on concrete actions, please refer to the "Philosophy" section on the website.

**Energy conservation and carbon reduction plan for ships at sea**

Plan	Reduction in fuel consumption (ton)	Reduction in energy consumption (MJ)	Reduction in GHG emissions (ton)
RTA optimization	16,273	571,925	50,674
Route optimization	7,075	248,656	22,031
Ship speed optimization	8,030	282,219	25,005
Total	31,378	1,102,799	97,710

Note 1 : Refer to MEPC Circ.471 29 July 2005 for further information on the fuel oil CO2 emission factor; heat value was based on the Heat Value of Energy Products table published by the Energy Bureau.

Note 2 : RTA: required time of arrival.

Note 3 : Energy conservation calculations used the average annual fuel consumption of the same voyage as the baseline; reduction in fuel consumption was the sum of the average reductions in fuel consumption on each optimized route.

Note 4 : The types of GHG included in the calculations were CO2.



## Assistance in the PGGM (Pacific Greenhouse Gas Measurement) Project

The “Pacific Greenhouse Gases Measurement Project” (PGGM) launched by Taiwan in 2008 set up the largest atmospheric and maritime GHG monitoring platform in the world. Evergreen Marine joined PGGM in 2009 by assisting with the collection of atmospheric data at the marine boundary under 100 meters for research into global warming and climate change, of which the data is used to help understand the changes in atmospheric CO<sub>2</sub> concentration.

When ships are sailing at sea, they are required to strictly comply with the Evergreen standards and operating procedures for environmental protection and pollution prevention. Evergreen Marine became the first shipping company in the world to help in the collection of the marine boundary measurement data.

## Shore operations

Kaohsiung Terminal Div. continues to replace 1000W HPS lamps with 400W LED lamps, which is expected to save 21,852 kWh of electricity each year.

The computer room on the 2nd floor of the office building was installed with more energy-efficient equipment, which reduced about 160,000 kWh of electricity throughout the year.

### Energy conservation and carbon reduction plan for shore operations

Plan	QTY	Energy saving (kWh)	Reduction in energy consumption (MJ)	Reduction in GHG emissions (kgCO <sub>2</sub> e)
Installation of LED lamps in bridge cranes	8	11,532	41,515.2	6,147
Installation of LED lamps in gantry cranes	3	10,320	37,152	5,501
Replacement of computer equipment	1	160,000	576,000	85,280
<b>Total</b>	<b>12</b>	<b>181,852</b>	<b>64,667.2</b>	<b>96,927</b>

Note: According to IPCC 6.04 and the GHG emission factor issued by the Energy Bureau in 2018, CO<sub>2</sub>e / kWh = 0.533.

To reduce carbon emissions, Evergreen Marine upholds the principle of one-time transport of empty containers to avoid unnecessary transshipment, and ships and railways are the priority transportation for empty containers. To reduce unnecessary container maintenance, water consumption and carbon emissions, Evergreen Marine promotes the retiring of old containers and optimizes container repair and cleaning management. In terms of loaded containers, Evergreen Marine assists customers in saving costs based on their needs by arranging trains or barges for transportation as much as possible to reduce energy consumption and GHG emissions.

## 4.3 Emissions Management

### 4.3.1 Sulfur Oxide Emissions

At the 70th MEPC meeting, the IMO passed a resolution limiting all marine fuels worldwide to a sulfur content of no more than 0.5% by 2020. There is no doubt that this decision represents a major challenge for the global shipping industry. SOx emissions by the Evergreen Fleet totaled 83,945 tons in 2019. Starting in 2020, the sulfur content of fuel oil should be less than 0.5% mm by weight; especially in special SOx emission control areas, the sulfur content of fuel oil should be reduced to 0.1% mm. Centering attention on sustainable development, Evergreen Marine undertakes to implement the environmental protection policy, so as to reduce the fuel sulfur content. In response to the 2020 global sulfur limit, Evergreen Marine has installed SOx scrubbers and purchased low-sulfur fuel to reduce SOx emissions.

#### SOx emissions in the past 3 years

Emission intensity (g / TEU - KM)	2017	2018	2019
SOx	0.95	0.947	0.926

Note1 : SOx emission = Sulfur content \* (% weight) x 20 (g / kg fuel) .

Note2 : SOx emission rate = SOx emission / Number of containers / sailing distance.

#### Installation of SOx scrubber

In response to the 2020 global sulfur limit released by the IMO, Evergreen Marine has designated the personnel to visit flue-gas desulfurization (SOx scrubber) equipment manufacturers since 2017. In 2018, the Company started to plan on refitting the existing ships that are suitable for the installation of SOx scrubber equipment; newly built ships have been installed with SOx scrubber equipment and denitrification equipment that meets the Tier III requirements during construction. The installation of SOx scrubber equipment and denitrification equipment is followed by the repair and maintenance of such equipment. Our ship crew members are trained by equipment manufacturers for the operation and repair and maintenance of SOx scrubber equipment and denitrification equipment.

During the installation of a SOx scrubber, the main cabin structure is segmented and elevated to place the huge SOx scrubber in the hull; an exhaust pipe is connected to guide exhaust from the main and auxiliary engines to the tower. The filler in the tower (ultra two-way stainless steel) is used to increase the contact area between the exhaust and seawater, further separating sulfide from flue gas and bringing it into the sea. The scale of installation is tremendous.



Early stage of installation

Mid stage of installation

Late stage of installation



### 4.3.2 Nitrogen Oxide Emissions

#### Ships at sea

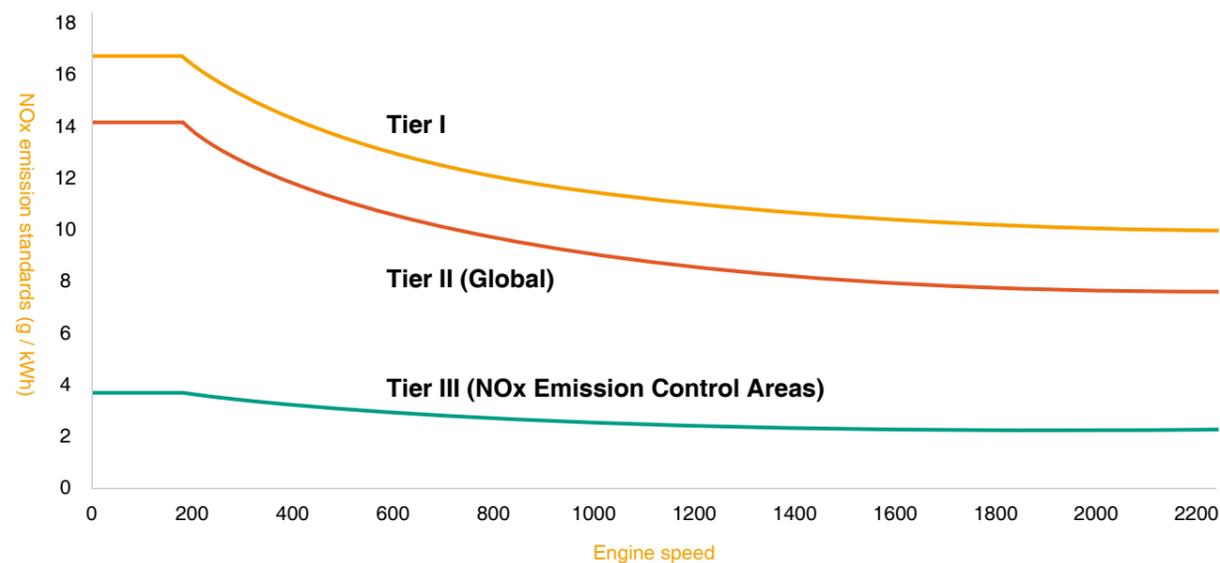
Annex VI of the International Convention for the Prevention of Pollution From Ships (MARPOL) has NOx emission standards for marine diesel engines. The emission controls are divided into three phases: Tier I, Tier II, and Tier III.

#### NOx emission standards under Annex VI of MARPOL

Tier	Effective period	NOx emission standards, g / kWh		
		Engine speed < 130 revs	130 revs ≤ engine speed < 2000 revs	Engine speed ≥ 2000 revs
<b>Tier I</b>	January 1, 2000 ~ December 31, 2010	17	45 · rev 0.2	9.8
<b>Tier II</b>	January 1, 2011 ~ December 31, 2015	14.4	44 · rev 0.23	7.7
<b>Tier III</b>	After January 1, 2016	3.4	9 · rev 0.2	1.96

Tier III is only applicable to the NOx emission control zone (Tier II still applies outside the control zone).

#### NOx emission standards (g / kWh)



Source : IMO website and Annex VI of MARPOL

Comprehensive NOx emission controls are implemented by the Evergreen fleet during ship construction, equipment upgrades, and voyages to ensure proper emission controls at all times. New ships are installed with main engines and generators that meet the low-NOx emission rate requirements for Tier I, Tier II or Tier III, as appropriate. All the calibration, replacement with spare parts, or refitting that may affect the NOx emission rate are carried out according to the technique file of the manufacturer. The parameters of the main engine (or generator) are recorded in the Main Engine (or Generator) Record Book for the administration of the port state to check, if needed, to ensure compliance with the emission standard specified in the international convention. D-type, E-type, U-type and S-type ships in the current Evergreen fleet conform to the Tier I emission standard. L-type and B-Type ships conform to the Tier II emission standard.

Built with a new generation of more efficient and eco-friendly design, 8 new 12,000 TEU F-type ships will be delivered in 2020. They are one of the few ships in the industry that meet the IMO's Tier III NOx emission standards. Compared with the Tier II emission standard, NOx emissions are reduced by 76%. It also manifests Evergreen Marine's long-term commitment to environmental protection.

#### NOx emissions in the past 3 years (Unit: g / TEU-KM)



Note : NOx emission = Emission on the certificate \* effective output (%) \* running hours.  
NOx emission rate = NOx emission / number of containers / sailing distance.  
(Certified emissions: The NOx emission recorded on the EIAPP (Engine International Air Pollution Prevention Certificate) indicates how many grams of NOx are produced per kW of engine output per 1 hour of operation)

#### Shore operations

Kaohsiung Terminal Div. uses diesel (E-RTG) gantry cranes / empty container stackers, and gantry cranes are powered by municipal power when the operation permits. The consumption of municipal power increased from 85% in 2018 to 86% in 2019. As empty container stackers are currently unable to be powered by municipal power, old engines will be replaced with environmentally-friendly ones to reduce NOx emissions.

### 4.3.3 Ozone Depleting Substances

The ozone layer's primary function is to block UV radiation from entering the atmosphere. The ozone layer began shrinking in the 1970s in a phenomenon known as the ozone hole. The hole in the ozone layer increases the amount of UV radiation reaching the Earth. Consequences include an increase in the number of people suffering from diseases and the extinction of some species. The main cause of ozone depletion is the catalytic effect that chlorine and bromine compounds have on the breakdown of ozone. The chief source of these halogens are chlorofluorocarbons (CFC) released at the ground level. The Montreal Protocol signed in 1987 placed restrictions on the production of CFCs and other ozone depleting substances. To manage the emissions of ozone-depleting substances, the IMO passed an amendment to MARPOL Annex VI that took effect on July 1, 2010, requiring that ships should record the use of refrigerants.

Evergreen Marine's fleet is required to manage and record all refrigerants. Thus, the next generation of eco-friendly refrigerants are now used aboard our green ships. In addition to compliance with international emission regulations and being not damaging to the Earth's ozone layer, its Global Warming Potential (GWP) of less than 2,000 will help control the Greenhouse Effect. There has been no emission of ozone depleting substances since 2017.



In accordance with environmental protection initiatives starting in 2018, chlorofluorocarbons (CFCs) such as R-12 and hydrochlorofluorocarbons (HCFCs) such as R-22 are to be prohibited in 2020 at the Kaohsiung Terminal Div. The replacement of air conditioning equipment is of necessity. In 2019, Kaohsiung Terminal Div. undertook the replacement of air conditioning equipment. A total of 70 R-22 refrigerants were replaced with eco-friendly R-410A refrigerants to avoid emissions of ozone depleting substances.

## 4.4 Water Resource Management

### Ships at sea

Evergreen Marine's fleets use the residual heat generated by recycling the engine cooling water. The low-temperature vacuum heat exchanger is used to distill seawater and produce about 20-30 tons of fresh water per day, which is sufficient for shipping equipment and living requirements on board, in order to reduce the consumption of terrestrial water resources. Waste water produced on the ship sailing on the seas are classified into to engine room bilge water and greywater.

Engine room bilge water must be processed using an oil-water separator that satisfies MARPOL requirements and meet the following conditions before it can be discharged into the sea: specified ship speed, oil concentration is below 15 ppm, and ship is in non-Antarctic waters. All Evergreen Marine ships use MARPOL-compliant oil-water separators to process the bilge water before they are legal discharged at more than 15 / 25 nautical miles. Our coastal and port environmental protection policy exceeds the requirements of MARPOL.

Greywater refers to runoff from dish-washing, bathing, laundry, showers and wash-basins. Greywater disposal is currently not covered by MARPOL. Evergreen Marine has nevertheless exceeded MARPOL requirements by installing or modifying grey water storage tank. All new ship built will be equipped with grey water storage tank in the future and it has now been fitted to almost 80 ships. Greywater is not discharged within 15 / 25 nautical miles of the seashore and is instead stored in the shipboard greywater tank.

### Shore operations

Kaohsiung Terminal channels wastewater from container washing and cranes to the waste water treatment plants at Terminal No.4 and Terminal No.5. Water quality audits are also conducted by the designated personnel at any time and by the qualified service provider on a regular basis to maintain a constant watch over discharge standards. When the discharge water quality is lower than environmental protection standards and relevant laws and regulations, professional service providers will be engaged to help find out the causes and make improvements.

#### Water consumption in the past 3 years

Operation	Item	2017	2018	2019
Ships at sea	Fresh water supply to the ship (ton)	100,932	103,217	88,643
	Annual tap water consumption (liter)	33,298	25,798	25,377
Kaohsiung Terminal	Sewage treatment volume (CMD)	8,686	6,121	7,968

Item	2017	2018	2019
Evergreen Marine office building	25,904	25,370	25,006

## 4.5 Waste Management

Waste disposal plans have been developed for dealing with all solid or liquid wastes produced aboard our ships. Waste disposal is carried out in strict accordance with international and local environmental regulations. All Evergreen fleets have a waste management plan that specifies how waste should be handled. Records are also kept of all waste disposal to comply with the requirements of international environmental regulations.

### Ships at sea

To comply with the requirements of international environmental protection conventions, Evergreen Marine has developed a comprehensive fleet waste management plan for all hazardous waste and solid waste produced aboard our ships. The five key principles are collection, sorting, disposal, retention, and recording. Every Evergreen ship is equipped with stainless steel rubbish bins for sorting waste. Crew members and visitors can drop their rubbish in the appropriate bins instead of throwing them into the thus causing marine pollution.

The fleet waste management plan has been developed in accordance with Annex V of MARPOL. In addition to the reduction of waste and hazardous substances, waste is encouraged to be discharged onshore for recycling, reuse, and reduction. The 15 / 25 nautical miles policy was developed by Evergreen Marine in line with international regulations and regional requirements to protect the environment around the coast and port. The extension of environmental regulations and high management standards adopted demonstrate our commitment to protecting the environment.

### Ash analysis

Our waste management policy requires waste to be sorted into the flammable or nonflammable categories. Flammable waste, including rags contaminated with oil, wooden cases, cartons, used napkins and other wastes that cannot be reclaimed, are incinerated aboard the ship. The ash is then processed to avoid the creation of toxic pollutants and transferred to qualified shore side contractors for proper disposal. Wasted ship supplies are recycled by the suppliers or handed over to qualified contractors for disposal.

Every Evergreen container is equipped with waste incineration equipment that satisfy the relevant regulations. The unloading of oily rags and greasy sludge produced during ship operations is now banned by an increasing number of countries. Shipboard rags and sludge are therefore disposed of in accordance with regulatory standards using the incinerator aboard the ship, leading to an increase in the amount of ashes generated over recent years.

	2017	2018	2019
Total quantity	78.900	75.558	72.108
Average quantity (per ship)	0.7812	0.657	0.606

### Sludge analysis

Sludge refers to the unusable oil residue left after marine fuel is processed by the fuel oil purifier. All sludge produced by the fleet are collected and measured in waste oil tanks for reclamation by sludge vendors. All unloading receipts or documentation are retained by each ship for at least three years for inspection by the relevant authorities.

When heavy oil is burned in the ship's power plant, this produces tons of sludge. To reduce environmental pollution, Evergreen Marine arranges for sludge to be recovered by contractors and sent to government-approved processing organizations for refuse. The main engine, generator, auxiliary boilers, pumping and piping systems also receive regular maintenance to improve fuel combustion efficiency and reduce the amount of waste oil & water produced.

	2017	2018	2019
<b>Total quantity</b>	<b>40,640.1</b>	<b>42,519.8</b>	<b>40,644.3</b>
<b>Average quantity (per ship)</b>	<b>394.56</b>	<b>369.737</b>	<b>344.4</b>

### Shore operations

At Kaohsiung Terminal, waste management is divided into recyclable waste and non-recyclable waste, and all units are required to properly classify and manage waste for recycling. General domestic garbage is classified into specific storage areas, and qualified service providers approved by the authority are entrusted for daily cleaning in each unit; garbage is collected and transported for incineration on a regular basis to keep the overall terminal clean and tidy.

Recycling boxes for general garbage, paper, metal, glass, plastics are set up on all floors of the office building, and employees are required to recycle wastes by a 3-stage process: wash, crush, sort / store, in order to reduce the costs for waste disposal and improve recycling quality. Waste is regularly disposed in designated incinerators, with the general waste volume of 97.53 tons and the recyclable waste volume of 6.1 tons in 2019.

### Waste disposal in the past 2 years

Item	Type	Disposal method	Unit	Disposal volume 2018	Disposal volume 2019	Remark
Ships at sea	Incinerator ashes	Recycling	m3	75	70	<ul style="list-style-type: none"> <li>The scope does not include domestic waste, operational waste, kitchen scraps and medical waste unloaded in port.</li> <li>The international unit used for unloading of shipboard waste in port is m3 so no data is available for weight.</li> </ul>
	Waste oil	Recycling	m3	42,519	40,644	<ul style="list-style-type: none"> <li>The method of disposal depends on the relevant regulations of the port nation. Removal and disposal is carried out by port-approved operators.</li> </ul>

Item	Type	Disposal method	Unit	Disposal volume 2018	Disposal volume 2019	Remark	
Shore operations	Kaohsiung Terminal	Domestic waste	Incineration	Ton	256.7	213.9	The raw data for waste tires and waste oil does not include weight. Their quantities are also relatively small, so they were not included in the statistics.
		Waste hardware and waste paper	Recycling	Ton	262.76	297.18	
	Evergreen Marine office building	Domestic waste	Incineration	Ton	98.6	97.53	
Recycling		Recycling	Kilogram	4,220	6,100	Recycled by the recycling company	





### Green Ship Recycling Policy

Shipping is a global industry and vessels are the most important assets of shipping companies. In order to reduce the impact of vessels operations on the ocean's ecology and the global environment in general, Evergreen Line has devoted itself to planning the complete life cycle of its vessels from design, construction, operation and ultimately to decommissioning. When a vessel is decommissioned and recycled, not only can valuable and reusable resources such as steel be fully recycled, but the waste and pollutant which might be dangerous to human beings and environment must be processed properly. Evergreen demands that the buyers of its decommissioned vessels choose a "Green-Ship Recycling" shipyard which is certified by the internationally recognized Hong Kong Convention.

Evergreen Group takes the lead in response to the EU's regulation of ship recycling and the International Convention for the Safe and Environmentally Sound Recycling of Ships (the Hong Kong Convention) and has 75 ships voluntarily complying with the Hong Kong Convention and receiving a certificate of an Inventory of Hazardous Materials Part 1 (IHM Part 1). Whatever the date of construction of its vessel to be recycled in the future, Evergreen will commit to fulfill the compliance obligation of applicable green ship's recycling regulations which we subscribed.



The International Maritime Organization (IMO) established the "International Convention for the Safe and Environmentally Sound Recycling of Ships" which is also called "the Hong Kong Convention," in 2009. The Hong Kong Convention comprises the control and regulation of the vessel's entire service life including design, construction, operation and recycling. It aims to enhance safety in the ship recycling industry; maintain environmental protection standards; reinforce regulation of ship design, construction, operation and demolition and, in particular, raise the environmental protection standards of ship recycling facilities. The Hong Kong Convention established the certification of shipyards and their reporting systems. As it applies to ship recycling yards, the Hong Kong Convention seeks to protect workers and the residents nearby the yards from risks to their health, and also to preclude, minimize and even eliminate negative effects to the environment from ship recycling. The Hong Kong Convention requires shipyards to establish a management system controlling detailed planning of, and the professional capability to demolish ships responsibly. Nevertheless, the Hong Kong Convention so far has not been comprehensively enforced by government contracting.

The EU has used the Hong Kong Convention as a model to establish its own regulation of ship recycling, which is applied to all vessels flying flags of the EU states. This regulation came into force in 2013 and contains mandatory guidelines for all stages of a vessel's life-cycle from construction, through operation to decommissioning.

### Evergreen Line's Policy for Ship Demolition and Recycling:

The Evergreen Line's Policy for Ship Demolition and Recycling classifies ships according to their periods of construction. For more information, please refer to the corporate website.



Evergreen Marine official website

- The existing ships constructed before 2009: Even though there was no related regulations covering ship demolition and recycling when these ships were constructed, Evergreen Group still volunteers to act according to the Hong Kong Convention.
- The existing ships constructed between 2009 to 2019: When a new ship is delivered, Evergreen has upheld the spirit of the Hong Kong Convention in order to maintain the Green Passport certification. When such a vessel is resold, Evergreen also requests the buyer to choose a "Green-Ship Recycling" shipyard, certified by the Hong Kong Convention.
- The new ships constructed after 2020: When such new ships are completed, Evergreen will voluntarily ensure that they comply with the Hong Kong Convention or the regulation of ship recycling set up by the EU. When the vessel is eventually resold, Evergreen will also ensure that the buyer utilizes a "Green-Ship Recycling" shipyard which is certified by the Hong Kong Convention to carry out the recycling.





## 4.6 Biodiversity

### Ballast water management

Ballast water is the most convenient method of ensuring the safety and stability of ships. Discharging ballast water and sediments at will however leads to the transfer of harmful aquatic organisms and pathogens to another port or body of water. Some species may end up causing irreversible harm or impact on the local ecology, human health, economy and resources.

The United Nations Convention on the Law of the Sea (1982) and the International Convention for the Control and Management of Ships Ballast Water and Sediment 2004 (BWC) explicitly stipulate that "states shall take all measures necessary to prevent, reduce and control pollution of the marine environment resulting from the use of technologies under their jurisdiction or control, or the intentional or accidental introduction of species, alien or new, to a particular part of the marine environment, which may cause significant and harmful changes thereto."

The International Convention for the Control and Management of Ships Ballast Water and Sediment 2004 (BWC) formulated by the IMO aims to prevent, reduce and ultimately eliminate the risks to environment, human health, property and resources posed by the transfer of harmful aquatic organisms and pathogens through the control and management of ships' ballast water and sediment.

Evergreen Marine introduces the Ballast Water Treatment System (BWMS) . Ballast water is disinfected by BWMS before discharge to greatly reduce the amount of organic matter and pathogenic microorganisms such as V. cholerae, E.coli and Enterococcus. Ecological catastrophes caused by the introduction of invasive alien species due to the exchange of ballast water in different regions can then be avoided. Evergreen Marine has therefore started actively assessing and installing a range of ballast water treatment systems. BWMS will be incorporated directly into new-build ships while all existing vessels (all F-type, B-type, and L-type ships and some S-type and E-type ships) will be progressively refitted with the latest BWMS and will be equipped with UV BWMS to fulfill the goal of green shipping and protection of marine ecology.



### Preservation of whales

Evergreen Marine's participation in the ship speed reduction programs in North America, North Atlantic and Panama to reduce the risk to ship strikes for whales has been widely recognized. Evergreen Marine has been long committed to the maintenance of marine ecology and the environment at ports. Over the years, we have cooperated with government agencies, research institutions, cargo owners, and the shipping supply chain to launch a number of environmental initiatives. In the future, we will continue our endeavors to promote the sustainable development of the marine environment. We actively participated in the "Vessel Speed Reduction Program" sponsored by the National Oceanic and Atmospheric Administration (NOAA), and voluntarily reduced their speed in the Santa Barbara waters off the coasts of Los Angeles and Long Beach, as well as San Francisco to protect the air quality and marine ecology of the port communities. We won the Silver Award in Santa Barbara and the Gold Award in San Francisco for Excellent Environmental Protection in 2019.

The conservation program runs from July to mid-November every year. Under the program, ships are required to reduce their speeds to 10 knots (18.5 miles per hour) or less when passing through the Santa Barbara Channel once they are within 95 nautical miles (176 km) of the port. Large marine animals such as the blue, humpback and fin whales migrate into these waters to feed during this period so reducing vessel speed helps with the conservation of these endangered species, and reduces the risk of ship strikes by giving the whales more time to get out of the ships' way.

Sailing at a lower speed also reduces polluting emissions of greenhouse gases and particulate matter. The result was a reduction of more than 8,000 metric tons of greenhouse gases and 300 tons of the smog-forming nitrogen oxides (NOx). According to a marine conservation analyst at the Santa Barbara Environmental Defense Center, slowing ships down helps to protect whales and provides coastal communities with cleaner air to breathe.

#### Ballast Water Treatment System

The main types of BWMS are filters and UV disinfection. They also conform to the following ballast water discharge standards:

1. Organic matter equal or greater than 50 microns in size: The discharge must contain less than 10 organic particles per cubic meter of ballast water.
2. Organic matter equal or less than 50 microns in size: The discharge must contain less than 10 organic particles per milliliter of ballast water.
3. The concentration of V.cholerae (serum O1 and O139) must be lower than 1 colony-forming unit (CFU) per 100 ml.
4. The concentration of E.coli must be lower than 250 CFU per 100 ml. The concentration of Enterococcus must be lower than 100 CFU per 100 ml.





## Chapter 05

### Talent Development and Social Inclusion

- 5.1 Talent Recruitment and Retention
- 5.2 Talent cultivation
- 5.3 Workplace Safety and Health
- 5.4 Social Engagement



#### Highlights

- Awarded the “First Place in Accepting the Students from Domestic Maritime Universities for On-Board Practical Training and in the Total Number of Days” and “First Place in Accepting Interns for On-Board Practical Training and in the Total Number of Days” by the Ministry of Transportation and Communications
- Awarded the Badge of Accredited Healthy Workplace - preliminary healthy workplace and health promotion
- Committed to social care for the disadvantaged through sponsorship, philanthropic activities, and maritime exhibitions



# Chapter 05

## Talent Development and Social Inclusion

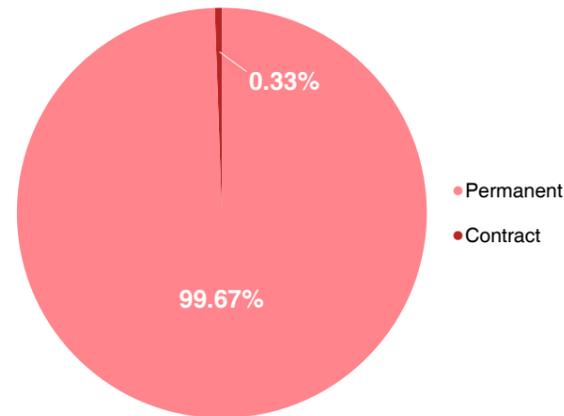
### 5.1 Talent Recruitment and Retention

#### 5.1.1 Personnel Overview

Evergreen Marine has continued to recruit talented people to strengthen our team advantage in response to our medium- and long-term strategies, deployment in global networks, development in emerging markets, and expansion in joint operations. A total of 1,844 people is employed by Evergreen Marine as of December 31, 2019. The 1,398 in shore duties were assigned to ship owner departments and Kaohsiung Container Terminal. Agency and expatriate personnel are not counted. A total of 446 employees are assigned to sea duties, including 418 R.O.C. nationals and 28 foreigners (including seamen from Asian and European countries). Except for 6 temporary employees, including 1 occupational health physicians, 1 assistant, and 4 retired personnel who were rehired, all employees of Evergreen Marine (approximately 99.67%) were full-time. All of our employees were covered by the Labor Standards Act or Maritime Labour Convention (MLC).

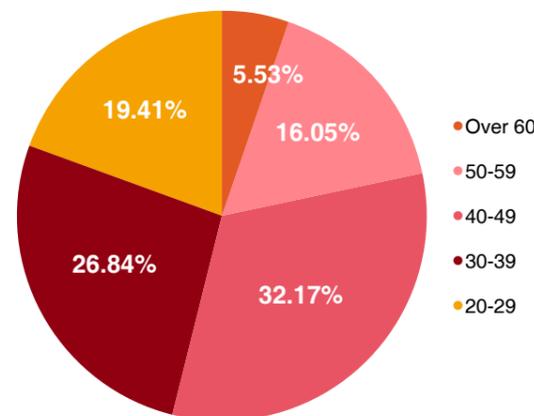
Number of employees in 2019 (based on contract type and gender)

	Female	Male	Total
Permanent	386	1,452	1,838
Contract	1	5	6



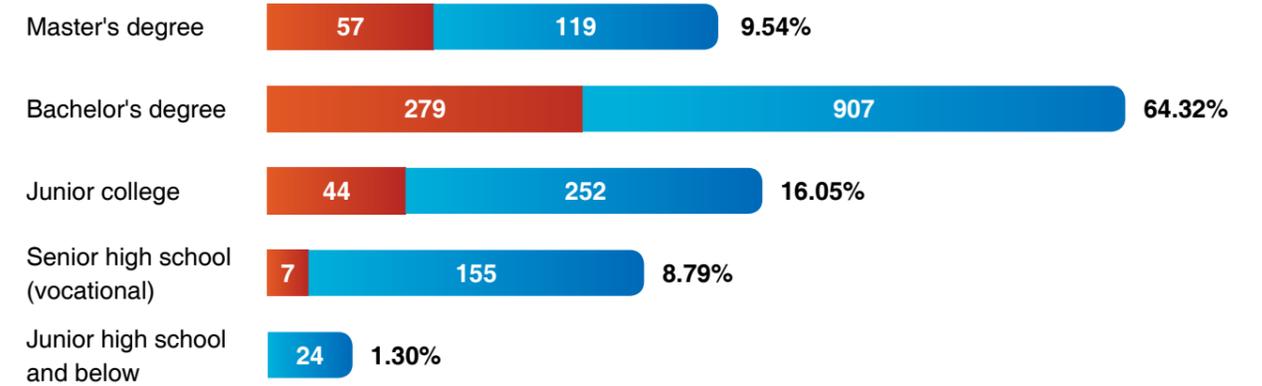
Number of employees in 2019 (based on gender and age)

	Female	Male	Total
Over 60	3	99	102
50-59	34	262	296
40-49	132	461	593
30-39	103	392	495
20-29	115	243	358



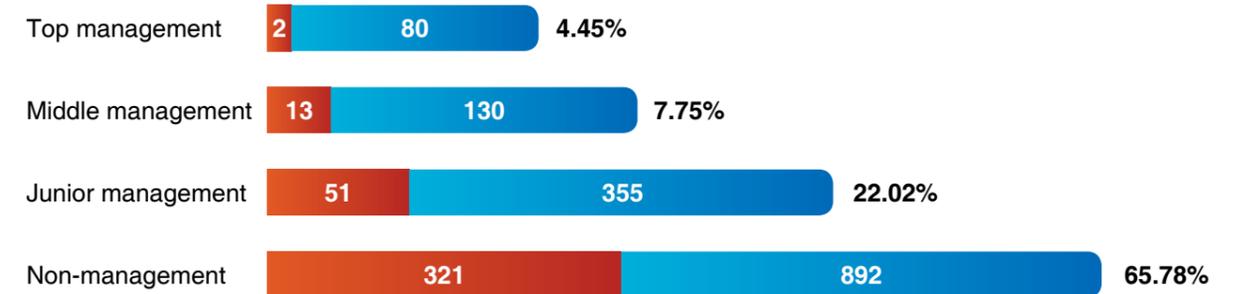
Number of employees in 2019 (based on gender and educational background)

	Female	Male	Total	Percentage
Master's degree	57	119	176	9.54%
Bachelor's degree	279	907	1,186	64.32%
Junior college	44	252	296	16.05%
Senior high school (vocational)	7	155	162	8.79%
Junior high school and below	0	24	24	1.30%



Number of employees in 2019 (based on gender and management position)

	Female	Male	Total	Percentage
Top management	2	80	82	4.45%
Middle management	13	130	143	7.75%
Junior management	51	355	406	22.02%
Non-management	321	892	1,213	65.78%

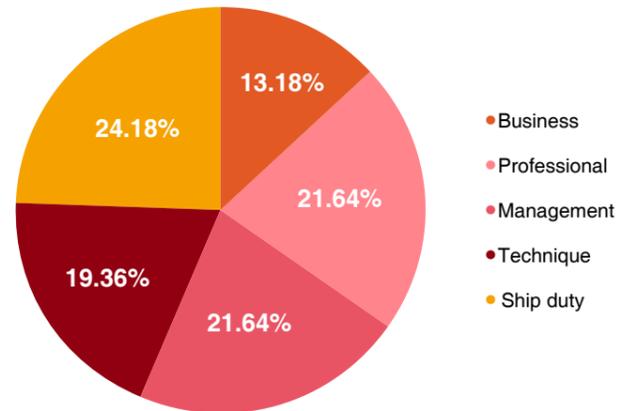


Note : Management positions include Junior management (deputy manager & manager), middle management (deputy junior VP & junior VP), and top management (deputy senior VP & above).



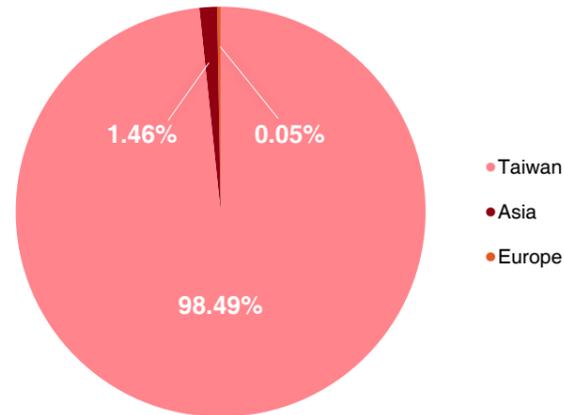
**Number of employees in 2019  
(based on gender and work functions)**

	Female	Male	Total	Percentage
Business	34	209	243	13.18%
Professional	121	278	399	21.64%
Management	211	188	399	21.64%
Technique	14	343	357	19.36%
Ship duty	7	439	446	24.18%



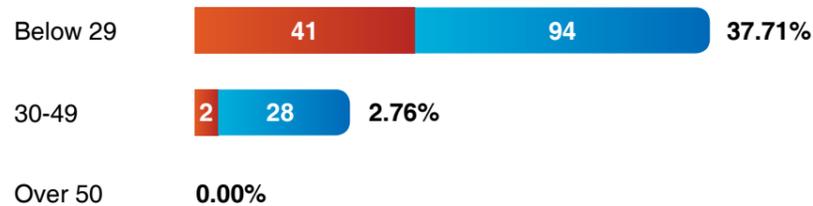
**Number of employees in 2019  
(based on gender and educational background)**

	Permanent	Contract	Total	Percentage
Taiwan	1,810	6	1,816	98.49%
Asia	27	0	27	1.46%
Europe	1	0	1	0.05%
Total	1,838	6	1,844	100.00%



**Number of new employees in 2019**

	Number of new employees			Percentage of new employees by age		
	Female	Male	Total	Female	Male	Total
Below 29	41	94	135	35.65%	38.68%	37.71%
30-49	2	28	30	0.85%	3.28%	2.76%
Over 50	0	0	0	0.00%	0.00%	0.00%

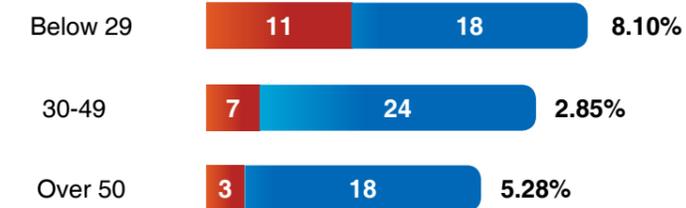


Note : The number of new employees represented new recruits only and did not include employees reinstated from unpaid leave, rehired after retirement, or transferred from domestic or overseas affiliates.

**2019 Employee turnover**

Female Male

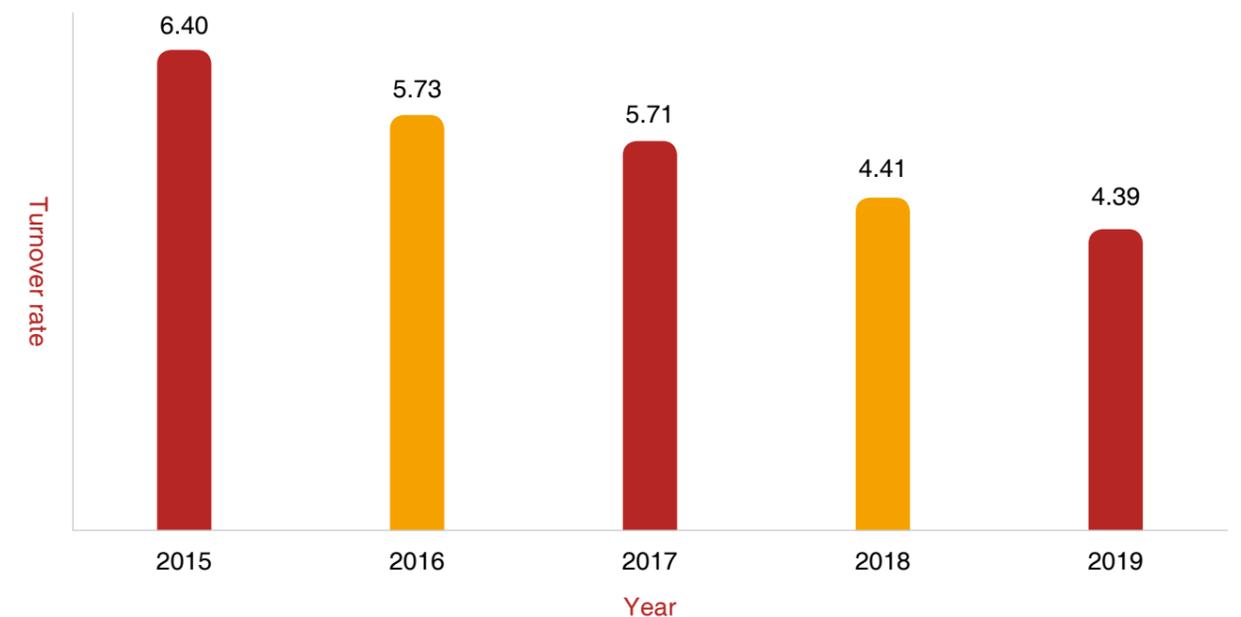
	Number of separated employees			Percentage of separated employees by age		
	Female	Male	Total	Female	Male	Total
Below 29	11	18	29	9.57%	7.41%	8.10%
30-49	7	24	31	2.98%	2.81%	2.85%
Over 50	3	18	21	8.11%	4.99%	5.28%



Note : The number of separated employees included resigned, retiring, or deceased employees and employees separated upon expiration of employment contract; employees on unpaid leave or transferred to domestic or overseas affiliates were not included.



**Turnover Rate in Taiwan from 2015 to 2019**



The turnover rate of Evergreen Marine has decreased year by year in the past five years, and has fallen below 5% in the past two years. An increase in employee retention was manifest. To attract outstanding talent, the Company consecutively increased the starting salary of new recruits graduating from colleges / junior colleges in 2018 and 2019. In addition to a variety of training courses and benefits, we also provided opportunities for employees to rotate to domestic and overseas operations and in sea and shore duties. With diverse, equal opportunities for career development, our employees can rest assured that they will grow together with Evergreen Marine.



## 5.1.2 Recruitment

In 2019, Evergreen Marine and Evergreen International organized a joint recruiting program for shore-side employees due to the demands of business growth. Evergreen welcomes new job seekers willing to join the team and start from scratch. In 2019, 3 campus recruitment fair and 13 campus recruitment seminars were held at universities throughout Taiwan to give students a better understanding of the roles and future prospects in the shipping industry. Recruitment advertisements were posted through major print media, our corporate website, recruitment websites and university websites. A total of 177 shipping-related personnel was employed by Evergreen Marine and Evergreen International in 2019. Ship personnel are recruited through the corporate website, seafarer academies or recommendations from training organizations. Applications for all grades of navigation and engineering personnel are accepted all year round.



## 5.1.3 Remuneration System

To attract and retain quality talent as well as strengthen our global business team, our remuneration policy adheres to labor laws and regulations while providing shore and ship personnel with competitive salary packages.

### Remuneration Policy

The overall salary of Evergreen Marine is based on individual professional knowledge and skills, individual performance and participation at work to encourage employees on continuous self-improvement and contribute to the Company's long-term performance.

The Company provides full-time employee salary for new recruited graduates after they successfully complete the probationary period, which is around 1.82 times the basic salary announced by the Ministry of Labor on January 1, 2019. In addition, an annual bonus will be distributed at the end of each year based on the Company's annual operating performance. If the Company is profitable after the end of the fiscal year, the Company will allocate employees' compensation in the following year in accordance with the Company's Articles of Incorporation and Rules for Setting Manager's Remuneration after the resolution of the Remuneration Committee.

Evergreen Marine provides ship personnel with generous remuneration and a safe, working environment. The generous compensation packages do not differ on the basis of gender, religion, race or political bias. We show respect and tolerance for multi-culturalism in order to build a harmonious and united team at sea. Remuneration for national and foreign seafarers must not only meet the standards set by the MOTC and the collective bargaining agreement (the proportion of sea personnel covered by the agreement is 100%, accounting for 24.18% of total employees) with the International Transport Workers' Federation (ITF). Evergreen Marine also seeks to recruit talented personnel through compensation packages that are better than domestic and foreign market rates.

To fulfill our social responsibility on sustainable corporate development, target management and individual performance evaluations now not only incorporate ship environmental performance, energy-efficiency and fuel-conservation into unit targets and employee performance but are also linked to the rewards system. For example, new ships under construction must be green and fuel-saving designs; once the ship enters operations an optimum balance must be achieved between ship speed and fuel consumption; the ship's officers including the captain and chief engineer must adhere rigorously to environmental regulations during the voyage and are issued bonuses for fuel savings in order to improve our fulfillment of sustainable development goals.

### Average full-time non-management employee salary and comparison to the previous year

	2018	2019	Difference
Total full-time non-management employee salary (unit: NT\$)	1,517,064,000	1,763,425,000	246,361,000
Number of full-time non-management employees (unit : person)	1,483	1,629	146
Average full-time non-management employee salary (unit: NT\$)	1,059,000	1,083,000	24,000
Median full-time non-management employee salary (unit: NT\$)	-	947,799	-

Note 1 : The above non-management employees refer to employees apart from managers in Taiwan-Finance-Securities III No. 0920001301 of the Financial Supervisory Commission.

Note 2 : Salary refers to basic salary plus a fringe amount paid to a worker such as seniority allowances, bonuses (including cash and equity, such as stock and shares), benefits, overtime, leaves, and any other allowances (e.g., transportation allowances, living allowances, and childcare allowances).

Note 3 : In 2019, the Company started to compile the median salary statistics (948,000 given the actual data declared in thousands New Taiwan Dollars); there was no relevant statistics in 2018.

### Regular monthly salary ratio in the past 2 years (male / female)

2018				2019			
Shore duty		Ship duty		Shore duty		Ship duty	
Management	Non-management	Officers	Ratings	Management	Non-management	Officers	Ratings
1.06	0.99	1.10	0.85	1.10	1.01	1.04	0.90

Note 1 : Shore duties did not include part-time contractors; ship duties did not include cadet / trainee / trial staff / reemployed retirees.

Note 2 : Not enough information was available for female deck officers in some positions so that the male:female salary ratio statistics only covered second officers / third engineers and third officers / fourth engineers.



## 5.1.4 Performance Evaluation

All of the employees have been subject to regular performance evaluation since their appointment to review the results of their work. The result of the evaluation is used as a reference for the development of the career in the future.

### Evaluation of shore personnel

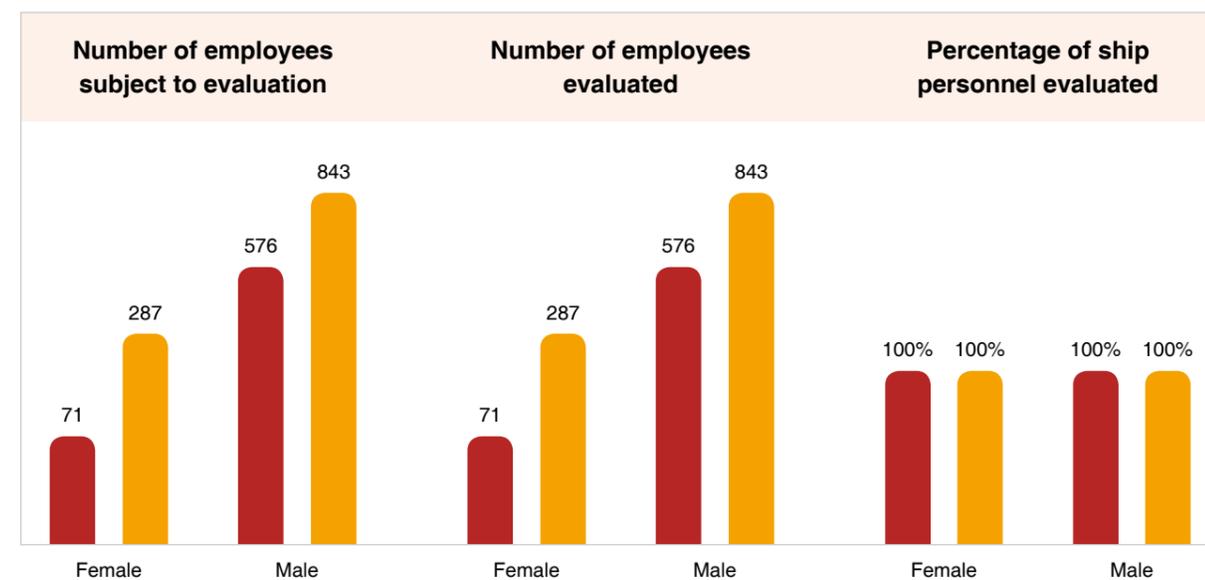
Shore personnel undergo two performance evaluations administered by their managers and above every year based on the work goals set at the start of year, execution of work targets during the year, end-of-year performance and verified outcomes. Supervisors may also strengthen two-way communication and counseling through performance interviews to enhance employee performance and provide career planning. The performance enhancement process is activated for under-performing employees to provide counseling, corrective action and regular monitoring of results. For new employees, the unit arranges for training and organizes ad hoc exams to test their performance. The new employee's performance in each area is then reviewed towards the end of the 3-month probation period. The ratio of shore personnel that underwent regular performance evaluations in 2019 was 100%.

### Evaluation of ship personnel

The shipboard performance of active seamen is evaluated twice a year by the ship officers (captain, chief engineer, first mate, first engineer and bosun) through the computerized Evergreen seafarer performance evaluation system. Their performance serves as the basis for future decisions on continued employment and promotion. New employees are mentored by senior colleagues in the deck or engineering divisions. The ship officers then test and review the new employee's performance at various times throughout the 3-month probation (trainee) period. The ratio of ship personnel that underwent regular performance evaluations in 2019 was 100%.

#### Performance evaluation in 2019

● Management ● Non-management



Note : The above data included the annual performance evaluation of shore personnel in September and ship personnel in October; the evaluation of new employees upon expiration of probation was not included.

### Learning and adaptation assessment

In addition to arranging comprehensive in-service training for all non-management employees on cross-departmental rotation or reinstated employees to assist employees on quickly becoming more familiar with their work, we also conduct learning and adaptation assessments on a regular basis to assist the company to grasp the employees' learning and adaptation of new functions and the new environment. The head of each unit and the human resources department can know if the employees have problems in learning and adaptation and offer timely help. In 2019, a total of 104 people (including Evergreen International shipping-related personnel) participated in the learning and adaptation assessment.

## 5.1.5 Employee Benefits

In addition to legal compliance, Evergreen Marine also provides employee benefits beyond statutory requirements such as group accident insurance better than that required by the Labor Standards Act, medical insurance covering hospitalization and injury for the employees traveling abroad for business, group term life insurance with a preferential rate, wedding subsidy and cash gift, bereavement subsidy and condolence payment and injury or illness condolence payment, as well as employee health check-ups that are better than that of occupational health and safety standards.

In addition to providing official leave, transportation, accommodation and relocation allowances for domestic job rotations, we also provide subsidies for qualified applicants to rent housing and visiting family members in accordance with our management regulations. In terms of leave allowance, seafarers eligible for ship-shore rotation are granted annual leave during the first year if they are assigned to shore duties. Years of service for both sea and shore can be counted together to qualify for 7 days of paid annual leave, giving them more time with their family.

### Parental leave

The Evergreen Marine quality document "Work Instructions for the Protection of Maternal Health in the Workplace" implements maternal health protection measures in the workplace. Female employees that are pregnant or who gave birth within the past 12 months are interviewed by internal medical personnel. A workplace environmental and operating hazards assessment form for maternal health protection is then filled out to ensure the safety as well as physical and mental well-being of female employees at work. If the assessments find that adjustments to employee duties are necessary then they are interviewed by a physician to fill out a form on maternal health protection interview and recommendation on work suitability.

Evergreen Marine offers pregnancy leave, childbirth leave and unpaid parental care leave to eligible employees in accordance with the promotion of equality in work measures under the Act of Gender Equality in Employment. An employee with at least six months of service may apply for unpaid parental care leave for each child under the age of 3. Unpaid leave may run until the child reaches the age of 3 but not exceeding 2 years. The length of unpaid leave for those with two or more children is to be combined and limited to at most two years of care for the youngest child. Under the Act, each application for unpaid parental leave should in principle run for 6 months. The Company may however agree to employees applying for less than 6 months of unpaid leave in order to look after employee needs. Evergreen Marine has set up clean and comfortable breast-feeding rooms. We have also contracted with two child-care organizations to provide employees with discounted childcare services.

**Use of parental leave in 2019**

	2019	
	Female	Male
Actual number of applications for parental leave this year	5	0
Number of employees expected to return from parental leave this year	6	0
Number of employees reinstated after parental leave this year	5	0
Number of employees reinstated after parental leave in the previous year	9	1
Number of employees still with the Company one year after returning from parental leave in the previous year	9	1
Reinstatement rate (%)	83.3%	-
Retention rate (%)	100%	100%

**Pension plan**

The Evergreen Marine Labor Pension Preparatory Fund Supervisory Committee was formed in 1986. The "Employee Pension Regulations" were drawn up by the Company and pension contributions are continuing to be made each month based on the following criteria: 15% of salary for employees on the old system, and 9% of salary for employees on the new system that chose to retain their years of service under the old system. This regulation covers all full-time employees. Employees that served within a period of fifteen years (inclusive) are provided with 2 basis points annually, while employees who have served for more than 15 years, are provided with 1 basis point annually, with a maximum total of 45 basis points. The so-called basis point refers to the average basic pay of the six months before retirement.

For employees that opt for the new system introduced by the Labor Pension Act introduced on July 1, 2005, Evergreen Marine has consulted on the employees' willingness to participate in the new or old pension system, calculated the years of service in the old pension system, as well as conducted pensions declaration and payments in the new system. Hence, employees will receive contributions equal to 6% of their monthly salary in accordance with the new system. We also check the balance of the labor pension preparatory fund account to see if it is sufficient to meet all the pension obligations from all employees that will meet the conditions for retirement in the upcoming year. Any shortfalls are made up by the end of March in the following year. Please refer to pages 108 of the 2019 consolidated financial reports for more information regarding the Evergreen Marine pension plan.

**Safe workplace**

In consideration of employee health care and regulatory requirements, Evergreen Marine entrusts the environmental monitoring agency approved by the central competent authority to measure carbon dioxide concentration of office buildings every six months. The two monitored carbon dioxide concentration results in 2019 did not exceed relevant standards.

Evergreen Marine's employee cafeteria in Nankang and Taipei can accommodate hundreds of people, and employees can "eat safely" thanks to the catering services provided by the Evergreen International group catering kitchen, which serve free nutritious and delicious vegetarian and non-vegetarian meals to employees. Evergreen Marine has installed Japan's "π" water system on every office floor tea room to supply employees with pure and high quality π-water, as well as an automatic coffee machines to supply employees with free coffee around the clock.

**Recreational activities**

Our Taipei, Nankang and Kaohsiung sites have also set up 24 clubs for three categories of activities (ball sports, health and longevity, outdoors and leisure) along with fitness equipment to encourage employees to unwind, connect with each other, and enhance their physical / mental well-being. The Company also provide subsidies and sponsor part of the expenses for club activities. The fitness session at 3PM every afternoon helps employees cope with the stresses of work.

In terms of shipboard life, all of our ships are modern container ships that provide a comfortable living environment. Full-time chefs prepare nutritious and varied meals for everyone three times a day as well. Communication is the top issue for young people today. The majority of Evergreen ships now provides versatile communications software that make it easy for mariners to stay in contact with their families.

The Company also organized family ship visits for current seafarers. When Evergreen ships are docked at the Keelung, Taipei, Taichung and Kaohsiung ports in Taiwan, the Seaman Dept. may assist their family members with applying for on-board visits on request.

**Evergreen Family Day**

At the 2019 Evergreen Family Day in North Taiwan, five rounds of movies and lunches or afternoon tea were organized in Taipei and Taoyuan; a total of 2,237 employees of Evergreen Marine and Evergreen International and their family members spent the weekend together for Christmas; two rounds of the event were organized at the Taroko Park in Kaohsiung. A total of 773 employees and family members turned out for the event and enjoyed the movies and meals and had great fun in the race. This year's Family Day in Taiwan set a record for the highest number of participants over the years.





To boost the spirit of teamwork among employees and their loyalty to the Company and to connect with families, the 29th Evergreen Marine Cup Basketball Tournament was held from July 13 through to August 11, 2019. In addition to 13 basketball games, family games, dance performances, and youth basketball camps, as well as reward point collection / lucky draws were also organized to add fun to the event.



### 5.1.6 Human Rights Policies



Evergreen Marine  
official website

Evergreen Marine takes human rights very seriously and adheres to the local labor and gender equality in employment laws of our global operating sites. We also support international guidelines and principles relating to human rights, including the "UN Universal Declaration of Human Rights" and the fundamental conventions of the "International Labor Organization." Having human rights policies and human rights risk assessment and management mechanisms in place, Evergreen Marine aims at achieving the goal of "zero violation" of the regulations governing the prohibition against discrimination, sexual harassment, bullying, forced labor, and child labor. We also protect our employees' freedom of association and implement the "whistle-blowing" system. In 2019, Evergreen Marine did not have any violations of human rights. For more information on Evergreen Marine's human rights policies, please refer to the corporate website.

#### Evergreen Marine's Human Rights Policy



##### Prohibit the use of forced labor

- Identify and support international regulations and principles related to human rights
- Comply with local government laws and regulations of the business base
- No incidents of forced or compulsory labor on unwilling people by Evergreen Marine



##### Prohibit the use of child labor

- Management regulations explicitly ban the hiring of those under the age of 15.
- The "Personnel Employment Work Instruction" is defined by Evergreen Marine, and the minimum requirement for employing shore personnel is a high school education.
- Conform to the Seafarer Act in requiring all applicants to be over the age of 16
- The identification documents and original academic certificates are checked when new employees report for duty to prevent the hiring of child labor.



##### Prohibit racial, religious or gender discrimination in the workplace

- Comply with the Employment Service Act

- Recruit talent through public communications channels
- Set up strict selection procedures and standards to ensure nondiscrimination in our employment policy



##### Prohibit the sexual harassment or unlawful harm in the workplace

- Formulate the "Regulations Governing the Prevention, Reporting and Punishment of Sexual Harassment in the Workplace" and provide clear avenues for complaint and a telephone hotline
- Introduce a procedure for "prevention of unlawful while carrying out official duties in the workplace" to control and prevent unlawful harm in the workplace
- Ad hoc advocacy through e-Bulletin board and training seminars
- Report harassment aboard via the "Safety Report Mailbox"



##### Provide an official complaint system to resolve any labor practice complaints or human rights complaints

- Establish the "Employee Complaint Regulations" to resolve any labor practice complaints or human rights complaints via the official complaint system
- Set up a whistleblower mailbox for internal and external stakeholders

Online human rights training materials related to company operations have been included by Evergreen Marine in the CSR training course of each department's annual training program. At least 0.5 hours of internal training are administered every year. The training course was attended by 99.24% of total employees in 2019 with total training hours being 915 hours.

Evergreen provides convenient channels of communication to all stakeholders and responds to stakeholder feedback on human rights issues. We place great importance on workplace safety and fundamental labor rights at all businesses in our supply chain. All vendor partners are required to not engage in any infringement or violation of human rights in their business activities. For detailed management measures and performance, please refer to Chapter 3.3 Supplier Management.

#### Fair promotion and treatment

Evergreen strives to build a gender-equal workplace. All employees are treated equally in terms of remuneration, performance evaluation, promotion and training regardless of gender in accordance with the "Gender Equality in Employment Act." Evergreen Marine saw the fleet employ its first Taiwan born female officer in 1999. The quality working environment we promote led to a woman being promoted to captain for the first time in 2017, who is currently stationed abroad and has experience of working at sea, on shore and abroad. In 2019, Evergreen Marine employed a total of 7 female seafarers and 66 female managers for shore personnel.

#### Respect for crew diversity

Evergreen Marine has crew members from Taiwan, China, the Philippines, Vietnam, Indonesia, Myanmar, and Panama who have beliefs in Buddhism, Taoism, Confucianism, Islam, Catholicism or Christianity. All of our crew members respect and tolerate cultural differences. There were no complaints of racial, religious or gender discrimination in the workplace by ship crew members in 2019.



### 5.1.7 Labor-management Communication

We value mutual communication channels such as monthly departmental meetings, e-Bulletin board, employee training, performance interviews, and crew forums to establish mechanisms for effective regular or two-way communications with employees, as well as mechanisms such as labor-management meetings and seminars. The Company plans to conduct a satisfaction survey in 2020, where employees are encouraged to give anonymous opinions on the employee benefits and the work environment provided by the Company. The survey is used as a reference for continuous improvement in the future.

Advance notice will be given for termination of contract due to operational changes in accordance with the Labor Standards Act: 10-day notice will be given to those with between 3 months (inclusive) and under one year of service; 20-day notice will be given to those with between one year (inclusive) and under three years of service; a 30-day notice will be given to those with more than three years of service with the Company. Evergreen Marine also ensures smooth communication and harmonious relations between both the labor and management through labor-management meetings, negotiations and conferences.

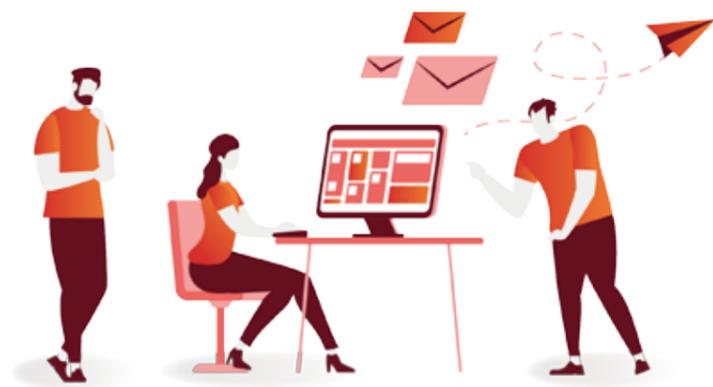
#### Labor-management council

Under the enforcement rules for Labor-Management council, labor-management meetings at Evergreen Marine are convened at least once every three months. A total of 4 labor-management meetings was held in 2019. Key resolutions include extended work hours, night-shifts for women, attendance during natural disasters, day-and-night shifts, and the employee work calendar for 2020.

#### Employee complaints channel

We have established the “Employee Complaint Regulations” as a basis for the employees to seek redress for violations of their rights, unfair treatment, or illegal behavior by other employees. An independent reporting mailbox is set up under the responsibility of a designated person. The identity of the complainer and the contents of the complaint are kept confidential. The complainer is protected from any inappropriate treatment.

One labor-management dispute that went to arbitration in 2019. No monetary payments have yet been issued over the above case. In addition to ensuring smooth channels of communication with employees, the quality of employee communication is also emphasized by Evergreen Marine to minimize the number of labor dispute cases. We did not receive, deal with or resolve any labor practice complaints, human rights complaints, or social impact complaints via the official complaint system in 2019.



## 5.2 Talent cultivation

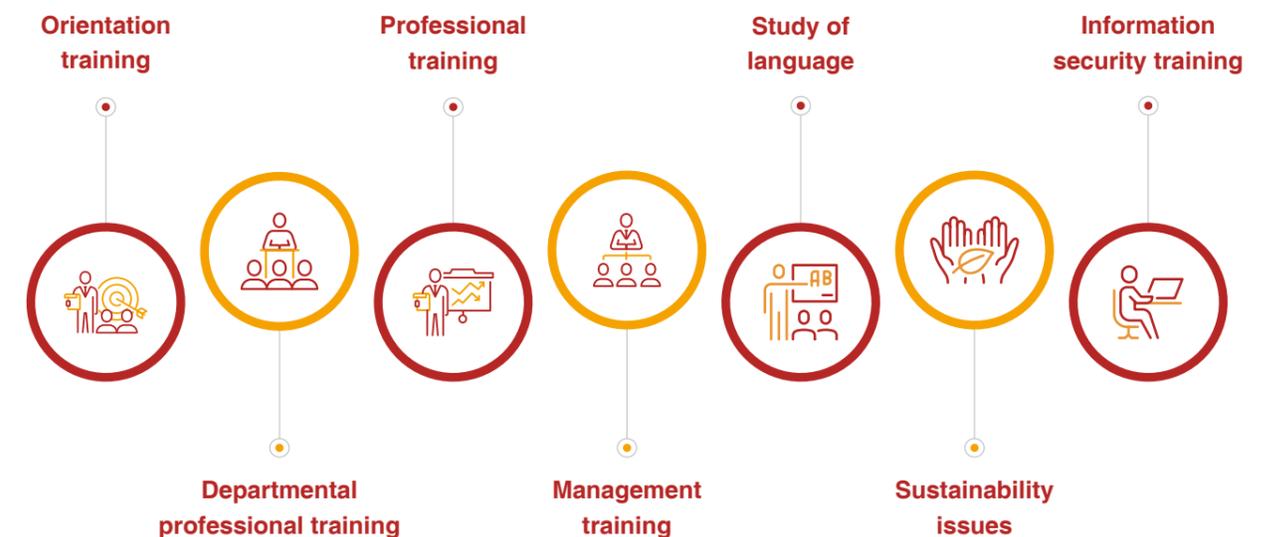
### 5.2.1 Education and Training

Evergreen Marine has always embraced the philosophy that “talents are the most important assets of an enterprise” espoused by Dr. Chang Yung-Fa, the founder of the Evergreen Group, in teaching young people everything from scratch, and providing complete training courses for the employees through training courses, case operations, theme lectures, sharing seminars, and on-the-job training. The Company also improves the depth and breadth of employees’ professional functions via “rotation schemes,” and provide “expatriate assignment” to enhance employees’ international horizons and career development.

Group Founder Dr. Chang Yung-Fa, who has held the position as the captain in the past, attaches great importance on training and well-being of seafarers, and an innovative “ship-shore rotation” system at Evergreen also provides ship personnel with the opportunity to work on shore. The professional knowledge of outstanding ship personnel help improve the overall efficiency of the service chain.

#### Training for shore personnel

Training for Evergreen Marine shore personnel include orientation training, departmental professional training, external professional training, management training, and language skills. Fair Trade Act seminars, Evergreen Group Loss Prevention forums, occupational safety and health training and workplace health promotion seminars are also held at various times.



Competencies analysis techniques were introduced at Evergreen Marine to develop management knowledge and skills for managerial levels. More professional training courses for employees in non-management roles will be developed to enrich our employees’ professional know-how. Our long-term target is to build a complete competency-based training system.

**Orientation training**

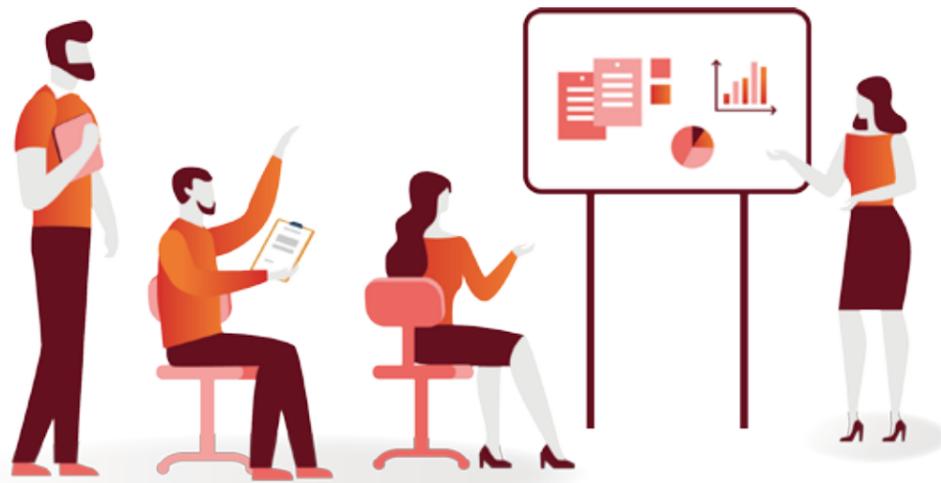
New employees are required to undergo orientation training, which includes the Company's core values, management regulations, compliance policies, shipping basics and related legal requirements. We also arrange new employees to tour the facilities of Evergreen companies and visit the ships. The training helps new employees learn about our core values, quickly embrace our corporate culture and become a member of the Evergreen family. Training programs on professional knowledge are arranged for new employees once they report to their assigned departments. Senior personnel act as "mentors" for new employees. During the employee probation period, the company will ensure that the learning outcomes of new employees meet the standards via evaluations, reviews and assignments such learning reports from the new employees before the end of the probation period. The orientation training was participated in by a total of 81 new employees employed by Evergreen Marine and a total of 67 shipping-related personnel employed by Evergreen International in 2019.

**Departmental professional training**

An annual training program is proposed by each department based on the education and training principles. Each person must undergo at least 12 hours of internal professional training every year, and the course content includes (inter) departmental knowledge, improvement of operational quality, occupational safety and health, Authorized Economic Operator (AEO) and corporate social responsibility courses. After the training course, the outcomes are recorded in the education and training management system. The internal education and training implementation rate (actual number of hours implemented / planned training hours) from all departments averaged 97.39% in 2019, and unfinished training courses has been completed in early 2020.

**External professional training**

Every year, professional training courses provided by external training organizations or guided by external professional consultants are organized in accordance with the laws and regulations to increase employees' knowledge and skills.



Topic	Trainee	Results
 <b>Compliance with laws and regulations</b>	Employees of Auditing Dept., Occupational Safety and Health Management Dept., and Kaohsiung Terminal Division	<ul style="list-style-type: none"> <li>Participated in external training courses</li> <li>56 trainees; 1,084 training hours</li> </ul>
 <b>Damage prevention</b>	Managerial levels	<ul style="list-style-type: none"> <li>Participated in seminars on environmental risk management, workplace bullying prevention, communication risk management, and disaster risk management</li> <li>107 trainees; 318 training hours</li> </ul>
 <b>Discrimination and harassment in the workplace</b>	Management unit	<ul style="list-style-type: none"> <li>Enhanced understanding of "discrimination, harassment, and investigation in the workplace"</li> <li>12 managers and above participated</li> </ul>
 <b>B2B Cross-Border Business Negotiation Tactics Program</b>	Managerial levels	<ul style="list-style-type: none"> <li>Engaged external professional consultants in response to the rapid development of joint operations and chartering business</li> <li>26 managers and above participated in the 2-day training</li> <li>350 training hours</li> </ul>
 <b>Management of stress and emotions</b>	Junior and middle management	<ul style="list-style-type: none"> <li>Engaged external professional consultants to help supervisors manage stress and emotions</li> <li>74 managers and above participated in the 2.5-day training</li> <li>683 training hours</li> <li>Held a sharing session 3 months after the training</li> </ul>
 <b>Senior Executives' Characteristics Evaluation and Cohesion Camp</b>	Top management	<ul style="list-style-type: none"> <li>Engaged external professional consultants to assist department heads in understanding their leadership style and team characteristics, effectively enhance the team cohesion, and achieve goals</li> <li>The content and lecturer of the training were highly praised by trainees</li> <li>27 department heads participated in the 2-day training</li> <li>405 training hours</li> </ul>

**Management training**

The training course conducted through internal / external lecturers and the online learning system for newly promoted or appointed junior managers encompassed administrative management and the development of management communication skills and effective handling of generational gaps on expectation. In 2019, 49 junior management members participated in internal training courses for a total of 145.6 hours, while 28 members completed courses taught by external instructors for 224 hours. In addition, professional consultants were engaged to teach 62 supervisors and managers of Kaohsiung Terminal Div. on "Employee Care and Assistance," with the duration of training being 434 hours.

**Information security training**

To strengthen the employees' awareness and attention to information security, every year, Evergreen Marine arranges all employees to receive 0.5 hour of information security training and take an online test after class on a regular basis. In 2019, 1,348 employees completed the training, accounting for 96.4% of shore personnel.

**Sustainability issues**

Evergreen Marine provides English editions of the Ethical Management Principles, Code of Ethics, Anti-Corruption Policy, Evergreen Fleet Environmental Policy, and Evergreen Cyber-Security Policy on our intranet to enhance employees' understanding of our ideals and activities on sustainability issues.

**Study of language**

Evergreen Marine's rules on language studies provide subsidies for employees with at least one year of service studying English, Japanese, Spanish, French, Italian, Germany and Russia at designated educational institutions or e-learning websites. The Company also pays for one test by each person to track their English proficiency and as part of the promotion process. These provide employees with an incentive for improving their foreign language proficiency and provides opportunities for expatriate assignments. Language subsidies amounting to NT\$78,914 were provided for 100 employees in 2019.

**Training for ship personnel**

The "Evergreen Seafarer Training Center (ESTC) was established by Evergreen Marine in 1999. Aiming to "improve know-how and prevent marine accidents and pollution," the ESTC organizes professional training in accordance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarer (STCW) and relevant maritime laws and regulations. Additional professional development courses are also administered by the ESTC based on mariners' roles aboard the ship to keep them up to date on the latest navigational knowledge and techniques and relevant laws and regulations and boost their navigation and engineering expertise.

In terms of operational quality assurance, the ESTC has obtained the certification of ClassNK's ISO 9001:2005, maritime training center, and its training courses and lecturers and assessors. The ESTC is equipped with a 360-degree fully functional shipboard simulators, a fully functional engine simulator, and a variety of main engine control simulators. A variety of auxiliary teaching aids and software tailored to the Evergreen fleet were developed internally to provide a diversified teaching environment. It strives to improve the professional skills of seamen through comprehensive equipment and rigorous professional standards. In addition to internal training, the ESTC also conducts training commissioned by the MOTC. The ESTC continues to provide environmental training for seamen in response to increasingly stringent and constantly changing environmental protection regulations. All possible care is being taken to ensure that all related training conforms to the latest environment requirements of each nation and to do our part of protecting marine ecology.

The ESTC is continuing to host 26 types of training courses for seamen on shore from each Evergreen carrier based on their ship positions and training requirements. In response to the Company's shipbuilding plan, the ESTC conducted the industry-leading WINGD main engine control training in Taiwan before the delivery of new ships in 2019. A total of 186 classes were held in 2019 and attended by 1,455 seamen from Evergreen ships.

To continue enhancing the competency of foreign deck officers, the ESTC also organizes training courses for Chinese and Filipino seamen on shore leave to improve their familiarity in professional areas such as navigation safety, energy efficiency and environmental protection, crew management and engine-room work safety. The teaching of these courses as well as interactions between instructors and students are also used to strengthen the loyalty of foreign seamen and to familiarize them with the safety culture of the Evergreen fleet. Six classes for a total of 246 foreign seamen on shore leave were completed in 2019.

**Total training hours in 2019**

	Shore duty					Ship duty				
	Management		Non-management		Subtotal	Management		Non-management		Subtotal
	Female	Male	Female	Male		Male	Female	Male	Female	
Total hours	1,476.3	7,485.4	5,037.0	9,923.5	23,922.2	5,536	264	1,416	16	7,232
Average hours	24.6	21.0	15.7	15.0	17.1	28.2	26.4	28.3	16.0	28.1

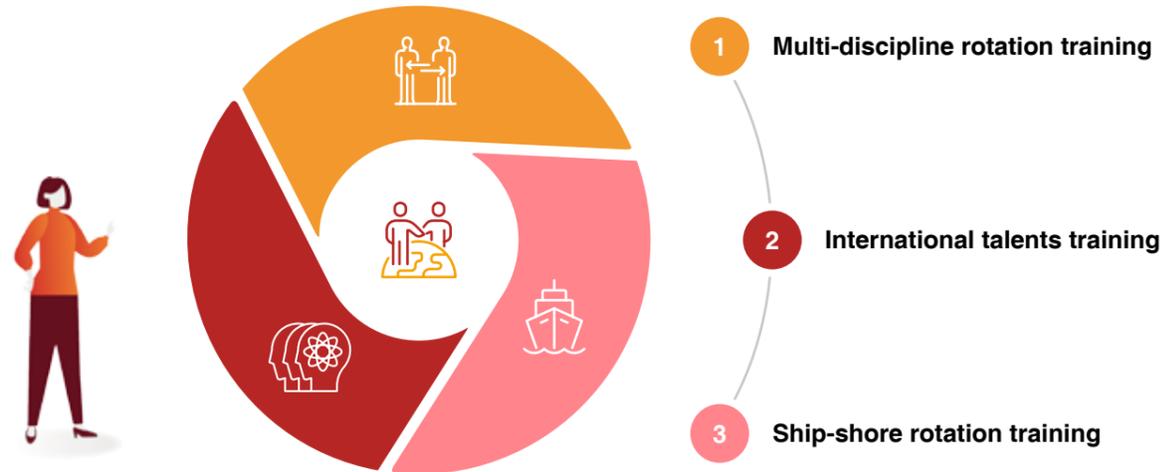
Note 1 : Shore management personnel refer to deputy managers or above.

Note 2 : Ship management personnel refer to officers. Non-management personnel are ratings.



## 5.2.2 Rotation and Internationalization

As an international shipping company, Evergreen Marine implements the rotation scheme in order to help employees master professional knowledge from different fields and pave the way for greater diversity in career development. The Company has service bases all around the world, which provide various overseas job opportunities for ship and shore personnel to expand their international horizons and mindset under the comprehensive talent development model and staff promotion system, so they can become maritime management talent with a global perspective.



### Multi-discipline rotation training

Through cross-departmental rotation schemes, Evergreen Marine enable employees in different professional fields to conduct cross-border learning to broaden the views of employees, enhance the communication effectiveness between departments, and improve career development of employees in the future.

### Ship-shore rotation training

Evergreen pioneered the “ship-shore rotation” system to provide ship personnel with opportunities to work on shore, as well as diversified and comprehensive career development. The longstanding initiative not only helps ship personnel to balance work and family life but also makes their extensive professional knowledge and experience of working at sea available during shore assignments. Benefits include better ship-shore coordination, better management of shipping operations, and improvements in the overall operating efficiency of the service chain. The Company also provides ship personnel with opportunities to work overseas. Training with multinational talent enables them to broaden their international vision and horizons, ultimately contributing to Evergreen Marine's maritime management worldwide.

### International talents training

Employees stationed overseas get to broaden their international business vision and horizons. To help expatriate personnel understand the missions and responsibilities of their new overseas role, training related to the nature of their future position is arranged by the Company before departure. As of the end of 2019, a total of 330 personnel were stationed overseas to support shipping related activities making us one of the few domestic enterprises to boast both depth and breadth in internationalization.

### Special column: experience sharing of expatriate personnel

#### Becky from Evergreen Shipping Agency (China) Co., Ltd. (Shanghai Branch)

In July 2018, I started a new life in Shanghai. I had never left home since I was young. For me, it was a whole new challenge. In the past, I confused onions with garlic. Now, I can cook a table of dishes; the Shanghai dialect used to be foreign to me. Now, I am able to have a simple conversation in the Shanghai dialect. I used to dread dealing with dormitory-related matters, but now I maintain a good relationship with the local landlord. Recruitment was never in my domain; now, I get wise to the whole employment process from campus recruitment to enrollment. I knew nothing about systems in the past, but now I am able to engage in programming. During expatriation, I had an opportunity to communicate with people of different cultures and backgrounds and look at things from different perspectives, and shared the corporate culture and matters that worth learning with overseas employees in a timely manner. These experiences are undoubtedly rare and commendable in life, so I am really grateful to the Company for giving me this opportunity.



#### Henry from Evergreen Shipping Agency (Europe) GMBH (Hamburg office)

Having been one of Evergreen Marine's well-established systems, the rotation system enables employees to learn new knowledge and skills on the front line as well as the workplace cultures and markets of different national conditions. It has a very positive effect on both an employee's experience and the company team's inheritance, which is the key to the Company's continued leadership in the international shipping industry. I am fortunate in having an opportunity to serve in Hamburg, Germany. Compared with the original department in Taiwan which functions as a brain and planner, the day-to-day business here can be said to be the hands that realize the brain's commands received on the front line. The Germans' pragmatism and persistence is the biggest gain for me during my expatriation. I hereby share these experiences with my colleagues and executives and hope to live up to the expectations of the Company's rotation system.





**Vivian from Evergreen Shipping Agency (Europe) GMBH Netherlands Branch**

In the summer of 2017, I started my expatriate career in the Netherlands, 9,368 kilometers away from Taiwan. How do I put this expatriate experience into words? Let's just say that I feel like completely unleashing my potential! The challenge of work is not the business itself but how to harmoniously establish a communication bridge between the headquarters and the local office in a short period of time. The challenge of life is not the environment itself but how to take advantage of the environment to enrich yourself while staying alone. Of course, there are two sides to every coin. The more you make breakthroughs, the more gains you can get. What's the importance of expatriation? In my opinion, it's probably a golden chance for people who want to unlock their potential. After all, there are not many such opportunities in a lifetime!



**Eric from Unigreen Marine S.A. (Panama City office)**

During my 15-year career, I was honored to be expatriated to South Africa and Panama and assigned the managerial position of overseas companies. This was a great opportunity for me to think and make decisions from a strategic perspective and to learn how to work independently. In addition to a work adjustment, expatriation came with a problem of making an adaptation to local life. Each country has different conditions in terms of the amenities, transportation, and public security. Expatriates must learn how to take care of themselves and arrange their time in order to make a quick adaptation to the new environment. In addition to rooming houses, the Company also arranges senior staff members to assist with food, clothing, housing, and transportation, so that new



expatriates can focus on their work without any worries. My biggest appreciation from this experience is that I have gained far more than I have lost. I am grateful to the Company for giving me this opportunity to enrich my horizons and personal development.



**Philip from Evergreen Marine (U.K.) Ltd (London office)**

Being expatriated to work and live in an unfamiliar country is an excellent opportunity for career development and training. To live up to the expectations, one must be well prepared, so as to better understand the corporate culture and gain a global perspective through multinational work. However, not everyone is suitable for expatriation. Outstanding performance in the headquarters does not necessarily infer success abroad. In an unfamiliar environment, work that is smooth in the home country can become complicated and difficult for the business practices, legal norms, lifestyle, and eating habits in addition to language and cultural differences. In the first six months of expatriation, it was rather difficult to work in an unfamiliar market environment. One must make a quick adaptation to the local market and the work environment and quickly master professional knowledge while managing to communicate with foreigners without barriers and establishing trust with the local team in the face of cultural differences.





### 5.2.3 Industry-academia Collaboration

Evergreen has worked closely with maritime universities in Taiwan for a long time for the pre-selection of sea-going interns and summer shore-side interns. We provide the most openings for sea-going internships in the industry. We also arrange for experienced instructors to conduct “Evergreen Seminars” at the National Taiwan Ocean University for cultivating talented students with an interest in sea duties. In 2019, Evergreen Marine arranged sea-going internships for a total of 165 students from local maritime schools. A total of 19,750 days of on-board practical training were completed for an average of 120 days per student.



#### Evergreen Marine's industry-academia collaboration

School	Program	Program description
National Kaohsiung University of Science and Technology	Graduate navigation program (2016)	<ul style="list-style-type: none"> <li>• A bachelor's degree is required for applicants.</li> <li>• One and a half years of study.</li> <li>• Evergreen Marine fully subsidizes tuition and miscellaneous fees and part of the accommodation fee.</li> </ul>
National Taiwan Ocean University	Graduate marine engineering program (2017-2020)	<ul style="list-style-type: none"> <li>• Students can apply for an internship on the Evergreen ship after completing the program and passing the seafarer examination organized by the M.O.T.C. Those completing the internship will be employed by the Evergreen fleet after graduation.</li> </ul>
Three maritime universities	Navigation / marine engineering students	<ul style="list-style-type: none"> <li>• Navigation / marine engineering students who pass the interview can apply for an internship on the Evergreen fleet. Those who pass the seafarer examination organized by the M.O.T.C. can apply for the position of deck officer / engineer officer.</li> </ul>

## 5.3 Workplace Safety and Health

### 5.3.1 Fleet Safety Culture

Evergreen Marine establishes, implements, and maintains a safety management system for the fleet in accordance with the requirements of the IMO's "International Safety Management Code" (ISM Code). Our fleet safety management policy has four commitments as follows:



1

Assess all known risks of the ships, crew members, and the environment to establish appropriate protections; provide safe operating procedures and work environment for shipboard operations; and maintain effective communication among all employees across the Company so that everyone can be aware of their safety and environment appropriately.



2

Protect the environment, including pollution prevention and other company-related commitments.



3

Continuously improve the skill to manage the safety and environment onshore and onboard, including responses to safety and environmental emergencies.



4

Fully comply with domestic and international laws and obligations regarding safety and pollution prevention, including air, water and the general environment, as well as the expectations of the stakeholders.

Based on the above commitments, the Company keeps abreast of all international conventions, national regulations, and relevant regulations that will come into effect in the future, and regularly reviews the compliance with the relevant laws and regulations, including the consistence between the fleet's countermeasures and the existing statutory requirements. The obligation to comply with laws and regulations is regulated in the "Safety and Environmental Management System." In accordance with the IMO's ISM Code, the "Safety and Environmental Management Manual" specifies the regulations governing the fleet safety training programs and drills. Such fleet safety training programs and drills are held in accordance with the aforesaid manual and evaluated by the Marinetech Dept. every year.



### 5.3.2 Personnel Safety

Evergreen Marine is committed to maintaining workplace safety, preventing occupational disasters, and ensuring the safety and health of employees. Based on the established "Occupational Safety and Health Policy," we review the implementation of occupational safety and health, conduct internal audits, and share safety and health information on a regular basis.

Kaohsiung Container Terminal has achieved both ISO45001 and CNS45001 certification and received the "CPR+AED" certificate and "Badge of Accredited Healthy Workplace" from the Ministry of Health and Welfare.

In readiness for the transition, Evergreen Marine has amended the Occupational Safety and Health Policy in accordance with ISO 45001. The amendment was submitted to the President for approval and announcement after being passed unanimously by the "Occupational Safety and Health Committee."

Evergreen Marine has set up the Occupational Safety and Health Committee, which conducts meetings every quarter to give opinions on the Company's occupational safety and health policies and review safety and health proposals, training courses, and work environment monitoring plans (monitoring results). Elected by the labor representatives of the labor-management council, labor representatives account for one third of the Occupational Safety and Health Committee. The primary resolution in 2019 was to obtain the certification of ISO 45001.

To maintain workplace safety and prevent occupational disasters, Evergreen Marine organizes workplace safety training on a regular basis, including refresher training for OHS management personnel, dangerous goods training, fire prevention manager training, firefighting training (evacuation), operational manager training, self-inspection before, during, and after the operation, and emergency response.

Hazard identification and risk assessment are conducted for the work and workplace for high-risk employees and pregnant employees. Potential hazards are discovered through hazard identification then SOPs and management measures established based on the findings. In the event of personal injury, each department is required to declare and fill in the accident investigation report according to law. The occupational safety unit is responsible for synthesis and management.



Evergreen Marine  
**Achieved ISO45001 and CNS45001 certification**



Award from Ministry of Health and Welfare  
**"CPR+AED" certificate and "Badge of Accredited Healthy Workplace"**





In 2019, Evergreen Marine reported 7 occupational accidents: 2 cases of being rolled or clamped, 2 cases of being sliced, cut, or scratched, 1 case of improper action, 1 case of falling; and 1 case of tumble or rolling off. Two of them were fined by the Ministry of Labor, each with a fine of NT\$60,000.

**In response to occupational accidents, we have taken the following corrective measures**



**1** Assess operational hazards and risks, and take preventive measures such as fall prevention facilities to reduce hazards.



**2** Establish standard operating procedures for workers to follow.



**3** Strengthen the site managers' inspection and supervision.



**4** Increase the operators' safety awareness at work.



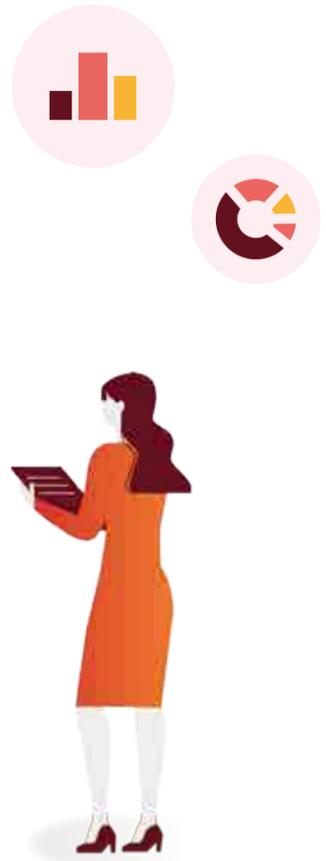
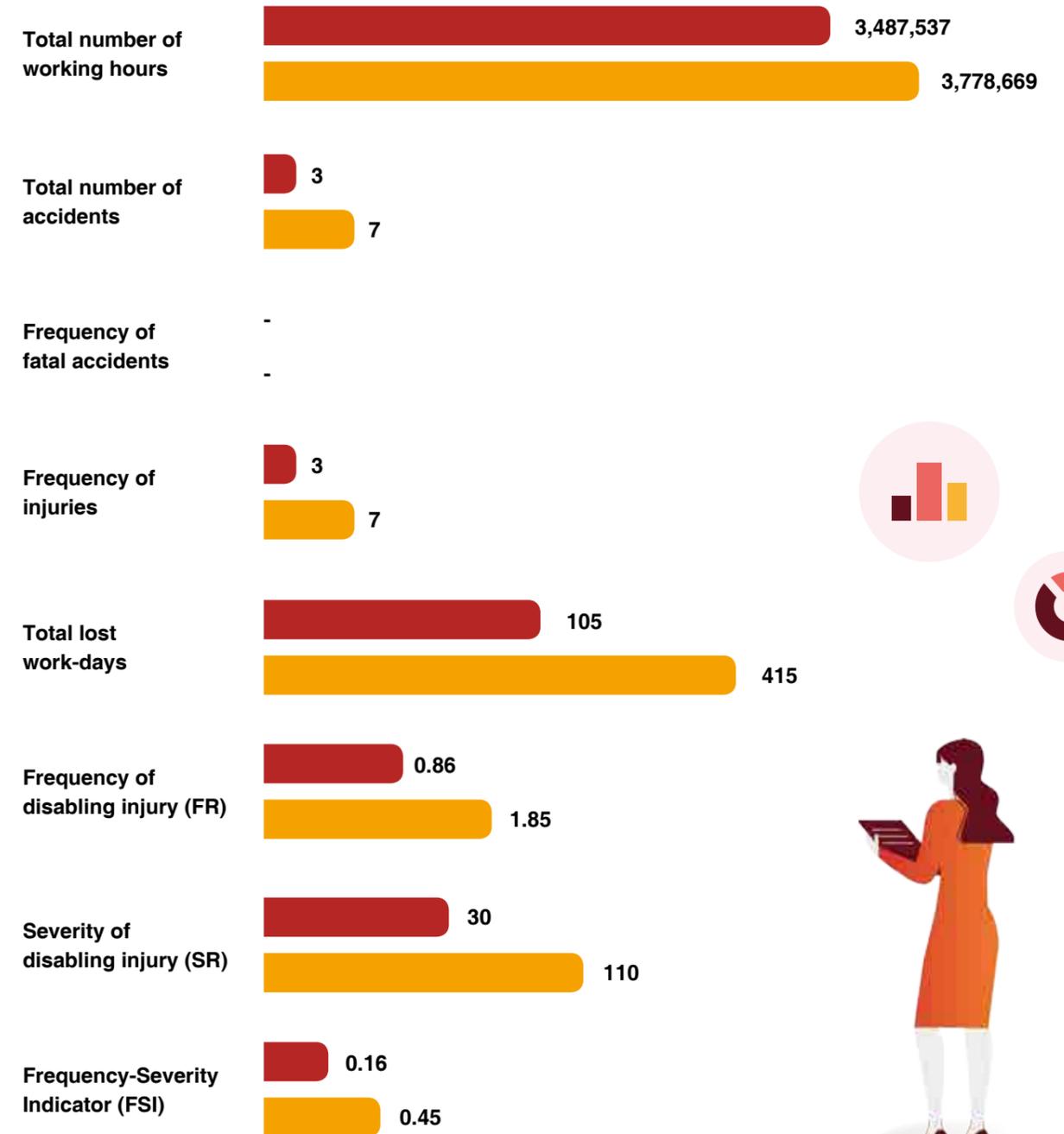
**5** Implement the mutual protection, self-protection, and guardianship among operators.



**6** Organize training courses for employees.

**Work accidents within the past two years**

● 2018 ● 2019



Note 1 : FR and SR are based on one million work-hours.  
 Note 2 : Frequency of disabling injury (FR) = (Number of disabling injuries x 1,000,000) ÷ total person-work hours.  
 Note 3 : Severity of disabling injury (SR) = (Number of lost work days x 1,000,000) ÷ total person-work hours.  
 Note 4 : Frequency Severity Index (FSI) = (FR\*SR / 1000)^(1 / 2).  
 Note 5 : No occupational accident was reported in 2019.



### 5.3.3 Guardian of Health

Evergreen Marine attaches great importance to the physical and mental health of employees, and has set up a dispensary staffed by medical personnel and shared between both the customs and contractors. We also provide our employees free regular physical examinations (more frequent than that of relevant laws and regulations) and medical advice on the physical examination results. In addition, the Company has installed automated external defibrillator (AED) units throughout the workplace to improve our first-aid system and ensure that timely assistance can be rendered in an emergency.

In order to improve employees' health knowledge and self-health management, the health information section of the corporate intranet shares health information with employees through email at various times, as well as health promotion courses (e.g., stress relief and common mental illness, treatment and prevention of breast cancer, and hazards of high temperature) and screening for four types of cancer are organized by Evergreen Marine to provide preventive medicine and healthcare resources.

Category	Implementation
 <p><b>Medical advice, occupational injury and disease assessment and interview</b></p>	<ul style="list-style-type: none"> <li>• Four hours of medical advice per month in North Taiwan</li> <li>• Three hours of on-site medical service per week in Kaohsiung</li> </ul>
 <p><b>Health promotion courses</b></p>	<ul style="list-style-type: none"> <li>• Two sessions in North Taiwan; 87 attendants</li> <li>• One session in Kaohsiung; 74 attendants, including contractors</li> </ul>

## 5.4 Social Engagement

### 5.4.1 Promotion of Maritime Education

#### Maritime Culture

The Evergreen Maritime Museum has a collection of more than 4,000 maritime relics at home and abroad. In addition to static exhibitions and multimedia games open to the public, the museum also holds a variety of marine-themed activities every year, including winter and summer camps, family activities on holidays, and a national elementary school maritime drawing competition. In 2019, the museum launched the "I Am the King of the Pirates - Free Tour Project for 12-Year Basic Education," exposing the new generation of Taiwan to maritime culture from an early age. In 2020, a new type of guided tours rather than the traditional routine will be introduced to add more interaction with the audience.

Evergreen Marine has co-organized the "Paint a Marvelous Ship - National Elementary School Maritime Drawing Competition" held by the Evergreen Maritime Museum for three years in a row. The competition is divided by high-grade, mid-grade, and low-grade by age, and a special "Angel Team" was also set up for the works of students with disabilities nominated by their schools. Our employees performed the "Shark Dance" as a warm-up for the awards ceremony. The winning paintings were displayed in the multi-function room on the third floor until the end of the summer vacation.



To help marine education take root, senior (vocational) high school, junior high school, or elementary school students with the official documents presented were entitled to free visits to the museum, effective in April 2019. A series of seminars on maritime culture were also organized, where experts and scholars taught marine experience and knowledge to cultivate seed teachers for marine education. For more information on the Evergreen Maritime Museum, please visit the website.



Evergreen Maritime Museum



### **Lecture on poverty alleviation - "Build Your Golden Route" for maritime talent development**

Since 2013, the Chang Yung-Fa Foundation has organized many career lectures, where Evergreen Marine's captains and chief engineers shared their work experience at sea with the students. The purpose of the lectures was to broaden the students' international horizons and help the disadvantaged students in remote areas overcome poverty by building their golden route.

### **Career lecture - Taipei Municipal Da-An Vocational High School**

Evergreen Marine and the Department of Marine Engineering, National Kaohsiung University of Science and Technology (NKUST) held a career lecture at the Taipei Municipal Da-An Vocational High School. A total of 60 automotive technology students attended the lecture. The lecture first covered Evergreen Marine's shipboard culture, modern equipment, and life at sea; then, the Department of Marine Engineering, NKUST proceeded with the syllabus, internship program on Yu-Ying No. 2 and career plans for marine engineering students after graduation. At the end of the lecture, the automotive technology students raised all kinds of questions such as how to apply for studying at the NKUST, opportunities for service on board, and a job description of marine engineers.

### **Career lecture - Toucheng Junior High School**

Evergreen Marine and the Chang Yung-Fa Foundation organized 2 career lectures - "Build Your Golden Route" for a total of 340 junior and sophomore students of Toucheng Junior High School to help the students have a better understanding of the work and life at sea. During the lecture, presents were given to those who raised questions. Both of the lectures were well received.



## **5.4.2 Philanthropic Activities**

### **Overseas emergency relief**

Evergreen Marine has operations and expatriates set up in many countries and cities. They will assist the Ministry of Foreign Affairs in providing emergency relief for overseas Taiwanese citizens traveling abroad when necessary.

In 2019, Evergreen Marine's representative to Colombo, Sri Lanka twice assisted the Ministry of Foreign Affairs in providing emergency relief for Taiwanese citizens traveling abroad. Evergreen Marine and the Ministry of Foreign Affairs pulled together to provide family members and expatriates with necessary support such as transportation, paperwork, making of police records, application for death certificates, and transportation of the deceased to Taiwan.

### **Summer camp**

From August 15 2019 to August 16, 2019, Evergreen Marine and the Evergreen Maritime Museum held the summer camp for 30 elementary school and junior high school students from disadvantaged families free of charge. During the event, the students had an opportunity to learn the maritime relics collected by the museum; in addition, the ESTC was especially open to the students to learn the shipping knowledge such as the fundamentals of ship structure and first aid for starters. The students could also see the electronic chart room, engine room training control room, and marine engine simulation cabin with their own eyes.

### **Blood donation drive**

A blood donation drive was organized at Evergreen Marine's office building in the first half and the second half of 2019 respectively, and a total of 121 and 147 bags of blood were collected. The Hsinchu Blood Center of Taiwan Blood Services Foundation issued the certificates of appreciation to recognize the drive.

### **Publishing the "Morals Monthly" to promote moral education**

Since January 2008, the Chang Yung-Fa Foundation has published the "Morals Monthly" to the readers for free. The monthly promotes moral education through the "Twelve Moral Courses in Life." The "Twelve Moral Courses in Life" cover the following topics: filial piety, fraternity, harmony between couples, mutual trust among friends, humility, philanthropy, learning, intellectual inspiration, achievement in virtues, public welfare, legal compliance, and justice and courage. With the maximum circulation of 360,000 copies, the "Morals Monthly" is requested by nearly 1,700 academic institutions in Taiwan and accessed by readers in 33 countries around the world. In response to the paperless initiative, the online version of the "Morals Monthly" is also available for downloading at the official website.



Chang Yung-Fa Foundation



## **5.4.3 Social Engagement**

### **Supporting the development of Port of Kaohsiung**

With an eye to the international market, Evergreen Marine has signed a lease contract with the Port of Kaohsiung for the seventh container terminal, deeply cultivating the Port of Kaohsiung as a transshipment hub for Southeast Asia. The terminal is designed with an annual capacity of up to 6 million TEU, and will provide facilities such as automatic terminal operation system in the future. Evergreen Marine will reduce emissions from ships during ship turnaround in accordance with the Green Port Policy of the Ministry of Transportation and Communications, in order to improve air quality near ports and create an environmentally friendly green port.



### Coastal cleanup

In response to the International Coastal CleanUp Day on September 21, 2019, President Hsieh led 71 employees and their family members to turn out for the coastal cleanup activity, "Ocean Cleanup for Better Hometown," at Zhuwei Fishing Harbor (south bank) in Taoyuan City. On that day, over 229.4 kg of garbage was cleared. On November 3, 2019, employees in Kaohsiung turned out for the coastal cleanup activity at Zhongyun Beach, Linyuan District, Kaohsiung City. Over 108.9 kg of garbage was cleared. The coastal cleaning event enabled employees and family members to get closer to the local community where the Company operates, and contributed to environmental protection.

In overseas offices, Chairman Mok and President Tsai from Evergreen Marine (Singapore) led 20 employees to turn out for the coastal cleanup event organize by the International Coastal Cleanup Singapore at Changi Beach on September 21, 2019. On the same day, 74 employees from Evergreen Shipping Agency (India) and its offices in Mumbai, Chennai, Tuticorin, and Kochi also participated in the event for the first time.



### Concerts of Evergreen Symphony Orchestra

Evergreen Marine continuously sponsored the Evergreen Symphony Orchestra on five "Classical Music Banquet" concerts in 2019, with a total of 2,000 concert tickets provided for the Company's employees and their families for free. We also invited customers, charities, and social welfare groups to hear the concerts. All of the five concerts were highly acclaimed by the audience.

Date	Name of concert	Social welfare group
January 5 (Saturday)	Nordic Passion	<ul style="list-style-type: none"> <li>• Music Foundation for the Blind in Taipei</li> <li>• Arts Promotion for the Disabled R.O.C.</li> <li>• Zayin, Huashan Social Welfare Foundation</li> <li>• Holy Word Children and Youth Foundation, and Xizhi Charity</li> </ul>
April 27 (Saturday)	Romance and Pathetique	<ul style="list-style-type: none"> <li>• Music Foundation for the Blind in Taipei</li> <li>• Zenan Homeless Social Welfare Foundation</li> </ul>
June 7 (Friday)	Norwegian Forest vs. Pini di Roma	<ul style="list-style-type: none"> <li>• Music Foundation for the Blind in Taipei</li> </ul>
August 31 (Saturday)	Midsummer Dream	<ul style="list-style-type: none"> <li>• Music Foundation for the Blind in Taipei</li> </ul>
November 7 (Thursday)	One Thousand and One Nights	<ul style="list-style-type: none"> <li>• Employees and families and customers</li> </ul>



### Experience sharing on International Coastal CleanUp Day

**Grade 8 student Han from Xingya Junior High School**

After two hours of hard work, the beach took on an entirely new look. Through this event, I realize that if humans continue to litter at will, it will not only endanger the surroundings, but also cause damage to humans themselves in a food chain.

**Grade 7 student Huang from Dazhu Junior High School**

I hope people will stop littering and work together to protect the environment.





### Overseas concerts of Evergreen Symphony Orchestra

Evergreen Marine has been operating in Vietnam for many years. As 2019 marked the Evergreen Symphony Orchestra performed symphonies and classic sketches at 3 concerts in Ho Chi Minh and Hanoi, Vietnam. Richard Lin, a Taiwanese American violinist who won the first prize in the 10th Quadrennial International Violin Competition of Indianapolis, and Dong Nhi, a Vietnamese singer, were invited to perform together to promote the cultural exchanges between Taiwan and Vietnam through music.



### Sponsoring Commonwealth Magazine's "Ocean Dream Taiwan"

Evergreen Group started out as a shipping company. Evergreen Marine and companies under Evergreen Group sponsored the publication of "Ocean Dream Taiwan," Commonwealth Magazine's special issue that uses text and images to record how Taiwan has embarked on a path toward equal distribution of wealth in a small open economy and further explores Taiwan's value and development and reinterprets the future path for Taiwan.

### Sponsoring Economic Daily News' "Greater Kaohsiung Forum"

Having cared for the development of Taiwan's industry, Evergreen Marine sponsored the "Greater Kaohsiung Forum" organized by the Economic Daily News. Experts from the industry, government, and academia were invited to give advice on the development of Kaohsiung City, which was centered on potential for growth.



### Sponsoring Anue's "Spread the Love" campaign

Evergreen Marine sponsored the "Spread the Love" campaign organized by Anue, a well-known business and financial news media online in Taiwan. Centered on "Take Action and Care for Children," the campaign gathered the materials and donations required by social welfare organizations and distributed them to each beneficiary organization. Evergreen Marine took the lead in response to the campaign in hopes of attracting more companies to spread the love and pay it forward.

### Donating 12 20-foot containers to

### Adolescents' Home, Taoyuan

Upholding the business philosophy of giving back to society, Evergreen Marine donated a total of 12 20-foot containers to the Adolescents' Home, Taoyuan as temporary houses, storage, and talent classrooms. The Evergreen International Storage & Transport Corp. also assisted in removing the markings and hanging and hauling the containers.



### Exhibition - "Marvelous Box-50 Years of Container Shipping in Kaohsiung"

In response to the "Marvelous Box-50 Years of Container Shipping in Kaohsiung" organized by the Kaohsiung Museum of History, Evergreen Marine provided photos and videos that represented the milestones of the Company; objects such as ship models and books (e.g., "Evergreen Ship Collection" and "50th Anniversary Special Issue") were also displayed on site to demonstrate Evergreen Marine's evolution and influence on international trade.





# Chapter 06

## Stakeholders and Issue Management

- 6.1 Stakeholder Engagement
- 6.2 Material Issues Management





# Chapter 06

## Stakeholders and Issue Management

Evergreen Marine anticipates smooth operations and will rely on the support and joint efforts of stakeholders. Thus, effective communication and interaction are indispensable in the Company's business operations. As a major shipping company in Taiwan, Evergreen Marine is aware of the importance of stakeholder opinions, and understands and responds to relevant stakeholders and their concerns after thorough analysis.

### 6.1 Stakeholder Engagement

Evergreen Marine identified 9 important types of stakeholders based on past stakeholder communications and the disclosure of other international shipping companies. The 21 departments of Evergreen Marine then took part in jointly evaluating the extent of each stakeholder's relationship with the Company based on the five principles of Responsibility, Influence, Tension, Diverse Perspectives and Dependency from AA1000 SES. In 2019, Evergreen Marine reexamined the stakeholders and material issues. The stakeholders ranked by the degree of their relationship with Evergreen Marine from high to low are as follows: employee, competent authority, customer, supplier, media, shareholder / investor, community and society, other shipping companies, and social group / non-profit organization. The top six are our major stakeholders. We contact all types of stakeholders through regular / ad hoc channels to ensure full communication of every issue.

#### Communication with stakeholders

Category	Importance to Evergreen Marine	Issue	Communication channel and frequency
 Employee	The members and assets of the Company	<ul style="list-style-type: none"> <li>Sustainable strategies and their implementation</li> <li>Compliance</li> <li>Corporate governance and ethical corporate management</li> <li>Work environment safety and labor health protection</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Corporate / departmental meetings (every month)</li> <li>Regular / non-regular meetings</li> <li>EIP e-Bulletin board (ad hoc)</li> <li>Telephone (any time)</li> <li>Email (any time)</li> </ul> Contact person : Ms. Chen from Human Resources Dept. hrd@evergreen-marine.com
	<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>Senior executives held corporate meetings on a monthly basis; department heads held departmental meetings every month.</li> <li>Senior executives held 2 year-end talks at the end of 2019.</li> <li>A total of 4 labor-management meetings were held.</li> <li>The learning and adaptation conditions of 104 employees were evaluated and tracked.</li> <li>In 2019, 12 pieces of information on clubs / activities, 107 on employee purchases / travel discounts, and 23 on occupational safety / health education were published on the EIP.</li> <li>Three health promotion seminars were held and attended by 161 employees.</li> <li>KCC held a safety committee meeting every quarter to communicate with labor representatives on occupational safety and health.</li> </ul>		

Category	Importance to Evergreen Marine	Issue	Communication channel and frequency
 Competent Authority	Communicate with the government to help it understand our operations and contribute our expertise in shipping to the policy and law-making process	<ul style="list-style-type: none"> <li>Ship safety</li> <li>Corporate governance and ethical corporate management</li> <li>Compliance</li> <li>Shipping management</li> <li>Protection of customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Telephone (ad hoc)</li> <li>Letter (ad hoc)</li> <li>Visit (ad hoc)</li> <li>Conference (ad hoc)</li> </ul> Contact person: Mr. Yu from Project Dept. csr@evergreen-marine.com
	<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>The Competition Compliance Team, Legal Dept. continued to communicate with the Fair Trade Commission about the maritime practices and Evergreen Marine's policies and actions in respect of compliance with competition laws.</li> <li>KCC reported the status of its wastewater treatment plant to the Environmental Protection Administration every six months.</li> <li>KCC attended the occupational safety team meeting of the Kaohsiung Association of Shipowners every two months.</li> </ul>		
 Customer	Optimize services and communications to maximize value for customers	<ul style="list-style-type: none"> <li>Product risk</li> <li>Service quality and customer satisfaction</li> <li>Protection of customer privacy</li> <li>Shipping management</li> <li>Operating performance</li> </ul>	<ul style="list-style-type: none"> <li>Email (any time)</li> <li>Telephone (any time)</li> <li>Visit (ad hoc)</li> <li>Company's website / mobile device (any time)</li> <li>Customer satisfaction survey (1-2 times every year)</li> <li>OCEAN Alliance promotional seminar (ad hoc)</li> </ul> Contact person: Mr. Chen from Auditing Dept. aud@evergreen-marine.com
	<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>We provided customer inquiries, including inbound / outbound container tracking service, through the company website / mobile device. In the fourth quarter of 2019, more than 1.7 million customer inquiries were made via ShipmentLink. In 2019, 1,059 customer satisfaction questionnaires were retrieved, with the overall service performance averaged 4.85, which was an increase from 4.83 in 2018.</li> </ul>		
 Supplier	Provide products and services that satisfy the Company's quality requirements and work together to build good services	<ul style="list-style-type: none"> <li>Sustainable strategies and their implementation</li> <li>Supply chain management</li> <li>Service quality and customer satisfaction</li> <li>Operating performance</li> <li>Protection of customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Email (any time)</li> <li>Meeting (1-2 times every year)</li> <li>Supplier survey and questionnaire (every year)</li> <li>Supplier evaluation (every year)</li> <li>Equipment efficiency statistics table (every month)</li> <li>Company's website (every year)</li> </ul> Contact person : Mr. Chen from Auditing Dept. aud@evergreen-marine.com
	<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>We formulated the Supplier Code of Conduct to establish common values and standards that suppliers are required to abide by when doing business with Evergreen Marine.</li> <li>A total of 129 CSR performance questionnaires were retrieved.</li> <li>A total of 971 suppliers were evaluated, and only 1 supplier failed.</li> </ul>		



Category	Importance to Evergreen Marine	Issue	Communication channel and frequency
 Media	Give the general public a better understanding of the Company through positive communications and release of information	<ul style="list-style-type: none"> <li>Shipping management</li> <li>Compliance</li> <li>Talent recruitment and training</li> <li>Transparency of information disclosure</li> <li>Operating performance</li> </ul>	<ul style="list-style-type: none"> <li>Telephone (any time)</li> <li>Email (any time)</li> <li>Shareholders' meeting / investor conference (ad hoc)</li> </ul> Contact person: Ms. Yang from Public Relations Dept. prd@evergreen-marine.com
<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>We invited the media to attend the shareholders' meeting and the investor conferences, allowing the public to know more about the Company's operations through news release.</li> </ul>			
 Shareholder/Investor	Provide the necessary funding for company operations and require transparent reports on business operations	<ul style="list-style-type: none"> <li>Corporate governance and ethical corporate management</li> <li>Compliance</li> <li>Transparency of information disclosure</li> <li>Sustainable strategies and their implementation</li> <li>Operating performance</li> </ul>	<ul style="list-style-type: none"> <li>Investor service area on the Company's website (any time)</li> <li>Important financial and business information on MOPS (as specified by the competent authority)</li> <li>Respond to investor inquiries (ad hoc)</li> <li>Annual reports in shareholders' meeting (every year)</li> <li>Investor conference (ad hoc)</li> </ul> Contact person : Ms. Yang from Stock Dept. 886-2-2500-1668
<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>We announced 56 and 40 pieces of material information in Chinese and English respectively.</li> <li>We explained company-related information to investors, including general investors and institutional investors at home and abroad, from time to time.</li> <li>Evergreen Marine was invited to attend the investor conference held by SinoPac Securities.</li> </ul>			
 Community and Society	Local residents and groups closely connected to the Company's location and services	<ul style="list-style-type: none"> <li>Emissions and management</li> <li>Talent recruitment and training</li> <li>Environmental impact and ecological conservation</li> <li>Social care and philanthropic activities</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Meeting (ad hoc)</li> <li>Telephone (ad hoc)</li> <li>Email (ad hoc)</li> <li>Personal visit (ad hoc)</li> </ul>
<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>Evergreen Marine signed the Container Terminal No. 7 lease with the Taiwan International Ports Corporation to transform the Port of Kaohsiung into a transshipment base in Southeast Asia, further creating many job opportunities for local residents.</li> </ul>			

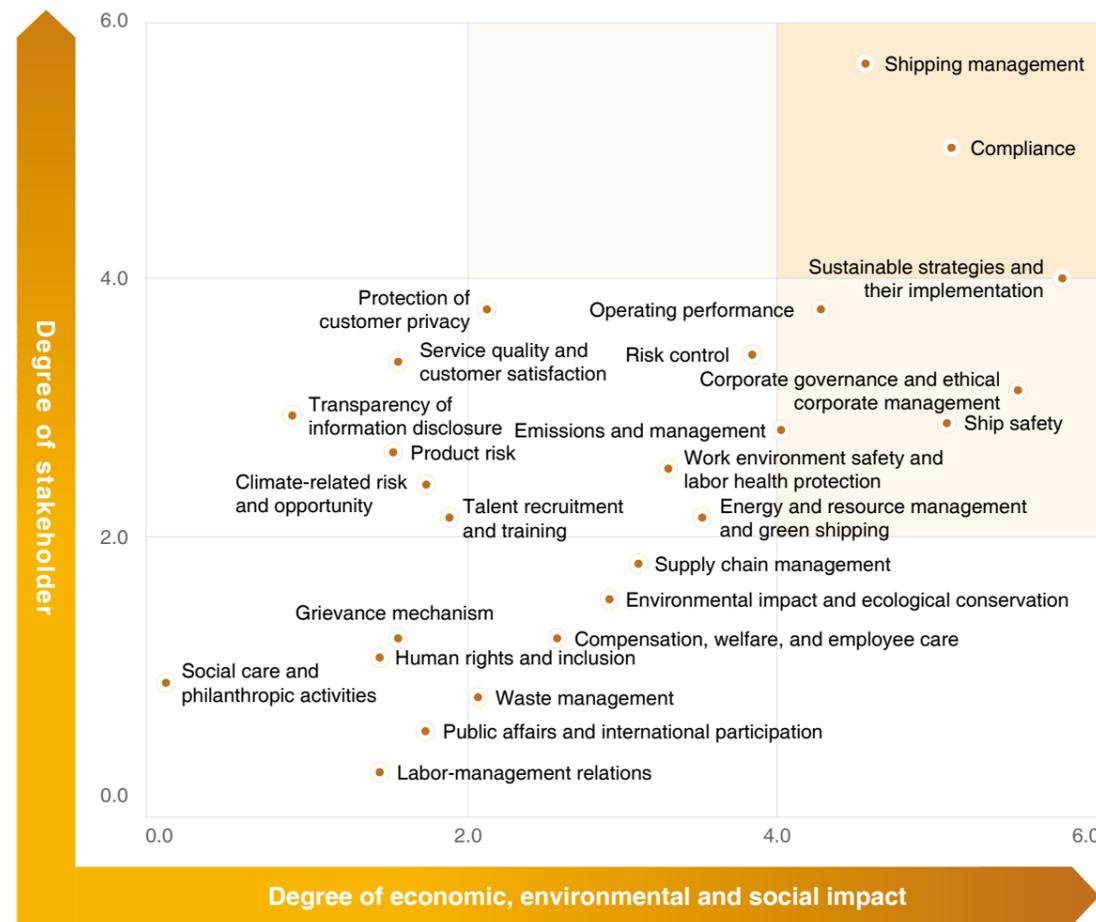
Category	Importance to Evergreen Marine	Issue	Communication channel and frequency
 Other Shipping Companies	Satisfy customer requirements through joint services that meet the requirements of the Company	<ul style="list-style-type: none"> <li>Shipping management</li> <li>Sustainable strategies and their implementation</li> <li>Operating performance</li> <li>Transparency of information disclosure</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Meeting (quarterly)</li> <li>Telephone (ad hoc)</li> <li>Email (ad hoc)</li> <li>Personal visit (ad hoc)</li> </ul>
<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>The Ocean Alliance extended the 5-year partnership to March 2027 to meet the diverse needs of customers and market changes and to increase competitiveness.</li> <li>In 2019, the Ocean Alliance held 5 meetings to establish the route plan for Day 3 Product in 2019 and set and discuss the route plan for the following year.</li> </ul>			
 Social group / Non-profit Organization	Our partners in the engagement of public care and philanthropic activities	<ul style="list-style-type: none"> <li>Ship safety</li> <li>Sustainable strategies and their implementation</li> <li>Compliance</li> <li>Talent recruitment and training</li> <li>Corporate governance and ethical corporate management</li> </ul>	<ul style="list-style-type: none"> <li>Meeting (ad hoc)</li> <li>Telephone (ad hoc)</li> <li>Email (ad hoc)</li> <li>Personal visit (ad hoc)</li> </ul> Contact person : Ms. Chen from Human Resources Dept. hrd@evergreen-marine.com
<b>Performance in 2019 (number of meetings, number of participants, etc.)</b> <ul style="list-style-type: none"> <li>Evergreen Marine worked with the Chang Yung-Fa Foundation to hold a lecture on poverty alleviation at Toucheng Junior High School.</li> <li>Evergreen Marine sponsored the Evergreen Symphony Orchestra on five "Classical Music Banquet" concerts in 2019, with a total of 2,000 concert tickets provided for the Company's employees and their families, customers, the disabled, and social welfare groups.</li> <li>Evergreen Marine continued to promote industry-academia collaboration by arranging sea-going internships for 165 students from local maritime schools and assigning employees to lecture on shipboard operations and career development.</li> <li>The employees of the headquarters, Evergreen Marine (Singapore), and Evergreen Shipping Agency (India) turned out for the International Coastal CleanUp Day on September 21, 2019. The coastal cleanup event was also held in Kaohsiung on November 3, 2019.</li> </ul>			





## 6.2 Material Issues Management

We developed a questionnaire and surveyed the 9 types of stakeholders and internal executives to understand the extent of stakeholder concern on each sustainability issue, as well as the external economic, environmental and social impacts of Evergreen Marine operations. The sustainable development of an enterprise involves a wide range of issues. We have generalized 25 sustainability issues from the characteristics of the industry, international tendency, and important facets of sustainability. These issues included corporate governance, economic issue, environmental issue, labor and human rights issue, social issue, product liability issue, etc. In 2019, Evergreen Marine reexamined the external stakeholder survey and distributed 20 questionnaires about issues of concern to internal executives. Analysis of survey responses from the six types of stakeholders with a higher degree of relationship yielded a ranking of 25 issues by degree of concern and degree of impact. A materiality matrix was then drawn up using these results. Compared with those in 2018, the major topics and their boundaries in 2019 had no significant changes.



Evergreen Marine defined material issues as those that ranked highly in terms of stakeholder concern or impact or operations, or those that ranked as high in one or moderate in the other, including shipping management, compliance, sustainability strategies and their implementation, corporate governance and ethical corporate management operating performance, and ship safety. In keeping with the trend on sustainability disclosure, risk control and emissions and management were included in material issues in terms of industry impact to ensure that all material sustainability issues were properly managed. We have established complete management policies as well as measurement and management systems for the aforesaid eight material issues. We also follow-up annual performance and set goals for the future in the hope to make improvement in all aspects every year.

### Management policies and evaluation mechanisms for material issues

Material issue in 2019	Compliance	
GRI / internal topic	Compliance related to environmental protection	Compliance in society and economics
Meaning to Evergreen Marine	Compliance forms the basis of business operations, so a complete system has been put in place by Evergreen Marine to ensure full compliance.	
Direct impact boundary	Evergreen Marine	
Indirect impact boundary	Competent authority	
Management policies	<ul style="list-style-type: none"> <li>Ensure that the ships of Evergreen Group meet the international requirements and the regulations of the port state</li> </ul>	<ul style="list-style-type: none"> <li>Replace the email auditor system to audit the official mailboxes of the Company</li> <li>Conduct educational and training programs to strengthen employees' awareness of compliance with competition laws</li> <li>Conduct real-time monitoring of transaction counterparties using the automated screening system and manual inspections</li> <li>Strengthen spot checks on highly sensitive areas and high-risk cargoes</li> </ul>
Evaluation mechanisms and performance in 2019	<ul style="list-style-type: none"> <li>Provided appropriate reports to concerned departments for further arrangements according to the laws and regulations. No serious violations of environmental laws and regulations occurred in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly monitored the utilization performance of the email auditor system</li> <li>A total of 9 training courses on competition laws were arranged in 2019 and attended by 1,410 employees.</li> <li>A total of 4 training courses on economic sanctions were arranged in 2019 and attended by 1,138 employees.</li> <li>A total of 4 training courses on anti-bribery / anti-corruption were arranged in 2019 and attended by 572 employees.</li> </ul>
Future goals	<ul style="list-style-type: none"> <li>Achieve zero violation of environmental laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Implement email auditor system to local agents / branch offices around the world</li> <li>Maintain a good relationship with competent authorities in different jurisdictions by exchanging opinions on legal compliance</li> <li>Continue to communicate with employees and enhance their awareness of legal compliance according to changes in relevant regulations and enforcement attitude of the competition authorities</li> </ul>
Corresponding section	2.6 Compliance	



Material issue in 2019	Shipping management
<b>GRI / internal topic</b>	Shipping management
<b>Meaning to Evergreen Marine</b>	A flexible business strategy is crucial to the continued operations of a shipping company in a changing business environment.
<b>Direct impact boundary</b>	Evergreen Marine and customers
<b>Indirect impact boundary</b>	Other shipping companies
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Ensure stable and premium shipping service of the Evergreen Marine on every shipping line and conduct a review of shipping performance to optimize routes and shipping schedules</li> </ul>
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Conducted regular internal and external license reviews and responded to stakeholder feedback</li> <li>• Developed joint shipping lines based on line attributes and reviewed the performance of shipping lines</li> </ul>
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Satisfy customer demand for service and improve the competitiveness of shipping lines through joint operations</li> </ul>
<b>Corresponding section</b>	1.2 Operating Strategies
Material issue in 2019	Risk control
<b>GRI / internal topic</b>	Risk control
<b>Meaning to Evergreen Marine</b>	Complete identification and control of potential operational risks enable Evergreen Marine to respond to external changes in a timely manner.
<b>Direct impact boundary</b>	Evergreen Marine and customers
<b>Indirect impact boundary</b>	Shareholder / Investor
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Follow the policies set by the Board of Directors in identifying, assessing and developing measures for mitigating operating risks</li> </ul>
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Regular audits were conducted by the Auditing Dept. to ensure that every unit is properly managing the risks in their area of responsibility.</li> <li>• Referred to the framework of TCFD to incorporate climate risks into the risk management and assessment system</li> </ul>
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Continue to monitor external risks and market intelligence to reduce any potential impacts on company operations</li> </ul>
<b>Corresponding section</b>	2.3 Risk Control

Material issue in 2019	Sustainable strategies and their implementation
<b>GRI / internal topic</b>	Sustainable strategies and their implementation
<b>Meaning to Evergreen Marine</b>	Evergreen Marine is working actively to integrate sustainable development into its operations as a leading international shipping company.
<b>Direct impact boundary</b>	Evergreen Marine and shareholders / investors
<b>Indirect impact boundary</b>	Suppliers and customers
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Build a fleet that complies with international energy-efficiency and environmental protection regulations</li> <li>• Respond to the initiatives and commitments of environmental protection and ecological conservation</li> </ul>
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Closely monitored the shipbuilding market and built a competitive fleet at suitable times</li> </ul>
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Order ships that comply with international environmental regulations in support of the fleet renewal program at suitable times</li> <li>• Phase out 38 old ships in five years</li> <li>• Incorporate 7 F-type ships and 9 C-type ships into the green fleet in 2020</li> </ul>
<b>Corresponding section</b>	1.4 Sustainability Strategies / Special column - building a green fleet
Material issue in 2019	Operating performance
<b>GRI / internal topic</b>	Economic performance
<b>Meaning to Evergreen Marine</b>	Evergreen Marine always strives to deliver a sound operating performance as it is our way of responding to shareholders' expectations.
<b>Direct impact boundary</b>	Evergreen Marine, shareholders / investors, and employees
<b>Indirect impact boundary</b>	Suppliers
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Conduct investment and capital management in accordance with internal management regulations and processes</li> <li>• Ensure compliance with regulatory requirements, compile financial statements with proper expressions, and disclose important financial and business information</li> </ul>
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Submitted the financial report and disclosed important information every quarter in 2019 according to the relevant laws and regulations</li> </ul>
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Strictly observe the relevant laws and regulations and ensure that financial and other related information are disclosed in a timely and transparent manner</li> </ul>
<b>Corresponding section</b>	1.3 Operating Performance



<b>Material issue in 2019</b>	<b>Ship safety</b>	
<b>GRI / internal topic</b>	Ship safety	
<b>Meaning to Evergreen Marine</b>	No compromises on ship safety is Evergreen Marine's commitment to our employees and customers.	
<b>Direct impact boundary</b>	Evergreen Marine and employees	
<b>Indirect impact boundary</b>	Other shipping companies and customers	
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Develop and enforce ship safety management systems</li> <li>• Implement two-way ship-shore emergency drills</li> <li>• Adhere to the procedures of the safety</li> </ul>	
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Convened safety review meetings to examine performance on safety and environmental protection issues</li> <li>• Conducted regular internal / external audits and self-inspections</li> <li>• Conducted ad hoc shipboard inspections</li> <li>• Verified that the requirements of the annual safety and environmental goals were met</li> <li>• Reduced the frequency of shipboard accidents</li> </ul>	
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Evaluate maritime cases in the fleet and set annual safety goals</li> <li>• Continue to refine specialist personnel training</li> </ul>	
<b>Corresponding section</b>	5.3 Workplace Safety and Health	
<b>Material issue in 2019</b>	<b>Emissions and management</b>	
<b>GRI / internal topic</b>	Emissions	Wastewater / sewage and waste
<b>Meaning to Evergreen Marine</b>	Evergreen Marine is keenly aware of the shipping industry's impact on the environment so strict emissions management is enforced.	
<b>Direct impact boundary</b>	Evergreen Marine	
<b>Indirect impact boundary</b>	Competent authority and community and society	
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Execute the environmental protection management system</li> <li>• Treat and purify wastewater before discharge</li> <li>• Sort and dispose of water through EPA approved recycling contractors</li> </ul>	
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• Observed all the international safety and environmental conventions to avoid pollution of the air, water source and environment</li> <li>• Pushed for pollution prevention, energy conservation and carbon reduction</li> <li>• Ensured all EPA reporting requirements were met</li> <li>• There were no cases of serious environmental pollution or violation of environmental regulations in 2019.</li> </ul>	

<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Conduct regular inspections to ensure that management systems and policies accomplish their intended goals</li> <li>• Send a staff member to perform onsite inspections on the Company's waste tire recycling plant to confirm that the plant is a legal tire recycling company</li> <li>• Reduce CO2 emissions by 40% by 2030 with 2008 as the baseline</li> </ul>
<b>Corresponding section</b>	4.3 Emissions Management
<b>Material issue in 2019</b>	<b>Corporate governance and ethical corporate management</b>
<b>GRI / internal topic</b>	Anti-corruption
<b>Meaning to Evergreen Marine</b>	The building of a sound governance system and ethical corporate culture are important business policies at Evergreen Marine.
<b>Direct impact boundary</b>	Evergreen Marine, shareholders / investors, suppliers, and customers
<b>Indirect impact boundary</b>	
<b>Management policies</b>	<ul style="list-style-type: none"> <li>• Set precautionary guidelines on business conduct for company personnel using the Ethical Corporate Management Principles and Ethical Corporate Management Procedures and Code of Practice</li> <li>• Assign the dedicated HR manager to take charge of an independent whistleblower mailbox to ensure that complaints are processed in accordance with the relevant regulations</li> <li>• Establish an anti-corruption / anti-bribery system</li> </ul>
<b>Evaluation mechanisms and performance in 2019</b>	<ul style="list-style-type: none"> <li>• The Board resolved to pass the "Ethical Corporate Management Principles" and "Ethical Corporate Management Procedures and Code of Practice" on October 4, 2019; the Chairman signed a commitment on December 24, 2019 and uploaded it to the corporate website.</li> <li>• Established the risk assessment on ethical corporate management in November 2019</li> <li>• Promoted ethical management policies through meetings and internal bulletins at various times</li> <li>• Included corporate governance and ethical corporate management in the orientation courses for new employees, with a total of 76 new employees that completed the training in 2019, and conducted the "Introduction to Corporate Governance" online course to all managers, with a total of 349 managers that passed the test</li> <li>• Provided the Board of Directors and management with regular reports on compliance with ethical corporate management, and presented the report on compliance with ethical corporate management at the Board of Directors meeting in December 2019</li> </ul>
<b>Future goals</b>	<ul style="list-style-type: none"> <li>• Continue to push for rigorous self-review and continuous improvement</li> <li>• Implement the risk assessment on ethical corporate management in 2020</li> <li>• Include corporate governance and ethical corporate management courses for new employees and top executives in order to enhance the ethical corporate culture</li> </ul>
<b>Corresponding section</b>	2.2 Ethical Management

# Introduction Appendix

## GRI Content Index

Indicator	Disclosure	Report Section	Page	Remarks
<b>General Disclosure</b>				
<b>GRI 102: General Disclosure 2016</b>				
<b>Organizational profile</b>				
102-1	Name of the organization	1.1 About Evergreen Marine Corp.	14	
102-2	Activities, brands, products and services	1.1 About Evergreen Marine Corp.	14	
102-3	Location of headquarters	1.1 About Evergreen Marine Corp.	14	
102-4	Location of operations	1.1 About Evergreen Marine Corp.	14	
102-5	Ownership and legal form	1.1 About Evergreen Marine Corp.	14	Please refer to Evergreen Marine's 2019 Annual Report.
102-6	Market served	1.1 About Evergreen Marine Corp.	14	
102-7	Scale of the organization	1.1 About Evergreen Marine Corp. 1.3 Operating Performance	14 23	
102-8	Information on employees and other workers	5.1 Talent Recruitment and Retention	106	
102-9	Supply chain	3.3 Supplier Management	65	
102-10	Significant changes to the organization and its supply chain	3.3 Supplier Management	65	There were no significant changes to operations this year.
102-11	Precautionary principle or approach	2.3 Risk Control	42	
102-12	External initiatives	1.1 About Evergreen Marine Corp.	14	
102-13	Membership of associations	1.1 About Evergreen Marine Corp.	14	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	A Message from the Chairman	06	

Indicator	Disclosure	Report Section	Page	Remarks
102-15	Key impacts, risks and opportunities	1.2 Operating Strategies	22	
		1.4 Sustainability Strategies	23	
		2.1 Corporate Governance	30	
		2.3 Risk Control	42	
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	A Message from the Chairman 2.6 Compliance	06 56	
<b>Governance</b>				
102-18	Governance structure	2.1 Corporate Governance	30	
102-19	Delegating authority	2.1 Corporate Governance	30	
102-20	Executive-level responsibility for economic, environmental, and social topics	2.1 Corporate Governance	30	
102-22	Composition of the highest governance body and its committees	2.1 Corporate Governance	30	
102-23	Chair of the highest governance body	2.1 Corporate Governance	30	
102-24	Nominating and selecting the highest governance body	2.1 Corporate Governance	30	
102-25	Conflicts of interest	2.1 Corporate Governance	30	
102-26	Role of highest governance body in setting purpose, values, and strategy	2.1 Corporate Governance	30	
102-27	Collective knowledge of highest governance body	2.1 Corporate Governance	30	
102-30	Effectiveness of risk management processes	2.3 Risk Control	42	
102-31	Review of economic, environmental and social topics	1.4 Sustainability Strategies	24	
102-32	Highest governance body's role in sustainability reporting	2.1 Corporate Governance	30	
102-36	Process for determining remuneration	2.1 Corporate Governance	30	
<b>Communication with stakeholders</b>				
102-40	Stakeholder Groups	6.1 Stakeholder Engagement	144	
102-41	Collective bargaining agreements	5.1 Talent Recruitment and Retention	106	
102-42	Identifying and selecting stakeholders	6.1 Stakeholder Engagement	144	
102-43	Approach to stakeholder engagement	6.1 Stakeholder Engagement	144	
102-44	Key topics and concerns raised	6.1 Stakeholder Engagement	144	

Indicator	Disclosure	Report Section	Page	Remarks
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	Appendix	154	Please refer to Evergreen Marine's 2019 Annual Report.
102-46	Defining report content and subject boundaries	About the CSR Report 6.2 Material Issues Management	04 148	
102-47	List of material topics	6.2 Material Issues Management	148	
102-48	Restatements of information	4.2 Energy Management	85	
102-49	Changes in reporting	6.2 Material Issues Management	148	
102-50	Reporting period	About the CSR Report	04	
102-51	Date of most recent report	About the CSR Report	04	
102-52	Reporting cycle	About the CSR Report	04	
102-53	Contact point for questions regarding the report	About the CSR Report	04	
102-54	Claims of reporting in accordance with the GRI Standards	About the CSR Report	04	
102-55	GRI content Index	Appendix	154	
102-56	External assurance	About the CSR Report	04	
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	6.2 Material Issues Management	148	
103-2	The management approach and its components	6.2 Material Issues Management	148	
103-3	Evaluation of the management approach	6.2 Material Issues Management	148	
<b>GRI 201: Economic Performance</b>				
201-1	Direct economic value generated and distributed by the organization	1.3 Operating Performance	23	Please refer to Evergreen Marine's 2019 Annual Report for full disclosure of financial information.
201-2	Financial implications and other risks and opportunities due to climate change	2.3 Risk Control	42	
201-3	Defined benefit plan obligations and other retirement plans	5.1 Talent Recruitment and Retention	106	
<b>GRI 204: Procurement Practices 2016</b>				
204-1	Proportion of spending on local suppliers	3.3 Supplier Management	65	

Indicator	Disclosure	Report Section	Page	Remarks
<b>GRI 205: Anti-Corruption 2016</b>				
205-3	Confirmed incidents of corruption and actions taken	2.6 Compliance	56	No incidents of corruption occurred in 2019.
<b>GRI 206: Anti-Competitive Behaviors 2016</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.6 Compliance	56	
<b>Environment indicators</b>				
<b>GRI 302: Energy 2016</b>				
302-1	Energy consumption within the organization	4.2 Energy Management	85	
302-3	Energy intensity	4.2 Energy Management	85	
302-4	Reduction of energy consumption	4.2 Energy Management	85	
302-5	Reductions in the energy requirements of products and services	4.2 Energy Management	85	
<b>GRI 303: Water 2016</b>				
303-1	Water withdrawal by source	4.4 Water Resource Management	96	
<b>GRI 304: Bio-diversity 2016</b>				
304-2	Significant impacts of activities, products, and services on biodiversity	4.6 Biodiversity	102	
<b>GRI 305: Emissions 2016</b>				
305-1	Direct (Scope 1) GHG emissions	4.2 Energy Management	85	
305-2	Energy indirect (Scope 2) GHG emissions	4.2 Energy Management	85	
305-4	GHG emissions intensity	4.2 Energy Management	85	
305-5	Reduction of GHG emissions	4.2 Energy Management	85	
305-6	Emissions of ozone-depleting substances (ODS)	4.3 Emissions Management	93	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3 Emissions Management	93	
<b>GRI 306: Effluents and Waste 2016</b>				
306-2	Waste by type and disposal method	4.5 Waste Management	97	

Indicator	Disclosure	Report Section	Page	Remarks
<b>GRI 307: Compliance with environmental laws and regulations 2016</b>				
307-1	Non-compliance with environmental laws and regulations	2.6 Compliance	56	No violation of environmental regulations occurred in 2019.
<b>GRI 308: Supplier Environmental Assessment 2016</b>				
308-1	New suppliers that were screened using environmental criteria	3.3 Supplier Management	65	
308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Supplier Management	65	
<b>Social indicators</b>				
<b>GRI 401: Employment 2016</b>				
401-1	New employee hires and employee turnover	5.1 Talent Recruitment and Retention	106	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Talent Recruitment and Retention	106	
401-3	Parental leave	5.1 Talent Recruitment and Retention	106	
<b>GRI 402: Labor / Management Relations 2016</b>				
402-1	Minimum notice periods regarding operational changes	5.1 Talent Recruitment and Retention	106	
<b>GRI 403: Occupational Health and Safety 2016</b>				
403-1	Workers representation in formal joint management-worker health and safety committees	5.3 Workplace Safety and Health	129	
<b>GRI 404: Training and Education 2016</b>				
404-1	Average hours of training per year per employee	5.2 Talent Cultivation	119	
404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Talent Recruitment and Retention	106	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity of governance bodies and employees	2.1 Corporate Governance 5.1 Talent Recruitment and Retention	30 106	
405-2	Ratio of basic salary and remuneration of women to men	5.1 Talent Recruitment and Retention	106	

Indicator	Disclosure	Report Section	Page	Remarks
<b>GRI 406: Non-discrimination 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	5.1 Talent Recruitment and Retention	106	
<b>GRI 408: Child Labor 2016</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	3.3 Supplier Management 5.1 Talent Recruitment and Retention	65 106	
<b>GRI 409: Forced or Compulsory Labor 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.1 Talent Recruitment and Retention	106	No incidents of forced labor occurred in 2019.
<b>GRI 412: Human Rights Assessment 2016</b>				
412-2	Employee training on human rights policies or procedures	5.1 Talent Recruitment and Retention	106	
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	New suppliers that were screened using social criteria	3.3 Supplier Management	65	
414-2	Negative social impacts in the supply chain and actions taken	3.3 Supplier Management	65	
<b>GRI 416: Customer Health and Safety 2016</b>				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.2 Cargo Safety	63	
<b>GRI 417: Marketing and Labeling 2016</b>				
417-1	Requirements for product and service information and labeling	3.2 Cargo Safety	63	
417-2	Incidents of non-compliance concerning product and service information and labeling	3.2 Cargo Safety	63	
<b>GRI 418: Customer Privacy 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Information Security	54	No infringement of customer privacy or loss of customer data complaints occurred in 2019.
<b>GRI 419: Compliance with social and economic laws and regulations 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	2.6 Compliance 5.3 Workplace Safety and Health	56 129	

CSR Assurance Statement Report



勤業眾信

勤業眾信聯合會計師事務所  
11073 台北市信義區松仁路100號20樓

Deloitte & Touche  
20F, Taipei Nan Shan Plaza  
No. 100, Songren Rd.,  
Xinyi Dist., Taipei 11073, Taiwan

Tel: +886 (2) 2725-9988  
Fax: +886 (2) 4051-6888  
www.deloitte.com.tw

會計師有限確信報告

長榮海運股份有限公司 公鑒：

長榮海運股份有限公司民國 108 年度企業社會責任報告書，業經本會計師針對所選定之標的資訊執行確信程序竣事，並出具有限確信報告。本次執行確信程序之標的資訊請詳附件一「確信項目彙總表」。

管理階層對企業社會責任報告書之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之 GRI 準則(GRI Standards)及依行業特性參採其他適用之準則編製企業社會責任報告書，且維持與編製企業社會責任報告書有關之必要控制，以確保企業社會責任報告書所列標的資訊未存有重大不實表達。

會計師對企業社會責任報告書執行確信程序之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對上開企業社會責任報告書所選定之標的資訊（詳附件一）在所有重大方面是否依照第二段所述準則編製表示意見，並提出有限確信報告。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍亦較小，因是取得之確信程度明顯低於合理確信。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 取得及閱讀企業社會責任報告書；
- 訪談管理階層及相關人員，以瞭解公司編製企業社會責任報告書有關政策及程序；

- 訪談相關人員了解所選定標的資訊產生之流程、內部控制及資訊系統；
- 分析及以抽查方式測試標的資訊相關文件及紀錄。

獨立性及品質管制遵循聲明

本會計師及所隸屬會計師事務所遵循會計師執業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。此外，本會計師所隸屬會計師事務所遵循審計準則公報第四十六號「會計師事務所之品質管制」，以維持完備之品質管制制度，包含與遵循執業道德規範、專業準則及所適用法令相關之書面政策及程序。

確信結論

依據所執行之程序及所獲取之證據，本會計師並未發現長榮海運股份有限公司民國 108 年度企業社會責任報告書中所選定之標的資訊在所有重大方面有未遵循其衡量基準暨臺灣證券交易所「上市公司編製與申報企業社會責任報告書作業辦法」及全球永續性報告協會（Global Reporting Initiatives, GRI）發布之 GRI 準則(GRI Standards)及依行業特性參採其他適用之準則之情事。

勤業眾信聯合會計師事務所

會計師 陳 盈 州

陳盈州



金融監督管理委員會核准文號  
金管證審字第 1050024633 號

中 華 民 國 109 年 7 月 24 日



附件一

確信項目彙總表

編號	指標編號	指標敘述	對應章節	衡量基準
1.	GRI 306-2: 2016	按類別及處置方法劃分的廢棄物 (陸上營運廢棄物)	4.5 廢棄物管理	2019 年按類別及處置方法劃分的陸上營運 (高雄貨櫃場及海運辦公大樓) 廢棄物之處置量。
2.	GRI 401-3: 2016	育嬰假	5.1 人才招募與留任	2019 年按性別劃分, 申請育嬰假員工總數、休完育嬰假後復職和留任員工總數與百分比。
3.	自訂指標 1.	2019 年失能傷害嚴重率 (SR)	5.3 安全健康	2019 年失能傷害嚴重率 (SR) 之結果。
4.	自訂指標 2.	法遵教育訓練參與人次	2.6 法規遵循	2019 年法遵教育訓練 (反托拉斯法、反賄賂/反貪腐法、GDPR、經濟制裁) 場次及參加人次。
5.	自訂指標 3.	客戶滿意度調查	3.4 客戶關係管理	2019 年客戶滿意度調查之統計結果。