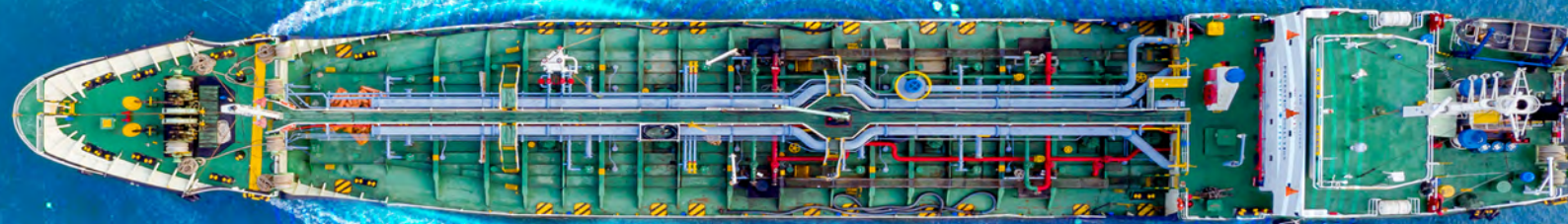


# Sincere Navigation Corporation

2021 Sustainability Report



1

# Sustainability Strategy

Credibility Decisiveness Diligence Discretion Improvements

Sincere Navigation Corporation

2021 Sustainability Report

# About the Report

This is the Sustainability Report of Sincere Navigation Corporation (hereinafter referred to as Sincere Navigation) that discloses Sincere Navigation's 2021 relevant environmental (E), social (S) and corporate governance (G) issues by the GRI standards, the SASB sustainability accounting standards, and the Task Force on Climate-related Financial Disclosures (TCFD) framework. Its Chinese and English versions have been released respectively and can be downloaded from the official website.


## Reporting Period and Cycle

- ▶ The disclosure period of the information in this report is from January 1, 2021 to December 31, 2021, while the disclosure period of the Financial Statement is equivalent to the aforementioned Sustainability Report.
- ▶ The report is issued regularly on an annual basis, and the next issue is expected to be published in June 2023.

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## Reporting Boundaries and Scope

Category	Main disclosure	Differences from the scope of disclosure in the Financial Statement	External Assurance / Verification
ESG Information	Sincere Navigation	None	None
Financial Information	Sincere Navigation	None	Financial Reporting - Accountants

- ▶ The accountants are not the Company's equity holders nor members of the management, and they are only entrusted with external assurance or verification of the Financial Statement and Sustainability Report.



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新興航運股份有限公司  
Sincere Navigation Corporation

## President's Statement on ESG

Sincere Navigation's tradition and practice as a tonnage-providing shipowner has been to achieve long term sustainable earnings, and not focus on short-term gains or popular market trends.

Sincere Navigation upholds a high standard of sincerity and respect. We take a holistic and prudent approach towards all of our stakeholders - not just our shareholders, customers, ship and shore staff, but also towards the larger society and towards our environment.

How our global maritime industry contributes to humanity may be more than what our stakeholders can ever imagine. What is deep-sea international shipping? What are ships? What may be surprising to many is that a ship is like a consumer product - much like a delivery-van, which the consumer purchases from the manufacturer, or from the second-hand market.

From this perspective, our industry is akin to the entire global fleet of delivery-vans: it is the infrastructure that silently and tirelessly works for the benefit of every consumer on this planet. We are the facilitator of global trade, which not only helps improve the quality of life for all of humanity, but also helps the most vulnerable people by making things more affordable, thus helping to lift them out of poverty. Remarkably, shipping has helped improve the standard of living of humanity since the beginning of recorded history.



*Chairman President  
Mr. Hsu, Chi-Kao*





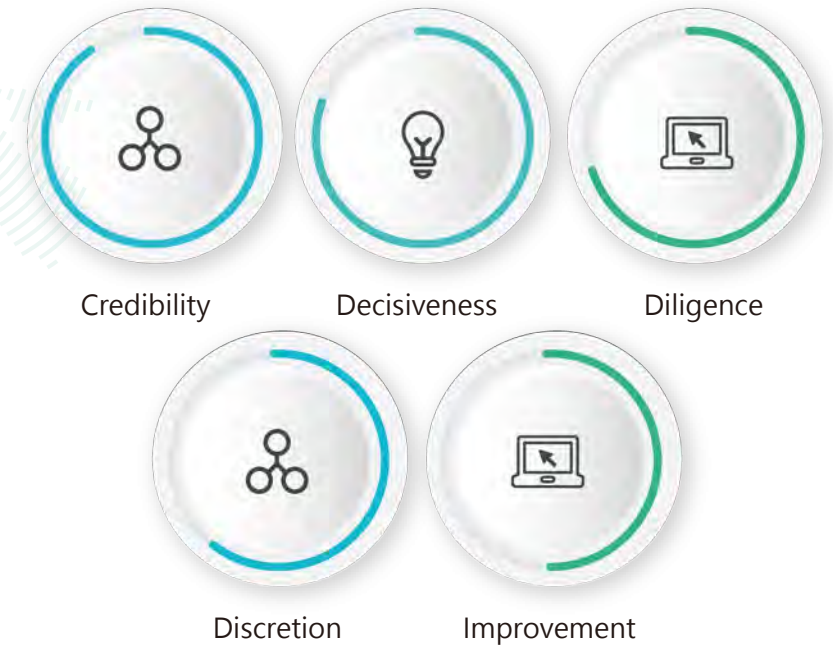
## President's Statement on ESG

The global maritime industry is comprised of about 100,000 vessels, consisting of 2.2 billion deadweight tons, valued roughly at about US\$1.5 trillion. It generates about 2.4% of total global CO2 emissions in carrying 12.0 billion tons cargo annually, shouldering the movement of about 85% of all traded goods in the world in value.

From all the major sectors of global CO2 emissions, power generation accounts for about 42%, transportation accounts for about 25%, and manufacturing accounts for 23%. Collectively these three major sectors account for 90% of total global CO2 emissions.

By looking more deeply into the transportation sector, we see that passenger road vehicles account for 45%, road freight accounts for 29%, aviation accounts for 12%, global maritime industry accounts for 9%, and rail accounts for 1%. More efficient than rail, however, our industry is already the most efficient means of transportation on earth, when accounting for the movement of all globally traded goods.

Another amazing aspect of the global maritime industry is that it generates its propulsion energy from the residual waste of the oil-refining industry. Just imagine, your home grocery delivery-van, powered by a banana peel - or something else you would otherwise throw into the garbage can! Taking this analogy one step further, suppose global trade is the oxygen of the global economies. Then ships are like trees – they consume residual waste of humanity (ie: CO2) and work through photosynthesis to generate O2. In this way, the global maritime industry is seldom recognized for the crucial role it plays to oxygenate the global economies from a waste product.





## President`s Statement on ESG

The global maritime industry is certainly now going with an energy source transition phase. At the same time, disruptive forces such as global geopolitics, de-globalization, and emissions regulation may all begin to reshape global trade patterns, trade routes, potentially impacting vessel-type demand. Some trade routes and/or vessel-types may face complete obsolescence. Not all first movers will be able to successfully monetise their exposures as the global maritime industry enters a gut wrenching period of metamorphosis.

Meantime, just like the grocery delivery-van powered by kitchen waste, the global deep-sea shipping continues servicing global trade, just in time delivering 85% all traded goods, harnessing its propulsion energy from the waste stream of the oil-refining industry. It will do so by gradually decreasing its 2.4% contribution to the global CO2 emissions footprint, while oxygenating global trade, helping to sustain and to uplift the quality of life for all of humanity, especially the poorest of them.

Sincere Navigation is committed to continue closely monitoring and learning from the evolving landscape of exotic fuel technology. Meantime, we will continue to focus on compliance to IMO` s regulatory mandate, such as CII, EEXI, and EEDI – all of which help us attenuate our CO2 footprint. We will continue our tradition of safe deep-sea transportation, with high standard of care for repair and maintenance, and apply a responsible approach towards prevention of ocean pollution and energy saving with Energy Saving Technology (EST) on our existing fleet. We aim to continually raise the operational excellence of our existing fleet, and replacing our tonnage by opportunistically purchasing second hand, resale, or New Building vessels, thereby continually striving to provide long term sustainable earnings.

On behalf of the entire management both ship and shore, we thank you for reading this important message, and continuing to entrust Sincere Navigation to responsibly steward the economic, human, social, intellectual, and legacy capital of this earth within the governance of our corporate mandate.

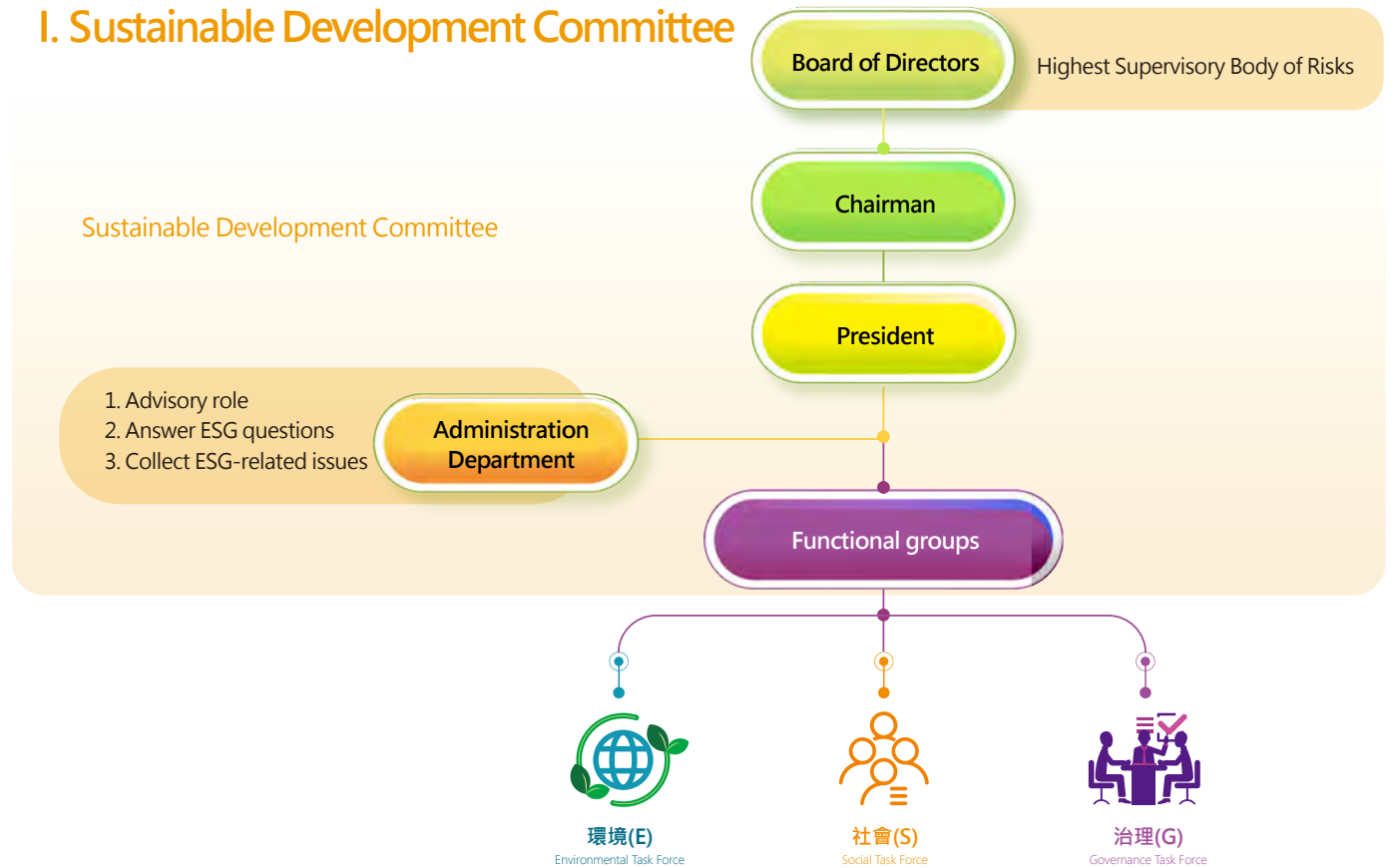


# One. Sustainability Strategy

Sincere Navigation develops its sustainability strategy by anchoring on our core value of "credibility, decisiveness, diligence, discretion and improvement". In 2021 the sustainability related issues of environment protection, social responsibility and corporate governance aspects became more important than ever, especially, for the climate change and greenhouse gas emission issues, International Maritime Organization (IMO) has relevant requirements for the fleet, and Taiwan has made increasingly stringent requirements for TWSE / TPEX companies in terms of policies and laws.

In response to the above legal risk, even climate risk, and the resulting operational or financial impacts, Sincere Navigation will more carefully evaluate the definite sustainable development goals. According to the aspects of "Environment (E)", "Social (S)" and "Governance (G)", the sustainable development committee led by the management will more comprehensively, completely, and instantly collect the issues of sustainable development; formulate strategies and action plans, which will be reported to the board of directors for review, confirmation and supervision; implement its responsibilities of sustainable development, and contribute times, manpower, and resources to continually promote the sustainable development of the company.

## I. Sustainable Development Committee





# One. Sustainability Strategy

## I. Sustainable Development Committee

To practice corporate social responsibility and drive sustainability development, Sincere Navigation established CSR Steering Group in 2016, with Chairman serving as Convener, President as Deputy Convener, and the subordinating Functional Committees. In 2021, in response to the trend in Taiwan, Sincere Navigation gradually adjusted the concept of corporate social responsibility as the concept of sustainable development to cover the "Environment (E)", "Social (S)" and "Governance (G)" related issues.

Therefore, the Company adjusted the CSR Steering Group as "Sustainable Development Committee", with Chairman as Convenor and President as Deputy Convenor to confirm the Company's sustainable development strategy and action plan, to determine the management approaches and short-, medium- and long- term goals, and to regularly supervise the implementation status. The administration department, as the coordinator, coordinate the planning and promotion of E-S-G related issued, and to communicate and coordinate various functional groups; the functional groups are divided into "environmental task force", "social task force" and "governance task force" and their responsible officers and members are designated by various departments from employees who have ample occupational experience and are familiar with internal planning of the departments, to take charge of the collection of information on "Environment (E)", "Social (S)" and "Governance (G)" related issues from domestic or foreign customers, markets, and local government, etc., to propose the management approaches, short-, medium- and long-term goals and their action plans based thereon, and to implement the proposed contents and make the progress report after such goals and plans have been reported to and approved by the committees.

Sustainable Development Committee of Sincere Navigation reports at least once a year to the board of directors the sustainable development strategy, action plan and E-S-G related issue information, such as greenhouse gas inventory result and green power purchase etc., and actively follow up the relevant effects.

## II. Identification of Material Issues

### Methodology for material issues

Identification	According to five principles laid out in AA1000 Stakeholder Engagement Standard, identify 6 categories of stakeholder groups and closely grasp the opinions or ideas of stakeholders through various communication channels and frequencies.
Collection	<ul style="list-style-type: none"><li>According to global and industry standards (such as GRI, SASB, TCFD, etc.), external experts, and industry features, extensively collect information on "Environment (E)", "Social (S)" and "Governance (G)" related issues. The sustainable development committee and their functional groups have formulated the issues of concern in 2021 totaled 18 items.</li><li>Collect opinions on issues of concern from stakeholders by questionnaires. A total of 35 questionnaires were recovered.</li></ul>
Analysis	<ul style="list-style-type: none"><li>Compile opinions on issues of concern collected from stakeholders as a reference for the management of the Company in producing the impact degree on the Company</li><li>The management of the Company expresses the opinion on the impact degree on the Company through assessment form.</li></ul>
Confirmation	According to two aspects of "concern degree of stakeholders" and "impact degree on the Company", conduct the matrix methodology analysis. The sustainable development and functional groups have jointly discussed the ranking of material issues for a total of 15 items.
Communication and review	Take 15 items of material issues as the key points of disclosure in the sustainability report, disclose management approaches and target performances in relevant chapters, and present the future planning and goals



# One. Sustainability Strategy

## (I) Stakeholder Groups

According to five principles (dependency, influence, tension, responsibility and diversity) laid out in AA1000 SES (Stakeholder Engagement Standard, 2015 version) and in reference to the stakeholders listed by peers, and upon confirmation by the sustainable development committee through discussion, Sincere Navigation identifies stakeholder groups as follows: employees, customers, shareholders, suppliers and non-government organization (NGO).

## (II) Ranking of Material Issues

The sustainable development committee and its functional groups of Sincere Navigation extensively collected information on "Environment (E)", "Social (S)" and "Governance (G)" related issues according to the aspects of "Environment (E)", "Social (S)" and "Governance (G)" and the global and industry standards (such as GRI, SASB, TCFD, etc.), external experts, and industry characteristics, and jointly discussed and formulated the issues of concern in 2021, totaled 18 items (as shown in the following table). Questionnaires in both Chinese and English were delivered to stakeholders for filling.

## List of issues of concerns



- |                      |  |
|----------------------|--|
| 1. Energy management | 2. Greenhouse gas emission             |
| 3. Wastes management | 4. Climate change risk and opportunity |



- |                                   |   |
|-----------------------------------|---|
| 1. Talent cultivation             | 2. Occupational safety and labor health |
| 3. Remuneration and employee care | 4. Public affairs                       |
| 5. Social care                    |   |



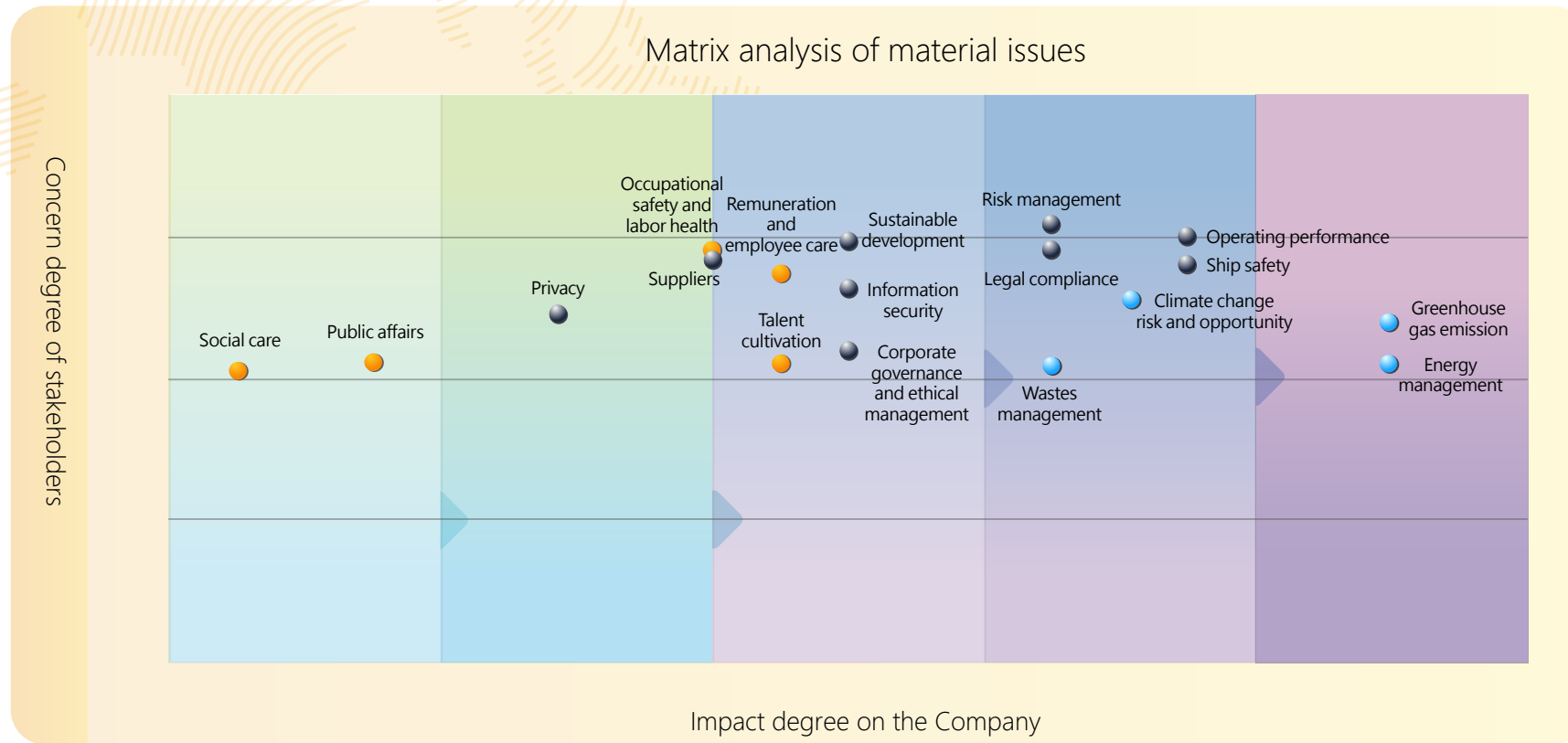
- |                            |  |
|----------------------------|--|
| 1. Sustainable development | 2. Corporate governance and ethical management |
| 3. Risk management         | 4. Climate change risk and opportunity         |
| 5. Operating performance   | 6. Ship safety                                 |
| 7. Privacy                 | 8. Information security                        |
| 9. Suppliers               |  |

For concern degree, hardcopies of questionnaires were sent to stakeholder groups for filling, and 35 copies were recovered. The impact degree was assessed by the vice presidents, senior manager, managers and other officers of first level of various departments, after referring to the results filled out by stakeholders and compiling opinions through the assessment form. A total of 8 copies were recovered.



# One. Sustainability Strategy

Sincere Navigation conduct ranking of material issues by the matrix analysis methodology according to the results of “concern degree of stakeholders” and “impact degree on the Company”, and then, for the purpose to protect rights and interests of stakeholders and to continually exert positive influence on the industry, the sustainable development committee together with its functional groups determines the response to various material issued in aggressive attitude.



## (III) Results of Ranking of Material Issues

Type	Cod	Issue	Rank of significance
Environmental	E-2	Greenhouse gas emission	1
Environmental	E-1	Energy management	2
Governance	G-4	Operating performance	2
Governance	G-6	Ship safety	4
Environmental	E-4	Climate change risk and opportunity	5
Governance	G-3	Risk management	6
Governance	G-5	Legal compliance	7
Environmental	E-3	Wastes management	8
Governance	G-1	Sustainable development	9
Governance	G-8	Information security	10
Governance	G-2	Corporate governance and ethical management	11
Social	S-3	Remuneration and employee care	12
Social	S-1	Talent cultivation	13
Social	S-2	Occupational safety and labor health	14
Governance	G-9	Suppliers	15



# One. Sustainability Strategy

## (IV) Materiality Comparison and Boundary Impacts

Based on ranking of material issues, the corresponding GRI standards, TCFD guides, SASB sustainable accounting principles, and their responsive chapters are shown in the following table.

No.	Item	Metric	Group of stakeholders					Management approaches (Corresponding chapter or appendix)
			Sincere Navigation	External				
				Customers	Shareholders	Suppliers	Employees	
1	Energy management	GRI302	Direct	Business	Business	Business		Climate change is the key point of sustainable development of Sincere Navigation, of which energy and greenhouse gas emissions are key strategic items. The Company makes efforts toward two aspects of reduction of energy consumption and reduction of greenhouse gas emissions, to identify risks and develop the strategy to response impacts.
2	Greenhouse gas emission	GRI305	Direct	Business	Business	Business		
3	Climate change risk and opportunity	TCFD	Direct	Business	Business	Business		
4	Wastes management	GRI306	Direct	Business	Business	Business		Sincere Navigation actively promotes waste reduction, resource recycling, and avoidance of environmental pollution as the goals, implements international laws and local port requirements for implementation of waste incineration and recycling, or the transportation of them ashore for disposal by qualified firm outsourced to reduce the overall environmental pollution risk. In addition, statistics are accurately recorded for follow-up analysis and effective control.
5	Remuneration and employee care	GRI401 · GRI406	Direct				Direct	The operation of the Company and the navigation of ships are inseparable from the support and efforts of employees. Sincere Navigation adheres to the attitude of applying talents, non-discrimination and respect for employees. Through reasonable remuneration system, comprehensive employee care mechanism and careful/perfect talent cultivation, to identify and response to impacts.
6	Talent cultivation	GRI404	Direct				Direct	
7	Occupational safety and labor health	GRI403	Direct	Business		Business	Direct	In order to give ship and shore staff a worry-free working environment and allow their family members not to worry about their work health and safety, Sincere Navigation will be committed to creating the safe environment at office and vessel, periodically caring about health of employees, and providing appropriate communication and support channels, so that the employees may quickly and easily access resources to identify and respond to impacts.
8	Sustainable development	Self-defined issue	Direct	Business	Direct	Business	Indirect	In order to attain the goal of sustainable development, Sincere Navigation strictly abides by legal requirements, aggressively promotes the ethical concept, and takes the information security as its own responsibility and as a strategy to respond to the impact on the corporate governance.



# One. Sustainability Strategy

No.	Item	Metric	Group of stakeholders					Management approaches (Corresponding chapter or appendix)
			Sincere Navigation	External				
				Customers	Shareholders	Suppliers	Employees	
9	Corporate governance and ethical management	GRI 205	Direct	Business	Indirect	Business	Indirect	In order to attain the goal of sustainable development, Sincere Navigation strictly abides by legal requirements, aggressively promotes the ethical concept, and takes the information security as its own responsibility and as a strategy to respond to the impact on the corporate governance.
10	Legal compliance	GRI307、GRI419	Direct	Direct	Direct	Business / Indirect	Indirect	
11	Information security	Self-defined issue	Direct	Direct	Business			
12	Risk management	Self-defined issue	Direct	Direct	Direct	Direct	Indirect	By building a sound governance structure, Sincere Navigation accurately identify and control various risks, and aggressively respond to various impacts to ensure the sustainably operation of the Company, stably pursues the growth of operational performance, and finally achieve the expectations of various stakeholders with an attitude of gratitude and return.
13	Operating performance	GRI201-1	Direct		Direct		Indirect	
14	Suppliers	GRI308、GRI414	Direct			Direct		Suppliers are important cooperative partners and are expected to condense the common ESG concept, and move forward together toward the strategy of sustainable development. We aggressively evaluate and assist suppliers in the aspects of environmental, social and governance related issues.
15	Ship safety	Self-defined issue	Direct	Business	Business		Direct	Sincere Navigation establishes the safety management department to plan the ship safety management system, and requires ship staff to implement them and effectively respond and control risks through periodical rehearsal and trainings for marine accidents of ships.

**Note** : According to GRI Standards, the descriptions of the specific issue of impact boundary and the correlation among key stakeholders in valuation chains are divided into three degrees of involvement: whether it directly causes this impact, causes the relevant impact together with other group, or is corelative to this impact through its business relationship.



# One. Sustainability Strategy

## III. Stakeholder Engagement

In order to set an industry model and to take into account the rights and interests of various stakeholders, Sincere Navigation responds, formulates and implements action plans through various communication channels, to attain sustainable development goal by focusing information of issues related to “Environmental” , “Social” and “Governance” .

As for employees, customers, shareholders, suppliers and NGOs, we continually communicate with various stakeholders and collect their opinions and expectations, as the driving force and goal of the Company’ s continuous improvement and the important reference for formulating strategies and action plans, and disclose relevant information in a timely manner.

The methods and channels of communications of Sincere Navigation with stakeholders are shown in the following tables. For details relating to the practice of response to material issues and the management approaches, please refer to in relevant chapters.

takeholder	Relation with the Company	Issues of concern	Communication methods	Communication frequency
Employees	All employees of Sincere Navigation	Remuneration and employee care Occupational safety and labor health Risk management Operating performance Legal compliance	Department meetings Channel for employees’ grievances Training & education for ship staff Training & education for shore staff	Unregularly Anytime At least once a year At least once a year
Suppliers	Supplies of raw materials, equipment or service to Sincere Navigation	Sustainable development Corporate governance and ethical management Risk management Operating performance Ship safety Suppliers	Window of Technical Department Compliant channel for Codes of Ethical Conduct	Anytime Anytime
Customers	TOP 10 customers of the Company	Climate change risk and opportunity Energy management Occupational safety and labor health Sustainable development Risk management Operating performance Legal compliance Suppliers	The Company’ s official website Visiting customers Window of Operations Department	Anytime Unregular Anytime



# One. Sustainability Strategy

## III. Stakeholder Engagement

Stakeholder	Relation with the Company	Issues of concern	Communication methods	Communication frequency
Investors	Shareholders	Remuneration and employee care Talent cultivation Occupational safety and labor health Sustainable development Corporate governance and ethical management Greenhouse gas emission Risk management Operating performance Ship safety Information security	CTBC Securities Trust The Company's official website Roadshow for institutional investors Phone Mail	Anytime Anytime Unregularly  Anytime Anytime
NGO	Public welfare association, public welfare foundation, international environment protection organization	Greenhouse gas emission Climate change risk and opportunity Information security Sustainable development Suppliers	The Company's official website Regular delivery of questionnaires Seminar or forum	Unregularly At least once a year  Unregularly

## IV. Strategies and Short-, Medium- and Long- Term Goals

Aspects	Key strategies / items	Short-term (2022~2023)	Medium-term (2025)	Long-term (2030)
Environment	<b>Toward net zero carbon emission of the organization</b>	1. Carbon emission volumes are reduced by 10% 2. Total use volumes of green power reaches 10%. 3. Greenhouse gas inventory of the fleet satisfies IMO requirements 4. Number of cases of penalties due to violation of marine or environment laws and regulations.	1. Carbon emission volumes are reduced by 20% 2. Total use volumes of green power reaches 20%. 3. Greenhouse gas inventory of the fleet satisfies IMO requirements 4. Number of cases of penalties due to violation of marine or environment laws and regulations.	1. Carbon emission volumes are reduced by 40% 2. Total use volumes of green power reaches 40%. 3. Greenhouse gas inventory of the fleet satisfies IMO requirements 4. Number of cases of penalties due to violation of marine or environment laws and regulations.
Social	<b>Based on employees</b>	1. Annual turnover rate is 2% 2. Rate of settled grievance cases of employees is 100%	1. Annual turnover rate is 2% 2. Rate of settled grievance cases of employees is 100%	1. Annual turnover rate is 2% 2. Rate of settled grievance cases of employees is 100%
	<b>Healthy and safe occupational environment</b>	1. Occupational injury incident is 0. 2. Rehearsal training for marine accident is conducted at least once a year. 3. Number of penalty case due to violation of labor laws and regulations is 0.	1. Occupational injury incident is 0. 2. Rehearsal training for marine accident is conducted at least once a year. 3. Number of penalty case due to violation of labor laws and regulations is 0.	1. Occupational injury incident is 0. 2. Rehearsal training for marine accident is conducted at least once a year. 3. Number of penalty case due to violation of labor laws and regulations is 0.
Governance	<b>Toward corporate sustainable operation</b>	1. Operating profit maintain positive profit 2. Number of penalties imposed by international organization or government agency is 0.	1. Operating profit maintain positive profit 2. Number of penalties imposed by international organization or government agency is 0.	1. Operating profit maintain positive profit 2. Number of penalties imposed by international organization or government agency is 0.
Suppliers	<b>Joint sustainable development</b>	Completion rate of social responsibility commitment signed by suppliers is 100%	Completion rate of social responsibility commitment signed by suppliers is 100%	Completion rate of social responsibility commitment signed by suppliers is 100%





# Company Overview

Credibility Decisiveness Diligence Discretion Improvements

**Sincere Navigation Corporation**

**2021 Sustainability Report**



## Two. Company Overview

### I. Company Introduction and Scale

Business scope operated by Sincere Navigation and its associates includes: dry bulk and crude oil shipping business; established in 1968 and listed on Taiwan Stock Exchange in December 1989, the Company has over 50 years of accumulated experiences in marine transportation management. The Company has two 100% owned subsidiaries, Norley Corporation Inc. and Heywood Limited, which were incorporated in Liberia in 1989 and in Marshal Islands in 2001 respectively. A shipping consulting company was also established in Shanghai, China.

In accordance with the relevant international shipping regulations, the Company formulates its safety management policy, and fulfills its responsibility for protecting the environment, implements safe navigation, and achieves the mission of safe and environmentally friendly shipping. Sincere Navigation adheres to the concept of stability and the spirit of enterprise, and operates the marine transportation sustainably.

#### Company Profile

Type of organization	Listed company
Main business items	marine transportation, shipping agency, harbor barging
Main service market	Global
Types of main customers	worldwide enterprise customers in coal, iron ore, steel, energy and corn/grain industries
Paid-in capital	About NT\$5,853,532,970
Location of headquarters	Taipei, Taiwan, R.O.C.
Total number of employees	259 persons in total, including shore and ship staff as of December 31, 2021

Item	2021			2020			2019		
	Operating revenues	Operating costs	Operating profits	Operating revenues	Operating costs	Operating profits	Operating revenues	Operating costs	Operating profits
Bulk vessels	3,869,096	2,300,652	773,708	2,295,864	2,559,268	(429,585)	3,191,840	3,018,524	(21,748)
Oil tankers	453,667	722,393	293,141	1,865,172	746,708	1,092,675	1,103,222	709,767	363,245
Other departments	20,232	0	20,232	21,270	0	21,270	22,179	0	22,179



## Two. Company Overview

### II. Milestones of Development of Major Businesses



**新興航運股份有限公司**  
Sincere Navigation Corporation



#### Milestones of development of major businesses

1960 Sincere Navigation Group was founded.

1987 After Karson Navigation Corporation and Tai Hsing Navigation Corporation were merged, Sincere Navigation became the survival company.

1989 Sincere Navigation was listed on Taiwan Stock Exchange.  
A 100% owned subsidiary, Norley Corporation Inc., was established in Liberia.

2001 A 100% owned subsidiary, Heywood Limited, was established in Marshall Islands

2004 Haihu Maritime Service (Shanghai) Co., Ltd. was established in Shanghai.

2006 Selected as Asia – Best Under a Billion by Forbes

2019 Acquired Oak Maritime (Canada) Inc.

2012-2020 Awarded for development of green shipping by the Ministry of Transportation and Communications



## Two. Company Overview

### III. Fleet Scale

In order to expand market reach, Sincere Navigation has built a global shipping network. At the moment, the Company has eight capesize bulkers with foreign flags: Chou Shan, Bao Shan, Heng Shan, Huang Shan, Chin Shan, Yue Shan, Mineral Oak, and Tai Shan; one very large iron ore carrier: Tien Shan; and two 82,000-ton Kamsarmax bulkers : Oceana and Palona; and three 300,000-ton very large crude carriers: Kondor, Mexim and Elbhoff, totaled 14 ships with about 2,700,000 in D.W.T.

At the same time, Sincere Navigation keeps good relationship with shipbuilders to understand the shipbuilding development trends and the building costs of new ships, with a hope to build new ships to expand transportation capacity of the fleet at appropriate timing.

Ships in service (as of December 31, 2021) are detailed in the following table:

Item No.	Ship name		Ship type	Delivery date	D.W.T.	Remark
	Chinese	English				
1	合盛輪	Oceana	Kamsarmax	09/2014	81,594	
2	寶隆輪	Palona	Kamsarmax	11/2014	81,676	
3	黃山輪	Huang Shan	Capesize	08/2003	175,980	
4	青山輪	Chin Shan	Capesize	11/2004	175,569	
5	舟山輪	Chou Shan	Capesize	07/2005	175,569	
6	寶山輪	Bao Shan	Capesize	09/2006	175,009	
7	衡山輪	Heng Shan	Capesize	01/2007	174,145	
8	玉山輪	Yue Shan	Capesize	09/2009	177,798	
9	明和輪	Mineral Oak	Capesize	03/2010	177,921	
10	泰山輪	Tai Shan	Capesize	08/2011	176,469	
11	天山輪	Tien Shan	VLOC	03/2018	250,327	
12	美生輪	Maxim	VLCC	06/2011	296,887	
13	高登輪	Kondor	VLCC	01/2012	296,714	
14	海福輪	Elbhoff	VLCC	01/2017	300,837	



## Two. Company Overview

### IV. Supply Chain Partnerships

Sincere Navigation selects suppliers who have reliable quality and long-term stable operations to establish long-term partnerships and close cooperation, so as to provide customers with quality shipping service.

At present, the upstream of supply chain of Sincere Navigation are shipbuilders, crew agencies, ship parts/accessory suppliers, material and fuels suppliers; the downstream are charterers.

In 2021, Sincere Navigation focused on the assessment of suppliers by taking into consideration their ethical management, labor rights and interests, human rights and environmental protection. At the same time, although suppliers of Sincere Navigation are of long-term and stable partnerships, Sincere Navigation aggressively encourages the suppliers to provide social responsibility commitment.

To reduce the environmental impact from operation, Sincere Navigation prioritizes sourcing from shipbuilders who comply with "International Convention for the Safe and Environmentally Sound Recycling of Ships". It is hoped that without compromising safety and operating efficiency, ships can be recycled in a safe and sound environment.

### V. Association/Organizations

Sincere Navigation aggressively participates in various maritime association in Taiwan to explore cooperation internally and externally with peers. In the future, the Company will, based on the spirit of improvements and credibility, continue to exchange –practical experience, share expertise, and discuss– relevant industrial policies with maritime peers.

As of December 31, 2021, the Company has participated in the following associations and organizations. In the future, Sincere Navigation will continue to search for associations and organizations related to marine transportation or marine environmental protection, and prudently evaluate the opportunities and benefits of exploration of shipping association and even cross-field cooperation and exchange. As to national or international initiatives, Sincere Navigation has not participated therein, but does not exclude the future evaluation of the opportunity to participate therein.

Name of association/organization	Participation manner
National Association of Chinese Shipowners	One executive director and one director
Taipei Shipowner' s Association	One executive director and one director
Taipei Shipping Agencies Association	Group membership
Taiwan Strait Shipping Association	One director
Association of Shipping Services, R.O.C.	Two executive directors
Association of Taiwan Ports	Group membership
Chinese Maritime Research Institute	Group membership
China Maritime Institute	Group membership
The Chinese Association of Marine Affairs	Group membership
Taiwan Stock Affairs Association	Group membership
Baltic and International Maritime Council (BIMCO)	Shipowner membership



## Two. Company Overview

### VI. Governance Structure

#### (I) Governance Structure

##### (1) Board of directors

The board of directors is the highest governance body of Sincere Navigation. It oversees the Company's operation and management effects, confirms the management policies and makes efforts for long-term interest of shareholder. Its duties include: appointment and removal of the management, review of the Company's management strategies and operation plan, and the degree of attainment of financial goals and operational goals, formulation of effective and appropriate internal control system, monitoring and grasping of risks that might occurred in the future operation, creation and maintenance of the Company's image and value, and formulation of the Company's regulations and articles of association, etc.

#### • Diversity and independence of board of directors

- ◇ Sincere Navigation's 18th term of board of directors has a total members of 7 directors (including 3 independent directors). The expertise of directors covers various fields, including accountants, shipbuilding engineering, and ship financing, etc. and are highly contributable to the operation of the Company. The entire board has the abilities of business judgment, leadership decision, operation management, international market insights, and crises management, etc., and has senior industry experiences and professional ability.
- ◇ Gender equality is focused on the board members, which include one female, representing 14.29% of all directors. In the future, efforts will be continually made on the gender equality to increase the goals of proportion of female directors
- ◇ Independent directors of Sincere Navigation confirm in written statement that they and their lineal relatives are independent from the Company and no significant violation thereof exists, and that no remunerations obtained from providing commercial, legal, financial, accounting or any other service to the Company or its associates are in conformity with the independence assessment.

(2) The board of directors has established various subordinating committees according to their functions, including audit committee, remuneration committee and nominating committee.

#### • Audit committee

- ◇ The audit committee composed of all independent directors performs its supervision obligations in accordance with the Articles of Corporation of Sincere Navigation and relevant laws. Supervision matters include the Company's financial statements, independence and performance of CPA, internal control and legal compliance, and potential risk assessment, for the purpose to protect rights and interests of shareholders.
- ◇ In 2021, the 7th to the 12th meetings of audit committee of the first term were held for a total of six online meetings. Audit reports and follow-up reports are reviewed via email on a monthly basis, and the communication matters requested by independent directors are replied and explained by email or telephone from time to time.

#### • Remuneration committee

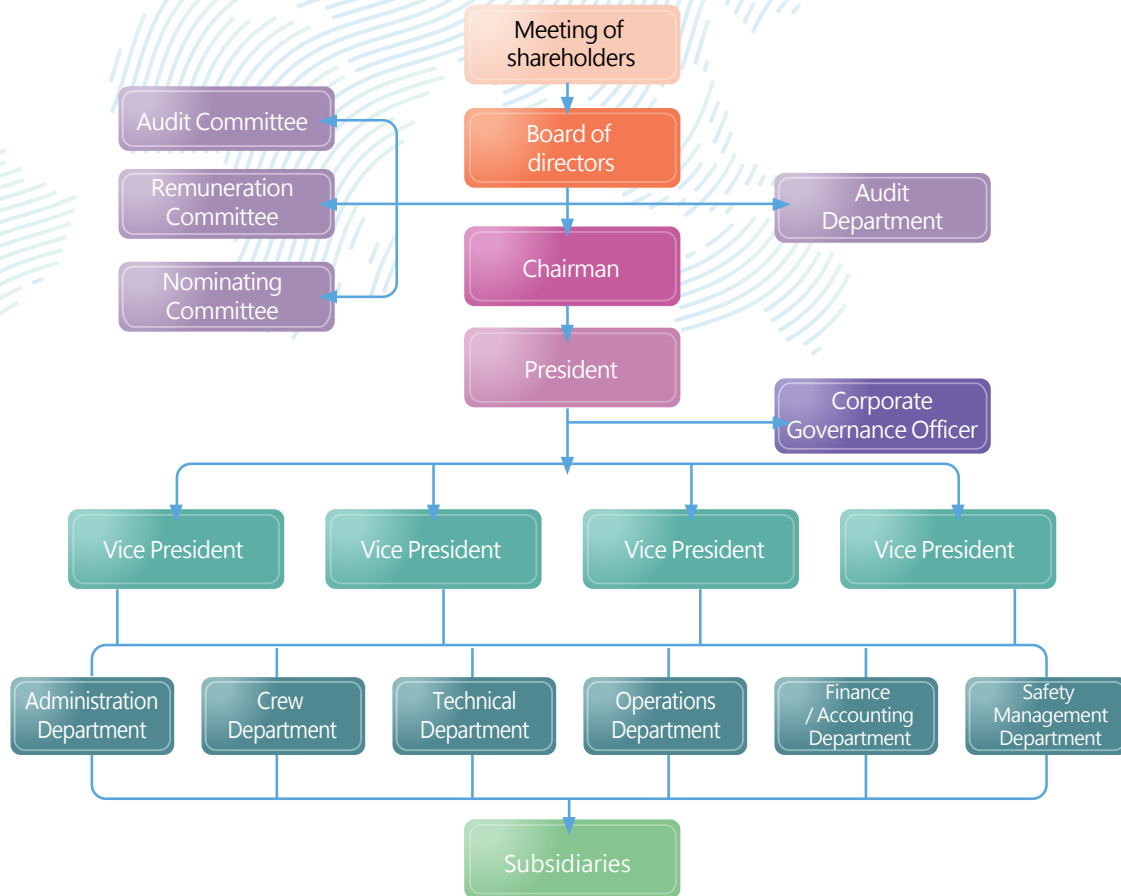
- ◇ The duties of remuneration committee are to formulate and periodically review the performance assessment and policies, system, standards and structures of salary remunerations of directors and managers, and submit its proposal to the board of directors for discussion.

#### • Nominating committee

- ◇ The nominating committee established to perfect functions of board of directors and enhance management mechanism is composed of at least three directors nominated by the board of directors, and is participated by a majority of independent directors. The present committee is composed of all independent directors, and one meeting was held in 2021 to exercise its obligation of due care of a good administrator.



## Two. Company Overview



### (II) Operating Performance

#### (1) Operating strategies

Anchored on the core value of “credibility, decisiveness, diligence, discretion and improvement”, Sincere Navigation provides integrated shipping service globally to enterprise customers in coal, iron core, steel, energy and corn/grain industries.

The goal set for operating strategies of the Company is to provide customers with best global bulk shipping service for commodities and crude oil in the spot market, and to pursue sustainability in development and plan for environmental protection measures, with a view to establish long-term partnerships with customers and employees. In addition, to expand market service and convenient global shipping network, Sincere Navigation established subsidiaries, Norley Corporation Inc. and Heywood Limited, for the main purpose of expanding market reaches and establishing global shipping network as follows:

- Pacific route between Australia and China
- Southeast route for Indonesia, Thailand and Vietnam
- Atlantic route for Brazil and Netherlands
- Transoceanic route for South America and China

In the future, the Company will still adopt “stable, practical, and aggressive” management guidelines and will implement the various following business plans and goals based on the principles of prudent management of ship assets and sound working capital:

- Strictly control the quality and cost of service, adopt technical software and technologies, effectively reduce cost of ship operation, control the procurement process and budget for dock maintenance, and execute contract prudently.
- Closely monitor and analyze information on the movement trends of international shipping market, prudently select charterers with good reputation, and flexibly plan and adopt strategies for spot, short-, medium- or long-term chartering, to maximize profits and protect rights and interests of shipowners.



## Two. Company Overview

- Pay close attention to the development of shipping technology and related laws and regulation, such as quality monitoring of very low sulfur fuel oil (VLSFO), and new technologies of Ballast Water Treatment Systems (BWTS) and ship main engine energy-saving devices.
- Use the market information on transaction of second-hand ships obtained from time to time to research the appropriate timing of disposal of old ships, and to deliberate the best timing for purchasing ships, expanding fleet, and implement the plan for replacing old ships with new ones.
- Use the joint research of shipping related organization and internal education and training for employees, to improve work knowledge and efficiency, and effectively increase contacts between crew and the Company.

In general, Sincere Navigation utilizes years of experiences and resources accumulated by the group, and the strategies of “creating income” and “saving expense” to manage ships more effectively, to flexibly plan ship access to short-, medium-term contract and spot market, and to strictly control cost, so as to obtain more benefits for shareholders when the shipping market recovery and business booming time will come. This is the most important operating strategy of Sincere Navigation.

### (2) Operating performance

Sincere Navigation has more than 50 years of management experience in marine transportation. Our key customers include well-known domestic and foreign iron ore and coal suppliers, steel companies and marine operators. We maintain close communication and friendly cooperation with customers, and hence we are less vulnerable to change of economic cycles.

Although experienced ups and downs of marine market, we still maintain stable operation and profit through optimized allocation of the fleet, ongoing monitoring of costs, formulation of safety management policies in line with international laws and regulation, and development of flexible operational strategies. In the future, we shall continue to understand shipbuilding development trend and prices of building of new ships, with a view to replace old ships and purchase new ships at the most appropriate timing, in order to expand the fleet and increase operating revenues.

Table of Retained Economic Value

Item	2021	2020	2019
<b>Direct Economic Value</b>			
Operating revenue	4,342,995	4,182,306	4,317,241
Non-operating revenue, net			
<b>Distributed Economic Value</b>			
Operating expense	3,023,045	3,305,976	3,728,291
Salaries and benefits to employees	587,124	627,622	629,309
Investment in community	0	0	25
Payment to fund provider	396,546	451,352	380,212
Account with government	92,326	1,146	1,006
<b>Retained Economic Value (Direct economic value – distributed economic value)</b>	<b>243,954</b>	<b>(203,790)</b>	<b>(421,602)</b>

Note 1 Quoted or summing from 2021 consolidated financial statement audited by CPAs.

Note 2 Statistics from finance/accounting system information





# Climate Change

**Sincere Navigation Corporation**

**2021 Sustainability Report**



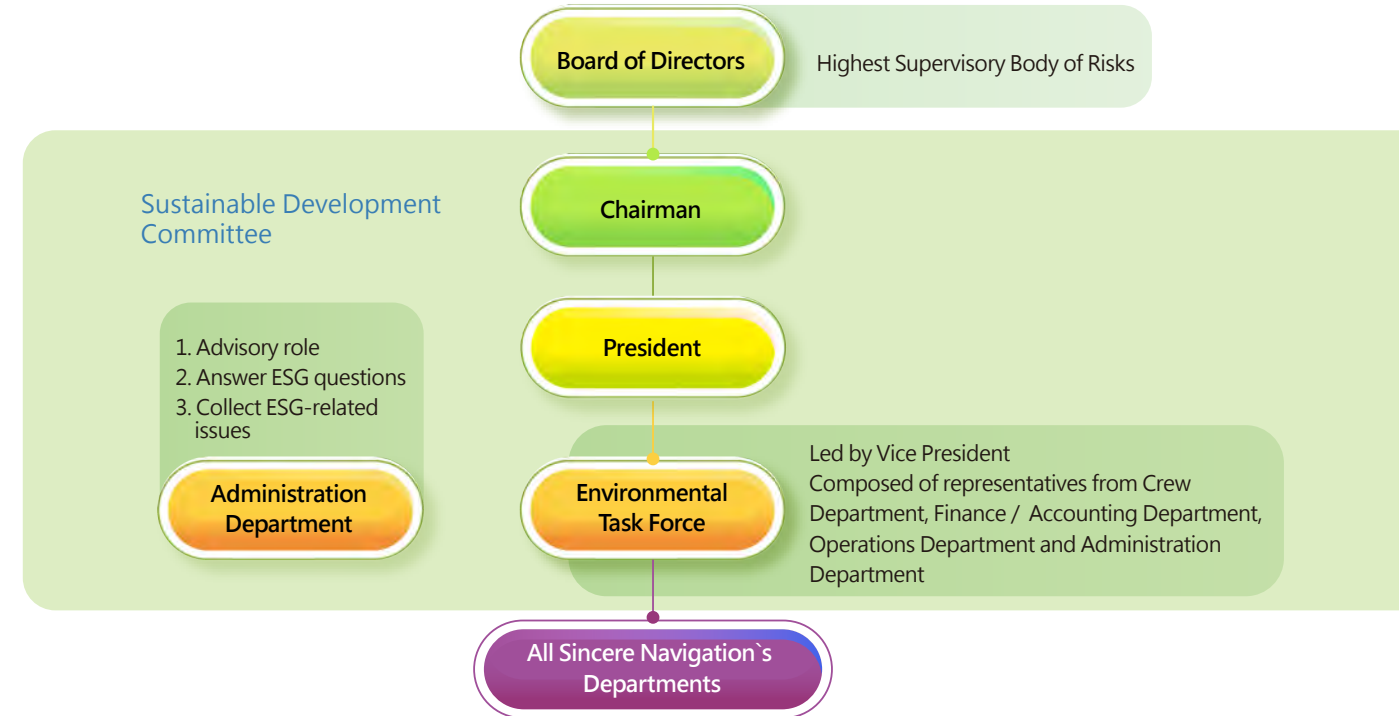
# Three. Climate Change

In response to the government's Corporate Governance 3.0 and Sustainable Development Roadmap, Sincere Navigation observes particularly how domestic and international pressing issues of climate change challenge the organizational resilience of sustainable operation. In view of this, Sincere Navigation will follow the Task Force on Climate-related Financial Disclosures (TCFD) framework to address the issues of climate change through the four dimensions of governance, strategy, risk management, indicators and targets to further identify risks and opportunities, propose response measures, plans and goals, disclose climate-related information in terms of governance, improve information transparency, and promote sustainable operations.

## Sincere Navigation's Approach

### Governance

1. The management team of Sincere Navigation has established the internal Sustainable Development Committee with an affiliated environmental task force under the leadership of the Vice President to address the procedures for climate-related issues. The members, which are composed of representatives from Technical Department, Finance/Accounting Department, Operations Department and Administration Department, collect issues from the company, customers, peers and international trends and then discuss and assess the impact of climate change on the Company's business activities.
2. The environmental task force coordinates the Company's climate change-related issues for the impact on the Company, formulates strategies, action plans and risk management policies, and briefs the President regularly, who sets the implementation targets based on the Company's business overview and regularly reports the performance concerning climate-related matters to the Board of Directors every year. Among the climate-related issues, the Vice President and the environmental task force will conduct quarterly reviews of greenhouse gas emissions, which include both climate-related and other ESG issues, followed by a presentation of the relevant performance results to the board members for supervision and control.
3. As the highest supervisory body of risk management, Sincere Navigation's Board of Directors has incorporated the impact of climate change into the Company's major risks and managed issues related to the risks and opportunities of climate change through a risk management mechanism. The Board of Directors instructs resource allocation according to the performance results, supervises the Company's overall short-, medium- and long-term planning, and controls the targets, performances, as well as the completeness, correctness, and the degree of implementation of action plans.



# Three. Climate Change



## Strategies

1. Define the management period: short-term 2022-2025, medium-term 2026-2030, and long-term 2031-2050.
2. Sincere Navigation adopts the Representative Concentration Pathways (RCPs) defined in the IPCC Fifth Assessment Report (AR5) as a scenario analysis tool for climate-related risks and opportunities, uses the RCPs calculation model (MIROC-ESM-CHEM) provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform to project RCP4.5 and RCP8.5, and refers to the model's observed value of 23.33°C and 3.71 mm/day in 2018 to evaluate business and climate change strategies as well as discuss the strategies and their response measures :
  - (1) RCP4.5 is a scenario in which greenhouse gases are stabilized: an estimated increase of 1.62°C and 2.05 mm/day in 2030, and 1.51°C and 1.65 mm/day in 2050.
  - (2) RCP8.5 is a scenario of high greenhouse gas emissions: an estimated increase of 0.24°C and 0.02 mm/day in 2030, and 2.21°C and 2.63 mm/day in 2050.  
(Data source: Taiwan Climate Change Projection Information and Adaptation Knowledge Platform)
3. Sincere Navigation selects 5 transition risks and 1 entity risk among climate-related risks according to its industry characteristics and decides on 2 issues from climate-related opportunities followed by the assessment of each issue's financial or operational significance. With the description and analysis of climate-related issues by consultants and experts and then the expertise and experience brought by the senior management in major thematic meetings, the risk issues of "Reinforcement of the Emission Reporting Obligation" and "Typhoons" as well as the opportunity issue of "Use of Low-Carbon Energy" will be decided and identified, and the subsequent response measures will be formulated respectively.



## Risk Management

1. Sincere Navigation is still currently adopting an independent process of identification, evaluation and management to show the importance it has attached to climate-related issues. Among the identified critical climate risk issues, Sincere Navigation reports to the President and Board of Directors the results of data collection and impact analysis conducted by each department and the environmental task force, as well as the technology, resources, manpower or obstacles encountered in the operation and service process every year. As the highest supervisory body of risk management, the Board of Directors oversees the effective implementation of the climate-related risk management system, confirms the achievement of performance targets, and re-examines the strategies and risk management policies on the impact of climate change.
2. All in all, the Board of Directors will determine the indicators for decision-making and the intended target according to the results of the re-examination, and then the President and the environmental task force together with each department will make rolling adjustments to the risk treatment and response measures along with action plans.



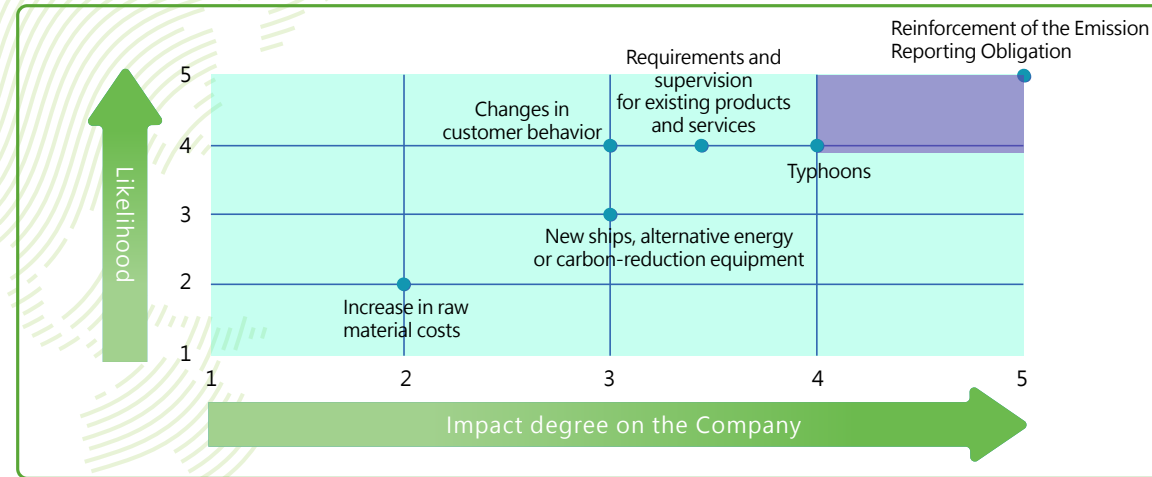
## Indicators and Targets

1. In response to the opportunities for transformation derived from the challenges of climate change, Sincere Navigation mitigates the impact of climate change and achieves sustainable corporate development due to the strict requirements of the shipping industry regarding the impact of climate change and international greenhouse gas emissions. Therefore, the Company actively promotes response measures against climate change-related risks, invests in opportunity business, formulates strategies and action plans, evaluates performance results as well as continuing to supervise, in order for the Company to achieve its targets. Sincere Navigation will also conduct external inspections to review performance results in the future to fulfill the purpose of protecting the earth.
2. The President and the environmental task force of Sincere Navigation will incorporate climate-related risks and opportunities into the assessment, examine the progress and make rolling adjustments to the response measures regularly, and report the performance results or revised items to the Board of Directors for quarterly reviews in an effort to effectively manage the risks and grasp the opportunities from climate change.
3. For the greenhouse gas emissions of Sincere Navigation in 2021, please refer to the Environment chapter.



# Three. Climate Change

## I. Results of Climate Risk Identification

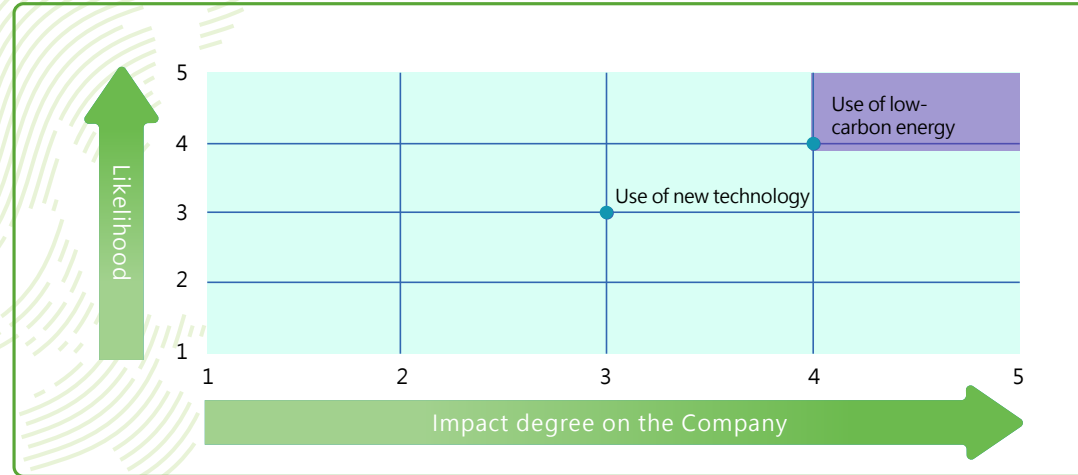


Climate Risks	Significance Assessment	Obvious and Potential Opportunities	Response Measures
<p>Reporting Fleet Carbon Emissions to IMO</p> <p>Summary of the 76th session of IMO MEPC</p> <p>A. New requirements for Energy Efficiency Existing Ship Index (EEXI)</p> <p>B. New requirements for Carbon Intensity Indicator (CII)</p>	<p>The Company's operations will be immediately impacted by the compulsory measures required by the laws or government. If no response measures are taken, all or part of the Company's business will be suspended or terminated, and even the existence of the Company may be further influenced.</p>	<ul style="list-style-type: none"> <li><b>Short-term risks:</b> The IMO's required standard in greenhouse gas emissions is increasing higher year by year and will affect the supervision of the fleet's overall greenhouse gas emissions.</li> <li><b>Medium- and long-term risks:</b> In order to meet IMO's GHG emission requirements, Sincere Navigation will research on adding equipment that can offer the benefits of carbon reduction or purchasing new models of ships .</li> </ul>	<ul style="list-style-type: none"> <li><b>Short-term:</b> Draw up a greenhouse gas inventory for each ship and compile emission data of the fleet comprehensively every year.</li> <li><b>Medium-term:</b> Research on a mechanism to renew or replace equipment on ships that barely meet the requirements.</li> <li><b>Long-term:</b> Assess the necessity of purchasing new models of ships.</li> </ul>
<p>Typhoons</p>	<p>For the stakeholders who are indirectly affected by climate issues (such as customers), if no response measures are taken against the upcoming impact on the Company's operations, it is expected that the cCompany will encounter the suspension or termination of all or part of its business or even incur huge economic losses.</p>	<ul style="list-style-type: none"> <li><b>Medium- and long-term risks from RCP4.5</b> The indirect impacts will incur, such as the carbon fees for using non-renewable energy and the customer's carbon footprint calculation, the environmental tax will increase further.</li> <li><b>Medium- and long-term risks from RCP8.5</b> <ol style="list-style-type: none"> <li>Operating costs in fuel expenses will increase due to "increasing shifting frequency of berthing vessels or keeping the longer distance from the calling ports" and "vessels proceed route with the greater deviation due to the extended typhoon scope".</li> <li>Increased port waiting time will cause a rise in operating costs as well.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li><b>Medium- and long-term risks from RCP4.5</b> Share costs and risks in advance through contract terms.</li> <li><b>Medium- and long-term risks from RCP8.5</b> <ol style="list-style-type: none"> <li>Share costs and risks in advance through contract terms and insurance.</li> <li>Introduce equipment or cooperate with meteorological companies to plan routes or avoid dangers ahead.</li> </ol> </li> </ul>



# Three. Climate Change

## II. Results of Climate Opportunity Identification



Climate Opportunity	Significance Assessment	Obvious and Potential Opportunities	Response Measures
Use of low-carbon energy	Due to the requirements of the laws or government and expectations of stakeholders (such as customers), early preventive deployment and rollout for the upcoming impact on the Company's operations may open up the opportunities to considerably improve all or part of the Company's business, e.g. profits increase or market expansion.	<ul style="list-style-type: none"> <li><b>Medium- and long-term opportunities:</b> The re-refined oil market is maturing and expanding gradually; rules for the carbon rights trading market are more and more consistent international and the market scale is expanded.</li> </ul>	<ul style="list-style-type: none"> <li>Deploy research in advance, plan or purchase re-refined oil</li> <li>Participate in the international carbon trading market.</li> </ul>



# Three. Climate Change

## III. The connection between the results of climate risk scenario analysis and the Company's climate change strategies

Climate Change Risks and Opportunitie	Scenario Analysis / Reference Scenario	Financial Impact Assessment	Response Strategies towards Climate Change
<p><b>Reporting Fleet Carbon Emissions to IMO</b>  <b>Summary of the 76th session of IMO MEPC</b></p> <p>A. New requirements for Energy Efficiency Existing Ship Index (EEXI)            B. New requirements for Carbon Intensity Indicator (CII)</p>	<p>The operating costs will increase due to IMO's requirements for reporting and supervising fleet carbon emissions. Meanwhile, gradual optimization of the fleet, addition of carbon reduction equipment on the ships, replacement with re-refined oil, or even procurement of new ships will reduce greenhouse gas emissions.</p>	<p>For the main source of carbon emissions of the fleet, a larger cost is expected to be incurred due to Sincere Navigation's overall optimization and addition of carbon reduction equipment on ships, replacement with re-refined oil, or even the expenses of purchasing new ships.</p>	<p>Strategies in response to the increased operating costs due to IMO's requirements for reporting and supervising fleet carbon emissions include gradual optimization of the fleet, addition of carbon reduction equipment on the ships, replacement with re-refined oil, or even procurement of new ships concurrently to reduce greenhouse gas emissions and control operating costs.</p>
<p><b>Typhoons</b></p>	<p>According to the RCPs model (MIROC-ESM-CHEM model), the observed value in 2018 was 23.33°C, 3.71 mm/day. RCP4.5 is a scenario in which greenhouse gases are stabilized: an estimated increase of 1.62°C and 2.05 mm/day in 2030, and 1.51°C and 1.65 mm/day in 2050.</p>	<p>The increase in the use of oil will indirectly result in carbon fees or carbon tax for using non-renewable energy and environmental taxes calculated based on the customer's carbon footprint at the same time, which will be passed through to the Company, so it is estimated that a considerable amount of tax costs will be incurred.</p>	<ul style="list-style-type: none"> <li>• Work with meteorological companies regarding sharing risk warning, intelligence monitoring and communication.</li> <li>• Evaluate contracts and insurance and strengthen compensation mechanisms.</li> <li>• Try to incorporate climate science and long-term prediction to improve the adaptive capacity for climate events in the future.</li> </ul>
	<p>According to the RCPs model (MIROC-ESM-CHEM model), the observed value in 2018 was 23.33°C, 3.71 mm/day. RCP8.5 is a scenario of high greenhouse gas emissions: an estimated increase of 0.24°C and 0.02 mm/day in 2030, and 2.21°C and 2.63 mm/day in 2050.</p>	<p>The increase in the use of oil will result in carbon fees or carbon tax for using non-renewable energy and environmental taxes calculated based on the customer's carbon footprint at the same time, which will be passed through to the Company. However, carbon fees or carbon tax might be eased by laws and regulations, so it is estimated that a certain amount of tax costs will be incurred.</p>	<ul style="list-style-type: none"> <li>• Work with meteorological companies regarding sharing risk warning, intelligence monitoring and communication.</li> <li>• Evaluate contracts, insurance, and strengthen compensation mechanisms.</li> </ul>
<p><b>Use of low-carbon energy</b></p>	<p>The operating costs will increase due to IMO's requirements for reporting and supervising fleet carbon emissions, and the demand for re-refined oil is an inevitable trend to reduce greenhouse gas emissions.</p>	<p>For the fleet's main source of carbon emissions, Sincere Navigation's early deployment of reserach, planning or procurement of re-refined oil is expected to increase profits, reduce tax costs and build the Company's reputation.</p>	<p>The responding strategies include early preventive deployment of research, planning or procurement of re-refined oil to reduce greenhouse gas emissions.</p>



# Three. Climate Change

## IV. Climate Risks, Opportunities, Indicators and Targets

Climate Risks	Climate Opportunities	Targets	2022~2025 (short-term)	2026~2030 (medium-term)	2031~2050 (long-term)	Response Measures
Summary of reinforcement of the emission reporting obligation		The headquarters' greenhouse gas emission management (Base Year 2021)	40% reduction in carbon emissions (category 1 & 2)	90% reduction in carbon emissions (category 1 & 2)	net-zero carbon emissions	<p>Sincere Navigation will take the following measures:</p> <ol style="list-style-type: none"> <li>1. The office and the fleet have successively planned to conduct inventories and verification of greenhouse gas.</li> <li>2. Plan to purchase green energy and carbon rights for greenhouse gases that cannot be reduced.</li> <li>3. Strategies in response to the increased operating costs due to IMO's requirements for reporting and supervising fleet carbon emissions include gradual optimization of the fleet, addition of carbon reduction equipment on the ships, replacement with re-refined oil, or even procurement of new ships concurrently in order to reduce greenhouse gas emissions and control operating costs.</li> <li>4. Work with meteorological companies regarding sharing risk warning, intelligence monitoring and communication.</li> <li>5. Evaluate contracts and insurance and strengthen compensation mechanisms.</li> <li>6. Try to incorporate climate science and long-term prediction to improve the adaptive capacity for climate events in the future.</li> </ol>
Reinforcement of the emission reporting obligation	Use of Low-Carbon Energy	The fleet's greenhouse gas emission management (Base Year 2008)	9% reduction in fleet's overall carbon emissions	40% reduction in the fleet's overall carbon emissions	70% reduction in fleet's overall carbon emissions	
Typhoons						
Reinforcement of the emission reporting obligation		The headquarters' use of renewable energy	40% green energy	90% green energy	100% green energy	





# Environment (E)

Moving towards net-zero emissions

**Sincere Navigation Corporation**

**2021 Sustainability Report**

# Four. Environment (E)

## ENVIRONMENT



### I. Management Approach

**Moving towards net-zero emissions:** Sincere Navigation follows the IMO and Taiwan 2050 net-zero carbon emissions policies, implements inventory evaluations of greenhouse gas emissions in the fleet, and thus achieves the goal of net-zero carbon emissions in the organization, as a whole.

Moving towards net-zero emissions

NO.	Item	FY2021	
		Goal	Performance
1.	Fleet's inventory evaluations of greenhouse gas emissions meet IMO requirements	0 violation case	0 violation case
2.	Number of cases penalized for violating marine or environmental laws	0 violation case	0 violation case
3.	GHG emission intensity management	0.45	0.44

Sincere Navigation has formed an environmental task force under the "Sustainable Development Committee". The task force is led by the Vice President at the management level and is composed of members from the Technical Department, Finance/Accounting Department, Operations Department and Administration Department. The task force collects information on subject matters related to Company, customer, peers and international trends, and then discusses these issues and plans for their potential impacts on the Company's business activities.

Led by Vice President level management and composed of members from the Technical Department, Finance/Accounting Department, Operations Department and Administration Department, the task force gathers information on company, customer, peers and international trend issues, and then discusses and plans for the potential impacts of climate change on the Company's business activities.

In compliance with various international and national requirements, we evaluate the shipping ecology guidelines and related environmental protection requirements, and with staff as designated by the Technical Department, Finance/Accounting Department, Operations Department and Administration Department, formed an "environmental task force". The task force compiles legal requirements, legal issues and their corresponding projects within the departments, that are relevant to international or domestic environmental regulations. The compiled results are then proposed for discussion, evaluation and management measures at the senior management meeting, so that the resulting environmental management tasks may be implemented at office and in the fleet.

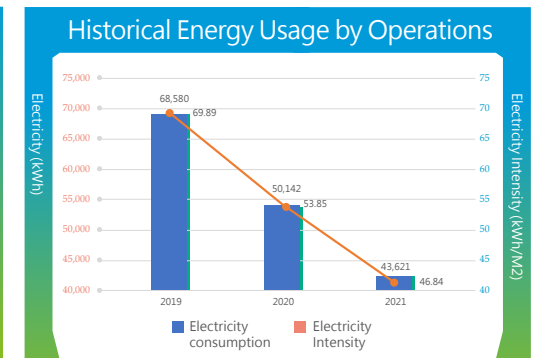
In 2021, Sincere Navigation selected issues such as "climate", "energy", "greenhouse gas emissions", "waste water and waste management" and "environmental regulations", among which "climate" and "energy" are considered to be the major issues.

### II. Energy Management

The energy consumption of Sincere Navigation can be separated into two major items: the first is for office, which is all powered by purchased electricity; the second is for fleet navigation and fuel consumption for generators on board, which are mainly diesel fuel and heavy oil, not renewable energy. Due to the characteristics of the shipping industry, the largest amount of energy consumption is in the Sincere Navigation's fleet, please refer to the table of historical analysis of energy use at office and the fleet:

Historical Analysis of Energy Use at Office

Year		2019	2020	2021	Unit
Energy Type	Purchased Electricity	68,580	50,142	43,621	
	Electricity Intensity	73.65	53.85	46.84	kWh/sq. meter
Energy Consumption		247	180	157	Gigajoule (GJ)
Energy Intensity		0.252	0.194	0.169	Gigajoule / sq. meter



Note 1 : Intensity is calculated by using the floor area as the denominator.

Note 2 : Energy consumption is calculated according to the conversion as shown in the "Energy Product/Heating Value Table" in the 2020 Energy Statistics Manual by the Bureau of Energy, Ministry of Economic Affairs; electricity: 860kcal/kWh.





# Four. Environment (E)

## ENVIRONMENT



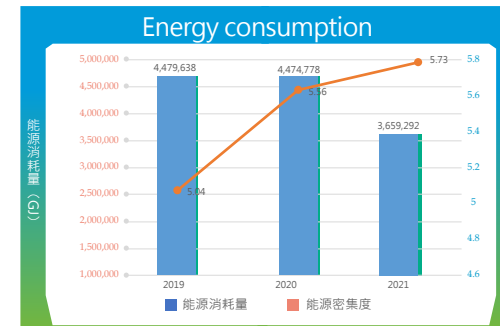
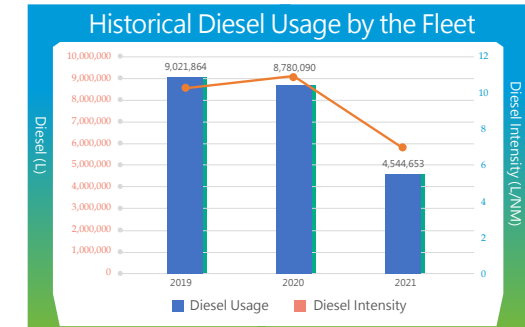
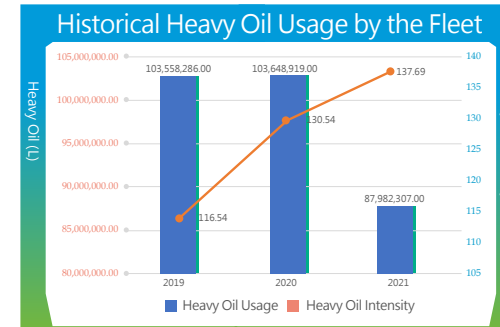
Year		2019	2020	2021	Unit
Energy Type	Diesel	9,021,864	8,780,090	4,544,653	Liter
	Heavy oil	103,558,286	103,648,919	87,982,307	Liter
Sailed Nautical Miles		888,622	794,019	638,986	Nautical Mile
Diesel Intensity		10.15	11.06	7.11	Liter / Nautical Mile
Heavy Oil Intensity		116.54	130.54	137.69	Liter / Nautical Mile
Energy Consumption		4,479,638	4,474,778	3,659,292	Gigajoule (GJ)
Energy Intensity		5.04	5.64	5.73	Gigajoule (GJ) / Nautical Mile

- Note 1:** Intensity is calculated by using the number of nautical miles sailed by the fleet as the denominator.
- Note 2:** The annual fuel consumption is directly proportional to the shipping volume, and increases of diesel fuel consumption are related to the shipping voyage areas; the total amount of diesel fuel consumed increases when the fleet frequently enters the sulfur emission control areas (ECAs).
- Note 3:** Energy consumption is calculated according to the conversions shown in the "Energy Product Heating Value Table" in the 2020 Energy Statistics Manual by the Bureau of Energy, Ministry of Economic Affairs; Diesel: 8,400kcal/liter, Gasoline: 7,800kcal/liter.

Energy management is precursor to discuss greenhouse gas emissions and climate change issues. To this end, Sincere Navigation adopts the TCFD's (Task Force on Climate-related Financial Disclosures) framework (Governance, Strategy, Risk Management, and Indicators and Targets) as the basis in formulating respective action plans on the risk and opportunity issues concerning "Reinforcement of the Emission Reporting Obligation" and "Use of Low-Carbon Energy", such as green power planning, installing energy-saving equipment, or on response measures, such as purchasing new vessels in the future. The details are described in the Climate Change chapter.

Item	2019	2020	2021
Non-renewable Energy	100%	100%	100%
Renewable Energy	0%	0%	0%

### Historical GHG Emissions





### III. Greenhouse Gas Emissions

Sincere Navigation complies with the requirements of the United Nations Framework Convention on Climate Change and the International Maritime Organization (IMO) for reporting fleet carbon emissions, and as such is expecting the imposition of a carbon fee in 2022, based on fleet carbon emission requirements, along with other such convention activities. Meanwhile, it is complying with the "Sustainable Development Roadmap", as promoted by the Financial Supervisory Commission, the "Taiwan 2050 Net Zero Emissions Pathway" as implemented by the National Development Council, and even the upcoming draft revision of the "Greenhouse Gas Reduction and Management Act", which will be amended to the "Climate Change Response Act", and the 2050 net zero emissions amendment that will be incorporated with a carbon fee to be levied in phases.

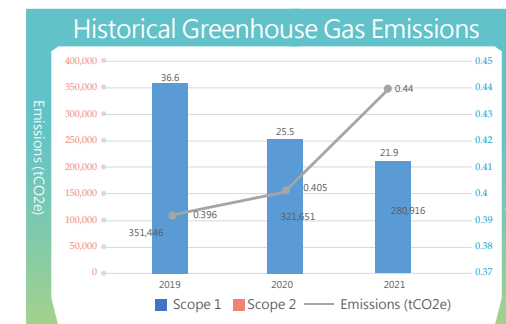
Due to the nature of the shipping industry, the fleet is mainly using diesel and heavy fuel oil, and it naturally generates a large amount of greenhouse gases. Thus, Sincere Navigation is under multiple impacts from international regulations, national laws and regulations, industry competition and changes in market behavior, with issues relating to climate change risks, compliance with laws and regulations, and risk management. Among them, the "carbon emission reporting obligation" issue is an immediate risk impact. However, risks are always accompanied by opportunities, and Sincere Navigation will focus on developing strategies and action plans that seek new market opportunities and reduce these impacts.

Among these impacts, greenhouse gas emissions are an unavoidable issue and are closely related to the discussions on climate change. Therefore, Sincere Navigation adopts the TCFD's (Task Force on Climate-related Financial Disclosures) framework (governance, strategy, risk management, and indicators and targets) as its basis in formulating respective action plans on the risk and opportunity issues concerning "Reinforcement of the Emission Reporting Obligation" and "Use of Low-Carbon Energy", with response measures such as greenhouse gas inventory evaluations, action verification and reduction planning and control management. The details are described in the Climate Change chapter.

The main source of Sincere Navigation greenhouse gas emissions comes from the burning of fuels (diesel and heavy oil) generated by the fleet's voyages, Scope 1 (direct) greenhouse gas emissions. While, Scope 2 (indirect) greenhouse gas emissions is generated by the purchased electricity for the operations (offices). Please refer to the greenhouse gas analysis table for details.

Item	Year	2019	2020	2021	
				Emissions	Accounting for (%)
Scope 1		351,446	321,651	280,916	99.99%
Scope 2		36.6	25.5	21.9	0.01%
Grand Total		351,483	321,676.5	280,937.9	100%
Sailed (Nautical Miles)		888,622	794,019	638,986	100%
Emission Intensity (tCO <sub>2</sub> e/Nautical Miles)		0.396	0.405	0.440	

- Note 1** : Only carbon dioxide emissions are calculated for Scope 1 (direct) greenhouse gas emissions.
- Note 2** : Greenhouse gas emissions are summed with the following equation: Greenhouse gas emissions = Energy usage x Greenhouse gas emission coefficient x GWP value.
- Note 3** : Energy consumption is calculated according to the conversions shown in the "Energy Product Heating Value Table" in the 2020 Energy Statistics Manual by the Bureau of Energy, Ministry of Economic Affairs; Diesel: 8,400kcal/liter, Gasoline: 7,800kcal/liter.
- Note 4** : GWP value is based on the information in IPCC 2013, The Fifth Report
- Note 5** : The electricity coefficient is based on the electricity emission coefficient of 0.502 kgCO<sub>2</sub>e/kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs, for the year 2020.





### IV. Low Carbon Strategies

Sincere Navigation continues to promote low-carbon strategies, encourages employees to support energy-saving and carbon-reducing measures, proactively replaces high-energy-consuming equipments, and continues to refine low-carbon action plans and measures, so as to achieve the goal of lowering energy consumption and reducing greenhouse gas emissions.

#### Low Carbon Strategies and Action Plans

Strategies	Action Plans
Office supporting low carbon activities	<ol style="list-style-type: none"> <li>1. When using air-conditioned space, staff should be conscientious about keeping the doors and windows closed.</li> <li>2. Promote the habit of switching off unnecessary lighting equipment to all personnel.</li> <li>3. In each department, promote the habit of manually turning off the power of electrical equipment during off hours, weekends and continuous holidays, to help reduce standby power consumption from devices, such as lights, water dispensers, printers, office machines and other non-critical electrical appliances.</li> <li>4. Setup the power saving mode for business machines, so they are in sleep mode when not in use.</li> <li>5. Turn off water dispensers during holidays and after work.</li> </ol>
Fleet supporting low carbon activities	<ol style="list-style-type: none"> <li>1. In addition to conforming to the charterers' request for proceed vessel at economic speeds, the Company has also elevated such requests to a self-requiring strategy, so as to effectively reduce energy consumption and reduce greenhouse gas emissions.</li> <li>2. Using the Energy Efficiency Operational Indicator formula, as promulgated by the International Maritime Organization (IMO) to calculate the carbon emissions generated from ship operations, complying with the mandatory reporting of fleet greenhouse gas emissions, controlling total fleet greenhouse gas emissions, including trend analysis, and preparing for the future carbon taxation of the fleet...etc., in order to conform with legal requirements and risk management issues, and to minimize these various impacts on business operations, while taking into account the goal of sustainable corporate development.</li> </ol>
Switching to low energy consumption / energy saving equipment, new equipment or fuels	<ol style="list-style-type: none"> <li>1. By replacing 100 60W LED tubes with 20W LED tubes, it is estimated that the energy consumption on the Oceana can be reduced by up to 35,040 kWh and the greenhouse gas emissions can be reduced to 18,501 kgCO<sub>2</sub>e.</li> <li>2. By installing a bulb rudder on the Oceana and Palona, it is estimated that the fuel consumption can be reduced by up to the significant amount of 3%. The estimated greenhouse gas emissions reduction for 2021 is 616 tCO<sub>2</sub>e and 609 tCO<sub>2</sub>e respectively.</li> <li>3. In response to international regulations on low sulfur fuel, the entire fleet is using 0.5% sulfur fuel and high efficiency diesel engines to reduce sulfur oxide (SO<sub>x</sub>) and nitrogen oxide (NO<sub>x</sub>) emissions; thus, we are complying with legal requirements, while preserving the spirit of our environmental protection strategy.</li> </ol>
Continuous	The extent of implementation and effectiveness of low carbon strategies and action plans are discussed annually by the Sustainable Development Committee.





## V. Other Environmental Protection Activities and Compliance with Environmental Laws

### Environmental Laws Compliance

Sincere Navigation regards compliance with laws and regulations as the key strategy in controlling the Company's operational risks. Through active promotion and educational training to employees, the Company continues to update the concept of laws and regulations and accumulates our understanding of environmental protection. At the same time, each department within the Company regularly conducts a review of domestic and foreign environmental protection laws and regulations, and presents them in high-level management meetings in a timely manner for discussion, evaluation, and the preparation of action plans, in the hope of taking a more active role in meeting the requirements of environmental protection laws and regulations.

Therefore, thanks to the compliance activities of all employees and the effectiveness of the supervisory mechanisms, **we did not violate any international environmental protection regulations or Taiwan environmental-related laws in 2021.** Moving forward, Sincere Navigation will continue to meet the increasingly stringent requirements of environmental protection laws and regulations in an optimal spirit and a proactive and prudent manner.

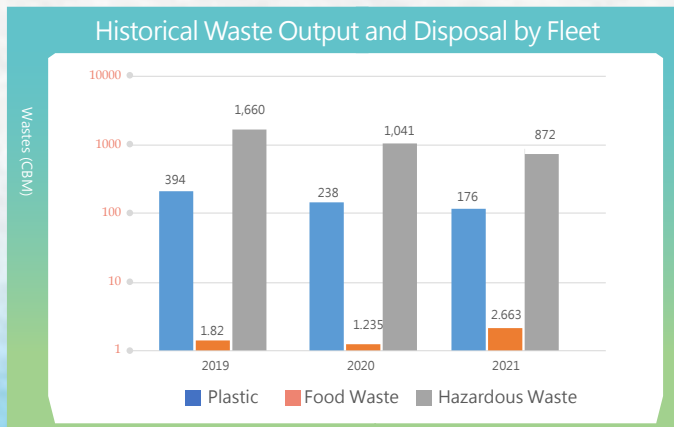
Aspect	Waste Management	Waste Water Management
Laws	International Convention for the Prevention of Pollution from Ships (MARPOL)	MARPOL and Port Regulations of various countries
Requirement	The operations and sailings of fleet shall comply with the regulations on prevention of oil pollution, prevention of air pollution, prevention of ballast water pollution, garbage disposal and sewage discharge...etc., and shall handle waste water and waste generated from fleet operations with due care.	
Sincere Navigation's response measures	<p>(1) The operation of various machinery on board generates oily wastewater pollution, which usually consists of waste water and waste materials (water, oil, sludge), the quantity of which depends mainly on the quality of the fuel oil. Sincere Navigation will continue to strengthen the control of fuel quality and enhance oil purification in order to reduce the amount of oily wastewater from ships, reduce environmental pollution, and help reduce greenhouse gas emissions.</p> <p>(2) A full implementation of waste sorting management:</p> <p>A. The residual oil from the normal operation of the ship's engines, motors, boilers and oil purifiers, or the waste oil isolated by the oil separator, etc., are collected and treated by an approved vessel waste water treatment company in accordance with regulations when berthing at the convenient port.</p> <p>B. For small volumes, waste oil burners that comply with the emissions conventions are used on board to burn waste oil in marine areas, that are in compliance with the laws.</p>	<p>(1) Ships are fully equipped with sewage treatment machines to treat wastewater, and then discharge it to the sea only after it meets the required standards, to avoid polluting the ocean and the waters of the ports.</p>
Note	Analysis of the Fleet's Historical Waste Generation and Disposal	





Analysis of Historical Waste Output and Disposal by Fleet

Item	Unit	Year			
		2021		2020	2019
		Quantity	Percentage		
Plastic (General Wastes)	Cubic Meter	176.283	16.8%	238.4	393.721
Food Waste (Kitchen Waste Oil)	Cubic Meter	2.663	0.2%	1.235	1.82
Hazardous Waste (Oily Wastewater / Sludge)	Cubic Meter	872.24	83%	1,040.75	1263.68
Grand Total	Cubic Meter	1051.186	100%	1280.385	1659.22





Aspect	Ballast Water	Sulfur Limit
Laws	<ul style="list-style-type: none"> <li>International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004, (the Ballast Water Convention)</li> <li>Effective from September 8, 2017</li> </ul>	<ul style="list-style-type: none"> <li>The International Convention for the Prevention of Pollution from Ships, 1973, (MARPOL), which was modified in accordance with the Protocol of 1978, by IMO. The 2008 amendments to the existing</li> <li>MARPOL's Annex VI are known as the "<b>Sulfur Limit Convention</b>", for short.</li> </ul>
Requirement	<p>To maintain the stability of the ship, when loading and discharging cargo in port, seawater must be pumped into the ballast tanks, and then adjusting the ballast water discharge as required, depending on the status of cargo load. However, as ships travel around the world, the ballast water pumping out causes germs and foreign species to be transported to the local waters, impacting the local marine environment and ecology.</p> <p>(1) Vessel management control requirements: Vessel should have a ballast water management plan, ballast water record book... etc.</p> <p>(2) Ballast water management standards: such as ballast water replacement standards, ballast water performance standards, and ballast water management system approval requirements, etc.</p> <p>(3) Requirements for certification of ballast water management inspection.</p>	<p>(1) To ensure that the shipping industry significantly reduces sulfur emissions from ships, demonstrating its determination and commitment to fulfilling its environmental obligations.</p> <p>(2) After January 1, 2020, the maximum sulfur content of marine fuel permitted under the MARPOL Convention must be reduced from 3.50% by mass (mass percentage) to 0.50% by mass (mass percentage) for ships sailing outside designated emission control areas.</p> <p>(3) Emission Control Areas (ECAs) under the MARPOL are not affected, and the 0.10% cap still applies, as do any relevant local regulations.</p>
Sincere Navigation's response measures	<ul style="list-style-type: none"> <li>Vessel ballast water standard management method: obtain ballast water management certificate, and avoid the discharge of microorganisms into the local environment when ballast water is exchanged or discharged into different areas, resulting in local ecological and environmental pollution.</li> <li>In order to comply with the international conventions, special port state regulations and other various shipping requirements, Sincere Navigation has installed a Ballast Water Treatment System (BWTS system) on all vessels since 2014.</li> </ul>	<ul style="list-style-type: none"> <li>In compliance with the "Sulfur Limit Convention", Sincere Navigation orders only ultra-low sulfur fuel oil.</li> <li>The bulk carrier fleet is completely refitted with fuel system piping and retrofitted with diesel coolers.</li> </ul>
Aspect	Comprehensive Environmental Protection Ordinance	
Laws	<p>The International Convention for the Prevention of Pollution from Ships, 1973, developed by the International Maritime Organization (IMO), and its revised Protocol of 1978, collectively known as the 73/78 MARPOL</p>	
Requirement	<p>There are a total of six annexes to MARPOL.</p> <p>(1) Annex I : Regulations for the prevention of pollution by oil</p> <p>Unless otherwise expressly stipulated, it applies to all ships, and sets the drainage standards for ships' engine rooms and the oil area of all tankers and cargo ships.</p>	





Aspect	Comprehensive Environmental Protection Ordinance	
Requirement	<p>(2) Annex II: Regulations for the control of pollution by noxious liquid substances in bulk Unless otherwise expressly stipulated, it applies to all ships transporting toxic liquid substances. Toxic liquid substances are classified into four categories: A, B, C and D.</p> <p>(3) Annex III: Regulations for the prevention of pollution by harmful substances carried by sea in packaged form Unless otherwise expressly stipulated, it applies to all ships carrying hazardous substances, requiring the use of packaging to minimize marine pollution.</p> <p>(4) Annex IV: Regulations for the prevention of pollution by sewage from ships Applicable to ships of 400 gross tonnage and above, or international voyages with a capacity of more than 15 persons, which must then be equipped with relevant treatment equipment and comply with the relevant discharge requirements for sewage water.</p> <p>(5) Annex V: Regulations for the prevention of pollution by garbage from ships Unless otherwise expressly stipulated, it applies to all vessels and regulates waste separation and discharge requirements.</p> <p>(6) Annex VI: Regulations for the prevention of air pollution from ships The control objects are divided into five categories: ozone depleting substances (ODS), nitrogen oxides (NOx), sulfur oxides (Sox), volatile organic compounds (VOC) and onboard incineration substances.</p>	
Sincere Navigation's response measures	<ul style="list-style-type: none"> <li>To ensure the safety of ship navigation and environmental protection, formulate a "Ship Safety Management System" and an "International Safety Management Charter Handbook", and establish regulations and procedures that comply with international environmental protection standards for the shipping industry.</li> <li>For waste and wastewater related measures, please refer to Waste and Wastewater Management for details.</li> </ul>	<ul style="list-style-type: none"> <li>Use environmentally friendly antifouling paints that meet required specifications and obtain the "International Antifouling System Certificate"; In addition, we regularly review the validity period of the anti-fouling paint on each ship, and make plans to re-apply the anti-fouling paint on the exterior of the ship during docking, so as to meet the requirements of the Convention.</li> <li>To ensure the safety of ship navigation and environmental protection, formulate a "Ship Safety Management System" and an "International Safety Management Charter Handbook", and establish regulations and procedures that comply with international environmental protection standards for the shipping industry.</li> </ul>



5

## Social (S)

Employee-oriented  
Healthy and safe work environment

**Sincere Navigation Corporation**

**2021 Sustainability Report**



# Five. Social (S)

SOCIETY



## I. Management Approach

**Employee-oriented:** Both company operation and ship navigation require the support and efforts of employees. Holding the attitudes of appointing people on their merits, non-discrimination and respect for employees, Sincere Navigation identifies and responds to impact through a reasonable remuneration system, a comprehensive employee care mechanism and complete talent development programs.

**Healthy and safe work environment:** to provide shore and ship staff with a work environment where they can feel at ease and to reassure their family about their health and safety in the work environment, Sincere Navigation is committed to creating a safe environment for its office and ships, is regularly attentive to the employees' health, and provides proper communication and support channels so that the employees can have a quick and easy access for resources, and Sincere Navigation identifies and responds to impact accordingly.

No.	Item	2021	
		Target	Performance
1	Zero occupational injury	0 case	0 case
2	Employee grievance closing rate	100%	100%
3	Violation of labor laws or agreements	0 case	0 case

## II. Remuneration and Employee Care

In principle, the Company complies with laws and regulations, protects employees' dignity, enhances labor rights and promotes human rights policies, and they are the basic requirements of business development, and formulation and implementation of rules and regulations.

### (I) Remuneration Policy and System

Sincere Navigation mainly refers to the common standards of the industry to set the salaries, bonuses and remunerations for shore staff, and takes into account of education, work experience, professional skills, job requirements and work performance. There is no differentiation or discriminative treatment regarding race, class, language, religion, politics, nationality, gender, age or marital status.

Remuneration of directors (including independent directors) and senior management, such as president and vice president:

1. The remuneration of directors (including independent directors) can be divided into two parts: one is travel expenses, which are used to cover the expenses of traveling to the Company for business or business trips; and the other is remuneration, which depends on the annual business performance and their involvement in and contribution to the Company, and this part needs to be submitted to the board of directors by the remuneration committee for approval.

2. The remuneration of senior management, such as president and vice president, is composed of a fix part (salary and food allowance) and a floating part (bonus and employee rewards), which depends on the Company's annual business performance and is based on the common standards of the industry, education, work experience, position and responsibility, performance, rewards and punishment as well as the relationship between business operation performance and risks. It needs to be submitted to the board of directors by the remuneration committee for approval.

Sincere Navigation established Remuneration Committee that holds regular meetings to discuss, evaluate and review the Company's overall remuneration policies and system in accordance with the Company's business performance, CPI, remuneration level of the industry and work experience and professional skills in the job market. The Remuneration Committee will submit the remuneration policies and system to the board of directors for review and approval. It is expected that through an effective rolling adjustment mechanism, the Company will share the Company's business results with its employees, and the incentive, in turn, drives the business performance.



## Five. Social (S)

SOCIETY



In addition, in accordance with GRI standards, and Article 4, Subparagraph 4, Item 1 of the "Measures for the Preparation and Reporting of Corporate Social Responsibility Reports by Listed Companies" formulated by the Taiwan Stock Exchange, the Company has made an analysis table about the number of full-time employees holding non-supervisory positions and mean and median of salary thereof, and an analysis table about the highest annual total compensation relative to the median compensation of other employees. According to the results of the analyses conducted in 2021 and 2022, both the median of full-time employees and the median of the annual total compensation of other employees showed an increasing trend, and the gap with the individual with the highest annual total compensation has also narrowed. Such changes reflect the fact that the Company shares its business results with its employees.

An analysis table about the number of full-time employees holding non-supervisory positions and mean and median of salaries thereof

Unit: New Taiwan Dollar/thousand

Year	2021	2020
Number of full-time employees	19	36
Mean salary of full-time employees	1,445	1,470
Median salary of full-time employees	1,460	1,349

Note 1 : excluding employees in supervisory positions

Note 2 : In 2021, the ship staff were changed to contract employees, so full-time employees only include office employees.

Analysis table about the highest annual total compensation relative to the median compensation of other employees Unit: New Taiwan Dollar

Year	2021	2020	2019
Rate of increase	0%	0%	0%
Median annual total compensation of other employees (B)	1,684,385	1,468,442	1,491,842
Rate of increase	14.71%	-1.57%	N/A
Ratio (A/B)	267.16%	306.45%	301.64%

Note 1 : Other employees in the calculation of annual total compensation include those who hold supervisory positions.

Note 2 : Other employees in the calculation of annual total compensation do not include the individual with the highest annual total compensation.

Note 3 : Individual with the highest annual total compensation (A)

### (II) Labor Contract

Sincere Navigation follows the MLC 2000 international convention, and has signed the Collective Bargaining Agreement (CBA) with several ship staff' unions. The CBA clearly stipulates all terms and conditions for the employment of ship staff, such as remuneration and work content, to comply with international conventions and protect the dignity and labor rights of the ship staff. In 2021, all ship staff of Sincere Navigation signed to join CBA.

Item	2019	2020	2021
Total number of ship staff (including interns)	231	276	308
Number of ship staff signed to join CBA	231	276	308
Ratio (%)	100%	100%	100%

Note : all ship staff are full-time.





## III. Comprehensive Employee Care and Benefit

### (I) Diverse and Unobstructed Communication Channels

Sincere Navigation values the opinions and feelings of employees on organizational development or various operations, and fully provides unobstructed and diverse communication channels or grievance mechanisms, such as sexual harassment reporting, integrity pathway, and employee feedback mailbox, etc. Email, telephone, and face-to-face appointment are also available. The communication and grievance channels are diverse and unobstructed.

Meanwhile, to allow ship and shore staff to make comments or suggestions freely and easily, Sincere Navigation continues to conduct propaganda on a regular and irregular basis to make sure that the employees fully understand and use the communication channel or grievance mechanism and help the employees solve the matters related to remuneration, treatment, fairness and reasonableness or other rights and interests. Up on receiving a request from an employee, the Company will take a positive and careful attitude to communicate and deal with the matter so that the employee's voice can be heard as soon as possible, the rules and regulations can be optimized, and the case can be properly closed. The Company is committed to meeting the expectations and needs of employees on the premise of compliance with laws, fairness and rationality in order to enhance the labor rights and interests of all employees and promote barrier-free communication in the workplace.

Item	Description
Communication channel	The employees can express their opinions through the Administration Department. The Company welcomes suggestions from the employees and encourages the employees to do so in order to clarify doubts in life, work or protect other rights and interests.
Grievance mechanism	Shore staff After being received by the Audit Department, it will be properly handled.
	Ship staff <ul style="list-style-type: none"> <li>• The "Employee Grievance Handling Measures" has been formulated.</li> <li>• The Company has provided an unobstructed grievance channel where the line manager and the master will handle complaints together. In case of serious situation, the master will report it to the Company.</li> <li>• In 2021, there was no grievance case.</li> </ul>
Employee feedback mailbox	A designated person will collect and respond to the suggestions on a regular basis so that the employees' suggestions will be handled as soon as possible, and the rules and regulations will be improved and optimized in order to enhance the labor rights and interests of all employees.

### (II) Employee Care

Benefits and leave of Sincere Navigation's ship staff are handled in accordance with the Maritime Labour Convention (MLC). The benefits of shore staff, including remuneration distribution, paid leave system and pension, etc., are handled in accordance with labor-related laws and regulations in Taiwan, the Company's Articles of Incorporation and the settlement of the year.

Analysis Table of the Benefits Of Ship and Shore Staff

Unit: New Taiwan Dollar/Thousand

Year	2021	2020	2020
Benefits of shore staff	120,657	115,475	114,439
% of annual revenue	2.78%	2.76%	2.65%
Benefits of ship staff	466,468	512,146	514,870
% of annual revenue	10.74%	12.25%	11.93%

- ◆ Employee insurance: in order to ensure that ship and shore staff are properly protected, the Company has assisted in insuring 24-hour accident insurance to fully protect the labor rights and interests of all employees.
- ◆ Health check and medical services: the Company has signed with Medsea Asia Limited (Medsea) to provide 24-hour online "Maritime Medical Advisory Services" for ship staff.





### (III) Parental Leave

Sincere Navigation fully follows the labor-related laws and regulations regarding application and reinstatement of parental leave. However, there was no application and reinstatement of parental leave in 2020 and 2021.

### (IV) Retirement System

The employees who meet the statutory requirements for voluntary retirement or compulsory retirement can apply for retirement at any time. The payment standards of pension follow the relevant provisions of Taiwan's Labor Standards Act and Labor Pension Act. The Company has established the Labor Pension Reserve Supervision Committee in full accordance with the provisions of the Labor Standards Act to manage the appropriation and payment of pension reserve or reserve pension for the employees every month in accordance with the Labor Pension Act.

- Pension system of the Labor Standards Act :**  
the Company allocates the pension reserve in full every month according to the total salary of the employees, and deposits it in the Pension Fund Account in the Bank of Taiwan.
- Labor Pension Act :**  
the Company contributes 6% of the employee's salary and deposits it in the individual pension account established by the Bureau of Labor Insurance. As for the employee who voluntarily contributes to the pension, the amount will be deducted from the employee's salary and deposited in the individual pension account established by the Bureau of Labor Insurance every month according to the voluntary contribution rate.

## IV. Careful and Comprehensive Talent Development

### (I) Structure of Sincere Navigation Team

Sincere Navigation's employee-oriented and merit-based strategies are reflected in its talent development system. The Company has focused on establishing a comprehensive talent development mechanism, and discusses and plans career development path with the employees in a prudent manner to enhance professional ability and accumulate work experience, discover, develop and continuously carve out the employees' own value, which allows the Company to invest resources into the growth of the employees, and the outcome of employee development feeds back to the Company's business performance, forming a positive feedback loop.

Based on the characteristics of the shipping industry, the team structure of Sincere Navigation is divided into ship and shore staff :

- Due to the special nature of the shipping industry, the ship staff are all male. In 2021, as a result of the continuous impact of COVID-19, the overall international labor market and economic environment were weak, and the Company adjusted the total number of fleets, so the number of ship staff decreased.

Gender Analysis Table of Ship Staff

Item	Year	2019		2020		2021	
		Male	Female	Male	Female	Male	Female
Term Contract		231	0	276	0	308	0
Indefinite Contract		0	0	0	0	0	0
Total		231	0	276	0	308	0

**Note :** The number of ship staff in 2021 decreased by 45 people compared with that in 2020. The main reason is the expiration of term contract, which is the common employment contract for ship staff due to the characteristics of the industry. The reduction of operational fleet in 2021 is also one of the reasons for the decrease in the number of ship staff.





Analysis Table of The Region / Country of Ship staff

Item	Year 2019		Year 2020		Year 2021	
	Taiwan	Other Region/ Country	Taiwan	Other Region/ Country	Taiwan	Other 地區 / 國家
Term Contract	23	208	29	247	20	288
Indefinite Contract	0	0	0	0	0	0
Total	23	208	29	247	20	288

Analysis of Shipboard Personnel Team Structure

Item	Year 2019		Year 2020		Year 2021	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Male	231	0	276	0	308	0
Female	0	0	0	0	0	0
Total	231	0	276	0	308	0

(2) For shore staff, there are more female than male, and because the head office benefited from Taiwan's relatively stable economy and pandemic situation in 2021, the number of employees was also relatively stable.

Sincere Navigation respects its employees, and has built a reasonable remuneration system, a sound employee care mechanism and a prudent and comprehensive talent development mechanism. Therefore, although a very small number of employees left the team in 2021 because of their own career planning, Sincere Navigation continues to attract new talent to join the team, moving forward with shared ideas.

Analysis Table of the Gender of Shore Staff

Item	Year 2019		Year 2020		Year 2021	
	Male	Female	Male	Female	Male	Female
Term Contract	0	0	0	0	0	0
Indefinite Contract	13	15	11	17	10	16
Total	13	15	11	17	10	16

Note: The total number of employees during the reporting period has not changed significantly.

Analysis Table of The Region / Country of Shore Staff

Item	Year 2019		Year 2020		Year 2021	
	Taiwan	Other Region/ Country	Taiwan	Other Region/ Country	Taiwan	Other Region/ Country
Term Contract	0	0	0	0	0	0
Indefinite Contract	27	1	28	0	26	0
Total	27	1	28	0	26	0

Note: The total number of employees during the reporting period has not changed significantly.

Analysis Table of Full-Time / Part-Time Shore Staff

Item	Year 2019		Year 2020		Year 2021	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Male	12	0	11	0	11	0
Female	16	0	17	0	15	0
Total	28	0	28	0	26	0

Note: The total number of employees during the reporting period has not changed significantly.





Age Structure of All Employees in 2021

Age	Number of People
Under 29 years old (inclusive)	5
30 (inclusive) to 39 years old (inclusive)	6
40 (inclusive) to 49 years old (inclusive)	4
50 years old (inclusive) and above	13
Total number of female employees	16
Total number of male employees	12

Age Structure of New and Resigned Employees in 2021

Item	Age	Number of People	Ratio
Male	Under 29 years old (inclusive)	1	20%
	30 (inclusive) to 39 years old (inclusive)	0	0
	40 (inclusive) to 49 years old (inclusive)	1	25%
	50 years old (inclusive) and above	1	8%
	Subtotal	3	25%
Female	Under 29 years old (inclusive)	0	0
	30 (inclusive) to 39 years old (inclusive)	0	0
	40 (inclusive) to 49 years old (inclusive)	0	0
	50 years old (inclusive) and above	0	0
	Subtotal	0	0
Total of new hires		3	11%

Age Structure of New and Resigned Employees in 2021

Item	Age	Number of People	Ratio
Male	Under 29 years old (inclusive)	0	0
	30 (inclusive) to 39 years old (inclusive)	0	0
	40 (inclusive) to 49 years old (inclusive)	1	25%
	50 years old (inclusive) and above	1	8%
	Subtotal	2	17%
Female	Under 29 years old (inclusive)	0	0
	30 (inclusive) to 39 years old (inclusive)	0	0
	40 (inclusive) to 49 years old (inclusive)	0	0
	50 years old (inclusive) and above	0	0
	Subtotal	0	0
Total turnover rate		2	7%

Note 1 : This table only discloses the shore staff in the Sincere Navigation office.

Note 2 : The number of employees on December 31, 2021, the end of the reporting period.

Note 3 : Due to the characteristics of the seafarer industry, which is term contract-based, the number of ship staff was counted only on December 31, 2021.

Note 4 : For the subtotal, the number of employees in each category is used as the denominator. For example, the denominator of the male turnover rate is the total number of male employees, and the denominator of new hires under the age of 29 is the number of employees under the age of 29.

Note 5 : For the total, the number of total employees is the denominator.

Note 6 : The total number of employees during the reporting period has not changed significantly.

Sincere Navigation hires employees on their merits regardless of their race, class, language, religion, politics, nationality, gender, age or marital status, and there are no differential or discriminatory measures in employment or treatment in this regard. In terms of diversity distribution of employees, in 2021, the ship staff were mainly male due to the characteristics of the shipping industry. As for the gender ratio of shore staff, the male to female ratio was about 3:2 in the supervisor category, and 1:2 in the non-supervisor category. Regarding academic qualification, the majority of the employees (20 people) have a college degree (including universities, junior colleges and technical colleges), followed by a master's degree (8 people). Finally, as for the age distribution, employees under age 50 accounted for 54%, indicating that the main workforce of Sincere Navigation was young adults.





Employee Diversity Distribution Table

Employee Category		Supervisor		Non-supervisor		Total	Ratio
		Male	Female	Male	Female		
Age	Under 30 years old (excluding 30)	0	0	2	3	5	17.86%
	30 to 50 years old (exclusive)	1	2	3	4	10	35.71%
	Above 50 years old	5	2	1	5	13	46.43%
Total		6	4	6	12	28	
Education	High school, vocational high school and under (inclusive)	0	0	0	0	0	0.00%
	College (including universities, junior colleges and technical colleges)	2	4	3	11	20	71.43%
	Master	4	0	3	1	8	28.57%
	PhD	0	0	0	0	0	0
Total		6	4	6	12	28	0.00%
Other	Physically and mentally challenged	0	0	0	0	0	
	Aborigine	0	0	0	0	0	
	Foreign nationality	1	0	0	0	1	
	Total	0	0	0	0	0	

Note 1 : This table only discloses the shore staff in the Sincere Navigation operations.

Note 2 : The number of employees on December 31, 2021, the end of the reporting period.

Note 3 : The total number of employees during the reporting period has not changed significantly.

## (II) Prudent and Comprehensive Talent Development Mechanism

Sincere Navigation plans the career development of its employees with a prudent attitude, and applies its comprehensive development mechanism to provide different training content for ship and shore staff while systematically accumulating work experience through regular or professional on-the-job training and continuing to improve professional ability. This not only is helpful to the work, but also can be fed back to the Company's performance. Therefore, Sincere Navigation actively promotes subsidy measures to encourage the employees to take training courses relevant to their job content.

The training of ship staff is based on the characteristics of shipping. Sincere Navigation plans different levels of training according to job position, profession and working experience, and encourages ship staff and ship management to participate in the training. Because the COVID-19 pandemic slowed down in 2021, in-person, online and external training courses were provided alternately. The course title, course attendance and hours of the training courses that have been implemented are shown in the following table.

Course Title	Course Type	Object	Course Attendance	Course Hours
BIMCO remote training course	Online course	Employees designated by the Company	1	10
3 in 1 training certificate renewal course	External training	Employees designated by the Company	9	164
Life raft and rescue boat operation training courses	In-person course	Employees designated by the Company	2	8
Basic safety training course	In-person course	Employees designated by the Company	2	16
Advanced fire fighting training course	In-person course	Employees designated by the Company	2	8
Diploma in Ship Superintendency course	Online course	Employees designated by the Company	1	2020/9/14~2021/9/13
NACE professional ethics refresher training	Online course	Employees designated by the Company	1	2
Network infrastructure course provided by the Institute for Information Industry	In-person course	Employees designated by the Company	1	64
Maritime Elite Lecture Hall 2021	In-person course	Employees designated by the Company	1	18

In 2021, the total cost of talent training was NT\$ 122,958, and 20 people underwent the training.





### (III) Performance Evaluation

Performance evaluation is not only the Company's evaluation of the work performance of its employees but also a platform and timing for mutual communication of positions or work content. Therefore, every employee of Sincere Navigation should be evaluated performance regularly. For shore staff, it is once a year; and for ship staff, it is once every six months. Items and weight for performance evaluation are set according to work content, as well as general and professional function, regardless of types (gender, supervisory position or non-supervisory position) or even contract type (term contract or indefinite contract, full-time or part-time)

The performance evaluation mechanism provides an opportunity for dialogue between employees and supervisors. The employees can know the content, reasons and results of the annual performance evaluation timely, and at the same time, make corresponding career plans according to the Company's future business strategies, goals and management measures, and the supervisors can better understand the employees' thoughts, ideas, obstacles and needs so as to provide resources and comments in a timely and reasonable manner.

Of course, the results of the performance evaluation are still linked to promotion, salary adjustment and bonus distribution in Sincere Navigation. Therefore, Sincere Navigation is committed to a fair, reasonable and effective performance evaluation mechanism for departments and company operating performance and makes rolling adjustment to achieve the goals of departments and company operating performance.

In 2021, the status of Sincere Navigation performance evaluation is shown in the following table.

Year	2021		2020		2019	
	Male	Female	Male	Female	Male	Female
Number of people performance evaluated	11	16	10	17	10	15
Total number of employees	12	16	11	17	11	15
Ratio	91.67%	100%	90.91%	100%	90.91%	100%

Year	2021		2020		2019	
	Supervisory position	Non-supervisory position	Supervisory position	Non-supervisory position	Supervisory position	Non-supervisory position
Number of people performance evaluated	9	18	7	20	7	18
Total number of employees	10	18	8	20	8	18
Ratio	90%	100%	97.5%	100%	87.5%	100%

Year	2021		2020		2019	
	Indefinite Contract	Term Contract	Indefinite Contract	Term Contract	Indefinite Contract	Term Contract
Number of people performance evaluated	27	0	27	0	25	0
Total number of employees	28	0	28	0	26	0
Ratio	96.43%	0	96.43%	0	96.15%	0

Year	2021		2020		2019	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Number of people performance evaluated	27	0	27	0	25	0
Total number of employees	28	0	28	0	26	0
Ratio	96.43%	0	96.43%	0	96.15%	0







### V. Healthy and Safe Work Environment

Sincere Navigation has established various management measures on occupational safety and labor health for the employees in order to provide comprehensive protection and care for the employees.

#### (I) Occupational Safety Measures for Ship Staff

Sincere Navigation has set up the Ship Safety Management Department to establish a ship safety management system, formulate and amend ship safety management rules, carry out risk assessment activities and regularly perform inspections on each ship in accordance with the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code and Maritime Labour Convention (MLC) 2006, and compiled inspection results and correction and prevention at the end of each year for annual review and analysis.

In addition, Sincere Navigation requires supervisors and ship staff on all ships to implement the use of personal protection equipment and other relevant occupational safety management measures in accordance with the Company's internal regulations to prevent or reduce the possibility of occupational safety accidents. Sincere Navigation also carries out drill, training and awareness propaganda on a regular basis to improve the emergency response ability of ship staff so that when facing emergencies, they can maintain organizational communication and good teamwork and take appropriate emergency response measures to respond immediately and effectively in order to reduce ship losses and avoid injuries.

For example, each ship will plan marine accident drill and training for the next year at the end of each year, and execute the drill and training according to the planned content and schedule.

Meanwhile, Sincere Navigation has signed a contract with Medsea Asia Limited (Medsea) to provide ship staff with 24-hour online Maritime Medical Advisory Services.

#### (II) Occupational Safety Measures for Shore Staff

At the Sincere Navigation office, the Administration Department is responsible for the laws and regulations related to occupational safety. It formulates regulations, procedures and plans, and prepares sufficient emergency medicines and equipment to ensure the occupational safety of the employees, raises safety awareness and reduces occupational hazards. In addition, for the health of the shore staff, regular health checks are also planned for disease prevention or early diagnosis and treatment.

Sincere Navigation has also formulated the Employee Grievance Handling Measures and established a grievance channel. The Audit Department is responsible for accepting a complaint and handling subsequent matters. The scope includes occupational safety risks that might jeopardize employees' body and mind or mental or physical injuries due to improper treatment by supervisors or colleagues who take advantage of their positions or titles in the course of performing duties, or even the risks of death.



### (III) Occupational Safety Performance Results

Sincere Navigation is very concerned about the occupational injuries of its employees. Thanks to the joint efforts of the Company and its employees, there was neither occupational injury reported to the labor authority nor occupational death in 2021.

Number of Occupational Injuries and Occupational Illnesses in 2021		
Item	Occupational Injury	Occupational Illness
Case	0	0
Lost Days	0	0

Occupational Injury Rate in 2021		
Item	Male	Female
Gender	0	0
Occupational	0	0
Note	There are total 28 employees in Sincere Navigation. According to the scale of the Company, 200,000 working hours are adopted.	

Ratio of Lost Days in 2021		
Gender	Male	Female
Gender	0	0
Note	1. The number of lost days is calculated from the fourth day of an occupational injury to the day of recovery. 2. Lost days ratio (LDR, rounded down to an integer) = (lost days / total working hours) x 200,000	

### (IV) COVID-19 Response Measures

Sufficient masks, disinfection supplies and emergency medicines have been procured for the fleet and deployed on each ship. To ensure the safety and hygiene of the ships, the ship staff are required to wear masks and maintain good hygiene at all times to avoid the spread of the pandemic.

Meanwhile, all ship staff are asked to pay attention to their physical conditions. In case of any discomfort, they can seek assistance from their line managers at any time, and the ships are provided with the 24-hour online Maritime Medical Advisory Services and equipped with medicines to cope with the needs of ship staff immediately.

Disinfection supplies are arranged at the main entrances and exits of the office, and the physical condition of the employees is looked out. As for personnel control, the Company holds a strict attitude, especially towards reducing the number of visitors. If a visit is required, he/she is asked to make an appointment in advance, and entry/exit registration, temperature measurement and disinfection are applied to ensure the safety of the workplace and the health of the employees.

Moreover, after the office upgraded the information software and updated the [IT] environment, the Company has a complete information capacity for split operation and work from home (WFH) mechanism in response to the pandemic situation so that the Company can formulate a better strategy utilize manpower with more flexibility.





# Governance (G)

**Sincere Navigation Corporation**

**2021 Sustainability Report**



## I. Risk Management

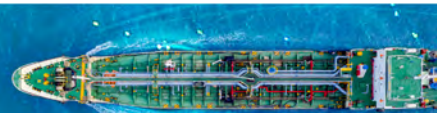
Being in charge of assessing the risks of the Company's overall operating environment from time to time, Sincere Navigation's Board of Directors formulates countermeasures to address the risks identified. In addition to general financial risks identified, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity, Sincere Navigation also proactively identifies special conditions that may be encountered during operations, determines potential risks and coping opportunities based on the impact degree internally assessed, and further devises contingency mechanisms to reduce damage caused by force majeure factors. The risks identified in 2021 and their countermeasures are shown in the table below :

Item No.	Risk Items	Potential Risks	Countermeasures
1	Market risk by industry category	The shipping industry is a highly capitalized and highly sensitive industry to market fluctuations, with a closed and concentrated market and volatile freight rates in the spot market, which are susceptible to political and economic factors that affect the market supply and demand balance.	The Company addresses this risk by closely monitoring and analyzing information about the dynamics and trends of the international shipping market, carefully selecting reputable charterers, and adopting strategies for spot, short-term, medium-term or long-term leases via flexible planning in order to obtain maximum profits and protect shipowners' rights and interests.
2	Baltic Dry Index (BDI)	The Baltic Dry Index is regarded as a general shipping market bellwether.	The Company adopt our own short-, medium- and long-term flexible business strategy, and adjust the ship's operating patterns in a timely manner by jointly judging the trend of the BDI and considering the current market situation.
3	Shipping tonnage supply and demand issue	The oversupply of vessels and the downturn in the shipping market have led to problems in the supply and demand of shipping tonnage	The Company addresses this risk by accelerating the phasing out of our old vessels.
4	Ship fuel risk	Fluctuations in crude oil prices have resulted in significant gains and losses from the impact of oil prices on vessel operations. The restrictions of switching to use of low-sulfur fuel required by international shipping regulations, as well as the overlarge price gap between low-sulfur fuel and high-sulfur fuel have resulted in increased operating costs.	The Company addresses the risks on the left by : Consulting with reputable oil suppliers to obtain the most favorable fuel price and supply the fuel required by the fleet; Retrofitting desulphurizers to the Company's vessels with large fuel consumption to cope with the supply and high price issues of low sulfur fuel.
5	Exchange rate risk	The Company operates multinational businesses with different functional currencies of the parent company and each subsidiary, which may result in exchange rate risk due to commercial transactions.	The Company addresses this risk by adopting a natural hedge against foreign currency fluctuations. It is through the Group's centralized funding arrangements that exchange rate information is immediately available and appropriate actions are taken to reduce risk.
6	Credit risk	(1) Trading customers' inability to settle accounts receivable or to fulfill contractual obligations ; and (2) Charterer's credit risk in a sale and leaseback transaction as a financing (For example, Bridge Poiema Limited, a newly established joint venture company (holding 55% of the shares) purchased a new oil tanker, LANDBRIDGE GLORY, on April 21, 2021, and at the same time signed a bareboat charter contract on the same new oil tanker then owned.)	The Company addresses the risks on the left by: (1) Establishing credit risk management, assessing the credit quality of customers, and accepting only financial institutions with good credit ratings as trading objects; (2) Grouping according to the types of shipping contract and customer, regularly tracking the reasons for outstanding and collecting overdue receivables; and (3) Requiring transactions for financing or investment purposes not general revenue streams to be not executed until having gone through a thorough system of internal control practices to ensure that such transactions have been properly and completely assessed and approved by the Board of Directors' resolutions.





Item No.	Risk Items	Potential Risks	Countermeasures
7	Covid-19 (Please see the chapter on the COVID-19 pandemic for details.)	<ol style="list-style-type: none"> <li>(1) COVID-19 poses a risk to the health and safety of sea and land-based staff and increases the risk of contamination through contact between shore and ship staff during loading and discharging operations.</li> <li>(2) The ship's schedule is extended due to the port congestion caused by quarantine or policy closures in various ports. Furthermore, it is not easy for seafarers to changing shifts; if the port refuses to replace the crew, the ship has to be deviated to other</li> </ol>	<p>The Company addresses the risks on the left by :</p> <ol style="list-style-type: none"> <li>(1) Formulating relevant COVID-19 pandemic prevention policies;</li> <li>(2) Regularly reviewing crew contracts, confirming with bunkering/discharging ports in advance whether crew changes are workable, and trying to conduct crew changes in ports where they are possible to minimize cost increases due to deviations to other ports;</li> <li>(3) Purchasing sufficient quantities and qualified medical and health supplies to distribute them to all ships for use, practicing access control for vessels and office as well as caring about the physical condition of our ship and shore staff, specially 24-hour medical services offered to our ship staff.</li> </ol>
8	Legal Compliance	The need to comply with environmental and energy conservation policies, emission standards and air pollution restrictions required by laws and regulations, or international requirements for maritime transportation increases the Company's operating costs.	The Company addresses this risk by acting in concert with international laws and regulations or trends to formulate relevant schemes in consideration of the Company's resources.
9	Potential litigation risks (critical incident cases )	Liability for non-performance of the contract due to failure of the vessel is indemnified (, such as the case that the vessel, Elbhoff, under the fleet of Pacifica, a subsidiary of the Company, having joined the Tankers International Shipping Pool, by which was appointed to undertake the transportation services of SeaRiver Maritime LLC, was terminated the contract of appointment by SeaRiver Maritime LLC due to a delay in the scheduled loading time caused by the emergency repairs arranged for Elbhoff's unexpected engine failure, thereby resulting in rental costs and related port delay costs of the subsidiary against the third party making the reappointment, totaling US\$7,066,097.)	The Company addresses this risk by regularly inspecting the condition of its vessels to prevent from affecting the transportation.
10	Vessel transfer risk (critical incident cases )	<p>Due to the limited operating flexibility of the national vessels in terms of political and economic practice against the convenient flag vessels, as well as the shortage of Taiwanese crew members, the transfer of the vessel's registration from the Republic of China to another country (such as nationality of Marshall Island) has caused the following risks :</p> <ol style="list-style-type: none"> <li>(1) The Vessel Carrier Permit will be expired (if there is still no the Company' s own vessels registered in the Republic of China during the extension period, the Maritime and Port Bureau, MOTC will revoke Sincere Navigation's franchise business license in accordance with the law).</li> <li>(2) Sincere Navigation is unable to operate as a vessel carrier, contracting other countries' shipping services and sub-chartering transactions.</li> <li>(3) The tax risk will be elevated due to the fact that Taiwanese crew members are serving on foreign vessels, but the foreign vessels are still belonged to the assets of Sincere Navigation located in Taiwan.</li> </ol>	Although the vessel transfer would increase the flexibility of seafarers to change their shifts, there are still many factors affecting the vessel transfer, which deserve serious considerations. Consequently, the Company addresses the risks on the left by carefully assessing and weighing against the pros and cons before the implementations, and includes them in the report to the Board of Directors, which is in line with the procedural legitimacy.





### II. Ethical Corporate Management

Sincere Navigation is a company that operates with ethical corporate management as one of its core philosophies. In order to implement the corporate culture, establish a work environment of honesty and integrity and provide the codes of ethical conduct for the Company's employees, Sincere Navigation reported its "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" at the 2018 Annual General Meeting and implemented them immediately.

Upholding the business philosophies of "credibility, decisiveness, diligence, discretion, and improvement" to actively implement the Company's policies, Sincere Navigation's Board of Directors and management level firstly require the gradual implementation of ethical corporate management measures internally, such as signing commercial contracts with major partners on the basis of honesty and integrity, and conducting education and training for crew members from time to time, of which the training content includes ethical corporate management and the like. Besides, a letter of commitment to social responsibility was formulated for supplier planning, and in 2021, suppliers having long-term cooperation with Sincere Navigation were invited to sign and complete it. Moreover, in 2021, the information on the concept and practice analysis of anti-bribery, anti-corruption, anti-fraud or ethical corporate management was irregularly publicized to the management level, and the implementation of ethical corporate management was regularly reported to the Board of Directors.

In addition to the establishment of relevant standards and regulations, and irregular education and training, there are also complete reporting methods as supporting measures for the effective implementation of the concept of ethical corporate management:

- ▶ Sincere Navigation has established its own "Measures for Reporting and Punishing Violations of Ethical Corporate Management and Codes of Conduct" for many years, encouraging all employees to report those unethical conducts found to the Audit Department. In addition to establishing a smooth complaint channel, the aforesaid measures also ensure that the reporters are not subject to improper handling as a result of their complaints.
- ▶ Regarding the complaints from ship staff, the line supervisor and the master will jointly handle them first procedurally; in the event of serious cases, the master will further report to the Company.
- ▶ Sincere Navigation's management level shall promote from time to time that employees can file complaints through multiple channels such as mails and telephone calls. Once receiving their complaints, the Company will take a positive attitude to deal with them.

### III. Regulatory Requirements and Compliance

Due to the nature of the shipping industry, the business scope of Sincere Navigation has been extended to various countries. In addition to the domestic legal regulations, the requirements of the International Maritime Organization (IMO) and the relevant regulations of the countries through which the routes pass are also one of the concerns of Sincere Navigation.

#### (I) Legal Compliance

Sincere Navigation also pays attention to the key issues discussed by the International Maritime Organization (IMO) in 2021, so as to comply with international trends, with specific actions taken as follows:

- (1) Addressing ship staff's challenges during the COVID-19 pandemic: The IMO Assembly, 32nd session held in December 2021 approved a series of policies to support ship staff during the COVID-19 pandemic, such as priority vaccinations for ship staff, crew shift changes the COVID-19 pandemic, and immediate access to medical services where possible. In this regard, Sincere Navigation also made every effort to provide resources for its ship staff and formulate the COVID-19 pandemic prevention policies.
- (2) Midterm-measures to reduce GHG (Greenhouse Gas) emissions from ships: Various proposals for mid-term measures to reduce GHG emissions, such as the legal framework of mid-term measures, a GHG levy and principles of carbon pricing, have been submitted and considered by an International Maritime Organization (IMO) working group in 2021. Apart from paying close attention to those issues, Sincere Navigation has also set short-, medium- and long-term targets to reduce carbon emissions as part of its operational strategy.
- (3) Adopted at the IMO Marine Environment Protection Committee (MEPC), 72nd session to be consistent with the Paris Agreement, the "Initial Strategy on Reduction of Greenhouse Gas (GHG) Emissions from Ships (Resolution MEPC.304(72))" is briefly described as follows:





- A. **Carbon intensity of the ship to decline through implementation of further phases of the energy efficiency design index (EEDI) for new ships;**
  - B. **Carbon intensity of international shipping to decline** to reduce CO<sub>2</sub> emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and
  - C. **GHG emissions from international shipping to peak and decline** to peak GHG emissions from international shipping as soon as possible and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008 whilst pursuing efforts towards phasing them out as called for in the Vision as a point on a pathway of CO<sub>2</sub> emissions reduction consistent with the Paris Agreement temperature goals.
- (4) As a continuation of the preceding point (3)B, to reduce CO<sub>2</sub> emissions per transport work, as an average across international shipping, by at least 40% by 2030, the two new measures regarding the "Energy Efficiency Existing Ship Index (EEXI)" and "Carbon Intensity Indicator (CII)" were adopted at the Marine Environment Protection Committee (MEPC 76), 10 to 17 June 2021 (remote session), expected to enter into force on November 1, 2022.
- A. The EEXI will require all vessels of the type applicable to the EEDI to implement those equivalent to the "EEDI Phase 2 or Phase 3 requirements (depending on the vessel types)," and the EEXI verification and renewal of the International Energy Efficiency Certificate (IEEC) will be required prior to the first IAPP statutory survey after January 1, 2023, regardless of the year of construction of the vessel.
    - ▶ Sincere Navigation has conducted an initial EEXI calculation and assessment of the existing fleet of vessels to see if the new requirements could be met based on the attained EEXI reported in the assessment.
    - ▶ The vessel's attained EEXI shall be equal to or less than the required EEXI. If the calculated attained EEXI fails to meet the required EEXI, Sincere Navigation should take counter-measures for the ship concerned, such as limiting shaft/engine power and adding energy saving devices.

- B. The Carbon Intensity Indicator (CII) is a measure of the actual energy efficiency of a vessel's operations. The annual rating of a vessel's CII is required in addition to the annual verification of the vessel's CII. A vessel with poor performance, although not directly punitive for the time being, is still required to develop a correction plan to be incorporated in the Ship Energy Efficiency Management Plan (SEEMP).

A SEEMP (to be updated on June 13, 2022 based on the outcomes of MEPC 78) shall include the required annual operational Carbon Intensity Indicator (CII) for the next three years, document the required annual operational CII implementation plan, and a self-assessment and improvement procedure.

For each calendar year after the amendments come into effect, a vessel subject to the CII rating is required to conduct aggregation of the collected data, calculation of the CII and the CII rating for the calendar year, and reporting to the Administration or an RO within three months after the end of each calendar year. A Statement of Compliance (SoC) is issued by the Administration or an RO after completing the verification of the reporting data including the CII rating result, and is valid for the period from the current year to five months before the next calendar year.

In addition, prior to January 1, 2023, vessels of 5,000 gross tonnage and above, and of the type applicable to the EEDI are required to develop a SEEMP to include their own implementation plans for achieving the required CII, which should be confirmed by the Administration or an RO by issuing a Certificate of Conformity (CoC). The preceding vessels will be subject to calculating and reporting their annual CII values and a rating (A, B, C, D or E) will be given to each vessel, starting from January 1, 2024. For vessels that has E rating in any year or D ratings for 3 consecutive years, it is required to develop a corrective action plan and the plan should be confirmed by the Administration or an RO.

- ▶ The Company is currently using the services offered by StormGeo and AMERICAN BUREAU OF SHIPPING (ABS), a ship classification society, to calculate the current CII rating from the IMO Data Collection System (DCS) results in 2021. It is through the CII carbon reduction requirements that the Company can rate the vessels that may be down-rated in the following year. Through the daily fleet return information, relevant fuel consumption is collected, with which Sincere Navigation precisely controls the operation of the vessels during operation and makes the corresponding operational improvement plans in advance to achieve the desired CII rating values for vessels, thereby avoiding the risk of vessels' CII rating values being down-rated.



## Six. Governance (G)

## GOVERNANCE



- ▶ Amendments to MARPOL Annex II (MEPC.329(76)):  
The use and carriage of heavy oils as fuel by vessels shall be prohibited in Arctic waters, on or after July 1, 2024. Nevertheless, for ships to which regulation 12A of the MARPOL Annex I or the oil fuel tank design required by the Polar Code applies, the use and carriage of heavy oils as fuel by those vessels shall be prohibited in Arctic waters on or after 1 July 2029.

### (II) Effective Regulatory Implementation

Sincere Navigation was not punished for violating local social or environmental laws and regulations in 2021, which are described as follows:

- (1) Environmental protection domain  
Sincere navigation strictly abides by the latest international, regional, national and local laws and regulations, and formulates the "International Safety Management (ISM) Code Manual" in accordance with the relevant regulations of the International Maritime Organization (IMO), which expressly stipulates that the vessels of fleet owned by the Company are required to comply with the relevant regulations and procedures of international environmental protection, provide high-quality maritime navigation services in line with international conventions, and achieve the safe and environmental protection shipping mission. The vessels must comply with the International Safety Management (ISM) Code, the Maritime Labor Convention (MLC) and the International Ship and Port Facility Security (ISPS) Code, and be certified by the ship classification society. All vessels of fleet owned by the Company shall also have the IOPP (International Oil Pollution Prevention) Certificates, the International Air Pollution Prevention (IAPP) Certificates and the International Sewage Pollution Prevention (ISPP) Certificates issued by the ship classification society in accordance with the International Convention for the Prevention of Pollution from Ships (MARPOL), and comply with the relevant codes and standards of the International Maritime Organization (IMO). There were no penalties, fines, administrative appeals or administrative litigations occurred in 2021.

- (2) Social and Economic Domain  
In the social and economic domain, Sincere Navigation's staff departments (such as the Administration Department and the Finance Department) would pay attention to the dynamics of laws and regulations at any time, with the scope of concerns involving in labor laws and regulations, securities and stock affairs, financial accounting, privacy protection, corporate governance, privacy protection and like. With respects to the requirements of laws and regulations in various domains, Sincere Navigation's the Board of Directors and the management level would supervise the implementation thereof, all employees would also spontaneously act in concert with the implementation, and then the Audit Department would conduct internal verification and review of the submitted implementation results for their effectiveness. Thanks to the joint efforts of all Sincere Navigation's members, there were no penalties, fines, administrative appeals or administrative litigations occurred in 2021.

## IV. Information Security

In response to the needs of digital transformation, Sincere Navigation has gradually updated its information equipment and cloud development, while taking into account the increasingly important information security requirements. Therefore, it plans to optimize the Company's relevant information security networks, systems and software to cope with the potential risks of the information age.

In 2021, the International Maritime Organization (IMO) formulated the Guidelines on Maritime Cyber Risk Management on the basis of the International Safety Management (ISM) Code. The guidelines once again focus on cyber vulnerabilities and cyber risks, with particular attention to the shipping industry's potential exposure to certain vulnerable systems.

In response to information security requirements, Sincere Navigation relies on its original risk management framework and refers to the risk management elements mentioned in the aforementioned guidelines to identify the risks of critical systems that are in contact with the shipping industry and, if necessary, to implement risk control measures and contingency measures based on the risk assessment situation to maintain the safety of the shipping industry. Meanwhile, our land-based staff members are also requested to follow the Company's information security management policy to effectively reduce information security risks.





## Six. Governance (G)



### V. Vessel Safety

In order to maintain the safe vessel operation and to respond to the global energy saving and carbon reduction strategy, the Company has formulated its "International Safety Management (ISM) Code Manual" to specify that vessel management must comply with the relevant regulations and procedures of international environmental protection.

Since 2007, Sincere Navigation has been subject to the strict examination of the IMO under UN every year in accordance with the International Safety Management (ISM) Code and the International Ship and Port Security (ISPS) Code, and has obtained the "Document of Compliance (DOC), " and our fleet vessels have also obtained the "Safety Management Certificate (SMC)". All of the efforts made above ensure that that Sincere Navigation's vessels, pollution prevention and safety management mechanisms all meet international standards, from which the working environment of our crew is further protected.

In addition, some of the Company's vessels use StormGeo's meteorological navigation services, which not only provide the most favorable route for navigation, but also reduce the risk of navigational hazards by avoiding adverse weather conditions.





# GRI Content Index

Sustainability Disclosure Topics & Accounting Metrics

Sincere Navigation Corporation has reported the information cited in this GRI content index for the period of 2021 (January 1 to December 31, 2021) with reference to the GRI Standards.

**Sincere Navigation Corporation**

**2021 Sustainability Report**

# GRI Content Index

Sincere Navigation Corporation has reported the information cited in this GRI content index for the period of 2021 (January 1 to December 31, 2021) with reference to the GRI Standards.

The following indicators have all been externally assured, and the results of the assurance are detailed in the independent assurance opinion statement.

## GRI 1: Foundation 2021 [GRI 1 does not include any disclosures]

GRI 2: General Disclosures 2021			
GRI	Disclosure	Chapter or content overview	Page number
<b>Organizational profile and reporting practice</b>			
102-1	Name of the organization	Two. Company Overview Company Introduction and Scale	14
102-2	Activities, brands, products, and services	Two. Company Overview Company Introduction and Scale Two. Company Overview Milestones of Development of Major Businesses Please also refer to the 2021 Annual Report.	14 15
102-3	Location of headquarters	Two. Company Overview Company Introduction and Scale	14
102-4	Location of operations	Two. Company Overview Company Introduction and Scale	14
102-5	Ownership and legal form	Two. Company Overview Company Introduction and Scale	14
102-6	Markets served	Two. Company Overview Company Introduction and Scale	14
102-7	Scale of the organization	Two. Company Overview Company Introduction and Scale Please also refer to the 2021 Annual Report.	14
102-8	Information on employees and other workers	Five. Social (S) Prudent and Comprehensive Talent Development Mechanism (I) Structure of Sincere Navigation Team	35



# GRI Content Index

GRI 2: General Disclosures 2021			
GRI	Disclosure	Chapter or content overview	Page number
102-9	Supply chain	Two. Company Overview Supply Chain Partnerships Please also refer to the 2021 Annual Report.	17
102-10	Significant changes to the organization and its supply chain	Two. Company Overview Milestones of Development of Major Businesses Please also refer to the 2021 Annual Report.	15
102-11	Precautionary Principle or approach	Six. Governance (G) Risk Management	45
102-12	External initiatives	There was no such incident this year.	
102-13	Membership of associations	Two. Company Overview Association/Organizations	17
102-14	Statement from senior decision-maker	President's Statement on ESG	3
102-15	Key impacts, risks, and opportunities	Six. Governance (G) Risk Management	45
102-16	Values, principles, standards, and norms of behavior	Four. Environment (E) Other Environmental Protection Activities and Compliance with Environmental Laws Six. Governance (G) Ethical Corporate Management Six. Governance (G) Regulatory Requirements and Compliance	31 47 47
102-18	Governance structure	Two. Company Overview Governance Structure	18
102-31	Review of economic, environmental, and social topics	One. Sustainability Strategy	8
102-40	List of stakeholder groups	One. Sustainability Strategy Stakeholder Groups	12
102-41	Collective bargaining agreements	There was no such incident this year.	



# GRI Content Index

GRI 2: General Disclosures 2021			
GRI	Disclosure	Chapter or content overview	Page number
102-42	Identifying and selecting stakeholders	One. Sustainability Strategy Stakeholder Groups One. Sustainability Strategy Stakeholder Engagement	8 12
102-43	Approach to stakeholder engagement	One. Sustainability Strategy Stakeholder Engagement	12
102-44	Key topics and concerns raised	One. Sustainability Strategy Identification of Material Issues	9
102-45	Entities included in the consolidated financial statements	About the Report	1
102-46	Defining report content and topic Boundaries	About the Report	1
102-47	List of material topics	One. Sustainability Strategy Identification of Material Issues	9
102-48	Restatements of information	There was no such incident this year.	
102-49	Changes in reporting	There was no such incident this year.	
102-50	Reporting period	About the Report	1
102-51	Date of most recent report	About the Report	1
102-52	Reporting cycle	About the Report	1
102-53	Contact point for questions regarding the report	About the Report	1
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	1



# GRI Content Index

GRI 2: General Disclosures 2021			
GRI	Disclosure	Chapter or content overview	Page number
102-55	GRI content index	GRI Content Index	51
102-56	External assurance	There was no such incident this year.	

GRI 103: Material Topics			
GRI	Disclosure	Chapter or content overview	Page number
103-1	Explanation of the material topic and its Boundary	One. Sustainability Strategy Identification of Material Issues	7
103-2	The management approach and its components	Please refer to the management approach in each chapter.	27 、 35
103-3	Evaluation of the management approach	Please refer to the management approach in each chapter.	27 、 35

GRI 200: Economic Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed	Two. Company Overview Governance Structure	18



# GRI Content Index

GRI 201: Economic Performance			
GRI	Disclosure	Chapter or content overview	Page number
201-4	Financial assistance received from government	There was no such incident this year.	
GRI 205: Anti-corruption			
205-2	Communication and training about anti-corruption policies and procedures	Six. Governance (G) Ethical Corporate Management	47
205-3	Confirmed incidents of corruption and actions taken	There was no such incident this year.	

GRI 300: Environmental Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
GRI 302: Energy(2016)			
302-1	Energy consumption within the organization	Four. Environment (E) Energy Management	27
302-3	Energy intensity	Four. Environment (E) Energy Management	27
302-4	Reduction of energy consumption	Four. Environment (E) Low Carbon Strategies	30
302-5	Reductions in energy requirements of products and services	Four. Environment (E) Low Carbon Strategies	30



# GRI Content Index

GRI 201: Economic Performance			
GRI	Disclosure	Chapter or content overview	Page number
<b>GRI 305: Emissions(2016)</b>			
305-1	Direct (Scope 1) GHG emissions	Four. Environment (E) Greenhouse Gas Emissions	29
305-2	Energy indirect (Scope 2) GHG emissions	Four. Environment (E) Greenhouse Gas Emissions	29
305-4	GHG emissions intensity	Four. Environment (E) Greenhouse Gas Emissions	29
305-5	Reduction of GHG emissions	Four. Environment (E) Greenhouse Gas Emissions	29
305-6	Emissions of ozone-depleting substances (ODS)	There was no such incident this year.	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Statistical data are not yet available for this year.	
<b>GRI 306: Effluents and Waste (2020)</b>			
306-1	Water discharge by quality and destination	The effluents were directly discharged into local sewage treatment facilities.	
306-2	Waste by type and disposal method	Four. Environment (E) Other Environmental Protection Activities and Compliance with Environmental Laws	31
306-3	Significant spills	There was no such incident this year.	
306-4	Transport of hazardous waste	Four. Environment (E) Other Environmental Protection Activities and Compliance with Environmental Laws	31
306-5	Water bodies affected by water discharges and/or runoff	The effluents were directly discharged into local sewage treatment facilities without causing any impact on the local waters.	31
<b>GRI 307: Environmental compliance(2016)</b>			
307-1	Non-compliance with environmental laws and regulations	Four. Environment (E) Other Environmental Protection Activities and Compliance with Environmental Laws Six. Governance (G) Regulatory Requirements and Compliance	31 47





# GRI Content Index

GRI 300: Environmental Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
<b>GRI 308: Supplier Environmental Assessment(2016)</b>			
308-1	New suppliers that were screened using environmental criteria	Two. Company Overview Supply Chain Partnerships Please also refer to the 2021 Annual Report.	17
308-2	Negative environmental impacts in the supply chain and actions taken	There was no such incident this year.	

GRI 400: Social Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
<b>GRI 401: Employment(2016)</b>			
401-1	New employee hires and employee turnover	Five. Social (S) Prudent and Comprehensive Talent Development Mechanism (I) Structure of Sincere Navigation Team	41
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Five. Social (S) Comprehensive Employee Care and Benefit	37
401-3	Parental leave	Five. Social (S) Comprehensive Employee Care and Benefit (III) Parental Leave	38
<b>GRI 403: Occupational Health and Safety(2018)</b>			
403-1	Occupational health and safety management system	Five. Social (S) Healthy and Safe Workplace	43
403-2	Hazard identification, risk assessment, and incident investigation	Five. Social (S) Healthy and Safe Workplace	43
403-3	Occupational health services	Five. Social (S) Healthy and Safe Workplace	43
403-4	Worker participation, consultation, and communication on occupational health and safety	Five. Social (S) Comprehensive Employee Care and Benefit (I) Diverse and Unobstructed Communication Channels Five. Social (S) Healthy and Safe Workplace	37 43



# GRI Content Index

GRI 400: Social Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
403-5	Worker training on occupational health and safety	Five. Social (S) Prudent and Comprehensive Talent Development Mechanism	41
		(II) Prudent and Comprehensive Talent Development Mechanism	43
		Five. Social (S) Healthy and Safe Workplace Six. Governance (G) Vessel Safety	50
403-6	Promotion of worker health	Five. Social (S) Healthy and Safe Workplace	43
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Five. Social (S) Healthy and Safe Workplace	43
		Six. Governance (G) Vessel Safety	50
403-9	Work-related injuries	Five. Social (S) Healthy and Safe Workplace	50
403-10	Work-related ill health	Five. Social (S) Healthy and Safe Workplace	50
<b>GRI 404: Training and education(2016)</b>			
404-1	Average hours of training per year per employee	Five. Social (S) Careful and Comprehensive Talent Development (II) Prudent and Comprehensive Talent Development Mechanism	41
404-2	Programs for upgrading employee skills and transition assistance programs	Five. Social (S) Careful and Comprehensive Talent Development (II) Prudent and Comprehensive Talent Development Mechanism	42
404-3	Percentage of employees receiving regular performance and career development reviews	Five. Social (S) Careful and Comprehensive Talent Development (III) Performance Evaluation	42
<b>GRI 406: Non-discrimination(2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	There was no such incident this year.	



# GRI Content Index

GRI 400: Social Disclosures			
GRI	Disclosure	Chapter or content overview	Page number
<b>GRI 414: Supplier social assessment(2016)</b>			
414-1	New suppliers that were screened using social criteria	Two. Company Overview Supply Chain Partnerships Please also refer to the 2021 Annual Report.	17
414-2	Negative social impacts in the supply chain and actions taken	There was no such incident this year.	
<b>GRI 419: Socioeconomic compliance(2016)</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	ix. Governance (G) Regulatory Requirements and Compliance	47



# Sustainability Disclosure Topics & Accounting Metrics

Greenhouse Gas Emissions			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-110a.1	<ul style="list-style-type: none"> <li>● Gross global Scope 1 emissions</li> <li>● Total emissions from perfluorinated compounds</li> </ul>	Four. Environment (E) Greenhouse Gas Emissions	29
TR-MT-110a.2	<ul style="list-style-type: none"> <li>● Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions,</li> <li>● Emissions reduction targets, and an analysis of performance against those targets.</li> <li>● Discuss the actions and investments required to realize the plan and/or goal, and any risks and constraints that may affect the realization of the plan and/or goal.</li> </ul>	Three. Climate Change Four. Environment (E) Greenhouse Gas Emissions	21 29
TR-MT-110a.3	<ul style="list-style-type: none"> <li>● Total energy consumed (Unit: GJ)</li> <li>● Percentage heavy fuel oil</li> <li>● Percentage renewable</li> </ul>	Four. Environment (E) Energy Management	27
TR-MT-110a.4	<ul style="list-style-type: none"> <li>● Energy Efficiency Design Index (EEDI) for new ships</li> </ul>	There was no such incident this year.	

Air quality			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-120a.1	Air emissions of the following pollutants: <ul style="list-style-type: none"> <li>● NOx (excluding N2O)</li> <li>● SOx,</li> <li>● Particulate matter (PM10)</li> </ul>	Statistical data are not yet available for this year.	



# Sustainability Disclosure Topics & Accounting Metrics

Ecological Impact			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-160a.1	<ul style="list-style-type: none"> <li>Shipping duration in marine protected areas or areas of protected conservation status</li> </ul>	Four. Environment (E) Greenhouse Gas Emissions	
TR-MT-160a.2	<ul style="list-style-type: none"> <li>Percentage of fleet implementing ballast water                             <ul style="list-style-type: none"> <li>➢ exchange</li> <li>➢ treatment</li> </ul> </li> </ul>	Statistical data are not yet available for this year.	
TR-MT-160a.3	<ul style="list-style-type: none"> <li>(1) Number and (2) aggregate volume of spills and releases to the environment</li> </ul>	There was no such incident this year.	

Employee Health & Safety			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-320a.1	<ul style="list-style-type: none"> <li>Lost time incident rate (LTIR): the average number of incidents leading to an employee being unable to work</li> </ul>	There was no such incident this year.	

Business Ethics			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-510a.1	<ul style="list-style-type: none"> <li>Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index</li> <li>South Sudan, Somalia, Syria, Yemen, etc. (Reference: Wikipedia- Corruption Perceptions Index).</li> </ul>	There was no such incident this year.	
TR-MT-510a.2	<ul style="list-style-type: none"> <li>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</li> </ul>	There was no such incident this year.	



# Sustainability Disclosure Topics & Accounting Metrics

Accident & Safety Management			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-540a.1	<ul style="list-style-type: none"> <li>Number of port state control (1) deficiencies and (2) detentions</li> </ul>	There was no such incident this year.	
TR-MT-540a.2	<ul style="list-style-type: none"> <li>Number of marine casualties, percentage classified as very serious</li> <li>Explain the root causes, results, and improvement measures of the marine casualties and the very serious marine casualties.</li> </ul>	There was no such incident this year.	
TR-MT-540a.3	<ul style="list-style-type: none"> <li>Number of Conditions of Class or Recommendations</li> </ul>	There was no such incident this year.	

Activity Metrics			
SASB code	SASB Accounting Metric	2021 Disclosures	Page number
TR-MT-000.A	Number of shipboard personnel	Five. Social (S) Prudent and Comprehensive Talent Development Mechanism (I) Structure of Sincere Navigation Team	38
TR-MT-000.B	Total distance travelled by vessels	Please refer to Four. Environment (E) Energy Management	27
TR-MT-000.C	Operating days	Statistical data are not yet available for this year.	
TR-MT-000.D	Deadweight tonnage	Please refer to the 2021 Annual Report.	
TR-MT-000.E	Number of vessels in fleet	Two. Company Overview Fleet Scale	16
TR-MT-000.F	Number of vessel port calls	For all the vessels owned by Sincere Navigation, there are a total of 136 ports of call.	
TR-MT-000.G	Twenty-foot equivalent unit (TEU) capacity	Not applicable.	

