

# Corporate Social Responsibility

## Policy/DMA/Plans of WAN HAI LINES LTD.

Policy	(Disclosure of Management Approach, DMA)	Short-Term Concrete Plans
<p><b>Realization of Corporate Governance</b></p>	<p>We pay attention to the rights of the shareholders and have established the Remuneration Committee to complete the corporate governance and the salary remuneration system of the directors, the Audit Committee, and the managers. We believe a complete and efficient board of directors is the basis of fine corporate governance. The board of directors is composed of directors and the Audit Committee. There are independent directors among the board members to make sure the transparency of governance. Moreover, the Audit Office helps the board of directors and the managers to review the deficiency of the internal control system and evaluate the operation performance. We also established internal audit organization to timely provide suggestions for improvement and to continue implementing all kinds of DMAs. Surveys are performed on the issues that the stakeholders pay close attention to. The board of directors assists to hold CSR education training, which is held internally and externally regularly. The working attitude and the ethical practice are included as an indicator for the performance evaluation of all employees. We plan to establish designated (concurrent) organization for ethical management, exercise the ethical management principle and actively realize the ethical management value to show our emphasis and determination on corporate governance and corporate social responsibility. We also plan to formulate the reporting system and other related regulations, the former is for reporting illegal and unethical conducts (including corruption) of internal and external personnel. We will assess and consider the establishment of other functional committees depending on the actual need.</p> <p>In addition, our shareholders can inquire any kind of shareholder information on our website such as meeting handbooks, minutes of the shareholders' meeting, information</p>	<p><b>2017 :</b></p> <ol style="list-style-type: none"> <li>1. Establishment of the Audit Committee: We have completed the establishment of the Audit Committee.</li> <li>2. Adding the questionnaire list about issues of stakeholders concern: We have completed adding the questionnaire list about issues of stakeholders concern on our website, it could provide the stakeholders to convey their concern level on related issues.</li> <li>3. AEO: the “Authorized Economic Operator (AEO)” page has been set up on our website.</li> </ol> <p><b>2018 :</b></p> <ol style="list-style-type: none"> <li>1. We plan to establish designated (concurrent) organization for ethical management, exercise the ethical management principle and actively realize the ethical management value to show our emphasis and determination on corporate governance and corporate social responsibility.</li> </ol>

	<p>related to excising voting rights, and the voting statuses and results of voting by poll. Shareholders are encouraged to participate in the shareholders' meetings to help boost the effect of corporate governance. We follow the essence of corporate governance completely, undergoing the reformation and modification of several policies and measures to let shareholders exercise their rights thoroughly. Investor Relations page was set up on our website at the same time, serving as a communication channel for the shareholders effectively.</p> <p>3.3 Issues that the stakeholders pay close attention on</p> <p>We hope to give consideration to both the stakeholders' expectations and rights, thus we want to communicate with them through the publication of this report. When carrying out corporate social responsibility, we shall identify the major issues that might concern or influence the stakeholders, finding out the stakeholders' needs and expectation for us. When pursue sustainable operation and profits, we also put emphasis on the factors of environment, society and corporate governance, including them into the DMA of corporate management and operation activities. We have established the Stakeholder Relations page and will add online survey to it to understand and collect the issues the stakeholders pay close attention on from several aspects.</p>	
<b>Policy</b>	<b>(Disclosure of Management Approach, DMA)</b>	<b>Short-Term Concrete Plans</b>
	<p>4.1 Environmental Management</p> <p>Our scope of business covers offices, exclusive terminals and fleets. With the business philosophies of "Customer First, All Staff Involvement, Environmental Protection and Sustainable Operation", our general management puts emphasis on energy conservation and pollution prevention. We also set goal to reduce the energy consumption and the impact on the environment. For the protection and safety of the environment, we follow the environment laws and regulations, and the policies and principles of ISO14001 (Safety and Environmental Protection Policy), OHSAS18001 (Occupational Safety &amp; Health Policy and Certification), MARPOL (International Convention for the Prevention of Pollution From Ships), ISM (International Safety Management) and AEO</p>	<p><b>2017 &amp; 2018 :</b></p> <p>We have completed but continue to collect and assess information disclosure. Our environmental total cost and investment amount are illustrated by category. We also follow ISO14001 (Safety and Environmental Protection Policy and Certification), OHSAS18001 (Occupational Safety &amp; Health Policy and Certification), MARPOL (International Convention for the Prevention of Pollution From Ships), AEO</p>

<p><b>Developing Sustainable Environment</b></p>	<p>(Authorized Economic Operator). Following the features of maritime industry, we established the proper environmental management system. Besides collecting and assessing the information of our influence on the environment, we also establish measurable environment goals, set up concrete operational strategies, and regularly review the outcomes for continuous improvement.</p>	<p>(Authorized Economic Operator), and related environmental conventions and regulations, asking all crew members and employees to follow them too.</p>
	<p>4.2 Climate Change and Energy Management</p> <p>Global climate change is an important issue that we continue paying close attention to. People have become aware of the impact it brought gradually and it is getting more severe and more severe. The occurrence such as rising sea levels, rising temperatures and extreme climate will all influence the development of the marine industry, thus effective control for the emission of greenhouse gases has become the priority of every ocean carrier. We closely keep an eye on the tendency of global climate change and related international convention contents. With the business philosophy of environmental protection, we formulated strategy for energy conservation and carbon reduction and reducing greenhouse gases, endeavoring to decrease the emission of carbon dioxides (CO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and sulfur oxides (SO<sub>x</sub>). We hope that we can become the company that is eco-friendly and saves energy when managing vessels.</p>	<p><b>2017 :</b></p> <ol style="list-style-type: none"> <li>1. Installing LED light tubes on high masts in the operational area in Taichung Terminal: Since the use of high wattage LED light devices on high masts container yard is not common, we decided to delay the operation.</li> <li>2. Substituting LED light bulbs for traditional light bulbs of all fleets: We have started the substitution in 2017 and continue to arrange the substitution operation.</li> </ol> <p><b>2018 :</b></p> <ol style="list-style-type: none"> <li>1. Installing LED light tubes on high masts in the operational area in Taichung Terminal: We plan to perform the assessment again and arrange testing the use of LED light devices. If the outcome is good, we will gradually execute the substitution.</li> <li>2. We continue to substitute LED light bulbs for traditional light bulbs of all fleets.</li> </ol>

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<p><b>Developing Sustainable Environment</b></p>	<p>4.3 Pollution Control</p> <p>4.3.1 Ships</p> <p>Following the International Convention for the Prevention of Pollution From Ships (MARPOL 73 / 78), we have established complete fleet trash, wastewater and oil management plan to avoid polluting the sea and air, doing our best to reduce the unfavorable impacts on the environment.</p> <p>4.3.2 Terminals</p> <p>We continue to improve our sewage treatment plants in Kaohsiung and Taichung exclusive terminals. The wastewater of the terminals is processed by normally functioned sewage treatment plants and released into the sea after treatment, which will not affect the water body and related habitat.</p> <p>4.3.3 Offices</p> <p>Offices in Taiwan follow the garbage recycle principle to process the garbage as trash and recycling. Recycling area is set up on each floor of the office. We recycled 13.5 tons of paper (including expired documents) in 2017 due to the realization of electronic and paperless operation. Other office wastes are recycled and processed by the subcontractor employed by the residents' committee of the building.</p> <p>4.4 Green Project and Management</p> <p>Recently, the continual disasters and resources overuse resulted from global climate change have become the important and concerning issue for business sustainable operation. We promise to use our core value as the foundation and endeavor to reduce our operational environmental footprints. Besides letting our customers enjoy the low-carbon shipping service, we also reach the goal of energy conservation and carbon reduction with our supply chain together, realizing the promise to march toward green</p>	<p><b>2017 :</b></p> <ol style="list-style-type: none"> <li>1. We have completed the sewage treatment plant in Taichung exclusive terminal.</li> <li>2. Following the due date on the ship certificate, we have installed the new ballast water management system on our ships, WH-316/515/516/517, by the end of 2017.</li> <li>3. Our ships have used low sulfur oil when docking Shenzhen Port and Jing-Jin-Ji Bohai Sea Rim Region.</li> <li>4. We have gradually arranged the fleets to use high performance external plate paint.</li> </ol> <p><b>2018 :</b></p> <ol style="list-style-type: none"> <li>1. We following the due date on the ship certificate to continue installing the new ballast water management system on our ships.</li> <li>2. Implementing the “Ships Entry/Exit Taiwanese Port Deceleration Plan” in cooperation with the Maritime and Port Bureau, MOTC.</li> <li>3. We continue arranging the fleets to use the high performance external plate paint.</li> </ol>

	enterprise.	
<b>Maintenance of Social Welfare</b>	<p>6.1 Community Development</p> <p>In the hope of promoting welfare and charity sustainably, we founded WAN HAI Charity (hereinafter referred to as Charity) on August 8, 2003. Integrating this independent organization with the resources of the mother company, we promote all kinds of social welfare service plans. In coordination with the regulations of CSR and other international conventions, we make use of the features of maritime industry and individual branches more actively to respond to the activities of helping the poor and seashore environmental protection of each area. We further list environmental resources protection and helping the poor and the sick into the operation goals that we want to promote. In addition to the Charity sparing no effort on local responsibility, we expanded our welfare involvement in 2017. We participated in the caring of underprivileged groups in the less developed areas through our oversea branches. The total cost of welfare and charity donation is NTD 67,531 thousand in 2017. We have an expansion on the width and depth of our service range.</p>	<p><b>2017 :</b></p> <p>1. We have held 6 charity activities in cooperation with other groups.</p> <p><b>2018 :</b> We plan to arrange the following activities and projects.</p> <p>1. WAN HAI Scholarship Programs</p> <p>2. Financing the medical and health education camps held by colleges in remote areas</p> <p>3. “Hot Air Balloon Lift Off” graduation trips subsidy in remote primary schools and donation to underprivileged families</p> <p>4. Emergency assistance</p> <p>5. “Let Love Shine” project</p>
<b>Policy</b>	<b>(Disclosure of Management Approach, DMA)</b>	<b>Short-Term Concrete Plans</b>
	<p>5. Concern for Employees</p> <p>Human talent represents the most precious asset of the Company. We therefore provide highly competitive salaries and a comprehensive benefit system. A working environment characterized by safety and equality is created based on the principles of concern for employees and employee care. We fully comply with norms set forth in relevant labor laws and regulations to safeguard the labor rights and interests of our employees.</p> <p>5.2 Employee Benefits</p>	

<p><b>Concern and Education for the Employees</b></p>	<p>Salary standards are determined based on employee educational and professional backgrounds, professional expertise and skills, work experience, and personal performance. Standard starting salaries are higher than the statutory minimum wages in all operation areas. Differences in gender, race, religion, political affiliation, marital status, and trade union or group membership have no effect on base salaries. In addition, the Company has formed an Employee Welfare Committee comprised of appointed or elected members from all Company departments. Committee members exercise their powers in routine meetings convened on a regular basis. The committee adopts resolutions on employee welfare policies, plans and organizes various employee activities, and promotes welfare services in accordance with relevant resolutions. The Company provides labor and health insurance, maternity and parental leaves, a pension fund system, and group insurance for employees in accordance with relevant laws to allow them to perform their duties in a worry-free manner. Employees have the option to include their family members in these benefits at their own cost to provide coverage for the whole family. In addition, the various manpower resources and welfare system of the Company based on the aforementioned concepts enable employees to achieve outstanding performance in accordance with their individual talents and a balance between work and life.</p> <p>5.3 Friendly Workplace</p> <p>The Company has adopted adequate management procedures and safeguards the legal rights and interests of employees in the fields of gender equality, right to work, and banning of discrimination in accordance with relevant labor rights and regulations to guarantee social welfare. Relevant procedures are adopted and revised in a timely manner in accordance with laws and policies promulgated by the government. The Company places high emphasis on human rights and prohibition of child labor, forced labor, and employment discrimination and ensures that manpower utilization policies are free of discrimination based on gender, race, religion, sexual orientation, socio-economic class, age, marital, or family status. The goal is to realize quality and</p>	
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	<p>fairness in the field of employment and hiring conditions. The Company is also firmly committed to creating a safe and equal work environment and diverse communication and grievance channels to safeguard the basic rights and interests of employees based on a concern for disadvantaged groups.</p>	
<b>Policy</b>	<b>(Disclosure of Management Approach, DMA)</b>	<b>Short-Term Concrete Plans</b>
<b>Concern and Education for the Employees</b>	<p>5.4 Employee Care and Health Checks</p> <p>The Company has established an Occupational Health and Safety Committee in accordance with relevant laws. A supervisor who directly reports to the employer serves as the committee chairman. Other members include the employer representative, contractors, OHS personnel, medical personnel, and labor representatives (roughly 30 % seats). Meetings are convened on a regular basis or in accordance with actual needs to conduct discussions on OHS related issues (e.g., health and safety management plans, operating environment testing, regular inspections, health and safety training, contractor health and safety management, accident surveys and analysis, and employee health care and health promotion activities). Effective implementation measures and improvement strategies are formulated and tracking of actual conditions is implemented.</p> <p>Moreover, we value the health of our employees, thus we arrange health check-ups for employees regularly every year and conduct operational environment monitoring biannually.</p>	<p><b>2017 :</b></p> <p>1. We have integrated the health check-up in Taipei, Taichung and Kaohsiung.</p> <p><b>2018 :</b></p> <p>1. We plan to hold healthcare promotion activities and forums.</p>
	<p>5.5 Employee Training and Development</p> <p>5.5.1 Land duty</p> <p>We value the growth and development of our employees and have therefore adopted a progressive education and training system. Diversified courses are arranged every year to provide abundant learning resources for employees with the goal of unlocking their potential and encouraging them to absorb new knowledge, accumulate expertise and develop their specialized skills. Furthermore, we strive to pass down knowledge and</p>	<p><b>2017 :</b></p> <p>1. We have arranged corporate social responsibility and workplace human rights forums for the employees to sign up. The topics were “Gender Equality Strategy”, “Issue on the Newest Amendment of the Labor Act” and “Corporate Anti-Corruption Policy and Cases</p>

<p><b>Concern and Education for the Employees</b></p>	<p>experience within the Company to enable employees to continue their professional development and thereby boost team cohesion and competitiveness. We also place tremendous importance on human rights and workplace ethics. Besides organizing CSR and sustainable development related courses, we also provided employees with lectures on Labor Standards Act (one fixed day off and one flexible rest day), gender equality policy and human rights for them to obtain new knowledge. During orientation training for incoming employees, the Company gave them a clear understanding of the legal liability for misconduct.</p> <p>5.5.2 Sea duty</p> <p>The Company fulfills its CSR by supporting shipping related educational policies in Taiwan and through the establishment of industry-academia collaboration programs. We provide educational opportunities for disadvantaged students and cultivate sorely needed professional engineering talent in Taiwan through cooperation with maritime vocational schools in Taiwan. In addition, Wan Hai offers current students from National Taiwan Ocean University in Keelung and National Kaohsiung Marine University short-term internship opportunities onboard its ships. This gives students an opportunity to experience onboard duties first-hand. At the same time, we organize Wan Hai lectures on campuses to make an all-out effort to promote shipping industry development in Taiwan. In 2017, a total of 25 short-term onboard internships were provided for currently enrolled students.</p>	<p>Sharing”.</p> <p><b>2018 :</b></p> <ol style="list-style-type: none"> <li>1. We plan to arrange 2 corporate social responsibility and workplace human rights forums (Gender Mainstreaming and Promoting the Internal Communication Between the Employer and Employees of the Corporation) in June, 2018.</li> <li>2. We plan to hold 2 workplace sexual harassment prevention courses in February and March respectively.</li> </ol>
<p><b>Policy</b></p>	<p><b>(Disclosure of Management Approach, DMA)</b></p>	<p><b>Short-Term Concrete Plans</b></p>
	<p>5.6 Labor-Management Relations</p> <p>5.6.1 Land duty</p> <p>The Company has established multiple open communication channels for employees to give them an opportunity to make their voices heard and ensure that employee needs and suggestions can be properly articulated and satisfied. In addition, employees have the option to submit grievances and reports by phone or e-mail if they detect violations</p>	<p><b>2017 :</b> None</p> <p><b>2018 :</b></p> <ol style="list-style-type: none"> <li>1. We plan to convene Labor-Management meeting.</li> </ol>



<p><b>Concern and Education for the Employees</b></p>	<p>and illegal conduct by units. Upon receipt of grievances, investigations are initiated in accordance with relevant management guidelines, regulations, and procedures. If violations are verified, appropriate disciplinary measures are adopted based on the seriousness of the offense. In 2017, work rules were formulated pursuant to relevant labor laws and various management policies were implemented in line with newly promulgated laws to maintain harmonious labor-management relations. No losses were incurred due to labor-management disputes in 2017.</p> <p>5.6.2 Sea duty</p> <p>This Company strictly abides by norms and regulations set forth in the R.O.C. Seafarer Act and international maritime labor conventions to safeguard the rights and interests of sea duty personnel and places great emphasis on bidirectional communication with sea duty employees. These employees can contact the Company by phone, fax, or e-mail (crew_mar@wanhai.com) or publicly express their inner voices and demands via the network message board section. Employees on shore leaves can interact, communicate, and provide suggestions to the Company’s top executives through direct face-to-face communication during monthly navigation safety meetings with the goal of with the goal of maintaining the progress momentum and positive interactions and exchanges.</p>	
<p><b>Improving Customer Service</b></p>	<p>7.1 Customer Satisfaction</p> <p>“Customer First, All Staff Involvement, Environmental Protection and Sustainable Operation” has been the business philosophy for a long time. We endeavor to provide the best service. Based on the stable and pragmatic operation, we have received the support and love from numerous clients. Intensive sailing frequency, high schedule reliability and sincere services are our unchanged promises to the customers.</p> <p>To improve the operational safety and efficiency of the exclusive terminals, we moved 2 forklift trucks in Kaohsiung Terminal to Taichung Terminal replacing the old devices in 2017. After that, the empty container delivery time in Taichung Terminal shortens to 10.8 minutes from 11.7 minutes. We also add a new container washing area in Kaohsiung Terminal, and the maintenance and washing daily production capacity</p>	<p><b>2017 :</b></p> <p>1. We conducted a customer satisfaction survey in Taiwan, Hong Kong, and the South, Central and North China in 2015 and 2016. To further improve the survey operation and learn the actual needs and thoughts of our customers, we decided to delay the customer satisfaction survey that was going to perform in 2017 in Singapore and Malaysia to 2018.</p>

	<p>increased by 25.7%.</p> <p>As for the customer satisfaction, we perform customer satisfaction survey from time to time. According to the latest survey, the satisfaction rate is up to 90%. In the future, we will expand the covering range of the customer satisfaction survey from Taiwan, Hong Kong, and the South, Central and North China to Singapore, Malaysia and other countries.</p>	<p><b><u>2018</u></b> :</p> <p>1. We plan to perform the customer satisfaction survey operation. (area: Singapore and Malaysia).</p>
<b>Policy</b>	<b>(Disclosure of Management Approach, DMA)</b>	<b>Short-Term Concrete Plans</b>
<b>Improving on Managing the Suppliers</b>	<p>8. Green Supply Chain</p> <p>We view our suppliers as important cooperation partners. Both parties shall hold ethic as the foundation to follow the contract together. We do not have selection system based on human rights and social standards for now. When signing contracts with main suppliers in the future, the contents shall cover corporate social responsibility on both sides and a clause that if the supplier violates the policies and causes major influence on the society or the community environment where the supply comes from, we can terminate or rescind the contract at any time. The contract shall also include random audits to make sure the supplier conform to our request of sustainable management for the suppliers.</p> <p>Our procurement comes mostly from local suppliers. We assess and select the supplier with fair and objective attitude. At the same time, we ask the supplier to provide products or service that fit the international conventions or regulations, and the policy of safety, health and eco-friendliness. We will continue to concern and boost the awareness of CSR for the suppliers, import the concept of respecting human rights into the supply chain, and promote CSR with the suppliers together.</p> <p>Starting from 2017, we asked all suppliers to sign the “Letter of Commitment for Suppliers”, requiring them to put emphasis on human rights related strategies, and to prevent and ease the major potential negative impacts on society.</p>	<p><b><u>2017</u></b> :</p> <p>1. We completed the promotion and execution of signing the “Supplier Social Responsibility Commitment”.</p> <p><b><u>2018</u></b> :</p> <p>1. We plan to formulate the “Supplier Management Policy”.</p>