

# Alexander Marine ESG PERFORMANCE

## ENVIRONMENTAL

### Environment Compliance

We are pleased to report that for the third consecutive year, Alexander Marine has exemplified benchmark adherence to environmental regulations set by the relevant authorities.

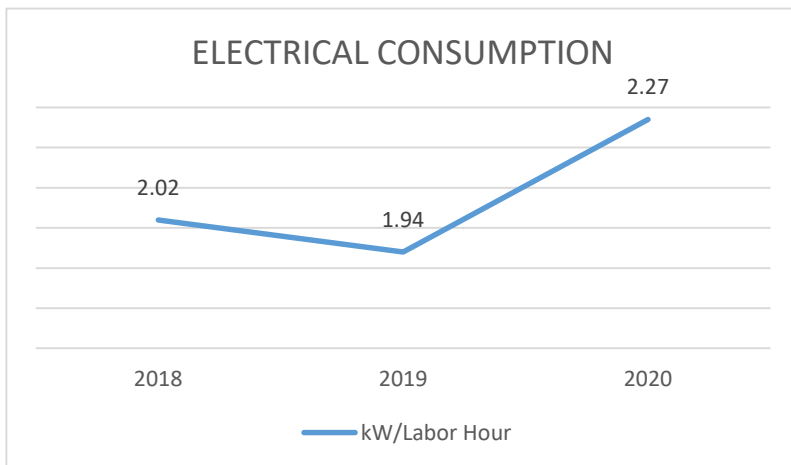
### Energy

We continue to focus on energy efficiency (electrical consumption and fuel), which is a key element in the manufacture and post-sales use of our yachts. The largest energy consumers within Alexander Marine are our United States and Taiwan production facilities, as well as our corporations in Florida which offers private dock and exhibition venue, commissioning, repair and maintenance services for our clients around the world.

We remain committed to improving energy efficiency in our manufacturing operations.

#### Energy-Electricity

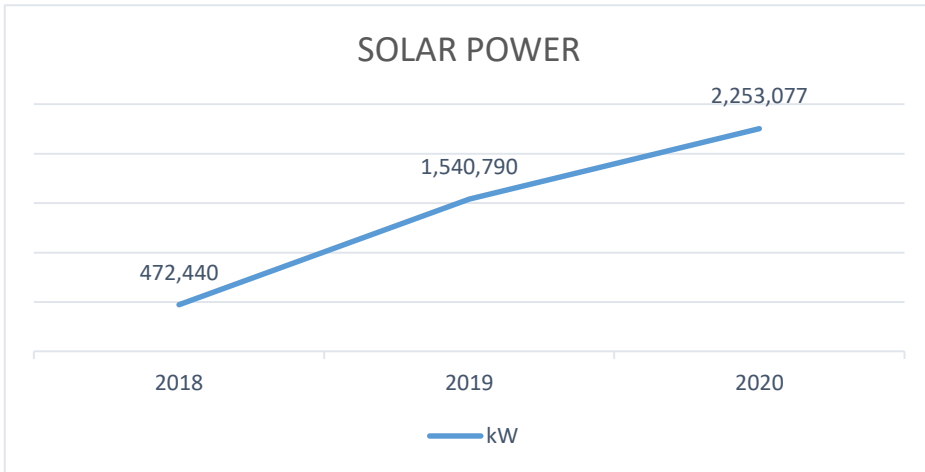
In FY2020, our electrical consumption in our main facility was 2.27 million kWh as compared with 1.94 million kWh in the previous year, resulting from the increased production capacity.



### Solar Power

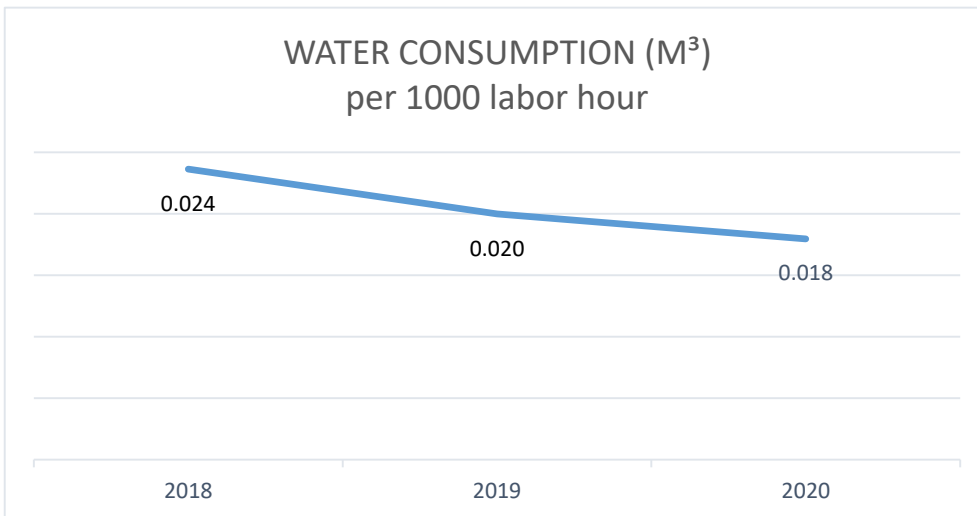
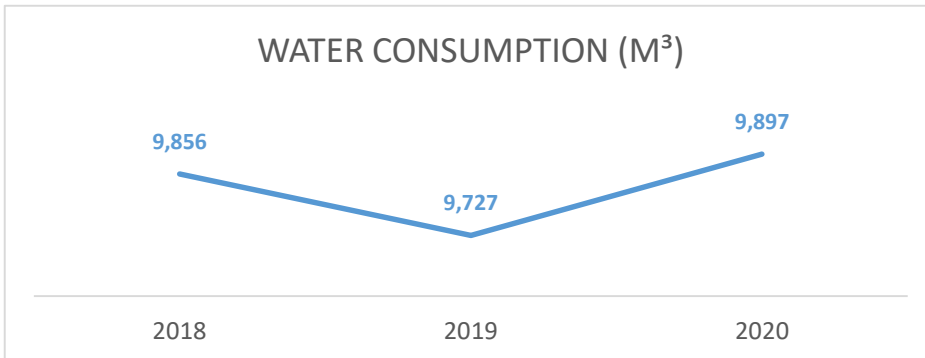
Alexander Marine remains highly committed to utilizing solar power and other renewable energy sources as alternatives to purchasing electricity and fuel. Solar power and renewable energy have already been incorporated into some of our yachts as well.

In 2020 alone, factories with solar panel rooftop system generated over 2.25M kw power, which is nearly equivalent to energy used during the same period.



### Water Consumption

Water consumption primarily concerns the Boat business, for filling its test tanks and carrying out water-tightness testing, as well as sanitation purposes. Due to the increased production capacity, water consumption was slightly 2% more than previous level. However, we continue to advocate water conservation across our operations. A practical example is evident in the testing pool where water comes from the catchment wells and is reused.



## Reducing Environmental Impacts

### Waste

Alexander Marine aims to continuously improve its monitoring and collection of waste with a goal to:

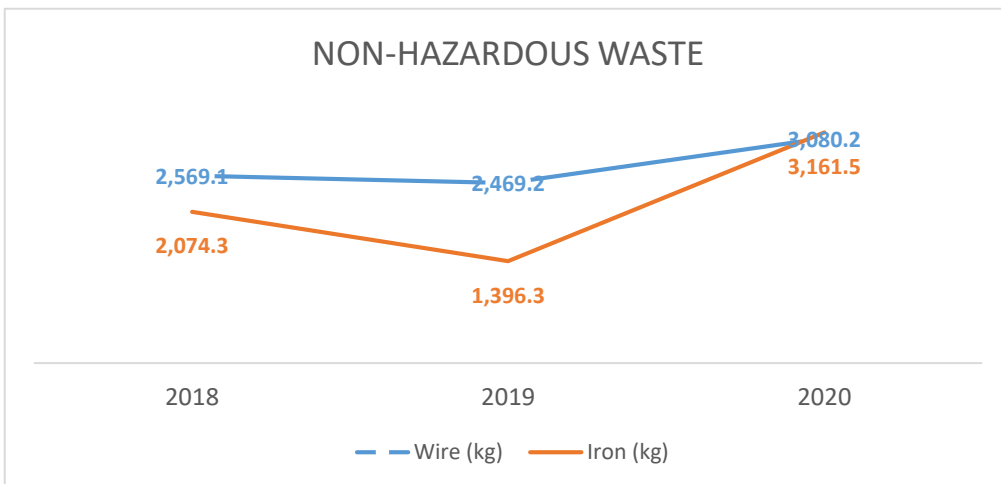
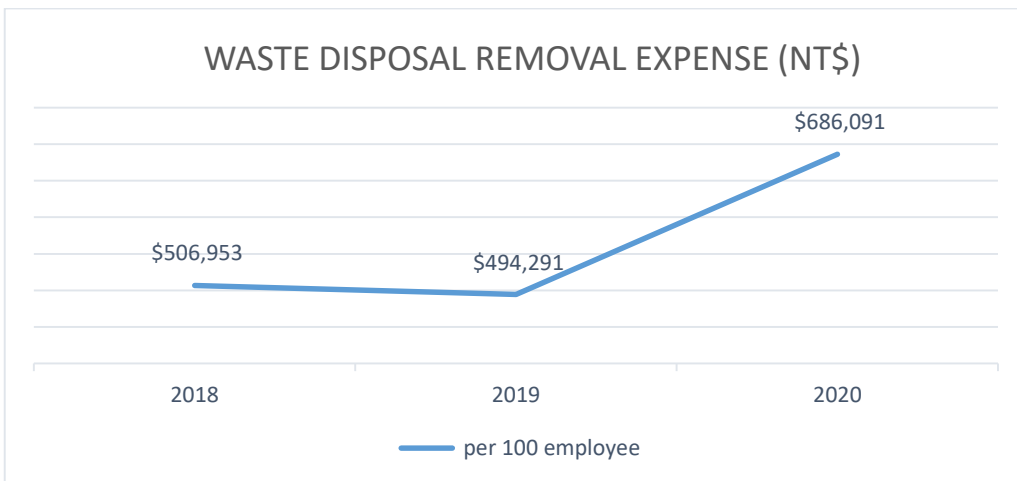
- Increase the recovery rate for valuable materials;
- Ensure effective control over waste emissions by reducing materials consumption;
- Adopt solutions to reduce the transportation of waste.

Non-hazardous waste was primarily derived from our manufacturing operations, including wood, scrap metal, insulated wire, paper, plastic, bottles and cans.

All hazardous waste is treated prior to disposal, or disposal is outsourced to licensed third-party waste disposal contractors. The contractors collect, treat, and dispose the waste according to compliance standards set by the local regulations.

All factories have sorted their waste for several years, with various channels for recovery and reclamation, particularly for packaging (cardboard, plastics, metals) and wood waste. Part of the non-hazardous waste that cannot be recycled is used to produce energy in incinerators.

The recovery / recycling rate for non-hazardous waste has progressed each year.



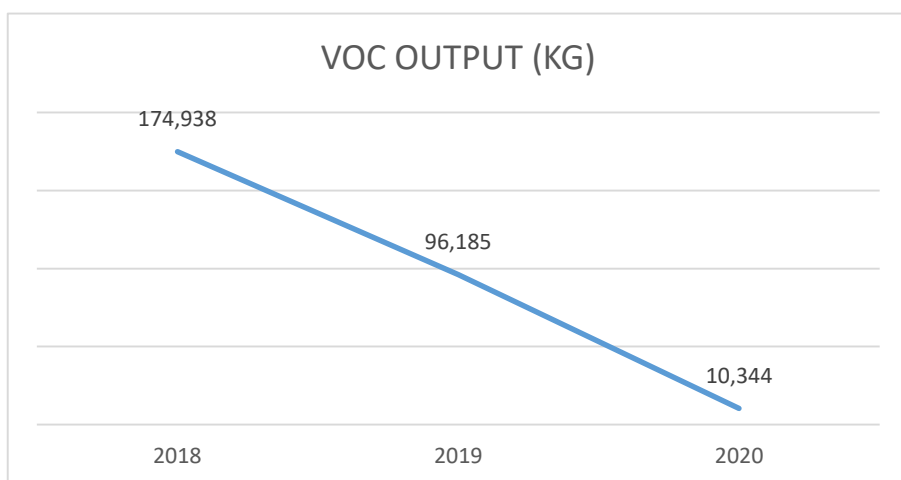
## Carbon Emission /VOC

Our carbon emissions stem from our consumption of electricity and diesel/gasoline and therefore the largest emission contributors are our production facilities.

Alexander Marine continually seeks to improve the diesel/gasoline and energy efficiency of its yachts to reduce their carbon emissions during use.

On a separate note, the practice of using vacuum infusion to reduce emissions from the manufacturing process has been utilized for multiple years. Recent use of low emission resins which is more expensive but contributes to lowering environmental impact of the facility's operations.

Alexander Marine activity uses VOC negation technology using pyro techniques with EPA approval. On a trend line basis, the VOC output continuously reduced during the last 3 years.



## Material Substitution:

### Acetone Recovery / Replacement

Actions to reduce VOC emissions are also focused on reducing acetone consumption levels by promoting the use of alternative products. Acetone is no longer used in virtually all boat assembly activities. Acetone-free cleaning machines or units with recycled acetone (closed loop) have been deployed, particularly for floors in the molding facilities and spray guns for gelcoat repair activities.

### Innovation Design and Build

We continually find ways to replace fiberglass with carbon fiber in select areas in the manufacturing of our yachts.. Carbon fiber uses less materials overall and makes yachts lighter and more durable. Lighter yachts move faster and consume less fuel (reducing energy and fuel consumed). Substituting synthetic boat building materials in place of wood. The use of sandwiched cored hulls (as opposed to solid laminate hulls), which alternates light, strong materials with layers of fiberglass, has resulted in lighter, stronger boats.

## SOCIAL

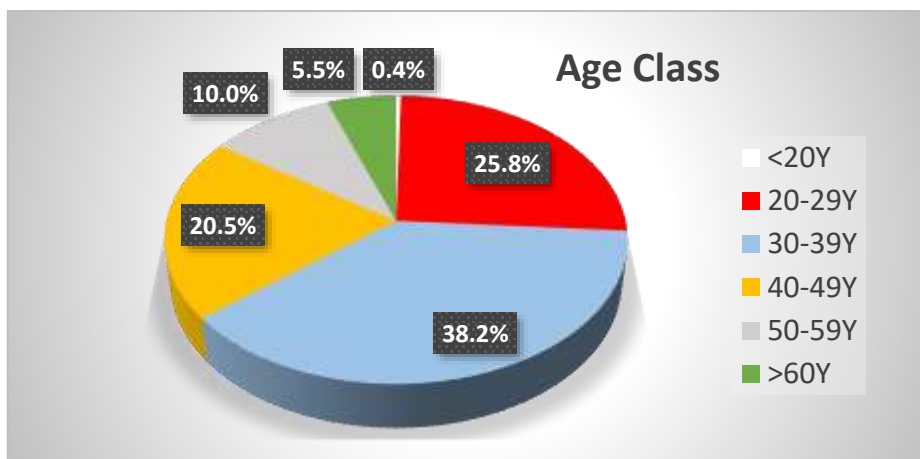
### Recruiting & Retaining

Alexander Marine fully complied with all laws, human rights and regulations at our facilities, and adopt management regulations to ensure compliance of employees.

The company cooperates with the government and six public vocational colleges to cultivate talents with professional knowledge to promote the prosperity of the yacht industry. Students after training can enter the original internship workplace with the basic skills.

### Manpower Structure

In 2020, Alexander Marine has over 600 employees approximately, of which 75% were direct employees (DL), mainly specializing in the production of yachts in production lines; 25% were indirect employees (IDL), including engineers, finance, accounting, and personnel. Due to the nature of the industry, the number of male and female employees is about 6: 1. The average age of employees is 38 years.



### Long Service Awards

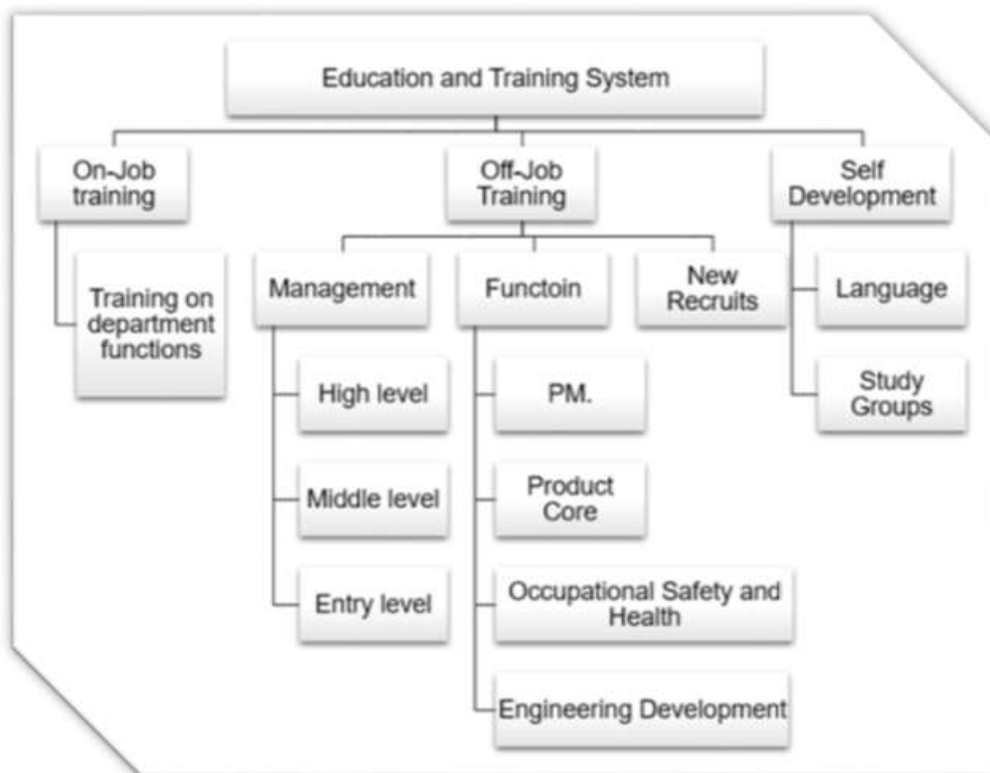
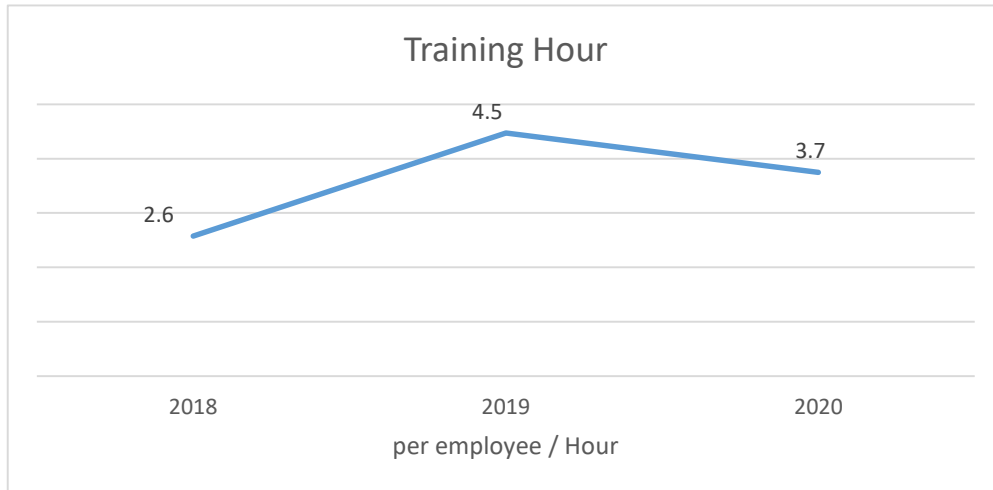
We continue to recognize and reward employee loyalty. Recognition is a means to convey appreciation to our staff for their commitment and service to the company. At the annual Long Service Award ceremony held in 2019 to 2020, rewards and presents were given out to employees with the following length of services:

- 5th year: 71 employees
- 10th year: 40 employees
- 15th year: 13 employees
- 20th year: 10 employees
- 30th year: 4 employees
- 40th year: 1 employees

### Training & Development

Alexander Marine strives to build a continuing learning rich environment. We have formulated the "Educational Training System" and integrated external resource to nurture and improve employees'

competences. In 2020, we spent NT\$912,712 in training resources. The face-to-face training hours were 2,066 hours in 2020, less than last year. There are several considerations for decreasing the face-to-face training hours. First, COVID-19 is still an ongoing concern. Second, some routine and repetitive training courses were converted into online courses, putting on the online learning platform for staff to learn, which creates a more convenient and accessible learning environment to learn regardless of time and space.



### Training Topics

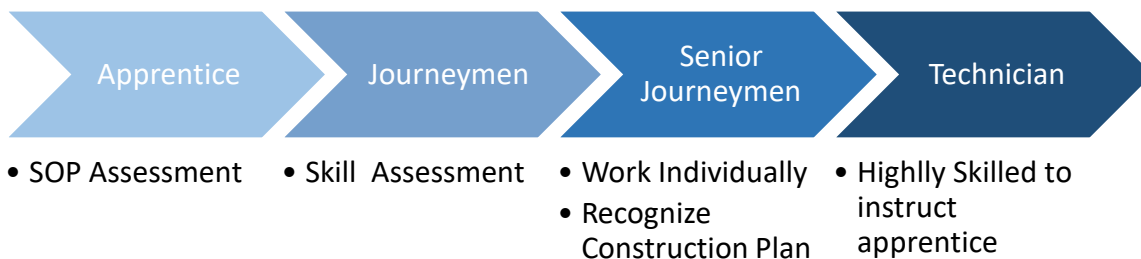
In FY2018-2020, our employees attended a small select list of the following training courses.

- ◆ 3D Modeling Tools
- ◆ Resin Transfer Molding (RTM)
- ◆ Dust Monitor & Control Procedure
- ◆ Marine Machinery Equipment Installation
- ◆ Switchable Smart Film Installation
- ◆ Structural Adhesive Instruction

- ◆ Check in/out of Production System
- ◆ FRP Composition Procedure
- ◆ Instructions for Fork Lift Trucks, Crane, and Overhead Crane
- ◆ Emergency Response to Accidents Involving Chemicals & Toxic Substances
- ◆ Yacht Driver’s License
- ◆ ABYC Marine Electrical
- ◆ Training & Examination for Team Leaders Capability of Engineering Drawing Interpretation
- ◆ Training of Fluidized bed adsorption system for VOC exhaust treatment
- ◆ Intelligent Machine NX CAM Multi-axis Machining Program
- ◆ Training for Tri-ply Infusion Mesh System
- ◆ Occupational Safety & Health Training Seminar
- ◆ Fire Prevention & Control
- ◆ Cross-function Communication & Persuasion
- ◆ Data Analysis and Visual Expression
- ◆ Respiratory Protective Gear Training
- ◆ FRP Work Log – Fill-in Instructions
- ◆ Power Boat Assistance
- ◆ Training Seminar of Toxic Chemical Substances Registration Platform
- ◆ CMC Marine Installation Instruction
- ◆ DISC Assessment
- ◆ Hull Overturning Procedure Training
- ◆ Operating Procedure of Argon Arc Welding
- ◆ Training for Outsources – work order & evaluation
- ◆ Scaffolding Process Training
- ◆ Safety & Health Inspection & Review
- ◆ Traffic Safety Propaganda
- ◆ Training for Junior Supervisors
- ◆ Labor Standards Act

## Apprenticeship

The company attaches great importance to employee promotion evaluation system. Each level has a complete training plan, and the promotion of each level is assessed and technically evaluated.



## Employee Engagement

Employee engagement is a key element of our overall talent management approach. Engagement is a two-way process with management engaging staff to provide updates on the Company as well as to garner feedback and to solicit the views of staff.

The two-way employee engagement channels include formal channels such as the quarterly townhalls, briefings, internal memos and the corporate newsletter, as well as more casual communication via the notice board and team activities.

## Employee Welfare

The wellbeing of our staff is important to the Company and we continue to provide a wide range of benefits to employees. These include healthcare benefits, various types of leave including parental leave and other forms of benefits. Some benefits are extended to employees’ family members.

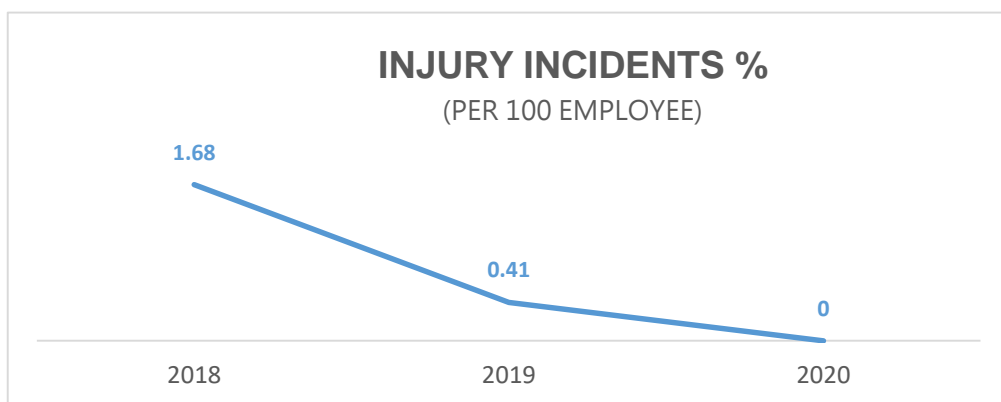
Beyond benefits, we believe that employee happiness is closely linked to a healthy work-life balance and we continue to advocate this philosophy. With this in mind, a wide range of non-work related employee activities are organized for staff. These include festive gatherings and gifts, birthday presents, company trips, amongst other benefits.

### Occupational Health and Safety

Employee safety is the top priority for Alexander Marine. We continue to emphasize the need for a safe workplace by adhering to safety practices and processes.

Safety at the workplace is enforced via written policies and standard operating procedures. We also look to continue cultivating a safety-first mindset and culture across our staff.

### On Job Injuries Incidents



## SOCIETAL COMMITMENT

### Being part of local economic networks

Alexander Marine is actively involved in social development projects, and support charity projects around the boating world. Covered spaces at our Taiwan facility protect goods and materials from the elements, prolonging the lifespan of these resources and assets and creating a more comfortable environment for our employees. Environmental afforestation and new trees planting in partnership with local elementary school activities are held every year. Support of underprivileged minority, such as organic food foundation and small family farms. There are three 50-years trees and 15-20 year trees at our facilities. Their preservation is of the utmost importance to Alexander Marine.



## GOVERNANCE

### Performance Management

The purpose of performance management at Alexander Marine is to drive organizational growth and promote everyday communication. The implementation of the performance management and development system ensures that 100% of all permanent employees receive regular reviews on performance and career development. A range of evaluation aspects encourage two-way communication between managers and subordinates to enhance employee performance and provide career planning in a manner that boosts the competitiveness and overall organizational performance of the company.

### Board Member Specialty

The Board consists of 7 distinguished members with a great breadth of experiences as management, accounting, public relations, shipbuilding and legal expertise.

Item	Gender	Independent	Operational Managements	Accounting & Financial Analysis	Legal	Crisis Management
Name						
Ching-Chen (Johnny) Chueh	Male		v	v	v	v
Hsiung-Wei Tseng	Male		v			v
Chung-Hui Cheng	Male		v			
Yen Sung Chen	Male		v	v		v
Ming-Cheng Chang	Male	v	v	v		v
Hung-Wen Lin	Male	v			v	v
Nan Mou Tu	Male	v	v		v	v

### Anti-corruption

Business integrity is of paramount importance to Alexander Marine and we continue to adopt strict corporate governance in ensuring that our business dealings, both internally and externally and in all respects, are always conducted above board and comply with local legislations and company policies. We do not allow the provision or acceptance of bribes or kickbacks in any forms be it monetary or non-monetary. We report that there are no confirmed incidents of corruption during the reported period.

### Compliance

Alexander Marine operates in full compliance with all applicable economic, social and environmental laws. There are no known incidents of non-compliance with laws or regulations in the reported period.

### Supply Chain

Alexander Marine considers its supply chain as an integral part of its business, given that the level of efficiency and productivity within the supply chain impacts our ability to deliver high-quality products to customers. Issues in our value chain, may impact product quality and delivery, potentially causing disruption to the production process, delays in completion and delivery, cost overruns and other issues.

Furthermore, the level of ESG consciousness across our supply chain will inherently influence our sustainability efforts.

Our supply chain supplies Alexander Marine with the raw materials for the manufacture of our boats. Items supplied include engines, drive systems, appliances, air-conditioning systems, water systems, lighting systems, electrical wires and products, components, resin, glass, FRP/foam, gelcoat, canvas, upholstery, fabric, leather, teak wood, plywood, adhesives, solvents, paints, varnish, rubber and insulation materials. Our majority suppliers like Garmin, Man Engine conducts audits of their suppliers on sustainability, human rights, transparency, worker rights and more. Alexander Marine is kept update on their efforts.