2025

FRANBO Sustainability Report

ESG Report

Franbo Lines Corp.
FRANBO LINES GROUP

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01

About the Report

Report Preparation Principles

This Sustainability Report (hereinafter referred to as “the Report”) is published by Franbo Lines Corp. (hereinafter referred to as “Franbo” or “the Company”). The content and structure of this Report are made in reference to the Global Reporting Initiative (GRI) Standards (2021) and the AA1000 AccountAbility Principles (AA1000AP). It also references the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, the Financial Supervisory Commission (FSC)'s Corporate Governance 3.0 – Sustainable Development Roadmap, the Task Force on Climate-Related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard. The chapters of this Report are organized in alignment with these frameworks to present the Company’s sustainability efforts and achievements to stakeholders. This Report discloses the Company’s strategies, goals, and specific actions regarding material topics in accordance with the relevant reporting principles. A detailed GRI and SASB content index, as well as other relevant information, can be found in the Appendices.

Scope and Source

The Report covers all operational activities of Franbo, its subsidiaries, and its sub-subsidiaries. Social, human rights, and environmental information focus primarily on the shore-based and seafaring employees of the fleet operated by the Company, its subsidiaries, and its sub-subsidiaries. Financial information is based on the 2025 consolidated financial statements and auditor’s report of Franbo, which has been audited by PwC Taiwan. Unless otherwise specified, all monetary amounts are stated in New Taiwan Dollars (NTD). The reporting period for the information disclosed in this Report is from January 1, 2025, to December 31, 2025, covering performance information related to the economy, environment, society and human rights, governance, and corporate sustainability. This Report is the Company’s third sustainability report, and such reports will continue to be published annually. This Report is reviewed and approved by the Board of Directors prior to publication and is made publicly available on the Company’s official website. The content has not yet been subject to external assurance/verification.

Major Operational Changes

The Company has maintained steady development over the past year, with no significant operational changes. Accordingly, there have been no data restatements or changes in reporting practices.

Report Issuance Date

This Report is the fourth sustainability report issued by Franbo. The Company will continue to issue a sustainability report on an annual basis.

Issuance Date of the previous report ▶ August 2025

Issuance Date of the current report ▶ August 2026

Contact Information

If you have any questions or suggestions regarding the content or activities presented in this Report, please feel free to contact Franbo Lines Corp.

Responsible Unit for the Report Contact Window	Sustainability Committee Management Department	Tel	07-969-7988
		Email	admin@franbo.com.tw

1-1 Message from the Management

Dear Stakeholders and Friends of Franbo,

At a critical juncture of global supply chain restructuring and net-zero transition, Franbo has consistently upheld "Integrity, Trustworthiness, Fairness, and Ethics" as its foundation, demonstrating robust operational resilience amidst shifting geopolitical landscapes and climate changes. In 2025, through the concerted efforts of all our staff and the management team, we not only achieved excellent revenue growth of 43.12% year-on-year and substantial profit growth of 10.46% year-on-year, but also, while revenue and profit grew in tandem, deepened "sustainable governance" into the core engine driving the Company into its next golden decade.

We are well aware that an enterprise's long-term survival and excellence depend not only on the scale of its fleet, but also on its strategic fortitude in managing climate risks—transforming carbon anxiety into green competitiveness and precisely navigating the energy transition. At present, the International Maritime Organization (IMO) is implementing increasingly stringent carbon reduction pathways, coupled with the full activation of the European Union Emissions Trading System (EU ETS) and global carbon pricing mechanisms, carbon emissions have become a tangible cost for the shipping industry. As a highly forward-looking, publicly listed shipping company, Franbo does not view these developments as compliance hurdles, but rather as opportunities to lead industry modernization. We are accelerating our green fleet renewal program, making substantial investments in building a new generation of eco-friendly vessels with high energy efficiency and low carbon emissions. Beyond our commitment to climate change mitigation, we strictly adhere to GHG Protocol international standards for greenhouse gas accounting to ensure that our carbon data is precise and transparent. By optimizing routes and fuel efficiency through a data-driven approach, we are transforming environmental costs into a long-term green premium, fundamentally building an irreplaceable competitive advantage for Franbo in the global market.

We implement corporate governance with the highest standards to win the trust of international capital markets Excellent operating performance must be built upon rock-solid corporate governance. A sound board of directors and absolute information transparency are the cornerstones for securing long-term trust of international investment institutions and stakeholders. We fully internalize ESG material topics into our core operations, actively align with the United Nations Sustainable Development Goals (SDGs), and adopt high international standard frameworks including TCFD, the SASB Marine Transportation Standard, and GRI. We also incorporate risk management and TCFD into board-level decision-making and evaluations, committing that all metrics within the Sustainability Report will progressively achieve third-party assurance. We ensure that every capital investment and every unit of energy used by the Company possesses clear traceability, thereby fulfilling our governance commitment of integrity and accountability to shareholders and investors.

Every mile of Franbo's steady voyages relies on the concerted efforts of all our shore-based and seafaring personnel. As we continuously expand our operational scale, we remain steadfast in converting profits into substantive investments in talent. We are committed to creating a diverse, equitable, inclusive, and psychologically safe workplace, while fostering team cohesion through high-standard crew welfare. Furthermore, as guardians of the marine economy, we deeply recognize the symbiotic relationship between business and the natural environment. We strictly enforce ballast water management and marine waste reduction, unreservedly shouldering the mission to protect marine biodiversity and steadily fulfilling our firm commitment to long-term social value from the inside out.

Looking ahead, Franbo will uphold its commitment to excellence as we advance from “A to A+”, deepening our sustainability pledges. For us, ESG is by no means merely a cost; rather, it is a critical strategic investment for deepening corporate resilience, lowering financing costs, and precisely managing risks. We will continue to implement our core values of “integrity, pragmatism, and professionalism.” Driven by the dual engines of green innovation and excellent governance, we are committed not only to solidifying our leading position in the international bulk shipping industry, but also to becoming the most trusted sustainable benchmark enterprise in global capital markets and green supply chains, creating long-term value together with our stakeholders.

Chairman 蔡邦耀

1-2 2025 Sustainability Performance

ENVIRONMENT E

- In 2025, the Company did not violate any environmental protection regulations and incurred no major fines.
- In 2025, the first Group-wide corporate greenhouse gas (GHG) inventory was completed.

SOCIETY S

- In 2025, there were no human rights violations or discrimination cases, no forced labor violations, no occupational disease cases, and no major occupational accidents or fatalities.
- In 2025, we invited the local community to jointly organize a blood donation event, donating a total of 100 bags of blood.
- In 2025, an awareness campaign titled "Understanding Visual Impairment and How to Interact with Visually Impaired Individuals" was held.

GOVERNANCE G

- For 2025, the growth rate of consolidated operating revenue was 43.12%.
- In 2025, the Company did not incur any major fines or compensation due to legal violations.
- In 2025, the Company implemented a whistleblower system based on the Ethical Corporate Management Best Practice Principles; no employee reports have been filed to date.
- In 2025, the Company received no complaints regarding customer privacy violations or data loss.
- In 2025, the Company ranked among the top 21–35% of enterprises in the 12th Corporate Governance Evaluation.

1-3 Group Profile

1-3-1 Vessel Operational Overview

Franbo was founded in 1998 and, under the corporate philosophy of "Integrity, Trustworthiness, Fairness, and Ethics," provides diversified, safe, and stable services to its clients. Owing to the reputation accumulated through long-term cooperation, medium- and large-sized shipping companies in Japan, Europe, and North America have become the Company's key clients.

To provide customers with high-quality and diverse options, the Company's fleet includes multi-purpose heavy-lift general cargo vessels and bulk carriers ranging from Handysize to Capesize. Along with increasingly stringent international regulations, as the Company expand its fleet, and replaces aging vessels, in addition to planning for customized solutions to meet diverse customer needs, the concept of energy conservation, environmental protection, and sustainability has become an indispensable element.

The economic situation in 2025 continues to be affected by various international market factors such as geopolitical conflicts, wars, trade boycotts, and inflation, causing uncertainty in the shipping market. Due to proper planning, the FRANBO Group proactively arranged for newbuilds and the replacement of aging vessels, enabling the Group to maintain stable profit growth.

By the end of 2025, the fleet consists of a total of 21 vessels, including 15 bulk carriers and 6 multi-purpose general cargo vessels, with a combined deadweight tonnage of 1,044,185 metric tons and an average age of 8.5 years. This includes three newly built Ultramax vessels delivered this year, with plans for the scheduled delivery of 11 multi-purpose, ultra-energy-efficient heavy-lift general cargo vessels starting in 2027.

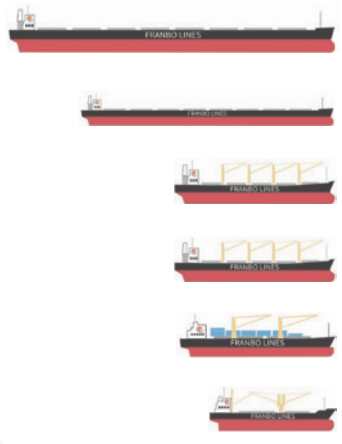
1-3-2 Real Estate Operational Overview

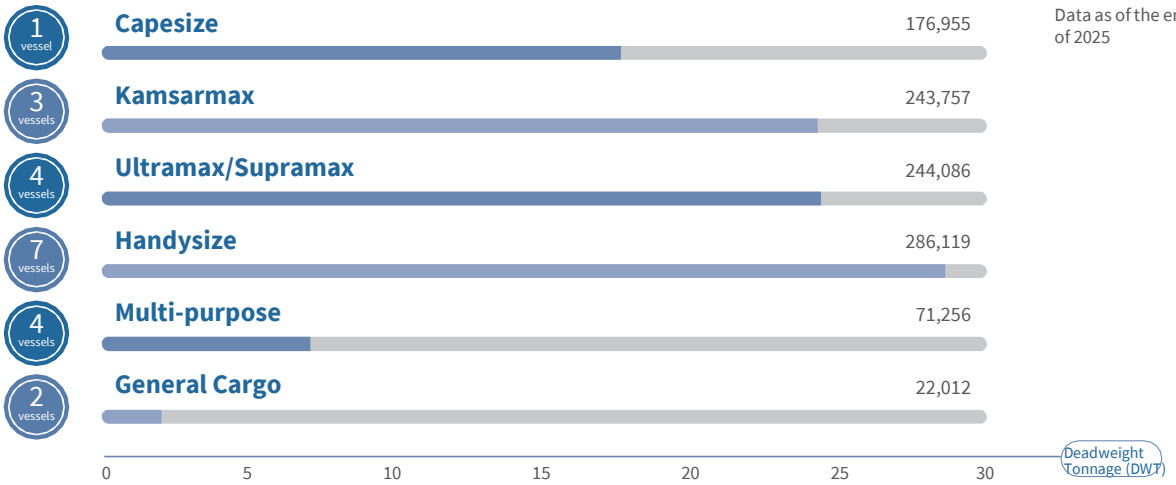
In 2020, Franbo established a subsidiary, Franbo Asset Management Co., Ltd., which focuses on land integration, as well as product planning and design, and aims to develop sustainable business vitality. By partnering with outstanding construction and sales management teams, the Company leverages each partner's expertise to build a mutually beneficial business model within the industry. Each project is centered on differentiated and customized design, driven by professional division of labor and a pursuit of perfection in quality, aiming to create added value for its products and deliver a happy life value to customers through exemplary architecture.

Company Profile

Company Name	Franbo Lines Corp.
Date of Establishment	September 29, 1998
Market Category	TPEx-Listed
Stock Code	2641
Industry Category	Shipping Industry
TPEx Listing Date	October 9, 2014
Main Business Activities	Shipping agency, marine freight forwarding, and other consulting services
Chairman	Pang-Chuan Tsai
Number of Employees	62
Head Office Location	3F., No. 31, Haibian Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)
Capital	NT$3,271,316,000

Vessel Deadweight Tonnage Classification





Data as of the end of 2025

1-3-3 FRANBO Milestones

1998
Official establishment of the Company; initially engaged in shipping agency and freight forwarding services, primarily focused on cross-strait and Southeast Asia routes

2000
First self-operated general cargo vessel purchased

2006
Obtained Document of Compliance for ship management from Bureau Veritas, marking the Company's entry into ship management services

2008
Expanded services to the Far East routes

2009
Obtained direct cross-strait shipping permit issued by the Ministry of Transportation and Communications

2010
2008 first construction of two 11,000-DWT multi-purpose heavy-lift general cargo vessels

2011
Expanded to intercontinental ocean services, marking a new milestone in global shipping routes

2014
Became a TPEx-listed company

2022
Launched ESG initiatives for the first time

2023
Four energy-efficient 40,000-DWT bulk carriers added to the fleet

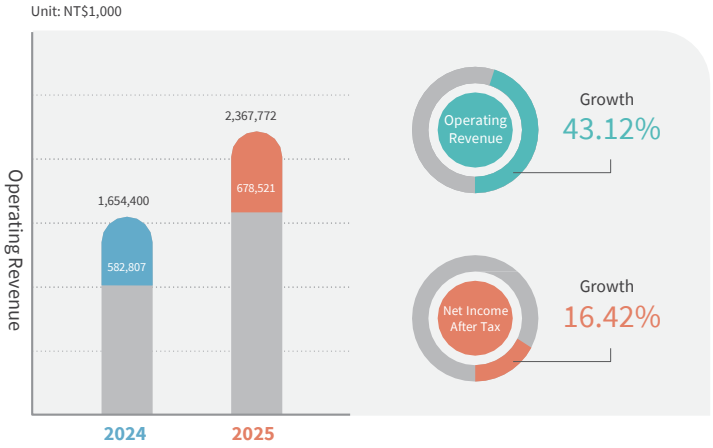
2024
Two energy-efficient vessels added to the fleet

2025
Three energy-efficient 63,500-DWT bulk carriers added to the fleet

1-4 Business Overview

1-4-1 Business Performance

In 2025, Franbo recorded a consolidated operating revenue of NT$2,367,772,000, representing an increase of NT$713,372,000 or 43.12% compared to the consolidated operating revenue of NT$1,654,400,000 in 2025. The growth was primarily driven by the addition of three newly built and two second-hand energy-efficient bulk carriers, which were progressively deployed starting in Q1 2025, and the recognition of revenue from the delivery of new construction projects by subsidiaries, resulting in another record high for the consolidated revenue. Benefiting from the delivery of new vessels and new construction projects, net income after tax rose to NT$678,521,000, an increase of 16.42% compared to NT$582,807,000 in 2025. The table below presents various financial information, along with disclosures on employee compensation and social investment.



Unit: NT$1000 (except for earnings per share, which is in NTD)

Item/Year	2023	2024	2025
Operating Revenue	1,337,660	1,654,400	2,367,772
Gross Profit	610,234	761,990	984,277
Operating Income	512,396	676,069	850,544
Non-operating Income and Expenses	6,635	(70,354)	(139,022)
Income Before Tax	519,031	605,715	711,522
Net Income After Tax	424,402	582,807	678,521
Total Comprehensive Income	406,795	1,037,795	371,717
Total Liabilities	2,730,305	4,196,182	6,223,071
Total Equity	6,202,780	8,041,373	8,818,978
Earnings Per Share (EPS)	1.69	1.92	2.01
Dividends	148,786	156,271	165,167
Employee Compensation (including benefits)	301,578	379,194	448,913
Payments to Government	0	0	0
Community Investment	0	0	0

1-4-2 Tax Policy and Practices

The Company strictly adheres to domestic tax regulations, accurately calculates tax liabilities, and files and pays taxes within the statutory timeframes to avoid penalties from tax authorities. During the reporting period, the Company did not apply for any tax reductions, credits, investment subsidies, or incentives from government agencies.

Below is a list of the Company's other affiliated enterprises:

	Other Affiliated Enterprises
01	New Lucky Lines S.A.
02	FWF Shipping Limited
03	BCTS Capital Inc.
04	Uni-Morality Lines Limited
05	Franbo Asset Management Co., Ltd.

1-4-3 External Associations

The Company actively participates in external organizations to stay informed of the latest developments in sustainability, maritime safety, insurance management, environmental protection regulations, and seafarer-related laws that safeguard seafarers' rights and interests. This engagement also facilitates industry information exchange, which enables the Company to promptly adjust its sustainability strategies and enhance the effectiveness of its sustainable development efforts.

Name of Association/Organization	Membership Status
Kaohsiung International Shipowners Association	Director
National Chinese Seamen's Union	Member
Nippon Kaiji Kyokai (NK)	Member
The Japan Ship Owners' Mutual Protection & Indemnity Association	Member
Steamship Mutual Management (Hong Kong) Limited	Member
Mitsui Sumitomo Insurance Co., Ltd.	Member
Republic of the Marshall Islands Ship Registry	Member
The International Maritime Employers' Council (IMEC)	Member
The International Bargaining Forum (IBF)	Member
Lloyd's Register Quality Assurance (LRQA)	Member
Kaohsiung Real Estate Development Association	Member
Pingtung Real Estate Association	Member

1-5 Sustainability Policies and Development

1-5-1 Sustainability Policies

Franbo upholds the corporate philosophy of “Integrity, Trustworthiness, Fairness, and Ethics”. Centered on its business operations and aligned with material issues of concern to stakeholders, the Company has established sustainability policies focused on sustainable development, shipping strategy, vessel safety, and reducing environmental impacts during operations. At the same time, it values employee well-being, safeguards human rights, and promotes social harmony. The ultimate goal is to continuously provide reliable transportation services, which serves as the foundation of the Company’s sustainability policies.

1-5-2 Sustainability Committee

To strengthen and enhance Franbo’s sustainability governance and fulfill its environmental protection and corporate social responsibility (CSR) obligations, the Company established the Sustainability Committee in December 2021. Aligned with the requirements issued by the FSC and other competent authorities for corporate sustainability governance, the Sustainability Committee is responsible for promoting and consolidating material topics; formulating sustainability policies, management systems, and operational guidelines; and determining annual material topics. Sustainability initiatives are incorporated into the Company’s business operations and long-term direction, with regular meetings held to review sustainability performance.

To support sustainable operations and fulfill environmental protection and societal responsibilities, the Board of Directors has approved the Sustainable Development Best Practice Principles as well as the Rules Governing the Preparation and Filing of Sustainability Reports for Company-wide compliance. These policies demonstrate Franbo’s vision and commitment to economic, environmental, social, and human rights issues.

Franbo has established a Sustainability Committee, with the Chairman of the Board serving as chair of the Committee, the President as vice chair, the two vice presidents as executive secretaries, and department heads comprise the committee members. The Committee consists of three working groups: the Sustainable Society Group, the Marine Environmental Sustainability Group, and the Corporate Governance Group. Each group is responsible for communicating with stakeholders and addressing their issues of concern based on their functional areas.

Each year, the groups are assigned to implement strategies related to economic, environmental, and social and human rights matters arising from business activities, based on the impact, risks, and opportunities of various issues. Each group leader is required to report to the chair on work plans, implementation progress, performance, and results. The outcomes are also reported to the Board of Directors, making sustainable operations a key part of the Company’s decision-making process.

Franbo Sustainability Committee

Unit	Responsibilities
Sustainability Committee	• Formulate the Company's sustainability policies. • Plan and execute tasks related to corporate sustainability. • Develop and track the progress of sustainability goals, strategies, and action plans. • Review and verify the effectiveness of management systems. • Compile the sustainability report. • Report the execution results of the sustainability report to the Board of Directors annually.
Marine Environmental Sustainability Group	• Reduce GHG emissions and balance speed and profitability by complying with international environmental regulations and using energy-efficient vessels as well as ballast water treatment systems. • Ensure regulatory compliance, minimize port state control deficiencies, focus on vessel maintenance and communication with fleet officers, enhance navigation efficiency and transportation quality, and provide transparent, real-time performance data to customers. • Ensure stable supply of environmentally compliant spare parts, materials, and fuel to reduce waste and carbon emissions through supply chain management. • Communicate with internal and external stakeholders and safeguard their rights and interests.
Sustainable Society Group	• In accordance with labor laws, establish robust systems for shore-based and seafaring talent recruitment, welfare, care, training and development, performance evaluation, and occupational health and safety policies. • Maintain long-term partnerships with reputable crewing agencies, respect seafarers' human rights, ensure proper living conditions at sea to retain crews, and conduct regular training and drills to protect workers' safety and career development, with the goal of cultivating top-tier maritime talent. • Handle social engagement initiatives across diverse domains. • Oversee internal and external management policies and information security. • Compile and analyze stakeholder concern and impact assessment surveys. • Communicate with internal and external stakeholders and safeguard their rights and interests.
Corporate Governance Group	• Carefully select reputable charterers to reduce default risks, maintain good communication with charterers, and ensure stable revenue and profit. • Develop operational strategies aligned with the SDGs. • Safeguard the rights and interests of internal and external stakeholders. • Conduct risk management evaluations and disclose climate-related financial information based on TCFD, and manage internal controls and audit communication. • Define industry-specific metrics with significant financial impact and measurement methods in accordance with SASB standards, based on the risks and opportunities of the marine transportation industry, to improve information accessibility and usability for investors. • Manage the Company's governance performance policies, execution, oversight, and promotion.

1-5-3 Sustainability Implementation

In 2025, the Sustainability Committee held a total of four review meetings to evaluate the progress of ESG-related tasks (risk management and material topics), and submitted two work reports to the Board of Directors. These reports covered climate-related financial disclosures (TCFD), stakeholder engagement and due diligence, material topics, the progress of GHG inventory implementation and risk management, and the 2024 Sustainability Report.

1-6 Stakeholder Engagement

The Company listens to the voices of stakeholders through various communication channels and platforms, and it incorporates their suggestions and concerns into organizational strategies and operational planning. This also serves as a reference for the disclosures in the Report.

1-6-1 Stakeholder Communication Channels

The Company values the rights and opinions of its stakeholders and has established open and direct communication channels specifically for them. In addition to providing information related to corporate sustainability, Franbo also strives to understand the issues that matter most to stakeholders. This enables the Company to continuously review and improve sustainability performance. Other approaches are also used to identify stakeholder concerns and respond appropriately. The communication channels and frequencies for each stakeholder group are shown in the table to the right.

Stakeholders	Government Authorities	Suppliers/Contractors	Financial Institutions	External Rating Agencies
Key Issues of Concern	• Corporate Governance • Economic performance • Ethical Corporate Management • Information security • Risk management • Taxes • Human rights • Environmental protection performance	• Information security • Compliance with environmental regulations • Ethical Corporate Management • International environmental conventions • Procurement practices	• Economic performance • Taxes • Compliance with environmental regulations • International environmental conventions • Ethical Corporate Management	• Due diligence • Labor Relations • Occupational safety and health • Information security • International environmental conventions • GHG Inventory / ESG
Main Responsibilities of the Company	• Comply with the latest regulations and policy updates issued by competent authorities	• Conduct legal and fair transactions • Understand and fulfill corporate social responsibility • Understand EHS (Environmental, Health, and Safety) requirements and detailed guidelines • Provide EHS supervision for construction contractors	• Comply with the latest regulations and policy updates issued by competent authorities	• Comply with the latest regulations and policy updates issued by competent authorities
Communication Channels and Responses	• Market Observation Post System (MOPS) • Annual report • Company website • Sustainability report • Contact: Mr. Cheng, Manager, Finance Dept. Mr. Hsieh, Assistant Vice President, Construction Dept. TEL: (07) 969-7988	• Sign environmental commitment • Use fuel compliant with IMO standards • Contact: Mr. Teng, Manager, Procurement Management Dept. Mr. Hsieh, Assistant Vice President, Construction Dept. TEL: (07) 969-7988	• Market Observation Post System (MOPS) • Annual report • Company website • Contact: Mr. Cheng, Manager, Finance Dept. TEL: (07) 969-7988	• Market Observation Post System (MOPS) • Annual report • Company website • Contact: Mr. Chen, Manager, Management Dept. TEL: (07) 969-7988
Communication Frequency	Phone: As needed E-mail: As needed Official correspondence: As needed	Phone: As needed E-mail: As needed In-person visits: As needed Grievance channel: At any time	Phone: As needed E-mail: As needed In-person visits: As needed	Phone: As needed E-mail: As needed In-person visits: As needed

Stakeholders	Employees	Media	Customers	Shareholders/Investors
Key Issues of Concern	• Labor Relations • Ethical corporate management and anti-corruption • Risk management • Economic performance • Training and education • Human rights	• Green shipping • Economic performance • Anti-competitive behavior • Ethical Corporate Management • Biodiversity • Human rights	• Customer privacy • Customer Service Management • Information security • International environmental conventions • Compliance with socio-economic regulations	• Economic performance • Customer privacy • Information security • International environmental conventions • Compliance with socio-economic regulations
Main Responsibilities of the Company	• Ensure and respect human rights • Employee development • Safe and healthy environment • Flexible benefits and health promotion • Legal and fair treatment	• Comply with the latest regulations and policy updates issued by competent authorities • Ensure timely, synchronized, and accurate information disclosure • Implement sound financial strategies to maintain strong credit and operational performance	• Provide high-quality, market-competitive services • Maintain safe ship navigation • Ensure vessel seaworthiness and operational efficiency • Housing sales services	• Comply with the latest regulations and policy updates issued by competent authorities • Ensure timely, synchronized, and accurate information disclosure • Implement sound financial strategies to maintain strong credit and operational performance
Communication Channels and Responses	• Conduct annual employee health check-ups • Quarterly labor-management meetings • Establish a diverse and real-time employee feedback mechanism • Adopt employee suggestions to optimize management systems and internal control mechanisms • Employee benefit satisfaction surveys • Create a healthy and friendly workplace, strengthen labor-management trust and partnership • Conduct education and training to enhance employees' professional knowledge • Contact: Mr. Chen, Manager, Management Dept. TEL: (07) 969-7988	• Regular communication of business results and strategies with investors and directors • Ethical corporate management and robust corporate governance • Company website • Annual report • Market Observation Post System (MOPS) • Press releases or press conferences as needed • Contact: Mr. Cheng, Manager, Finance Dept. TEL: (07) 969-7988	• Customer satisfaction surveys • Establish long-term cooperative relationships with customers • Contact: Mr. Chuang, Manager, Business Department Mr. Hsieh, Assistant Vice President, Construction Dept. TEL: (07) 969-7988	• Regular communication of business results and strategies with investors and directors • Ethical corporate management and robust corporate governance • Company website • Annual report • Market Observation Post System (MOPS) • Sustainability report • Press releases or press conferences as needed • Shareholders' meetings and investor conferences to report performance and outlook • Contact: Mr. Shen, Manager, Accounting Dept. TEL: (07) 969-7988
Communication Frequency	Phone: As needed E-mail: Daily Grievance channel: At any time	Phone: As needed Press releases: As needed Interviews: As needed	Phone: As needed E-mail: As needed In-person visits: As needed	Phone: As needed E-mail: As needed Grievance channel: At any time

1-7 Identification of Material Topics

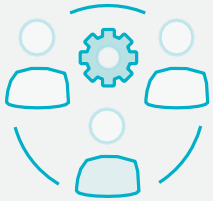
The Company listens and responds to the issues of concern to stakeholders. During the preparation of the Report, a materiality analysis was conducted, aiming to identify sustainability issues that are of importance to stakeholders through a systematic analytical approach. This serves as the basis for information disclosure in the report and facilitates effective communication with all stakeholders. At the end of 2024, a meeting was held to review the execution of material topics during the year and analyze stakeholder survey results with reference to industry peers' areas of concern. The meeting was chaired by the Chairman and attended by the President, department heads, and responsible personnel. After reviewing and reassessing the prioritization of current material topics, the material topics for 2025 were then determined. These ESG-related topics have been assigned to corresponding responsible departments for management and implementation.

1-7-1 Material Topic Identification Process

The material topic analysis in this Report consists of the following five key steps:

01 Understand the Organization's Context, Identify Stakeholders

This year's sustainability report adopted the five principles from the AA1000 Stakeholder Engagement Standard. The Sustainability Committee joined external experts to discuss and reference stakeholder groups identified by industry peers. Stakeholders were identified based on criteria such as dependency, responsibility, influence, diverse perspectives, and tension. Through this analysis, the major stakeholders for communication were identified, including government authorities, suppliers/contractors, financial institutions, employees, shareholders/investors, external rating agencies, customers, and media.



02 Identify Actual and Potential Impacts, Collect And Categorize Sustainability Topics

Topics were collected from external and internal sources. External sources included the GRI Standards (which served as the basis for topics), the SDGs, the SASB Marine Transportation Standard, and the TCFD framework, integrating internationally relevant issues and standards into a consolidated list. A stakeholder representative panel then narrowed this down to a preliminary list of key concerns. Internal sources include feedback from discussions within the sustainability management organization. These inputs were then categorized into governance, economic, environmental, and social dimensions, forming a list of 41 ESG sustainability topics specific to Franbo, which serve as the basis for the design of the stakeholder questionnaire.

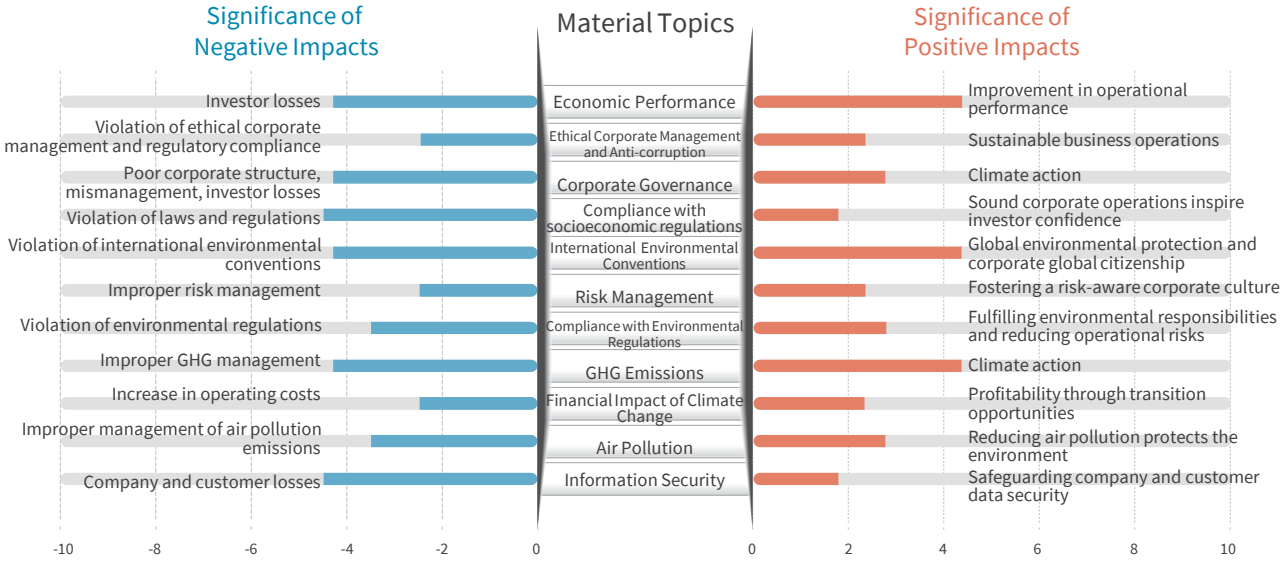
03 Assess Significance of Impacts, Understand Stakeholder Concerns

Through questionnaire distribution, the Company understands stakeholders' level of concern of each topic. Based on the year-end review and situational analysis in 2024, the questionnaire content was adjusted and re-administered to the stakeholders. A total of 356 questionnaires were distributed, yielding 228 valid responses. A survey was concurrently conducted among the Company's senior executives to assess the impact of various topics on the Company's operations.

04 Identification of Material Topics

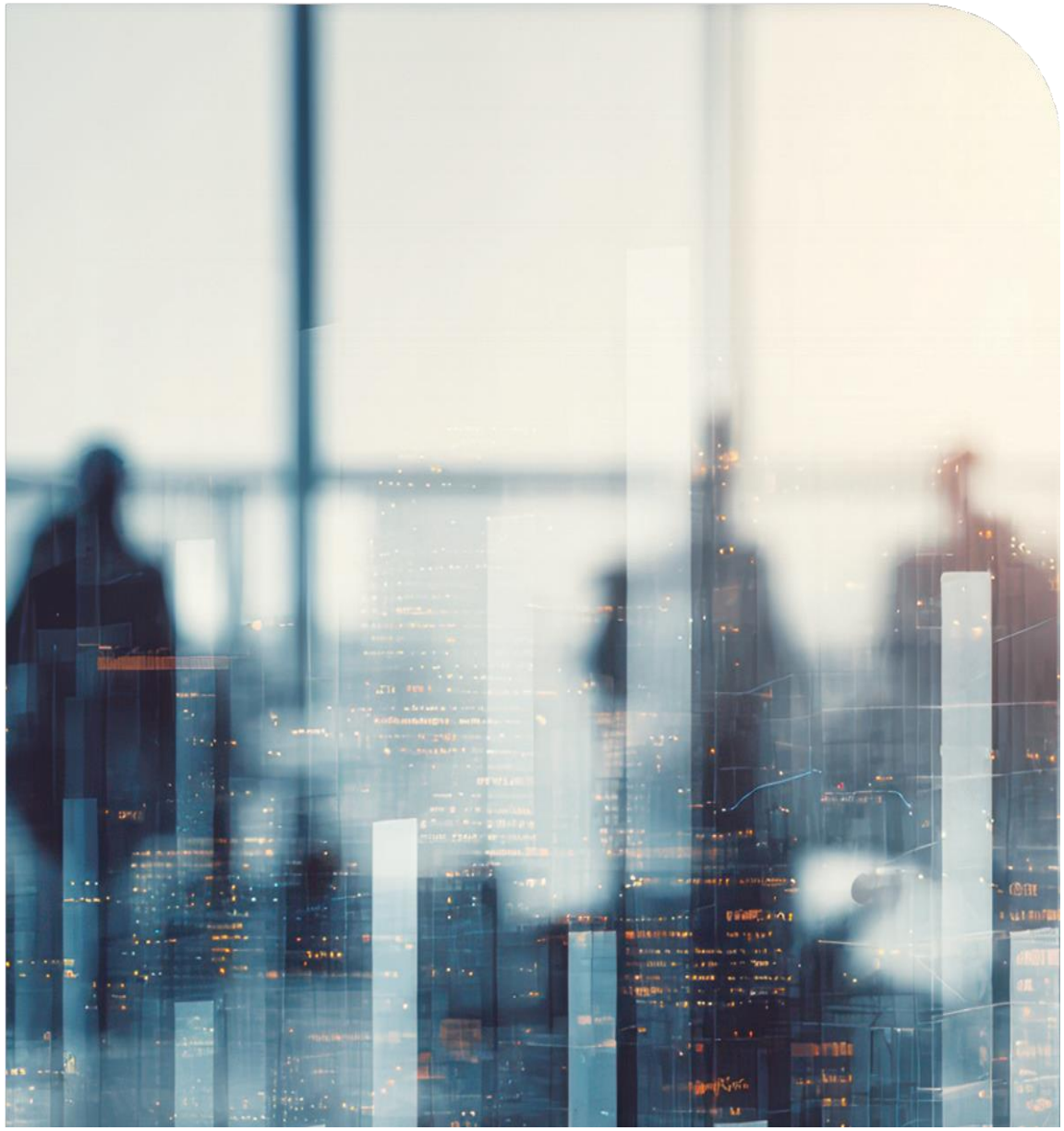
To determine the material topics, levels of concern and the positive or negative impacts of various sustainability topics for stakeholders were analyzed alongside the operational impact assessments conducted by the senior executives, and topics were prioritized based on the significance of their impact. Taking into account sustainability trends and risk management priorities, these topics were internally discussed among senior executives, the Sustainability Committee, and external experts. The Committee Chair then approved the material topics for 2025, as shown in the chart on the right.

2025 Material Topic Positive and Negative Impact Analysis Table



05 Review and Discussion

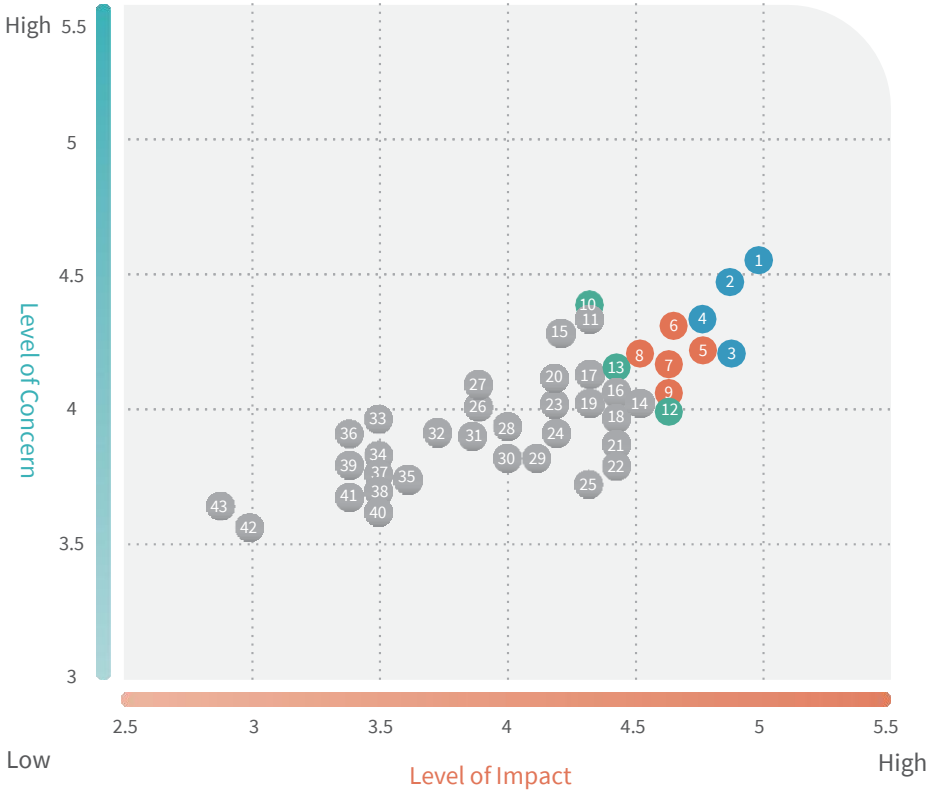
Based on the material topics identified for 2025, the annual implementation results were reported to the Sustainability Committee for discussion and review, then following the aforementioned procedures, submitted to the Chairman for approval. Subsequently, the functional working groups of the Sustainability Committee disclosed their respective management approaches and follow-up implementation of target action plans. The implementation outcomes were reported to the Board of Directors on December 18, 2025. Moving forward, the Company will continue to enhance its management efforts and disclose relevant information in the sustainability report.



1-7-2 List and Analysis of Material Topics

Following the Sustainability Committee's review of each sustainability issue's level of stakeholder concern and positive/negative impact, as well as the perceived impact on sustainable operations from both stakeholders and senior management, issues with an average score above 4.2 were identified as key material topics. The prioritized material sustainability topics are analyzed and ranked as follows:

2025 Material Topic Positive and Negative Impact Analysis Table



Material Topics			
1	Economic Performance	6	Risk Management
2	Ethical Corporate Management and Anti-Corruption	7	Compliance with International Environmental Conventions / Environmental Regulations
3	Corporate Governance	8	Greenhouse Gas Emissions
4	Compliance with Socioeconomic Regulations	9	Air Pollution
5	Energy Consumption and Fuel Efficiency (Energy)	10	Information Security

Secondary Impact Topics			
11	Financial Impacts of Climate Change	26	Market Image
12	Human Rights and Inclusion	27	Customer Health and Safety
13	Wastewater and Waste Management	28	Waste
14	Green Shipping	29	Child Labor
15	Biodiversity (Marine Ecology)	30	Indirect Economic Impacts
16	Occupational Safety and Health	31	Anti-competitive Behavior
17	Labor-Management Relations	32	Customer Service Management
18	Training and Education	33	Marketing and Labeling
19	Customer Privacy	34	Security Practices
20	Taxes	35	Freedom of Association and Collective Bargaining
21	Forced or Compulsory Labor	36	Supplier Social Assessment
22	Non-discrimination	37	Local Communities
23	Workforce Diversity and Equal Opportunity	38	Water and Effluents
24	Innovative Products and Technologies	39	Procurement Practices
25	Supplier Environmental Assessment	40	Materials

2025 Material Topics and Implementation Results

Material Topic	Objective	Positive/Negative Impact on Franbo	Goals	2025 Performance
Economic performance	Mitigate market fluctuations and achieve stable, continuous profitability; maintain sound and stable annual business performance and financial structure to maximize shareholder interests.	Positive Improved economic performance enhances the Company's financial structure and maximizes shareholder interests Negative Poor economic performance weakens the Company's financial structure, causing harm to both the Company and shareholder interests	Short-term • Manage operations appropriately to achieve stable and continuous profitability • Continue with the fleet renewal program • Enhance the quality of ship management Medium- to Long-term • Strengthen the financial structure and use quantitative analysis of fleet operations to guide business strategies • Continue to build a new fleet of energy-efficient and eco- friendly ships to form a green fleet • Build a sustainable enterprise that offers high-quality customer service, maintains a sound financial structure, and achieves stable and growing profitability	• The Company's gross profit margin in 2025 was approximately 42%, slightly lower than the 46% in 2024; the Company's profitability continues to grow steadily • In 2025, 3 old vessels were replaced, and 4 new vessels were added to operations Zero Port State Control (PSC) detention records in 2025 • All statutory flag state audits were completed with no outstanding findings after corrective actions
Corporate Governance	Through corporate governance and supervisory mechanisms, and by "adhering to the principles of ethical corporate management, sound governance, and social responsibility", the Company aims to safeguard shareholders' legitimate rights while balancing the interests of other stakeholders, thereby achieving the goal of sustainable corporate development.	Positive Good corporate governance ensures the best interests of the Company and its shareholders Negative Poor governance may result in damage to the Company and shareholder interests	Short-term • Actively plan for the Company's listing transfer from TPEx to TWSE Medium- to Long-term • Achieve a corporate governance evaluation ranking in the top 6–20% range or higher	• The listing transfer plan is currently being executed as scheduled • Ranked in the 21%–35% range in 2023, 2024, and 2025
Ethical Corporate Management	Implement ethical corporate management policies and proactively prevent corruption and other dishonest behaviors, thereby fostering a corporate culture of integrity and supporting the sound and sustainable development of the Company.	Positive Protects the rights and interests of the Company and its employees, and ensures whistleblower safety Negative May lead to losses and damage to the rights and interests of the Company and its investors	Short-, Medium-, and Long-term • Prevent the occurrence of dishonest or corrupt behavior; maintain zero incidents of ethics violations or corruption each year • Achieve a training completion rate of over 95% for employees participating in ethics and anti-corruption courses	• Through occasional monthly meetings, internal group awareness campaigns, and internal control management and prevention measures, the Company had zero incidents of ethics violations or corruption in 2025 • An "Ethical Management and Anti-Corruption" education and training campaign was held on October 29, 2025, with a 100% training completion rate, and the 2025 ethical corporate management implementation status was reported to the Board of Directors on December 18, 2025
Compliance with socio-economic regulations	Compliance with regulations is fundamental to business operations. To effectively manage the risks associated with socioeconomic regulations, the Company has established a comprehensive mechanism to ensure full legal compliance.	Positive Compliance with local socioeconomic regulations enhances the Company's corporate image Negative Violation of regulations may damage the Company's image and result in losses	Short-term • Zero major legal violations Medium- to Long-term • Ensure no major violations of domestic, social, or international socioeconomic laws and regulations	• The Company's operations and management strictly comply with all regulations of competent authorities, with zero major legal violations in 2025, the Company will continue to maintain a prudent and proactive approach moving forward

Material Topic	Objective	Positive/Negative Impact on Franbo	Goals	2025 Performance
Risk Management	Effectively control risks and implement a risk management mechanism that enhances the efficiency of role-based risk control and ensures the achievement of the Company's operational objectives.	Positive Effective risk control helps prevent or reduce losses for the Company Negative Improper or neglected risk management may lead to losses for the Company and its shareholders	Short-, Medium-, and Long-term • Implement a risk management mechanism to enhance the efficiency of division of responsibilities in risk control and reduce potential losses caused by risk	• In 2025, under the effective operation of the Risk Management Committee, in addition to holding quarterly meetings to review the implementation and control of the 11 identified risk management items and 4 TCFD items and their countermeasures, the Committee also reviewed and amended subsequent management items and implemented countermeasures in response to risks arising from current geopolitical situations and environmental protection regulatory requirements • Report to the Board of Directors by the end of 2025 on the implementation status of risk management (including TCFD) for the year and the identified risk management (including TCFD) control items for 2026
Information Security	Effectively prevent any losses resulting from internal or external information security breaches, and protect both the Company's and its customer data to ensure the feasibility of secure information operations.	Positive Proper management of information security can prevent or reduce the risk of losses for the Company Negative Neglect or mismanagement of information security may result in losses for the Company and its shareholders	Short-term • Conduct quarterly information security environment assessments of the Company and its fleet, propose improvements and preventive measures Medium- to Long-term • Commission third-party vulnerability testing every 2–3 years; allocate budgets to purchase or upgrade information security systems based on improvement recommendations • Ensure uninterrupted information system services for both the Company and its fleet, regardless of environmental factors	• Zero incidents of abnormal disruptions to data center operations or equipment services • Vessel communication service online rate exceeded 99% in 2025 Zero incidents of customer data breaches in 2025 • Issued six information security announcements in 2025 to promote and strengthen information security awareness • Approximately NT$ 3 million was invested in 2025 for the replacement, upgrade, and renewal of information security equipment for office and vessel operations
Compliance with International Environmental Conventions / Environmental Regulations	Establish and implement environmental protection management measures in accordance with international environmental conventions and relevant environmental protection laws and regulations to ensure legal compliance.	Positive Complying with international environmental regulations enhances the Company's image Negative Violation of regulations may damage the Company's image and result in losses	Short-term • Complete the Operational Carbon Intensity Indicator (CII) Plan within the specified period and obtain third-party certification • Install ballast water treatment systems across the entire fleet by the end of 2023 to meet the implementation timeline of the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) Medium- to Long-term • Ensure all newly built vessels are designed to be low- pollution and energy-efficient, thereby building a high- efficiency, environmentally friendly fleet • Fully implement MARPOL regulations, including the prevention of oil pollution, pollution from ship-generated sewage, and garbage pollution	Short-term • The CII performance of the fleet for 2025 is as follows: CII Rating A: 55% (Cumulative percentage of vessels) CII Rating B: 91% (Cumulative percentage of vessels) CII Rating C: 91% (Cumulative percentage of vessels) CII Rating D: 100% (Cumulative percentage of vessels) • Ballast water treatment systems were installed on 100% of the fleet Medium- to Long-term • Has been incorporated into the new shipbuilding plan • Goals were achieved on schedule and as planned

Material Topic	Objective	Positive/Negative Impact on Franbo	Goals	2025 Performance
Energy Consumption and Fuel Efficiency (Energy)	Improve energy utilization during fleet operations and voyages.	Positive Reduced energy consumption and improved fuel efficiency mitigate GHG emissions that cause climate change, lowering operating costs and increasing the Company's profitability Negative Poor fuel efficiency and higher GHG emissions contribute to global warming and climate anomalies, leading to increased navigation safety risks and operating costs	Short-term • Starting in 2023, all newly built vessels must comply with Energy Efficiency Design Index (EEDI) standards • By integrating weather routing services, optimal routes are planned based on data such as sea conditions, currents, weather, and tides for each voyage to reduce carbon emissions and navigation risks Medium- to Long-term • Build low-pollution and energy-efficient vessels to create a high-performance, environmentally friendly fleet	• All existing vessels comply with the EEXI standard • All newly built vessels comply with the EEDI standard • Some vessels used biofuel in 2025 • Future newly built vessels will be designed and equipped with shaft generators to further enhance energy combustion efficiency
Greenhouse Gas Emissions	Properly utilize energy, reduce fuel consumption, and mitigate the environmental impact of GHG emissions.	Positive Comply with regulatory requirements and effectively reduces GHG emissions, creating a positive corporate image Negative Violation of regulations may damage the Company's image and result in losses	• Complete the Operational CII Plan and obtain third-party certification • Ensure proper fleet maintenance • Cooperate with weather routing service providers to optimize vessel speed and voyage planning, achieving carbon reduction goals for vessel operations	• All newly built vessels delivered from 2023 onwards are equipped with a selective catalytic reduction (SCR) system or an exhaust gas recirculation (EGR) system • Continuously used the latest environmentally friendly electronic fuel injection engines
Air Pollution Management	Improve energy efficiency, reduce fuel consumption, and mitigate the environmental impact of vessel operations	Positive Comply with regulatory requirements and effectively reduces air pollutant emissions, creating a positive corporate image Negative Violation of regulations may damage the Company's image and result in losses	Short-term • Ensure proper fleet maintenance to reduce fuel consumption and exhaust emissions • Cooperate with weather routing service providers to optimize vessel speed and voyage planning, achieving carbon reduction goals for vessel operations • Delivery and operation of new energy-saving and environmentally friendly vessels to reduce air pollutant emissions	• All newly built vessels delivered from 2023 onwards are equipped with a SCR system or an EGR system • Continuously used the latest environmentally friendly electronic fuel injection engines

1-7-3 Material Topic Value Chain Boundaries

The material topics identified in the Report are categorized into three dimensions: Sustainable Governance, Green Ocean, and Social Well-being. These dimensions are analyzed using the value chain as a boundary-defining element and aligned with the SDGs to support sustainable operations and policy development. The Company regularly organizes discussions on material topics across economic, social, and environmental aspects, reviews the progress of departmental goals, and sets future directions. Relevant outcomes, stakeholder engagement results, and recommendations from the Sustainability Committee are compiled and reported to the Board of Directors annually. The Company continues to strengthen management and discloses related information in the sustainability report.

Material Topic	Corresponding GRI Standards / Custom Topics	Corresponding SDGs	Value Chain Impact Boundaries				
			Within the Organization	Outside the Organization			
			Franbo	Suppliers/Contractors	Customers	General Public	Management Approach Disclosure Section
Economic performance	GRI 201	8, 17	■	●	■	●	Business Overview
Ethical corporate management and anti-corruption	GRI 205	10	■	●	–	–	2. Sustainable Governance
Corporate Governance	GRI 2-9	16	■	●	–	–	2. Sustainable Governance
Energy Consumption and Fuel Efficiency (Energy)	GRI 302	9, 17	■	●	●	□	4. Green Ocean
Compliance with International Environmental Conventions / Environmental Regulations	GRI 2-27	16	■	●	●	□	4. Green Ocean
Air Pollution	GRI 305	13	■	●	●	□	4. Green Ocean
Greenhouse Gas Emissions	GRI 305	13	■	●	●	□	4. Green Ocean
Risk management	GRI 201	8	■	●	–	–	2. Sustainable Governance
Financial Impacts of Climate Change	GRI 201	13	■	●	●	□	2. Sustainable Governance
Information Security	GRI 418	17	■	●	●	□	2. Sustainable Governance

■: Direct impact ●: Impact through business relationships □: Contributed impact

02

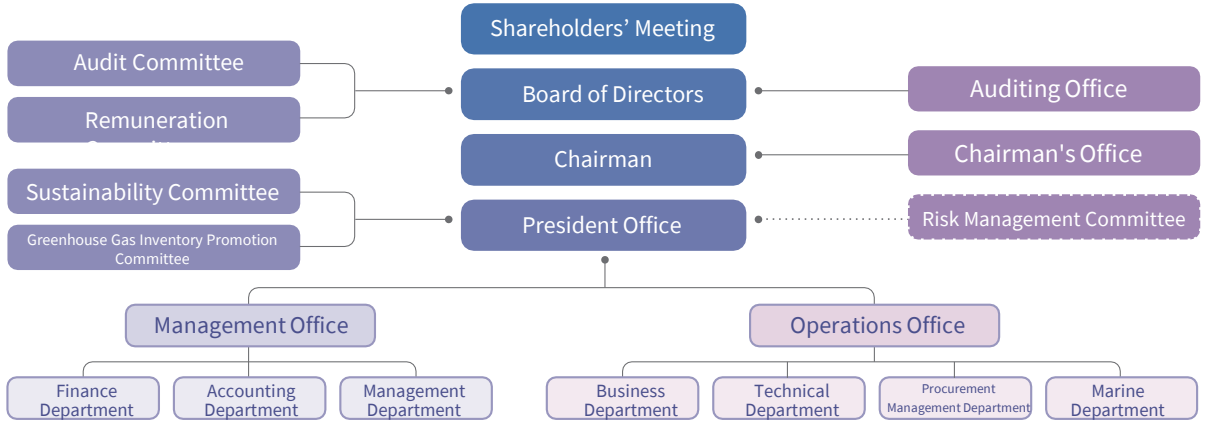
Sustainable Governance

2-1 Leading Corporate Governance

2-1-1 Corporate Governance Structure

A sound governance system forms the foundation for sustainable business operations. Franbo integrates corporate governance into its operational framework by establishing a well-structured and rigorous organizational system. The Company has a Board of Directors responsible for determining strategic direction and assuming operational risks. An Audit Committee is in place to enhance supervisory effectiveness, improve corporate governance, protect the rights of minority shareholders, and strengthen internal control effectiveness. An independent Remuneration Committee has also been established to formulate and review the Company's remuneration policies for directors and managerial personnel, thereby reinforcing a sound compensation management system and improving the corporate governance structure. In addition to a clear hierarchical management structure, a Sustainability Committee reports to the Chairman, whereas a Greenhouse Gas Inventory Promotion Committee and a Risk Management Committee report to the President. These Committees oversee various departments including the Business Department, Technical Department, Marine Department, Procurement Management Department, Finance Department, Accounting Department, and Management Department. This network-based, flat organizational structure enhances information flow and operational efficiency. To continually strengthen corporate governance, the Company has formulated its Corporate Governance Best Practice Principles, and a dedicated Corporate Governance Officer has been appointed in accordance with legal requirements. The Principles not only ensure compliance with laws and the Company's Articles of Incorporation but also emphasize the protection of shareholders' rights, the enhancement of Board functions, respect for stakeholder interests, and strengthening information transparency.

Unit	Governance Structure
Board of Directors	The highest decision-making body of the Company, responsible for setting business strategies, assuming operational risks, and overseeing the execution of management policies.
Audit Committee	Established in June 2017 to replace the supervisor system. It enhances corporate governance, protects shareholders' interests, improves internal control effectiveness, and strengthens oversight.
Remuneration Committee	Established in November 2011 to formulate and evaluate the remuneration policies for directors and managerial personnel; review performance-related compensation systems, standards, and structures; and establish a sound remuneration management system for improved corporate governance.
President	The President oversees the Operations Office (responsible for the Business, Procurement Management, Technical, and Marine Departments) and the Management Office (responsible for the Finance, Accounting, and Management Departments). The Company adopts a network-based, flat organizational structure to improve interdepartmental communication and work efficiency.
Sustainability Committee	An ESG Promotion Committee was established in December 2021 and was renamed the Sustainability Committee in March 2022 upon approval of the Board of Directors. The Committee incorporates the Company's sustainable development efforts into its operations and future direction, formulates policies, systems, and management approaches, develops annual work plans, and compiles sustainability reports.
Greenhouse Gas Inventory Promotion Committee	Established in December 2022 and approved by the Board of Directors in March 2024, to implement the global net-zero emissions target by 2050, the Committee promoted and formed an inventory and verification team, formulated a GHG management policy, to fulfill the corporate social responsibility for environmental protection.
Risk Management Committee	The Risk Management Committee (including the TCFD Task Force) was established at the end of 2023 and approved by the Board of Directors in March 2024, to reduce losses to the Company caused by various risks (including climate change).



2-1-2 Board of Directors

● Composition, Nomination, and Selection of the Board:

The Board of Directors is Franbo's highest governance body and the decision-making entity for major policies. In accordance with the Company's Articles of Incorporation and the Board Member Selection Procedures, Board members are elected through a cumulative voting system and a candidate nomination system. In accordance with regulations, the Board reviews the qualifications of candidates nominated by shareholders or current directors and provides the results of this review to shareholders for reference prior to the election of suitable directors. The current Board was reelected in June 2023, with eight new directors (including two female directors and four independent directors) appointed for a three-year term (from June 1, 2023, to May 31, 2026). In 2025, a total of five Board meetings were held, with an overall attendance rate of 98%. Detailed attendance records can be found in Franbo's 2025 Annual Report.

To ensure governance independence and incorporate stakeholder perspectives, the Audit Committee and Remuneration Committee are composed of independent directors, who assist in and oversee the implementation of corporate governance.

The Board of Directors consists of experts and scholars with backgrounds in industry, law, accounting, and management. Members not only possess professional expertise and industry experience, but also the capabilities needed for the Company's diversified business development. In terms of gender equality, the Board currently includes two female directors. The Board's primary responsibility is oversight. Through the establishment of various committees, the Board enhances the quality of supervision and decision-making. Board meetings are held at least once per quarter to review business reports from the management team and deliberate on various issues. Under the leadership of Chairman Pang-Chuan Tsai, the Board executes and oversees all aspects of the Company's operations, formulates business plans based on market conditions and competition, and coordinates cross-departmental efforts. Board members possess competencies in operational judgment, accounting and financial analysis, crisis management, risk control, industry knowledge, international market insight, and diverse decision-making capabilities.

2-1-3 Continuing Education for Directors

In accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies and considering industry trends, sustainability, and internal development needs, the Company has arranged at least six hours of training per director each year to enhance their professional knowledge and competencies. In 2025, the total required training hours for directors and independent directors was 48 hours, and the actual total training hours reached 57 hours. All Board members fulfilled the statutory training requirements.

Course Topic	Organizer	Course Title	Participant(s)
Sustainable Development	2025 TS Holdings Net Zero Summit	Chinese National Association of Industry and Commerce, Taiwan	Tien-Ming Wu, Shih-Chuan Lin
Sustainable Development	9th Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange	Shu-Yang Yen
Sustainable Development	Sustainability Disclosure Seminar for TWSE/TPEx-Listed Companies	Securities and Futures Institute	Pang-Chuan Tsai, Ching-Chuang Tsai, Yi-Wen Shen, Tien-Ming Wu, Shu-Yang Yen, Jung-Chin Liu
Corporate Governance	2025 Insider Ownership Workshop for TPEx Listed and Emerging Stock Companies	Taipei Exchange	Chun-Yu Lo
Corporate Governance	First Half 2025 Corporate Governance Forum for Directors and Supervisors	Taiwan Academy of Banking and Finance	Pang-Chuan Tsai, Ching-Chuang Tsai, Yi-Wen Shen, Tien-Ming Wu, Shu-Yang Yen, Chun-Yu Lo
Corporate Governance	Aligning with IFRS Sustainability Disclosure – IFRS S1 and S2 Sustainability Reporting Standards	Taiwan Corporate Governance Association	Jung-Chin Liu
Corporate Governance	Leadership Asset Management in the New Era of Corporate Governance	Taiwan Investor Relations Institute	Shih-Chuan Lin

2-1-4 Conflicts of Interest

The Chairman of Franbo concurrently serves as the CEO and President. The selection of directors is conducted in accordance with relevant laws and the Company's Articles of Incorporation. A candidate nomination system is adopted, with nominations submitted by the Board of Directors and shareholders who meet the statutory shareholding requirements. The nomination process and announcement are carried out in accordance with legal procedures. To avoid conflicts of interest at the highest level of governance, the Company implements rigorous control procedures, including requiring all newly appointed directors to sign a Letter of Consent to Serve and comply with Article 23 of the Company Act, which mandates that they faithfully execute their duties and exercise the care of a prudent manager. Under the high ethical self-discipline standards of the directors and the operation of a complete mechanism, no conflicts of interest have occurred in Franbo since the establishment of its Board of Directors. Furthermore, the Board has approved the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct for Directors and Managers. These documents are not only published internally but also communicated to all departments for strict implementation. The Board's Audit Office is responsible for periodically monitoring and evaluating compliance. There is no cross- shareholding, transaction activity, or unsettled balances between directors and suppliers or other stakeholders. The following table provides information on directors' concurrent board memberships and shareholdings in other companies.

Title	Name	Current Positions Held at the Company and Other Companies
Chairman	Prosperity Investment and Consulting Co., Ltd. Representative: Pang- Chuan Tsai	Please refer to p. 4–5 of the 2025 Annual Report
Director	Prosperity Investment and Consulting Co., Ltd. Representative: Ching-Chuang Tsai	Please refer to p. 4–5 of the 2025 Annual Report
Director	Chun-Yu Lo	Director, Ever Steel Enterprise Co., Ltd.
Director	Yi-Wen Shen	Secretary-General, Kaohsiung Disability Service Association
Independent Director	Shu-Yang Yen	Managing Partner, Asian Pacific International Patent & Trademark Office (Kaohsiung Office) Director, EFUN Technology Co., Ltd. Independent director, Golden Insurance Brokers Co., Ltd.
Independent Director	Tien-Ming Wu	Chairman, Morgan Shipping Agency Corp. Executive Director, Kaohsiung Marine Shipservice Corp. Director, Kaochun Logistics & Stevedoring Co., Ltd. President, Allegro Shipping Agency Corp.
Independent Director	Jung-Chin Liu	CPA, JSC (Jiang Sheng & Co., CPAs) Independent director, Tycoons Group Enterprise Co., Ltd.
Independent Director	Shih-Chuan Lin	President, Ming Tzong Harng Trading Co., Ltd. President, Ming Quo Enterprise Co., Ltd.

2-1-5 Board Performance Evaluation

On August 2, 2019, Franbo passed the Board Performance Evaluation Regulations at the third meeting of its fourth Board of Directors. In accordance with the Regulations, the Company conducts annual evaluations of Board performance, and discloses the Regulations and evaluation results on the Company's website. On December 18, 2025, the Board of Directors, individual directors, and all functional committees completed their self- assessment questionnaires. According to the results, all scores met or exceeded 4 (Excellent). Additionally, the remuneration of Franbo's directors is clearly stipulated in the Articles of Incorporation and is linked to the Company's performance. It is calculated based on the Company's pre-tax profit before employee and director remuneration allocations, with a cap of 5% set aside for director remuneration. However, in the event of accumulated losses, such losses must first be covered. Director remuneration for 2023–2025 is as follows:

Directors' Remuneration Over the Years

Year	2023	2024	2025
Net Profit	424,401	584,900	678,521
Directors' Remuneration	5,310	6,300	6,900

Unit: NT$1,000

2-1-6 Functional Committees

To ensure effective oversight and enhance corporate management functions, Franbo has established an Audit Committee and a Remuneration Committee under the Board of Directors. These Committees are responsible for deliberating on major corporate proposals and issues such as the economy, environment, society, human rights, risks, and information security. Details regarding the Committee members and resolutions are available on the Company's website.

01 Audit Committee

Franbo established the Audit Committee on June 23, 2017. The third term was elected in June 2023 and is composed entirely of independent directors. It currently has four members, Ms. Shu-Yang Yen, Mr. Tien-Ming Wu, Mr. Jung-Chin Liu, and Mr. Shih-Chuan Lin. The Committee unanimously elected Ms. Shu-Yang Yen as the convener and chairperson. The term of service is the same as that of the Board of Directors that appointed them (from June 1, 2023, to May 31, 2026). The Audit Committee convenes at least once per quarter and may hold additional meetings as needed. In 2025, the Committee convened five times with an overall attendance rate of 95%. For detailed meeting information, please refer to the 2025 Annual Report. The main responsibilities of the Audit Committee include:

(A) Reviewing the fair presentation of the Company's financial statements, evaluating the appointment/dismissal, independence, competence, and the reasonableness of compensation of the external auditors.
(B) Assessing the effectiveness of the Company's internal control system.
(C) Ensuring the Company's compliance with relevant laws and regulations.
(D) Overseeing the management of existing or potential risks of the Company.

02 Remuneration Committee

Franbo established the Remuneration Committee on November 23, 2011. The fifth-term members were elected in June 2023. The Committee is composed entirely of independent directors. It currently has three members, with Ms. Shu-Yang Yen serving as the current convener, and Mr. Tien-Ming Wu and Mr. Jung-Chin Liu as members. Remuneration Committee meetings are held at least twice a year and may be convened at any time as needed. A total of five meetings were held in 2025. For detailed meeting information, please refer to the 2025 Annual Report.

The responsibilities of the Remuneration Committee are to make recommendations on the following matters for resolution by the Board of Directors:

(A) Establishing and periodically reviewing policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers.
(B) Periodically evaluating and setting the remuneration of directors and managers.

In compliance with the competent authority's requirements, the Chairman's Office has established a Sustainability Committee responsible for promoting the Company's ESG and sustainability initiatives:

03 Sustainability Committee

To enhance corporate governance and fulfill the Company's responsibility for sustainable operations, Franbo established the ESG Promotion Committee in December 2021 and reported it to the Board of Directors in March 2022. The Chairman of the Board serves as the Committee Chair. The Committee is primarily responsible for formulating the Company's sustainability policies and for planning, executing, tracking the progress of goals, strategies, and action plans related to sustainability. It also reviews and ensures the effectiveness of the management system and approves the sustainability report. Each year, the Committee reports the sustainability report and the implementation results to the Board of Directors and, in accordance with regulations, files and discloses them on the competent authority's website.

In accordance with the competent authority's requirements, the President's Office has established a Greenhouse Gas Inventory Promotion Committee, which is responsible for the Company's GHG inventory and strategies and promotion of carbon reduction:

04 Greenhouse Gas Inventory

To support the global 2050 net-zero emissions goal, Franbo established the Greenhouse Gas Inventory Promotion Committee in 2022. The establishment was approved by the Board of Directors in March 2024, with the President serving as the Committee Chair. The Committee's key responsibilities include setting goals, conducting inventories, collecting and calculating GHG emissions data for the headquarters, vessels, and construction affiliates, tracking project implementation progress, overseeing quality management and execution of reduction and improvement measures, and providing green shipping services and related information to customers. The Committee also prepares GHG reports and conducts internal audits and external verifications. All data on the Company's annual GHG inventory and carbon reduction actions are compiled and incorporated into the sustainability report, with implementation results reported annually to the Board of Directors. Furthermore, in accordance with regulatory requirements, the results are filed and disclosed on the competent authority's website.

To comply with the Sustainable Development Roadmap for TPEx-Listed Companies, starting from 2024, the Company has established a group-wide corporate GHG inventory system based on ISO 14064-1:2018. Starting from December 2025, it will comply with the announcement made by the FSC in December of that year on the Scope 3 inventory portion of IFRS S2 "Climate-related Disclosures", which requires enterprises to use the GHG Protocol methodology to measure and disclose GHG emissions. Therefore, starting from 2025, the Company's GHG inventory standard will be based on the GHG Protocol.

2-1-7 Project-based Committees/Organizations

01 Risk Management Committee

To coordinate cross-departmental risk management efforts for various types of risks, the President's Office established the Risk Management Committee at the end of 2023 as a project- based organization (including a TCFD Task Force focused on the financial impacts of climate change). This was then reported to and approved by the Board of Directors in March 2024. The purpose of this Committee is to ensure effective control of major risks and enable the Company to maintain stable operations in response to potential impacts.

The Risk Management Committee (including the TCFD Task Force) is chaired by the President, with two Vice Presidents assisting in supervision and execution. The Committee follows standard procedures for risk identification, materiality assessment, and risk control. Based on the type of risk, task-specific working groups are formed by relevant departments to formulate response measures, manage issues, and implement solutions. The risk working groups conduct quarterly reviews of risk management progress (including TCFD-related matters). At the end of each year, each group submits a report on execution outcomes to the President, who then presents an overview of risk management policy operations and risk issues for the following year to the Board of Directors.

02 TCFD Task Force

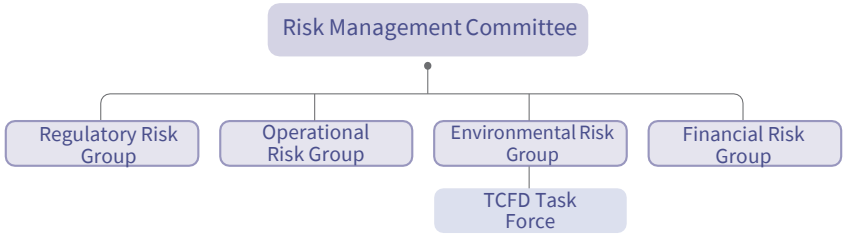
Operating under the Environmental Risk Group, the TCFD Task Force is responsible for identifying and assessing material risks and opportunities arising from climate change that may impact the Company's finances. The task force is composed of relevant departments and is responsible for developing response strategies and action plans. It also reports on the key climate-related topics and implementation results each year.

2-2 Risk Control

2-2-1 Functions of the Risk Management Committee

The Board of Directors serves as Franbo's highest supervisory body for risk management and is responsible for reviewing the annual risk management report. Each year, the Risk Management Committee evaluates various types of operational risks. In addition to reporting on major ESG- related events, including economic, environmental, and social impact risks, the Committee also includes TCFD-related risks and opportunities. The implementation status and performance results of the annual risk management action plan are submitted to the Board of Directors, with reports presented at least once per year.

Franbo's Risk Management Committee



Responsibilities of the Risk Management Committee:

The President: serves as chair ; two vice presidents are responsible for assisting in supervision.

1. Oversees and approves the risk management policy.
2. Approves major risk issues, risk strategies, and resource requirements.
3. Leads quarterly reviews of material risk management topics (including the implementation of TCFD), reviews and adapts risk management topics to the current operational risk needs.
4. Regularly report (at least once a year) the annual risk management operations to the Board of Directors.

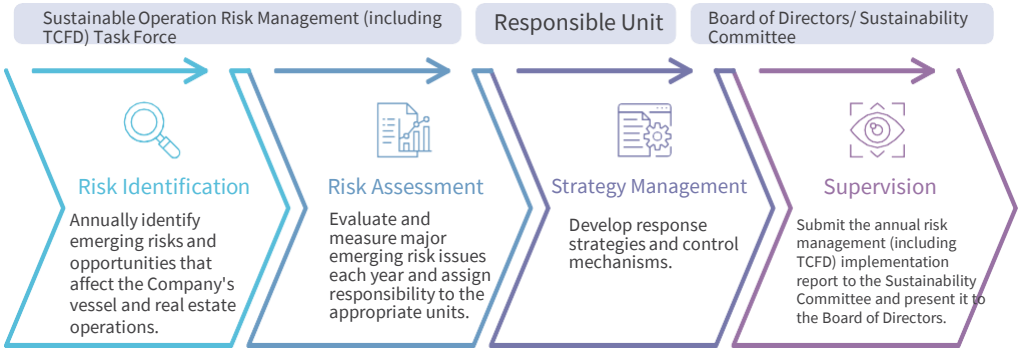
Risk Groups: Led by heads of relevant departments, each risk group is responsible for identifying and assessing risks, implementing measures to reduce or avoid damage caused by risks, as well as formulating mitigation and response strategies and implementing improvements.

TCFD Task Force: Operating under the Environmental Risk Group, it is responsible for identifying and assessing material issues, risks, and opportunities related to climate change impacts on financial performance, and proposing response strategies, executing the approved annual material issues and reports outcomes.

Auditing Office: The Office audits on risk management operations to ensure effective implementation of the Company's risk management practices.

2-2-2 Risk Management Policy and Procedures

With the increasing complexity and diversity of risks arising from globalization, geopolitical conflicts, diseases, and climate change, the Company has established a risk management policy aimed at identifying and assessing potential risks and transitional opportunities, as well as implementing supervision and control mechanisms. The objective is to reduce the likelihood of various operational risks, formulate response strategies, and contain potential damage within acceptable levels. This comprehensive risk management framework promotes a risk-oriented management approach to support the achievement of operational goals.



The purpose of Franbo Group's corporate risk management policy is to ensure the integrity of the risk management system. To this end, risk controls and fraud prevention measures are incorporated into both organizational design and the implementation of internal management systems. This approach reinforces the effectiveness of risk management responsibilities and the division of labor, ensuring successful attainment of the Company's business objectives.

2-2-3 Risk Assessment, Identification, and Corresponding Management Mitigation Measures for 2025 Risk Management

Based on the 2024 results of the "Risk Items and Mitigation Countermeasures" executed by each group under the Risk Management Committee, and with reference to the four major risk categories of legal risk, operational risk, financial risk, and environmental risk (TCFD), the Company identified key control issues and conducted risk assessments for 2025 and proposed corresponding countermeasures. The Risk Management Committee evaluated proposals from various departments, and identified a total of 15 risk items. Among these, eight items with “moderate risk” were selected as major risk control items for 2025 and assigned to relevant groups for implementation.

The Company implemented its 2025 risk topics, and after quarterly reviews, the Committee consolidated the outcomes into the Risk Management and Mitigation Measures Implementation Results as shown in the table below, which was submitted to the Board of Directors for review on December 18, 2025.

2025 Risk Management and Mitigation Measures Implementation Results

Risk Type (Item)	Risk Description	Risk Mitigation Measures and Actions Taken 2025 Implementation Status and Recommendations for Improvement
Operational Risk (Market)	Fluctuations in time charter market rates, deglobalization: The impact of the US tariff war on international trade has led to changes in the chartering market and instability in client revenue, indirectly affecting clients' ability to perform contracts	• As tariff negotiations between the United States and various countries have been finalized, the impact of tariff issues has largely come to an end, and the global dry bulk market has returned to the fundamentals of vessel supply and demand
Operational Risk (Market)	Fluctuations in time charter market rates, deglobalization: The impact of the US imposition of port taxes on international trade has led to changes in the chartering market and instability in client revenue, indirectly affecting clients' ability to perform contracts	• Continue to monitor subsequent developments
Operational Risk (Sanctions)	Charterers may travel to sanctioned areas and encounter incidents, resulting in the Company's vessels being subject to collateral penalties or rendered inoperable	• No penalties or economic/operational losses caused by sanctions have occurred
Operational Risk (Market)	Charterers may travel to high-risk areas (including civil war zones) and encounter incidents, resulting in the Company or its vessels suffering business interruption or economic loss	• No business interruption or economic loss arising from traveling to high-risk areas (including civil war zones) have occurred
Financial Risk (Interest Rate)	Risks primarily arise from transaction and accounting exposure, rising interest rates may increase interest expenses	• Mitigation measures in 2025 were effective, and did not result in increased interest expenses for the Company • This item will continue to be a risk control item in 2026
Financial Risk (Exchange Rate)	Impact of exchange rate fluctuations on the Company (USD appreciation/depreciation)	• Mitigation measures in 2025 were effective, and did not result in increased exchange losses for the Company • This item will continue to be a risk control item in 2026
Operational Risk (Information Security)	Data backup – Data entry errors or file loss caused by operator negligence	• Measures were effectively implemented in 2025; and no information security incidents have occurred to date • This item will continue to be a risk control item in 2026
Operational Risk (Information Security)	External malicious attacks can lead to data leaks or communication service disruptions	• Measures were effectively implemented in 2025; and no information security incidents have occurred to date • This item will continue to be a risk control item in 2026

2-2-4 Risk Assessment, Identification, and Corresponding Management Mitigation Measures for 2026 Risk Management

At the end of November 2025, the Company conducted its 2026 annual risk management survey, following its risk management procedures including risk identification, assessment and measurement, strategic management, and supervision, as well as the implementation results of the current year. Risks were categorized into four major types: legal risk, operational risk, financial risk, and environmental risk. Real estate construction projects have been progressively launched since 2025. Departments have individually submitted their 2026 risk items and action plans (including real estate construction). Taking into consideration factors such as current geopolitical conflicts and risks to the Company's operations posed by climate change, the Risk Management Committee conducted a review on December 12, 2025. It was decided that risks across the four types reaching "moderate risk" or higher would be designated as risk management implementation and control items for 2026, and corresponding action plans for risk mitigation would be formulated for each.

2026 Risk Management and Mitigation Measures Summary

Risk Type (Item)	Risk Description	2026 Risk Mitigation Measures
Financial Risk (Interest Rate)	Due to the nature of the industry, which requires significant capital investment, the funding needs are substantial; furthermore, as ship financing is long-term, interest expense will fluctuate with market interest rates	• The Group is a reputable TPEx-listed company with a sound financial structure, it maintains business relationships with multiple domestic financial institutions, possesses strong financing negotiation capabilities, and can compare different financing schemes and models to reduce financing costs • Negotiate with financing banks for early repayment of vessel loan principal to reduce interest expense • Place operating capital in time deposits increased interest income, mitigating the impact of interest rate hikes on the Company
Financial Risk (Exchange Rate)	Operating revenue and operating costs are mostly denominated in US dollars; only minor expenses such as employee compensation and operating expenses need to be paid in New Taiwan Dollars converted from US dollars, thus exchange rate fluctuations have little impact on the Company's core business revenue	• Since the Group's income and expenses are primarily denominated in US dollars, this provides a natural hedge, natural hedging remains one of the methods adopted by the Group to manage exchange rate risk • The Group's primary need for US dollar to New Taiwan dollar exchange is for dividend payments, US dollars remitted back by subsidiaries is converted to New Taiwan Dollars on a monthly average basis to avoid exchange rate risk caused by exchange rate fluctuations
Operational Risk (Market)	Fluctuations in time charter market rates, deglobalization: The impact of the US imposition of port taxes on international trade has led to changes in the chartering market and instability in client revenue, indirectly affecting clients' ability to perform contracts	• Conduct a rolling analysis of the impact on the shipping market of shipping routes significantly affected by the policies of various countries, in order to respond proactively • Collect clients' views on the market impact of various U.S. policies, as well as the extent of the impact on major operating routes and their financial conditions • Buffer clauses shall be formulated for existing and future clients at an appropriate time

Risk Type (Item)	Risk Description	2026 Risk Mitigation Measures
Regulatory Risk (Sanctions)	Charterers may travel to sanctioned areas and encounter incidents, resulting in the Company's vessels being subject to collateral penalties or rendered inoperable	• Inclusion of sanctions protection clauses in contracts • Conduct due diligence on voyages involving cargo from sanctioned regions • Monitor international developments, continuously update the scope of sanctions, and remind clients not to proceed in violation of them
Legal Risk (High-risk Areas)	Charterers may travel to high-risk areas (including civil war zones) and encounter incidents, resulting in the Company or its vessels suffering business interruption or economic loss	• Inclusion of protective clauses for high-risk areas (including civil war) in contracts • Monitor international situations and promptly request clients to cooperate with relevant rerouting for areas with higher risks (including civil war)
Operational Risk (Market)	The announcement on October 10, 2025, that a special port service fee for China will be levied starting October 14, could potentially increase shipowners' costs	• Analyze the charterer's equity structure to determine whether it is held by a U.S.-funded enterprise, or whether the proportion of U.S. equity exceeds 25% • Understand whether, upon actual port entry, the shipowner will be required to pay this port service fee in advance if the charterer is a U.S.-funded enterprise • Inclusion of the special China port service fee in contracts and pass it on to the charterers
Operational Risk (Information Security)	External malicious attacks can lead to data leaks or communication service disruptions	• Formulate and implement information security policies • Block external attacks through firewalls and antivirus softwares • Onboard networks are segmented into official and crew channels, official use is restricted to e-mail only, whereas crew access is limited to private devices via Wi-Fi • Periodically conduct educational training to enhance information security awareness • Educate employees on methods to identify spam/phishing e-mails to prevent fraud or the opening of malicious hyperlinks
Operational Risk (Information Security)	Data backup – Data entry errors or file loss caused by operator negligence	• Office personnel access rights are assigned by role with individual account credentials, ensuring clear division of responsibilities • Regular backup of important files
Operational Risk (Assets)	Construction contractor performance risk and poor construction quality	• Conduct KYC review beforehand, specify responsibilities and obligations in contracts, and establish performance mechanisms • Implement engineering supervision system to confirm construction progress and quality • Third-party supervision, acceptance certification, and engineering audit system

2-2-5 Climate-related Financial Risks (TCFD)

Global climate change has led to extreme weather conditions, which not only increase the risks associated with vessel navigation but also pose a critical challenge for enterprises striving for sustainable development. The maritime industry faces increasingly stringent carbon reduction regulations from the IMO, including limits on vessel carbon emissions. Furthermore, mechanisms such as the European Union's Carbon Border Adjustment Mechanism (CBAM), carbon taxes, and the promotion of carbon footprint verification and environmental performance certifications will have significant impacts on business operations. Asset-holding companies also experience severe impacts on construction projects due to abnormal weather events such as typhoons, torrential rains, and flooding.

The issue of energy conservation and carbon reduction is closely tied to the shipping services provided by companies and directly or indirectly affects business operations. Since Franbo's core business is providing vessel chartering services, global climate change and carbon emission restrictions will influence the Company's operations. In response to decarbonization and operational cost pressures, Franbo not only promotes energy-saving and carbon reduction initiatives, plans for the construction of new vessels to phase out old ones, and enhances energy efficiency, but also continuously reduces carbon emissions. A dedicated team for constructing energy-efficient ships has been established to improve vessel competitiveness and turn potential risks into opportunities.

The Company has also established Sustainable Development Best Practice Principles to promote environmental sustainability policies in response to climate change. Climate- related risks and opportunities are assessed, and based on the assessment results, the Company formulates management strategies, conducts greenhouse gas inventories, and implements carbon reduction plans. These efforts aim to reduce energy consumption, lower carbon emissions, improve carbon management performance, and demonstrate Franbo's corporate responsibility on climate issues. Ultimately, these actions support more efficient capital allocation and drive sustainable development in a low-carbon economy, aligning with the Company's sustainable development goals.

Franbo continues to regard climate change management as a key component of risk management. In addition to managing and monitoring the risks and opportunities brought by climate change, the Company incorporates the TCFD framework into its operational planning and decision-making processes as a basis for climate risk management. The Company identifies climate-related risks and formulates corresponding measures under the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

In 2025, a total of four projects were included under the 2025 TCFD initiative. These projects were executed by various working groups, with the Risk Management Committee (including TCFD) holding four review meetings throughout the year. A report on the implementation status of TCFD for 2025 was submitted to the Board of Directors on December 18, 2025.

2-2-5-1 TCFD Governance

To achieve carbon reduction goals and effectively implement and monitor the decarbonization pathway, Franbo has established the TCFD Task Force under the Environmental Risk Group of the Risk Management Committee. The Chairperson of the Risk Management Committee is responsible for defining climate governance policies and related decision-making guidelines, including TCFD risk management. Climate governance is integrated into the existing risk management processes across various functional units, including business, shipping, marine operations, and procurement, to enhance the Company's sustainable value through the risk management framework.

- The Board of Directors serves as the highest supervisory body for climate change management.
- The President acts as the Chairperson of the Risk Management Committee, with two Vice Presidents providing oversight.
- The TCFD Task Force is responsible for identifying climate-related initiatives and preparing implementation reports.
- The TCFD Task Force compiles an annual report detailing the execution and outcomes of climate-related initiatives, which is submitted to the Chairperson of the Committee for review at the end of each year and then reported to the Board of Directors. This ensures the effective implementation of climate risk management and supports resource planning for future initiatives.

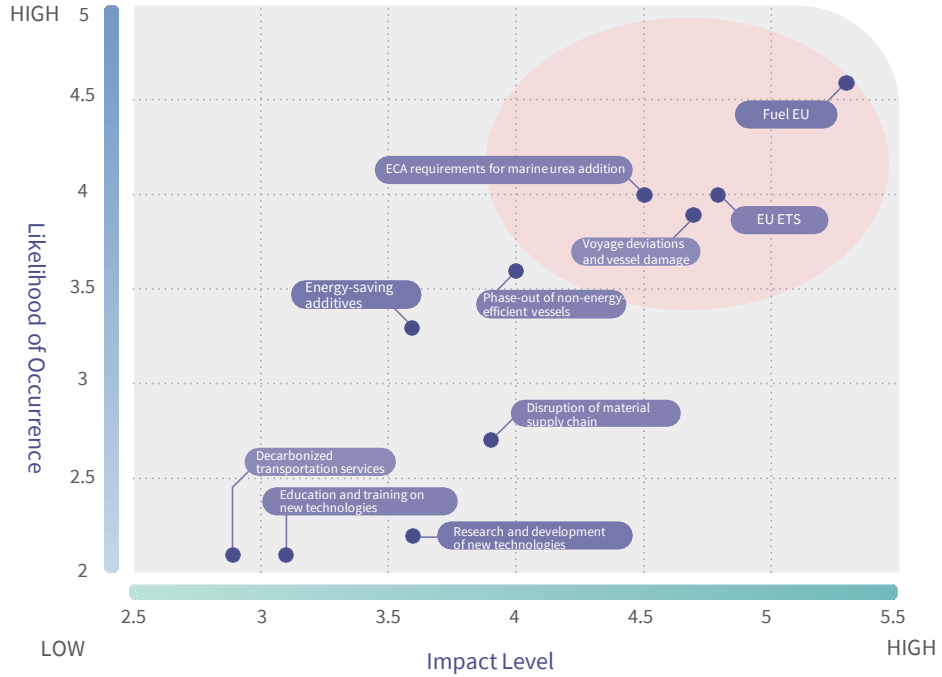
2-2-5-2 Risks, Opportunities, and Strategy

In response to increasingly severe climate change and tightening regulations on GHG reduction, Franbo continues to monitor the latest global climate developments and decarbonization policies in the shipping industry, all of which pose significant impacts on business operations. In alignment with the TCFD framework, the Company conducts a comprehensive review of the risks and opportunities posed by climate change. Through scenario analysis and financial impact assessments, Franbo proposes corresponding mitigation strategies to reduce the threats climate risks pose to operations.

Climate Change Risk Matrix

In 2025, Franbo referred to the TCFD guidelines to compile climate-related financial risk items relevant to its domestic and international fleet operations. By identifying climate-related risks and opportunities across different business functions over the short-, medium-, and long-term, the Company developed plausible scenario assumptions and evaluated the potential impacts of climate risks on operations. Franbo designed and distributed assessment questionnaires to relevant departments to evaluate the significance and materiality of climate-related risk items. Based on these evaluations, a climate change risk matrix was created. From this analysis, Franbo selected its 2025 climate-related risk and opportunity items and formulated corresponding management actions or response strategies. Where necessary, the Company also established management metrics and targets to strengthen control over specific climate risks and seize emerging opportunities, ultimately outlining several climate risks with potential financial impacts on the Company.

2025 Risk Control Assessment Based on TCFD



Transition Risk Scenario Analysis

Transition risks adopt the scenarios from the International Energy Agency's World Energy Outlook 2022—specifically the Net Zero Emissions by 2050 (NZE) scenario—and the European Union's Fit for 55 package (FF55). The assessment follows the principles of data availability and quantifiability to evaluate and identify the potential impacts of transition risks on Franbo. Physical risk for asset construction is assessed based on the Representative Concentration Pathways (RCPs) scenario RCP 8.5, which defines future climate change in the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report (AR6), and according to research literature on the impact of flooding on housing prices in various regions. Through model simulation, relevant impact assessment parameters (e.g., rainfall, urban drainage standards, flood potential, and impact of flooding on housing prices) are incorporated to estimate the financial impact of flooding on the mortgage business.

Scenario Analysis and Key Issue Assumptions

Risk Issue	Scenario Analysis and Key Issue Assumption	Assessment Period	Financial Impact
Cap-and-Trade System	Construction contractor performance risk, where the contractor's poor financial condition results in project delays, engineering quality issues, or bankruptcy	2025	Increased operational costs
Mandatory Maritime Regulations	IMO decarbonization targets 1. Construction of new energy-efficient vessels 2. Installation of carbon-reduction equipment on existing vessels	2022–2025	Increased capital and operating costs
Depreciation loss on house prices due to flooding caused by abnormal climate and heavy rainfall	Utilize data from the Global Circulation Model (GCM) of the Coupled Model Intercomparison Project Phase 6 (CMIP6), which is used in IPCC AR6, as the source for synthetic meteorological data for future scenarios. Explore the depreciation loss of houses due to flooding and its impact on the loan-to-value (LTV) ratio	2025	Increased capital and operating costs

2025 TCFD Implementation Report

Amid increasing globalization, geopolitical conflicts, pandemics, and climate change, the risks faced by the Company have become more diverse and complex. In response, the Company implemented the 2025 TCFD framework. The table below presents the annual execution outcomes and corresponding response measures. The results were reported to the Board of Directors on December 18, 2025.

2025 TCFD Implementation Report

Core Elements	Identified Category	Climate-related Hazards	Potential Financial Impact	Severity	Time Frame	Mitigation Measures	2025 Implementation Results
Transition Risk	Policy and Legal Risks	FuelEU Maritime (EU maritime fuel regulation, effective Jan 1, 2025)	Voyages to EU ports are subject to penalties	High	Long-term	Excess GHG emissions are calculated on a per-voyage basis, with revised contract clauses implemented to recover costs from charterers	The CO2e surplus and deficit generated are, respectively: +111.2 (surplus generated from charterers' use of biofuels); -191.1 (total deficit incurred across various charterers) Costs are borne by charterers
Transition Risk	Policy and Legal Risks	EU ETS (EU Emissions Trading System)	Voyages to EU ports require the purchase of European Union Allowances (EUAs), approximately €60–100 per unit	High	Long-term	ETS units generated are calculated on a per-voyage basis, and the collection of an equivalent amount of carbon allowances from the charterer has been stipulated in contracts	7,948.3 ETS units generated, with costs borne by the charterers
Physical Risk	Acute	Voyage deviations and vessel damage due to severe weather	• Costs for meteorological navigation service is US$1,200/ship/year • Maintenance costs vary depending on the extent of damage to the vessel	High	Long-term	Engage meteorological navigation services, with marine technical units assisting in advising routes to avoid severe weather conditions and reduce the risk of vessel damage	No vessel damage or business loss caused by weather conditions have occurred
Transition Risk	Policy and Legal Risks	Tier III main and auxiliary engines entering Emission Control Areas (ECAs) required to add marine urea, but the limited supply of marine urea may result in the fleet being unable to replenish on time, affecting voyage schedules	Tier III engines on newbuilds require higher-grade fuel and additional marine urea/NaOH products, raising operating costs	High	Long-term	Short-term strategy: Early procurement and increase inventory days to stabilize supply Medium to long-term strategy: Develop new supply sources to reduce supply risk	• Despite potential market changes, stable supply support measures and diversified supply sources are already in place • Supply chain resilience as well as procurement early warning and replenishment mechanisms are all in place

2026 TCFD Management Survey Report

The Risk Management Committee (TCFD Task Force), in response to climate change-related financial impacts, continues to regard climate change management as a key risk management priority. In early December 2025, the Committee submitted the 2026 Risk Items and Mitigation Measures (including TCFD). After reviewing charterer plans for future navigation areas and other climate-related risks, particularly those that threaten the Company's operations, the Committee resolved to designate all risks assessed as "moderate or higher" as official TCFD management execution and control items for 2026. Corresponding risk mitigation measures have been proposed as outlined below.

2-2-5-3 Metrics and Targets

Franbo actively aligns with the competent authority's Sustainable Development Roadmap for TWSE/TPEx Listed Companies by incorporating climate-related risks into its existing emerging risk management mechanisms. Each year, the Company identifies, assesses, and quantifies potential losses caused by climate-related risks and reports its emerging risk management performance to the Risk Management Committee. These findings are then compiled into the risk management report and submitted to the Board of Directors to ensure comprehensive and effective oversight of carbon emissions and energy efficiency in marine operations.

Actions on Metrics and Targets:

- For new vessels, Franbo adopts the Energy Efficiency Design Index (EEDI) in compliance with international conventions and introduces assessments of climate-related indicators such as the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII) for existing ships. The Company continues to monitor vessel energy consumption and emissions, and it establishes GHG emission metrics in accordance with GRI 302 and GRI 305 guidelines, the data of which are disclosed in the sustainability report.
- While maintaining regulatory compliance, Franbo will further explore the feasibility of investing in energy-saving, environmentally friendly new vessels or retrofitting existing ships to reduce environmental impact.

2026 Annual TCFD Management Items

Core Elements	Identified Category	Climate-related Hazards	Potential Financial Impact	Severity	Time Frame	Mitigation Measures
Transition Risk	Policy and Legal Risks	Fuel EU Maritime (EU Maritime fuel regulation)	Voyages to EU ports are subject to penalties	Medium	Long-term	Excess GHG emissions are calculated on a per-voyage basis, with revised contract clauses implemented to recover costs from charterers
Transition Risk	Policy and Legal Risks	EU ETS	Voyages to EU ports require the purchase of European Union Allowances (EUAs), approximately €60–100 per unit	Medium	Long-term	ETS units generated are calculated on a per-voyage basis, and the collection of an equivalent amount of carbon allowances from the charterer has been stipulated in contracts
Physical Risk	Acute	Voyage deviations and vessel damage due to severe weather	• Costs for meteorological navigation service is US$1,200/ship/year • Maintenance costs vary depending on the extent of damage to the vessel	Medium	Long-term	Engage meteorological navigation services, with marine technical units assisting in advising routes to avoid severe weather conditions and reduce the risk of vessel damage
Transition Risk	Policy and Legal Risks	Supply chain resilience and cost management for critical operational materials driven by IMO Tier III regulations In response to regulatory requirements, SCR systems operating in ECAs must be stably supplied with marine urea. Affected by global energy policies, marine urea has become a critical operating expenditure	• The extent of the financial impact will depend on the proportion of the cost burden negotiated with charterers, as well as the frequency and duration of the vessels' actual entries into ECAs • Considering the volatility of the energy market, operating costs carry a potential growth risk A quarterly market change observation mechanism needs to be established to facilitate dynamic budget management and lock in compliance costs	Medium	Long-term	Short-term strategy: Early procurement and increase inventory days to stabilize supply Medium- to long-term strategy: Market price analysis, categorizing prices, packaging, and supply methods by region, with supply arranged in advance based on suitable ports
Physical Risk	Acute	Extreme weather events or geopolitical conflicts (such as war) may lead to fluctuations in raw material and energy prices, creating uncertainty for global marine urea production capacity and logistics chains				

2-3 Ethical Corporate Management

"Integrity, Trustworthiness, Fairness, and Ethics" are the guiding principles of Franbo, while corporate social responsibility (CSR) serves as the cornerstone of its sustainable operations. The Company remains committed to fulfilling its core values of integrity, pragmatism, and professionalism; strengthening positive engagement with stakeholders; and partnering with collaborators to contribute to society. To ensure the avoidance of conflicts of interest and the protection of stakeholder rights, Franbo has established the Work Rules, the Ethical Corporate Management Best Practice Principles, and the Code of Ethical Conduct for Directors and Managers. These policies explicitly prohibit unethical behavior, including bribery and the acceptance of bribes; offering or accepting inappropriate gifts, entertainment or improper benefits; providing illegal political donations; and engaging in unfair competition. The Company has implemented procedural guidelines, preventive measures, and regular training and awareness campaigns to promote employee integrity and self-discipline and foster a corporate culture rooted in ethical business practices. Moreover, prior to any business engagement, the Company evaluates the legality and integrity records of customers, suppliers, and other business counterparts. This includes conducting external due diligence as needed to avoid transactions with parties known for unethical practices.

The Company places great importance on mitigating corruption risks and has internal controls in place to prevent such risks. During the reporting period, corruption risk assessments were conducted on operational activities at the Kaohsiung site, with continued efforts to maintain and enhance internal controls.

Whistleblowing Channel

Responsible Unit	Management Department
Mailing Address	3F., No. 31, Haibian Rd., Lingya Dist., Kaohsiung City, Taiwan (R.O.C.)
Whistleblowing Hotline	07-969-7988
E-mail	admin@franbo.com.tw

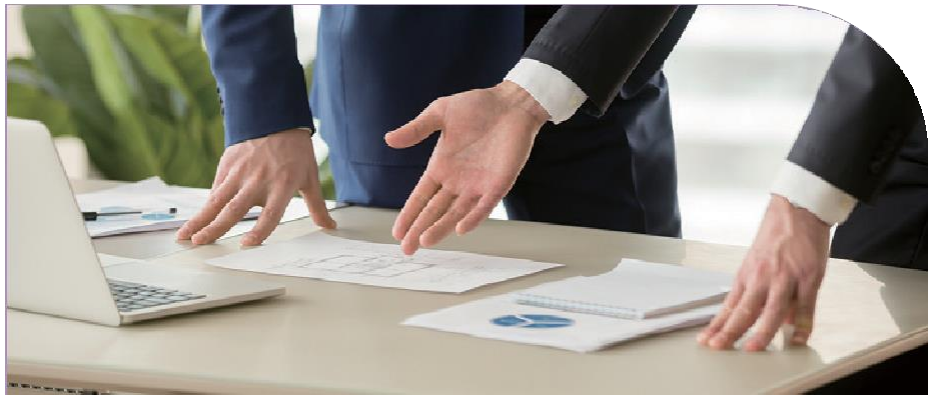
2-3-1 Integrity and Anti-Corruption Implementation Report

In 2025, no penalties were imposed for violations of socioeconomic laws.

To implement ethical corporate management, the Company regularly conducts anti-corruption and integrity awareness campaigns. In accordance with the human resources management regulations, the Management Department conducts integrity governance advocacy for all employees and Board members annually (with a 100% training completion rate), and periodically organizes educational training in conjunction with external professional institutions in response to trends.

2-3-2 Regulatory Compliance

As a TPEx listed company, Franbo is committed to ethical corporate management and complies with relevant regulations including the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Accounting Standards, and the Regulations Governing Establishment of Internal Control Systems by Public Companies. The Company has established effective accounting and internal control systems, and its Auditing Office conducts regular audits to ensure compliance with these systems and reports the results to the Board of Directors.



2-3-3 Internal Control System and Internal Audit

Internal Control System

To enhance operational performance and implement sound corporate governance, Franbo has established an Internal Control System as well as Internal Audit System and Implementation Rules in accordance with the FSC 's Regulations Governing Establishment of Internal Control Systems by Public Companies. These serve as the basis for executing internal audits. The Auditing Office is an independent and dedicated unit under the Board of Directors, staffed by one Internal Audit Supervisor and one full-time internal auditor. In addition to meeting the applicable qualifications required by the FSC, the personnel undergo professional training courses every year to enhance audit quality and capabilities. Before the end of each fiscal year, the Auditing Office formulates the annual audit plan for the following year based on risk assessment results. The plan covers general audit tasks and special projects to assist the Board and management in reviewing and enhancing the internal control system, thereby improving operational efficiency and maximizing overall corporate benefits. Once approved by the Board, the annual audit plan is submitted to the competent authority through the online information system for recordkeeping.

Based on nine major control cycles and corresponding management procedures within the internal control system, the Auditing Office reviews the self-assessment results of each unit annually. In 2025, a total of 33 audit cases were conducted across different business functions, resulting in three recommendations or improvement items aimed at reducing or eliminating procedural deficiencies in the Company's operations.

Audit Cases in 2025

Case Type	Sales and Collection	Procurement and Payment	Information Systems	Other Management Procedures	Total
Number of Audit Cases	1	1	1	30	33
Number of Recommendations and Corrective Actions	0	0	1	2	3

2-4 Customer Service Management

Due Diligence on Vessel Charterers

Franbo's collaborations with customers are primarily based on long-term partnerships and demonstrate stable operations and sound financial standing. When reaching a preliminary cooperation agreement with a new customer, before signing contracts or initiating any transactions, the Company will conduct basic background checks, operational assessments, and reputation reviews through long-standing brokerage partners. Depending on the situation, a third- party agency may be commissioned to carry out credit investigations into the customer's financial status and business performance to ensure their ability to fulfill contractual obligations.

Given that the Company currently operates on a time-charter model, with all charter fees collected in advance, the risk of bad debt is significantly minimized. Additionally, all contract terms are based on internationally recognized standards. In the event of delayed payment, the Company, in its role as the vessel owner, retains the right to withdraw the vessel, thereby preventing further losses. Additionally, the Company has freight, demurrage and defense (FD&D) insurance and has engaged lawyers specializing in international shipping as standing legal counsel, who can subrogate claims for charterer default cases to protect the Company's rights and interests.

In 2025, all vessel charterers maintained good credit standings, with no incidents of unpaid charter fees.

Customer Complaint Handling Services

While pursuing profitability, Franbo places great emphasis on customer service management. By engaging in effective communication to understand customers' needs and concerns, the Company provides high-quality, safe, and efficient transportation services. To ensure fairness and transparency throughout all interactions, including contract signing, payment collection, and ongoing dealings, the Company adheres to standardized internal control procedures.

To maintain high customer satisfaction and service quality, Franbo continuously upholds the goal of "zero customer complaints (off-hire)". Through internal analysis and review of past complaint cases, the Company strives to improve and strengthen employee training, thereby preventing recurrence of similar issues. These efforts not only help reduce potential disputes with customers but also maximize operational efficiency and profitability, ultimately achieving a win-win outcome for both the Company and its customers.

In the 2025 records, only two cases caused by vessel mechanical failure occurred, demonstrating the concrete results of stringent internal management and high standards of transportation safety. At the onset of the malfunction events, through meticulous and proactive communication and collaboration between the vessels and shore, the emergency response team accurately identified the core of the malfunction at the earliest opportunity, enabling repair operations to be swiftly completed and vessel operations to be restored.

Despite the incidents caused brief operational disruptions, the Company maintained transparent and timely communication with its customers during the handling period, providing continuous updates on the repair progress. This action not only earned clients' full understanding and recognition of Franbo's professionalism in crisis management but also garnered high praise, further solidifying clients' trust in the Company's responsiveness and service quality.

Fleet Off-Hire (Customer Complaint) Records

Customer Complaint Incident	Occurrences	Improvement/Handling Measures
Vessel mechanical failure	02	An emergency task force was immediately formed upon the occurrence of each incident and maximum assistance was provided to the vessel based on the responsibilities of each unit. The Company communicated with the clients and inform them of the situation. Fault analysis investigation and repairs were swiftly initiated. Comprehensive incident analysis reports were prepared.

Real Estate Construction – Cases of Handling Customer Complaints Regarding Property Inspection

The Company focuses on construction project quality and residential safety, transparency of handover procedures, customer service and after-sales maintenance, privacy protection (personal data), and community management mechanisms. Prior to the handover of construction projects in 2025, during the period of customer inspection operations, the customer service unit collaborated in accordance with standard operating procedures for inspection, arranged multiple on-site inspections, explained repair contents and improvement methods item by item, and provided a tracking mechanism, striving to maintain information transparency and good communication. Currently, all property inspection items have been completed and rectified, with 18 units handed over by the end of 2025.

2-4-1 High-Quality Service Assurance

When Franbo was first established, it initially focused on ship agency and freight forwarding services. Through long-term business objectives and accumulated strategic partnerships with customers, the Company gradually shifted to vessel chartering and trading services and progressively expanded its owned fleet. Operating routes have also evolved from the cross-strait services of the early days to the global network of today.

The Company firmly believes that fulfilling economic, environmental, and social responsibilities is the key to sustainable business development. It complies with relevant international agreements, regulations, and their underlying principles. Each year, the Company conducts internal audits on its vessels to ensure compliance with the International Safety Management (ISM) Code. All crew members undergo health checkups prior to boarding to comply with the Maritime Labour Convention (MLC), further enhancing the management system and ensuring steady and smooth operations. Franbo actively supports national government safety and environmental policies by establishing robust safety control mechanisms and proactively acquiring various safety certifications to ensure compliance with safety, environmental protection, and related technical regulations, as well as relevant information and labeling requirements. In 2025, the Company was not in violation of any related laws and did not receive any customer complaints regarding health and safety compliance.

Franbo continues to employ additional management protocols for measurement, analysis, and review to make effective improvements, thereby ensuring stable quality and meeting the needs of customers and other stakeholders.

The external certifications are as follows:

- Safety Management Certificate (SMC): Third-party verification that the fleet complies with the ISM Code through 2028.
- International Ship Security Certificate (ISSC): Third-party verification that the fleet complies with the International Ship and Port Facility Security (ISPS) Code through 2028.
- Maritime Labour Certificate: Third-party verification that the fleet complies with the MLC 2006 through 2028.
- Document of Compliance (DOC): Third-party verification that the Company complies with the ISM Code through 2028.

Safety Management Certificate (SMC)

SAFETY MANAGEMENT CERTIFICATE

REPUBLIC OF MARSHALL ISLANDS

International Ship Security Certificate (ISSC)

INTERNATIONAL SHIP SECURITY CERTIFICATE

REPUBLIC OF THE MARSHALL ISLANDS

Maritime Labour Certificate

Maritime Labour Certificate

REPUBLIC OF THE MARSHALL ISLANDS

Document of Compliance (DOC)

DOCUMENT OF COMPLIANCE

REPUBLIC OF MARSHALL ISLANDS

2-4-2 Information Security and Privacy Protection

Franbo strictly adheres to the Personal Data Protection Act when collecting, processing, or using personal data. Through a rigorous management system, the Company ensures the security of employee and customer data. No incidents of customer privacy violations occurred during the reporting period. The Company has established the following rules regarding the protection of personal data and privacy of its vessels and real estate clients and employees:

01
Network firewalls are maintained and updated regularly to block potential viruses, hackers, and phishing attempts from external sources.

02
All computer equipment is secured with login credentials, installed with enterprise-grade antivirus software, and centrally managed by the IT unit. Virus definitions are updated regularly to prevent interference from malware and phishing.

03
Access to the Company's ERP system and file servers is permitted only within the Company's internal network environment. If connection is required from an external network, it must be limited to operations performed on Company computers, coupled with VPN authentication controlled by account and password.

04
All customer data is stored on the Company's ERP host, restricted to internal company network use, and managed with account and password controls. All data backups are encrypted.

05
Company employee data is stored on the HR (Human Resources) host, limited to use by HR personnel on the Company's internal network, and managed with account and password controls. All data backups are encrypted.

06
The IT server room is secured with a lock and is only accessible to IT personnel. All servers and storage devices require account login authentication to access.

07
All company data and documents are stored on the file server, accessible only via the Company's internal network, and secured by account and password control to ensure data storage security.

08
Data on the file host is simultaneously additionally stored in the cloud to ensure file integrity.

09
Information system login passwords are changed every three months and must meet complexity requirements. Accounts are canceled immediately upon an employee's departure.

10
When company computers are decommissioned, their hard drives are always formatted and then physically destroyed to ensure no data leakage.

11
Upon computer decommissioning, the device is removed from the company firewall, and no connections are permitted.

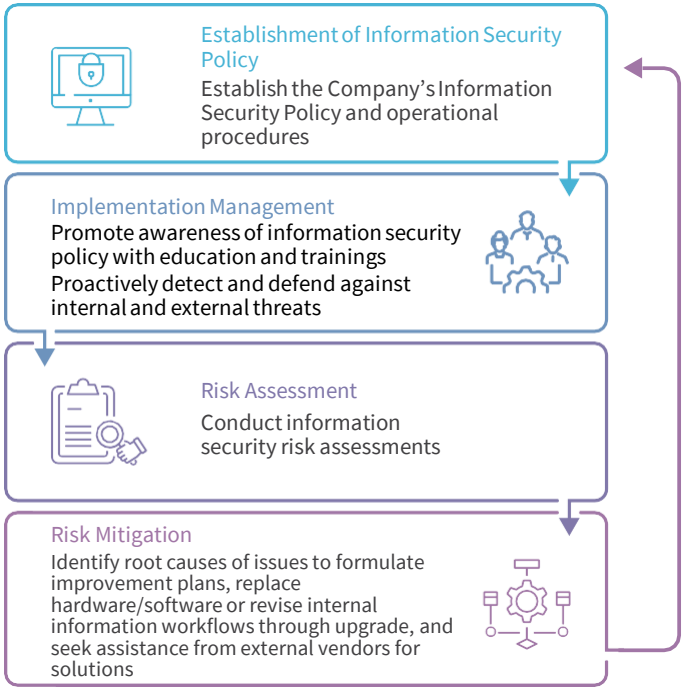
12
During interviews and employment, employees are required to sign a personal data consent form and declaration form, or a confidentiality agreement to safeguard the rights of both employer and employee.

Information Security Management

To effectively manage information security, the Company has established a dedicated Information Security Policy. The Information Technology (IT) Section is designated as the responsible unit for information security, tasked with planning, implementing, and promoting information security management matters. The Auditing Office serves as the auditing body for information security; when deficiencies are identified, the IT unit is required to propose appropriate improvement plans to mitigate and reduce information security risks. The Company enforces its Information Security Policy and complies with relevant laws and regulations through the implementation of the Electronic Operations Cycle Management Guidelines.

In 2025, the Company did not experience any major information security incidents.

Electronic Operations Cycle Management Guidelines



To ensure effective implementation of information security risk management, the Company addresses and prevents risks from two perspectives:

1. Preventive measures for potential threats: Proactively defend against internal and external attacks; prevent data loss caused by environmental factors (e.g., power outages or equipment failure); regularly back up files and ensure data integrity for disaster recovery.
2. Incident response: Identify the root cause of problems, resolve the issues, and develop improvement plans. Problems are addressed and future occurrences are prevented through hardware/software upgrades or modifications to internal information workflows.

The Company's information security management measures for 2025 are as follows:

Specific Information Security Management Measures

Category	Description	Related Operations
Education and Training	Promotion of information security awareness with trainings	• Orientation training for new employees • Conduct awareness campaigns on current information security issues as needed
Access Management	Management of user accounts, access rights, and system operations	• Personnel account access control and approval • Periodic review of personnel account access • Real-time adjustment of access upon personnel unit changes
Access Control	Control measures for personnel access to systems and data transmission channels	• Access control mechanisms • Logging of user activity and operations
External Threats	Prevention and protection against software vulnerabilities and viruses	• Detection and updates for computer hardware vulnerabilities • Antivirus and malware detection • Replacement and update of end-of-life products
System Availability	Measures to ensure system uptime and response to service disruptions	• System monitoring and abnormality alerts • Contingency plans for service disruptions • Regular backup of data and configurations

2-5 Sustainable Supply Chain

2-5-1 Supplier Management Policy

Franbo is deeply engaged in global bulk shipping, with a supply chain covering materials, spare parts, fuels, and dry-docking repairs. Facing highly dispersed supply hotspots, the Company focuses on five major dimensions: technological stability, risk control, compliance with laws and regulations, sustainable procurement, and transparent traceability, thereby building operational resilience. Since Franbo's vessels operate on long-haul ocean routes year-round and rarely return to their home ports, implementing traditional domestic procurement presents objective challenges. However, the Company has proactively shifted its mindset to focus on "minimizing the supply chain carbon footprint path" by implementing a port-of-call procurement strategy. Through voyage planning, Franbo prioritizes selecting suppliers at local ports of call. By replacing cross-border transportation with port-of-call procurement, the Company successfully integrates its carbon reduction commitments into its global maritime footprint.

In response to the characteristics of its multinational operations, Franbo has taken the following key actions to balance supply chain stability and environmental responsibility:

Port-of-call Procurement Reduces Logistics Emissions

- Franbo implements a " port-of-call procurement" policy. Through voyage planning and predictive inventory management, the supply of ship spare parts and materials shall be preferentially outsourced to local suppliers at the vessel's scheduled port of call. This action effectively avoided additional carbon emissions generated by the long-haul air or land cross-border transportation of parts.

Supply Chain Shortening Plan

- Actively develop qualified suppliers at major global transshipment ports and establish long-term partnerships..
  In 2025, over 80% of operational procurement was delivered directly at the vessel's port of call, effectively shortening supply chain routes and significantly reducing energy consumption and packaging waste generated by cross-border logistics.
  Looking ahead, we will continue to optimize our global supply network, aiming to further increase this proportion next year, thereby fulfilling our commitment to low-carbon procurement.

Replenishment Frequency

- Strive to optimize supply replenishment frequency, consolidate supplies to the greatest extent possible, reduce the number of round trips by supply barges or transport vehicles, thereby reducing the carbon intensity of transporting each ton of material.

Supplier Management Approaches:

Managing suppliers through contracts is a key strategy for enhancing supply chain stability and efficiency while mitigating procurement and supply risks. Signing contracts ensures that suppliers deliver on time and meet quality standards, thereby reducing the impact of supply disruptions and quality issues.

Building long-term partnerships enhances supplier cooperation and service quality and encourages suppliers to provide technical support and innovative solutions. By setting key performance indicators in contracts, supplier performance can be effectively monitored, which improves operational efficiency and reduces communication and coordination costs. Contracts also help ensure supplier compliance with regulations and sustainability standards, aligning with ESG requirements and enhancing supply chain transparency and traceability to ensure lawful and responsible operations.

Franbo is deeply aware of the shipping industry's responsibility towards the global ecological environment, and is committed to enhancing resource utilization efficiency through systematic data management. Regarding material management (GRI 301), the Company is currently in a critical stage of data infrastructure development and supply chain optimization. For important materials required for vessel operations, such as paints and various maintenance consumables, a rigorous tracking and dynamic replenishment mechanism has been established to effectively reduce unnecessary resource waste by controlling the timing of route replenishment and inventory turnover rate. On the basis of continuously optimizing existing material management, the concept of recycling has also been incorporated into procurement evaluations. In the future, based on actual operational needs, the Company will study the statistical methods for renewable materials and packaging recovery, hoping to lay a solid foundation for the Company's long-term sustainable operations through more precise resource footprint tracking.

Starting from 2025,real estate construction projects are entrusted to legally qualified construction contractors to be responsible for the overall procurement of projects.

2-5-2 Supply Chain Management

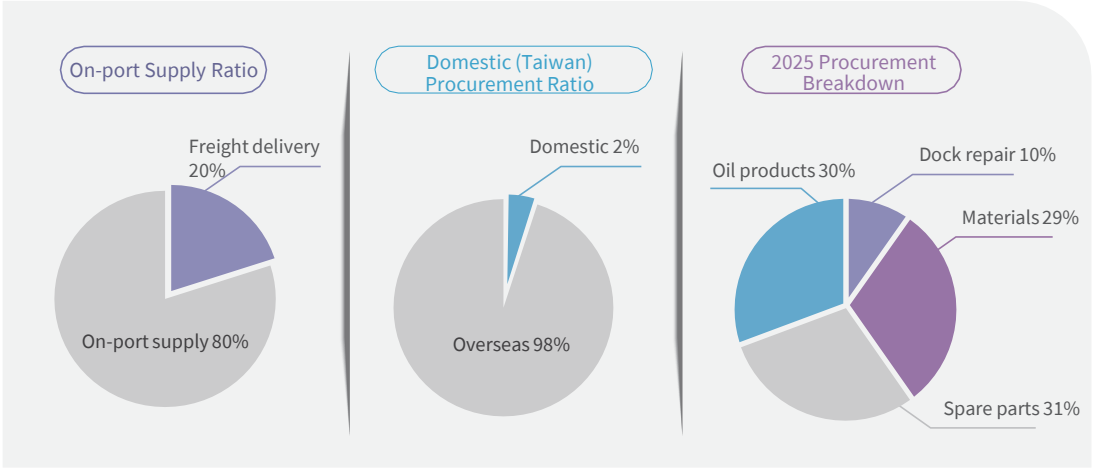
A sustainable supply chain is a key driver of economic growth, social progress, and environmental protection. Franbo is committed to promoting and working with suppliers to achieve sustainable supply chain management and advance sustainability goals in environmental, social, and governance aspects.

● Annual Procurement Analysis:

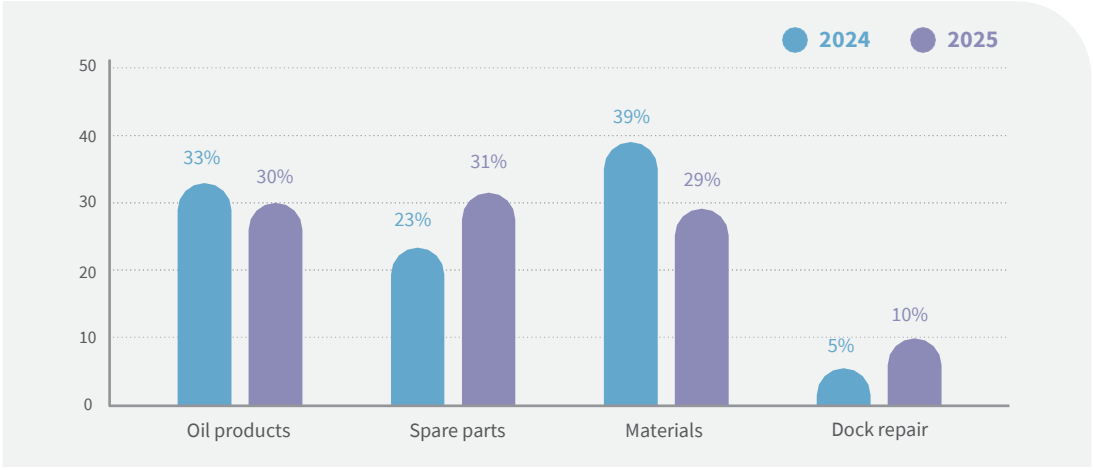
Franbo uses annual procurement data as an important decision-making basis for supply chain management, continuously understanding the supply chain structure and resource allocation through analysis of procurement items, regional distribution, and procurement trends. The 2025 procurement results show that vessel operating requirements are primarily concentrated on key items such as materials, spare parts, lubricants, dry-docking engineering, and technical services. All types of procurement allocations correspond to the characteristics of fleet operations and global route demands.

The Company continuously identifies supply chain risks, reviews procurement concentration, and optimizes the allocation of supply resources through procurement analysis, and uses the analysis results as an important basis for promoting sustainable procurement. While ensuring supply stability and operational efficiency, the Company continues to improve supply chain transparency and enhance resource utilization efficiency, to support its sustainable development and ESG management goals.

■ 2025 Annual Procurement Analysis



■ Procurement Breakdown



2-5-3 Supplier Evaluation

To ensure that suppliers possess stable supply capacity and good performance quality, Franbo has established a supplier screening and evaluation mechanism. This mechanism involves conducting qualification reviews for new suppliers and regularly assessing existing suppliers' service performance, fulfillment capabilities, and regulatory compliance. Concurrently, ESG-related indicators are being progressively incorporated to strengthen sustainable supply chain management.

Supplier Screening and Evaluation Mechanism

To ensure new suppliers comply with environmental criteria and social standards, Franbo will continue to employ a rigorous screening mechanism, ensuring selected partners meet Sustainable Development Goals through ESG compliance reviews, supply chain traceability and risk assessment, and supplier scoring management. Meanwhile, through irregular audits, training and support, and performance tracking, the Company drives continuous supplier improvement to ensure compliance with environmental regulations and social responsibility standards.

Franbo evaluates vendor qualifications and selects suppliers in accordance with its procurement management procedures. In addition to requiring suppliers to submit basic information, all new suppliers are mandated to adhere to the Supplier Code of Conduct and sign the Corporate Social Responsibility Commitment. These documents cover key sustainability issues such as labor and human rights, occupational health and safety, environmental protection, ethical business practices, and corporate integrity. Through supplier self-assessments, Franbo reviews the implementation of sustainability practices and requires suppliers to commit to conducting business with integrity.

After a supplier becomes an official partner, they must comply with all applicable laws and regulations and obtain any necessary licenses or permits. Suppliers must also fully understand and acknowledge Franbo's requirements concerning labor health and safety, employment conditions, and environmental protection, and are expected to take appropriate measures to ensure both compliance and sustainable development.

The Company conducts rigorous screening of new partners through a standardized Supplier Evaluation Form. The evaluation criteria encompass social standards such as professional service quality, operational legality, and contractual integrity.

01 **Admission Conditions**
New suppliers must provide a business registration certificate or relevant legal certificates.

02 **Evaluation Indicators**
Quotation transparency, contract warranty terms, and the reasonableness of default liabilities are reviewed to ensure that the partnerships adhere to principles of fairness and integrity.

03 **Implementation Results**
In 2025, evaluations were completed for 35 new suppliers, achieving a 100% screening rate against social standards.

04 **Continuous Monitoring**
Through a grading mechanism ranging from Grade A to D, suppliers scoring below 60 points (Grade D) are classified as unqualified or required to make improvements within a specified timeframe.

To reduce potential social risks and negative impacts in the supply chain, Franbo has, through the Corporate Social Responsibility Commitment, put forth clear human rights management requirements for its suppliers. The rules regarding labor rights and ethical integrity are as follows:

01 Prohibition of Child Labor and Forced Labor:

- Any form of child labor in the supply chain is strictly prohibited, and suppliers may not employ minors in violation of local legal age regulations.
- Adhere to the principle of dignified labor and prohibit forced labor of employees.
- Suppliers must ensure that employee working hours, overtime, and compensation comply with statutory standards, and must provide reasonable rest periods and overtime pay.

02 Respect for Freedom of Association and Prohibition of Discrimination:

- The Company explicitly prohibits any form of discrimination and harassment, safeguarding employees' fundamental human right to work in a fair environment.

03 Occupational Health and Safety and Environmental Protection:

- Suppliers must provide safe work procedures and necessary protective measures (e.g., PPE) to ensure employees are not exposed to chemical, biological, and physical hazards.
- The treatment of waste, exhaust gas, and wastewater must comply with statutory requirements.

04 Ethical Integrity and Risk Management:

- Suppliers undertake not to offer or accept improper benefits and not to fabricate false pricing information.
- An authorization statement must be provided for special payment terms (such as designated overseas branches) to prevent money laundering risks.
- Suppliers must possess the ability to implement effective solutions to address contingencies (such as delays or stockouts) in order to mitigate the impact on vessel operations and crew rights.

Franbo will continue to refine the depth of its supply chain management and plans to implement the following strategies to deepen sustainable partnerships:

Global Supply Chain Risk Classification

For suppliers of different regions and industries, risk levels are ranked based on the characteristics of the global supply chain, and high-risk locations have higher level of monitoring and early warning in place.

Introduce ESG Self-Assessment Questionnaire (SAQ)

Plan and promote an ESG self-assessment questionnaire for suppliers to assist partners in reviewing their performance in environmental protection, social responsibility, and corporate governance, thereby enhancing supply chain transparency.

Jointly Achieve Environmental Goals

Continuously strengthen the promotion of environmental protection awareness, and work with suppliers to implement waste reduction and energy efficiency improvement, jointly moving towards the sustainable goals of net-zero carbon emissions and recycling resources.

03

Social Well-being

3-1 Labor Relations

3-1-1 Talent Deployment and Workforce Diversity

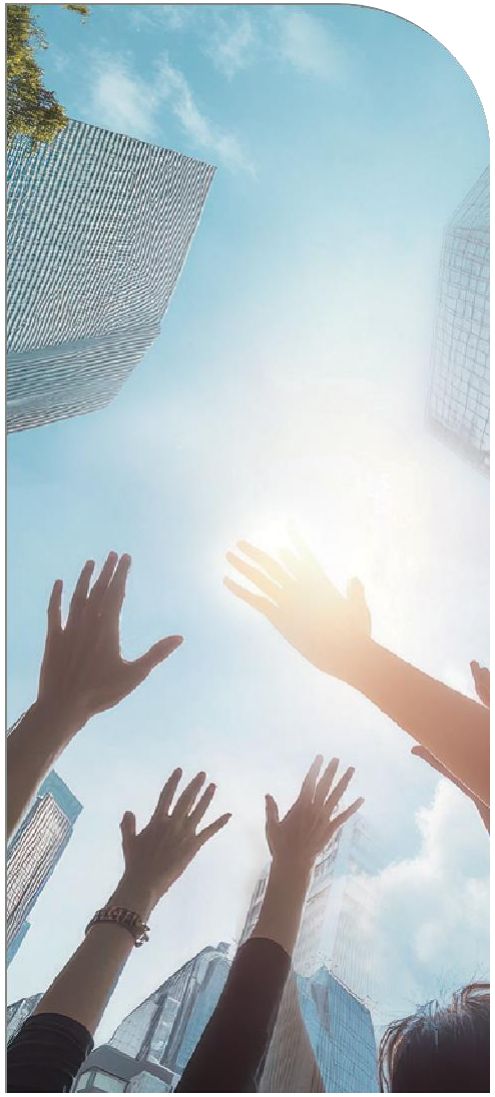
Franbo (including Franbo Asset Management and its Marshall Islands entity) is headquartered in Kaohsiung, Taiwan. In line with the Company's medium- to long-term development strategy, it has actively organized recruitment activities in recent years to attract outstanding professionals from various fields, thereby strengthening the competitive advantage of the Company's team. As of the end of 2025, the total number of shore-based employees at Franbo during the reporting period was 62. The number of non-employee workers was 356, primarily consisting of dispatched seafarers. Currently, due to vessel structural limitations, harsher working environments, and the physically demanding nature of the work, dispatched seafarers on board are all male for now. Due to business expansion needs, three local employees were recruited in the Marshall Islands by the end of 2025. The Company will recruit employees from diverse groups based on the nature of the work in the future.

As of the end of 2025, shore-based and real-estate employees of the Company are mostly based in Kaohsiung City, with some stationed at the subsidiary office in the Marshall Islands. To strengthen local community relations and enhance job stability, the Company prioritizes recruitment of local residents from Kaohsiung and the Marshall Islands.

Shore-based employees are primarily responsible for tasks related to maintaining the Company's normal vessel operations and asset investment; non-employees (seafarers) perform global transportation of charterers' cargo; real-estate construction projects are mainly outsourced to legal construction companies for the actual construction. The Company creates a safe and healthy working environment, stable employment, and protects the human rights of employees and seafarers, providing training and professional development opportunities for all employees.

The list of office-based workers is shown in the table below:

Category/Gender		Female			Male			Total
Location	Contract Type	Regular Employee			Regular Employee			
	Age	Under 30	30–50	Over 50	Under 30	30–50	Over 50	
Kaohsiung, Taiwan	Full-Time	7	26	3	2	14	7	59
	Part-Time	–	–	–	–	–	–	–
	Total	7	26	3	2	14	7	59
Marshall Islands	Full-Time	–	–	–	–	–	–	–
	Part-Time	1	–	–	–	2	–	3
	Total	1	–	–	–	2	–	3



All crew members of the Company are assigned by crew manning agencies. According to Franbo Safety Management System Procedure FBP06- 01 on Seafarer Recruitment, the hiring of seafarers is based on specific qualification criteria. Seafarers must be at least 18 years of age, have completed Standards of Training, Certification, and Watchkeeping for Seafarers (STCW) training, and hold appropriate certificates, including medical certification as required by MLC Regulation 1.2. This ensures that dispatched seafarers are competent and medically fit to perform their duties at sea.

The Company does not impose restrictions based on nationality or ethnicity. Seafarers are assigned to either the Deck Department or the Engine Department. The Deck Department is responsible for cargo loading, unloading, and transportation management, as well as maintenance of deck equipment. The Engine Department manages the vessel's machinery and is responsible for routine maintenance and repairs. The Captain serves as the highest authority onboard and is responsible for navigation, overall management of the vessel, and ensuring the safety of the ship, cargo, and crew to maintain normal operations.

The list of non-employee workers (seafarers) is shown in the table below:

Nationality /Gender	Male			Total
	Under 30	30–50	Over 50	
Vietnam	90	250	16	356

To promote harmonious relations with the local community and enhance job stability, the Company primarily recruits residents of Taiwan. Currently, 100% of managerial and higher-level positions are held by local residents.

Employee job category distribution over the past three years is shown in the table below:

Year			2023	2024	2025
Category\Gender		Age	Headcount	Headcount	Headcount
Managerial Staff	Male	Under 30	–	–	–
		30–50	6	5	5
		Over 50	4	5	5
	Female	Under 30	–	–	–
		30–50	2	2	2
		Over 50	1	1	1
Total Managerial Staff			13	13	13
Non-Managerial Staff	Male	Under 30	3	6	2
		30–50	10	8	11
		Over 50	1	1	2
	Female	Under 30	7	9	8
		30–50	16	19	24
		Over 50	2	3	2
Total Non-Managerial Staff			39	46	49
Total Regular Employees			52	59	62

Note: Definition of managerial staff: Supervisors at the managerial level or above.

To retain outstanding talent, the Company is committed to creating a friendly work environment, promoting work-life balance, and providing training and development opportunities to encourage employees to continuously improve themselves and advance their personal career growth. Most of the Company's workforce is engaged in ship operation-related tasks, and the number of staff at the Kaohsiung headquarters is relatively small. As a result, although the employee turnover rate appears relatively high, the actual number of personnel changes is low. Ten new employees were added in 2025, primarily in response to fleet expansion and organizational growth. Over the past three years, the Company's average turnover rate was 12.28%. According to the results of 2025 exit interviews, the primary reasons for employee departures include retirement and career changes due to personal career planning, all of which are voluntary resignations. The new hires and departures over the past three years are shown in the tables below:

New Hire Information

Year	2023				2024				2025			
Gender	Male		Female		Male		Female		Male		Female	
Age\Item	Headcount	New Hire Rate (%)	Headcount	New Hire Rate (%)	Headcount	New Hire Rate (%)	Headcount	New Hire Rate (%)	Headcount	New Hire Rate (%)	Headcount	New Hire Rate (%)
Under 30	2	3.85	2	3.85	3	5.08	2	3.39	–	–	1	1.61
30–50	1	1.92	4	7.69	1	–	6	10.17	2	3.23	5	8.06
Over 50	–	–	–	–	–	–	1	1.69	1	1.61	1	1.61
Total new hires	9				12				10			
Total number of employees	52				59				62			
New Hire Rate (%)	17.3				20.3				16.1			

Note: 1. The number of new hires does not exclude employees who resigned during the year.
2. New hire rate for male/female employees in each age group = Number of new male/female hires in that age group÷ Total number of employees at the end of the year.
3. Overall new hire rate = Total number of new hires ÷ Total number of employees at the end of the year.

Departure Information

Year	2023				2024				2025			
Gender	Male		Female		Male		Female		Male		Female	
Age\Item	Headcount	Turnover Rate (%)	Headcount	Turnover Rate (%)	Headcount	Turnover Rate (%)	Headcount	Turnover Rate (%)	Headcount	Turnover Rate (%)	Headcount	Turnover Rate (%)
Under 30	–	–	1	1.92	–	–	–	–	3	4.84	1	1.61
30–50	2	3.85	5	9.62	2	3.39	4	6.78	–	–	1	1.61
Over 50	–	–	–	–	–	–	–	–	–	–	2	3.23
Total departures	8				6				7			
Total number of employees	52				59				62			
Turnover rate (%)	15.38				10.17				11.3			

Note: 1. Categories of departing employees (including resignation, dismissal, discharge, retirement, or work-related death).
2. Turnover rate for male/female employees in each age group = Number of male/female employees departed in that age group ÷ Total number of employees at the end of the year.
3. Overall turnover rate = Total number of employees departed ÷ Total number of employees at the end of the year.

3-1-2 Termination of Employment Relationship

Termination of Employment Relationship and Protection of Rights and Interests

The Company regards its employees as important assets. To effectively safeguard employees' work rights, all terminations of employment relationships or significant operational changes are strictly handled in compliance with the Labor Standards Act and other relevant labor laws and regulations. The Company undertakes that if it needs to terminate labor contracts due to organizational adjustments or operational changes, it will strictly fulfill its obligation for minimum period of advance notice on operational changes in accordance with the statutory number of days (10 to 30 days prior, depending on the employee's years of service) stipulated in Article 16 of the Labor Standards Act, ensuring transparent procedures and legally safeguarding employees' labor rights and financial security.

Termination of Employment for Non-Employees

Franbo specifies in its seafarer employment contracts that the currently applicable collective bargaining agreement constitutes part of the employment terms. The standard duration of employment for seafarers is nine months, but for operational or port convenience, it may be extended to 10 months or shortened to eight months. Thereafter, the employment relationship is terminated unless the seafarer is rehired. If the seafarer commits serious misconduct in the performance of duties, the shipowner has the right to terminate the employment by written notice. However, in cases involving injury, illness, or extraordinary events such as piracy or hijacking, the seafarer's employment status will be handled in accordance with the provisions of the collective bargaining agreement.

3-2 Friendly Workplace

3-2-1 Employee Rights and Benefits

The Company establishes its compensation system for employees by reference to industry standards, labor market demand, and the Company's actual operating conditions, and reviews employee compensation and benefits annually based on the consumer price index and the Company's profitability.

The highest salary and median compensation are presented as follows:

Country/Region	Annual Total Compensation of Highest-Paid Individual (NT$ '000)	Median Annual Total Compensation of Employees (excluding highest-paid individual)	Ratio
Taiwan	3,842	904	4.25

Percentage Increase in Highest Salary and Median Compensation are as follows:

Country/Region	Percentage Increase in Annual Total Compensation of Highest-Paid Individual	Median Percentage Increase in Annual Total Compensation of Employees (excluding highest-paid individual)	Ratio
Taiwan	0.93	1.00	0.93

The compensation for full-time employees at Franbo mainly includes fixed salary, various allowances, bonuses, year-end bonuses, and employee profit-sharing remuneration. The difference in compensation ratios across positions is due to varying years of service and job titles, which results in different work bonus ratios. As of the end of the reporting period, the standard salary for both male and female entry-level personnel was higher than the local minimum wage, at 1.41 times and 1.17 times the local minimum wage, respectively. The reason for the difference in the minimum salary ratios between male and female is that the positions in the Company's technical departments (with higher salaries) are mostly held by male, and currently department heads are predominantly male as well, hence the slight difference in salary ratios.

Country/Region	Ratio of Standard Salary to Local Minimum Wage for Male Entry-Level Employees	Ratio of Standard Salary to Local Minimum Wage for Female Entry-Level Employees
Taiwan	1.41	1.17

Item	2023	2024	2025	Year-over-Year Change
Number of non-managerial full-time employees	45	44	50	+13.64
Total salary of non-managerial full-time employees (NT$ '000)	37,632	43,484	50,431	+15.98
Average salary of non-managerial full-time employees (NT$ '000)	836	988	1,009	+2.13
Median salary of non-managerial full-time employees (NT$ '000)	773	902	904	+0.22

Note:
1. "Full-time employee" refers to those whose working hours reach the Company's stipulated regular working hours or the statutory working hours. For employees whose regular working hours are not explicitly defined, those averaging over 35 working hours per week are classified as full-time employees; otherwise, they are classified as part-time employees (which may include casual workers, hourly workers, co-op student interns, etc.).
2. "Total salary" refers to employee salary income attributable to the current year,recognized on an accrual basis. This includes regular earnings (base salary and monthly fixed allowances and bonuses), overtime pay, and non-regular earnings (bonuses and dividends paid on a non-monthly basis, etc.). Employee profit-sharing remuneration (in cash or stock) distributed in accordance with the Company's Articles of Incorporation shall also be included in the total salary, whereas the fair value of share-based payments (such as employee stock options and treasury shares transferred to employees) shall be excluded.
3. "Non-managerial employees" refers to general employees excluding managers. The scope of "managers" includes: (1) President and equivalent ranks; (2) Vice President and equivalent ranks; (3) Assistant Vice President and equivalent ranks; (4) Head of the Finance Department; (5) Head of the Accounting Department; and (6) other persons authorizedto manage corporate affairs and exercise signatory authority.
4. The calculations in the above table are prepared in accordance with the guidelines for "salary information of non-managerial full-time employees" of listed companies published by the Taiwan Stock Exchange.

3-2-2 Employee Retirement System and Implementation

The Company has established a retirement plan in accordance with the Labor Standards Act to support its employees' lives after retirement. Retirement benefits vary based on the employee's date of hire and whether they are covered under the old or new pension system. Employees hired on or before June 30, 2005, may choose between the old and new pension systems. Employees hired after that date are covered under the new pension system, under which the Company contributes 6% of their monthly salary to an individual pension account.

The Human Resources unit provides employees with relevant information and assistance for applying for retirement. As of 2025, a total of six employees have applied for retirement in accordance with the law.

3-2-3 Comprehensive Employee Benefits

Franbo places great importance on talent retention. In addition to ensuring a safe working environment for employees, the Company also values their physical and mental well-being. Therefore, the Company has established an Employee Welfare Committee in accordance with the law and allocates welfare funds as stipulated to manage various benefits. It periodically organizes family-friendly activities and trips, and domestic and overseas company trips. At the same time, the Company has also established welfare regulations. All employees are covered by labor insurance, national health insurance, and employee group insurance in accordance with the law, and are entitled to insurance benefits under relevant laws and regulations. For employees on overseas business trips, insurance coverage is enhanced. The Company provides annual health check-ups and educational training for employees, encourages them to exercise after work, and sponsors funds to establish club activities (including quiet types like yoga, and active types like badminton). For work environment needs, the Company provides employees with summer and winter uniforms. Regarding bonuses and cash gifts, the Company provides wedding and funeral cash gifts for employees and their first-degree relatives, as well as festival bonuses, birthday cash gifts, special holiday gifts, and Labor Day gifts or bonuses for employees. Seafarers receive new year meal allowances and sports activity awards, while employee welfare consolation payments or bereavement benefits are also provided under special circumstances. Furthermore, based on the Company's annual operating performance and Articles of Incorporation, employee profit-sharing remuneration is distributed to employees to share in the operating results.

This strengthens workplace unity and fulfills corporate social responsibilities. In addition to the benefits listed above, Franbo also regularly participates in public welfare and charitable activities. These efforts help promote a happy, friendly, and socially responsible work environment that boosts employee morale and productivity.

Christmas Gift Exchange

Employee Birthday Celebration

Franbo's Overseas Company Trip

Blood Donation

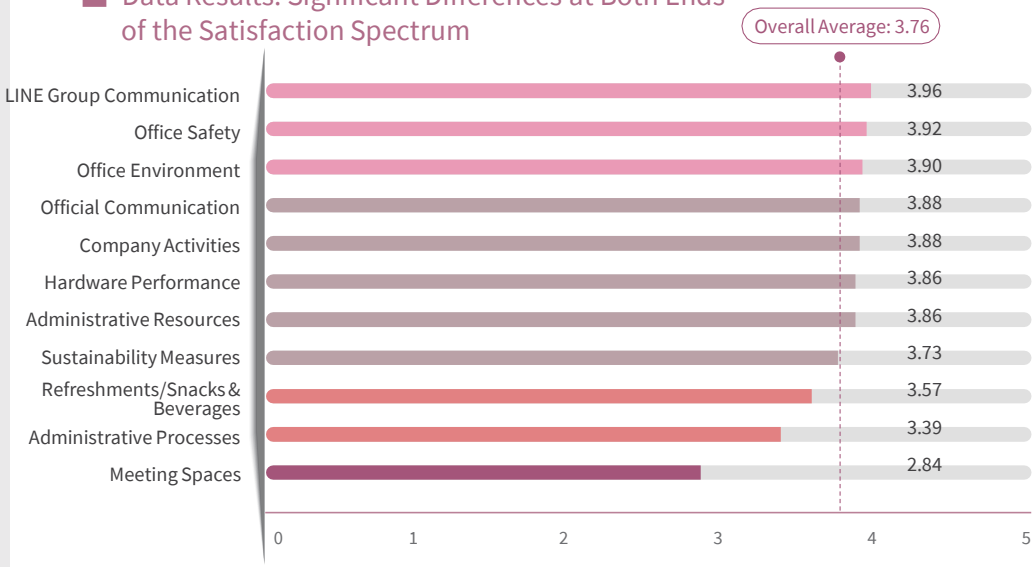
Year-End Banquet

Employee Satisfaction Survey

in 2025, the Company conducted an employee satisfaction survey to understand employees' feelings and opinions on various aspects of the Company. It is continuously striving to create a diverse workplace environment, assist employees in refining essential job skills, and build a friendly work environment to foster a positive organizational culture with good interaction. The Company hopes that its employees can leverage their strengths on this excellent work platform and grow together with the enterprise. Through the survey, the Company aims to establish a better work environment to enhance the overall work environment and organizational effectiveness.

Survey Period	December 24–29, 2025
Response Rate	85%
Survey Focus	Work environment, administrative maintenance, and logistical support

Data Results: Significant Differences at Both Ends of the Satisfaction Spectrum



Survey Results:

The satisfaction score for meeting space usage was only 2.84, indicating that the existing space allocation and management mechanisms failed to meet employee needs.

Reason Analysis:

The lack of an effective reservation mechanism leads to space conflicts, and existing spaces are mostly fixed large meeting rooms, lacking small to medium-sized or individual flexible discussion areas.

Improvement Measures:

1 Implement an online reservation system:
A dedicated "Space Reservation Management Platform" has been planned for development, which will provide real-time inquiry, reservation, cancellation, and space utilization data dashboards to enhance management efficiency.

2 Add Flexible Communication Space:
To address the needs of small teams or individual privacy, idle areas shall be converted into open discussion areas,enhancing space utilization flexibility.

Expected Benefits:

Resolve issues of unfair allocation of space resources and scheduling conflicts, and improve meeting room turnover and employee collaboration.

3-2-4 Parental Leave Implementation

In accordance with the Labor Standards Act and the Gender Equality in Employment Act, the Company provides female and male employees with maternity leave, pregnancy checkup accompaniment leave, and parental leave. The employee unpaid parental leave system is implemented in accordance with the Company's Personnel Work Rules, and related applications and return-to-work procedures are also handled accordingly.

The Company proactively cooperates with government policies to encourage childbirth, and also encourages eligible employees to apply for parental leave, guaranteeing that their job duties will not be affected after their return to work. In 2025, a total of four employees (two males and two females) were eligible to apply for unpaid parental leave, but no employees applied. Parental leave application status over the past three years is summarized in the following table:

Year	2023			2024			2025		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible for unpaid parental leave (A)	2	3	5	2	4	6	2	2	4
Number of employees actually applied for unpaid parental leave in the year (B)	–	1	1	–	–	–	–	–	–
Number of employees expected to return from unpaid parental leave in the year (C)	–	1	1	–	–	–	–	–	–
Number of employees actually returned from unpaid parental leave in the year (D)	–	–	–	–	–	–	–	–	–
Number of employees actually returned from unpaid parental leave in the previous year (E)	–	–	–	–	–	–	–	–	–
Number of employees remained employed for a year after returning from unpaid parental leave in the previous year (F)	–	–	–	–	–	–	–	–	–
Reinstatement Rate (%) (D/C)		–			–			–	
Retention Rate (%) (F/E)		–			–			–	

Calculation Methods:
Number of employees expected to return: Employees whose unpaid parental leave is scheduled to end during the given year
Reinstatement rate for 2025: Number of employees actually applied for unpaid parental leave ÷ Number of employees eligible for unpaid parental leave Number of retained employees for 2025: Number of employees actually returned in 2025 and remained employed as of December 31, 2025
Retention rate for 2025: (Number of retained employees for 2025 ÷ Number of employees actually returned in 2025) × 100%

3-2-5 Talent Development and Training

To retain outstanding talent, the Company strives to foster a friendly work environment, values work-life balance, and provides employees with training and development opportunities that encourage continuous self-improvement. In order to equip employees with the skills to face workplace challenges and stay aligned with industry trends, Franbo has established the Education and Training Management Regulations. In addition to arranging professional technical and departmental training courses, the Company also partners with professional vendors to provide a diverse and systematic training for different development needs, offering employees a platform for self-learning and growth. Whether for internal or external training, employees participating in education and training are required to submit post-training surveys or reports titled “Employee Education, Training, and Observation Feedback”, which allows management to assess learning outcomes and continuously improve training content based on feedback. Internal transfer training may also be arranged as needed.

The Education and Training Management Regulations categorize training into pre-employment training and on-the-job training. Pre-employment training is usually conducted by authorized crew agents prior to onboarding and tailored to each position. It covers company policies, regulatory updates, and incident prevention. On-the-job training includes both internal and external programs. Internal training involves departmental self-training, company-wide projects, and lectures by invited scholars or experts. External training encompasses site visits, workshops hosted by corporations or management consulting institutions, and academic courses offered by universities. On-the-job training is further classified into three categories: management, professional, and general knowledge. Employee training hours have a male-to-female ratio of 35:65.

To strengthen human rights awareness, the Company offers courses on topics such as gender mainstreaming, sexual harassment prevention, gender equality, labor laws, and the Labor Standards Act. In conjunction with the FSC's promotional courses on newly amended corporate governance regulations, a total of 54 employees participated in human rights training this year, with a total of 95 training hours.

Franbo places great importance on employee training and periodically organizes education and training programs for employees. The summary of the education and training for 2025 is as follows:

Item/Category	Management (manager level and above)		Non-management	
Unit/Gender	Male	Female	Male	Female
Total number of employees (person)	10	3	14	34
Total training hours (hour)	136	85	301.5	712.5
Average training hours (hour/person)	13.6	28.33	21.54	20.96
Training costs (NT$)	19,786	11,688	26,345	89,726

The breakdown of education and training data for 2025 is as follows:

Position	Item	Professional Skills	General Knowledge	Regulatory Updates
Management	Total training hours	90.5	19	33
	Total number of people trained	12	12	13
	Average training hours per person	7.5	1.6	2.5
Non-management	Total training hours	308.5	98	137.5
	Total number of people trained	37	40	46
	Average training hours per person	8.3	2.5	3
Number of Courses		11	3	4
Percentage		61%	17%	22%

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BP Castrol Marine Lubricant Technical Service Agreement Fleet Training Program

Introduction to the Maritime Labor Convention

Statistics and Analysis of Fleet Deficiency Corrections

Gender Equality and Sexual Harassment Prevention Seminar

Corporate Governance Seminar

Online Education and Training for Seafarers

- To ensure the safety of seafarers during navigation, the Company requires its agents to provide pre-boarding training before crew members board the vessel.
- The Company provides training videos and equipment for crew members onboard to conduct regular education and training.
- Average training hours per person was 29 hours = Total training hours 10,324 hours / Total headcount 356 persons.

3-2-6 Fair Performance Management System

The Company has established the Performance Evaluation Regulations, which are aimed at implementing effective performance management through a transparent appraisal system, thereby encouraging employees to realize their full potential. The percentage of employees who underwent performance evaluations during the reporting period is shown in the table below:

Category	Management	Non-management	Direct Personnel (Seafarers)
Male employees evaluated (%)	100	100	100
Female employees evaluated (%)	100	100	100

3-2-7 Human Rights Commitment

3-2-7-1 Human Rights Policy

To fulfill its corporate social responsibilities, Franbo firmly adheres to international human rights standards, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and Conventions of the International Labour Organization. The Company respects internationally recognized fundamental human rights, including freedom of association, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, and the elimination of employment and occupational discrimination. Franbo is firmly against any acts of human rights violations and is dedicated to ensuring that all employees are treated fairly, equally, and with dignity.

The Human Rights Policy of Franbo is applicable to all employees of the Company, its vessels, and its subsidiaries. The Company complies with local labor laws and regulations on gender equality in employment, and has established relevant policies and measures to safeguard human rights and labor practices.

The Human Rights Policy of Franbo is outlined as follows:

01 Diversity, Inclusion and Equal Opportunity

1. The Company shall comply with relevant laws and regulations, ensure gender equality, protect the right to work, and prohibit any form of discrimination.
2. To fulfill its human rights protection responsibilities, the Company has established comprehensive management policies and procedures. Specific actions include:
   - Issuing a corporate human rights policy or statement.
   - Regularly reviewing the effectiveness of the human rights policy's implementation.
   - Assessing the impact of its business operations and internal management on human rights, and formulating corresponding handling procedures.
   - In cases involving human rights violations, establishing open and transparent stakeholder communication and handling processes.

The Company respects labor rights, and adheres to core values including freedom of association, the right to collective bargaining, care for disadvantaged groups, prohibition of child labor, and elimination of forced labor and employment discrimination. Franbo ensures that human resources policies are not affected by factors such as gender, race, social class, age, marital or family status, thereby safeguarding fairness and impartiality for employees in employment, terms of employment, remuneration, benefits, training, performance evaluation, and promotion opportunities.

Regarding matters that harm employees' rights and interests, the Company has established a comprehensive and accessible grievance mechanism to ensure that the grievance process is fair and transparent. Internal grievance channels strive to be simple and convenient, and provide rigorous and appropriate responses to employee grievances, fully safeguarding the legitimate rights and interests of employees.

02 Healthy and Safe Workplace

The Company is committed to providing employees with a safe and healthy working environment, including providing essential health and first-aid facilities, and proactively reducing risk factors to the safety and health of its personnel in order to prevent occupational hazards. The Company regularly conducts safety and health education and training for all employees.

03 Reasonable Working Hours

To ensure the physical and mental well-being of its employees and prevent the risks associated with excessive working hours, Franbo has clearly stipulated management standards for working hours and overtime, and regularly monitors and manages employee attendance.

04 Harmonious Labor-Management Communication

The Company is committed to fostering harmonious and mutually beneficial labor-management relations, establishing diverse and open communication channels, and regularly convening labor-management meetings to build a two-way, real-time dialog platform, thereby effectively mediating differences of opinion and building organizational consensus.

05 Freedom of Association

The Company respects the right of its employees to form associations in accordance with the law, and employees may freely organize and participate in various associations. The Company also actively encourages its employees to participate in diverse club activities to enrich their work-life balance.

3-2-7-2 Human Rights Due Diligence

■ Human Rights Due Diligence Process

Franbo has established its Human Rights Policy to identify key human rights issues of concern across various sectors and to review its internal systems accordingly. The Company formulates relevant policies to prevent potential human rights risks, regularly evaluates the effectiveness of its human rights policies, and makes necessary adjustments to mitigate adverse impacts. It also conducts periodic follow-ups on its human rights management policies and action plans to ensure effective implementation and reduce risk exposure.

To safeguard human rights, the Company has established internal regulations such as the Personnel Work Rules, Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace, and Ethical Corporate Management Best Practice Principles. Furthermore, independent grievance procedures, a whistleblowing mailbox, and a dedicated hotline have been implemented to provide employees and external stakeholders with accessible and protected communication channels.

According to the Guidelines for Enterprises to Respect and Human Rights in the Supply Chains promoted by the Ministry of Economic Affairs, TWSE and TPEx-listed manufacturing enterprises with consolidated revenue exceeding NT$50 billion will be mandated to conduct human rights due diligence (HRDD) starting from 2026 and disclose the results in their sustainability reports. In 2025, due to extensive recruitment of professional talent, the Company, in response to regulatory requirements such as non-discrimination in employment, not only conducted educational training and promotion but also conducted in-depth regulatory compliance reviews across various units. The review results indicate that in 2025, all operations and recruitment processes of Franbo were in compliance with the Labor Standards Act and the Employment Service Act. Concurrently, no complaints were received regarding workplace discrimination, unlawful infringement, or human rights violations.

3-2-8 Equal Employment and Harmonious Labor Relations

Franbo firmly believes that "Diversity, Equity, and Inclusion (DEI)" is the cornerstone of corporate sustainable development. During the talent recruitment and selection phase, the Company strictly prohibits any form of employment discrimination to ensure equal employment opportunities for all citizens.

The Company fully integrates the spirit of Article 5 of the Employment Service Act and the Gender Equality in Employment Act into our recruitment system. At all career stages, including recruitment conditions, selection, employment, assignment, placement, performance evaluation, or promotion, the Company ensures that employees and job applicants are not affected by factors such as race, class, religion, gender, sexual orientation, age, marital status, or disability. The Company provides an absolutely fair and impartial competitive platform, working together to build a harmonious and diverse employer-employee partnership.

Regarding the assignment of seafarers, the Company requires seafarer recruitment agencies to comply with the MLC Standard A1.1, which stipulates that “The employment, engagement or work on board a ship of any person under the age of 16 shall be prohibited.” To meet the requirements of the MLC and relevant laws, the Company’s Safety Management System Procedure FBP-06-01 on Seafarer Recruitment stipulates that “seafarers under the age of 18 shall not be employed”, thereby ensuring the physical and mental well-being and safety of underage workers and prohibiting them from engaging in hazardous work.

The Company employs seafarers regardless of nationality or rank and provides each seafarer with the same daily meal allowance. In accordance with MLC regulations, seafarers have the right to file complaints through legitimate channels. Complaint procedures and contact information are posted on ship bulletin boards and in crew quarters to ensure that seafarers are fully informed of their rights.

Work hours for seafarers are regulated in accordance with MLC regulations as outlined in the Safety Management System Procedure FBP-07-21. These comply with MLC Regulation 2.3 on Hours of Work and Hours of Rest: the maximum working hours shall not exceed 14 hours in any 24-hour period and not more than 72 hours in any seven-day period; the minimum rest hours shall not be less than 10 hours in any 24-hour period and not less than 77 hours in any seven-day period. Rest periods may be divided into no more than two segments, one of which must be at least six hours.

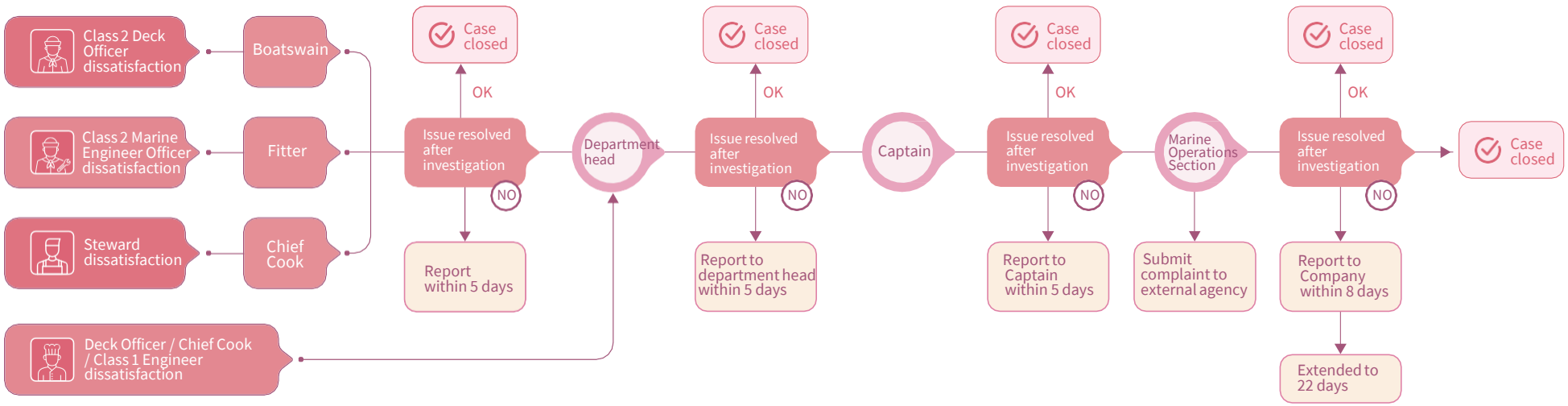
In the event of any unequal or unreasonable incidents, the Company has established complaint channels such as a dedicated phone line and e-mail. Measures are also in place to investigate incidents and to prevent recurrence, including reassignment or disciplinary actions as necessary. Seafarers have the right to file complaints through proper channels to ensure the protection of their rights.

1. Steamship Mutual P&I club provides a free 24/7 counseling hotline for crew members' mental well-being:
   - https://www.steamshipmutual.com/loss-prevention/seafarers_mental_well-being_0820
   - 24 Hour helpline: 0049 174 7047788
   - (With free WIFI calling on WhatsApp)
   - https://www.mentalhealth-support.com/
   - helpatsea@mentalhealth-support.com
2. Quarterly Check-ins: In every March, June, September, and December, quarterly check-ins are conducted with the vessels to inquire whether any assistance is needed.

For 2025, the Company had no record of gender discrimination complaints or any human rights violations.

Seafarer Grievance Procedure

Grievance Flowchart



3-2-9 Support for Freedom of Association

Franbo respects the right of employees to freedom of assembly and association as granted by law and is committed to providing smooth labor-management communication channels. These include labor-management meetings, occupational safety and health committee meetings, etc. In accordance with legal requirements, the Company has established an Employee Welfare Committee and convenes regular labor-management meetings, where relevant labor issues may be raised as proposals. Monthly town hall meetings are utilized to provide employees and the Company with opportunities for feedback and communication. Regarding feedback channels, a "Company Grievance and Suggestion Box" and a dedicated communication e-mail address (hrm@franbo.com.tw) have been established to offer grievance channels that safeguard employees' legitimate rights and interests. If employees have concerns regarding company rules and regulations, administrative measures, personnel rules, or other matters affecting work morale or rights, they may file a grievance with the Company. Should employees still have doubts regarding the outcome of their grievance, they may further appeal or request a review. The aim is to integrate all resources and unite efforts to work toward common goals.

At present, the Company does not have a labor union; therefore, no collective bargaining agreements have been signed by employees. However, Franbo includes the applicable collective agreement as part of its employment contracts for seafarers.

Advocating for reasonable working conditions, rights, and development contributes to balanced business operations and enhances corporate engagement in society. To strengthen team bonding and boost workforce vitality, the Company fully supports employees in forming clubs based on their personal interests and provides corresponding resources and assistance.

With the Company's active promotion and the employees' enthusiastic participation, a strong internal sports culture has flourished, leading to the establishment of a Yoga Club in 2022 and a Badminton Club at the end of 2024. The club activities saw active participation from base-level employees to senior executives, with the Chairman personally joining in, demonstrating a healthy workplace culture of "from top to bottom, we work together" and moving hand in hand toward the common goal of sustainable corporate operations.

The Company has always prioritized the physical and mental well-being of its seafarers. Recreational facilities are provided or use during non-working hours, and seafarers are encouraged to organize health and fitness activities in their leisure time.

To promote physical and mental well-being of its seafarers and to advance United Nations Sustainable Development Goal 3.8, the Company's fleet organized its own recreational activities, including football matches and archery, with a total of 14 events held in 2025.

Badminton Club

Yoga Club

Promotion of health and fitness activities

Leisure and entertainment

3-3 Healthy and Safe Workplace

Franbo has established the Occupational Safety and Health Code applicable to shore-based operations and the Risk Assessment Procedure FBP-07-13 applicable to shipboard operations.

Shore-based Operations: In accordance with Article 34 of the Occupational Safety and Health Act, Franbo has formulated its Occupational Safety and Health Code, which all workers are required to follow. The Code covers maintenance and inspection of equipment; workplace safety and health standards; education and training; emergency response and rescue; preparation, maintenance, and use of protective equipment; accident reporting; and related matters to ensure the safety of employees.

Shipboard Risk Assessment Procedure: The captains serve as the Company's representatives. When taking command of a vessel, the captain is responsible for conducting risk assessments for critical operations, such as navigating in severe weather, sailing through restricted or low-visibility waters, refueling, entry into confined spaces, hot work, or working at heights, before any operation begins. These activities pose significant risks and must undergo comprehensive evaluation. The chief engineer and chief officer are to assist the captain in completing risk-based assessments (FBC-024) before giving work instructions or starting tasks. Necessary precautions and risk control measures must be taken to protect the safety and health of crew members and others onboard. For critical or non-routine operations with a risk level higher than medium, the chief engineer and chief officer are required to conduct a Toolbox Meeting (FBR-OC-03). For cybersecurity risk assessments, please refer to SMS FBP-07-22.

To establish a culture of occupational safety and health within the Company, enhance all crew members' awareness of safety and health, eliminate potential hazards, and promote employee safety and well-being with the goal of achieving zero accidents, Franbo adheres to the International Convention for the Safety of Life at Sea (SOLAS). An annual drill schedule has been developed under the Safety Management System, listing a total of 25 types of drills. These drills aim to strengthen crew emergency response capabilities and reduce the risk of occupational accidents.

The Company provides the following measures in response to crew members being unable to receive centralized education and training, and to increase professional training opportunities during waiting periods after disembarkation:

01 Online/Offline Educational Software

- The Company has entered into an agreement with Ocean TG UK Ltd. for an online education and training platform. Seafarers can undergo training through the software "Ocean Learning", both before and during their employment

02 Annual Safety Seminar

- One to two Safety Seminars are held annually for shore-based crew members
- In 2025, the Company provided training videos and equipment for onboard personnel to conduct regular educational and training
- Average training hours per person was 29 hours = Total training hours 10,324 hours / Total headcount 356 persons

Fire Drill at Sea

Survival Drill at Sea

In accordance with the Occupational Safety and Health Act and the Regulations for Labor Health Protection, among other regulations, the Company has formulated an annual "Labor Health Service Plan" for its shore-based employees. Each year, the Company commissions qualified hospitals to conduct employee health check-ups, provides protective equipment, and implements workplace safety education through diverse promotional videos. If any employee is found to have irregular health check-up results, the Company will provide health consultation and guidance and introduce on-site health services to assist them in accurately understanding their own health status, thereby implementing comprehensive workplace health and safety protection.

Periodic Health Check-up

Check-in

Routine Check-up

Height and Weight Measurement

Doctor Consultation

Health Seminar

Summary of Health Check-up Headcount and Costs

Shore-based Employees	Check-up Item	General health check-up items
	Number of people checked (persons)	61
	Total Check-up Costs	NT$122,000
Seafarers	Check-up Item	Health check-up items required by STCW/MLC regulations
	Number of people checked (persons)	356
	Total Check-up Costs	NT$920,000

Seafarers are employed on a contractual basis, typically for a period of six to 10 months. The Company provides medical examinations that comply with STCW/MLC requirements for seafarers prior to boarding.

The Company observes the MLC regulations for working hours and arranges leave for seafarers as required, to prevent them from overwork and maintain their physical and mental well-being, ensuring their human rights are properly cared for.

For the shore-based office, the Company has established an occupational injury prevention plan. Through a systematic approach, the plan covers the establishment of occupational safety and health organizations, change management, procurement, contracting, emergency response, self-inspections and improvements, audits of the safety and health management system, corrective actions, and recordkeeping. Implementation of these measures helps enhance and enforce occupational safety and health while preventing workplace accidents.

In 2025, one occupational accident was recorded, which was a commuting traffic accident. The Company values safety in both office and employee commuting, incorporating them as one of its occupational safety and health management priorities. Franbo holds monthly regular meetings to promote and reinforce employee safety awareness, reducing the risk of occupational injuries during commuting, and striving to achieve the goal of zero workplace traffic accidents.

The shore-based office had one occupational accident, which was a commuting traffic accident. There was one case of seafarer work-related injury involving an engine room crew member whose finger was accidentally injured while performing maintenance work. The crew member was immediately given first aid, bandaged, and treated on board, then urgently disembarked to seek medical treatment and took leave for several weeks for recovery.

Office Employees

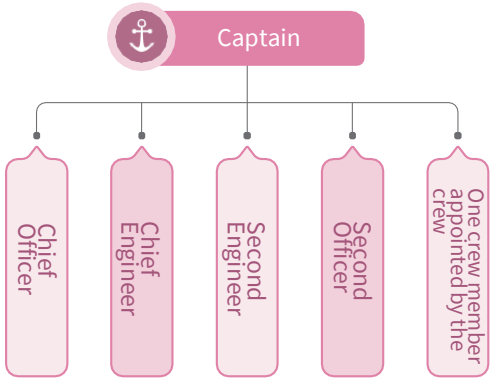
Category	Item	2023	2024	2025
Total working hours	Female	46,598	51,855	58,380
	Male	41,348	41,085	40,973
	Total	87,946	92,940	99,353
Number of fatalities as a result of work-related injury	Female (persons/incidents)	–	–	–
	Male (persons/incidents)	–	–	–
	Total (persons/incidents)	–	–	–
Number of high-consequence work-related injuries (excluding fatalities)	Female (persons/incidents)	–	–	–
	Male (persons/incidents)	–	–	–
	Total (persons/incidents)	–	–	–
Number of recordable work-related injuries (including fatalities and high-consequence injuries)	Female (persons/incidents)	–	1	1
	Male (persons/incidents)	–	–	–
	Total (persons/incidents)	–	1	1
Rate of fatalities as a result of work-related injury		–	–	–
Rate of high-consequence work-related injuries		–	–	–
Rate of recordable work-related injuries (including fatalities and high-consequence injuries)		–	10.76	10.07

Note: 1. Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury / Hours worked × 1,000,000
2. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities) / Hours worked × 1,000,000
3. Rate of recordable work-related injuries (including fatalities and high-consequence injuries) = Number of recordable work-related injuries (including fatalities and high-consequence injuries) / Hours worked × 1,000,000
4. High-consequence work-related injuries are defined as injuries that prevent full recovery within six months

● Implementation:

In accordance with the provisions of the Occupational Safety and Health Act, although the Company has not established an occupational health and safety committee, it has established a Ship Safety Committee for each vessel. Each vessel's Committee consists of six members, with the captain serving as the employer's representative, whereas the remaining five members as employee representatives, to assist in supervising and advising on occupational health and safety-related planning. In addition, the Committees regularly convenes meetings to jointly discuss, review, coordinate, and recommend matters promoting occupational health and safety management, in order to provide employees with a more friendly, comfortable, and safe working environment.

Occupational Safety and Health Committee Organizational Structure:



Since most accidents are caused by human error, seafarers are required to undergo occupational safety and health training. The training statistics for the reporting period are as follows:

Fleet Employees

Category	Item	2023	2024	2025
Total working hours	Female	–	–	–
	Male	470,680	498,960	779,640
	Total	470,680	498,960	779,640
Number of fatalities as a result of work-related injury	Female (persons/incidents)	–	–	–
	Male (persons/incidents)	–	–	–
	Total (persons/incidents)	–	–	–
Number of high-consequence work-related injuries (excluding fatalities)	Female (persons/incidents)	–	–	–
	Male (persons/incidents)	–	–	–
	Total (persons/incidents)	–	–	–
Number of recordable work-related injuries (including fatalities and high-consequence injuries)	Female (persons/incidents)	–	–	–
	Male (persons/incidents)	1	1	1
	Total (persons/incidents)	1	1	1
Rate of fatalities as a result of work-related injury		–	–	–
Rate of high-consequence work-related injuries		–	–	–
Rate of recordable work-related injuries (including fatalities and high-consequence injuries)		2.125	2.004	1.29

Note: 1. Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury / Hours worked × 1,000,000
2. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries (excluding fatalities) / Hours worked × 1,000,000
3. Rate of recordable work-related injuries (including fatalities and high-consequence injuries) = Number of recordable work-related injuries (including fatalities and high-consequence injuries) / Hours worked × 1,000,000
4. High-consequence work-related injuries are defined as injuries that prevent full recovery within six months.

The Company observes the MLC regulations for working hours and arranges leave for seafarers as required, to prevent them from overwork and maintain their physical and mental well-being, ensuring their human rights are properly cared for.

3-4 Social Care

The Company's main operations are based in Kaohsiung City and do not have any negative impact on the local community. In 2025, the Company responded to social needs with blood donation activity and contributed to talent education efforts. In fulfilling its corporate social responsibilities, the Company participated in the following charitable activities:

01 Speak Up for Love Charity Run

Sponsored a charity run, to encourage employees and the public to develop exercise habits, while also enhancing the Company's public image and fostering positive social energy by integrating charity visions.

02 Franbo Blood Donation Day

The Company's employees, various businesses within the office building, and neighborhood residents were all called on to participate in supporting the public blood donation program. A total of 100 bags of blood were collected on the day of the event, demonstrating the Company's spirit of giving back to society and caring for life.

03 Franbo Vision: Love Without Barriers Day

Visually impaired masseurs were invited to the Company to provide services, supporting employment opportunities for disadvantaged groups and enhancing employees' understanding and respect for the visually impaired community through actual interaction.

04 President's Cup National Sports Games

Sponsored the basketball tournament to support domestic sports development and youth sports culture, and enhance corporate brand visibility and social engagement.

04

Green Ocean

4-1 Biodiversity

4-1-1 Biodiversity Impact Identification and Management

Franbo operates across major sea areas around the world. Marine ecosystems are the largest aquatic ecosystems on Earth. However, facing threats such as climate change, pollution, and invasive species, Franbo shoulders the responsibility of protecting these ecosystems by taking a multi-faceted approach to reduce the negative impact of its operations on marine ecosystems, contributing to a cleaner ocean. Based on the LEAP Approach, Franbo has conducted a preliminary identification of the dependencies and impacts of the Group headquarters' business footprint and value chain on the natural environment. The corporate headquarters is situated in a commercial district of Kaohsiung City in southern Taiwan. An evaluation based on mapping data published by the Ministry of Agriculture and the Forestry and Conservation Agency confirms that the headquarters is not located within any protected areas, representing a low direct impact on the natural environment. However, shipping operations are intrinsically connected to the marine ecosystem. Referencing the ENCORE assessment tool to evaluate the Company's shipping activities and supply chain (including onshore cargo handling at ports, maritime transport services, and the procurement and delivery of stores and lubricants), operational factors during transport—such as vessel noise, greenhouse gas emissions, waste disposal, and potential alien species introduced via ballast water discharge—exert varying degrees of impact on the natural environment.

4-1-2 Natural Environment Impact Assessment and Direct Drivers of Biodiversity Loss

The drivers of the shipping industry's impact on biodiversity primarily stem from physical and chemical disturbances during vessel operations, including: ballast water discharge leading to species invasions, pollution from vessel sewage and waste, climate change and ocean acidification caused by GHG emissions, propeller noise and vessel strikes on large marine organisms (such as whales), and the spread of organisms like the flighted spongy moth complex (FSMC) through attachment.

01 Reduce risk of invasive alien species

Ballast Water Discharge Management (Ballast Water and Species Dispersal): To maintain stability, vessels may, when necessary, uptake seawater as ballast water to ensure equilibrium. However, ballast water can carry local aquatic organisms and pathogens, transporting large quantities of algae, bacteria, small invertebrates, larvae, and pathogens into new environments. When introduced into recipient waters through discharge or hull attachment, these organisms can cause invasive alien species introductions, disrupting local ecological balance and resulting in significant economic losses.

The Company's fleet also complies with the International Convention for the Control and Management of Ships' Ballast Water and Sediments, established by the IMO, while operating in international waters. All managed vessels are equipped with ballast water treatment systems (such as UV sterilization) to remove, kill, or inactivate harmful organisms in ballast water, and the Chief Officer is designated to maintain proper records to ensure that ballast water management and/or treatment procedures are correctly implemented and documented. Wherever possible, ballast water is exchanged in deep sea, open ocean, and far from shore. Each vessel is equipped with a third-party approved Ballast Water Management Plan and holds a valid International Ballast Water Management Certificate. Before entering port, ships carry out ballast water exchange or disinfection procedures to prevent the spread of potentially harmful aquatic organisms and pathogens through water discharge, thereby protecting the marine environment and ecological balance, as these invasive species can pose serious threats to the ecosystem and impact the local economy.

By the end of 2025, 100% of the vessels had completed the installation of ballast water systems, and the new version of the Ballast Water Management Plan (BWMP) had been submitted for review.

INTERNATIONAL BALLAST WATER MANAGEMENT CERTIFICATE

PANAMA

THE REPUBLIC OF PANAMA

PANAMA

02 Prevent marine pollution from chemical substances on ship surfaces

The Company complies with the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "AFS Convention"), adopted by the IMO in October 2001, which prohibits the use of organotin-containing anti-fouling systems (Organotin AFS) on ships. International research indicates that paints containing tributyltin (TBT) used in anti-fouling paints are toxic and harmful to marine life. The Company has currently completely banned TBT and other organotin-based anti-fouling systems, as these systems cause significant damage to the marine environment. Alternatives that are compliant paints are now being used, and relevant certificates have been obtained.

03 Reduce pollution emissions

Oil pollution, fuel residues, wastewater, and waste discharged by ships directly pollute the marine environment. All vessels managed by Franbo comply with the International Convention for the Prevention of Pollution from Ships (MARPOL), which prohibits the discharge of almost any form of garbage into the ocean. The actual management of waste is conducted by shipboard personnel in accordance with Safety Management System procedure FBP-07-06 for waste management, collection, and logging. All relevant data is recorded in the Garbage Record Book. At the shore-based corporate level, oversight is exercised through ad-hoc spot checks and annual reporting on the execution of the Garbage Management Plan and Garbage Record Book.

04 climate change and ocean acidification (GHG emissions)

The combustion of traditional fuels releases GHG, causing climate change and ocean acidification. Ocean acidification leads to the embrittlement of the skeletons of coral reefs and marine organisms (such as sea urchins and oysters), affecting the ecological food chain. The Company is actively conducting a GHG inventory in accordance with the GHG Protocol standard as required by the FSC, carrying out carbon reduction work, and utilizing the StormGeo professional weather navigation system to irregularly monitor and control vessel SO_x and NO_x emissions.

05 Protect marine ecosystems

To mitigate the impact on biodiversity from vessels navigating various sea areas, the international community collaborates with shipping companies. The Company's fleet adheres to national or regional regulations in sensitive sea areas and implements a slow steaming strategy (reduced speed navigation), significantly lowering the risk of collision incidents and the harm of noise to the environment.

To protect the endangered North Atlantic right whales, Franbo has responded to the request of the U.S. National Oceanic and Atmospheric Administration (NOAA). Our vessels actively cooperate by reducing their speed to below 10 knots when passing through seasonal management areas, thereby reducing air pollution and fatal harm to endangered whales. Underwater noise generated by ship engine sounds and propeller cavitation effects is directly proportional to speed. This can interfere with cetaceans' sonar navigation, mate-finding, and foraging abilities (signal masking). Ships cooperate by reducing speed to lower low-frequency noise, thereby reducing chronic stress and even hearing loss in marine organisms.

06 FSMC regulations

For vessels in the Company's fleet departing from high-risk areas (such as Asia), we comply with the FSMC announcement jointly issued by the United States Department of Agriculture (USDA), the Animal and Plant Health Inspection Service (APHIS), and the Canadian Food Inspection Agency (CFIA). Typically, a moth-free certificate must be obtained before departure to prevent its spread to new areas. This includes requiring vessels calling at FSMC-regulated areas during specific risk periods to undergo inspection and certification by an approved institution confirming the absence of FSMC, for crew members to conduct intensive self-inspections before entering port, and if FSMC is found upon arrival, to clear all FSMC from the harbor before reapplying, among other measures.

4-2 Energy Efficiency Management

4-2-1 Energy Management

The Franbo Group, in accordance with international conventions, measures ship energy efficiency from three aspects: design, existing specifications, and operations. In terms of design, Franbo is actively adopting new energy-efficient vessels in 2025. For existing vessels, verification and speed calibration are conducted in accordance with regulations. In terms of operations, Franbo's fleet follows the Ship Energy Efficiency Management Plan (SEEMP) issued by the IMO, implementing an energy management plan to adjust optimal speeds based on voyages. This aims to reduce energy consumption and environmental pollution without affecting vessel schedules. However, since the Company's vessels are primarily leased out, and voyages and fuel consumption are controlled by the charterers, and given the significant annual data variations, it is currently not possible to calculate the fuel consumption savings resulting from the Company's adoption of energy-efficient vessels.

Marine fuel is the primary energy source for vessels and also the largest source of GHG emissions, which is the main cause of global warming. To address this issue and fulfill its corporate social responsibilities, the Company will continue to promote GHG reduction policies within the enterprise and throughout the supply chain, and achieve the goal of progressively reducing GHG emissions through practical energy-saving and carbon-reduction measures.

The table below presents Franbo's office energy consumption over the past three years:

Office Energy Consumption

Quantitative Indicators	Unit	2023	2024	2025
Electricity consumption	kWh/year	105,280	85,840	81,305
	GJ	379.01	309.03	292.70
Electricity use intensity (EUI)	kWh/m²	77.99	63.59	60.22
	(kWh/NT$ '000 revenue)	–	–	0.0343
Gasoline consumption	L/year	2,863.0	3,612.0	3,661.1
	GJ	96.12	117.96	116.20
Organization specific metric	Office building area	1,350	1,350	1,350
Total energy consumption	GJ	475.13	426.99	408.90
Energy intensity	(GJ/office building area)	0.3519	0.3163	0.3029
	(GJ/NT$ '000 revenue)	–	–	0.0002

Note: 1. Electricity usage is based on actual meter readings; Gasoline usage for company vehicles is compiled from fuel receipts.
2. Electricity use intensity = Purchased electricity consumption / Total building area 1,350 m²; Franbo's revenue for 2025: NT$2,367,772 thousand.
3. Purchased electricity calorific value: 3,600 GJ; Automotive gasoline calorific value: approximately 7,520 kcal/L (based on revised data from 2025).
4. According to data announced by the Ministry of Environment, the calorific value of gasoline for 2025 is: 1 L = 31,739.82 kJ, which is approximately 0.03174 GJ (revised as announced in February 2026).

In 2025, to comply with corporate governance energy intensity disclosure requirements, "annual revenue" was added as a comparison benchmark.

Fleet Energy Consumption

Quantitative Indicator	Unit	2023	2024	2025
Diesel consumption	L/year	2,413,148	4,273,000	6,166,100
	GJ	84,872.34	152,973	215,936.82
Fuel oil consumption	L/year	22,719,479	27,973,000	35,193,000
	GJ	1,018,357.07	1,079,757	1,273,282.74
Biofuel	L/year	–	–	886,000
	GJ	–	–	26,960.98
Organization specific metric	Revenue (NT$ '000)	1,337,660	1,654,400	2,367,772
Total energy consumption	GJ	1,103,229.41	1,232,731	1,516,180.54
Energy intensity	(GJ/NT$ '000 revenue)	0.82	0.74	0.64

Note: 1. Vessel energy intensity is calculated in thousands of NT dollars of revenue.
2. According to the official announcement by the Ministry of the Environment, the default calorific value coefficients are 8,400 kcal/L for diesel and 9,600 kcal/L for heavy fuel oil. Low-sulfur fuel oil has been fully implemented since 2020. The energy conversion unit is defined as 1 calorie = 4.1877 joules.
3. Calorific value calculation applicable for 2023 and 2024: calorific value for heavy oil is 40.2 MJ/kg and diesel is 42.7 MJ/kg.
4. Addition of new vessels in 2025.

To achieve the goal of net-zero carbon emissions before 2050, Franbo's newly built energy-efficient vessels continue to seek alternative fuels and low-carbon propulsion technologies to reduce GHG emissions during vessel operations. During 2025, the Company actively discussed with major diesel engine manufacturers the issue of using biofuel, and attempted to use B30 biofuel on some vessels as an important measure to enhance the fleet's energy efficiency and carbon reduction effectiveness.

In 2025, the Company's charterers adopted marine biofuel. Based on a Well-to-Wake (WtW) fuel life cycle assessment, this is expected to reduce carbon emissions by approximately 15% to 20% compared to traditional fuel. The Company also continues to promote the "port-of-call procurement" strategy, combining voyage planning with predictive inventory management, prioritizing the procurement of fuel, spare parts, and materials from local suppliers at the vessel's scheduled port of call. This aims to shorten transportation distances, reduce logistics carbon emissions, and enhance replenishment efficiency, thereby ensuring stable fleet operations and fuel supply.

The Company also fully complies with the EEXI regulations established by the IMO, and conducts ongoing monitoring to ensure that all vessels meet the latest energy-saving, carbon reduction, and environmental protection requirements.

4-2-2 Energy Efficiency Management

Fuel Energy Usage:

Franbo continues to promote energy conservation and carbon reduction initiatives. Based on its corporate social responsibilities and green sustainable management goals, under time charter agreements, charterers are responsible for fuel procurement and is required to use low-sulfur fuel with a sulfur content of 0.5% or less, in accordance with the IMO regulations on marine fuel oil sulfur content. The Company takes samples for testing after each batch of refueling, and only after confirming compliance with standards is the fuel used, to ensure compliance with relevant regulatory requirements.

The Company added three new energy-efficient vessels to its fleet in 2025 and introduced new energy-efficient main engines to enhance fuel efficiency and operational performance. When vessels enter an ECA, they are required to switch to ultra-low sulfur fuel oil to reduce sulfur oxides (SO_x) emissions, mitigate the impact on air quality, and ensure compliance with various environmental regulations.

Meanwhile, the Company continues to maintain a young fleet and complies with environmental regulations such as the EEXI and CII established by the IMO. Through monitoring and operational management adjustments, although this impacts vessel speed and energy efficiency, it helps to reduce overall GHG emissions and achieve carbon reduction targets.

The shore-based office also promotes energy-saving concepts, encouraging employees to use public transportation as their primary mode of business travel and to minimize the usage time of electrical appliances. In addition to advocating turning off lights when leaving to save electricity, the office continued to observe the performance of inverter air conditioning systems replaced in 2022 and 2024. Statistics show that in 2025, electricity consumption was reduced by 4,535 kWh compared to 2024.

Franbo places great importance on sustainable operations, not only by improving its own energy efficiency but also by striving to provide better facilities and services that help customers achieve energy savings, which contributes to long-term environmental sustainability.

New Shipbuilding Plan and Implementation

To protect the Earth and marine environment, and to achieve the goal of reducing carbon emissions per unit of transport by 40% for international shipping routes by 2030, the Group continues to promote various carbon reduction measures to effectively reduce GHG emissions and mitigate the impact of vessel operations on air quality.

Three newly built vessels were received by the Group at the Jiangsu Haitong Shipyard in 2025 for fleet operation, while at the same time phasing out existing older vessels, in order to maintain a young fleet and enhance overall operational efficiency.

All newly built vessels are equipped with the latest high-efficiency, energy-saving main engines, and their design and performance are in compliance with the EEDI regulations established by the IMO, demonstrating the Group's commitment to energy saving, carbon reduction, and sustainable shipping. Future newbuild vessels will further incorporate shaft generator systems and shore power reception devices to improve energy combustion efficiency during vessel navigation and reduce exhaust emissions when vessels are berthed.

2025 New Shipbuilding Plan

Equipment/Device		Energy Saving Mechanism
Electronically controlled fuel injection system for main engine		Precisely controls fuel injection atomization, reducing fuel consumption and improving energy efficiency
Waste heat recovery system / Composite boiler		Recovers main engine exhaust waste heat to generate steam for vessel use, eliminating the need for a boiler during navigation
Energy-saving devices	Reaction rudder	Enhances propulsive performance
	Turbo ring	Energy-saving propulsion auxiliary device
	A.S. fins	Asymmetric stern fins for energy saving
	Tapered flow fins	Flow control stern device
	K3 propeller	Used for higher propeller thrust
	SK-bow	Minimizes speed drop under rough sea conditions
	Variable frequency motors	Variable frequency design adopted for certain high-power motors to reduce vessel power consumption
	High-efficiency energy-saving hull paint	Reduces hull resistance and enhances vessel propulsion efficiency
Freshwater generator		Uses high-temperature main engine cooling water to heat and desalinate seawater, improving thermal energy efficiency

- Franbo's newbuild vessels all meet current regulatory EEDI requirements, with new vessels delivered in 2025 achieving an average EEDI of 5.249 g-CO_2/t-nm.

4-3 Water Resource Management

Franbo recognizes the limited nature of water resources; therefore, water conservation has always been one of the Company's top priorities in resource management. Franbo's water consumption is grouped into two categories: water used on vessels and water used in office buildings. In addition to upgrading shipboard equipment and facilities, the Company also encourages employees to adopt water-saving practices to enhance overall water conservation efficiency. The Company currently operates and manages a fleet of 14 vessels. Water resources used onboard come from two sources: freshwater generated by desalination systems and freshwater supplied from shore.

Freshwater from Desalination System:

Seawater is first pumped into the system by a supply pump and enters a vacuum chamber through a shut- off valve. The seawater flows through vertical pipes, the outer walls of which are surrounded by hot main engine cooling water. This heats the seawater, which begins to vaporize when it reaches its boiling point. Under the reduced pressure environment created by the vacuum pump, seawater vaporizes at a lower temperature. As the steam exits the vertical pipe, it separates from the remaining water and bypasses the top of a horizontal rectifier into a shell-and-tube condenser via steam-water separators located on both sides. Cooling seawater flows through the condenser tubes, where the vapor condenses into freshwater and is extracted by a condensate pump to the freshwater storage tank. The desalination system mainly comprises an evaporator and a condenser. In the evaporator, seawater absorbs waste heat from engine exhaust and evaporates. The vapor then flows into the condenser, where it condenses into freshwater.

Shore-Based Freshwater Supply:

Freshwater is also obtained via local agents who coordinate shore-based freshwater supply operations.

Vessel Water Consumption

Quantitativ	2023	2024	2025
Water withdrawal (million liters)	0.020472	0.02487	0.02160
Water discharge (million liters)	0.000452	0.00201	0.00230
Water consumption (million liters)	0.02002	0.02286	0.01930

Note: 1. Water consumption = Water withdrawal - Water discharge
2. Vessel water withdrawal: Refers to the amount of water obtained via onboard desalination systems and shore-based supply.
3. Vessel water consumption: Refers to the amount of water used onboard for non-recoverable purposes such as machinery operations and crew sanitation.

Franbo's office building is located in Lingya District, Kaohsiung City, and its primary source of water is tap water. The table below shows the water usage data over the past three years:

Office Building Water Consumption

Quantitativ	2023	2024	2025
Water withdrawal (million liters)	0.0423	0.045	0.050
Water discharge (million liters)	0.042	0.045	0.050
Water consumption (million liters)	0	0	0

Note: 1. Water consumption = Water withdrawal - Water discharge
2. Vessel water withdrawal: Refers to the amount of water obtained via onboard desalination systems and shore-based supply.
3. Vessel water consumption: Refers to the amount of water used onboard for non-recoverable purposes such as machinery operations and crew sanitation.

Since the whole office building shares a single shared water meter, the Company's water withdrawal is calculated based on dividing the monthly water usage stated on the Taiwan Water Corporation's monthly water bill payment receipts by the number of occupants. Water consumption increased slightly in 2025 due to an increase in new hires.

4-4 Air Pollution Control

4-4-1 Greenhouse Gas Emissions Management

GHG emissions are the primary driver of global warming. To address this issue and fulfill its corporate social responsibilities, and in alignment with the FSC's Sustainable Development Roadmap for TPEx-listed Companies, Franbo formally begin disclosing GHG inventory data for the parent company and its subsidiaries starting in 2025 while formulating carbon reduction measures. In late 2024, the Company partnered with an advisory firm to formally establish a GHG inventory system pursuant to ISO-14064-1:2018 effective January 2025. The organizational boundary for the Company's GHG management is defined using the operational control approach, encompassing the parent company's headquarters, operating fleets of subsidiary/sub-subsidiary entities, and real estate assets. Scope 1 primary emission sources include stationary combustion, process emissions, mobile combustion from transportation, and fugitive emissions, while Scope 2 primary emission sources consist of purchased electricity for the corporate headquarters. From inventory verification to completion, the fleets and real estate assets of group subsidiaries are also integrated into GHG accounting to uphold corporate responsibility. The Company will continue to advance GHG reduction policies across the enterprise and supply chain, implementing practical energy efficiency, carbon reduction, and water conservation measures to achieve annual emission reduction targets. However, to comply with the FSC's announcement on October 28, 2025, requiring TWSE/TPEx-listed companies to align with IFRS S2 "Climate-related Disclosures", which mandates that Scope 1, Scope 2, and Scope 3 emissions be measured and disclosed in accordance with the GHG Protocol standard in principle, the Company has adjusted its GHG inventory framework starting December 2025. In 2022 and 2023, the schedule and roadmap for GHG inventory accounting and verification across the parent company and subsidiaries were reported to the Board of Directors, which oversees progress quarterly to ensure robust governance and oversight.

Office

Item	2023	2024	2025
Scope 1: Direct GHG emissions (tCO_2e)	6.4793	41.9567	13.4771
Scope 2: Indirect GHG emissions (tCO_2e)	52.1136	42.4050	38.5385
Scope 3: Categories 1–15 indirect GHG emissions (t CO_2e)	–	–	2,052.5376
Total emissions (tCO_2e) = Scope 1 + Scope 2 (before 2024)	58.5929	84.3620	–
Total emissions (tCO_2e) = Scope 1 + Scope 2 + Scope 3	–	–	2,104.5532
GHG emission intensity (tCO_2e / NT$ '000 annual revenue)	–	–	0.0009

Note:1. Scope 1 refers to direct emissions from sources owned or controlled by the Company, including stationary combustion, process emissions, mobile combustion from transportation, and fugitive emissions. Emission factors are derived from the latest data published by the Energy Administration, Ministry of Economic Affairs; Global Warming Potential (GWP) values are based on the IPCC AR6.
2. Scope 2 refers to indirect energy emissions, such as purchased electricity.
3. The GHG types included in the inventory are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O).
4. Purchased electricity accounts for greenhouse gas emissions based on the electricity emission factor announced by the Energy Administration, Ministry of Economic Affairs. The electricity emission factor for 2025 is 0.466 $kgCO_2e$/kWh.
5. In 2025, in accordance with the GHG Protocol Corporate Standard, the Scope 3 inventory encompasses: Category 1: Purchased Goods and Services; Category 6: Business Travel; Category 7: Employee Commuting; and Category 13: Downstream Leased Assets.
6. In line with the FSC's corporate governance requirements, the benchmark for GHG emission intensity has been changed to "annual revenue."

- The reduction in electricity consumption in 2025 was due to the replacement of the air conditioning system with an inverter-type.

Real Estate Construction

Item	2025
Scope 1: Direct GHG emissions (tCO_2e)	0.0771
Scope 2: Indirect GHG emissions (tCO_2e)	12.4732
Scope 3: Categories 1–15 indirect GHG emissions (t CO_2e)	2,198.9251
Total emissions (tCO_2e) = Scope 1 + Scope 2 + Scope 3	2,211.4754
GHG emission intensity (tCO_2e / NT$ '000 annual revenue)	0.0009

Note: 1. Scope 1 refers to direct emissions from sources owned or controlled by the Company, including stationary combustion, process emissions, mobile combustion from transportation, and fugitive emissions. Emission factors are derived from the latest data published by the Energy Administration, Ministry of Economic Affairs; Global Warming Potential (GWP) values are based on the IPCC AR6.
2. Scope 2 refers to indirect energy emissions, such as purchased electricity.
3. The GHG types included in the inventory are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O).
4. Purchased electricity accounts for greenhouse gas emissions based on the electricity emission factor announced by the Energy Administration, Ministry of Economic Affairs. The electricity emission factor for 2025 is 0.466 $kgCO_2e/kWh$.
5. In 2025, in accordance with the GHG Protocol Corporate Standard, the Scope 3 inventory encompasses: Category 1: Purchased Goods and Services; Category 6: Business Travel; Category 7: Employee Commuting; and Category 13: Downstream Leased Assets.
6. In line with the FSC's corporate governance requirements, the benchmark for GHG emissions intensity has been changed to "annual revenue."

Fleet

Item	2023	2024	2025
Scope 1: Direct GHG emissions (tCO_2e)	1,273.6528	11,173.0008	1,035.1618
Scope 3: Indirect GHG emissions (tCO_2e)	77,225.2427	102,634.24	277,097.4590
Total emissions (tCO_2e) = Scope 1 + Scope 2 + Scope 3	78,498.8995	113,807.2408	278,132.6208
GHG emission intensity (tCO_2e / NT$ '000 annual revenue)	0.0587	0.0688	0.1175

Note: 1. Scope 1 refers to emissions directly from sources owned or controlled by the Company, including stationary combustion, process emissions, mobile combustion from transportation, and fugitive emissions. In compliance with the FSC mandates, the Company's GHG inventory has aligned with the GHG Protocol standard since 2025, covering the calculation of Scope 3 Categories 1 through 15.
2. The GHG types included in the inventory are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O).
3. Since vessels do not consume purchased electricity, Scope 2 emissions are not applicable.
4. The increase in 2025 emissions was primarily due to higher diesel fuel consumption by vessels.

Carbon Intensity Indicator (CII)

In response to the Paris Agreement and the global trend towards net-zero carbon reduction, the IMO, at its 76th session of the Marine Environment Protection Committee (MEPC 76) in June 2021, adopted amendments to MARPOL Annex VI, introducing new regulations such as the EEXI and CII. These regulations became effective on November 1, 2022, and officially entered into force on January 1, 2023, to continuously reduce GHG emissions from international shipping.

Among these, the CII system applies to cargo ships, passenger ships, and cruise ships with a gross tonnage of 5,000 GT or more. Based on the ship's annual transport efficiency and fuel consumption, its operational carbon intensity is rated into five levels from A to E, where A is the best and E is the worst. The carbon reduction requirements are progressively increased year by year to encourage ships to continuously improve energy efficiency and reduce carbon dioxide emissions.

The Company continues to comply with various IMO environmental regulations, incorporating carbon management into its fleet operational management mechanism and closely monitoring the EEXI and CII performance of its vessels. Through measures such as fleet rejuvenation, deployment of energy-efficient vessels, optimization of sailing speed, enhancement of fuel efficiency, and monitoring of carbon emission performance, the Company continuously improves vessel energy efficiency and reduces operational carbon intensity to enhance the international competitiveness of its fleet and respond to the global shipping decarbonization trend.

Franbo Fleet CII Ratings for 2025

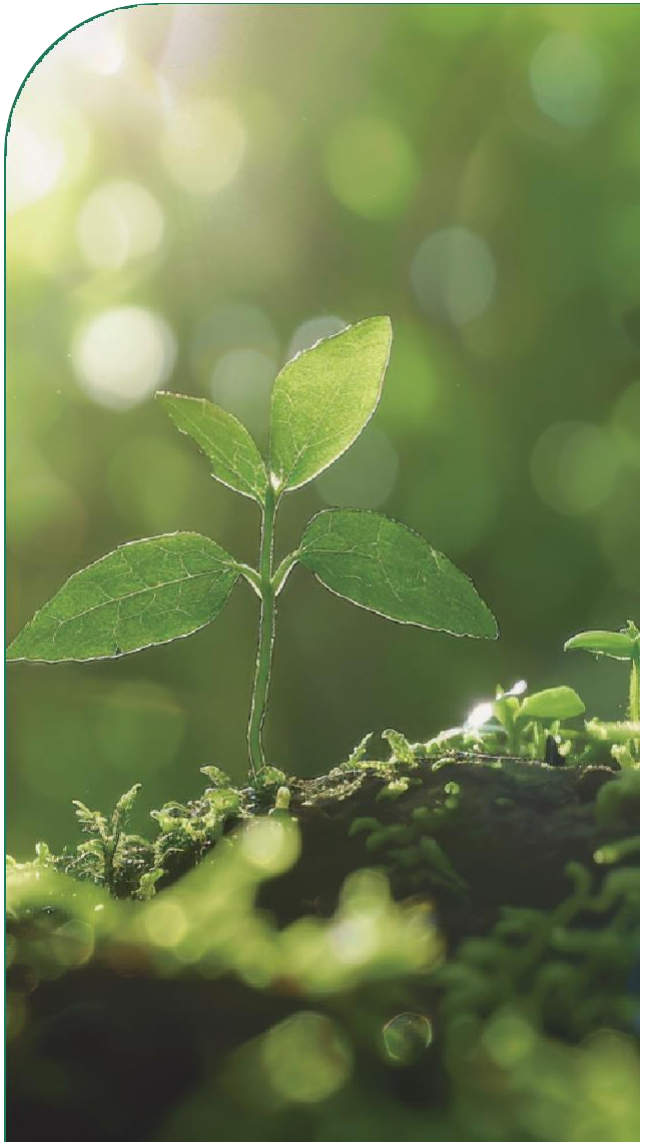
Rating	Number of Vessels	Rating	Number of Vessels
A	7	D	1
B	6	E	0
C	1		

Note:1. If a vessel's operating condition has an energy efficiency rating of D or E, a remediation plan must be submitted to adjust fuel usage.
2. If a vessel receives a D rating for three consecutive years or an E rating in any single year, it must formulate a corrective action plan and obtain approval from a Recognized Organization (RO).
3. According to the IMO, its Data Collection System calculates GHG emissions based on a full fiscal year and adopts a calendar year system. Vessels are required to report their fuel consumption data to the flag state after the end of each calendar year.

4-4-2 Air Pollution Emission Control

In response to growing concern about the air pollution caused by vessels, global emission standards for exhaust gases have grown progressively stricter each year. Pursuant to the MARPOL Annex VI, the main air pollutants contained in ship exhaust are expressly restricted, including sulfur oxides (SO_x), nitrogen oxides (NO_x), and particulate matter (PM10), and deliberate emission of any ozone-depleting substances is prohibited. Modern vessels rely primarily on diesel engines for propulsion, and their exhaust emissions account for a major portion of air pollution in the maritime transport sector. Nitrogen oxides from ships are generated by the combustion of fuel in ship main engines and generators. In accordance with the IMO sulfur cap regulations, effective January 1, 2020, the Company requires charterers to fully use low-sulfur fuel oil with a sulfur content of 0.5% or less. When vessels sail or enter ECAs, they must switch to ultra-low sulfur fuel oil with a sulfur content of 0.1% or less, as required, to effectively reduce sulfur oxides emissions. To comply with the IMO nitrogen oxides emission standards (Tier III) for ships operating in specific sea areas, all newbuild vessels delivered by the Company after 2023 are equipped with an exhaust gas treatment system, either a Selective Catalytic Reduction (SCR) system or an Exhaust Gas Recirculation (EGR) system. This will significantly reduce nitrogen oxides emissions from vessel main and auxiliary engines to comply with Tier III standards.

Franbo equips its newly built vessels with SCR or Selective Non-Catalytic Reduction (SNCR) systems. Marine urea is the key consumable in SCR/SNCR systems. A highly reactive urea solution is injected into the denitrification reaction chamber via ammonia injection nozzles, allowing it to fully mix with the flue gas to achieve the purpose of removing NO_x and reducing the impact on air quality. In the exhaust gas generated by the main and auxiliary engines, marine urea is used to react with nitrogen oxides in a reduction reaction, generating non-polluting nitrogen and water. This achieves the effect of reducing nitrogen oxide emissions without altering the operating conditions of the main and auxiliary engines.



Item	2023	2024	2025	Unit	Remarks
Nitrogen oxides (NO_x)	888.61	1,040.17	1,275.89	Metric tons (t) CO_2e	Fuel consumption × NO_x emission factor Emission factor is based on Engine International Air Pollution Prevention (EIAPP) data
Sulfur oxides (SO_x)	165.22	246.08	304.70		Total fuel consumption (kg) × Sulfur content (%) × 20 / 1,000,000
Particulate Matter (PM10)	79.58	125.26	152.18		Fuel consumption × Emission factor

Note: Number of newly built vessels received increased in 2025
Source: StormGeo, professional weather navigation system, 2025

4-5 Wastewater and Waste Management

4-5-1 Wastewater Management

Wastewater generated by the Company's office consists primarily of domestic wastewater from cleaning activities. This wastewater is discharged into the government's sewage system by the building management committee. To protect the marine environment, Franbo ensures effective treatment of wastewater and waste during vessel operations at sea and in port, in strict compliance with MARPOL, established by the IMO. Specifically, the Company's management of wastewater generated onboard its ships adheres to MARPOL Annex IV, Regulations for the Prevention of Pollution by Sewage from Ships. Sewage generated on vessels is classified and managed accordingly; tank wash water and deck water are collected in storage tanks and discharged only when the vessel is a safe distance from shore. If tank wash water contains substances harmful to the marine environment, shore reception is arranged at an appropriate port. Bilge water is treated in an oil–water separator before discharge to minimize impacts on the environment and human health. To enhance the effectiveness of its wastewater and waste management practices, Franbo follows a cyclical management approach, which includes strict implementation, close monitoring, regular inspections, and continuous improvement.

4-5-2 Waste Management

The Company's primary business involves vessel management services and the operation and chartering of bulk carriers. Construction work is outsourced to external contractors. The Company places strong emphasis on sustainable operations and ecological protection, recognizing the environmental impact its waste generated. To comply with government regulations, prevent air pollution, protect the environment, and safeguard public health, all vessels managed by Franbo strictly adhere to MARPOL regulations. Each vessel is required to implement a Garbage Management Plan and maintain a Garbage Record Book, and MARPOL prohibits the discharge of almost any form of garbage, including plastics, into the ocean. However, MARPOL also provides a specific exemption for food waste.

In accordance with MARPOL Annex V, ships are permitted to discharge food waste into the sea only while en route and as far as practicable from the nearest land. In any case, food waste that has been comminuted or ground and is capable of passing through a screen with openings no greater than 25 millimeters may be discharged at a distance of not less than 3 nautical miles from the nearest land. Untreated (uncomminuted or unground) food waste must be discharged at a distance of not less than 12 nautical miles from the nearest land.

In actual vessel operation practices, the waste generated during the process (such as crew domestic waste, daily vessel maintenance waste, and food waste) is managed by the vessel in accordance with the Safety Management System Procedure FBP-07-06. Vessels must implement waste classification, collection, disposal, and record-keeping, and accurately log relevant data in the Garbage Record Book. Compliance oversight is exercised at the shore-based corporate level through ad-hoc spot checks and annual reporting. In addition, the waste generated by Franbo Asset Management Co., Ltd. primarily comes from construction project sites, including waste soil, mud and sand, stones, bricks and tiles, and concrete blocks produced during demolition and construction processes. All such land-based construction waste is legally entrusted to qualified and legally licensed waste disposal contractors for handling. The Company strictly prohibits any form of arbitrary disposal.

The Company will continue to strengthen waste reduction, sorting, and recycling operations, and implement environmental management in accordance with relevant regulations to ensure that construction site noise, waste, and other potential pollution do not affect the local community. In the future, Franbo will continue to enhance management efficiency, deepen environmental awareness, and strive to reduce the impact of its operational activities on the environment.

In 2025, neither the Company's vessels nor its office building generated any hazardous waste. Non-hazardous waste generated from vessels and office building is shown in the tables below:

Non-Hazardous Waste Generated from Vessels

Waste Generated (m^3)	Onboard				Offloaded			
	2024		2025		2024		2025	
Item	Waste Generated (m^3)	Disposal Method	Waste Generated (m^3)	Disposal Method	Waste Generated (m^3)	Disposal Method	Waste Generated (m^3)	Disposal Method
Plastic wastes	–	–	x	–	31.19	Transferred to shore	44.14	Transferred to shore
Food wastes	47.60	Discharged to sea	44.205	Discharged to sea	5.45	Transferred to shore	5.68	Transferred to shore
Domestic wastes	11.852	Incineration	20.61	Incineration	26.60	Transferred to shore	32.444	Transferred to shore
Cooking oil	0.075	Incineration	0.293	Incineration	0.239	Transferred to shore	0.293	Transferred to shore
Incinerator ashes	0.108	–	1.281	–	0.642	Transferred to shore	1.281	Transferred to shore

Non-Hazardous Waste Generated from Office Building

Waste Type	On-site			
Year	2024		2025	
Item	Waste generated (metric tons)	Disposal Method	Waste generated (metric tons)	Disposal Method
Paper and food containers	0.65	Other recycling operation	0.70	Other recycling operation
Plastic bottles and containers	0.25	Other recycling operation	0.28	Other recycling operation
Glass bottles	0.06	Other recycling operation	0.15	Other recycling operation
Computers and peripherals	0.10	Other recycling operation	0.15	Other recycling operation
Office furniture and partitions	0.05	–	0.05	Other recycling operation

Note: 1. Outdated office laptops and monitors were replaced in 2025.
2. Increase in employee headcount led to an increase in food containers for lunch and related usage.

4-5-3 Vessel Retirement and Disposal

Like corporate fixed assets, vessels have a complete lifecycle management from construction through operation to decommissioning. Franbo upholds the principle of sustainable operations, incorporating vessel decommissioning and recycling management into its fleet lifecycle management mechanism to reduce environmental impact and fulfill its corporate social responsibilities.

Since 2016, the Company has required all its owned vessels to establish an Inventory of Hazardous Materials (IHM) Part I, and has commissioned ship classification societies to complete inspections and issue certificates. Through the IHM system, before a vessel begin dismantling and recycling, the types, locations, and quantities of hazardous substances in the hull and equipment can be fully ascertained, assisting shipbreaking yards in planning appropriate safety protection, pollution prevention, and waste disposal measures to reduce the impact on the environment and the health of workers.

The Company continues to promote green vessel management, gradually increase IHM certificate coverage of the fleet it managed, ensure compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC) and relevant international regulatory requirements, and establish a standardized ship decommissioning management system.

In the future, the Company will continue to align with the latest developments of the IMO and international sustainability regulations, continuously review and improve its vessel replacement and recycling management mechanism, effectively control hazardous substances on ships through a comprehensive IHM management system, reduce the impact of the vessel recycling process on the marine environment, and ensure the health and safety of crew members, shipbreaking workers, and relevant stakeholders.

- As of the end of 2025, the IHM certificate coverage of the fleet managed by the Company reached 92%.

Going forward, the Company will continue to focus on the following four areas:

01 Enhance Complete Lifecycle Management of Vessels

Establish a database for the complete lifecycle of vessels to enhance decommissioning planning and the transparency of information disclosure.

02 Implement Responsible Recovery Mechanism

Prioritize selecting green shipbreaking yards that comply with the HKC and international standards to ensure vessel recycling meets environmental protection, occupational safety, labor rights, and human rights requirements.

03 Enhance Sustainable Governance Capabilities

Continuously promote education, training, and knowledge transfer to strengthen employees' professional capabilities in ship decommissioning, hazardous substance management, and sustainable recycling.

04 Enhance Regulatory Compliance and Systematic Management

Continuously track the developments of IMO and international sustainability regulations, and revise relevant management systems on a rolling basis, to enhance the fleet's responsible recycling and sustainable governance performance.

4-6 Environmental Protection and Regulatory Compliance

Oceans cover 72% of the Earth's surface, making them one of the planet's most vital ecosystems, serving as a treasure trove of biodiversity. From climate regulation and resource extraction, to transportation and fishery harvesting, oceans are closely related to human beings. Despite the vastness, oceans are not immune to overexploitation. Once the marine environment is damaged, restoration becomes extremely difficult. To achieve the goal of ocean sustainability, Franbo always adheres to the philosophy of “Love the ocean, stay close to the ocean, and understand the ocean”. The Company does not sacrifice the ocean as a tool for profit, but instead treats it with a mutually beneficial and symbiotic approach, creating an ecological cycle.

June 8 has been designated as World Oceans Day by the United Nations to raise global awareness about the importance of protecting the ocean. Among the Sustainable Development Goals (SDGs), Goal 14 “Life Below Water” emphasizes the need to conserve and sustainably use the oceans, seas and marine resources for sustainable development. This Goal includes targets such as reducing marine pollution of all kinds including marine debris, sustainably manage and protect marine and coastal ecosystems, minimize and address the impacts of ocean acidification, restore fish stocks to produce maximum sustainable yield, and conserve at least 10 per cent of coastal and marine areas. It is hoped that through legislation and policies, existing regional and international conventions, such as the United Nations Convention on the Law of the Sea (UNCLOS), will be implemented.

During the operation of its fleet in international waters, the Company continuously adheres to the environmental protection regulations of the IMO and relevant international conventions, striving to reduce the risk of marine pollution and strengthen its ecological protection management mechanisms.

01 Ballast Water Management

The Company's fleet conducts ballast water management operations in accordance with the relevant regulations of the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (BWMC). All vessels managed by the Company have completed the installation of Ballast Water Treatment Systems (BWTS) and have obtained third-party verified BWMPs and relevant international certificates.

Vessels, in accordance with regulations, perform ballast water exchange in appropriate sea areas (such as deep sea, high seas, and offshore areas), supplemented by treatment procedures such as filtration and sterilization, to reduce the risk of potentially carrying harmful aquatic organisms and pathogens, and to prevent invasive alien species from impacting marine ecosystems and coastal economies. The chief officer is responsible for the preservation of relevant operational records to ensure that the ballast water management process is fully documented and complies with international regulatory requirements.

02 Anti-fouling System Management

The anti-fouling coatings used on vessels managed by the Company all comply with the specifications of the AFS Convention, and relevant compliance certificates have been obtained.

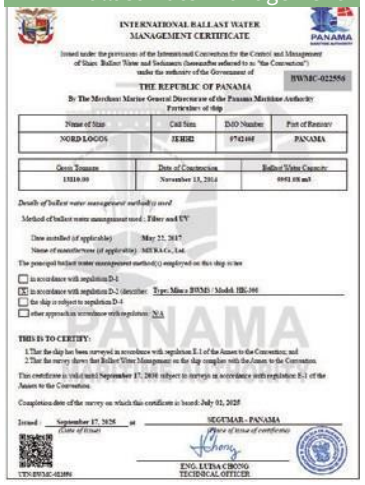
International studies indicate that anti-fouling coatings previously containing TBT were highly toxic, causing harm to the marine ecological environment. Their use is now completely prohibited in accordance with international conventions. The Company also ensures that the selection and maintenance of anti-fouling coatings comply with current international environmental standards to reduce potential impacts on marine ecosystems.

03 Management Mechanisms and Sustainability Commitment

The Company continuously ensures, through institutionalized management and third-party verification mechanisms, that its ballast water management and anti-fouling systems comply with the latest international environmental regulations, and are incorporated into the scope of the fleet's environmental management performance monitoring.

In the future, Franbo will continue to comply with updates from the IMO and relevant sustainability regulations, strengthen the fleet's environmental management system, reduce the risk of marine pollution, and enhance the environmental sustainability performance of vessel operations, thereby fulfilling its corporate responsibility for marine ecological protection.

International Certificate for Ballast Water Management


INTERNATIONAL BALLAST WATER MANAGEMENT CERTIFICATE

THE REPUBLIC OF PANAMA

PANAMA

International Certificate for Anti-Fouling

INTERNATIONAL ANTI-FOULING SYSTEM CERTIFICATE

International Certificate for Anti-Fouling

RECORD OF ANTI-FOULING SYSTEMS

4-7 Vessel Safety Management

To ensure the safety of crew members and navigation of vessels managed by the Company, reduce the risk of maritime accidents, and achieve the goal of safe transportation, Franbo strictly adheres to relevant international conventions of the IMO, including SOLAS and MARPOL. A professional weather navigation system from StormGeo is used during vessel operations, allowing shore-side real-time monitoring and analysis of navigational environmental information to provide optimal route recommendations, thereby enhancing navigational safety and operational efficiency.

Regarding cargo transportation management, in accordance with relevant regulations such as the International Maritime Solid Bulk Cargoes (IMSBC) Code, the International Maritime Dangerous Goods (IMDG) Code, SOLAS, and MARPOL, cargo loading and transportation management operations are properly executed to ensure the safety of the cargo transportation process. At the same time, the fleet establishes a preventive maintenance plan in accordance with classification society inspection standards and manages spare parts and material procurement in real time through an ERP system to ensure timely supply and maintenance efficiency. Appropriate shipyards are arranged according to the plan as well to conduct regular maintenance and inspections to maintain the vessels in normal operating condition and ensure compliance with Port State Control (PSC) and relevant international convention requirements.

The Company continuously enhances its navigational safety management capabilities through systematic risk management and digital monitoring mechanisms, regularly reviews changes in international regulations, and adjusts its operational and maintenance management processes on a rolling basis to improve the overall safety and operational stability of its fleet.

The IMO authorizes each port state to establish a PSC body to conduct onboard safety inspections when vessels berth, ensuring that vessels comply with international safety and environmental regulations. During PSC inspections, the fleet's captains cooperate with the inspection procedures in accordance with regulations. If any deficiencies are found, the shore-based operations unit immediately provides support and assists in rectifying them to ensure that the vessels successfully pass inspections and maintain operational compliance.

In addition, it also regularly undergoes Annual Safety Inspections (ASI) authorized by flag states and internal and external audit mechanisms to continuously ensure the safety of vessel operations and compliance with laws and regulations, thereby enhancing the overall safety management quality of the fleet. Through a systematic inspection and feedback mechanism, we continuously strengthen the tracking of deficiency improvements and risk management, and collaborate with fleet operations, maintenance, and compliance units to enhance overall shipping safety and international compliance standards.

2025 Vessel Audits and /Inspections

Audit/Inspection Category	2024	2025		
	Number of Cases	Number of Cases	Number of Deficiencies	Description
PSC	29	39	50	• PSC Deficiencies (fully rectified) Codes 10 and 17: 46 items Other Codes: 4 items • Sharp Increase in External Pressure The significant growth in the total number of PSC deficiencies reflects increasingly stringent global PSC standards and higher demands on vessel hardware integrity and record completeness. • Strengthened Internal Auditing Efforts The rise in internal audit deficiencies reflects the Company's implementation of a "high-standard self-inspection" strategy, actively uncovering and rectifying potential hazards prior to external inspections.
Flag state ASI	11	14	9	
External audit	4	6	5	
Internal audit	11	14	75	

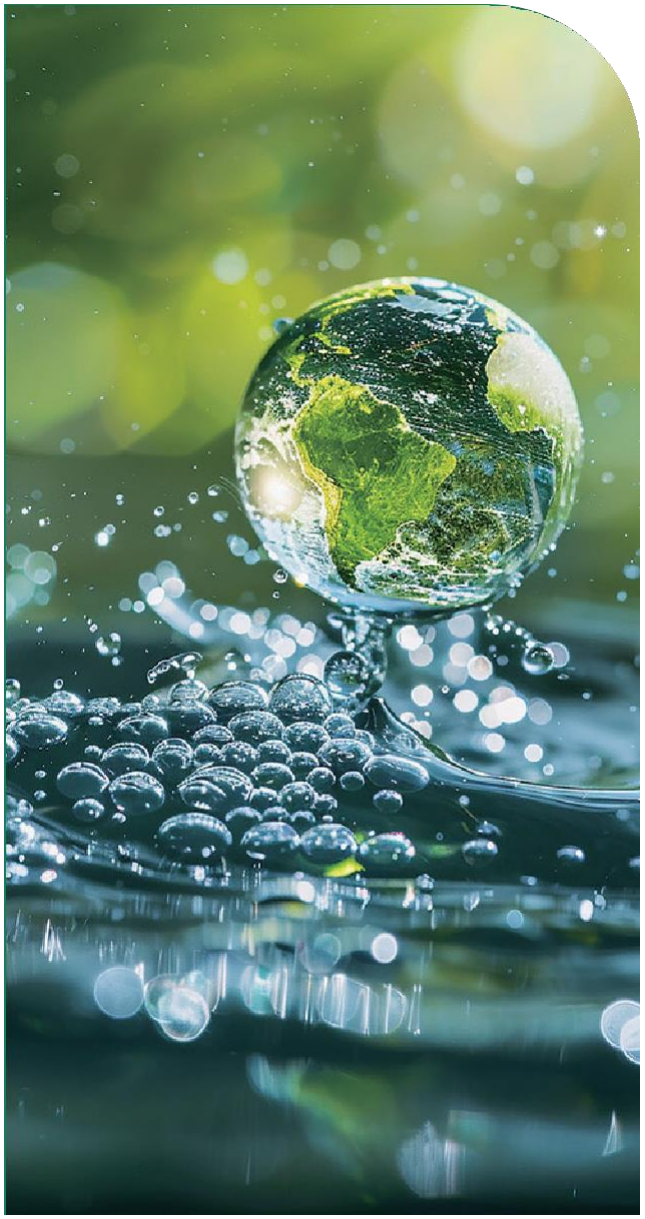
- In 2025, there were no vessel detentions caused by deficiencies found in PSC inspections.

For navigation in high-risk sea areas, the Company, as actual needs require, requests charterers to arrange armed security personnel to board vessels for escort in order to reduce the risk of vessels being subjected to maritime threats and to enhance navigational safety protection.

To maintain operational safety of seafarers, the Company regularly conducts relevant education, training, and practical operation drills, enabling seafarers to familiarize with job-related operations and risk response measures, thereby enhancing overall safety awareness and response capabilities. The fleet is also equipped with appropriate personal protective equipment (such as work clothes, work shoes, and other safety protective gear), and regularly conducts safety training such as fire prevention, life-saving, and first aid.

The Company adheres to the relevant MLC regulations, continuously implements safety and security measures for seafarers' work and life, and strengthens accident prevention mechanisms to ensure seafarers' health and navigational safety.

Franbo continuously enhances seafarer occupational safety and risk management capabilities through systematic safety management and training mechanisms, and regularly reviews safety measures for high-risk routes in order to reduce the incidence of maritime safety incidents and ensure stable fleet operations and seafarer safety.



Appendices

Appendix 1: Global Reporting Initiative (GRI) Content Index

An asterisk "*" indicates a material topic

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
GRI 2: General Disclosures 2021						
1. The organization and its reporting practices						
GRI 2: General Disclosures 2021	2-1	Organizational details		About the Report	2	
	2-2	Entities included in the organization's sustainability reporting		About the Report	2	
	2-3	Reporting period, frequency and contact point		About the Report	2	
	2-4	Restatements of information		About the Report	2	
	2-5	External assurance		About the Report	2	
2. Activities and workers						
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships		Message from the Management	3	
	2-7	Employees		3-1 Labor Relations	46	
	2-8	Workers who are not employees		3-1 Labor Relations	47	
3. Governance						
GRI 2: General Disclosures 2021	2-9	Governance structure and composition		2-1 Leading Corporate Governance	46	
	2-10	Nomination and selection of the highest governance body		2-1 Leading Corporate Governance	46	
	2-11	Chair of the highest governance body		2-1 Leading Corporate Governance	47	
	2-12	Role of the highest governance body in overseeing the management of impacts		2-1 Leading Corporate Governance	46	
	2-13	Delegation of responsibility for managing impacts		2-1 Leading Corporate Governance	46	
	2-14	Role of the highest governance body in sustainability reporting		2-1 Leading Corporate Governance	47	
	2-15	Conflicts of Interest		2-1-4 Conflicts of Interest	46	
	2-16	Communication of critical concerns		1-6-1 Stakeholder Communication Channels	46	
	2-17	Collective knowledge of the highest governance body		2-1 Leading Corporate Governance	47	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governance body		2-1-5 Board Performance Evaluation	26	
	2-19	Remuneration policies		3-2-1 Employee Rights and Benefits	25	
	2-20	Process to determine remuneration		3-2-1 Employee Rights and Benefits	25	
	2-21	Annual total compensation ratio		3-2-1 Employee Rights and Benefits	25	
4. Strategy, policies and practices						
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy		1-5 Sustainability Policies and Development	9	
	2-23	Policy commitments		1-5-1 Sustainability Policies	9	
	2-24	Embedding policy commitments		1-5-1 Sustainability Policies	9	
	2-25	Processes to remediate negative impacts		1-6 Stakeholder Engagement	11	
	2-26	Mechanisms for seeking advice and raising concerns		1-6 Stakeholder Engagement	11	
	2-27	Regulatory Compliance		02 Sustainable Governance	21	
				03 Social Well-being	45	
				04 Green Ocean	66	
	2-28	Membership associations		1-4-3 External Associations	8	
5. Stakeholder engagement						
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement		1-6 Stakeholder Engagement	11	
	2-30	Collective bargaining agreements		3-2-9 Support for Freedom of Association	59	
GRI 3: Material Topics 2021						
GRI 3: Material Topics 2021	3-1	Process to determine material topics		1-7 Identification of Material Topics	13	
	3-2	List of material topics		1-7 Identification of Material Topics	16	
	3-3	Management of material topics		1-7 Identification of Material Topics	20	
GRI 101: Biodiversity 2024						
	101-1	Policies to halt and reverse biodiversity loss		04 Green Ocean	66	
	101-2	Management of biodiversity impacts		04 Green Ocean	66	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
GRI 2: General Disclosures 2021	101-3	Access and benefit-sharing		04 Green Ocean	66	
	101-4	Identification of biodiversity impacts		04 Green Ocean	66	
	101-5	Locations with biodiversity impacts		04 Green Ocean	66	
	101-6	Direct drivers of biodiversity loss		04 Green Ocean	66	
	101-7	Changes to the state of biodiversity		04 Green Ocean	66	
	101-8	Ecosystem services		04 Green Ocean	66	
Topic Standards: GRI 200 Series (Economic Topics)						
Economic performance						
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed		1-4 Business Overview	7	
	201-2	Financial implications and other risks and opportunities due to climate change		2-2-5 Climate-related Financial Risks	31	
	201-3	Defined benefit plan obligations and other retirement plans		3-2 Friendly Workplace	49	
	201-4	Financial assistance received from government		The Company has not received any financial assistance from the government.	49	
Market presence						
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		3-1 Labor Relations	46	
	202-2	Proportion of senior management hired from the local community		3-1-1 Talent Deployment and Workforce Diversity	46	
Indirect economic impacts						
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		02 Sustainable Governance	21	
	203-2	Significant indirect economic impacts		02 Sustainable Governance	21	
Procurement practices						
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		2-5 Sustainable Supply Chain	41	
* Anti-corruption						
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		2-3 Ethical Corporate Management	35	
	205-2	Communication and training about anti-corruption policies and procedures		2-3 Ethical Corporate Management	35	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
	205-3	Confirmed incidents of corruption and actions taken		2-3 Ethical Corporate Management	35	
Anti-competitive behavior						
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		2-3 Ethical Corporate Management	35	
Tax						
GRI 207: Tax 2019	207-1	Approach to tax		1-4-2 Tax Policy and Practices	8	
	207-2	Tax governance, control, and risk management		1-4-2 Tax Policy and Practices	8	
	207-3	Stakeholder engagement and management of concerns related to tax		1-4-2 Tax Policy and Practices	8	
	207-4	Country-by-country reporting		1-4-2 Tax Policy and Practices	8	
Topic Standards: GRI 300 Series (Environmental Topics)						
Materials						
GRI 301: Materials 2016	301-1	Materials used by weight or volume		The Company operates in the marine transportation industry and does not engage in the production of materials, products, or the use and recycling of packaging materials.		
	301-2	Recycled input materials used				
	301-3	Reclaimed products and their packaging materials				
Energy						
GRI 302: Energy 2016	302-1	Energy consumption within the organization		4-2-1 Energy Management	67	
	302-2	Energy consumption outside of the organization		4-2-1 Energy Management	67	
	302-3	Energy intensity		4-2-1 Energy Management	67	
	302-4	Reduction of energy consumption		4-2 Energy Consumption Management	67	
	302-5	Reductions in energy requirements of products and services		4-2-2 Energy Efficiency Management	67	
Water and effluents						
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource		4-3 Water Resource Management	72	
	303-2	Management of water discharge-related impacts		4-3 Water Resource Management	72	
	303-3	Water withdrawal		4-3 Water Resource Management	72	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
	303-4	Water discharge		4-3 Water Resource Management	72	
	303-5	Water consumption		4-3 Water Resource Management	72	
Biodiversity						
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		4-6 Environmental Protection and Regulatory Compliance	76	
	304-2	Significant impacts of activities, products and services on biodiversity		4-6 Environmental Protection and Regulatory Compliance	76	
	304-3	Habitats protected or restored		4-6 Environmental Protection and Regulatory Compliance	76	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		4-6 Environmental Protection and Regulatory Compliance	76	
Emissions						
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions		4-4 Air Pollution Control	72	
	305-2	Energy indirect (Scope 2) GHG emissions		4-4 Air Pollution Control	72	
	305-3	Other indirect (Scope 3) GHG emissions		4-4 Air Pollution Control	72	
	305-4	GHG emissions intensity		4-4 Air Pollution Control	72	
	305-5	Reduction of GHG emissions		4-4 Air Pollution Control	72	
	305-6	Emissions of ozone-depleting substances (ODS)		4-4-2 Air Pollution Emission Control	72	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		4-4-2 Air Pollution Emission Control	72	
Waste						
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		4-5-2 Waste Management	75	
	306-2	Management of significant waste-related impacts		4-5-2 Waste Management	75	
	306-3	Waste generated		4-5-2 Waste Management	75	
	306-4	Waste diverted from disposal		4-5-2 Waste Management	75	
	306-5	Waste directed to disposal		4-5-2 Waste Management	75	
Supplier environmental assessment						

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria		2-5 Sustainable Supply Chain	41	
	308-2	Negative environmental impacts in the supply chain and actions taken		2-5 Sustainable Supply Chain	41	
Topic Standards: GRI 400 Series (Social Topics)						
* Employment						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover		3-1-1 Talent Deployment and Workforce Diversity	46	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		3-2 Friendly Workplace	49	
	401-3	Parental leave		3-2 Friendly Workplace	49	
* Labor/management relations						
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes		3-1-2 Termination of Employment Relationship	49	
* Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1	occupational health and safety management system		3-3 Healthy and Safe Workplace	60	
	403-2	Hazard identification, risk assessment, and incident investigation		3-3 Healthy and Safe Workplace	60	
	403-3	Occupational health services		3-3 Healthy and Safe Workplace	60	
	403-4	Worker participation, consultation, and communication on occupational health and safety		3-3 Healthy and Safe Workplace	60	
	403-5	Worker training on occupational health and safety		3-3 Healthy and Safe Workplace	60	
	403-6	Promotion of worker health		3-3 Healthy and Safe Workplace	60	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		3-3 Healthy and Safe Workplace	60	
	403-8	Workers covered by an occupational health and safety management system		3-3 Healthy and Safe Workplace	60	
	403-9	Work-related injuries		3-3 Healthy and Safe Workplace	60	
	403-10	Work-related ill health		3-3 Healthy and Safe Workplace	60	
* Training and education						
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee		3-3 Healthy and Safe Workplace	60	
	404-2	Programs for upgrading employee skills and transition assistance programs		3-3 Healthy and Safe Workplace	60	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
	404-3	Percentage of employees receiving regular performance and career development reviews		3-3 Healthy and Safe Workplace	60	
Workforce diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		3-1-1 Talent Deployment and Workforce Diversity	46	
	405-2	Ratio of basic salary and remuneration of women to men		3-2 Friendly Workplace	49	
Non-discrimination						
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		3-2-8 Equal Employment and Harmonious Labor Relations	57	
Freedom of association and collective bargaining						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		3-2-9 Support for Freedom of Association	59	
Child labor						
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor		3-1-1 Talent Deployment and Workforce Diversity	46	
Forced or compulsory labor						
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		3-1-1 Talent Deployment and Workforce Diversity	46	
Security practices						
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures		3-1-1 Talent Deployment and Workforce Diversity	46	
Rights of indigenous peoples						
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples		3-1-1 Talent Deployment and Workforce Diversity	46	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
Local communities						
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs		3-4 Social Care	64	
	413-2	Operations with significant actual and potential negative impacts on local communities		3-4 Social Care	64	
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		2-5 Sustainable Supply Chain	41	
	414-2	Negative social impacts in the supply chain and actions taken		2-5 Sustainable Supply Chain	41	
Public policy						
GRI 415: Public Policy 2016	415-1	Political contributions		2-3 Ethical Corporate Management	35	
Customer health and safety						
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		2-4-1 High-Quality Service Assurance	38	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		2-4 Customer Service Management	37	
Marketing and Labeling						
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling		2-4-1 High-Quality Service Assurance	38	
	417-2	Incidents of non-compliance concerning product and service information and labeling		2-4-1 High-Quality Service Assurance	38	
	417-3	Incidents of non-compliance concerning marketing communications		2-4 Customer Service Management	37	
Customer privacy						
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		2-4-2 Information Security and Privacy Protection	39	
Custom topics						
Management Approach of Ethical Corporate Management	3-1	Process to determine material topics		02 Sustainable Governance	21	
	3-2	List of material topics		02 Sustainable Governance	21	
	3-3	Management of material topics		02 Sustainable Governance	21	

Reporting Period	January 1 to December 31, 2025		GRI 2021			
GRI Standard / Topic	Number	Disclosure Content	External Assurance	Corresponding Section	Page Number	Omissions/ Remarks
Management Approach of Corporate Governance	3-1	Process to determine material topics		02 Sustainable Governance	21	
	3-2	List of material topics		02 Sustainable Governance	21	
	3-3	Management of material topics		02 Sustainable Governance	21	
Management Approach of Risk Management	3-1	Process to determine material topics		02 Sustainable Governance	21	
	3-2	List of material topics		02 Sustainable Governance	21	
	3-3	Management of material topics		02 Sustainable Governance	21	
Management Approach of Climate Change Financial Impacts	3-1	Process to determine material topics		02 Sustainable Governance	21	
	3-2	List of material topics		02 Sustainable Governance	21	
	3-3	Management of material topics		02 Sustainable Governance	21	
Management Approach of Human Rights and Harmonious Labor Relations	3-1	Process to determine material topics		03 Social Well-being	45	
	3-2	List of material topics		03 Social Well-being	45	
	3-3	Management of material topics		03 Social Well-being	45	
Management Approach of International Environmental Conventions	3-1	Process to determine material topics		04 Green Ocean	66	
	3-2	List of material topics		04 Green Ocean	66	
	3-3	Management of material topics		04 Green Ocean	66	
Management Approach of Information Security	3-1	Process to determine material topics		02 Sustainable Governance	21	
	3-2	List of material topics		02 Sustainable Governance	21	
	3-3	Management of material topics		02 Sustainable Governance	21	

Appendix 2: Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies

No.	Metrics	Corresponding Section	Page No.
(1)	Number of non-managerial full-time employees, the average and median salary of non-managerial full-time employees, and the differences of these three figures with those of the previous year.	3-2-1 Employee Rights and Benefits	49
(2)	The enterprise's governance of climate-related risks and opportunities, actual and potential climate-related impacts, the processes used to identify, assess, and manage climate-related risks, and the metrics and targets used to assess and manage climate-related topics.	2-2-5 Climate-related Financial Risks	29

Appendix 3: Sustainability Accounting Standards Board (SASB) Content Index

Disclosure Topic	Disclosure Metric	Code	Category	Content / Corresponding Section
Greenhouse Gas Emissions	Gross global Scope 1 emissions	TR-MT-110A.1	Quantitative	4-4-1 Greenhouse Gas Emissions Management
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TR-MT-110A.2	Discussion and Analysis	4-4 Air Pollution Control
	(1) Total energy consumed, (2) percentage renewable (3) Percentage of renewable energy	TR-MT-110A.3	Quantitative	4-2-1 Energy Management
	Average Energy Efficiency Design Index (EEDI) for new ships	TR-MT-110A.4	Quantitative	5.249 g-CO_2/t-nm
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, and (3) particulate matter (PM_{10})	TR-MT-120A.1	Quantitative	4-4-2 Air Pollution Emission Control
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	TR-MT-160A.1	Quantitative	4-1 Biodiversity
	Percentage of fleet implementing ballast water (1) exchange and (2) treatment	TR-MT-160A.2	Quantitative	100%
	Number and aggregate volume of spills and releases to the environment	TR-MT-160A.3	Quantitative	0
Workforce Health & Safety	Lost time incident rate (LTIR)	TR-MT-320A.1	Quantitative	3-3 Healthy and Safe Workplace
Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	TR-MT-510A.1	Quantitative	Not applicable
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	TR-MT-510A.2	Quantitative	0
Accident & Safety Management	Number of marine casualties, percentage classified as very serious	TR-MT-540A.1	Quantitative	4-7 Vessel Safety Management
	Number of Conditions of Class or Recommendations	TR-MT-540A.2	Quantitative	4-7 Vessel Safety Management
	Number of port state control deficiencies and detentions	TR-MT-540A.3	Quantitative	4-7 Vessel Safety Management
	Number of shipboard employees	TR-MT-000.A	Quantitative	3-1-1 Talent Deployment and Workforce Diversity
	Total distance travelled by vessels (nm)	TR-MT-000.B	Quantitative	678,434

Disclosure Topic	Disclosure Metric	Code	Category	Content / Corresponding Section
Activity Metric	Operating days	TR-MT-000.C	Quantitative	7,447.88
	Deadweight tonnage (DWT)	TR-MT-000.D	Quantitative	1-3-1 Vessel Operational Overview
	Number of vessels in total shipping fleet	TR-MT-000.E	Quantitative	1-3-1 Vessel Operational Overview
	Number of vessel port calls	TR-MT-000.F	Quantitative	333
	Twenty-foot equivalent unit (TEU) capacity	TR-MT-000.G	Quantitative	The Company is operates in bulk shipping and does not operate container vessels; thus not applicable.

正德海運股份有限公司

FRANBO LINES GROUP