2014 CORPORATE SOCIAL RESPONSIBILITY REPORT



About This Report

Overview

This report caters for all stakeholders of China Shipping Development Co., Ltd. (CSDC) and discloses the opportunities and challenges encountered by CSDC and stakeholders during joint creation of value as well as the efforts they have made to achieve sustainable development. CSDC will release CSR-related non-financial information every year in form of this CSR report.

Reporting Period

This report focuses on the activities in the fiscal year of 2014 (from 1 January 2014 to 31 December 2014), with some content dating back to earlier years and some reflecting the policies and activities in the fiscal year of 2015.

Reporting Frequency

This report is published annually.

Reporting Scope

This report covers four subsidiaries of CSDC (for more details, please see the References hereof). If the content relates to only one specific company, it will be particularly noted.

Compilation Basis

This report is prepared in accordance with the *Guidelines of Shanghai Stock Exchange on Listed Companies'* Environmental Information Disclosure, the Memorandum No. 1 of Shanghai Stock Exchange on 2009 Annual Report of Listed Companies (Appendix II: Guidelines on Preparation of CSR Reports), the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange (HK-ESG), the Chinese CSR Report Preparation Guide of Chinese Academy of Social Sciences(CASS 3.0) and the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3.1).

Data Source

We try our best to ensure information accuracy. The information and data disclosed in this report are derived from official documents of CSDC and related statistics. To ensure information accuracy, the information disclosed in this report has been confirmed by the Company and Headquarters.

References

For readability purposes, in this report "Group" refers to "China Shipping (Group) Company", "CSDC" or "Headquarters" refers to "China Shipping Development Co., Ltd.", and "we" or "the Company" refers to the four companies of China Shipping Development Co., Ltd. Among the four companies, China Shipping Bulker Carrier Co., Ltd. is called "China Shipping Bulkers" for short, China Shipping (H.K.) Marine Co., Ltd. is called "CSHK" for short, China Shipping Tanker Company Limited is called "CSTANKER" for short, and China Shipping Group Gas Investment Co., Ltd. is called "CSLNG" for short.

Report Review

This report is reviewed and adopted by the Board of Directors and the Board of Supervisors of the Company. The Board of Directors and all of its members represent and warrant that this report does not contain any false record, misleading statement or major omission, and are jointly and severally liable for the truthfulness, accuracy and integrity of the contents.

Forms of and Accesses to This Report

This report is available in both printed version and electronic version. You may access the electronic version by logging in www.cnshippingdev.com. If you need a hard copy of this report or wish to voice your opinions on its content, please e-mail to csd@cnshipping.com, or call at 021-65967165.



Message from the Chairman

Famous voyager Zheng He ever said: "To be prosperous and strong, a nation mustn't disregard the ocean. Ocean could bring us wealth, but also danger". With the acceleration of economic globalization, shipping industry, as an important component of modern logistics industry, is playing a greater role in driving economy and has become an important factor measuring the economic development level of a country. As a shipping company providing crude oil, coal, iron ore, grain and other resources concerning national economy and people's livelihood, CSDC knows very well our significant missions and responsibilities, and has been unswervingly adhering to a road of sustainable development and dedicated to providing

safe and reliable energy and resources for the society and improving and protecting the environment.

CSDC always considers social responsibility as an important part of our daily business strategy. In 2014, under the backdrop of numerous challenges in the shipping industry, CSDC quickened transformation and development to ensure operating profit and other indicators grew steadily and that "transporting imported oil only by domestic companies". We have the courage to blaze new trails and strive to share our practical experience with customers and partners, and are determined to create values for customers with our professional and excellent services and work together with partners to develop a sustainable commercial atmosphere.

Sticking to the safety concept of "intrinsic safety, safe development", CSDC always lays emphasis on navigation safety. By taking measures such as keeping raising safety management level, purchasing safer and more environment-friendly ships, and building a safe workplace. CSDC strives to ensure safe departure and arrival of every ship, health and safety of every employee, and smooth delivery of every batch of goods.

CSDC is determined to be a guardian of the blue sea and sky. By actively identifying the potential impact of our operations on marine ecological and environmental systems, making innovation in technology, practicing economical speed, optimizing route design, and advocating green office concept, we try our best to reduce environmental load.

Considering employees the most precious resources and wealth, CSDC manages to attract and retain talents, and raises employees' happiness index. To develop an excellent and dynamic team, we strive to care about the employees' needs, support their career development, and provide diversified training systems and more opportunities for their career development.

CSDC always cherishes love for the society and actively mobilizes every employee to engage in social undertakings. The employees can always be seen in disasters rescues, poverty alleviations, difficulty reliefs, community development, and vulnerable groups caring activities. They are winning respect and praise from the society with a responsible image and real actions.

The efficient operation of the shipping industry ensures timely arrival of important materials and goods and hence helps people realize a better life. "Wise men will win the future". Looking into the future, we are full of confidence. In 2015, we will continue to tighten cooperation with customers and partners, raise our overall development value and help develop a sustainable and desirable shipping cause.

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About Us

Company Profile

Established in May 1994 and headquartered in Shanghai, China Shipping Development Co., Ltd. is a large multinational shipping company, with registered capital of 4.032 billion yuan. It is one of the shipping companies that own the largest oil tankers and bulk cargo ships in the Far East.

The main business of CSDC is transport of product oil, crude oil, coal and iron ore in the coastal areas of China and other areas in the world. At present, CSDC is making active efforts to develop the transport business of LNG imported by China and has made important breakthroughs. CSDC was listed at Hong Kong Stock Exchange (HKSE) and Shanghai Stock Exchange (SSE) in November 1994 and May 2002 respectively, with stock codes 01138 and 600026.



Organization Structure



Organization Structure of CSDC

Fleets and Routes

Sticking to the policy of "staying firmly rooted in the present while looking ahead to the future", CSDC is accelerating fleet restructuring, aiming to develop large scale, modern and long-haul fleets and raise the competitiveness of fleets and the capability of the Company in sustainable development. Meanwhile, we will actively tap the markets in the Pacific Ocean, Atlantic Ocean, America, West Asia and India, and set up representative offices to develop local businesses; in doing so, we would give full scope to the advantage of Hong Kong Panamax Fleet operation platform and carefully study market trends in order to properly design the layout of overall transport capacity and vigorously develop overseas markets.



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Malaysia

Singapore

Indone



Russia

Philippines

Oman The United Arab Emirates India

Angola

Iraq

Saudi Arabia

Australia

South Korea



Corporate Governance

Since the establishment, CSDC has strictly abided by related national and local laws and regulations, and been improving our business management system. In accordance with the *Articles of Association of China Shipping Development Co., Ltd.,* the *Code of Corporate Governance Practices,* the *Code of Corporate Governance for Listed Companies* and other documents and regulations, CSDC regulated our duty performance procedures and obligations, improved our internal control system and ensured normal operation, thus creating greater value for shareholders and promoting sustainable development of the Company.

CSDC has improved our articles of association and governance policies and strengthened and regulated internal control in accordance with the rules and regulations of HKSE and SSE.



Compliance Management

Governance Structure of CSDC

In the process of operation and development, CSDC always observes the business morality of honest operation and fair competition, strictly obeys the laws and regulations of the countries and regions where the business is operated. Meanwhile, we keep improving our risk management mechanism and internal control system. In 2014, CSDC revised the *Articles of Association of China Shipping Development Co., Ltd.,* the *Internal Control Management System,* the *Rules for the Implementation of Operation of the Audit Committee of the Board of Directors* and other governance documents, optimized corporate governance structure and provided institutional guarantee for consolidation of management basis; put up an IT-based platform for internal control and established a real-time risk alert mechanism to strengthen rigid constraint on internal control; organized special trainings on risk management and internal control for many times, exerted efforts to cultivate the culture of internal control of risk, sped up the building of a professional talent team, and continuously raised the level of internal control and developed a long-term operating mechanism for total risk management and internal control.

Anti-corruption

The exposure of former CSDC General Manager Mao Shijia's violation of laws and disciplines has aroused deep reflection inside the Company. Although CSDC considered anti-corruption as top importance for honest and compliant operation and assurance of shareholders' interests, we still can't put an end to such deeds. This indicates that further measures should be taken for the supervision and inspection mechanisms of the Company. For this purpose, CSDC, under the guidance of "focusing on key points, reinforcing the foundation and promoting integrity", strengthened the management of internal control and the supervision and inspection of internal audit, established a long-term mechanism for corruption risk prevention and control, consolidated the foundation of non-corruption practice, extensively carried out non-corruption education and combined non-corruption education with key-post education, cadre education, employee training and typical cases education. In 2014, not a single case of corruption or violation of laws or disciplines was detected in CSDC.

CSTANKER permeates the concept of anti-corruption to every management staff through non-corruption talks. In 2014, it conducted 22 integrity talks with newly appointed cadres and organized collective non-corruption talks with the people working on important posts. 42 cadres under the leadership and supervision of the Organization Department of CSDC signed annual letters of integrity commitments. In addition, CSTANKER organized 21 non-corruption education sessions and 2,050 person-times attended.

China Shipping Bulkers gives equal stress on punishment and prevention, strengthens discipline and work style construction, exerts effort in non-corruption culture and keeps enhancing employees' sense of non-corruption practice. In 2014, the company organized the education month campaign twice and actively developed an atmosphere of clean, honest and integral corporate culture through holding efficiency supervision seminars, streamlining the list of powers, seeing revolutionary films, soliciting painting, calligraphy and photography works about non-corruption and telling non-corruption stories. In this year, the company conducted talks with newly appointed cadres about non-corruption for 40 person-times; organized pre-job education on laws, regulations and disciplines for dispatched seamen for 3,500 person-times; opened a publicity column for 16 issues; organized cadres at or above intermediate level and the people on key posts to sign letters of integrity commitment and filled in non-corruption files; signed letters of responsibility for party style construction with the subordinate organizations and departments to promote the effective implementation of party style construction.

Social Responsibility Management

The social responsibility of a listed company includes not only creating profits for the company and assuming legal responsibility for the shareholders, but also initiatively assuming responsibilities for customers, environment, employees, communities and other stakeholders. CSDC is in an important industry concerning national security and economic lifeline, and plays an important role in guaranteeing the transport of energy, resources and important goods. For this reason, CSDC keeps improving our outlook on social responsibility and strengthening communication and cooperation with internal and external interested parties, actively assumes due social responsibility and strives to win extensive recognition from all social circles. In 2014, CSDC's social contribution value per share registered 1.07 yuan.

Calculation Dasis of CODC's Social Contribution Value Fel Share			
Combined	Earnings per share (yuan)	0.091	
	+ Tax contribution per share (yuan)	0.06	
Separate	+ Salary contribution per share (yuan) + Debt interest contribution per share (yuan)	0.54 0.37	
	+ Public donation per share (yuan)	0.01	
	-Social cost per share (yuan)		
Total	Social contribution value per share (yuan)	1.07	

Calculation Basis of CSDC's Social Contribution Value Per Share

Influence and Responsibility

Realizing sustainable development, including sustainable development of enterprise operation and sustainable growth of the interests of all stakeholders, is the ultimate goal of social responsibility management. CSDC inherits the social responsibility management framework of China Shipping (Group) Company and consciously integrates the performance of social responsibility into corporate governance and development strategies and reflects it in all links of production and operation. Since 2008, CSDC has published CSR reports on a regular basis to help the public more clearly understand the efforts and achievements of the Company in ensuring value maintenance and increment of state-owned assets, serving customers honestly, protecting marine environment, safeguarding employees' rights and interests and promoting harmony and development of the society.

Social Responsibility Philosophy

Through constant exploration and intensive practice, CSDC has established a social responsibility system which can give full scope to the professional advantage of shipping and be improved continually, gradually formed the concept of social responsibility with the industry characteristics, provided powerful support for the Company to practice all-round social responsibility management.



Outlook of CSDC on Social Responsibility

Stakeholders Identification and Communication

In order to realize smoother communication and cooperation with the stakeholders, CSDC established a complete information disclosure mechanism. All the stakeholders may acquire the actions and performance of CSDC in enterprise operation, environmental protection and social development in a timely and all-round way from multiple channels and feedback reasonable appeals, opinions and suggestions to improve the ability of CSDC in taking responsibility.





Important Honors

Summary of important honors of CSDC

Award	Receiving time	Award issuer	Award receiver
Best Shipowner Gold Prize of China Freight Industry Award	2005	China Shipping Gazette	CSTANKER
Seatrade China "The Tanker Operator Award"	2010	Seatrade China Awards Ceremony	CSTANKER
Advanced Collective for Transport Guarantee of World Expo Shanghai	2010	Ministry of Transport	China Shipping Bulkers
Advanced Unit in Waterway Military Transport	2010	Ministry of Transport and General Logistics Department	China Shipping Bulkers
National Civilized Unit	2011	Central Commission for Guiding Cultural and Ethical Progress	CSTANKER
Advanced Collective for Transport Guarantee of Asian Games	2011	Ministry of Transport	China Shipping Bulkers
Outstanding Organizational Unit of 2012 for Central Enterprises Youth Volunteer Service	2012	Central Enterprises Working Committee of the Chinese Communist Youth League Youth Federation of Central Enterprises	
National Outstanding Transportation Enterprise in Contribution to Energy Conservation and Emission Reduction	2012	China Association of Communication Enterprise Management(CACEM) and www. ibicn.com	China Shipping Bulkers
Winner in National Ankang Cup Competition	2013	All-China Federation of Trade Unions and State Administration of Work Safety	CSTANKER
"May 4th" Characteristic Youth League Committee in Shanghai	2014	China Communist Youth League Shanghai Committee	CSTANKER
18 ships won the title of "Safety and Integrity Ship"	2014	China MSA	China Shipping Bulkers
"Safety and Integrity Company" rated by China MSA	2014	China MSA	China Shipping Bulkers
A-level Transportation Enterprise for Standardization of Work Safety	2015	Ministry of Transport of the People's Republic of China	China Shipping Bulkers









Advance Together and Share Values



Under the background of economic globalization, shipping industry is a miniature of national economic strength. Both bulk transport and trade and economic cooperation would have major influence on national economic and social development, as well as people's life. CSDC adapts to the new trends of shipping industry at home and abroad, centers on national shipping strategies, makes all-out effort to ensure "transporting imported oil only by domestic companies", focuses on customer service, helps customers raise benefits and realize value maximization, and works together with partners to jointly promote economic prosperity and sustainable development of the industry.

Guarantee "Transporting Imported Oil Only by Domestic Companies" with All Strengths

Marine transport of crude oil is an important pillar industry concerning national economy and people's livelihood. China now is the largest oil net importer in the world, with above 85% of the imported oil transported by sea. As one of the largest oil transport enterprises in China, CSDC always makes active effort to implement national policy of "transporting imported oil only by domestic companies", keeps close communication and cooperation with CNPC, SINOPEC and other domestic oil owners, makes every efforts to safeguard oil transportation and unswervingly does a good job in marine transport of import crude oil. In 2014, CSDC transported 22.78 million tons of import crude oil in total.

In January 2015, cooperating with the implementation of national strategy, the first-ship crude oil transport for CNPC China-Myanmar Pipeline was successfully completed with a 300,000-tonnage VLCC (very large crude carrier) of CSTANKER, which marks further deepening of the long-term cooperative relation between CSDC and CNPC, and widens the channels of "transporting imported oil only by domestic companies" in a strategic height and promoted the development of "transporting imported oil only by domestic companies" strategy.



Multiple moves of CSDC to Ensure "Transporting Imported Oil Only by Domestic Companies"

Cater for Success of Customers

Sticking to the service concept of "making customers rest assured and service objects satisfied", CSDC makes active innovation in service models, dedicates to providing high quality shipping service to meet customers' requirements through diversified communication channels and brings about value beyond customers' expectations, so as to win customers trust and support.



Diversified Customer Communication Channels of CSDC

Abided by the national confidentiality laws and regulations, CSDC signs *Confidentiality Undertaking* with major employees and guides employees to strictly protect trade secrets. The Business Affairs Division under Operation Department of CSTANKER is responsible to rate the credit of customers, keeps related customers' documents in a unified way and not disclose them to any third party. Wherever confidential matters are involved during the cooperation between Marketing Department and customers, the confidential duty will be informed orally and included in related foreign trade contracts. At the end of 2013, China Shipping Bulkers signed confidentiality agreements with 46 cadres at or above division level, confidential secretaries and department document administrators, and signed confidentiality undertakings with 275 personnel at or above section chief level in key departments.



Customer Complaint Response Procedure of CSDC

Case

Think What Customers Think and Do What Customers Need

Canadian SEPT ILES Port is rich in iron ore resources, and is a very important source of supply newly developed by Wuhan Iron and Steel (Group) Corp., an important customer of China Shipping Bulker. However, influenced by the subfrigid climate, SEPT ILES often sees extremely cold and snowstorm weather, which will affect the smooth navigation of ships. In order to meet customer requirements, China Shipping Bulkers took the bull by the horns, made active preparations, provided heaters, canvas, anti-freezing solutions, anti-freezing oil and other anti-freezing tools for ships and carefully prepared the voyage of 300,000-tonnage VLOC (very large ore carrier) to Katong.

On November 8, 2014, CSB YEARS on V1501 voyage departed from port, passing through successively the area with high risk of piracy in southern Indian Ocean and West Africa, the Indian Ocean and the Atlantic Ocean. After 46 days' long voyage, it arrived at SEPT ILES Port, Canada on December 24. It was fully loaded with 303,301 tons of iron ore in SEPT ILES on January 15, 2015 and returned to China smoothly. China Shipping Bulkers won acclaim of Wuhan Iron and Steel (Group) Corp. by its attitude and performance of trying its best to provide service for customers.

Case

Provide wholehearted service to win trust

Shanghai SECCO Petrochemical Company Limited is an important customer of CSTANKER. It had strict requirements for transport details and service quality and a complete and rigorous tracking system for loading, unloading, departure and port-of-call. For this reason, CSTANKER paid close attention to service, benchmarked freight quality and safety management, held KPI review and analysis meetings with SECCO on a regular basis, carried out data analysis and efficiency statistics and explored from details the points that could be improved and matters which needed to pay attention to. Besides, CSTANKER assigned staff to SECCO for learning and exchange to make improvement in voyage operation, monitoring and feedback, efficiency optimization, correction and reformation, etc., thus fundamentally improved service quality and finally won high praise and trust from SECCO.

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"Solving the problems reflects a high sense of responsibility and excellent coordination ability of the personnel of CSTANKER! Atcritical moments, staff of 'Tian Long Zuo' ship thought more of the cargo owner's interest...and successfully safeguarded the rights and interests of the cargo owner."

"We highly appreciate the good awareness of safety and environmental protection of all staff in 'Ming He' ship and CSTANKER Guangzhou Branch, as well as the strict risk assessment and control system and the cordial service provided for cooperative customers. We sincerely thank and praise the hard work of all crew members of 'Ming He' ship!"

——CNOOC (China) Limited Zhanjiang Branch

Following the adjustment of national energy structure, the import of LNG to China grows year by year, so does the demand of customers for transport service. CSDC, ahead of the curve, introduced high-standard LNG ships, signed LNG transport orders and developed an LNG ship operation and management team to meet the ever-increasing demand for transport of new energies and promote green development of customers.

Help the Development of SMEs

SMEs are major driving forces for economic and social development of China. Today, there are a great number of SMEs in China, and they are developing fast and vigorously, which calls for a more diversified shipping service. CSDC tries to understand SME market in depth. Considering that SMEs are highly flexible, yet lack stable supply of goods and tend to build their own warehouses from various channels, CSDC provides tailored service solutions to meet the needs of SMEs' development.



Provide individualized service solutions

Guangzhou Yuehe Energy Co., Ltd. is a private enterprise specialized in coal trade. Dongguan Haichang Group is a diversified private enterprise focusing on coal trade, ship transport, ports and wharves, property investment and other businesses. These two companies both entrusted China Shipping Bulkers as their main carrier of coal transport. Considering that these two enterprises were still in a stage of business development, China Shipping Bulkers relied on its rich ship and route resources, made active innovation in service modes, worked out individualized transport plans according to customer requirements and helped them develop and expand regional energy transport service.

In the future, China Shipping Bulkers will further cooperate with private enterprises with certain scale and potential, meet their development needs through quality service and strive to become the most trustable partner of SMEs.



Join Hands with Industrial Partners for a Win-win Situation

For a long time, CSDC has been developing fair and reciprocal cooperative relations in strategic and forward-looking thinking, and giving full play to the influence on the precondition of ensuring the performance of our own responsibility, transferring our experience to industrial partners, promoting sharing of fund, technology, human resources and management experience and driving the healthy and sustainable development of the industry.

Raise Responsibility Performance Level of the Supply Chain

Adhering to the principle of transparent purchase, CSDC establishes a complete set of supplier management and purchase workflow referring to the purchase system of China Shipping (Group) Company. The Company also actively shares the latest CSR concepts and methods with the partners both in the upstream and downstream of the supply chain, jointly raises CSR management awareness and ability and forms a model of win-win cooperation with shared responsibility. In 2014, the headquarters purchased products and services worth 7.696 billion from Top Five suppliers, accounting for 70.17% of the year's total purchase costs.

Establish a "Virtual Dry Bulk Sea Transport Trading Platform"

In 2014, by giving full play to its advantages as an industrial leader and introducing third-party logistics concepts and network information technology, China Shipping Bulkers put up a stowage trading and cooperative "ship-cargo platform", carrying out operation in the principle of standard voyage calculation, benefit comparison and priority to high-benefit ships, which led to optimum allocation of resources and maximization of benefits. At present, the "platform" also attracts some transport capacity and pallets from the market, preliminarily forms a third-party price bidding platform, lays a foundation for becoming a virtual dry bulk sea transport trading platform in the future, and makes a milestone contribution to dry bulk shipping industry.

Promote Industry Exchange

With the concepts of openness and cooperation, through technical training, exchange and other industry activities, CSDC has established a platform with suppliers, partners, customers and industry experts to exchange technologies and industry development viewpoints, seek cooperative opportunities, and jointly promote development of the industry.



Industry seminars organized/participated by CSDC



Safety Orientation and Safe Navigation

Safety is the foundation and guarantee of all production and operation activities. In sea transport industry, safety not only means living up to the trust of customers but also concerns the safety and family happiness of every seaman. CSDC sticks to the safety concept of "intrinsic safety and safe development", establishes and continuously improves a safety management system, purchases safer and more environment-friendly ships, applies more advanced safety technologies, carries out safety training closer to the reality, implements safety management in every link and strives to become a safe enterprise.

Improve Safety Management

A sound safety management system can help employees to correctly cope with safety risks, thus driving the continuous improvement of overall safety performance. CSDC keeps improving the safety management system, and strictly practices a safety responsibility system so as to enhance employees' awareness of safety guarantee and improve the links which are vulnerable to safety accidents, thus effectively reducing the number and magnitude of safety accidents and continuously improving safety management.

Improve the Safety Management System

CSDC comprehensively improves the existing safety management system from four aspects, namely, safety policy, safety focus, safety guarantee and safety culture, providing the most comprehensive safeguard for ships, personnel and goods and realizes stable operation of a long-term safety mechanism.



In 2014, CSTANKER and China Shipping Bulkers modified safety management system documents for 7 times, and amended 208 safety management system documents, including crew management system, ship operation and external emergency rescue. Specific safety management content such as Plans and Procedures for Recovery of the Persons from the Water, Guidelines for Management of Electronic Chart and Guidelines for Control of Asbestos were also added in. In addition, CSTANKER continues to push ahead the standardization of safety operation and the implementation of responsibility system in safety operation and to promote the realization of the goal of sustained safety. The company also adopts a management mechanism under which the political commissar and captain shoulder the same responsibility for ship safety management, and defines the responsibility of the political commissar for safety supervision and inspection.

CSTANKER and China Shipping Bulkers modified and improved the *Handbook for Standardization of Safety Operation*, formulated *Safety Guides*, conducted self-assessment of standardization and application evaluation and finally passed the assessments with an outstanding result and obtained a Level-1certificate.

Carry Out Safety Operation Training

Based on the specificity of shipping work, CSDC established a scientific and standard system which requires that seamen can work on a ship only when they passed examinations and relevant pre-job trainings. CSDC also invited experts with rich practical experience and strong technical skills to carry out training of safety operation for employees through the typical case studies.



Pre-job Safety Operation Training and Examination of CSTANKER



Establish a Safety Workgroup to Guide Safety Operation

In order to improve the practicability and pertinence of safety training, CSTANKER set up an expert group for safety operation, consisting of a Director of the Dangerous Cargo Control and Pollution Prevention Department of China MSA, a technical manager of Lloyd's Register of Shipping, a senior marine surveyor of China Classification Society (CCS) Shanghai Branch, 2 senior captains and 3 chief engineers. The group is responsible for the investigation, analysis, evaluation and handling of the accident of the company's fleet. The group is also responsible for the case compilation on the basis of real accidents and the training of employees to strengthen their ability to cope with safety accidents.

Case

Marine Superintendents Are on Duty for Vessel Traffic Service (VTS)

VTS is an important tool assuring safe entry and departure of ships to and from a port. Every marine superintendent needs to understand it thoroughly. In particular, in Pearl River Estuary, an important shipping channel, only after a marine superintendent is familiar with the functions of VTS and knows the ship flow direction and the safety situation of traffic of the Pearl River Estuary, can he know the potential safety risks of the navigation area and enhance remote monitoring and judgment capacity and provide necessary assistance for ships under monitoring.

From October to November 2014, China Shipping Bulkers organized 16 marine superintendents to observe Guangzhou VTS for a half month by joining a regular shift. They were superintended on site for the safe shipping in and out from the Pearl River Estuary . It helped the marine superintendents to learn from the practice and master VTS and strengthen their ability in safety precaution and emergency response.





A drill for the use of life rafts on "Mo Xing Ling" ship



The captain is explaining the operating steps of jury rudder

Establish a Safer Fleet

Ships are vital for shipping. The advancement and maintenance of ships are the cornerstones of navigation safety. During the practice of "large vessels and low carbon" strategy, CSDC pays particular attention to safety performance of ships. Through replacing old ships and upgrading safe navigation ability of ships, CSDC endeavours to develop with a technically leading and rest-assured fleet.

Optimize Fleet Structure

CSTANKER and China Shipping Bulkers seize the strategic opportunities of national "Strong Marine Country" strategy and the 21st Century Maritime Silk Road of "One Belt and One Road". Under the guidance of the subsidy policy for shipbuilding after demolition, we accelerate the optimization of fleet structure to enhance the overall competitiveness.

Sign a contract for building 2 + 1 65,000 DWT ships Adopt a plan for building 4 VLCC ships

China Shipping Bulkers signed a contract for building a 48,000 DWT ship

Participate in Yamal LNG project and build 3 LNG ships

Owned ships: 194 Average ship age: 8.3 years

Average tonnage: 91,041 DWT

Dispose 26 old ships, 867,000 DTW in total

Fleet Renewal of CSDC in 2014

In 2014, CSTANKER and China Shipping Bulkers launched a number of new ships. In order to ensure ship manufacturing quality and navigation safety, the two companies carried out on-site ship manufacturing supervision seriously.

Case

Eliminate Potential Technical Problems and Ensure Ship Safety

"CSB Tai He" ship is the fourth 180,000-tonnage bulk cargo ship of China Shipping Bulkers. After installation of the stern shaft, it came across the technical problem of large roundness and small clearance. After trial voyage, under the joint effort of China Shipping Bulkers and shipbuilder, the stern shaft was pulled out and checked then undergone grinder repair in Zhoushan Shipyard. In the end, the roundness of the stern shaft was improved remarkably, and the clearance met technical requirements and the hidden technical troubles were eliminated and the safety operation of the ships were guaranteed.

Implement Technical Improvement

The ever-advancing safety technology is a key driving force in transforming the safety management to safety performance. CSDC exerts all the efforts to introduce and improve existing safety technology and make it a strong backup to long-term safety goals with the help of a strict safety system and management means.



Main Approaches to Technical Improvement of CSDC

Pursue Excellent Safety Performance

CSDC takes effective measures against ship collision, pirate assault, natural disasters and other major potential safety risks, carries out extensive safety drills and training to pursue excellent safety performance.

Steadily Improve Safety Performance

In 2014, no ship damages, serious pollutions, fire accidents, and serious industrial injury accidents or above, which should be reported, occurred in CSDC; the overall safety situation was stable. However, there were two ordinary accidents and 30 minor accidents, including ship collision, contact damage and stranding in the same year. In addition, there were 25 minor injuries. In 2014, 1 workday was lost due to industrial injury.

Ship Safety Inspection Result of China Shipping Bulkers in 2014

Assessment item	Target indicator	Actual performance
PSC retention	1	1
Zero defect pass rate of PSC	≥ 68%	71.1%
FSC retention	1	0
Ship defect correction rate	100%	100%

Ship Safety Inspection Result of CSTANKER in 2014

Assessment item	Target index	Actual performance
PSC/FSC retention	1	0
Zero defect pass rate of PSC	≥ 68%	77.1%
Inspect pass rate of large oil companies	≥ 95%	99.4%
Ship defect correction rate	100%	100%



Prevent Ship Collision

Ship collision is the most frequent kind of safety accident in shipping. CSDC strictly observes the requirement of "when meeting fishing boats in the coastal areas of China, the ship shall serve as an obligatory vessel and give way to other ships" to avoid ship collision caused by human causes. In respect to the key monitoring areas of shipping safety, CSDC exerts effort in safety pre-control on the Yangtze River, controls the departure, entry and exit time of the ships entering or leaving the Yangtze River and avoids the areas and time with heavy traffic to lower collision risk; strengthens monitoring and evaluation of the pilots of the ships entering or leaving the Yangtze River, studies the safe navigation of the Yangtze River and publishes the guidelines for safe navigation on the Yangtze River to prevent serious collision accidents; organizes the compilation of the *Data of Berth Depth of Coastal Ports and Waterways* and the *Collection of Rules and Regulations for Chinese Coastal Ports* to provide guidance on prevention of collision and stranding.

Since the overall random inspection on the video of ship bridge CCTV in 2013, the bridge watch system has been effectively implemented and the collision, stranding and contact damage accidents caused by human factors have been effectively reduced. In 2014, CSTANKER and China Shipping Bulkers randomly inspected ship CCTV video for 518 ship-times and discovered rule violation and improper operation for 67 times. Subject to the severity of the circumstance, the Company took education, deduction of performance bonus, circulation of criticism and other punitive measures against the employees of rule breaking ships, further strengthening bridge watch discipline.

In 2014, CSDC had no major marine accidents and the overall safety situations of ships went towards stable, which was much better than that in 2013.

Unit	Stranding	Collision	Contact damage
CSTANKER	0	4	0
China Shipping Bulkers	1	2	0

Statistics of Marine Accidents of (CSDC in 2014
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Strictly Execute Bridge Watch Discipline and Prevent Ship Collision

In order to avoid collision accidents caused by human factors, China Shipping Bulkers focuses on the ship bridge command center and strictly executes bridge watch discipline. In 2014, China Shipping Bulkers inspected the execution of bridge watch discipline through unscheduled random inspection and permanent port inspector. In the year, the Company randomly inspected CCTV for 136 ship-times, the ship management departments and offices inspected CCTV for 328 ship-times, 51 ship-times of rule violation and bad habits were found and education, deduction of bonus, circulation of criticism and other punitive measures were taken against the people who violated rules and regulations according to the severity of the violation. As a result, bridge watch discipline was improved in a short time.





Prevent Meteorological Disaster

Meteorological disaster has significant impact on navigation safety. However, loss could be prevented or reduced through early prevention. China Shipping Bulkers breaks down preventive measures to every link, post and person according to the principle of "early preparation, early deployment, early inspection and early implementation", supervises and urges seamen to earnestly study and implement documents relating to the quality safety management system (QSMS), carries out self-inspection and inspection of typhoon protection equipment, organizes defect correction in time and mainly deals with typhoon and other meteorological disasters. In 2014, China Shipping Bulkers reported 117 defects of the equipment for navigation in fog. All of them were corrected. In the year, 102 ship-times were seriously affected by typhoons. None of them had safety accidents. The Company keeps a record of no liability accident in typhoon prevention for the 31th consecutive year.

CSTANKER sent safety messages and calls to ships for 80 times in total through the year and shared safety information, safety requirements and best management practices in the whole fleet in time. The ships of the Company reported 508 dangerous situations. 4,898 hidden dangers were found through self-inspection of ships or inspection of the Company and the correction rate was 98.98%. Therefore, the possibility of accidents was effectively reduced.

Case

Take Measures for Navigation in Fog and Ensure Safe Navigation

To ensure navigation safety in a foggy season, "Qing Quan Shan" ship organized all crew members to study the *Regulation for Navigation Safety of Ships in Restricted Visibility*. All departments carefully checked and corrected the defects of equipment for navigation in fog according to the *Checklist of Equipment for Navigation in Fog* to ensure the main engine, steering engine and other related mechanical and electrical equipment, navaid and communication equipment, drainage system and emergency response equipment were all in a good state. During navigation, the steerers strictly observed the *International Convention for Preventing Collisions at Sea 1972* and related regulations of safe ship navigation in local waters, maintained regular lookout with a highly responsible attitude, made sufficient estimate on the situation and tendency and took active, early and drastic avoidance action. This series of preparatory work has ensured the navigation safety of the ship in a foggy season.



"An Yong Shan" Ship Strengthened Maintenance of Steel Wires on Lifeboats

Inspect Equipment Operating Condition

Enhance Ship Seecurity

In order to deal with pirate threat, CSDC took various precautions to guard against pirate attacks, such as anti-pirate emergency response drill, SSAS (Ship Security Alert System) test and introduction of foreign security guards to the ships. CSTANKER strengthens monitoring of the ships in Aden and other areas where pirates are rampant and circulates piracy situation in Somali, South China Sea and West Africa. In 2014, CSDC didn't encounter any pirate attack.

China Shipping Bulkers sets up an anti-pirate leading group and firmly executes anti-pirate documents of QSMS and the provisions in *Ship Anti-Piracy Manual* to ensure steady and orderly execution of anti-pirate work. In 2014, the ships of China Shipping Bulkers safely passed the Indian Ocean more than 100 ship-times, Malacca Strait more than 50 ship-times and Singapore Strait more than 60 ship-times and applied for armed security protection and escort of the navy for a few times when passing Aden.



Anti-pirate Drill, Simulating a Real Environment



Install Anti-pirate Brambles



Large Ships, Low Carbon and Green Navigation

As a large shipping company, CSDC adheres to the concept of "being an excellent marine citizen", examines environmental impact of our operation, actively and initiatively copes with the challenge of resources and environment, cherishes natural resources, reduces pollutant discharge and tries to achieve harmonious coexistence of enterprise development, ecology and environment.

Establish an Environment Management System

CSDC makes great effort in the establishment of environment management system, incorporates environmental commitment in daily operation in a purposeful and planned way and tries the best to raise energy and resource use efficiency and lower negative impact on the environment.

Practice Green Management

CSDC strictly observes the provisions about environmental protection in national laws, regulations and international conventions, sets up organizational structure of environmental management, formulates rules and regulations for energy efficiency management and emission reduction and strengthens training, supervision and assessment of environmental protection.

In 2014, CSTANKER initiated the establishment of an energy management system and implemented *Ship Energy Efficiency Management Plan* on all ships. Five ships including "Xin Jin Yang", "Chang Chi", "Lu Ding Tan", "Wang Chi" and "Xin Yue Yang" received *Ship Energy Efficiency Management Certificate* (SEEMC). *International Energy Efficiency Certificates* (IEEC) were audited and issued according to the requirements of MEPC62^{**}Resolution. By the end of 2014, 43 ships had passed audit and obtained IEEC, accounting for 64% of the total ships of the Company.

* The 62nd Meeting of IMO MEPC.



Total energy consumption of CSDC in 2014

Performance of CSDC in environmental protection training in 2014

Advocate Green Office

Supported by IT, CSDC intensifies energy management, actively practices water, electricity and paper conservation, reduces business trips and encourages every employee to participate in the campaign of green office. We encourage every employee cherishing every KWh of electricity, every drop of water, every piece of paper and every piece of office supply to jointly develop green office space.



Total water
consumptionTotal paper
consumption2,019
m³Image: Consumption1.268
Million pieces

Measures of CSDC for green office campaign and result thereof in 2014

Develop Green Ships

Low carbonization of ships is attracting more attention. Every country and the IMO have put forth relevant codes and standards to realize low carbonization of ships. CSDC keeps improving ship energy-saving technology, explores the potential of energy conservation through innovation in management and technology and continuously reduces overall energy consumption of ships.

Explore Energy Conservation with Technology

CSDC actively promotes the scrapping and renewal of old ships, introduces large ships and new ships which conform to the standard for environmental protection and strengthens technical reformation for energy conservation of ships. In 2014, CSTANKER spent 26.42 million yuan on technical reformation of ships for energy conservation and implemented six technical reformation projects; China Shipping Bulkers spent 7.75 million yuan on technical reformation of ships for energy conservation of ships for energy conservation and implemented 12 technical reformation projects.



The nozzles of main engineson four 76,000-ton old ships containing "Feng" in their names and with high energy consumption was transformed. As a result, fuel consumption was reduced from 32 t/day to 26 t/day, saving 6 t/day

80 KW electric heaters were installed on the fuel supply units of 24 ships. During mooring, about 0.8 ton of fuel can be saved a day.

A hull clean-up model was developed. According to systematic calculation, the clean-up benefit was maximized. Under different conditions, a ship can save 3.97-24.65 kg of fuel per nautical mile.

CSDC improves and makes innovation in energy-saving technology



Ship energy consumption of CSDC in 2014

Innovate Energy Conservation Management

Technical improvement can bring about a good energy saving effect, and so it is with management. The operating ability of seamen also has a bearing on ship energy saving level. The unskillful or unreasonable operation of seamen will lengthen the working time of the boiler, auxiliary engine and other equipment, resulting in increase of fuel consumption. Therefore, CSDC adopts lean management of ships and explores the potential of energy conservation.

- Strengthen mechanical maintenance to ensure ship equipment is always in an optimum state and prevent oil from flowing into the sea;
- Intensively improve the working conditions of energy consuming equipment in the engine room and reduce fuel consumption;
- Carefully check leakage of all fuel, lubricating oil and steam systems and thoroughly eliminate all leakages;

• Formulate the best operation procedures, train related operators, encourage seamen to consider about actual conditions of the ship and write operation experience, ensure every operator can master operating skills, and effectively shorten the operation time of oil discharge, inert gas filling and ballast water replacement.

Case

Introduce a New Method for Cabin Cleaning to Reduce Fuel Consumption of Ships

"Xiu Chi" ship of CSTANKER made bold exploration on cabin cleaning and tried a new energy-saving method for cabin cleaning. On the 1323rd voyage, it would be reloaded with naphtha from gasoline at Dahej Port, India, so the cabin must be cleaned. The cabin cleaning used to need two motors and a boiler. Before cleaning, the captain, chief engineer and chief officer discussed several times on the possibility of a new method which can maximally reduce fuel consumption while achieving the same effect. After repeated discussion and deduction, they eventually decided to clean the cabin with fresh water utilizing fire pumps and scavenging pumps. The boiler and the oil pump were not used in the whole process, which greatly reduced fuel consumption. The cabin cleaning on a single voyage could save fuel by 5.2 tons. Supposing a white gas tanker makes 20 voyages a year, the cabin cleaning method can save fuel by 104 tons a year.



Practice Green Navigation

As the transport volume of ships is much greater than road and air transport, the discharge of unit transport is much lower than that of other transport modes. Nevertheless, the pollutant discharge during navigation still poses a threat to marine environment. CSDC takes pertinent measures in all links of navigation. Through optimizing route design, practicing economical speed and reasonably utilizing water resources, the environmental impact of ships during navigation is minimized.

Practice Low-speed Navigation

CSDC takes ship arrival time, load and route direction into consideration, analyzes ocean current chart and other navigation data, makes the best use of ocean currents, monsoon and other external conditions, selects the best routes, maximally shortens shipping mileage and reduces fuel consumption. After deliberation, the ship operation team designed a standard route from the Middle East to the Far East. When ships without load head south, they will sail through a strait. This not only shortens the voyage but also avoids strong currents. According to estimate, this measure alone can save fuel by more than 800 tons for the fleet each year.



Adopt "Double Limits" Method to Realize Speed Reduction and Energy Saving of the Main Engine

Basing on light load and heavy load of the "CSB Xing Wang" ship, its draught variation during anchorage, rotating speed of the main engine and seasonal changes, China Shipping Bulkers repeatedly calculated, carefully checked and compared the working conditions and fuel consumption of the main engine, auxiliary engine and the boiler, and worked out a "double limits" solution on speed and consumption reduction, and promoted its application. "Double limits" means to limit load when the sea condition is harsh and limit rotating speed when the sea condition is good enough to realize desirable energy efficiency management of the ship.

From June to August 2014, three 230,000-ton ships and six 300,000-ton ships owned by China Shipping Bulkers controlled rotating speed of the main engines by the new method and reduced fuel consumption by 5 tons per day. Compared with the average fuel consumption of the ships of a same kind in the same period of last year, the total fuel saved was more than 1,700 tons.



Optimize Route Design

Under the condition of ensuring operation safety of equipment and being permitted by voyage conditions, CSDC popularizes economical speed and lowers the rotating speed of the main engine to reduce fuel consumption. Meanwhile, we specify economical speed and extremely low special economical speed for different types of ships, formulate concrete operating procedures and equipment maintenance and monitoring requirements, summarize the management experience of main engines during navigation at a reduced speed, minimize fuel consumption and realize energy conservation and emission reduction.

Case

Deviation leverage and fuel saving

"Xin Jin Yang" ship mainly engages in crude oil transport from the Middle East to China. The route is long and the fuel consumption is large. In order to save sailing time and reduce fuel consumption, the ship adopts "deviation leverage" during navigation. It optimizes three special legs of voyage on the precondition of ensuring navigation safety.

The captain of "Xin Jin Yang" ship analyzed the three legs and concluded that if it sails eastwards along the slow currents at the Bay of Bengal and flexibly adds turning points based on the condition of the ocean currents, it may obtain about one knot of speed from the slow currents although it has to take a detour by more than 20 nautical miles^{**}. In this case, if it sails with a rotate speed of 68 RPM^{**}, it can save fuel by about 16 tons. If it sails southwards along the western bank of India in the Arabian Sea, it will have to sail a little longer, but it may avoid most of the unfavorable ocean currents and gain 0.35 knot from the slow currents. In this case, from Bengal to Sri Lanka with a distance of 1,874 n miles, it may save fuel by about 14 tons; in the leg of South China Sea heading for the Middle East without load, if it sails via Taiwan Straits, it may shorten sailing time by 10 hours.

%Kn is a unit of navigation speed. 1kn=1n mile/h. 1 n mile=1,852 m

%RPM is revolutions per minute

After the route from Ningbo to Huizhou via Saudi Arabia was optimized, "Xin Jin Yang" ship shortened the sailing distance by 77 nautical miles, equivalent to saving fuel by about 13 tons.

Emitted substance	CO2	SO2
Emission (ton)	1,992,148	38,523
Emission of unit turnover (kg/1000 ton*n miles)	5.40	0.10

Reasonable Utilization of Water Resources

Water is a kind of precious wealth the nature endows to the mankind. CSDC, as a shipping enterprise coexisting with water, is obliged to reasonably exploit and utilize water resources. The ships of CSDC utilize fresh water generators to supply water to the crew members and equipment in order to reduce fresh water supply. Meanwhile, through reasonable heating, evaporation and careful maintenance of fresh water generators, the water generation ability is improved.

Reduce Pollutant Discharge

CSDC has formulated a series of regulations, such as: *Regulation for Emission of Ship Waste Gas, Instructions for Treatment of Oily Water and Oil Sludge, Instructions for Treatment of Domestic Sewage* and *Regulation for Disposal of Ship Rubbish* to strictly manage the discharge and emission of waste gas, waste water and wastes on ships. In 2014, CSDC discharged 138,657 tons of oily water; CSTANKER discharged 952 tons of harmless wastes and 0 ton of harmful wastes. No rule-breaking discharge happened.

In the aspect of waste discharge, CSTANKER requires that all ships must formulate a *Waste Management Plan* according to the guidelines of IMO to specify the procedures of waste collection, storage, processing and disposal. All ships shall organize training and study of "waste management plan" every quarter and record the condition of discharge operation or waste incineration in Waste Register. In 2014, CSTANKER didn't discharge waste in violation of rules.

In the aspect of sewage discharge, China Shipping Bulkers formulated the *Interim Regulation of China Shipping Bulkers for Cleaning of Fuel (Lubricant) Cabins and In-Port Disposal of Oily Water* to specify the cleaning of fuel (lubricant) cabins, and the disposal and discharge of oily water in port.



Measures of CSDC for Improving the Oily Water Management System

Protect Marine Biodiversity

The ballast water and sludge of ships contain various kinds of bacteria, plants and animals. They are still alive after months of trip on the sea. When the ships discharge ballast water or sludge into the waters of the ports in various countries, it would generate harmful aquatic organisms and pathogens, threatening local ecology of animals and plants and marine environments.

In order to reduce the harm to marine environment resulting from spread of ballast water of ships among different sea areas and meet the requirements of the *Guidelines for the Control and Management of Ships' Ballast Water to Minimize the Transfer of Harmful Aquatic Organisms and Pathogens* formulated by IMO, CSDC formulated a ship ballast water management plan to specify the methods and requirements for control and management of ship ballast water, and installed ballast water treatment units on ships, in a bid to reduce the harm of ships to marine biodiversity through orderly management and effective measures and jointly protect the sea on which human relies for existence.



Sea gulls and ship stay in harmony


Brilliant Team and Joint Growth



Talent is the foundation for stable development of an enterprise. CSDC strives to build an employee team with strong cohesion, a great sense of responsibility and outstanding professional competence in order to help employees realize personal value and assist the sustainable development of the Company.

Protect the Basic Rights and Interests

CSDC gives full respect to the value of every employee, advocates sincerity, openness and communication, provides competitive remuneration and aims to build an efficient and harmonious team.

Converge Excellent Talents

CSDC strictly observes national laws and regulations, respects and safeguards international human right convention, sticks to fair employment, does not discriminate employees because of religion, race and sex, and prohibits child labor and forced labor. By the end of 2014, the Company already had 828 employees (not including seaman), including 786 domestic employees, 42 foreign employees, 9 minority employees and 1 disabled employee; 15% of the management personnel were female and the employee turnover rate was 2.1%.

The Company comprehensively implements the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations, formulates definite provisions on the conclusion, extension and termination of labor contracts and strictly regulates employment behaviors. In 2014, the signing rate of labor contracts was 100%.



Age Distribution of Employees of CSDC

Educational Distribution of Employees of CSDC

Smooth Communication Channels

CSDC adheres to democratic corporate management and has established trade unions and workers' congress systems at all levels. All the issues concerning enterprise development and the vital interests of employees must be deliberated and approved by the workers' congress before implemented. Meanwhile, CSDC encourages employees to involve in corporate management through website, internal magazine, employee seminar and other channels in order to enhance the communication between employees and the Company, establish common consensus and stimulate strong enthusiasm for work.

CSDC also heed to seamen's concerns and directs the same to the higher-ups in a timely manner. CSTANKER sets up a complaint hotline, a mailbox named "Sisi" and other communication platforms to solve the doubts and difficulties for them, give response to their appeals and protect their lawful rights and interests.

Improve Remuneration and Welfare

CSDC has set up a just, fair and open remuneration distribution system. On the basis of providing reasonable remuneration for employees, we stimulate employees' enthusiasm for work through scientific and effective incentives to realize a winwin situation of employee growth and enterprise development. We pay social insurance premiums in full and in time for employees. The coverage of social insurance is 100%. According to the policies of the places where the employees live, we pay housing accumulation funds for employees, buy supplementary medical insurance for them, provide physical examination and eliminate their worries. Meanwhile, we also provide marriage leave, funeral leave, family visit leave and paid leave specified by the State. In 2014, the average length of paid leave was about 11.4 days.

CSDC actively protects the rights and interests of female employees and provides more care for them. The Company provides prenatal leave, maternity leave, breastfeeding leave and contraception leave and buys special medical insurance for female employees in Shanghai Employees Security Mutual Aid Savings Union, supplementary medical insurance for hospitalization of female employees and accident insurance for female employees according to related laws of the State and Shanghai to effectively protect the lawful rights and interests of female employees. After parental leave, all of the female employees returned to their work posts.

Assist Growth and Development of Employees

Regarding employees as the source of power for the development, CSDC sticks to the principle of giving full scope to the talents of the people, keeps enriching training resources, continuously widens promotion paths and adopts an efficient incentive mechanism to attract and foster excellent talents.

Sound Talent Cultivation Plan

In order to meet the needs of strategic transformation of the Company, CSDC formulated a pertinent talent plan to raise talent cultivation efficiency. In 2014, China Shipping Bulkers formulated *Cadre and Talent Development and Implementation Plan of China Shipping Bulkers (2014-2015)* to further standardize employee cultivation mechanism; CSTANKER revised *Cadre and Talent Development Outline of CSTANKER (2014-2015)*, highlighting "lean" orientation in the building of a cadre and talent team to develop an international team composed of various kinds of talents with sufficient quantity, reasonable structure, good quality and high efficiency.

Diversified Cultivation Methods

The success of an enterprise is based on the success of all employees, while the success of employees is based on a mechanism of continued learning and training established by the enterprise. CSDC provides all-round, multilayered and differentiated training for employees based on their difference in post and specialty to comprehensively raise their professional skills. In 2014, the Company invested 6.814 million yuan in training and trained 6,291 person-times. The total hours of training were 48,695.



Case

CSTANKER Strengthened Training to Promote Safety

Good training can effectively reduce hidden safety troubles. CSTANKER made the best use of IT means and innovative concepts and models to change the situation that despite of the sizeable spending of time and money on safety training of employees (seamen in particular), the pertinence and effect are poor and neither the ship owners nor seamen are satisfied. In 2014, the company organized twice trainings on safety management system and safety knowledge and arranged related examinations, in addition, it also arranged all employees to learn the new version of the *Work Safety Law of the People's Republic of China* and cumulatively trained 279 person-times, which effectively improved safety work.



Smooth Career Development Path

CSDC supports employees to freely select career development paths according to their own interests and specialties, integrates employee's personal pursuit with the enterprise development strategy, formulates promotion management and post management systems and provides broad development opportunities for every employee.

In 2014, CSTANKER assessed 212 employees at or below intermediate level. 69 people were rated "excellent", 16 people were promoted because the assessment result was "excellent" for consecutive two years and 11 people were promoted because the assessment result was "competent" for consecutive four years.

China Shipping Bulkers supports cross-department cross-platform flow of talents. In 2014, posts were exchanged for 83 person-times and the exchange rate was 20.3%.

Brand New Seaman Growth Model

CSDC explores new models for seaman training and development, such as a system under which seamen may take a job only after they have passed examinations, a new mechanism of "company guidance + personal wishes", "superintendent system" and a new model for overall seaman assessment.



Care for Employees

CSDC cares for employees and makes constant efforts in forming a "lively, joyful and healthy" atmosphere to make employees feel the warmth of home, such as organizing various sports and recreational activities with an aim of raising employees' happiness index.

In 2014, CSDC carried out a series of sports and recreational activities so that employees could relax themselves amidst busy work and meet various challenges in a good state.



<image>

Photos of Sports and Recreational Activities of CSDC

CSDC keeps improving the employee assistance mechanism and helps the needed employees and their families under the support of special fund of the Company in forms of routine donation and visit. In 2014, the trade union of CSDC visited employees (including some seamen) for 15,864 person-times and handed out 1.4274 million yuan of consolation money; helped needy employees for 182 person-times, visited needy employees for 52 person-times and issued 224,200 yuan of consolation money.



CSTANKER Leaders Visited Families of Model Workers before the Spring Festival



CSTANKER Leaders Inspected on a Ship



leaders of China Shipping Bulkers Visited Front-Line Seamen during the New Year

CSDC endeavors to provide better conditions for the seamen to ensure that they can work at their best and enjoy the life.



CSDC Cares for Seamen's Life

Case

CSTANKER Made All-Out Effort to Treat an Injured Crew Member of "Fei Ma Zuo" ship

On April 19, 2014, on "Fei Ma Zuo" ship sailing from Japan to Singapore, a suddenly burst rubber pump hit the right temple of Third Engineer Li Xiao. He bled heavily and was in a dangerous situation. CSTANKER immediately activated the emergency response procedure. On one hand, the company kept contact with the ship to get informed of the injury situation in time and guided the first aid on board; on the other hand, it sought professional advice from Guangzhou Xinhai Hospital to diagnose the injury. After correct judgment on injury situation, it ordered the ship to sail back to Okinawa, Japan, at full speed. In the same time, it informed a Japanese agent of CSDC to immediately contact Japanese Coast Guard and applied for a helicopter to fetch the injured person while contacting a hospital. In the end, the injured person was treated in time.

Case

China Shipping Bulkers Wholeheartedly Treated a Seaman Who Fell Into Illness Suddenly

On August 27, 2014, when "Jin Xiu Feng" ship of China Shipping Bulkers waited for berthing in an anchorage ground in Argentina, Captain Lin Yizhi was attacked by sudden duodenitis and needed to receive a surgery. The Company attached great importance to it. On one hand, it instructed the ship to contact an agent to rent a speedboat and send Captain Lin to a local hospital for treatment. On the other hand, it contacted Xinhai Hospital to guide the first aid on board through satellite phones. In the end, Captain Lin was out of danger. In this period, the Company gave high attention to the illness of Captain Lin, entrusted the agent to visit him in the hospital several times, remitted enough money for medical treatment in time and also helped his wife and daughter apply for visa and go for attendance. Under the sincere care of the Company, Captain Lin was recovered and returned to China.







Shoulder Responsibility and Jointly Build Harmony

Actively assuming social responsibility is not only a necessary choice for an enterprise to realize sustainable development, but also an effective way to win social respect and acceptance. In the course of constant development and expansion, CSDC makes full use of our professional advantages, initiatively undertakes maritime rescue tasks, stretches out a helping hand to the people in difficulty, actively engages in community development, supports employees to participate in volunteer activities, helps the vulnerable groups and promotes the building of a harmonious society.

Participate in Disaster Rescues

All the time, CSDC has regarded helping those in distress and in peril as a corporate code worthy of sticking to, actively participated in humanitarian rescues and coped with sudden disasters, winning extensive social acceptance and respect with excellent performance.

Case

Participate in the Search of a Missing Passenger Plane

On March 8, 2014, the news about the loss of MH370 airplane of Malaysia Airline shocked the world. The whereabouts of 154 Chinese passengers on the plane worried all Chinese people. On March 21, immediately after China Shipping Bulkers received a notification from Chinese Marine Search and Rescue Center (CMSRC) for coordination in the search of the missing airplane in related sea area of the southern Indian Ocean, it asked the 300,000-ton bulk cargo ship "CSB Brilliant" nearest to the searched area to change its plan for going to Brazil to transport ore and rush to the sea area to the southwest of Perth, Australia, to participate in the search of the missing plane.

"CSB Brilliant" ship is China's first commercial ship participating in the search in the sea area of the west of Australia. In the 166 hours from 9am of March 21 to 7am of July 28, it covered 1,997.1 n miles and searched 3,003 square nautical miles. All crew members of "CSB Brilliant" ship feared no hardship and completed the search task with good professional integrity and excellent navigation technology.





Crew Members of "CSB Brilliant" Ship Looked out and Searched in the Suspected Sea Area

Crew Members of "CSB Brilliant" Ship Prepared for the Search In daily emergency drills of ships, CSDC considers rescue of wrecked ships as necessary drill content, and continuously raises the emergency response ability of seamen in order to ensure life safety of seamen and operation safety of ships to play a bigger role in marine salvage.



Take an Active Part in Marine Salvage

On March 16, 2014, CSTANKER "Hua Chi" ship sailing about 360 n miles to the southeast of Guam suddenly received a help call from the United States Coast Guard (USCG) in Guam, requesting "Hua Chi" ship to go to the sea area 115 n miles away and rescue a fishing boat, which was out of control, and two fishermen. "Hua Chi" ship immediately reported the request to the dispatching department and ship supervisor of the Company, and was authorized to execute the rescue.

According to the provisions of the safety management system documents of the Company, all crew members of "Hua Chi" ship under the unified command of the captain got life buoys ready, strengthened lookout and made preparation for medical rescue. From 9: 25 when a rescue request was received to 19: 30 when it quit from the rescue, the emergency response capacity of "Hua Chi" ship was fully reflected in the 10 hours' emergency search. Although no rescue object was found in the end, USCG highly affirmed crew's performance and expressed gratitude to the active involvement of "Hua Chi" ship in humanitarian rescue.



Provide help for fishermen in distress

On February 14, 2014, when heading south in the middle of the Yellow Sea, "Wan Shou Shan" ship of China Shipping Bulkers found a ship in front was in smoke and fire. In a telescope, they found somebody on the ship swinging a red flag. They initiated rescue of the ship in distress without any delay.

A half hour later, "Wan Shou Shan" ship approached to the fishing boat at a low speed. The crew members quickly carried out rescue measures. They successfully rescued two fishermen in distress to "Wan Shou Shan" ship. Due to timely rescue, the fishing boat was brought under control.



Promote Industrial and Regional Development

Under the background of increasing trade and economic exchanges, CSDC keeps a foothold at professional advantages, creates opportunities for industrial development of the underdeveloped areas, guides local people to take a road of creating wealth through hard work, provides specific support for local science, education, culture, health and other public undertakings, and narrows regional gap in economic and social development. Besides, CSDC also cooperates in depth with shipping schools and colleges to create conditions for the cultivation and fostering of shipping talents in the new era.

Pairing Assistance

The pairing assistance to Yongde County, Yunnan Province is a core job of China Shipping (Group) Company in assuming the responsibility of a central enterprise and promoting local development, but also an important external force driving leapfrog development of the area and improving the production and life quality of local people in all ethnics. CSDC observes the master support plan of the Group, and promotes local long-term development through support to education. In 2014, China Shipping Bulkers donated 13 computers and more than 200 extra-curricular reading materials and books for primary and secondary school students to Yongde County, Yunnan, and paired with 5 students from poor families to help them smoothly accomplish the study.



Sincere Thanks from Yongde County, Yunnan



Pictorial story: On November 7~9, 2014, General Manager of China Shipping Bulkers Qiu Guoxuan, Party Secretary Zhang Zhiping and Discipline Commission Secretary Chai Yi went to Yongde County, Yunnan to carry out paired assistance, study and survey. They visited the cadres the Group assigned to Yongde County to support education, and also paid a visit, on behalf of the Company, to the students of "Zhonghai Class" assisted by the Group and issued scholarship, encouraging them to cherish learning chances, study hard, change their own life with knowledge and redound on the society.

Drive Local Economic Development

Yuyao Village, Shuyuan Town, Pudong New Area, Shanghai was called "wildcats' cave" due to its poverty and inaccessibility. Since 2006, CSTANKER spent a large amount of money helping Yuyao Village with infrastructure construction. The effort has effectively improved local residential condition, laid a solid foundation for industrial development and significantly driven the development of local plantation. For more than 9 years, the muskmelon, kiwi fruit, flat peach and other products at Yuyao Village have been sold far to Jiangsu and Zhejiang through agricultural cooperatives. "Containers enter the wildcat cave" becomes the sincerest gratitude of the people at Yuyao Village to CSTANKER.

Cultivate Shipping Talents

China Shipping Bulkers cooperates with many colleges and universities to create learning and practicing opportunities for the shipping talents from colleges and universities. It manages "Yu Ming" ship, the largest and most advanced training ship in the world, for Shanghai Maritime University, and provides training ships "An Ping 1", "An Ping 2" and "Qing Quan Shan" for Jimei University and Guangzhou Maritime Institute. In 2014, China Shipping Bulkers trained 1,192 interns for shipping colleges and universities.



Photo of Interns during Training

Provide Community Assistance

CSDC tightens contacts with the communities in the places where the business is operated, promotes civilization building together with local government departments and community management organizations and provides necessary support of human power, finance and material resources for community activities; takes an active part in the care for vulnerable groups and the help of the needy families and makes positive contribution to the building of a harmonious society; encourages employees to participate in volunteer activities, provides various guarantees and supports for the activities, serves the social and public welfare undertakings, and jointly builds beautiful homes.

Care for Vulnerable Groups

CSDC donates money and things to the poor families in Lujiazui community, Pudong New Area, Shanghai, poverty-stricken villagers at Yuyao Village, the students from poor families in Yongde County, Yunnan and other "pairing assistance" objects and shows love through payment of special party membership dues, donation and other forms. In 2014, the employees of CSTANKER donated more than 200,000 yuan and visited more than 20 poor families (times); the employees of China Shipping Bulkers donated 130,000 yuan.



"Light up Your Heart" Public Welfare Action

"Light up Your Heart"-- Lujiazui Youth Public Welfare Action is a public welfare activity led by the Youth League Working Committee of Lujiazui Community, Pudong New Area, Shanghai. The organizers solicited New Year wishes from the teenagers of poor families in the community and the children of rural migrant workers at Yuxi Primary School and mobilized the public to help them realize the wishes.

CSTANKER has attended this public welfare activity for 3 years in a row, bought articles, like clothes, bicycles and school supplies for the children from poor families in the community to make them feel the kindness of Shanghai in winter and the New Year greetings to and care for them from the Company.

"Thank CSTANKER for the care and support for 'Donation for Charity and Public Welfare' of Pudong New Area. The organizing committee will use the donations to developing charity and public good at your will. We hereby express our sincere respect to the lofty humanitarian spirit of CSTANKER."

-- Shanghai Pudong New Area Organizing Committee of Donation for Charity and Public Welfare

Organize Volunteer Activities

CSDC adheres to the concept of "promoting normalized, standardized and institutionalized volunteer service", allocates special public fund, actively develops public welfare programs, publicizes the philosophy and activities for public benefits by opening special columns on the website of the Company and regularly publishing electronic periodicals, generalizes volunteer spirit and makes continuous contribution to social progress.



Volunteer Performance of CSDC in 2014

Outlook on 2015

Development direction	Work plan in 2015	
Advance Together and Share Values	 Raise fleet scale and operation capability, and guarantee with all the strengths "transporting imported oil only by domestic companies" 	
	 Stick to the service concept of "making customers rest assured and service objects satisfied", optimize customer communication channels and establish long-term and stable customer relations 	
	 Actively participate in industrial activities and standard formulation, and promote industrial progress 	
	 Prevention of any safety accidents at or above large accident 	
	• Earnestly learn and implement new Work Safety Law	
Safety Orientation and Safe Navigation	 Continuously improve the establishment of a safety management system and optimize system documents 	
	 Improve safety management through standardization of work safety and a work safety responsibility system 	
	• Streamline the environment management system and regulations and improve the energy conservation and emission reduction system	
Large Ships, Low Carbon and Green Navigation	• Continue to promote the popularization and application of new technologies, new products, new processes and new materials for energy conservation and emission reduction	
	 Normalize navigation at a reduced speed, track and analyze the rotating speed and fuel consumption of main engines of various kinds of ships, and formulate more scientific and accurate assessment indicators 	
	 Smooth employee communication channels, enhance understandings between employees and the Company and protect employee's rights and interests 	
Brilliant Team and Joint Growth	• Continuously optimize the employee remuneration system and performance assessment mechanism.	
	 Improve employee growth channels, implement the talent development plan and perfect the back-up talent cultivation and selection mechanism 	
	Show constant care for employees and develop comfortable work places	
	• Continue to provide fund, technical and channel support for the development of backward areas	
Shoulder Responsibility	Increase help to vulnerable groups and provide assistance for more needy families	
and Jointly Build Harmony	• Encourage and cultivate the development of an employee volunteer team and provide more diversified volunteer service.	

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Subject area	Indicator	source
	A. Workplace quality	
Working conditions	A1.1 Total workforce by employment type, age group and geographical region.	Converge Excellent Talents
	All All Employee turnover rate by age group and geographical region.	Converge Excellent Talents
A2 Health & safety	A 2.1 Fatality number and rate.	Steadily Improve Safety
	A2.2 Lost days due to work injury.	Steadily Improve Safety
	A2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Improve Safety Management
and training	A3.1 The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).	Assist Growth and Development of Employees
	A3.2 The average training hours completed per employee by employee category.	Assist Growth and Development of Employees
A4 Labor standards	A4.1 Description of measures to review employment practices to avoid child and forced labor.	Converge Excellent Talents
	A4.2 Description of steps taken to eliminate such practices when discovered.	Converge Excellent Talents
	B. Environmental protection	
Emissions	B1.1 The types of emissions and respective emissions data.	Optimize Route Design / Reduce Pollutant Discharge / Protect Marine Biodiversity
	B1.2 Greenhouse gas emissions in total (in tons) and (where appropriate) intensity (e.g. per unit of production volume, per facility).	l Optimize Route Design
	B1.3 Total hazardous waste produced (in tons) and (where appropriate), intensity (e.g. per unit of production volume, per facility).	Reduce Pollutant
	B1.4 Total non-hazardous waste produced (in tons) and (where appropriate) intensity (e.g. per unit of production volume, per facility).	Reduce Pollutant Discharge
	B1.5 Description of measures to mitigate emissions and results achieved.	Reduce Pollutant Discharge
	B1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Reduce Pollutant Discharge
utilization of	B2.1 Energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and l intensity (e.g. per unit of production volume, per facility).	Establish an Environment Management System
	B2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Advocate Green Office

the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange (HK-ESG)

Subject area	Indicator	source
utilization of resources	B2.3 Description of energy utilization efficiency initiatives and results achieved.	Develop Green Ships / Practice Green Navigatior
	B2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Reasonable Utilization of Water Resources
	B2.5 Total packaging material used (in tons), and if applicable, with reference to per unit produced.	+
	B3.1 Total paper used.	Advocate Green Office
	B3.2 Paper use efficiency initiatives and results achieved.	Advocate Green Office
	B3.3 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protect Marine Biodiversit
	C. Operating practices	^
Supply chain management	C1.1 Number of suppliers by geographical region.	I Join Hands with Industrial Partners for a Win-win Situation
	C1.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Join Hands with Industrial Partners for a Win-win Situation
Product responsibility	C2.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	+
	C2.2 Number of products and service related complaints received and how they are dealt with.	Cater for Success of Customers
	C2.3 Description of practices relating to observing and protecting intellectual property rights.	_
	C2.4 Description of quality assurance process and recall procedures.	Cater for Success of Customers
	C2.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Cater for Success of Customers
Anti-contaption	C3.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance
	C3.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance
	D. Community involvement	
Community investment		Participate in Disaster Rescues / Promote Industrial and Regional Development / Provide Community Assistance
		Participate in Disaster Rescues / Promote Industrial and Regional Development / Provide Community Assistance

Remarks: As the social responsibility indicator system of CSDC is in the process of improvement, only some of the indicators in the report can be partially benchmarked. In the future, along with the perfection of the social responsibility management system of the Company, the disclosure of the indicators will be gradually standardized.

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Management	Stakeholders Identification and Communication	P5.2/G1.3/G2.2/G5.3/M1.3 +
	Important Honors +	P5.3 +
	Guarantee "Transporting Imported Oil Only by Domestic Companies" with All Strengths	S1.6
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and Share Values	Help the Development of SMEs	+
	Join Hands with Industrial Partners	M3.1/M3.5/M3.6/M3.7
	Improve Safety Management	S2.18/2.20/S3.1/S3.2/S3.3/S3.4
Safety Orientation	Establish a Safer Fleet	\$3.5
and Safe Navigation	Pursue Excellent Safety Performance	S3.6/S3.7
	Establish an Environment Management System	E1.1/E1.4/E1.5/E1.6/E1.7/E1.10/E1.11/E1.12
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and Green Navigation	Practice Green Navigation	E2.7/E2.8/E2.9/E2.11/E2.18/E2.19/G4.4
		+
	Protect the Basic Rights and Interests	+
Brilliant Team	Assist Growth and Development of Employees	+ — — — — — — — — — — — — — — — — — — —
and Joint Growth	⊢ — — — — — — — — — — — — — — — — — — —	+ — — — — — — — — — — — — — — — — — — —
	+	+
Shoulder Responsibility	Promote Industrial and Regional Development	+
and Jointly Build Harmony	F	+ — — — — — — — — — — — — — — — — — — —
	+	+
	+	+
	+	+

the Chinese CSR Report Preparation Guide of Chinese Academy of Social Sciences (CASS 3.0)

Feedback Form

Dear stakeholders,

Thank you very much for reading the 2014 corporate social responsibility report of CSDC. In order to give play to the role of this report in communication and exchange and effectively promote our CSR management and practice, we sincerely look forward to your opinions and suggestions.

1. Your overall comment on CSDC's performance of social responsibility:

 \Box Very good \Box Good \Box Average \Box Poor

2. Your overall comment on this report:

 \Box Very good \Box Good \Box Average \Box Poor

3. In your opinion, the communication of CSDC with the stakeholders is:

 \Box Very good \Box Good \Box Average \Box Poor

4. In your opinion, the performance of CSDC in customer service is:

 \Box Very good \Box Good \Box Average \Box Poor

5. In your opinion, the performance of CSDC in shipping safety is:

 \Box Very good \Box Good \Box Average \Box Poor

6. In your opinion, the performance of CSDC in promoting development of regional and international shipping industries is:

 \Box Very good \Box Good \Box Average \Box Poor

7. In your opinion, the performance of CSDC in responsibility for employees is:

 \Box Very good \Box Good \Box Average \Box Poor

8. In your opinion, the performance of CSDC in joint development with communities is:

 \Box Very good \Box Good \Box Average \Box Poor

9. Do you think the content arrangement and format design of this report is convenient for reading?

🗆 Yes 🗆 No

10. What are your opinions and suggestions on CSDC's performance of social responsibility and on this report?

Note:Please tick " $\sqrt{}$ " the appropriate " \square ".





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