



**SITC International Holdings Company Limited**  
**海豐國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1308

**2022** Environmental, Social and  
Governance Report



# 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF SITC

## Contents

About This Report	1
About SITC	2
Honors and Awards	7
Chairman's Message	8
Corporate Governance	9
Responsible Operations	14
Energy Conservation and Environmental Protection	26
Harmonious Development	38
Outlook	57
Appendix I: Independent Verification Statement	58
Appendix II: HKEX ESG Reporting Guide Index	59
Appendix III: GRI Content Index	62

# About This Report

SITC International Holdings Company Limited has released the “Social Responsibility Disclosure Report” each year since 2014, which has been changed to the “Environmental, Social and Governance Report” (the “ESG Report”) since 2016, which subsequently has been published separately from its annual report since 2019.

This report discloses the environmental, social and governance (“ESG”) information of SITC under the principles of objectivity, standardization, transparency and comprehensiveness. It is intended to communicate with stakeholders about corporate sustainable development concepts, actions and performance in a full and frank manner, and make a systematic response to sustainable development issues concerned by stakeholders.

## Scope and Reporting Cycle of the Report

This report covers the period from 1 January 2022 to 31 December 2022, which is consistent with the financial reporting period. To be more systematic, this report is partially retrospective to previous years, and the reporting boundary has no significant change as compared to that for the financial year ended 31 December 2021.

Unless otherwise specified, all cases and data in this report are derived from the wholly-owned branch companies, subsidiaries and joint ventures under de facto control of SITC.

Last reporting period: April 2022

Reporting cycle: once a year

## Basis for Preparation

This report is prepared in compliance with the principles of materiality, quantitative, balance and consistency as set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This report has complied with all mandatory disclosures requirements and “comply or explain” provisions set out therein.

This report is prepared also with reference to the Global Reporting Initiative Standard (GRI).

All financial data in this report is extracted from the financial reports of the Company. Unless otherwise specified, all amounts stated in this report are denominated in US\$.

## Independent Verification

The information disclosed in this report has been verified by Hong Kong Quality Assurance Agency, an independent third party, to ensure its accuracy and reliability. The report verification statement is set out on page 57 of this report.

## Commitment of this Report

The board of directors of the Company (the “Board”) warrants that the report approved by the Board is free from any false records and misleading statements.

## Explanations on Abbreviated Names

For the sake of convenience in expression and reading, “SITC International Holdings Company Limited” is referred to as “SITC” or the “Company” or “we” or “our” or “us” and, together with its subsidiaries, collectively referred to as the “Group” in this report.

## Access to This Report and Contact Information

This report is released in both Chinese and English versions, which are available on the website of SITC ([www.sitc.com](http://www.sitc.com)) and the website of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) ([www.hkexnews.hk](http://www.hkexnews.hk)).

Should you have any question about this report, please feel free to contact us:

SITC International Holdings Company Limited

Address: 31/F, Shui On Centre,

6-8 Harbour Road,

Wan Chai, Hong Kong

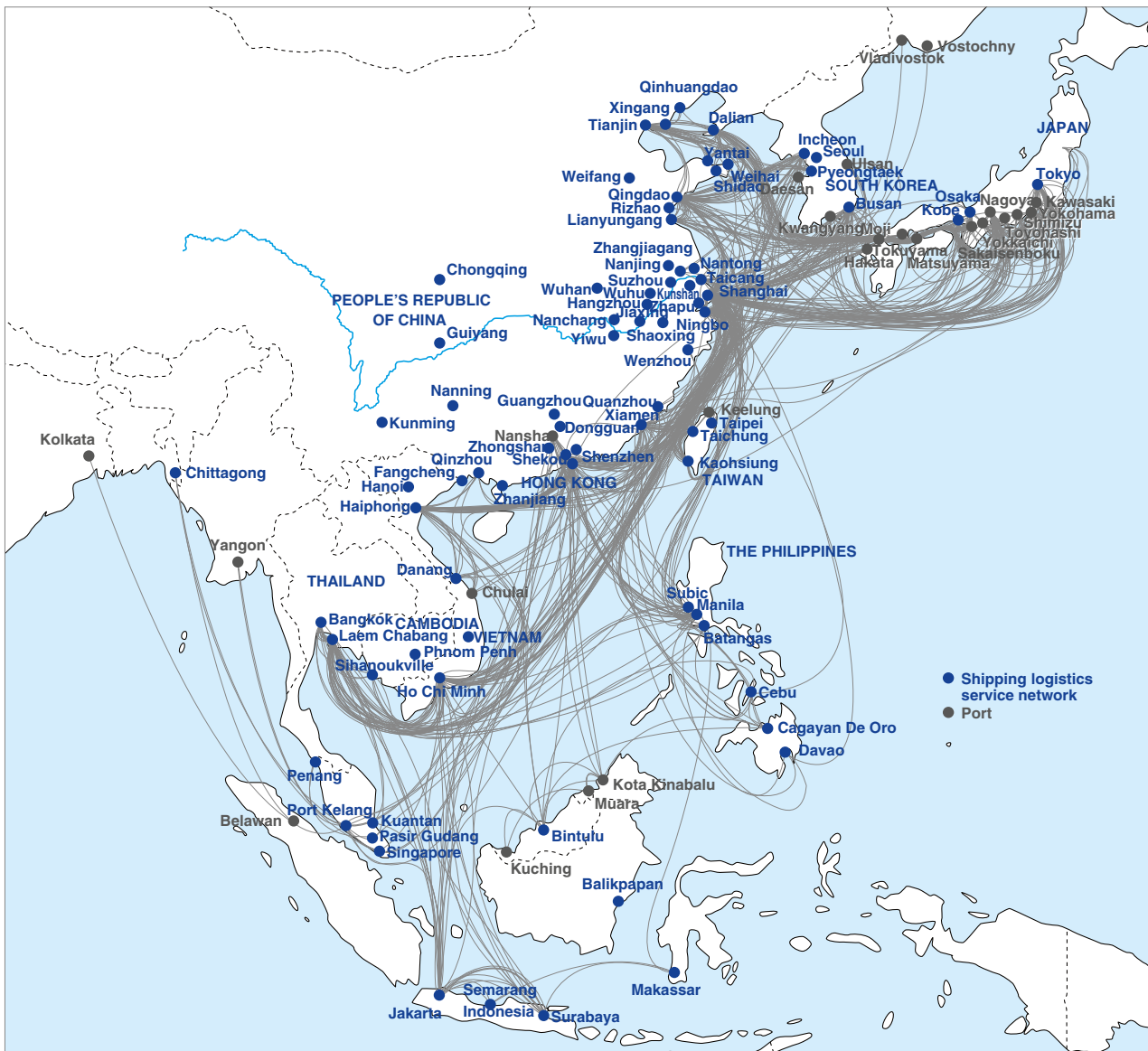
Telephone: 852-28500375

Email: [lhwx@sitc.com](mailto:lhwx@sitc.com)

# About SITC

SITC International Holdings Company Limited (the “Company” or “SITC” or “we”) is an Asia’s leading shipping logistics company that provides integrated transportation and logistics solutions. As at 31 December 2022, we ranked the 13th among international container shipping companies in terms of shipping capacity. We focus exclusively on servicing the Asia trade market, which is the largest in the world and one of the fastest growing market in terms of shipping volume, according to Drewry Maritime Services (Asia) Pte Ltd, an independent industry consultant.

The following map illustrates the Asia container shipping routes (including trade lanes operated through joint services and container slot exchange arrangements) and shipping logistics service network of the Group as of 31 December 2022:



Our business can be segregated into two main business segments: container shipping and logistics segment and dry bulk and others segment. Our container shipping and logistics segment principally covers integrated logistics services such as the provision of container transportation, freight forwarding, shipping agency, depot and warehousing, etc. Our dry bulk and others segment principally covers the provision of dry bulk vessel leasing and land leasing services.

## About SITC

### DIRECTORS

#### Executive Directors

YANG Shaopeng (*Chairman*)  
YANG Xianxiang (*Vice-Chairman and Chief Executive Officer*)  
LIU Kecheng  
XUE Mingyuan  
LAI Zhiyong

#### Non-Executive Director

YANG Xin

#### Independent Non-Executive Directors

LIU Ka Ying, Rebecca  
TSE Siu Ngan  
HU Mantian (Mandy)

### BOARD COMMITTEES

#### Audit Committee

LIU Ka Ying, Rebecca (*Chairman*)  
TSE Siu Ngan  
HU Mantian (Mandy)

#### Remuneration Committee

TSE Siu Ngan (*Chairman*)  
YANG Xianxiang  
LIU Ka Ying, Rebecca

#### Nomination Committee

YANG Shaopeng (*Chairman*)  
TSE Siu Ngan  
HU Mantian (Mandy)

#### Disclosure Committee

YANG Xianxiang (*Chairman*)  
LIU Kecheng  
XUE Mingyuan  
LAI Zhiyong

#### Sustainable Development Committee

YANG Xianxiang (*Chairman*)  
LIU Kecheng  
XUE Mingyuan  
LAI Zhiyong

#### Risk Management Committee

TSE Siu Ngan (*Chairman*)  
YANG Xianxiang  
LIU Ka Ying, Rebecca  
HU Mantian (Mandy)  
YANG Xin

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### CORPORATE HEADQUARTER

31/F, Shui On Centre  
6-8 Harbour Road,  
Wanchai  
Hong Kong

### AUTHORIZED REPRESENTATIVES

LIU Kecheng  
XUE Peng

### COMPANY SECRETARIES

XUE Peng (*FCG, HKFCG*)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Royal Bank House – 3rd Floor,  
24 Shedden Road, P.O. Box 1586  
Grand Cayman KY1-1110  
Cayman Islands

## About SITC

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### PLACE OF LISTING

The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

### NAME OF STOCK

SITC International Holdings Company Limited

### STOCK CODE

01308

### PRINCIPAL BANKERS (by alphabetical order)

ANZ Bank  
Bank of China  
Bank of China (Hong Kong) Limited  
China Merchants Bank  
Citibank, N.A  
Standard Chartered Bank (Hong Kong) Limited  
Sumitomo Mitsui Banking Corporation  
The Hongkong and Shanghai Banking Corporation Limited

### AUDITORS

Ernst & Young

### LEGAL ADVISORS

#### As to Hong Kong law:

Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### As to Cayman Islands law:

Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### WEBSITE

[www.sitc.com](http://www.sitc.com)

## About SITC

		2022	2021	Change
<b>Results</b>				
Turnover	US\$'000	<b>4,112,955</b>	3,012,447	36.5%
Profit attributable to shareholders of the Company	US\$'000	<b>1,944,425</b>	1,162,714	67.2%
Basic earnings per share	US\$	<b>0.73</b>	0.44	65.9%
Profit margin	%	<b>47.4</b>	38.7	8.7 pt.
Net cash flows from operating activities	US\$'000	<b>2,002,565</b>	1,335,209	50.0%
<b>Financial Position</b>				
Equity attributable to shareholders of the Company	US\$'000	<b>2,150,540</b>	1,501,687	43.2%
Net current assets	US\$'000	<b>740,606</b>	400,084	85.1%
Interest bearing bank borrowings	US\$'000	<b>271,438</b>	327,271	(17.1)%
<b>Financial Ratio</b>				
Return on equity (note 1)	%	<b>105.9</b>	86.1	19.8 pt.
Return on assets (note 2)	%	<b>67.2</b>	49.1	18.1 pt.
Assets turnover ratio (note 3)	times	<b>1.42</b>	1.27	0.15
Gearing ratio (note 4)	%	<b>0</b>	0	0 pt.
<b>Operating Statistics</b>				
Number of container vessels operated as at year end	vessels	<b>108</b>	96	12
Container shipping volume - Container shipping and supporting logistics	TEU	<b>3,261,939</b>	3,142,118	119,821

### Note 1

Return on equity is calculated by using the profit for the year and the average balance of total equity as at beginning of year and end of year.

### Note 2

Return on assets is calculated by using the profit of the year and the average balance of total assets as at beginning of year and end of year.

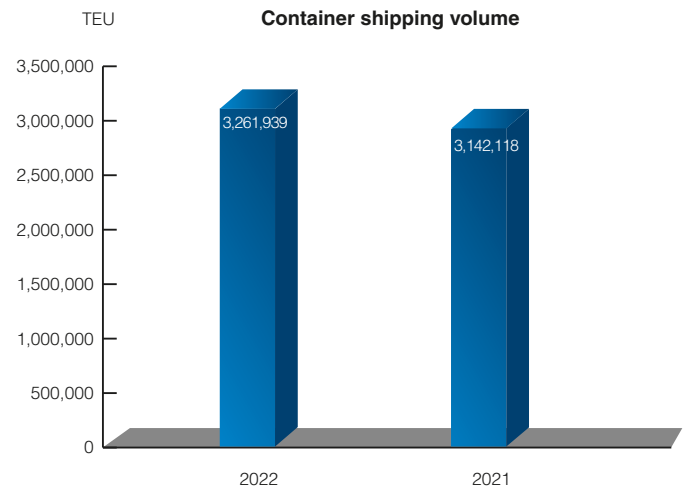
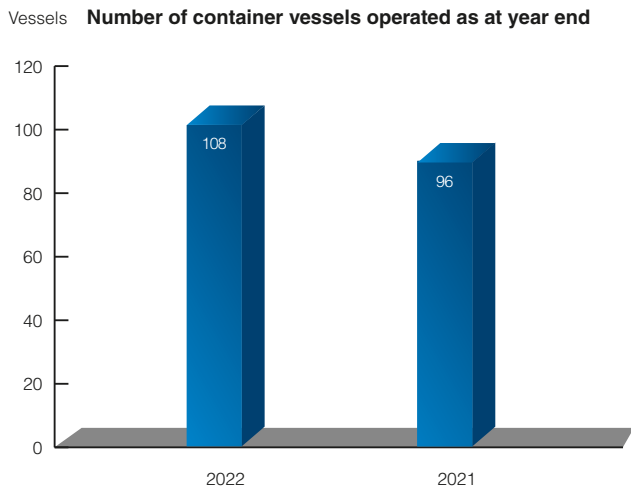
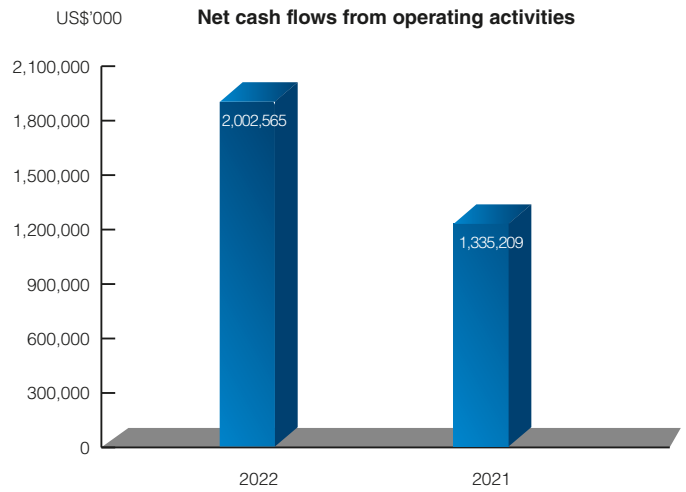
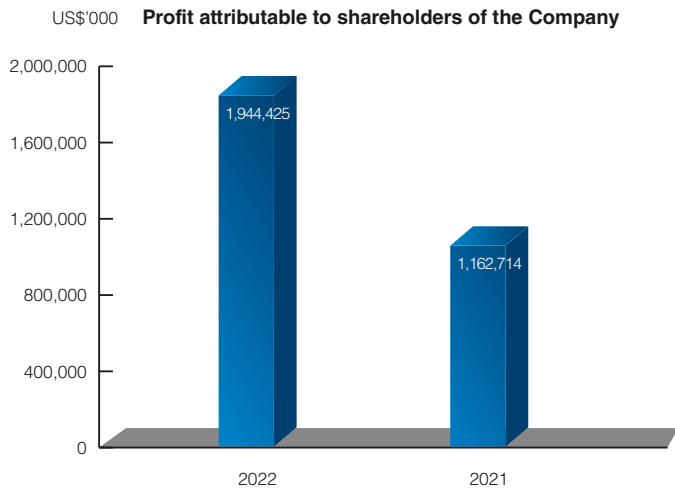
### Note 3

Assets turnover ratio is calculated by using the turnover and the average balance of total assets as at beginning of year and end of year.

### Note 4

Gearing ratio is calculated by using net debt divided by the adjusted capital plus net debt. Net debt includes bank borrowings, lease liabilities, trade and other payables and accruals, less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the parent less the hedging reserve.

## About SITC



■ Container shipping and supporting logistics



## Honors and Awards

SITC won 10 comprehensive rankings in Mainland China and Asia in the election of “2022 All-Asia Executive Team” held by Institutional Investor, an international financial magazine, and was recognised as one of the “Most Admired Companies in 2022” by Institutional Investor.

	<b>Mainland China</b>	<b>Asia</b>
Best CEO – Mr. YANG Xianxiang	No. 2 overall	No. 3 overall
Best CFO – Mr. LIU Kecheng	No. 2 overall	–
Best IR Professional – Mr. XUE Peng	No. 2 overall	No. 3 overall
Best IR Company	No. 2 overall	–
Best ESG ( <i>Environmental, Social and Governance</i> )	No. 2 overall	No. 3 overall
Total scores in transportation sector	No. 2 overall	No. 3 overall

SITC won the “Most Outstanding Company in Hong Kong Transport Industry” award for the first time in the “2022 Asian Excellence Award” organised by Asiamoney, an international financial publishing agency.

SITC Ship Management was honoured with the Best Ship Management Company Award, “SITC Hainan” vessel was honoured with the Best Ship Award, and three crew members were honoured with the Best Crew Award, by Shanghai Pudong Maritime Safety Administration.

SITC won the titles of “Customer Satisfied Container Liner” and “Top 50 Freight Forwarding Brands in China” in the results release ceremony of the 19th China Freight Service Quality Tracking Survey; and was selected into the “2022 TOP 30 Innovation Cases in Port and Shipping Logistics Industry”, an innovation award of the 19th China Freight Service Quality Tracking Survey.

Associations the Company Participates in and Memberships

<b>Association name</b>	<b>Way of participation</b>
Qingdao Shipmaster Association	Council Member
Marine Graduates Collaborative Group Meeting	Member
Shanghai International Shipping Center Development Promotion Association	Vice Chairman
	Standing Council Member/Editorial Board
China Institute of Navigation	Member
Council of World Shipping, Dalian Maritime University	Council Member
China Shipowners Mutual Assurance Association	Director

# Chairman's Message

Sustainability is the development strategy that the Company has always adhered to. Energy conservation, emission reduction and efficient use of natural resources are not only our internal requirements to improve efficiency and achieve sustainable development, but also a general trend to preserve the environment, protect the Earth and benefit our future generations.

In 2022, in addition to the ongoing pandemic, it also encountered certain problems such as the Russian-Ukrainian conflict, the energy crisis in Europe, and the high inflation and continuous interest rate hike sweeping the world, resulting in a sharp decline in global consumer demand, which was reflected by the decline in cargo volume, gradually excess shipping capacity, and lower freight rates in the container logistics market. When the market turned around, the Company adhered to the development strategy, adjusted the operating leverage, and maintained the cost advantage and bargaining power, laying a foundation for the Company's continuous growth.

In 2021, the Marine Environment Protection Committee (MEPC), an International Maritime Organization (IMO), passed the amendments to Annex VI to the IMO International Convention for the Prevention of Pollution from Ships (MARPOL), pursuant to which mandatory technical and operational measures based on short-term goals, namely EEXI and CII, will come into effect after Annex VI to the MARPOL becomes effective on 1 November 2022, and will bind applicable ships from 1 January 2023. The new regulation poses higher requirements for shipping companies in respect of emission reduction, which brings a challenge as well as an opportunity. In 2022, we already launched 20 low-cost and high-efficiency new vessels, which will greatly improve energy efficiency while enhancing the Company's fleet capacity. In 2023, another 14 new vessels will be delivered to replace older vessels, which will further reduce emissions and improve fuel efficiency. In addition, the Company has also actively paid attention to and participated in the trial and development of new energy-powered vessels. At the beginning of the new year of 2022, the Company leased in the first LNG-powered container vessel "MV TIGER LONGKOU", taking the first step in the exploration of new energy vessels.

In 2022, the Company further strengthened the implementation and execution of environmental KPIs, and included environmental KPIs in the performance appraisal of senior management. Internal training on ESG data collection was held many times to improve the accuracy and scientificity of data. The external verification of ESG report for the first time was recognised by the third-party institution. The Company applied the "core option" of the GRI (Global Reporting Initiative Standard) for the first time in the preparation of the ESG

report for 2021. The Company also explored and researched the TCFD disclosure framework and completed training for directors and senior management on TCFD.

Looking ahead to 2023, the industry is expected to face severe challenges due to lack of overall driving force for global economic growth and substantial increase in the delivery of container vessel shipping capacity. Globally, the Asian economy will be relatively optimistic. The International Monetary Fund and the Asian Development Bank predict the economic growth of 4.9% in the Asian market in 2023. In particular, the adjustment of pandemic prevention policy and the overall economic recovery in China will inject vitality into the growth of Asian trade. With the implementation of measures for certifying the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Index (CII) in the global shipping industry by the International Maritime Organization (IMO), old vessels will be phased out, which will suppress the growth of effective shipping capacity in the region. Through deepening its development in the Asian market, and optimizing its asset allocation and operating efficiency, the Company will be able to seize the opportunities brought about by industry adjustment.

## STATEMENT OF THE BOARD ON ESG MATTERS:

The Board comprehensively supervises the strategies formulation on ESG matters, performance management and target progress.

The Board has set up the sustainable development committee (the "Sustainable Development Committee") to put forward suggestions regarding the Company's long-term development plan, sustainable development policies, and guide the stakeholder communication. The Committee also reviews the policies, management framework and day-to-day operations in respect of environmental and social responsibilities and sustainable development at least every half a year. In addition, the Sustainable Development Committee puts forward suggestions to the Board on relevant work.

The Board has set up the risk management committee (the "Risk Management Committee") to review the major risk identification and response, especially the identification and response to climate risks, so as to ensure that the related risks are promptly and effectively identified and properly managed, as well as to review existing risks at least semi-annually and advise the Board on potential future risks.

Based on the effective communication with stakeholders, combined with the actual situation of the Company and the opinion of the management, the Board determines the importance of various ESG indicators.

# Corporate Governance

## 1.1 ESG MANAGEMENT PHILOSOPHY

In the context of the deteriorating environment today, the promotion of green and low-carbon development has become a global trend. Green development is not only a social responsibility to be fulfilled by listed companies, but also an internal requirement for cost reduction and efficiency enhancement. It is of vital significance to the survival and sustainable development of SITC. As an integrated logistics service provider in Asia, the Company upholds the business principle of being a responsible enterprise and the tenet of balancing business development with corporate social responsibilities. Striving to incorporate the sustainable development concept into its day-to-day operations and major business decision making, the Company has been committed to creating a long-term value for its shareholders, customers, employees, supply chain partners and the public and delivering a positive influence.

The Company is committed to fulfilling the international safety management rules and shares the objectives of ensuring safety at sea, preventing human injury or loss of life, and avoiding damage to the environment (especially to the environment at sea) and to the loss of property under the rules. Accordingly, the Company has formulated the safety and environmental protection policy of “ensuring safety, protecting the environment, safeguarding health” and the efficiency policy of “energy conservation and emission reduction, high efficiency and low consumption”.

Upholding the philosophy “Personnel is SITC’s greatest asset. Only by cultivating top-calibre employees can we provide first-class services to customers, create first-class value and achieve sustainable development” as its core value, the Company has continuously improved its employee selection, training, development and incentive systems, and taken the initiative to share corporate development and growth with employees to enhance their cohesion.

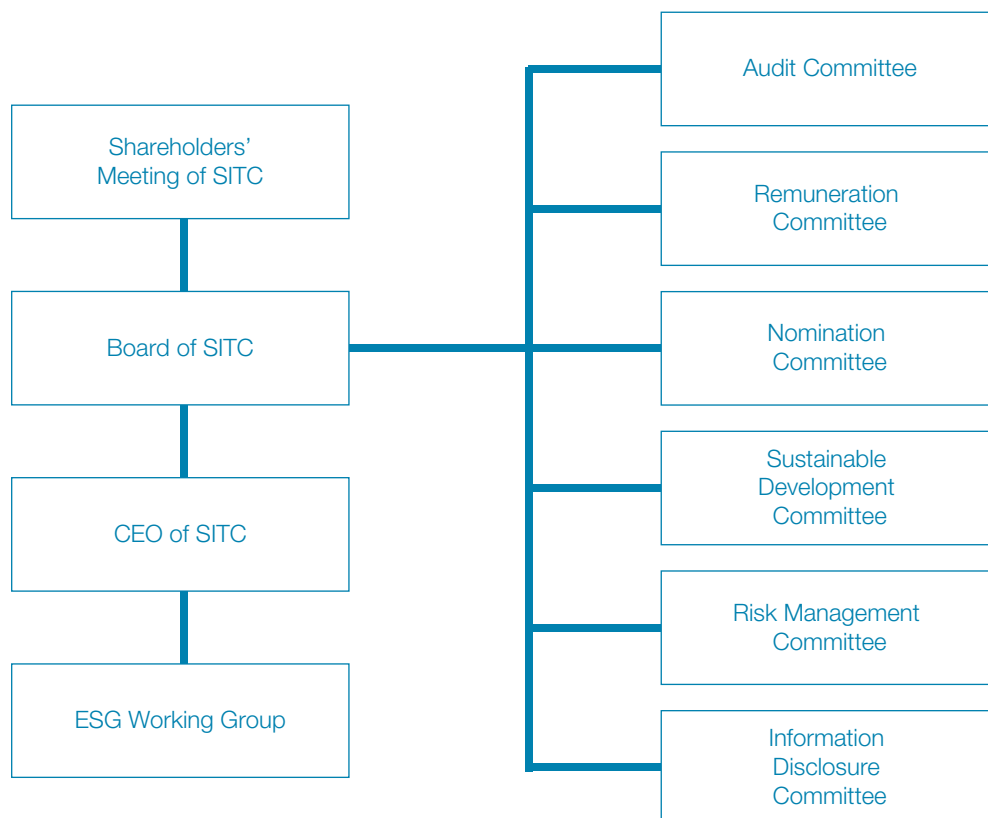
Working with qualified suppliers, the Company has flexibly and rapidly met the increasingly individualized logistics needs of customers to ensure they respond to changes in supply chain efficiently and jointly resolve the supply chain problems in economically underdeveloped countries and regions, thereby striking a balance between commercial value and social value. The Company undertakes to follow relevant industry conventions and regulations as well as other laws and regulations regarding economics, human rights, personal privacy, competition, etc., and provide customers with quality services under the lawful framework.

The Company has formulated high standards of code of business conduct, in addition to complying with the relevant regulations promulgated by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the Company, according to the laws and regulations of the place where it operates, has prepared the “SITC International Holdings Limited System Compilation” and makes amendments every year, which specifies in detail the code of conduct that the Company shall observe in business, finance, labour and employment, administrative management, risk control, compliance management, etc., to ensure that the Company’s all behaviors follow the principles of fairness, transparency, integrity and compliance.

The Company is committed to creating greater values for stakeholders to help achieve its sustainable development goals. In light of the Board diversification policy, the Company has actively given play to the role of independent non-executive directors, and respected their professional advice and independent opinions. As at the date of this report, the Board of the Company consists of 9 members, including 5 executive directors, 1 non-executive director and 3 independent non-executive directors, of which 3 are female directors. The composition of the Board has taken full consideration into the opinions of shareholders. After the conclusion of the annual general meeting, the vote percentage of the re-elected Directors will be counted and corresponding measures will be taken. The appointment of directors shall simultaneously satisfy the requirements of diversity, independence and influence of related industries. The audit committee, the remuneration committee, the nomination committee, the Sustainable Development Committee, the Risk Management Committee and the information disclosure committee have been established under the Board. In 2022, the Company restructured the audit committee to enhance the independence and professionalism of its audit committee. The Company has been striving to establish a sound sustainable development structure, set up various key performance indicators (“KPIs”), improve internal management system, optimize IT systems and further improve corporate governance, thus striving to accomplish the corporate governance goal: to create a credit-oriented environment of high transparency and clear accountability so as to secure long-term investment, financial stability and business integrity, thereby supporting more robust growth and a more inclusive society.

## 1.2 ESG MANAGEMENT STRUCTURE

Upholding a high-level corporate governance, SITC has established well-defined, highly transparent corporate governance procedures and systems to consolidate a long-term corporate development and safeguard the interests of its shareholders.



- The Board is responsible for the approval of the Company's ESG strategy, performance management and the oversight of target progress;
- The Board has established the Sustainable Development Committee, which comprises four executive directors of the Company. Mr. YANG Xianxiang, an executive director and Chief Executive Officer, serves as the chairman of the Sustainable Development Committee and the company secretary acts as the secretary of the Sustainable Development Committee. The Sustainable Development Committee shall submit the Sustainable Development Report of the Company to the Board every half a year, report the progress of various ESG matters during the reporting period of the Company in detail, and make recommendations to the Board.
- The ESG working group is coordinated by the compliance and risk control departments, and is composed of the heads of finance, business, administration and other relevant departments. It is responsible for collecting and sorting ESG matters and data, formulating and submit KPI targets to the Sustainable Development Committee for approval, and promoting the implementation and execution of various goals. It reports the summary results to the Sustainable Development Committee on a monthly basis, and evaluates the relevant KPI indicators of senior management.

In 2022, the Sustainable Development Committee of the Company summarized and analyzed the 2021 ESG matters, and investigated and summarized the completion progress of various KPIs for the first half of 2022. It reviewed and inspected all aspects of the Company's ESG management, and proposed a series of improvement measures and steps to the Board. The Board is generally satisfied with the Company's performance on 2022 ESG matters.

## Corporate Governance

### 1.3 CONFLICT OF INTERESTS

The Company provides directors with sufficient resources to ensure that they have access to independent advice. Any director who has a conflict of interest in a matter to be considered by the Board will be dealt with through a physical Board meeting rather than a written resolution. The directors concerned are required to declare their interests and abstain from voting before the meeting and shall not be counted as a quorum for the resolution. Independent non-executive directors who have no interest in the matter should attend the Board meeting. The Company has established an information disclosure system, a connected transaction system and an internal audit system to effectively prevent conflict of interests. Prior to entering into contracts with suppliers, customers and partners, connected transaction review is required for necessary approvals and disclosures. The shareholding relationship between the Company's management and related parties and the transactions between the Company and related parties have been disclosed in detail in the Company's 2022 annual report.

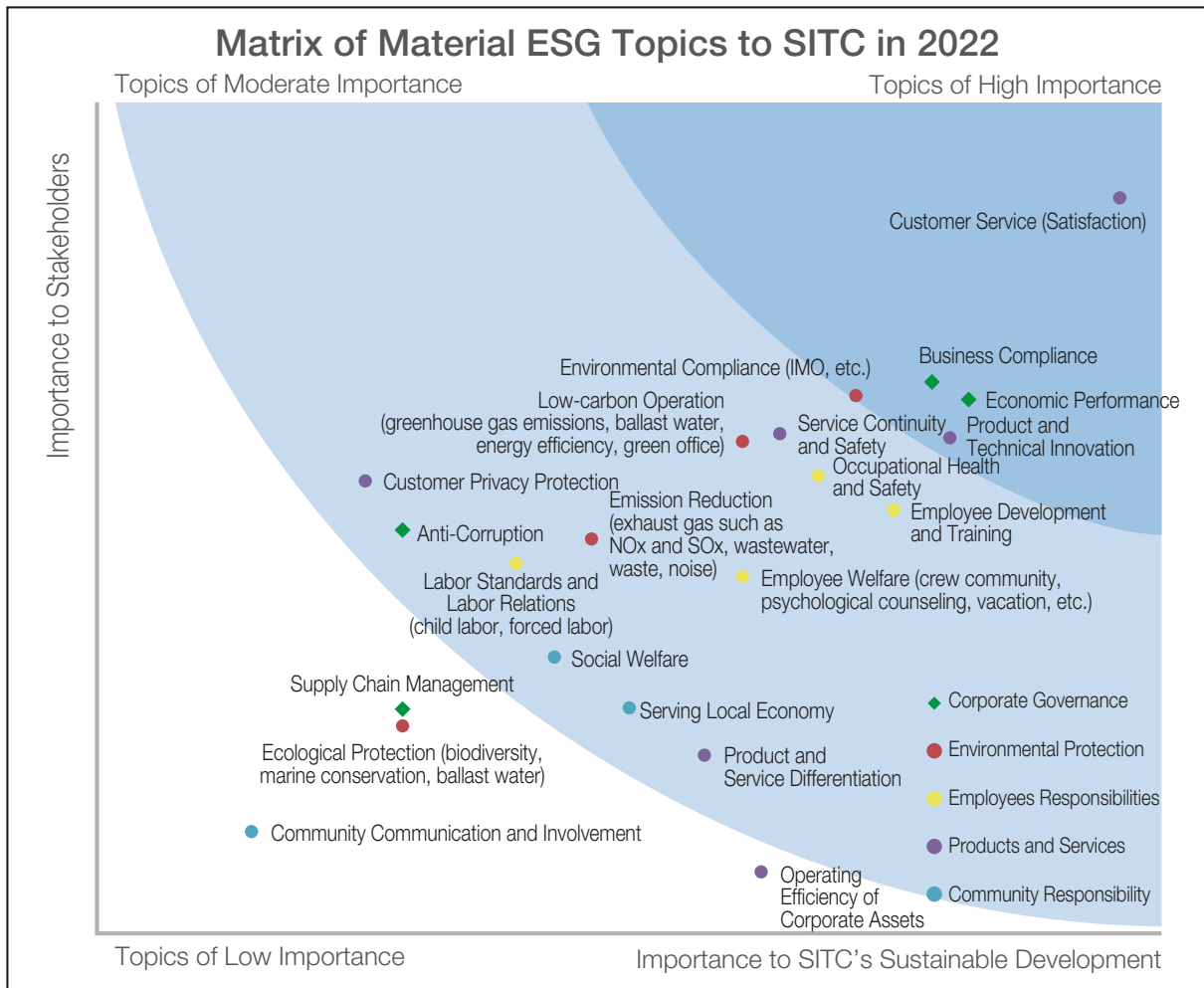
### 1.4 STAKEHOLDER ENGAGEMENT

The sustainable development of a company is closely related to its stakeholders. Effective stakeholder engagement during business operations can help the Company to accurately evaluate the impact of its decisions, promptly adjust the actions and ultimately realize the sustainable development of SITC and its stakeholders. Attaching great importance to stakeholder communication, the Board has always been opened to opinions from different perspectives and taken them as an important basis for ESG improvement. By reviewing the types of stakeholders and issues arising from our operations, the Company has identified the important stakeholders and the way they engaged.

Stakeholders	Issues concerned	Means and frequency of communication	Responsible department
Employees	Staff development and training Occupational health and safety Remuneration and benefits	Questionnaire survey (scheduled)	Human resources department/ administrative department of the headquarters and companies
		Team building (scheduled)	
		Symposium (unscheduled)	
		Staff training (scheduled)	
		Complaint hotline (unscheduled)	
Customers	Customer satisfaction Service continuity and safety Customer privacy protection	Annual meeting (scheduled)	Marketing department of the headquarters and customer service department of companies
		Satisfaction survey (scheduled)	
		New product launch (unscheduled)	
Suppliers	Employee benefits and rights Anti-corruption Emission reduction	Regular visit (scheduled)	Marketing department, operation department, investment department, internal audit department
		Regular exchange visits (scheduled)	
		Training (unscheduled)	
		Strategic cooperation (unscheduled)	
		Cooperation and anti-corruption interviews (scheduled)	
Shareholders and investors	Operation efficiency of company assets Product technology innovation Occupational health and safety	Participation in bidding (unscheduled)	Investor relations department, securities department, finance department
		Annual general meeting (scheduled)	
		Results conference (scheduled)	
		Investor meeting (unscheduled)	
		Roadshow and reverse roadshow (unscheduled)	
Financial institutions (banks)	Asset operation efficiency Customer service Environmental compliance	Announcement (unscheduled)	Treasury department, finance department
		Green financing project (unscheduled)	
		Thematic meeting (unscheduled)	
Media	Commercial compliance Emission reduction Product technology innovation	Regular visit (scheduled)	Investor relations
		Interview (unscheduled)	
Regulatory authorities	Emission reduction Employee benefits and rights Contribution to local economy	Telephone communication (unscheduled)	Shipping management department, crew management department, route management department, etc.
		Telephone consultation (unscheduled)	
		Visit (unscheduled)	
		Publication of various regulations (unscheduled)	

# Corporate Governance

In addition to communication with various stakeholders through daily business, thematic meeting, telephone communication, etc., the Company also seeks stakeholders' opinions and suggestions on the Company through annual questionnaires. In 2022, the Company invited employees, major customers, suppliers, financial institutions, shareholders, government regulators, media and other stakeholders to assess the importance of 21 topics in four categories concerning SITC through online questionnaire-based survey, and set up open questions to ensure full feedback from stakeholders. More than 2,300 questionnaires were collected in this activity, from which we selected 80 questionnaire results for analysis. Based on the results of the questionnaire analysis, the Board formulated a key matrix of the following indicators:



## Corporate Governance

### 1.5 MATERIALITY ANALYSIS

Stakeholder engagement is critical for the Company to determine materiality, and based on daily communication with stakeholders, questionnaire results and the Company's industry characteristics, the Company has identified the following eight material issues in 2022.

Material issues	Materiality	Main policy	Corresponding Chapter
Customer Service (Satisfaction)	★★★★★	SITC's business model: To focus on the Asian region, to provide customers with efficient and high-quality logistics services, and to become their preferred provider	Responsible Operations
Commercial Compliance	★★★★★	The Company ensures that its business activities comply with environmental regulations and economic regulations by establishing various internal control and review processes.	Responsible Operations
Economic Performance	★★★★★	SITC's development mode: focusing on self-operated and asset-light models, establishing logistics channels and facilities integrating sea and land, continuously improving the high-density and high-frequency sea liner network, to offer customized logistics services.	Responsible Operations
Products and Technology Innovation Service Continuity and Safety	★★★★★ ★★★★★	SITC's business model: To focus on the Asian region, to provide customers with efficient and high-quality logistics services, and to become their preferred provider	Responsible Operations
Environmental Compliance (IMO)	★★★★★	The Company complies with various environmental protection conventions and regulations. To reduce average age of vessels and reduce energy consumption by increasing the proportion of newly built vessels.	Environmental Protection
Occupational Health and Safety	★★★★★	"Employees are SITC's greatest assets" is the Company's core value. The Company has always put the protection of employees' life, health and safety in the first place, and aims to eliminate work-related injuries.	Harmonious Development
Staff Training and Development	★★★★★	SITC's values: Employees are SITC's greatest assets; only top-calibre employees can provide first-class services; and only creating first-class value can a company achieve long-term development.	Harmonious Development

# Responsible Operations

As one of the leading shipping and logistics groups in Asia, SITC has focused on providing integrated transportation and logistics solutions. Upholding the philosophy and culture of promoting synergetic development of the economy, society and environment, the Company has organized and conducted its business activities in a socially and environmentally responsible manner for common and sustainable development of the society and environment.

## 2.1 ECONOMIC PERFORMANCE

While creating economic benefits, the Company has been actively undertaking social responsibility to ensure sustainable corporate development, and striving to give back to the stakeholders.

In terms of operations, the Company has been focusing on Asia during its development, and has been committed to providing efficient and quality logistics services to customers and becoming their preferred provider. Based on the operating models of self-operated and light assets, the Company has established ocean and land integrated logistics channels and facilities to offer customized logistics services. In 2022, in addition to the COVID-19 pandemic still impacting the global economy, the Russian-Ukrainian conflict, the energy crisis in Europe, and the high inflation and continuous interest rate hike, resulted in a sharp decline in global consumer demand, which was reflected by the decline in cargo volume, excess shipping capacity, and lower freight rates in the container logistics market. Through flexible allocation of shipping capacity, improvement of vessel fleet structure, optimization of asset allocation and operational efficiency, the Company grasped the opportunities brought by industry adjustment.

The Company has established a unique business model based on customers' needs to obtain the trust of high-quality customers. Meanwhile, the Company utilized the industry cycle to establish a cost-leading advantage, coupled with the continuous improvement of operating efficiency, and maintained a higher return on net assets and total assets for a long term.

Year	2020	2021	2022
Return on net assets	31.9%	86.1%	105.9%
Return on total assets	18.7%	49.1%	67.2%

In respect of shareholder return, the Company has continued to distribute dividends to its shareholders since its listing. A scientific, continuous and stable dividend mechanism has been established to ensure that investors have steady investment return expectations. Over the years, the Company has maintained a stable dividend of 70% of the annual net profit, and paid special dividends according to the cash flow situation, so as to give back to the support and trust of our shareholders.

Year	2020	2021	2022
Earnings per share (US Cents)	13.22	43.70	72.70
Dividend per share (HK Cents)	82	320	400
Dividend payout ratio	81%	94%	70%

In respect of interest-bearing debts, as the Company continued to adopt a stable strategy, the debt ratio remained at a low level, thus providing maximum protection to creditors' interests.

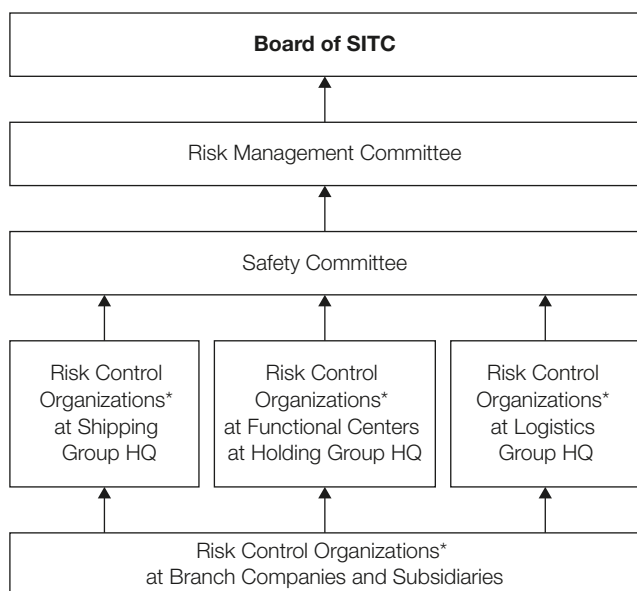
Year	2020	2021	2022
Ratio of total liabilities to shareholders' equity	71%	79%	42%
Interest coverage ratio	67.8 times	85 times	122 times



# Responsible Operations

## 2.2 RISK MANAGEMENT

In view of the high-standard integrity and business ethics as the operating principle, the Company has detailed all risk points in business activities and internal measures and control processes for these risk exposures, and further established a scientific and systematic internal control system. The risk management committee has been established under the Board, consisting of one executive director and three independent non-executive directors, of which Mr. TSE Siu Ngan, an independent non-executive director, serves as the chairman of the committee, aiming to establish a sound and integrated risk management organization.



Remark:

\* Risk control organizations include risk management teams and crisis PR teams

The Company follows COSO’s guidance on enterprise risk management. Coupled with the formulation and execution of strategies, the Company carried out culture building, competence development and practice in respect of risk while creating, maintaining and realizing value. The Company has formulated the “Risk Assessment and Prevention” system, which specifies the responsibilities of organizations at all levels in the risk management

structure: the heads of SITC’s subsidiaries and departments (centers) are the first line of defense for risk management; the audit department of the operation management center together with the Risk Management Committee and the safety committee under the Board serve the second line of defense for risk management; and the Board is the third line of defense for risk management. In addition, the internal control post authorization, reporting, approval, responsibility, auditing, assessment systems, the major risk early warning system and the emergency response mechanism have been established to clarify risk early warning standards. The Risk Management Committee shall meet at least twice a year to summarize the risk management work, and hold special risk meetings from time to time.

The Company has compiled the Risk Description and Control Summary Sheet, to implement risk prevention and control measures, and specify the corresponding positions and responsible persons for prevention and control. The Company shall organize at least one questionnaire survey on risk prevention and control participated by all employees every year to identify the new risks faced by the Company in the new period, new environment, and new business, and seek opinions on the “Risk Description and Control Summary Sheet”. In 2022, the Company also organized climate-related risk training attended by senior management and employees, specially organized the identification of climate-related risks, and implemented risk prevention and control measures.

The Risk Management Committee of the Company reviews and revises the Risk Description and Control Summary Sheet on a semi-annual basis. In 2022, the Company newly identified three major risks including “credit risk of a deposit bank”, “risk of market preference to environmental protection” and “environmental technology updates”, and implemented prevention and control measures. As at the end of 2022, the Risk Description and Control Summary Sheet of the Company has listed a total of 188 risk items, including 36 major risk items. In addition, the Company also organizes managers above the middle level to prioritize the major risk items identified every year and clarify the priorities of the Company’s risk prevention and control.

## Responsible Operations

Based on the results of questionnaire survey, the top ten risks facing the Company are summarized as follows:

Risk	Risk area	Overall ranking
Risk of IT system failure	Operational risk	1
Risk in vessel navigation	Operational risk	2
Risk of supply chain changes	Strategic risk	3
War risk	Operational risk	4
Risk of transport of hazardous goods	Operational risk	5
Risk of new route development	Operational risk	6
Risk of collection of accounts receivables	Financial risk	7
Risk of changes in environmental protection policies in the industry	Compliance risk	8
Risk of leakage of trade secrets and core technologies caused by the departure of personnel in important positions	Operational risk	9
Risk of lagging digital applications such as blockchain and artificial intelligence	Strategic risk	10

Among the major risk items, the top three risk sub-items are as follows:

Risk	Risk area	Overall ranking
Risk of IT system failure		1
Risk in vessel navigation	Operational risk	2
War risk		4
Risk of transport of hazardous goods		4
Risk of supply chain changes	Strategic risk	3
Risk of lagging digital applications such as blockchain and artificial intelligence		10
Risk associated with signing RCEP		26
Risk of collection of accounts receivables	Financial risk	7
Tax risk		11
Exchange rate risk		17
Risk of changes in environmental protection policies in the industry	Compliance risk	8
Risk of changes in anti-monopoly laws and regulations in the industry		17
Risk of labour disputes		29

Compared with 2021, the risk ranking of pandemic risk, terminal closure risk due to major accidents, strikes and other reasons, risk of changes in anti-monopoly laws and regulations in the industry decreased significantly, while the ranking of risk of collection of accounts receivables, risk caused by unfavorable terms of transaction contracts, and risk of changes in environmental protection policies in the industry increased significantly, which attracted the attention of the Group's management, and the following precautionary measures have been taken.

- 1) Holding special meetings to analyze new risks and formulate precautionary measures in a timely manner.

## Responsible Operations

- 2) Checking the qualification of existing credit customers uniformly; strictly examining and approving new customers for credit sales; strictly carrying out the pre-renewal review of the automatic renewal contracts upon expiration; and investigating and publishing the list of blacklisted customers within the Group.
- 3) Formulating and using the Company's own contract template as much as possible, carefully conducting contract review, and seeking lawyers' opinions if necessary.
- 4) Monitoring the changes and trends of industry laws and regulations, and consulting lawyers when necessary, and responding in advance in terms of new shipbuilding, vessel chartering, fuel consumption, and types of cargo to be transported.

Further, the Company also organizes the prioritization of prevention and control measures for major risks and the effectiveness thereof every year, to identify the weak points of the Company's risk prevention and control, so as to organize and optimize prevention and control measures.

The Company's internal audit department constantly carries out internal audits every year, and dispatches the Group's business backbone personnel to participate in the audits. The Company's routine audit is conducted every 3 years for companies in Mainland China and once every 2 years for companies outside China, and also conducts off-office audits, as well as special audits on IT, anti-fraud whistle-blowing, complaints, etc. The audit covers finance, administration, staffing, business, IT systems, environmental protection, anti-corruption, security, etc. Through internal audit, the Company and employees work together to investigate, and communicate, solve and improve the Company's process system and risk prevention and control measures. For major or common problems found in internal audit, special audit meetings will also be held to discuss and implement solutions.

### 2.3 ANTI-CORRUPTION

While attaching great importance to clean management, the Company is determined to put an end to bribery, extortion, fraud and money laundering of any form. The Company strictly complies with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

The Board (Risk Management Committee) of the Company is responsible for assessing the risks that the Company is willing to take to achieve its objectives, leading, implementing and supervising the anti-corruption system, determining anti-corruption policies, and regularly reviewing the work details of the effectiveness of the anti-corruption system.

- 1) The Company has formulated the Anti-Bribery Policy and the Code of Conduct for Employees, and announced the Group's anti-corruption policy throughout the Group, emphasizing that "the Company prohibits any form of corruption and bribery, and the system applies to all directors and employees", and setting out the principles and boundaries that are required to be followed in giving and receiving gifts, discounts and commissions, as well as the supervisory responsibilities of each rank.
- 2) The Company has promulgated the Anti-Fraud, Reporting and Complaint System to establish a sound and transparent anti-fraud, reporting and complaint mechanism. A reporting hotline and e-mail have been disclosed on the Company's website to receive real or anonymous reports from employees and external third parties. The Company has set up a functional department responsible for handling complaints and whistle-blowing, which shall handle complaints and whistle-blowing in accordance with prescribed procedures and within prescribed time, and give feedback to the complainants. The Company has also formulated protection measures for whistleblowers, to encourage relevant personnel to disclose fraud and cheat, and ensure that the personal interests and benefits of complainants or whistleblowers are not infringed. In 2022, the Company did not receive any complaints and whistle-blowing.
- 3) The Company has strengthened capital management and control. The Fund Management System clearly stipulates that "all capital receipts and payments shall be made based on a true and legal business background. Any form of illegal acts such as bribery, extortion, fraud, and money laundering, or fund receipts and payments that violate company policies are prohibited."
- 4) The Company has strengthened its publicity and training of anti-corruption policies for its employees. The Company has regularly organized training for all employees of the Group (including part-time employees and outsourced personnel),

## Responsible Operations

and published the Corruption Prevention Tips, the Practical Guidelines for the Corruption Prevention System of Listed Companies and the Corruption Prevention Training Materials of SITC on the Company's internal website for its employees to consult and study at any time.

- 5) The Company has carried out questionnaire surveys among employees to investigate the anti-corruption status of the Company. A questionnaire survey on 733 interviewees was completed in 2022, of which 60.6% of the staff believed that there were no corruption issues in the Company, 39.3% of the staff were uncertain or doubtful, and only 1 employee believed that corporate corruption is common. The Company also interviews suppliers, publicizes the Company's anti-corruption policy, accepts the supervision of suppliers, and advocates a clean, just and fair competitive environment. In 2022, the Company interviewed 42 suppliers.
- 6) The Company has formulated the Internal Audit System to organize internal and external audits on a regular basis, and implement the rotation system, thus effectively preventing corruptions. In 2022, the Company implemented a total of 33 audits, and carried out routine audits on 31 subsidiaries and branches, and a special audit on the processing of private debt and accounting of a Philippine company. In addition, the Company has strictly implemented its job rotation system. During the reporting period, 14 persons in charge of finance and 10 persons in charge of independent operations were rotated.

There was no bribery, extortion, fraud and money-laundering related case in the Company during the reporting period.

### 2.4 CUSTOMER SERVICE

"Customer always comes first" is one of the core values upheld by SITC, and a key strategy for SITC to develop and maintain competitive strengths. Customer service satisfaction is directly related to the survival and development of enterprises.

Adhering to its service strategy of "professionalism, expertise, specialization and innovation", the Company focused on the operation of routes in the Asian region, and was committed to providing customers with refined, unique and innovative services to earn the long-term trust of customers.

Revenue from customers by geography as a percentage of the total revenue is as follows:

Geography	Percentage of revenue
Greater China*	48%
Southeast Asia	28%
Japan	18%
Others	6%

\* Greater China includes Mainland China, Hong Kong and Taiwan.

In 2022, the Company had approximately 760,000 active customers in Greater China, Indonesia, Japan, South Korea, Cambodia, Malaysia, Thailand, the Philippines, Vietnam and other countries and regions. Customers are mainly consumer-related manufacturers and traders subject to annual contracts for long-term cooperation.

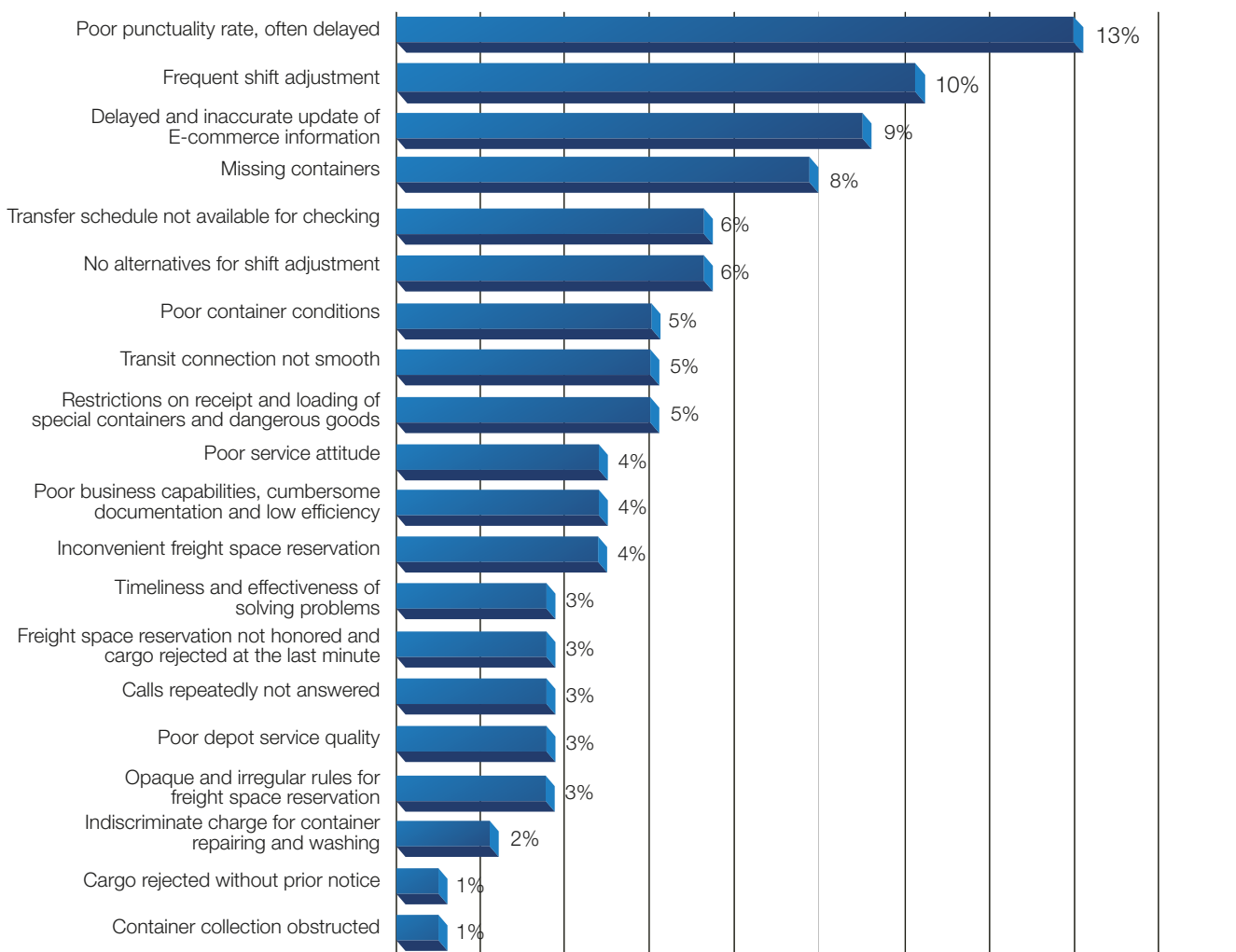
Through WeChat Official Account and email, the Company has been providing customers with real-time port closure and typhoon information, new policy interpretation and new services for promotion to further improve customer experiences. In 2022, in the circumstances of the recurring COVID-19 pandemic and Shanghai having been locked down for more than two months, the Company provided customers with certain logistics solutions such as multi-port options and land transportation to water transportation to ensure that goods could still be shipped normally during the pandemic; developed models such as sea-rail intermodal transportation to reduce customers' costs; reduced the circulation of customers' documents through process optimization such as releasing orders with blockchain to improve efficiency; communicated with customers through EDI, and assisted customers to complete the visual management of the whole supply chain, to improve customers' ability to control logistics.

Through such diversified channels as regular meetings, business visits and seminars every year, the Company has been reaching out customers for opinions and suggestions, making adjustments and innovations in line with dynamic market demands to continuously improve and enhance its customer service level. The Company also conducted customer satisfaction survey to understand customer needs and improve service quality.

In 2022, the Company solicited customer's opinions on the satisfaction of container shipping services and logistics services.

## Responsible Operations

The degree of satisfaction of 20 sub-items under the container transportation service ranking from low to high is as follows: of which, punctuality rate and shifts are still service contents that customers concerned about, missing containers has been effectively mitigated, and the degree of satisfaction of service attitude has increased.



The following rectification measures have been taken for the items with low level of customer satisfaction:

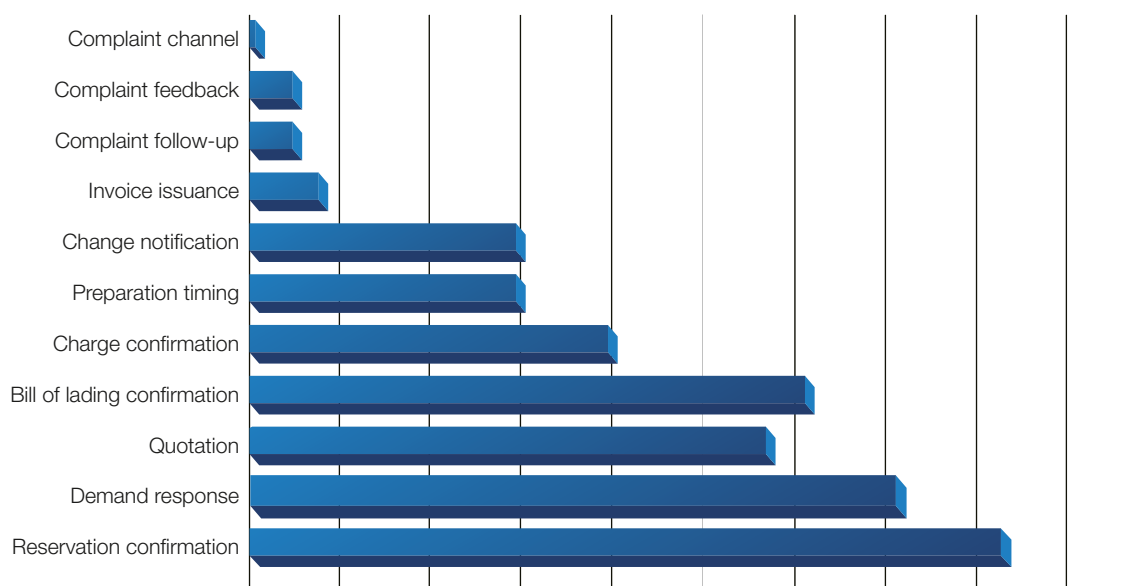
- 1) As new vessels have been put into operation one after another, the fleet has been expanded; routes delayed seriously have been effectively improved through being temporarily substituted by vessels working overtime for voyage; and service quality of the Philippines, Thailand-Vietnam, and China-Japan routes have all been improved by extra vessels;
- 2) Shift Scheduling Center has reasonably coordinated shift adjustment to ensure the optimal plan;
- 3) Attaching importance to digital construction, and strengthening mobile Internet strategy, to improve e-commerce capabilities and levels.

## Responsible Operations

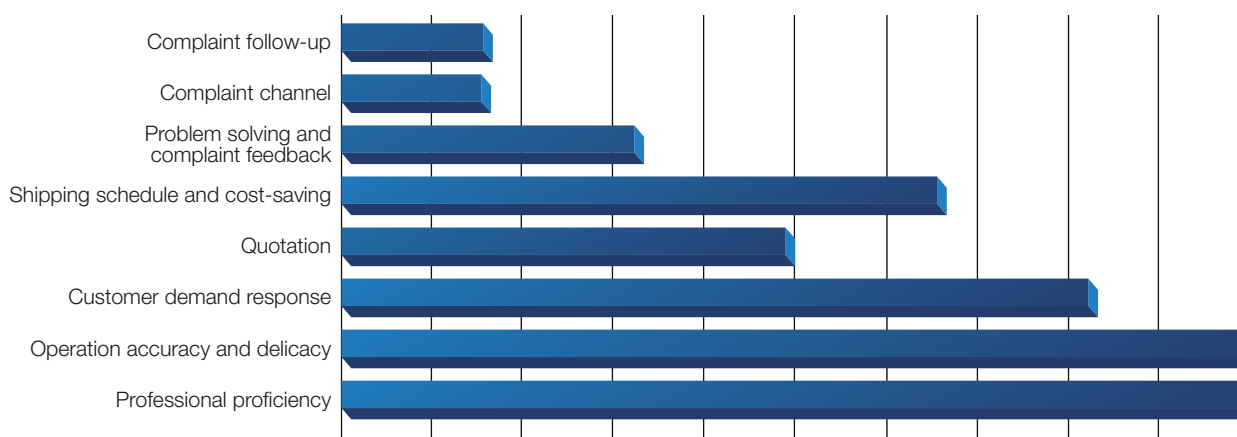
The improvement of customer satisfaction has always been an important goal and direction for the Company to pursue in customer service, each branch of the Company has set up customer satisfaction indicators, which requires customer satisfaction percentage to reach 85%, covering 50% of customers, collecting customer satisfaction feedback through questionnaire surveys at the end of the year, and publishing rankings among branches.

In terms of logistics business, the Company has conducted a survey on customer satisfaction in four sectors: freight forwarding business, shipping agency business, customs declaration business, and depot business, and satisfaction in descending order is as follows:

- Freight forwarding business

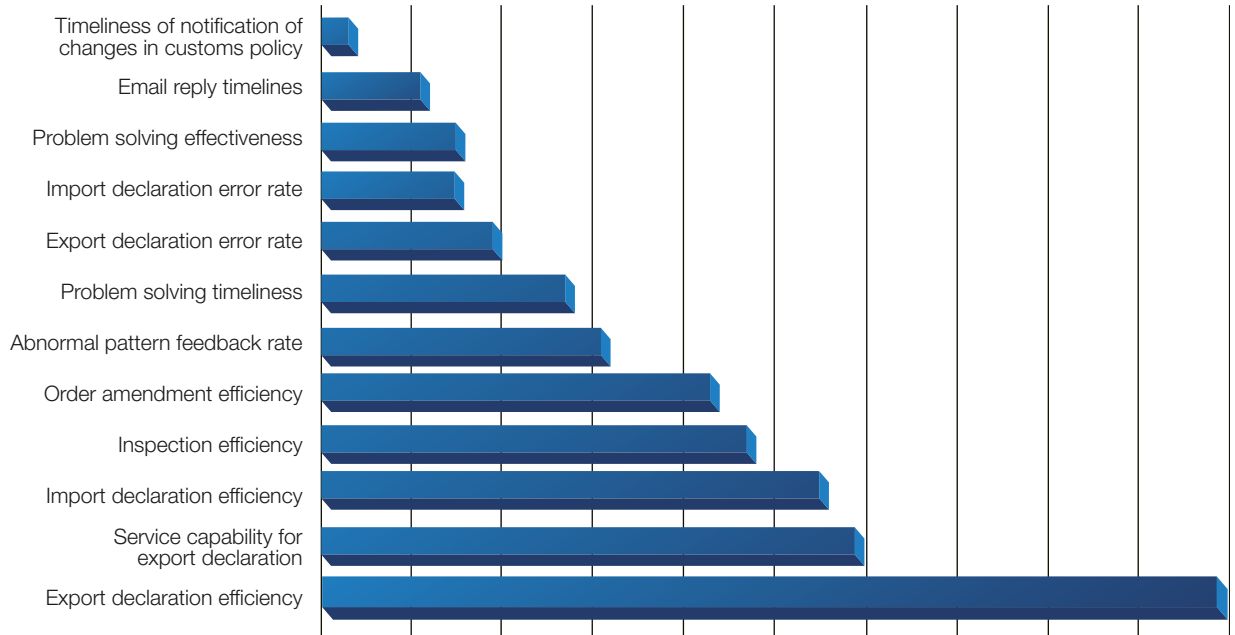


- Shipping agency business

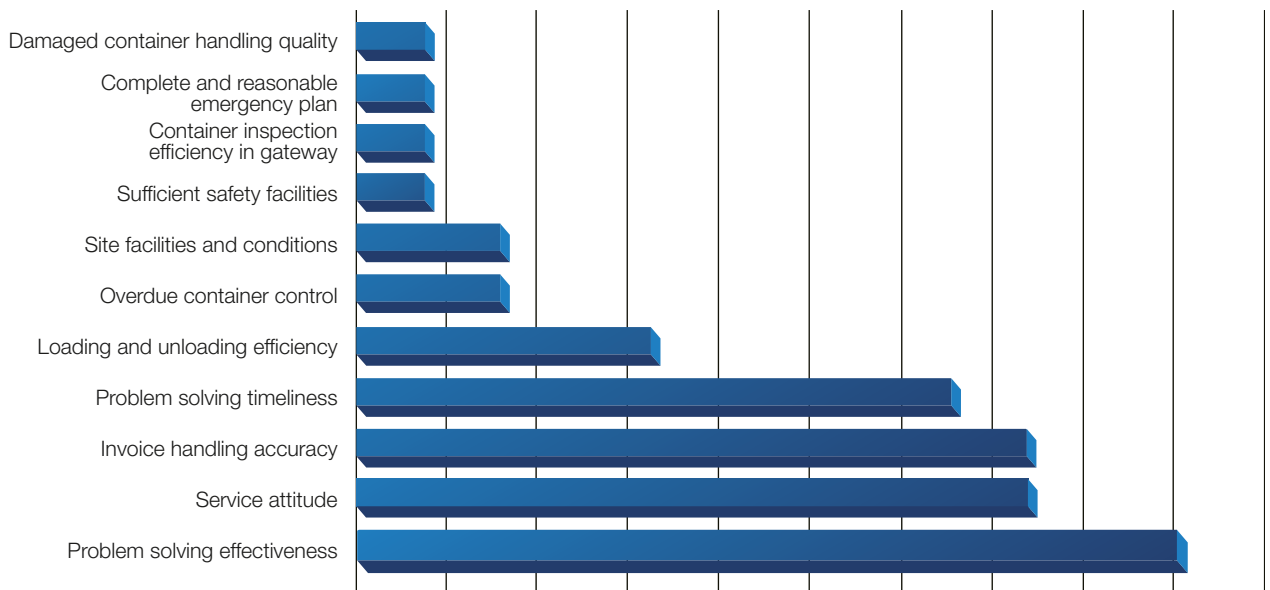


## Responsible Operations

- Customs declaration business



- Depot business



In view of the above items that customers are not satisfied with, the Company has taken the following improvement measures:

- 1) Strengthening the application of logistics system to realize the transmission and connection of electronic information and documents with customers, and giving online feedback on each key stage of orders, to reduce the error rate and improve the feedback efficiency;

## Responsible Operations

- 2) According to the business volume statistics, about 60% of the depots have realized paperless container pick-up. Through improving service timeliness and quality, and reducing error rate, the Company has greatly improved customer experience;
- 3) Setting up a special safety management department, the logistics group carrying out safety inspection and sharing safety experience every year. The Company has installed safety facilities according to the actual business situation, and increased automation investment to reduce labour;
- 4) Customizing services according to customer needs, and enhancing efficiency through professional system optimization, to improve customer experience;
- 5) Regularly notifying customers of customs policies, dynamics and changes through official accounts, embedded emails, etc.;

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In strict compliance with laws and regulations regarding chemical and hazardous substance transportation and storage as well as SOLAS Convention, the Company has been providing customers with safe and reliable logistics services.

In 2022, SITC Container Lines' three shipping lane sections including Korea–Southeast Asia, Korea–Japan and Korea–China were subject to antitrust investigation by the Korea Fair Trade Commission (all major maritime merchants in Korea were investigated), respectively, and were found to have violated the Maritime Shipping Law and the Monopoly Control and Fair Trade Law and were required to pay a fine of US\$1.705 million. The Company has appealed the aforesaid judgment and is awaiting a final judgment.

During the reporting period, the Company has not been subject to fines or non-economic penalties arising from violation of product and service laws and regulations.

The Company cannot report recalls of products it ships for safety and health reasons because the Company does not arrange for recalls.

Moreover, the Company has established a complete customer complaint and dispute resolution mechanism, and set up customer complaint departments in the business companies and Headquarters to handle complaints and disputes in an efficient and proper manner. In 2022, the consolidated shipping segment handled a total of 24

customer complaints, and a follow-up mechanism was established for all complaints to ensure that each complaint was satisfactorily resolved. The Company has further purchased protection and indemnity insurance or tenant liability insurance for all cargo it carries to ensure proper indemnity for the cargo owners in case of damages to cargoes. Timely and effective settlement of customer claims have minimized the losses of customers and enhanced their satisfaction. In 2022, the Company handled an average of 18 claims monthly and made a compensation of US\$535,000 for damage of cargoes for the whole year.

The Company attaches great importance to the maintenance and protection of intellectual property rights, especially the management and maintenance of trademarks of the Company, so as to provide customers with clear trademark guidelines with the Company's characteristics. The Company has registered "SITC" and "海豐" trademarks in more than 20 countries and regions in accordance with relevant local regulations, and has used trademarks in our container vessels, containers and offices in a regulated manner. In 2022, the Company had no intellectual property disputes.

Under the principle of being responsible to customers, the Company has been committed to protecting the safety and privacy of customer information. In strict compliance with related laws and regulations, the Company has improved information safety management mechanism, strictly protected and rationally used customer information.

- 1) The Company has signed confidentiality agreements with most companies to ensure the security of customer information.
- 2) For online booking involving the collection of customers' business licenses and other information, the Company has set up a strict examination and approval process, relevant approvers shall access the information within authority, and the customer information after being approved will be filed into the database, which only the administrator has the right to access, and no other person has the right to access and use without permission.
- 3) Highly valuing the development of employees' information safety awareness, the Company has stipulated in the corporate regulations and Employee Manual that without prior consent, no one shall disclose any customer information to any unrelated company, department or person in any form on any occasion.

During the reporting period, the Company has found no case occurred in relation to customer information leakage.

There is no quality inspection and product return procedure because the Company's business does not involve the production and manufacture of products.



# Responsible Operations

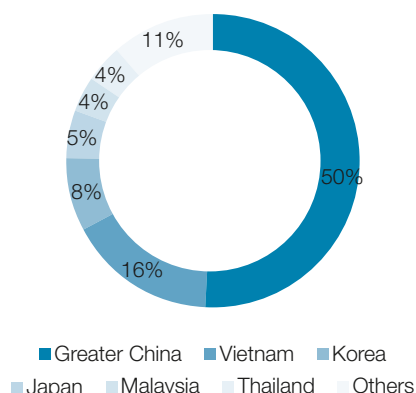
## 2.5 SUPPLIER MANAGEMENT

With the gradual expansion of corporate business, the Company's supply chain network has extended to different areas. Adhering to the principle of equality and mutual benefit, the Company has been committed to establishing stable and close partnerships with suppliers through highly transparent and responsible procurement process and supplier management, so as to effectively boost sustainable growth of economic, environmental and social benefits of the whole supply chain.

### 1. Supplier Overview

As of 31 December 2022, the Company had approximately 7,000 active suppliers from 45 countries and regions, including China, Korea, Japan, Vietnam, Thailand, and Malaysia.

Percentage of Suppliers by Geographical Area



Key supplier categories based on proportion of supplier purchase amount

Supplier category	Service rendered	Proportion of purchase amount
Terminal	Loading and unloading services, use of terminal facilities, cold box plug-in, etc.	25.44%
Fuel	Purchase of fuel	19.20%
Shipyard	Shipbuilding and docking repair	19.13%
Vessel owners	Container vessel leasing	5.73%
Container leasing companies	Container leasing	4.57%

The Group's non-current assets are primarily dominated by its vessels. The directors of the Company consider that the nature of the Group's business and the way in which costs are allocated preclude a meaningful allocation of vessels, their operating profits and related capital expenditure to specific geographical areas as defined under HKFRS 8 Operating Segments issued by the HKICPA. These vessels are primarily utilised across the geographical markets for shipment of cargoes throughout Asia.

### 2. Selection of suppliers

In respect of supplier selection, the Company strictly followed the Supplier Review and Maintenance Management Process. Under the principles of fairness, openness and justice, the service level, safety awareness, ethical standards, industry qualifications, social responsibilities and other indicators of suppliers have been comprehensively assessed through the supplier review system. Quantity and quality are attached with equal importance, and price is not taken as a priority. Furthermore, the conditions of SITC's suppliers are subject to annual evaluation. In case of non-conformities, the Company will suspend the cooperation and request them to be rectified.

The Company has different requirements for the performance capabilities of different types of suppliers. It requires certain qualified suppliers to conduct the "social responsibility assessment", requesting them to acknowledge the sustainable development strategy and provide relevant information and data on social responsibility and sustainable development. The selection of key suppliers follows a more comprehensive and rigorous evaluation process. The Company will perform evaluation on commercial and technical conditions: in terms of commercial, it mainly evaluates the experience, performance, management level, credit status, capital status, delivery date, payment terms, organization, talent team, cost, etc.; in terms of technical, it mainly considers the industry evaluation of suppliers, hardware facilities, asset operation indicators and customer feedback, production design capacity and continuous optimization capacity, qualified Maker list evaluation, past performance, environmental regulations, etc.

## Responsible Operations

Meanwhile, the Company identifies the environmental protection risks of the supply chain and formulates countermeasures. In the process of vessels fuel oil supply, the Company requires that the fuel oil purchased must comply with ISO8217:2010 and above, and the fuel oil supplier must have a sound environmental protection awareness concept and environmental protection management system. Suppliers failing of which will not be used; in the process of purchase, construction and leasing of vessels, the Company requires that the vessels must comply with the emission requirements of IMO, and the shipyard shall issue the Asbestos-free certificate of vessel construction with the International Oil Pollution Prevention Certificate – IOPP, International Air Pollution Prevention Certificate – IAPP, International Domestic Sewage Pollution Prevention Certificate – ISPP and IHM (Inventory of Hazardous Materials); environmental protection certificates such as IEEC (International Energy Efficiency Certificate); in terms of the selection of the container factory, the Company requires the container factory to possess environmental protection qualifications such as the Environmental Management System Certification, the approval document of the local environmental protection department where the container factory is located, and the sewage discharge permit. For logistics-related suppliers, the Company advocates the use of rail transportation, water transportation, and other mass transportation modes as much as possible. If trucking must be employed to complete port container transportation, trunk road transportation and distribution business: on the basis that the price is not higher than that of the same type of fleet, priority is given to fleets with more new energy trucks; all port operations should be completed using new energy trucks as much as possible; and the new energy vehicles in each supplier's fleet include pure electric, hybrid, LNG and hydrogen-fueled vehicles.

### 3. Commitment to sustainable development

The Company adhered to the sustainable development strategy and committed to:

In respect of environmental protection:

- Complying with relevant environmental regulations to reduce waste gas and greenhouse gas emissions, and discharged into water and land according to environmental requirements to reduce the generation of hazardous and non-hazardous wastes.

- Protecting natural resources by using green energy and environmentally friendly raw materials as much as possible, and effectively using various energy sources (including energy, water and other raw materials)

In respect of society:

- Complying with relevant laws and regulations, and reasonably establishing systems regarding remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare.
- Providing a safe working environment to employees to protect them from occupational hazards. Providing training opportunities to employees to enhance their knowledge and skills in performing their job responsibilities.
- Prohibiting the employment of child labour and forced labour.
- Adopting environmentally friendly supply chains, and making requirements for suppliers' environmental performance, to provide customers with safe and environmentally friendly products, and protect customers' privacy.
- Resolutely opposing bribery, extortion, fraud and money laundering activities, and developing effective preventive measures.
- Actively participating in social welfare undertakings.

When sourcing suppliers, the Company also advises that all suppliers, especially key suppliers, are required to agree to follow the sustainable development initiatives issued by the Company while providing services. The Company conducts interviews with suppliers every year to understand their sustainable development strategies, emission reduction targets, labour and employment, human rights protection, social welfare, anti-corruption and other aspects.

## Responsible Operations

### 4. Cooperation with suppliers

Devoted to the improvement of supply chain management efficiency, the Company has further established close relationships with suppliers and enhanced cooperation quality through communication channels such as negotiation, training, visit and symposium in order to strengthen core competitiveness and drive industry development. The Company has also been active in expanding broader and more profound cooperation models with excellent and iconic suppliers within the industry, and establishing long-term partnerships for mutual benefits and common developments with upstream and downstream supply chain partners, so as to promote industrial co-prosperity. The high-frequency and high-density maritime logistics operating model of SITC is dependent on the active support of terminal operators. In order to achieve win-win cooperation, in addition to maintaining strategic cooperative relations with Shanghai Port, Qingdao Port, Dalian Port, Tianjin Port, Guangzhou Port and many other port companies, in 2022, SITC entered into a tripartite strategic cooperation agreement with Hisense Group and Guangzhou Port Group in Qingdao. The entering into of the strategic cooperation agreement between SITC, Hisense Group and Guangzhou Port has laid a good foundation for the three parties to establish a multi-level and regular contact mechanism to build a supply chain channel with strong competitiveness. The Company has maintained long-term stable partnerships with major suppliers such as vessel owners, container companies and fuel suppliers. Over 50% of its suppliers have partnered with the Company for over 10 years. In strict compliance with contractual terms, the Company has settled the payments with suppliers in a timely manner, with an average settlement period of approximately 35 days.

In 2023, the Company will continue to uphold the tenet of balancing business development with corporate social responsibility. Based on compliant operations, the Company will strengthen the management and maintenance of customer and supplier relations, thus develop a multi-win cooperation model featuring steady operations, customer satisfaction and supplier trust. The Company will continue to improve our annual customer dissatisfaction survey, focus on improving the client-side network development, and strengthen communication with customers through the Company's official website, corporate public account, artificial intelligence customer service system and other channels so as to improve customer experience. Supply chain management will be further strengthened to reduce the violation risk and an anti-corruption supply chain system will be jointly established; network construction and business expansion of the Company will be boosted; the scope of sustainability commitments will further be promoted among suppliers; active efforts will be made to test

block chain in international trade, logistics and supply chain finance; attempts have been made to identify the practices of environmental and social risks in each link of the supply chain and to establish relevant implementation and monitoring measures.

### 2.6 CYBERSECURITY

The Company has designed information security, cybersecurity and system security policies to meet the sustainability of the Company's operations.

- 1) Formulating IT security system, management process and inspection system, including: IT infrastructure security, cybersecurity, server security, data security, terminal security, vulnerability management, patch management, password policy, account permission management, etc.
- 2) Establishing a team of personnel responsible for IT security incidents, and formulating countermeasures and recovery process.
- 3) Conducting system recovery tests for each business, financial and other softwares at least once a year.
- 4) Publishing information security cases to employees from time to time, and formulating computer security measures, to enhance employees' awareness of information security.
- 5) Developing responses to climate change risks, establishing a disaster recovery and prevention system and process, and conducting data recovery test and drill at least once a year. The data center location requirements: rich network resources, abundant IT talents, one hour away from the airport, and low probability of earthquakes, floods and typhoons in history, etc.
- 6) At least once a year, external professional institutions will inspect IT security and perform safety reinforcement and optimization based on inspection results. The inspection mainly includes: system vulnerability scanning, Web vulnerability scanning, and web penetration testing.
- 7) Formulating certain systems such as the "Information Technology Security Inspection Procedures" and the "User Account Management Process", and conducting regular inspection.

# Energy Conservation and Environmental Protection

The Company has always been upholding the environmental policy of “Safety Guarantee, Environmental Protection and Health Assurance” in its business operations. A well-designed environmental management system has been rolled out to properly dispose various pollutants and continuously advanced energy conservation and emission reduction. Reduction in resource consumption and pollutant emission has always been incorporated into the Company’s day-to-day business operations. In vessel operation activities, the Company attaches great importance to the protection of biodiversity, actively promotes the industry to fulfill social responsibilities, and drives the harmonious co-existence of human and nature.

## 3.1 EMISSION REDUCTION

The Company has established a sound environmental management system which provides effective measures for different types of pollutants and ensures pollutant emission is following international and local laws and regulations and environmental pollution incidents are eradicated. The Company has used low-sulfur fuel oils to lower the emission of gaseous pollutants, and enhance vessel energy efficiency and reduce the use of fuel oils, which can lower emissions of gaseous pollutants and greenhouse gases from the source. In respect of wastewater generated during vessel operation, the Company has taken measures and monitored data to prevent damage to marine organisms. The Company recycle and reuse non-hazardous wastes on land and at sea as practicable to reduce the amount of wastes generated; non-hazardous and hazardous wastes that cannot be reused are properly disposed of by municipal companies or third-party institutions. In 2022, there were no penalties occurred for environmental pollution or emission violations during our operation.

### 1. Environmental Management System

Continuous efforts have been made to improve the environmental management system. In accordance with the Maritime Environmental Protection Law of the People’s Republic of China, the Regulations on the Administration of Preventing and Controlling Maritime Environment Pollution from Ships, and the IMO International Convention for the Prevention of Pollution from Ships (MARPOL), the Company has formulated internal regulations such as the Garbage Management Plan and the Oil Pollution Emergency Plan. Management methods for various pollutants, greenhouse gas control measures and incident emergency responses have been specified to practically guarantee the strict compliance with international and local laws and regulations in pollutant emission so as to reduce the damage caused to the environment.

### 2. Management of Gaseous Pollutants

Gaseous pollutants generated by the Company primarily consists of nitrogen oxides, sulfur dioxide and particles generated in fuel oil combustion in container vessels operations and vehicles operations. The Company has managed and controlled gaseous pollutants in strict compliance with international conventions and local requirements of respective ports. All operating vessels have been equipped with pollution prevention devices required by international conventions, and awarded with ISPP, IAPP, IEEC and IOPP certificates. Furthermore, the pollutant disposal devices and emission management measures have been continuously improved in line with the latest IMO requirements and local laws and regulations. In 2022, the impact of the COVID-19 pandemic was gradually eliminated, and vessel navigation resumed normal, resulting in a decrease in the average fuel consumption and emissions per vessel of 1.78% and 2.97%, respectively.

#### Emission Data of Container Vessels in Operation

Type of Emission	2020	2021	2022	Year-on-year change
Nitrogen oxides (ton)	36,557	41,743	43,619	4.49%
Nitrogen oxides/vessel	440.45	444.08	436.19	-1.78%
Sulfur dioxide (ton)	4,530	5,233	5,402	3.22%
Sulfur dioxide/vessel	54.57	55.68	54.02	-2.97%

#### Emission Data of Self-owned Land Vehicles

Type of Emission	2020	2021	2022	Year-on-year change
Nitrogen oxides (ton)	12.25	10.28	10.05	-2.23%
Sulfur dioxide (ton)	0.0392	0.0298	0.0294	-1.16%
Particles (ton)	1.1488	0.9665	0.9447	-2.26%

## Energy Conservation and Environmental Protection

Notes:

1. Emission of container vessels includes emission data of heavy fuel oils and light fuel oils consumed by container vessels operation;
2. Emission of self-owned vehicles includes emission data of gasoline and diesel consumed by operating vehicles and office vehicles;
3. The emission factor of heavy fuel oil and light fuel oil emissions consumed by container vessels refers to the emission coefficients in MEPC.1/Cir 684 released by IMO;
4. The emission factor for the calculation of emissions from self-owned vehicles is extracted from the Reporting Guidance on Environmental KPI released by the Hong Kong Stock Exchange.

### Greenhouse Gas Emissions

Period		2020	2021	2022	Year-on-year change
Direct greenhouse gas emissions (Scope 1)	CO2e (ton)	1,505,664	1,708,807	1,782,454	4.31%
Indirect greenhouse gas emissions (Scope 2)	CO2e (ton)	2,476	2,939	3,530	20.11%
Total greenhouse gases	CO2e (ton)	1,508,140	1,711,746	1,785,983	4.34%
Total emission density of greenhouse gases	ton/US\$10,000	8.95	5.68	4.34	-23.58%

1. The greenhouse gas emission data scope is the emission data of self-owned vehicles and container vessels operation of the Company and its subsidiaries;
2. The emission factor for the calculation of emissions from gasoline and diesel is extracted from the Reporting Guidance on Environmental KPI released by the Hong Kong Stock Exchange; the emission factor of heavy fuel oil and light fuel oil emissions consumed by container vessels refers to the emission coefficients in MEPC.1/Cir 684 released by IMO; and the emission factor for the purchased electricity refers to the emission coefficients published by various regional power grids in China in 2019.

### 3. Emission Reduction Goal

**The Company has set goals in emission reduction which meet the requirements of IMO:**

**Short-term objective: From 2023 onwards, all existing vessels will meet the latest IMO requirements for Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII)**

**Medium-term objective: By 2030, carbon dioxide emissions intensity will reduce by 40% as compared with 2008**

**Long-term objective: By 2050, carbon dioxide emissions intensity will reduce by 70% as compared with 2008, and total carbon dioxide emissions will reduce by 50%, and will achieve the zero carbon goal in 2060.**

In order to achieve the above goals, the Company intends to continuously monitor the following indicators.

Period	2020	2021	2022	Year-on-year change
Fuel oil consumption (ton)	463,644	527,162	556,536	5.57%
CO2 (kg)	1,461,645,000	1,661,437,262	1,734,061,243	4.37%
TEU km	15,463,647,559	19,231,933,566	21,296,207,607	10.73%
KPI1 (g/TEU km)	94.52	86.39	81.43	-5.75%
NO2 (kg)	36,557,194	41,743,419	43,618,713.55	4.49%
TEU km	15,463,647,559	19,231,933,566	21,296,207,607	10.73%
KPI2 (g/TEU km)	2.364	2.171	2.048	-5.64%
SO2 (kg)	4,529,600	5,233,460	5,401,878	3.22%
TEU km	15,463,647,559	19,231,933,566	21,296,207,607	10.73%
KPI3 (g/TEU km)	0.2929	0.2721	0.2537	-6.79%

## Energy Conservation and Environmental Protection

Period	2008		Year-on-year change		2018		Year-on-year change		2019		Year-on-year change		2020		Year-on-year change		2021		Year-on-year change		2022		Year-on-year change	
Fuel oil consumption (ton)	205,910	451,267			466,158				463,644					527,162					556,536					
CO2 (kg)	641,501,452	1,405,997,000			1,452,530,000				1,461,645,000					1,661,437,262					1,734,061,243					
TEU km	3,441,892,860	14,148,085,506			14,381,226,340				15,463,647,559					19,231,933,566					21,296,207,607					
KPI1 (g/TEU km)	186.38	99.38	-46.68%		101.00	-45.81%			94.52	-49.29%				86.39	-53.65%				81.43	-56.31%				
NO2 (kg)	16,183,743	35,510,520			36,597,964				36,557,194					41,743,419					43,618,713.55					
TEU km	3,441,892,860	14,148,085,506			14,381,226,340				15,463,647,559					19,231,933,566					21,296,207,607					
KPI2 (g/TEU km)	4.702	2.510	-46.62%		2.545	-45.88%			2.364	-49.72%				2.171	-53.84%				2.048	-56.44%				
SO2 (kg)	11,530,984	24,298,230			22,134,000				4,529,600					5,233,460					5,401,878					
TEU km	3,441,892,860	14,148,085,506			14,381,226,340				15,463,647,559					19,231,933,566					21,296,207,607					
KPI3 (g/TEU km)	3.3502	1.7174	-48.74%		1.5391	-54.06%			0.2929	-91.26%				0.2721	-91.88%				0.2537	-92.43%				

According to the Company's internal statistics, the Company has achieved the medium-term objective of reducing carbon emission intensity by 40% as compared with 2008 ahead of schedule. If the IMO will issue a new calculation standard, the Company will make adjustment accordingly.

In order to achieve the short-, medium- and long-term objectives set, the Company has taken the following measures:

### 1. Reducing fuel oil consumption:

- Monitor fuel oil use through the Ship Energy Efficiency Management Plan, and improve shipping energy efficiency. The Ship Energy Efficiency Management Plan (SEEMP) is a practical operation measure that requires ships to adopt best practices to improve fuel efficiency, which is currently applied to all vessels of the Company. Through the practical application of SEEMP, we can obtain the carbon intensity index (CII) of vessels in real time, and the CII, as the energy efficiency performance parameter of vessels in actual operation, can provide the most direct and important basis for us to make new voyage plans. In the actual operation of vessels, we take energy conservation and environmental protection as our principle and continuously improve the measures required in SEEMP, so that vessels are always in the best energy efficiency in the actual operation;

- Upgrade on-board fuel oil equipment, phase out old vessels and ensure sufficient and rational use of fuel oil. In 2022, 4 old container vessels were sold, and 20 new vessels were delivered;

- Use fuel additives to improve combustion conditions, enhance combustion efficiency, and reduce fuel consumption and carbon dioxide emissions;

### 2. Using low-sulfur fuel oils

- Strictly follow the stipulation that the sulfur content of marine fuels shall not exceed 0.5% m/m since 2020 as set forth in the IMO MARPOL Appendix, and provide guidance to remind the risks and preventive measures of using new types of fuel oil;
- Strictly comply with the stipulation that the sulfur content of marine fuels of vessels in China entering inner river control areas shall not exceed 0.1% m/m since 2020;

## Energy Conservation and Environmental Protection

- Strictly comply with the stipulation of some countries (Korea) that the sulfur content of marine fuels of vessels docked in relevant waters shall not exceed 0.1% m/m;
- 3. Transforming and optimizing existing vessels:**
- The Company has installed and applied ship energy efficiency monitoring software on existing vessels to improve the energy efficiency of vessels in operation and reduce fuel consumption and carbon dioxide emissions through monitoring and analysis of vessel fouling and optimization of ship trim and draft. According to the characteristics of vessels, the Company plans to carry out the pilot installation of shaft generators in 1800TEU and 2400TEU, and gradually promote this action according to the effect, which can improve the energy efficiency of the entire vessel and reduce fuel consumption and carbon dioxide emissions.
  - Engine power limitation (EPL): The main engine power was limited in advance for 20 vessels under repair in 2022, which limited the maximum operating power of vessels and reduced fuel consumption to meet the requirements of EEXI which came into effect on 1 January 2023;
  - Addition of energy conservation equipment: Some of the Company's existing vessels have been installed with ship energy efficiency monitoring and management software to improve the energy efficiency of vessels in operation and reduce fuel consumption and carbon dioxide emissions through monitoring and analysis of vessel fouling and optimization of ship trim and draft.
- 4. Customizing new energy-saving and environmentally friendly vessels to replace old vessels:**
- Newly built vessels 1800TEU and 2600TEU adopted seawater frequency conversion system, hull optimization, bow optimization, propeller optimization, high-efficiency twisted rudders, and the 2600TEU vessel was also additionally equipped with energy-saving conduits to further reduce fuel consumption. The newly built 1,000TEU container vessels are all environmentally friendly, which have the characteristics of maximizing the vessels' container capacity, reducing the daily fuel consumption of a single vessel by more than 12%, and at the same time reaching more than 40% of the energy consumption baseline of phase 0 stage of the Energy Efficiency Design Index (EEDI).
  - The Company's existing newly built vessels/vessels to be delivered have already met IMO's emission reduction goal for 2023.
- 5. Route optimization:**
- Taking full account of the marine hydrometeorological conditions during the voyage of vessels, according to the performance characteristics of vessels and the requirements of charterers, conditional upon the safe voyage of vessels, the Company carried out immediate optimization of the planned speed of vessels for the whole voyage to achieve the minimum fuel consumption, thereby reducing operating costs and improving transportation efficiency, which was more practical and in line with the actual situation of vessels in operation.
- 6. Weather navigation:**
- Since the Company's vessels are all near-shore navigation and the voyages are short, where they can receive marine meteorology and sea conditions in time, and thus do not need to employ professional weather navigation companies, while the Company will also send the latest meteorological and sea conditions report to vessels in time to ensure that the safety of vessels in bad weather is guaranteed. The crew shall take necessary inspection and preventive measures in accordance with the Company's system documents including the "Safety System of Vessels against Typhoon", the "Instructions for Vessel Handling in Heavy Wind and Waves" and the "Checklist of Navigation Safety in Heavy Wind and Waves", to ensure the safety of personnel, vessels and cargos.

## Energy Conservation and Environmental Protection

### 4. WASTEWATER AND WASTE TREATMENT

Wastewater that needs to be disposed of and discharged during business operation of the Company mainly comes from crew's domestic sewage, oily wastewater and ballast water of vessels. The domestic sewage can be generated in a short period of time and thus poses a great pressure on discharge and treatment; the oily wastewater of vessels can easily form an oil film on the water surface and thus hinder the growth of aquatic plants and animals. To prevent damage to the marine environment caused by vessel wastewater,

the Company has attached great importance to the treatment and discharge of various types of wastewater, and resolutely ensures compliant discharge. All vessels have been installed with wastewater treatment devices and discharge indicators have been specified in the system documents to show its continuous commitment to the protection of marine ecological environment.

#### Domestic Sewage of Crew

- The domestic sewage is uniformly collected in the collection tanks and treated with chemical reagents, or sterilized with UV-rays
- All domestic sewage can be discharged only after being treated in the treatment facilities approved by classification society, and the treated sewage meets the international discharge standard

#### Oily Wastewater of Vessels

- Oil-water separators are installed and continuous monitoring devices are installed at the wastewater discharge outlets to ensure wastewater with an oil content lower than 15ppm are discharged as required by IMO
- The wastewater tanks are upgraded by extending the wastewater treatment cycle by 1.5 to 2 times of selected vessels to reduce oily wastewater quantity to certain extent

The Company has actively promoted the recycling and reusing of various wastes, and has adopted corresponding management measures based on various types of onshore and offshore wastes to reduce the production of wastes and continuously advance waste minimization, hazard-free disposal and resource treatment.

Emission reduction target: By 2030, the intensity of wastes of the Company will reduce by 20% from that in 2020.

#### Total Hazardous and Non-hazardous Wastes Generated

	2020	2021	2022	Year-on-year change
<b>Onshore Wastes</b>				
<b>Generated (ton)</b>				
Office paper consumption	64.00	78.00	69.85	-10.45%
Oily Wastewater	2.20	2.00	2.24	12.00%

	2020	2021	2022	Year-on-year change
<b>Offshore Wastes</b>				
<b>Generated (ton)</b>				
Domestic waste	346.00	345.00	393.34	14.01%
Kitchen waste	313.00	418.00	311.59	-25.46%
Waste oil, oil residue, oily wastewater and others	8,447.00	8,139.00	8,102.04	-0.45%
<b>Total Hazardous and Non-hazardous Wastes (ton)</b>				
Total hazardous wastes	8,449.20	8,141.00	8,104.29	-0.45%
Intensity of hazardous wastes/US\$10,000	0.0500	0.0300	0.0197	-34.31%
Total non-hazardous wastes	723.00	841.00	774.78	-7.87%
Intensity of non-hazardous wastes/US\$10,000	0.0050	0.0028	0.0019	-32.60%



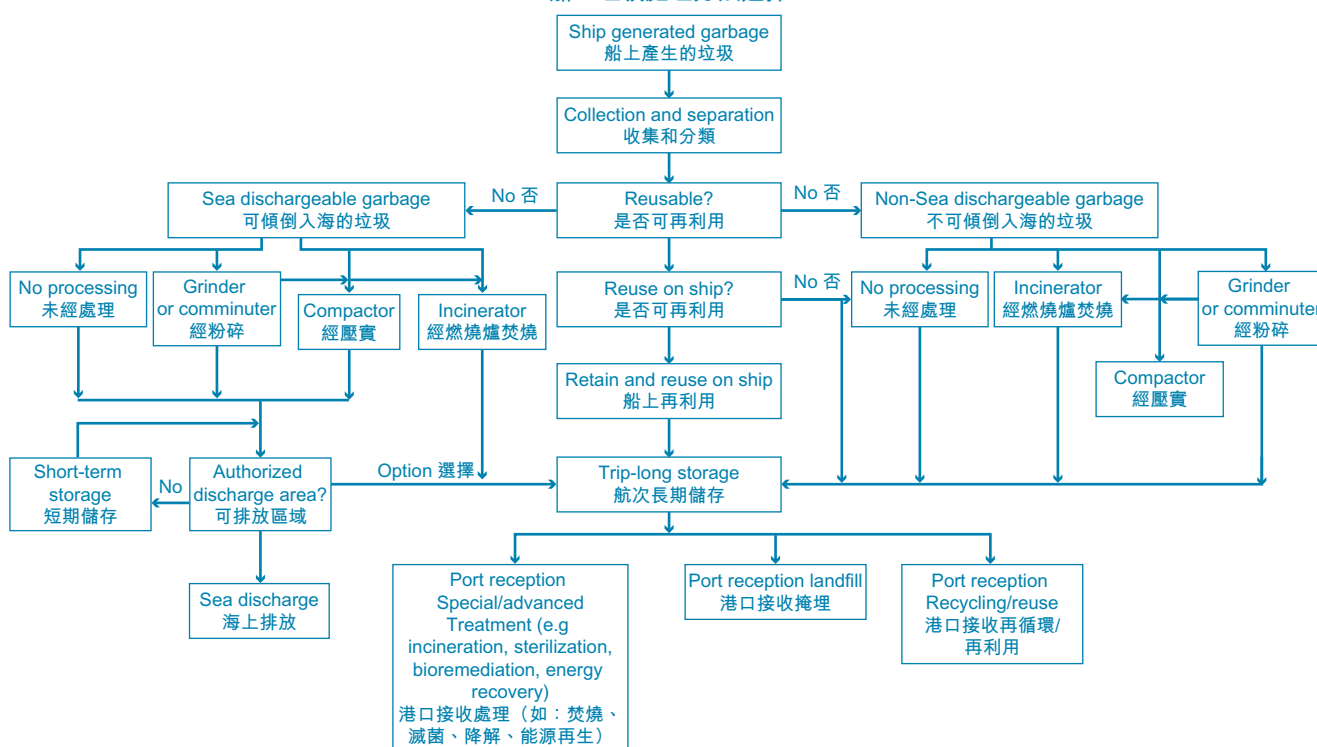
## Energy Conservation and Environmental Protection

The Company imposes rigorous control on the discharge of offshore wastes, bans arbitrary dumping of offshore wastes and over-standard discharges. Each vessel is furnished with classified waste recycling devices, and training on correct waste classification methods has been provided to crew members. The classified offshore wastes will be uniformly unloaded by agents or port authorities after approaching the shore and disposed of onshore. In addition, to minimize the

impact of oil spill incidents to the environment, the Company has formulated the Oil Spill Incident Emergency Measures, in which the job responsibilities of respective crew members have been specified in case of an oil spill incident and targeted measures and rescue implementation plans have been provided to prevent fires and explosions to promptly prevent further spreading of adverse impact. In 2022, the Company had no oil leakage and oil spill accident.

### Options for shipboard handling and discharging of garbage

#### 船上垃圾處理方法選擇



As for hazardous wastes such as waste oil, oil residue and oily wastewater, the Company has enacted the Management Measures for Oily Wastewater from Vessels. Oil residue, waste oil and oily wastewater should be collected and stored in sludge tanks, waste oil tanks and engine-room wastewater tanks; other hazardous wastes such as waste batteries and medical wastes should be stored in specialized storage tanks. Different hazardous wastes shall be uniformly handed over to qualified third-party units after the vessel approaches the shore to ensure proper disposal of vessel generated hazardous wastes.

Given the type of business operation, the Company does not produce a large amount of onshore wastes. The wastes generated are primarily domestic waste, office waste and kitchen waste. In the daily work and

life of employees, the Company requires maximum recycling, emission reduction, waste classification and proper recycling. The Company has been promoting the concept of green office, implemented the OA and video-conferencing system to reduce office paper consumption; classified recycling bins have been set up in subsidiaries with a canteen to separate kitchen waste from other domestic waste. The Company vigorously advocated the waste classification system, for which each branch has established a waste disposal system according to the local environmental requirements, appointed responsible person, and was equipped with waste classification containers. Any perishable or harmful waste generated will be transported to the treatment facilities for uniform disposal. During transporting garbage, airtight waste transportation has been adopted.

## Energy Conservation and Environmental Protection

### 3.2 RESOURCE USE OPTIMIZATION

Guided by the philosophy of “energy conservation and environmental protection, building a green enterprise”, the Company has practiced high efficiency and low consumption while ensuring compliance of pollutant emission to continuously enhance comprehensive utilization efficiency of resources. The Vessel Energy Efficiency Management Plan has been further formulated for energy-consuming vessel operation to advance energy conservation and emission reduction. Besides, to save water resources and reduce vessels’ external purchase of fresh water, desalinated sea water has been used as the main source of fresh water during offshore operation, and rainwater has been collected to clean vessels.

#### Conservation of Energy Resources

Consistently attaching importance to energy conservation and emission reduction, the Company has been committed to low-carbon economy and green operation to build a resource-saving enterprise. Onshore energy used is mainly gasoline consumption by administrative vehicles and diesel consumption by operating vehicles, and the offshore energy consumption is mainly represented by heavy fuel oil and light fuel oil.

#### Energy Consumption in 2022

Period		2020	2021	2022	Year-on-year change
<b>Direct Energy Consumption</b>					
Gasoline	Liter	226,000	272,750	258,067	-5.38%
Intensity of gasoline consumption	Liter/US\$10,000	1.34	0.91	0.63	-30.70%
Diesel (Onshore)	Liter	2,226,000	1,601,040	1,592,922	-0.51%
Intensity of diesel consumption	Liter/US\$10,000	13.21	5.31	3.87	-27.12%
Fuel oil (Heavy)	Ton	450,916	520,802	529,289	1.63%
(Light)	Ton	12,729	6,360	27,247	328.41%
Intensity of fuel oil consumption	Ton/US\$10,000	2.75	1.75	1.35	-22.67%
<b>Indirect Energy Consumption</b>					
Purchased electricity	kWh	3,138,022	4,658,236	5,661,559	21.54%
Intensity of indirect energy consumption	kWh/US\$10,000	18.62	15.46	13.77	-10.98%

Notes:

1. The scope of direct energy refers to the energy consumed by the self-owned vehicles and operating container vessels of the Company and its subsidiaries;
2. The scope of indirect energy covers the measurable office electricity and operation electricity of subsidiaries.

#### Formulation of KPI indicators

Since 2020, as approved by the Board, the KPI assessment indicators were formulated for offshore and onshore main energy consumption.

For the fuel consumption of offshore container vessels, the indicator of “fuel consumption per 10,000 sea miles per unit capacity” is set to link the Company’s vessel fuel consumption with the overall capacity and mileage, so as to improve the vessel operation efficiency.

Fuel consumption per 10,000 sea miles per unit capacity indicator: to decrease by 15% in 2030 when compared with 2020.

	2020	2021	2022	Year-on-year change
Fuel consumption per 10,000 sea miles per unit capacity (ton/10,000 sea miles/TEU)	0.006300	0.005445	0.005368	-1.41%

From 2017 to 2022, the fuel consumption per 10,000 sea miles per unit capacity of the Company maintained a downward trend for five consecutive years. In 2022, there was a decrease of 14.79% when compared with 2020, exceeding the energy consumption reduction target for this year.

The offshore energy consumption is mainly represented by heavy fuel oil and light fuel oil. The Company promotes energy conservation and emission reduction of vessels from three aspects, namely management measures, technical measures and operational measures, so as to maximize energy efficiency.

## Energy Conservation and Environmental Protection

### Measures for Efficiency Improvement of International Shipping

#### Management Measures

- Assess the fuel consumption per unit capacity of vessels: the fuel consumption per unit capacity of vessels is compared on a regular basis. The causes for high oil consumption are identified and analyzed, and old vessels with high oil consumption are eliminated.
- Implement oil consumption reduction incentive mechanism: fuel oil use incentives and disincentives are formulated to offer incentives for fleets with low unit oil consumption.
- Adopt energy efficiency management: each vessel is provided with a Vessel Energy Efficiency Management Plan as per load capacity and navigation route to monitor carbon dioxide emission and vessel navigation at any time.

#### Operating Measures

- Select the optimal navigation routes: establish scientific and rational fleet combination, formulate optimal transportation plan and shorten the empty load voyage.
- Select the optimal navigation speed: the fuel oil co-movement real-time monitoring device has been installed on vessels in operation to select a rational navigation speed as per berths on the terminal, so as to reduce rotational speed of main engine and effectively save vessel fuel oil use.
- Efficient cargo loading: the captain and chief officer develop a reasonable and efficient cargo loading to reduce fuel consumption.
- Strengthen efforts in maintenance of mechanical equipment. For example, the components that affect the emission of nitrogen oxides require regular overhaul and records shall be maintained, so as to ensure that the mechanical equipment runs in its best conditions.
- Reasonably controlled oil tank heating to reduce steam pressure and fuel oil consumption of boilers.

#### Technical Measures

- Adopt technologies such as sword bow design, rudder ball, rudder fin, fair water fin and propeller optimization for newly-built vessels to enhance their propulsion performance and lower their fuel oil consumption.
- All newly-built vessels are compliant with IMO's phased emission requirements.
- Promote the application of ship energy efficiency management software in existing vessels, and install shaft generators on a pilot basis in some vessels to reduce fuel consumption and greenhouse gas emissions.
- Reduce the speed of the main engine, and adopt cost-effective speed to save fuel oil so as to reduce emissions.
- Modify the electronic lubricator for main engine cylinder oil to reduce the cylinder oil consumption by approximately 35%.

## Energy Conservation and Environmental Protection

The “fuel consumption per container handled” indicator has been formulated for diesel fuel oil consumption at onshore depots to link fuel consumption with business volume, so as to enhance the operating efficiency of depot business.

Fuel consumption per container handled: to decrease by 15% in 2030 when compared with 2020.

Period	2020	2021	2022	Year-on-year change
Fuel consumption/ TEU (ton/TEU)	0.74	0.58	0.61	5.17%

In 2022, the KPI increased by 5.17% as compared with 2021 and decreased by 18% as compared with 2020, achieving the preset emission reduction target. In the future, the Company will consider adjusting the emission reduction target to move towards a higher target.

To further reduce the diesel consumption and emissions of depots, we have adopted the following measures:

- Transfer from fuel to electricity for existing equipment: The existing diesel-powered reachstackers have been transformed and replaced with those powered by electricity. One equipment is expected to save about 90,000 liters of fuel per year. At present, transformation for one equipment at Jiefeng Depot has been completed, and subsequent transformation will be made for equipment that meets transformation conditions.
- New purchase of equipment: To promote the application of stacking machines using electric energy, hydrogen energy or other clean energy. Currently, Xiamen Depot and Ningbo Depot have purchased electric stacking machines, which will be further promoted in 2023.
- Continued to push forward the intelligent automated logistics base project.

In order to reduce the fuel consumption of depots, the Company vigorously promoted the automated depot project. In 2022, the Company invested US\$32 million in China Pilot Free Trade Zone (Qingdao) in 2022 to build SITC Shipping Intelligent Warehousing and Logistics Base. The machinery and equipment in the base will be all powered by electricity, the roof will be covered with solar panels and equipped with energy recovery and smart energy dispatching devices which can recover the energy generated by the operation of the equipment while generating electricity. Fully automatic unmanned container loading and unloading equipment will be adopted to carry out container transfer through remote control technology and intelligent system solutions. The project design has been demonstrated and approved by terminal automation experts, and the operating efficiency will be much higher than that of traditional loading and unloading equipment. In 2022, land purchase and various pre-approval procedures have been completed, and construction is expected to commence in 2023.

### Green Financial Project

The Company has cooperated with HSBC and ANZ Bank in green financing projects to obtain vessel loans linked to environmental indicators. In 2022, the Company successfully completed the various emission reduction targets set by the Company, and obtained preferential interest rates provided by the banks, reducing the Company’s interest expenses.

### Water Resource Conservation

As an advocate of multiple use and recycling of water, the Company has actively enhanced the water resource utilization and reduced water waste. In consideration that onshore water use is mainly from domestic and office water use of employees, the Company has reduced water use through promotion of water conservation culture and adoption of water conservation measures. Sea water desalination technology has been used to obtain main offshore water source, and excessive desalinated sea water has been stored in specialized water tanks to increase fresh water reserve. The Company obtained 41,273 cubic meters of fresh water by sea water desalination in 2022, representing an increase of 7,160 tons as compared with 2021. Furthermore, rainwater has been collected to wash the dust off cabins and cabin mats and clean the oil stains on the cabin mats, effectively reducing the use of water resources. In 2022, the Company did not have any issue in sourcing water that is fit for purpose.

## Energy Conservation and Environmental Protection

**Water saving target: By 2030, water consumption intensity will reduce by 20% from that in 2020.**

### Fresh Water Resource Consumption in 2022

Period		2020	2021	2022	Year-on-year change
Total water consumption	m <sup>3</sup>	133,582	146,092	177,959	21.81%
Water consumption intensity	m <sup>3</sup> /US\$10,000	0.79	0.48	0.43	-10.78%

Note: Water consumption includes water used in onshore office premises within statistical range and fresh water consumed on offshore self-owned vessels.

The fresh water consumption intensity for 2022 decreased by 10.78% as compared with **2021**, and decreased by 45.23% as compared with **2020**, exceeding the water saving target.

### Green Office Promotion

Advocating green office and green life, the Company has enhanced the employees' energy conservation and consumption reduction awareness. Hence, employees have been encouraged to save water, electricity and paper, and engage in low- carbon and eco-friendly behaviors, to prevent hazardous pollution to the environment. The Company has strengthened the management of office supplies, and regulated the use standards, to extend the service life of office supplies. Advocating and promoting paperless office, the Company has reduced paper usage and waste paper, and has created a paperless office environment. For example, phasing out faxes and reducing unnecessary photocopying; modifying and transmitting office documents by email; completing the circulation of various work through the self-developed OA system and canceling paper approval; actively facilitating business process reengineering, and promoting electronic invoices, paperless suitcases, etc., to reduce paper usage. The Company has promoted video conferencing and teleconferencing systems to reduce unnecessary travel. Employees were required to turn off office appliances in time upon getting off work, such as computers, printers, fax machines, etc., to reduce electricity consumption. The Company has promoted the use of energy-saving lamps in office areas, and the lamps in the corridors, passages and other places with low lighting requirements in the office

area can be replaced with those with automatic control switches, so as to avoid them being on for a long time and save electricity. The Company has regulated the water use standards, and promoted the use of water-saving appliances in the Company. Employees were required to turn off the tap in time after using the water source, to prevent long-running water and avoid wasting water. Saving irrigation water is also required for the landscapes and green spaces within office area.

### Hardware and Consumables Waste Management for Electronic Office Equipment

The Company attaches great importance to the management of hardware and consumables for electronic equipment, and submission of a detailed application is required before disposal of any electronic equipment. After approval, according to the asset disposal regulations, it shall not be disposed of as garbage, and priority shall be given to selling at a low price or giving away to employees. Before disposal, the information department of the Company shall clean up data according to regulations to prevent data leakage.

## 3.3 ENVIRONMENTAL AND BIODIVERSITY PROTECTION

Marine vessels have the potential of directly or indirectly introducing toxic and hazardous substances to the ocean during manufacturing, operation, maintenance and dismantling, which may cause severe damage to the marine ecological environment. Therefore, the Company has attached great importance to the impact of each shipping link to the marine environment, and adopted active response measures to reduce the impact of shipping industry on the marine environment. In 2022, the Company is not aware of any event that indicated the Company has exerted a significant impact on organisms and natural resources.

### Hull and Container Coatings

- Large legally compliant suppliers with classification society approval have been selected to source hull and container coatings.
- The Company has insisted on the use of non-toxic coatings free of hazardous substances like organic tins to prevent distortion of marine organisms from toxicity and protect their survival environment.

## Energy Conservation and Environmental Protection

### Hazardous Substances from Vessels

- The Company requires that newly-built vessels should be furnished with the Inventory of Hazardous Materials (IHM). Hazardous and potentially hazardous substances on the vessels should be identified to ensure the compliance with related requirements of the content of hazardous substances.
- The Company has formulated the Regulations on the Ban of Use of Asbestos-containing Materials on Vessels, which specify parts easily using asbestos-containing materials, designate personnel to ensure the compliance purchased materials with corporate regulations, and require related suppliers to issue an asbestos-free statement.

### Ballast Water Management

The ballast water of vessels contains various types of microorganisms, animals and plants, easily resulting in risk of alien invasion after discharge into the ocean.

- The Company has formulated the Regulations on Ballast Water Management in strict compliance with the IMO Ballast Water Management Convention, which specifies that vessels installed with ballast water treatment devices must discharge ballast water through treatment devices, and in case of vessels not installed with ballast water treatment devices, the ballast water replacement areas shall at least have a distance of 200 sea miles from the nearest land and its water depth shall be of at least 200 meters.
- The ballast water discharge strictly follows the IMO 2004 International Convention for the Control and Management of Vessels' Ballast Water and Sediments and local laws and regulations to reduce the risks to the marine environment brought by sediments and pests in the ballast water.
- All new vessels built by the Company since 2012 are equipped with ballast water management device and upgraded to meet the requirements of IMO's new G8 and USCG to meet the D-2 discharge standard. Meanwhile, the Company is progressively installing ballast water treatment devices that meet the D-2 discharge standard on existing vessels in accordance with the dock repair programme. The Company has specified the management and operating requirements for the discharging, replacement and inspection of vessels' ballast water to maximally reduce the harm brought by ballast water discharge.

As at 31 December 2022, 78 of the 84 self-owned vessels of the Company have been equipped with ballast water management devices. It is expected that all self-owned container vessels will be equipped with ballast water management devices by the end of 2024. The chartered vessels will also be equipped with ballast water systems in IOPP certificate renewal inspection.

## 3.4 CLIMATE CHANGE

The Company continued to focus on the shipping related rules and identify the impact of major climate-related matters on the Company's business in active response to national initiatives and international conventions in relation to climate change adaptation. The following extreme weather conditions affected the Company's business in 2022:

Extreme weather (types)	Number of occurrences			Number of voyages affected			Countermeasures
	2020	2021	2022	2020	2021	2022	
Typhoon	22	12	15	68	95	212	Shelter, anchoring and deviation
Strong cold and high pressure	1	9	5	24	50	46	Anchoring, deviation and shelter
Severe tropical cyclone	1	2	2	10	10	23	Anchoring, deviation and shelter
Total	24	23	22	102	155	281	

As a result of the above extreme weather, approximately 4,450 hours and rental payments of approximately US\$5.9 million were lost for shelter, anchoring and deviation.

In 2022, the number of times that the Company's lanes were affected by extreme weather increased as compared with that in 2021. Accordingly, the Company's vessel management department further improved the emergency plan: for typhoons, the policy of "prevention first" was adopted, whereby crew members were forbidden from disembarking in order to actively prepare for typhoon prevention in adherence to the principle of "would rather make prevention even though no typhoon will come than make no preparation in case a typhoon strikes", when typhoon was expected to affect a port. In addition, other significant weather that may have an impact on the Company's principal activities include: heavy fog, heavy weather, voyage in ice area, etc.. We have established a relevant regulation for dealing with extreme weather in the Operating Instructions for Maritime Management.

## Energy Conservation and Environmental Protection

The Company has identified the risks caused by climate change at present and in the future:

Risk type	Risk name	Potential impact
	Heat waves	During a heat wave, employees may be unable to work outdoors due to extreme heat, resulting in higher operating costs. Heat waves can also lead to crop failure, which in turn leads to higher raw material costs. Both scenarios are likely to result in lost revenue.
	Extreme weather	Increased frequency and severity of extreme weather may cause damage to properties and equipment, resulting in an increase in both operating costs and equipment depreciation. In addition, the increased severity of extreme weather events may also threaten the safety of employees working at the right premises.
Physical risk	Flood and related disasters	During the rainy season, increased frequency of flooding may result in closures due to damage to properties or equipment and the possible inability of employees to go to work, which may in turn result in an increase in both operating costs and equipment depreciation.
	Rising temperature	Cooling costs during the shipment of goods will increase.
	Rising sea levels	In the long term, rising sea levels may force coastal operations to move inland.
	Biodiversity	Business operations impact biodiversity.
	Changes in policies and regulations	More stringent climate policies may be implemented (e.g., carbon price mechanism and shift to renewable energy use). This may increase the operating costs, resulting in lost revenue.
Transition risk	Enhanced market preference to environmental protection	A shift in market preferences may lead to increased consumer demand for environmentally friendly products, which may increase the cost of production process and raw materials used. Falling behind peers in conquering market shifts may result in lost revenue and market share.
	Progress in environmental protection technology	As new technologies emerge (e.g., renewable energy, energy efficiency), companies need to keep up with the latest technological developments to meet higher efficiency standards, which may lead to higher costs for upgrading existing equipment.
	Increase in energy costs	Higher fuel prices due to higher environmental standards may result in increased costs.

In 2022, the Company began to adopt the analysis method recommended by Task Force on Climate-related Financial Disclosures (TCFD) to analyze and report on the risks brought by the environment and major climate issues. The Company engaged professional organizations to provide training and explanation to directors and senior management on TCFD, and began to prepare a separate climate report, please refer to the Company's climate report to be released later.

The Company does not consume a lot of packaging materials because its main business does not involve the packaging of finished products.

# Harmonious Development

Based on the people-oriented concept, and upholding the value of “personnel is SITC’s greatest asset”, the Company has practically protected the rights and interests of employees, created a safe and harmonious working environment. Stable development and promotion paths have been provided for employees for common development and progress. Aspiring to be a responsible corporate citizen, the Company has been contributing to the economic development of its places of operation, creating job opportunities and actively involving in community welfare programs to give back to the society and build a harmonious community.

## Future targets:

<b>Labour and employment:</b>	<b>The proportion of female onshore employees will increase to 50%;</b>
<b>Development and training:</b>	<b>The proportion of employees trained will reach 100%;</b>
<b>Health and safety:</b>	<b>The employee physical examination rate will reach 100%; and to achieve zero work injury;</b>
<b>Welfare and incentives:</b>	<b>The limit of awarded shares in 2022 increased to 5% of the Company’s net profit</b>

## 4.1 LABOR AND EMPLOYMENT

Employees are the core force of corporate development. Hence, respecting human rights of employees is the precondition for sound corporate development. SITC strongly supports the Universal Declaration of Human Rights, ensures full compliance with all regional, national and international legal standards in terms of human rights, strictly abides by international conventions and human resource management systems, and prohibits child labor; prohibits all forced and compulsory labor; protects freedom of employment, religion and association; provides a safe, healthy and clean working environment; implements the principle of fair remuneration package and guarantees normal employment rights; and upholds the principle of non-discrimination, respects every employee, and independently protects and safeguards the human rights of employees. We conduct internal human rights questionnaires across the Company to identify relevant risks.

The Company strictly complies with all laws and regulations regarding labor and employment in the places where it operates, formulates internal policies and enters into labor contracts with employees according to the labor laws and regulations of each country or region.

The Company strictly prohibits child labor, and has established detailed employee recruitment policies and review procedures to prevent the employment of child labor under the age of 16 due to faults in recruitment work. The minimum age for new hires in 2022 was 20 years old.

The Company participates in large-scale campus recruitment and social recruitment on a regular basis every year. In addition, the Company cooperates with 5 regular universities and vocational and technical schools to offer directional training courses. Suitable talents selected from interviews will take public administration courses and SITC internal training courses. Further, recruiting qualified talents through regular recruitment websites has effectively avoided us from hiring underage applicants incidentally.

Striving to safeguard equal and diversified job opportunities, the Company has been fully attracting, gathering, incentivizing and utilizing international high-caliber talents, and actively promoting regional and global operation and development. In strict compliance with the internal recruitment regulations and procedures of SITC, the Company complied with the principle of open and equal recruitment. The Company provides equal recruitment and employment opportunities, encourages and maintains employee diversity in all its branches worldwide, and gives fair and equitable opportunities to local employees. In terms of employment, remuneration, promotion, dismissal and retirement, the Company has insisted on equal treatment regardless of citizenship, nationality, race, colour, gender, disability, maternity, religious belief and cultural background, to avoid discrimination. In strict implementation of local nationality policies, the Company pursues freedom of religious belief, and respects the habits and beliefs of employees of different nationalities.

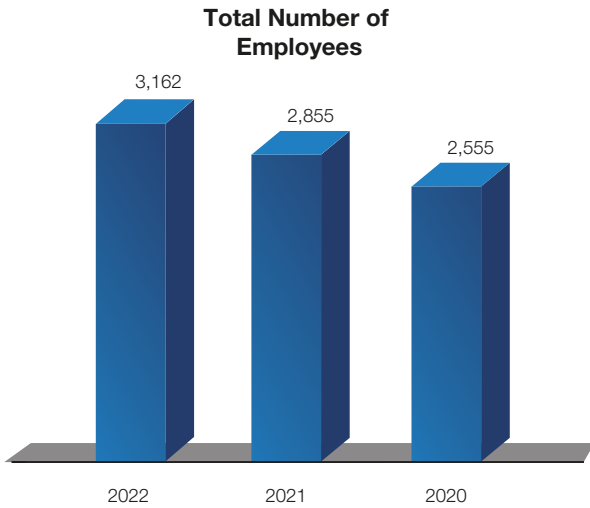
The Company fully respects employees’ rights of freedom on career, resolutely prohibits forced labor of any cause, and will not restrict personal freedom of employees in any way. Onboard training on labor rules and regulations is provided to employees to allow them to fully understand their rights and obligations of work. Valuing the rights and interests of offshore employees, the Company enters into employment agreement and supplementary employment agreement with crew members employed, and safeguards their rights and interests in accordance with the Declaration of Maritime Labour Compliance (DMLC).

The Company provides employees with clear complaint channels, and all problems can be resolved in a fair, consistent, prompt and effective manner under strict confidentiality. All matters regarding unfair treatment, anti-human rights, anti-labor laws, etc. encountered by employees in the workplace can be complained through the ways published by the Company in the office area. During the reporting period, the Company had no violation of employment and labor related laws and regulations. The Company encourages the establishment of labor unions and other private organizations by its affiliated companies. There are 12 labor union organizations established by branches of the Company. In 2022, seven labor unions of affiliated companies of the Company organized employees to conduct team building and hold meetings, thereby communicating with the Company on problems encountered by employees.

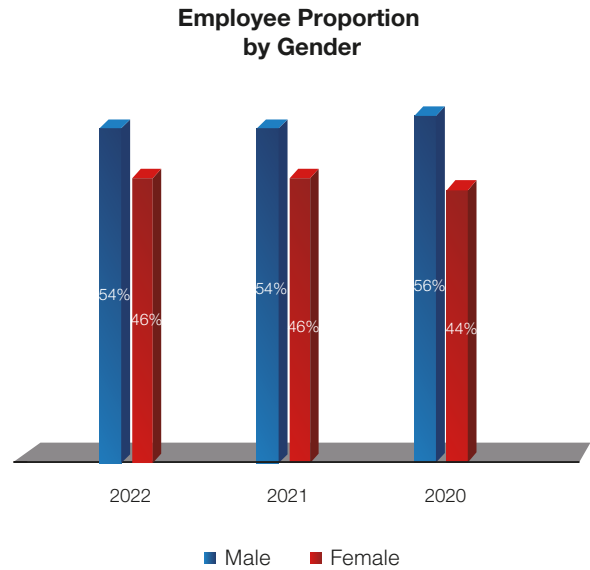


## Harmonious Development

In 2022, the Company had 3,162 full-time employees (including crew members), representing an increase of 11% from that in 2021.

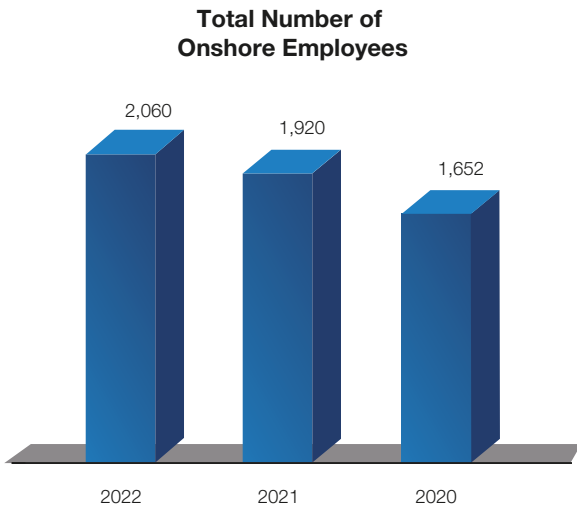


In terms of gender, there were 1,118 or 54% male employees and 942 or 46% female employees.

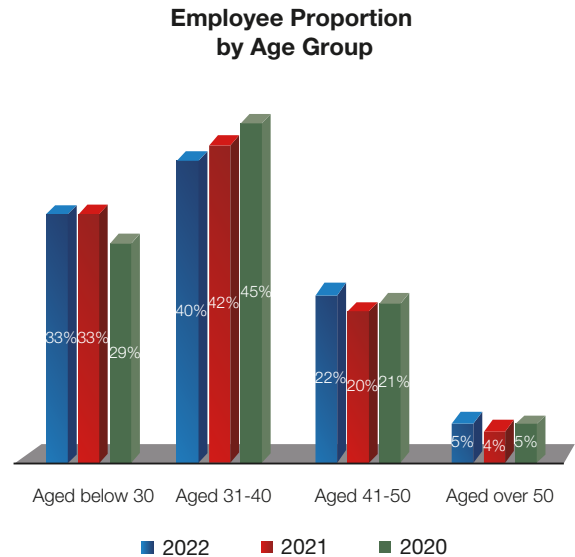


### Onshore Employees

In 2022, the total number of onshore employees was 2,060, representing an increase of 140 or 7.3% as compared with that in 2021, which was mainly due to the expansion of the Company's business scale and the increase of business outlets.



In terms of age group, there were 678 or 33% employees aged 30 or below, 823 or 40% employees aged 31 to 40, 452 or 22% employees aged 41 to 50, and 107 or 5% employees over the age of 50.

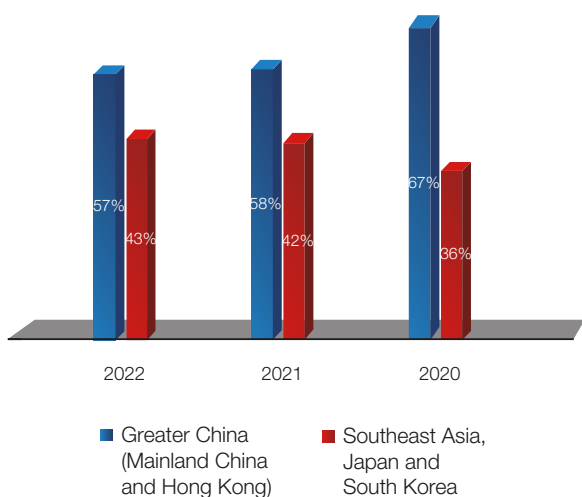


## Harmonious Development

In terms of geographical region, 1,169 or 57% employees were from Greater China, and 891 or 43% employees from Southeast Asia, Japan and South Korea. The continuously rising proportion of employees from Southeast Asia, Japan and South Korea reflects that more local employees are employed and the Company is growing in an increasingly international manner.

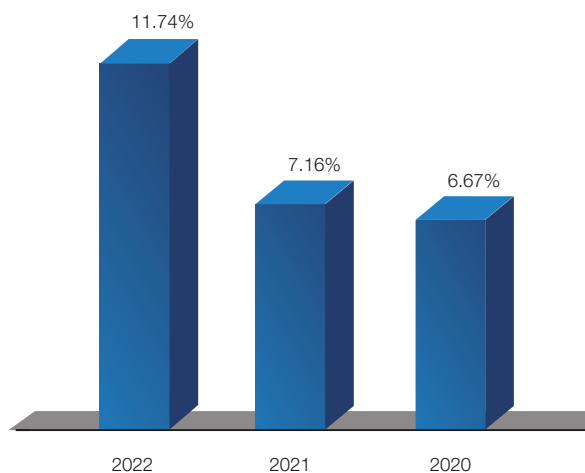
Among the employees from Southeast Asia, Japan and South Korea, Thai employees had the largest number of 221, followed by Indonesian of 163, Vietnamese of 129, Philippines of 97, Malaysian of 82, Japanese of 65, and South Korean of 60.

**Employee Proportion by Geographical Region**

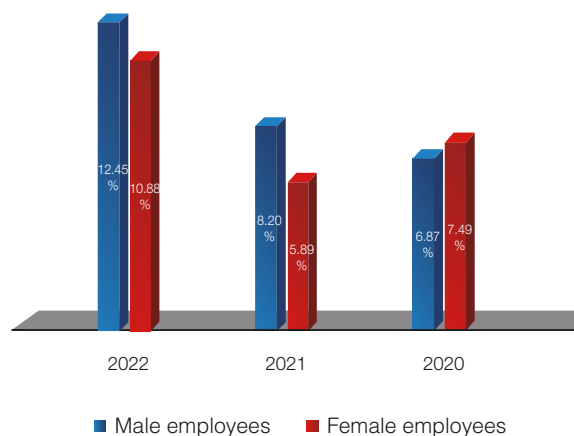


In 2022, SITC's employee turnover rate increased. Among them, the employee turnover rate in Greater China decreased slightly, and the employee turnover rate in Southeast Asia increased significantly, especially the turnover rate of station operators was relatively high, which was closely related to the local hot weather, job selection habit and the impact of the COVID-19 pandemic.

**Turnover Rate**

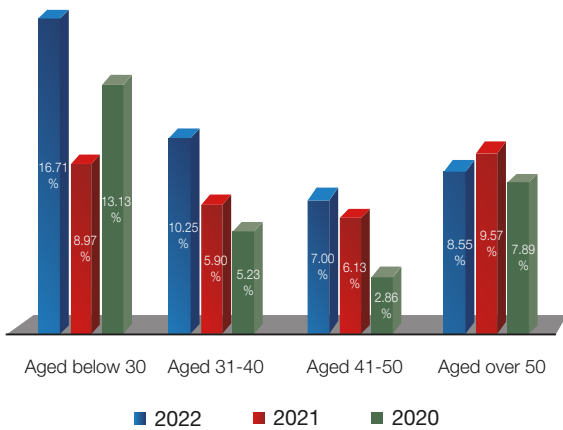


**Turnover Rate of Employees by Gender**

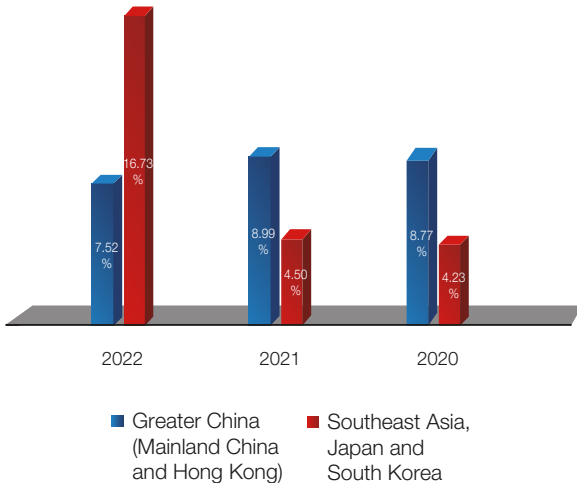


## Harmonious Development

**Turnover Rate of Employees by Age Group**



**Turnover Rate of Employees by Geographical Region**



Note: 1. For the calculation of the turnover rate of employees, please refer to the Reporting Guidance on Social KPIs on the website of the Hong Kong Stock Exchange ([www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app3\\_socialkpis\\_c.pdf?la=zh-HK](http://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app3_socialkpis_c.pdf?la=zh-HK))

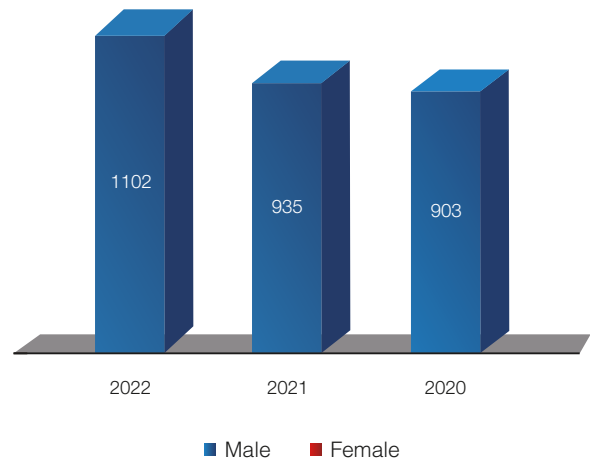
2. The relevant headcount calculations in this report were based on the headcount as at 31 December.

In addition to the above full-time onshore employees, there were 158 workers serving the Company through labour outsourcing, mainly engaged in operation, finance, cleaning and vehicle driving.

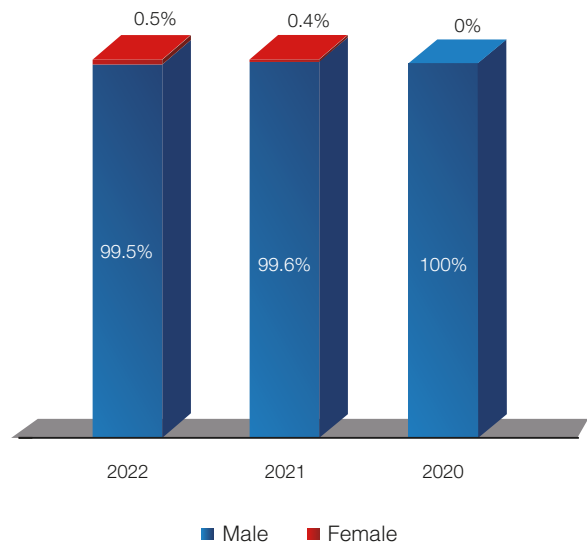
## Offshore Employees

As at 31 December 2022, the Company had a total of 1,102 crew members, representing an increase of 167 crew members as compared with 2021. In 2022, the Company recruited 2 more female crew members, both of whom were outstanding graduates in 2022. The Company adheres to the principle of gender equality in the industry to provide employment opportunities for outstanding shipping professionals. With the development of modern ship technology and the application of automation systems, the position of crew members will no longer be the exclusive occupation of male employees. The addition of fresh members makes our fleet composition more dynamic, richer and more diverse.

**Total Crew Members**

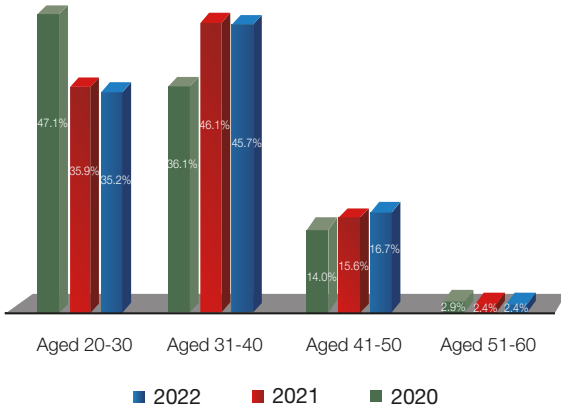


**Proportion of Crew Members by Gender**

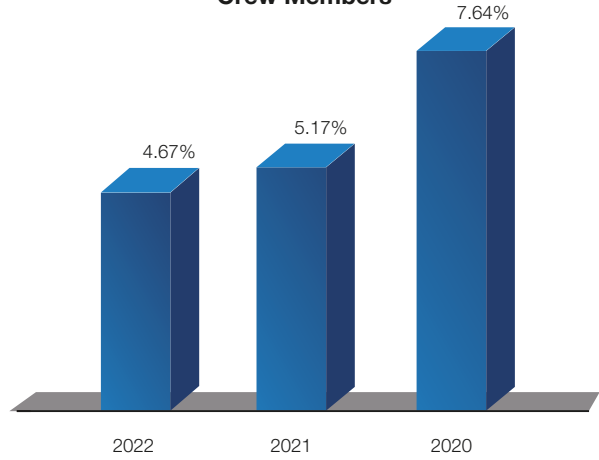


# Harmonious Development

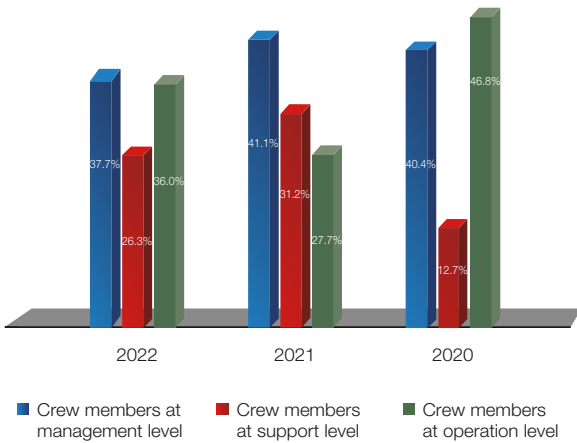
**Proportion of Crew Members by Age Group**



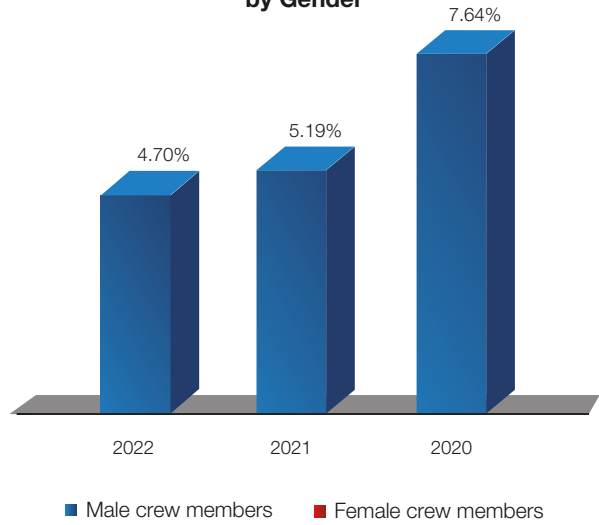
**Turnover Rate of Crew Members**



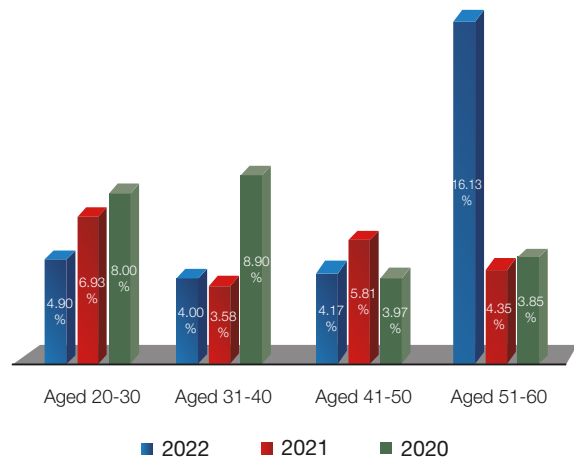
**Proportion of Crew Members by Employment Category**



**Turnover Rate of Crew Members by Gender**



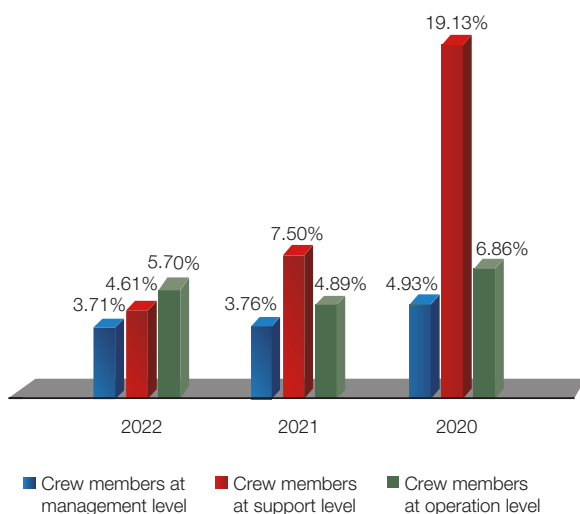
**Turnover Rate of Crew Members by Age Group**



In 2022, SITC’s crew member turnover rate continued to decrease, and its crew team was relatively stable, meeting the demand arising from the surge in the number of self-owned vessels of the Company.

## Harmonious Development

**Turnover Rate of Crew Members  
by Employment Category**



In addition to the Company's own crew members above, the Company also employed 946 outsourced crew members through labour outsourcing companies.

### 4.2 DEVELOPMENT AND TRAINING

As the Company continues to grow, employees' personal development has become a core issue for the sustainable development of the Company. Valuing employees' development and growth, the Company has enhanced employees' comprehensive skills through training. Talents have been actively trained to adapt to the future market demand and continuously inject vital force for our future development.

In addition to a well-designed training system, the Company has set up the "SITC Training System Establishment Committee" to determine the training courses for employees at each level and each position, and the unified training courses for employees at each level and each position are published on the Company's intranet, which can meet the needs of employees to expand knowledge and improve ability, provide a wide range of learning opportunities, improve the breadth of professional knowledge, and enrich the knowledge structure and vision. At the same time, the Company has created an internal learning atmosphere, in which employees are encouraged to express their thoughts and summarize their views, which will be imparted to other colleagues in the form of internal lectures or discussion.

With the expansion of the company's business scale, the demand for talents has increased, providing employees with a large number of opportunities for promotion and enhancement. In 2022, the Group offered 53 positions for competition in various countries and regions, which attracted a total of 85 applicants, and 262 people were promoted (including rank promotion and position promotion), creating opportunities for personal development and growth.

### Onshore Employees

Through work assignment adjustment, short-term rotation training, rotation cultivation, etc., the Company provides various learning opportunities to employees to improve their communication and teamwork skills. Employees, through internal recruitment announcements and voluntary registration, and subject to fair competition, will be appointed to different positions, different departments and different companies in the long or short term, which can provide employees with development opportunities, to realize their own potential and career planning, and improve the Company's organizing ability.

The Company has worked out training plans for the Group and branch companies based on job requirements and employees' appeal. Through diversified vocational training forms such as field training, online tutorial and professional technical workshops, the Company helped employees to master essential professional knowledge and application skills to meet their personal development demands. The Company's self-developed online training system can provide a more convenient way for employee training.

In the past few years, the Company has spared no effort to create a variety of external training atmosphere, such as encouraging academic degree promotion, supporting certification examination, and providing various training on management ability, industry skills, production safety, corporate culture, network security, and fraud prevention. Following the digital training course in 2021, KNX management skills training was organized throughout the Company in 2022, in which employees participated offline through the unified organization of optional courses. The courses cover leadership, management, personal development, interpersonal relations, professional ability, learning programs, and other fields, through which employees can apply what they have learned to their daily work, so as to continuously improve themselves and enhance management efficiency.

## Harmonious Development

In 2022, the Company has provided a total of 52,492 hours of training for 2,035 onshore employees.

	<b>Number of employees trained</b>	<b>Percentage of employees trained</b>	<b>Average training hours per employee</b>
Total number of employees trained	2,035	99%	25.79
Male employees	1,089	98%	26.31
Female employees	946	99%	25.20
Management	663	100%	31.89
General employees	1,372	98%	22.85

### Offshore Employees

In 2022, the Company has provided a total of 31,392 hours of training for crew members. Training for crew members mainly includes onshore training and onboard training. During the period of crew disembarkation, the Company organizes crew members to receive training in respect of certificates, electronic chart, system documents and various operating instructions for maritime management and mechanical maintenance, safety incident analysis, mental health and other aspects. The captain will organize onboard training according to the annual training plan of the vessel on a monthly basis, including but not limited to the vessel training manual, the latest information and instructions provided by the onshore base (notices/announcements/circulars, document modifications, conventions and rules modifications, etc.), vessel safety incident analysis and prevention, anti-pollution awareness, emergency response, etc.; and new crew members shall complete the training concerning life-saving, fire-fighting equipment, and emergency system within two weeks after embarking.

	<b>Number of crew members trained</b>	<b>Percentage of crew members trained</b>	<b>Average training hours per crew member</b>
Number of crew members trained	1,102	100%	28.5
Male crew members	1,096	100%	28.5
Female crew members	6	100%	28.5

Crew members at management level	415	100%	31
Crew members at support level	290	100%	29
Crew members at operation level	397	100%	25

### 4.3 HEALTH AND SAFETY

Upholding the philosophy "Personnel is SITC's greatest asset" as its core value, the Company always prioritizes the protection of the life, health and safety of its employees. The work flow and management regulations of each position in the Company reflect our commitment to the health and safety of our employees. The Company adopts a zero-tolerance attitude towards work-related injuries, and regards occupational health and safety-related issues such as work-related injuries as an assessment item for senior management, and reports to the ESG Working Group on a monthly basis.

To further enhance the risk prevention awareness, risk response and hazard response capacity of crew members, popularize safety knowledge and spread safety culture, the Company has formulated the Safety Management Manual SMS as well as strictly executed the requirements of SOLAS, STCW and MLC 2006 conventions. The Safety Management Manual is executed onshore and offshore, and has detailed SOPs and safety response measures. The Company has formulated management regulations on accident level evaluation and emergency response measures. Immediately after an accident occurs, the Company shall start an emergency handling plan, and at the same time submit a standardized report at the first time, then different departments cooperate to deal with the accident quickly to reduce the risk of the accident to the health and safety of personnel, and finally the Company shall write a risk description and control plan as a corrective and preventive measure.

In order to protect the occupational health and safety of all employees, the Company provides free annual physical examination, and provides employees with social security in accordance with the regulations of relevant countries, as well as labor insurance, allowances and subsidies, occupational health training and other guarantees for employees involved in special type of work. In 2022, the Company paid a total of US\$11.63 million to its employees' social insurance and provident fund.

## Harmonious Development

For example, in Shanghai, China, “five insurances and one housing fund” shall be paid according to the following ratios

Endowment insurance		Basic medical insurance		Unemployment insurance		Employment injury insurance		Maternity insurance		Housing fund	Supplementary housing fund
Entity	Individual	Entity	Individual	Entity	Individual	Entity	Individual	Entity	Individual	Entity/ Individual	Entity/ Individual
16%	8%	10%	2%	0.5%	0.5%	0.2%-1.9%	0%	0%	0%	7%, 7%	3%, 3%

Note: There may be slight differences in contribution ratios in different places due to different policies and company conditions.

In 2022, four employees were injured and no employee died on duty in the Company. Three of the injured employees were crew members and one was an onshore employee. In 2022, the injury rate per million working hours among all employees of the Group was 0.629.

The number of work-related fatalities and injuries of the Company in the past three years is as follows:

Year	2020	2021	2022
Number of work-related fatalities	0	1	0
Number of work-related injuries	3	2	4
Lost hours	688	1,136	1,804

- On 30 August 2022, a sailor on “SITC Dalian” vessel, accidentally slipped and fell and sprained his waist while removing hatch shutters. Through the online guidance of the Company’s contracted doctor, the vessel arranged for him to rest in bed and observed his pain level in real time. On 13 September 2022, the Company arranged for him to disembark for medical treatment, and after surgical treatment, he is recovering.
- On 16 September 2022, while “Haifeng Moji” vessel was departing at the PC-14 berth in Kobe, Japan, a sailor injured his right wrist due to the cable being ejected under force when he was untying the cable. After he was injured, the captain immediately docked the vessel and contacted an agent to arrange for him to seek medical treatment, but due to the cumbersome immigration procedures, he had to go to the next port, Moji Port, for medical treatment. He was finally hospitalized at the Mojiyakai Hospital in Japan and diagnosed with a fracture of the right radius.

- On 10 November 2022, the master mechanic on “SITC Lianxing” vessel, was scraped by a cutting piece on his right thumb while making the base of navigation lights in the workshop, and his thumb was cut. After the online guidance of disinfection and dressing by the contracted doctor, he volunteered to stay on board for observation. On 14 November 2022, while the vessel was berthing in Ningbo Port, his right eye was pricked by an unidentified falling object while he was taking a cable on the back deck, as a result, his right eye was red and swollen and could not close. On 15 November 2022, the Company arranged for him to disembark for medical treatment and now he has recovered.

Immediately after the safety incidents occurred, the Company organized a special meeting attended by the general manager, captain, maintenance manager, marine manager, crew supervisor and other personnel to retrospect the process of each incident, drawn lessons from solutions, risk assessments, emergency plans and cause analysis, formulated the following corrective and preventive measures, and send the same to the entire crew.

- To guide the crew members on board to strictly implement the rules and regulations for vessel safety and security system according to the requirements of the Company’s systems;
- For the construction involving debris splashing such as grinding and shoveling on board, the construction personnel shall wear goggles and relevant protective devices, while irrelevant personnel shall keep a safe distance of more than 5 meters. If it is necessary to pass through the construction area, the construction shall be suspended until no one is working in the area. If conditions permit, use safety rope to circle the construction area;

## Harmonious Development

- 3) To instruct the crew members on board to strictly implement the regulations on deck operations according to the requirements of the Company's systems, and reserve sufficient time to check the lashing and securing operations of the cargo before sailing;
- 4) To conduct on-board assessment after an incident, if unable to handle, immediately report to the Company for help to avoid delays in the treatment of injury and causing serious consequences.

### Offshore Employees

The Company has prepared the Occupational Health and Safety Operation Control Procedure (the "Control Procedure") to specify the operation control processes and methods in relation to occupational health and safety risks on the vessels. According to the Control Procedure, the ship safety committee should be established and composed of the captains, chief engineers, first mates, boatswains and master mechanics. The main purpose of the ship safety committee is to prevent occupational accidents, injuries and diseases on the vessels, and ensure that all crew members are provided with

### Safety Operating Instructions

Operating Instructions for Mechanical Maintenance	The Regulations on the Ban of Using Asbestos-containing Materials on Vessels, the Lubricating Oil Management, Filling Notes and Fuel Oil Quality Control on Vessels, and the Notes for Preparation of Oil Transfer Plan on Vessels
Operating Instructions for Maritime Management	The Vessel Fire Safety Regulations, the Anti-typhoon Safety Regulations on Vessels, the Operating Instructions for Vessel Handling in Heavy Weather, the Provisions on the Administration of Container Transport, and the Heavy Cargo Shipping Notes
Operating Instructions for Emergency Response	The Emergency Measures for Fires (Explosions) on Vessels, the Oil Spill Incident Emergency Measures, and the Cargo Incident Emergency Measures
Operating Instructions for Crew Members	The Personal Safety Precautions for Crew Members

In strict compliance with the ISPS Code, the Company has formulated the SSP, installed CCTV monitoring devices on the vessels and worked out various anti-terrorism measures. For vessels navigating on the pirates-active waters, the Company has further established the naval escort plan and arranged armed security forces to ensure the safety of crew members and vessels.

occupational health protection. Through identification of sources of danger, control measures and management plans, the Control Procedure has helped keep the risks under control or lower the risks, and achieve the occupational health and safety policies and goals of the Company.

The Company has strictly followed the requirements of the Maritime Labor Convention on the working hours of crew members on vessels and has arranged regular disembarking leaves to ensure their rest time. Under the impact of the COVID-19 pandemic from 2020 to 2022, relevant departments have implemented strict management and control measures for the crew to get off. With the approval of the relevant departments as far as circumstances allow, the Company has proactively communicated with each department and contacted isolation hotels to ensure that crew members can get off and take rest.

As for more specific ship safety operations, the Company has provided operating instructions for mechanical maintenance, maritime management, emergency response and crew members to ensure safe and orderly operation of each link.

### Onshore Employees

During the reporting period, the Company continuously implemented the established onshore work safety plan, strengthened the employee safety awareness, organized safety practices and training sessions on a regular basis, and provided employees with safe and comfortable workplaces.



## Harmonious Development

Fire drills have been conducted on a regular basis. Professional firefighters from the fire control center have been invited to give site instructions, develop employees' response ability in face of fires at the initial stages in the terminals and other workplaces, and help them master knowledge about types of fire extinguishers and skills to use fire extinguishers. Valuing vehicle use safety, the Company has specified the safety rules in the Drivers' Job Responsibilities compiled by the fleet, and provided safety training for all drivers on a regular basis. The Safety Regulations on Incoming and Outgoing Vehicles, and the Regulations on the Safety Management of Separation of Pedestrians and Vehicles formulated by the logistics group have standardized vehicle and personnel safety measures. In 2022, the Company organized various occupational safety and health training activities to help employees familiarize themselves with our safety regulations and work procedures, and master the latest safety measures and technologies, and sent staff to participate in training courses on IMDG Code (International Maritime Dangerous Goods Code) in some regions, which enriched the professional knowledge of employees, improved their work ability and quality, strengthened their personal competitiveness, and enhanced their work health and safety awareness, thereby promoting safety and health philosophy development.

In 2022, no major safety incidents happened to onshore employees.

### 4.4 EMPLOYEE BENEFITS AND INCENTIVES

Putting people first, the Company takes employees as valuable corporate assets, respects human rights and labour rights, and provides employees with a safe and comfortable working environment and reasonable work schedule. The Company offers competitive compensation and benefits, and has established a well-designed vacation and insurance system in our places of operation to provide good welfare and benefits. The Company has established an internal rescue system to provide assistance to employees in difficulty. During the reporting period, the Company's branches in 5 cities in China and abroad moved to new locations, which greatly increased the happiness of employees and further enhanced the Company's brand image. Professionals have been invited to offer emotional counselling to employees on a regular basis. To promote a healthy work-life balance, the Company has arranged a wide range of entertainment activities and encouraged active involvement of the employees to promote harmony and unity among the employees.

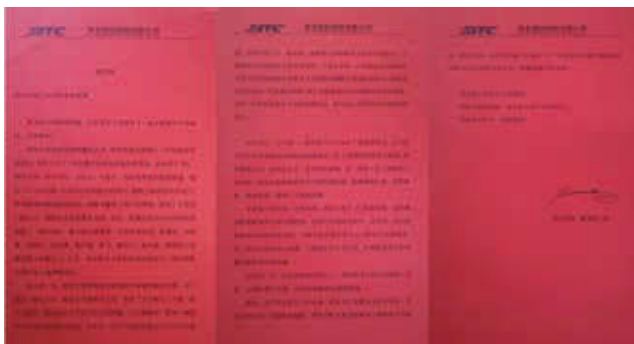
The Company has a sound and competitive employee remuneration system in the industry, and evaluates the consumption level of each country and region every year to raise the remuneration standard. In addition to basic salary in the remuneration package, there are monthly performance, project bonus, equity incentive, year-end bonus, subsidy, and allowance for suitable position. Employees are entitled to certain benefits such as transportation subsidy, communication subsidy, special subsidy, full attendance reward, dispatching subsidy, children's educational subsidy, and service bonus. Remunerations for all employees are set and increased annually in accordance with internal equity principles. The Company conducts monthly or quarterly performance appraisals for more than 95% of onshore employees, and regular performance appraisals for crew members in terms of length of time and performance on board. Save for individual employees with exceptional circumstances, a general adjustment to salaries of basically all staff will be completed every year. In 2022, the payroll of US\$217 million (including equity incentives) increased by 18% from that of 2021. In 2022, the ratio of the highest paid individual for the year to the median total compensation of all employees was 36.46.

The Company has adopted flexible work schedule and vacation regulation for employees as per the place of operation. Working hours and statutory holidays are established based on the laws and regulations of different countries or regions. It also implemented paid leaves, maternity leaves, sick leaves and family leaves to relieve the pressure from intense work, promote harmonious family ties, enhance the unity of employees and cohesiveness of the enterprise. In 2022, a total of 7,966 onshore employees were entitled to paid leave for a total of 17,778 days.

During the COVID-19 pandemic, according to the situation of different locations of operations, the Company approved special paid holidays, and provided a variety of quarantine and pandemic subsidies, protective supplies, rapid testing reagents and medicines, and other daily necessities to relieve employees' worries about family life.

## Harmonious Development

During the Spring Festival in 2022, the Company sent Chairman Yang Shaopeng's personal letter of thanks, red packets for Spring Festival and gifts to the families of crew members, to thank the front-line crew members for their hard work and the families of crew members for their quiet contribution and strong support.



Since 2014, the Company has provided work shirts to employees, and provided polo shirts to offshore employees in 2022, to reduce employees' living costs, improve their sense of identity and belonging to the Company, and present a new image.



Birthday parties are held regularly to enhance employees' sense of identity and belonging to the Company, reflecting the Company's care for employees.



## Harmonious Development

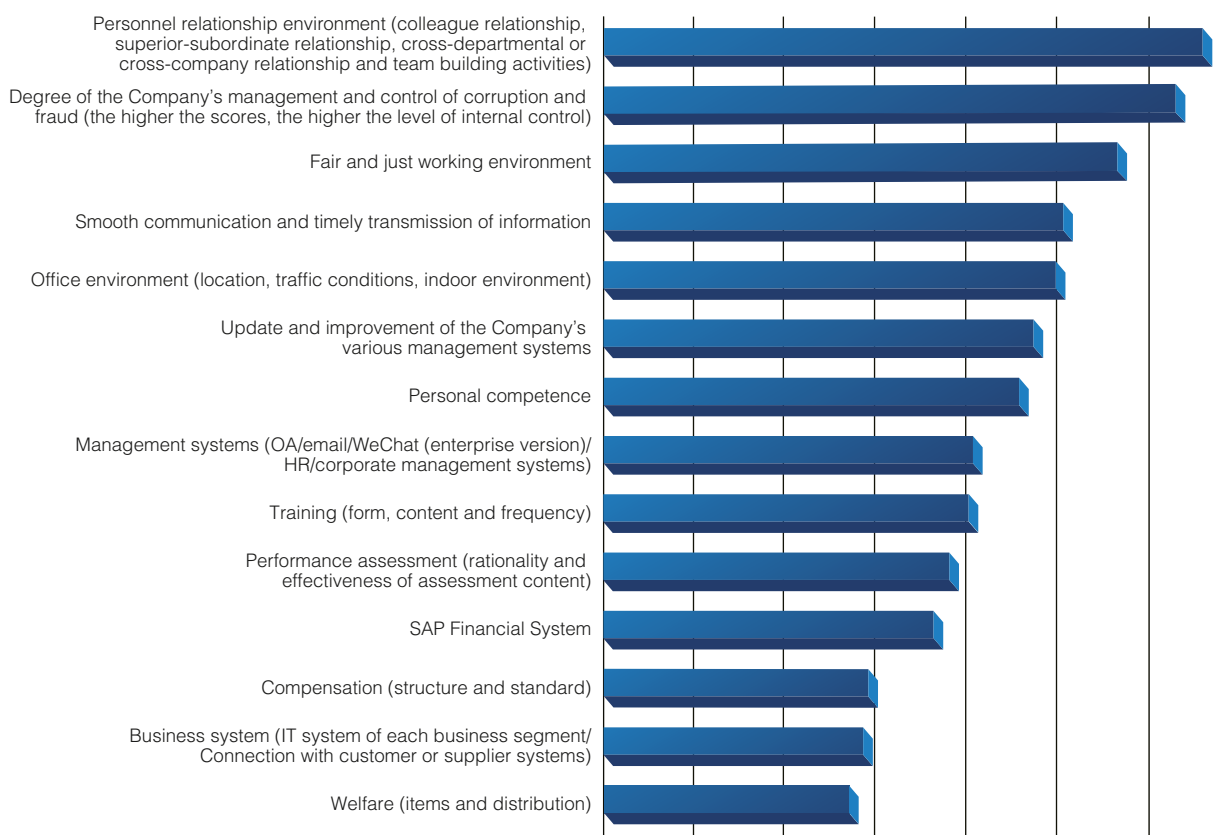
The Company attaches great importance to the promotion of parental leaves, and encourages employees to apply for parental leaves according to the regulations of various countries and regions.

	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of employees with entitlement for the year	23	47	35	77	51	51
Actual number of applicants for the year	0	15	1	12	12	19
Estimated number of employees returning to work for the year	3	14	3	14	12	17
Actual number of employees returning to work for the year	3	10	2	10	11	12
Actual number of employees returning to work in the prior year	2	5	3	10	8	11
Total number of employees who returned to work after parental leave in the prior year and are still employed after 12 months	1	5	3	9	7	10
Actual number of employees who should have returned to work but applied for extension for the year	0	2	0	2	0	0
Return rate of employees on parental leave	100.00%	71.43%	66.67%	71.43%	91.67%	70.59%
Retention rate of employees taking parental leave	50.00%	100.00%	100.00%	90.00%	87.50%	90.91%

## Harmonious Development

Apart from optimised salary, leave regulations and good benefit packages, the Company values employees' practical benefits and well-being and has further developed an efficient employee communication mechanism. Such approaches as corporate policy Q&A on the official website and OA questionnaire-based survey have been adopted to hear from the employees and resolve their problems.

In 2022, the Company conducted an employee satisfaction survey questionnaire with over 2,000 participants, which surveyed 14 items concerned by employees, such as salary, benefits, business system and performance assessment. According to the survey results, the following matrix has been formulated to present satisfaction level from high to low.



Compared with 2021, the overall scoring of employee satisfaction in 2022 was improved, and the satisfaction with the personnel relationship environment, degree of the Company's management and control of corruption and fraud, and fair and just working environment, were greatly improved. For matters with low employee satisfaction, the Company will take the following improvement measures:

- As the impact of the pandemic weakens, all branches will resume team building activities and welfare activities;
- Optimizing the remuneration structure and adjusting the remuneration standard;
- Strengthening the development of collaborative interfaces between business systems and suppliers, and formulating standardized specifications for system products and services as soon as possible;
- Communicating with users face to face to understand pain points in time, and putting forward appropriate improvement suggestions, and improving the timeliness and accuracy of interchanged data.

## Harmonious Development

The Company emphasises the equity incentive regulation to motivate employees who recognize the Company's corporate culture, abide by its corporate regulations and have made long-term contributions to the Company at important positions, enhance their sense of belonging and achieve common sustainable development between the Company and employees. The Company's equity incentives include original shares, employee options and an active restricted share plan:

As at 31 December 2022, the shareholding of the employees and management represents approximately 64% of the Company's total issued shares;

Options granted represent approximately 3.90% of the Company's total issued shares, and the number of shares subject to options outstanding is 840,000 shares:

The active restricted share plan is as follows:

Year	Total incentive shares granted	Number of employees granted
2017	3,890,033	518
2018	6,570,360	542
2019	6,348,743	552
2020	6,769,105	604
2021	4,887,657	630
2022	15,160,293	639
Total	43,626,191	

The Company will continue to explore ways and intensities on equity incentives to leverage the role of incentives.

In addition, the Company has always adhered to people-oriented principle in the course of daily operations, and organized various team building activities, to enrich the lives of employees, make full use of and stimulate collective wisdom, enhance team cohesion, and promote corporate culture.

Companies in Shanghai set up football, basketball and badminton teams.



## Harmonious Development

Shanghai Zhangjiang Office Building held a 10-km healthy walking activity with the theme of “Uniting People’s Hearts and Healthy Walking with Happiness”



During the pandemic lockdown period, colleagues in Shanghai stuck to their posts to fight the pandemic, organized cultural and sports activities, and insisted on “fighting the pandemic” offline and “not closing” online.



SITC Container Lines Indonesia, SITC Logistics Indonesia and Indonesia Depot jointly organized a team building activity with the theme of “Working Together Across Mountains and Seas” to enhance employees’ emotions and enhance team cohesion



SITC Container Lines Japan organized employees and their families to participate in the parent-child sports meeting held by the Foreign Transport Finance Health Insurance Association. Colleagues deepened communication with each other while building up their bodies, and team cohesion was also enhanced.



## Harmonious Development

SITC Container Lines Lianyungang organized an autumn team building activity with the theme of “Stimulate Vitality and Releasing Energy” to enhance employee communication and improve the Company’s cohesion and centripetal force.



After the outbreak of the pandemic, a symposium for new employees in Shanghai has been held for three consecutive years since 2020, in which position requirements were put forward according to actual working condition to optimize work process.



All the female colleagues in SITC Container Lines Ningbo made various shapes of floral decoration using their dexterous hands. Flowers, ribbons and bursts of fragrance made the office beautiful and warm in spring, and happiness spread to everyone’s heart.



## Harmonious Development

### 4.5 COMMUNITY SUPPORT

The Company can't grow without the support of the local community. The Company has been actively involving in and making contributions to the local community through welfare programs to achieve sustainable development between the Company and the community of the place of operation. The Company strengthens communication with the communities where it operates to understand the concerns and needs of the communities and determine the focus areas of the Company's contributions based on its own business advantages and characteristics. In 2022, the Company made contributions to poverty alleviation through education, training of shipping talents, updating of education facilities, construction of scientific innovation, and prevention of the COVID-19 pandemic by investing a total of more than US\$1.246 million in public welfare.

The Company does not make any offer, payment or gift of material value, or promise of such, directly or indirectly, to any government or public official, political party or its representatives, candidate for political or governmental office.

**Case: Donated RMB1 million to Shandong Jiaotong University to support the construction and certification of marine majors. On 2 November 2022, the opening ceremony for the first session of Mini-MBA Micro-Major in Modern Shipping Management & SITC Orientation Training Class was successfully held.**



**Case: Donated RMB2 million to Dalian Maritime University for personnel training cooperation and scientific and technological innovation cooperation. On 6 November 2022, the opening ceremony for the first session of SITC Mini-MBA Shipping Elite Training Class was successfully held.**



**Case: Donated RMB4 million to Shanghai Maritime University to support the industry-university-research program for young teachers, fund the compilation of key teaching materials, grant awards for excellent teaching materials, and support the teaching materials construction and the updating of educational affairs informatization. On 19 November 2022, the fifth Mini-MBA Shipping Orientation Training Course was successfully launched.**





## Harmonious Development

**Case:** Jointly conducted software development with the College of Information Engineering of Shanghai Maritime University, from theoretical learning to practical training, brought teaching of practical project training into classroom, and promoted the information construction of colleges and universities.



**Case:** Successfully held the graduation ceremony of “SITC Class” and the awarding ceremony of “SITC Scholarship” of Shandong Foreign Trade Vocational College.



**Case:** Donated RMB1 million to the Red Cross Society of China Hainan Branch to support Hainan’s pandemic prevention and facilitate the construction of free trade port.



**Case:** SITC Indonesia participated in a street relief activity in Jakarta by donating 550 meal kits and 550 relief kits. SITC Indonesia takes root in the community, cares for the vulnerable groups in society, fulfills its social responsibilities, and spreads the positive energy of Chinese-funded enterprises to the society.

**Case:** SITC Container Lines Thailand organized employees to donate money and buy daily necessities to visit children in welfare homes.



## Harmonious Development

**Case: "SITC Grace" vessel of the Company found and successfully rescued a Burmese fisherman who fell into the water on its way from Yangon Port to Port Kelang. Carrying forward the international humanitarian spirit, resolutely implementing the corporate principle of "putting people first", and overcoming practical difficulties, the vessel successfully completed maritime rescue.**



In addition, SITC's trade lanes and land-based integrated logistics business network covered 74 major ports and cities in 15 countries and regions, set up nearly 40 joint ventures in nine countries including China, Thailand, Indonesia, Vietnam, Malaysia, Myanmar, South Africa, South Korea and the Philippines, and maintained a good relationship with local investors and government departments. In 2022, SITC and its subsidiaries paid various taxes of approximately US\$23.235 million, making use of their own capital and business advantages to contribute to the local economic development. There were 891 foreign employees, accounting for 43% of the total number of onshore employees, which showed an increasing trend year by year, contributing to local employment.

# Outlook

In 2023, the Board of the Company will continue to adhere to the strategy of sustainable development and constantly seek development opportunities.

In terms of environment:

- To identify climate risks that may have significant impact on the Company, such as typhoons, floods, extremely hot weather, etc., and formulate relevant response plans;
- To assess IMO 2023 EEXI and CII policies and improve a response plan, so as to ensure that the Company's vessels are in strict compliance with the requirements of IMO;
- To track the implementation and monitoring of various environmental indicators;
- To continue to promote green finance projects;
- To promote the application of new energy vessels.

In terms of society:

- To improve the efficiency of asset turnover, meet customers' needs for shipping space and reasonably pricing, and strengthen the improvement of the areas with high customer dissatisfaction;
- To assess supplier sustainability matters and promote the scope of application of sustainability commitment letter;
- To identify the risks of supply chain changes and develop countermeasures;
- To strengthen talent recruitment and training;
- To communicate with stakeholders such as customers, suppliers, employees, and communities.

In terms of governance:

- To continue to participate in Carbon Disclosure Project (CDP) and Standard & Poor's (S&P) scoring to improve ratings;
- To pay attention to the enquiry and latest guidance of investors and the Stock Exchange on ESG reports;
- To disclose climate report adopting the analytical methods recommended by TCFD.

# Appendix I: Independent Verification Statement



## VERIFICATION STATEMENT

### Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by SITC International Holdings Co., Ltd., (hereinafter referred to as “SITC”) to undertake an independent verification for its Environmental, Social and Governance Report 2022 (hereinafter referred to as “the Report”). The scope of this verification covers the sustainability performance data and information of SITC’s business operations in Mainland China, Hong Kong, Japan, Korea and countries in Southeast Asia during 1 January 2022 to 31 December 2022, as defined in the Report.

The aim of this verification is to provide a reasonable assurance of the reliability of the contents. The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong Limited (“SEHK”), and reference to GRI (Global Reporting Initiative Standard).

### Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the ESG Guide of SEHK.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data; reviewing relevant documentation; interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative samples of data and information. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process according to the sampling plan.

### Independence

SITC is responsible for the collection and presentation of the information presented. HKQAA is not involved in calculating, compiling, or developing the Report. Our verification activities are independent from SITC.

### Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is of the opinion that:

- The Report has been prepared in accordance with the ESG Guide of SEHK;
- The Report illustrates the sustainability performance of SITC, covering all material aspects, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA’s attention indicating that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria. In conclusion, the Report provides clear information with regards to the sustainability performance of SITC in a factual, responsive, consistent, fair and truthful manner.

### Signed on behalf of Hong Kong Quality Assurance Agency

Teresa Leung  
Assistant Director, Finance Business  
March 2023

## Appendix II: HKEX ESG Reporting Guide Index

	<b>Areas, Aspects and KPIs</b>	<b>Section/ Reference Guideline</b>	<b>Page</b>
A1	Emissions		
General Disclosure		Energy Conservation and Environmental Protection	26
1.1	The types of emissions and respective emissions data	Energy Conservation and Environmental Protection	26
1.2	Greenhouse gas emissions	Energy Conservation and Environmental Protection	27
1.3	Total hazardous waste and intensity	Energy Conservation and Environmental Protection	30
1.4	Total non-hazardous waste and intensity	Energy Conservation and Environmental Protection	30
1.5	Emissions target(s) set and steps taken to achieve them	Energy Conservation and Environmental Protection	28
1.6	Handling of wastes and reduction target(s) and steps taken to achieve them	Energy Conservation and Environmental Protection	31
A2	Use of Resources		
General Disclosure		Energy Conservation and Environmental Protection	32
2.1	Direct and/or indirect energy consumption and intensity	Energy Conservation and Environmental Protection	32
2.2	Water consumption in total and intensity	Energy Conservation and Environmental Protection	34
2.3	Energy use efficiency target(s) set and steps taken to achieve them	Energy Conservation and Environmental Protection	32
2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency target(s) set	Energy Conservation and Environmental Protection	35
2.5	Total packaging material used for finished products and with reference to per unit produced	Energy Conservation and Environmental Protection	37
A3	The Environment and Natural Resources		
General Disclosure		Energy Conservation and Environmental Protection	35
3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken	Energy Conservation and Environmental Protection	35
A4	Climate Change		
General Disclosure		Energy Conservation and Environmental Protection	36
4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer	Energy Conservation and Environmental Protection	37

## Appendix II: HKEX ESG Reporting Guide Index

	<b>Areas, Aspects and KPIs</b>	<b>Section/ Reference Guideline</b>	<b>Page</b>
B1	Employment		
General Disclosure		Harmonious Development	38
1.1	Total workforce by gender, employment type, age group and geographical region	Harmonious Development	39
1.2	Employee turnover by gender, age group and geographical region	Harmonious Development	40
B2	Health and Safety		
General Disclosure		Harmonious Development	44
2.1	Number and rate of work-related fatalities occurred in each of the past three years	Harmonious Development	45
2.2	Lost days due to work injury	Harmonious Development	45
2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Harmonious Development	46
B3	Development and Training		
General Disclosure		Harmonious Development	43
3.1	The percentage of employees trained by gender and employee category	Harmonious Development	44
3.2	The average training hours completed per employee by gender and employee category	Harmonious Development	44
B4	Labour Standards		
General Disclosure		Harmonious Development	38
4.1	Description of measures to review employment practices to avoid child and forced labour	Harmonious Development	38
4.2	Description of steps taken to eliminate such practices when discovered	Harmonious Development	38
B5	Supply Chain Management		
General Disclosure		Responsible Operations	23
5.1	Number of suppliers by geographical region	Responsible Operations	23
5.2	Description of practices relating to engaging suppliers	Responsible Operations	24
5.3	Description of practices used to identify environmental and social risks along the supply chain	Responsible Operations	24
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers	Responsible Operations	24

## Appendix II: HKEX ESG Reporting Guide Index

	<b>Areas, Aspects and KPIs</b>	<b>Section/ Reference Guideline</b>	<b>Page</b>
B6	Product Responsibility		
General Disclosure		Responsible Operations	18
6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsible Operations	22
6.2	Number of products and service related complaints received and how they are dealt with	Responsible Operations	20
6.3	Description of practices relating to observing and protecting intellectual property rights	Responsible Operations	22
6.4	Description of quality assurance process and recall procedures	Responsible Operations	22
6.5	Description of consumer data protection and privacy policies	Responsible Operations	22
B7	Anti-corruption		
General Disclosure		Responsible Operations	17
7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes of the cases	Responsible Operations	17
7.2	Description of preventive measures and whistle-blowing procedures	Responsible Operations	17
7.3	Description of anti-corruption training provided to directors and staff	Responsible Operations	17
B8	Community Investment		
General Disclosure		Harmonious Development	54
8.1	Focus areas of contribution	Harmonious Development	54
8.2	Resources contributed to the focus area	Harmonious Development	54

## Appendix III: GRI Content Index

Statement of use                      SITC has reported the information cited in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 used                              GRI 1: Foundation 2021

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Page</b>
GRI 2: General Disclosure 2021	2-1 Organizational details	2
	2-2 Entities included in the organization's sustainability reporting	1
	2-3 Reporting period, frequency and contact point	1
	2-4 Restatements of information	1
	2-5 External assurance	1
	2-6 Activities, value chain and other business relationships	2, 18, 23
	2-7 Employees	39
	2-8 Workers who are not employees	41
	2-9 Governance structure and composition	10
	2-12 Role of the highest governance body in overseeing the management of impacts	10
	2-13 Delegation of responsibility for managing impacts	10
	2-14 Role of the highest governance body in sustainability reporting	10
	2-15 Conflicts of interest	11
	2-16 Communication of critical concerns	11
	2-17 Collective knowledge of the highest governance body	8
	2-18 Evaluation of the performance of the highest governance body	10
	2-19 Remuneration policies	Please refer to 2022 annual report of the Company
	2-20 Process to determine remuneration	47
	2-21 Annual total compensation ratio	47
	2-22 Statement on sustainable development strategy	8
2-23 Policy commitments	9, 38	
2-24 Embedding policy commitments	9	
2-25 Processes to remediate negative impacts	17	
2-26 Mechanisms for seeking advice and raising concerns	17	
2-27 Compliance with laws and regulations	22	
2-28 Membership of associations	7	
2-29 Approach to stakeholder engagement	11	
2-30 Collective bargaining agreements	38	
GRI 3: General Disclosure 2021	3-1 Process to determine material topics	13
	3-2 List of material topics	13
	3-3 Management of material topics	13