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Thank you for reading COSCO SHIPPING Development Environmental, Social and Governance (ESG) Report 2022. We sincerely welcome your comments and suggestions, and will carefully review the feedback of every reader of this report. Your input is important and will help us continue to improve our social responsibility management and practices.

Please scan the QR code on the right to leave your comment, or contact us via telephone and e-mail listed below.

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COSCO SHIPPING Development Co., Ltd
**Environmental, Social and
Governance (ESG) Report 2022**

Advancing with the Times
Proceeding with Determined Endeavors

About This Report

Overview

This report is the the seventh sustainability report for stakeholders. It discloses the opportunities and challenges of sustainable development faced by the Company as well as our efforts toward the creation of more comprehensive economic, social and environmental value for stakeholders by integrating social responsibility into corporate management.

Reporting Period

The time frame for the activities mentioned in this report is from January 1 to December 31, 2022, though some content may extend beyond the stated period when necessary.

Reporting Scope

Based on the consolidated scope of our annual financial report, we have comprehensively considered the impact of our businesses on the environment, society and governance of COSCO SHIPPING Development to select the disclosure scope of this report. The reporting content covers the business activities of COSCO SHIPPING Development and its directly-affiliated units. In some instances, the content may cover information related to the China COSCO Shipping Corporation Limited.

Reporting Cycle

This report is published annually.

Compilation Conformance

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (HK-ESG, or ESG Reporting Guide) of the Stock Exchange of Hong Kong Ltd., the *Guidelines No. 1 for Self-Regulation of Listed Companies—Standardized Operation of Listed Companies released by the Shanghai Stock Exchange*, the *GRI Sustainability Reporting Standards* (GRI Standards) of the Global Sustainability Standards Board (GSSB) and the SDG Compass by the United Nations.

Reporting Principles

The reporting preparation strictly follows the basic principles as listed:

Materiality: The report discloses the process that we identify and evaluate material topics by using materiality analysis tools, and respond to the important factors of sustainable development concerned by stakeholders.

Quantitative: In accordance with the requirements of the *ESG Reporting Guide* and with reference to the *GRI Standards*, the report discloses the environmental and social performance data and explains the calculation method in the report, so that the key performance indicators are comparable, assessable and verifiable.

Consistency: The disclosure method and statistical calculation method in this report are consistent with that in 2021 as a whole, and some changes are explained in the report.

Data Resource

Information and data in this report comes from internal documents and statistical information of COSCO SHIPPING Development.

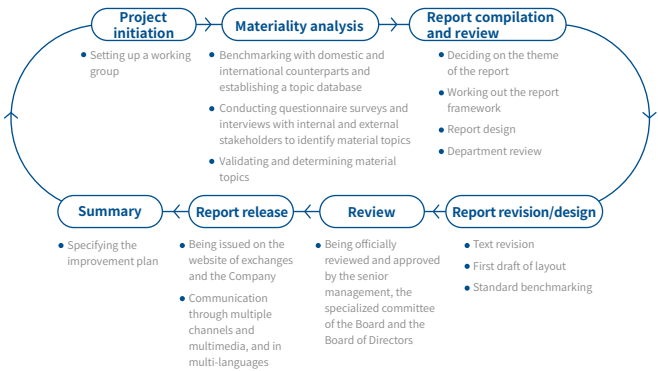
References

For better readability, COSCO SHIPPING Development Co., Ltd in this report is referred to as "COSCO SHIPPING Development," "the Company" or "we"; China COSCO Shipping Corporation Limited is referred to as "COSCO SHIPPING Group" or "the Group"; "Florens" refers to Florens Asset Management Company Limited; "Shanghai Universal" refers to Shanghai Universal Logistics Equipment Company Limited; "DFIC Lianyungang," "DFIC Guangzhou," "DFIC Jinzhou," "DFIC Qidong," "DFIC Ningbo" and "DFIC Qingdao" respectively refer to Dongfang International Container (Lianyungang) Co., Ltd, Dongfang International Container (Guangzhou) Co., Ltd, Dongfang International Container (Jinzhou) Co., Ltd, Dongfang International Container (Qidong) Co., Ltd, and Dongfang International Container (Ningbo) Co., Ltd, and Dong Fang International Container (Qingdao) Co., Ltd. under Shanghai Universal.

Reliability Assurance

The Company guarantees that the report is free of any false records, misleading statements, or major omissions.

Preparation Process



Access to This Report

This report is published in Simplified Chinese, Traditional Chinese, and English. For any discrepancies between the three versions, the Simplified Chinese version shall prevail. You can download an electronic version from our official website:

<http://development.coscoshipping.com/>

If you need a printed version of this report or have any suggestions, please contact us.

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Contents

	About This Report
01	Message from the Chairman
03	About Us
05	Honors and Awards

01 Keeping Pace with the Times in Sustainable Development 07

■	Sustainability Philosophy and Management	09
■	Stakeholder Communication	13
■	Identification and Analysis of Material Topics	14

02 Performing Stable Through Standardized Operation 15

■	Corporate Governance	17
■	Anti-corruption	19
■	Risk Compliance	22
■	Supply Chain Management	25

03 Quality and Efficiency Improvement Through Industry-finance Integration 27

■	Integrating Industry and Finance to Achieve Coordinated Development	29
■	Innovation-driven Transformation to Digital and Intelligent Development	33
■	Keeping on Improving Products and Services	37

04 Improving Quality and Efficiency to Open a New Chapter in Zero-carbon Development 39

■	Response to Climate Change	41
■	Green Manufacturing	45
■	Green Shipping	53
■	Green Office	56

05 Working Together to Forge Ahead 57

■	Concerted Efforts for Shared Growth	59
■	Community Development	73

75	Outlook for 2023
77	HK-ESG Index
80	Reader Feedback



Message from the Chairman

In 2022, the global economy and financial markets were significantly impacted by complex international situations and soaring inflation worldwide. Despite these challenges, the shipping industry returned to normal, presenting new tests and opportunities for COSCO SHIPPING Development. Faced with grave international developments and market challenges, the Board of Directors of the Company maintained strategic determination and confidence, conducted operations in compliance with the law, and kept sound decision-making and prudent planning. The Board highlighted the guiding role of strategies, strengthened risk prevention, focused on quality and efficiency improvement, and sought out opportunities for growth. The Company's senior management demonstrated a united front, working cohesively to leverage their expertise and take concrete actions to improve their management capabilities. Their efforts proved pivotal in fully executing the reform measures, implementing strategies in a well-planned manner, and significantly enhancing quality and efficiency. All employees of the Company worked with a united goal, and showed excellent qualities including courage, wisdom, diligence, and tenacity in creating the 2022 chapter of COSCO SHIPPING Development themed "advancing with the times and proceeding with determined endeavors".

In 2022, COSCO SHIPPING Development focused on the major goal of achieving high-quality development during the 14th Five-Year Plan period and highlighted the primary tasks required to accomplish this critical objective. Guided by the strategic positioning of "fostering synergy in industry and finance integration", we remained steadfast in expanding our shipping industry-finance business, fostering the coordinated development of the industrial chain, and fortifying our core competitiveness. Sustainable development, which is an integral aspect of our core competitiveness, demonstrated significant progress this year.

In 2022, we demonstrated a dynamic, comprehensive, and profound integration of the environmental, social, and governance (ESG) concept into our key strategies, management structure, corporate culture, business operations, and work philosophy. Our unwavering commitment to corporate governance and operational compliance led us to deepen our risk management system and operational mechanisms, establishing a solid foundation for high-quality development. Our active exploration of digital and intelligent technologies, coupled with our promotion of technological innovation and digital transformation, has led us to identify new drivers for high-quality development. With the commitment to green development, we promoted green container manufacturing, green shipping as well as ship electrification to address climate change. We have continuously prioritized our people-oriented principle, protecting employee rights and interests, expanding career development paths, ensuring occupational health and safety, and cultivating a positive working environment. We also participated in rural vitalization and public welfare, aiming to create value together with employees and share development achievements with the community. As a strong advocate of fair competition and

compliant operations, we are determined to provide safer, greener, and more sustainable products and services, while working with our partners to promote industrial prosperity, ecological progress and social harmony, striving to accelerate the achievement of the UN Sustainable Development Goals.

As we stand at the new starting point of our journey, marked by a historic convergence, COSCO SHIPPING Development reaffirms its unwavering commitment to the guiding principles of the 20th CPC National Congress, and carries out the modern corporate system with distinctive Chinese features. We will fully and faithfully apply the new development philosophy on all fronts, speed up to create a new pattern of development, and promote high-quality development. We remain committed to continuously improving our shipping industry-finance operation system, while also optimizing our industry-finance integration service model. With a more refined industrial layout, better quality services, and more efficient operations, we are confident in our ability to promote high-quality development, establish win-win cooperation with all stakeholders, and pave the way for a better future of sustainable development.

Chairman of COSCO SHIPPING Development Co., Ltd. Chong Liu

刘冲

About Us

COSCO SHIPPING Development Company Limited (the Company) is a subsidiary of China COSCO SHIPPING Corporation Limited (COSCO SHIPPING Group) with specialized expertise in shipping logistics and finance, and is one of the core business units of COSCO SHIPPING Group. Headquartered in Shanghai, the People's Republic of China (PRC), the Company is listed both in Hong Kong and Shanghai, with registered capital of RMB 13.573 billion.

Focusing on integrated logistics services, the Company develops its main business centered around its core expertise in shipping leasing, container leasing and container manufacturing, while expanding its financial services for shipping logistics to achieve integrated development of industry, finance and investment underpinned by investment management.

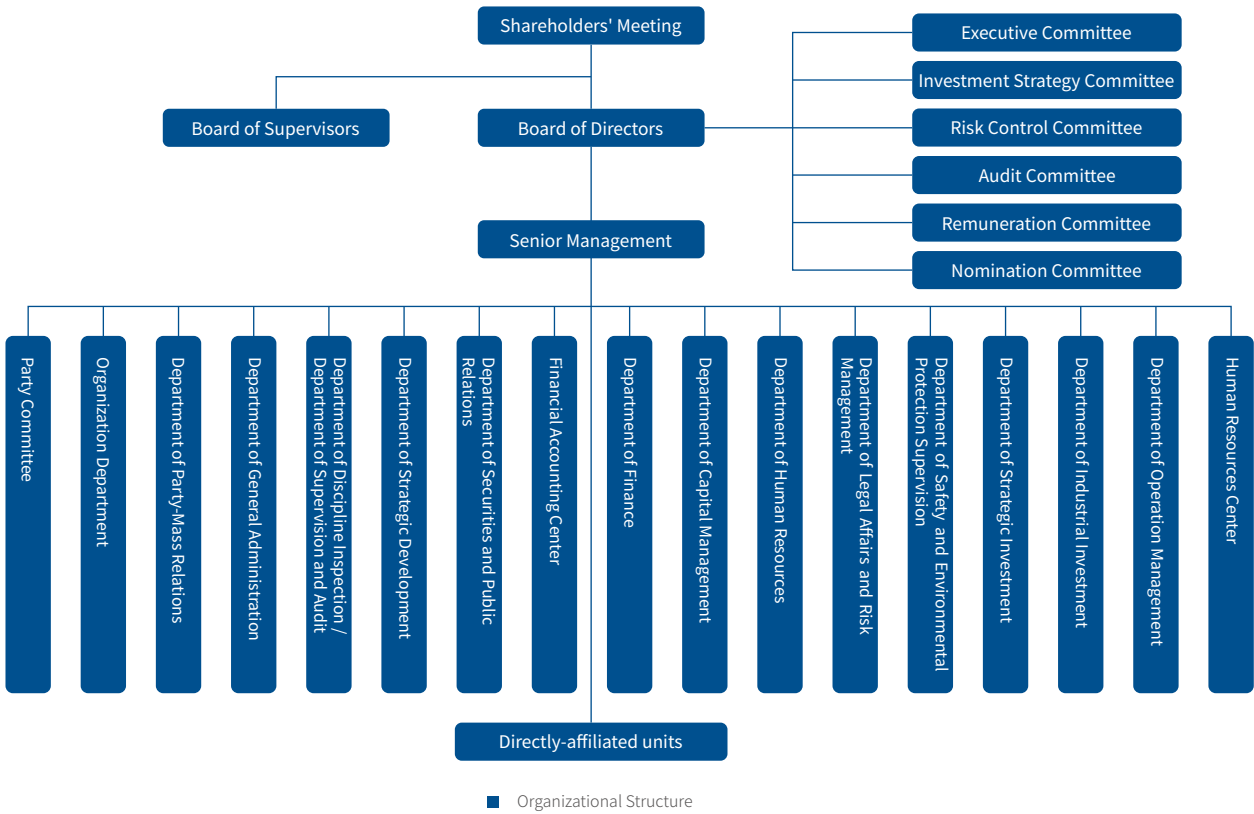
Shipping leasing: Our shipping leasing services cover nearly 200 vessels, including container ships, dry bulk vessels, special purpose vessels, and LNG carriers, with a total value of approximately RMB 40 billion.

Container leasing: We provide leasing, trading, management, and second-hand transaction services for various container types. With a container fleet that boasts a total capacity of over 3.8 million TEU, we rank among the largest container leasing companies in the world.

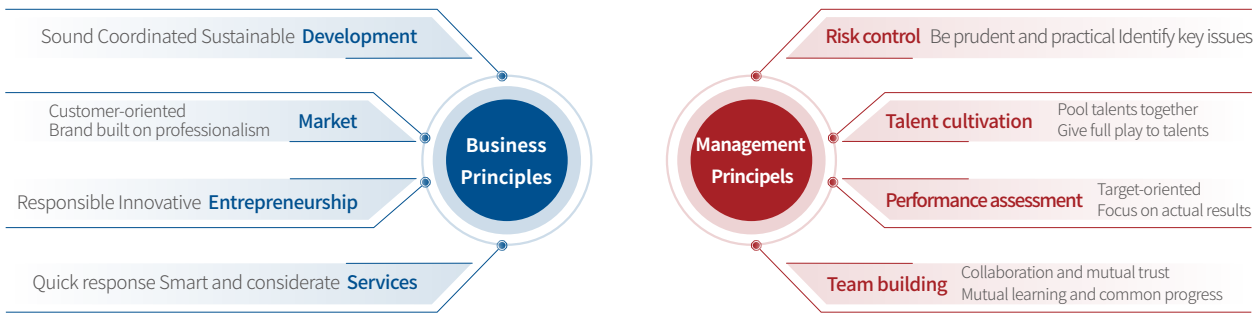
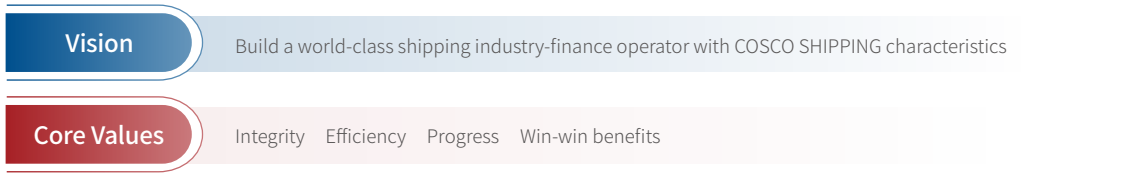
Container manufacturing: We develop, produce, and sell ISO dry containers, reefer containers, special containers and container houses. With a designed annual production capacity of over 1.4 million TEU, we are ranked second in the world and serve customers from world-renowned liner companies and major container leasing companies. Meanwhile, leveraging the worldwide transportation network of COSCO SHIPPING Group, we provide customers with value-added services of container delivery at ports across the world.

Investment management: We prioritize both strategic value and financial returns. With a focus on shipping logistics and the objective of integrating industry and finance, we utilize investment as a means to concentrate our attention on specific investment areas, optimize our investment portfolios, and strengthen asset operations to improve investment returns. Following an investment strategy centering on our main business, we use capital as a link, and combine it with shipping, port and logistics to attract high-quality assets, intellectual property and resources, thus promoting industry upgrading.

Guided by the philosophy of "excellence" and the core values of "Integrity, Efficiency, Progress and Win-win cooperation", the Company leverages the unique advantages of the shipping industry to increase the value of capital flows within the shipping logistics ecosystem, to establish itself as a preeminent industry financial services provider with COSCO SHIPPING characteristics.



In the pursuit of excellence, pragmatism and efficacy, COSCO SHIPPING Development has established a corporate culture centering on "excellence". In order to further promote the "excellence" culture and deepen employees' awareness, understanding and recognition of it, extensive cultural activities were organized in 2022, which provided strong cultural guidance and value support for the Company's development and management, and united employees to promote faster and better corporate development.



Honors and Awards

July 2022

The Secretary of the Board of COSCO SHIPPING Development won the honor of “Gold Medal Board Secretary” at the 8th Gold Kylin Award Ceremony held by Sina Finance.

August 2022

COSCO SHIPPING Development won the Masterpiece Award under the “category of livelihood improvement for the first public sanitation pilot project of the UN Global Compact Belt and Road Initiative Action Platform”.

September 2022

Shanghai Universal, a subsidiary of COSCO SHIPPING Development, won the “May 1st Labor Award of Shanghai”.

COSCO SHIPPING Development was selected into the “Top 100 Listed Companies in China” in the “16th Awards of the Value of Listed Company in China” hosted by Securities Times and co-organized by egsea.com.

October 2022

Florens Asset Management Company Limited, a subsidiary of COSCO SHIPPING Development, was honored as a “Good MPF Employer” by the authority of the Hong Kong SAR Government.

December 2022

The Secretary of the Board of COSCO SHIPPING Development was bestowed with a “5A” rating in the Chinese Listed Companies Performance Evaluation of the Secretary of the Board of Directors.

The Secretary of the Board of COSCO SHIPPING Development was appointed as a member of the Sixth Session of Review Committee of the Shanghai Stock Exchange.

COSCO SHIPPING Development won the “GoldenBee Excellent CSR Report 2022 • Environmental Protection Disclosure Award”.

COSCO SHIPPING Development was awarded the “2022 ESG Golden Bull Award — Governance Pioneer”.

COSCO SHIPPING Development won the Award for Outstanding Contribution to Pudong’s Economy.

2023

COSCO SHIPPING Development won the “Green Growth” Award of Unido Global Call 2022.

COSCO SHIPPING Development won the award of 2022 Wind ESG Best Practice.

DFIC Jinzhou under Shanghai Universal, a subsidiary of COSCO SHIPPING Development, won the honor of “National Green Factory” in 2022.

01

Keeping Pace with the Times in Sustainable Development

We believe that the world is a global community with a shared future and that businesses can make a difference through responsible actions.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



In 2022, the shipping industry faced unprecedented challenges because of the international situation and geopolitical conflicts, resulting in increased complexity and uncertainty in the market. Despite these challenges, the digital, intelligent, and low-carbon transformation of the industry has created new opportunities for companies along the shipping industry chain. To navigate these opportunities and challenges, COSCO SHIPPING Development implements the concept of sustainability, leverages its advantages to empower the shipping logistics industry's high-quality development, create value for customers and seek benefits for society.



Sustainability Philosophy and Management

As a capital-intensive industry, the development of shipping relies heavily on a robust industry- finance service system. Recognizing this, COSCO SHIPPING Development has prioritized the integration of industry and finance in the main business to actively respond to better navigate the challenges posed by the complex international landscape and market situation while leveraging the synergies of the industrial chain. Together with partners, we work to promote sustainable industrial, social and global development.

Sustainability Background

Since 2022, the global shipping markets have experienced continued fluctuations due to the impact of unstable international situation and geopolitical conflicts on the global economy. Meanwhile, with increasingly stringent carbon emission reduction policies, the shipping industry faces mounting pressure to accelerate decarbonization and promote clean energy transformation.

In November 2022, the amendment to Annex VI of the *International Convention for the Prevention of Pollution from Ships* issued by the International Maritime Organization (IMO) came into effect. In accordance with the Initial IMO Strategy on the reduction of GHG emissions from ships, this amendment revised the ship’s technical and operational regulations. The updated regulations require shipping companies to prioritize energy efficiency improvements in the short term to reduce GHG emissions. Urgent action is needed for shipping enterprises to plan and prepare for strategic transformations that are adaptable to low-carbon development.

On the other hand, as China vigorously promotes the high-quality development of transportation, the sustainability of the shipping industry has become both a responsibility and a prevailing trend. The Report to the 20th CPC National Congress clearly stated that “We will promote clean, low-carbon, and high-efficiency energy use and push forward the clean and low-carbon transition in industry, construction, transportation, and other sectors”. In December 2021, the State Council issued a modern comprehensive transportation system during the 14th Five-Year Plan (2021-25) period. According to the plan, goals put forward that “by 2025, China will have generally realized integrated transportation development, achieved breakthroughs in pursuing intelligent and green transportation, and made prominent improvements in overall capability, service quality and efficiency of the transportation sector. By that time, China will have made a further step on its road to building a world-class transportation system”, and “by the year 2035, a convenient, economical, efficient, reliable, green, and advanced modern national comprehensive transportation network will be basically completed”.

Our Strategies

With shipping leasing, container leasing and container manufacturing as the core and the investment services as the supporting pillar, COSCO SHIPPING Development closely focuses on the main business of integrated logistics industry and promotes the development of industry-finance integration. Leveraging the strengths in the container logistics industry chain, the Company continuously explores container-based fintech solutions to facilitate the free flow of goods, capital, and information, empowering the shipping logistics ecology, enhancing the cohesiveness of the industry chain, and creating value for customers. With market-oriented mechanism, industry expertise, and global vision, we are building the Company into a world-class shipping industry and finance operator with COSCO SHIPPING characteristics.

In 2022, in the face of complex markets and new opportunities for industry development, the Company closely focused on the development strategy set for the 14th Five-Year Plan period(2021-2025) and centered on the shipping industry chain. We expanded our industry and finance businesses and strengthened corporate management while refining our business measures, thus driving our high-quality development. In terms of the shipping leasing business, we optimized our mode of industry-finance integration. This allowed us to strengthen the industrial chain synergy between “leasing and manufacturing, as well as leasing and shipping”. We also deepened our business segmentation to facilitate the green transformation of the shipping industry. In the container leasing business, the Company adhered to the “Key Account Strategy” to promote diversified leasing services. We expanded our refrigerated container and special container business. To increase overall operational efficiency, we actively accelerated digital transformation through a customer-centered digital business system. In our container manufacturing business, we optimized our product layout and actively promoted research and development to meet the demand for low-carbon and environmentally friendly high-end special containers, such as energy storage tanks. Through these efforts, we worked to expand container applications. With regard to our investment management business, we prioritized shipping logistics as our primary business. We boosted the development of new shipping technologies, new industries and green shipping through the integration of industry and finance as well as the upgrading of industrial structure. Relying on digitalization and intelligence, we vigorously promoted the construction of the digital platform and digital factory. This has resulted in remarkable improvements in operational efficiency and intelligent production. Additionally, we actively promoted technological innovation and applied for 179 new patents in 2022. Dedicated to green and zero-carbon development, we have commenced the construction of two 700TEU electric container vessels to serve as green and zero-carbon shipping demonstrations. In addition, we established the China Electric Ship Innovation Alliance, which integrates the advantageous resources along the green shipping industry chain to better implement the dual-carbon strategy.

Index	Unit	2022	2021	2020
Total Revenue	RMB million	25,464.6730	37,118.3710	20,178.6875
Profit	RMB million	3,923.1300	6,090.6820	2,140.9295

Note: Data in the table is for H shares.



Sustainability Philosophy and Management

Recognizing that “empowering nature” is a fundamental business truth and that "putting people first" is a cornerstone of its corporate foundation, the Company is committed to integrating the sustainability philosophy into its overall strategy, values, and business plan. We pursue long-term sustainable development in the unity of social and corporate values. To this end, we continue to improve our sustainability-oriented governance system and incorporate environmental, social, and governance (ESG) management into our existing system. Based on this, we systematically identify and manage ESG risks to address the concerns of the capital market and promote high-quality, sustainable development of the economy and society.

Sustainability Organizational Structure

We have established sustainability management organizations to strengthen the overall leadership, coordination and promotion of sustainable development, and improve our sustainability management. The Board of Directors is the highest authority over sustainability governance.

The Investment Strategy Committee coordinates and guides the sustainability management organizations, analyzes and studies global political, social and environmental risks and opportunities that might affect the Company; supervises and manages sustainability strategies, relevant policies and ESG performance, and makes decisions on major matters concerning sustainable development. The said responsibilities have been written into the *Working Rules of the Investment Strategy Committee of the Board of Directors*.

The Sustainability Working Group, comprising of departments of the Headquarters and subsidiaries, manages sustainability practices and ESG performance in accordance with the *Sustainability Management Policy* and the *ESG Index Management and Operation Manual*, and reports regularly on the work progress.

In March 2022, the Investment Strategy Committee reviewed and approved the Company's Sustainability Report 2021, which was officially released to the market on the evening of March 30 after being reviewed and approved by the Company's Board of Directors.



Sustainability Organizational Structure

Sustainability philosophy system

Our sustainability commitment:	We will integrate the vision of sustainable development into the core corporate strategy, corporate culture and the way we work, uphold fair competition and compliance, and develop safer, greener and more sustainable products and services to contribute to industrial prosperity, ecological conservation and social harmony.	
Dimension	Our goal	SDGs
Economic	We will integrate the cargo flow, capital, information, and equipment resources related to shipping logistics, give full play to the advantages of the shipping industry, serve and empower the shipping logistics industry, and expand the value of the capital flow of the shipping logistics ecosystem, striving to build a world-class shipping industry-finance operator with COSCO SHIPPING characteristics.	<div>1 NO POVERTY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>
Environmental	We will spare no effort to relieve the burden on the environment. We will continue to identify the environmental impacts of industrial chain, and lead upstream and downstream partners to boost the harmonious coexistence between enterprises and nature by promoting sustainable procurement, production and products.	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div> <div>15 LIFE ON LAND</div>
Social	We will address the fundamental needs of national, urban and social development, and make unremitting efforts to achieve higher development and human well-being. We will actively participate in building sustainable cities and communities, and solve social problems in education, health care, environmental protection and infrastructure with our resources and expertise.	<div>2 ZERO HUNGER</div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div> <div>6 CLEAN WATER AND SANITATION</div> <div>10 REDUCED INEQUALITIES</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>
Industry-specific	With an international vision and forward-looking mind, we will carefully study the development trend of the industry, make strategic decisions conducive to long-term development, and share experience with business partners to promote the sustainable development of the shipping finance industry.	<div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>

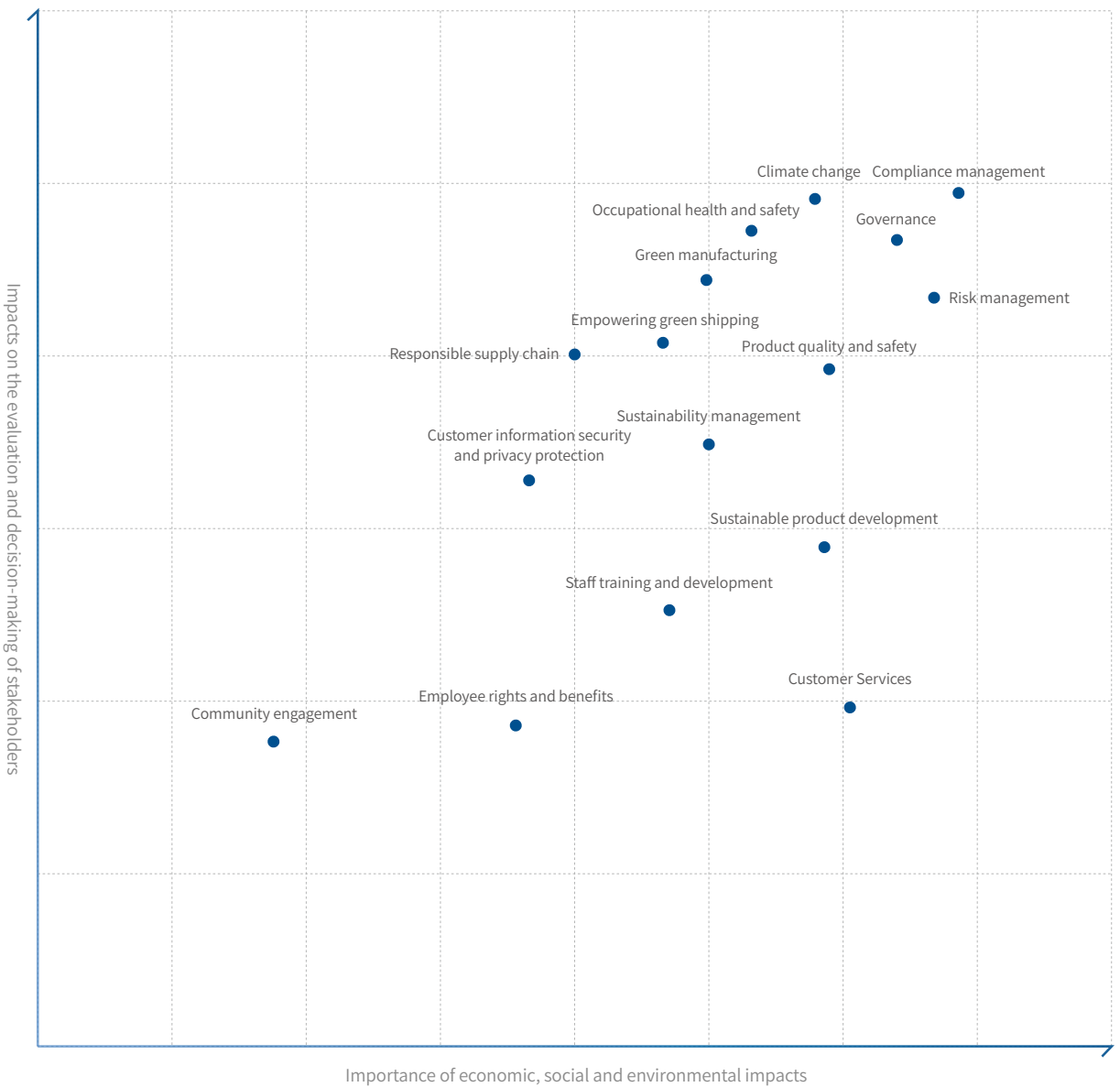
Stakeholder Communication

We pay attention to the impact of the Company's operation on all stakeholders, and strive to create value for them by identifying stakeholders, identifying their core demands, and clarifying the way of communication, so as to obtain the recognition and support of all parties.

Stakeholders	Core Demands	Communication and Responses
Government/regulatory institutions	<ul style="list-style-type: none">• Responding to national strategies• Serving local economic and social development• Compliant operation• Fair competition	Official document exchange, information disclosure, policy implementation, completion of assessment
Stock exchanges / investors	<ul style="list-style-type: none">• Good business performance• Sound corporate governance• Compliant operation• Risk control• Realization of corporate development strategy• True, complete and timely information disclosure	Company announcement, shareholders' meeting, performance conference, road show, communication with investors
Customers	<ul style="list-style-type: none">• Efficient products• Quality service• Information security	Investigation of customers' demand, official website, WeChat
Partners	<ul style="list-style-type: none">• Win-win cooperation	Exchange and visit, industry forum
Employees	<ul style="list-style-type: none">• Sound rights and interests protection• Good prospect for career development• Comfortable working environment	Cultural development, workers' congress, employee training and activities
Communities and the public	<ul style="list-style-type: none">• Engaging in charity• Serving community development	Voluntary service, public welfare activities, paring assistance
Environment	<ul style="list-style-type: none">• Systematic environmental management• Supporting green industry development	Environmental policies, green investment
Media	<ul style="list-style-type: none">• Responsible operation• Quality services• Adequate information disclosure	Press conference, media interview, new media interaction

Identification and Analysis of Material Topics

Since releasing our first social responsibility report in 2016, we have conducted two stakeholder surveys in 2016 and 2020 respectively to analyze the most material topics for the Company and stakeholders. In 2022, we reviewed the material topics and reassessed, analyzed and adjusted the material topics in combination with the macro policy and trend of global sustainable development, the important strategic directions of the Company and the demands of stakeholders, so as to have a better response.



02

Performing Stable Through Standardized Operation

Observance of laws, regulations and business ethics is the red line that must not be crossed and the foundation of our sustainability management.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIP FOR THE GOALS



Ensuring a sound operation is crucial for the Company's safety and stability. Upholding the concept of "excellence" and the core values of "integrity, efficiency, progress, win-win benefits", the Company continuously improves the corporate governance systems at both the headquarters and subsidiary levels. We have created a transparent and efficient communication platform, improved our internal and external risk prevention mechanisms, and fully exerted our influence to rally stakeholders to jointly build a responsible business environment. By doing so, we strive to promote the sound development of the shipping industry chain.



Corporate Governance

The Company continues to improve its corporate governance mechanism, we have implemented a sound governance structure with clearly defined powers and responsibilities, which includes the Shareholders’ Meeting, the Board of Directors, the Board of Supervisors, and the Management, who carry out their duties diligently to ensure the efficient operation quality of the Board. Meanwhile, we prioritize understanding the needs of the market by establishing a transparent, comprehensive communication platform to manage investor relations and enhance their understanding of the Company. Through these efforts, we aim to protect the interests of our investors.

Full implementation of the functions and powers of the Board of Directors to establish the sound supporting policies

In 2022, based on the *Implementation Plan on Implementing the Functions and Powers of the Board of Directors of COSCO SHIPPING Development Co., Ltd*, the Company earnestly implemented the six functions and powers of the Board, including decision-making on the medium and long-term development, selection and employment of management members, performance assessment of management members, management of the remuneration of management members, management of the salary distribution of employees, and management of major financial matters. In addition, we also completed the formulation and revision of supporting management policies corresponding to the six functions and powers, (including 14 policies, 2 contract texts, and 1 set of distribution schemes).

Continuous improvement of the authorization scope of the Board of Directors to put in place the authorization mechanism of the Board to the Management

In April 2022, the Company revised and issued the third edition of the *Authorization Rules of the Board of Directors* and the *Working Rules of the Executive Committee of the Board of Directors*, ensuring that the Board was able to authorize the Management with high quality, resulting in a more streamlined and effective decision-making process for the Company's operations. Overall, these efforts further optimized the scientific authorization of the Board and the reasonable management scope of the Management, empowering the overall standardized corporate operation.

■ Standardizing the improvement and operation of the Board of Directors

Revision of various governance policies to establish a sound core governance system

In 2022, the Company revised dozens of corporate governance documents to ensure compliance with the latest laws and regulations. This involved revising dozens of documents, including the articles of association, rules of procedures of the Shareholders’ Meeting, rules of procedures of the Board of Directors, rules of procedures of the Special Committee of the Board of Directors, rules of procedures of the Board of Supervisors, the registration and filing policy of information insiders, and the investor relations management measures. To improve the core corporate governance system, we have established a mechanism with statutory and transparent powers and responsibilities ensuring effective coordination between the Shareholders’ Meeting, the Board, and the management, providing source support for standardized governance.

During the reporting period

The Company held		
2 shareholders’ meetings	24	Board meetings
7 meetings of the Board of Supervisors	17	proposals deliberated at shareholders' meetings
The convening of special committees of the Board of Directors		
the Audit Committee 10	the Executive Committee 4	the Investment Strategy Committee 2
the Remuneration Committee 3	the Risk Control Committee 3	the Nomination Committee 2

The Company issued 74 notices in the A-share market and 209 announcements (including overseas regulatory announcements) in the H-share market

The Company responded to nearly 60 questions from investors on the Shanghai Stock Exchange (SSE) e-interactive

The Company has received an A rating for its information disclosure from the Shanghai Stock Exchange for the 8th consecutive year

Anti-corruption

We strictly abide by the *Interim Provisions on Banning Commercial Bribery*, *Rules on Integrity of Executives of State-owned Enterprises*, *Regulations of the Communist Party of China on Punishment for Party Discipline Violations*, *Oversight Law of the People's Republic of China*, and *Implementation Rules for the Oversight Law of the People's Republic of China* as well as other regulations. By establishing the anti-corruption mechanism, carrying out anti-corruption audit and creating an anti-corruption culture, we incorporate anti-corruption into our corporate governance and business process, and strengthen the atmosphere of integrity to put an end to any form of corruption, and escort the sustainable development of the Company.

Strengthening anti-corruption management

We have established an anti-corruption management mechanism coordinated by leadership and led by the Supervision and Audit Department. To monitor business corruption risk, the Company takes "major disciplinary matters" as an operational risk monitoring indicator and incorporates it into the overall system. We conduct daily and conduct irregular risk identification. In 2022, we continued to fulfill our anti-corruption responsibilities, and carried out anti-corruption inspections and special governance, as well as systematic management of anti-corruption issues to ensure stable operations.



Anti-corruption responsibilities

We hold annual meetings on the improvement of the Party conduct and anti-corruption, specifying 37 key tasks in 6 aspects. We also assess the implementation of our Party building responsibilities system and revise our evaluation indicators to ensure that party organizations at all levels are fulfilling their responsibilities. In addition, we implement the Rules for the *Financial Management and Control Shareholding Enterprises(Trial)*, which extends the scope of our full and strict governance over the Party to include management personnel who are stationed in shareholding enterprises. Through these measures, we are fully committed to upholding the highest standards of Party conduct and combating corruption within our organization.



Anti-corruption inspections

We explore effective practices, such as combining inspection and audit, and escalating inspection to improve inspection quality. We support the Group in building an inspection information platform and carry out the dynamic update of the inspection project data. In addition, we conduct inspections on the Party Committee of the headquarters, urging the Party Committee of Shanghai Universal to inspect the "new three factories" in Qidong, Qingdao and Ningbo. The Company has conducted internal inspections on five second-level and six third-level units, achieving the goal of "full coverage" of the Party Committee's inspections from 2018 to 2022.



Special governance

The Company has identified and addressed seven specific issues across six aspects through a comprehensive risk management system. We have formulated 22 rectification measures to address these issues and continuously promote improvement in preventing and controlling industrial and financial business risks as well as integrity risks. In addition, we carry out special governance for "strict financial discipline and law compliance operation", as well as self-examination and self-correction around seven aspects, including law compliance operation and investment risks.



Corruption reporting system

In addition to the *Regulations on Response to Whistle-blowing Tips*, we have established a mechanism of cooperation and check-and-balance, including visits & letters, supervision, investigation and case management. We have specified whistle-blowing procedures, time limits, and settlement requirements, and protect the privacy of whistle-blowers in accordance with the law.



Anti-corruption teams

To enhance the theoretical learning of disciplinary inspection officials, we have established an online learning mechanism and promoted self-study, collective learning, and special training. We also strengthen staffing equipment and cross-training. Throughout the year, 5 officials related to disciplinary inspection and audit of the whole system have been transferred, 2 been transferred out, and 3 officials have been transferred between positions. The *Implementation Measures on Regulating the Work of Discipline Inspection Committee Members of Grassroots Party Organizations* have been formulated to regulate team building of branches and expand the scope of supervision.

Carrying out anti-corruption audit

We have established a comprehensive and closed-loop internal audit and rectification mechanism to prevent corruption risks, and supervise the rectification of any problem identified. In strict accordance with the State-owned Assets Supervision and Administration Commission of the State Council(SASAC)'s regulations on the engagement of final-accounts auditing institutions by central SOEs and relevant requirements, we replace the annual final-accounts auditors through competitive negotiations regularly, and follow the approval procedures for listed companies. We have established the Audit Committee under the Board that receives the regular report from the Company's internal supervision and audit department and external audit institution every year. The Audit Committee is composed of senior auditors and directors with financial and financial backgrounds, providing guarantee for the scientific decision-making of the corresponding level of the Board.



Supervision
and inspection

We follow up on the implementation of the Company's three-year action plan for the SOE reform, key overseas investment projects and the stability of the supply chain and industrial chain. We conduct simultaneous inspections of economic responsibility projects and construction project audits to improve audit efficiency and effectiveness.



Audit digital
transformation

We explore the digital working mechanism, intensify efforts to data analysis, and improve the ability to find and analyze problems. To ensure comprehensive audit coverage, we have conducted online special audits for our subsidiaries overseas, achieving full audit coverage of all our subsidiaries. In 2022, 80% of the Company's audit projects were carried out through remote and online audits.



Joint audit
mechanism

The Company adopts a joint audit mechanism for its economic responsibility audit report by involving external experts. We invite business leaders or experts with relevant professionals and practical experience to participate in reviewing the audit report. This joint audit approach helps to enhance the Company's ability to identify potential issues and improve the quality of the audit report.



Audit
rectification

Through our audit, inspection, and monitoring efforts, we have identified common violations of accountability and explored cross-department coordination mechanisms, strengthened coordination with the central inspection and rectification, national audit and rectification, and various superior supervision and inspection, which promote the timely correction of problems identified in our annual audits.

■ Multiple measures for anti-corruption audit

During the reporting period

No corruption or compliance litigation was filed against the Company.

Fostering anti-corruption culture

The Company organizes various anti-corruption cultural activities to strengthen employees' awareness and self-discipline toward anti-corruption. These efforts contribute to building an anti-corruption culture within the Company and promote continuous improvement in anti-corruption management.

- **Deep-rooted concept:** Through anti-corruption cultural activities, such as organizing all Party members to watch feature films such as *Zero Tolerance*, conducting warning education special lectures on *Fastening the First Anti-corruption Button for Young officials*, discussing anti-corruption using flower language, and watching Initial *Heart Diary*. These measures promote an anti-corruption culture and instill the concept of anti-corruption in the minds of employees.
- **Regulate behavior:** We have formulated the *Management and Implementation Measures on Regulating the Registration and Submission of Gifts* to regulate the behavior of enterprises and strictly control the approval process of business banquets and reimbursement. We make anti-corruption conversations with market-oriented talents in key positions and personalize requirements that suit their specific posts.
- **Strengthen supervision:** We unblock channels of visits & letters, and forward the *Work Tips on Opening the Special Email-box for Visits & Letters by the Group's Discipline Inspection and Supervision Team* to the whole system. We also dynamically update the integrity files of 60 officials and promote the establishment of standardized management of integrity files for officials at the secondary unit level.

During the reporting period

Anti-corruption training for all directors was included in the annual training of Stock Exchange and China Association for Public Companies.

855 formal employees (including the Management) participated in anti-corruption trainings

50% of the total formal employees

3,161 dispatched workers participated in anti-corruption trainings

35.61% of the total dispatched workers

100% of subsidiaries

100% of joint ventures

Risk Compliance

COSCO SHIPPING Development strictly complies with the *Guidelines for Comprehensive Risk Management of Central SOEs*, the *Basic Standards for Enterprise Internal Control*, the *Guidelines for Compliance Management of Central SOEs (Trial)* and the *Interim Measures for Supervision and Administration of Financial Leasing Companies*. We have also studied, drawn on the experience of and applied the high-level risk management frameworks and the concept and methodology of guiding tools in the world, including the ISO 31000 risk management standards, *COSO's Enterprise Risk Management-Integrated Framework (2017)*, IRM and Basel II , to continuously improve our internal risk management policies, process and foster a risk management culture, and build a strong risk management safety net for stable and orderly business operations.

In 2022, there was no incidents of investigation, notification, or punishment events resulting from violations of anti-corruption, anti-extortion, anti-fraud, and anti-money laundering laws and regulations.

Risk prevention and control

The Company places great emphasis on comprehensive risk management and continuously establishes an optimized system. This includes the establishment of a long-term mechanism for risk management through system construction and capacity building. In 2022, the Board of Directors continued to review the effectiveness of the Company's risk management and internal monitoring system through the Risk Control Committee. The review covered all important monitoring aspects, including financial, operational, and compliance.

Completing the risk management mechanism

We have expedited the process of formulating and revising the reputation risk management policy and the customer credit and receivables management policy. We have issued the *Administrative Measures for Reputation Risk* and revised the *Administrative Measures for Receivables* and the *Administrative Measures for Customer Credit*. Besides, we have improved the customer concentration management model by strengthening blacklist management to ensure that the Company's key customer access and business expansion are quantifiable, credit is adjustable, and risks are controllable.

Risk monitoring and control

We continue to improved the risk quota indicator system. We have issued the Annual Risk Quota and Monitoring Indicators of the Company in 2022 and the Leverage Budget for the Investment and Leasing Business. We optimized the major risk prevention and control mechanism for quarterly risk monitoring and daily risk tracking. We provided tracking and guidance for the disposal of key risk projects, resulting in the successful resolution of some key project risks.

Risk inspections, tracking and grading

We conduct in-depth risk inspections of the leasing business to ensure effective risk disposal and to determine the bottom line for potential risks. We also carry out self-inspection for special risks and hidden hazards, and conduct comprehensive inspection and evaluation on conductive geopolitical risks, the perfection of early-warning and disposal mechanisms for industry-financial risks, the security of the asset, and the implementation effectiveness of the risk internal control system and mechanism. In addition, we carry out annual tracking and grading to improve the dynamic tracking of credit assets and the instrumentation level of the rating process.

Improving risk management information system

We have completed the digital construction of concentration management and implemented the new concentration control scheme in the comprehensive risk management system. We have advanced the integration of risk data and improved the informationization of risk data transformation and monitoring in container leasing. We have also improved the function of the high-frequency use risk control module and completed the annual update of the indicator scheme online.

Carrying out ESG risk management

The Company has incorporated ESG risk monitoring indicators such as safety production and environmental protection into the comprehensive risk management framework system. We regularly collect relevant risk information through our information-based system to timely analyze and evaluate the performance of the indicators and take effective measures against issues. This helps to prevent safety and environmental risk events from evolving into credit risks, reputation risks, and other significant risks.

Our risk management

Compliance operation

Committed to compliance operations, the Company establishes a sound compliance management system and mechanism. We have issued the *Implementation Plan for Compliance Management Strengthening Year of COSCO SHIPPING Development Co., Ltd*, which aims to promote the integration of compliance management and business operations to ensure compliance operations in accordance with laws.

Strengthen compliance policy construction



We have taken measures to strengthen the Company’s management of rules and regulations, including formulating and implementing the 2022 policy plan. This plan includes various management requirements to continuously improve the management of our policy. We have revised the *Compliance Management Measures* to enhance the overall structure and content, institutions and functions, and focus of compliance management, laying a foundation for further in-depth compliance management. In addition, we have updated the *Compliance Manual* to regulate the Company’s compliance operation and staff’s ethical conduct.

Improve the compliance system and mechanism



We have set up a Compliance Committee and appointed compliance personnel in various departments of the headquarters and the functional departments of the subsidiaries, to further improve the compliance management organization system and talent team. We have reviewed and improved 19 compliance management issues by compiling lists of process control, job responsibility, and risk identification and signed the *Compliance Commitment* to ensure the overall sound construction of compliance management.

Implement special compliance actions



We have carried out compliance risks in more than ten fields, such as business operation and strategic management. We continue to manage international sanction compliance and urge all business lines and subsidiaries to effectively implement sanctions risk monitoring, identification, and system docking. *The Anti-monopoly Compliance Guideline* was compiled and issued, requiring all departments and subsidiaries to strengthen the identification of monopoly risks.

Cultivate the risk compliance culture



The Company has established the “excellence cultural system”, concluded the “risk view” of “be prudent and practical, identify key issues”, requiring that “holding on the bottom line of risk, being firm in risk preference, monitoring key risks, and controlling comprehensive risks”. Meanwhile, the risk management mechanism of “three lines of defense” has been established. By releasing the *Legal Compliance Briefing*, providing training, identifying risks and other forms, we have enhanced employees’ risk awareness, and effectively promoting the construction of risk culture.

By the end of the reporting period

6 meetings has been convened by the Law Compliance and Risk Management Committee

deliberated **8** proposals including the *2022 Annual Risk Limits and Risk Monitoring Indicator Scheme* and the *2021 Annual Work Report on the Internal Control System*

and heard **10** reports including the *2022 Work Calendar of the Legal and Risk Management Department*, the *Implementation Plan for Compliance Management Strengthening Year* and the *Summary of the Legal Risk Control Work in 2022 and the Work Plan for the Next Year*

Information security management

We pay great attention to information security management, the Company has established an informatization leading group responsible for reviewing and approving the unified planning and construction of network security. Meanwhile, an informatization working group is also set up to centralize the management of our network security and informatization work. The main person in charge of each department is responsible for network security and informatization work within the department, and has been given the authority to make decisions and coordinate major matters related to these areas. In addition, our subordinate units are encouraged to set up informatization management departments or special posts in line with the scale of their organization, to promote informatization.

The Company has formulated a series of management documents, such as the *Administrative Measures for the Management of Informatization Work*, the *Regulations on the Management of Information System Security*, the *Information Security Management Document*, and the *Regulations on the Management of Network Security* to regulate information security management, improve overall protection capabilities and levels, thus ensuring and promoting the sound development of the Company’s informatization. Additionally, the *Network Security Awareness Manual* is formulated to improve employees’ relevant awareness and ability.

During the reporting period

0
information security bugs or
other network security incidents
occurred



Supply Chain Management

We identify the social responsibility of the Company's value chain while systematically carrying out sustainability governance. We have set up the *Procurement and Supplier Management Committee* to coordinate procurement and supplier management, and formulated the Supplier Management Measures which comprehensively and systematically regulates the supplier evaluation, admission, regular audits and dynamic assessment mechanisms of the Headquarter and subsidiaries, to enhance our supply chain management. At the same time, we promote CSR management along the supply chain, and supervise the environmental and safety performance of suppliers and subcontractors. Playing the guiding role in the value chain, we strive to contribute to building a responsible shipping industry chain.



Supplier pre-qualification

We implement a strict supplier pre-qualification system. All suppliers must be evaluated and only those qualified will be included into the supplier database.

The Company has adopted a zero-tolerance approach towards commercial bribery and similar acts by issuing the *Anti-Commercial Bribery Sample Clauses/ Agreements*. The contract management mechanism emphasizes the inclusion of anti-commercial bribery clauses in commercial contracts to mitigate corruption risks. All suppliers must sign the *Supplier Anti-Commercial Bribery Commitment*, and those who violate the commitment will be banned from the supplier database.



Supplier grading and management

At COSCO SHIPPING Development, suppliers' environmental and social performance is included in the supplier assessment by a team consisted of relevant procurement experts, procurement personnel, personnel of the user unit, etc. According to the supplier assessment report, the team grade suppliers into five levels: A, B, C, D and E, based on their credentials, cost competitiveness, contract performance, quality control, customer service, business innovation, and safety and environmental performance, with different management measures applied. We also carry out dynamic quantitative assessments to upgrade or downgrade the suppliers according to the assessment results, thus achieving timely and targeted supplier management.



Annual supplier review

The Company conducts the regular evaluation of suppliers. Each procurement unit is responsible for completing the annual dynamic rating of suppliers in the previous transaction year's supplier database before the first quarter of each year. The Company's headquarters and subsidiaries formulate corresponding assessment standards and methods based on the situation of different types of suppliers. The assessment content includes the supplier's basic qualifications, cost competitiveness, fulfillment performance, product quality, service quality, work efficiency, business innovation, safety and environmental protection, as well as existing problems and suggestions.



Assessment of suppliers' CSR performance

Suppliers in the supplier database must follow the prescribed procedures and sign the Supplier Self-Examination Questionnaire on Social Norm Compliance. Only those who meet health, safety and environmental requirements can be included in the Company's supplier database. At the same time, we reward those with a high rating. The questionnaire covers suppliers' policies and plans concerning health and safety, environment, child labor, forced labor, remuneration and working hours, anti-discrimination, employee rights and supply chain, which helps suppliers find the path and direction of CSR management and practice.



Subcontractor management

We have promoted in-depth supplier management by optimizing the mechanisms of subcontractor registration, access review, regular assessment, and elimination, and have made it clear that subcontractors are also subject to the Company's safety management. In addition, we invite safety management experts to conduct research on subcontractor management. Through analysis of typical safety incidents, they identify the weak links in subcontractors' safety management, and provide targeted safety management training for subcontractors, thus improving the supply chain management efficiency.

By the end of the reporting period

there were **162** suppliers in the Company's supplier database

including **10** overseas

During the reporting period

the headquarter Company had transactions with **38** suppliers

including **36** from the mainland and **2** overseas

During the reporting period **90%** of its timber suppliers were FSC-certified

03

Quality and efficiency improvement through industry-finance integration

We implement the industry-finance integration strategy, promote digital transformation and intelligent manufacturing, and provide high-quality products and services to advance with our customers.



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIP FOR THE GOALS

The shipping industry is a vital contributor to the national economy, foreign trade, and social development, and its high-quality development serves as a strategic channel for dual-circulation. Focusing on the integrated logistics business, the Company continues to prioritize the integration of industry with financial services and cultivate the development of industry, finance and investment. We boost innovation-driven development, intensify efforts in intelligent manufacturing and digital transformation, and deliver high-quality products and services to customers to build a world-class shipping industry-finance operator with COSCO SHIPPING characteristics, and support international and domestic circulations with our logistics services.

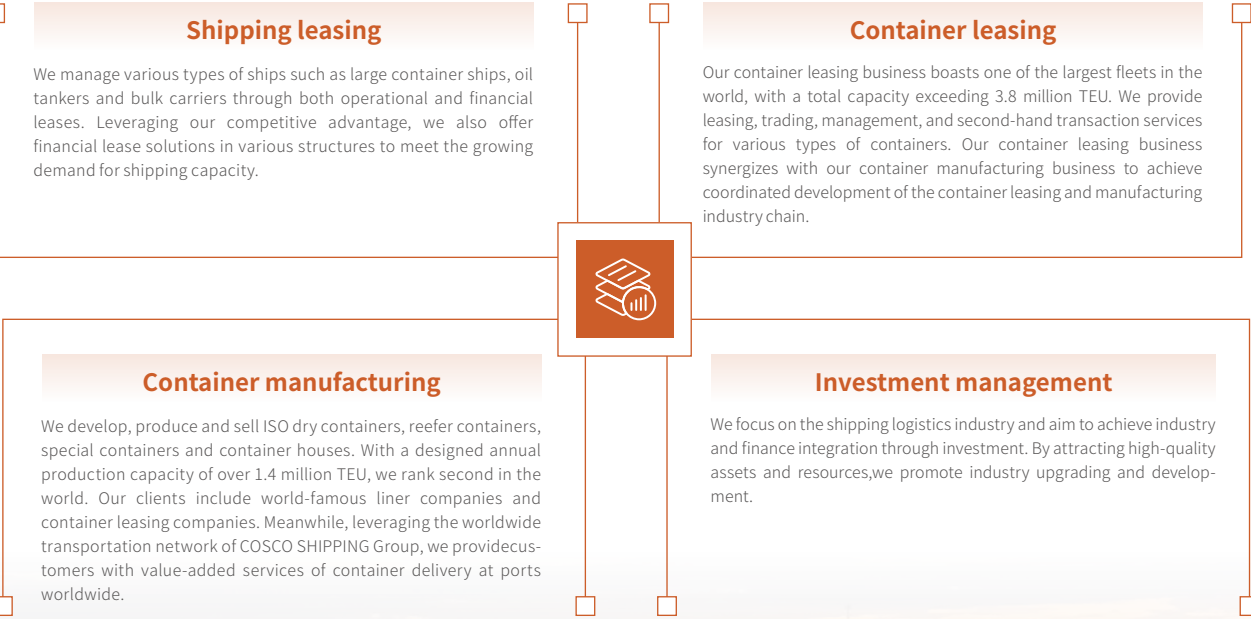


Integrating Industry and Finance to Achieve Coordinated Development

COSCO SHIPPING Development is committed to pursuing the development pattern of "fostering synergy in industry and finance integration". As a part of this strategy, we continuously explore and develop new competitive advantages to further improve the level of high-quality development, and provide customers with internationally competitive products and excellent industry financial services.

Optimizing the development plan

We promote shipping industry development in multiple aspects including shipping leasing, container leasing, container manufacturing to investment management. In 2022, leveraging our market-oriented mechanism, industry expertise, and global vision, we capitalized on market opportunities, consolidated our strengths, and expanded our business in breadth and depth to promote the integrated development of industry, finance and investment.



Building an excellent shipping industry-finance operator with COSCO SHIPPING characteristics

Key performance



Industrial chain collaboration

As a shipping industry-finance operator, we are dedicated to serving upstream and downstream enterprises along the shipping industry chain. We have intensified industry-finance integration along upstream and downstream to comprehensively drive the development of the shipping industry chain.



Shipping fund

Focusing on the green, digital and intelligent development of shipping, ports and logistics, we continuously improve our research capabilities, monitor market trends and seek out potential projects. In 2022, we enhanced investment in the tech field, and invested in Zongmu to promote the application of autonomous driving and advanced driving assistance system technologies in logistics, ports, and shipping. By the end of December 2022, the Company had collected a total of 145 projects, including 101 projects related to ports, shipping and logistics (7 port projects, 27 shipping projects and 67 logistics projects), laying a solid foundation for business expansion.



Logistics fund

Combining the logistics business with the policies of more developed cities in Henan province, we set up Zhaoyuan Fund and Kunpeng Fund through market-based fundraising, which created a strategic synergy with Yuanhai Logistics Fund to create new business patterns and income sources. We seek out high-quality investment projects, and attract external funds to develop new projects such as Luoyang Dasheng New Energy, and KINGFC. We also invested in WINNIT Corporation, Worldwide Logistics and CMST projects to foster the development of the global supply chain.

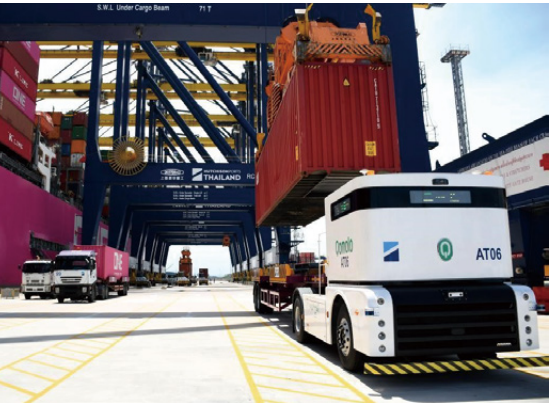
■ COSCO SHIPPING industry funds support the development of the shipping industry

APT Mobile Satcom Limited(APSAT), invested by COSCO SHIPPING Development, makes a new achievement, and boosts industrial upgrading through industry-finance integration

In 2022, the “pilot project of intelligent shipping application in coasting bulk carriers” of APSAT, a company invested by COSCO SHIPPING Development, was selected as one of the first batch of pilot projects for autonomous drive and intelligent shipping application by the Ministry of Transport of the People’s Republic of China. The project focuses on the actual needs of large bulk carriers for intelligent shipping, enhancing the safety and efficiency of water transport of bulk commodities, while providing advanced experience for ports in intelligent navigation and low-carbon development of special equipment and ships. Going forward, COSCO SHIPPING Development will continue to promote the intelligent and digital development of shipping logistics, and leverage the advantages of industry-finance integration to facilitate industrial upgrading and create value for shareholders.

Facilitated by industry-finance integration, driverless vehicles accelerates construction of modern green ports

Adhering to the principle of “industry-finance integration”, the Company actively pursues digitalization in the port industry. Westwell, invested by the Company, is one of the earliest AI companies with full-stack development capabilities in China. With advanced technology and a focus on port industry applications, Westwell continuously optimizes the integration of artificial intelligence and port operations, achieving the value conversion and commercialization of artificial intelligence technology. Westwell’s driverless truck replaces the traditional cab with a modular front with a simple body carrying containers with a capacity close to manual driving trucks. The second batch of driverless trucks in the port can autonomously complete battery replacement within 6 minutes. As port automation increases, the work efficiency of driverless trucks surpasses that of manual driving trucks, thereby addressing the port capacity shortage. By the end of August 2022, the driverless truck fleet had transported over 150,000 TEUs. Westwell is leads the market in commercial applications of autonomous drive and comprehensive AI solutions for ports. Its business has expanded to many countries and regions along the Belt and Road including China, Southeast Asia, Northern Europe, and the Middle East.



■ Driverless trucks of Westwell

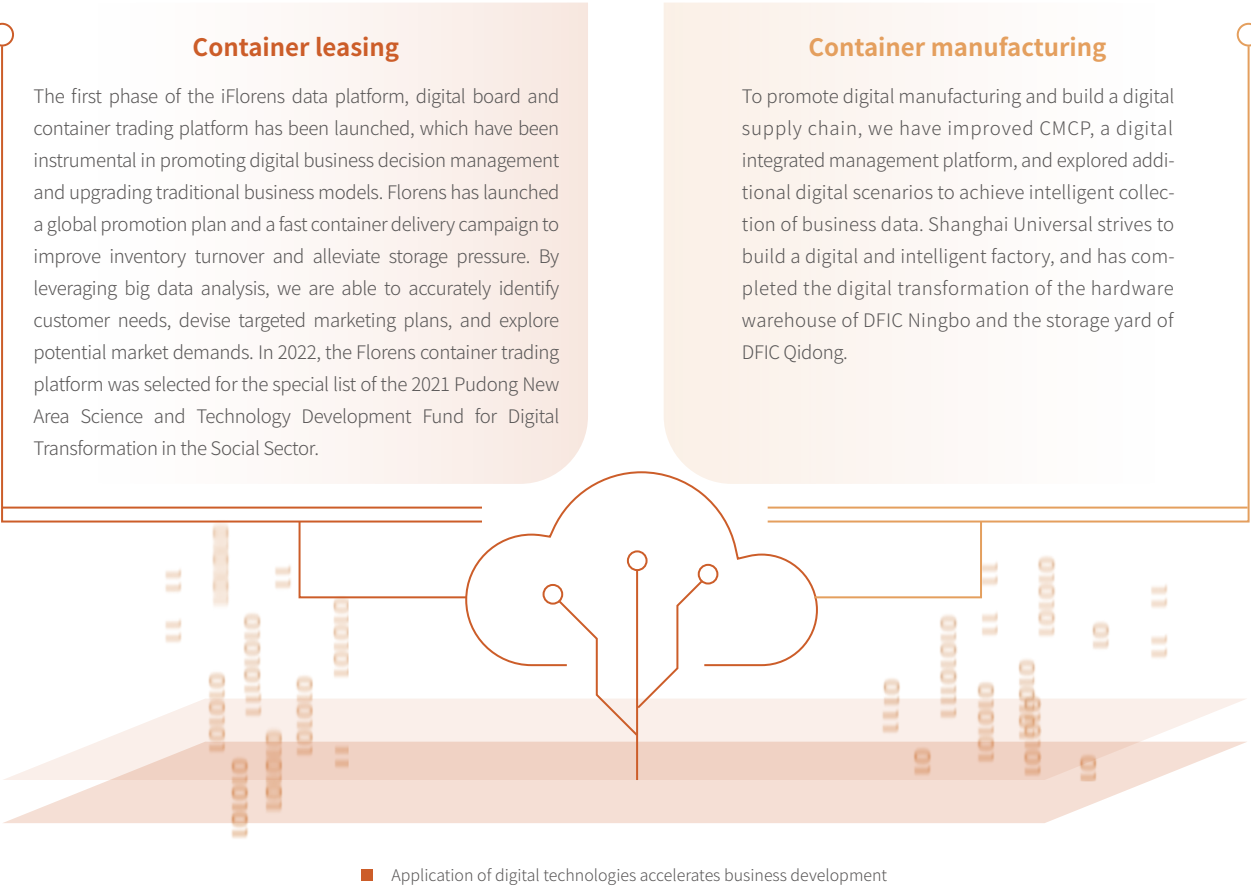


Innovation-driven Transformation to Digital and Intelligent Development

Adhering to the innovation-driven strategy, the Company achieves efficient collaboration with data, explores new development areas and opportunities and injects new vitality and strengths into the Company. To improve the top-level design for technological innovation and digital transformation, the Company has issued the *Digital Transformation and Network Information Work Plan During the 14th Five-Year Plan Period* and the *Special Plan for Science and Technology Development During the 14th Five-Year Plan Period*. With a focus on innovation in intelligent manufacturing and digital transformation, the Company has established an organizational system for technological innovation that features “one research entity, multiple technology centers and specialized management departments in each subsidiary” to support digital transformation and innovation.

Digital transformation

COSCO SHIPPING Development actively promotes transformation of digital, networked and intelligent business development. Our pursuit of intelligent technologies empowers and drives us to foster intelligent industry-finance integration and intelligent container manufacturing. We seamlessly integrate digital technologies, such as cloud computing, big data, and AI, with our business to enhance the efficiency of the shipping industry.



Data empowerment for efficient collaboration, iFlorens platform Phase I officially launched

On May 18, 2022, the first phase of iFlorens platform jointly built by FIL, a subsidiary of COSCO SHIPPING Development, and COSCO SHIPPING Technology was officially launched. The iFlorens platform integrates the business data of Florens with external data from upstream and downstream of the industrial chain, enabling comprehensive and visual display of data for front-line key account managers and headquarters employees. This provides intelligent advice for decision making and enhances work efficiency. Ultimately, the platform aims to cover all of our business and provide unified and timely data support for downstream services. The iFlorens Platform has four notable highlights in product application and technologies:

- Providing data dashboard and user profile:**The iFlorens platform offers a comprehensive business dashboard that enables real-time tracking of customer performance. Key customers can be identified and business information can be easily understood, resolving issues associated with slow and difficult data acquisition and historical data inconsistency.
- Improving decision-making quality and efficiency:**The iFlorens platform utilizes intelligent algorithms to generate guidance and recommendations for business operations and promptly deliver them to the relevant decision-makers. This enables Florens to respond to changes in the external market environment in advance.
- Assisting the Company' s innovative business and digital transformation:**As a data platform, iFlorens constantly provides data support for other innovative products, such as container trading platform and digital board. Meanwhile, by connecting to the external ecosystem, it facilitates collaboration among upstream and downstream enterprises in the industry chain.
- Satisfying the needs of multiple terminals and agile delivery:** Leveraging the next-generation technology structure of COSCO SHIPPING Technology, iFlorens is independently developed based on the latest structural concepts, catering to the diverse needs of various terminals and flexible delivery requirements.

Through building these platforms, the Company has successfully established a digital operation system that serves not only Florens but also the entire container leasing industry. This has provided a competitive advantage for Florens and has accelerated the industry's transition to a digital operational mode.



Intelligent manufacturing

COSCO SHIPPING Development continues to study and assess industry trends, and devises strategic plans accordingly. The Company promotes Shanghai Universal’s construction of Digital Factory, unleashes the greater potential of production and intelligent manufacturing, and subdivides intelligent manufacturing categories to meet diverse market demands.

Key transformation projects

Each container factory carries out key transformation projects aimed at enhancing safety and environmental protection, improving product quality, and implementing lean production practices, as well as promoting intelligent manufacturing to reduce labor intensity, to ensure product quality and improve the working environment.

External cooperation

We conduct technological cooperation with companies including Panasonic Welding Systems (Tangshan) Co.,Ltd., Weihua Group, and Tsinghua Tongchuang to jointly develop welding technologies, digitalized steel coil logistics, intelligent spraying, etc.

Technical breakthroughs

We have set up 10 groups for seven R&D projects at Shanghai Universal, focusing the technical expertise of the Company on addressing common production issues, and adopted a “piloting + sharing” R&D mode featuring resource conservation and achievement sharing to jointly improve the process and equipment.

The container information system developed by COSCO SHIPPING officially put into trial operation

In 2022, the dry container information equipment system jointly designed and developed by Keepsens, a subsidiary of COSCO SHIPPING (Tianjin) Co.,Ltd., and DFIC Qingdao, a subsidiary of COSCO SHIPPING Development, was officially put into trial operation in China. The system adopts solar power as its energy source and is supported by BDS positioning technology to automatically identify container information such as load, door, temperature, humidity, and location. The application of this system enables comprehensive information management of containers throughout their lifecycle, provides information services for end customers, and generates data to create more value.

Product development

In response to customer needs, we are continuously enhancing the functionality of our containers and expanding their application scenarios. With a strong focus on product research and development, we are able to produce a diverse range of products to meet the unique and varying demands of our customers.



During the reporting period

Technical development centers of Shanghai Universal launched **11** projects of special containers

COSCO SHIPPING Development obtained **147** more valid patents in container manufacturing

including **136** utility model patents and **4** invention patents

Special manufacturing helps domestic cars go global

With advanced technologies and product strengths, domestic cars have garnered greater recognition from the international market. As the export demand for Chinese automobiles is increasing, the current shipping capacity falls short of meeting such demand. In response to this challenge, COSCO SHIPPING Specialized Carriers independently developed the “special collapsible frame for commercial vehicles”. DFIC Qidong fast-tracked production delivered the first batch of special collapsible frames for commercial vehicles to Taicang Port in only 18 days. The frames were used to support the anchorage of the maiden voyage, supporting the maiden voyage of Chinese commercial vehicles loaded, overcoming the obstacles hindering the global expansion of domestic vehicles. On September 26, 2022, the “special collapsible frame for commercial vehicles”, independently developed by COSCO SHIPPING Specialized Carriers, and manufactured by DFIC Qidong under Shanghai Universal, successfully transported Chinese commercial vehicles to Lirquen Port in Chile, without any damage to the cargo.



Special collapsible frame for commercial vehicles

Intellectual property protection

COSCO SHIPPING Development places great importance on the protection of intellectual property rights (IPR). To this end, the Company has established IPR management policies and mechanisms, optimized patent management and reward policies, and carried out IPR publicity and training activities to raise employees’ awareness and support corporate development with sound organization management. We have established a patent database, and conducted a thorough survey to ensure that all trademarks used in container manufacturing, sales, and leasing are registered. We also cooperate with our partners to protect each other’s IPRs on an equal basis.



Investigating the use of patents

The company surveys the use of patents in its factories, covering the use of patents, the types of products being applied to, the company of the products, and the prospect of the patent market, etc. And special investigations and explanations are launched for key patents.



Formulating the intellectual property management plan

Based on the goals set for the 14th Five-Year Plan period, it carries out patent benchmarking with excellent enterprises in China, and prepares the report and work plan on intellectual property management in Shanghai Universal, aiming to steadily increase patent applications and the number of patents.



Optimizing the patent management and reward system

Based on the actual use of patents and the industry trend, Shanghai Universal has revised relevant patent management and reward policies to encourage technological innovation.



Carrying out intellectual property training

It invites internal and external experts to train employees on IPR to raise their IP awareness, and better guard against IP risks.

Shanghai Universal's IPR management system

Keeping on Improving

Products and Services

With a strong belief that “customers come first”, COSCO SHIPPING Development continuously improves the quality management system. Our goal is to create exceptional quality products and provide customers with a wide range of sustainable and high-quality services, thus further enhancing our brand value.

Quality management

Guided by the principle of “building high-quality containers”, the Company is committed to maintaining exceptional product quality throughout the entire production process. We strictly adhere to ISO 9001 requirements during the manufacturing process of our containers and ensure that our products comply with all relevant laws, regulations, industry standards, and customer requirements. In 2022, Shanghai Universal formulated the *AES Inspection-Operation Instructions and AES Inspection-Quality Assessment Standards* to further clarify the process and specific requirements of AES inspection. By carrying out the quality month campaign, we strive to improve the professional abilities and quality awareness of our frontline employees and ensure product quality.

“Further promoting AES inspection to build a brand of excellent quality”, Shanghai Universal carries out the quality month campaign

In April 2022, Shanghai Universal carried out the quality month campaign themed “further promoting AES inspection to build a brand of excellent quality”, and formulated the “3-12 Action Implementation Plan of Shanghai Universal for Dynamic Zero-Quality Problem” that specified standards for relevant posts. Through close cooperation with outstanding teams and active participation in the front line of production, we focused on improving on-site management and enhancing the major quality indicators of each factory.

In pursuit of our goal of achieving “zero light leak”, DFIC Jinzhou has implemented AES inspection and standardized post management tools. The company also worked with the on-site welding quality improvement team and the OK station zero defect quality team to address any issues. As a result of these efforts, DFIC Jinzhou has reduced the light leak rate to 0.9%, bringing us closer to our ultimate goal of achieving “zero light leak”.



DFIC Qidong adopted the “impression management” approach in its quality management, and put forward the two quality goals of “head-raising project” and “clean container action” for the first time.



Shanghai Universal carries out the quality month campaign

DFIC Qingdao has invited customers to participate as “quality experts” and has worked collaboratively with them to examine details and improve customer satisfaction. As a result of this collaborative effort, many customers have spontaneously signed our “Detail Examination” exhibition board. We are committed to working with our customers to jointly improve product quality and build the excellent quality brand of Shanghai Universals.

Note: Currently, we do not have a product recall process for containers manufactured by our company. Our production process is supervised by a specialized container inspection company designated by the customer. The inspection company representatives oversee the production process from start to finish, including the acceptance check. Products must pass the acceptance check before the inspection company representatives sign the inspection certificate. If the products do not pass the acceptance check, the customer may demand that we rework or reject the products.

During the reporting period

There was no recall of the sold or delivered containers for safety and health concerns.

All sold and delivered containers have received the CSC safety license certificate issued by the China Classification Society.

Better customer services

Fully implementing the values of “promising customers integrity, and providing satisfactory customer experience”, COSCO SHIPPING Development has established a sound customer complaint response mechanism, taken every measure to protect our customers' privacy and information security, to continuously improve customer service experience.

Quicker complaint response

Shanghai Universal has formulated the *Administrative Measures for Handling Customer Complaints* and established the corresponding processes and policies. The department for complaint handling is decided based on the type of problem. The complaint handling process is classified into different levels according to the actual impact of the complaint. We propose solutions in reference to customers' requirements, and try our best to recover their losses and improve customer satisfaction.

Privacy protection

The Company has formulated policies and measures concerning customer privacy and trade secrets, including the *Administrative Measures for Information Disclosure* and the *Administrative Measures for the Protection of Trade Secrets*. We also sign confidentiality agreements and add confidentiality clauses in lease contracts to protect trade secrets, customers' privacy, and information security.

During the reporting period

0 complaints received by COSCO SHIPPING Development regarding products and services

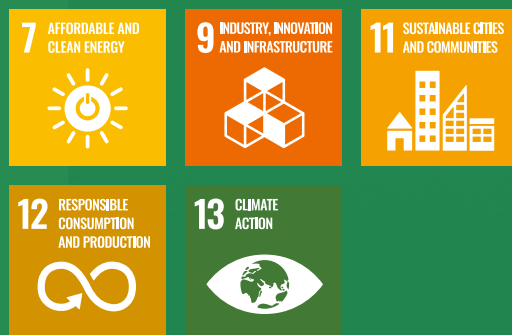
0 complaints received by COSCO SHIPPING Development regarding any breaches of customer privacy

Shanghai Universal conducted a satisfaction survey on 59 DFIC HK customers, which included questions related to “production scheduling according to the contract”, “product quality”, “container delivery”, “effectiveness of complaint handling” and “communication and customer service”, and received full marks from all the 59 customers

04

Improving Quality and Efficiency to Open a New Chapter in Zero-carbon Development

A good ecological environment underpins our long-term development.



Lucid waters and lush mountains are invaluable assets, and improving the ecological environment is tantamount to developing productivity. In response to the national strategy of achieving “carbon peak and carbon neutrality”, COSCO SHIPPING Development has fully integrated a green development philosophy into all aspects of our production and operation. We actively lead our upstream and downstream partners of our industrial chain towards sustainable and eco-friendly practices, promote zero-carbon production and services, aiming to make a significant contribution to the global cause of reducing carbon emissions.



Response to Climate Change

Being aware of the necessity and urgency of participating in global climate governance and contributing to China's 30·60 Decarbonization Goal, the Company has taken active actions to address climate change. In order to strengthen climate change risk management, we have established a climate change management framework from four dimensions including governance, strategy, risk management, and metrics and targets, in accordance with the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). At the same time, we actively track opportunities for building a green and low-carbon shipping industry chain, and enable the green development of shipping logistics industry.

Climate change management system

Climate change management framework

Governance

We make response to climate change risks and opportunities a priority for the Workplace Safety and Environmental Protection Working Committee, Shanghai Universal, the Department of Industrial Investment, the Department of Strategic Development, the Division of Shipping Leasing, etc., and set up a taskforce for the "carbon peak and carbon neutrality" goals, to study and demonstrate the path toward energy conservation and emissions reduction in the shipping industry.

Strategy

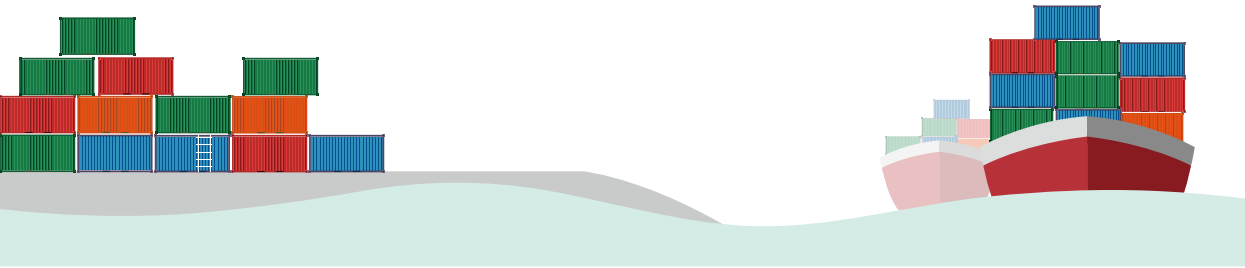
We identify climate change related risks and opportunities, assess their potential financial impacts on the Company, and include it in our strategic consideration. We also strengthen the management and practice of energy conservation, emission reduction and low-carbon operation, actively expand our business in the green shipping field, and increase investment in the green and low-carbon field.

Risk management

We identify climate change related risks and opportunities according to TCFD, and incorporate environmental risk monitoring indicators into the overall risk management framework system.

Metrics and Targets

In 2022, we launched carbon inventory to find out the status of carbon emissions. We disclose the amount and intensity of GHG emissions (Scopes 1&2) in our annual ESG report, and set corresponding emissions reduction targets. Shanghai Universal has made a commitment to peak carbon emissions before 2030 and achieve carbon neutrality before 2060.



Risks and opportunities related to climate change

Analysis on risks and opportunities of climate change in COSCO SHIPPING Development

Type	Climate-related risks	Potential financial impacts
Transition risks	Policy and legal risks Shipping leasing <ul style="list-style-type: none">If the lessee of ships and containers fails to meet the regulatory requirements of a series of shipping carbon emission reduction policies formulated by the International Maritime Organization and the EU's "Fit for 55" Package for environmental management and carbon emission disclosure, may lead to a decline in its ability to perform the contract. Container manufacturing <ul style="list-style-type: none">The China Container Industry Association VOCs Self-discipline Convention signed in March 2016 and the upcoming national emission standard of air pollutants for container manufacturing industry put forward higher emission reduction requirements for container manufacturing.The administrative regions of the Company's container manufacturing factories are mainly concentrated in the Pearl River Delta, and Yangtze River Delta, and most of them are facing the pressure of carbon peak in advance, which will be transmitted to key energy-intensive industries including manufacturing.The power generation industry has been included in the national carbon emission trading market. During the 14th Five-Year Plan period, steel industries may also be included in the national carbon emission trading market. Power and steel industries are facing strong regulation on carbon emission, which may reduce their supply capacity, affecting the supply of raw materials for container manufacturing.	<ul style="list-style-type: none">More credit risksA rise in environmental compliance costA drop in short-term profitability
	Technology risk Container manufacturing <ul style="list-style-type: none">The VOCs Treatment Industry Convention and emission standard of air pollutants require container manufacturers to upgrade technology, and use water-based paint and green painting technology.	<ul style="list-style-type: none">A rise in production cost
	Market risk Shipping leasing <ul style="list-style-type: none">Climate change cause uncertainty to shipping routes and safety, and may alter consumer behavior. If fewer customers choose shipping as a mode of transportation, the ship and container leasing business will shrink.International regulatory pressure (IMO, EU, etc.), pressure from industry initiatives (Poseidon Principle, Charter of Maritime Goods etc.) and supply chain pressure (increasing number of shippers are announcing to realize decarbonization) will affect the behavior of market consumers. Lessees may prefer eco-friendly and energy-efficient ships to meet the carbon emissions reduction target of the shipping industry. Container manufacturing <ul style="list-style-type: none">Customers may incorporate carbon emission metrics into the process of assessment and evaluation of their suppliers. If COSCO SHIPPING Development fails to provide container products with low energy consumption and low carbon emission, it will face the risk of customer loss and reduced business demand.	<ul style="list-style-type: none">A drop in operating revenue
	Reputation risk Shipping leasing <ul style="list-style-type: none">The Company's reputation will be affected if it fails to respond to Stakeholders' higher disclosure and management requirements related to climate change. Container manufacturing <ul style="list-style-type: none">Failure to respond to and deal with environmental pollution caused by manufacturing in time will affect the Company's reputation.Failure to guarantee the safety of employees under extreme weather conditions caused by climate change will affect the Company's reputation.	<ul style="list-style-type: none">A drop in operating revenueA rise in labor management cost

Analysis on risks and opportunities of climate change in COSCO SHIPPING Development		
Type	Climate-related risks	Potential financial impacts
Physical risks	Acute risk Shipping leasing <ul style="list-style-type: none">• Extreme weather incidents may damage the ships, resulting in increased maintenance cost.• Extreme weather incidents are likely to cause the loss of ships and container assets, interrupting the lessee's business operations and crippling its ability to honor the contract. Container manufacturing <ul style="list-style-type: none">• Extreme weather incidents may lead to the loss of assets such as containers and factories, and disrupt production.• Employees' efficiency under extreme weather (high temperature, rain and snow) decreases• The supply and transportation of steel and timber are vulnerable to extreme weather, threatening supply chain stability and productivity.	<ul style="list-style-type: none">• A drop in the value of fixed assets• A drop in production capacity• A rise in maintenance cost• A rise in operating cost
	Chronic risk Shipping leasing <ul style="list-style-type: none">• Constant high temperature and sea level rise caused by long-term changes in environment are likely to delay transportation and reduce short-term profitability, which may cripple the lessee' ability to honor the contract. Container manufacturing <ul style="list-style-type: none">• Constant high temperature caused by long-term changes in environment may easily lead to the increase in electricity and energy consumption during manufacturing.• Rising precaution costs and premium to make equipment such as containers more resilient.	<ul style="list-style-type: none">• A rise in operating cost• A rise in production cost• Increased credit risks

Analysis on risks and opportunities of climate change in COSCO SHIPPING Development		
Type	Climate-related risks	Potential financial impacts
Resource efficiency	Container manufacturing <ul style="list-style-type: none">• Through technological innovation, renovation, etc. to improve energy efficiency in the process of container manufacturing, management and maintenance, and reduce the power, natural gas, industrial water use and production costs.• Adopting more efficient production and distribution processes.	<ul style="list-style-type: none">• A drop in operating cost• Rise in production capacity and operating revenue
Energy Source	Container manufacturing <ul style="list-style-type: none">• The transition to low-emission alternative energy increases the use of non-centralized clean energy in manufacturing and operation and reduces the dependence on traditional energy, which can hedge against the risk of rising energy prices or energy consumption in the future.	<ul style="list-style-type: none">• Increase the return on investment in low-emission technology• Increase the value of fixed assets• Reduce the risk of energy price rise
Products and services	Shipping leasing <ul style="list-style-type: none">• By conducting relevant researches and making investment, the Company is able to provide finance leasing service for environment-friendly shipments. As customer demand for low-carbon and eco-friendly increases, the Company is able to retain existing customers and attract more customers. Container manufacturing <ul style="list-style-type: none">• Green container products will retain existing customers and attract more customers.• The emphasis on carbon footprint in marketing, publicity and product labels appeals to customers' shift in preference for low carbon products.	<ul style="list-style-type: none">• Increasing operating revenue due to increased demand for products and services• Improve competitiveness to reflect changes in consumer preferences and increase revenue
Markets	Shipping leasing <ul style="list-style-type: none">• With the promotion of carbon reduction policies in shipping industry, the future demand for investment in used vessel and the need for funds to retrofit energy-saving equipment may increase.• Green and low-carbon development has become the main development direction of the shipping industry, and the demand for energy-saving and low-carbon ships may rise in the future. Container manufacturing <ul style="list-style-type: none">• Eco-friendly and energy-efficient containers will have broader market in the long run. By adjusting products in advance, we can improve our market competitiveness.• The demand for functional containers for environmental protection purpose is increasing, such as the hydroponic container for growing vegetables and fruits, the sewage treatment container and the integrated energy storage container.	<ul style="list-style-type: none">• Access to emerging markets boosts revenue• Value of fixed assets increases• Larger market share and more revenue
Resilience	Shipping leasing <ul style="list-style-type: none">• Increasing the proportion of green ships, participating more in green shipping projects, to be prepared to deal with the uncertainty of policy and market. Container manufacturing <ul style="list-style-type: none">• Cooperating with environmentally friendly and energy efficient suppliers to reduce carbon emissions and improve our ability to cope with climate change in the long run.	<ul style="list-style-type: none">• Increase revenue and asset value with more adaptable products and services• Improve the reliability and operation flexibility of supply chain



Green Manufacturing

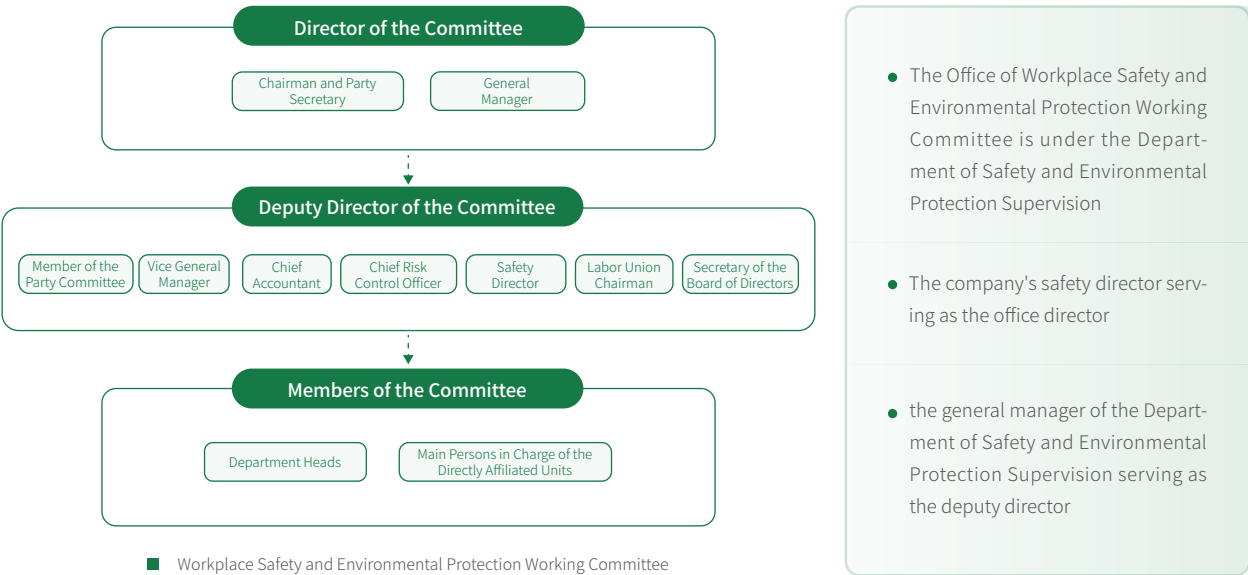
We constantly enhance environmental management by prioritizing protection, emphasizing preventive measures, taking an integrated approach, engaging the public, and holding the one who causes damage accountable. While continuing to improve the organizational structure and mechanism for environmental management, we regularly identify and eliminate environmental risks and assess comprehensive environmental performance, striving to reduce our environmental impact. In addition,, we hire third-party agencies to evaluate the internal environmental management of Shanghai Universal and the six container factories located in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo, and Guangzhou every year.

Container manufacturing, the main source of our environmental impact, is the focus of our environmental management. By the end of the reporting period, the headquarters of Shanghai Universal and its six container factories located in Jinzhou, Qingdao, Lianyungang, Qidong, Ningbo and Guangzhou have all been certified by GB/T 24001-2016/ISO 14001:2015 environmental management system. In addition, the above six container factories have obtained the ISO 50001:2018 Energy Management System Certification. China Classification Society Certification Company review the operation of the system every year, and conduct a certificate-renewal review including a comprehensive environmental impact assessment (EIA) every three years.

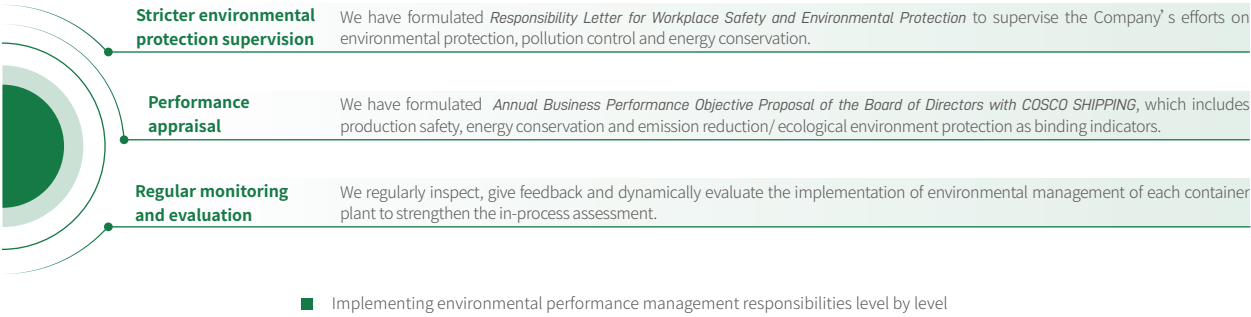
Environmental management system

Environmental management structure

Committed to green development, the Company continuously improves the risk management of environment protection, and regards green development as its core competitiveness and brand image. The Workplace Safety and Environmental Protection Working Committee headed by the chairman, Party Secretary and general manager is responsible for coordinating and setting environmental protection targets and work plans, as well as supervising environmental protection performance. Shanghai Universal, as a directly affiliated container manufacturing arm, accepts the supervision of the headquarters and bears responsibility for supervising the environmental protection of its container factories. The chief executives of Shanghai Universal and its container factories act as the first responsible person for environmental management, to promote the implementation of environmental protection supervision of container factories.



Environmental management mechanism



Emergency management of environmental protection

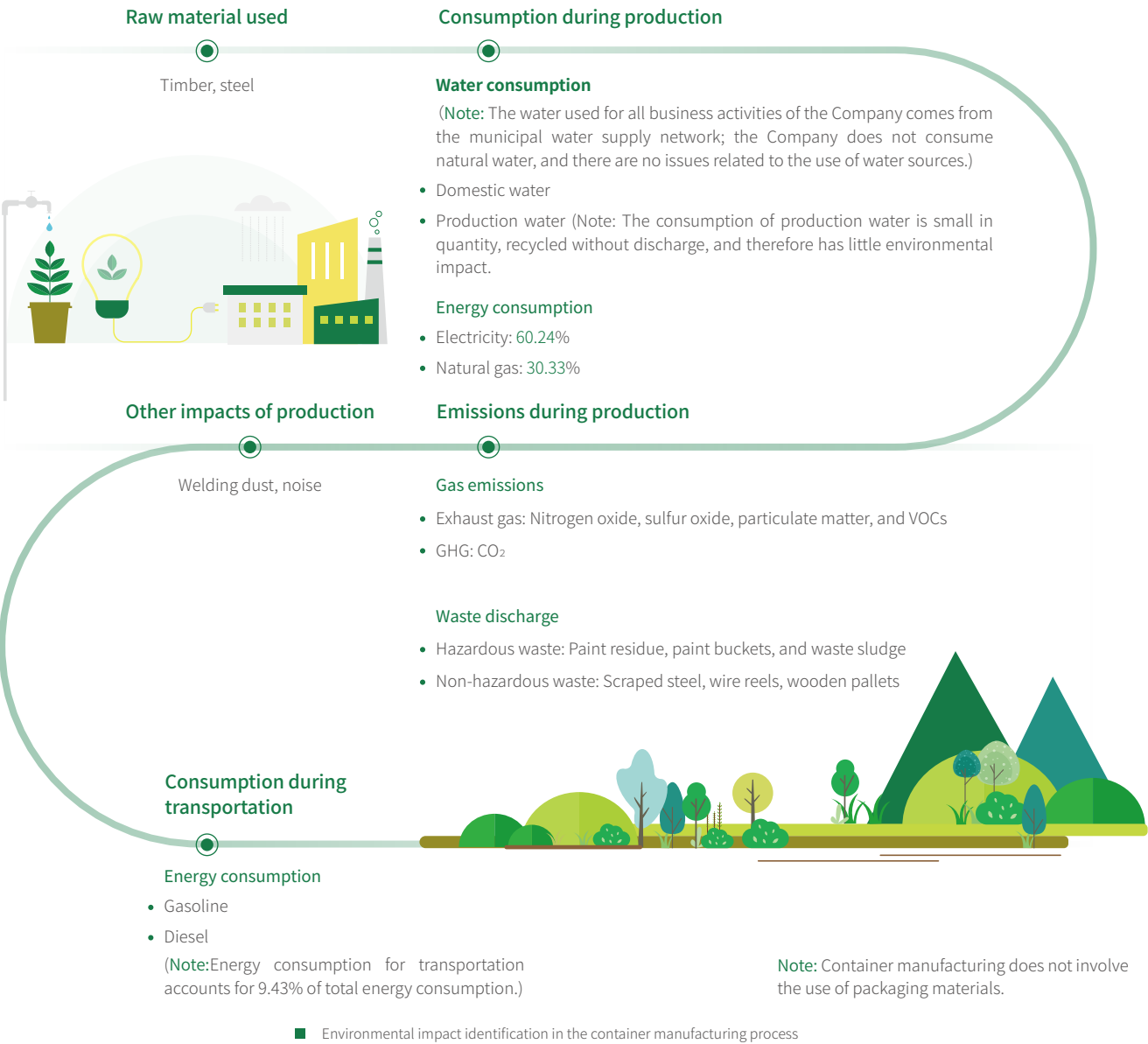
The Company continues to improve environmental emergency management to minimize the impact of environmental accidents, and ensure the safety and health of employees. A leading group and an office dedicated to emergency management have been established and the *Contingency Plan for Workplace Safety and Environmental Incidents* is formulated to provide organizational and institutional guarantees for fast and coordinated response.



Environmental impact identification and management

Comprehensive and accurate environmental impact identification help us understand the environmental impact of each aspect of product production and manufacturing. On this basis, we have formulated targeted environmental pollution prevention measures to improve our reliability and effectiveness of environmental management. In 2022, Shanghai Universal and its container plants continued to strengthen the special inspection on environmental protection. DFIC Lianyungang, DFIC Guangzhou, DFIC Jinzhou, DFIC Ningbo, DFIC Qidong and DFIC Qingdao identified sources of pollutants and environmental risks throughout the entire container manufacturing process every week, month and quarter or via special self-check actions.

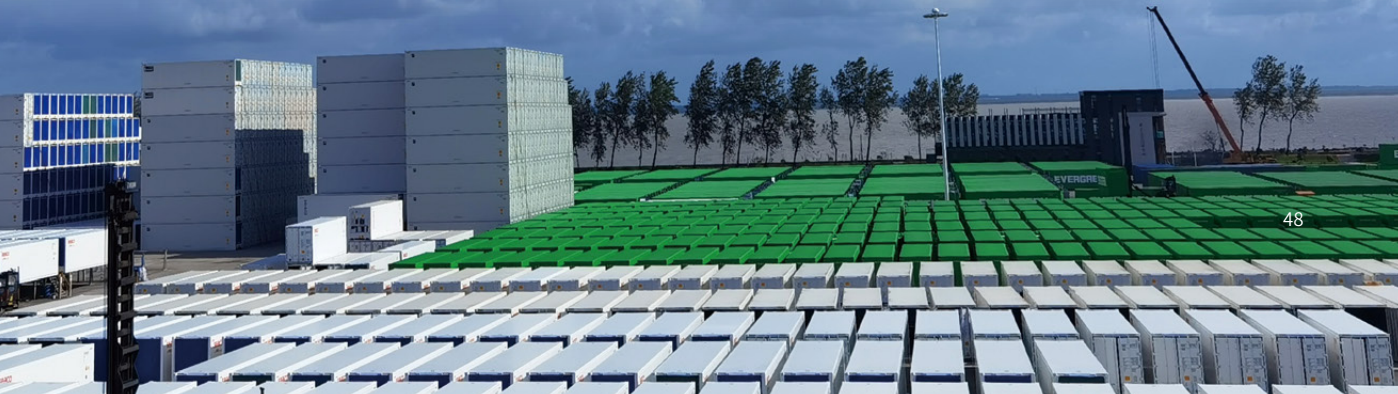
Environmental impact identification



Management of important environmental factors

The Company manufactures containers in strict accordance to Chinese laws and regulations, such as the *Environmental Protection Law*, the *Law on Prevention and Control of Water Pollution*, the *Law on the Prevention and Control of Atmospheric Pollution* and the *Law on Conserving Energy*. Guided by the latest national environmental management policies and the requirements of ecological conservation, the Company has formulated special internal environmental protection regulations based on its own actual situation, and continues to update it. In 2022, the Company further improved its environmental management system, and revised the *Regulation on Energy Conservation and Emissions Reduction Management*, *Regulation on Solid Waste Pollution Prevention*, *Rules on Hazardous Waste Management*, *Regulation on Exhaust Emission Management* and other systems. In addition, for important environmental impact factors, we have formulated annual management indicators to improve environmental management performance year by year.

Main environmental impact	Governing policies and documents
The use of timber, steel and other raw materials	Shanghai Universal's Measures for Procurement Management Shanghai Universal's Regulation on Centralized Procurement Management
Domestic sewage discharge	Pipe Network Layout Regulation on Wastewater Discharge Management Sewage Treatment Station Operation Log
Water consumption	Regulation on Energy Conservation and Emissions Reduction Management
Energy consumption	Regulation on Energy Conservation and Emissions Reduction Management
Exhaust gas (including VOCs) and greenhouse gas(GHG) emissions	Regulation on Exhaust Emission Management Exhaust Emission Environmental Monitoring Report
Hazardous waste discharge	Management Regulation on Solid Waste Pollution Prevention and Control Regulation on Hazardous Waste Management Hazardous Waste Disposal Agreement Hazardous Waste Disposal Record Hazardous Waste Disposal Transfer Form
Non-hazardous waste discharge	Management Regulation on Solid Waste Pollution Prevention and Control Kitchen Waste Disposal Agreement Solid Waste Disposal Record
Welding dust	Management Regulation on Solid Waste Pollution Prevention and Control Exhaust Emission Regulation
Noises	Noises Management Regulation
■ Shanghai Universal's main environmental impact management policies	



	Environmental management goals	Progress in 2022
<div><div></div><div>GHG</div></div>	Reduce GHG by 30% by 2025 compared to 2019; realize carbon peak by 2030 and carbon neutrality by 2060.	Achieved a decrease of 40.99% in GHG in 2022 compared to the last year
<div><div></div><div>Non-hazardous waste</div></div>	Reduce non-hazardous waste by 15% by 2025 compared to 2019	Achieved a decrease of 36.73% in non-hazardous waste in 2022 compared to 2021
<div><div></div><div>Hazardous waste</div></div>	Reduce hazardous waste by 10% by 2025 compared to 2019	Achieved a decrease of 34.55% in hazardous waste in 2022 compared to 2021
<div><div></div><div>VOCs</div></div>	Reduce VOCs by 35% by 2025 compared to 2019	Achieved a decrease of 56.92% in VOCs in 2022 compared to 2021
<div><div></div><div>Energy</div></div>	Reduce comprehensive energy consumption by 35% by 2025 compared to 2019	In 2022, we exceeded our target for comprehensive energy consumption management, with actual figures of 0.023 tons of coal equivalent per RMB 10,000 of output value, compared to the targeted 0.029.
<div><div></div><div>Water resource</div></div>	Reduce wastewater by 10% by 2025 compared to 2019	Achieved a decrease of 28.33% in wastewater in 2022 compared to 2021

■ Environmental Management Goals of Shanghai Universal

2022

Timber Consumption volume
249,489.153m³

Steel Consumption volume
1,123,324.191 tons

Direct energy

Gasoline Consumption volume
1,167.246MWh

Diesel Consumption volume
28,049.345MWh

Natural gas Consumption volume
93,990.936MWh

Indirect energy

Electricity generated by non-renewable energy Consumption volume
173,183.1 MWh

Electricity generated by renewable energy Consumption volume
13,463.5 MWh

Total energy consumption

Renewable energy Consumption volume
13,463.5 MWh

Non-renewable energy Consumption volume
296,390.6 MWh

Intensity of consumption
0.188 MWh/ RMB 10,000 of output value

■ Shanghai Universal's consumption of raw materials and energy in 2022

2022

Amount of Direct energy (Scope 1) emissions
28,186 tons

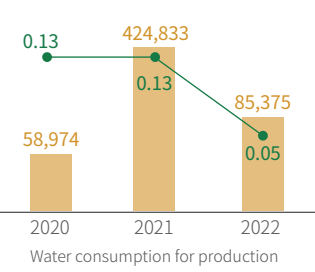
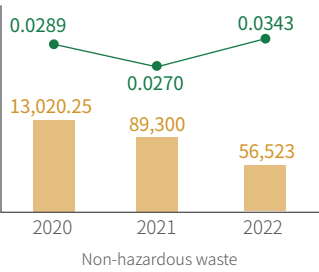
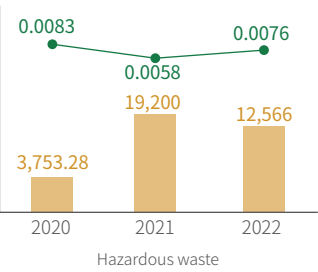
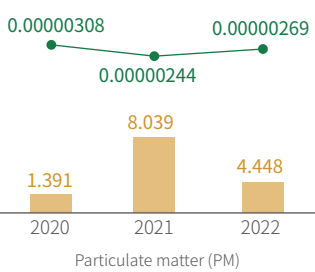
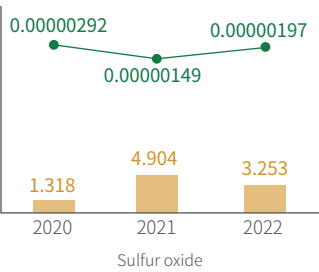
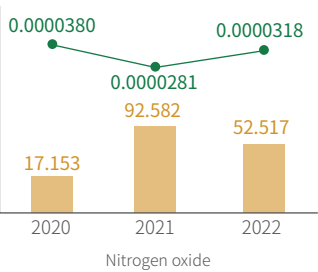
Amount of Indirect energy (Scope 2) emissions
127,105 tons

Amount of Scopes 1&2 emissions
155,291 tons

Intensity of GHG emissions
0.094 tons/ RMB 10,000 of output value

■ Shanghai Universal's GHG emissions in 2022

■ Emissions (tons) ● Emission density (tons/10,000 yuan output value)



■ Shanghai Universal's other environmental data in 2022

Note: The data of raw material consumption, energy consumption and energy consumption intensity in 2022 refer to the data of DFIC Lianyungang, DFIC Guangzhou, DFIC Jinzhou, DFIC Ningbo, DFIC Qidong and DFIC Qingdao.

The data of GHG emission and emission intensity in 2022 refer to the emission of carbon dioxide of DFIC Lianyungang, DFIC Guangzhou, DFIC Jinzhou, DFIC Ningbo, DFIC Qidong and DFIC Qingdao.

The amount and intensity of emission of nitrogen oxide, sulfur oxide, PM, the discharge of hazardous/non-hazardous waste, and consumption and consumption density for production water in 2021 and 2022 refer to the data of DFIC Lianyungang, DFIC Guangzhou, DFIC Jinzhou, DFIC Ningbo, DFIC Qidong and DFIC Qingdao.

The amount and the intensity of emission of nitrogen oxide, sulfur oxide and PM, and the discharge of hazardous/non-hazardous waste, and consumption and consumption density for production water in 2020 refer to the data of DFIC Lianyungang, DFIC Guangzhou and DFIC Jinzhou.

Sources of emission coefficients:

Calculation of GHG emissions: the calculating coefficient for direct energy (gasoline, diesel, natural gas) emissions is derived from the *Annex II Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (Trial)*; the calculating coefficient for indirect energy (electricity) emissions is derived from the *Average Carbon Dioxide Emission Factor of China's Regional Power Grid in 2012 issued by National Development and Reform Commission*.

Calculation of NO_x, SO_x and PM emissions: the calculating coefficients for gasoline and diesel emissions are derived from *The Stock Exchange of Hong Kong Limited's Reporting Guidelines on Environmental KPIs*; the calculating coefficient for natural gas emission comes from the *Emission Factor and Material Balance Calculation Methods Applicable to the Industries Not Included in the Emission Permit Management (Trial) (Announcement No.81 of 2017 by the Ministry of Ecology and Environment)*.

Green container manufacturing

To realize green container manufacturing, Shanghai Universal has taken significant steps toward energy conservation and emissions reduction by formulating the *Administrative Regulation on Energy Conservation and Emissions Reduction* and integrating the tasks into all aspects of its daily management and production. In 2022, the company implemented targeted measures in production processes, equipment and facilities to accelerate the transition toward a green factory.

Key performance

DFIC Jinzhou won the honorary title of National Green Factory in 2022

During the reporting period, Shanghai Universal attached great importance to the R&D of environmental protection technologies.

Among the authorized **147** patents of the company, **10** were related to green and low-carbon technologies.



■ Shanghai Universal's main measures of energy conservation and emissions reduction

Key practice: Promoting the healthy development of paints in the container industry

In 2022, Shanghai Universal drafted the *Administrative Measures for the Healthy Development of Paints in the Container Industry (Draft for Comment)* and participated in the formulation of the *Operation Rules for the "Launching Stage" of the Quality Inspection of the Healthy Development of Paints in Container Industry*. With these documents, the company will contribute to the sustainable development of the industry and its transition towards high-quality development.

Key performance

The dry container production lines of six container factories of Shanghai Universal all shifted to water-based paints in 2017

DFIC Qidong and DFIC Qingdao turned to water-based paint for reefer production in 2021



Replacing hot-spray zinc process to improve safety and environmental protection

In the past, the company used the hot-spray zinc process for reefer containers. This technique involved melting zinc wire at high temperatures using an electric arc and then spraying the molten zinc onto the surface of carbon steel with compressed air to create a protective zinc coating. However, this process generated a large amount of zinc dust which had a serious impact on the working environment and occupational health of workers. Moreover, airborne zinc particles pose an explosive hazard, as they can ignite easily upon contact with open flames. To address the problems, Shanghai Universal replaced the hot-spray zinc process with a water-based zinc-rich primer spraying process. The new process has eliminated the pollution and risks associated with the previous method, and effectively improved the safety, environmental protection and occupational health of workers.

Accelerating the implementation of clean energy project to enhance energy conservation and emission reduction

In 2022, COSCO SHIPPING Development worked with external photovoltaic power plants to expand the application of distributed rooftop photovoltaic projects in other container factories. Following DFIC Jinzhou, the dry container factory of DFIC Qingdao has successfully completed the photovoltaic project and started grid-connected power generation. The photovoltaic power generated can be supplied directly to the factory through inverters, with any excess energy being returned to the state grid via transformers. The project is expected to generate approximately 1.807 GWh of electricity annually for the next 25 years. In terms of environmental protection, the project is estimated to save at least 650.5 tons of standard coal equivalent per year, reduce dust emissions by around 491.47 tons per year, lower CO₂ emissions by 1,667.76 tons per year, and reduce SO₂ emissions by about 57.82 tons per year, resulting in an annual cost savings of about RMB 397,000 for the Company.

By the end of the reporting period

DFIC Jinzhou, DFIC Qidong and DFIC Qingdao reefer container factories have used a total of

13.4635 GWh of clean energy

reduced CO₂ emissions by
10,657.45 tons

Green Shipping

COSCO SHIPPING Development actively responds to the national strategy of "carbon peak and carbon neutrality" by leveraging industry-finance integration. We have taken steps in developing green shipping through the promotion of the electric container ship project 700TEU for major transport routes on the Yangtze River. We are investing in the development and operation of marine container batteries and charging and battery swapping networks; at the same time, the Company carries out ship electrification transformation and provides comprehensive green services for port energy storage, and works with partners in the industrial chain to jointly promote the green and low-carbon transition in the shipping industry.

Key performance



Seeking preferential policies via multiple channels to create favorable conditions for building an inland green and intelligent ship industry cluster

COSCO SHIPPING Development recognizes the critical importance of environmental protection and is proactively seeking national policies that support the establishment of a green and intelligent ship industrial chain through various channels. Besides, the Company is engaging in active communication with relevant national ministries to promote policy formulation. In September 2022, the Ministry of Industry and Information Technology of the People's Republic of China, together with the National Development and Reform Commission and other relevant authorities, officially issued the *Guiding Opinions on Accelerating Inland Green and Intelligent Ship Development*, encouraging the development of green and intelligent ships in areas with sophisticated shipping systems, such as the Yangtze River. The document also aims to establish industrial alliances with leading companies at the core to create an inland green and intelligent ship industrial cluster. At the same time, COSCO SHIPPING Development has visited various local governments to seek preferential policies on aspects including ship operation, shipping company registration, and battery swapping station construction.

On the one hand, national policy support helps to reduce financing costs, on the other hand, it facilitates the cooperation of various department, local governments, and enterprises to jointly form policy synergy, providing favorable conditions for low-carbon reseach and development and innovation of the industry, which further accelerate the green and low-carbon development of shipping and the promotion of electric ships.

Participate in the production of China's first electric container ships, and the world's biggest electric container ship in terms of battery capacity

China may be considered a late entrant in the electric ship industry, particularly in the field of large-capacity battery systems. Nevertheless, through collaboration with domestic companies in this industrial chain, COSCO SHIPPING Development has successfully achieved breakthroughs in the core technology of long-range, high-capacity battery power systems for container ships. The Company finally brought about an eco-friendly ship that would be sailed on the Yangtze River - 700TEU electric container ship.

In March 2022, COSCO SHIPPING Development signed online agreements with COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd. and Shanghai PANASIA Shipping Co., Ltd. respectively for the construction and leasing of the 700TEU electric container ship, with the aim of jointly promoting the green and zero-carbon transition of the Yangtze River shipping industry. At present, the ship is being built as scheduled, and it is expected that the first ship will be launched in the second half of 2023.

The 700TEU electric container ship is powered by marine container batteries, and operate using the battery swapping mode to ensure a voyage exclusively driven by electricity. The number of batteries is determined based on the range of the ship, with each vessel boasting a total battery capacity of approximately 30 to 50 MWh. This ship is a trial product of the first batch of green and zero-carbon intelligent electric ships developed by COSCO SHIPPING Development. It is also the first electric ship built in China and a ship with the largest battery capacity in the world. Once the initial trial has been proven successful, the ship will be promoted on a large scale with the support of national ministries and local governments to help build a green transportation system for the Yangtze River.

Pure electric ships offer a significant advantage over traditional oil-powered vessels in terms of fuel consumption and "zero-emission" operation. Each 700 TEU ship is capable of reducing CO₂ emissions by about 2,300 tons per year, which fundamentally solve the problems of oil leakage and exhaust emissions.

In addition, in producing the 700TEU electric container ship, the R&D of major technologies was conducted by domestic companies without relying on foreign technologies. This breakthrough has removed barriers of ship electrification and has stimulated the entire industry chain. This is conducive to the formation of a green ship R&D and production system in China, with the electric ship designing and building industry leading the way, and the coordinated development of related supporting industries creating a world-class green shipping industry.

The electric ship project is recognized by authorities

After launching a research project for 700TEU electric container ship, we applied for the high-tech ship research project of the Ministry of Industry and Information Technology, completed the application defense in October 2022. In February 2023, we received official approval for the project from the Ministry of Industry and Information Technology;

We participated in the BRICS National Industrial Innovation Contest jointly organized by the Ministry of Industry and Information Technology and the local government of Fujian province. Among the 1,330 projects from BRICS and "BRICS plus" countries, our project won the **third** prize

In the proposal collection event held for countries around the world co-sponsored by the United Nations Industrial Development Organization, we won the **first** prize for green economic growth in the competition of more than 1,400 companies in more than 150 countries around the world

With the electric ship project, we participated in the SASAC's case selection for green and low-carbon development and ESG.

Experts and entrepreneurs from all fields believe that electric ship with battery swapping mode is the most viable solution for the inland and coastal shipping sectors in the transition towards green, low-carbon, and intelligent development.



700TEU electric container ship



A "cloud signing" ceremony held for the project of two 700TEU electric container ships for main transport routes on the Yangtze River

Preparing to establish a company contributing to green water and zero carbon via the use of new energy in ships

To ensure the efficient charging and swapping of marine container batteries, COSCO SHIPPING Development has established the Green Water and Zero Carbon Project Team. The project aims to build a fundamental system for the energy used in inland and coastal ship electrification - charging and battery swapping network for marine container batteries. This network will enhance the cost-effectiveness and range of pure electric ships, laying the foundation for large-scale commercialization. At the inaugural meeting of the Electric Ship Innovation Alliance, we held a ceremony for signing an agreement for the strategic cooperation on this project—COSCO SHIPPING Development signed a four-party cooperation agreement with China Merchants Group, China Energy Engineering Corporation Limited and companies affiliated to China Chengtong Holdings Group Ltd. The establishment of China electric ship innovation alliance exert the advantages of both upstream and downstream enterprises by building a bridge of communication between all parties, aims to better promoting the implementation of the carbon peak and carbon neutrality strategy. The establishment of China electric ship innovation alliance exert the advantages of both upstream and downstream enterprises by building a bridge of communication between all parties, aims to better promoting the implementation of the carbon peak and carbon neutrality strategy.

For storage, charging and battery swapping stations, we have visited and investigated possible wharves along the Yangtze River for several rounds with other parties. A joint plan for the construction of these stations has been developed, and as a member of the editorial board, we have participated in the compilation and improvement of the industrial standard for the *Technical Requirements for Electric Ship Direct Current Battery Charging and Swapping System*, as set by the National Energy Administration. We hope to provide services of battery charging and swapping for all electric ships in the market. In battery container manufacturing, DFIC Qidong passed the qualification authentication of CCS battery container assembly in the first half of 2022, and completed the overall design in the second half of the year. By the end of the reporting period, marine battery cells of 230Ah, modules, battery packs, and BMS systems have obtained CCS product certificates; the marine container battery has been recognized in its overall design and passed

factory inspection, and has been approved by China Classification Society. In industry-university-research, the Company collaborated with Shanghai University's academician team and the local government of Jiading city to focus on key technologies in the new energy industrial chain related to electric ships and promote the use of new energy in ships. In June 2022, we decided to launch a research institute project on new energy used in ships.



■ Battery swapping process

Green Office

COSCO SHIPPING Development is committed to the philosophy of green and low-carbon development and advocates green office. The Company actively provides environmental protection training and education to enhance environmental awareness among employees, encouraging them to incorporate these principles into their daily work routines and make contributions to the lucid waters and lush mountains with their concrete actions.



Saving energy

- Controlling the air-conditioning temperature in the office area
- Using energy-saving lamps and avoiding permanent lights
- Purchasing eco-friendly office equipment
- Installing eco-friendly smart charging piles



Saving water

- Putting up water saving signs
- Raising employees' awareness of saving water
- Conducting regular patrol inspections
- Using water-saving appliances to eliminate long running water



Saving resources

- Reasonable diet and civilized dining
- Saving food and opposing waste



Cutting carbon footprints

- Advocating commuting by public transport
- Advocating the use of video conferencing
- Reducing carbon emissions by business trips



Reducing waste generated

- Sorting out garbage
- Promoting paperless office
- Recycling waste paper

■ Green office measures



Note: The data about energy consumption, total office paper consumption and the number of discarded water bottles in 2022 were of the Headquarters.

05

Working Together to Forge Ahead

We are committed to creating more possibilities for each employee, actively fulfill our responsibilities as a corporate citizen, and try our best to make the world a better place.

1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



The people-centered principle is essential for sustainable corporate development. Committed to this concept, COSCO SHIPPING Development fulfills its corporate social responsibility, and engages in communication with all stakeholders for collective strength, contributing to creating a harmonious and better community.



Concerted Efforts for Shared Growth

At COSCO SHIPPING Development, employees are a treasured asset and a key driving force for our sustainable development. By improving our human resources management system and optimizing our remuneration system, we firmly protect employees' rights and interests, look after their physical and mental health, and provide them with increased opportunities for career development. We are dedicated to creating more opportunities for every employee and working together with them to build a better future.

Employee rights protection

Rights protection

The Headquarters and our subsidiaries strictly abide by Chinese laws and regulations, such as the *Labor Law*, *Labor Contract Law*, and *Provisions on Prohibition of Child Labor* issued by the State Council. At the same time, we have been constantly improve our internal staff management system, and the management of staff recruitment, training, promotion, compensation and benefits, in a bid to effectively protect the basic rights of every employee. We have zero tolerance for any discrimination and harassment. During the reporting period, the Company has no discrimination and harassment incidents.

Our *Administrative Measures for Employee Recruitment* prohibits child labor and forced labor in any form and we prevent violations against laws and regulations at the source. Shanghai Universal demands all employees to report any case of child and forced labor, once identified, to the Department of Human Resources, which will then report to the local labor inspection authority and arrange for physical examinations of the related personnel as soon as possible.

To build harmonious labor relations, we have formulated and constantly revised the *Administrative Measures for Employee Attendance and Leaves* and other policies to enhance our corporate management concerning the daily leave, maternity leave, parental leave, etc.

Equal employment

Adhering to our commitment to equal employment, COSCO SHIPPING Development forbids all forms of employment discrimination, and strictly abides by laws and international norms regarding employment discrimination. Any social characteristics unrelated to work will not be regarded as the criteria for hiring. At the same time, we actively protect the rights of female employees to enjoy benefits, and sign the *Collective Contract on the Protection of Rights of Female Employees* with all female employees.



Recruitment

Administrative Measures for Employee Recruitment of COSCO SHIPPING Development

Regulation on the Recruitment Management of Onshore Employees of Shanghai Universal



Training

Administrative Measures for Staff Training of COSCO SHIPPING Development

Administrative Measures for Career Development of COSCO SHIPPING Development

Plan on Building an Employee Training policy (Trial)

Regulation on the Management of Party Committee Management Officials of Shanghai Universal



Compensation and Benefits

Administrative Measures for Remuneration Intensive of COSCO SHIPPING Development

Administrative Measures for Performance Assessment of COSCO SHIPPING Development

Administrative Measures for Total Wages of COSCO SHIPPING Development



Basic rights

Administrative Measures for Employee Attendance and Leaves of COSCO SHIPPING Development

Detailed Rules for the Operation of the Workers' Congress of COSCO SHIPPING Development

Regulation on the Protection of Female Workers and Minors

■ Main staff management policies

By the end of the reporting period

We hired **15** employees with disabilities

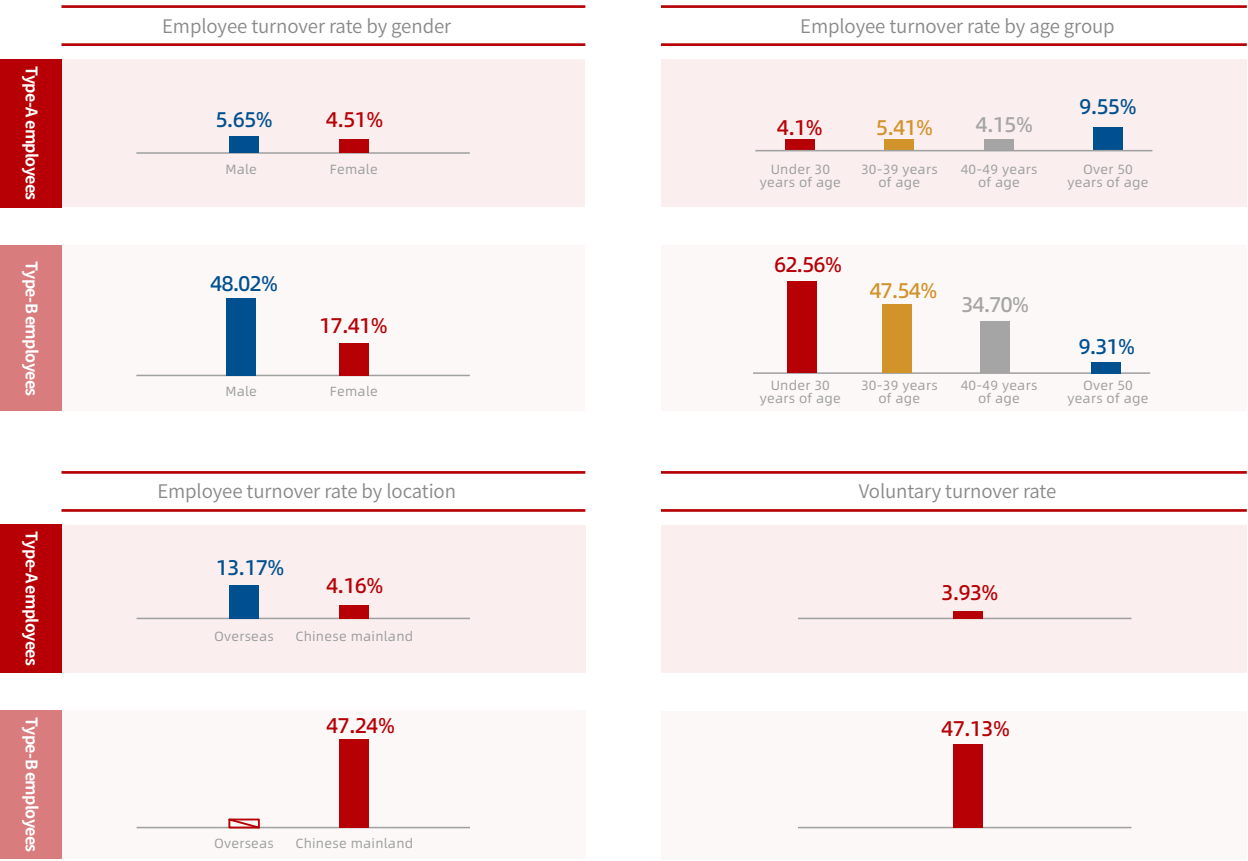
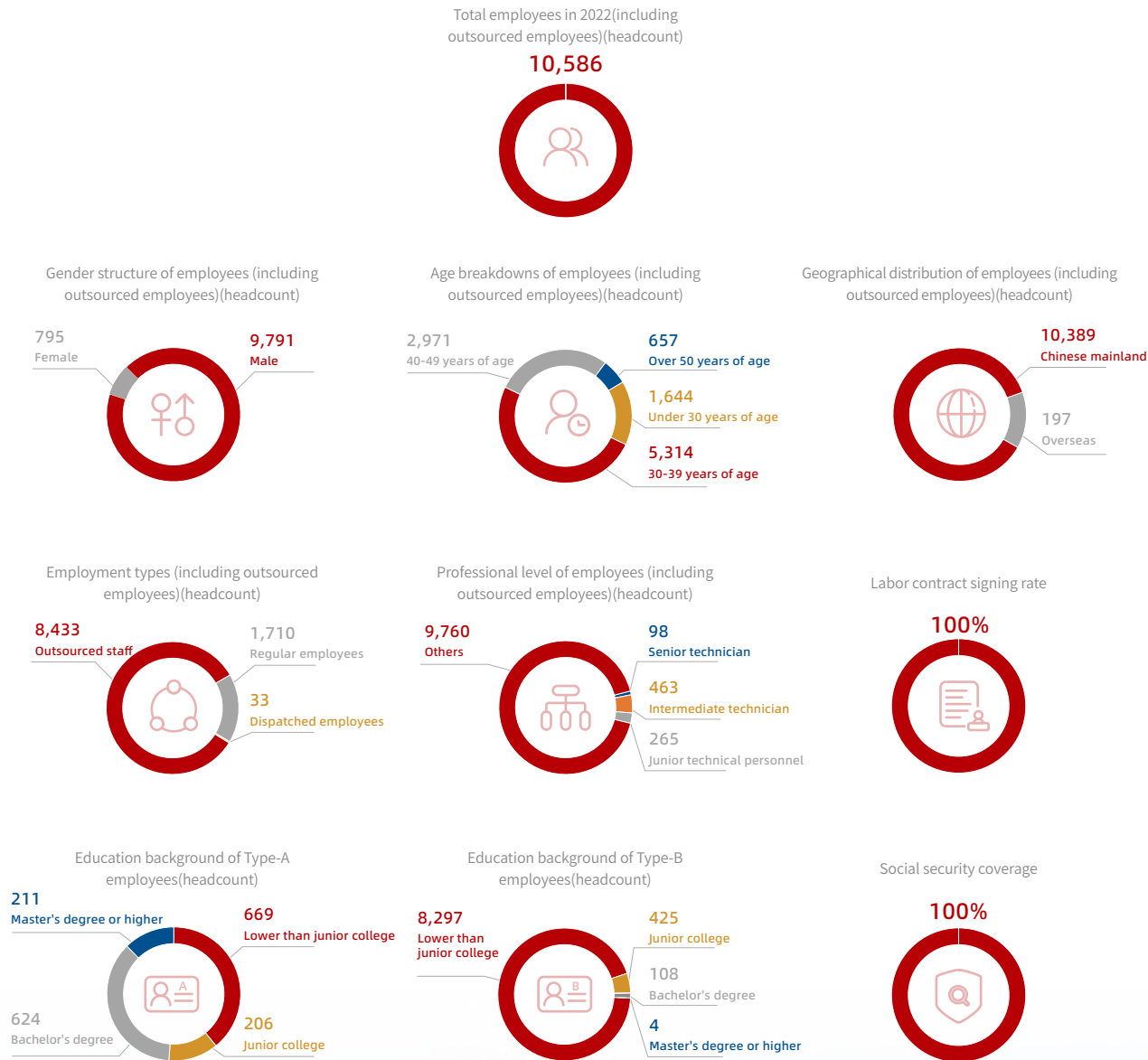
44 foreign employees

and **292** ethnic minority employees

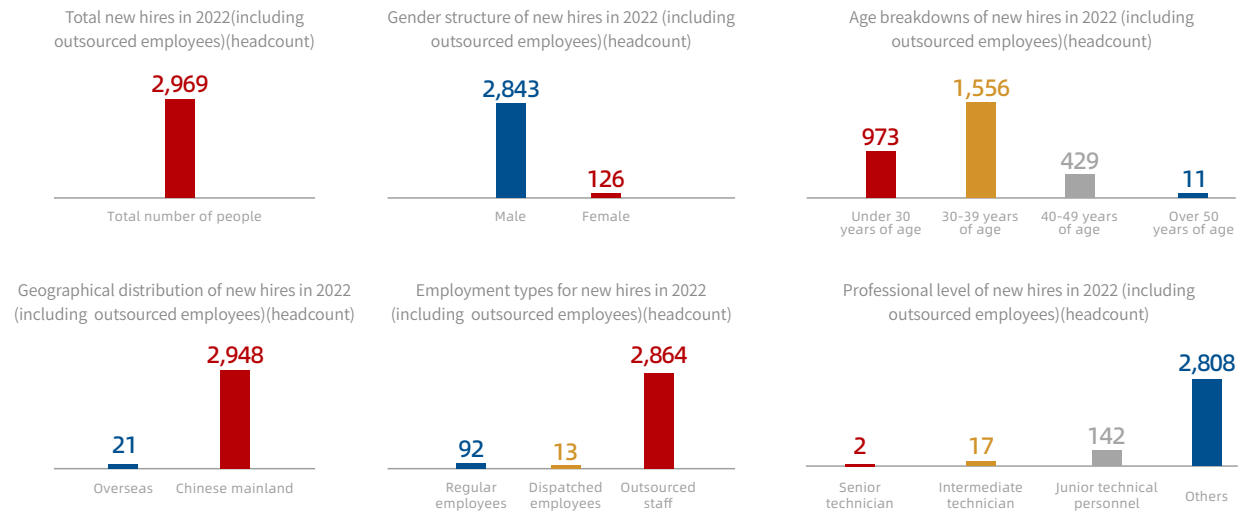


Employee engagement

COSCO SHIPPING Development has made ceaseless efforts to improve the labor union and the workers' congress system, and formulated the *Administrative Measures on the Disclosure of Factory Affairs* and the *Detailed Rules for the Operation of the Workers' Congress*. Our aim is to establish accessible communication channels and make every effort to protect employees' rights to know, participate, express and supervise. During the reporting period, 100% of our employees signed collective contracts.



Note: The total number of on-the-job employees refers to the data of contract-based employees, dispatched workers and outsourced workers (excluding crew) of COSCO SHIPPING Development headquarters and subsidiaries at home and abroad. Major differences exist in the educational background and turnover rate between different types of employees hired by our different specialized companies. Therefore, we divide employees into type A and type B, based on which we provide the data of their educational backgrounds and turnover rate by gender, age group, and location. Type A refers to contract-based employees of COSCO SHIPPING Development headquarters and subsidiaries at home and abroad, and Type B are dispatched workers and outsourced employees of Shanghai Universal, a subsidiary specialized in container manufacturing. The labor contract signing rate is data of the COSCO SHIPPING Development headquarters and subsidiaries at home and abroad. The Social security coverage rate is data of the COSCO SHIPPING Development headquarters and subsidiaries in China.





Occupational health

Safety is a fundamental aspect of corporate development. The occupational health and safety of our employees is a cornerstone of our Company's sustainable development. We strictly abide by the Chinese laws and regulations, such as the *Law on Work Safety*, the *Fire Protection Law* and the *Law on Prevention and Control of Occupational Diseases*. During the reporting period, we revised the *Regulation on the Management of Workplace Safety and Ecological Environmental Protection Responsibilities* and *Regulations for Workplace Safety Risk Management*, and developed the *Self-examination List of Key Tasks of 15 Measures for Workplace Safety in 2022*. At the same time, we continue to improve the occupational health and workplace safety management system. During the reporting period, we adjusted the composition of the workplace safety and Environmental Protection Working Committee. With the Chairman and Party Secretary and General Manager serving as director, the Working Committee is responsible for organizing safety committees of subsidiaries at all levels to carry out occupational health and workplace safety work, ensuring that safety work is effectively implemented and creating a safe and healthy workplace for all.

Safety is of paramount importance in container manufacturing, as it involves a large number of workers on the frontline, which is a key area in the Company's occupational health and safety management. Shanghai Universal recognizes the significance of managing occupational health and safety in daily operations and production processes. The Company has implemented a safety management policy and well-defined annual targets on workplace safety, which are organized and implemented based on risks for management by grade. Furthermore, it refines and implements the responsibility system for workplace safety of all personnel, bolstering the safety work line. By the end of the reporting period, Shanghai Universal and 6 subsidiaries had obtained the ISO 45001 (OHSMS) Occupational Health and Safety Management System Certification. At the same time, the company continuously monitors and conducts regular audits on safety performance. In 2022, PricewaterhouseCoopers and ShineWing International were engaged to conduct internal control self-evaluations of Shanghai Universal and its six container factories, covering the implementation of safety, environmental protection, and occupational health related systems to improve safety performance management. Upon review, no safety and health problems were identified during the reporting period.

By the end of the reporting period

The Company registered 0 work-related fatalities, 0 accidents that caused severe injuries or above, and no new cases of occupational diseases

The Company lost 710 days due to work-related injuries, 45% decrease from 2021

The rate of work-related injuries per million hours worked is 0

No extraordinary serious accidents or environmental incidents of responsibility have been reported, and no serious accidents /incidents have occurred



Risks for management by grade

COSCO SHIPPING Development has taken strict measures to implement risks for management by grade, thoroughly checked and evaluated the Company's workplace safety systems, standards and practices, etc., and improved the *Regulations for Workplace Safety Risk Management* to strengthen the control of “serious” and above workplace safety risks. Shanghai Universal has effectively rectified the issue of inconsistent risk definition standards and irregular division of work units at its subsidiary factories to ensure the effective implementation of risks for management by grade.

Major investigation and rectification of hidden dangers and potential risks



Major on-site investigation of hidden dangers and potential risks

COSCO SHIPPING Development responded to the major investigation and rectification of hidden dangers and potential risks. The Company organized a special conference on hidden danger investigation to review the control list and improve the safety management system. Comprehensive investigations were carried out throughout each container factory, including inspections of production sites and accounts via on-site and cloud inspections. At the same time, on-site employees were randomly checked on their safety knowledge and skills, and issues and defects identified during the investigation were “corrected immediately, truly and completely”. The headquarters summarized and issued workplace safety tips for six container factories to improve the awareness of workplace safety in the workplace.



Safety emergency response

COSCO SHIPPING Development has established the emergency response departments and incident investigation teams in the Headquarters and subsidiaries to define the safety tasks of units at all levels. This approach defines safety tasks for all units, clarifies measures and indicators, and assigns responsibility to specific departments and individuals. During the reporting period, we revised our *Contingency Plan for Workplace Safety and Environmental Incidents*, optimized the guarantee system of the emergency accident handling system, and intensified the publicity and implementation of workplace safety knowledge. At the same time, emergency response drills and emergency knowledge publicity and popularization were regularly organized to further improve the on-site emergency handling capacity.



Safety performance assessment

In accordance with the *Interim Measures for Workplace Safety Supervision and Management of Central SOEs*, the *Detailed Rules for Workplace Safety Assessment of Central SOEs*, the *Detailed Administrative Rules for Workplace Safety Assessment Management of COSCO SHIPPING*, and the *Administrative Measures for Performance Assessment of Workplace Safety and Environmental Protection*, we have comprehensively reviewed the list of safety responsibilities. At the same time, we signed the *2022 Responsibility Letter for Workplace Safety and Ecological Environmental Protection*, to assess the Company's safety and environmental protection indicators during the reporting period, and align workplace safety and ecological environmental protection with the performance of the Board of Directors. The Company fully acknowledges and fulfills its main responsibility for workplace safety and environmental protection. We continue to assess safety performance in both process and result, and consider the assessment results in the performance evaluation of the personnel responsible for workplace safety and occupational health management in each container factory. By doing so, we aim to motivate them to fulfill their responsibilities and provide a solid guarantee for the Company's high-quality development.



Enhance workplace safety management

COSCO SHIPPING Development attaches great importance to the training on occupational health and safety of employees and continuously improves the *Administrative Rules on Safety Training* and other related systems to raise employees' workplace safety awareness.

Shanghai Universal carries out workplace safety inspection and cloud inspection to advance investigation and management of hidden dangers. By incorporating the safety month activity themed by "abiding by the workplace safety law and being the first responsible person" into the workplace safety improvement year action, it implemented measures to mitigate the impact of typhoons, floods, and heatstroke, etc.

By the end of the reporting period

100% of employees received training on health and safety,
with a total of **78,430** training hours

Voluntary safety management

Subsidiary factories continuously build "three-zero teams" (zero violations, zero injuries, zero accidents), and organize employees to watch safety videos and attend safe awareness training in the "583 Morning Meeting" to raise employees' awareness of safety.

Workplace safety training

The Company convene the meeting of the Safety Committee to study the *Work Safety Law* and learn how to understand the "Three Managements and Three Musts" stipulated in the *Work Safety Law*.

Diversified publicity campaigns

Campaigns to improve safety awareness are held both online and offline through WeChat, publicity boards, and other channels to foster a safety culture.



Enhance workplace safety training

Workplace safety training for employees



Health and safety management for outsourced employees

Shanghai Universal has implemented the labor outsourcing management policies, such as the *Regulation on Workplace Safety-Related Rewards* and revised the *Safety Management Policy for Outsourced Construction Workers* to clarify the requirements of relevant departments for the qualification review of external operators. With focus on contractors' hazardous operations, it specifies related management policies and operating procedures, and strengthens on-site supervision and responsibility performance assessment, to strengthen the health and safety management for outsourced employees.

Outsourced employees are the mainstay in container manufacturing, to whom we apply the same occupational health and safety management system and guarantees for regular employees. We organize special pre-job occupational health and safety training for outsourced workers, and provide them with the same protective equipment used by regular employees. At construction sites, both outsourced workers and regular employees are under the supervision and management of safety inspectors. Besides, we organize annual health examinations for outsourced employees and keep their health records to protect them from occupational diseases. CCS conducts annual audits of the health and safety management of outsourced employees to ensure effective implementation of mandatory measures.

Employee empowerment

With our better recruitment and HR management system, we enhance the quality development of employees and improve the remuneration system and career development paths, empowering employees for professional development. We strive to provide a fair and diverse career development platform, and develop alongside our employees.

Better remuneration system

COSCO SHIPPING Development actively develops a market-oriented mechanism. By revising the *Measures for the Administration of Total Wages (Trial)*, the Company aligns the total wages with enterprise revenue. At the same time, the remuneration system was improved to empower employees for value creation and stimulate their initiative to achieve better performance.



Implementing the equity incentive plan

We actively explore internal income distribution mechanism reforms and improve the medium- to long-term incentive plan to share the results of enterprise development and reform with employees. The first phase of the employee equity incentive plan was implemented during the reporting period, benefiting more than 100 employees.



Optimizing the remuneration management plan for professional managers

To improve the tenure system and contractual management system of managers, we have developed the *Managers' Remuneration Management Plan* with a market-oriented and contract-based approach. While optimizing the remuneration management plan for professional managers of directly-affiliated units, with a focus on strengthening the assessment orientation for remuneration management through a combination of incentives and constraints.



Strengthening performance appraisals

We have established a normal practice for withdrawing or adjusting incompetent employees to encourage healthy competition for positions. Clear performance appraisal objectives that are aligned with its development strategy is set up. Meanwhile, we have improved the performance appraisal system with "performance management as the basis, contract agreement as the means, remuneration incentive as the driving force, and risk management as the guarantee".

■ Employee remuneration system of COSCO SHIPPING Development

Career development paths

Leveraging its strengths, COSCO SHIPPING Development has built a platform for talent and technology innovation. The Company has formulated the *Plan on Building an Employee Training policy (Trial)*, and implemented the *Opinions of the Party Leading Group of China COSCO Shipping Corporation Limited on Building an Employee Training policy*, and signed the *Service Agreement on a Tiered Workforce Ability Improvement Training Program (2022 Phase I)*. At the same time, the Company is actively promoting the employment of college graduates and introducing high-level talent to expand the tiered workforce. These efforts aim to cultivate a team of high-quality, professional and versatile talents, promoting the high-quality development of the Company.

Training and education

By utilizing the high-quality platform of COSCO SHIPPING Talent Development Institute, we cooperate with high-quality external training providers for professional training. This initiative has widened the scope of staff development and provided more opportunities for career growth.

Internal communication between officials and employees

According to the Measures for the *Administration of Staff Secondment (Trial)*, the Company has improved the mechanism for internal two-way horizontal communication among employees between the headquarters and subsidiary units to promote internal personnel mobility, communication and secondment, promoting the development of versatile talents.

■ Employee empowerment in COSCO SHIPPING Development

Total investment in staff training in 2022(RMB million)

11.207



Training investment per employee in 2022(RMB million)

0.0011



Average training hours for all employees in 2022(hour)

188.07

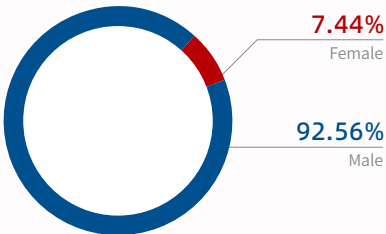


Proportion of trainees in total employment

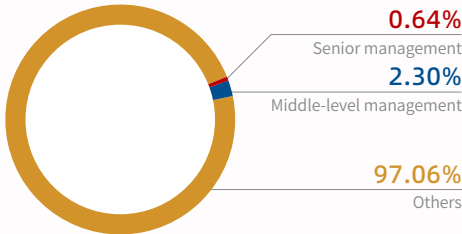
99.85%



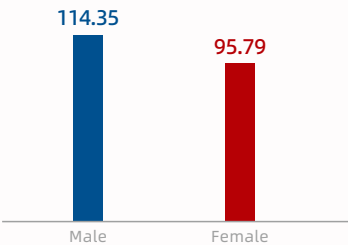
Percentage of employees trained by gender



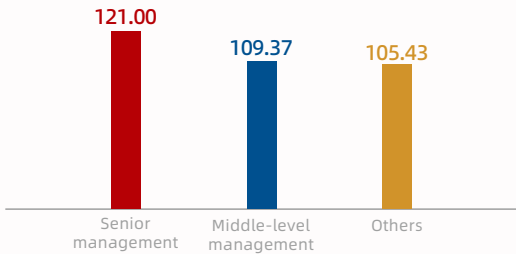
Percentage of employees trained by job type



Average training hours by gender (hour)



Average training hours by job type (hour)



Training data of regular employees, dispatched workers and outsourced employees of COSCO SHIPPING Development at home and abroad (including resigned personnel) as of December 31, 2022

A harmonious environment

COSCO SHIPPING Development places great emphasis on work-life balance for its employees. With rich cultural and sports activities, care for employees as well as sympathy visits to employees in need, we create a happy and harmonious working environment for employees.

Employee care

The Company values the work-life balance of its employees and strives to meet their diverse needs through providing care and welfare measures, improving the sense of happiness and belonging of employees.

Florens won “Good MPF Employer Award” by the competent authority of the Hong Kong SAR Government

Organized annually by MPFA, the Good MPF Employer Award aims to cultivate employers’ responsibility under the law, and give recognition to employers who strive to enhance retirement protection for their employees. In October 2022, Florence was awarded the Good MPF Employer Award by the competent authority of the Hong Kong SAR Government. This achievement reflects Florence's dedication to employee care and retirement protection, and reinforces the company's commitment to creating a harmonious and respected employer brand.



Florens won the “Good MPF Employer Award”



Sympathy visits to the employees in need



Birthday parties for employees



DFIC Qingdao Mental Health Volunteer Service Team



Go to the production line to send cool



For two consecutive years, DFIC Ningbo has organized the "Flying Migratory Birds, Building Dreams in Blue Bay" summer camp for children of external migrant workers held by the Yinzhou Economic Development Zone in Binhai Workers Cultural Palace. This initiative has provided an opportunity for the children of our out-of-town employees to spend more quality and happy time with their parents.

Cultural and sports activities

Advocating "Happy Work and Wonderful Life", the Company keeps innovating cultural and sports activities to enrich the cultural life of employees, building a vibrant culture that enhances the cohesion of employees.



■ Radio Gymnastics Competition



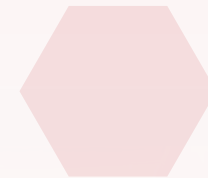
■ Children's Day Home-Enterprise Co-Building Campaign



■ The Mid-Autumn Festival Garden Party



■ Staff Debate Contest



■ Autumn sports day



Community Development

COSCO SHIPPING Development is actively involved in community building. The Company has formulated the *Administrative Measures for Donations* to provide guidance to both the headquarters and subsidiaries in their efforts to contribute to the community. These initiatives not only create a positive social atmosphere but also promote the responsible corporate culture of COSCO SHIPPING Development and support the development of local communities.

Pairing assistance

As an active player in the pairing assistance programs, COSCO SHIPPING Development has been working tirelessly to consolidate and expand on the achievements of these programs. In 2022, we donated RMB 30 million for assistance projects in Tibet and other pairing assistance programs, and purchased RMB 795,800 of products from pairing assistance areas to boost the development of local industries.

Live streaming to support farmers to drive regional economic development

COSCO SHIPPING Development actively responded to the activity of "Central SOE Consumption Week to Assist Farmers and Invigorate Agriculture" held by the Social Responsibility Bureau of the SASAC, Department of Regional Revitalization of the National Development and Reform Commission, and the Department of Social Assistance of the National Rural Revitalization Administration. Through leveraging the advantages of the central SOE consumption assistance platform and the Group's e-commerce platform, COSCO SHIPPING Development and Anhua County of Hunan Province jointly held live streaming event themed by "Live Streaming to Support Rural Vitalization, Promoting Agricultural Products out of the Mountains" to support farmers and agriculture. During the event, goods worth about RMB 1.4 million were sold, thereby actively contributing to the vitalization of rural areas, increasing local income, and alleviating poverty.



■ Live streaming to support farmers

Pairing assistance for rural vitalization

DFIC Guangzhou has helped a total of more than 17,000 migrant workers in remote mountainous areas to solve the problem of completing their educations. By establishing archives and issuing poverty cards for those in need. This has allowed them to improve their employability and take the first steps toward lifting their families out of poverty.

DFIC Ningbo and Zhanqi Town, where the company is located, worked together to effectively increase villagers' income by employing villagers, encouraging employees to rent houses in those villages, and purchasing agricultural products from local villagers, etc.

DFIC Qidong carried out activities to promote the employment of farmers in Yuanling County, Hunan Province, one of our pairing assistance programs. The company utilized online interviews as a means to facilitate local employment, promoting mutual benefit and win-win outcomes.

In the active practice of the mission and responsibility of the central SOEs in public welfare undertakings, DFIC Qingdao signed the *Agreement on Assisting Farmers and Promoting High-quality Development of Agriculture* with Anhua County. According to the agreement, the company will further intensify its assistance to farmers and promote local agricultural development.

Public welfare undertakings

Enterprises are both beneficiaries and contributors to a harmonious society. To give back to the community, COSCO SHIPPING Development actively organizes its employees to participate in various voluntary and community public welfare activities to spread public welfare love, reflecting the Company's responsible corporate citizen image.

Education-aid auction themed by "growing up with love" spreads warmth and hope

By actively carrying forward the spirit of responsibility and dedication of SOEs, COSCO SHIPPING Development has long been engaged in social welfare activities with a focus on vulnerable groups, delivering warmth and hope to society. On October 13, 2022, the Youth Volunteer Service Team of DFIC Qingdao organized an Education-Aid Auction to raise funds for students in need, raising a total of RMB 25,560. Along with the RMB 5,526.73 raised from previous public welfare activities, A total of 31,086.73 yuan will be donated to students in need in Anhua County as Grants.



■ Education-Aid Auction Themed by "Growing Up with Love"



On the eve of the Mid-Autumn Festival in 2022, DFIC Qidong worked with the Baigang Village Party Branch, a Party building Alliance of DFIC Qidong, and visited villagers in need and provide medical support by measuring blood pressure for veterans

By the end of the reporting period

A total input of RMB **30** million in public welfare undertakings (excluding donations by employees)

Employees spontaneously raised RMB **0.2** million

Total employee volunteer service time of **1,466** hours



■ Condolences to the elderly in difficulty in Party building Alliance

Outlook for 2023

CSR vision: Integrating CSR into the strategic vision to drive the sustainable development of the supply industry

With an international vision and forward-looking mind, the Company will make strategic decisions conducive to long-term development. Leveraging the advantages of the shipping industry, we aim to serve and empower the shipping logistics industry. We will work collaboratively with upstream and downstream enterprises in the shipping industry chain to promote sustainable development and growth of the shipping logistics industry.

CSR management: Integrating CSR into corporate management to deepen CSR management

We will carefully study the development trend of the industry and constantly identify and update core CSR topics such as corporate governance, risk management, response to climate change, environmental protection, safety management, employee rights protection, and community development. We will contribute to a comprehensive sustainability management system by improving institutional and management mechanisms.

CSR practices: Integrating CSR into corporate operations to create comprehensive value

We will attach great importance to and actively respond to the expectations and needs of stakeholders, and continue to improve our business model schemes to remain relevant in today's ever-changing landscape. By cementing a strong combination between industry and finance, we aim to leverage superior resources such as technology, capital, and industry to extend our CSR practices beyond economic gains and towards creating comprehensive value in the social and environmental fields for stakeholders.

CSR team building: Raising employees' awareness of CSR and working with them to create and share a better future of sustainable development

By creating a stronger responsible culture atmosphere with more solid CSR practice, we aim to enhance employees' CSR awareness and their ability, encourage employees to actively pursue excellence, share with them the sense of mission and achievement in value creation, and encourage the staff to play their roles in the realization of SDGs.

HK-ESG Index

Environment				
Aspect	Indicator	Indicator description	Page	Explain
A1:Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste	P46,P48	
	A1.1	The types of emissions and respective emissions data	P49-50	
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P50	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P50	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P50	
	A1.5	Description of emission target(s) set and steps taken to achieve them	P49,P51-56	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	P49,P51-56	
A2:Use of Resources	General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	P46,P48	
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility)	P49	
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	P50	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	P49,P51-56	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	P47,P49 P51-56	
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	/	Not applicable. The Company's physical products are containers without outer packing
A3: Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	P46,P48	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	P39-56	
A4:Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	P46,P48	
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	P41-44 P53-55	

Social				
Aspect	Indicator	Indicator description	Page	Explain
B1:Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	P59-60	
	B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region	P61	
	B1.2	Employee turnover rate by gender, age group and geographical region	P62	
B2:Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	P63-66	
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	P63	
	B2.2	Lost days due to work injury	P63	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P63-65	
B3:Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P67-68	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	P68	
	B3.2	The average training hours completed per employee by gender and employee category	P68	
B4:Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	P59	
	B4.1	Description of measures to review employment practices to avoid child and forced labor	P59	
	B4.2	Description of steps taken to eliminate such practices when discovered	P59	

Social				
Aspect	Indicator	Indicator description	Page	Explain
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	P25-26	
	B5.1	Number of suppliers by geographical region	P26	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P25-26	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	P26	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P26	
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P38	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P37	
	B6.2	Number of products and service-related complaints received and how they are dealt with	P38	
	B6.3	Description of practices relating to observing and protecting intellectual property rights	P36	
	B6.4	Description of quality assurance process and recall procedures	P37	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P38	
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	P19-21	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	P20	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P19	
	B7.3	Description of anti-corruption training provided to directors and staff.	P21	
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests	P73	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	P73-74	
	B8.2	Resources contributed (e.g. money or time) to the focus area	P74	

Reader Feedback

We sincerely look forward to your comments and suggestions, and will carefully study the feedback of every reader of this report. Your opinions and suggestions are vital to our continuous improvement of CSR management and practices. You can fill in, cut out the following form and send it us by mail or fax. We sincerely wait for and thank you for your valuable comments!

Your information:

Name: Work unit: Tel: E-mail:

1. Your general evaluation on our CSR fulfillment:

☐ Very good ☐ Good ☐ Average ☐ Poor

2. Your general evaluation on this report:

☐ Very good ☐ Good ☐ Average ☐ Poor

3. What do you think of our performance in stakeholder communication?

☐ Very good ☐ Good ☐ Average ☐ Poor

4. What do you think of our performance in corporate management?

☐ Very good ☐ Good ☐ Average ☐ Poor

5. What do you think of our performance in escorting the real economy?

☐ Very good ☐ Good ☐ Average ☐ Poor

6. What do you think of our performance in delivering social happiness?

☐ Very good ☐ Good ☐ Average ☐ Poor

7. What do you think of our performance in protecting the ecological environment?

☐ Very good ☐ Good ☐ Average ☐ Poor

8. What do you think of our performance in building an excellent team?

☐ Very good ☐ Good ☐ Average ☐ Poor

9. Is the content and format design of this report readable?

☐ Yes ☐ No

10. What other information do you think you are concerned about is not disclosed in this report?

11.What are your opinions and suggestions on our social responsibility fulfillment and this report?