



Seacon Shipping Group Holdings Limited

洲際船務集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2409

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION OF REPORT

Scope of reporting

This is the first environmental, social and governance (“**ESG**”) report published by Seacon Shipping Group Holdings Limited. The core business of the Company is the provision of shipping services and ship management services to customers. The information and data contained herein cover primarily the period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**” or “**2022**”). Unless otherwise stated, this report covers the major operating revenue activities under the Company’s direct management and control. To ensure continuity and for the convenience of comparison, some of the data and information provided are not limited within the year 2022.

Editorial policy

This report is drafted in compliance with the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange, with reference to the Global Reporting Initiative (GRI) Standards and ISO 26000:2010 Corporate Social Responsibility Guideline of the International Organisation for Standardisation.

Reporting Principles

The reporting principles of this report are governed by “materiality”, “quantitative”, “balance” and “consistency”.

Materiality: This report has included the material ESG factors that are sufficient to different stakeholders. The Company’s directors and senior management are mainly responsible for identification of key ESG factors on the basis of the feedback from the stakeholders. In order to determine the ESG factors that are relevant and material to our business with respect to sustainability, the Company is aware that it is important to understand the issues that the stakeholders concerned the most. Please refer to the section headed “2.4 Key ESG Issues” for details of the main expectations and concerns of the key stakeholders and the corresponding management responses, as well as the annual materiality assessment conducted by the Company to identify the key ESG issues that are material and relevant to the Company’s operation.

Quantitative: The data presented in this report have been examined. Summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are mainly referred to the Environmental, Social and Governance Reporting Guide.

Balance: This report was prepared on the basis of objectivity and impartiality to ensure that the information provided an unbiased picture of the overall ESG performance of the Company.

Consistency: The methodologies and KPIs are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison, detail would be disclosed.

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Content selection

This report focuses on reporting the responsibilities of the Company with regard to ESG management, safety and quality, low-carbon environmental protection, employee care and corporate citizenship from three aspects, namely corporate governance, society and the environment, following the principles of substance, completeness and responsiveness of the GRI standards. The collection of data and information in this report has been conducted in accordance with the Company's existing working processes.

Explanation of short titles

Seacon Shipping Group Holdings Limited is hereinafter referred to as "**Seacon Shipping**", the "**Company**" or "**we**" in the report. The Company, together with its subsidiaries, is hereinafter referred to as the "**Group**". Seacon Shipping Group Holdings Limited owns the copyright of this report.

The way we publish this report

The report is published once a year and is available in print and online formats. The online version can be viewed on the Company's website (URL: www.seacon.com).

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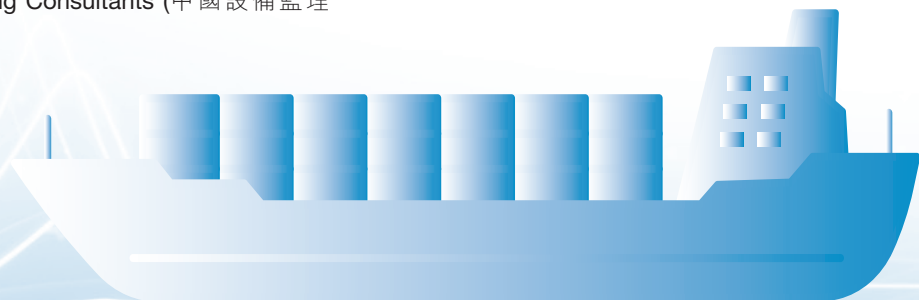


MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

WE CARRY DREAMS AND ACHIEVE GREATNESS TOGETHER, AND POSITION OURSELVES AS A LEADING AND RELIABLE COOPERATIVE PARTNER IN THE MARITIME INDUSTRY

Seacon Shipping Group Holdings Limited is an integrated shipping services provider headquartered in the PRC. We endeavour to provide comprehensive shipping solutions to our customers along the value chain of the maritime shipping industry. According to the Frost & Sullivan report, in terms of the number of third-party owned vessels under management in 2021, we ranked first among vessel management service providers headquartered in the PRC. With a combined weight carrying capacity of approximately 1.26 million dwt for our entire controlled vessel fleet and approximately 1.15 million dwt for our controlled dry bulk carrier fleet, we are the fifth largest shipping service company and the fifth largest dry bulk shipping company headquartered in the PRC. Adhering to the concept of sustainable development and original intention of “managing for value” and “carrying dreams and achieving greatness together”, the Company joined hands with stakeholders to create a sustainable industry and social ecology.

We were awarded the “Most Popular Ship Management Company” by China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會) in 2018, the 2021 Ship Management and Crew Service Excellence Award* (2021船舶管理和船員服務卓越獎) by the 2021 International Ship Management (Shanghai) Summit Organising Committee* (2021國際船舶管理(上海)高峰論壇組委會) in 2021, and the “Best Shipping Company” by China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會) in 2022. We have maintained the GB/T19001-2016/ISO9001:2015 accreditation for quality management systems since 2017, and obtained Grade A status for the Equipment Supervision Unit Certificate (《設備監理單位證書》) issued by the China Association of Plant Engineering Consultants (中國設備監理協會).



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Due to the epidemic and the world economic recession, the shipping market suffered ups and downs in 2022. The operating team of the Company overcame difficulties by proactively expanding market share and enhancing efforts in marketing through various online and offline events, which improved the awareness and reputation of Seacon Shipping Group and consolidated and strengthened relationship and cooperation with existing customers. Leveraging the increasingly powerful brand influence of the Company, we established cooperation with additional 16 customers, which enhanced and improved our position as a third-party managing company with the largest scale in the PRC and laid a solid foundation for the Company's development in the future.

The earth is our common home and we must perform our responsibility to protect the environment. The Company actively fulfills international safety management rules and has determined the Company's policy of "ensuring safety, protecting environment and maintaining health" under the principle and objective of "ensuring safety at the sea, avoiding human injuries and fatality and damage to the environment (especially ocean environment) as well as financial losses". We adopt systematic safety management mechanism to ensure the quality and safety of the shipping service. Concerning environmental protection, the Company, on top of ensuring legal and compliant environmental protection, actively responds to global climate change, carries out carbon risk management, and formulates short-term, medium-term, and long-term targets and implementation plans for carbon emission reduction to facilitate the achievement of the goal of carbon neutrality.

Employees are creators of corporate value, and human resources are core resources of Seacon Shipping and basic components of the core competitiveness of the Company. The Company endeavours to build a working environment that is diverse, inclusive and conducive to the personal development of employees. The Company respects individual differences of employees and has formulated policies on diversity and inclusivity. Adhering to the corporate core values of "people-oriented, attaching great importance to the cultivation of talents and creating a suitable environment for the realization of each person's full potential", we actively seek organic integration of corporate economic growth and social responsibility, safeguard legitimate rights of employees and create a safe and healthy working environment and provide various occupational training and development opportunities to achieve common development and growth of the Company and employees.

Our rapid development over the past 10 years relies on the trust and support of the broad stakeholders. We hereby extend our sincere gratitude to our friends and partners from all over the world. Looking forward to the future, we will maintain our bright vision to "carry dreams and achieve greatness together" as well as the service concept of "managing for value", and struggle for providing the industry with higher quality service and pay back to the stakeholders for their trust and support. We also sincerely request your advice and support to create a better future.

Mr. Guo Jinkui

Chairman of the Board of Directors

Hong Kong, 25 April 2023

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VISION, MISSION AND VALUES

Seacon

SEA represents the ocean. Seacon Shipping is an entity in close relation with the marine industry. The Company upholds the idea of becoming stronger with the sea and coexistence with the ocean.

CON means the continent. The Company has an international vision to serve the global trade and the strategic deployment of globalised industrial layout.

SEACON connects the ocean and the continent, and hence the world. The Company will endeavour to become a world-class shipping and logistics enterprise with international competitiveness and brand influence which creates excellent value for the society.

Seacon Shipping

Seacon Shipping is a piece of fertile land where the dreams of people in the private Chinese shipping industry begin, a platform to achieve symbiosis with customer value and a banner of international standards and local advantages.

Vision

We carry dreams and achieve greatness together, and position ourselves as a leading and reliable cooperative partner in the maritime industry.

Mission

To build a world first class one-stop service provider for shipping and management, which provides competitive solutions and services and continues to create the greatest value for clients.

Value

Customer:	We focus on customers, create values, contribute to the success of customers, and go beyond what is required to satisfy customers.
Quality:	We work with profession and high standard, and achieve top quality in our products and service.
Reliability (Responsibility):	We stick to our commitments and shoulder responsibilities. Customers can count on us and colleagues are rest assured.
Talents:	We attach great importance to the cultivation of talents and create a suitable environment for the realization of each person's full potential.
Innovation:	We have the courage to challenge, continue to improve, dare to be the first, and keep pace with the times.
Collaboration:	We do complementary teamwork and make progress together.
Win-Win:	We achieve greatness with customers together, and share the fruit of success with colleagues.

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SUSTAINABILITY PERFORMANCE DATA

Statistical Table on ESG Performance Data of Seacon Shipping in 2022

Category	Performance indicator	2022
Economy (US\$'000)	Total assets	287,247
	Sales income	359,101
	Operating costs	296,737
	Total taxes paid	2,829
	Investment in research and development	140
	Government grants and supporting fund	222
	Total remuneration of employee	10,889
Environment	Investment in safety and environmental protection (US\$'000)	3,177
	Gasoline and diesel (tonnes/year)	9,541.22
	Light fuel oil (tonnes/year)	13,528.26
	Heavy fuel oil (tonnes/year)	76,963.57
	Total consumption of purchased electricity (KWH)	182,132
	Direct greenhouse gases equivalent (tonnes CO ₂ -e) (Scope I)	312,881
	Indirect greenhouse gases equivalent (tonnes CO ₂ -e) (Scope II)	161
	Total greenhouse gas emission (tonnes/year)	313,042
	Total greenhouse gas emission intensity (tonnes/US\$'000)	0.8717
	Total fresh water consumption (tonnes/year)	10,209
	Domestic sewage generated by vessels (tonnes/year)	476
	Operation sewage generated by vessels (tonnes/year)	1,298
	Wastewater discharge (tonnes/year)	1,774
	Compliance rate of wastewater treatment (%)	100
	Domestic garbage generated by vessels (tonnes/year)	75
	Kitchen waste (tonnes/year)	91
	Solid waste discharge (tonnes/year)	194
Sulphur dioxide emission (tonnes/year)	924	

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Category	Performance indicator	2022
Social aspect	Number of machinery damage accidents	8
	Number of marine accidents	2
	Number of security accidents	1
	Number of R&D staff	11
	Number of granted patents	7
	Number of applied patents	7
	Total employees	191
	Ratio of male to female employees (%)	64:36
	Proportion of middle-level and above female managers in the management-level employees (%)	10%
	Number of foreign employees	8
	Number of employees in Japan/Hong Kong/Singapore/ Mainland China	4/4/13/170
	Employee Turnover rate (%)	7%
	Turnover rate of male/female employees (%)	9/3
	Turnover rate of employees aged below 30/30-50/over 50 (%)	5/8/5
	Turnover rate of Mainland China/Hong Kong/Singapore/Japan employees (%)	8/0/0/0
	Remuneration growth rate (%)	10%
	Ratio of remuneration of male workers to that of female workers in the same position (%)	100%
	Signing rate of the labour contract (%)	100%
	Total training hours for the year of employees (training hours/year)	8,384.5
	Types of training courses (number/year)	65
	Average training hours of employees (training hours/person/year)	43.89
	Ratio of male/female employees trained (%)	100/100
	Ratio of management/general employees trained (%)	100/100
	Average hours of training completed by male/female employees	31.07/11.83
	Average hours of training completed by the management/ general employees	3.67/39.68
	Work-related fatalities (person)	0
	Occupational diseases cases (case)	0
	Lost working hours per million working hours (%)	0

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01 ABOUT US

The Company endeavours to build a world first class one-stop service group for shipping and management, which provides competitive solutions and services which continuously create the greatest value for clients.

1.1 Company Profile

Seacon Shipping Group Holdings Limited is an integrated shipping services provider headquartered in the PRC. We endeavour to provide comprehensive shipping solutions to our customers along the value chain of the maritime shipping industry. As of 31 December 2022, we managed 217 vessels in total. The vessels under our management are registered under the flag states of Singapore, Hong Kong, the PRC, Panama, the Marshall Islands and Liberia. According to the Frost & Sullivan report, in terms of the number of third-party owned vessels under management in 2021, we ranked first among vessel management service providers headquartered in the PRC.

The number of vessels under our control is 21. Our large and varied fleet provide customers with maritime shipping services with regard to goods such as mineral ores, coal, grain, steel, logs, cement, fertilizer, nickel ore and bauxite, asphalt, petroleum products and molten sulphur. With a combined weight carrying capacity of approximately 1.26 million dwt for our entire controlled vessel fleet and 1.15 million dwt for our controlled dry bulk carrier fleet, we have become the fifth largest shipping service company and the fifth largest dry bulk shipping company headquartered in the PRC.



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We have maintained the GB/T19001-2016/ISO9001:2015 certification for quality management systems since 2017. We provide customers with first-rate and comprehensive maritime shipping services and vessel management services through systematic service quality management. The Company has further broadened its ship management service offerings to provide shipbuilding supervision services in 2019. As of the end of 2022, we have been engaged to provide shipbuilding supervision services to over 100 shipbuilding projects for vessels of various types, including bulk carriers, container ships, multi-purpose vessels, oil tankers, chemical tankers and marine engineering vessels.

The Company was awarded the “Most Popular Ship Management Company” by China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會) in 2018, the 2021 Ship Management and Crew Service Excellence Award* (2021船舶管理和船員服務卓越獎) by the 2021 International Ship Management (Shanghai) Summit Organising Committee* (2021國際船舶管理(上海)高峰論壇組委會) in 2021, and the “Best Shipping Company” by China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會) in 2022.



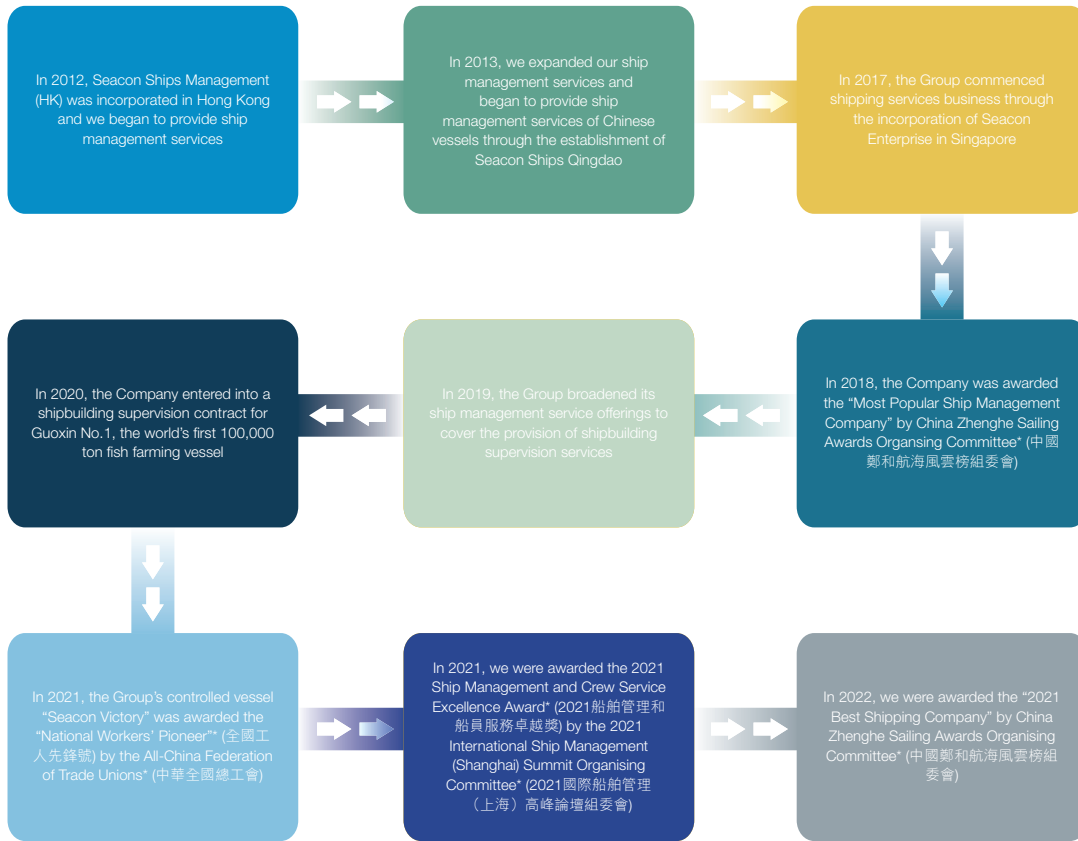
Picture 1-1: the Company was awarded “2021 Ship Management and Crew Service Excellence Award”



Picture 1-2: we were awarded the “Best Shipping Company” by China Zhenghe Sailing Awards Organising Committee in 2022

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1.2 Development Milestone



Picture 1-3: the Company's development milestone

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Milestone Events



Picture 1-4: the Company was awarded the “Most Popular Ship Management Company” by China Zhenghe Sailing Awards Organising Committee in 2018



Picture 1-5: the Group broadened its ship management service offerings to cover the provision of shipbuilding supervision services in 2019



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Picture 1-6: the Company entered into a shipbuilding supervision contract for Guoxin No.1, the world's first 100,000 tonnes fish farming vessel in 2020



Picture 1-7: the Company's self-owned "Seacon Victory" was awarded the "National Workers' Pioneer" by the All-China Federation of Trade Unions in 2021

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1.3 Economic Performance

Our business scale is broadening day by day for over the past ten-odd years. The Company maintained stable cooperation with renowned customers at home and abroad. However, the outbreak of the Russian-Ukrainian conflict in February 2022 led to a decline in the global manufacturing PMI index. Since March 2022, numerous major cities in China began to be affected by the Omicron virus and many places implemented strict lockdown policies, which in turn led to undesirable PMI index in the manufacturing industry in the PRC, and the growth of each industry began to slow down. The COVID-19 pandemic and geopolitical conflicts have a significant adverse impact on the economy, and global supply chains were interrupted.



Picture 1-8: Seacon Shipping provides ship management and shipping services for numerous customers

The international and domestic landscape have created tremendous challenge on the business development of the Company. The Company recorded sales income of US\$359,101 thousand in 2022, representing a year-on-year decrease of 3.6%. Investment in R&D and investment in safety and environment protection increased by 34% and 142%, respectively, on a year-on-year basis. The Company received government grants of US\$222 thousand in 2022. Though the Company's operating income declined to certain degree amidst severe pandemic and unstable regional landscape in 2022, the continuous investment in safety and R&D has laid foundation for the sound development of the Company in the future.

Table 1-1: Statistical Table on Key Economic Data between 2020 and 2022 (US\$'000)

Items	2020	2021	2022
Total assets	152,440	230,446	287,247
Sales income	178,929	372,738	359,101
Operating costs	166,202	315,088	296,737
Total taxes paid	271	373	2,829
Investment in research and development	47	105	140
Government grants and supporting fund	71	39	222
Total remuneration of employees	3,402	13,096	10,889
Investment in safety and environmental protection	95	1,300	3,177

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1.4 Analysis of Strategy

Pros:	Cons:
<p>1) The Company is the largest vessel management service provider headquartered in the PRC, and vessels under its management reached 217 at the end of 2022;</p>	<p>1) The Company is still at its early stage of development, and it is required to further expand the vessel fleet scale as vessel diversification has not reached the ideal state;</p>
<p>2) We are the fifth largest shipping service company and the fifth largest dry bulk shipping company headquartered in the PRC in 2022 in terms of weight carrying capacity for international shipping routes;</p>	<p>2) Informatization and digitization application are at the developmental stage and has not fully demonstrated the value of technology and innovation;</p>
<p>3) The Company has sizeable network of vessel suppliers and the strategically balanced asset mix in our vessel fleet as well as controlled vessels to which we have ownership or long-term interests over;</p>	<p>3) It is required to further cultivate, identify and recruit outstanding management talents in the shipping industry;</p>
<p>4) The Company has developed a high quality and diversified customer base and established stable cooperative relationships with its customers;</p>	<p>4) It is required to further strengthen systematic construction to adapt to the needs brought by shipping development;</p>
<p>5) The Company has a highly qualified and dedicated management team with extensive industry insight and experience as well as talents with extensive operating experience who formulate precise business strategies to achieve maximum value for shareholders.</p>	<p>5) It is required to improve and follow closely the international and domestic laws and regulations and requirements of industry rules for environmental protection, harmonious social development and corporate governance.</p>

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Opportunities:

- 1) There is a comprehensive network of supporting services in the market which makes it easier for existing players to expand their maritime shipping capacities;
- 2) With the recovery of the global economy after the pandemic, the market demand of maritime industry will keep improving.

Challenges:

- 1) The dry bulk shipping industry is cyclical and volatile in terms of charter rates, and deterioration in global economy may lead to decline in charter rates of dry bulk commodities;
- 2) The nature, timing and extent of changes in the market environment and industry condition are also unpredictable, which brings uncertainty to business development in the future;
- 3) The maritime shipping industry is highly competitive, capital intensive and highly fragmented. The relatively low entrance barrier for new players makes market competition relatively fierce.

■ *Development Strategy in the Future*

In order to increase the Company's existing market share in the industry and achieve sustainable development of the Company's business, we plan to make use of our competitive edges and execute the following business development strategies:

- (1) Further expand and diversify vessel fleet with a focus on maintaining appropriate balance between chartered-in and controlled vessels.
- (2) To improve our competitiveness in the maritime shipping industry and respond to the market demand for shipping services, we will diversify the development of vessel groups and increase our vessel fleet. We believe we can achieve the following goals: (i) improve our capacity to undertake more customers' requirements; (ii) improve the flexibility and competitiveness of our maritime shipping solutions; (iii) provide our customers with more competitive prices which are conducive to attracting and securing new business opportunities provided by existing and potential customers.
- (3) Adopt digital technologies and implement advanced information technology systems in our business operations. The adoption of customer operation and management system based on big data will help us consolidate the massive management data generated in the course of providing vessel operation services, which in turn will improve our service efficiency and quality. We will conduct comprehensive service data analysis at the big data platform, which will facilitate higher level of risk prevention, better decision-making and more effective cost control.

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- (4) Implement, improve and optimise our existing information technology systems, including the SSM management system for vessel management, the shipping management system for shipping management, and the LMS training system for employee training. We plan to introduce vessel energy efficiency management system to enhance real-time monitoring and management of vessel energy efficiency, with an aim to achieve energy conservation and emission reduction, realise and promote green and low-carbon maritime shipping services.
- (5) We intend to expand our technical support team to facilitate the liaison with software providers during the application process of our digitalization initiatives including the eventual implementation, roll-out and integration of such initiatives into our business operations.

In the future, the Company will follow closely with international and domestic laws and regulations and the requirements of industry rules with respect to green and environmental protection, social responsibility and corporate governance, continue to improve ESG risk management level and management performance and achieve sustainable development of the Company.

1.5 Honours and Association Participation

■ Honours and Awards

No.	Name of honour	Date of award	Awarding institution
1	2017 Most Popular Ship Management Company (最受歡迎的船舶管理公司)	2018	China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會)
2	Advanced Disaster Resistance and Relief Enterprise of Provincial Trade Unions (全省工會抗災救災先進企業)	2018	Shandong Provincial Federation of Trade Unions
3	“Excellent Corporate”, “Good Shipowner”, “Good Ship Manager” in Qingdao Maritime Economy Area in 2020 (2020年度青島海洋經濟「優秀企業」、「好船東」、「好船管」)	2020	Qingdao Ocean Economic Group Alliance (青島海洋經濟團體聯盟)/Qingdao Federation of Marine Economic Organisations (青島海洋經濟團體聯合會)
4	National Workers’ Pioneer (全國工人先鋒號)	2021	All-China Federation of Trade Unions (中華全國總工會)
5	PRC Top 10 “2021 Ship Management and Crew Service Excellence Award” (中國十大「2021船舶管理和船員服務卓越獎」)	2021	2021 International Ship Management (Shanghai) Summit Organising Committee* (2021國際船舶管理(上海)高峰論壇組委會)
6	2021 Best Shipping Company (2021年最佳航運公司)	2022	China Zhenghe Sailing Awards Organising Committee* (中國鄭和航海風雲榜組委會)

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Picture 1-9: numerous honour and awards the Company attained

■ Association Participation

No.	Name of association	Capacity of association	Date of participation
1	Qingdao City Federation of Industry and Commerce* (青島市工商業聯合會)	The 13th Executive Committee Unit	2017
2	Shandong Crew Members Service Association	Honourary Vice Chairman	2017
3	Far East Dry Bulk Index Committee* (遠東乾散貨指數委員會)	Member	2017
4	Shandong Nautical Society* (山東航海學會)	Standing Director	2019
5	China Shipowners' Association (中國船東協會)	Member	2015

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02 ESG GOVERNANCE

Adhering to the concept for sustainable development and the original intention of “managing for value” and “carrying dreams and achieving greatness together”, the Company joined hands with stakeholders to create a sustainable industry and social ecology.

2.1 ESG Corporate Structure

The Company proactively embraces the challenges and opportunities brought by the global economy and the maritime shipping market and constantly improves sustainable development management to create social value. Adhering to the concept of sustainable development and the original intention of “managing for value” and “carrying dreams and achieving greatness together”, the Company joined hands with stakeholders to create a sustainable industry and social ecology. The Company established a governance structure (see figure below) focusing on environment protection, corporate governance and social responsibility (ESG) to achieve sustainable development of the Company.



Picture 2-1: ESG governance structure

Under the Guidance for Boards and Directors issued by The Stock Exchange of Hong Kong Limited in July 2018, the highest ESG decision-making body of the Company is the Board, which comprises 4 executive Directors and 3 independent non-executive Directors. Our Board has established an Environmental Governance Committee that comprises Mr. Guo Jinkui, Mr. Zhao Yong and Mr. Zhuang Wei, with Mr. Guo serving as the chairman. The Board is responsible for determining the principle and scope of strategic governance of key ESG issues, and supervising and making decision on all material ESG issues and risk control. It has set up, among others, Environmental Governance Committee, ESG Governance Group, Operations Management Centre, Strategic Development Department, Finance Department, Ship Management Group and Shipping Group.

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■ *Environmental Governance Committee:*

Under the leadership of the Board, the Environmental Governance Committee is responsible for implementing ESG policies, targets and strategies and keeps supervising, handling and executing the Group's measures for ESG-related risk liability; it is also responsible for the investigation of deviation (if any) from targets and liaising with the functional departments to take prompt rectification actions. The Environmental Governance Committee reports on a yearly basis at Board meetings on the ESG performance of our Group, the effectiveness of ESG systems and any applicable recommendations.

- (1) Focusing on key ESG issues, it is responsible for reviewing ESG targets, directing the formulation of ESG risk responsive strategies and approving control measures for key ESG issues;
- (2) Research on the Company's policies in relation to ESG issues such as health and safety, environment, human rights and anti-corruption and provide advice to ensure the Company's compliance with international conventions and the requirements of PRC relevant regulations in ESG issue management;
- (3) Consider and review the ESG relevant management structure and day-to-day operating process of the Company to ensure compliance with laws and regulatory requirements; conduct survey and research on demands and expectations of key stakeholders of the Company and provide advice and suggestion to the Board in respect of relevant matters;
- (4) Guide, assess, supervise and continuously optimise the Company's culture, management structure, affairs, risk management and capacity construction in ESG area;
- (5) Review, inspect and respond to emerging ESG issues and make suggestions to the Board if appropriate to facilitate improvement of the Company's performance in environment and social responsibility and sustainable development; give advice on corrective and preventive measures for major internal control events (accidents, cases or complaints);
- (6) Review the annual ESG report of the Company for consideration and approval by the Board and make regular information disclosure;
- (7) Inspect external commitments to and performance of risk management, environment governance and sustainable development matters in relation to the Company and formulation of all matters and relevant policies on corporate governance, and inspect execution of relevant policy by management of the Company, including reviewing report on execution of relevant policies submitted by the management.

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■ *ESG Governance Group:*

The ESG Governance Group is composed of our Operations Management Centre, Finance Department, Strategic Development Department, Shipping Group and Ship Management Group. The ESG Governance Group implements ESG management and controls in accordance with the requirements of the Environmental Governance Committee; oversees and inspects the operational control of key ESG issues; identifies and manages climate change risks and opportunities, and reviews the progress of implementing sustainable development goals.

■ *Operations Management Centre:*

The Operations Management Centre is responsible for labour practices, human resource management, legal matters, and development of community engagement activities; connection with investors' and regulators' enquiry on ESG issues as well as ESG promotion and related ESG information disclosure work.

■ *Finance Department:*

The Finance Department is responsible for ESG-related financial decisions and management, analysing and determining the financial impact of ESG risks and opportunities, and promoting and implementing financial decisions in ESG operational control measures.

■ *Strategic Development Department:*

The Strategic Development Department is responsible for formulating ESG development plans and implementation schemes according to the ESG targets set by the Company.

■ *Shipping Group and Ship Management Group:*

The Shipping Group and Ship Management Group helps to implement ESG-related policies, identify, evaluate and manage ESG risks and opportunities within their respective business scopes, operate and control ESG risks based on management process of the Company, and report ESG operation information to the ESG Governance Group in a timely manner.

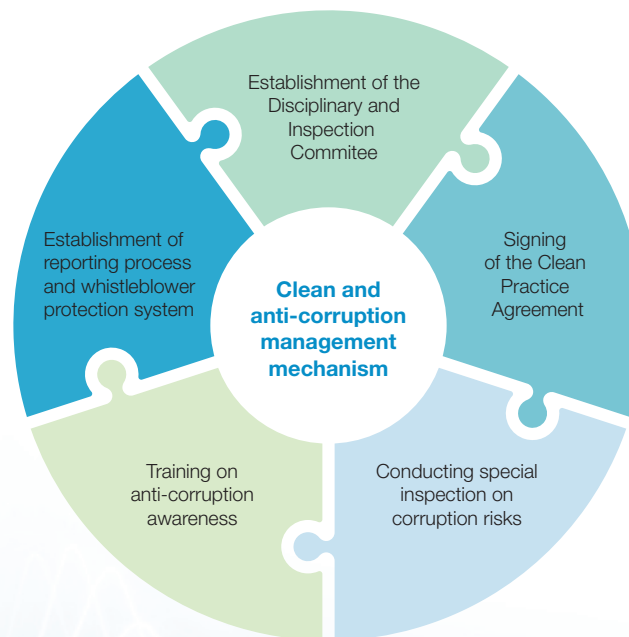
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 Business Ethics Code

The Company always upholds the business ethics of “good faith and honest behaviour” and adopts zero-tolerance policy towards any behaviour against business ethics, and prohibits any bribery, malpractices, blackmail, fraud or monopoly.

■ *Anti-corruption Management*

The Company strictly complies with all laws and regulations in relation to bribery, extortion, blackmail, monopoly and fraud, including United Nations Convention against Corruption, Foreign Corrupt Practices Act (FCPA), the Criminal Law of the People’s Republic of China, the Regulations on Strict, Lawful and Compliant Party and Enterprises Governance (Nine Prohibitions) (Zhou Ji Dang Ji He Zi (2022) No. 29) (《依法依規從嚴治黨、從嚴治企的規定(九不准)》(洲際黨紀核字(2022)29號)) and other relevant laws and regulations. The Company established the Disciplinary Inspection Commission and the Inspection Committee, which are responsible for formulating anti-corruption policies, regulations and systems, managing and supervising the legal compliance of behaviour of employees and facilitating the synergy between the anti-corruption management mechanism and the corruption prevention system within the Company based on the working principles of openness, transparency, fairness and justice. For the sake of co-development and co-prosperity with the industry, the Company has joined the anti-corruption system of the People’s Republic of China and through the anti-corruption synergy effect of the whole society and the systematic anti-corruption management mechanism, it has worked together with all units in the industry to create a clean shipping environment. During the Reporting Period, there were no bribery lawsuits against Seacon Shipping or its employees.



Picture 2-2: systematic anti-corruption management mechanism

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- (1) **Special inspection on corruption risk points:** The Company issued the Notice on Regulating Business Transactions between Group Members and Affiliates (《規範集團各單位與有關聯企業業務交往行為》) in 2020 to strictly prevent and prohibit corruption and profit transfers among affiliates and upstream and downstream enterprises along the supply chain. The Company's OA system and supplier list system lock the whitelist of affiliates, and by strengthening the management of special affiliates, unfair competition and various profit transfers are eliminated, including (among others) ship management contracts and fare payment perspective inspection, external crew supplier qualification inspection and crew quality investigation, random spot check and comparison of prices of vessel materials.
- (2) **Anti-corruption awareness enhancement:** All employees of the Company have signed a Clean Practice Agreement with the Company. Seacon Shipping organised a variety of anti-corruption training and anti-corruption campaigns to further enhance business compliance awareness and create a compliant atmosphere within the Company, and encourages employees to learn from practice and vigorously promote anti-corruption awareness, such as organising anti-corruption training designed for all employees and Directors, arranging for investigation on issue of the "Nine Prohibitions" in personal behaviour and training activities in vary forms, including talks of the Disciplinary Inspection Commission and the Inspection Committee, thematic education sessions, special courses and special seminars, thus identifying issues and building a clean culture.



Picture 2-3: the "Nine Prohibitions" promotion meeting of the Company to promote the adherence by the employees

- (3) **Cleanliness construction and anti-corruption work meeting:** The meeting was chaired by Directors and the general manager of the Company, while the Inspection Committee and Disciplinary Inspection Commission perform interpretation and publicity of laws and regulations, and daily supervision, inspection, response and handling. In addition, the Disciplinary Inspection Commission and the Inspection Committee held random anti-corruption seminars and individual conversation from time to time or investigate issues based on clues from reporting with a pragmatic mindset and gave feedback accordingly to support the doer and eliminate grafter.



Picture 2-4: the Company organised group talk on clean practices

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- (4) **“Nine Prohibitions” bi-monthly action:** At the end of 2022, the Company organised a bi-monthly system-wide anti-corruption and clean practice promotion activity throughout the Company to strictly abide by the “Nine Prohibitions” in market operation, correct the “micro-corruption” around the masses, put an end to the “prevarication” style in business operations, and build a “new atmosphere”, as well as anti-corruption and incorruptibility education, personal investigative conversations, etc., in order to create clean culture for employees. During the Reporting Period, there was no legal cases filed against the Company or its employees in relation to corrupt practices.
- (5) **Reporting channel and whistleblower protection:** The Company has been adhering to the values of good faith and the commitment to creating open communication environment and guiding our business behaviour with the highest standard. In strict accordance with the Regulations on Petition and Reporting (《信訪舉報工作規定》), the Notice on Regulating Business Transactions between Group Members and Affiliates (Zhou Ji Dang Ji Jian Lian Zi [2020] No. 05) (《規範集團各單位與有關聯企業業務交往行為》(洲際黨紀監聯字[2020]05號)), the Notice of Issuing the Regulations on Strict, Lawful and Compliant Party and Enterprises Governance (Zhou Ji Dang Ji He Zi (2022) No. 29) (《依法依規從嚴治黨、從嚴治企的規定》(洲際黨紀核字(2022)29號)) and Clue Handling and Review Work Regulation (Trial) (《線索處置、審查工作規程(試行)》) and other internal regulations, rules and processes, the Company encourages and supports employees and external personnel to report suspected non-compliance, violations, illegal behaviour and conducts that violate professional ethics.

Reporting via the email box of the Disciplinary Inspection Commission and the Inspection Committee: jiwei@seacon.com and jiancha@seaconstar.com

Correspondence address of fixed office: 23/F, Tower B, No. 20 Zhuzhou Road, Qingdao, for attention of: Disciplinary Inspection Commission of Seacon Shipping Group

The Company encourages reporting of corruption behaviour, and respects and attaches importance to all clues of reported cases, and accept all mass mail, letters, calls and visits, as well as petition reports and clues forwarded by discipline inspection and supervision bodies at higher levels, public procuratorial and judicial organs, and other units and departments. We are committed to protecting the privacy and personal safety of every whistleblower, strictly prohibiting discrimination, harassment, improper treatment of whistleblowers and employees who provide assistance in whistleblowing investigations, and the Board encourages employees to report and expose corruption around them through a protection mechanism to correct the bad atmosphere and maintain the good reputation of Seacon Shipping.

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■ *Business Ethics Code*

- (1) We advocate noble business ethics values through continuous education and provision of guidance on the business ethics of good faith, honesty and integrity for our employees. The Company has formulated and has been improving our ethics and regulations and system compliance system, including employee induction ethics education, dedication education, education on respecting customers by considering “customer as the God”, and moral model preaching and education on the national law learning day.
- (2) We conduct daily inspection, identification, evaluation, feedback and review of employees’ professional ethics according to the working process. At the year end, employees are democratically reviewed by the fellows, assessed by superiors, graded and ranked. An elimination of the most inferior system is in place with regard to business ethics.
- (3) The management takes an active role in leading by example and earnestly abide by the values of the Company.

■ *Self-discipline and Unfair Competition*

The Company organised training for the management to understand regulations of China, Europe and America on fair and competition and anti-monopoly, and strictly complies with the Anti-monopoly Law of the People’s Republic of China, the Charter of China Shipowners’ Association and China Seafarers’ Construction Union (《中國海員建設工會》) Collective Crew Agreement Wage Guidelines. Daily work and cooperation agreements of the Company are complaint and lawful and unfair competition is strictly prohibited to respect the natural law of market development.

■ *Respecting Intellectual Property Rights*

In order to promote our product innovation and protect various research and development results from infringement, the Company has established the intellectual property rights protection policies and implementation procedures in the product development process in strict accordance with the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) and other regulations and standard documents, to perform the product invention, management and protection of intellectual property rights all in all. The Company encourages technology innovation and invention, and encourages the discussion of theories and practices relating to anticipated cutting-edge technology. Employees consciously update their knowledge through learning and familiarize themselves with international conventions. We give financial rewards and honorary encouragement to innovations, reforms and inventions that create corporate benefits and social benefits. Stealing others’ fruits of labour is strictly forbidden, and once such behaviours are discovered, punishment will be imposed according to national laws and regulations.

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2.3 Corporate Risk Management

The Company is exposed to various risks and hazards in its operation. It is extremely important to adopt a comprehensive risk management approach for sustainable development of the Company.

- (1) The Company set up the Risk Management Committee under the Board that comprises two executive Directors and three independent non-executive Directors. It has established a sound risk management system which clarifies the organisational structure of risk management and provisions for duties, risk identification, reporting, approval, training and public relations and others.
- (2) Under the guideline for corporate risk management and risk management culture construction and practice, the Company formulated the system for Risk Assessment and Prevention (《風險評估與防範》), which covers risk assessment and control process, inspection and supervision requirements, prevention and control of major sudden risks, programmes on wars, severe natural disasters, diseases and major political events. The Company performs evaluation on the Table of Risk Description and Control Highlights (《風險描述與控制匯總表》) on a yearly basis, which stipulates the business classification of financial management, information management, human resources management, investment and securities management, internal control, documents, vessel management and insurance, risk projects identification, risk evaluation and risk impact, and risk prevention measures.
- (3) At the beginning of 2022, the Risk Management Committee revised and amended relevant systems and established a complete risk and internal control system by refining internal control measures and processes in risk management and control. In December 2022, a meeting of the Risk Management Committee was convened, at which the risk management work throughout the year was summarised as follows: the risk of war, pandemic risk, risk of IT system failure, risk in vessel shipping routes, risk in delay of information application, tax risk, risk in changes of industrial regulations on environmental protection. For the identified risks, the Company has taken prompt countermeasures, such as enhancing relevant systems, strengthening business training and learning and executing plans following the requirements of industrial regulation to control the risk affecting vessel operation.
- (4) Due to the Russian-Ukrainian war in 2022, the Company enhanced management of safe routes for vessels and management of vessel insurance. The Company took active part in prevention during the COVID-19 pandemic, which ensured normal shifts of crews, and the system of partially working from home for onshore employees guaranteed normal operation of the Company and vessels. The Company updated the information management system to prevent the risk of IT system failure and arranged workforce for informatization construction to improve vessel management and operation efficiency.

Risks are eternal but controllable. They are avoidable by adopting certain approaches and methodology, which requires enhanced and refined risk management thereafter.

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2.4 Key ESG Issues

■ *Communication and Involvement of Stakeholders*

ESG strategies of a corporate should take into account external environment and internal conditions of the corporate to facilitate the effective combination of external and internal factors. The Company engages and communicates with stakeholders including customers, employees, the government and regulators, industry associations, shareholders and investors, suppliers and partners, to understand their demands and expectations and gradually form an ESG management mechanism with corporate characteristics and promote the achievement of the target for sustainable development.



Picture 2-5: stakeholder identification

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Picture 2-6: on-site inspection and guidance by leaders of China Classification Society



Picture 2-7: Shandong Maritime Safety Administration's visits on the Company for guidance



Picture 2-8: an employee representative meeting held by the Company



Picture 2-9: visit by the Vice Mayor of Ningbo, Zhejiang and his entourage



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■ Evaluation of Key Issues

The Company identified the demands and expectations of stakeholders under the requirements of ISO26000:2010 Corporate Social Responsibility Guideline and GRI Sustainability Reporting Guide in order to understand and respond to demands of stakeholders timely, and adopted the “matrix evaluation method” to evaluate key issues concerned by the stakeholders from the two dimensions of “economic, environmental and social impact on the Company” and “impact on the stakeholders”. The sustainability report for this year is prepared based on surveys of the stakeholders and evaluation of key issues. The Company hopes to respond to the demands and expectations of stakeholders and achieve the strategic development goal of the Company through communication and involvement of stakeholders.

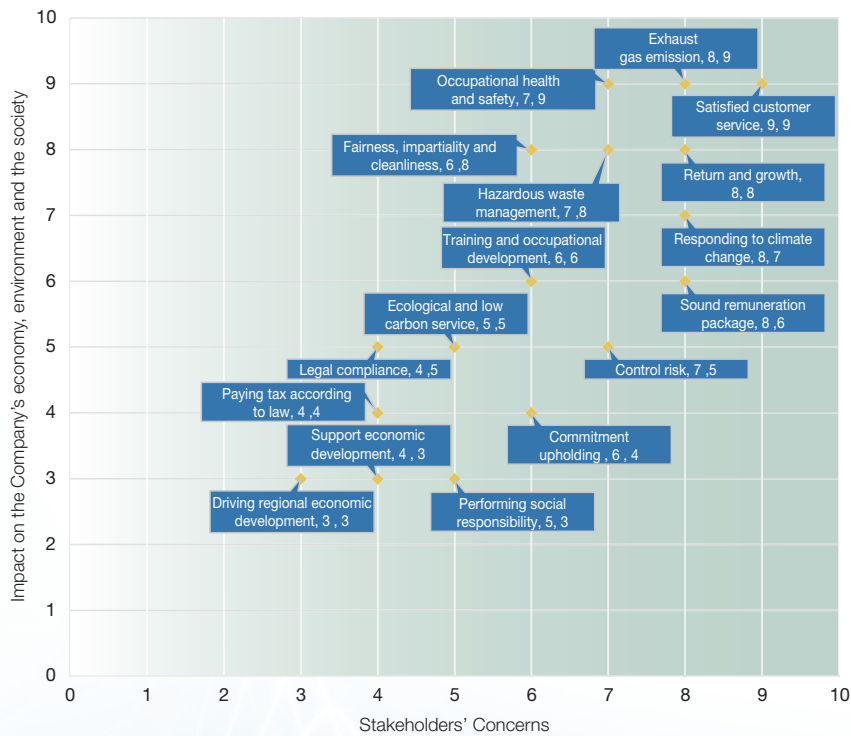
Table 2-1: Statistical Table on Key Issues Discussed and Concerned by Stakeholders

No.	Stakeholders	Issues concerned	Communication approach	Issue evaluation results Stakeholders' attention* Economic, environmental and social impact on the Company (corresponds to the location of the coordinates in the figure below)	Section where it is disclosed
1	Customers	Satisfactory customer service	Customer satisfaction survey Customer complaint Customer communication meeting	9X9	Chapter III
2	Shareholders and investors	Return and growth Risk Control	Publication of financial report Shareholders communication meeting	8X8 7X5	Chapter I Chapter II
3	Suppliers and contractors	Commitment upholding Fairness, impartiality and cleanliness	Supplier meeting On-site review	6X4 6X8	Chapter II Chapter II
4	Employees	Sound remuneration package Occupational health and safety Training and occupational development	Employee satisfaction survey Safety management system Internal meeting	8X6 7X9 6X6	Chapter V
5	Environment	Exhaust gas emission Hazardous waste management Responding to climate change Ecological and low-carbon service	Pollutant monitoring ESG report Customer needs Customer demands	8X9 7X8 8X7 5X5	Chapter IV

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No.	Stakeholders	Issues concerned	Communication approach	Issue evaluation results Stakeholders' attention* Economic, environmental and social impact on the Company (corresponds to the location of the coordinates in the figure below)	Section where it is disclosed
6	Government and regulators	Legal compliance	Government meeting	4X5	Chapter II
		Paying tax according to law	Seminars	4X4	Chapter I
		Support economic development	On-site visits and communication	4X3	Chapter I
7	Community and NGO	Driving regional economic development	Regular information disclosure	3X3	Chapter I
		Performing social responsibility	Visits	5X3	Chapter V

Evaluation Matrix of Key Issues



Picture 2-10: evaluation matrix of key ESG issues

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03 SAFETY QUALITY

The Company undertakes to fulfill international safety management rules and has determined the Company's policy of ensuring safety, protecting environment and maintaining health under the principle and objective of "ensuring safety at the sea, avoiding human injuries and fatality and damage to the environment (especially ocean environment) as well as financial losses".

3.1 Safety Quality Performance

■ Safety Quality Performance

- (1) Offering safe management system and safe working environment for vessel operation;
- (2) Assessing all identified risks to vessels, staff and the environment and formulating appropriate countermeasures;
- (3) Having emergency response measures in place for safety and environmental protection emergencies;
- (4) Enhancing training and constantly improving safe management skills of ship-shore personnel;
- (5) Marine accidents, machinery damage, pollution and fire accidents without liability;
- (6) Turnover rate of port countries is lower than that of flag countries;

According to statistics, there were no major accidents with safety liability from years 2020 to 2022. As the Company enhanced systematic management of safety and quality, the number of accidents caused by machinery damage and marine losses continued to decline. In 2021, "Seacon Victory" was awarded the "National Workers' Pioneer"* (全國工人先鋒號) and in 2022, "Seacon Fuzhou" was awarded the "Shandong Provincial Workers' Pioneer"* (山東省工人先鋒號).

Table 3-1: Statistical Table on Safety Performance Data from 2020-2022

Type of accidents	Year		
	2020	2021	2022
Machinery damage	9	8	8
Marine accidents	3	3	2
Security accidents	1	2	1

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3.2 Safety Quality Inspection



Picture 3-1: management mechanism for safety and quality

In compliance with relevant conventions, laws and regulations promulgated by international and national governments, incorporating and taking into account the recommendations, rules, guidelines and standards of IMO, competent bodies, ship classification society and organisations in the maritime industry, the Company has developed a series of safety and quality management mechanisms and management processes, and taken measures to continuously strengthen safety and quality management.

- (1) Crews are assigned in accordance with the Crew Employment Management Procedures (《船員聘用管理程序》) of the Company and relevant flag states and international regulations to meet the requirements for maintaining safe operation of vessels.
- (2) Under the Crew Duties Rules (《船員職務規則》) of the Company, it is required to ensure that the captain and crew not only hold relevant certificates, but also have a wealth of theoretical knowledge and practical skills.
- (3) The captain and crew receive ISM rules and the Company's SMS training before taking up their posts to ensure that they are familiar with the Company's safety management system and responsibilities, as well as the procedures and instructions relevant to duty performance, and continuously improve the safety and environmental protection awareness and safety management skills of employees.
- (4) The Company has formulated the Shipboard Key Operation Plan and Procedures to Know (《船上關鍵操作方案和須知的程序》), which stipulates the requirements for key operations related to vessel safety, and clearly assigns key operations to suitable personnel.

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(5) The Company maintained extensive contacts and exchanges with, among others, flag states and maritime affairs authorities, ports, shipyards, ship classification society, professional equipment suppliers, suppliers of vessel items, insurance companies and pilotage companies, and accepted supervision and guidance from port states, third-party professional and technical support to ensure the safety of vessels and personnel.

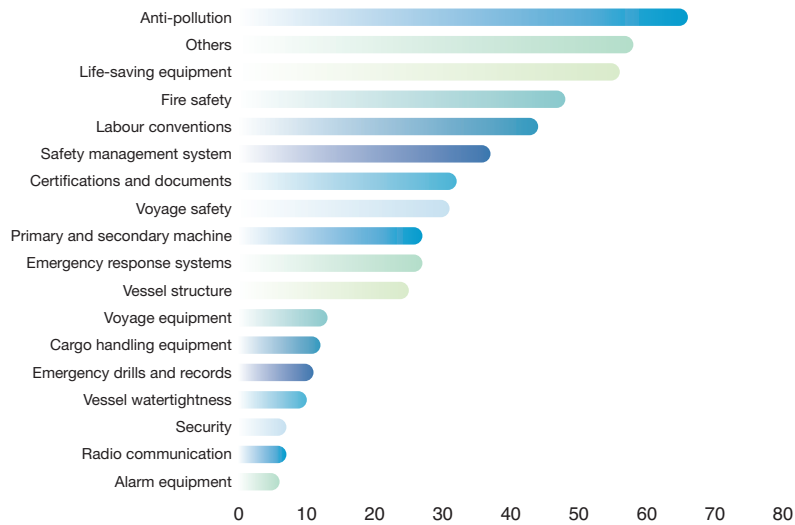
(6) The Company formulated the Self Safety Inspection Report Form on Vessel Maritime Affairs (《船舶海務安全自檢報告表》) and the Self Safety Inspection Report Form on Vessel Maintenance (《船舶機務安全自檢報告表》), and implements regular vessel self-inspection and irregular spot checks by the Company’s competent departments for shipboard operations involving safety and pollution prevention, and supervises and inspects vessel



Picture 3-2: PSC knowledge and skills training

operation activities. In 2022, among the 297 vessels under inspection, 145 underwent PSC inspection, with single average defect of 1.78, zero defects of 179, zero defect rate of 60.27% and retention rate of 0.68%. Based on the PSC inspection results, the Company has taken targeted corrective measures.

Distribution of defect types



Picture 3-3: statistics of defect types distribution

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- (7) In order to effectively control various emergencies that may occur on board and avoid or reduce accident losses, the Company has compiled the Emergency Response Procedures (《應急反應程序》), together with the guidelines, plans and other documents in relation to emergency response formulated by the International Maritime Organisation and other institutions, and implemented them as supporting documents. Ship/shore joint emergency drills are regularly held in accordance with the Emergency Response Procedures (《應急反應程序》), and ship/shore personnel continue to improve their emergency response and collaborative rescue capabilities. The Company established a 24-hour emergency contact channel to ensure communication in case of emergency.
- (8) The Company formulated the Procedures for Implementing Corrective Measures for Accident Reporting, Investigation and Analysis (《對事故報告、調查和分析及實施糾正措施程序》), and the ship/shore reports in accordance with the procedures. For accidents and dangerous situations, the captain shall immediately find out the exact part, mechanism or object of the accident, analyse the cause, and organise rescue. For non-compliances, accidents and dangerous situations that have been rectified, the ship/shore should make records, summarise lessons learned, and timely inform the Company's fleet of relevant situations to avoid similar accidents.
- (9) The Company has formulated a boarding visit plan for the management, and the supervisor performs safety inspection and supervision on the vessels quarterly. A third-party is engaged to inspect the vessels' safety performance, technical condition and crew capacity (especially in relation to the vessel's navigation safety and pollution prevention), to ensure the safety of life and property on the vessel and reduce impact on the ocean environment.



Picture 3-4: vessel PSC inspection

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3.3 Technology and Management Innovation

Scientific and technological innovation and information management are key to the sustainable development of the shipping and vessel industries. On 1 November 2020, the Company established the Technology and Development (Innovation) Centre, which initially comprises 4 fixed employees and another 4 part-time personnel seconded from various functional and business departments of the Company, for steady progress in scientific and technological innovation. By 2022, the number of centre management and R&D personnel increased to 11. In recent years, the Company has been increasing investment in technology and management innovation, and invested US\$292,000 in research and development from 2020 to 2022. The Company has been granted 7 patents.

Table 3-2: Statistics Table on Technology and Management Innovation Performance

Year	2020	2021	2022
Investment in research and development (US\$'000)	47	105	140
Number of R&D staff	8	10	11
Number of granted patents	0	6	7
Number of applied patents	0	6	7

Our investment in research and development has promoted the improvement and upgrading of the Company's information management system. The Company has developed and created the following 10 information management systems, and has been granted relevant patent certificates, including, among others, "Seacon Carbon Emission Intensity Index CII Monitoring Software V1.0" (《洲際之星碳排放強度指數CII監控軟件V1.0》), "Seacon Internal and External Inspection and Registration System for Ships V1.0" (《洲際之星船舶內外審檢査登記系統V1.0》), "Seacon Dynamic Reporting System for Working Hours V1.0" (《洲際之星作息時間動態報系統V1.0》), "Seacon Inspection, Registration and Rectification System for Flag State FSC V1.0" (《洲際之星船旗國FSC檢査登記整改系統V1.0》), "Seacon inspection, Registration and Rectification System for Port State PSC V1.0" (《洲際之星港口國PSC檢査登記整改系統V1.0》), "Seacon Crew Time Management System V1.0" (《洲際之星船員作息時間系統V1.0》), "Seacon Crew Training Registration System V1.0" (《洲際之星船員培訓登記系統V1.0》), "Seacon Crew Recruitment Mini-Programme System V1.0" (《洲際之星船員招聘小程序系統V1.0》), "Seacon Crew Certification Management System V1.0" (《洲際之星船員證書管理系統V1.0》), "Seacon Ship Certificate Registration System V1.0" (《洲際之星船舶證書登記系統V1.0》). The Company has developed and optimised the following information management systems, including "Seacon Training Management System LMS" (《洲際培訓管理系統LMS》), "OA Office System", "SSM Vessel Management System".

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Picture 3-5: software copyright certificates



Picture 3-6: authorised patent certificates the Company obtained

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The Company has invested R&D resources in new technologies for vessels and obtained plenty of technical achievements. By the end of 2022, the Company has obtained 7 technology patents in total, including “A Marine Multi-Stage Seawater Filter and Application” (《一種船用多級海水濾器及使用方法》), “A Multi-Stage Seawater Filter Cartridge, Seawater Filter and Application” (《一種多級海水濾芯、海水濾器及使用方法》), “A Mechanical Cleaning Device for Deck Oil Stain” (《一種甲板油污機械化清理裝置》), “A Painting Device for Deck Machinery” (《一種甲板機械塗漆裝置》), “A Cleaning Device for Bottom of Ships” (《一種用於船底清污的裝置》), “A Cushioning Device for the Docking of Ships” (《一種用於船體靠岸的緩衝設備》), and “A Cleaning Device for Corners of Ships Cargos” (《一種船舶貨艙邊角清理裝置》). These patented technologies have a positive effect on the Company’s ability to provide better ship transportation and management services, and also laying the foundation for the Company’s sustainable development in the future.

3.4 Customer Complaints and Satisfaction

■ Customer Complaint Handling

In order to ensure that we keep abreast of customer feedback so that targeted improvement measures can be taken, the Company has established the Customer Complaint Management Procedure (《客戶投訴管理程序》). The Company’s safety and quality centre is responsible for receiving and processing customers’ opinions and suggestions, and making records. All management departments shall timely internally convey and give feedback on the opinions and suggestions of customers within the scope of their duties, and report special situations to management representative for coordination. The management representative monitors the handling process of customer opinions and suggestions and puts forward improvement requirements. The Company reports on service quality and customer complaint handling at the annual management review meeting in order to continuously improve service quality and enhance customer satisfaction. During the Reporting Period, the Company did not receive any complaints about its services.

■ Customer Satisfaction Survey

In shipping operations, vessel management and other activities, the Company performs periodic exchanges of opinions with customers via offline business visits, online exchanges and in other forms. The exchanges mainly involve the differentiation of service levels, cooperative research to serve the local economy, greenhouse gas emission control, installation and inspection arrangements of ballast water and treatment equipment, measures to improve energy efficiency, ship speed and fuel consumption control, supplier and supply management, biodiversity conservation, domestic sewage treatment, garbage disposal, seafarer engagement, information management, crew psychological counseling, crew leave arrangement, crew welfare, remuneration, training, occupational health and safety and management, equipment updating, transformation and maintenance, information and digital application, environmental compliance requirements and execution and implementation, business compliance review, service sustainability development and cooperation, customer privacy protection, customer information management and service, among others.



Picture 3-7: exchange with BYD Company Limited

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For each exchange meeting minutes on the issues discussed is formed. The management advantages and sound operation examples of vessel operation summarised in the exchange would be further consolidated, carried forward and promoted, and for the defects and deficiencies summarised, corrective measures, actions, rectification deadlines and required resources will be arranged and implemented in daily work to make improvements and gradually improve customer satisfaction.



Picture 3-8: exchange with Taiping & Sinopec Financial Leasing Co. Ltd.



Picture 3-9: exchange with Ever Trend Shipping Limited

3.5 Product Responsibility

During the Reporting Period, the Company was not aware of any violations of laws and regulations that had a material impact on the Company relating to health and safety, advertising, labelling and privacy matters of the products and services provided.

■ *Health and Safety*

Please refer to the section headed “3.2 Safety Quality Inspection”.

■ *Advertising and Labelling*

Due to our business nature, the Company does not have too many issues on advertising and labelling. In our dealings with customers, providing complete, true, accurate, clear information and complying with all relevant laws and regulations regarding the proper advertising are of utmost importance for the Company.

■ *Customer Data Protection and Privacy*

In order to protect the security of customer information, the Company authorises the business manager to be responsible for the customer’s file management, and to carry out addition, due diligence, update, and credit evaluation in the CRM system. Customer information is the Company’s confidential information, customer information is added and maintained in the OA system, and the system stipulates customer information assess permissions for departments, positions, employees, and management groups to protect the security of customer information and prevent information leakage.

■ *Intellectual Property Protection*

Please refer to section headed “2.2 Business Ethics Code – Respecting Intellectual Property Rights”.

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04 LOW-CARBON AND ENVIRONMENTAL PROTECTION

The earth is our common home and we must promote the development of a green shipping industry and actively respond to climate change to build an eco-friendly corporate.

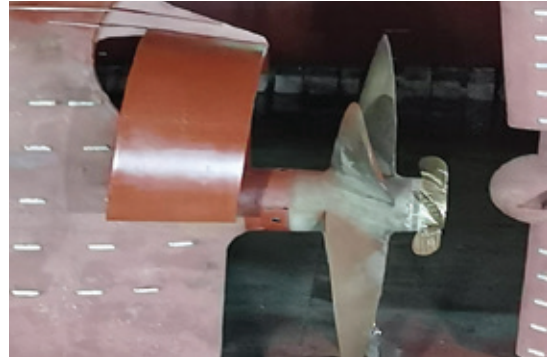
The Company performs international safety management rules and acknowledges the objective of “ensuring safety at the sea, avoiding human injuries and fatality and damage to the environment (especially ocean environment) as well as financial losses”. The Company’s safety and environmental protection policy is “ensuring safety, protecting the environment and maintaining health”. We respect human rights and adhere to the business ethics of fair competition and honest operation.



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4.1 Environmental Compliance Management

The Company acknowledges that compliance with relevant environmental laws and regulations is essential to the sustainable development of the Company. Any failure to comply with relevant environmental laws and regulations may also result in complaints and/or penalties against the Company. Any complaints and/or penalties imposed by the relevant authorities may adversely affect our financial position and reputation in the shipping industry, which in turn may affect our business prospects and the implementation of our future plans. In order to ensure compliance during vessel operation, the Company continues to increase investment in environmental protection. As of 2020, 2021 and 2022, we have invested US\$95,000, US\$1,300,000 and US\$3,177,000 in environmental protection and safety compliance, respectively.



Picture 4-1: optimisation of the hull with air deflectors and propellers

The Company strictly abides by various international rules and conventions in relation to the prevention of air pollution, oil pollution and other types of marine pollution, such as the International Management Code for the Safe Operation of Ships and for Pollution Prevention, the Management Code of the People's Republic of China for the Safe Operation of Ships and for Pollution Prevention and the MARPOL Convention. The Company's operations also comply with certain environmental laws and regulations in the jurisdictions in which it operates. In order to ensure compliance, in addition to increasing investment in environmental protection, the Company has established a strict environmental management system — ship safety management system, which covers management manuals, management procedures and operation instructions, to ensure maritime safety and avoid casualties and damage to the environment (especially the ocean environment) as well as property losses, and also lays a management foundation for business operations.

The safe navigation of the crew and anchorage duty, proper maintenance and operation, familiarization training on emergency response procedures and operations, risk assessment and shore-based support ensure that the vessels do not or rarely cause marine environmental pollution and damage to property during their operational and management processes. The past record period and up to the latest practicable date show that the Company has not recorded any serious breaches of applicable environmental laws and regulations that resulted in prosecution or penalties against the Company.

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4.2 Pollutant Operation Control

Table 4-1: Statistical Table on Environmental Performance Data from 2020 to 2022

Category	Environmental indicators	2020	2021	2022
Investment	Investment in safety and environmental protection (US\$'000/year)	95	130	3,177
Energy and carbon emission	Gasoline and diesel (tonnes/year)	4,182.37	8,614.20	9,541.22
	Light fuel oil (tonnes/year)	16,126.00	16,195.66	13,528.26
	Heavy fuel oil (tonne/year)	46,970.75	58,765.57	76,963.57
	Fuel consumption intensity (tonnes/vessel, year)	4,485.28	3,798.89	4,763.48
	Total consumption of purchased electricity (KWH)	84,348	109,661	182,132
	Total greenhouse gas emission (tonnes/year)	210,563	261,742	313,042
	Total greenhouse gas emission intensity (tonne/US\$'000)	1.1768	0.7022	0.8717
Water	Total vessel water consumption (tonnes/year)	6,395	8,395	8,380
	Water consumption intensity (tonnes/vessel, year)	426	381	399
	Total office water consumption (tonnes/year)	1,224	1,473	1,829
	Total fresh water consumption (tonnes/year)	7,619	9,868	10,209
	Domestic sewage generated by vessels (tonnes/year) ⁽¹⁾	340	498	476
	Operation sewage generated by vessels (tonnes/year) ⁽¹⁾	1,194	1,360	1,298
	Wastewater discharge (tonnes/year)	1,534	1,858	1,774
	Compliance rate of wastewater treatment (%)	100	100	100
Waste	Domestic garbage generated by vessels (tonnes/year) ⁽¹⁾	54	79	75
	Kitchen waste (tonnes/year) ⁽¹⁾	65	96	91
	Solid waste discharge (tonnes/year) ⁽¹⁾	168.7	203.8	194
	Aforementioned non-hazardous waste emission density (tonnes/vessel, year)	11.25	9.26	9.24
	Waste batteries (tonnes/year)	0.051	0.050	0.048
Exhaust gases	Sulphur dioxide emission (tonnes/year)	639	767	924

Remark: The emission coefficients in the GHG emission calculation of gasoline/diesel, light fuel oil and heavy fuel oil refer to the emission coefficients in MEPC.1/Cir 684 published by IMO, which are 3.206KGCO₂-e/KG, 3.151KGCO₂-e/KG and 3.114KGCO₂-e/KG, respectively. The emission coefficient for calculation of GHG of purchased electricity was calculated with reference to the North China Grid factor (0.8843KGCO₂-e/KWH).

⁽¹⁾ Estimated amount based on the daily routine consumption of fresh water, wastewater and waste generated by each vessel in the industry.

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■ *Vessel Exhaust Emission Control*

The energy source of ships is mainly fuel oil. Throughout 2022, the Company's fuel oil consumption was 100,033 tonnes. Fuel oil is also a major source of exhaust emissions of vessels. The Company's sulphur dioxide emissions amounted to 924 tonnes/year in 2022. In order to reduce the impact of vessel exhaust emissions, the Company strictly complies with the International Maritime Organisation's regulations on the use of sulphur in fuel oil, and has adopted a variety of exhaust gas control measures, such as reducing fuel oil consumption, adopting low-sulphur oil, retrofitting and upgrading existing vessels, optimising routes and fleets and others. Since 2020, sulphur dioxide emissions from vessels under the Company's control have decreased significantly as the Company switched to low-sulphur bunker fuel in response to the introduction of a global cap on the sulphur content in marine fuels by the International Maritime Organisation, which came into effect on 1 January 2020. The Company has developed monitoring mechanisms in its operations through fuel dosing process control to ensure that emissions are controlled and maintained at acceptable levels. All operating vessels have been issued an International Air Pollution Prevention Certificate, which indicates that the Company's vessels have been inspected and comply with the requirements of the International Convention for the Prevention of Pollution from Ships.

In addition, in order to avoid or minimise any potential collisions and accidental oil spills in the use of fuel, we have designed appropriate vessel management systems, including management manuals, management procedures and operational guidelines, to ensure safety at sea, including safe navigation and anchoring, proper maintenance and operation, training in emergency response procedures and operations, risk assessment and shore-based support, and timely ship repair, maintenance and emergency measures will be adopted once leakage and dripping are identified.

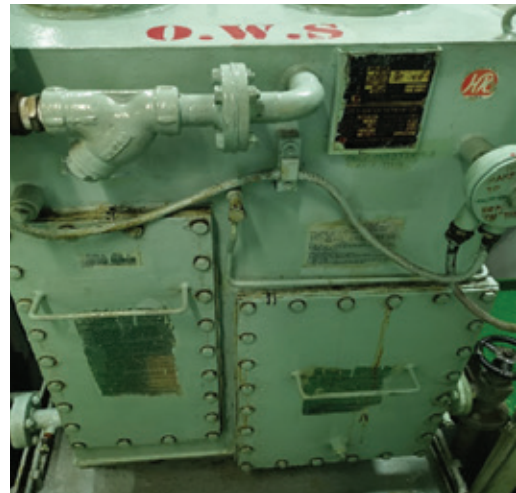
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■ *Vessel Wastewater Control*

During the operation of a vessel, domestic sewage, ballast wastewater and oily wastewater will be generated, and if not properly treated, they will cause greater environmental pollution to the marine environment. In terms of wastewater monitoring, the Company has formulated the Oil Pollution Emergency Plan (《油污應急計劃》) and Ballast Water Management Plan (《壓載水管理計劃》) in strict accordance with the provisions of the international convention for the prevention of pollution to strictly control the treatment process. The domestic sewage on board is treated through the sewage treatment device after uniform collection, and discharged after reaching the international standard. The oily sewage is treated by an oil-water separator and discharged after meeting the discharge standards. Ballast water is discharged after treated by a ballast water treatment unit. The vessels operated by the Company have been issued with international oil pollution prevention certificate and international sewage pollution prevention certificate. This means that the Company's vessels have been inspected and comply with the relevant provisions of the International Convention for the Prevention of Pollution from Ships.



Picture 4-2: vessel domestic sewage treatment device



Picture 4-3: oil-water separation treatment device for oily wastewater

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Vessel ballast water treatment system: The vessel ballast water contains a variety of microorganisms, animals and plants, which is easy to expose to the risk of alien organisms invasion after being discharged into the sea. The Company has formulated the Ballast Water Discharge Plan (《壓載水排放計劃》) in compliance with the IMO Ballast Water Discharge Convention, which requires vessels to replace ballast water at least 200 nautical miles from the nearest land and water depth of at least 200 meters. The discharge of ballast water from vessels complies with the 2004 International Convention on the Control and Management of Ballast Water and Sediment (《2004年國際船舶壓載水及沉積物控制與管理公約》) established by IMO and local laws and regulations, reducing the risks of sediments and pests in ballast water to the marine environment. Each of the Company's newly built ships is equipped with ballast water treatment units that satisfy the requirements of IMO specifications, and for existing vessels, ballast water treatment units that meet discharge standards are gradually installed under the docking repair plan, and new IOPP certificates have been obtained.



Picture 4-4: vessel ballast water treatment system

■ Vessel Waste Control

Domestic waste and hazardous waste will be generated during the operation of vessels. According to statistics, in 2022, the total solid waste generated by the Company's vessels was 194 tonnes/year; the hazardous waste, which includes mainly waste batteries, waste printing toner cartridges, plastic products and non-ferrous metals, amounted to 48KG/year. The Company adheres to the waste management principle and strives to properly manage and reduce hazardous and non-hazardous wastes produced by our business activities. These wastes are treated and recycled by qualified treatment units onshore in accordance with the waste management plan, and are strictly controlled and economical in use. Kitchen waste and domestic waste mainly come from the daily life of the crew, which are uniformly recycled and disposed of on shore or discharged according to the requirements of laws and regulations after being crushed. Waste such as oil residue, dirty oil, oily cloth and cotton yarn, and waste paper boxes generated during the operation of the vessel can be incinerated by the incinerator installed on board or disposed of by the receiving device on the shore.

The emission density of non-hazardous waste per vessel in 2022 was 9.24 tonnes per year. Since 2023, an emission reduction target of reducing emission by 5% per year through the above measures has been set.

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■ *Protecting Marine Life*

The protection of marine life is an environmental responsibility and obligation of the shipping industry. Hull coatings and ships that contain toxic and harmful substances can have adverse effects on marine life during shipping. In order to protect biological diversity, whether it is building of new ships or operational ship repair, the Company chooses well-known compliant supplier coatings recognised by Classification Society, and strictly adheres to the use of non-toxic paints that do not contain harmful substances such as organotin.



Picture 4-5: use of eco-friendly coatings for vehicles

In addition, the Company requires newly built vessels to be equipped with an Inventory of Hazardous Material (IHM), which systematically identifies all dangerous substances on board and ensures that the harmful content of the substance meets the relevant requirements. The Company has also formulated the Regulations on Prohibiting the Use of Asbestos Materials on Ships (《禁止含有石棉材料在船使用的規定》), listing the parts where asbestos materials are used, and setting up a person in charge to ensure that the purchased products comply with the relevant regulations of the Company. Controls are strengthened in the process of materials and procurement and relevant suppliers are required to issue asbestos-free declarations.

■ *Resource Utilisation*

The Company has established policies and procedures related to resource utilisation. The Company plans to reduce electricity consumption, fuel consumption and water consumption as much as possible in the future. The specific measures that the Company has taken are as follows:

Measures to reduce power consumption in land-based offices:

- (1) Office electricity is mainly used for air conditioning, lighting, kitchenware, electric kettles, heating equipment, etc. A culture of saving electricity has been promoted;
- (2) Employees are required to close doors and windows in winter to reduce the load of air conditioning, and adjust the air-condition to appropriate temperature in summer;
- (3) Reducing use of kitchenware, electric kettles and heating equipment which generally consume more power and more electricity. Adoption of centralised intelligent water supply and use of branded equipment to ensure quality and reduce electricity consumption;
- (4) Office electrical equipments, such as computers, printers, fax machines, lamps, etc., are required to be turned off in a timely manner after work to reduce the consumption of electricity; and
- (5) Replacing lighting fixtures in the corridors, passages and other places with low lighting requirements in the office area with automatically controlled switches, and installing energy-saving lamps to avoid prolonged illumination.

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Energy saving measures in terms of fuel consumption:

- (1) Monitoring fuel usage in accordance with the Vessel Energy Efficiency Management Plan (《船舶能效管理計劃》);
- (2) Real-time monitoring of fuel changes and usage in accordance with Vessel Dynamic Reporting Information System (《船舶動態報信息系統》);
- (3) Upgrading fuel equipment in vessels and eliminating of old ships;
- (4) Upgrading ships with new models to improve fuel efficiency;
- (5) Using fuel additives to improve fuel combustion, increase fuel efficiency, reduce fuel consumption and CO₂ emissions;
- (6) Reasonably limiting power usage to meet regulatory requirements for emissions and reduce energy consumption;
- (7) Increasing energy-saving equipment, adopting route optimisation, meteorological navigation and other measures;
- (8) Structural modifications such as hull optimisation, propeller optimisation, and deflector installation according to the actual condition of the vessel;
- (9) Adoption of measures such as high-quality marine organism prevention coating and air lubrication to reduce fuel consumption; and

through the above energy saving and emission reduction measures, the Company achieved the emission reduction targets under the requirements of IMO.

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Measures to reduce water consumption:

- (1) Advocating reuses of water and recycling, actively improving the utilisation rate of water resources and reducing the waste of water resources;
- (2) The water used by shore-based employees is mainly for domestic office use. By promoting a culture of water conservation and implementing water-saving measures to reduce water wastage, such as installing induction quick-closing water-saving faucets to avoid wastage caused by long running water; allocating drought-tolerant plants in office areas to reduce watering of flowers as much as possible, etc.;
- (3) Ensuring the normal operation of the water-making machine on board and use the residual heat for desalination to improve water-making efficiency and increase the amount of water produced;
- (4) Using seawater first on board for washing decks and warehouses as far as possible, then using fresh water;
- (5) Increasing reserves in ports where fresh water is relatively cheap in order to improve capital utilisation and relatively increase the use of fresh water;

The Company's water saving target: a 10% reduction in water consumption density per unit of vessel by 2023 on the basis of that in 2022. During the Reporting Period, the Company did not encounter any problems in sourcing suitable water sources.

4.3 Responding to Climate Changes

Climate change is a major issue for the sustainable development of the shipping industry, which will develop towards green environmental protection and low-carbon in the future. Under the backdrop of the "dual carbon" goal, the Company has actively responded to the International Maritime Organisation (IMO)'s requirements for greenhouse gas emission reduction and TCFD carbon information disclosure, identified climate change risks, and formulated short-term, medium-term and long-term strategic goals for carbon emission reduction based on the carbon inventory results, to improve energy efficiency management through energy-saving technology and management innovation and turning to clean fuels and via other means, promote green shipping development and build an eco-friendly corporate.

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■ Identification and Evaluation of GHG Risks and Opportunities

In accordance with the TCFD Guidelines for Disclosure of Financial Information Related to Climate Change (《TCFD氣候變化相關財務信息披露指引》), the Environmental Governance Committee of the Company organised departments to identify and evaluate GHG risks and opportunities. GHG risks include transition risks and physical risks, including policy and regulatory risks, technology replacement, reputational risks, market risks, acute physical risks and chronic physical risks. GHG opportunities include resource efficiency, low-carbon energy, new markets, new technologies and new services. The Company identifies GHG risks and opportunities that may occur in the short-term, medium-term and long-term operations in the future and the corresponding financial impacts. Risk and opportunities are graded using the risk matrix evaluation approach (likelihood* degree of impact), and vulnerability and onset rate are used to evaluate and prioritise the Company's GHG risks and opportunities response strategies. A list of key GHG risks and opportunities and their control strategies are presented in Table 4-2 below.

Table 4-2: Evaluation Results and Coping Strategies for Key Risks and Opportunities of Climate Change

No.	Risk category	Project category	Risk grade	Financial impact	Priority score	Short-term, medium-term, and long-term	Coping strategies of the Company
1	Transition risks	Fuel oil with low-sulphur content is used and energy conservation and emission reduction measures were taken to increase the application of new technologies and replace new vessels, therefore the cost increases	Level I	High	9	Medium/long	<ol style="list-style-type: none"> 1) Adopting new technologies or energy conservation transformation of vessels or replacement of new vessels; 2) Optimising route, stowage and ship regional management; 3) Facilitating energy conservation and emission reduction measures.
2	Transition risks	Transition to low-emission technology adoption leads to increased costs, and reduced shipping efficiency and operating rates	Level I	High	6	Medium/long	<ol style="list-style-type: none"> 1) Energy-saving transformation of old vessels or the adoption of new technologies to reduce power applications and satisfy emission requirements; 2) Adopting more economic energy efficiency enhancement technologies.
3	Physical risk	Abnormal weather leads to typhoons, cold waves, strong winds, and abnormal occurrences in ice areas, resulting in the write-off of vessel assets	Level II	Moderate	6	Medium/long	<ol style="list-style-type: none"> 1) Strengthening the safety management of vessel operations; formulating emergency plans, weather navigation, and enhancing ship-shore communications; 2) Enhancing vessel maintenance, eliminating old vessels step by step with sufficient emergency supplies; 3) Improving the business capability and risk response ability of ship-shore staff.

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No.	Risk category	Project category	Risk grade	Financial impact	Priority score	Short-term, medium-term, and long-term	Coping strategies of the Company
4	Physical risk	Climate change led to outbreaks, the shortage of professional human resources and operational difficulties	Level II	Moderate	9	Short	<ol style="list-style-type: none"> 1) Identifying the outsourced crew service provider and signing a long-term cooperation agreement; 2) Deploying worldwide and recruiting excellent employees in many countries; 3) Improving the business skills of the workforce management team to cater to the needs of emergency operations.
5	Transition risks	Enhancing emissions reporting obligations	Level II	Moderate	9	Short	Executing international and national ESG reporting requirements, disclosing ESG reports regularly, adopting information systems, and improving information disclosure efficiency.
6	Transition risks	Overpricing of carbon emissions in greenhouse gases emissions	Level II	Moderate	6	Medium/long	<ol style="list-style-type: none"> 1) Following up the changes in shipping market policies and promoting low-carbon emission reduction; 2) Adopting new vessel technology, energy-saving transformation, or replacing with new vessels; 3) Gradual replacement and adoption of low-emission energy sources.
7	Physical risk	Territorial wars have led to an increase in insurance costs	Level II	Moderate	12	Short	Keeping an eye on the international landscape and adjusting routes; and maintaining close communication with carriers.

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No.	Opportunity category	Project category	Risk grade	Financial impact	Priority score	Short-term, medium-term, and long-term	Coping strategies of the Company
1	Transition opportunities	Use of new energy vessels	Level I	High	9	Medium/long	1) New shipbuilding adopts new energy vessels; 2) Gradually replacing operating vessels with new energy vessels.
2		Adoption of new vessel technology	Level I	High	9	Medium/long	1) Energy-saving transformation of old vessels to reduce power operation and meet emission requirements; 2) Adoption of new and more efficient vessel technology.

Remark: Figures indicate prioritisation of risk and opportunity response strategies assessed and determined pursuant to our vulnerability and urgency of the relevant risks, with higher numbers indicating higher priorities.

Based on the results of risk and opportunity identification and evaluation, the use of low-sulphur fuel, low-emission fuel and low-carbon technology on vessels will have a more obvious financial impact on the Company in the medium-term and long-term future, and will lead to higher operating costs. However, it is also a development opportunity for future transformation success, and the Company plans to adopt new energy vessels in new shipbuilding. The gradual replacement and adoption of low-emission energy sources on operating vessels will greatly reduce the Company's total greenhouse gas emissions and carbon emission intensity per unit of output value, continue to meet the requirements of customers for low-carbon emission reduction and domestic and foreign regulations, and will also bring better social reputation and ESG performance to the Company.

■ Carbon Reduction Strategies and Targets

The Company will regularly disclose greenhouse gas emission data and has set short-term, medium-term, and long-term greenhouse gas reduction targets. The Company's emission reduction targets are those meet the following short-term, medium-term and long-term targets required by the International Maritime Organisation (IMO).

- (1) Short-term targets — all of the energy efficiency existing ship index (EEXI) and carbon intensity index (CII) meet the latest IMO requirements since 2023;
- (2) Medium-term targets — by 2030, the carbon dioxide emissions intensity reduced by 40% as compared to that in 2008;
- (3) Long-term targets — by 2050, the carbon dioxide emission intensity will be reduced by 70% as compared to that in 2008, the total carbon dioxide emissions will be reduced by 50%, and the goal of zero carbon emissions will be gradually accomplished.

In order to achieve these targets, the Company keeps catching up with the further updated requirements of the International Maritime Organisation (IMO), monitoring the changes in the greenhouse gas emission indicators of the Company's vessels, and meeting or striving to meet the statutory requirements in advance.

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■ Carbon Reduction Measures and Plans

In terms of energy conservation and emission reduction, the Company has taken the following energy conservation and emission reduction measures:

- (1) The Company has formulated the Energy Efficiency Management Plan (《能效管理計劃》) to regularly monitor fuel usage and improve the energy efficiency of shipping;
- (2) Phasing out old vessels and adding new ones;
- (3) Reducing power use and optimising the hull and equipment to reduce ship fuel consumption;
- (4) Preparing a scientific and reasonable fleet combination, optimising transportation plans, route and meteorological navigation to shorten no-load voyage and load cargo efficiently;
- (5) Strengthening equipment maintenance to ensure the rate of sailing;
- (6) Controlling the temperature of the oil tank, reducing the boiler steam pressure, and reducing the boiler fuel consumption;
- (7) Using additives to improve fuel efficiency.

With the expansion of the Company's operation scale from 2020 to 2022, the Company's total GHG emissions showed an upward trend, but the total greenhouse gas emission density per unit of output value decreased from 1.18 TCO₂/US\$'000 in 2020 to 0.87 TCO₂/US\$'000 in 2022, a decrease of 26.3%, representing good emission reduction effects. In order to achieve the carbon reduction targets, the Company will also take the following measures:

- (1) Propeller transformation and optimisation. For existing vessels with large fuel consumption, conditional transformation and optimisation of propellers may achieve the effective cooperation of vessel, machine and propeller, and achieve the purpose of energy conservation and consumption reduction;
- (2) Updating the Company's fleet by adopting new vessels with high energy efficiency and energy conservation, and adopting energy-saving operation measures;
- (3) Optimising route, stowage and regional management of vessels to reduce fuel consumption.



Picture 4-6: 85,000DWT bulk carrier delivery and naming ceremony of Seacon Shipping

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4.4 Environmental and Public Welfare Activities

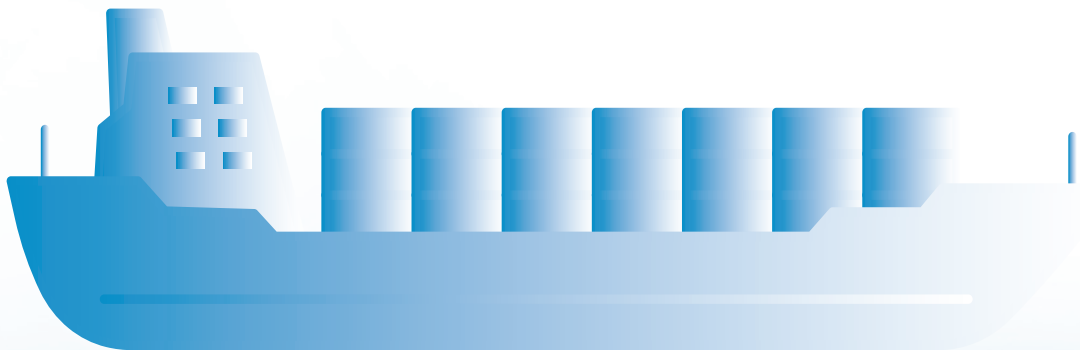
The Company has always been keen on public welfare undertakings, and organises public welfare tree planting activities every Arbor Day, advocating the concept of low-carbon environmental protection and enhancing everyone's sense of responsibility to pay attention to green environmental protection and cherish green life. Our employees not only operate green and eco-friendly vessels, but also contribute their own efforts in environmental protection. To this end, we planted trees outdoor, doing our part in creating and protecting our common home.



Picture 4-7: the Company's employees actively participated in Arbor Day activity



Picture 4-8: the Company's employees participated in the online tree planting activity of Alxa desert area



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05 EMPLOYEE RESPONSIBILITY



Picture 5-1: the Company's 2022 annual meeting and the 10th anniversary celebration

Adhering to the corporate core values of “people-oriented, attaching great importance to the cultivation of talents and creating a suitable environment for the realisation of each person’s full potential”, Seacon Shipping actively sought the organic integration of corporate economic growth and social responsibility.

5.1 Our Employees

Employees are the creators of corporate value, human resources are the core resources of the Company, and the basic components of the Company’s core competitiveness. Our human resources management strategy consists of four dimensions: attracting talents, developing talents, using talents well, and retaining talents. The Company is committed to building a work environment that promotes diversity and inclusion and personal development. The Company respects the individual differences of employees and has a policies on diversity and inclusivity in place. We eliminate any discrimination behaviour due to differences in age, gender, nationality, race, cultural background, religious belief, physical defects and marital status. The Company adheres to the principle of equal employment and equal pay for equal work. During the Reporting Period, the Company was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Company such as the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》).

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The Company strictly eliminates child labour and forced labour, and abides by the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). The Company verifies the identity documents of the candidates during the recruitment, employment approval and reporting for duty process to ensure that they are of legal working age and are not child labourers. In order to avoid forced labour, the Company has also set out the terms regarding working hours, leave, overtime compensation and termination of employment in the human resources related system. If employees are required to work overtime, the Company will provide overtime pay and transportation allowance in accordance with labour regulations. If violations are found, the Company will immediately remove child labourers and forced labourers from the workplace and provide appropriate assistance, and will also report to the relevant authorities and review and improve the loopholes in employment practices. During the Reporting Period, the Company did not find any child labour or forced labour in the workplace.

We believe that the personal growth of our employees and the growth of our business go hand in hand. Seacon Shipping has always attached great importance to talent recruitment and training. In the process of its rapid development in recent years, the Company has built a team of talents with competitive advantages in an open and transparent way and through diversified channels such as online recruitment, campus recruitment and internal recommendation. For each position, standard job descriptions and qualifications have been established to ensure that the recruitment process has a basis to follow, avoid subjective evaluation, and reduce discrimination in the employment process. The Company adopts an employment strategy of combination of local employees and foreign employees in Singapore, Japan and Hong Kong.

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According to statistics, by the end of 2022, the Company had 191 employees (all of whom were full-time), including 118 employees with bachelor's degree or above and 8 foreigners. Female management accounted for 10%. The excellent human resources team supports the sustainable development of the Company effectively.



Picture 5-2: our employees

Table 5-1: Human Resources Management Performance Data in 2022

Human resources management	Performance data in 2022
Total employees	191 (all of whom were full-time)
Ratio of male to female employees (%)	64:36
Ratio of employees by age groups (aged below 30/aged between 30 and 50/aged above 50)	26%:65%:9%
Number of minority employees	1
Ratio of employees by educational background (bachelors' degree and above/high school and above/middle school and below)	62%:38%:0%
Proportion of middle-level and above female managers in the management-level employees (%)	10%
Number of foreign employees	8
Number of employees in Japan/Hong Kong/Singapore/Mainland China	4/4/13/170

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5.2 Employee Rights Protection

In terms of employment, the Company established a sound human resource management system and process in strict accordance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, as well as applicable international conventions, local policies and regulations of the place of operation, and has achieved the management of employees throughout the life cycle of the Company and safeguarded the legal employment, dismissal and relevant rights and interests of employees. The Company established the "Seacon Group Trade Union" and "Employee Representative Committee" according to the law where the chairman of the trade union or the head of the employee committee exercises the rights of membership (employee) on behalf of the members (employees). Trade union members demand, supervise and appeal their own interests through trade unions and employees through employee representatives according to the law.



Picture 5-3: the Company held a general meeting of the trade union committee to understand employees' demands and protect their rights and interests

■ *Remuneration Management*

In terms of remuneration and welfare, the Company has established internal management systems such as the Remuneration Management Policy and the Welfare Policy in line with the principle of fairness internally and competitiveness externally. We ensure equal pay for male and female for same position, and implement the rights and interests of employees stipulated in national and local policies, such as paid vacation, payment of five insurances and one housing provident fund, and continuous improvement of working conditions and employee benefits. Under the principle of cost-effectiveness and based on the analysis of market remuneration data and internal remuneration levels, the Company has built a compensation management system and welfare policy with Seacon characteristics. The compensation structure has been improved and the compensation range has been standardised. Under 3P1M principle and based on position value assessment, the basic compensation of our employees is determined with reference to the remuneration of similar position in the market. For variable compensation, we established the Performance Management Policy and the Performance Bonus Policy for scientific management to motivate employees to perform prominently in their work. Employee bonuses are associated with the achievement of their tasks to achieve the reasonable distribution of performance bonuses.

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The Company implements monthly work assessment and semi-annual performance assessment for employees, which cover the assessment of both the performance results and the behaviour performance of employees. The assessment results will be applied to the calculation of performance bonus, as reference of annual compensation adjustment, the basic conditions for promotion and a reference of employee training directions, so as to provide employees with a fair and just career development environment. We continuously improve our compensation incentive system to stimulate the potential of employees, thereby improving the working efficiency of employees and building a talent competitive advantage for the Company.

■ *Employee Benefits*

As Seacon Shipping is highly concerned about every employee's needs, a well-established benefit system is developed. Employees are entitled to a full-suit benefit package, including insurance, holidays, supplementary commercial insurance, subsidy, and staff dormitory. Seacon Shipping advocates work-life balance, and therefore encourages employees to maintain work efficiency and follow the Regulations on Leave for Employees (《職工休假條例》). The Company truly executes a paid leave system where the number of annual leave days, which is available upon hire and can be used upon probation period, is associated with the employees' accumulated years of social services. In addition to paid annual leave, employees are also entitled to paid sick leave to safeguard their health.

In addition to employees' outcomes, the Company also values their family harmony. In terms of working hours, two sets of commuting hours have been set for employees to choose freely, giving employees more flexible time to meet the needs of employees to take care of their families. When it comes to caring for the health of employees, we maintain supplementary medical insurance for all employees every year to meet their healthcare needs and ease the burden of their families. Meanwhile, we maintain accident insurance and critical illness insurance for our employees, to truly provide a full range of insurance coverage for them. Our medical benefit not only cover our incumbent but also add their children into supplementary medical insurance. For specific benefits, please see Table 5-2.

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According to statistics results, the turnover rate was ranging from 7% to 8%. Such performance figures demonstrated the competitiveness of the Company's remuneration and its ability to attract talents.



Picture 5-4: employees' annual outward bound activity

Table 5-2: List of Employee Benefits

Item	Description of benefit
Insurance	<ol style="list-style-type: none"> Five different types of insurance, and one mandatory housing fund are maintained for all staff in accordance with state requirements Additional coverage of supplementary medical insurance is provided for the staff and their children Accident insurance and critical illness insurance are maintained for all employees to provide a full range of coverage through comprehensive insurance
Leave	We develop a well-established paid annual leave system in accordance with the Regulations on Leave for Employees (《職工休假條例》), under which the number of annual leave days is associated with the employees' accumulated years of services; special holiday provided by the Company: paid sick leave, birthday leave, Army Day leave, Parents' Day leave etc.
Subsidy	We provide a full-suit of subsidies including clothing, food, housing, transportation and communications to employees; Nursery fees will be reimbursed for employees' children under 3 weeks and dormitories are provided for some non-local employees;
Festival gifts and afternoon tea	Various gifts are provided for all staff on traditional major festivals; Afternoon tea are provided in each branch office every day to ensure the staff are energetic;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

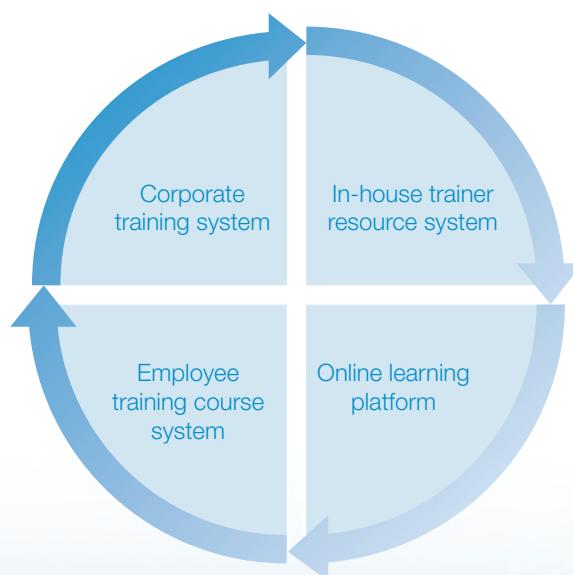
Table 5-3: Employee Remuneration Performance Data 2020-2022

Human resource metric	2020	2021	2022
Employee Turnover rate (%)	7	8	7
Turnover rate of male/female employees (%)	*	*	9/3
Turnover rate of employees aged below 30/ 30-50/over 50 (%)	*	*	5/8/5
Turnover rate of Mainland China/Hong Kong/ Singapore/Japan employees (%)	*—	*—	8/0/0/0
Remuneration growth rate (%)	7%	8%	10%
Ratio of remuneration of male workers to that of female workers in the same position (%)	100%	100%	100%
Signing rate of the labour contract (%)	92%	100%	100%

* : The information for 2020 and 2021 is incomplete and no statistics is available

5.3 Training and Career Development

As the Company integrates the development of employees with its corporate development, we provide employees with a multi-channel development platform, support employees to freely choose development channels according to their own abilities and interests, and help employees grow and realize their self-worth. Seacon Shipping has a comprehensive talent training system in place that is built on its strategic goals, based on the principles of practicability, effectiveness and target-oriented, with a focus on enhancing employees’ position-specific skills and performance. We aim to build up a training mechanism for all employees, with a view to stimulating their growth and development and enhancing the overall competitiveness of the workforce, on the one hand, and creating a learning organisation to ensure the training propels the implementation of corporate strategies, on the other hand. According to statistics, in 2022, the total training hours reached 8,384.5, and the average training hours reached 43.89 hours/person/year.



Picture 5-5: our talent training system

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- (1) **Corporate training system:** The professional and standardised training management is conditional on the training system. Our corporate training system is composed of Rules on Training Management (《培訓管理規定》), Rules on In-house Trainer Management (《內訓師管理規定》) and Rules on External Training Management (《外訓管理規定》), providing solid systematic support for our training operation.
- (2) **In-house trainer resource system:** The Company has a group of self-selected in-house trainers, including the in-house lecturers and tutors of respective department, thus safeguarding the experience extraction of corporate organisation and passing-on of knowledge.
- (3) **Online learning platform support:** The Company has a mobile learning platform – LMS system to ensure employees' module-based and fragmented learning.
- (4) **Employee training course system:** Based on employees' different position needs, our training course system is composed of: pre-job training for new hires, sequential training for key professional positions, training on leadership for managerial positions and training on general quality, etc.



Picture 5-6: our online learning platform

Table 5-4: Employee Training Performance Data 2020-2022

Training metrics and data	2020	2021	2022
Total training hours for the year of employees (hours/year)	2,310	6,276	8,384.5
Types of training courses (number/year)	28	41	65
Average training hours of employees (training hours/person/year)	23	41.8	43.89
Ratio of male/female employees trained (%)	100/100	100/100	100/100
Ratio of management/general employees trained (%)	100/100	100/100	100/100
Average hours of training completed by male/female employees	28.04/10.68	29.52/11.24	31.07/11.83
Average hours of training completed by the management/general employees	3.31/35.81	3.49/37.70	3.67/39.68

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■ *Pre-job Training for New Hires*



Picture 5-7: pre-job training for new hires

Training for new hires aims to facilitate the inclusion of new hires into the culture of Seacon, adaption to their positions and enhance operating efficiency of our organisation. The training carried out by the Company is mainly online learning and offline training. The course includes overview and culture of the Company, corporate systems, use of information software system, career development, professional quality, etc.; the on-board training at the department level is mainly provided by tutors, and the contents include: main functions and responsibilities of the department, regulations and systems, introduction of position-specific responsibilities, business professional knowledge and operating procedures and others.



Picture 5-8: pre-job training for new hires

■ *Sequential Training for Key Professional Positions*

The training is mainly targeted at key professional positions, such as positions related to mechanical maintenance and maritime management. Through position-specific analysis on key tasks, competencies and training paths, we determine a complete standardised and regulated learning system which combines theoretical study with skill-oriented practice, independent learning with tutoring, to put the learned knowledge into practice and improve the competitiveness of professional talents.

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■ *Training on Leadership for Managerial Position*

With the guidance of corporate strategies, and based on the competency requirements of different management levels and analysis results of leadership needs, a leadership enhancement system designed for our management personnel is established, comprising the training courses for primary, middle and senior management, with a view to enhancing the management skills, understanding and planning of strategies and leadership of management personnel at different levels.



Picture 5-9: external exchange and study activity for managerial positions

■ *Training on General Quality*

To enhance the occupational qualities for all, the Company has quality training material available based on the staff's existing needs through internal development and external procurement, the contents of which include professionalism, professional etiquette, teamwork and stress management.



Picture 5-10: training on team building

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5.4 Occupational Health and Safety

■ *Occupational Health and Safety Policies*

General participation: the top management commits to reviewing and approving the occupational health and safety policies; all staff shall participate in management of occupational health and safety and performance improvement; information related to occupational health and safety shall be provided to relevant parties;

Precaution foremost: risk identification and evaluation procedure shall be conducted against each process, position, operation site, equipment and facility and project before our investment is made in the same, to prevent against risks, take appropriate measures and curb risks within permitted range; safety hazard inspection in the process shall be conducted to analyse the causes of hazards, take remedies and precautionary measures, thus nipping the accidents in the bud; we also verify the effects of our precautions, remedies and resolutions;

Safety and health: we prioritise the life and health of our staff, guarantee conditions of production safety and safety training and education; the Company develops and refines our rules on management of safety and health; employees are provided with training on health, safety and hygiene knowledge to help them master relevant skills; we constantly improve the operating workplace, to create a comfortable, healthy, and safe working environment; we are committed to the comprehensive governance in three main aspects of human resource, skill-driven precautions and legal compliance;

Compliance with laws and regulations: we abide by laws and regulations, and standards related to occupational health and safety, and refine information update; the Company is committed to complying with laws, regulations, rules, systems and standards related to occupational health and safety;

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Continuous improvement: management on occupational health and safety is constantly rectified and refined to meet the requirements of regulations and systems, align with the Company's development and deliver desired occupational health and safety performance; internal and external review is conducted on a regular basis.



Picture 5-11: safety training for the crew before boarding

■ *Control Measures Concerning Occupational Health and Safety*

The Company abides by international conventions on safety management, and is committed to providing a safe and healthy working environment for our employees. In order to minimise the risk of accidents and enhance our employees' awareness on health and safety issues, we have established policies and guidelines to ensure and promote workplace safety.

- (1) We have devised and implemented extensive safety manuals and recommended work practices which we required our employees to abide by.
- (2) The ISM Code prescribes international standards for safe management and operation of vessels and for pollution prevention. The ISM Code requires international ship management companies to be granted a Document of Compliance (DOC). It also requires every vessel engaged in international trade to be issued with a Safety Management Certificate (SMC), verifying that the shipping company and its shipboard safety management operate in accordance with the approved safety management system. Our vessels have obtained the relevant certificates as required under the latest applicable international treaties and conventions.

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- (3) To ensure our crew members are familiar with the requirements under our safety manuals and policies, we require such crew members to undergo training prior to working onboard a vessel as well as periodic training sessions as to safety matters while they are working onboards. We support the employees to refresh and enhance their knowledge and understanding in relation to the international standards and measures, for instance, in respect of the safe operation of vessels and environmental protection matters, to ensure sound execution and implementation of our internal control and management systems.
- (4) We closely monitor the latest changes and development with regard to international conventions and respective environmental regulations, key performance indicators and statistics, and environmental protection initiatives and target goals that govern our business to ensure compliance with all applicable rules and regulations in relation to our business operation.

■ Occupational Health and Safety Performance

During the track record period and up to the latest practicable date, we had not been involved in any major accident or fatality in the course of our business operations.

Table 5-5: Statistics Table of Occupational Health and Safety Performance Data

Health and safety performance metric	2020	2021	2022
Work-related fatality (person)	Nil	Nil	Nil
Occupational diseases cases (case)	Nil	Nil	Nil
Lost working hours per million working hours (%)	Nil	Nil	Nil

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5.5 Employee Caring Activities

■ *Employee Poverty Alleviation Fund*

According to the Trade Union Law of PRC and the relevant regulations issued by the State Taxation Administration, Ministry of Human Resources and Social Security, the Company extracts trade union funds, and the Group allocates special funds as activity funds for trade union members and employees and as a support fund for employees in difficulties.



Picture 5-12: our trade union's visit to front-line employees' families

■ *Cultural and Sports Activities*

To enrich the entertainment and cultural activities of our employees, enhance their physical health, and boost the interaction and cohesion among employees in various departments, the Company organises various cultural and sports activities to give employees the chance to show their knowledge and talents and better integrate into this warm family.



Picture 5-13: employees' outward bound training and military training organised by the Company to boost their action willingness and team morale

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Picture 5-14: employees' tour to Mount Huangshan to enjoy the nature and the beautiful scenery in the country in 2019



Picture 5-15: sailing activities held by the Company

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06 CORPORATE CITIZEN

The Company is attentive to the ESG performance and risks of suppliers, the needs of the community and the public, and acts as a responsible corporate citizen through procurement and charitable activities.

6.1 Promoting Sustainable Procurement

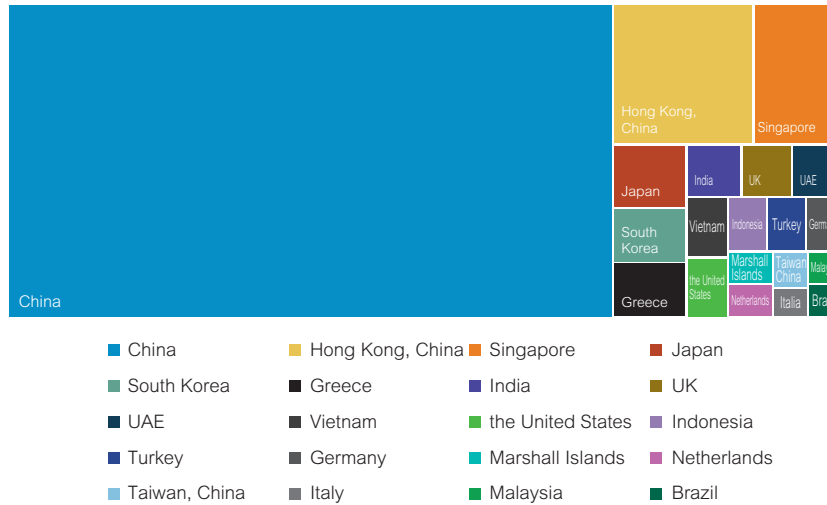
The sustained growth of the Company is expanding the supplier network and scope gradually. Our suppliers are from various countries and regions, falling into relatively diverse categories. Upholding the philosophy of equality and mutual benefit and leveraging on control over a highly transparent and responsible procurement process and supplier management, the Company establishes solid and close cooperation with suppliers, thus effectively promoting the sustainability of economic, environmental and social benefits across the whole supply chain.

The Company understands the significance of effective management of the supply chain on sustainability. To reduce the risk of non-compliance occurred in the supply chain, the Company has prepared Supplier Management Measures (《供應商管理辦法》) and Procurement Management System (《採購管理制度》) after taking into account of relevant laws and regulation of the places where our businesses are operated and our actual circumstances and under the principles of regulating procurement practice, ensuring supply security, strengthening supervision and management, managing environmental and social risks of supply chains, and ensuring sustainability of procurement. To ensure compliant operation of suppliers, the Company stipulates the responsibilities of relevant departments and the requirements on executing agreements with suppliers, and clarifies the management regulations for supplier selection, supplier monitoring requirements, etc.

Table 6-1: 20 Major Countries and Regions and the Number of Suppliers

No.	Country	Number of suppliers	No.	Country	Number of suppliers
1	China	3,411	11	the United States	44
2	Hong Kong, China	354	12	Indonesia	39
3	Singapore	220	13	Turkey	38
4	Japan	84	14	Germany	34
5	South Korea	74	15	Marshall Islands	27
6	Greece	73	16	Netherlands	27
7	India	51	17	Taiwan, China	23
8	UK	47	18	Italy	19
9	UAE	46	19	Malaysia	19
10	Vietnam	44	20	Brazil	19

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Picture 6-1: distribution map of our global suppliers

■ Controls on the Cleanliness of Supply Chain

To ensure a fair and impartial business environment and control the risks arising from corruption issues of great concern across the world, the Company ramps up cleanliness initiatives by developing and strictly abiding by relevant policies on anti-embezzlement, anti-corruption, anti-fraud, anti-bribery and anti-money laundering, preparing employee handbooks, paying regular reciprocal visits to suppliers, conducting bidding and training. The procurement activities of the Company take place under a regulated, open and transparent mechanism, and is open to supervision and management from various parties.

In the procurement stage, the Company strictly follows relevant provisions under Procurement Management System (《採購管理制度》). We select qualified suppliers from our supplier database and give priority to suppliers who have longer term of cooperation with us and better credibility, to safeguard our customers and business. The Company actively stimulates the establishment of a relatively stable strategic cooperation relationship with exceptional and suppliers which are representative of the industry for mutual benefit and common development; in the process of procurement, we reasonably allocate the procurement share among suppliers, to diversify the risks from suppliers and guarantee the effective competition under the same conditions; a dynamic evaluation and reward and punishment mechanism for suppliers is established to conduct a regular and continued comprehensive quantitative evaluation of suppliers, execute our reward and punishment measures, continue to optimise the supplier structure to prevent supply risks.

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■ Risk Elevation and Control

To address the ESG risks in the supply chain, the Company has conducted an in-depth investigation into the environmental and social responsibilities of suppliers. A qualified supplier database is established pursuant to the Supplier Management Measures (《供應商管理辦法》) and relevant supplier selection standards. The Company provides that suppliers shall have a lawful business license; a quality system shall be established and certified according to the national (international) standards; the supply of materials shall be in compliant with the provisions under national (international) laws and regulations and safety requirements, and the supply of any toxic substance or hazardous material shall present relevant permits.

Social and environmental requirements are expressly provided in the supplier agreements. For instance, in terms of society, suppliers are required to identify the source of occupational health and safety hazards and evaluate their risks, and thus identify major hazards and have them under effective control. Child labour and forced labour are strictly prohibited; in terms of environment, suppliers are required to comply with laws and regulations, be able to identify, control and manage the impact of their operations on the environment. During the Reporting Period, the Company conducted relevant assessments and surveys of 104 existing suppliers.

- (1) **Fuel suppliers:** The Company has established long-term cooperation relationship with fuel suppliers, and reviews the supply quality, financial status and sustainable development of fuel suppliers every year. In addition, the Company provides that the fuel purchased must meet the ISO8217-2005 standard and above. Suppliers failing to meet the requirements will not be engaged.
- (2) **Vessel chartering and manufacturer:** The Company rents charters from well-known vessel charter suppliers. The charter contract contains fair standard provisions on crew management and other terms and guarantees which restrict the vessel charter suppliers, ensuring the suppliers, their vessels, certificates and practices comply with all relevant laws and regulations pertaining to labour, health, safety and environment. Both vessel chartered and new-built vessels must meet the IMO emission requirements and have various anti-pollution certificates. In selection of vessel manufacturer, the Company requires that the manufacturers have approval documents, pollution discharge permit and other environmental protection qualification documents issued by the local environmental authorities.

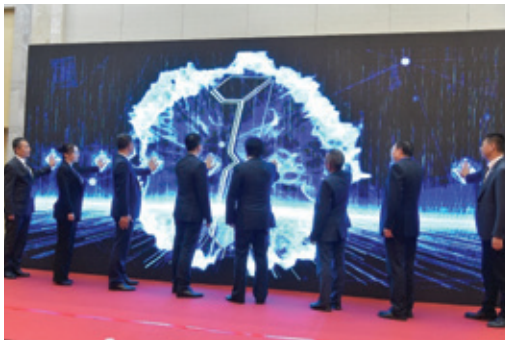
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■ ESG Management of Suppliers

The Company selects suppliers who share our values. The selected key suppliers are required to sign the Anti-Commercial Bribery Commitment (《反商業賄賂承諾書》), Compliance Statement and Commitment (《合規聲明和承諾函》), and to fill in self-review questions on health, safety and environment. Only the qualified suppliers will become the partners of the Company.

The Company conducts examination and rating of suppliers who have cooperated with on an annual basis. Suppliers will be scored based on their performance, and those with poor performance will be subject to punitive suggestions and measures. The evaluation is targeted at the basic qualifications, service competency, environmental security protection, employee security protection and business ethics etc. The Company conducts on-site inspections and regular reciprocal visits to key suppliers, to ensure the technical capabilities, size and equipment, quality management and management capabilities of key suppliers are in line with the requirements of the Company. To reduce social risks arising from suppliers, the Company adopts digital management and realises continuous management and optimisation of suppliers through the establishment of a digitalized supplier information management platform.

Through management and control of suppliers, as well as relevant analysis on sustainable development on aspects such as environment, employees, supply chain, society and governance, the Company calls on suppliers to be attentive to environmental protection and sustainable development. It also continuously strengthens communication with them through supplier meetings, promotes safety awareness and its corporate values, and enhances the ESG risk management and control in the supply chain.



Picture 6-2: the Company's supplier exchange conference



Picture 6-3: the Company's supplier exchange conference



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■ *Sustainable Procurement Management Plan*

To realise the sustainable development of the Company, we plan to promote the assumption of social responsibilities by the supply chain in the next 3 to 5 years as follows:

- (1) Regularly organising supplier conferences, questionnaires, assessments, and providing suggestions, to enhance their understanding of the reasons and responsibilities of sustainable development;
- (2) Promoting the culture and philosophy of the Company, to ensure that suppliers clearly understand the expectations and goals of engagement;
- (3) Establishing fair, inclusive and balanced two-way communication principles and processes with suppliers;
- (4) Formulating a supplier development plan and supporting the development of suppliers in terms of sustainability, with special consideration given to the improvement of small and medium-sized enterprises;
- (5) Refining the supplier agreement, enhancing the awareness and ability with regard to social responsibility of the supply chain, promoting the sustainable development of the industrial chain;
- (6) Continuously increasing the proportion of used of human rights and EHS standards in selecting and evaluating suppliers.

6.2 Charitable Activities

In recent years, the Company has been actively contributing to local communities by participating in public charitable programmes, with a view to achieving common sustainability of the Company and the local communities. The Company regularly communicates with local communities, obtains information on the concerns and needs of the communities, and makes its contribution by leveraging its advantages. Contributions have been made in areas such as flood control and disaster relief, military-civilian joint development, poverty alleviation through education, training of talents for the shipping industry, joint fight against the COVID-19 pandemic, medical support, afforestation, and environmental protection.

- (1) In the summer of 2018, a sudden flood hit Shouguang City, Weifang, Shandong Province. The Group donated RMB500,000 for disaster relief; and donated more than 10 sets of large-scale pumping equipment; and dispatched more than 30 employees to support the fight against the floods.
- (2) Since 2019, the Group has been proactively fulfilling its social responsibilities, and offering a “dedicated channels” for veteran employment, providing more job opportunities for veterans.

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- (3) After the outbreak of the COVID-19 pandemic in Wuhan in March 2020, the chairman of the Company led the party committee members to pay special party dues amounting to RMB22,000 in aggregate, all of which were used to support Seacon Shipping's 17 employees in Wuhan to help them in the anti-pandemic campaign and relieve their difficulties. After the lift of lockdown of Wuhan, the Company provided jobs and gave priority to candidates from Hubei.
- (4) In June 2020, the sale of apricot was sluggish due to the pandemic. The Company organised employees to go picking for the farmers, and to sell the fruit via Moments and groups on the Wechat platform, thereby addressing the sales difficulties of the farmers.
- (5) In 2020, the Company donated RMB1.1 million to Shanghai Maritime University for talents training for the shipping industry.
- (6) In April 2021, staff from Qingdao office participated in the tree planting activities in the new campus of the Qingdao Ocean Shipping Mariners College for greening initiatives in the campus. More than 240 people participated in the activity.
- (7) During the Spring Festival of 2021, in response to the relevant national pandemic prevention and control policies, the Group changed its annual meeting from offline to online livestreaming, and donated all costs saved to Qingdao Charity Federation, with a total amount of RMB22,000.
- (8) On 19 April 2022, the Youth League Committee of the Group actively responded to the proposal of Youth League Committee of Laoshan District, and mobilised more than 30 employees to participate in blood donation.
- (9) In May 2022, the Group actively responded to the proposal of the Youth League Committee of Laoshan District and organised our staff to make monetary donation to help children in the mountainous area of Southwest Shandong. A total of RMB3,303 was raised from 79 staff members.
- (10) During the periods from 19 to 29 April 2021, and from 12 to 22 May 2021, with the great support of Qingdao Municipal Education Bureau, Shandong Maritime Safety Administration and Qingdao Maritime Safety Administration, the Company organised the 2021 shipping technology study activities for graduate students of Shanghai Maritime University. The parties worked together to achieve excellent results in the evaluation of the students.

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Picture 6-4: in April 2022, the Youth League Committee of the Group mobilised more than 30 employees to participate in voluntary blood donation



Picture 6-5: in 2021, the Company organised the 2021 shipping technology study activities for graduate students of Shanghai Maritime University

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READERS' FEEDBACK

Dear readers,

Thank you for reading the “2022 ESG Report of Seacon Shipping Group Holdings Limited”. If you have any ideas and suggestions on this report, please fill out the feedback form below and send it to us by post, fax or email. We appreciate your valuable opinions.

Name: _____ Tel: _____ Email: _____

1. WHICH CHAPTERS DO YOU THINK PROVIDE YOU WITH IMPORTANT INFORMATION?

- About Us
 ESG Governance
 Safety and Quality
 Low Carbon and Environmental Protection
 Employee Responsibility
 Corporate Citizen

2. HOW DO YOU RATE THIS REPORT?

- | | | | |
|--------------------|-------------------------------|-----------------------------------|---|
| Legibility | <input type="checkbox"/> Good | <input type="checkbox"/> Moderate | <input type="checkbox"/> Unsatisfactory |
| Completeness | <input type="checkbox"/> Good | <input type="checkbox"/> Moderate | <input type="checkbox"/> Unsatisfactory |
| Pertinence | <input type="checkbox"/> Good | <input type="checkbox"/> Moderate | <input type="checkbox"/> Unsatisfactory |
| Layout Design | <input type="checkbox"/> Good | <input type="checkbox"/> Moderate | <input type="checkbox"/> Unsatisfactory |
| Overall Impression | <input type="checkbox"/> Good | <input type="checkbox"/> Moderate | <input type="checkbox"/> Unsatisfactory |

3. What is your suggestion on our report for the next year?

4. Contact us:

Address: Unit No. 2010, 20/F., West Tower, Shun Tak Centre, Nos 168–200 Connaught Road Central, Hong Kong

Tel: 852-21231322

Fax: 852-31522223

E-mail: office@seacon.com

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INDEPENDENT ASSURANCE STATEMENT

Introduction and objectives of work

BUREAU VERITAS has been engaged by Seacon Shipping Group Holdings Limited (hereafter referred to as "Seacon") to conduct an independent assurance to 2022 ESG Report (hereafter referred to as "the Report") of Seacon. This Assurance Statement applies to the related information included within the scope of work described below. This information and its presentation in the report are the sole responsibility of the management of Seacon. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification statements according to the objectivity and reliability of the disclosure of information on the basis of the collection, analysis and management process of the report.

Scope of work

- Data and information included in the report for the report period from 2022.1.1 to 2022.12.31;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
The assessment team site visited Seacon located at 23 / F, Tower B, Hisense Chuangzhi Valley, No. 20, Zhuzhou Road, Laoshan District, Qingdao, Shandong, China
BV did not visit other site and its stakeholders.
- Excluded from the scope of our work is any assurance of information relating to:
Activities outside the defined assurance period;
Positional statements (statements of beliefs, goals, future intention and future commitment);
Much of the operating financial data in this Report is taken from Seacon Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

Methodology

- As part of its independent assurance, Bureau Veritas undertook the following activities:
- Interviews with relevant personnel of Seacon;
 - Review of documentary evidence produced by Seacon;
 - Audit of sampled CSR performance data;
 - Assessment of data and information systems for collection, aggregation, analysis and review.
- Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the verification rules and instructions IASE3000, AA1000 and GRI. The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

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Our Conclusions

On the basis of our methodology and the activities described above, it is our opinion that:
The information included in the report are objective, reliable and free from material mistake or misstatement;

Objectivity

The information and data presented in the report is objective and reliable. Seacon uses information system to collect and sort operation, HR, safety and environmental data. Through site verification, the evidence provided by Seacon is reliable and traceable.

Completeness

The Report covered Seacon. It focus on "About us", "ESG Governance", "Safety and Quality", "Low carbon and environmental protection", "Employees Responsibility", "Corporate Citizen" and also disclosure corporate social responsibility management, economic responsibility, and community responsibility which stakeholders concerned issues.

Materiality

According to CSR requirements of Appendix 27 <Environmental, Social and Governance Reporting Guidelines > of the Listing Rules for Securities on the Stock Exchange of Hong Kong Limited, and <Notice on Strengthening the Social Responsibility of Listed Companies> of the Shanghai Stock Exchange, by reference to GRI and ISO26000 standards requirements, Seacon identified and disclosed reasonably key CSR issues and information related to the maritime industry.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society responsibility and Environmental management with over 190 years history in providing independent assurance services. No member of the assurance team has a business relationship with Seacon. We have conducted this verification independently, and there has been no conflict of interest.

Fanny Zou

General manager, Certification, I&F China
Bureau Veritas I&F China
2023-4-25

Jack Hu

Assurance Team Leader
Bureau Veritas I&F China
2023-4-25



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 1: HONG KONG LISTING RULES ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

ESG Guide No.	Description of the Guide	Content or explanation of the Report	Page
A. Environment			
Aspect A1: Emission			
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.	Chapter IV – Environmental Compliance Management	40
KPI A1.1	The types of emissions and respective emissions data.	Chapter IV – Pollutant Operation Control	41
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Chapter IV – Pollutant Operation Control	41
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Chapter IV – Pollutant Operation Control	41
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Chapter IV – Pollutant Operation Control	41
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Chapter IV – Pollutant Operation Control	42–44
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Chapter IV – Pollutant Operation Control	44
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Chapter IV – Pollutant Operation Control	45–47
KPI 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).	Chapter IV – Pollutant Operation Control	41
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Chapter IV – Pollutant Operation Control	41
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Chapter IV – Pollutant Operation Control	45–47
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Chapter IV – Pollutant Operation Control	47
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not relevant	/

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ESG Guide No.	Description of the Guide	Content or explanation of the Report	Page
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Chapter IV – Responding to Climate Change	47–51
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Chapter IV – Pollutant Operation Control	42–44
B. Social aspect			
Employment and Labour Practices			
Aspect 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.	Chapter V – Employee Rights Protection	56–59
KPI B1.1	Total workforce by employment type, gender, age group and geographical region.	Chapter V – Our Employees	55
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Chapter V – Employee Rights Protection	59
Aspect 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.	Chapter V – Occupational Health and Safety	63–65
KPI B2.1	Number and rate of work-related fatalities occurred.	Chapter V – Occupational Health and Safety	65
KPI B2.2	Lost days due to work injury.	Chapter V – Occupational Health and Safety	65
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Chapter V – Occupational Health and Safety	63–65

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Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Chapter V – Training and Career Development	59–62
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Chapter V – Training and Career Development	60
KPI B3.2	The average training hours completed per employee by gender and employee category.	Chapter V – Training and Career Development	60
Aspect B4: Labour 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 labour.	Chapter V – Our Employees	54
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Chapter V – Our Employees	54
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Chapter V – Our Employees	54
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Chapter VI – Promoting Sustainable Procurement	68–72
KPI B5.1	Number of suppliers by geographical region.	Chapter VI – Promoting Sustainable Procurement	68
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Chapter VI – Promoting Sustainable Procurement	68–72

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Aspect 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.	Chapter III – Product Responsibility	38
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not relevant	/
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Chapter III – Customer Complaints and Satisfaction	37–38
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Chapter II – Business Ethics Code	25
KPI B6.4	Description of quality assurance process and recall procedures.	Not relevant	/
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Chapter III – Product Responsibility	38
Aspect 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.	Chapter II – Business Ethics Code	22–24
KPI 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.	Chapter II – Business Ethics Code	24
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Chapter II – Business Ethics Code	24

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Community			
Aspect 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.	Chapter VI – Charitable Activities	72-74
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Chapter VI – Charitable Activities	72-74
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Chapter VI – Charitable Activities	72-74