



日照港裕廊股份有限公司
RIZHAO PORT JURONG CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6117

2023

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



Contents

| | |
|--|----|
| I. About the Report | 2 |
| (I) References for Preparation | 2 |
| (II) Reporting Period | 2 |
| (III) Reporting Scope | 2 |
| (IV) Information Sources and Names | 2 |
| (V) Report Access and Feedback | 3 |
| (VI) Reporting Principles | 3 |
| II. About Rizhao Port Jurong Co., Ltd. | 4 |
| (I) Statement of the Board of Directors | 5 |
| (II) SDGs Implementation | 6 |
| (III) ESG Management | 9 |
| 1. ESG Management Concept | 9 |
| 2. Stakeholder Engagement | 10 |
| 3. Materiality Identification and Assessment | 12 |
| (IV) Milestones in 2023 | 13 |
| III. Perfect Integrity | 14 |
| (I) Integrity Construction | 14 |
| (II) Whistleblowing Management | 15 |
| (III) Education and Training | 16 |
| IV. Practice Green | 18 |
| (I) Setting Environmental Objectives | 18 |
| (II) Environment Management System | 20 |
| (III) Optimizing Use of Resources | 22 |
| (IV) Improving Pollution Treatment | 25 |
| (V) Strengthening Environmental Protection Awareness | 28 |
| (VI) Responding to Climate Change | 32 |
| V. Enhance Safety Management | 34 |
| (I) Workplace Safety Management | 34 |
| 1. Safety responsibilities | 34 |
| 2. Risk prevention and supervision | 36 |
| 3. Spotting hidden risks | 36 |
| 4. Enhancing fire safety capabilities | 38 |
| (II) Occupational Health Management | 39 |
| (III) Safety Education and Drills | 40 |
| VI. Promote Employee Development | 45 |
| (I) Employment and Labor Standards | 45 |
| 1. Recruitment and resignation | 45 |
| 2. Compensation and benefits | 46 |
| 3. Assessment and promotion | 46 |
| 4. Employee care | 46 |
| 5. Employee communications | 49 |
| (II) Development and Training | 50 |
| VII. Pursue Operational Excellence | 56 |
| (I) Higher Quality and Efficiency | 56 |
| 1. Higher productivity | 57 |
| 2. One-stop service | 58 |
| (II) Production Empowered by Technologies | 59 |
| (III) Starting Spring Service | 63 |
| (IV) Supply Chain Management | 63 |
| VIII. Contribute to Social Welfare | 64 |
| Appendix I: Index of Indicator | 68 |
| Appendix II: Reader Feedback | 74 |

I. About the Report



(I) REFERENCES FOR PREPARATION

This 2023 Environmental, Social, and Governance Report (“**Report**”) is issued by Rizhao Port Jurong Co., Ltd. (“**Jurong**”, the “**Company**”, or “**We**”) in accordance with *Appendix C2 Environmental, Social and Governance Reporting Guide* (“**ESG Reporting Guide**”) of the Stock Exchange of Hong Kong Ltd. (“**HKEX**”) Main Board Listing Rules. The “comply or explain” provision of the *ESG Reporting Guide* has been followed in this Report. Indexes are provided at the end of this Report for ease of reference to readers.

This Report comprehensively addresses the key concerns of our stakeholders and aligns with the unique aspects of our business. By providing stakeholders and other readers with insights into our ESG policies, initiatives, and performance, we aim to foster better communication and understanding between stakeholders and the Company.

(II) REPORTING PERIOD

The period covered by this Report is from January 1, 2023 to December 31, 2023 (“**Reporting Period**”) unless otherwise specified.

(III) REPORTING SCOPE

We have selected the scope of disclosure with caution, on the basis of the consolidation scope of annual financial statements while comprehensively considering the impact of our business on society and the environment, as well as the degree of influence on our ESG management. We have no subsidiaries or affiliates.

(IV) INFORMATION SOURCES AND NAMES

All data and case studies used in this Report are from the Company’s statistical reports, relevant documents, and internal communication documents. The Company undertakes that there is no false record and misleading statement in the Report, and assumes responsibilities to the authenticity, accuracy and completeness of the information in the Report.

| Short name | Full name |
|---|---------------------------------|
| Rizhao Port Jurong, We, Company, Jurong | Rizhao Port Jurong Co., Ltd. |
| Rizhao Port | Rizhao Port Co., Ltd. |
| Rizhao Port Group, SPG Rizhao Port | SPD Rizhao Port Group Co., Ltd. |
| Shandong Port | Shandong Port Group Co., LTD. |

(V) REPORT ACCESS AND FEEDBACK

This Report is published in both traditional Chinese and English with its electronic copy available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) or the website of the Company (www.rzportjurong.com). In case of any inconsistency between the two versions, the traditional Chinese version shall prevail.

We value the opinions of stakeholders. You are encouraged to contact us by emailing to projsunshinerzport@163.com. Your feedback will help us to further enhance our ESG performance.

(VI) REPORTING PRINCIPLES

Materiality: Throughout the preparation process of this Report, we have identified key stakeholders and the ESG issues they are concerned about. We have tailored our disclosures based on the materiality of such issues.

Quantitative: Quantitative data are used to showcase KPIs related to environmental and social aspects. The measurement standards, methods, assumptions, and/or calculation tools for these KPIs, as well as the sources of conversion factors used, are explained in their respective paragraphs.

Balance: This Report has provided an unbiased picture of the Company performance and avoided selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the reader.

Consistency: Consistent statistical methodologies for data disclosure are used in this Report. Exceptions have been explained accordingly to ensure consistency.

II. About Rizhao Port Jurong Co., Ltd.



Rizhao Port Jurong Co., Ltd., established on March 17, 2011, is the first sino-foreign joint venture specialized in terminal handling at Rizhao Port in Shandong Province. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: 6117.HK) in June 2019. The Company primarily delivers terminal services for commodities such as grain and wood chips, as well as extended services including railway freight forwarding agency. With annual throughput of imported grain exceeding 10 million tons for four consecutive years, the Company stands as the largest port for importing soybean and wood chips in China.

The Company boasts 9 productive berths, including one general-purpose berth capable of accommodating vessels up to 150,000 tons, two berths dedicated to grain handling with a capacity of 100,000 tons each, and four berths specialized in wood chip handling, each with a capacity of 70,000 tons. Its dual-line unloading system for bulk grain achieves a throughput of 3,000 tons per hour. The yard spans 915,000 square meters, with a storage capacity of 1.37 million tons, including 80 silos with a storage capacity of 467,000 tons, and a wood chip storage yard covering 100,000 square meters, capable of storing up to 350,000 tons. Additionally, the Company operates two automated loading lines for bulk grain trains, with a daily railway throughput of 15,000 tons and an annual shipping capacity of 3.85 million tons. Notably, it is the sole coastal port in China directly accessible via two cross-border railways extending over a thousand kilometers (the Watang-Rizhao Railway and the Xinxiang-Heze-Yanzho-Rizhao Railway).

Leveraging the integrated reform and development platform of Shandong Port, Jurong serves a vast hinterland with strong transportation demand, by offering efficient and convenient logistics operations. Our coverage extends from Shandong to the vast central and western regions such as Northern Jiangsu, Henan, Shanxi, Shaanxi, and Sichuan, encompassing an area exceeding 3 million square kilometers and reaching over one-third of the national population. We have established stable business relationships with over 100 key customers, including central state-owned enterprises, the world's top four grain traders, and high-quality private enterprises.

In recent years, we have gathered numerous social recognitions and awards, including The Harmonious Enterprise in Labor Relations in Rizhao City (2023–2025), The First Batch of Designated Ports for Imported Grain in China, First Place in China Port Technology Development, National Transportation and Logistics Reputable Enterprise, National Transportation and Logistics Quality Management Outstanding Enterprise, and Leading Enterprise of Port and Shipping Safety Production of Rizhao City. Our case study titled *Focusing on the Construction of Smart and Green Ports to Explore New Paths for High-Quality Development* was selected by the *China Association for Public Companies as an ESG Practice Case* in 2021. Furthermore, we were honored with the ESG Competitiveness – Customer First Enterprise Award in the 2022 Golden Bee CSR China Honor Roll, reflecting external recognition of our efforts in the ESG field.



II. About Rizhao Port Jurong Co., Ltd. (Continued)

We will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and supported by the spirit of Rizhao Port for the new era, uphold the core values of Shandong Port. Around high-quality development of ports, we will focus on building the “largest grain trading and distribution center” in the country, explore new paths for green development of grain terminals, and lead the transformation of domestic ports to the smart and green journey.

(I) STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors makes the following statement in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* of HKEX:

The Board of Directors commits to taking ultimate responsibility for ESG governance efforts. The ESG Management Leadership Group composed of various functional departments is responsible for the specific implementation of ESG initiatives, driving forward the progress of our ESG endeavors.

The Board of Directors recognizes the significant impact that ESG risks may have on the Company and takes steps each year to enhance our understanding of key ESG issues based on ESG risk identification and stakeholder communication results. With stakeholder surveys performed to assess the importance of ESG topics, we prioritize ESG issues, thereby clarifying the focus of our ESG efforts. The results of the analysis of important topics for this year have been reviewed and discussed by the Board of Directors.

We have set ESG objectives to better review and manage our environmental impact. The Board will periodically review and evaluate the progress against these objectives. The Board has reviewed and assessed the achievement of environmental objectives for the current year and will continue to monitor progress toward environmental objectives in the future.

This Report was reviewed and approved by the Board of Directors on March 28, 2024.

II. About Rizhao Port Jurong Co., Ltd. (Continued)



(II) SDGs IMPLEMENTATION

SUSTAINABLE DEVELOPMENT GOALS



In 2015, the United Nations formally adopted the *Change Our World-2030 Agenda for Sustainable Development* and proposed 17 Sustainable Development Goals (SDGs), aiming to eliminate poverty, hunger, inequality, climate change and other issues globally from 2015 to 2030. Based on the characteristics of our own business operations, we actively respond to the United Nations SDGs and strive to assume corporate citizenship responsibilities.












Key ESG Issues Corresponding SDGs Practices and Performance

Corporate
Governance



We have an ESG Management Leadership Group and integrate ESG management into the our daily operations.
We follow business ethics of integrity and transparency, and ensure open and transparent supervision.
We attach importance to R&D and IT-based management, aiming to construct smart ports.

II. About Rizhao Port Jurong Co., Ltd. (Continued)

| Key ESG Issues | Corresponding SDGs | Practices and Performance |
|--------------------------------------|---|---|
| Environment Management |       | <p>We have set up an Environmental Protection Leadership Group which is comprehensively responsible for our environmental protection efforts.</p> <p>We set water and energy conservation targets, implement strict waste treatment and organize special correction initiatives on environmental protection.</p> <p>We enhance the use of new energy, promote wastewater recycling and take multiple measures to control dust pollution.</p> <p>We enhance environmental protection awareness among employees and host emergency drills on climate change events.</p> |
| Staff Care |     | <p>We strengthen safety management to ensure employees' occupational health.</p> <p>We ensure employee benefits and create a comprehensive system for talent development and skills education.</p> <p>We have a reasonable working-hour system to maintain a work-life balance for employees.</p> <p>We help employees in need.</p> <p>We care for female employees and safeguard their rights.</p> <p>We perform employee satisfaction surveys and set up effective communication mechanisms.</p> <p>We hold cultural and sport events for employees.</p> |
| Product Quality and Customer Service |  | <p>We uphold six service commitments and elevate service quality management.</p> <p>We increase cargo loading and unloading efficiency and makes it possible for accurate measurement and automatic loading.</p> <p>We promote the Spring Service comprehensively.</p> <p>We provide customer satisfaction surveys through various channels.</p> <p>We protect customer privacy and close 100% customer complaints.</p> |

II. About Rizhao Port Jurong Co., Ltd. (Continued)



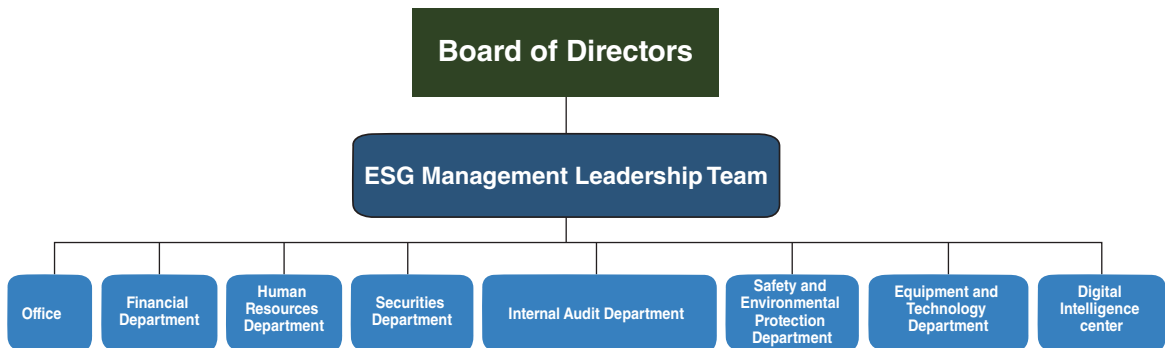
| Key ESG Issues | Corresponding SDGs | Practices and Performance |
|-----------------------|---|---|
| Supplier Management |  | <p>We have achieved online entire bidding process with higher procurement efficiency.</p> <p>We maintain fair and open procurement with measures taken to protect against briberies as well as improper acts such as bid-rigging and collusion.</p> |
| Social Responsibility |  | <p>We have established social communication channels and organize young employees for volunteering activities.</p> <p>We care about drivers coming to the port through the Spring Service system.</p> <p>We host Company's voluntary blood donations.</p> <p>We host tree planting events to make the port green.</p> |

(III) ESG MANAGEMENT

1. ESG Management Concept

We are dedicated to our mission of “Serving the national development strategy, serving the high-quality development of Shandong, serving customers and employees” with shared vision of “Building itself into a world-class ocean port connecting and serving the seas and lands far and near with a reputation across the world”. Upholding values of “Unity, dedication, innovation and exploration, pursuit of excellence”, we embody “the spirit of Xu Zhenchao” for a new era as one of the ports in Shandong. While driving business growth, we endeavor to construct environmentally sustainable ports, shoulder social responsibilities, and harmonize economic, environmental, and social values.

We have established a robust ESG management system in compliance with the listing rules of the Hong Kong Stock Exchange, seamlessly integrating ESG principles into its day-to-day operations. The Board of Directors serves as the ultimate authority and decision-making body for ESG matters, assuming full responsibility for our ESG strategy and reporting. Operating under the Board, an ESG Management Leadership Group has been formed to oversee governance strategy and reporting, while also supervising key ESG issues to ensure the systematic and effective operation of the ESG management framework. Various departments, including Office, Human Resources Department, Financial Department, Safety and Environmental Protection Department, and Equipment and Technology Department, collaborate closely advance specific ESG initiatives.



II. About Rizhao Port Jurong Co., Ltd. (Continued)



2. Stakeholder Engagement

We firmly believe that close relationships with stakeholders is crucial for sustainable development. We have established effective communication channels with stakeholders and hold ongoing dialogue to fully understand their concerns and expectations. We actively listen to and respond to the opinions and suggestions of all stakeholders.

The main stakeholders, their key concerns, and communication channels identified are listed in the table below:

| Stakeholders | Key issues of concern | Major communication and response channels |
|----------------------------|---|--|
| Governments and regulators | Use of resources Reduce emissions Employment Production safety and occupational health Compliance Integrity construction | Regular meetings Document submissions Information disclosures Policy consultation, etc. |
| Shareholders and investors | Service quality Compliance Integrity construction | Official website Shareholder meetings Information disclosures Roadshows, etc. |
| Employees | Employment Employee rights protection Training and development Employee welfare Labor standards | Congress of employees Chairman of the trade union reception day Staff activities Staff interviews, Staff satisfaction surveys, etc. |

II. About Rizhao Port Jurong Co., Ltd. (Continued)

| Stakeholders | Key issues of concern | Major communication and response channels |
|---------------------|--|---|
| Media | <ul style="list-style-type: none"> Reduce emissions Use of resources Ecological protection Responses to climate change Employment Employee rights protection | <ul style="list-style-type: none"> Enterprise interviews Information disclosures Media conference, etc. |
| Suppliers | <ul style="list-style-type: none"> Environment and social risk management in supply chain Service quality Compliance Integrity construction | <ul style="list-style-type: none"> Supplier inspection Public bidding meetings Phone communications Opinion mailbox, etc. |
| Customers | <ul style="list-style-type: none"> Service quality Information safety and privacy protection Customer satisfaction | <ul style="list-style-type: none"> Official website Hotline Opinion mailbox Customer satisfaction survey Visits Meetings and forums, etc. |
| Community | <ul style="list-style-type: none"> Ecological protection Community investment | <ul style="list-style-type: none"> Community activities Volunteer activities Information disclosures, etc. |

II. About Rizhao Port Jurong Co., Ltd. (Continued)



3. Materiality Identification and Assessment

Throughout this year, we have maintained effective communication with our key stakeholders, and, in conjunction with the results of the survey, conducted the analysis of the 11 ESG issues outlined in the *ESG Reporting Guide*. Furthermore, we have further detailed each issue by splitting them into 21 sub-issues. Our aim is to gain a comprehensive understanding of how each stakeholder evaluates and expects us to perform. This process helps us to clarify the focal points of our ESG governance efforts, ensuring that we meet the demands of all stakeholders.

We have identified material issues including: production safety and occupational health, compliance with laws and regulations, customer satisfaction, anti-corruption management, emission reduction, and service quality. Additionally, issues of less materiality encompass safeguarding employee rights and interests, ecological protection, resources usage, information security and privacy protection, technological innovation, employee training and development, employee benefits, employment, labor standards, supply chain, environmental and social risk management, responses to climate change, intellectual property protection, and community contribution.

The materiality assessment on ESG issues identified in 2023 is detailed as follows:





II. About Rizhao Port Jurong Co., Ltd. (Continued)

(IV) MILESTONES IN 2023

- On May 17, 2023, we restructured the organizational framework, establishing three major operational departments: Vessel, Process, and Cargo Management. This move aimed to achieve integrated management of production resources.
- On September 5, 2023, we successfully unloaded the first shipment of Brazilian corn, marking the first handling of such cargo at a port in Shandong Province.
- On December 8, 2023, we convened a general meeting of all Party members to complete the election of our Party Committee members.
- On December 25 to 26, 2023, our bulk cargo terminal underwent an on-site evaluation for the Four-Star Green Port certification.

III. Perfect Integrity



We are steadfast in maintaining compliance in operations, enhance integrity education for key personnel, ensure transparent disclosure, and foster a culture of collective oversight among all staff members.

(I) INTEGRITY CONSTRUCTION

We continue to enhance our response to the requirements of upholding clean governance and combating corruption, continually strengthening the mechanisms for comprehensive and stringent Party governance. In pursuit of this objective, we have revised critical documents such as the Jurong Party Committee's Responsibilities for Implementing Comprehensive and Strict Party Governance. Additionally, we have issued documents including the *Jurong Party Committee's Tasks for 2023 in Implementing Comprehensive and Strict Party Governance* and the *Jurong Party Committee's Action Plan for Advancing the 'Four Responsibilities Synergy' Mechanism for Comprehensive and Strict Party Governance*. These initiatives aim to define tasks for fostering clean governance, specify the Party Committee's role in comprehensive and strict Party governance, and deepen the Four Responsibilities Synergy mechanism.

To enhance internal communication and research, we leverage the expertise of the Party Committee by convening meetings focused on promoting clean governance and combating corruption. Additionally, three dedicated sessions of the Party Committee have been held for specialized research, ensuring comprehensive and stringent Party governance. Furthermore, we remain vigilant during holidays, sensitive periods, and among key personnel to prevent corruption. Emphasizing integrity, we drive the Four Advancements initiative to cultivate a culture of integrity at Shandong Port. Through activities such as situational task briefings, Integrity Inheritance family assistance events, and signing integrity commitments, we guide Party members to enhance their resistance to corruption and strengthen their ability to prevent misconduct. In 2023, a total of 98 integrity commitments were signed by our Party members.

We commit to doing our business in compliance with applicable laws and regulations, including relevant regulations set forth by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). In order to strengthen anti-money laundering and OFAC compliance, we have established an effective anti-money laundering management system. We have formulated the *Anti-Money Laundering and OFAC Compliance Procedures* to prevent various forms of money laundering activities.

(II) WHISTLEBLOWING MANAGEMENT

We provide open and diverse channels for reporting corrupt practices. In our office buildings and operational sites, we have provided Comment by Scanning Code and Supervise by Scanning Code reporting platforms, allowing employees to easily report corrupt behaviors. Through these platforms, our employees can feel the presence of disciplinary actions and anti-corruption measures. Additionally, our hotline operates 24x7, enabling employees and the public to report any fraudulent activities committed by the Company or their colleagues. Reports can be made via telephone, mail, email, or other means, including complaints or allegations of unethical conduct by the Company or their colleagues.



Comment by Scanning Code and Supervise by Scanning Code platforms

Employees are encouraged to report any instances of inappropriate behavior. The Office is tasked with receiving and documenting reports, whether anonymous or identified. These reports are promptly escalated to the management for investigation and resolution. Upon completion of the investigation, findings are documented and archived accordingly. Any systemic or procedural deficiencies identified during the process are addressed through effective remedial measures. Furthermore, we conduct regular evaluations to assess the effectiveness of these improvements, ensuring a closed-loop system from report reception to case resolution.

Cases involving violations of the law will be referred to the judicial authorities. Furthermore, we strictly prohibit any form of retaliation and ensure the rights and safety of complainants, whistleblowers, and investigators are protected. We take stringent actions against any unauthorized disclosure of whistleblower information or retaliation against whistleblowers.

In 2023, no concluded corruption lawsuits filed against the Company or its employees occurred.

III. Perfect Integrity (Continued)



(III) EDUCATION AND TRAINING

We identify instances of non-compliance across various areas including law and regulations, environmental factors, occupational health, and quality management. We employ an “internal control plus supervision” approach, combining internal control with auditing, inspection, and supervision methods to bolster oversight. Collaborating with Rizhao Port Group, we implement a compliance risk management system, enhancing efforts in risk identification, refining compliance review mechanisms, and seamlessly integrating compliance controls into production processes. In efforts to further promote standardized operations, we organized four internal audit training sessions and four compliance training sessions during the year. These sessions covered topics such as information disclosure for companies listed on the HKEX, insider trading and market misconduct, and the *Civil Code*, equipping directors and employees with essential knowledge and skills to navigate relevant regulations and prevent potential losses.

| Indicator | Internal audit training | Compliance training |
|------------------|--------------------------------|----------------------------|
| Sessions | 4 | 4 |
| Hours | 266 | 266 |
| Participation | 13 | 13 |

We work actively in training and promotion against fraud and corruption, utilizing both domestic and international case studies. In this year, we hosted conferences on Party discipline and clean governance, organized legal education sessions, arranged visits to the Shandong Port Warning Education Hall, and arranged the watching of educational films such as *Typical Corruption Cases in State-owned Enterprises* and *Pursuit of Bribery*. Through these initiatives, employees were educated and guided using real-world examples, thereby fostering a culture of adherence to rules and regulations, and enhancing vigilance against misconduct. In 2023, while directors did not participate in anti-corruption training, employees engaged in 64 sessions, totaling a participation of 720, contributing to a pervasive atmosphere of vigilance.

III. Perfect Integrity (Continued)

| Indicator | Management | Employee | Total |
|--|------------|----------|-------|
| Anti-corruption training sessions | 8 | 56 | 64 |
| Anti-corruption training hours | 480 | 960 | 1,440 |
| Anti-corruption training participation | 240 | 480 | 720 |



Strengthening and improving the effectiveness of inspection and rectification, along with warning education



Learning in Shandong Port Warning Hall

IV. Practice Green



We steadfastly uphold the principle of sustainable development, perpetually refining our environmental management system. We promote energy efficiency, emissions reduction, and resource conservation, effectively curbing wastage. Our initiatives encompass systematic management of emissions, stringent control over pollutant discharges, and the cultivation of a robust environmental consciousness among employees. Furthermore, we respond to climate change, facilitating the port's transition towards low-carbon operations.

(I) SETTING ENVIRONMENTAL OBJECTIVES

Actively aligning with the country's green development strategy, we assume a proactive stance in fulfilling environmental responsibilities and meeting national standards. We imbue environmental consciousness into every aspect of our business operations, dedicated to establishing a green port and ensuring sustainable operations.

This year, we have set the following applicable environmental objectives tailored to our actual development.

| Objective | Description | Progress in 2023 |
|---------------------------|--|--|
| Emission reduction | Since 2022, the comprehensive energy consumption per ten thousand tons should show a downward trend year by year. By 2026, it is expected to decrease to below 2.5 tons of standard coal per ten thousand tons of throughput. | At 2.69 tons of standard coal per ten thousand tons of throughput, there has been a slight increase compared to 2022, mainly due to the increased energy consumption of process equipment. In 2023, more measures were implemented to cool down storage areas through storage transfer, resulting in a significant reduction in cargo clogging in silos. |
| Waste reduction | <p>Non-hazardous waste:</p> <p>Since 2022, garbage classification should be fully implemented in all operational areas within the Company.</p> <p>Hazardous waste:</p> <p>Since 2022, all hazardous waste generated in the operational areas of the Company should be entrusted to qualified third parties for compliant disposal.</p> | All achieved. |



IV. Practice Green (Continued)

| Objective | Description | Progress in 2023 |
|----------------------|--|--|
| Energy saving | By 2030, the ratio of new energy vehicles in the Company's fleet will be no less than 20%. | This year, 2 fog cannons were converted from oil to electric power, accounting for 20% of similar equipment. Additionally, 2 LNG sweeping trucks which were converted represent 40% of similar equipment, while 7 electric utility vehicles which were converted constitute 100% of similar equipment. |
| | By 2030, all specialized berths of 50,000 tons and above in the Company will be fully covered by shore power facilities. | This year, shore power facilities were installed at all dry bulk berths of 50,000 tons and above, except for berth West 6# for which the shore power facility is expected to be installed in 2024. |
| Water saving | Since 2022, there should be a year-on-year decrease in water consumption per ten thousand tons of throughput. | This year, water consumption per ten thousand tons of throughput was 234.3 tons, representing a decrease of 9.7% compared to 2022. |
| | By 2026, water consumption per ten thousand tons of throughput is expected to decrease by 10% compared to 2021. | The water consumption limit for 2023 was 440,000 tons, while the actual consumption was 378,800 tons. |
| | By 2031, water consumption per ten thousand tons of throughput is expected to decrease by 15% compared to 2021. | |

IV. Practice Green (Continued)



(II) ENVIRONMENT MANAGEMENT SYSTEM

We strictly abide by laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Marine Environment Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Water Pollution Control*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Energy Conservation Law of the People's Republic of China*, and the *Cleaner Production Promotion Law of the People's Republic of China*. We deeply combine clean production, environmental protection and our development to build a smart green port on the path of sustainable development.

We have devised and issued six policy documents on environmental protection, including the *Environmental Protection Management Measures*, *Key Points for Green Port Construction in 2023* and the *Assessment Measures for Environmental Control of 'One Area, One Measure' Approach*. Moreover, we have established leadership groups directly involving management: the Green Port Construction Leadership Group, the Environmental Protection Leadership Group, and the Energy Conservation Leadership Group. These groups oversee comprehensive environmental management, implement stratified environmental protection management and provide detailed regulations for daily environmental protection, factory and surrounding road environments, and construction sites. These measures are aimed at enhancing the environmental quality of the port area.

Adhering to the principles of “supervisor takes responsibility” and “organizer takes responsibility” and “post-based management”, we integrate environmental management into the comprehensive assessment of all entities and departments. This ensures clear assignment of environmental responsibilities to every employee, effectively enhancing environmental management efficiency. Moreover, guided by the principle of “address hidden hazards on the day they are identified”, we actively organize comprehensive environmental inspection and rectification activities, involving full staff participation. Identified issues and hazards are promptly addressed, non-compliant equipment and facilities are eliminated, and routine maintenance efforts are intensified. Additionally, we maintain eight fundamental registers for road mobile machinery, non-road mobile machinery for rent, fuel consumption of mobile machinery, environmental facility hazard inspections and others. These measures strengthen coordinated management of mechanical equipment and facilities, fostering collective efforts to combat environmental challenges. In 2023, we launched an on-site environmental improvement campaign, targeting 22 key improvement tasks and inspecting a total of 86 issues. All entities were instructed to develop improvement plans, implement specific correction measures, and establish long-term standardized mechanisms.

IV. Practice Green (Continued)

In December 2023, the Rizhao Port Jurong Bulk Cargo Terminal successfully passed the on-site evaluation for Four-Star Green Port, becoming the first grain bulk cargo terminal in China to achieve this recognition. The terminal's grain handling process covers a total conveying distance of 13.5 kilometers and is equipped with 113 dust collectors. The process system adopts fully enclosed semi-air cushion conveyors and a fully intelligent remote start-stop control system, enabling a fully enclosed dust-free operation mode throughout the entire process. During the reporting period, we did not encounter any environmental litigation, government warnings, or penalties.



Four Star Green Port evaluation by an expert panel from the China Ports & Harbors Association

IV. Practice Green (Continued)



(III) OPTIMIZING USE OF RESOURCES

In accordance with laws such as the *Energy Conservation Law of People's Republic of China* and internal policies like the *Energy Management Regulations*, we have established an Energy Conservation Leadership Group, and specified management requirements for electricity, water, oil, and gas usage, along with energy-related reward and penalty criteria. These initiatives comprehensively promote energy conservation, environmental protection, and sustainable operations, striving to build a green port. Furthermore, the Company's ISO 50001 Energy Management System Certification remained valid throughout 2023.



We limit energy consumption by setting annual energy-saving targets, implementing detailed management of energy usage, and ensuring accountability for energy conservation. We have compiled technical guidelines such as the *Quay Crane Zone Loading Operation Procedure* and the *Loader's Flexible Operation Procedure* to instruct employees on correct equipment operation and reduce energy consumption. Moreover, we are gradually phasing out high-energy-consuming equipment while enhancing energy efficiency and minimizing GHG emissions through energy-efficient technological transformations, process optimization, and the use of clean energy sources.

IV. Practice Green (Continued)

- KPIs**

| Indicator | Unit | Data for 2023 |
|--|---|-----------------|
| Electricity purchased from the power grid ¹ | 10,000 KWh | 2,497.70 |
| Gasoline ² | Ton | 8.44 |
| Diesel ³ | Ton | 831.24 |
| LPG ⁴ | Ton | 35.25 |
| Energy conservation targets for 2023 | Tonnes of Coal Equivalent | 4,549.30 |
| Comprehensive energy consumption per ten thousand tons | Tonnes of Coal Equivalent/ten thousand tons of throughput | 2.69 |
| Comprehensive energy consumption | Tonnes of Coal Equivalent | 4,355.23 |
| Including: Electricity consumption | Tonnes of Coal Equivalent | 3,069.67 |
| Gasoline consumption | Tonnes of Coal Equivalent | 12.42 |
| Diesel consumption | Tonnes of Coal Equivalent | 1,211.20 |
| LPG consumption | Tonnes of Coal Equivalent | 61.94 |
| Comprehensive energy use intensity | Tonnes of Coal Equivalent/ten thousand yuan of revenue | 0.05 |
| Water conservation targets for 2023 | Cubic meters | 44,000 |
| Water consumption per ten thousand tons | Cubic meters/ten thousand tons of throughput | 234.28 |
| Total water consumption | Cubic meters | 389,763 |
| Including: New water consumption | Cubic meters | 378,848 |
| Recycled water consumption | Cubic meters | 10,915 |

In 2023, the Company renewed the lease for 7 electric vehicles to replace the fuel-powered pickup trucks, and continued to use the electricity-driven fog cannons, which saved 7 liters of gasoline per hour.

¹ This includes the electricity consumed for production and office purposes at the Rizhao Port Jurong.

² Gasoline consumed by vehicles for business purposes.

³ This includes diesel consumed by production machinery and facility vehicles.

⁴ LPG used by SQ sweepers.

IV. Practice Green (Continued)



Case: Technological renovation of oil-electricity conversion for fog cannons

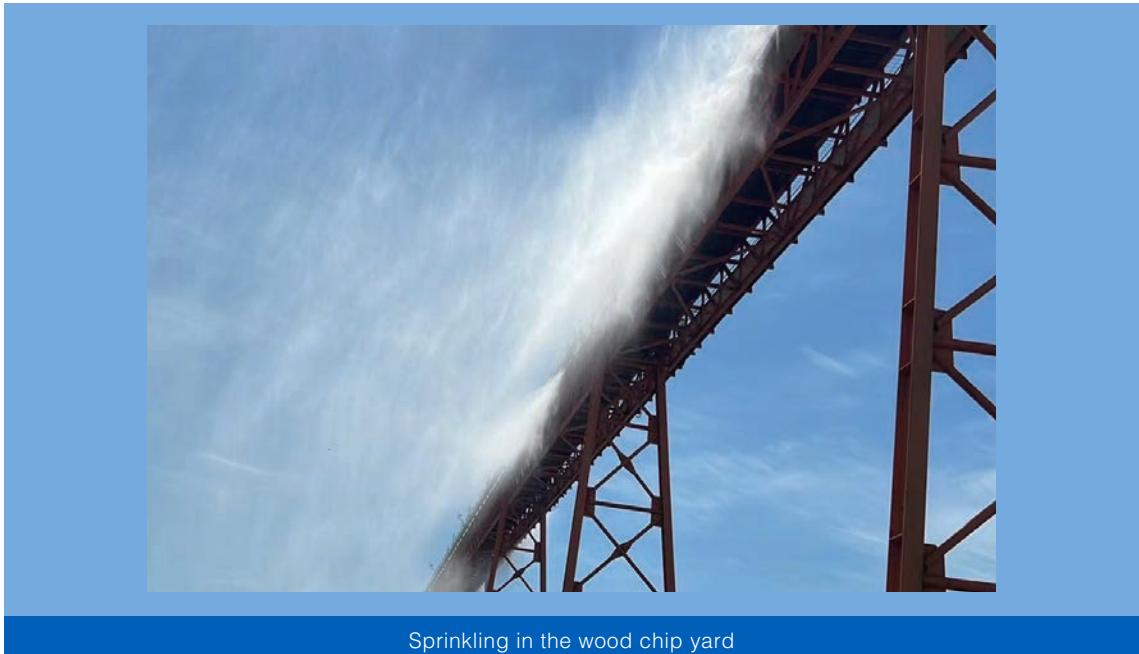
Rizhao Port Jurong capitalizes on their on-site production advantages by employing external power sources like high-mast lights and fixed power supply posts, to replace the traditional method of using internal combustion engines for heat-to-electricity conversion in fog cannons. Such innovation significantly minimizes fuel consumption and energy conversion losses, conserving non-renewable energy resources and markedly reducing atmospheric pollution of exhaust emissions from diesel engines.



Fog cannons are driven directly through charging

We place great importance on water resource conservation. We collaborate with third-party professional organizations to conduct regular inspections and maintenance of underground pipelines, aiming to prevent any occurrences of leaks or wastage, eliminating water wastage at source, and implementing water conservation measures such as water reuse and adjustment of water sources. In 2023, our sewage treatment plant processed 3,899 tons of wastewater and reused 3,768 tons of reclaimed water. The treated water is utilized by our watering and cleaning vehicles for road spraying and cleaning purposes.

In early 2023, the Company installed a water crane on the existing reclaimed water pipeline in the southern zone. Additionally, a water pump was installed at the water pump room on Gangnan Second Road to primarily refill reclaimed water for environmental vehicles in the southern zone. Throughout the year, a total of 11,000 tons of reclaimed water was consumed, effectively meeting the demand for refilling environmental vehicles in the southern zone. Furthermore, the Company revamped the water source for sprinklers at the north part of the wood chip yard by transitioning from direct water supply from the fire safety pump room to municipal water supply. This adjustment reduced water supply pressure while maintaining sprinkler effectiveness, thereby minimizing water loss during wood chip sprinkling operations.



(IV) IMPROVING POLLUTION TREATMENT

We strictly adhere to environmental protection laws and regulations relevant to their operations, including the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*. We have revised and issued documents such as the *Hazardous Waste Pollution Prevention and Control Responsibility Policy*, *Solid Waste Management Measures*, *Hazardous Waste Management Plan*, and *Emergency Plan for Hazardous Solid Waste*. We have established organizational structures like the Hazardous Waste Pollution Prevention and Control Leadership Group to reinforce the pollutant emissions management system, and has engaged a qualified third parties to conduct regular environmental testing and monitor noise and wastewater discharges, facilitating compliant and orderly emission management practices. In 2023, we allocated 5.9335 million yuan for environmental protection efforts.

The Company actively undertakes specialized initiatives to address pollutants such as solid waste and hazardous materials. We have created comprehensive records for the entry and exit of hazardous waste, and for wastewater generation and treatment. Processes for supervising, inspecting, and assessing emissions are standardized, with heightened oversight of emissions from port construction projects. The Company places significant emphasis on the compliant disposal and control of hazardous waste, enhances the process control over the recycling, storage, transfer, and disposal of hazardous waste through the establishment of internal management records for hazardous waste and registration forms for hazardous waste storage, uses the online management platform of Solid Waste and Hazardous Chemicals Informatisation Intelligence Supervisory System of Shandong Province. and engages qualified third-party organizations to carry out the compliant handling of hazardous waste, to strictly prevent environmental impacts resulting from hazardous waste leakage.

IV. Practice Green (Continued)



Beyond enhancing pollutant management, the Company continually promotes responsibility and environmental obligations among employees, crew members, and suppliers. Additionally, the Company actively conducts emergency drills for environmental pollution incidents arising from hazardous waste, effectively enhances employees' emergency response capabilities, cultivates a heightened awareness among employees regarding pollution prevention and emission management, contributing to the green and sustainable port environment.

Table: Pollutant Treatment Measures

| Waste | Measures |
|--------------|--|
| Solid Waste | <p>The hazardous waste generated during the Company's operations primarily includes waste (mineral) oil, used filters, packaging waste, spent batteries, and toner cartridges. The Company has dedicated hazardous waste disposal facilities where hazardous waste is sorted and stored in compliance with regulations. Qualified third-party organizations are contracted to ensure compliant handling of hazardous waste.</p> <p>The non-hazardous waste generated by the Company mainly consists of recyclable office supplies, household garbage, packaging materials, and rubbish from site cleaning. This waste is handed over to the property management company for processing in accordance with government regulations. Additionally, the Company encourages the recycling of solid waste. In 2023, the Company implemented various recycling measures, such as using old steel pipes to create mobile safety barriers, repairing and reusing old scrapers, crafting hand carts from discarded steel plates, and utilizing old conveyor belts to construct retaining walls for the storage yard. These recycling initiatives help conserve resources consumption and alleviate pressure on solid waste disposal.</p> |
| Exhaust gas | <p>The Company's emissions mainly stem from fuel-powered vehicles and mechanical equipment. We comply with national laws and regulations by implementing vehicle management measures to ensure compliance with environmental standards for both existing and prospective vehicle acquisitions. Moreover, we have established an eco-friendly intelligent control platform to monitor air quality in real-time and engaged a qualified third-party organization to conduct regular emissions monitoring.</p> |
| Wastewater | <p>The Company utilizes its own sewage treatment facility to process all wastewater, including dust-laden rainwater from the wood chip yard sprinkler system, domestic sewage, and stormwater. We maintain detailed records for the sewage treatment station, standardize the treatment process, and engage qualified third-party entities to regularly test the treated wastewater, ensuring compliance before discharge. The Company also ensures compliant treatment of dust-laden rainwater, reusing the treated rainwater for port area greening, road dust suppression, and production operations, facilitating wastewater recycling. Furthermore, the Company has constructed two sedimentation tanks at the forefront of the south zone berths and conducts regular maintenance, including dredging and cleaning, of the sea-entry sewage pipelines.</p> |

IV. Practice Green (Continued)

| Waste | Measures |
|-------|---|
| Dust | <p>The Company's freight operations primarily involve grain, wood chips, and dried cassava, which makes dust control a key aspect of environmental management. Adhering strictly to the requirements of the <i>Dust Prevention and Control Standards for Bulk Cargo Operations</i>, the Company implements dust control measures at various stages such as unloading, transportation, stacking, and loading. High-pressure spraying systems and mist poles are installed in the wood chip yard, while each unloading cart is equipped with spraying devices to ensure dust control. In exploring new dust prevention technologies and processes, we have implemented intelligent spraying control through automatic wood chip spraying devices. Since 2021, the Company has been upgrading the outdated dust collectors in phases, with 8 dust collectors updated by 2023. For dust issues arising from railway operations, modifications to the chutes effectively reduce dust generation. Similarly, modifications to extend the wood chip chutes suppress dust generation during unloading operation. The Company conducts dust cleaning operations at work sites and employs efficient dust suppression techniques such as the "fish-scale" method for loading operation using crane arms. Overall, these efforts significantly strengthen dust management practices, including the replacement of 8 process dust collectors.</p> |

Table: Key Performance

| Indicator | Unit | Data for 2023 |
|---|--------------------------------|---------------|
| Treated wastewater | Tons | 3,899 |
| Reused reclaimed water | Tons | 3,768 |
| Total non-hazardous waste | Tons | 4,352.45 |
| Including: generated domestic waste | Tons | 864 |
| waste generated from yard cleaning | Tons | 3,280 |
| Generated waste iron and steel | Tons | 208.45 |
| Total non-hazardous waste per 10,000 tons of transportation | Tons per 10,000 ton throughput | 2.67 |
| Total hazardous waste | Tons | 32.636 |
| Including: waste (mineral) oil | Tons | 24.862 |
| paint-containing waste | Tons | 4.18 |
| Packaging waste | Tons | 3.2 |
| Spent batteries | Tons | 0.394 |
| Total hazardous waste per 10,000 tons of transportation | Tons per 10,000 ton throughput | 0.02 |
| Rate of compliant disposal of hazardous waste | % | 100.00 |
| Total GHG emissions (Scope 1 and 2) | Tonnes of Coal Equivalent | 16,875.51 |
| GHG emissions (Scope 1) | Tonnes of Coal Equivalent | 2,631.14 |
| GHG emissions (Scope 2) | Tonnes of Coal Equivalent | 14,244.37 |
| Total GHG emissions per 10,000 tons of transportation (Scope 1 and 2) | Tons per 10,000 ton throughput | 10.37 |

IV. Practice Green (Continued)



(V) STRENGTHENING ENVIRONMENTAL PROTECTION AWARENESS

The Company has devised the *Key Points for Green Port Construction 2023* and the *List of Key Environmental Issues and Remediation Tasks* which specify over 12 pivotal annual environmental tasks and 22 priority remediation objectives. We raised environmental protection awareness through the following actions:

- Following the directives from the Rizhao Municipal Bureau of Ecology and Environment regarding atmospheric pollution prevention in autumn and winter, we formulated a response plan for weathers with serious pollution, under which we focused on prominent problems in operating points engaged in production at the first time, then solidified responsibilities and took quick actions to conduct a centralized rectification regarding production organization, machinery and equipment and road cleaning, with the goal of comprehensively bolstering dust prevention and control capabilities and enhancing road cleanliness.
- To implement the 5S principles (seiri, seiton, seiso, seiketsu, and shitsuke), and advance the requirements of the Consolidation and Enhancement Year, the Company has formulated the *5S Lean Site Improvement Plan* and established a 5S leadership groups to coordinate the environmental protection campaign. In 2023, environmental improvement activities engaged a total of 1,200 participants. By deploying washing machines, fence cleaning vehicles, and environmental machinery, the Company organized thorough cleaning on various areas such as the fences, isolation blocks, roads, conveyor equipment, and transfer towers along Gangxi 15th Road. This initiative made equipment, production sites, and office waiting areas clean and safe. Through on-site evaluations and regular assessments, the Company aims to create a tidy, safe and efficient standardized management benchmark company, focusing on intrinsic safety, environmental control, and comprehensive improvement.

Table: KPIs on Consumption of Office Supplies

| Indicator | Unit | Data for 2023 |
|-----------------------------|-------------|----------------------|
| Paper consumption | Tons | 0.89 |
| Paper savings | Tons | 0.01 |
| Electronic waste | Tons | 0 |
| Toner cartridge consumption | Tons | 0.049 |
| Ink cartridge consumption | Tons | 0.015 |

IV. Practice Green (Continued)

- The Company consistently organizes specialized environmental training sessions and engaging activities and make green port training plans on ecology, environment, anti-pollution, energy conservation and emission reduction to instil a strong sense of environmental consciousness among our workforce and reinforce its commitment to sustainable practices. In 2023, the Company organized the World Environment Day event, and bought 100 plants for the Trade Green for Old Environmental initiative held by the Rizhao Municipal Bureau of Ecology and Environment. Continuous efforts included front-line drivers were invited to explain the *Guiding Opinions on Promoting the Construction of Nearly Zero-Carbon Ports*, company-wide sessions were held to study the *2023 Green Port Construction Action Plan*, and the *World Environment Day Ecological Civilization* video was screened. These initiatives promoted the clean-up of port areas and machinery, fostered the development of a low-carbon, and high-quality port environment. Cumulatively, the Company's environmental education programs have trained 5,000 individuals.



Rizhao Port Group sent free plants to citizens

IV. Practice Green (Continued)

- Guided by the goal of establishing an “internationally leading smart and green grain demonstration base”, we provided 14 environmental training sessions in 2023. We also redefined the “one area, one measure” grid standards, implemented 5S lean management principles, and ensured the appointment of grid leaders and responsible executives in accordance with Group’s requirements. The Company ranked in the top five among the Group entities eight times throughout the year, earning rewards totalling 16,333 yuan.

| Indicator | Data for 2023 |
|---|---------------|
| Environmental protection training sessions | 14 |
| Environmental protection training hours | 896 |
| Environmental protection training participation | 70 |



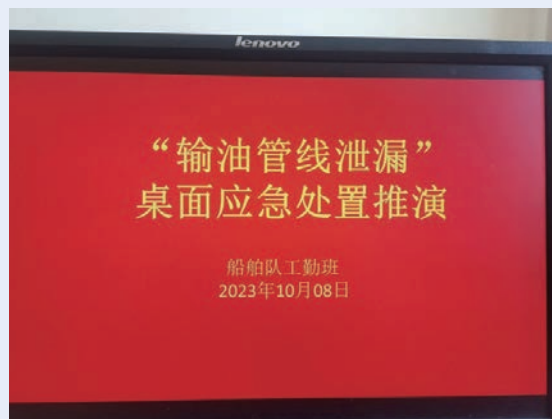
Environmental protection training

IV. Practice Green (Continued)

- We revised the *Emergency Response Plan for Sudden Environmental Incidents*. Guided by the principle of unified command, division of responsibilities, and the synergy of corporate self-rescue and social assistance, we implemented a graded response system for sudden environmental incidents, enhancing emergency response mechanisms. We actively organized emergency drills, including those for terminal oil spills, to bolster employee preparedness in handling emergencies and minimize the environmental impact of such incidents.

Case: Emergency drills for sudden environmental incidents

In September 2023, Rizhao Port Jurong organized a tabletop drill for emergency response to vegetable oil spills. The drill involved discussions and learning sessions on the handling procedures for oil pipeline leaks and practical drills for responding to vegetable oil spills. Employees actively participated in the exercise, providing valuable suggestions, and promptly addressing identified issues through post-exercise evaluations and corrective actions.



IV. Practice Green (Continued)



(VI) RESPONDING TO CLIMATE CHANGE

The impact of climate change on coastal areas directly affects our business operations. Therefore, Rizhao Port Jurong is committed to enhancing its emergency response capabilities and resilience to climate-related environmental changes, mitigating the negative effects of associated risks, and effectively managing climate change risks. The Company has released policy documents such as the *Jurong's Implementation Plan for Responding to Extreme Weather* and the *Safety Management Measures for Large Machinery to Prevent Wind and Typhoons (Trial)* in response to extreme weather events. These documents provide guidelines for all employees on wind-proofing, antifreeze, anti-skid measures, and emergency protocols during extreme weather conditions. An inventory of emergency supplies for extreme adverse weather has been established, alongside the formation of an emergency leadership group to ensure the efficient execution of extreme weather response plans. In response to occasional heavy pollution, the Company promptly adjusts production organization, machinery deployment, and road cleaning, actively cooperating with national environmental protection efforts as per the requirements of the Rizhao Municipal Bureau of Ecology and Environment. In 2023, the Company conducted two emergency drills for typhoon and flood prevention, wind-proofing, and anchor reinforcement, enhancing employees' awareness of climate change-related risks and their response skills. Throughout the reporting period, the Company did not experience any safety production accidents caused by major natural disasters.

| Risk identification | Potential financial impacts | Responses |
|---------------------|--|---|
| Physical risks | <p>Extreme weather including typhoons, etc. leads to disruptions of the port's operation</p> <ul style="list-style-type: none"> • Reduced income: Business operations are affected. • Asset change: asset impairment due to damage • Increased cost: Repairing damaged port infrastructure equipment, and more tarpaulin covering stacks needed | <ul style="list-style-type: none"> • Implementing emergency systems and protocols, and conducting annual emergency drills for typhoon and flood preparedness. |
| | <p>Extreme weather conditions result in transportation delays, impacting the quality of maritime transport.</p> <ul style="list-style-type: none"> • Decreased quality: Higher difficulty in stack management • Increased cost: Higher operational complexity and associated variable costs. | <ul style="list-style-type: none"> • Implementing categorized storage and prioritizing shipments to minimize storage durations. • Formulating tailored cargo service plans for each vessel. |
| Transition risks | <p>The industry is accelerating the development of smart and green ports.</p> <ul style="list-style-type: none"> • Increased cost: R&D, and procurement of new equipment and technologies | <ul style="list-style-type: none"> • Enhancing the construction of smart and sustainable port facilities. |
| | <p>Widespread adoption of new energy-saving equipment urges enterprises to purchase new equipment and replace old ones.</p> <ul style="list-style-type: none"> • Decreased assets: old equipment out of service | <ul style="list-style-type: none"> • Promoting the utilization of clean energy and energy-efficient equipment, such as distributed photovoltaic power generation and energy-saving upgrades. |



IV. Practice Green (Continued)

| Opportunity recognition | Potential financial impacts | Responses |
|---|---|---|
| Developing green and smart ports to enhance energy efficiency. | <ul style="list-style-type: none"> Lowered operational costs | <ul style="list-style-type: none"> Continuously increasing investment in low-carbon and energy efficient technologies and developing energy-efficient processes. |
| Constructing distributed photovoltaic power generation systems. | <ul style="list-style-type: none"> Lowered electricity costs | <ul style="list-style-type: none"> Saving electricity and increasing electricity efficiency |
| Using digital platforms | <ul style="list-style-type: none"> Lowered operational costs and costs associated with emergencies | <ul style="list-style-type: none"> Enhancing the capabilities to warn and cope with climate events |

V. Enhance Safety Management



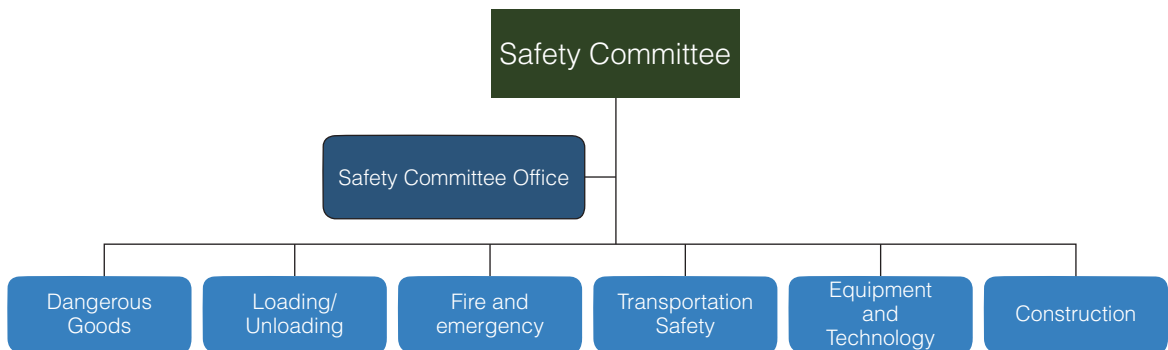
With the safety principle of “life above all, and safety as paramount”, in mind, the Company holds all kinds of safety production initiatives including advancing the “1358” safety management system, promoting the development of safety management systems, and enhancing safety management capabilities.

(I) WORKPLACE SAFETY MANAGEMENT

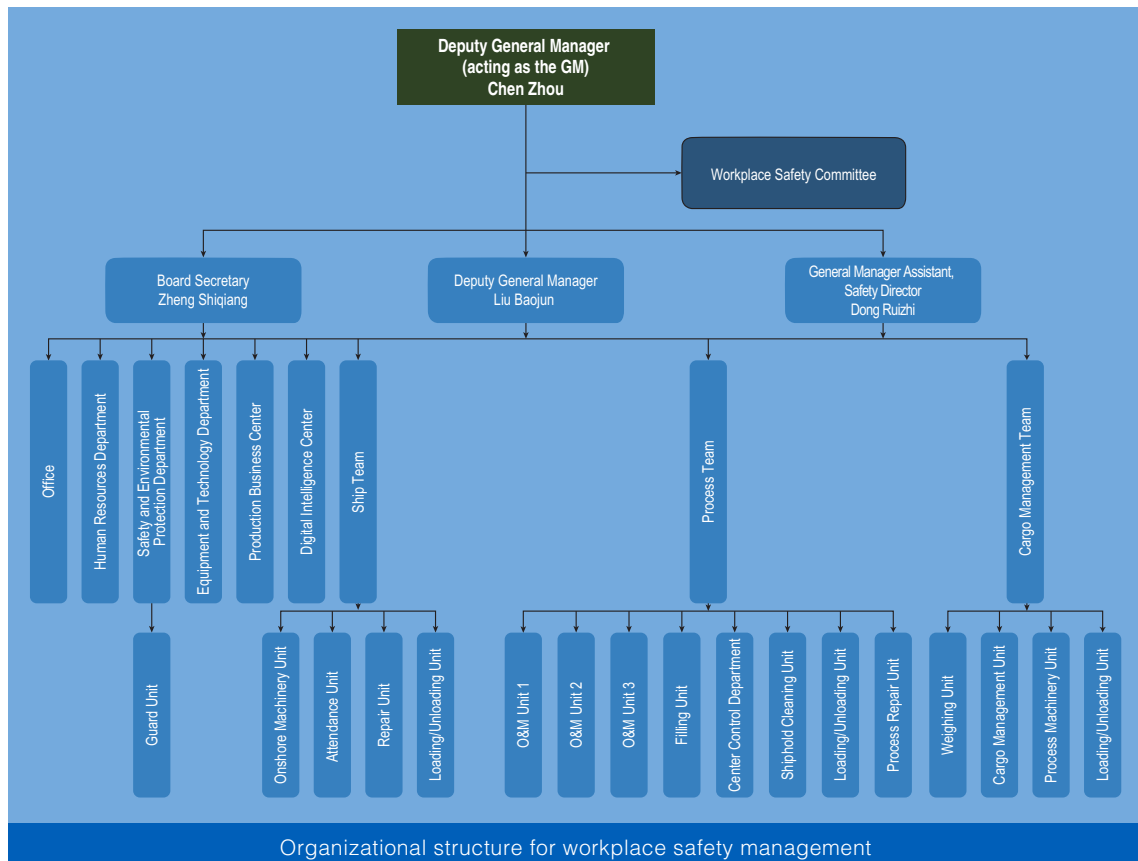
We continuously elaborate on workplace safety standards, implementing graded responsibilities across various departments and positions. We enforce safety incentives and penalties, ensure the effective use of safety expenses, enhance risk identification and inherent safety capabilities, and strengthen on-site safety management, firefighting capabilities, and emergency response capabilities.

1. Safety responsibilities

To meet the requirements of standardized workplace safety, we benchmark with the *Implementation Rules on Workplace Safety Standardization Evaluation of Enterprises in Handling Dangerous Goods at Terminals*, having established 47 safety management systems, and for this year, we revised 24 safety management policies, aligning them with our operational context.



V. Enhance Safety Management (Continued)



The Company has a safety committee comprised of key leaders from each entity and department, with an office dedicated to the safety committee. We have developed safety responsibilities for both the safety committee and various entities and positions, and formed six specialized safety production committees. Moreover, we have developed a structured workplace safety management framework, allocating specific responsibilities across different hierarchical levels. We have also introduced “job lists” and “duty lists” for management personnel at all levels, detailed a three-tier night shift mechanism, established procedures for reporting shift conditions, and issued the *Assessment Methods for Middle Management* outlining the assessment criteria for “red and yellow cards”.

According to our “*Safe Seasons*” *Safety Management Measures*, monthly assessments are organized to evaluate the performance of various departmental indicators, with rewards and penalties implemented accordingly. Those who identify typical safety hazards, violations, or inadequate performance are rewarded, incentivizing employees to fulfill their safety production responsibilities. In 2023, 12 safety inspection reports were issued, resulting in rewards for 209 individuals who reported hazards, totaling 33,500 yuan. Additionally, penalty was imposed on 445 individuals, resulting in totaling 366,000 yuan. Furthermore, a total of 1,276,100 yuan was allocated for rewards for the annual implementation of job safety responsibilities.

V. Enhance Safety Management (Continued)



2. Risk prevention and supervision

The Company has developed and distributed the *2023 Work Plan for Establishing the Dual Prevention Mechanism*, focusing on risk assessment and standard training. We identified 104 operational risk points and 39 equipment facility risk points, prepared risk assessment reports for those categorized as level two or above. Additionally, control measures and checklists were devised for significant or higher-risk points.

By using the workplace safety management platforms such as the Shandong Port Safety Supervision Platform and the Rizhao Port Open Supervision Platform, the Company prioritizes the monitoring of special operations, dust explosion zones, unloading operations, and other critical areas. This ensures comprehensive surveillance of safety production activities, equipment and facility safety status, and potential hazard sources.

3. Spotting hidden risks

We have revised the *Workplace Safety Risk Grading and Control Measures* and made risk hazard inspection forms based on the risk inventory. Additionally, we conducted 21 company-level risk hazard inspections considering operational risks and specific weather conditions. Following the annual safety inspection plan, we organized special inspections for major accident hazards, the three Special Campaigns, and dynamically supervised basic management and on-site operations. Utilizing the daily “two-notification” model and an open safety supervision platform, we tracked hazards throughout the year. In total, there were 53 company-level safety inspections during which 479 issues were identified, and 2,147 self-corrections for identified hazards were performed.

In terms of on-site operations, the Company has newly installed four anchoring and wind-proofing units for better safety of the gantry cranes, constructed six operating platforms that facilitate the train inspections and sealing operations for railway operations, and developed the toxic gas detection system to lower the risks imposed on workers working underdeck.

In terms of intrinsic safety, we have comprehensively introduced TnPM for equipment lean management. We constructed a T4 tower equipment management model, established a specialized team for equipment anticorrosion, formulated mechanisms for equipment anticorrosion, and gradually transformed the status of old equipment and facilities in the Company. To enhance the control of injuries caused by flatbed operation vehicles and the risk of falling from heights, we have designated three areas for external drivers to use flatbeds, added sound and light alarm systems to open-top boxcar areas, synchronized operations between drivers and flatbed personnel, and ensured the safety of personnel and vehicles.

V. Enhance Safety Management (Continued)



Fall-arresting frames

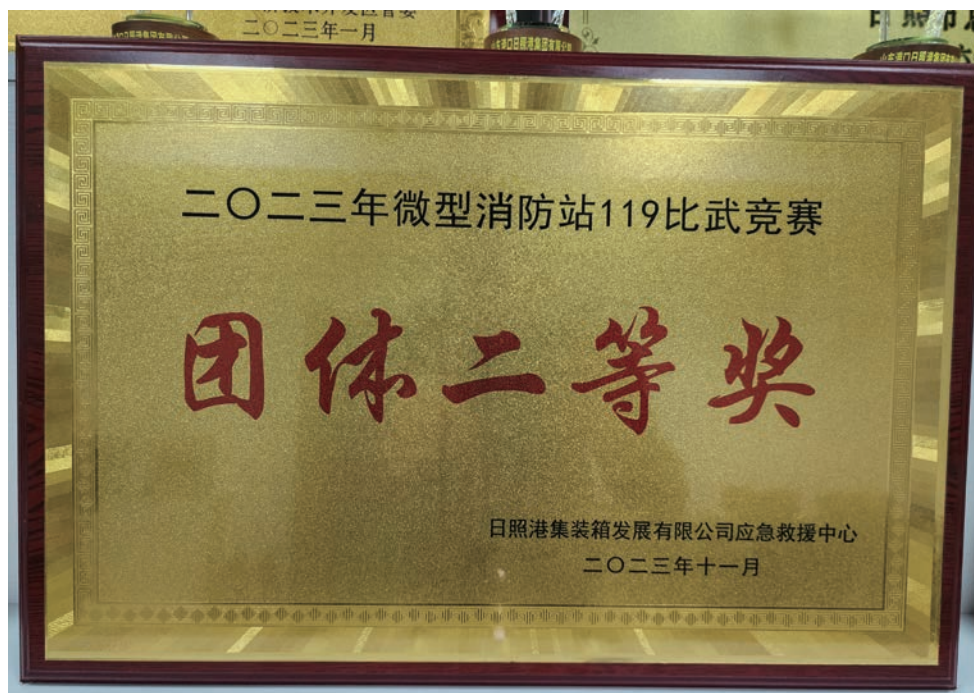


Audio-visual alarm

V. Enhance Safety Management (Continued)

4. Enhancing fire safety capabilities

The Company has upgraded the firefighting water supply for the woodchip stacking area by adding over 210 meters of fire pipeline and restoring or adding seven fire hydrants. This initiative ensures firefighting emergency support for the woodchip stacking area. Also, we have completed the installation of emergency signage for the woodchip fire pump room, pipelines, indicators, transformer substations, and silo areas. In line with the Fire Safety Awareness Month campaign in 2023, Rizhao Port Group organized the first Mini Fire Station 119 competition to test the emergency response capabilities of mini fire stations in various units of the group, enhancing the initial firefighting capabilities across the port and promoting a culture of fire safety for all. Rizhao Port Jurong was awarded the second prize.



V. Enhance Safety Management (Continued)

(II) OCCUPATIONAL HEALTH MANAGEMENT

The Company has established the *Occupational Disease Prevention and Control Management Measures* in accordance with national regulations on occupational health to prevent, control, and eliminate occupational hazards, thereby safeguarding the health and rights of employees. Operational procedures related to occupational disease prevention and control have been created and executed, along with the supervision and inspection of associated equipment. A comprehensive system for employee occupational health records has been established, accompanied by regular occupational health training sessions. Additionally, employees undergo scheduled occupational hazard inspections and are provided with protective equipment. In 2023, the Company's ISO 45001 Occupational Health and Safety Management System certification remained valid.



V. Enhance Safety Management (Continued)



(III) SAFETY EDUCATION AND DRILLS

The Company is committed to cultivating a safety-centric culture through initiatives like Safety Production Month and Fire Safety Awareness Month. We have set up four safety management culture galleries and developed employee work manuals, along with instituting a mechanism for learning lessons from accident cases during the 5-minute toolbox talks. During the safety competition, the security guard team of the Safety and Environmental Protection Department has been honored as the Exemplary Youth Safety Production Post in Rizhao Port. Moreover, one employee was recognized as the Outstanding Employee of Rizhao Port, demonstrating the Company's dedication to safety culture. Additionally, active participation in safety culture activities organized by higher-level entities such as Rizhao Port Group and Shandong Port showcases the commitment to safety culture.



Safety management culture galleries

V. Enhance Safety Management (Continued)



Workplace safety speech contest for young employees in Jurong

To solidify the Company's basic management and enhance the overall quality and capability of the safety management team, three company-level safety management benchmark learning activities were conducted. In December 2023, the Company learned from Rizhao Port Railway Transport Company (“**Rail Transport Company**”) in terms of basic management, with a focus on understanding the grassroots team construction, maintenance system, production and operation support, safety supervision and inspection, and specific practices in “three basics” management. Innovative methods emphasizing execution and implementation were highlighted. Weaknesses and deficiencies were identified and efforts were made to improve basic management and the transformation of learning outcomes to practices.

V. Enhance Safety Management (Continued)



The Company has developed a systematic training and education plan covering monthly training sessions. In this year, 21 company-level training sessions were organized, benefiting over 2,200 individuals. Staff at all levels are encouraged to pursue certifications. In 2023, two Registered Safety Engineers were newly certified, while 44 key personnel and safety management staff underwent annual re-education. Additionally, seven employees newly joined the hazardous goods waterway transportation team, and certifications were obtained by 63 individuals for initial training and recertification for special operations.

Table Workplace safety training

| Indicator | Data for 2023 |
|-------------------------------|----------------------|
| Safety training sessions | 6 |
| Safety training hours | 41,032 |
| Safety training participation | 2,746 |

Table Vessel team safety training

| Indicator | Unit | Data for 2023 |
|---------------------------|---------------|----------------------|
| For employees | Sessions | 177 |
| | Participation | 5,172 |
| | Hours | 210 |
| Department-level training | Sessions | 23 |
| | Participation | 46 |
| | Hours | 2,990 |

Table Cargo management team safety training

| Indicator | Unit | Data for 2023 |
|---------------------------|---------------|----------------------|
| Department-level training | Sessions | 32 |
| | Hours | 64 |
| | Participation | 535 |

The Company held Port Safety Training Workshop and participated in training programs organized by port associations. These initiatives involved inviting emergency rescue centers to provide practical training, combining theoretical knowledge with hands-on exercises, and engaging both management and staff. Throughout the year, we organized a variety of emergency drills, including comprehensive and specialized exercises like silo dust explosion scenarios, with a total of 8 sessions held annually.

V. Enhance Safety Management (Continued)



Port safety workshop



Maritime oil spill emergency training



Self-contained breathing apparatus training

V. Enhance Safety Management (Continued)



Case: Typhoon and flood emergency drill

In June 2023, the Company conducted an emergency drill for typhoon and flood events in the berth and site areas. The drill aimed to identify issues, develop improvement plans, and enhance the emergency response capabilities of on-site personnel during adverse weather conditions. This initiative ensured the safety of equipment and goods while improving employee understanding and awareness of summer hazard prevention, fostering a culture of safety consciousness and emergency preparedness among all staff.



VI. Promote Employee Development

We consistently improve employee compensation, and prioritize talent development by offering platforms for career advancement. We place great importance on employee benefits, by providing care and support and fostering open communication through multiple channels. Together, we work hand in hand for mutual progress and development, ensuring that the Company's growth is aligned with the growth of employees.

(I) EMPLOYMENT AND LABOR STANDARDS

1. Recruitment and resignation

Through campus recruitment, social recruitment, and other channels, we keep the principles of openness, transparency, and fairness in recruitment, aiming to strengthen our workforce. We ensure that all employees sign labor contracts and are covered by social insurance. In 2023, the Company had 22 new hires including 21 from Shandong Province and 1 from Heilongjiang Province. We organized diverse onboarding training and completion exams for new employees. As of the end of the reporting period, the Company had 341 employees and 360 contractors. Among the employees, there were 3 people with disabilities and 43 veterans, demonstrating our commitment to corporate social responsibility.

Table Employment and turnover data

| Indicator | | Unit | Data for 2023 |
|---------------------------------------|-----------------------------|------|---------------|
| Total staff members | | | 701 |
| Employees | | | 341 |
| Contractors | | | 360 |
| Staff members by region | Shandong Province | | 340 |
| | Other | | 1 |
| Staff members by gender | Male | | 271 |
| | Female | | 70 |
| Staff members by age | 30 years old or below | | 116 |
| | 30–50 years old | | 167 |
| | Above 50 years old | | 58 |
| Staff members by level | Senior management | | 5 |
| | Middle employees | | 27 |
| | Average employees | | 309 |
| Staff members by education background | Three-year college or below | | 176 |
| | Bachelor | | 148 |
| | Master or above | | 17 |
| Staff members by professional title | Junior | | 31 |
| | Medium | | 41 |
| | Senior | | 8 |
| Staff members by ethnic group | Minor ethnic group | | 3 |
| | Other | | 338 |
| Employees leaving the company | | | 0 |
| Turnover rate by gender | Male | % | 0 |
| | Female | % | 0 |
| Turnover rate by age | 30 years old or below | % | 0 |
| | 30–50 years old | % | 0 |
| | Above 50 years old | % | 0 |
| Turnover rate by region | Shandong Province | % | 0 |
| | Other | % | 0 |

VI. Promote Employee Development (Continued)



2. Compensation and benefits

Employee salaries mainly consist of basic salary, performance-based pay, seniority pay, allowances, and other incentives. Additionally, holiday benefits, labor protection benefits, heat subsidies, Basket of Vegetables service, meal subsidies, and other benefits are provided for employees. We also organize activities such as Cooling for Frontline Workers to provide summer heat relief allowances.

In accordance with the standards outlined in higher-level documents, every six months, the Company reimburses employee childcare fees to ensure financial support for their children attending kindergartens. We provide a subsidy of 380 yuan per person per month, amounting to a total expenditure of over 130,000 yuan in 2023.

3. Assessment and promotion

The Company has established a talent pool with precise job assignments. We encourage the approach that prioritizes integrity, responsibility, and performance. Through open competitions, the Company cultivates young managers to enrich the middle-level team. In 2023, as part of personnel reforms, the Company appointed 2 middle-level executives, 9 deputy executives, 4 newly appointed personnel for on-the-job training, and transferred 2 middle-level executives to second-level experts. Additionally, 10 field safety officers were hired.

4. Employee care

In early 2023, the Company conducted a comprehensive assessment of all on-duty staff, and following discussions at the party committee meeting, decided to extend support to five employees facing hardships. Moreover, the Company assisted four employees in applying for aid from the Rizhao Port Group Care Fund and one employee in seeking support from the Shandong Port Care Fund.

Starting from 2022, in efforts to protect the rights and interests of female employees, the Company responded to the initiative of Rizhao Port by adding HPV screening to the annual health examination for married female employees. In this year, over 60 married female employees participated in health screenings and examinations. Following higher-level requirements, the Company supports the multiple childbirth policy through measures such as extending maternity leave, adopting childcare leave, and providing maternity subsidies. Additionally, on International Women's Day, the Company organized activities such as spring outings and mountain climbing at Tiantai Mountain, as well as indoor activities like round silk fan-making workshops.

VI. Promote Employee Development (Continued)



Sending gifts to on-duty employees in the Spring Festival

VI. Promote Employee Development (Continued)



Army Day



Youth knowledge competition



Sports games

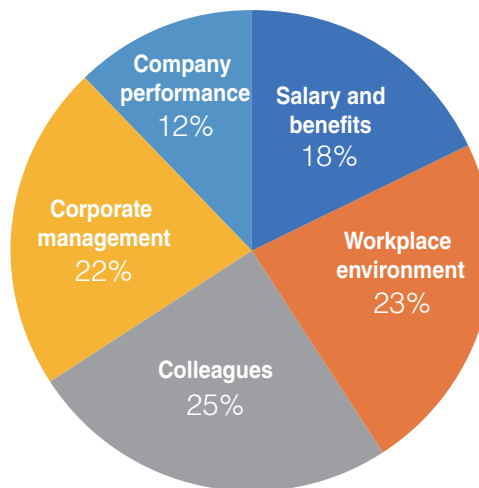
VI. Promote Employee Development (Continued)

5. Employee communications

The Company actively seeks input from all employees on development suggestions, and promptly addresses issues related to their work, welfare, and labor protection through the Chairman's Reception Day and congress of employee representatives to foster a sense of ownership among employees and advance the Home of Democracy. In this year, we organized the Advice for Development campaign to solicit suggestions from all employees on various aspects including building core competitive advantages for the port, creating a comprehensive port supply chain service system, constructing smart and green ports, Spring Service, enterprise management, workplace safety, technological innovation, and talent development. This initiative gathered frontline voices and insights for company management and development, and enhanced employee cohesion.

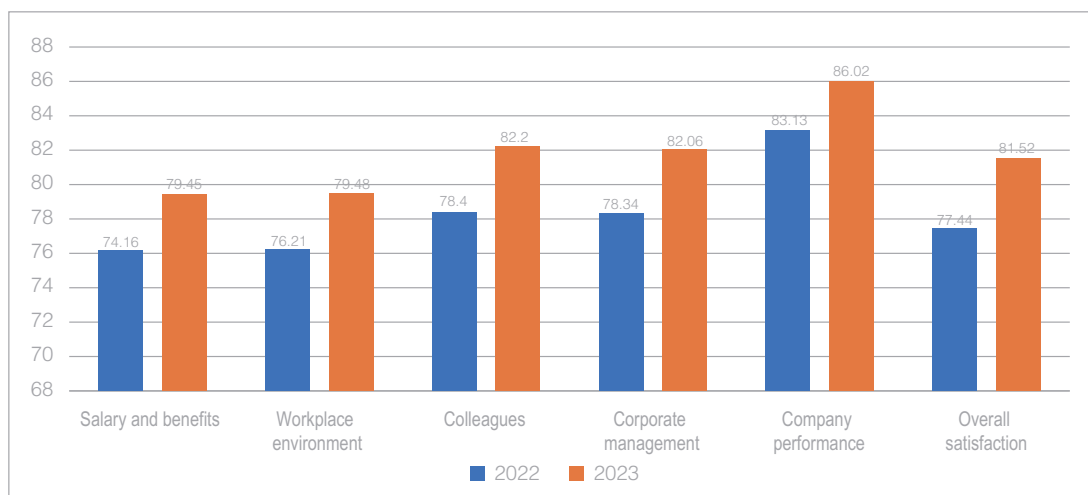
At the end of 2023, the company organized an anonymous survey on employee satisfaction. According to the relevant provisions of the *Employee Satisfaction Management Measures of Shandong Port Rizhao Port Group*, the matrix system includes five primary indicators: job rewards, work environment, work teams, enterprise management, and business operations. In conjunction with the Company's actual situation, a total of 58 questions were formulated. Using a 5-point scale, scores were assigned based on the level of satisfaction, with a total of 222 questionnaires collected.

Distribution of questions for the employee satisfaction survey 2023



VI. Promote Employee Development (Continued)

Compared to 2022, there has been an overall improvement in employee satisfaction. The Company performed a comprehensive analysis across various dimensions including departments and years of service. Additionally, we have incorporated feedback and suggestions from employees. Based on this analysis, the Company has developed targeted plans to further enhance employee satisfaction and to continually strengthen employees' sense of achievement, happiness, and security.



(II) DEVELOPMENT AND TRAINING

The Company has centered its efforts “building a benchmark for Shandong Port grain transit bases”, focusing on four dimensions: ideological cultivation, professional competence, occupational literacy, and broadening perspectives. We have extensively developed the Jurong Eagle Talent training brand. In this year, the Company hosted 34 training programs in which the total participation was 4,124, with a total investment of 845,000 yuan in vocational training.

Table Employee training categories

| Trainees | Description |
|-------------------------------|---|
| Lead Eagle: middle managers | Enhancing political theory learning, encouraging the integrity of employees in key positions; improving management innovation and quality through training, including learning about the Spring Service system, 5S Lean Management, ESG Management, Excellence Performance Management, and TnPM Management System, among others; organizing exchanges among business-oriented managers in the port industry; and deepening the two-way learning mechanism between finance and business. |
| Golden Eagle: execution teams | Creating star-level teams, integrating activities such as quality management month, QC topics, and 5S Lean Management into team management; enhancing the leadership skills and foundational knowledge of team leaders, conducting team evaluations, fostering knowledge sharing, and facilitating mutual learning among teams. |



VI. Promote Employee Development (Continued)

| Trainees | Description |
|--------------------------------|---|
| Elite Eagle: key professionals | Conducting professional knowledge competitions and establishing an internal question bank on the Zhiniao platform for monthly assessments; organizing benchmarking studies with external entities, promoting Spring Service initiatives, which include providing Three-in-One services to resident customers—consisting of a chair, a cup of water, and a set of labor protection gear—to reinforce service awareness; enforcing safety production training responsibilities and fulfilling the annual safety education training plan. |
| Strong Eagle: technicians | Encouraging technical staff to focus on their positions, delve into technologies, improve skills, and strive for excellence; regularly organizing Micro Lecture activities for which outstanding employees are appointed as guest speakers to share and exchange work experiences; encouraging employees to participate in the Group's vocational skills competitions, considering competitions for such as electric port machinery operators, internal combustion port machinery operators, and electrician as one of the training channels for skill level recognition. |
| Young Eagle: new hires | Organizing onboarding training for new employees, encouraging their active participation in the Group's Young Eagle training program, with the goal of nurturing 15 new employees annually; conducting the Apprenticeship activity to facilitate the skill enhancement and career development of new and transferred employees, establishing mentor-apprentice relationships for 22 pairs of new and transferred employees annually; focusing on the growth and advancement of young employees by hosting the eighth session of the Jurong Youth Academy on the Youth Classroom platform; supporting the Ten Thousand Employees Education Enhancement Project to guide employees in advancing their educational qualifications. |

VI. Promote Employee Development (Continued)



KPI for Training

| Category | | Unit | Data for 2023 |
|--------------------------|---|-------------|---------------|
| Development and training | Total training hours for the management | Hour | 2,904 |
| | Total training sessions for the management | Session | 19 |
| | Total training participation for the management | Participant | 109 |
| Business competence | Total training hours for average staff | Hour | 35,824 |
| | Total training sessions for average staff | Session | 47 |
| | Total training participation for average staff | Participant | 2,994 |

| KPI for Training | | Data for 2023 |
|--|---|---------------|
| Proportion of trainees by gender (%) | Male (%) | 100% |
| | Female (%) | 100% |
| Proportion of trainees by category (%) | Proportion of senior management trained (%) | 100% |
| | Proportion of middle-level management trained (%) | 100% |
| | Proportion of grass-root employees trained (%) | 100% |
| Average training hours by gender | Average training hours of male employees | 116 |
| | Average training hours of female employees | 116 |
| Average training hours by category | Average training hours of senior management | 94 |
| | Average training hours of middle-level management | 94 |
| | Average training hours of grass-root employees | 118 |

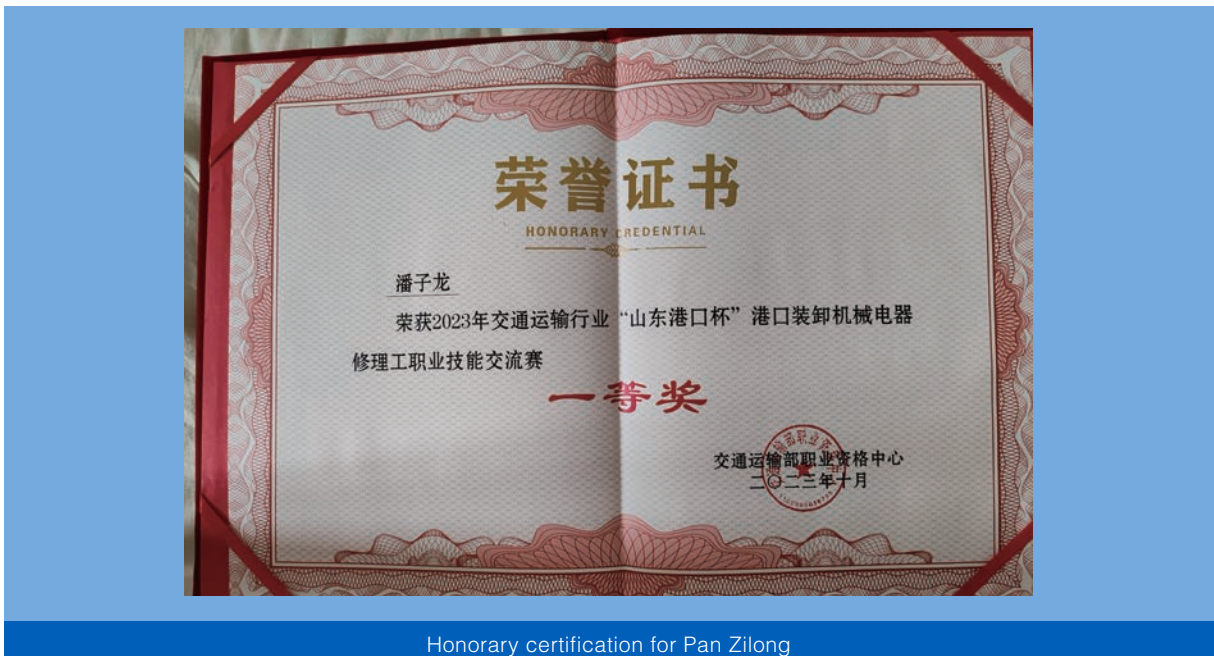
VI. Promote Employee Development (Continued)



Onboarding training

VI. Promote Employee Development (Continued)

The Company's Process Team adopts various training models such as "Apprenticeship" and "Star Action" and encourages employees to participate in various skill competitions to facilitate their rapid growth. Employees were organized to participate in the 35th Shandong Port Rizhao Port Vocational Skills Competition for Mechanical and Electrical Repair Workers. Participants achieved excellent results, with some ranking in the top five, thereby boosting frontline employees' motivation. Moreover, the Company successfully hosted the 2023 "Shandong Port Cup" Transportation Industry Port Machinery Electrical Repair Worker Vocational Skills Exchange Competition. Pan Zilong, honored as Rizhao Port Model Worker and Rizhao Port Chief Technician, secured the first place in the competition, serving as a role model for model workers. Additionally, experienced employees participated in the 2023 Shandong Province "Skills Makes Shandong Prosper" Vocational Skills Competition, where four employees won championships, marking the Company's first "double champion" in provincial-level competitions since its establishment.



Honorary certification for Pan Zilong

VI. Promote Employee Development (Continued)



2023 "Shandong Port Cup" Technical Skills Competition first prize trophy

VII. Pursue Operational Excellence



Rizhao Port Jurong, equipped with advanced port facilities and outstanding operational efficiency, has established a comprehensive cargo handling capacity that leads in the industry. Our goal is to achieve a strong berthing capacity, high unloading efficiency, robust storage capacity, and rapid cargo handling, aiming to enhance our overall competitiveness and international influence. These initiatives are intended to establish us as a new benchmark for ports, characterized by a sense of responsibility, innovation, and openness.

(I) HIGHER QUALITY AND EFFICIENCY

We have devised and implemented *Service Quality Management Measures*, *Freight Quality Management Measures*, and *Freight Service Quality Monitoring and Measurement Control Procedures*, *Non-conforming Product Control Procedures*, and other quality control policies, rules, and procedures. Additionally, six service commitments have been established to comprehensively enhance service quality management, standardize operational environments, and provide high-quality port services to customers.

Table Six service commitments

| | |
|---------------------------|---|
| High unloading efficiency | The unloading time for soybeans at West Berth 5 shall not exceed 3 days, for West Berth 18, it shall not exceed 3.5 days, and for wood chips, the unloading time shall not exceed 4 days (per vessel). |
| Fast port logistics | For grain cargo, trains are allowed a maximum stoppage time of 7 hours in the port, while for road transportation, the average stoppage time per vehicle at the port is not more than 80 minutes. |
| Accurate measurement | The error of ship unloading measurement is within 2‰ |
| Promptly data provision | Production data such as warehouse capacity and temperature required by customers are provided before 9:00 AM daily. |
| Swift feedback | With the customer-centric approach, we implement a “first-inquiry-responsibility” mechanism to address and fulfill customer inquiries and requests. If an immediate solution is not feasible, we commit to providing a response and feedback within three days. |
| Strict self-discipline | We do not receive or accept cash gifts, presents, vouchers, or invitations from customers or drivers. We do not create unnecessary obstacles for customers and do not solicit benefits. |



VII. Pursue Operational Excellence (Continued)

1. Higher productivity

Upholding the concept of “efficiency is as crucial to our reputation and survival” and guided by the service principle of “I am dedicated, you can rest assured”, we have established a standardized control system consisting of five control centers: decision-making, command, execution, service, and support. Tasks are decomposed layer by layer to advance standardized implementation. To deepen reform and invigorate production, we performed an organizational restructuring by setting up three major operational departments: Vessel, Process, and Cargo Management. This integration enhances clarity of responsibilities and smoothens management processes, injecting robust vitality into the standardization of production organizing.

The Company guides the standard operations through enhanced promotion activities. We initiated the Production Standardization Lecture for which planners assume the role of instructors to convey standards, fostering a robust culture of learning and implementing standards. We have strengthened assessment by integrating 14 production standards into production organizing evaluations, utilizing methods like daily scheduling, ten-day analyses, and monthly assessments to ensure the effective implementation of standards. We have enhanced training through competitions such as “Precision Loading”, “Driving Skills”, and “Standard Material Release” aimed at elevating employees’ professional capabilities and expertise.

The Company advances efficient implementation of standardization through benchmarking and standard setting. Combining 44 operational procedures and 24 job instruction manuals, we have formulated 9 vessel standards, 1 railway train standard and 3 delivery standards, along with 32 production indicators. In terms of process control, we have made inspection checklists for each stage, with dedicated personnel conducting practical analyses. We have tailored ship indicators and delivery indicators based on different operational models. In terms of improvement, we have implemented a three-tier on-site research mechanism; on-site experience sharing sessions and customer satisfaction surveys are utilized to comprehensively collect and analyze issues and deficiencies, facilitating continuous improvement and enhancement of production efficiency.

The Company continues to optimize production scheduling, production modes, equipment management, and maintenance management to further ensure production and service efficiency.

VII. Pursue Operational Excellence (Continued)



Table Production measures

| | |
|------------|---|
| Scheduling | The scheduling center strengthens communication and collaboration, reduces unplanned downtime, targets bottlenecks constraining efficiency, optimizes unloading plans, make warehousing plans, giving full play to the leading role of production organizing. This year, we coordinated berth borrowing procedures and alleviated port congestion to meet customer demands. |
| Operations | Production modes are optimized and hold cleaning processes are improved with unmanned hold cleaning for another breakthrough in port logistics efficiency. |
| Equipment | Investment in technological innovation are increased, unmanned management at work sites is adopted for a monitoring mode transition; R&D efforts around risk points are intensified. |
| Repair | Overhauls and technological upgrades are advanced to fully enhance equipment reliability. The maintenance team focuses on strengthening equipment support, especially the monitoring of critical components to maximize system capabilities, and ensure system efficiency. |

2. One-stop service

We are keenly attuned to customers' need for comprehensive end-to-end logistics. Since 2018, we have been offering tailored end-to-end solutions to minimize customers' overall logistics expenses. Centered around "port + railway + sea" mode, we capitalize on the strategic advantage of two thousand-kilometer railways to port area by collaborating closely with railway authorities to enhance railway transport capacity, ensuring swift loading upon arrival. Our goal is to establish a seamless "door-to-door" service system, delivering top-notch value-added services to our customers.


VII. Pursue Operational Excellence (Continued)

(II) PRODUCTION EMPOWERED BY TECHNOLOGIES

Technological innovation and digital transformation are vital components ensuring the sustainable development of organization. We encourage employees to take on innovative activities aimed at efficiency improvements and have seen successful outcomes. Adhering to relevant laws and regulations such as the *Patent Law of the People's Republic of China*, we take intellectual property protection efforts to safeguard both employee and Company inventions, while avoiding infringement of others' rights. To enhance the integrated management of operation and maintenance of process devices, the Company encourages employees to pursue innovation and efficiency. This year, the Process Team implemented over 20 technological improvements, including the transformation of measuring scale valve positioning and the development of convenient protective covers for rope switches, leading to the filing of three utility models. Additionally, the team conducted research and innovation in intelligent, communication, energy-saving, and environmental protection within the port grain storage and transportation system. They participated in the 17th Outstanding Academic Paper Assessment organized by the Rizhao Science and Technology Association, winning seven awards. As of the end of 2023, the Company had two inventions and 29 utility models.

In 2023, Rizhao Port Jurong established a Digital Intelligence Center dedicated to Company information management. The center consolidates 20 information systems, including 10 operational management systems, 7 production management systems, and 3 equipment management systems. Among these, the logistics system serves as the primary one, comprising 17 sub-modules. This forms an information system centered production. We implement six smart construction initiatives: smart infrastructure, smart equipment, smart production, smart security, smart energy, and smart operations, furthering our efforts to develop a smart port.

Table Smart transformation efforts



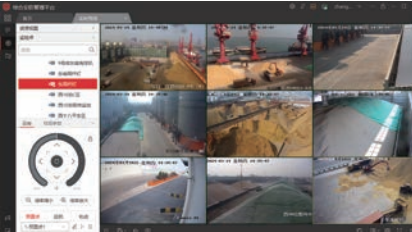
| Platform/Equipment | Description | Picture |
|--|--|---|
| Centralized control platform for bulk grain storage and transportation processes | Data from PLC self-control system, GGS grain monitoring system, radar capacity measurement system, metering system and other systems are integrated together to establish a centralized control platform for the entire process of bulk grain storage and transportation, supported by ERP, EAM, and others This platform automatically records various information types, generates reports, and addresses complex operational challenges within bulk grain storage and transportation systems. |  |

VII. Pursue Operational Excellence (Continued)



| Platform/Equipment | Description | Picture |
|--|--|---------|
| Shiphold ball cameras | <p>We developed and manufactured 19 sets of shiphold ball cameras. During the unloading process, we utilize wireless transmission technology to transmit real-time footage from shiphold to the onshore machinery pilot room. This solution addresses the challenge of limited visibility for drivers inside the shiphold, replacing manual guidance at the hatch.</p> | |
| UAV-assisted automatic sampling system | <p>Comprised of drones and automated samplers, this system enables remote sampling of surface cargo in shipholds at multiple points. With each sampling operation taking less than 3 minutes per hold, the system can autonomously return and deposit the sampled materials into designated storage containers, enhancing efficiency in cargo sampling and testing.</p> | |
| Silo discharge control system | <p>Utilizing wireless radio frequency identification (RFID), network data transmission, analog-to-digital conversion, client program development, and other technologies, we have digitized and automated the management of all 42 grain silo edge operations for truck loading. Seamlessly integrated with the unmanned weighing system, this authenticates and authorizes incoming trucks according to shipping schedules, ensuring safe and efficient cargo dispatch.</p> | |

VII. Pursue Operational Excellence (Continued)

| Platform/Equipment | Description | Picture |
|--|---|---|
| Accurate cargo measurement and automated loading | Precise measurement is achieved through the use of belt scales, 3D laser radar, and other devices. Based on PLC automation control, the system integrates ultrasonic distance sensors, voice interaction, signal light guide, and other technologies to enable automatic start/stop of loading equipment, automatic determination of material levels, and automatic vehicle guide |  |
| Process equipment online monitoring and early warning system | The real-time monitoring of key equipment and critical areas (temperature, vibration) are performed in three phases, with all monitoring points integrated into a unified platform. The collected data is sent into the Rizhao Port Conveyor Intelligent Inspection System to ensure optimal operation, reduce unplanned downtime, decrease equipment inventory, and enhance the efficiency of on-site equipment management personnel, as well as the decision-making capability in equipment management. |  |
| Integrated security management platform | It is connected to all operational area cameras in the port to enable real-time monitoring of safety hazards and on-site operations. |  |

VII. Pursue Operational Excellence (Continued)



| Platform/Equipment | Description | Picture |
|------------------------------|--|---------|
| Toxic gas detection system | We have developed a toxic gas detection system for real-time monitoring of shiphold environment, with data transmission and remote monitoring capabilities, to mitigate safety risks associated with personnel working in enclosed spaces. | |
| AR fatigue prevention system | AR technology is employed to automatically identify and assess the risk of fatigue among ship crew drivers, thereby reducing safety hazards in production. | |



VII. Pursue Operational Excellence (Continued)

(III) STARTING SPRING SERVICE

The Company strictly complies with laws and regulations such as the *Company Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. Internal regulations, including the *Customer Relationship Management Measures*, *Inquiry and Complaint Management Measures*, and *Control Procedures of Customer Communication and Customer Satisfaction Measurement*, have been developed to ensure the interests of customers. With a customer-centric approach, we provide tailored transportation plans and solutions while integrating relevant port resources, including logistics, intermodal transportation, and policy information, to enhance port competitiveness and strengthen customer loyalty.

With the *Service Supervision and Management Standards* in place, the Company maintains a comprehensive 24x7 service response mechanism. We maintain open channels for customer feedback by providing service and supervision phone numbers and prominently displaying service QR codes on-site. This allows us to promptly understand customer needs and resolve their concerns. Quarterly, we invite customers and agents for discussions to gather their opinions and suggestions. We document these discussions and ensure timely rectification and feedback within the specified timeframe.

In 2023, the Company launched the “Integrity Jurong”, a sub-brand of Spring Service and established a comprehensive customer satisfaction evaluation system. Furthermore, managers of all levels performed regular “on-truck” surveys and took face-to-face communication with drivers upon their arrival at the port. This proactive approach ensures effective communication and timely resolution of driver concerns, aiming for high satisfaction levels. Additionally, customer satisfaction surveys were conducted in the three-phase silo operation area. Through direct interactions and questionnaire responses, we gathered valuable feedback, identified areas for improvement, and generated reports to drive continuous improvement. In 2023, the Company received 21 complaints all of which were closed. The Cargo Management Team received 80 responses from customer service surveys, with an impressive satisfaction rate of 98.83%.

To enhance customer privacy protection, only authorized personnel can access customer information. We take strengthened measures to safeguard customer privacy and information security. Furthermore, independent sales teams are designated for different types of cargo business to mitigate the risk of customer information leakage.

(IV) SUPPLY CHAIN MANAGEMENT

Aligned with the objective of reducing production costs and enhancing operational efficiency, we have refined our procurement system and detailed procurement processes, accelerating the establishment of a standardized procurement system. Procurement objectives and plans are created depending on production and operational needs. The Company has established a two-tier review mechanism for procurement plans to ensure their practicality and cost-effectiveness. All material procurements are entrusted to the Tendering and Procurement Center of Rizhao Port Group. Starting from the purchase order, every step of the procurement process, including supplier confirmation of orders, delivery, arrival, inspection, and storage, is accurately tracked for comprehensive management. Qualified suppliers can submit bids through the Rizhao Port Group Sunshine Procurement Platform, ensuring compliance, transparency, and openness throughout the process. In 2023, Rizhao Port Jurong collaborated with 124 suppliers, including 112 from Shandong and 12 from other regions.

VIII. Contribute to Social Welfare



In this year, Rizhao Port Jurong started a comprehensive initiative to establish the Spring Service brand and enhance customer service experience. This initiative includes setting the overall objectives outlined in the *Work Plan for Creating the Spring Service Brand and Enhancing Customer Service Capability* and releasing the *Spring Service System Manual*. The Company mainstreamed the social responsibility, active participation in charity activities, and support for marine ecological conservation into the Spring Service development framework. The Cargo Management Team branch has distributed water, gloves, masks, and other supplies to incoming drivers at the port, providing proper guidance and addressing their needs promptly. These efforts aim to enhance overall customer experience and satisfaction.



In this year, all employees were encouraged to participate in voluntary blood donation; we also organized the One Day Charity event, raising RMB34,100 to assist underprivileged communities in Rizhao City and support the development of charitable and public welfare initiatives.



Blood donation by employees

VIII. Contribute to Social Welfare (Continued)

On March 12th, the Company organized the Brighten Spring, Plant Hope tree-planting event. Employees demonstrated excellent teamwork as they planted trees along the roadside, adding green vitality to the port area, particularly at the automated bulk grain loading station for trains.



The Company has collaborated with the Donggang Public Welfare Bureau to engage young employees in volunteer initiatives. These included aiding local residents in community clean-up efforts, conducting legal education sessions, and promoting awareness of waste sorting practices. Additionally, efforts have been made to declutter the Haijing community and extend care and support to elderly residents. Furthermore, the Company has donated Lunar New Year supplies, essential items, and stationery to children at the Hope House, demonstrating concern for their well-being and educational needs.



VIII. Contribute to Social Welfare (Continued)



VIII. Contribute to Social Welfare (Continued)



Volunteering activities

Appendix I: Index of Indicator



HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

| Aspect | Performance indicators | Corresponding Chapters |
|--|---|------------------------|
| Environmental (comply or explain) | | |
| Aspect A1: Emissions | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations with a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, as well as generation of hazardous and non-hazardous waste | Practice Green |
| A1.1 | The types of emissions and respective emissions data | Practice Green |
| A1.2 | Total greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility) | Practice Green |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility) | Practice Green |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility) | Practice Green |
| A1.5 | Description of emissions target(s) and steps taken to achieve them | Practice Green |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) and steps taken to achieve them | Practice Green |

Appendix I: Index of Indicator (Continued)

| Aspect | Performance indicators | Corresponding Chapters |
|---|---|------------------------|
| Aspect A2: Use of Resources | | |
| General Disclosures | Policies on the efficient use of resources, including energy, water and other raw materials | Practice Green |
| 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 the production volume, per facility) | Practice Green |
| A2.2 | Water consumption in total and intensity (e.g. per unit of the production volume, per facility) | Practice Green |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them | Practice Green |
| A2.4 | Description of whether there is any issue in sourcing water which fit for purpose, water efficiency target(s) set and steps taken to achieve them | Practice Green |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | Not Applicable |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosures | Policies on reducing the issuer's significant impacts on the environment and natural resources | Practice Green |
| A3.1 | Description of the significant impacts of activities on environment and natural resources and the actions taken to manage them | Practice Green |
| Aspect A4: Climate Change | | |
| General Disclosures | Policies on identifying and responding to significant climate-related issues that have and may have an impact on the issuer | Practice Green |
| A4.1 | Description of the significant climate-related issues that have had and may have an impact on the issuer, and actions to address them | Practice Green |

Appendix I: Index of Indicator (Continued)



| Aspect | Performance indicators | Corresponding Chapters |
|--|---|------------------------------|
| Social (recommended disclosure) | | |
| Aspect B1: Employment | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations with a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, work-hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare | Promote Employee Development |
| B1.1 | Total workforce by gender, employment type, age group and geographical region | Promote Employee Development |
| B1.2 | Employee turnover rate by gender, age group and geographical region | Promote Employee Development |
| Aspect B2: Health and Safety | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe work- environment and protecting employees from occupational hazards | Enhance Safety Management |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year | Enhance Safety Management |
| B2.2 | Lost work-days due to work injury | Enhance Safety Management |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored | Enhance Safety Management |

Appendix I: Index of Indicator (Continued)

| Aspect | Performance indicators | Corresponding Chapters |
|--|--|-------------------------------|
| Aspect B3: Development and Training | | |
| General Disclosures | Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities | Promote Employee Development |
| B3.1 | The percentage of employees trained by gender and employee category | Promote Employee Development |
| B3.2 | The average training hours completed per employee by gender and employee category | Promote Employee Development |
| Aspect B4: Labor Standards | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations with a significant impact on the issuer relating to preventing child and forced labor | Promote Employee Development |
| B4.1 | Description of measures to review employment practices to avoid child and forced laborers | Promote Employee Development |
| B4.2 | Description of steps taken to eliminate such practices when discovered | Promote Employee Development |
| Aspect B5: Supply Chain Management | | |
| General Disclosures | Policies on managing environmental and social risks of the supply chain | Pursue Operational Excellence |
| B5.1 | The number of suppliers by geographical regions | Pursue Operational Excellence |
| B5.2 | Description of practices relating to engaging suppliers, the number of suppliers where the practices are being implemented, and how they are implemented and monitored | Pursue Operational Excellence |

Appendix I: Index of Indicator (Continued)



| Aspect | Performance indicators | Corresponding Chapters |
|--|--|-------------------------------|
| Aspect B6: Product Responsibility | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations with 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 | Pursue Operational Excellence |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | Not Applicable |
| B6.2 | The number of products and service related complaints received and how they are dealt with | Pursue Operational Excellence |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights | Pursue Operational Excellence |
| B6.4 | Description of quality assurance process and recall procedures | Not Applicable |
| B6.5 | Description of protection for consumer data and privacy policies, and how they are implemented and monitored | Pursue Operational Excellence |
| Aspect B7: Anti-corruption | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) Policies; and (b) Compliance with relevant laws and regulations with a significant impact on the issuer relating to bribery, extortion, fraud and money laundering | Perfect Integrity |
| B7.1 | The 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 | Perfect Integrity |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored | Perfect Integrity |

Appendix I: Index of Indicator (Continued)

| Aspect | Performance indicators | Corresponding Chapters |
|--|---|------------------------------|
| Aspect B8: Community Investment | | |
| General Disclosures | Policies on community engagement to get to know the needs of the communities and to ensure that its activities should take into consideration the community interests | Contribute to Social Welfare |
| B8.1 | Focus areas of contribution | Contribute to Social Welfare |
| B8.2 | Resources contributed to the focus area | Contribute to Social Welfare |

Appendix II: Reader Feedback



Respected readers:

Thank you for reading this report. We appreciate and look forward to your feedback. Your opinions and suggestions are important for us to continuously improve corporate ESG information disclosures and promote corporate ESG management and practice. Welcome and sincerely thank you for your valuable opinions!

1. Your overall assessment of our ESG performance is:
 Excellent good average bad very bad

2. Your overall assessment of this report is:
 Excellent good average bad very bad

3. What do you think of our performance in communication with stakeholders?
 Excellent good average bad very bad

4. What do you think of our performance in corporate governance?
 Excellent good average bad very bad

5. What do you think of our performance in environmental management?
 Excellent good average bad very bad

6. What do you think of our performance in social responsibilities?
 Excellent good average bad very bad

7. What do you think of our performance in ESG?
 Excellent good average bad very bad

8. What are your opinions and suggestions for our ESG performance and this report?