



A-Shares Stock Code: 601866 H-Shares Stock Code: 02866



2024

Sustainability Report

COSCO SHIPPING Development Co., Ltd.

Navigating Green Transition and Intelligent Transformation Through Innovation

About This Report

Overview

This report is the ninth sustainability report for stakeholders. It discloses the opportunities and challenges faced by the Company in its pursuit of sustainable development as well as its efforts to enhance the economic, social and environmental value for stakeholders by weaving social responsibility into corporate management.

Reporting Period

This Report covers the period from January 1 to December 31, 2024, and includes additional information beyond the stated reporting period.

Scope

We have thoroughly considered the impact of our operations on the environment, society, and governance within COSCO SHIPPING Development, as well as the consolidated scope of our annual financial statements, to determine what to include in this Report. This Report encompasses the business activities of COSCO SHIPPING Development and all its affiliates and subsidiaries. It also includes information pertaining to China COSCO SHIPPING Corporation Limited.

Reporting Cycle

This Report is published annually.

References

The Report is prepared with reference to the *Environmental, Social and Governance Reporting Code* issued by the Stock Exchange of Hong Kong (the "HKEX ESG Reporting Code"), the *Guidelines No. 14 for Self-Regulation of Listed Companies — Sustainability Report (Trial)* released by the Shanghai Stock Exchange (SSE), and the SDG Compass published by the United Nations (UN).

Principles

The preparation of this Report adheres to the principles below:
Materiality: Following the procedure of identifying material topics stipulated by the HKEX ESG Reporting Code and the *Guidelines No. 14 for Self-Regulation of Listed Companies — Sustainability Report (Trial)* released by the SSE, this Report identifies and evaluates key topics by using materiality analysis tools, and addresses the crucial sustainability aspects that stakeholders are concerned with.

Quantitative Analysis: Following the HKEX ESG Reporting Code, this Report presents environmental and social performance data, and details the calculation methods, ensuring that the key performance indicators are comparable, assessable, and verifiable.

Balance: The Report provides an unbiased picture of the Company's performance and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency: The disclosure and calculation methods used in this Report are, overall, consistent with those used in the 2023 report. Any modifications have been clearly explained within the document.

Data Source

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

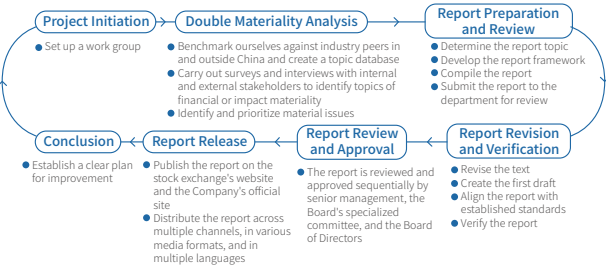
Abbreviations

For the purpose of this Report, COSCO SHIPPING Development Co., Ltd is referred to as "COSCO SHIPPING Development," "the Company" or "we"; China COSCO SHIPPING Corporation Limited is referred to as "COSCO SHIPPING Group" or "the Group"; "Florens" refers to Florens Asset Management Company Limited; "Shanghai Universal" refers to Shanghai Universal Logistics Equipment Co., Ltd.; "DFIC Lianyungang," "DFIC Guangzhou," "DFIC Jinzhou," "DFIC Qidong," "DFIC Ningbo" and "DFIC Qingdao" respectively refer to Dongfang International Container (Lianyungang) Co., Ltd., Dongfang International Container (Guangzhou) Co., Ltd., Dongfang International Container (Jinzhou) Co., Ltd., Dongfang International Container (Qidong) Co., Ltd., Dongfang International Container (Ningbo) Co., Ltd., and Dongfang International Container (Qingdao) Co., Ltd. under Shanghai Universal; and "SULT" is short for Shanghai Universal Logistics Technology Co., Ltd.

Reliability Assurance

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

Report Compilation Process



Access to This Report

This Report is published in Simplified Chinese, Traditional Chinese, and English.

For any discrepancies between the three versions, the Simplified Chinese version shall prevail. You can download an electronic version from our official website:

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

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

Tel.: 021-6596 9148

Email: ir@coscoshipping.com

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Message from the Chairman

In 2024, amidst the wave of industry chain transformations and upgrades, the shipping sector accelerated its pivot to low-carbon development and digital and intelligent transformation. In such a context, COSCO SHIPPING Development concentrated on its primary business segments and responsibilities under the strategic guidance of the Board of Directors. We constantly enhanced our core functions of "production, financing, and investment", driving the unleashing of new quality productive forces in digital and low-carbon technologies. Furthermore, we balanced high-quality development with stringent safety standards, enhancing our core competencies and taking solid steps toward new horizons.

Integrate into the Big Picture: Empowering Grand Strategies with Production and Financing Services

In 2024, we proactively integrated into the grand strategies of our country and the Group, steadfastly maintained our strategic positioning, and constantly enhanced and capitalized on our core functions — "production, financing, and investment". We focused on our principal business segments and responsibilities to further sharpen our unique competitive edge, coordinate container leasing and manufacturing, and harness synergistic benefits to enhance quality and stability. The container manufacturing business stepped up efforts to develop green, high-end, and intelligent solutions, constantly boosting our brand influence and market competitiveness while achieving year-over-year growth in production and sales volumes. The shipping leasing business saw robust growth in premium vessel assets, further solidifying its leadership in the Chinese market. The container leasing business solidified its market position and increased both its scale and influence by expanding container yard resources, enhancing service outlets, enriching the product lineup, diversifying leasing options, and bolstering global service capabilities. So far, our container fleet capacity has exceeded 4 million TEU. Furthermore, we closely monitored market trends, capitalized on favorable policies, and leveraged innovative financing instruments, achieving notable success in financial management. We also kept improving our quality management practices, which led to enhancements in the industry chain, supply chain, capital chain, and value chain.

Keep Abreast of the Times: Charting a Green New Course for the Shipping Sector

In 2024, against the backdrop of global climate governance and China's "carbon peak and carbon neutrality" goals, we highlighted "green production, green offerings, green assets, and green financing" in our strategic plan, integrating eco-friendly principles deeply into our businesses. We also fully synergized production and financing, unlocked green development opportunities, and drove a comprehensive shift toward low-carbon development. Our container manufacturing segment boasted four national-level green factories. We created the world's first container carbon footprint (CFP) and environmental product declaration (EPD) platform, issued 15 CFP and 25 EPD reports, and combined efforts to form a green industry chain covering the full lifecycle of containers — from the acquisition of raw materials through manufacturing and transportation to retirement. We secured China's first loan aimed at reshaping the water transportation industry, undertook the world's first financial project for container industry chain transformation, and issued the first corporate bond in the shipping sector dedicated to low-carbon initiatives. Our 700 TEU battery-powered container ship, named a "Top 10 Central State-owned Enterprise Assets of Vital Importance to China", received the domestic shipping sector's first certificate for GHG emissions reduction from the China Quality Certification Center. Two of our proposals for energy storage cabinets with interchangeable lithium-ion batteries gained approval from the International Maritime Organization (IMO), setting a global standard for the safe use of lithium-ion battery technology on vessels.

Break New Ground Through Innovation: Creating a Smarter Future for Our Businesses

In 2024, responding to the advances in digital and intelligent transformation, we propelled product innovation with technology and upgraded our management processes through intelligent tools. We developed a business application platform anchored by the container manufacturing and management cloud platform (CMCP) and manufacturing execution system (MES), alongside an indicator monitoring platform centered on business intelligence (BI), achieving digital integration across all processes. Our proprietary container trade platform, "iFlorens", utilizes intelligent algorithms, logistics data, and a global network of services to seamlessly integrate into the international digital container supply chain, effectively boosting the operational efficiency of the container industry chain and elevating the customer experience. Based on an in-depth analysis of market needs, we developed single-phase refrigerated containers and improved the quality of our energy storage containers, further advancing our presence in the specialized container sector through technological innovation. DFIC Ningbo passed the national assessment on intelligent manufacturing capabilities, securing a Maturity Level 3 Certificate. This achievement makes it the first enterprise in the container manufacturing industry to pass this assessment. We took the lead in drafting standards for the container industry and associations, including establishing the world's first digital simulation standards in the field. Additionally, we vigorously broadened the application of AI across various scenarios: In terms of container manufacturing, we built intelligent security systems and upgraded our production lines; when it comes to container leasing, we improved our AI-powered repair technologies and developed digital order assistants; as far as shipping leasing goes, we utilized AI for energy management on electric ships to boost maritime safety. Collectively, our business segments leveraged digital and AI technologies to foster internal collaboration and improve management efficiency.

Going forward, COSCO SHIPPING Development will embrace the emerging trends and adapt to the new demands of a low-carbon, smart shipping industry. We will seamlessly integrate into the grand strategies of our country and the Group by committing ourselves to our mission. Sticking to low-carbon development and using technological innovation as a driving force, we will actively participate in global maritime governance, confront the changes of our era as a trailblazer, and empower a green and smart future through renewed efforts in production and financing.

Take Firm Steps Towards Excellence: Propelling High-quality Development Through CSR

In 2024, eyeing high-quality development, we integrated CSR into our businesses, made considerable strides toward excellence, dedicated ourselves to quality management, and significantly enhanced internal governance. We accomplished various governance tasks to a high standard, improving our stature as a listed company and demonstrating our ESG achievements. On the basis of standardized operations and compliance management, we constantly fostered interactions with market participants. Our sound development and the value we create for our stakeholders substantiated our commitment to high-quality, responsible, and sustainable development. In 2024, we not only celebrated our sixth straight year of annual dividend payouts but also offered our first interim dividends. Overall, we distributed a total of RMB 690 million in cash dividends. We also successfully conducted share buybacks through centralized bidding in the secondary market. Additionally, we deepened integrity governance and advanced risk prevention to ensure safe development. We practiced sustainable procurement, consolidated our relationship with partners along the industry chain, attracted more talent, and refined our talent development system. As a public-spirited company, we contributed to rural revitalization and community development. These efforts added a dynamic new chapter to our story of governance modernization.

Zhang Mingwen, Chairman of COSCO SHIPPING Development Co., Ltd.

About Us

COSCO SHIPPING Development Co., Ltd. (the "Company"), a subsidiary of COSCO SHIPPING Corporation Limited (the "Group"), specializes in shipping and financial operations and represents one of the Group's key businesses. Established in 1997 and headquartered in Shanghai, the Company is publicly traded in both Hong Kong and Shanghai, with a registered capital of RMB 13.573 billion.

Dedicated to the core aspects of shipping, the Company focuses on container manufacturing, container leasing, and shipping leasing, underpinned by investment management to foster integrated growth in production, financing, and investment.

Container Manufacturing

The Company engages in the R&D, production, and sales of ISO dry containers, refrigerated containers, and special containers. With an annual capacity exceeding 1.44 million TEU, we rank second globally. Our clientele encompasses world-renowned liner companies and major container leasing firms. By deepening the synergy between container leasing and intelligent manufacturing and focusing on technological innovation and green transition, we aim to enhance our core competencies, including our custom container solutions, and establish ourselves as a world-class logistics equipment and technology enterprise.

Container Leasing

This segment primarily involves leasing, managing, and selling various types of containers, servicing over 170 major ports worldwide. Possessing a container fleet surpassing 4 million TEU, we are a global leader in container leasing. We constantly enhance our ability to manage the entire lifecycle of container assets while gradually expanding our business and global presence and sharpening our competitive edge through digital technologies. We are known for our superior leasing and manufacturing capability and influence in the container sector.

Shipping Leasing

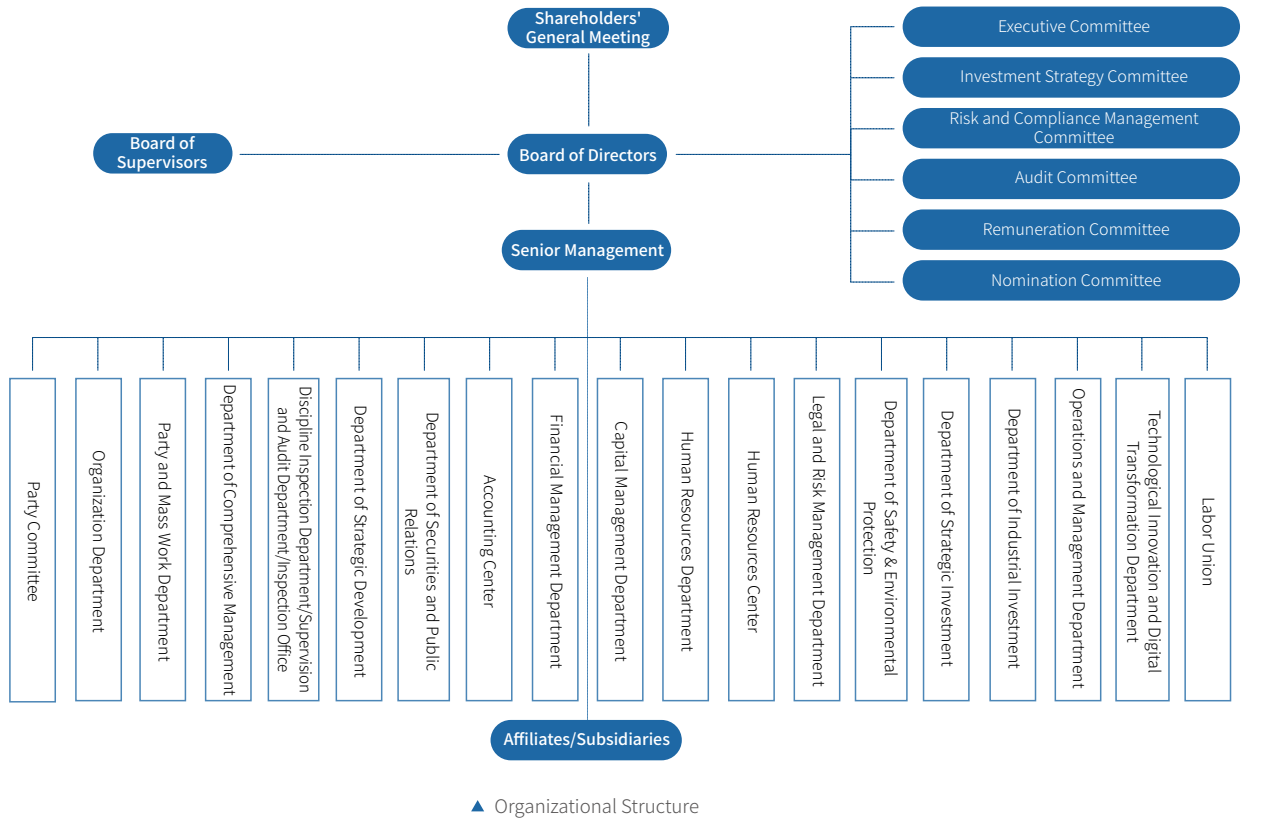
As a domestic market leader, our shipping leasing business focuses on the operating lease and finance lease of container ships and dry bulk carriers, among other vessels. We capitalize on opportunities for green transition in the shipping industry by optimizing resource allocation both internally and externally and leveraging the synergistic effects between industry and finance. Furthermore, we focus on the service needs throughout the entire lifecycle of shipping assets to deliver high-quality solutions for fleet development.

Investment Management

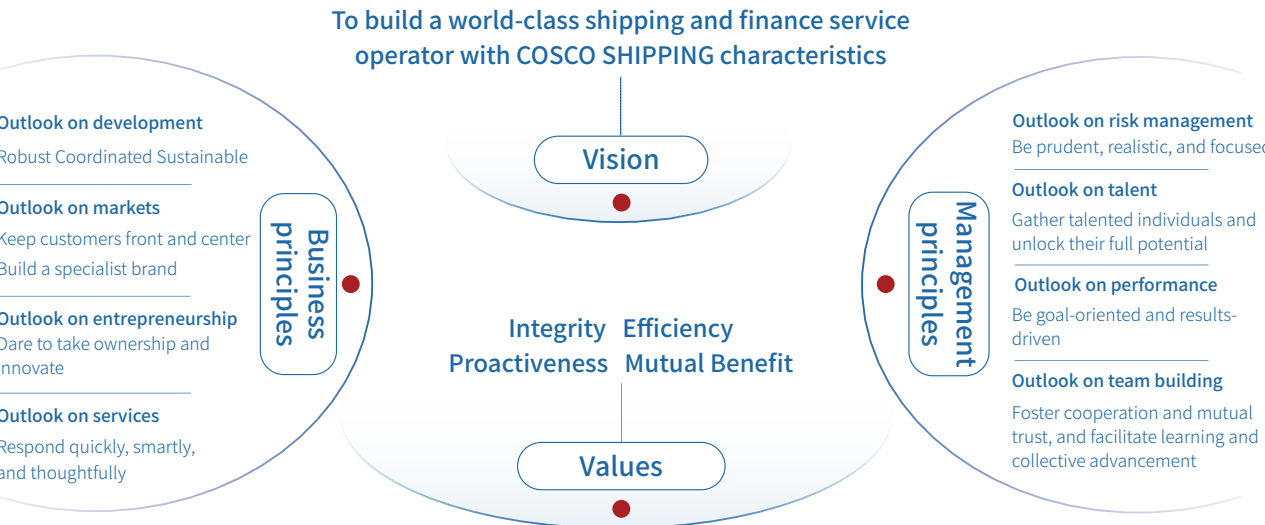
Our investment management business revolves around our core maritime logistics operations, aiming to strengthen industry-finance integration and constantly improve our investment portfolio. With a focus on digital technologies and green development, we delve into investment opportunities in the shipping industry and strive to foster a virtuous cycle of capital flows and industry growth.

Indicator	2022	2023	2024
Container production capacity (TEU)	1,440,000	1,440,000	1,440,000
Container fleet capacity (TEU)	3,860,000	3,840,000	4,010,000
Container capacity (TEU)	652,300	583,700	589,500
Bulk carrier capacity (DWT)	4,702,400	4,199,400	4,613,700
Special ship capacity (DWT)	410,200	649,800	616,600

Pursuing "Excellence and Pragmatism" and upholding the principles of "Integrity, Efficiency, Proactiveness and Mutual Benefit", we use our distinct strengths in the shipping industry chain to increase the value of capital flows within the maritime logistics ecosystem. Our goal is to become a world-class shipping and finance service operator with COSCO SHIPPING characteristics.



COSCO SHIPPING Development has developed a corporate culture of "Excellence and Pragmatism," striving for the best through a practical and effective approach. In 2024, we carried out various activities to help employees fully embrace and maintain this culture. These activities have greatly empowered the Company's growth and management by building a strong cultural and value-based foundation that drives faster and better progress.



Honors and Awards

December

- DFIC Lianyungang was named a "Jiangsu-based five-star enterprise in the cloud".
- DFIC Ningbo was named a "5G Fully Connected Factory in Zhejiang".
- "Digital solution to the management of global retired containers", a project from Florens, a subsidiary of COSCO SHIPPING Development, received third prize at the 4th Central State-owned Enterprise Innovation and Creativity Competition organized by the State-owned Assets Supervision and Administration Commission (SASAC).
- Two projects from DFIC Qidong were recognized as "Outstanding Green Container Technology Projects of 2024" by the China Container Industry Association.
- At the Shanghai Securities News Dishui Lake Conference on High-Quality Development of Listed Companies and the "Shanghai Securities News Golden Quality" Award Ceremony, COSCO SHIPPING Development received the 2024 Shanghai Securities News Golden Quality Award — ESG Award.
- During COSCO SHIPPING Group's inaugural Technological Innovation Competition themed "Creative Journey Towards the Future", COSCO SHIPPING Development received significant recognition. Our demonstration/applied research on a massive, fully electric container ship was awarded second prize; Shanghai Universal's CFP & EPD platform, which supports the low-carbon, green development of the industry chain, won third prize; Florens' international container industry chain collaboration platform earned an Outstanding Award.
- COSCO SHIPPING Development received the 2024 Weekly on Stocks "Golden Dawn" Award for ESG.
- During the Yangtze River Delta Session of the 17th China International Seminar on Sustainability Information Disclosure in Beijing, COSCO SHIPPING Development's 2024 sustainability report received an award from GoldenBee at a ceremony recognizing outstanding sustainability reports from listed companies in the Yangtze Delta Region.
- 2024 marked the 3rd consecutive year of COSCO SHIPPING Development's inclusion in the "GoldenBee List of Outstanding CSR Reports from China". We also received the "2024 GoldenBee Outstanding Sustainability Report • Evergreen Award" once again.

November

- Florens stood out among the world's leading enterprises and received several human resources awards from government bodies. Florens officially became a signatory to Hong Kong Labour Department's "Good Employer Charter 2024". It won the Mandatory Provident Fund Schemes Authority's "Good MPF Employer", "e-Contribution", and "MPF Support" Awards for three consecutive years, and received the "Happy Organisation" Award for another year.
- During the 2024 Hong Kong Listed Companies Development Summit Forum and 11th Top 100 Hong Kong Listed Companies Awards Ceremony at the Hong Kong Convention and Exhibition Centre, COSCO SHIPPING Development was selected by professional agencies as a "Top 50 Medium-Sized Enterprise" among the "Top 100 Hong Kong Stocks", due to our robust performance and sustainability.
- DFIC Qingdao was included in China's 2024 5G Factory Directory.

October

- COSCO SHIPPING Development was once again recognized as one of "Wind's Top 100 Chinese Listed Companies in ESG Best Practices" after 2022 and 2023. Thanks to our exceptional ESG governance and outstanding performance in sustainable development, we ranked among the top 1.52% of Chinese listed companies with an AA rating.

September

- DFIC Ningbo passed the national assessment on intelligent manufacturing capabilities, securing a Maturity Level 3 Certificate. This achievement makes it the first enterprise in the container manufacturing industry to pass this assessment.
- DFIC Qidong's "Most Beautiful Armor" quality task force earned third prize at the 7th Competition for Quality Control Teams from Central State-owned Enterprises (SOEs). This event was held by the China Association for Quality under the guidance of the SASAC.

August

- China Media Group's Financial Program Center held the ESG China — Yangtze River Delta CSR Conference and officially released the *Yangtze River Delta ESG Action Report*, in which COSCO SHIPPING Development was selected as one of the "Top 50 ESG Pioneers in Yangtze River Delta".

July

- At the 6th National Conference on Equipment Management and Technological Innovations, COSCO SHIPPING Development's container factories received multiple honors: DFIC Ningbo and DFIC Jinzhou won first prize in the categories of management and technological innovations respectively, while DFIC Qingdao, DFIC Lianyungang, and DFIC Qidong received second prizes in the category of technological innovations.
- The Ministry of Natural Resources, together with the SSE, launched China's first comprehensive index for the maritime sector, named "China Marine Economy Stock Price Index". This index only encompasses the Shanghai, Shenzhen, Beijing, and Hong Kong markets. COSCO SHIPPING Development became one of the first stocks to be included in the index, thanks to our contributions to China's maritime power strategy and our robust financial performance in recent years.
- COSCO SHIPPING Development was included in S&P Global's "Sustainability Yearbook 2024 (China Edition)" following its accession to the 2023 China edition.
- At the 3rd China (Jiangsu) New Energy & Energy Storage Industry Development Conference (NEES 2024), DFIC Qidong won the 2024 Jiangsu Renewable Energy Technology Innovation Award.

June

- The 2024 GoldenBee CSR China Honor Roll was released in Beijing on the occasion of the 19th International CSR/ESG Forum organized by GoldenBee ThinkTank. COSCO SHIPPING Development was recognized both for "ESG Competitiveness" and as a "Carbon Peak & Neutrality Pioneer", with our ESG practices included in the 2024 GoldenBee CSR Competitiveness Case Collection.

April

- DFIC Guangzhou and DFIC Ningbo were honored by the China Association of Work Safety as "2023 National Model Enterprises for Safety Culture Building".

March

- DFIC Qidong received the Award for the Most Innovative Enterprise of 2024 in China's Energy Storage Industry.
- COSCO SHIPPING Development received an A rating in China Guoxin ESG evaluation.

January

- DFIC Qingdao and DFIC Lianyungang were included on the list of National Green Factories. This means that we had four national-level green factories and two provincial-level ones.
- Developed by COSCO SHIPPING Development, the world's first 700 TEU battery-powered container ship was selected by SASAC's news center, official website and magazine as one of the "Top 10 Central State-owned Enterprise Assets of Vital Importance to China in 2023".



1 Enhancing Intrinsic Motivation Through Improved Governance

Observance of laws, regulations and business ethics constitutes an inviolable baseline and the cornerstone of our sustainable development.



Upholding the concept of "Excellence and Pragmatism" and the core values of "Integrity, Efficiency, Initiative, Shared Success", we constantly enhance governance capabilities, strengthen risk management system, and cultivate a culture rooted in integrity and self-discipline. By planning long term and conserving our strength, we strive to promote the sound development of the shipping industry chain.

Elevating the Quality of Governance

COSCO SHIPPING Development has established a reasonable and effective governance structure centered around the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, and senior management, each with clearly specified rights and responsibilities. The Board of Directors includes six specialized committees, which operate in strict accordance with the *Company Law of the People's Republic of China* and the *Articles of Association* to ensure the election process complies with laws and regulations. The Company has executed a statement regarding independent directors and has developed and published a policy to diversify the Board of Directors. Our operational compliance is assessed by the SSE, which examines a range of indicators related to standards development. The Board of Supervisors is evaluated through performance assessments. Such a mechanism ensures the overall effectiveness of corporate governance.

COSCO SHIPPING Development's Path to Improved Governance

Constantly refining the regulatory framework for governance



We revised nine governance documents, including the *Articles of Association*, the *Rules of Procedure for the Shareholders' General Meeting*, the *Rules for Independent Directors*, and the detailed rules for Board committees, in line with the latest policies issued by regulators.

Ensuring the performance of duties by directors and supervisors



We have fully staffed and enhanced both the Board of Directors and the Board of Supervisors. Current Board members are seasoned experts in areas including accounting, shipping finance, capital operations, and container manufacturing, possessing extensive experience in corporate risk management systems.

Deepening the management of investor relations



We optimize the mechanism for managing investor relations, proactively engage with the capital market, gain a deep understanding of market demands, strengthen communication with investors, and vigorously promote the Company's image and investment value.

Vigorously improving our brand image as a shipping and finance service operator



We increase our brand's influence and recognition by promoting ourselves across many platforms, optimizing the mechanisms for coordinated brand building, participating in major industry fairs, and enhancing public opinion management.

Governance Performance

2024

- We issued **155** information disclosure documents in the A-share market (including 53 announcements) and another **195** (including overseas regulatory announcements) in the H-share market.
- We organized or participated in more than **30** capital market meetings, where our representatives communicated with nearly **600** individuals. We also responded to **70**-odd investor inquiries through the SSE E-interactive platform and the SSE Roadshow Center.
- On the inaugural "COSCO SHIPPING Capital Market Day", we promoted COSCO SHIPPING Development to more than **200** financial professionals and interacted with more than **50** securities analysts and institutional investors during small networking sessions.
- In 2024, we not only celebrated our sixth straight year of annual dividend payouts but also offered our first interim dividends to investors. Over the year, we distributed a total of RMB **690** million in cash dividends for 2023 and the first half of 2024. Due to stable investor returns, we were selected as a constituent of the CSI Guoxin Central-SOEs Shareholder Return Index and the CSI Guoxin Hong Kong Stock Connect Central-SOEs Dividend Index.

Board Structure

COSCO SHIPPING Development's headquarters

Board size	Number of executive directors	Number of non-executive directors	Number of independent non-executive directors
7	1	3	3
Number of directors with risk management expertise	Number of female directors	Number of directors with industry experience	
1	1	4	

Training Data

COSCO SHIPPING Development's headquarters

Number of training sessions for Board members	Number of training sessions for supervisors	Number of training sessions for senior managers
4	1	4
Number of participations in the training	Number of participations in the training	Number of participations in the training
18	2	10

Building Barriers Against Risks

We have been deepening our legal risk control efforts. Through institutional innovation and process optimization, we have strengthened risk management to ensure compliant and robust operations, contributing to the high-quality development of the Company.

Enhancing Risk Prevention and Control

In 2024, the Company revised the *Risk Management Protocols*, the *Administrative Measures for Internal Control*, the *Operating Procedure for Risk Review*, the *Liquidity Risk Management Procedures*, and relevant policies. We conduct risk assessments at least annually to continually strengthen our risk management system. According to the regulatory standards for listed companies, we have engaged an external agency to perform a comprehensive audit of the system. The audit includes on-site interviews and random reviews of documents, focusing on the testing and assessment in key areas and phases of risk management. No significant management deficiencies have been identified through the audit.

Streamlining the three lines of defense system

We have established three lines of defense against risks. This structure, which covers all business units, is headed by the Board of Directors, with direct oversight from the management. The Board of Directors, management, and various departments provide unwavering support to the second line of defense comprising the Chief Risk Officer and risk management teams, ensuring their independence while safeguarding them against any unfair treatment.

Enhancing the mechanisms for overseeing legal risk control

We carry out "enhanced, proactive, and penetrative management" for key affiliates, strengthen the implementation of risk control measures, conduct risk reviews on critical projects, refine risk control indicators, standardize the statistical reporting process, and promote the establishment of risk management consultation mechanisms within our subsidiaries in the leasing sector.

Improving the scheme for risk identification, monitoring, and reporting

We identify the Top Five risks and determine the counter-measures annually. We enhance the risk limit and monitoring systems by incorporating findings from monthly sensitivity analyses. We refine the monthly risk management reporting mechanism to increase data accuracy and relevance, improve the transparency of risk information, and facilitate faster response to risk events.

Enhancing risk management with information technologies

We utilize data platforms to enhance risk alert, tracking, monitoring, and early mitigation capabilities.

Building a risk management culture step-by-step

Championing excellence and pragmatism, we foster a risk management culture and increase employees' risk awareness by organizing legal literacy campaigns, offering specialized training, and issuing Legal Compliance Briefs.

Assessing risk management performance

We have developed a risk management evaluation system that encompasses risk assessment and monitoring, risk limit management, and control of major risks. We also identify risk management as a core metric of business performance assessment.

Two Long-term, Emerging Risks with the Greatest Impact on Our Future Operations

Risk	Political and Policy Risk	Shipping Market Fluctuation Risk
Description and Impact	<ul style="list-style-type: none">The shipping sector is grappling with political and policy risks incurred by several factors, including the supply chain interactions among big nations, geopolitical situations, protectionist economic and trade policies, and energy security. These concerns threaten the stability of the entire supply chain, which in turn affects our production, operational, and financial costs. In response, we will vigilantly monitor shifts in the international political arena, delve into the policy trends of various countries (regions), and craft flexible strategies to ensure the risk is controllable. Additionally, by diversifying our market presence and optimizing our supply chain, we aim to lessen our reliance on any single market or customer, thereby enhancing our adaptability and resilience amidst complex political landscapes.	<ul style="list-style-type: none">In 2025, the global shipping market will face ongoing uncertainties. Challenges such as protectionism, tariff changes, inflation, and geopolitical issues will test the stability of global commodity trading. Imbalances between supply and demand within the shipping market will affect container and ship leasing sectors, bringing uncertainties to our operations. To mitigate these challenges, we will constantly enhance our market monitoring systems, promptly adapt to market trends, optimize resource distribution, and flexibly adjust our business strategies. Strengthening collaborations with upstream and downstream partners will bolster the resilience of the entire supply chain, ensuring that the market fluctuation risk remains manageable and our operations stay stable.
Mitigation Strategies	<ul style="list-style-type: none">Strengthen the identification of risks associated with international sanctions and pre-investment due diligence for foreign investments, and adhere to sanctions risk management protocols.Gather updates on legal and policy changes in sensitive regions, strengthen monitoring and assessment of customers/suppliers, and continually evaluate the stability of business collaborations.Increase the budget and foreign exchange reserve position as appropriate to address liquidity and currency risks from geopolitical tensions.Adhere to sanctions risk management protocols, incorporate risk identification and assessment into business operations, increase the frequency of sanctions risk evaluation, and analyze and alert political and policy risk.	<ul style="list-style-type: none">Enhance the analysis of target markets and the requirements of various customer segments, and boost product marketing.Regularly collect information about shipping market risks, conduct in-depth policy research, and monitor market fluctuations.Establish emergency mechanisms for quick response to market changes.Strengthen financial risk management, improve our inventory and accounts receivable, accelerate capital turnover, and diversify financing options to bolster liquidity.

Enhancing Operational Compliance

In 2024, the Company developed the *Guide to Compliance Review for Major Decisions* and revised the fundamental rules for compliance and internal control management. We also engaged a third-party agency to assess the effectiveness of our compliance management system and carried out inspections to identify legal risks across various sectors.

Streamlining the mechanisms for company-wide engagement

Enhancing the quality and effectiveness of compliance management

Rectifying internal control deficiencies

Building a team of compliance experts

- Promote the construction of legal compliance centers within subsidiaries, guide all employees in engaging in compliance management, and collaboratively enhance internal control oversight.
- Develop and enhance our compliance risk assessment mechanisms, and incorporate the compliance reviews of regulations and business contracts into our information system. Evaluate the effectiveness of compliance management. Organize on-site inspections to ensure adherence to international sanctions, and motivate various business segments to benchmark their practices against established standards for the management of compliance with international sanctions. Improve our anti-monopoly compliance guidelines.
- Call for prompt rectification of deficiencies identified during evaluations of internal controls and internal control supervision.
- Strengthen the professional skills of compliance personnel through risk management training and reciprocal talent exchanges.

Optimizing Information Security Management

COSCO SHIPPING Development constantly improves the regulatory framework for information security. We have formulated and strictly implemented policies such as the *Information Security Management System Document*, the *Regulations on the Security and Confidentiality of Data in Information Systems and Equipment*, and the *Cybersecurity Management Regulations*, ensuring information security is managed based on rules and regulations. Our Chairman holds the primary responsibility for cybersecurity, while the senior executive in charge of cybersecurity is directly responsible for any incidents. Our Technology and Digital Transformation Committee, along with its dedicated office, is responsible for overseeing cybersecurity and information security risks and ensuring our information assets are well protected.

Information Security Management System

Information security culture building

We organize company-wide employees learning of the *COSCO SHIPPING Cybersecurity Awareness Manual* and offer annual cybersecurity training, integrating cybersecurity education into day-to-day management.

Information security risk management

We establish a process for evaluating information security risks and regularly conduct comprehensive or targeted risk assessments. We produce assessment reports and response plans for review and approval by departmental risk owners, who are responsible for overseeing the mitigation efforts.

Information security emergency management

Employees follow the Company's comprehensive response procedures for cybersecurity and information security emergencies to manage suspicious activities effectively. We test our system emergency response plans and conduct emergency drills at least once a year, and we regularly carry out penetration tests along with crowdsourced vulnerability assessments and validations. Additionally, cybersecurity measures are integrated into departmental performance appraisal.

Internal and external audits on information security

We carry out information security audits to assess the effectiveness of security technologies and measures, the consistency between security configurations and strategies, and the adherence to security protocols. We also follow up on corrective actions to verify their effects.

In 2024, the Company reported no incidents or violations related to data security.

Upholding Business Ethics

Consolidating Our Governance System

COSCO SHIPPING Development strictly adheres to the *Oversight Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Law Against Unfair Competition of the People's Republic of China*, the *Rules on Integrity of Executives of State-Owned Enterprises*, and other laws and regulations. We have established and rigorously implemented internal policies such as *Several Opinions on Anti-Commercial Bribery Work* and the *Anti-Commercial Bribery Sample Clauses/Agreements*, enforcing a zero-tolerance approach to violations of business ethics, including corruption, bribery, fraud, discrimination, extortion, money laundering, monopolistic practices, and unfair competition.

The Company's business ethics policies cover a wide range of areas such as anti-fraud, anti-corruption, confidentiality, conflict of interest, anti-monopoly/unfair competition, anti-money laundering and insider trading, environmental health and safety, and whistleblowing. These policies apply to all business activities of COSCO SHIPPING Development as well as its subsidiaries and suppliers. Additionally, we have signed the *Supplier Anti-commercial Bribery Commitment* with all our suppliers in China to ensure that our business and trading activities are conducted in a legal and ethically sound manner.

To effectively implement its business ethics policies, COSCO SHIPPING Development has set up a mechanism where the prevention and control of integrity risks are coordinated and overseen by the management team and spearheaded by the Audit Department. The Company has carried out inspections and audit supervision, and incorporated anti-bribery and anti-corruption requirements into governance and business processes. We have also established a long-term mechanism for corruption risk prevention and control, so as to foster a culture of integrity across the Company.

Furthermore, the Company has integrated compliance and honesty into employee performance assessments and remuneration management, and pledged to investigate and penalize any violations.

Enhancing Supervision and Audit

Business ethics is an important aspect of auditing and supervision. The Company enhances the monitoring and assessment of business ethics through inspections, audits, compliance reviews, and targeted governance. We are committed to rigorously investigating and penalizing any violations.

Each year, the Company carries out audits in line with our annual plan and follows up on the resolution progress of any issues identified during these audits. The audits cover areas such as economic responsibility, operational risks, compliance management, and financial discipline, with a particular focus on "adherence to integrity regulations and management of compensation and benefits". In 2024, we conducted special audits on guarantee-related matters and economic responsibility audits on our subsidiaries.



Audit Priorities for 2024

Economic responsibility audits

We comprehensively examined the leasing processes and risks of two subsidiaries that engage in leasing in accordance with regulatory requirements to address the root causes of any issues. In collaboration with the audited entities, we developed corrective measures to effectively prevent and mitigate operational risks.

Special audits on guarantee-related matters

We reviewed the progress of rectifying unauthorized guarantees by examining the availability and implementation of guarantee rules and the fulfillment of responsibilities by relevant departments. We also standardized the disclosure of guarantee-related information to prevent the transmission of liability risks through financing guarantees. These efforts have improved the Company's resilience against risks.

Key Performance Highlights


2024

- The Company conducted **7** economic responsibility audits, **7** engineering project audits, **6** special audits, and **1** management performance audit.

Improving Risk Assessments and Management

The Company regularly identifies and assesses risks related to business ethics in our operations and throughout our value chain, before analyzing their present and potential financial impacts. We have delved into the mechanisms and strategies for addressing commercial bribery, corruption, and unfair competition, improving our business ethics management in a targeted manner. In 2024, our focus was on risks associated with trading activities involving suppliers, customers, partners, and other external entities.

Business Ethics Risk Assessments and Responses

Description	Response
<div></div> <div>Insider misconduct: Employees exploit their positions to improperly obtain corporate resources or benefits via embezzlement, misappropriation, or other corrupt practices.</div>	<ul style="list-style-type: none">Promote the implementation of a three-pronged approach to deter, prohibit, and prevent people from corruption.Develop an integrated mechanism for rectifying issues identified through special audits and inspection findings, so as to improve the efficacy of corrective measures.

Description	Response
<div></div> <div>Misusing company funds for banquets or other entertainment events in violation of corporate policy</div>	<ul style="list-style-type: none">Conduct spot checks on entertainment reimbursements across all systems at the end of each month, in an effort to routinize the supervision of business entertainment and ensure the prompt corrections of non-compliant reimbursements.
<div></div> <div>Related party transactions</div>	<ul style="list-style-type: none">Establish a database with information on all our suppliers along with our affiliates' shareholders and senior executives.Require employees in key positions to disclose any family business engagements.Look into unusual related party transactions and investments that are in breach of corporate regulations.
<div></div> <div>Transmitting liability risks through improper financing guarantees</div>	<ul style="list-style-type: none">Conduct special audits on guarantee-related matters and regulate the management of guarantees.Review the progress of rectifying unauthorized guarantees and regulate the disclosure of guarantee-related information by examining the availability and implementation of guarantee rules and the fulfillment of responsibilities by relevant departments.

Mechanisms for Whistleblowing on Integrity Issues

According to the *Regulations on Handling Reports and Allegations*, the Company has established a collaborative and checks-and-balances mechanism among reporting, supervisory inspection, investigation, and case management, and clarified the procedures, timelines and requirements for case handling. Stakeholders are encouraged to report any misconduct and provide evidence.

To safeguard the personal information of whistleblowers and shield them from retaliation, the Company has established a whistleblower protection mechanism. We keep the personal information of whistleblowers and the details of their allegations strictly confidential. During the investigations, we ensure that the identities of whistleblowers remain hidden. It is strictly forbidden to share any materials pertaining to the whistleblowers' information or allegations with the exposed organizations or individuals.

Anti-unfair Competition

The Company has formulated the *Anti-monopoly Compliance Guidelines* and the *Investment Management Regulations*, explicitly prohibiting unfair competition in business promotion, investment management, and other operational activities. All promotional literature undergoes multiple levels of internal review to eliminate false or misleading information. Our confidentiality agreements with partners specify the requirements for protecting trade secrets from unauthorized access, use, or disclosure. In terms of investment and container manufacturing, we identify risks associated with market concentration and monopolistic practices, either vertical or horizontal. We also prohibit actions that restrict production or sales, segment the market, or involve collective trade boycotts.

Incidents of Non-compliance			
Indicator	Scope	Unit	2024
Incidents of corruption, embezzlement, and commercial bribery and relevant lawsuits	COSCO SHIPPING Development's headquarters and subsidiaries	/	0
Customer data breach incidents		/	0
Incidents of conflicts of interest		/	0
Incidents of money laundering or insider trading		/	0
Cases of litigation or major administrative penalties for the Company's unfair competition		/	0



Deepening Education and Training

The Company has developed an integrity education and training system that encompasses the Board of Directors, management, and all levels of staff. We have integrated internal and external training resources to provide training on the Company Law, anti-monopoly regulations, and relevant policies, promoting a culture of integrity and self-discipline across our workplace.

In 2024, the Company held lectures on anti-corruption and hosted three sessions on Party discipline targeting our Board members, supervisors, senior management, and employees. The TV documentary, "Sustained Effort, In-depth Advancement", produced by the Central Commission for Discipline Inspection of the CPC and the National Supervisory Commission, and the Group's "Cautionary Tales About Insider Misconduct", garnered a total of 895 views among our employees.

Indicator	Scope	Unit	2024
Number of directors who received anti-commercial bribery and anti-corruption training	COSCO SHIPPING Development's headquarters	person	7
Percentage of directors who received anti-commercial bribery and anti-corruption training		%	100
Duration of anti-commercial bribery and anti-corruption training received by directors		hour	54
Number of middle-level and senior managers in China who received anti-commercial bribery and anti-corruption training		person	19
Percentage of middle-level and senior managers in China who received anti-commercial bribery and anti-corruption training		%	100
Duration of anti-commercial bribery and anti-corruption training received by middle-level and senior managers in China		hour	1,440,000
Number of regular employees who received anti-commercial bribery and anti-corruption training	COSCO SHIPPING Development's headquarters and subsidiaries	person	1,639
Percentage of regular employees who received anti-commercial bribery and anti-corruption training		%	100
Duration of anti-commercial bribery and anti-corruption training received by regular employees		hour	9,834

Optimizing Supply Chain Management

COSCO SHIPPING Development has implemented a tiered management system for its procurement operations, ensuring those who request procurement do not engage in procurement, as well as the separation between the management and execution of procurement activities. A blacklist is in place to avoid transactions with affiliated companies, and a procurement database, along with a self-monitoring mechanism, has been established to foster an efficient, standardized, and transparent procurement management system. Subsidiaries maintain a segregation of duties by assigning specific responsibilities and authorities to procurement positions.

In 2024, we revised six procurement policies — including the *Procurement Management Measures of COSCO SHIPPING Development* and the *Supplier Management Measures of COSCO SHIPPING Development* — which are applicable to our headquarters as well as all wholly-owned or controlled subsidiaries and business units. Notably, we required our subsidiaries to develop procurement policies tailored to their actual business needs. We have integrated risk control principles into procurement management by establishing and improving our internal control processes for procurement activities, developing procurement management, oversight, and evaluation mechanisms, and formulating preparedness plans against significant procurement risks. We are thus able to constantly enhance the management of risks within our supply chain.

The Company adheres to the *Regulation on Ensuring Payments to Small- and Medium-Sized Enterprises* and implements policies that promote the private economy. We ensure timely payments to SMEs and private companies during the procurement processes to safeguard their legitimate rights and interests. During the reporting period, there were no instances of overdue payments to SMEs.

Supplier Management Approaches

Pre-qualification

- We implement a supplier pre-qualification system that requires all eligible candidates to undergo assessments on ESG factors, business relevance, and risks associated with their countries (regions), industries, and commodities. This document obliges them to comply strictly with anti-commercial bribery laws and regulations, and prohibits them from providing cash, physical goods, or any other improper benefits, either directly or indirectly, to our staff. Furthermore, these candidates must sign the *COSCO SHIPPING Development Supplier Anti-commercial Bribery Commitment*. Only the candidates that pass the pre-qualification will be entered into our supplier database.

Self-assessment upon entry

- Before their entry into our database, suppliers must complete the *COSCO SHIPPING Development Supplier Self-Assessment Questionnaire on Compliance with Social Standards*, which encompasses topics including health and safety, environment, child labor, forced labor, remuneration and working hours, discrimination, employee rights, and supply chain.

Grading and management

- Suppliers are assessed annually and graded into four levels: A, B, C, and D. They also undergo dynamic quantitative assessments and may see their levels raised or lowered. Suppliers on our blacklist are prohibited from doing business with us. Level C suppliers require coaching to implement corrective actions. To facilitate such actions, we inspect their relevant procedures and suspend the procurement of their products and services during the rectification period.

Regular assessments

- Based on the actual conditions of our suppliers, we have developed multidimensional evaluation criteria and methods that encompass ESG factors, business relevance, and specific risks. We have also formed a supplier assessment team comprising procurement experts, procurement team, and members of the companies requesting the products/services concerned to conduct periodic assessments. The assessments cover basic qualifications, cost competitiveness, contract fulfillment, product/service quality, work efficiency, business innovation, safety, and environmental impact. We prioritize suppliers who demonstrate excellence in sustainability.

Indicator	Scope	Unit	2024
Number of suppliers in the Chinese mainland	COSCO SHIPPING Development's headquarters	/	152
Number of suppliers outside the Chinese mainland (including Hong Kong, Macao, and Taiwan, China)		/	10
Number of suppliers that underwent evaluation during the year		/	162
Percentage of suppliers that underwent evaluation		%	100
Number of suppliers with significant (actual or potential) negative impacts		/	0
Proportion of FSC-certified wood in total wood procurement		%	94.57





2 Fulfilling Our ESG Commitment with Concrete Actions

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



We have established and constantly refined our sustainability governance structure, incorporating ESG principles throughout. We also systematically identify and manage ESG risks, and address concerns from the capital market, contributing to high-quality, sustainable socio-economic development.

Board Statement

Responsibilities of the Board

COSCO SHIPPING Development's Board of Directors is the supreme decision-making and supervisory body for ESG issues. It oversees the Company's overall direction in ESG development and strategy formulation, leads and supervises the management of ESG-related risks, keeps track of our progress toward SDGs, incorporates sustainability principles into decision-making, and holds the ultimate responsibility for our ESG strategy and disclosures. COSCO SHIPPING Development's Board of Directors and all its directors assure that this Report is free from any false information, misleading statements, or major omissions, and they accept individual and collective responsibility for its truthfulness, accuracy, and completeness.

Risk Management

The Investment Strategy Committee under the Board of Directors is responsible for the Company's ESG risk management. The Committee dynamically identifies and updates ESG and other significant global risks throughout the year. It regularly submits risk analysis and research findings to the Board, assisting the Company in deciding on key sustainability issues and ensuring the efficient operation of its risk management system.

Materiality Assessment

The Board of Directors is deeply engaged in analyzing, assessing, and prioritizing the Company's material topics. Taking into account the changes in internal and external environments, along with corporate development strategies and stakeholder feedback, the Board sets clear priorities for sustainability issues and conducts a systematic identification and assessment of ESG topics with double materiality. During the reporting period, the Company identified 17 material topics and provided detailed disclosures on 2 financially material ESG topics.

Target Tracking

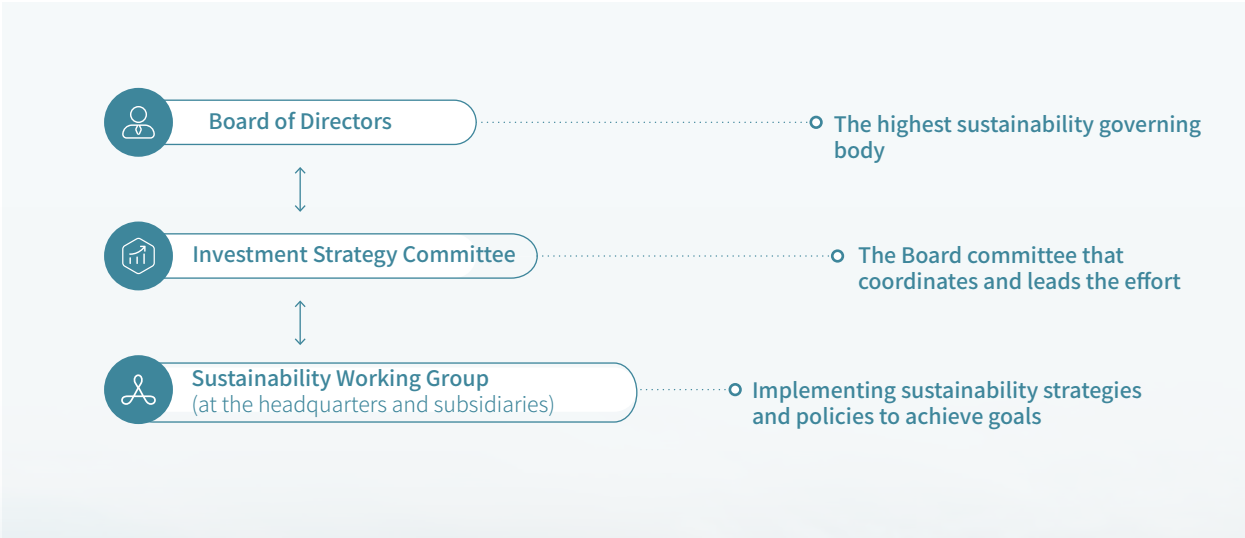
Our key objectives for the 2025 integrity audit are: enhancing the efficiency of auditing, deepening supervision in key areas, and vigorously pushing rectifications forward. Our GHG emissions reduction targets are: down 19% in emission intensity per RMB 10,000 of revenue by 2025 from a 2019 baseline, and down 34% by 2030. Our long-term safety management goals are: comprehensively preventing and addressing significant workplace safety and environmental risks, eliminating major accident hazards, eradicating safety and environmental incidents that create major or significant liability, preventing accidents/incidents that create serious liability, and reducing minor and less severe accidents/incidents. The Board of Directors persistently monitors and regularly assesses the progress toward sustainability goals while overseeing and regularly reviewing the fulfilment of associated tasks.

Sustainability Management Structure

We have established a three-level sustainability management structure comprising the Board of Directors, the Investment Strategy Committee, and the Sustainability Working Group. These organizations are tasked with the overall leadership, coordination and promotion of sustainable development, with the Board holding the ultimate responsibility for sustainability governance.

The Investment Strategy Committee coordinates and guides the sustainability management organizations. According to the *Working Rules of the Investment Strategy Committee of the Board of Directors*, the Committee analyzes and studies global political, social and environmental risks and opportunities that might affect the Company, supervises and manages sustainability strategies, relevant policies and ESG performance, and makes decisions on major sustainability issues.

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



▲ Sustainability Management Structure

The members of our supreme ESG management organizations are seasoned professionals in areas including accounting, shipping finance, capital operations, and container manufacturing. They bring a wealth of experience in corporate risk management and effectively oversee our progress toward sustainability goals. Our ESG management team regularly reviews monthly reports and monitors public opinion to stay informed about sustainability-related impacts, risks, and opportunities. They manage these aspects based on our sustainability strategies and the *Sustainability Management Policy*.

Mr. Zhang Mingwen



Chairman, Party Chief, General Manager, Investment Strategy Committee member, Chartered Financial Analyst (CFA), and a Senior Accountant, with more than two decades of experience in shipping finance and capital operations, along with extensive expertise in sustainability management.

Mr. Hu Haibing



Chief Accountant and a leader of the Sustainability Working Group, with more than two decades of experience in managing shipping finance, along with extensive expertise in sustainability management.

Mr. Cai Lei



Secretary of the Board of Directors, Secretary of COSCO SHIPPING (Hong Kong), and a leader of the Sustainability Working Group, with Chinese professional qualifications to practice as a lawyer and an insurance surveyor, the Senior Economist professional title, along with extensive expertise in sustainability management.

ESG Performance-based Executive Remuneration

The Company has integrated sustainability-related goals and indicators into the executive remuneration assessment system. The Remuneration Committee of the Board assesses the remuneration of executives based on their specific functions and this system against the following indicators: R&D and application of low-carbon, intelligent manufacturing technologies, workplace safety, and energy conservation and emission reduction/environmental protection.

Sustainability Philosophy and Commitment

We are committed to integrating the vision of sustainable development into our core corporate strategy, corporate culture and the way we work, upholding fair competition and compliance, and developing safer, greener and more sustainable products and services to foster industry prosperity, ecological conservation, and social harmony.

Dimension	Our Goals	UN SDGs
 Economic	To build a world-class shipping industry-finance operator with COSCO SHIPPING characteristics: We will give full play to our advantages in the shipping industry, serve and empower the shipping logistics industry, and increase the value of the capital flow of the maritime logistics ecosystem.	 
 Environmental	To relieve the burden on the environment with maximum efforts. We will continue to identify the environmental impacts of the industry chain, and guide upstream and downstream partners in jointly boosting the harmonious coexistence between enterprises and nature by promoting sustainable procurement, production, and products.	    
 Social	To contribute to higher levels of development and human well-being through unremitting efforts: We will address the fundamental needs of national, urban and social development, actively participate in building sustainable cities and communities, and help solve social problems in education, healthcare, environmental protection and infrastructure with our resources and expertise.	      
 Industry	To promote the sustainable and coordinated development of the shipping and finance industries: With an international vision and forward-looking mind, we will carefully study the development trend of the industry, make strategic decisions conducive to long-term development, and share our experience with business partners.	  



Stakeholder Communication

Stakeholder	Core Demands	Ways of Communication and Responses
 Government/Regulatory bodies	<ul style="list-style-type: none">Alignment with national strategiesSupport for local socio-economic developmentCompliant operationFair competition	<ul style="list-style-type: none">Official correspondenceInformation disclosurePolicy implementationCompletion of assessment
 Investors	<ul style="list-style-type: none">Good business performanceStable returns for investorsSound corporate governanceCompliant operationRisk controlRealization of corporate development strategyTrue, complete and timely information disclosure and communication	<ul style="list-style-type: none">Company announcementsShareholders' General MeetingPerformance briefingsRoadshowsInvestor communicationCorporate marketing platforms
 Customers	<ul style="list-style-type: none">Quality productsExcellent servicesInformation security	<ul style="list-style-type: none">Surveys on customer requirementsCompany websiteWeChat official accountIndustry trade shows
 Suppliers	<ul style="list-style-type: none">Responsible sourcingSupplier management	<ul style="list-style-type: none">Responsible sourcing practicesMerit-based supplier selectionEqual treatment of SMEsEmployee care and training for container factories
 Partners	<ul style="list-style-type: none">Win-win cooperation	<ul style="list-style-type: none">Exchanges and visitsIndustry forums
 Employees	<ul style="list-style-type: none">Sound protection of rights and interestsGood prospect for career developmentComfortable working environment	<ul style="list-style-type: none">Culture buildingWorkers' CongressEmployee TrainingEmployee activities
 Communities and the public	<ul style="list-style-type: none">Devotion to philanthropySupport for community development	<ul style="list-style-type: none">Volunteer servicesPublic welfare undertakingsPairing assistance
 Environmental agencies	<ul style="list-style-type: none">Improvement to environmental management systemSupport for green industry development	<ul style="list-style-type: none">Environmental policiesGreen investment
 Media	<ul style="list-style-type: none">Responsible operationHigh-quality serviceTransparent communication	<ul style="list-style-type: none">Press conferencesMedia interviewsInteractions on new media platforms

Double Materiality Analysis

Based on the SSE Guidelines No.14 for Self-Regulation of Listed Companies — Sustainability Report (Trial), COSCO SHIPPING Development has established a process for defining financial materiality and impact materiality topics. Taking full account of both internal and external inputs, we prioritized 17 topics within governance, economic, environmental, and social domains based on their financial and impact materiality. We also provided detailed disclosures on two financially material ESG topics to better address the concerns of stakeholders. The double materiality analysis process and results are reviewed and verified by the Board of Directors.

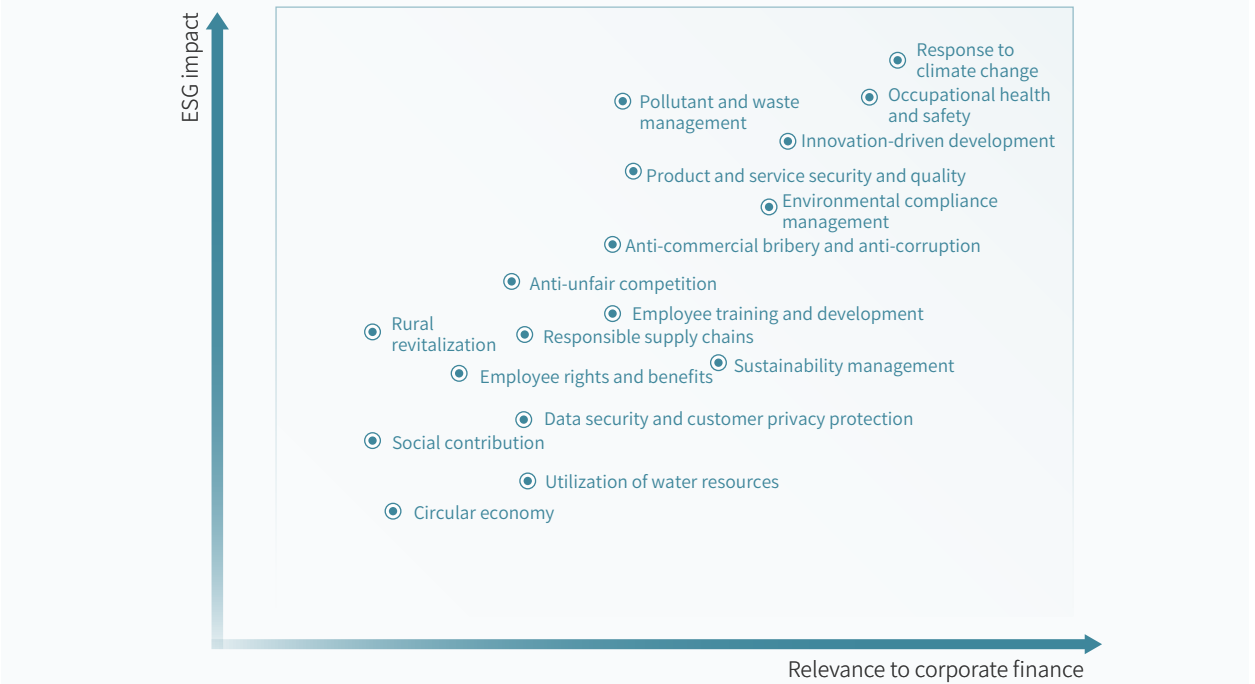
Double Materiality Analysis Process

Understanding the organizational context: Gain a full understanding of the shipping industry as well as the conditions of container manufacturing, leasing, and shipping leasing markets, based on regulatory requirements and industry standards including the *IMO and the Environment 2011* and the *SASB Marine Transportation Standard*.

Identifying material ESG topics: Establish a material topic database by referencing the topics from the HKEX ESG Reporting Code and the Guidelines No. 14 for Self-Regulation of Listed Companies — Sustainability Report (Trial), and taking account of industry regulations and standards along with benchmarks from mainstream international ratings such as the MSCI ESG Ratings and the S&P Corporate Sustainability Assessment (CSA).

Assessing and prioritizing material topics: Analyze the impacts, opportunities, and risks associated with 17 topics. Set thresholds for financial and impact materiality and prioritize the topics.

Confirming the results: After the above process of topic identification and assessment, we compile a list of material topics based on financial and impact materiality. These topics are then evaluated in accordance with industry standards, and the findings are presented to the Board of Directors for verification and approval.



1. The "pollutant discharge" and "waste management" topics are combined into "pollutant and waste management".
2. The "ecosystem and biodiversity conservation" topic is not selected as the Company's production and operation sites are far from ecological function areas or nature reserves.
3. The topic of "technology ethics" is not applicable to the Company, as we do not engage in business activities in ethically sensitive areas.
4. The "supply chain security" and "equal treatment of SMEs" topics are combined into "responsible supply chains".
5. The "employees" topic is divided into "occupational health and safety", "employee rights and benefits" and "employee training and development" topics.
6. To clearly distinguish between ESG management approaches and topics, "due diligence" and "stakeholder communication" are disclosed in the "Fulfilling Our ESG Commitment with Concrete Actions" chapter and are not reflected in the materiality matrix. In addition, the "sustainability management" topic is added.

3 Fostering Tech-Driven Innovation and Value Creation



COSCO SHIPPING Development has been deepening the integration of the shipping industry and finance by accelerating the pace to foster new quality productive forces. This aim is to boost our value creation capabilities and support the high-quality development of the industry chain.

New Breakthrough in Industry-Finance Integration

Upholding industry-finance integration and finance as an enabler of industry growth, COSCO SHIPPING Development focuses on container manufacturing, container leasing, and shipping leasing. These core business segments are underpinned by investment management to foster integrated growth in production, financing, and investment. We are committed to fortifying our core functions of "production, financing, and investment", enhancing collaboration in "manufacturing, leasing, and transportation" within the shipping industry, and accelerating the pivot of container manufacturing toward high-end, intelligent, and eco-friendly solutions. We constantly improve our international service capabilities in container leasing and have seen robust growth in our shipping leasing assets. This promotes win-win results throughout the industry chain and establishes us as a world-class shipping and finance service operator with COSCO SHIPPING's characteristics.

Key Industry-Finance Integration Projects in 2024

Newbuilding project for 42 bulk carriers

To deepen the integration of manufacturing, leasing, and transportation in the shipping industry, we have commissioned COSCO Shipping Heavy Industry Co., Ltd. and CSSC Chengxi Shipyard Co., Ltd. to build 42 environmentally friendly, self-contained, and versatile bulk carriers, which will be leased to COSCO Shipping Bulk Co., Ltd. to generate stable, long-term income. We have developed an industry-finance service plan that covers the shipbuilding and leasing payments exclusively in RMB to reduce exchange-rate risks. Additionally, we have contributed to the development of the Hainan Free Trade Port, restructured our ship asset operation service platform, and invested in three new subsidiaries in Haikou to undertake industry-finance integration projects. These efforts support our evolution into a value-oriented investor and an innovative service provider in industry-finance integration.

Pilot project for the return of a flag of convenience (FOC) vessel to China's registry in Hainan

The ownership of a 62,000 DWT multi-purpose pulp carrier flying the Hong Kong flag was transferred to our Haikou subsidiary, marking the first FOC ship registered in the Hainan Free Trade Port. The project pioneered the model that features change in ownership without re-flagging, demonstrating operational flexibility and concentrating resources. It also bolsters the initiative for building a regional shipping hub.

Shipping Capacity

2024

Number of container ships

78

(Excluding the two 700 TEU pure battery-powered container ships of COSCO SHIPPING Green Water (Shanghai) Shipping Co., Ltd.)

Container capacity

589,500 TEU

Number of bulk carriers

32

Bulk carrier capacity

4,613,700 DWT

Number of special ships

10

Special ship capacity

616,600 DWT

Innovation-Driven Progress

In light of the unpredictable global shipping market, we focus on "digital intelligence" and "low-carbon development" to propel innovation-driven growth. We have accelerated the development of new quality productive forces and comprehensively enhanced our value creation capabilities, striving to become a world-class shipping and finance service operator with COSCO Shipping's characteristics.

Innovation Management

In 2024, we enhanced our technological innovation management system by refining our organizational structure and improving our management rules and plans. When it comes to the organizational structure, we set up the Technological Innovation and Digital Transformation Department to coordinate efforts across all sectors. Our subsidiary, Shanghai Universal, restructured SULT by establishing two R&D bases for products and one for processes and equipment. Regarding management rules, we revised protocols, including the *Regulations on Research Project Management* and the *Administrative Measures for the Management of Informatization Work*. We also helped our subsidiaries release over 10 policies concerning the capitalization of technological achievements, intellectual property management, and training of innovative talent, in an effort to stimulate innovation through policy guidance and institutional support. As far as planning goes, in line with business realities and market trends, we drafted the *14th Five-Year Plan for Technological Development and Digital Transformation of the Industry-Finance Platform (Mid-term Revision)*, which includes a Sub-Plan for Artificial Intelligence, setting the strategic direction for technological innovations.

Resource Support for Technological Innovation

We systematically drive technological innovation with two engines: increasing R&D investment and expanding the tech team. In 2024, we boosted funding for special containers, among others, with total R&D expenditures reaching RMB 243 million. We have maintained an efficient R&D financing chain by raising funds in the open market and accessing earmarked funds from the government, among other methods. In 2024, the amount we raised through technological innovation loans and bonds surpassed RMB 2 billion. To support our digital intelligence and low-carbon development, we vigorously attract and train interdisciplinary professionals with a strong capacity for innovation. In particular, we have accelerated the formation of strategic and application-oriented talent teams by holding the Workshop on Technological Innovation and Digital Talent.

Shanghai Universal Intellectual Property Management System

Building an intellectual property management system

The *Intellectual Property Management Measures* has been developed to specify departmental responsibilities and intellectual property management procedures.

A dedicated team has been formed to manage patent processes, keep track of market trends, and promptly address intellectual property disputes. During R&D collaboration with external partners or when new technologies are introduced, intellectual property ownership is clearly defined in the agreements.

Optimizing the mechanism for intellectual property risk management

Incentivizing intellectual property contributions

The *Intellectual Property Reward Measures* and a multi-incentive mechanism have been created to stimulate employee participation in intellectual property innovation, protection, and application.

The platform enhances management efficiency by digitizing and automating processes for intellectual property application, approval, and maintenance.

Building an intellectual property management platform

Our Technological Innovations

In 2024, the Company spearheaded high-quality industrial development through standards development. Internationally, we submitted two IMO proposals — the *Proposal for Revising the Convention on the Safe Use of Energy Storage Cabinets with Interchangeable Lithium-ion Batteries* and the *White Paper on Technological Development for Energy Storage Cabinets with Interchangeable Lithium-ion Batteries* — laying the foundation for the safe use of lithium-ion marine battery technology worldwide. Domestically, Shanghai Universal drafted and published the national occupational standards for welding equipment assembly and debugging. The company also participated in the drafting and publication of two group standard documents, further increasing its influence in the industry.

At the 14th China International Energy Storage Conference, DFIC Qidong received the Award for the Most Innovative Enterprise of 2024 in China's Energy Storage Industry.

The "non-walk-in energy storage container project" won the 2024 Jiangsu Renewable Energy Technology Innovation Award.

At the 6th National Equipment Management and Technological Innovation Conference, DFIC Ningbo and DFIC Jinzhou won first prize in the categories of management and technological innovations respectively, while DFIC Qingdao, DFIC Lianyungang, and DFIC Qidong received second prizes in the category of technological innovations.

SULT was recognized as a "specialized and sophisticated" SME in Shanghai.

By the end of 2024, the Company had earned one hi-tech enterprise certification.

Awards



2024

COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland

R&D investment amount

243 million

R&D investment as a percentage of revenue from main business segments

3.05%

Number of researchers and developers

436

Number of invention patents used for main business segments

65

Number of invention patent filings

30

Number of invention patent grants

14

Number of valid patents

669



Product Development

In 2024, we stepped up efforts to develop special containers, including refrigerated containers, agricultural containers, chassis-mount-ed containers, and land-based energy storage containers, to expand our product portfolio. Shanghai Universal explored new models for industry-university-research collaboration by partnering with Shanghai Jiao Tong University Ningbo Artificial Intelligence Institute, China University of Petroleum, Nantong University, and Guangdong University of Technology. Through these partnerships, Shanghai Universal aimed to establish R&D bases that focus on equipment, systems, and new materials and products, injecting fresh momen-tum into its high-quality development.

Shanghai Universal's Progress in Product Development in 2024

Development and application of special containers

In 2024, we developed 14 special containers and witnessed breakthroughs in our cold chain safety project. Specifically, our new planting containers addressed the challenge of supplying fresh vegetables to ocean-going crews, paving the way for our expansion into the realm of industrial farms.

Development of green products/materials

We have developed novel coatings, Tsingtuo stainless steel, and liquid blowing agent (LBA) to reduce container weight and carbon emissions. Notably, DFIC Qidong has advanced two research programs: "Large-Scale, Smart, Zero-Carbon Charging and Battery Swapping for the Yangtze River" and "Energy Storage Container Development".



Case Fulfilling North American Demands for Single-phase Refrigerated Containers

DFIC Qingdao has successfully developed single-phase refrigerated containers to meet the needs of the North American market for large domestic chillers/freezers. The containers are equipped with cooling units that can run in either alternate operation or single-unit operation modes, which significantly enhance the containers' lifespan and reduce cargo damage rates. Furthermore, these containers boast a three-level security system featuring token-based recharge, a remote operations gateway, and magnetic contacts, ensuring both operational efficiency and personnel safety. So far, a prototype container has been certified by a ship classification society.



▲ Prototype of Single-phase Refrigerated Containers

Intelligent Manufacturing

In 2024, Shanghai Universal intensified its push toward smarter production by investing over RMB 10 million in robot welding and painting automation. This investment led to the completion of 30 intelligent manufacturing projects, markedly boosting production efficiency and cutting costs. DFIC Ningbo and Shanghai Jiao Tong University Ningbo Artificial Intelligence Institute leverage each other's strengths and jointly conduct AI-based visual quality inspections, build data model knowledge bases, develop automation processes and technologies, and provide training programs. These efforts laid the groundwork for the innovation-driven development of the intelligent container manufacturing industry.



Case **AI Makes Container Manufacturing Safer and Smarter**

Focusing on the safety of container manufacturing, Shanghai Universal integrates AI-driven hardware and software systems for intelligent identification and real-time alerts of violations, along with dynamic management of main production areas. A pilot factory has already been established, and there are plans to progressively roll out this upgrade across other container factories.

DFIC Jinzhou was named "Liaoning-based Smart Factory of the Year 2023".

DFIC Qingdao was included in 2024 5G Factory Directory of the Ministry of Industry and Information Technology (MIIT) and named an "intelligent manufacturer in Shandong".

DFIC Lianyungang and DFIC Qidong were named "Jiangsu-based Intelligent Workshops of the Year 2024".

DFIC Qidong's "Digital Design for Manufacturing Processes" initiative was recognized as an Exemplary Scenario of Intelligent Manufacturing by the MIIT in 2024.

In 2024, DFIC Lianyungang was honored as a "Jiangsu-based five-star enterprise in the cloud".

DFIC Ningbo as a "5G Fully Connected Factory in Zhejiang". DFIC Ningbo also passed China Electronics Standardization Institute's assessment on intelligent manufacturing capabilities, securing a Maturity Level 3 Certificate. This achievement makes it the first enterprise in the container manufacturing industry to pass this assessment.

Awards



Digital Transformation

According to COSCO SHIPPING's 14th Five-Year Plan for Technological Development and Digital Transformation of the Industry-Finance Platform (Mid-term Revision), we have proactively advanced the "global digital supply chain" strategy by forming a steering group and a working group to comprehensively push forward technological innovation and digital transformation.




Core Digital Transformation Tasks in 2024


- Building the operational management portal**
In 2024, we initiated Phase I of the portal project, which involved consolidating day-to-day production and operational data from various departments and units to govern five subject areas and develop ten visualized operational data analysis modules, enabling management cockpit (production dashboard) and dynamic supervision. We are currently progressing with Phase II, which focuses on launching and iterating modules for Party-building, safety, and environmental protection, all enhanced by digital and intelligent technologies. This phase will also enhance AI-driven applications, such as queries about established rules. To sum up, the project facilitates the integration, querying, and analysis of day-to-day production and operational data in a digital and visualized format, which can improve the efficiency of internal collaboration, support management decision-making, and advance the digital transformation of our industry-finance platform.
- Enhancing the cost-effectiveness of warehouse management through WMS**
Shanghai Universal's warehouse management system (WMS), which integrates digital and intelligent technologies, is an efficient and integrated warehouse management platform with three core functions — automated data collection, precision inventory management, and digital identification of steel coils. The system effectively improves operational efficiency and reduces management costs.
- Migrating and improving iFlorens' core function**
In 2024, the container leasing function of the iFlorens digital operation platform was successfully migrated and upgraded, significantly enhancing the platform's operational efficiency. This update involved modules like leasing contracts, pickup orders, termination orders, as well as real-time information about lease start and end.
- Digitizing container yard management through an open API platform**
Using international API standards, Florens has developed an open platform that covers the core business elements of container yards, including container pickup/return instructions, entry/exit information, and repair cost estimates. By interfacing with yard systems through APIs, the platform has automated data transmission, which improves management efficiency and greatly reduces manual data entry. In 2024, the platform processed data for over 20,000 containers across 16 yards.
- Upgrading the sanctions monitoring function of the digital shipping leasing platform**
The Division of Shipping Leasing has successfully upgraded its digital operations platform by introducing an automated alert system for vessels subject to international sanctions and optimizing the function that screens customers against sanctions. These improvements have boosted our ability in digital risk management.

In 2024, iFlorens "digital solution to the management of global retired containers", received third prize at the 4th Central State-owned Enterprise Innovation and Creativity Competition organized by SASAC.

Florens' digital collaboration platform for global container industry chains was recognized by the Chinese Industrial Cooperation Association as a "second-grade management innovation from an SOE in 2024".

Awards





Case **DFIC Qidong Drafts and Issues the Digital Simulation Standard for the Container Industry**

T/CCIASD 10013-2024 *Guidance for Finite Element Analysis of Platform-based Container Structures*, a set of container industry group standards drafted mainly by DFIC Qidong, has been officially issued and implemented. These standards integrate finite element analysis technology with product development, filling a gap in digital simulation standards for the container industry.

New Initiatives in Customer Service

COSCO SHIPPING Development always puts customers first. We consistently improve our quality management systems to deliver exceptional quality. We focus on creating value for customers, constantly promoting service upgrades, and comprehensively enhancing our brand influence.

Enhancing Quality Management

In terms of container manufacturing, Shanghai Universal has revised the *Raw Materials Quality Management Regulations* and the *Regulations on the Information Collection and Investigation of Product Quality Incidents*.

When it comes to container leasing, Florens has revised the *Manual of Inspection Standards for New Refrigerated Containers*, the *Inspection Standards for Foldable Containers*, and the *Inspection Standards for Tank Containers*. The company also optimized the key control points for dry, standard, and special containers. Additionally, in collaboration with the China Classification Society (CCS), Florens has completed the mid-term review of the Approved Continuous Examination Program (ACEP), ensuring compliance with the International Convention for Safe Containers.

Where shipping leasing is concerned, the Division of Shipping Leasing has rigorously implemented its *Ship Asset Management Regulations*, *Ship Manager Supervision Regulations*, *Shipyards Management Procedures*, *Onboard Inspection SOP*, and *Ship Management Services Procurement Regulations*, strengthening quality control across all business processes.

System	Scope	Certification	Issued by	Expiry Date
Quality management system	Shanghai Universal's headquarters: Container design and after-sales service	ISO 9001	CCSC	December 9, 2025
Quality management system	DFIC Jinzhou, DFIC Qingdao, DFIC Lianyungang, DFIC Qidong, DFIC Ningbo, and DFIC Guangzhou: Container design, manufacturing, and after-sales service	ISO 9001	CCSC	DFIC Guangzhou: December 9, 2025 DFIC Jinzhou: December 9, 2025 DFIC Lianyungang: December 9, 2025 DFIC Ningbo: September 16, 2026 DFIC Qidong: September 21, 2026 DFIC Qingdao: September 9, 2026

▲ Shanghai Universal's Quality Management System Certifications

Shanghai Universal's Quality Management Measures

Fostering employees' quality awareness

We have comprehensively enhanced employees' quality awareness and professionalism through the Quality Month campaign themed "Cultivating New Quality Productive Forces to Empower High-Quality Development".

Controlling the quality of raw materials

In addition to routine inspections, we conduct quarterly spot checks and maintain weekly and monthly reports on the quality of raw materials. Furthermore, we promptly organize and analyze data and provide feedback to procurement units to effectively prevent incidents related to batch quality.

Promoting the standardization of the quality assurance process

By regularly carrying out factory quality inspections, organizing routine quality meetings, establishing a quality data dashboard, and conducting customer satisfaction surveys, we have promoted improvements in quality management, ensuring the reliability and stability of our product quality.

Key Performance Highlights

2024

Shanghai Universal achieved an average first time quality rate of **98.90%** and a first pass yield of **99.87%**.

In 2024, DFIC Qidong's "Most Beautiful Armor" quality task force earned third prize at the 7th Competition for Quality Control Teams from Central State-owned Enterprises, for the comprehensive and systematic improvements they made in the quality of energy storage container products.

Awards



Optimizing Customer Services

In 2024, we comprehensively enhanced our customer services by coordinating leasing and manufacturing and optimizing our international network. The Leasing-Manufacturing Coordination Management Committee for our industry-finance platform facilitated collaboration between the container factories of Florens and Shanghai Universal. It provided customers with integrated service solutions that encompass vital processes including quality control and quick delivery of containers. Additionally, Florens developed the *Plan for Further Improving the Distribution of Overseas Outlets*, aiming to enhance its international presence while securing necessary resources. In 2024, Florens added 12 container yards along the Belt and Road and in other high-demand areas, significantly boosting our regional service capabilities.

Safeguarding Customer Interests

According to its *Customer Complaint Management Procedures*, Shanghai Universal specifies the responsible departments based on the issue type, categorizes complaints by their impact severity, and swiftly develops custom solutions to minimize customer losses. We constantly enhance our complaint response mechanism, implement a comprehensive monitoring and accountability system, and analyze customer complaints to identify service deficiencies. Cross-departmental collaboration enables us to transform customer feedback into actionable strategies for enhancing service quality and customer trust. In 2024, COSCO Shipping Development and its subsidiaries sold or shipped 1,942,971 products and reported zero complaints or product recalls.

Over the year, Shanghai Universal conducted satisfaction surveys with 72 DFIC Hong Kong clients, assessing factors including adherence to production schedules, product quality, container and cabinet delivery, complaint response speed, and communication and customer service quality. The satisfaction rate was 99.74%.

Protecting Customer Privacy

COSCO SHIPPING Development has established confidentiality protocols such as the *Information Disclosure Management Procedures* and the *Trade Secret Protection Procedures*. Through the execution of confidentiality agreements, incorporation of confidentiality clauses into contracts, and other measures, we rigorously protect customer privacy and trade secrets. In 2024, the Company reported no incidents of customer privacy breaches.





4 Forging a Low-Carbon Path to Sustain the Green Dream

A robust ecological environment underpins our long-term development.



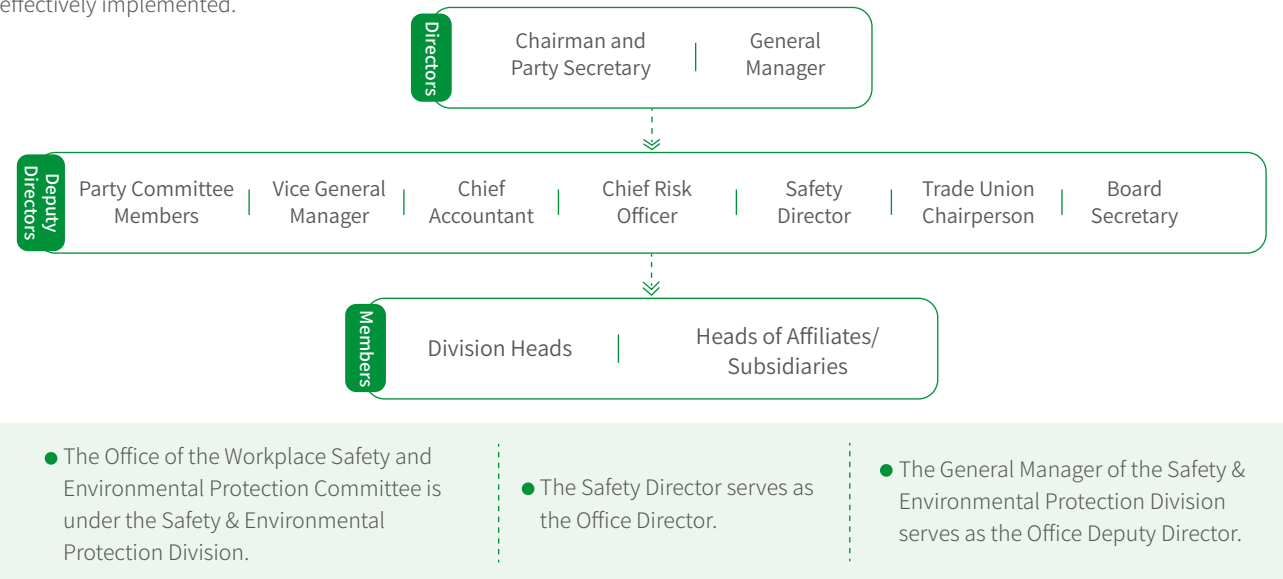
COSCO SHIPPING Development is committed to a green and smart approach to shipping. Through its low-carbon transition, the Company aims to balance business growth with environmental sustainability. Green principles are embedded across the entire value chain — from manufacturing and offerings to assets and financing. By working closely with supply chain partners, we are taking concrete steps to fulfill our shared responsibility in advancing global climate goals.

Adopting a Multi-Faceted Approach to Environmental Management

COSCO SHIPPING Development maintains strict compliance with applicable laws and regulations, including the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Energy Conservation Law of the People's Republic of China*. Guided by the latest national environmental policies and the broader vision of ecological civilization, we have developed — and continue to refine — a set of internal environmental policies based on our operational realities. In 2024, the Company had no environmental incidents.

Organizational Structure

Sustainability is fully embedded in our corporate strategy. We are continually enhancing our environmental management systems to strengthen green competitiveness and set new standards for responsible corporate leadership. To support these efforts, the Company has established a Workplace Safety and Environmental Protection Committee, led jointly by the Chairman, the Party Secretary, and the General Manager. The Committee formulates strategic goals and implementation plans for environmental management, and also builds an environmental performance monitoring and auditing system. Shanghai Universal, a container manufacturing arm of COSCO SHIPPING Development, operates under the Company's environmental oversight. In turn, it is responsible for ensuring that all container factories under its management comply fully with applicable environmental regulations and standards. The General Managers and the Party General Branch Secretaries of Shanghai Universal and its container factories serve as the primary stewards of environmental management. Through clear delegation of goals and responsibilities, they ensure that environmental requirements are consistently and effectively implemented.



▲ Workplace Safety and Environmental Protection Committee of COSCO SHIPPING Development

Environmental Management Mechanism

COSCO SHIPPING Development has issued the *2024 Workplace Safety and Environmental Protection Responsibility Statement*, which has been formally signed and implemented across all levels of the organization. The Company also adheres to its *Regulations on Workplace Safety and Environmental Protection Performance Evaluation*, conducting thorough assessments of all departments and affiliates/subsidiaries. At the end of each year, environmental performance is evaluated based on both implementation processes and outcomes, with reference to the benchmarks outlined in the *Responsibility Statement*.

In addition, the Company has established an Emergency Response Steering Group and an Emergency Response Office to continuously enhance its capabilities in managing environmental emergencies and ensuring comprehensive, end-to-end accident response. COSCO SHIPPING Development has also developed the *Emergency Response Plan for Workplace Safety and Environmental Protection* to strengthen emergency preparedness and coordination, while reinforcing the Company's commitment to protecting employee health and safety.

Environmental Management System Certification and Auditing

System	Auditee and Audit Coverage	Certification	Issued By	Expiry Date
Environmental management system	Shanghai Universal's headquarters: Container design and after-sales service	ISO 14001	CCSC	December 9, 2025
Environmental management system	DFIC Jinzhou, DFIC Qingdao, DFIC Lianyungang, DFIC Qidong, DFIC Ningbo, and DFIC Guangzhou: Container design, manufacturing, and after-sales service	ISO 14001	CCSC	DFIC Guangzhou: December 9, 2025 DFIC Jinzhou: December 9, 2025 DFIC Lianyungang: December 9, 2025 DFIC Ningbo: September 16, 2026 DFIC Qidong: November 26, 2026 DFIC Qingdao: September 9, 2026

▲ Environmental Management System Certification

Audit	Auditee	Frequency	Focus	Result
Annual audit of environmental management system	Shanghai Universal's headquarters and six container factories	Annually	Monitor and assess how consistently an organization's environmental management system aligns with auditing standards, thereby deciding whether to endorse the continuation of its certification.	The certification is maintained.
Annual audit of energy management system	Six container factories	Annually	Monitor and assess how consistently an organization's energy management system aligns with auditing standards, thereby deciding whether to endorse the continuation of its certification.	The certification is maintained.

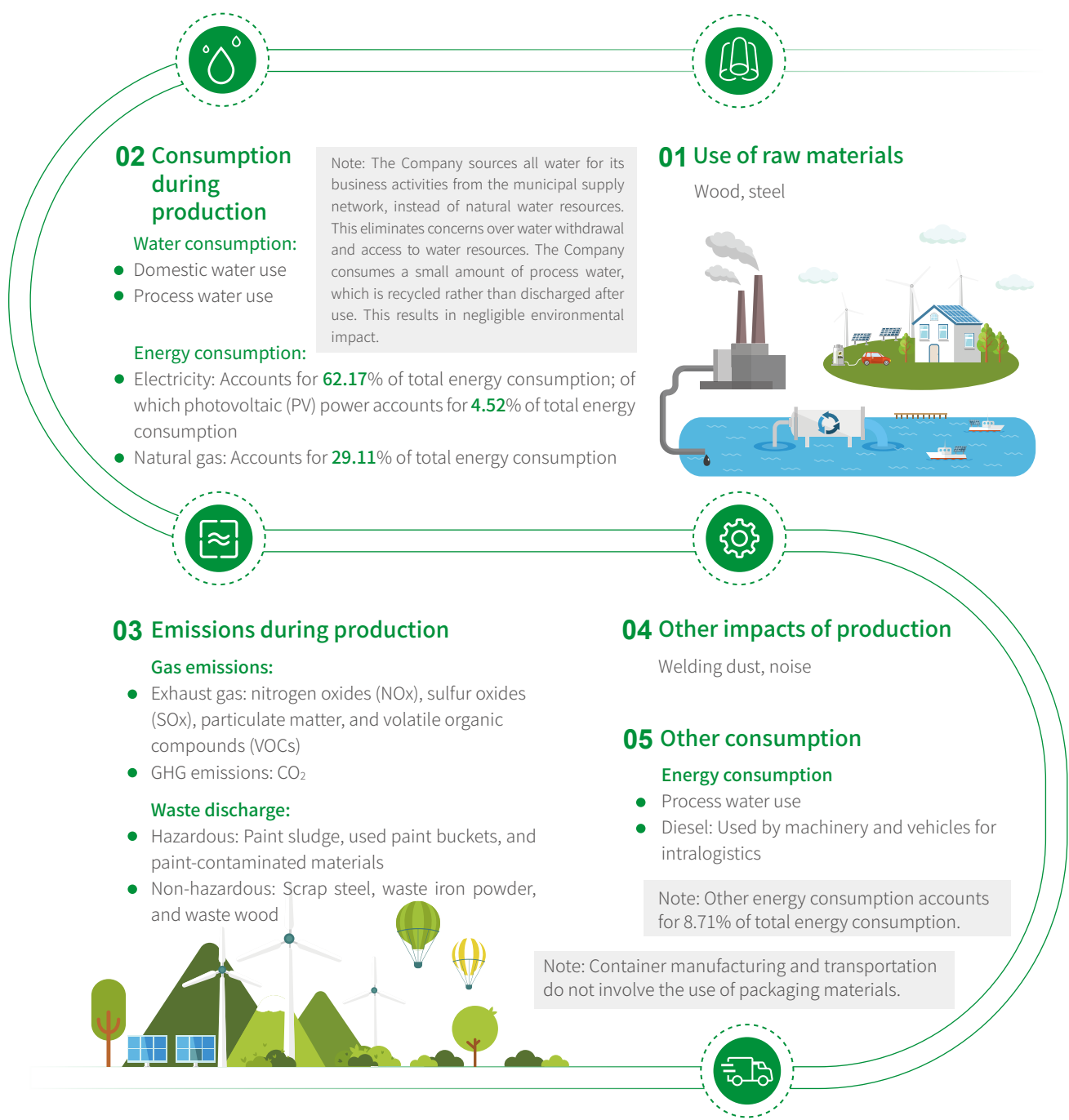
▲ External Audits of Environment and Energy Management Systems

Audit	Auditee	Frequency	Focus	Result
Internal audit of environmental management system	Shanghai Universal's headquarters and six container factories	Annually	Compliance and effectiveness of the organization's environmental management system	The environmental management system is appropriately, thoroughly, effectively, and sustainably implemented across the headquarters and container factories.
Annual audit of energy management system	DFIC Jinzhou, DFIC Qingdao, DFIC Lianyungang, DFIC Qidong, DFIC Ningbo, and DFIC Guangzhou	Annually	Compliance and effectiveness of an organization's energy management system	The energy management system is appropriately, thoroughly, effectively, and sustainably implemented across all container factories.

▲ Internal Audits of Environment and Energy Management Systems

Environmental Impact Identification and Management

Within COSCO SHIPPING Development, container manufacturing is the most environmentally impactful business. Shanghai Universal proactively identifies key environmental impacts across the manufacturing process. It works to minimize impacts on ecosystems and biodiversity by managing critical control points and setting targeted environmental objectives. It also tracks and reports on key performance indicators, including energy use and carbon emissions, waste management, and utilization of water resources.



In 2024, Shanghai Universal and its affiliated container factories strictly implemented the *Environmental Protection Guidelines* and other relevant policies. In addition, annual management targets were set for key environmental factors, aiming to drive continuous improvement in environmental performance.

▼ Shanghai Universal's Key Environmental Regulations

Major Environmental Impact	Main Regulations and Documents
The use of wood, steel, and other raw materials	<i>Shanghai Universal Procurement Management Measures</i> <i>Shanghai Universal Regulations on Centralized Procurement Management</i>
Domestic wastewater discharge	<i>Piping Plan</i> <i>Regulations on Wastewater Discharge Management</i> <i>Wastewater Treatment Station Operational Log</i>
Water consumption	<i>Regulations on Energy Conservation and Emissions Reduction Management</i>
Energy consumption	<i>Regulations on Energy Conservation and Emissions Reduction Management</i>
Exhaust gas (including VOCs) and GHG emissions	<i>Regulations on Exhaust Emission Management</i> <i>Exhaust Gas Monitoring Guidelines</i> <i>Exhaust Emission Environmental Testing Report</i>
Hazardous waste discharge	<i>Regulations on Solid Waste Pollution Prevention and Control</i> <i>Hazardous Waste Management Guidelines</i> <i>Hazardous Waste Disposal Agreement</i> <i>Hazardous Waste Disposal Record</i> <i>Hazardous Waste Manifest</i> <i>Guidelines for Temporary Storage and Management of Hazardous Waste</i>
Non-hazardous waste discharge	<i>Regulations on Solid Waste Pollution Prevention and Control</i> <i>Garbage Sorting Management Measures</i> <i>Kitchen Waste Management Measures</i> <i>Kitchen Waste Disposal Agreement</i> <i>Solid Waste Disposal Record</i>
Welding dust	<i>Regulations on Solid Waste Pollution Prevention and Control</i> <i>Regulations on Construction Site Environmental Management</i>
Noise	<i>Regulations on Noise Management</i>

Synergizing Efforts to Address Climate Change

Governance

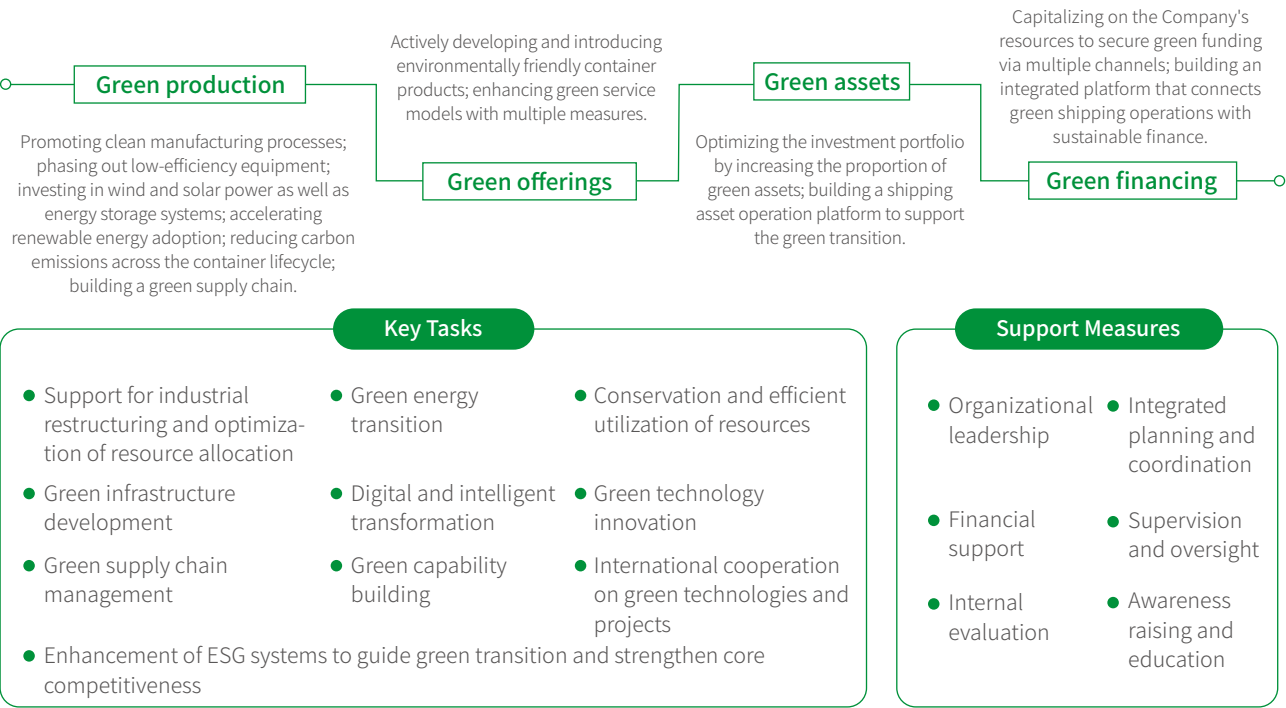
COSCO SHIPPING Development recognizes climate change response as a key material topic for its sustainability management. The Company has established a Carbon Peaking Steering Group and corresponding working groups to guide, coordinate, and advance its carbon peaking efforts. Cross-functional coordination is carried out among various departments and subsidiaries, including the Department of Strategic Development, the Department of Industrial Investment, Shanghai Universal, and the Division of Shipping Leasing.

Shanghai Universal has implemented the *Regulations on Energy Conservation and Emissions Reduction Management*, under which emissions reduction responsibilities are integrated as binding criteria into the performance evaluations of department heads. Based on the Company's overall annual energy conservation and emissions reduction (ECER) targets, specific indicators are allocated to individual departments and incorporated into their respective responsibility statements. Performance is evaluated in accordance with the *Energy Conservation and Emissions Reduction Performance Scoring Sheet*. If a major environmental incident results in significant social impact, or a serious violation of ECER requirements leads to adverse consequences, all performance-based bonuses may be forfeited.

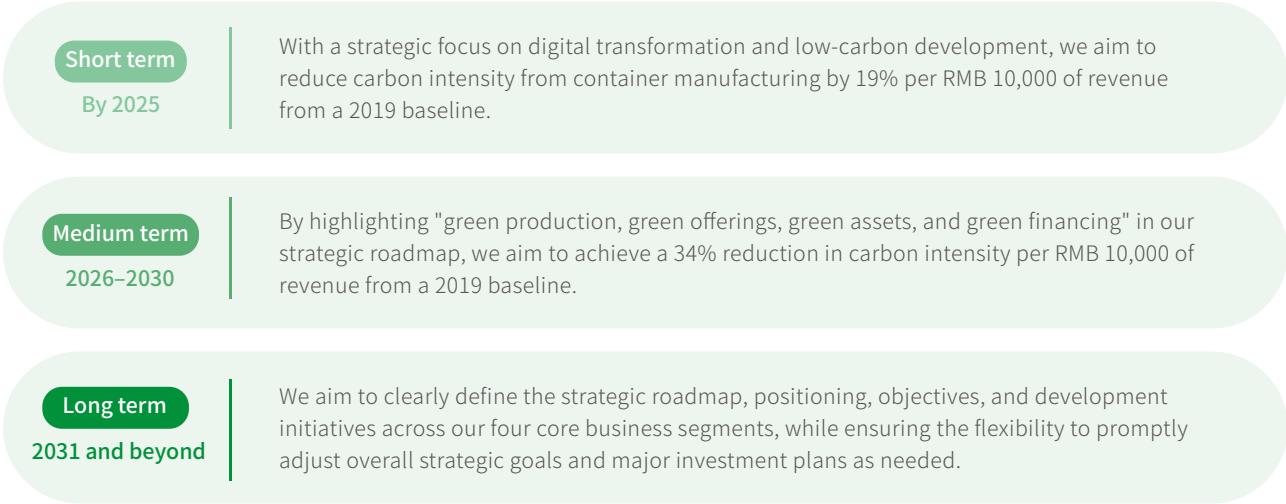
Strategy

COSCO SHIPPING Development keeps track of domestic and international regulatory trends, adapts to evolving environmental standards in the container manufacturing and leasing industry, and stays responsive to emerging customer needs. With deep insights into the unique characteristics of each business segment, the Company focuses on five strategic priorities: material innovation and efficient use, energy decarbonization and system efficiency optimization, technological innovation and process improvement, resource conservation and recycling, and reduction of product carbon footprint. In 2023, the Company introduced a comprehensive roadmap for its low-carbon transition. The roadmap outlines four strategic pillars and eight implementation pathways, with clearly defined tasks for each business segment. Each segment thereby develops actionable plans, setting measurable targets, and ensuring clear lines of individual accountability. For the container manufacturing segment, the long-term goal is to achieve carbon neutrality by 2050.

Four Pillars of Low-Carbon Transition

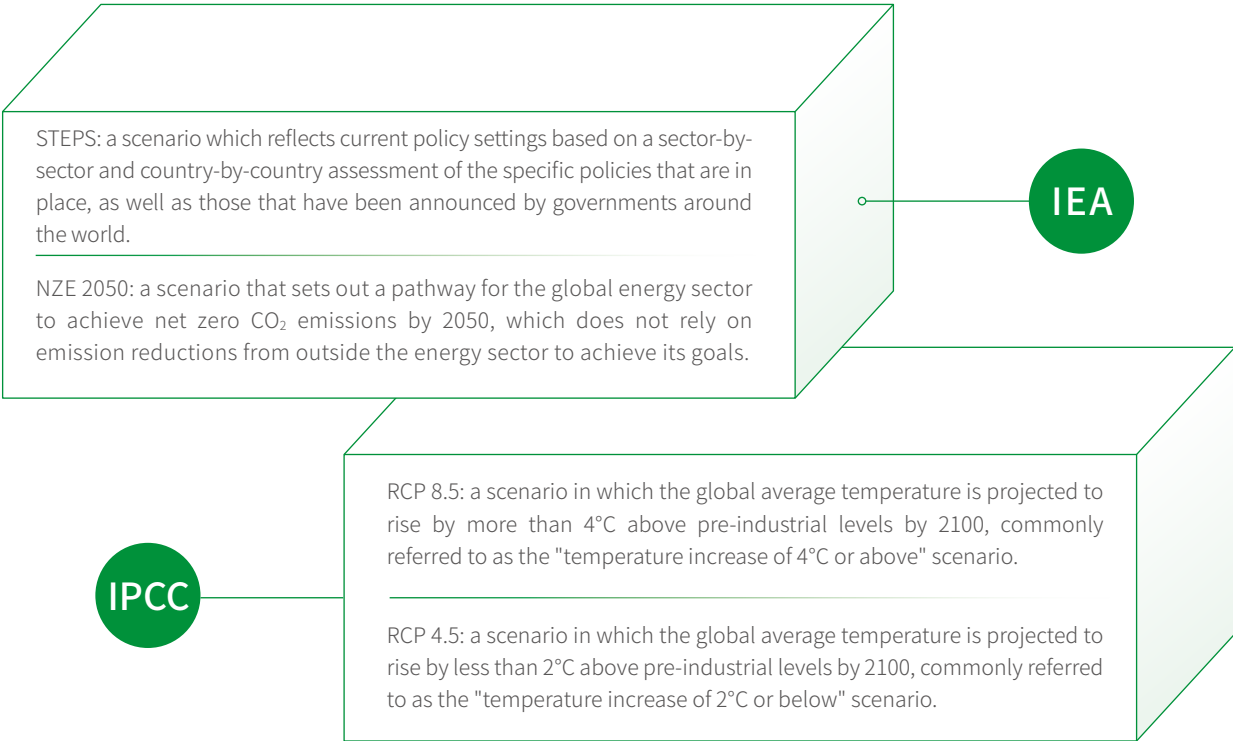


We proactively identify climate-related risks and opportunities across our container manufacturing and leasing, ship leasing, and broader supply chain and value chain operations, across short-, medium-, and long-term timeframes. We assess financial risks, such as additional construction and operating costs, and evaluate both current and projected financial impacts. These insights inform the design of climate response mechanisms and strategies tailored to each timeframe, helping strengthen the Company's adaptation to climate change.



▲ Timeframe Definitions & Corresponding Strategy and Resource Planning

COSCO SHIPPING Development adopts internationally recognized climate scenario analysis methodologies to conduct a systematic assessment of climate-related risks and opportunities. The analysis draws on several models, including the International Energy Agency (IEA)'s "Net Zero Emissions by 2050 Scenario (NZE 2050)" and "Stated Policies Scenario (STEPS)," as well as the Intergovernmental Panel on Climate Change (IPCC)'s "Representative Concentration Pathways (RCPs)".



Climate-Related Risks						
Category		Description	Financial Impact	Business Model and Value Chain Impact	Period	Strategy and Business Model
Transition risks	Policy and legal risks	Shipping leasing <ul style="list-style-type: none">Ship and container lessees could find their ability to fulfill contractual obligations compromised if they fail to meet the environmental management and carbon emission disclosure requirements set by the IMO's policies on reduction of GHG emissions from ships and the EU's "Fit for 55" package.	<ul style="list-style-type: none">As shipping decarbonization policies and EU regulatory requirements tighten, our container factories — located primarily in the Yangtze River Delta and Pearl River Delta regions are under growing pressure to reach carbon peaking targets ahead of schedule, which may drive up compliance costs.	Upstream Our operations	Short term Medium term Long term	Shipping leasing <ul style="list-style-type: none">Promoting the use of clean energy-powered ships.Upgrading/Retrofitting the fleet and including more advanced ship models.
		Container manufacturing <ul style="list-style-type: none">The <i>China Container Industry Association Self-discipline Convention on VOCs Governance</i> ("VOCs Convention") signed in March 2016, along with national standards for air pollutant emissions in the container manufacturing industry, imposes higher emission reduction requirements on the industry.Our container factories are primarily situated in administrative areas in the Pearl River Delta and Yangtze River Delta. These areas are under significant pressure to achieve carbon peaking before the set deadlines. This presents grave challenges for key energy-intensive sectors, such as manufacturing.The electricity generation sector is already part of the national carbon emission trading market. China may include the steel industry and other energy-intensive sectors in the market during the "14th Five-Year Plan" period. Industries subject to stringent carbon emission regulations,such as electricity and steel, may experience reductions in their output, thus affecting the raw material supply for container manufacturing.				Container manufacturing <ul style="list-style-type: none">Upgrading manufacturing equipment to reduce carbon emissions in container manufacturing.
	Technical risks	Shipping leasing <ul style="list-style-type: none">The low-carbon transition in the shipping industry necessitates the retrofitting of conventional ship propulsion systems. Container manufacturing <ul style="list-style-type: none">Energy-intensive products such as conventional refrigerated containers require technological upgrades.	<ul style="list-style-type: none">As part of the transition to low-emission energy, retrofitting ship propulsion systems and installing PV systems at container factories may lead to higher operating costs.	Our operations	Short term Medium term Long term	Shipping leasing <ul style="list-style-type: none">Adopting high-efficiency, low-emission engines and electric propulsion systems. Container manufacturing <ul style="list-style-type: none">Modernizing container production lines and optimizing the product mix.
	Market risks	Shipping leasing <ul style="list-style-type: none">Climate change adds uncertainties to shipping routes and transportation safety, which could reshape consumer behavior.Regulatory pressures from international authorities such as the IMO and EU, industry initiatives such as the Poseidon Principles and Sea Cargo Charter, and demands from the supply chain (e.g. an increasing number of cargo owners have announced decarbonization targets) are reshaping consumer behavior. As a result, there may be a growing trend towards the use of environmentally friendly and energy-efficient ships to align with the carbon reduction goals of the shipping industry.	<ul style="list-style-type: none">Customer preferences are shifting toward green ships and container products, reducing demand for conventional offerings. In addition, extreme weather events undermine lessees' ability to fulfill contractual obligations, which may further impact our revenue.	Our operations Downstream	Medium term Long term	Shipping leasing <ul style="list-style-type: none">Investing in green ships to support customers' low-carbon transport needs.

Climate-Related Risks						
Category		Description	Financial Impact	Business Model and Value Chain Impact	Period	Strategy and Business Model
Transition risks	Market risks	<p>Container manufacturing</p> <ul style="list-style-type: none">Customers may include carbon metrics in their assessments of suppliers. Should we fail to offer energy-efficient, low-carbon container products, we will risk losing customers and facing a decline in business demand.				<p>Container manufacturing</p> <ul style="list-style-type: none">Developing low-carbon refrigerated containers to gain a competitive edge. These include energy-efficient models, new-energy-powered models, and those using low-GWP (global warming potential) refrigerants as replacements for traditional systems that consume a significant amount of energy.
	Reputational risks	<ul style="list-style-type: none">Our reputation will be compromised if we cannot meet stakeholders' heightened requirements for climate-related disclosure and management.	<ul style="list-style-type: none">Reputational damage and the resulting loss of orders will lead to a decline in revenue. loss of orders will lead to a decline in revenue.	Upstream Our operations Downstream	Medium term Long term	<ul style="list-style-type: none">Providing high-quality sustainability disclosures to meet the expectations of regulators, investors, customers, and the media.
Physical risks	Acute risks	<p>Shipping leasing</p> <ul style="list-style-type: none">Extreme weather events may cause damage to ships, leading to increased maintenance costs.Extreme weather events could cause damage to ships and containers, disrupting the operations of lessees and impairing their ability to fulfill their contractual obligations. <p>Container manufacturing</p> <ul style="list-style-type: none">Extreme weather events may result in the loss of assets such as containers and factories, there by disrupting production.Employees' efficiency decreases under extreme weather conditions, such as high temperatures and heavy rain and snow.The supply and transportation of steel and wood are susceptible to extreme weather, which undermines supply chain stability and productivity.	<ul style="list-style-type: none">Extreme weather events can damage assets such as ships, containers, and factory facilities, resulting in impairment of fixed assets.Disruptions in the transportation and supply of raw materials, such as steel and wood, caused by extreme weather lead to reduced production capacity and declined revenue.	Our operations Downstream	Medium term Long term	<p>Shipping leasing</p> <ul style="list-style-type: none">Performing routine inspection and maintenance of equipment, and monitoring official weather updates before and during voyages. <p>Container manufacturing</p> <ul style="list-style-type: none">Enhancing emergency management and implementing protective measures to reduce the impact of extreme weather on factory operations and employee safety.
		Chronic risks	<p>Shipping leasing</p> <ul style="list-style-type: none">Long-term environmental changes, such as heat waves and rising sea levels, are likely to cause shipping delays and reduce short-term profitability, which may impair the lessee's ability to fulfill their contractual obligations. <p>Container manufacturing</p> <ul style="list-style-type: none">Long-term environmental changes, such as rising temperatures, could lead to increased energy consumption and costs during the manufacturing process.The costs of preventive measures and insurance premiums to enhance the resilience of containers and other equipment against these risks are expected to rise.	<ul style="list-style-type: none">Disruptions in contract fulfillment may lead to reduced revenue.As GHG emissions are increasingly associated with lending activities we face rising financing and low-carbon transition, amid the trend for capital costs.Higher insurance premiums may push up administrative expenses.	Our operations Downstream	Long term

Climate-Related Opportunities					
Category	Description	Financial Impact	Business Model and Value Chain Impact	Period Dimension	Strategy and Business Model Adjustment
Products and services	Shipping leasing <ul style="list-style-type: none">There is a growing demand for green, low-carbon ships. Container manufacturing <ul style="list-style-type: none">Introducing new eco-friendly container products can not only retain existing customers but also attract new ones.By emphasizing carbon footprint in marketing and publicity efforts and on product labels, we can cater to the shifting consumer preference towards low-carbon products.	<ul style="list-style-type: none">As customer demand for green products and services continues to rise, we offer green ship leasing and financing solutions and eco-friendly container products, while strengthening carbon footprint labeling and communication. These efforts help enhance customer retention, attract potential clients and investors, and drive revenue growth.	Our operations Downstream	Short term Medium term Long term	Shipping leasing <ul style="list-style-type: none">Investing in the R&D of green ships and providing low-carbon ship leasing and financing services to enhance customer retention, attract potential clients, and create additional revenue growth opportunities. Container manufacturing <ul style="list-style-type: none">Collaborating with container manufacturers and refrigerated container suppliers to adopt models that se low-GWP refrigerants.Gradually expanding the use of energy-efficient refrigerated containers equipped with variable-speed compressors to win recognition from shipping companies and customers.
	Shipping leasing <ul style="list-style-type: none">As the shipping industry pushes forward carbon reduction policies, there might be rising future investments in used ships and a growing need for financing energy-efficiency retrofitting projects.Low-carbon development has emerged as the main trend for the shipping industry, which signals an uptick in demand for energy-saving and low-carbon ships in the future. Container manufacturing <ul style="list-style-type: none">Eco-friendly and energy-efficient containers are expected to capture a larger market segment over time.There is a rising demand for environmentally friendly functional containers.				Shipping leasing <ul style="list-style-type: none">Advancing green ship R&D and investment in response to changing market demand. Container manufacturing <ul style="list-style-type: none">Proactively adjusting container offerings to sharpen our competitive edge.Developing eco-friendly containers, including those for hydroponic vegetable and fruit cultivation, sewage treatment, and integrated energy storage.
Resource utilization	Container manufacturing <ul style="list-style-type: none">By implementing technological innovation, upgrades, and retrofitting, we can enhance energy efficiency in the processes of container manufacturing, management, and maintenance. This helps reduce the consumption of electricity, natural gas, and process water to lower production costs.We can adopt more efficient production and distribution processes to reduce resource and energy consumption.	<ul style="list-style-type: none">Against the backdrop of industry-wide low-carbon transition, we can leverage technological innovation to improve energy efficiency in container manufacturing and shipping leasing operations, thereby reducing operational costs.	Our operations	Short term Medium term Long term	Container manufacturing <ul style="list-style-type: none">Installing PV systems at container factories to increase the share of clean energy use.
Adaptability	Shipping leasing <ul style="list-style-type: none">By increasing the proportion of green ships and participating in more green shipping projects, we can better prepare for for policy and market uncertainties. Container manufacturing <ul style="list-style-type: none">By partnering with suppliers who prioritize environmental protection and energy efficiency, we can reduce the carbon footprint of our supply chain and enhance our capacity to address climate change challenges in the long term.	<ul style="list-style-type: none">By offering more climate-resilient products and services, we can increase revenue.By improving supply chain reliability and and operational resilience, we can reduce operating costs.	Upstream Our operations Downstream	Medium term Long term	<ul style="list-style-type: none">Collaborating with partners across the value chain to promote green transition.

▲ Climate-Related Risk and Opportunity Analysis

Green Container Manufacturing

Shanghai Universal integrates environmental management goals into its broader corporate strategy, ensuring that environmental considerations are embedded in strategic decision-making. This helps strengthen the alignment between business operations and sustainability principles. The company formulates practical environmental management plans, with targeted actions across key areas such as resource efficiency, waste management, and pollution control. In addition, annual safety and environmental responsibility statements are signed across all levels of the organization, clarifying roles and performance targets. A robust monitoring and evaluation mechanism is also in place to ensure effective implementation and ongoing improvement of environmental management efforts.



▲ Distributed PV System Installation Completed and Connected to the Grid at DFIC Qidong



In 2024, two more plants were recognized as "National Green Factories".

By the end of 2024, DFIC Jinzhou, DFIC Qingdao, DFIC Lianyungang, and DFIC Ningbo had received the "National Green Factory" certification, while DFIC Qidong and DFIC Guangzhou were certified as "Provincial Green Factories".

DFIC Qidong also received "Zero-Carbon Factory" (Type I) certification.

Awards



To promote the low-carbon transition of the entire container supply chain, Shanghai Universal launched the world's first CFP & EPD platform for containers on October 8, 2023. The platform uses data graphs to analyze how raw material production processes and logistics transport modes impact the environment. It supports green procurement by encouraging the adoption of eco-friendly materials such as corner castings made from recycled steel, bamboo-wood composite flooring, and reusable containers for water-based paints, thus helping reduce carbon emissions at the source. The platform also conducts digital analysis of production inputs to dynamically evaluate operational efficiency and optimize workflows and process design. These efforts drive technological upgrades and contribute to further reductions in CO₂ emissions. By the end of 2024, the platform had connected 95 enterprises across the industry chain. In collaboration with third-party institutions such as the CCS, it had issued 15 CFP-certified and 25 EPD-certified products, contributing to low-carbon development across the industry chain. At the Intermodal Asia 2024, Shanghai Universal introduced the first low-carbon container label, which received wide recognition from customers. More than 36,000 containers bearing the label have since been transported across global markets.

On September 27, 2024, a new group standard titled *Environmental Product Declaration – Product Category Rules for Coatings*, led by DFIC Qingdao, was officially released, offering additional guidance for the industry's green transition.

Shanghai Universal also launched a series of ECER training programs to ensure that relevant managers and equipment operators are well-versed in relevant knowledge and operational practices. The company continues to strengthen comprehensive talent training in ECER, taking a structured approach to building a skilled and specialized workforce. Shanghai Universal and its affiliated container factories encourage employee participation in environmental management and maintain close communication with government agencies, industry organizations, and third-party partners to advance joint environmental initiatives. In 2024, the company held ECER campaigns, such as "Energy Awareness Week" and "Low-Carbon Day" to promote relevant national guidelines, policies, laws, regulations, industry standards, and scientific knowledge, while enhancing employee awareness of ECER. In 2024, Shanghai Universal conducted 22 ECER training sessions, recording 8,045 participations in total.

Green Shipping

COSCO SHIPPING Development is committed to becoming a world-class shipping and finance service operator with COSCO SHIPPING characteristics. Upholding industry-finance integration and finance as an enabler of industry growth, the Company is strengthening its shipping leasing portfolio by investing in newer, greener vessels with advanced environmental performance and high operational efficiency. This asset-centric approach underpins its transformation into a value-oriented investor and innovative service provider in industry-finance integration. In response to the global energy transition, the Company is actively capturing opportunities in clean technology innovation. By increasing investment in this area, we strengthen our resource distribution across the clean energy value chain, driving low-carbon transition in the shipping industry and enhancing sustainability.

Case COSCO SHIPPING Development Receives China's First Certificate of Greenhouse Gas Emission Reductions in Domestic Shipping

In November 2024, COSCO SHIPPING Development received China's first-ever certificate of GHG emission reductions in domestic shipping from the China Quality Certification Center (CQC). The certification was based on calculated GHG emission reductions achieved by replacing traditional fuel-powered vessels with 700 TEU electric container ships. The project quantified carbon savings specifically in the cargo transportation process and issued official certificates to cargo owners, helping them track and manage their transport-related carbon footprints.



Zero Emission Shipping Technology Co., Ltd., partially owned by COSCO SHIPPING Development, is actively expanding its national network for ship charging and battery-swapping services. The rollout focuses on major inland waterways — including the Yangtze River, Pearl River, and the Grand Canal — as well as five coastal port clusters, aiming to establish a public charging and battery-swapping infrastructure across China's key shipping corridors. In 2024, charging and battery swapping stations were built at Longtan Port (Nanjing), Guandong Port (Yangshan), and Tonghai Port (Nantong), laying the groundwork for the aforesaid infrastructure.

By providing charging and battery-swapping services for 700 TEU electric ships, the company has gained valuable experience as a first mover and developed a basic framework for electric ship operations. It has also built an analytical foundation to guide future planning and scale-up of electric shipping. By analyzing real-time energy consumption data in various route segments and weather conditions, the company continues to refine its battery system configurations, cargo handling processes, and charging strategies, aiming to minimize charging frequency and charging/battery swapping time while ensuring punctual departures. In addition, it is exploring dynamic power adjustment mechanisms to minimize energy loss, cut electricity costs, and prevent the loss of electrical power caused by overload in the ship's electricity distribution system.

Electric Ships Embark on a Green Voyage



Green Financing

In June 2024, COSCO SHIPPING Development released a mid-term revision to its 14th Five-Year Plan, setting clear goals and measures for medium- to long-term capital deployment. COSCO SHIPPING Development assessed capital requirements and prepared budgets for key initiatives and major engineering projects in its *Green Transition Plan*, ensuring sufficient funding to support the transition. The Company also introduced internal policies to manage the use of dedicated green transition funds and began exploring diversified investment portfolios to support green innovation, drive technology R&D, and improve capital efficiency. In 2024, the Company secured more than RMB 3 billion in green loans. Its subsidiary, Shanghai Universal, invested over RMB 16.57 million in green efforts.


On January 1, 2024, the *Shanghai Transition Finance Catalogue (Trial)* ("Catalogue") officially came into effect, marking the first transition finance guideline to include the shipping sector in China. In February, COSCO SHIPPING Development (Hainan) secured a 10-year RMB 750 million loan from the Bank of Communications Shanghai Branch to finance a pulp carrier project. Certified by Lianhe Equator Environmental Impact Assessment Co., Ltd. ("Lianhe Equator"), the loan qualifies as transition finance for eligible entities under the Catalogue. All four vessels involved also achieved high carbon intensity indicator (CII) ratings. This marked the first-ever transition finance deal in China's water transportation industry and represented a milestone in the green transition of the ship leasing business.

In May 2024, COSCO SHIPPING Development signed a framework agreement with Standard Chartered Bank (China) to advance the green transition and sustainable financing for its entire container supply chain. The agreement established an RMB 3 billion (or USD equivalent) credit facility, designated to support the green and sustainable transformation of the Company's container manufacturing operations and the procurement of environmentally friendly containers for its leasing business.

In Q4 2024, the Company began preparations to issue a 15-year corporate bond focused on technological innovation and low-carbon transition, with a planned size of RMB 1 billion. The proceeds are earmarked to fund a major investment project launched in 2024 for the newbuilding of 42 bulk carriers. According to a third-party assessment by Lianhe Equator, COSCO SHIPPING Development has consistently published annual sustainability reports and maintained a clear roadmap for its low-carbon transition. All 42 vessels under this deal are designed to be energy-efficient and environmentally friendly, and are expected to exceed the Energy Efficiency Design Index (EEDI) Phase 3 requirements for energy efficiency performance, delivering tremendous environmental benefits in terms of energy savings and emissions reduction. The bond was successfully issued on January 9, 2025, marking the first corporate bond dedicated to technological innovation and low-carbon transition in China's shipping sector.

In 2024, Florens received the "Hong Kong Green and Sustainable Finance Awards" from the Hong Kong Quality Assurance Agency.

Awards






In addition, Florens has actively expanded its green and sustainable financing channels, engaging with multiple financial institutions to diversify funding sources and lower financing costs. In 2024, Florens established a green and sustainability-linked financing framework that received broad recognition from financial institutions in Hong Kong. Under this framework, it secured the first sustainability-linked loan (SLL) of USD 80 million from Nanyang Commercial Bank in June 2024, followed by a second SLL of USD 150 million from Bank of China (Hong Kong) in December. Both loans were certified by the Hong Kong Quality Assurance Agency and qualified for interest rate reductions based on its performance in achieving SDGs.


Green Financing

The Company champions environmentally responsible practices in the workplace by offering training and awareness programs that enhance employees' understanding of environmental protection. At the same time, employees are encouraged to incorporate green and low-carbon principles into their daily routines, contributing to sustainability through practical actions.




Save energy

- Regulate air-conditioning temperatures in the office area for maximum energy efficiency
- Use energy-efficient LED lighting to prevent constant illumination
- Use eco-friendly and energy-efficient office supplies
- Install environmentally friendly smart charging stations




Save water

- Put up water-saving reminders
- Conduct regular inspections
- Raise employees' awareness about saving water
- Employ water-saving fixtures to prevent water wastage




Conserve resources

- Encourage a balanced diet and proper dining habits
- Save food and prevent waste



Cut carbon footprint

- Advocate commuting by public transport
- Reduce carbon emissions from business travels
- Promote the use of video conferencing



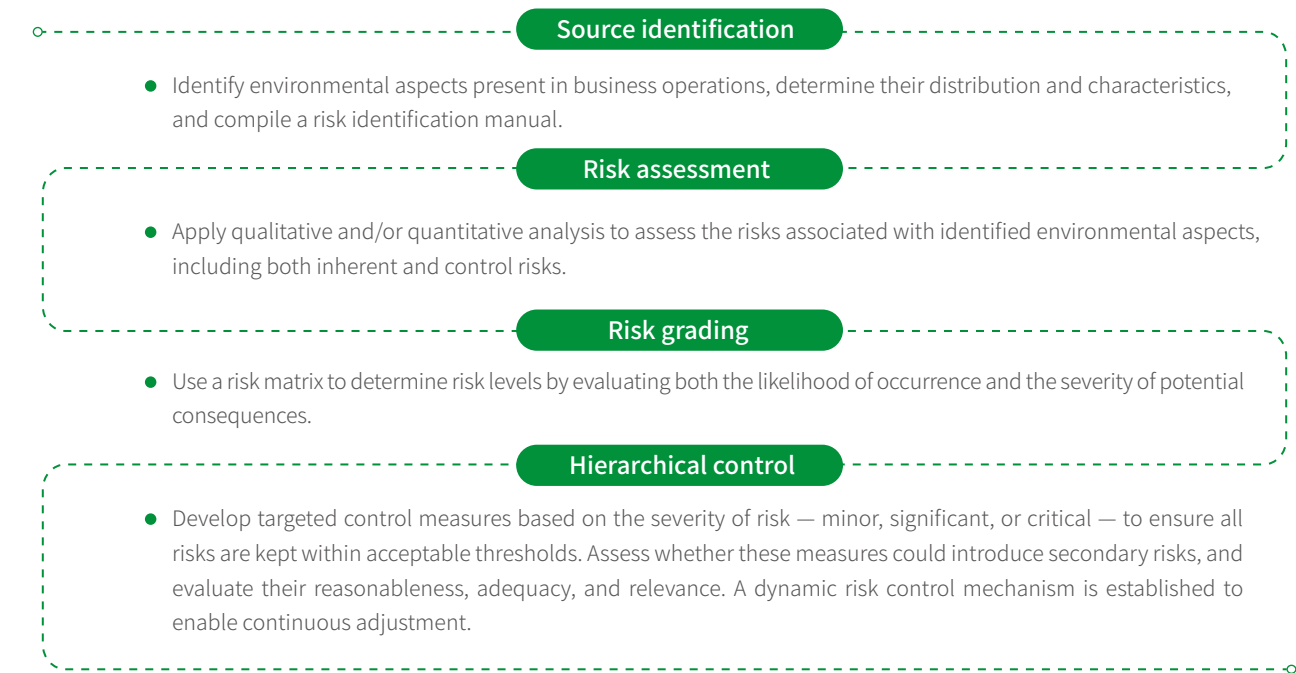
Reduce wastes

- Sort out garbage
- Recycle waste paper
- Promote paperless office practices



Management of Impacts, Risks, and Opportunities

Risk Management Process



Transition Risks

COSCO SHIPPING Development faces multiple challenges in its low-carbon transition. Regulatory and policy risks are intensifying, with increasing compliance pressure from the IMO and EU's carbon reduction policies targeting the shipping leasing sector. Domestically, the VOCs Convention and the national carbon trading market are raising environmental standards for container manufacturing. Technological risks stem from the urgent need to decarbonize conventional ship propulsion systems and upgrade energy-intensive products such as refrigerated containers. At the same time, market preferences are rapidly shifting toward greener ships and containers. Extreme weather events are increasingly affecting lessees' ability to fulfill contractual obligations. Together, these factors are contributing to greater market volatility. Reputational risks may also arise as stakeholders place growing scrutiny on climate-related disclosures. Failure to meet their expectations could result in the loss of orders. To address these risks, the Company is advancing the adoption of clean energy-powered ships and upgrading low-carbon production lines to improve technical resilience. It is also accelerating the development of green ships and new-energy refrigerated containers to meet the evolving market demand. Communication mechanisms with clients are being enhanced to ensure contractual performance in case of extreme weather events. In addition, the Company is strengthening its ESG disclosure framework to proactively respond to regulatory expectations and reduce transition-related challenges.



Physical Risks

The Company's physical assets and operations are exposed to certain risks from climate change. Acute risks include damage to ships and containers, supply chain disruptions, and production suspension caused by extreme weather events such as typhoons and heavy rainfall, which may impact port operations and manufacturing facilities. Chronic risks stem from long-term trends such as rising sea levels, which can disrupt shipping schedules, and increasing temperatures, which may drive up energy and insurance costs in manufacturing. To manage these risks, COSCO SHIPPING Development has strengthened its weather monitoring systems and equipment maintenance protocols. Its container factories have also upgraded emergency response facilities and established raw material reserves to enhance resilience against sudden disruptions, helping safeguard assets and maintain operational continuity.

Indicators and Targets

COSCO SHIPPING Development's GHG emissions are primarily driven by CO₂ released from container manufacturing and transportation activities. Following a comprehensive assessment of emission trends and business plans for the container sector, the Company has set the following intensity-based reduction targets: a 19% decrease in CO₂ emissions per RMB 10,000 of revenue by 2025, and a 34% reduction by 2030, both from a 2019 baseline.

Absolute emission reduction approach: To support China's targets to peak emissions by 2030 and achieve carbon neutrality by 2060, COSCO SHIPPING Development has developed a low-carbon transition roadmap and set clear CO₂ reduction targets. As part of this roadmap, the Company is deploying distributed PV systems at container factories and implementing energy-efficiency upgrades across production processes to ensure timely delivery of its emissions reduction commitments.

Shanghai Universal's Environmental Management Goals

Category	Environmental Management Goals	2024 Progress
 GHG emissions	To reduce CO ₂ emission intensity per RMB 10,000 of revenue by 19% by 2025 and 34% by 2030, compared with the 2019 level.	Achieved a 33.8% reduction in 2024 from the 2019 level.
 Hazardous and non-hazardous waste	Total amount of hazardous and non-hazardous waste generated annually ≤ 82,000 tonnes by 2025	Generated 106,894.68 tonnes of non-hazardous waste and 22,480.39 tonnes of hazardous waste.
 Energy consumption	To reduce overall energy intensity per RMB 10,000 of revenue by 19% by 2025 and 34% by 2030, compared with the 2019 level.	Achieved a 10.84% reduction from the 2019 level.
 Wastewater	Total volume of wastewater generated annually ≤ 1,020,000 tonnes by 2025	Generated 795,693.40 tonnes of wastewater.



▼ Shanghai Universal's Efforts Toward an Environmentally Friendly Manufacturer

Improving energy and operational efficiency	<ul style="list-style-type: none">● The company has phased out energy-intensive equipment and carried out energy-saving upgrades.● In 2024, the company installed 381 energy-efficient inverter welders, 5 energy-saving two-stage air compressors, and 635 high-efficiency electric motors, reducing the use of electricity by approximately 3,320 MWh per year.● By the end of 2024, air compressor upgrades were 100% complete, while electric motor upgrades reached 29% completion.
Using clean energy	<ul style="list-style-type: none">● Three distributed PV systems were connected to the grid at DFIC Qidong and DFIC Lianyungang. In total, six container factories used 28.43 GWh of clean energy in 2024. As of year-end, cumulative installed PV capacity reached 21.82 MW, with an annual generation of 21.345 GWh. This contributed to economic gains of RMB 2.2 million and an annual CO₂ emissions reduction of 16,400 tonnes. Across all container factories, green electricity usage increased by 143% year-on-year, while carbon intensity decreased by 32% compared to 2019.● Twelve fuel-powered vehicles for intralogistics were converted to electric power. By the end of 2024, 22% of the intralogistics fleet had been electrified.
Reducing particulate matter (PM) emissions	<ul style="list-style-type: none">● The company uses pollutant treatment technologies such as cyclonic spray scrubbers and pulse dust collectors, with ongoing upgrades to end-of-pipe pollution control systems.● DFIC Ningbo has adopted a wet-type dust collection system, expected to reduce PM emissions by 0.3 tonnes per year.● DFIC Lianyungang has completed wet-type welding fume control upgrades, expected to reduce emissions by 0.1104 tonnes per year.● DFIC Qingdao has implemented a welding fume collection project for the final assembly of refrigerated containers to reduce fugitive emissions, achieving a purification efficiency of up to 99%.
Reducing VOCs	<ul style="list-style-type: none">● DFIC Qidong has adopted a "zeolite rotor concentrator + RTO" system, expected to cut VOCs by 59.59 tonnes per year.● DFIC Qidong has upgraded fume treatment systems in the foaming room for refrigerated containers, which are estimated to reduce 4.069 tonnes of emissions per year.● DFIC Lianyungang has completed RTO facility upgrades, expected to reduce emissions by 1.92 tonnes per year.● DFIC Qingdao has upgraded zinc-rich paint exhaust treatment systems for dry and refrigerated containers, expected to reduce emissions by 12 tonnes per year.● DFIC Jinzhou has completed treatment facility upgrades, expected to reduce emissions by 1.32 tonnes per year.
Reducing hazardous waste discharge	<ul style="list-style-type: none">● The company has minimized the amount of generated hazardous waste at the source.● It maintains comprehensive records across all stages, including generation, storage, transfer, and disposal of hazardous waste.● The hazardous waste storage area is fully compliant with applicable regulations, and all transfer manifests are properly archived.
Reducing non-hazardous waste discharge	<ul style="list-style-type: none">● The company has improved raw material yields.● It conducts proper classification and entrusts licensed companies for recycling and reuse.● Domestic wastewater is treated at onsite facilities and discharged into municipal systems after meeting relevant standards.
Saving raw materials	<ul style="list-style-type: none">● The company procures and uses corner castings made from recycled steel. In 2024, it consumed approximately 82,900 tonnes of recycled steel.● The company promotes the reuse of paint buckets. In 2024, six container factories collectively used 132,624 returnable paint containers, each weighing 20 kg. The recyclable packaging helped prevent the generation of approximately 2,652.48 tonnes of steel waste.
Conserving water resources	<ul style="list-style-type: none">● All six container factories treat industrial wastewater on-site for reuse in production, significantly reducing the consumption of freshwater.

Energy Use		
Indicator	Unit	2024
Total energy consumption	MWh	584,768.08
	tonne of coal equivalent (TCE)	71,868.00
	Note: <ul style="list-style-type: none">● 2024 data includes gasoline, diesel, natural gas, and electricity.● The data covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters.● The factors are based on <i>GB/T 2589-2020 General Rules for Calculation of Comprehensive Energy Consumption</i>.	
Energy consumption intensity	MWh/TEU	0.41
	TCE/TEU	0.05
	Note: <ul style="list-style-type: none">● The data covers Shanghai Universal's headquarters and its six container factories.	
Direct Energy		
Total consumption	MWh	221,109.51
	TCE	27,174.36
	Note: <ul style="list-style-type: none">● Diesel and natural gas data covers Shanghai Universal headquarters and its six container factories;● Gasoline data covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters.	
Diesel	tonne	4,184.39
Gasoline	tonne	112.31
Natural gas	m³	15,723,328.00
Indirect Energy		
Total consumption	MWh	363,658.57
	TCE	44,693.64
	Note: <ul style="list-style-type: none">● The data on purchased electricity covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters;● The data related to PV power generation certificates covers Shanghai Universal's headquarters and its six container factories.	
Purchased electricity	MWh	336,225.70
Purchased electricity	TCE	41,322.14
PV power generation	MWh	26,432.87
PV power generation	TCE	3,248.60

Energy Use		
Indicator	Unit	2024
Clean Energy		
Total consumption	MWh	197,587.68
Total consumption	TCE	24,283.53
Natural gas	MWh	170,154.81
Natural gas	TCE	20,912.03
Proportion of natural gas consumption	%	29.10
PV power generation	MWh	26,432.87
PV power generation	TCE	3,248.60
Proportion of PV power consumption	%	4.52

GHG Emissions		
Indicator	Unit	2024
GHG emissions	tonne of CO ₂ equivalent	236,099.97
	Note: <ul style="list-style-type: none">The data covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters.	
GHG emission intensity	tonne of CO ₂ equivalent/TEU	0.16
	Note: <ul style="list-style-type: none">The data covers Shanghai Universal's headquarters and its six container factories.	
Scope 1	tonne of CO ₂ equivalent	46,329.58
	Note: <ul style="list-style-type: none">The data covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters.Emission factors are based on Annex II to the <i>Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (Trial)</i>	
Scope 2	tonne of CO ₂ equivalent	189,770.39
	Note: <ul style="list-style-type: none">The data covers Shanghai Universal's headquarters and its six container factories, as well as Florens' Hong Kong headquarters.Emission factors are based on the 2022 provincial grid average CO₂ emission factors, as published in the <i>Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2022</i> by the Ministry of Ecology and Environment and the National Bureau of Statistics of China.The CO₂ emissions offset by green electricity certificates and carbon sinks are not included.	
Total CO ₂ emission reduction	tonne of CO ₂ equivalent	18,800.61
	Note: <ul style="list-style-type: none">In 2024, carbon emissions were reduced through equipment upgrades, PV power generation, purchase of green electricity certificates, and carbon sinks.	

Water Usage and Wastewater Management		
Indicator	Unit	2024
Process water used	tonne	1,046,965.00
Wastewater generated	tonne	795,693.40
Process water use intensity	tonne/TEU	0.73

Note: The data covers Shanghai Universal's headquarters and its six container factories.

Air Emissions and Waste Discharge		
Indicator	Unit	2024
NOx emissions	tonne	28.432
NOx emissions intensity	kg/TEU	0.020
SOx emissions	tonne	5.377
SOx emissions intensity	kg/TEU	0.004
PM emissions	tonne	1.571
PM emissions intensity	kg/TEU	0.001
Total hazardous waste	tonne	22,480.39
	Note: <ul style="list-style-type: none">Hazardous waste includes paint sludge, used paint buckets, and paint-contaminated materials.	
Hazardous waste discharge intensity	tonne/TEU	0.02
Total non-hazardous waste	tonne	106,894.68
	Notes: <ul style="list-style-type: none">Non-hazardous waste includes scrap steel, waste iron powder, and waste wood.	
Non-hazardous waste discharge intensity	tonne/TEU	0.07
Total waste recycled/reused	tonne	112,727.45
Hazardous waste	tonne	9,100.79
Non-hazardous waste	tonne	103,626.66
Proportion of recycled waste	%	87.13
Total waste disposal	tonne	16,647.62
Landfill waste	tonne	322.62
Waste incinerated with energy recovery	tonne	11,186.10
Waste incinerated without energy recovery	tonne	4,849.18
Waste disposed of otherwise	tonne	39.66
Waste stored	tonne	250.06

Note: The data covers Shanghai Universal's headquarters and its six container factories.



5 Nurturing a Supportive Environment and Strengthening Employee Cohesion

We are committed to unlocking more opportunities for each employee and fulfilling our responsibilities as a corporate citizen to make the world a better place.



At COSCO SHIPPING Development, we grow together with our people. We safeguard their fundamental rights, prioritize their health and safety, and strive to foster a workplace where employees feel valued, fulfilled, and connected. By uniting the collective strength of our workforce, we are building a better future together.

Protecting Legitimate Rights

We are committed to uphold fair employment practices, embrace diversity and inclusion, ensure reasonable working hours, and continuously improve policies on recruitment, training, job promotion, compensation, and benefits.

Ensuring Fundamental Rights

COSCO SHIPPING Development and its subsidiaries fully comply with applicable laws and regulations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, to ensure employees' fundamental rights are respected and protected.

We firmly oppose all forms of employment discrimination and do not consider social characteristics unrelated to the job — such as age, gender, nationality, skin color, ethnicity, religion or language — in any hiring decisions. In 2024, we revised the *COSCO SHIPPING Development Regulations on Employee Recruitment*, explicitly requiring that job requirements be scientifically and reasonably defined based on industry characteristics. The policy further refines recruitment standards and key screening criteria for various positions, and strictly prohibits any job requirements that are biased, discriminatory, or irrelevant to the role. Labor contracts are signed in accordance with applicable laws, with a strong emphasis on protecting the legitimate rights and specific interests of female employees. We uphold the principle of equal pay for equal work and are committed to fostering a workplace that is fair, supportive, and respectful for all.

Child labor and forced labor are strictly prohibited in compliance with the *State Council's Provisions on the Prohibition of Using Child Labor*. In 2024, COSCO SHIPPING Development (Hong Kong) Co., Limited formulated and issued its *Employee Management Regulations (Trial)*, which sets the minimum employment age at 18. Any suspected violations must be promptly reported to the Human Resources Department, which will escalate the matter to local labor authorities and initiate an investigation as quickly as possible.

In addition, we maintain a zero-tolerance approach to all forms of misconduct, including discrimination and harassment. Employees are encouraged to report any such incidents through internal channels, and the Supervision and Audit Department will handle them accordingly.

Key Policies on the Protection of Employee Rights and Interests

Category	Main Documents
Recruitment	<i>COSCO SHIPPING Development Regulations on Employee Recruitment</i>
Compensation and benefits	<i>COSCO SHIPPING Development Regulations on Salary and Incentive Management (Trial)</i> <i>COSCO SHIPPING Development Regulations on Payroll Management (Trial)</i>
Leaves and attendance	<i>COSCO SHIPPING Development Regulations on Employee Attendance and Leaves Management</i>
Women's rights and interests	<i>Special Collective Agreement for Female Employees</i>
Employee engagement in governance	<i>COSCO SHIPPING Development Detailed Rules for the Operation of the Workers' Congress</i> <i>COSCO SHIPPING Development Collective Agreement</i>

The Company strictly complies with all applicable national and local laws and regulations. We provide statutory social security programs in accordance with local government regulations. Employees also receive annual health check-ups and are entitled to a comprehensive paid leave policy, including annual leave, maternity and paternity leave, and parental leave. Following the successful completion of the second round of stock option exercises, we are prudently assessing and steadily advancing the next phase based on actual conditions.

Key Performance Highlights

2024

- The Company reported zero incidents of discrimination or harassment, no use of child labor or forced labor, and no large-scale layoffs. Over the past three years, employees did not stage shutdowns or strikes due to any disputes with the Company.



Employee Structure				
Indicator		Scope	Unit	2024
Total number of full-time employees		Regular employees, contractors, and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	15,669
By gender	Male		person	14,846
	Female		person	823
By age	Under 30		person	2,837
	30-39		person	7,628
	40-49		person	4,337
	50 and above		person	867
By geographic location	In Chinese mainland		person	15,621
	Outside Chinese mainland		person	48
By employment type	Regular employees		person	1,640
	Contractors		person	23
	Outsourced employees		person	14,006
By seniority level	Senior technicians		person	89
	Mid-level technicians		person	282
	Junior technicians		person	140
	Other		person	15,158
Type A employees by educational background	Below junior college degree	Regular employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	596
	Junior college degree		person	178
	Bachelor's degree		person	660
	Master's degree and above		person	206
Type B employees by educational background	Below junior college degree	Contractors and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	12,828
	Junior college degree		person	907
	Bachelor's degree		person	275
	Master's degree and above		person	19
By ethnicity	Han ethnicity	Regular employees, contractors, and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	14,815
	Non-Han ethnicities		person	806

Employee Structure				
Indicator		Scope	Unit	2024
Expatriates		Regular employees, contractors, and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	48
Disabled employees			person	31
Number of women in middle- and senior-level management			person	23
Percentage of employees signing labor contract			%	100
Percentage of employees provided with social insurance			%	100
New Hires (Type A)				
Indicator		Scope	Unit	2024
Total number		Regular employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	58
By gender	Male		person	41
	Female		person	17
By age	Under 30		person	24
	30-39		person	17
	40-49		person	10
	50 and above		person	7
By geographical distribution	In Chinese mainland		person	56
	Outside Chinese mainland		person	2
By employment type	Regular employees		person	58
	Contractors		person	0
	Outsourced employees		person	0
By seniority level	Senior technicians		person	4
	Mid-level technicians		person	8
	Junior technicians		person	0
	Other		person	46
Proportion of vacancies filled by internal candidates (internal recruitment)			%	38.95

Employee Turnover (Type A)				
Indicator		Scope	Unit	2024
Total turnover		Regular employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	%	4.43
By gender	Male		%	3.83
	Female		%	6.21
By region	In Chinese mainland		%	4.15
	Outside Chinese mainland		%	6.25
By age	Under 30		%	8.97
	30-39		%	4.25
	40-49		%	2.64
	50 and above		%	6.39
Voluntary turnover rate	In Chinese mainland		%	3.28

Notes:

- Given our diverse operations, there are significant differences among various types of employees. To address these variations, we categorize our employees into Type A and Type B. Type A employees are regular employees, whereas Type B employees are contractors and outsourced employees, at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland.
- Overall turnover rate = Number of employees who left / (Number of employees who left during the current period + Number of employees at the end of the period); Turnover rate by category = Number of employees who left in the category / (Number of employees who left in the category during the current period + Number of employees in the category at the end of the period)
- Voluntary turnover includes resignations, retirements, and early retirements.

Enhancing Employee Engagement

COSCO SHIPPING Development values employee engagement and strictly adheres to relevant internal policies such as the COSCO SHIPPING Development Detailed Rules for the Operation of the Workers' Congress and the Regulations on the Disclosure of Factory Affairs. Through the workers' congress, the Company ensures employees' rights to information, participation in decision-making, expression of opinions, and monitoring of implementation. The Company actively promotes democratic workplace practices and executes collective agreements to align employee rights with sustainable business development. During the reporting period, collective agreements covered 100% of workforce.

Fostering Physical and Mental Well-being

At COSCO SHIPPING Development, safety is a top priority. The Company strictly complies with all applicable laws and regulations, such as the *Work Safety Law of the People's Republic of China*, the *Fire Control Law of the People's Republic of China*, and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*. Shanghai Universal puts safety first by focusing on prevention and taking comprehensive risk control measures. A series of health and safety policies has been established to protect all employees — full-time, part-time, and those of suppliers. In 2024, Shanghai Universal and its six container factories updated 35 occupational health and safety policies, strengthening protection for employees.

Governance

COSCO SHIPPING Development has established a Workplace Safety and Environmental Protection Committee as its highest authority on safety governance. This committee coordinates safety and occupational health efforts by Safety Management Committees of all subsidiaries. Each business unit/subsidiary is required to sign an annual *Workplace Safety and Environmental Protection Responsibility Statement*. This helps establish a structured safety management system that holds outsourced personnel and contractors to the same health and safety standards as regular employees.

As our container manufacturing arm, Shanghai Universal has developed an *Occupational Health and Safety Accountability System*, clearly defining related responsibilities across all levels of leadership, functional departments, and roles. The policy applies company-wide and includes a "one-vote veto" mechanism for major safety violations or risks to ensure strict and effective safety management. Furthermore, Shanghai Universal integrates safety and environmental performance indicators into its evaluation system. Workplace safety and environmental protection efforts are also linked to the Board's performance. The *Safety Incentive and Penalty System* has been established, aligning employees' efforts to ensure workplace safety and occupational health with their performance evaluation. The system defines safety violations and sets clear reward and penalty standards to effectively improve occupational health and safety management and boost operational efficiency.

Safety Management Mechanisms

Prevention mechanism

Shanghai Universal has established the Regulations on *Workplace Safety Risk Management* and the *Guidelines for Identifying and Managing Workplace Safety Hazards*. These documents create a dual-prevention mechanism that combines hierarchical risk management with the identification and correction of potential hazards. This mechanism offers guidelines for identifying, assessing, and classifying workplace safety risks and implements proactive risk controls to prevent accidents. It also continuously optimizes the monitoring and handling of safety hazards, ensuring prompt detection and elimination of any such risks.

Reporting mechanism

Shanghai Universal has implemented the *Workplace Safety Incident Reporting, Investigation, and Management Procedures* to regulate the reporting process. According to the severity of the safety incident, the relevant leaders at different levels are notified, and corresponding actions are taken. In addition, Shanghai Universal mandates that its Safety Management Committee holds at least one meeting every quarter to receive reports from safety management departments and assess the company's annual safety plan and its implementation.

Occupational health and safety management system

Certification	Issued To	Scope	Issued By	Expiry Date
ISO 45001 Occupational health and safety management system	Shanghai Universal	Container design and after-sales service	CCSC	December 9, 2025
ISO 45001 Occupational health and safety management system	DFIC Jinzhou, DFIC Guangzhou, and DFIC Lianyungang	Container design and after-sales service	CCSC	December 9, 2025
ISO 45001 Occupational health and safety management system	DFIC Ningbo	Container design and after-sales service	CCSC	August 17, 2026
ISO 45001 Occupational health and safety management system	DFIC Qingdao	Container design and after-sales service	CCSC	August 27, 2026
ISO 45001 Occupational health and safety management system	DFIC Qidong	Container design and after-sales service	CCSC	September 17, 2026

External Audit of Occupational Health and Safety Management System

Name	Audited by	Auditee	Frequency	Audit Focus	Result
ISO 45001 Occupational health and safety management system annual audit	CCSC	Shanghai Universal and its six container factories in Guangzhou, Lianyungang, Jinzhou, Qidong, Ningbo, and Qingdao.	Annually	The operation of the occupational health and safety management system and the execution of risk controls within the company's business activities and processes	Compliant with the standard

Internal Audit of Occupational Health and Safety Management System

Name	Auditee	Frequency	Audit Focus	Result
Occupational health and safety management system annual audit	Shanghai Universal and its six container factories: DFIC Jinzhou, DFIC Qingdao, DFIC Lianyungang, DFIC Qidong, DFIC Ningbo, and DFIC Guangzhou	Annually	Compliance and effectiveness of an organization's occupational health and safety management system	The occupational health and safety management system is appropriately, thoroughly, effectively, and sustainably implemented at the headquarters and container factories.

Shanghai Universal has implemented the *Occupational Health and Safety Education and Training System*. It regularly provides safety training to the general manager, the vice general manager in charge of workplace safety, and safety management personnel, aiming to strengthen leadership's expertise and skills in safety management. The six container factories also place a strong emphasis on employee health and safety and implement the safety accountability system.

Strategy

COSCO SHIPPING Development has made workplace and employee safety management a strategic focus. Shanghai Universal identifies risks, prioritizes risk controls, and develops risk control measures in accordance with the *Regulations on Workplace Safety Risk Management* and the *System for Identifying and Managing Occupational Health and Safety Hazards*. The company aims to continually improve the work environment, and prevent and eliminate workplace safety incidents.

Risks Related to Occupational Health and Safety					
Category	Description	Financial Impact	Business Model and Value Chain Impact	Period Dimension	Strategy and Business Model Adjustment
Compliance	Policy and legal risks	Employee health and safety could be compromised, exposing the Company to legal risks and increased non-operating expenses.	Our operations	Short term Medium term Long term	Establishing the "Three Habits" and "Two Practices" Management Regulations to integrate safety risk management into employees' work habits, and implement checklist-based and closed-loop management.
Employee safety and occupational disease	Major accident hazards Occupational disease risks	Employee health and safety could be compromised, leading to increased non-operating expenses.	Our operations	Short term Medium term Long term	Developing the <i>System for Identifying and Managing Occupational Health and Safety Hazards</i> to define related tasks and responsibilities, and ensure accountability.
Equipment safety	Safety hazards posed by outdated equipment and facilities	Equipment may be damaged, resulting in increased costs.	Our operations	Short term Medium term Long term	Accelerating the elimination, renovation, and upgrading of old equipment and facilities, and conducting comprehensive inspections and targeted rectifications to prevent the use of malfunctioning equipment.
Fire safety risks	Fire safety risks	Employee safety and equipment integrity could be compromised, leading to increased non-operating expenses and costs.	Our operations	Short term Medium term Long term	Establishing the <i>Fire Safety Management Regulations</i> to define fire safety responsibilities for each department; developing annual fire safety plans; conducting fire safety and rescue training.

Opportunities Related to Occupational Health and Safety					
Category	Description	Financial Impact	Business Model and Value Chain Impact	Period Dimension	Strategy and Business Model Adjustment
Policy	In 2024, the national government introduced the <i>Three-Year Action Plan for Addressing Root Causes of Workplace Safety Issues (2024–2026)</i> , the <i>Action Plan for Promoting Large-Scale Equipment Renewal and Trade-in of Consumer Goods</i> , and the <i>Notice on Learning and Effectively Using the Criteria for Determining Major Accident Hazards</i> .	Improved workplace safety and enhanced employee health may boost productivity and efficiency, increase operational effectiveness, and drive business revenue.	Our operations	Medium term Long term	Implementing the <i>Three-Year Action Plan for Addressing Root Causes of Workplace Safety Issues</i> , accelerating the update of the safety governance system and improvement of skills, promoting equipment upgrades, and overseeing subsidiaries in safety hazard identification.

Building a Safety and Health Culture

The Company is dedicated to fostering a safety culture among all employees and enhancing safety awareness through education and training. We aim to turn the outcomes of these efforts into practices that actually improve safety. To this end, the Company has organized learning sessions on the *Compilation of Standards for Determining Major Accident Hazards and Key Inspection Items for 51 Sectors* across its headquarters and subsidiaries. After a thorough review, we have identified 5 directly applicable business regulations and 20 standards for determining major hazards and defects. The other 46 standards guide the identification and screening of safety risks and hazards in our manufacturing segment to improve safety measures and enhance management.

Our safety training includes all regular employees, contractors, and outsourced employees. The Company has launched the "Excellence Team Safety Culture" project, focusing on "safety and people-centric management." This includes safety awareness education and training, such as educational films that warn people of safety accidents, case studies, and the "open course on raising public safety awareness." At Shanghai Universal's container factories, safety culture is promoted through various activities, including safety briefings, specialized training, seminars, and safety knowledge quizzes. These initiatives help bring safety education to the shop floor and front-line teams, and turn the shared mindset into behaviors that prioritize safety.

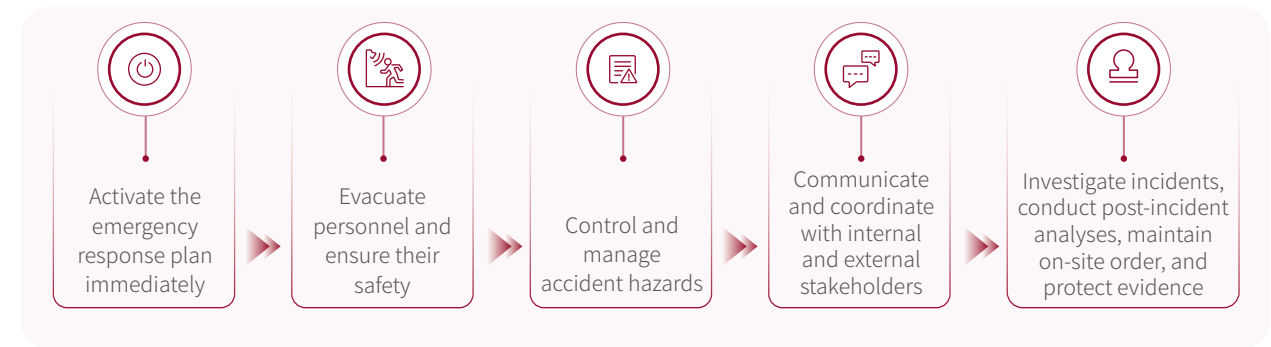
Policy Framework for Occupational Health and Safety Management

Workplace Safety Policies of COSCO SHIPPING Development and Its Subsidiaries	
Rules and regulations on occupational health and safety	<i>COSCO SHIPPING Development Safety Management Rules</i> <i>COSCO SHIPPING Development Regulations on Workplace Safety and Environmental Protection Performance Evaluation</i> <i>COSCO SHIPPING Development Regulations on Workplace Safety Risk Management</i> <i>COSCO SHIPPING Development Emergency Response Plan for Workplace Safety and Environmental Protection</i> <i>COSCO SHIPPING Development Regulations on Management of Workplace Safety and Environmental Protection Responsibilities</i> <i>COSCO SHIPPING Development Guidelines for Identifying and Managing Workplace Safety Hazards</i> <i>COSCO SHIPPING Development Regulations on Accountability for Workplace Safety and Environmental Protection</i> <i>COSCO SHIPPING Development Regulations on Reporting, Statistical Analysis, and Investigation of Workplace Safety Incidents</i> <i>COSCO SHIPPING Development Safety Education and Training System</i> <i>"Three Habits" and "Two Practices" Management Regulations, Occupational Health and Safety Accountability System</i> <i>Policy on Employee Health Check-ups, Occupational Disease Prevention and Control</i> <i>Chemical Safety Management Regulations, Fire Safety Management Regulations</i> <i>Management Rules on Flammable and Explosive Materials and Sites, Workplace Safety Incident Reporting, Investigation, and Management Procedures</i>
	<i>External Construction Team Safety Regulations</i> <i>Regulations on Workplace Safety-related Rewards and Penalties</i> <i>Contractor and Supplier Management Regulations</i> <i>Shanghai Universal Occupational Health Management Regulations</i>

Safety Emergency Management

COSCO SHIPPING Development upholds the principles of "safety first, people-oriented, centralized leadership, hierarchical responsibility, proper standards, and coordinated response" in its emergency management. We simulate real-world scenarios throughout our operations, ensuring full employee involvement in drills designed to prevent incidents and enhance emergency response capabilities. This approach ensures that all personnel are equipped with the skills necessary to effectively manage emergencies. The Company is dedicated to strengthening its emergency preparedness. In 2024, we conducted over 300 drills at various levels, engaging approximately 16,000 participants with an investment of RMB 80,000. By continually refining our "drill-evaluation-improvement" closed-loop mechanism, we have made our emergency plans more practical, while improving overall safety awareness and emergency responses among employees.

Safety and Emergency Management Flowchart



On June 13, 2024, a firefighting and rescue drill was conducted at the Qidong Maritime Engineering and Shipbuilding Industrial Park, focusing on operations in the cyclopentane storage tank area.



▲ Industrial park's fire brigade conducts rescue operation alongside volunteer firefighters from DFIC Qidong



▲ Fire emergency drill



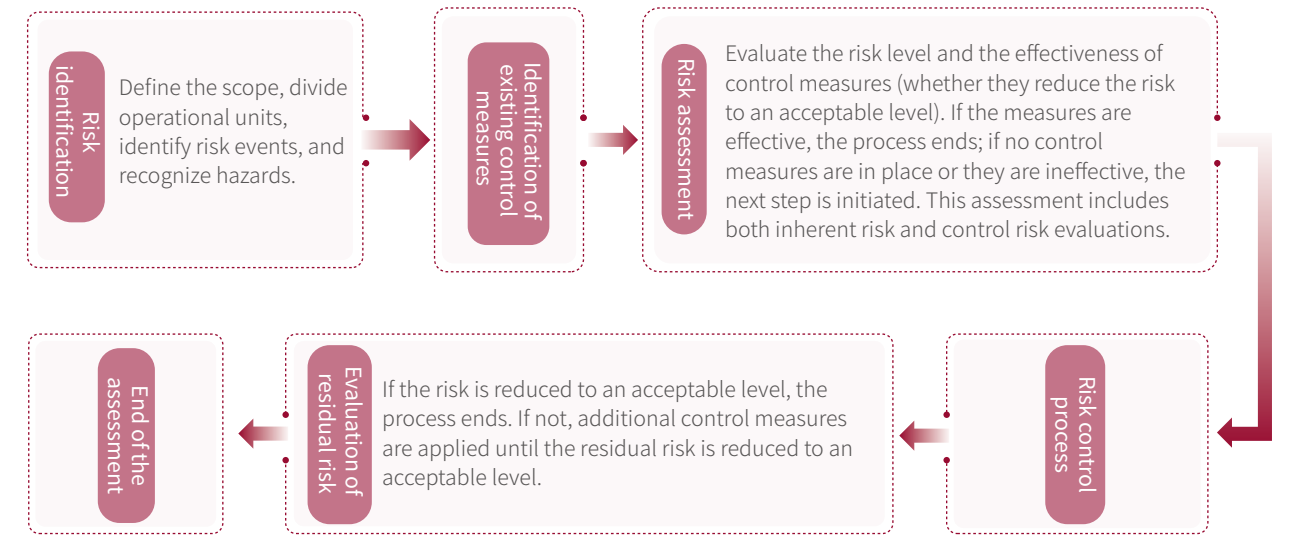
▲ Firefighters use water cannons to control the fire



▲ Industrial park's firefighters quickly reach the scene

Management of Impacts, Risks, and Opportunities

Safety Risk Assessment Process



We always put safety first, placing a consistent emphasis on safety precautions and continuously improving our safety management practices. As a key focus of our safety management, the six affiliated container factories strictly adhere to the annual safety inspection plan established by Shanghai Universal's headquarters. Multiple on-site safety inspections have been conducted, with corrective actions proposed and followed up to ensure that risks and hazards are effectively eliminated.

Shanghai Universal strictly adheres to workplace safety regulations in its outsourcing management. It issues specific safety guidelines for contractors and external construction teams, applying the same systems, standards, requirements, and treatment to both outsourced personnel and regular employees. Outsourced workers are included in the same occupational health and safety management system to receive equal protection as regular staff. In addition, the company organizes annual health checkups for outsourced workers, and maintains detailed health records to strengthen occupational health management. Each year, the CCS conducts an audit of our occupational health and safety systems, including an evaluation of the health and safety management of outsourced workers to ensure full compliance with all safety protocols.



Objectives and Indicators

- ▶ Long-term safety management objective

We are committed to safe and green development, working to prevent and mitigate major workplace safety and environmental risks. Our goal is to eliminate significant hazards, avoid at-fault safety accidents or environmental incidents with major or significant liability, prevent accidents or incidents with serious liability, and reduce those with minor or less liability.
- ▶ Short-term safety management objective

We aim for zero at-fault accidents or incidents with minor or greater liability in 2025.

Honors



All six container factories under COSCO SHIPPING Development have been recognized as a "National Model Enterprise for Safety Culture Building."

Health and Safety			
Indicator	Scope	Unit	2024
At-fault safety incidents	COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	/	0
Major incidents concerning product and service safety and quality		/	0
Amount of damages resulting from major incidents concerning product and service safety and quality		RMB	0
Number of type-A employee deaths due to work-related causes	Regular employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	0
Ratio of type-A employee deaths due to work-related causes		%	0
Working days lost due to work accidents among type-A employees		day	205
Lost time injury frequency rate (including minor and light injuries) among type-A employees		Number of lost-time injuries per million working hours	0.76

Health and Safety			
Indicator	Scope	Unit	2024
Number of type-B employee deaths due to work-related causes	Contractors and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	person	0
Ratio of type-B employee deaths due to work-related causes		%	0
Working days lost due to work accidents among type-B employees		day	1,968.5
Lost time injury frequency rate (including minor and light injuries) among type-B employees		Number of lost-time injuries per million working hours	0.88
Investment in work-related injury insurance for employees	Regular employees, contractors, and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	RMB	8,673,100
Investment in workplace safety liability insurance for employees		RMB	88,200
Percentage of employees covered by work-related injury insurance		%	100
Percentage of employees covered by workplace safety liability insurance		%	8.58



Strengthening the Talent Development System

COSCO SHIPPING Development aligns talent development with the Company's strategic goals, aiming to optimize the workforce structure and nurture a wealth of high-caliber talent for the Group. We continually improve our talent development system, enhance career growth opportunities, and refine our overall talent strategy. Through performance-based evaluations, we establish clear performance indicators and standards, supported by a robust feedback system and oversight mechanism to ensure transparency, openness, and accountability at every stage. We also welcome input and feedback from multiple stakeholders to ensure the objectivity and fairness of performance evaluations.

Employee Training and Development Policies of COSCO SHIPPING Development

Category	Main Documents
 Training and development	<i>COSCO SHIPPING Development Headquarters Regulations on Employee Training</i> <i>COSCO SHIPPING Development Regulations on Career Development (Trial)</i> <i>COSCO SHIPPING Development Education and Training System Development Plan (Trial)</i>

Building a High-quality Talent Pipeline

Attracting key talent	<ul style="list-style-type: none">We align talent development with the Company's strategic goals, aiming to optimize the workforce structure and nurture a wealth of high-caliber talent for the Group. We perform mandatory assessments of all new hires based on uniform standards to make sure we hire the right people. By boosting efforts to recruit professionals in digitization, technological innovation, green technology, smart shipping, advanced manufacturing, supply chain management, and other key areas, we greatly expanded our workforce, which is critical to our sound development.
Developing R&D talent	<ul style="list-style-type: none">We identify high-caliber professionals with a global perspective and expertise in technology, skills, and transportation, as well as experts with specialized technical qualifications. We also develop reasonable plans to strengthen the leadership team. By combining internal training with external recruitment and strengthening collaboration with universities, we speed up the process of tech talent development. We also actively respond to the programs that support talent in the manufacturing industry and recommend outstanding people for various tech talent development programs.
Enhancing the training system	<ul style="list-style-type: none">COSCO SHIPPING Development strives to create a comprehensive, systematic, and ongoing training program that is professional and tailored to the specific needs of our workforce.

Shaping Career Development Paths

 Strengthening performance assessment management	 Standardizing promotion paths
The Company's strategic goals are broken down into individual objectives. A performance system is in place to ensure that compensation is aligned with individual performance, contribution, position, and job level. A transparent feedback mechanism is in place to ensure fairness and objectivity.	Career development pathways are designed to align with the Company's overall strategy. We offer well-defined career paths and fair opportunities, tailored to different roles. Employees are encouraged to grow through specific promotion tracks that closely link career development with performance evaluations.

Awards



DFIC Lianyungang was recognized as a "Model Enterprise for Industrial Workforce Reform and Development in Lianyungang."


DFIC Qingdao was named an "Advanced Enterprise in Industrial Workforce Reform and Development for the New Era in Qingdao West Coast New Area."

Employee Training


Indicator		Scope	Unit	2024
Total investment in employee training		Regular employees, contractors, and outsourced employees at COSCO SHIPPING Development's headquarters and its subsidiaries in and outside Chinese mainland	RMB	7,369,000
Investment per employee			RMB	491.49
Total number of employee training participations			/	45,818
Total number of employees who received training			person	14,993
Average training hours per trained employee			hour	19.28
Proportion of trained employees			%	95.69
Trained employees by gender	Male		%	94.66
	Female		%	5.34
Trained employees by professional rank	Senior management		%	0.05
	Middle management		%	0.29
	Other		%	99.67
Average training hours by gender	Male		hour	17.58
	Female		hour	49.39
Average training hours by professional rank	Senior management		hour	135.29
	Middle management		hour	127.56
	Other		hour	18.91
Average training hours by age	Under 30		hour	18.84
	30-39		hour	17.78
	40-49		hour	20.35
	50 and above		hour	29.22

Fostering a Positive Environment for Employee Growth


COSCO SHIPPING Development adopts a people-first approach. The Company has created a robust employee assistance program, and stepped up efforts to improve the employee social security system and address their immediate concerns. Additionally, we organize ongoing employee engagement activities aimed at enhancing their well-being.




▲ Employee library: a hub for cultural enrichment




▼ Celebration of traditional Chinese festivals



▲ "Rose Fragrance" 2024 Literary Salon (designed to elevate the cultural literacy of female employees and create an opportunity to share the joy and wisdom of reading)




▲ COSCO SHIPPING Development's 3rd Employee Badminton Competition



▲ At DFIC Qingdao, the "MindCare" support station continues to play a key role in supporting employees' mental well-being. In 2024, the station organized psychological assessments for staff, as well as mental health seminars on topics such as parenting and interpersonal communication. In collaboration with the local district's federation of trade unions, the station hosted the "May 25 Mental Health Festival," featuring interactive activities such as sandplay therapy.

In August 2024, DFIC Qidong was recognized by the Jiangsu Provincial Federation of Trade Unions for its efforts in empowering employees through the Employee Service Center and fostering employee well-being.

Awards



Case Florens Officially Became a Signatory to Hong Kong Labour Department's "Good Employer Charter 2024"

Florens officially became a signatory to Hong Kong Labour Department's "Good Employer Charter (GEC) 2024". The main goal of GEC is to promote a culture of excellent human resource management. By signing the charter, Florens has received official recognition for its achievements in HR management, further solidifying its position as an industry leader.

Florens has been recognized with the Mandatory Provident Fund Schemes Authority's "Good MPF Employer," "e-Contribution," and "MPF Support" Awards for three consecutive years. Additionally, it has earned the "Happy Organisation" Award for another year. These accolades highlight Florens' unremitting efforts to improve employee' sense of belonging, foster talent development, and create value in various aspects.



Key Performance Highlights

2024

- We provided support to **43** employees in difficulty, allocating a total of RMB **35,000** in financial assistance.
- Support was also extended to **46** employees for weddings or childbirth and **39** employees facing illness.

6

Giving Back to Society for Harmonious Development

We are committed to addressing people's needs and actively contributing to rural revitalization and social welfare, ensuring that all our efforts serve the greater good.



COSCO SHIPPING Development actively embraces its social responsibility, focusing on charitable initiatives and rural revitalization to create a positive impact on society. We have put in place policies, including the *COSCO SHIPPING Development Regulations on External Donation*, which apply to both our headquarters and subsidiaries, ensuring that all charitable efforts align with our strategic objectives and social responsibilities.



Supporting Rural Revitalization

COSCO SHIPPING Development is committed to its role as a central SOE in supporting rural revitalization and pairing assistance programs. By leveraging our industry experience and expertise, we provide precise and effective support to rural areas, contributing to their revitalization and development.

Case Supporting the Construction of the Container Dining Hall and Cultural Tourism Station in Luolong County, Xizang

On November 7, 2024, the container dining hall and the cultural tourism station in Changdu, Xizang, both funded by the Company, achieved a significant milestone in construction. The container dining hall, located at the First Primary School in Lajiu Township, Luolong County, utilizes advanced double-sided insulation technology to withstand extreme weather conditions. Comprising 30 modular units, it can accommodate 268 people. The cultural tourism station, situated in the Luolong section of the G349 highway, features an innovative design that combines special containers with platforms, optimizing space utilization. It also provides spaces for rest and product displays. This project brings new vitality to the growing tourism trend of "exploring Xizang along the national highways."



Case DFIC Ningbo Breathes New Life into Rural Revitalization

In support of the national rural revitalization strategy, DFIC Ningbo partnered with the nearby Qixia Yang Village, transforming a traditional melon and fruit farming area into a model agricultural zone that promotes both economic benefits and social well-being. The project introduced modern agricultural techniques and management practices, aiming to increase crop yields and enhance product quality. It has brought new revenue streams for local residents, while promoting rural self-governance, cultural tourism, and shared prosperity.



2024

We contributed RMB **25** million to the COSCO SHIPPING Charity Foundation. The funds primarily support disaster relief, poverty alleviation, and educational initiatives both at home and abroad, and the "Long Voyage" program. Additionally, RMB **1,178,500** was allocated to purchasing locally-produced goods from less-developed areas for poverty alleviation.

Contributing to Social Welfare

COSCO SHIPPING Development is deeply committed to community engagement, encouraging employees to participate in volunteer activities that foster a culture of kindness and contribute to building a harmonious society.



Key Performance Highlights

2024

Our employees dedicated **5,057.9** hours in total to volunteer services.



Outlook 2025

Sustainability vision: Integrating CSR into our strategic vision for sustainable industry chain development.



Adopting a global perspective and proactive approach, the Company will make strategic decisions for long-term development. We will fully exploit the synergy of the integrated "leasing-manufacturing-shipping" industry chain. Internally, we will strengthen the collaborative framework and strategy that integrates production, financing, and investment, while externally, we will actively seek out new market opportunities. By collaborating with partners across the shipping industry chain, we strive to promote the sustainable development of the maritime logistics industry.

Sustainability management: Integrating CSR into corporate management to enhance sustainability.



We will closely monitor industry trends and sustainability momentums, continuously identifying and addressing key CSR topics, including corporate governance, risk management, response to climate change, environmental protection, safety management, employee rights and benefits, and community development. By enhancing our policies and management mechanisms, we aim to develop a robust sustainability management system.

Sustainable practices: Integrating CSR into corporate operations to create value for all stakeholders.



We will fully consider the expectations and needs of all stakeholders, and continue to improve our business models to remain relevant in today's ever-changing landscape. By solidifying the integration of industry and finance, we aim to leverage our technology, capital, and industry resources to beef up our ESR efforts and create more value for our stakeholders.

Sustainability-minded teams: Raising employees' CSR awareness to jointly foster a sustainable future for all.



By building a strong culture of responsibility through solid CSR practices, we aim to enhance employees' CSR awareness and competence, encourage them to pursue excellence, and foster a shared sense of mission and fulfillment through value creation, to jointly contribute to the realization of SDGs.

Indicator Index

Report Framework		The Environmental, Social and Governance Reporting Code issued by the HKEX	The Guidelines No.14 for Self-Regulation of Listed Companies — Sustainability Report (Trial) released by the SSE
Heading	Subheading		
About This Report	/	Mandatory disclosure of reporting principles; mandatory disclosure of reporting scope	/
Message from the Chairman	/	/	/
About Us	/	/	/
Honors and Awards	/	/	/
Enhancing Intrinsic Motivation Through Improved Governance	Elevating the Quality of Governance	/	/
	Building Barriers Against Risks	/	Data security and customer privacy protection
	Upholding Business Ethics	B7 General disclosure; B7.1; B7.2; B7.3	Anti-commercial bribery and anti-corruption; anti-unfair competition
	Optimizing Supply Chain Management	B5 General disclosure; B5.1; B5.2; B5.3; B5.4	Supply chain security; Equal treatment of SMEs; due diligence
Fulfilling Our ESG Commitment with Concrete Actions	Board Statement	Mandatory disclosure of governance structure	/
	Sustainability Management Structure	Mandatory disclosure of governance structure	/
	Sustainability Philosophy and Commitment	/	/
	Stakeholder communication	/	Stakeholder communication
	Double Materiality Analysis	/	/
Fostering Tech-Driven Innovation and Value Creation	New Breakthrough in Industry-Finance Integration	/	Innovation-driven development
	Innovation-driven Progress	B6.3	Innovation-driven development
	New Initiatives in Customer Service	B6 General disclosure; B6.1; B6.2; B6.4; B6.5	Product and service safety and quality; data security and customer privacy protection

Report Framework		The Environmental, Social and Governance Reporting Code issued by the HKEX	The Guidelines No.14 for Self-Regulation of Listed Companies — Sustainability Report (Trial) released by the SSE
Heading	Subheading		
Forging a Low-Carbon Path to Sustain the Green Dream	Adopting a Multi-Faceted Approach to Environmental Management	A1 General disclosure; A1.5; A2 General disclosure; A2.4; A3 General disclosure; A3.1	Pollutant discharge; waste management; ecosystem and biodiversity conservation; environmental compliance management; utilization of water resources
	Synergizing Efforts to Address Climate Change	A1.1; A1.2; A1.3; A1.4; A1.5; A2 General disclosure; A2.1; A2.2; A2.3; A2.4; Climate-related disclosures of governance, strategy, risk management, and indicators and targets	Response to climate change; pollutant discharge; waste management; energy utilization; utilization of water resources, circular economy
Nurturing a Supportive Environment and Strengthening Employee Cohesion	Protecting Legitimate Rights	B1 General disclosure; B1.1; B1.2; B4 General disclosure; B4.1; B4.2	Employees
	Fostering Physical and Mental Well-being	B2 General disclosure; B2.1; B2.2; B2.3	Employees
	Strengthening the Talent Development System	B3 General disclosure; B3.1; B3.2	Employees
	Fostering a Positive Environment for Employee Growth	B1 General disclosure	Employees
Giving Back to Society for Harmonious Development	Supporting Rural Revitalization	B8 General disclosure; B8.1; B8.2	Rural revitalization
	Contributing to Social Welfare	B8.1; B8.2	Social contribution
2025 Outlook	/	/	/
Indicator Index	/	/	/
Assurance Statement	/	/	/
Reader Feedback	/	/	/

Assurance Statement



Assurance statement No. CN-202503-CSR-05

Assurance Statement of Sustainability Report

TÜV NORD (Hangzhou) Co.,Ltd.(abbreviated as "TNHZ") was entrusted by COSCO SHIPPING Development Co., Ltd. (abbreviated as "COSCO SHIPPING Development " or "the Company") to conduct an independent third-party assurance of COSCO SHIPPING Development's 2024 Sustainability Report (abbreviated as "Report").

COSCO SHIPPING Development is responsible for collecting, analyzing, summarizing, and disclosing the information mentioned in the Report. TNHZ carried out this work (Report Assurance) within the scope of authority recognized in the agreement with COSCO SHIPPING Development. COSCO SHIPPING Development Co., Ltd. is the designated user of this statement.

This statement is based on COSCO SHIPPING Development's 2024 Sustainability Report, and COSCO SHIPPING Development is responsible for the integrity and authenticity of the information and data in the Report.

User of the Assurance Statement

This Assurance Statement is provided to all stakeholders of COSCO SHIPPING Development.

Assurance Scope

- The key environmental, social and governance performance and related information for 2024;
- Assurance location: No. 1, Lane 1318, Shangcheng Road, Pudong New Area, Shanghai, which is the headquarters location of COSCO SHIPPING Development;
- Evaluate the management processes such as collection, analysis, and assurance of the data and information involved in the report;
- Due to the economic data and carbon emission data has been verified by another third party, no repeated verification will be conducted in this assurance.

The on-site assurance conducted from March 13th to March 14th , 2025.

Assurance Method

- Evaluate the documentary information provided by COSCO SHIPPING Development.
- Interview the information collectors of COSCO SHIPPING Development for the report.
- Check the public information released on relevant websites and by the media, and verify the relevant data and information in the report through sampling.
- Evaluate the sustainability report in line with the requirements of the "GRI Sustainability Reporting Standards" (GRI Standards 2021) in aspects such as Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability.
- The report was evaluated in reference to the requirements for sustainable development reports in the " the Environmental, Social and Governance Reporting Code issued by the Stock Exchange of Hong Kong (the "HKEX ESG Reporting Code").

Assurance Standard and Level

"TNHZ Report Assurance Implementation Rules" SC - P - A015 Rev.00 (Based on the "AA1000 Assurance Standard" (V3) Type 2 / ISSA 5000 "General Requirements for Sustainability Assurance"), Assurance Level: Moderate Assurance / Limited Assurance.

Assurance Conclusion

COSCO SHIPPING Development 2024 Sustainability report objectively reflects the company's work status and performance in the field of sustainable development in 2024., the data in the report is found to be reliable and objective through on-site assurance. TNHZ found no systemic or material errors.

- **Materiality:** COSCO SHIPPING Development has identified 17 topics including "Innovation-driven development", "Pollutants and Waste management", "Occupational Health and Safety", and "Responsible Supply Chains". It has disclosed the



Assurance statement No. CN-202503-CSR-05

- company's significant objective performance in the fields of environment, society, and governance in 2024 through six chapters such as "Enhancing Intrinsic Motivation Through Improved Governance" and "Forging a Low-Carbon Path to Sustain the Green Dream". Respond promptly to the expectations of investors and other stakeholders;
- **Quantitative:** The report discloses performance indicators in the fields of society, environment and governance, such as container production capacity, container fleet size, fleet capacity, number of suppliers, employee structure and energy consumption, which have a certain quantification;
 - **Balance:** The report objectively disclosed negative performance data such as the number of customer privacy leakage incidents and the total amount of hazardous waste, which has a certain balance;
 - **Consistency:** COSCO SHIPPING Development Securities and Public Relations Department is responsible for collecting, recording, arranging and analyzing the information and process used in the preparation of the report. The relevant departments of the sampled data in the assurance process can provide traceability, which ensures the quality and substance of the information to a certain extent.

Suggestions for Improvement

- Through the assurance and evaluation activities, we propose the following improvements to COSCO SHIPPING Development's environmental, social and governance practices and management:
- During the process of conducting materiality topic research, strengthen the summary and analysis of the opinions and suggestions of internal and external stakeholders;
 - In the field of environment, it is suggested that the scope of energy consumption disclosure be gradually expanded in the future;
 - For key performance indicators, it is recommended to disclose data from three years or more to enhance the comparability of the reports.

Special Statement

- Excluded in this assurance statement:
- Activities other than information disclosure;
 - Statements regarding the standpoint, viewpoints, beliefs, goals, future development directions, and commitments of COSCO SHIPPING Development.

Statement of Independence and Competence

TÜV NORD is a world-leading certification body with branches in more than 100 countries around the world. It provides inspection, testing and verification services, including management system and product certification; audits and training in the aspects of quality, environment, society and compliance; assurance of environmental, social responsibility and sustainability reports.

As one of the global branches of TÜV NORD, TÜV NORD (Hangzhou) Co.,Ltd.is independent, ensuring that there is no conflict of interest with COSCO SHIPPING Development's branches or stakeholders during the report assurance process. All the information in this report is provided by COSCO SHIPPING Development Co., Ltd., and TNHZ has not been involved in the report preparation process.

The authorized person: Mr. Wang Peng
Date: March 27th, 2025

Note: In case of conflict between the Chinese and English versions of this statement, please refer to the Chinese version.

Reader Feedback

We genuinely appreciate your feedback and invite you to share your thoughts and suggestions on COSCO SHIPPING Development's Sustainability Report. Your insights will guide our ongoing improvement in CSR management and implementation. Kindly complete and detach the form provided below, and return it to us by mail or fax. We thank you for your valuable input!

Your contact information:

Name:_____ Organization:_____ Tel.:_____ E-mail: _____

1. How would you rate COSCO SHIPPING Development's CSR performance?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
2. What's your general opinion about this report?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
3. How effectively does COSCO SHIPPING Development communicate with stakeholders?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
4. How do you rate COSCO SHIPPING Development's corporate management practices?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
5. How well do you believe COSCO SHIPPING Development supports the real economy?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
6. How well do you think COSCO SHIPPING Development contributes to societal well-being?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
7. How do you assess COSCO SHIPPING Development's commitment to environmental protection?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
8. How do you rate COSCO SHIPPING Development's performance in building a strong team?

☐ Excellent ☐ Good ☐ Fair ☐ Poor
9. Are the content and layout design of this report user-friendly?

☐ Yes ☐ No
10. Are there any subjects or information you were hoping to find in this report but did not?
11. Please share any feedback or suggestions you might have regarding COSCO SHIPPING Development's CSR performance or the contents of this report.