



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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1308

2024 Environmental, Social & Governance Report



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF SITC

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About This Report

SITC International Holdings Company Limited has released the “Social Responsibility Disclosure Report” each year since 2014, which has been changed to the “Environmental, Social and Governance Report” (the “ESG Report”) since 2016, which subsequently has been published separately from its annual report since 2019. TCFD disclosure framework has been adopted in the ESG Report from 2023. Since 2024, the ESG Report has followed the new climate disclosure requirements issued by the Hong Kong Stock Exchange and endeavored to comply with the ISSB Standards.

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

Scope and Reporting Cycle of the Report

This report covers the period from 1 January 2024 to 31 December 2024, which is consistent with the financial reporting period. To be more systematic, this report is partially retrospective to previous years, and the reporting boundary has no significant change as compared to that for the financial year ended 31 December 2023.

Unless otherwise specified, all cases and data in this report are derived from the wholly-owned branch companies, subsidiaries and joint ventures under de facto control of SITC. The scope of entities included in this report is consistent with the scope of the list of entities in the annual report.

Last reporting period: March 2024

Reporting cycle: once a year

Basis for Preparation

This report is prepared in compliance with the principles of materiality, quantitative, balance and consistency as set out in the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This report has complied with all mandatory disclosures requirements and “comply or explain” provisions set out therein. In accordance with the recommendations outlined in the “Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework”, the Company endeavors to prepare the relevant contents of the report with reference to the disclosure standards issued by the “IFRS Sustainability Disclosure Standards” (the ‘ISSB Standards’), such as IFRS-S1 and S2, as well as the corresponding disclosure standards issued by the Hong Kong Institute of Certified Public Accountants, such as HKFRS-S1 and S2.

This report is prepared also with reference to the Global Reporting Initiative Standard (GRI), the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards (SASB) for the maritime industry.

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

Independent Verification

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

Commitment of This Report

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

Explanations on Abbreviated Names

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

Access to This Report and Contact Information

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

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

SITC International Holdings Company Limited

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Wan Chai, Hong Kong

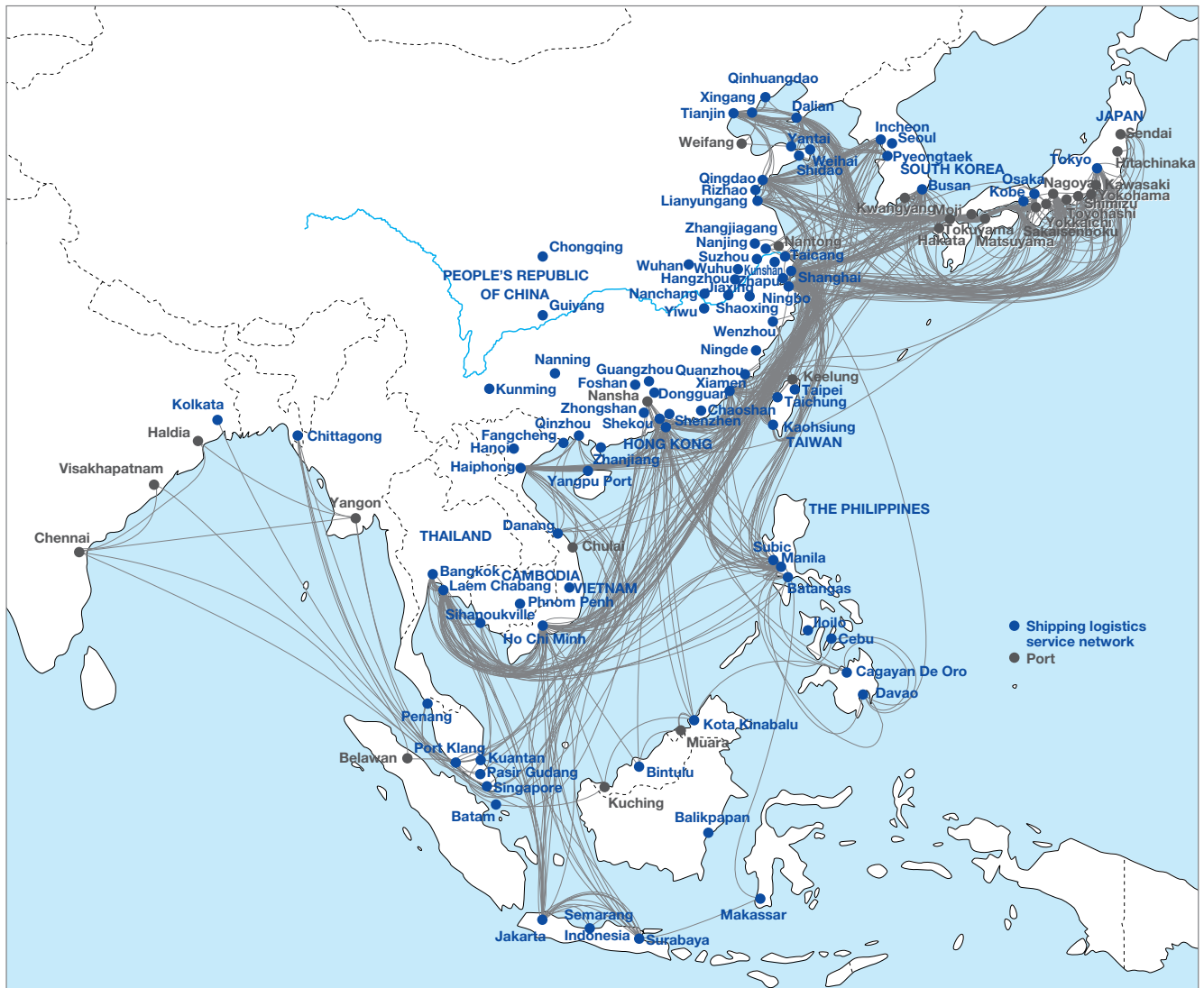
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About SITC

SITC is an Asia's leading shipping logistics company that provides integrated transportation and logistics solutions. As at 31 December 2024, we ranked the 15th among international container shipping companies in terms of shipping capacity. We focus exclusively on servicing the Asia trade market, which is the largest in the world and one of the fastest growing market in terms of shipping volume, according to Drewry Maritime Services (Asia) Pte Ltd, an independent industry consultant.

The following map illustrates the Asia container shipping routes (including trade lanes operated through joint services and container slot exchange arrangements) and shipping logistics service network of the Group as of 31 December 2024:



Our businesses include integrated shipping and logistic services, such as providing container transportation, freight forwarding, shipping agency, depot, warehousing services, dry bulk vessel leasing, land leasing and other services.

About SITC

DIRECTORS

Executive Directors

YANG Xianxiang (*Chairman*)

XUE Mingyuan (*Chief Executive Officer*)

LIU Kecheng

LAI Zhiyong

Non-Executive Director

YANG Xin (*Vice-Chairman*)

Independent Non-Executive Directors

TSE Siu Ngan (*Lead Independent Non-Executive Director*)

LIU Ka Ying, Rebecca

HU Mantian (Mandy)

BOARD COMMITTEES

Audit Committee

LIU Ka Ying, Rebecca (*Chairman*)

TSE Siu Ngan

HU Mantian (Mandy)

Remuneration Committee

TSE Siu Ngan (*Chairman*)

YANG Xianxiang

YANG Xin

LIU Ka Ying, Rebecca

HU Mantian (Mandy)

Nomination Committee

HU Mantian (Mandy) (*Chairman*)

YANG Xianxiang

YANG Xin

TSE Siu Ngan

LIU Ka Ying, Rebecca

Risk Management Committee

TSE Siu Ngan (*Chairman*)

XUE Mingyuan

LIU Kecheng

LIU Ka Ying, Rebecca

HU Mantian (Mandy)

Disclosure Committee

HU Mantian (Mandy) (*Chairman*)

TSE Siu Ngan

LIU Ka Ying, Rebecca

Sustainable Development Committee

YANG Xin (*Chairman*)

TSE Siu Ngan

LIU Ka Ying, Rebecca

HU Mantian (Mandy)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE HEADQUARTERS

31/F, Shui On Centre

6-8 Harbour Road,

Wanchai

Hong Kong

AUTHORIZED REPRESENTATIVES

LIU Kecheng

XUE Peng

COMPANY SECRETARIES

XUE Peng (*FCG, HKFCG*)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Royal Bank House – 3rd Floor,

24 Shedden Road, P.O. Box 1586

Grand Cayman KY1-1110

Cayman Islands

About SITC

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PLACE OF LISTING

Hong Kong Stock Exchange

NAME OF STOCK

SITC International Holdings Company Limited

STOCK CODE

01308

PRINCIPAL BANKERS (by alphabetical order)

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

AUDITORS

Ernst & Young

LEGAL ADVISORS

As to Hong Kong law:

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

As to Cayman Islands law:

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

WEBSITE

www.sitc.com

About SITC

		2024	2023	Change
Results				
Turnover	US\$'000	3,058,059	2,428,959	25.9%
Profit attributable to shareholders of the Company	US\$'000	1,028,325	531,393	93.5%
Basic earnings per share	US\$	0.39	0.20	95.0%
Profit margin	%	33.8	22.1	11.7 pt.
Net cash flows from operating activities	US\$'000	1,158,334	672,213	72.3%
Financial Position				
Equity attributable to shareholders of the Company	US\$'000	2,404,236	1,914,536	25.6%
Net current assets	US\$'000	478,763	123,585	287.4%
Interest bearing bank borrowings	US\$'000	166,857	169,034	(1.3)%
Financial Ratio				
Return on equity (note 1)	%	47.5	26.2	21.3 pt.
Return on assets (note 2)	%	35.4	18.7	16.7 pt.
Assets turnover ratio (note 3)	times	1.05	0.85	0.2
Gearing ratio (note 4)	%	0.9	13.4	(12.5) pt.
Operating Statistics				
Number of container vessels operated as at year end	vessels	114	103	11
Container shipping volume – Container shipping and supporting logistics	TEU	3,570,184	3,224,498	345,686

Note 1

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

Note 2

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

Note 3

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

Note 4

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

Honors and Awards

Following a number of rankings obtained under the category of transportation sector in the previous three years, SITC won 11 comprehensive rankings in the Asia-Pacific region and Overall (Small & Midcap) under the category of transportation sector in the “2024 Asia (ex-Japan) Executive Team Honored Companies” held by Institutional Investor in 2024, an international financial magazine, which include “Best CEO”, “Best IR Professional”, “Best IR Team”, “Best Investor Relations”, “Best ESG” and “Best Company Board”. At the same time, SITC was ranked as one of the “Most Honored Companies” by Institutional Investor in 2024, reflecting international investors’ recognition of the Group’s corporate governance standards and outstanding investor relations performance.

The Company has been honored with the following rankings in 2024:

	Asia-Pacific Region	Overall (Small & Midcap)
Best CEO – Mr. YANG Xianxiang	Ranked 3rd (Purchaser)	Ranked 1st (Purchaser)
Best Company Board	Ranked 3rd (Purchaser)	Ranked 2nd (Overall) Ranked 2nd (Purchaser)
Best IR Professional – Mr. XUE Peng	Ranked 3rd (Purchaser)	Ranked 3rd (Overall) Ranked 1st (Purchaser) Ranked 3rd (Seller)
Best IR Team	Ranked 3rd (Purchaser)	Ranked 3rd (Overall) Ranked 1st (Purchaser)
Best Investor Relations	Ranked 3rd (Purchaser)	Ranked 2nd (Overall) Ranked 1st (Purchaser)
Best ESG		Ranked 3rd (Overall) Ranked 2nd (Purchaser)

Honors and Awards

SITC received a high score of 74 points in the S&P Corporate Sustainability Assessment 2024, which is among the top in the global industry. As a result, SITC was invited to be included in the S&P Global Sustainability Yearbook 2025, and was awarded the “Industry Mover” recognition, reflecting the full affirmation of the Company’s long-term efforts in the field of sustainable development. The increase in S&P CSA rating and ranking is the result of the joint efforts of all members of the Company, and an important milestone on our path to sustainable development. In the future, we will continue to uphold the concept of sustainable development, promote our further breakthroughs in the field of ESG, and create greater value for our employees, investors, customers and society.



SITC participated in the “2nd International Port, Shipping and Logistics & Multimodal Transport (Shanghai) Exhibition”. At the release ceremony of the results of the 21st “Golden Wheel Cup” China Freight Service Quality tracking survey activity held at the same time, SITC won the title of “Customer satisfaction Container Liner Company”, “Customer Satisfaction Special Transport Enterprise”, “Customer Satisfaction NVOCC” and “Customer Satisfaction Freight Forwarding and Logistics Enterprise”.

SITC Container Lines was honored with the Gold Award for Shipping Services in India for its outstanding performance in the Far East Indo-East Trade Area in 2024 at the Indo-East Shipping Forum and Outstanding Shipping Enterprises Awards organized by Indian weekly shipping magazine EXIM SHIPPING TIME in Kolkata.

On 30 August 2024, at the Award Ceremony 2023 organized by the Hong Kong Marine Department and the Hong Kong Shipowners Association, SITC Shipping Management (Shanghai) Co., Ltd. won two major awards, namely the “Green Fleet Award in 2023” and the “Outstanding Performance in Port State Control Inspection for the year of 2023”, for its fleet’s excellent low-carbon and environmentally-friendly operations and good results in port state control (PSC) inspections. This is the sixth consecutive year that the Company has won this award.

Chairman's Message

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

The Company's development strategy emphasizes self-operated and asset light models to establish logistics channels and facilities integrating sea and land, continuously improve the high-density and high frequency sea liner network and to offer low-carbon and environmental friendly supply chain services. The main focus is on the application of digital and artificial intelligence as well as the corresponding organizational change; at the same time, we have also taken the gradual realization of the goals of zero emission and biodiversity protection as our important direction of development, aiming at responding to the global call for biodiversity protection.

In 2024, the Red Sea crisis and terminal congestion reduced the effective capacity of container shipping, while economic recovery, industrial shifts and inventory strategy adjustments increased freight demand, and the improvement of supply-demand relationship and rising comprehensive costs drove industry revenue growth. The Company continued to improve its profitability by adhering to its differentiation and low-cost strategy.

In addition, the growth rate of the global fleet size diverged in 2024, with the delivery of new container vessels hitting a new high, but the investment attitude towards small container vessels became more cautious, and relevant analysts expected a negative growth in the supply of small vessels. In response to the amendments to Annex VI to the IMO International Convention for the Prevention of Pollution from Ships (MARPOL) adopted by the International Maritime Organization (IMO), in 2024, the Company delivered a total of 8 newly built vessels, purchased one second-hand newly built vessel, all of which are low-emission and high-efficiency vessels, sold 6 old vessels, and actively focused on and participated in attempts to try out and research and develop new-energy vessels. The Company expects to deliver two newly built vessels in 2025.

In response to the Hong Kong Stock Exchange's further requirements on sustainability disclosure matters, the Company further refined the implementation and execution of environmental KPIs, and included various ESG KPIs in the performance appraisal of the chief executive officer ("CEO") and all other senior management. Internal training on ESG data collection was held many times to improve the accuracy and scientificity of data. The external verification of the ESG Report was recognized by the third-party institution for four consecutive years. We were also included in the S&P Global Sustainability Yearbook 2025.

Looking ahead to 2025, although the industry is still facing a lot of uncertainties, as the disturbance factors gradually normalize, it will lead to an overall shipping overcapacity in the future. Customer stickiness, operational efficiency, cost control, etc. will become the key factors for the Company's sustained profitability. Asia is reshaping trade routes and logistics needs in Southeast Asia and India as industries shift, presenting us with new opportunities. In addition, we believe that a key point in the green transformation of the shipping industry is approaching. IMO will promote the development of the industry towards low carbon and environmental protection through a "package" of medium-term emission reduction measures, and the EU Emissions Trading System will formally include the shipping industry. The market share of green shipping is expected to reach 30%. Although the application of green technologies such as biofuel is promising, its high cost and difficulty in procurement remain a major challenge for the industry, and liquefied natural gas (LNG) and traditional fuels will remain the main solutions during the transition period. The maritime industry will accelerate its digital transformation, optimize route planning, and improve operational efficiency and safety through artificial intelligence, big data and other technologies. The Company will continue to reduce emissions from its fleet and will focus on the application of digitalization and artificial intelligence as its key development direction.

With our businesses focusing on Asia region, the Company is confident that we will continue to leverage on our unique advantages to provide customers with low carbon, environmentally friendly and high quality supply chain services, continue to create a higher value for all stakeholders in the society, and will surely grow into a world-class integrated logistics service solution provider.

Statement of the Board on ESG Matters

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

The Board has set up the sustainable development committee (the “Sustainable Development Committee”) to put forward suggestions regarding the Company’s long-term development plan, sustainable development policies, and guide the stakeholder communication. The Sustainable Development Committee also reviews the policies, management framework and day-to-day operations in respect of environmental and social responsibilities, climate change risks and sustainable development at least every half a year. In addition, the Sustainable Development Committee puts forward suggestions to the Board on relevant work. The members of the Sustainable Development Committee have diversified ESG-related knowledge, and Ms. YANG Xin, the chairman of the committee, has many years of experience as a director of the Nature Conservation Foundation. In addition, the nomination committee of the Company incorporates knowledge related to sustainability, environmental management, social responsibility and corporate governance into the nomination reference.

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

Based on the effective communication with stakeholders, combined with the actual situation of the Company and the opinion of the management, the Board assesses, prioritizes and manages the materiality level of various ESG indicators, and regularly reviews the progress of the ESG-related targets and indicators and discloses the progress itself and its business-related impacts in the annual ESG Report.

Corporate Governance

1.1 ESG MANAGEMENT PHILOSOPHY

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

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

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

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

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

The Company undertakes compliance with all applicable anti-monopoly and anti-competition regulations and non-participation of any form of monopoly, agreed-merits among competitors or abuse of dominant market position. We will protect consumers’ interests and maintain a fair competition environment in the market. Employees are required to be abided by the Company’s policies and are encouraged to take part in trainings and educations. We will actively cooperate with any investigation by the government. Penalties will be imposed on any party involved in any non-compliance in due course. The Company acknowledges fair competition is the vital cornerstone of the long-term success and the social responsibility of the Company.

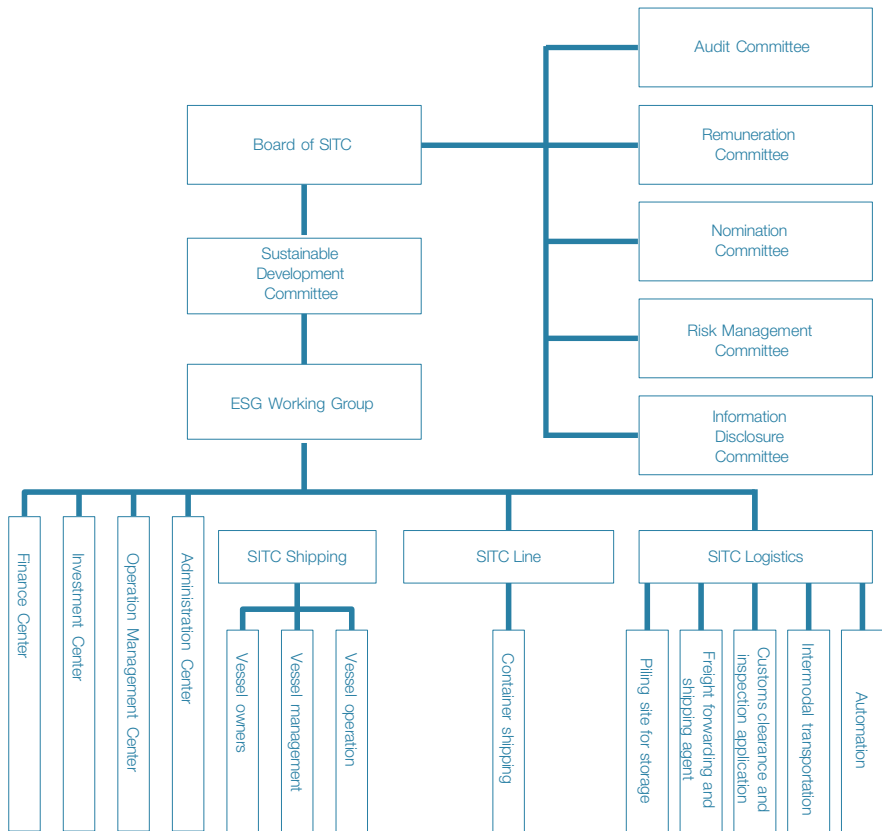
The Company is committed to creating greater values for stakeholders to help achieve its sustainable development goals. The Company has been striving to establish a sound sustainable development structure, set up various key performance indicators (“KPIs”) and the relevant performance appraisal system, improve internal management system, optimize IT systems and further improve corporate governance, thus striving to accomplish the corporate governance goal: to create a credit-oriented environment of high transparency and clear accountability so as to secure long-term investment, financial stability and business integrity, thereby supporting more robust growth and a more inclusive society.

In 2024, we focused on exploring the dual materiality approach, with the ESG Report highlighting the issues that have a significant impact on the environment, society, and corporate governance, with a particular focus on externalities, and disclosing material issues that may have a material financial impact on cash flows, financing or cost of capital in conjunction with the annual report.

In principle, unless otherwise stated, the relevant policies disclosed in this report are approved and authorized by the Board and implemented by the corresponding teams of the Executive Management.

1.2 ESG MANAGEMENT STRUCTURE

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



Corporate Governance

- The Board is responsible for the approval of the Company's ESG strategy, performance management and the oversight of target progress;
- The Board has established the Sustainable Development Committee, which comprises four non-executive directors of the Company. Ms. YANG Xin, a non-executive director and vice chairman of the Board of the Company, serves as the chairman of the Sustainable Development Committee, three independent non-executive directors serve as its members, and the company secretary acts as the secretary of the Sustainable Development Committee. The Sustainable Development Committee shall submit the Sustainable Development Report of the Company to the Board every half a year to report the progress of various ESG matters during the reporting period of the Company in detail, and make recommendations to the Board. ESG-related matters are ultimately jointly supervised by the chairman of the Sustainable Development Committee and the CEO of the Company. Ms. YANG Xin is enthusiastic about public welfare, and has been involved in sustainable development and nature conservation activities for many years. In 2022, she was appointed as the director of the Greater China Region of The Nature Conservancy (TNC) to guide the Company's sustainable development and green activities. In addition, Ms. YANG Xin has extensive experience in brand building, operation and strategic planning.
- The ESG working group is coordinated by the compliance and risk control departments, and is composed of the heads of finance, business, administration and other relevant departments. It is responsible for collecting and sorting ESG matters (such as climate issues, health and safety, etc.) and data, formulating and submit KPI targets to the Sustainable Development Committee for approval, and promoting the implementation and execution of various goals. It reports the summary results to the Sustainable Development Committee on a monthly basis, and evaluates the relevant KPI indicators of senior management.

In 2024, the Sustainable Development Committee summarized and analyzed the 2023 ESG matters, investigated and summarized the completion progress of various KPIs for 2024, and performed focused analysis on all external ESG scorings. It reviewed and inspected all aspects of the Company's ESG management, and proposed a series of improvement measures and steps to the Board. The Board is generally satisfied with the Company's performance on 2024 ESG matters.

1.3 THE BOARD AND THE PROFESSIONAL COMMITTEES

The Company adheres to Board diversity policy to exert the function of independent non-executive directors and shows respect to their professional advices and independent insights. As of the date of this Report, the Board of the Company is comprised of eight members, including four executive directors, one non-executive director and three independent non-executive directors, among which, three of them are female directors. Shareholders' opinions are taken into consideration in respect of the composition of the Board. Voting for the re-election of directors after the end of the annual general meeting will be compiled into statistics and the corresponding measures will be adopted. The appointment of directors satisfies various factors including diversity, independence and influence to the relevant industry.

The Board shall be comprised of at least three independent non-executive directors at all times, representing at least one third to the member of the Board, and a lead independent non-executive director has been appointed so that the Board always has a strong degree of independence from management and can effectively exercise independent judgement. The proportion of independent non-executive directors on each of the specialized committees shall not be less than 60%, and all other committees are chaired by an independent non-executive directors, except for the Sustainable Development Committee, which is chaired by a non-executive director of the Company.

Corporate Governance

All the directors (including independent non-executive directors) are provided with equal opportunity and channel to communicate with the Board and express their opinion and with individual and independent access to the management of the Group to make informed decision. The chairman of the Board should hold meeting with independent non-executive directors at least once a year, with the absence of other directors, to discuss any business and doubt. The Company will increase the proportion of independent non-executive directors in the Board in the future in order to leverage on the leadership of independent non-executive directors in each professional committee.

Four executive directors of the Company have over twenty five years of extensive experience in shipping and logistics industry, 1 non-executive director possesses extensive experience in finance, investment and brand building and operation areas, 3 independent non-executive directors have rich experience in financial investment management and risk management, information technology, economic and market research, respectively.

In addition, we hereby disclose that, calculated from the date of incorporation of the listed company (SITC International Holdings Company Ltd.), as of 31 December 2024, the average term of office of the 8 members of the Board of the Company is 8.125 years.

Type of Director	Name	Term of Office (years)	Time of Appointment
Executive Directors	YANG Xianxiang (<i>Chairman</i>)	14	April 2010
	XUE Mingyuan (<i>Chief Executive Officer</i>)	11	March 2013
	LIU Kecheng	14	April 2010
	LAI Zhiyong	11	March 2013
Non-Executive Director	YANG Xin (<i>Vice-Chairman</i>)	3	March 2021
Independent Non-Executive Directors	TSE Siu Ngan	4	October 2020
	(<i>Lead Independent Non-Executive Director</i>)		
	LIU Ka Ying, Rebecca	4	December 2020
	HU Mantian (Mandy)	4	October 2020
Average term of office		8.125	/

Notes:

Taking the calendar year as the base year, as of 31 December 2024, for example: if a director was appointed in March 2020, its term of office was calculated as 2024-2020=4 years.

Corporate Governance

1.4 PERFORMANCE AND INCENTIVE POLICY OF SENIOR MANAGEMENT

1. Responsibilities of the Remuneration Committee

"Personnel is SITC's greatest asset. Only by cultivating top-calibre employees can we provide first-class services to customers, create first-class value and achieve sustainable development", the principle of SITC's compensation policy is to provide fair and market-competitive remuneration packages in order to encourage and maintain the performance of employees as well as to promote the development of the enterprise. Therefore, SITC has established a formal and transparent policy on directors' remuneration and other remuneration-related matters; no director is allowed to participate in the determination of his/her own remuneration.

The Company has an independent remuneration committee (the "Remuneration Committee") to oversee the process of determining remuneration. In addition, the Remuneration Committee shall consult with the chairman of the Board and the CEO on the remuneration proposals for the other executive directors, taking into account the views of stakeholders, including shareholders. The Remuneration Committee should be able to seek independent professional advice if necessary and any non-director remuneration consultant shall be independent of the organization, the highest governance body and senior management.

The chairman of the remuneration committee of the Company (the "Remuneration Committee" or, in his/her absence, one other member of the Remuneration Committee, who must be an independent non-executive director, shall attend the annual general meeting of the Company and respond to shareholders' questions on the Remuneration Committee's activities and its responsibilities.

2. Compensation and Performance Policy

Remuneration of the Company can be categorized into fixed remuneration and variable remunerations. Fixed remuneration includes salaries of different positions, (director position) fees, pensions, and different kinds of subsidies, which will be determined based on comprehensive factors such as the position and duties of the employees, while variable remuneration includes performance-based payroll, project bonus, year-end bonus, special incentives, share awards, which will determined based on various factors such as personal performance, the operating results of the Company for the year, participation conditions, etc. The remunerations of the Company's senior management are recommended by the Remuneration Committee to the Board, and will be approved by the Board with delegation from the general meeting.

Level/Position	Calculation/ Payment Method	Fixed Remuneration			Variable Remuneration						
		Expense Reimbursement Criteria for Assigned Personnel	Subsidy	Salaries of Different Positions	Performance- based Payroll	Bonus	Special Reward				Share-based Incentive
							Growth Award	Project Reward	Milestone Reward	Chairman's Special Award	
Executive Director and Senior Management Compensation	Calculation method	Daily expenses at the stationed location or cross-border living expenses	Directors' allowances and other allowances	Approved by the Board		Evaluation based on the Company's operating conditions, performance, etc.	Determined by SITC's Board	Separate project submitted to SITC headquarters for approval		Outstanding candidates submitted to SITC headquarters for approval based on annual selection	Determined by SITC's Board
	Payment method	By month	By month	Annual compensation		Paid at the end of the year	Payment based on approval from the Board or headquarters				Restricted shares that meet the conditions shall be vested after three years
Independent Director, Non-Executive Director	Calculation method	N/A	Directors' allowances, committee allowances	Approved by the Board		N/A	N/A	N/A	N/A	N/A	Determined by SITC's Board
	Payment method	N/A	By Month	Payment based on approval from the Board or headquarters		N/A	N/A				Restricted shares that meet the conditions shall be vested after three years

Corporate Governance

Performance appraisal of the senior management is formulated by the Remuneration Committee and is executed upon approval by the Board. The variable remuneration of senior management is directly related to performance evaluation in equal proportion. The appraisal items and appraisal weights are: 20% on business indicator, 20% on efficiency indicator, 20% on effectiveness indicator, 20% on ESG (including responsibility issues) indicator, and 20% on innovation indicator. The appraisal items for the senior management of each position will be refined based on the said five indicators. (In addition, since 2024, the Company has implemented ESG performance and remuneration linkage for managers of branch companies, subsidiaries and affiliates and personnel in special positions, including but not limited to indicators such as carbon emission intensity, pollutant disposal and work-related injury rate, etc., through the internal carbon pricing and ESG performance assessment system.)

Among which, the appraisal items for the CEO include group turnover, group profit, return on equity (ROE), ESG, business development and liability incident and core issues of corporate value creation (corresponding to different executives). Based on peer standards, our long-term remuneration performance rate has been increased, and the remuneration has been linked with the sustainable development of the Company and the society and ESG governance to reflect our emphasis on long-term sustainable development.

CEO Performance Appraisal				
Appraisal Content		Specific Details	Evaluation Criteria	Proportion
Business volume/workload	Turnover		Compared with the same period last year	20%
Benefits/effects	Group profit, total shareholder return (TSR)		Compared with the same period last year and peers	30%
Efficiency	ROE and other relative financial indicators		Compared with the same period last year and peers	20%
ESG	Three major ratings (MSCI-ESG rating and S&P-CSA scoring, CDP rating) maintained and upgraded to MSCIA level (in long term); (improved in environmental performance)	<ol style="list-style-type: none"> 1. Fuel consumption per 10,000 sea miles per unit capacity (ton/10,000 sea miles/TEU) decreased by 2% compared with the previous year; 2. Greenhouse gas emission intensity CO₂e (g/TEU km) decreased by 2% compared with the previous year; 3. Hazardous and non-hazardous waste density (g/TEU km) decreased by 2% compared with the previous year; 4. Water intensity (m³/million TEU kilometers) decreased by 2% compared with the previous year; 5. Increase in capital expenditure on new energy and environmental protection equipment, use of renewable energy, and green investment and financing; 	Compared with the same period last year	15%
	Employee health and safety	<ol style="list-style-type: none"> 1. The overall injury rate per million working hours of the Company's employees (full-time, temporary, and contracted) was lower than that of the previous year; 2. The number of lost working hours was controlled below 500 hours, representing a decrease of approximately 27.5% as compared to 2020 	Compared with the same period last year	5%
Business development/liability incident	Strengthen the Company's digital and intelligent transformation; "5 Zeros" safety and health incident goals; Handling of complaints and reports of corruption	The "5 Zeros" target includes net zero of serious marine accidents, marine pollution accidents caused by oil and gas leaks, serious cargo accidents, fatal accidents related to industrial accidents, and accidents involving overworked employees.	Compared with the same period last year and peers	10%

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Notes:

1. This table is the CEO's remuneration appraisal system for the year. The appraisal standards for other executives are adjusted according to specific positions, but the proportions are the same;
2. The performance appraisal of executives affects executives' variable remuneration in the form of percentage, and the specific appraisal contents including multiple items are fed back to the final proportion in a proportional manner;
3. The core issues of significant risks and opportunities, as identified in the Company's annual risk and opportunity assessment, will be regularly updated to the content of executive performance appraisal;
4. ESG performance indicators (carbon emissions, pollutant emissions, health and safety) will be updated regularly in line with annual progress;

3. Equity Policy

The annual appraisal results will be used as an important basis for short-term and long-term incentives. Short-term incentives include year-end bonus and special bonus, while long-term incentives include share award. The Company has adopted several share incentive schemes since its listing, which include a pre-IPO share option scheme and a post-IPO share option scheme and a share award scheme (subsequently replaced by a new share scheme adopted by the Company on 26 April 2024). The pre-IPO share option scheme had been implemented from 2010 with a valid period of 10 years, under which 79.16 million shares had been issued and the number of employee participants were over 700. The post-IPO share option scheme had been implemented from 2010 with a valid period of 10 years, under which 23.20 million shares had been issued and the number of employee participants were 110. The share award scheme has been implemented from 2017 with a valid period of 10 years, under which the awarded shares will be vested to the employees three years upon grant (or other period of time as approved by the Board). As of 31 December 2024, 72,696,172 awarded shares had been issued, of which 11,742,762 awarded shares had been issued to senior management, and 3,854,512 awarded shares had been issued to the CEO. With the exception of restricted equity grants, which have a three-year vesting period, executive variable compensation returns (e.g., performance-based compensation, bonuses, etc.) may be partially deferred with the approval of the Board. The deferral period and the performance period for evaluating variable compensation are consistent, which is three years. There is a clawback mechanism under specific circumstances. The deferred award (600,000 shares) granted to the CEO in 2024 accounted for 49.2% of the total annual compensation (including deferred award).

The Company encourages senior management to hold the Company's share, and through employee shareholding scheme and share award scheme, etc., guarantees and requires that the market value of shareholdings of the senior management (including executive directors) shall not less than 8 times of their annual remuneration, and the market value of shareholdings of the chief executive officer of the Company shall not less than 10 times of his annual salary.

4. CLAWBACK & MALUS Provisions Policy

In order to ensure a balance between short-term performance and long-term development, as well as to regulate the behavior of executives, prevent risks, and encourage them to focus on the long-term development of the Company, SITC implements a CLAWBACK & MALUS Provisions policy while deferring the vesting of part of the variable remuneration returns. The policy, as amended from time to time, is designed to describe the circumstances under which current and former executives will be required to refund or return to the Company remuneration that has been erroneously awarded to them. The policy applies to the most senior executives of the Company.

This policy is approved by the Board and administered by the Remuneration Committee. The Remuneration Committee has the authority to interpret and construe this policy and to make all decisions necessary, appropriate or advisable for the administration of this policy, and any such decisions made by the Remuneration Committee shall be recommended to the Board and authorized for approval by the Board in a general meeting. The approved decisions shall have final and binding effect on all affected persons.

The specific policy is set out below:

In order to strengthen the governance of SITC's senior executives' remuneration, the Group has implemented the CLAWBACK & MALUS Provisions policy with immediate effect from the date of the prescribed disclosure. Under the policy, incentive-based remuneration received by SITC's most senior executives during their tenure as the most senior executives after the prescribed disclosure, whether paid in cash or in the form of share awards, will be subject to a requirement for negotiated clawback in the event of special circumstances as set out in the policy. For example, the clawback policy will be triggered by a restatement of SITC's financial reports for material misstatements or omissions, or the MALUS provisions will be triggered where the relevant senior executives have been involved in matters involving gross negligence, fraud and misconduct, etc., which have had a negative impact on the Company's reputation. The specific terms are set out below:

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The Company may clawback any unvested awards granted if the Grantee ceases to be an eligible participant by reason of termination of his employment with any member of the Group or the relevant entity for whatever reasons, save for retirement or death of the grantee where the awards shall remain exercisable within the period stipulated in accordance with the terms of the share scheme. Furthermore, if any circumstances specified in the Company's internal regulations arise, which include, among other things, the grantee being (a) held liable for any criminal acts or offences under relevant laws and regulations; (b) sanctioned by regulatory authorities for any breaches or illegal acts; (c) removed from the post of the Company and/or the relevant entity due to violations of laws and disciplines or breach of duty; (d) held responsible for the deterioration in the Company's performance or continuous loss-making; (e) involved in a production safety accident event causing reputation or economic losses to the Company; (f) engaged in illegal acts or misconduct such as bribery, corruption, embezzlement, theft, breach of confidence, breach of non-competition or any unauthorized actions detrimental to the interests and reputation of the Company resulting in losses; or (g) any other circumstances where the Board deems it inequitable for any awards to be vested or retained by the grantee, the Board may, at its absolute discretion, decide that the relevant awards granted shall lapse and may recover or withhold the awards granted to any grantees.

5. Voting on Say-on-Pay

Generally speaking, the Company's shareholders are deemed to have reviewed and approved executive remuneration when the Board is authorized by the general meeting of shareholders to approve the remuneration policy formulated by the Remuneration Committee. In order to further enhance the transparency of the executive remuneration system, the Company is considering an initiative to hold a vote on say-on-pay at the general meeting at regular intervals of not more than three years. The Company is considering the following process on the basis of ensuring compliance with the requirements of the legal jurisdictions to which it belongs and the Company's Articles of Association:

The Board will fulfil its notification obligations prior to the annual general meeting, indicating that a report on directors' remuneration provided by the Remuneration Committee will be presented at the general meeting for a vote by shareholders. Shareholders will be entitled to vote on the policies themselves, the amounts paid under those policies or the report from the Remuneration Committee that developed those items, which is a vote on the totality of the items comprising the remuneration policies and total remuneration of all executive directors, rather than a vote on individual items of remuneration or policy.

The voting results of the shareholders' advisory vote are not legally binding, that is, the Board has no legal obligation to modify the directors' remuneration package formulated by it according to the voting results of the general meeting. However, the Board will take into account the reasonableness of the remuneration package and shareholders' attitudes towards the package, so as to indirectly achieve the purpose of adjusting the equity incentive mechanism.

6. Non-executive Directors' Remuneration and Equity Policy

The purpose of SITC providing remuneration to non-executive directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced and high calibre personnel to manage SITC's business and development. SITC adopts a fixed remuneration system for non-executive directors and pays them in the form of annual director's fees. The remuneration of non-executive directors is compared annually with that of companies of similar business or size in the market, and any adjustment must be recommended by the Remuneration Committee to the Board and approved by the Board with the authorization of the general meeting.

SITC does not grant equity remuneration with a performance-related element to independent non-executive directors, which would bias their decision-making and affect their objectivity and independence. However, as an incentive for non-executive directors (including independent non-executive directors) to participate in the work of the Board, SITC provides non-executive directors with annual share awards approved by the Remuneration Committee at a fixed amount, which is compared annually with that of companies of similar business or size in the market, and any adjustment must be recommended by the Remuneration Committee to the Board and approved by the Board with the authorization of the general meeting.

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In order to ensure that non-executive directors are appropriately remunerated for their time served and responsibilities to the Company, the committee holds regular discussions and takes into account the following factors when making recommendations to the Board:

- Fees and other remuneration paid to non-executive directors by companies of a similar business and size;
- The time that non-executive directors devote to the Company;
- Responsibilities and concurrent professional committee positions of non-executive directors, and number of positions held by them;
- Terms of employment of the Company.

Generally speaking, the maximum shareholding limit of independent non-executive directors shall not exceed the shareholding of more than 1% of the Company's issued shares. In addition, independent non-executive directors cannot hold positions in shareholders' entities that hold more than 5% of the Company's shares, thereby ensuring that the independent non-executive directors are able to perform their duties independently from the influence of the Company's major shareholders or de facto controllers, to avoid conflicts of interest and to monitor the Company's operations in an objective manner.

The fees, other emoluments and shareholdings of non-executive directors are set out in the Company's annual report.

1.5 APPRAISAL OF THE BOARD

1. Report of the Board of Directors and Corporate Governance Report

Two internal appraisals of the Board and each professional committee will be held each year, through which the report of the board of directors and corporate governance report will be prepared for disclosure to shareholders. The report of the board of directors analyzes and reports different aspects including business, finance, customers and suppliers, connected transactions, dividend distribution, risk management, ESG issues and corporate governance. Any matter which had undergone significant change (if any) will be submitted to the shareholders' meeting for approval.

Upon approval by the Board, the report of the board of directors and corporate governance report will be released to all shareholders for review before the general meeting each year. The contact information will be published in the Company's annual report to accept any inquiry and question from the shareholders/investors and other stakeholders to the Board. Prompt response will be made as soon as practicable.

2. Board Responsibilities

In order to ensure the effectiveness of the Board and meet the long-term interests of the shareholders, the Company has the following provisions or status quo:

Company provisions:

Changes in the articles of association of the Company are subject to approval by the shareholders before becoming effective and are disclosed in the Company's annual report, on the Company's website or on the website of the Hong Kong Stock Exchange.

The Board of the Company is required to conduct periodic evaluations and to produce a report of the Board.

The Company's election of directors is held at least once a year at the general meeting. Each member of the Board is elected on an individual basis rather than by a list of candidates, with the results of the vote being published in an announcement.

Every director shall be subject to retirement by rotation at most once every three years. The retiring directors shall be eligible for re-election at the annual general meeting of the Company. The term of appointment of each non-executive director and independent non-executive director is one year, and the maximum term of appointment of independent director is nine years, but shall be eligible for re-election by the shareholders at each annual general meeting of the Company.

Any director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive directors who, and whose associates, have no interest in the matter should attend the Board meeting.

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In addition:

Generally speaking, an average attendance rate of at least 75% is required at Board meetings to ensure effectiveness. The attendance rate of all directors of the Company in 2024 was 100%.

In 2024, none of the directors of the Company held directorships in more than four external listed companies.

The Company has taken out directors' liability insurance for its directors, which provides indemnity guarantee for directors under specified circumstances to protect them from legal proceedings costs, fines and other losses arising from the performance of their duties, and to further mitigate the financial risks and personal liabilities they face due to being sued.

3. Board Performance Appraisal

The Company regularly evaluates the performance of the overall Board, functional committees and Board members with the aim of enhancing the efficiency and effectiveness of the Board's operations. The Nomination Committee, as the coordinating executive unit, is responsible for carrying out the performance appraisal of the Board and functional committees. The appraisal is based on guidelines such as the Corporate Governance Code issued by the Hong Kong Stock Exchange.

The Board conducts internal performance appraisal every year, and the internal appraisal methods include internal self-appraisal by the Board, self-appraisal by members of the Board, peer appraisal or other appropriate methods for performance appraisal. In addition, the Company plans to have its performance appraised by an external professional independent organization or a team of external experts and scholars once every three years in the future. If an external appraisal is arranged, the external appraisal organization or team of external experts and scholars should be professional and independent, and should mainly be relevant organizations or management consultancy firms that undertake services related to the enhancement of corporate governance of enterprises.

The appraisal indicators shall include at least five major aspects, including the degree of participation in the Company's operations, improvement of the quality of the Board's decision-making, composition and structure of the Board, selection of directors and continuing education, management and operation of the Board, and the impact of the environment and stakeholders.

The Company will disclose the results of the Board performance appraisal in the report of the Board or corporate governance report upon completion of the Board performance appraisal. In 2024, the directors completed an approval of the Board's performance on metrics such as Board diversity, independence, industry experience, average tenure, frequency of meeting, attendance, and re-election rate. The average score was 4.88 out of 5, which is considered to be relatively satisfactory for all performances of the Board.

1.6 CONFLICT OF INTERESTS

The Company provides directors with sufficient resources to ensure that they have access to independent advice. Any director who has a conflict of interest in a matter to be considered by the Board will be dealt with through a physical Board meeting rather than a written resolution. The directors concerned are required to declare their interests and abstain from voting before the meeting and shall not be counted as a quorum for the resolution. Independent non-executive directors who have no interest in the matter should attend the Board meeting. The Company has established an information disclosure system, a connected transaction system and an internal audit system to effectively prevent conflict of interests. Prior to entering into contracts with suppliers, customers and partners, connected transaction review is required for necessary approvals and disclosures. In 2023, by purchasing shareholdings from the related parties (mainly in possession of container vessels and containers), the number of connected transactions in relation to containers and container vessels with controlling shareholders and the related parties had been significantly decreased. For details, please refer to the Company's announcements. Subsequently, the scale of related party transactions remained at a relatively low level in 2024, with no significant change. The shareholding relationship between the Company's management and related parties and the transactions between the Company and related parties have been disclosed in detail in the Company's 2024 annual report.

1.7 STAKEHOLDER ENGAGEMENT

SITC has formulated governance policy for stakeholder engagement to explicitly state the principles, methods and procedures of interactions between the Company and the stakeholders so as to achieve effective communication, cooperation and mutual profits. The objectives of the policy include strengthening communication and cooperation, understanding and satisfying the needs of the stakeholders, reducing reputational risk and enhancing the Company's sustainability, etc. The sustainable development of the Company is closely bound up with the stakeholders. The Board values communication with stakeholders and has been attentive to opinions from different perspectives, which will be used as an important basis to improve the Company's ESG level.

The governance policy for stakeholders engagement is applicable to all the companies and operating activities under the Group, and encompasses the Company's upstream and downstream value chain, such as suppliers and customers, as well as other partners, and the engagement policy is also applicable to all local operations. The Company identifies stakeholders by way of marketing survey, risk management and assessment system and direct communication with stakeholders. Stakeholders are categorized into core stakeholders, primary stakeholders and secondary stakeholders. Adjustment will be made based on periodic assessments. In addition to this, we will also take "identifying vulnerable groups" as part of our

stakeholder engagement policy, especially those with high exposure to climate change, environmental pollution or human rights risks, and we value their interests and opinions. The Company will interact with stakeholders through dialogues, negotiations and interactive websites, and provide necessary information and resources to help stakeholders understand the operation status and decision making process of the Company. At the same time, the Company will set up a channel of complaints to enable stakeholders to express their opinions and recommendations to the Company. Interactions with stakeholders will be carried out under the principles of being fair, transparent, attentive, cooperative and continuously improving. Information about the operation status, policies and activities of the Company are provided to the stakeholders through various channels namely Company's website, annual reports and announcements. The Board is responsible for the formulation, approval and monitoring of the implementation of this policy, while business departments and branch offices are responsible for the cooperation and communication with stakeholders based on this policy.

By reviewing the types of stakeholders and issues arising from our operations, the Company has identified the important stakeholders and the way they engaged.

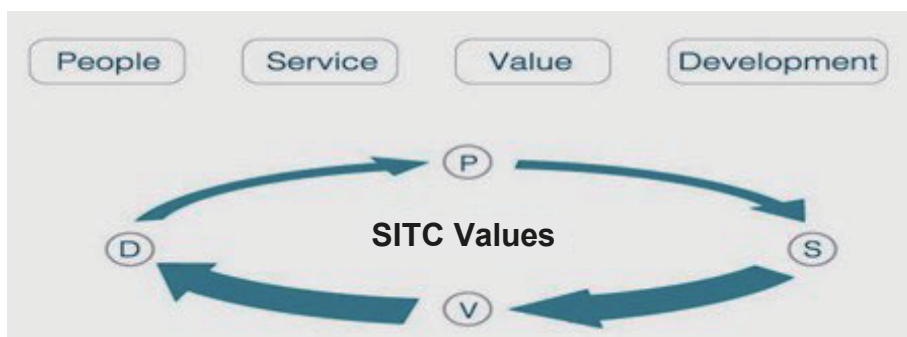
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Stakeholders	Issues concerned	Means and frequency of communication	Responsible department
Employees	Staff development and training Occupational health and safety Remuneration and benefits	Questionnaire survey (scheduled) Team building (scheduled) Symposium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

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In addition to the impact on appraisal from stakeholders and communication through the above methods, the Company regularly surveys local stakeholders through questionnaires on their views on the engagement policy itself. The policy is constantly being improved and meetings are held to ascertain the views of stakeholders and any new issues that may have arisen. For example, since 2024, we have held talks at the “One Planet” Nature Conservation Foundation and have provided funding and manpower support for the restoration of the natural environment in Zhuhai, and have established a partnership to carry out regular nature conservation and ecological restoration projects each year. In addition, in order to track dissatisfaction, we disclose the number of complaints from stakeholders and the status of our handling every year. According to statistics, in 2024, we received 27 complaints from various stakeholders, 26 of which have been handled, with 1 remaining to be handled in 2025.

The core values of the Company is “P-S-V-D”. Personnel (“P”) is always considered as the most important stakeholders and their needs are the Company’s main concern. Personnel is the greatest asset of SITC. Only top-calibre employees can help provide first-class services (“S”), create first-class value (“V”) and achieve long-term development (“D”).



1. Operational Responsibility and Capability

Operation management center of the headquarters is responsible for the overall monitoring of stakeholder engagement, while regional operation departments of subsidiaries are usually responsible for the monitoring of the stakeholder engagement in each region.

The Company will provide trainings regarding stakeholder engagement to the regional senior managements, which include how to build up effective communication and cooperation relationship with stakeholders.

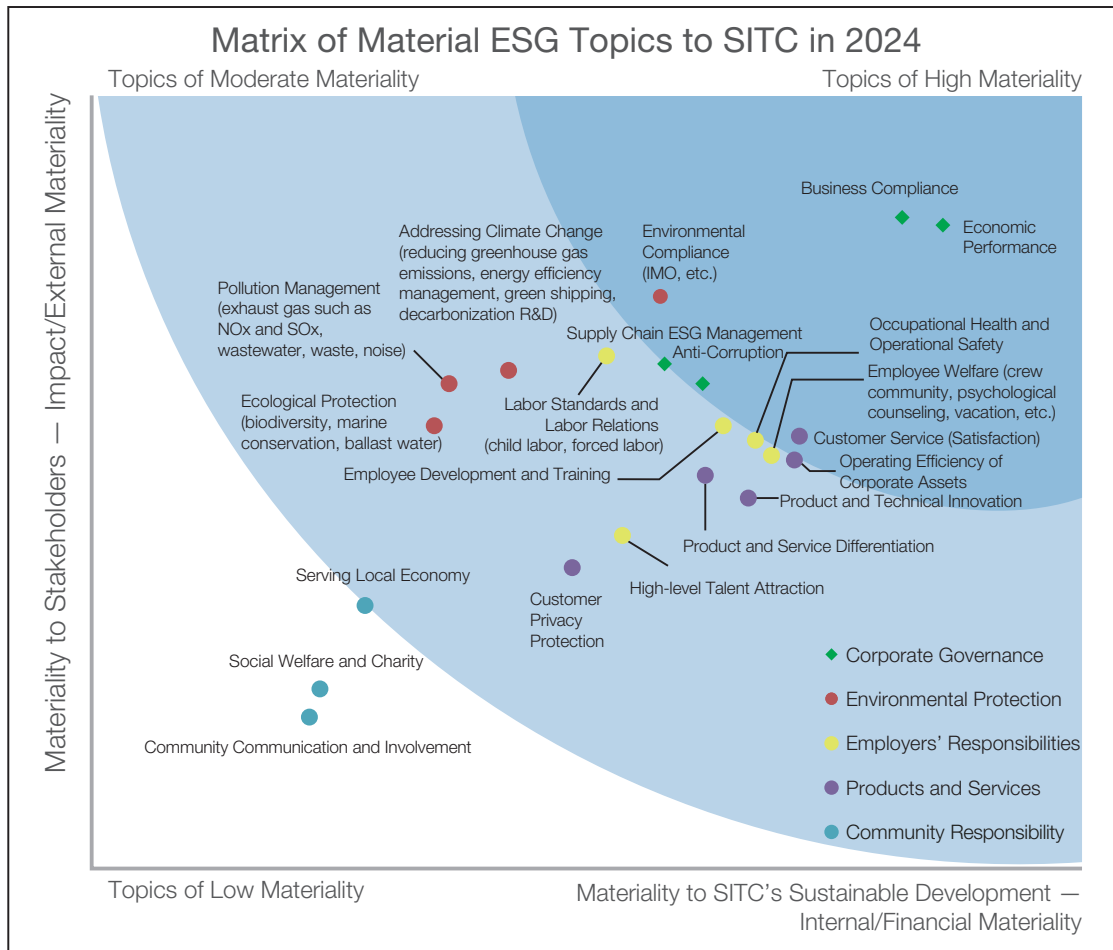
Complaints from local customers will have direct influence to the performance appraisal result of the regional general manager. Annual performance review will take into consideration in the communication and cooperation with stakeholders and the performance of resolving concerns and complaints of stakeholders.

In order to ensure stakeholders are capable to interact with the Company, the Company will provide necessary trainings and capability building measures. Besides, the Company will adopt risk management and assessment system, build up good communication and cooperation relationship, set up specific complaint channel, etc. to handle risks in relation to stakeholder engagement.

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2. Status of Implementation

- 1) In addition to maintaining communication with various stakeholders through daily business, specialised meetings and telephone communication, the Company also solicits stakeholders' opinions and suggestions on the Company by means of questionnaires every year. In 2024, the Company adopted an online questionnaire survey for employees, important customers, suppliers, financial institutions, shareholders, government regulators, the media and other stakeholders to assess the dual materiality of four broad categories and 21 issues closely related to SITC, and set open-ended questions, which can ensure a full range of feedback from stakeholders. More than 2,150 questionnaires were returned. In addition to the questionnaire results, we also combined the annual cumulative risk issues as well as the exposure coefficients in the risk management control matrix (ERM) in the Company's internal office automation (OA) system, and took the assistance of artificial intelligence to analyze and collate all the questionnaire results. The Board endorsed and signed the results of the materiality assessment, forming the key matrix for each of the following indicators. Material issues are presented on the materiality matrix based on the principle of dual materiality and are reflected according to the two dimensions of "materiality to the Company's business/sustainable development" and "materiality to stakeholders":



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- 2) Determination of operational strategy, vulnerable groups and community public welfare matters based on the status of the regional stakeholders
- A. In 2024, SITC signed a tripartite strategic cooperation memorandum with Shanghai International Port (Group) Co., Ltd. and Hisense Holdings. In the future, based on the strategic partnership and the reasonableness of the logistics path, the three parties will take the port comprehensive logistics service of SIPG Group as the carrier, the import and export source products such as raw materials and finished products produced by Hisense Group as the support, and SITC's shipping and supply chain service as the guarantee. With SITC shipping and supply chain services as the guarantee, to jointly create an efficient, convenient and economical global supply chain channel, aiming to contribute to the development of foreign economic and trade and the strengthening of independent control of the supply chain.
- B. SITC established a strategic cooperation project with Xiamen Port Holding in 2024, and officially opened Xiamen Fanhaiian Empty Container Centre, which, as the first depot in Xiamen Port that successfully applies the intelligent information system, will be committed to optimizing the allocation of resources, enhancing the efficiency of logistics services and promoting sustainable development.
- C. In 2024, SITC and Fujian Port Group signed a strategic cooperation framework agreement in Jakarta, Indonesia. In the future, under the policy of "Belt and Road Initiative", relying on Fujian Port Group's port location advantage and SITC's global shipping resources allocation, and with the "two countries and two parks" as the link, the two parties will jointly promote the construction of maritime channels, create a new mode of modern port and shipping economy, and work together to build a model of port and shipping cooperation, so as to promote the high-quality development of port and shipping industry.
- D. In October 2024, the third SITC Mini-MBA Shipping Elite Training Class of Dalian Maritime University and the seventh SITC Mini-MBA Shipping Targeted Training Class of Shanghai Maritime University officially opened, and a donation ceremony was held. This is not only a continuation and deepening of the previous cooperation, but also exploring a new mode of school-enterprise cooperation with more foresight to meet the development demands of the industry under the background of the accelerated digitalization, intellectualization and green transformation of the shipping industry. In the future, both parties will continue to deepen the cooperation, fully integrate the academic resources of the school and the industry experience of SITC, and cultivate more high-quality shipping composite talents, so as to a steady stream of new impetus for the sustainable development of the shipping industry.
- E. In November 2024, the third "SITC Class" which was jointly organized by SITC Logistics and Shandong Foreign Trade Vocational College was successfully completed, and 27 "SITC Class" students were awarded completion certificates and 40 students who won the "SITC Scholarship" were awarded certificates of honor. In the future, both parties will promote the enhancement of students' employability through more forms of school-enterprise cooperation, and help colleges and universities to cultivate talents more in line with the needs of the society.
- F. In October 2024, SITC Thailand organized a charitable donation campaign called "SITC Helps to Fight Disasters Together". Mr. Khan Prachuabmoh, Chairman of the Thai Red Cross Society, attended and witnessed the donation of total 80,000 baht in cash and disaster relief supplies to the areas affected by the typhoon "Yagi". Like small streams merging into a mighty river of compassion, we trust these humble efforts will bring care and warmth to disaster-stricken people, helping them swiftly navigate through challenging times and rebuild their cherished homes.
- G. In November 2024, SITC Container Lines Thailand held a group building activity in Pattaya with the theme of "Love SITC, Give Back to Society". Employees were organized to go to Banglamung Orphanage to bring warmth and care to the children with practical actions, and all of them deeply understood and experienced the importance of social responsibility. We also went to the beach to clean up rubbish and waste, and played group games to recall SITC DNA, which enhanced our awareness of caring for the beach and protecting the sea.
- H. In 2024, SITC Logistics East China held a charity activity of "Hand in Hand with Love, Warm up the Welfare House" at Ludu Welfare Center in Taicang, Jiangsu Province. Employees were organized to bring care materials to the welfare houses and give materials to the elderly to give back to the society.
- I. In November 2024, SITC cooperated with "One Planet Nature Foundation" in Hengqin, Zhuhai to carry out mangrove restoration activities. Both parties exchanged ideas on environmental protection and biodiversity, and continued to deepen the cooperation in environmental protection, and made charitable donations to this non-profit nature conservation organization.

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The Company categorizes stakeholders and determines the higher priority group of stakeholders:

- A. Identification of stakeholders: the Company identifies and acknowledges the stakeholders who are related to the Company through descriptions and locations of the stakeholders.
- B. Categorization of stakeholders: the Company categorizes stakeholders based on their importance and influence to the operating activities of the Company for better understanding and management of stakeholders.
- C. Determination of higher priority group of stakeholders: the Company determines the higher priority group of stakeholders based on their importance and influence so as to pay more attention and highly value the needs and concerns of the stakeholders.
- D. Identification of vulnerable groups among stakeholders: the Company identifies relatively vulnerable groups among stakeholders based on the likelihood and extent of impacts from climate change, environmental pollution, and human rights risks, and appropriately increases the weight of their opinions in the determination of major issues to show that their interests are valued.

In respect of the said item, stakeholders who are determined to be under the higher priority group include:

- A. Customers: Hisense Group, being a major customer and partner of SITC, has been under in-depth cooperation with us in terms of various aspects such as logistics, warehousing and supply chain management. We are dedicated to “mainly focus on the Asia market and provide our customers with high efficiency and high quality logistic services, to become the preferred choice for customers”. We will take full consideration of customers’ need and maintain close communication with customers in order to continuously improve our services.

- B. Suppliers: as one of the key suppliers of SITC, Qingdao Port has critical influence and benefit demands to the operating activities of the Company. The Company has been maintaining close relationship with Qingdao Port, through which, the Company is able to understand customers’ needs and concerns, and actively participate and cooperate to provide advices in relation to port management, jointly providing top-notch services to the customers.

The scope of relatively vulnerable groups identified includes:

- A. Offshore employees: offshore employees, as SITC’s most important workforce and a valuable asset, make a significant contribution to SITC, the regional economy and the global supply chain. We believe that the climate, environment, human rights and health and safety risks in the maritime industry are all related to offshore employees. SITC communicates with offshore employees in many ways to pay attention to their well-being and job satisfaction, and identifies the related risks and opportunities, and continuously solves the opinions and problems raised by offshore employees.
- B. Supplier employees: suppliers in the maritime industry, especially those in the subcontracting business of maritime transport and onshore logistics, have a large number of workers engaged in driving or heavy physical labor. We attach importance to the health and safety protection and labor rights protection of supplier employees. Therefore, we conduct human rights and other ESG-related assessments on suppliers every year and require them to sign a social responsibility commitment letter. In addition, we will conduct interviews and surveys to confirm the questions and opinions raised by our suppliers’ employees.
- C. Socially vulnerable groups: the Company believes that in the stage of social development, socially vulnerable groups in local communities, such as orphans and elderly people who have lost their only child, are relatively vulnerable groups, which has nothing to do with the Company’s industry and with its operations. In order to fulfil its corporate social responsibility, the Company also regularly cares for the relevant groups and makes charitable donations.

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- 3) Integrate the materiality assessment results into the enterprise risk management process. Internally, the Company integrates the materiality assessment results into the risk control system of its internal OA system; externally, the Company links the survey and assessment of material issues with corporate opportunities and risks, and embeds them into the stakeholder questionnaire, so as to ultimately achieve the complete identification of the material issues with dual internal and external materiality, and organizes them into the internal risk control system to correspond to the risk exposures, risk preference and opportunity possibility, so that the ERM results and the materiality assessment results are interrelated and feedback. For details, please see the "Materiality Analysis" and "Risk Prevention and Control" sections.

3. Evaluation and KPI

The Company has set up the following KPI to measure the level of success of stakeholder engagement and as a performance indicator for reporting to the departments responsible for stakeholder engagement in group level.

- 1) Engagement rate: this indicator can help the Company understand the level of stakeholder engagement in the Company's activities including attending to meetings and providing of feedbacks. It is quantified and measured by periodic statistical analysis. Cited customers as an example, based on the importance of our customers, we have formulated regular visiting system and indicators. Communication will be carried out weekly, in every two weeks, monthly, quarterly, in every half year in various way such as face to face interviews, video meetings, telephone meetings, etc. to discuss different matters including tracking of cargo volume, market condition, cooperation feedbacks, cooperation anticipations, etc. In relation of investor relationship, in 2024, the Company had participated 128 roadshows, 21 reverse roadshows and 115 investor meetings with an aggregate number of participating institutes and investors of 584 and a total number of participants of 666, representing an increase of 16% over the previous year.
- 2) Level of Satisfaction: this indicator can help the Company to understand the level of satisfaction of stakeholders towards the Company's activities for improvement and optimization of activities. Through periodic survey or feedback collection, the level of satisfaction is quantified and qualified, such as the level of satisfaction of stakeholder to the content, organization and execution of the activities. For example, the Company will conduct survey on the level of satisfaction of the employees and customers to understand their level of satisfaction respectively.
- 3) Quality of feedbacks: this indicator enables the Company to understand the quality and accuracy of the feedbacks from stakeholders so as to ensure the Company achieves better satisfaction to their needs and expectations. It is qualified and measured through analysis and assessment on various aspects. For example, survey on the level of satisfaction of our employees will cover all ranks of employees under all operating premises of the Company in order to have a comprehensive reflection of the level of satisfaction of our employees.
- 4) Implementation rate of action plans: this indicator helps the Company to understand if the feedbacks from stakeholders have been taken into consideration and adopted in actual plans. It is qualified through periodic statistical analysis. For example, the Company will address complaints from the customers and will proactively take measures for improvement. The resolution rate is 100%.
- 5) Response time to feedbacks: this indicator enables the Company to understand our response speed to the feedbacks of stakeholder so as to ensure timely response and resolution. It is qualified through periodic statistical analysis and is presented in hours or days.
- 6) Engagement diversity: this indicator helps the Company to understand if we have offered the stakeholders with diverse ways of engagement, namely meetings, online platform, social media, etc., in order to ensure every stakeholder has the opportunity to engage. It is qualified through analysis and assessment on ways of engagement, such as the diversity of the ways of engagement, the utilization rate of the way of engagement, etc.

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Through the said indicators, we can obtain a large amount of constructive information and experience from the stakeholders. For example, when we are expanding our shipping routes, shipping delays must be taken into account to increase the substitute vessels when necessary. Increase of the number of vessels can improve service quality and reduce the navigation speed of the vessels to an economic level of speed so as to decrease bunker consumption and carbon emission, yet further consideration of cost and efficiency must be taken. Reasonable adjustment to shift schedule enables an optimized plan, but the workload and benefits of employees must be considered.

With new vessels gradually commencing operation, our scale of fleet is continuously expanding. Serious delay of some shipping routes has been improved by using substitute vessels to provisionally increase the frequency of the shipping schedule. Service quality has been enhanced by increasing vessels to the Philippines, Thailand – Vietnam routes and China – Japan routes. Shift scheduling unit has been making reasonable arrangement to ensure an optimized plan. Digitalization has been highly valued and mobile networking strategy has been strengthened to enhance our capability and level of e-commerce.

4. Information Sharing and Communication

To more systematically share the lessons learnt from the stakeholders' experience throughout the Group, SITC has adopted the following measures:

- 1) Exclusive interactive intranet website is adopted to strengthen digitalization and build up online platform to enable visit and sharing of the best practices by the employees. The website includes various tools and resources such as online trainings, video courses, case studies and forums, etc. Employees can exchange their opinions and insights, share their experience and knowledge, and learn from others' experience, which in turns help timely response to and follow up the feedbacks and suggestions of stakeholders.
- 2) Standardized reporting procedure is adopted to ensure timely and effective sharing of the experience and lessons to all departments and regions. We have designed a standardized case format and reporting procedure to make sure that these extraordinary case reports will be submitted to all departments and regions, and will be followed up by the dedicated teams to express their feedback thereon.
- 3) Training module has been developed to help employees understand how to communicate and cooperate with stakeholders. The training module includes communication skills, team work, dispute resolution and leadership, etc. Through this training module, employees can enhance their skills and ability for better cooperation with stakeholders.
- 4) Internal exchange is implemented to enable meetings with managers from different regional branch offices and senior seafarers to share their best practices and to facilitate exchange and learning. Constant meetings are held and hosted by the company in that region. Employees are provided with the opportunity to share their experience and knowledge, and learn from others' experience. These meetings help facilitate cross-departmental and cross-regional cooperation and learning.
- 5) Internal group is formed, under which, cross-regional, cross-departmental project teams, strategic teams are also formed within the Company by way of Wechat groups to breakthrough regional and departmental barriers so as to achieve highly effective sharing of resources and experiences.
- 6) Award mechanism for stakeholder engagement has been established to encourage active participation of employees and facilitate implementation of stakeholder engagement, while at the same time recognizing and awarding employees and teams who have outstanding performance in terms of stakeholder engagement. The award mechanism includes bonus, promotion and honourable titles, which acts as motivation to employees for better participation and implementation of stakeholder engagement.

Corporate Governance

1.8 MATERIALITY ANALYSIS

1. Materiality Analysis

Stakeholder engagement is the key to the Company's determination of material issues (materiality analysis). In 2024, the Company incorporated the principle of dual materiality into the assessment criteria, taking into account both the internal impacts on the business as well as the external impacts on the society and the environment. Based on daily communication with stakeholders, questionnaire results and the Company's industry characteristics, the Company has identified the following eight material issues in 2024.

No.	Material Issues	Materiality	Main Policy	Corresponding Chapter	Positive Impact	Negative Impact
1	Economic Performance	Highest	SITC's development mode: focusing on self-operated and asset-light models, establishing logistics channels and facilities integrating sea and land, continuously improving the high-density and high-frequency sea liner network, to offer low-carbon, environmental friendly supply chain services to our customers, and to achieve low-cost strategy by seizing industrial life cycle.	Responsible Operations	Successful development has brought economic and social benefits to the locations where we operate, provided a large number of employment opportunities, and promoted the prosperity of regional transportation and trade.	/
2	Commercial Compliance	Highest	The Company ensures that its business activities are in compliance with environmental regulations and economic regulations by establishing various internal control and review processes. Whistleblowing system has been established to collect different opinions.	Responsible Operations	No violations during the operation of the year	/
3	Anti-corruption	High	The Company is determined to put an end to bribery, extortion, fraud and money laundering of any form. The Company strictly complies with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering.	Responsible Operations	No violations during the operation of the year	/
4	Supply Chain ESG Management	High	Adhering to the principle of equality and mutual benefit, the Company has been committed to establishing stable and close partnerships with suppliers through highly transparent and responsible procurement process and supplier management, so as to effectively boost sustainable growth of economic, environmental and social benefits of the whole supply chain.	Responsible Operations	We have invested significant resources in ESG and actively practiced the concept of sustainable development, which has played a demonstration role in the supply chain.	/
5	Environmental Compliance (IMO)	High	The Company complies with various environmental protection conventions and regulations, and reduce average age of vessels and reduce energy consumption by increasing the proportion of newly built vessels. We concern the changes in environmental protection technologies, comply with the industry requirements to achieve zero emission.	Environmental Protection	Use of low-sulfur fuel, installation of desulfurization towers, upgrading of fleet, and meeting CII standards	/

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6	Labor Standards and Labor Relations	High	SITC strives to safeguard human rights and labor rights and provide employees with a working environment of safety, health, fairness, and respect. This will be regarded as a core value of the Company. We protect human and labor rights, prohibit discrimination and harassment, ensure fair and equal treatment and equal pay policies for all employees, and prohibit the use of child labor and forced labor.	Harmonious Development	Business development has led to employment, such as crewing, logistics and port services, providing a large number of job opportunities for the society and alleviating employment pressure. It also provides decent salaries and good benefits.	/
7	Addressing Climate Change	Relatively high	Focusing mainly on self-operated and asset-light models, establishing logistics channels and facilities integrating sea and land, continuously improving the high-density and high-frequency sea liner network, to offer low-carbon and environmental friendly supply chain services, so as to gradually reach our goal of zero carbon emission and protect biodiversity. Through vessel fuel monitoring, transforming machineries and vehicles from oil to electricity and promoting intelligent depots, low carbon operation will be realized.	Environmental Protection	Optimizing transport processes to reduce carbon emissions, diversifying fuel saving and emission reduction measures, and protecting biodiversity	/
8	Staff Development and Training	Relatively high	SITC's values: Employees are SITC's greatest assets; only top-calibre employees can provide first-class services; and only creating first-class value can a company achieve long-term development.	Harmonious Development	Attaching importance to talent cultivation, and cooperating with colleges and universities to cultivate a new generation of shipping talents, which have promoted the talent reserve and development of the industry.	/
9	Occupational Health and Operational Safety	Relatively high	"Employees are SITC's greatest assets" is the core value of the Company. The Company always puts the protection of the lives, health and safety of our employees in the first place, which is an important foundation for our successful operation. We are committed to protecting the safety and well-being of our workers throughout our operations and across our value chain.	Harmonious Development	Attaching importance to employee health and setting health and safety goals	Deficiencies in vessel safety management and accidents still occurred
10	Customer Service	Relatively high	SITC's business model: To focus on the Asian region, to provide customers with efficient and high-quality logistics services, and to become the preferred choice for customers	Responsible Operations	Stable route services and high-frequency schedules have improved customers' logistics and transport efficiency and enhanced customer experience.	/

Corporate Governance

2. Core Issues of Corporate Value Creation

Based on the results of the materiality/material issues analysis and in conjunction with the risk management process and strategic plan, the Company further identified three core issues in the environmental, social and corporate governance areas that have the greatest impact on the business, and formulated the corresponding KPIs.

They are carbon cost risks and opportunities- addressing climate change (issues 5 and 7), geopolitical risks and opportunities- corporate operational safety/economic performance (issues 1 and 9), and digital transformation risks and opportunities-economic performance/customer service (issues 1 and 10).

As the material issues, risks and opportunities are already related, please refer to the “Risk Prevention and Control” section for details.

Only the KPI targets related to core issues and the correlation degree of executive compensation are given here.

Core Issues of Corporate Value Creation	Core Strategy	KPI	Next Year's Targets
Carbon Cost Risks and Opportunities- Addressing Climate Change (Issues 5 and 7)	Increase in green investments	<p>In 2024 the Company incurred capitalised costs of US\$8.16 million for the construction of the desulfurization towers. The application of green technologies may improve fuel efficiency and operating costs and enhance overall competitiveness. Capitalized costs of US\$164,000 for the shaft generators and US\$756,000 for ballast water equipment. The Company has saved at least US\$2.6 million in fuel costs by reducing fuel consumption on its vessels through various technologies.</p> <p>Subsidy incentives: it is possible to obtain government subsidies or green credits to reduce transformation costs. In 2024, the Company received a reward of HK\$1.68 million from the Hong Kong Marine Department for fleet emission reduction, and obtained a total of more than US\$100 million in green credits, reducing interest costs by approximately US\$60,000.</p>	Reduce greenhouse gas emission intensity by 2%, maintain capitalized expenditures for environmental protection equipment, and maintain or increase the scale of green investment and financing or incentives (related to CEO and CFO remuneration)
Geopolitical Risks and Opportunities- Corporate Operational Safety/ Economic Performance (Issues 1 and 9)	Business diversification	In 2024, the Company added 2 net new ports of operation, 2 net new routes, 9 net new branches and 11 new customer countries.	Turnover growth, net increase in routes/ports, net increase in branches/customer source containers (related to remuneration of the president/ part of the directors of the business group)
Digital Transformation Risks and Opportunities – Economic Performance/ Customer Service (Issues 1, 10)	Digital transformation	The Company paid software development costs of approximately US\$1.09 million and equipment costs of approximately US\$0.94 million in 2024 for the digital transformation. In 2024, the Company's online bookings increased by approximately 25% year-on-year and customer satisfaction rose to 89%.	Net increase in investment costs for digital intelligence transformation (related to remuneration of the president/ part of the directors of the business group)

Corporate Governance

3. Core Issues of Value Creation by External Stakeholders

Based on the results of the materiality/material issues analysis, especially the results of the stakeholder questionnaire analysis, and in conjunction with the risk management process and strategic plan, the Company further identified two core issues in the environmental, social and corporate governance areas that are the most important for value creation by external stakeholders, and formulated the corresponding KPIs.

Core Issues	Core Strategy	KPI and Impact Assessment	Impact Type
Addressing Climate Change (Issue 7)	Reducing emissions	<p>Results: In terms of business volume, in 2024, the Company reduced its greenhouse gas emission density by 6.56% compared to the previous year, so the total amount of greenhouse gas emissions avoided is estimated to be 105,437 tons.</p> <p>Impact assessment: we assessed the benefits and impacts we externally provided through internal carbon pricing, with the reduced social cost of carbon estimated at approximately US\$2.956 million.</p>	<p>Positive impact: by reducing greenhouse gas emission density and striving to achieve the net zero target, it will help promote the achievement of the Paris Agreement and reduce the future costs of emission reductions and possible climate risk hazards to society.</p>
Customer Service (Issue 10)	Improving on-shift rate and service quality	<p>Results: in 2024, the fleet managed by the Company did not experience any detention during PSC inspections organized by the Hong Kong Marine Department, and the fleet's defect-free pass rate was 53.73%, which was much higher than the Tokyo Memorandum's defect-free pass rate of 27.74%.</p> <p>Impact assessment: Customer satisfaction increased by approximately 3.5% to 89.29% as a result of the Company's good performance in transportation on-shift rate and service.</p>	<p>Positive impact: through stable and punctual transportation services, it helps to improve customers' production and delivery punctuality, improve supply chain stability, and improve customer satisfaction.</p>

Responsible Operations

2.1 ECONOMIC PERFORMANCE

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

In terms of operations, the Company has been focusing on Asia during its development, and has been committed to providing high efficient and high quality logistics services to customers and becoming the preferred choice of customers. Based on the operating models of self-operated and light assets, the Company has established logistics channels and facilities integrating sea and land to offer customized logistics services.

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

Year	2022	2023	2024
Return on net assets	105.9%	26.2%	47.5%
Return on total assets	67.2%	18.7%	35.4%

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

Year	2022	2023	2024
Earnings per share (US Cents)	72.70	20	39
Dividend per share (HK Cents)	400	110	252
Dividend payout ratio	70%	71%	84.1%

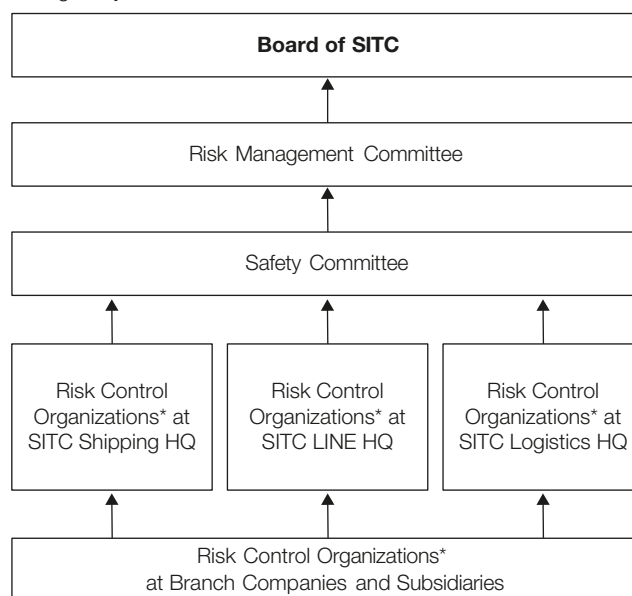
In respect of interest-bearing debts, as the Company continued to adopt a stable strategy, the debt ratio remained at a low level, thus providing maximum protection to creditors' interests.

Year	2022	2023	2024
Ratio of total liabilities to shareholders' equity	42%	37%	32%
Interest coverage ratio	122 times	39 times	78.7 times

2.2 RISK MANAGEMENT

1. Risk Management Structure

In view of the high-standard integrity and business ethics as the operating principle, the Company has detailed all risk points in business activities and internal measures and control processes for these risk exposures, and further established a scientific and systematic internal control system. The Risk Management Committee has been established under the Board, consisting of two executive director and three independent non-executive directors, of which Mr. TSE Siu Ngan, an independent non-executive director, serves as the chairman of the committee. Mr. TSE Siu Ngan is an IT expert with extensive experience in cybersecurity and risk control. The Risk management Committee of the Company (the "Audit Committee") is responsible for regular monitoring of the Company's risk exposure and risk preference, and providing suggestions and recommendations to the Board, identifying new kind of risk, and formulating comprehensive risk management strategies. The audit committee is responsible for the monitoring of the operation of risk management system, and the constant review of the effectiveness and results of the risk assessment procedure. The Audit Committee is comprised of three independent non-executive directors, of which, Dr. Liu Ka Ying Rebecca, an independent non-executive director, serves as the chairman of the committee. Dr. Liu is a financial management expert with extensive experience in the management of many multinational enterprises. The Risk Management Committee and the Audit Committee will hold meetings at least twice a year to report to the Board regarding the risk management result and problems discovered of the Company during the year.



Remark:

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

Responsible Operations

2. Risk Culture and Management Measures

The Company follows COSO's guidance on enterprise risk management. Coupled with the formulation and execution of strategies, the Company carried out culture building, competence development and practice in respect of risk while creating, maintaining and realizing value. The Company has formulated the "Risk Assessment and Prevention" system, which specifies the responsibilities of organizations at all levels in the risk management structure: the heads of SITC's subsidiaries and departments (centers) are the first line of defense for risk management; the audit department of the operation management center together with the Risk Management Committee and the Safety Committee under the Board serve as the second line of defense for risk management; and the Board and the general meeting is the third line of defense for risk management. We will consistently monitor the development of risk management, and continuously improve and optimize our system and measures to ensure comprehensive realization of the Company's risk culture.

The Company has been dedicated to building a strong risk culture to ensure all staff have full understanding of the importance of risk management. To achieve this goal, we have adopted the following strategies to facilitate and strength our effective risk culture throughout the group:

1) Risk Management Training

The Company provides intensive trainings in respect of risk management principles for the whole group, which include basic knowledge of risk management, risk identification and assessment, risk control and responses, etc., to enhance the risk awareness and management competence of the staff. Professionals will be invited regularly to share the best practices and case studies of risk management. In addition to staff training, the Company conducts risk management training for all non-executive directors at least once a year to ensure that the non-executive directors, especially the independent non-executive directors, are able to play a good supervisory role over the Company.

2) Built-in Risk Review Procedures for Human Resources

Risk management criteria are incorporated into the human resources review procedure for staff appraisal to ensure the staff's awareness of risk management in daily course of work. We have established an authorization system for internal control positions. For each position involved in internal control, the objects, conditions, scope and amount of authorization are clearly stipulated, and no organization or individual is allowed to make risky decisions beyond the authorization. Through the risk management information system, the responsible positions/persons for risk prevention and control are implemented, and the relevant responsible persons can identify risk items in real time, carry out risk assessment and put forward risk prevention and control and improvement opinions. Each risk item sets up corresponding risk prevention and control responsible positions, and is dynamically associated with the positions in the human resources system. We have also established a reporting, accountability and approval system for internal control, which clearly specifies the time, content, frequency, transmission route, department and personnel responsible for handling the report, etc. involved by the reporter and the recipient of the report. Staff performance appraisal includes risk (incident) performance elements to motivate proactive implementation of measures by the staff to minimize risk.

Performance appraisal program: the Company has in place a specific performance appraisal program inclusive of risk performance elements to arouse risk management awareness of staff in daily works. Risk performance elements include the performance of staff in terms of risk management, such as discovering and reporting potential risks, and reducing risk by way of corresponding measures, etc. At the same time, the Company will ensure the fairness, transparency and feasibility of the human resources review procedure to make sure the staff are aware of the risk management in daily course of works.

3) Risk Reporting Measures

Our staff are encouraged to proactively identify and report any potential risk.

Internal whistleblowing mechanism: internal whistleblowing mechanism has been set up by the Company to encourage the staff to take the initiative to identify and report any potential risk. Internal whistleblowing mechanism includes hotlines, email address, website, etc.

Responsible Operations

Monitoring and feedback: an internal monitoring department responsible for monitoring and feedbacks has been set up by the Company to monitor and assess the risk reported by the staff and provide timely feedbacks. Monitoring and feedback include different ways namely regular check, random check, anonymous reporting/anonymous questionnaire, ensuring the initiative and effectiveness of risk reporting by the staff.

Protection from retaliation: the Company will ensure the staff who have reported any risk are protected from retaliation. Relevant policies and systems have been formulated to ensure the safety and protection of the staff when reporting risk.

4) Reward and Penalty Measures

By incorporating reward and penalty system into risk management, the Company encourages our employees to pay attention of risk management. Specific reward measures and indicators include reduction of incidents involving occupational health and safety, reduction of environmental risk, etc. In respect of senior management and business managers, we have set up different reward and penalty measures and indicators to ensure their accountability in terms of risk management.

Specific reward and penalty measures: Rewards such as “Outstanding Contribution Reward – The Best Vessel (The Best Repair and Maintenance) (The Best Bunker Reduction)”, etc. will be granted to the vessel with low rate of incident, proper maintenance and low carbon emission, while honorable certificate, cash reward, promotion, etc. will be granted to the staff responsible for the management of the relevant vessel. For safety incidents which cause reputational and economic losses to the Company, corresponding penalties such as oral warning, written warning, notice of criticism, reduction of performance-based salary, reduction of annual share award entitlement for that year, cancellation of the eligibility to be distributed share awards, cancellation of any unvested restricted shares, demotion, reduction of salary, relegation, immediate termination of labour contract will be imposed on the person responsible for the incident, the person responsible for the management and the person of leading responsibility, which will be identified based on the level of seriousness of the incident. Heavier penalties will be imposed in case of withholding, delayed report, omission, false report or intentionally lowering the level of the seriousness upon occurrence of the incident.

Meanwhile, the Company will ensure the fairness, transparency and feasibility of the reward and penalty mechanism to implement the risk management works of the senior management and the business managers.

5) Continuous Improvements in Risk Management Practice

By allowing the staff to participate in structured feedback procedure, the Company is able to continuously improve our risk management practice. Staff are encouraged to provide risk management-related suggestions and opinions to help the Company optimize the risk management measures.

The Company has compiled the “Risk Description and Control Summary Sheet”, and the operation management center should at least once a year prepare the relevant amendments in the perspective of all staff throughout the group, analyze all risk exposure of the Company and focus on any critical new risk which may occur in the next three to five years, which include impact to the business and formulation of corresponding measures. In addition, the operation management center carries out an assessment and review of the Company’s current level of risk exposure at least twice a year, checking whether the current level of risk exposure is reasonably assessed on the basis of scenario analysis and sensitivity analysis tests. It is also submitted to the Board for inspection in the interim internal report and the annual report. In addition, the risk management process, as well as the assessment process itself, will be subject to an annual internal audit focusing on reviewing the implementation of the risk management process and possible weaknesses. In 2024, the company conducted two reviews of the risk management process.

The staff is able to express their insights and suggestions in respect of the new risks by submitting feedback forms through the Company’s intranet. The feedback forms so submitted will be reviewed and analyzed by a dedicated team to facilitate quick problem identification and solving.

The team will carry out regular communication with the staff to share their suggestions and opinions and to explain the measures adopted by the Company.

Responsible Operations

The Company will assess on a regular basis the effect of the feedback procedure and make any improvement based on the needs. Through this feedback procedure, the Company has been successfully collecting a large amount of valuable feedbacks, including suggestions of the staff in relation to risk management procedure and preventive measures of new risks, and feedbacks about trainings and communications programs.

In each year, the Company arranges management above middle level to analyze and prioritize the identified risk from two perspectives including the possibility of risk occurrence and the impact to the Company, so as to determine the main focus and risks that needs to be controlled in first priority, especially to assess and analyze the probability of risk realization, the degree of harm and the overall exposure, and determine the level of risk preference acceptable within the Company. The Audit Department of the Company will also, regularly or irregularly, commence risk management works and monitor and review the results of their works to consider if each company and business unit is able to comply with the relevant requirements.

We are dedicated to encouraging both the staff and the management to participate in the risk management procedure to enable understanding, participation and facilitation of risk control by more staff, and in turn allowing the Company to constantly enhance our risk management competence and ensure our long-term success. For any relatively typical cases of risk which have been occurred, the Company will arrange case compilation to specify warnings and policies. They will be published on the intranet website of the group to enable continuous learning and improvement.

6) Incorporating Risk Criteria into Product Development and Approval Process

Risk criteria has been taken into consideration during the course of product development or approval to ensure compliance with the risk management requirements in the process of product design, production and sales.

As company providing shipping logistic services, the Company needs to consider any possible existence of risk during the course of providing transportation services, and adopts measures to alleviate the possibility and effect of these risks. Incorporating risk criteria into the development or approval process of new shipping route is one of our important strategies to build up a strong risk culture.

Risk assessment: during the development of new shipping route, the Company will carry out comprehensive risk assessment to determine the possibility of risk and its potential influence. The assessment results will be used as the guidelines for the arrangement and specification of transportation services. Currently, the risk involving the development of new shipping route which we have identified include: port congestion, impracticable shipping schedule, drastic change in costs such as chartering costs and bunker costs, lower-than-expected cargo volume and significant drop of freight rates, etc.

Risk control plan: based on the risk assessment result, the Company will compile risk control plan to minimize the possibility and influence of the potential risks. These plans will become the main concerns in the development of new shipping routes.

Risk monitoring and improvement: the Company has set up monitoring and improvement mechanism to ensure compliance with risk management requirements when the new shipping routes commence operation to provide services. These mechanisms include regular risk review and improvement plan, as well as risk report and record.

7) Other Methods for Innovative and Effective Risk Culture

In order to further facilitate the cultivation of risk culture, the Company has also adopted other innovative methods. To implement risk control measures, for each risk identified by the Company, we will assess its risk exposure and at the same time, for the important risks and opportunities, the internal audit and internal control team of the Company will determine its acceptable level of risk (risk preference), and regardless of the level of risk, the Company has appointed relevant risk control positions/responsible officers for each risk identified, and will irregularly arrange the relevant responsible officers of risk control to supplement, amend, optimize the corresponding risk control measures.

Case study library has been established on the Company's intranet interactive platform to share relevant cases and precautions with the staff on a timely manner, which include vessel safety, capital safety, corruption cases, workplace bullying, etc. By sharing these cases, all staff could be alerted, and on the other hand, the staff are able to prevent any incident with the precautions provided.

Responsible Operations

“Chairman’s Award of Special Contribution” has been set up by the Company to recognize the staff’s innovative thoughts and practices in terms of risk management or culture. For example, in 2024, many teams and staff of the Company have won this award with several programs like “optimization of fund management processes”, “optimization of optimal system”, etc.

To prevent risk involving cash transactions, branch offices located in all ports under the Group’s financial center, particularly, all branch offices in Southeast Asia region, have implemented payment through QR code scanning, online payment in order to prevent capital risk and increase working efficiency.

To prevent cybersecurity risk, the information center of the Group has adopted information system security level evaluation and confirmation (Level II) to increase the overall security of the office software and network, which in turn enhancing our competence of information protection.

For the identified important risk issues, the Company incorporates them into the performance incentive targets of the corresponding positions and executives, such as employee health and safety, operational accidents, etc., which are all included.

3. Risk Prevention and Control

In 2024, the Company carried out questionnaire survey in respect of the recognition of risk prevention and control measures of senior management, mid-level management and financial staff to inspect the execution of prevention and control measures for various risk identified at the earlier period. Of which, the execution of risk prevention and control measures for risk of bunker cost fluctuation, vessel navigation risk, investment risk, epidemic risk, risk on business policy changes in the operating location, risk on new route development, and risk on collection of accounts receivables have obtained higher recognition, with around 65% of the interviewees considered that the measures in those aspects have been better executed. For the prevention and control of risks such as risk on lagging behind in the application of digitalization, risk on upgrading environmental protection technologies and risk on improving market preference, it is commonly considered as not ideally executed. To address the said issues, the Company will carry out review of, and amendments to the “Risk Description and Control Summary Sheet” to add or supplement new prevention and control measures.

In 2024, the Company also conducted a review of new risks and opportunities arising from new businesses, and identified four emerging major risks and opportunities, namely “risks and opportunities involving geopolitical conflicts”, “risks and opportunities involving environmental protection technologies”, “risks and opportunities involving climate change-carbon cost”, and “risks and opportunities involving digital transformation”. The major risks for mid to long term are the “risk involving the end of economic globalization, remolding of supply chain and the emergence of regionalization” and the “risk involving geopolitical conflicts”. Corresponding preventing and control measures have been implemented. As of the end of 2024, the “Risk Description and Control Summary Sheet” of the Company has listed out a total of 231 risk items, including 28 major risk items.

In addition, the Company also organized managers above the middle level to prioritize the major risk items identified and clarify the priorities of the Company’s risk prevention and control, and integrated the materiality assessment results into the risk control system of its internal OA system, aiming to link the survey and assessment of material issues with corporate opportunities and risks to correspond to the risk exposures, risk preference and opportunity possibility, so that the ERM results and the materiality assessment results are interrelated and feedback.

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The top ten risks which are the concerns of the Company are summarized as follows:

No.	Risk-Material Issues	Risk Area	Possibility	Degree of Impact	Comprehensive Level	Measures Taken to Mitigate Risks and Relevant Systems	Relevant System Documents	Risk Control Responsible Person
1	Risk of IT system failure (Material issue 10)	Operational risk	5.7%	70.86	High	<ol style="list-style-type: none"> 1. Internal and external and WEB firewalls 2. A third-party to conduct vulnerability detection 3. Evaluate and optimize network structure 4. Daily monitoring and standardize network usage 5. HTTPS encrypted access for tamper-proofing 6. Third-party anti-penetration detection and safety inspection 7. Establish a disaster recovery system to support reconstruction 	IT security system, management process and inspection system, IT security inspection protocols	General manager and network manager of the Information Department of the Group Administrative Center
2	Risk of major accidents (Material issue 9)	Operational risk	24.5%	50.00	High	<ol style="list-style-type: none"> 1. Improve security systems and emergency plans 2. Equip security personnel and facilities for regular maintenance 3. Conduct regular security inspections and assessments 4. Set up a safety feedback mechanism to encourage employees to provide opinions 5. Strengthen employee safety awareness training 6. Technical means to monitor and prevent and control risks. 	Safety production system	General manager of branch office
3	Risk in vessel navigation (Material issue 9)	Operational risk	23.7%	49.34	High	<ol style="list-style-type: none"> 1. The vessel management center organizes special inspections on the bridge watchkeeping and BNWAS usage 2. The marine supervisor conducts daily supervision and inspection on the bridge watchkeeping; regularly checks the BNWAS switch records of each vessel, and urges the captain to implement them in accordance with the regulations 3. The captain shall do a good job of checking the bridge watchkeeping of the vessel, correctly open the BNWAS system according to the regulations, and record it truthfully and report to the marine supervisor 4. The personnel on duty on the bridge strictly implement the Crew Duty and Shift Handover System 	SMS Manual, SSP Manual, DMLC PART-II Manual	Captain and pilot, personnel of marine affairs, vessel management team leader\ department manager, ISM office, chief captain, head of DPA/vessel management company, marine supervisor, head of vessel management center, head of safety committee
4	Risk of changes in business policies in the region where the Company is operating (Material issue 2)	Compliance risk	32.6%	49.04	Medium to high	<ol style="list-style-type: none"> 1. Keep abreast of policy changes 2. Headquarter organizes the sharing of the latest policy information among port companies 3. Communicate with the destination port agent to ensure the implementation of operational requirements 	Supplier management regulations	Head of business group/general manager of branch office

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No.	Risk-Material Issues	Risk Area	Possibility	Degree of Impact	Comprehensive Level	Measures Taken to Mitigate Risks and Relevant Systems	Relevant System Documents	Risk Control Responsible Person
5	Risk of supply chain changes (Material issue 1)	Strategic risk	24.0%	43.05	Medium to high	<ol style="list-style-type: none"> 1. Provide various logistics solutions and strengthen the integrated logistics strategy of sea and land 2. Strengthen customer communication and layout of new outlets and routes 3. Flexibly adjust routes and capacity flexibly to cope with changes 4. Adjust the time of chartering vessels and containers to match demand 5. Develop new markets, increase customers and enhance risk resistance 6. Ensure sufficient cash and credit, and control liabilities 7. Increase the proportion of self-owned vessels 	Management regulations for route addition and optimization	Risk Management Committee/CEO/center, head of business group
6	Risk of transportation of hazardous goods (Material issue 9)	Operational risk	22.1%	64.21	Medium to high	<ol style="list-style-type: none"> 1. Differentiate and manage flammable and dangerous goods, and assess customers under high-risk goods category 2. Load in accordance with stowage and isolation requirements, and prohibit the loading of dangerous goods in the cabin 3. Temperature control measures, such as refrigeration, ventilation or insulation 	Dangerous goods loading management regulations, dangerous goods prohibited loading table/cargo loading requirements	Operation center, customer service center
7	Risk of new route development (Material issue 1)	Operational risk	28.1%	46.09	Medium	<ol style="list-style-type: none"> 1. Formulate a vessel's regular shift plan in advance 2. Pay close attention to the market situation of chartering vessels, and avoid relevant risks through the charter period 3. Conduct sufficient market research in the early stage of opening a route, and lock some target customers in advance 4. Improve the proportion structure of agreement goods and market goods to avoid price wars 	Regulations on the management of externally chartered vessels for container shipping	Planning center, marketing center, operation center
8	Risk of war (Material issue 9)	Operational risk	18.7%	59.72	Medium	Formulate a prevention and control plan in advance	War prevention and control plan	Risk Management Committee/CEO/center, head of business group
9	Risk of Fluctuations in Fuel Oil Prices (Material issue 1)	Financial risk	36.7%	47.12	Medium	Pay attention to changes in fuel oil prices to adjust fuel surcharges, and adjust purchase volume	Fuel oil management regulations	Operation center
10	Risk of taxation (Material issue 2)	Financial risk	30.8%	45.96	Low	<ol style="list-style-type: none"> 1. Consult professional tax organizations 2. Learn about the latest local transfer pricing rules 3. Related contracts all need to be approved by the Group 4. Maintain sufficient documentation to meet the compliance requirements of related party transactions 	Internal related party transfer pricing system	Accounting department

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For the emerging material risks identified during the year, we believe that risks and opportunities coexist. In addition, the core issues of corporate value creation identified by the Company during the year also correspond to three of the new types of risks and opportunities (“Materiality Analysis” section), as follows:

Risk Category and Exposure Level	Risk Impact	Response Plan	Potential Opportunities
<p>Risks and opportunities involving environmental protection technologies (Material issue 5):</p> <p>Continuous updating of environmental protection technologies will increase legal compliance requirements for governments and international organizations, and drive up the cost of environmental competition for enterprises.</p> <p>Medium to high exposure, high probability, high impact</p>	<p>Operating costs and restrictions: stringent IMO requirements on vessel emissions may increase operating costs. In 2024, the Company incurred additional costs of up to US\$54.43 million for the use of low-sulfur oil compared to high-sulfur oil. Environmental regulations are becoming increasingly stringent and failure to comply with new standards in a timely manner could result in fines and operational restrictions.</p> <p>Technology costs and risks: technology investments (e.g., LNG or green-fueled vessels, low-emission fuels, exhaust gas treatment systems, and carbon capture equipment for vessels) require high initial capital expenditures. In 2024, the Company incurred capitalized costs of US\$8.16 million for the construction of the desulfurization tower. Failure to keep up to date with the latest environmental technology may result in the loss of customers and investors due to their preference for low carbon and environmentally friendly transportation services.</p>	<p>Technology upgrade: invest in environmental protection technologies such as low-sulfur fuel, LNG power, and desulfurization towers to meet environmental protection requirements..</p> <p>Environmental protection technology R&D: Cooperate with research institutes to develop and apply advanced environmental protection technologies.</p> <p>Green supply chain construction: promote the concept of green shipping and optimize the environmental performance of the entire supply chain.</p> <p>Policy research and response: pay close attention to the dynamics of environmental protection regulations, and make arrangements in advance to ensure compliance.</p>	<p>Corporate reputation: by adopting environmental protection technologies, enhance brand image, attract more customers and investors who pay attention to sustainable development, aiming to improve market competitiveness. In 2024, the Company was awarded the Standard & Poor’s Sustainability Industry Driver and included in the Global Sustainability Yearbook. In addition, customers are willing to pay a premium for a green supply chain, thereby increasing operating income and customer stickiness.</p> <p>Long-term returns: investing in environmental protection technologies (desulfurization towers) can reduce long-term operating costs. It is estimated that each desulfurization tower can recover its investment cost in an average of 22 months, and the discounted total return rate over the life cycle is as high as 419%.</p>
<p>Risks and opportunities involving carbon cost (Material issue 7):</p> <p>The attention paid by countries to the emission reduction targets of the Paris Agreement will increase the popularity of carbon markets and carbon taxes, thereby increasing the cost of emissions.</p> <p>Medium-high exposure, medium probability, high impact</p>	<p>Compliance costs: as global focus on carbon pricing increases, countries may implement stricter carbon emission regulations, resulting in higher compliance costs.</p> <p>Carbon costs: the introduction of a carbon tax or carbon trading system may increase operating costs and affect profit margins. The shadow price of carbon pricing within the Company is as high as US\$47.80 million in 2024. Uncertainty about future carbon prices could complicate budgeting and financial planning.</p> <p>Emission reduction costs: in 2024, 4 electric stacking machines were purchased to reduce emissions, with a cost of US\$1.1673 million.</p>	<p>Investment in new energy vessels: phasing out old vessels and introducing new energy vessels, such as LNG-powered and electric vessels.</p> <p>Optimization of operations: reduce unit transportation costs by optimizing routes and improving energy efficiency of vessels.</p> <p>Government cooperation: actively participate in policy formulation and seek government support and subsidies.</p> <p>Brand building: enhance corporate brand image and market competitiveness through green shipping practices.</p> <p>Carbon trading and offsetting: participate in the carbon trading market and reduce carbon footprint through carbon offsetting projects.</p>	<p>Cost savings: the application of green technologies may improve fuel efficiency and operating costs and enhance overall competitiveness. The Company has saved at least US\$2.6 million in fuel costs by reducing fuel consumption on its vessels through various technologies.</p> <p>Subsidy incentives: it is possible to obtain government subsidies or green credits to reduce transformation costs. In 2024, the Company received a reward of HK\$1.68 million from the Hong Kong Marine Department for fleet emission reduction, and obtained a total of more than US\$100 million in green credits, reducing interest costs by approximately US\$60,000.</p> <p>Quality services: new business areas can be explored, such as carbon-neutral transportation services, to meet customers’ environmental protection needs.</p>

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Risk involving geopolitical conflicts (Material issues 9, 1):

Geopolitical conflicts may lead to the closure of some important route hubs or ports, thus affecting normal shipping.

High exposure, medium-low probability, very high impact

Trade restrictions: geopolitical tensions could lead to increased trade barriers and tariffs, affecting shipping volumes.

Detour costs: certain routes may be exposed to security risks due to political instability, increasing detour costs. According to statistics in 2024, the Red Sea crisis resulted in an increase of approximately 6,000 nautical miles in distance travelled by vessels detouring to the Cape of Good Hope, which is a possible risk that exists even though the Company is not impacted.

Security risks: Increased geopolitical conflicts may increase navigational security risks as well as insurance costs.

Diversify route layout: optimize route design to avoid high-risk areas, and increase alternate routes.

Enhance risk monitoring: establish an early warning mechanism for geopolitical risks and make timely adjustments to routes and capacity layouts.

Compliance cooperation: cooperate with international organizations and governments to ensure operational compliance and reduce policy risks.

Emergency response mechanism: develop emergency plans to respond to unexpected geopolitical events such as port closures or route disruptions.

Emerging market development: there may be opportunities to shift to new routes or markets amidst tensions in certain regions. The Company called at 81 ports, with 483 calls per week, 5 new ports of call, 2 new routes, 9 net new branches and 11 new customer countries.

Diversification strategy: reduce dependence on a single market through diversified market layout, enhance risk resistance, and benefit from inter-regional industrial transfer.

Freight rate growth: the closure of key hubs, such as the Red Sea, will lead to capacity constraints and freight rate growth, boosting corporate profitability. The SCFI global average container spot freight rate rose by about 150% in 2024 compared with 2023.

Risks and opportunities involving digital transformation (Material issues 10, 1):

Digital transformation is particularly important for corporate operations and customer service. Artificial intelligence will have the potential to directly optimize energy costs in the maritime industry. Digital transformation will be a driving force for corporate development and an important competitive field.

Medium-high exposure, medium possibility, medium-high impact

Technology dependency: over-reliance on digital systems could lead to cybersecurity risks and the impact of system failures.

Talent shortage: lack of digitally skilled talent may lead to slow progress in transformation, impacting efficiency and sound decision-making, which in turn affects competitiveness.

Increased costs: the Company paid software development costs of approximately US\$1.09 million and equipment costs of approximately US\$0.94 million in 2024 for the digital transformation, of which the total investment in equipment and research and development related to data security amounted to approximately US\$0.94 million.

Investment in technology: increase investment in digital technologies, such as smart shipping systems and the Internet of Things (IoT).

Data management and analytics: establish a data management platform and use big data analytics to optimize routes and forecast market demand.

Employee training: strengthen employee training on new technologies and enhance the team's digital capabilities.

Network security: strengthen network security protection to ensure data security and stable system operation.

Operational efficiency improvement: digital technology can optimize shipping management, improve loading and unloading efficiency, and reduce costs. Improve corporate returns. Improve customer experience and enhance customer satisfaction and loyalty through digital services (such as real-time tracking and online booking). In 2024, the proportion of online booking customer volume to revenue of the Company increased by approximately 5%, and customer satisfaction rose to 89%.

Artificial intelligence assistance: local deployment of AI services may greatly improve route planning, energy efficiency control, safety management, etc. Goldman Sachs estimates that widespread adoption of AI will boost earnings per share (EPS) of Chinese companies by 2.5% per year over the next decade.

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

4. Prevention and Control of Vessel Safety

In respect of vessel management, the Company has in place a "Checklist for Vessel Safety, Repair and Maintenance", whereupon, a series of safety inspections on navigation safety, cargo safety, engine room and facilities safety, staff safety, fire safety, pollution prevention, etc. will be carried out on our self-owned vessels. Repair and maintenance inspection will also be made on the deck, the cargo compartment, the engine room and facilities, lifesaving appliance, fire extinguishing system and environmental protection facilities, etc. The first level is self-inspection and self-evaluation by the vessel management, which should be carried out at least once per quarter; the second level involves remote and regular inspection by boarding to be carried out by onshore marine, aviation staff and navigators based on work division of different project. For remote items, inspection should be done at least once a month, while inspection by boarding should be made at least once per quarter. The third level is inspection by boarding to be carried out by onshore safety technicians, which should be made at least twice per year for every vessel.

In 2024, for the first level, 5,148 inspections, in aggregate, have been carried out through self-inspection and self-evaluation by the vessel management. For the second level, the onshore marine, aviation staff and navigators have completed 277,200 inspections on vessel safety and repair and maintenance, with 1,929 safety, repair and maintenance defects and 0.69% discovery rate. Those issues have been rectified immediately. In respect of the third level, 123,948 inspections on vessel safety, repair and maintenance have been carried out by the safety technicians, with 4,502 safety, repair and maintenance defects and 3.63% discovery rate. Those issues have been rectified immediately. In 2024, the number of onboard inspections was 396, with each vessel being inspected once a quarter, and the inspection content included safety and environmental protection.

In 2024, the day of navigation of the Company's vessels was 35,882 with navigation rate of 99.06%. The day of suspension was 343.48, of which the day of chartering suspension due to incident was 94.95, and the influence thereof to the day of navigation was merely 0.27%. At a time when extreme weather is increasing, the Company's stable navigation rate continued to improve and the suspension rate continued to decline, reflecting a good level of navigation management.

No vessel was stranded during the PSC inspection at the Marine Department of Hong Kong. In 2024, the rate of zero defect was 53.73%, which surpassed the rate of zero defect at Japan MOU of 27.74%. In view of the Company's outstanding performance in PSC inspection, the Company has been awarded "Outstanding Performance Award in PSC Inspection" by the Marine Department of Hong Kong for six consecutive years. In addition, the number of defects received by the Company's managed vessels during the year from the regional port state control organization was only 124, and the number of detentions received from the security committee organization of the regional public security authorities was zero.

- Tokyo MOU is one of the world's most active regional port management organizations located at Tokyo, Japan. The organization commenced operation from 1 April 1994 and is comprised of 22 member countries and 7 observer countries in the Asia Pacific region. Tokyo MOU aims at establishing effective PSC system in the Asia Pacific region through cooperation and coordination with other member countries. Port states are entitled to control foreign vessels berthing at the relevant ports of the states to ensure rectification of any defect discovered by PSCO during inspection by boarding. PSC is regarded as a complementary measure to flag state control to facilitate marine safety, protect marine environment and safeguard the working and living condition on board.

5. Prevention and Control of Depot Safety

In respect of depot management, the Company has in place the "Checklist of Depot Safety Inspection", whereupon, a series of safety inspection on access control, staff safety and training, facilities safety, field work safety, fire safety, environmental protection, contingency management, basic qualification, documentation system, etc., will be carried out at all depot operating under the group, while at the same time, quality inspection on customer services, service undertakings, customer feedbacks will be performed. The first level is weekly self-inspection of each operating depot and compilation of self-inspection report for submission. The second level involves cross safety inspection by depot officers organized by the group headquarters. Each depot should perform at least once a year.

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In addition, a comprehensive inspection will be conducted on the internal regular audit of the group, among which, inspection on depots located in Mainland China should be conducted once per every three years, and inspection on depots located overseas should be conducted once per every two years.

In 2024, in aggregate, 676 weekly self-inspections have been completed at all depots, 13 comprehensive cross safety inspections have been conducted by all depot officers under the group headquarters with a total time of inspection of 2,210. Among which, there were 1,820 safety items, 390 service items, 51 shortcomings and hidden dangers discovered with a ratio of 2.3%.

In 2024, through depot safety production management, a significant safety production result of zero incident has been achieved among all depot staff, machineries and fields.

2.3 BUSINESS ETHICS

The Company is dedicated to comply with business ethics and undertakes to uphold and abide by, and our supply chain partners are also required to observe the following commitments:

Corruption and bribery: We have zero tolerance to any form of corruption and bribery in neither domestic nor overseas market.

Information confidentiality: We protect personal information of our customers and staff, and comply with the relevant privacy regulations.

Conflict of interest: We avoid conflict of interest to ensure that our business decision and action are not under any influence of any individual or organization.

Anti-monopoly/anti-competition behaviour: We strongly oppose to any form of monopoly and unfair competition behaviour, and we comply with the regulations relating to anti-monopoly and anti-competition.

Money laundering and/or Insider Trading/Transaction: We strictly abide by the regulations relating to anti-money laundering and insider trading to ensure the legitimacy, fairness and transparency of our business activities.

Whistleblowing: We encourage our staff and other parties to report to us any action which is in breach of business ethics, and we undertake to protect the privacy and interest of the whistleblower.

Regular review: We undertake regular review of our business ethics at least every half year to compile relevant undertaking list and execute policies to ensure that our standards, scope and execution meet the requests of the stakeholders and the international standards. External stakeholders are invited to attend regular interviews or general meetings to review or provide recommendations in relation to our ethics.

Regular audits: In addition to the semi-annual inspection of the business ethics and moral standards system, the Company regularly conducts audits across all business operations and locations of the Group for items such as business ethics, anti-competition, anti-fraud, anti-money laundering, and anti-corruption. It conducts full-coverage audits of companies in Mainland China every three years, and full-coverage audits of companies outside of Mainland China every two years, so as to achieve the goal of auditing all the Group's businesses and operating locations at least once every three years on the basis of a fixed timetable and a list of the entire Group's companies. In addition to regular internal audits on business ethics, the Group conducts external audits on internal control compliance once a year.

In 2024, the Company implemented a total of 41 audits related to business ethics, including routine audits of 41 subsidiaries and branch offices, as well as audits of container ship-owning companies, to ensure that the business ethics standards and practices involved in the whole Company's operations complied with the Anti-Monopoly Law, the Anti-Unfair Competition Law, the Anti-Money Laundering Act, the United Nations Global Compact and other relevant laws or standards. During the audit process, the Operation Management Center initially investigates whether there are any indications of violations of the aforementioned business ethics standards system or reports from employees regarding the business or locations of the subsidiary. If any such violations are discovered, an in-depth review will be conducted. During the internal audit in 2024, no violations of business ethics, anti-competition, anti-money laundering, or anti-corruption were identified. In addition, the Company strictly implemented a rotation system, with the head of finance rotating 12 times and the head of independent operations rotating 17 times during the reporting period.

1. Anti-Corruption

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

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The Board of the Company is responsible for the approval and supervision of the formulation and execution of the anti-corruption policy.

1) Anti-Bribery Policy

The Company has formulated the “Anti-Bribery Policy” and the “Code of Conduct for Employees”, and announced the Group’s anti-corruption policy throughout the Group, emphasizing that “the Company prohibits any form of corruption and bribery, and the system applies to all directors and employees”, and setting out the principles and boundaries that are required to be followed in giving and receiving gifts, discounts and commissions, as well as the supervisory responsibilities of each rank. Specifically, the Company prohibits any form of bribery, including but not limited to cash, gifts, discounts, soft dollar and other form of illegal or improper payment. In addition to the above general bribery scenarios, we specifically specify that we also strictly prohibit charging recruitment or placement fees during the recruitment and promotion process. Any subordinate organization or employee is not allowed to charge any fees to job applicants in exchange for job offers or placements, and will be severely investigated and punished upon discovery.

2) Prohibition of Discounts and Soft Dollar Policy

The Company specifically prohibits any bribery in disguise such as discount and soft dollar, and it is explicitly stated under the “Anti-Bribery Policy” of the Company. The Company announces this policy to all staff and business partners whose contracts with the Company contain specific terms relating to prohibition of bribery in disguise such as discount and soft dollar.

3) Policy relating to Political Donation and Charitable Donation

The Company has committed to transparently disclosing all political donation and charitable donation and ensuring that those donations will not be used in any form of bribery. Political or charitable donations will not be used as a mean to secure business or government contract. Besides, we undertake that the Company will not, directly or indirectly, offer any cash or gifts of high value, or make any commitment with similar reward, to any government officials, political parties or the representative thereof, candidate of any political positions or public position.

4) Compliance Review and Training

The Company offers regular publicity and training of business ethics, anti-fraud and anti-corruption policies for its employees. The Company has organized training for all employees of the Group (including Board members, part-time employees, outsourced personnel, and contractors), and published the “Corruption Prevention Tips”, the

“Practical Guidelines for the Corruption Prevention System of Listed Companies” and the “Corruption Prevention Training Materials of SITC” on the Company’s internal website for its employees to consult and study at any time. SITC will conduct internal compliance review on a regular basis to ensure effective implementation of our anti-bribery and anti-corruption policies. We provide necessary trainings and educations to make sure that all employees and business partners could have full understanding of, and abide by our policies and regulations.

5) Management of Suppliers’ Incorruptibility

The Company conducts review and management on suppliers on a regular basis to ensure their compliance with anti-bribery and anti-corruption policies. Cooperation with any supplier who is in breach of the relevant regulations will be terminated. The Company will visit suppliers to publicize our anti-bribery policies and will accept suppliers’ supervision to promote a clean, fair and equal competition environment. In 2024, at least 64 suppliers have been visited. Suppliers agree to our anti-bribery policies and are willing to maintain long-term cooperation. No bribery issue has been occurred.

6) Internal and External Reporting, Investigation and Audit

The Company has promulgated the Anti-Fraud, Reporting and Complaint System to establish a sound and transparent anti-fraud, reporting and complaint mechanism. A reporting hotline and e-mail have been disclosed on the Company’s website to receive real name or anonymous reports from employees and external third parties.

Anti-fraud reporting email address of the Audit Committee of the Board: Director.A.C@sitc.com

Anti-fraud reporting email address of the Operation Management Center: security@sitc.com

Reporting phone number: 00852-28500302/0086-21-38969029

Mailing address: Head of Operation Management Center, Building 30, 1388 Zhangdong Road, Pudong New District, Shanghai or 31/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Company has set up a functional department responsible for handling complaints and whistleblowing, which shall handle complaints and whistle-blowing in accordance with prescribed procedures and within prescribed time, and give feedback to the complainants. The Company has also formulated protection measures for whistleblowers, to encourage relevant personnel to disclose fraud and cheat, and ensure that the personal interests and benefits of complainants or whistleblowers are not infringed. In 2024, the Company has received one valid whistle-blowing, which was relating to the issue of the head of the branch office benefiting from the replacement of crew members. Upon investigation, no bribery

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behaviour was involved, but the operating process was deficient. Relevant department had been ordered to supplement and improve the system. Due to the introduction of external operating agents for crew replacement during the epidemic, the Company and the external agents did not sign an agency agreement, which did not comply with the system regulations, the specific operating procedures for crew replacement were not completely unified, and the OA payment approval lacked the participation of actual operators. The Company has now carried out rectification. In the future, the Company's crew replacement must sign contracts and initiate OA payment applications from the crew management system. The system is being improved.

SITC encourages all employees and business partners to report any act that may involve bribery or corruption. Investigation will be carried out on all the report with proper rectifications thereafter, including reporting to the relevant authorities.

The Company has formulated the "Internal Audit System" to organize internal and external audits on a regular basis, and implement the rotation system, thus effectively preventing corruptions.

7) Capital Management

The Company has strengthened capital management and control. The Fund Management System clearly stipulates that "all capital receipts and payments shall be made based on a true and legal business background". Any form of illegal acts such as bribery, extortion, fraud, and money laundering, or fund receipts and payments that violate company policies are prohibited. Payment to any party with major risk is prohibited.

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

2. Anti-money laundering policy

Applicable to: All employees, contractors, management, partners and third-party service providers

1) Basic Policy

Strictly comply with the anti-money laundering laws and relevant regulatory requirements of each place where the Company operates. Prevent, identify and report activities such as money laundering, terrorist financing and proliferation financing. Establish a risk-based internal control system to ensure business transparency and compliance.

The executive management is responsible for the supervision of anti-money laundering policies. The Operation Management Center formulates and updates anti-money laundering policies and procedures, and organizes internal audits, so as to ensure that the policies are implemented. It also completes anti-money laundering training for all employees and contractors (including new employee training, annual employee training and special training for senior management, etc.), identifies and reports suspicious behaviors, and cooperate with the compliance department to provide suspect information.

2) Core Principles

Risk-based: Allocate resources according to the risk level of customers, businesses and regions.

Customer due diligence: Identify and verify the identity of customers, and understand the source and purpose of funds.

Ongoing monitoring: Report suspicious behavior in a timely manner once unusual transactions are detected.

Zero tolerance: It is prohibited to conduct business with sanctioned countries/entities and high-risk customers.

3) Key Control Measures

a. Customer and supplier identification
Identify money laundering risks on the basis of the existing supplier and customer information management system, and establish a blacklist. Divide enterprises with different risk levels, and review the standard list every year.

High risk (cash-intensive industries)

Medium risk (cross-border trading enterprises, non-profit organizations)

Low risk (local listed companies, state-owned enterprises)

b. Use official databases (such as the UN sanctions list, the China Ministry of Commerce list) to screen risky customers in a timely manner and intercept transactions with sanctioned entities.

c. Reporting and response: Employees report suspicious behavior to their superiors upon discovery and conduct inspections. If they encounter money laundering or similar funds involving illegal acts, freeze and report to relevant organizations or public security organs.

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d. Handling measures:

Employee violation: warning, demotion and dismissal shall be taken depending on the circumstances, and the suspected crime shall be handed over to judicial organs.

Customer violation: Terminate the business relationship, include in the blacklist and report to the regulatory authorities.

4) Audit and Improvement

Internal audit: annual inspection of the implementation of business ethics, anti-money laundering and anti-corruption policies, focusing on high-risk departments (such as finance, sales), and conduct full-coverage audits of companies in Mainland China every three years, and full-coverage audits of companies outside of Mainland China every two years, so as to achieve the goal of auditing all the Group's businesses and operating locations at least once every three years.

External audit: an independent third-party organization is engaged to assess the effectiveness of compliance, and internal control compliance is externally audited once a year.

Continuous improvement: update policies based on audit results and regulatory requirements.

3. Code of Business Conduct and Ethics and Reward and Penalty system for Employees

The Company will adopt a series of measures to ensure that our employees are in compliance with our social values and business ethics, which include regular trainings, staff's compliance-linked remuneration system, incorporating compliance and code of conduct into employee's appraisal, offering rewards to employees with proper compliance, imposing penalties to any act in breach of business ethics, etc. In addition, the Company will provide necessary trainings and educations to the employees to arouse their awareness of being in compliance with code of conduct, which in turn ensuring the Company's reputation and interests, as well as promoting the Company's sustainability: Details are as follow:

1) Reward and Penalty Measures

To ensure employees' acts are in compliance with the Company's requirements and standards, the compliance of employees is incorporated into the appraisal for remuneration and performance, and the following reward and penalty measures are adopted:

- a) For any employees who are non-compliance with and in breach of our business ethics, their marks obtained in the appraisal will be deducted and they will be imposed with corresponding penalties including deduction of performance-based bonus,

deduction of share awards and hindrance to promotion. Meanwhile, employees will receive necessary trainings and education to help them rectify their mistakes, comply with our code of conduct, laws and regulations.

- b) For employees who have been performing well in terms of compliance, rewards will be offered, including salary increase, promotion, bonus, share awards, etc. Employees' compliance will be appraised and evaluated on a regular basis, rewards will be granted to employees with outstanding performance so as to motivate them to abide by our code of conduct, laws and regulations.

Compliance and code of conduct have been included in our employee appraisal system to ensure the employees act in compliance with our requirements and standards. Details are as follows:

Appraisal standard: specific appraisal standards in terms of compliance and code of conduct are stipulated, which include the awareness of employees to compliance, the status of their compliance with the code of conduct, and their working performance, etc.

Appraisal cycle: Employees' compliance will be appraised and evaluated on a regular basis, usually in every month or every quarter.

Way of appraisal: various ways of appraisal will be adopted, including self-appraisal, appraisal by superiors or colleagues, etc.

2) Warning, Dismissal, Zero Tolerance Policy

For different level of non-compliance with business ethics, the Company has formulated specific penalties. We will adopt different measures to handle the issue, details are as follows:

Minor non-compliance: for any acts such as non-compliance with the Company's regulations relating to daily operation, non-performance of duties, etc., oral warning will be sent as penalty.

General non-compliance: for any acts such as long-term non-compliance of the Company's regulations relating to daily operation, written disclosure of the Company's business secrets without causing any loss, etc., measures like written warning and bad comments on performance appraisal will be imposed as penalty.

Major non-compliance: for any acts such as provision of false information, negligence of duties, disclosure of important business secrets which causes loss to the Company, etc., measures like notice of criticism, announcement on intranet, demotion, salary decrease, relegation will be imposed as penalty.

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Serious non-compliance: any acts which are violation of the Company's business principles, such as bribery and corruption, serious fabrication of statistics, misappropriation of corporate assets, malicious disposal of the Company's business secrets, etc., measures like dismissal and pursuit of legal accountability will be imposed as penalty.

While imposing warning and penalty, we will provide necessary trainings and educations to our employees to help them rectify their mistakes, comply with our code of conduct, laws and regulations. Our ultimate goal is to ensure employees maintain high level of business ethics.

We believe that the incorporation of employees' compliance into remuneration and performance appraisal system will help enhance employees' awareness of being in compliance with code of conduct, promoting the Company's compliance management and sustainability. Reasonable rewards and penalties will help protect the Company's reputation and interests. Meanwhile, we will continue to evaluate, improve and optimize our compliance performance and reward and penalty system to ensure its fairness, transparency and effectiveness.

There was no non-compliance relating to code of conduct in the Company during the reporting period.

4. Protection of Personal Information

SITC attaches high importance to the privacy of customers and employees. To protect personal information and customers' privacy, the Company is in compliance with the "Personal Information Protection Law of the People's Republic of China" and other applicable regulations relating to privacy when collecting, handling or using any personal information. Unless it is approved by the customers, the organization shall not disclose any personal information of the customers, shall not use any personal information of the customers on any purpose other than the agreed usage, and shall directly keep customers update of any changes in the information protection policy or measures.

1) Protection of Personal Information and Privacy

When customers receive products or services from the Company, the Company should inform customers of the nature of the data and information obtained by the Company and how it is used, and inform them of our relevant protection policy relating to their personal information, privacy and rights. Personal information should only be used upon agreement with the relevant customers. Customers can decide how private data is collected, used, retained and processed and are required to opt-in to confirm this, and SITC will at all times support customer's request to access data held by the Company

in relation to the customer, support customer's request to have data relating to it corrected, deleted or transferred to other service providers, and provide customers with an opt-out option. The Company will continue to retain the data at least until the termination of the contract with the customer. The Company will never disclose or divulge the content of the customer's privacy to a third party, except in special circumstances such as legal arbitration.

It is stated under the "Personal Information Protection Policy and Declaration" and "SITC SHIPPING Registration and Use Related Terms" published on the official website of SITC that apart from the aforesaid policies which are applicable to all employees of the Company, in case of any necessary outsourcing of personal information due to business needs, the Company will also request compliance with the relevant policy by the outsourced vendor and its officers. Other than the personal information protection clauses included in the contract with the outsourced vendor, guideline document in relation to management of outsourced vendors will be compiled. Evaluation on outsourced vendors and safety check on personal information will also be conducted on a regular basis.

2) Personal Information Management Structure

The executive officers of each business group under SITC act as the officer in charge of the protection of personal information safety and are responsible for formulation of personal information protection regulations in relation to the respective business. Regular reporting will be conducted to the operation management center of the Group. The operation management center will report to the Sustainable Development Committee by submitting "Sustainable Development Report" every half year, and will provide recommendations to the Board. The reporting contents include but not limited to the result of personal information safety management and the improvement thereof, the handling and follow-up of any relevant cases or complaints.

3) Consultation Channel for Privacy Rights

A comprehensive personal information protection mechanism has been established by the Company to ensure the accuracy and safety of the personal information of the customers and the employees. It is stated under the "Personal Information Protection Policy and Declaration" that personal information will be collected, handled or use in a reasonable and safe way within a scope for specific purpose as agreed by both parties. All activities involving personal information could only be proceeded upon agreement with the relevant parties, and the personal information should not be used on purposes other than the agreed usage. In case of secondary use, the relevant parties should be able to practically exercise their rights of enquiry, alternation, deletion, restriction on use of the personal information and withdrawal of consent as conferred by the personal information law and regulations.

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4) Privacy Risk Evaluation Mechanism

To comply with the legal requirements relating to personal information and identify the relevant risk exposure during the process of handling personal information, the Company carries out various works including personal information check, impact of privacy protection, self-supervision and clean-up. Risk evaluation will be conducted annually according to the operating procedures. In case the risk exposure is too high, risk improvement plan should be suggested and executed in order to effectively implement personal information management system of “Plan – Do – Check – Act” (PDCA). Since 2024, the Company has formally embedded its privacy policy and privacy issue handling procedures into its overall risk assessment and management and compliance management systems across the Group. In addition, we have incorporated reporting and complaints of privacy issues into the Group’s incident risk management process. We emphasize that we reflect our emphasis on privacy protection by incorporating privacy issues into the formal risk management process.

5) Response Mechanism of Privacy Incident

According to the “Personal Information Protection Law of the People’s Republic of China” and the operating document under the internal “Personal Information Protection System”, rights of the parties whose personal information has been inappropriately accessed and disclosed will be protected by the Company in pursuance of the relevant law. For unauthorized use or damages of personal information, contingency plan for personal information incidents will be set up to expedite the internal authorization process based on the degree of influence, which in turn helps enhance the efficiency for subsequent follow-up process. Contingency simulation exercises will be conducted by the Company in each year according to the said regulations, and after which, any defects discovered during the simulation exercises will be reviewed and improved to ensure the effectiveness of the contingency mechanism and strengthen the horizontal communication and response competence of each unit. In addition, in respect of the outsourced personal information, clauses relating to the time frame for reporting of personal information incident, responsibility of recording the incident, compensation and penalties shall be stipulated under the contract with the outsourced vendor, with proof and records relating to the incident being properly kept.

6) Internal Inspection and Training of Privacy Policy

To review if the goal, management procedure and safety control mechanism in relation to personal information are implemented as planned, the Company performs regular inspection and evaluation of the execution of the personal information protection system. Annual regular internal inspection will be carried out to examine the

personal information management in all groups and companies. Any breach of this system and the relevant laws and regulations will be handled according to the Company’s rules and the relevant laws and regulations.

The Company provides regular educations and trainings to all staff to strengthen their concept and code of conduct in terms of personal information protection. Members of the internal evaluation team will receive relevant education and trainings in relation to personal information management and inspection, and will report any latest major personal information matters among the industry and new regulatory information.

There is no disclosure of personal privacy information of the employees or customers in the Company during 2024 and the Company will also try its best to maintain zero disclosure in the coming year.

5. Protection of Whistleblowers

Whistleblower protection scheme is one of the key plans within the framework of business ethic undertakings of the Company. The scheme aims at creating a safe and reliable environment for any internal and external stakeholders of the Company so that they could speak out and report any non-compliance without the worry of being retaliated. This scheme has the support from an independent audit committee and internal audit department to make sure that the management will take appropriate measures to resolve any non-compliance and protect the privacy and safety of the whistleblowers. The whistleblowing policy is ultimately under the direct responsibility of the Audit Department of the Operations Management Center at the Company’s headquarters.

The Company acknowledges honest and sincere business culture. We hope that our employees possess the competence and confidence to raise and report any risk-related concerns, which include but not limited to the concern of risk involving business ethics, legal compliance, environment, society and governance. Everyone (whether or not being employed by SITC) are welcome to raise questions and doubts, and various contact and reporting channels are available. Employees could have discussion with their direct superior or the Company’s management members, access to professionals or auditors, or anonymously report through special mailbox. Anonymous report through telephone or internet will also be accepted. However, we only disclose and make public our investigation process of verified violations, but we take confidentiality measures for the reporting information received through any channel.

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1) Undertaking of Whistleblower Protection

The Company has made public undertaking to protect the identity and privacy of all whistleblowers and will ensure that all whistleblowers could freely exercise their rights without being inappropriately interfered or suppressed. We assure our employees that, regardless of the occurrence of the non-compliance, they will not be disadvantaged due to whistleblowing. This is also applicable to our business partners who wish to report any potential violation. In this regard, we will take necessary measures to make sure the whistleblowers will not be retaliated or inappropriately treated.

Internal and external whistleblower protection policy and mechanism will be publicly informed by the Company to our employees and business partners such as external suppliers. The Company includes an introduction to the reporting process and protection system in the regular training for its internal staff, and regular announcement in relation to the status of the internal and external whistleblower protection mechanism will be made, so that our employees and external parties could understand the effectiveness and reliability of, and comply with the mechanism.

2) Policy of Retaliation Prohibition

We have zero tolerance to any form of retaliation to any whistleblowing on ill will or to any employee coordinating with the whistleblower in the investigation. Any form of retaliation to any whistleblower is strictly prohibited, which includes but not limited to dismissal, demotion, salary decrease, removal, threatening or intimidation. Any retaliation discovered will be stopped by appropriate measures, and disciplinary sanction will be imposed on any person who is in breach of the Company's policy.

3) Safe Whistleblowing Procedure

Anonymous and real-name whistleblowing channels are provided by the Company to help whistleblowers report any act which has violated the law, ethics or the Company's policies. The Company will also ensure the confidentiality and safety of the whistleblowing channels. Necessary measures will be taken to protect the identify and personal information of any anonymous whistleblower from being disclosed. Meanwhile, the Company will take any necessary measures to ensure that the real-name whistleblowers will not be violated or retaliated.

4) Whistleblowing Handling Procedure

The Company will ensure proper handling of the reporting content of the whistleblowers and provide immediate response thereto. Apart from general whistleblowing, any serious and suspicious case will be handled and fully investigated through appropriate measures.

For any case in which disclosure of the identity and personal information of the whistleblower is need, e.g. auditors or investigators need to have understanding of the proof and information provided by the whistleblowers during investigations, the Company will take necessary measures to protect their privacy to ensure that the whistleblowers will not be violated or retaliated.

At the same time, the Company will strictly abide by all relevant laws and regulations, and take all necessary measures to protect the interests of the Company. The Company will investigate all dishonest or malicious whistleblowing and impose disciplinary sanction.

5) Whistleblower Protection Mechanism

A special whistleblower protection mechanism will be set up by the Company to provide necessary support and protection to whistleblowers. All whistleblowers will be provided all necessary information and resources. Upon confirmation of the whistleblowing, the Company will provide safety protection, adjust work arrangement and provide various support such as psychological support.

The Company will continue to supervise the effectiveness of the mechanism to make sure that it is in compliance with the latest laws and regulations, and reflects the Company's best practices. The audit committee will conduct regular evaluation to the internal and external whistleblower protection mechanism to ensure its effectiveness and sustainability. Evaluation and improvement to the mechanism will also be carried out on a regular basis.

During the reporting period, the Company has strictly abided by the "Complaint and Whistleblowing" System and the relevant laws of other regions, practically performed its supervision responsibility, maintained and improved the supervision and whistleblowing mechanism, opened whistleblowing channels, and ensured the information confidentiality and safety of the whistleblowers. No act which has intruded the privacy and safety of the whistleblower had been recorded.

2.4 CUSTOMER SERVICE

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

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

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1. Customer Overview

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

Geography	Percentage of revenue
Greater China*	48%
Southeast Asia	29%
Japan	17%
Others	6%

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

2. Customer Services

Through WeChat Official Account and email, the Company has been providing customers with real-time port closure and typhoon information, new policy interpretation and new services for promotion to further improve customer experiences. The Company has developed models such as sea-rail intermodal transportation to reduce customers' costs; reduced the circulation of customers' documents through process optimization such as releasing orders with blockchain to improve efficiency; communicated with customers through electronic data interchange (EDI), and assisted customers to complete the visual management of the whole supply chain, to improve customers' ability to control logistics. Online slot reservation has also been promoted to provide convenient and environmental friendly services to the customers.

From 2020 to 2024, the proportion of revenue from online orders (online/e-commerce/online advertisement, etc.) to total revenue of the Company are shown as follows:

	2020	2021	2022	2023	2024	Target for next year
Proportion of online customers	12%	12.87%	12.90%	18.62%	24.43%	25%
Proportion of online revenue	10.1%	11%	11.2%	14.90%	19.67%	20%

For the past few years, the proportion of online revenue of the Company has been increasing every year, which reflects a certain degree of success from our effort of developing online customers and e-commerce. In the future, we will continue to focus on the development of online business, strengthen the establishment of

online channels and improve the experience of online customers, in order to attract more customers to transform from offline practice. Through statistical analysis and market surveys, the online services will be improved continuously to increase transformation rate and customer satisfaction. Explicit annual target will be set to continuously increase the proportion of online revenue, so as to realize business growth. It is expected that the proportion of online revenue for the coming year will exceed 20%, and the proportion of online customers will exceed 25%.

3. Customer Satisfaction Survey

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

In 2024, the Company solicited customer's opinions on the container shipping services. There were 1,333 valid questionnaires in relation of the customer satisfaction of container shipping services, covering 29% customers with official codes (interviewed and non-interviewed). The final results of the survey are as follows:

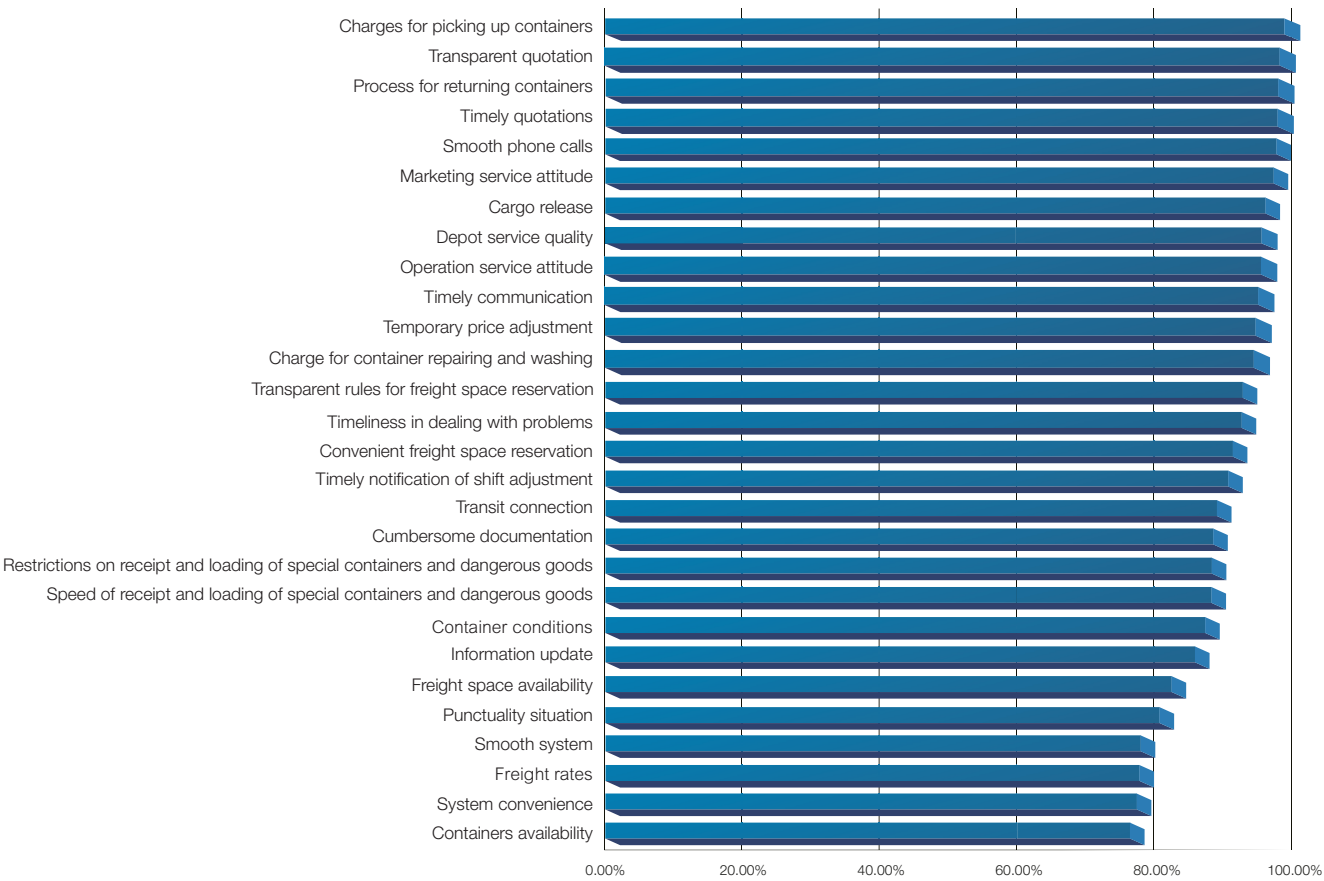
According to the questionnaire survey on customer satisfaction for this year, the number of customers being interviewed who expressed their satisfaction to the Company was 1,190, accounting for 89.29%, which represented an increase of 3.53% over last year. We successfully achieved a satisfaction rate of 88%, and plan to maintain at least 89% customer satisfaction in 2025.

	2022	2023	2024
Number of customers being interviewed	638	1,563	1,333
Proportion of customers being interviewed	14.2%	26%	29%
Number of customers who are satisfied	542	1,340	1,190
Proportion of customers who are satisfied	85%	85.76%	89.29%

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According to the results of our survey, the degree of satisfaction, from the highest to the lowest, are ranked as follows:

Rankings of Customer Satisfaction



For the projects that customers were less satisfied with, the company held a special meeting to discuss them internally, with the president and heads of each center attending. They also discussed and communicated improvement plans for a number of functional issues such as e-commerce websites and systems that received the most feedback from customers.

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4. Business Compliance

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

To ensure compliance, we continue to strengthen our internal control, supervision and whistleblowing mechanism, enhance anti-monopoly and anti-competition awareness of the management and general workers of our subsidiaries, improve compliance training, so as to ensure that the Company will observe all relevant laws and regulations. Meanwhile, we will proactively cooperate with regulatory authorities and customers to improve our business model, promote fair market competition and protect the interest of consumers, and continually improve and enhance our level of business ethics.

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

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

5. Customer Complaints

Moreover, the Company has established a complete customer complaint and dispute resolution mechanism, and set up customer complaint departments in the business companies and Headquarters to handle complaints and disputes in an efficient and proper manner. In 2024, the consolidated shipping segment handled a total of 25 customer complaints, and a follow-up mechanism was established for all complaints to ensure that each complaint was satisfactorily resolved. In addition, in order to protect the rights and interests of consumers and provide service quality assurance, the Company has further purchased protection and indemnity insurance or tenant liability insurance for all cargo it carries to ensure proper indemnity for the cargo owners in case of damages to cargoes. Timely and effective settlement of customer claims have minimized the losses of customers and enhanced their satisfaction. In 2024, the Company handled an average of 12 new claims monthly and made a compensation of US\$577,000 for damage of cargoes for the whole year.

The Company attaches great importance to the maintenance and protection of intellectual property rights,, respects and protects intellectual property rights, and establishes an internal management system for intellectual property rights. In particular, the management and maintenance of the Company's trademarks can provide customers with clear trademark guidelines with the Company's characteristics. The Company has registered "SITC" and "海豐" trademarks in more than 20 countries and regions in accordance with relevant local regulations, and has used trademarks in our container vessels, containers and offices in a regulated manner. In 2024, the Company had no intellectual property disputes.

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

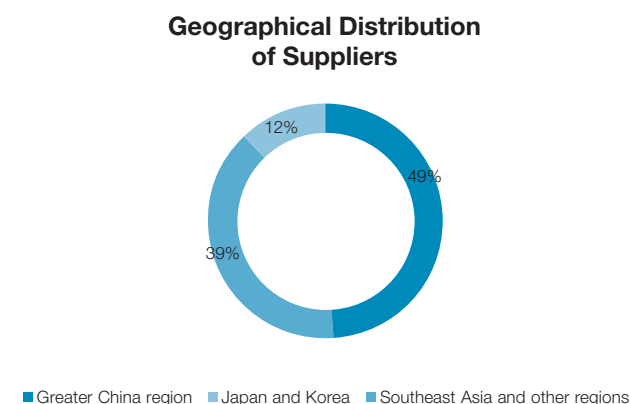
2.5 SUPPLIER MANAGEMENT

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

1. Supplier Overview

As of 31 December 2024, the Company had nearly 8,000 active suppliers from 46 countries and regions, including China, Korea, Japan, Vietnam, Thailand, and Malaysia.

Percentage of Suppliers by Geographical Area



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Key supplier categories based on proportion of supplier purchase amount

Supplier category	Service rendered	Proportion of purchase amount
Terminal	Loading and unloading services, use of terminal facilities, cold box plug-in, etc.	29.4%
Fuel	Purchase of fuel	15.3%
Shipyard	Shipbuilding	10.2%
Container leasing	Container leasing companies	5.2%
Vessel owners	Container vessel leasing	1.6%

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

2. Selection of suppliers

The Company acknowledges that supplier sustainability and risk management are inevitable elements to our sustainable development, and has been dedicated to incorporating sustainable development issues into the selection of suppliers so as to realize responsible and highly effective supply chain management. According to the Company's latest sustainability goals and sustainable supply chain plan, we allow suppliers to participate in the new measures and management model for sustainable development – promotion of supply chain management, code of conduct of suppliers. Through compliance with and application of the business ethics, occupational health, safety, environment, social and corporate governance (ESG) and supplier code of conduct (SCOC), good performance of suppliers will be ensured to maintain a fair and transparent relationship with the suppliers.

1) Supply Chain ESG Plan

Supply Chain ESG Plan aims at promoting SCOC to the procurement staff of the Company. The SCOC is the basis of the Supply Chain ESG Plan, which help facilitate the implementation and development of ESG, and also the basis for the evaluation of supplier ESG performance

by the Company. The Company's supply chain ESG screening and improvement plan standards are reviewed annually by the Board, and the Board is responsible for monitoring the implementation results of the plan. The Board is also directly accountable for supply chain ESG management and the implementation results of the ESG plan.

Based on the level of industry importance, for suppliers who could proof their significant contribution to the reduction of toxic emission and waste discharge, carbon emission and increase the level of health and safety of the Company, they will be listed as outstanding case or our preferred choice of cooperation under supply chain ESG plan.

All suppliers must pass and accept promotion of supply chain management and SCOC as stipulated by SITC, share and comply with the principles of environment, ethics and social responsibility of SITC, and abide by the Company's economic, financial and legal ethics and anti-corruption requirements. These requirements will be verified during the preliminary selection stage of the suppliers' qualification and will be monitored throughout the supplier relationship.

We have adopted the following standardized and structured procedure to evaluate and select suppliers: 1) turnover; 2) supply risk (difficulty in finding alternate suppliers); 3) financial status and reliance on the Company; 4) business performance of suppliers (the delivery quality and punctuality, product quality and safety); 5) ESG evaluation results of the suppliers; 6) specific supplier risks (including specific risks of the countries, industries and commodities).

The preliminary selection of suppliers is conducted by procurement and supply chain risk evaluation department which is in charge of risk evaluation. Case study and analysis, selection and examination will be carried out based on the suppliers' ESG rating questionnaire, financial and other documents provided by the suppliers. For any key or doubtful suppliers, on-the-spot evaluation such as interview, document verification and discussion will be executed. We will proactively provide trainings and suggestions to suppliers to help them understand the plan formulation, risk mitigation measures and the implementation arrangements, in order to ensure that the operation conforms to sustainable development and the expectations of the Company.

We have formulated specific risk mitigation measures tailored for the strategic/key suppliers (i.e. suppliers with high business-related risk or risk arising from negative effect of supply chain ESG) or specific suppliers with high risks (selected based on country, industry and commodity), and will discuss the future cooperation direction on a regular basis. However, for suppliers that have obvious ESG

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risks or negative impacts and still cannot meet the minimum ESG requirements after communication, the Company will exclude them from the scope of candidates for signing contracts.

2) ESG Evaluation and Practice

We prepare supplier questionnaire to be filled in by the procurement staff to reflect if suppliers have met their code of conduct. During the selection of suppliers and when signing the contract, with the lowest weighting on ESG standards, suppliers with better ESG performance will be considered as preferred choice.

Suppliers' ESG Evaluation Items

- 1) Complying with the law and regulations, applicable requirements of the respective countries and regions, business ethics and social responsibilities.
- 2) Complying with, and protection of the basic human rights of all employees, including but not limited to freedom of speech, freedom of assembly, equal right and dignity.
- 3) Prohibiting forced labour, child labour and employment discrimination.
- 4) Providing safe, healthy working environment and providing necessary trainings and guidance. Categorizing and managing hazardous articles and waste to ensure no threat will be poised to the health and safety of the staff.
- 5) Complying with the environmental protection laws and regulations and taking necessary measures for environmental protection and energy saving.
- 6) Taking measures to protect and promote natural habitats and biodiversity.
- 7) Complying with anti-corruption laws and regulations.
- 8) Complying with anti-monopoly and anti-competition laws and regulation and eradicating unfair competition.
- 9) The supplier is able to help SITC enhance its ESG management level and is able to provide proof in this regard.

Suppliers' ESG performance will be evaluated based on the ratings in the questionnaire. In case there are several suppliers with similar conditions, suppliers with better ESG performance will be considered as preferred choice.

In addition, we will provide trainings for our procurement staff or internal stakeholders in relation to their role in the supplier ESG plan. Detailed guidelines for supplier ESG Plan are provided to procurement staff and the parties who have signed the contract to clearly state their accountability to the accuracy of the content of the questionnaire.

For particular parts under our supply chain, we have set up specific ESG evaluation remarks and major requirements based on the industry need. Examples are as follows:

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

3) Suppliers' Key KPI

In 2024, the Company has selected our major suppliers based on various indicators including business, financial expenses, risk management, etc. The selection plan covers all areas of the Group. According to the statistics, the total number of first-ranked suppliers of the Company in 2024 was 7,994, among which, the total number of first-ranked major suppliers categorized based on several

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indicators such as the amount and type of principal business was 471, representing 5.89% of the number of first-ranked suppliers. In terms of purchase amount, the expenditure of the first-ranked major suppliers represented approximately 61.7% of the total expenditure of the suppliers. Due to the industry characteristic of shorter upstream supply chain, after analysis, the Company identified 34 non-first-tier important suppliers with high dependence, including shipyards, vessel technology providers, vessel equipment and environmental protection equipment manufacturers, terminal equipment and storage equipment manufacturers, coating manufacturers, international oil and refining enterprises, etc. However, the Company believes that we do not have non-first-ranked suppliers that are completely irreplaceable. On the basis of supplier selection, we have ensured the completion of different level of supplier evaluations when selecting suppliers before cooperation, which include but not limited to appraisal and questionnaire, on-the-spot evaluations, desk evaluations, etc. according to the evaluation standards which involves a wide variety of factors such as business, risk, ESG management and awareness, etc.

Apart from selection, to ensure operation stability and supply chain safety, we have carried out desk or on-the-spot evaluation on every major business supplier before cooperation. The evaluation will be reviewed every year. In 2024, the evaluation has covered 100% of the 471 major first-ranked suppliers. Based on our evaluation, we have further confirmed our list of major suppliers who are irreplaceable and are highly importance for strategic cooperation, which are mainly our long-term harbor and some ship building companies, bunker suppliers and other suppliers with chartering features, with a total number of 325. No supplier with significant actual or potential negative effect has been identified, but once they are identified in the future, cooperative improvement plan or termination of cooperation will be discussed.

4) Climate change risk management and intelligentization and transformation plan for suppliers

Upon evaluation, we consider that the levels of intelligentization and electrification are relatively low in some of our depots, which is not favourable to the progress of low-carbon supply chain. Thus, we have announced plan of changing from oil to electricity to support the energy transformation and facilities upgrade of our depot suppliers. This plan focuses on the increase in investment to eliminate the industry's exposure of potential climate change risk and the development of low-carbon and intelligent supply chain, under which 127 external depot suppliers are covered. Based on the statistics, currently, at least 31 external depot suppliers have implemented the plan of changing from oil to electricity, representing 24.4% of the suppliers which are considered to have higher room

for improvement. We plan to set this proportion target at 30% next year. In addition, the Company has a 100% start-up rate for the plans of changing from oil to electricity at our own and joint depots, and we expect to fully realize oil-to-electricity conversion by 2030.

3. Commitment to Sustainable Development

The Company adheres to the sustainable development strategy and is committed to:

In respect of environmental protection:

- Complying with relevant environmental regulations to reduce waste gas and greenhouse gas emissions, and discharged into water and land according to environmental requirements to reduce the generation of hazardous and non-hazardous wastes.
- Protecting natural resources by using green energy and environmentally friendly raw materials as much as possible, and effectively using various resources (including energy, water and other raw materials)

In respect of society:

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

Responsible Operations

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

4. Cooperation with Suppliers

Devoted to the improvement of supply chain management efficiency, the Company has further established close relationships with suppliers and enhanced cooperation quality through communication channels such as negotiation, training, visit and symposium in order to strengthen core competitiveness and drive industry development. The Company has also been active in expanding broader and more profound cooperation models with excellent and iconic suppliers within the industry, and establishing long-term partnerships for mutual benefits and common developments with upstream and downstream supply chain partners, so as to promote industrial co-prosperity. The high-frequency and high-density maritime logistics operating model of SITC is dependent on the active support of terminal operators. In order to achieve win-win cooperation, in addition to maintaining strategic cooperative relations with Shanghai Port, Qingdao Port, Dalian Port, Tianjin Port, Guangzhou Port and many other port companies, in 2024, SITC entered into a tripartite strategic cooperation agreement with Shanghai International Port (Group) Co., Ltd. and Hisense Holdings in Qingdao. The entering into of the strategic cooperation agreement between SITC, Hisense and SIPG has laid a good foundation for the three parties to establish a multi-level and regular contact mechanism to build a supply chain channel with strong competitiveness. In 2024, the Company also established a strategic cooperation project with Xiamen Port Holding, and officially opened Xiamen Fanhailian Empty Container Centre, which, as the first depot in Xiamen Port that successfully applies the intelligent information system, will be committed to optimizing the allocation of resources, enhancing the efficiency of logistics services and promoting sustainable development. We provide suppliers with in-depth ESG construction advice and sustainable development enhancement and improvement solutions, and cooperate with such suppliers to promote the intelligent and low-carbon construction of maritime transportation, logistics and infrastructure. The Company has maintained long-term stable partnerships with major suppliers such as vessel owners, container companies and fuel suppliers. Over 50% of its suppliers have partnered with the Company for over ten years. In strict compliance with contractual terms, the Company has settled the payments with suppliers in a timely manner, with an average settlement period of approximately 38 days.

In 2024, the Company continued to uphold the tenet of balancing business development with corporate social responsibility. Based on compliant operations, the Company will strengthen the management and maintenance of customer and supplier relations, thus develop a multi-win cooperation model featuring steady operations, customer satisfaction and supplier trust. The Company will continue to improve our annual customer dissatisfaction survey, focus on improving the client-side network development, and strengthen communication with customers through the Company's official website, corporate public account, artificial intelligence customer service system and other channels so as to improve customer experience. Supply chain management will be further strengthened to reduce the violation risk and an anti-corruption supply chain system will be jointly established; network construction and business expansion of the Company will be boosted; the scope of sustainability commitments will further be promoted among suppliers; active efforts will be made to test block chain in international trade, logistics and supply chain finance; attempts have been made to identify the practices of environmental and social risks in each link of the supply chain and to establish relevant implementation and monitoring measures.

2.6 NETWORK AND INFORMATION SECURITY MANAGEMENT SYSTEM AND PLAN

To maintain operation sustainability, the Company has formulated policies, systems, procedures and the corresponding trainings for information security, cybersecurity and system security, which are applicable to the whole company. Cybersecurity policy has been set up by the Risk Management Committee and approved by the Board. The Risk Management Committee is chaired by Mr. TSE Siu Ngan, an independent non-executive director. Mr. TSE Siu Ngan is an IT expert with extensive experience in cybersecurity and risk control, and is able to provide valuable advice and supervision to the executive management team.

The general manager of the IT Department of the Administration Center of the Headquarters is directly responsible for the execution of information security related work and reports to the Risk Management Committee. Mr. TSE Siu Ngan, the chairman of the Risk Management Committee, and Mr. XUE Mingyuan, Chief Executive Officer, are ultimately jointly responsible for supervising information security issues and are ultimately accountable for this.

Responsible Operations

1. We have formulated IT security system, management process and inspection system, including but not limited to IT infrastructure security, cybersecurity, server security, data security, terminal security, vulnerability management, patch management, password policy, account permission management, etc.. The management procedural mechanism includes physical engine room security management system, office environmental security management system, software project management procedure, form control system like EXCEL, IT hardware and service procurement management procedure, daily maintenance and management of network, security precautions and risk response measures, user-end computer management regulation, network building management procedure, technical security examination rule, back-end data maintenance procedure for SITC system, etc.
2. We have established a team of personnel responsible for IT security incidents, and have formulated countermeasures and recovery process.
3. To enhance employees' awareness of information security, we have published information security cases to employees from time to time to provide cybersecurity-related tutorial procedure and training for awareness to all employees of the Company. We have also formulated computer security measures. We clarify personal information security responsibilities for all employees who have access to important information, and information security/cybersecurity is also part of the employee performance appraisal, in which disciplinary sanctions are included, so as to ensure that employees can understand and comply with information security guidelines.
4. To ensure the integrity, accuracy, consistency of data and prevent unauthorized access, modification or destruction, we attach importance to maintaining information security controls and take various security measures to prevent leakage, including but not limited to physical environment security for data center, network firewall security and regular backup and repair, etc., and ensure that only authorized users can modify or access sensitive information.
5. We have implemented IT and cybersecurity policy and procedure for all employees to ensure their understanding of the threats and the importance of information security/cybersecurity, and have established a clear process for handling information security-related reports and escalation responses that employees can follow if they become aware of an incident, vulnerability, or suspicious situation. We have developed responses to climate change risks, established a disaster recovery and prevention system and process, and conducted data recovery test and drill at least once a year.
6. We have set up the data center location requirements: rich network resources, abundant IT talents, one hour away from the airport, and low probability of earthquakes, floods and typhoons in history, etc. In respect of physical security, we have installed electronic access control system as well as infrastructures such as lightning protection, fire protection, flooding protection, prevention of statical electricity, temperature control, UPS, etc., so as to safeguard the operating environment of the system. In terms of computer security environment and communication network, remote management has been carried out by security facilities and application systems through HTTPS protocol. The system has been divided into different network areas, and will be allocated with reasonable share of network address resources based on the network areas and their uses. Firewall installed in the network border enables effective segregation to ensure data integrity and confidentiality.
7. We actively monitor and respond to information security threats, develop the above emergency filings for physical risks and cyber risk events, and implement mitigation strategies in the event of emergencies. This includes maintaining transparency, timely communication and disclosure with affected stakeholders in the event of a breach or threat. In order to identify the latest risks in a timely manner, at least once a year, our external professional institutions will inspect IT security and perform safety reinforcement and optimization based on inspection results. The inspection mainly includes: system vulnerability scanning, Web vulnerability scanning, and web penetration testing.
8. We have formulated certain systems such as the "Information Technology Security Inspection Procedures" and the "User Account Management Process", and conducting regular inspection.
9. We are committed to continuously paying attention to the development of information security/cybersecurity, and allocating resources to continuously improve and optimize our systems and measures, so as to strengthen and maintain information security infrastructure and processes to ensure system security and integrity in response to ever-changing threats, aiming to ensure the information security and cybersecurity of the Company.

Responsible Operations

10. In order to protect shared data and reduce risks arising from external cooperation, for external third-party companies or individuals who have access to the Company's information platform or important information, the Company likewise requires that they are not allowed to conduct any unauthorized access, modification or destruction, and will hold them responsible for any actions that harm the Company's interests.

In 2024, the global real-time office software system of SITC has passed the grade 2 protection test of the graded protection of information systems security of China. In addition, the Company has entrusted a third-party institute to conduct Web vulnerability scan for the office website of the Company. Through which, the Company understands the hidden security issues of the Web application and has established reliable Web application services to improve and upgrade its application system to combat against different kinds of attacks to Web applications (e.g. SQL injection, Cookie injection, XPath injection, LDAP injection, Cross Site Scripting, Code injection, weak password, sensitive documents and contents, back office management, sensitive data, third-party software, inclusion of documents, phishing attack, information leakage, malicious code, sheet bypassing, etc.). For Trojan Horse attack by way of malware,

a fully automatic, high functional and intellectual analysis has been conducted. Accurate analysis of the type of virus that spreads the Trojan Horse on website and precise positioning of the host have been carried out also. The Company paid software development costs of approximately US\$1.09 million and equipment costs of approximately US\$0.94 million in 2024 for the digital transformation, of which the total investment in equipment and research and development related to data security amounted to approximately US\$0.94 million. In 2024, the Company did not violate the information security system.

Energy Conservation and Environmental Protection

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

3.1 SITC ENVIRONMENTAL PROTECTION POLICY AND UNDERTAKINGS

1. Introduction

SITC, being a Asia-leading shipping enterprise and a comprehensive logistic service provider integrating sea and land, acknowledges our responsibilities towards global environment, and the importance of minimizing the impact to the environment and continuous improving environmental performance. Our public environmental policy describes our undertakings and regulatory responsibilities to the execution of our environmental management solution and improvement in our environmental performance, which aims at ensuring business operation under a sustainable and responsible framework.

As a shipping enterprise focusing in Asian regions, we understand our key role in the global trading chain among the shipping industry. Meanwhile, our relevant port and onshore logistic business has further strengthened our existence within the whole supply chain. We acknowledge the unique challenges caused to the environment by the geographic diversity, thus, we are willing to bear the appropriate responsibilities under this diversified environment.

2. Environmental Challenges

- 1) Carbon Emission Management: we will take proactive initiative to reduce the carbon emission from our vessels and the transportation process. Advanced fuel technologies, vessel design and energy efficient measures have been adopted to reach our goal of alleviating climate change. Carbon neutrality and carbon offset projects have been promoted to offset unavoidable emission.
- 2) Energy efficiency: we will pursue energy efficiency in our transportation and logistic business. Fuel consumption has been reduced by optimizing vessel routes, using advanced energy-saving technologies and facilities and maximizing energy utilization rate.

- 3) Marine protection: as a participant in the shipping transportation industry, we will try our best to take all necessary measures to reduce marine pollution, which include but not limited to utilization of environmental-friendly fuels, minimization of plastic use and support of aquatic ecosystem protection projects.
- 4) Waste management: we will take initiatives to reduce waste to the maximum extent and formulate effective waste management plans to realize a recycling economy, encourage waste recycling and reuse, so as to minimize the adverse impact brought by the waste to the environment.
- 5) Biodiversity: we undertake to protect and promote biodiversity in the locality. We will not commence any business operation which may be hazardous to biodiversity in the regions with biodiversity risk, and we will be devoted to protect ecological environment and endangered species. We will comply with the relevant regulations to minimize the impact of our business to the local ecosystem.
- 6) Port and onshore logistic sustainability: in respect of our onshore logistic business, we will promote green and sustainable operation standards, which include various comprehensive environmental management duties such as energy efficiency, waste management and environment monitoring.

3. Environmental Management Policies

Decision-making Authority

The highest decision-making authority of the Company’s environmental management policies is our Board. The Board of SITC solemnly undertakes the adoption of effective environmental management system, supervision of environmental management system (EMS) formulation, implementation and continuous improvement, and is committed to the continual improvement of the environmental performance to ensure consistency with our strategic goal.

Roles and Responsibilities

We have assigned the specific roles and responsibilities in the implementation of environmental management policies:

Executive Management: responsible for overall policy execution and strategic decision-makings in respect of environmental affairs, ultimately under the responsibility and supervision of the Company’s CEO.

Environmental Management Team: responsible for EMS formulation, implementation and maintenance.

Energy Conservation and Environmental Protection

Regulation Compliance

SITC is dedicated to comply with all relevant international environmental regulations and promotions, which include but not limited to “International Convention for Prevention of Marine Pollution” (海洋污染防治國際公約), Convention on the Law of the Sea, Convention on Biological Diversity (CBD) and Convention for Marine Biodiversity (海洋生物多樣性議定書), Basel Convention and local regulations, etc. We will constantly monitor any change in the regulations and adjust our procedures to ensure our compliance.

Applicable Scopes of the Environmental Policies

Our environmental management policies are applicable to the following scopes to ensure minimization of the adverse impact of every aspects to the environment:

- 1) Production operation and commercial facilities: we will adopt a series of measures to minimize adverse impact of production and operation activities to the environment. These activities are mainly focusing on marine transportation, cargo handling in ports, land transportation. The measures adopted by us include energy efficiency, waste reduction, pollution control, etc.
- 2) Products and Services: we are dedicated to providing environmental friendly products and services. We have been gradually replacing our vessels with new models which are using environmental friendly fuels and installing energy-saving and pollution control facilities on the vessels.
- 3) Distribution and logistic: we will optimize our transportation and logistic procedures to reduce carbon emission and other impacts to the environment. Using the best transportation routes and promoting green logistic road vehicles are our goals.
- 4) Waste management: we will formulate and execute waste management plans to reduce waste to the maximum extent and promote reasonable waste handling, recycling and reuse. These include internal waste management and cooperation with supply chain partners.
- 5) Suppliers, service providers and contractors: our suppliers and cooperative partners are required to comply with the same high-level environmental standards. We will cooperate with them to jointly reduce the environmental footprint throughout the whole supply chain.

- 6) Other major business partners: we will proactively cooperate with other major business partners to ensure that their business operations are in compliance with the high environmental standards and to pursue common environmental protection solutions.
- 7) Due diligence: when conducting due diligence and merger and acquisitions, the target company’s overall environmental performance will be taken into consideration to make sure that the impact of the merger to the environment will be minimized.

By covering these key scopes, our environmental policies aim at minimizing the impact of our overall operation to the environment and facilitating substantial progress of our business in respect of environment sustainability. Employees, partners and stakeholders are encouraged to actively engage to jointly achieve the goal of sustainable growth.

Goal Setting

We will regularly set our environmental governance goals which are quantifiable for evaluation and disclose the same in our ESG report. These goals will be reviewed and adjusted periodically to ensure that they remain correlative and challenging.

Awareness of Stakeholders

To enhance the awareness of our environmental management policies and impact, we will:

- 1) transparently publish our environmental initiatives with internal stakeholders.
- 2) interact with external stakeholders through periodic communication, reports and engagements.

Training and Awareness-Building

We are dedicated to providing trainings to our employees, suppliers and customers to help them understand the impact of the business activities to the environment. They are encouraged to participate in our environmental protection initiatives to join hands for the promotion of sustainable growth.

Energy Conservation and Environmental Protection

These environmental management policies and undertakings represent SITC's commitment to environmental sustainability. We encourage all our employees, suppliers and stakeholders to join force to create a more environmental friendly and sustainable future. We will continue to amplify our leadership in the shipping industry in Asia region to ensure that we can bring positive impact to environmental management through innovative and outstanding execution and responsible decision-making, which in turn making contribution to the sustainable growth in the future.

Supervision and Feedback System

We will evaluate the implementation of our environmental management policies on a regular basis and arrange internal special audit team to analyze environmental performance data and formulate improvement plans to enhance our environmental performance. In 2024, a team of marine environmental and audit specialists at the Company's headquarters completed an audit of the environmental management system and environmental compliance in the overall office and vessel operations in accordance with the Company's systems and relevant standards, with no system vulnerabilities or irregularities found.

Stakeholders engagement and feedback system: we will facilitate communication with stakeholders namely our employees, suppliers, customers and the communities to understand their concerns and feedbacks. Regular meetings and seminars will be held and stakeholders are invited to engage in the formulation and implementation of the environmental management policies. The results of our environmental governance will be reflected in our ESG report on a regular basis to update stakeholders of our performance and improvement plans. We undertake continuous improvement in our environmental performance and regular publication of environmental evaluations and results. We are dedicated to discovering any deficiency in our environmental governance and any chance to enhance our performance. We will invest in technologies, researches and innovations so as to reduce our environmental footprint.

4. Environmental Impact and Compliance Audit

In 2024, the Company has complied content of internal and external audit in respect of environmental compliance and has requested passing of the internal and external environmental compliance audit by all operating premises (depots) and vessels. Our operating premises and vessels have only passed the annual or periodical environmental inspections by local governments or international organizations and have obtained certificates thereof, such as environmental compliance certificates namely International Oil Prevention Certificate, International Sewage Pollution Prevention Certificate, International Air Pollution Prevention Certificate, Asbestos-Free Certificate, etc. On the basis

of the environment and biodiversity impact evaluation and analysis, we conduct regular audit of environmental impact which covers all of our operating premises and vessels.

The Company reviews and evaluates the environmental impact of its business, projects and operating locations through a systematic process. The main purpose is to ensure compliance with relevant environmental laws and regulations, identify potential environmental risks, and propose improvement measures, so as to minimize negative impacts.

During the year, compliance checks were completed on the corresponding self-owned vessels of all 100 shipping companies within the Group to ensure compliance with environmental laws and regulations, and the inspection teams were equipped with relevant environmental compliance knowledge in the maritime industry. The Company conducted a comprehensive internal assessment on the environmental impact generated by the 100 vessels every six months, so as to identify and quantify the negative impacts on the environment, including but not limited to the emission of hazardous gases, solid and liquid pollutants, the use of anti-pollution coatings on the hulls of the vessels, the ecological impacts of the routes, etc., and conducted a sample survey of four waste and oily wastewater treatment providers to track the ways in which they treat and recycle their wastes and oily wastewater. For the onshore depot business, the Company mainly checked whether they had completed environmental audits conducted by external third parties and obtained compliance certificates, and reviewed their energy and wastewater treatment methods. In addition, the Company conducts energy audits on a regular basis to check the oil storage and resource utilization of all operating sites. The audit methods include environmental data collection and analysis, financial information cross-checking, interviews and on-site inspections on board vessels.

We aim to identify environmental risks and management issues through the audits, promote the improvement of the Company's environmental performance, and summarize the environmental performance information for transparent disclosure to stakeholders in the ESG report. Upon review, the Company's environmental management system operated well during the reporting year, with no environmental accidents and good implementation of employee awareness training on environmental protection.

In addition to internal environmental audits, the Company has also conducted independent annual environmental audits or similar inspections provided by external third parties:

Energy Conservation and Environmental Protection

Case of Audit of Environmental Compliance of Vessels is as follows:

In May 2024, China Classification Society conducted annual audit on the DOC of SITC Shipping Management (Shanghai) Co., Ltd. The audit team had carried out comprehensive audit of the documentation and the vessel and onshore management status of the company pursuant to the International Safety Management Code (ISM Code), and highly appraised the excellent achievements of the company's management staff in the case of increasing number of vessels and complex routes. The company is a high-performing company in the Tokyo PSC memorandum. No serious non-conformity was found in the audit, and the onshore activities were in line with system documentation and international conventions. SITC Shipping Management (Shanghai) Co., Ltd. passed the annual DOC audit without difficulty.

In July 2024, the audit team of the Shanghai Maritime Safety Administration conducted an interim audit (DOC) on the Chinese flag vessel safety management company system at SITC Shipping Management (Shanghai) Co., Ltd. The audit team conducted a comprehensive and detailed review on the company's system documentation and shore-based management personnel in accordance with the International Safety Management Code (ISM Code) and the explicit provisions of the Rules of the "Vessel Safety Operation and Pollution Prevention Management Code of the People's Republic of China" (NSM). The audit team highly appreciated the remarkable achievements made by the management staff of the vessel management company under the background of the continuous growth of the number of vessels and the increasingly complex routes.

In December 2024, the Qingdao sub-division of China Classification Society conducted annual audit of two Panama- flagged and Hong Kong-flagged DOC under SITC Ship Management (Shandong) Co., Ltd. The audit team had carried out comprehensive audit of the system documentation and the vessel and onshore management status of the company pursuant to the International Safety Management Code (ISM Code), and had given recognition to the company in respect of its compliance with system documentation and international conventions in terms of onshore activities. SITC Ship Management (Shandong) Co., Ltd. passed the annual DOC audit without difficulty.

In January 2024, Shanghai Maritime Safety Administration visited SITC Shipping Management (Shanghai) Co., Ltd. to conduct a formal audit (DOC audit) on the Chinese flag vessel safety management company system. The audit strictly followed the standards and requirements of the International Safety Management Code (ISM Code) and the "Vessel Safety Operation and Pollution Prevention Management Code of the People's Republic of China" (NSM) to carry out a comprehensive and in-depth review on the company's system documentation and shore-based management team, and gave approval. So far, SITC Shipping Management (Shanghai) Co., Ltd. has successfully obtained the Hong Kong-flagged, Panama-flagged and China-flagged DOC certification.

All vessels and vessel management departments of the Company have completed inspections and certifications related to safe operation and pollution prevention.

Energy Conservation and Environmental Protection

Environmental management and energy efficiency management certification:

Certification name	Certification object	Certification body	CII evaluation
Statement of Compliance (SOC) - Fuel consumption report and operational carbon intensity rating	Vessels managed by all ship management companies under SITC	China Classification Society	All Class A
Hong Kong Flag Document of Compliance (DOC)	All ship management companies under SITC	China Classification Society	According to the International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM Code), the auditors comprehensive reviewed the operation of SMS and ship-shore management, and the ship-shore activities were in line with the requirements of the SMS and international conventions.
Panama Flag Document of Compliance (DOC)	All ship management companies under SITC	China Classification Society	
China Flag Document of Compliance (DOC)	SITC Shanghai Ship Management Company	China Maritime Safety Administration	

Case of Audit of Environmental Compliance of Depots are as follows:

- 1) The West Malaysia Depot of the Company undergoes environmental audit once per two years and a letter of approval of environmental audit will be issued by the environmental department of Selangor;
- 2) The Indonesia Depot of the Company undergoes annual audit by the Ministry of Environment and Forests and a letter of environmental management certification will be issued;
- 3) The Thailand Depot of the Company undergoes annual audit by the local government and a certificate of non-hazardous operation will be issued.
- 4) The Company's Tianjin depot, Surabaya depot, Semarang depot and Jakarta depot completed the environmental impact assessment and obtained the approval permit from the audit department.

All of the Company's depots have completed the audit on environmental impact assessment, and have been issued with local non-hazardous operation permits or environmental protection approval letters.

5. Environmental Management System

SITC strives to build and maintain an ideal environmental management system inclusive of all aspect of the group, which covers all operating premises of the Company and extends to the whole value chain. Our environmental management system is based on PDCA concept, i.e. Plan-Do-Check-Act, and will carry out repetitive evaluation on our EMS performance and results for further improvements. Internal and external stakeholders will be provided with regular updates on the standards and implementation results of our environmental management system.

Energy Conservation and Environmental Protection

We undertake compliance with all relevant environmental laws and regulations including the Maritime Environmental Protection Law of the People's Republic of China, the Regulations on the Administration of Preventing and Controlling Maritime Environment Pollution from Ships, and the IMO International Convention for the Prevention of Pollution from Ships (MARPOL), and are dedicated to minimize impact to the environment. We will regularly update and publish our environmental policies and undertakings, including relevant aspects such as reduction of energy consumption, emission and pollution, energy conservation and sustainable operation, etc., and have set our emission reduction goals according to the Amended IMO GHG Strategy and the United Nations Emission Reduction Programme. We firmly consider that we have abided by ISO14001 or other environmental management standards relating to environmental management system, and have strived to implement the best industry practices.

The environmental management system is supervised by the Company's Sustainable Development Committee and is managed and executed by the ESG Team and other business-related departments. The environmental management duties and supervision authority have been clearly assigned to ensure proper resources allocation to environmental management. Specific environmental management procedures are jointly designed by the ESG Team and the environmental management department and approved by the Board, and will be disseminated to the corresponding departments for reference, which include environmental management standards,

environmental management handbook, environmental management procedures, etc., ensuring the standardization and effectiveness of environmental management.

Management standards have been formulated specifically for different business lines namely terminals, depots and vessels pursuant to our principled documents such as General Rules of Safety Management Handbook, Safety and Environmental Protection Approach. Management systems including Occupational Health and Safety Operation Control Procedure, Garbage Management Plan, Oil Pollution Emergency Plan, Controlling Procedure for Hazardous Substances on Vessels, Regulations on the Ban of Use of Asbestos-containing Materials on Vessels and Instructions for Vessel Pollution Prevention, are formulated to explicitly state the management methods for different pollutions, measures for GHG control and incident emergency responses to practically guarantee the strict compliance with international and local laws and regulations in pollutant emission so as to reduce the damage caused to the environment. We have ensured that our every vessel has obtained international oil pollution prevention certificate, international sewage pollution prevention certificate, international air pollution prevention certificate, international energy efficiency certificate, statement of compliance with the list of dangerous materials, asbestos-free certificate before being put into operation.

6. Environmental Investments

In 2024, we further increased our investment in environmental areas such as clean energy, energy-saving and emission reduction equipment, and adopted an environmental return on investment rate to assess our expected return on environmental investment.

	Operating Cost						Capitalized Cost			
Category	Anti-fouling Paint	Low Sulfur Oil	Green Power	Waste Recycling	Fuel Additives	Environmental Monitoring/Audit	Desulphurization Towers	Shaft Generator	Ballast Water Equipment	Stacking Machine Oil-to-electricity
Uses	Prevention of Pollution	Prevention of Pollution	Emission Reduction	Prevention of Pollution	Emission Reduction	Environmental Compliance	Prevention of Pollution	Emission Reduction	Prevention of Pollution	Emission Reduction
Quantity	27,160 liters	484,973 tons	4,520 kWh	1,902 tons	457,862	/	6	3	10	4
Average price difference/USD	17	112	0.11	131	18.4		1,360,250	54,600	75,648	291,825
Cost/USD	473,182	54,433,265	500	248,490	457,862	8,000	8,161,500	163,800	756,478	1,167,300
Total/USD				55,625,437					10,249,078	
	65,874,515									

Note: The average price difference applies to anti-fouling paints, low-sulfur oils, green power, etc., and is used to reflect the price difference between them and general paints and high-sulfur oils. The rest are actual unit prices.

Energy Conservation and Environmental Protection

In order to avoid path dependency on operating costs, especially for low-sulfur oil, we seek solutions for green technology and equipment and continue to invest capital. All investment decisions take into account the greenhouse gas emissions, emission reduction costs, or other pollutants generated and alternative treatment costs associated with the project, and consider whether they are in line with the Group's net zero path or other environmental protection policies.

In 2024, we invested a total of approximately US\$10.249 million in capitalized costs and US\$55.625 million in additional operating costs in environmental protection or energy-saving equipment. Based on current assumptions, our overall capitalized investment to reduce greenhouse gas emissions or pollution is not only beneficial to environmental protection, but also conducive to reducing related operating costs in the future. We expect that capitalized investment will result in a positive net present value (NPV) for the Group. In the future, we will also promote sustainable development by evaluating and executing other additional investments in emerging technologies, including green energy substitution, waste recycling, and carbon dioxide removal.

Environmental Return on Investment Rate Assessment

The exhaust gases emitted by ships during navigation contain a large amount of sulfur oxides and nitrogen oxides, causing serious environmental pollution. International organizations have formulated many regulations to restrict harmful emissions from ships, and reducing the sulfur content in fuel should be the most directly effective emission reduction measure. Against this backdrop, the International Maritime Organization and other international bodies have imposed increasingly stringent restrictions on the sulfur content of ship fuels globally and in specific regions. Ships in Sulfur Emission Control Areas (SECA) are required to reduce sulfur content by more than 90% from the initial 1.5%. With ships facing increasingly stringent green environmental pressures, this has greatly stimulated the development of sulfur oxide control technologies. In order to reduce pollution from ship emissions, the global standard for sulfur content in ship fuels was officially implemented at 0.5% m/m starting from 1 January 2020.

Since 2018, after several years of operation and market testing, an increasing number of international shipping giants have begun to favor the installation and use of desulfurization towers. In 2018, the Exhaust Gas Cleaning Systems Association (EGCSA) conducted a survey on the use of desulfurization towers, with only 983 ships worldwide having installed this equipment at the time. However, according to data of Clarksons, over 5,000 ships worldwide have now installed desulfurization towers.

Based on this, the Company has conducted investment calculations for retrofitting desulfurization towers on existing vessels, analyzing from both environmental and investment return perspectives. It is estimated that the investment cost can be recovered within 22 months. Below are the calculation results for one of the vessels which has an expected total investment and costs of US\$2.25 million.

Expected useful life of equipment (year)	Type of desulfurization towers	Average		Annual
		price	Daily fuel	
		difference	consumption	
		between	of the main	
		high and low	and auxiliary	
		sulfur oil	engines	navigation
		(USD)	(ton)	time (day)
14	OPEN LOOP	178	25	220
Annual price difference		Operating	Return	Total
between high and	Capitalized	expenditure	cycle	discount
low sulfur fuel (USD)	Investment	(USD)/year	(year)	and
979,000	1,700,000	25,000	1.78	profit rate
				419%

As of 31 December 2024, the Company had a total of 14 vessels equipped with desulphurization towers, and a total of six new desulphurization towers were constructed for the year, with a total capitalized cost of US\$8.1615 million for the year.

3.2 CLIMATE AND EMISSION REDUCTION STRATEGY

The Company has established a sound environmental management system which provides effective measures for different types of pollutants and ensures pollutant emission is following international and local laws and regulations and environmental pollution incidents are eradicated. The Company has used low-sulfur fuel oils to lower the emission of gaseous pollutants, and enhance vessel energy efficiency and reduce the use of fuel oils, which can lower emissions of gaseous pollutants and greenhouse gases from the source. In respect of wastewater generated during vessel operation, the Company has taken measures and monitored data to prevent damage to marine organisms. The Company recycles and reuses non-hazardous wastes on land and at sea as practicable to reduce the amount of wastes generated; non-hazardous and hazardous wastes that cannot be reused are properly disposed of by municipal companies or third-party institutions. In 2024, there were no penalties occurred for environmental pollution or emission violations during our operation.

Energy Conservation and Environmental Protection

1. Management of Gaseous Pollutants

Gaseous pollutants generated by the Company primarily consists of nitrogen oxides, sulfur dioxide and particles generated in fuel oil combustion in container vessels operations and vehicles operations. The Company has managed and controlled gaseous pollutants in strict compliance with international conventions and local requirements of respective ports. All operating vessels have been equipped with pollution prevention devices required by international conventions, and awarded with ISPP, IAPP, IEEC and IOPP certificates. Furthermore, the pollutant disposal devices and emission management measures have been continuously improved in line with the latest IMO requirements and local laws and regulations. In 2024, the industry boom led to an increase in the Company's single-vessel business volume, resulting in an increase of 6.13% in total fuel consumption. However, the Company's continuous improvement in fuel efficiency, route planning and energy saving of vessels resulted in a decrease of 0.79% in fuel consumption per 10,000 sea miles per unit capacity (ton/TEU 10,000 sea miles), and a decrease of 6.56% and 15.74% in total greenhouse gas emission intensity in terms of "g/TEU km" and "tons/US\$10,000" respectively, which significantly improved the energy saving level and energy efficiency, and reduced the emission intensity. Additionally, since 2023, due to changes in the international situation and significant fluctuations in regional container shipping prices, we have selected a more reasonable specific indicator based on GRI305-4 and industry standards: "g/TEU km," which represents the amount of carbon dioxide emitted per kilometer of transportation per TEU. We believe that this indicator better reflects our contribution to reducing emission intensity, and this change also applies to subsequent indicators such as fuel consumption and pollutant emissions.

Emission Data of Container Vessels in Operation

Type of Emission	2022	2023	2024	Period-on-period change
Nitrogen oxides (ton)	43,619	39,604	42,201	6.56%
Nitrogen oxides/vessel	436.19	388.27	396.26	2.06%
Sulfur oxides (ton)	5,402	4,793	4,819	0.54%
Sulfur oxides/vessel	54.02	46.99	45.25	-3.71%

Emission Data of Self-owned Land Vehicles

Type of Emission	2022	2023	2024	Period-on-period change
Nitrogen oxides (ton)	10.05	10.64	8.91	-16.22%
Sulfur oxides (ton)	0.0294	0.0310	0.0300	-2.98%
Particles (ton)	0.9447	1.0005	0.8356	-16.49%

Remarks:

1. Emission of container vessels includes emission data of heavy fuel oils and light fuel oils consumed by container vessels operation;
2. Emission of self-owned vehicles includes emission data of gasoline and diesel consumed by operating vehicles and office vehicles;
3. The emission factor of heavy fuel oil and light fuel oil emissions consumed by container vessels refers to the emission coefficients in MEPC.1/Cir 684 released by IMO;
4. The emission factor for the calculation of emissions from self-owned vehicles is extracted from the Reporting Guidance on Environmental KPI released by the Hong Kong Stock Exchange;
5. NOx and SOx include, but are not equivalent to N2O and SO2;
6. The combined approach of emissions is based on the operational control mode.

For gaseous pollutants such as NOx, SOx and particles emissions, we have taken some major measures to ensure that we can effectively reduce gaseous pollutant emissions across all of our relevant business areas: maritime transportation business and onshore depot business.

In marine business: For NOx, we mainly use fuel additives and improve energy efficiency to reduce the amount of NOx exhaust gas generated. By reducing the activation energy of the fuel and improving the combustion process to reduce the formation of a high-temperature oxygen-rich environment, thereby inhibiting the generation of NOx. We can also use the methods, such as stabilizing the fuel emulsion and preventing sludge deposition, to ensure that the fuel combustion process is more uniform and stable, thereby reducing NOx emissions caused by insufficient combustion. In addition, fuel additives can also reduce particles and hydrocarbon emissions. Moreover, although the main function of the desulfurization tower is

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to reduce SOx emissions, in the seawater flue gas desulfurization process, NOx will be partially absorbed when passing through the absorption tower, which can also promote the reduction of NOx emissions.

For SOx, we use low-sulfur oil and desulfurization towers to significantly reduce SOx emissions. The desulfurization towers and low-sulfur oil will effectively reduce SOx emissions to less than 4% and 18% of those from high-sulfur oil.

In onshore business, we control SOx, NOx, and particles emissions onshore by promoting the ratio of electric forklifts and stacking

machines and reducing the number of office vehicles, mainly by reducing fuel consumption. Secondly, when purchasing traditional energy equipment, we also consider energy efficiency as well as emission standards, and choose equipment that generates as little proportion of gaseous pollutants as possible. Year by year, we are selling our own fuel-fired office vehicles and switching to new energy vehicles or support employees to use their own new energy vehicles for office purposes through subsidies.

We hope to significantly improve our gaseous pollutant indicators through this series of goals and improvement plans.

Greenhouse Gas Emissions (Scope 1 and Scope 2)

Period		2008	2020	2022	2023	2024	Period-on-period change	As compared with 2020	2030 target
Direct greenhouse gas emissions (Scope 1)	CO2e (ton)	651,612	1,505,664	1,782,454	1,602,635	1,701,433	6.12%	13.00%	48.14%
Indirect greenhouse gas emissions (Scope 2) Location-based	CO2e (ton)	1,639	2,476	3,530	3,910	3,668	-6.17%		
Total greenhouse gases	CO2e (ton)	653,251	1,508,140	1,785,983	1,606,544	1,705,101	6.09%	13.06%	
Total emission density of greenhouse gases	ton/US\$10,000	9.85	8.95	4.34	6.61	5.58	-15.74%	-37.65%	Reduced by 51% compared to 2020
	g/TEU km	189.8	97.37	83.86	71.69	67.02	-6.56%	-31.17%	Reduced by 51% compared to 2020

Remarks:

- The greenhouse gas emission data scope is the emission data of self-owned vehicles and container vessels operation of the Company and its subsidiaries;
- The emission factor for the calculation of emissions from gasoline and diesel is extracted from the Reporting Guidance on Environmental KPI released by the Hong Kong Stock Exchange; the emission factor of heavy fuel oil and light fuel oil emissions consumed by container vessels refers to the emission coefficients in MEPC.1/Cir 684 released by IMO, as well as the methane emission factors for marine fuels in the "Calculation and Certification Guidelines for the Lifecycle Greenhouse Gas Emissions of Marine Fuels 2023" (船用燃料全生命週期溫室氣體排放強度計算與認證指南2023) published by the China Classification Society; and the emission factor for the purchased electricity are based on emission factors published by various sources, including regional electricity grids in China in 2019, emission factors disclosed in the 2022 ESG report of Tokyo Electric Power Company, emission factors disclosed in the 2020 ESG report of Hong Kong Electric Holdings Limited, and emission factors disclosed in the 2022 ESG report of Tenaga Nasional Berhad. For other regions where it is not possible to accurately collect regional emission factors, the average emission factors are used;
- The global warming potential values reference the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6)(2023), utilizing the GWP values based on the hundred-year time horizon provided in the IPCC assessment reports;
- The gases included in the calculation of greenhouse gas emissions equivalents related to fuel use are CO₂, CH₄, and N₂O; Emissions of hydrofluorocarbons (HFCs), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs) and nitrogen trifluoride (NF₃) are considered to be of no substantial level/no effect in this sector and therefore no quantitative statistics are available;
- The consolidation methodology for emissions is based on an operational control type.

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Scope 1 – Emissions

Unit/ton	2022	2023	2024
Carbon dioxide (CO ₂) (ton)	1738834.18	1577714.84	1674220.97
Methane (CH ₄) (ton)	28.01	25.43	26.98
Nitrous oxide (N ₂ O) (ton)	100.64	91.35	96.92

Scope 2 Emissions

The Company currently uses location-based scope 2 emissions when consolidating total emissions, however, we are progressively increasing the share of zero-carbon or low-emission electricity and therefore we are disclosing market-based scope 2 quantities herein in parallel.

Indirect greenhouse gas emissions (scope 2)		2008	2018	2019	2020	2021	2022	2023	2024	Year-on-year change
Location-based emissions	CO ₂ e (ton)	1,602	3,582	2,310	2,476	2,939	3,530	3,928	3,668	-6.61%
Market-based emissions	CO ₂ e (ton)	1,602	3,582	2,310	2,476	2,939	3,515	3,910	3,628	-7.22%

Remark: for market-based emissions in 2021 and before, they are consistent with location-based emissions as there is no relevant contract information or green electricity share.

2. Emission Reduction Targets

Targets achieved:

From 2023 onwards, all existing vessels will meet the latest IMO requirements for Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII).

According to the revisions to the greenhouse gas emissions reduction strategy published by the IMO in 2023, the SBTi maritime industry proposed targets, the Paris Agreement emission reduction curves, etc., the Company has updated its emission reduction targets based on the decarbonization path method for the maritime/logistics industry, and the new targets are more explicit and ambitious to comply with the implied temperature rise target of less than 1.5 degrees Celsius by 2050.

Short-term target:

Original target: By 2030, greenhouse gas emission intensity will be reduced by 65% as compared with 2008;

New target: By 2030, greenhouse gas (scopes 1, 2 and 3) emission intensity will be reduced by 51% as compared with 2020; the adoption of technologies, fuels, and/or energy sources that result in zero or near-zero greenhouse gas emissions is targeted to account for at least 5% of the energy used in shipping business by 2030, with a striving target to reach 10%.

Medium-term target:

Original target: By 2040, greenhouse gas emission intensity will be reduced by 70% as compared with 2008;

New target: By 2040, greenhouse gas (scopes 1, 2 and 3) emission intensity will be reduced by 70% as compared with 2020, and greenhouse gas (scopes 1, 2 and 3) emissions will be reduced by 50% as compared with 2020.

Long-term target:

New target: By 2050, greenhouse gas (scopes 1, 2 and 3) emission intensity and total emissions will be reduced by 96% as compared with 2020; and to close this gap through other means such as carbon sinks, carbon credits, carbon offset trading or carbon capture to achieve the (scopes 1, 2 and 3) zero carbon target.

The Company is committed to achieving the Paris Agreement targets and net zero emissions by 2050.

We will seek external validation of our science-based carbon targets in the future.

Remarks:

Greenhouse gas scope (1, 2) and 3 targets are valid both in aggregate and independently. For example, our long-term target can also be interpreted as a 96% reduction in greenhouse gas (scope 1+2) and scope 3 emission intensity and total emissions as compared with 2020.

As the implementation year of the plan to use carbon credits to offset the net-zero gap is relatively far off, we do not specify the type or market of carbon credits to be used.

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According to the Company's internal statistics, in 2024, in terms of energy consumption, the Company has achieved significant progress. Compared to 2023, the TEU km of the Company had increased 13.54%, while at the same time, the total oil consumption only increased by 6.13% and the total energy efficiency increased by 6.53%, demonstrating the Company's effort in enhancing energy efficiency and implementing energy saving measure, and the results therefrom, for the last year.

In addition, in terms of emission, in 2024, the total carbon emission (scope 1+2) increased by 6.09% as compared to 2023, but the emission intensity calculated by revenue reduced by 15.74%. The emission intensity calculated by business volume reduced by 6.56%. The Company has basically achieved the mid-term target of reducing carbon dioxide emission intensity by 65% by 2030 as compared with 2008, and far exceeded the target set by IMO of reducing carbon emission intensity by 40% by 2030 as compared with 2008. Therefore, the Company has re-established a new medium-term target to reduce carbon dioxide emissions intensity by 51% compared to 2020 levels by 2030. This is based on SBTI's guidance for the maritime industry, we have adopted a more recent base year and a

more ambitious climate target. We have adopted a closer base year and more ambitious climate goals. At present, our emission intensity calculated by business volume and revenue has decreased by 31.3% and 37.6% respectively compared with 2020, and the emission reduction progress has exceeded the corresponding progress of SBTI. If the IMO or SBTI issues a new calculation standard, the Company will make adjustment accordingly.

In addition, the Company has also set challenging targets for the NOx and SOx emission intensities of the KPI2 and KPI3:

- 1) NOx emission intensity KPI2 (g/TEU km) will be reduced by 50% by 2030 compared with 2018;
- 2) Total SOx emissions will be reduced by 75% by 2030 compared with 2018, and SOx emission intensity KPI3 (g/TEU km) will be reduced by 90% by 2030 compared with 2018.

During the reporting year, the Company's NOx emission intensity was reduced by approximately 33.9% compared to 2018, total SOx emissions were reduced by 80.2% compared to 2018, and SOx emission intensity was reduced by 89% compared to 2018.

Period	2008	2018	2022	2023	2024	Year-on-year change	As compared with 2008	As compared with 2018	2030 target
Fuel oil consumption (ton)	205,910	451,267	556,536	504,769	535,876	6.16%	160.25%	18.75%	
CO2 (kg)	641,501,452	1,405,997,000	1,734,061,243	1,572,693,600	1,669,348,933	6.15%	160.23%	18.73%	
Total TEU km	3,441,892,860	14,148,085,506	21,296,207,607	22,408,687,680	25,442,308,568	13.54%	639.20%	79.83%	
KPI1 (g/TEU km)	186.38	99.38	81.43	70.18	65.61	-6.51%	-64.80%	-33.98%	
NOx (kg)	16,183,743	35,510,520	43,618,714	39,603,832.15	42,201,360	6.56%	160.76%	18.84%	
Total TEU km	3,441,892,860	14,148,085,506	21,296,207,607	22,408,687,680	25,442,308,568	13.54%	639.20%	79.83%	
KPI2 (g/TEU km)	4.702	2.510	2.048	1.767	1.659	-6.15%	-64.72%	-33.90%	Reduced by 50% compared to 2018
SOx (kg)	11,530,984	24,298,230	5,401,878	4,792,914	4,818,868	0.54%	-58.21%	-80.17%	Reduced by 75% compared to 2018
Total TEU km	3,441,892,860	14,148,085,506	21,296,207,607	22,408,687,680	25,442,308,568	13.54%	639.20%	79.83%	
KPI3 (g/TEU km)	3.3502	1.7174	0.2537	0.2139	0.1894	-11.45%	-94.35%	-88.97%	Reduced by 90% compared to 2018

Remark: Only emissions caused by offshore energy consumption are included here. Emissions from onshore operations account for a very small proportion (far below 1%), they are therefore not consolidated.

After consolidation of the onshore operations, the emissions from all business operations are as follows:

Unit/ton	2022	2023	2024
NOx (excluding N ₂ O)	43,528.58	39,523.12	42,113.35
SOx	5,347.41	4,792.94	4,818.90
Particles (PM10)	0.94	0.84	1.00

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

1) Reducing fuel oil consumption:

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

The shaft generators company has implemented various energy-saving measures and has currently installed shaft generators on three of its self-owned ships. The ship's shaft generator system is driven by the main engine to generate electricity on the ship. By utilizing the surplus power of the main engine, the system aims to achieve energy savings. The shaft generator device serves as an effective means to reduce operating costs and improve engine room management and operational conditions, offering unique advantages. It is estimated that one shaft generator can save 0.8 tons of fuel per day, resulting in an annual fuel saving of 144 tons. In 2024, the estimated annual power generation of the Company's three shaft generators totaled 5.18 million KWH, reducing the emission of greenhouse gases from fuel-fired power generation by approximately 3,010 tons of CO₂e.

- Upgrade on-board fuel oil equipment, phase out old vessels and ensure sufficient and rational use of fuel oil.
- Use fuel additives to improve combustion conditions, enhance combustion efficiency, and reduce fuel consumption and carbon dioxide emissions; at present, the fuel quality is relatively stable, and the phenomenon of abnormal wear of the main engine cylinder liner has dropped significantly compared with the previous two years. The Company's technical department instructs the vessels to strengthen fuel management, separate, reduce mixed tanks, and improve filtration accuracy. All vessels

in the fleet use fuel additives, and vulnerable spare parts are purchased and supplied on board in a timely manner, which is also an important measure to reduce abnormal wear of cylinder liners.

2) Using low-sulfur fuel oils

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

3) Transforming and optimizing existing vessels:

- The Company has installed and applied ship energy efficiency monitoring software on existing vessels to improve the energy efficiency of vessels in operation and reduce fuel consumption and carbon dioxide emissions through monitoring and analysis of vessel fouling and optimization of ship trim and draft. According to the characteristics of vessels, the Company plans to carry out the pilot installation of shaft generators in 1800TEU and 2400TEU, and gradually promote this action according to the effect, which can improve the energy efficiency of the entire vessel and reduce fuel consumption and carbon dioxide emissions.
- Engine power limitation (EPL): The main engine power was limited for 26 vessels as of 2024, which limited the maximum operating power of vessels and reduced fuel consumption without affecting the normal navigation speed and meet the requirements of EEXI which came into effect on 1 January 2023;
- Addition of energy conservation equipment: Some of the Company's existing vessels have been installed with ship energy efficiency monitoring and management software to improve the energy efficiency of vessels in operation and reduce fuel consumption and carbon dioxide emissions through monitoring and analysis of vessel fouling and optimization of ship trim and draft.

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4) Customizing new energy-saving and environmentally friendly vessels to replace old vessels and maintain a youthful fleet:

- Newly built vessels 1800TEU and 2600TEU adopted seawater frequency conversion system, hull optimization, bow optimization, propeller optimization, high-efficiency twisted rudders, and the 2600TEU vessel was also additionally equipped with energy-saving conduits to further reduce fuel consumption. The newly built 1,000TEU container vessels are all environmentally friendly, which have the characteristics of maximizing the vessels' container capacity, reducing the daily fuel consumption of a single vessel by more than 12%, and at the same time reaching more than 40% of the energy consumption baseline of phase0 stage of the Energy Efficiency Design Index (EEDI).
- The Company's existing 9 newly built vessels/vessels to be delivered have already met IMO's emission reduction goal for 2024, with an average EEDI of 15.71.
- As of 31 December 2024, the Company's vessel and capacity management was as follows:

	2020	2021	2022	2023	2024
Average number of fleets in operation	83.0	94.0	100.0	102.0	106.5
Number of self-owned vessels at the end of the year	64.0	76.0	90.0	98.0	100.0
Number of chartered vessels at the end of the year	26.0	29.0	25.0	6.0	14.0
Average number of self-owned vessels	63.5	70.0	83.0	94.0	99.0
Average number of chartered vessels	19.5	24.0	17.0	8.0	7.5
Average proportion of self-owned vessels	76.51%	74.47%	83.00%	92.16%	91.88%
Average vessel age (self-owned)	8.6	9.5	7.6	7.6	7.2
Average vessel age (total)	10.6	11.7	9.7	7.9	8.4

As of 31 December 2024, SITC and its subsidiaries in the consolidated financial statements operated a total of 100 self-owned container vessels and 12 chartered container vessels. After converting working days on a 24-hour basis, the self-owned vessels have 35,882 days, and the total fleet including the chartered vessels has 2,977 days, with a total voyage distance of 7,625,141 nautical miles, a carrying capacity of 178,501TEU, and a deadweight tonnage of approximately 2,366,678 tons. In 2024, the fleet made a total of 14,607 port calls, including 156 calls at ports in the bottom 20 countries ranked by Transparency International's Corruption Perception Index.

5) Route Optimization:

Taking full account of the marine hydrometeorological conditions during the voyage of vessels, according to the performance characteristics of vessels and the requirements of charterers, conditional upon the safe voyage of vessels, the Company carried out immediate optimization of the planned speed of vessels for the whole voyage to achieve the minimum fuel consumption, thereby reducing operating costs and improving transportation efficiency, which was in line with the actual situation of vessels in operation.

6) Comprehensive Energy Management and Audit Plan Energy management solutions:

The Company implements comprehensive management measures for fuel and electricity consumption generated by marine transportation, depot and office business. It adopts a series of fuel control measures for marine transportation (new energy vessel improvement, speed limitation, fuel additives, fuel-saving awards, etc.), adopts energy transformation plan for depot business (e.g., switching from oil to electricity for stacking machines, installing photovoltaic solar panels, etc.), and mainly uses employee awareness training and low-carbon electricity procurement for office business. For details, please see the sections on optimizing energy use.

While making capital investment and equipment improvement, we conduct energy management plan training and popularization for all employees, guide them on ways to reduce energy consumption and improve efficiency, and spread energy conservation and emission reduction awareness.

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Energy audit plan:

The company conducts monthly audits on the fuel of vessels under its management, and it is estimated that about 1,200 audits were executed during the year to ensure that fuel oil management as well as the quantities of stock and consumption are accurate, and that the quality of the oil is strictly controlled. We carry out the laboratory inspections when necessary, and have accurately implemented the fuel management plan to regularly inspect the fuel consumption of vessels and conduct periodic comparisons. Samples of each batch of fuel purchased are kept to check the quality of fuel. An annual external audit checks the accuracy of fuel stocks and verifies that the records of fuel purchases are in order.

3. Other Indirect (Scope 3) Greenhouse Gas Emissions

Adhering to principles of significance, materiality, and comprehensiveness, we have comprehensively assessed emissions across our value chain that are relevant to our operations. This assessment covers 8 major categories, with specific categories and emission totals as follows:

Category	Unit	2020	2023	2024	Rate of change	Percentage	As compared with 2020
Category 1:Purchased goods and services	ton CO2e	107,278	132,314	113,106	-14.51%	13.80%	5.43%
Category 2:Capital goods	ton CO2e	277,719	305,720	222,250	-27.30%	27.11%	-19.97%
Category 3:Fuel and energy- related activities	ton CO2e	297,048	323,098	342,846	6.11%	41.82%	15.42%
Category 5:Waste from operations	ton CO2e	621	849	964	13.55%	0.12%	55.34%
Category 6:Business travel	ton CO2e	313	406	410	0.95%	0.05%	30.89%
Category 7:Employee commuting	ton CO2e	425	549	607	10.14%	0.07%	42.81%
Category 8:Upstream leased assets	ton CO2e	124,048	134,331	139,590	3.91%	17.03%	12.53%
Category 13:Downstream leased assets	ton CO2e	9,305	22,150	-	-100.00%	0.00%	-100.00%
Total scope 3 GHG emissions	ton CO2e	816,756	919,417	819,773	-10.83%		0.37%
Intensity of scope 3 emissions	g/TEU km	52.82	41.03	32.22	-21.47%		-39.00%
	ton/US\$10,000	4.85	3.79	2.68	-29.18%		-44.69%

- Remarks:
1. The global warming potential values reference the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6)(2023), utilizing the GWP values based on the hundred-year time horizon provided in the IPCC assessment reports;
 2. The gases included in the calculation of greenhouse gas emissions equivalents are CO₂, CH₄, and N₂O; Emissions of hydrofluorocarbons (HFCs), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs) and nitrogen trifluoride (NF₃) are considered to be of no substantial level/no effect in this sector and therefore no quantitative statistics are available;
 3. The emission factors for fuel and electricity were referenced from the Reporting Guidance on Environmental KPI released by the Hong Kong Stock Exchange, the emission coefficients in MEPC.1/Cir 684 released by IMO, the methane emission factors for marine fuels in the "Calculation and Certification Guidelines for the Lifecycle Greenhouse Gas Emissions of Marine Fuels 2023" (船用燃料全生命週期溫室氣體排放強度計算與認證指南2023) published by the China Classification Society, and emission factors published by various regional electricity grids in China in 2019; for supply chain products, we referred to the greenhouse gas emission factors from the Chinese Product Life Cycle Assessment Database;
 4. For business travel, a distance-based calculation method was employed, while the average data method was used for Scope 3 emissions in other categories;
 5. The consolidation methodology for emissions is based on an operational control type.
 6. Due to challenges in fully capturing certain data, estimation methods were utilized. Partial emission data sampled was extrapolated to estimate the complete emissions for that category based on business volume proportions.

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For categories contributing over 1% to the emissions mentioned above, we provide the following explanations:

Firstly, the largest source of Scope 3 emissions for the Company in the current year is Category 3: Fuel and energy-related activities, accounting for 41.82%. The majority of these emissions (over 99%) originate from the extraction, production, and transportation processes of fuel, with minimal emissions from transmission and distribution processes. This is highly correlated with the Company's fuel consumption for the year. We are considering options for future years to select alternative energy sources or suppliers with lower lifecycle emissions.

Secondly, the second-largest source of Scope 3 emissions for the Company this year is Category 2: Capital goods, representing 27.11%. The Company acquired 9 vessels this year, and emissions from the cradle-to-gate of these capital goods are included in this year's emissions. The delivery of new vessels is expected to decrease in subsequent years. Therefore, emissions in this category are expected to significantly decrease in the coming years.

Thirdly, Category 8: Upstream leased assets emissions account for 17.03%, and Category 13: Downstream leased assets emissions account for 0%. Upstream leased assets emissions represent emissions from leased vessels and containers attributable to the current year's lifecycle emissions. We amortize the emissions of leased vessels and containers based on usage periods of 22 years and 10 years, respectively. In the case of upstream leased assets emissions, 98.7% originate from the average leasing of 199,142 units of different types of containers this year. Downstream leased assets represent emissions from vessels leased out by us. These emissions stem from various carbon emissions attributable to the operation of the vessel by our customers during the lease period, with no vessels chartered during the year and therefore a zero share.

Lastly, Category 1: Purchased goods and services account for 13.80% of the Company's Scope 3 emissions. Emissions from purchased goods primarily come from the lifecycle emissions of lubricants used in the operation and maintenance of our vessels. Emissions from purchased services stem from services such as offshore support line services, road fleet transport services, depot operations services, terminal operations services, and berth services purchased by the Company.

In addition, in order to determine the base year scope 3 emissions, although the Company was unable to accurately trace all of the Company's relevant data for 2020, we retrospectively extrapolated

the data that could be traced, such as the number of container and vessel transactions and leases, fuel consumption, etc., and the commuting and travel data were extrapolated using the ratio of number of employees, so as to restore a relatively accurate and reliable 2020 scope 3 baseline emissions as much as possible. We referred to the GHG accounting system and other methods, which is considered to be science-based.

Biogenic Emissions

Among the total emissions of other Scope 3 greenhouse gases occurring in our value chain, emissions of biogenic CO₂ resulting from biomass combustion or biodegradation amount to 159.79 tons. These emissions stem from the combustion, landfilling and anaerobic digestion of food waste. The Company believes that biogenic emissions excluding other types of greenhouse gases in Scope 3, as well as biogenic CO₂ emissions not associated with combustion or biodegradation throughout the biomass lifecycle, are negligible, amounting to less than 0.01% of the Company's Scope 3 greenhouse gas emissions. The specific explanations are as follows:

Firstly, the Company does not engage in biomass processing activities; furthermore, although the Company is involved in the cold chain transportation of biomass, there are no biogenic CO₂ emissions during the transportation of frozen fresh produce. The transportation process for frozen fresh produce primarily utilizes mechanical transport and refrigeration equipment for preservation, which does not involve biological processes. During transportation, frozen fresh produce is stored in low-temperature environments, and maintained by refrigeration equipment to prevent food spoilage and bacterial growth. Therefore, the primary emissions during the transportation of frozen fresh produce are from vehicle exhaust and refrigerants from refrigeration equipment, rather than biogenic CO₂ emissions.

4. Internal Carbon Pricing

1) Content of the System

In 2024, the Company implemented an internal carbon pricing system for the first time, aiming to achieve the Group's sustainable development goals and meet stakeholder expectations through the internal carbon pricing mechanism to enhance energy efficiency, reduce greenhouse gas emissions, conduct stress tests, and comply with future carbon emission regulations. It also established emission reduction targets and incentive policies for each branch office, so as to change its internal behaviors and emissions, improve energy efficiency, and promote investments in low-carbon transformations to seize low-carbon opportunities. This system applies to all business groups and their branches.

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The Company will adopt a shadow pricing approach (by attaching the assumed carbon costs to each ton of carbon dioxide equivalent) to calculate the potential compliance costs of each branch office due to increased emissions. This serves as a tool to reveal hidden risks and opportunities across the Group's operations and supply chain, and to support strategic decisions related to future capital investments. Partially in combination with an internal charging/trading mechanism, and on the basis of the existing fuel-saving rewards, the Group transfers profits among itself due to energy conservation and emission reduction achievements, resulting in implementing internal expenses and compensation functions. The Group incorporates carbon pricing into its decision-making process, and supports its branch offices to reduce emissions and related costs through green power procurement, new energy vehicle replacement, oil-to-electricity conversion in depots, and other measures.

The Company calculates the benchmark annually based on the average carbon price of the EU-ETS for the year, and sets a synchronization ratio based on the progress of the EU-ETS's inclusion of the shipping industry. (the EU-ETS will gradually include the shipping industry into the carbon market from 2024 to 2026, with annual inclusion rates of 40%, 70% and 100%, respectively).

The Operation Management Center is responsible for implementing the internal carbon pricing policy by applying in-system data to assess direct and indirect emissions (scopes 1 and 2) and emission efficiency of the Group and its each branch office, and meanwhile for calculating potential additional carbon costs based on internally set carbon prices. On an annual basis, it monitors carbon emissions and carbon costs at the branch office and group levels, and sets specific emission reduction targets for branch offices, while aligning them with the internal carbon pricing policy.

Furthermore, the Operation Management Center conducts internal communication and training annually to ensure the heads of branch offices understand the internal carbon pricing policy, and provides necessary training. It also regularly performs audit spot checks to audit the implementation of internal carbon pricing policy and the emission data supporting documents of some companies. Annually, it aligns with external guidelines and best practices to ensure the internal carbon pricing policy complies with current and anticipated future environmental regulations. It regularly reports to the management and stakeholders on the implementation status and effects of the carbon pricing policy, and solicits comments. Additionally, we support suppliers in participating in the carbon pricing policy and work with us to drive a low-carbon transition in our supply chain.

2) Results of the Year

In 2024, the average transaction price of the EU-ETS stood at US\$70.1, and the proportion of shipping industry included in the EU carbon market was 40% for the year. After multiplying by the internal carbon price coefficient, the weighted price amounted to US\$28.03 per ton of CO₂e greenhouse gas. Using this as a benchmark, the total internal carbon cost was approximately US\$47.80 million, among which approximately 99.5% originated from emissions by the shipping sector.

3) Climate-related Performance Incentives

In addition to implementing climate-related performance incentives for senior management, the Company also has such incentives for general management and key departments. Through its internal carbon pricing policy, SITC monitors carbon emissions and carbon costs across its subsidiaries and branch offices. Internal recognition, incentives and rewards are provided to these subsidiaries and branch offices that successfully reduce carbon emissions. Energy conservation and emission reduction indicators have been added to the performance evaluations against branch general managers. Key departments such as the Operation Management Center and employees participating in the ESG governance team, are subject to ESG ratings and KPI-related incentive measures. In 2024, the Operation Management Center received an award for outstanding contribution and a bonus from within the Group for effectively promoting ESG governance.

Based on total quantity and efficiency, vessels achieving different levels of energy conservation and emission reduction are given varying internal energy-saving scores. Additionally, the Company implements an unlimited fuel-saving bonus and an annual excellent vessel cooperation award policy (with a budget of approximately US\$120,000), among which the fuel-saving award aims to directly reward all personnel from relevant vessels based on fuel savings, while the vessel cooperation award aims to support the effective fulfillment of navigation instructions, reasonable weather avoidance, swift resumption of voyages, and rational cargo stowage, thereby enhancing fuel efficiency and risk control during the entire voyage. In 2024, the Company distributed approximately US\$6,100,000 as fuel-saving bonuses and US\$120,000 as excellent vessel cooperation awards.

5. Green Opportunities

1) Green Vessels

A green, intelligent and advanced fleet is the foundation for the Company's sustainable operations and also the core force to address and resist climate changes and climate-related risks. In the CII data of the previous year verified in the reporting year, 97 vessels in the

Energy Conservation and Environmental Protection

Company's managed self-owned fleet were rated at A, and only 1 was rated at B. Based on software calculations by the CCS (China Classification Society), the Company anticipates that in 2024, 98 vessels will achieve a CII rating of A, while 2 vessels will receive a CII rating of B. But such CII data will be validated in April 2025. As required by IMO, all global container vessels must undergo CII data verification by classification societies, wherein an A rating represents the top 15% of carbon intensity performance, while a B rating represents the top 15%-35% of carbon intensity performance. The Company's fleet is among the top in the world in terms of carbon emission management. If CII-A rating is taken as the standard for the Company's low-carbon emission reduction products, then 98% of the Company's self-owned vessels provide low-carbon transportation services, accounting for 95.9% of its weighted average total capacity for the year. Therefore, we simply estimate that 95.9% of our total shipping revenue originates from low-carbon transportation services provided by CII-A-rated vessels.

2) Green Rewards

On 30 August 2024, at the award ceremony hosted by the Hong Kong Marine Department and the Hong Kong Shipowners Association for 2023, SITC Shipping Management (Shanghai) Co., Ltd. won the "Green Fleet Award in 2023" for its fleet's excellent low-carbon and environmentally friendly operations. Additionally, it received a total of HK\$1,680,000 as green rewards from the Hong Kong Marine Department for its 84 self-owned vessels complying with the IMO's carbon reduction program.

3) Green Finance

The Company has collaborated with multiple banks on green finance projects to obtain vessel loans as linked to environmental protection indicators and to obtain preferential interest rates offered by the banks, which thus have reduced the Company's interest expenses. The loan amount from ANZ Bank is US\$71,900,000 and will mature on 31 December 2025, while the loan amount from HSBC Bank is US\$31,780,000 and will mature on 28 December 2027. Both of them are linked to environmental protection indicators. The setting of such environmental indicators is based on the IMO's guidelines for 2050, which require a 35% reduction by 2030 compared to 2020 and aligning with the IPCC's 1.5 OC logistics sector guidance, which requires a 51% reduction by 2030 compared to 2020. The target is approximately 40% reduction by 2030 compared to 2020. Upon achieving this target, the loan interest rate for the year will be reduced by 6 basis points. In 2024, ANZ Bank and HSBC Bank reduced total interest costs by approximately US\$61,580 for a total of 7 vessels.

4) Sustainable Classification Methodology

Although there is no mandatory obligation for the Company to disclose revenue under the sustainable classification methodology, we will disclose the compliance status of our operated vessels with the sustainable classification standards in accordance with the Hong Kong sustainable classification methodology. According to statistics, a total of 10 of the Company's self-owned vessels have met the standards of the Hong Kong sustainable classification methodology on the basis of CII-A rating, accounting for 10.3% of the Company's weighted average total capacity for the year. Among the 10 compliant vessels, 8 were built and delivered in 2024, representing 74.4% of the capitalized vessel construction expenditures for the year. Based on a simple estimate, approximately 10.3% of the revenue, 10.3% of the operating expenses, and 74.4% of the capitalized expenditures related to the Company's shipping business (the principal activities) are aligned with the sustainable classification standards. If all the businesses of the entire Group are taken into account, approximately 9.2% of the revenue, 8.9% of the operating expenses, and 62.85% of the capitalized expenditures meet the sustainable classification standards of the shipping industry.

5) Carbon Emission Calculator Tool

While calculating route emissions, we also provide a carbon emission calculator tool for our customers to promote transparency and the process of carbon reduction in the supply chain. The tool offers the capability to estimate the carbon emissions of customized ports, routes, and container volumes. Customers can measure the level of low-carbon performance on the Company's corresponding routes. <https://ebusiness.sitc.com/#/topMenu/carbonCalculator>

6. Oily Wastewater and Waste Treatment

Wastewater that needs to be disposed of and discharged during business operation of the Company mainly comes from crew's domestic sewage, oily wastewater and ballast water of vessels. The domestic sewage can be generated in a short period of time and thus poses a great pressure on discharge and treatment; the oily wastewater of vessels can easily form an oil film on the water surface and thus hinder the growth of aquatic plants and animals. To prevent damage to the marine environment caused by vessel wastewater, the Company has attached great importance to the treatment and discharge of various types of wastewater, and resolutely ensures compliant discharge. All vessels have been installed with wastewater treatment devices and discharge indicators have been specified in the system documents to show its continuous commitment to the protection of marine ecological environment.

Energy Conservation and Environmental Protection

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

In 2024, we established reduction targets and improvement plans for harmful emissions and waste across all categories, ensuring these plans encompass our entire business areas, i.e., maritime transportation business, onshore depot business, and office business.

In marine business: For NO_x, we mainly use fuel additives and improve energy efficiency to reduce the amount of NO_x exhaust gas generated; for SO_x, we adopt low-sulfur fuel oil and desulfurization towers to significantly lower SO_x emissions; for oily wastewater, we employ oil-water separation and adhere to regular maintenance to

decrease oily waste production; and for hazardous waste such as batteries and medications, we insist on allowing crew members to use and purchase them as needed, and then recycle them by category. For the three categories of non-hazardous maritime waste, we persist in conducting environmental protection training for crew members to reduce waste generation, and classify them for recycling to reduce the proportion of final incineration disposal.

In onshore business, we control SO_x, NO_x, and particles emissions onshore by promoting the ratio of electric forklifts and stacking machines and reducing the number of office vehicles. Additionally, we reduce paper consumption by materialized office work through electronic systems.

Specific plan details and target contents can be found in the corresponding sections of the report.

Domestic Sewage of Crew

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

Oily Wastewater of Vessels

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

We aim to substantially improve our performance in harmful emissions and waste indicators through this series of targets and plans.

Target achieved: by 2030, the intensity of wastes of the Company will be reduced by 20% from that in 2020;

Current emission reduction targets:

Medium-term target:

- 1) By 2030, the Company's non-hazardous waste density (g/TEU km) will be reduced by 40% compared with 2020;
- 2) By 2030, the Company's hazardous waste density (g/TEU km) will be reduced by 65% compared with 2020, and the total amount will be reduced by 20%.

Long-term target:

- 3) By 2040, the Company's total waste volume will be reduced by 50% compared with 2020.

Energy Conservation and Environmental Protection

Total Hazardous and Non-hazardous Wastes Generated

	2020	2021	2022	2023	2024	Year-on-year change	As compared with 2020
Onshore Wastes Generated (ton)							
Office paper consumption (ton)	64.00	78.00	69.85	72.19	69.05	-4.35%	7.89%
Offshore Wastes Generated (ton)							
Domestic waste (ton)	346.00	345.00	393.34	491.61	590.68	20.15%	70.72%
Kitchen waste (ton)	313.00	418.00	311.59	349.56	400.60	14.60%	27.99%
Operational waste (ton)	489.23	559.25	613.21	776.17	910.42	17.30%	86.09%
Waste oil, oil residue, oily wastewater and others (ton)							
	8,447.00	8,139.00	8,102.04	9,503.64	9,660.74	1.65%	14.37%
Oil content of oily water (ton)	5,279.73	5,033.12	4,996.16	6,636.09	4,011.77	-39.55%	-24.02%
Hazardous waste such as expired medicines and waste batteries (ton)	1.21	1.16	1.07	0.97	0.03	-96.63%	-97.30%
Total Hazardous and Non-hazardous Wastes (ton)							
Total hazardous wastes (ton)	5,280.94	5,034.28	4,997.23	6,637.06	4,011.81	-39.55%	-24.03%
Intensity of hazardous wastes (ton/US\$10,000)	0.0410	0.0224	0.0146	0.0297	0.0141	-52.40%	-65.55%
Intensity of hazardous wastes (g/TEU km)	0.4464	0.3515	0.2827	0.3214	0.1696	-47.22%	-62.00%
Total non-hazardous wastes (ton)	1,212.23	1,400.25	1,387.99	1,689.53	1,970.75	16.64%	62.57%
Intensity of non-hazardous wastes (ton/US\$10,000)	0.0094	0.0062	0.0041	0.0075	0.0069	-8.15%	-26.27%
Intensity of non-hazardous wastes (g/TEU km)	0.1025	0.0978	0.0785	0.0818	0.0833	1.85%	-18.68%
Remarks							
1.	The calculation of waste intensity was based on the proportion of own vessels.						
2.	In past years, operational waste and wastewater were erroneously classified as waste oil, sludge, and oily water under hazardous waste. Since 2023, based on actual handling methods, since wastewater is treated through shipboard oil-water separation to meet marine discharge standards, we have removed wastewater from the waste indicator according to industry standards. Operational waste has been reclassified as non-hazardous waste, resulting in a reduction of total hazardous waste and waste intensity from past years and an increase in total non-hazardous waste and waste intensity;						

Supplementary Explanation: Since 2023, due to changes in the international situation and significant fluctuations in regional container shipping prices, we have selected a more reasonable specific indicator based on GRI305-4 and industry standards: “g/TEU km,” which represents the amount of waste generated per kilometer of transportation per TEU. We believe this indicator better reflects our contributions to reducing waste generation in practical work.

Achievement Status: We have basically achieved the target of reducing waste intensity by 20% compared to 2020 levels by 2030 in terms of both hazardous and non-hazardous waste, and have significantly reduced the amount of hazardous waste produced by means of oil-water separation and packaging splitting. Therefore, we have set more ambitious waste reduction targets, increasing the non-hazardous and hazardous waste density reduction targets to 40% and 65% respectively, and set a target of reducing the total amount of hazardous waste by 20%. We are committed to consolidating and maintaining the current achievements in the coming years, while further reducing the intensity of waste generation.

In order to manage the external hazards of the Company’s waste from a life cycle perspective, and to progressively increase the proportion of renewable recycling and treatment annually for the reduction of waste production, the Company has developed a comprehensive waste management plan. This plan includes but is not limited to waste audits, action plans for waste reduction, innovative investments or research and development aimed at minimizing waste generation, training for employees on waste reduction, as well as integrated recycling programs to decrease the volume of waste sent to landfills.

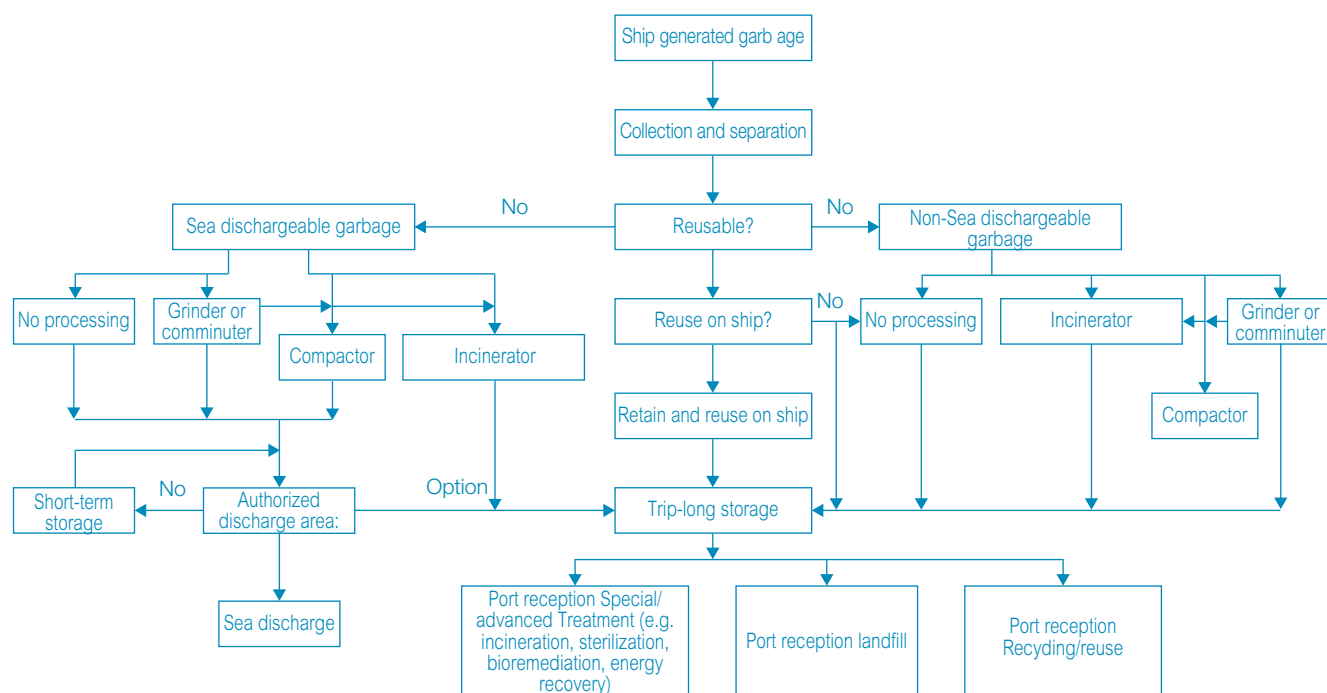
In 2024, the Company conducted waste-related audits at 100 office locations, 100 operating vessels, and 9 warehouses or depots, including but not limited to reviews of waste records, inspections of waste containment and disposal facilities, and checks on waste classification, ensuring that each location receives at least one internal audit per year. The Company tracked the treatment paths of over 90% of the vessels’ oily wastewater and waste, consolidated recycling paths by focusing on a few key waste or oily wastewater treatment suppliers, ensured that all oily wastewater was treated through recycling methods, and the remaining waste was recycled and disposed of as much as possible. Additionally, the Company tracked the recycling and landfill ratios, with an objective of further reducing landfill and combustion ratios in the future. All four oily waste recycling suppliers as investigated by the Company for that year possessed qualifications for harmless treatment and hazardous waste recycling. In 2024, the Company incurred approximately US\$248,500 in costs related to vessel waste recycling.

Energy Conservation and Environmental Protection

In 2024, in order to limit sulfide emissions, the Company's capitalized investment in desulfurization towers was as high as US\$8,161,500. Furthermore, to meet environmental requirements and reduce waste generation for its onshore depot business, the Company invested at least US\$7,000 in terms of measurable expenses. In 2024, training on waste reduction and recycling importance was incorporated into all employee training programs across the Company.

The Company imposes rigorous control on the discharge of offshore wastes, bans arbitrary dumping of offshore wastes and over-standard discharges. Each vessel is furnished with classified waste recycling devices, and training on correct waste classification methods has been provided to crew members. The classified offshore wastes will be uniformly unloaded by agents or port authorities after approaching the shore and disposed of onshore. In addition, to minimize the impact of oil spill incidents to the environment, the Company has formulated the Oil Spill Incident Emergency Measures, in which the job responsibilities of respective crew members have been specified in case of an oil spill incident and targeted measures and rescue implementation plans have been provided to prevent fires and explosions to promptly prevent further spreading of adverse impact. In 2024, the Company had no oil leakage and oil spill accident.

Options for shipboard handling and discharging of garbage



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

Energy Conservation and Environmental Protection

Given the type of business operation, the Company does not produce a large amount of onshore wastes. The wastes generated are primarily domestic waste, office waste and kitchen waste. In the daily work and life of employees, the Company requires maximum recycling, emission reduction, waste classification and proper recycling. The Company has been promoting the concept of green office, implemented the OA and video-conferencing system to reduce office paper consumption; classified recycling bins have been set up in subsidiaries with a canteen to separate kitchen waste from other domestic waste. The Company vigorously advocated the waste classification system, for which each branch has established a waste disposal system according to the local environmental requirements, appointed responsible person, and was equipped with waste classification containers. Any perishable or harmful waste generated will be transported to the treatment facilities for uniform disposal. During transporting garbage, airtight waste transportation has been adopted.

Waste type	Non-hazardous waste				Hazardous waste		
	Kitchen waste (ton)	Domestic waste (ton)	Operational waste (ton)	Office paper (ton)	Contaminated oil, oil residues, etc. (ton)	Hazardous waste from expired medicines (ton)	Hazardous waste from used batteries (ton)
Amount generated	400.60	590.68	910.42	69.05	4011.77	0.019	0.014
Transferred from disposal – (off-site) preparation for reuse – energy reuse after three-level purification treatment					4011.77		
Sent for disposal – third party incineration/landfill or composting (off-site)	400.60	590.68	910.42	69.05			
Sent for disposal – non-hazardous treatment or sealing (off-site)						0.019	0.014

In 2024, we calculated the final disposal methods and destinations of various types of waste, and 99.9% of the hazardous waste generated by the Company was recycled and reused (waste oil recycling), while the rest was harmlessly sealed and treated. All non-hazardous waste is well sorted and then recycled by a third party recycling company, kitchen waste is basically composted, and the rest of the waste is generally finally incinerated for power generation treatment or landfilled.

3.3 RESOURCE USE OPTIMIZATION

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

Energy Conservation and Environmental Protection

In addition, the Company does not have any consumption of packaging materials for finished good as its business does not involve manufacturing and sales of general goods. Thus, the total consumption and the proportion of packaging materials used for finished goods are not included.

1. Conservation of Energy Resources

Consistently attaching importance to energy conservation and emission reduction, the Company has been committed to low-carbon economy and green operation to build a resource-saving enterprise. Onshore energy used is mainly gasoline consumption by administrative vehicles and diesel consumption by operating vehicles, and the offshore energy consumption is mainly represented by heavy fuel oil and light fuel oil. In addition, in 2024, we self-produced 5.18 million KWH of renewable energy through shaft generators, reducing oil-fired power generation emissions by approximately 3,010 tons of CO₂e greenhouse gas, and used 4,521 KWH of green power, avoiding approximately 2.6 tons of CO₂e scope 2 greenhouse gas emissions. The Company's energy consumption in 2024 is as follows:

Energy Consumption in 2024

Period		2022	2023	2024	Period-on-period change
Direct Energy Consumption					
Gasoline (onshore)	Liter	258,067	278,731	256,833	-7.86%
Intensity of gasoline consumption	Liter/US\$10,000	0.63	1.15	0.84	-26.81%
Diesel (onshore)	Liter	1,592,922	1,669,255	1,631,946	-2.24%
Intensity of diesel consumption	Liter/US\$10,000	3.87	6.87	5.34	-22.35%
Fuel oil (Heavy)	Ton	529,289	481,987	518,837	7.65%
(offshore) (Light)	Ton	27,247	22,782	17,039	-25.21%
Intensity of fuel oil consumption	Ton/US\$10,000	1.35	2.08	1.75	-15.68%
Indirect Energy Consumption					
Purchased electricity	kWh	5,661,559	6,237,566	5,959,465	-4.46%
Intensity of indirect energy consumption	kWh/US\$10,000	13.77	25.68	19.49	-24.11%

Remarks:

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

When converted to the unified energy unit of GJ, the situation is as follows:

Summary table of energy consumption

Vessel energy utilization	2022	2023	2024
Energy consumption			
Bunker heavy oil (GJ)	5,939,804	5,408,970	5,822,512
Percentage of consumption	94.44%	94.79%	96.23%
Energy consumption for bunker light oil (GJ)	325,451	272,119	203,521
Vessel energy consumption density (MJ/TEU*KM)	0.294	0.254	0.237
Onshore energy utilization	2022	2023	2024
Gasoline energy consumption (GJ)	2,302	2,487	2,291
Diesel energy consumption (GJ)	15,982	16,748	16,374
Energy consumption for purchased electricity (GJ)	5,662	6,238	5,959
Total energy consumption across all business scopes (GJ)	6,289,200	5,706,561	6,050,657

Remarks: The calorific value data used for conversion is sourced from the "IPCC Guidelines for National Greenhouse gas Inventories" (Volume 2, Table 1.2, Pages 1.18-1.19)

In order to promote energy conservation and emission reduction across all business operations and subordinate departments at the Group-wide level, we have set medium-term energy conservation and emission reduction targets tailored to different business lines and at the group level, as detailed below.

Energy Conservation and Environmental Protection

Business unit	Year	2008	2020	2023	2024	Year-on-year change	As compared with 2020	2030 target
Group-wide	Total greenhouse gas emissions (scope 1 + 2)	653,251	1,508,140	1,607,272	1,705,101	6.09%	13.06%	/
	Total greenhouse gas emission intensity g/TEU km	190.37	97.5	71.73	67.02	-6.57%	-31.26%	Reduced by 51% compared to 2020
	intensity Ton/US\$10,000	9.88	8.95	6.62	5.58	-15.71%	-37.65%	/
Marine transportation	Fuel consumption intensity (g/TEU km)	59.82	29.98	22.53	21.06	-6.52%	-29.75%	Reduced by 40% compared to 2020
Depot	Fuel consumption/TEU	/	0.74	0.56	0.47	-16.44%	-37.04%	Reduced by 40% compared to 2020

2. Formulation of KPI indicators

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

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

Original target: by 2030, fuel consumption per 10,000 sea miles per unit capacity will be reduced by 15% as compared with 2020.

Current target: by 2030, fuel consumption per 10,000 sea miles per unit capacity will be reduced by 20% as compared with 2020.

	2020	2021	2022	2023	2024	Period-on-period change	As compared with 2020
Fuel consumption per 10,000 sea miles per unit capacity (ton/10,000 sea miles/TEU)	0.508742	0.519729	0.536788	0.441677	0.438193	-0.79%	-13.87%

In 2024, the fuel consumption per 10,000 sea miles per unit capacity of the Company decreased by 13.87% compared to 2020, surpassing the energy consumption target for the year. In order to accelerate the progress of energy-saving and emission reduction, we have updated more ambitious energy-saving targets.

Fuel consumption intensity target:

The fuel consumption intensity of maritime transportation business (g/TEU km) is targeted to be reduced by 40% by 2030 compared to 2020.

Year	2008	2020	2023	2024	Year-on-year change	As compared with 2020	2030 target
Fuel consumption intensity (g/TEU km)	59.82	29.98	22.53	21.06	-6.52%	-29.75%	Reduced by 40% compared to 2020

The fuel consumption intensity (g/TEU km) of the Company’s marine transportation business decreased by 29.85% in 2024 compared to 2020, and we have exceeded our energy consumption target for the year. Here we explain the reason for updating the target. In comparison, “fuel consumption per 10,000 sea miles per unit capacity” is closer to the design indicator, while “fuel consumption intensity” is an indicator based on actual business volume. In the coming years, we will gradually adopt the fuel consumption intensity indicator as the main indicator.

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

Energy Conservation and Environmental Protection

Measures for Efficiency Improvement of International Shipping

Management Measures

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

Operating Measures

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

Technical Measures

- Adopt technologies such as sword bow design, rudder ball, rudder fin, fair water fin and propeller optimization for newly-built vessels to enhance their propulsion performance and lower their fuel oil consumption.
- All newly-built vessels are compliant with IMO's phased emission requirements.
- Promote the application of ship energy efficiency management software in existing vessels to reduce fuel consumption and greenhouse gas emissions.
- Reduce the speed of the main engine, and adopt cost-effective speed to save fuel oil so as to reduce emissions.
- Modify the electronic lubricator for main engine cylinder oil to reduce the cylinder oil consumption by approximately 35%.
- Adopt the shaft generator. The ship's shaft generator system is driven by the main engine to generate electricity on the ship. By utilizing the surplus power of the main engine, the system aims to achieve energy savings. The shaft generator device serves as an effective means to reduce operating costs and improve engine room management and operational conditions, offering unique advantages. It is estimated that one shaft generator can save 0.8 tons of fuel per day, resulting in an annual fuel saving of approximately 144 tons. In 2024, the Company's three fuel-fired generators generated a total of 5.18 million KWH of electricity annually, reducing fuel-fired power generation emissions by approximately 3,010 tons of CO₂e greenhouse gases.

Energy Conservation and Environmental Protection

- We rented 1,000 energy-saving cold boxes with 2000 TEU variable frequency units. The production process of this batch of cold boxes eliminated the processes of hot zinc spraying and spraying asphalt paint on the bottom frame, which greatly reduced the emission of atmospheric pollutants and greatly reduced the physical harm to construction workers. This batch of cold boxes all use water-based paint and use DAIKIN's most advanced ZeSTIA variable frequency units, which can save 20% of energy consumption compared to traditional LXE fixed frequency units. In 2024, they saved about 1.58 million kWh of electricity, and reduced the emission of ship generators by about 965 tons of CO2e.

Exploration of New Energy

- SITC and a specialized institution established by the Chinese Academy of Sciences, the CAS Venture Capital Management Co., Ltd., have signed a strategic cooperation agreement. Both parties have unanimously agreed to explore and research the promotion and application of green methanol in shipping logistics. They aim to lead the formulation of technical standards for green methanol in the industry, further promoting the significant technological industrialization of green methanol, establishing an ecosystem for the green methanol industry, and fostering the development of a liquid sunshine economy. These efforts contribute to the global strategy of peaking carbon emissions and achieving carbon neutrality in various countries and regions worldwide.

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

The Company has once again achieved the 2030 depot energy conservation target, and achieved the target of reducing the fuel consumption per container handled by 30% compared to 2020, well ahead of the 2030 deadline. In 2024, the fuel consumption per container handled decreased by 37.04% compared to 2020. Considering the progress of our current transition from fuel to electricity in the depot, we have adjusted our emission reduction targets and set more ambitious energy-saving plans to strive towards higher targets:

Achieved target: by 2030, fuel consumption per container handled will be reduced by 30% as compared with 2020.

Current target: by 2030, fuel consumption per container handled will be reduced by 40% as compared with 2020.

Period	2020	2021	2022	2023	2024	Period-on-period change	As compared with 2020
Fuel consumption/ business volume (Liter/TEU)	0.74	0.58	0.61	0.56	0.47	-16.44%	-37.04%

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

- Transfer from fuel to electricity for existing equipment: The existing diesel-powered reach stackers have been transformed and replaced with those powered by electricity. One equipment is expected to save about 90,000 liters of fuel per year. By 2030, 12.5% of existing reach stackers are expected to be converted from fuel to electricity, and the conversion of all reach stackers will be completed in 2040.
- New purchase of equipment: To promote the application of stacking machines using electric energy, hydrogen energy or other clean energy. Starting from 2023, the Company will no longer approve the purchase of new fuel-powered equipment. All new equipment acquisitions will either involve the transition from fuel to electric or the purchase of electric-powered equipment. Following the purchase of 3 electric stacking machines in 2023, the Company purchased a total of 4 electric stacking machines for all of the Company's depots in 2024, with an expenditure of approximately US\$1,137,000. We expect that electric stacking machines will comprise 20% of the total fleet by 2030, with the complete transition from fuel to electric stacking machines expected to be achieved by 2040. SITC has been making continuous efforts in the green and intelligent development of the depot industry, and setting the target of achieving a substantial reduction in carbon emissions,

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so as to enhance operational efficiency and service levels, reduce labor costs, and effectively protect the health and safety of employees, thereby facilitating win-win outcomes for the government, customers, employees, and other stakeholders.

- Pure electric depot: In July 2024, Shenzhen SITC Container Depot Services Co., Ltd. (hereinafter referred to as "SITC Shenzhen Depot") was officially opened, with an investment in capitalized cost of approximately US\$220,000 in 2024. As a company dedicated to providing efficient, safe and convenient depot services, and in line with the company's philosophy of green energy and sustainable development, the company was fully equipped with purely electric stacking machines and a fully-intelligent gate management system. It is also the first container depot in Shenzhen to realize unmanned gates, which can greatly reduce human errors and cumbersome processes, realize rapid loading and unloading and flow of containers, and effectively reduce fuel consumption and significantly reduce greenhouse gas emissions. Through the professional team and advanced information management, it provides customers with efficient and high-quality integrated logistics services.
- Continued to push forward the intelligent automated logistics base project: In 2022, the Company launched a total investment of US\$32 million in China Pilot Free Trade Zone (Qingdao) in 2022 to build SITC Shipping Intelligent Warehousing and Logistics Base. The machinery and equipment in the base will be all powered by electricity, the roof will be covered with solar panels and equipped with energy recovery and smart energy dispatching devices which can recover the energy generated by the operation of the equipment while generating electricity. Fully automatic unmanned container loading and unloading equipment will be adopted to carry out container transfer through remote control technology and intelligent system solutions. The project design has been demonstrated and approved by terminal automation experts, and the operating efficiency will be much higher than that of traditional loading and unloading equipment. The Company incurred capitalized costs of US\$10 million in 2024, and it is expected to incur capitalized costs of US\$7.5-8 million in 2025. The main structure of Qingdao automated depot was completed in December 2024, and it is expected that the automated depot will be fully completed by the end of June 2025 and enter into the equipment trial operation stage. The official operation time is expected to be the end of 2025.
- Building a Green Supply Chain: SITC Intelligent has independently developed intelligent transport vehicles that reduce reliance on traditional fuels, thereby decreasing environmental pollution and carbon emissions. The powertrains of these intelligent transport vehicles utilize pure electric and hydrogen-powered clean energy technologies, offering advantages such as zero emissions, low noise and high efficiency. They drive the transportation industry towards green and low-carbon development, contributing to environmental protection and sustainable development. This initiative helps the port industry achieve new breakthroughs in green and low-carbon initiatives. Currently, the intelligent transportation facilities have been provided to suppliers such as Qingdao Port.
- Expanding the Use of Information Systems: The Indonesian Depot are gradually implementing the SITC Integrated Depot Information System, marking the first deployment of this system in overseas depots. In comparison to the existing business systems, while achieving the goal of system autonomy and controllability, the following improvements have been made:
 - 1) Establishment of a 3D site map that combines both 2D and 3D visualization, providing flexibility in operations while offering a realistic and intuitive visual experience. The installation of onboard systems enables intelligent graphical operations and facilitates fully graphical and smart recommendations of container positions. This enables dynamic management of container operations within the depot, enhancing forklift control management efficiency;
 - 2) Development of a local prepaid payment function in Indonesia to address customer demands for advance payment of orders. Customers can place orders in advance and make payments, receiving corresponding loading/unloading container QR codes. Upon the actual entry of trailers, scanning the QR codes with a scanner allows for quick entry and exit of pre-paid items;
 - 3) Introduction of a new mobile container inspection APP, enabling users to upload container inspection information by scanning and uploading photos, and to estimate

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repair costs, generating corresponding estimate forms. When containers exit the depot, a one-click printing feature via the APP controls the printer to print receipts, enhancing efficiency in container inspection during entry and exit;

3. Green Vessel Recycling Policy

In 2024, at the request of stakeholders, the Company promised to follow relevant green vessel recycling specifications, such as the General Specifications for Green Vessel Recycling in China (WB/T 1022-2005). After the Company's ships reach the end of their service life, they will be recycled in a safe, sustainable and responsible way, and the cooperating vessel recycling yards will be required to comply with the standards of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC, referred to as the "Hong Kong Convention"). We also disclose data related to the waste generated from the Company's vessel recycling and dismantling, as well as the recovery of valuable materials, through public channels.

As of 31 December 2024, the average age of the Company's vessels was approximately 8 years, and no vessels were close to their service life. The Company did not dismantle any vessels during the year and sold 6 old vessels. In addition, in general, the Company handles old vessels by selling them instead of dismantling them for recycling.

4. Water Resource Management

As an advocate of multiple use and recycling of water, the Company has actively enhanced the water resource utilization and reduced water waste. In consideration that onshore water use is mainly from domestic and office water use of employees, the Company has reduced water use through promotion of water conservation culture and adoption of water conservation measures. Sea water desalination technology has been used to obtain main offshore water source, and excessive desalinated sea water has been stored in specialized water tanks to increase fresh water reserve. The Company obtained 47,410 cubic meters of fresh water by sea water desalination in 2024, representing a decrease of 2.37% as compared with 2023. Furthermore, rainwater has been collected to wash the dust off cabins and cabin mats and clean the oil stains on the cabin mats, and recycles seawater and freshwater from some segments on board the vessel for secondary use, effectively reducing the use of water resources. In 2024, the Company did not have any issue in sourcing water that is fit for purpose.

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

Fresh Water Resource Intake in 2024

Period			2020	2021	2022	2023	2024	Period-	As
								on-period	compared
								change	with 2020
Onshore	m3		38,605	38,989	53,671	71,884	77,338	7.59%	
water intake									
Offshore water intake	m3		94,977	107,103	124,288	153,822	150,497	-2.16%	
Total water intake	m3		133,582	146,092	177,959	225,706	227,835	0.94%	
Water intake intensity	m3/million		11.29	10.20	10.07	10.93	9.63	-11.86%	-14.68%
	TEU km		1.04	0.65	0.52	1.01	0.80	-20.51%	-22.65%
	m3/US\$10,000								

Remarks:

1. Water intake includes water used in onshore office premises and depot within statistical range and fresh water intake on offshore self-owned vessels.
2. The intensity of water intake is calculated with the proportion of own vessels taken into account.

Supplementary Explanation: Since 2023, due to changes in the international situation and significant fluctuations in regional container transportation prices, we believe the original indicator "c m3/US\$10,000" no longer accurately reflects our efforts and achievements in reducing the intensity of waste. Therefore, based on GRI305-4 and industry standards, we have chosen a more reasonable specific indicator: "m3/million TEU km". We believe this indicator better reflects our contribution to conserving global freshwater resources in practical work.

In 2024, the freshwater intake intensity increased compared to 2023, primarily due to the continuous advancement of our water conservation measures. Although our marine and onshore depot business volume continues to expand, we have formulated a comprehensive water resources management plan and program covering the Company's marine, depot and onshore operations, thereby reducing the water intake intensity. Specific measures are as follows:

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- 1) adopting vacuum toilets in the newly built vessels of the fleets to replace the traditional flush toilets to save fresh water;
- 2) strengthening trainings for the crew members to raise their awareness of saving fresh water;
- 3) intensifying management of fresh water supply facilities to eliminate water leakage;
- 4) increasing overhauls of mechanical and electrical equipment and boilers to reduce steam leakage and prevent loss of fresh water;
- 5) increasing overhauls of fresh water generator to enhance the efficiency of desalinization;
- 6) promote water conservation plans and equipment efficiency improvement in depot and warehouse operations;
- 7) promote water conservation in office areas;
- 8) promote water resource management plans and awareness education along the Company's value chain, facilitate cooperation with suppliers and partners on water resource management, and draw value chain and water pressure management maps.

Furthermore, in order to continuously improve the water management program and implementation plan, the Company reviews the amount of water used, the purpose of the water use and the treatment method of each operating site and vessel at least once every six months, and records the receipts or electronic certificates on a monthly basis for verification purposes, with the aim of providing the efficiency of water use at each operating site and vessel and reducing the total amount of water intake by means of continuous monitoring and reviewing of the indicators.

In addition, we further analyze water intake, discharges, and consumption to better manage water resources and reduce impacts on nature.

Water resources management and tracking:

	Freshwater			Seawater			
Type and purpose of water intake	Freshwater – onshore use		Freshwater – vessel filling	Seawater – seawater desalination	Seawater – oily wastewater equipment		Seawater – ballast water
Water intake location	Third-party water source/ purchased freshwater		Third-party water source/ purchased freshwater	Ocean	Ocean		Ocean
Water intake volume	77337.50738		150497.1	47409.732	5648.966		440327.525
Discharge location	Third-party discharge location/ wastewater treatment provider		Ocean	Ocean	Ocean	Third-party discharge location/wastewater treatment provider	Seawater
Discharge volume	73808.18222		142972.245	45039.2454	2974.45	2674.516	439335.66
Discharge method	Secondary treatment and then handed over to a third-party for tertiary treatment	Third-party tertiary treatment	Discharged into the ocean after primary treatment	Discharged into the ocean after primary treatment	Discharged into the ocean after tertiary treatment	Third-party tertiary treatment	Discharged into the ocean after tertiary treatment
Discharge volume	6751.004097	67057.17812	142972.245	45039.2454	2974.45	2674.516	439335.66
Water consumption – evaporation or leakage	/	3529.325164	7524.855	2370.4866	/	/	765.825
Water consumption – storage for use	/	/	/	/	/	/	226.04

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In addition to water conservation, along with the global attention to Sustainable Development Goals (SDGs), water, sanitation and hygiene (WASH) have emerged as critical issues. In line with Sustainable Development Goal 6 of the United Nations, it is our responsibility to ensure that all people have access to water and sanitation facilities and they may manage water resources sustainably.

Therefore, the Company pledges to:

- A. Universal access to safe drinking water: ensure that all employees and community members have access to safe and affordable drinking water.
- B. Improve sanitation facilities: offer adequate sanitation facilities, particularly in workplaces and communities, so as to promote good hygiene practices.
- C. Maintain a clean and comfortable work environment by providing sufficient drinking water, appropriate indoor temperature, ventilation and lighting facilities, as well as adequate separate washing and sanitation spaces for men and women; and furthermore, ensure employees have free rest time during working hours and access to restrooms beyond designated break times.
- D. Raise awareness: enhance the awareness of employees and the community about the importance of water resource management and hygiene through education and training.
- E. Sustainable water resource management: promote the sustainable use of water resources and reduce water wastage.

Objectives:

To ensure that all employees within the scope of our operations, including full-time, part-time and outsourced staffs, contractors and their employees, have access to safe and clean drinking water and clean and accessible sanitation facilities.

Specific Measures

- A. Facility construction: invest in the construction and maintenance of safe drinking water and sanitation facilities, including water source development and restroom construction.
- B. Water quality monitoring: regularly test water quality to ensure the safety of water sources and accord with international standards.
- C. Community engagement: collaborate with local communities to understand their needs and jointly develop WASH-related plans.
- D. Education and training: conduct training activities on water resource management and hygiene education to improve awareness and action capabilities.

Achievements of the year

- A. Drinking water coverage: in 2024, the Company achieved 100% coverage of safe and clean drinking water within its operational scope, as investigated.
- B. Availability of sanitation facilities: in 2024, the Company assessed that adequate sanitation facilities were 100% available within its operational scope, as investigated.
- C. Community engagement: in 2024, the Company collaborated with third-party companies in addressing vessel ballast water and oily wastewater discharge, promoting recycling rates and tracking wastewater treatment processes to ensure water resource safety. Water resource management-related questions were included in supplier evaluation. Additionally, employees were organized to carry out volunteer activities around water area cleaning, focusing on water resource conservation and waste recycling.
- D. Awareness enhancement: in 2024, the Company incorporated water conservation and hygiene awareness training into employee training programs.

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5. Green Office Promotion

The Company has been advocating green office and green life, improving management and regulating its standards to prolong the use of life of office appliances. Paperless office has been promoted to reduce paper consumption and waste generation, creating the awareness of paperless, energy saving and consumption reduction. Employees have been encouraged to save water, electricity and paper, and engage in low-carbon and eco-friendly behaviors, to prevent hazardous pollution to the environment. The Company has strengthened the management of office supplies, and regulated the use standards, to extend the service life of office supplies. For example, phasing out faxes and reducing unnecessary photocopying; modifying and transmitting office documents by email; completing the circulation of various work through the self-developed OA system and canceling paper approval; actively facilitating business process reengineering, and promoting electronic invoices, paperless suitcases, etc., to reduce paper usage. The Company has promoted video conferencing and teleconferencing systems to reduce unnecessary travel. Employees were required to turn off office appliances in time upon getting off work, such as computers, printers, fax machines, etc., to reduce electricity consumption. The Company has promoted the use of energy-saving lamps in office areas, and the lamps in the corridors, passages and other places with low lighting requirements in the office area can be replaced with those with automatic control switches, so as to avoid them being on for a long time and save electricity. The Company has regulated the water use standards, and promoted the use of water-saving appliances in the Company. Employees were required to turn off the tap in time after using the water source, to prevent long-running water and avoid wasting water. Saving irrigation water is also required for the landscapes and green spaces within office area. In 2024, the Company consumed 69.05 tons of paper in the office. On the basis of the expansion of business scale, the paper consumption was reduced by 4.35% and the per capita paper consumption was reduced by 7.7%.

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

3.4 ENVIRONMENTAL AND BIODIVERSITY PROTECTION

The Company is committed to protecting and promoting biodiversity and has taken multiple measures to achieve this goal. Oversight of our biodiversity-related affairs and progress is supervised at the Board level and managed by senior executives.

We have made public commitments and actively participate in supporting initiatives related to biodiversity, including commitments to biodiversity conservation, no-deforestation pledges, net positive commitments, zero net loss commitments, adoption of mitigation hierarchy, commitments regarding avoiding exploration or development in legally protected areas, commitments to respect legally protected areas, and commitments to avoid negative impacts on threatened and protected species. We also support initiatives such as the Convention on Biological Diversity (CBD) and the Sustainable Development Goals (SDG) created by the United Nations. Under the guidance of the Post-2020 Global Biodiversity Framework, we aim to stabilize the impact of our entire value chain on biodiversity by 2030 and restore natural ecosystems within 20 years, achieving a net improvement by 2050. To achieve this, we will strengthen education and training for employees and suppliers. This includes enhancing environmental awareness education and training for employees and suppliers and improving their understanding and capabilities in biodiversity conservation, and arranging regular meetings with stakeholders to collect their opinions. We will set goals related to biodiversity for priority areas to reduce dependencies and associated risks on biodiversity, particularly through measures such as land and water resource protection and management, ballast water management in ship operations, reduction of ship waste and pollutant emissions, marine ecosystem conservation, and environmental management of container depots. We will prioritize the use of mitigation hierarchy methods to avoid impacts on biodiversity, followed by limiting or reducing impacts on biodiversity. This approach will drive the implementation of our biodiversity commitments and promote biodiversity protection throughout our value chain, including suppliers and customers.

We analyze, evaluate, and monitor our biodiversity risks and impacts in accordance with the following sequence: categorization of operational activities- principles and mechanisms of operational activities impact on biodiversity- exposure and contact range- species diversity and abundance- level of risk- pressure and response indicators. Furthermore, we implement biodiversity management plans to protect and restore habitats.

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We are currently conducting assessments of biodiversity risks associated with our own business, covering fixed routes and onshore depots and their adjacent areas worldwide. We anticipate including both upstream and downstream activities of the Company in our assessment scope in the future, evaluating the impacts and dependencies of our value chain on biodiversity. Initially, we are using a Geographic Information System (GIS) analysis, which combines biodiversity and natural protected area geodatabase information with the Company's operational site information, to preliminarily identify biodiversity-sensitive areas and risk points. We are currently planning to further analyze the extent of the Company's biodiversity impacts using methods such as the Biodiversity Impact Matrix (BIM), Integrated Biodiversity Assessment Tool (IBAT), Species Threat Reduction and Restoration Matrix (STAR), and the Task Force on Nature-related Financial Disclosures (TNFD). Additionally, we aim to establish a biodiversity monitoring and reporting mechanism to track and assess the impacts of our business activities on biodiversity. This involves using indicators of status and benefits, pressure, and response to evaluate the biodiversity performance of our operational activities. Ultimately, we aim to integrate biodiversity risk analysis into the Company's multidisciplinary enterprise risk monitoring and management.

We prioritize these biodiversity risks as associated with impacts, particularly concerning the avoidance of biodiversity-sensitive areas by our shipping routes. Regarding biodiversity risks as associated with dependence, we have conducted analyses and found no substantial level of dependence on biodiversity for the Company.

We have conducted biodiversity impact assessments against at least 9 operational sites and 85 commercial office areas for our onshore business, including depots covering 2,080,000 square meters, warehouses spanning 153,000 square meters, and 38 self-operated shipping routes. We have confirmed that there are no dependence-related biodiversity risks within our operational value chain, no substantial impacts on biodiversity are found, and that there are no biodiversity-sensitive areas adjacent to our operating locations. Additionally, we have also conducted water resource risk assessments and found no significant water resource risks. Among the assessed locations, there are zero area with significant impacts on biodiversity or in proximity to critical biodiversity regions.

Despite not identifying substantial risks or threats at present, we have formulated management plans for areas posing biodiversity threats, primarily focusing on avoiding biodiversity-sensitive maritime areas by our shipping routes and the avoidance of biodiversity-sensitive areas when selecting our logistics and warehousing locations. We manage vessel ballast water to prevent alien species invasion and implement pollutant management to reduce ecological harm. For existing harm, we have established regeneration and restoration plans such as afforestation restoration and mangrove protection, which are implemented annually across our branch offices. Furthermore, to address the fundamental factors of harm to the natural environment through alternative approaches, we continuously transform the perceptions of our directors, management, employees, suppliers and other partners through education on biodiversity, climate changes, and environmental protection. We are dedicated to establishing cross-departmental and cross-company partnerships, participating in nature conservation associations and activities, and providing funding to ensure societal shifts towards improving the natural environment and climate conditions.

We have not identified any operational activities within biodiversity-sensitive areas that have resulted in negative impacts thus far. Furthermore, we plan to ensure that our maritime routes completely avoid all potential biodiversity-sensitive areas and their adjacent regions in the future.

We simultaneously analyze biodiversity risks associated with dependencies and those associated with impacts. According to our analysis, we believe that there are no biodiversity risks associated with dependencies for the Company: the Company does not rely on specific species or ecosystems to produce our products, and there are no risks related to the decline or disappearance of ecosystems. However, we acknowledge potential biodiversity risks associated with impacts, which may arise from pollutants emitted by maritime shipping and onshore depots spreading to adjacent habitats through land, water, or air mediums, leading to some degree of pollution. Nevertheless, we have not observed any significant pollution incidents or accidents thus far.

We will continue to monitor and support biodiversity conservation and enhancement efforts and take necessary measures to mitigate our impacts and protect biodiversity.

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In addition to the marine transportation and onshore depots business, marine vessels have the potential of directly or indirectly introducing toxic and hazardous substances to the ocean during manufacturing, maintenance and dismantling, which may cause severe damage to the marine ecological environment. Therefore, the Company has attached great importance to the impact of each shipping link to the marine environment, and adopted active response measures to reduce the impact of shipping industry on the marine environment. In 2024, the Company is not aware of any event that indicated the Company has exerted a significant impact on organisms and natural resources.

Hull and Container Coatings

- Sustainable procurement policy has been confirmed to ensure no adverse impact will be caused by our supply chain to biodiversity.
- Large legally compliant suppliers with classification society approval have been selected to source hull and container coatings.
- The Company has insisted on the use of non-toxic and environmentally friendly anti-fouling coatings free of hazardous substances like organic tin on all vessels, to prevent distortion of marine organisms from toxicity and protect their survival environment. As of 31 December 2024, the Company used a total of 27,160 liters of environmentally friendly paints during the year, resulting in additional environmental costs of approximately US\$473,000.

Hazardous Substances from Vessels

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

Shipping Routes and Other Operating Premises

- The Company optimizes its routes and transportation modes to reduce the impact on marine biodiversity by designing them to bypass biodiversity-sensitive areas, lowering the speed of navigation and the noise of the main engine in waters that may be adjacent to biodiversity-sensitive areas, and strictly restricting the shredding of garbage and the discharge of sewage.
- Biodiversity has been taken into account during the location selection, planning and design phases for new project to prevent any impact to key ecoregions. Mitigation hierarchy methods are adopted as the best practical technology to alleviate impact to the ecosystem.
- Evaluations on the impact of the existing businesses to biodiversity have been carried out, necessary measures have been taken to alleviate impact to sensitive regions. In the course of operation, stringent environmental monitoring and management have been incorporated into the risk management system to ensure effective control of the impact to biodiversity.
- Suppliers and cooperative partners are encouraged to adopt measures to protect biodiversity and jointly alleviate pressure on ecology. It is undertaken that recovery and restoration will be carried out for the affected ecosystem to realize zero net loss on biodiversity.

Ballast Water Management

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

- The Company has formulated the Regulations on Ballast Water Management in strict compliance with the IMO Ballast Water Management Convention, which specifies that vessels installed with ballast water treatment devices must discharge ballast water through treatment devices, and in case of vessels not installed with ballast water treatment devices, the ballast water replacement areas shall at least have a distance of 200 sea miles from the nearest land and its water depth shall be of at least 200 meters.

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- The ballast water discharge strictly follows the IMO 2004 International Convention for the Control and Management of Vessels' Ballast Water and Sediments and local laws and regulations. In accordance with the requirements of the "Ballast Water Management Plan", all vessels use D-2 requirements for ballast water treatment before discharge, which fully meets the requirements of IMO, so as to reduce the risks to the marine environment brought by sediments and pests in the ballast water.
- All new vessels built by the Company since 2012 are equipped with ballast water management device and upgraded to meet the requirements of IMO's new G8 and USCG to meet the D-2 discharge standard. Meanwhile, the Company is progressively installing ballast water treatment devices that meet the D-2 discharge standard on existing vessels in accordance with the dock repair programme. The Company has specified the management and operating requirements for the discharging, replacement and inspection of vessels' ballast water to maximally reduce the harm brought by ballast water discharge.

As at 31 December 2024, a total of 10 vessels have incurred capitalized expenditures of approximately US\$756,000 in 2024 for the retrofitting of ballast water treatment devices, and all of the Company's 100 self-owned vessels have been equipped with ballast water treatment devices. All chartered vessels will also be equipped with ballast water systems in IOPP certificate renewal inspection to ensure compliance with IMO Ballast Water Management Convention and protection of marine environment. 100% of self-owned vessels used ballast water treatment for the year.

Hull Maintenance and Cleaning:

- The Company has intensified the maintenance of its own vessels, conducting regular cleaning of the hulls to prevent the transportation of microorganisms and flora and fauna into different maritime areas. In the year 2024, a total of 23 vessels underwent hull cleaning.
- To reduce Scope 3 emissions, the Company plans to maintain the frequency of hull cleaning while not affecting vessel performance, thereby saving resources and reducing the consumption of paint and lubricants per vessel.

No-deforestation Pledges

The Company is dedicated to protect global forest resources to minimize the adverse impact to the natural environment. In this regard, the Company has formulated no-deforestation pledge to undertake suspension or reduction of all deforestation in relation to the production, trading and/or sales of the Company by 2025, and implementation of measures including reforestation in the following decade (until 2030) so as to compensate for any loss of forest due to the Company's business activities. No-deforestation pledge covers all areas of the value chain, including proprietary business, suppliers and partners. Specific measures include confirming sustainable procurement policy, supporting forest protection projects, optimizing operating process, supporting reforestation and restoration project, selecting location for new project with forest protection being taken into account, evaluating the impact of the existing business to forest protection, encouraging suppliers and partners to adopt forest protection measures. The policy has been approved by the Board and the executive management of the Company. Regular disclosure to, supervision by and cooperation with stakeholders will be arranged to join force to protect forest resources.

3.5 CLIMATE-RELATED RISKS AND OPPORTUNITIES

We adhere to the four pillars recommended by the Task Force for Climate-related Financial Disclosures (TCFD): governance, strategy, risk management and metrics and targets to analyse the risks and opportunities that climate change brought to companies.

Incentive Scheme: the Company has established a performance appraisal scheme in which the achievement of meeting the environmental targets of executives connects back to bonuses and equity incentives. In addition to the previously disclosed correlation between executive performance and ESG-related KPIs, the Company's executive emission reduction incentive targets issued in 2022 remain valid.

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Position	Incentive type	Achievement level	Target
Senior management	Public recognition, bonus and shares	100% achieved	Reduce CO2 emission intensity by 40%
	Public recognition and annual leave	> 80% achieved	
	Public recognition	60-79% achieved	

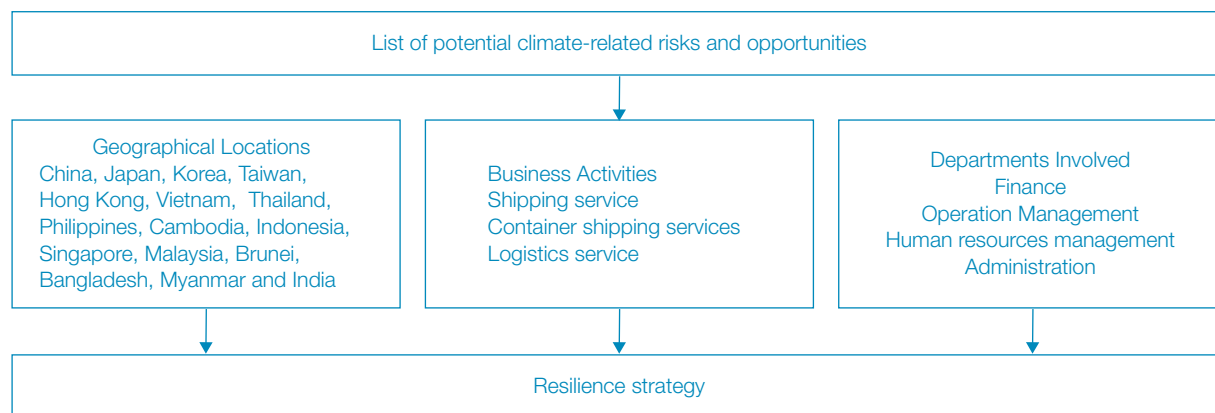
Remark: the base year is 2021 and applies to scope 1+2.

Strategy

SITC pursue strategies to keep its business resilient against climate change, thereby conducted climate risk assessment with reference to the TCFD recommendations to analyse potential impacts on different business units and to develop plans to mitigate and adapt to climate change.

Climate risk governance organization: the Company's Sustainable Development Committee is responsible for overseeing climate risk governance and considering climate-related risks and opportunities when overseeing the Company's strategy, major transaction decisions, risk management processes and related policies; specific responsibilities are delegated to the ESG Governance Group, which is responsible for assessing climate-related risks and opportunities. We ensure that members of the supervisory and executive bodies have environmental protection, climate risk governance and other relevant knowledge and skills.

Identification Process of Risks and Opportunities



The Company's process for identifying climate-related risks and opportunities has not changed from the previous reporting period; the Company's process for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities is divided into two parts: stand-alone scenario analysis, and comprehensive analysis which have integrated into the Company's overall risk management process and material issue management.

Climate-Related Risks and Opportunities

Climate-Related Risks

Understanding the company's business portfolio can help to identify the major risks and impacts that could cause. The climate-related risks were categorized into two types: physical risk and transition risk. Two risk types were assessed across different time horizons – short-term (0-3 years), medium-term (4-7 years), and long-term (8 years).

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- Physical risks — those that arise from the acute and chronic physical impacts of climate change. Adverse climate events could restrict SITC's development of new services and impact its facilities which could expose SITC to additional costs and/or cause revenue and earnings to decline. Climate-related risks and opportunities are examined along three-time horizons: short-term, medium-term and long-term.
- Transition risks — those that arise from actions associated with the transition to a low-carbon economy, including the introduction of new climate policies or low-carbon technologies. New environmental and sustainability-related disclosure requirements, or regulations or taxes that apply to SITC's services or other aspects of SITC's operations could increase compliance costs such as emission tax and carbon price which could potentially change its business model.

In order to better illustrate the Company's strategy for managing climate-related risks and opportunities and how its financial situation is expected to change in the short, medium and long term: we have corresponded this to the relevant climate risks, and in the following sections we provide information on our climate-related investment and disposal plans, as well as on its funding streams, and the expected changes in its financial performance and cash flows in the short, medium and long term. In the reporting year we have provided as much quantitative information and all qualitative information as we can obtain at a substantive level. The financial statements do not specifically indicate the details of the items corresponding to climate matters, however, the amounts and items of revenue, assets, operating costs and capitalized costs that are affected by climate are provided in this report, as shown in the analysis of financial impacts related to climate risks and in the "Green Opportunities" section below.

In addition, we provide here the items that are currently and in the future mainly affected by climate risks and opportunities, so that you can view the corresponding financial statement items, including:

1. Non-current assets-property, plant and equipment
2. Non-current assets-right-of-use assets
3. Current assets- bunkers
4. Financial costs – interest on bank borrowings
5. Cost of services provided-cost of bunkers consumed
6. Cost of services provided-others
7. In operating segment information: capital expenditure

Energy Conservation and Environmental Protection

Risks		Description of Potential Climate-related Financial Impacts	Existing/Potential Financial Impacts to SITC		
			Short Term	Medium Term	Long Term
Physical Risk	Heatwave (Acute)	Heat waves may lead to potential loss of revenue due to higher raw material costs when crops are on demand	Rising of raw material prices lead to decrease of revenue		
		Employees may not be able to work outdoors due to extreme heat	Insufficient labour force leads to rising personnel costs.		
	Extreme Weather (Acute)	Climate change can lead to increased extreme weather events such as storms, wildfires or floods which causes significant disruption at seaports forcing vessels to adjust planned routes to minimise disruption or delays and, in the worst-case scenario, cause loss of cargo or damage to the ship itself and harming employees safety. This can affect the production or component supplies at facilities, or within the supply chain, increase costs and delay or otherwise impact both production operations and customers' expectations.	In 2024, due to the impact of extreme weather (typhoon, strong cold and high pressure, etc.), the increased rental cost of ships avoiding typhoons, anchoring, and evading navigation was about US\$3.42 million, representing a decrease of approximately 41% as compared with the previous year.		
	Floods and Disasters (Acute)	Increase of floods and disasters can potentially affect business operation and revenue loss since it can cause damage to facilities, ships and employees attendance.	Flooding will affect customers (cargo volume), freight rates, employees and facilities, thereby affecting company revenue and costs.		
	Rise of Global Temperature (Chronic)	Rise of global temperature which also increases the ocean temperature. It changes how waters move and shifting currents and warmer waters result in stronger storms, more instances of low- pressure areas, and a build-up of strong, gale-force winds of level 7 or above, The increase of temperature also affects stocks preservation thus increasing cost, thus affecting shipping routes.		SITC's marine routing will be more frequently affected by storms, strong winds and low pressure, resulting in cargo damage or deviation costs.	

Energy Conservation and Environmental Protection

Risks	Description of Potential Climate-related Financial Impacts	Existing/Potential Financial Impacts to SITC		
		Short Term	Medium Term	Long Term
Sea Level Rise (Chronic)	As sea level rises, SITC's offices and facilities sitting near the shore will need to be relocated and the sea ports' infrastructures will experience significant issues with their structural integrity which would be submerged and destroyed.			Most of SITC's branches and storage yards are located in coastal areas. The rise of sea level (assuming that the sea level will rise by 0.20-0.29 meters in 2050) will cause the outlets to be relocated, increasing the cost of relocation.
Biodiversity (Chronic)	Climate change can alter ecosystem productivity and increase the risk of irreversible loss of marine and coastal ecosystems.	In 2023, the company spent about US\$0.36 million on the installation of ballast water systems. In 2024, all self-owned ships were equipped with ballast water systems, incurring a cost of US\$0.763 million.		
Transition Risk	Environmental Technology	<p>With the emergence of new technologies (such as renewable energy, energy efficiency), SITC may have to keep up with the latest technologies in order to meet higher standards of efficiency. Moreover, the cost of ship retrofitting and upgrading existing equipment would also be increased.</p> <p>Installing desulfurization towers on ships will increase the company's operating costs. The expenditure on the installation of desulfurization towers in 2023 was approximately US\$13.06 million, and the expenditure on the installation of desulfurization towers in 2024 was US\$8.1615 million.</p> <p>In 2024, the Company paid a cost of US\$0.458 million for fuel additives to improve fuel efficiency and reduce pollution caused by incomplete combustion.</p> <p>Newly leased 1,000 energy-efficient cold boxes with 2000 TEU variable frequency units. Significantly reduced air pollutant emissions while at the same time causing much less physical harm to construction workers. They can save 20% energy consumption than traditional LXE fixed frequency units. In 2024, they saved about 1.58 million kWh of electricity, and reduced the emission of ship generators by about 965 tons of CO₂e.</p>		New energy ships include bioenergy, hydrogen power, ammonia power, electric ships, etc. The company pays close attention to the technological maturity and cost changes of new energy ships. According to the size of the existing fleet, the total capital expenditure to update new energy ships is estimated to be about 3 billion US dollars. Assuming replacement in 10-20 years, the annual capital expenditure is US\$120-200 million.
Current Disclosure Regulations	The Company is listed on the Hong Kong Stock Exchange with mandatory disclosure of ESG or sustainable development reports and disclosure of emissions reports in accordance with the standards, with SITC focusing on the reputational risk associated with inadequate disclosure.	The Company's annual cost for ESG reporting and disclosure and governance of sustainable development-related information is at least US\$150,000.		As disclosure requirements increase, the Company may increase more sustainable development-related costs or expenses. This includes, but is not limited to, labor costs, consulting costs, technology costs, audit and due diligence costs, etc.

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Risks	Description of Potential Climate-related Financial Impacts	Existing/Potential Financial Impacts to SITC		
		Short Term	Medium Term	Long Term
Environmental Compliance	In addition to vessel operations, the Company also operates onshore depots and warehousing operations. To avoid compliance or pollution risks, the Company conducts regular environmental audits, technical transformation and waste treatment, which increases environmental protection expenditures.	In 2024, the Company's statistical onshore depot business paid at least US\$8,000 for environmental certificates and environmental monitoring.		
Policy and Legal Changes	Government of different countries may impose different policies and new regulations such as changes are continuously being proposed to address environmental concerns. This may increase cost of operations and lead to loss of revenue.	To meet the requirements of IMO for energy efficiency index (EEXI) and carbon emission intensity (CII) of all ships by 2023. At present, the self-owned fleet has a CII rating of B or above and has completed EEXI performance. 12 new ships were delivered in 2023 to replace old ships, the capital expenditure for shipbuilding and ship renovation amounted to US\$273.5 million. The capital expenditure for new vessels in 2024 amounted to approximately US\$209.6 million. (Excluding costs of desulphurization towers and ballast water equipment). The capital expenditure in 2025 is expected to be at least US\$37 million.	At present, the company has completed the medium-term goal of reducing carbon emission intensity by 40% in 2030. A more aggressive medium-term goal has been formulated by the Company.	By 2050, carbon emission intensity will be reduced by 70%, and will be further reduced by 50%, and zero carbon will be achieved by 2060. According to the size of the existing fleets, the total capital expenditure is estimated to be about US\$3 billion. Assuming replacement in 10-20 years, the annual capital expenditure is US\$120-200 million, therefore: <ul style="list-style-type: none"> Increase cost of operations and vessel modification which could lead to loss of revenue. Increase disruptions in supply chains that interrupt production, raise costs, decrease corporate revenues, and lead to higher prices or shortages for consumers.
Carbon Pricing Mechanism	SITC focuses on Asian routes and is therefore not involved in the EU carbon market or carbon tax mechanism. However, with the potential future penetration of the carbon market and expansion of its business, SITC may still be required to purchase carbon quotas or pay a carbon tax.	In 2024, the internal carbon cost was estimated to be approximately US\$47.80 million based on the average price of the EU-ETS for a 40% inclusion ratio for the maritime industry.		In order to achieve the zero carbon target, it is quite difficult for the maritime industry with the current technology and the level of supply of green fuels, and trading of carbon quotas or voluntary emission reduction credits is unavoidable. In the most extreme scenario, it is estimated that the maritime industry may be fully integrated into the carbon market and pay the cost of carbon at 100%, and the carbon price of the carbon market in various countries may gradually approach the level of the EU carbon market.

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Risks	Description of Potential Climate-related Financial Impacts	Existing/Potential Financial Impacts to SITC		
		Short Term	Medium Term	Long Term
Market Trend and Preference	There are many alternative decarbonising fuels in the market such as renewable e-fuels, methanol and ammonia, biofuels and hydrogen, etc. However, the cost of these alternative fuels is determined by the cost and availability of feedstock, the process used for production, and the maturity of the production technology. The cargo revenue could be affected on the fuel of choice and the type and size of a given vessel, cargo capacity and thus cargo revenue could be affected.	The Company builds an intelligent automated depot project, and all the machinery and equipment in the yard are powered by electricity and powered by solar panels. The total investment is expected to be US\$32 million. The expenditure of fuel to electricity of depots in 2023 was approximately US\$280,000, and the expenditure in 2024 was approximately US\$1,167,300.	Continue to promote intelligent automated depot project, capital expenditure is expected to be US\$50 million.	Continue to pay attention to the research and development of decarbonized fuels such as bio-energy, and actively prepare for the adoption of new energy sources. New energy fuels are about three times more expensive than traditional fuels, and their prices will drop as they are produced on a large scale. Moreover, possible increase/decrease cost of alternative fuels subjected to the market availability, feedstock, technology development and impacts on cargo revenue due to cost of alternative fuels.
Increase of Energy Price	The stringency of emission standard would increase the cost of fuels which increase production prices and output requirement (e.g., waste treatment).	The Company is currently using low-sulfur oil, and the additional annual fuel costs incurred in 2024 due to the use of low-sulfur oil as compared to high-sulfur oil was approximately US\$54.43 million.		Increase the cost of fuels which increased production prices and output requirement.
Reputation	An organisation's reputation would affect by shifts in consumer preferences and increased stakeholder concern or negative stakeholder feedback. The financial implication might foresee revenue reduction from decreased demand for goods/services, decreased production capacity (e.g., delayed planning approvals, supply chain interruptions), negative impacts on workforce management and planning (e.g., employee attraction and retention) and reduction in capital availability.			<ul style="list-style-type: none"> Reduced demand, reduced capacity from goods/services (e.g., planning approval delays, supply chain disruptions) Negative impact on workforce management and planning (e.g., attracting and retaining employees) Reduced availability of capital (higher financing costs)

Climate-related risk exposures by geographic location/climate resilience:

Upon the above mentioned climate-related risks, sea level rising is identified as the most impacting risk among the marine logistic industry, which in long run will severely affect the low-lying areas where SITC's seaport, offices and outlets are located. Assuming the current carbon path, below illustrates impacts associated with SITC's operation locations and locations in the value chain could arise from Sea Level Rising:

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Port Location	Description of Impacts	Financial Impacts from Sea Level Rise
Shanghai (China) Qingdao (China) Tianjin (China) Dalian (China) Ningbo (China) Bangkok (Thailand) Chabang (Thailand) Jakarta (Indonesia) Klang (Malaysia) Joburg (South Africa) Cape Town (South Africa) Chittagong (Bangladesh) Kolkata (India)	Higher than the global mean sea level rise is projected on Asian coasts especially high risk for a large number of Asian megacities facing the ocean: China, Indonesia and Vietnam which have the highest numbers of coastal populations exposed. Exposure of population and economic assets to coastal hazards is projected to increase over the next decades, particularly in coastal regions with fast growing populations in Africa, Southeast Asia and Small Islands ¹	<ul style="list-style-type: none"> • Permanent closed of local manufacturing and impacted port traffic • Changing needs of customers and supply chain would lead to asset and business model adjustments • Stopped receiving inbound containers due to yard congestion and container ships being rerouted • Increases the average yearly cost of adaptation measures

Office/Outlet Location	Description of Impacts	Financial Impacts from Sea Level Rise
China (depot/warehouse, office space) Vietnam (depot/warehouse, office space) Singapore (office space) Philippines (depot/warehouse, office space) Thailand (depot/warehouse, office space) Indonesia (depot/warehouse, office space) Cambodia (office space) Malaysia (depot/warehouse, office space) Myanmar (office space) India (office space) Bangladesh (office space) Japan (office space) Korea (office space)	Relative sea level rise contributes to increases in the frequency and severity of coastal flooding in low-lying areas. Cities that are of low-lying areas are prone to experience high land loss due to submergence and it is estimated that land subsidence could be as influential as climate-induced sea level rise over the 21st century, particularly China, Vietnam, Indonesia, Thailand, Philippines and Japan. In East Asia and the Asia-Pacific in general, without adaptation, 1 million people (range of 0.3-2.2 million) are projected to be affected by submergence by 2095 ¹	Rising sea levels affects economic growth and welfare outcomes due to permanent loss of land and natural capital, loss of infrastructure and physical capital and loss of social capital and migration. These impacts would lead to office relocation for SITC and increase expenditure cost as well as property loss due to purchase of new lands and warehouse.

With the exception of our main operating locations related to climate-related risks and opportunities, our 100 self-owned vessels are all assets affected by climate-related risks, which are also subject to a variety of both acute and chronic climate risks. The specific impacts have been listed in the corresponding parts of the report. We believe that for the reporting year, our assets susceptible to climate-related transformation risks were two CII-B class vessels, which accounted for 3.95% of our total fixed assets, and the business activities that are susceptible to transformation risks accounted for 5.6% of our marine business operated by two CII-B class self-owned vessels as well as all of our chartered vessels. Assets susceptible to climate-related physical risks were all vessels and containers, which accounted for 94.6% of the Group's total fixed assets, and although susceptible to risks, the actual risk hazard level was relatively low. The business susceptible to physical risks were the overall marine transportation business, which accounted for 89.45% of the total operating revenue for the year.

Climate-Related Opportunities

Risks create opportunities and climate-related opportunities can benefit a company from transiting to a low-carbon climate-resilient economy. SITC will continue to explore opportunities to expand its renewable footprint as the market develops.

Based on the above potential financial impacts caused by climate-related risks, below are the climate-related opportunities to facilitate SITC's transition to a low-carbon economy:

¹ IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change

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Overview of Climate-Related Risks and Opportunities

The following tables present a summary of climate-related financial issues that may arise in different time horizons, potentially affecting SITC's business operations and presenting opportunities.

Risks	Climate-related Opportunities	Potential Financial Impacts to SITC
Physical Risk Heatwaves (Acute) Extreme Weather (Acute) Floods and Disasters (Acute) Rise of Global Temperature (Chronic) Sea Level Rise (Chronic) Biodiversity related to dependence and impact ¹ (Chronic)	Resource Efficiency – <ul style="list-style-type: none"> Use of more efficient production and distribution processes Use of recycling Energy Source – <ul style="list-style-type: none"> Maximise the use of renewable energy such as solar energy From the transition to alternative fuels such as biofuels, hydrogen, and ammonia, which can help reduce greenhouse gas emissions and comply with emerging regulations. Adopt digital technologies such as automation scheme to help optimize vessel operations, improve safety, and reduce fuel consumption and emissions. Improving the energy efficiency of vessels by optimizing vessel design and energy efficient equipment which can help reduce fuel consumption and costs, most importantly also reducing greenhouse gas emissions. Installing a desulfurization tower to minimise the risk of high fuel cost Products and Services – <ul style="list-style-type: none"> Expansion of low emissions goods and services Enhanced brand value, acquire high-end customers and increase added value Resilience – <ul style="list-style-type: none"> Implement sustainable shipping practices such as slow steaming and route optimisation, which can reduce the environmental impact of the industry on marine ecosystems and biodiversity 	<ul style="list-style-type: none"> Reduce exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon Returns on investment in low-emission technology Reduce exposure to future fossil fuel price increases Increase capital availability (e.g., as more investors favour lower-emissions producers) Increase revenue through demand for lower emissions goods and services Improve profitability and create higher value and returns for stakeholders Increase reliability of supply chain and ability to operate under various conditions

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Risks		Climate-related Opportunities	Potential Financial Impacts to SITC
Transition Risk	Environmental Technology	<ul style="list-style-type: none"> Adopt digital technologies such as automation scheme to help optimize vessel operations, improve safety, and reduce fuel consumption on and emissions. 	<ul style="list-style-type: none"> Returns on investment in low-emission technology Increased capital availability (e.g., as more investors favour lower-emissions producers)
	Policy and Legal	<ul style="list-style-type: none"> Green value creation New business model led to access to new supply chains. 	<ul style="list-style-type: none"> Halving emissions from operation Avoid penalty from policies Increase trust from customers Gain competitive advantages in the market
	Market Trend and Preference	<ul style="list-style-type: none"> Access to new markets Use of public-sector incentives Access to new assets and locations needing insurance coverage 	<ul style="list-style-type: none"> Increase revenues through access to new and emerging markets (e.g., partnerships with governments, development banks) Increase diversification of financial assets (e.g., green bonds and infrastructure)
	Increase of Energy Price	<ul style="list-style-type: none"> From the transition to alternative fuels such as biofuels, hydrogen, and ammonia, which can help reduce greenhouse gas emissions and comply with emerging regulations. Reduce exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon Reduce exposure to future fossil fuel price increases 	<ul style="list-style-type: none"> Halving emissions from operation and increase capital availability (e.g., as more investors favour lower-emissions producers)
	Reputation	<ul style="list-style-type: none"> Provides long-term goals that will be resistant to changes in management and shifts in business priorities 	<ul style="list-style-type: none"> Gain reputation and company image Increase productivity as staff feel sense of belonging Increase brand value
	Accidents & Safety Management	<ul style="list-style-type: none"> Serve to align the interests of society with those of investors 	<ul style="list-style-type: none"> Gain reputation and company image

¹ Based on the results of consultation with experts participating in an industry-working group convened by SASB and defined as the most important sustainability issues that will drive competitiveness within the marine transportation industry.

For the amount and proportion of assets or business activities that are consistent with climate-related opportunities in the reporting year, please refer to the “Green Opportunities” section 1) Green vessels, 4) Low-carbon transportation services as indicated in the sustainable classification methodology, and the proportion that complies with the sustainable classification methodology.

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For the amount of capital expenditures, financing or investments deployed in response to climate-related risks and opportunities, please refer to the financial impact section of the risk analysis table in “Climate-Related Risks” and the “Environmental Investments”, “Green Incentives”, and “Green Finance” sections.

Scenario Analysis

Scenario analysis is recommended by TCFD to help companies effectively identify and assess the potential implications of climate-related risks on business performance from a range of plausible future conditions. Based on the potential financial implication as identified in section 4.1.1, the most significant impacts on the industry were selected and different climate-related scenarios were conducted. In this section, two scenarios analysis tools — the Net Zero Emissions by 2050 Scenario used by the International Energy Agency (“IEA”) and the Shared Socioeconomic Pathways (SSP) scenarios (SSP 1-1.9 and SSP 5.5) used by the Intergovernmental Panel on Climate Change (“IPCC”) were adopted. The scenarios provide comprehensive data to evaluate the exposure to risks to SITC’s assets and operations across different timeframes which could be used to understand the impacts SITC likely facing and to identify relevant resilience measures.

Scenario 1: IEA Net Zero Scenario

The Net Zero Emissions by 2050 Scenario (NZE) is a normative IEA scenario that shows a pathway for the global energy sector to achieve net zero Carbon dioxide (CO₂) emissions by 2050, with advanced economies reaching net zero emissions in advance of others. This scenario also meets key energy related United Nations Sustainable Development Goals (SDGs) which is consistent with limiting the global temperature rise to 1.5 °C with no or limited temperature overshoot (with a 50% probability), in line with reductions assessed in the IPCC in its Sixth Assessment Report.

Scenarios 2: IPCC the Shared Socioeconomic Pathways (SSP) Scenarios

The SSP Scenarios is a method adopted by IPCC for systematically examining possible futures. They were reported in the Synthesis Report (SYR) of the IPCC Sixth Assessment Report (AR6) published under IPCC. This sixth assessment report summarises the state of knowledge of climate change, its widespread impacts and risks, and climate change mitigation and adaptation. SSP1-1.9 scenario reflects most closely a 1.5° C target under the Paris Agreement whilst SSP 5-8.5 marks the upper edge of the SSP scenario spectrum with a high reference scenario.

Scenario Comparison Overview

	IPCC (SSP 1-1.9)	IPCC (SSP 5-8.5)	The Net Zero Emission Scenario by 2050 (NZE)
Climate Scenario			
Heatwaves	Assume the frequency, intensity and duration of heatwaves are reduced	Assume the frequency, intensity and duration of heatwaves are increased	Assume the frequency, intensity and duration of heatwaves are increased
Temperature	Assume the global warming is limited to 1.5 °C	Continue to increase rapidly	Assume the global warming is limited to 1.5 °C
Sea level	Assume sea level rise is limited to around 0.15-0.23 m by 2050	Assume to sea level rise is approximately 0.20-0.29m by 2050	Low
Floods and Disasters	Assumes the frequency and severity of floods are reduced	Assumes the frequency and severity of floods are increased	Assumes the frequency and severity of floods are reduced
Biodiversity	Assume the rate of biodiversity loss is reduced due to implementation of policies and measures to protect and restore ecosystems	Biodiversity loss continues	Assume the rate of biodiversity loss is reduced due to implementation of policies and measures to protect and restore ecosystems
Market Trend	Widespread uptake of renewable energy technologies	Limited uptake of renewable energy technologies	Widespread uptake of renewable energy technologies

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	IPCC (SSP 1-1.9)	IPCC (SSP 5-8.5)	The Net Zero Emission Scenario by 2050 (NZE)
Energy Price	Assumes the cost of renewable energy technologies continues to decline rapidly, making them increasingly competitive with fossil fuels	The decrease in demand for renewable energy is attributable to the absence of measures and policies that facilitate the development of renewable energy.	Oil demand is reduced due to significant reductions in fossil fuel use
Current Policies and Regulations, Future Trends, and Legal Risks	Assume commitment to climate action by governments, with policies and regulations that support the rapid transition to a low-carbon economy, such as price on carbon, incentivize the deployment of low-carbon technologies, and support research and development of new technologies	Likely to impose more stringent policies and regulations	Assume commitment to climate action by governments, with policies and regulations that support the rapid transition to a low-carbon economy
Technology	Rapid growth of technologies as governments provide strong support and continue to invest on new technologies development	Urgent research on new technologies development	Further deployment of available technologies and innovative efforts

Scenario analysis is a dynamic exercise and iterative process that is meant to help envision potential future outcomes, rather than predict the future. This climate scenario analysis exercise provided a structured way to evaluate climate-related risks and opportunities — both in a quantitative and qualitative manner, and it opened a wider discussion as to how physical and transition risks could affect SITC's business.

It is important to note scenario analysis is not used for predicting climate change. This analysis is to refine SITC's understanding and equip itself of potential climate-related risks and opportunities.

By 2030, low-carbon fuels represent about 15% of total energy demand in the Net Zero Scenario. While about half of low-carbon fuel use in 2030 is in the form of biofuels, which can be used in existing vessels, technological development and associated policy support will be important to enable the use of other fuels, particularly ammonia and hydrogen, in order to reduce dependency on oil-based fuels in international shipping. Because of long vessel lifetimes and thus slow stock turnover, near-term innovation and zero-emission technology adoption are critical to putting international shipping on the Net Zero Scenario pathway.

Resilience Strategy

The exposure to climate-related risks and opportunities facilitates SITC to make improvements and plan ahead to tackle the impacts of climate change. The resilience measures indicated in the "Climate-

Related Risks and Opportunities" in this report are responding to the potential financial impacts brought by a range of major climate scenarios including a 2°C or lower scenario.

Risk Management

Management Process

As mentioned in "Governance" in this Report, the Board and the Sustainable Development Committee (the "Committee"), which comprises representatives from each department of SITC are responsible to oversee and review ESG issues at least once every six months. Taking into account the risks and opportunities to the Company's business, the Board works along with the Committee to develop specific plans to address them.

Materiality Analysis

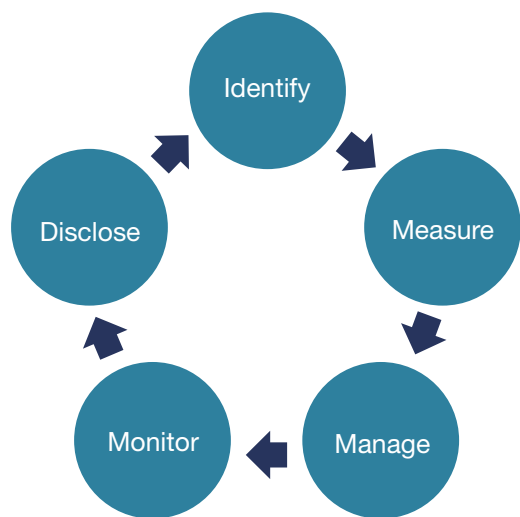
Materiality assessment can help organizations identify the climate-related risks and opportunities that are most significant to their business and stakeholders.

Climate-Related Risks Analysis

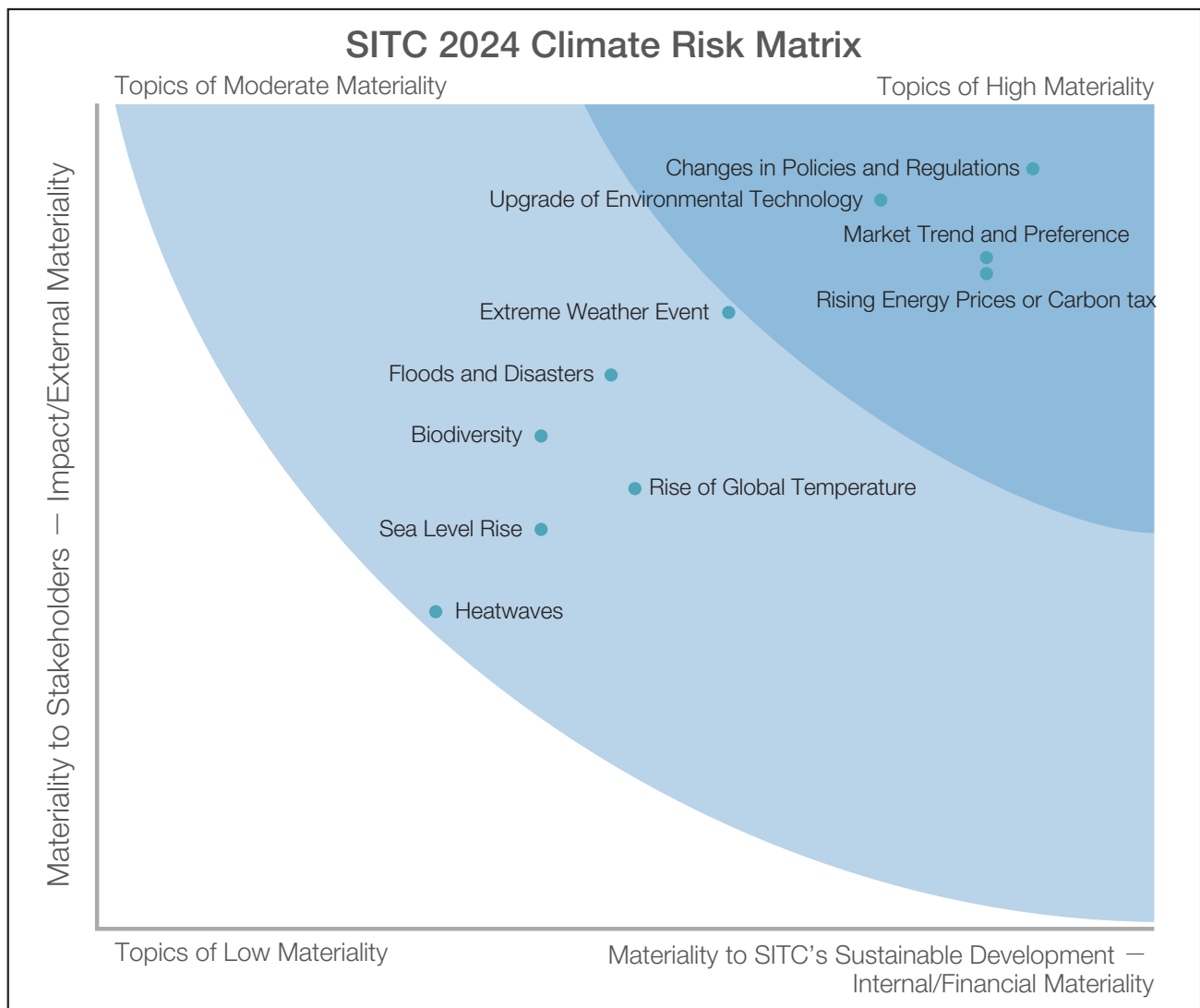
SITC applies a systematic approach to identifying, assessing and managing climate-related risks. The comprehensive risk assessment program is reasonably designed to identify and manage climate change-related enterprise-wide risks that have the potential to significantly affect SITC's businesses over the short, medium, and longer terms. This risk assessment program covers exposures to both physical and transitional climate-related risks and their respective financial impacts.

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The risk management assessment process takes into account the perceptions, concerns and opinions of both internal and external stakeholders. SITC understands the importance of stakeholders' involvement and their feedbacks could facilitate SITC to prioritizing climate-related risks. By understanding the potential risks arising from different climate scenarios that would impact SITC's business performance, SITC conducts materiality assessment on a yearly basis through analysing concerns and feedback from the employees, major customers, suppliers, financial institutions, shareholders, government regulators, media and other stakeholders. A separate materiality assessment was made for each of the identified climate risks. The materiality matrix as indicated below plots the ratings that are shown on of each topic. The x-axis represents the importance of economic, environmental, and social issues to stakeholders, while the y-axis represents the importance of the concerned environment, social and economic factors impacting SITCs business.



Illustrative and simplified risk management process



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Based on the prioritised climate scenarios, the below table evaluates the potential resiliency of SITC's strategic plans and actions that took place in the range of scenarios. In this context, the time horizons for the risks and resilience would be from 2030 to 2050 which the Company considers appropriate as there are uncertainties if the time horizon is either too short or too long:

Climate Scenario	The Net Zero Emission Scenario by 2021 (NZE)			SITC's Resilience Actions and Strategies
	IPCC (SSP 1-1.9)	IPCC (SSP 5-8.5)		
Description of Risks				
Current Policies, Regulations, and Legal Risks	Assume commitment to climate action by governments, with policies and regulations that support the rapid transition to a low- carbon economy, such as price on carbon, incentivize the deployment of low- carbon technologies, and support research and development of new technologies	Likely to impose more stringent policies and regulations	Assume commitment to climate action by governments, with policies and regulations that support the rapid transition to a low- carbon economy	<ul style="list-style-type: none"> Keep up with new policies and regulations, allow for early adaptation and reduce the cost of violations Keep track to technological changes for cargo ships Maintain a rating of B or higher for all cargo ships Dispose of older ships and update the fleet for other newer ship model to improve the ability to comply with new regulations Ensure the chartered ships are complying with relevant clauses Participate in the carbon trading market Internal carbon pricing Regular environmental inspections and obtaining certificates
Energy Price	Assumes the cost of renewable energy technologies continues to decline rapidly, making them increasingly competitive with fossil fuels	The decrease in demand for renewable energy is attributable to the absence of measures and policies that facilitate the development of renewable energy.	Oil demand is reduced due to significant reductions in fossil fuel use	<ul style="list-style-type: none"> Adopt environmentally friendly fuels for ships to alleviate the increase in fuel costs Optimize routes and maintain economical speeds to reduce consumption Use low energy consumption equipment Maintain stable speed and reasonably control the energy consumption peak to avoid energy demand Optimize the process, promote energy conservation and emission reduction to all employees, introduce consumption management assessment indicators to control costs and consumption
Market Trend	Widespread uptake of renewable energy, environmental-friendly vessels and zero emission equipment	Limited uptake of renewable energy, environmental-friendly vessels and zero emission equipment	Widespread uptake of renewable energy, environmental-friendly vessels and zero emission equipment	<ul style="list-style-type: none"> Grasp the latest energy technology information Pay attention to the development of alternative energy and its application in the market Approach only suppliers which meet the environmental requirements to maintain business reputation Promote automation technology and zero emission equipment, optimizing the existing system and asset portfolio to achieve net zero in supply chain Building SITC's self-independent green and low-carbon development to enhance competitiveness in the industry

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Climate Scenario	The Net Zero Emission Scenario by 2021 (NZE)			SITC's Resilience Actions and Strategies
	IPCC (SSP 1-1.9)	IPCC (SSP 5-8.5)		
Technology	Description of Risks Rapid growth of technologies as governments provide strong support and continue to invest on new technologies development	Urgent research on new technologies development	Further deployment of available technologies and innovative efforts	<ul style="list-style-type: none"> Conduct pilot test on potential technology to avoid unnecessary loss Conduct research to check the development and maturity of technology as to ensure better performance
Extreme Weather	Assume the rate of extreme weather reduced given that the global warming is limited to 1.5 °C	Assume the rate of extreme weather increased as the global warming exceeded the limited level	Assume the rate of extreme weather reduced as the global warming is limited to 1.5 °C	<ul style="list-style-type: none"> Continue to research and invest in technologies for predicting extreme weather in advance Advance planning on shipping schedule and routing to allow early arrangement for detours if necessary. Analysing the time of deviation and suspension to minimise or avoid vessels and property loss SITC has established a prevention plan and emergency plan which would be reviewed regularly and updated according to the latest regulatory standards and business operation, and ensure all employees are well aware of the procedures stipulated in the plans Strengthen lashing to containers to prevent falling into the sea and causing damage to the cargo Purchase relevant insurance Conduct regular safety inspections to eliminate hidden dangers of accidents
Floods and Disasters	Assumes the frequency and severity of floods are reduced	Assumes the frequency and severity of floods are increased	Assumes the frequency and severity of floods are reduced	<ul style="list-style-type: none"> Keep track of weather information, media and government notice to take precautions in advance Early warning systems to give advance notice of impending floods and other natural disasters, allowing employees to take action to protect themselves and SITC's facilities Enrich site bases and cargo structure to improve the ability to resist risks Good land use planning to reduce the risk of floods and other natural disasters by avoiding business development in high-risk areas, such as floodplains and coastal zones Strengthen safety training and drills, improve employee's safety awareness In case of flooding, implement SITC's crisis management plan Purchase relevant insurance for recovering from the impacts of floods and other natural disasters Engaging with customers to build trust, improve communication, and ensure that disaster preparedness and response efforts are tailored to the specific needs and circumstances of the business

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Climate Scenario	The Net Zero Emission Scenario by 2021 (NZE)			SITC's Resilience Actions and Strategies
	IPCC (SSP 1-1.9)	IPCC (SSP 5-8.5)		
Heatwaves	Description of Risks Assume the frequency, intensity and duration of heatwaves are increased	Assume the frequency, intensity and duration of heatwaves are increased	Assume the frequency, intensity and duration of heatwaves are increased	<ul style="list-style-type: none"> • Shorten the outdoor operation time and reduce the number of outdoor operation sites • Provide heatstroke prevention and cooling materials to employees • Pay attention to the weather forecast and install smart detection equipment allow early prevention • Deploy automated operation system to reduce personnel demand when necessary • Purchase accident insurance in advance • Established customer handling procedures to ensure efficient respond to customers • Actively explore different markets to increase customer groups and optimize customers and supply sources to reduce dependence on a single source
Temperature	Assume the global warming is limited to 1.5 °C	Continue to increase rapidly	Assume the global warming is limited to 1.5 °C	<ul style="list-style-type: none"> • Renovate and adopt energy-saving equipment, such as solar panels and other renewable power facilities, to business operation • Contingency plan on shipping routes • Adopt physical cooling methods • Switch off idled equipment • Adopt energy storage system to reduce fuel consumption • Adjust working hours if necessary to reduce energy usage
Sea level	Assume sea level rise is limited to around 0.15-0.23 m by 2050	Assume to sea level rise is approximately 0.20-0.29m by 2050	Low	<ul style="list-style-type: none"> • Assess the risk of sea level rise during the site selection • Inspect and assess the risk of the existing sites regularly in accordance with the sea level rise guidelines promulgated by the different countries • Keep track of the rate of sea level rising as this will help for sourcing suitable spots in case of the need for site relocation • Land and warehouse rental instead of buying to prevent damage to long-term assets
Biodiversity	Assume the rate of biodiversity loss is reduced due to implementation of policies and measures to protect and restore ecosystems	Biodiversity loss continues	Assume the rate of biodiversity loss is reduced due to implementation of policies and measures to protect and restore ecosystems	<ul style="list-style-type: none"> • Pay attention to policy changes • When designing or constructing new ships, SITC has always put into consideration of environmental requirements to protect biodiversity • Select shipping routes that would avoid harming the sensitive marine areas • Select environmentally friendly suppliers

Energy Conservation and Environmental Protection

Record of Extreme Weather Events

Extreme weather (type)	Number of occurrences			Period-on-period changes	Number of voyages affected			Period-on-period changes	Countermeasures
	2022	2023	2024		2022	2023	2024		
Typhoon	15	10	20	100.00%	212	159	193	21.38%	Shelter, anchoring and deviation
Strong cold and high-pressure	5	12	15	25.00%	46	214	136	-36.45%	Anchoring, deviation and shelter
Severe tropical cyclone	2	26	20	-23.08%	23	39	29	-25.64%	Anchoring, deviation and shelter
Others	–	5	15	–	–	5	22	340.00%	
Total	22	53	70	32.08%	281	417	380	-8.87%	
Single-vessel impact rate	–	–	–	–	281.00%	408.82%	356.81%	-12.72%	

The Company focuses on Asian routes. According to the Company's vessel records, typhoons, strong cold and high-pressure and severe tropical cyclones are the most common types of extreme weather encountered in shipping, with typhoons being the most significant. In 2024, the number of typhoons and the number of affected voyages increased significantly. Although the number of strong cold and high-pressures increased, the number of affected voyages decreased. To address these extreme weather events, the Company's vessels may experience delays in arrival. Overall, in 2024, despite the increase in the number of extreme weather events, the Company reduced the number of affected voyages and the impact rate, and the length of time spent at anchor avoiding winds and detours decreased by approximately 8%, with the ship management department contributing significantly to route planning or avoidance of unusual weather. In the future, the Company's vessels will still continue to strengthen their ability to warn and respond to extreme weather, adapt to climate risks and minimize losses in order to ensure the safety of our routes.

Due to the fact that the Company has been facing much more impacts from climate change, we had carried out further analysis by addressing impact of climate warming to weather, and focusing on the possible impact of global warming to the Pacific Ocean (the principal operating region of the Company):

1. the frequency and intensity of the climatic phenomenon known as El Nino and La Nina have been increased by global warming, which may cause wide-spread impact to the global climate and ecosystem. Extensive and abnormal marine temperature

will affect the overall climate of the region, and also provoke particularly serious threat to the marine life. It is due to the disorder of thermocline and halocline, eutrophication and hypoxia caused by abnormal marine temperature, which may result to red tide or massive death of marine life. This will change the variety of marine life and affect biodiversity, causing the area of marine protection zone to further expand.

2. In addition, abnormal marine temperature will affect the temperature-driven ocean current. The Equatorial Current, the Australian Current, the Northwest Pacific Current, the Komodo Current, the tropical western Pacific Current and Kuroshio Current within the Pacific Ocean region will be weakened or slow down. It may also affect the intensity and location of the coastal current and in turn affecting the climate and ecosystem of Asia. Besides, the change in ocean current may also cause impact to the oil consumption of vessels.
3. The frequency and intensity of extreme weather such as typhoon and rainstorm will be increased, which may cause serious influence to the normal navigation of vessels, enhance the risk of loss of cargo or crew, reduce vessel punctuality, increase enterprises' risk and insurance cost and lower profit rate.

Energy Conservation and Environmental Protection

All in all, we consider that global warming may result to irreversible changes to the Asia-Pacific Ocean atmosphere-marine system, and will bring adverse impact to the operation of the Company in terms of operation stability, navigation safety, operating costs, transformation cost, etc., including but not limited to:

- 1) in respect of acute climate risk, climate change may increase the frequency of extreme weathers such as heat wave, storm, flooding. Due to unexpected and abnormal weather, the punctuality of vessels will be decreased, which in turn affecting the operating costs and return on investment of the Company. More dangerously, it may increase the rate of accidents in the shipping industry. The higher intensity of extreme weather, the higher vessel damage will be caused, and lead to crew injury or death and loss of cargo. In case of realization of acute climate risk, the Company may face massive loss. To response to this kind of possible incidents, the Company has to bear higher employee training costs, costs for disaster contingency facilities and vessel reinforcement costs.
- 2) in respect of chronic climate risks, climate change may cause chronic climate risks such as increase sea level, coastal erosion, ocean acidification and hypoxia. These risks will be intensified gradually under the higher global temperature, which in turn causing long-term impact to the shipping industry. For example, the increase of sea level may result to change in routes and ports, while ocean acidification may affect the durability of vessels and port facilities. Ocean hypoxia will cause serious impact to biodiversity and result to increasing area of marine protection zone, which means circumnavigation will become necessary. In case of realization of chronic climate risks, the Company has to explore routes with higher costs, and has to install emission and purification facilities on a compulsory basis due to regulatory requirements. Thus, to response to such possibility in advance, the Company needs to carry out prior selection of ideal ports for cooperation and appropriate route planning.
- 3) in respect of transformation risk, global warming will result to changes in global environmental policies, which may enhance market and technology risks. Costs of fossil fuel may surge. Changes in environmental policies may impose more stringent limitations and requirements to vessel emission, which will in turn increase the vessel operating costs and the market prices of green patents and technologies. Thus the Company may

need to make prior increase in investment in emission reduction equipment and technologies.

All in all, global warming will enhance the Company's navigation risk, insurance costs, energy costs and costs for emission reduction equipment, affect port and route stability, safety and punctuality of cargo transportation. To alleviate these risks, the Company needs to adopt a series of measures, including improvement in vessel design and building, route planning and port management, adoption of more environmental friendly vessel fuel, promotion of waste recycling and rescue, formulation of contingency measures for climate change, etc.

Targeted Risk Resilience and Adaptation Plan/Climate Resilience:

Based on the results of our scenario analysis and risk assessment, the Company has identified material physical and transition risks based on dual materiality levels, and have provided corresponding actions and strategies to address them. In addition, we have developed targeted resilience and adaptation plans for climate risks, which are particularly important.

1) Extreme Weather

The Company will gradually increase its emphasis and investment in vessel route planning over the next ten years. We will try our best to adapt to various uncertain weather factors under global warming and reduce the proportion of affected voyages. In addition, we will evaluate the safety level of our vessels to enhance our ability to resist climate risks. This plan will cover all of our shipping businesses.

2) Floods and High Temperatures

For our onshore depot business, we will gradually complete oil-to-electricity upgrades over the next ten years, and pay particular attention to flood risk, as well as risks associated with high temperatures and wildfires for newly sited depots or warehouses, so as to enhance firefighting training and safety management. In addition, in order to combat climate change, we have adopted solar panels for self-generation of electricity at newly built depots, and this program will cover all our depots and warehousing operations.

3) Emissions, Biodiversity, and Compliance

In order to comply with IMO and various national laws and to protect the climate and the environment, we install ballast water modification equipment on all our vessels to prevent impacts on biodiversity, install desulfurization towers on new vessels to limit sulfur emissions, add fuel additives to all our vessels to reduce the production of various

Energy Conservation and Environmental Protection

pollutants, and strictly manage oily wastewater to avoid environmental pollution. This plan is permanently in effect and will cover all of our shipping operations.

4) Carbon Pricing

Since 2024, the Company has not only adopted a dual materiality level to analyze risks, but also internalized externalities, so as to conduct internal carbon pricing. We calculate the shadow carbon cost based on the inclusion ratio of the shipping industry in the EU-ETS and the average carbon price of the EU ETS. This plan is permanently in effect and will cover all business units of the Company.

Metric and Targets

SITC is committed to achieving the goal of reducing global CO₂ emissions to net zero by 2050, ahead of the original target of 2060, limiting the long-term increase in average global temperatures to 1.5°C. As for this, SITC has established carbon reduction targets and initiatives to prepare for the transition to a low-carbon economy and has designed a reduction curve and roadmap.

To achieve the carbon reduction targets, SITC's business has been strictly operating in accordance with environmental regulations, in particular full compliance with mandatory technical and operational measures and emission standards set by the International Maritime Organization (IMO). The IMO wholly supports the United Nations development goals and is the United Nations specialized agency with responsibility for the prevention of marine and atmospheric pollution by ships.

In 2024, SITC launched 9 low-cost and high-efficiency new ships to cut down emissions. The new ship model has an enhanced fleet capacity and greatly improved the efficiency of energy use. The Company has also been actively focusing on the development of new energy ships. Please refer to section 3.1 and 3.2 of this report for detailed energy conservation and emission reduction pathway of the Company.

Climate-related Metric and Targets

SITC has formulated detailed climate-related metric and targets, please refer to the section of "Climate and Emission Reduction Strategy" in this report for details.

Harmonious Development

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

Future targets:

Labor and employment:	The proportion of female onshore employees will increase to 50% in 2030;
Development and training:	The proportion of employees trained will remain at 100%, and the duration of training will be increased;
Health and safety:	The employee physical examination rate will remain at 100%; achieve the target of net-zero accidents and non-zero employee injury rate (including contractors);
Welfare and incentives:	The limit of awarded shares in 2025 will be 5% of the Company’s net profit

4.1 HUMAN RIGHTS PROTECTION

SITC strives to safeguard human rights and labor rights and provide a safe, healthy, fair and respectful working environment for the Company’s full-time employees as well as related employees, such as contractors. This will be regarded as a core value of the Company. We protect human and labor rights, prohibit discrimination and harassment, ensure fair and equal treatment and equal pay policies for all employees, and prohibit the use of child labor and forced labor. Meanwhile, we attach great importance to the health and safety of our employees, comply with the core conventions of the International Labor Organization (ILO) and the relevant laws and regulations in each of the locations where we operate, prohibit the use of child labor, and ensure freedom of association, collective negotiations, liberty of employment, and rights to appeal. While ensuring reasonable salaries, benefits, and working hours, we also lay great emphasis on employee training and development, providing diversified training opportunities and career development plans to help employees continuously improve their skills and knowledge. The Company’s commitments related to human rights protection are all endorsed and approved by the Board, and implemented and accounted for by the executive management.

1. List of Undertakings for Human Rights Protection

In 2024, we have expanded our list of undertakings to protect human rights, which has incorporated more kinds of human rights of the stakeholders. We are dedicated to protect rights of all people involved in our value chain. We are committed to applying the same human rights protections to our contractors as we do to our full-time employees, and require our suppliers and other upstream and downstream partners to comply with the same requirements. We are committed to continuously reviewing and improving our policies and practices to fully protect human and labor rights. We believe that only when employees, the environment, and society are fully protected can an enterprise develop steadily and achieve long-term success.

2. Human Rights Due Diligence

We are committed to respecting human and labor rights in our business operation and taking steps to prevent and mitigate the risks and impacts associated with these rights. We have developed a human rights due diligence process to identify and assess potential impacts and risks associated with human rights. Our human rights due diligence process is in place and we will regularly assess and improve our process on a yearly basis to ensure that our business activities do not have a negative impact on human rights.

Our human rights due diligence process includes the following:

Risk identification: We identify potential human rights-related impacts and risks as well as the affected groups.

Risk assessment: We assess identified risks to determine their potential impact and severity.

Control measures: We adopt appropriate controls to mitigate or eliminate potential impacts and risks.

Monitoring and reporting: We regularly monitor and report on the performance and results of our human rights due diligence processes, and communicate and engage with stakeholders to ensure that our processes are fully implemented and continuously improved.

We disclose to the public our specific human rights due diligence policies and processes, the challenges that we face and the improvement plans regarding our human rights due diligence, and our communications and engagement with stakeholders. The Company’s website will disclose relevant information to build transparency and trust and improve social responsibility and sustainable development.

Harmonious Development

3. Identified Human Right Risks and Groups

As of the reporting period, the Company's identification results of human rights risks and affected groups for the year are as follows. The following potential risks are considered important by the Company, listed in no particular order of importance.

- 1) The Company's onshore employees – fair promotion: We have not found any significant human rights issues within the Company for the general employee group. During the reporting period, the Company did not have any non-compliance with relevant laws and regulations in relation to employment and labor practices. During the human rights assessment, we received one feedback from a full-time employee regarding work benefits, which did not materially violate labor-related laws and regulations, but we still handled the incident carefully and resolved it. We will continue to work on improving human rights-related education and training, and plan to increase the length of human rights-related training in employee training.
- 2) The Company's offshore employees – health and safety: The Company's offshore employees account for over 30%. During the reporting period, the Company did not have any incidents involving crew members that were not in compliance with relevant laws and regulations in relation to employment and labor practices. We only received one feedback case on job opportunities. We conducted follow-up investigation on the relevant incident and handled it, and provided satisfactory job opportunities for the relevant employees. The Company attaches great importance to the rights and interests of offshore employees. The Company has entered into employment agreements and supplementary employment agreements with employed crew and strictly follows the International Maritime Labor Convention and the Company's Occupational Health and Safety Operation Control Procedures to safeguard the rights and interests of seafarers. We emphasize that we attach great importance to the physical and mental health of crew members during work and are committed to continuously improving the safety of the working environment and mental health counseling for crew members. We ensure crew members are treated well at work. We believe that crew member's potential human rights risks are the most worthy of our attention and control, and we will continue to report and improve crew-related human rights due diligence results.
- 3) Female-pay equality: The risk of inequality in pay

- 4) Third-party employees or contractors-employee benefits: The risks of inequality in remuneration or risks of incomprehensive benefits compared to regular employees of the Company

In addition to the potential human rights risks identified above, the Company will include any emerging human rights issues in the identification of human rights risks in the Company's value chain and actively address them.

4. Human Rights Evaluation

In 2024, we have conducted human rights evaluation, covering 100% of our self-operated business, 81% of the joint ventures and 7.2% of the first-class suppliers. The evaluation methods included interviews, desk research, questionnaires, letter of social responsibility undertaking, etc. As of 31 December 2024, upon our request, 579 first-class suppliers have signed the letter of social responsibility undertaking. Besides, we have also conducted a human rights survey on more than 3,000 employees in the subsidiaries which have more than 20% of the shareholding. Among them, 99.9% of employees were satisfied with the current human rights status of the Company. Only less than 0.1% of the employees believed that there were issues related to freedom of employment and fair treatment.

- 1) The opinion of the onshore employees who raised concerns was that they were dissatisfied with the pressure of their work and that they still had to deal with their work during their vacation period. Upon receipt of the opinion, the Company immediately adjusted the work assignments and reduced the pressure of the employees in the area;
- 2) The opinion of the offshore employee who raised concerns was that it was not able to get a job opportunity. The Company believes that fair treatment of all employees should be based on individual ability, and understood the significance of the employee's proposal and coordinated with it to provide a job opportunity by transferring it to another post.

To address the above human rights survey results, the Company appointed dedicated personnel to communicate with employees who raised concerns to further understand their reasons and responses:

- 1) When assigning work tasks, the Company fully considers the manpower surplus of each business location, and recruits new employees or dispatches manpower in a timely manner;

Harmonious Development

- 2) Enhance attention to job opportunities for employees and increase communication when evaluating employees.

5. Supervision of Labor Practices

In order to ensure that the Company's human rights commitments and labor system are complied with and continuously improved, the Company has initiated a periodic monitoring plan for indicators related to human rights and labor welfare, which is reported monthly and statistically reviewed on a quarterly or semi-annual basis. Including but not limited to:

- 1) Employee wage level comparison with local wage level or upward adjustment plan to ensure decent work;
- 2) Plans for increasing employee additional benefits (extra allowance, pension, insurance, extra vacation, etc.);
- 3) Statistics and control of employee work and overtime hours to avoid damaging employee well-being;
- 4) Statistics and supervision of employee overtime pay to ensure accurate payment;
- 5) Gender pay gap statistics and reduction plan;
- 6) Plans to improve employee working conditions and crew living conditions, and regular exchange of opinions with employees.

6. Human Rights Risk Mitigation

In order to mitigate and alleviate human rights-related risks and damages, the Company has established human rights risk mitigation measures, as well as remediation plans for all of its operating locations, as well as for its vessels. This covers at least 115 branches and 100 operating vessels, including our own employees and contractors, and extends it to our supply chain and joint ventures.

For indirect potential exposure to human rights risks, we conduct human rights assessments and due diligence when investing in or selecting suppliers, and require the suppliers to sign a cooperation commitment letter containing human rights protection conditions, and exclude high-risk companies that violate human rights principles from cooperation.

For direct human rights risks that we may be exposed to in our own business scope, we continue to solve problems and reduce risks through timely handling of anonymous reports, human rights assessment and due diligence, and other means.

In 2024, the Company received only two complaints in the course of our human rights assessment and due diligence regarding job opportunities and work intensity, respectively. We resolved these employee issues through employee communications, job transfers, and task reassignments, and confirmed that the two complaints did not materially affect human rights.

In addition, the Company will take measures to improve any adverse impacts on external human rights in the course of operations by means of financial compensation, remediation of damages, and public apologies and process improvements.

7. External Audit

Shanghai Crewing Company successfully passed the 2024 annual audit of seafarer dispatch qualifications

On 27 November 2024, Yangshan Port Maritime Safety Administration conducted an annual audit of Shanghai Crewing Company's seafarer dispatch qualifications. According to the laws and regulations related to the management of seafarers' dispatch in the Republic of China, the audit team comprehensively examined the signing of crew training and crew embarkation agreement of the Company; the application for crew certificates and filing of appointments and dismissals; the staffing of full-time operational personnel and management personnel; the implementation of the seafarer dispatch management system; and the signing of the labor contract and the payment of social insurance for crew members, etc. Yangshan Port Maritime Safety Administration highly praised the Company's crew management concept of strict management and good treatment, as well as the standardization and professionalism of the crew service work. After a detailed audit, our Company successfully passed the 2024 annual audit of seafarer dispatch qualifications.

4.2 LABOR AND EMPLOYMENT

The commitments or systems related to human rights disclosed by the Company to the public are applicable to the scope of the Company's value chain, including the Company's operations, contractors, and partners, and we will resist any behavior that harms labor rights within our value chain. We have the following systems or commitments:

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

The Company strictly prohibits child labor and has established detailed employee recruitment policies and review procedures to prevent the employment of child labor under the age of 16 due to faults in recruitment work. The minimum age for new hires in 2024 was 18 years old.

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

In addition, to ensure fair recruitment and promotion, we strictly prohibit charging recruitment or placement fees. Any subordinate organization or employee is not allowed to charge any fees to job applicants in exchange for job offers or placements, and will be severely investigated and punished upon discovery.

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

During the reporting year, based on the employee questionnaires and the human right due diligence, there was no incident involving child labour, forced labour and discrimination in the Company.

SITC strives to create a fair, equal, respectful, and inclusive work environment. We oppose any form of discrimination or harassment, towards which we have adopted a zero-tolerance attitude. Our policies and measures include but are not limited to a clear statement prohibiting discrimination and harassment, a zero-tolerance policy for discrimination and harassment, reporting procedures for relevant training and similar incidents, handling procedures, corrective actions and disciplinary actions, requirements for upstream and downstream partners as well as public commitments. We will publicly declare this commitment and regularly review and update our anti-

discrimination and anti-harassment policies and statements to ensure that all employees can work in a safe, healthy, and harmonious workplace. We hope that all employees, contractors, upstream and downstream partners, and customers can understand our position and attitude and work with us to create a respectful and inclusive working environment.

The Company fully respects employees' rights to freedom of career, resolutely prohibits forced labor of any cause, and will not restrict the personal freedom of employees in any way. The Company strictly stipulates the maximum standard working hours and the maximum overtime hours in accordance with the laws of each place where it operates, gives employees the overtime pay they deserve and tries its best to avoid overtime work. In addition, the Company is committed to complying with the laws of each place where it operates and providing employees with a minimum notice period before mass layoffs or dismissals are carried out, so as to give affected workers time to prepare for or look for alternative jobs and to safeguard the employees' right to choose their jobs. Onboard training on labor rules and regulations is provided to employees to allow them to fully understand their rights and obligations of work. Valuing the rights and interests of offshore employees, the Company enters into an employment agreement and supplementary employment agreement with crew members employed and safeguards their rights and interests under the Declaration of Maritime Labour Compliance (DMLC).

The Company provides employees with clear complaint channels, and all problems can be resolved in a fair, consistent, prompt, and effective manner under strict confidentiality. All matters regarding unfair treatment, anti-human rights, anti-labor laws, etc. encountered by employees in the workplace can be complained through the ways published by the Company in the office area. During the reporting period, the Company had no violation of employment and labor-related laws and regulations. The Company encourages the establishment of labor unions and other private organizations by its affiliated companies. There are 12 labor union organizations established by branches of the Company. In 2024, the proportion of unionized employees in the Company has reached 13.5% according to statistics, representing an increase of a 1% as compared with last year. We are committed to continuing to promote more employees to join the union in the future and put forward their suggestions to the Company.

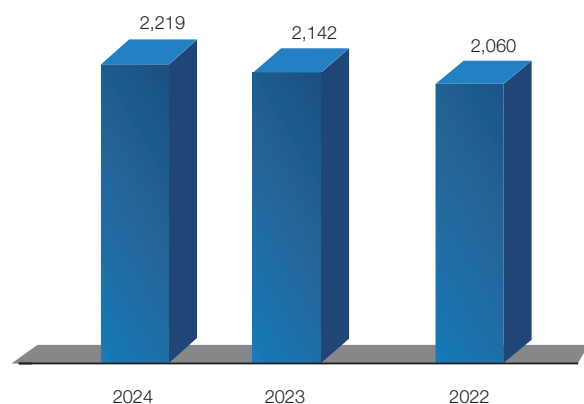
In 2024, the Company had 3,476 full-time employees (including crew members), representing an increase of 2.7% from that in 2023.

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Onshore Employees

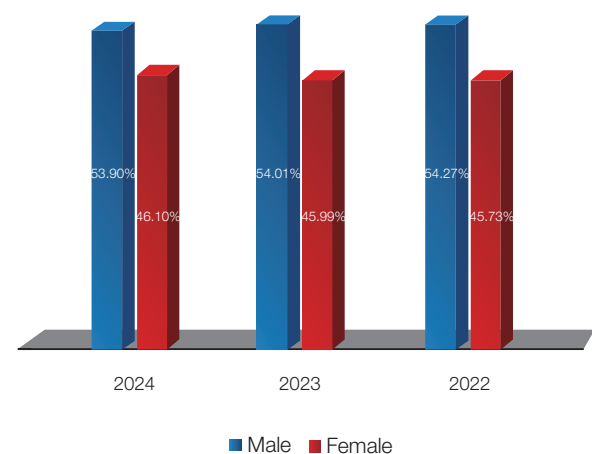
In 2024, the total number of onshore employees was 2,219, representing an increase of 77 or 3.6% as compared with that in 2023, which was mainly due to the expansion of the Company's business scale and the increase of business outlets.

Total Number of Onshore Employees



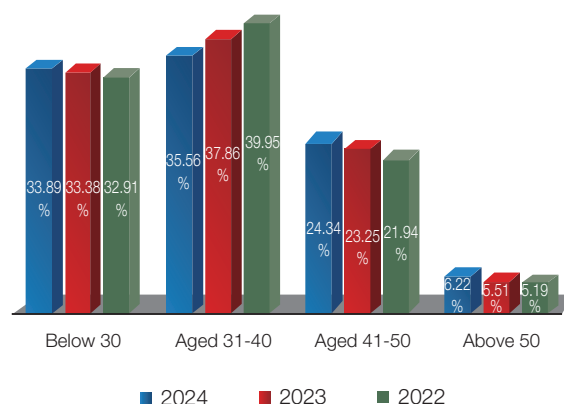
In terms of gender, there were 1,196 or 53.9% male employees and 1,023 or 46.1% female employees.

Employee Proportion by Gender

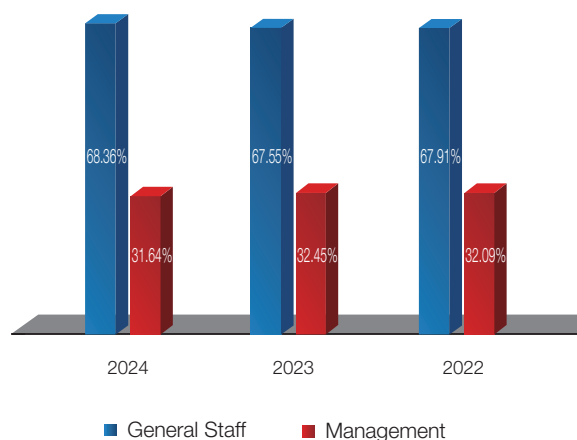


In terms of age group, there were 752 or 33.9% employees aged 30 or below, 789 or 35.6% employees aged 31 to 40, 540 or 24.3% employees aged 41 to 50, and 138 or 6.2% employees over the age of 50.

Employee Number/Proportion by Age Group



Proportion of Employees by Rank

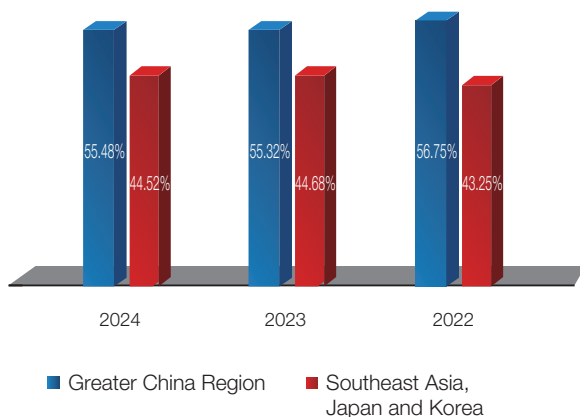


Harmonious Development

In terms of geographical region, 1,231 or 55.4% of employees were from Greater China, and 988 or 44.6% of employees were from Southeast Asia, Japan, South Korea and other regions. The continuously rising proportion of employees from Southeast Asia, Japan, and South Korea reflects that more local employees are employed and the Company is growing in an increasingly international manner.

Among the employees from Southeast Asia, Japan, and South Korea, Thai employees had the largest number of 275, followed by Indonesian of 155, Vietnamese of 135, Malaysian of 116, Filipinos of 98, Japanese of 64, and South Korean of 59.

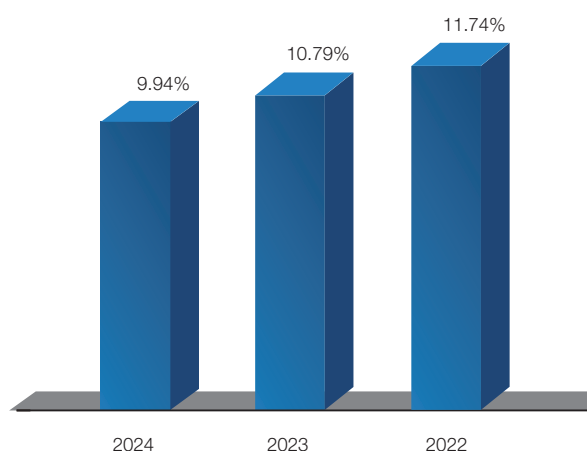
Number of Employees by Region



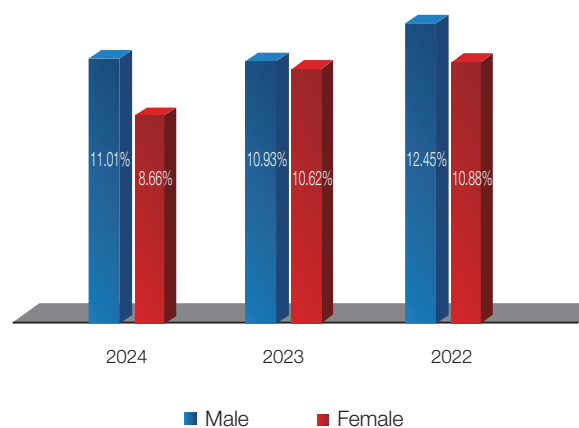
In 2024, the turnover rate of the Company decreased by 0.85% over 2023. The turnover rate of male employees was higher than that of female employees, while the turnover rate of general staff was higher than that of the management staff.

The turnover rate of employees from Greater China region and Southeast Asia decreased, reflecting our improvements in employee remuneration and benefits as well as working environment and thus our attractiveness to employees in the post-pandemic era. The voluntary dismissal rate of employees has been basically remained unchanged. We respect the decision of our employees and avoid dismissal of employees as far as possible.

Turnover Rate of Onshore Employees



Employee Turnover Rate by Gender



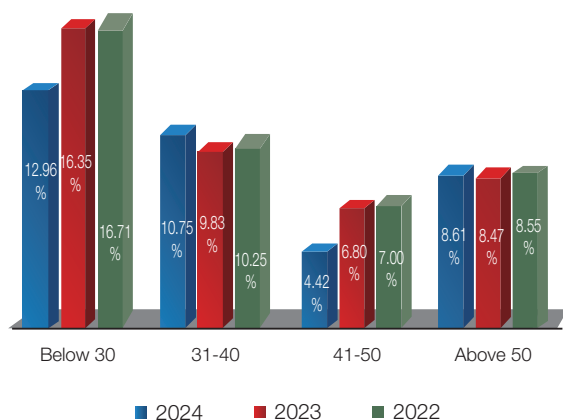
In 2024, the recruitment of our new employees has fully reflected the diversity of employees in terms of age, nationality and gender, enriching our team of talents.

Breakdown of New Employees

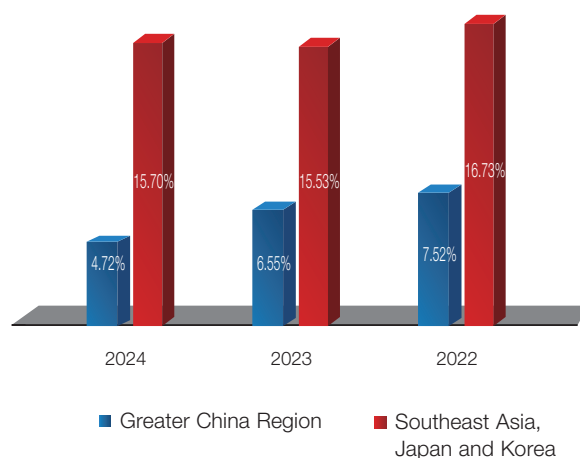
		Number of Employees
Gender	Male	198
	Female	154
Age	18-20	2
	20-30	240
	31-40	81
	41-50	25
	51-60	4
	60+	0
Rank	Management	30
	General staff	322
Nationality	Greater China Region	122
	Southeast Asia and	
	Others	230

Harmonious Development

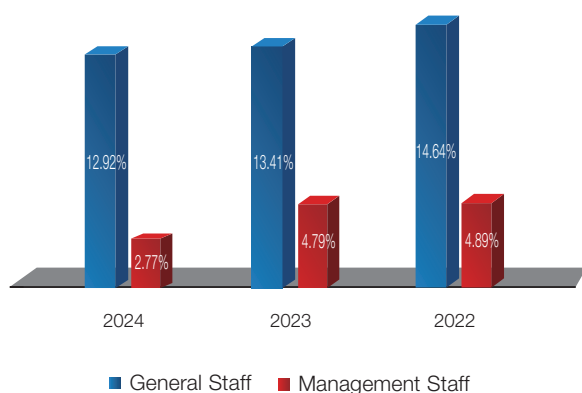
Employee Turnover Rate by Age



Employee Turnover Rate by Region



Employee Turnover Rate by Rank



- Remarks:
- For the calculation of the turnover rate of employees, please refer to the Reporting Guidance on Social KPIs on the website of the Hong Kong Stock Exchange (www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app3_socialkpis_c.pdf?la=zh-HK)
 - The relevant headcount calculations in this report were based on the headcount as at 31 December.

	2021	2022	2023	2024
Total dismission rate	7.16%	11.74%	10.79%	9.94%
Voluntary dismission rate of employees	6.96%	10.93%	10.16%	9.42%

Remarks: Employees' voluntary dismission rate represents number of voluntarily dismissed employees divided by the total number of employees.

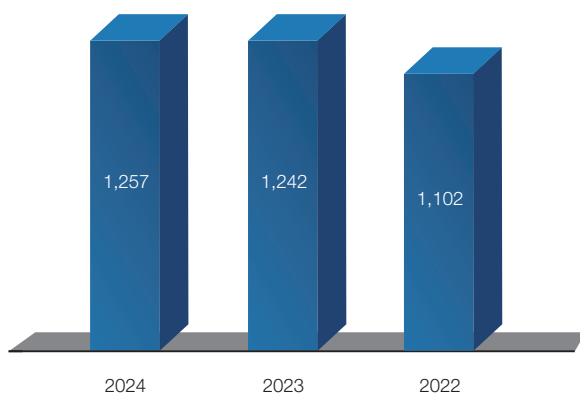
In addition to the above full-time onshore employees, 134 contractors were serving the Company.

Harmonious Development

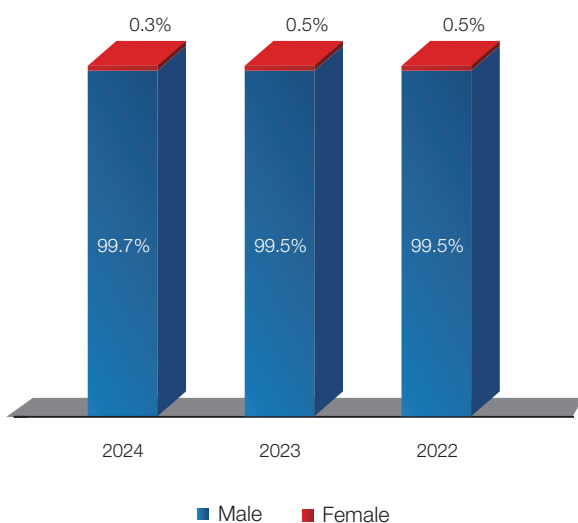
Offshore Employees

As at 31 December 2024, the Company had a total of 1,257 crew members, representing an increase of 15 crew members as compared with 2023. Female crew members remain low, which is a characteristic of the industry, however, the Company adheres to the principle of gender equality in the industry to provide employment opportunities for outstanding shipping professionals. With the development of modern ship technology and the application of automation systems, the position of crew members will no longer be the exclusive occupation of male employees. The addition of fresh members makes our fleet composition more dynamic, richer, and more diverse.

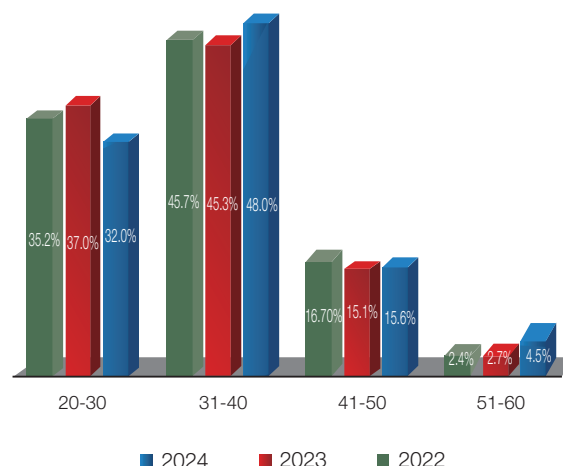
Total Number of Crew Members



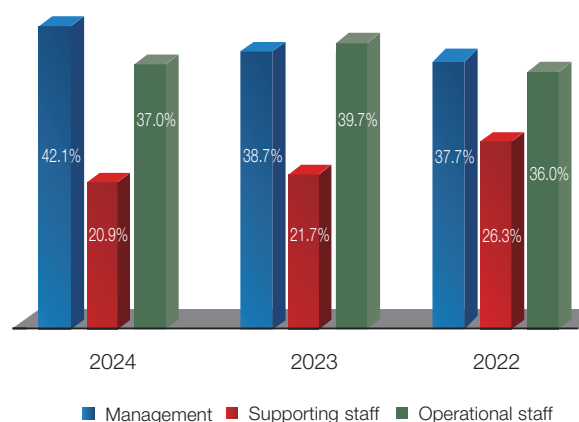
Number/Proportion of Crew Members by Gender



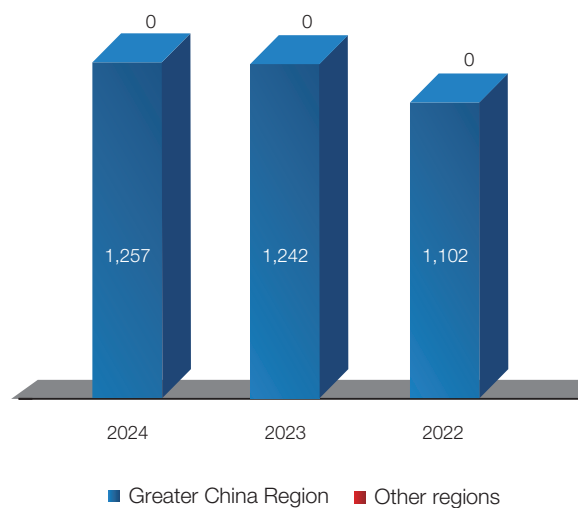
Number/Proportion of Crew Members by Age



Number/Proportion of Crew Members by Rank

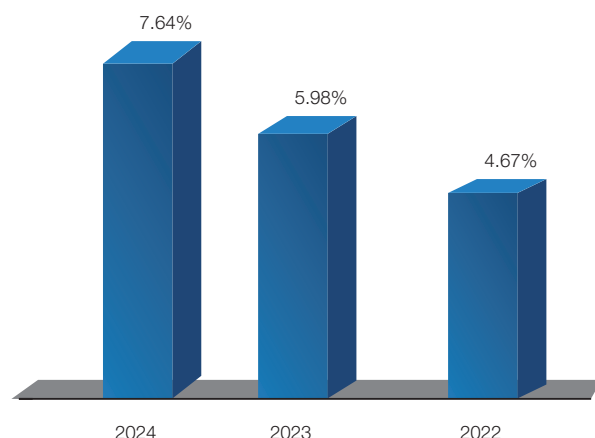


By region



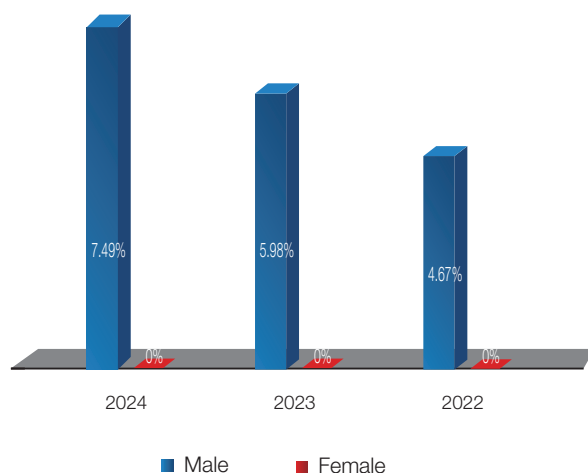
Harmonious Development

Turnover Rate of Crew Members

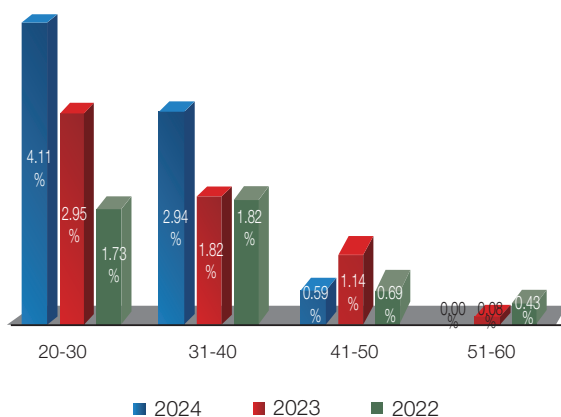


In 2024, SITC's crew member turnover rate increased, which mainly consisted of crew members under 30 years old. In the future, we will plan to take initiatives to increase the appeal to young crew members.

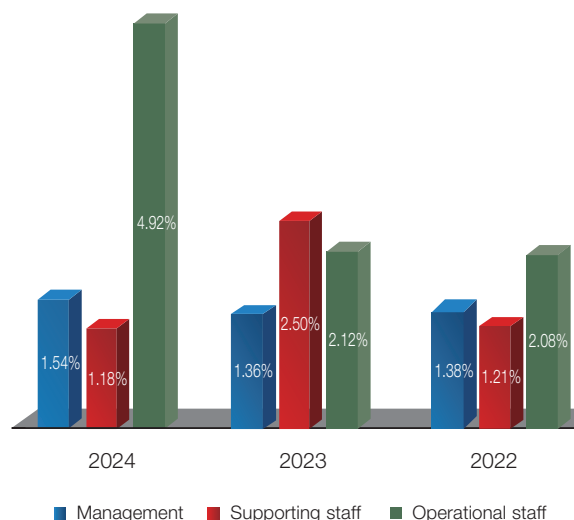
Turnover Rate of Crew Members by Gender



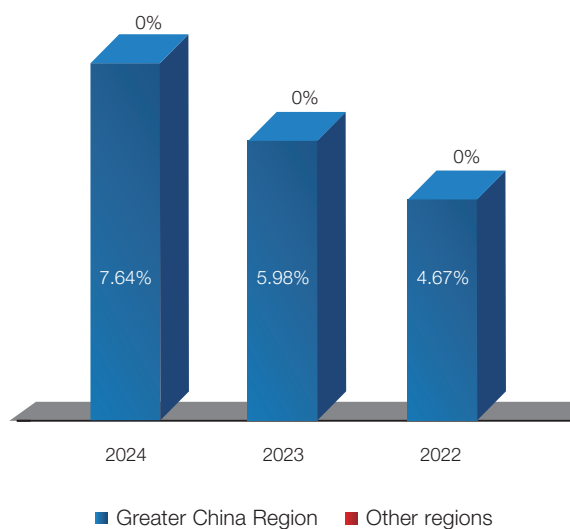
Turnover Rate of Crew Members by Age



Turnover Rate of Crew Members by Rank



Aggregated Turnover Rate of Crew Members by Region for the Year



In 2024, in addition to the Company's crew members above, the Company had an average of 923 contractor employees or individuals providing shipping-related work services for the company for the year.

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4.3 GENDER EQUALITY AND NATIONALITY DIVERSITY

The Company strives to offer equal treatment to employees of different nationality, background, age and gender in respect of recruitment, promotion, salary increase, etc. All employees are treated equally based on their personal competence and the specific duties of their positions.

Diversity of Employees' Nationalities

Nationality	2022	2023	2024	Proportion	Number of employees of management level in	
					2024	Proportion
Total Number of Employees	2,060	2,142	2,219		702	
Greater China Region	1,169	1,185	1,231	55.48%	498	70.94%
Thailand	221	269	275	12.39%	42	5.98%
Indonesia	163	157	155	6.99%	27	3.85%
Vietnam	129	128	135	6.08%	26	3.70%
Philippines	97	98	98	4.42%	24	3.42%
Malaysia	82	106	116	5.23%	24	3.42%
Japan	65	60	64	2.88%	18	2.56%
Korea	60	59	59	2.66%	22	3.13%
Others	74	80	86	3.88%	21	2.99%

Remarks:

- Only onshore employees are taken into account when analysing the diversity of employees' nationalities
- Proportion of employees of management level represents the proportion of the employees of management level with specific nationality to all employees of management level, including junior, middle and senior management members (percentage of total number of management members)

In 2024, we continued to disclose to the public our gender comparison in employment and remuneration, and we are pleased to see that the proportion of female employees in all types of managerial or non-managerial positions has increased significantly. In addition, the proportion of female and non-Chinese crew members is relatively small, which is caused by the industry and operation traits, therefore, crew members are temporarily not included in the statistical scope of gender ratio.

Proportion of Female Employees and Target

	Total Number of Employees		Percentage of previous year		Short-term target-2025	Long-term target-2030
	in 2024	female in 2024	Percentage	year		
Proportion of total workforce	2,219	1,023	46.10%	45.99%	48%	49%
Proportion of all management positions	450	161	35.78%	31.76%	35%	40%
Proportion of junior management positions	339	136	40.12%	36.50%	40%	45%
Proportion of middle management positions	106	25	23.58%	17.82%	20%	30%
Proportion of highest management positions	6	0	0.00%	0.00%	10%	20%
Proportion of Profit-making management positions	355	116	32.68%	28.33%	30%	35%
Proportion of STEM-related positions	37	3	8.11%	5.88%	10%	15%

Remarks:

- Junior management positions: represent front line management members, junior management members and the management members of the lowest rank under the management hierarchy of the Company, who are mainly responsible for guiding and executing daily operation targets;
- Middle management positions: represent managers who lead specific departments (e.g. accounting, marketing, production) or business units, or managers who assume the position of project manager within a flat organization.
- Highest management positions: represent management positions with a maximum of two reporting hierarchies from chief executive officer, including personnel who plan, guide and formulate policies within the scope as approved by the Board or other management institutes, set strategies and provide overall direction to enterprise/organizations in respect of product or service development and delivery.
- Profit-making positions: represent direct management roles in sales department, or those who directly make contribution to product or service output, excluding supporting functions such as human resources, IT, law, etc.

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5. STEM: science, technology, engineering, mathematics. STEM positions include but not limited to the followings: computer programmer, network developer, statistician, supporting staff, engineer, physicist, scientist.

Salary Comparison Between Male and Female Employees

	Average per year for female (US\$)	Average per year for male (US\$)
Salary of employees of high rank (salary only)	NA	649,758
Higher rank (basic salary + other cash incentives)	NA	1,329,328
Management rank (salary only)	33,923	48,374
Management rank(basic salary + other cash incentives)	62,292	95,900
Non-management employees (salary only)	14,212	17,284
Non-management employees (basic salary + other cash incentives)	21,851	24,520

Indicator	2023		2024	
	Differences in hourly salary between male and female employees (%)	Differences in hourly salary between male and female employees (US\$/hour)	Differences in hourly salary between male and female employees (%)	Differences in hourly salary between male and female employees (US\$/hour)
Difference in average salary	-31.16%	-3.86	-29.33%	-3.52
Difference in median salary	-22.08%	-1.94	-19.71%	-1.72
Difference in average cash incentives	-37.57%	-5.21	-27.73%	-1.78
Difference in median cash incentives	23.25%	0.47	-4.18%	-0.11

Remarks:

High rank represents CEO, CFO of the Group; management rank includes department heads, independent operational management staff and independent financial officers, the person in charge of each centers at the Group's headquarters, president of the Group, etc.

Other cash incentives: these are monetary incentives apart from normal salary of the employees to recognize their working performance, which include bonus and share options, etc, and will be calculated by monetization.

The percentage of difference is calculated by using the salary of male employees as denominator. The difference will be positive if the salary of female employees is higher, and the difference will be negative if the salary of the female employees is lower.

In general, the Company maintains proper proportion of female employees of 46.1%, which is near to the target of 50%, and the proportion of female employees in all types of management positions has increased significantly. Nevertheless, the proportion of female employees in STEM and profit-making positions is still small. The Company undertakes non-existence of gender discrimination in recruitment and internal transfer of position. We strive to increase the proportion of female employees in all positions to nearly 50%. Yet, we respect the preference of our female employees in their choices of position and working environment. We will try our best to compensate the salary differences between female and male. However, these differences are mainly attributable to:

- 1) Most of the management, expatriates and sales employees are male with higher salary and bonus;
- 2) It is attributable to regional differences such as Thailand, Vietnam, Philippines, Indonesia where female employees are mostly working on basic positions like customer services officers with lower salary, accounting for approximately 60% of the total female employees, and resulting to lower average salary of the female employees. Most Japanese and Korean employees are male with higher regional remuneration, resulting to higher average salary of male employees.

We plan to offer more position transfer opportunities and choices for our female employees in the future, and disclose the equal pay for equal work indicators.

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4.4 HUMAN CAPITAL DEVELOPMENT AND TRAINING

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

1. Recruitment and Internal Promotion

New employee is a vital driving force of our development. The Company attaches high importance to recruitment. With business expansion, our need for talent is increasing. For the previous three years, our average number of recruitment reached more than 15% of the number of employees for that year. In the meantime, we encourage internal staff to apply for filling up of vacant positions, which offer a lot of promotion opportunities to the employees, increasing employees'

diversity of skills, extending their occupational life. In 2024, the Group has offered 51 positions for each country and region, with 110 applications received, 157 employees being promoted (inclusive of position advancement and promotion), creating opportunities for personal development and growth. Overall speaking, the proportion of internal promotion and position transfer will be increased gradually. We believe that, through new recruitment and training of internal talents, our team will be stronger and more diversified, paving a solid foundation of the long-term development of the Company.

The Company always attaches attention to talent recruitment and cultivation. For the past four years, the average yearly increase of our total recruitment cost was 7%. Through long-term cooperation with relevant academies, we have established a stable talent pool system by organizing SITC training course to ensure our talent quality. We will continue to maintain the vitality of our talents and the sustainable development of the Company through various external channels, such as campus recruitment and social recruitment, and other ways including internal job rotation and promotion, etc.

	2021	2022	2023	2024	
Total Number of New Employees	416	414	338	352	Employee
Number of Vacant position filled up by Internal Candidate	95	53	68	51	Employee
Proportion of Vacant position filled up by Internal Candidate	18.59	11.35	16.75	12.66	%
Number of Internal Promotion	240	262	165	157	Employee
Proportion of Internal Promotion	12.50	12.72	7.70	7.08	%
Recruitment costs	125,670	129,748	136,686	143,632	US\$
Average Recruitment Cost (US\$)/FTE	302	313	404	408	US\$

Remarks:

Total vacant positions = number of new employees + number of vacant position filled up by internal candidate

Proportion of internal promotion = number of internal promotion/total number of employees for the year

Recruitment costs include internal and external recruitment costs, such as salaries for recruitment staff, travelling expenses and relocation expenses in relation to interview, agency fees, advertisement fees, recruitment fair, etc.

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2. Performance Management and Employee Development Plan

The Company has adopted a scientific and multi-dimensional performance assessment policy for employee performance assessment, which combines a comprehensive evaluation of team performance and employees' individual performance targets. Firstly, corresponding plans are set accordingly for branches, departments, and personnel at each level. The assessments are carried out on a monthly, quarterly, and annual basis. Team performance evaluation corresponds to the branch and department levels. Multi-dimensional evaluations are carried out according to individual benefit indicators, business volume indicators, effectiveness indicators, efficiency indicators and due diligence indicators, etc. For example, the fuel department is assessed based on energy saving and emission reduction indicators while the shipping business is assessed based on safety indicators. Secondly, employee performance targets include multi-dimensional evaluation of business volume/workload/turnover, benefits/effectiveness, efficiency, system implementation, synergy, bonus items, etc.

In addition to the comprehensive all-round performance assessment policy, we also follow a flexible performance management approach to manage employee performance throughout the year and support their personal development. We believe in fully and regularly open communication and constructive feedback between management and employees to establish specific performance targets and employee development plans. While focusing on the process of goal achievement, we also clarify quantitative indicators and scoring standards. After employees submit their performance reports, both parties participate in the joint assessment, feedback, and corrections to further improve employees' personal performance and promote career development. This is one of the most critical communication tools used by the Company for effective management.

3. Employee Training and Development

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

their thoughts and summarize their views, which will be imparted to other colleagues in the form of internal lectures or discussions, as well as has adopted a mentoring system to provide targeted skills guidance and training.

All of the Company's training programs are applicable to employees in the corresponding positions and grades, and full-time employees, part-time employees, contract workers, employees of eligible contractors or any other types of employees are treated equally in respect of these programs.

Onshore Employees

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

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

In the past few years, the Company has spared no effort to create a variety of external training atmospheres, such as encouraging academic degree promotion, supporting certification examination, and providing various training on management ability, industry skills, production safety, corporate culture, network security, and fraud prevention. The Company provides additional reimbursement or subsidies for employees' academic degree upgrading and qualification certificate examinations. KNX management skills training was organized throughout the Company in 2024, in which employees participated offline through the unified organization of optional courses. The courses cover leadership, management, personal development, interpersonal relations, professional ability, learning programs, and other fields, through which employees can apply what they have

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learned to their daily work, to continuously improve themselves and enhance management efficiency.

In 2024, the Company has provided a total of 60,357 hours of training for 2,219 onshore employees. The average training hours increased by approximately 2.6%, and the average expenses of trainings for each employee was US\$240, representing an increase of approximately 67.5% compared to the previous year.

	2022	2023	2024
Total number of employees trained	2,035	2,142	2,219
Average training hours	24.86	26.50	27.20
Average training hours per employee by gender			
Male employees	25.02	26.70	27.90
Female employees	24.68	26.20	26.40
Average training hours per employee by position			
General employees	21.77	24.04	24.80
Management employees	31.55	29.54	32.35
Percentage of employees trained	99.00%	100.00%	100.00%
Percentage of employees trained by gender			
Male employees	97.41%	100.00%	100.00%
Female employees	100.00%	100.00%	100.00%
Percentage of employees trained by position			
General employees	98.07%	100.00%	100.00%
Management employees	100.00%	100.00%	100.00%

Offshore Employees

In 2024, the Company has provided a total of 45,103 hours of training for crew members. Training for crew members mainly includes onshore training and onboard training. During the period of crew disembarkation, the Company organizes crew members to receive training in respect of certificates, electronic charts, system documents, and various operating instructions for maritime management and mechanical maintenance, safety incident analysis, operational safety management, physical and mental health of crew members, waste and oily wastewater management, vessel energy conservation, emission reduction and efficiency improvement, and other aspects. The captain will organize onboard training according to the annual training plan of the vessel on a monthly basis, including but not limited to the vessel training manual, the latest information and instructions provided by the onshore base (notices/announcements/circulars,

document modifications, conventions and rules modifications, etc.), vessel safety incident analysis and prevention, anti-pollution awareness, emergency response, etc.; and new crew members shall complete the training concerning life-saving, fire-fighting equipment, and emergency system within two weeks after embarking.

	Number of crew members trained	Percentage of crew members trained	Average training hours per crew member
Number of crew members trained	1,257	100%	35.9
Male crew members	1,253	100%	35.9
Female crew members	4	100%	35.9
Crew members at the management level	523	100%	36.7
Crew members at support level	263	100%	39.9
Crew members at operation level	465	100%	31.2

Average number of training hours per crew member for specific topics	2024
Crew health and transportation safety	5.1
Mental health	3.1
Energy management and environmental protection	2.6

Employee Development Program

Program 1: Management Skill Training (Shipping and Logistic Business)/Leadership Development Program

Employees of the Company are encouraged and supported to further enhance their professional skills and management competence for their own positions and related areas, to understand market information, to continuously expand their horizon, so as to increase their personal capability and to achieve the same ultimate goal along with the development of the Company. The Company offers different training course of management skills to employees of different positions and ranks with a coverage of 100%. Network resources are shared by all subsidiaries, and through a series of management skill-related video programmes, it aims at enhance the level of skills of the employees, strengthen coordination ability between teams,

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cultivate leadership and management capability, establish enterprise culture and a sense of recognition, increase overall performance and intensify competitiveness. By joining these professional training programs, employees can obtain new industry expertise and skills, expand their horizon and mindset, thereby enhancing personal working efficiency and quality. During the trainings, enterprise is able to discover and cultivate potential staff, and provide room and opportunities for their growth. Through trainings, enterprise can disseminate its core value, mission and concept to employees, establish enterprise culture and a sense of recognition, which in turn increasing employees' sense of belongings and loyalty, and benefiting the long-term and stable development of the enterprise. By offering valuable and meaningful trainings, an image of highly responsible enterprise with good human resources management capability can be built, which bring more commercial cooperations and customers' trust. Trainings organized by enterprise has paved a solid foundation for its long-term development and competitiveness, which help maintain its leading position in a highly competitive market.

The implementation of this program has helped to assist employees in setting career goals and growth, and in 2024 the Company maintained an employee satisfaction rate of 89%, a 0.9% reduction in employee turnover rate, and an internal employee promotion rate of 7%.

Program 2: Marketing Training

The Company arranges trainings for marketing staff and for marketing projects through online and offline trainings which is customer-oriented to set up annual sales plan, increase the skills and quality of marketing staff. The trainings cover 8% of the employees. Method of trainings include:

- 1) Internal leadership training: targeted content of the trainings are designed and executed based on the understanding of the Company, market and industry, passing on expertise and skills to marketing staff.
- 2) Discussion and analysis on relevant topics by marketing staff during the trainings to enhance competitiveness comprehensively from source exploration, port services, customer management to route products, etc, and explore new points for profit increase.

Marketing training drove a significant increase in the Company's sales, and the Company's average business volume increased by 11% in 2024.

Program 3: Trainings for Container Management

The Company offers professional trainings for container management staff through online and offline trainings to enhance the working competence and efficiency. The trainings covers 5% of the employees. Through training, employees are able to understand the deficiencies, difficulties and weaknesses of the daily operation of each port branch, align each business section and process of the container management, formulate standardized operational standards, analyze and improve the working capability and efficiency in respect of purchase and lease, allocation and use, costs and expenses, informationization of shipping containers, enhance customer satisfaction, reduce costs and increase effectiveness.

Program 4: Digital Transformation Training

The application of digitalization and artificial intelligence, as well as the corresponding organizational changes, is an important development direction for the Company. While the Company continues to promote digital and intelligent transformation, it also promotes the corresponding training and education for employees at the same time.

In April 2024, the Company's integrated ship management platform was put into use, which integrates ship information management, crew information management, crew dynamics management, ship engineering management, ship marine management and other modules, and will adapt to the ever-growing demand for information technology business development. The Company organized the corresponding personnel to conduct training on the digital management platform for vessels and crew members.

In July 2024, the Company officially launched the SAP S4 HANA system upgrade. In the second half of 2024, the Company continued to train financial personnel to promote more targeted solutions for projects during subsequent period, so as to ensure that this upgrade project can be smoothly implemented, and to inject strong momentum into the digital transformation and high-quality development of SITC.

In September 2024, at the training session for the Company's middle management, Mr. TSE Siu Ngan, Lead Independent Non-Executive Director, and Mr. Gu Bing, Vice President of Product, conducted a training session with the theme of "Application of Artificial Intelligence in Enterprise Management".

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In 2024, the Company's proportion of online booking customers increased by 6% and the proportion of online booking containers increased by 5%.

Program 5: Employee Transition Plan:

The Company attaches importance to employees' willingness and career planning, especially for all offshore employees who have made great contributions to the Company. Therefore, the Company provides comprehensive support and counseling for offshore employees in the process of transitioning to shore-based work, including but not limited to basic abilities such as office skills training and professional etiquette training, and provides targeted professional skills training according to the positions of the crew members to be transferred to (such as ship management, logistics management, business operations, etc.). In addition, for employees who have psychological pressure or are not yet adapted, the Company helps them quickly integrate into the new team by organizing company culture lectures and team development activities, or invites professional psychological consultants to carry out psychological adjustment and stress management training to help crew members alleviate the psychological pressure of moving from the vessels to the shore base.

Program 6: Culturally Adaptive Education

The Company attaches importance to fairness and mutual trust between employees of different nationalities, promotes cultural exchanges and understanding between employees of different nationalities in various branches, as well as smooth cross-country rotation of employees. Therefore, in addition to the unified training for new employees from various branches in Shanghai every year, the Company also organizes seminars for new employees, a welcome party for expatriates, or celebrates local traditional festivals, and takes the opportunity to provide employees with training on the cultural background, customs and religious beliefs of the Company's headquarters and the countries where our business is located, so as to help them help them quickly understand the differences between different cultures.

The Company also organizes cross-cultural workshops, inviting experts or internal employees with rich cross-cultural experience to share their views on cross-cultural work, cross-cultural team management, cross-cultural conflict resolution, and business etiquette in different cultures. Employees can also receive cross-cultural education through the Company's internal online learning platform, including video lectures, online courses, and cultural knowledge base.

The Company constantly provides potential employees with overseas rotation opportunities, allowing them to work in different cultural environments for a period of time to experience and learn about the local culture in person, or organizes employees to participate in international conferences, seminars and other activities to promote exchanges with peers from different cultural backgrounds.

Program 7: ESG Training

In consideration of sustainable development, business ethics, and human rights protection, the Company has incorporated a wide range of ESG issues into the Company's full-scale employee training content since 2024, and integrated them into team building and daily activities. We provide employees with awareness and knowledge and skills training in various aspects such as climate change, biodiversity protection, energy conservation and emission reduction, energy efficiency improvement, pollutant and waste reduction and recycling, business ethics, anti-corruption and fraud, information and privacy security, human rights and labor rights protection, etc. through online teaching, collective training, quality sharing, etc. The Company ensures that no less than 20% of the total time spent on employee training is devoted to the above ESG-related issues.

In addition, at least 30 low-carbon and environmentally friendly themed team-building activities were held across all branches of the Company in 2024, including but not limited to green hiking and climbing, tree planting, beach cleaning, ecological conservation, and recycling of old items, so as to promote employees' understanding of ecological conservation.

4. Return on Investment in Human Resources

HC ROI has been used to measure the Company's profitability as compared to the total employee-related costs. By considering only the profitability relating to human capital costs, we are able to understand the degree of economic value created. In last year, due to the increase in the unit price of container transportation business, the Company showed good profitability, thus significantly enhancing our HC ROI. The Company has offered 5% of the profit for that year as share option incentives for employees. Due to the decline in profits in the previous fiscal year, the value of share option incentives decreased, thus resulting in a shortfall in the employee-related expenses. However, overall speaking, our average profit made by employees, average relevant expenses and HC ROI remained outstanding in the market.

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Human Capital Investment

	2021	2022	2023	2024
Total revenue (US\$'000)	3,036,714	4,273,274	2,498,424	3,058,059
Total operating expenses (US\$'000)	1,885,481	2,345,634	1,982,050	1,915,242
Total employee-related expenses (US\$'000)	197,352	240,274	210,222	209,565
Return on investment in human capital (US\$'000)	1,348,585	2,167,914	726,596	1,352,382
Human capital rate of return on investment (HC ROI)	683.34%	902.27%	345.63%	645.33%
Total number of employees	2,855	3,162	3,384	3,476
Average profit made by employees (US\$'000)	1,063.65	1,351.45	738.30	879.76
Average employee-related expenses (US\$'000)	69.13	75.99	62.12	60.29

Remarks:

1. Human capital rate of return on investment (HC ROI) = (total revenue – total employee-related expenses)/total employee-related expense;
2. Revenue and operating expenses include principal business and other business;
3. Employees include onshore and offshore employees.

Zero occurrences of serious accidents at sea, marine pollution caused by oil and gas leaks, serious cargo accidents, industrial accident-related fatal accidents, and cargo worker overwork accidents.

In order to achieve this target, we objectively evaluate safety quality through the safety performance index (SPI) and pursue the world's highest level of safety and quality. We base most of the indicators on the approximately 100 ships operated by the Group, including owned and leased ships. Our health and safety indicators also cover all our employees, whether they are employed or outsourced. At the same time, a culture of safety is promoted by providing regular training to enhance employees' safety awareness to eliminate accidents on board or in the workplace. Additionally, we have established comprehensive and rigorous Occupational Health and Safety Operation Control Procedures and other related documents.

We are dedicated to achieving the highest level of safety and quality within the Company's value chain. We are committed to assisting our upstream suppliers and downstream partners in enhancing their safety standards while achieving a net-zero record of internal safety incidents. We require our suppliers to comply with our safety standards, including net-zero targets for accidents, and to have health and safety policies in place.

4.5 OCCUPATIONAL HEALTH AND SAFETY

1. Health and Safety Core Values and Net Zero Safety Incident Target

Upholding the philosophy "Personnel is SITC's greatest asset" as its core value, the Company always prioritizes the protection of the life, health, and safety of its employees. Our operation's success is founded on the importance of protecting our employees' safety and well-being throughout all our operations and within the value chain. SITC has established a strict occupational health and safety management system (OHS) policy, as well as a work safety management system (SMS) and KPI targets, which are applicable to the Company's value chain, including the Company's employees, contractors, suppliers, customers and partners, etc. All OHS non-zero targets are applicable to the Company's employees and contractors.

The Company considers "employees' health and safety within the value chain" as a critical sustainable development issue, sets a target of net-zero accidents in the value chain as the most important goal, and sets goals related to safety and quality, KPIs, and action plans. Accordingly, the Company has formulated the "5 Zeros" target to achieve net zero safety and health incident:

2. Employee Health and Safety Policy and Commitment

SITC reflects the organization's long-term direction in health and safety through a company-wide OHS policy and commitment, which stipulates the approach of the Company to health and safety and clearly stipulates the expectations of the Company for employees and other stakeholders. The commitments contained in the policy will then be reflected in the processes established by the Company to ensure a sound, credible, and reliable OHS management system. The occupational health and safety commitment is therefore a valuable and necessary step in developing further measures.

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The Company has implemented an occupational health and safety management system and complied with the ISO 45001 standard and other applicable national or international OHS standards and regulations, voluntary schemes, and OHS collective agreements. During maritime transportation, special attention is paid to complying with the regulations issued by the International Maritime Organization (IMO) in respect of occupational health and safety for maritime workers. The Company is committed to respecting human rights and abiding by the OCED Code for Multinational Enterprises, the Due Diligence Guidelines for Responsible Business Conduct, and the United Nations Guiding Principles on Business and Human Rights. The Company has promised to introduce occupational health and safety standards into contract requirements across the Company, applicable to employees under the Company's overall operations, as well as contractors and individuals under the Company's supervision (hereinafter collectively referred to as workers).

In order to perform the above commitments, the Company has established a systematic occupational health and safety risk assessment process, continuously completed work-related hazard identification and risk assessment processes, and applied risk control systems and structures to minimize these hazards. We ensure that workers can easily exit from potentially hazardous work environments and report risk issues. The Company is committed to protecting workers from retaliation, improving work environment risks, and performing equipment maintenance and updates to prevent and mitigate negative and direct health and safety risks during operations.

In addition, the Company provides occupational health services to workers to ensure that workers' health conditions are protected in specific work environments and to protect their health privacy and security and promotes workers' access to other non-occupational health care services. The Company is committed to providing workers with adequate occupational health and safety training to raise their awareness and reduce operational health and safety incidents from work-related hazards. We have also institutionalized procedures for investigating work-related injuries, illnesses, diseases, and accidents to ensure workers are fully compensated for work-related injuries and to reduce the likelihood of future occurrences.

During the development, implementation, and evaluation of the occupational health and safety management systems, the Company extensively consults workers for their opinions and incorporates them into the systems. The Company is committed to continuous and regular internal assessments of occupational health and safety

performance. While implementing the OHS management system, we try to discover current issues in the system and make improvements, and adopt best practices and new technologies to improve OHS performance. We also develop priorities and action plans, combined with quantified targets for improving occupational health and safety performance indicators, to address these risks and take actions to prepare for and respond to emergencies. In addition, we assess progress in reducing/preventing health problems/target risks on a regular basis.

The Board of the Company recognizes the implementation strategy of the occupational health and safety policy and clarifies the responsibilities and obligations of the management and employees of the Company in occupational health and safety. The top decision-maker is the Board. The safety policy of the Company is more than just a document. It is considered an integral part of our organizational culture, values, and performance standards. We adhere to the principles of "zero accidents" and "zero injuries" to ensure that all workers can be returned home safely. We are committed to being responsible for the communities and environment involved in maritime transport and protecting the well-being of workers and communities through occupational health and safety management.

The Company is not only committed to ensuring the occupational health and safety of workers within the Company and its contractors but also extends this commitment to the level of suppliers and partners. The Company requires suppliers and partners to comply with relevant occupational health and safety regulations and standards. During cooperation with the Company, we implement occupational health and safety management measures that meet the requirements of the Company. The Company will evaluate the occupational health and safety management of suppliers and partners and work with them to provide necessary trainings, and improve occupational health and safety performance. Meanwhile, the Company encourages suppliers and partners to develop and implement their own occupational health and safety management systems to ensure occupational health and safety in the global supply chain. Through these measures, SITC has expanded its occupational health and safety commitment to the entire supply chain, thereby ensuring that both the workers of the Company and our partner can work in a safe and healthy environment.

Through the above series of actions, SITC ensures the establishment of a sound, credible, and reliable OHS management system to protect the occupational health and safety of workers.

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

reduce the risk of the accident to the health and safety of personnel, and finally the Company shall write a risk description and control plan as a corrective and preventive measure.

To protect the occupational health and safety of all employees, the Company provides free annual physical examination and provides employees with social security under the regulations of relevant countries, as well as labor insurance, allowances and subsidies, occupational health training, and other guarantees for employees involved in a special type of work.

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

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

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

3. Frequency of Safety Incident and Work-related Injury

In addition to the “five insurances and one housing fund” for all employees, accident injury insurance and accident supplementary medical insurance are provided for positions with higher risks, such as positions in ship management companies that frequently board ships, as well as ship repair, and sea trial roles. Shipping agents in logistics companies, field offices, and on-site workers in the yard and warehouse, are also insured accident insurance.

In 2024, two full-time employees was injured and no employee died on duty in the Company. The injured employee was a crew member. In 2024, the lost time injury frequency rate (LTIFR) for all regular employees of the Group was 0.30, and the lost workday frequency rate (LWR) for regular employees was 0.21. In terms of contractors, the number of work-related injuries, hours lost due to work-related injuries, incidence rate of work-related injuries and other indicators of the Company’ contractors in 2024 all dropped significantly. Overall, the Company has made progress in ensuring the health and safety of employees. Employee safety indicators have improved in all aspects. We will be dedicated to maintaining proper level of safety and health in the future.

We have set medium- and long-term OHS targets:

- 1) Reduce the full-time employee’s lost time injury frequency rate (LTIFR) by 80% and lost workday frequency rate (LWR) by 90% in 2030 compared to 2022.
- 2) Reduce the contractor’s lost time injury frequency rate (LTIFR) by 80% and lost workday frequency rate (LWR) by 90% in 2030 compared to 2022.
- 3) The total lost time injury frequency rate (LTIFR) of full-time employees and contractors will be reduced by 80% and the total lost workday frequency rate (LWR) will be reduced by 90% in 2030 compared to 2022. The total number of lost working hours will be reduced by 90%.

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The Company's work-related injuries and fatalities for the past three years and short-term targets are as follows:

Year	2022	2023	2024	Target for next year
full-time employee				
Number of work-related fatalities	0	0	0	0
Full-time employee				
Number of work-related injuries	4	1	2	1
Full-time employee				
Lost working hours	1,804	896	56	40
Lost time injury frequency rate (LTIFR) for full-time employee	0.63	0.15	0.30	0.28
Lost workday frequency rate (LWR) for full-time employee	7.43	3.45	0.21	0.15
Contractor deaths	0	0	0	0
Number of work-related injuries for contractor	2	3	1	1
Contractor lost working hours	432	1,800	40	40
Lost time injury frequency rate (LTIFR) for contractor	0.94	1.70	0.49	0.45
Lost workday frequency rate (LWR) for contractor	5.10	19.16	0.49	0.45
Total lost time injury frequency rate (LTIFR)	0.73	0.57	0.34	0.3
Total lost workday frequency rate (LWR) for contractor	6.82	7.62	0.28	0.5
Total lost working hours	2,236	2,696	96	80

Remark: The number of working hours lost due to work-related injuries is the number of working days lost due to work-related injuries*8;

- In June 2024, the vessel "SITC Tokuyama" checked the lashings at the forward section of four slots at the Manila North Port. Because the lashing workers did not fully insert the pull rod head into the container corner, trainee third officer Fu Ziyi was hurt on his left middle finger while tightening the outermost long rod which unexpectedly fell off. Following the accident, the Company immediately arranged for his disembarkment for treatment. He is currently recovering well.
- In October 2024, the vessel "SITC Hong Kong" arrived in Zhoushan to prepare for dock repairs. First mate Lin Wei accidentally fell while accompanying a surveyor to inspect the ballast tank, causing rib pain, chest tightness, shortness of breath, and dizziness. The shipyard was contacted to assist in sending him to the hospital for X-ray examination. The

current result was two rib fractures. Following the accident, the Company immediately arranged for his disembarkment for treatment. He is currently recovering well.

- In July 2024, the chief engineer, second engineer and electrician of the vessel "SITC Makassar" manually rotated the belt after checking the oil level inside the lifeboat. The second engineer accidentally got his right index finger stuck between the belt and pulley, and then reversed the belt to take out the finger. It was found that the first joint of the finger was broken and displaced toward the middle finger. According to the preliminary judgment of staff from the medical institution, it was an open phalanx fracture. Following the accident, the Company immediately arranged for his disembarkment for treatment. He is currently recovering well. (Contractor)

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

- 1) To guide the crew members on board to strictly implement the rules and regulations for vessel safety and security systems according to the requirements of the Company's systems;
- 2) To instruct the crew members on board to strictly implement the regulations on deck operations according to the requirements of the Company's systems, and reserve sufficient time to check the lashing and securing operations of the cargo before sailing;

Apart from our full-time employees and contractors, the Company also attaches high emphasis on the health and safety of other suppliers or partners in the value chain. We call for undertaking of the responsibility of protecting employees' health and safety by suppliers. Health and safety protection standard has been incorporated in trainings for suppliers. Upon our request, at least 579 suppliers have signed the letter of social responsibility undertaking inclusive of employees' health and safety.

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4. Measures to Protect Employees’ Health and Safety Offshore Employees

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

Procedure has helped keep the risks under control or lower the risks, and achieve the occupational health and safety policies and goals of the Company. The procedure applies to self-owned crew members as well as contractor’s crew members.

The Company has strictly followed the requirements of the Maritime Labor Convention on the working hours of crew members on vessels and has arranged regular disembarking leaves to ensure their rest time.

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

Safety Operating Instructions

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

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

Onshore Employees

During the reporting period, the Company continuously implemented the established onshore work safety plan, strengthened employee safety awareness, organized safety practices and training sessions on a regular basis, and provided employees with safe and comfortable workplaces. When selecting the location of the office premises, comprehensive consideration was given to the load-bearing capacity of the floor slabs, elevator configurations, restroom configurations, orientation of the buildings, floor height of the buildings, heating and cooling, and the fresh air system, so as to ensure that the office premises were safe and secure and that the environment was good.

Fire drills have been conducted on a regular basis. Professional firefighters from the fire control center have been invited to give site instructions, develop employees’ response ability in the face of fires

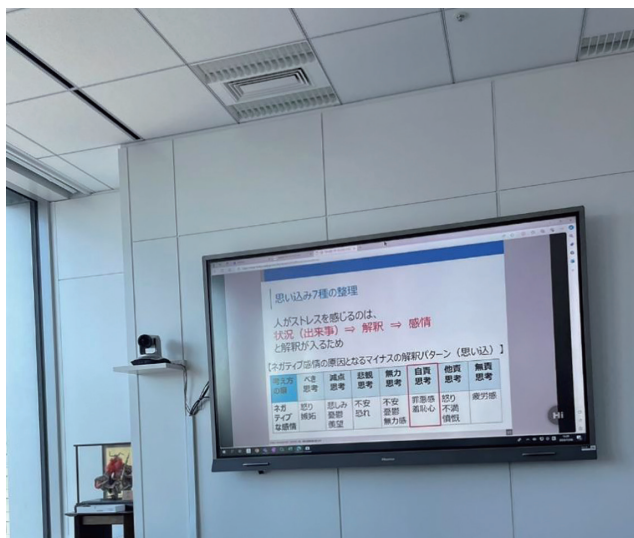
at the initial stages in the terminals and other workplaces, and help them master knowledge about types of fire extinguishers and skills to use fire extinguishers. Valuing vehicle use safety, the Company has specified the safety rules in the Drivers’ Job Responsibilities compiled by the fleet and provided safety training for all drivers on a regular basis. The Safety Regulations on Incoming and Outgoing Vehicles, and the Regulations on the Safety Management of Separation of Pedestrians and Vehicles formulated by the logistics group have standardized vehicle and personnel safety measures. In 2024, the Company organized various occupational safety and health training activities to help employees familiarize themselves with our safety regulations and work procedures, and master the latest safety measures and technologies, and sent staff to participate in training courses on IMDG Code (International Maritime Dangerous Goods Code) in some regions, which enriched the professional knowledge of employees, improved their work ability and quality, strengthened their competitiveness, and enhanced their work health and safety awareness, thereby promoting safety and health philosophy development.

In 2024, no major safety incidents happened to onshore employees.

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5. MENTAL HEALTH CONCERN

In addition to providing strong protection for employees' occupational health and safety, the Company also pays special attention to employees' mental health. We organize a variety of team-building activities and provide professional mental health training to our employees. SITC Container Lines Japan organized a special and meaningful training on how to relieve stress at work. The training analyzed the causes of common negative emotions and provided psychological insights on specific types of emotions to help employees correctly understand and cope with the pressure caused by work. During the training, everyone paid close attention and took notes. After the session, everyone shared their experience of reducing stress with each other. SITC Container Lines Lianyungang also carried out stress management and psychological adjustment and other related courses to help employees reduce psychological pressure.



The Zhangjiang office building organized a yoga and meditation event that centered around the theme of "Yoga Together for Health". The event aimed to promote the benefits of meditation and yoga, which include reducing eye fatigue, improving blood circulation in the eyes, enhancing concentration, quickly releasing the accumulated negative energy in the body, and reducing work-related stress, worries, depression, and low mood. Through meditation, the inner energy potential is released, from the breath regulation on the body to the mind's purification, leading to a peaceful and healthy state of the body and mind.

6. Internal Inspection

The Company is committed to continuous and regular internal assessments of occupational health and safety performance and system inspection. While implementing the OHS management system, we try to discover current issues in the system and make improvements, and adopt best practices and new technologies to improve OHS performance. We also develop priorities and action plans, combined with quantified targets for improving occupational health and safety performance indicators, to address these risks and take actions to prepare for and respond to emergencies. In addition, we assess progress in reducing/preventing health problems/target risks on a regular basis. For specific inspection progress, see 4.6 Safety Management System.

4.6 SAFETY MANAGEMENT SYSTEM

1. Safety Committee

To ensure the operation business safety of the whole group, SITC has established the Safety Committee to guide the work of the safety production inspection teams of each business group and establish an integrated safety management organizational structure. The primary

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responsibilities include: guiding the establishment and improvement of corresponding risk prevention and control plans as well as daily drills; evaluating significant risks, and developing prevention and control strategies, response plans, etc; other significant risks and risk avoidance policies requiring evaluation and decision-making by the Safety Committee. The Safety Committee consists of all executive directors and is directly led by the Chief Executive Officer.

In addition, to ensure the core business, namely transportation safety, SITC Shipping Business Group has established the Safety Production Management Committee. The President of SITC Shipping serves as the chairperson of the committee and is responsible for overseeing the safe operation of SITC.

The Safety Management Committee regularly convenes meetings to: review reports from responsible units on production safety accidents and major hidden dangers of accidents (dangerous situations), verify the “Risk, Dangerous Situation, and Accident List”, conduct follow-up on the progress of rectification for major hidden dangers of accidents (dangerous situations), and make decisions on rectification for major hidden dangers of accidents (dangerous situations) and handling of production safety accidents; review reports from the Safety Supervision and Management Department on quarterly inspections by boarding, urge relevant responsible parties to rectify deficiencies or hidden dangers of risks (dangerous situations), such as vessel maintenance, equipment safety, or make supervision punishment decisions; supervise and inspect the development and implementation of safety production training plans of all centers/departments and professional companies under the headquarter; verify the rules and regulations, operation norms, management measures, and emergency plans relating to safety production in all centers/departments and professional companies under the headquarter of SITC Shipping; submit meeting minutes to the Board of SITC Shipping and the Risk Management Committee of SITC.

In addition, the general manager of the vessel management company takes overall leadership responsibilities for the company’s safety. The chief captain takes overall responsibilities for establishment, improvement, updating, compilation, and implementation of the safety management system of the vessel management company; the effective operation of the system; organization and handling of emergency accidents onshore and offshore; supervision of safety, environmental protection, and energy efficiency policies of functional departments and vessel implementation company, and energy efficiency policies; safe operation of the fleets. The chief engineer takes leadership responsibilities for the safety and technical support of vessel machinery and equipment, as well as the repair and maintenance of the fleets. The Director of ISM Office, as the department head, bears leadership responsibilities for the effective

operation of SMS and the implementation of the company’s safety management system onshore and offshore;

2. Safety Management System (SMS) Policy

SITC is committed to creating and maintaining a safe and efficient working environment. We are committed to complying with applicable national or international SMS standards and regulations, paying particular attention to compliance with the International Maritime organization’s (IMO) International Safety Management (ISM) Rules during maritime transportation. To this end, we have established a comprehensive Safety Management System (SMS) designed to identify, assess, monitor and control risks during transportation.

The Company’s safety management system has been regularly verified in accordance with Article IX/6.1 of the Convention and Article 13.4 of the International Safety Management Code and is in compliance with the requirements of the International Ship and Port Facility Security Code (ISM Code) and the International Safety Management Code. We have been issued qualified documents by China Classification Society under the authorization of the Republic of Panama and the Hong Kong Special Administrative Region of the People’s Republic of China.

The Board of Directors of the Company endorses the implementation strategy of the Occupational Safety Management System policy and undertakes to guide and monitor the effective implementation of the safety management system and to emphasize the importance of safety in the company culture. In conjunction with our occupational health and safety policy, we adhere to the principles of “zero accidents” and “zero injuries” to ensure that all workers can be returned home safely. We are committed to being responsible for the communities and environment involved in maritime transportation and protecting the well-being of workers and communities through safety management.

Responsible Committee: the Safety Committee under the Risk Management Committee is responsible for overseeing and guiding the implementation of the safety management system.

Department safety manager: clarify the responsibilities of each department in safety management, ensure that each business department has specific personnel responsible for daily safety management, including risk assessment, training, accident reporting, etc., and be responsible for the safety management of ship, storage yard and onshore logistics.

Management standards have been formulated specifically for different business lines namely shipping and depots pursuant to our principal documents such as “General Rules of Safety Management Handbook”, “Safety and Environmental Protection Approach”.

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Management systems including “Occupational Health and Safety Operation Control Procedure”, “Oil Pollution Emergency Plan”, “Controlling Procedure for Hazardous Substances on Vessels”, “Dangerous Goods Management List”, “Vessel Emergency Response Procedure”, are formulated to clarify safety operation procedures such as hazard prevention, emergency response, and accident handling, in order to effectively safeguard safety.

In respect of vessel management, the Company has in place a “Checklist for Vessel Safety, Repair and Maintenance”, whereupon, a series of safety inspections by boarding on navigation safety, cargo safety, engine room and facilities safety, staff safety, fire safety, pollution prevention, etc. will be carried out on our self-owned vessels. Repair and maintenance inspection will also be made on the deck, the cargo compartment, the engine room and facilities, lifesaving appliance, fire extinguishing system and environmental protection facilities, etc.

In respect of depot management, the Company has in place the “Checklist of Depot Safety Inspection”, whereupon, a series of safety inspection on access control, staff safety and training, facilities safety, field work safety, fire safety, environmental protection, contingency management, basic qualification, documentation system, etc., will be carried out at all depots operating under the group. The first level is weekly self-inspection of each operating depot and compilation of self-inspection report for submission. The second level involves cross safety inspection by depot officers organized by the group headquarters. Each depot should perform inspection at least once a year. In addition, a comprehensive inspection will be conducted on the internal regular audit of the group, among which, inspection on depots located in Mainland China should be conducted once per every three years, and inspection on depots located overseas should be conducted once per every two years.

In terms of fleet, the Company has in place the SMS Handbook, SSP Handbook and DMLC PART-II Handbook, which are all in compliance with the spirit requirements of classification societies/flag states/conventions. The Company has also formulated specific regulations, including “Occupational Health and Safety Operation Control Procedure”, “Personal Safety Precautions for Crew Members”, “Crew Duty and Shift Change System”, “Regulations on Ship Health and Drug Administration”, and “Regulations on Ship Anti-drug Work”.

In addition to the management process, we pay more attention to developing safety awareness among our employees, ensuring that everyone understands the importance of safety and practices it in their daily work. We also promote an open reporting culture, encourage employees to report safety hazards and accidents and not be punished for reporting, to ensure that problems can be solved in a timely manner.

During the development, implementation, and evaluation of the safety management systems, the Company extensively consults workers for their opinions and incorporates them into the systems. The Company is committed to continuous and regular internal assessments of occupational health and safety performance. While implementing the safety management system, we try to discover current issues in the system and make improvements, and adopt best practices and new technologies to improve safety management system performance. We also develop priorities and action plans, combined with quantified targets for improving safety management system performance indicators, to address these risks and take actions to prepare for and respond to emergencies. In addition, we assess progress in reducing/preventing health problems/target risks on a regular basis.

We are dedicated to achieving the highest level of safety and quality within the Company’s value chain. We are committed to assisting our upstream suppliers and downstream partners in enhancing their safety standards while achieving a net-zero record of internal safety incidents. We require our suppliers to comply with our safety standards, including net-zero targets for accidents, and safety policies. The Company will evaluate the occupational safety management of suppliers and partners and work with them to provide necessary trainings, and improve safety performance. Meanwhile, the Company encourages suppliers and partners to develop and implement their own safety management systems to ensure safety in the global supply chain.

3. Safety-related training

The Company is committed to providing workers with adequate safety management system training to raise awareness and reduce operational health and safety incidents.

New employee training: provide comprehensive safety training to new employees to ensure that they understand the Company’s safety policies and procedures.

Ongoing training: provide regular safety training to all employees, including the latest safety information, technology and regulatory changes.

Professional development: support the professional development of employees in the field of safety management, including attending seminars, obtaining certifications, etc.

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Maritime business safety management training: the Company's offshore employees account for over 30%. The Company strictly follows the "International Maritime Labor Convention" and the Company's "Occupational Health and Safety Operation Control Procedures" to safeguard the rights and interests of seafarers. We emphasize that we attach great importance to the physical and mental health of crew members during work and are committed to continuously improving the safety of the working environment and mental health counseling for crew members. The Company ensure that the safety production training and safety management system training are incorporated in the scope of its staff training. We provide regular training to enhance employees' safety awareness to eliminate accidents on board or in the workplace.

In 2024, the Company has provided 45,103 hours of training for crew members, with 35.9 hours of training per capita.

During the period of crew disembarkation, the Company organizes crew members to receive various trainings and ensuring that it includes safety management system documents, and trainings on various operating instructions for maritime management and mechanical maintenance, safety incident analysis, mental health, and other aspects. The captain will organize onboard training according to the annual training plan of the vessel on a monthly basis, including but not limited to the vessel training manual, the latest information and instructions provided by the onshore base, vessel safety incident analysis and prevention, anti-pollution awareness, emergency response, etc.; and new crew members shall complete the training concerning life-saving, fire-fighting equipment, and emergency system within two weeks after embarking.

In terms of onshore business safety management training, in 2024, the Company has provided a total of 60,357 hours of training for 2,219 onshore employees. Fire drills have been conducted on a regular basis. Professional firefighters from the fire control center have been invited to give site instructions, develop employees' response ability in the face of fires at the initial stages in the terminals and other workplaces, and help them master knowledge about types of fire extinguishers and skills to use fire extinguishers. Valuing vehicle use safety, the Company has specified the safety rules in the Drivers' Job Responsibilities compiled by the fleet and provided safety training for all drivers on a regular basis. The Safety Regulations on Incoming and Outgoing Vehicles, and the Regulations on the Safety Management of Separation of Pedestrians and Vehicles formulated by the logistics group have standardized vehicle and personnel safety

measures. In 2024, the Company organized various occupational safety and health training activities to help employees familiarize themselves with our safety regulations and work procedures, and master the latest safety measures and technologies, and sent staff to participate in training courses on IMDG Code (International Maritime Dangerous Goods Code) in some regions, which enriched the professional knowledge of employees, improved their work ability and quality, strengthened their competitiveness, and enhanced their work health and safety awareness, thereby promoting safety and health philosophy development. Safety production training is also an important part of our onshore staff training, we pay attention to the training of employees' safety awareness, to ensure that the staff training of important operations such as storage yard includes safety management system documents and various maintenance operation instructions, accident safety analysis and other aspects of training, to ensure that everyone understands the importance of safety, and practice in daily work.

4. Risk identification

1) Risk identification and management procedures

The Company incorporates safety management-related risk identification into a science-based whole-process risk identification of the company. The analysis processes and methods are basically consistent with our overall risk management and climate risk management, including case studies, scenario analysis, stakeholder consultation, technical tools, simulation exercises, etc. We set up a cross-departmental risk identification team, collected company historical data, industry and external data, identified possible security risks in the whole company's business processes, including but not limited to physical and information risks, and drew a risk matrix.

For the identified risks, we assess their priority, risk impact degree, occurrence probability, etc., and record the identified risks in the risk register to communicate and report to the board of directors. We establish a risk monitoring mechanism, regularly check the change of risk and the effectiveness of control measures, and develop and implement risk mitigation measures, including preventive measures, reduction measures and emergency measures, strengthen this part of the risk management and staff training. In addition, we also focus on risk communication, ensuring that the reporting process is smooth and that risk information is effectively communicated between internal and external stakeholders in the organization.

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2) Risk matrix and risk response policy

The Company has identified the main risks in the main business (navigation) for safety management, analyzed the possibility and potential impact of their occurrence, and formulated corresponding risk countermeasures and measures.

Risk items	Risk identification and description	Possibility	Influence	Risk preventive measures	Related system	Person in charge of risk prevention and control
Risk of ship and container operation	In huge stormy waves, containers fall off, get injected with water, get drowned and polluted; hitting wharf and damaging loading and unloading facilities in berthing and unberthing operation; collision, hitting on rocks, stranded, oil spill, fire	Relatively low	High	Hull insurance is implemented by related stipulations of system documents	SMS documents 080101, 080102, 080103, 080104, 070114, 070108, 080109	DPA/Marine supervisor
Risk of violence and terrorism	Crew suffer interior violence or exterior attack of terrorists and pirates	Extremely low	High	P&I protection and indemnity insurance is implemented by related stipulations of system documents	SMS documents 060108, SSP	CSO
Out of control or power failure of main engine	For unknown reason, faulty operation or emergency events, the main engine has lost control of the vessel.	Relatively low	Relatively high	Strengthen safety check, eliminate hidden dangers, and keep the equipment in good condition. Take measures according to system files when in danger. Vessel insurance.	SMS documents 080200, 080107, 080105	DPA/Maintenance supervisor
Serious injuries and illnesses of crew	Crew members are injured due to illegal operation and fighting, and their lives are threatened due to emergencies and serious diseases.	Relatively low	Relatively high	Adherence to operation norms, personal insurance for crew member, shore-base medical assistance organization.	SMS documents 080105	DPA/Crew supervisor
Fire in engine room	Triggered by hot work, over-temperature of machinery and equipment, electrical equipment and personnel negligence	Extremely low	Relatively high	Control the combustible materials, fire source, and maintenance for machine and equipment, as well as strictly follow the operating procedures	SMS documents 070135, 070136, 080103, 080113	DPA/Maintenance supervisor
Fire in cargo compartment	Flammable and explosive goods, over-temperature of cargo compartment, cargo shifting and personnel negligence	Extremely low	Relatively high	Formulate preventive measures against the flammable and explosive goods based on their characteristics, supervise the cargo lashing, and strictly carry out the rules and regulations;	SMS documents 070105, 070106, 080104, 080113	DPA/Marine supervisor
				turn on the blower fans (if any) in case of over 30°C; without fans, open the small windows for natural ventilation.		

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3) Navigation risk staff management measures

The Company is extremely concerned about the possible impact of the physical and mental health of employees on navigation safety, and has targeted provisions in the safety management system documents.

A. Fatigue risk management

DMLC PART-II Article 6 (Certification and approval by classification societies on behalf of the competent authorities of the Flag State)

The Company shall provide no less than the following rest periods for seafarers on duty and seafarers whose duties involve designated safety, anti-pollution and security duties:

- (a) not less than 10 hours in any 24-hour period; and
- (b) not less than 77 hours in any 7-day period.

The rest period can be divided into a maximum of two periods, one of which must be at least 6 hours, and the interval between the two consecutive periods must not exceed 14 hours.

In order to ensure the continued safe operation of the vessel in exceptional circumstances, some exceptions are allowed to the above rest time requirement provided that the rest time is not less than 70 hours in any 7-day period, i.e.:

- (a) such exceptional arrangements shall not exceed two consecutive weeks;
- (b) the interval between two periods of exception shall not be less than twice the duration of the exception;
- (c) the rest period may be divided into a maximum of three periods, one of which shall be at least 6 hours long, and neither of the other two periods shall be less than 1 hour;
- (d) the interval between consecutive breaks shall not exceed 14 hours;
- (e) and the exception shall not exceed two 24-hour periods in any 7-day period.

Exceptions shall take into account, as far as possible, the guidance on the prevention of fatigue contained in section B-VIII/1 of the Rules of the STCW 1978 Convention, as amended.

Every person on board has a daily rest time record, and the shoreline supervisor asks to check the crew rest time record and guide correction. The system document sets out remedial measures when relevant problems arise.

B. Psychological assistance plan for shipboard staff

The system document "Occupational Health and Safety Operation Control Procedure" (No.020200) aims to focus on the operation control process and methods of crew occupational health and safety risks.

In addition to group building activities, we provided professional mental health training to our employees. For example, SITC Container Lines Japan organized a special and meaningful training – how to relieve stress at work: from a psychological perspective to analyze the causes of common negative emotions, as well as the specific types of emotions, so as to help employees correctly understand and face the pressure brought by work. During the training, everyone paid close attention and took notes. After the session, everyone shared their experience of reducing stress with each other. SITC Container Lines Lianyungang also conducted course learning on stress management and psychological adjustment to help employees reduce psychological stress.

C. Systematic alcohol and drug screening

- (a) the Personal Safety Precautions for Crew Members (No.060106)

The dining time of the ship is strictly prohibited to exceed two hours; the crew on the ship should try to drink beverages as much as possible, and must not affect the normal work and duty because of the dinner party. (Liquor, whiskey and other medium and high alcohol content of more than 20 degrees are prohibited, private drinking in personal rooms is prohibited, and alcohol consumption is strictly controlled during ship dinner, with the upper limit of 500ML beer or 150ML wine per person;) No drinking within 4 hours before the start of duty/work; the ship is equipped with breathalyzers, which are regularly tested and recorded by the crew.

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(b) Crew Duty and Shift Change System (No.070103)

All crew members are strictly prohibited from drinking; officers on duty and those performing security duties shall comply with the relevant provisions of the STCW Convention when drinking alcohol.

(c) Regulations on Ship Health and Drug Administration (No.060102)

No seafarer is allowed to drink excessively. A master, officer and other seafarers performing safety, security and marine environmental duties have a blood alcohol concentration (BAC) of not more than 0.05% or a breath alcohol concentration of not more than 0.25mg/L. There are also clear regulations on the management of narcotic drugs.

(d) Regulations on Ship Anti-Drug Work (No.060105)

The provisions on the control of drug smuggling prohibit the ingestion and injection of drugs by seafarers and protect the physical and mental health of seafarers.

(e) As required by the spirit of the Flag State/Convention

For crew members who are prone to alcoholism or possible drug addiction, as required by the spirit of the Flag State and the Convention, our SMS cannot carry penalties, and our usual practice is to remove the ship and take remedial action.

5. Safety inspection results and accident tracking

In order to ensure compliance and maintain employee security awareness, the Company conducts regular compliance checks to ensure that all security policies and procedures comply with relevant laws, regulations and industry standards, and establishes a document management system to ensure that security-related documents are accessible, updated and archived. The Company conducts regular internal security audits to evaluate the effectiveness of the security management system. The Company continuously improves the safety management system based on the monitoring and evaluation results.

Key Performance Indicators (KPIs): 1. Number of incidents; 2. Find out the problem rate

In 2024, in aggregate, 676 weekly self-inspections have been completed at all depots, 13 comprehensive cross safety inspections have been conducted by all depot officers under the group headquarters with a total time of inspection of 2,210. Among which, there were 1,820 safety items, 390 service items, 51 weakness and hidden issues discovered with a ratio of 2.3%.

In 2024, through depot safety production management, a significant safety production result of zero incident has been achieved among all depot staff, machineries and fields.

In 2024, for the first level, 327 inspections, in aggregate, have been carried out through self-inspection and self-evaluation by the vessel management. For the second level, 853 problems have been discovered through quarterly inspection on onshore marine and mechanical maintenance, and 1,071 SMS or ISPS problems on board have been discovered through annual system inspection. In respect of the third level, 280,000 inspections on vessel safety, repair and maintenance have been carried out by the safety technicians. Among which, there were 108,800 safety items. In 2024, we have completed 285 inspections by boarding, with 4,502 safety, repair and maintenance defects discovered. Those issues have been rectified immediately.

In 2024, the Safety Production Committee has organized inspections by boarding according to the vessel ISM Management System, IMO, SOLAS, MARPOL, STCW related conventions, to inspect the maintenance and safety management of the vessels by covering each vessel every quarter. During the process of inspections by boarding, the committee has identified vessel risks, and imposed penalties on responsible employees who are found to have serious problems or fail to timely correct them during the inspections by boarding. In addition, in 2024, the Group has developed an intelligent platform for vessel safety management to strengthen safety management and digital transformation.

The Company publicly discloses navigation safety accidents, including casualties, property losses arising from navigation, and ship collisions.

According to the safety incident ledger of 2024, we had 2 navigation safety accidents, both of which were collision safety accidents leading to crew injury or death. They were also significant navigation safety accidents.

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The detailed safety accidents leading to employee injuries are set out in “frequency of safety incident and work-related injury” under the section headed “Occupational Health and Safety”.

	Number of occurrences in 2023	Number of occurrences in 2024
“5 Zero” Target		
Serious accidents at sea	1	2
Marine pollution accidents caused by oil and gas leaks	0	0
Serious cargo accidents	0	0
Industrial accident-related fatal accidents	0	2
Cargo worker overwork accidents	0	0

6. SAFETY CONTRIBUTION

In 2024, to actively perform social responsibilities, the Company cooperated with local departments in search and rescue actions during navigation, and took the initiatives to provide rescue when discovering dangerous situations. During the year, the Company successfully completed 1 rescue action, rescuing a total of 4 people who fell into the water.

“SITC Junde” Rescued People Overboard of “Zhexiangyu40011”

On 8 September 2024, SITC’s operating ship “SITC Junde” assisted in the rescue of 4 people who fell into the water in Shengshan maritime area, Zhejiang Province.

At 18:45 local time, the ship “SITC Junde” sailing 9 nautical miles east of Shengshan, found that ships were searching for people who fell into the water, and received the traffic control center’s search and rescue notice. “SITC Junde” immediately arranged search and rescue deployment work and reported to the Company, launched an emergency plan, and joined the on-site rescue action. In the first round of search and rescue process, the “SITC Junde” boat and other boats rescued a total of 4 people, and the fishing boats involved in the search and rescue rescued 4 people, but 1 person is still missing. The ships involved in the search and rescue still persevered, the “SITC Junde” ship continued to carefully observe and provide lighting in the drowning area, and finally the last 1 person was successfully rescued, and the search and rescue work was successfully completed.

MV “SITC CAGAYAN” Successfully Rescued 2 Philippines Fishermen in the Philippines Waters

On 14 December 2023, “SITC CAGAYAN” successfully rescued 2 Philippines fishermen in the Philippine waters.

The duty crew of the “SITC CAGAYAN” found that there were people floating on the sea during navigation. After careful observation and confirmation, 2 water-falling people were lying on a sinking fishing boat, and they were constantly swinging their arms and clothing and moving towards “SITC CAGAYAN”. The Captain of “SITC CAGAYAN” immediately raised the alarm, started the procedure of rescue and quickly gathered all crew members to start rescue. SITC Ship Management immediately launched an emergency plan to coordinate rescue operations after hearing the alarm. Due to the high wind and waves in the incident, even if the “SITC CAGAYAN” was close to the fishermen, the rescue was also very difficult. Throwing out the life-saving circle, putting down the rope ladder and safety net were not enough to safely rescue the fishermen. The captain immediately decided to release the lifeboat, and the crew went to help the fishermen together with the lifeboat. Around 15:00, the Philippine Coast Guard officials embarked on the ship to receive the rescued fishermen.



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7. SAFETY MANAGEMENT SYSTEM CERTIFICATION

External Certification of Safety Management System

The Company's safety management system complies with applicable international and domestic regulations and rules on occupational health, safety management, etc., and meets the requirements of applicable rules, guidelines and standards recommended by classification societies and industry organizations, and has therefore obtained the safety management system certifications from industry organizations and relevant institutions.

Certification name	Certification object	Coverage	Certification body	Validity period
Hong Kong Flag Document of Compliance (DOC)	SITC Shandong Ship Management Company	Other cargo ships under Hong Kong flag for international voyages	China Classification Society	2023.3.7-2028.3.8
	SITC Shanghai Ship Management Company			2024.05.09-2026.05.10
Panama Flag Document of Compliance (DOC)	SITC Shandong Ship Management Company	Other cargo ships under Panama flag for international voyages	China Classification Society	2022.11.15-2027.11.14
	SITC Shanghai Ship Management Company			2024.05.09-2026.05.10
China Flag Document of Compliance (DOC)	SITC Shanghai Ship Management Company	Other cargo ships under China flag for international voyages	China Maritime Safety Administration	2025.01.26-2030.01.25

Remarks: DOC certificate is a mandatory certification document under the framework of International Maritime Convention, which is issued by the government of the flag state or its authorized agency to prove that the ship management system complies with the international safety and anti-pollution standards, and its core function is to ensure that the shipping companies establish a systematic safety management mechanism. The certificate is formulated based on Article 4 of the International Safety Management Code, which requires shipping companies to establish, implement and maintain a safety management system (SMS) covering the whole process of ship operation, maintenance and emergency response, etc.

External Safety Audit

The company is subject to external audits of the safety management system and health, safety and labor rights annually, which are conducted by a third party.

Name of safety audit	Audited object	Frequency	Audit content	Audit result
Hong Kong Flag Document of Compliance (DOC)	All ship management companies under SITC	Yearly	The Company's safety management system meets the requirements of the International Management Code for the Safe Operation of Ships and for Pollution Prevention.	Compliance with the standard
Panama Flag Document of Compliance (DOC)				Compliance with the standard
China Flag Document of Compliance (DOC)				Compliance with the standard
Qualification certificate of seafarer dispatching agency	Subordinate crewing company under SITC	Yearly	According to the relevant laws and regulations of the People's Republic of China concerning the management of seafarers' assignment abroad and the Maritime Labor Convention, the audit team comprehensively reviewed the signing of the crew training, the crew embarkation agreements of our Company, the application of seafarers' certificates and reporting of duty removal, the availability of full-time business personnel and managerial personnel, the implementation of the seafarers' assignment management system, and the crew labor contract signing and social insurance payment, etc.	Compliance with the standard, and compliance with the requirements of Rule 1.4 of the Maritime Labor Convention 2006.

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Internal Audit of the Company's Safety Management System

The Company conducts internal audits of the safety system every year to verify whether the implementation of the Company's safety management system documents is perfect and in compliance with relevant conventions, laws, regulations and standards.

Name of safety audit	Audited object	Frequency	Audit content	Audit result
Internal audit of the Company's onshore bases and vessels	Vessels for the onshore bases and DOC of all companies under SITC	Yearly	Comprehensively verify the compliance and effectiveness of the Company's safety management system in accordance with the Company's safety management system documents, ISM Code, applicable international conventions, laws and regulations and industry standards. Verify whether the operation of the Company's safety management system meets the Company's system documents, certification rules and standards; check and verify whether the management activities of the onshore bases and vessels meet the requirements of applicable conventions, laws and regulations.	Audit results show that the management system for onshore bases and vessels established by the Company are in compliance with the requirements of the ISM Code and relevant international and domestic conventions, regulations, rules, standards and industry guidelines, and is able to effectively support the realization of the Company's safety management policy and targets.

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4.7 EMPLOYEE REMUNERATIONS, BENEFITS AND INCENTIVES

Putting people first, the Company takes employees as valuable corporate assets, respects human rights and labor rights, and provides employees with a safe and comfortable working environment and reasonable work schedule. The Company pays attention to the air quality of the office environment. All newly renovated offices have installed fresh air systems. The Company offers competitive compensation and benefits and has established a well-designed vacation and insurance system in our places of operation to provide good welfare and benefits. The Company has established an internal rescue system to assist employees in difficulty. Professionals have been invited to offer emotional counseling to employees on a regular basis. To promote a healthy work-life balance, the Company has arranged a wide range of entertainment activities and encouraged the active involvement of the employees to promote harmony and unity among the employees.

1. Remuneration and Benefits

The Company has a sound and competitive employee remuneration system in the industry and evaluates the consumption level of each country and region every year to raise the remuneration standard. In addition to the basic salary in the remuneration package, there are monthly performance, project bonuses, equity incentives, year-end bonuses, subsidies, and allowances for suitable positions. Employees are entitled to certain benefits such as transportation subsidies, communication subsidies, special subsidies, full attendance rewards, dispatching subsidies, children's educational subsidies, and service bonuses. The average salary of the Company in each operating location is higher than the local average salary level. In addition, to ensure the quality of life of employees on expatriate rotations, salary adjustments will be made or living subsidies and expatriate subsidies will be granted in accordance with the local salary level. Remunerations for all employees are set and increased annually under internal equity principles. The Company conducts monthly or quarterly performance appraisals for more than 95% of onshore employees, and regular performance appraisals for crewmembers in terms of length of time and performance on board. Save for individual employees with exceptional circumstances, a general adjustment to the salaries of basically all staff will be completed every year. In 2024, the total remuneration amounted to US\$195.7 million (including equity incentives). Based on the statistics, in the year 2024, the average annual salary of the Company's employees (except CEO) was approximately US\$36,000 with medium salary

of approximately US\$22,000. The annual salary of the CEO was approximately US\$1.53 million. The annual salary of the CEO was 43 times of the average annual salary of the employees, and 70 times of the medium annual salary of the employees.

In accordance with the Company's systems and commitments, the Company has adopted flexible work schedules and vacation regulations for employees as per the place of operation. Part-time and remote work options are provided according to the circumstances. The Company does not encourage employees to work overtime. If overtime is truly necessary, an application for overtime work should be submitted through the OA system and approved by a supervisor. If it is really necessary, employees will be given compensatory leave or overtime pay in accordance with the local regulations of each country. The maximum working hours of the employees of each company refer to the local labor laws and regulations, in order to avoid the impact on the health and well-being of the employees, and the maximum overtime hours are also subject to a limit, and must be remunerated. In addition, the Company grants expatriate employees an additional 10 days of paid family leave per year. Working hours and statutory holidays are established based on the laws and regulations of different countries or regions. It also implemented paid annual leaves, maternity leaves, sick leaves, and family leaves to relieve the pressure from intense work, promote harmonious family ties, and enhance the unity of employees and the cohesiveness of the enterprise. In 2024, a total of 8,966 onshore employees were entitled to paid leave for a total of 18,053 days, representing an increase of 2.8% in the number of days of leave compared to last year. The leave system for crew members is different from that of onshore employees. The Company stipulates that the normal leave for offshore employees returning to shore shall not exceed five months, and leave of more than five months shall be regarded as an extended leave. In 2024, 495 offshore employees took normal leave with a total number of 59,400 days, and 56 took extended leave with a total number of 21,277 days.

The Company attaches great importance to the promotion of parental leaves and encourages employees to apply for parental leaves according to the regulations of their respective countries and regions. In most regions in China, women are entitled to 98 days of paid maternity leave and 10 days of paid childcare leave per year while male employees are entitled to 10 days of paid shared childcare leave per year until the child is 3 years old pursuant to the regulations. Our female employees enjoy 128 days of paid maternity leave and paid childcare leave while our male employees enjoy 30 days of paid

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childcare leave. In addition, we also provide employees with other paid family-care leave, such as parental care leave. In accordance with regional regulations, such leave ranges from 5 to 15 days depending on the policy. The actual number of people who took childcare leave in 2024 increased as compared with 2023.

	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Number of employees with entitlement for the year	51	51	57	52	36	62
Actual number of applicants for the year	12	19	13	20	16	32
Estimated number of employees returning to work for the year	12	17	15	21	16	30
Actual number of employees returning to work for the year	11	12	15	21	16	26
Actual number of employees returning to work in the prior year	8	11	12	19	17	18
Total number of employees who returned to work after parental leave in the prior year and are still employed after 12 months	7	10	12	17	16	16
The actual number of employees who should have returned to work but applied for an extension for the year	0	0	0	0	0	0
Return rate of employees on parental leave	91.67%	70.59%	100.00%	100.00%	100.00%	86.67%
Retention rate of employees taking parental leave	87.50%	90.91%	100.00%	89.47%	100.00%	88.98%

The Company places great importance on employees' benefits regarding parental leave. Additionally, we also offer independent mother and child rooms for employees who return to work after giving birth. For instance, company based on Shanghai and Hong Kong, and SITC Container Lines Lianyungang provide a mother and child room with independent space, a good environment, privacy, comfort, and hygiene for new mothers who breastfeed or pump milk for their newborns. The room is also equipped with a refrigerator, sofa, coffee table, water dispenser, central air conditioning, and other facilities. SITC Container Lines Ho Chi Minh City provides a benefit for female employees who have children under the age of 1. They can choose to arrive at work one hour late or leave an hour earlier to arrange their time more flexibly for childcare. This initiative aims to create an easier working environment for female colleagues so that they can better balance their professional and family responsibilities. SITC Container Lines Japan offers flexible care leave for employees to take time off at hourly rates for childcare. In addition, although we are unable to provide childcare facilities directly due to the dispersed locations of our offices, we provide financial support to ensure that

our employees who have given birth have access to good childcare services by providing them with visits in addition to vacation time and by providing them with welfare benefits and childcare subsidies/child education allowances. The Company hopes to provide employees with more flexibility and support through above benefits and create a more warm and harmonious working atmosphere with them. We would like to extend our gratitude to all female employees for their contribution to the Company and society. We hope that these benefits will make their lives easier and more convenient. We plan to expand this policy to more regions.



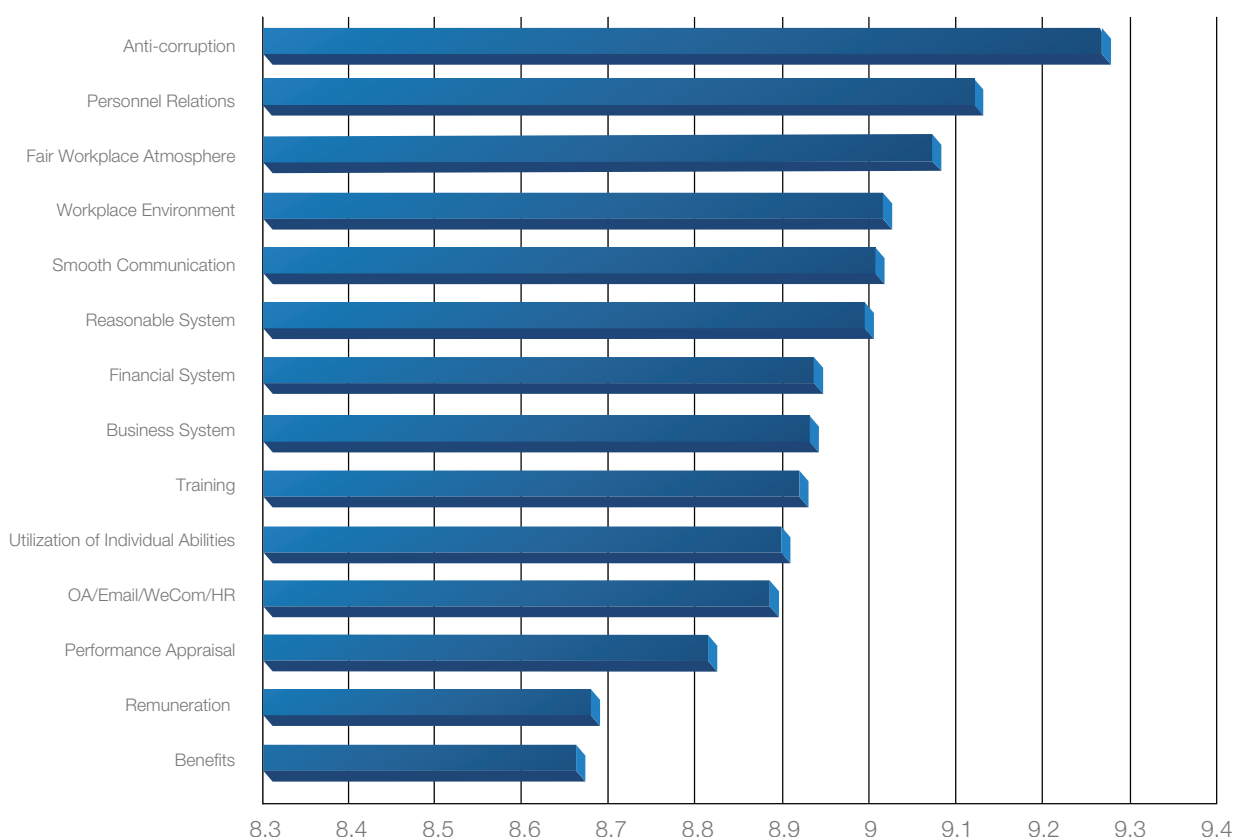
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2. Satisfaction and Happiness Survey

Apart from optimized salary, leave regulations, and good benefit packages, the Company values employees' practical benefits and well-being and has further developed an efficient employee communication mechanism. Such approaches as corporate policy Q&A on the official website and OA questionnaire-based survey have been adopted to hear from the employees and resolve their problems. In 2024, the Company conducted an employee satisfaction survey questionnaire with over 3,000 participants with a coverage of 100%, which surveyed 14 items concerned employees, such as salary, benefits, business system, and performance assessment. According to the survey results, the following matrix has been formulated to present satisfaction levels from low to high.

Table of Comparison	2021	2022	2023	2024
Employee satisfaction	86%	85%	89%	89%
Statistical coverage	50%	56%	63%	100%

2024 Employee Satisfaction Level



Compared with 2023, the overall employee satisfaction score in 2024 improved. There has been a significant improvement in satisfaction level concerning office environment. This is a result of our investment in employee care and creating a comfortable work environment. Regarding the remuneration and benefits issues with low employee satisfaction, the Company will continue to take the following improvement measures:

- All branches continue to optimize the remuneration structure, adjust the remuneration standards and provide various types of subsidies;
- Communicating with employees in detail to understand their needs in time, putting forward appropriate improvement suggestions, and improving the training and performance assessment.

Apart from employee satisfaction, we have conducted survey on employee happiness with 2,072 feedbacks received, covering 93.4% employees. The survey on employee happiness reflects the overall satisfaction of employees towards their current positions and remunerations.

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	Average Point (0-10)	(Net)Number of Happy Employees(9-10 points represent being satisfied)	Proportion of happy employees
Proportion of the happiest employees	8.97	1,497	72.25%
Employee Net Promoter Score (eNPS)	N/A	1,430	69.02%
Breakdown as follows			
Level of satisfaction in terms of work and occupation	8.97	1,464	70.66%
Sense of purpose and self-motivation	8.87	1,319	63.66%
Level of happiness	8.70	1,244	60.04%
Level of stress	6.69	398	19.21%

Remarks: scoring method: within 0-10, 9-10 means being happy; 7-8 means being neutral or not fully satisfied; 0-6 means being critics or unsatisfied;
Employee Net Promoter Score (eNPS) = (number of promoters – number of critics)/number of interviewees

In respect of the result of the survey, we consider that our employees have high level of satisfaction towards the Company. We will continue to improve the remuneration package of our employees, formulate better occupational training programmes and offer more benefits and services to our employees.

As at 31 December 2024, the shareholding of the employees and management represents approximately 62.81% of the Company's total issued shares;

Options granted represent approximately 3.90% of the Company's total issued shares, and the number of shares subject to options outstanding is 139,000 shares:

The total incentive shares granted is as follows:

3. Equity Incentives

The Company emphasizes the equity incentive regulation to motivate employees who recognize the Company's corporate culture, abide by its corporate regulations, and have made long-term contributions to the Company at important positions, enhance their sense of belonging, and achieve common sustainable development between the Company and employees. The Company's equity incentive plans include share option scheme and share award scheme:

Year	Total incentive shares granted	Number of employees granted
2017	3,890,033	518
2018	6,570,360	542
2019	6,348,743	552
2020	6,769,105	604
2021	4,887,657	630
2022	15,160,293	639
2023	21,487,433	724
2024	7,582,548	667
Total	72,696,172	

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The awarded share will be vested to employees three years after grant or other time as approved by the Board. As of 31 December 2024, 615 employees below senior management rank were granted share incentives, representing 27.72% of the number of employees. The remaining 52 awardees were all senior executives, directors of the Company or personnel of affiliated non-consolidated companies. In the future, the Company will continue to explore ways and intensities of equity incentives, so as to better play the role of incentives for employees as well as associates.

4. Team Building Activities

In addition, the Company has always adhered to people-oriented principles in the course of daily operations, which includes organizing various team-building activities. In 2024, the Company's branches across all locations, while continuing the healthy exercise initiative of "Getting Fit and Ready for Success", carried out environmental protection team building activities under the theme of "Green Development, Moving Forward Forever". These activities not only improved physical fitness and enriched the lives of employees, but also promoted the concept of sustainable development and environmental protection, enhanced team cohesion and publicized the Company's corporate culture.

The company in Hong Kong and "One Planet" Nature Foundation jointly conducted mangrove tree planting activities



The company in Shanghai organized wetland protection activities



SITC E-commerce held beach cleaning activities



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The company in Shanghai held an environmental protection lakeside hiking and garbage collection activity



The company in Korean participated in the “Ocean Day” Green Marathon



The company in Indonesia held a mountain hiking activity



The Company also places significant importance on the health of its crew members. We establish fitness awareness through the program “Fitness for the Whole Crew”, and encourage the concept of a healthy lifestyle, which includes “exercising for one hour every day and going to work healthily every day to live happily for a lifetime”. A ping-pong match was held on Guangxi Vessel.



Shandong Vessel held a chess competition



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Subic Vessel held a dart competition



4.8 PUBLIC POLICY AND COMMUNITY SUPPORT

1. Public policy participation system

This system aims at ensuring transparency and compliance of the Company in the aspects of donations, lobbying activities, and participation in industry associations, while promoting the Company's positive impact on such environmental protection as climate action, biodiversity, water resources, and human rights protection. In order to fulfill its social and environmental responsibilities and safeguard the interests of stakeholders, the Company can legally speak out in legislation, politics, and public discourse. However, excessive donations to political campaigns, lobbying expenditures, and donations to industry associations, as well as the lack of transparency in these donations, may damage the Company's reputation and pose a risk of corruption. The inconsistency between the Company's commitment to addressing climate change and its lobbying activities may also damage its reputation and have serious impact on global efforts for transition to a more sustainable economy.

Therefore, the Company insists on reviewing all direct or indirect donations to external organizations, as well as the sustainable development and other public policy advocacy of the associations we join. We have strict restrictions on any political donations, make disclosures about the amount and usage of related donations, expenditures, and membership fees every year, and establish a system for managing association membership. This system covers

all jurisdictions where the Company operates.

The principle for the Company to participate in formulation and discussion of public policy is to ensure the universality, transparency, and effectiveness of public policy participation, promote the scientific formulation and effective implementation of policies, and maximize public interests. Public policy participation should follow the principles of openness, fairness, and impartiality, ensuring that stakeholders of the Company are informed and safeguarding their interests, and following the Company's stance on climate change, environmental protection, human rights protection, and other aspects.

The Company's Operation Management Center is responsible for formulation, implementation, and supervision of policies, which is the organizer and executor of policy participation, and collects and sorts employee opinions. The Chief Executive Officer of the Company bears responsibilities for the governance framework of public policy participation and makes final decisions on the principles of the Company's public policy participation.

2. Donation principles and restrictions

The Company is committed to making transparent disclosure on all political and charitable donations and ensuring that these donations will not be used for any form of bribery. We will not use political or charitable donations as a means of soliciting business or government contracts. In principle, we do not make any political donations. The Company will not directly or indirectly make any promises of cash or valuable gifts, or similar rewards, to any government officials, political parties or their representatives, political position or public office candidates.

We are committed to make annual disclosure on total amount of monetary donations to political campaigns or organizations, lobbyists, trade associations, and other tax-exempt groups that affect political campaigns or legislation, including all direct and indirect expenditures, donations or payments, and membership fees related to:

- A. political campaigns, ballot measures or referendums;
- B. duties which affect political organizations, trade associations, or tax-exempt groups relating to political campaigns or legislative activities, including chambers of commerce, trade committees;
- C. registered lobbyists and lobby groups;
- D. other general charitable donations or payment expenditures unrelated to political campaigns.

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The reported amount is based on GRI Disclosure 415-1 standard,

- A. the total monetary value of financial and physical political donations made directly or indirectly by the organization, categorized by country and recipient/beneficiary;
- B. the method and amount for estimating the monetary value of physical donations.

The Company is committed to making transparent disclosure on all political and charitable donations, as well as related payments or membership expenditure, and ensuring that these donations will not be used for any form of bribery. Even if the donation amount for this category is zero in the year, the Company will still fulfill its disclosure responsibility.

The Company will evaluate the contribution amount of donations to political campaigns, trade associations, and other tax-exempt groups, as well as the transparency of lobbying expenditures, and develop a management system to ensure that the use of donations are in compliance with our consistent sustainable development advocacy and social and environmental responsibilities.

3. Joining association policy

1) Joining climate-related association

The Company will evaluate the contribution amount of donations to political campaigns, trade associations, and other tax-exempt groups, as well as the transparency of lobbying expenditures, and develop a management system to ensure that lobbying activities and membership of industry associations are in compliance with our consistent sustainable development advocacy and social and environmental responsibilities.

We undertake that our policy advocacy and public participation in activities will not hinder our progress towards sustainable development goals, and we will not support policies and regulations that are inconsistent with the transition to a low-carbon economy. We promise that we will not make donations to political parties that lean towards corporate agendas or have special access to politicians, or join associations or organizations that contravene our environmental and sustainable development advocacy, for the interests of the Company.

We undertake that we will publicly disclose the membership of any representative association or committee that we currently participate in public policy formulation and lobbying activities, or the contributions that we make to any association or committee, and

point out any differences in the organization's stance on climate change, biodiversity, water resources, environmental impact, human rights, and other areas that support the Company. We ensure that our membership in the industry associations will not be contravene our climate and other sectors' public strategies, and take action when there is conflict in stance.

2) Public stance

We make a public statement that our stances on the main issues of participation in public policy formulation and directly lobbying or funding third-party lobbying are as follows:

In terms of climate: to fully meet the goals of the Paris Agreement, we strive to restrict global temperature increase to well below 2°C by 2050 while pursuing the goal of temperature increase below 1.5°C threshold as much as possible, achieving net zero emissions by 2050. We support measures to promote the growth of renewable energy and carbon pricing policies.

In terms of waste and toxic substance emissions: we provide full support on relevant agendas and plans of IMO and countries to reduce waste and toxic substance emissions.

In terms of biodiversity: we strive to fully comply with Kunming-Montreal Global Biodiversity Framework and the Company's commitment to no deforestation as much as possible.

In terms of water resource: we meet the requirements for clean water and sanitation facilities in accordance with United Nation Sustainable Development Goal 6.

In terms of human rights: "International Maritime Labor Convention", core conventions and additional protections of the International Labor Organization, United Nation Global Compact, and protection for vulnerable groups.

In terms of stakeholders: participation of important stakeholders, community feedback, and talent development.

3) Law and compliance

The Company undertakes that it will never engage in such activities in countries and regions where donations to political campaigns, trade associations and other tax-exempt groups or funding for lobbying are prohibited by law. Also, in principle, the Company will not make political donations or lobbying funding in any country or region.

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4. Funding, lobbying activities, and industry association membership management system

This policy aims at ensuring the compliance, transparency, and efficiency of the Company in funding, lobbying activities, and industry association membership management. By establishing a comprehensive management system, the Company will be able to better monitor and control the costs, risks, and opportunities associated with these activities. This policy is applicable to all departments and employees of the Company involved in funding, lobbying activities, and industry association memberships.

All lobbying activities must comply with relevant laws and regulations, including but not limited to the “Lobbying Disclosure Law”, “Foreign Agent Registration Law”, and other local laws and regulations in the place of operation. The Company must explicitly state the identity and interests in all lobbying activities.

Any application for funding, lobbying activities, or industry association memberships must pass a formal approval process, including but not limited to budget approval, goal setting, and risk assessment.

- A. Budget approval should include an evaluation of expected costs and a report on expected revenue and values.
- B. In terms of goal setting, we will evaluate the consistency of funding, lobbying activities, or industry association memberships with important conventions such as the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework, the United Nation Sustainable Development Goals, and the core conventions of the International Labor Organization, that is also the consistency with the Company’s public stance. It should be done before supporting activities or joining associations.
- C. The Company must assess the risks associated with funding, lobbying activities, and industry association memberships, and develop corresponding risk mitigation measures. Risk management should include an assessment of potential legal, financial, and reputational risks.

The budget for funding, lobbying activities, and industry association memberships must be clear, reasonable, and consistent with the overall strategic goals of the Company.

All information relating to lobbying activities and industry association memberships must be recorded in details and regularly reported to management. Records should include the purpose, participants, costs, and results of the activities.

In 2024, the Company did not carry out any type of direct lobbying activities.

5. Problem solving framework and exit policy

To ensure effective management of the Company in the aspects of funding, lobbying activities, and industry association memberships, we have an established framework to address any inconsistencies between lobbying activities of trade or industry associations and goals of the Paris Agreement:

Preliminary measures: make a public statement to keep the Company away from industry associations or lobbying activities that deviate from its public stance, contact industry associations that accept the Company’s expenditures, and establish clear schedules and handling procedures.

Upgrading measures: exit from industry associations, combat activities or associations that contravene important conventions such as the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework, the United Nation Sustainable Development Goals, and the core conventions of the International Labor Organization, which are also against the Company’s public stance.

6. Compliance and supervision

The Company establishes a supervision mechanism to ensure the implementation of policies and regularly evaluates the effectiveness of policies. The Company will take corresponding corrective measures for contraventions of policies.

The Company’s Operation Management Center is responsible for the implementation of this policy to ensure that all activities and membership management comply with the requirements of this policy. Any contravention of this policy will be subject to disciplinary actions of the Company.

The Company will conduct regular supervision and audit on lobbying activities and industry association memberships to ensure compliance and efficiency. The audit results will be used to improve policies and processes.

Harmonious Development

7. Achievements for the year

1) Participation in associations

Participation in as-sociations or organizations	Type of association	Policy compliance	Way of participation	Membership fee expenditure/ USD	Donation/USD	Total expend- itures/USD	Purpose of Participation
The Nature Conserv-ancy (TNC)	Non-profit nature conserva- tion or-ganiza- tion	Compliance with climate change, biodiversity, waste management and water management policies	Council Member of Greater China Governing Council	-	-	-	Environmental protection
Shenzhen One Planet Nature Foundation			Participation	-	12,501	12,501	Environmental protection
Enterprise Green De-velopment (Haikou) Institute	Non-profit aca- demic organiza- tion		Council Member	-	-	-	Sustainable development
China In-stitute of Navigation			Standing Council Member	1,111	-	1,111	Academic exchange
Baltic and Interna- tional Mar- itime Council (BIMCO)	Non-profit industry associa- tion		Membership	2,213	-	2,213	Industry exchange
China Shipowners' Association			Standing Council Member, Vice Chairman	27,780	-	27,780	Industry exchange
China Shipowners Mutual Assurance Association			Director	-	-	-	Industry exchange
China Communications and Transportation Association – Shipping and Logistics Society			Vice Chairman	-	-	-	Industry exchange
Hong Kong Shipowners Association			Committee Member	2,564	-	2,564	Industry exchange
Qingdao Shipowners Association			Standing Council Member	1,389	-	1,389	Industry exchange
Qingdao Shipmaster Association		Compliance with human rights and stakeholder engagement policy	Council Member	694	-	694	Talent cultivation
Shandong Seafarer Service Association			Vice Chairman	-	-	-	Talent cultivation
Shanghai International Shipping Center Development Promotion Association			Vice Chairman	4,167	-	4,167	Talent cultivation
Council of World Shipping, Dalian Maritime University		Other	Council Member	-	-	-	Talent cultivation
Marine Graduates Collaborative Group Meeting	Member		-	-	-	Talent cultivation	
Other re-gional in-dustry asso- ciations par- ticipated by subsidiaries and branch- es	Non-profit industry association	No policy conflicts	/	50,822	-	50,822	Development of business
In summary: Associations or think tanks related to policy impact	/	/	/	-	-	-	/
In summary: Non-profit industry association	/	/	/	89,629	/	89,629	Non-political purposes
In sum- mary: Think tanks	/	/	/	1,111	/	1,111	Non-political purposes
In sum- mary: Other types of organiza- tions	/	/	/	-	12,501	12,501	Non-political purposes

Harmonious Development

In 2024, we made zero donations and expenditures for lobbying, interest representation or similar activities, zero donations and expenditures for local, regional or national political campaigns/organizations/candidates, zero for other (e.g., expenditures related to ballot measures or referendums), and zero donations and expenditures related to industry associations or tax-exempt groups (e.g., think tanks) with legislative or lobbying purposes. None of the industry associations or groups in which we made expenditures or participated were for the purpose of influencing political campaigns or public policy and legislation, and are not related to the affairs or causes of any particular political party. The Company does not make any offer, payment, or gift of material value, or promise of such, directly or indirectly, to any government or public official, political party or its representatives, or candidate for political or governmental office.

2) Donation Status

Donation recipient	Type of donation	Policy compliance	Way	Expenditure/USD
Shanghai Maritime University	Institutional support	Compliance with stakeholder engagement approach	Donation	277,798
Shandong Foreign Trade Vocational College	Scholarships	Compliance with stakeholder engagement approach	Donation	11,112
HOA KHANH TAY Primary School	Institutional support	Compliance with human rights approach	Donation	1,519
Shenzhen One Planet Nature Foundation	Charitable donation	Compliance with climate change, biodiversity and water management policies	Donation	12,501
Thai Red Cross Society	Charitable donation	Compliance with human rights approach	Donation	710
Anbe Sivam Charity Home, Malaysia	Charitable donation	Compliance with human rights approach	Material donations	548
Ishikawa Prefectural Government, Japan	Disaster relief support	Compliance with human rights approach	Donation	3,293
Vietnam Fatherland Front	Disaster relief support	Compliance with human rights approach	Donation	2,850
Total	/	/	/	310,331

The Company cannot grow without the support of the local community. The Company has been actively involved in and making contributions to the local community through welfare programs to achieve sustainable development between the Company and the community of the place of operation. The Company strengthens communication with the communities where it operates to understand the concerns and needs of the communities and determine the focus areas of the Company's contributions based on its own business advantages and characteristics. In 2024, the Company made contributions to poverty alleviation through education, training of shipping talents, updating of education facilities, construction of scientific innovation, environmental protection and disaster relief by investing a total of approximately US\$310,000 in public welfare.

Harmonious Development

Case:

On 2 November 2024, the third “SITC Class” which was jointly organized by Shandong Foreign Trade Vocational College and SITC Logistics was successfully completed, and the leaders of both sides and relevant students attended the ceremony. At the ceremony, leaders of both sides awarded completion certificates to 27 “SITC Class” students and certificates of honor to 40 students who won the “SITC Scholarship”. In the future, both parties will promote the enhancement of students’ employability through more forms of school-enterprise cooperation, and help colleges and universities to cultivate talents more in line with the needs of the society.



Case:

On 16 October 2024, the Opening Ceremony of the 7th SITC Mini-MBA Shipping Orientation Courses and the Donation Ceremony of University-Enterprise Cooperation were successfully held at the SITC Academic Exchange Centre of Shanghai Maritime University. SITC and Shanghai Maritime University have long maintained an all-round, deep and sustainable strategic cooperative relationship, and have respectively carried out multi-faceted and multi-form co-operation contents in the aspects of talent cultivation, industry-teaching fusion, academic exchanges and public welfare and charity. This ceremony marks a new chapter of school-enterprise cooperation. In the future, the two sides will further deepen the cooperation, jointly explore the new mode of school-enterprise cooperation, cultivate more high-quality composite professionals, jointly promote the high-quality and sustainable development of the industry.



Case:

From 2 to 4 April 2024, the Smart Logistics Datathon 2024 (“Datathon”), organized by the Chinese University of Hong Kong under the sponsorship of SITC, was successfully held at Cyberport, Hong Kong.

The event was held by the Asian Institute of Supply Chains & Logistics (AISCL) of the Chinese University of Hong Kong, aiming to inspire participants to develop innovative insights on logistics operations, services, or business models through big data analytics. Participants were given a non-stop 35-hour period to understand and conduct in-depth analysis on provided sets of transport and logistics-related data. The event provided participants with a first-hand experience of the complex data processing behind online shopping.

SITC donated for this event, further exploring academic exchanges between schools and enterprises, and promoting the creative upgrade of digitalization and intelligence of port and shipping logistics. The Company will adhere to promoting innovation and is committed to promoting scientific and technological progress and sustainable development.



Case:

On 24 October 2024, SITC Thailand companies jointly organized a charity event – “SITC assists Thais to fight disasters together” to donate money to those affected by floods in Thailand. Mr. Khan Prachuabmoh, Chairman of the Thai Red Cross Society attended and witnessed the event. Since September 2024, the continuous rainfall, floods and landslides caused by Typhoon “Capricorn” have caused serious damage to 23 provinces in Thailand. The disasters encountered were mainly concentrated in Chiang Mai and Chiang Rai, which suffered the worst floods in 30 years, heavy casualties and property damage were reported. SITC Thailand companies uphold SITC’s fine traditions, actively fulfill their social responsibilities and give back to the society, and donated a total of 80,000 baht in cash and relief materials to the disaster-stricken areas. A trickle of water gathers into warm love, we believe that this meager power can bring care and warmth, helping local disaster-stricken people to overcome the difficulties as soon as possible and rebuild their beautiful homes.



Harmonious Development

Case:

On 25 October 2024, SITC Line Malaysia initiated a charity event “SITC Brings Deepavali Joy to the Needy” at Anbe Sivam Charity Home in Klang, Malaysia. During this event, employees actively participated by donating recyclable items, enriching community care while promoting environmental preservation. A variety of festive foods and essential daily supplies were provided to bring warmth and support to the children at the charity home. This initiative not only provided aid to those in need but also fostered a shared sense of joy in giving back and celebrating the festival. Through this event, SITC reaffirmed its dedication to promoting community welfare by spreading love and support to those in need.



Case:

SITC Logistics Thailand and EDF Student Aid Foundation, an educational charity organization in Thailand, jointly organized the event with the theme of “Under the Same Sky—To Create a Better Future for Out-of-School Children in Thailand”. Over the past five years, the Company has donated to 6 children who are out of school due to poverty, disability, or being orphans, etc. for their tuition fees. In addition, one-on-one care and companionship are provided by our employees to help 30 Thai children become stronger and more confident in facing future difficulties and challenges in life.



Outlook

In 2025, the Board of the Company will continue to adhere to the strategy of sustainable development and constantly seek development opportunities.

In terms of environment:

- To update and monitor mid-to-long term environmental indicators and implementation path to achieve the net zero target as soon as possible;
- To ensure the vessels of the Company are in compliance with the latest IMO requirements and maintain a high CII rating;
- To promote more green investment and financing projects;
- To track any change in new energy vessels and fuel technology;
- To enhance data accuracy and comparability;

In terms of society:

- To pay attention to the major topics of stakeholders and to facilitate the green development of supply chain;
- To enhance review and supervision of supply chain ESG-related matters;
- To expand talent pool and build talent echelon;
- To complete survey on stakeholder satisfaction;

In terms of governance:

- To participate MSCI/CDP/S&P ratings and to learn from the best practices of outstanding companies;
- Ensure the independence and diversity of the Board and committee members;
- To strengthen management and control of all risks involving in the industry and regions.

Appendix I: Independent Verification Statement



Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by SITC International Holdings Company Limited ("SITC") to conduct an independent verification for its sustainability disclosures (the "selected disclosures") stated in its 2024 Environmental, Social and Governance Report of SITC ("the Report"). The selected disclosures covered the sustainability performance of SITC in the period from 1st January 2024 to 31st December 2024. The verification covered the contents of the Report but not limited to:

- Corporate KPIs and their status in 2024 (refer to the section of "Energy Conservation and Environmental Protection") for the CO₂, NO_x and SO_x emissions arisen from marine vessels operation

The objective of this verification is to provide an independent opinion with a reasonable level of assurance on whether the sustainability disclosures are prepared in accordance with the following reporting criteria:

- The Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31st December 2023, which remains applicable to annual reports for financial years commencing before 1st January 2025).

The verification team also review the disclosures in the Report by making reference to the following disclosure frameworks, as the Report has been prepared with references to:

- Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") 2021
- Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations

Level of Assurance and Methodology

HKQAA's verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a reasonable level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism

Roles and Responsibilities

SITC is responsible for the organization's information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by SITC for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between SITC and HKQAA.

Appendix I: Independent Verification Statement



Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and SITC that would affect the impartiality of the verification.

Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to verifying the transcription / transformation of the raw data or information into the selected disclosures, e.g., claims and performance data stated in the Report. This sustainability information may be subject to inherent uncertainty.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.
- IV. Any information outside the established verification period has been excluded.

Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a reasonable level of assurance, the report has been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31st December 2023, which remains applicable to annual reports for financial years commencing before 1st January 2025).

In addition, the verification team considered that the Report has been prepared by making references to the contents or parts of the contents of the GRI Standards 2021 and TCFD recommendations.

Signed on behalf of Hong Kong Quality Assurance Agency

K.T. Ting
Chief Operating Officer
March 2025
Ref: 14955393-VER

Appendix II: HKEX ESG Reporting Code Index

	Areas, Aspects, and KPIs	Section/Reference Guideline	Page
Introduction			
Overall approach 9	Independent verification of relevant information	Appendix I	155-156
Mandatory disclosure requirements			
Governance structure13	A statement issued by the Board regarding ESG issues	About this report	2, 9, 10
Reporting principle14	A description of, or an explanation on, the application of the Reporting Principles of Materiality, Quantitative and Consistency in the preparation of the ESG report	About this report	2
Reporting boundary 15	A narrative explaining the reporting boundaries, selection process and changes of the ESG report	About this report	2
A1	Emissions		
General Disclosure		Energy Conservation and Environmental Protection	59
1.1	The types of emissions and respective emissions data	Energy Conservation and Environmental Protection	66-73
1.2	Greenhouse gas emissions [Deleted on 1 January 2025]	Energy Conservation and Environmental Protection	67-68
1.3	Total hazardous waste and intensity	Energy Conservation and Environmental Protection	77
1.4	Total non-hazardous waste and intensity	Energy Conservation and Environmental Protection	77
1.5	Emissions target(s) set and steps taken to achieve them	Energy Conservation and Environmental Protection	67-71
1.6	Handling of wastes and reduction target(s) and steps taken to achieve them	Energy Conservation and Environmental Protection	76-79
A2	Use of Resources		
General Disclosure		Energy Conservation and Environmental Protection	79
2.1	Direct and/or indirect energy consumption and intensity	Energy Conservation and Environmental Protection	80-81
2.2	Water consumption in total and intensity	Energy Conservation and Environmental Protection	85
2.3	Energy use efficiency target(s) set and steps taken to achieve them	Energy Conservation and Environmental Protection	81-84
2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and water efficiency target(s) set	Energy Conservation and Environmental Protection	85-87
2.5	Total packaging material used for finished products and with reference to per unit produced	Energy Conservation and Environmental Protection	80
A3	The Environment and Natural Resources		
General Disclosure		Energy Conservation and Environmental Protection	88
3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken	Energy Conservation and Environmental Protection	88-91
A4	Climate Change		
General Disclosure		Energy Conservation and Environmental Protection	91
4.1	Description of significant climate-related issues that have impacted, and those which may impact the issuer [Deleted on 1 January 2025]	Energy Conservation and Environmental Protection	91-109
B1	Employment		
General Disclosure		Harmonious Development	110
1.1	Total workforce by gender, employment type, age group, and geographical region	Harmonious Development	114-118
1.2	Employee turnover by gender, age group, and geographical region	Harmonious Development	114-118
B2	Health and Safety		

Appendix II: HKEX ESG Reporting Code Index

	Areas, Aspects, and KPIs	Section/Reference Guideline	Page
General Disclosure		Harmonious Development	126
2.1	Number and rate of work-related fatalities occurred in each of the past three years	Harmonious Development	128-129
2.2	Lost days due to work injury	Harmonious Development	128-129
2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Harmonious Development	126-140
B3	Development and Training		
General Disclosure		Harmonious Development	122
3.1	The percentage of employees trained by gender and employee category	Harmonious Development	123
3.2	The average training hours completed per employee by gender and employee category	Harmonious Development	123
B4	Labour Standards		
General Disclosure		Harmonious Development	110
4.1	Description of measures to review employment practices to avoid child and forced labor	Harmonious Development	110-113
4.2	Description of steps taken to eliminate such practices when discovered	Harmonious Development	110-113
B5	Supply Chain Management		
General Disclosure		Responsible Operations	52
5.1	Number of suppliers by geographical region	Responsible Operations	52
5.2	Description of practices relating to engaging suppliers	Responsible Operations	53-56
5.3	Description of practices used to identify environmental and social risks along the supply chain	Responsible Operations	53-56
5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers	Responsible Operations	53-56
B6	Product Responsibility		
General Disclosure		Responsible Operations	49
6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Responsible Operations	52
6.2	Number of products and service-related complaints received and how they are dealt with	Responsible Operations	52
6.3	Description of practices relating to observing and protecting intellectual property rights	Responsible Operations	52
6.4	Description of quality assurance process and recall procedures	Responsible Operations	52
6.5	Description of consumer data protection and privacy policies	Responsible Operations	47-48
B7	Anti-corruption		
General Disclosure		Responsible Operations	43
7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and the outcomes of the cases	Responsible Operations	46
7.2	Description of preventive measures and whistle-blowing procedures	Responsible Operations	43-49
7.3	Description of anti-corruption training provided to directors and staff	Responsible Operations	43-49
B8	Community Investment		
General Disclosure		Harmonious Development	151
8.1	Focus areas of contribution	Harmonious Development	151-153
8.2	Resources contributed to the focus area	Harmonious Development	151-153

Appendix II: HKEX ESG Reporting Code Index

Areas, Aspects, and KPIs		Section/Reference Guideline	Page
Climate-related Disclosures		Energy Conservation and Environmental Protection	91
(I) Governance		Energy Conservation and Environmental Protection	91
	(a) the governance body(s) responsible for oversight of climate-related risks and opportunities	Energy Conservation and Environmental Protection	10-14, 92, 102
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Energy Conservation and Environmental Protection	10-14, 92, 102
(II) Strategy		Energy Conservation and Environmental Protection	92
	Climate-related risks and opportunities	Energy Conservation and Environmental Protection	92-100
	Business model and value chain	Energy Conservation and Environmental Protection	92-100
	Strategy and decision-making	Energy Conservation and Environmental Protection	92, 104-109
	Financial position, financial performance and cash flows	Energy Conservation and Environmental Protection	93-98
	Climate resilience	Energy Conservation and Environmental Protection	97-108
(III) Risk Management		Energy Conservation and Environmental Protection	92
	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	Energy Conservation and Environmental Protection	92-108
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities)	Energy Conservation and Environmental Protection	92-108
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	Energy Conservation and Environmental Protection	92-108
(IV) Metrics and Targets			
	Greenhouse gas emissions	Energy Conservation and Environmental Protection	67-68, 72
	Climate-related transition risks	Energy Conservation and Environmental Protection	93-100
	Climate-related physical risks	Energy Conservation and Environmental Protection	93-100
	Climate-related opportunities	Energy Conservation and Environmental Protection	74-75, 93-100
	Capital deployment	Energy Conservation and Environmental Protection	74-75, 93-100
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	Industry-based metrics	Appendix V	SASB Index
	Climate-related targets	Energy Conservation and Environmental Protection	67-71

Appendix III: GRI Content Index

Statement of use SITC has reported the information cited in this GRI Content Index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Page
GRI 2: General Disclosure 2021	2-1 Organizational details	3
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency, and contact point	2
	2-4 Restatements of information	2
	2-5 External assurance	2
	2-6 Activities, value chain, and other business relationships	3, 50, 52
	2-7 Employees	113
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	2-9 Governance structure and composition	12
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	2-11 Chair of the highest governance body	4
	2-12 Role of the highest governance body in overseeing the management of impacts	13
	2-13 Delegation of responsibility for managing impacts	13
	2-14 Role of the highest governance body in sustainability reporting	13
	2-15 Conflicts of interest	20
	2-16 Communication of critical concerns	21
	2-17 Collective knowledge of the highest governance body	13
	2-18 Evaluation of the performance of the highest governance body	16, 20
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	2-27 Compliance with laws and regulations	52,53
	2-28 Membership of associations	150
	2-29 Approach to stakeholder engagement	21-32
	2-30 Collective bargaining agreements	110-113

Appendix III: GRI Content Index

GRI Standard	Disclosure	Page
GRI 3: General Disclosure 2021	3-1 Process to determine material topics	21
	3-2 List of material topics	21
	3-3 Management of material topics	21
GRI3 Material Topics 2021: Voluntary Disclosure:		
GRI 201_ Economic Performance 2016	201-1 Direct economic value generated and distributed	6,33, 126, refer to 2024 Annual Report of the Company
	201-2 Financial implications and other risks and opportunities due to climate change	91-109
	201-3 Defined benefit plan obligations and other retirement plans	128, 141-145
GRI 202: Market Performance 2016	202-1 Ratio of standard starting salary level salary to local minimum wage by gender	120, 141-145
	202-2 Percentage of executives hired from local communities	119
GRI 204_ Procurement Practices 2016	204-1 Proportion of purchase expenditure from local suppliers	52
GRI 205: Anti-corruption 2016	205-1 Operations that have undergone a corruption risk assessment	43-47
	205-2 Communication and training on anti-corruption policies and procedures	21, 43-47
	205-3 Confirmed incidents of corruption and actions taken	45
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions against competitive misconduct, antitrust and antitrust practice	43,52
GRI 302:Energy 2016	302-1 Energy consumption within the organization	69, 80
	302-2 Energy consumption outside the organization	72
	302-3 Energy intensity	66-81
	302-4 Reducing energy consumption	66-84
GRI 303:Water and Wastewater 2018	303-1 Interaction of organizations and water as a shared resource	85-87
	303-2 Managing impacts related to drainage	75-78, 85-87
GRI 304:Biodiversity 2016	304-1 Organizations own, lease, manage operations located in or adjacent to protected areas and biodiversity-rich areas outside protected areas	88-91
	304-2 Significant impacts of activities, products and services on biodiversity	88-91
GRI 305:Emissions 2016	305-1 Direct (Scope 1) GHG emissions	67
	305-2 Energy indirect (Scope 2) GHG emissions	67
	305-3 Other indirect (Scope 3) GHG emissions	72
	305-4 GHG emissions intensity	67-72
	305-5 GHG emission reduction	66-75, 81-85
	305-7 NOX, SOX, and other significant gas emissions	66-69
GRI 306:Waste 2020	306-1 Generation of waste and significant wasterelated impacts	75-79
	306-2 Management of significant impacts related to waste	75-79
	306-3 Waste generated	75-79

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GRI Standard	Disclosure	Page
GRI 308:Supplier Environmental Assessment 2016	308-1 New suppliers screened using environmental criteria	53-56
	308-2 Negative impacts of the supply chain on the environment and actions taken	53-56
GRI 401:Employment 2016	401-1 New hires and employee turnover	113-119
	401-2 Benefits provided to full-time employees (excluding temporary or parttime employees)	123-126,141-145
	401-3 Parental leave	141-142
GRI 403:Occupational Health and Safety 2018	403-1 Occupational health and safety management system	110, 126-140
	403-2 Hazard identification, risk assessment and incident investigation	113,126-140, 34-36
	403-3 Occupational health services	126-140
	403-4 OH&S matters: Worker engagement, consultation, and communication	113, 126-140, 34-36
	403-5 Occupational health and safety training for workers	130
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GRI 404:Training and Education 2016	404-1 Average hours of training per employee per year	123
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	404-3 Percentage of employees receiving regular performance and career development reviews	122-125
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governing body and staff	113-119
	405-2 Ratio of basic wages and remuneration for men and women	119-120
GRI 406:Anti-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	110-112
GRI 408:Child Labour 2016	408-1 Operations and suppliers at significant risk of child labour incidents	53,55,110,112
GRI 409:Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	110-112
GRI 414:Supplier Social Assessment 2016	414-1 New suppliers screened using social criteria	53-56
	414-2 Negative impacts of supply chains on society and actions taken	53-56
GRI 418:Customer Privacy 2016	418-1 Substantiated complaints involving violations of customer privacy and loss of customer data	47-48

Appendix IV: Recommendations of the Task Force on Climate-related Financial Disclosures Index

Recommendations and Recommended Disclosures		Page
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	10-14, 92, 102
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	10-14, 92, 102
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	92-100
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	92-108
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario.	92-108
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks.	92-108
	b) Describe the organisation's processes for managing climate-related risks.	92-108
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	92-108
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	92-108, SASB Index
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	67-72
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	67-71

Appendix V: SASB Maritime Industry Sustainability Disclosure Content Index

Sustainability-Related Disclosure Issues and Indicators

Issue	Indicator	Indicator Number	Unit	Nature of Disclosure	Data	Section/Page
Greenhouse gas emissions	Global emissions of greenhouse gases for scope 1	TR-MT-110a.1	Tons CO2e	Quantification	1,701,433	67
	Long-term/short-term strategic plans, emission reduction targets and performance analysis for scope 1 emissions	TR-MT-110a.2	N/A	Discussion and analysis	N/A	67-69
	1. Total energy consumption 2. Percentage of heavy oil 3. Percentage of renewable energy consumption	TR-MT-110a.3	Gigajoules (GJ); Percentage	Quantification	1. Total energy consumption: 6,050,657 GJ 2. Percentage of heavy oil: 96.23% 3. Percentage of renewable energy consumption: 0	80
	Average Energy Efficiency Design Index (EEDI) for new vessels	TR-MT-110a.4	g CO2/ (ton*nautical mile)	Quantification	15.71	71
Air quality	The following pollutants are emitted from the air: (1) Nitrogen oxides (excluding nitrous oxide) (2) Sulfur oxides (3) Particles (PM10)	TR-MT-120a.1	Tons	Quantification	(1) NOx (excluding N2O): 42,113 (2) SOx: 4,819 (3) Particles (PM10): 1.00	69
	Transportation duration within marine protected areas or protected conservation areas	TR-MT-160a.1	Navigation days	Quantification	0	89-90
Environmental impact	Percentage of vessels implementing ballast water (1) exchange and (2) treatment	TR-MT-160a.2	Percentage	Quantification	Ballast water (1) exchange for self-owned vessels: 0% Ballast water (2) treatment for self-owned vessels: 100%	90-91
	Total number of (1) leaks and (2) discharges to the environment	TR-MT-160a.3	Number of times; cubic meters	Quantification	0	90-91
Labor health and safety	Lost Time Incident Rate (LTIR)	TR-MT-320a.1	Ratio	Quantification	Injury rate per million hours for our self-owned employees: 0.30 Injury rate per million hours for contractors: 0.49	128-129

Appendix V: SASB Maritime Industry Sustainability Disclosure Content Index

Issue	Indicator	Indicator Number	Unit	Nature of Disclosure	Data	Section/Page
Business ethics	Number of calls at ports in the bottom 20 countries ranked by Transparency International's Corruption Perception Index	TR-MT-510a.1	Number of calls	Quantification	156	71
	Total monetary losses incurred due to legal proceedings related to bribery or corruption	TR-MT-510a.2	Currency unit	Quantification	0	43-45
Accident safety management	(1) Number of marine accidents (2) Percentage categorized as very serious	TR-MT-540a.1	Number of times; percentage	Quantification	(1) Number of accidents: 2; (2) Percentage of serious accidents: 100%	138
	Number of times that meet the requirements or recommendations on vessel detention	TR-MT-540a.2	Number of times	Quantification	0	42
	Identified number of times caused by (1) deficiencies and (2) detentions due to port state control	TR-MT-540a.3	Number of times	Quantification	(1) Deficiencies: 124 (2) Detentions: 0	42
Operational activity indicators	Number of employees on board	TR-MT-000.A	Number of employees	Quantification	Self-owned employees on board: 1,257 Contractors on board: 923	117-118
	Total distance navigated by our vessels	TR-MT-000.B	Nautical miles	Quantification	7,625,141	71
	Number of working days	TR-MT-000.C	Number of days	Quantification	Self-owned vessels: 35,822 Whole fleet (including out-chartered vessels): 2,977	71
	Deadweight tonnage	TR-MT-000.D	Thousand tons	Quantification	2,366.678	71
	Number of vessels in the total transportation fleet	TR-MT-000.E	Number	Quantification	112	71
	Number of vessel calls	TR-MT-000.F	Number of calls	Quantification	14,607	71
	Number of twenty-foot equivalent units/TEUs	TR-MT-000.G	Number of twenty-foot equivalent units/TEUs	Quantification	178,501	71

Appendix VI: IFRS-S1-Sustainability-related Disclosures

Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Governance		
IFRS S1-27(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	10-14, 59-64, 91-109
	(i) how responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	10-14, 59-64, 91-109
	(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities;	10-14, 59-64, 91-109
	(iii) how and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities;	10-14, 59-64, 91-109
	(iv) how the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	10-14, 59-64, 91-109
	(v) how the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	10-14, 16, 74, 91-109
IFRS S1-27(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities, including information about:	10-14, 59-64, 91-109
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee;	10-14, 59-64, 91-109
	(ii) whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	10-14, 31-42, 91-109

Appendix VI: IFRS-S1-Sustainability-related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Strategy		
IFRS S1-29(a)	the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	31-32, 64-65, 70-71, 75, 78, 82-84, 93-108
IFRS S1-29(b)	the current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain;	31-32, 64-65, 70-71, 75, 78, 82-84, 93-108
IFRS S1-29(c)	the effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making;	31-32, 64-65, 70-71, 75, 78, 82-84, 93-108
IFRS S1-29(d)	the effects of those sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those sustainability-related risks and opportunities have been factored into the entity's financial planning;	31-32, 64-65, 70-71, 75, 78, 82-84, 93-108
IFRS S1-29(e)	the resilience of the entity's strategy and its business model to those sustainability-related risks.	31-32, 64-65, 70-71, 75, 78, 82-84, 93-108
Sustainability-related risks and opportunities		
IFRS S1-30(a)	describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	31-32, 93-108
IFRS S1-30(b)	specify the time horizons — short, medium or long term — over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur;	31-32, 93-108
IFRS S1-30(c)	explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	92
Business model and value chain		
IFRS S1-32(a)	a description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain;	31-32, 99-100
IFRS S1-32(b)	a description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	92-93, 98

Appendix VI: IFRS-S1-Sustainability-related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Strategy and decision-making		
IFRS S1-33(a)	how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;	91-109
IFRS S1-33(b)	the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information;	64-65, 70-71, 75, 78, 82-84, 93-100, also refer to the 2023 ESG Report
IFRS S1-33(c)	trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community).	22-26, 88-91, 93, 98
Financial position, financial performance and cash flows		
IFRS S1-34(a)	the effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects);	64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S1-34(b)	the anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how sustainability-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S1-35(a)	how sustainability-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	93-97, also refer to the 2023 ESG Report
IFRS S1-35(b)	the sustainability-related risks and opportunities identified in paragraph 35(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	93-97, also refer to the 2023 ESG Report
IFRS S1-35(c)	how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities, taking into consideration: (i) its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; (ii) its planned sources of funding to implement its strategy;	93-100 64-65, 70-71, 75, 78, 82-84, 93-100 64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S1-35(d)	how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	64-65, 70-71, 75, 78, 82-84, 93-100
Resilience		
IFRS S1-41	an entity shall disclose information that enables users of general purpose financial reports to understand its capacity to adjust to the uncertainties arising from sustainability-related risks. An entity shall disclose a qualitative and, if applicable, quantitative assessment of the resilience of its strategy and business model in relation to its sustainability-related risks, including information about how the assessment was carried out and its time horizon. When providing quantitative information, an entity may disclose a single amount or a range.	59-89, 91-109

Appendix VI: IFRS-S1-Sustainability-related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Risk Management		
IFRS S1-43(a)	to understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
IFRS S1-43(b)	to assess the entity's overall risk profile and its overall risk management process.	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
IFRS S1-44(a)	the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(iv) whether and how the entity prioritises sustainability-related risks relative to other types of risk;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(v) how the entity monitors sustainability-related risks;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
	(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
IFRS S1-44(b)	the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities;	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109
IFRS S1-44(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	10-13, 22, 24, 29-32, 34-41, 55, 59-61, 91-109

Appendix VI: IFRS-S1-Sustainability-related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Metrics and targets		
IFRS S1-46(a)	metrics required by an applicable IFRS Sustainability Disclosure Standard;	SASB Index
IFRS S1-46(b)	metrics the entity uses to measure and monitor:	31, 40-41, 64-86, 99-110, 119, 126, 129
	(i) that sustainability-related risk or opportunity;	31, 40-41, 64-86, 99-110, 119, 126, 129
	(ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(a)	the metric used to set the target and to monitor progress towards reaching the target;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(b)	the specific quantitative or qualitative target the entity has set or is required to meet;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(c)	the period over which the target applies;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(d)	the base period from which progress is measured;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(e)	any milestones and interim targets;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(f)	performance against each target and an analysis of trends or changes in the entity's performance;	31, 40-41, 64-86, 99-110, 119, 126, 129
IFRS S1-51(g)	any revisions to the target and an explanation for those revisions.	31, 40-41, 64-86, 99-110, 119, 126, 129

Appendix VII: IFRS-S2-Climate-Related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Governance		
IFRS S2-6(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	10-14, 92, 102
	(i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s)	10-14, 92, 102
	(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	10-14, 92, 102
	(iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	10-14, 92-109
	(iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	92-109
IFRS S2-6(b)	(v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	10-14, 16, 74, 91-109
	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	10-14, 91-109
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee;	10-14, 91-109
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	10-14, 31-42, 91-109
Strategy		
Climate-related risks and opportunities		
IFRS S2-10(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	93-108
IFRS S2-10(b)	explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	93-108
IFRS S2-10(c)	specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur;	93-108
IFRS S2-10(d)	explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	92
Business model and value chain		
IFRS S2-13(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain;	99-100
IFRS S2-13(b)	a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	92-93, 98

Appendix VII: IFRS-S2-Climate-Related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Strategy and decision-making		
IFRS S2-14(a)	information about how the entity has responded to, and plans to respond to, climate- related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	91-109
	(i) current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments);	64-65, 70-75, 78, 82-84, 91-109
	(ii) current and anticipated direct mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications);	64-65, 70-75, 78, 82-84, 91-109
	(iii) current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and supply chains);	53-55, 70-75, 78, 82-84, 91-109
	(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;	91-109
	(v) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33-36.	70-75, 78, 82-84, 91-109
IFRS S2-14(b)	information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S2-14(c)	quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	64-65, 70-71, 75, 78, 82-84, 93-100, also refer to the 2023 ESG Report

Appendix VII: IFRS-S2-Climate-Related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Financial position, financial performance and cash flows		
IFRS S2-15(a)	the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects);	64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S2-15(b)	the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S2-16(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	93-97, also refer to the 2023 ESG Report
IFRS S2-16(b)	the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	93-97, also refer to the 2023 ESG Report
IFRS S2-16(c)	how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; (ii) its planned sources of funding to implement its strategy;	93-100 64-65, 70-71, 75, 78, 82-84, 93-100 64-65, 70-71, 75, 78, 82-84, 93-100
IFRS S2-16(d)	how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).	64-65, 70-71, 75, 78, 82-84, 93-100

Appendix VII: IFRS-S2-Climate-Related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Climate resilience		
IFRS S2-22(a)	the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:	97, 108
	(i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	97-109
	(ii) the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	97-109
	(iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:	97-109
	(1) the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	97-109
	(2) the entity's ability to redeploy, repurpose, upgrade or decommission existing assets;	97-109
	(3) the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience;	97-109
IFRS S2-22(b)	how and when the climate-related scenario analysis was carried out, including:	91-109
	(i) information about the inputs the entity used, including:	91-109
	(1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	101
	(2) whether the analysis included a diverse range of climate-related scenarios;	101
	(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	101
	(4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	98, 100, 101
	(5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	101-109
	(6) the time horizons the entity used in the analysis; and	104
	(7) what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis).	92, 97, 101-102
	(ii) the key assumptions the entity made in the analysis, including assumptions about:	91-109
	(1) climate-related policies in the jurisdictions in which the entity operates;	91-109
	(2) macroeconomic trends;	91-109
	(3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);	91-109
	(4) energy usage and mix; and	91-109
	(5) developments in technology; and	91-109
	(iii) the reporting period in which the climate-related scenario analysis was carried out.	91-109

Appendix VII: IFRS-S2-Climate-Related Disclosures Content Index

Issue/Reference Number	Disclosure Description	Section/Page
Risk Management		
IFRS S2-25(a)	the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	91-109
	(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	91-109
	(ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;	101-106
	(iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	91-109
	(iv) whether and how the entity prioritises climate-related risks relative to other types of risk;	92
	(v) how the entity monitors climate-related risks;	92-93
	(vi) whether and how the entity has changed the processes it uses compared with the previous reporting period.	92-93
IFRS S2-25(b)	the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities;	91-109
IFRS S2-25(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	37-41, 91-109
IFRS S2-29(a)	greenhouse gases – the entity shall:	67
	(i) disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent, classified as:	67
	(1) Scope 1 greenhouse gas emissions;	67-68
	(2) Scope 2 greenhouse gas emissions;	67-68
	(3) Scope 3 greenhouse gas emissions;	72
	(ii) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions;	67
	(iii) disclose the approach it uses to measure its greenhouse gas emissions including:	67-69, 80-81
	(1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;	67-69, 80-81
	(2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	67-69, 80-81
	(3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	67-69, 80-81

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	(iv) for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between:	67-68
	(1) the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries);	67-68
	(2) other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries);	67-68
	(v) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a) (i) (2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions;	68
	(vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a) (i) (3), disclose:	72
	(1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and	72
	(2) additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity's activities include asset management, commercial banking or insurance.	72
IFRS S2-29(b)	climate-related transition risks – the amount and percentage of assets or business activities vulnerable to climate-related transition risks;	75, 98, 100
IFRS S2-29(c)	Climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	75, 98, 100
IFRS S2-29(d)	climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities;	75, 98, 100
IFRS S2-29(e)	capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	67, 94-97
IFRS S2-29(f)	internal carbon prices – the entity shall disclose:	73-74, 109
	(i) decision-making (for example, investment decisions, transfer pricing and scenario analysis); and	73-74, 109
	(ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.	73-74, 109
IFRS S2-29(g)	remuneration – the entity shall disclose:	
	(i) a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and	10-14, 16, 74, 91-109
	(ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.	10-14, 16, 74, 91-109

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Climate-related targets		
IFRS S2-33(a)	the metric used to set the target;	
IFRS S2-33(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	68
IFRS S2-33(c)	the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);	68
IFRS S2-33(d)	the period over which the target applies;	68
IFRS S2-33(e)	the base period from which progress is measured;	68
IFRS S2-33(f)	any milestones and interim targets;	68
IFRS S2-33(g)	If the target is quantitative, whether it is an absolute target or an intensity target; and	68
IFRS S2-33(h)	How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	68
IFRS S2-34(a)	whether the target and the methodology for setting the target has been validated by a third party;	155-156
IFRS S2-34(b)	the entity's processes for reviewing the target;	59-61, 68-69
IFRS S2-34(c)	the metrics used to monitor progress towards reaching the target;	67-72
IFRS S2-34(d)	any revisions to the target and an explanation for those revisions.	59-61, 68
IFRS S2-35	An entity shall disclose information about its performance against each climate- related target and an analysis of trends or changes in the entity's performance.	67-72
IFRS S2-36(a)	which greenhouse gases are covered by the target.	68
IFRS S2-36(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	68
IFRS S2-36(c)	whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target.	68
IFRS S2-36(d)	whether the target was derived using a sectoral decarbonisation approach.	68
IFRS S2-36(e)	the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including:	68
	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	68
	(ii) which third-party scheme(s) will verify or certify the carbon credits;	68
	(iii) the type of carbon credit, including whether the underlying offset will be nature- based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal;	68
	(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).	68

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IFRS S2-37	In identifying and disclosing the indicators used to set and monitor progress towards the achievement of the targets referred to in paragraphs 33 to 34, an entity should refer to both cross-industry indicators and industry-specific indicators, and consider their applicability, including those described in the applicable IFRS Sustainability Disclosure Standard or those that meet the requirements of IFRS S1.	SASB Index