

Setting Sail Toward
Future Dreams



2023 Environmental, Social and Governance Report

CONTENTS

| | |
|---------------------------|----|
| A Letter to Stakeholders | 01 |
| About Us | 03 |
| Figures in 2023 | 05 |
| ESG Management | 07 |
| CSR Spotlight | 11 |
| | |
| ESG Reporting Guide Index | 63 |
| About This Report | 65 |
| Feedback Sheet | 66 |

E Committed to Environmental



Efforts to Forge a Green Future Together

| | |
|---|----|
| Carbon Peaking and Carbon Neutrality Initiative | 17 |
| Environmental Management | 19 |
| Green Operations | 23 |
| Ecological Protection | 28 |

G Refined Governance



Creating a Lean Future through

| | |
|--------------------------|----|
| Party Building | 47 |
| Corporate Governance | 49 |
| Work Safety | 55 |
| Technological Innovation | 59 |
| Quality Management | 61 |

S Fulfilling the Mission



To Share a Bright Future for All

| | |
|------------------------|----|
| Caring for Employees | 31 |
| Serving Customers | 38 |
| Win-win Cooperation | 40 |
| Giving Back to Society | 43 |



A Letter to Stakeholders

As we look back on 2023, our reflections go beyond marking the passage of time. The past year was a testament to China's robust economic resilience, weathering storms and emerging stronger. It narrated a story of transformation under the relentless spirit of innovation, buzzing with the dynamism of change. It was a canvas painted with the vibrant strokes of progress, infusing every heart with the warmth of a prosperous, joy-filled life. It also marked the start of implementing the guiding principles of the 20th CPC National Congress and taking decisive steps forward under the 14th Five-Year Plan. In 2023, we celebrated the 30th anniversary of our public listing. We embraced the guiding principles of the 20th CPC National Congress as our main task, and committed ourselves to fully enacting the strategic directives of the CPC Central Committee, the State Council, and China State Shipbuilding Corporation Limited (CSSC). We were steadfast in deepening our foundations, aspired for further growth, and aimed for breakthroughs that would lead us towards improvement.

Our focus stayed on enhancing our comprehensive performance across environmental, social, and governance dimensions, pushing forward with the aim of high-quality and sustainable development in an all-round and orderly manner.

Envisioning a green future. According to the strategic arrangement of the report to the 20th CPC National Congress, by 2035, China should "broadly establish eco-friendly ways of work and life; steadily lower carbon emissions after reaching a peak; fundamentally improve the environment; largely accomplish the goal of building a Beautiful China". Embracing new opportunities of the era, we were committed to the carbon peaking and neutrality goals and stood unwavering on the path towards green development. We fully recognized that every joule of energy saved was a tender homage to Mother Earth, a gesture of deep respect and gratitude. Confronted with the global challenge of climate change, we responded to the nation's call with vigor, embedding

low-carbon and environmental stewardship into the entire lifecycle of ship design, construction, and operation. Leveraging cutting-edge scientific and technological innovations, we championed energy efficiency, practiced the ethos of green manufacturing through tangible actions, etched our green legacy across the blue ocean, and crafted a symphony of harmony between nature and humanity.

Cultivating a harmonious and joyous future. Highlighting social responsibility and serving the country's most fundamental interests, we followed the guide of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, while continuously striving to meet the aspirations of our employees, customers, suppliers, and communities for a better life through a range of concrete actions that demonstrate care and warmth. We prioritized employee welfare, invested in talent development, fostered a safe and healthful workplace, and ensured equitable development opportunities

for every employee. With dedication, we were committed to delivering high-quality products and services to our customers. We actively engaged in community development, supported charitable causes, contributed to regional economic growth, and manifested corporate social responsibility through tangible actions, allowing more individuals to share the joy of corporate progress, and collectively crafting a robust and nurturing social welfare network.

Steering towards a future of robust growth and leadership. On the journey of pursuing excellence, our ambitious vision to become a first-class enterprise in the global marine and heavy equipment market with leading technologies and prominent services, constantly propelled us forward. With resolution, we implemented the comprehensive Party-building requirements of the new era. We earnestly carried out full and strict governance over our Party organizations, and committed ourselves to fostering high-quality Party building

as the cornerstone of high-quality corporate development. Adopting a modern enterprise system, we continually refined our governance structures, amplified the strategic direction provided by the Board of Directors, and championed transparency and law-abiding, compliant operations across the board. In the meantime, we proactively advanced ESG management, intertwining its principles with our strategic ambitions and everyday operations, aiming to become a world-class enterprise in environmental stewardship, social responsibility, and corporate governance. Through a meticulous and efficient governance framework, we unlocked intrinsic dynamism, catalyzing innovation, and upgrade. We have shaped a streamlined, effective, sustainable, and modern corporate image, thus joining hands with partners to sketch a luminous trajectory into the future.

Navigating new horizons. As we look to 2024, we will continue to fulfill our mission of "Serving the country through

marine and shipbuilding business". With a visionary and holistic viewpoint, we pledge to embed sustainable development deep within our core values and long-term development plans. We will strive to achieve new breakthroughs in green transition, social responsibility, and corporate governance, as we aspire to be a beacon of sustainable corporate development on the world stage. We firmly believe that true market competitiveness, enduring success, and a shared, bright future can only be realized by respecting nature, paying back to society, and ensuring robust governance.

About Us

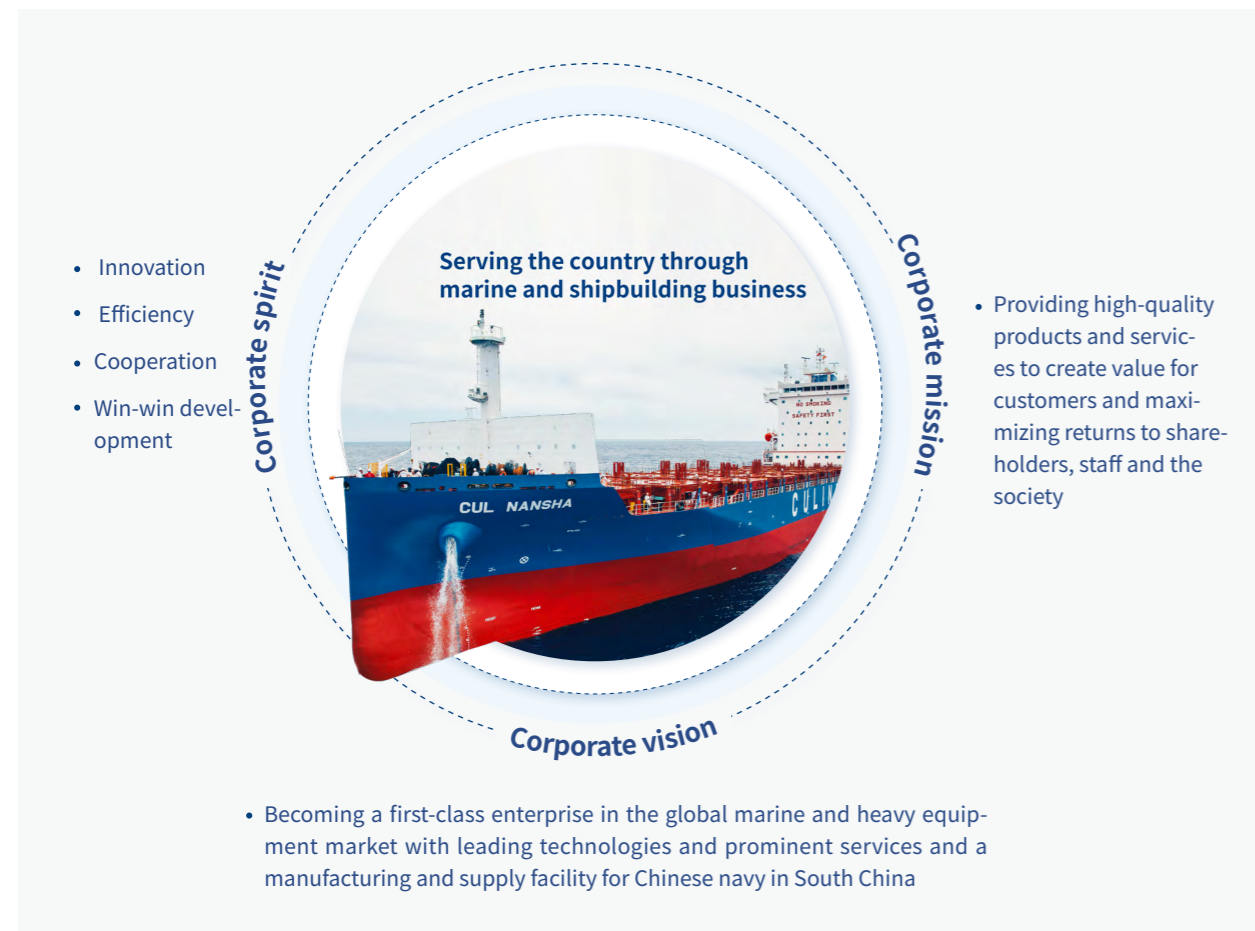
Company Profile

COMEC is a large key shipbuilding enterprise under China State Shipbuilding Corporation Limited (CSSC) and a holding platform company for capital operation of CSSC. The Company was formerly known as Guangzhou Shipyard International Company Limited. Listed in Shanghai (stock code: 600685 for A shares) and Hong Kong (stock code: 00317 for H shares) in 1993, it was the first shipbuilding enterprise in the PRC with listing of both A+H shares.

Through the merger and consolidation of high-quality shipbuilding assets of CSSC in South China, COMEC has achieved the listing of core military assets in China, and has become a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment, namely, maritime defense equipment, maritime transport equipment, maritime development equipment and maritime expedition equipment.

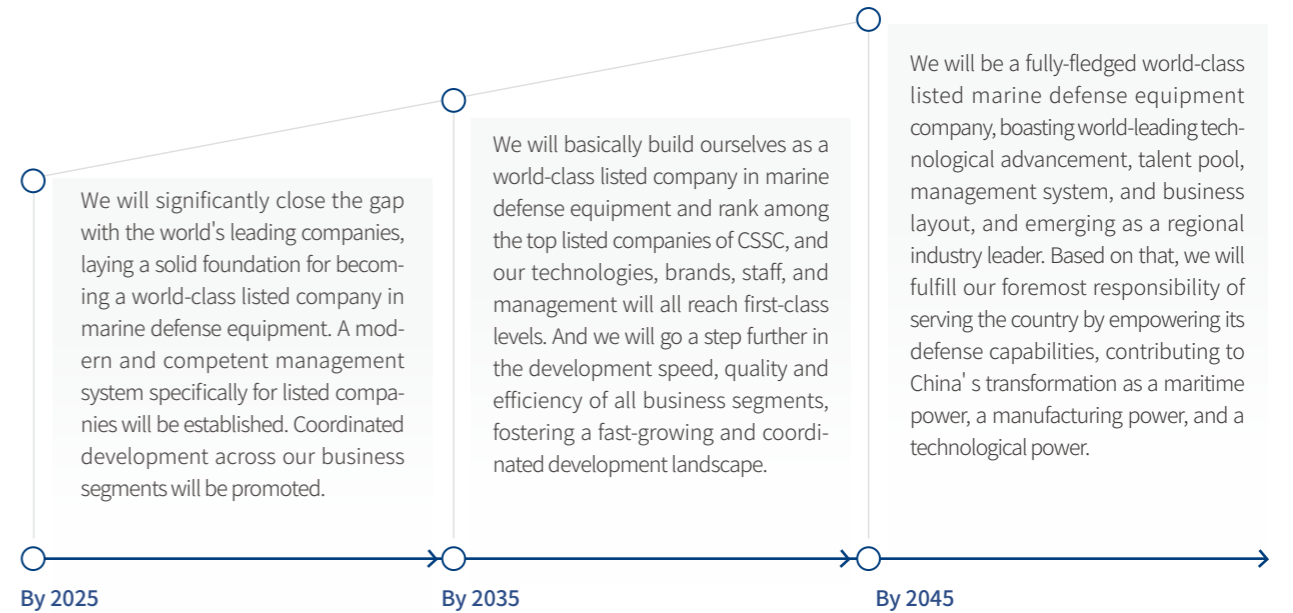
As a holding company, COMEC currently specializes on asset operation and investment management. Our subsidiaries conduct independent production and operation and engage in manufacturing, providing customers with high-quality products through research and development of ships, seeking orders and implementing customized order production. The Company is mainly at the stage of assembly and construction in the shipbuilding and offshore engineering industrial chain. It has extended to shipbuilding and offshore supporting products at the front end of the industrial chain and full lifecycle guarantee at the back end of the industrial chain.

Cultural Philosophy



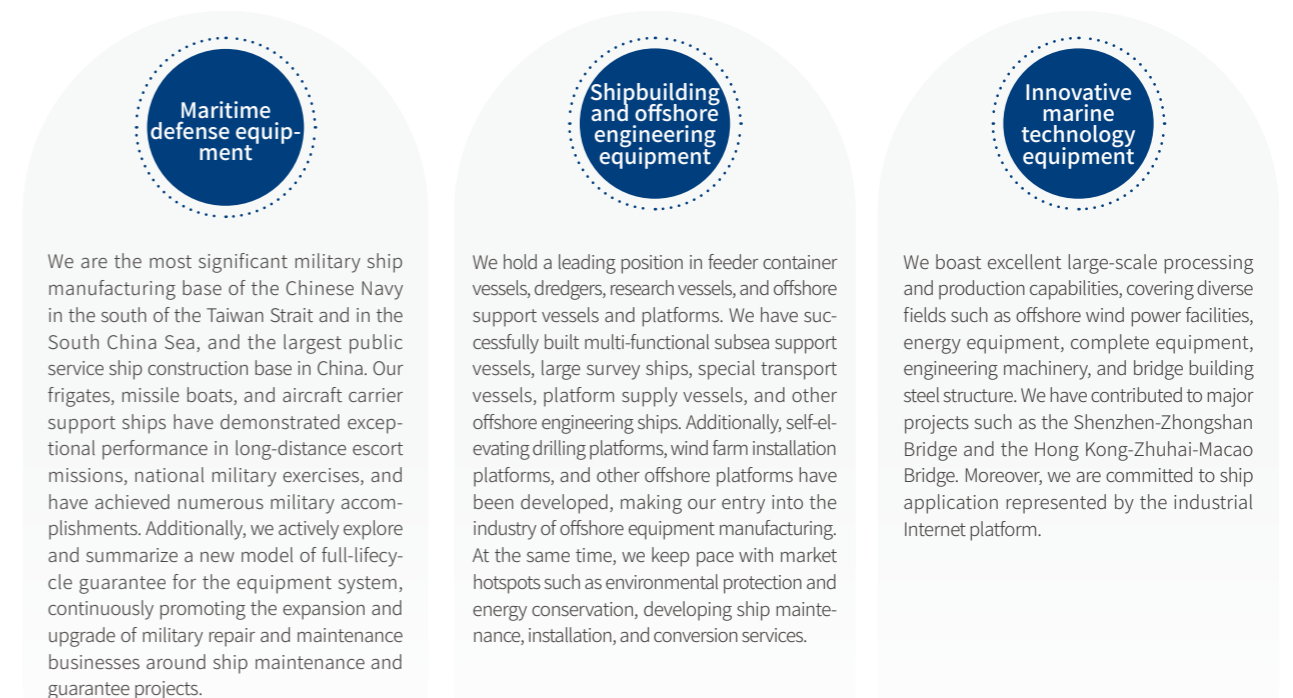
Strategic Goals

We are committed to creating high-quality marine equipment, devoting to marine industry for building military strength to serve the country, pursuing a harmonious development, and becoming a world-class marine equipment listed company with a well-established industrial structure, leading core technologies, excellent quality services, and strong international competitiveness.



Main Businesses

We strive to establish ourselves into a company with diversified business portfolio and become one of the world's largest shipbuilders. To this end, we apply advanced and scientific management methods as well as flexible operation modes to manufacture a wide range of high-quality products that will fuel the growth of the shipping industry both domestically and internationally. Moreover, we actively explore overseas markets to ensure that all our shareholders can reap satisfactory economic benefits.



Figures in 2023

Excellent developmen

| | | | | | | | |
|---|--|--|--|--|---|--|--|
| Total assets RMB 50.863 billion | Operating incom RMB 16.146 billion | Total industrial output value RMB 16.4 billion | Total profit RMB 73.0943 million | Social contribution value per share RMB 1.48 | Total tax payment RMB 155 million | Vessels completed and delivered in 2023 46 | Investment in product quality and safety guarantee RMB 140 million |
|---|--|--|--|--|---|--|--|

Green growth

| | | | | | | | |
|---|--|--|--|---|---|--|---|
| Investment in environmental protection RMB 21.613 million | Environmental protection tax contributions RMB 167,300 | Reduction of carbon dioxide equivalent emissions 11,086 tons | Comprehensive energy consumption per RMB 10,000 of output value 0.0193 tons of standard coal | Energy consumption per RMB 10,000 of output value 88.55 kWh per | Total exhaust emissions approximately 279 million standard cubic meters | Participants of environmental protection training 13,097 | Major environmental violation in 2023 0 |
|---|--|--|--|---|---|--|---|

Social harmony

| | | | | | | | |
|--|-------------------------------------|--|---|--|---|---|---|
| Investment in public welfare RMB 1.453 million | Employee volunteers 1,409 | Volunteer activities 4,650 hours | Volunteer organizations or groups established 3 | Investment in volunteer activities RMB 120,000 | Standard for each employee to buy poverty alleviation agricultural products RMB 350 | Investment in helping people out of poverty with targeted measures (including the money equivalent to the value of materials) RMB 1.333 million | Investment in rural vitalization (including the money equivalent to the value of materials) RMB 1.333 million |
|--|-------------------------------------|--|---|--|---|---|---|

People oriented

| | | | | | | | |
|------------------------------------|--|--|--|--|---|--|--|
| Employees in total 6,974 | Percentage of female employees 12.76 % | Proportion of ethnic minority employees 4.04 % | Employee labor contract signing rate 100 % | Employee social insurance coverage 100 % | Employees received training 86.74 % | Total investment in employee training RMB 12.865 million | Employee labor union membership rate 100 % |
|------------------------------------|--|--|--|--|---|--|--|

Honors and Awards



ESG Management

Our commitment to improving ESG governance remains a pivotal force driving our robust growth and the pursuit of sustainable value. We dedicate our efforts to enhancing the efficiency of the Board of Directors, refining our internal supervision and regulation mechanisms, and improving the quality of information disclosure, thus winning trust from stakeholders through exemplary ESG governance.

Board Statement



ESG management duties of the Board

- To secure the sustainable, standard and healthy corporate development in line with the expectation of stakeholders, enhance our ESG governance and improve the ESG management, the whole process ESG control system has been established to further standardize the ESG governance under the overall leadership of the Board, with the participation of the executive directors and the directors assuming responsibilities. The Board, as a key role in ESG governance, actively promotes and supervises the implementation of the Company's comprehensive sustainability strategy and bears the ultimate responsibility for the Company's ESG governance.



The Board's ESG management policies and strategies

- Upon the approval of the Board, the ESG management function is added in the duties of the Audit Committee, and the *Environmental, Social and Governance Matters Management Measures* is formulated to specify the ESG management responsibilities of the Board, the Board Office, and the departments of COMEC and our subsidiaries.
- Attaching great importance to ESG risk management, the Company carries out ESG risk identification and analysis based on the macro-policy settings, industry outlook, and expectations of stakeholders. Meanwhile, the annual communication with shareholders and expert surveys has enabled the Company to identify material topics that are significant to the corporate development. Through regularly reviewing and examining the material ESG topics and taking follow-up actions, we attempt to seize new opportunities and narrow the gap between our progress and the desired goals.



Progress review on ESG

- The Company has set medium and long-term goals and established ESG indicator system for ESG affairs, covering governance system and governance capacity, green and low-carbon transition, carbon management, sustainable utilization of resources, pollutant emission, safety and health, human resources, supply chain management, etc. The progress on those indicators is tracked regularly.

ESG Governance Structure

The leadership function for the Company's ESG management performed by the Audit Committee covers the deliberation, supervision and decision-making of major ESG issues. The promotion function for ESG management is performed by the Board Office, mainly including the overall promotion of ESG-related work. The implementation function for ESG management is performed by each department of the Company and our subsidiaries, which are responsible for the implementation of specific works in ESG-related fields.

The Audit Committee

Deliberation and supervision of the ESG matters of the Company. Its functions mainly include: deliberating policies, objectives and strategies of ESG management, and regularly tracking the progress of ESG work to promote their implementation; regularly identifying ESG risks and opportunities of the Company and assessing the extent to which the relevant risks and opportunities will affect the Company's business; reviewing material ESG topics and their progress; reviewing the Company's annual ESG Report and further improving the quality of information disclosure; regularly reporting the major ESG-related decision and proposals presented by the Audit Committee to the Board.

The Board Office

The daily management organization of ESG management. It collaborates with business departments to promote the ESG work of the Company, which mainly include: implementing the resolutions of the Board on ESG issues; preparing ESG management objectives and work plans, promoting and supervising the implementation of annual ESG work by business departments, and reporting the process of ESG work to the Board on a semi-annual basis through emails, meetings and other ways; identifying ESG risks and opportunities of the Company and reporting them to the Board for consideration, formulating corresponding management strategies and plans in collaboration with business departments and promoting their implementation; organizing the selection, survey and assessment of material ESG issues and reporting the assessment results to the Board for deliberation; and summarizing ESG-related information, preparing the Company's annual ESG report, and organizing regular ESG stakeholder communication.

The departments of COMEC and subsidiaries

In accordance with the division of labor, they are responsible for the ESG work within their business scope. Each department is equipped with full-time (part-time) staff to implement its ESG work.



Stakeholder Engagement

We attach great importance to stakeholder communication and commit to building a fair, just, open and win-win partnership. In order to better identify various ESG risks and opportunities and develop reasonable sustainable goals, we have established a variety of communication channels with stakeholders and carried out different forms of communication on issues of common concern.

| Stakeholders | Expectation and demands | Communication methods | Responses and measures |
|--|--|---|--|
|  Government | <ul style="list-style-type: none"> Serving national defense Technological innovation Value preservation and appreciation of assets Abiding by the laws and regulations and paying tax according to the law | <ul style="list-style-type: none"> Meetings with regulatory bodies Accepting regulatory review Regular reports | <ul style="list-style-type: none"> Regular reports Information submission Public information disclosure |
|  Shareholders | <ul style="list-style-type: none"> Continuous stable returns Transparent information disclosure | <ul style="list-style-type: none"> General Meeting of Shareholders Information disclosure On-site visits | <ul style="list-style-type: none"> Receiving investor visits Publishing 2023 annual report |
|  Customers | <ul style="list-style-type: none"> Quality products and services Strict contract fulfillment Win-win cooperation | <ul style="list-style-type: none"> Business communication Response to customer feedback | <ul style="list-style-type: none"> Delivering customized products on time Providing reliable, safe and quality products and services Performing contracts and agreements Strengthening contract performance management |
|  Partners | <ul style="list-style-type: none"> Keeping promises Being fair, just and open Win-win cooperation Sharing experiences | <ul style="list-style-type: none"> Regular meetings High-level visits Special inspections | <ul style="list-style-type: none"> Conducting strategic cooperation Holding seminars Carrying out technical exchanges |
|  Employees | <ul style="list-style-type: none"> Protecting basic rights Employee health and safety Fair promotion and development Employee care | <ul style="list-style-type: none"> Democratic life meeting Staff congress Physical examination for employees Visiting employees with difficulties | <ul style="list-style-type: none"> Sound compensation system Providing a safe and healthy workplace Providing fair promotion channels Strengthening staff training Carrying out employee care |
|  Environment | <ul style="list-style-type: none"> Energy conservation and emission reduction Waste disposal Reducing pollutant emissions Green office | <ul style="list-style-type: none"> Strengthening environmental statistics and monitoring | <ul style="list-style-type: none"> R&D of green products Recycling resources Strengthening environmental protection training Public disclosure of environmental information |
|  Communities and the public | <ul style="list-style-type: none"> Community development Poverty alleviation Community communication | <ul style="list-style-type: none"> Charitable assistance | <ul style="list-style-type: none"> Targeted assistance Offering volunteer services Offering thematic research and education |

Materiality Assessment

Following the recommended materiality testing process of the *GRI Sustainability Reporting Standards (GRI Standards)*, we collect stakeholder comments and the impact of the Company's operations on the economy, society and environment by various ways. On such basis, we determine key topics with higher materiality to ensure the disclosure of this report are more in line with the concerns and demands of the stakeholders.

Identification

Based on the *GRI Standards*, the Company's sustainability issues and other factors, material topics are identified and a database of topics is formed.

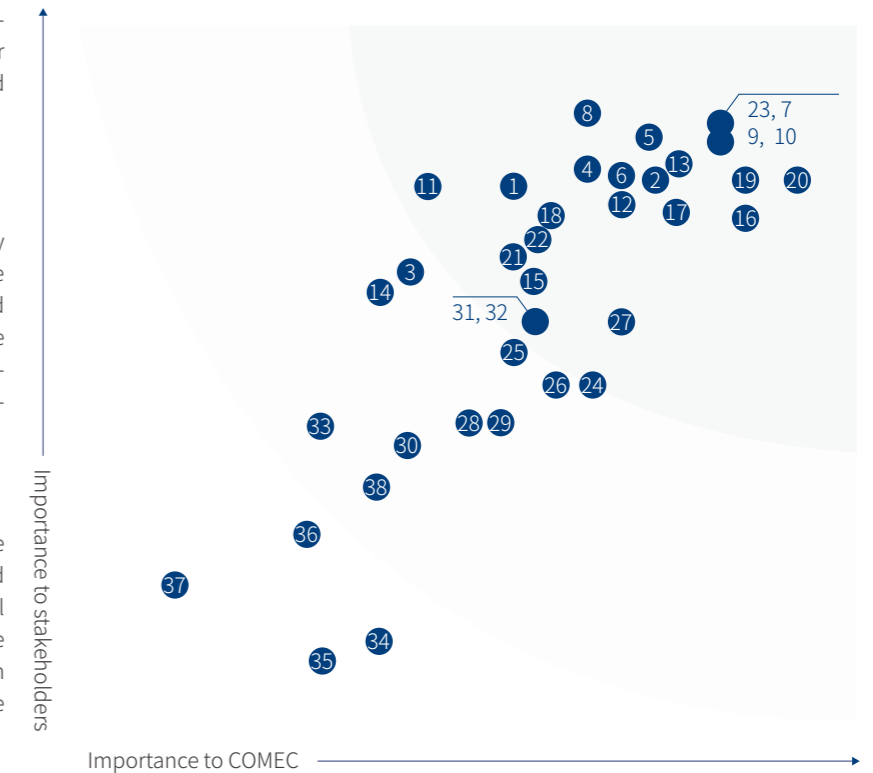
Survey and screening

By conducting a questionnaire survey covering stakeholders of COMEC, we collect stakeholders' opinions and suggestions on the topics, and make preliminary screening from two dimensions: "importance to COMEC" and "importance to stakeholders".

Review and response

The screening results are reviewed by the Company's internal management and external experts. Finally, top 38 material topics concerned by stakeholders are determined and corresponding action plans are developed with key disclosure by the report.

Screening results



| | | | |
|--|---|--|--------------------------------------|
| 1 Management of the Board of Directors | 11 Protection of intellectual property rights | 21 Employee training and development | 31 CSR management of supply chains |
| 2 Sustainability strategy and management | 12 Technology innovation strategy | 22 Diversity and equal opportunities | 32 Transparent procurement |
| 3 Strengthening Party building | 13 Key technological breakthroughs | 23 Employee compensation and benefits | 33 Industry exchange and cooperation |
| 4 Serving major national strategies | 14 Participating in the development of industry standards | 24 Addressing climate change and carbon emission management | 34 Rural vitalization |
| 5 Compliant and stable operation | 15 Optimizing business layout | 25 Environmental risk identification and management | 35 Community development |
| 6 Transparent information disclosure | 16 Information security and privacy protection | 26 Energy management, energy conservation and emission reduction | 36 Charity |
| 7 Anti-corruption and integrity | 17 Providing quality services | 27 Waste management | 37 Volunteer services |
| 8 Business performance | 18 Customer relationship management | 28 Ecological restoration and biodiversity conservation | 38 Transparent communication |
| 9 Product quality and innovation | 19 Employee rights and care | 29 Green operation | |
| 10 Work safety and safe operation | 20 Occupational health and safety | 30 Non-profit environmental activities | |

CSR Spotlight

Three Decades of Steadfast Dedication to Founding Mission for Future

Since our listing 30 years ago, COMEC has embraced the ethos of "exploring seas and serving the country with shipbuilding," committed to "bringing shared success to all stakeholders and securing consistent and steady growth." Seizing the historic opportunity presented by the nation's rise, we have adapted to the changing tides of time. Transitioning from Guangzhou Shipyard to Guangzhou Shipyard International Company Limited, and now COMEC, we've strategically amalgamated premier resources, continuously enhanced our governance, bolstered our competitive edge, and notably contributed to the high-quality progress of China's shipbuilding industry.

Starting from Scratch and Making Market Entry

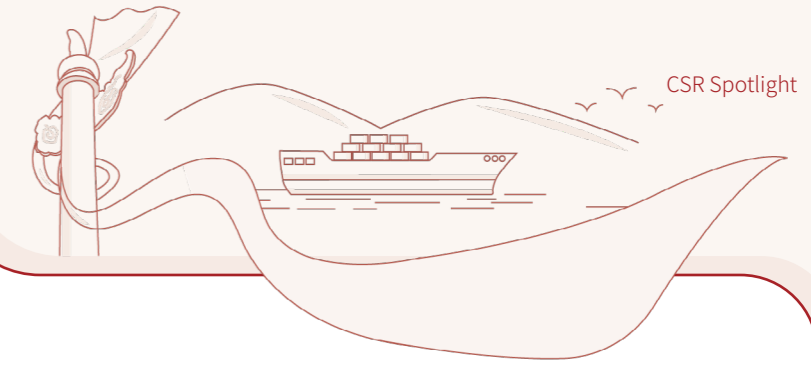
Against the backdrop of China's reform and opening-up, Guangzhou Shipyard, with its nearly four-decade heritage, made a pivotal decision to tap into social and foreign capital. This move aimed at breaking free from the old system's constraints and rejuvenating the enterprise's dynamism led to the formation and successful listing of Guangzhou Shipyard International Company Limited. Guangzhou Shipyard International thus became one of China's inaugural nine share-holding pilot enterprises and the country's first shipbuilding company to be listed, marking a historic transition from a state-owned entity with a rich legacy of nearly 40 years to a state-controlled Sino-foreign joint-stock company.



Key Performance

By the end of December 2006

| | | | | |
|--------------------------|------------------------|-----------------|------------------|-------------------------------|
| Total assets approx. | Net assets approx. | H shares | A shares | Market capitalization approx. |
| RMB 7.481 billion | RMB 1.1 billion | HKD 8.11 | RMB 12.11 | RMB 5.36 billion |



Development History

The Party Committee of Guangzhou Shipyard decided to apply for becoming one of the first standardized share-holding pilot enterprises as outlined by the State Economic Restructuring Commission.

On May 24, 1993

The State Economic Restructuring Commission approved Guangzhou Shipyard's application for establishing Guangzhou Shipyard International Company Limited (GSI) as the sole establisher.



In 2006

GSI honed its market strategy and determined its niche markets, focusing on MR tankers and portraying the corporate strategy of becoming a global leader in the handy-size tanker market.

On August 6, 1993,

GSI was listed on The Stock Exchange of Hong Kong Limited. It was later listed on the Shanghai Stock Exchange on October 28.



Guangzhou Shipyard International was established in 1958

Ning An 3 of GSI hit water in 1992

GSI was listed in Hong Kong in 1993

Making a study visit to IHI Corporation, Japan in 1993

Longxue plant in 2009

Huangpu Wenchong shipbuilding base in 2017

Inauguration ceremony for the move-in of COMEC Building in 2019



Transitioning from Modest Inception to Leapfrog Development

During the 12th Five-Year Plan period (2011-2015), GSI adeptly navigated through two significant asset restructurings, seizing the momentum of growth in both military and civilian ship sectors. By optimizing enterprise resources and business layout, GSI not only solidified its foundation for robust development but also successfully listed its core military assets in Hong Kong, propelling a leap in military enterprise development.

Development History

On March 5, 2014

GSI finalized the industrial and commercial registration amendment for acquiring 100% equity in CSSC Guangzhou Longxue Shipbuilding Company Limited, rendering it a wholly-owned subsidiary.

On March 19, 2015

CSSC Huangpu Wenchong Shipbuilding Company Limited completed the industrial and commercial registration amendment for 100% of its equity, becoming a wholly-owned subsidiary of GSI.

On May 11, 2015

GSI was officially renamed CSSC Offshore & Marine Engineering (Group) Company Limited.



From Traditional to Innovative, High-Quality Development

The journey of reform is perpetual. With a keen grasp on policy directives such as the *Opinions of the State Council on Vigorously, Steadily and Properly Reducing Corporate Leverage Ratios*, and the *Guiding Opinions on Market-oriented Debt-for-Equity Swaps for Banks*, COMEC embraced innovative state-owned enterprise reform through stepwise implementation of market-oriented debt-for equity swaps. This move has significantly bolstered its market competitiveness and overall profit margin.

Development History

On September 26, 2017---By February 23, 2018 ----On March 28, 2019 ---- On March 19, 2020 ---- On July 25, 2022

COMEC launched a market-oriented debt-to-equity swap program.

Nine investment entities were introduced, enhancing capital by RMB 2.4 billion in the newly established Guangzhou Shipyard International Company Limited (previously CSSC Guangzhou Longxue Shipbuilding Company Limited) and CSSC Huangpu Wenchong Shipbuilding Company Limited.

A major asset reorganization program was launched.

The original 27.4214% equity of GSI was transferred to China Shipbuilding Group Co., Ltd.

China State Shipbuilding Corporation Limited made an additional capital injection of RMB 1,070,432,000 to GSI, while COMEC renounced its right to proportionally increase its capital in GSI.








Committed to Environmental Efforts to Forge a Green Future Together

"Committing to energy savings and carbon reduction to achieve carbon peaking and neutrality" underscores our unwavering dedication to green development. We fully embrace and practice the principle that "lucid waters and lush mountains are invaluable assets," integrating green development philosophy into every facet of our operations. We strive for the carbon peaking and neutrality goals, consistently enhance our efforts in energy conservation, emission reduction, green research and development, and technological innovation. We persist in green operations and promote the transition of production to zero-carbon, underpinning high-quality development with a superior ecological environment.

Responding to SDGs:

| | | | |
|---|---|---|---|
| 3 GOOD HEALTH AND WELL-BEING  | 6 CLEAN WATER AND SANITATION  | 7 AFFORDABLE AND CLEAN ENERGY  | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  |
| 11 SUSTAINABLE CITIES AND COMMUNITIES  | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  | 13 CLIMATE ACTION  | |



-  RMB **21.613** million
 Investment in environmental protection
-  **0**
 major environmental violation
-  **102,194.37** tons of CO₂ equivalent
 Greenhouse gas emissions

Carbon Peaking and Carbon Neutrality Initiative

In response to China's carbon peaking and neutrality goals, we have systematically advanced our carbon peaking and neutrality initiatives, establishing a carbon data monitoring framework, adjusting our energy structure, increasing the proportion of clean energy use, and supporting the achievement of the "double carbon" targets.

Carbon peaking and neutrality strategy and actions

We strictly implement carbon emission intensity requirements, leverage information technology for management, bolster our monitoring and data management of carbon emission targets, and establish robust management mechanism, accelerating the implementation of carbon peaking and neutrality strategy.

"Double carbon" target management and control with a department and a documentation

We have formulated a carbon peaking and neutrality indicator management mechanism and plan, and established and improved the "double carbon" management and control goals of a department and a documentation. We have also set process quantity-based consumption standards to develop an assessment system for process indexes.

Enhancing carbon emission data monitoring capabilities

We have established a mechanism for carbon data reporting and tracking, preparing carbon tracking data reports on a monthly, quarterly, and annual basis. We have also rolled out the pilot carbon data tracking to operating positions to enhance the Company's intelligence and refinement of energy consumption monitoring, thus tracing back to the sources of carbon emissions accurately.

Realizing energy conservation and carbon reduction

In our production and operational practices, energy conservation and emission reduction hold paramount importance. We formulate measures for saving energy and cutting emissions, continually upgrade our production equipment, fully harness clean energy, and boost energy efficiency.

Strengthening energy management

We develop and execute a plan for energy-saving and emission reduction, conduct cross-inspections across multiple facilities and sites and rigorously adhere to evaluation system. Following an internal audit of our energy management system, we have identified 16 general non-compliances, proposed 56 improvements, completed rectifications, and passed the system's annual monitoring and review.

Air-raid shelter refrigerant recycling project

Changzhou plant recycles air-raid shelter cooling for ventilation, temperature control, noise reduction, and energy efficiency, freeing up space and reducing electrical wiring needs for intrinsic safety. This project has passed acceptance examination and is now put into use.

Upgrading the energy monitoring platform system

Integration of electric power, various industrial gases, fire pump, and air compressor stations into our energy management platform realizes real-time monitoring of major power and energy storage and usage in the production process, achieving comprehensive utilization of energy consumption and remote control of equipment to effectively reduce energy consumption.

Promoting clean energy

We accelerate the increase of the proportion of clean energy use, advance the use of electric power instead of fossil fuel for mooring tests, and enhance the use of wharf power to promote clean energy.

New energy photovoltaic project

A 3.02 MW photovoltaic project at Qinzhou Base has completed contract signing and is now officially implemented. The contract of second-phase project at the Longxue plant has been signed. This facility boasts over 10 MW of installed capacity, which will lift our green electricity usage to over 15%.

No. 5 wharf power upgrade

After upgrade, the docking products at No. 5 wharf can cut fuel use by 2.9 tons/day, decrease comprehensive energy consumption by 2.78 tons/day, and reduce CO2 emissions by 2.76 tons/day, substantially increasing the proportion of wharf power usage.

Successful operation and handover of the comprehensive energy project at the smart air compressor station

On February 28, the comprehensive energy service project for the smart air compressor station, a collaboration between Huangpu Wenchong and China Southern Power Grid Energy Efficiency & Clean Energy Co., Ltd., was successfully completed and was formally transferred to the latter for operation.

This pioneering smart air compressor station project, implemented under the Energy Management Contract (EMC) framework, embodies the principle of high-efficiency machine room design. It focuses on enhancing the energy efficiency of the air compressor station within the Longxue plant area of Huangpu Wenchong. After the upgrade, the system has overcome challenges such as large pressure fluctuations in the air pressure system, delayed regulation, and high exposure, thereby elevating operational reliability and cost-effectiveness. Moreover, the project has enabled visualization and digitization of the air compressor energy station's operations. System energy efficiency is expected to improve by over 30%, with an estimated annual electricity savings of 6.3 million kWh and a reduction of CO2 emissions by 5,200 tons, signifying a substantial impact on energy conservation and emission reduction.



Key Performance

0.0193 tons of standard coal
Comprehensive energy consumption per RMB 10,000 of output value

88.55 kWh
Electricity usage per RMB 10,000 of output value

| Type of energy | Natural gas consumption (Gas state) | Natural gas consumption (Liquid state) | Fuel consumption | Purchased electricity | Photovoltaic power generation | Total energy consumption |
|----------------|-------------------------------------|--|------------------|-----------------------|-------------------------------|--------------------------|
| Unit | 10,000 m ³ | tons | tons | 10,000 kWh | 10,000 kWh | Tons of standard coal |
| 2023 | 140.33 | 61.08 | 9,110.52 | 13,398.24 | 1,417 | 31,573.51 |
| 2022 | 114.80 | 0 | 9,151.27 | 11,646.51 | 490 | 29,132.12 |
| 2021 | 114.74 | 76.20 | 10,665.04 | 11,991.15 | 158 | 31,870.75 |

Note: Fuel consumption includes total usage of heavy oil, gasoline, and diesel. Total energy consumption includes the consumption of natural gas, fuel oil, and purchased electricity.

Environmental Management

Upholding the strategic direction of low-carbon development, we keep improving the environmental management system, production and operation supervision, and environmental risks management, so as to move the Company towards the goal of green development with environmental impact reduced.

Setting green development goals

We take "Zero environmental pollution, compliance with the three industrial waste emission standards, solid waste reduction and reutilization" as our goals. We also improve our environmental protection management system, strengthen supervision of production and operation processes, and continuously track environmental performance to effectively improve our corporate environmental governance..



Key performance



RMB **167,300**
Environmental protection tax contributions



0
Major environmental violation in 2023

| Control item | 2023 performance target | Actual performance |
|---|-------------------------|--------------------|
| Environment pollution incidents | 0 | 0 |
| Passing rate of waste sorting | ≥ 96% | 96.5% |
| Wastewater meeting emission standards | Up to standard | Up to standard |
| Waste gas (VOCS, dust) meeting emission standards | Up to standard | Up to standard |
| Noise at boundary of plants meeting standards | Up to standard | Up to standard |
| Compliant disposal of hazardous waste | 100% | 100% |
| Industrial solid waste reduction | 3% | 3.5% |



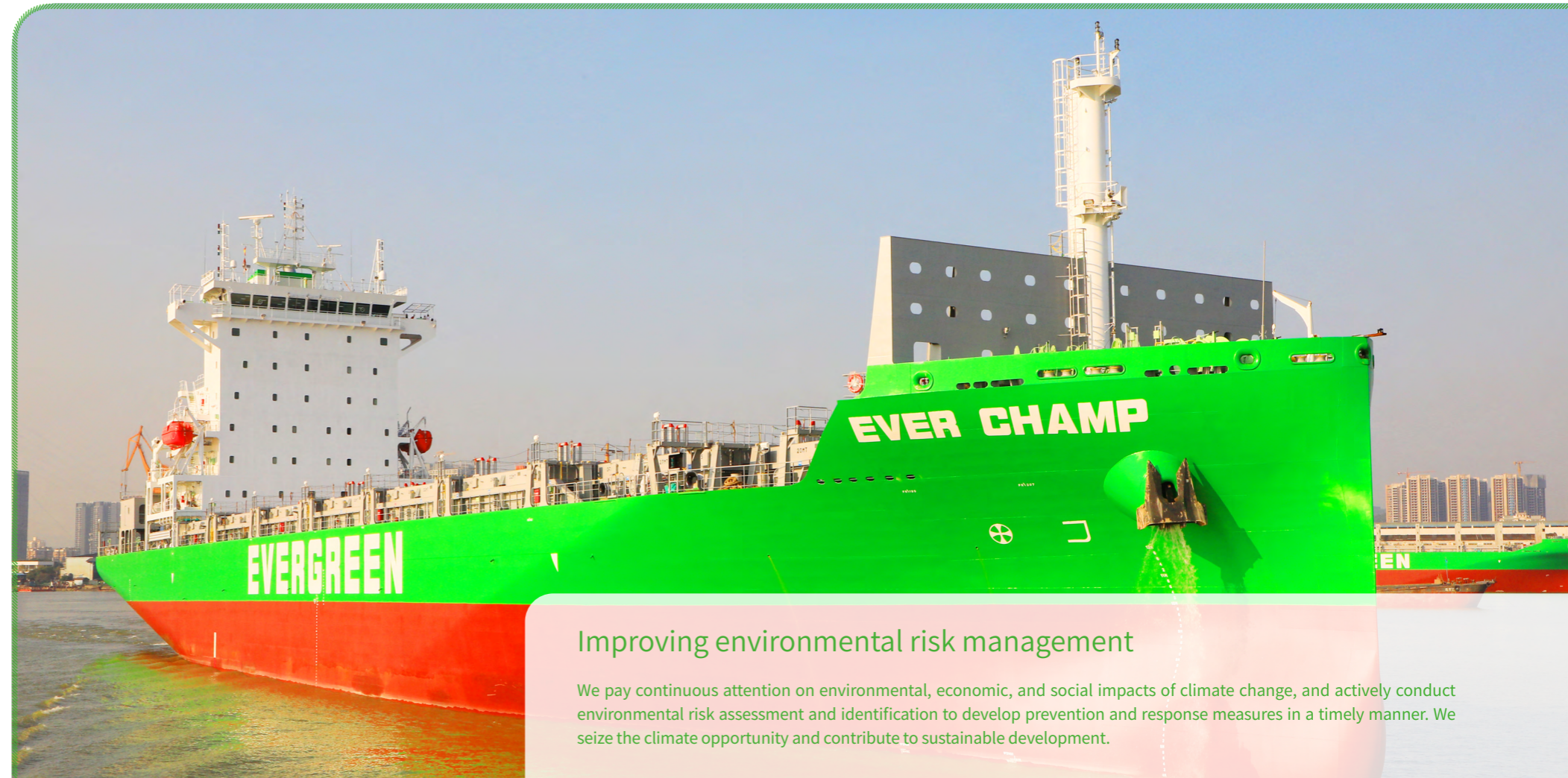
Environment management organization system

| Department | Person-in-charge | Member | Duties and responsibilities |
|--|---|--|---|
| Environmental Protection Committee | General manager as team leader, deputy general manager as deputy team leader | Department heads | Uniformly coordinate the Company's energy conservation and emission reduction work |
| Energy Conservation and Emission Reduction Leading Group and Task Force | General manager as team leader, deputy general manager as deputy team leader | Department heads | Act as the coordination and decision-making body of major environmental protection policies and issues to uniformly guide and coordinate environmental protection work |
| Environmental Protection Work Leading Team | Director of the Safety Management Department as team leader and Deputy Director of the Safety Management Department as deputy team leader | Personnel in charge of environmental protection management from the Safety Management Department and the safety and environmental protection organizations of each production unit | Establish the Company's environmental management regulations and operating procedures as well as supervise the improvement in environmental management measures; follow, coordinate and implement the Company's Environmental Protection Committee's resolutions and work arrangements; organize data statistics; investigate pollution hazards; control origin of pollution; investigate incidents and prepare emergency response plans and other environmental management works |
| Environmental Protection Management Leading Group | General manager as team leader, deputy general manager as deputy team leader | Department heads | Uniformly coordinate the Company's energy conservation and emission reduction work |
| Environmental Protection Management Task Force | General manager as team leader, deputy general manager as deputy team leader | Department heads | The coordination and decision-making body of major environmental protection policies and issues, which uniformly guides and coordinates environmental protection work. |
| Execution department | | The Safety Management Department and the Production Security Department | The Safety Management Department is responsible for the guidance, supervision and inspection management of the Company's departments and subsidiaries. The Production Security Department is responsible for the daily management concerning the coordination, guidance, inspection, statistics and assessment of energy conservation and emission reduction |
| Business department | | Full-time and part-time environmental protection management personnel of production units and supporters | Responsible for the specific environmental protection management work of the unit |

Building environmental management system

We formulate a well-organized environmental management system, standardize policies and regulations and clearly define the major body of accountability, in order to strengthen efforts to prevent environmental risks, thus laying a solid foundation for green development in shipbuilding industry.

| | |
|---|--|
| Strengthening environmental systems | We strictly abide by national environmental protection laws and regulations such as the <i>Environmental Protection Law of the People's Republic of China</i> and the <i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i> , and has developed 14 environmental protection regulations, including the Measures for Environmental Protection Responsibility System, Measures for Environmental and Occupational Health and Safety Training, and Measures for Environmental and Occupational Health and Safety Goals, to protect environment. |
| Improving environment operating mechanism | We nail down the management framework, strengthen the implementation of environmental responsibilities, compile and issue a list of key personnel responsible for environmental management thus building a management responsibility network. Through compliance management of the environmental data and standardized collection of environmental information, we ensure the smooth operation of environmental data. |
| Conducting environmental risks investigation | The Company conducted various special investigations on environmental protection, such as investigation and management of environmental risks and VOCs, so as to prevent potential environmental hazards. We completed 6 rectifications of CSSC environmental protection cross-inspection, radiation special supervision and "looking back" inspection, and there was no punishment this year. |
| Improving environment emergency management | To improve environmental emergency management, Changzhou plant, Wenchong plant, Longxue plant, and Wenchong Shipyard Heavy Industry have formulated the <i>Contingency Plan for Environmental Emergencies</i> , and carried out drills regularly in accordance with the annual emergency drilling plan, continuously improving environmental emergency response capabilities. |



Improving environmental risk management

We pay continuous attention on environmental, economic, and social impacts of climate change, and actively conduct environmental risk assessment and identification to develop prevention and response measures in a timely manner. We seize the climate opportunity and contribute to sustainable development.

| Greenhouse gas emissions (Unit: tCO ₂ e) | | 2023 | 2022 | 2021 |
|---|-----------------------------------|-------------------|---------------|---------------|
| Scope 1 | Purchased natural gas consumption | 3,095.37 | 2,504 | 2,447 |
| | Heavy oil consumption | 8,540 | 6,297 | 7,594 |
| | Gasoline consumption | 523 | 445 | 399 |
| | Diesel consumption | 19,314 | 21,711 | 25,180 |
| Scope 2 | Purchased electricity | 70,622 | 61,389 | 63,099 |
| Total | | 102,094.37 | 92,346 | 98,719 |

Note: Figures are from Huangpu Wenchong

| Risk identification | Response measures |
|---|---|
| Frequent excessive discharge of VOCs | <ul style="list-style-type: none"> We strengthen operation and maintenance management of organic waste treatment facility, so as to reduce the risk of excessive discharge of VOCs. We speed up the VOCs improvement project. |
| Increasing risks of environmental complaints and administrative penalty | <ul style="list-style-type: none"> We strengthen education to improve employees' environmental awareness. We promote green production and operation. We look for suppliers meeting our environmental requirements. |
| Economic damage from shutdowns caused by extreme weather | <ul style="list-style-type: none"> We promote sustainable development, enhance long-term comprehensive competitiveness and improve overall benefits. |

Green Operations

Embracing the ethos of "green shipbuilding for harmonious development," we continually optimize our production methods, increase investment in environmental protection, improve environmental protection facilities, and promote resource recycling and use through waste sorting and comprehensive resource utilization rate, thereby reducing waste and practicing green business philosophy.

Carrying out green manufacturing

We infuse green, low-carbon principles throughout the entire lifecycle of ship research, design, production, and operation. Our goal is to conserve energy, comprehensively mitigate the negative impact of shipbuilding enterprise development on the environment, and pave the way for green vessels.

Green design

In light of the restructuring of the energy mix amidst the global shift towards "carbon peaking and neutrality", we target the development opportunities presented by low-carbon fuels (such as LNG) and zero-carbon fuels (like ammonia and hydrogen). We've embarked on creating several new energy-powered ship models, proactively venturing into the gas tanker sector while laying strong technical groundwork.

Green research & development

We have been engaging in technology R&D, including foundational studies on ammonia-fueled vessels, carbon recovery systems application research, and advancements in Computational Fluid Dynamics (CFD) technology.

Overcoming challenges in methanol fuel system designs and combining the features of independently developed ship types, we've completed the R&D of multiple methanol dual-fuel powered ship types, and obtained Approval in Principle (AiP) from several classification societies.

Green procurement

The *Implementation Rules for Energy Conservation and Carbon Reduction Audits* was issued to conduct energy saving and carbon reduction audit management for newly purchased, renovated, expanded and other imported equipment and buildings (structures), clarify the requirements for equipment energy efficiency grades, and control energy efficiency from the source.



Key Performance

628 tons

Raw and packaging materials used

Note: The materials primarily includes packaging materials of procured supplies, mainly wood.

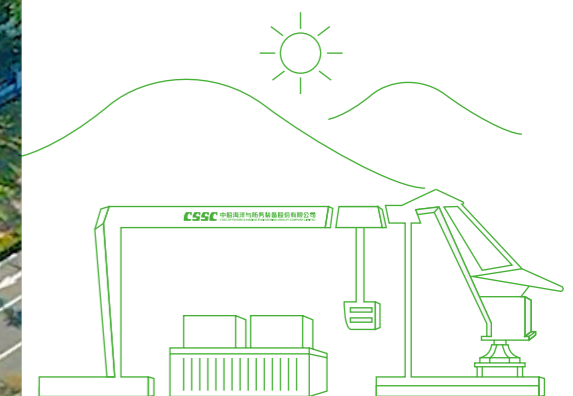


Case

Huangpu Wenchong won orders for 6+2 1250TEU methanol dual fuel container ships

Huangpu Wenchong, in collaboration with China Shipbuilding Industry Trading Company, signed a contract with Singapore shipowner X-Press Feeder for the construction of 6+2 1250TEU methanol dual-fuel open-top container ships.

The 1250TEU methanol dual-fuel open-top container ships signed this time is a new environmentally friendly ship that uses methanol and fuel oil dual-fuel and EGR, and can meet the Tier III emission standards of International Maritime Organization. Equipped with a shaft generator, these ships can recover the energy from the main engine's operation, optimizing energy use and reducing operational costs to a certain extent. They are energy-saving, efficient, economical, and green vessels. This project underscores Huangpu Wenchong's commitment to green, high-quality development and secures its global leadership in the domain of environmentally sustainable shipbuilding.

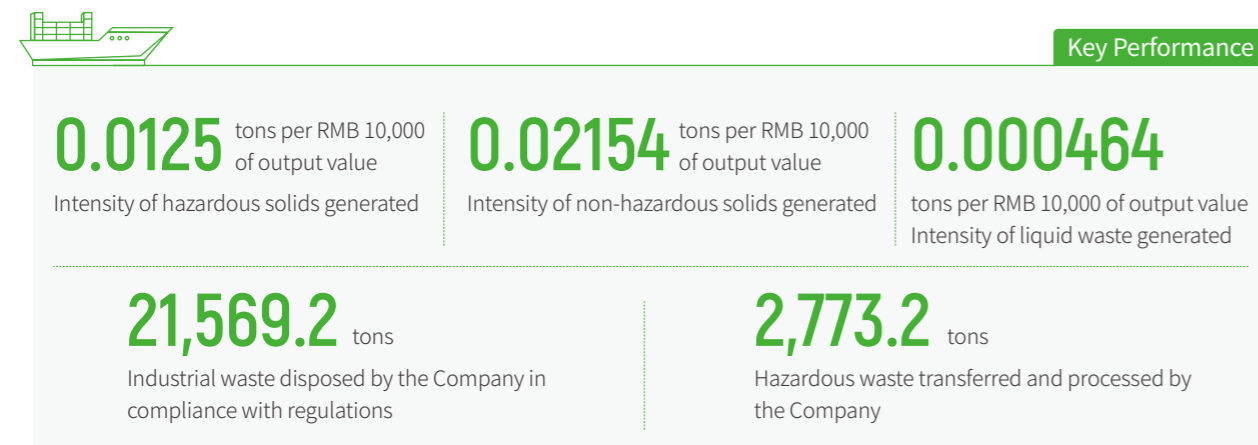


Emission management

We strictly adhere to the national requirement for precise, scientific, and lawful pollution control. We rigorously manage the treatment and discharge of sewage, exhaust gases, and waste, enhancing waste management and recycling, reducing pollutant emissions, improving waste utilization efficiency, and striving to achieve "zero waste" emissions.

Hazardous waste management

We've developed effective control measures to manage the risk of units generating hazardous waste beyond annual plan, ensuring the timely and regulatory-compliant disposal of waste from all factories. We have established a joint supervision mechanism for disposal manufacturers, conducted on-site compliance inspections of disposal manufacturers to ensure closed-loop management and promote environmental compliance.

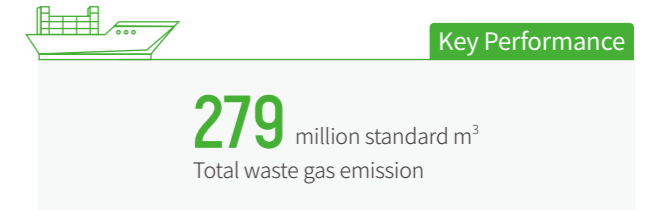


| | Solid waste (Unit: Ton) | | | | Liquid waste (Unit: Ton) | |
|------|-------------------------|-----------------|---------------------------|-----------------|--------------------------|-----------------|
| | Hazardous solid waste | | Non-hazardous solid waste | | Liquid Waste | Volume recycled |
| | Volume generated | Volume recycled | Volume generated | Volume recycled | | |
| 2023 | 5,537.38 | 1,107.48 | 34,479.14 | 34,479.14 | 743.21 | 594.59 |

Note: Hazardous solid waste contains hazardous waste and non-recyclable industrial waste.

Waste gas treatment

Our commitment to pollution prevention and control is stringent. We've intensified waste gas management to ensure emissions comply with regulations, minimizing environmental pollution. Longxue plant upgraded its VOCs treatment facilities, reducing VOCs emissions by no less than 30 tons per year.



- Changzhou plant is equipped with **6** sets of organic waste gas purification and treatment systems.
- Wenchong plant operates with **8** sets of organic waste gas purification and treatment systems.
- Longxue plant is now equipped with **12** sets of activated carbon adsorption + catalytic combustion purification treatment systems.
- Wenchuan Heavy Industry utilizes **25** sets of mobile welding fume purifiers.

| Unit | Emission method | Vent height m | Particulate matter | | Toluene | | Xylene | | VOCs | |
|--|---------------------|------------------|---|-----------------------|---|-----------------------|---|-----------------------|---|-----------------------|
| | | | Emission intensity mg/m ³ | Emission rate kg/h | Emission intensity mg/m ³ | Emission rate kg/h | Emission intensity mg/m ³ | Emission rate kg/h | Emission intensity mg/m ³ | Emission rate kg/h |
| Steel plate pretreatment line(Changzhou) | Structural emission | 15 | 3.05 | 0.0512 | 0.045 | 0.044 | 0.06 | 0.041 | 3.67 | 0.059 |
| Segmental coating (Changzhou) | Structural emission | 18 | 3.3 | 0.0740 | 0.03 | 0.055 | 0.06 | 0.013 | 0.32 | 0.0712 |
| Steel plate pretreatment line(Wenchong) | Structural emission | 20 | 10.45 | 0.161 | 1.51 | 0.02 | 10.19 | 0.16 | 28.03 | 0.42 |
| Segmental coating(Wenchong) | Structural emission | 20 | 2.68 | 0.14 | 2.66 | 0.15 | 10.7 | 0.58 | 24.33 | 1.33 |
| Steel plate pretreatment line(Longxue) | Structural emission | 15 | 23.2 | 0.21 | 0.32 | 0.008 | 2.69 | 0.004 | 10.14 | 0.06 |
| Segmental coating(Longxue) | Structural emission | 25 | 31.9 | 0.4 | 0.41 | 0.004 | 3.49 | 0.1 | 13.84 | 0.44 |

 **Water resources management**

Sewage treatment

Longxue plant's self-managed sewage treatment station ensures water quality standards are met; the reclaimed water is reused, and the treated reclaimed water is used for greening and irrigation in the factory area and road cleaning to fully improve the utilization rate of waste water.

Water conservation

Water-saving stickers are posted on the water dispenser in the factory, and water-saving reminders are posted on water points in the office areas to remind employees to develop good water habits and create a water-saving.

Regular inspections of the tap water pipeline network within the factory minimize potential water losses due to pipeline issues.


Regular energy-saving inspections report water wastage plant-wide, with economic assessments conducted on relevant departments.



| | Wastewater discharge (Unit: 10,000 tons) | | | Pollutant emissions (Unit: ton) | | |
|------|--|--|--------------|---|-------|------------------|
| | Discharged into rivers | Discharged into the municipal pipeline network | Total volume | Wastewater Emission Intensity (tons/RMB 10,000 of output value) | COD | Ammonia Nitrogen |
| 2023 | 18.31 | 56.45 | 74.76 | 1.15 | 15.57 | 2.61 |

| | Water consumption (Unit: 10,000 tons) | | | | | |
|------|---------------------------------------|-------------------|------------------|----------------|-------------------------|-----------------|
| | Water intake source | | Water intake use | | Total water consumption | Volume recycled |
| | Tap water | Pearl River water | Industrial water | Domestic waste | | |
| 2023 | 152.93 | 15.70 | 79.18 | 89.45 | 168.63 | 32.06 |
| 2022 | 139.42 | 16.19 | 74.94 | 80.67 | 155.61 | 29.95 |
| 2021 | 102.25 | 16.21 | 74.86 | 69.61 | 144.47 | 26.01 |

Note: Total water consumption = tap water consumption + Pearl River water consumption + volume recycled; Total water consumption = industrial water consumption + domestic water consumption.

 **Noise management**

We reduce noise production and mitigate the impact of production noise on the outside world through technological upgrades and silencing equipment. The production units have purchased eco-friendly low-noise fans and replaced axial fans across different sections for ships under construction. This upgrade has significantly reduced noise levels, with the decibel level of single-fan operations dropping from 105 decibels to approximately 75 decibels, marking an effective decrease in noise pollution.

 **Ecological Protection**


Adhering to the principles of biodiversity conservation, we strive to balance the use of ecological resources while safeguarding the ecological environment. Our efforts aim to reduce the impact of the shipping industry on the ecosystem and protect the oceans.

Biodiversity conservation

During shipbuilding, we purchase water-based over solvent-based coatings for painting living cabins. This switch not only reduces emissions of volatile organic compounds but also minimizes the marine environment's exposure to toxic substances, benefiting both marine life and workers.

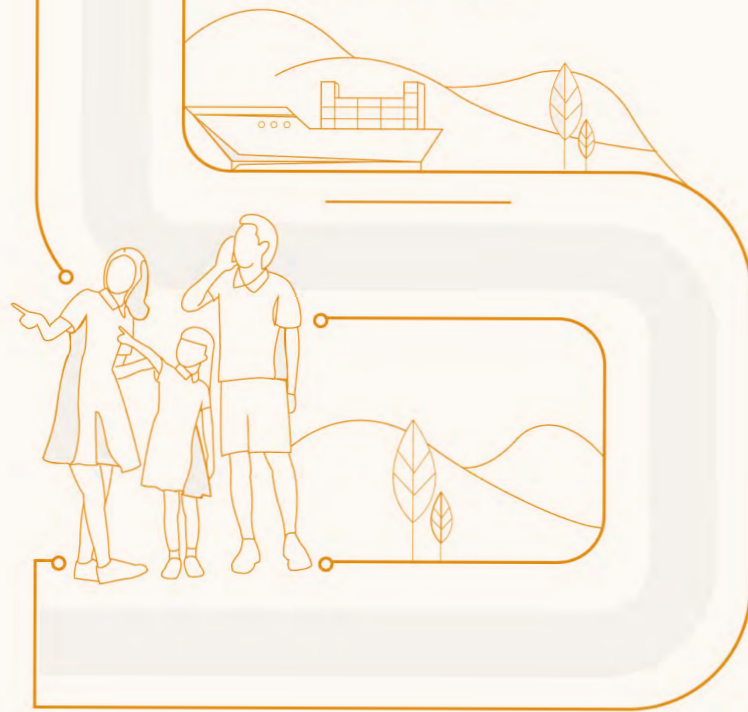
Practicing eco-friendly philosophy

We advocate the philosophy of low-carbon environmental protection through various activities, promote the concept of green conservation, and work with stakeholders to create a better ecological environment.

 **Key Performance**

13,097
Participants received environmental protection training

Fulfilling the Mission to Share a Bright Future for All



"Exploring seas and serving the country with shipbuilding," is our responsibility of times and our mission. In integrating into the social progress and serving industry development, we adhere to a people-centered and customer-centered concept to deepen cooperation and exchanges in the industrial chain. Social issues are our concern. We strive to improve living standards and spread warmth. Together with stakeholders, we make solid strides towards a better life, and contribute our strength to creating a harmonious society.

Responding to SDGs



6,974
Employee in total

12.76
Percentage of women employees

RMB 1.453 million
Public welfare investment in total

Caring for Employees

Upholding the "people-centered" concept, we safeguard employees' basic interests and care for their growth. By improving talent training system and providing motivational salary, we stimulate employees' potential. We create a warm and harmonious workplace atmosphere and share the results of our development with employees to keep improving employee satisfaction.

Protecting employee rights

We strictly observe laws and regulations, including the *Labor Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*, and follow the principles of fairness and openness, in order to ensure legality and compliance in the recruitment and employment. We also improve compensation and welfare system, enhance democratic communication, and ensure employees' legal rights and interests, so as to create an equal and inclusive workplace.

Equal employment

We have formulated management regulations, such as the *Human Resources Management System* and the *Rules for the Recruitment of Employee*, the *Rules for the Management of Employee and Labor Relationship*, and *Rules for the Position Management*, etc. Following the principles of legality, fairness, and equality, we standardize the process of concluding, performing, modifying, rescinding and terminating labor contracts on a voluntary basis. Illegal employment such as child labor and forced labor is forbidden. The year 2023 saw no child labor or forced labor in the Company.

100%

Employee labor contract signing rate

100%

Employee social insurance coverage

57

Employees from social recruitment

Employees from campus recruitment

5

Postgraduates

105

Undergraduates

239

Junior college and secondary school graduates



Diversity and inclusion

Upholding the principles of equality, diversity, and inclusion, we fully respect employees' diversity and differences and treat all employees fairly regardless of their nationality, ethnic groups, gender, age, religion and cultural background.

Talent attraction

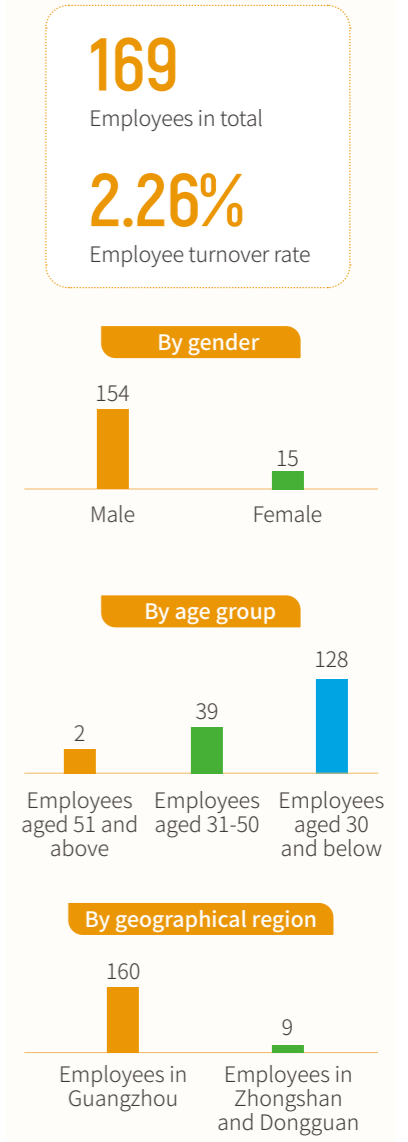
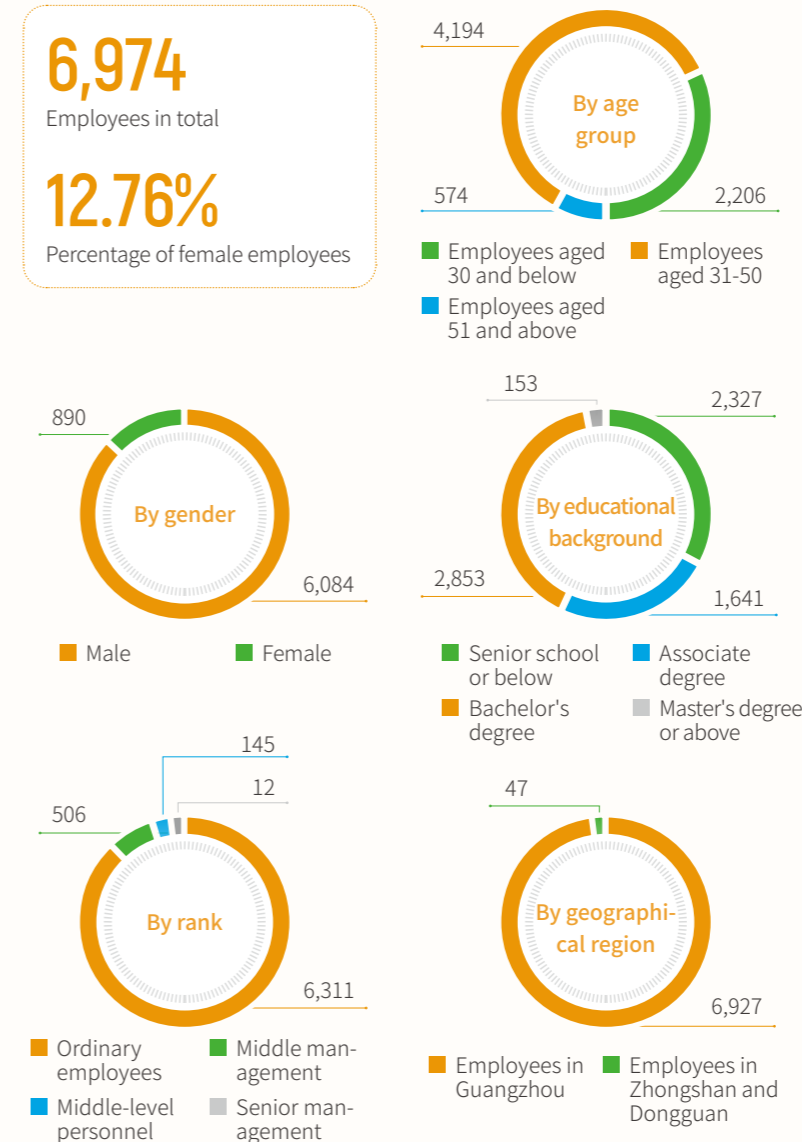
We select employees on the basis of merit regardless of background. Our job announcement covers the whole country, recruiting employees ranging from secondary school students to doctoral students and from a wide range of majors. We select excellent talent for the Company's development and provide job opportunities to talent with various kinds of education background.

Talent allocation

We select officials on the basis of both integrity and ability, with greater weight given to the former. In one team, the gender ratio, age structure, and education background are taken into serious consideration. As for the management, we are committed to developing a contingent of managers that is younger and keep a proper proportion of women in the management team.

Total workforce by gender, employment type, age group and geographical region

Number and rate of employee turnover by gender, age group and geographical region

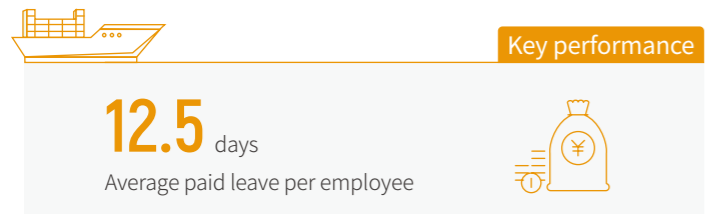


 Incentive compensation

Continuous efforts have been made to improve compensation system and performance system, so as to create a motivational culture. We promote a professional manager model in management personnel, leading personnel, and high-level personnel, replacing the present fixed contract system with the tenure target assessment incentives. To encourage scientific innovation, we launch a pilot program paying dividends to commercialization of scientific and technological achievements to encourage researchers to engage in innovation. We pilot a personalized benefit policy for key employees, such as commercial insurance and cultural tourism, in order to attract and stabilize talent.

 Employee benefits

We take part in the social insurance system established by the government, covering pension, work-related injury, medical, maternity, annuity, and unemployment insurance. Enterprise annuity protection plan and monetary subsidy specific to housing consumption are adopted to protect employee benefits and increase job satisfaction.

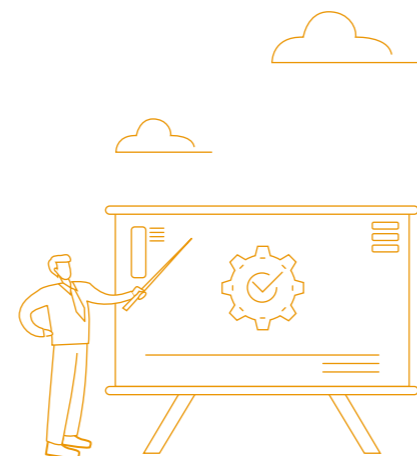


 Democratic management

We implement and improve the democratic management system, which takes basic shape in the form of Workers' Congresses, and establish the system of workers' sitting in the board of directors and board of supervisors, in which workers are elected according to law and in strict accordance with procedures. Workers' Congress is held at least once in a year. By organizing Workers' Congress, and work communication conference among employees (including retired employees) and contract employees, as well as public disclosure of Company affairs, the Company's production and operation conditions, production schedule, and major decisions are transparent to employees and subject to their supervision, so as to ensure employees' rights to know, to participate, to express views, and to supervise the exercise of power.



Training course for Labour Union cadres in 2023



Stimulating creativity

We keep improving talent management system, provide clear career development paths for employees, and optimize promotion channels. We also strengthen employees' job training and practical exercises. In this way, a stable and excellent talent team is gradually created, improving the Company's competitiveness.

 Smoothing development paths

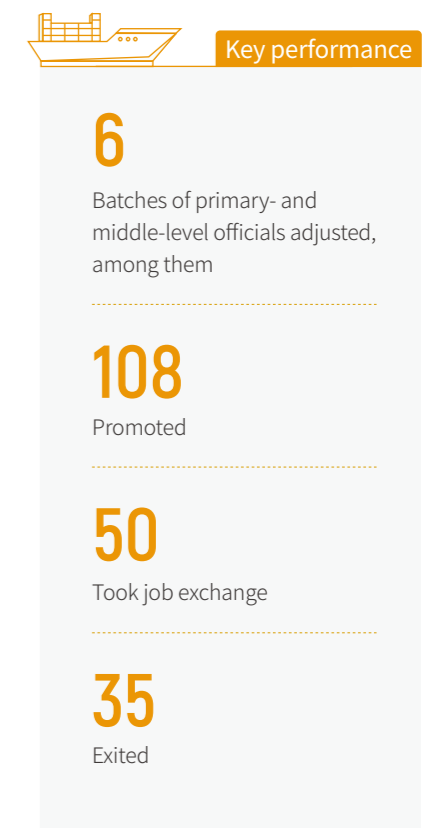
We keep improving career development paths, by providing diversified promotion channels for different kinds of employees at different levels, and broadening employee career paths. As a result, employees have a broad platform and receive support for vocational development.

Multiple-position development mechanism for outstanding officials

In major projects in key areas, we select young excellent officials to hold key positions, strengthen training and provide sufficient assistance to promote their rapid growth.

Non-title sequence personnel recruitment

A point-based promotion system has been established with reference to employees' position and rank, and taking their annual performance assessment results into consideration. Employees can rise in rank with required amount of points. This system enables employees to know their ranks and plan career development paths.



Diversifying training system

A full-cycle training system covering the whole process of an employee's career growth has been built. We fully utilize internal and external resources, and actively organize various training courses to improve employees' professional knowledge and skills, thus laying a good foundation for career development.

Key performance

528

Participants in offline centralized training

22

Average training hours per employee

3,655

Participants in online special training

13.5

Average training hours per employee

Pyramid-shaped official cultivation system

We open up the full path of staff development from fresh graduates to managers, and improve a management personnel development path of "Qihang, Yuanhang and Yinhang". With a focus on political theories, policies and regulations, strategic culture, and professional capacity training and education, we improve the overall quality of officials.

Promoting the development of learning map of "Ship Succession Plan"

In the learning map development project, we extract experience in key positions and critical tasks to develop the learning map for employees under level 10, among which, the technology center team has produced more than 160 items in 30 syllabi and the production management team has produced more than 600 items in 93 courses. All of these can serve as guidance materials for internal training.

Launching the internal trainer cultivation project

We summarize experience in the internal trainer cultivation project and integrate internal and external resources to formulate 2 course design templates, setting up a unified standard for developing internal courses and making breakthroughs in project operation. 106 courses have been developed and certified, and 106 internal trainers have been certified.

Promoting the combination of special training and competition

Benchmarking ourselves against the development standard, management mechanism, and cultivation objectives and requirements of high-skilled personnel, we combine skill master studios with individual learning, centralized training, and skill competition, so as to improve the management system of vocational skills competitions.

Strengthening echelon construction of scientific talent

We organize the "Leading Experts and One Person One Strategy Special Training Course", including courses on project management, technology management, and cutting edge technology, etc., with an aim to cultivate a team of senior experts with an international perspective to lead the Company's development.



▲ Jiangxin Program - Special training course for highly-skilled personnel in 2023



The fourth session of Qihang Training



Leading Experts and One Person One Strategy Special Training Course

| Employee training data | | Number of employees trained | Training hours per employee |
|------------------------|--------------------------|-----------------------------|-----------------------------|
| By gender | Male | 6,019 | 79.24 |
| | Female | 815 | 73.95 |
| By rank | Senior management | 12 | 131 |
| | Middle management | 145 | 121.85 |
| | Primary-level management | 506 | 100 |
| | Ordinary employees | 6,171 | 75.75 |



Creating a happy workplace

We actively listen to employees' needs and organize various cultural and sports activities regularly to stimulate their enthusiasm for work. We give care to female employees and employees in financial difficulties, and effectively solve their worries, so as to enhance the cohesion and centripetal force of employees.

Diverse employee life

We organize activities including spring outing, autumn outing, sports meeting, and birthday party for employees on a regular basis to relax employees' pressure and help them keep a balance between work and life, and create a warm and harmonious workplace.



2023 university graduates basketball game



Staff mountain climbing match



Staff football final in 2023

 **Caring for female employees**

We take concrete actions to protect female employees' legal rights and interests and organize various kinds of activities to care for them. With a focus on women's health, we improve service facilities for female employees and create a humane work environment for them.

- We organized female employees to study laws and regulations including the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, and the *Special Rules on the Labor Protection of Female*, aiming to enhance their rights awareness.
- We actively held improvement courses targeting female researchers and officials and organized them to participate in lectures on business knowledge, health knowledge, children's education, home healthcare and treatment of common diseases.
- We provided assistance to female employees, contract employees and those in extreme difficulty or with serious diseases. A total of 200 persons received our assistance.
- We cared for women's health and organized gynecological examinations for female employees on a regular basis with a total of 13,270 participants. A free screening program for cervical cancer and breast cancer has been provided to the front line female employees in financial difficulties.

Case Huangpu Wenchong held a series of Women's Day activities

Huangpu Wenchong Labor Union organized a series of activities including "N Reasons Why I Love You", and visits to female employees in financial difficulties or with serious diseases, and restocked some essentials in the "mother's room" in our plants, aiming to create a heartwarming, interesting and meaningful festival for all female employees. All departments also organized events to celebrate the festival. The Women Commission of the Labor Union was awarded the Best Organizer for selecting the Most Beautiful Female Employee in Guangzhou City in 2022.



Visiting female employees and contract workers

 **Visiting employees**

We care for employees and their family, visit employees in difficulty timely, and provide all the assistance within our power, so as to ensure their basic life.

We visited Party members in difficulties, on-the-job model workers, retired Party members, and family members of martyrs at the Spring Festival, New Year's Day, and the CPC Founding Day 5 times, with a total of 258 people.



Visiting front line workers




 **Serving Customers**

We keep improving customer service system and attach great importance to protecting customers' legal interests. Service quality and customer relationship management, as well as service efficiency are improved to give customers a more satisfying service.

 **Protecting customers' interests**

Upholding the concept of "quality first, customer first", we make all-out effort to protect employees' interests. We act in accordance with the *Regulations on Corporate Integrity Management*. The Company and its staff comply with social ethics, business ethics and related industry norms to improve business practices, maintain the title of "honest enterprise", and protect customer privacy.

 **Key performance**

0
Privacy complaints received

 **Maintaining good customer relationships**

| | | |
|--|---|---|
| <p>Strengthening customer communication</p> <p>We implement the <i>Regulations on the Management of Communication, Participation, and Consultation</i>, and the <i>Measures for the Management of Shipowners' Ship Inspection Opinions</i> to keep effective communications with customers and listen to their opinions, suggestions, and complaints, thus building a good relationship with equality and mutual trust.</p> | <p>Improving after-sales management</p> <p>According to the <i>Regulations on the Management of After-sales Service of Military Products</i>, the <i>Measures for the Management of Warranty Services for the Full Life Cycle of Military Products</i>, and the <i>Regulations on the Management of After-sales Service of Civil Products</i>, we provide customers with a comprehensive range of after-sales services and technical support after delivering the ship to ensure the smooth operation of products and normal and effective use of equipment.</p> | <p>Implementing customer suggestions</p> <p>We do statistical analysis on after-sales information and implement the category-based management. As for key problems, we list after-sales projects subject to supervision, see responsibilities are fulfilled by corresponding departments, and ensure closed-loop management.</p> |
|--|---|---|



 **Improving customer satisfaction**

Based on the *Regulations on Customer Satisfaction Management*, we collect, count and analyze customers' feedback and make corresponding improvements. In 2023, we conducted assessments of customer satisfaction through various methods, including questionnaires, direct visits, and discussions. We distributed and collected 104 questionnaires with valid responses. According to the survey results, our products and service are generally affirmed by customers.



Key performance

99.47

points
Customer satisfaction score in 2023

100%

Timely handling of customer complaints

0

Complaint received for product or service

 **Win-win Cooperation**

We commit ourselves to building a virtuous cycle of partnership, actively promote suppliers to fulfill their responsibilities, and build a win-win platform with our partners for common growth of industry chain partners. A transparent, green, and sustainable cooperative environment is created to achieve mutual benefits and win-win results.

Building a responsible supply chain

Continuous efforts have been made to strengthen the responsible supply chain. We exert full lifecycle management over the supplier access, supervision, evaluation and exit, effectively identify environment and social risks of the supply chain, and improve the value of a sustainable supply chain, protecting the development of both supplier and purchaser.



Key performance

2,148

Suppliers in total

751

South China

911

East China

113

North China

114

Central China

58

Northeast China

21

Northwest China

29

Southwest China

151

Hong Kong, Macao, Taiwan and overseas

 **Supply chain management**

Strengthening communication and training

- Organizing the Supplier Conference. We successfully held the 2023 Civil Goods Supplier Conference themed "Empowering Supply Chains, Shaping the Future", calling on suppliers to build stable supply chains in the shipping industry.
- Organizing supplier seminars. We interviewed 8 suppliers, and followed up subsequent rectification measures to realize close-looped management and improve supply quality from both sides.



Civil Goods Supplier Conference in 2023

Improving the management system

- The *Supplier Management Regulations*, the *Management Measures for Procurement Suppliers*, and the *Implementation Rules for Material Procurement Supplier Evaluation* have been formulated and are strictly implemented under supervision.

Optimizing the management and control system

- We have exerted whole-procedure control over the supplier access, supervision, evaluation and exit, utilizing the supplier information management system to effectively control the list of suppliers.
- We promote the establishment of an integrated platform for material procurement, ensuring the whole process is recorded in data, including the basis and cost of procurement, and delivery, and the management of procurement price reviews, supplier classification and procurement contract is digitalized.

Identifying access mechanism

- We identify suppliers according to the criteria of "excellent quality, fair price, timely delivery and sound after-sales service."
- We set conditions for suppliers access and establish an access mechanism including on-site inspections, qualification reviews and access reviews. We collect and review supplier's qualification information through a digitalized system, introducing a total of 318 suppliers in 2023.

Regulating quality review

- The *Site Plan Review for Procurement Suppliers in 2023* have been prepared, specifying key points in review. We conducted site review in accordance with this plan.
- We work to complete the list of civil goods suppliers and perform a full review of the qualification information of qualified civil goods suppliers complying with latest requirements. Suppliers with problems in qualification files will be urged to rectify in a timely manner.

Organizing comprehensive evaluation

- A mechanism to evaluate the supplier performance and conduct cyclical supplier supervision annually has been put in place, which has three categories of evaluation: real-time, regular, and annual. We will also timely organize suppliers for remediation, interview and accountability.
- Comprehensive evaluation is made from various aspects including the qualification information, delivery, business, quality, technology, service, confidentiality, integrity, environment and security of suppliers.
- Annual evaluation of suppliers was completed and the list of qualified military and civil goods suppliers in 2023 was released.

 Sustainable supply chains


Promoting suppliers to fulfill responsibilities

- Suppliers are required to provide qualifications on quality, safety, and environment, and other areas when admitted. They are also required to provide reports and statements on hazardous substances of materials to ensure material quality.
- We review the effectiveness of suppliers' efforts in safety, environmental protection, and vocational health management and conduct supervision regularly.
- We sign safety management agreement with suppliers, requiring suppliers to provide training on labor protection and work safety, and necessary prevention supplies.

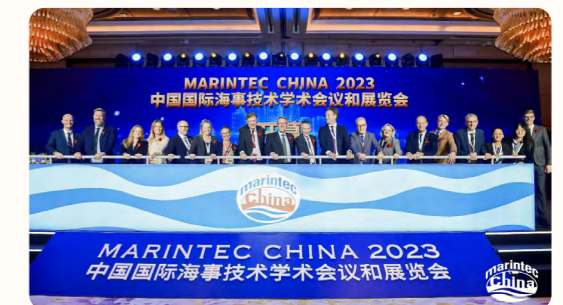
Preventing supply chain risks

- Onsite reviews on suppliers are conducted regularly, with an emphasis on their efforts in the environment, social responsibilities, and their financial status, including environmental qualifications, environmental facilities, legitimacy of companies, existing environmental factors and risks, environmental policies or environmental management system, solid waste disposal, and occurrence of environmental events.
- We sign the *Integrity Agreement* with qualified suppliers, and both parties promise to strictly abide by the provisions of the Agreement in the form of contract in business. The integrity of suppliers is evaluated on an annual basis. No problem against integrity was identified in 2023.



 Case Huangpu Wenchong left a mark on the Marintec China 2023

In December, 2023, the China International Maritime Technology Conference and Exhibition (or the Marintec China) was solemnized at the Shanghai New International Expo Center. Huangpu Wenchong appeared in this event with a variety of hit products, including the flagship vessel Haixun 09, a 10,000-ton patrol vessel, Zhu Hai Yun vessel, an intelligent unmanned system mother ship, ship Haijing, a self-developed 85,000 ton bulk carrier, and ship Honghu, a 1900TEU container ship, covering public vessel, research vessel, container ship, and bulk carrier. Many potential clients and intermediaries stopped to watch and discussed cooperation. These products also displayed our shipbuilding might and pragmatic, rigorous, active, and effective work style to other peer enterprises and design institutes, which were consistently praised.



Deepening exchanges and cooperation

We keep exploring new forms of cooperation, strengthen in-depth cooperation with institutions including the government, schools, and other enterprises, and hold exchange activities to promote innovation in the industry and build an ecosystem featuring win-win cooperation with communities.

 Case Huangpu Wenchong signed the Strategic Cooperation Framework Agreement with Hainan Nongken

On June 2, Huangpu Wenchong signed the Strategic Cooperation Framework Agreement with Hainan Nongken Investment Holding Group Co., Ltd. Using the building of Hainan Free Trade Port as an opportunity, both parties will build a long-term communication mechanism and leverage their respective unique strengths in implementing the demonstration project of deep-sea and far-sea aquaculture and promoting industrial development. The signing of this cooperation agreement marked Huangpu Wenchong's determination to keep exploring cooperation mode of systematic marine equipment in Hainan, and make positive contributions to building the Free Trade Port.



 Case Media delegation visited Huangpu Wenchong

On the State-owned Enterprise Open Day on July 13, the media delegation visited Huangpu Wenchong's Longxue plant and Changzhou plant, getting close to production lines of the century-old shipbuilding company. They boarded key products including the drag suction dredger with a capacity of 13,800 cubic meters and visited historic places such as the Huangpu Military Academy and Huangpu Wenchong Factory History Museum. They can intuitively sense the progress of China's manufacturing industry on the ship cradle and yard, and feel the military spirit going forth from the historical relics. Subsequently, the Company's leaders held a symposium with the media delegation, introducing the Company's development and sharing exchanges on maritime business development, new technologies and new areas, and talent cultivation, etc.



Giving Back to Society

We actively fulfill corporate social responsibilities, and take an active part in public service. Efforts have been made to help cultivate talent in the Greater Bay Area and solid steps have been taken to bring rural vitalization to a new level. We advance our own development while building a warm and harmonious community with stakeholders as a part to give back to society.

Serving the public

We carry forward the spirit of the volunteers, and organize various volunteer activities, with an aim to address issues of public concern affecting living standards and build a service-oriented community featuring crowd sourcing, joint contribution, and shared benefits. We give back to society with love, demonstrating the responsibility of a central state-owned enterprise.

Case Activity on learning from Lei Feng themed "Love in Huangpu Wenchong"

On March 3 and 4, Huangpu Wenchong organized young volunteers to launch an activity on learning from Lei Feng themed "Love in Huangpu Wenchong", calling on volunteers to benefit the public, the Company and the society. To better volunteer service, the Company organized 40 young volunteers and divided them into several groups for providing different services for the convenience of residents and employees in living areas, such as haircut, home appliance maintenance, smartphone and computer maintenance, knife sharpening, and sewing. Residents and employees engaged in the activity spoke highly of enthusiastic volunteers.



Volunteer activity in Wenchong plant



Volunteer activity in Nansha plant



Supporting the development of Greater Bay Area

We actively promote the building of the Guangdong-Hong Kong-Macao Greater Bay Area and implement the Master Plan of Guangzhou Nansha on Deepening Comprehensive Cooperation between Guangdong, Hong Kong and Macao with Global Perspective. We are supporter of cultural activities targeting teenagers in the Greater Bay Area and further promote extensive exchanges, comprehensive communication, and deep integration of youth in this Area.

Case Teenagers in the Greater Bay Area visited the Huangpu Wenchong Shipbuilding Company

Huangpu Wenchong invited 90 teachers and students from eight famous schools with long history in Guangdong, Hong Kong, and Macao to visit the Longxue plant, showing Hong Kong and Macao youth its growth and achievements as a national high-tech enterprise. This visit encouraged young people to learn innovation industry in the Greater Bay Area and consolidated a sense of identity with the motherland, thus preparing them for future integration into the Greater Bay Area and contributing youth power.



Contributing to rural vitalization

We shoulder the sobering political responsibility of vitalizing the rural areas and take actions focusing on paired assistance leveraging resource advantages, so as to consolidate and expand the achievements made in poverty alleviation in coordination with the extensive drive for rural vitalization, and contribute to common prosperity.

Consumption assistance

We actively purchase poverty alleviation products, help solve the problem of selling agricultural products, in order to increase farmers' enthusiasm. We promote local industrial development and contribute our share to vitalizing the rural areas.

Paired assistance

We provide paired assistance to Xinliao Town, Xuwen County by fully leveraging our advantages. Efforts have been made to explore and innovate the forms and methods of paired assistance to realize rural vitalization. We work on areas including infrastructure and education, aiming to make prominent contributions to industrial vitalization, living environment improvement, and talent cultivation in the town.



Improving teaching condition

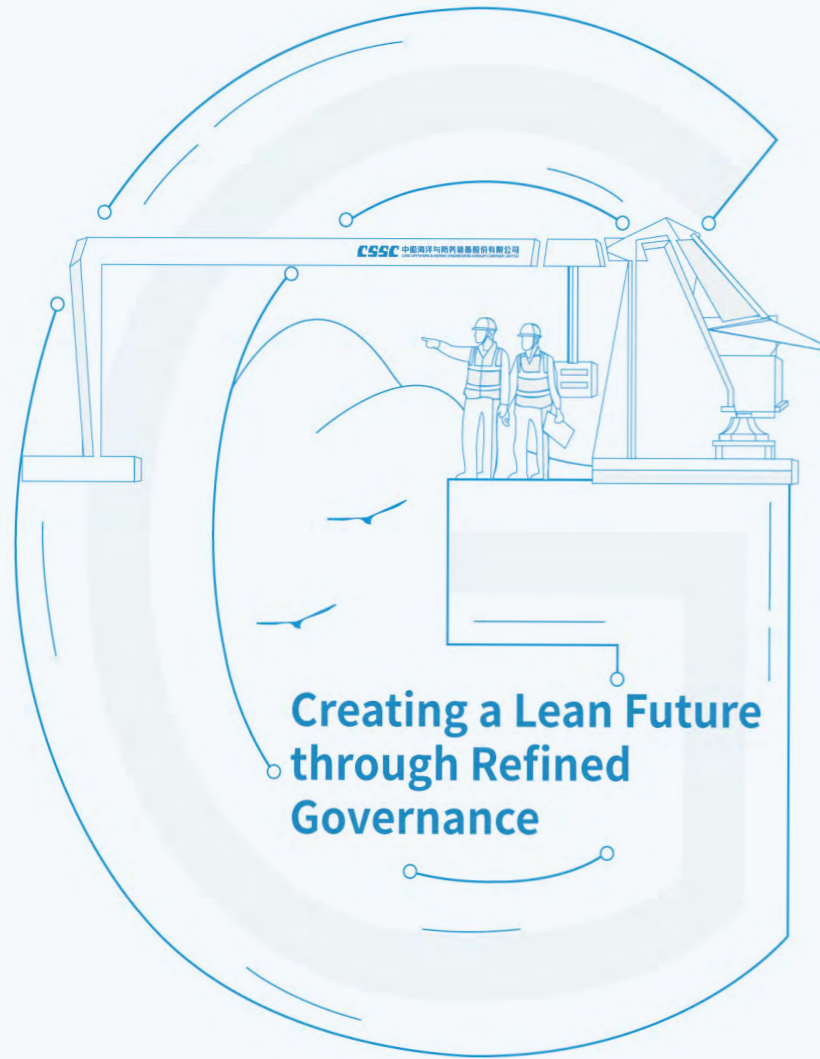


Visiting poor families

Flexibly helping Xinjiang's development

CSSC Industrial Internet Compant Limited, a subsidiary of Huangpu Wenchong, selected excellent officials to support Xinjiang's development, sharing exchanges on digitalization with the State-owned Assets Supervision and Administration Commission of the Xinjiang Production and Construction Corps. By continuing to deepen cooperation on projects and personnel exchange, technical support was provided to digital transformation projects of state-owned assets supervision platform, and the digitalization of Xinjiang Corps.





"Becoming a world-class enterprise" is our aspiration and pursuit, guiding our every step and compelling us to refine our management and chase excellence. Following the Party's leadership and focusing on Party building, we continuously enhance our governance structure. While embracing technological innovation, we prioritize work safety and establish a solid foundation for operations, leading the charge towards development. Each small effort contributes to the greater picture, and we will jointly build the grand cause of a lean future.

 Responding to SDGs

| | | |
|--|--|--|
| <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  | <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  | <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>  |
|--|--|--|



● RMB **26.7** billion
Total market capitalization of the Company reached

● **0**
Work-related fatalities

● RMB **12.4328** million
Investment in labor supplies

Party Building

In 2023, we earnestly implemented important instructions and directives of President Xi Jinping, bridging theory with practice to promote the implementation of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. Our focus remains steadfast on "prioritizing the core mission, serving the overall situation, and strengthening guarantees". Placing Party leadership at the core, serving the workforce and the public, strengthening the departments' organizational functions as the basis, and fostering a high-quality talent team as the guarantee to fully implement the decisions and arrangements of superior Party organizations.

Strengthening political construction

We earnestly implement the decisions and directives of the COMEC Party branch, placing emphasis on theoretical study and internal motivation to consolidate the ideological foundation. We have issued the *Work Plan of COMEC for the Deep Integration of Party Building with Core Operations and the Work Plan for Implementing the Important Directives of General Secretary Xi Jinping on Group Establishment in 2023*. These plans laid out measures to weave Party leadership seamlessly into all facets of corporate governance, ensuring Party building efforts permeate all production and operation processes. Concurrently, CSSC organized a "look back" on the Company's implementation of comprehensive and strict Party governance assessment feedback issues, and an inventory and rectification of outstanding issues in Party affairs, thereby rectifying foundational aspects of Party building.

Building solid ideological foundation

We uphold high standards and strict criteria for conducting thematic learning sessions on Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. In alignment with the requirements of CPC Central Committee and CSSC on thematic education, we established detailed learning agendas, ignited a fervent wave of learning, and completed reading sessions, practical applications, issue rectification, and investigative studies as required. We also carried out multi-form, and full-coverage study and education to ensure that Party members and cadres listen to the Party and follow the Party beliefs, strengthening the ability to work hard and take responsibility.



Themed training in Gutian on "Inheriting Red Genes and Implementing the Spirit of the 20th CPC National Congress" was organized



Carrying out themed reading sessions

Key Performance

37
Party Committee meetings organized

124
Major issues reviewed, including 31 major issues reviewed in advance

8
Learning sessions for the Central Group for Theoretical Study of the Party Committee held

100%
Completion rate achieved in addressing and remedying identified issues

Key Performance

117
Themed Party lectures conducted

312
Themed Party day events organized

14
Editions of thematic education newsletters published

12
Special research reports completed

Improving organizational structure

We compliantly and earnestly carried out elections for the new Party branch committee, appointing a full-time Party cadre as required. Efforts were made to professionalize and standardize Party cadre management systems, and carry out rotation training for Party branch secretaries, heads of Party-mass departments and Party staff to improve the political acumen and professional skills of Party cadres, and enrich and optimize the structure of the Party member team.

Highlighting brand image

Focusing on "prioritizing the core mission, serving the overall situation, and strengthening guarantees", we meticulously planned celebration activities for the 30th anniversary of COMEC's listing. By compiling historical documents and tracing our growth trajectory, we produced special promotional videos based on existing news reports to foster a positive brand image and boost brand awareness. Leveraging new media platforms like WeChat, we have built an all-media matrix for COMEC, utilizing platforms such as China Ship News, CSSC's WeChat official account, the WeChat official account of China Ship News, and COMEC's WeChat official account for dedicated publicity initiatives that highlight the Company's historical evolution as well as reform and development achievements, thus enhancing our corporate brand and image.

Key Performance

411
WeChat posts published

442,000
Cumulative number of readers reached

119
Short videos released

1.664 million
Cumulative number of viewers reached

324,000
The highest number of views for a single short video

124
Reserve Party members nominated

11
New primary-level Party organizations election

17
Party branches renewal

17
New committee members supplement organized

1,395
Party members received online full-coverage rotational training

10
Individuals received the Outstanding CSSC Communist Party Members award

3
Were recognized as Outstanding Party Staff Members

3
Units were named Outstanding Primary-Level Party Organizations in Guangdong and Guangxi by CSSC. Additionally, COMEC honored several individuals and primary-level Party organizations for their exceptional Party work



Corporate Governance

We have continuously improved the corporate governance system and further optimized the Company's risk control system. So that directors, supervisors, and senior executives can fully exercise and deliver their rights and duties, creating a good internal environment for the steady development of the Company. Abiding by the requirements of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), we have deepened law-based infrastructure, compliance management, and risk management and control. Therefore, the reform and development strategy of CSSC is ensured, and the in-depth development of law-based risk control and compliance is promoted. During the reporting period, we have revised the *Administrative Measures for the Authorization by the Board of Directors*, formulated the *Policy for Handling Investor Complaints*, and revised the *Articles of Association*, the *Rules for Independent Directors* as well as the implementation rules of various professional committees of the Board of Directors, providing a basic system for corporate governance.

Governance structure

We strictly comply with the securities regulatory rules and requirements including the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*. Committed to building a management model comprising decision-making level, monitoring level and implementation level, we clarify the responsibilities and permits for decision-making, supervision and implementation to form an operational mechanism with effective checks and balances.

As of the end of the reporting period, the Board comprised 10 directors, including 2 executive directors, 4 non-executive director and 4 independent non-executive directors. The Company values the balance and diversity of the backgrounds of its board members. Members of the Board have expertise in corporate governance, finance and accounting, investment strategies, marine engineering and equipment and legal affairs. On the diversity of Board members, the Company fully understands the benefits of Board diversity to our development and has adopted a Board diversity policy.



| | |
|---|---|
| 8 Board meetings convened | 33 Proposals deliberated and passed |
| 3 General meetings of shareholders held | 11 Proposals deliberated and approved |
| 30 Investor surveys conducted | 230+ Investors interviewed |
| RMB 26.7 billion Total market value of the Company, with the state-owned assets maintained and increased in value | |
| 5 Performance briefings held | |

Standardized governance

Adhering to law-based thinking and methods, we continue to improve the governance mechanism, disclosure quality as well as investor relations management, and sustain market value maintenance. All these efforts will contribute to a new-level corporate governance and standardized operation.

Improving the standardized mechanism for operation. We continued to improve the corporate governance system and formulate several policies such as the *Administrative Measures for the Authorization by the Board of Directors* and the *Policy for Handling Investor Complaints*. To improve the corporate governance structure, we elected a new chairman of the board of directors, and promoted the re-election of the board of directors and the board of supervisors. With the board of directors, the board of supervisors and the general meeting of shareholders running efficiently, the efficiency and quality of decisions were improved consistently.

Leveraging the role of independent directors. A plan for improving the performance of independent directors in 2023 was formulated. Independent directors were organized to focus on the Company's key investment projects and to conduct on-site research for an in-depth understanding of the development of the ship industry. They were also organized to participate in the performance conference of CSSC and the Company, to effectively play their role in independent decision-making, supervision, and consulting.

Strengthening investor relations management and market value management. We continuously improved the level of information disclosure. The Company was rated A-level in the 2023 Information Disclosure Evaluation by the Shanghai Stock Exchange and was awarded the 25th Golden Bull Award - Golden Information Disclosure Award by the China Securities Journal. We have accurately conveyed the Company's investment value to the market by carrying out holdings analysis of institutional investors, regularly reaching out to industry analysts, participating in strategy meetings, holding roadshows convening performance briefings.



Investor Reverse Roadshow & ESG Open Day

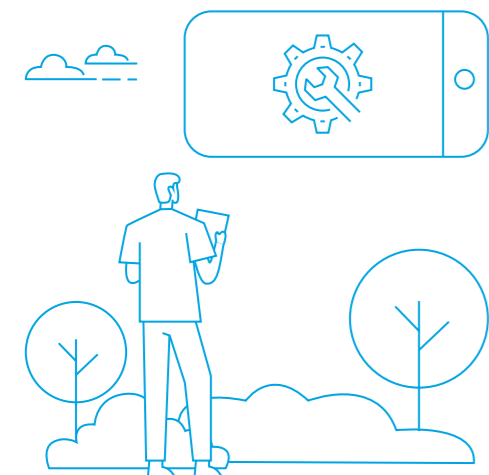


Board of Directors Conference

Risk compliance management

In 2023, we faced six major risks, including procurement supply chain management risk, cost and expense risk, international operation risk, product delivery risk, cash flow risk, health, safety and environmental protection risk. All responsible departments actively took risk prevention measures, carried out dynamic monitoring on a quarterly basis and achieved certain results, and there were no major unexpected risk events occurred in 2023.

| | |
|---|---|
| <p>17 High integrity risks identified</p> <p>1,129 Medium integrity risks identified</p> <p>119 Low integrity risks identified</p> | <p>6 Cases from 2022 closed</p> <p>9 new cases added in 2023</p> <p>4 cases closed</p> |
| <p>7 Versions of the standard contract applicable to the Company and its subsidiaries formulated or revised</p> <p>64 Legal opinions issued</p> | <p>26 Medium compliance risks investigated</p> <p>106 Low compliance risks investigated</p> |



Strengthening the mechanism for risk assessment, early warning, and investigation

- Adhering to the assessment and early warning mechanism of major risks**

We have implemented a mechanism to identify and give early warnings to compliance risks, forming a list of the Company's compliance risks to propose targeted preventive measures for the identified compliance risks.
- Adhering to the mechanism for screening contract risk**

Adhering to the establishment of a normalized investigation mechanism for contract risks of key projects every quarter, the Company established a list of major contract risks.
- Adhering to the mechanism for screening integrity risk**

By organizing a comprehensive investigation of integrity risks, the Company formulated corresponding prevention and control measures and formed the *2023 Integrity Risk Prevention and Control Measures*.
- Adhering to intellectual property risk management and control**

By regularly monitoring situations in which its products may involve the intellectual property rights of other entities, the Company analyzes possible disputes and the extent of damage to itself. To cope with that, we have proposed prevention plans to defend our rights and interests against infringed acts following the law.

Deepening and solidifying compliance management

- Strengthening the foundation of compliance management**

The *List of Compliance Standards in Key Areas* was newly formulated, and the *List of Compliance Standards of Various Departments* was revised to continuously improve the Company's compliance system.
- Strengthening the compliance review mechanism**

We strictly implement the mechanism for ex-ante legal compliance review and standardize the issuance of legal compliance review opinions. By drawing inferences through inspection, we implement compliance management requirements to prevent and control compliance and legal risks.
- Establishing a compliance effectiveness evaluation mechanism**

Since 2023, the Company has carried out the effectiveness evaluation of the compliance management system, focusing on eight key business areas, including procurement, labor, ship repair, and work safety, etc. We strengthen the application of evaluation results to make up for compliance management loopholes.

Continuing to strengthen legal management capabilities

- Adhering to the "four-tier responsibility" legal management system**

The Company actively promotes the "four-tier responsibility" system for its legal management, which is composed of the principal person in charge, the general legal counsel, the legal department, and the part-time legal clerk (compliance administrator).
- Actively handling legal dispute cases**

We actively handle inventory cases and new cases to safeguard the Company's rights and interests.
- Building a law-based culture with the Company's characteristics**

Combined with the actual work, the Company carried out in-depth publicity on laws and regulations in various business sectors. We have created a themed research and study for law and order, promoting the organic combination of patriotism, national defense education, and family education.

Clean Operation

Strengthening the building of Party style and integrity is an important guarantee for the healthy and stable development of the Company. At present, the Company's overall Party culture and integrity operation remains stable, but there are still individual violations of laws and disciplines. We must face up to the problem, adhere to the principal tone. Moreover, we must promote the battle against "three corruption styles" as a whole, continue to do a good job in building Party style and integrity, and anti-corruption work, providing a strong guarantee for the Company's high-quality development.

Promoting the battle against "three corruption styles" as a whole

We strictly carry out discipline enforcement and accountability, and strengthen the influence of corruption battles that makes one "having no audacity to become corrupt".

- Received 20 letters and reports with a 100% timely disposition rate
- Handle the clues of the audit handover issue, 1 case of party discipline fled, 1 person given an intra-party warning
- Dealt with using four forms of oversight and discipline enforcement 39 persons

We have strengthened the policy construction and reinforced the prevention mechanism that gives one no opportunity to become corrupt.

- 5 policies revised and issued, including the "Management System for the Construction of Party Style and Clean Government"
- Sorting out 15 management systems related to the company's performance of duties and entitlements and operational expenditures
- Sorting out 66 items of the Company's "no opportunity to corrupt" from its policy list

We have strengthened discipline education and enhanced the ideological consciousness that gives one no desire to become corrupt.

- We have exerted solid efforts in publicizing and implementing the Integrity Culture Manual (version 2.0), and have compiled and printed the Discipline Education.
- Opening of the column "Clean Rhythm and Clear Wind", which is published twice a month for publicity and education purposes.
- By holding case illustration from grassroots party secretaries, we will keep young leading cadres well-educated on discipline.
- Improvement of party integrity education on important holidays, with a total of 4,471 participants.



Work Conference on the Improvement of Party Style and Integrity and Anti-Corruption

0
Corruption lawsuit brought and concluded against issuers or their employees during the year

8,655
Staff trained in anti-corruption training

17,005 hours
Anti-corruption training provided to employees



4
Routine inspection projects

43
Problems found

100%
Completion rate of rectification

3
Special inspections

22
Problems found, with the rectification plan formulated and further implemented

Continuing to deepen the correction of the "four wrongdoings"

- Carrying out special correction campaigns on hedonism and extravagance
- Carrying out special correction campaigns on formalism and bureaucracy to reduce the burden on the grassroots level
- Conducting harder special inspections during important holidays
- Persisting in correcting wrongdoings and building models at the same time to carry forward new and healthy trends



Key Performance

51 Correction measures formulated **100%** Completion rate

49 Special inspections carried out **23** Overt and covert visits

621 Personnel in sensitive positions quarterly supervised and assessed

22 Middle-level and above management personnel completed **22** "One issue, one report" registering

RMB **3,000** Registered cash gift from **1** Person

66 Registered gifts from **28** People

Integrity built by the military and the local government

We have adjusted the Company's "clean project" promotion team for military products. By carrying out special supervision of competitive procurement, we have improved the procurement mechanism. Moreover, we have organized and carried out a clean military product project and a symposium on building integrity jointly by military and local government, and signed a letter of responsibility for such a joint effort.

Innovating in supervision methods

To fully complete the annual inspection task, we have formulated a five-year plan for inspection work (2023-2027), building a circular cross-inspection mechanism including the Company's party committee, CSSC Huangpu Wenchong party committee, and CSSC Guangzhou Shipyard International Party committee.

Work Safety

We strictly follow laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Provisions on the Safety Training of Production and Operation Entities*, and the *Basic Norms for Standardization of Enterprises' Work Safety*. In accordance with the *Notice on Strengthening Safety Management in Central State-owned Enterprises of the Year* released by the SASAC, and the *2023 General Plan of National Special Investigation and Rectification of Major Accident Hazards*, we took annual action to strengthen safety management and carried out investigation and rectification of major accident hazards. All indicators of 28 projects met the standards. There were no work-related accidents or occupational disease cases resulting in serious injuries or worse. This year also saw no fire and explosion accidents, traffic safety accidents, or environmental pollution accidents.



Prioritizing work safety

Implementing safety supervision

- Security Committee holds a meeting quarterly, inspecting the performance of employees at each level in all departments in fulfilling work safety responsibilities, studying major work safety issues, and reviewing work safety key points and plans, major technology projects and investment.
- Leaders conduct safety inspection on a regular basis. We conduct inspections led by company leaders and professional groups, etc. Each production unit should regularly carry out the "three inspections" work at the grassroots level.
- We release a circular specifying that accidents and incidents shall be reported as soon as possible, in order to standardize the reporting process of workplace injuries in a timely manner, and strictly prohibit concealment, late reporting and omission of reports.

Taking solid steps to strengthen work safety mechanism

- We improve the special working mechanism for preventing and defusing major work safety risks, consolidate achievements of eight special operations, and set up common hazards list and risk hierarchical management list according to production dynamics.
- We improve two lists of safety responsibilities of all staff, and renew responsibility list of key departments.
- We uphold the principle that the design, establishment, and operation of security facilities should be at the same time with the main building in construction projects. We make a record of safety management of projects under construction. With a problem-oriented view, we draw inferences, rectify existing problems and realize closed-loop management. We establish a qualified stakeholder directory and conduct regular qualification review and management assessment as required to strengthen the safety control of construction personnel. The management items and procedures of construction projects are improved.

Strengthening basic capacity for work safety

- We accepted a review on work safety standards of military goods. The review group gave us a high score of 93.03, meeting first-level requirement.
- We conduct safety training for Company directors and safety management employees. A total of 13 main directors of the Company and major production units gained the safety training certificate issued by the State Administration of Science, Technology, and Industry for National Defense. In all, 105 safety management employees completed annual refresher course.
- We increase investment in work safety and take concrete measures to ensure safety funds can be withdrawn in full and special fund is used for specific purposes. Safety budget amounts to RMB 41.59 million, representing an increase of 11% from the previous year.
- We carry out assistance activity inside production units by building internal assistance groups and formulating level-one and level-two assistance plan from the perspective of basic management, operation sites and management improvement. With a focus on our weaknesses, we eliminate potential risks step by step so as to improve safety management at all primary units and enhance lean management.
- We have formulated and published the *Plan to Improve the Efficiency of Pre-shift Meeting*, and the *Management Plan for Safety Technical Disclosure*, as a guidance for primary-level leaders to organize better pre-shift meetings with improved efficiency.

Investigating potential safety hazards

- In accordance with the *Notice of Taking Quick Action to Investigate and Rectify Potential Safety Hazards to Implement President Xi Jinping's Important Speeches and Instructions* released by the CSSC, we have formulated a work plan to cope with potential safety hazards in the Company.
- With reference to the *Compilation of Standards for the Evaluation of Potential Hazards of Major Accidents* issued by the Office of Work Safety Commission Office under the State Council, we have formulated the *Evaluation Standards for Potential Hazards of Major Accidents in Huangpu Wenchong*, serving as the reference for identifying potential hazards of major accidents.
- In 2023, we conducted an investigation across the Company to prevent and defuse major risks in work safety featuring eight special areas, and created and improved the list of common hazards and the list of risk hierarchical management concerning major safety risks in the whole Company.

Building leading safety culture

- We enhance visual management culture by renewing various safety signs and environmental signs according to the safety standards and visual identification system. A variety of safety training and education activities were organized, including Work Safety Month and 119 Fire Safety Education Month.
- We organized a series of activities to raise safety awareness, such as online training on potential hazards and online quiz competition on fire safety with prizes.
- We selected distinguished papers to participate in the competition organized by the Guangdong Emergency Management Services Association, 7 of which were adopted in the collection of excellent papers, including 1 second prize.

| Indicator | 2023 | Unit |
|--|------|------|
| Minor injury accidents | 4 | case |
| Serious injury accidents | 0 | case |
| Major accidents | 0 | case |
| Improper wearing of labor protection equipment dealt with | 301 | case |
| Complaints regarding occupational health and safety that have material impact on the Company | 0 | case |

| Year | Work-related fatalities | Work-related fatality rate (%) | Days lost due to work-related injuries |
|------|-------------------------|--------------------------------|--|
| 2023 | 0 | 0 | 0 |
| 2022 | 0 | 0 | 0 |
| 2021 | 0 | 0 | 52 |

Enhancing fire safety, traffic, and emergency management

Fire safety

- We reexamined key parts of fire safety in the Company and standardized the management requirements.
- We replaced dry powder extinguishers by heptafluoropropane fire extinguishing devices in the key storage area of the Company's archives and personnel archives. All escape masks in the Scientific Building were changed and air respirators were added. We also organized training on how to use them.
- We keep a close relationship with the local fire station and promote co-construction activities, including 2 joint fire drills.
- We organized units to carry out special investigation on fire safety and conduct inspection on areas such as the office, prefabricated temporary houses, canteens inside the plants, dormitories/apartments, key station buildings, warehouse and archives that are densely populated and prone to fire and explosion.
- We planned and carried out activities in the fire safety month, such as fire safety quiz, and training.

Traffic safety

- We organized inspections and applied new type testing devices to accurately supervise violations endangering traffic safety, cracked down on illegal driving and speeding, and dealt with vehicles with traffic violation.
- The Company enhanced the capabilities of personnel and organized traffic safety training for a total of 139 in-factory drivers and full-time drivers.
- We prepared stairs of office building with 1500-meter anti-slip strips and warning signs in response to humid weather in the plum rain season.

Emergency management

- Efforts have been made to improve practical ability and forestall and defuse high-risk situations. We urge primary-level units to practice the on-site disposal plan, in order to improve emergency response capabilities at all levels.
- We make emergency preparations for fire control, theft prevention, and explosion prevention. We figure out supplies, emergency personnel, and records of key parts, and closely monitor the typhoon situation, make accurate predictions, issue warnings, and make emergency preparations. Through early warning, centralized leadership, information transfer and coordinated movements, emergency management capacity is enhanced. In 2023, extreme weather and typhoon caused no injuries and caused no damage to financial assets.
- According to the guidelines for typhoon combating of ship under construction and complying with the requirement of "one ship, one strategy; one plant, one strategy", we organize production units to formulate the work plan for typhoon combating in light of the characteristics of the plant and the ship.

Key Performance

RMB **12.4328** million
Investment in labor supplies

RMB **2.0558** million
Investment in emergency supplies

21,683
Participants in the work safety training

185
Participants in the comprehensive drill of emergency evacuation

74
Vehicles investigated for violations

4
Comprehensive drills

40
Special drills conducted in three plants

14
Hidden hazards identified and rectified in special inspection on fire control, theft prevention, and explosion prevention



Improving occupational health

management of occupational health record

We realize compliance management of occupational health records from scratch. In 2023, we began filing occupational health records of employees. By formulating a template version, organizing compliance audits, selecting and renovating archive room, and straightening out medical examination reports of employees and contract workers from 2006 to 2023, we realized dynamic management of employees' occupational health records, solving problems that have plagued multiple departments. The full coverage of occupational health management was realized gradually.

13,000
Archives developed for 2,703 employees and contract workers at positions with easy access to occupational hazards in the three plants.

Strengthening occupational hazard risk management of temporary support personnel

By implementing a step-by-step approach through three key processes: assessing the situation, plugging loopholes, and setting standards, a comprehensive investigation was conducted to identify the medical histories of temporary support staff across all three plants, creating a list. Full coverage health checks and supplementary examinations were carried out, and more than 20 individuals with problematic records were dismissed based on the examination results. We discussed with the hospital, human resource department, legal department and employment department, and reached agreement to issue the *Notice on Specifying the Standard of Pre-post Physical Examination of Temporary Support Personnel*, specifying the correlation between physical check and the type of certificate, with an aim to control potential risks of temporary support personnel.

10,500
Archives developed for 2,102 contract workers in Changzhou Plant

100%
Staff healthy archive coverage

15%
Increase in the demand for emergency medicine allocation

13%
Increase in qualification rate of occupational hazard in annual evaluation compared with 2022

Strengthening occupational hazard risk management in workplace

First-aid kits for trauma and preventive medicine for heatstroke are placed in production areas for priority populations and departments involving confidentiality. We conduct an annual evaluation on occupational hazards, rectify unqualified behavior and organize annual vocational health examination. We adequately address disputes on occupational disease and ensure the issuance of health premiums to employees at positions with easy access to occupational hazards.

33
Employees with contraindication resettled reasonably and compliantly

RMB **429,000+**
Health premium paid for employees at positions with easy access to occupational hazard

Technological Innovation

Guided by high-quality development strategy and market-oriented mechanism, we coordinate "three-in-one" management of operation, production, and research and development, establish and improve management mechanisms such as organizational management, assessment, and incentives for scientific and technological innovation, and form a virtuous cycle where technological innovation, operation, and production serve and support each other.

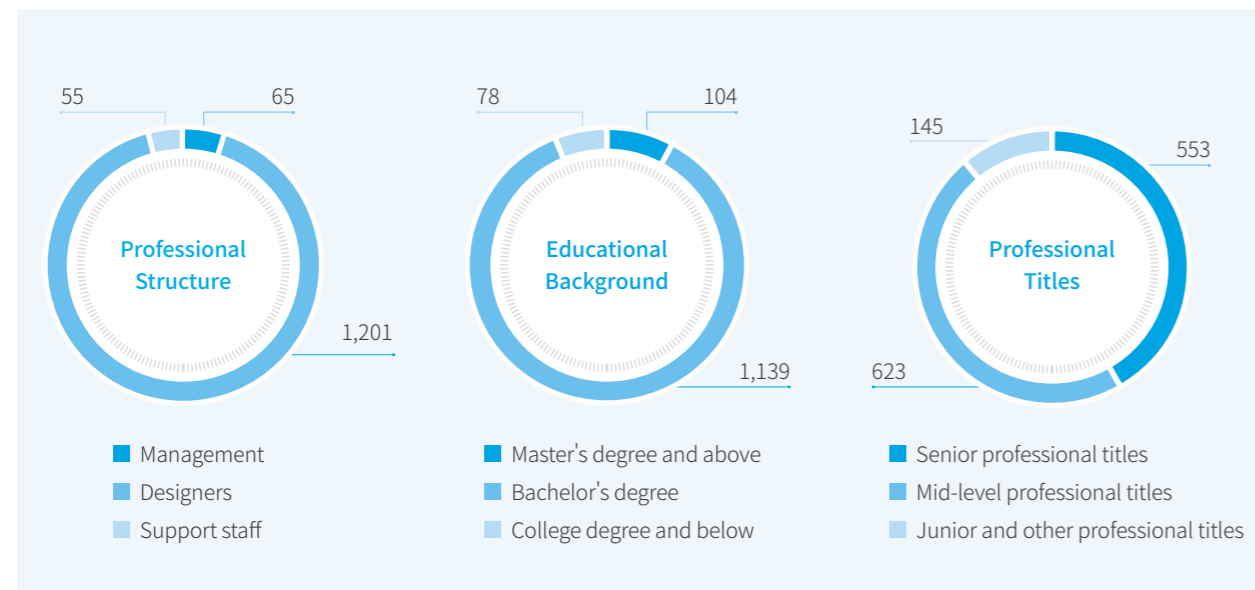
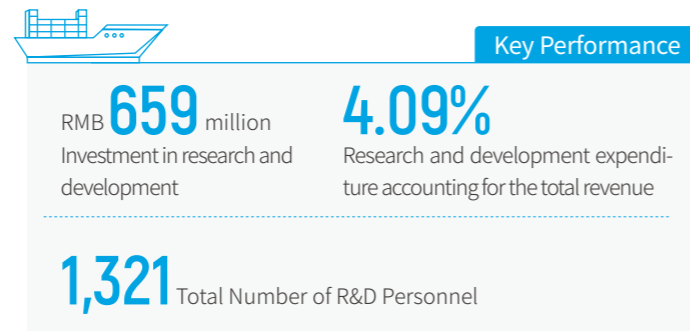
Building research platforms

Upholding innovation-driven development, we have established a range of technological innovation platforms at national, national defense and provincial levels, including enterprise technology centers, post-doctoral research workstations, National Engineering Laboratory for Marine Engineering R&D and Design, Guangdong Provincial Key Laboratory of Advanced Welding Technology for Ships, and Guangdong Engineering Technology Research Center.

- Huangpu Wenchong National Enterprise Technology Center successfully passed the assessment of the National Development and Reform Commission
- Provincial enterprise technology center passed the evaluation of the provincial Department of Industry and Information Technology of Guangdong Province with an "Excellent" rating
- Successfully completed the annual review of the Guangdong Provincial Key Laboratory and entered into the second phase agreement with the Guangdong Science and Technology Department

Cultivating professional talent

We continuously promote the project for cultivating innovative talent, integrate internal and external resources, use models such as training, cultivation, cooperation and exchange, participation in or leading product R&D, and combine external high-end talents and internal training to improve the overall quality of the scientific and technological team and cultivate a group of chief experts, discipline leaders, chief technicians, and skills masters.



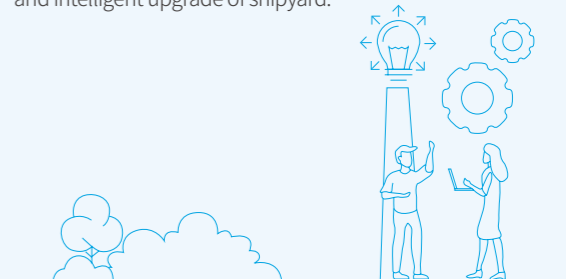
Achievements in technological innovation

Participation in the formulation of industry standards

- Led in the formulation of ISO 5483:2003 - Ships and marine technology — Drain facilities from oil and water tanks
- Leading contributor to the successful release of the international standard ISO 3797:1976 - Shipbuilding — Vertical steel ladders
- The GJB 11082-2023 *Landing Obstacle Test Methods for Fully-Cushioned Landing Craft Air Cushion* led by the Company was successfully released
- Participated in three mandatory national standards, i.e., Safety management requirements for important load lifting operation in shipbuilding, Safety regulations of open fire operation in shipping industry, and Safety requirements of flood and typhoon control in shipbuilding industry, and successfully submitted them for approval
- Developed and released eight group standards, including General requirements for function test of intelligent ship system during sea trial

Research on digital and intelligent applications

- Guided by the digital workshop initiative, we focus on the automation of small parts grinding, development and validation of a centralized cutting control system, and implementation of aluminum alloy automation equipment.
- We vigorously drive digital transformation across design, manufacturing, and service processes, and promote the application of advanced manufacturing and intelligent manufacturing technology using the main construction types of civil ships as a carrier. By creating an intelligent manufacturing platform, we have gradually realized digital, networked, and intelligent upgrade of shipyard.



Patent applications and authorizations

| | |
|-----------------------|-----|
| Patent applications | 450 |
| Patent authorizations | 168 |

Utility model patent applications and authorizations

| | |
|-----------------------|-----|
| Patent applications | 80 |
| Patent authorizations | 113 |

Case Delivery of "Zhong Guo Yu Zheng 44002" – a new milestone in maritime law enforcement in Shenzhen

On November 8, the "Zhong Guo Yu Zheng 44002", China's first comprehensive marine law enforcement vessel, constructed by Huangpu Wenchong and integrating intelligent engine room, intelligent navigation and information integration platform technology, was officially delivered to the Shenzhen municipal comprehensive marine law enforcement detachment in Guangzhou. It is the first domestic public service vessel to apply for the "Intelligent ship." Equipped with state-of-the-art tech like new-generation intelligent navigation, satellite navigation, drone inspection, photoelectric evidence collection, and simulated law enforcement, it adeptly supports maritime sovereignty, monitoring, inspection, and rescue operations. Serving as Shenzhen's new marine law enforcement ace and setting a new standard for domestic public service vessels in intelligent navigation and energy conservation and emission reduction, "Zhong Guo Yu Zheng 44002" significantly bolsters the strategic deep blue development and the construction of a three-dimensional, information-based patrol and law enforcement system spanning "sky, space, sea, and shore." It is also the 3,000-ton marine rights protection and law enforcement ship with the largest displacement tonnage and the most advanced technology since the founding of Shenzhen.



Quality Management

In alignment with the *Outlines for Building China into a Strong Nation in Quality Construction* and CSSC's 2023 Quality Priorities, alongside the spirit of the Company's annual operation strategy conference, we outlined and launched our 2023 quality work plan. Throughout 2023, we maintained stringent control over quality metrics, ensuring no occurrences of serious or above quality problems, thereby upholding the effectiveness of our quality system.

Reinforcing quality accountability

- The Company's top management have signed quality accountability pledges with unit heads. All staff members have signed quality accountability and integrity commitment letter.
- Adjustments have been made to the membership of the Quality Management Committee and the Nonconforming Product Review Committee according to corporate organizational and personnel changes.
- We have revised 17 quality management system documents, including the Provisions of Quality Accountability for Different Categories of Personnel from Different Departments and the Administrative Measures for the Outbound Inspection of Purchased Products, further enhancing our integrated quality system.

Enhancing quality management

Refined quality management

We formulated and issued the 2023 COMEC Refined Quality Management Enhancement Plan, and organized departmental self-assessments and corporate oversight and examination to identify a list of issues requiring improvement and implement self-evaluation for the refined quality management of vessels. We have also addressed issues identified from CSSC's maturity assessment of our refined quality management for vessels.

Carrying out quality rectification work

We've successfully executed comprehensive quality rectification tasks, including "one rectification, four improvements," and "two inspections, one modification, one enhancement." In collaboration with Guangzhou Shipyard International, we set up a regional supervision team for southern China to conduct on-site inspections on the quality rectification work of CSSC South China Marine Machinery Co., Ltd. and CSSC Guangxi Shipbuilding and Offshore Engineering Co., Ltd.

Penetrating quality control

The Penetrating Control Plan for Equipment Quality Management was developed, with 15 items completed. Efforts included refining the procurement contract template for auxiliary equipment, implementing a negative list system, conducting supplier site audits and multiple equipment's outbound acceptance checks, enhancing outsourced units' quality inspections, and establishing a Joint Inspection Strategy for Quality, Process Standard, and Technology for Outsourced Units.

Informatization management of quality

We have finalized the corporate quality management system development plan, advancing the functional development of various quality modules in line with the plan. The development of three modules including process inspection, non-destructive testing, and feedback on ship inspection by shipowners as scheduled.

Key Performance

604 Maturity assessment score for refined quality management

| Indicator | | Corporate indicator | Indicator (%) |
|---|-------------------|---------------------|---------------|
| First-pass rate of hull welding X-ray film | Military products | ≥ 95% | 98.16% |
| | Civil goods | ≥ 94% | 96.39% |
| First-pass rate of non-destructive testing of welds | | ≥ 99% | 99.52% |
| First-pass rate of process | Military products | ≥ 97% | 99.7% |
| | Civil goods | ≥ 96% | 98.57% |
| First-pass rate at external delivery | Military products | ≥ 99% | 100% |
| | Civil goods | ≥ 97% | 98.49% |

Quality cultural development

Adhering to our quality guidelines of "putting quality and customers first, delivering reliable and top-notch products and services with excellence, and upholding integrity in all aspects of our service," we conduct a range of quality publicity activities to foster a vibrant quality culture atmosphere and instill a "quality first" mindset among our workforce.

- We have revised the Quality Culture Manual (2023 Edition) and engaged all employees in learning about the quality culture of CSSC and our company.
- We enthusiastically advance the "Quality Month" initiative, organizing activities such as quality culture publicity, training on new system theories, and quality-themed debates. Our micro-film *How a Ship Was Tempered* received the Excellence Award from CSSC.
- We participated in the quality excellence contests organized by the China Quality Inspection Association, earning the honorary title of "National Quality Standard Benchmark Enterprise."
- We organized and excelled in skill competitions like the Yangcheng Craftsman Cup and the Guangdong Non-destructive Testing Vocational Skills Competition, gaining multiple accolades. Recognized as a significant contributor to skilled personnel training in Guangdong province, the Company has promoted skills through competitions and greatly improved the skill level of employees.
- We promote the summary and documentation of advanced quality management measures. Our work, *Construction of 1428 Quality Control System for Equipment Lifecycle Based on Combat Effectiveness Improvement*, won the Third Prize from CSSC Group in 2023.



ESG Reporting Guide Index

| Main categories | Content | Position |
|---|---|------------|
| A Environmental | | |
| Aspect A1:Emissions | | |
| General Disclosure | Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste | P21 |
| A1.1 | The types of emissions and respective emissions data | P25-26 |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P21 |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | P25 |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | P25 |
| A1.5 | Description of emission target(s) set and steps taken to achieve them | P19、P25-28 |
| A1.6 | Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them | P25 |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources including energy, water and other raw materials | P17 |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility) | P18 |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility) | P27 |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them | P17-18 |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them | P27 |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | P23 |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources | P17、P19-21 |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | P21-28 |
| Aspect A4:Climate Change | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer | P17 |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them | P22 |
| B Society | | |
| Employment and labor practices | | |
| Aspect B1:Employment | | |
| General Disclosure | Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare | P31 |
| B1.1 | Total workforce by gender, employment type (for example, full or part-time), age group and geographical region | P32 |
| B1.2 | Employee turnover rate by gender, age group and geographical region | P32 |
| Aspect B2:Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | P55 |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year | P56 |

| Main categories | Content | Position |
|---|---|----------|
| B2.2 | Lost days due to work injury | P56 |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | P55-58 |
| Aspect B3:Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities | P35-36 |
| B3.1 | he percentage of employees trained by gender and employee category (e.g. senior management, middle management) | P36 |
| B3.2 | The average training hours completed per employee by gender and employee category | P36 |
| Aspect B4:Labor Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor | P31 |
| B4.1 | Description of measures to review employment practices to avoid child and forced labor | P31 |
| B4.2 | Description of steps taken to eliminate such practices when discovered | P31 |
| Operating conventions | | |
| Aspect B5:Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain | P39 |
| B5.1 | Number of suppliers by geographical region | P40 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | P39 |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | P41 |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | P41 |
| Aspect B6:Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | P38 |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | P59 |
| B6.2 | Number of products and service-related complaints received and how they are dealt with | P39 |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights | P51 |
| B6.4 | Description of quality assurance process and recall procedures | P59 |
| B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored | P38 |
| Aspect B7:Anticorruption | | |
| General Disclosure | Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering | P53 |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | P53 |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | P53-54 |
| B7.3 | Describe of the anti-corruption training provided to directors and employees. | P53 |
| Aspect B8:Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests | P44 |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport) | P43-44 |
| B8.2 | Resources contributed (e.g. money or time) to the focus area | P43-44 |

About This Report

Reporting Overview

This is the second environmental, social and governance (ESG) report issued by CSSC Offshore & Marine Engineering (Group) Company Limited, which has issued 14 corporate social responsibility reports in a row. This report mainly discloses the Company's policies, strategies, objectives and overall performance in the ESG field. All information disclosed comes from the official documents or statistical reports of the Company. The Board of Directors, fully responsible for the Company's environmental & social strategy and report, has reviewed and approved this report.

Reporting Principles

In preparing this report, COMEC follows four core reporting principles, including materiality, quantitative, balance and consistency. Details are shown below.

| | |
|---------------------|--|
| Materiality | COMEC identifies major ESG issues, which involve major economic, environmental and social aspects of its business operation. |
| Quantitative | This report discloses ESG key performance indicators in a quantitative way as much as possible. |
| Balance | The content of this report is impartial and reflects to the readers the achievements and areas to be improved by COMEC in ESG management and performance. |
| Consistency | COMEC adopts the same management methods and performance measurement methods as in previous years to make a fair comparison of ESG performance year by year. |

Reporting Period

The period covered by this report is from January 1, 2023 to December 31, 2023. To strengthen the continuity and comparability, some contents would date back to previous years or refer to later years.

Reporting Scope

This Report covers information and key performance data regarding CSSC Offshore & Marine Engineering (Group) Company Limited, its holding subsidiary CSSC Huangpu Wenchong Shipbuilding Company Limited and other subsidiaries.

Preparation Basis

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* set out in Appendix C2 to the *Main Board Listing Rules* ("Main Board Listing Rules") of The Stock Exchange of Hong Kong Limited, and the *Guidelines No. 1 for Self-Regulation of Listed Companies— Standardized Operation (Revised by December 2023)* issued by the Shanghai Stock Exchange. In addition, the Report refers to the *GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board and the Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

Preparation Process

This Report is prepared by the following steps: the establishment of ESG working group, stakeholder interviews, stakeholder questionnaire survey, data collection, framework determination, report preparation, report design, department and senior review, etc.

Data Sources

All information disclosed in the Report comes from the official documents, statistical reports and annual reports of the Company. Unless otherwise specified, all amounts are expressed in RMB. In case of any discrepancy between the financial information disclosed in this report and those in the annual report of the Company, those in the annual report shall prevail.

Appellation

For better presentation and readability, "China State Shipbuilding Corporation Limited and China Shipbuilding Group Co., Ltd." are also referred to as "CSSC", "CSSC Offshore & Marine Engineering (Group) Company Limited" is also referred to as "COMEC" or "the Company", "CSSC Offshore & Marine Engineering (Group) Company Limited and its subsidiaries" are also referred to as "we" or "us", "CSSC Huangpu Wenchong Shipbuilding Company Limited" is also referred to as "Huangpu Wenchong", and "Guangzhou Shipyard International Company Limited" is also referred to as "GSI", and "Guangzhou Wenchong Shipyard Heavy Industry Co.,Ltd" is also referred to as "Wenchong Shipyard Heavy Industry".

Note:As of the end of the reporting period, Huangpu Wenchong was a 54.5371% owned subsidiary of the Company, and GSI was a 41.0248% owned invested company of the Company.

Report acquisition method

This Report is released in in Traditional Chinese, Simplified Chinese and English. In case of ambiguity, the simplified Chinese version shall prevail. You may visit the website of the Company (www.comec.cssc.net.cn) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) to view this report.

Response to this report

If you have any comments and suggestions on this Report or the Company's sustainability performance, please send an email to comec@comec.cssc.net.cn.

Feedback Sheet

Dear readers,

Thank you for taking the time to read the 2023 ESG Report of CSSC Offshore & Marine Engineering (Group) Company Limited. To provide you and other stakeholders with more professional and valuable information, we sincerely invite you to fill out the relevant questions in the feedback sheet. Sincerely looking forward to your suggestions and opinions, thank you!

Your identity:

- Customer
 Investor
 Government
 Employee
 Partner
 Environmental organization
 Community
 Media
 Peer
 Others

Multiple-choice questions:

Are you satisfied with the overall report?

- Yes
 No
 Fair

Is the information you care about presented in this report?

- Yes
 No
 Fair

Do you think the Company's corporate social responsibility and the impact on stakeholders are accurately presented in this report?

- Yes
 No
 Fair

Can you easily find the information of interest in this report?

- Yes
 No
 Fair

Are you satisfied with the layout design of this report?

- Yes
 No
 Fair

Open questions:

Which issues disclosed in this report are you most concerned about?

Are there any shortcomings in this report?

Which contents in this report you wish them to be disclosed regularly?

What comments and suggestions do you have for our future ESG performance and report?

CSSC 中船海洋与防务装备股份有限公司
CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED