About This Report

Overview
Dear stakeholders, this is the second social responsibility report released by China Shipping (Group) Company. The report describes our concepts, strategies and management approaches to sustainability. It also elaborates on our efforts and achievements in fulfilling safety, economic, environmental, employee and social commitments as well as the comments of stakeholders.

Compilation Basis
This report is prepared in accordance with the Guideline on Fulfilling Social Responsibility by Central Enterprises released by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI) and the Chinese CSR Report Preparation Guide (CASS-CSR 2.0).

Reporting Period
This report covers the period between January 1 and December 31, 2012, with some expressions and data appropriately dating back to earlier years.

Release Cycle
The report is released annually.

Reporting Scope
This report covers information about all tier-1 subsidiaries, some tier-2 subsidiaries, shareholding companies and joint ventures of China Shipping (Group) Company.

Data Source
Data in this report is derived from in-house documents and related statistics of China Shipping (Group) Company.

References
For readability purposes, any reference to "China Shipping", "the Group", or "we" in this report refers to China Shipping (Group) Company.

Accesses to This Report
This report is available in both Chinese and English. In case of discrepancy between the two versions, the Chinese version shall prevail.
To download this report, please visit our company website at www.cnshipping.com.
If you need a hard copy of this report or wish to voice your opinions on its content, please contact China Shipping (Group) Company at:
Address: No.678 Dongdaming Rd, Shanghai
Tel: 86-21-65967600
Fax: 86-21-65966348
Email: csr@cnshipping.com
# Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Messages from Senior Managers</td>
</tr>
<tr>
<td>06</td>
<td>About China Shipping</td>
</tr>
<tr>
<td>15</td>
<td>Social Responsibility Management</td>
</tr>
<tr>
<td>19</td>
<td><strong>Feature Report I</strong>: International Operation for More Values</td>
</tr>
<tr>
<td>22</td>
<td><strong>Feature Report II</strong>: Sustainable Development through Steady Operation</td>
</tr>
<tr>
<td>24</td>
<td>Achieving Excellence through Universal Integrity</td>
</tr>
<tr>
<td>26</td>
<td>Providing Sincere and Considerate Services</td>
</tr>
<tr>
<td>29</td>
<td>Contributing to Local Economic Development</td>
</tr>
<tr>
<td>32</td>
<td>Safeguarding the Transportation of Critical Materials</td>
</tr>
<tr>
<td>35</td>
<td>Cooperating with Partners in the Value Chain</td>
</tr>
<tr>
<td>36</td>
<td>Striving for Safety-oriented Navigation</td>
</tr>
<tr>
<td>38</td>
<td>Pursuing Long-term Safety</td>
</tr>
<tr>
<td>40</td>
<td>Building a Safety Culture</td>
</tr>
<tr>
<td>41</td>
<td>Increasing Shipping Safety Margin</td>
</tr>
<tr>
<td>43</td>
<td>Protecting Onshore Safety</td>
</tr>
<tr>
<td>44</td>
<td>Aiming for Environmentally Friendly Maritime Transportation</td>
</tr>
<tr>
<td>46</td>
<td>Enhancing Environmental Management</td>
</tr>
<tr>
<td>47</td>
<td>Addressing Climate Change</td>
</tr>
<tr>
<td>50</td>
<td>Promoting Energy Conservation and Emissions Reduction</td>
</tr>
<tr>
<td>52</td>
<td>Protecting the Balance of Marine Ecology</td>
</tr>
<tr>
<td>54</td>
<td>Thriving Enterprises by Developing Talents</td>
</tr>
<tr>
<td>56</td>
<td>Creating Development Space</td>
</tr>
<tr>
<td>58</td>
<td>Protecting Rights and Interests of Employees</td>
</tr>
<tr>
<td>61</td>
<td>Caring for Employees in All Aspects</td>
</tr>
<tr>
<td>64</td>
<td>Contributing to Harmony as a Responsible Citizen</td>
</tr>
<tr>
<td>66</td>
<td>Advancing Shipping Industry</td>
</tr>
<tr>
<td>67</td>
<td>Participating in Community Construction</td>
</tr>
<tr>
<td>69</td>
<td>Establishing Poverty Alleviation Platform</td>
</tr>
<tr>
<td>71</td>
<td>Fulfilling Responsibility as a Global Citizen</td>
</tr>
<tr>
<td>74</td>
<td>Outlook 2013</td>
</tr>
<tr>
<td>76</td>
<td>Third-Party Comments</td>
</tr>
<tr>
<td>79</td>
<td>Feedback Form</td>
</tr>
</tbody>
</table>
Messages from Senior Managers

Message from the Chairman

Li Shaode
Chairman of the Board and Party Secretary of China Shipping (Group) Company
For China Shipping, 2012 was an extraordinary period.

On February 16, Xi Jinping (the then Vice-President of China) led a delegation to China Shipping's terminal at the Port of Los Angeles, where he learned about the terminal's operations and held friendly exchanges with China Shipping’s employees. Xi also spoke highly of the energy-saving measures adopted at the terminal as well as the positive role the terminal had played in enhancing economic and trade ties between China and the United States.

In the year, Xu Lirong, President of China Shipping was elected as a deputy to the 18th CPC National Congress. His election further enhanced the pride of our employees and inspired them to become masters of the Group.

In 2012, despite the extremely unfavorable market conditions, China Shipping made a profit of RMB 1.1 billion by virtue of the hard work of employees and support of the government, customers and other stakeholders.

In this year, in order to celebrate the 15th anniversary of the Group, we held a ceremony and released our first corporate social responsibility report.

A review of the past 15 years shows that the shipping industry plays an increasingly important role in transporting materials and boosting economic ties and trade along with the deepening of economic globalization. Since its accession to the World Trade Organization (WTO), China has registered a steady rise in its foreign trade. Today, more than 90% of the country’s imports and exports are shipped by sea. A stable and strong shipping industry is therefore vitally important to advance national economy, boost international economic ties and trade, safeguard the transportation of resources and maintain social stability.

Over the past 15 years, the mission of revitalizing China's shipping industry has driven us to work diligently and innovatively in order to build China Shipping into a world-class conglomerate that has a strong root in China with its business outlets distributed all over the world.

Over the course of development, we have further integrated social responsibility into our operations and pursued the balance between economic growth, social progress and environmental protection. We operate in compliance with all laws and regulations, strive for robust development, and provide customers with high-quality, safe, highly efficient and green services so as to create values for stakeholders. We have transformed our approaches to work safety by institutionalizing a long-term safety mechanism and establishing a responsibility system and work safety standards. We continue to uphold our "larger vessels and lower carbon" strategy, driving energy conservation and emissions reductions in shipping business. We are also implementing measures that tackle oil contamination, dispose of hazardous wastes and protect water environment and biodiversity. In addition, we are accelerating the implementation of a talent training strategy that will enable us to build a sustainable talent team. Furthermore, we are actively engaged in many social responsibility activities to help maintain social harmony.

Our pursuit of sustainability and our vision of "building China Shipping into an everlasting and world-class company" are driving us to transform our growth pattern, industrial structure, management mode, team building strategy and competitiveness modes. While striving to build a stronger and better shipping business, we follow a diversification strategy to develop industrial manufacturing, logistics, terminals and financial services so as to enhance our allocation of social resources. Moreover, by grasping the law of market and adopting a win-win approach, we endeavor to ensure the sound growth of the whole value chain.

Entrusted by times, our mission is to create a world-class shipping company. We are keenly aware that to achieve this, we must implement our sustainability strategy and fulfill our social responsibilities to become an excellent corporate citizen. We believe that by doing this we will survive in the complex environment and realize sustainable and robust development to become a leader in the global shipping industry. Only in this way can we realize our dream of revitalizing China, facilitating world economic growth and delivering community wellbeing.

2013 will unfold numerous challenges to China Shipping, but we will remain vigorous in our voyage to a bright future.
Message from the President

Xu Lirong
Director, President and Party member of China Shipping (Group) Company
Shipping companies experienced a downturn to their development in 2012. Unfavorable market conditions created a number of challenges, yet China Shipping managed to maintain its rapid growth, thanks to the concerted efforts of our employees and the support of all stakeholders.

Marine transportation plays an important role in shipping goods, bulk commodity in particular. In the context of economic globalization, the sound growth of the shipping industry not only has a bearing on the recovery of global economy, but also affects each and every one of us. As a leading shipping company in China, we view the stability of the national economy as our bottom-line responsibility and will continue to promote positive exchanges and cooperation between China and other countries.

In 2012, as a result of innovation and strategic transformation, we maintained a rapid growth and registered a net profit of RMB 1.1 billion. To press ahead with the “key accounts and great cooperation” strategy, we forged strategic partnerships with key accounts, ports, banks and local governments, which protected the Group against market fluctuations. We also refined our management and launched a full-scale energy conservation and emissions reduction campaign to improve resource utilization. In addition, we enhanced institutional construction and management capacity. Consequently, we successfully slashed our administrative and operational expenditures. Moreover, we adopted a complementary strategy of “broadening sources of income and reducing expenses” to effectively cope with the increasingly complicated market conditions.

Last year, we further improved work safety by implementing a responsibility system and advancing the construction of work safety standards, which are the core of safety work. We completed the Phase-II of our central dispatching and monitoring system, and adopted an information collection and reporting system to safeguard navigation. Furthermore, we intensified the effort to identify potential risks, launched large-scale safety drills, moved forward with security monitoring, and institutionalized a long-term safety mechanism. By the end of 2012, China Shipping had operated without a major accident for 2,121 consecutive days.

In response to the requirements of “expanding marine economy and protecting ocean environment” outlined in the report of the 18th CPC National Congress, we further conserved energy and reduced emissions by encouraging our ships to adopt economical speeds, optimize our fleet structure and develop marine energy-saving technologies. We also took steps to fuel the research and development of LNG transportation and dual-fuel LNG tanker technologies so as to remain at the forefront of new energy applications. On top of that, we actively explored shipping-related industries that enabled us to balance economic benefits and environmental considerations when building green docks.

To implement the strategy of revitalizing the company through talents, we launched the Thousand Talents Program in 2012 to nurture talented employees into future leaders. We optimized our remuneration structure in light of the Group’s development, resulting in an 8.3% increase in real wages over the previous year. We visited frontline and retired employees and render active assistance to those in need. To enrich the leisure life of our employees, we organized various sports and recreational activities.

We strive to be a responsible corporate citizen through active engagement in public welfare activities. In 2012, we invested RMB 4 million in poverty alleviation programs in Yongde County of Yunnan Province to improve the living conditions of local residents. In the year, the Group, along with employees, donated over RMB 10 million to charity programs. We support the development of voluntary organizations by encouraging the involvement of our employees, which contributes to social harmony.

2013 will remain a year fraught with challenges for shipping companies. But as the saying goes, “A time will come to ride the wind and cleave the waves; we will set our cloud-white sails and cross the sea which raves.” With sustainability and corporate social responsibility as our wings, we will ride the wind and cleave the waves like a strong and vigorous petrel to fulfill the strategic goal of “building China Shipping into an everlasting company”. We will continue to grow so as to contribute to the blue “China Dream”, a moderately prosperous society by 2020 and even the sustainable development of the world economy.
About China Shipping

Company Profile

Headquartered in Shanghai, China Shipping (Group) Company (hereinafter referred to as "China Shipping") was established on July 1 of 1997 by combining five enterprises directly under the Ministry of Communications, namely Shanghai Shipping (Group) Company, Guangzhou Maritime Transport (Group) Co., Ltd, Dalian Maritime (Group) Company, China Marine and Seamen Service Corporation and Zhongjiao Marine Co., Ltd.

China Shipping is mainly engaged in transportation of containers, oil, bulk cargo, passengers, cars and special cargo. We are also rapidly expanding the transportation of LNG (liquefied natural gas). By supplementing shipping with a number of businesses, including terminal management, comprehensive logistics, shipping agent, global air transport, shipbuilding and maintenance, container manufacturing, seaman service, supply, financial investment and information technology, we have established a complete industry system consisting of upstream and downstream companies in the shipping industry.

Our global presence is reinforced by branches in more than 100 countries and regions, 6 shareholding companies in Hong Kong, North America, Europe, Southeast Asia, Western Asia and Africa. The preparation for a shareholding company in South America is also underway. Currently, we are operating more than 100 overseas subsidiaries, representative offices and 400 plus business outlets. In 2012, our cargo turnover amounted to 882 billion ton-nautical miles, and cargo transport totaled 461 million tons, both of which represented a major increase over the previous year.

Achievements in 2012

- Chairman Li Shaode was named one of the most influential figures in the global shipping industry, ranking 6th in the world, and 2nd among Chinese, and was awarded the title of "Outstanding Chairman of China Shipping" in 2012.
- President Xu Lirong was elected as a deputy to the 18th CPC National Congress.
- Made a net profit of RMB 1.1 billion in an extremely sluggish global shipping market.
- Increased annual cargo turnover by 14.2%, cargo transport by 6%, and throughput of containers by 9% over the previous year.
- Released the China Shipping (Group) Company Corporate Social Responsibility Report 2011, the Group’s first social responsibility report.
Xi Jinping, the then Vice President of the People's Republic of China, led a Chinese delegation to the port terminal of China Shipping in Los Angeles on February 16 of 2012, in the company of Edmund G. Brown Jr., Governor of California, Antonio Villaraigosa, Mayor of Los Angeles, and Li Shaode, Chairman of China Shipping.

- Registering a revenue of RMB 69.4 billion, an increase of 9.29% over the previous year.
- Transporting 124 million tons of coal, 40 million tons of metal ore, 81 million tons of crude oil, and 7.4 million tons of grain.
- Implementing the Thousand Talents Program to nurture and train 1,000 senior management personnel with international vision for key positions in the Group and 1,000 competent captains, chief engineers and political commissars for our modernized, large-scale and foreign-going ships within four years.
- Celebrating the 15th anniversary of the Group.
- Establishing China Shipping (Africa) Holdings Limited and preparing to establish China Shipping (South America) Holdings Limited.
Group Philosophy

Our Vision

Build China Shipping into an Everlasting World-class Company
To build an everlasting world-class company is the common goal shared by 40,000 employees of China Shipping, and underpinned by our sustainable development, long-term strategy, corporate culture and business target. We are fully aware that this will take time and require the highest level of quality in every aspect of our business. For everyone in China Shipping, such a vision is our faith, mission, value target, strategic orientation and a driving force to explore perseveringly, which will guide and inspire us to love China Shipping and strive for its leading position.

Our Mission

Create Values for Customers and Contribute to Social Harmony through Safe, Quality, Efficient and Green Services
China Shipping is committed to delivering safe, quality, efficient and green services which demonstrate our service concept to further advance our branding effort. We operate in strict compliance with laws and act with integrity so as to protect the interests of customers, contribute to social harmony and pursue scientific development.

Our Spirit

Love My China Shipping, Take a Leading Position
"Loving my China Shipping" shows each and every one of us takes much pride in the Group. We conscientiously fulfill our duties for the benefits of society. While "taking a leading position" demonstrates that we strive for the best with a global view by expanding new markets and working hard and perseveringly. To addressing the changing times, we continue to move forward and enrich our spirit.

Our Core Value

Keep Honest and Trustworthy, Strive for Excellence
Since the establishment of China Shipping, we have been adhering to the belief that customer expansion comes from integrity while reputation from credit. The adherence to integrity in operation has enabled us to build a solid and expanding customer base and consolidate our brand image further. Our core value has grown into an inherent force that spurs us to expand rapidly and soundly so as to build an everlasting and world-class company.
Corporate Governance

China Shipping’s corporate governance is exercised by the board of directors, board of supervisors, special committees and management layer with clearly-defined rights, procedures and due responsibilities in terms of decision-making, supervision and execution. The board of directors consists of five external directors and four internal directors (including an employee director).

Management Team

Li Shaode, Chairman and Secretary of CPC China Shipping Committee

Xu Lirong, President and Member of CPC China Shipping Committee

Wang Daxiong, Vice President and Member of CPC China Shipping Committee

Zhang Guofa, Vice President and Member of CPC China Shipping Committee

Xu Wenrong, Board Director, Member of CPC China Shipping Committee, Head of Discipline Inspection Panel, and Chairman of Trade Unions

Su Min, CFO and Member of CPC China Shipping Committee

Huang Xiaowen, Vice President and Member of CPC China Shipping Committee

Dingnong, Vice President and Member of CPC China Shipping Committee
Organizational Structure

In 2012, the Group adjusted and optimized the overall organizational structure to address the needs of enhancing strategic management and restructuring the governance. As a result, the number of offices at the headquarters has dropped to 11 for a more scientific, reasonable and efficient organizational structure.
Business Segments

We are mainly engaged in shipping, industrial manufacturing, logistics, terminal operation and financing businesses which are supplemented by other shipping-related businesses (including overseas operations) through a number of tier-1/2 subsidiaries, shareholding companies and joint ventures.

Shipping

**China Shipping Container Lines Co., Ltd. (CSCL)**
Affiliated to China Shipping as one of the five major fleets, CSCL is involved in container liner and other related services. Its business line covers container transport, ship chartering, cargo canvassing and booking, customs declaration, warehousing, container yard operation, container manufacturing, maintenance and sales. CSCL was listed on the Hong Kong Stock Exchange in June of 2004 and on the Shanghai Stock Exchange in December of 2007. At the end of 2012, the company was ranked 9th among independent container liner companies around the world in terms of operating capacity.

**China Shipping Development Co., Ltd. (CSDC)**
CSDC is a large shipping company under China Shipping, which specializes in oil and dry bulk transportation. It is one of the largest oil tanker and dry bulk shipping companies in the Far East, operating in coastal and ocean cargo transport, the Yangtze River cargo transport, vessel chartering, freight forwarding and transport services. The company went listed on the Hong Kong Stock Exchange in 1994 and on the Shanghai Stock Exchange in 2002.

**China Shipping Bulk Carrier Co., Ltd. (CSBC)**
As one of the five fleets affiliated to China Shipping, CSBC specializes in the transportation of dry bulk goods by bulk, break-bulk and self-discharging bulk carriers. Incorporated on August 8 of 2012 and headquartered in Guangzhou, the company is the 5th largest dry bulk carrier in the world. It is also the largest dry bulk carrier in China, which has over the years been transporting imported and exported coal, iron ore, food and other important materials. It is previously known as China Shipping Development Co., Ltd. Tramp Company.

**China Shipping Development Co., Ltd Tanker Company (CSDTC)**
CSDTC is a subsidiary of China Shipping Development Co., Ltd. under China Shipping. It runs one of the five major fleets of China Shipping to transport domestic and imported crude oil and refined oil. In 2012, it ranked 12th among independent oil tanker owners around the world in terms of operating capacity.

**China Shipping Haisheng Co., Ltd. (CSHS)**
Previously known as Hainan Haisheng Shipping Industry Co., Ltd., CSHS runs one of the five major fleets under China Shipping, specializing in near-sea international transportation to/from ports in Hainan Province, and transportation of cargo (including hazardous liquid) between ports in coastal cities and the middle and lower reaches of the Yangtze River. It is also engaged in water transportation, shipping agent service, real estate development, hotel and restaurant operation, inland and coastal cargo transportation in Hainan Province, industrial investment and high-tech development. It went listed on the Shanghai Stock Exchange in 1996.

**China Shipping Passenger Liner Co., Ltd. (CSPL)**
CSPL is a state-owned maritime passenger carrier under China Shipping. It runs one of the five fleets of the Group to transport passengers and vehicles in coastal areas, especially the Bohai Bay region where it takes 38% of the passenger transport market. Currently, CSPL operates a number of world-class luxury passenger ships and vehicle roll-on/roll-off carriers.

**China Shipping Car Carrier Inc (CSCC)**
CSCC is a tier-1 subsidiary funded by China Shipping. It invests in and operates a fleet of car carriers for domestic and international vehicle roll-on/roll-off shipping business. Currently, CSCC owns a wholly-funded company - China Shipping Dalian Car Carrier Co., Ltd. It also controls Orient Sea Highway Services Co., Ltd., a joint venture with Japan Kawasaki Kisen Kaisha, Ltd.

**China Shipping LNG Investment Co., Ltd. (CSLNG)**
CSLNG is a wholly-funded subsidiary of China Shipping Development Co., Ltd. under China Shipping. It mainly invests in and operates LNG transportation projects. In 2011, CSLNG made a milestone achievement in LNG transportation business by establishing a joint venture with Japan Mitsui OSK Lines to build and operate LNG vessels.
### Industrial Manufacturing

**China Shipping Industry Co., Ltd. (CIC)**
CIC is a tier-1 subsidiary of China Shipping, specializing in industrial manufacturing. Its business consists of five segments, i.e. ship building, repair and refitting, offshore engineering, yacht manufacturing and river-sea combined transport. It operates several large-scale shipyards and specialized companies in the Yangtze River Delta and the Pearl River Delta regions which are renowned at home and abroad.

**China Shipping Investment Co., Ltd. (CSICO)**
As a tier-1 subsidiary of China Shipping, CSICO is engaged in industrial investment, real estate, international trade and related consulting business. It is the main investor of related onshore industries of China Shipping. Its affiliate, Shanghai Universal Logistics Equipment Co., Ltd. specializes in R&D on logistics equipment and container manufacturing, with container and semitrailer manufacturing facilities in Guangzhou, Lianyungang and Jinzhou.

### Logistics, Terminal Operation and Financing

**China Shipping Terminal Development Co., Ltd. (CSTD)**
China Shipping now co-operates 22 joint-venture terminals at home and abroad through CSTD, a wholly-funded subsidiary of CSCL which specializes in investing in and operating terminals. As a leading terminal investor and operator in China, CSTD has invested in 16 terminals in China, whose container throughput totals over 20 million TEUs per year. The company is now the world’s 7th largest terminal operator in terms of equity-based throughput.

**China Shipping Logistics Co., Ltd. (CSL)**
As a tier-1 subsidiary of China Shipping, CSL is one of the largest integrated logistics service providers and also a 5A logistics company in China. It is mainly engaged in four segments, i.e. container logistics, project logistics, financial logistics, warehousing and distribution.

**China Shipping Agency Co., Ltd. (CSA)**
As a tier-1 subsidiary of China Shipping, CSA specializes in shipping agency service for both domestic and international vessels. It has more than 70 outlets in major ports along the national coastline, the Yangtze River and the Pearl River to provide shipping agency, air cargo agency and tally services for Chinese and foreign ships that operate domestic and international lines and calling at ports in Hong Kong, Macao, Taiwan and other water areas of China.

**China Shipping Finance Co., Ltd. (CSF)**
CSF is a corporate finance company under China Shipping, jointly funded by CSCL, CSD, Guangzhou Maritime Transport and CSHS. It is responsible for the operation and management of the Group’s funds and providing financial services for other subsidiaries of China Shipping.

### Shipping-related Businesses

**Shanghai Shipping (Group) Company (SHSC)**
SHSC is a wholly-funded subsidiary of China Shipping. It focuses on providing management services, including business management, investment management, service for retired employees and local CPC members. On top of that, it is accelerating onshore businesses. So far, it has established a portfolio consisting of oil-contaminated water treatment, liquid warehousing, ship repair, commercial and public property management, Huangpu River services, and medical services.

**Guangzhou Shipping (Group). Co., Ltd. (GSGC)**
GSGC is a wholly-funded subsidiary of China Shipping. It mainly provides management services, including investment management, onshore business management, services for local CPC members and retired employees. As a Guangzhou-based company, GSGC provides professional logistics services for other companies of China Shipping in Guangzhou.

**Dalian Shipping (Group). Co., Ltd. (DSGC)**
DSGC is a wholly-funded subsidiary of China Shipping. It mainly provides management service of onshore businesses, including supplementary services and shore-based support for passenger ships, investment management, real estate development, services for local CPC members and retired employees.

**China Shipping International Ship Management Co., Ltd. (CSIISC)**
CSIISC is a tier-1 subsidiary of China Shipping. It operates a worldwide business network, and adopts an outstanding training system and modern IT means to provide ship management, crew dispatch and training services for Chinese and foreign ship owners.

---

**China Shipping (Group) Company**
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Shipping International Trading Co., Ltd. (CSITC)</td>
<td>CSITC is a foreign trade company specializing in the purchase and sale of second-hand vessels, agency service for new ships and centralized procurement of electromechanical equipment for vessels.</td>
</tr>
<tr>
<td>China Shipping &amp; Sinopec Suppliers Co., Ltd. (China Bunker)</td>
<td>Jointly established by China Petroleum &amp; Chemical Corporation and China Shipping, China Bunker is engaged in the supply of oil products to ships in China’s coastal ports.</td>
</tr>
<tr>
<td>Shanghai Ship and Shipping Research Institute (SSSRI)</td>
<td>SSSRI was formally a research institution directly under the Ministry of Communications. In August of 2010, it was completely merged into China Shipping. It is now the largest R&amp;D Base for the comprehensive traffic and transportation technology in China, operating a national engineering research center of ship control system, a state key laboratory of shipping technology and safety, and a key laboratory of marine technology.</td>
</tr>
<tr>
<td>China Shipping Telecommunication Co., Ltd. (CSTC)</td>
<td>CSTC is a tier-1 subsidiary of China Shipping and the only telecom company in China that specializes in providing maritime communication, installation and maintenance of communication and navigation equipment, and electronic and IT services for the shipping industry.</td>
</tr>
<tr>
<td>China Shipping Information System Co., Ltd. (CSISC)</td>
<td>CSISC is a tier-1 subsidiary wholly funded by China Shipping. It is mainly engaged in developing applications and solutions for the shipping industry and providing shipping-related IT services.</td>
</tr>
<tr>
<td>China Shipping (H.K.) Holdings Co., Ltd.</td>
<td>Acting as a planning, investment, financing, operation and service center of China Shipping in Hong Kong, Korea, Japan, Australia and other countries/regions, China Shipping (H.K.) Holdings Co., Ltd. now boasts a fleet of Panamax and handy-size carriers for ocean transportation business. It is engaged in container freight forwarding, container leasing, shipping agency, investment, financing, supply of spare parts, insurance brokerage and crew management.</td>
</tr>
<tr>
<td>China Shipping (North America) Holdings Co., Ltd.</td>
<td>Headquartered in Montville, New Jersey of USA, China Shipping (North America) Holdings Co., Ltd. is responsible for on-site marketing and management in Americas through its agencies in North America, Canada, Central America, Brazil, Argentina, and Chile, and joint terminal management companies. Its service network covers 33 ports in 21 countries/regions of Americas and 32 inland railway transport outlets in North America, providing a strong support for China Shipping to expand its business in Americas.</td>
</tr>
<tr>
<td>China Shipping (Europe) Holdings GmbH</td>
<td>Headquartered in Hamburg of Germany, China Shipping (Europe) Holdings GmbH runs 20 wholly and jointly-funded subsidiaries in Europe operating the North of the Suez Cannel, Europe, North and West Africa. It is mainly engaged in container shipping business in Europe including market expansion, container freight and management, and ship maneuvering. It also oversees, guides and coordinates China Shipping’s agents in Europe.</td>
</tr>
<tr>
<td>China Shipping (Southeast Asia) Holdings Co., Ltd.</td>
<td>Headquartered in Kuala Lumpur of Malaysia, China Shipping (Southeast Asia) Holdings Co., Ltd. mainly provides shipping agency, freight forwarding, chartering, brokerage and investment services through its agencies in Malaysia, Singapore, Thailand, Indonesia, Philippines, Vietnam and Cambodia. Its annual capacity totals 1.1 million TEUs.</td>
</tr>
<tr>
<td>China Shipping (West Asia) Holdings Co., Ltd.</td>
<td>Headquartered in Maritime City, Dubai of the United Arab Emirates, China Shipping (West Asia) Holdings Co., Ltd. is responsible for supporting and guiding the Group’s agency services in South Asia, the Middle East, the Red Sea Coast and East Africa. It helps expand China Shipping’s shipping business in these regions by providing quality services for cargo owners. It now is the president of Chinese Chamber of Commerce in the United Arab Emirates.</td>
</tr>
<tr>
<td>China Shipping (Africa) Holdings PTY Ltd.</td>
<td>Headquartered in Johannesburg of South Africa, China Shipping (Africa) Holdings Co., Ltd. is mainly engaged in the investment and management services related to ocean transportation, logistics, and container truck transportation businesses. It is now China Shipping’s investment, planning and management center in Africa, providing container freight agency business in 40 countries in West, Central, South and East Africa.</td>
</tr>
</tbody>
</table>
Development Strategy during the 12th Five-Year Plan Period

As a highly international shipping company, China Shipping will continue to address the opportunities arising from the changing market. We will do our utmost to minimize risks caused by economic crisis and meet the requirements of low-carbon economic development. In addition, we will strive to balance the economic, social and environmental benefits while transporting materials that fuel China’s economic growth through further industrial restructuring and fleet optimization.

By the end of the 12th Five-Year Plan period, China Shipping will have substantially increased the fleet size, transport capacity and income on the basis of what we have achieved in the 11th Five-Year Plan period. We will continue to enhance our management, spiritual civilization and team building. In doing so, we will be able to increase our transport capacity, improve the managerial expertise, lower the cargo transportation cost, enhance safety and deliver more social and economic benefits. Eventually, we will build China Shipping into a world-class shipping company with strong competitive advantages in the international market, high quality and benefit, and make China Shipping rank among the list of Fortune Global 500.
Social Responsibility Management

To exercise the management of social responsibility, we need to control the economic, environmental and social impacts of our decision-making and operating activities in an ethical and transparent manner. We will combine our own operations management with the development of China, the global economic integration green and low-carbon operations to keep expanding the scope of our corporate social responsibility and realize the sustainable development of China Shipping.

Social Responsibility Philosophy

Social Responsibility Management Framework

The CSR leading group, led by Chairman Li Shaode with other leaders of the company, is designed to improve our CSR organization system. The CSR leading group office is responsible for preparing CSR regulations and rules, 3-year CSR plans and annual reports. In addition, it formulates annual CSR working plans to guide and supervise the CSR work of all companies under the Group.

The Group released its first social responsibility report in 2012 and launched introductory CSR training programs.
Stakeholder Communication and Engagement

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments</td>
<td>Governments in China and countries where we operate</td>
</tr>
<tr>
<td>Investors</td>
<td>Investors represented by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Shareholders that have purchased stocks of listed companies affiliated to China Shipping</td>
</tr>
<tr>
<td>Partners</td>
<td>Companies, enterprises, banks and financial institutions that have signed strategic cooperation agreements or established joint ventures with China Shipping</td>
</tr>
<tr>
<td>Customers</td>
<td>Customers that purchase the products and services of China Shipping</td>
</tr>
<tr>
<td>Employees</td>
<td>All employees of China Shipping and subordinate companies (including crew)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Shipping agencies, freight forwarders, shipyards, classification societies, service providers, consulting agencies, ports, and fuel suppliers, etc.</td>
</tr>
<tr>
<td>Communities</td>
<td>Communities in the countries and regions where China Shipping has business operations</td>
</tr>
<tr>
<td>Social groups</td>
<td>Domestic and foreign industry organizations, associations, local societies and NGOs</td>
</tr>
</tbody>
</table>
### Demands and Expectations

<table>
<thead>
<tr>
<th>Demand</th>
<th>Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribute taxes</td>
<td>Policies releasing</td>
</tr>
<tr>
<td>Provide job opportunities</td>
<td>Conferences of national ministries and departments and local governments</td>
</tr>
<tr>
<td>Stimulate economic development</td>
<td>Special reports and visits</td>
</tr>
<tr>
<td>Improve profitability and core competitiveness</td>
<td>Meetings</td>
</tr>
<tr>
<td>Ensure the preservation and appreciation of state-owned assets</td>
<td>Reports</td>
</tr>
<tr>
<td>Utilize the social and economic value of SOEs</td>
<td>Daily communication with competent departments</td>
</tr>
<tr>
<td>Reduce operational risks</td>
<td>Public notices</td>
</tr>
<tr>
<td>Increase value and market value of the company</td>
<td>Annual reports and shareholder meetings</td>
</tr>
<tr>
<td>Disclose key information in a transparent manner</td>
<td>Road shows and promotional activities</td>
</tr>
<tr>
<td>Protect the interests of shareholders</td>
<td>Feedback from dialogues with shareholders</td>
</tr>
<tr>
<td>Increase profitability of strategic cooperation</td>
<td>Contract fulfillment and regular meetings</td>
</tr>
<tr>
<td>Increase profitability of joint ventures</td>
<td>High-level meetings and information exchanges</td>
</tr>
<tr>
<td>Ensure the common interests of partners</td>
<td>Routine contact</td>
</tr>
<tr>
<td>Provide products and services with high quality and at reasonable price</td>
<td>Customer communication meetings</td>
</tr>
<tr>
<td>Satisfy the demands of customers for quality, price and transport time</td>
<td>Routine contact with sales reps</td>
</tr>
<tr>
<td>Provide a safe and healthy working environment</td>
<td>High-level meetings</td>
</tr>
<tr>
<td>Respect the rights and interests of employees</td>
<td>Workers congress</td>
</tr>
<tr>
<td>Provide a broad career development space</td>
<td>Trade Unions</td>
</tr>
<tr>
<td>Comply with the requirements of democratic and transparent management</td>
<td>Youth League Committee</td>
</tr>
<tr>
<td>Maintain Long-term relations and stable cooperation</td>
<td>Contract negotiation</td>
</tr>
<tr>
<td>Maintain mutual cooperation for win-win outcomes</td>
<td>Regular visits</td>
</tr>
<tr>
<td>Carry out civilized production</td>
<td>Bidding meetings</td>
</tr>
<tr>
<td>Promote prosperity and development of communities</td>
<td>Qualification checks</td>
</tr>
<tr>
<td>Ensure and safeguard a safe and environmentally-friendly environment</td>
<td>Community activities</td>
</tr>
<tr>
<td>Join trade associations and assume positions</td>
<td>Assistance to communities in need</td>
</tr>
<tr>
<td>Provide fund for activities of trade associations</td>
<td>Meetings of trade associations</td>
</tr>
<tr>
<td>Promote the development of trade associations</td>
<td>Association activities</td>
</tr>
<tr>
<td></td>
<td>Activities organized with social organizations</td>
</tr>
</tbody>
</table>
Awards and Recognitions in 2012

China Shipping was awarded the titles of “China AAA Credit Enterprise” and “National Integrity Demonstration Unit”.

China Shipping was granted the title of “Top 50 Chinese Enterprises for Overseas Investment” in 2012.

CSCL won the prizes of “Best Container Liner Company for China-Europe Route” and “Top 10 Container Liner Company for Integrated Service” at the 3rd China International Shipping Culture Festival.

CSCL was rated as an AA-credit International Liner Shipping Enterprise, and was ranked 7th among the 89 candidates in 2012.

CSCL received the “Leadership Award for Environmental Responsibility of Listed Companies in Chinese Transportation Industry” and the “Environmental Responsibility Award for China Top 100 Listed Companies”.

CSCL was named the title of “Top 10 Robust Shipping Enterprises 2012”.

CSDTC received the title of “Four-star Credit Enterprise 2012”.

CSDTC received the title of “Third-Batch Transportation Culture Construction Demonstration Unit” by the Ministry of Transport in 2012.

CSHS was awarded the titles of “China Top 100 Transportation Companies”, the “Hainan Top 10 Most Influential Brands”, the “Leading CSR Companies in Hainan” and the “Hainan AAA-class Credit Enterprise”.

Memberships with Major Social Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Shipowners’ Association</td>
<td>Vice President and Executive Director</td>
</tr>
<tr>
<td>China Communications and Transportation Association</td>
<td>Vice President and Executive Director</td>
</tr>
<tr>
<td>China International Freight Forwarders Association</td>
<td>Vice President</td>
</tr>
<tr>
<td>China Institute of Navigation (CIN)</td>
<td>Executive Director</td>
</tr>
<tr>
<td>CIN Committee for Shipping Pollution Prevention</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>CIN Committee for Dangerous Goods Transportation</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Chinese Society of Naval Architecture and Marine Engineering</td>
<td>Vice President and Executive Director</td>
</tr>
<tr>
<td>China Association of the National Shipbuilding Industry</td>
<td>Vice President</td>
</tr>
<tr>
<td>Shanghai International Shipping Center Development &amp; Promotion Organization</td>
<td>Vice President</td>
</tr>
<tr>
<td>Shanghai International Shipping Institute</td>
<td>President</td>
</tr>
<tr>
<td>Shanghai Shipping Exchange</td>
<td>Member</td>
</tr>
<tr>
<td>Sino-Foreign Energy Cooperation Think-tank</td>
<td>Vice President and Counselor</td>
</tr>
<tr>
<td>Cross-Strait Sea Transport Exchange Association</td>
<td>Vice President</td>
</tr>
<tr>
<td>ASF Safe Navigation &amp; Environment Committee</td>
<td>Member</td>
</tr>
<tr>
<td>BIMCO</td>
<td>Member</td>
</tr>
<tr>
<td>INTERCARGO</td>
<td>Member</td>
</tr>
<tr>
<td>International Association of Independent Tanker Owners (INTERTANKO)</td>
<td>Member</td>
</tr>
<tr>
<td>Lloyd’s Register of Shipping (LR)</td>
<td>Director</td>
</tr>
<tr>
<td>American Bureau of Shipping (ABS)</td>
<td>Director</td>
</tr>
<tr>
<td>Enterprise Management magazine</td>
<td>Vice President</td>
</tr>
<tr>
<td>China Maritime Law Association</td>
<td>Vice President</td>
</tr>
</tbody>
</table>
Sino-US trade has been growing rapidly at an annual average rate of 18.7% since China’s accession to the World Trade Organization. In 2012, bilateral trade reached US $484.68 billion. In 2009-2011, about 9.5-11 million TEUs were shipped between the two countries and 8% of them were transported by China Shipping. So we are proud to say that we are playing a positive role in advancing the economic and trade ties between China and U.S.

The U.S. is an important market for our business. So China Shipping, Yangming Marine Transport Corporation and Ports American Group established a joint venture in November of 2002 to operate the West Basin Container Terminal in Los Angeles. The terminal is designed to handle two large container ships simultaneously and is equipped with a 40-hectare container yard. Since it was put into operation, the terminal’s average annual container throughput has increased to 1.5 million TEUs, or 10% of the total container throughput of the entire Los Angeles Port.

I just arrived here from Iowa and the China Shipping terminal is the first leg of my visit to Los Angeles. I am very happy to see the Chinese and American employees here. In the U.S., China Shipping is innovatively expanding its shipping business and terminal operations. It is also using shore-based power supply and building green terminals. The terminal employs more than 400 workers and indirectly provides over 10,000 jobs for local people. I am proud of what you have achieved and grateful to your contribution to Sino-US economic cooperation and trade. I am confident that our visit to California will not only enhance the economic and trade ties between the two countries, but also advance the cooperation and non-governmental exchanges. I wish all of you all the best in your health and future business endeavors.

——Xi Jinping, the then Vice President of China
February 16, 2012
1. Creating Economic Value

By the end of 2012, the joint venture's assets had amounted to US $95.57 million, and its accumulative net profits reached US $61.58 million. In the year, the terminal handled 1.37 TEUs, which represented 16.96% of the port’s throughput. Each year, the terminal pays US $10 million in taxes, and has so far paid nearly US $100 million.

Milestones of the China Shipping terminal at the port of Los Angeles

- The Phase-I project of the China Shipping terminal was into operation with a berth of 360 meters and four large-scale Panamax cranes.
- The Phase-II project was started to increase the length of the berth by 240 meters and add another four large-scale Panamax cranes.
- Construction of the Phase-III project is expected to complete and the length of the berth will be increased by 110 meters.
- China Shipping opened the first Far East – US container liner route and anchored at the terminal in Los Angeles.
- The West Basin Container Terminal invested by China Shipping went into operation.
- By the end of 2012, the joint venture's assets had amounted to US $95.57 million, and its accumulative net profits reached US $61.58 million. In the year, the terminal handled 1.37 TEUs, which represented 16.96% of the port’s throughput. Each year, the terminal pays US $10 million in taxes, and has so far paid nearly US $100 million.

2. Contributing to Community Development

For the past ten years, the China Shipping terminal at the port of Los Angeles has paid a total of US $100 million to the local and federal governments. It also provided a large number of jobs for local residents. In 2012, the terminal created nearly 500 direct jobs for more than 70 managers and an average of over 400 dockers every day. The number of direct and indirect jobs it created totaled 10,000, including shipping agents, cargo agents, truck drivers, equipment maintenance staff and navigators. These employees are paid a salary much higher than the local average. When employing local employees, we abide by local laws and regulations and employment system, and adopt strict measures to ensure a safe and healthy working environment for them.
As a China Shipping employee, I am proud that our contribution to Sino-US business cooperation is well received. Even when confronted by a slack shipping market, we continue to live up to the great trust placed on us. I believe that the concerted effort of all employees will ensure the Group’s even greater glories.

——Wu Qiwen, Guangzhou Shipping (Group) Co., Ltd.

Over the years, our ships and docks have linked the both sides of the Pacific Ocean by shipping goods that carry interests, exchanges, dreams and concepts. We are proud that our role not only consolidates the relationship between the two sides but also is well received by many leaders.

——Xu Guochen, Assistant to Editor-in-Chief, China Shipping Gazette

3. Environmental Protection

The China Shipping terminal at the port of Los Angeles is the world’s first green terminal using a shore-based power supply. Therefore, it was called “a successful example of utilizing cleaner energy” by Xi Jinping, the then Vice President of the People’s Republic of China.

As it can effectively reduce energy consumption and emissions of pollutants, the shore-based power supply is quite significant to the shipping industry. The China Shipping terminal at the port of Los Angeles has been well-equipped to provide shore-based power supply for ships docking at the terminal to reduce pollutant emissions and carbon emissions since 2004. All transports at the terminal are powered by propane (LPG) instead of non-clean energy such as diesel oil.

Moreover, various lighting setting and noise control measures are taken into consideration to mitigate the impacts on neighboring residents. Therefore, the green terminal is a source of pride for the city and is supported by local citizens and government.

The China Shipping terminal at the Port of Los Angeles

Corporate Social Responsibility Report 2012
Sustainable Development through Steady Operation

In 2012, the financial crisis continued to see its impacts on the sluggish shipping market. The freight index in liner market and tanker market was low. And the BDI of dry bulk remained below 1,000 points throughout the year, falling 40.6% over the previous year and hitting a record low in 26 years. The dual impacts of falling freight rate and rising fuel price resulted in losses in the whole industry.

Despite the challenges, we remained on a track of rapid growth in transportation and production because of diligent and wise operation. In 2012, our cargo turnover, cargo transport and container transport respectively climbed 14.2%, 6% and 9% over the previous year. As a result, our revenue and net profit continued to register a positive growth.

1. Enhancing Risk Management
To address challenges from risks and market fluctuations, we implement a comprehensive risk control system and enhance internal risk control so that we can evade potential risks and take steps to ensure appropriate and effective response to the changing market. Although our financial scale expanded dramatically, our financial conditions remain stable with the asset-liability ratio below 54%.

We adjust and optimize the structure of our fleets for balanced development of container vessels, oil tankers and dry bulk containers. We also pursue a “larger vessels and lower carbon” strategy. In addition, we start transforming our business and growth mode by launching liquidity management services and expanding financial business so as to promote the coordinated development between shipping, industrial manufacturing, logistics, terminal operation and finance, and mitigate risks from the shipping sector.

2. Refining Operation
To refine our management, we adopt an innovative operating mode, find new growth points and make full use of human resources, material and financial resources. We continue to do so further and strive to improve our operations and comprehensive quality of the Group.

In 2012, our effort to refine management resulted in a significant increase in income and reduction in expenses. Our annual costs and expenses totaled RMB 71.6 billion, 0.5% lower than the budget. By running vessels at economic speeds, promoting centralized procurement and securing oil supply at appropriate times at CSCL, CSBC and CSDTC, our fuel cost dropped RMB 1.74 billion. We also cut the financial expenses by RMB 1.4 billion by enhancing direct financing and adopting innovative financial approaches. Moreover, we cut non-production operating expenses and three public expenses including official vehicles, official receptions and overseas trips, which saved management cost RMB 190 million.
3. Enhancing Cooperation with Key Accounts

We stabilize our shipping business by signing long-term contracts with clients. As a result, according to the contracted quantity and time, our subsidiaries can avoid periodic risks and get stable revenues. Moreover, we can further expand our fleets to ensure stable business growth. For cargo owners, they can lower their costs without worries about market fluctuations, shipping capacity or ship availability. Therefore, they can fix their shipping costs and avoid risks arising from changing freight rates. This approach offers complementary advantages to both parties and helps ward off market fluctuations.

4. Expanding Overseas Operations

To address the opportunities brought by China’s accession to WTO and economic globalization, we expanded overseas operations by establishing 6 shareholding companies and building an overseas business network consisting of more than 400 outlets in over 100 countries and regions. In 2012, we devoted nearly 50% of our shipping capacity to the international market. Freight turnover for international clients accounted for 75% of the total. And our revenues and assets from overseas businesses took up 30% and 38% of the total respectively. Overseas operations have become new forces to fuel stable business growth and increase our profitability.

When expanding overseas operation, we lay stress on innovating business modes, shift our focus on ship-to-ship competition to chain-to-chain operations, and transform ourselves from a liner company to a shipping and logistics service provider. To achieve this, we will continue to extend services at both ends of our container liner routes, enhance strategic cooperation with key accounts and the strategic alliance with international liner operators, increase the proportion of direct clients, and strengthen the management of global value chain.

—— Li Shaode, Chairman of China Shipping (Group) Company
Achieving Excellence through Universal Integrity

We adhere to the philosophy of attracting customers through integrity and operating as a trustworthy, reliable and pioneering shipping company. By delivering quality, safe, efficient and green services, we remain committed to serving society, people’s livelihood and national economy, facilitate global trade proactively, and transform ourselves from a successful shipping company to an industry leader so as to create values for stakeholders and build China into a maritime power.
Key Performance in 2012

- **95.5**
  CSDTC scored an average of 95.5 points in the satisfaction survey of customers (Chinese and overseas).

- **Shipping volume**
  By the end of 2012, we had transported 124 million tons of coal, 40 million tons metal ore, 81 million tons of crude oil and 7.4 million tons of grain. In the year, CSDTC transported 29.8% of Sinopec’s goods, 18.2% of CNOOC’s shipment, and 21.5% of CNPC’s freight.

- **70%**
  The Group took 70% bulk cargo business in Hainan.
Chapter 1: Providing Sincere and Considerate Services

1.1.1 Listening to Customers

We listen and respond to our customers’ expectations through various channels. We carry out satisfaction surveys to answer the inquiries and questions of our clients, handle their complaints and identify their concerns so as to improve our service.

**Case Study: Customer Satisfaction Survey**

CSDTC conducted a customer satisfaction survey in 2012 to learn whether it could meet the demands and what improvements should be made. The survey was designed to take comments from Chinese and foreign customers on the employees’ skills, information communication, reception service, contract execution, consulting service, timely loading, delivery deadline, pricing, crew service, cargo damages and shortages and the handling of special cases. CSDTC scored an average of 95.5 points in the survey.

1.1.2 Improving Service

We believe that providing high-quality services for customers is one of our core competitiveness. To improve our service and deliver values to customers, we prepared the Regulations of China Shipping on Transport Service Quality (Trial) and the Implementation Plans of China Shipping on Evaluation of Transport Service Quality in 2012 (Trial).

We strive to build premium routes and provide integrated services so as to better serve customers. The CSCL has increased the schedule reliability of its ocean, offshore and domestic routes to 98%, 95.7% and 99.4% respectively. Moreover, the company received fewer customer complaints, all of which were properly handled.
1.1.3 Considerate and Accessible Services

We strive to meet the multi-dimensional demands of our customers by providing IT support and personalized services. As some customers become financially stressed, we take various pricing systems to help them overcome their difficulties.

CSCL’s CARGO system enables users to track goods online as soon as possible so as to make better arrangements, which provides better and accessible services for customers.

Case Study:
Creating a New Platform for Cold-storage Container Transport in China

Previously, ice cream and other cold products of Mengniu Dairy Group were transported by land. In 2012, CSCL and Mengniu kicked off a cold-storage container transport program to provide door-to-door and cold-storage container transport services according to the personalized needs of customers so as to avoid broken packages and softening cold products. Such cooperation was a significant innovation for the transport mode of Mengniu, which did not only fill the gap of cold-storage container transport for ice cream in China, but also advanced the application of logistics services.
Case Study: Creating Multi-win Outcomes through Financing for New Containers

Quanzhou Antong Logistics Co., Ltd. (Antong Logistics), the largest private shipping company in China, has been growing for over 30% annually in recent years, which expands their demands for new containers. In August of 2012, when learning that the company needed 10,000 new TEUs but failed to raise enough funds, CSICO lent RMB 127 million to Antong Logistics through Cinda Financial Leasing Co., Ltd. under the Ministry of Finance. This satisfied the need of Antong Logistics to buy new containers, as well as enhanced the presence of CSICO in the container manufacturing industry.
1.2 Contributing to Local Economic Development

The growth of China Shipping is well aligned with regional economic development. We make use of our advantages in shipping industry to build ports in partnership with local governments. The interaction between ports, shipping companies and local governments help forge a stable strategic partnership. We also serve key accounts to promote the development of the whole industry chain and boost economic growth in regions where we operate. In addition, we strive to facilitate global trade through our business operation.

1.2.1 Boosting the Development of Ports

Ports do not only catalyze the inflow of materials, people and capital to port cities, they also play an important role in pooling and integrating resources to boost the rapid growth of manufacturing businesses in port cities and their surrounding areas.

Case Study: Assisting the Construction of a Modern City in Shanghai

Based in Shanghai, China Shipping is actively expanding its shipping business to contribute to economic construction in the city. For instance, in 2012, the Group became the 3rd largest container carrier at the Shanghai Port by handling 2.347 million TEUs, which accounted for 7.2% of the total container throughput of the port and promoted the modernization and internationalization in Shanghai. CSBC shipped 23.24 million tons of coal for power plants in Shanghai, which accounted for nearly 50% of the total power coal. As a multinational company, China Shipping also became a pilot in centralized operation of foreign exchange at head office, helping the group expand financing channels at home and abroad. It was selected as one of the 10 milestone events in Shanghai’s roadmap to an international financial center by the Xinhua News Agency.

1.2.2 Contributing to Economic Development in Hainan

Economic growth is closely linked with the development of water transportation in Hainan Province where over 98% of the incoming and outgoing goods are shipped by sea. As a leading shipping company, CSHS is engaged in transporting power coal, iron ore and other materials vital to economic growth and people’s livelihood. In this way, the company contributes to the construction of a large special economic zone and the social and economic development in the island.

The share of CSHS in the bulk cargo transport market in Hainan remains above 70%. Therefore, the company is selected as one of the top 100 companies in China’s transport industry, Top 10 Most Influential Brands and a leading CSR company in Hainan.

President Xu Lirong attended the signing ceremony of cooperation memorandum between Hainan Provincial People’s Government and SASAC and the seminar on further cooperation between Hainan and central enterprises.
1.2.3 Promoting Overseas Economic Development

By operating new routes and cargo transportation, China Shipping boosts the economic development in overseas terminals and alongshore areas. This will in turn advance international trade and economic globalization.
In 2012, China Shipping opened its GEM route from India, Pakistan, the Middle East, and the Red Sea to the eastern Mediterranean regions. In addition to a round-tripping direct route from India and Pakistan, and the Persian Gulf to the eastern Mediterranean regions, the new route also supports transfer services from Europe and the Mediterranean to the Middle East, India and Pakistan, which boosts regional economic development.
1.3 Safeguarding the Transportation of Critical Materials

- Crude oil (100 million tons)
- Metal ore (100 million tons)
- Grain (100 million tons)

China Shipping freight volume of critical cargo from 2010 to 2012

Coastal routes of China Shipping
- CSCL
- CSBC
- CSDTC
1.3.1 Coal Transportation

By virtue of transport capacity scale and advantages in making overall arrangements for clients, we pay close attention to the coal storage and consumption of our clients and arrange shipment in a timely manner, which has effectively ensure the sufficient coal supply to power plants. So far, no power plant has ever reported a short supply of coal.

In 2012, CSBC transported 100.115 million tons of coal in China, accounting for 27% of the total. It also shipped 11.415 million tons of imported coal.

Case Study: Serving Guangdong Pinghai Power Plant

The newly completed Guangdong Pinghai Power Plant provides power supply necessary for economic growth and social development in western Guangdong. By following the power generation of the plant, CSBC can meet the shipping requirements of the plant at different times. Moreover, CSBC provides extended services, and takes advantage of good relations with coal producers and ports to help the power plant solve its problems. CSBC has gained the trust of the power plant in virtue of high-quality services. In 2012, the company provided chartered voyages to transport coal for the power plants. To this end, both parties signed a Contract of Affreightment (COA) to transport 2.7 million tons of coal in the year.

1.3.2 Oil Transportation

China’s import of crude oil has risen rapidly as a result of economic growth. Therefore, it is increasingly important to safeguard the transportation of oil imports. As one of the largest oil carriers in China, CSDTC is committed to shipping oil for the country by maintaining its competitive advantages in fleet size, operating strength, management capability and overall quality.

Oil tankers unloading by lighter
1.3.3 Iron Ore Transportation

China Shipping maintains strategic partnerships with domestic iron and steel producers and foreign iron ore suppliers. It increases the transport capacity of iron ore and stabilizes freight rates through port layout, signing long-term agreements and establishing joint ventures. This allows the Group to offer stable services at reasonable prices for clients.

1.3.4 Grain Transportation

Fast and efficient transportation of grain is important to balancing the supply and demand and ensuring food security. Transporting grain through containers can avoid repeated packing and unpacking, grain loss and impurities. This approach can increase transport efficiency and lower labor intensify.

In 2012, we transported 7.4 million tons of grain.

In 2008, we kicked off the cooperation with China Grain Reserves Corporation. By November of 2012, we had transported 150,000 TEUs for the latter. In 2012, CSCL transported three batches of grain amounting to 520,000 tons for trans-provincial transfer in China to ensure the basic needs of people for food.

1.3.5 Vehicle Transportation

China's automobile industry has grown significantly in recent years, resulting in increasing vehicle export business. To help Chinese auto makers "go global", CSCC provides best-in-class logistics services for them to break through the bottleneck of automobile export. In 2012, CSCC enhanced the cooperation with SAIC, the leading auto maker in China, by providing coastal logistics services. In the year, it shipped 10,174 vehicles for SAIC.

▲ Ensuring transportation of vehicles

▲ The largest car carrier — "China Shipping High Speed"
1.4 Cooperating with Partners in the Value Chain

We have strengthened our cooperation with partners, peers and upstream and downstream enterprises in the supply chain. We aim to help them grow well while achieving our own development goals at the same time.

1.4.1 Consolidating Cooperation

We are committed to conducting business with integrity in our cooperation with banks and suppliers in order to advance social responsibility in the entire supply chain.

- During the time when the LNG carriers were built, China Shipping LNG sent a supervisor team to Hudong-Zhonghua Shipbuilding (Group). The team was actively involved in reviewing the designs, auditing the suppliers/subcontractors, and supervising HSE-related work.

- CSTC adopted a procurement management system featuring openness, fairness, justice and integrity to regulate the company’s procurements and protect the legitimate rights and interests of suppliers. It also put in place a client-company-supplier/subcontractor supply chain and formulated other relevant regulations to enhance the management of suppliers/subcontractors.

1.4.2 Promoting Associated Development

Through capital ties, we have established 10 bulk cargo associated companies that make better use of our managerial and technical advantages. Their high-standard ship management and normative operation enables positive interaction and high-level cooperation between upstream and downstream companies in the shipping industry. In 2012, thanks to their efforts, the 10 bulk cargo associated companies made a total profit of RMB 867 million. CSBC took 27% of the coastal coal transportation market share, up 0.78 percentage points over the previous year.

Case Study: Association with Strong Enterprises to Achieve Win-win Outcomes

Shenhua Zhonghai Shipping Co., Ltd., which is co-established by China Shipping and Shenhua Group, seamlessly combines the sales plans of suppliers, demands of clients, loading plans of ports and shipping plans of carriers to make best use of the green passages and dedicated berths of Shenhua Group for more efficient logistics, better services and higher customer satisfaction. In addition, the ship’s short port time has reduced the cost of ship owners and enhanced the competitiveness of the joint venture.

President Xu Lirong attended a ceremony to witness the construction of a 76,000-ton bulk carrier for Shenhua Zhonghai Shipping Co., Ltd. in September of 2012.

CSCL constantly expands its cooperation with foreign companies through joint investment in vessels, swap and sales of berths. This enables it to improve its route distribution and flexibly arrange the shipping capacity. The company also cooperates with its counterparts to improve its operation.
As a Class-A member of the International Maritime Organization, the Chinese government attaches great importance to maritime safety and environmental protection. Safety protection has been a great concern for every shipping company. We hope that all our ships can set off and arrive at their destinations safely, and that our employees can enjoy a happy family life after work. To this end, we strengthen our institutional improvement, implement a safety responsibility system and standardize our operation so as to ensure personnel, navigation and onshore safety.
Key Performance in 2012

- **Steady development**
  
  Our operation remained relatively safe, and accidents of various types were below the target set out in our annual safety plan.

- **11.1%**
  
  The number of ship accidents was reduced by three, down 11.1% year on year.

- **5.7%**
  
  72.04% of our ships passed the defect inspection, up 5.7 percentage points over the previous year.

- **Safe navigation**
  
  456 ships of China Shipping (including those under its international control) passed through the Indian Ocean, the Gulf of Aden and the Arabian Sea without any accident.
2.1 Pursuing Long-term Safety

Our long-term safety goal is to build a scientific and efficient management and operation standard and implement various safety rules to prevent the occurrence of accidents caused by human errors. By implementing a responsibility system and standardizing our operation, we successfully transform our safety approach from “zero accident” to “zero potential risk” to prevent any accident and maintain a high level of safety protection.

2.1.1 Improving Work Safety Responsibility System

We adopt and improve the safety responsibility system so that all management personnel and key employees can positively ensure operation safety and minimize accidents caused by human errors.

China Shipping signed the Work Safety Responsibility Contract with all 22 subsidiaries and regularly revised the safety responsibility system to make it more effective, compliant and applicable.

2.1.2 Inspecting Potential Risks

We inspect potential risks and identify risk sources so as to prevent accidents. In 2012, we identified 14,767 potential risks and eliminated 14,420 of them, ensuring safe operation throughout the Group.

In 2012, 447 ones of our ships were subjected to PSC inspections. 72.04% (322) of them passed the inspections, up 5.74% over the previous year. Only 1 ship was detained. The Group inspected 306 ships and rated 289 of them, including 91 Class-A, 191 Class-B and 7 Class-C ships. All the ships passed the self-inspection. And there was no passenger ship which did not accept such inspection.
2.1.3 Promoting Work Safety Standardization

In 2012, China Shipping further advanced standardized operation for work safety. We invited experts from China Association of Work Safety to provide training for nearly 100 safety officers from the Group and subsidiaries. We also encouraged a number of subsidiaries to pass an external review for Class-II standardized enterprises in work safety.

- CSSSC and its subsidiaries in Hainan, Guangzhou and Dalian passed external reviews on work safety standardization, Hainan Guosheng was rated as a Class-II enterprise.
- Three subsidiaries of Shanghai Shipping (Group) passed the external review on work safety standardization as Class-II enterprises.
- Six subsidiaries of Guangzhou Shipping (Group) passed the external review and on-spot inspections.
- Xin Dong Fang Container Storage & Transportation Company subordinating to CSL and China Shipping Industry (Jiangsu) Company passed the external review as Class-II enterprises.
2.2 Building a Safety Culture

People lie at the heart of safety management, i.e. personnel safety is paramount and people are the most critical factor in operation safety. China Shipping conducted well-designed safety training so that our employees can bravely face risks and have necessary skills to prevent risks. Beyond that, we built a safety culture that emphasizes a sense of responsibility and encourages our employees to insist on safety production.

2.2.1 Realistic Safety Training

We regularly improve the content and form of our training programs to make them more pertinent and effective.

- **Emergency Drills**
  
  In 2012, we conducted 47 drills that involved 1,628 employees. Tier-3 companies or ships conducted 5,846 drills which involved 125,868 employees. All these drills helped to improve our collaboration with subordinate companies, the rapid response and command ability of our emergency centers, as well as the ability to implement emergency plans.

- **Special Training**
  
  In 2012, China Shipping provided training programs for 481 captains and 208 pilots. CSBC desterilized steering simulators for new captains, asked them to learn riverboat system in Shanghai and adopted a white list to strengthen the management of navigators. The company also established a new system that requires new captains to be guided by senior captains, introduced large-sized visual simulators for the training of new captains, and strengthened the practical trainings of new captains and seagoing captains.

2.2.2 Cultivating a Safety Culture

We continued to launch various publicity campaigns to nurture a safety culture among our employees so that they can understand the safety better and maintain it consciously. In 2012, more than 3,000 crew members from 125 ships took part in the fire knowledge contest. Following the concept of “human life foremost”, CSCL enhanced the sense of responsibility among its employees by requesting all the crew members, especially those in key positions, to bear safe navigation in mind, strengthen lookout at sea, drive cautiously and pass safely in dense traffic waters.

**Case Study: One-day Safety Officer**

CSICO asked every crew member to serve as a safety officer for one day to supervise operation safety of the whole crew. Comparing with passive acceptance in the past, this initiative encouraged all the employees to actively engage themselves in supervision. The company also selected 77 excellent safety officers, which sparked the enthusiasm of all employees for safe operation.
2.3 Increasing Shipping Safety Margin

China Shipping keeps a close eye on the latest development in shipping technologies and applies state-of-the-art safety technologies in the whole fleet. And we also strengthen our "three preventions" early warning system to effectively tackle various risks.

2.3.1 Unquestionable Technological Security

China shipping pays equal attention to independent innovation and introduction of new technologies. We adopt new communication technologies to enable real-time and barrier-free communication between ships and land in order to ensure shipping safety.

In 2012, we completed the Phase-II project of the Overall Supervision and Management Information System (OSMIS), adding 9,100 ENC electronic charts compliant with the S-57 international standards. We also displayed global weather information on electronic charts to monitor and guide the safe navigation of our ships in different waters. Moreover, we adopted an information collection and transmission mechanism and a strict accident reporting procedure so that our emergency centers at different levels can learn about any ship abnormalities in a timely manner and establish effective communication to ensure timely and accurate information exchange.

2.3.2 Strengthening the "Three Preventions" Early Warning Mechanism

Three preventions refers to the prevention of collision, pirates and meteorological disasters, each of which directly impacts shipping safety.

- **Collision Prevention**
  At the end of 2012, we had 491 vessels sailing around the world. We implemented a navigation information collection and reporting mechanism and monitored our ships in key waters, which achieved a satisfactory result.

- **Statistics of Collision Accidents**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Major</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Serious*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Extraordinarily Serious*</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Accident Level: according to the Regulations on the Reporting, Investigating and Handling of Production Safety Accidents issued by the State Council in 2007, work safety accidents are generally divided into four grades by their nature, severity, controllability and range of influence, that is, Level-I (Extraordinarily serious), Level-II (Serious), Level-III (Major) and Level-IV (Ordinary).
- **Pirate Prevention**
  To address the increasing hijackings in the high sea of Nigeria, we take responsive measures in a timely manner to track and monitor our ships sailing to Lagos of Nigeria or along the coast of West Africa.

  CSBC has installed anti-pirate security cabins in 468 ships and equipped them with special thorns to deter pirates. In 2012 the company hired professional security companies to escort ships, which prevented pirates effectively.

- **Meteorological Disaster Prevention**
  In 2012, 13 typhoons had impacts on China. In particular, "Haikui" and "Bolaven" caused unprecedented impacts. In the year, 383 ships of China Shipping were affected, resulting in a total loss of 26,6808 million tons per day. This marked a significant improvement over previous years.
2.4 Protecting Onshore Safety

Ports are vital nodes in the material and personnel mobility network. The sustainable development of China Shipping is underpinned by the effort to build safe ports. At terminals and production facilities around the world, China Shipping and its subsidiaries take a variety of measures to ensure personnel, equipment and material safety, as well as the long-term security of production, transportation and material flow according to their own operating properties and characteristics.

2.4.1 Building Safe Ports

We strengthen the management of both ships and terminals. The Group and its subsidiaries regularly improve their operation systems about approaching, leaving and anchoring, and provide guidance and information for incoming and outgoing ships and piloting operations at terminals. Such practice has resulted in fewer accidents and higher port operation efficiency.

The safety of goods yard is an important part of port safety. China Shipping actively advances standardized operation, and carries out inspections of potential risks at goods yards. We also correct any violations that take place during the loading and unloading process, and enhance safety for cargo storage to eliminate any potential risks.

2.4.2 Ship Building and Maintenance

We implement a safety system at our shipbuilding and repairing sites, and provide employees with protective supplies and devices to lower the incidence of injuries and the frequency of work-related accidents.

In 2012, CIC focused its safety work on the prevention of fires and explosions. On ship maintenance sites, the company continued to perfect its work about anti-ventilation and explosion tests in the cabins, pipeline separation and oxyacetylene pipes carried with employees in and out simultaneously. It also implemented a 3-level approval system for open fires during the stages of shipbuilding, outfitting and delivery to identify and eliminate any potential fire risks.
Aiming for Environmentally Friendly Maritime Transportation

The ocean presents an important stage for life of humanity in the future. We came into being and thrive because of ocean, bearing an inherent respect for the ocean. As one of the largest shipping companies in China, China Shipping plays a leading and demonstration role in environmental protection in the industry. We constantly review our operating activities, and adopt innovative management expertise and new technologies to conserve energy, protect the environment, promote efficient utilization of resources, and maintain the balance of marine ecosystem.
Aiming for Environmentally Friendly Maritime Transportation

Key Performance in 2012

CSCL won the "Leadership Award for Environmental Responsibility of Listed Companies in Chinese Transportation Industry", and the "Environmental Responsibility Award for China Top 100 Listed Companies".

CSCL adopted comprehensive energy efficiency management in its ships, collected and released data on carbon emissions and carbon footprint for container transport.
3.1 Enhancing Environmental Management

The environmental management system is the cornerstone of our environmental responsibility and an important measure to advance environmental management. We have established a scientific and rational environmental management system and made comprehensive plans to promote corporate reform, energy conservation and emissions reduction. In our operation, we have adopted strict environmental management to fulfill our environmental responsibility.

3.1.1 Building an Environmental Management System

We plan to reduce fuel consumption to 6.5kg for 1,000 tons per nautical mile and SO₂ emission intensity to 0.32kg for 1,000 tons per nautical mile by the end of the 12th Five-Year Plan period. The continuous advance of environmental protection requires the active participation of each and every employee. Therefore, China Shipping incorporated the environmental concept into environmental management, launched publicity campaigns to enhance the awareness of energy conservation and environmental protection, and organized some environmental protection activities.

3.1.2 Ship Energy Efficiency Management

The ship energy efficiency program is designed to conserve energy and reduce emissions by optimizing the management and operation of our ships. In 2012, CSCL adopted an energy efficiency system in all its ships.

CSCL established a steering group to advance the management of energy efficiency, prepared and implemented the Ship Energy Efficiency Management Plan in all its self-operated ships. By the end of 2012, all its self-operated ships had been granted the Ship Energy Efficiency Management Certificate. CSCL also finalized the information system and established the database for energy efficiency management. In addition, it prepared the Energy Efficiency Management Procedure and the Guidance on Operation of Energy Efficiency Measures, and put in place some energy efficiency reward measures. Because of these, CSCL collected and released data on carbon emissions and carbon footprint for container transport.
3.2 Addressing Climate Change

Compared with other transport means, water transportation costs less, uses less fuel and emits less CO₂. However, the large base number of energy consumption and intensified global warming have drawn more and more attention to the greenhouse gas emissions in the shipping industry. Accordingly, we address climate change by increasing our fuel efficiency, applying new energies and optimizing our routes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Energy Consumption (10,000 tons of standard coal)</th>
<th>Fuel (10,000 tons)</th>
<th>Natural Gas (10,000 nm³)</th>
<th>Power Consumption (10,000 kwh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>484.25</td>
<td>331</td>
<td>64</td>
<td>29,832</td>
</tr>
<tr>
<td>2011</td>
<td>510.48</td>
<td>345</td>
<td>98</td>
<td>30,795</td>
</tr>
<tr>
<td>2012</td>
<td>519.97</td>
<td>352</td>
<td>83</td>
<td>40,979</td>
</tr>
</tbody>
</table>

Statistics on energy use from 2010 to 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ (10,000 tons)</th>
<th>SO₂ (10,000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,031.66</td>
<td>19.90</td>
</tr>
<tr>
<td>2011</td>
<td>1,075.49</td>
<td>20.75</td>
</tr>
<tr>
<td>2012</td>
<td>1,096.81</td>
<td>21.16</td>
</tr>
</tbody>
</table>

Statistics of emissions from 2010 to 2012
3.2.1 Using Fuel Efficiently

Upholding the concept of “larger vessels and lower carbon”, we focus on developing large-tonnage and low-consumption vessels to further increase our overall energy efficiency. In 2012, we introduced 31 vessels with a total of 2.964 million dwt, and disposed of 26 vessels to streamline the structure of our fleet.

Studies show that a 4% reduction in shipping speed may lead to 13% reduction in carbon emissions. We encourage our ships to adopt economic speeds to reduce the energy consumption in our vessels.

![Promoting economic speed]

* MCR: maximum continuous rating

![Economic speed performance from 2010 to 2012 (comparing with 50%MCR)]
3.2.2 Promoting the Use of LNG

As an alternative energy for coal and oil, LNG can reduce COD (Chemical Oxygen Demand) and emissions of CO₂. Therefore, China Shipping complies with the new trend of energy use to cooperate with many companies so as to develop LNG dual-fuel ships and promote the use of LNG.

In 2011, China Shipping signed a contract with Mitsui OSK Lines for four LNG carriers and LNG transport. And the LNG carriers are expected to be delivered and put into operation in 2015-2016. China Shipping LNG also signed an agreement with Sinopec Kantons International Investment Co., Ltd. to establish a joint venture in Hong Kong to build and operate LNG carriers. Moreover, China shipping is trying to provide support for the APLNG project.

3.2.3 Optimizing Routes

We actively strengthen the organization of goods transport and strive to canvass round-trip goods transport business and establish a triangular transport route so as to reduce dead freight and fuel consumption per unit.

Making full use of its advantages in coastal transport, north-south convection, and favorable geographic location, CSHS strived to expand ore transport business in Hainan, enhance cargo canvassing in surrounding areas, and expand the business of Beishang Ercheng Mine and Ercheng Coal Market to minimize its dead freight and reduce unit energy consumption.

3.2.4 Promoting Onshore Energy Conservation

China Shipping broadened its income sources, reduced expenses and enhanced onshore energy conservation in 2012. By the end of 2012, 33 ships had been equipped for onshore power supply.

- **Optimizing Loading and Unloading Process**
  Improving the production process, streamlining operating procedure, increasing the operating efficiency of equipment and reducing energy consumption are the starting point and standing point of our energy saving operation. Dalian International Terminal reduced its emissions of CO₂ by 88,200 tons in 2012 through adopting synchronized loading/unloading and ship-to-ship transshipment.

- **Using Energy-saving Facilities**
  All terminals under our management have replaced high-energy lighting equipment such as high pressure sodium lights with new LED energy-saving lights. As a result, power consumption was significantly reduced without any loss in lighting quality. According to the statistics from Lianyungang New Oriental International Container Wharf Company, energy-saving lamps on a crane can save RMB 73,000 in electricity each year.
3.3 Promoting Energy Conservation and Emissions Reduction

Our sustainability requires efficient utilization of resources and reduction of pollutants. We continue to refine our management and increase resource utilization efficiency for higher economic and environmental values. We also control our waste discharge, strengthen our ability to dispose of waste safely, and adopt innovative methods to recycle and reuse resources.

3.3.1 Using Resources Efficiently

The efficient use of resources is conducive to environmental protection and cost reduction. Therefore, we refine our management at a faster pace through developing scientific machinery management indicators to control resource consumption while fulfilling annual operating tasks. Meanwhile, we take various measures to keep our equipment in good conditions so as to prevent unnecessary resource consumption resulting from equipment maintenance and replacement.

Proportion of equipment in good condition at China Shipping in 2012
3.3.2 Controlling Waste Discharge

The control and disposal of “three wastes” (wastewater, waste gas and solid waste) is an integral part of China Shipping’s environmental management work. We smoothly improve our ability to dispose of the three wastes through the application of new treatment technologies and the enhancement of management.

We strictly observe relevant laws and regulations to collect all waste generated in transport and prevent hazardous waste from being discharged into the ocean. Our ships, onshore bases and ports are all equipped with domestic sewage and oil-bearing sewage treatment systems that meet the requirements of MARPOL for rapid and efficient sewage disposal.

In recent years, we have installed an online detection system to monitor and control sewage discharge of our subsidiaries in a real-time manner. Since the Shanghai Shipping (Group) Company Vessel Sewage Treatment Plant was selected as one of the first pilots for the online monitoring system in December of 2006, the system has been applied to a number of sewage treatment plants.

We also use low-sulfur fuel to reduce sulfides and suspended particles in the air so as to minimize the negative impacts on the health of residents living close to our terminals. To use low-sulfur fuel, we transformed our ships, maintained relevant equipment, and organized skill training programs for our crew members, which help us reduce SO$_2$ emissions while ensuring navigation safety.

Case Study: Changing from Oil to Electricity to Save Energy and Reduce Pollution

Nansha Stevedoring Co., Ltd of Guangzhou Port carried out machinery and electrical modifications to 44 cranes, changing the power supply from diesel to mains supply. As a result, the consumption of diesel oil and exhaust emissions were significantly reduced for greater economic and environmental benefits. In 2012, the technology helped reduce energy consumption by the equivalent of 4,960 tons of standard coal, CO$_2$ emissions by 12,360 tons, SO$_2$ emissions by 43 tons, and NOx emissions by 37.6 tons.
3.4 Protecting the Balance of Marine Ecology

The ocean is a treasure trove of biological resources and home to a large number of plants and animals. It is also an important place from where human beings get resources for future development. Therefore, China Shipping strives to protect the balance of marine ecology and minimize the ecological impacts of our operations.

3.4.1 Participating in Water Environment Protection

We put in place a cargo operation and emergency response procedure in accordance with domestic and international anti-pollution conventions to regulate the transportation of oil and other hazardous goods. And we also provide regular anti-pollution training programs for our crew members, equip them with anti-pollution devices and clean-up materials, and regularly launch oil spill drills to enhance the emergency response capacity of crew members.

In 2012, we intensified the oil pollution control efforts by increasing the proportion of double-hull ships in our fleet in order to minimize potential oil spill risks. By the end of 2012, we had 78 double-hull ships in our fleet which accounted for 15.9% of the total. Among of which, double-hull oil tankers made up 83.1% of CSDTC’s fleet.

In recent years, we have quickened the development and application of environmentally friendly hull coatings. CSBC replaced the paint on its ships with tin-free anti-pollution paint in 2012, which reduced the pollution to the marine environment.

In 2012, we took effective measures to improve sanitation in our terminals and surrounding areas, reduced the generation and discharge of domestic sewage and trash, and controlled noise pollution, which delivered environmental and social benefits at the same time. Dalian Oriental Terminal set up trash racks at the flood discharge trench to stop trash washed down by mountain streams. The racks can stop nearly 5m³ of floating solid refuse. In 2012, the tracks prevented nearly 10 tons of solid waste from being discharged into the sea.

▲ Setting up trash racks
3.4.2 Protecting Biodiversity

Biodiversity is the most precious gift that we can leave for future generations. In this regard, we take positive measures to protect biological resources and take into consideration the impacts of terminal construction on local ecological communities to accelerate the construction of "ecological" terminals.

The rapid growth of the shipping industry is an important factor that leads to explosive expansion of the so-called "biological invasion". We have installed ballast water treatment devices in our newly-built ships since 2012 to prevent aquatic animals and plants from being directly transplanted to different waters to compromise the ecological balance of local waters. We will continue to implement this visionary approach to further protect marine environment.
Thriving Enterprises by Developing Talents

Talents serve as the foundation for our stable growth. To attract and retain the best talents, we create space for their growth and support them to find a balance between life and work. Such effort enables us to build an aggressive team that has strong capacities and executive power. It is because of this devoted, capable and creative team that we overcome numerous challenges and sail toward our final destination.
**Key Performance in 2012**

- **46,543**
  
  We employ 46,543 employees, including 44,186 Chinese employees (inclusive of 143 expatriates) and 2,357 foreign employees.

- **Thousand Talents Program**
  
  We began implementing the Thousand Talents Program in 2012.

- **8.3%**
  
  Our real wages increased by 8.3% over the previous year.

- **Seafarers’ wives**
  
  We set up some liaison stations for the seafarers’ wives.
4.1 Creating Development Space

Talented staff has always been a key part in our corporate growth. We need to maintain an even better team of talents to transform the development mode, adjust the three business segments and further implement the internationalization strategy. Therefore, optimizing our talent structure, increasing the number of talented staff and improving their overall quality have become an important part in our corporate strategy.

4.1.1 Building a Development Platform

The cultivation of leadership talents, senior management and technical personnel has been a focus in our HR strategy. By cultivating such talents, we can improve the overall quality of our employees.

In 2012, we adopted two Thousand Talents Programs implemented Personnel Training Plan, and decided to cultivate 1,000 international senior management personnel and 1,000 captains, chief engineers and political commissars who are qualified for navigating our large and modern fleet around the world in 4 years.

We positively create a favorable mechanism and atmosphere for talented employees to come to the fore. We also improve the evaluation and promotion mechanisms for crew members and hold evaluation and promotion meetings each year to provide promotion chances for crew members.

4.1.2 Optimizing Training System

We do our utmost to establish a sound training system suitable for the current and future requirements of the Group. According to our coordinated development strategy on shipping, industrial manufacturing logistics, terminal operation and financial business segments, we implement comprehensive training plans and adopt a year-end performance assessment mechanism so as to enhance the competitiveness of our employees and build a world-class company.

To accommodate our business growth and the self-development of our employees, we organize onshore, on-board and online training sessions for the cultivation of talents. In 2012, we trained 23,716 employees and 2,166 officers, fulfilling 118% of our annual plan.

- Enriching content for the China Shipping Remote Education System.
- Conducting newcomer trainings, competence and performance trainings for seafarers, certificate renewal trainings, trainings for professional certificate, special trainings, multi-level trainings, pre-job trainings and quality improvement trainings.
- Probation trainings, practical and operating skill trainings, as well as other training sessions that focus on operation, essential knowledge and emergency response.
4.1.3 Cherishing Employees' Contribution

We highly cherish the effort and contribution of our employees. So we build a platform for them to display their value and enhance their sense of accomplishment.

In 2012, 43 groups and 21 individuals of China Shipping received provincial/ministerial-level or above recognitions. We cultivated and fostered model workers to make innovation on studios, publicized the spirit of model workers and outstanding deeds in our website, the Shipping News and the China Shipping Trade Union News.

The Group organized the 15th China Shipping Cup Labor Contest to improve the quality of its employees. 572 labor contests were held, involving 75,364 participants throughout the year.

- The Trade Union of the Group co-organized a fire knowledge contest that involved more than 3,000 employees with the Safety Supervision Department.
- CSPL organized a passenger service and food service contest.
- China Bunker has held a competition to encourage employees to learn from, help and excel each other for many consecutive years.
- CSISC and SSSRI organized a computer operation competition.
- CSTC held a skill competition for telephone operators.
- CSICO organized a seven-skill competition for its employees.
- Shanghai Shipping held a cooking competition.

List of labor contests organized by China Shipping in 2012
4.2 Protecting Rights and Interests of Employees

We recruit employees in strict compliance with relevant laws, and create a healthy and safe working environment where all our employees are treated equal regardless of their race, color, religion and gender. We respect and follow international conventions on human rights and labor standards to prohibit child laborer and forced labor and to provide male and female employees with equal pay for equal work. In addition, we implement the Special Provisions on Labor Protection for Women Workers to protect the legitimate rights and interests of female employees.

By the end of 2012, we had employed 44,186 Chinese employees, including 667 employees from ethnic minorities. 16 of the 165 Group management personnel were female, and 14 of the 143 management personnel working overseas were female.
4.2.1 Maintaining Smooth Communication

We pay much attention to the feedback from our employees so that we can meet their needs and tap their potential. We collect their feedback through different ways and channels. Also, we respect their rights to learn about and participate in business operation by institutionalizing a three-level worker representative congress system and making full use of the congress to facilitate democratic management. In 2012, the congress received nine proposals from employees and all of them were dealt with properly.
4.2.2 Remuneration and Benefit System

We pay social security insurance for all our employees in full and on time. Meanwhile, we pay basic and supplementary housing accumulation funds for all employees in accordance with local policies where they are working.

We keep optimizing our remuneration structure in line with the Group’s ongoing development. In 2012, the total salaries paid increased by 8.3% over the previous year. Moreover, we take active measures to mitigate the impacts of lower exchange rates on our employees working overseas so as to ensure reasonable remuneration for them.

4.2.3 Ensuring Physical and Mental Health

Guided by the concept of “safe and harmonious development”, China Shipping makes continuous efforts to improve the workplace, protect environment around, show concern for occupational safety and health, and safeguard employees’ labor rights on the basis of relevant laws and regulations.

To address the fierce competition in shipping market and the huge mental pressure of our employees, we distributed books about psychological adjustment and pressure relief to our employees, and organized them to read so that they could handle difficulties and pressures in a positive manner. At the same time, we invited psychological consultants to tailor a series of mental relief and adjustment practices to provide psychological instructions according to the age of employees. Furthermore, we also uploaded videos about psychological adjustment and pressure relief online so that our employees could watch them in their leisure time.

Case Study: Improving Working Conditions

CSICO Jinzhou Container Plant vigorously improved the working conditions at its production site. In 2012, it passed the review conducted by the technical department in accordance with the Status Quo Assessment of Occupational Hazards at Operating Sites. In addition, it conducted noise and dust concentration detections to prevent occupational hazards. At the end of 2012, the plant passed the assessment of work safety and occupational hazards by Liaoning Province, and was rated as a national Class-II standardized enterprise in work safety.

Case Study: Implementing EAP

Combining the Employee Assistance Program (EAP) with its safety management, CSTD New Oriental Terminal Company keeps psychological records for employees, provides personal psychological consulting and group mental counselling, and takes risk intervention measures to regulate the psychological stability of employees and ensure work safety.
4.3 Caring for Employees in All Aspects

A harmonious atmosphere is essential to keep employees in a good working state and ensure their development. That is why we care for our employees and facilitate the balance between their work and life so that they can enjoy working at China Shipping.

4.3.1 Enriching Recreational Activities

We believe that the balance between work and life can enable employees grow and develop. So we organize colorful recreational activities for our employees so as to keep them mentally positive and inspire them to make progress.

▲ Dalian Maritime Transport organized the walking festival for staff

▲ Guangzhou Maritime Transport organized the Chinese calligraphy activity in celebration of the 18th CPC National Congress

▲ Celebration ceremony for the 15th Anniversary of China Shipping

▲ China Shipping Cup International Marathon

Corporate Social Responsibility Report 2012
4.3.2 Helping Needy Employees

The Group continuously improves its employee caring mechanism and visits its grassroots companies and frontline employees to better understand their needs and offer them timely and targeted assistance. This helps us deal with the practical difficulties of our staff and enhances our service for them.

We extensively carried out investigations, showed loving care for employees during high-temperature seasons and festivals, and visited needy companies. Our subsidiaries organized leaders to visit crew members and their families so as to understand their status and help them cope with difficulties. In 2012, We visited 56,000 frontline employees and distributed RMB 3.57 million worth of sunstroke-prevention supplies, RMB 12.33 million high-temperature allowance and RMB 9.38 million in consolation money.

- CSCL carried out the activity of looking for light spots and tackling difficulties in its regional companies and on its ships.
- China Shipping Bulk Carrier promoted the communication between ocean-going seamen and their families through their mailboxes.
- Guangzhou Maritime Transport distributed birthday money to peasant-workers.
- China Shipping Terminal Development regularly visited families of staff stationed in joint ventures.

We adopt a sound and effective assistance mechanism and maintain smooth communication to make sure we can provide life, medical, schooling and mental assistance to the needy employees in time.

List of employee care activities of China Shipping subsidiaries
4.3.3 Increasing the Happiness Index

A high living standard emboldens employees to work enthusiastically. We pay much attention to employees, including their working atmosphere, their families and life in their old age to ensure that they are living with a happy and harmonious life. This is one of our goals that we never give up.

- **Promoting family harmony.** Due to the work nature of our crew members, we pay special attention to the harmony of their families. We set up liaison stations for seafarers’ wives through which crew members could communicate with their families better. We also build a spiritual bond between the seafarers’ wives, crew members and China Shipping so that the wives can better understand and support their husbands and crew members can enjoy a harmonious family. Since the liaison station was established in 2008, we have constantly enhanced its role in building a communication platform, organizing colorful activities, displaying the outstanding achievements, which strengthens the sense of happiness among seafarers’ wives.

---

**Building Communication Platform**

We kept diversifying the communication channels with wives of our crew members by distributing contact cards, establishing liaison stations, designating liaison persons and recruiting volunteers from wives of crew members.

**Enriching Activities**

We extended our care to crew members and their families through warm greetings, cuisine lectures and stamp shows. We invited family members of employees to visit our show rooms and modern ships, watch performance in celebration of the 15th anniversary of China Shipping, and attend psychological lectures and dialogues.

**Providing Demonstration Platform**

The liaison station at the Changzhong Road Shanghai was named “Women Civilization Post in Shanghai” and Chen Hualan, a crew member’s wife at CSBC, was awarded the title of “Top 10 Seafarers’ Wives” in Guangdong province.

---

▲ Three platforms provided for seafarers’ families
Contributing to Harmony as a Responsible Citizen

While pursuing stable business growth, we strive to advance social harmony. We do our utmost to fulfill the mission devoting to social harmony and corporate social responsibility contributing to the country and society, safeguard the benefits of public, protect the natural environment, boost the prosperity of communities, support charitable activities, and cooperate with stakeholders; through which we shall try our best to be a qualified global citizen.
Key Performance in 2012

10,353,400 The group donated RMB 10.3534 million.

637,000 Employees contributed RMB 637,000.
5.1 Advancing Shipping Industry

We further deepen our cooperation with local governments, peers, other players in the industry chain as well as research institutions. We also continue to take part in the preparation of new standards, promote the introduction, development and application of new technologies, improve our management concept and share successful experience with stakeholders in order to drive China’s shipping industry forward in a more scientific and sustainable manner.

5.1.1 Boosting Industrial Development

China Shipping actively joins industry associations and takes part in forums. We keep enhancing our communication with China Shipowners’ Association, Shanghai Shipping Exchange and other organizations to report the problems and demands of shipping companies, share experience, and interact with all stakeholders to contribute to the sound growth of the shipping industry.

5.1.2 Fostering Reserve Forces

The sustainable development of the shipping industry requires a large number of compound talents with international competitiveness who are willing to contribute to the shipping industry and master advanced technologies and skills.

In 2012, the Group successfully built a 48,000-ton ocean-going training ship for Shanghai Maritime University. The delivery of this ship marked another success case for school-business cooperation strategy and showcased our commitment to boosting the cultivation of shipping talents, building Shanghai into an international shipping center and promoting the growth of China’s shipping industry.

The world’s largest training ship, built by China Shipping, was launched into the sea.

The 48,000-ton ocean-going training ship of Shanghai Maritime University is the one with the largest investment, best-equipment and multiple functions. It is designed to meet teaching research and cargo transport functions. It is also called a “mobile offshore campus” because it can train 160 students at the same time.
5.2 Participating in Community Construction

We are actively engaged in advocating volunteerism and repaying communities where we operate. Such efforts help transform these communities in a positive manner and create a harmonious external environment for our operations. Moreover, it is conducive to enhance the teamwork spirit of our employees and strengthen their sense of pride and loyalty.

5.2.1 Enhancing Courtesy in Communities

We have established a youth volunteer service team to drive the development of civilized communities and cities with local communities where we operate. Meanwhile, we promote and safeguard the construction of spiritual civilization in local communities for high-quality community culture through community activities and poverty alleviation efforts.

● The volunteer team from CSCL Universal Shipping took part in the training and service activity for cultural volunteers held in the Shenzhen’s Central Book City.

● CSDTC actively participated in the street work at Lujiazui Neighborhood by providing necessary labor, material and financial support.

● CSDTC continuously organized youth volunteer activities.

● SSSRI sincerely helped build harmonious communities in partnership with the local neighborhood committees.

● SSSRI warmheartedly strived to shape a more spiritually advanced building.

▲ A ceremony to present the flag to our volunteer team named after Guo Mingyi
5.2.2 Encouraging Charitable Donations

We incorporate charitable donations in our budget management in accordance with the Interim Measures of China Shipping for Donation Management. We believe that “when difficulties arise in one place, assistance should come from all quarters,” and have organized many donation activities such as “One-day Donation”. Our involvement in donations and other charitable activities help those underprivileged and needy people improve their living conditions.

- SSSRI took an active part in the charitable auction caring for needy students co-organized by Shanghai Construction & Communication Youth Talent Association and the Working Committee of Youth Communist League of Shanghai Construction Communication Youth Talent Association. Money raised from the auction is used to assist poor students in Shanghai Technical College of Urban Management, Shanghai Urban Construction Engineering School and Shanghai Public Utility School.

- 338 employees of CSBC donated RMB 28,770 during its “Poverty Alleviation Day” in Guangzhou.

- CSCL Xiamen organized the 4th Charitable Auction and raised RMB 19,450 from the sales of unused articles donated by employees.
5.3 Establishing Poverty Alleviation Platform

Our social commitment has enabled us to mobilize more social resources for charity and fulfill our corporate mission by repaying society in a more effective, professional and sustainable manner.

Located in the bordering area between Yunnan and Burma, Yongde County is a remote mountainous region that relies on agriculture. It is one of the 73 poverty-stricken counties, characterized by fewer resources and severe poverty. In 2005, China Shipping began to launch poverty alleviation campaigns for the county. Since then, we have been actively engaged in building infrastructure, developing industry, offering peasants scientific and technological training, carrying out poverty alleviation programmes through education and exporting labor to other places to improve the living conditions of local people. In 2012, we spent RMB 3.957 million in our poverty alleviation efforts in the county.

We also cooperate with our partners on long-term charitable activities. Yingli Group, one of our customers, sent solar photovoltaic heating equipment to Yongde Primary School after learning of its need for a bathroom. Senwei Logistics Company, one of our business partners, donated 1,300 pairs of gym shoes in 2011 and 1,400 pairs of gym shoes and socks in 2012 for the students in this school.

Case Study: Walking out of the Mountain to See the Outside World

After several years of efforts, CSCL has successfully improved the teaching facilities and living conditions at local schools in Yongde County. As a result, many children could enjoy a good learning environment rather than “simply go to school”. These achievements has made the education assistance in Yongde become a top-quality project among the social responsibility practices CSCL did. In August of 2008, CSCL organized a four-day study and exchange tour for 25 teachers and students from Yongde County. Accompanied by some volunteers, the delegation received a special training on how to help children improve their mental health. They also visited some places of interest in Beijing and Tianjin.

These exchange activities offered us the opportunity to leave our hometown and feel the charm of a modern city. We learned a lot about advanced educational concepts. In particular, the interactive scientific experiments gave us a completely new impression.

—— a Luo-surnamed teacher of Niuhuotang Primary School

CSCL organized an education assistance activity in Tianjin
Since 2005, China Shipping has assisted Keping County in Akesu Prefecture of Xinjiang. So far, it has provided a total of over RMB 50 million in aid, which has played a significant role in boosting the economic and social development in the county.

We built a large demonstration area to showcase drip irrigation technologies to local farmers and create a new jujube planting mode in the region under the environment of scarce water supply and insufficient farmland. So far, we have grown more than 7,500 mu (approximately 666.7 m² per mu) of jujube trees. In 2012, these trees had grown up to promise a good harvest. We also helped build a large grit chamber, which is the first project of drip irrigation by gravity in Xinjiang Uygur Autonomous Region. The water storage capacity of this grit chamber can reach up to 2.78 million m³. The grit chamber can store and regulate the water three or four times a year, with the total water storage capacity in a year 8-10 million m³ of water. Currently, the grit chamber has been put into operation, basically solving the lack of water supply in Keping County and bringing significant economic and social benefits. Therefore, it is also called the second project that reshapes the county.

China Shipping also built an education park that can be used by more than 5,000 students and offers accommodation for over 3,000 students. In 2012, China Shipping invested another RMB 5 million in boosting education in Keping County.

Case Study: Investing RMB 5 million to Support Education in Keping County

Leaders from Guangzhou Maritime Transport and CPC Committee of Qingxin County unveiled the nameplate of a cultural center funded by Guangzhou Maritime Transport for residents of Dakeng Village of Shitan Town.
5.4 Fulfilling Responsibility as a Global Citizen

We keep integrating international operation and social responsibility to build a responsible Chinese company respected and trusted by the international community.

Case Study: Being a Responsible Global Citizen

Since its establishment, China Shipping (Europe) Holding Ltd. has been actively fulfilling its corporate social responsibility.

Boosting local economic development. Taxes paid by China Shipping (Europe) Holding Ltd. and its subordinates to local authorities have totaled EUR 49.8294 million (approximately RMB 415 million) since their establishment. In 2012, they paid taxes of EUR 6.8386 million (RMB 56.9647 million) to local authorities.

Providing job opportunities. By the end of 2012, China Shipping (Europe) Holding Ltd. and its subordinates had 693 employees, including 649 local employees and 44 employees dispatched by the head office. Local employees accounted for 94% of the total.

Paying attention to environmental protection. The agency company of China Shipping (Europe) Holding Ltd. in Germany has cut its power consumption and electricity cost by reducing the number of servers through the server virtualization technology. According to the assessment of Hamburg Urban Development and Environmental Agency, this project can reduce CO₂ emissions by 85 tons each year.

Respecting local customs. Religions in places where China Shipping (Europe) Holding Ltd. and its subordinates operate include Islam, Catholicism, Christianity, Orthodox and Judaism. We respect the religions, food habits and ways of doing things of local employees and integrate our daily operations into local customs.
5.4.1 Carrying out Charitable Activities

After two strong earthquakes hit the northern Italy in late May of 2012, China Shipping’s agency company in Italy quickly contacted local relief agency of Italy and donated about EUR 3,500 worth of emergency supplies.

In October of 2012, “Sandy”, a category one hurricane, hit New Jersey where the head office of China Shipping (North America) Holding Ltd. is located. In response to the devastation, China Shipping (North America) Holding Ltd. organized a donation activity for the Hurricane Relief Fund of Staten Island, New Jersey.

When a super hurricane swept the New York Harbor at the end of October of 2012, crew members of China Shipping Vancouver gave up their precious resting time and volunteered to help the International Seafarers’ Center of SCI to move its belongings from the first floor to higher places, interpreting the spirit of “genuine feeling is reflected in niceties”.

▲ The agency company of China Shipping in Italy donated emergency supplies to earthquake-stricken areas in Italy
5.4.2 Safeguarding International Maritime Transportation

Safeguarding international maritime transportation is the responsibility that all international shipping companies should do. On September 18 of 2012, entrusted by the Ministry of Communications and China Shipowner’s Association, China Shipping assigned the New Fuzhou vessel of CSCL to send mid-autumn gifts to the soldiers and officers of the 12th batch of escort fleet on duty in the Gulf of Aden, conveying our heartfelt gratitude and greetings to them.
Outlook 2013

Working Plan for Economic Responsibility

- Implement a coordinated development strategy for shipping, manufacturing, logistics, terminal operation and finance businesses, expand the upstream and downstream industry chain, accelerate the development of onshore business, and maintain a steady growth in transportation business.
- Strengthen and deepen the existing strategic cooperation programs to facilitate our business development and industrial layout in relevant areas and fields; enhance cooperation with Fujian Province and Tianjin City for new investment opportunities so as to create a favorable business environment for future operation.
- Further tap the market potential along the Yangtze River and the Pearl River, and strengthen coordination with stakeholders so as to ship 20% more exports from the Yangtze River in 2013.
- Address the opportunities arising from market fluctuation and constantly improve our management so as to transform our growth pattern for further growth in the fierce market competition.

Working Plan for Safety Responsibility

- Advance work safety standardization in all subsidiaries, and strive to make all shipping companies receive the Class-I work safety standardization certificate by the end of 2013.
- Accelerate the installation of video surveillance devices on the navigation bridge and in other important areas, and strive to install such devices in 100 ships by the end of 2013.
- Continue to intensify safety inspection for our ships, and strive to inspect 80% of our ships by the end of 2013.

Working Plan for Environmental Responsibility

- Advance energy conservation and emissions reduction in our fleet and onshore operations to ensure the fulfillment of 12th Five-Year plan.
- Forge ahead with the “larger vessel and lower carbon” strategy and accelerate the development of container carriers that can transport up to 18,000 TEUs.
- Strive to adopt LNG to fuel our fleet and carry out necessary refits for our ships earlier.

Working Plan for Employee Responsibility

- Implement the talent development strategy at a faster pace, pay attention to the cultivation of talented employees into leaders for the three business segments and international operation, and further implement the two Thousand Talents Programs to cultivate more talents for the Group.
- Improve the system to cultivate, select, assess, reward or punish our employees so as to facilitate the sustainable development of the Group, build a high-caliber team and inspire the creativity of our employees.
- Strengthen the worker representative congress system for more democratic management and more transparent company affairs.
- Focus on people's livelihoods, care for employees, go deep into the grassroots units and intensively learn about what our staff need.

Working Plan for Social Responsibility

- Continue to promote the construction of our volunteer teams and conduct activities for civilized communities.
- Advance poverty alleviation in Yongde County of Yunnan Province, and continue to lift people out of poverty through education, science and technology.
- Carry out timely offshore rescue in case of emergency and maintain the security of major events.
- Fulfill our responsibility as a global citizen and take an active part in charity initiatives in places where we operate.
Comment on the China Shipping (Group) Company Social Responsibility Report 2012

The China Shipping (Group) Social Responsibility Report 2012 is characterized by many highlights. However, the most impressive one is its focus on sustainability. The Group defines its mission as building an everlasting world-class company, and seize the key point that sustainability is the core of social responsibility. Personally, I believe that the fulfillment of social responsibility is not merely embodied by public relations and image building, but by sustainability. When preparing the annual social responsibility report, enterprises join hands with stakeholders to summarize their experience, identify and analyze problems and find solutions to sustainable development. It is helpful to consider not only the current development but also the future growth of the Group, not only the short-term business objectives but also the future competitive advantages so as to build an everlasting company. This is the real meaning of corporate social responsibility. By grasping this essence, China Shipping successfully prepared a sound report.

This report is full of detailed and high-quality data which vividly depicts the real situation. In this information age, data disclosure is much more critical than other words. Comparing with isolated data, abundant data helps readers to get a clear picture. Despite the downturn in the shipping industry, China Shipping managed to achieve sustainability by making huge progress in transporting cargo, ensuring operation safety, coping with climate change, conserving energy and reducing emissions. The quality of this report is significantly improved by data on these achievements which also speaks for our management ability, corporate social responsibility and solid growth. In an age of increasing access to information, we need to ensure that data plays an important role in measuring our CSR achievements.

China Shipping sees sustainable development at the heart of its social responsibility, and highlights its management of social responsibility through five sections in the report. The company is responsible to its stakeholders, society and the environment, and strengthens its own development by improving its management and service quality. It also promotes coordinated development between its major and supplementary businesses. This approach has enabled it to lay a solid foundation for building an enduring China Shipping and ensuring sustainable development.

As a stakeholder of China Shipping, SASAC is delighted by the progress the company has made. We sincerely hope that China Shipping can realize its goals of building an everlasting world-class company as early as possible.

—— Chu Xuping
Deputy Director of Research Bureau of SASAC, State Council

China Shipping (Group) Company
Comment on the China Shipping (Group) Social Responsibility Report 2012

In celebration of the 15th anniversary of its founding, China Shipping released its first social responsibility report in 2012, which marked a new stage of social responsibility for the Group. This year, China Shipping released the second social responsibility report which expounded on its pioneering spirit, dedication to the country and world economy and commitment to society. I am delighted to see what China Shipping has achieved in fulfilling social responsibility in 2012.

The 2012 report not only adopts the framework outlined in its predecessor, but also deliberates the depth of China Shipping’s CSR and the scope of its sustainability through the focuses of the whole industry and company and relevant specific feature reports. This report describes the CSR efforts of China Shipping and its overseas operations, which shows the international vision of the Group. It also gives a clear picture of how China Shipping fulfills its social responsibility voluntarily, and displays the Group’s resolve for sustainable development, international operation and better CSR management. Therefore, this report discloses the CSR practices of China Shipping in a systematic manner.

This report also presents a significant change, i.e. quotes from government officials, employees, community members and leaders of China Shipping are adopted to make this report more trustworthy, which demonstrates that more attention is paid to the expectations of stakeholders. In addition, data on the Group’s CSR achievements in recent 3 years are provided to make the report more comparable, credible and readable.

I believe that China Shipping will continue to move unswervingly down the road of social responsibility implementation.

—— Yin Gefei
Vice President of China WTO Tribune
Director of International Research Center for Social Responsibility and Sustainable Development of Peking University
Dear readers,

Thank you for reading our 2012 social responsibility report. We will continue to improve our CSR work and make the report better. So your feedback is valuable to us.

Overall Assessment (Please tick the corresponding box below)

1. Your overall impression to this report is:
   - Perfect
   - Good
   - Average
   - Poor
   - Very poor

2. In your opinion, the CSR information disclosed in this report is:
   - Perfect
   - Good
   - Average
   - Poor
   - Very poor

3. In your opinion, the structure of this report:
   - Perfect
   - Good
   - Average
   - Poor
   - Very poor

4. In your opinion, the format design of this report is:
   - Perfect
   - Good
   - Average
   - Poor
   - Very poor

5. In your opinion, the readability of this report is:
   - Perfect
   - Good
   - Average
   - Poor
   - Very poor

1. What improvements do you think need to be made for this report?

2. What other CSR information do you think should be disclosed in this report?

3. What suggestions do you have regarding China Shipping CSR?

(Please fill out this form and fax it to: 0086-21-65966348)