



SUSTAINABILITY REPORT

TABLE OF CONTENTS

01 ABOUT THE REPORT	24
02 2022 SUSTAINABILITY HIGHLIGHTS	25
03 CEO MESSAGE	26
04 EMBRACING ESG MEGATRENDS: YZJ'S ESG INITIATIVES IN 2022	
4.1 2022 Green Vessel Delivery in A Glance	28
4.2 Entry into Clean Energy Vessel Construction: Collaboration with GTT	29
4.3 Encouraging Diversity: Welcome the First Female Director to the Board	29
05 ESG MANAGEMENT SYSTEM	
5.1 Formation of the ESG Committee	30
5.2 ESG Commitment	32
5.3 Material ESG Topics	33
5.4 Stakeholder Engagement	34
06 ESG PRACTICES IN 2022: ENVIRONMENTAL	
6.1 IMO Environmental Regulations Roadmap	36
6.2 Yangzijiang's Response to Environmental Protection: Two-carbon Strategy	36
6.3 GHG Emission Measurement	38
6.4 Water Management System and Energy Consumption Overview	39
07 ESG PRACTICES IN 2022: SOCIAL	
7.1 Economic Contribution	40
7.2 Health and Safety Management	41
7.3 Diversity, Equality, and Care	41
7.4 Talent Acquisition and Training	42
7.5 Contribution to Local Community	43
08 ESG PRACTICES IN 2022: GOVERNANCE	
8.1 Corporate Governance	44
8.2 Risk Management	45
8.3 Whistle-Blowing System	46
8.4 Technology Management	46
8.5 Supply Chain Management and Procurement System	47
8.6 Quality Control System	48
09 APPENDIX	
9.1 GRI Content Index	49

SUSTAINABILITY REPORT



01 ABOUT THE REPORT

This Sustainability Report provides an overview of Yangzijiang Shipbuilding (Holdings) Limited's ("**Yangzijiang**", or together with its subsidiaries, the "**Group**") sustainability efforts carried out for the financial year ended 31 December 2022 ("**FY2022**").

Reporting is conducted on an annual basis. This 2022 report covers the period 1 January 2022 through 31 December 2022. Historical data is presented in this report for ease of comparison. Unless otherwise stated, the scope of reporting includes all our subsidiaries in China and our office in Singapore.

Our reporting framework takes guidance from the Global Reporting Initiative ("**GRI**") Standards. The report is prepared in accordance with Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules, including rules 711A and 711B on Sustainability Report and relevant SGX Practice Notes on Sustainability Reporting Guide.

Assurance

We did not seek external assurance for this report. Information included in this report has been subjected to rigorous internal reviews to ensure fair and accurate presentation. The integrity of this report has been approved by the Board of Directors ("**Board**").

Feedback

To help us improve on our sustainability reporting and approach, we encourage feedback from our stakeholders. Please send your questions and suggestions to kamal@financialpr.com.sg

SUSTAINABILITY REPORT

02 2022 SUSTAINABILITY HIGHLIGHTS

Environmental Pillar



Initiation of GHG emission measurement for Scope 1 & Scope 2



Collaboration with GTT for membrane containment system



27% of total outstanding orderbook is eco-friendly vessels, compared to 15% last year

Social Pillar



Steadfast social contributions amidst pandemic: annual voluntary blood donation activity

Governance Pillar



Welcome first female director, Ms Liu Hua, to the Board



Establishment of ESG Committee under the Board



Runner Up Spot for Most Transparent Company Award, Industrial Category, at the SIAS 2022

ESG Plan for 2023:

To formulate Water Efficiency Policy, Energy Efficiency Policy, and Water Recycle Policy

To identify climate change commercial and financial risks based on TCFD framework

To do voluntary ESG disclosure on CDP platform & S&P Global Corporate Sustainability Assessment

To publish Yangzijiang's first GHG emission measurement report

To formulate Yangzijiang's ESG Roadmap (2023 - 2030)

To convene 2023 first ESG Committee Meeting in April

SUSTAINABILITY REPORT

03 CEO MESSAGE



REN LETIAN

(Aged 41, Chinese)

Executive Chairman and Chief Executive Officer,
Chairman of ESG Committee

Dear Stakeholders,

On behalf of the Board, I am pleased to present Yangzijiang's Sustainability Report for the Financial Period Ended 31 December 2022.

The shipping industry contributes about 3% of global greenhouse gas ("GHG") annually, slightly lesser than the 5th largest emitting country in the world. With around 90% of global trade being conducted via maritime transport,¹ the industry is an important facilitator to the global economy. As countries and other sectors set their respective net-zero targets, the industry is also moving in tandem to ensure its alignment with the 1.5 degrees Celsius trajectory in accordance with the Paris Agreement.

On 1 January 2023, the maritime industry took a monumental step in its journey to reduce GHG emissions. The International Maritime Organisation ("IMO") implemented the Energy Efficiency Existing Ship Index ("EEXI"), which aims to improve the technical performance of existing ships and the Carbon Intensity Indicator ("CII") rating, which assesses the operational energy efficiency of ships.² These regulatory changes are part of IMO's efforts to slash the maritime industry's GHG emissions by at least 50% before 2050 compared to 2008's levels.³

A Two-Pronged Sustainability Strategy

As one of the largest non-state-owned shipbuilding companies in China, our actions as well as inactions carry potential material impacts on the environment and society at large. We are cognizant of the influence we wield as an organisation and have not once shied away from this paramount responsibility.

At Yangzijiang, our goal is to limit the negatives and maximise the positives. We approach sustainability from two lenses – how we conduct our business (operation) and what we can provide to our customers (products). The former helps keep our own carbon footprint in check while the latter focuses on green vessel innovation to enable our customers to operate more cleanly.

Internally, we strive to run our business in the most sustainable manner possible. Through our Green Factory Strategy, we have implemented various measures to enhance operational efficiency and optimize resource consumption at our shipyards. Some of the steps we took over the years include reducing our reliance on coal-powered energy by adopting renewables, upgrading our water and electricity management systems, and improving our manufacturing methodologies to reduce wastage.

The second approach, which arguably generates a larger overall impact, is our Green Vessel Strategy. When we speak of a sustainable future, technological advancement has to be in the picture. Technology allows us to produce ships of higher sustainable quality, which comes in the form of better durability, greater fuel efficiency, and even the replacement of hydrocarbon fuels altogether. Currently, three of our subsidiaries hold the High and New-Technology Enterprise ("HNTE") status in recognition of their investments and efforts in research and development ("R&D") initiatives.

We have made massive breakthroughs in 2022 pertaining our capabilities of producing greener vessels. Thanks to our consistent emphasis on R&D and strategic technological partnerships, we have significantly increased our footprint in the energy-efficient and clean energy vessels space. As of 31 December 2022, 27% (in number of vessels) of our outstanding orderbook constitutes eco-friendly vessels compared to 15% in the prior year.

¹ <https://www.weforum.org/agenda/2022/11/how-the-shipping-industry-is-sailing-towards-zero-emissiontargets/#:~:text=The%20shipping%20industry%20contributes%20to,considered%20the%20sixth%20largest%20emitter.>

² [https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CIIFAQ.aspx#:~:text=From%201%20January%202023%20it,\(CII\)%20and%20CII%20rating](https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CIIFAQ.aspx#:~:text=From%201%20January%202023%20it,(CII)%20and%20CII%20rating)

³ https://sustainabledevelopment.un.org/content/documents/26620IMO_ACTION_TO_REDUCE_GHG_EMISSIONS_FROM_INTERNATIONAL_SHIPPING.pdf



SUSTAINABILITY REPORT

Stepping Up the Gear

The Formation of Our ESG Committee

In 2022, we also made good progress in the governance aspect through the formalization of a dedicated ESG committee. The move reiterates our commitment towards embedding an organization-wide sustainability culture. Apart from internal members, we have invited an external domain expert to sit on this committee to help us pinpoint areas for improvement. The committee will fine-tune the existing strategies and provide systematic guidance by referencing the task-force climate-rated financial disclosure (“**TCFD**”) framework. The structure keeps us on track to reaching our internal targets and ensures that we remain effective in contributing to the collective net-zero ambition of the world.

Inaugural GHG emissions data

While we are proud of what we achieved so far, we are not one to rest on our laurels. At the time of writing (early-2023), we have engaged with a third-party consultant to assess, measure, and report on the GHG emissions at our shipyards. Estimated numbers for the year 2022 will also be reported in this Sustainability Report. We also plan to voluntarily disclose the GHG emission data on the Carbon Disclosure Platform (“**CDP**”) for better accountability and transparency. Going forward, we will utilize these baseline figures, as well as take reference from the Science Based Targets initiative (“**SBTi**”) to refine our sustainability targets and strategies.

Journeying with Our Stakeholders

Beyond the tangible actions, our goal is really to inspire a behavioural shift during this transitory season. We want to evolve as an organisation by moving pass a defensive mindset of mere compliance and going on the offence through intentional and proactive actions.

We want to continuously improve our approach to ESG and remain relevant. To do this successfully, we need you, our valued stakeholders, to come along with us on this journey. As a first step to initiating such discourse, we will be launching and distributing digital survey forms to you in the first half of 2023.

We are looking forward to more meaningful conversations with you. Together, we can make meaningful changes and craft a sustainable future for Yangzijiang.

Ren Letian

Executive Chairman and Chief Executive Officer
Yangzijiang Shipbuilding (Holdings) Ltd

SUSTAINABILITY REPORT

04 EMBRACING ESG MEGATRENDS: YZJ'S ESG INITIATIVES IN 2022

4.1 2022 Green Vessel Delivery in A Glance

At Yangzijiang, we are committed to championing the green transition in the maritime industry. Over the past decades, we have established a strong reputation for quality vessels and timely delivery.

In line with the industry, we are currently focusing on taking our production capabilities further to produce hybrid and clean energy vessels. In recent years, we have acquired the technical know-how and skillset to integrate green technology into traditional vessels.

Internally, the Group has mapped out a multi-year growth strategy to advance our technological capabilities and strengthen our foothold in the green space. We believe that this venture into clean vessels can transform Yangzijiang into one of the top-tier shipbuilders in the world.

2022, we have made significant breakthroughs in penetrating the clean energy vessel market, successfully delivering the world's largest LNG tank carrier and our maiden vessel featuring a pure electric double propulsion system, some of the notable deliveries are listed below:

#1 "Tiger LongKou": 690FEU LNG Tank Carrier

This 690FEU Liquefied Natural Gas ("LNG") Tank Carrier is the largest LNG tank carrier in the world, with a capacity to load up to 690 units of 40 feet LNG ISO tanks or approximately 15,000 tons of LNG.

Measured at 192 meters in length, the vessel is outfitted with LNG dual-fuel engines and type C tanks, enabling it to run on LNG.



#2 "DEMERARA": 9,150DWT Oil-Chemical Tanker

The 9,150DWT Oil-Chemical Tanker was built in New Yangzi Yard and successfully delivered to a French customer on 17 October 2022. This vessel measures 120 meters in length with a total capacity of up to 10,500 cubic meters and a deadweight of 9,150 tonnes.

This vessel is integrated with a pure electric double propulsion system. This helps the ship achieve fuel savings and lowers its operational costs. In addition, the pure electric double propulsion system helps reduce noise and heat diffusion, providing a more comfortable, smooth, and quieter operational condition.



SUSTAINABILITY REPORT

#3 "MSC IRINA": 24,000TEU Containership

In October 2022, the two units of 24,000TEU containerships were launched, one of which, was successfully handed over to the customer in March 2023. The vessel delivered is the world's largest containership with an actual capacity of 24,346 TEUs and measuring 399.99 metres in length and 61.3 metres in beam.

MSC IRINA is equipped with a small bulbous bow, large-diameter propellers, and energy-saving ducts. It also incorporates an air lubrication system that reduces drag on the hull and shaft generators that generate additional power. These features help the ship save between 3% to 4% of energy, thereby reducing carbon dioxide emissions.



4.2 Entry into Clean Energy Vessel Construction: Collaboration with GTT

LNG is the most widely used alternative fuel in the world. In 2022, the Group strategically entered into a Technical Assistance and License Agreement with Gaztransport & Technigaz ("**GTT**"), a French technological expert in membrane containment systems, to build LNG vessels using GTT membrane technologies. GTT's membrane tank construction technology is the most widely adopted and sophisticated form of technology in the industry.

With the enhanced shipbuilding capability, Yangzijiang has successfully secured an order for four (4) units of 8,000TEU LNG dual-fuel containerships that will be equipped with the GTT Mark III technology as well as an order for two (2) units of 175,000CBM LNG carriers that will be equipped with GTT Mark III Flex membrane tanks.

On a related note, we have also secured our very first orders for two (2) units of 36,000CBM liquefied ethylene gas ("**LEG**") carriers as well as twelve (12) units of 16,000TEU LNG dual-fuel containerships in 2022.

4.3 Encouraging Diversity: Welcome the First Female Director to the Board

At Yangzijiang, we recognise that diversity is an integral part of maintaining a sustainable business. In 2022, we appointed our first female director, Ms Liu Hua, as a non-executive non-independent director. The landmark appointment signifies our commitment to embracing gender diversity at all levels of our organisation.

Ms Liu Hua has over 15 years of experience with the Group and she was previously the Group's Chief Financial Officer before the spin-off of Yangzijiang Financial Holding. Given her international experience, broad knowledge of corporate finance and forward-looking ideas, we believe that she will provide valuable insights and guidance to the Group.

SUSTAINABILITY REPORT

05 ESG MANAGEMENT SYSTEM

5.1 Formation of the ESG Committee

ESG Committee Structure

The Group established an ESG Committee in October 2022 to drive the creation and implementation of a systematic framework. The ESG Committee serves as a sub-committee of the Board and is required to provide advisory duties for the Board and the management with respect to the ESG targets, latest policies, Group strategies, and strategy implementation progress.

We believe that integrating ESG factors will lead to better long-term growth trajectory. Hence, at the initial stage of ESG Committee establishment, we welcomed a team of C-suites and professionals to the Committee. The ESG Committee is led by the Group's Executive Chairman and CEO Mr Ren Letian and committee members include the Group's Deputy General Manager Mr Zhang Hongfei, the Non-independent and Non-executive Director Ms Liu Hua, and an external ESG advisor Ms Kathy Zhang Chengshuang.

With Mr Ren, Mr Zhang, and Ms Liu's rich experience in the Shipbuilding industry and the Group's operations, together with Kathy's knowledge of ESG trends and policies, we believe that the ESG committee will put forward invaluable advice to drive the Group's ESG commitment.



Chairman of the ESG Committee



REN LETIAN
*Executive Chairman and
Chief Executive Officer*

Mr Ren Letian was appointed as the Chief Executive Officer of the Group on 1 May 2015 and Executive Chairman of the Company on 30 April 2020.

Mr Ren Letian joined the Group as a site project manager in the year 2006. Since then, he has assumed several managerial roles at various levels and business divisions in the Group and gained in-depth knowledge of the operations of the Group.

Under the management of Mr Ren Letian, the Group's Yangzi Xinfu Yard had successfully delivered 6 vessels of 10,000TEU containerships in 2014 despite numerous challenges faced by the Yangzi Xinfu Yard which only turned operational in 2013. In addition, in 2022, the Company clinched its first-ever orders of four (4) 8,000TEU LNG dual-fuel containerships that carry the GTT Mark III technology and equipped with an ammonia-ready fuel tank. He has also received several recognitions from the local government for his outstanding achievements.

He now helms the Group's overall shipbuilding operations, and exhibits increased maturity and capability in overseeing various business functions that are integral to the successful delivery of quality vessels.

Mr Ren Letian is the son of Mr Ren Yuanlin, the Honorary Chairman of the Group, and holds a Master's Degree from London Southbank University.

SUSTAINABILITY REPORT

Members of the ESG Committee



ZHANG HONGFEI
Deputy General Manager

Mr Zhang was appointed as the Deputy General Manager in 2021 and was previously the Assistant General Manager since 2010. He is now the Deputy General Manager of the Group and concurrently serves as the Secretary of the Communist Party Branch in the Group and the Chairman of the Labour Union of the Group. He is responsible for the Party affairs, Labour Union, enterprise management, human resources, and port management of the Group.

Mr Zhang has over 20 years of experience in the shipbuilding industry. From November 2004 and after joining the Group, he served as Director of the Construction Department and Assistant General Manager of Jiangsu New Yangzi Shipbuilding Co., Ltd., and was promoted to Deputy General Manager in January 2016.

Mr. Zhang holds an Engineering Degree from Jiangxi Science and Technology University which he was conferred in 1997.



LIU HUA
*Non-independent and
Non-executive Director*

Ms. Liu was appointed as Non-Independent Non-Executive director of our Company on 4 August 2022. Ms. Liu joined Yangzijiang Shipbuilding (Holdings) Ltd. as finance controller in November 2007 and was redesignated as Chief Financial Officer of the Group in June 2008.

Ms. Liu has extensive experience in finance and corporate financial management. Prior to joining Yangzijiang Shipbuilding, Ms. Liu was the Finance Controller of Global Container Freight Pte Ltd, in charge of overall financial function of its subsidiaries in Singapore, China, Taiwan, Malaysia, Myanmar, Cambodia, Thailand and Vietnam.

Ms. Liu graduated from Oxford Brookes University with a Bachelor's Degree in Applied Accounting in 2003. She has been a member of the Institute of Certified Public Accountants of Singapore since 2004 and was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute in 2007. Ms. Liu was also admitted as a Fellow Member of the Association of Chartered Certified Accountants in 2009.



KATHY ZHANG CHENGSHUANG
*External Advisor, Co-founder of
Financial PR, Adjunct Faculty of
Singapore Management University*

Ms Kathy was appointed as the external advisor of the ESG Committee in 2022. She is currently pursuing a Doctorate degree from Singapore Management University ("**SMU**"). Kathy has passed her first dissertation defence on ESG ratings, one of the most contested subjects in sustainable finance. Kathy is also an adjunct faculty in the Lee Kong Chian School of Business at SMU.

Kathy has over 20 years of experience in corporate management and investor relations. She co-founded Financial PR ("**FPR**") in Singapore in 2001 and was the chairperson and CEO of FPR. From 2016 to 2021, Kathy led FPR's listing on the OTC exchange in Beijing. Today, Financial PR is a part of BlueFocus Communications, the largest marketing communications agency in Asia, ranked Number 11 globally in the Global Top 250 PR Agency Ranking 2022 by PProvoke Media.

Kathy voluntarily stepped down as the chairperson and CEO of FPR in 2021 and published a book titled 《Unlocking the Myths of A-shares – The Modern Guide to Investors Relations in the Chinese Stock Market》 on how Performance Investor Relation ("**PIR**") that aims to help listed companies create sustainable shareholder's value.

Kathy obtained EMBA from Golden Gate University. She also completed the executive training program at the business school of Stanford University.

SUSTAINABILITY REPORT

ESG Committee Responsibilities

The main objective of the ESG Committee is to incorporate a sustainability framework into the Group's business strategies, particularly at the corporate governance level and operation level. The ESG Committee meets at least once per quarter to monitor the ESG strategy implementation progress and to set up the direction and targets for the next quarter. The ESG Committee reports directly to the Board on a quarterly basis regarding the periodical progress and future plans.

The main focus of the ESG Committee includes:

- Set ESG-related targets based on globally recognised frameworks
- Monitor the implementation of the ESG strategies and provide suggestions on the actions needed to achieve the objectives
- Monitor the ESG trends, such as the latest ESG policies and ESG rating standards, and report to the Board of Directors in a timely manner
- Oversee and support stakeholder engagement plans on ESG matters
- Ensure the accuracy and adequacy of ESG-related disclosures
- Review and reassess the Group's ESG initiatives on an annual basis and recommend necessary changes to the Board for approval

ESG Committee Execution Process

Identify ESG Issues: The ESG Committee identifies the ESG issues by reviewing the emission data, social activities, and corporate governance structure.

Seek Consultation: The ESG Committee collates the identified issues and seeks advice from external ESG experts

Formulate and Revise ESG Strategies: Taking external advice into consideration, the ESG Committee discusses internally and formulates or reviews ESG strategies that fit the Group's business strategy

Monitor Implementation: The ESG Implementation Team is responsible for executing the strategies across the Group's subsidiaries and collecting feedback and results from both internal and external stakeholders. The team will report directly to the ESG Committee to review the progress.

5.2 ESG Commitment

Evolving ESG initiatives to integrate environment, social, and governance into our daily operations to reflect our longstanding commitment to our stakeholders. Our view on sustainability is not restricted to only the practices at the Group level but also extends toward ESG awareness enhancement among our employees. In this regard, our ESG commitments are structured around five pillars that are relevant to our business:

DECARBONISATION



To contribute to the world's climate ambitions

- o **China:** To achieve peak carbon emission by 2030 and carbon neutrality by 2060
- o **IMO:** To reduce carbon emissions by 50% in 2050 compared to 2008 levels
- o **SBTi:** To achieve net-zero by 2050 (SBTi is the world 1st framework to help corporates to set net-zero targets)
- o **The Paris Agreement:** To limit the global average temperature increase to 1.5°C above pre-industrial levels

INDIGENOUS PARTNERSHIPS



To build good relationships with stakeholders based on trust and mutual benefits

SAFETY AND FUTURE-READY WORKFORCE



To enhance workplace safety, optimise training programs, and strengthen employees' capabilities

EMPOWERING LOCAL COMMUNITY



To support and care for the local community for common prosperity

EQUALITY AND DISCIPLINE



To provide equal opportunities for each employee

- o Having appointed the first women director, Ms Liu Hua, to the Board to enhance diversification



SUSTAINABILITY REPORT

5.3 Material ESG Topics

Having been through a materiality assessment process, the Group identified the key operational risks that are relevant and assessed the impacts and interest levels of these risks on both internal and external stakeholders.

To begin with, the Group linked its operational activities to the following five categories to filter the materiality issues related to sustainability:

- Peer comparison in terms of ESG practices
- Addressing and pre-empting ESG challenges in the maritime industry
- Understanding the latest regulatory revisions and updates
- Assessing the impact of the macroeconomic environment on the supply chain
- Refreshing suppliers' Code of Conduct to align with stakeholders' needs

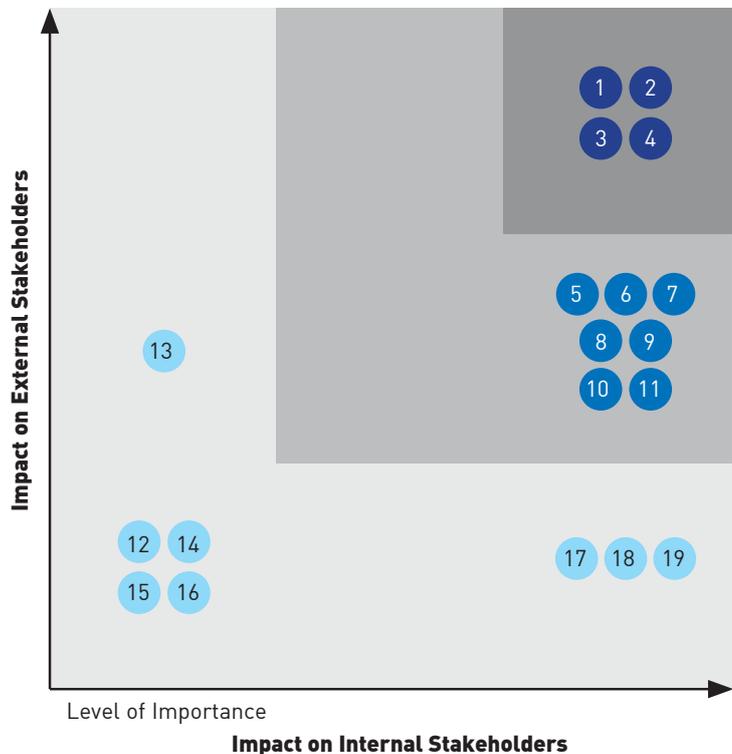
Next, with the list of materiality issues, the Group analysed the degree of interest or the level of the impact of these topics on each stakeholder group and ranked the topics accordingly.

After the review by the ESG Committee, the selected materiality topics with reference to GRI standards were submitted to the Board for approval.

Lastly, the approved material topics and assessment results were summarised and presented in the Group's Sustainability Report. The Group will review and reassess these material topics on an annual basis to ensure all relevant topics are covered.

List of Material ESG Topics

1. Stable profits
2. Contribution to the local economy
3. Compliance with environmental laws
4. Greenhouse gas and other emissions
5. Community investment and development
6. Dividends
7. Anti-corruption
8. Risk management
9. Workplace health and safety
10. Management of effluents
11. Energy consumption
12. Supplier assessment
13. Customer privacy
14. Equality opportunity
15. Forced/child labour
16. Freedom of association & collective bargaining
17. Employee training
18. Staff welfare
19. Efficient use of steel



SUSTAINABILITY REPORT

5.4 Stakeholder Engagement

Yangzijiang improves its ESG strategies and reflects on its ESG initiatives through regular and transparent communication with a number of stakeholders, such as customers, media, employees, suppliers, local government, local community, and investment community.

To upgrade the stakeholder engagement plan to a routine-based activity, the ESG team is working on a comprehensive stakeholder engagement model which is expected to allow the Group to understand and respond to legitimate stakeholder concerns. This Group will also take the consideration of the characteristics of each stakeholder group and arrange the engagement activities accordingly.



Stakeholder Group	Areas of concerns	Proposed Engagement Activities
Shareholders and Investors 	<ul style="list-style-type: none"> Financial and operational performance Accretion of shareholders' value Disclosure transparency Risk management 	<ul style="list-style-type: none"> Annual General Meeting Half-yearly financial results announcement and routine business updates announcement Regular investor briefings and corporate roadshows Constant efforts in investor relations
Customers 	<ul style="list-style-type: none"> Quality control and timely delivery Product and technology innovation Capabilities in building higher value-added vessels, such as alternative fuelled vessels and dual-fuelled vessels Product performance enhancement, such as efficiency, cost-saving, safety Customer satisfaction 	<ul style="list-style-type: none"> Frequent customer engagement during the vessel construction process Vessel naming and delivery ceremonies Recreational sports events involving customers' on-site representatives Feedback collection from customers upon vessel delivery

SUSTAINABILITY REPORT

Stakeholder Group	Areas of concerns	Proposed Engagement Activities
Suppliers 	<ul style="list-style-type: none"> Quality of raw materials and equipment Quality of after-sales service and warranties Regulatory compliance Fair trade Long-term collaboration 	<ul style="list-style-type: none"> Regular visits to suppliers Regular review sessions Supplier conference Technical training for the workers in the shipyards
Local Government 	<ul style="list-style-type: none"> Technology innovation Economic contributions Safety and labour issues Fair competition Contributions to the regional supply chain Law and regulation compliance 	<ul style="list-style-type: none"> Regular dialogue with government agencies and regulators Yard inspection visits by government representatives Training conducted by governance agencies for workers at the shipyards Management sharing sessions in the government-led events
Local Community 	<ul style="list-style-type: none"> Care and contributions to the local community Social volunteer activities Support for local employment 	<ul style="list-style-type: none"> Philanthropic donations Community service Construction of senior university and local hospital Volunteer activities, such as blood donations
Media 	<ul style="list-style-type: none"> Financial and operational performance Key business breakthroughs Crisis management Updates on business strategies 	<ul style="list-style-type: none"> Press Release C-suite interviews Social media, such as corporate website, WeChat official account, and LinkedIn Corporate networking session
Employees 	<ul style="list-style-type: none"> Workplace safety Fair performance evaluation Fair compensation and employee benefits Teambuilding Corporate culture Training and personal growth Fair opportunities and promotion 	<ul style="list-style-type: none"> Labour Union Regular training programs Performance-based compensation Regular teambuilding activities Annual performance evaluation

SUSTAINABILITY REPORT

06 ESG PRACTICES IN 2022: ENVIRONMENTAL

6.1 IMO Environmental Regulations Roadmap

Following the introduction of the global sulfur limits in 2020, the IMO launched a new set of regulations named IMO2023 to further manage carbon emissions for the international shipping industry.

The IMO2023 regulation has been effective since 1 January 2023. It introduces mandatory reductions in carbon emission for both new-built ships and existing ships by implementing new energy efficiency indicators to determine these reduction levels.

The ship owners and operators are required to calculate and prepare EEXI and CII data to acquire the proper certificates which allow them to continue their shipping business.

Energy Efficiency Design Index (EEDI)

GHG Reduction Plan for Newbuild Ships Compared to 2008 Level

Phase I	2015	All vessel types to achieve 0% GHG reduction
Phase II	2020	All vessel types to achieve 20% GHG reduction
Phase III	01 Apr 2022	<ul style="list-style-type: none"> LNG vessels to achieve 30% GHG reduction Containerships to achieve 45% - 50% GHG reduction
	2025	Tankers and bulk carriers to achieve 30% GHG reduction
Phase IV	2030	All vessel types to achieve 40% GHG reduction
Phase V	2050	All vessel types to achieve 70% GHG reduction

Energy Efficiency Existing ship Index (EEXI)

GHG Reduction Factor for Existing Ships as of January 2023

Containerships 20%-50%	Bulk Carrier 15% • 20%	Practical Method <ul style="list-style-type: none"> Emission Reduction: Energy saving equipment, Power limitation, Engine Conversion Replacement: Newbuild vessels
Tanker 15% - 20%	Gas Carrier 20% • 50%	

6.2 Yangzijiang's Response to Environmental Protection: Two-carbon Strategy

The global maritime industry continues to raise the demand for greener products and technologies to help them fulfil the GHG emission reduction requirements. Yangzijiang is committed to riding on this green transformation trend and capturing any possible opportunities to grow its business whilst moving towards carbon neutrality. Hence, the Group put forward and implemented two strategies – Green Vessel Strategy and Green Factory Strategy – in 2022 and both of them made material progress during the period.



SUSTAINABILITY REPORT

Green Vessel Strategy

Green technology plays a vital role in achieving GHG emission reduction for new-built vessels. The Group has been focusing on R&D within the green energy sector for a long time to improve operational efficiency and make sure these new-built vessels are aligned with the IMO decarbonisation targets.

The Group has made significant improvements to its vessels, such as the adoption of a pure electricity generation engine with a dual propulsion system in a 9,150DWT Oil-chemical tanker, the acquisition of GTT membrane tank construction technology to build LNG dual-fuel containerships, and the upgraded technology to meet EEDI phase 3 requirements and achieve 3% to 4% GHG emission reduction compared to conventional designs.

The Group has also been optimising the technology used in paints which play the function of anti-corrosion agents in shipbuilding, aiming to mitigate the harmful impacts on workers' and crews' health. The Group has maintained a solid partnership with Jotun Coatings, the marine antifouling coating arm of a leading chemical company based in Norway. The long-time partnership between the two parties in R&D allowed the Group to make meaningful contributions to the shipbuilding industry, including:

- Significantly shorten the coating work period thereby minimising worker's exposure to volatile organic compound ("VOC") emission
- Significantly decrease the VOC emission level in paints used at Yangzijiang
- Reduce the use of raw materials
- Reduce the Group's pollutant emission
- Reduce the cost of handling hazardous waste
- Mitigate the harmful impacts on the environment nearby

In addition to the green technology development, the Group is working to contribute to the greener maritime supply chain by converting its existing chemical terminal to an LNG terminal with LNG storage and distribution infrastructure. The new initiative is expected to promote the utilisation of LNG in the domestic market to replace traditional pollutive energy such as coal and oil, thereby achieving carbon emission reduction.

Green Factory Strategy

The Group is qualified for the following certifications to ensure smooth operations of its shipbuilding activities.

- Quality Management (ISO9001) certification by the China Classification Society
- Environmental Management (ISO 14001)
- Occupational Health and Safety Management (ISO 45001)
- Energy Management System (ISO 50001)
- Certification in Software Quality Analyst (CSQA)
- Our vessels are classified by the China Classification Society ("CCS"), American Bureau of Shipping ("ABS"), Bureau Veritas ("BV"), Nippon Kaiji Kyokai ("NK"), Germanischer Lloyd ("GL"), Lloyd's Register ("LR"), Det Norske Veritas ("DNV")

Additionally, the Group has made material progress in its efforts to improve shipyard efficiency. The Group's five major operating systems installed at our shipyards have been approved and certified by CCS following a thorough inspection. These systems include quality control, energy consumption, environmental impact, safety production, and integrated management system.

Furthermore, the Group has accelerated its digitalisation process to build smart shipyards. The Group has adopted an end-to-end operational process covering ship design, project planning, material procurement, production, quality check, cost, and capital control to streamline its production activities. Meanwhile, the Group has also introduced various methodologies to improve overall production efficiency. These efforts include:

- **Design Efficiency:** The Group adopts digital design and management systems, such as modern 3D design software Additive Manufacturing ("AM") and files management software Product Data Management ("PDM") to upgrade functions of the software

SUSTAINABILITY REPORT

- **Production Efficiency:** The Group increased the use of automation equipment for production, including adding more automatic welding machines, electrical nacelles, and vertical lifting devices to improve vessel quality and efficiency
- **Workmanship Routing Optimisation:** The Group continues to optimise workmanship routing by shortening the period of the docking stage and improving the construction completeness ratio before launching
- **Standardisation:** The Group strives to promote standardisation for both ship design and production processes. Such standards will be updated and internally circulated on an annual basis

6.3 GHG Emission Measurement

The Group is proactively making efforts to achieve global climate ambitions. As an important component of the international maritime supply chain, the Group realises the necessity to measure its GHG emissions across all subsidiaries and formally announces the results to contribute to the entire value chain emission measurement.

[To disclose accurate GHG emission data](#)

Our team at the shipyards is working to gather relevant raw carbon emission data and categorise it according to the definitions of Scope 1, Scope 2, and Scope 3 emissions. Concurrently, our team is liaising with the local government agencies and utility suppliers to acquire the corresponding emission factors for calculating GHG emissions.

Once the data is ready and approved by the Board, the Group will incorporate it into a formal report with comments on the results, thereafter distributing it to our stakeholders. Furthermore, the Group will also consider getting the data audited by a third-party agency to ensure its accuracy and fairness.

[To report the ESG matrix on various ESG disclosure platforms](#)

The Group has been invited by many ESG disclosure platforms to participate in their annual disclosure schemes. The invited companies are required to fill out the questionnaires related to environment, social, and governance and provide supporting documents for the platform's verification and assessment. After that, the invited companies receive scores or ratings reflecting how adequately they disclose ESG-related information and how effectively they tackle ESG-related risks.

As we aspire to be one of the leading players in ESG advancement, we hope that our ESG efforts can be recognized by all of our stakeholders and evaluated by top-tier ESG rating agencies. As such, those international ESG disclosure platforms are expected to be one of the mediums through which our ESG data and strategies are delivered to the global investment community.

Considering the qualification and reach of these disclosure platforms, the Group decides to initiate its first disclosure projects on the following platforms:

- **The Carbon Disclosure Project ("CDP") platform:** a leading international non-profit organisation that runs the global environmental disclosure system with focus on climate and water risks.
- **S&P Global Corporate Sustainability Assessment ("CSA"):** an annual evaluation of companies' sustainability practices, focusing on criteria that are both industry-specific and financially material.
- **SGX Genome:** a Singapore Stock Exchanged introduced disclosure platform designed to support companies in their Environmental, Social, and Governance disclosure process.

[To set emission reduction targets and a roadmap](#)

Following the completion of GHG emission measurements and ESG reporting, the Group will plan to establish goals for GHG emission reduction and propose an executable ESG roadmap as long-term guidance. The Group will also provide updates on ESG initiatives and strategy implementation status for its stakeholders on a regular basis or when there is material progress.

[GHG Emissions \(Unit: tonne of carbon dioxide equivalent\)⁴](#)

Category	2022
Scope 1	22,585
Scope 2	156,866
Total	179,451

⁴ The Group is working towards finalising the GHG emission data collection for year 2021 and 2020. The results will be released when there is material progress.

SUSTAINABILITY REPORT

2022 GHG Emission Intensity

Category – 2022	Corporate Statistics	Results
GHG emission per capita (Tonne of carbon dioxide equivalent per capita)	Number of employees: 7,820	22.9
Carbon Intensity (Tonne of carbon dioxide equivalent per US\$' million sales)	Total revenue in RMB' million: 20,700	8.7

6.4 Water Management System and Energy Consumption Overview

Water security and pollution management have been consistent environmental risks to be solved in order to achieve water conservation. As a leading enterprise in China, the Group has established a water management system based on the Group's fundamentals to implement water conservation measures with greater efficiency and effectiveness. Typical measures include:

- Implementing metering for water usage and reinforcing compliance with regulations set out by the municipal water conservation authorities
- Using high-quality water-saving equipment for appliances
- Installing water-saving valves in tanks for sanitation equipment
- Closely managing the direct water drainage in the production process
- Conducting quarterly inspections in adherence to regulations and guidelines
- Taking punitive action against those who fail to follow regulations on water conservation and proper water waste disposal
- Providing incentives and awards for those who showcase outstanding conservation efforts

Summary of Water Consumption in 2022

Water withdrawal	2020	2021	2022
Produced water (tons)	2,082,918	2,308,512	2,326,562
Municipal water (tons)	147,462	124,780	115,520
Total water consumption	2,230,380	2,433,292	2,442,082

Summary of Energy Consumption and Material Use

Energy consumption	2020	2021	2022
Natural gas (Gigajoules)	5,515.8	5,041.8	7,189.9
Solar Power (Gigawatt-hour)	10.5	9.3	12.2
Electricity (Gigawatt-hour)	118.1	127.8	153.5
Total energy consumption (Gigajoules)	5,644.5	5,178.9	7,355.6



SUSTAINABILITY REPORT

07 ESG PRACTICES IN 2022: SOCIAL

7.1 Economic Contribution

Yangzijiang is committed to long-term sustainable growth. In 2022, the Group delivered a strong set of results on the back of active shipbuilding and shipping business activities. The Group's net profit from continuing operations was recorded at RMB2.6 billion, up 31% year-on-year.

In 2022, the Group clinched new order-wins of US\$4.43 billion for 50 vessels, doubling its initial order-win targets of US\$2.00 billion. These new order-wins brought the Group's total outstanding orderbook to a record high level of US\$10.51 billion for 140 vessels as of 31 December 2022. In addition, the Group built a record 71 units of vessels, of which 67 units were delivered to customers and 4 units were added to its fleet.

Providing robust performance, the Group is recommending a final dividend of 5 Singapore cents per ordinary share to reward its shareholders' long-term support.

For a detailed breakdown of the Group's FY2022 financial results, please refer to the consolidated financial statements in the annual report.

Summary of Economic Contribution to Society

RMB' million	2021	2022
Economic Value Generated		
Revenue (from continuing operations)	15,137.2	20,705.1
Economic Value Distributed		
Operating cost (from continuing operations)	13,936.5	17,996.6
Employee wages and benefits	274.4	310.7
Of which: employer's contribution to defined contribution plans	65.8	70.4
Payments to Providers of Capital		
Dividend paid	836.9	970.0
Interest on bank borrowings	108.7	106.8
Payments to Government		
China and Singapore (Tax)	698.4	723.5
Financial Assistance		
Effect of Preferential Tax Rate	273.1	300.7

Active and Timely Tax Contribution

In 2022, The Group featured in the top 10 largest non-state-owned manufacturing enterprises in Jiangsu, one of the most developed and densely populated provinces in China.

The Group paid income taxes of RMB0.71 billion to the Wuxi municipal government in 2022, allowing the Group to be ranked 22nd on the top 100 corporate tax contributors' list in Wuxi.

Economic Contributions to Society

The Group continues to support local employment conditions and provide funding for some of the employees. In 2022, the Group employed a total of 1,798 new employees. Among these new employees, college students received an internship allowance and a living allowance from the Ministry of Human Resources and Social Security.

The Group also offered its employees monthly bonuses based on attendance and personal evaluation schemes to reward their dedication.

Tax Benefits from High-and-New Technology Enterprise Status

In 2022, our New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC were successfully granted the High-and-New Technology Enterprise Status by the Ministry of Science and Technology. As such, these three shipyards will be enjoying a preferential corporate tax rate of 15% for the next three years compared to the standard corporate tax rate of 25%.

SUSTAINABILITY REPORT

7.2 Health and Safety Management

At Yangzijiang, our employees are our greatest asset. As such, their safety and well-being are a key priority given the high-risk nature of the industry. We continuously seek to enhance the safety processes of our Group. Currently, we have in place a Workplace Safety Committee, which is tasked to uphold strict standards and policies concerning workplace safety. The committee conducts monthly assessments at the shipyards to ensure that the necessary Standard Operating Procedures are adhered to at all times. Furthermore, the members are also responsible for identifying potential safety hazards and rectifying them accordingly.

At our major shipyards, we have set up clinics and pharmacies to ensure that our workers get access to immediate medical needs in the event of any emergency. Apart from that, we provide our employees with sufficient healthcare insurance coverage.

Our long-standing goal is to have zero serious safety incidents at the workplace. In FY2022, there were 5 fatalities and 3 serious incidents at our shipyards.

In FY2022, Covid-19 outbreaks remained prevalent in the country. In order to minimize operational disruptions and protect our employees, we have established the necessary measures in our fight against the virus:

- Provision of testing kits and masks for all employees
- Staggered work arrangements for different teams and contact tracing
- Maintaining high hygiene awareness at the workplace
- Social distancing

7.3 Diversity, Equality, and Care

We value diversity and equality in terms of gender and age at our workplace. Such an environment has the potential to significantly improve the organization through the exchange of distinctive views. The shipbuilding business has always been a male-dominated industry. Despite that, we have seen an increased number of female workers at Yangzijiang over the years. We will continue to work towards closing the gap through various initiatives.



SUSTAINABILITY REPORT

Gender Diversity	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Board of Directors	6	0	4	0	3	1
Senior Management	8	1	10	1	10	0
First-level Management	1,179	195	1,299	223	1,408	235
Professionals	1,316	127	1,486	152	1,553	186
All other employees	2,546	1,126	2,766	1,157	3,159	1,264
Total number of employees	5,055	1,449	5,565	1,533	6,134	1,686

Age Diversity	2020			2021			2022		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
Board of Directors	0	2	4	0	1	3	0	3	1
Senior Management	0	7	2	0	6	5	0	6	4
First-level Management	196	963	215	394	1,011	219	399	1,017	227
Professionals	431	914	98	479	962	101	559	1,069	111
All other employees	1,323	1,920	429	1,469	2,016	432	1,594	2,352	477
Total number of employees	1,950	3,806	748	2,342	3,996	760	2,552	4,445	823

7.4 Talent Acquisition and Training

We place a high emphasis on human capital development. The Group believes that, in order to attract and retain the best talents, we need to prioritize professional growth and development among our workforce. We provide training and opportunities for career advancement, and provide constructive feedback whenever necessary.

New Hires and Turnover	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
New Employee Hires	483	75	835	303	1,499	353
Resignations	319	36	549	153	817	183
Total Turnover	802	111	1,384	456	2,316	536

New Hires and Turnover	2020			2021			2022		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
New Employee Hires	163	389	6	423	679	36	752	1,059	41
Resignations	146	191	18	257	419	26	389	563	48
Total Turnover	309	580	24	680	1,098	62	1,141	1,622	89



SUSTAINABILITY REPORT

Training Hours by Employee Category	2020				2021				2022			
	Total Training Hours	Head Count	Average Training Hours	Average Training Days	Under 30 years old	30-50 years old	Over 50 years old	Average Training Days	Under 30 years old	30-50 years old	Over 50 years old	Average Training Days
Board of Directors	1,200	6	200	25	800	4	200	25	800	4	200	25
Senior Management	1,800	9	200	25	2,200	11	200	25	2,200	11	200	25
First-level Management	68,700	1,374	50	6	81,200	1,624	50	6	82,150	1,643	50	6
Professionals	43,290	1,443	30	4	46,260	1,542	30	4	52,170	1,739	30	4
All other employees	91,800	3,672	25	3	97,925	3,917	25	3	110,575	4,423	25	3
Total number of employees	206,790	6,504	505	63	228,385	7,098	505	63	247,895	7,820	32	4

Training Hours by Gender	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Total No. of Training Hours	161,664	46,368	178,080	49,056	196,288	53,952
Total No. of Employees	5,052	1,449	5,565	1,533	6,134	1,686
Average Training Hours	32	32	32	32	32	32

7.5 Contribution to Local Community

As part of our commitment to China's Common Prosperity Policy, Yangzijiang seeks to boost the growth of the local communities and improve public well-being through constant support and development.

Do Good to The Society: Blood Donation Activity in 2022

With the slogan of "Humanity, Fraternity, and Dedication", our Labour Union organised an annual voluntary blood donation activity in November 2022. We encourage our workers to actively participate in this activity to contribute to alleviate the urgent need for blood supply amid post-pandemic recovery.

Approximately 100 workers from New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC participated, of which 71 workers successfully donated blood with a total blood donation volume of 23,900 ml.



SUSTAINABILITY REPORT

08 ESG PRACTICES IN 2022: GOVERNANCE

8.1 Corporate Governance

The Group promises to build a sustainable and effective corporate governance structure to improve the ultimate value of our stakeholders. The Group has formed a strong leadership anchored by its Board of Directors, who have rich experience and expertise across the Group's business segments. With the Board's management and guidance, the Group is able to incorporate sustainability into its business operations, capture growth opportunities, and stay above industry standards.

The Group executes Board structure reviews and Board re-elections on an annual basis to ensure that the Board has an appropriate balance of independent Directors. The Nominating Committee ("**NC**") makes recommendations to the Board for the re-elections and appointments of Directors and to determine the independence of the Directors. The NC is also responsible for ensuring board rejuvenation by re-evaluating the Board structure on a regular basis and appointing new Board members.

Non-Executive and Independent Directors make up the majority of the Board. Our Independent Directors also chair the Group's Audit and Risk Committee ("**ARC**"), NC, and Remuneration Committee to ensure a balance of authority within the Group.

Board of Directors

Name of Directors	Board Membership	Appointment Date
Ren Letian	Executive Chairman and Chief Executive Officer	30-Apr-2020
Chen Timothy Teck Leng	Non-Executive Lead Independent Director	26-Apr-2013
Yee Kee Shian, Leon	Non-Executive Independent Director	01-May-2022
Liu Hua	Non-Executive Non-Independent Director	04-Aug-2022
Poh Boon Hu Raymond	Non-Executive Independent Director	02-Feb-2023

Committees under the Board

Position\Committee	Audit and Risk Committee	Remuneration Committee	Nominating Committee	ESG Committee
Chairman	Chen Timothy Teck Leng	Yee Kee Shian, Leon	Yee Kee Shian, Leon	Ren Letian
Member	Yee Kee Shian, Leon	Chen Timothy Teck Leng	Chen Timothy Teck Leng	Zhang Hongfei
	Liu Hua	Liu Hua	Liu Hua	Liu Hua
	Poh Boon Hu Raymond	Poh Boon Hu Raymond	Poh Boon Hu Raymond	Kathy Zhang Chengshuang

Audit Independence

To ensure the compliance of the Group's financial reporting with accounting standards, the Group appointed an external auditor, PricewaterhouseCoopers Singapore ("**PwC**"), to provide objective independent examination and to verify that the financial statements are truly and fairly prepared.

Both PwC and its team of auditors are free from any obligation to or interest in the Group, the Board of Directors, and the management team.



SUSTAINABILITY REPORT

8.2 Risk Management

Despite the COVID-19 pandemic continuing to create challenges for the Group's production activities in 2022, the Group responded in a resilient manner to ensure continuity in the shipyards' operations and timely vessel delivery.

Concerning the irregular lockdowns due to the spread of COVID-19 viruses as well as the impact on employee productivity, the Group provided accommodative arrangements for its worker to live temporarily in hostels or shipyards. In addition, the Group collaborated with the local government and communities to provide support for our employees during their quarantine. For employees serving quarantine or having tested positive, the Group monitored their health condition regularly and offered regular antigen rapid tests ("ART") to check their recovery status.

From an operational view, the Group has a well-diversified customer base, with sales contributions from Greater China, Japan, Canada, Bulgaria, and other European countries. The majority of our customers are top-tier shipping liners with a strong financial position in the world, greatly reducing the Group's risk exposure to potential cancellations even during the industry downturn. Despite that, the Group has also identified potential operational risks as well as put forward corresponding solutions to ensure business agility:

1. Cancellation of contract by customers

- Shipbuilding contract terms and conditions are prudently negotiated to prevent customers from cancelling contracts unjustifiably
- Proactively engage shipowners to understand the charter demand outlook and to pre-empt customer needs and work out innovative solutions, which helps lower the risk of contract termination due to the lack of technical capabilities
- Be Flexible to renegotiate on delivery schedule or change of vessel type within the yard's capacity when the market condition is extremely challenging
- Ultimately, if the customer still fails to fulfil their financial commitment to the contract, the Group will declare the termination of this contract and the downpayment received will be forfeited

2. Customers' inability to obtain bank financing or guarantee for the contract

- Assist customers where needed and feasible

3. Delay in the construction schedule

- Technology-powered, seamless workflow to ensure that the production is on schedule
- Enhance the integrity of the product in each module/section through all-year-round, systematic training to remove the need to rework
- Proactive communication with customers in uncontrollable situations.

4. Disruption in the supply of raw materials and equipment

- Using an established supplier qualifying system to manage a pool of qualified suppliers and reserve backup plans
- Regular review and feedback to suppliers on their product and service
- Regular review of the supplier system to ensure the best cost for value and quality

5. Cost overruns

- Strict accountability to the head of the production unit on time control and cost control
- Encourage all employees to contribute cost-saving ideas in every aspect of the production, provided that quality standard is not compromised. Cooperating on cost-saving ideas leads to a win-win situation for both the Group and the customer

6. Dispute on specification

- Determine all the specifications to the finest detail in the negotiation stage to prevent such dispute

SUSTAINABILITY REPORT

- Close communication with the customer during the construction process, seeking a feasible solution to problems encountered
- All communication and meeting records are well documented

As for the financial risks, particularly the foreign exchange rate risks, the Group also employs financial instruments to minimise the risk exposure. Specifically, the Group has hedged over 40% of its currency exposure to USD using forward contracts to mitigate risks as the majority of its contract wins are denominated in USD. Additionally, the Group has paid back all its USD-denominated debts in 2022 to mitigate the risks of surging interest rates.

8.3 Whistle-Blowing System

The Group's whistleblowing policy is designed to provide a direct channel for whistle-blowers to report to the ARC. The policy is used to identify any wrongdoing or improprieties within the Group and are not intended to be used for taking up personal grievances or harassment. Any employee or company representative who violates the policy may be subject to investigation, internal disciplinary action, or even termination of their employment contracts.

The Group encourages its employees or external parties to report any situation that involves any wrongdoing or improprieties, including bribery or corruption, health and safety, fraud, irregularity or non-compliance with any applicable law or regulation, confidentiality, conflict of interest, IT security, and misconduct or inappropriate behaviour.

All whistle-blowers are encouraged to provide their name and contact details along with reliable information to the internal audit department at internal_audit@yzjship.com and the Group is promised to keep any identification information confidential. Any obstructive action, harassment, or victimisation to any whistle-blower is not allowed.

Upon the receipt of any report, the Group's internal audit department will take serious action. The key reporting procedures include:

- The internal audit department to initiate initial investigations.
- The internal audit department to report to the ARC on a quarterly basis. For the critical reports, an initial update to the ARC prior to quarterly report is required
- The ARC to review each report independently and provide instructions for the further actions
- Employees who are interviewed or asked to provide information are required to fully cooperate with the investigation

The Group complies with the Singapore Code of Corporate Governance which was issued in August 2018. The Whistle-Blowing policy will be reviewed by the ARC and the Board on an annual basis. This policy will be provided to all employees during onboarding and made available on an ongoing basis.

8.4 Technology Management

Technology innovation is one of the decisive factors to measure shipbuilders' production capabilities. The Group prioritises technological development to stay ahead of the industry trends, which enables the Group to bid for more sophisticated and higher value-added ship orders.

Yangzijiang's technology management system comprises two major pillars, the acquisition of high-tech talents and constant R&D efforts.

Acquisition of High-tech Talents

Technology innovation is at the centre of the Group's business strategies. Our technological breakthroughs in shipbuilding would not have been possible without the dedicated contributions by high-tech talents.

In 2022, the Group continued its talent acquisition strategy and hired over 84 high-tech talents from Jiangsu Science and Technology University, Nantong Polytechnic Institute, Jiangsu Maritime Vocational and Technical College, Jiangsu Shipping Vocational and Technical College, and Bohai Shipbuilding Vocational College. 65 of these newly hired talents was allocated to our New Yangzi Yard, 13 to Yangzi Xinfu Yard, and 6 to YAMIC. We warmly welcome these high-tech talents to join our Yangzijiang family. Their strong capabilities in technical abilities, construction inspection, and corporate management will be a great complement to the Group's value creation process, enabling the Group to move towards the industrial leader position.

Constant Research & Development Efforts

As the driver to fuel the Group's long-term growth, research and development efforts remain a core investment at Yangzijiang. Given the increasing demand for greener vessels, the Group increased its R&D expense to RMB675.96 million in 2022, up 31.04% compared to 2021.



SUSTAINABILITY REPORT

R&D Expense (RMB' million)	2020	2021	2022
New Yangzi Yard	177.1	264.6	349.8
Yangzi Xinfu Yard	149.7	168.4	226.0
YAMIC	-	82.8	97.2
OldYard	-	-	3.0
Total	326.8	515.8	676.0

At Yangzijiang, the scope of technical skills training programs is not just limited to regular training classes. We encourage our workers to participate in a variety of technical skills competitions, including both groupwide competitions and provincial-level competitions, to gain a sense of achievement and increase enthusiasm for learning.

In 2022, our workers participated in the 6th Jiangsu Provincial Skill Contest under Electrician, Welder, and Computer Aided Design categories, as well as Jiangsu Port Forklift Driver Vocational Skill Contest and Jiangyin Municipal Workers Vocational Skill Contest under Forklift, Electrician, and Welder categories. Some of these participants won honours.

Internally, the Group continued its tradition of organising its annual technical skills competition, including wiring skills competition for ship electricians, scaffolding skills competition, welder skills competition, gunner painting skills competition, etc.

In addition, 20% of the Group's internal trainers participated in the intermediate internal trainer promotion competition. The Group established an internal trainer evaluation committee, which is responsible for conducting preliminary evaluation, providing feedback on the submitted projects, and attending the offline evaluation process.

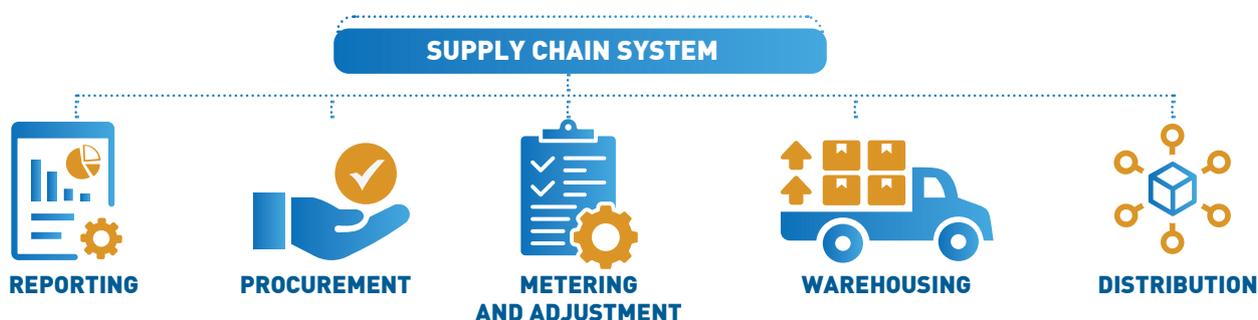
The Group received positive feedback regarding these competitions from our participants. Going forward, we will encourage more workers to take part in both internal and external contests which are expected to provide them with great opportunities to communicate and compete with other well-trained participants and give our workers more motivation to improve themselves.

We firmly believe that our workers are the key assets of our core shipbuilding business. Each improvement they make will lay important building blocks for our future.

8.5 Supply Chain Management and Procurement System

Supply chain management is a key part of our shipbuilding projects as it handles the entire supply of raw materials and equipment that needed to ensure smooth production activities.

The Group's supply chain system includes raw material and equipment quota reporting and procurement, raw material and equipment acceptance and checking, metering and adjustment, warehousing, and internal distribution.



The Group also adopted a digital system to track the inventory inflow and outflow, which helps improve the overall internal supply chain efficiency and accuracy.



SUSTAINABILITY REPORT

8.6 Quality Control System

Over the years, Yangzijiang has built a good reputation in terms of quality vessels and timely delivery. These two positive tags demonstrate the power of our internal quality control system.

Yangzijiang adopts a three-dimensional quality control network which allows the Group to implement excellent quality control at the company, regional, departmental, and team levels.

- **Comprehensive training system for workers:** the Group provides regular training programs for all workers to solidify and upgrade their capabilities. These training programs cover: 1) assessments of the use of the existing technologies to ensure proper application; 2) training on the use of new technologies; 3) an education session on workplace safety and emergency response; 4) a sharing session of the latest shipbuilding trends as well as customers' expectations and feedback.
- **Standardised quality check process at the department level:** the relevant departments are required to perform a quality check following the production progress.
- **Quality management committee:** the committee is responsible for formulating and upgrading a coherent quality management framework involving internal examinations, optimisation, and production integration.



SUSTAINABILITY REPORT

09 APPENDIX

9.1 GRI Content Index

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 2: General Disclosures 2021	The organisation and its reporting practices	2-1	Organisational details	Please refer to the Group's Annual Report 2022
		2-2	Entities included in the organisation's sustainability reporting	24
		2-3	Reporting period, frequency, and contact point	24
	Activities and workers	2-6	Activities, value chain, and other business relationships	24
		2-7	Employees	41, 42, 46
	Governance	2-9	Governance Structure	44
		2-10	Nomination	44
		2-11	Chair of the highest governance body	44
		2-12	Roles of the highest governance body	Please refer to the Group's Annual Report 2022
		2-14	Role of the highest governance body in sustainability reporting	30
		2-16	Communication of critical concerns	33
		2-17	Collective knowledge of the highest governance body	30, Please refer to the Group's Annual Report 2022
		2-18	Evaluation of the performance of the highest governance body	44
	Strategy, policies, and practices	2-22	Statement on sustainable development strategy	26, 36, 37
		2-23	Policy commitments	32
		2-24	Embedding policy commitments	32
		2-25	Process to remediate negative impacts	45
		2-26	Mechanisms for seeking advice and raising concerns	32
2-27		Compliance with laws and regulations	46	
2-28		Membership associations	37, 38	
2-29		Approach to stakeholder engagement	34, 35	

SUSTAINABILITY REPORT

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 3: Material Topics 2021	Disclosures on material topics	3-1	Process to determine material topics	33
		3-2	List of material topics	33
		3-3	Management of material topics	33
GRI 201: Economic Performance 2016	Economic performance	201-1	Direct economic value generated and distributed	40
GRI 203: Indirect Economic Impacts 2016	Indirect economic impacts	203-1	Infrastructure Investments	43
		203-2	Significant indirect economic impacts	43
GRI 205: Anti-corruption 2016	Anti-corruption	205-1	Operations assessed for risks related to corruption	45
		205-2	Communication and training about anti-corruption	46
GRI 301: Materials 2016	Materials	301-1	Materials used by weight or volume	39
		301-3	Packaging materials	37, 39
GRI 302: Energy 2016	Energy	302-1	Energy consumption within the organisation	39
		301-3	Energy intensity	39
		302-4	Reduction of energy consumption	39
GRI 305: Emissions 2016	Emissions	305-1	Direct (Scope 1) GHG emissions	38
		305-2	Energy indirect (Scope 2) GHG emissions	38
GRI 401: Employment 2016	Employment	401-1	New employee hires and employee turnover	42, 46
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	35, 41
GRI 404: Training and Education 2016	Training and Education	404-1	Average hours of training per year per employee	43
		404-2	Programs for upgrading employee skills and transition assistance programs	35, 47, 48
GRI 405: Diversity and Equal Opportunity 2016	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	35, 44
GRI 408: Child Labour 2016	Child labour	408-1	Operations at significant risk for incidents of child labour	41
GRI 409: Forced or Compulsory Labour 2016	Forced or Compulsory Labour	409-1	Operations at significant risk for incidents of forced or compulsory labour	41



SUSTAINABILITY REPORT

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 410: Security Practices 2016	Security practices	410-1	Security personnel trained in human rights policies or procedures	48
GRI 413: Local Communities 2016	Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	35, 43
GRI 415: Public Policy 2016	Public policy	415-1	Political contributions	35, 40