



中远海运集装箱运输有限公司  
COSCO SHIPPING LINES CO., LTD.



2020

Sustainability Report  
COSCO SHIPPING Lines Co., Ltd.

COSCO SHIPPING LINES CO., LTD.

# C O N T E N T S

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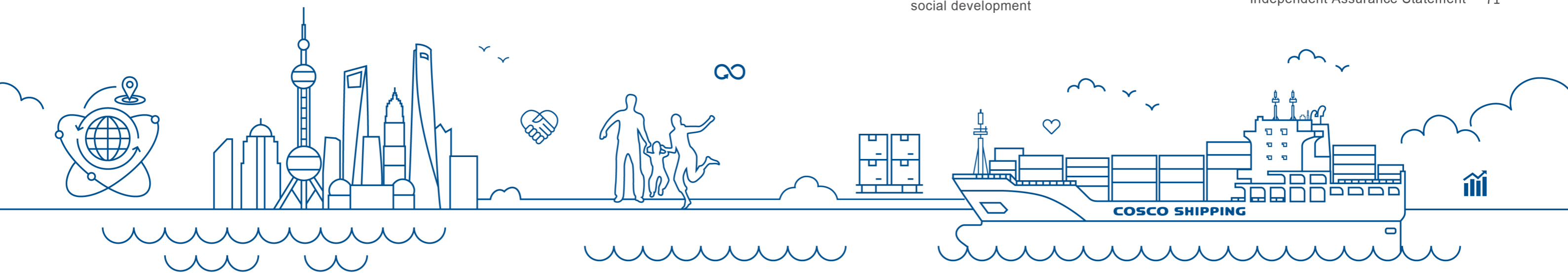
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## About this report

### Reporting period

From January 1, 2020 to December 31, 2020 (referred to as "the reporting period").

### Reporting scope

The scope of this report covers COSCO SHIPPING Lines Co., Ltd. (hereinafter referred to as ("the Company", "COSCO SHIPPING Lines", "CSL" or "We"). The entity disclosed in this report is carefully selected based on the selection criteria of "whether there is actual business operation" and the overall impact of the entity on COSCO's environment, society and governance. The production units/companies with no actual business operation or with little or no impact despite actual operation are filtered out. Should there be any exceptions, there will be a description of specific statistical methods and data dimensions in the corresponding chapters.

### Guidance

This report is in line with the Core option of "GRI Standards" issued by Global Reporting Initiative (GRI), with reference to the 2020 *Environmental, Social and Governance Reporting Guide* as well as its *Listing Rules* of the Hong Kong Stock Exchange.

the Report is prepared based on the following basic principles:

**Materiality** – The Company believes ESG exerts significant influence on the investors and stakeholders, thus the Report should disclose any important and significant ESG matter.

**Quantitative** – KPIs need to be measurable so that the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative explaining its purpose and impacts with comparative data where applicable.

**Balance** – The Report should provide an unbiased picture of the Company's performance on ESG, and should avoid any selections, omissions, or misleading presentations that may inappropriately influence the readers on their decision making.

**Consistency** – The Company should use consistent methodologies to allow for meaningful comparisons of ESG data over time. The Company should disclose in the ESG report any changes to the methods used or any other relevant factors affecting a meaningful comparison.

### Special note

Data used in the report contains public data, internal statistical reports, and third-party questionnaires and interviews, etc. The economic data involved in this report is consistent with that in the 2020 annual report of COSCO SHIPPING Lines.

#### Implementation

The Company has set up a sustainable development committee composed of heads of various departments and subsidiaries to integrate sustainable development elements into daily operations through formulation and implementation of sustainable development strategies, objectives and management policies.

#### Risk control for governance

The Company has established a Risk Management Committee to actively play an important role in preventing and controlling risks and improving operation management in the company's daily operations and decision-making processes.

#### Materiality analysis

The Company maintains close communication with internal and external stakeholders, identifies and evaluates material sustainable development topics and formulates sustainable development strategies. We have discussed and approved the identified material topics, and then formulated sustainable development strategies, objectives and management guidelines correspondingly. We have followed international sustainable development trends and other companies' performance and conducted a review of related working progress regularly.

### Access

Simplified Chinese and English versions of this report are available for readers' reference. The e-version can also be obtained on our official website. Official website of COSCO SHIPPING Lines (CSL): <http://lines.coscoshipping.com/home/About/socialResponsibility/sustainabilityReport>

## Speech by the Chairman and Manager Director



Yang Zhijian

The Chairman and Manager Director

May, 2021

In 2020, in the face of the sudden epidemic situation of COVID-19, unswervingly implementing the general requirements of COSCO Shipping Group's "Three Focuses" and "Three No Less Than" tasks, focusing on building a new strategic framework of "Three Networks In One, Five In One", COSCO Shipping Lines made a new situation in crisis, opened up a new situation in the changing situation, aggregated competitive advantages, paid attention to tap the potential of the market, innovated the business mode, and have strengthened coordination and linkage to enhance new momentum for development.

We have actively expanded the "greatest common divisor" between the dual brands and the Ocean Alliance, improved the global competitiveness of the maritime network, and consolidated our market position in the first echelon of the global container liner industry.

Based on solving the problem of poor global supply chain during the epidemic period, we launched the service of water-water transport and/or water-rail combined transport, which opened up the supply and demand of customers and reflected the due responsibility of central shipping enterprise. The new European version of water to water channel, the Sino-EU land-sea express line and the Sino-EU railway train were transformed into a golden bridge to deepen the friendship between China and Europe.

We have accelerated the transformation and upgrading, made our digital construction among the forefront of the industry, and won the award of "Best Intelligent Service Container Liner Company" in China. IRIS4 system was on-line as a whole, and maintained the rapid response of remote service during the epidemic period. The domestic and foreign trade e-commerce platforms met the customer's demand for "contactless" service. With the help of block chain technology, the transportation chain, information chain and payment chain were basically connected, thus the paperless delivery mode of import was fully implemented in major domestic ports. The digital network effect was beginning to show.

We started from consolidating the foundation of global service network, returned to the essence of shipping, and constantly improved the timeliness, reliability and satisfaction of service. In the whole year of 2020, our punctual rate of line in the top two of the industry. The customer's dissatisfaction feedback was reduced by 40%. The 2022 Service Strategy was established and we planned to match our global service level with our fleet scale in three years.

We have strengthened the unified command and coordination at home and abroad, and strictly prevented COVID-19 from achieving important results: We took the lead in resuming work to implement the task of "Six Stabilities and Six Guarantees"; On a global scale, we joined hands with the local government and the people, actively participate in the local anti-epidemic action; We arranged changing shifts for 13000 crew members to maintain their physical and mental health and the safe and stable operation of our fleet.

We have been the focus of the mainstream media in China and have promoted a responsible and effective corporate image, because we have continuously enriched the connotation of corporate culture, and took an active part in the construction of Belt and Road and new land-sea channel in Western China, and the Third China International Import Expo.

In response to the call of the Chinese government, we provided counterpart support to Yongde County in Yunnan Province, Chishui City in Guizhou Province, and Luolong county and Leiwuqi County in Tibet, with an annual poverty alleviation fund of 10.14 million yuan, which contributed to the decisive fight against poverty.

Under the leadership of COSCO Shipping Group, We aimed at the world-class shipping enterprises, prepared our 14th Five Year Plan, and defined the targets and implementation paths, in order to maintain the leading position in the industry and seek higher quality development.

Looking forward to 2021, we are in a period of strategic opportunities for deepening the adjustment of global trade and accelerating the formation of China's "double circulation" pattern. To this end, COSCO Shipping Lines will seize the opportunity, increase collaboration, strive to become a competitor of global industry chain, an innovator of new business model, an industry leader, and strive to become a world-class container ecosystem integrated service provider.

We will always be firm in our strategy, continue to optimize the layout of globalization, and consolidate our existing advantages. Combined with the construction of the new pattern of "double circulation" and the adjustment of market freight flow, we will enhance the differentiated competitive advantage of routes, and realize the global balanced layout and coordinated development.

We will continue to upgrade the global service network, solidly promote the implementation of the 2022 service strategy, continuously improve service quality, and effectively meet the personalized and differentiated service needs of customers at all levels.

Based on a higher starting point, we will continue to strengthen the integration of multiple values, innovate the operation mode of multimodal transport, enhance the ability of end-to-end supply chain solutions, and continue to help upgrade the competitiveness of the global industrial chain.

We will further accelerate the pace of our own digital transformation and upgrading, actively promote the construction of a digital ecosystem of the global container trade industry, actively seize the commanding height of competition in the field of shipping digitization, and make it an "accelerator" and "multiplier" to promote the higher quality development.

With the goal to stabilize operation and deepen integration, based on the integrated development of shipping line network, end-to-end network and digital information network, We will achieve more efficient and higher level resource collaborative utilization and value creation with OOCL.

We will firmly establish the concept of safe development, consciously integrate safety awareness into the whole process of production and operation, and comprehensively build up the defense line of ship operation safety. At the same time, we should strengthen the work of caring for the crew, protect their physical and mental health, and promote the safe operation of our fleet.

We will continue to attach great importance to the prevention of global epidemic risks, continue to improve our emergency response capacity, and ensure the stability of the overall situation.

We will attach great importance to compliance risk prevention, abide by international and domestic laws and regulations, and adhere to law-abiding operation, compliance operation and integrity operation.

We will effectively protect the rights and interests of employees in terms of salary and welfare, social security, labor safety and health, rest and vacation, and protection of female employees, so that the achievements of enterprise development can benefit all employees more increasingly and more equitably.

We will continue to practice our social responsibility, strive to help our counterparts improve the quality of poverty alleviation, consolidate the achievements of poverty alleviation, and show the good image of central enterprise.

Focusing on the three key points of actively docking with national strategic opportunities, seizing the opportunity of global industrial chain reconstruction, comprehensively strengthening benchmarking, deepening quality improvement and efficiency improvement, we will steadily push forward the set goals of our 14th Five Year Plan.

One who see the trend clearly and can adapt to it is wise and will be a winner. In 2021, under the correct leadership of COSCO Shipping Group, COSCO Shipping lines will seize the first opportunities, open up a new situation, play the strong notes of high-quality development, and contribute more wisdom and strength to the common development of transportation value chain!

# About COSCO SHIPPING Lines

## Introduction

COSCO SHIPPING Lines Co., Ltd. affiliated with China COSCO SHIPPING Corporation Limited (hereinafter referred to as "COSCO SHIPPING Group"). COSCO SHIPPING Lines is a fully-owned subsidiary of COSCO SHIPPING Holdings Co., Ltd. (hereinafter referred to as COSCO SHIPPING Holdings), registered in Shanghai. We are a one-person limited liability company and we directly and indirectly owns 42 subsidiaries (excluding other companies with indirect equity ownership, including 38 subsidiaries within the scope of financial report).

## Main business

As one important member of the Ocean Alliance, COSCO SHIPPING Lines mainly engaged in international and domestic maritime container shipping services and related businesses, as the COSCO SHIPPING Group's core business sector. CSL is the third-largest container shipping company in the world, offering consumers services comprehensively in logistics and transportation. As of the end of the reporting period, CSL operates 399 international and domestic shipping routes, consisting of 265 international services (including international feeder services), 54 domestic services, 80 Yangtze River and Pearl River shipping services, having anchors in 352 ports covering 105 countries and regions worldwide.

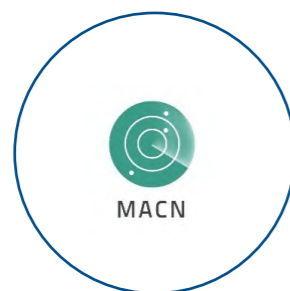
## Corporate culture

Under the latest development phase, COSCO SHIPPING Lines adheres to strategic guidance and sustainable development as always, insists on reform and innovation to create motivation, fulfills our social responsibilities as corporate citizens. We adhere to customer-centered, based on the safety, caring for employees, and continuous innovation. We also establish the Employee Handbook and require our employees to be honest, patient, strictly abide by national laws, regulations and ethics, strictly abide by professional ethics, and maintain the image of the company.

## Membership of the associations



World Shipping Council



Maritime Anti-corruption Network (MACN)



The Baltic and International Maritime Council (BIMCO)

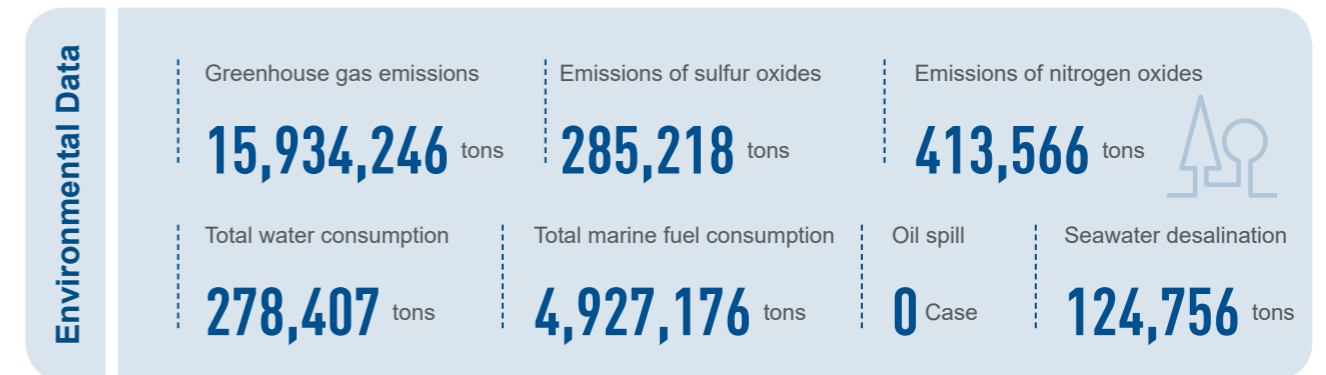


Container Owners Association (COA)

## International initiative

We continue to participate in activities of CCWG (Clean Cargo Working Group) affiliated to BSR (Business Social Responsibility). We have been adhering to the CCWG's mission to actively report on the emissions of carbon dioxide based on our global routes and made the comparison with the average level in the industry to help understand our environmental performance and discover space for improvement. Besides, this provides a reference for the container transportation customer and cargo transportation agent in the process of their evaluation of suppliers. We also join Cargo Smart's Blockchain plan to support the establishment of a Global Shipping Business Network (GSBN), accelerate the digital transformation of the shipping industry, and make efforts to promote the development of the shipping industry.

# Highlights and Performances





***SERVICE***

**Governance**

- Compliance development effectiveness
- Sustainability management

## Compliance development effectiveness

COSCO SHIPPING Lines firmly believes that compliant development is an essential prerequisite for the long-term development of enterprises. Regarding social and economic compliance as the premises, we fulfill our social responsibilities, maintain a good corporate governance level, and strictly abide by the Company Law of the People's Republic of China and other laws and regulations on the governance of companies. With above mentioned observed, we make every effort to ensure that COSCO SHIPPING Lines' governance complies with laws and regulations.

During the reporting period, the operating quality of COSCO SHIPPING Lines has been continuously improved, the market growth around the Belt and Road Initiative is remarkable. Confronted with the severe challenges posed by the spread of the COVID-19 and the global economic recession, COSCO SHIPPING Lines strives to ensure the life and health of all employees both onshore and offshore, while actively overcoming external unfavorable factors. Besides, guided by "focusing on the development of high-quality, breakthrough and integration", COSCO SHIPPING Lines aims to formulate a brand-new strategic "three-in-one network" including transportation route network, end-to-end logistics network and information system network, to fully guarantee operational efficiency and improve revenue accordingly.

### Economic performance

In the first half of 2020, the sudden outbreak of COVID-19 had a great impact on the container shipping market. During the reporting period, we positively prevented and defused the risk of COVID-19, made great efforts to promote the resumption of work and production, and fully ensured the stabilized operation of the global container logistics supply chain, achieving better results thereafter. During the reporting period, we have completed 18,882,522 TEUs of container shipping.

During the reporting period, the audited business income of COSCO SHIPPING Lines was RMB 112,137,270 thousand yuan, with an increase of 13.77% compared with the same period in 2019; the operating cost was 100,339,419 thousand yuan, with an increase of 10.73% compared with the same period in 2019.

During the reporting period, the audited business income of COSCO SHIPPING Lines was RMB

**112,137,270** thousand yuan

with an increase of

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compared with the same period in 2019

the operating cost was

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**10.73%**

compared with the same period in 2019

### Indirect economic impacts

As an international enterprise, COSCO SHIPPING Lines hopes to drive local economies through its own development, and actively contribute resources and efforts to other countries and regions while expanding its own business.

### Support China International Import Expo

In 2020, China held the 3rd International Import Expo (hereinafter referred to as "CIIE"). As a three-year partner of CIIE, CSL fully supported the Expo to demonstrate China's strength with its strong shipping capacity, transportation network and high-end technology.

As the only international carrier recommended by the CIIE, CSL has provided a shipping service for three consecutive years. We overcame challenges brought by the special situation as COVID-19 still takes a toll on the world, offered tailor-made solutions for CIIE exhibits and provided one-stop logistics services ranging from transportation to venue construction with the support of our global service network.



We actively participated in the construction and service of security integration systems for the CIIE with our advantageous information technologies such as face recognition, AI, and big data analysis. On the basis of serving the first two CIIE, we continuously optimize the emergency response mechanism and operation and maintenance scheme, as well as provide reliable technical support for video surveillance, data verification, emergency command, data display and other related systems.

### Promoting trade development of Costa Rica

Costa Rica is one of the countries with the highest agricultural development level in Central America, mainly producing traditional products such as coffee, bananas and sugar cane. As China is Costa Rica's second-largest trading partner, CSL has been operating in Costa Rica for more than a decade and providing them with two-way shipping services to Mexico northward and Panama southward.

Influenced by COVID-19, Costa Rica once closed its land border, which hindered land transportation with other Central American countries. CSL takes advantage of self-operated routes to offer the helpful solution of "changing land into the water", meeting the urgent needs of customers

### Comprehensive risk management

As a globalized company with bottom-line thinking and preparation for all kinds of emergencies, we continuously improve the management and control ability of various risks and shoulder more responsibility to prevent and eliminate major risks correspondingly. Based on the international COSO-ERM framework as well as the Basic Rules for Enterprise Internal Control domestically, COSCO SHIPPING Lines has developed a risk management system in combination with our own operating system.

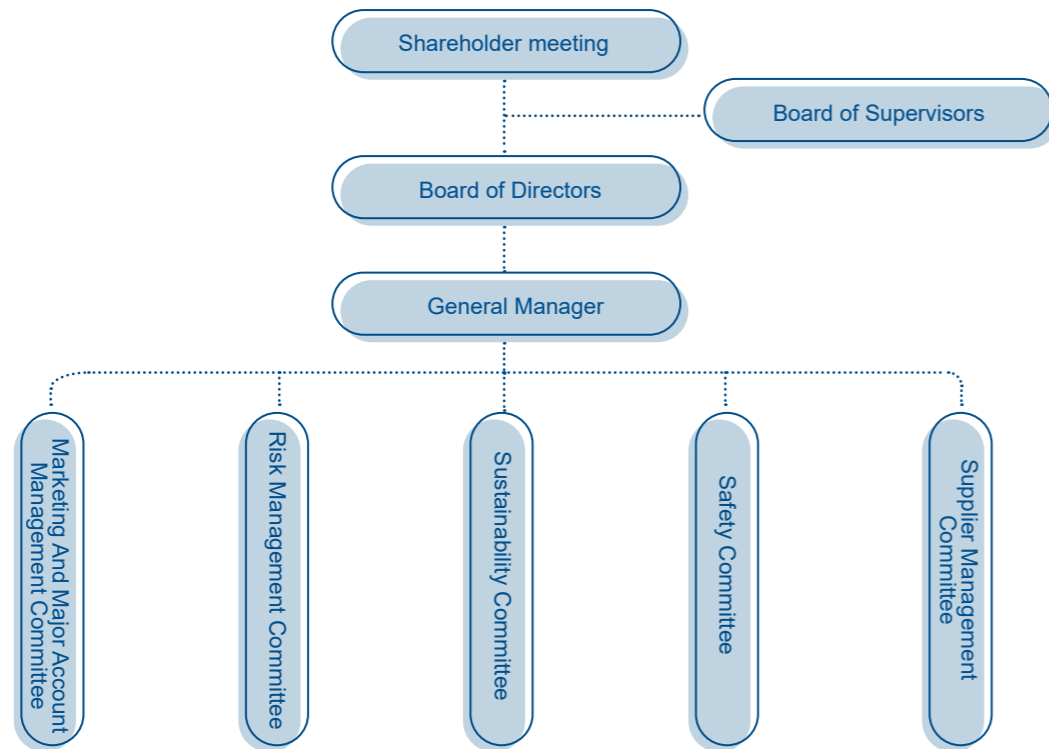
COSCO SHIPPING Lines actively conducts risk assessment of 2020, collects and organizes the risk information, identifies various risks including product safety risks, talent structure risks, and environmental risks. We form the quarterly tracking and monitoring table of material risks through regularly collect and organize the current situation, changing trend, potential or accrued loss, and implemented solutions of the identified risks. Besides the annual material risks, the company will continuously enhance the investigation of specific risks in key areas and steps according to the change of external environment and development of our business.

To further prevent risks and reduce unknown losses, we launched an early warning and monitoring mechanism, including real-time monitoring reports on major risks and major incidents, quarterly tracking and monitoring mechanism for annual major risks, and risk framework update mechanism in the process of risk assessment. In the next stage, the Company will continue explore the methods of digital monitoring and risk anticipation.

# Sustainability management

COSCO SHIPPING Lines firmly believes that high-level governance for sustainable development is a significant foundation for the long-term development of our global business. With the sustainability implanted into the Company's long-term strategy, we have established a complete and highly transparent management system and actively assumed social responsibility to grow together with society. Taking sustainable development as a vital strategy, COSCO SHIPPING Lines incorporated major environmental, social and governance (ESG)-related issues into this report, and disclosed our performance in various issues in the reporting period in an open and honest manner.

COSCO SHIPPING Lines has established a complete structure for corporate governance and sustainable development to achieve efficient supervision and production operation. Composed of the Board of Directors and the Board of Supervisors, the Board of Shareholders is our highest governing authority which fully protects the rights and interests of shareholders. The Board of Directors determines day-to-day operations and consists of 8 members, including 4 internal directors (including 1 employee director), 4 external directors. The Board of Supervisors performs the dual supervisory functions of the board of directors and the management. We implement the general manager responsibility system under the leadership of the board of directors. Our operating management consists of a marketing and major account management committee, a risk management committee, a sustainability committee, a safety committee and a supplier management committee, who support the management of business risks and compliance.

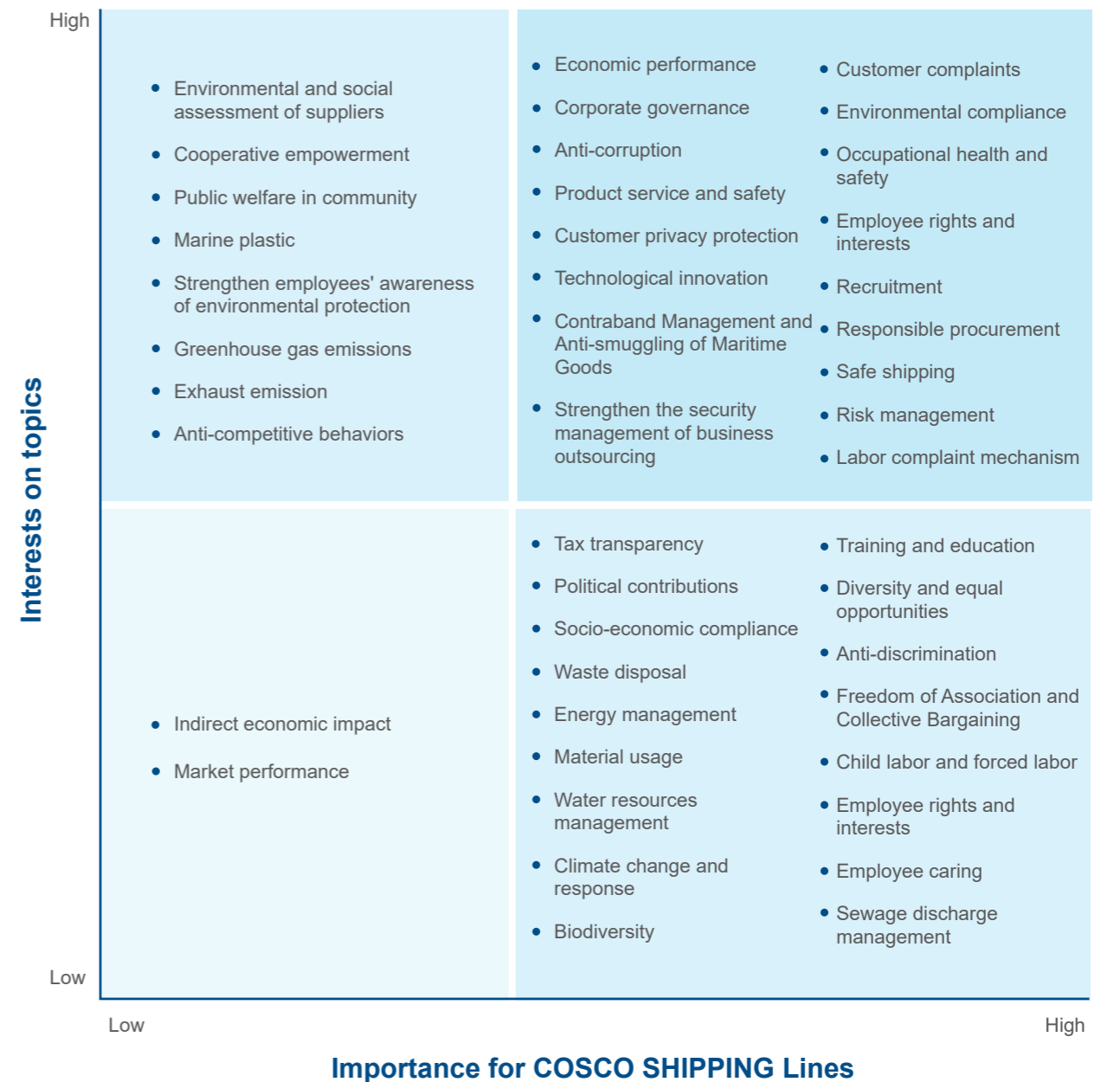


Organization structure of COSCO SHIPPING Lines

To integrate sustainable development strategy into the governance of COSCO SHIPPING Lines, our Sustainability Committee takes the lead in managing sustainable development-related matters and comprehensively supervises relevant works. The Committee is mainly responsible for guiding the formulation of sustainable development strategies, objectives and management policies, coordinating the resources required to achieve those objectives, and keep following the implementations. Moreover, the Committee reviews the progress of implementations, supervises and inspects related activities, and approves the annual sustainable development report.

We have an independent department to be responsible for specific practices related to sustainable development, assisting the Sustainability Committee to implement sustainable development policies, including leading the establishment of a sustainable development indicator system, organizing various departments to decompose and implement sustainable development indicators, leading the identification work of material issues, and leading the report drafting work, etc. In addition, annual audits internally and externally are also organized to supervise the operation of the internal control system for sustainable development, so as to continuously perfect the governance system of COSCO SHIPPING Lines.

# Material topics Analysis



During the reporting period, COSCO SHIPPING Lines analyzed material issues related to sustainable development concerned by stakeholders through various ways of communication to fully understand their opinions and suggestions. To major stakeholders including employees, investors, business partners, suppliers, government and regulatory authorities, distributors, customers/consumers, social organizations and the media, we handed out questionnaires in six aspects, namely, economy, corporate governance, environment, employees, supply chain and community and formed the materiality matrix in accordance with the importance to the Company, which are considered as key contents for disclosure in this report.

For different material issues, we have identified stakeholders involved in and established diversified communication channels correspondingly. Material issues are shown in bold as follows.



Category	Economy	Corporate governance	Environment	Employee	Supply chain	Society	
Issues	<ul style="list-style-type: none"> <li>• <b>Economic performance</b></li> <li>• Indirect economic impact</li> <li>• Tax transparency</li> <li>• Market performance</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Corporate governance</b></li> <li>• <b>Anti-corruption</b></li> <li>• <b>Risk control</b></li> <li>• Anti-competitive behaviors</li> <li>• Political contributions</li> <li>• Socio-economic compliance</li> <li>• <b>Product service and safety</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Customer complaints</b></li> <li>• <b>Customer privacy protection</b></li> <li>• <b>Technological innovation</b></li> <li>• <b>Contraband Management and Anti-smuggling of Maritime Goods</b></li> <li>• <b>Safe shipping</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Environmental compliance</b></li> <li>• Exhaust emission</li> <li>• Waste disposal</li> <li>• Sewage discharge management</li> <li>• Energy management</li> <li>• Material usage</li> <li>• Water resources management</li> <li>• Greenhouse gas emissions</li> <li>• Climate change and corresponding measures</li> <li>• Biodiversity</li> <li>• Marine plastic</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen employees' awareness of environmental protection</li> <li>• <b>Recruitment</b></li> <li>• <b>Occupational Health and Safety</b></li> <li>• Training and education</li> <li>• Diversity and equal opportunities</li> <li>• Anti-discrimination</li> <li>• <b>Labor complaint mechanism</b></li> <li>• <b>Employee rights and interests</b></li> <li>• Freedom of Association and Collective Bargaining</li> <li>• Child labor and forced labor</li> <li>• Human rights assessment</li> <li>• Employee caring</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Responsible procurement</b></li> <li>• Environmental and social assessment of suppliers</li> <li>• <b>Strengthen the security management of business outsourcing</b></li> </ul>	<ul style="list-style-type: none"> <li>• Public welfare in the community</li> <li>• Cooperative empowerment</li> </ul>
Key stakeholders	<ul style="list-style-type: none"> <li>• Investors</li> <li>• Business partners</li> <li>• Government and regulators</li> <li>• Customers</li> </ul>	<ul style="list-style-type: none"> <li>• Investors</li> <li>• Government and regulators</li> <li>• Customers</li> <li>• Business partners</li> </ul>	<ul style="list-style-type: none"> <li>• Government and regulators</li> <li>• Social organizations</li> <li>• Media</li> </ul>	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Media</li> <li>• Investors</li> <li>• Government and regulators</li> <li>• Social organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers</li> <li>• Investors</li> </ul>	<ul style="list-style-type: none"> <li>• Media</li> <li>• Government and regulators</li> <li>• Social organizations</li> <li>• Customers</li> </ul>	
Communication channels	<ul style="list-style-type: none"> <li>• BOD of Shareholders</li> <li>• Roadshow and counter-roadshow activities</li> <li>• Investor Summit</li> <li>• Public mailbox</li> <li>• Information announcement</li> <li>• Press release</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Customer satisfaction survey</li> <li>• Customer complaint mechanism</li> <li>• Supplier assessment</li> <li>• Technical training</li> <li>• On-site review</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Community public welfare activities</li> <li>• Interviews</li> <li>• Performance conference</li> </ul>	<ul style="list-style-type: none"> <li>• Employee training</li> <li>• Employee communication/symposium</li> <li>• Employee satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Supplier review</li> <li>• Technical training</li> <li>• Online communication</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> </ul>	



***SERVICE***

**Special Topic**

- Core of sustainable development
- Response to COVID-19

# Core of sustainable development

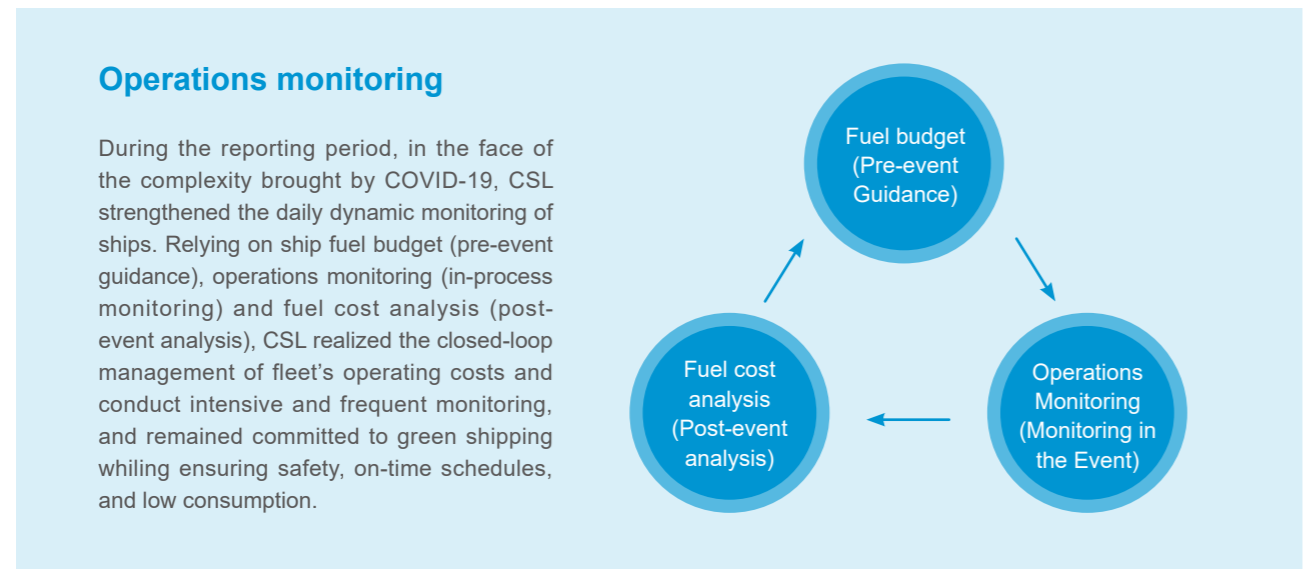
## Response to climate change

Climate-related risks are closely linked to the development of shipping business. Risks of climate change not only involve in unstable emission regulations, but also major changeable technology and energy supply, which will affect the value of shipping assets. As early as April 2018, the IMO has adopted a strategy of reducing greenhouse gas emissions to decarbonize the shipping industry as soon as possible in this century. The specific goal is to reduce the total emissions generated from the industry by at least 50% by 2050 compared with those in 2008 and the average carbon intensity (carbon dioxide emissions per ton and per mile) by 40% and 70% by 2030 and 2050 respectively.

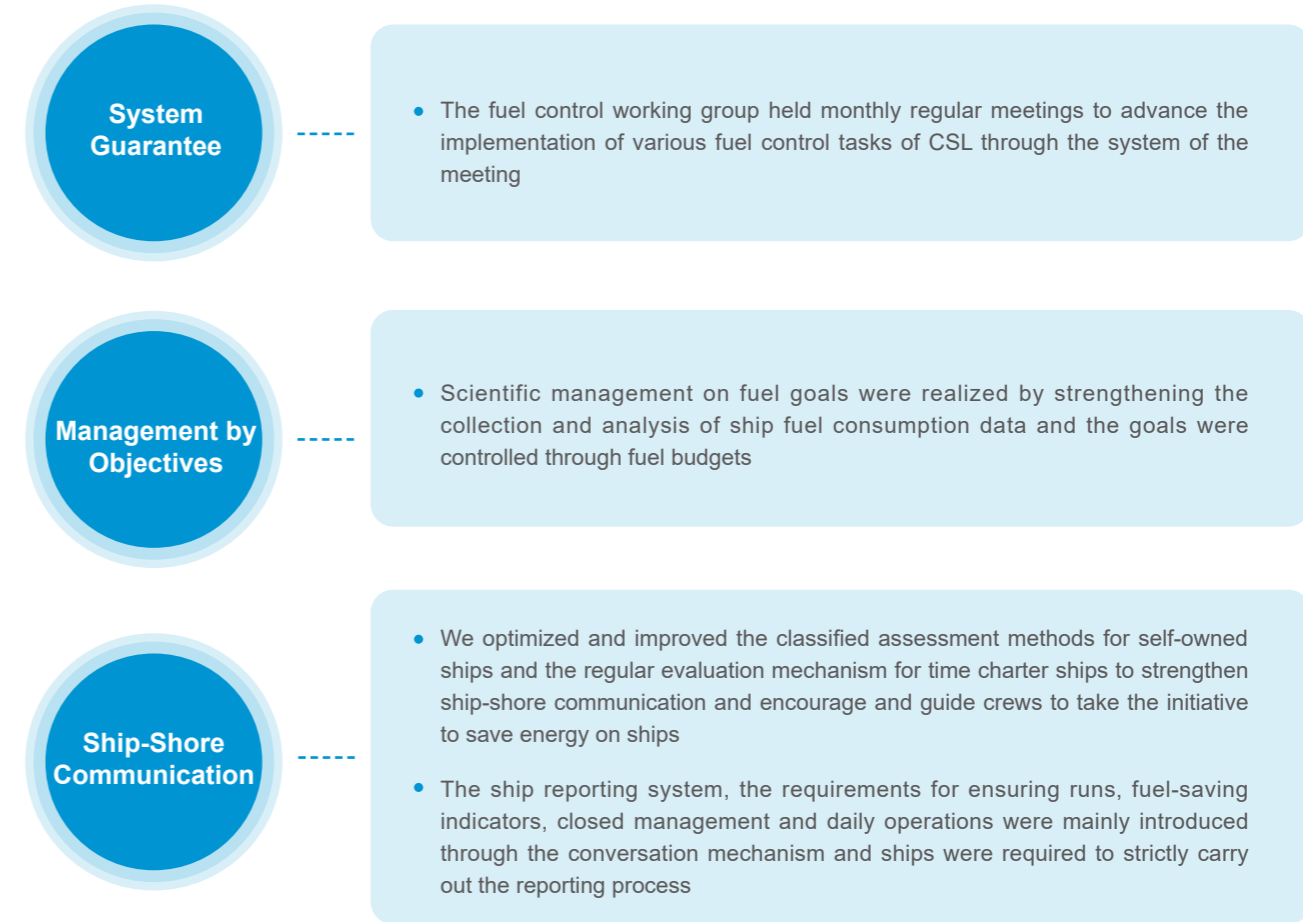
COSCO SHIPPING Lines has always focused on the possible business impacts of climate change risks. The climate change risks that we may face include physical risks such as shipping shocks caused by climate changes like extreme weather events and sea-level rise, and transition risks caused by changes in relevant national policies, regulations of the industry organization, like IMO, and market.

In response to the risks of climate changes as soon as possible, COSCO SHIPPING Lines is committed to fulfilling its corporate social responsibility while pursuing economic benefits by performing the requirements of the United Nations Global Compact for environmental protection and working with upstream and downstream value chains to reduce carbon emissions throughout the value chains.

In container traffic, greenhouse gas emissions mainly come from the fuel burned in the ships' engines, which is closely related to engine and fuel types and the shipping speed. In strict line with the Law of the People's Republic of China on Conserving Energy, CSL internally formulated and implemented the Regulations on Energy Conservation and Emission Reduction. A leading group for energy conservation and emission reduction was established to specify the responsibilities of relevant departments and make mid-term and long-term plans and annual work plans for conserving energy and reducing emission to promote energy conservation and emission reduction.



To save fuel and improve fleet performance, CSL has established a global shipping operation/monitoring center to conduct real-time management and monitoring of fleet operations. CSL controls every respect of fuel use in terms of system guarantee, target management and ship-shore communication.



## Energy-saving measures

- Maintaining the appropriate ship's pitching angle is a way to reduce fuel consumption in shipping. We overcame the effects of periodic weather and sea conditions throughout the year to maintain a certain pitching level to reduce fuel consumption.
- We strictly required that ships were controlled under equal output power conditions to maintain stable power in the route segments, and closely monitored the ship power to control the probability of excessive energy consumption in a long term.

During the reporting period, with the aim to control the unit fuel consumption rate under 6kg thousand ton-mile COSCO SHIPPING Lines saved fuel consumption and reduced GHG and pollutants emission through optimizing energy structure and energy use during ship navigation. In 2020, COSCO SHIPPING Lines consumed around 4.93 million tons of fuel, which was decreased by 0.47% from 2019.

COSCO SHIPPING Lines consumed around	which was decreased by
<b>4.93</b> million tons	<b>0.47%</b>

## Carbon emission calculator

In recent years, China started to encourage more freight transportation by means of transportation with less pollution such as waterways and railways than those by roads as the State Council launched the *Three-year Action Plan to Fight Air Pollution* issued. Shipping has thus been further developed since shipping is undoubtedly cleaner than freight transportation by land, air and train and produces less carbon dioxide per ton-kilometer.

CSL launched carbon emission calculators in 2010, providing global customers with advanced dynamic calculation tools for carbon emission to assist them to calculate carbon dioxide emissions in their supply chains and help achieve our carbon emission targets. Additionally, as members of the CCWG, we were supervised by society and actively reported the emissions of carbon dioxide, sulfur oxides and nitrogen oxides in our daily operations. We have the knowledge of the environmental performance and potential improvement in our operations by comparing ourselves with the global emission level of the industry.



Carbon Emission Calculator

In the past three years, COSCO SHIPPING Lines has yielded certain outcomes in energy conservation and emission reduction. In 2020, we have produced 22,035,181 tons of greenhouse gas, with a slight decrease compared with last year.

2020,  
we have produced  
**15,934,246** tons  
of greenhouse gas, a slight  
decrease compared with last year

## Abide by business ethics

COSCO SHIPPING Lines insisted on zero-tolerance towards immoral business activities such as bribery, corruption and monopoly and firmly resisted all behaviors of such aspects. We adhered to ethical operation, carried out anti-corruption philosophy and continued to fight against corruption, bribery and monopoly.

## Implement anti-corruption management

Committed to abiding by the relevant laws and regulations like the United Nations Convention against Corruption, Foreign Corrupt Practices Act (FCPA) and Criminal Law of the People's Republic of China, we have established an independent department which was responsible for formulating and implementing of anti-corruption policies and managing and supervising employees' behaviors in law and regulation compliance. With the principles of openness, transparency, and fairness, we promoted the coordination of the internal anti-corruption management mechanism and the corruption prevention system. In addition, we also convey our ideas and values to suppliers through requiring them to sign the Anti-Commercial Bribery Commitment Letter, Social Standards Compliance Questionnaire, etc.

To actively work on the anti-corruption, COSCO SHIPPING Lines signed Letters for Commitment and responsibility in integrity to implement anti-corruption thoroughly. We unremittably promoted the establishment of relevant policies and systems to gradually improve the anti-corruption standards and guidance. CSL have also joined the Maritime Anti-Corruption Network to work with the other companies to eliminate corruption of any form in the industry.

COSCO SHIPPING Lines audits anti-corruption and anti-bribery risks annually to identify our related risks and point out the weakness in our prevention and control measures. If relevant problems are found during the audit, we would check and implement relevant rectification measures as quickly as possible.

## Case Studys: Corruption risk points review

CSL conducted special inspections, performance monitoring and audit supervision in areas with high corruption risks and made full use of systems like IRIS-4, SAP, CBS, the new domestic trade business system, e-commerce platforms, trailer business platform to continuously provide abundant supervision methods and better measures to improve the timeliness, accuracy and effectiveness of supervision, inspection and auditing.

## Unimpeded reporting channels

COSCO SHIPPING Lines set up unimpeded reporting channels including mailboxes and fixed office addresses to accept all letters, phone calls and visits from the public and complaint reports and clues from superior agencies for discipline inspection and supervision, public security bodies and other units and departments. We standardize report acceptance and investigation in strict accordance with the practical work flow and document and forms handling procedures as well as the common internal systems like Regulations on Whistle-Blowing, Regulations on the Cases Inspection Related to Party, Government and Discipline, Regulations on the Clarification of False Reports and Accusations, Working Procedures for Clue Handling, Exam and Investigation (Trial).

We take every reported case seriously and never tolerate any violations of laws and regulations by conducting in-depth investigations on relevant reports as per internal regulations and workflow and transferring them to relevant departments for timely handling. We handled the reports with four types of status, that is, conversations and inquiry by letter, preliminary verification, pending for investigation and settlement according to the overall situation of the problem clues and comprehensive analysis.

We are committed to protecting the privacy and safety of every whistle-blower, and strictly prohibit discrimination, harassment and improper treatment to whistle-blowers or employees who assist in investigations. Employees were encouraged by the whistle-blower protection mechanism to report and expose corruption behaviors around them.

## Raised awareness of integrity

As a responsible corporate, COSCO SHIPPING Lines has provided various forms of anti-corruption education and integrity activities to encourage employees to raise their awareness of integrity from practice and to better enable employees to understand the importance of business ethics and anti-corruption. COSCO SHIPPING Lines made every effort to raise integrity awareness in practice by carrying out anti-corruption warning education for all employees, organizing different training activities such as group talks, special courses and professional lectures to deepen employees' and managers' understanding of the anti-corruption culture.

In November 2020, COSCO SHIPPING Lines launched the Integrity Education Month activity themed with "learning the four histories' to keep the original aspirations and uphold integrity". The activity organized party members and leaders to visit the Songhu Memorial Hall for the War of Resistance against Japanese Aggression, held knowledge contests on Party's integrity and conducted the collection, selection and display of integrity works, which strengthened the leaders and employees' sense of discipline and integrity and enhanced the employees' anti-corruption awareness through abundant and innovative activities.



### "Incorruptible Umbrella" Art Creation Activity

To further promote the theme education month activities of incorruptible employment and actively inherit the culture of integrity, we organized a majority of employees to carry out the "Incorruptible Umbrella" artistic creation activities themed with "Incorruptible Practice and Responsibility".

The employees thought of creation in terms of the theme of integrity and selected more than 10 excellent "incorruptible umbrellas" for display and publicity to develop a strong atmosphere of upholding honesty.



### Employees watched the warning education film "Double-sided Life"

In November, we organized more than 210 employees to watch the warning education film-"Double-sided Life" to further deepen the construction of COSCO SHIPPING's incorruptible shipping culture and promote the integrity concept of "clean shipping and ships".

During the reporting period, COSCO SHIPPING Lines has not been accused of bribery, corruption, extortion, fraud or money laundering. No employees were dismissed or disciplinarily punished due to corruption.

## Strengthen anti-monopoly awareness

COSCO SHIPPING Lines firmly followed the market order by strictly abiding by the international and local anti-monopoly laws and maintaining fair competition in the industry. We kept an eye on the latest changes in the anti-monopoly laws and regulations in the industry, took follow-up measures at any time, and never participated in unfair competition for interests.

### Case Studys: Anti-monopoly and sanctions management training

During the reporting period, CSL carried out management training on sanctions risk and anti-monopoly. Management personnel responsible for anti-monopoly and sanctions from relevant departments interpreted in details the knowledge over sanctions, sanction and anti-monopoly compliance policies and requirements in key countries to help each business unit identify and assess risks and carry out anti-monopoly and sanctions risk management in the course of business development to ensure operations in accordance with regulations.



## Committee to safe shipping

Due to the specialization, particularity and high risk of waterborne transportation, shipping companies not only faced the operation risks as other enterprises did but also had to shoulder the unique responsibility of safe shipping required by the shipping industry. Safe shipping is also one of the issues that COSCO SHIPPING Lines and stakeholders were concerned about most. The prevention of risks such as extreme weather, pirate attacks and transportation of dangerous goods particularly mattered. Committed to fully fulfilling the principal responsibility of safety production, COSCO SHIPPING Lines strictly implemented various safety management systems and actually played an effective role in the systems to ensure the safe operations of ships.


COSCO SHIPPING Lines strictly abide by relevant laws and regulations of the *International Safety Management Codes*, *Law of the People's Republic of China on safe Production*, *Byelaw Governing, Reporting, Investigation and Handling of Production Safety Accidents* and formulated and implemented internally systems like the *Regulations on Safe Production*, *Regulations on Safety Management Responsibilities* and *Comprehensive Emergency Plan for Safe Production* to regulate the important matters that need to be observed in safety production activities and the duties of relevant departments.

COSCO SHIPPING Lines has established a Safety Management Committee composed of the company's leaders and the persons in charge of the functional departments, which was responsible for communicating and meeting safety requirements. We sign the *Letter of Reprehensibility for Safety at Work* every year to directly link assessment results with to salaries of management members by taking the performance of safe work as an assessment indicator. At the same time, we designated shore-side personnel to follow ships for safety inspections and set up a leading group for the inspections to truly understand the performance of crews on ships and the implementation of various systems to ensure the realization of safe production.


During the reporting period, COSCO SHIPPING Lines organized various production units to carry out safety risk identification in accordance with its newly formulated *Regulations on Safety Risk Management* and carried out classified and hierarchical management and control over the identified risks. After controlling safety risk and investigate and treat hidden danger, we achieved safety production management goal of the double control of safety and production.

## Improve emergency management


To continuously improve the safety management, we keep improving the emergency management workflow and always spared constant efforts to ensure the improvement of emergency response capabilities. During the reporting period, COSCO SHIPPING Lines worked on safety from emergency plan management, emergency team training and emergency drills to strengthen the awareness and capabilities of safe production.

- 

Doing well emergency plan management

In accordance to the realities and problems encountered in production safety, COSCO SHIPPING Lines continuously improved its emergency response plan and would take reasonable measures more effectively to deal with it when faced with new risks and challenges.
- 

Strengthening the Training of Emergency Team Personnel

The training of emergency personnel was stepped up to replace training with actual operations to effectively improve the emergency team's ability to deal with emergencies.
- 

Doing well in emergency drill

In 2020, land and shore units at all levels organized a total of over 60 drills of various types and a total of 12,036 ship emergency trainings were carried out on ships.

### Case Studys: 2020 ship-shore joint drill - cargo hold fire drill

During the reporting period, COSCO SHIPPING Lines led and formulated the joint emergency drill plan of ship-shore dangerous cargo accidents and organized ship-shore joint emergency drills to further improve the emergency response capabilities, test emergency plans and the emergency team's capabilities of handling emergencies.

The participating ship "CSCL Globe" simulated a fire in the No. 2 cabins while sailing in the coastal waters of China and then the emergency response procedures were initiated in the drill. Various targeted emergency measures have been taken on the ship and shore until the person was treated and the ship resumed to safety with the consideration of specific on-spot situations after steps including fire extinguishing, short-term control, cargo hold explosion, crew injury, hull damage, container drowning, ship tilting and limited fire extinguishing methods in cargo holds.

The ship-shore joint emergency drill was similar to the real rescue and the captains organized and arranged work reasonably for the drill. The content of the drill process in the plan would be gradually sketched and the initiative and on-spot performance of the drillship be further enhanced to give the crew more practical opportunities.



## Prevent pirate attack

Pirate attacks seriously threatened the lives of crew members. A ship attacked by the pirates would bring huge economic losses to shipping companies. According to statistics from the International Maritime Safety Administration, there were 162 piracy attacks worldwide in 2019, showing a trend that the scope of piracy activities continued to expand, and the means of attack were constantly changeable. To prevent piracy attacks, COSCO SHIPPING Lines is committed to the basic anti-piracy policy of "prevent first, stay alert, use our own resources, prepare in advance, act promptly, and stop pirates from boarding", and formulated and implemented the *Anti-Pirate Instructions in Ships*; COSCO SHIPPING Lines also establishes the ship management center and the security department to supervise, inspect, warn and instruct the daily piracy prevention as well as provide regular training for the crew.

We analyze pirate-prone regions around the world to determine the major seas for anti-piracy. When designing routes, we try to stay away from the pirate's region as much as possible. Before entering the pirate-prone regions, we hire a third-party armed security team to dynamically track and monitor our own ships around the clock. Meanwhile, the captain mobilize all crew members before the battle and determine the alarm signal and contact information for the whole ship. In addition, we also equip ships with safety cabins to provide a place for the crew to evacuate and retreat and to ensure their personal safety and maintain their basic life.

Besides, we regularly held training and emergency drills on anti-piracy in the ship, which covered the use of anti-piracy safety cabins, anti-piracy measures, emergency procedures and safe methods of using anti-piracy equipment.

### Case Studys: Terrorist emergency drill

During the reporting period, COSCO SHIPPING Lines held a ship-shore joint drill on two ships at the same time to test its capabilities to deal with emergencies on multiple ships. The drill included terrorist attacks.

#### "COSCO Spain"

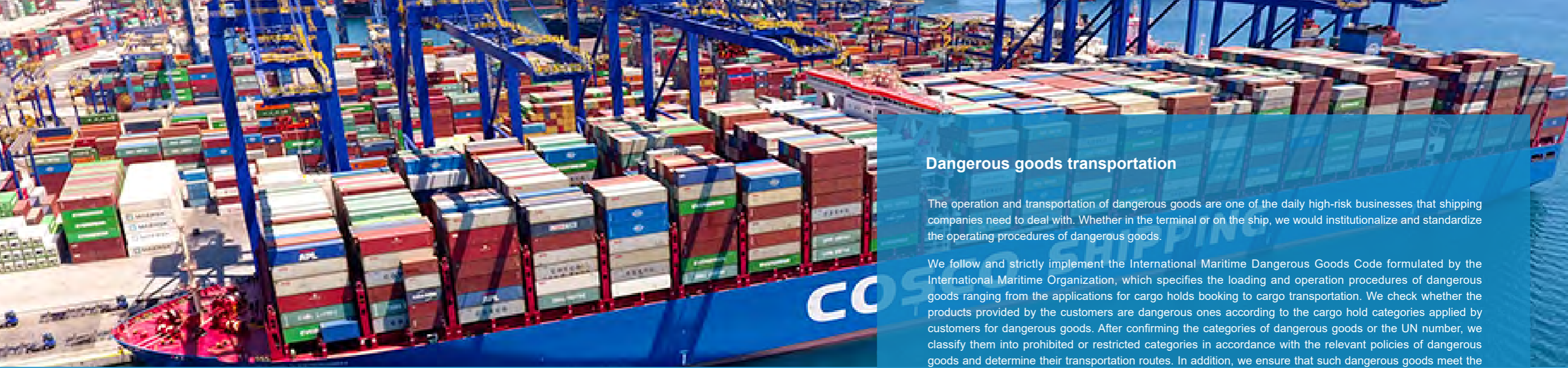
Two items were carried out on the "COSCO Spain" ship, including the incidents when the ship is shipped with personnel attempting to make terrorist incidents or their equipment and when they use ships as weapons for damage or destruction.

#### "Xin Ying Kou"

Drills of 4 items were implemented on the Xin Ying Kou ship, including fire/explosion, abandoned ship, theater/terrorist attack and crisis.

In organizing the drills, COSCO SHIPPING Lines simulated the actual situation as much as possible, COSCO SHIPPING Lines started from difficult and strict emergency drills which are possible in the actual combat without notifying the participants in advance. The employees' emergency awareness and emergency response capabilities were improved through those strict and realistic drills to test their capabilities of managing emergency and preparing for an emergency. In response to the problems and defects in the drills, COSCO SHIPPING Lines immediately analysed and assessed the drills and continuously promoted its emergency response capabilities to pirate terrorist attacks by further improving measures and organizing training and discussions.

<sup>1</sup>Announcement of the Maritime Safety Administration of the People's Republic of China on matters concerning strengthening the prevention of piracy on ships



## Dangerous goods transportation

The operation and transportation of dangerous goods are one of the daily high-risk businesses that shipping companies need to deal with. Whether in the terminal or on the ship, we would institutionalize and standardize the operating procedures of dangerous goods.

We follow and strictly implement the International Maritime Dangerous Goods Code formulated by the International Maritime Organization, which specifies the loading and operation procedures of dangerous goods ranging from the applications for cargo holds booking to cargo transportation. We check whether the products provided by the customers are dangerous ones according to the cargo hold categories applied by customers for dangerous goods. After confirming the categories of dangerous goods or the UN number, we classify them into prohibited or restricted categories in accordance with the relevant policies of dangerous goods and determine their transportation routes. In addition, we ensure that such dangerous goods meet the relevant requirements for loading, unloading and quarantine in the transportation or stacking process.

During the reporting period, the dangerous goods operation team of COSCO SHIPPING Lines carefully made the loading confirmation and approval for the entire process of dangerous goods from customer booking application to cargo transportation and strengthened daily management and operations of dangerous goods in accordance with requirements of the division of responsibilities and approval procedures to ensure the safety of approval and transportation of dangerous goods.

## Response to extreme weather

The typhoon is featured by long-term impacts, wide range, high intensity and great harm, posing a serious threat to the safety of employees and property of ships and terminals. Committed to the philosophy of "preventing first, being ready in advance, escaping if necessary, and preparing for unforeseen circumstances", we obtain relatively accurate typhoon information through high-tech applications such as high-altitude, ground and global meteorological network information.

We regularly update the guidance on typhoon and flood prevention and strengthened ship-shore contact to ensure the smooth progress of the prevention. Due to the specific characteristics of special business, we appoint the captain as the first person responsible for ship safety. He has the power of decision-making and commanding in the countermeasures against typhoons for ships. It is also necessary to organize all crew members to learn about typhoon prevention according to the seasonal variation and navigating zone changes. COSCO SHIPPING Lines has formulated and implemented the related systems such as Instructions on Typhoon Protection, and Regulations on Management of Flood Control and Typhoon Prevention to specify the matters and points that ships must comply with in terms of preventing and avoiding typhoons.

### Case Studys: CSL successfully prevented and fought against Hagupit: the ship and shore units unified to keep the bottom line of ship safety

Typhoon Hagupit of 2020 (No. 4) had escalated rapidly since its occurrence on August 1. It made landfall with its nearly largest force on the coast of Yueqing City, Zhejiang Province at about 3:30 am on August 4 in morning. The largest wind force near the typhoon center was level 13 when it landed and then passed through two provinces of Zhejiang and Jiangsu.

For ships in the sea, COSCO SHIPPING Lines urgently convened a typhoon prevention meeting to carefully sort out the affected ships, focusing on clearing the ships in Ningbo Port and Shanghai Yangshan Port and requiring the ships in Zhoushan Shipyard, Waigaoqiao Wharf and the Yangtze River to take stronger preventive measures to ensure the safety of ships. COSCO SHIPPING Lines promptly gave warnings to 12 affected ships and tracked them one by one, attaching importance to the implementation of the typhoon prevention plan for the ships sailing on the Yangtze River to ensure their safety.

Among them, the ship anti-typhoon team of COSCO SHIPPING Lines arranged various tasks for the northbound route of the XIN MEI ZHOU ship in a timely manner on August 1. They require all crew members to inspect and maintain the equipment they were responsible for in advance in accordance with the system requirements and to carefully carry out container lashing inspection and reinforcement when loading and unloading in Xiamen to ensure that cargo loading, stowage and securing were in compliance with the Ship Securing Manual. The crew was also required to test equipment safety and stability again when Xiamen sails northward on August 2.

In response to the typhoon weather, COSCO SHIPPING Lines successively made special arrangements for 39 affected ships, instructing and tracking the ships to complete the typhoon prevention and successfully achieving zero ship accidents and crew casualties.

### Strengthening safety awareness

- We strictly checked the safety of dangerous goods and confirmed the application for embarkation to avoid artificial negligence or omissions which further affect the transportation safety of the ships.
- Charter terms, dangerous goods policy, DG fitness certificate and route dangerous goods related agreements were timely collected, sorted out, updated and summarized. They also instructed and trained dangerous goods-related operators on port-related dangerous goods policies and safe transportation knowledge.

### Daily safety management and communication of dangerous goods were strengthened to ensure transportation security

- We effectively knew the changes in relevant shipping regulations and policies, made arrangements and took measures in a timely manner to effectively reduce and control the occurrence of omissions, mistaken and false reporting in the transportation of dangerous goods.

### Cooperated with OOCL

- We regularly exchanged and shared management policies, operating modes, blacklists and accident cases of dangerous goods with OOCL to achieve mutual benefits and improve the safety and management efficiency of dangerous goods, business development and security.

Additionally, we have established an intelligent system for dangerous goods to manage the risks of our dangerous goods transportation. We have developed an operation platform for dangerous goods, completed the construction of a global network of designated personnel for dangerous goods, compiled and updated basic data such as the dangerous goods restriction policy for global ports, the dangerous goods policy with partners, the ship fitness policy for dangerous goods and the dangerous goods restriction clauses for charter ships.

## Response to COVID-19

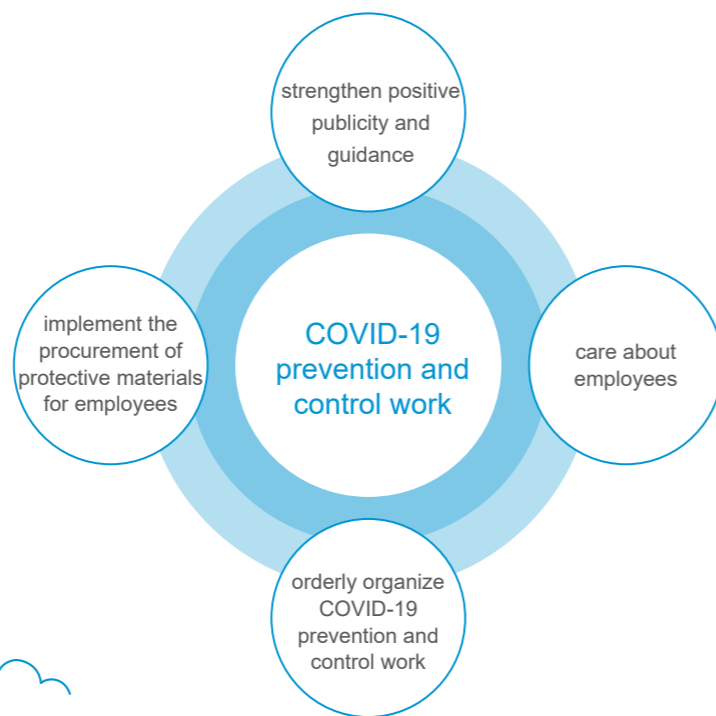
Since the outbreak of the COVID-19, COSCO SHIPPING Lines great importance to the COVID-19 prevention and control on shipboard and shoreside. United and closely coordinated, all employees at home and abroad, onshore and offshore have overcome difficulties and achieved effective management with appropriate approach. In the process of resuming work and production, COSCO SHIPPING Lines actively fulfills its social responsibilities, pays attention to the physical and mental health of crew members, takes advantage of the service network, and does its best to build green channels to provide reliable logistics support for the global fight against COVID-19.

### COVID-19 prevention measures

COSCO SHIPPING Lines quickly responds to the prevention and control requirements and establishes an efficient COVID-19 prevention and control working group to overcome the safety issues of employees in the resumption of production and work. The Company also traces and timely follows up the physical and mental health of the crew affected by COVID-19, and ensures stable operations amid COVID-19.

### Pandemic management

COSCO SHIPPING Lines prepared emergency plans as soon as the COVID-19 broke out, set up a COVID-19 prevention and control working group, and built quick feedback and communication channels to ensure that COVID-19 prevention and control measures are effectively implemented, while caring about the health, life and work conditions of employees. Besides, it strengthened positive publicity and guidance, and implemented the procurement of protective materials for employees, while taking multiple measures simultaneously, clarifying responsibilities, and ensuring the COVID-19 control work effective and in place.



### Resumption of production and work

In order to simultaneously achieve COVID-19 prevention and control, as well as production and operation, COSCO SHIPPING Lines actively promotes telecommuting, encourages employees to follow staggered shifts, and carries out office disinfection. Besides, COSCO SHIPPING Lines purchases and reserves COVID-19 prevention materials, covers special insurance, and contacts psychological counseling agencies to ensure the safety of employees returning to work. In addition, COSCO SHIPPING Lines implements joint prevention and control mechanisms, makes concerted efforts to enhance the results of COVID-19 prevention and control on the ships, strengthens shore-based tracking guidance and joint prevention and control, and spares no effort to ensure the supply of ship materials. Furthermore, COSCO SHIPPING Lines promotes the efficient and orderly development of production and operation.

### Crew members' health

Crew members are the core strategic resource of COSCO SHIPPING Lines. We attached great importance to the crew shift work of the fleet, and strictly followed the six procedures of "shipper self-management, customs quarantine, border inspection, information notification, tailored car transfer, and designated quarantine" to carry out crew shifts. Besides, we also coordinated with various government departments and mobilize resources to tackle issues such as quarantining hotels for disembarking crew members, providing direct guidance for subsequent shifts in various domestic ports.

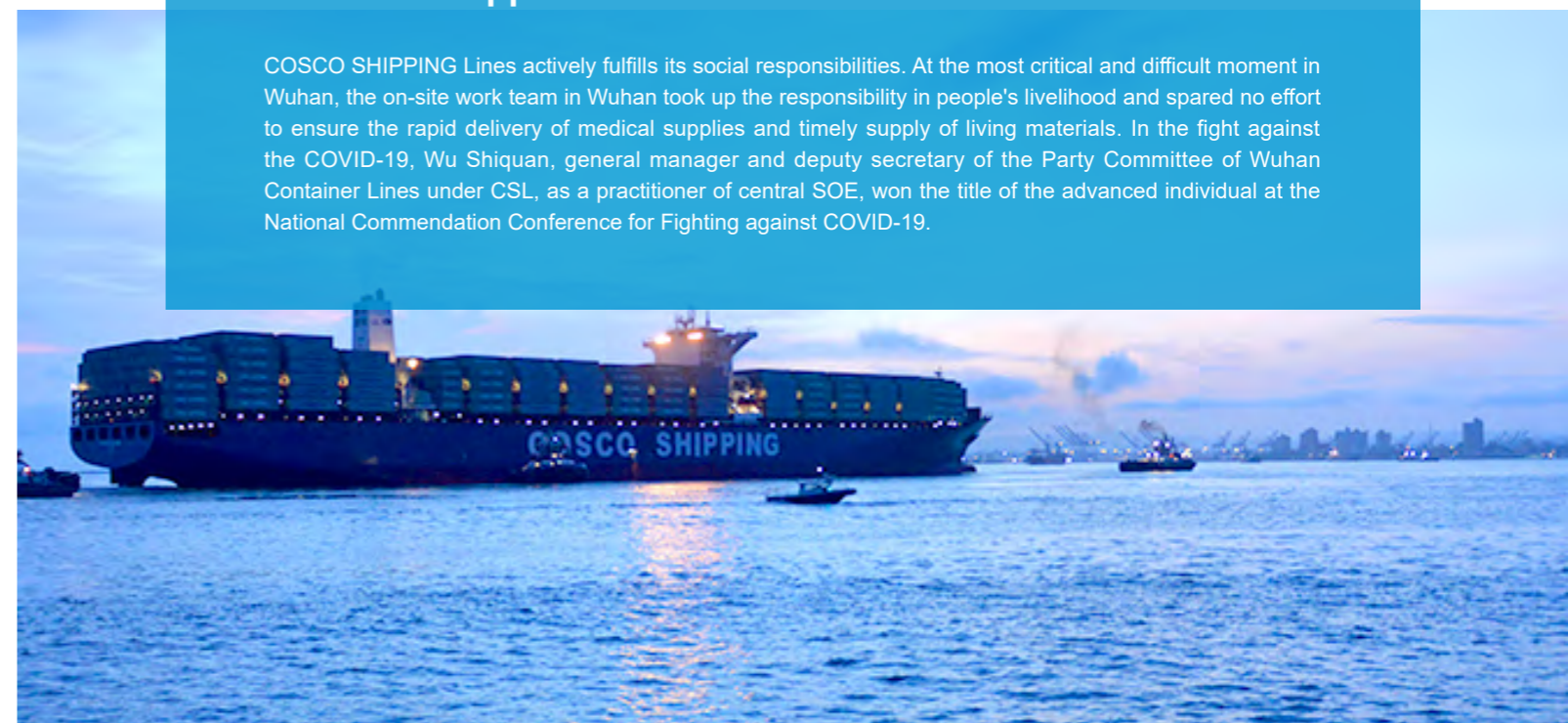


### Case Studies: Ensure the normalization of crew shifts during the COVID-19

CSL, adhering to the people-oriented value, attaches great importance to the work of crew shift changes. In response to the difficulty of crew shifts caused by COVID-19, serious overdue services on ships, and strong expectations for vacations, we communicated and coordinated with multiple parties, standardized crew shift operating procedures, implemented nucleic acid testing and designated quarantine places for shift crews, and formulated monthly crew shift plans on a rolling basis, pioneering the work of crew shift changes for ships without returning home.

### COVID-19 support

COSCO SHIPPING Lines actively fulfills its social responsibilities. At the most critical and difficult moment in Wuhan, the on-site work team in Wuhan took up the responsibility in people's livelihood and spared no effort to ensure the rapid delivery of medical supplies and timely supply of living materials. In the fight against the COVID-19, Wu Shiquan, general manager and deputy secretary of the Party Committee of Wuhan Container Lines under CSL, as a practitioner of central SOE, won the title of the advanced individual at the National Commendation Conference for Fighting against COVID-19.



 Case Studys: National Advanced Individual in Fighting against COVID-19-Wu Shiquan

During COVID-19 period, Wu Shiquan, a pioneer in the fight against COVID-19, provided strong material supply to defend Wuhan and Hubei. He always put the safety of people's lives in priority. He prevented the Company's nearly 900 employees in Wuhan from infections due to work and actively allocated medical supplies to the front line for free. In Wuhan, Wu Shiquan, with the heroic spirit of "being indomitable with solidarity", demonstrated the responsibility of central SOE and contributed to the fight against the epidemic, winning the title of the advanced individual in fighting against COVID-19.



With the spread of COVID-19 around the world, the demand has surged for overseas medical and COVID-19 prevention materials. In the face of a massive flight reduction by various airlines, in order to normally deliver international mails, COSCO SHIPPING Lines has further established a diversified and efficient green channel for the transportation of overseas COVID-19 prevention materials, and launched donations to contribute to the global fight against the COVID-19.

 Case Studys: Donation of anti-pandemic materials in New Jersey, USA

In March 2020, our subsidiary in New Jersey, USA, donated 1,000 N95 masks and US\$5,000 to the municipal government of Secaucus, New Jersey, to help provide urgent protective materials for emergency personnel and medical staff in the city and support the local efforts in the fight against COVID-19. Besides, we also donated 1,000 N95 masks and US\$30,000 to the Hackensack University Medical Center, a medical institution in northern New Jersey. The supplies have been delivered to the Hackensack University Medical Center in a contactless manner to support the medical staff of the hospitals who were fighting on the front line to protect the healthy lives of local people.



“We appreciate the generosity and support of North America branch of COSCO SHIPPING Lines. Those supplies will help many medical staff and volunteers working at the local hospital in Hudson County.”

--Secaucus mayor Michael Gonnelli

 Case Studys: China's first "special train for French anti-pandemic materials " started smoothly

While COVID-19 sweeping the world in 2020, the shortage of medical supplies has become the most prominent difficulty in COVID-19 prevention for various countries. By integrating the characteristics of its own platform - Nanchang China-Europe Express, CSL suggested the transportation mode of China-Europe Express to French purchasers to transport anti-pandemic materials to France. This represents the first special train of anti-pandemic materials sent from China to Paris, France since the start of the global COVID-19. In order to ensure the smooth operation of the anti-pandemic material train, CSL coordinated works in those places to work together with local governments, customs, and enterprises, arranged various operations of anti-pandemic materials. Furthermore, CSL opened a green channel for customs clearance, and guaranteed priority review, inspection and discharging of the special cargo.

After over a month, CSL successfully completed the delivery of COVID-19 prevention materials. COSCO SHIPPING Lines delivered 20 million masks, 45 million pairs of gloves, 130 water-soluble bags and other products in 41 vehicles, traveling 14,000 kilometers across 7 countries or regions to the front line of COVID-19 prevention in Paris, France.



After over a month, CSL successfully completed the delivery of COVID-19 prevention materials,

across

**7** countries or regions traveling

**1.4** kilometers

delivered

**20** million masks

**45** million pairs of gloves

**130** water-soluble bags and other products

Products in **41** vehicles

delivered to the front line of COVID-19 prevention in Paris, France.



# ***SERVICE***

## **Topics**

- Upgraded service and strict control
- Realizing green shipping, warding the sea
- Valuing talents and developing as a whole
- Going hand in hand with social development

## Upgraded service and strict control

Starting from a new stage of development, COSCO SHIPPING Lines takes safe production as the top priority and is dedicated to providing customers with safe, fast and high-quality services. COSCO SHIPPING Lines takes its mission of "customer first, value first" is market-oriented, technology-based, and customer-centered to drive the development of the shipping value chain.

### Customer service

As an important participant in domestic and foreign trade and the supply chain, COSCO Shipping Lines actively promotes economic integration, improves product portfolio, boosts service quality, and enhances the stability of the industry chain and enterprise supply chain.

### Carrier of the world

In the context of COVID-19, COSCO SHIPPING Lines continues to optimize its distribution of global routes, and transform its leading advantage in fleet size into the strength in customer service. In today's increasingly interdependent world, COSCO SHIPPING Lines is committed to connecting its service chain with the customer's industry value chain, actively adapts to changes in the structure of the industry value chain, and allocates more resources and marketing in emerging markets such as Southeast Asia, South Asia, Latin America, and Africa, regional markets, and third-country markets, to provide customers with global transportation services, jointly build a high-quality value chain, and improve the customer experience.

In addition, COSCO SHIPPING Lines has built a global network of holding terminals to establish an overall network linking various aspects such as cost, service and coordination, to create a one-stop service experience for customers.

### End-to-end service

COVID-19 has caused serious troubles to the global container supply chain, exposing various foreign trade companies to more severe difficulties in shipping. Under these circumstances, COSCO SHIPPING Lines is committed to providing the world's best shipping and integrated logistics solutions, and redoubling its efforts to meet customer's demand for freight and address pain points in logistics. In addition, COSCO SHIPPING Lines aims to leverage its global end-to-end transportation network and use the online platform to mobilize the resources offline. In this way, COSCO SHIPPING Lines can truly prioritize the customers' concerns, and provide customers with high-quality and efficient integrated logistics solutions to containers.


#### Case Studys: CSL' s end-to-end service

During the COVID-19, CSL quickly introduced service products such as water-and-water transfer, water-and-train combined transportation and special logistics train. CSL integrated various logistics resources to connect customer's supply and demand and fully satisfy customer's needs in transportations during special periods. In order to solve the problem that postal parcels cannot be sent normally during the COVID-19, CSL has joined hands with China Postal Express & Logistics to develop an air-to-sea-mode of international postal transportation, effectively breaking the bottleneck of shipping in special periods, and taking full credit from customers with more flexible and reliable logistics services.

### Development of digitalization

Catalyzed by COVID-19, the shipping industry is accelerating digitalization. COSCO SHIPPING Lines actively follows the development trend of the industry and strives to takes digitalization as an important bridge to improve the ability to integrate supply chain service, comprehensively analyse and efficiently conduct collaborative operation in line with the latest industry trend.

The container transportation business of COSCO SHIPPING Lines witnessed continued innovation. It continues to launch digital service solutions, provide customers with integrated and visual service solutions, and help customers manage the supply chain more efficiently and transparently, winning recognition from the industry and customers.

 Case Studys: Paperless on the chain, e-pickup for importation

CSL creates “contactless visual services” for customers to effectively ensure the normal operation of the business during COVID-19. With the traceability and trustworthiness of the blockchain technology, we have launched a contactless import pick-up program to realize data interconnection and process cooperation and mutual trust between shipping companies and port systems, so that customers can complete the entire operation process of shipping companies and ports on the chain at one time to simplify the business procedures for import customers and improve service capabilities.

CSL has promoted the application of the blockchain contactless pickup solution at six domestic ports. As of the end of the reporting period, nearly 50,000 TEU of goods have been picked up quickly without contact through the blockchain paperless discharging platform.


 Case Studys: Syncon Hub platform

Syncon Hub, a brand new visual one-stop shipping e-commerce platform launched by CSL, provides one-stop convenient services such as real-time inquiry, timely booking, self-service documents, and online settlement, and is committed to bringing customers a smooth logistics experience of one-click direct access.

At the beginning of 2020, in the face of the unexpected COVID-19, an array of companies has encountered difficulties in resuming work and in shipping. SynCon Hub foreign trade e-commerce platform took the lead in launching online forward products, covering Europe, the United States, Canada, and Latin America, Asia Pacific, Southeast Asia and Japan and other foreign trade routes. Domestic customers can inquire about the latest, most complete and most effective route product information anytime and anywhere through the SynCon Hub official website or WeChat Mini Program, and adopt the entire online closed-loop operation to lock the freight rate in advance to ensure worry-free transportation.

## Enhancement of customer experience

COSCO SHIPPING Lines attaches great importance to customer experience, strives to establish long-term and mutually beneficial relationships with customers. The Company has formulated a series of management policies to help improve customer experience, such as the *Assessment Approach to Customer Service Quality and Measurement Procedure for Customer Satisfaction*, etc. Besides, COSCO SHIPPING Lines keeps tabs on the evaluation and opinions from customers and set targets for customer satisfaction and timely handling of customer complaints.

 Case Studys: Customer satisfaction survey of CSL

CSL regularly conducts customer satisfaction surveys, analyzes the customer service situation and customer needs during the year, and formulates targeted improvement plan based on customer’s needs and pain points for the company’s services to comprehensively improve the service quality of COSCO SHIPPING Lines.

In 2020, CSL launched a survey on the satisfaction of global customers. The survey was conducted in the form of questionnaires. Questionnaires were distributed to customers around the world through the satisfaction survey platform developed by CSL. A total of 2,391 questionnaires were collected, of which 1,644 questionnaires were collected in China and 747 questionnaires were collected from overseas.

The survey results show that the overall global customer satisfaction index of CSL in 2020 was 90.47, which is at a very satisfactory level. Compared with the customer satisfaction index of 88.68 in 2019, it has improved significantly. Among them, the customer satisfaction index in China increased from 91.29 in 2019 to 93.25; the customer satisfaction index from overseas increased from 82.41 to 84.36.

COSCO SHIPPING Lines attaches great importance to customer experience, and customers can make complaints through designated platforms. After receiving a customer complaint, we will make a preliminary judgment based on the content of the customer complaint case and contact the responsible department or branch company to accept them, and the responsible department or branch company will investigate, collect evidence and sort out the content of the complaint to determine the authenticity of the customer complaint, as well as the facts, the main responsible party, the degree of negligence, and the loss. After accepting complaints, we will communicate with the customer to confirm the handling result and the degree of satisfaction of the acceptance process with the customer.

During the reporting period, we received a total of 6 customer complaints, and the proportion of customer complaints handled reaches 100%.

Questionnaires were distributed to customers around the world

**2,391** questionnaires 

collected in China    collected from overseas

**1,644** questionnaires

**747** questionnaires

<sup>2</sup>[ The data comes from COSCO SHIPPING Lines, based on the statistics of the number of complaints received on the designated platform.]



## Privacy protection

Our container transportation service e-commerce platform system strictly protects the privacy of customers and implements privacy protection-related measures according to the requirements in the place we operate to protect the rights and interests of customers.

### Case Studys: Privacy protection measures of foreign trade e-commerce platform SynCon Hub

The SynCon Hub foreign trade e-commerce platform system implements the protection measures of private information in accordance with the national Information Security Level Protection Management Measures, including identity authentication, access control, security audit, intrusion prevention, credibility verification, data integrity and confidentiality, data backup and recovery, personal information protection, etc., and there is a privacy policy publicity on the homepage of the platform.

COSCO SHIPPING Lines, adhering to the "digitalization" strategy, will continue to innovate through technological empowerment, strengthen the upstream and downstream collaboration along the industrial chain, tap the potential of smart shipping, and provide customers with better quality and convenient services.

## Supplier management

A healthy supply chain enables enterprises to gain the maximum benefits at the lowest cost and guarantees the normal operation of the enterprise, which represents one of the keys to the success of the enterprise. In the shipping industry, the management of the supply chain has attracted increasing attention from the public and investors. In order to cater to the concerns and needs of stakeholders, COSCO SHIPPING Lines has continuously improved its supply chain management system, promoted the sustainable development of the industry value chain, and inspired partners to jointly fulfill social responsibilities.

As a member of the shipping industry focusing on container transportation and terminal business, COSCO SHIPPING Lines mainly covers upstream industries as shipbuilding (repairing), chartering, petrochemical engineering, port terminal service industry, container equipment and service industry, container water and land transportation service industry, etc., which provide us with shipbuilding and ship repair services, and container ship leasing services, furnish fuel and lubricants for our ships and offer port and terminal services for our ships, as well as container leasing, building, repairing and storage and water and land transportation services, etc. Our downstream largely concentrates on domestic and foreign trade business, involving steel, chemical, consumer goods and other industries.

## Compliance requirements

COSCO SHIPPING Lines strictly abides by the relevant laws and regulations of the supply chain where it operates, such as the "Tendering and Bidding Law of the People's Republic of China" and the Regulations on Procurement of the parent company China COSCO Shipping Corporation Limited. Taking into account the actual situation of each subsidiary company, policy documents such as Regulations on Supplier, Regulations on Procurement, and Basic Procedures for Purchasing by Invitation to Bid have been formulated to provide guidance for the supply chain management. COSCO SHIPPING Lines strictly abides by the supply chain management policy documents, implements the management and procurement requirements for suppliers, and ensures the orderly operation of the supply chain management mechanism and the healthy development of the supply chain. Regulations on Supplier applies to all suppliers.

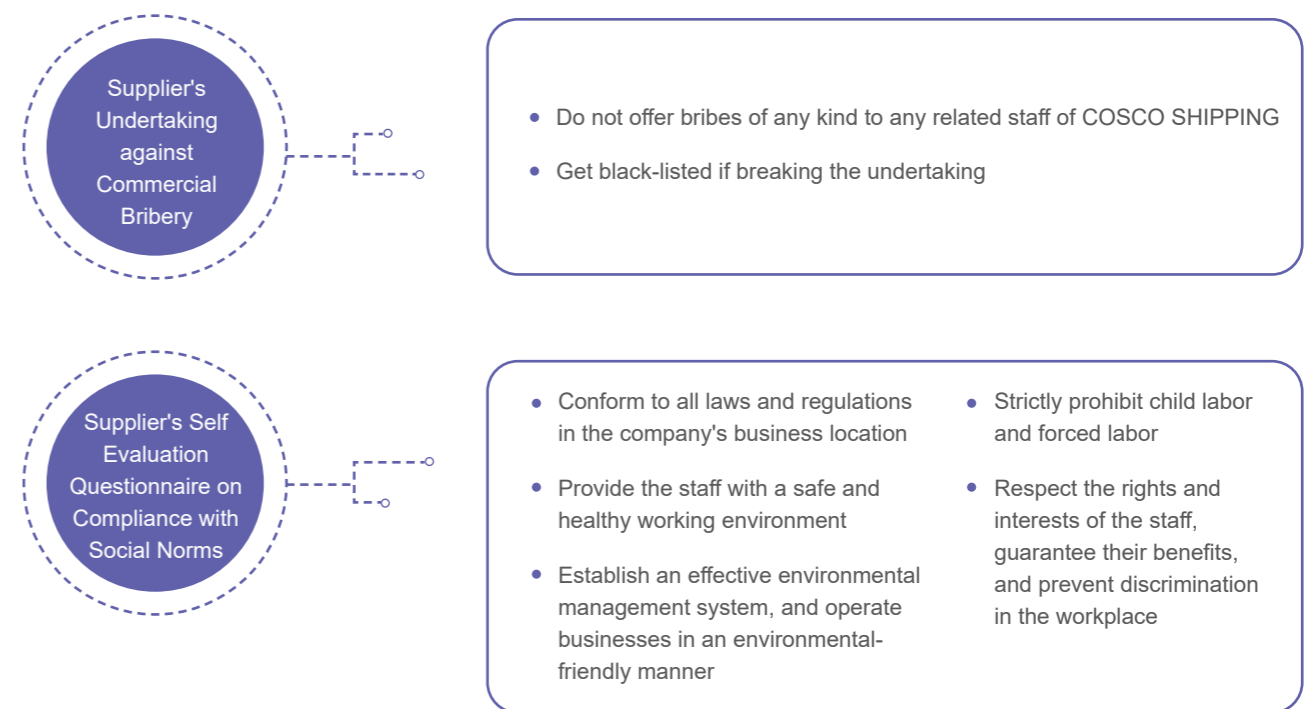
In order to standardize bidding and procurement behavior, prevent operational risks, and improve economic benefits, COSCO SHIPPING Lines strictly implements the requirements of laws and regulations to manage the bidding and tendering. The bidding and procurement work follows the basic principles of compliance with laws and regulations, openness and transparency, fairness and impartiality, and science and technology guidance, and organizes an expert team to objectively and fairly express evaluation opinions on bid documents and offer bid evaluation results in accordance with the bid evaluation standards and methods specified in the bidding documents. Announcements such as winning bid candidates and winning results will be publicized on the electronic platform designated by the state and the electronic platform designated by the parent company - China COSCO Shipping Corporation Limited - in accordance with laws and regulations.

## Access standard

In order to improve risk resistance, COSCO SHIPPING Lines has adhered to a strict approach in screening its suppliers. Based on actual business needs, we raise relevant qualification and certification requirements to new suppliers who did not go through open bidding and fill in the Supplier Information Registration Form accordingly. The review panel made up of related units will then review the materials submitted by these suppliers, before admitting the ones that have been passed to the qualified list for further management.

In order to ensure sustainable development of the supply chain, COSCO SHIPPING Lines actively promotes a green management approach, and requires its suppliers to abide by any applicable environmental laws, regulations and standards while establishing an effective environmental management system. COSCO SHIPPING Lines takes into full consideration the chosen suppliers' potential impact on the surrounding environment and people, gives priority to environmentally friendly, low-carbon and energy-saving products and services on even ground, brings forward environmental requirements for related products and services.

COSCO SHIPPING Lines is determined to find suppliers with shared values to be our close partners. For new suppliers that did not go through open bidding, our Company will ask them to sign Supplier's Undertaking against Commercial Bribery and Supplier's Self Evaluation Questionnaire on Compliance with Social Norms. In addition to that, we will also check information channels such as third-party enterprise credit websites and public credit platforms during the review process to see if the new suppliers have had major violations of laws and regulations, or corruption and bribery practices in recent 3 years.



## Evaluation mechanism

COSCO SHIPPING Lines conducts annual assessment and grading of its current suppliers. Besides the evaluation of the supplier's basic qualification, business capability and technological innovation capacity, the contents of the assessment also include their safety assurance on the environment and their staff, their business ethics, etc.

### Case Studys: COSCO SHIPPING's supplier assessment and grading

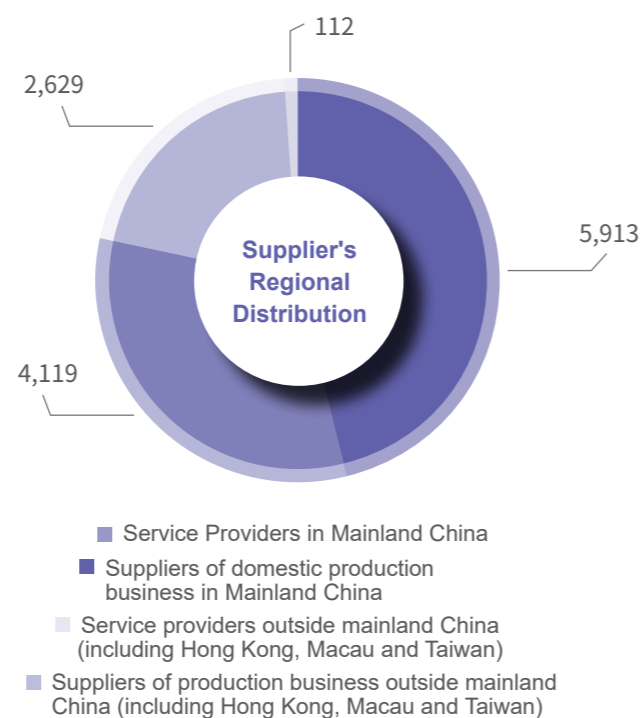
Based on the results of the assessment, COSCO SHIPPING Lines its suppliers into 5 different grades, namely strategic suppliers, quality suppliers, qualified suppliers, negative suppliers and unqualified suppliers. Suppliers within the top 2 grades will be given priority to business cooperation opportunities under the same contracting conditions, and the qualified suppliers can enjoy ordinary cooperative relationships. COSCO SHIPPING Lines will also request negative suppliers to carry out thorough inspections into areas that fail to meet the standard and urge them to take rectifying measures. Besides, COSCO SHIPPING Lines will exclude the unqualified suppliers from the supplier list for the next 3 years.

For the key suppliers that offer goods or services with significant impact on production and construction safety, COSCO SHIPPING Lines will send relevant business departments or units to conduct on-site inspections and set up working standard during the visit, examining on the scene the suppliers in terms of their technical capacity, scale and equipment, quality control, management capability, product delivery, payment conditions, cost control, after-sale services and performance, so as to ensure the quality of their products or services.

The annual assessment of COSCO SHIPPING Lines is used as a reliable criterion in the Company's routine supplier selection process. In this way, we can realize unified management and optimize supplier structure to meet our demand for strategic development and sustainable development.

## Risk assessment

On a regular basis, COSCO SHIPPING Lines will assign dedicated personnel to conduct comprehensive risk assessments on the management of the supply chain. The assessments will cover the execution of purchases, the selection and assessment of suppliers and the maintenance of data resources. The persons responsible will grade the risks to determine their significance, before coming up with a standardized risk list. For highly important risks, the leading department will formulate countermeasures and periodically track the effects of the implementation.



## Realizing green shipping, warding the sea

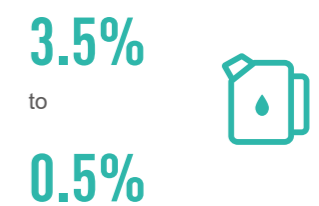
The ocean, where life is born and bred, takes up 71% of the Earth's surface and 99% of the biological habitat. COSCO SHIPPING Lines, a pioneer among the global liner industry in environmental protection, puts a premium on ecological environmental protection, incorporates low carbon practices and high efficiency into its comprehensive management policy, and continuously promotes green shipping in an effort to protect the marine ecological environment as much as we can.



## Comply with IMO rules

Ever since Jan 1, 2020, all the ocean board ships in the world would have to comply with the new sulfur limiting rules of the International Maritime Organization (IMO). That is to say, the rule limits the sulphur in the fuel oil used on board ship to 0.5%, a significant reduction from the previous number of 3.5%. Besides, according to the latest requirements by the Organization, after this rule has become effective, all the ships that do not have any sulfur "scrubber" equipment are forbidden to use heavy oil with excessive sulfur content. It is estimated that this regulation will be able to reduce sulfur pollution by 80%. Because of the additional costs brought by this decision, it has been considered to be the biggest change in the maritime industry in decades. Apart from these, we will continue to strictly control the marine environmental pollution and ecological disasters caused by improper discharge and treatment of the ships' ballast water.

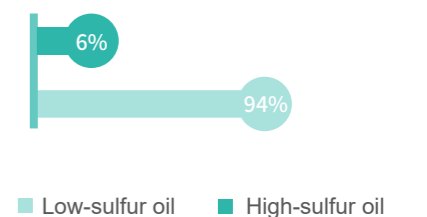
The sulphur in the fuel oil used on board ship drops from



## Conforming to IMO 2020

In order to conform to IMO's new sulfur limit (also known as IMO 2020), all shipping companies concerned need to weigh the pros and cons of each and every response option to meet the challenge. They should address the issue from aspects such as procurement of low-sulfur oil, cost recovery, operation & implementation, timeline plans and communication with regulators, making sure that the selected plan is in accordance with the new regulation and can effectively reduce the negative impact they have on the environment while controlling relevant operational risks generated by a large number of additional fuel costs. COSCO SHIPPING Lines has strictly complied with related international regulations and implemented scheduled plans in an orderly manner, successfully reaching the upper sulfur limit of the IMO 2020 requirement.

### The use of fuel oil





 Case Studies: COSCO SHIPPING Lines arranges and installs sulfur scrubbers on board ships at a hectic pace

During the reporting period, COSCO SHIPPING Lines initiated the installment of open-loop sulfur scrubbers for ten 4250 TEU Vessels, eight 14000 TEU Vessels and five 19000 TEU Vessels. In order to reduce the cost without influencing the shipping demand of our customers, we arranged all the work during dock repairs and off-service time during the Spring Festival. A total of 8 ships were fully remolded in 2019, and 15 in 2020.

Based on the operation and maintenance needs of our ships, we designed targeted plans for all 3 ship types. We have adopted an exhaust plan equally efficient as the 0.5% sulfur content for both 4250 TEU and 14000 TEU Vessels, and a plan equally efficient as the 0.1% sulfur content for 19000 TEU Vessels, which is even lower than the existing IMO standard. In addition, we have conducted customized designs for every ship type according to their unique conditions, ensuring that the scrubber installment would not result in reductions in ships' container capacity.

## The discharge management of ballast water

In 2004, IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention), so as to help prevent the spread of potentially harmful aquatic organisms and pathogens in ships' ballast water. Apart from the policy to introduce treatment standards in the next few years upon its publication, the BWM Convention also stipulated a specific set of treatment process standards to guarantee that at least 99.9% of organisms in ballast water are destroyed or removed prior to discharge. In 2017, the BWM Convention, which had then been signed by 61 countries around the globe, officially came into force. This treaty aims to prevent invasive aquatic species from being discharged into the ocean through ships' ballast water.

For better ship management, COSCO SHIPPING Lines has formulated and implemented institutional documents including the Management Instructions for Ballast Water from Ships, the Ballast Water Management Plan. Specifically, we are managing ships' ballast water through four steps, namely the operation, replacement, safety inspection and record-keeping of ballast water.



### Operation

- We ask our ships to try to avoid ballast water suction in restricted areas or locations such as places where pathogens and harmful organisms spread. And we ask our crew to remove all water sediments in time.
- In the meantime, the ships should avoid unnecessary ballast water discharge under the condition of ensuring a safe loading and unloading of cargoes.



### Replacement

- When our ships need to replace their ballast water, they must carry out the replacement in the waters at least 200 nautical miles offshore and at least 200 meters deep.
- If special situations occur, the ships should stay as far from the land as possible, and replace the ballast water in the waters at least 50 nautical miles offshore and at least 200 meters deep.



### Inspection

- We ask our captains to pay close attention to the real-time sea conditions and weather, so that they can make sure ballast water is replaced in good weather conditions. We also require regular safety checks on ballast tanks, ensuring that the installations are in good condition.



### Record Keeping

- All our ships must have designated crew members for ballast water operations. All the work will be recorded in the Ballast Water Log Book, where the XO should sign on each and every operation. Every page will also need to be signed by the captain.
- The Ballast Water Log Book will be recorded in a bilingual and loose-leaf format which should be kept for at least 2 years for inspections by the authorities. Moreover, we ask our captains to get familiar with the ballast water reporting system in their designated port states, so that they can comply with the related rules and regulations, and actively cooperate with local port authorities for inspections and sampling.

## Protecting the sea

We should safeguard our blue planet with passion when sailing on the sea. Recognizing that a healthy marine environment serves as the basis for the sustainable development of the shipping industry, COSCO SHIPPING Lines strictly controls the pollutant treatment and legitimate emission of our shipping vessels, to promote green development of the shipping industry and relevant manufacturing. We have been strictly abiding by relevant laws and regulations both at home and abroad, including the Environmental Protection Law of the People's Republic of China, Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China, and Law of the People's Republic of China on Prevention and Control of Water Pollution, and industry-related laws, regulations and conventions involving Marine Environmental Protection Law of the People's Republic of China, Implementation Scheme of the Domestic Emission Control Area for Atmospheric Pollution from Vessels, Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment, Criteria of Disposal on Ships Pollutants, International Convention for the Prevention of Pollution from Ships, etc, to conduct tight controls on treatment and legitimate emission of vessels' hazardous substances.

Based on both domestic and international laws and regulations, as well as conventions and treaties in the industry, our Company has set up and implemented the Waste Management Plan for our ships that stipulated the collection, storage and disposal process of ship waste, the Operation Regulation on Treating Bilge Oily Water Ashore that regulated the complete discharge process of ships' oily wastewater, as well as Shipboard Oil Pollution Emergency Plan that trains our crew to quickly take response measures in case of oil-leaking accidents to reduce and control the negative outcome. In the meantime. We have specifically dedicated personnel to keep track of the latest updates in domestic and international environmental protection causes and continue to integrate new requirements and standards into the corresponding policies and management plans. Moreover, COSCO SHIPPING Lines organized a staff training in the corporate comprehensive management system (including ISO 14001-2015 Certificate for environmental management system) in August 2020, and successfully passed the license audit by professional agencies from outside in the following month, guaranteeing a sustained and effective operation of the Company's management system.

We established wastewater discharge and solid waste emission targets, requiring the management for office and fleet wastewater and solid waste to strictly comply with applicable laws and regulations and international convention. During the reporting period, COSCO SHIPPING Lines did not violate any relevant environmental laws or regulations, and the wastewater discharge and solid waste emission are complied with national laws and regulations.

### Water resources and wastewater discharge management

Apart from further promoting the low-carbon operation of our shipping process, COSCO SHIPPING Lines has always attached great importance to the use of water resources. During the reporting period, we did not find any difficulties in the access of water. In order to improve the water use efficiency on shipboard, our ships employ desalination equipment to convert seawater into drinking water to supplement the daily water use of our crew and reduce freshwater consumption. Meanwhile, we continue to raise the awareness of water conservation of our employees while developing their water-saving habits, encouraging them to participate in the optimal use of water resources on board. In 2020, the total water consumption was 278,407 tons, with an amount of 124,756 tons of seawater desalination reached.

The total water consumption

**278,407** tons

reached

**124,756**

tons of seawater desalination



### Case Studies: COSCO SHIPPING Aquarius: water-saving measures on board

Normally the supply of fresh water on ships comes from 2 channels: port filling and seawater desalination on board. Currently, our container ship COSCO SHIPPING Aquarius is equipped with a freshwater generator with a maximum daily output of 30 tons. The freshwater it produces will be used mainly for machine operation and deck washing. During the shipping process, we are committed to strengthening our awareness of water-saving by analyzing every section of water use, before adopting a series of water-saving measures.



- soak the vegetables in the water before rinsing them to reduce the need for running water; take the frozen meat and fish out in advance based on the weekly recipe to let them thaw naturally, instead of forcing them to thaw with running water.



- set the water flow rate of the faucets to 50% of their maximum capacity to reduce water waste.



- our crew should take the maintenance work of the water generator more seriously to keep it in good condition. The XO and carpenter on the deck should improve the management of each freshwater tank, enhance the monitoring to prevent leakage of any kind, and try to locate the cause immediately after anything goes wrong.



- establish a system of water-saving rules on board that encourage the crew to get rid of bad habits. Help the crew understand what "water conservation" really means for overseas shipping vessels, and motivate them to use water in a rational and efficient way.

The main source of wastewater during the shipping process that might lead to marine pollution comes from effluent including discharged ballast water and oily wastewater. In addition, we strictly follow the Regulations on Management of Bilge Oily Water Treatment to clarify the complete standardized procedure of the discharge of oily wastewater.

During the reporting period, we adopted high-pressure inspection on the fieldwork of oily wastewater discharge, continued to enhance the oversight of the process and implemented the sealing of wastewater during refueling and discharge. Our oversight and sealing work of oily wastewater covered all areas of work, preventing any chance of leakage. In addition, we actively coordinated with third-party companies offering inspection services to maintain full coverage of the oversight on site, perfected the "blacklist" system, and conducted emphasized monitoring on important ships, all in an effort to eradicate any illegal discharge practices or pollution.

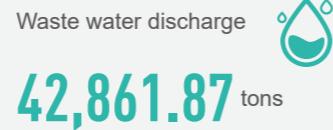
 Case Studys: CSL implemented plastic sealing and carried out oily wastewater discharge

It is inevitable for shipping vessels to generate oily wastewater during engine ignition and the course of their sailing. In the case of oil spills or if the wastewater is improperly discharged into the sea, a layer of oil slick will be formed on the top of the sea surface. The slick will cut down sunlight radiation and affect the photosynthesis of phytoplankton in the sea, which will, in turn, cause the amount of oxygen in the waters to drop. As a result, the living environment of marine life will become dreadful over some time.

During the reporting period, our dedicated fuel oil management team had been strengthening the plastic sealing management of our fleet, carrying out plastic sealing work for all our ships at points such as wastewater discharge junctions. Through the tracking and inspection of plastic seals, we effectively realized the whole-process monitoring of ships' fuel control. The monitoring range now covers all the vessels under the Company's management. At present, CSL has achieved full coverage and seamless management of plastic sealing for the whole fleet, including both owned and chartered vessels, which have effectively curbed illegal practices in fuel control. It is predicted that throughout the year 2020, the number of inspections and operations of wastewater sealing will reach about 2110, while 4,008 bunkering sealing operations are projected to be completed. In addition, we will continue to ensure the full coverage of sealing management.

In addition, CSL has been implementing Shipboard Oil Pollution Emergency Plan to guide our crew in the events of unexpected oil spills so as to mitigate the impact of the accidents and contain the situation. Once the oil overflows, operators on duty must report it to the captain or other persons in charge immediately. After the report is submitted, the alarm signal will ring at once, and the captain should organize all crew to take contingency measures.

During the reporting period, the total wastewater discharge generated from the production and operation of COSCO SHIPPING Lines was 42861.87 tons.



**Waste management**


By establishing and implementing the internal Waste Management Plan for our ships, COSCO SHIPPING Lines preserves the marine ecological environment and avoids accidents of waste pollution. The Plan explicitly clarifies the duty and responsibility of every crew member, requesting that persons of the management level must train their fellow crew members on the collection, disposal and storage of ship's waste and that the waste must be categorized and processed before being stored, incinerated and disposed of according to regulations.


For our maritime shipping vessels, we have applied an on-board waste management system to collect related data and manage relative affairs, and have equipped them with appropriate waste disposal facilities based on the requirements of the International Convention for the Prevention of Pollution from Ships, such as incinerators, food dispensers and garbage compactors. In the meantime, we require our staff to transfer the waste in enclosed containers, so that we can minimize the negative impact on the environment of our work.


In the face of the sudden global outbreak of COVID-19 in 2020, in order to effectively prevent and stop the further spread of the disease now that a huge amount of medical waste has been generated due to COVID-19 prevention and that the current situation is still not promising, IMO, flag states, port states, shipping companies and port authorities from all sides have all formulated and introduced a series of control and security measures targeting international ships sailing between ports around the world. These practices, while reinforcing epidemic prevention and control work both on shipboard and shoreside, will bring a certain degree of challenge to the management of ship waste. During the reporting period, COSCO SHIPPING Lines had already strengthened its waste management to reduce the waste discharge risk brought by the COVID-19.


 Case Studys: Notes on ships' waste management during the COVID-19

During the reporting period, CSL' Aquarius followed the requirements of COVID-19 epidemic prevention and control and the ship waste management principles, approaching the matter from aspects including raising awareness among its staff, classifying epidemic prevention supplies before storing them, implementing waste sorting more strictly and disposing of ship waste. As thus, the ship can strictly control its garbage discharge at the same as reasonably disposing of medical waste.

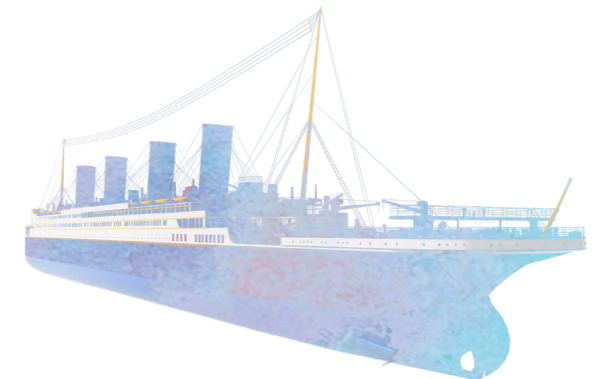
 Enhance training to reduce waste generation: Train the on-board crew to learn the Waste Management Plan and to use waste disposal equipment, so as to help the members get more familiar with the waste management requirements and relative facilities. Through the implementation of the Plan and the use of waste disposal equipment, we can reduce the waste generated on shipboard to a minimum amount.

 Improve the classification and management of ship's waste: If the waste is mixed with or contaminated by other substances that are banned from discharge or have different discharge and treatment requirements, the compounded waste will then need to comply with the strictest requirements among its composition. Therefore, an effective classification and management system on shipboard can not only help discharge and dispose of waste by making the best of the facilities on the ship but also help store harmlessly the waste that is not discharged, disposed of, or unloaded onshore for a relatively long time.

 Dispose of the waste on board on a regular basis to reduce the waste remained on board: The methods of waste treatment on the ship include incineration, shredding, grinding, compaction and onshore unloading. Our ship must keep track of the waste recycling policies in the COVID-19 prevention & control measures of its docking ports (whether at present or in the future). If the conditions permit, we should try to unload as much waste at docks as possible. In the meantime, we should try to clean and disinfect our waste storage facilities periodically, install proper fire-fighting equipment and strengthen management and inspection.

 Disinfect epidemic medical waste and store them separately, reducing the risk of transmission: install special trash bins for medical waste on board (labeled as yellow). Disinfect medical waste that is thrown away by medical staff such as a protective suit or face masks, before storing them separately for later unloading (the tally room will be used temporarily as the storage room). We should also notify port authorities in advance, and take special protective measures at their request.

The formulation of the Inventory of Hazardous Materials (IHM), also known as the Green Passport, is a key requirement in the Hong Kong Convention which identifies all hazardous or potentially hazardous materials on board. It aims to recycle and rebuild the ships under a safer and environmental conditions where recyclers customize a safer and more environmentally-friendly decommissioning plan for ship recycling. COSCO SHIPPING Lines pays great attention to the environmental impact of vessels and actively endeavor to obtain the Green Passport on board. In addition, COSCO SHIPPING Lines conducts an assessment of the ships' life cycle to reduce their environmental impact when being recycled. Under the support of a series of measures, COSCO SHIPPING Lines will keep trying to reduce 5% of the total waste in 2021.



## Blue whales protection

Setting a speed limit for ships can dramatically reduce the number of collisions with whales. In order to protect the species, CSL have both proposed voluntary deceleration initiatives to slow down their ships in some of the whales' vital habitats, preventing the accidental injuries or deaths of whales due to the shipping work.

With the lofty ideal of protecting the world and the firm belief of preserving the environment, CSL took the initiative to contact the sponsor of the "Protect the Blue Whales and Blue Skies" project and signed up to join the program in 2018. This project was funded and promoted as a non-compulsory initiative by multiple environmental protection departments and organizations in the U.S., which calls for the voluntary accession of all willing parties. During the reporting period, CSL was awarded the Gold Award in the project for its positive measures taken and remarkable achievements made after the CSL rejoined the "Protect the Blue Whales and Blue Skies" incentive project recognized by the U.S. Environmental Protection Agency.

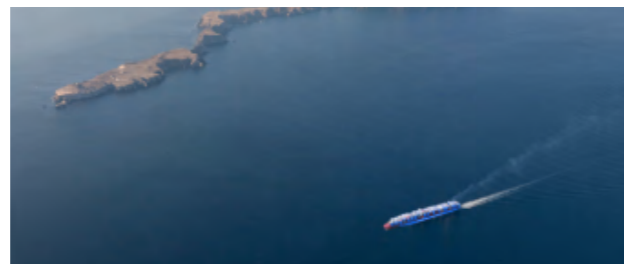
### Case Studys: "Protect the Blue Whales and Blue Sky" project

The 70 nautical-mile-long (about 130 kilometers) Santa Barbara Channel Region located between the coast of Southern California and the Channel Islands, is one of the major gathering places for blue whales. However, it is also the most important pathway in the shipping industry. Situated near the ports of Los Angeles and Long Beach, this channel will witness thousands of ships sailing by, causing grave danger to the whales that live here. The poor animal can easily be bumped into by the ships.

From May 1, 2019, to November 15 of the same year, the speed of all the ships owned by the companies in the project will be recorded when going past the Santa Barbara Channel Region and the San Francisco Bay Area. The requirement of the voluntary speed limit was no more than 10 knots per hour. The organization would calculate the percentage of the actual distance covered beneath (or equal to) the 10 knots/hour limit in the theoretical total distance of each fleet, before issuing awards to the top companies based on this percentage number.



In 2020, CSL was awarded the 2019 Gold Award presented by the "Protect the Blue Whales and Blue Skies" project as a result of its outstanding percentage rate throughout the year. In return, CSL announced its decision to donate the \$18,000 award to the environmental organizations promoting the project in order to guarantee the successful implementation of the program in 2020.



## Refusing any shark fin related product

COSCO Shipping Lines have committed to refusing whales, sharks, dolphins and all kinds of related products on their ships. This policy demonstrates our support for the global shutdown of the trade of endangered and protected marine life, as well as our determination to take action.

## Valuing talents and developing as a whole

Investing in talents is investing in the future. COSCO SHIPPING Lines aims to ensure the occupational health and safety of employees and create harmonious labor relations. Starting from the sustainable development strategy, establish a talent team that meets the company's development strategy requirements. We offer a fair and free development platform for our employees and encouraging the common development of the staff and the Company.

### Talent recruitment

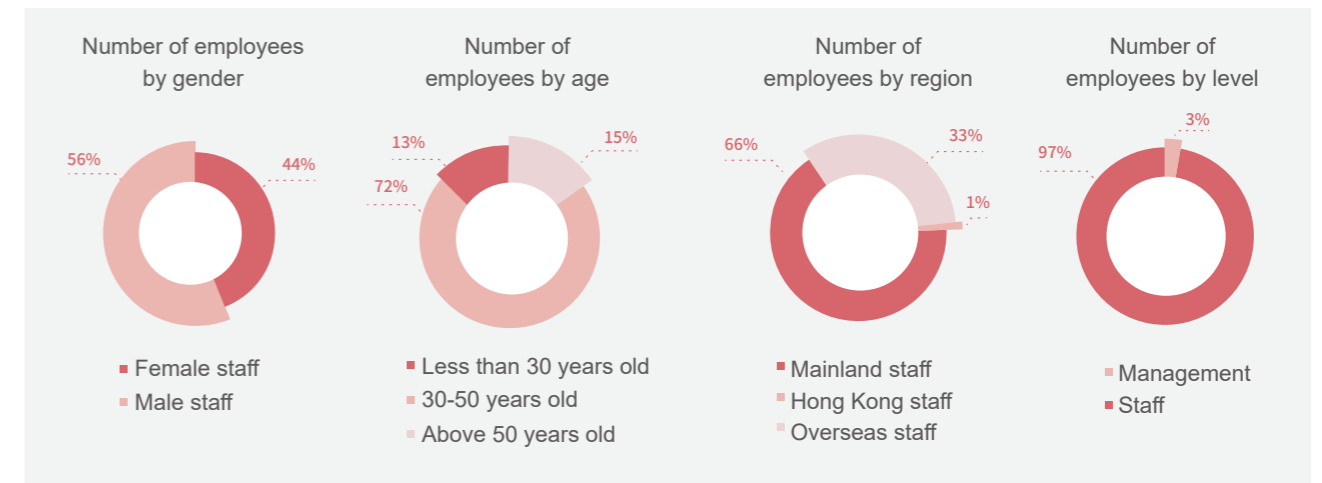
COSCO SHIPPING Lines always values talents and is devoted to actively promoting a global operation and development while building a diverse workforce and a fair and equal work environment, so as to set up a harmonious and efficient staff team.

COSCO SHIPPING Lines complies with all employment-related laws and regulations in our operating countries, fulfilling our obligations regarding lawful recruitment. We establish Social Responsibility Management Manual to strictly prohibit the use of child labor and forced labor and are dedicated to facilitating lawful recruitment among partners and suppliers. We will educate and dismiss minors under 16 who are recruited by mistake, and the original labor contract will become invalid. We will provide necessary living relief for who with difficulties according to the circumstances and report to the relevant government departments for proper arrangement of their lives. During the reporting period, there weren't any child labor or forced labor used in COSCO SHIPPING Lines, nor were any related cases reported.

We have established a complete and standardized human resource management system including *Staff Management Rules* and *Recruitment Rules for Corporate Organs*, continuously recruiting talents through diverse channels including campus recruitment, online recruitment and social recruitment in a fair and transparent way, and providing a fair and free development environment for our staff.

COSCO SHIPPING Lines promises to offer equal opportunities in all aspects of the workplace including recruitment, career development, promotion, training and awarding, regardless of people's skin color, nationality, race, age, gender, religious beliefs, or any physical disabilities, forbidding any kind of discrimination or unjust treatment due to factors unrelated to work also provide employees with disabilities with salaries and benefits that are scaled on equal terms with others, helping them find their own positions in the Company to truly realize the corporate culture of fairness and equality.

By the end of the reporting period, the total number of employees of COSCO SHIPPING Lines were 17,080, of which 15,133 are full-time employees. In 2020, the number of new employees of COSCO SHIPPING Lines was 522, including 267 male employees and 255 female employees.



During the reporting period, 366 persons resigned from COSCO SHIPPING Lines and the turnover rate was 2.42%. We fully respect the personal choices of our employees. When employees leave, we will handle the separation procedures according to law.

## Job promotion and career development

Ensuring the depth of the talent system is an important foundation for enterprise competition and development. COSCO SHIPPING Lines puts a premium on the staff's ability improvement and personal development, establishing a highly effective training system as well as a performance-oriented job promotion and incentive system, which provides our staff with a positive progress platform and unimpeded career development opportunities.

In order to ensure the efficient implementation of employee training, we formulate regulations such as Rules for Staff Education and Training, Rules for Internal Trainers Management, etc. In addition, to increase the staff's interest in learning and improve their learning experience, we add more novel and interesting trainings on the basis of traditional classes and upgrade online learning platform.

Also, we provide equal, just and transparent promotion channels for our employees, enabling them to choose the right path in their career development according to their own specific situations. We conduct assessments of employees in accordance with the "Employee Assessment Procedures". The assessment indicators are a combination of qualitative and quantitative indicators, so as to provide clear and well-founded practice in employees' job promotion, ensuring the fairness and openness of the promotion procedure.

During 2020, COSCO SHIPPING Lines provided training for 12,501 persons time with 40,873.41 hours.

Total training hours

40,873.41 

Total training persons time

12,501 

## Guarantee of rights and interests

Respecting and caring for each and every employee in the Company, COSCO SHIPPING Lines has always been committing itself to the protection of staff's lawful rights and interests. While offering our staff a healthy and safe working environment as well as an open and inclusive development platform, COSCO SHIPPING Lines also pays full attention to the basic guarantee and legitimate demands of our employees.

## Salary and benefits

COSCO SHIPPING Lines regards the rights and interests of its employees as one of the most important factors in its development and has promised to provide competitive salary and benefits to the staff. COSCO SHIPPING Lines has adhered to the salary distribution philosophy of "fair wage for fair work" and "respecting the work and the results", established a complete salary system which is tied to performance rating. In the meantime, COSCO SHIPPING Lines attaches great importance to employees' lawful rights and interests as well as job benefits in their daily work, paying all statutory welfare expenses in accordance with the local laws, regulations and policies on social insurance in its operating countries or regions.

Besides, we also provide multiple additional benefits for our staff members. Apart from holiday gifts, we also organize legal lectures to popularize among our employees the practical laws and regulations in daily life, while also offering legal advice to help them defend their rights and interests legitimately.

## Case Studys: Special lecture on the Civil Code of the People's Republic of China

During the reporting period, COSCO SHIPPING Lines invited a senior lawyer from a law firm to give special lectures on the Civil Code of the People's Republic of China. More than 200 employees attended the event.

The Civil Code of the People's Republic of China is the first law named after a code since the founding of the PRC. It reflects both the Chinese characteristics and the characteristics of the times and is closely related to people's life. Renowned as "the encyclopedia of social life", it is a declaration and guarantee of civil rights, where the basis of nearly all the civil activities can be found. Concerned with both big and small matters in our life, studying the Code agrees with our immediate interests. During the event, through vivid case analysis, the invited lawyer helped our employees get a general understanding of the Civil Code.



## Labor rights

To further protect labor rights, COSCO Shipping Lines has formulated the Collective Agreements of COSCO Shipping Lines Co., Ltd. and signed them with all employees in accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Company Law of the People's Republic of China, the Trade Union Law of the People's Republic of China, the Regulations of Shanghai Municipality on Collective Agreements, and the Collective Agreements of COSCO Shipping Group Co., Ltd.

Collective agreement includes collective bargaining policy. Employees have the right to participate in collective bargaining activities through trade unions and bargaining representatives. The collective agreement protects the special rights and interests of female workers, namely, providing maternity leave to female workers in accordance with the law, enforcing equal pay for equal work of male and female workers, and conducting gynecological exams for female workers once a year. At the same time, the collective agreement stipulates the workers' Congress system. All the workers' representatives are voted and elected by the employees. The employees can give feedback and voice their opinions and needs by means of the workers' Congress, which opens up a green channel for internal feedback and suggestions within the Company.



 Case Studys: COSCO Shipping Lines held the workers' Congress

During the reporting period, COSCO Shipping Lines held the Workers' Congress for the fourth time of the first session successfully, and 145 representatives were present. A total of 13 proposals were received at the meeting and sorted out and sent to 5 departments of the headquarters for the undertaking. After carefully studying and dealing with the proposals, the relevant functional departments formed a draft of the answer. COSCO Shipping Lines' Trade Union then communicated such replay of departments to the proposer and 100% of employee representatives are satisfactory to the opinion handling.

### Working hours and holidays

COSCO SHIPPING Lines pursues a work-life-balance for employees and fully respect their legitimate rights in working hours and holidays. The working hours of all employees in COSCO SHIPPING Lines are enforced in accordance with the standard working hours policy stipulated by the State Council. For those employees who have to extend the working hours due to special reasons, we appropriately allow additional working hours of the employees on the basis of the conditions and standards stipulated by the law after negotiation with the trade union and the employees by ensuring their health. In addition, we have specified the minimum extension of working hours and the compensation for additional working hours.

### Health and safety

COSCO SHIPPING Lines attaches great importance to the health and safety of employees, constantly optimizes the measures in the healthy and safe working environment, improves the management system and the management level, and strives to eliminate potential health and safety hazards.

#### Occupational health and safety management of COSCO SHIPPING Lines

- Establish the management system of ISO 45001 occupational health and safety, carry out annual internal and external audit on such system, and make revision and improvement according to the audit results
- Manage the occupational health and safety of all employees in accordance with occupational health and safety management standard
- Establish the Safety Supervision Department to enforce the occupational health and safety management system, specify responsibilities in such system, and protect employees' life and health during their daily work

To avoid safety accidents, COSCO SHIPPING Lines revised the COSCO SHIPPING Lines Safety Production Duty Management Regulations, "Administrative Measures for Emergency Response Plans for COSCO SHIPPING Lines" "Consolidated Emergency Response Plans for COSCO SHIPPING Lines" and "Administrative Provisions for Safety Education and Training of COSCO SHIPPING Lines", so as to strengthen each operation units' responsibility of safe production, and provide implementation basis for the investigation of safety production responsibility. In the meanwhile, we set up a special fund to provide labor protection articles, and distribute corresponding labor protection articles for employees free of charge in combination with the actual needs of each unit, then arrange a specific administrator to be responsible for the daily management of labor protection articles, so as to ensure that the labor protection articles required by employees meet the national standards.


COSCO SHIPPING Lines pays much attention to the occupational safety and health education on its employees and summarizes the occupational safety education method of "theory plus practice, and daily plus special". COSCO SHIPPING Lines integrates occupational safety education into daily work by setting up the month of production safety to conduct special safety training, including lecture and forum, emergency simulation, knowledge competition and other special education activities, so as to greatly enhance the safety awareness of its employees.

 Case Studys: Safety activities of experiencing lift trucks' blind spot

During the reporting period, COSCO SHIPPING Lines organized safety activities in Qingdao for employees to experience the driving blind spot by lift trucks. More than 80 employees in Qingdao participated in the event.

Some of our employees in Qingdao work in the container yard, and they often need to pass with the lift trucks in close distance, which is one of the important sources of hazard. Through this activity, we organized the employees to board the cab in the lift truck to experience the visual blind spot when the driver is operating. We also invited professionals to expound on it, so that the employees can personally feel how wide driver's sight during operation and know the exact danger. This activity plays a good role in promoting the safety awareness and skills of employees.



 Case Studys: Employees in Putian carried out safety training and fire escape drill

During the month of production safety, COSCO SHIPPING Lines organized local employees to give training on safety knowledge and fire escape drills in Putian.

COSCO SHIPPING Lines provided employees in Putian with training on the loading of hazardous goods, knowledge over firefighting, typhoon solution and protection, safety accident reporting and other know-how. COSCO SHIPPING Lines explained how to use fire extinguishers, fire masks and other fire prevention equipment, and what to be cared for in the early stage of fire, so as to inform local employees of the importance of daily production safety and thy way to cope with natural disasters. At the same time, to further strengthen the employee's skills in fire prevention and disaster relief, we conducted firefighting and escape drills in our office in Putian by simulating the fire situation and organizing all employees to evacuate safely and orderly. The simulation improved the employee's rapid emergency response and accumulated valuable experience for the subsequent emergency handling.

During the reporting period, COSCO SHIPPING Lines saw a total of 5 work-related casualties, including no death and 5 injuries, with an injury rate of 3.3‰.

COSCO SHIPPING Lines' work-related injury data in the past three years are shown in the table below.

	Unit	2018	2019	2020
Work-related fatalities	Person	0	0	0
Work-related injuries	Person	0	1	5
Total number of missed workdays	Days	0	0	150

## Employee care

### Organizing team building activities

COSCO SHIPPING Lines seeks to build a warm family-like team, enhances the cohesion of the team and gives the employees the strength brought by the team through a variety of team-building activities.

 Case Studys: "Move Forward Bravely in 2020" team building activities

During the reporting period, COSCO SHIPPING Lines encouraged the employees in Chongqing to join in the team building activities of "Move Forward Bravely in 2020". Unlike the previous rule where a department competes with others, this team building activity divided members from different departments into different teams, which promoted communication between departments. By means of intense tug of war and other activities, participants not only enhance the cohesion of the team but also achieve the goal of physical fitness.



### Visiting retirees

COSCO SHIPPING Lines wants to be concerned about the life of retired employees with the daily care throughout the work. In this way, we offer them security and supports and show our care for employees. We arouse their sense of community and ensure their joyful mood at work with our humanistic care.



### Enrich spare-time life

COSCO SHIPPING Lines not only encourages employees to participate in recreational and sports activities after work to achieve a balance between work and life, but also holds colorful recreational and sports activities within the Company to protect the physical and mental health of employees and enhance team cohesion.

#### Case Studys: Online karaoke contest

In a bid to enrich the spare time and cultural life of the employees, COSCO SHIPPING Lines Shanghai Branch's North-Jiangsu Business District held the "The Voice of North-Jiangsu Business District" singing contest by means of App among various departments during the reporting period.

The contest was received with undiluted enthusiasm. The contestants made use of their spare time to practice and the district leaders were actively involved in that. This form not only brought the leaders and employees closer but also further enhanced the communication between the employees. The 12 players who were short-listed for the final made the final result after a fierce duel. This activity enabled the employee to relieve the pressure after the tense work and enhance the employees' mettle.



## Going hand in hand with social development

We are deeply aware that COSCO SHIPPING Lines' development is inseparable from social support. We proactively take on our social responsibilities, advance the Belt and Road Initiative, promote social development and give back to society through the targeted poverty alleviation and public benefit activities.

### Mutual economic advancement

#### China-Europe railway express



Advancing Belt and Road Initiative

As an important leading carrier in the Belt and Road Initiative, shipping undertakes the historical mission of building a maritime trade route and expanding the logistic corridor connecting one belt and one road. COSCO SHIPPING Lines, the largest shipping company in the world, participate fully in the Belt and Road Initiative and become a shining Chinese icon around the line.

During the reporting period, the volume of container transport completed on China-Europe land and sea express increased by 45% year-on-year, and the one on the new western land-sea corridor in the west of China increased by 74% year-on-year. The business of China-Europe railway express has maintained steady development.

The volume of container transport completed on China-Europe land and sea express increased by **45%**

The one on the new western land-sea corridor in the west of China increased by **74%**

#### Case Studys: The first Russian special train for infrastructure equipment was successfully delivered

In June 2020, promoted by the provincial, municipal and county-level commercial (port) authorities in Jiangxi, a China-Europe train load with large-scale underground construction special equipment departed from Nanchang Xiangtang International Land Port to Moscow, Russia. This is the first train for underground construction equipment in China, and also the second custom train departed from Nanchang Xiangtang International Land Port following the food train and COVID-19 prevention material train. The special train would arrive in Moscow, the capital of Russia, in about 15 days. The special train mainly transported the large belt machinery and equipment. It was special transport equipment for underground subway construction, which efficiently guaranteed the transportation of slag generated by shield tunneling. The goods worth RMB 12 million greatly meet the construction needs of the Moscow metro project undertaken by China Railway Group Limited, a central enterprise in China. This train is operated by CSL preparatory organization for China-Europe train in Nanchang and China Railway Container Transport is responsible for the whole railway transportation. The special train also opened a new way of transportation for domestic high-end intelligent manufacturing to go abroad.



## Targeted poverty alleviation

COSCO SHIPPING Lines is concerned about the people in poverty-stricken areas, constantly promotes poverty alleviation projects in various regions and deepens assistance measures. COSCO SHIPPING Lines conducts work on targeted poverty alleviation from various aspects and combines poverty alleviation with business development to achieves win-win results in business and poverty alleviation. In this way, we benefit more people with our development achievements and helps China to achieve comprehensive poverty alleviation.



## Donation

We believe in the power of love. We help students in Tibet to have a better learning environment with our love and provide them with books, school supplies and warm clothes to make donations for Tibetan students' dreams and share a good and beautiful world.

### Case Studys: Donation Activity "walk with love and pass on fragrance"

CSL collected 4,505 books, 2,591 school supplies, and 2,337 clothes for autumn and winter donated by employees in Shanghai, and donated all of them to Luolong Primary School and Binda Primary School in Leiwuqi County.



## "Spindrift Wishfulness"

As a proverb saying, "give a man a fish, he eats for a day. Teach him to fish, he will never go hungry". COSCO SHIPPING Lines is deeply aware that poverty alleviation must start from the source, that is, to help children in the distressed area have access to a good education so that they can have their bright future by themselves.

### Case Studys: "Wanghua Wishfulness" program on student financial aid

CSL continues the education grant activity of the "Spindrift Wishfulness" program, enables the employee to provide one-to-one help for poor families, and actively explores practical innovation in poverty alleviation and relief with education. In July 2020, at the "Spindrift Wishfulness" ceremony to grant student financial aid at Luolong Middle School, a total of 41 students (including 30 primary school students and 11 middle school students) were awarded RMB 62,400 CSL "Spindrift Wishfulness" program in 2020.

## Poverty alleviation through procurement

COSCO SHIPPING Lines combines poverty alleviation through consumption with the donation. While supporting the development of local industries with characteristics, COSCO SHIPPING Lines promotes the upgrading of industries targeting poverty alleviation to benefit the local people.

### Case Studys: Poverty alleviation through procurement

When researching the work on poverty alleviation in Yongde County, Lincang, Yunnan, CSL subscribed poverty alleviation products worth RMB 1.4 million from Yongde County People's Government. CSL purchased characteristic agricultural products from designated areas through staff canteens, hotels, business gifts and other channels, so as to promote the sales of poverty alleviation products in poverty-stricken areas and advance the realization of the goal of poverty alleviation..



## Public welfare activities

COSCO SHIPPING Lines pays attention to the responsibility as a corporate citizen. COSCO SHIPPING Lines takes ownership, proactively performs social responsibilities and obligations during the development practice, and builds a corporate responsibility system focusing on the fulfillment of economic, environmental and social responsibility.

### Case Studys: Rescue at sea

In September 2020, COSCO Malaysia, the ship under CSL successfully rescued a sailboat in distress and 4 people on board in the Gulf of Mexico, 130 nautical miles away from the west of Port Tampa, Florida, USA. The rescuers assisted the people in danger to board COSCO Malaysia safely through the pilot ladder, and strictly abided by the COVID-19 prevention regulations including social distance, so as to ensure the safety and health of the people on board. At last, 4 people on the boat were rescued.



### Case Studys: Flood relief in Jiangxi

Since the flood season in 2020, rounds of heavy rainfall in southern China result in severe floods in many places and threatened lives and property safety.

In this situation, Green Bay Marine Group in Singapore donated 50 assault boats and supporting equipment to the People's Government of Jiujiang and Jiujiang Charity General Association, Jiangxi, and the donor had to transport 7 40-foot containers. In order to ensure that the materials can arrive at the disaster area as quickly as possible, CSL, together with OOCL and other subsidiaries, immediately adjusted the transportation route and delivered the materials to the disaster area one week in advance.

In a bid to guarantee materials for flood control and relief in disaster areas, CSL has made full use of its business advantages to actively ship the required flood relief materials and contribute to the smooth flood season in China.



# Appendix

## Laws, regulations and internal policies

Laws and regulations	Internal policy
<i>Company Law of the People's Republic of China</i>	<i>Social Responsibility Management Manual</i>
<i>Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i>	<i>Regulations on Energy Conservation and Emission Reduction</i>
<i>Law of the People's Republic of China on Enterprise Income Tax</i>	<i>Regulations on Whistle-Blowing</i>
<i>Law of the People's Republic of China on Conserving Energy</i>	<i>Regulations on the Cases Inspection Related to Party, Government and Discipline</i>
<i>United Nations Convention against Corruption</i>	<i>Regulations on the Clarification of False Reports and Accusations</i>
<i>Foreign Corrupt Practices Act (FCPA)</i>	<i>Working Procedures for Clue Handling, Exam and Investigation (Trial)</i>
<i>Criminal Law of the People's Republic of China</i>	<i>Regulations on Security</i>
<i>International Safety Management Code</i>	<i>Regulations on Safe Production</i>
<i>Law of the People's Republic of China on safe Production</i>	<i>Regulations on Safety Management Responsibilities</i>
<i>Byelaw Governing, Reporting, Investigation and Handling of Production Safety Accidents</i>	<i>Comprehensive Emergency Plan for Safe Production</i>
<i>Regulations on Classified Protection of Information Security</i>	<i>Letter of Reprehensibility for Safety at WorkRegulations on Safety Risk Management</i>
<i>General Data Protection Regulations</i>	<i>Anti-Pirate Instructions in Ships</i>
<i>Bidding Law of the People's Republic of China</i>	<i>Instructions on Typhoon Protection</i>
<i>International Convention on the Control and Management of ships' Ballast Water and Sediment</i>	<i>Regulations on Management of Flood Control and Typhoon PreventionAssessment Approach to Customer Service Quality</i>
<i>Law of the People's Republic of China on Environmental Protection</i>	<i>Measurement Procedure for Customer Satisfaction</i>
<i>Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution</i>	<i>Regulations on Supplier</i>
<i>Law of the People's Republic of China on the Prevention and Control of Water Pollution</i>	<i>Regulations on Procurement</i>
<i>Law of the People's Republic of China on Maritime Environmental Protection</i>	<i>Basic Procedures for Purchasing by Invitation to Bid</i>
<i>Labor Law of the People's Republic of China</i>	<i>Management Instructions for Ballast Water from Ships</i>
<i>Regulations on the Prevention and Control of Vessel-induced Sea Pollution From Marine Environment</i>	<i>Ballast Water Management Plan</i>
<i>Discharge Standard for Water Pollutants from Ships</i>	<i>Waste Management Plan</i>
<i>International Convention for the Prevention of Pollution from Ships</i>	<i>Operation Regulation on Treating Bilge Oily Water Ashore</i>
<i>Labor Law of the People's Republic of China</i>	<i>Shipboard Oil Pollution Emergency Plan</i>
<i>Labor Contract Law of the People's Republic of China</i>	<i>Regulations on Management of Bilge Oily Water Treatment</i>
<i>Trade Union Law of the People's Republic of China</i>	<i>Employee Management Procedures</i>
<i>Law of the People's Republic of China on Prevention and Control of Occupational Health and Safety</i>	<i>Recruitment Procedures for Office Employee</i>
<i>International Management Code for the Safe Operation of Ships and for Pollution Prevention</i>	<i>Regulations on Employee Education and Training</i>
	<i>Regulations on Internal Trainers</i>

## GRI Reference Table

GRI Indicator	Description	Reference
GRI 102 General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	About the Report
102-2	Activities, brands, products, and services	About COSCO SHIPPING Lines
102-3	Location of headquarters	About COSCO SHIPPING Lines
102-4	Location of operations	About COSCO SHIPPING Lines
102-5	Ownership and legal form	About COSCO SHIPPING Lines
102-6	Markets served	About COSCO SHIPPING Lines
102-7	Scale of the organization	About COSCO SHIPPING Lines
102-8	Information on employees and other workers	Value talents and develop as a whole - lawful recruitment
102-9	Supply chain	Upgraded service and strict control - Supplier management
102-10	Significant changes to the organization and its supply chain	Upgraded service and strict control - Supplier management
102-11	Precautionary principle or approach	Compliance development effectiveness - Comprehensive risk management
102-12	External initiatives	About COSCO SHIPPING Lines
102-13	Membership of associations	About COSCO SHIPPING Lines
Strategy		
102-14	Statement from senior decision-maker	Statement of Chairman
102-15	Key impacts, risks, and opportunities	Compliance development effectiveness - Comprehensive risk management
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	About COSCO SHIPPING Lines
Governance		
102-18	Governance structure	Governance mechanism for sustainable development
Stakeholder Engagement		
102-40	List of stakeholder groups	Governance mechanism for sustainable development - Materiality analysis
102-41	Collective bargaining agreements	Valuing talents and develop as a whole - Guarantee of rights and interests
102-42	Identifying and selecting stakeholders	Governance mechanism for sustainable development - Materiality analysis
102-43	Approach to stakeholder engagement	Governance mechanism for sustainable development - Materiality analysis
102-44	Key topics and concerns raised	Governance mechanism for sustainable development - Materiality analysis
Reporting Practice		
102-45	Entities included in the consolidated financial statements	About the Report
102-46	Defining report content and topic Boundaries	About the Report
102-47	List of material topics	Governance mechanism for sustainable development - Materiality analysis
102-48	Restatements of information	About the Report
102-49	Changes in reporting	About the Report
102-50	Reporting period	About the Report
102-51	Date of most recent report	About the Report
102-52	Reporting cycle	About the Report
102-53	Contact point for questions regarding the report	About the Report
102-54	Claims of reporting in accordance with the GRI Standards	About the Report
102-55	GRI content index	GRI Reference Table
102-56	External assurance	Independent assurance statement

GRI Indicator	Description	Reference
<b>Material Topics</b>		
<b>Economic</b>		
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Compliance development effectiveness - Operating performance
	103-2 The management approach and its components	Compliance development effectiveness - Operating performance
	103-3 Evaluation of the management approach	Compliance development effectiveness - Operating performance
201-1	Direct economic value generated and distributed	Compliance development effectiveness - Operating performance
201-2	Financial implications and other risks and opportunities due to climate change	Sustainable Development as a Core - Response to Climate Change
GRI 203: Indirect Economic Impacts 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Compliance development effectiveness - Operating performance
	103-2 The management approach and its components	Compliance development effectiveness - Operating performance
	103-3 Evaluation of the management approach	Compliance development effectiveness - Operating performance
203-2	Significant indirect economic impacts	Compliance development effectiveness - Operating performance
GRI 205: Anti-corruption 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable development as a core - Abide by business ethics
	103-2 The management approach and its components	Sustainable development as a core - Abide by business ethics
	103-3 Evaluation of the management approach	Sustainable development as a core - Abide by business ethics
205-1	Operations assessed for risks related to corruption	Sustainable development as a core - Abide by business ethics
205-2	Communication and training about anti-corruption policies and procedures	Sustainable development as a core - Abide by business ethics
205-3	Confirmed incidents of corruption and actions taken	Sustainable development as a core - Abide by business ethics
GRI 206: anti-competitive behavior 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable development as a core - Abide by business ethics
	103-2 The management approach and its components	Sustainable development as a core - Abide by business ethics
	103-3 Evaluation of the management approach	Sustainable development as a core - Abide by business ethics
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainable development as a core - Abide by business ethics
<b>Environmental</b>		
GRI 302: Energy 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable development as a core - Response to climate change
	103-2 The management approach and its components	Sustainable development as a core - Response to climate change
	103-3 Evaluation of the management approach	Sustainable development as a core - Response to climate change
302-1	Energy consumption within the organization	Performance table of sustainable development data
302-3	Energy intensity	Performance table of sustainable development data
302-4	Reduction of energy consumption	Performance table of sustainable development data
302-5	Reductions in energy requirements of products and services	Sustainable development as a core - Response to climate change
GRI 303: Water 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Realizing green shipping and warding the sea - protecting the sea
	103-2 The management approach and its components	Realizing green shipping and warding the sea - protecting the sea
	103-3 Evaluation of the management approach	Realizing green shipping and warding the sea - protecting the sea
303-1	Interactions with water as a shared resource	Realizing green shipping and warding the sea - protecting the sea
GRI 304: Biodiversity 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Realizing green shipping and warding the sea - protecting the sea
	103-2 The management approach and its components	Realizing green shipping and warding the sea - protecting the sea
	103-3 Evaluation of the management approach	Realizing green shipping and warding the sea - protecting the sea
304-2	Significant impacts of activities, products, and services on biodiversity	Realizing green shipping and warding the sea - protecting the sea

GRI Indicator	Description	Reference
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainable development as a core - Response to climate change
	103-2 The management approach and its components	Sustainable development as a core - Response to climate change
	103-3 Evaluation of the management approach	Sustainable development as a core - Response to climate change
305-1	Direct (Scope 1) GHG emissions	Performance table of sustainable development data
305-2	Energy indirect (Scope 2) GHG emissions	Performance table of sustainable development data
305-4	GHG emissions intensity	Performance table of sustainable development data
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Performance table of sustainable development data
GRI 306: Effluents and Waste 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Realizing green shipping and warding the sea - protecting the sea
	103-2 The management approach and its components	Realizing green shipping and warding the sea - protecting the sea
	103-3 Evaluation of the management approach	Realizing green shipping and warding the sea - protecting the sea
306-1	Water discharge by quality and destination	Performance table of sustainable development data
306-2	Waste by type and disposal method	Performance table of sustainable development data
306-3	Significant spills	Realizing green shipping and warding the sea - protecting the sea
GRI 307: Environmental Compliance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Realizing green shipping and warding the sea - protecting the sea
	103-2 The management approach and its components	Realizing green shipping and warding the sea - protecting the sea
	103-3 Evaluation of the management approach	Realizing green shipping and warding the sea - protecting the sea
307-1	Non-compliance with environmental laws and regulations	Realizing green shipping and warding the sea - protecting the sea
GRI 308: Supplier Environmental Assessment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Upgraded service and strict control - Supplier management
	103-2 The management approach and its components	Upgraded service and strict control - Supplier management
	103-3 Evaluation of the management approach	Upgraded service and strict control - Supplier management
308-1	New suppliers that were screened using environmental criteria	Upgraded service and strict control - Supplier management
<b>Social</b>		
GRI 401: Employment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole
	103-2 The management approach and its components	Valuing talents and developing as a whole
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole
401-1	New employee hires and employee turnover	Performance table of sustainable development data
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Value talents and develop as a whole - Guarantee of rights and interests
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole - Guarantee of rights and interests
	103-2 The management approach and its components	Valuing talents and developing as a whole - Guarantee of rights and interests
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole - Guarantee of rights and interests
403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism	Performance table of sustainable development data
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole - Job promotion and career development
	103-2 The management approach and its components	Valuing talents and developing as a whole - Job promotion and career development
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole - Job promotion and career development
404-1	Average hours of training per year per employee	Performance table of sustainable development data
404-2	Programs for upgrading employee skills and transition assistance programs	Valuing talents and developing as a whole - Job promotion and career development

GRI Indicator	Description	Reference
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole - lawful recruitment
	103-2 The management approach and its components	Valuing talents and developing as a whole - lawful recruitment
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole - lawful recruitment
405-1	Diversity of governance bodies and employees	Valuing talents and developing as a whole - lawful recruitment
GRI 408: Child Labor 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole - lawful recruitment
	103-2 The management approach and its components	Valuing talents and developing as a whole - lawful recruitment
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole - lawful recruitment
408-1	Operations and suppliers at significant risk for incidents of child labor	Valuing talents and developing as a whole - lawful recruitment
GRI 409: 9 Forced or Compulsory Labor 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Valuing talents and developing as a whole - lawful recruitment
	103-2 The management approach and its components	Valuing talents and developing as a whole - lawful recruitment
	103-3 Evaluation of the management approach	Valuing talents and developing as a whole - lawful recruitment
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Valuing talents and developing as a whole - lawful recruitment
GRI 413: Local Communities 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Going hand in hand with social development
	103-2 The management approach and its components	Going hand in hand with social development
	103-3 Evaluation of the management approach	Going hand in hand with social development
413-1	Operations with local community engagement, impact assessments and development programs	Going hand in hand with social development
GRI 414: Supplier Social Assessment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Governance mechanism for sustainable development - Materiality analysis
	103-2 The management approach and its components	Upgraded service and strict control - Supplier management
	103-3 Evaluation of the management approach	Upgraded service and strict control - Supplier management
414-1	New suppliers that were screened using social criteria	Upgraded service and strict control - Supplier management
GRI 415: Public Policy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Going hand in hand with social development
	103-2 The management approach and its components	Going hand in hand with social development
	103-3 Evaluation of the management approach	Going hand in hand with social development
415-1	Political contributions	Going hand in hand with social development
GRI 418: Customer Privacy 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Upgraded service and strict control - Customer service
	103-2 The management approach and its components	Upgraded service and strict control - Customer service
	103-3 Evaluation of the management approach	Upgraded service and strict control - Customer service
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Upgraded service and strict control - Customer service
GRI 419: Socio economic Compliance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Compliance development effectiveness
	103-2 The management approach and its components	Compliance development effectiveness
	103-3 Evaluation of the management approach	Compliance development effectiveness
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance development effectiveness - Operating performance

## HKEx ESG Reporting Guide Index

Subject Areas, Aspects, General Disclosures and KPIs	Index	
<b>A. Environmental</b>		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</i>	Sustainable development as a core - Response to climate change
KPI A1.1	The types of emissions and respective emissions data.	Performance table of sustainable development data
KPI A1.2	Total greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Performance table of sustainable development data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Performance table of sustainable development data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Performance table of sustainable development data
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Sustainable development as a core - Response to climate change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Realizing green shipping and warding the sea - protecting the sea
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	Realizing green shipping and warding the sea - protecting the sea
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Performance table of sustainable development data
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Realizing green shipping and warding the sea - protecting the sea
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Realizing green shipping and warding the sea - protecting the sea
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Realizing green shipping and warding the sea - protecting the sea
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The business of the Company does not involve any use of packaging material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Realizing green shipping and warding the sea - protecting the sea
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Realizing green shipping and warding the sea - protecting the sea
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Sustainable development as a core - Response to climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Sustainable development as a core - Response to climate change
<b>B. Social</b>		
Employment and Labour Practices		

Subject Areas, Aspects, General Disclosures and KPIs		Index
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Valuing talents and developing as a whole
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance table of sustainable development data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance table of sustainable development data
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Valuing talents and developing as a whole
KPI B2.1	Number and rate of work-related fatalities	Performance table of sustainable development data
KPI B2.2	Lost days due to work injury.	Performance table of sustainable development data
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Valuing talents and developing as a whole - Guarantee of rights and interests
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Valuing talents and developing as a whole - Job promotion and career development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance table of sustainable development data
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance table of sustainable development data
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Valuing talents and developing as a whole - lawful recruitment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Valuing talents and developing as a whole - lawful recruitment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Valuing talents and developing as a whole - lawful recruitment
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Upgraded service and strict control - Supplier management
KPI B5.1	Number of suppliers by geographical region.	Upgraded service and strict control - Supplier management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Upgraded service and strict control - Supplier management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Upgraded service and strict control - Supplier management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Upgraded service and strict control - Supplier management

Subject Areas, Aspects, General Disclosures and KPIs		Index
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Upgraded service and strict control - Customer service The business of company does not involve advertising, labelling and privacy matters and remedies
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	COSCO SHIPPING Lines mainly provides container transportation services, and does not involve product recycling
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Upgraded service and strict control - Customer service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	COSCO SHIPPING Lines' business does not involve intellectual property related content at present
KPI B6.4	Description of quality assurance process and recall procedures.	COSCO SHIPPING Lines mainly provides container transportation services, and does not involve product recycling
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Upgraded service and strict control - Customer service
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainable development as a core - Abide by business ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainable development as a core - Abide by business ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainable development as a core - Abide by business ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainable development as a core - Abide by business ethics
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Go hand in hand with social development
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Go hand in hand with social development
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Performance table of sustainable development data

## Performance table of sustainable development data

### Environmental Data

Indicators	Unit	2018	2019	2020	
Electricity	'000kWh	5,463	5,171	4,686	
Oil	Gasoline	Ton	19.96	19.14	17.09
	Fuel oil (heavy oil)	Ton	4,992,708	4,950,553	4,927,176
	High sulfur oil		/	/	295,099
	Low sulfur oil		/	/	4,632,077
	Diesel oil (light oil)		156,777	172,200	186,501
	Lubricating oil		11,699	14,776	15,531
Gas	Liquefied natural gas	m <sup>3</sup>	391,177	330,515	282,193
Comprehensive energy consumption	'000kWh	/	/	59,671,470	
Energy Consumption density	'000kWh/ million revenue	/	/	532.13	
Production water	Desalinated water	Ton	/	/	124,756
	Total consumption of production water	Ton	190,387	177,327	244,785
Domestic water	Ton	43,198	38,972	33,622	
Total water	Ton	233,585	216,299	278,407	
Water intensity	Ton/million revenue	2.56	2.19	2.48	
Greenhouse gas <sup>3</sup>	Scope I greenhouse gas emissions	tCO <sub>2</sub> e	16,014,898	15,931,759	15,930,457
	Scope II greenhouse gas emissions		/	3,662	3,789
	Total greenhouse gas emissions (Scope I + Scope II)		16,014,898	15,935,421	15,934,246
Greenhouse gas emission density	tCO <sub>2</sub> e/million revenue	139.45	161.67	142.10	
Air <sup>4</sup>	NO <sub>x</sub>	Ton	463,453	461,048	413,567
	SO <sub>x</sub>		308,969	307,365	285,219
Waste water	Production wastewater - treated wastewater discharge	Ton	76,251	91,521	12,602
	Domestic wastewater	Ton	38,878	35,075	30,260
Waste	Hazardous waste	m <sup>3</sup>	2,136	2,237	2,856
	Hazardous waste density	m <sup>3</sup> /million revenue	0.02	0.02	0.03
	Handling quantity of dangerous goods	TEU	148,346	161,169	180,832
	Domestic - non-hazardous waste	Kg	92,400	92,400	184,800
	Non-hazardous waste density	Kg/million revenue	1.01	0.94	1.65

<sup>3</sup>The emission factors of greenhouse gases is mainly based on the Third IMO Greenhouse Gas Study 2014, and the emission factors of electricity consumption is based on the emission factors of each country or power company.

<sup>4</sup>The exhaust gas is mainly calculated by the approach of Clean Cargo Working Group (CCWG).

### Social Data

Indicators	Unit	2018	2019	2020	
<b>Employees</b>					
Total	Total employee	person	17,080	17,249	17,080
By gender	Contracted male employee	person	8,477	8,929	8,525
	Contracted female employee	person	6,620	6,288	6,608
By age	Contracted employee: ≤30	person	2,440	2,163	1,976
	Contracted employee: 30-50 (excluding 30 and 50)	person	10,774	9,384	10,837
	Contracted employee: ≥50	person	1,883	3,670	2,320
By employee type	Contracted employee	person	15,097	15,217	15,133
	Part-time employee	person	1,983	2,032	1,947
By full-time, part-time type	Full-time	person	/	17,249	17,080
	Part-time	person	/	0	0
By region	Contracted employee in Chinese Mainland	person	1,0436	10,191	9,973
	Contracted employee in Hong Kong	person	/	188	194
	Contracted employee in Oversea region	person	4,661	4,838	4,966
By level	Management	person	11	9	489 <sup>5</sup>
	Average employee	person	15,086	15,208	14,644
New employee	<b>By gender</b>				
	Total number of new male employees	person	178	152	267
	Total number of new female employees	person	155	126	255
	<b>By age</b>				
	Total number of new employees under 30	person	230	172	348
	Total number of new employees at the age of 30-50 (excluding 30 and 50)	person	103	106	168
	Total number of new employees over 50	person	0	0	6
<b>By region</b>					
Total number of new employees in China	person	90	66	132	
Total number of new employees in oversea region	person	243	212	390	
<b>Governing body</b>					
Total number of board members					
By gender					
Number of male board members					
Number of female board members					
By age					
Board of Directors under 30					
Board of Directors at the age of 30-50					
Board of Directors over 50					

<sup>5</sup>The management level includes department leader level or above

Indicators		Unit	2018	2019	2020
<b>Turnover</b>					
Total turnover rate		%	4.49	3.86	2.42
Total number of turnovers		person	678	588	366
Employee turnover by gender	Contracted male employees	person	381	351	214
	Contracted female employees	person	297	237	152
Employee turnover rate by gender	Contracted male employees	%	/	3.93	1.56
	Contracted female employees	%	/	3.77	2.30
Employee turnover by region	Contracted employee in Chinese Mainland	person	513	436	107
	Contracted employee in Hong Kong	person	/	0	13
	Contracted employee in Oversea region	person	165	152	246
Employee turnover rate by region	Contracted employee in Chinese Mainland	%	/	4.28	1.07%
	Contracted employee in Hong Kong	%	/	0	6.70%
	Contracted employee in Oversea region	%	/	3.14	4.95%
Employee turnover by age	Contracted employee: ≤30	person	350	247	72
	Contracted employee: 30-50 (excluding 30 and 50)	person	156	281	254
	Contracted employee: ≥50	person	172	60	40
Employee turnover rate by age	Contracted employee: ≤30	%	/	11.42	3.64
	Contracted employee: 30-50 (excluding 30 and 50)	%	/	2.99	2.34
	Contracted employee: ≥50	%	/	1.63	1.72
<b>Work-related injuries</b>					
Total number of deaths	Work-related deaths	person	0	0	0
	Rate of work-related deaths	%	0	0	0
Date of work-related injuries	Number of accidents causing work-related injury	No.	0	1	5
	Number of work-related injuries	person	0	1	5
	Injury rate by thousand-person	‰	0	0.07	0.3
Working days lost due to work-related injury	Total working days lost due to work-related injury	Days	0	0	150

Indicators		Unit	2018	2019	2020
<b>Number of trainees and training hours</b>					
Total trainees		person	15,097	10,191	12,501
<b>Trainees by gender</b>					
Male		person	8,477	6,403	7,169
Female		person	6,620	3,788	5,332
<b>Percentage of trainees</b>					
Percentage of male		%	100	100	84
Percentage of female		%	100	100	81
<b>Trainees by level</b>					
Management		person	11	9	2,508
Average employee		person	15,086	10,182	9,993
<b>Percentage of trainees by level</b>					
Percentage of management		%	100	100	100
Percentage of average employee		%	100	100	68
Total training hours		hours	310,707	260,136	40,873
<b>Supply chain</b>					
Suppliers by region	Suppliers in Chinese mainland	No.	7,286	8,756	10,032
	Suppliers outside Chinese mainland (including Hong Kong, Macao and Taiwan)	No.	1,617	1,881	2,741
<b>Product</b>					
Complaints about products and services received	Number of complaints	No.	8	2	6
	Rate complaint handled	%	/	/	100
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the reporting period and the outcomes of the cases.		No.	0	0	0
<b>Community dedication</b>					
Expenses for participating in or organizing community or public welfare activities		10 thousand RMB	/	/	2,022
Total number of people engaged in community / public welfare activities		Person time	/	/	317
Total hours of people engaged in community / public welfare activities		hours	/	/	78

# Independent Assurance Statement

CECEPAC (HK) Advisory Company Limited (“**CECEPAC (HK)**” or “**We**”) has been engaged by COSCO SHIPPING Lines Co., Ltd. (“**COSCO SHIPPING Lines**”) to conduct an independent limited assurance engagement (“**Assurance Engagement**”) on the information and data related to sustainable development in the *COSCO SHIPPING Lines Co., Ltd. Sustainability Report 2020* (“**Sustainability Report**”), and disclosed the findings and conclusions of the Assurance Engagement to the intended users of the Sustainability Report in the form of an independent assurance statement.

CECEPAC (HK) assessed COSCO SHIPPING Lines’ adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness, and Impact) set out in the *AA1000 Assurance Standard v3* (“**AA1000AS v3**”). In addition, CECEPAC (HK) provided limited assurance on the reliability and quality of specified performance information disclosed in the Sustainability Report that has been selected in accordance with the 2020 edition of *Environmental, Social and Governance Reporting Guide* (“**ESG Reporting Guide**”) published by the Stock Exchange of Hong Kong Limited (“**SEHK**”).

Should there be any discrepancies between the Chinese and English versions of the independent assurance statement, the Chinese version shall prevail.

## I Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data, or in the development of the Sustainability Report. CECEPAC (HK)’s activities are independent from COSCO SHIPPING Lines. There is no relationship between COSCO SHIPPING Lines and CECEPAC (HK) beyond the contractual agreement for providing this Assurance Engagement.

The assurance team of CECEPAC (HK) comprises experienced consultants in the industry who have had professional training on sustainability-related standards such as the GRI Standards issued by Global Reporting Initiative, AA1000AS v3, the ESG Reporting Guide of the SEHK, ISO 14001, and ISO 9001, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting assurance and has sufficient understanding and capabilities of the implementation of AA1000AS v3. In addition, the Assurance Engagement related to sustainability issues is carried out in line with CECEPAC (HK)’s internal assurance protocol.

## II COSCO SHIPPING Lines’ Responsibilities

COSCO SHIPPING Lines prepares and presents the Sustainability Report with reference to the ESG Reporting Guide published by SEHK and is also responsible for implementing internal control procedures to ensure that contents of the Sustainability Report are free from material misstatement, whether due to fraud or error.

## III Assurance Provider’s Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the ESG Reporting Guide published by SEHK to COSCO SHIPPING Lines. This independent assurance statement applies solely to the Sustainability Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in assurance work meet professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. The results of all assurance and certification audit are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

## IV Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the information and data in the Sustainability Report that relates to COSCO SHIPPING Lines and does not include data or information provided by COSCO SHIPPING Lines’ suppliers, contractors, and other third parties;
- Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of COSCO SHIPPING Lines’ adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness, and Impact) set out in the AA1000AS v3;
- Assurance on COSCO SHIPPING Lines’ disclosures for general disclosures of environmental and social subject areas and key performance indicators of environmental subject areas provided with reference to the “Comply or Explain” provisions in the ESG Reporting Guide published by SEHK;
- Specified performance information disclosed in the Sustainability Report was agreed upon and selected between COSCO SHIPPING Lines and CECEPAC (HK) for assurance. The selected specified performance information is as follows:

- **Number of complaints received about products and services and responses - proportion of customer complaints handled.**

- **Number of working days lost due to work-related injury - total days lost.**

- **Fuel consumption – fuel oil (heavy oil)**

- CECEPAC (HK)’s assurance work was with respect to information disclosed from January 01, 2020 to December 31, 2020 in the Sustainability Report only. Any information that falls outside this period and disclosed in the Sustainability Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusion on this information; and
- The scope of the assurance is confined to the information and data provided by COSCO SHIPPING Lines. Any queries regarding the content or related matters within this Assurance Statement should be addressed to COSCO SHIPPING Lines only.

## V Methodology

CECEPAC (HK) conducted Assurance Engagement only within the scope of COSCO SHIPPING Lines’ headquarters, and the assurance works included:

- Evaluating the appropriateness of COSCO SHIPPING Lines’ stakeholder engagement participation process;
- Conducting online interviews with COSCO SHIPPING Lines’ personnel involved in sustainability management, preparation of the Sustainability Report and provision of the relevant information in the Sustainability Report;
- Assessing whether the reporting and management approach for the Sustainability Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;
- Conducting random sampling of evidence pertaining to data reliability and quality for selected specified performance information;
- Recalculating and verifying selected specified performance information;
- Assessing the degree of conformity of the Sustainability Report with the ESG Reporting Guide; and
- Performing other procedures we deemed necessary.

The Assurance Engagement was performed and the conclusions within were based upon information and data provided by COSCO SHIPPING Lines to CECEPAC (HK), and on assumptions that the information provided was complete and accurate.

## VI Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

## VII Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness, and Impact in the AA1000AS v3, the specified performance information and the conformity of the ESG Reporting Guide, our findings and conclusions are as follows:

### Inclusivity

COSCO SHIPPING Lines has identified key stakeholders. Regular communication with the key stakeholders is carried out in various ways to understand their expectations and key concerns. On this basis, COSCO SHIPPING Lines has formulated policies in consideration of key stakeholders’ expectations and its impacts on key stakeholders. In our professional opinion, COSCO SHIPPING Lines adheres to the Principle of Inclusivity.

### Materiality

COSCO SHIPPING Lines has conducted an analysis of material issues for the Sustainability Report, collected the opinions of key stakeholders, and presented the results of material issues analysis in the Sustainability Report. In our professional opinion, there was no inappropriateness found in the processes of COSCO SHIPPING Lines’ material issues analysis, thus COSCO SHIPPING Lines adheres to the Principle of Materiality.

### Responsiveness

Through the Sustainability Report, COSCO SHIPPING Lines has disclosed its sustainable development strategies, management systems, key stakeholders and corresponding communication channels, as well as response to key stakeholders on material issues that identified in the material issues analysis. In our professional opinion, COSCO SHIPPING Lines adheres to the Principle of Responsiveness.

## Impact

COSCO SHIPPING Lines has allocated resources to understand, measure, evaluate and manage its impacts, and has incorporated the significance of these impacts into the result of the material issues analysis. COSCO SHIPPING Lines has established processes to monitor, evaluate and manage these impacts, and taken such results to further plan and manage its business. In our professional opinion, COSCO SHIPPING Lines adheres to the Principle of Impact.

### Specified performance information

Based on the procedures that CECEPAC (HK) has performed and the evidence we have obtained, nothing has come to our attention that causes us to suspect the reliability and quality of the disclosure of the selected specified performance information of the Sustainability Report.

### SEHK's ESG Reporting Guide

In all material aspects, disclosures for general disclosures of environmental and social subject areas and key performance indicators of environmental subject areas have been provided in accordance with the "Comply or Explain" provisions, in the ESG Reporting Guide published by SEHK. COSCO SHIPPING Lines has disclosed the involvement of key stakeholders in the material issues analysis process; impacts caused by business are objectively disclosed; relevant environmental and social data are collected and disclosed. Our recommendations for the Sustainability Report have been either revised in accordance or explained by COSCO SHIPPING Lines before the issuance of the independent assurance statement.

## VIII Recommendations

We recommend that COSCO SHIPPING Lines further improve the following work in the future:

- To further improve corresponding action plans in light of the current sustainable development objectives, thus enabling more informed decision-making and greater responsiveness.
- To further develop the measurement system of COSCO SHIPPING Lines' impacts on the economy, the environment, society and stakeholders, and to disclose the evaluation of those impacts.



29 June 2021

Hong Kong SAR, China

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