



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



2021 Sustainability Report

COSCO SHIPPING Lines Co., Ltd.

Contents

1 Foreword

- 02 About this report
- 03 Message from the Chairman
- 05 Board statement
- 06 Performance highlights

2 Sustainable business

- 08 Business introduction
- 10 Sustainable development governance
- 14 Business ethics
- 17 Economic co-promotion

3 Sustainable operation

- 19 Environmental protection
- 28 Safe shipping
- 35 Employee care
- 43 Service promotion

4 Sustainable community

- 52 Investment in community

5 Appendix

- 55 Laws, regulations and internal policies
- 56 Sustainable development data
- 59 Hong Kong Stock Exchange Guidelines
- 61 GRI Index
- 65 Independent verification statement





Foreword

- 02 About this report
- 03 Message from the Chairman
- 05 Board statement
- 06 Performance highlights



About this report

Reporting period

January 1, 2021 to December 31, 2021 (the "reporting period").

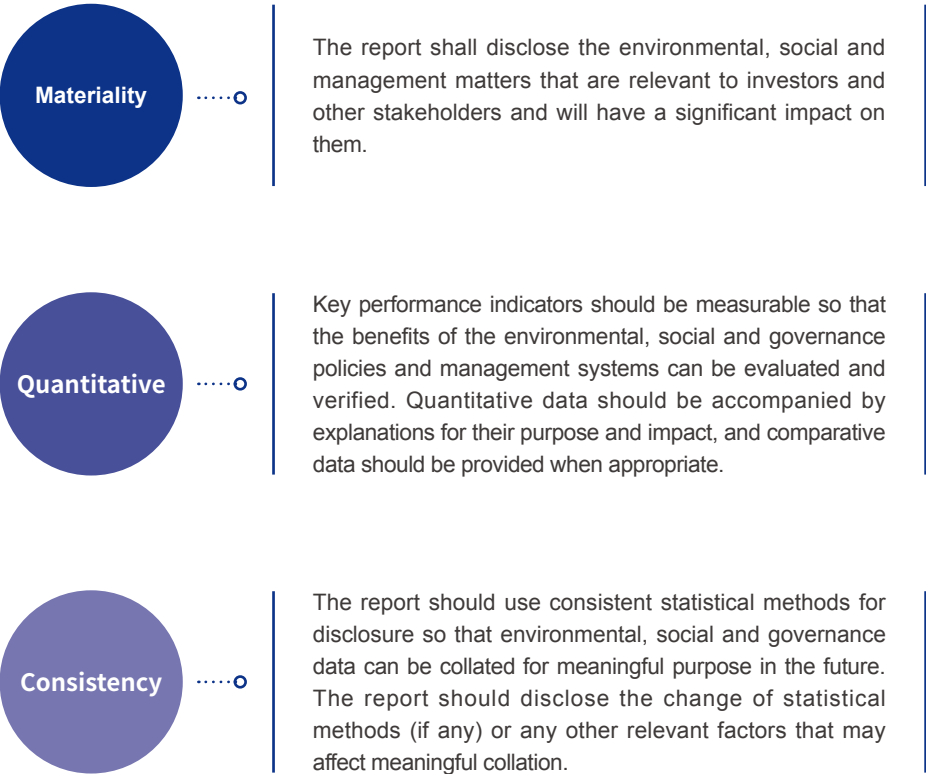
Scope of report

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.

Reference standard

This report is compiled with reference to the Guidelines for Environmental, Social and Governance Reporting issued by The Stock Exchange of Hong Kong Limited and the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021.

The compilation of this report mainly follows the following basic principles:



Message from the Chairman



董事长
杨志坚

2021 was a year of confluence of various risk challenges. Faced with the coexistence of challenges and opportunities, COSCO SHIPPING Lines has made every effort to forge stronger innovation and adaptability, faster value service efficiency, and higher risk management and control capability and has achieved new breakthroughs in development on the basis of ensuring stable operation.

We have fully implemented the responsibilities of an enterprise, and have accelerated the expansion of the new pattern of global development. We were committed to providing customers with stable and characteristic logistics and transportation services, providing special class services for small and medium-sized direct customers, and creating characteristic service products for strategic customers. With the height, breadth, speed and precision of our services, we have won the trust of customers at all levels. In 2021, the third-party customer service satisfaction index reached 91.78 points, an increase of 1.31 points over 2020.

We have realized the integration of big data, blockchain, Internet of things, artificial intelligence and other new technologies, and have made a new breakthrough in service value innovation. The container and paperless delivery service based on blockchain technology innovated the service efficiency. The volume of domestic and foreign trade e-commerce platform continued to grow rapidly. Container Internet of things products have achieved the integration of wisdom and service into one. The functions of the COSCO SHIPPING Lines digital shipping service APP were becoming more and more perfect.

As we continued to enhance our global competitiveness, future-oriented creativity and external adaptability, our 14th Five-Year Plan has opened a brand-new chapter. We further expand our global presence, improve innovative and customized customer services, and respond to China's carbon neutrality commitments in line with climate change.

Facing the dilemma of global supply chain and the coupling of medium-and long-term risks, we have strengthened the ability of risk prevention and control, and have always mastered the initiative of development. In 2021, overall work safety situation of COSCO SHIPPING Lines remained stable. The situation of COVID-19 epidemic prevention and control on ships was basically stable, with 19,800 crew shifts have completed and the physical and mental health of the crew have ensured. Strong compliance management and network security risk management have provided reliable guarantee for business operation. We tried our best to avoid the risk of fraud in the operation, and have created a clean and honest business environment.

We continued to strive to build a harmonious labor relationship and effectively protected the legitimate rights and interests of employees. We cared about model employees, employees in need and front-line employees. We had helped 12 employees who were seriously ill to obtain special basic security benefits. In response to the call of the Chinese central government, we have implemented poverty alleviation funds to support the Tibet Autonomous Region. We had successfully completed the counterpart donations to Xindian Village, Chishui City, Guizhou Province, Yongde County, Yunnan Province, and Luolong County, Tibet Autonomous Region. In order to consolidate the achievements of a well-off society in an all-round way, we have undertaken our due responsibility.

Looking forward to 2022, the international economic, political, and trade patterns will continue to undergo profound adjustments, and the global economy will enter a recovery channel, but the foundation will be not solid. Under the unprecedented changes in the shipping industry in a century, the expectation of profit scale, the integration of digital technology and industrial chain, and the innovation beyond the boundaries of the industry will be related to the survival test of the shipping industry. At the same time, geopolitical conflicts, global inflationary pressures, and trade headwinds against globalization are posing new challenges. Only by maintaining firmness in strategy and keeping pace with changes in tactics can COSCO SHIPPING Lines consolidate its advantages and maintain its leading position.

In the face of the imbalance between the strong growth of market demand and the shortage of transportation capacity, we will coordinate the allocation of transportation capacity, improve operational efficiency, and meet the incremental shipping needs of customers.

We will seize the dividends of China's expanding market opening, and RCEP taking effect, innovate business models, deepen value cooperation, and make customers more satisfied.

We will continue to be driven by big data, blockchain, Internet of Things, and artificial intelligence technologies, and actively promote the acceleration of digital and intelligent empowerment of the whole chain. We will increase the development and application of blockchain products, build industry standards, and work together to create a shipping digital ecological community with wider penetration and higher levels.

We will implement the green and low-carbon transformation strategy, promote the smooth implementation of new shipbuilding and new energy projects in an orderly manner, and further clarify the implementation path of energy conservation and carbon reduction for the existing fleet to ensure industry leadership.

We will further enhance the brand effect of China-Europe railway trains, and release the model effect of China-Europe Land-Sea Express; around the two major regional hubs of Yangpu and Qinzhou, we will strengthen the construction of new land-sea corridors in the west, and boost China's central and western markets to connect with the world.

We will always adhere to the bottom-line thinking, carry out the normalized COVID-19 epidemic prevention and control work strictly and earnestly, and earnestly maintain the hard-won epidemic prevention results. At the same time, we will continue to care for employees to ensure the physical and mental health of all employees, especially the crew.

We will firmly establish the concept of safe development, and persevere in the safety of ship navigation, network safety, transportation of hazardous chemicals cargo, and safety on land.

We will further enhance the awareness of compliance management throughout the group, abide by the laws and regulations of all countries and regions, and ensure compliance management.

We will, as always, protect the legitimate rights and interests of employees in remuneration and welfare, social security, labor safety and health, rest and vacation, reflect the humanistic care of the company, and allow the company's development achievements to benefit all employees, richer and more fairly.

We will continue to assume the social responsibilities of China's enterprise, devote ourselves to the great cause of consolidating the achievements of poverty alleviation and realizing rural revitalization, and lift up the Chinese countryside and Chinese farmers for a better new life.

Only its perseverance is precious; only its hard work can lead to success. COSCO SHIPPING Lines will continue to work hard to become a world-class integrated service provider of the container system, and strive to create business and social benefits that live up to the new era.

Board statement

The data used in the report are from public publications, COSCO SHIPPING Lines’ internal statistical reports, third-party questionnaires and interviews, etc. The economic data involved in this report is consistent with that in the 2021 annual report of COSCO SHIPPING Lines.

Board responsibility

The Board of Directors bears the ultimate responsibility for COSCO Shipping Lines' ESG strategy and performance, and The Sustainable Development Committee takes the lead in formulating the sustainable development strategies, objectives and management policies, and coordinating the resources for and implementation of sustainable development objectives.

Implementation

COSCO Shipping Lines carries out the following three tasks for sustainable development and applies sustainable development management to its daily operation to continuously improve the performance of sustainable development:



System building

COSCO Shipping Lines has set up a project team for sustainable development management improvement, include those responsible for sustainable development in the project team, and clarify the content of the responsibilities of the project team members.



Improvement of information collection system

COSCO Shipping Lines has compiled the unified information collection management manual to specify the sources of data and the approach to and criteria for data collection;



Climate change risk identification:

COSCO Shipping Lines analyzes the possible impact of climate change on its business according to the framework designed by Task Force on Climate-Related Financial Disclosures (TCFD) to evaluate and identify climate change risks from the perspectives of impact scope and occurrence probability, and work out countermeasures;

Risk identification

The Sustainable Development Committee is responsible for identifying, managing, supervising and controlling various risks, as well as providing risk analysis and decision-making support to the Board of Directors.

Significance analysis

COSCO Shipping Lines keeps close contact with internal and external stakeholders to identify and evaluate major issues related to sustainable development, and formulate sustainable development strategies. COSCO Shipping Lines has discussed and approved the identified major issues related to sustainable development, and will formulate sustainable development strategies, objectives and management policies according to related issues, keep abreast of the international sustainable development trend and peer performance, and regularly review the progress of related work.

Performance highlights

Container shipping business



Economic data

CSL self-operated fleet	Container freight volume	Total shipping capacity
412 ships	19.32 million TEUs	2,292,405 TEUs
International shipping routes in operation	Domestic coastal routes	Yangtze River and the Pearl River Delta routes
265 routes	54 routes	84 routes

Environmental Data

Greenhouse gas emissions	Total marine fuel consumption	Sulfur oxide emissions	
16,658,547 tons	5,143,933 tons	116,053 tons	
Emissions of nitrogen oxides	Fresh water consumption	Seawater desalination capacity	Oil spill accident
389,808 tons	276,641 tons	136,213 tons	0 Cases

Social performance



Employment training performance

Total number of trainees
15, 262
Average training hours
12.1 hours

Community

Investment in community activities
282.62 million
Number of people participating in community activities
800
Hours of community activities
138 hours

Safety performance

Injury rate per 1,000 people
0 ‰

2

Sustainable Business

- 08 Business introduction
- 10 Sustainable development governance
- 14 Business ethics
- 17 Economic co-promotion



Business introduction

With the strategic goal of becoming a "To build a world-class liner company with international competitiveness". COSCO Shipping Lines is dedicated to providing customers with high-quality whole-process and "end-to-end" transportation solutions through its container transportation service network with global operation and integrated services. COSCO Shipping Holdings' main business includes:

Container shipping business

COSCO Shipping Lines carries out container-based cargo transportation and related business through its own container fleet. Dedicated to high-quality, leapfrog and integrated development, COSCO Shipping Lines has continuously deepened collaborative and integrated development, enhanced quality and efficiency, and promoted digital transformation and upgrading to improve its ability to create more value for customers.

By the end of the reporting period, COSCO Shipping Lines has operated 265 international lines (including international branch lines), 54 coastal lines in China and 84 branch lines in Pearl River Delta and Yangtze River. COSCO Shipping Lines has achieved fleet affiliation in 548 ports in about 139 countries and regions around the world.



Economic performance

Global economic recovery drives the development of the shipping industry

In 2021, thanks to the accelerated promotion of global COVID-19 vaccination, the effective economic stimulus plans and the continued implementation of loose monetary policy, the global economy has recovered from recession faster than expected, driving the surging demand for container transportation.

COSCO Shipping Lines has overcome multiple problems such as the global Covid-19 epidemic and strengthened investigation to set the right direction of its long-term development. By analyzing domestic and international situations, COSCO Shipping Lines has turned development opportunities into development advantages, deepened innovation-based cooperation, improved the quality and efficiency of development, and solved the pain points of the industry, which has created a new situation for COSCO Shipping Lines' development during the "14th Five-Year Plan". COSCO Shipping Lines keeps abreast of the market trend, and continuously promotes the optimization and upgrading of global business distribution and customer structure. Striving for the more balanced global business distribution, COSCO Shipping Lines has vigorously expanded its business in emerging markets, third-country markets and regional markets. At the same time, COSCO Shipping Lines has increased its global capacity investment and enhanced its flexible allocation to achieve the maximum operational efficiency of capacity and shipping space and achieve the sustainable growth of economic benefits.



Audited operating income

223,147 CNY million

Year-on-year change

98.99%



Audited operating costs

136,903 CNY million

Year-on-year change

36.44%



Audited equity holder's attributable profit
(net profit attributable to parent company)

60,326 CNY million

Year-on-year change

1013.44%

International influence

COSCO Shipping Lines, as a leading international ocean-going shipping enterprise, is dedicated to promoting the sustainable development of all participants in global trade while realizing self-development.

Promoting the establishment of Global Shipping Business Network (GSBN) case

On March 17th, 2021, GSBN was established in Hong Kong and started to operate after being examined and approved by the relevant global regulatory agencies. GSBN's shareholders include well-known liner companies and port operators such as COSCO Shipping Lines, COSCO Shipping Port, Hapag-Lloyd, Hutchison Port Holdings, OOIL, Qingdao Port of Shandong Port Group, PSA International and Shanghai International Port (Group) Co., Ltd.



GSBN, as a non-profit organization, is committed to creating a platform for participants to exchange first-hand, real-time and trusted data with the help of the blockchain technology. GSBN's vision is to promote the digital transformation of the shipping industry by establishing a secure data exchange platform so as to improve the resilience of the shipping industry in the following aspects:



Promoting the coordination of Ocean Alliance case

Over the past five years since its establishment, Ocean Alliance has become a vigorous organization whose members include COSCO Shipping Lines, CMA-CGM, Evergreen Shipping Agency (China) Co., Ltd. and OOIL. Ocean Alliance has always adhered to the service principle of "Pursuing Excellence" in its relationship with customers. On the basis of the achievement it made last year, it will continue to improve and optimize the distribution of the lines through its 333 ships with a total capacity of about 4.1 million TEUs. Ocean Alliance will continue to meet customer needs and provide better services for customers relying on its big ships and large-scale operation.

In 2021, Ocean Alliance provided service and products for 40 lines (including one Atlantic line outside the Alliance),

- including 7 lines from Asia to Northwest Europe
 - 4 lines from Asia to the Mediterranean
 - 20 trans-Pacific lines
 - 3 trans-Atlantic lines,
 - 4 lines from the Far East to the Persian Gulf and
 - 2 lines from the Far East to the Red Sea
- (including 13 America-West lines, 7 America-East lines and America-Gulf lines)



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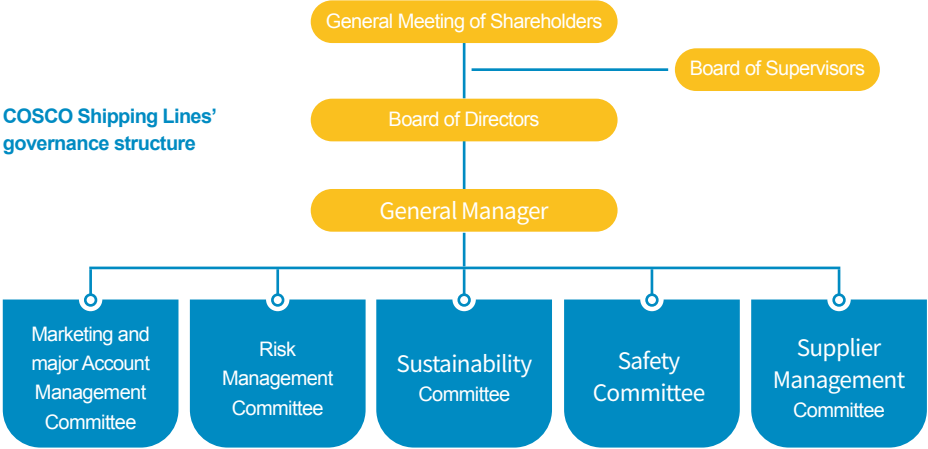
International initiative

As a leading global container transportation enterprise, COSCO Shipping Lines fulfills its social responsibility of clean cargo transportation, and continuously communicates with all parties in the world to work together to protect the global environment.

During the reporting period, COSCO Shipping Holdings continued to participate in the activities of CCWG (Clean Cargo Working Group), a subsidiary of BSR (Business for Social Responsibility). Adhering to the purpose of CCWG, COSCO Shipping Holdings actively reported its carbon dioxide emissions on global lines through its shipping companies and compared with the average emission level of companies in the same industry to know more about its environmental protection performance and room for improvement and provide frames of reference for container transport customers and freight forwarders among its members for supplier evaluation.

Sustainable development governance

COSCO Shipping Lines adheres to transparent operation, values the diversification and professionalism of the board of directors, and believes that a sound and efficient board of directors is the foundation of sustainable development and governance of the enterprise. In our daily operation, COSCO Shipping Lines always adheres to the concept of sustainable development, actively fulfills its social responsibility amid global economic recovery, and works hard with all stakeholders to pursue common development and create a better future for the world.



COSCO Shipping Lines has continuously improved its corporate governance structure and governance structure for sustainable development. It is committed to maintaining high standards of corporate governance to ensure its sustainable development. The general meeting of shareholders is our supreme decision-making body, which fully protects the rights and interests of shareholders. The meeting consists of a board of directors and a board of supervisors, and the board of directors is the decision-making body for business, which is made up 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.



To better implement the strategy of sustainable development in its daily governance, the Sustainability Committee under the board of directors takes the lead in managing matters related to sustainable development and comprehensively supervises the work related to sustainable development. The Sustainability Committee is mainly responsible for working out sustainable development strategies, objectives and management policies, coordinating the resources required for fulfilling sustainable development objectives, supervising the implementation of sustainable development strategies, reviewing the progress of the implementation of sustainable development objectives, inspecting activities related to sustainable development, reviewing the annual sustainable development report.

specific practices related to sustainable development, assisting the Sustainability Committee to implement sustainable development policies, including improving the system of collecting information related to sustainable development, analyzing and identifying climate change risks, and formulating sustainable development goals and policies.

In addition, every year, COSCO Shipping Lines will invite a third party to conduct internal and external audits and supervise the operation of the internal control system for sustainable development so as to improve its governance system for sustainable development.

Substantive topic analysis



COSCO Shipping Lines analyzes the substantive issues related to sustainable development of concern to stakeholders through a series of ways of communication to fully understand our stakeholders' opinions and suggestions. Our main stakeholders include employees, investors, business partners, suppliers, government and regulatory authorities, distributors, customers/ consumers, social organizations and media. We have conducted frequent and irregular communication with our stakeholders through online and offline meetings, face-to-face interviews, opinion surveys and visits about issues in economy, corporate governance, environment, employees, supply chain and community to listen to their opinions and suggestions, and determine sustainable development topics that are extremely important for COSCO Shipping Lines and form the topics matrix. These highly important topics will be the focus of disclosure in this report.

We have a clear understanding of the stakeholders involved in the various substantive topics and established diversified communication channels. The important topics are shown in bold in the table.

Category	Topics	Major stakeholders	Communication channel
Economic	1. Economic performance	Investors Business partner Government and regulatory authorities Customers	Public mailbox Information bulletin Press release
	2. Indirect economic impacts		
	3. Transparent tax		
	4. Market performance		
Corporate governance	5. Corporate governance	Investors Government and regulatory authorities Customers Business partner	Press release Customer satisfaction survey Customer complaint mechanism Supplier assessment Technical training On-site review
	6. Anti-corruption		
	7. Risk management		
	8. Anti-competitive behavior		
	9. Political donation		
	10. Socio-economic compliance		
	11. Product service and safety		
	12. Customer Complaints		
	13. Customer Privacy Protection		
	14. Scientific and technological innovation		
	15. Contraband management and anti-smuggling of marine goods		
	16. Shipping safety		

Category	Topics	Major stakeholders	Communication channel
Environmental	17. Environmental compliance	Government and regulatory authorities Social organization Media	Press release Community public welfare activities Interview
	18. Exhaust emissions		
	19. Waste disposal		
	20. Waste water discharge management		
	21. Energy management		
	22. Material use		
	23. Water resources management		
	24. Greenhouse gas emission		
	25. Climate change and response		
	26. Biodiversity		
Employee	27. Marine plastic	Employees Media Investors Government and regulatory authorities Social organization	Employee training Employee communication/forum Employee satisfaction survey
	28. Enhance employees'awareness of environmental protection		
	29. Employment		
	30. Occupational Health and Safety		
	31. Training and education		
	32. Diversity and equal opportunities		
	33. Anti-discrimination		
	34. Labor complaints mechanism		
	35. Employee rights and interests		
	36. Freedom of association and collective bargaining		
Supply chain	37. Child and forced Labor	Suppliers Investors	Supplier assessment Supplier review Technical training Online communication
	38. Human rights assessment		
	39. Employee care		
	40. Responsible procurement		
	41. Environmental and social assessment of suppliers		
Social	42. Strengthen the safety management of business outsourcing	Media Government and regulatory authorities Social organization Customers/consumers	Press release
	43. Community welfare		
	44. Cooperation for empowerment		



Risk management

As a global enterprise, COSCO Shipping Lines has always attached importance to risk management and control and has established and continuously improved its risk management and internal control system to identify and resist risks related to enterprise operation in multiple ways. COSCO Shipping Lines has established the risk management system based on the international COSO-ERM framework and the Basic Standards for Internal Control of Enterprises in China, and our own operating system.

COSCO SHIPPING Lines actively conducts risk assessment of 2021, 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 achieve sustainable development in the complex and volatile environment, during the reporting period, COSCO Shipping Lines continued to improve its risk early warning and supervision mechanism in the following aspects:



COSCO Shipping Lines's container shipping business is subject to climate change. We are aware that at present, major countries and regions in the world have reached a consensus on the response to climate change, and the impact of climate change on the future transformation of the shipping industry has gradually emerged. Therefore, during the reporting period, we carried out corresponding assessment and determination of climate change risks. We will discuss the impact of climate change on COSCO Shipping Lines and the measures we take to resist the change in the chapter of "Environmental Protection-Climate Change".

Business ethics

Adhering to the principle of honesty and integrity, COSCO Shipping Lines adopts a zero-tolerance policy for all acts violating business ethics, including bribery, fraud, extortion and monopoly. We have built and continuously improved the moral and legal compliance system, including identification, response, review and other related processes. The management is responsible for setting an example for all employees. At the same time, we encourage business honesty and integrity by educating employees and promote correct business ethical values.

Corruption management

COSCO Shipping Lines strictly abides by all regulations and laws related to bribery, extortion, monopoly and fraud, including the *United Nations Convention against Corruption*, *Foreign Corrupt Practices Act (FCPA)*, and *Criminal Law of the People's Republic of China*. We have set up a Commission for Discipline Inspection to formulate and implement anti-corruption policies, manage and supervise the legal compliance of employees' behaviors, and promote the coordination between the anti-corruption management mechanism and the anti-corruption prevention system within the enterprise based on the principles of openness, transparency, fairness and justice. At the same time, to keep abreast of the development of the industry, COSCO Shipping Lines has joined the Maritime Anti-Corruption Network to join hands with all organizations in the industry to eliminate corruption. During the reporting period, there has been no corruption-related lawsuits against COSCO Shipping Lines or its employees.

Special inspection of risk points of corruption

Supervision of special affiliated enterprises: To prevent business dealings with prohibited enterprises, COSCO Shipping Lines has formulated the *Regulations on the Administration of Special Affiliated Enterprises (2019 Revised Edition)*, the *Measures for the Administration of Freight Rates and other regulations*, and has locked the codes of prohibited enterprises in IRIS, SAP and CBS systems. By strengthening the management of special affiliated enterprises and clarifying the level, responsibility and authority of freight rate management, COSCO Shipping Lines has put an end to unfair competition and all kinds of tunneling and propping, and purified the business environment of the enterprise. At the same time, COSCO Shipping Lines conducted special inspections of special affiliated enterprises and summarized the regulation situations to ensure the compliance and rationality of current business.



case

Special inspection of container space allocation in peak seasons

Check existing problems	Rectify all kinds of problems	Establishment of integrity risk prevention and control system
Whether the space allocation system is sound Whether the space allocation policy is implemented Whether the risk prevention and control mechanism is reasonable Whether the management requirements are met;	Improve the mechanism of preventing and controlling the integrity risk of shipping space allocation in peak season Optimize the internal control system	Guided by integrity risk management Focus on compliance management

Special inspection of procurement management of domestic affiliated companies

Check existing problems	Rectify all kinds of problems	Results
Procurement Management System Management regulations on supplier warehousing procedures	Build the system and mechanism for each functional department Control purchasing cost Build the information system	Standardized purchasing behavior Improved procurement efficiency

Awareness promotion

To continuously improve the awareness of compliance with business ethics and create a compliance atmosphere, COSCO Shipping Lines has conducted various anti-corruption training and activities to encourage employees to truly understand the importance of business ethics through practice. It has also promoted employees' anti-corruption awareness and created an incorruptible environment through anti-corruption training for all employees and directors, face-to-face communication, special courses and professional lectures.



Meeting on anti-corruption work

case

This meeting was presided over by the Chairman of COSCO Shipping Lines. They conveyed the spirit of the meeting on anti-corruption work, and made demands for specific anti-corruption work:

- Leaders at all levels should fulfill their responsibilities and tighten supervision in their daily management;
- Leaders at all levels should strictly abide by anti-corruption rules and regulations and resist corruption;
- Leaders at all levels should punish corrupt employees so that no one dares to be corrupted, is able to be corrupted and wants to be corrupted ;

Collective face-to-face communication

case

Cosco Shipping Lines held the collective face-to-face communication with its transportation management and sales staff, circulated the special supervision and inspection situations, analyzed the characteristics of honesty risks in shipping space allocation, and laid down requirements for strengthening honesty and self-discipline to help staff on key posts to make clear the impact of corruption on their political status, personal wealth, reputation, emotional ties and freedom.

"Six bans", "six prohibitions", "slight corruption" and "new atmosphere"

case

COSCO Shipping Lines carried out the monthly education activity on the theme of "six bans" in ship management, "six prohibitions" in shipping space allocation, reducing "slight corruption" affecting the masses, creating "new atmosphere" for leaders' style of work. Through various forms of discipline education, education on the rule of law and case warning education, COSCO Shipping Lines has promoted anti-corruption culture within the enterprise.

Whistle-Blower protection

COSCO Shipping Lines has always adhered to the principle of honesty and compliance and is committed to creating an open and honest communication environment to guide its business practices with the highest standards. COSCO Shipping Lines encourages and supports its employees and external personnel to report any violation of regulations, disciplines, laws and professional ethics by its employees. All parties can report through email and the designated correspondence address of the department of the Commission for Discipline Inspection. We respect and attach importance to all reported cases, and accept all letters, calls and visits from the public, and letters, reports and other clues handed over by superior discipline inspection and supervision institutions, public security organs and other units or departments.

We promise to protect the privacy and safety of every informer, and strictly prevent anyone from discriminating against, harassing, or adopting an improper attitude towards the informers or employees assisting investigation. We have established an informer protection system to encourage employees to report corruption occurring around them.



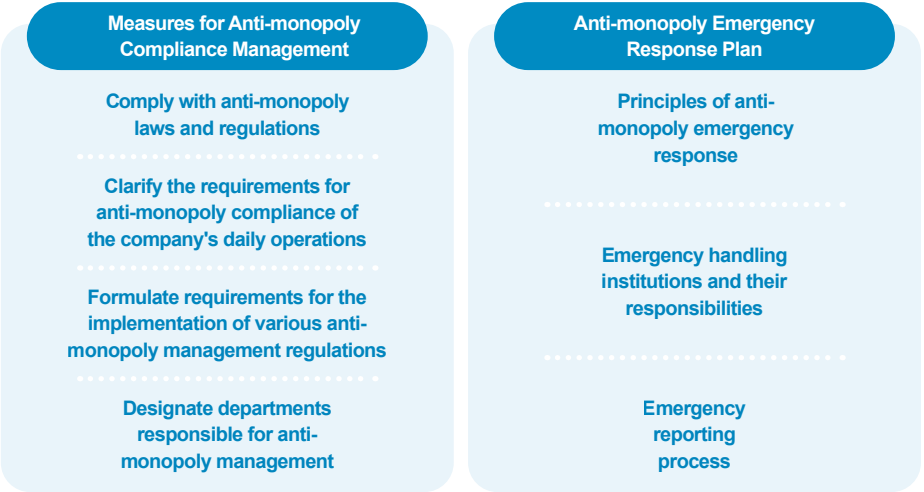
Reporting process

Anti-monopoly

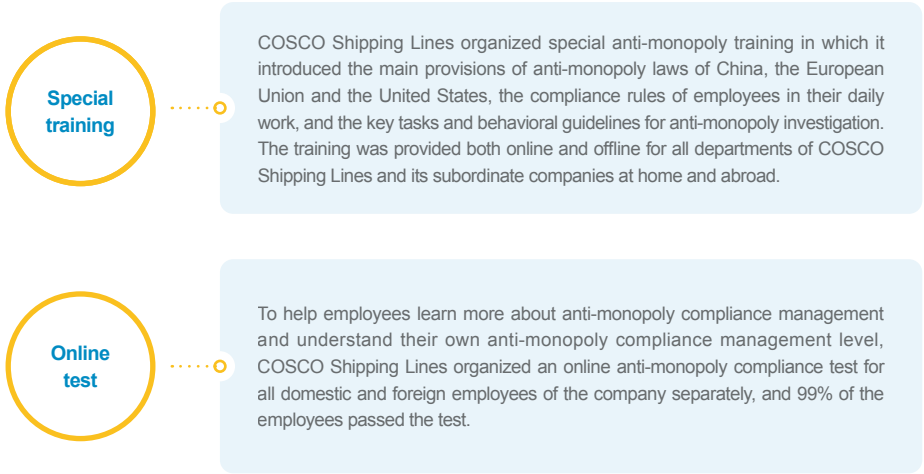
As a leading shipping enterprise, COSCO Shipping Lines is obligated to promoting proper and healthy development of the shipping industry through fair competition and safeguarding the welfare of customers and social public interests. COSCO Shipping Lines strictly abides by the international and local anti-monopoly laws, keeps an eye on the latest amendments of anti-monopoly laws and regulations in the industry, takes timely follow-up measures, and stays away from unfair competition for interest.

In 2021, COSCO Shipping Lines revised the *Anti-monopoly Compliance Management Measures* and issued and implemented the *Anti-monopoly Emergency Response Plan*.

Anti-monopoly management policy adopted by COSCO Shipping Lines



Anti-monopoly Training by COSCO Shipping Lines



Economic co-promotion

Express line

Since the outbreak of the pandemic, the efficiency of global logistics chains has been seriously affected by the imbalance between supply and demand in the global shipping market, coupled with a series of “Black Swan” incidents and “Gray Rhino” incidents. To address this problem, COSCO Shipping Lines adheres to the essence of shipping services, and concentrates on addressing the three major problems of limited shipping space, difficulty in raising the cabinet and difficulty in goods delivery. By accurate line design, transport capacity distribution and service provision, COSCO Shipping Lines is committed to providing the best resources for customers that need them most to meet their most urgent needs and removing the impediments to logistics.

COSCO Shipping CEN-EXPRESS

case

In October 2021, COSCO Shipping Lines conducted an accuracy analysis of the current supply and demand situation and logistics situation in the North American market, and actively mobilized incremental capacity resources with the help of its strong overall planning ability to launch the industry-leading service: “COSCO Shipping CEN-EXPRESS”, which not only met the urgent needs of its direct customers, but also provided strong support for the security and stability of global industrial chain and supply chain, thereby helping the global economy to get out of the serious imbalance between supply and demand.



The two “express lines” launched by COSCO Shipping Lines are “CEN-EXPRESS” affiliated to Qingdao-Shanghai-Prince Rupert and “CEN-PLUS” affiliated to Tianjin-Qingdao-Shanghai-Los Angeles Port.

“CEN-EXPRESS”

is a new direct line based on COSCO Shipping Lines’ ten years’ operation in Prince Rupert. Relying on its close cooperation with local railway companies, COSCO Shipping Lines set up this direct line to make full use of ocean-rail through service, with its delivery time reduced by over 2 weeks compared with conventional lines.

“CEN-PLUS”

is an upgraded line COSCO Shipping Lines opened up on the basis of its trans-Pacific CEN line with years of brand reputation. By enhancing the transportation capacity of the ports in the southwest of the United States, COSCO Shipping Lines has strengthened its scale advantage, obtained the superior services such as affiliation to and stockpiling on wharves of the ports, and established independent and exclusive pick-up areas. COSCO Shipping Lines’ direct customers will be able to enjoy an extraordinary experience of fast delivery.

Assistance between enterprises

COSCO Shipping Lines actively shoulders its social responsibility by providing customers with professional and high-quality services in LCL, FCL. It is dedicated to solving the problems confronted by small and medium-sized enterprises and safeguarding their development.

Providing special services for small and medium-sized customers

case

As one of the leading shipping companies, COSCO Shipping Lines favors small and medium-sized foreign trade enterprises in terms of resource allocation and provides special services for SMEs to help them lock the shipping space and freight rates to ensure the stable export for small and medium-sized enterprises.

COSCO Shipping Lines has set up special service teams for small and medium-sized direct customers at all ports, and provided special products and services for small and medium-sized customers on the e-commerce platform. The special products and services on the European Route, American Route, Latin America Route, African Routes and Australian Route include “Special Shipping for Small and Medium-Sized Direct Customers on the European Route”, “Fast Shipping Route for Small and Medium-sized Customers in Mexico” and “Fast Shipping Route for Australian and New Zealand” to meet the needs of small and medium-sized direct customers for shipping space. During the reporting period, COSCO Shipping Lines served more than 1,600 small and medium-sized direct customers with a cumulative shipment exceeding 55,000 TEUs relying on its special express resources for small and medium-sized direct customers.



Sustainable operation

- 19 Environmental protection
- 28 Safe shipping
- 35 Employee care
- 43 Service promotion



In 2021, the risks and disturbances brought by the pandemic may gradually weaken, with the global economy expected to recover. COSCO Shipping Lines actively adapts itself to the post-COVID era by providing support for global shipping industry, continuously improving service quality and reducing environmental impact, protecting employees' physical and mental health. Meanwhile, COSCO Shipping Lines strives to ensure smooth operation of its container transportation and terminal businesses, so as to assist with global economic recovery.

Environmental protection

As the artery of global trade, the shipping industry faces the increasingly higher expectations of the international community on environmental protection. The International Maritime Organization (IMO) and the European Union have issued their respective greenhouse gas emission reduction strategies for the shipping industry in 2021 to promote the development of low-carbon and green shipping system.

As the pioneer of ecological and environmental protection in the global shipping industry, COSCO Shipping Lines is committed to integrating the concepts of "innovation, coordination, green, openness, sharing" and sustainable development to the whole process of operation and management. COSCO Shipping Lines actively promotes high-quality development of the shipping industry in an environmentally-friendly manner to help the international community cope with climate change, promote green transformation of the international shipping industry and achieve the goal of carbon neutrality.

COSCO Shipping Lines attaches great importance to the impact of its production and operation on the environment, and gives full play to its professional advantages to take new measures including green shipping, energy conservation and carbon reduction, and higher-quality shipping. It has made great efforts to cope with climate change, promote green transformation of the international shipping industry and achieve the goal of carbon neutrality. COSCO Shipping Lines follows COSCO Shipping Holdings's environmental objectives in five dimensions, including greenhouse gas emission reduction, energy upgrading, enhanced ballast water management, emission reduction and waste reduction, to assist COSCO Shipping Holdings in achieving its goal of carbon neutrality by 2060 at the latest.

Climate change

Coping with climate risk is key to the strategic development of shipping enterprises. This requires shipping enterprises to continuously improve their understanding of the green development of shipping industry, the challenges brought by climate change, and the adaptability of the shipping system to climate change. Based on the framework of TCFD, COSCO Shipping Lines has systematically identified the risks related to climate change.

Governance

- The Sustainable Development Committee is responsible for reviewing climate change risks and guiding the formulation of risk response strategies
- The Sustainable Development Enhancement Working Team is responsible for identifying and managing climate change risks

Identify the impacts of climate change risks on strategy, business and finance

Strategy

Risk management

- Assess climate change risks from the perspectives of their impact and occurrence possibility, and formulate response measures based on the assessment results.

Regularly disclose information about greenhouse gas emissions and set greenhouse gas emission targets.

Indicators and targets

Based on the characteristics of our own business, we have identified the possible impact of climate change on the COSCO Shipping Lines's finance from two perspectives: the physical risk of climate change and the risk related to the transformation to low-carbon economy.

List of identified risk of climate change

Category	Risk	Description	Potential financial impact	Countermeasures
Transformation risk-market risk	Existing requirements and supervision of products and services	1.The International Maritime Organization issued the IMO Preliminary Strategy for Greenhouse Gas Emission Reduction from Ships, which requires the shipping industry to reduce the total greenhouse gas emissions by 50% by 2050 2.The Chinese government has continuously promoted green shipping, supported the low-carbon transformation of the shipping industry, and strengthened the requirements for enterprises' energy use 3.The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report and verify carbon dioxide emissions	Increase operation and maintenance costs	1. Continuous disclosure of greenhouse gas emissions 2. Abide by IMO requirements and regulations 3. Set greenhouse gas emission targets 4. Implement energy-saving and emission-reduction measures to reduce the use of fuel oil through process control of navigation and shore power transformation 5. Provide carbon emission calculator for customers to calculate carbon emissions during sea transportation
	Implement carbon pricing mechanism	1. The shipping industry will be included in the EU Carbon Emissions Trading System, and enterprises will have to pay for the carbon dioxide generated by their ships 2. China has opened up the national carbon trading market and will incorporate the shipping industry into carbon trading in the future	Increase operating costs	
	Strengthen emission reporting obligations	1. The new IMO regulations include the requirements for installing DCS (Data Collection System) and for data disclosure (actual fuel consumption data and other data that need to be disclosed). Companies that do not meet the requirements may be prohibited from engaging in the shipping industry. 2. The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report and verify carbon dioxide emissions	Increase operating costs	
	Customer behavior change	1. Some customers have begun to set carbon emission targets and incorporate carbon emissions in the supply chain into their management. They have also begun to take environmental issues such as low-emission transportation into consideration when making decisions.	Changes in consumer preferences lead to a decline in demand for goods and services	
	Rising cost of fuel oil	1. Climate change has continuously raised global attention to low-carbon supply chain. The transformation of global low-carbon supply chain will lead to increased attention to low-carbon fuel oils such as low-sulfur oil and clean fuel oil, which will result in increasing demand and large price fluctuations.	Rising raw material price leads to the increase of production cost	
	Change in customer preferences	1. During the transformation of the global low-carbon supply chain, customers pay more and more attention to the carbon emission performance of enterprises	Decline in demand for goods and services	

Category	Risk	Description	Potential financial impact	Countermeasures
Entity risk -Acute risk	Floods (including rainstorms and river overflows)	<ol style="list-style-type: none"> 1. Heavy rains and floods damage port infrastructure and related facilities, and cause power failure in ships, equipment and facilities, which leads to evacuation of personnel, interruption of operations and loss of assets 2. Low visibility and abrupt rise in water levels and water velocities lead to reduced manoeuvrability of ship locks and ships, which affects navigation restrictions and ship berthing of sea routes 3. Extreme precipitation may lead to sudden flooding, affect the operation of inland roads, railways, docks and inland waterways, and hinder normal business operations 4. The safety of the ship, crew and cargo is affected, resulting in delayed shipment and claims for damage to the cargo 	Verification and early scrapping of existing assets Difficulties in transportation Increased operating costs	<ol style="list-style-type: none"> 1. Make emergency plans 2. Strengthen meteorological monitoring and early warning 3. Regularly update the guidance on preventing typhoon and floods 4. Strengthen ship-shore contact to ensure the smooth progress of typhoon and flood prevention and control
	Strong wind/ cyclone	<ol style="list-style-type: none"> 1. It is difficult to forecast strong winds/cyclones, which could damage ship and port infrastructure and related facilities and ships, causing continuous interruption of port operations and loss of assets 2. Extreme weather affects the speed and direction of ships, making them deviate from or change their sea routes. This would result in shipment delay. Strong winds also prevent ships from berthing and arriving at the port on time and increase cargo transportation time and fuel consumption. 3. If ships encounter typhoon/cyclone/storm, they may sink due to high waves and storms caused by typhoon/cyclone/storm. 4. Typhoon/cyclone may cause damage to goods, and customers will claim for compensation for damage to their goods 	Verification and early scrapping of existing assets Difficulties in transportation Increased operating costs	
	Drought	<ol style="list-style-type: none"> 1. Drought may lead to closure of routes, waterways or canals 	Difficulties in transportation	
Physical risk -chronic risk	Ocean acidification Rising sea level	<ol style="list-style-type: none"> 1. Seawater temperature rise and ocean acidification accelerate the corrosion of ship hull and port infrastructure, so it is necessary to use materials with higher corrosion resistance and pay higher maintenance fees 	Increase maintenance costs	<ol style="list-style-type: none"> 1. Commit to mitigating global climate change and setting greenhouse gas emission reduction targets 2. Achieve carbon neutrality before 2060 3. Take energy-saving and emission-reduction measures to reduce the use of fuel oil through management and control of the navigation process and shore power transformation
	Temperature rise	<ol style="list-style-type: none"> 1. Temperature rise leads to damage to infrastructure and goods, and shortens assets life 2. Temperature rise leads to an increased probability of damage to goods, and an increased risk of claim for compensation for damage to goods. More refrigeration equipment is needed to avoid damage to goods 3. Employees may not be able to work outdoors for a long time in hot seasons, which affects operational efficiency 	Affect workforce management and planning Increased operating costs	

Low carbon operation

COSCO Shipping Lines adheres to the concept of green, low-carbon, safe and sustainable shipping development, and actively responds to the call of the "Emission Peak, Carbon Neutrality" energy saving and emission reduction policy, and pursues to reduce carbon emissions and achieve low-carbon operation while providing quality services. To meet the requirements of global sustainable development and realize green and environmental-friendly development, COSCO Shipping Lines meets the requirements for the shipping industry to realize green and environmental-friendly development, keeps track of and researches the development trend of fuel oil technology and market, and prepares well for the realization of its low-carbon goals.

Energy use

Fuel oil is the main energy source of container shipping business. We actively explore high-quality use of fuel oil, monitors the use of fuel oil, implements fuel-saving measures, conducts shore power transformation, and sets scientific goals of reducing fuel oil use to improve the effectiveness of fuel oil management and control.

In response to *IMO's 2020*, COSCO Shipping Lines strictly abides by the relevant international rules and regulations. COSCO Shipping Lines has met the sulfur emission upper limit set by IMO by using low-sulfur fuel oil and installing desulfurization tower.

Confronted with the increasingly strict control and industry requirements of the global shipping industry, COSCO Shipping Lines has strengthened its collection and analysis of fuel consumption data. It has established a strict daily dynamic monitoring system to conduct the whole-process management of fuel oil budget (pre-control), operation monitoring (in-process monitoring), fuel oil cost analysis (post-inspection), and enhanced the closed-loop management of fuel oil use. In addition, COSCO Shipping Lines conducts real-time monitoring of fuel oil consumption of its ships in a 24/7 manner to realize the shift from "averaging ship speed" to "averaging ship power" and reduce the instantaneous fuel consumption and carbon emissions of ships.

During the reporting period, COSCO Shipping Lines has shown excellent performance in fuel oil management.

Total fuel oil consumption for the year was approximately

5.144 million tonnes



Navigation fuel oil-saving measures



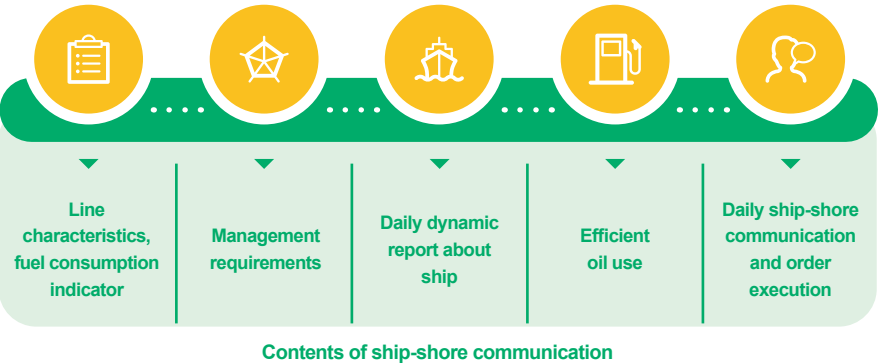
We continuously monitor navigation fuel oil consumption and analyze problems such as unreasonable fuel oil consumption in certain navigation segments and fuel oil theft during stranded navigation. While avoiding the risks, COSCO Shipping Lines takes safety, punctuality and economy into account, and helps ships improve shipping efficiency to save fuel oil.

Ship-shore communication

case

Ship-shore communication is an important way to implement our concept of whole-process fuel management and control. Through the conversation mechanism, we deepen the crew members' understanding of fuel saving indicators, sealing management, shift guarantee requirements, reporting system and other areas of work related to energy saving of ships.

COSCO Shipping Lines continuously strengthened ship-shore communication, and established a pre-boarding conversation system with the captain and chief engineer, so as to achieve highly efficient oil control.



Shore power transformation

When a ship pulls into a port without shore power supply facilities, it needs to rely on its own generating set to generate electricity. The fuel oil will emit NOX (nitrogen oxides), SOX (sulfur oxides) and particulate matter during combustion, which will cause environmental pollution to varying degrees. By contrast, if the port has shore power system, the ship may turn off its generating set after pulling into the shore and instead use the shore-based power supply for electricity. Compared with traditional marine fuel, shore power can reduce NOx, SOx and particulate matter emissions by 97%, 96% and 96% respectively.

COSCO Shipping Lines actively promotes the construction of show power supply facilities and has completed the renovation of the shore power facilities of some ships. We will strengthen the renovation of shore power facilities of ships and promote port green development while ensuring transportation capacity during dock repair.

Shore power use case

According to the data of California Air Resources Management Board (CARB), a total of 167 ships of COSCO Shipping Lines have berthed at Port of Long Beach/Los Angeles Port/Oakland Port in 2021, and the compliance rate of shore power use was over 92%.

Carbon footprint calculator

As the pioneer of ecological and environment protection in the shipping industry, COSCO Shipping Lines have launched a carbon emission calculator in 2010. It is an advanced dynamic carbon emission calculation tool for customers all over the world to calculate the carbon dioxide emissions in their supply chain. The calculator also helps us achieve carbon emission targets. In addition, as a member of CCWG, COSCO Shipping Lines accepts supervision from society and actively report the emissions of carbon dioxide, sulfur oxides and nitrogen oxides in daily operations. By comparing with the emission level of counterparts in the same industry, we can gain a better understanding of the environmental protection performance of its own operation and the room for improvement.

Greenhouse gas emission

During the reporting period, COSCO Shipping Lines optimized management and control of fuel oil use, navigation and fleet operation, and shipping business, upgraded the power receiving facilities of ships and shore power facilities at ports. It has also achieved remarkable results in reducing energy consumption and carbon dioxide emissions by innovative scientific, technical and managerial means.

The greenhouse gas emissions of the container shipping business were **16,658,547** tons 



Exhaust emission

Exhaust pollutants of SO₂ and NO_x emitted by fuel combustion during shipping and berthing have become the major sources of air pollution in China's coastal and inland ports. COSCO Shipping Lines strictly abides by the *Implementation Plan of Air Pollutant Emission Control Zones for Ships* issued by the Ministry of Transport of People's Republic of China and sets more stringent emission standards to reduce the amount of sulfur in marine fuels used for shipping, and sulfur oxides (SOx) and particulate matter emissions of ships.



Waste water management

Water is used for mechanical operation and daily use of crew during shipping. The main sources of wastewater that causes marine pollution during shipping are ballast water and oily sewage discharged by ships. COSCO Shipping Lines strictly implements the regulations on the treatment and compliance discharge of sewage and wastewater from shipping vessels. COSCO Shipping Lines also strictly abides by relevant laws and regulations at home and abroad, such as the *Law of the People's Republic of China on Water Pollution Prevention and Control*, as well as relevant laws, regulations and conventions of the industry, such as the *Law of the People's Republic of China on Marine Environmental Protection*, the *Regulations on the Prevention and Control of Marine Environmental Pollution from Ships*, the *Emission Standards of Pollutants from Ships*, and the *International Convention on the Prevention of Pollution from Ships*.

Based on domestic and foreign laws, regulations and industry conventions, we have formulated and implemented the *Operation Regulations of Ship Oil and Sewage Disposal* to clarify the complete oil and sewage disembarkation operation process, and the *Ship Oil Pollution Emergency Plan* to help the crew take immediate measures to reduce the impact of accidental oil spills.

Sea water desalination



COSCO Shipping Lines attaches great importance to the use of water resources. In order to improve the efficiency of water use on board, our ships use seawater desalination equipment to convert seawater into drinking water to supplement the domestic water for ships and reduce the consumption of fresh water, there is no problem of obtaining suitable water sources. At the same time, we continue to cultivate our employees' water-saving awareness and habits and encourage them to participate in the optimal utilization of water resources on ships.

In 2021, the total fresh water consumption of COSCO Shipping Lines' ships was

276,641 tons



and

136,213 tons
of seawater was desalinated



Ballast water management



In 2004, IMO issued the *International Convention on the Control and Management of Ship Ballast Water and Sediments* (i.e. the Ballast Water Convention), which requires commercial ships sailing internationally to install the ballast water management system and treat the ballast water before discharging it so that at least 99.9% of the organisms in the discharged water are killed or removed before discharging. This can prevent and reduce the risk of species invasion and dispersion so as not to cause harm to the local marine ecosystem.

COSCO Shipping Lines has formulated and implemented Instructions for *Ballast Water Management Notice and Ballast Water Management Plan*. All ships are equipped with ballast water treatment devices, and any violation of ballast water convention by is prohibited. We manage ballast water through the operation, replacement, safety inspection and recording of ballast water.

Ballast water management requirements



Oily sewage management



By strengthening the monitoring of discharging oily sewage off the shore and the management of oily sewage sealing, we ensure that all indicators of the discharged oily sewage are in line with national and local standards. We strictly regulate how its ships discharge oily sewage offshore. At the same time, a "blacklist system" of ships is set up to monitor key ships to prevent oily water leakage.

During the reporting period, our flight oily sewage measuring team strengthened the plastic sealing management of all ships' discharging of oily sewage offshore and monitored the whole process of fuel oil control for all ships.

At the same time, COSCO Shipping Lines instructed the crew to deal with fuel oil spill accidents by implementing the Emergency Plan for Oil Pollution on Board to reduce the impact of fuel oil spill accidents. In case of fuel oil spill, the personnel on duty shall promptly report to the captain or other persons in charge. After receiving the report, the captain or other persons in charge shall immediately send out the oil spill alarm and organize the whole crew to take emergency measures.



Solid waste management

We strictly abide by the laws, regulations and international conventions on garbage disposal on ships to strictly control the disposal and compliance discharge of harmful waste from ships, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Marine Environmental Protection Law of the People's Republic of China*, the *Regulations on the Prevention and Control of Marine Environmental Pollution by Ships*, the *Emission Standards of Pollutants from Ships*, the *International Convention for the Prevention of Pollution from Ships*.

Based on the *MARPOL Anti-pollution Convention* and the relevant laws and regulations of the flag country, we formulated and implemented the Waste Management Plan to avoid pollution caused by ship waste. We requires that domestic garbage in the port be stored in the garbage pool for the government to transport to the designated place for disposal so that the garbage can be treated on the same day of generation.

Ship garbage management

We formulated *Waste Management Plan* for the management of shipping vessels, which specifies the responsibilities of each crew member, and requires managers to train crew members on the collection, disposal and storage of ship garbage. Ship garbage must be classified, processed, stored, burned and disposed according to relevant regulations.

To prevent and control the spread of the pandemic as it continued to develop in 2021, COSCO Shipping Lines strengthened training for its crew members, carried out the classification and disposal of ship garbage more stringently, disposed pandemic prevention wastes in a more reasonable manner, and enhanced pandemic prevention and control on the ships and shores to facilitate garbage acceptance and disposal by the ports.

We carry out effective classification and management of garbage on ships. All ships are equipped with red, green, blue and black garbage cans to collect plastic garbage, food garbage, domestic garbage, and industrial garbage respectively. To meet the requirement of pandemic prevention and control, we also place yellow garbage cans on the ships to collect medical garbage, disinfect pandemic prevention equipment such as protective clothing and masks discarded by health care personnel, and store them separately. If the garbage is mixed with or polluted by other substances that are forbidden to be discharged or should meet different

discharge and disposal requirements, the garbage should be disposed of to meet more stringent standards.

By collecting the pandemic prevention and control measures for the recycling of garbage on ships approaching or berthing at the ports, we adjust the garbage disposal plans. Garbage that needs to be stored harmlessly on the ship for a long time should be disposed of by incinerators, food distributors, and garbage mashers on the ship according to *International Convention for the Prevention of Pollution from Ships*. If the garbage is disposed of through incineration, crushing, grinding and compaction, the disposal records must include the date, time, ship position (latitude and longitude) at the beginning and end of incineration, the classification of the incinerated garbage, and the estimated amount of each category of incinerated garbage.

During the garbage storage period, ships are cleaned and disinfected on a regular basis and are equipped with fire-fighting equipment. we also strengthen garbage management and inspection and appoints qualified ship pollutant receiving companies transfer the garbage away from the ships after the ships berth at the port.



Crew training



We offered training for crew members on *Waste Management Plan* and the use of pollution prevention equipment to help them get more familiar with the requirement of ship waste management and garbage disposal equipment. By implementing the Garbage Management Plan and using garbage disposal equipment on the ship, COSCO Shipping Lines reduced the amount of garbage generated by ships to the minimum. At the same time, we carried out self-inspection of pollution prevention many times and conducted closed-loop pollution prevention inspection of sulfur oxide emission, power equipment use, fuel garbage, domestic garbage, household garbage and dangerous goods management to prevent all sorts of pollution incidents.

Green passport



Inventory Of Hazardous Materials (IHM) is a key requirement in the Ship Recycling Convention, which identifies all dangerous and potentially dangerous materials on board to facilitate ship recycling in a safer and more environmentally-friendly way and help recyclers customize a safer and environmentally-friendly decommissioning plan for ships. COSCO Shipping Lines shows great concern over the impact of ships on the environment, actively helps ships get IHM, and conducts life cycle assessment for ships to reduce the impact of ship recycling on the environment.

Ocean ecology

As a pioneer in ecological environment protection in the global liner industry, COSCO Shipping Lines attaches great importance to ecological environment protection, and incorporates the concept of low carbon and high efficiency into its comprehensive management policy. COSCO Shipping Lines actively reduces the ship speed when entering and leaving whale sanctuaries to promote green and low-carbon shipping.

Protecting the Blue Whale and the Blue Sky



We realize that the speed limit of ships can effectively prevent collision between marine fish and ships. In order to protect whales, COSCO Shipping Lines put forward the voluntary deceleration plan to slow down their ships in important whale habitats to prevent whale injury or death caused by shipping.

"Protecting the Blue Whale and the Blue Sky" project is jointly launched by several environmental protection departments and organizations in the United States as a non-mandatory project. During the reporting period, COSCO Shipping Lines was awarded the Gold Prize by project organizers for its positive actions and remarkable results.



Safe shipping

Given the professionalism, particularity and high risk of ocean shipping, shipping companies should shoulder their unique responsibility for safe shipping while assuming operational risks other enterprises face. Confronted with the challenges of disasters, defend against pirate, extreme weather, dangerous goods and pandemic prevention and control, COSCO Shipping Lines fulfills its main responsibility for safe production, strictly implements various safety management systems, and makes full use of safety management systems to ensure ship safety.

COSCO Shipping Lines strictly abides by relevant rules and regulations to regulate the important matters to be observed for production safety and clarify the responsibilities of relevant departments, including the International Safety Management Rules, the Safety Production Law of the People's Republic of China, the Regulations on Reporting, Investigation and Handling of Production Safety Accidents and other relevant laws and regulations, and internally formulates and implements the Fleet Safety Control Procedure, the Safety Production Management Measures, the Safety Management Responsibility Provisions, the Comprehensive Emergency Plan for Production Safety and the Emergency Plan Management Measures.

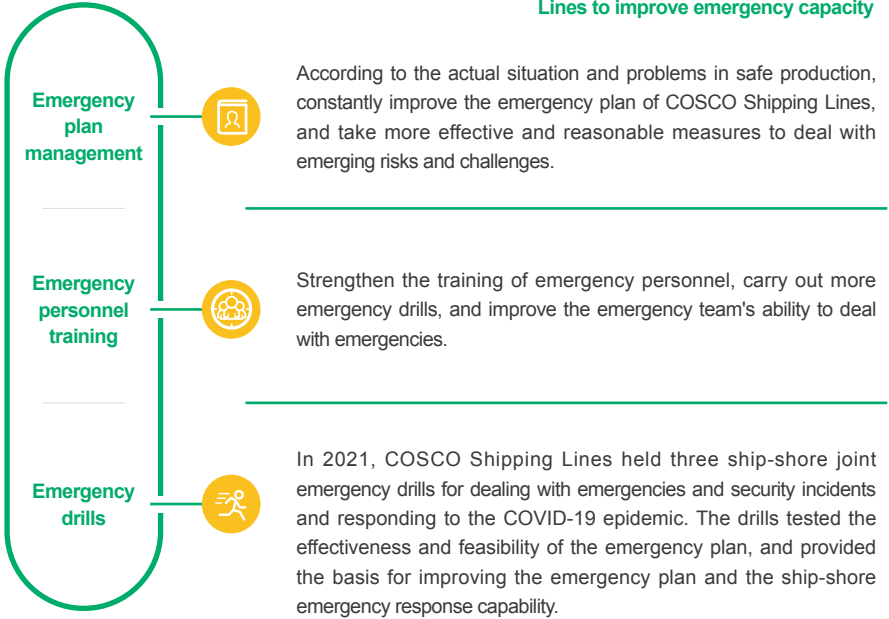
COSCO Shipping Lines sign the Letter of Responsibility for Safe Production every year, and takes safe production performance as an assessment standard, and the assessment results are directly pegged to the salary of the management. At the same time, COSCO Shipping Lines has set up a team for the safety inspection of shore-based personnel on board to know more about the crew's performance of duties on board and their implementation of various systems and ensure production safety.

Emergency management

To continuously improve the level of safety management, COSCO Shipping Lines constantly strengthens its emergency management system and makes unremitting efforts to improve its emergency response capability.

During the reporting period, COSCO Shipping Lines continued to attach importance to shipping safety. It updated the Management Measures for Emergency Plans for Unexpected Events, carried out emergency plan management, emergency team training and emergency drills, and strengthened its personnel's awareness of and ability in production safety. At the same time, it incorporated emergency resource survey into its emergency plans, and early warning and emergency response into its comprehensive emergency plans.

Measures taken by of COSCO Shipping Lines to improve emergency capacity



Accident management

During the reporting period, an event of ship collision occurred in COSCO Shipping Lines. To investigate the cause of the accident, sum up the experience and prevent similar accidents from happening, COSCO Shipping Lines held a special meeting on collision and machine damage prevention. Meeting participants were briefed on the investigation of the accident of the "Tianfuhe" ship, analyzed the possible causes, summarized the experience, and worked out preventive and corrective measures.

Investigation report on the “Tianfuhe” ship collision

case

On August 10, 2021, the right stern of the “Tianfuhe” ship collided with the overtaking Korean “HONGKONG VOYAGER” ship, causing the starboard stern deck and guardrail to cave in and deform. The accident did not cause injuries to any side or environmental pollution. The “Tianfuhe” ship took secondary responsibility for this accident.

After the collision happened, “Tianfuhe” ship immediately started the emergency procedure according to Ship Emergency Manual and Emergency Plan Management Measures. It immediately inspected the actual damage to the ship and the Korean ship, checked whether there were casualties, damage to machinery and equipment, or environmental pollution, reported to the competent authority of the maritime space where the accident occurred in a timely manner, assisted accident investigation and handling, and signed a collision notice with the Korean ship.

To prevent similar accidents from happening again, we plan to strengthen accident risk control in the following four aspects:

System building	Revise and improve relevant system documents to strengthen their operability.
Skill training	Strengthen pre-job skills training and on-board instruction of the captain, and continuously improve the safety risk awareness and navigation safety support ability of crew members.
Warning education	Strengthen warning education, enhance crew members' awareness of abiding by rules, and help them develop good habits.
Tracking administration	Strengthen the supervision of key ships and follow-up guidance of key personnel.

Emergency drill



During the reporting period, COSCO Shipping Lines organized a joint emergency drill to improve emergency response ability, test the effectiveness of the emergency plans and enhance the emergency team's ability to deal with emergencies.

“New Suzhou” ship participated in emergency drill

案例

The “New Suzhou” ship participated in the emergency drill to improve its capability to deal with the loss of maneuverability, emergency towing, cyber-attack, and loss of contact with the external world. This drill highlighted the effectiveness and feasibility of the emergency plan and improved the capability of COSCO Shipping Lines to handle emergencies.



1

Place the responsibility for guidance and supervision on the shore-based ship management authorities, and ensure that the company's instructions on safety are implemented. The director should pay more attention to daily management so as to find and solve the problems and defects of the ships in time.

2

Strengthen the maintenance of ship equipment, and ensure the normal working conditions of power equipment and emergency equipment on all ships.

3

Strengthen the basic and urgent management of the spare parts and materials on the ships; strengthen supervision of ships and ensure that the management of the spare parts and materials on ships is standardized and orderly. In case of emergency, the ship-shore director should report it in time to improve the handling efficiency.

4

Strengthen the ship's response to fire accidents, implement the patrol system for fire prevention, and strengthen crew training so that they will get more familiar with the operation of important fire extinguishing equipment such as large carbon dioxide system.

5

Implement the labor safety protection measures for crew members, learn the experience and lessons from previous accidents, and require the ships to take protective measures for high-altitude operation, outboard operation, closed cabin operation, machine room operation and mooring operation.

6

Strengthen refined cost management to ensure the basic investment into safe production of ships.

Pirate attack

Pirate attacks seriously threaten the safety of crew members. Once a ship is attacked by pirates; the shipping company will suffer huge economic losses. According to the statistics of the Piracy Reporting Center of the International Maritime Bureau of the International Chamber of Commerce, there were 132 incidents of piracy and armed robbery against ships worldwide in 2021. Although the crime has dropped to the lowest point over the past 28 years since 1994, it remains a warning.

To avoid pirate attacks, COSCO Shipping Lines has always adhered to the anti-piracy policy of "prevention first, constant vigilance, self-reliance, early preparation, quick action, and proactive action", formulated and implemented the Notice for Ship Anti-Piracy. It has also established a ship management center and security department to supervise, inspect, and guide daily anti-piracy work, given early warnings of piracy and regularly trained the crew.

Pirate risk prevention and control



We will analyze the areas where pirate attacks happen frequently around the world and determine the key sea areas for piracy prevention. It will keep the shipping lines away from the pirate areas. Before entering the pirate areas, a third-party armed escort fleet will be hired to follow and monitor the ships 24/7, and ship captains will mobilize all the crew members to prepare for pirate attacks and inform the whole crew of the alarm signals and contact information. In addition, ships will be equipped with safety cabins where attacked crew members can hide to ensure their personal safety.

To improve the awareness of COSCO Shipping Lines of pirate prevention, Rules for Risk Assessment of Pirate Harassment have been formulated to standardize the risk assessment procedure of pirate harassment. Sea areas subject to pirate harassment are divided into three levels to avoid navigation in high-risk sea areas.



Anti-piracy drill



During the reporting period, regular anti-piracy drills and emergency drills had been organized to train crew members in the use of anti-piracy safety cabin, anti-piracy measures, emergency procedures and safe use of anti-piracy equipment.

"CSCL Atlantic Ocean" emergency drill

case

On March 26, 2021, COSCO Shipping Lines held a joint ship-shore emergency drill on the "CSCL Atlantic Ocean" ship to test its capability to deal with emergencies that happen on multiple ships. Training on preventing and handling terrorist attacks was included in the drill.

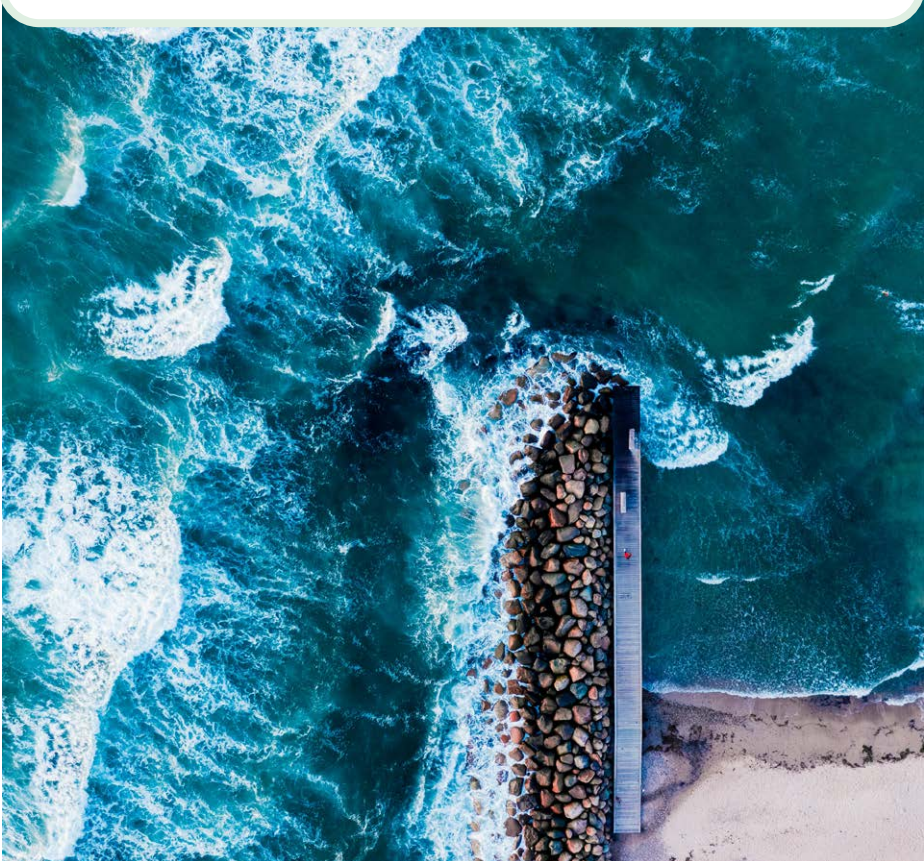
This drill simulated how crew members implemented the emergency plan when the ship was chased by pirate speedboats in the waters of the Gulf of Aden, how they contacted the escort fleet of the Chinese navy in the Gulf of Aden, how the Chinese navy repelled the pirates, and how the crew members got out of the safety cabins after confirming safety.

Through these rigorous and realistic drills, COSCO Shipping Lines hopes to improve crew members' emergency awareness and handling ability and test their emergency management ability and emergency preparedness ability. To tackle the problems and shortcomings existing in the drills, COSCO Shipping Lines immediately organized analysis and evaluation of the drills, took improvement measures, and organized training and discussion to improve its ability to handle pirate attack and other emergencies.



Extreme weather

Extreme weather, such as global climate change, cold waves, strong wind and storm surge, causing prolonged, wide range of influence, strong intensity and serious consequences, poses a serious threat to the safety of employees and property of ships and docks. COSCO Shipping Lines always adheres to the principle of "prevention first, combining prevention with resistance, avoiding at the right time and leaving leeway" to ensure safety of ships and docks.



Avoidance of disastrous weather and sea conditions



While ensuring the safety of personnel, ships and cargo, COSCO Shipping Lines formulated targeted measures according to the actual conditions of ships to avoid disastrous weather and sea conditions.

Measures to Avoid Extreme Weather for Ships in Different Conditions



Ships carrying 5000 TEUs and below should avoid continuous surge of 6m or above for more than 12 hours in any loading state.



Heavy-duty ships carrying more than 5000 TEUs should avoid continuous surges of 7 meters and above for more than 12 hours, and ships with a half load and below should avoid continuous surges of 6 meters and above for more than 12 hours.



Once a ship has to stay in the above-mentioned high-risk areas for a short time, the air guide service provider must remind the ship to take measures to adjust its course and speed to ensure the safety of its crew members, ships and goods.



If the ship's stability, hull strength, container binding strength and other parameters exceed the safety range or carries special cargoes (e.g. 53-foot container), the captain of the ship should immediately report to the general duty room of the Global Maritime Operation Center, which will work with the relevant departments to discuss the relevant issues, adjust the above-mentioned high-risk areas, and notify the air guide service providers to take corresponding measures to avoid risks.

Dealing with extreme weather



In response to severe weather such as typhoons and cold waves, COSCO Shipping Lines took a series of measures to deal with disasters caused by frequent extreme weather conditions. Typhoon is one of the most serious natural disasters for the great destruction, which often causes heavy casualties and huge property losses. COSCO Shipping Lines obtained typhoon-related information by applying high-altitude, ground and global meteorological network and other high technologies. For the container business, COSCO Shipping Lines regularly updated the guidance on typhoon prevention and flood control and strengthened ship-shore contact to ensure a smooth progress of typhoon prevention and flood control. Given the business particularity, COSCO Shipping Lines appointed captains as the first responsible person of ship safety who has the right to decide what measures to take to avoid typhoon. Captains shall also organize all crew members to acquire knowledge about typhoon prevention according to the changes of seasons and navigation areas.

Response to Super Typhoon Chanthu case

During the reporting period, No.14 Super Typhoon "Chanthu", which had a strong intensity, long radius and changeable path, swept the southeast coast of China, affecting Hangzhou Bay and Shanghai to a certain extent, which made it more difficult to prevent typhoon.

The Security Committee of COSO held a special meeting on typhoon prevention and worked out the following anti-typhoon measures.

- 1 Strengthen classified guidance to ships and urge them to take typhoon prevention measures.
- 2 Attach great importance to flood control on the shore. All departments in Jiangsu, Zhejiang, Shanghai and Fujian should investigate and eliminate the hidden dangers of flood control in stockyards, warehouses and office buildings, prevent materials and key facilities and equipment from being flooded or damaged, and ensure the safety of employees involved in flood control and on duty.
- 3 Give full play to the leading role of the person in charge. All responsible department should perform their duties and work closely together to prepare for emergency response at any time to ensure effective response to all kinds of emergencies.

COSCO Shipping Lines continued to inspect and rectify problems in key areas of typhoon prevention and flood control, eliminate hidden dangers to the greatest extent to ensure that the typhoon prevention and flood control would be successful. These measures helped avoid ship accidents and casualties and ensured ship safety.

Disasters such as large-area drastic cooling, strong wind, frost, and wind and snow along the lines caused by cold wave have a severe impact on shipping. When cold wave comes, close attention should be paid to the weather forecast and ship condition, especially the safety of personnel in offshore operations and ports. The supervision and on-site inspection of ships should be strengthened and an early warning should be given to eliminate potential danger in time.

"Cold Wave, Rain and Snow" Weather Warning case

On December 28, 2021, the weather warning of "cold wave, rain and snow" was issued. The leaders of COSCO Shipping Lines attached great importance to the warning, began to implement the severe weather emergency plan, made relevant arrangement in advance, made sure that all personnel were on duty and on guard, and made every effort to provide emergency support.

To ensure ship safety, the ship dispatching room monitored the situation of ships 24/7, paid close attention to weather warnings issued by the meteorological department and the port and shipping supervision department, kept close contact with the port, adjusted the ships, anchored the ships before the wharf was closed to avoid typhoon, and set for weighting anchors after the wharf reopened to ensure shipping safety.



Dangerous goods

In recent years, the total amount of dangerous goods transported by sea has shown an obvious upward trend. The operation and transportation of dangerous goods is one of the high-risk business of shipping enterprises. By institutionalizing and standardizing the operation procedures of dangerous goods, We have been working to prevent and control accidents related to the transport of dangerous goods by sea.

Dangerous goods management

In daily transportation, accidents caused by violation of the regulations on the safety management of dangerous goods transportation occur from time to time. Accidents happen on ships transporting dangerous goods will not only cause casualties and property loss, but also bring disastrous consequences for the marine environment and the fishing industry. During the reporting period, the Law of the People's Republic of China on the Protection of the Yangtze River came into effect, which prohibited the transportation of highly toxic chemicals and other dangerous chemicals in the Yangtze River basin and inland rivers designated by the state. To fulfill the responsibility for managing the transportation of dangerous goods, we offered internal training for employees engaged in the transportation of dangerous goods to ensure compliance operation.

We has always abided by the IMDG Code formulated by the International Maritime Organization, which prescribes the operation procedures for the whole process from customers' cargo space booking to goods transportation. According to the types of cargo space for dangerous goods booked by customers, we will check whether the products provided by customers are dangerous goods. After confirming the category of the dangerous goods or the UN number, dangerous goods will be classified into prohibited goods or restricted goods according to the relevant policies of handling dangerous goods, and their transportation routes determined. During transportation or stacking, dangerous goods shall be loaded, unloaded and isolated based on the relevant requirements.

According to the division of responsibilities and approval process, the dangerous goods operation team of COSCO Shipping Lines will conscientiously confirm and examine the whole process from customers' cargo space booking to goods transportation. The team will also strengthen the daily management and operation of dangerous goods to ensure the safety of the transportation of dangerous goods.

Daily management of the transportation of dangerous goods



In addition, we have established an intelligent dangerous goods system to reduce the risks of dangerous goods transportation.

COSCO Shipping Lines developed a dangerous goods operation platform and a global network of designated personnel for dangerous goods and global port dangerous goods restriction policy; cooperated with the partners to compile and update dangerous goods policies, certificate of fitness for dangerous goods on board, and dangerous goods restriction clauses for chartered ships.



Response to epidemic

Since the outbreak of the pandemic, COSCO Shipping Lines has attached great importance to the prevention and control of COVID-19 on its ships and on the shore. All employees at home and abroad have strengthened the implementation of pandemic prevention and control measures to prevent the recurrence of outbreak by following the strategy of "preventing the pandemic from re-entering the country to cause a new outbreak and taking precise measures to fight the virus". Engaging in a key industry, COSCO Shipping Lines will actively fulfill its social responsibilities, pay close attention to employees' physical and mental health, promote the resumption of work and production and give full play to the advantages of its service network to provide strong logistics support for global anti-pandemic endeavor.

Pandemic prevention and control on ships

To prevent and control the pandemic on the ships, COSCO Shipping Lines took measures such as the management of pandemic prevention drugs, crew shift change and outbreak drills to ensure the smooth operation of ships in the pandemic era.

Management of pandemic prevention drugs

To protect the health of the crew members, build a pandemic prevention system for ships, and implement pandemic prevention concept of "paying utmost attention to outbreak prevention and control", COSCO Shipping Lines provided pandemic prevention drugs for ships and worked out the management plan for standardizing the supply and use of drugs on ships to ensure sufficient drug supply.

Exclusive use

Anti-epidemic drugs should be separated from other drugs on the ship, and should be specially managed and stored. Only crew members who have shown symptoms, or have close contact with people suspected of COVID, or have been advised by the shore-based authorities can take anti-epidemic drugs.

Intensive management

The political commissar of the ship is the responsible person for the use and management of anti-epidemic drugs, and is also fully responsible for the application for, use and management of these drugs. The first mate of the ship is the direct supervisor of these drugs, and is also fully responsible for applying for, registering, storing, distributing and checking and sorting out these drugs.

Timely replenishment

Depending on the actual use and the inventory of the ship, once the number of anti-epidemic drugs is lower than 50% of the delivered drugs, or when the route is adjusted to a third country route, or when the crew members exchange shift with crew members of a third country ship, the ship shall apply for replenishment of anti-epidemic drugs in time.

Management measures for epidemic prevention drugs

Crew shift change

COSCO Shipping Lines attaches great importance to crew shift, as crew serves are the core strategic resources. We conduct crew shift rotation by strictly following the six procedures of "ship self-management, customs quarantine, border inspection, information notification, shuttle bus and designated isolation area", actively cooperates with government departments, utilizes resources to arrange quarantine hotels for crew on shore, and offer guidance for shift change in domestic ports.



CSCL STAR Ship and New Qinhuangdao Ship completed crew shift change at Singapore anchorage. CSCL Venus Ship and New Shanghai Ship conducted crew shift change in the Suez Canal. Fengyunhe Ship conducted crew shift change in Xiamen.

Pandemic prevention drill

To enhance pandemic prevention and control, improve emergency response, and ensure effective execution of pandemic prevention and control measures, we organized a joint pandemic prevention drill.

"COSCO Ashdod" ship participated in ship-shore joint drill in response to pandemic case

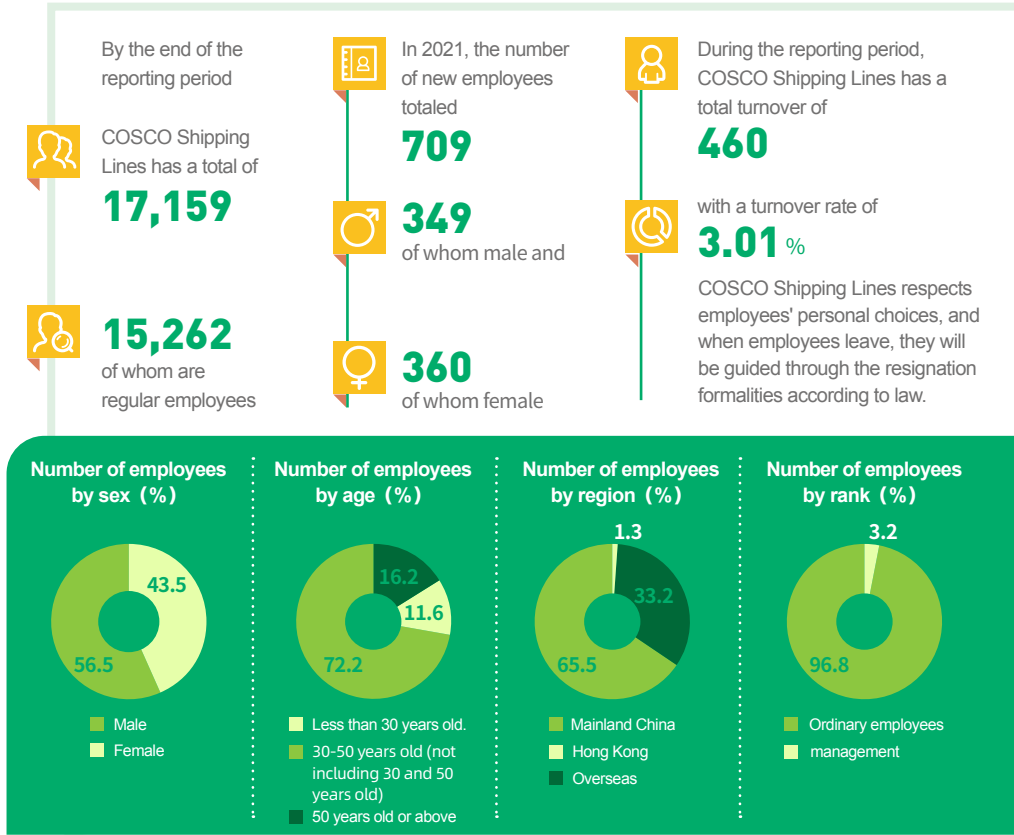
During the reporting period, COSCO Shipping Lines held ship-shore joint drill in response to the pandemic in which the "COSCO Ashdod" ship participated.

In this drill, a sailor was suspected to be infected with COVID. The company surveyed the receiving capacity and conditions of nearby coastal ports. After arriving at the anchorage, the ship underwent quarantine inspection. After the sailor was diagnosed with COVID, the company took corresponding measures and resumed loading and uploading of cargoes to minimize the loss.

The drill tested the effectiveness and feasibility of the emergency plan and provided basis for improving the emergency plan and the emergency response capability and ship and shore.

Employee care

To attract more talents to the shipping industry and highlight the guiding role of the strategies, in 2021, COSCO Shipping Lines promoted the deep integration of its talent strategy and business strategy, strengthened the training for high-quality talents, built a professional talent team, constantly stimulated the vitality of talents, adhered to the talent-oriented principle, and created a good atmosphere of caring for talents.



Compliant recruitment

COSCO Shipping Lines attaches great importance to talents, especially the development of a talent team that meets the needs for development. It has built a high-quality talent team in a fair and transparent way through campus, online and social recruitment. COSCO Shipping Lines abides by all employment-related laws and regulations in the place where it operates and fulfills its obligations in legal recruitment. By constantly optimizing the *Measures for the Administration of Employees at the Headquarters of COSCO SHIPPING Lines* and *Employee Recruitment Management Measures of COSCO SHIPPING Lines (for Trial Implementation)* and other human resource management systems, COSCO Shipping Lines has specified post responsibilities and assessment system, and built a sound employee management system to ensure that the employment and dismissal of employees are in line with relevant laws.

COSCO Shipping Lines abides by the laws and regulations of the place where it operates, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Trade Union Law of the People's Republic of China. Child labor and forced labor are strictly prohibited. COSCO Shipping Lines is committed to promoting legal employment in its partners and suppliers. If child labor or forced labor is found, COSCO Shipping Lines will deal with them according to local laws and regulations. There were no cases of child labor or forced labor during the reporting period.

COSCO Shipping Lines actively builds a diverse and inclusive team, prohibits any form of discrimination or unfair treatment caused by non-work related factors, provides equal employment opportunities for employees regardless of skin color, nationality, race, age, sex, religious belief or health conditions. In addition, COSCO Shipping Lines provides employees with disabilities and ordinary employees with the same salary and welfare so that employees with disabilities can also get employed to create a fair and equal corporate culture.

Promotion

The promotion and development of employees is the foundation of enterprise development. COSCO Shipping Lines attaches great importance to employee promotion and ability enhancement by constantly improving assessment policy and system, talent promotion mechanism, salary and incentive mechanism and diversified training programs to provide a platform for employees to achieve continuous promotion and growth.

Assessment optimization

COSCO Shipping Lines continues to optimize salary verification, post appointment, education and training, and career design for employees. We clarified the aspects and frequency of employee assessment and the application of the assessment results. At present, the monthly and annual employee assessment covers employees' annual work performance, including their quality and ability. As an important basis for employee reward, promotion, appraisal and training, the assessment results provide a fair career development environment for employees.

Employee training

Employee enhancement serves as a foundation for further development of a company. COSCO Shipping Lines has formulated all-round training plans for employees of different ranks and built a digital network platform to meet the training and improvement needs of all employees.



COSCO Shipping Lines held the 2021 Training Manager Exchange Meeting and the certification training of "Workplace Rubik's Cube"

case



COSCO "Rubik's Cube in the Workplace" course certification training

COSCO Shipping Lines held the 2021 Training Managers' Exchange Meeting with the theme of "Persistence and Innovation, Steady and Sustainable Development" in which 22 domestic training managers participated. COSCO Shipping Lines reviewed the training it had provided in the past three years and decided to continue to conduct follow-up management of the training.

COSCO Shipping Lines maintained high standards in building a team of training managers and of internal trainers, and in establishing and improving the on-job curriculum system. Relying on its online learning platform, COSCO Shipping Lines improved its internal curriculum system and helped its branches innovate their training mechanism, training mode and training means so that they would provide stronger support for COSCO Shipping Lines' talent training, business development and strategic advancement.

Between May 12-14, training managers and s COSCO Shipping Lines ome internal trainers participated in the three-day certification training "Rubik's Cube in the Workplace". COSCO Shipping Lines introduced this course and cooperated with COSCO Shipping Talent Development Institute to carry out the certified teacher-course co-construction project. To share resources, achieve mutual complementarity in the interest of common development, and cooperate for win-win outcome, COSCO Shipping Lines created a new mode of cooperation with COSCO Shipping Talent Development Institute.

In 2021, COSCO Shipping Lines provided a total of **185,069** hours of training for its employees; a total of **15,262** employees received training

Health and safety

COSCO Shipping Lines attaches great importance to employees' health and safety. Adhering to the concept of "always putting employees' health and safety in the first place" and emphasizing on "precaution and implementation", COSCO Shipping Lines fulfills its responsibility for the occupational health and safety of employees, and strictly implements laws, regulations and system concerning occupational health and safety.

2021 Occupational Health and Safety Initiatives

To implement Key points of Occupational Health and Safety in 2021, each division improved the Safety Management Manual to establish and perfect an occupational health and safety system that is practical, highly operable, scientific, standardized and comprehensive, and sorted out and perfected the management system and operating rules related to occupational health and safety.

The property company of the Land Industry Division of COSCO Shipping Lines started the certification of occupational health and safety management system.

To achieve the goal of occupational health and safety, COSCO Shipping Lines established a sound occupational health and safety work point in 2021 and implemented occupational health and safety measures to enhance employees' awareness of occupational safety, strengthen safety management, deepen occupational safety training and promote safety risk management.

Key points of occupational health and safety

Enhance occupational safety awareness

Strengthen the awareness of bottom line and responsibility, establish the concept of prioritize prevention and safety, strengthen the process control of occupational health and safety management, and fulfill the responsibility for occupational health and safety.

Strengthen the construction of safety management

Strengthen system construction, establish and improve the occupational health and safety system to make it practical, operational, scientific, standardized and comprehensive.
Strengthen team building, improve the comprehensive ability of occupational health and safety supervision team, and train a group of excellent grass-roots safety management personnel and employees through activities.

Deepen occupational safety training

Strengthen safety training, incorporate occupational health and safety education and training into departments' annual development plan, ensure that department leaders, occupational health and safety management personnel and personnel of special operations are 100% certified, and constantly improve employees' awareness of occupational injury prevention and self-protection.

Strengthen safety risk management

Strengthen risk management, identify and analyze possible occupational health hazards in operations, sign safety management agreements, clarify safety responsibilities, and eliminate potential safety production risks in a timely manner.
Carry out physical examination for employees, organize timely treatment, physical examination and medical observation for employees who suffer or may suffer from acute occupational hazards.
Strengthen emergency management, improve emergency plans and measures, set up emergency response teams, carry out emergency training, strengthen emergency drills, and continuously improve emergency rescue capability.

The goals of COSCO Shipping Lines in 2021 included achieving overall safety and stability, putting an end to occupational illnesses and massive deaths and injuries, avoiding serious injuries and reducing minor injuries and constantly improving working conditions. It also provided training for all new employees, including new crew members, eliminated all hidden dangers, enhanced employees' awareness of occupational injury prevention, and improved their ability to avoid occupational injuries.



Increase the proportion of new employees and crew training to
100%



Accident hidden danger rectification rate reaches
100%

To raise employees' awareness of occupational health and safety, COSCO carried out activities such as safety production month and fire prevention publicity month to fulfill responsibility for safe production and promote safe development. Each subsidiary conducted training programs such as employee training, fire evacuation drills, fire safety lectures, hidden danger investigation and elimination, and lectures on occupational disease prevention.

Lectures on safe production case

According to the arrangement of the "Safe Production Month" activity in 2021, COSCO Shipping Lines carried out educational activities including employee training, exposure to hidden dangers, problem rectification, case warning and knowledge contest to fulfill responsibility for safe production and promote safe development.

To understand the needs of employees in different places, COSCO Shipping Lines collected employees' suggestions regarding production safety, especially occupational health and safety, through activities including "lecture hall", "everyone talks", "open course" and "micro class". Based on the feedback from employees, COSCO Shipping Lines issued the Manual of Employees' Occupational Health and Safety Knowledge, improved the management of occupational health and safety in the workplace and enhanced employees' awareness of occupational health and safety to ensure their physical and mental health.

Fire safety training and emergency evacuation drills case

To carry out the activities of the safety production month more effectively, COSCO Shipping Lines and the property management center jointly held a lecture on fire safety in the afternoon of June 10th. The center introduced the fire-fighting facilities and fire exits of the building, as well as emergency evacuation and fire rescue skills. COSCO Shipping Lines introduced some of the fire-fighting cases, fire treatment methods, fire prevention measures, electrical safety and hidden dangers in the office area of the building. The shocking cases introduced in the lecture heightened participants' awareness of fire prevention and increased their fire safety knowledge.

COSCO Shipping Lines provided training such as the fire safety training and evacuation emergency drills for all its grass-root employees to enhance their safety awareness, improve their ability to use fire-fighting equipment properly, and promote production safety.

Lecture on occupational disease prevention case

On the occasion of the 19th Publicity Week of the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, COSCO Shipping Lines invited lecturers of safety education to offer a lecture on occupational disease prevention and health to all employees in the afternoon of April 25th to improve their occupational health and create a safe business environment for the company.

This lecture mainly covers normalized pandemic prevention and control, giving first aid, handling public health emergencies, healthy lifestyle for occupational disease prevention, and prevention of major malignant diseases. During the lecture, employees followed the lecturer to practice and gained a lot of knowledge about occupational disease prevention and health protection.

During the reporting period, COSCO Shipping Lines has not incurred any work-related injuries or fatalities.



Protection of rights and interests

COSCO Shipping Lines is dedicated to protecting the rights and interests of every employee. It provides all-round welfare for employees, tries its best to meet the demands of every employee, and provides assistance to employees in need.

Communication with employees



COSCO Shipping Lines attaches great importance to the communication with employees. It communicates internal information to employees through its Office Automation System (OA) and company mailbox to understand the needs of employees through informal discussions.

Meeting with young employees

case

COSCO Shipping Lines held a meeting with its youth employees to understand their thoughts and feelings.

At the meeting, 41 young employees from Shanghai, Dalian and Wuhan shared their work and life experiences, and offered suggestions and opinions on the future development of the company. COSCO Shipping Lines summarized and sorted out their suggestions and provided timely feedback.

Employee welfare



According to the national and regional regulations, COSCO Shipping Lines has formulated a comprehensive employee welfare policy covering insurance, holiday, medical examination, subsidy and equity incentives to protect employees' rights and interests in an all-round way.

Insurance

- Basic social insurance premiums are paid in strict accordance with the national standards, and additional supplementary medical insurance is paid for employees, and an enterprise annuity system has been established.
- Buy traffic accident insurance and employer liability insurance for all employees of the department; buy liability insurance for directors, supervisors and senior management; buy employer liability insurance for overseas employees; and fully protect employees' rights and interest through perfect insurance benefits.

Holiday

- Established a perfect paid annual leave system, and linked the number of annual leave days to the accumulated length of service.

Physical examination

- Based on the principle of "safety, economy, effectiveness, unity" and employee satisfaction, provided physical examination for all employees according to their age, gender and other factors

Subsidy

- Paid monthly health expenses and one-child expenses for eligible female employees, and offered rental subsidies to employees who had not registered their residence in Shanghai.

Stock option incentive

- Revised the equity incentive system, and adjusted the exercise price and the number of options of the stock option incentive plan accordingly.



Employee assistance

heart icon

COSCO Shipping Lines has established a Three-level Assistance Mechanism for Employees in Need. When workers are in need, the Trade Union of their unit will help them solve the problems and report to the superiors on the supporting measures according to the problems encountered and needs for assistance so that these employees will devote themselves wholeheartedly to the production and operation of the company.

COSCO Shipping Lines Trade Union and its Qingdao and Henan branches initiated the rescue procedure for employees of the Henan branch suffering from the rainstorm and flood in Henan province, and helped them solve problems in life through the Three-level Assistance Mechanism for Employees in Need.

Labor rights and interests

people icon

To protect labor rights and interests, COSCO Shipping Lines' Trade Union formulated the Administrative Regulations on Strengthening the Membership and Service of COSCO Shipping Lines Dispatchers and drafted the Implementation Opinions on the Treatment and Rest of COSCO Shipping Lines Workers (for Trial) to include all employees, including labor dispatchers, into the Trade Union and safeguard their legitimate rights and interests. COSCO Shipping Lines further protected the rights and interests of workers by holding workers' congresses and lectures on legal knowledge related to their rights and interests.

COSCO Shipping Lines held Workers' Congress

case

During the reporting period, COSCO Shipping Lines held the Workers' Congress. A total of 145 worker representatives attended the meeting, who submitted 16 proposals covering selection of employee representatives, organizational construction and talent team building, employee care and risk prevention and control. After the Workers' Congress, COSCO Shipping Lines classified the proposals and solved the problems in time.

Wuhan Branch Trade Union held a lecture on legal knowledge

case

COSCO Shipping Lines conducts legal education for employees to improve their legal quality. The Wuhan branch Trade Union held a lecture on the impact of major changes of Book V: Marriage and Family and Book VI: Succession of the Civil Code of People's Republic of China in our daily life. The branch Trade Union invited public welfare lawyers for employees' labor rights recommended by the Municipal Federation of Trade Unions. The experts introduced the updates in the Civil Code and specific cases to employees. Participants spoke actively and learned a lot in the lecture.

This lecture is an action the Wuhan branch Trade Union took for its employees to help improve their ability to protect themselves with laws and enhances their law-abiding awareness. This lecture also embodied the Trade Union's care for employees and was warmly welcomed by employees.



Lecture on legal knowledge held by Wuhan branch Trade Union

Vibrant team

COSCO Shipping Lines attaches great importance to all-round development of employees and team cohesion and enhances employees' sense of belonging to the team and the company as well as team cohesion and collaboration capability through a series of team building activities. These activities help employees reduce work pressure and enhance mutual understanding, which lays a solid foundation for COSCO Shipping Lines' future development.



Team building activities

COSCO Shipping Lines is committed to improving team collaboration and sense of community through diversified team building activities so that employees can feel the strength of the company and the team.

Shanghai Aoji organized autumn team-building activities

case

Aoji Industrial, a subsidiary of COSCO Shipping Lines, carried out outdoor team-building activities with the theme "Challenging yourself and going all out".

Divided into four groups, team members familiarized themselves with the rules of activities with the help of trainers and carried out team-building activities. In each activity, they should be bold and careful, dare to challenge and encourage each other. Through activities, each group would develop a better understanding of their strengths and weaknesses and realize the importance of cooperation and communication. By learning through practice, all team members would realize the importance of "responsibility, cooperation and self-confidence", and derive joy from dedication, cooperation and courage.

These team-building activities have enabled employees to get closer to nature and reduce their pressure, so that they will be more passionate, active and efficient in their future work. These activities have also laid a solid foundation for the company's humanistic construction and sustainable development.



Aoji Industry, a subsidiary of COSCO Shipping Lines, organized autumn team-building activities

These team building events aimed to strengthen the communication and cooperation among various departments of the company, eliminate the barriers between departments, encourage departments to make joint efforts and deepen communication within teams.

Guangxi branch carried out outdoor team-building activities

case

To promote team building, the Guangxi branch of COSCO Shipping Lines organized outdoor team-building activities for its employees.

There were a variety of wonderful team-building activities, including "Fruit Ninja" and "Battlefield", in which team members helped and encouraged each other. Their positive attitude and happiness infused everyone present. Despite the cold winter, the strength of unity and care as a team warmed the heart of every member.



Guangxi branch organized outdoor team-building activities

Aoji Industry carried out simulation activities to strengthen team cohesion and eliminate barriers between departments

case



Aoji Industry carried out simulation activities

Aoji Industry, a subsidiary of COSCO Shipping Lines, conducted a two-day full-time training on "cross-departmental collaboration and conflict management (sand table simulation)" for middle-level managers and above.

Taking the Fukushima earthquake in Japan as an example, the training required participants to play the role of an emergency working group composed of senior government officials. Each department performed its own duties and used its own limited resources and information to help the Prime Minister minimize casualties and economic losses. Under the guidance of the trainer, participants conducted three rounds of sand table simulation, strengthened their communication and realized the importance of cooperation for win-win results.

The training has greatly inspired participants and helped them gain a better understanding of communication skills with other departments, cross-departmental conflict management for the best interest of the company, information and resources sharing to reach the overall goals of the company more efficiently.

Service promotion

"Digital empowerment, intelligent shipping" is the future development goal and direction of shipping logistics set by COSCO Shipping Lines. To promote global economic recovery and meet the growing needs of customers, COSCO Shipping Lines designated the year of 2021 as a special work year for improving customer service. By implementing its digital strategies, COSCO Shipping Lines is working hard to improve its services for customers and service efficiency.



Digital transformation

In 2021, COSCO Shipping Lines continuously improved its service level through digital development. Taking advantage of the blockchain technology, we gathered at the Global Shipping Business Network (GSBN), and successfully tested a number of new products in the industry and in cross-border cooperation. At the same time, relying on the Internet of Things, COSCO Shipping Lines greatly improved the transportation service quality through upstream and downstream collaboration. These new technologies promoted the shift of container transportation information from fragmented to multi-party sharing, construction, cooperation and multi-win result for all. A new cooperation platform for container transportation industry was built.

Focusing on new digital platform



Digitalized development is the future of the shipping industry, the strategic arrangement by COSCO Shipping Lines, and the key to high-quality development driven by innovation and intelligence. We will break down the barriers and constantly strive for perfection to promote the construction of digital shipping.

To promote the construction of digital shipping and improve customer service, COSCO Shipping Lines launched the service mode of "one-stop acceptance, centralized handling and whole-process tracking" through its paperless projects to promote high-quality digital development of the enterprise.

"Paperless cargo release system" launched based on blockchain technology

case

In March 2021, GSBN realized materialized operation in Hong Kong. Paperless cargo release system based on blockchain technology was launched all over China, which changed the cumbersome and inefficient cargo release process in the past and innovated customer service. The "smooth navigation project" of imported e-commerce goods based on the GSBN platform has been listed as one of the livelihood projects by the Ministry of Transportation of China.

From March to August, the "Paperless cargo release system" based on GSBN has been successively implemented in major coastal and riverside ports in China, as well as in Singapore and Thailand. In other words, the blockchain technology-enabled operating system built by GSBN Alliance has expanded its reach from China to the world, and its influence in the industry has been rapidly enhanced.

Shanghai Branch's "E Haitong" platform goes online

case

On December 1st, the "Suzhou Anhui E Haitong" system was launched in Zhenjiang and Wuhu after several rounds of testing. "E Haitong" system can realize automatic identification, synchronization and forwarding of data. With the system, the port transit department can collect export transit data in real time. This paperless application scenario has abandoned paper documents and use electronic documents for information transmission to allow more accurate, economical and timely operation.

The Jiangsu-Anhui operation zone will promote "E Haitong" system to the whole area according to the actual situation of the remaining ports, as well as the system requirements and characteristics of terminals and customs and will continue to make progress in exploring more digital application scenarios.

Intelligent customer service platform improves services to global customers case

To implement COSCO Shipping Lines' service strategic plans and solve the problems of weak and scattered customer service channels, COSCO Shipping Lines has built an "intelligent customer service platform" to connect customers in an intelligent and multi-channel way, make service process more transparent and service results monitored, so as to improve COSCO Shipping Lines' services to global customers.

At present, the establishment of its organizational structure, business collection and sorting, and preliminary service standardization of the intelligent customer service platform have been completed. Next, the platform will be implemented on-site to allow all parties to work together for advancing on-site demand confirmation, platform model building and exhibition.

In 2021, COSCO Shipping Lines developed the Transportation Management System (TMS) based on the cloud platform technology to manage the whole process of ordering, vehicle dispatching, execution, tracking and settlement, and to conduct visualized management of the whole process through mobile phone (micro-card) application and GPS.

TMS logistics system case

Transportation Management System (TMS) effectively improve the level of end-to-end digital services, and provide full-process management functions for our intermodal transportation and freight forwarding business from order, dispatch, execution, tracking to settlement, etc., through mobile applications and GPS tracking, to realize the whole-process visual monitoring and management of orders. TMS supports the interconnection with the company's existing IRIS-4 and CBS data, which can avoid repeated input of the same business data and optimize end-to-end business settlement.

In 2021, TMS helped a Mexican company improve its comprehensive supplier management capabilities and provide customers with optimal transportation routes. In April 2021, COSCO Shipping Lines launched the Mexican special line products to the e-commerce platform based on TMS to provide online one-stop booking service for customers. In May 2021, the Latin America-Africa Trade Area developed an end-to-end service network in inland West Africa based on TMS.

At present, TMS is used by all the nine major ports in China to greatly save manpower. With the help of TMS, end-to-end trailer products have been launched on the e-commerce platform.

Accelerate development of shipping e-commerce platform

SynconHub, an e-commerce service platform, is using the digital platform to provide customers with instant booking service, WYSIWYG freight rate information, and meet customers' demand for shipping space and containers. CosPlus e-commerce products of COSCO Shipping Lines will provide more efficient solutions for enterprises to solve their difficulties in booking shipping space, making contact and cargo delivery. Meanwhile, COSCO Shipping Lines will launch Channel D (Diamond Channel), Channel A (Peripheral Channel) and Channel L (Logistics Channel).

SynconHub launched e-commerce service line for small and medium-sized Asia-Pacific customers case

SynconHub launched "service line for small and medium-sized Asia-Pacific customers" to alleviate the shipping difficulties of SMEs in foreign trade. As the main economies along the route of BRI, many foreign trade enterprises, especially small and medium-sized ones in the Persian Gulf, the Red Sea, Australia, New Zealand and South Pacific along the Asia-Pacific navigation line, are facing numerous logistics difficulties. SynconHub's e-commerce service line for small and medium-sized customers will solve these difficulties for these SMEs. With continuous extension of the routes covered by SynconHub's dedicated e-commerce service line for small and medium-sized customers, SynconHub's dedicated service and professional support will benefit more SMEs in foreign trade.

From end-to-end to cloud, COSCO Shipping Lines develops small and medium-sized e-commerce customers. case

Through the SynconHub platform, the Sales Department of COSCO Shipping Lines has met the end-to-end needs of small and medium-sized e-commerce customers. With the help of SynconHub, the development team connected customers' systems to create the digital channel so that customers can book shipping space and check the order progress and the conditions of their goods and containers online. The customized end-to-end closed-loop products also provide customers with complete information including the shipping port, destination port, warehousing and hauling, making services more complete and operation and communication more convenient.



Direct service

COSCO Shipping Lines has dedicated itself to the end-to-end business and e-commerce platform for enterprise development and business expansion. Guided by the "customer-centered concept and delivering service value", COSCO Shipping Lines has been innovating ideas and improving services in marketing development, platform construction, resource guarantee and professional services for steady business development.

End-to-end business development

case

To improve global logistics distribution and improve the whole-process supply chain service capability, COSCO Shipping Lines has been committed to promoting the development of the import and export¹ business. With the support of the railway units, COSCO Shipping Lines joined hands with CIMC to integrate resources and develop inland export business and has realized the goals of emphasizing on import and export, and circular railway transportation . It has also enhanced its competitiveness in the inland market.

COSCO Shipping Lines makes full use of its global network to contact customers at home and abroad to know more about their needs. After a series of in-depth investigations and elaborate designs, the product has been introduced recently. Circular transportation from the United States, Inner Mongolia of China to South Africa has been developed. Through resource integration, COSCO Shipping Lines has improved the efficiency of container use, reduced logistics costs and provided satisfactory services for import and export customers.

In the future shipping market, the whole-process supply chain service capability will occupy an increasingly important position. COSCO Shipping Lines will continue to stay true to its original aspiration to serve its customers wholeheartedly, adhere to the concept of providing whole-process logistics service, implement the "end-to-end core strategy", and optimize and integrate internal resources. The goal is to create a high-quality and efficient integrated logistics channel and help the shipping business achieve innovation-based transformation and leapfrog development.

"Individualized and customized whole-process service for major customers" project

case

Faced with a series of issues: extreme supply shortage due to terminal congestion, railway strike and shutdown, shortage of highway capacity, overseas epidemic development, a sharp drop in customs clearance speed, and the surging demand side caused by the explosive growth of the amount of cargoes of large customers. In response, COSCO Shipping Lines' Mexico Company has made every effort to provide individualized and customized whole-process service for major customers. It also manages its end-to-end service by IT-based means under the guidance of the headquarters to ensure the stability of the supply chain in the post-pandemic era and achieve win-win results for COSCO Shipping Lines and its customers.

¹"import and export" i.e. ships achieve the task of unloading and loading of import and export cargo at the same terminal without the need to load and unload across regions or borders.

Customized service

COSCO Shipping Lines takes advantage of its global supply chain network to develop special shipping business to make foreign trade logistics channels clearer and open up a new path for the high-quality development of export of local industries.

All along, COSCO Shipping Lines has always adhered to the customer-centered service concept and served every customer wholeheartedly. In the current complex and changeable shipping market, COSCO Shipping Lines launched customized services guided by the supply chain value to meet major customers' needs for high-standard supply chain management and logistics operation. At present, COSCO Shipping Lines has achieved multi-dimensional collaboration with customers in teams, plans, processes and information, and its digital operation system of supply chain has been preliminarily developed.

Customized service projects to safeguard global supply chain case

The customer-centered customized service projects aim at creating a "consultant + housekeeper" service model for customers and providing customers with high-quality customized service solutions based on our values. COSCO Shipping Lines promotes digital innovation and has built a visualized platform for cooperation to promote high-quality cooperation between COSCO Shipping Lines and its customers in logistics supply chain. It has also built a digital logistics ecosystem that connects all fields to provide strong support for the global supply chain and help customers participate in global trade in a more efficient way.

Exclusive service for major customers—EDI electronic shipping space booking service case

We have launched an exclusive EDI electronic shipping space booking system for major customers to meet their special needs. It greatly shortens the time of information circulation for shipping space booking, avoids mistakes caused by manual booking, helps customers get feedback on booking more conveniently, shortens the waiting and communication time, and facilitates electronic bill of lading and electronic declaration in later stages. This system has been warmly welcomed by customers.



Customer experience

COSCO Shipping Lines attaches great importance to customer experience. It takes full advantage of its digital and intelligent customer and merchant platforms to promote the coordinated development of business operation and financial management so as to provide customers with high-quality and more efficient service, solve their problems and meet their needs.

"Shipping Through Train Project" to improve customer's payment experience case

To improve settlement efficiency, COSCO Shipping Lines worked with relevant banks to carry out the "Shipping Through Train Project". The project has the following characteristics: First, the invoice information will be automatically and efficiently transmitted to the banking system and pushed to the customer's online banking within 20 minutes; second, the payment results are available in real time; third, account cancellation after verification can be done automatically; fourth, collection can be done online.

The project realizes the automation of information transmission, fund registration and claim, greatly improves work efficiency and reduces error rate. Through the settlement realize by the project, customers can enjoy the convenience and safety of not having to go to the bank and fill in payment vouchers.

To solve the problems in export for small and medium-sized customers, stabilize foreign trade and guarantee export, and serve the masses, COSCO Shipping Lines has joined hands with other parties to provide accurate and considerate services for small and medium-sized customers.

SMEs in foreign trade could “hardly secure one cabin”, and the South China branch has a zero distance to solve problems

case

On July 14th, COSCO Shipping Lines held a meeting on solving problems in export for SMEs. As the shipping price continued to rise and cargoes were held up on the wharf unable to be loaded and shipped in time, it was difficult for SMEs in foreign trade to book shipping space. To solve their problems, COSCO Shipping Lines communicated with its direct customers face to face to provide targeted services and solutions.

Since COSCO Shipping Lines began to solve problems for SMEs in June, its Zhongshan Company of the South China Branch has contacted 43 SMEs by telephone and door-to-door visits and communicated with them on a regular basis through WeChat and telephone to keep abreast of their latest needs. Among them, 10 SMEs had their urgent needs met by booking shipping space in June with the help of marketing personnel.

Customer satisfaction survey

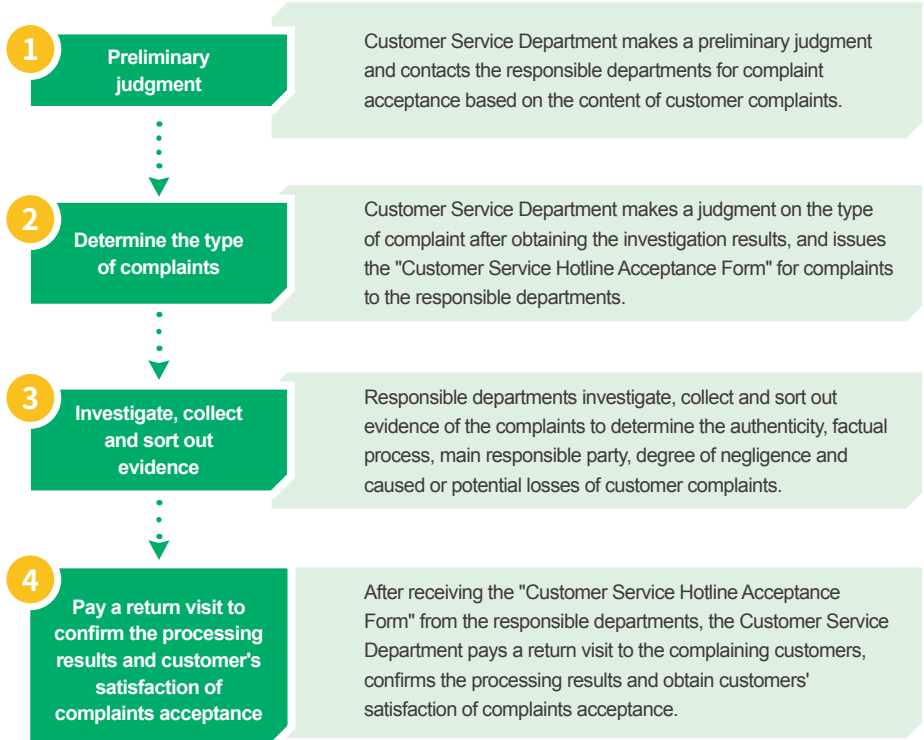
case

In 2021, COSCO Shipping Lines continued to conduct global customer satisfaction survey among domestic and foreign trade customers via online questionnaires. COSCO Shipping Lines distributed questionnaires to its customers all over the world through its independently-developed satisfaction survey platform, and received 2,185 questionnaires, 1,648 of which from China and 537 from overseas.

The survey results show that the total customer satisfaction index in 2021 is 91.78, recording an increase of 1.31 from 90.47 in 2020. The customer satisfaction index in China increased from 93.25 in 2020 to 94.45, and the overseas customer satisfaction index increased from 84.36 in 2020 to 85.90.

COSCO Shipping Lines has established a perfect customer complaint process and system. It collects and sorts out the complaints through its responsible departments to determine the authenticity, factual process, main responsible party, degree of negligence and caused or potential losses of these customer complaints. It then collects other relevant information and pays follow-up visits through its "Customer Service Hotline Acceptance Form". The Customer Service Department is responsible for confirming complaining customers, understanding the processing results and obtaining customer satisfaction of complaints acceptance.

Procedure of customer complaint management



During the reporting period, we received no customer complaints and a total of **238** customer grievances, a **40.8%** decrease in customer grievances year-over-year.



Supplier management

COSCO Shipping Lines attaches importance to supplier management by incorporating its suppliers into the management system and formulating long-term principles and requirements for them. COSCO Shipping Lines constantly improves its supply chain management system to promote the sustainable development of the industrial chain and lead our partners to fulfill social responsibilities together.

Regulation methods



Based on the relevant laws and regulations of the regions where COSCO Shipping Lines operates, COSCO Shipping Lines revised *Regulations on Transportation Procurement and Supplier Management of COSCO Shipping Lines* and other policy documents to specify the regulations on bidding, procurement and supplier selection for all suppliers. At the same time, the division of responsibilities of the relevant departments in the management regulations and the changes in the subject of agreements with suppliers have been further adjusted to further tighten the management of suppliers.

Supplier entrance



COSCO Shipping Lines sets strict entry and selection requirements for suppliers, makes relevant industry qualification and certification requirements for new suppliers selected by non-public bidding according to actual business needs, and fills in the Supplier Information Registration Form. We not only assesses the suppliers' commercial ability and supply ability, but also investigates their fulfillment of environmental and social responsibilities and specifies how they should fulfill their environmental and social responsibilities in its agreement with suppliers. COSCO Shipping Lines requires that its suppliers should be able to identify and control major occupational health and safety hazards, control and influence related environmental factors and their impacts, and determine, update and manage key environmental factors.

COSCO Shipping Lines chooses suppliers that respect its values. COSCO Shipping Lines would ask its new suppliers selected by non-public procurement to sign the *Commitment Letter of Anti-Commercial Bribery for Suppliers* and the *Self-examination Questionnaire of Supplier's Social Standards Compliance*. COSCO Shipping Lines requires them to answer questions about their health, safety and environment in the self-examination questionnaire to select qualified suppliers.

Supplier assessment

COSCO Shipping Lines carries out annual assessment and rating of its suppliers every year, scores them according to their performance during the period of supplier evaluation every year, and punishes suppliers with poor performance. COSCO Shipping Lines evaluates its suppliers in terms of basic qualification, service capability, environmental safety guarantee, employee safety guarantee and business ethics, and inspects its key suppliers on site to ensure that their technical capability, scale and equipment, quality management and management ability are all up to standard.



Supplier risk assessment

In 2021, COSCO Shipping Lines evaluated major risks and the risks of suppliers, identified risk categories, and put forward measures to deal with these risks. To reduce the risk of suppliers and strengthen their capability of transformation to digital operation, COSCO Shipping Lines optimized the supply-side network effect, gave full play to the technical advantages of IRIS4 system, and accelerated the development and application of digitalized and intelligent technologies for revenue increase and operational efficiency improvement. By building the supply chain management platform, COSCO Shipping Lines achieved the standardized data interaction of end-to-end supplier system, whole-process visualized services, and continuous management and optimization.

To avoid risks, COSCO Shipping Lines strictly selects qualified suppliers with good credits and long-term cooperation so as to protect the interest and rights of our customers and business development.

Communication with suppliers

COSCO Shipping Lines keeps strengthening communication with suppliers, improving their safety awareness, solving their problems and improving their service capabilities by holding supplier conferences and other related conferences.

Qingdao Sanlly held meeting to ensure suppliers' safety during pandemic prevention and control

To ensure pandemic prevention and control and safe production, Qingdao Sanlly held a meeting on pandemic prevention and control and safe production. All persons in charge of the suppliers attended the meeting.

Qingdao Sanlly communicated the requirements for pandemic prevention to the suppliers, analyzed their work performance, advantages and disadvantages in the past year, helped them find solutions to pandemic prevention safety, and emphasized the key and difficult points in pandemic prevention and safety management and the details of management in their future work. Through this meeting, Qingdao Sanlly heightened the suppliers' awareness of safe operation amid volatile pandemic situations and solved the difficult problems of pandemic prevention suppliers were facing.

Fuzhou company held meeting for fleet suppliers to guarantee transport capacity

In the afternoon of January 6th, the Customer Service Department of the Fuzhou Company held the first meeting on transport capacity guarantee in the new year with the trailer suppliers of Mawei Port and Jiangyin Port in Fuzhou in the conference room of the company. In the meeting, arrangements were made for guaranteeing transport capacity during the Spring Festival and the trailer business in 2021.

Fuzhou Company communicated the basic situations of trailer import and export in Fuzhou in 2020 to the attending trailer suppliers, analyzed their problems in cooperation in the past year and the room for improvement in the new year. Fuzhou Company also helped them come up with solutions to the problems and offered suggestions that they should report the change of transport capacity on a weekly basis, try their best to retain drivers and prevent them from returning home too early to ensure normal business operation and service during the Spring Festival. Fuzhou Company also discussed with these trailer suppliers on transport capacity guarantee, the use of micro-card and business promotion to help them solve problems in these areas.



Privacy protection

COSCO Shipping Lines strictly protects customers' privacy by signing Confidentiality Agreements with them and designating specially-assigned person to manage them according to the industry they are in to prevent leakage of their secret information.

In 2021, we continued to improve the network information security management system in accordance with the Cybersecurity Law of the People's Republic of China, Grade Protection 2.0 and Personal Information Protection Law of the People's Republic of China. Management and technology of the system had also been strengthened, and an effective mechanism established for identifying and preventing information security risks.

COSCO Shipping Lines actively prevented and managed cyber security threats and dealt with cyber security threat intelligence in a timely manner, as well as fixed relevant vulnerabilities in time through patch update, version upgrade and system setup. Meanwhile, COSCO Shipping Lines also deployed situational awareness platform, strengthened the 24-hour monitoring of network security traffic to discover and deal with security threats in time.

South China Branch offered training on improving network security awareness

case

On November 12th, the South China Branch offered training on network security awareness to improve employees' awareness of network security. Employees of the branch and its directly affiliated units attended the training offline and online.

At the training, the trainer introduced the Network Security Management Measures (2021 revised edition) and the current severe situation of network security and analyzed the basic rules to be observed in ensuring network security. Meanwhile, the trainer also emphasized the importance of improving the ability to identify network security risks, and introduced computer terminal standardization, password strategy, terminal management and web page browsing safety. The training enhanced employees' awareness of online information security, improved their ability to identify risks, and promoted COSCO Shipping Lines' high-quality development.

Computer Center strengthened refined security management and improved level of intelligent security operation and maintenance.

case

It has been 20 years since the Data Center of COSCO Shipping Lines' Waigaoqiao Branch was built and put into use in 2001. There is room for improvement in its physical security protection system compared with other data centers in the industry. According to the upgrade plan of the Data Center, the Computer Center carried out the security system upgrade project this year.

The project improves the level of intelligent security operation and maintenance and the privacy protection ability of the Data Center through physical reinforcement and digital upgrade. First, it reinforced the core areas including the machine room of the Data Center, the auxiliary equipment room and the monitoring center so that they could better resist physical invasion and severe weather. Second, it built a video identification system to track and identify vehicles and people entering the Data Center in the whole process, detect intruders and give alarm, and replay the video of intruders' route.





Sustainable **community**

52 Investment in community



Investment in community

In 2021, COSCO Shipping Lines continued to promote public welfare undertakings and investment in communities and made every effort to build Passage of Life through rural revitalization, volunteer service, caring activities and responsible transportation.

During the reporting period, COSCO Shipping Lines Fund made a total donations of CNY 280 million.

Responsible transportation

In 2021, COSCO Shipping Lines Fund joined hands with multiple international and domestic organizations to provide humanitarian transportation logistics to at home and abroad making use of COSCO Shipping Lines' strong transportation capacity.

COSCO Shipping Lines signed a global cooperation agreement with WFP in Rome case

On May 20th local time, COSCO Shipping Lines and the World Food Program signed a global cooperation agreement in Rome. According to the agreement, COSCO Shipping Lines will provide transportation services of UN aid goods such as food for WFP.

As these goods are humanitarian relief materials, WFP had higher requirements of their container condition, delivery time and time for the free use of containers compared with goods in general trade. In 2020, COSCO Shipping Lines established a communication mechanism with WFP, set up a specialized marketing service team despite COVID, and carried out transportation cooperation with WFP.

The signing of this agreement proves that WFP has recognized COSCO Shipping Lines' shipping services. It also lays a solid foundation for closer humanitarian cooperation between the two sides worldwide in the future.

COSCO Saturn Ship assisted rescue of offshore fishing yachts case

In the evening of February 13th, COSCO Saturn Ship, which was sailing to Singapore at South China Sea, assisted the rescue of a Chinese offshore fishing yacht which had been adrift for more than 8 hours due to fuel exhaustion. The rescued yacht was carrying 9 men and 1 child.

COSCO Scorpio Ship assisted rescue of fishing boats case

On January 16th, COSCO Scorpio Ship, which was sailing along AEU3, assisted the rescue of AGRIO fishing boat near the MALTA sea area. The rescue boat tied the fishing boat by a towing cable, and successfully dragged it out of the risk area.

"Public Welfare Delivery" Project case

COSCO Shipping Lines has set up a "Public Welfare Delivery" platform to support the transportation of public welfare materials by donating freight to be responsible for carrying out the "Public Welfare Delivery" project. After nearly two years, COSCO Shipping Lines completed the construction of the platform in cooperation with COSCO Shipping Lines Fund, and the platform was open to public in 2021.



▼ The "Public Welfare Delivery" Project

Rural vitalization

In 2021, COSCO Shipping Lines continued to promote rural vitalization through its new trains.

COSCO Shipping Lines' train for Wulingshan Village

case



▼ The departure of COSCO Shipping Lines' train for Wulingshan Village

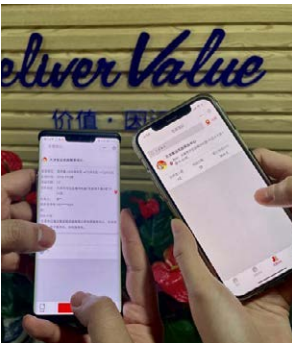
The first Xiushan train across land and sea operated by COSCO Shipping Lines was dispatched. It has solved the urgent problems in transportation in the inland mountainous areas of southeast Chongqing, reduced cost, increased shipment volume, and connected the areas with the outside world. The train also signifies that the new international land-sea trade corridor of the West built by COSCO Shipping Lines has been greatly improved, and that customer and goods agglomeration effect has been fully strengthened to provide more logistics assistance for the container industry and bring more hope for rural revitalization.

Volunteering service

In 2021, COSCO Shipping Lines continued to set up volunteer teams and "cloud" volunteer corridors to contribute to communities and cities across the nation.

Tianjin Branch set up online volunteer team

case



▼ Tianjin Branch set up online volunteer team

On December 5th, 2021, Tianjin Branch offered an online training session on registering for the mini-program called "Volunteer Tianjin", and recruited online volunteers from employees in the Tianjin and Tangshan companies. The volunteer team of the Tianjin branch may pay attention to the published volunteer activities at any time. After signing up and participating in the volunteering activities, the system will record the volunteer service time, and volunteers can participate in the evaluation of Tianjin star-rated volunteers. After reporting their children's information, registering as volunteers and applying to join the team, employees can participate in parent-child volunteering service activities to foster their children's enthusiasm for volunteer service. Every volunteer can not only gain a sense of belonging to the organization, but also derive happiness from their voluntary activities, which opened up an effective online platform for the follow-up volunteer service activities.

Xiamen branch volunteers participated in traffic post duty activities

case



▼ Xiamen branch volunteers participated in traffic post duty activities

On December 8th and 10th, volunteers from Xiamen Branch participated in the traffic post duty activities in Xiamen to assist traffic police in traffic exhortation at the intersection of Tiyu Road and Lianyue Road in Xiamen. They exhorted pedestrians to obey traffic rules and ensure smooth traffic at the intersection. By participating in such activities, the volunteers of Xiamen Branch gained a deeper understanding of the importance of traffic exhortation and contributed to making the city more civilized.

Caring activities

Love is more than just an impulse, it requires persistence. COSCO Shipping Lines keeps giving back to society by helping poor students and donations.

Donation

In 2021, COSCO Shipping Lines' volunteers donated to the community and Tibet.

COSCO Shipping Lines donated to poor families in community

case

COSCO Shipping Lines persevered in donating money, oil, rice and other relief to poor families in community.



COSCO Shipping Lines made donations to poor families in community

Donation for poverty alleviation in Tibet

case

In 2021, COSCO Shipping Lines organized a charity activity and donated 11,300 pieces of clothing, 8,800 books, 5,930 school supplies, 200 sports items and 2,560 toys to poor farmers and herdsmen, and students in kindergartens and primary schools in Luolong County and Luwuqi County, Tibet.

Financial aid to students



COSCO Shipping Lines has been carrying out precise poverty alleviation for a long time. In 2021, it continued to provide financial aid for schools and welfare homes.

Huizhou Shipping visited Shenzhen Min'ai Welfare Home for Special Children

case

To cultivate and enhance the youth's sense of responsibility, actively fulfill its corporate social responsibility, and obtain spiritual force to promote enterprise development, Huizhou Shipping organized a team to visit Shenzhen Min'ai Welfare Home for Special Children during the Spring Festival. Young volunteers gave learning materials and everyday items to children with special needs there, chatted with them, played puzzles and badminton with them. The of happiness of the children had infused all volunteers.



Huizhou Shipping visited Shenzhen Min'ai Welfare Home for Special Children

Ningbo Branch provided financial aid to poor students in Guizhou

case

Ningbo Branch continued to provide financial aid to Ningbo Hongda Lining Hope Primary School in Taijiang County, Guizhou Province. Employees set up "Ningbo COSCO Shipping Lines Scholarship" for top three students in the first to fourth grades of the primary school. Meanwhile, employees themselves provided one-on-one financial aid to poor students. In 2021, the employees helped a total of 40 students and donated CNY 120,000 to the primary school.

Appendix

Laws, regulations and internal policies

Laws and regulations

Enterprise Income Tax Law of the People's Republic of China	Regulations on Prevention and Control of Marine Environment Pollution by Ships
Basic Norms of Enterprise Internal Control	Discharge standard of pollutants from ships
United Nations Convention against Corruption	International Convention for the Prevention of Pollution from Ships
Foreign Corrupt Practices Act (FCPA)	MARPOL Anti-pollution Convention
Criminal Law of the People's Republic of China	Yangtze River Protection Law of the People's Republic of China
IMO Preliminary Strategy for Greenhouse Gas Reduction of Ships	International Maritime Dangerous Goods Code
International Safety Management Rules	Law on Prevention and Control of Occupational Diseases
Safety Production Law of the People's Republic of China	Personal Information Protection Act
Regulations on Reporting, Investigation and Handling of Production Safety Accidents	Labor Law of the People's Republic of China
International Convention on the Control and Management of Ships' Ballast Water and Sediments	Labor Contract Law of the People's Republic of China
Environmental Protection Law of the People's Republic of China	Trade Union Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste	Law of the People's Republic of China on Prevention and Control of Occupational Health and Safety
Law of the People's Republic of China on Water Pollution Prevention and Control	Bidding Law of the People's Republic of China
Marine Environmental Protection Law of the People's Republic of China	General data protection regulations
	Measures for the Administration of Information Security Level Protection
	Advertising Law of the People's Republic of China

Internal policies

Regulations on Letters and Visits Reporting	Instructions for Management of Ship Ballast Water
Regulations on Clarification of False Reporting Accusations	Ballast Water Management Plan
Rules for Handling, Examining and Investigating Clues (for Trial Implementation)	Waste Management Plan
Measures for the Administration of Anti-monopoly Compliance	Operating Regulations for the Treatment of Ship Oil and Sewage Returning to the Bank
Anti-monopoly Emergency Response Plan	Emergency Plan for Oil Pollution on Ships
Fleet Safety Control Procedure	Measures for the Administration of Employees at the Headquarters of COSCO SHIPPING Lines
Measures for the Administration of Safety Production	Employee Recruitment Management Measures of COSCO SHIPPING Lines (for Trial Implementation)
Regulations on Safety Management Responsibilities	Employee Occupational Health and Safety Knowledge Learning Manual
Comprehensive Emergency Plan for Safety Production	Administrative Regulations on Strengthening the Membership and Service of Labor Dispatchers of COSCO Shipping Lines
Measures for the Administration of Emergency Plans for Emergencies	Implementation Opinions on the Rest Cure of Employees of COSCO Shipping Lines (for Trial Implementation)
Ship Emergency Manual	"Three-level Assistance Mechanism for Workers in Need"
Safety Production Responsibility Letter	Regulations on Transportation Procurement and Supplier Management of COSCO Shipping Lines.
Instructions for Ship Piracy Prevention	Measures for the Administration of Network Security (Revised in 2021)
Rules for Risk Assessment of Pirate Assault	

Sustainable development data

Environmental data

Container shipping business					
Indicators		Unit	2019	2020	2021
Indirect energy use		Purchased power	1,000 kWh	5,171	4,686
Intensity of indirect energy use		1,000 kWh/ a million operating income	0.05	0.04	0.02
Direct energy use	Gasoline	Tons	19.14	17.09	20.00
	Fuel oil (heavy oil)	Tons	4,950,553	4,927,176	5,143,933
	High-sulfur oil	Tons	/	295,099	488,206
	Low-sulfur oil	Tons	/	4,632,077	4,655,727
	Diesel oil (light oil)	Tons	172,200	186,501	202,075
	Natural gas	Cubic meters	330,515	282,193	371,205
	Total	1,000 kWh	/	59,671,470	67,496,969
Intensity of direct energy use		1,000 kWh/ a million operating income	/	532.13	302.48
Water for production	Freshwater consumption	Tons	/	/	276,641
	Seawater desalination capacity	Tons	/	124,756	136,213
	Total consumption of water for	Tons	177,327	244,785	412,854
Domestic water		Tons	38,972	33,622	36,073
Total water consumption		Tons	216,299	278,407	448,927
Intensity of Water resources use		Tons/a million operating income	2.19	2.48	2.01
Greenhouse gas emissions ²	Category I greenhouse gas emissions	Tons of carbon dioxide equivalent	15,931,759	15,930,457	16,654,623
	Category II greenhouse gas emissions		3,662	3,789	3,925
	Total greenhouse gas emissions (category I + category II)		15,935,421	15,934,246	16,658,547

Container shipping business					
Indicators		Unit	2019	2020	2021
Intensity of greenhouse gas emission		Tons of carbon dioxide equivalent/ million RMB of operating income	161.68	142.10	74.65
Exhaust gas ³	Nitrogen oxides	Tons	461,048	413,567	389,808
	Sulfur oxide		307,365	285,219	116,053
	Particulate matter		/	/	35,132
Wastewater	Industrial wastewater-discharge of treated wastewater	Tons	91,521	12,602	17,283
	Domestic wastewater	Tons	35,075	30,260	32,466
Waste	Hazardous waste	m³	2,237	2,856	343,460
	Intensity of hazardous waste	m³/million RMB of operating income	0.02	0.03	1.54
	Number of dangerous goods containers	Standard container	161,169	180,832	201,093
	Harmless domestic waste	Tons	92,400	184,800	264,250
	Intensity of harmless waste	Kilogram/million RMB of operating income	0.94	1.65	1.18
Lubricating oil		Tons	14,776	15,531	26,478

2 The emission factor of greenhouse gases mainly refers to Third IMO Greenhouse Gas Study 2014, and the emission of electricity consumption refers to the emission factor of each country or power company.

3 The calculation method of exhaust gas mainly refers to the method of Clean Cargo Working Group (CCWG).

Social data

Indicators		Unit	2019	2020	2021
Number of employees					
Total number of people ⁴	Total number of employees	People	17,249	17,080	17,159
By gender	Total number of regular male employees	People	8,929	8,525	8,627
	Total number of regular female employees	People	6,288	6,608	6,635
By age	Regular employee at the age of 30 or below	People	2,163	1,976	1,771
	Regular employees at the age between 30 and 50 (not including the age of 30 and 50)	People	9,384	10,837	11,026
	Regular employees at the age of 50 or above	People	3,670	2,320	2,465
By type of employment	Regular employees	People	15,217	15,133	15,262
	Labor dispatcher	People	2,032	1,947	1,897
By type of employment (full-time or part-time)	Full-time	People	17,249	17,080	15,262
	Part-time	People	0	0	0
By region	Regular employees in mainland China	People	10,191	9,973	10,003
	Regular employees in Hong Kong	People	188	194	193
	Overseas regular employee	People	4,838	4,966	5,066
By rank	Management	People	9	489 ⁵	484
	Ordinary employee	People	15,208	14,644	14,778
New employees	By gender				
	Total number of new male employees	People	152	267	349
	Total number of new female employees	People	126	255	360
	By age				
	Total number of new employees aged 30 or below	People	172	348	367
	Total number of new employees aged between 30 and 50 (excluding 30 and 50)	People	106	168	280
	Total number of new employees aged 50 or above	People	0	6	62
	By region				
	Total number of new employees in mainland China	People	66	132	293
	Total number of new employees overseas	People	212	390	416

⁴ The total number of employees in the Sustainable Development Report includes labor dispatch employees.

⁵ The management level includes department leader level or above

Indicators		Unit	2019	2020	2021
Number of employees					
Governing body	Total number of board members	person	11	11	8
	By gender				
	Number of male board members	person	10	10	7
	Number of female board members	People	1	1	1
	By age				
	Board of Directors under 30	person	0	0	0
	Board of Directors at the age of 30-50	person	1	0	0
	Board of Directors over 50	person	10	11	8
Total turnover		%	3.86	2.42	3.01
Total number of employees leaving office		People	588	366	460
Number of employees leaving office by gender	Regular male employee	People	351	214	286
	Regular female employees	People	237	152	174
Employee turnover by sex	Regular male employee	%	3.93	1.56	3.32
	Regular female employees	%	3.77	2.30	2.62
Number of employees leaving office by region	Regular employees in mainland China	People	436	107	143
	Regular employees in Hong Kong	People	0	13	7
	Overseas regular employee	People	152	246	310
Employee turnover by region	Regular employees in mainland China	%	4.28	1.07	1.43
	Regular employees in Hong Kong, China	%	0	6.70	3.63
	Overseas regular employees	%	3.14	4.95	6.12
Number of employees leaving office by age	Regular employee aged 30 or below	People	247	72	78
	Regular employees aged between 30 and 50 (excluding 30 and 50)	People	281	254	345
	Regular employees aged of 50 or above	People	60	40	37

Indicators		Unit	2019	2020	2021
Number of employees					
Employee turnover by age group	Regular employee aged 30 or below:	%	11.42	3.64	4.40
	Regular employees aged between 30 and 50 (excluding 30 and 50)	%	2.99	2.34	3.13
	Regular employee aged 50 or above	%	1.63	1.72	1.50
Total number of deaths	Number of work-related deaths	People	0	0	0
	Proportion of work-related deaths	‰	0	0	0
Work injury	Number of accidents causing work-related injuries	piece	1	5	0
	Number of work-related injuries	People	1	5	0
	Work injury rate per thousand people	‰	0.07	0.3	0
Number of hold-up working days due to work-related injuries	Total number of hold-up working days	Days	0	150	0
Total number of employees receiving training					
Total number of employees receiving training		People	10,191	12,501	15,262
Number of employees receiving training by gender					
Male		People	6,403	7,169	8,627
Female		People	3,788	5,332	6,635
Percentage of trained employees by sex					
Percentage of trained male employees		%	100	84	100
Percentage of trained female employees		%	100	81	100
Number of trained employees by rank					
Management		People	9	2,508	484
Ordinary employees		People	10,182	9,993	14,778
Percentage of trained employees by rank					
Percentage of trained management-level personnel		%	100	100	100
Percentage of trained ordinary employees		%	100	68	100
Total training hours		Hours	260,136	40,873	185,069
Male		Hours	/	23,719	108,611
Female		Hours	/	17,154	76,458

Indicators		Unit	2019	2020	2021
Number of employees					
Average number of training hours for employees by gender					
Male		Hours	/	2.78	12.6
Female		Hours	/	2.60	11.5
Total number of training hours by rank					
Management		Hours	/	14,298	18,786
Ordinary employees		Hours	/	26,575	166,283
Average number of training hours by rank					
Management		Hours	/	29.24	38.8
Ordinary employees		Hours	/	1.81	11.3
Total training hours by training category					
Anti-Corruption and Integrity		Hours	/	/	766
Safety and Environmental Protection		Hours	/	/	21,864
Others		Hours	/	/	162,439
Number of suppliers (By region)	Suppliers in mainland China	home	8,756	10,032	11,032
	Suppliers outside mainland China (including Hong Kong, Macao and Taiwan)	home	1,881	2,741	2,839
Number of complaints received about products and services					
Number of complaints		piece	2	6	238
Number of concluded corruption lawsuits filed against the company or its employees		piece	0	0	0
Expenditure on participating in or organizing community or public welfare activities					
Expenditure on participating in or organizing community or public welfare activities		100,000 yuan	/	2,022	28,262
Total number of people participating in community or public welfare activities		Person/time	/	317	800
Total number of hours of participation in community or public welfare activities		Hours	/	78	138

Hong Kong Stock Exchange Guidelines

Contents of Environmental, Social and Governance Reporting Guidelines

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
Environmental			
A1: Emissions	General disclosure	Related to emissions of exhaust gases and greenhouse gases, pollution discharge to water and land, generation of harmful and harmless wastes: (a) Policies; (B) Data on compliance with laws and regulations that have a significant impact on the issuer.	Environmental Protection-Low Carbon Operation
	A1.1	Types of emissions and data on emission	Data on sustainable development
	A1.2	Total emissions and density of greenhouse gases	Data on sustainable development
	A1.3	Total amount and density of hazardous wastes produced	Data on sustainable development
	A1.4	Total amount and density of harmless waste generated	Data on sustainable development
	A1.5	Description of emission targets set and steps taken to achieve them	Environmental protection
	A1.6	Description of disposal methods of hazardous and harmless wastes, and that of waste reduction objectives set and steps taken to achieve these objectives	Environmental Protection-Solid Waste Management
A2: Resources use	General disclosure	Policies for efficient use of resources (including energy, water and other raw materials).	Environmental Protection-Low Carbon Operation
	A2.1	Total consumption and density of direct and/or indirect energy sources (such as electricity, gas or oil) by type	Data on sustainable development
	A2.2	Total water consumption and density	Data on sustainable development
	A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	Environmental protection
	A2.4	Description any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	Environmental protection-wastewater management
	A2.5	Total amount of packaging materials used for finished products and their share per production unit	COSCO Shipping Lines' operation does not involve the use of packaging materials

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
A3: Environment and natural resources	General disclosure	Policies to reduce the significant impact of the issuer on the environment and natural resources	Environmental protection-low carbon operation,waste water management, solid waste management
	A3.1	Description of the significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	Environmental protection-low carbon operation,waste water management, solid waste mangement
A4: Climate change	General	Policies for identifying and responding to significant climate-related issues that have and may have an impact on the issuer	Environmental protection-climate change
	A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	Environmental protection-climate change
Society			
B1: Employment	General disclosure	Related to salary, dismissal and recruitment, promotion, working hours, leave, equal opportunities, diversity, anti-discrimination and other welfare and benefits: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee care-compliance recruitment
	B1.1	Total number of employees by sex, employment type, age group and region	Data on sustainable development
	B1.2	Employee turnover by sex, age group and region	Data on sustainable development
B2: Health and Safety	General disclosure	Related to the provision of safe working environment and the protection of employees from occupational hazards: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee care-health and safety
	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year)	Data on sustainable development
	B2.2	Number of hold-up working days due to work-related injuries	Data on sustainable development
	B2.3	Description of the occupational health and safety measures adopted, and the relevant implementation and monitoring methods	Employee care-health and safety

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
B3: Development and training	General disclosure	Policies on improving employees' know-how and skills in performing their duties. Description of relevant training activities.	Employee care-promotion and development
	B3.1	Percentage of trained employees by sex and employment category	Data on sustainable development
	B3.2	Average number of training hours per employee by sex and employee type	Data on sustainable development
B4: Labor code	General disclosure	Related to the prevention of child labor or forced labor: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Employee care-compliance recruitment
	B4.1	Description of measures taken to review recruitment practices to avoid child labor and forced labor	Employee care-compliance recruitment
	B4.2	Description of the steps taken to eliminate violations when they are found	Employee care-compliance recruitment
B5: Supply chain management	General disclosure	Policies on managing environmental and social risks in the supply chain.	Service improvement-supplier management
	B5.1	Number of suppliers by region	Data on sustainable development
	B5.2	Description of the practice of employing suppliers, the number of suppliers on which the practice is enforced, and the relevant enforcement and monitoring methods	Service improvement-supplier management
	B5.3	Description of the practices for identifying environmental and social risks at each stage of the supply chain, and the related implementation and monitoring methods	Service improvement-supplier management
	B5.4	Description of the practices of promoting the use of environmentally friendly products and services during the selection of suppliers, and the related implementation and monitoring methods	Service improvement-supplier management
B6: Product liability	General disclosure	Related to the health and safety, advertising, labelling and privacy issues and remedies of the products and services provided: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Safe shipping Service upgrading COSCO Shipping Lines' daily operation does not involve label and advertising management

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
B6: Product liability	B6.1	Percentage of products that need to be recalled for safety and health reasons of all sold or shipped products	COSCO Shipping Lines mainly provides container services, and does not involve product recall
	B6.2	Number of complaints received about products and services and measures to deal with the complaints	Service improvement-customer experience
	B6.3	Description of the practices related to the maintenance and protection of intellectual property rights	COSCO Shipping Lines' business does not involve intellectual property rights
	B6.4	Description of quality verification process and product recall procedures	COSCO Shipping Lines mainly provides container services, and does not involve product recall and quality verification process
	B6.5	Description of consumer data protection and privacy policies, and related enforcement and monitoring methods	Service improvement-privacy protection
B7: Anti-corruption measures	General disclosure	Related to the prevention and control of bribery, extortion, fraud and money laundering: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Business ethics-corruption management
	B7.1	The number of concluded corruption cases filed against the issuer or its employees during the reporting period and the results of the proceedings	Business ethics-corruption management
	B7.2	Description of preventive measures and reporting procedures, as well as related enforcement and monitoring methods	Business Ethics-protection of crime-reporters
	B7.3	Description of anti-corruption training provided for directors and staff	Business Ethics-awareness promotion
B8: Community Investment	General disclosure	Policies on understanding the needs of the communities in which the company operates through participation in community activities to ensure that the interests of the communities will be taken into account during business activities.	Investment in communities
	B8.1	Areas of focus	Investment in communities
	B8.2	Resources invested in areas of focus	Data on sustainable development

GRI Index

Contents of Environmental, Social and Governance Reporting Guidelines

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
GRI 1: Fundamentals 2021			
GRI 2: General Disclosure 2021			
Organizing and reporting practices			
2-1	Organizational situation	About this report	2
2-2	Entities included in organizational sustainability reports	About this report	2
2-3	Reporting cycle, frequency and contacts	About this report	2
2-4	Information restatement	About this report	2
2-5	External guarantee	About this report	2
Staff and activities			
2-6	Activities, value chains and other business relationships	Governance for Sustainable Development-Analysis of Substantive Issues	11
2-7	Employees	Employee care-compliance recruitment	35
2-8	Non-employed practitioner	Employee care-compliance recruitment	35
Governance			
2-9	Governance structure and composition	Governance for Sustainable Development-Risk Management	13
2-10	Nomination and selection of the highest governance body	Governance for Sustainable Development-Risk Management	13
2-11	Chairman of the highest governance body	Governance for Sustainable Development-Risk Management	13
2-12	Influence of the highest governance institutions in supervision and management	Governance for Sustainable Development-Risk Management	13
2-13	Delegate management and responsibility	Governance for Sustainable Development-Risk Management	13
2-14	The role of the highest governance body in sustainability reporting	Governance for Sustainable Development-Risk Management	13
2-15	Conflict of interest	Governance for Sustainable Development-Analysis of Substantive Issues	11

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
2-16	Communication on key issues	Governance for Sustainable Development-Analysis of Substantive Issues	11
2-17	Collective knowledge of the highest governance body	Governance for Sustainable Development-Risk Management	13
2-18	Evaluation of the performance of the highest governance body	Governance for Sustainable Development-Risk Management	13
Strategies, policies and practices			
2-22	Strategic Statement on Sustainable Development	Speech by the chairman	3
2-27	Legal and policy compliance	Laws, regulations and internal policies	54
2-28	Association member	Sustainable Business-Business Introduction	7
Participation by stakeholders			
2-29	Participation by stakeholders Collective bargaining agreement	Employee care-protection of rights and interests	39
2-30	Collective bargaining agreement	Employee care-protection of rights and interests	39
Substantive issues			
Economy			
GRI 201: Economic Performance 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Business Introduction-Economic Performance	8
	103-2 Management methods and their components	Business Introduction-Economic Performance	8
	103-3 Evaluation of management methods	Business Introduction-Economic Performance	8
201-1	Economic value directly generated and distributed	Business Introduction-Economic Performance	8
201-2	Financial impacts of climate change and other risks and opportunities	Environmental protection-climate change	19
GRI 203: Indirect Economic Impact 2016			

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Business Introduction-Economic Performance	8
	103-2 Management methods and their components	Business Introduction-Economic Performance	8
	103-3 Evaluation of management methods	Business Introduction-Economic Performance	8
203-2	Significant indirect economic impact	Business Introduction-Economic Performance	8
GRI 205: Anti-Corruption 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Business ethics-corruption management	14
	103-2 Management methods and their components	Business ethics-corruption management	14
	103-3 Evaluation of management methods	Business ethics-corruption management	14
205-1	Operations where corruption risk assessment has been conducted	Business ethics-corruption management	14
205-2	Communication and training of anti-corruption policies and procedures	Business ethics-corruption management	14
205-3	Confirmed incidents of corruption and actions taken	Business ethics-corruption management	14
GRI 206: Unfair Competitive Behavior 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Business Ethics-Anti-monopoly	16
	103-2 Management methods and their components	Business Ethics-Anti-monopoly	16
	103-3 Evaluation of management methods	Business Ethics-Anti-monopoly	16
206-1	Legal proceedings against unfair competition behavior, antitrust and anti-monopoly practice	Business Ethics-Anti-monopoly	16
Environment			
GRI 302: Energy 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Environmental Protection-Low Carbon Operation	22
	103-2 Management methods and their components	Environmental Protection-Low Carbon Operation	22
	103-3 Evaluation of management methods	Environmental Protection-Low Carbon Operation	22
302-1	Energy consumption within the organization	Data on sustainable development	55

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
302-3	Energy intensity	Data on sustainable development	55
302-4	Reduce energy consumption	Data on sustainable development	55
302-5	Reduce the energy demand of products and services	Environmental Protection-Low Carbon Operation	22
GRI 303: Water Resources and Sewage 2018			
GRI303: Management Method Disclosure 2018	303-1 Interaction between organizations and water (as a shared resource)	Environmental protection-wastewater management	24
	303-2 Management of drainage-related impacts	Environmental protection-wastewater management	24
303-3	Water fetching	Environmental protection-wastewater management	24
303-4	Drainage	Environmental protection-wastewater management	24
303-5	Water consumption	Environmental protection-wastewater management	24
GRI 304: Biodiversity 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Environmental protection-marine ecology	27
	103-2 Management methods and their components	Environmental protection-marine ecology	27
	103-3 Evaluation of management methods	Environmental protection-marine ecology	27
304-2	Significant impacts of activities, products and services on biodiversity	Environmental protection-marine ecology	27
GRI 305: Emissions 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Environmental Protection-Low Carbon Operation	22
	103-2 Management methods and their components	Environmental Protection-Low Carbon Operation	22
	103-3 Evaluation of management methods	Environmental Protection-Low Carbon Operation	22
305-1	Direct (category 1) greenhouse gas emissions	Data on sustainable development	55
305-2	Energy indirect (category 2) greenhouse gas emissions	Data on sustainable development	55
305-4	Greenhouse gas emission intensity	Data on sustainable development	55

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
305-7	Emissions of nitrogen oxides (NOX), sulfur oxides (SOX) and other major gases	Data on sustainable development	55
GRI 306: Waste 2020			
GRI306: Management Method Disclosure 2020	306-1 Waste generation and significant waste-related impacts	Environmental Protection-Solid Waste Management	26
	306-2 Management of impacts related to major wastes	Environmental Protection-Solid Waste Management	26
306-3	Waste generated	Data on sustainable development	55
GRI 307: Environmental Compliance 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Environmental protection	19
	103-2 Management methods and their components	Environmental protection	19
	103-3 Evaluation of management methods	Environmental protection	19
307-1	Violation of environmental laws and regulations	Environmental protection	19
GRI 308: Supplier Environmental Assessment 2016			
2016 GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Service improvement-supplier management	48
	103-2 Management methods and their components	Service improvement-supplier management	48
	103-3 Evaluation of management methods	Service improvement-supplier management	48
308-1	New suppliers selected using environmental criteria	Service improvement-supplier management	48
308-2	Negative impact of supply chain on environment and actions taken	Service improvement-supplier management	48
Society			
GRI 401: Employment 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Employee care-compliance recruitment	35
	103-2 Management methods and their components	Employee care-compliance recruitment	35
	103-3 Evaluation of management methods	Employee care-compliance recruitment	35

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
401-1	New employees and employee turnover	Data on sustainable development	55
401-2	Benefits provided to full-time employees (not including temporary or part-time employees)	Employee care-compliance recruitment	35
GRI 403: Occupational Health and Safety 2018			
GRI403: Management Method Disclosure 2018	403-1 Occupational Health and Safety Management System	Employee care-health and safety	37
	403-2 Hazard identification, risk assessment and incident investigation	Employee care-health and safety	37
	403-3 Occupational Health Services	Employee care-health and safety	37
	403-4 Occupational Health and Safety Matters: Workers' Participation, Consultation and Communication	Employee care-health and safety	37
	403-5 Occupational Health and Safety Training for Workers	Employee care-health and safety	37
	403-6 Promoting Workers' Health	Employee care-health and safety	37
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Employee care-health and safety	37
403-8	Workers Applicable to Occupational Health and Safety Management System	Employee care-health and safety	37
403-9	Work-related injury	Employee care-health and safety	37
403-10	Work-related health problems	Employee care-health and safety	37
GRI 404: Training and Education 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Employee care-promotion and development	36
	103-2 Management methods and their components	Employee care-promotion and development	36
	103-3 Evaluation of management methods	Employee care-promotion and development	36
404-1	Average number of training hours per employee per year	Data on sustainable development	55
404-2	Staff Skills Upgrading Program and Transition Assistance Program	Employee care-promotion and development	36

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
GRI 405: Diversity and Equal Opportunity 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Employee care-compliance recruitment	35
	103-2 Management methods and their components	Employee care-compliance recruitment	35
	103-3 Evaluation of management methods	Employee care-compliance recruitment	35
405-1	Diversification of Governing Institutions and Employees	Employee care-compliance recruitment	35
GRI 408: Child Labor 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Employee care-compliance recruitment	35
	103-2 Management methods and their components	Employee care-compliance recruitment	35
	103-3 Evaluation of management methods	Employee care-compliance recruitment	35
408-1	Operating points and suppliers at risk of major child labor incidents	Employee care-compliance recruitment	35
GRI 409: Forced or Compulsory Labor 2016			
GRI 103: Management Methods	103-1 Explanation of substantive issues and their boundaries	Employee care-compliance recruitment	35
	103-2 Management methods and their components	Employee care-compliance recruitment	35
	103-3 Evaluation of management methods	Employee care-compliance recruitment	35
409-1	Operating points and suppliers with significant risks of forced or compulsory labor events	Employee care-compliance recruitment	35
GRI 413: Local Communities 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Investment in communities	51
	103-2 Management methods and their components	Investment in communities	51
	103-3 Evaluation of management methods	Investment in communities	51
413-1	Operational sites with the participation of local communities, impact assessment and development plans	Investment in communities	51

Disclosure issues/items	Title of disclosure item	Chapter index	Page number Index
GRI 414: Supplier Social Assessment 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Service improvement-supplier management	48
	103-2 Management methods and their components	Service improvement-supplier management	48
	103-3 Evaluation of management methods	Service improvement-supplier management	48
414-1	New suppliers screened using social criteria	Service improvement-supplier management	48
GRI 415: Public Policy 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Investment in communities	51
	103-2 Management methods and their components	Investment in communities	51
	103-3 Evaluation of management methods	Investment in communities	51
415-1	Political donation	Investment in communities	51
GRI 418: Customer Privacy 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Service improvement-privacy protection	50
	103-2 Management methods and their components	Service improvement-privacy protection	50
	103-3 Evaluation of management methods	Service improvement-privacy protection	50
418-1	Verified complaints related to invasion of customer privacy and loss of customer data	Service improvement-privacy protection	50
GRI 419: Socio-Economic Compliance 2016			
GRI 103: Management Methods 2016	103-1 Explanation of substantive issues and their boundaries	Sustainable development governance	9
	103-2 Management methods and their components	Sustainable development governance	9
	103-3 Evaluation of management methods	Sustainable development governance	9
419-1	Violation of laws and regulations in the social and economic fields	Sustainable development governance	9

Independent Assurance Statement

CECEP (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 2021* (“**Sustainability Report**”), and disclosed the results and conclusions of the Assurance Engagement to the intended users of the Sustainability Report in the form of an independent assurance statement.

CECEPAC (HK) has been engaged to assure 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**”). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specified performance information disclosed in the Sustainability Report that has been selected in accordance with the *Environmental, Social and Governance Reporting Guide* (“**ESG Reporting Guide**”) published by the Stock Exchange of Hong Kong Limited (“**SEHK**”).

Should there be any discrepancies or differences 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 involved in the Sustainability Report, or in the development of the Sustainability Report. CECEPAC (HK)’s activities of Assurance Engagement are independent from COSCO SHIPPING Lines. There is no relationship between CECEPAC (HK) and COSCO SHIPPING Lines beyond the contractual agreement for providing proper service of assurance.

CECEPAC (HK)’s assurance team consists of professional personnel who are experienced in the industry and have received professional training in sustainability-related standards such as GRI Sustainability Reporting Standards issued by Global Reporting Initiative, AA1000AS v3, the ESG Reporting Guide issued by SEHK, ISO 14001, and ISO 9001, etc.

CECEPAC (HK)’s assurance team has rich experience in conducting assurance and has a full understanding and practical ability of AA1000AS v3. Meanwhile, the assurance team of CECEPAC (HK) carries out Assurance Engagement on sustainable development issues in accordance with the internal assurance protocol of CECEPAC (HK).

II.COSCO SHIPPING Lines’ Responsibilities

COSCO SHIPPING Lines is responsible for the preparation and presentation of the Sustainability Report in accordance with the ESG Reporting Guide published by SEHK. COSCO SHIPPING Lines 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 by SEHK to the Board of Directors of 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. All results of 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 data and information in the Sustainability Report that related to COSCO SHIPPING Lines, and does not include COSCO SHIPPING Lines’ suppliers, contractors, and data or information provided by other third parties;
- AA1000 AS 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;
- Assuring the degree of conformity of the general disclosure and key performance indicators of the environmental and social subject areas of the Sustainability Report disclosed in accordance with the “comply or explain” provisions in the ESG Reporting Guide of SEHK;

- COSCO SHIPPING Lines and CECEPAC (HK) reached an agreement to select the specified performance information in the Sustainability Report as part of the content for Assurance Engagement. The selected specified information is as follows:

- **oNumber of suppliers (By region) – Suppliers in mainland China**
- **oIndirect energy use – Purchased power**
- **oNumber of employees (By gender) – Total number of regular male employees**

- The Assurance Engagement was with respect to information disclosed from January 01, 2021 to December 31, 2021 only. Any information that falls outside this period that is disclosed in the Sustainability Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and
- The scope of the Assurance Engagement is confined to the information and data provided by COSCO SHIPPING Lines. Any queries regarding the content or related matters within this independent assurance statement should be addressed to COSCO SHIPPING Lines only.

V. Methodology of the Assurance Engagement

CECEPAC (HK)'s Assurance Engagement was conducted at the headquarters of COSCO SHIPPING Holdings and the assurance works included:

- Evaluating the appropriateness of COSCO SHIPPING Lines' stakeholder engagement process;
- Conducting online interviews⁶ with COSCO SHIPPING Lines' employees involved in sustainability management, preparation of the Sustainability Report and the provision of relevant information;
- Assessing whether the reporting and management approach disclosed for the Sustainability Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;
- Conducting sampling of evidence pertaining to the reliability and quality of the selected specified performance information;
- Recalculating the 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 to CECEPAC (HK) by COSCO SHIPPING Lines, 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 degree of conformity with the ESG Reporting Guide, our findings and conclusions are as follows:

Inclusivity

COSCO SHIPPING Lines has identified key stakeholders and continuously communicated with key stakeholders in various way to understand their expectations and concerns. On this basis, COSCO SHIPPING Lines has formulated policies in consideration of key stakeholders' expectations and concerns. Our professional opinion is that COSCO SHIPPING Lines adheres to the principle of Inclusivity.

Materiality

COSCO SHIPPING Lines has conducted a materiality assessment for the Sustainability Report, collected the opinions of key stakeholders, identified material issues through appropriate methods, and presented the results of material assessment in its Sustainability Report. Our professional opinion is that COSCO SHIPPING Lines adheres to the principle of Materiality.

Responsiveness

COSCO SHIPPING Lines has established relevant communication channels with its key stakeholders to collect their concerns and responded to the key stakeholders on material issues related to sustainability. Our professional opinion is that COSCO SHIPPING Lines adheres to the principle of Responsiveness.

⁶ Due to the limitation brought by COVID-19 pandemic, the assurance engagement was conducted online and the interview was conducted by teleconference.

Impact

In its risk management system, COSCO SHIPPING Lines has established a process to understand, evaluate, assess and manage impacts. COSCO SHIPPING Lines carried out an annual corporate significant climate change-related risk evaluation to identify and rank related risks based on their significance levels. Our professional opinion is that COSCO SHIPPING Lines adheres to the principle of Impact.

SEHK's ESG Reporting Guide

The general disclosure and key performance indicators of the environmental and social subject areas of the Sustainability Report are disclosed in accordance with the "comply or explain" provisions in the ESG Reporting Guide of SEHK in all material aspects. COSCO SHIPPING Lines disclosed the process of its key stakeholders' participation in materiality assessment, objectively described the impact of its business and calculated and disclosed relevant environmental and social data. Our assurance comments for the Sustainability Report have been adopted by COSCO SHIPPING Lines before the issuance of this independent assurance statement.

Specified Performance Information

Based on the procedures CECEPAC (HK) performed and the evidence we obtained, nothing has come to our attention that causes us to believe that the disclosures of the three selected specified performance information in the Sustainability Report is unreliable and unqualified or not been prepared in all material respects in accordance with the basis of reporting.



July 1, 2022
Hong Kong SAR, China



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