

We Deliver Value - Connecting
the Land and the Sea



2022 Sustainability Report

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01

Foreword



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About this report

Reporting Period

January 1, 2022 to December 31, 2022 (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 CSL'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 complies with 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).

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

- **Materiality:** The report shall disclose the environmental, social and management matters that are relevant to investors and other stakeholders and will have a significant impact on them.
- **Balance:** The report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- **Quantitative:** Key performance indicators should be measurable so that the benefits of the environmental, social and governance policies and management systems can be evaluated and verified. Quantitative data should be accompanied by explanations for their purpose and impact, and comparative data should be provided when appropriate.
- **Consistency:** The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time. The report should disclose the change of statistical methods (if any) or any other relevant factors that may affect meaningful comparison.

Message from the Chairman



In 2022, in the face of geopolitical turmoil, global inflation crisis, the impacts of industrial transformation and the tightening regulatory environment, COSCO SHIPPING Lines created a new situation of high-quality development by enhancing its ability to expand the chain and replenish the chain, serve customers and create value.



In the face of the rapid transformation of the container transportation market, we have strengthened forward-looking planning and precise policies, which not only effectively resisted cyclical shocks, but also achieved "making progress while ensuring stability" in business efficiency, delivering higher value to customers, partners and shareholders. In order to effectively maintain the stability of the global industrial chain and supply chain, we bravely shoulder the responsibility of central enterprises, strive to be the main force to open up the "wide circulation" and the vanguard of the "tiny circulation", and build a good ecology of mutual trust and win-win with customers, and win a good reputation.

Under the top-level planning of COSCO SHIPPING Group, we launched the global digital supply chain transformation work: we efficiently compiled the digital supply chain development planning. The operation mechanism of "five middle offices and one front desk" had been

established. Block chain, artificial intelligence, Internet of Things, 5G, low-carbon energy saving and other technologies were widely used in all aspects of production, providing strong support for the innovation of transportation chain efficiency. Digital solutions such as one-stop customer entrance, customer portrait, product intelligent combination and recommendation, integrated inventory management, and supply chain control tower have been steadily advancing.

In line with the development trend of the industry, we have further accelerated the pace of green and low-carbon transformation: 12 24,000TEU dual-fuel vessels building solution of dual-brand had been launched (The unified order includes 5 vessels from COSCO SHIPPING Lines, 7 vessels from OOCL). All the self-owned vessels had been implemented EEXI calculations and CII ratings. Vessel EPL modification plans had been formulated. The sea trial of biofuels was completed. We participated in the

carbon trading work of Shanghai. The design of green and low-carbon full-chain service products have been strengthened, and a new path of green transportation has been laid.

We always strengthen our bottom-line awareness and build solid protective barriers. We accurately improved the level of Coronavirus epidemic prevention and control, and ensured the physical and mental health of employees and the stability of the business situation to the greatest extent. We adhered to bottom-line thinking, cooperated with industry regulatory investigations, and ensured compliance and stable operation in accordance with laws and regulations. We paid attention to the prevention and control of integrity risks, and created a good atmosphere of honesty, self-discipline, compliance with rules and disciplines. We carried out large-scale investigation and rectification of potential security risks to ensure the stability of the security situation.

We protected the legitimate rights and interests of employees in accordance with the laws, and safeguard employees' rights to know, participate, express and supervise. We cared for model workers, employees in difficulty and frontline staffs. Activities to defend the rights of female employees have been carried out. We signed a donation agreement with COSCO SHIPPING Group Charity Foundation and implemented 30 million yuan of assistance funds. During the year, a total of 1 million yuan was donated to Luolong County in Tibet and Yongde County in Yunnan. Actively participated in the "Central Enterprise Consumption Assistance and Rejuvenation Week" activities, purchased a total of 2.35 million yuan of assistance products, and made due contributions to continuously promoting the development of characteristic industries in poverty alleviation areas and increasing income and prosperity of the people who have been lifted out of poverty, helping to stabilize the economic performance and promoting rural revitalization.

Message from the Chairman

Looking forward to 2023, we will strengthen situation analysis, adhere to strategic concentration, strengthen "future layout" and "risk hedging", and maintain a good business trend on a regular basis.

We will operate the new products of the Ocean Alliance DAY7 routes, continue to strengthen and optimize the main route markets in Europe and the North America, and reshape the ocean quality. We will further enrich e-commerce express service and accumulate new competitive advantages. At the same time, we will adapt to the new pattern of regional integration development, closely follow the changes in the industrial chain, encrypt the transportation capacity investment in emerging, regional and third-country markets, and promote the balanced improvement of global service capabilities.

We will be committed to the high-quality construction of the "Belt and Road", focusing on upgrading the "vein" of Yangpu Port in Hainan, Beibu Gulf Port in Guangxi, Piraeus Port in Greece and Abu Dhabi Port in the Middle East, so as to lay a good foundation for the advancement of full-chain services.

We will adhere to customer-centricity, accelerate the launch of more series of full-chain service products, fully demonstrate the characteristics of integrated operation, and launch diversified, personalized and customized full-chain service

solutions, so as to improve the efficiency and resilience of the supply chain and form a greater industry-leading effect.

We will accelerate the green and low-carbon transformation and upgrading of the shipping industry. We will complete the top-level design of the company's green and low-carbon transformation strategic development plan. We will combined with the latest trends in the development of the industry, promote the construction of green fleets. At the same time, we will combine the requirements of the new environmental protection regulations to accelerate the transformation of environmental protection technology of ships. We will do a good job in new energy support and guarantee, and actively participate in the construction of COSCO SHIPPING Group's green methanol supply chain system. We will closely follow the progress of carbon emission trading to provide support for promoting green and low-carbon transformation and upgrading.

We will strengthen all-round strategic cooperation with leading enterprises in manufacturing and other industries, serve small and medium-sized emerging enterprises, and deeply integrate into the customer industrial chain supply chain service system. We will take the reshaping of cargo flow and the adjustment of consumption structure as an opportunity to deeply integrate into the regional development strategies of countries such as the integration of the Yangtze River Delta, the coordinated development of

Beijing-Tianjin-Hebei and the Guangdong-Hong Kong-Macao Greater Bay Area, actively participate in the construction of the new west land-sea corridor and the construction of the Hainan Free Trade Port, and serve the real economy.

We will enhance the ability to predict, identify and resolve risks, and resolutely guard the bottom line. We will track and study changes in regulatory policies in the maritime industry, prepare response plans, and adhere to legal and compliant operations. Starting from the protection of employees' life, health and safety, we will scientifically and accurately grasp Coronavirus epidemic prevention and control work to ensure that operation are not chaotic. We will summarize and solidify safety management experience, and transform it into a normalized and long-term safety mechanism. We will strengthen technical upgrades and professional training to rapidly improve the level of network security management. We will continue to pay attention to key areas and key links in operation and management, and effectively prevent integrity risks.

We will vigorously cultivate and select outstanding young talents, especially high-level talents in key business fields such as digital transformation, technological innovation, green and low-carbon, intelligent shipping, and supply chain management, so as to consolidate the foundation for the common growth of enterprises and employees in the future.

We will actively practice the concept of "employee-centered", take a multi-pronged approach to protect the legitimate rights and interests of the masses of employees, and promote the harmony and stability of labor relations. We will integrate the employee congress, collective negotiation, enterprise affairs openness, and employee directors and supervisor systems into the corporate governance structure, promote the organic combination of democratic management and corporate governance, and enable the masses of workers to obtain visible and tangible benefits. We will continue to promote counterpart support to help improve people's livelihood and rural revitalization, and integrate the specific practice of fulfilling social responsibilities into the connotation of company brand building.

"For the first place, we continue to race." In 2023, we will stick to making innovations based on the tradition, leading the future, promoting high-quality development at a new starting point, and moving steadily and far towards the goal of customer first, value-leading, world-class container ecological integrated service provider.

Yang Zhijian
Chairman

COSCO SHIPPING Lines Co., Ltd.

About COSCO SHIPPING Lines

Business Introduction

COSCO Shipping relies on a global operation and integrated container transportation service network. We believe that high-quality "end-to-end" full transportation solutions can help different industries reach the world and bring more business possibilities!

Container shipping business

COSCO SHIPPING Lines manages its international and domestic maritime container transportation services and related business. By the end of December 2022, COSCO SHIPPING Lines has operated 393 container ships with a capacity of 2.26 million TEUs. The Company operated a total of 404 routes including 264 international routes (including international branches), 56 coastal routes in China and 84 Pearl River Delta and Yangtze River routes. COSCO SHIPPING Lines has fleet affiliation in 576 ports in about 140 countries and regions around the world.

Economic performance



257,751 CNY million

Audited operating income



157,714 CNY million

Audited operating costs



69,008 CNY million

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



In 2022, the demand in the container shipping industry has been on the rise as the global market environment changes. With the development of the global digital economy, new industrial models such as cross-border e-commerce trade are influencing the existing market, and the global trade market is becoming more diversified. Against this background, COSCO SHIPPING Lines firmly grasps the trend and actively adapts to changes to seize opportunities. COSCO SHIPPING Lines regards digitalization as the key to business transformation and builds a sound and stable

service system across the whole industry chain through digitalization to enhance the comprehensive logistics and transportation service capacity. Building on its solid foundation, the Company adheres to the globalization strategy, expands to emerging markets, seeks sustainable development partners, and builds an integrated supply chain service ecosystem by continuously enhancing the comprehensive logistics and transportation service capabilities, improving the service quality and customer experience, and strengthening the business resilience and continuity.

About COSCO SHIPPING Lines

International initiatives

COSCO SHIPPING Lines actively participates in international industry cooperation and leverages its influence to promote the safe and healthy development of global trade.

Collaborative Development of Ocean Alliance

Since its establishment in 2017, the Ocean Alliance continues to uphold the advantages of stable cooperation, abundant products, and flexible response after six years of development and growth. The Ocean Alliance members include COSCO SHIPPING Lines, OOIL, CMA CGM and Evergreen Shipping. COSCO SHIPPING Lines and OOIL always keep in mind the initial aspiration of providing customers with quality service, and continuously cooperate with the Ocean Alliance to optimize the line layout. In 2022, the 8 existing lines of the Alliance were upgraded, and three new lines were added, totaling 42 lines with 352 ships, an equivalent of 4.43 million TEUs.

In 2022, the Ocean Alliance has provided services and products across 42 lines, including 7 lines from the Far East to the Northwest Europe, 4 lines from the Far East to the Mediterranean, 23 trans-Pacific lines (including 15 American west coast lines, 8 American east coast and gulf lines), 3 trans-Atlantic lines (including 1 line outside the Alliance), 4 lines from the Far East to the Middle East, and 2 lines from the Far East to the Red Sea.

8

existing lines of the Alliance were upgraded

3

new lines were added

42

totaling lines

42

provided services and products across lines

7

lines from the Far East to the Northwest Europe

23

trans-Pacific lines

3

trans-Atlantic lines

4

lines from the Far East to the Mediterranean

2

lines from the Far East to the Red Sea

Performance highlights

Economic data

373 ships

CSL self-operated fleet

2.11 million TEU

Total shipping capacity

263 lines

International routes (including international feeder lines)

56 lines

Coastal routes in China

84 lines

Branch lines in Pearl River Delta and Yangtze River

Environmental performance

15,183,844 tons

Greenhouse gas emissions

4,736,250 tons

Total marine fuel consumption

226,298 tons

Sulfur oxide emissions

357,992 tons

Oxides of nitrogen emissions

240,584 tons

Fresh water consumption

123,293 tons

Seawater desalination capacity

0 incident

Oil spill accident

Container shipping business

Social performance

Employment performance

100%

Training and education coverage

33 hours

Average training hours per employee

Safety performance

0%

Injury rate per thousand people

Community

3,151 million **284** times

Investment in community activities

Times of participating in community activities

894 hours

Hours of community activities

Board statement

Board Responsibility

The Board of Directors of COSCO Shipping Lines is responsible for the Company's overall ESG development direction and ESG strategy formulation, supervising and coordinating ESG-related risk management, and is the highest responsible and decision-making body for ESG matters. The Board of Directors bears the ultimate responsibility for COSCO Shipping Lines' ESG strategy and disclosure. The Company regularly evaluates the materiality of environmental, social and governance issues, and analyzes to makes decisions on the potential impact and opportunities of the overall strategy.

Risk Identification

The Sustainable Development Committee is set under the Board of Directors, responsible for identifying, analyzing, managing, and timely controlling ESG-related risks and making decisions on ESG-related matters. The Sustainable Development Committee regularly reports the list of identified risks to the Board of Directors and provides risk analysis and decision-making support.

Materiality Analysis

The Company pays continuous attention to the needs of internal and external stakeholders, and identifies and evaluates material ESG issues according to the communication and feedback of stakeholders to keep improving the sustainable development strategy. During the Reporting Period, the Company conducted stakeholder surveys, updated the identification of material issues, and defined the priorities of ESG management.

Target Progress

In 2021, the Company based on the target guidelines specified by COSCO Shipping Lines, has set five environmental targets, including greenhouse gas emission reduction target, energy structure upgrade target, ballast water management target, exhaust emission reduction target, and waste reduction target. In 2022, the Board of Directors continued to pay attention to the progress towards the environmental targets, supervise sustainability tasks related to the target, and review target achievement.





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Sustainable Development Governance

In practicing the responsibility of sustainable development, COSCO Shipping Lines regards Board diversity as a goal and the concept of sustainable development as the core. The Company adheres to transparent governance in its daily operations to exert a positive impact on the enterprise, industry, and society, making efforts and contributions to building a better world.

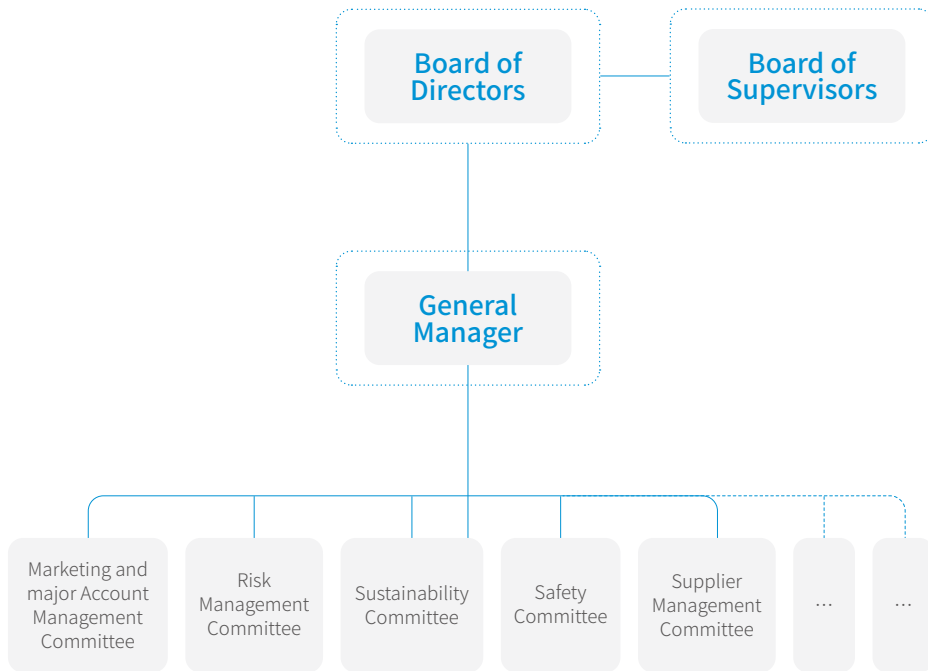
- Governance Structure
- Stakeholder Engagement
- Risk Management
- Business Ethics

Governance Structure

Governance Structure

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 Company established 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.



COSCO Shipping Lines' governance structure

To better implement the strategy of sustainable development in its daily governance, the company established *Sustainability Reporting Procedure*, which clarifies the requirements of drafting, reviewing and publishing of Sustainability Reports. The Company established the Sustainability Committee to take the lead in managing matters related to sustainable development who 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.

The Company assigned an independent department to lead 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 so as to improve its governance system.



Materiality Assessment

Materiality Assessment

Stakeholder Engagement

COSCO Shipping Lines attaches great importance to the impact of its operations on stakeholders, constantly listens to the opinions and suggestions from stakeholders from all walks of life, responds to the expectations of stakeholders, and commits to sustainable value co-creation. In order to maintain communication with stakeholders, the Company has established a normalized communication mechanism to provide an important reference for decision-making, and to continuously improve the sustainability management. The Company has conducted frequent and irregular communication with stakeholders in seven aspects, i.e., economy, corporate governance, product and service safety, environment, employees, supply chain and community, and listened to suggestions and opinions from all parties.

In 2022, the Company conducted a stakeholder survey in the form of questionnaires and interviews, covering internal and external stakeholders of the COSCO SHIPPING Lines'. Sustainability issues and materiality matrix are identified and developed from the survey in accordance with their significance to the Company, which are considered as guidance for disclosure in this Report.



Materiality Assessment

Substantive Topic Table

Category	Topics	Major stakeholders	Communication channel
 Economic	Economic performance		Shareholders Council Roadshow/reverse roadshow
	Indirect economic impacts	Public Interest Organizations/ NGOs/Industry Associations	Investor Summit Interview
	Tax transparency	Media	Performance conference Press release
	Market performance	Investment institutions/ shareholders	Community public welfare activities
 Corporate governance	Corporate governance		General meeting of shareholders Roadshow/reverse roadshow
	Anti-corruption	Investment institutions/ shareholders	Investor Summit
	Risk management	Government and regulatory authorities	Public mailbox Information Bulletin
	Anti-competitive conduct		Press release
	Political contributions	Business partner	Technical training
	Socio-economic compliance	Customers	On-site review
 Product Service and Security	Customer Satisfaction		Press release
	Customer Complaints		Community public welfare activities
	Customer Privacy Protection	Insurance Financial Institutions	On-site review
	Optimize terminal operations	Customers	Information bulletin
	Scientific and technological innovation	Media	Interview
	Contraband management and anti-smuggling of seaborne goods	Investment institutions/ shareholders	Performance conference General meeting of shareholders Roadshow/reverse roadshow
	Safety of shipping	Others	Investor Summit
	Digital Security		Technical training
 Environmental	Environmental compliance		Press release
	Exhaust emissions	Insurance Financial Institutions	Interview
	Waste disposal	Insurance Financial Institutions	Performance conference
	Waste water discharge management	Media	Community public welfare activities
	Energy management		

Category	Topics	Major stakeholders	Communication channel
 Environmental	Material use		
	Water resources management		
	Greenhouse gas emission	Government and regulatory authorities	Press release Interview
	Climate change and response		Performance conference
	Biodiversity	Social organization	Community public welfare activities
	Marine plastics	Media	
	Enhance staff awareness of environmental protection		
	 Employee	Employment	
Occupational Health and Safety			
Training and education			Employee training
Diversity and equal opportunities			Employee communication/ forum
Anti-discrimination		Employee	Employee satisfaction survey
Labor complaints mechanism		Media	Interview
Employees' rights		Government and regulatory authorities	Performance conference Public mailbox
Freedom of association and collective bargaining		Others	Information bulletin Press release
Child and forced labor			Technical training
Human rights assessment			
 Supply chain	Responsible procurement		
	Environmental and social assessment of suppliers	Government and regulatory authorities	Public mailbox Information bulletin
	Strengthen the safety management of business outsourcing	Suppliers	Press release Supplier assessment
 Social	Community public welfare	Media	Interview Performance conference
	Cooperation for empowerment	Government and regulatory authorities	Public mailbox Information bulletin

Risk Management

COSCO Shipping Lines always puts risk management and control in an important position in its operation and makes it reliable and efficient by establishing and improving the risk management framework and internal control system. During the Reporting Period, based on the international COSO-ERM framework and the domestic *Basic Rules for Enterprise Internal Control*, COSCO Shipping Lines has strengthened the internal control supervision, and carried out the internal control self-evaluation and supervision evaluation, so as to realize the systematization and comprehensiveness of governance. COSCO Shipping Lines always pays attention to minimizing risks to a reasonable range, and actively seeks opportunities while reducing the impact of risks on operations.



Risk Management Framework

As the highest decision-making body of risk management, the Board of Directors is responsible for the overall risk management. Under the leadership of the Board of Directors, the Risk and Compliance Management Committee is established to perform the duties of identifying, managing, supervising and controlling various risks of the Company, and to provide risk analysis and management advice to the Board of Directors. After the Risk and Compliance Management Committee completes risk identification and analysis, the Legal and Risk Management Departments will take the lead in implementing it.

Risk Management and Early Warning Mechanism

COSCO Shipping Lines attaches great importance to internal risk prevention and control, conducts internal control self-evaluation every year considering the nature and practicality of its business, and formulates rectification plans for deficiencies in operations. In order to ensure the timeliness of rectification, the Company monitors the rectification on a monthly basis.

COSCO Shipping Lines not only focuses on internal evaluation, but also actively adopts external experts' opinions to supervise the key risk management. Every year, the Company engages a third party to conduct external audit to supervise the status of internal control and risk management. During the Reporting Period, COSCO Shipping

Lines has invited an external consulting company to carry out internal control supervision and evaluation in 2022. COSCO SHIPPING Lines has further supervised and evaluated its subsidiary companies. All subsidiaries of COSCO Shipping Lines were included in the scope, achieving 100% completion of supervision and evaluation.

In order to have a sound response strategy to emergencies, the Company has continuously carried out and improved risk early warning and supervision mechanism. To effectively ensure timely response to risks and solution implementation of, the Company identifies risk early warning indicators on a quarterly basis and issued quarterly briefings. In addition,

the Company constantly collects, tracks and analyzes major risk events and important information of the year. An analysis report about the progress and changes in trending events will be submitted to the management.

100%

achieving completion of supervision and evaluation



Business Ethics

The Company always implements the concept of integrity and fairness in its daily operations, and adopts a zero-tolerance attitude towards all acts violating business ethics, including corruption, bribery and monopoly. The Company has established a sound business ethics system to strengthen employees' awareness of business ethics and guide the just business ethical values.

Anti-Corruption Management

The Company strictly abides by the United Nations Convention against Corruption, the Foreign Corrupt Practices Act (FCPA), the Criminal Law of the People's Republic of China and other relevant laws and regulations. The Company has set up a Commission for Discipline Inspection to formulate and implement anti-corruption policies, and to manage and supervise the compliance of employees' behaviors. By continuously promoting internal anti-corruption review,

the Company has created a clean and honest operational environment and governance. At the same time, as members of the Maritime Anti-Corruption Network, COSCO SHIPPING Lines joined hands with all organizations in the industry to create a fair and clean maritime environment. During the Reporting Period, there has been no major lawsuit related to corruption or unfair competition against COSCO Shipping Lines.

Anti-Monopoly

As a leading shipping enterprise, COSCO Shipping Lines has always taken a serious attitude towards anti-monopoly, promoting industry norms and safeguarding the interests of customers and public social groups.

The Company strictly abides by international and regional anti-monopoly laws and regulations. In 2022, COSCO SHIPPING Lines compiled the Anti-monopoly Compliance Management Manual, and identified the list of anti-monopoly risks in key positions. On the basis of the existing Anti-monopoly Compliance Management Measures and the Anti-monopoly Emergency Response Plan, COSCO SHIPPING Lines plans to further introduce special management guides in

anti-monopoly and procurement management, refine management requirements and improve management level.

In the face of the ever-changing international environment of anti-monopoly compliance regulations, COSCO Shipping Lines actively responds to and studies international anti-monopoly laws, regulations, and rules. In 2022, the United States issued the Ocean Shipping Reform Act. COSCO Shipping Lines carried out research and evaluation accordingly by interpreting policy trends and regulatory requirements, so as to ensure that the governance norms always keep pace with the latest laws.



Business Ethics

Whistle-Blower Protection

The Company has always held employees to the highest standards in terms of business behavior, and created a liberal, open, safe and efficient communication environment. The Company encouraged employees and external person to report all kinds of behaviors violating disciplines or professional ethics. The Company provides a variety of open and transparent reporting channels, including telephone and email.

To protect the rights and interests of the whistleblowers, the Company has established a whistleblower protection mechanism, adopting a zero-tolerance attitude towards retaliation. The Company promises to protect the privacy and safety of the whistleblowers and avoid malicious acts such as retaliation. In the process of verifying the reported information, the Company will not ask for the whistleblower's information, neither disclose the information of accusation. It is strictly forbidden to dismiss, demote, suspend, threaten, harass or discriminate against the whistleblower in any form.

Awareness Promotion

To continuously improve the compliance awareness of business ethics and create a culture of compliance, the Company organized anti-monopoly training activities to guide employees to improve their ethics.



Featured Training on Business Ethics

During the reporting period

COSCO SHIPPING Lines provided anti-corruption and integrity education to the Board of Directors and all employees (including labor dispatch employees). The integrity awareness of all employees has been enhanced through activities such as themed-month activities, portfolio displays, and short video broadcast selection.

Case

Anti-monopoly Training

COSCO SHIPPING Lines provided the anti-monopoly training in the form of webinar, to explain the main provisions of domestic and international anti-monopoly laws. The training covered all departments and subsidiaries at home and abroad of CSL with an attendance totaled 4,103 people. To consolidate learning achievements of employees, the Company conducted online anti-monopoly compliance tests for all employees, with Chinese and English tests designed respectively for domestic and foreign employees. The pass rate of participants reached 99%.

4,103

people

The training covered all departments and subsidiaries at home and abroad of CSL with an attendance totaled

99

%

The pass rate of participants reached

03



Delivering Value to the Environment

As the backbone of global trade, shipping plays an important role in coping with climate change and promoting environmental protection. As a global shipping company, we have taken the initiative to assume environmental responsibilities, established and continuously improved its environmental management system and obtained the ISO 14001 Environmental Management System Certification. CSL actively responds to climate change, explores energy transformation and carbon reduction measures, and realizes the joint development of environmental protection and economic benefits to contribute to the green development of global shipping.

- Climate Change
- Energy Use and Emission Reduction
- Water Resources and Waste Water Management
- Solid Waste Management
- Biodiversity



Climate Change

Climate change poses new requirements and challenges to the development of the ocean shipping industry chain. Actively responding to climate change is key to realizing sustainable development and becoming a leading international ocean shipping enterprise. CSL is committed to protecting the ecological environment and continuously promoting green shipping. Based on the framework laid out by the Task Force on Climate-related Financial Disclosures (TCFD), CSL has systematically identified the risks related to climate change, analyzed their coping strategies, and set environmental protection targets.

Governance

COSCO SHIPPING Lines has established a sound climate risk governance structure, incorporated climate-related risk management into the Company's risk management system, reviewed ESG strategy and performance, climate risk control strategy and risk assessment report, and guided the formulation of sustainable development strategies, objectives, and management policies. We also factored energy saving, emission reduction and environmental protection-related indicators into executive compensation.








Strategy

Based on its own business characteristics and the development trend of global shipping, CSL actively identified risks related to climate change and analyzed the potential financial impacts. CSL identified various physical risks and transition risks by referring to different climate scenarios and combining them with business development. Among those risks, physical risks refer to the risks related to the impact of acute climate events and



long-term climate pattern changes on assets. The transformation risk refers to the risk related to the transformation to low-carbon economy, such as market risks brought about by changes in policies and regulations and customer behavior. Based on the identified risks related to climate change, CSL further analyzed the corresponding business and financial impacts.

Climate Change

Climate Change Risk Identification

Category	Risk	Description	Potential financial impact
 Physical risks	Flood (including rainstorms and river overflows)	<ol style="list-style-type: none"> 1. Heavy rain and floods damage 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 maneuverability 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
	 Acute risk	Strong wind/cyclone	<ol style="list-style-type: none"> 1. It is difficult to forecast strong winds, which could damage the ship infrastructure and related facilities, ships or cargo, causing continuous interruptions of operations and loss of assets 2. Extreme weather will threaten the safety and health of personnel. Under the condition of strong wind/cyclone, the working hours and conditions of employees should be strictly controlled, which will affect the operating efficiency and increase the operating cost. 3. If ships encounter typhoon/cyclone/storm, they may sink due to high waves and storms caused by typhoon/cyclone/storm, resulting in loss of profits.
 Chronic risk	Ocean acidification Sea temperature rise	<ol style="list-style-type: none"> 1. Seawater temperature rise and ocean acidification accelerate the corrosion of ship hull, so it is necessary to use materials with higher corrosion resistance and pay higher maintenance fees 	Increase maintenance costs
	Rising sea level	<ol style="list-style-type: none"> 1. Rising sea levels change wave and tidal patterns, affecting the schedule of shipping companies 2. Tidal changes affect the sedimentation of the waterways, which reduces the smoothness of the waterways. So dredging works are required, and the operating costs rise. 	Affect workforce management and planning Increased operating costs
 Transition risks	Existing requirements and supervision of products and services	<ol style="list-style-type: none"> 1. The International Maritime Organization issued the <i>IMO Preliminary Strategy for Greenhouse Gas Emission Reduction from Ships</i>, 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 operating and maintenance costs
	 Laws and Regulation Risk	Implement carbon pricing mechanism	<ol style="list-style-type: none"> 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

Climate Change

Category	Risk	Description	Potential financial impact
	Strengthen emission reporting obligations	<ol style="list-style-type: none"> 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
 Market risk	Customer behavior change	<ol style="list-style-type: none"> 1. Customers put forward relevant requirements for reducing carbon emissions in container transportation business. If customers' energy-conservation and carbon-reducing targets can't be met, there will be fewer orders or more idle ships, which will increase operating costs. COSCO SHIPPING Lines should be aware of these risks, actively communicate with customers, and make clear their needs to ensure that the Company can still provide flexible end-to-end logistics services for them 2. Increase in indirect (operating) costs: The increase in customers' demand for low-carbon services and green transportation will accelerate the formulation of the transition strategy to carbon neutrality, which increases R&D expenses. 	Changes in consumer preferences lead to a decline in demand for goods and services
	Rising cost of fuel oil	<ol style="list-style-type: none"> 1. Higher oil prices increase operating costs 2. The market price of low-sulfur oil fluctuates greatly, which will affect the operating cost 3. The use of other energy sources increases operating costs 	Rising raw material price leads to the increase of production cost
 Reputation	Change in customer preferences	<ol style="list-style-type: none"> 1. Customers put forward relevant requirements for reducing carbon emissions in container transportation. If customers' energy-saving and carbon-reducing targets can't be met, there will be fewer orders or more idle ships, which will increase operating costs 2. If CSL fails to meet the customers' requirements for sustainable development, such as energy conservation and consumption reduction, and become a low-carbon leader in the industry, then the existing customers may turn to other companies. The loss of corporate customers, which in turn reduces income 	Decline in demand for goods and services
	Growing concern of stakeholders about negative feedback	<ol style="list-style-type: none"> 1. If the environmental performance and disclosure are not inadequate, then investors and customers may choose the Company's competitors instead, resulting in a decrease in the Company's income 2. Investors put forward requirements for the use of new/renewable energy <p>Customers and investors are increasingly interested in environmental performance. If CSL does not comply with IMO regulations, it may lose its contracts and investment</p>	Decline in demand for goods and services

Climate Change

Based on the identified climate risks, CSL has developed strategies to deal with climate change, promoted the green transformation of international shipping from different dimensions, proactively reacting to climate change.

Dealing with extreme weather

- Develop emergency response plans
- Strengthen meteorological monitoring and early warning
- Regularly update the guidance on preventing typhoon and floods
- Strengthen ship-shore contact to ensure the smooth progress of typhoon and flood prevention and control

Greenhouse gas emission

- set greenhouse gas emission reduction targets and commit to achieving carbon neutrality before 2060
- Provide carbon emission calculator for customers to calculate carbon emissions during sea transportation

Energy Use

- Implement energy-saving and emission-reduction measures to reduce the use of fuel oil through process control of navigation and shore power transformation

Information Disclosure

- Continuous disclosure of greenhouse gas emissions
- Abide by IMO requirements and regulations

Climate Change Response Strategies

Risk Management

CSL evaluates the risks and opportunities of climate change on operation through a sound risk identification process. Through identification, measurement, and monitoring of risks and opportunities, CSL evaluates and prioritizes the possible business and financial impacts of climate change risks and opportunities, and takes measures to mitigate, transfer or control risks, while taking the initiative to grasp important opportunities brought by climate change.

Identification of risk and opportunity

Refer to the framework of the Task Force on Climate-related Financial Disclosures (TCFD) while also considering the business characteristics of the Company to identify climate risks and opportunities and develop a list of climate risk

Measurement of risk and opportunity

Collect ratings of various risks from all departments based on the industry, market, and policy background from the perspectives of probability and materiality
 Prioritize the identified risks based on the ratings and sort out risks of the place where the Company operates accordingly

Response to risk and opportunity

Evaluate risks and opportunities brought by climate change and develop a response plan

The Identification Process for Climate Risks and Opportunities

Metrics and Targets

COSCO SHIPPING Lines continuously monitors and regularly discloses greenhouse gas emissions. CSL attaches great importance to the impact on the environment during production and operation, develops environmental targets and policies, and makes steady progress towards the targets by taking measures including green shipping, energy conservation and carbon reduction, and emission management to ultimately achieve the carbon neutrality goal.

Energy source

Use biofuels in cargo ships

To replace high-emission fuel oil, new energy sources with low/zero carbon emissions must be used in long-term development. Therefore, biofuel-related products can be developed to attract more customers

Resource efficiency

Adopt a more energy efficient transportation mode

Energy efficiency should be continuously improved and ship energy efficiency design should be optimized based on Energy Efficiency Design Index (EEDI), and thus lowering costs and carbon emissions

Market

Climate change affects customer choices

Compared with other means of transportation (including air, road, and rail transport), shipping has lower carbon emissions per kilometer-tonne; besides, ferries adapt better to severe weather (such as heavy snow). Therefore, more and more customers change their transportation method to shipping as needed

Climate Change-related Opportunities

Energy Use and Emission Reduction

COSCO SHIPPING Lines has always adhered to the concept of "energy conservation, carbon reduction, and green development" and kept reducing the environmental impact and carbon emissions of business operations. CSL actively adapts to the needs of future competition, responds to global customers' green and low-carbon initiatives, conforms to the new trend of green development in container shipping, and continuously promotes the construction of a clean fuel fleet.



Use of Fuel

Fuel oil is the main energy source of the container transportation business. With the help of the advanced technology of digital shipping, CSL implements and promotes the monitoring of fuel oil use, promotes fuel-saving measures in shipping, and realizes the efficient use of fuel oil.

Energy Efficiency Improvement

CSL has established a strict daily dynamic monitoring system to improve the efficiency of fuel oil use and realize energy conservation and efficiency improvement. CSL made full use of information systems and various monitoring methods to strengthen the daily dynamic monitoring of ships, realize full coverage of ship operation monitoring, actively optimize route selection, avoid severe sea conditions, implement berthing plans, control the speed when sailing into port, and reduce fuel consumption.

COSCO SHIPPING Lines enhances the closed-loop management of fuel use

through the whole-process management of fuel oil budget (pre-control), operation monitoring (in-process monitoring), and fuel oil cost analysis (post-inspection), achieves the shift from averaging ship speed to averaging ship power by conducting a 24/7 real-time monitoring of fuel oil consumption of ships, thus reducing the instantaneous fuel consumption and carbon emissions of ships.

At the same time, in response to the IMO 2020 sulphur cap, CSL strictly abides by relevant international rules and regulations and meets the upper limit of sulfur emission set by IMO by

using low-sulfur fuel oil and installing desulfurization tower. By the end of the Reporting Period, the usage ratio of low-sulfur oil by CSL was 90%. The number of ships with desulfurization devices was 23.

CSL's container transportation business will focus on green, low-carbon and intelligent ships in future research, and strives to improve the overall technical level of the fleet. After the following technical retrofits, all the new ships of COSCO SHIPPING Lines can meet the requirements of IMO's Energy Efficiency Design Index Phase 3 (IMO EEDI PHASE III).

Energy efficiency improvement in ship design

Select the best combination of hull form, propeller, and energy-saving device that meets the needs for operational conditions through optimization, screening, and comparison test of the ship models to maximize the propulsive performance.

Use energy-saving devices installed before and after the propulsion system to raise propulsive efficiency and reduce fuel consumption.

Equip new ships with various energy saving and emission reduction technologies including efficient main engine, axle generator, frequency conversion control system, heating ventilation and air conditioning (HVAC) system, high voltage shore power facilities, and reserve adequate space for air lubrication systems to make it possible to upgrade and retrofit in the future.

Energy Use and Emission Reduction

Clean Fuel

In order to achieve the long-term goal of green and low-carbon transformation, CSL will vigorously promote the application of green methanol fuel in the fleet. Compared with traditional marine fuel, methanol has no nitrogen oxides, sulfur, or low particulate emissions. With the continuous establishment and improvement of the green methanol supply chain system, methanol stands out from many new energy fuels and will become the first choice for CSL to promote the construction of a new energy container fleet in the future.



Upgrade Plan for Methanol Dual-Fuel Ships in COSCO SHIPPING Lines

By the end of the Reporting Period, COSCO SHIPPING Lines had signed 5 methanol dual-fuel ships of 24,000 TEUs to follow the trend of green and low-carbon and enhance its core competitiveness.



Trials of Ships Using Biofuels in COSCO SHIPPING Lines

During the Reporting Period, COSCO SHIPPING Lines carried out the trial of biofuels. CSL selected COSCO HOUSTON as the ship to perform the trial with two batches of B20 and B24 biofuels totaling 1,400 tons. The trial showed that the use of biofuels was normal, and the carbon emission was reduced by more than 15% compared with traditional fuel oil, which accumulated usage and managerial experience for subsequent promotion.

1,400 tons

CSL selected COSCO HOUSTON as the ship to perform the trial with two batches of B20 and B24 biofuels totaling

15%

the carbon emission was reduced by more than

Promoting Shore Power

NO_x (nitrogen oxides), SO_x (sulfur oxides) and particulate matter emitted by fuel oil combustion of ships cause environmental pollution, and the generators could be turned off after the ship is docked to use shore-based power supply for electricity as an alternative. CSL actively promotes the construction and use of shore power in ships to reduce fuel consumption and exhaust emissions when the ships are docked at the port.

Using Shore Power in Ships

CSL's container transportation business has actively promoted the construction of shore power systems. During the Reporting Period, COSCO SHIPPING Lines completed the transformation of the high-voltage shore power system of 26 Chinese ships. By the end of 2022, CSL's fleet had 105 self-owned vessels equipped with the high-voltage shore power system.

105

self-owned vessels equipped with the high-voltage shore power system

Emission Reduction

COSCO SHIPPING Lines launched a carbon emission calculator in 2010, an advanced dynamic carbon emission calculation tool for customers all over the world to calculate the CO₂ emissions in their supply chains. The calculator also helps customers achieve carbon emission reduction targets in the supply chains. CSL has achieved remarkable results in reducing energy consumption and CO₂ emissions by managing and controlling fuel oil use, optimizing navigation lines, and adopting innovative energy-saving technologies. During the Reporting Period, the greenhouse gas emission of CSL's container shipping business was 15,183,844 tons.

CSL not only actively reports the CO₂ emissions in daily operations but also manages and reports the emissions of sulfur oxides and nitrogen oxides, constantly optimizing its own emission and environmental performance. COSCO SHIPPING Lines complies with the requirements of the Action Plan for Establishing Ship Emission Control Zones in China issued by the Ministry of Transport of the People's Republic of China and sets more stringent emission standards to reduce the amount of sulfur in marine fuels used for shipping.

15,183,844 tons

the greenhouse gas emission of CSL's container shipping business was

Water Resources and Wastewater Management

During shipping, enterprises should rationally allocate water resources for mechanical operation and daily use by the crew, as well as manage the ballast water and ship oil sewage to avoid harming the marine ecology. CSL strictly implements the regulations on the treatment and compliance discharge of sewage and wastewater from shipping vessels, strictly abides by relevant laws and regulations domestically and abroad, and formulates and implements clear and complete operation processes for ballast water and oil sewage based on domestic and foreign laws, regulations, and industry conventions to reduce and control the environmental impact caused by ballast water and oil sewage.

Sea Water Desalination

CSL attaches importance to the efficient use of water resources and optimizes the utilization of water resources through seawater desalination. CSL's water is mainly derived from desalination and only a small part is sourced from freshwater consumption. Currently, the Company does not face any problem in water sourcing. The ships of CSL are equipped with seawater desalination equipment to convert seawater into drinking water to supplement the onboard water for ships and reduce freshwater consumption. At the same time, CSL continues to cultivate its employees' water-saving awareness and habits and encourage them to participate in the optimal utilization of water resources on ships.

2022 COSCO SHIPPING Lines

240,583 tons

Total consumption of fresh water

123,293 tons

Seawater desalination capacity

Oil sewage Management

CSL strictly manages the discharge of oil sewage and ensures that all indicators of the discharged oil sewage are in line with local standards by strengthening the monitoring of the offshore oil sewage discharge and the management of oil sewage sealing. COSCO SHIPPING Lines has formulated and strictly abides by the Regulations on the Management of Oil Sewage Treatment, conducts the management of the whole process through planning, approving, reviewing, confirming, applying, arranging and implementing the offshore oil sewage discharge, and schedules on-site inspections of the discharge such as ships and barges oil quantity measurement and oil content sampling inspection. After the treatment, CSL tracks, reviews and registers the information on the oil sewage discharge to ensure oil sewage treatment compliance.

CSL has also formulated an emergency plan for oil sewage leakage and guides the crew to handle fuel oil spill accidents according to the Emergency Plan for Oil Pollution on Board. In case of fuel oil spill, the personnel on duty shall promptly report to the captain or other persons in charge. After confirmation, the person in charge shall immediately send out the oil spill alarm and organize the whole crew to take emergency actions to reduce the impact of fuel oil spill accidents.



Ballast Water Management

In order to protect the marine ecosystem and reduce the risk of species invasion and dispersion, CSL abides by the International Convention on the Control and Management of Ship Ballast Water and Sediments (i.e., the Ballast Water Convention) issued by IMO, and any violation of the Ballast Water Convention is prohibited. COSCO SHIPPING Lines has formulated and implemented the Instructions for Management of Ballast Water and the Ballast Water Management Plan, and equipped commercial ships sailing internationally with ballast water treatment devices to manage ballast water throughout operation, replacement, safety inspection and recording.

Operation

- Require ships to avoid sucking ballast water in restricted areas and locations, such as areas infested with pathogens and pests
- Require the crew members to remove sediment of ballast water in time
- Avoid unnecessary discharge of ballast water while ensuring safety during goods loading and unloading

Replacement

- When ships need to change their ballast water, they should do it in sea areas at least 200 nautical miles away from the nearest shore and at least 200 meters deep
- In case of special circumstances, ships should replace their ballast water in sea areas as far away from the shore as possible, such as sea areas at least 50 nautical miles from the nearest shore and at least 200 meters deep

Checking

- Require the captains to pay attention to the sea conditions and weather in real time, and ensure that ballast water is changed in good weather condition
- The ballast water tanks should be checked regularly to ensure that ballast water devices are in good condition

Recording

- On each ship, designate a crew member to record the operation of ballast water in the Ballast Water Record Book, and each operation record shall be signed by the first mate, and each page shall be signed by the captain

Ballast Water Management Requirements

Solid Waste Management

CSL sets an example to protect the marine environment and minimize the impact of garbage on the marine environment during shipping through strict management of ship garbage, and recycling of ships. CSL strictly abides by the laws, regulations and international conventions on ship garbage disposal to control the disposal and discharge of harmful waste from ships.

Ship Recycling

The construction and operation of ships may involve harmful waste. CSL abides by the ship recycling requirements of the *Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC)* and the *European Union Ship Recycling Regulation (EU-SRR)*, and formulates the Inventory of Hazardous Materials (IHM) that identifies all dangerous and potentially dangerous materials on board to reduce the adverse impact of ship recycling on the environment, health, and safety. CSL will present the certification when selling off its ships to promote responsible ship recycling, and also adopt the concepts of Life Cycle Assessment (LCA) in the planning and manufacturing of new ships to reduce the impact of ship decommissioning on the environment.

Garbage Management on Ships

Based on the *MARPOL Anti-pollution Convention* and the relevant laws and regulations of the flag state, CSL formulated and implemented the Waste Management Plan, requiring garbage to be classified, processed, stored, incinerated and disposed of according to relevant regulations, and requiring managers to train crew members on the collection, disposal and storage of ship garbage to avoid pollution caused by ship waste.

CSL sets up proper waste disposal facilities on board, such as incinerators, food disposers and garbage mashers, to dispose of different categories of waste. If the garbage is disposed of through incineration, crushing, grinding and compaction, the disposal record 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. Throughout the garbage storage period, CSL cleans and disinfects the ships regularly, equips them with fire-fighting equipment, strengthens garbage management and inspection, and appoints qualified ship pollutant receiving companies to transfer the garbage away from the ships after the ship berth at the port.

CSL regularly offers training for crew members on the Waste Management Plan and the use of pollution prevention equipment to minimize the harm of ship garbage by implementing the Garbage Management Plan and using garbage disposal equipment on ships. At the same time, CSL carries out self-inspection of pollution prevention multiple times and inspects the sulfur oxide emission, power equipment usage, fuel garbage, domestic garbage, household garbage and dangerous goods management to prevent all sorts of pollution incidents and violations of disposal.

Biodiversity

CSL attaches great importance to the protection of the ecological environment and biodiversity, reducing environmental pollution, protecting marine ecology and biodiversity during shipping. CSL strictly abides by the regulations on the discharge of ballast water to avoid the ecological impact caused by biological invasion. At the same time, COSCO SHIPPING Lines applies specialized paint for hull coating that prevents marine species and organisms from adhering to the hull of the ships, conducts underwater detection with a camera around the ship to regularly clean the bottom of the ship, and continues to promote projects related to marine ecological protection to practice environmental responsibilities.



Protecting the Blue Whales

CSL complies with the request of National Oceanic and Atmospheric Administration (NOAA), the U.S. Coast Guard (USCG) and the U.S. Environmental Protection Agency (EPA) for voluntary vessel deceleration (VSR) in San Francisco and Southern California, USA, and issues a document reminding all vessels over 300 gross tons to decelerate to less than 10 knots when passing through the designated voluntary VSR area, at the same time strengthening supervision and guidance in daily operations to prevent whale injury or death caused by shipping. The initiative helps protect whales and reduce fuel use and regional greenhouse gas emissions.

04



Delivering Value to the Employees

COSCO SHIPPING Lines adheres to the people-oriented principle in enriching the talent pool of the shipping industry. In 2022, based on the talent development plan, the Company further promoted the reform of the human resources system, established and improved the incentive mechanism for attracting, cultivating, using and retaining talents. The Company strengthened the team's capacity building and talent training, to continuously improve the vision and expertise of talents and empower the talent pool of the shipping industry.

- Recruitment Compliance
- Promotion and Development
- Protection of Rights and Interests
- Employee Communication

Recruitment Compliance

Recruitment Compliance

Attaching great importance to building a talent team, the Company continuously looks for talents in the industry through on-campus and off-campus recruitments both online and offline, adhering to a fair, transparent, and equal principle. The Company actively recruits graduates and attracts a group of outstanding students to join the shipping industry through campus and corporate publicity campaigns. For example, we actively participated in the online job fair for the transportation industry organized by Shanghai International Shipping Center, attracting nearly 10,000 applicants. At the same time, to meet the needs of digitalization and supply chain development, we actively engaged in the headhunting of high-end talents.

COSCO SHIPPING Lines strictly abides by the local employment laws and regulations in the

places where it operates and prohibits child labor and forced labor. By continuously upgrading the human resources management system and refining the guidelines, the Company ensures compliant employment and legal dismissal of employees. If any child labor or forced labor is found, the Company will address the illegal employment according to local laws and regulations. Meanwhile, the Company is committed to promoting legal employment among partners and suppliers, requiring them to sign contracts with clauses prohibiting child labor and forced labor. During the Reporting Period, there has been no case of child labor and forced labor in the Company.

Based on the principle of equal recruitment, the Company has been constantly building a diversified and inclusive team to provide employees

with equal employment opportunities. Regardless of color, nationality, race, age, gender, religious beliefs or physical defects, any form of discrimination or unfair treatment due to any non-work-related factor is prohibited. The Company provides jobs to retired soldiers and firefighters to give them a diversified platform and career development possibilities. The Company also takes care of people with disabilities, guarantees various benefits and salaries for disabled employees, and helps them explore their career development and positioning.

By the end of the Reporting Period, the total number of employees of the Company was 17,118. The total number of new employees reached 787, and a total of 547 employees resigned, with a turnover rate of 3.62%.

By the end of the Reporting Period

17,118

the total number of employees of the Company

787

The total number of new employees reached



Promotion and Development

Ensuring employees' all-round promotion and development is an important condition to improve employees' enthusiasm, initiative and creativity. In 2022, the Company implemented corporate actions in terms of optimizing assessment and promotion system, and upgrading training programs, etc. Through objective and fair selection and customized training programs, employees were encouraged to further improve themselves, broadening their horizons and enhancing their competencies.

Assessment Optimization

In order to broaden the development channels for employees' career and personal development, the Company comprehensively guarantees the growth of outstanding employees from its system and action.

In terms of employee assessment, the Company continuously optimizes the Administrative Measures for Staff Assessment at Headquarters (Trial Version), and conducts annual assessment based on performance and competency according to the principle of "objective, fair, and quantitative". Apart from the assessment, the Company provides training courses for employees to improve their overall abilities.

In terms of employee promotion, the Company further refined the Management Measures for Business Positions and Ranks at Headquarters to ensure the promotion and development of outstanding employees. Adhering to the principle of outstanding performance, meritocracy, and fulfillment of potential to the full, the Company emphasizes on cultivating outstanding young employees by selecting the best in a democratic, open and competitive way. At the

same time, for employees who have made special contributions, the Company also provides exceptional promotion channels, giving positive incentives to outstanding employees to ensure high-quality development of talents in the shipping industry.

Meanwhile, COSCO SHIPPING Lines further revised the stock option incentive plan, which is aimed at senior managers, as well as key managers and technical backbone who have a direct impact on the Company's operating performance and sustainable development. In 2022, a total of 462 employees met the vesting conditions.

462

employees met the vesting conditions

Employee Training

Attaching importance to the continuous learning and development of employees, the Company formulates an all-round training system to provide customized training programs for employees of all ranks. In order to meet the self-improvement needs of employees, in 2022, the Company further optimized the training program of management trainee, strengthened the building of the talent team, and enhanced the all-round ability of employees and the corporate strength in the shipping industry.

The courses are planned with different share of general ability, expertise and leadership for personnel of different ranks. Four major talent development training camps like Sky Blue and Sea Blue are designed.

Competency enhancement trainings for young employees are held to help them boost personal efficiency.

Workplace Image Webinar is launched for the improvement of personal professional ability.



Main Content of the Company's Training



Promotion and Development



"Sky Blue & Sea Blue" Talent Development Training Camp

In November 2022, COSCO Shipping Lines launched the "Sky Blue & Sea Blue" Talent Development Training Camp for 49 young managers. Focusing on the emerging trend and tasks in the digital transformation of container shipping supply chain, the Camp covered how to strengthen the quality and capacity-building to serve the transformation and development of the Company.

The two sessions of training reinforced the awareness of digital supply chain transformation for middle and first-line managers and improved team management and leadership. Through analyzing the problems of communication and team management encountered in practice, the trainees developed responses to facilitate the transformation of digital supply chain in container transportation.



"Sky Blue & Sea Blue"-Talent Development Training Camp

In 2022

501,777 hours

the total training hours of the Company's employees were

with a total of

15,123

employees received training

Protection of Rights and Interests

Regarding talents as the driving force for long-term development, the Company truly safeguards the rights and interests of employees through various channels such as the Trade Union and Workers' Congresses, optimizes the welfare and assistance for employees, provides all-round protection, and effectively serves the various needs of employees.



Employee Benefits

The Company attaches great importance to employee benefits. According to the national and regional regulations, the Company added multiple benefits in 2022 to fully meet the needs of employees.

Insurance

- Basic social insurance premiums are paid in strict accordance with the national standards. Additional supplementary medical insurance is paid for employees. An enterprise annuity system has been established.
- Purchased traffic accident insurance and employer liability insurance for all employees at headquarter, as well as overseas employer liability insurance for expatriate employees to fully protect employees' rights and interest through a sophisticated insurance benefits.

Holiday

- Established a sound paid annual leave system, and the leave days are proportionate to the accumulated length of service.

Physical Examination

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

Subsidy

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

Female

- Continue to improve the environment and services of the "Mummy Hut" to provide more convenient and caring services for every mother. The "Mummy Hut" from COSCO Shipping Lines was recognized as a "Five-star Mummy Hut of the Shanghai Trade Union".

Employee Benefits

Protection of Rights and Interests

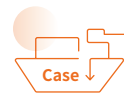
Labor Rights and Interests

The Company is highly attentive to the rights and interests of workers, and provides effective protection through Workers' Congress and Collective Agreement. The Company protects the legitimate rights and interests of employees at work, prohibits any form of discrimination and harassment in the workplace to create a healthy and safe working environment for employees.

At the same time, the Company pays close attention to and continuously monitors the crew's working hours on board, prohibits long working hours, and protects the crew's rights and interests such as rest, shift and holidays. The Company takes the mental health of the crew seriously. When it is difficult to change shifts, the Company actively coordinates with subsidiaries and ports to arrange many crew shifts at overseas ports through close cooperation and

joint efforts of shore-based authority and ships, making every effort to ensure that the crew can change shifts in time and go home smoothly.

In 2022, COSCO SHIPPING Lines further optimized the Administrative Regulations on Strengthening the Membership and Service of Labor Dispatchers of COSCO SHIPPING Lines Trade Union and the Implementation Opinions on the Treatment and Rest of COSCO SHIPPING Lines Workers (for Trial), to take all employees, including labor dispatchers, in the Trade Union and safeguard their legitimate rights and interests. Meanwhile, the Trade Union signed the Collective Contract with the enterprise as the workers' representative and established a labor dispute mediation system. When employee encounters labor disputes, the Trade Union will mediate and provide legal services.



Adhere and Improve the System of Workers' Congress

In January 2022, COSCO SHIPPING Lines held the first session of the second Workers' Congress, hearing and deliberating the Work Report of the General Manager, as well as deliberating and adopting the Implementation Opinions on the Treatment and Rest of COSCO SHIPPING Lines Workers (for Trial) and other matters that need to be reviewed by the Workers' Congress. The 17 proposals of worker representatives collected were sorted and all the responsible departments (units) were coordinated for serious research and handling. 94% of worker representatives were satisfied with the proposal handling, and 6% rated it as basically satisfied.

In addition, COSCO SHIPPING Lines held a staff meeting to introduce the organizational structure optimization scheme, the background and subsequent considerations of the reform to all employees. On the meeting, the Organizational Structure Optimization Scheme of the Shipping Business was deliberated and adopted.

Employee Assistance

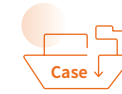
In order to help every employee with difficulties, the Company has established the Three-level Assistance Mechanism for Employees in Need. COSCO SHIPPING Lines has formulated the Management Measures for Employees in Difficulties. When employees encounter difficulties, the Trade Union of their unit will send them care and assistance at the first opportunity, solve the problem within their units, and escalate and help them according to the level of difficulties and assistance needed. The Company strives to help them as much as possible through the three-level assistance mechanism, clear their worries so that the employees in difficulties remain focused on the production and operation. At the same time, the Company sets aside funds for employees with difficulties with strict management to ensure that the funds are used for its specified purpose only. The Company paid close attention to the needs of employees in challenging times and carried out various caring activities for employees to ensure their physical and mental health and their safety, sending warmth to employees in time.



The Trade Union of Xiamen Branch Cared for Employees

In August 2022, the Trade Union of Xiamen Branch made every effort to ensure the safety and care for employees in various aspects when facing a heat-wave for days.

The leaders of COSCO SHIPPING Lines paid visits to the families of quarantined employees, and communicated with employees every Thursday to understand their needs and make adjustments on the fruits, food, and drinks delivery, so that the employees deeply felt the warmth from the Company.



Helping Employees with Difficulties

The trade unions at all levels of the Company made every effort to support employees in difficulties, equipped employees on duty with daily necessities and emergency medicines, and constantly sorted out qualified suppliers to provide necessities for workers. The trade unions also solved the special needs for retired workers, such as offering medical treatment and hourly housekeepers, and made every effort to help employees in Shanghai and families of overseas employees solve the difficulties.

Mobilizing resources at the first time, the trade unions of the Company distributed solatium in cash and in-kind worth 5.757 million yuan, delivered 4,719 packages of vegetable and meat to employees.

5.757 million yuan

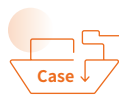
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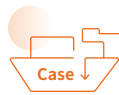
Employee Communication

To understand the needs of employees, the Company has set up diversified communication channels to address employees' confusions, solve their problems and empower them to grow rapidly. The Company communicates internal information to employees through the Office Automation System (OA) and Company mailbox and receives feedback on employee needs through informal discussions.



Young Employee Communication at the Shanghai Branch

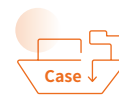
At the meeting, 15 young employee representatives from various departments and outlets shared their study and work experience since they joined the Company. The meeting encouraged young employees to exchange their understanding of future career planning and business integrity, so as to allow them to adapt to the team as soon as possible. While discussing career development and growth path, this meeting also guided young employees to strengthen their beliefs.



Young Employee Communication at Qingdao Branch

To further care for the growth of young employees, build effective communication channels, and spark enthusiasm, Qingdao Branch held a meeting with young employees in February 2022, and representatives of young employees from the headquarters attended the meeting. With face-to-face communication, the leaders listened to the voices of young employees, and learned about their opinions and suggestions on the Company's development.

Young employees talked about their personal growth and work experience, and put forward positive opinions and suggestions around corporate culture and team-building. After listening to each young employee's talk, the leaders had an in-depth communication with young employees.



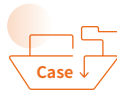
The Shanghai Branch Carried Out Team Building Activities

To appreciate nature and enhance cohesion, the Shanghai Branch organized a team building activity in Beihu Wetland Park. Sports activities such as ping-pong relay race and balloon defense race were carried out in the form of group competition, which improved the collaboration and collective honor of employees.



Shanghai Branch Team Building Activities



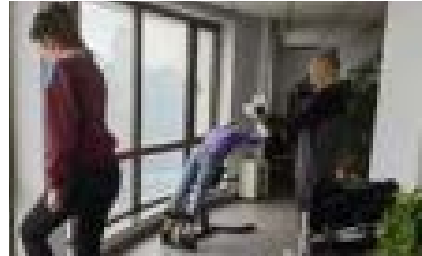


Case

The Trade Union of Dalian Branch Launched an All-staff Fitness Activity

To enrich the cultural life of employees, enhance the solidarity and cohesion, and promote high-quality development, the Trade Union of Dalian Branch carried out a wide range of all-staff fitness activities.

In October 2022, the Sales Department cooperated with the Freight Management Department and the Documentation Department to carry out a team building activity. This activity enhanced the communication among the three departments and showed the enthusiasm of employees in the Dalian Branch. After the activity, the employees stated that they would try their best to contribute to the team, and gain new achievements based on a new starting point.



The Trade Union of Dalian Branch Launched an All-staff Fitness Activity



05



Delivering Value to Marine Transportation

We deliver value through shipping. COSCO SHIPPING Lines, as the world's leading integrated container shipping service provider dedicated to the global shipping business, guarantees the safety of customers' business delivery and the health and safety of employees, while acting with professionalism at all times. CSL also constantly updates and improves services according to customer needs to realize the sustainable delivery of shipping value.

- Safety in Shipping
- Occupational Health and Safety
- Improvement of Services-Elena



Safety in Shipping

COSCO SHIPPING Lines is well aware of the particularity and high risk nature of ocean shipping, and always insists on keeping the safety bottom line in shipping to achieve steady development and complete transportation entrusted by the customers. CSL has fully implemented a responsibility system for production safety, strictly implements various safety management mechanisms, and effectively utilizes safety management system to ensure the safe operation of ships especially with regards to accident and emergency management, anti-piracy attack, extreme weather prevention and dangerous goods management.

Accident and Emergency Management





2022 is the last year of the "Three-Year Initiative" for special rectification of safety production. According to the stage requirements of the "Three-Year Initiative", CSL compiled safety management guidelines, refined the implementation plan of various activities, strengthened organizational work and responsibility implementation, and continued to provide strong supervision and guidance to ensure the effective and in-depth promotion of the activities in the "Year of Consolidation and Improvement" and to continuously improve the level

of safety and emergency management.

COSCO SHIPPING Lines insists on controlling risks at the source and strives to eliminate safety accidents from the source. CSL strengthens accident risk management and control from four aspects: system construction, risk identification, safety inspection, and system implementation, and effectively improves the strength and coverage of safety process control. During the Reporting Period, CSL had no safety production accidents.



Strictly abiding by the laws and regulations related to shipping safety, CSL has formulated the Measures for the Administration of Safety in Production, the Comprehensive Emergency Plan for Production Safety and other related internal policies, and amended the Regulations on the Management and Operation of Ship Armed Escort Suppliers and the Regulations on the Administration of Safety Education and Training during the Reporting Period to further regulate important matters in safety production activities and set out responsibilities of relevant departments.

System Construction		The Company instructed land-based units to focus on high-risk areas and operations, revise and improve relevant system documents and establish a long-term mechanism for production safety.
Risk Identification		The Company requires "One card for each matter" in respect of risk control of hazard and has made operation risk warning cards for special and critical operations of vessels and key equipment involved, so as to ensure the concept of prior management of safety to the front line of vessel operations.
Safety Inspection		The Company has developed annual safety inspection plans and set up special inspection teams in the ports for domestic and foreign trade to inspect as much as possible, and to regularly check and control risks in key areas such as personnel, operations, periods and waters with high risks.
Safety Training		Strengthen pre-service skill training and onboard tutoring for captain pilot, and continue to enhance the safety risk awareness and navigational safety and security capabilities of the navigation crew.

CSL also adopted a number of emergency management optimization measures and invited industry experts to revise the emergency management plan during the Reporting Period to continuously improve emergency management.

In addition, CSL conducts various safety drills to enhance employees' production safety awareness and skills. During the Reporting Period, COSCO SHIPPING Lines and its 16 subordinate units and 177 ships successfully completed the emergency exercise plan and held 372 drills, including 252 comprehensive drills and 120 special drills (including 9 joint drills between ship and shore), with a total of 10,092 participants.

Counter-Piracy Efforts

Pirate attacks are a great threat to the life and safety of crew members and the economic benefits of shipping companies. In order to ensure safe shipping, shipping companies need to incorporate counter-piracy measures into their daily safety management. Based on the basic principle of "Prevention first, constant vigilance, focusing on actual situation, preparing as soon as possible, acting quickly and keeping it out of the ship", CSL has formulated and implemented a counter-piracy policy to carry out supervision, inspection, warning and guidance of the daily counter-piracy work, and conducts regular training for crew members to counter pirate attacks.

CSL regularly analyzes the regions with frequent piracy incidents around the world, conducts research on the high-risk areas of piracy according to the latest international situation and tries to avoid pirate areas when designing routes wherever possible. If it is inevitable to enter an area where piracy frequently occurs, CSL will employ a third-party armed escort team to track and monitor its own vessels 24 hours a day. The captain will deploy all the crew members and clarify the anti-piracy alarm signals and contacts throughout the ship. CSL's vessels are also equipped with safety cabins as places to take refuge and retreat. In case of emergency, CSL will ensure the personal safety and basic living needs of the crew.

Improvement of emergency management

- Revised emergency management plan, set up a risk assessment team led by deputy general manager of safety, and established an emergency expert group
- Identified hazards in the production process of land-based units and vessels, and determined each initial risk level and control risk level on a case-by-case basis according to the company's Safety Production Risk Control Regulations and risk matrix assessment method
- Developed onsite responding plans for 7 onshore emergencies and 18 vessel emergencies



372

held drills

10,092

participants

Joint drills

- Damage or destruction to a vessel by an attack from the sea while at anchor or berthing
- Natural disaster/vessel stranding/grounding
- Cyber attack on a vessel
- Ship and shore dangerous goods fire emergency joint drills
- Overboard/injury drills
- Bomb search at sea joint drills



Special drills

- Emergency fire drills in and around warehouses and yards
- Special industry bulk operation on-site cargo fire/petrol station vehicle fire extinguishing drill
- CPR, high rise building fire escape, spontaneous combustion of coal and other safety drills
- Firefighting evacuation drills
- Typhoon and flood prevention and control



Extreme Weather Response

Global climate change makes the effects of extreme weather long-lasting, widespread, intense and hazardous, posing a serious threat to the safety of employees and property on vessels and in terminals. CSL has always adhered to the principle of "Prevention first, combining prevention with resistance, taking early shelter when appropriate and allowing for unforeseen circumstances" to keep the safety bottom line with the joint effort of the vessels and the terminals.

Extreme Weather Risk Preparedness

- Collaborates with three weather routing companies and invested massive funds to provide long-, medium- and short-term weather analysis, warning and forecast for vessels and shore before sailing and at sea.
- Develops a 24-hour duty system and provides severe weather warnings.
- Establishes a tracking and monitoring mechanism for key vessels.
- Arranges port agents to provide weather warning and emergency support functions in the event of sudden adverse weather events.
- Develops detailed typhoon and wave area sheltering standards to guide sailing vessels and vessels in port on response measures against wind.



Responding to Typhoon Muifa and Getting Prepared for Typhoon and Flood

On September 11th-12th, 2022, Muifa, the 12th typhoon of the year, hit the coastlines of China. COSCO SHIPPING Lines attaches great importance to typhoon prevention and combating. It adhered to the policy of "Prevention first, taking early shelter when appropriate and allowing for unforeseen circumstances", carried out analysis and made prompt decisions, activated emergency plan for typhoon prevention and combating immediately, formulated detailed prevention plan taking into account typhoon dynamics, port information, route schedules, vessel conditions, loading conditions and other information and went all out to do all the preparations for flood and typhoon prevention.

In terms of management and scheduling, COSCO SHIPPING Lines promptly passed anti-typhoon instructions to all vessels, kept a close eye on typhoon movements and the position and condition of vessels, arranged position adjustment in time, actively contacted terminals to arrange berthing plans, balanced loading and unloading requirements of vessels at terminals, and reduced vessel turnaround time by seeking dock operation resources to ensure that vessels could leave the dock to seek shelter during typhoon.

In terms of site safety, COSCO SHIPPING Lines reinforced containers against typhoon, focusing on binding and fastening of containers in the yard, strengthened gantry cranes and stacking machines against wind, and cut off electricity to outdoor temporary power lines in the container repair area to stop the operation. Typhoon prevention and flood control measures were taken for 4 warehouses in the storage area, including measures to prevent wind and rain for goods piled outside the warehouses. All types of special vehicles in the warehouse area were properly parked and all warehouse doors were closed when strong winds and heavy rains came.

COSCO SHIPPING Lines also strengthened its 24-hour watch and dispatch, closely tracked port arrivals and departures and mapped out arriving vessels and vessels taking shelter during typhoon. It kept in constant contact with shipping companies and terminals, making full preparations for vessels arriving in terminals after typhoon, and reserved inventory of empty containers one week in advance to ensure smooth picking up of empty containers during typhoon, thus minimizing the impact caused by typhoon.



Dangerous Goods Management

Due to the significant impact of dangerous goods on safe shipping and ecological environment, the entire transportation process should be managed by strict regulations to ensure the safety of goods transportation and reduce the risks and losses caused by dangerous goods accidents. CSL abides by the classification and operation procedures of dangerous goods stipulated in the International Maritime Dangerous Goods Code formulated by the International Maritime Organization, and complies with environmental protection laws and regulations such as the Yangtze River Protection Law of the People's Republic of China to fulfill its responsibility of preventing and controlling the transportation of dangerous goods, prevent and control the occurrence of maritime transportation of dangerous goods, and protect the marine environment and fishery economy.



- Check whether the products supplied by the customer are dangerous goods according to the type of dangerous goods booking applied for by the customer.



- After confirming the dangerous goods category or UN number, the Company classifies the goods as either prohibited or restricted according to the relevant policy on dangerous goods and confirms the transport route.



- During transportation or stacking, the Company ensures that dangerous goods comply with relevant handling and segregation requirements.

Whole Process Management of Dangerous Goods Transportation

At COSCO SHIPPING Lines, the dangerous goods handling team has established a three-level dangerous goods transportation working group consisting of COSCO SHIPPING Lines, Shanghai Ocean Shipping Co., Ltd. and vessels according to the requirements of division of responsibilities and approval process. The working group organizes regular assessment and conscientiously performs its duty of accepting and approving dangerous goods throughout the transportation from the time a container is booked by the customer to the time they are shipped out. COSCO SHIPPING Lines has conducted business knowledge updating training for employees related to dangerous goods in the system, strengthened daily management and operation of dangerous goods to ensure the safety of approval and transportation of dangerous goods. During the Reporting Period, COSCO SHIPPING Lines dynamically revised and improved its dangerous goods acceptance policy and carried 5 types of new dangerous goods with UN numbers from 8 new customers.



Supporting the Transport of Lithium Batteries in the New Energy Sector

The batteries of electric vehicles are dangerous goods, and therefore face various different and more stringent safety requirements in export control than those of ordinary vehicles. During the Reporting Period, COSCO SHIPPING Lines held 6 seminars on lithium battery energy storage containers with customers, relevant maritime safety administrations and classification societies to discuss ways to carry this new type of cargo and to actively support transport of lithium batteries in the new energy sector.

In October, 2022, Wuhan Branch took the initiative to contact customs before the start of the

first batch of pure electric vehicle export project to report details of the goods, customers' stock preparation and delivery requirements, and to confirm regulations and requirements of each aspect of customs for electric vehicles as a new type of cargo, including issues such as how to determine the export commodity declaration code and coordination of shipside loading of dangerous goods. Under the coordination of COSCO SHIPPING Lines, the export declaration, shipside loading and customs clearance for the first batch of 101 new energy electric vehicles were completed within two days.



CSL also strengthened joint prevention and control with the competent authorities, cooperated to develop the Company's dangerous goods audit management system, and made full use of the Internet of Things and big data technologies to further promote joint prevention and control cooperation taking IBOX as an entry point. COSCO SHIPPING Lines along with OOIL have successfully developed the Company's dangerous goods audit management (DGAM) platform to promote the systematic and digital transformation of dangerous goods transportation operation management. By continuously strengthening the prevention and control of misreporting and concealment of dangerous goods, CSL has enhanced disciplinary action against non-compliant customers. During the Reporting Period, a total of 25 cases of concealment and misreporting of goods were detected, and 7 parties responsible for malicious concealment of dangerous goods were added to the Company's blacklist.

Occupational Health and Safety

The health and safety of employees is an important driving force to promote the sustainable development of shipping. CSL has always adhered to the concept of "Employee Safety First", conscientiously fulfills its responsibility for occupational health and safety, strictly implements occupational health and safety laws, regulations and systems, regularly reviews health and safety policies and performance of employees in all operating sites, and provides comprehensive and well-established safety training to guarantee employees' occupational health and safety. CSL has also incorporated occupational health and safety requirements into supplier evaluation process. COSCO SHIPPING Lines has passed ISO 45001 (Occupational Health and Safety Management) certification to create a safe working environment for the employees.

Governance



- COSCO Shipping Lines has established the Occupational Health and Safety Management Regulations to supervise, inspect and guide the occupational health and safety work of all units, including all departments, affiliated units, and contractors
- Safety production indicators incorporated into executive compensation

Strategy



- Improving safety risk management: identify occupational health hazards, provide health checks and improve emergency management
- Enhancing occupational safety awareness: strengthen red line awareness and responsibility awareness
- Strengthening safety management construction: strengthen system construction and team building
- Occupational safety training: incorporate occupational safety education and training into annual development planning

Occupational Health and Safety Management

CSL strictly carries out occupational health and safety management in terms of governance, strategy, risk management, metrics and targets monitoring, and comprehensively implements occupational health and safety management from the perspectives of enhancing occupational safety awareness, strengthening safety management construction, deepening occupational safety training and strengthening safety risk management. In 2022, CSL continued to carry out activities such as the Occupational Disease Prevention and Control Law Awareness Week to implement safety responsibilities and promote safety development.

Risk Management



- Carry out annual mapping and assessment of major risk sources, occupational health environmental health risks, operational risks, etc., and combine major safety risk and hidden danger investigation and remediation with the Three-year Initiative for special rectification of safety production
- Develop and carry out annual safety inspection plans
- Develop a 2022 hazard and risk factor control list for operational environment

Metrics and Targets



- Generally safe and stable, with no occupational diseases, major fatalities or mass casualties or serious injuries and less minor injuries for which liability is incurred
- Continuous improvement to conditions in the workplace
- 100% training rate for new employees and crew members and 100% rectification rate for hidden peril of accidents
- Significant improvement to awareness and ability of employees to prevent occupational injuries

Occupational Health and Safety Training

CSL continues to carry out occupational health training to promote awareness of work safety among every employee. During the Reporting Period, safety certificate training, special training for crew members, training for new employees and training seminars were carried out according to the safety production situation of the Company.

Safety Training Highlights



Three-level safety training for more than

670

new employees in the system

more than **420**

in-person and online interviews and trainings for part-time vessel occupational health and safety supervisors

A total of

10

training courses on navigation safety, labor safety, equipment safety, production safety law, mooring safety for bulk carriers, green and intelligent shipping and vessel safety, tutoring for captains of vessels managing their own loading, container stacking and customs declaration, and crew business training, etc.

with **512** participants

220 participants

COSCO Shipping Lines' Regular Meeting of Captains, Chief Engineers and Chief Offices of Vessels Training Course (Phase I) attended by over

Continued online vessel positions special training releasing a total of

198

tiered and classified course materials and providing online support, combining teaching, management and production

A total of

87

persons in charge and safety managers were arranged to attend safety certificate training in various locations throughout the year



Safe Production Month Activities Carried out Successfully

In June 2022, COSCO SHIPPING Lines kicked off this year's Safe Production Month activities with the theme of "Abide by Work Safety Law and Be the Focal Point". Through safety activities such as safe production warning and education activities, safety hazard investigation and management activities and safety emergency drills held on many vessels, COSCO

SHIPPING Lines continued to implement the safety requirements of "Five Precautions" for all vessels, and insisted on "Taking care of minor matters, preventing major events, finding hidden dangers and filling shortcomings" to ensure the safe and efficient operation of vessels and the completion of customer transportation consignments.



Fan Ya Ning De Ship's "Safe Production Month" Activities

Improvement of Services

Focusing on the strategic goal of becoming a "customer-oriented, value-leading and world-class integrated service provider of container ecosystem", the Company puts customer at the center and align with customer needs.

Digital Transformation

The Company's digitalization strategy is based on the thorough integration of information technology and shipping logistics, with "Technology + Scenario" as the core. The Company continues to promote digitalization and intelligence around the industrial chain, applying blockchain and Internet of Things technologies to shipping.

Digital Intelligence Empowered Supply Chain

Focusing on the concept of "Digital Intelligence Empowerment", the Company has formulated a digital supply chain development plan to provide customers with one-stop supply chain logistics solutions through the digital collaboration of intelligent product portfolios and delivery plans. COSCO SHIPPING Lines has also actively experimented with the combination of "Digital Intelligence + Customization" services in its customization and whole-process services to the customers, and improved the ease of use, flexibility and intelligence of supply chain products and management based on visualization platform, Syncon Hub, WMS and other channels.



Upgrade of Syncon Hub Digital Intelligent Supply Chain Platform

In 2022, COSCO SHIPPING Lines further optimized the Syncon Hub digital intelligent supply chain platform, and comprehensively optimized and upgraded the four service channels into four product segments: ocean freight, road freight, customs declaration and warehousing and distribution, marking the official launch of the Company's digital supply chain services on the e-commerce platform Syncon Hub.

In 2022, Syncon Hub started dedicated operations on road freight and customs declaration, which used to be part of the extended services of ocean freight, enabling Syncon Hub to provide full end-to-end services for e-commerce customers. The optimization and upgrade of the Syncon Hub platform enables the whole process of specific business operations, such as orders, bookings, documents and invoices, to be controlled at anytime and anywhere, and realizes the dynamic and real-time tracking of goods around the world. The Syncon Hub platform also provides customers with one-stop supply chain logistics solutions to meet their different needs and enables personalized combination of products. The platform further

launched AI intelligent customer service to provide 7*24-hour online professional services for massive repetitive inquiries. It can also provide customers with more differentiated and personalized services through constantly upgraded self-learning professional service solutions, to help customers overcome challenges.



Syncon Hub Digital Intelligent Supply Chain Platform



WMS Warehouse Management System

In 2022, the Company developed a targeted WMS Warehouse Management System to support the digitalization of multi types of warehouses and the entire business process. The platform also provides a visual booking platform for suppliers and carriers, which dynamically displays warehouse operations and provides real-time business monitoring and risk warning.

Jiaxing Warehouse further shortens the physical distance from warehouse to container by replacing warehouse with containers and Electronic Data Interchange (EDI), so that the storage plan and logistics data can be accessed with one click. Customers will have the perfect experience of reduced cost and increased efficiency through digital supply chain.



WMS Warehouse Management System

Digital Intelligence Improves Customer Experience

In 2022, the Company further innovated and upgraded various intelligent service software and systems, empowering customer services with digital intelligence through intelligent cold chain platform, paperless documents, paperless transactions, blockchain electronic bills of lading and other platforms, and further upgraded customer experience through digitalization, intelligence and paperless services.



MY REEFER Intelligent Cold Chain Service Platform

In 2022, My REEFER, a new one-stop platform for intelligent reefer containers was launched by the Company. The platform combines IoT technology with AI algorithm to provide customers with a digital solution for full visibility and control and autonomous management of cold chain through real-time control of the status of more than 40,000 intelligent reefer containers scattered around the world.

The Company's fleet of intelligent reefer containers covers more than 400 routes in more than 140 countries around the world. With the help of Internet of Things technology, customized AI algorithm and rich data interfaces, real-time information is transmitted back to MY REEFER platform every 15 minutes to provide early warning when the container temperature is not up to standard and to enable paperless customs declaration of cold processing data. This further improves customs clearance efficiency for importers and provides a 7*24-hour service for cargo transportation. The Company also uses Smart

PTI technology to generate a suitability curve of the equipment through algorithms to ensure that the intelligent reefer containers are in the best working condition. The annual emission reduction effect is equivalent to the carbon emissions absorbed by 454 hectares of forest in one year.



Intelligent Cold Chain Platform



Intelligent Customer Service Platform

The intelligent customer service platform was officially launched on January 1, 2022. It covers offline customer service of domestic and foreign trade, online customer service of domestic and foreign trade e-commerce and online service of Pan-Asia e-commerce. A brand-new online service channel was added to meet customers' diversified access needs. Yuanbao, an intelligent service robot, was launched at the same time to offer 7*24-hour online automatic response, which enhanced consistency of Company image in customer service.

As of the end of 2022

76.1%

the automatic processing rate of the intelligent robot accounted for online services

115.9%

the use of the platform's online channels by customers increased by

11.6%

while the hotline service channels increased by

The global service response speed and service level were further enhanced.



IQAX eB/L Blockchain Electronic Bill of Lading

IQAX eB/L operates on the Global Shipping Business Network (GSBN) platform and provides a single source for the authenticity, security and traceability of bills of lading. It allows all parties involved in international carriage of cargo by sea to manage bills of lading completely online, simplifies the operation, reduces the cost and improves the efficiency. It also allows users to issue, circulate and exchange bills of lading online and to view the real-time status of trade and cargo transportation throughout the shipment. In addition, the electronic delivery of bills of lading is simple and fast, which shortens the circulation of traditional paper bills of lading by 3-5 days, greatly reducing the time cost of both parties.

The Company has successfully certified the whole process of the product together with a number of banks and verified the expected effect of the product in various scenarios of multiple customers. The Company is looking forward to bringing more value-added services to customers.

The Company will continue to thoroughly integrate customer needs with digital transformation, keep improving digital operation capability aiming for efficiency, strive to implement the digital transformation strategy, and continue to build a global digital supply chain operation and investment platform around container shipping.

Direct Service

The Company further improves the end-to-end container integrated logistics service network and continuously improves service quality to optimize customer experience. In 2022, an end-to-end transportation scheme for whole vehicles and a global diversified end-to-end logistics solution were launched for the Company's container transportation business to provide diversified and personalized end-to-end supply chain solutions for more customers.



The First Europe-Middle East End-to-End Project

For a globally diversified and comprehensive logistics solution, the CSP Abu Dhabi Terminal cooperated with COSCO SHIPPING Lines Spain to successfully complete the first batch of container booking for and provide door-to-door delivery service to the client after 1.5 years of joint efforts.

The services of the whole project include ocean freight booking, road freight to the loading port, customs clearance, port operation at the loading port, port operation and customs clearance at the port of discharge, and delivery to the steel plant. This cooperation has successfully opened up a logistics service channel for the customer from Spain to Khalifa Port in the United Arab Emirates, laying a foundation for further developing logistics extension services for exporting products from Khalifa Port to the rest of the world.



COSCO SHIPPING Lines' End-to-end Transportation Solution Helps Customers Ship Their Vehicles

A customer of COSCO SHIPPING Lines encountered great challenges in transportation because of the large volume, irregular size and difficulty in disassembling and assembling of the vehicles. The different types of vehicles also added difficulty to the shipment. COSCO SHIPPING Lines used an innovative end-to-end transportation solution to help the customer shipping its vehicles.

COSCO SHIPPING Lines used whole-vehicle packing bracket for the first time to overcome the technical problems of vehicle packing and unpacking, and coordinated local customs, maritime safety administration and other authorities to successfully complete the packing operation at the site. After arriving at the port,

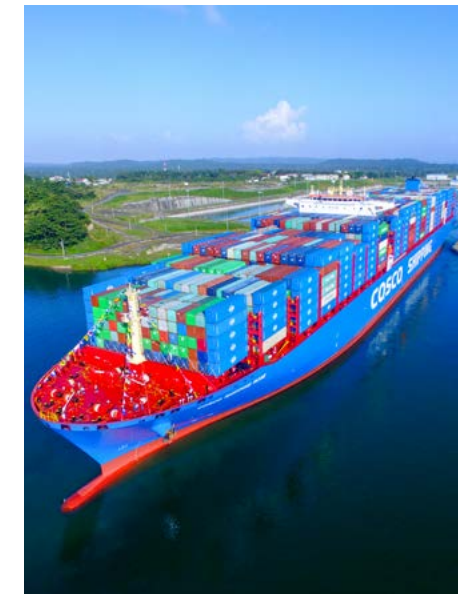
the unloading and customs clearance procedures were completed in accordance with the established operational procedures and the unpacking operation was carried out the next morning under the close coordination of COSCO Shipping Ports' business team and customer project team and local inspection agency.

The successful implementation of this project alleviated the difficulty of vehicle transportation by catering to the transportation needs of the customers for multiple types of vehicles. This signifies the Company's ability to provide full-chain service for transportation of vehicles and to offer customers with a wider range of end-to-end logistics transportation solutions.



End-to-end Transportation Solution Helps Customers to Ship Their Vehicles

The Company will further expand the digital supply chain extended business, keep up with customers' needs, upgrade end-to-end services, strive to provide customers with more solid and reliable logistics support to reflect the value advantages of the Company's brand image as a pioneer in the smooth flow of goods for various customers.



Privacy Protection

The Company attaches importance to privacy protection and internal data security protection, and strictly protects customer privacy. In order to strengthen the protection of customers' privacy and safety, the Company has been implementing the *Cybersecurity Law of the People's Republic of China* for employees at all levels through in-depth study of the information protection concept. The Company also conducts cyber security awareness trainings such as the Safe Production Month to further improve privacy protection and data security protection.



The South China Branch Carried out Cyber Security Awareness Training

In July, 2022, in order to improve employees' awareness of cyber security, the South China Branch held a training on cyber information security management, which was attended by staff from the headquarters and various directly affiliated units via video connection.

During the training session, COSCO SHIPPING Lines explained in detail the basic rules that must be observed in cyber security. The session also covered PC terminal standardization, password strategy, terminal management, web page security and other content around precautions to be taken during the 2022 cyber security attack and defense drill and the current challenges in cyber security.

Through this training, the employees' awareness of cyber security was further enhanced and their ability to identify risks was improved to protect the Company's high-quality development.



Dalian Branch Carried out Special Training on Digital Security

As the cornerstone of digital development in the future, cyber security is the driving force of digital transformation and upgrading. COSCO SHIPPING Lines provided trainings to its employees according to the Management Measures for Cyber Security and based on the Company's network structure. By analyzing specific practical cases from multiple perspectives, such as password security, phishing emails, APT attacks and emergency handling methods, the training further strengthened the awareness of information and cyber security of all employees in Dalian Branch and laid a solid foundation for improving the overall cyber security guarantee ability and protection level of Dalian Branch.

Through training, employees had a deeper understanding of the importance of the safe operation of basic information network and essential systems. This provides an extra layer of protection to cyber and security.

Customer Experience

Adhering to the customer-oriented concept, the Company always puts customer experience in the first place. It strives to provide more customized services in addition to standard services, which means offering the right products at the right time and in the right scenario. The Company will integrate its businesses to achieve the self-operation in the whole process of road freight, air freight, towing, customs declaration, warehousing and distribution, so as to better serve customers and enhance their experience throughout the process.

Customer Service Process Upgrade

The Company attaches great importance to the distribution of service information. In 2022, in response to the lack of transparency and timeliness in the release of service information, the Company further standardized information that's to be distributed, confirmed channels for information distribution, and established an information distribution mechanism from information collection, circulation, review to distribution. COSCO SHIPPING Lines also formulated the process of distributing service information, and officially launched the subscription and push functions of its official website to achieve standard, timely and accurate distribution of service information and enhance customer service experience.

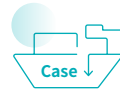


Optimized Booking Confirmation Process

In 2022, COSCO SHIPPING Lines used digital means to achieve the circulation and tracking of space requirements during the booking stage, improve the operational efficiency of booking confirmation; COSCO SHIPPING Lines also utilizes systematic means to achieve unified maintenance and management of critical service deadlines. At the same time, COSCO SHIPPING Lines achieved centralized configuration management of booking confirmation templates through the system, improving the consistency and accuracy of booking confirmation documents; As of the end of 2022, the unified configuration and centralized management of global booking confirmations has been completed.

Customized Services

Through customized solutions, the Company provides tailored services and high-standard experience for customers of all sizes.



COSCO SHIPPING Lines Provided Customized Cold Chain Smart Solution for Customer Importing Coconuts

In 2022, the use of reefer containers for coconut imported from Southeast Asia to Nansha Stevedoring Terminal were more popular than in previous years. COSCO SHIPPING Lines learned that customers' previous refrigerated road transport route was blocked and that the normal production and sales of some manufacturers were affected.

In order to address customers' pain points, COSCO SHIPPING Lines tailored a set of road-to-sea solution for manufacturers, which enabled imported goods to be transported directly from Nansha to Haikou through the domestic IC25 route. The trailers in Nansha and Haikou were coordinated to control the time and cost of container change. The first batch of 9 reefer containers have been successfully delivered.

The transformation of the cold chain from road to sea brought into play the advantages of high efficiency, fewer links and lower cost, and has been highly recognized by customers for its stable and controllable logistics channels, seamless connection throughout the process and customized services.



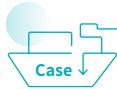
COSCO SHIPPING Lines Provided Customized Cold Chain Smart Solutions for Customer Importing Coconuts

The first batch of

9

reefer containers have been successfully delivered





Customized Service of Dalian Branch Solved Customer's Problems

Dalian Branch set up a special service team for China National Petroleum Corporation (CNPC) projects, which is responsible for all aspects of CNPC's entire supply chain, connecting upstream and downstream in time, ensuring that the customer's special needs can be responded to promptly, and proposing optimal solutions in time.

After Chinese New Year in 2022, a customer of CNPC was unable to deliver products as planned due to shortage of raw materials, and the trade was greatly affected. Dalian Branch immediately activated exclusive customized service process for CNPC and inquired about the cargo dynamics through the system and contacted the upper and lower ends of the business. In view of the backlog of goods and limited operation capacity during Chinese New Year, the Branch actively communicated with the terminal to track the operation of the terminal in real time, and the goods were picked up and delivered to the customer's warehouse in time to ensure the production of the factory.

COSCO SHIPPING Lines helped the customer to overcome the difficulties through personalized and customized services, which was well received by the customer.



Customized Service of Dalian Branch Solved Customer's Problems

Supporting Small and Medium-Sized Enterprises

In 2022, the Company made every effort to provide reliable service and convenient and flexible operations for small and medium-sized customers. The Company effectively guaranteed the smooth logistics chain for its small and medium-sized customers through comprehensive global shipping network layout, strength in digitalization of shipping and advantages in end-to-end full supply chain management. The Company further assumed corporate responsibility by offering service fee reduction for small and medium-sized enterprises with difficulty in booking flights to help them overcome difficulties.



The Shanghai Branch Provided Dedicated Services to Solve Problems for Small and Medium-sized Customers

In 2022, a customer in Shanghai faced a serious shipping problem: the domestic inventory was overstocked but the order could not be delivered in time. The customer urgently sought support and help from the Shanghai Branch.

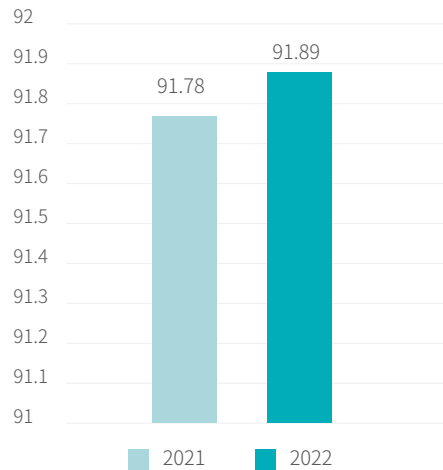
After gaining a better understanding of the practical difficulties of the customer, COSCO SHIPPING Lines urgently coordinated with the free-trade zone to sign contracts promptly in accordance with the trade zone's policy guidelines and negotiated with the customer for a reasonable freight rate. The Branch also actively communicated with relevant ports for shipping space support based on the actual needs of the customer to deliver products to ensure stable shipping space support and shipment.

Since signing the contract, with the full cooperation and support of all parties, the urgent needs of the customer have been catered for. COSCO SHIPPING Lines has put into practice the service concept of "customer-oriented", helping a wide range of direct customers to resolve supply chain disruptions.

Customer Satisfaction

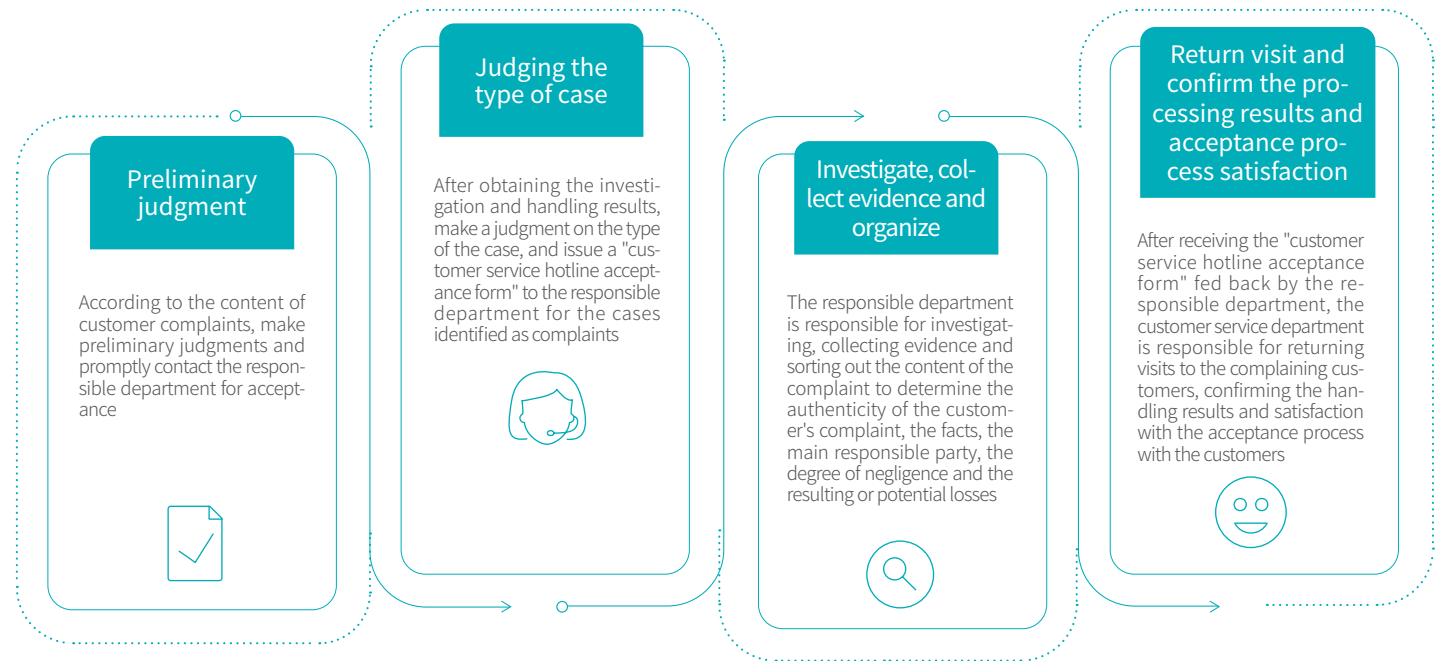
The Company attaches great importance to customer satisfaction and regularly conducts customer satisfaction surveys to gain an in-depth understanding of customer expectations and suggestions. The Company also comprehensively improves customer experience and satisfaction through various customized improvement measures.

In 2022, COSCO SHIPPING Lines continued to conduct global customer satisfaction survey. The survey was conducted in the form of an online questionnaire, which was distributed to customers around the world through the satisfaction survey platform developed by COSCO SHIPPING Lines. A total of 2,324 questionnaires were collected and the results showed that the global overall customer satisfaction rate of COSCO SHIPPING Lines in 2022 was 91.89, an increase of 0.11 compared with 2021.



Increase of Customer Satisfaction Rate for COSCO Shipping Lines

During the Reporting Period, the Company further optimized the customer complaint system and handling process. Complaints are investigated and evidence is collected by the responsible department to determine the authenticity of the complaint, the facts, the main responsible party, the degree of negligence and the damage caused or potentially caused. The customer service hotline acceptance forms are collected and used to carry out follow-ups. In the event of a complaint, the Company will immediately activate the response process and reply on the same day or within the promised time frame, and keep a detailed record of all customer complaints and their outcomes.



Customer complaint handling process

During the Reporting Period, the Company received 201 customer complaints and all of them were handled according to the agreed process.

06



Delivering Value to the Society

The Company actively fulfills corporate responsibilities, shares social values, and passes on love and care. With business expansion and corporate development, the Company always pays attention to improving the supply chain management system, creating a sustainable industrial chain, and driving suppliers to achieve common prosperity. At the same time, the Company regards participating in public welfare as an important corporate task, and carries out long-term actions in charity and rural revitalization to promote social well-being.

- Sustainable Supply Chain
- Prosperous Economy
- Rural Revitalization
- Community Involvement
- Volunteering



Sustainable Supply Chain

The Company adheres to the principles of openness, fairness and justice in practicing responsible procurement and implementing strict supplier management mechanism with constant improvements to promote the sustainable development of the whole industrial chain and jointly create social value.

Supplier Management Measures

In order to achieve sustainable supply chain management, the Company revised and strictly followed the Regulations on Supplier Management Measures, Procurement Management Measures, Transportation Procurement and Supplier Management of COSCO SHIPPING Lines, further strengthening the review of supplier access and existing suppliers.

Supplier Admittance

The Company has always maintained strict admittance requirements for suppliers, formulated the supplier access process, and designed the supplier access criteria. In the process of supplier selection, not only are the scale and qualifications of suppliers considered, but also the environmental and social performance of suppliers in daily operations. In terms of the social risks, the Company ensures that suppliers are able to identify and control their own occupational health and safety hazards and implement effective prevention and management measures for potential major hazards. In terms of environmental risks, the Company requires suppliers to effectively identify and update important environmental risk factors, and strives to control their impact on the environment.

The Company holds its suppliers to high standards, and is devoted to selecting suppliers that are consistent with the Company's values and requires all suppliers to sign the Commitment Letter of Anti-Commercial Bribery for Suppliers. By the end of the Reporting Period, all suppliers had signed the Commitment Letter. The Company also requires new suppliers who are not selected by bidding to complete the Self-examination Questionnaire of Supplier's Social Standards Compliance, which clearly requires suppliers to make commitments in social responsibility, employee health and work safety. In addition, the Company conducted spot checks on suppliers at the end of the year, and summarized and gave feedback on their performance.

Supplier Assessment

For existing suppliers, the Company conducts annual assessment and rating, and scores the performance of suppliers. For suppliers with low scores and poor performance, the Company puts forward targeted improvement suggestions. The supplier assessment incorporates multiple dimensions to comprehensively consider the performance of suppliers in corporate governance, employee safety, customer service, business ethics and environmental protection, so as to ensure that the suppliers of the Company have sufficient technical expertise and scale, management capabilities, as well as excellent product and service quality.

Supplier Risk Assessment

To reduce supply chain risks and strengthen the digital transformation capability, the Company regularly identifies, tracks, and evaluates potential risks in the supply chain, and proposes countermeasures. In terms of risk monitoring, the Company continuously optimized the supply-side network effect, built a supply chain management platform by using digital systems, leveraged the leading technological advantages of IRIS4 system, and realized end-to-end supplier data interaction, delivering a transparent, safe and stable supplier management.

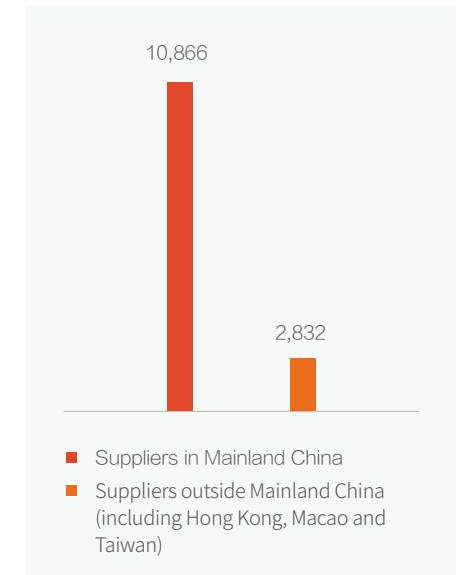
The Company strictly selects qualified suppliers from the supplier pool during procurement, gives priority to suppliers with long cooperation and good credit, to reduce risks from the source and safeguard its customers and business.

Supplier Communication

The Company is committed to establishing a good communication with suppliers. Through communication channels such as supplier meetings, interviews and qualification audits, the Company is dedicated to solving problems for suppliers, conveying quality requirements, and improving suppliers' service and safety awareness. The Company regularly collects feedback from suppliers to improve efficiency for future cooperation.

Suppliers by region

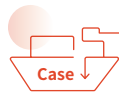
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Prosperous Economy

Mutual Assistance between Enterprises

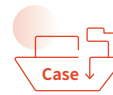
The Company focuses on industry cooperation, mutual assistance in enterprise operation, and promotion of regional economic development. Relying on a solid business foundation and transportation capacity, the Company continues to address the challenges in daily operations for small- and medium-sized enterprises (SMEs), and provides assistance to enterprises in need domestically and abroad. In the first half of 2022, due to port congestion and shortage of operators, the ship turnover efficiency was affected with ships failing to sail in time, resulting in compromised market capacity. In order to solve the problems of shipping space shortage, service degradation, and cargo detention, the Company has formulated support policies for SMEs. In the process of customer communication, the Company insists on providing meticulous services from the perspective of SMEs and actively seeks solutions for customers to safeguard the development of SMEs.



Facilitating SMEs to Unblock the Logistics Channel

In January, 2022, local SMEs in Mengyin County, Linyi City, Shandong Province, suffered from congestion and hard-to-find shipping space in local ports. Due to the blockage of shipping routes, local SMEs in Mengyin County are facing the severe challenges in exporting goods, and the accumulation of unsold goods would have directly led to the industrial chain disruption in Mengyin County.

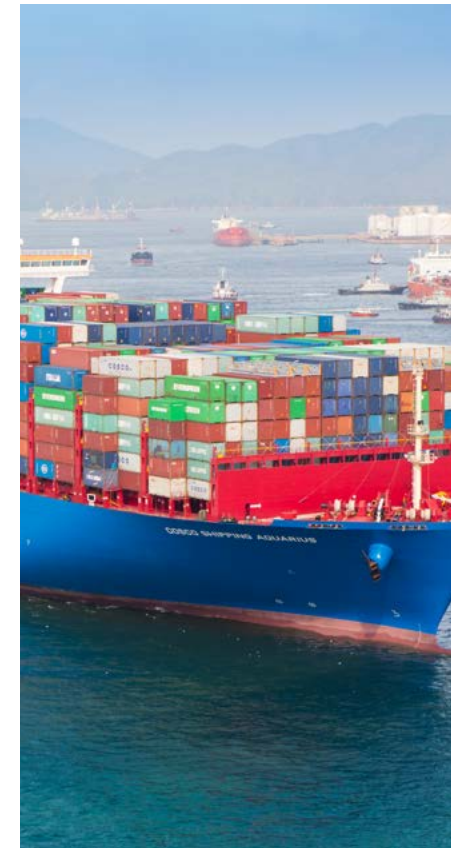
In order to address the challenges of export blockage and products overstocking, the Qingdao Branch leveraged the special freight service of container transportation for small- and medium-sized customers to formulate targeted assistance measures for enterprises, which ensured the delivery of goods for local enterprises and played an important supporting role in the economic development of Mengyin old district, as the local industrial chain is the lifeline of thousands of farmers and an important component of rural revitalization. The Company demonstrated its corporate responsibility at a critical moment, creating a solid foundation for the future cooperation between the two parties.



Facilitating the Export of Agricultural Products

In May, 2022, in order to help with the recovery of agricultural products export in Guangdong province, the South China Branch organized a trip to the processing center of an agricultural product enterprise in Gaoming, Foshan, and packed a total of 45 tons of fruits into containers, which were then shipped to the United States after the on-site inspection and quarantine at the Gaoming Office, Foshan Customs. The export of agricultural products was successfully completed, which solved the overstock problem for the enterprises.

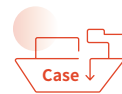
Adhering to the concept of an integral upstream and downstream industrial chain, and acting on the belief of creating a good industrial environment, the Company unblocks routes for enterprises in need to help them break through difficulties. Through stable channels and efficient transportation, we have successively signed annual transportation contracts with a number of key agricultural enterprises to provide them with safe and reliable transportation services.



Rural Revitalization

Empowering rural development and narrowing the gap between urban and rural areas is a great goal for the Company to fulfill its social responsibilities. As a responsible enterprise, the Company strives to give full play to its advantages and make use of natural conditions such as convenient transportation and abundant channels to help rural revitalization, enhance community resilience, and assist remote and underdeveloped areas to grow and develop together.

From July 20th to 26th, the Company actively responded to the activity of Promoting Agriculture through Consumption. Branches, unions at all levels and employees all actively participated in the activity through Ocean1. The Company encourages using green and healthy specialty agricultural products as gifting options for employees' families and friends, and provides employees with various specialty foods from the areas in need in the corporate canteen, allowing employees to eat healthily while expanding the sales of agricultural products in the areas in need.



Special Promoting Agriculture Event through the Ocean1 Platform in 2022

Ocean1 is a multi-user online mall under COSCO Shipping Lines. In the agriculture assistance activity held in 2022, the Company leveraged this digital platform to assist the online promotion of products in poverty-stricken counties and help promote agriculture through consumption. The agricultural and livestock products sold in this activity mainly came from 4 poverty-stricken counties assisted by COSCO Shipping Lines, namely Yongde County in Yunnan, Anhua County in Hunan, Yuanling County in Hunan and Luolong County in Tibet, with a total of 105 specialty agricultural products.

In addition to creating the Agricultural Assistance Zone on Ocean1, the website is further developed to embed the activity entrance link of the Agriculture Week into the relevant pages of the website, broadened the sales channels of agricultural products, and combined digitalization with traditional agricultural products to help all specialty agricultural products in poverty-stricken counties become accessible to the public.

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specialty agricultural products

Community Involvement

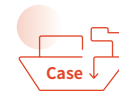
The Company has been devoted to integrating charity into its corporate operation for a long time. The Company is well aware that the support of all sectors of society is indispensable to the development of enterprises, so the Company gives back to the society through community investment and pass on love and warmth to the people in need.

CNY 31.51 million

During the Reporting Period, the Company's charitable and other donations totaled

Charitable Donation

In 2022, the volunteers of the Company went deep into the remote areas and abroad for charitable activities, assuming the responsibilities to help the children in need and accompanied them on the road of their growth.



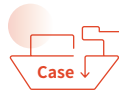
The South China Branch Held Charitable Activities for Rural Primary School Students in Yongde County

On May 31st, South China Branch went to the Central Primary School of Daxueshan Township, Yongde County, Yunnan Province, and sent Skyworth multimedia classroom display equipment to 1,248 rural children. A total of 1,248 children's paintings of wishes from the Daxueshan Township Central Kindergarten and Wanxiao Primary School were collected and showcased through an art exhibition for their wishes to be claimed and realized. The event was warmly responded to by all employees, and more than 80% of them actively participated in the exhibition and all of the paintings were claimed.

In addition to claiming paintings of wishes, the South China Branch also donated multimedia classroom display equipment for three other rural primary schools in Yongde County to improve their teaching quality.

1,248

rural children
sent Skyworth multimedia classroom display equipment to



Boundless Care, Infinite Love: Children's Care in Kangjian Hospital

With the theme of "Boundless Care, Infinite Love", COSCO SHIPPING Lines carried out a well-planned caring activity for children in the Hongkou Huixin Children's Health Hospital, and sent daily necessities and food to the Hospital. In the follow-up, COSCO SHIPPING Lines will continue to help children who need care and cultivation for their healthy growth, jointly building a harmonious and loving growth atmosphere.

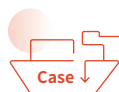
Education Assistance

To help rural children grow up with love, the Company always pays attention to the education of children in impoverished areas, with a focus on improving local educational infrastructure and supplementing educational resources.



Paving Dreams with Education: Donation of School Supplies

In August 2022, a representative team of COSCO SHIPPING Lines in Hunan donated school supplies to the students of Jundaping No.9 School in Muxi Village. This donation not only provided material support but also motivated the children. Their smiles and excitement when they received the gifts warmed the hearts of the team representatives.



Donation for Flood Alleviation in Malaysia

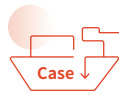
In 2022, the Malaysian Peninsula was hit by continuous rainstorms, which caused serious floods in many places in Malaysia. Upon learning about the disaster, the Southeast Asia Branch, together

with major chambers of commerce and embassies, actively participated in the disaster relief activities, and donated lifeboats built with the raised money to help local people in Malaysia get out of the predicament and reduce losses. The Malaysian government was very grateful to COSCO Shipping Lines for its good deeds and expressed its appreciation to COSCO SHIPPING Lines for its long-term service in Malaysia and its active participation in public welfare activities.



Volunteering

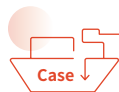
Taking a boat of care we sail with great love. In 2022, the Company continued to provide volunteer services and showcased its corporate image. While business leaders carry out various charitable activities, employees of the Company also actively fulfill their social responsibilities in local communities, participate in various voluntary activities, and contribute to building a better society. As of the end of the Reporting Period, the hours of employee volunteering activities of the Company reached 894 hours.



Low-Carbon Travel for a Beautiful Environment: the Qingdao Branch Promotes Sustainable Development

In July 2022, in order to strengthen the concept of green and sustainable development, employees of the Qingdao Branch carried out service activities to promote a low-carbon life and environmental protection to local community residents. In addition, the volunteers cleaned the public areas and picked up garbage to set an example for the community.

This activity aimed to improve employee awareness and understanding of the necessity and urgency of sustainable development. At the same time, the positive actions of employees have also raised the community's environmental awareness, allowed more people to learn about the importance and urgency of a low-carbon life, and made contributions to creating a beautiful environment.



The Computer Center Continues with "Smurf" Volunteer Service

The Company has always been adhering to the spirit of "dedication, friendship, mutual assistance and progress" to encourage employees to participate in volunteer activities. During the Reporting Period, the Computer Center of COSCO Shipping Lines and Weifang Community Volunteer Center in Pudong New Area signed an agreement for long-term regional co-construction. The employees of COSCO Shipping Lines formed a volunteer service team to carry out traffic rules education for non-motor vehicles and pedestrians who violated traffic regulations on the morning of working days to avoid violations of traffic regulations.

The patient talks and enthusiastic service attitude of the volunteers helped the masses avoid a series of violations and were well received. This volunteer activity not only raised the safety awareness of the public, reduced the uncivilized behavior on road, but also contributed to creating a civilized, safe, harmonious and orderly living environment.



Appendix

Laws, regulations and internal policies

Laws and regulations

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Trade Union Law of the People's Republic of China

Environmental Protection 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

Marine Environmental Protection Law of the People's Republic of China

Implementation Plan of Air Pollutant Emission Control Zones for Ships

International Convention for the Prevention of Pollution from Ships

Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships

The European Union (EU) Ship Recycling Regulation

International Safety Management Rules

Safety Production Law of the People's Republic of China

International Maritime Dangerous Goods (IMDG)

Regulations on Reporting, Investigation and Handling of Production Safety Accidents

International Convention on the Control and Management of Ships' Ballast Water and Sediments

Law of the People's Republic of China on Water Pollution Prevention and Control

Law of the People's Republic of China of Yangtze River Protection Law

Regulations on Prevention and Control of Marine Environment Pollution by Ships

International Convention on the Prevention of Pollution from Ships

Basic Norms of Enterprise Internal Control

United Nations Convention against Corruption

Foreign Corrupt Practices Act (FCPA)

Criminal Law of the People's Republic of China

Anti-Monopoly Law of the People's Republic of China

Cybersecurity Law of the People's Republic of China

Internal policies

Employee management program

Staff recruitment management methods (Trial)

Measures for the Administration of Safety Production

Comprehensive Emergency Plan for Safety Production

Safety Education and Training Management Regulations

Waste Management Plan

Oil Wastewater Treatment Management Regulations

Emergency Plan for Oil Pollution on Ships

Instructions for Management of Ship Ballast Water

Ballast Water Management Plan

Dangerous Goods Safety Management Regulations

Anti-monopoly Compliance Management Manual

Measures for the Administration of Anti-monopoly Compliance

Anti-monopoly Emergency Response Plan

Anti-monopoly Compliance Guidelines

Regulations on Transportation Procurement and Supplier Management of COSCO SHIPPING Lines

Administrative Regulations on Strengthening the Membership and Service of Labor Dispatchers of COSCO SHIPPING Lines

Implementation Opinions on the Rest Cure of Employees of COSCO SHIPPING Lines (for Trial Implementation)

Collective Contracts

Supplier Management Measures

Procurement Management Measures

Sustainability performance data

Environmental data

Indicators		Unit	2020	2021	2022
Indirect energy use	Purchased power	1,000 kWh	4,686	4,853	4,479
Intensity of indirect energy use		1,000 kWh/million RMB revenue	0.04	0.02	0.02
Direct energy use	Gasoline	Tons	17.09	20.00	16.10
	Fuel oil (heavy oil)	Tons	4,927,176	5,143,933	4,736,250
	High-sulfur oil	Tons	295,099	488,206	458,455
	Low-sulfur oil	Tons	4,632,077	4,655,727	4,277,794
	Diesel oil (light oil)	Tons	186,501	202,075	237,910
	Natural gas	Cubic meters	282,193	371,205	361,535
	Total	1,000 kWh	59,671,470	67,496,969	57,879,336
Intensity of direct energy use		1,000 kWh/million RMB revenue	532.13	302.48	224.56
Water for production	Freshwater consumption	Tons	/	276,641	240,584
	Seawater desalination capacity	Tons	124,756	136,213	123,293
	Total consumption of water for production	Tons	244,785	412,854	363,877
Domestic water	Tons	Tons	33,622	36,073	32,247
Total water consumption	Tons	Tons	278,407	448,927	396,124
Intensity of Water resources use	Tons/ million RMB of operating income	Tons/ million RMB of operating income	2.48	2.01	1.54

Indicators		Unit	2020	2021	2022
Greenhouse gas emissions ¹	Scope I greenhouse gas emissions	Tons of carbon dioxide equivalent	15,930,457	16,654,623	15,181,289
	Scope II greenhouse gas emissions		3,789	3,925	2,555
	Total greenhouse gas emissions (category I + category II)		15,934,246	16,658,547	15,183,844
Intensity of greenhouse gas emission		Tons of carbon dioxide equivalent/million RMB of operating income	142.10	74.65	58.91
Exhaust gas ²	Nitrogen oxides	Tons	413,567	389,808	357,992
	Sulphur oxides		285,219	116,053	226,298
	Particulate matter		/	35,132	32,088
Wastewater	Production wastewater - treated effluent discharge	Tons	12,602	17,283	10,883
	Domestic wastewater	Tons	30,260	32,466	29,022
Waste	Total number of Hazardous waste	Tons	2,856	3,789	3,755
	Intensity of hazardous waste	Kilogram/million RMB revenue	0.03	1.54	0.01
	Number of dangerous goods containers	Standard container	180,832	201,093	217,249
	Total number of harmless waste	Tons	184,800	264,250	264,250
	Intensity of harmless waste	Kilogram/million RMB revenue	1.65	1.18	1.03
Lubricating oil	Tons	Tons	15,531	26,478	26,485

¹The emission factor of greenhouse gases is mainly based on the Third IMO Greenhouse Gas Study 2014, and the emission of electricity consumption refers to the emission factor of each country or power company.

²The calculation method of exhaust gas mainly refers to the method of the Clean Transport Working Group (CCWG).

Sustainability performance data

Social data

Indicators	Unit	2020	2021	2022	
Total number of people	Regular employees	People	15,133	15,262	15,123
	Labor dispatcher	People	1,947	1,897	1,995
Composition of Regular Employees					
By gender	Total number of regular male employees	People	8,525	8,627	8,402
	Total number of regular female employees	People	6,608	6,635	6,721
By age	Regular employee at the age of 30 or below	People	1,976	1,771	2,626
	Regular employees between 30 and 50 (not including the age of 30 and 50)	People	10,837	11,026	9,875
	Regular employees at the age of 50 or above	People	2,320	2,465	2,622
By type of employment (full-time or part-time)	Full-time	People	17,080	15,262	15,123
	Part-time	People	0	0	0
By region	Regular employees in mainland China	People	9,973	10,003	10,020
	Regular employees in Hong Kong	People	194	193	183
	Overseas regular employees	People	4,966	5,066	4,920
By rank	Management	People	489 ³	484	542
	Ordinary employee	People	14,644	14,778	14,581
Composition of New Employees					
By gender	Total number of new male employees	People	267	349	336
	Total number of new female employees	People	255	360	451

³ The number of management personnel in 2020 includes department level and above employees

Indicators	Unit	2020	2021	2022	
By age	Total number of new employees aged 30 or below	People	348	367	542
	Total number of new employees aged between 30 and 50 (excluding 30 and 50)	People	168	280	242
	Total number of new employees aged 50 or above	People	6	62	3
By region	Total number of new employees in mainland China	People	132	293	200
	Total number of new employees overseas	People	390	416	587
Employee Turnover					
Total turnover	%	2.42	3.01	3.62	
Total number of employees leaving office	People	366	460	547	
Number of employees leaving office by gender	Regular male employee	People	214	286	255
	Regular female employees	People	152	174	292
Employee turnover by sex	Regular male employee	%	1.56	3.32	3.03
	Regular female employees	%	2.30	2.62	4.34
Number of employees leaving office by region	Regular employees in mainland China	People	107	143	78
	Regular employees in Hong Kong	People	13	7	10
	Overseas regular employees	People	246	310	459
Employee turnover by region	Regular employees in mainland China	%	1.07	1.43	0.78
	Regular employees in Hong Kong, China	%	6.70	3.63	5.46
	Overseas regular employees	%	4.95	6.12	9.22
Number of employees leaving office by age	Regular employee aged 30 or below	People	72	78	330
	Regular employees aged between 30 and 50 (excluding 30 and 50)	People	254	345	198
	Regular employees aged of 50 or above	People	40	37	19

Indicators	Unit	2020	2021	2022	
Employee turnover by age group	Regular employee aged 30 or below	%	3.64	4.40	12.57
	Regular employees aged between 30 and 50 (excluding 30 and 50)	%	2.34	3.13	2.01
	Regular employee aged 50 or above	%	1.72	1.50	0.72
Employee Injuries and Deaths					
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	Case	5	0	0
	Number of work-related injuries	People	5	0	0
	Work injury rate per thousand people	‰	0.3	0	0
Number of hold-up working days due to work-related injuries	Total number of hold-up working days	Days	150	0	0
Employee Training					
Total number of trainees	People	12,501	15,262	15,123	
Number of employees receiving training by gender					
Number of trained male employees	People	7,169	8,627	8,402	
Number of trained female employees	People	5,332	6,635	6,721	
Percentage of trained employees by gender⁴					
Percentage of trained male employees	%	57.35	56.53	55.56	
Percentage of trained female employees	%	42.65	43.47	44.44	
Number of trained employees by rank					
Management	People	2,508	484	542	

⁴ Percentage of employees trained by gender=Number of employees trained by gender/ Total number of employees receiving training

Indicators	Unit	2020	2021	2022
Ordinary employees	People	9,993	14,778	14,581
Number of trained employees by rank ⁵				
Percentage of trained management	%	20.06	3.17	3.58
Percentage of trained ordinary employees	%	79.94	96.83	96.42
Total training hours by gender				
Male	Hours	23,719	108,611	277,208
Female	Hours	17,154	76,458	224,569
Average number of training hours for employees by gender				
Male	Hours	2.78	12.6	32.99
Female	Hours	2.60	11.5	33.41
Total number of training hours by rank				
Management	Hours	14,298	18,786	79,591
Ordinary employees	Hours	26,575	166,283	422,186
Average number of training hours by rank				
Management	Hours	29.24	38.8	146.85
Ordinary employees	Hours	1.81	11.3	28.95
Total training hours by training category				
Anti-Corruption and Integrity	Hours	/	766	14,740
Safety and Environmental Protection	Hours	/	21,864	105,860
Others	Hours	/	162,439	381,177

Indicators	Unit	2020	2021	2022	
Suppliers					
Number of suppliers (By region)	Suppliers in mainland China	10,032	11,032	10,866	
	Suppliers outside mainland China (including Hong Kong, Macao and Taiwan)	2,741	2,839	2,832	
Employee Complaints					
Number of complaints received about products and services	Number of complaints	No.	6	238	201
	Complaints handling ratio	%	100%	100%	100%
Number of concluded corruption lawsuits filed against the Company or its employees			0	0	0
Community investment					
Expenditure on participating in or organizing community or public welfare activities		100,000 yuan	2,022	28,262	3,151
Total number of people participating in community or public welfare activities		Person-time	317	800	284
Total number of hours of participation in community or public welfare activities		Hours	78	138	894

⁵ Percentage of Trained Employees by Employee Rank=Number of Trained Employees at Management or Regular Level/Total Number of Trained Employees

Reporting Indicator Guidelines – HKEX

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.	Delivering Value to the Environment: Energy Use and Emission Reduction
	A1.1	Types of emissions and data on emission	Sustainability performance data
	A1.2	Total emissions and density of greenhouse gases	Sustainability performance data
	A1.3	Total amount and density of hazardous wastes produced	Sustainability performance data
	A1.4	Total amount and density of harmless waste generated	Sustainability performance data
	A1.5	Description of emission targets set and steps taken to achieve them	Delivering Value to the Environment: Energy Use and Emission Reduction
	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	Delivering Value to the Environment: Solid Waste Management
A2: Resources use	General disclosure	Policies for efficient use of resources (including energy, water and other raw materials).	Delivering Value to the Environment: Water Resources and Waste Water Management/ Solid Waste Management
	A2.1	Total consumption and density of direct and/or indirect energy sources (such as electricity, gas or oil) by type	Sustainability performance data
	A2.2	Total water consumption and density	Sustainability performance data
	A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	Delivering Value to the Environment: Water Resources and Waste Water Management/ Solid Waste Management
	A2.4	Description any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	Delivering Value to the Environment: Water Resources and Waste Water Management
	A2.5	Total amount of packaging materials used for finished products and their share per production unit	COSCO SHIPPING Lines' operations do not involve packaging materials use
A3: Environment and natural resources	General disclosure	Policies to reduce the significant impact of the issuer on the environment and natural resources	Delivering Value to the Environment: Energy Use and Emission Reduction
	A3.1	Description of the significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	Delivering Value to the Environment: Energy Use and Emission Reduction
A4: Climate change	General disclosure	Policies for identifying and responding to significant climate-related issues that have and may have an impact on the issuer	Delivering Value to the Environment: Climate Change
	A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	Delivering Value to the Environment: Climate Change

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
Society			
B1: Employee	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.	Delivering Value to the Employees: Recruitment Compliance
	B1.1	Total number of employees by sex, employment type, age group and region	Sustainability performance data
	B1.2	Employee turnover by sex, age group and region	Sustainability performance data
B2: Health and Safety	General disclosure	Related to the provision of safe working environment and the protection of employees (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Delivering Value in Shipping: Occupational Health and Safety
	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year)	Sustainability performance data
	B2.2	Number of hold-up working days due to work-related injuries	Sustainability performance data
	B2.3	Description of the occupational health and safety measures adopted, and the relevant implementation and monitoring methods	Delivering Value in Shipping: Occupational Health and Safety
B3: Development and training	General disclosure	Policies on improving employees' know-how and skills in performing their duties. Description of relevant training activities.	Delivering Value in Shipping: Occupational Health and Safety
	B3.1	Percentage of trained employees by sex and employment category	Sustainability performance data
	B3.2	Average number of training hours per employee by sex and employee type	Sustainability performance data
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.	Delivering Value to the Employees: Recruitment Compliance
	B4.1	Description of measures taken to review recruitment practices to avoid child labor and forced labor	Delivering Value to the Employees: Recruitment Compliance
	B4.2	Description of the steps taken to eliminate violations when they are found	Delivering Value to the Employees: Recruitment Compliance
B5: Supply chain management	General disclosure	Policies on managing environmental and social risks in the supply chain.	Delivering Value to the Society: Sustainable Supply Chain
	B5.1	Number of suppliers by region	Sustainability performance data
	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	Delivering Value to the Society: Sustainable Supply Chain

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
B5: Supply chain 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	Delivering Value to the Society: Sustainable Supply Chain
	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	Delivering Value to the Society: Sustainable Supply Chain
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.	Delivering Value in Shipping: Improvement of Services COSCO Shipping Lines' daily operations do not involve advertising and labeling related matters
	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 shipping services, and product recycling is not involved
	B6.2	Percentage of products that need to be recalled for safety and health reasons of all sold or shipped products	Delivering Value in Shipping: Improvement of Services
	B6.3	Description of the practices related to the maintenance and protection of intellectual property rights	There's no intellectual property-related content in COSCO Shipping Lines' business currently
	B6.4	Description of quality verification process and product recall procedures	COSCO Shipping Lines mainly provides container services, not involving product recycling
	B6.5	Description of consumer data protection and privacy policies, and related enforcement and monitoring methods	Delivering Value in Shipping: Improvement of Services
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.	Sustainable Development Governance: Business Ethics
	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	Sustainable Development Governance: Business Ethics
	B7.2	Description of preventive measures and reporting procedures, as well as related enforcement and monitoring methods	Sustainable Development Governance: Business Ethics
	B7.3	Description of anti-corruption training provided for directors and staff	Sustainable Development Governance: Business Ethics
B8: 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.	Delivering Value to the Society: Community Involvement
	B8.1	Areas of focus	Delivering Value to the Society: Community Involvement
	B8.2	Resources invested in areas of focus	Delivering Value to the Society: Community Involvement

Reporting Indicator Guidelines – GRI

Disclosure issues/items	Title of disclosure item	Sections
<i>General standards</i>		
GRI 1: Fundamentals 2021		
GRI 2: General Disclosure 2021		
Organizing and reporting practices		
2-1	Organizational details	About COSCO SHIPPING Lines
2-2	Entities included in the organization's sustainability reporting	About COSCO SHIPPING Lines
2-3	Reporting Period, frequency and contact point	About COSCO SHIPPING Lines
2-4	Restatements of information	About COSCO SHIPPING Lines
2-5	External assurance	Independent Verification Statement
Activities and works		
2-6	Activities, value chain and other business relationships	Sustainable Development Governance: Materiality Assessment
2-7	Employees	Delivering Value to the Employees: Recruitment Compliance
2-8	Workers who are not employees	Delivering Value to the Employees: Recruitment Compliance
Governance		
2-9	Governance structure and composition	Sustainable Development Governance: Governance Structure
2-10	Nomination and selection of the highest governance body	Sustainable Development Governance: Governance Structure
2-11	Chair of the highest governance body	Sustainable Development Governance: Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance: Governance Structure
2-13	Delegation of responsibility for managing impacts	Sustainable Development Governance: Governance Structure
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Governance: Governance Structure
2-16	Communication of critical concerns	Sustainable Development Governance: Governance Structure
2-17	Collective knowledge of the highest governance body	Sustainable Development Governance: Risk Management/ Business Ethics

Disclosure issues/items	Title of disclosure item	Sections
2-18	valuation of the performance of the highest governance body	Delivering Value to the Environment: Climate Change
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Message from the Chairman
2-23	Policy commitments	Appendix: Laws, regulations and internal policies
2-24	Embedding policy commitments	Sustainable Development Governance: Governance Structure
2-25	Processes to remediate negative impacts	Sustainable Development Governance: Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	Sustainable Development Governance: Business Ethics
2-27	Compliance with laws and regulations	Appendix: Laws, regulations and internal policies
2-28	Membership associations	About COSCO SHIPPING Lines: International Initiatives
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainable Development Governance: Stakeholder Engagement
2-30	Collective bargaining agreements	Delivering Value to the Employees: Protection of Rights and Interests
GRI3: 1Material Topics 2021		
3-1	Process to determine material topics	Sustainable Development Governance: Materiality Assessment
3-2	List of material topics	Sustainable Development Governance: Materiality Assessment
3-3	Management of material topics	Sustainable Development Governance: Materiality Assessment
GRI 201: Economic Performance 2016		
201-1	Economic value directly generated and distributed	About COSCO SHIPPING Lines - Economic performance
201-2	Financial impacts of climate change and other risks and opportunities	Delivering Value to the Environment: Climate Change
GRI 203: Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	Delivering Value to the Society: Community Involvement
203-2	Significant indirect economic impact	N/A
GRI 205: Anti-Corruption 2016		
205-1	Operations where corruption risk assessment has been conducted	Sustainable Development Governance: Business Ethics

Disclosure issues/items	Title of disclosure item	Sections
205-2	Communication and training of anti-corruption policies and procedures	Sustainable Development Governance: Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Sustainable Development Governance: Business Ethics
GRI 206: Unfair Competitive Behavior 2016		
206-1	Legal proceedings against unfair competition behavior, antitrust and anti-monopoly practice	Sustainable Development Governance: Business Ethics
Environment		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Delivering Value to the Environment: Energy Use and Emission Reduction
302-2	Energy consumption outside of the organization	Sustainability performance data
302-3	Energy intensity	Sustainability performance data
302-4	Reduce energy consumption	Delivering Value to the Environment: Energy Use and Emission Reduction
302-5	Reduce the energy demand of products and services	Delivering Value to the Environment: Energy Use and Emission Reduction
GRI 303: Water Resources and Sewage 2018		
303-1	Interaction between organizations and water (as a shared resource)	Delivering Value to the Environment: Water Resources and Waste Water Management
303-2	Management of drainage-related impacts	
303-3	Water fetching	Delivering Value to the Environment: Water Resources and Waste Water Management
303-4	Drainage	Delivering Value to the Environment: Water Resources and Waste Water Management
303-5	Water consumption	Delivering Value to the Environment: Water Resources and Waste Water Management
GRI 304: Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Delivering Value to the Environment: Biodiversity
GRI 305: Emissions 2016		
305-1	Direct (category 1) greenhouse gas emissions	Sustainability performance data
305-2	Energy indirect (category 2) greenhouse gas emissions	Sustainability performance data
305-4	Greenhouse gas emission intensity	Sustainability performance data
305-7	Emissions of nitrogen oxides (NOX), sulfur oxides (SOX) and other major gases	Sustainability performance data

Disclosure issues/items	Title of disclosure item	Sections
GRI 306: Waste 2020		
306-1		
306-2	Waste generation and significant waste-related impacts Management of impacts related to major wastes	Delivering Value to the Environment: Solid Waste Management
306-3	Waste generated	Delivering Value to the Environment: Solid Waste Management
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers selected using environmental criteria	Delivering Value to the Society: Sustainable Supply Chain
308-2	Negative impact of supply chain on environment and actions taken	Delivering Value to the Society: Sustainable Supply Chain
Society		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Delivering Value to the Employees: Recruitment Compliance
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Delivering Value to the Employees: Protection of Rights and Interests
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational Health and Safety Management System	Delivering Value in Shipping: Occupational Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	Delivering Value in Shipping: Safety in Shipping
403-3	Occupational Health Services	Delivering Value in Shipping: Occupational Health and Safety
403-4	Occupational Health and Safety Matters: Workers' Participation, Consultation and Communication	Delivering Value in Shipping: Occupational Health and Safety
403-5	Occupational Health and Safety Training for Workers	Delivering Value in Shipping: Occupational Health and Safety
403-6	Promoting Workers' Health	Delivering Value in Shipping: Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Delivering Value in Shipping: Occupational Health and Safety
403-8	Workers Applicable to Occupational Health and Safety Management System	Delivering Value in Shipping: Occupational Health and Safety
403-9	Work-related injury	Delivering Value in Shipping: Occupational Health and Safety
403-10	Work-related health problems	Delivering Value in Shipping: Occupational Health and Safety

Disclosure issues/items	Title of disclosure item	Sections
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Delivering Value to the Employees: Promotion and Development
404-2	Programs for upgrading employee skills and transition assistance programs	Delivering Value to the Employees: Promotion and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Delivering Value to the Employees: Promotion and Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversification of Governing Institutions and Employees	Delivering Value to the Employees: Recruitment Compliance
405-2	Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Delivering Value to the Employees: Recruitment Compliance
GRI 408: Child Labor 2016		
408-1	Operating points and suppliers at risk of major child labor incidents	Delivering Value to the Employees: Recruitment Compliance
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operating points and suppliers with significant risks of forced or compulsory labor events	Delivering Value to the Employees: Recruitment Compliance
GRI 413: Local Communities 2016		
413-1	Operational sites with the participation of local communities, impact assessment and development plans	Delivering Value to the Society: Community Involvement
413-2	Operations with significant actual and potential negative impacts on local communities	Delivering Value to the Society: Community Involvement
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers screened using social criteria	Delivering Value to the Society: Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Delivering Value to the Society: Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Delivering Value in Shipping: Safety in Shipping
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Delivering Value in Shipping: Safety in Shipping
GRI 418: Customer Privacy 2016		
418-1	Verified complaints related to invasion of customer privacy and loss of customer data	Delivering Value in Shipping: Improvement of Services

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 2022* ("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 Sustainabil-

ity 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 "mandatory disclosure requirements"

and "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:

- **Employee Injuries and Deaths - Total number of deaths - Proportion of work-related deaths**

- **Community Investment - Total number of people participating in community or public welfare activities**

- **Direct Energy Use - High-sulfur oil**

- The Assurance Engagement was with respect to information disclosed from January 01, 2022 to December 31, 2022 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 interviews¹¹ 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.

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 risks related to climate change and develop strategies to deal with climate change. 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 "mandatory disclosure requirements" and "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 Sus-

tainability Report is unreliable and unqualified or not been prepared in all material respects in accordance with the basis of reporting.



June 27, 2023
Hong Kong SAR, China

¹¹ The assurance engagement was conducted online and the interview was conducted by teleconference.



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