

# **Access to the world**Connect to the green future



**2023** 

**Sustainability Report** 

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# Foreword

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Strengthening Governance: Promoting a green future with sound corporate governance Green Transformation: Achieving a green future through low carbon strategy Empowering Shipping: Building a green future through exceptional services Harmonious Development: Securing a green future with talent resources Community Commitment: Giving back to a green future with corporate responsibility Appendix

04



### **About this report**



### **Reporting period**

1 January, 2023 to December 31, 2023 (the "Reporting Period"). Should there be any exceptions, there will be a description of specific statistical methods and data dimensions in the corresponding chapters.



### **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"). This report carefully selects the disclosed entities with "whether there is actual business operation" as the criterion for selection and filters out production units and companies that have no actual business operation or that have actual operation with little or no impact based on the overall impact of the actual entities on the environment, society and governance of the Company. Should there be any exceptions, there will be a description of specific statistical methods and data dimensions in the corresponding chapters.



### **Reporting version**

In case of discrepancies between the versions of this report, the Chinese version shall prevail.



### Reference standard

This report complies with the *Environmental, Social and Governance Reporting Guide* issued by The Stock Exchange of Hong Kong Limited (HKEx), the *Guidelines No. 1 of the Shanghai Stock Exchange on the Self-Regulation Rules for Listed Companies-Regulated Operation* and the GRI Standards issued by the Global Reporting Initiative (GRI). The compilation of this report mainly follows the following basic principles:

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

### **Materiality**

The report shall disclose the environmental, social and governance matters that are relevant to stakeholders and will have a significant impact on them.

### Ouantitative

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.

### **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.

### Consistency

The issuer should use consistent methodology 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.

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### **About COSCO SHIPPING Lines**

COSCO SHIPPING Lines Co., Ltd. is subordinate to China COSCO SHIPPING Corporation Limited, and is a wholly owned subsidiary of COSCO SHIPPING Holdings Co., Ltd. (hereinafter COSCO SHIPPING Holdings), which is listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Company manages its international and domestic maritime container transportation services and related business, relying on its global operation and integrated container transportation service network, to provide customers with professional container transport services of the whole chain.

In 2023, as the global economy enters a new stage, the supply and demand relationship in the container shipping market is generally tightening, the global industrial chain is showing the trend of localization, regionalization and short-chaining, and the global green regulation is getting stricter. Under the new market environment, COSCO SHIPPING Lines has actively adapted to the changes, continuously improved its value creation ability, gradually extended its transportation services to both ends, accelerated the launch of a series of green digital supply chain products, and constructed a green fuel supply chain system, so as to further satisfy the customers' needs for supply chain security, resilience and green.

Looking ahead, COSCO SHIPPING Lines will adhere to the strategic goal of "To become a world-class integrated container ecosystem supplier, leading in customer-orientation and value creation". Equipped with a global and integrated service network, COSCO SHIPPING Lines will strive to ensure the stable and smooth operation of the industrial and supply chain, actively build a global and digital container supply chain service system, and create greater value for global customers and upstream and downstream partners.

### Container shipping business<sup>1</sup>

COSCO SHIPPING Lines is mainly engaged in domestic and international container shipping services and related businesses.

COSCO SHIPPING Lines has a fleet of

388 vessels

With a total of

2,130,219

**TEU transportation capacity** 

The Company operated a total of

404 routes

Including

265

international routes (international feeder lines are included)

56

domestic routes

83

feeder routes along the Pearl River Delta and Yangtze River The Company has called

606 ports

Located i

144

countries and regions around the world



### Economic performance



### 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 deliver consistent, stable and reliable services by leveraging on its service advantages in stable cooperation, abundant products and flexible response, which has been highly praised in the market and has attracted customers, contributing to the global trade on an ongoing basis. The Ocean Alliance members include COSCO SHIPPING Lines, Orient Overseas (International) Limited, CMA CGM and Evergreen Shipping showcasing the Ocean Alliance's long-lasting partnership and commitment to provide supply chain support for the global industrial chain.



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### **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 planning, supervising, and coordinating ESG-related risk management, and is the highest responsible and decision-making body for ESG matters. The Board of Directors has the ultimate responsibility for COSCO SHIPPING Lines' ESG strategy and disclosure. The Company regularly evaluates the materiality of environmental, social and governance issues, and conducts analysis and concludes decisions based on the potential impact and opportunities of the overall strategy.

### **Risk Identification**

A Sustainability Committee is established under the Board of Directors, responsible for identifying, analyzing, managing, and timely controlling ESG-related risks and making decisions on ESG-related matters.

### **Materiality Analysis**

COSCO SHIPPING Lines 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 sustainability strategy. During the Reporting Period, we conducted stakeholder surveys, updated the material issues, and defined the priorities of ESG management.

### **Target Progress**

In 2021, CSL has set five environmental targets based on the goals of COSCO SHIPPING Holdings, including greenhouse gas emission reduction target, energy upgrade target, ballast water management target, exhaust emission reduction target, and waste reduction target. In 2023, the Board of Directors continued to pay attention to the progress towards the environmental targets, supervise sustainability tasks related to the target, and review achievements.



Appendix





2023 is a connecting and crucial year for implementing the 14th Five Year Plan. Faced with the interweaving and overlapping of century long changes and market return to normalcy, as well as multiple unexpected factors, COSCO Shipping Lines adhered to the overall tone of "Seeking Progress While Maintaining Stability", focused on its main responsibilities and business, deepened reform and development, continuously enhanced its global competitiveness, accelerated digital green transformation, and steadily improved its ability to resist cycles. COSCO Shipping Lines has been selected as a "2023 Double Hundred Enterprise" by the SASAC for the fourth time.

In this year, we continuously deepened cooperation with the OCEAN ALLIANCE, successfully operated the DAY7 ocean service product, and two 20,000TEUs new vessels were put into the Asia-Europe line. At the same time of strengthening and optimizing the layout of the main lines of Asia-Europe and the Asia-North America, we opened up a number of lines along the "Belt and Road" and RCEP member countries, and proactively increased the layout of emerging markets, regional markets, and third country markets.

In this year, we have kept in mind the mission of "Great Power Fleet", continued to improve our ability to serve the "Dual Circulation", upgraded the construction of Yangpu Port Hub, and played a greater role in serving the "Belt and Road", the integration of the Yangtze River Delta, the Coordinated Development of Beijing, Tianjin and Hebei, the Guangdong Hong Kong Macao Greater Bay Area, the Western Land Sea New Corridor, the construction of the port of Hainan Free Trade Zone, and the rise of the central and western regions.

In this year, we were in line with the development of the industry and the trend of digitization, and have comprehensively upgraded the "Combination Product" module. We have released more than 20 service products in the "Talent" series, "For Fortune" series, and "Syncon Hub" series, which have been widely praised by the market. GSBN(Global Shipping Business Network) members have been continuously expanded to 27 and issuing block chain electronic bills of lading on a global scale marked another milestone in the construction of digital supply chains of COSCO Shipping Lines.

In this year, we continuously strengthened the construction of our organizational system, established a vertical management system for trailers, and officially launched an intelligent trailer dispatch platform. By increasing investment in overseas resource construction, COSCO Shipping (South America) Supply Chain Management Co., Ltd. has been successfully established, and we established three major platforms as "Golden Collar Supply Chain Regional Companies": North America, Europe, and Southeast Asia. TMS and WMS systems have been gradually promoted and implemented, effectively enhancing the resilience of industrial and supply chain guarantees. To sum up, we became a "connector" connecting various industrial chains.

In this year, we persistently promoted green and low-carbon development, and have built 12 green methanol dual fuel powered 24000TEUs vessels. 700TEUs pure electric power vessels officially put into use. We promoted the energy-saving

technology transformation of operating ships, and followed up on the implementation of new energy upgrades for ships under construction, and accelerated the corresponding shore power device transformation, and has established a good image of a green carrier in the international shipping market.

In this year, we have built a customer service control tower and launched artificial intelligence customer service, providing customers with high-quality one-stop service throughout the entire process. We were committed to building industry service benchmarks, and through continuous optimization and improvement, COSCO Shipping's "one box, three vehicles" packing model has become one of the most efficient packing models currently available. Relying on block chain technology, well-known chemical enterprises provide digital solutions for logistics and trade, achieved a safe, convenient, and contactless electronic presentation model.

In this year, we put our heart and effort into solving the urgent and difficult problems faced by employees. Focusing on the physical and mental health of crew members, we formed a special group for the physical and mental health of crew members on board, and implemented the "Five Ones" project. We continuously carried out consumer assistance and project assistance, continued to fulfill our mission in promoting the improvement of people's livelihoods and rural revitalization in corresponding support areas, and better integrated the specific practice of fulfilling social responsibility into the brand connotation of our company.

# 2024 will be an important year for the high-quality development goal of COSCO Shipping Lines, through innovation driven and stable gear shifting.

We will embrace the greatness of our country, bravely shoulder the glorious mission of building a strong shipping country, deeply cultivate global development, better serve the "Dual Circulation", and demonstrate new responsibilities and achievements in building a new development pattern.

We will further focus on our main responsibilities and businesses, continuously consolidate our leading position in the industry. In strengthening the cooperation of the OCEAN ALLIANCE, we will further leverage our own advantages and continuously strengthen our investment in the transportation capacity of the "Three Markets".

We will also continue to focus on the customer's perspective, create industry transportation benchmark solutions, promote

deep cooperation in overseas supply chain projects, and escort Chinese brands to become more global throughout our whole supply chain.

We will further benchmark against world-class standards, continue to deepen the path of quality reform, efficiency reform, and power reform, and further rely on the application of digital technologies such as big data and AI to establish an integrated ecosystem of "visualization, digitization, and intelligence". We will coordinate and optimize the global supply chain resource layout, make every effort to build a globally unified delivery standard and process model, and comprehensively improve customer service levels.

We will practice the dual carbon strategy with scientific and practical spirit, explore new paths for transformation and development, build green vessels, promote clean fuels, and establish an integrated development system for green and low-carbon transformation

We will consolidate and improve the long-term mechanism of "I do practical things for employees", provide incentives, care and assistance, help rural revitalization, and light up hope for a better life

There is an ancient Chinese poem: We raise sails in the wind, towards the ocean having no end. In 2024, we will always maintain vitality and boost our fighting spirit, tirelessly strive to build a world-class global comprehensive logistics supply chain service ecosystem, and make greater contributions to becoming a maritime and shipping power.

COSCO SHIPPING Lines Co., Ltd.

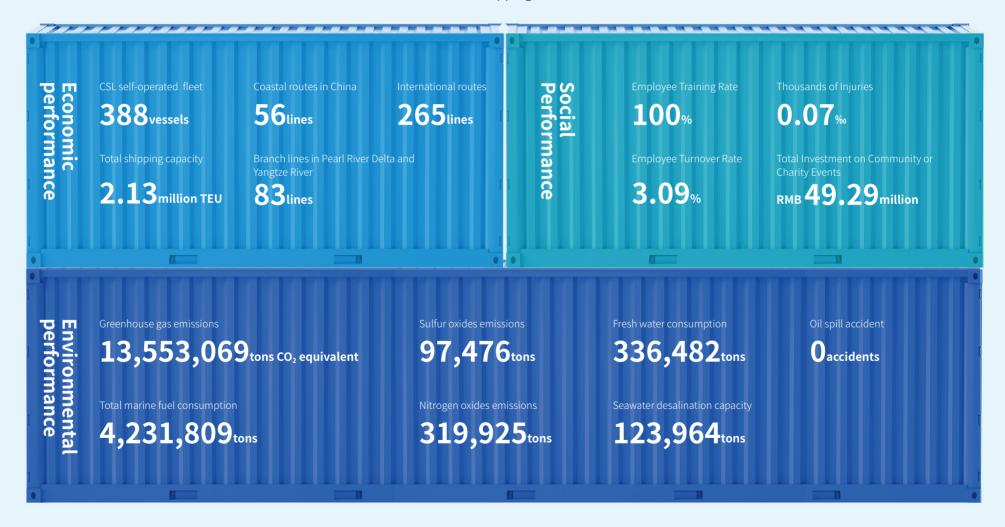
Chairman

**Tao Weidong** 



### **Performance Highlights**

### Container shipping business





# **Strengthening Governance**

Promoting a green future with sound corporate governance

As a responsible enterprise, CSL takes the law as the yardstick, strictly abides by relevant laws domestic and aboard, builds an enterprise compliance culture; we take governance as the cornerstone, strengthens the corporate governance level, and create a transparent and sound management structure; we take responsibility and focus on sustainability management, risk management, integrity construction and information security, and ensure the steady operation of enterprises; aiming for a win-win situation, we safeguard the rights and interests of stakeholders to promote the sustainability of enterprises and create a better future.

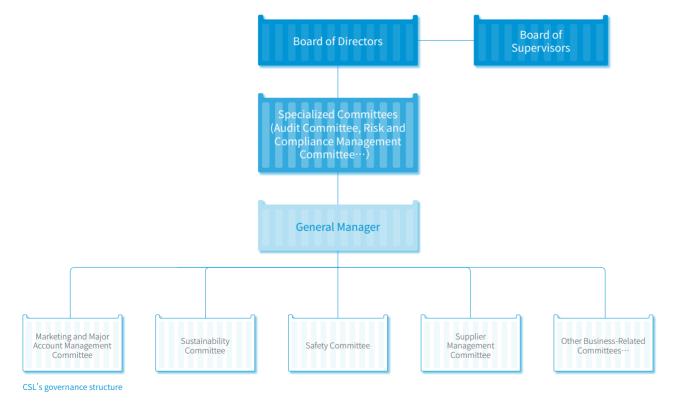
- Corporate Governance
- ESG Governance
- Risk Management
- Business Ethics
- Information Security



for sustainability, implement transparent and sound corporate governance, bring positive impact to stakeholders, promote the vigorous development of the industry and society, and contribute to building a better society through

### **Corporate Governance**

CSL has always adhered to the principle of operational transparency, attached great importance to the diversification and professionalism of the Board of Directors, and firmly believed that a sound and efficient board of directors is a solid foundation for enterprises to achieve sustainability governance. In our daily operation, we unswervingly take the concept of sustainability as the guide, constantly enhance our core competitiveness, and promote the long-term steady development of the Company. We continue to improve the corporate governance structure and sustainability governance system, adhere to high standards of corporate governance principles, to ensure the steady and sustainability of enterprises.



The Company established a Board of Directors, which is the decision-making body to decide major matters of the Company's operation and management, and a Board of Supervisors. The Board of Directors is composed of 8 members, including 4 internal directors, 4 external directors and 1 female director. Members of the Board of Directors have extensive industry experience and expertise in container transportation, logistics, risk management, marketing management and other fields, so as to improve the decision-making level of enterprises from a comprehensive and scientific perspective. The Board of Supervisors is a supervisory body, which performs dual supervisory functions of the Board of Directors and management.

We implement the general manager responsibility system under the leadership of the Board of Directors, and establish Marketing and Key Account Management Committee, Risk and Compliance Management Committee, Sustainability Committee, Safety Committee and Supplier Management Committee under our operating management. Each committee effectively participates in the daily operation and decision-making of the Company by preventing and controlling operational risks and improving operational management.



### **ESG Governance**

CSL attaches great importance to the sustainability of enterprises, and continuously improves the ESG governance framework throughout its operations. We established the Sustainability Committee to take the lead in promoting and supervising sustainability affairs, including developing sustainability strategies, clarifying development objectives, formulating management policies, coordinating resources used to achieve sustainability objectives, supervising the implementation of sustainability strategic objectives, reviewing the progress of the implementation of sustainability related objectives, supervising and inspecting sustainability activities, reviewing the annual sustainability report, and ensuring the transparency and effectiveness of the Company's sustainability work.

In order to accelerate the implementation of sustainability, the Company has assigned a department to lead specific practices related to sustainability, assist the Sustainability Committee in implementing various affairs, including improving the sustainability information collection system, so as to fully grasp the actual situation of the Company in sustainability; analyzing and identifying potential risks such as climate change, and provide scientific basis for the Company to formulate response strategies; and assisting in formulating sustainability objectives and guidelines to ensure that the Company's sustainability strategy is coordinated with the Company's overall strategy.



### Stakeholder Engagement

CSL always upholds its responsibility, and attaches great importance to the opinions and needs of stakeholders. We have established regular and diversified communication channels to listen, understand and respond to the concerns and expectations of various stakeholders. On the path of consolidating the management foundation, adhering to people-oriented, pursuing customer first, promoting green development and achieving win-win cooperation, we have conducted in-depth communication with various stakeholders to ensure that our operations can fully meet the interests of all parties, to provide important decision-making reference for the management of sustainability. We are well aware that only by working together with all parties can we achieve our long-term development and harmonious prosperity of society.



Appendix

### **CSL Stakeholder Engagement**

Category	Corporate Governance	People		Customer Service		Green Developmen	t 🚱	Win-win Co-operat	ion 450
Topics	Economic Performance     Tax Transparency      Corporate Governance     Business Ethics and Anti-Corruption      Risk Manageme Anti-Conduct      Compliance Operation      Operation	Employment	Employee Communication     Employees' Rights     Freedom of Association and Collective Bargaining     Employee Care	Customer Satisfaction  Customer Complaints  Customer Privacy Protection Scientific and Technological Innovation	Contraband     Management and     Anti-smuggling of     Seaborne Goods     Safety of Shipping     Digital Security	Exhaust Emissions Management     Waste Disposal     Wastewater Discharge Management     Energy Management     Material Use     Water Resources Management	Greenhouse Gas Emissions Management Climate Change and Response Biodiversity Marine Plastics Enhance Staff Awareness of Environmental Protection	Responsible Procurement     Environmental and Social Assessment of Suppliers	Inclusive Trade Development     Community Public Welfare
Major Stakeholders	Public Interest     Organizations/     NGOs/Industry     Associations     Employees     Media      Business     partner     Government and regulator authorities     Customers	• Employees • Media y	Government and regulatory authorities     Others	Charity Organizations/ NGOs/Industry Associations     Media	Business Partners     Customers	Business Partner     Media     Public Interest Organizations/ NGOs/Industry Associations	Government and regulatory authorities     Social Organization     Suppliers and Contractors	Suppliers and Contractors     Media	Government and regulatory authorities     Business Partners
Communication Channel	Press release     Community public welfare activity	• Employee training     • Employee communication/forum     • Employee satisfaction survey	Interview     Public mailbox     Press release     Technical training	Press release Community public welfare activity On-site review	Interview     Technical training     Public mailbox	Press release Interview	Community public welfare activity	Press release     Supplier     assessment	• Interview

### **ESG Materiality Matrix**

In 2023, CSL, upholding a rigorous and meticulous attitude, carried out a detailed stakeholder survey through questionnaires, in-depth interviews and other forms, which fully covered internal and external stakeholders. In this process, we have indepth understanding of the needs and concerns of all parties, established sustainability issues that are highly important and closely related to the Company, and then mapped out materiality matrix. On this basis, this report will focus on the disclosure of these highly important issues, aiming to demonstrate our deep understanding and strong commitment to corporate social responsibility, provide clear and transparent information for all parties, and jointly promote the sustainability of the Company.



#### **2023 CSL Materiality Matrix**

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- Material Use
- Water Resources Management
- Responsible Procurement
- Environmental and Social Assessment of Suppliers
- Exhaust Emissions Management

- Energy Management
- Corporate
   Governance
- Customer Complaints
- Customer Privacy Protection
- Wastewater
   Discharge
   Management

- Safety of Shipping
- Digital Security
- Greenhouse Gas Emissions Management
- Compliance Operation
- Occupational Health and Safety
- Business Ethics and Anti-Corruption

- Climate Change and Response
- Customer Satisfaction
- Scientific and Technological Innovation
- Contraband Management and Anti-Smuggling of Seaborne Goods

- Training and Education
- Diversity and Equal Opportunities
- Employee Communication
- Freedom of Association and Collective Bargaining
- · Human Rights Assessment
- Employee Care
- Community Public Welfare

- Tax Transparency
- Economic Performance
- Risk Management
- Anti-Competitive Conduct
- Compliance Employment
- Waste Disposal

- Employees' Rights
- Anti-Discrimination
- Marine Plastics
- Biodiversity
- Enhance Staff Awareness of Environmental Protection
- Inclusive Trade Development

### 2023 COSCO SHIPPING Lines List of Material Topics<sup>2</sup>

### Corporate Governance Topics

#### **Employee Topics**



### Product Service and Safety Topics



**Customer Satisfaction** 

Scientific and Technological Innovation

and Anti-Smuggling of Seaborne Goods

### Environmental Topics



#### **Social Topics**





# **Risk Management**

### Management Framework



### Risk Prevention and Warning Mechanism

CSL attaches great importance to the prevention and control of risks and treats them with a rigorous attitude. We carry out in-depth internal control self-evaluation every year in close combination with the nature of the company's business and the actual business situation, and strive to timely identify and face up to the internal control defects in the operation of the company, without avoiding or delaying, and formulate an effective rectification plan. In strict accordance with the time node and on a monthly basis, we continue to follow up and supervise the rectification, to ensure that every rectification measure is implemented, leaving no blind spots and potential risks. We ensure the steady operation of the company and lay a solid foundation for future development.

CSL has formulated the three-year overall work plan for internal control supervision and evaluation from 2023 to 2025 to strengthen its internal control management and has promoted the supervision and evaluation of the effectiveness of the internal control systems of its subsidiaries year by year according to the plan, so as to ensure that all subsidiaries are covered every three years. During the Reporting Period, the Company carried out the first stage of supervision and evaluation in accordance with the plan, focusing on key businesses, key links and

important positions in the operation process of the direct company, including the establishment of internal control system, "Three Importance and One Greatness" management, risk management, design and implementation of main business activities, internal control self-assessment and rectification of defects in previous periods, etc., promoting the synergy of risk management, internal control and compliance management, and developing an annual supervision and evaluation report. As of the end of the Reporting Period, we have conducted supervision and evaluation for 8 subsidiaries on the design and implementation effectiveness of internal controls. In response to the internal control deficiencies reflected in the results of the internal control supervision and evaluation, the Company organized the formulation of a rectification plan and tracked the progress of rectification of internal control deficiencies.

While strengthening internal management, CSL actively adopts the opinions of external experts to supervise key risk management. We insist on hiring a third-party audit team to conduct annual external audit on an annual basis to review and evaluate the actual operation effect of internal control and risk management from a multi-dimensional perspective. During the Reporting Period, CSL hired

external consulting organizations to assist in the evaluation of internal control in 2023, jointly analyzed the Company's internal control system, identified and evaluated potential risks, and put forward relevant improvement measures.

In order to adequately prevent the occurrence of unexpected risks, we have established a warning mechanism for major risks and an emergency response mechanism for emergencies, to ensure the timely detection and effective response of risks. We identify and track major risks, dig deep into the root causes behind them, to grasp their background and status in an all-round way, so as to timely implement risk mitigation and response measures. On a quarterly basis, we perform detailed tracking and analysis of annual significant risks and pay close attention to their trends, so as to timely adjust the prevention and control strategy. At the same time, we attach great importance to changes in the external environment, continuously track hot spots, analyze their potential impact on the Company's business, and formulate response strategies in advance. Through timely early warning and effective response, we ensure that the Company can respond quickly to emergencies and reduce losses caused by risks.



### Business Ethics

CSL always adheres to the principle of integrity and fairness in its daily operation to ensure compliance with business ethics. We firmly hold the position of zero-tolerance for any conduct that violates business ethics, such as corruption, bribery, monopolistic practices, etc. We have established a sound business ethics system, formulated a series of business ethics management systems and norms<sup>3</sup>, and carried out various trainings to implement business ethics culture from top to bottom, so as to improve employees' business ethics awareness in daily operation.

### Integrity and Anti-Corruption Management

Anti-corruption has always been the core principle of the Company's business development. We strictly follow the relevant laws and regulations such as the *United Nations Convention against Corruption*, the Foreign Corrupt Practices Law (FCPA), the Criminal Law of the People's Republic of China and other relevant laws and regulations, and are committed to cultivating and promoting a corporate culture of integrity. In the COSCO SHIPPING Lines Compliance Standard, we expressly prohibit any employee from offering, accepting, soliciting any form of bribery, or utilizing a third party to offer, accept, solicit any form of bribery. In order to ensure the implementation of anti-corruption policies, the Company has established a Commission for Discipline Inspection to be responsible for the formulation, implementation and supervision of anti-corruption policies. The commission strictly manages the Company's business activities and strengthens the anticorruption supervision and management mechanism. We firmly believe that only by adhering to integrity can we ensure the healthy development of enterprises and win widespread recognition and respect from society.

In the operation of ships, CSL's Commission for Discipline Inspection has formulated the *Six Prohibitions on the Construction of Ship Management Practices*, which sets up a "bottom line" for the behavior of ship managers, aiming to strengthen the standardization and discipline of ship management. In order to ensure the fairness and transparency of space allocation, the Commission for Discipline Inspection has also formulated the *Six Prohibitions on the Management of Space Allocation*, which severely prohibits improper

acts such as illegal interest transfer, over-authority release, monopoly of space, profiteering of space and interference in or interference with the allocation of space by taking advantage of its authority, thus drawing an insurmountable line for these acts.

We regularly conduct internal and external integrity audits to prevent and promptly identify any bribery and corruption risks to ensure the integrity and transparency of our business operations. In addition, as members of the Maritime Anti-Corruption Network, CSL actively call on all sectors of the industry to take action and work for an integrity and fairness maritime environment. During the Reporting Period, there were no major litigation cases involving corruption or unfair competition in the Company.

In order to build a strong line of defense for employees' compliance awareness, we carry out multi-frequency and multi-dimensional integrity training and publicity, focusing on the combination of theory and practice, so as to cultivate employees to remember the principle of honest employment, remind employees to remember the original intention of honest employment, adhere to the bottom line of ethics and protect the reputation of the Company. We have also planned a variety of flexible publicity of integrity, to subtly implement the corporate integrity culture in everyone's hearts. We firmly believe that only by setting up the banner of integrity in the hearts of employees can company be stable and far-reaching.



<sup>&</sup>lt;sup>3</sup> The business ethics management systems and norms formulated by CSL include the COSCO SHIPPING Lines Compliance Initiative and COSCO SHIPPING Lines Compliance Standards. For details, please refer to: https://www.lines.coscoshipping.com/lines\_resource/pdf/complianceGuidelinesEnglish.pdf.



### **Integrity promotion activities**

Through lectures, seminars, case studies and other forms, we hold activities, such as "Clean Employment Education Month", to guide employees to think deeply about the importance of clean employment.

### Integrity essay column

We encourage employees to share their own integrity stories and insights, so that the integrity culture can be transmitted among employees and form resonance.

### **Promotion of integrity culture**

We use internal bulletin boards, corporate websites, social media and other channels to promote the integrity culture, so that the concept of integrity is everywhere and deeply rooted in the hearts of the people.

### **CSL Integrity Education Activities**

In October 2023, the Commission for Discipline Inspection of CSL carried out the "Integrity Education Month" throughout the company, advocating the establishment of a clean and healthy relationship between employees, customers, and suppliers. The activities carried during the month provided positive guidance and negative warnings on clean and honest practices by broadcasting integrity education videos, organizing Integrity studies, signing integrity initiatives, and releasing the brochure - "Appreciation of Integrity".

Since 2001, CSL has launched the "A Glance of Integrity" column, which publishes new regulations, instructions, and internal articles on Integrity culture of the Party on a monthly basis. By the end of the Reporting Period, nearly 900 issues had been published. During the Reporting Period, CSL organized a writing campaign to encourage everyone to bear integrity in mind.









### Whistleblowing and Whistleblower Protection

The Company has always been committed to building a solid and powerful mechanism for reporting and supervising compliance management violations. We earnestly encourage all stakeholders, including employees and external interested parties, to actively report or complain about any violations of the Company through the open and transparent reporting channels. We promise that every clue to the issue reflected will be investigated timely and transparently in strict accordance with the relevant provisions and handled properly.

In order to ensure the standardization and institutionalization of reporting work, the Company has clearly stipulated the specific requirements for reporting, the scope of reporting, the detailed investigation process and the strict whistle-blower protection mechanism in the *Risk Management, Internal Control and Compliance Management Manual of CSL* and other rules and regulations. A sound system construction will further enhance the confidence of stakeholders to report, and promote the compliance operation and healthy development of the Company.

The Company has established reporting channels including reporting mailboxes, telephones, and public address. In addition, we encourage internal employees and external partners to report actual violations by setting up a reception day for its leaders, opening up the reception of letters and telephone calls from the public, and carrying out inspections and special investigations. After a whistleblower initiates a real-name report, the Discipline Inspection Commission will notify the whistleblower to acknowledge the receipt of report within 15 working days and immediately initiate the investigation process, as far as reasonably practicable. During the investigation, we will provide feedback to the whistleblower on the completion of the investigation as appropriate. Upon full completion of the investigation, the Company will deal with the matter appropriately based on the results. If the suspect has indeed violated the provisions of compliance management and relevant laws, regulations, and policies, he/she will be punished in accordance with the provisions of the relevant procedures of the Company, and the relevant responsible persons will be held accountable as appropriate. In case of suspected crimes, they will be transferred to the state supervisory authorities and judicial authorities in accordance with the law.

### **Reporting Process**



We have also established a whistleblower protection mechanism, strictly restricted the accessibility of the whistleblower's information to specialized personnel, and resolutely protect the personal information and personal rights of the whistleblower. We commit to protect all privacy and security of whistle-blowers. It is strictly prohibited to dismiss, demote, suspend, threaten, harass, or discriminate in any other form against whistle-blowers, or conduct malicious infringement such as personal injury, and has zero tolerance for retaliation. In the process of verifying the whistle-blower information, we promise to neither actively inquire about the whistle-blower information nor voluntarily disclose the whistle-blower information, to ensure fairness and confidentiality throughout the process.

### Anti-Monopoly and Unfair Competition

Fair competition is the cornerstone of the shipping market, CSL has always upheld the responsibility of large enterprises, opposing monopolization, encouraging fair competition, and promoting sustainability of the shipping economy. We strictly comply with international and regional antitrust laws and regulations in the regions in which it operates, and formulates and revises internal policies to strengthen antitrust management within the Company, ensure compliant operations, and maintain market order. We comply with the Anti-monopoly Compliance Management Measures, Anti-monopoly Emergency Response Plan and other regulatory guidelines, which explicitly prohibit disclosure of sensitive company information to competitors, acquisition of competitors' intelligence by improper means, maligning or rumormongering about competitors, entering into monopoly agreements with competitors or counterparties to the transaction, and abuse of dominant position of market power for violations.

In the international context of the continuous evolution of antimonopoly compliance regulations, CSL has always maintained a keen insight and a positive attitude of learning, closely followed international trends, and thoroughly studied and implemented relevant anti-monopoly laws, regulations, and rules. For instance, the *EU Antitrust Exemption Regulation* is updated, and relevant personnel of CSL are organized to conduct research, interpretation, and discussion to ensure that the management norms are consistent with the latest laws.







## Green **Transformation**

Achieving a green future through low carbon strategy

CSL not only response to climate change, but also advocate green shipping. We firmly respond to the call of climate action, identify and actively respond to the risks brought about by climate change. At the same time, we continue to promote the green transformation of shipping business and implement We advocate green concepts, carry forward the spirit of environmental protection, and promote the low-carbon and sustainable direction through green

- Climate Change Response
- Green and Low-Carbon Development
- Implementing Environmental Protection







Greenhouse gas emissions generated by the global shipping industry account for a large proportion of global anthropogenic greenhouse gas emissions<sup>5</sup>, so the shipping industry is facing tremendous pressure to reduce carbon emissions. CSL takes the responsibility of leading the shipping industry, actively responds to climate change, more deeply understands the significance of harmonious coexistence with nature, and deeply embeds the concept of green development and environmental friendliness in the core strategy of company development. We are committed to incorporating environmental concepts into every voyage, ensuring that we pursue economic benefits while also guarding our common blue homeland.

We have actively established and improved the environmental management system, and taken the heavy responsibility on the path of promoting the green development of global shipping. CSL has obtained the Environmental Management System Certification (ISO 14001), actively explored the feasibility and potential of energy transformation, resolutely implemented various measures for energy conservation and carbon reduction, and strived to reduce pollutant emissions to reduce our negative impacts on the environment. It has brought China's strength into the green transformation of the global shipping industry and demonstrated its commitment as a responsible company.



## AA

### **Climate Change Response**

In the context of the increasingly serious global climate change issue, the risks and challenges faced by the shipping industry are becoming more and more significant. In order to cope with this global challenge, actively addressing climate change has become the key to the sustainability of ocean shipping enterprises. As a leading enterprise in the industry, CSL has always placed eco-environmental protection at the core of its operation. On the road to exploring the feasibility of green shipping, we have made a comprehensive and systematic identification and in-depth analysis of the potential risks and opportunities posed by climate change by referring to the framework of the Working Group on Climate-Related Financial Disclosure (TCFD). Based on these analyses, we have set greenhouse gas emission reduction targets and are actively taking action to mitigate the environmental impact of shipping activities.

#### Governance

CSL has established a comprehensive climate risk governance structure to closely integrate climate-related risk management into the company's overall risk management system. In order to ensure the close integration of the company's operation and environmental protection, we have included relevant indicators of energy conservation, emission reduction and environmental protection in the remuneration of executives to encourage management to fully consider environmental factors in the decision-making process.

The Board of Directors is ultimately responsible for CSL's ESG strategy and performance, not neglecting the environmental and social impacts while pursuing economic benefits, and ensuring that CSL can maintain a leading position in addressing the challenges of climate change.



### Strategy

As a leader in the global shipping industry, CSL has always taken the responsibility of being committed to sustainable development, actively responded to various environmental protection requirements domestic and aboard, and incorporated climate change risk management into the important agenda of the company's development. Based on our own business characteristics and global shipping development trends, we have carried out in-depth identification of climate-related risks and sorting out potential financial impacts.

We have established a sound risk identification process to comprehensively, systematically and deeply assess the risks and opportunities that climate change may bring through three steps of risk and opportunity identification, risk and opportunity analysis and risk and opportunity monitoring. In the process of risk identification and assessment, we pay attention to the accuracy of data and the scientific analysis to ensure a clear understanding and accurate judgment of climate change risks.

At the same time, we adhere to the problem orientation, and formulate specific response strategies and measures for the identified risks to mitigate, transfer or control risks and ensure the robustness of the Company's operation. In terms of grasping opportunities, we actively tap new opportunities brought about by climate change, such as the development of clean energy and the innovation of green shipping technology, so as to bring new impetus into the development of the Company. We firmly believe that only by actively embracing change can we seize opportunities and achieve sustainability of the company.

### **Climate Change Risk and Opportunity Identification Process**



 Referring to the disclosure framework of Task Force on Climate-related Financial Disclosures (TCFD) and taking into account its own business characteristics, identify climate risks and opportunities and form a list of climate change risks.



- Based on the industry, market, and policy context, each risk is scored from the two dimensions of probability and significance of impact.
- Based on the risk score, the identified risks are ranked in order of importance.



• Assessment of climate change risks and opportunities and development of response options.

The Company closely combines business development with global climate change trends, makes in-depth reference to different climate change scenarios, accurately identifies a number of physical risks and transition risks, and comprehensively analyzes the potential impact of these risks on business operations and financial conditions. Among them, the physical risk refers to the impact and potential loss of real assets caused by acute climate events (such as extreme weather, natural disasters, etc.) and long-term climate pattern changes. The transition risk refers to the related risks in the process of transition to a low-carbon economy, such as market risks caused by changes in policy and regulation and customer behavior.

Based on the identified risks and opportunities related to climate change, the Company has formulated a detailed climate change response strategy. On the one hand, we have improved our extreme weather response plan to ensure rapid and effective response under severe weather conditions and ensure business continuity and stability; on the other hand, we have promoted the green transformation of international shipping from multiple dimensions, including optimizing ship operations, improving energy efficiency, and developing green energy, so as to address the challenges of climate change with practical actions.

Appendix

### **CSL Climate Change Risk Identification Checklist**

			Climate Change Risk Identification		
Category		Risk	Description	Response	Potential financial impact
Physical risks	Acute risk	Flood (including rainstorms and river overflows)  Strong wind/cyclone	<ol> <li>Heavy rain and floods cause power failure in ships, equipment, and facilities, which leads to evacuation of personnel, interruption of operations and loss of assets</li> <li>Low visibility and abrupt rise in water levels and water velocities lead to reduced maneuverability of canal locks and ships, which affects navigation restrictions and ship berthing of sea routes</li> <li>Extreme precipitation may lead to sudden flooding, affect the operation of inland roads, railways, docks, and inland waterways, and hinder normal business operations</li> <li>The safety of the ship, crew and cargo is affected, resulting in delayed shipment and claims for damage to the cargo</li> <li>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</li> <li>Strong wind or cyclone affects the speed and direction of ships, making them deviate from or change their sea routes. This would result in shipment delay and also prevent ships from berthing and arriving at the port on time, resulting in the containers not being delivered on time, which increases the operating costs and reduces income</li> <li>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 limited, which will affect the operating efficiency and increase the operating cost</li> <li>If ships encounter typhoon/cyclone/storm, resulting in loss of profits</li> </ol>	1. Formulating emergency plans 2. Conducting emergency drills for typhoon and flood control 3. Providing equipment to prevent and combat typhoons 4. Formulating safety inspection system and conduct regular inspections 5. Strengthening meteorological monitoring and early warning 6. Regularly updating the guidelines for typhoon and flood control 7. Strengthening ship-shore liaison to ensure smooth operation of typhoon and flood prevention work	Verification and early scrappin of existing assets  Difficulties in transportation and increased operating costs  Verification and early scrappin of existing assets  Difficulties in transportation Increased operating costs
	Chronic risk	Ocean acidification Sea temperature rise	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	Carrying out a number of energy-saving and carbon- reducing green initiatives to help keep the global temperature rise within 1.5°C:  1. Implementing fuel-saving initiatives for shipping to reduce carbon emissions in the shipping process  2. Connecting ships to shore power system and cooperate with the construction of green low- carbon terminals  3. Trying to use biofuel to reduce fuel emissions from shipping	Increased maintenance costs

Physical risks	Chronic risk	Rising sea level	<ol> <li>Rising sea levels change wave and tidal patterns, affecting the schedule of shipping companies</li> <li>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</li> <li>If the sea level rises, some ports in low sea level areas may sink and no longer be used. The routes must be changed, and the operating costs rise</li> </ol>	1. Timely tracking and forecasting of sea level rise 2. Regularly dredging and patrolling the channel, timely identifying and handling of problems that may affect the safety of waterways 3. Promoting the low carbon and green development of the container transportation industry, reducing greenhouse gas emissions, and slowing down the sea level rise	Affected workforce management and planning Increased operating costs	
		Existing requirements and supervision of products and services	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      The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report, and verify carbon dioxide emissions	Setting GHG emission targets and committing to meet the IMO Net Zero Emission Standard for ships by 2050     Continuous disclosure of greenhouse gas emissions     Carrying out a number of energy saving and consumption reduction initiatives: voyage process control, shore power retrofitting     Trying to use biodiesel and analyzing its cost feasibility	Increased operating and maintenance costs	
Transition risks		Laws and Regulation	Implement carbon pricing mechanism	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     China has opened the national carbon trading market and will incorporate the shipping industry into carbon trading in the future	Carrying out a number of energy saving and carbon reduction initiatives to reduce carbon emissions from operations     Continuous tracking and management of carbon emissions from operations	Increased operating costs
	Strengthen emission reporting obligations	1. The new IMO regulations include the requirements for installing DCS (Data Collection System) and for data disclosure (actual fuel consumption data and other data that need to be disclosed). Companies that do not meet the requirements may be prohibited from engaging in the shipping industry  2. The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report, and verify carbon dioxide emissions	Continuous disclosure of greenhouse gas emissions      Establishment of a rigorous ship dynamics monitoring system to track fuel consumption during ship transportation and disclosure of relevant data	Increased operating costs		

Strengthening Governance: Promoting a green future with sound corporate governance

Green Transformation: Achieving a green future through low carbon strategy

Empowering Shipping: Building a green future through exceptional services

Harmonious Development: Securing a green future with talent resources

Community Commitment: / Appendix Giving back to a green future with co responsibility

27

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	Market risk	Customer behavior change	1. Customers prefer lower-carbon container transportation services, as well as service providers who actively take energy-saving and emission reduction actions. In order to meet customer preferences, the company needs to invest manpower and funds in carbon reduction  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	Carrying out a number of initiatives to save fuel for shipping     Connecting to shore power and building green low-carbon terminals     Providing customers with Hi ECO green shipping low-carbon services	Changes in consumer preferences lead to a decline in demand for goods and services
	Risi	Rising cost of fuel oil	Higher oil prices increase operating costs     The market price of low-sulfur oil fluctuates greatly, which will affect the operating cost     The use of other energy sources increases operating costs	Installing desulphurization device to reduce the emission of sulfide from common fuel oil     Connecting to shore power to reduce the consumption of fuel oil by vessels	Rising raw material price leads to the increase of production cost
Transition risks		Change in customer preferences	1. Customers put forward relevant requirements for reducing carbon emissions in container transportation business. 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 the Company fails to meet the customers' requirements for sustainability, 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	1. Carrying out a number of initiatives to save fuel for shipping 2. Connecting to shore power and building green low-carbon terminals 3. Providing customers with Hi ECO green shipping low-carbon services 4. Providing carbon emission calculator for customers to calculate the carbon emission in the process of shipping	Decline in demand for goods and services
	Reputation	Growing concern of stakeholders about negative feedback	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  3. Customers and investors are increasingly interested in environmental performance. If the Company does not comply with IMO regulations, it may lose its contracts and investment	1. Actively disclosing the Company's environmental performance 2. Carrying out a number of energy-saving and carbon reduction initiatives and committing to providing green shipping services to our customers 3. Exploring the application of renewable energy in the shipping industry by trying to use biofuels instead of conventional fuels	Decline in demand for goods and services

### **Strategies for Responding to Climate Change Opportunities**



### A Energy Sources

### Use of biofuels on Cargo Ships

In order to replace higher carbon emission fuel oils, we must actively shift towards new energy sources with low/zero carbon emissions in the long term. As a result, biofuel products can be developed to attract more customers with low-carbon requirements while reducing emissions



### Resource Efficiency

#### Adoption of More Energy Efficient Transportation Modes

In order to continuously improve energy efficiency and meet the requirements of the IMO for energy efficiency management. we need to use more efficient shipping modes to reduce fuel consumption and thus reduce costs and emissions



### Products & Services

#### Reduction of Carbon Emissions from Shipping Services

By implementing measures such as fuel saving and efficiency enhancement in navigation, and planning energy transformation, we will reduce the carbon emissions attached to shipping services, provide customers with low-carbon and sustainable shipping services, and attract customer groups with green consumption tendencies



#### Markets

### Climate Change Affects Customer Choice

Developing Hi ECO Green Shipping Low Carbon Service by providing customers with low carbon service options and providing customers with a carbon calculator to calculate carbon emissions during shipping to enhance market competitiveness



### **Indicators and Targets**

In order to actively respond to the global call for greenhouse gas emission reduction, CSL is committed to long-term and sustainable environmental practices. We continuously monitor and regularly disclose our greenhouse gas emissions on a regular basis and are subject to the supervision of all sectors of society in a transparent manner. In order to more effectively control the impact on the environment in the course of production and operation, we have established a greenhouse gas emission target and made orderly progress towards the target through the building of green ships, energy saving and carbon reduction, emission management and other initiatives, laying a solid foundation for achieving the carbon neutral target. During the Reporting Period, the Company will continue to track the process of this target as the quantitative achievements of the emission reduction initiatives. Through unremitting efforts and continuous innovation, CSL will make significant contributions to achieving the ambitious goal of achieving net zero emissions in the shipping industry around 2050 set by the International Maritime Organization (IMO), guide the green development of the shipping industry, and contribute to building a cleaner and low-carbon future.

#### CSL's Greenhouse Gas Emission Goals and Current Status

Achieve net-zero emissions from vessels by or around 2050

In 2023, the total GHG emissions of container shipping business were 13,553,069 tCO<sub>2</sub>e.



### **Green and Low-Carbon Development**

As a leading enterprise in the shipping industry, CSL actively responds to various environmental protection requirements domestic and aboard, takes green, low carbon and sustainability as an important strategic direction, always practices the concept of "energy conservation, carbon reduction and green development" in its operation, and is committed to reducing the impact of its business operation on the environment.

We continue to replace higher carbon emission fuel oils by promoting the use of biofuels as clean fuels. At the same time, we strengthen the ship maintenance to ensure that they operate in the best state and reduce unnecessary energy consumption. We also further reduce greenhouse gas emissions from our operations through route optimization and increasing vessel loading rates. During the Reporting Period, we have been widely recognized by the industry through strengthening green low-carbon management and implementing energy-saving and emission reduction measures, and have also made positive contributions to the realization of the national and international environmental regulations. In the future, we will continue to actively respond to various environmental protection requirements domestic and aboard, with more firm determination and more powerful measures to promote the green transformation and sustainability of the shipping industry.

### **Green Energy Consumption**

Against the background of global climate change, "green shipping" has become an important development direction in the international shipping industry. As an important strategy to guide China's green development, the national policy of carbon peaking and carbon neutrality provides a clear direction and support for the green development of the shipping industry. Container transport business is the core component of shipping industry, and its energy use has a significant impact on the environment. At present, fossil fuel is still the main energy used in the container transport industry, but fossil fuels have the disadvantages of high emissions and non-renewable. The use of biofuel to replace traditional fossil fuels has become a widely recognized international solution to reduce emissions.

In order to actively respond to various environmental protection requirements domestic and aboard, reduce carbon emissions and promote the green development of the shipping industry, the Company is actively exploring and practicing ways to replace traditional fuels with biofuels. During the Reporting Period, CSL carried out biofuel pilot projects on two vessels, COSCO Venus and Sagittarius, to promote the reduction of greenhouse gas emissions from vessels.





### **COSCO SHIPPING Lines Biofuel Pilot Project**

During the Reporting Period, in order to improve the CII rating of COSCO Venus, it was decided to refuel the vessel with 1,996.7 tons of B24 biofuel after discussion and coordination, which could reduce CO<sub>2</sub> emissions by approximately 1,240.5 tons. During the Reporting Period, CSL used a total of 503.8 tons of B20 biofuel onboard Sagittarius, which was used under normal conditions, and achieved a reduction of about 259 tons of CO<sub>2</sub> emissions.

### **CSL Clean Fuel Use Percentage Target**

Goals set for energy use

Own the Clean Fuel Fleet

Based on the use of biofuel, COSCO SHIPPING Lines has launched the Hi ECO Green Shipping products. The product uses green biofuels, based on the Well To WAKE full life cycle model statistics, to ensure that the whole process from fuel production to ship operation is as green and lowcarbon as possible. Customers can order climate-friendly shipments through this product, reduce carbon emissions in the transportation process, satisfy customers' needs for environmentally friendly transportation, and realize green shipping. In order to further encourage customers and partners to join the ranks of green shipping, customers using Hi ECO green shipping products will be awarded a green shipping certificate, which encourages customers and partners to join us in emission reduction and environmental protection actions to protect our home planet.

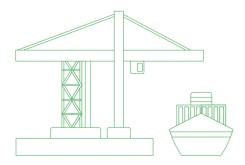
### Using Shore Power in Ships

The combustion of fuel oil will produce a large number of air pollutants and particulate matter, causing environmental pollution. Adhering to the principle of green development, the Company vigorously promotes the construction and popularization and application of shore power in ships, and uses the shore power system to deliver electricity to ships when they are docked instead of generating electricity through fuel oil combustion of their own units can significantly reduce the consumption of fuel oil by ships. Under the condition of ensuring transportation capacity, it can greatly reduce the consumption of fuel oil by ships, so as to reduce air pollution. After the transformation to shore power, the vessel can realize 97% reduction of NOx. 96% reduction of SOx and 96% reduction of particulate emissions compared with traditional marine fuel oil, which greatly reduces air pollution. To further promote the replacement of traditional fuel oil by shore power system, the Company has led and participated in the launch and promotion of the *Initiative to Promote the* Use of Shore Power by Vessels at Berth, promoted the implementation of shore power transformation projects, and created green and lowcarbon container transportation. As at the end of the Reporting Period, we had 115 vessels installed shore power systems.

#### Progress towards the goals by 2023

Number of ships installed with shore power systems

115



### Green Fleet Building

To realize fuel saving and low-carbon voyages, the establishment of an advanced, energy-saving green fleet is a key strategy. CSL actively responds to this trend and explores the path of green and low-carbon shipping. During the reporting period, we have officially ordered 5 methanol dual-fuel-powered container ships which are expected to be delivered from the end of 2026. The introduction of these new vessels will bring about a significant reduction in greenhouse gas emissions and make a positive contribution to the green transformation of the shipping industry. Looking forward to the future, CSL will continue to firmly follow the road of green and low-carbon development, and all newly built ships will adopt green and low-carbon or zero-carbon fuels to further contribute to the green and low-carbon transformation of the fleet.

### **CSL Ship Energy Efficiency Improvement Design Solution**

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

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

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.

CSL's newly built ships consistently follow the design plan for energy efficiency improvement of ships and adopt advanced technologies for energy saving and emission reduction. As of the end of the Reporting Period, all newly built ships of the Company meet the requirements of the International Maritime Organization Ship Energy Efficiency Design Index Phase III.

We have also carried out a series of maintenance and renovation initiatives for our old vessels, such as hull scavenging of marine organisms and technological renovation, etc., with the aim of improving the energy efficiency of its old vessels, lowering their operating fuel consumption, and reducing carbon emissions in shipping. During the Reporting Period, we completed the combination of propeller and bulbous bow modification for four 4,250 TEU vessels, and propeller modification for one 10,000 TEU and three 13,000 TEU vessels.

### Fuel-Saving Initiatives for Navigation

CSL is committed to leading the global shipping industry to develop in the direction of energy conservation and low carbon. We actively use the advanced technology in digital shipping, implements and promotes the monitoring and control of fuel oil usage. By formulating the *Management Measures for Energy Conservation and Emission Reduction* and cooperating with all relevant departments to implement fuel saving and carbon reduction initiatives in the shipping process, we promote green development and set an example for the shipping industry.

In order to avoid unnecessary carbon emissions during the shipping process, we strictly manage the shipping speed of all transportation vessels to avoid excessive fuel consumption caused by unreasonable acceleration. During the Reporting Period, we specially formulated a deceleration plan, and through enhanced communication and coordination with vessels as well as domestic and overseas ports and terminals and other parties, scientifically and reasonably arranged the shipping schedules to minimize the vessels' stay in ports and avoid over-consumption of fuel due to accelerated rush.

The actual situation of ship navigation fuel consumption lays a solid foundation for the formulation and implementation of fuel saving plans. The Company has established a rigorous ship dynamic monitoring system (COVRS) to achieve full coverage of ship operation monitoring, actively optimize route selection, avoid adverse sea conditions, realize berthing plan, rationally arrange arrival speed and reduce fuel consumption. Based on the data obtained from the COVRS system, we follow the whole process of management and inspection of budget (pre-control) - operation monitoring (midmonitoring) - fuel cost analysis (post-checking, etc.), and carries out 24-hour real-time monitoring and control of ship fuel consumption. According to the real-time feedback of fuel consumption, we can quickly identify potential energy saving opportunities and timely carry out technological transformation of energy saving and emission reduction to achieve more green and efficient shipping operation.

#### **CSL Fuel Control Measures**

### Captain's pre-sailing feedback

• The captain gave feedback on voyage fuel consumption in accordance with the fuel consumption feedback form for completed voyages stipulated by the fuel management, and overconsumption voyages need to be reported strictly according to the voyage section for overconsumption caused by cold box, waiting for berth (anchoring, terminal delay), demurrage and rounding, adding vehicles and high slip rate in bad weather. During the reporting period, the pre-sailing feedback from the chief engineers reached more than 350 times, with a coverage rate of 100%.

### Regularly update the ship's fuel consumption control index and monitor it

Vessel fuel consumption control indexes are regularly updated, and effective monitoring of vessel fuel consumption is carried out in the form of
completed voyage fuel consumption feedback form and cold tank fuel consumption feedback form. During the reporting period, more than 880
vessels were issued with voyage fuel consumption indicators, with a coverage rate of 100%.

### Strengthen the assessment of fuel consumption of vessels

• Considering several dimensions, such as unit consumption, voyage fuel consumption, cold tank fuel consumption, whether it is technologically reformed, whether it is an energy-saving ship, main and auxiliary engine fuel consumption rate, berthing fuel consumption, stopping and waiting for berthing fuel consumption, etc., the ship has formulated the standards for controlling the berthing fuel consumption, stopping and waiting for berthing fuel consumption, and the standard for the quota of cold tank fuel consumption. During the reporting period, more than 3,600 vessels were assessed, with a coverage rate of 100%.

### Strengthen the audit of vessel refueling documents

• Closely monitor the bunkering and fuel consumption quantities of all vessels to ensure that the bunkering, fuel consumption and fuel storage of each vessel are within reasonable limits; provide timely feedback to the Bunker Procurement Department on disputed bunkering quantities and track the follow-up results.

### Refinement of fuel quantity inspection

Maintain a comprehensive checking posture on fuel oil supervision of vessels and removal of dirty oil and water, strengthen all-round monitoring of vessels
before arrival, during the period of harbor and after departure, seal the oil spill hatches of all owned vessels and include them in the scope of sealing
management, and arrange barge monitoring for all vessels that can not board the vessels to measure the fuel oil in the event of force majeure.

### Award the best ship in fuel consumption control

• The best ship in fuel consumption control is selected monthly and quarterly according to routes and ship types and announced to all relevant departments and fleets of the company, so as to stimulate the motivation of energy saving and consumption reduction of the ships, thus realizing the fine management of fuel oil of the ships.

### Carbon Emission Calculator and Emission Monitoring

In order to support customers in calculating the amount of carbon dioxide emissions in their supply chains, and to better assist them achieve their carbon emissions reduction targets. CSL launched the Carbon Emissions Calculator in 2010, which provides customers around the world with an advanced dynamic carbon emissions calculation tool in accordance with the requirements of the guidelines of Circular MEPC.1/Circ.684 issued by the International Maritime Organization (IMO).

During the Reporting Period, CSL upgraded the calculator to further improve the accuracy and foresight of carbon emission calculation. We reorganized and created the fuel oil carbon emission calculation model, added the Carbon Intensity Indicator ("CII") monitoring data, which provides customers with a clear and comprehensive view of their carbon emissions performance with a more intuitive representation of the current CII ratings of all the vessels in the fleet. Combined with advanced fuel oil model and the ship schedules, our calculator can predict the CII of the vessels by the end of the year, ensure that our operations follow IMO's CII requirements and steadily advance towards the goal of low-carbon and green shipping.

### **Carbon Intensity Management of Vessels**

• Weekly tracking of key CII vessels, the main tracking parameters include mileage, sailing time, berthing time, main engine rotational speed, speed, slip rate, total fuel consumption, single nautical mile fuel consumption, etc., and analyze the change of CII value and other aspects, and form a report on the results of tracking and analysis and submit it to the relevant departments for early warning.

 Analyze and compare half-year voyage and fuel consumption data of CII-rated E-class vessels and historical voyage fuel consumption data of vessels of the same route and type, and communicate with the vessels on the analysis results for early warning.

• Tracking the fuel consumption during the repair of 86 docked vessels during the reporting period, adding the function of adding energy consumption data during the period of vessel surrender or ship repair, analyzing its impact on the CII value, and submitting optimization suggestions to the relevant management departments and vessels.



### Green Office

CSL integrates the concept of green office into the daily office operation process and adopts a series of forward-looking and innovative scientific management and technical measures to achieve a significant reduction in the comprehensive energy consumption of office buildings. In terms of planning future energy use, we have formulated accurate and efficient energy use plans based on detailed office building energy consumption statistics and actual situation analysis. At the same time, we continue to try to choose new energy-saving technologies and energy-efficient products, to promote the realization of green office with the power of science and technology.

In order to ensure the effective energy management, we strengthen energy consumption measurement training for building property management personnel to ensure that they have advanced energy consumption measurement knowledge to better monitor and manage energy use. We conduct monthly statistical analysis on energy consumption and cost expenditure to continuously optimize energy efficiency driven by data.

In addition, we advocate our employees to establish a green office awareness and encourage them to actively practice the energy-saving concept of "use less, not more, and turn off, not turn on". Through the joint efforts of all employees, we will jointly build a green, low-carbon and efficient office environment and contribute to sustainability.

### Education and Training on Green and Low Carbon Transformation and Development

During the Reporting Period, relevant employees of CSL participated in green transformation training. The contents of the training included new policies and development trends of international and domestic green and low-carbon shipping, technical routes of carbon emission reduction in shipping, the most urgent work and response strategies currently faced by shipping enterprises, and policies and practices of pollution reduction and carbon reduction in shipping.

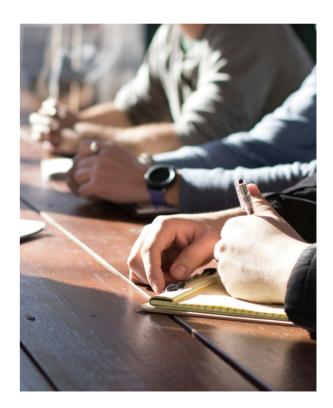
### "Energy Saving and Carbon Reduction, We Are Together" publicity activities



In accordance with the theme of "Energy Saving and Carbon Reduction, We Are Together" in 2023, the Company focuses on the theme of the activity, and carries out a variety of publicity activities in accordance with the actual situation of the enterprise itself. We actively publicize energy-saving culture, popularize energy-saving knowledge, enhance the energy-saving awareness of all employees, and cultivate the thrifty and frugal mode of production and consumption among all employees. During the Energy Conservation Awareness Week, the theme slogans of the activity were scrolling on the big screen in the public area, popularizing the knowledge and concept of the activity. The concept of energy-saving and environmental protection was incorporated more deeply into the daily work of the staff, and the publicity and education activities on the current national conditions of our country and resource conservation were carried out in depth, which further strengthened the awareness of resource worries of all staff.

### Green and Low Carbon Training

While pursuing excellent operation, CSL deeply recognizes the importance of environmental protection. We are committed to instilling the concept of living in harmony with nature into the hearts of every employee. Through comprehensive and in-depth education and training and energy saving programs, we convey green concepts to employees, stimulate their environmental awareness, integrate sustainable development into the core of corporate culture, and urge all employees to unite as one to contribute to the realization of a green and sustainable future.



### **Implementing Environmental Protection**

As a pioneer of ecological environment protection in the global liner shipping industry, COSCO SHIPPING Lines has always adhered to the requirements on environment protection of United Nations Global Impact. The Company strictly abides by relevant laws and regulations, continuously promotes the realization of green shipping, strives to minimize the impact of shipping on the environment and contribute to the new trend of green, lowcarbon and smart shipping.

#### In 2023

The number of ships installed with ballast water treatment system of the Company is

**158** 

The percentage of ships of the Company installed with ballast water treatment system

88.8%

The Company attaches great importance to the efficient use of water resources and compliant discharges, strictly manages the ballast water and oily sewage discharged from ships. We have established a clear and comprehensive ballast water and oily sewage management process, explicitly prohibiting ships from violating relevant laws and regulations as well as industry conventions, and protecting the blue sea with a high degree of self-discipline and social responsibility.

### Water Usage

To reduce freshwater usage and improve the efficiency of water resources, COSCO SHIPPING Lines continues to explore seawater desalination technology. The Company's water is mainly derived from desalination and only a small part is sourced from freshwater consumption. so water source has not been an issue. To ensure sufficient onboard water for the crew, the ships of the Company are equipped with desalination equipment that converts seawater into drinking water. To further improve the efficiency of water resource use, the Company continuously cultivates its employees' water-saving awareness and habits, and encourages them to actively participate in the optimization and utilization of water resources on ships.

### **Ballast Water Management**

The Company strictly abides by the International Convention on the Control and Management of Ship Ballast Water and Sediments issued by IMO. We formulated and implemented a series of system documents such as the Instructions for Management of Ballast Water and the Ballast Water Management Plan, and strictly manage each aspect of ballast water discharge to avoid the ecological impacts from biological invasions.

The Company implements comprehensive ballast water management through four aspects: ballast water operation, replacement, safety inspection and recording. We continually improve and innovate by equipping commercial ships on international voyages with advanced ballast water treatment devices and have taken a series of measures to minimize the impact of ballast water on the marine environment during navigation.

Control shipspeed	Control the ship speed according to the schedule, meet the requirement of "on-time arrival", and avoid anchoring or stagnation as much as possible
Control MGPS current	Control the current of marine growth prevention system (MGPS) of large container ships  within a reasonable range to prevent marine organisms from breeding in seawater pipelines, causing pipeline corrosion and affecting the safe navigation of ships
Cleaning the filter	Regularly clean the submarine gate filter and cooler filter, try to complete the cleaning work during the berthing of the ship, and uniformly withdraw the cleaned garbage and other garbage from the shore
Regulation of ballast water	Correct use of ballast water treatment systems to regulate ballast water and minimize impacts on ecosystems while ensuring the safe operation of vessels



Ballast Water Management Measures

COSCO SHIPPING Lines strictly abides by the local laws and regulations of port state on oily sewage treatment and has formulated and implemented *the Regulations on the Management of Oily Sewage Treatment*, to ensure the compliant discharge of oil sewage.

To strengthen the monitoring of fuel consumption of the fleet, the Company carried out unannounced inspection of fuel metering, inspection and review of ship fuel and oil sewage stock, on-site monitoring of ship oil sewage treatment operation throughout the process, in accordance with *Operating Rules for Unannounced Fuel Inspection*. The Company also formulated *the Operation Rules for Sealing Management* to standardize the sealing operation and inspection of connectors and valves and ensure full coverage of sealing management of oily sewage.

In 2023

Amount of solid waste recycled and discharged from ships (containers)

5,137<sub>m³</sub>

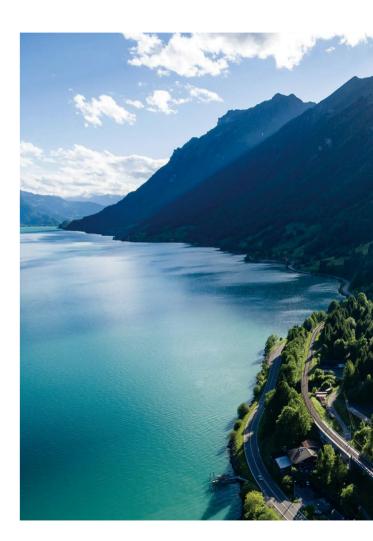


### Solid Waste Management

COSCO SHIPPING Lines strictly abides by the *International Convention for the prevention Pollution from Ships (hereinafter referred to as MARPOL)* and the waste management requirements of the operation site, has established a waste management system such as the *Waste Management Plan*, and implemented rigorous management on the disposal of shipping waste.

The Company requires the crew members to classify and further process the garbage, and adopt proper disposal methods such as storage and incineration. The ships are equipped with garbage disposal facilities such as incinerators and food mashing machines and are regularly cleaned, disinfected, managed and inspected to facilitate timely disposal of different types of wastes by crew members. For waste to be incinerated, the Company requires crew members to record relevant data on waste incineration and provides fire extinguishing equipment to ensure the safety of cargo and crew members. After the ship docks at the port, the waste generated during the navigation shall be disposed by entrusting a qualified third party to minimize the environmental pollution caused by the ship garbage.

Regular training on waste management and the use of antipollution equipment on board are regularly conducted to ensure proper implementation of the ship's waste management planning procedures. We prevent marine pollution incidents from the source by carrying out regular self-inspections of anti-pollution work to ensure that the discharge and treatment of wastes on board are in compliance with the regulations.



### **Exhaust Gas Management**

COSCO SHIPPING Lines complies with MARPOL, Marine Environmental Protection Law of the People's Republic of China, Regulations on Prevention and Control of Marine Environment Pollution by Ships, Regulations on Prevention and Control of Pollution from Ships in Shanghai and other requirements and is committed to reducing exhaust gas and other pollutants that may cause harm to the environment.

COSCO SHIPPING Lines actively responds to IMO's 2020 Sulphur Limit and IMO 2023 Regulation and continues to reduce exhaust gas emissions from the operation side by increasing the use of low sulfur fuel and installing desulfurization towers. By 31 December 2023, a total of 34 vessels have installed desulfurization towers. For marine mechanical and electrical equipment, we strengthen the maintenance work to ensure the smooth operation of the equipment and prevent black smoke emission due to poor working conditions of the equipment. In addition, we have reduced nitrogen oxide emissions by installing decarbonize equipment to new ships.

In 2023

Number of ships equipped with desulfurizers

The percentage of ships installed with desulfurizers

19.1%

### Biodiversity

The shipping industry is closely linked to marine biodiversity. COSCO SHIPPING Lines strives to mitigate the impact of production and operation on biodiversity. While strictly managing the discharge of ballast water, the Company has taken a variety of measures to avoid the ecological impact of biological invasion, such as the use of paint materials for ship hulls that prevent marine organisms from attaching, underwater camera exploration around the ship bottom, and regular ship bottom removal.



The Protecting Blue Whales and Blue Skies Program. organized by NOAA (National Oceanic and Atmospheric Administration), aims to protect whales near the Los Angeles coastline from deadly ship strikes and reduce underwater noise by reducing speed and air pollution. the program.

and Blue Skies Program"



# **Empowering Shipping**

Building a green future through exceptional services

The Company strives to promote digital innovation, empower sustainable supply chain construction while continuously improving its shipping services, and work with suppliers, partners, and customers to practice responsible consumption and production to achieve sustainable development goals.

- Maritime Safety
- Sustainable Supply Chain
- End-to-End Supply Chain Services
- Customer Service







As a global carrier specializing in container shipping, COSCO SHIPPING Lines adheres to the trend of the industry and customer needs, comprehensively accelerates the transformation of green digital supply chain, and strives to bring customers higher quality and more environmentally friendly shipping service products



# Maritime Safety

COSCO SHIPPING Lines is deeply aware of the importance, complexion, and severity of safe production. The Company firmly establishes the concept of safety development and enhances the capacity to ensure shipping security comprehensively. We continue to establish a sound safety management system around emergency response, extreme weather prevention, dangerous goods management, piracy attack prevention and other aspects, and constantly specify the responsibilities for safe production to strengthen the safety defense and realize intrinsic safety.

### Safety Management

COSCO SHIPPING Lines deeply implements the safety production management principle of "prioritizing safety and emphasizing prevention". The Company formulated and issued *Safety Management Guidelines*, which focuses on safety hazards such as safe transportation of dangerous goods, tanks and containers, freight fire incidents, etc., to raise the safety awareness of crew members, and ensure that the Company's high-quality development is escorted by a high level of safety.

The Company is committed to preventing and curbing safety risks at source. In 2023, the Company issued the basic norms of "three habits" and "two approaches" to further deepen and refine safety risk management and control, strengthen process management, and implement closed-loop management and checklist management to ensure the stability of the Company's production safety situation. During the reporting period, there were no safety accidents happened, the work-related injury rate per thousand people dropped to 0.07%, and zero ship accidents occurred.

#### During the Reporting Period

The work-related injury rate per thousand people dropped to

0.07%

**Zero**ship accidents occurred

#### "Three Habits"



- The habit of "managers to identify and manage safety risks on a daily basis"
- The habit of "operators to remind and control safety risks before each operation"
- The habit of "ships shall avoid a distance of at least 1 nautical mile in open water"

#### "Two Approaches"



- List Management
- Closed loop management

#### During the Reporting Period, the Company's safety emergency drills were as follows:

COSCO SHIPPING Lines and its 16 subordinate units and 178 ships successfully completed the emergency drill plan, and conducted 382 drills, including 103 comprehensive drills and 279 individual drills, including 7 ship and shore joint drills and 13 land-to-shore joint drills, with 16,145 people participating in the drills.

## **Emergency Management**

The Company strictly implements the emergency plans and early warning mechanisms, and has formulated the *Special Contingency Plan for Ship Emergencies* in combination with ship safety risk analysis and emergencies over the years to provide standardized guidance for ship emergencies such as disastrous weather, maritime navigation safety and marine pollution.

The Company continuously carries out emergency drills to improve the crew's capability to prevent and respond to emergencies, strengthen the crew's awareness of the red line of safety and the ideological and operational self-awareness of "eliminating potential accidents from the root", prevent and reduce casualties, environmental hazards, and property losses caused by emergencies to the greatest extent.

# The content of the emergency response drill

- Natural disaster, vessel stranding, groundings
- Smuggling incidents
- Smuggling of weapons of mass destruction
- Closed premises rescue
- Cargo incidents
- Overboard



#### **Extreme Weather**

As the trend of global warming continues, extreme weather events are increasing and intensifying, which has posed a serious threat to the lives of crews and property on ships and shores. In 2023, a total of 17 typhoons were generated in the northwest Pacific Ocean, including 8 super typhoons, with a super typhoon rate of 50%, which is one of the highest years since 2016. The Company has always maintained a high degree of vigilance and resolutely implemented the typhoon prevention policy of "prevention as a priority, early avoidance at the right time, leaving adequate leeway" to ensure the safety of ships.

COSCO SHIPPING Lines formulates and issues operational procedures for typhoon and flood prevention, to strengthen the effectiveness of management in preventing typhoon and flood, improve emergency command level, and ensure timely, effective, and correct actions for typhoon and flood prevention, as well as the safety of personnel, ships and the environment.



#### Safety shipping training

In 2023, to enhance the crew's capacity to navigate adverse weather conditions, the Company conducted "Navigation Safety Simulator Training for large container ships entering and exiting Yangshan Port. This training involved crew members, pilots, and attendants from the Yangshan Branch of the Shanghai Maritime Pilots' Association and the Yangshan Vessel Traffic Management System (VTS). The initiative was aimed at ensuring the safe navigation of the Company's vessels through Yangshan Deep Water Port during periods of poor visibility.

#### During the Reporting Period

COSCO SHIPPING Lines guided and tracked the affected ships to take prevention actions for

260 times

prevention actions were taken by tracking and guiding ships

tropical cyclones (including hurricanes) generated in other ocean areas or waters

With a success rate of



## **Dangerous Goods**

The transportation safety management of dangerous goods is a top priority. The Company strictly abides by the provisions on the classification and operation process of dangerous goods in the *International Maritime Dangerous Goods Code* formulated by IMO, and fulfills the responsibility of safety management of dangerous goods to protect the marine economy.

COSCO SHIPPING Lines has established a series of management measures for the transportation of dangerous goods to strictly manage the carrying and receiving of dangerous goods, resolutely prevented the occurrence of false reports and concealed reports of dangerous goods, guaranteed the approval of dangerous goods and the transportation safety, and reduced the risks and losses caused by dangerous goods.

Management system	Content
Management Measures for the Administration of Transport of Dangerous Goods Operation Instructions for Transportation of Dangerous Goods	Make corresponding provisions on the work responsibilities of relevant departments and port branches related to the transportation of dangerous goods
Measures for the Prevention and Disposal of False Reports and Conceals of Dangerous Goods	Prevent and monitor false reports and concealments of dangerous goods, give tips from various sections of transportation such as product name review, document review, product name change review and exit goods review, and strictly prevent false reports and concealments of dangerous goods
Administrative Measures for False Reporting and Concealing of Blacklist of Dangerous Goods from Customers	For the subjective malicious cases of false reporting and concealment of dangerous goods, the responsible party shall be seriously held accountable, the Company's blacklist of false reporting and concealment of dangerous goods shall be added, and the punishment for illegal customers and the illegal cost of offenders shall be increased
Operation Procedure for Confirmation of Loading of Dangerous Goods	Specific requirements and regulations have been made for the confirmation operation process of dangerous goods loading
Dangerous Goods Policy	It is required to accept dangerous goods in strict accordance with the Company's dangerous goods policy

The Company attaches great importance in the preliminary audit of dangerous goods, continuously optimizes the rules for booking and loading, updates the thesaurus of suspected dangerous goods, improves the tips on the loading requirements of suspected dangerous goods and sensitive goods, and strengthens the control of dangerous goods. We continue to strengthen multi-dimensional customer guidance and customers' awareness of independent declaration of dangerous goods in the form of *Notice to Customers*.

With the growing transportation demand of new energy vehicles and lithium battery goods, the Company continues to promote the secure transportation of relevant goods, actively organizes ships to carry out special fire drills in cargo holds and improve the emergency ability of crew members for ship fires.

The Company also actively cooperates with the competent authorities of dangerous goods to promote joint prevention and control, strengthen source control, by exploring cooperation in unpacking inspection, establishing a multi-dimensional information sharing mechanism and strengthening the supervision of false reports and concealed reports and accident-prone goods.



## **Piracy Attacks**

COSCO SHIPPING Lines pays close attention to the global piracy attacks, continues to improve counter-piracy policies, carries out targeted counter-piracy work to prevent and defend against piracy attacks.

#### **Counter-Piracy Measures**



- Conduct analysis on high-risk piracy areas based on the latest international situation, and try to avoid piracy areas when
  designing routes
- For areas where frequent pirates cannot be avoided, the Company performs 24-hour and 360-degree dynamic tracking and monitoring on its own ships. At the same time, the captain will deploy all crew members and clarify the counter-piracy alarm signal and contact information of the whole ship
- The ships are equipped with safety cabins as places of refuge and retreat. In case of emergency, the Company will ensure the personal safety and basic living needs of the crew members are guaranteed
- Carry out counter-piracy emergency drill to improve emergency response capability against piracy incidents
- Convene special meetings on navigation safety, counter-piracy work, and labor safety work, highlight the decisive role of "people" in safe production, strengthen crew training and education, stimulate crew's positivity for safe production, and further consolidate the foundation of safe shipping

#### Forum was held to prevent piracy on Vessel CSCL JUPITER



Prior to the arrival of Vessel CSCL JUPITER 080W at the Indian Ocean piracy prevention monitoring area, the ship organized pilots, crew members and trainees to hold a safety management forum, focusing on the implementation plan of safety management in 2023, combining the current safety situation of collision avoidance at sea and the early warning mechanism of piracy prevention, to carry out special learning and exchanges.

At the forum, the captain organized the bridge team to study the *Control Panel Rules*, *Navigation Watch Instructions*, *Counter-Piracy Instructions for Ships* and other key contents. The captain analyzed the causes of most ship navigation accidents to the officers, and stressed that in the relatively urgent situation, the navigation personnel on duty must strictly follow the prescribed process operation procedures and comprehensively use various means to ensure navigation safety.



# **Sustainable Supply Chain**

COSCO SHIPPING Lines strives to build a resilient supply chain, thoroughly implements its commitment to responsible procurement, and delivers value-added, cost-reducing services to customers around the world with its high-quality supply chain management, so as to inject continuous momentum into the industrial chain and economic development.

### **Supplier Access**

COSCO SHIPPING Lines always adheres to the principle of open, fair and justice supplier management, and has updated and complied with the *Regulations on Non-transportation Procurement and Supplier Management of Extended Services (China)* and other systems to further improve the access screening of suppliers and the procurement management.

The Company requires suppliers to adhere to high standards of business ethics practices and all newly admitted suppliers are required to sign a *Commitment Letter of Anti-Commercial Bribery for Suppliers*. By the end of the reporting period, all suppliers providing trailer services in China had completed the signing of the commitment letter. The Company also requires new non-bidding suppliers to complete the *Self-examination Questionnaire of Supplier's Social Standards Compliance*, which explicitly requires suppliers to make commitments in terms of social responsibility, employee health and work safety. In addition, the Company conducts spot checks on suppliers at the end of the year and summarizes and gives feedback on their performance.



During the Reporting Period, COSCO SHIPPING Lines had 15,168 suppliers, as follows:

Suppliers in Mainland China

12,273

Suppliers outside Mainland China (including Hong Kong, Macao, and Taiwan)

2,895



## Supplier Assessment

The Company implements annual assessment and rating on suppliers to assess their service. For suppliers with poor performance, the Company will put forward targeted rectification suggestions and urge suppliers to actively solve them. The Company will eliminate suppliers that fail to pass the periodic evaluation and fail to rectify within the time limit.

Suppliers' performance in product and service quality, occupational health and safety management, business ethics, human rights and labor management, corporate governance and environmental management is comprehensively considered in the assessment of suppliers in multiple dimensions, to ensure that they have good corporate responsibilities while having high-quality service capabilities.

## **Supporting Supplier**

The Company is dedicated to establishing a cooperative relationship with suppliers and actively carries out supplier meetings and communication, assists suppliers in improving service capabilities and quality, and works with suppliers to build a high-quality supply chain and jointly provide better services. During the Reporting Period, the Company provided micro-card driver training and self-reconciliation operation process training for ECBS centralized transportation suppliers to trailer suppliers in China.



## **End-to-End Supply Chain Services**

COSCO SHIPPING Lines continues to focus on the digital transformation of supply chain and improves the end-to-end service capabilities of digital supply chain. With digital means, the Company strives to provide customers with high quality integrated supply chain logistics services and one-stop end-to-end solutions.

### Opening up New Land-Sea Trade Corridor

As an integrated logistics service provider, COSCO SHIPPING Lines gives full play to the advantages of "container shipping + port + related logistics" in global integrated resources and services. The Company continues to strengthen the construction of the land-sea corridor, expand the sea-rail routes and upgrade its service solutions, so as to inject new impetus into the construction of the New Land-Sea Trade Corridor.

The Company actively participated in the construction of the China Western Land-Sea Trade Corridor. In 2023, the sea railway traffic volume of the New Land-Sea Trade Corridor reached 121,000 TEU, with an increase of more than 30% over the same period last year, helping the New Land-Sea Trade Corridor in the west to become a transportation artery and economic corridor connecting all economies.

The transformation of digital supply chain is the only path to intelligence, resilience and sustainability. The Company continues to accelerate the promotion of railway productization and digitalization, and improve customers' experience and service efficiency. The Company has built 25 domestic channel products and promoted the launch of railway TMS system and products on SynCon Hub. In 2023, the Company completed 920,000 TEU of domestic sea-rail transportation.

The Company is committed to enhancing the coverage of the New Land-Sea Trade Corridor, relying on digital and intelligent full-chain services, strong foreign trade and domestic trade route capacity, to provide endto-end full transportation services for all types of customers.



#### New energy customers export its products through the China Western Land-Sea Trade Corridor

The Company has opened a whole-process supply chain service product of "Chuzhou - Xi'an - Tashkent" for leading new energy customers. While providing excellent services for customers, it strengthens the coordination and integration ability of the Company's high-quality resources and accumulates experience for the high-quality development of supply chain business.



#### Improving the Sea-Rail Intermodal Transport Network

COSCO SHIPPING Lines continues to develop its sea-rail intermodal transport services. The Company integrates resources of all parties, opens up sea-rail service network, improves channel operation capacity, and meets the diversified needs of different customers and cargo flows.

With Beibu Gulf as the hub, the Company continuously optimizes the layout and cultivates the routes. With two-way routes as the main line and one-way routes as the auxiliary lines in the New Land-Sea Trade Corridor, the Company has formed a sea-rail network with complete service functions, helped the development of real economy in the areas along the routes, and provided convenient and affordable" searail intermodal transportation" routes for all kinds of corporates.



#### The sea-rail intermodal transport of Port of SIXTH OF OCTOBER In Egypt was successfully launched

In response to the "Belt and Road" initiatives, COSCO SHIPPING Lines conducted in-depth investigation on the pain points and challenges faced by customers in supply chain management, and developed the railway route for Port of SIXTH OF OCTOBER In Egypt. In August 2023, the successful launch of the sea-rail intermodal transport route alleviated the pain points of terminal congestion and customs clearance delays faced by customers in Egypt, and marked a solid step forward in the Company's digital supply chain products development strategy in Egypt.

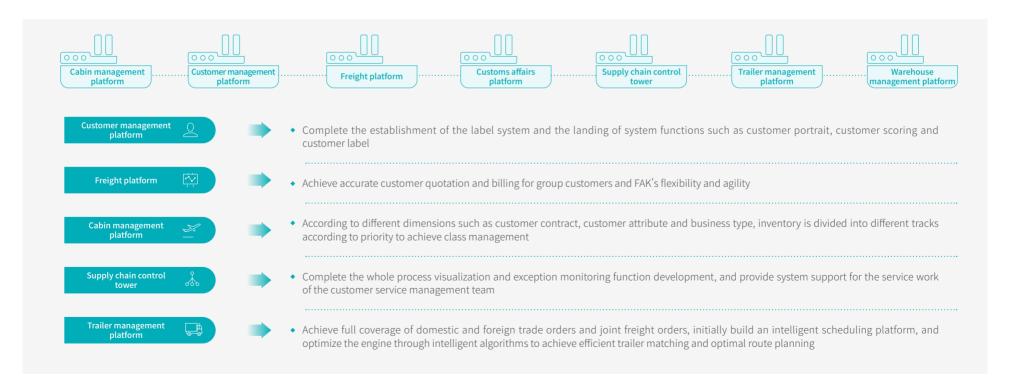
COSCO SHIPPING Lines will continue to make every effort to implement the construction plan of the New Land-Sea Trade Corridor, actively improve the end-to-end full-chain services, and promote the smooth flow of domestic and foreign trade "dual circulation".

## **Digital Supply Chain Construction**

COSCO SHIPPING Lines always embraces shipping digitization with an open mind, constantly builds and optimizes its digital shipping products. The Company endeavors to build a resilient end-to-end full supply chain system by empowering business transformation through digitalization.

The Company fully promotes the construction of digital management platforms such as customer management platform, freight platform, cabin platform, supply chain control tower, trailer platform, warehouse management platform, and customs affairs platform, which provide important support for the promotion of the Company's digital supply chain strategy.

#### Digital management platform





#### **Digital Container Management**

In 2023, the Company optimized the intelligent box repair AI model to improve the accuracy and coverage of automatic approval and third-party claims. At the same time, GNN neural network model is used to predict the inventory of empty containers, and AI learning combined with man-machine interaction technology is used to optimize the empty container dispatching plan.

The AI model of intelligent box repair includes automatic approval of valuation sheet and automatic identification of third-party claims. At present, the automatic approval model of the valuation sheet has realized the identification of container damage photos, judging the matching degree with the damage accounts, providing a reference for manual approval, and users can conduct batch approval according to the judgment results of the AI model, greatly improving the approval efficiency. In the next stage, the intelligent box repair model will strive to achieve automatic approval.

The first stage of the automatic identification model for third-party claims has realized the prediction of box loss reasons for some damaged accounts based on the foreign trade shipment data. In the next stage, the model will add picture recognition technology to further improve the accuracy of damage cause determination.

#### **Warehouse Management System**

Warehouse Management System (hereinafter "WMS") is an important part of the supply chain. It can help the Company centrally manage online and offline product inventory, accurately track the whole process of goods from receipt to delivery, meet customers' needs for refined inventory management, and improve the efficiency of warehousing operations.

In addition, WMS has built a customer shipping plan interface to help customers follow up the vehicle delivery situation, vehicle status, container number loaded on each vehicle and other information in a timely manner. At present, WMS has been implemented in many warehousing projects around the world.

# Improving Customer Experience with Digital Intelligence

Based on the concept of "digital intelligence" empowerment, COSCO SHIPPING Lines is committed to promoting and optimizing digital logistics solutions, building a digital "bridge" for customer communication, and working with customers to build an ecosystem and link the future.

In 2023, the Company launched a new version of the intelligent customer service platform, improving the depth and breadth of customer service quality through measures such as optimizing platform functions, promoting digital docking with strategic customers, and creating a one-stop communication platform entrance.

#### Functional optimization

 Optimize multiple service functions of e-commerce EB platform to enhance service efficiency



#### Digital docking

 Realize digital docking of multiple strategic customers and provide customers with intelligent and visual digital solutions



#### Building a one-stop entrance

 Through the one-stop entrance, users' multi-platform accounts are opened, and a unified customer communication platform entrance is established



Digital customer service

### **Intelligent Customer Service Platform**





#### **Blockchain Paperless Shipping**

Blockchain paperless delivery provides a document operation solution based on blockchain technology, bringing customers paperless, online, and visual delivery experience. Blockchain paperless shipping replaces the traditional multi-platform, multi-process and multi-participator document process by opening up the data flow between port, shipping and logistics enterprises, greatly shortens the processing time of import container documents, and improves customer experience while reducing logistics costs.

After continuous promotion and application, the technology and products of the platform have been promoted and applied in major domestic coastal and inland ports, new land and sea channels, Thailand LAEM CHABANG, Mexico, and other overseas ports, marking that COSCO SHIPPING Lines has taken another solid step on the road of promoting digital supply chain strategy.

By 31 December 2023, COSCO SHIPPING Lines has delivered more than 2 million TEUs of goods without paper, and the number of online customers and freight forwarders has exceeded 10.000.



#### **IQAX eBL Blockchain Electronic Bill of Lading**

IQAX eBL blockchain electronic bill of lading uses blockchain technology to replace the original entity's whole bill of lading delivery operation mode, effectively ensuring the authenticity, reliability, and uniqueness of electronic bill of lading. IQAX eBL provides a solution for online issuance and circulation of electronic bills of lading for all parties involved in the bill of lading. While realizing the digital management of bills of lading, IQAX eBL provides contactless document services for all parties involved to ensure the security of the whole bill of lading and reduce the time and labor costs of customers.

By 31 December 2023

COSCO SHIPPING Lines has issued more than

50,000

blockchain electronic bills of lading



# Upgrade IRIS-4 system to improve digital management

In order to support business development, COSCO SHIPPING Lines continues to upgrade the IRIS-4 system, achieve digital interaction and docking with global customers, and make services more accurate.

During the Reporting Period, the Company upgraded ACzone's existing booking capabilities and introduced new booking capabilities. The new booking function interface supports product query, freight rate and inventory display, improves the transparency of freight rate and inventory, and creates a new experience of digital booking services for customers. In order to cooperate with the launch of the latest combination products in the middle platform of the product, the Company has completed the optimization and transformation of the IRIS-4 document module.



**Voucher preparation** 

Complete document

provide Proforma

within 8 hours after

receiving E-SI, with

bill of lading

97% accuracy rate of

preparation and

47

## **Customer Service**

COSCO SHIPPING Lines always puts customer experience first. continuously improves customer service management, enhances the professionalism and service attitude of customer teams, and provides customers with high-quality and reliable delivery.

#### **Upgrade of Customer Service Management Process**

In order to improve the quality of customer service, the Company has established a two-layer customer service system composed of one-stop customer service and ground service. In the double-layer customer service system, professional ground service personnel from sea section, trailer and customs affairs are responsible for the acceptance of specific transportation services in each section. As the entrance of the whole chain service, one-stop customer service is responsible for tracking abnormal events occurring in the whole service and coordinating and handling special situations.

In order to improve the construction of the vertical system of the supply chain department, the Company has formulated the Operation Process of Customer Service Documents for Composite Products and the Process of Trailer Business Linkage between Customer Service Team and Supply Chain Team (Trial Version), to clarify the division of responsibilities between one-stop customer service and trailer, customs declaration and local service, and ensure that one-stop customer service and local service teams perform their respective duties and fulfill their respective responsibilities.

In terms of customer service assessment, the Company refined the customer service assessment indicators of the whole process. striving to maintain high quality and efficiency at each node of end-to-end service and live up to the trust of customers.

#### **Booking**

· Confirmation rate of cold box and ordinary cargo booking within 2 hours is 98%, and confirmation rate of dangerous and large parts booking within 48 hours is 95%

 Within one day after leaving the transit port, the maintenance rate of shipping results provided is 99%, and the accuracy rate is 98% (including transfer from branch to dry and transfer from dry to branch)

#### Arrival notice

· Timely delivery rate of arrival notice 1 day before arrival of goods at the port of discharge reaches

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rate shall not be less than 98%

• Timeliness rate of node processing of port change business reaches 80%

Daily business response

Attendant telephone

answering rate shall

not be less than 96%.

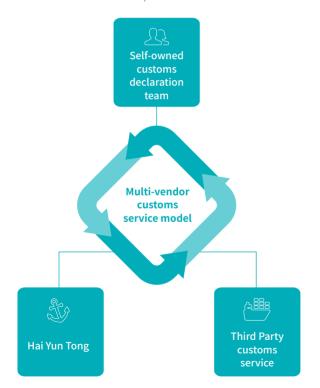
and online response

### **Digital Customs Service**

COSCO SHIPPING Lines gives full play to the advantages of integrated resources of the customs affairs platform, and uses the digital intelligent customs affairs service platform to audit customs affairs suppliers. The dimensions of consideration include customs declaration operation efficiency, document operation quality, service attitude, customer satisfaction, timeliness of information feedback, etc., striving to improve the service level of customs affairs suppliers and improve customer experience.

In 2023, the Company initially formed an online and offline integrated multi-supplier customs declaration service network, covering 9 major ports and 151 prefecture-level cities in China, with 4 self-owned customs declarations and 89 outsourced customs declaration suppliers. In the overseas region, 43 countries have provided customs declaration services to customers through 8 self-owned customs brokers and 91 negotiated customs brokers.

Through the introduction of the Yuanduyun Software as a Service (SAAS) to deploy and launch at ports with its own customs declaration capabilities, the Company has formed a multisupplier customs declaration service model with its own customs declaration team. Haivuntong customs platform and third-party customs brokers, expanded the scope of online customs services, expanded online customs reporting outlets to 76 prefecturelevel cities and 187 terminals, and steadily improved its ability to deliver customs declaration products to customers.



Multi-vendor Customs Service Model

#### Customized Service Plan

The Company listens attentively to customer needs, relies on the Company's digital and intelligent service capabilities, provides customers with full-process customized solutions, and improves customer satisfaction.

In the service of customers in the household appliances industry, the Company reduces manual intervention and improves the timeliness of information transmission through the digital docking of the whole process. According to the logistics management needs, the Company customizes the whole process logistics management interface for customers, improves the logistics operation level, and ensures the service quality of the whole process transportation.

In the service of customers in the new energy industry, COSCO SHIPPING Lines continues to provide customizes overseas service solutions, helping them sell their products to Europe, North America, South America, Australia, Southeast Asia and other places, At the same time, digital means are used to customize the humidity monitoring service of intelligent IOT boxes, promote the data docking of the whole process services such as resource collaboration platform, booking, documents, reconciliation, trailer and warehousing, continuously improve service efficiency and deepen digital cooperation with customers.

In the service for customers in the automotive industry, the Company innovatively customized data management refined to the frame number dimension in combination with the construction of supply chain control towers and the characteristics of the industry. Customers can log in to the customized visual interface to track key business nodes in the whole process, such as automobile packing, boarding, unloading, unpacking and terminal transportation.

In 2023, the relevant departments of the Company visited the main core customers to further understand the service needs of core customers, enrich the breadth of customer cooperation, and improve the matching degree of customized service needs.

### **Customer Privacy Protection**

The Company attaches great importance to the protection of customer privacy and internal data security, strictly follows the Cybersecurity Law of the People's Republic of China and other laws and regulations, and continues to increase privacy and data security protection to escort high-quality development.

COSCO SHIPPING Lines promises to collect necessary customer information and relevant personal information only for legitimate business and legitimate purposes. The Company always adheres to the spirit of business ethics and contract, properly protects users' privacy data, actively strengthens computer network technology protection and intrusion risk prevention, adopts data classification to ensure the security of hard copies, electronic documents, and data from information system, and prevent users' data leakage. We clearly inform users of the purpose of personal information and sensitive data collected and the corresponding confidentiality provisions to strengthen the protection of important data and personal information.



#### **Customer Satisfaction**

To improve customer service level and improve customer experience, in 2023, COSCO SHIPPING Lines continued to carry out a global satisfaction survey, receiving 2,364 questionnaires, and the overall customer satisfaction reached 92.4, an increase of 0.51 over 2022. According to the results of customer survey, COSCO SHIPPING Lines has carried out targeted customer return visits to understand the actual problems and needs of customers, and formulated corresponding service improvement measures.

#### **Customer Satisfaction Improvement at COSCO SHIPPING Lines**



In terms of handling customer complaints, the Company strictly follows the customer complaint system and acceptance process, adheres to the active service awareness of "no perfunctory, no prevarication" and the working style of positive response, and handles customer complaints quickly, properly and in place.

For customer complaints, the relevant department will be responsible for investigating, obtaining evidence, and sorting out the complaints, so as to determine the authenticity of customer complaints, the actual process, the main responsible party, the degree of fault and the losses caused or potential. If the complaint is investigated, the Company will initiate a response process to address the complaint within the promised period, depending on the type of complaint.

To ensure that the problems of customers are properly solved, the Company continuously optimizes business processes, improves management systems and customer experience through compliant follow-up and case analysis of customer feedback problems.



#### **Closed Loop Process for Customer Complaints**

In 2023, COSCO SHIPPING Lines received 3 complaints from customers, all of which were related to the delivery of goods without bills of lading in overseas regions.



# Harmonious Development

Securing a green future with talent resources

We advocate the work culture of mutual respect, and strive to provide a safe and healthy working environment for every like-minded partner, build a fair and efficient human resources system, and join hands with all employees to grow together and create the future.

- Employment Compliance
- Rights and Interests Protection
- Talent Development
- Employee Communication
- Occupational Health and Safety









COSCO SHIPPING Lines always adheres to the people-oriented employment concept, which has been incorporated into the bloodline of the company's operation and development. The Company firmly protects the legitimate rights and interests of employees, pays attention to the development and physical and mental health of employees, strives to build an equal, diversified, inclusive and safe working environment, and achieve a synchronous resonance between the enterprise and employees.



# **Employment Compliance**

COSCO SHIPPING Lines strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations applicable to the places in which it operates, insists on equal and compliant employment, and expressly prohibits child labor and forced labor. If child labor and forced labor are found, the Company will take serious action according to local laws and regulations. During the Reporting Period, the Company did not have any cases of using child labor and forced labor.

The Company adheres to the principle of fairness, diversity and inclusiveness, focusing on the attraction and retention of diversified talents, and endeavoring to eliminate any discrimination and harassment based on factors such as age, gender, ethnicity and physical condition of employees. At the same time, we have also built a "green channel" for the resettlement of veterans, actively support them in life and employment.

COSCO SHIPPING Lines is guided by the principle of "strictly controlling the human resources by replacement", attracts talents through the dual talent introduction channels of the "direct lane" for college talents and the "fast lane" for special talents. The Company has been striving to build a professional talent team that is highly compatible with the Company's development and transformation objectives. As at the end of the Reporting Period, the Company had a total of 14,976 full-time employees, with 610 new employees.





- Conducted campus recruitment presentations in 14 Universities in Beijing, Shanghai, Guangzhou, Wuhan and other regions in 2024
- 104 people were recruited through internal CV screening



 Organized 8 special open recruitment events for digital, green low-carbon and investment management talents, a total of 16 cutting-edge digital talents and 3 investment management talents have been hired

COSCO SHIPPING Lines 2023 Dual Channel Recruitment Event Highlights



# 5 S

# **Rights and Interests Protection**

COSCO SHIPPING Lines attaches great importance to the rights and interests of employees and respects their rights to free association and collective bargaining. The Company holds regular employee representative meetings to provide employees with opportunities to collective bargaining and discussion on issues of concern to employees. During the Reporting Period, COSCO SHIPPING Lines collected and discussed 8 proposals, and the satisfaction rate of staff representatives reached 100%.



#### **COSCO SHIPPING Lines revised collective agreement policy**

COSCO SHIPPING Lines carefully considered and passed the *Collective Contract of COSCO SHIPPING Lines Co. Ltd*, truly putting the rights of employees into practice. On the basis of effectively safeguarding the legitimate rights and interests of employees and the overall interests of the enterprise, the Company transformed collective bargaining into a powerful impetus for building a harmonious enterprise and promoted scientific management and development of the enterprise.

Oriented to the needs of employees, the Company implements employee care around the dimensions of insurance benefits, subsidies and holiday benefits, etc. on the basis of legal payment of statutory benefits. At the same time, we actively provide support for special groups, including employees in difficulty and female employees, hire legal and health advisors for employees in need, set up a caring fund and carry out support activities for employees in difficulties, build a "Mammy Cabin" and carry out cultural activities related to female employees, with a view to maintaining the bond of understanding, trust and harmony between employees and the Company through practical actions. During the reporting period, COSCO SHIPPING Lines' "Mammy Cabin" was recognized as a "Fivestar Love Mammy Cabin of Shanghai Labor Union".

(†) Insurance Benefits	<ul> <li>All employees are covered with traffic accident insurance and employer's liability insurance</li> <li>Expatriate Employees are covered with overseas employers' liability insurance</li> </ul>
Female Employees' Benefits	Continuous improvement of the environment and services of the "Mammy Cabin" construction
Subsidy Benefits	<ul> <li>Eligible female employees are paid monthly health expenses</li> <li>The certain standard rental subsidies are provided for non-Shanghai registered employees</li> </ul>
A Holiday Benefits	The number of days of annual leave is linked to the cumulative length of service, the basic rights and interests of employees taking annual leave with pay are protected

Employee Welfare



#### COSCO SHIPPING Lines set up a caring fund to help employees in difficulties

COSCO SHIPPING Lines insists on helping and support to employees in difficulty and strives to create a loving corporate atmosphere. We have set up a caring fund and it has helped 3 employees in need and 2 family members of deceased employees to apply for death insurance from Shanghai Municipal Vocational Insurance Center during the Reporting Period, thus conveying the Company's care and love for each employee in every detail.



#### COSCO SHIPPING Lines launched activity of "Sending Coolness" for high temperature sympathy

In 2023, COSCO SHIPPING Lines carried out in-depth high-temperature condolences and distribution of heat-prevention and cooling materials for frontline positions on ships, port network companies, storage yards, night shift teams, property management companies, etc., with the consideration of the needs of the staff. The Company feels the needs of the employees' work and life, and sends the warmth of the company to the employees. During the high temperature period, the Company organized 563 times of high temperature sympathy, comforted 24,977 front-line employees, purchased and distributed more than RMB 4.16 million of heatstroke prevention and cooling labor protection articles.



# **Talent Development**

COSCO SHIPPING Lines pays attention to the development of talents, enhances the professionalism of employees through a comprehensive training and development mechanism, promotes the realization of employees' selfworth through a diversified and differentiated remuneration mechanism, and strives to set up a high-quality talent echelon to provide fresh blood for the long-term and stable development of the Company.

COSCO SHIPPING Lines has formulated and continuously improved internal systems such as the Management Measures for Business Positions and Ranks at Headquarters of COSCO SHIPPING Lines (Trial) and the Administrative Measures for Staff Assessment at Headquarters of COSCO SHIPPING Lines (Trial), which provide guidelines for the Company to carry out training and promotion in a fair and impartial manner. The Company has set training targets based on employees' needs and builds a diversified training platform, introducing high-quality curriculum resources such as "Chaos Learning Park" and "Global Operation Navigation" to strengthen the decision-making of the management and the practice level of the employees in various aspects. As of the end of the Reporting Period, all employees of COSCO SHIPPING Lines had received training from the Company, of which the total number of training hours received by management-level employees was 152,225 and the total number of training hours received by ordinary employees was 461,192.

The Company also identifies, develops, and retains talents effectively through clear career development paths. We have established dual development paths, including management paths and business positions training paths to motivate our employees to continue to break through and make unremitting efforts to achieve sustainable corporate transformation.

Unscheduled promotions based on departmental recommendations, democratic recommendations, and daily review results

Promotions covering all employees are conducted twice a year based on the results of the comprehensive performance review

#### COSCO SHIPPING Lines Promotion Paths

The Company follows the principles of total wages in line with income levels and job responsibilities, and linking salary distribution with performance appraisal to implement salary payment, which closely connects the personal interests of the company's talents with the company's long-term achievements. We also strictly abide by the national statutory holidays policy; overtime work on statutory holidays will be paid in accordance with the provisions of the overtime pay, to protect the rights and interests of employees to the maximum extent.



In 2023, COSCO SHIPPING Lines organized the second phase of the "Elite Talents Plan" in order to further empower outstanding talents, help employees to fully meet the requirements of their positions, and meet the challenges of the future with full enthusiasm. A total of 50 young employees participated in the training program.

The training plan is based on activities such as group building expansion, digital thinking training, communication technology, political theory, official document writing, special economic learning of the 20th National Congress, business speeches, etc. It is designed to meet the growth needs of the employees, empowering their career development from the shallow end to the deep end. so that many high-potential talents, who are highly in line with the company's development strategy, can enhance their sense of identity with the company's culture and proficiency in their respective positions, and continue to contribute to the creation of corporate value.



COSCO SHIPPING Lines implemented the "Elite Talents Plan"

# **Employee Communication**

COSCO SHIPPING Lines fully respects the rights and interests of employees in terms of freedom of speech, focuses on employees' "urgency, difficulties, worries and expectations", and listens to and responds to employees' expectations in a timely manner. The Company encourages all employees to develop a sense of ownership and make suggestions for the continuous optimization of the workplace environment through the office automation system (OA), company mailboxes and employee seminars.

COSCO SHIPPING Lines has also gains an insight into the common needs of its employees, and through the implementation of diversified cultural and sports activities, we help to relieve the pressure of work and provide a platform and opportunity for communication and exchange, so as to enhance the sense of well-being and fulfilment of employees and create a highly cohesive team.



#### **COSCO SHIPPING Lines held employee e-sports** competition

In November 2023, COSCO SHIPPING Lines, focusing on the needs of young employees, organized the "Digital Chain Asian Games, Competition for Glory" Employees' e-Sports Competition, integrating the elements of "e-sports, ecology, sports, youth and entertainment" into cultural and sports activities, and the spirit of dreaming, passion, daring, fearlessness and forward-looking into production and operation work.



Employees' e-Sports Competition



#### COSCO SHIPPING Lines held the "Gathering of **Heart and Strength, Moving Upward Towards** Goodness" Double Ninth Festival climbing activity

On October 21, 2023, COSCO SHIPPING Lines' Shanghai branch organized a climbing activity to demonstrate the spirit of hardworking and moving upward towards goodness, and promote the traditional virtue of respecting the elderly. There was a special donation session held during the activity, and a total of 7,746.29 RMB was collected, which was all used to purchase caring materials and services for Shanghai Hongkou District Social Welfare Institute.



**Double Ninth Festival Climbing Activity** 



#### **COSCO SHIPPING Lines organized the employee** ping pong and badminton challenge competition

In February 2023, the south China container lines labor union of COSCO SHIPPING Lines organized the 2023 Employee Ping Pong and Badminton Challenge Competition. With the tournament as a carrier, it fully demonstrated the unity and cooperation of the Company, the healthy and upward spirit, and enhanced the cohesion and centripetal force of the staff group while bringing the staff closer to each other.



Employee Ping Pong and Badminton Challenge Competition

# **Control** Occupational Health and Safety

COSCO SHIPPING Lines always regards occupational health and safety as the lifeline and bottom line of the company's development. The Company continuously strengthens the foundation of occupational health and safety development, improves the occupational health and safety management system, sets occupational health and safety targets for the current year considering the actual operating conditions, and regularly monitors the safety risks that may occur in the course of operations, with the aim of protecting the physical and mental health of all employees. We also pay attention to the promotion of safety culture and the cultivation of employees' safety awareness, and continue to enrich the content of emergency drills and safety training through a combination of theoretical learning and on-site practice, with a view to enhancing employees' first aid and emergency response capabilities in respect of safety risks. During the Reporting Period, there were no safety accidents or work-related fatalities.



• 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 contract contractors.



- With safety as the main theme, orderly promote knowledge dissemination, case warnings, emergency drills and other occupational health and safety-related training to enhance the risk perception of personnel at all levels and practice management and control skills.
- Real-time monitor the physical and mental health of on-the-job employees, and regularly organize the health check-ups and establish employee health files.
- Strictly assess the physical condition and qualifications of employees in special positions in conjunction with job development needs to ensure that crew members are fit for their jobs.



#### **Risk Management**

• Adhere to the prevention-oriented approach, sort out and set up annual safety inspection plans, and regularly carry out annual standing safety risk assessments of major risk sources, occupational health and environmental health risks, operational risks, etc.

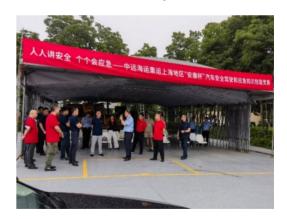


- **Targets**
- To maintain safe and stable, to eliminate occupational disease, major fatality, and mass injury accidents, to avoid responsible serious injury accidents, and to reduce responsible minor injury accidents.
- Improve the training ratio of new employees and crew members to 100%, and the rectification rate of accident hazards to 100%.



#### COSCO SHIPPING Lines launched "Health & Safety Cup" employee safety emergency skills competition in Shanghai

In June 2023, COSCO SHIPPING Lines' Shanghai Branch organized "Health & Safety Cup" Employee Safety Emergency Skills Competition, Through diversified forms. the Company conveyed the concept of safety culture and continuously improved the safety precautionary awareness of the staff, leading the healthy development of the staff with sustainable safety culture.



"Health & Safety Cup" Employee Safety Emergency Skills Competition

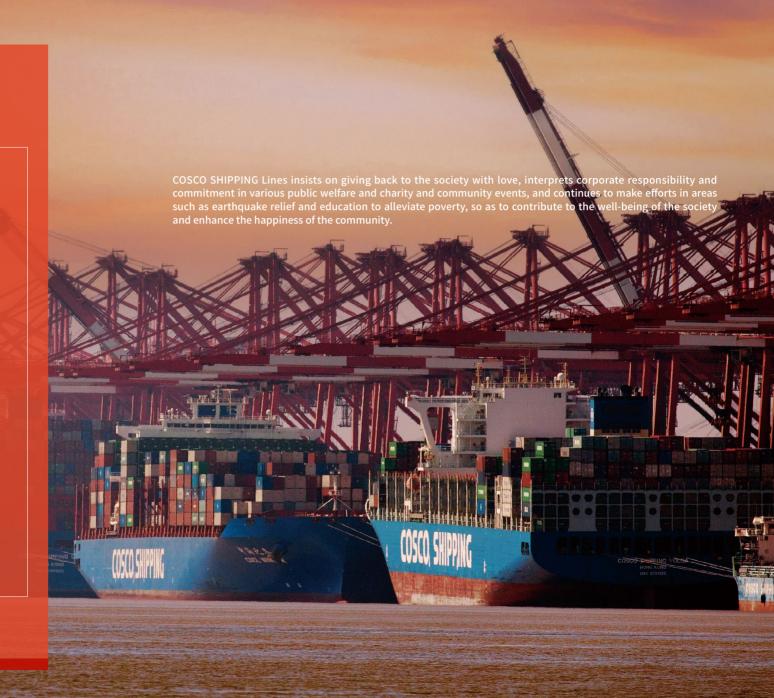
# **Community Commitment**

Giving back to a green future with corporate responsibility

The Company takes the initiative to undertake and actively fulfil social responsibility into the development practice of the Company, gives full play to our industrial advantages, and promotes social prosperity around the dimensions of charitable donations, social welfare, and educational support.

- Responsible Citizens
- Community Engagement





# **Responsible Citizens**

COSCO SHIPPING Lines continues to focus on social concerns and community development needs, and adheres to building a corporate responsibility system with the fulfilment of economic, environmental and social responsibilities, demonstrating the corporate social values through practical actions. In 2023, COSCO SHIPPING Lines' total public welfare investment reached RMB 49.29 million, which was used to carry out targeted assistance, counterpart support, rural revitalization and related social welfare and basic education undertakings.

#### In 2023

COSCO SHIPPING Lines' total public welfare investment reached

RMB 49.29 million



#### Charitable Fund

 Donated RMB 40 million to COSCO SHIPPING Charitable Fund

#### **Education Support**

- Donated RMB 500,000 to Yongde County, Yunnan Province, for the construction project of electronic reading room of Yongde County education system
- Donated RMB 150.000 to the Hunan Anhua County Dream Education Foundation for the maintenance of the Jiangjunwan Primary School teaching building and the purchase of teaching facilities and equipment in Nanjin Township, Anhua County



#### **Counterpart Assistance**

 Participated in the "Spring Festival Action for Consumption Assistance of Central Enterprises" and the "Week of Consumption Assistance for Rural Development of Central Enterprises", and purchased RMB 3.9 million of agricultural and sideline products from designated areas for assistance and counterpart assistance of the Company

#### Infrastructure Development

- Donated RMB 500,000 to Luolong County, Tibet, for the construction of the "National Unity Square" project in Dalong Township
- Donated **13,623** pieces of autumn and winter clothing, **11,568** books, **6,832** school supplies, 277 sporting goods and 1,779 toys to the Luolong County, Tibet, helping to improve the living standards of local residents, with a material conversion of RMB 3 million

COSCO SHIPPING Lines Charity Donation Actions in 2023



# COSCO SHIPPING Lines helps Gansu to ensure smooth transportation of earthquake relief materials

In December 2023, Qingdao Branch of COSCO SHIPPING Lines closely followed up the situation in the earthquake area of Jieshishan County, Linxia Prefecture, Gansu Province and cooperated with Tianjin COSCO SHIPPING Logistics Supply Chain Co., Ltd. to set up a leading group for the transportation of earthquake relief materials in Gansu Province and a field working group for earthquake relief. The leading group actively docked with the Material Support Department of Gansu Provincial Emergency Department, the Red Cross Society of Gansu Province and the Logistics Channel Department of Gansu Provincial Department of Commerce, and started 24-hour duty and transported emergency materials. The materials transported include 1,200 pieces of daily necessities such as cotton clothes and quilts, 240 boxes of drugs such as Lianhua Qingwen Capsule, and 1,200 pieces of other drugs, flour, edible oil and other materials, totaling 6 containers, staying in the same boat with the people in the disaster areas through practical actions.



Picture of the delivery site



#### **COSCO SHIPPING Lines joined hands with New Zealand customers to combat disasters**

In February 2023, Auckland, New Zealand was hit by a massive flood. COSCO SHIPPING Lines New Zealand honored its commitment to customers and the local community by formulating the "Let's Act Now" disaster relief action plan in the first instance and promoting fundraising activities in the disaster area in an orderly manner. We also cooperated with local customers and suppliers, and continued to send generators, clothes, food, drinking water, and other supplies to the disaster area, and provided free coastal transport services, so as to convey corporate humanistic care to the greatest extent possible.

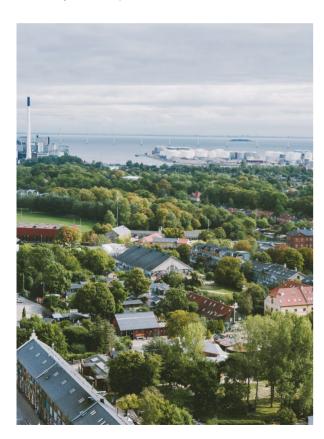


Fund-raising for Disaster Areas



## **Community Engagement**

As a warm-hearted and responsible enterprise, COSCO SHIPPING Lines integrates social responsibility into the whole operation process, actively organized diversified social welfare activities, and solves the practical needs of the community with the strength of the Company, so as to build a harmonious, loving and sustainable community relationship.





#### **COSCO SHIPPING Lines' Caring Activities for the Elderly**

During the Double Ninth Festival in October 2023, COSCO SHIPPING Lines jointly held a comfort activity for the elderly at Hongkou District Social Welfare Institute in conjunction with Hongkou District Civil Affairs Bureau, Hongkou District Workers' Cultural Palace and Shanghai Student Art Troupe Zhongsheng Dance Troupe. Through cultural performances as well as the sending caring blankets, Chung Yeung cakes and improvised calligraphy works, we presented greetings and blessings to the elderly in the gerocomium.



Picture of the Caring Activity for the Elderly

# **07 Appendix**

## Sustainability Data

#### **Environmental data**



Indicators		Unit	2021	2022	2023
	Gasoline	Tons	20.00	16.10	21.09
	Fuel oil (heavy oil)	Tons	5,143,933	4,736,250	4,231,809
	High-sulfur oil	Tons	488,206	458,455	465,780
Direct energy use	Very Low-sulfur oil	Tons	4,655,727	4,277,794	3,766,029
	Diesel oil (light oil)	Tons	202,075	237,910	208,089
	Natural gas	Cubic meters	371,205	361,535	411,265
	Total	1,000 kWh	67,496,969	57,879,336	51,662,709
Direct energy use intensity		1,000 kWh /million RMB revenue	302.48	224.56	445.20
Indirect energy use	Purchased electricity	1,000 kWh	4,853	4,479	4,507
Indirect energy use intensity		1,000 kWh /million RMB revenue	0.02	0.02	0.04



Indicators		Unit	2021	2022	2023
	Scope I GHG emissions	Tons CO <sub>2</sub> equivalent	16,654,623	15,181,289	13,550,499
Greenhouse gas emissions <sup>5</sup>	Scope II GHG emissions	Tons CO₂ equivalent	3,925	2,555	2,571
	Total GHG emissions (Scope I + Scope II)	Tons CO <sub>2</sub> equivalent	16,658,547	15,183,844	13,553,069
Intensity of greenhouse ga	s emissions	Tons CO₂ equivalent / million RMB revenue	74.65	58.91	116.79
	Freshwater Consumption	Tons	276,641	240,584	336,482
Water for production	Seawater desalination	Tons	136,213	123,293	123,964
	Total consumption of water for production	Tons	412,854	363,877	460,446
Domestic water		Tons	36,073	32,247	34,586
Total water consumption		Tons	448,927	396,124	495,032
Total water consumption in	ntensity	Tons /million RMB revenue	2.01	1.54	4.27
	Nitrogen oxides		389,808	357,992	319,925
Exhaust gas <sup>6</sup>	Sulphur oxides	Tons	116,053	147,291	97,476
	Particulate matter		35,132	32,088	28,776

<sup>&</sup>lt;sup>5</sup>Greenhouse gas emission factors are mainly referred to Third IMO Greenhouse Gas Study 2014, and electricity consumption emissions refer to the emission factors of each country or power company.

<sup>&</sup>lt;sup>6</sup>The calculation method of exhaust gas mainly refers to the method of the Clean Cargo Working Group (CCWG). Data for 2022 is reviewed and restated.

Indicators		Unit	2021	2022	2023
Wastewater	Production wastewater - treated	Tons	17,283	10,883	16,016
wastewater	Domestic wastewater	Tons	32,466	29,022	31,127
	Hazardous waste	Cubic meters	3,789	3,755	5,137
	Intensity of hazardous waste	Cubic meters / million RMB revenue	1.54	0.01	0.04
Waste	Dangerous goods	TEU	201,093	217,249	301,348
	Non-hazardous waste	Kilogram	264,250	264,250	262,900
	Intensity of non-hazardous waste	Kilogram / million RMB revenue	1.18	1.03	2.27
Lubricating oil		Tons	26,478	26,485	25,807

#### **Social Performance**



Indicator		Unit	2021	2022	2023
	Regular Employees	Person	15,262	15,123	14,976
Total Number of Employees	Contractors	Person	1,897	1,995	1,905
Proportion of regular employees					
By Gender	Male	Person	8,627	8,402	8,348
by Gender	Female	Person	6,635	6,721	6,628
	≤ 30	Person	1,771	2,626	2,537
By Age	30~50 (30&50 excluded)	Person	11,026	9,875	9,548
	≥ 50	Person	2,465	2,622	2,891
Du Emplayer Ture	Full-time	Person	15,262	15,123	14,976
By Employee Type	Part-time	Person	0	0	0
	Mainland China	Person	10,003	10,020	9,855
By Region	Hong Kong, China	Person	193	183	179
	Overseas	Person	5,066	4,920	4,942
	Managements	Person	484	542	526
By Rank	General Employees	Person	14,778	14,581	14,450



Indicator		Unit	2021	2022	2023
Proportion of New Hires					
	Male	Person	349	336	314
By Gender	Female	Person	360	451	296
	≤ 30	Person	367	542	355
By Age	30~50 (30&50 excluded)	Person	280	242	219
	≥ 50	Person	62	3	36
Du Dagian	China	Person	293	200	187
By Region	Overseas	Person	416	587	423
Employee Turnover					
Turnover Rate		%	3.01	3.62	3.09
Total Turnover Number		Person	460	547	463
Total Turaquar bu Condar	Male	Person	286	255	237
Total Turnover by Gender	Female	Person	174	292	226
Turnover Rate by Gender	Male	%	3.32	3.03	2.84
	Female	%	2.62	4.34	3.41



Indicator		Unit	2021	2022	2023
	Mainland China	Person	143	78	65
Total Turnover by Region	Hong Kong, China	Person	7	10	15
	Overseas	Person	310	459	383
	Mainland China	%	1.43	0.78	0.66
Turnover Rate by Region	Hong Kong, China	%	3.63	5.46	8.38
	Overseas	%	6.12	9.22	7.75
	≤ 30	Person	78	330	155
Total Turnover by Age	30~50 (30&50 excluded)	Person	345	198	227
	≥ 50	Person	37	19	81
	≤ 30	%	4.4	12.57	6.11
Turnover Rate by Age	30~50 (30&50 excluded)	%	3.13	2.01	2.38
	≥ 50	%	1.5	0.72	2.80



Indicator		Unit	2021	2022	2023
Work Injury					
Total Number of Deaths	Number of work-related deaths	Person	0	0	0
Total Number of Deaths	Proportion of work-related deaths	%0	0	0	0
	Number of accidents causing work-related injuries		0	0	1
Work Injury	Number of work-related injuries	Person	0	0	1
	Thousands of injuries	%0	0	0	0.07
Lost Working Days Due to Work-related Injuries	Total Lost Days	Day	0	0	60
Employee Training					
Total number of employees trained		Person	15,262	15,123	14,976
Percentage of Employees Trained by Gender					
Male		%	56.53	55.56	55.74
Female		%	43.47	44.44	44.26
Percentage of Employees Trained by Rank					
Managements		%	3.17	3.58	3.51
General Employees		%	96.83	96.42	96.49
Total Training Hours by Gender					
Male		Hour	108,611	277,208	355,782
Female		Hour	76,458	224,569	257,635

Strengthening Governance: Promoting a green future with sound corporate governance Green Transformation: Achieving a green future through low carbon strategy Empowering Shipping: Building a green future through exceptional services

Harmonious Development: Securing a green future with talent resources Community Commitment: Giving back to a green future with corporate responsibility



Indicator		Unit	2021	2022	2023
Average Training Hours by Gender					
Male		Hour	12.6	32.99	42.62
Female		Hour	11.5	33.41	38.87
Total Training Hours by Rank					
Managements		Hour	18,786	79,591	152,225
General Employees		Hour	166,283	422,186	461,192
Average Training Hours by Rank					
Managements	Managements		38.8	146.85	289.40
General Employees	General Employees		11.3	28.95	31.92
Supply Chain					
Suppliers in Mainland China		Unit	11,032	10,866	12,273
Suppliers outside Mainland China (Hong Kong, Macao and Taiwan areas included)		Unit	2,839	2,832	2,895
Customers Complaints					
Total Number of Complaints Received about Products or Services	Total Complaints		238	201	3
	Complaints handle rate	%	100	100	100
Number of concluded corruption lawsuits filed again	st the company or its employees		0	0	0

Strengthening Governance: Promoting a green future / with sound corporate governance Green Transformation: Achieving a green future through low carbon strategy Empowering Shipping: Building a green future through exceptional services Harmonious Development: Securing a green future with talent resources Community Commitment: Giving back to a green future with corporate responsibility

Indicator	Unit	2021	2022	2023
Community Investment				
Total investment on community or public welfare	RMB10,000	28,262	3,151	4,929
Total number of people participating in community or public welfare	Person/Time	800	284	2,443
Total number of hours of participation in community or public welfare activities	Hour	138	894	5,360

# Reporting Indicators Guidelines

#### **Environmental, Social and Governance Reporting Guide**

Environmental, soc	ial and governar	nce areas and general disclosure and key performance indicators (KPI)	Chapter
nvironmental			
		Information on:	
	General dis-	(a) the policies; and	
	closure	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Green transformation - Green and low-carbon development
		relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	A1.1	The types of emissions and respective emissions data.	Sustainability Data
1: Emissions	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Data
A1.3	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Data
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Data
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Green transformation - Green and low-carbon development
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green transformation - Implementing environmental protection
	General disclosure	Policies for efficient use of resources (including energy, water and other raw materials).	Green transformation - Implementing environmental protection
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Sustainability Data
O. Docourage use	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Sustainability Data
A2: Resources use	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green transformation - Implementing environmental protection
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green transformation - Implementing environmental protection
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging materials are used in the operations of COSCO SHIPPING Lines

Environmental, socia	l and governar	nce areas and general disclosure and key performance indicators (KPI)	Chapter
A3: Environment and natural resources	General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green transformation - Implementing environmental protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources, and the actions taken to manage the impact.	Green transformation - Green and low-carbon development
A4: Climate change	General disclosure	Policies on identification and mitigation of climate-related issues that have impacted, and those which may impact, the issuer	Green transformation -Climate Change Response
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green transformation - Climate Change Response
Society			
		Information on:	
	General	(a) the policies; and	
	disclosure	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Harmonious development - Employment Compliance
B1: Employee		relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Sustainability Data
	B1.2	Employee turnover rate by gender, age group and geographical region.	Sustainability Data
	General disclosure	Information on:	
		(a) the policies; and	Harmonious development - Occupational health and safety
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
B2: Health and Safety		relating to providing a safe working environment and protecting employees from occupational hazards.	
ou.e.y	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Sustainability Data
	B2.2	Lost days due to work injury.	Sustainability Data
	B2.3	Description of the occupational health and safety measures adopted, and how they are implemented and monitored.	Harmonious development - Occupational health and safety
B3: Development and training	GeneGeneral disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Harmonious development - Occupational health and safety
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Sustainability Data
	B3.2	The average training hours completed per employee by gender and employee category.	Sustainability Data

Environmental, soc	ial and governa	nce areas and general disclosure and key performance indicators (KPI)	Chapter	
B4: Labor code	General disclosure	Information on:		
		(a) the policies; and	Harmonious development - Employment Compliance	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
		relating to preventing child and forced labor.		
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Harmonious development - Employment Compliance	
	B4.2	Description of steps taken to eliminate such practices when discovered.	Harmonious development - Employment Compliance	
	General disclosure	Policies on managing environmental and social risks of the supply chain.	Empowering shipping -Sustainable Supply Chain	
	B5.1	Number of suppliers by geographical region.	Empowering shipping -Sustainable Supply Chain	
B5: Supply chain management	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Empowering shipping -Sustainable Supply Chain	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Empowering shipping -Sustainable Supply Chain	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Empowering shipping -Sustainable Supply Chain	
	General disclosure	Information on:		
		(a) the policies; and	Empowering shipping -Customer Service	
B6: Product responsibility		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	COSCO SHIPPING Lines' daily operations do not involve advertising and labeling related matters	
		relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	COSCO SHIPPING Lines mainly provides container services and port business, and product recycling is not involved	
	B6.2	Number of products and service related complaints received and how they are dealt with.	Empowering shipping -Customer Service	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	COSCO SHIPPING Lines' business did not involve intellectual property	
	B6.4	Description of quality assurance process and recall procedures.	COSCO SHIPPING Lines mainly provides container shipping services and port business, not involving product recycling	
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Empowering shipping -Customer Service	

Green Transformation: Achieving a green future through low carbon strategy Empowering Shipping: Building a green future through exceptional services

Harmonious Development: Securing a green future with talent resources Community Commitment: / Giving back to a green future with corporate responsibility

Environmental, soci	al and governa	nce areas and general disclosure and key performance indicators (KPI)	Chapter
B7: Anti-corruption measures	General disclosure	Information on:	
		(a) the policies; and	Strengthening governance -Business Ethics
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to bribery, extortion, fraud and money laundering.	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Strengthening governance -Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening governance -Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening governance -Business Ethics
B8: Community investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Commitment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Commitment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Commitment

## **GRI Standards**



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Disclosure issues/items	Title of disclosure item	Sections
General standards		
GRI 1: Fundamentals 2021		
GRI 2: General Disclosure 2021		
Organizing and reporting practices		
2-1	Organizational details	About this report
2-2	Entities included in the organization's sustainability reporting	About this report
2-3	Reporting Period, frequency and contact point	About this report
2-4	Restatements of information	About this report
2-5	External assurance	Verification report
Activities and works		
2-6	Activities, value chain and other business relationships	About COSCO SHIPPING Lines
2-7	Employees	Harmonious development - Employment Compliance
2-8	Workers who are not employees	Harmonious development - Employment Compliance
Governance		
2-9	Governance structure and composition	Strengthening governance -Corporate Governance
2-10	Nomination and selection of the highest governance body	Strengthening governance -Corporate Governance
2-11	Chair of the highest governance body	Strengthening governance -Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Strengthening governance -Corporate Governance
2-13	Delegation of responsibility for managing impacts	Strengthening governance -Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Strengthening governance -Corporate Governance
2-16	Communication of critical concerns	Strengthening governance -Corporate Governance
2-17	Collective knowledge of the highest governance body	Strengthening governance -ESG Governance, Business Ethics
Strategy, policies and practices		

Disclosure issues/itemsTitle of disclosure itemSections2-22Statement on sustainable development strategyMessage from the Chairman2-23Policy commitmentsStrengthening governance - Business Ethics2-24Embedding policy commitmentsStrengthening governance - Business Ethics2-25Processes to remediate negative impactsStrengthening governance - Business Ethics2-26Mechanisms for seeking advice and raising concernsMessage from the Chairman	
Policy commitments  Strengthening governance - Business Ethics  2-24  Embedding policy commitments  Strengthening governance - Business Ethics  2-25  Processes to remediate negative impacts  Strengthening governance - Business Ethics	
2-24 Embedding policy commitments Strengthening governance - Business Ethics 2-25 Processes to remediate negative impacts Strengthening governance - Business Ethics	
2-25 Processes to remediate negative impacts Strengthening governance - Business Ethics	
2-26 Mechanisms for seeking advice and raising concerns Message from the Chairman	
2-27 Compliance with laws and regulations Strengthening governance -ESG Governance	
2-28 Membership associations Strengthening governance - Business Ethics	
Stakeholder engagement	
2-29 Approach to stakeholder engagement Strengthening governance -ESG Governance	
2-30 Collective bargaining agreements Harmonious development - Rights and interests protect	ion
GRI3: Material Topics 2021	
3-1 Process to determine material topics Strengthening governance -ESG Governance	
3-2 List of material topics Strengthening governance -ESG Governance	
3-3 Management of material topics Strengthening governance -ESG Governance	
Topic Standards	
GRI 201: Economic Performance 2016	
201-1 Economic value directly generated and distributed About COSCO SHIPPING Lines	
201-2 Financial impacts of climate change and other risks and opportunities Green transformation - Climate Change Response	
GRI 203: Indirect Economic Impact 2016	
203-1 Infrastructure investments and services supported Community Commitment	
GRI 205: Anti-corruption 2016	
205-1 Operations where corruption risk assessment has been conducted Strengthening governance - Business Ethics	
205-2 Communication and training of anti-corruption policies and procedures Strengthening governance - Business Ethics	
205-3 Confirmed incidents of corruption and actions taken Strengthening governance - Business Ethics	

Strengthening Governance: Promoting a green future with sound corporate governance Green Transformation: Achieving a green future through low carbon strategy Empowering Shipping: Building a green future through exceptional services

Harmonious Development: Securing a green future with talent resources Community Commitment: Giving back to a green future with corporate responsibility 75

Disclosure issues/items	Title of disclosure item	Sections
GRI 206: Unfair Competitive Behavior 2016		
206-1	Legal proceedings against unfair competition behavior, antitrust and anti-monopoly practice	Strengthening governance - Business Ethics
Environment		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Green transformation- Green and low-carbon development
302-2	Energy consumption outside of the organization	Sustainability Data
302-3	Energy intensity	Sustainability Data
302-4	Reduce energy consumption	Green transformation - Green and low-carbon development
302-5	Reduce the energy demand of products and services	Green transformation - Green and low-carbon development
GRI 303: Water Resources and Sewage 2018		
303-1	Interaction between organizations and water (as a shared resource)	Green transformation - Implementing environmental protection
303-2	Management of drainage-related impacts	Green transformation - Implementing environmental protection
303-3	Water fetching	Green transformation - Implementing environmental protection
303-4	Drainage	Green transformation - Implementing environmental protection
303-5	Water consumption	Green transformation - Implementing environmental protection
GRI 304: Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	Green transformation - Implementing environmental protection
GRI 305: Emissions 2016		
305-1	Gross direct (Scope 1) greenhouse gas emissions	Sustainability Data
305-2	Gross location-based energy indirect (Scope 2) greenhouse gas emissions	Sustainability Data
305-4	Greenhouse gas emission intensity	Sustainability Data
305-7	Emissions of nitrogen oxides (NO $_{x}$ ), sulfur oxides (SO $_{x}$ ) and other major gases	Sustainability Data
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	
306-2	Management of impacts related to major wastes	Green transformation - Implementing environmental protection

Disclosure issues/items	Title of disclosure item	Sections
306-3	Waste generated	Green transformation - Implementing environmental protection
GRI 308: Supplier Environmental Assessment	t 2016	
308-1	New suppliers selected using environmental criteria	Empowering shipping -Sustainable Supply Chain
308-2	Negative impact of supply chain on environment and actions taken	Empowering shipping - Sustainable Supply Chain
Society		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Harmonious development - Employment Compliance
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Harmonious development - Rights and interests protection
GRI 403: Occupational Health and Safety 201	8	
403-1	Occupational Health and Safety Management System	Harmonious development - Occupational health and safety
403-2	Hazard identification, risk assessment and incident investigation	Harmonious development - Occupational health and safety
403-3	Occupational Health Services	Harmonious development - Occupational health and safety
403-4	Occupational Health and Safety Matters: Workers' Participation, Consultation and Communication	Harmonious development - Occupational health and safety
403-5	Occupational Health and Safety Training for Workers	Harmonious development - Occupational health and safety
403-6	Promoting Workers' Health	Harmonious development - Occupational health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Harmonious development - Occupational health and safety
403-8	Workers Applicable to Occupational Health and Safety Management System	Harmonious development - Occupational health and safety
403-9	Work-related injury	Harmonious development - Occupational health and safety
403-10	Work-related health problems	Harmonious development - Occupational health and safety
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Harmonious development - Talent development
404-2	Programs for upgrading employee skills and transition assistance programs	Harmonious development - Talent development
404-3	Percentage of employees receiving regular performance and career development reviews	Harmonious development - Talent development



Disclosure issues/items	Title of disclosure item	Sections
GRI 405: Diversity and Equal Opportunity 2016	6	
405-1	Diversification of Governing Institutions and Employees	Harmonious development - Employment Compliance
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Harmonious development - Employment Compliance
GRI 408: Child Labor 2016		
408-1	Operating points and suppliers at risk of major child labor incidents	Harmonious development - Employment Compliance
	operating points and supplies at 1800 major time about melecine	Empowering shipping -Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operating points and suppliers with significant risks of forced or compulsory labor	Harmonious development - Employment Compliance
100 1	events	Empowering shipping -Sustainable Supply Chain
GRI 413: Local Communities 2016		
413-1	Operational sites with the participation of local communities, impact assessment and development plans	Community Commitment
413-2	Operations with significant actual and potential negative impacts on local communities	Community Commitment
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers screened using social criteria	Empowering shipping -Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Empowering shipping -Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Empowering shipping -Customer Service
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Empowering shipping -Customer Service
GRI 418: Customer Privacy 2016		
418-1	Verified complaints related to invasion of customer privacy and loss of customer data	Empowering shipping -Customer Service

## **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 2023 ( "Sustainability Report" ), and disclosed the results and conclusions of the Assurance Engagement to the intended users of the Sustainability Report in the form of an independent assurance statement.

CECEPAC (HK) has been engaged to assure COSCO SHIPPING Lines' adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness, and Impact) set out in the AA1000 Assurance Standard v3 ("AA1000AS v3"). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specified performance information disclosed in the Sustainability Report that has been selected in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") published by the Stock Exchange of Hong Kong Limited ("SEHK").

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

#### I. Independence and Competence

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

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

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

## II. COSCO SHIPPING Lines' Responsibilities

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

### III. Assurance Provider's Responsibilities

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

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

## IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the data and information in the Sustainability Report that related to COSCO SHIPPING Lines, and does not include COSCO SHIPPING Lines' suppliers, contractors, and data or information provided by other third parties;
- AA1000 AS Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of COSCO SHIPPING Lines' adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000AS v3;
- Assuring the degree of conformity of the general disclosure and key performance indicators
  of the environmental and social subject areas of the Sustainability Report disclosed in
  accordance with the "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:

#### oIndirect energy use - Purchased electricity oTotal training hours of employees by gender - Female oNumber of complaints received about products and services

- The Assurance Engagement was with respect to information disclosed from January 01, 2023 to December 31, 2023 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 interviews<sup>8</sup> 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.

<sup>8</sup> The assurance engagement was conducted online and the interview was conducted by teleconference.

#### **Impact**

COSCO SHIPPING Lines has included "the importance of the topic to external stakeholders" and "the importance of the topic to COSCO SHIPPING Lines" as two dimensions in its materiality assessment, so that the content of the Sustainability Report can reflect its impacts on the economy, environment and society to the maximum extent. Our professional opinion is that COSCO SHIPPING Lines adheres to the principle of Impact.

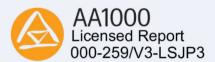
#### SEHK's ESG Reporting Guide

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







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