

CHARTING A GREEN COURSE, WEAVING AN INTELLIGENCE WORLD

COSCO SHIPPING

2024

Sustainability Report

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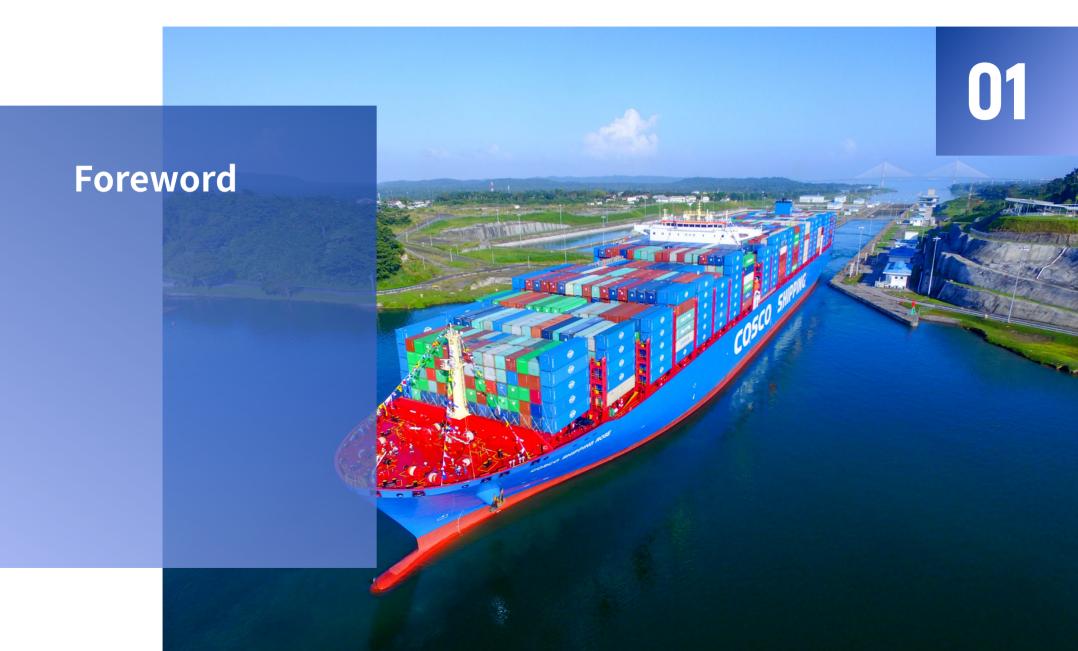
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## **Reporting Period**

1 January, 2024 to December 31, 2024 (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", 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.

## **Reference Standard**

This report complies with the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited (HKEX), Shanghai Stock Exchange Self-Disciplinary Supervision Guidelines for Listed Companies No. 14 – Sustainability Report (Trial Implementation) and the GRI Standards issued by the Global Reporting Initiative (GRI).

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

Materiality	The report shall disclose the environmental, social and governance matters that are relevant to investors and other stakeholders and will have a significant impact on them.
Quantitative	Key performance indicators should be measurable so that the benefits of the environmental, social and governance policies and management systems can be evaluated and verified. Quantitative data should be accompanied by explanations for their purpose and impact, and comparative data should be provided when appropriate.
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 methodologies to allow for meaningful comparisons of ESG data over time. The report should disclose the change of statistical methods (if any) or any other relevant factors that may affect meaningful comparison.



## **About COSCO SHIPPING Lines**

COSCO SHIPPING Lines, a subsidiary of China COSCO SHIPPING Corporation Limited (hereinafter referred to as COSCO SHIPPING Group), is a wholly-owned subsidiary of COSCO SHIPPING Holdings Co., Ltd. (hereinafter referred to as COSCO SHIPPING Holdings, Stock Code: 01919.HK; 601919.SH), which is dually listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Company is mainly engaged in domestic and international container shipping services and related businesses. The Company is one of COSCO Shipping Group's core business segments.

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>

Our self-operated fleet:

424

vessels

Capacity exceeds

2.35 million TEUs

Calls at 641 ports across approximately 146

countries and regions worldwide

Operates a total of

**404** shipping routes

## **Economic performance**

2024

156,060 million CNY

Operating income

18,343,797 TEUS

Shipping volume



# **Message from the Chairman**



This year, facing challenges including slowing global trade growth, rising geopolitical risks, and a container shipping market grappling with structural oversupply, shifts in alliance structures, and changing regulatory policies, COSCO SHIPPING Lines aligned closely with its vision of "pursuing high-quality development to build a world-class, technology-driven container shipping enterprise." 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.

COSCO SHIPPING Lines Co., Ltd.

Chairman

## **Tao Weidong**

We accelerated the improvement of our global route network layout and deepened cooperation within the Ocean Alliance. We successfully operated the Alliance's DAY8 product, achieving higher route frequency, broader coverage, and better service quality. This further strengthened the competitive advantage of our eastwest trunk routes and resulted in steady growth in cargo volume for emerging markets.

We accelerated the digital transformation of supply chain development, creating a series of combined products that enabled cross-system data sharing and interaction. This provides customers with stable, secure, traceable, and visible end-to-end digital integrated logistics and supply chain services. There has been widespread application of system tools such as the Supply Chain Control Tower, Smart Warehousing, Smart Trailer, and Smart Customer Service. Blockchainbased products led by the Global Shipping Business Network (GSBN) were further advanced. The installation rate of IBOX devices on new containers reached 100%. Smart PTI functionality on the My Reefer platform successfully expanded to Australia and multiple countries in Southeast Asia, marking the initial results in building a fully digitalized ecosystem.

We actively responded to new trends and requirements in green and environmental development, amassing green energy for high-quality growth. We upgraded four existing container ships to methanol dual-fuel vessels, providing strong support for the construction of the Shanghai-Los Angeles "Green Shipping Corridor". We issued the first Hi ECO Green Shipping Certificate to BOE, based on GSBN blockchain-verified carbon emission traceability. This provides customers with eco-friendly, low-carbon end-to-end transportation solutions and sets a new benchmark for industry-wide collaborative carbon reduction. We closely monitored the implementation status of environmental regulations like the EU ETS, advanced carbon emission trading for the shipping industry under the EU ETS to ensure compliance, and conducted route-by-route and vessel-by-vessel tracking and analysis of our fleet's CII operational status. Through reasonable speed adjustments and energy-saving modifications, we ensured maximum fleet compliance.

Amid challenges including the Red Sea crisis, vessel rerouting, congestion at certain ports, and adverse weather conditions, we established a flexible and interconnected route network, achieving consistently leading comprehensive on-time performance. The increase in fuel consumption per container per day remained significantly lower than the growth in daily operational fleet capacity. We deepened implementation of the Three-Year Action Plan for Addressing Root Causes and Tackling Tough Issues in Safety Production, focusing on critical areas including navigation safety, dangerous goods acceptance safety, fire safety, and seasonal safety work. Through strengthened hazard identification and rectification, we fully ensured overall stability in ship and shore safety.

We continuously strengthened legal work, compliant operations, and risk prevention, fully ensuring the company maintained steady development. Focusing on the two new strategic areas of digital intelligence and green development, we actively promoted the rejuvenation, specialization, and internationalization of our talent pool, accelerating the selection and cultivation of outstanding young talents to provide talent support for deepening transformation and development.

We actively fulfilled our corporate social responsibility, continuing to support rural revitalization and social welfare initiatives. We allocated 10 million vuan in assistance funds for targeted assistance, counterpart support, and related social welfare and charity endeavors. We actively donated 2.83 million yuan to Luolong County in Tibet, Yuanling and Anhua Counties in Hunan, and Yongde County in Yunnan. We conducted targeted benevolent donation activities in the Luolong region of Tibet and participated in the "Central Enterprises' Consumption Assistance Spring Campaign" and the "Central Enterprises' Consumption Assistance Rural Revitalization Week", with total purchases reaching 9.33 million yuan, demonstrating the benevolence of our employees.

2025 marks the concluding year of the 14th Five-Year Plan and the planning year for the 15th Five-Year Plan. Facing a more complex and volatile operating environment both internally and externally, we will steadfastly uphold the overarching principle of "seeking progress while maintaining stability". We will accelerate the development of our dual-brand fleet and pursue scaling of our container fleet, consistently maintaining our position within the industry's first echelon.

We will continuously strengthen global resource optimization, layout, and capacity building, expand investments in developing emerging markets, regional markets, and third-country markets, to further advance integrated and interconnected development and serve global trade.

We will continue to accelerate the Company's pace in transitioning towards a digital supply chain, intelligent operations, and green, low-carbon development.

We will use scientific and technological innovation to drive breakthroughs in three key ecosystem domains and upgrade traditional service products through green and low-carbon initiatives, continuously advancing the strategic development of the digital supply chain.

We will advance supply chain architecture and process reforms, driven by customer and market demands, to build and refine an integrated supply chain service system and network. We will promote the transformation towards comprehensive, integrated, full-linkage products and service solutions and enhance enterprise operational capabilities and business scale.

We will further strengthen collaborative operations with alliance members. ensuring the alliance operates with stability and high efficiency; continuously deepen integration with customer industry chains to provide customers with high-quality supply chain services; leveraging the GSBN digital platform, build an integrated digital supply chain industry ecosystem encompassing upstream and downstream partners.

We will firmly grasp the three main work priorities: digital supply chain reform, scientific and technological innovation, and international talent deployment, accelerating the development of a rejuvenated, specialized, and internationalized talent pool. We will effectively safeguard all initiatives closely tied to employee interests, placing greater emphasis on employees' sense of gain and happiness, pooling strength for the company's further development.

We will continuously explore new areas for assistance, support rural revitalization, and focus on and support social welfare initiatives, contributing to building a more harmonious and prosperous society.

At this new starting point and on this new journey, we will unswervingly uphold our founding purpose, actively fulfill our era mission as a shipping powerhouse, and with an indomitable and enterprising spirit, spare no effort to forge new advantages for higher-quality development, striving forward with determination toward the new vision of building a world-class shipping technology enterprise.



# **Performance Highlights**



Economic performance .....

424 vessels

641

Self-operated container fleet Ports of Call

404

**Shipping Routes** 

Environmental performance

17.88%

53 million RMB

**53,119**tons

accidents

Social performance

**Employment training** 

14,915 persons 1.25%

Safety

Ocases

Number of work-related

Community

1,200 persons 3,580 hours





## **Board Responsibility**

and decision-making body for sustainability matters. The Board of Directors has the ultimate responsibility for COSCO SHIPPING Lines' ESG strategy and disclosure. COSCO SHIPPING environmental, social and governance issues, and analyzes to makes decisions on the potential impact and opportunities of the overall strategy.

## Materiality Analysis

COSCO SHIPPING Lines pays continuous attention to the needs of internal and external stakeholders and identifies and evaluates material sustainability -related issues according to the communication and feedback of stakeholders to keep improving the sustainability strategy. During the Reporting Period, the Group conducted stakeholder surveys, updated the material issues, and defined the priorities of sustainability -related management.

analyzing, managing, and timely controlling ESG-related risks and making decisions on Committee regularly reports the list of identified risks to the Board of Directors and provides risk

## **Target Progress**

COSCO SHIPPING Lines has set five environmental targets, including greenhouse gas emission reduction target, energy upgrade target, ballast water management target, exhaust emission reduction target, and waste reduction target. In 2024, the Board of Directors continued to pay attention to the progress towards the environmental targets, supervise sustainability tasks related to the target, and review target achievement.



# **Corporate Governance**

COSCO SHIPPING Lines firmly believes that a sound and efficient governance structure is a solid foundation for enterprises to achieve sustainability governance. We have established a comprehensive and efficient corporate governance framework, continuously enhancing the diversification and professionalism of the Board of Directors, improving operational and decision-making efficiency, and laying a solid foundation for the Company's sustainable development. In our daily operations, we deeply integrate the concept of sustainable development, continuously enhance the Company's core competitiveness, and drive long-term value growth. We adhere to high-standard governance principles, continually refine the sustainability governance mechanisms, and provide robust support for the Company's sustained and healthy operations.



COSCO SHIPPING Lines' Governance Structure

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 Supervisors is a supervisory body, which performs dual supervisory functions of the Board of Directors and management. The Board of Directors is composed of 7 members, including 3 internal directors, 3 external directors and 1 female director. Members of the Board of Directors have extensive industry experience and expertise in container transportation, logistics, risk management, human resources management and other fields, to improve the decision-making level of enterprises from a comprehensive and scientific perspective.

We implement the general manager responsibility system under the leadership of the Board of Directors, and establish Marketing and Key Account Management Committee, Sustainability Committee, Safety Committee, Supplier Management Committee and other business-related 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





# **Sustainable Development Governance**

Sustainability is a key element of COSCO SHIPPING Lines' business development. The Company consistently enhances its sustainable development governance framework throughout its operations, to ensure that sustainability is fully integrated into strategic planning and decision-making. During the Reporting Period, COSCO SHIPPING Lines further refined the sustainable development governance framework, establishing a three-tier structure with the Board as the highest responsible body for leading and overseeing sustainability-related work, the ESG department responsible for organization and conduct, and sustainability-related functional departments responsible for implementation, which ensures that the Board and management provide oversight, guidance, and support for the Company's sustainability-related work. The composition, responsibilities, and method of reports for each level of our governance structure are as follows:

Level	Governance Body	Composition	Responsibilities	Reporting Method
Decision- making Level	Board of Directors	Board Members	<ul> <li>Guide and review COSCO SHIPPING Lines' sustainability-related policies, strategies, and targets.</li> <li>Oversee and review the assessment of sustainability-related impacts, risks, and opportunities.</li> <li>Regularly monitor the progress and completion of sustainability-related targets.</li> <li>Approve COSCO SHIPPING Lines' sustainability report.</li> <li>Supervise and provide guidance on the implementation of sustainability-related work.</li> </ul>	/
Management Level	ESG Department	The senior management and core department leaders for sustainability of COSCO SHIPPING Lines	<ul> <li>Develop COSCO SHIPPING Lines' sustainability strategy, monitor and evaluate its implementation progress and performance, and set overall targets and key outcomes.</li> <li>Take the lead in sustainability-related risk and opportunity identification, assessment, and management, and incorporate sustainability-related risk management into the Company's risk management processes.</li> <li>Develop and update COSCO SHIPPING Lines' sustainability-related policies and ensure the implementation of these policies.</li> <li>Review COSCO SHIPPING Lines' sustainability report and regularly disclose its actions and performance on sustainability to shareholders and the public.</li> <li>Monitor and evaluate COSCO SHIPPING Lines' sustainability performance and propose improvement measures to continuously enhance sustainability performance.</li> <li>Coordinate sustainability-related work across the Company's subsidiaries, centralize resource allocation, and ensure comprehensive implementation of sustainability strategies.</li> <li>Engage and collaborate with stakeholders to understand and respond to their expectations and concerns.</li> <li>Plan and organize sustainability-related training to build the Board's and management's professional capabilities in sustainability management and enhance employees' understanding of sustainability.</li> <li>Closely monitor new regulatory developments and provide recommendations to the Board.</li> </ul>	Report to the Board at least annually
Executive Level	Sustainability- Related Functional Departments	The leaders of sustainability-related departments in COSCO SHIPPING Lines	<ul> <li>Develop and implement sustainability action plans related to departmental functions and promote the implementation and realization of sustainability-related targets.</li> <li>Responsible for data collection and analysis related to departmental functions, regular information management, and reporting.</li> <li>Establish departmental sustainability mechanisms, conduct routine sustainability management, and performance evaluations.</li> </ul>	Regularly communicate and report to the ESG Department

## **Capacity Building for Sustainable Development Governance Structure**

Board members have extensive professional experience and backgrounds in shipping, risk management, compliance and human resources management, covering the Company's core business and key areas of the industry. The Board and relevant functional departments enhance their understanding of the latest sustainability policies, trends, and industry concerns through training and exchanges with sustainability experts, ensuring effective fulfilment of their roles in the sustainability-related governance framework.

To improve the Board's and ESG department's professional capabilities in sustainability management, we periodically invite external experts to conduct specialized sustainability training for the Board and management. In the future. COSCO SHIPPING Lines will further develop sustainability training plans to enhance the Board's, management's, and employees' understanding of sustainability.

## **Report Mechanism on Sustainable Development Information**

The Company has optimized its internal sustainability information reporting mechanism. The Legal and Risk Management Department is responsible for organizing the preparation of the annual sustainability report and submits it to the COSCO SHIPPING Lines Board and senior management for review and approval, regularly disclosing COSCO SHIPPING Lines' sustainability initiatives and performance, ensuring the accuracy, transparency, and timeliness of the sustainability report.

## Sustainable Development **Oversight Framework**

During the Reporting Period, the Company held Board meetings to review and approve the annual sustainability report, green shipping proposals, and other sustainability matters, with a 100% attendance rate. The ESG department periodically holds meetings to discuss updates to sustainability-related laws and regulations, material topics assessments, and other important ESG matters.

To ensure the effective achievement of sustainability targets, we regularly collect data to track and review the progress. Under the Board's leadership, we set overall sustainability targets and incorporate sustainability-related indicators and targets into the performance evaluations of each responsible unit, ensuring the implementation of sustainability strategies.





# **Stakeholder Engagement**

In managing sustainability targets, the Board is responsible for guiding and reviewing the Company's sustainability policies, strategies, and targets. COSCO SHIPPING Lines highly values stakeholder expectations and actively builds internal and external stakeholder engagement platforms to understand their opinions and expectations regarding the Company's sustainability efforts, providing important references for our decisions and strategies. During the Reporting Period, we maintained communication with stakeholders through various channels to build trust and close cooperation, helping us actively respond to stakeholder requests in Building on Integrity (corporate governance), Green Development (environmental protection), Digital Empowerment (Products and services), Joint Efforts (employee management), and Demonstrating Responsibility (social responsibility), continuously improving sustainability management.

Category		Topics		Stakeholders		Channels for communication	
Building on Integrity	<u> </u>	Corporate governance     Anti-bribery and anti-corruption	Anti-unfair competition     Due diligence	<ul><li>NGOs/industry associations</li><li>Employees</li><li>Media partners</li></ul>	<ul><li>Business partners</li><li>Government/Regulatory authorities</li><li>Customers</li></ul>	Press release Community public welfare activity	• Public mailbox
Green Development		<ul><li>Pollutant discharge and disposal</li><li>Waste disposal</li><li>Energy management</li><li>Usage of resources</li></ul>	Water resources management     Climate change tackling     Biodiversity     Environmental compliance management	Business partners     Media Partners     Public interest organizations / NGOs/Industry Associations	<ul><li>Government and regulatory authorities</li><li>Social organizations</li><li>Suppliers and contractors</li></ul>	Press releases Community public welfare activity	• Interviews
Digital Empowerment		Customer service     Data security and customer privacy protection     Innovation-driven	Intellectual property protection     Safety of shipping	<ul> <li>Public interest organizations / NGOs/Industry associations</li> <li>Media partners</li> </ul>	<ul><li>Business partners</li><li>Customers</li></ul>	<ul><li>Press releases</li><li>Community public welfare activity</li><li>On-site reviews</li></ul>	<ul><li>Interviews</li><li>Technical training</li></ul>
Joint Efforts		Compliance employment     Occupational health and safety     Employee training and development	Diversity and equal Opportunities     Employee remuneration and benefits	<ul><li>Employees</li><li>Media Partners</li></ul>	Government/Regulatory authorities     Others	<ul><li> Employee training</li><li> Employee communication/forums</li><li> Employee satisfaction meetings</li></ul>	<ul><li>Interviews</li><li>Press releases</li><li>Technical training</li></ul>
Demonstrating Responsibility		Supplier management     Contributions to the society (including fair shipping)	Rural revitalization	Suppliers and contractors     Media partners	Government/Regulatory authorities	<ul><li>Public mailbox</li><li>Press releases</li></ul>	Supplier evaluations     Interviews



# **Material Topics**

Material topics are the starting point and core of the Company's sustainability strategy planning, risk and opportunity management, and information disclosure. In 2024, the Company comprehensively analyzed domestic and international regulatory requirements, industry focus areas, and internal and external stakeholder demands and established a list of topics related to sustainability, to identify the Company's material sustainability-related topics. The Company conducted a double materiality assessment, analyzing whether each material topic has a major impact on the Company's business model, operations, development strategy, financial positions, operating results, cash flows, and financing methods and costs (hereinafter referred to as "financial materiality"), and whether the Company's performance in that topical area has a material impact on the economy, society, and environment (hereinafter referred to as "impact materiality").



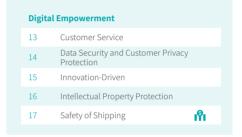
## **Double Materiality Analysis**

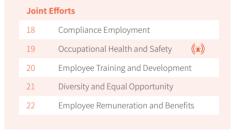
Based on the above analysis, the Company identified 25 material topics, including 1 issue with double materiality, 1 issue with financial materiality, and 1 issue with impact materiality, which are climate change tackling, safety of shipping, and occupational health and safety. For topics with financial materiality, the Company analyses and discloses the core content in accordance with the four key aspects "Governance, Strategy, Impacts, Risks and opportunities management, Indicators and targets" in this report. The 2024 materiality matrix of COSCO SHIPPING Lines is as follows:



# Building on Integrity 1 Corporate Governance 2 Anti-Corruption and Anti-Bribery 3 Anti-Unfair Competition 4 Due Diligence











Risk management is a crucial pillar for stable operations. COSCO SHIPPING Lines places great importance on corporate risk control, comprehensively identifying and assessing various risks in business processes, continuously improving risk management and warning mechanisms, and integrating risk management into corporate strategy, business planning, and internal control systems with reference to the international COSO Enterprise Risk Management (ERM) framework and domestic *Basic Rules for Enterprise Internal Control*, laying a solid foundation for sustainable development.

## Risk Management Framework

The Board of Directors of COSCO SHIPPING Lines is the highest decision-making body for risk management, responsible for overseeing risk management. Under the Board's supervision and guidance, we have established a risk management framework, setting up a Risk Control Committee to lead risk management efforts, identify and assess major risks, review the effectiveness of risk controls, and provide feedback and recommendations to the Board of Directors. The risk management department is responsible for building the risk management system, developing risk management policies, monitoring major risks, and implementing risk management tasks.

The Company conducts annual major risk identification and assessment to form an annual risk assessment report, which is reviewed by the Board. The Risk management department, under the guidance of the Risk Control Committee, decomposes risk management tasks and assigns them to responsible departments. The responsible departments develop and implement risk management and response measures, integrating risk management into key business processes. They also conduct effectiveness reviews of risk management processes and control measures to ensure the implementation of risk management measures.

## Risk Management System

The Company continuously improves its risk management system, formulating the Risk Management, Internal Control, and Compliance Management Manual to effectively guide risk management. In accordance with the Risk Management and Internal Control Management System, COSCO SHIPPING Lines implements risk assessment, identification, and rectification, organizing annual risk assessments by departments based on business and actual operation situation, and compiling risk management reports to ensure the Company's long-term development.

Additionally, COSCO SHIPPING Lines has established a warning mechanism for major risks and an emergency response mechanism for emergencies, continuously identifying and tracking major risks to ensure that it is aware of the background and current status of the risks, fully preventing the occurrence of unexpected risks. On a quarterly basis, the Company tracks the control and management of annual major risks, summarizes and analyzes the external environment, monitors the trend of changes in the impact of each significant risk on the Company, and issues quarterly risk briefing notes.

Furthermore, the Company continuously tracks and analyses the impact of hotspot events leading to changes in major risks and takes preemptive measures for related major risks.

## **Risk Management Process**

Identifying and effectively managing various risks, deeply integrating risk management into daily operations and major strategic decisions, is key to reducing potential economic losses and achieving stable operations. The Company has established a risk management process to comprehensively identify, assess, respond to, and monitor various risks, improving management levels, effectively reducing the probability and impact of risks, and providing a solid foundation for sustainable development.



**Risk Management Process** 

## Sustainability Risk and Opportunity Identification and Response

During the Reporting Period, the Company fully integrated sustainability-related risk and opportunity identification into its enterprise risk management process. We have identified and assessed topics with significant financial impacts on the Company for risk management.



Change

## **Physical Risks**

- Strengthen meteorological monitoring and formulate special emergency plans for extreme weather.
- Use meteorological navigation services to select optimal ship routes, reducing the impact of extreme weather on ship navigation.
- Regularly maintain ship and port facilities to ensure normal operation.

## **Transition Risks**

- Actively explore ship biofuel technology, strengthen port distributed photovoltaic construction, and increase the proportion of renewable energy use.
- Continuously develop green shipping products and provide a carbon emission calculator to enhance market competitiveness.
- Closely track climate change and environmental protectionrelated laws and regulations, improving internal management measures.
- Continuously improve the quality of sustainability report disclosure and data.



**Shipping** 

## Dangerous Goods Transportation Risks

- Revise dangerous goods management systems.
- Develop dangerous goods operation management software systems.
- Enhance identification capabilities, such as suspected dangerous goods vocabulary and digital solutions.
- Strengthen publicity, requiring truthful declarations and honest transportation.
- Continue cooperation with regulatory authorities to strengthen source control.

## **Armed and Piracy Attacks Risks**

- Develop and implement regulations and work guidelines to guide ship fleets in executing security measures.
- Conduct 24-hour, 360-degree dynamic tracking and monitoring of owned ships.
- Arrange armed escorts for high-risk routes, avoiding geopolitically tense area.
- Equip ships with safe rooms as retreat locations.

## Risk Management Review and Supervision

COSCO SHIPPING Lines, in accordance with the three-year overall work plan for internal control supervision and evaluation from 2023 to 2025, conducted internal control system effectiveness supervision and evaluation of its subsidiaries During the Reporting Period, continuously strengthening the effectiveness of its subsidiaries' internal control systems, ensuring that subsidiaries operate legally, compliantly, and efficiently, and promoting the achievement of business targets and sustainable development. As of the end of the Reporting Period, COSCO SHIPPING Lines had conducted supervision and evaluation of the design and implementation effectiveness of internal controls for all subsidiaries and formulated a rectification plan based on the evaluation results, regularly tracking the progress of rectification of internal control deficiencies.



# **Business Ethics**

COSCO SHIPPING Lines firmly believes that good business ethics are key to the Company's healthy and sustainable development. We strictly comply with relevant laws and regulations and are committed to ensuring that all business activities adhere to the highest ethical standards, adopting a zero-tolerance attitude towards any unethical behavior such as corruption, bribery, and monopolistic practices. We have established a series of business ethics management systems and standards and conduct various training programs to provide employees with comprehensive business ethics guidelines, strengthening their awareness of business ethics. During the Reporting Period, there were no major litigation cases involving corruption or unfair competition.

## Integrity and Anti-Corruption Management

COSCO SHIPPING Lines strictly complies with the *United Nations Convention Against Corruption*, the *Foreign Corrupt Practices Act (FCPA)*, the *Criminal Law of the People's Republic of China*, and the *Interim Provisions on Prohibition of Commercial Bribery 1996 (1996 Commercial Bribery Interim Provisions)*, formulating and issuing regulations including the *Six Prohibitions on the Construction of Ship Management Practices* and the *Six Prohibitions on the Management of Space Allocation* to strictly manage all business activities, explicitly prohibiting any employee from offering, accepting, or soliciting any form of bribery, or utilizing a third party to offer, accept, or solicit any form of bribery.

COSCO SHIPPING Lines regularly conducts commercial bribery and corruption risk assessments, identifying high-risk business processes, and continuously improves integrity and anti-corruption management risk control measures. During the Reporting Period, COSCO SHIPPING Lines conducted regular internal and external audits on integrity, continuously scanning and preventing any bribery and corruption risks.

## **Whistleblowing and Whistleblower Protection**

The Company has established a comprehensive compliance management whistleblowing mechanism and accessible reporting channels, formulating the *Risk Management, Internal Control and Compliance Management Manual of COSCO SHIPPING Lines*, and encourages all employees and external stakeholders to report or complain about violations. After a whistleblower initiates a real-name report, we will notify the whistleblower within 15 working days to acknowledge the receipt of the report and process the investigation.

During the investigation, we will provide feedback to the whistleblower on the progress as appropriate. Upon full completion of the investigation, the Company will take appropriate action based on the investigation results. If the relevant personnel have indeed violated the provisions of compliance management and relevant laws, regulations and policies, he/she will be punished seriously 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.



The Company has established a whistleblower protection mechanism, explicitly prohibiting any form of discrimination or malicious infringement against whistleblowers, such as dismiss, demote, suspend, threaten, harass, or discriminate in any other form against whistleblowers, or personal injury. We strictly protect the privacy of whistleblowers. In the process of verifying the whistleblower information, we promise neither actively inquire about the whistleblower information nor voluntarily disclose the whistleblower information, and strictly limit access to whistleblowing-related information to authorized personnel only.

**Whistleblowing Channels** 

Initiation of a report by name

Confirmation of receipt of the report

Carrying out investigation

Feedback on the completion of the investigation

investigation

Disposal based on the results of the investigation

Reporting Process

## **Integrity Culture Building**

COSCO SHIPPING Lines regularly conducts business ethics training for directors and senior management to ensure that relevant members prioritize the Company's interests and adhere to ethical standards.



The Company continues to conduct integrity training and publicity for employees, strengthening their integrity awareness and red-line awareness, and implementing business ethics culture from top to bottom. During the Reporting Period, the Company carried out a series of business ethics publicity activities, including integrity education month, *Warning Records of Enterprise Corruption* disciplinary warning education, and "Integrity Window" email publicity, enhancing employees' awareness of integrity and compliance, and creating a clean and positive atmosphere.

## "Cherish Relationships in Heart, Uphold Integrity in Action" Integrity Education Month Activity



In October 2024, COSCO SHIPPING Lines conducted an integrity education month activity with the theme "Cherish Relationships in Heart, Uphold Integrity in Action". The activity combined positive incentives with negative warnings, conducting political theory learning, legal education, case studies, and themed activities, fully leveraging the infiltration and constraint functions of integrity culture, building a "firewall" of integrity across the system, and further creating a clean, positive, and united atmosphere.

During the integrity education month, COSCO SHIPPING Lines fully leveraged cultural leadership and employee creativity, conducting an integrity culture works selection activity, collecting over a thousand works in various forms such as calligraphy, painting, photography, poetry, seal carving, paper-cutting, and short videos. Through expert selection, outstanding works were compiled into the "Embrace Integrity with Depth" culture works collection, and outstanding short videos were selected for the third phase of the "Discern Integrity in the Smallest Details" broadcast.





COSCO SHIPPING Lines has joined the Maritime Anti-Corruption Network, actively calling on the industry to take joint action to contribute to a clean and fair maritime environment.

## Anti-Monopoly and Anti-Unfair Competition

COSCO SHIPPING Lines conducts business activities based on the principle of fair competition, committed to creating a healthy and fair economic environment and promoting sustainable development of the shipping economy. The Company strictly complies with various international and local anti-monopoly laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China and the Anti-monopoly Law of the People's Republic of China, formulating internal anti-unfair competition management measures such as the Anti-monopoly Compliance Management Measures and the Anti-monopoly Compliance Guideline, explicitly prohibiting all employees from leaking sensitive information to competitors, illegally obtaining competitor intelligence, maliciously defaming or spreading rumors about competitors, entering into any form of monopoly agreement with competitors or trading counterparts, or abusing market dominance.

The Company actively attaches great importance to antimonopoly compliance training, conducting training on antimonopoly-related laws and regulations and compliance systems for all employees. At the same time, COSCO SHIPPING Lines closely monitors international anti-monopoly regulations and organises relevant personnel to conduct in-depth research and interpretation of updates to anti-monopoly-related laws and regulations, ensuring that all management norms comply with legal and regulatory requirements.

## **Anti-Monopoly Compliance Management Training**



On October 31, 2024, COSCO SHIPPING Lines conducted Anti-Monopoly Compliance Management training, focusing on the Chinese anti-monopoly law system, the value of compliance system construction, business concentration review, and monopoly agreement risk prevention, and discussed practical anti-monopoly compliance management difficulties and challenges, further strengthening employees' compliance awareness and promoting orderly and compliant business operations.



Anti-Monopoly Compliance Management Training





# **Climate Change Tackling**

The Company actively responds to the global issue of climate change, continuously improving the Company's climate risk governance framework. The Company conducted climate-related risk and opportunity identification and assessment, clarified the climate risk management process, and set clear greenhouse gas emission reduction targets and key indicators for tracking greenhouse gas emission performance.

## Governance

A comprehensive governance structure is the basic guarantee for managing climate risks. To promote the implementation of climate-related strategies and risk management, COSCO SHIPPING Lines has established a sustainability governance structure of "Board of Directors-Management Department - Sustainability implementation departments" to address sustainability-related topics, including climate change (refer to the "Sustainability-Related Governance Framework" section for more details).

In the future, COSCO SHIPPING Lines will further develop detailed training plans to ensure that relevant members understand climate-related risks and opportunities and enhance their ability to address climate change topics.

## Strategy

Based on its business characteristics, combined with global shipping trends and domestic and international climate change regulations and policy trends, the Company actively identifies and analyses climate-related risks and their financial impacts. During the Reporting Period, the Company conducted climate risk identification and analysis and performed scenario analysis and financial impact analysis on the identified climate risks, assessing the impact of climate change on business, strategy, and financial performance, thereby providing references for the Company's strategy formulation. The Company has also taken a series of climate change tackling measures to actively reduce the impact of business operations on the climate.

During the Reporting Period, COSCO SHIPPING Lines identified, analyzed, and assessed eight transition risks and five physical risks. Physical risks refer to the risks of acute climate events and long-term climate pattern changes impacting physical assets, while transition risks refer to the risks associated with the transition to a low-carbon economy, such as policy and regulatory changes and market risks due to changes in customer behavior.



### Risk Risk Type **Risk Name Risk Description Business Impact** Category Strong Wind/ Acute Risk Increased typhoons may damage ship infrastructure and related facilities. Increased increasing maintenance costs or accelerating depreciation; cyclone operating costs; Increased and intensified strong winds may increase the risk of cargo Increased • Develop emergency plans and operating procedures for damage, increasing cargo-related insurance costs; management extreme weather, ensuring timely, effective, and accurate costs; typhoon and flood prevention actions. • Increased destructive power of typhoons may lead to the loss of ships and other assets: Asset loss; Conduct typhoon and flood prevention emergency drills and training to improve crew and shore-based personnel's • Extreme weather from typhoons may affect ship navigation speed and · Reduced income/ emergency response capabilities. direction, causing ships to deviate/change routes or delay, and strong winds extraordinary may hinder ship berthing, preventing timely arrival at ports; expenses. • Use meteorological navigation services to ensure ships respond to strong winds and floods in advance, selecting • Increased risk of typhoons may require more ships to install digital systems more suitable speeds and routes to ensure safe navigation. (such as meteorological navigation) to help ships avoid meteorological risks, increasing operating costs. · Strengthen communication and cooperation with shorebased personnel to ensure typhoon and flood prevention work is implemented. Acute Risk Flood • Low visibility and sudden rises in water levels and speeds may reduce Increased default the mobility of locks and ships, affecting inland ship berthing, potentially costs leading to delayed cargo delivery. Chronic risk Drought • Declining water levels directly affect canal navigation capacity, making it Increased · Maintain continuous communication with canal authorities, (Canal) difficult for ships to pass, forcing ships to detour, increasing operating costs. operating costs closely monitoring canal water level changes. **Physical** risk • When canal water levels drop, making it difficult for ships to pass, take measures such as reducing cargo load and changing routes. Chronic · Rising seawater temperatures accelerate ship corrosion, requiring the use of Asset loss • Use anti-biofouling ship hull paint Sea temperature more corrosion-resistant materials and higher maintenance costs. risk Increased • Use corrosion-resistant materials in new ship designs rise Increased biofouling increases the frequency of ship repainting, increasing operating costs • Regularly maintain ship equipment to delay aging and ship maintenance costs: ensure normal operation. • Seawater is an important cooling medium in ship cooling systems. When seawater temperatures rise, cooling efficiency decreases, leading to ship engine failures or increased cooling system energy consumption, increasing operating costs. Chronic Temperature Rising temperatures increase the energy consumption of ship air Increased Increase shore power for vessels facility configuration Rise conditioning systems, cooling systems, and refrigerated containers, operating costs; rate and shore power connection rate, using shore power risk increasing operating costs; systems to supply power when ships are berthed Increased • Rising temperatures increase the risk of heatstroke among crew members • Timely replenish ship heatstroke prevention supplies, equip employee health during shipping and cargo handling, affecting employee health and safety risks and reduced heatstroke prevention drugs and protective clothing, and and operational efficiency operational effectively implement heatstroke prevention measures efficiency. during high temperatures.

**Climate Risk Identification** 

Climate	Risk	Identification	

Risk Category	Risk Type	Risk Name	Risk Description	Business Impact	Impact Time Frame	Risk Level	Response Measures
	Laws and Regulation Risk	Existing requirements and supervision of products and services	High energy efficiency standards impose stricter requirements on the shipbuilding industry. To fully achieve the emission reduction vision and targets outlined in the preliminary strategy, it is essential to develop technical measures for both new and existing vessels. This will require shipowners to make increased investments in purchasing emission reduction equipment, retrofitting ships, or acquiring new vessels.  The near-term, medium-term, and long-term additional measures proposed in the preliminary technical R&D strategy impose elevated competency requirements on technical personnel, seafarers, and shore-based operational staff involved in vessel operations.  The Poseidon Principles industry framework makes it more difficult for companies to obtain shipping loans or financing, indirectly increasing operating expenses.	Increased ship retrofitting or new ship purchase costs     Increased labor costs     Increased financing costs		<b>À</b>	Use clean fuel technology in new ships and retrofit existing ships with dual-fuel technology  Strengthen cooperation with external institutions to jointly cultivate and introduce technical personnel  Collaborate with new shipbuilding or ship retrofitting suppliers to provide training for crew and ship operation-related business personnel
Laws and Regulation Risk  Transition risk	Regulation	Increased Greenhouse Gas Emission Pricing	The introduction of the EU Emissions Trading System (EU-ETS) and China's carbon emission trading rules and carbon neutrality measures will increase operating costs due to rising greenhouse gas emission fees.	Increased operating costs		- <b>À</b>	Develop fuel models to monitor and visualize ship carbon emissions in real-time, providing decision-making basis for carbon tax costs and low-carbon fuel procurement;      Explore the use of biofuels to replace traditional fossil fuels, reducing carbon emissions from fuel.      Implement shipping fuel-saving measures to reduce carbon emissions during shipping
	Market risk	Customer behavior change	<ul> <li>Increasing customer demand for low-carbon services and green transportation will accelerate the formulation of carbon neutrality transition strategies, increasing costs related to ship low-carbon technology retrofitting;</li> <li>More customers are setting or have set science-based carbon targets and net-zero targets, requiring reductions in Scope 3 value chain emissions (including upstream and downstream transportation). If customer energy-saving and carbon reduction targets cannot be met, it may lead to reduced bookings or ship idling, potentially causing income reduction or fixed asset impairment risks.</li> </ul>	Increased ship retrofitting or new ship purchase costs;     Reduced main business income/ fixed asset impairment risks		-	Provide customers with Hi ECO green shipping products     Provide a carbon emission calculator to quickly calculate accurate carbon emission data for each shipping route, enhancing market competitiveness.
	Laws and Regulation Risk	Strengthen Emission Reporting Obligations	<ul> <li>Increased regulatory requirements for sustainability report disclosure, future mandatory sustainability report assurance, and the International Maritime Organization (IMO) new regulations increasing Data Collection System (DCS) installation and data disclosure requirements will increase management costs for carbon emission disclosure.</li> </ul>	• Increased management cost		-1111-	Continuously disclose greenhouse gas emissions generated during business operations     Develop fuel models to monitor and visualize ship carbon emissions in real-time and disclose relevant data.

			Climate Risk Iden	ntification ————			
Risk Category	Risk Type	Risk Name	Risk Description	Business Impact	Impact Time Frame	Risk Level	Response Measures
	Market risk	Increase in fuel costs	The reliability of green fuel supply remains challenging, and the instability of supply may indirectly lead to rising green fuel prices, increasing operating costs. The use of clean energy (e.g., hydrogen, renewable energy) requires ship retrofitting, increasing operating costs.	• Increased operating costs		-1111-	Continuously explore alternatives to conventional bunker fuels, while simultaneously mitigate supply volatility risks for sustainable marine fuels through long-term offtake agreements with green fuel suppliers.  Use clean fuel technology in new ships and retrofit existing ships with dual-fuel technology.
	Laws and Regulation Risk	Litigation Risks	<ul> <li>Increasing overseas climate change civil public interest litigation, mainly targeting companies as defendants in climate change infringement lawsuits, with courts increasingly supporting climate change civil public interest litigation</li> <li>China's environmental litigation regulations are gradually clarifying, with the revised Civil Procedure Law Article 55 stipulating that "for acts that pollute the environment, infringe upon the legitimate rights and interests of many consumers, and other acts that harm the public interest, the legally prescribed authorities and relevant organisations may file lawsuits with the people's courts."</li> </ul>	• Increased litigation and fines		-}     [-	Closely track climate change and environmental protection- related laws and regulations, and continuously optimize internal management measures based on legal and regulatory requirements
Transition risk	Reputation risk	Customer Preference Change	Increasing customer demand for reducing carbon emissions in container shipping. If the services provided cannot meet customer energy-saving and carbon reduction targets, it may lead to reduced bookings or ship idling, increasing operating costs;  If energy-saving and carbon reduction performance cannot meet customer requirements, existing customers may switch to competitors.	Increased operating costs     Reduced income		-)	Provide customers with Hi ECO green shipping products.  Provide a carbon emission calculator to quickly calculate accurate carbon emission data for each shipping route, enhancing market competitiveness
	Reputation risk	Growing concern of stakeholders about negative feedback	Increasing capital market requirements for company sustainability disclosure. If environmental performance and disclosure are insufficient, investors and customers may choose competitors, leading to reduced income  Important customers increasingly focus on the Company's environmental performance and disclosure. If environmental performance and disclosure are insufficient, customers may choose competitors, leading to reduced income  COSCO SHIPPING Lines' sustainability performance is highly concerned by internal and external stakeholders and sustainability rating agencies. If climate-related risks are not taken seriously, it may cause significant reputational risks and stock price fluctuations.	Reduced income     Stock price fluctuations		-``	Continuously improve sustainability information disclosure levels, providing references for important stakeholders such as customers and investors  Actively communicate with internal and external stakeholders, responding to their concerns about COSCO SHIPPING Lines' sustainability information













## **Climate Scenario Analysis and Financial Impact Analysis**

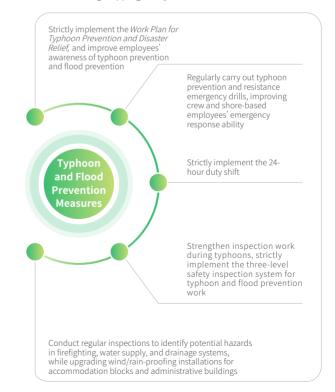
COSCO SHIPPING Lines uses scenario analysis to assess the impact of various climate change risks on the Company's business. The Company's scenario analysis adopts the Representative Concentration Pathways (RCP) RCP2.6 and RCP4.5 developed by the Intergovernmental Panel on Climate Change (IPCC), as well as the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) simulated by the International Energy Agency (IEA).

To understand the financial impact of climate change, the Company, based on the scenario analysis results, combined with operational proportions, peer transition risk identification, and management status, selected four important transition risks (existing requirements and supervision of products and services, increased greenhouse gas emission pricing, strengthen emission reporting obligations, and customer behavior change) and one important physical risk (strong wind/ cyclone), and analyzed the expected financial impact of climate risks. The analysis results are as follows:

Risk Name	Financial Impact Aspect	Current Financial Impact	Expected Financial Impact (Based on Desktop Research and Assumptions)		
Existing requirements	Research projects	Current R&D expenses, ship technology retrofitting	Analyzed future expected investment in COSCO SHIPPING Lines' ship carbon reduction-related retrofitting projects, including low-voltage shore power system construction costs,		
and supervision of products and	Technological	expenses, and training expenses; some completed projects have been transferred to fixed assets			
services	Renovation				
Increased greenhouse gas emission pricing	Carbon emission rights accounting	No current impact			
	Customer loss	No current impact	propeller and bulbous bow combination retrofitting projects methanol fuel tank retrofitting projects, and CCUS (Carbor Capture, Utilization, and Storage) system retrofitting projects.		
Customer behavior changes	Research Projects	Current R&D expenses, ship technology retrofitting expenses, and training expenses; some completed projects have been transferred to fixed assets	_		
	Technological	Ship technology retrofitting expenses, and training			
	Renovation	expenses; some completed projects have been transferred to fixed assets			
Strengthen emission reporting obligations	Increased reporting requirements	Current professional service fees	Analyzed COSCO SHIPPING Lines' expected expenditur on hiring professional agencies for sustainability repor disclosure, sustainability disclosure assurance, carbon footprin certification, and rating improvement services.		
Strong wind	Damage to ship infrastructure and related facilities	No current impact	Analyzed COSCO SHIPPING Lines' future expected expenditur on meteorological navigation service purchases and shi insurance purchases.		

## **Extreme Weather Tackling**

In terms of extreme weather response, the Company has developed post-event emergency plans to address personnel, production, and property losses caused by extreme weather. COSCO SHIPPING Lines has clarified the responsibilities of each management agency during typhoons and floods in accordance with typhoon and flood prevention operating procedures, ensuring timely, effective, and accurate typhoon and flood prevention actions, and improving emergency command levels. We also use meteorological navigation to help ships plan optimal routes, avoiding areas with severe weather, ensuring shipping safety.



## Risk Management

The Company has established a comprehensive risk management process and integrated climate risk management into the enterprise risk management process, ensuring timely and effective response strategies to climate change challenges (see "2.5 Risk Management" for details). Additionally, the Company has broken down climate risk response strategies into specific tasks and performance indicators, assigned them to each responsible unit, and regularly conducts performance evaluations for each responsible unit.

## **Indicators and Targets**

To actively respond to global greenhouse gas emission reduction calls, COSCO SHIPPING Lines continuously monitors and regularly discloses greenhouse gas emissions. Additionally, to further control the environmental impact of production and operations, the Company has set greenhouse gas emission reduction targets and is moving towards these targets through green shipbuilding, energy-saving and emission reduction measures, and emission management. The Company will continuously track the achievement of these targets as a quantitative measure of emission reduction efforts, striving to achieve the IMO target for the shipping industry to reach net-zero GHG emissions by or around 2050 and carbon neutrality by 2060.

To ensure the effective advancement of climate action strategies and risk management, the Company has established clear climate-related targets, continuously monitors and regularly discloses greenhouse gas emissions. During the Reporting Period, COSCO SHIPPING Lines clarified key indicators for climate risk management and established a monitoring and evaluation mechanism for indicators and targets, continuously optimizing the management process of climate-related indicators and targets to promote the effective implementation of climate change targets.

Targets set for GHG emissions

Achieve net-zero emissions

from vessels by or around 2050

Achieve carbon neutrality by 2060



In 2024

The total GHG emissions of container shipping were

14,967,184 tco<sub>2</sub>e

# 2024 COSCO SHIPPING Lines Climate Risk Management Key Indicator Performance:

Cargo greenhouse gas emission intensity

0.0131 kg  $CO_2$  e /ton-mile

Energy Efficiency Design Index

Ship biofuel consumption

53,119<sub>tons</sub>

7.661

Ship fuel oil consumption

4,587,383<sub>tons</sub>

 $\label{thm:equiv} \mbox{Energy-saving and emission reduction investment}$ 

53<sub>million RMB</sub>

reduction through ship energy-saving retrofitting projects

31,300

tCO<sub>2</sub>e



## **Focus on Green Transformation**

Green development is the foundation of high-quality development. COSCO SHIPPING Lines integrates green and low-carbon transformation practices throughout the entire process of high-quality development. In business operations, adhering to the concept of "energy-saving. low-carbon, and green development," we continuously explore new paths for carbon reduction. In container shipping, we promote ship fuel retrofitting, ship energy efficiency improvement design, and ship facility retrofitting to build a green fleet.

## Green Fleet Building

## **Exploring Green Energy Applications**

The international shipping industry is accelerating its green transformation, and the use of green energy has become a general trend. We continuously explore the use of new energy and clean energy to replace traditional fossil fuels, deploying green energy application strategies in both new ship designs and existing ship retrofitting, aiming to steadily increase the proportion of new energy and clean energy-powered ships, accelerate the green and lowcarbon transformation of the fleet, meet IMO 2023 requirements, and build a climate-friendly shipping enterprise.

Targets set for GHG emissions

# Own the Clean **Fuel Fleet**



During the Reporting Period, COSCO SHIPPING Lines ordered multiple methanol dual-fuel container ships, including twelve 14,000 TEU ships, five 24,000 TEU ships, and four 16,000 TEU ships. Additionally, COSCO SHIPPING Lines signed contracts for the retrofitting of two 20,000 TEU and two 13.800 TEU ships to methanol dual fuel.

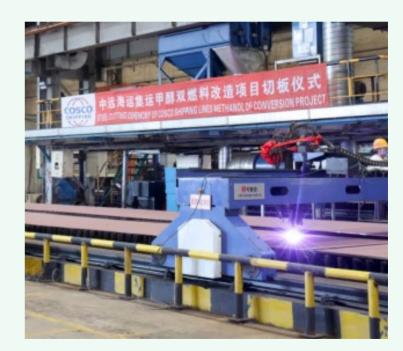
## COSCO SHIPPING Lines launched methanol dual-fuel retrofitting ceremony for 20,000 TEU ships



On October 23, 2024, COSCO SHIPPING Lines officially launched the methanol dual-fuel retrofitting ceremony for 20,000 TEU ships, marking the official entry into the production phase of COSCO SHIPPING Lines' large container ship methanol dual-fuel retrofitting project.

The retrofitting project upgraded the ship's propulsion system, including the MAN S90 main engine and Wartsila W32 auxiliary engine methanol retrofitting, marking the world's first methanol dual-fuel retrofitting project for this model, demonstrating the Company's leading position in green ship technology and providing valuable experience and reference for subsequent retrofitting projects.

COSCO SHIPPING Lines actively fulfils its global commitment to energy-saving and emission reduction and social responsibility, taking a solid step towards the green and lowcarbon sustainable development targets of the shipping industry by retrofitting the first batch of 13.800 TEU and 20.000 TEU series container ships with methanol dual-fuel.



# ${\bf COSCO~SHIPPING~Lines'~M/V~XIN~YA~ZHOU~Successfully~Completes~Largest~Single-Ship~Biofuel~Bunkering~Operation~in~China}$



On June 5, 2024, COSCO SHIPPING Lines' M/V XIN YA ZHOU successfully bunkered 3,850 tons of biofuel (B24) at Port of Shekou, Shenzhen. The biofuel is a physical blend of 24% biodiesel and 76% low Sulphur fuel oil, reducing carbon emissions by approximately 20.4%. This biofuel bunkering operation is the largest single-ship biofuel bunkering operation in China and a concrete practice of COSCO SHIPPING Lines' accelerated environmental and sustainable green shipping transformation, promoting green and low-carbon production and operation methods.



Simultaneously, as a co-drafting entity, COSCO SHIPPING Lines has contributed to developing multiple industry group standards related to marine bio-fuel applications, including the *Standard for Bunkering Operations of Marine Bio-Fuel Oil* and *Guidelines for the Use of Marine Bio-Fuel Oil*. These specific standards were officially released in August 2024.

## **Green Methanol Fuel Container Ship Application and Transformation Training Seminar**



To promote the Company's green, low-carbon, and intelligent transformation, COSCO SHIPPING Lines organized a green methanol fuel container ship application and transformation training seminar in May 2024. The seminar covered topics such as why container ships choose green methanol as an alternative fuel, the market prospects of green methanol, and the changes brought by green methanol to container ship operations, combining ship design and operation perspectives for multi-dimensional exchanges, helping employees better understand methanol ship fuel and methanol container ship operations.

The seminar was attended by 51 trainees from the COSCO SHIPPING Lines's headquarter, Shanghai Ocean Shipping Co.,Ltd, and Shanghai PANASIA Shipping Co.,Ltd, with an additional 205 trainees participating online.



## "Blue Ocean Shield" New Energy Supply System Technology Exchange and Sharing Meeting



To prepare for the application of methanol dual-fuel engines in newly built and retrofitted ships, COSCO Shipping Lines organized relevant personnel to participate in the "Blue Ocean Shield" new energy supply system technology exchange and sharing conference in Weihai. During the conference, attendees visited the new energy laboratory and a cleanroom workshop. Technical experts from the shipyard demonstrated the operational procedures of the methanol fuel supply system on-site and addressed technical management questions regarding the system's principles, daily maintenance, and emergency handling measures. Additionally, the conference extensively discussed the technological advancements and practical applications of the "Blue Ocean Shield" series products, including the ship ballast water supply system, shore power connection system, and carbon capture system. This deepened the shore-based technical personnel's comprehensive understanding and mastery of new energy systems.

# The 2024 COSCO SHIPPING-Wartsila Technical Seminar was held



During the Reporting Period, COSCO SHIPPING Lines held the 2024 COSCO SHIPPING-Wartsila Technical Seminar. Under the theme "The Future is Now," the seminar delved into the development of low-carbon technologies in the shipping industry. Several technical experts provided detailed introductions to ship decarbonization technologies and Wartsila's new fuel ship engine technologies, offering a variety of new energy propulsion technologies and fuel conversion solutions.

## **Ship Energy Efficiency Improvement**

COSCO SHIPPING Lines actively adopts ship energy efficiency improvement designs and existing ship retrofitting to accelerate the fleet's green and low-carbon transformation. In new shipbuilding, COSCO SHIPPING Lines follows ship energy efficiency improvement design plans, using advanced energy-saving technologies to ensure that ship energy efficiency design indices meet the requirements of the International Maritime Organization (IMO) Energy Efficiency Design Index (EEDI) Phase III. As of the end of the Reporting Period, all new ships of COSCO SHIPPING Lines meet the IMO EEDI Phase III requirements.





Screening the best combination of lines, propellers and energy-saving devices to meet the actual operating conditions through ship type optimization, screening and comparison tests, so that the ship's propulsion performance can reach the optimum.



Utilizing pre-pulp and post-pulp energy-saving devices to improve propulsion efficiency and reduce fuel oil consumption.



Providing a variety of energy-saving and emission reduction technologies for new ships, and reserve the installation location of air film drag reduction system for future upgrading and remodeling.

In addition to new ship energy efficiency improvement designs, COSCO SHIPPING Lines also attaches great importance to ship energy-saving retrofitting, implementing ship technical retrofitting and hull biofouling removal according to ship repair plans to improve the energy efficiency of operating ships and reduce greenhouse gas and pollutant emissions during shipping. During the Reporting Period, COSCO SHIPPING Lines completed the retrofitting of six 4,250 TEU ships with propeller and bulbous bow combinations and two 13,000 TEU ships with propeller retrofitting.



## **Ship Fuel-Saving Measures**

As a main force in the international shipping industry, the Company continuously improves ship fuel monitoring levels, implements ship fuel-saving measures, and improves fuel efficiency. COSCO SHIPPING Lines, in accordance with the *Management Measures for Energy Conservation and Emission Reduction*, strictly monitors ship fuel consumption and actively collaborates with various departments to carry out fuel-saving and carbon reduction work during shipping.

To increase the proportion of ships sailing at economical speeds and reduce unnecessary carbon emissions, COSCO SHIPPING Lines has formulated a ship speed reduction plan, requiring all transport ships to sail at specified speeds to avoid fuel consumption caused by unreasonable acceleration. At the same time, we continuously strengthen cooperation with key ports, terminals, and ships to improve port operation efficiency, scientifically arrange shipping schedules, avoid unnecessary delays, and reduce fuel overconsumption caused by prolonged port stays and acceleration to catch up with schedules. We also advocate for the use of shore power during ship docking to further improve comprehensive energy efficiency.

To further strengthen ship fuel consumption management, COSCO SHIPPING Lines has established a rigorous ship dynamic monitoring system (COVRS) and optimized the ship fuel consumption model. Based on the actual operating conditions of ships, we have strengthened the ability to calculate suitable routes for ships, optimized route selection, improved route punctuality, and achieved efficient ship fuel-saving management. Based on the data provided by the COVRS system, COSCO SHIPPING Lines follows the entire process management and monitoring of fuel consumption, including budget (pre-control) - operation monitoring (midmonitoring) - fuel cost analysis (post-checking, etc.), and conducts ship fuel consumption inspections to strengthen the monitoring of abnormal fuel consumption.

# Regularly update ship fuel consumption control indicators and monitor

Regularly update ship fuel consumption control indicators, monitor ship fuel consumption through voyage fuel consumption feedback forms and refrigerated container fuel consumption feedback forms.

# Strengthen ship fuel consumption assessment

Develop ship berthing fuel consumption control standards, idle berthing fuel consumption control standards, and refrigerated container fuel consumption standards to assess ship fuel consumption.

## Refine fuel inspection

Continuously monitor ship fuel, conduct comprehensive inspections of bilge water discharge, and seal the overflow tank doors of all owned ships. For ships that cannot be boarded for fuel inspection due to force majeure, arrange monitoring by barges.

## Chief Engineer Pre-Voyage Feedback

Chief engineers provide voyage fuel consumption feedback according to fuel management regulations, and voyages with overconsumption must strictly report the reasons for overconsumption by voyage segment.

# Strengthen ship refueling document review

Strictly monitor all ship refueling and fuel consumption to ensure that each ship's refueling, fuel consumption, and fuel storage are within reasonable ranges. For disputed refueling quantities, promptly report to the fuel procurement department and track subsequent processing results.

# Select ships with optimal fuel consumption control

Monthly and quarterly selection of ships with optimal fuel consumption control by route and ship type, and publicize them to relevant departments and fleets to motivate ship energy-saving and emission reduction.

### COSCO SHIPPING Lines Fuel Control Measures

In terms of ship digital management, COSCO SHIPPING Lines also conducts research on key technologies and applications for CII regulation response and operational support for liner companies, forming a standardized CII regulation response operation management and support system from ship data quality monitoring, single-ship energy consumption analysis, fleet CII level prediction, and standardized CII regulation response operation management and support system, empowering efficient ship fuel management and energy-saving and emission reduction.

## Promoting the use of shore power facilities for ships

Shore power for vessels, which supplies power to ships from shore-based power sources during port stays, significantly reduces pollution emissions from ships in ports and terminals, playing a significant role in promoting green shipping development. The Company actively promotes the construction and use of shore power for vessels facilities, ensuring that ships' shore power reception facilities are normal during port stays, contributing to green and low-carbon shipping development.

COSCO SHIPPING Lines actively responds to the Action Plan for Demonstrating and Promoting the Use of Shore Power for Container Ships and Cruise Ships on International Routes and Cruise Ships at Ports (2023-2025), further improving shore power management, use, maintenance, and operating

procedures, increasing the shore power for vessels reception facility configuration rate and shore power for vessels connection rate. Before ships berth, COSCO SHIPPING Lines strengthens communication with agents and ports to ensure that ships "connect as much as possible" to shore power.

During the Reporting Period, COSCO SHIPPING Lines completed the lengthening or replacement of shore power cables for four 13,000 TEU ships, achieving 1,544 shore power connections at domestic ports and 149 shore power connections at California ports in the US, with domestic and international port shore power connections increasing by 103% year-on-year and shore power usage increasing by 73% year-on-year.

## In 2024, COSCO SHIPPING Lines

**120**<sub>ships</sub>

Number of ships equipped with shore power systems

1,544<sub>times</sub>

Domestic port shore power connections

**29,074**<sub>MWh</sub>

Electricity consumption exceeding

 $149_{\text{times}}$ 

Shore power connections at California ports in the US

11,957<sub>MWh</sub>

Electricity consumption exceeding

## **Carbon Emission Calculator and Green Shipping Products**

COSCO SHIPPING Lines launched a carbon emission calculator in 2010, in accordance with the guidelines of the International Maritime Organization (IMO) MEPC.1/Circ.684 circular, to assist customers in calculating the carbon dioxide emissions in their supply chains, helping customers promote value chain emission reduction. During the Reporting Period, COSCO SHIPPING Lines launched a new version of the carbon emission calculator on its official website, providing accurate carbon emission data for each shipping route, further meeting customers' demand for environmentally friendly transportation.

COSCO SHIPPING Lines has developed the Hi ECO green blockchain shipping product using green biofuels. This product uses second-generation biofuels in cargo transportation, significantly reducing carbon emissions compared to traditional fuels, providing an effective solution for reducing carbon emissions in the shipping industry. COSCO SHIPPING Lines also leverages blockchain technology to issue HIECO certificates on the Global Shipping Business Network (GSBN) platform, accurately reflecting the carbon reduction from biofuel use, helping customers precisely manage their carbon footprint, and meeting global customers' demand for sustainable supply chains.



## Green Office

In daily office operations, COSCO SHIPPING Lines advocates the concept of "simplicity, moderation, and green low-carbon," adopting a series of scientific management and technical measures to reduce resource and energy consumption in daily office operations.

In land energy consumption management, the Company analyses the energy consumption statistics and actual conditions of office buildings, reasonably formulates future energy use plans, and controls office energy consumption within reasonable limits as much as possible. The Company selects energy-saving technologies and high-efficiency energy-saving products, strengthens the management, monitoring, and maintenance of office building facilities and equipment, and improves energy efficiency.

Additionally, the Company promotes the construction of a green paperless office system, gradually enabling a green digital meeting system to achieve electronic processing and review of meeting documents, improving the security and review efficiency of meeting documents, and reducing unnecessary consumption and waste.

# Launch of Green Digital Meeting System

During the Reporting Period, COSCO SHIPPING Lines gradually enabled a green digital meeting system, achieving electronic and networked control of meeting documents.

In terms of security, the system implements strict authorization mechanisms, allowing only authorized tablets to install the application and strictly limiting the network environment accessible to the application, ensuring document security and confidentiality. In terms of environmental protection, the system significantly reduces paper resource consumption by reducing paper document printing, providing a good example for further promoting paperless office.

The Company continuously implements waste classification management, practicing green development concepts through actions. By setting up clearly labelled waste bins in office areas, we guide employees to correctly implement waste classification, reduce environmental pollution, and create a clean and environmentally friendly work environment. We uniformly collect electronic waste generated in offices and regularly entrust qualified third parties for harmless disposal and resource utilization, contributing to the circular economy.

While reducing the environmental impact of office operations, we are committed to integrating green environmental protection concepts into employees' work and life. Through green office publicity, we encourage employees to save resources as much as possible, practice green and low-carbon work and lifestyles, enhance employees' awareness of energy and resource conservation, and create a green and sustainable corporate culture.

# **Encouraging Employees to Travel Green**



To encourage employees to practice green living concepts in daily life and make green and low-carbon lifestyles a conscious action, During the Reporting Period, COSCO SHIPPING Lines planned and installed new energy charging piles in the office building parking area, providing convenience for employees using new energy vehicles, supporting green commuting, and actively responding to the national promotion of new energy.





As a global shipping enterprise, COSCO SHIPPING Lines is well aware of its social responsibility in environmental protection, committed to making positive contributions to a more sustainable future and helping the shipping industry achieve green transformation. In conducting business activities, we strictly comply with relevant laws and regulations, minimize environmental impact, and contribute to green shipping and global environmental protection.

## **Environmental Management**

## **Environmental Compliance Management**

COSCO SHIPPING Lines strictly adheres to international environmental management standards, continuously improves its environmental management system, and reduces the environmental footprint of business operations. As of the end of the Reporting Period, COSCO SHIPPING Lines has obtained environmental management system certification (ISO 14001) and implemented ship environmental management to achieve the harmonious coexistence of corporate sustainable development and the ecological environment.

COSCO SHIPPING Lines regularly conducts environmental risk assessments to identify potential environmental risks and implement effective management measures, continuously reducing the impact of business operations on marine ecology, terrestrial environment, and the atmosphere. The Company has also developed emergency plans for environmental incidents, ensuring orderly emergency response measures in the event of major environmental incidents, mitigating and eliminating the hazards caused by environmental incidents.

During the Reporting Period, the Company did not experience any major environmental incidents, nor did it receive any major administrative penalties from environmental authorities or face criminal liability due to environmental incidents.

## **Oil and Water Management**

The Company strictly complies with international rules and port state oily sewage treatment-related laws and regulations, formulating and implementing the Regulations on the Management of Oily Sewage Treatment to ensure that oily sewage treatment operations comply with standards. Before conducting oily sewage treatment operations, COSCO SHIPPING Lines develops oily sewage treatment plans, requires oil and water receiving units to sign the Oily sewage treatment Entrustment Agreement and the Integrity Commitment Letter, and implements ship fuel inspection and oil content sampling and testing according to monitoring levels. During the oily sewage treatment process, the entire process is monitored, and a review is conducted after the discharge to ensure that oil and water treatment complies with relevant standards and requirements, reducing the impact on the marine environment.

In daily operations, the Company requires ships to strengthen the maintenance of fuel loading pipelines, oil-water separators, bilge pumps, and oil residue pumps to ensure normal equipment conditions and skilled personnel operations. In the event of oil spills or accidental discharges, ships are required to report

to shore-based personnel immediately, seeking shore-based technical support and guidance. The Company requires crew members to conduct emergency training and drills in accordance with international conventions, national laws and regulations, flag state requirements, and the Company's Special Contingency Plan for Emergencies (Ship Emergency Manual), conducting oil spill drills according to the Shipboard Oil Pollution Emergency Plan. We also implement oily sewage treatment joint and valve sealing operations and inspections in accordance with the *Operation* Rules for Sealing Management, ensuring full coverage of oily sewage treatment sealing management, effectively preventing the risk of fuel "leakage, spillage, and dripping."

To strengthen the monitoring of fleet fuel consumption, the Company has formulated the *Operating Rules for Unannounced* Fuel Inspection, conducting flying inspections of ship fuel, and reporting pollution incidents found in various inspections to fleet ships.

## **Solid Waste Management**

Improper disposal of ship waste can cause persistent and irreversible damage to the marine environment. COSCO SHIPPING Lines is committed to reducing ship waste discharge, strictly complying with International Convention for the prevention Pollution from Ships (hereinafter referred to as MARPOL) and waste management requirements in operating areas, formulating waste management systems such as the Garbage Management Plan, and disposing of ship waste in an environmentally friendly manner as much as possible to protect marine ecosystem health.

For waste generated on board, the Company requires crew members to properly dispose of waste according to its category, and equips ships with incinerators, food waste disposers, and other waste disposal facilities for timely waste disposal. Crew members are required to regularly clean, disinfect, and inspect waste disposal facilities. The Company requires crew members to strictly record data on incinerated waste, equip fire extinguishers to ensure safe waste disposal, and entrust qualified third parties to dispose of waste generated during voyages after ships berth. To ensure compliant disposal and discharge of ship waste and prevent pollution of the marine environment, the Company regularly conducts waste management and ship pollution prevention equipment use training for crew members, ensuring the correct implementation of the ship garbage management plan, and regularly conducts ship pollution prevention self-inspections.

## **Circular Economy**

While ensuring compliant waste discharge, COSCO SHIPPING Lines actively promotes resource recycling, improving resource utilization efficiency through optimized container material use. discarded container recycling, and sustainable ship recycling, promoting the development of a circular economy.

In container floor material selection, we use recycled materials as much as possible to reduce environmental pollution and resource consumption. For containers at the end of their lifecycle, we use public auctions to dispose of them, encouraging buyers to reuse containers to extend their lifecycle, reduce waste generation, and promote the development of a circular economy in the shipping industry.

For ship recycling, in accordance with the 2009 HONG KONG International Convention For the Safe and Environmentally Sound Recycling of Ships (HKC) issued by the IMO in 2009 and the EU SHIP RECYCLING REGULATION (EU-SRR) issued by the EU in 2013, most ships have passed the *Inventory of Hazardous Materials* (IHM) certification and are accompanied by EU-SRR compliance declarations and/or voluntary HKC declarations. As of the end of the Reporting Period, COSCO SHIPPING Lines' operating ships have not reached their retirement age.



## **Exhaust Gas Management**

## In 2024, COSCO SHIPPING Lines

51<sub>ships</sub>

Number of ships equipped with desulphurisation devices

27.9%

Proportion of ships equipped with desulphurisation devices

COSCO SHIPPING Lines attaches great importance to the control of ship air pollutant emissions, strictly complying 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, is committed to reducing the impact of pollutant emissions from ship fuel combustion on marine, coastal, and terrestrial ecosystems.

The Company actively responds to the IMO's 2020 Sulphur Limit, reducing Sulphur oxide emissions from ship navigation by using low-Sulphur oil and installing scrubbers. At the same time, the Company actively explores the use of biofuels to replace traditional fossil fuels, continuously increasing investment in biofuels, and promoting exhaust emission reduction through innovative technologies. In ship daily maintenance, we strengthen the maintenance of ship electromechanical equipment to prevent black smoke emissions caused by poor equipment conditions and install decarbonization devices on new ships to reduce nitrogen oxide emissions. At the same time, the Company continuously strengthens shore power retrofitting, increasing shore power coverage and use, and reducing exhaust emissions during port stays.

In 2024, COSCO SHIPPING Lines completed the retrofitting of 45 ships with scrubbers and delivered 6 new ships. As of the end of the Reporting Period, a total of 51 ships have been equipped with scrubbers, meeting emission requirements when sailing in sulphur emission control areas (SECA).

#### Water Resource Use

Good water resource use practices are an important part of protecting marine resources. COSCO SHIPPING Lines is committed to promoting the efficient use of water resources, reducing freshwater consumption through seawater desalination technology. All ships of the Company are equipped with seawater desalination equipment to supply domestic water, and we strengthen the cleaning, maintenance, and inspection of seawater desalination equipment to ensure normal operation. During the Reporting Period, except for a small amount of freshwater consumption, the Company's main water source was seawater desalination, and we have not faced any issues in water resource extraction

The Company is committed to cultivating employees' watersaving concepts and habits, encouraging employees to actively participate in the optimization of ship water resource use. Through pre-boarding water-saving publicity, we strengthen crew members' water-saving awareness and require crew members to implement water-saving measures in daily work.



#### **Biodiversity Protection**

COSCO SHIPPING Lines is well aware of the importance of biodiversity to marine and global ecosystems, striving to minimize the negative impact of business activities on ecology and make positive contributions to ecosystem health.

#### **Ballast Water and Ship Bottom Sediment Management**

Ship ballast water plays a crucial role in improving ship navigation safety and stability, but microorganisms in ship ballast water may pose risks of species invasion and spread, damaging marine ecosystems. The Company strictly complies with the IMO Guidelines for the Control and Management of Ships' Ballast Water to Minimize the Transfer of Harmful Aquatic Organisms and Pathogens issued by IMO, as well as the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (BWM Convention). In accordance with management systems such as the Instructions for Management of Ballast Water and the Ballast Water Management Plan, we continuously reduce the spread of harmful aquatic organisms and pathogens through ships' ballast water and sediments.

At the same time, we equip international commercial ships with advanced ballast water treatment devices, comprehensively managing ballast water through operation, exchange, safety inspection, and recording, and irregularly conduct ballast water management training to further improve ship ballast water management levels, preventing damage to biodiversity and ecosystems.

#### In 2024, COSCO SHIPPING Lines

**168**<sub>ships</sub>

Number of ships equipped with ballast water treatment devices

91.8%

Proportion of ships equipped with ballast water treatment devices

Additionally, we use anti-biofouling ship hull paint and require ships to promptly remove sediments attached to various parts of the hull to reduce species invasion caused by microorganism attachment. For ships on Australian routes, we use robots for hull cleaning in accordance with Australian Anti-Fouling and In-Water Cleaning Guidelines.

#### **Protecting Whales, Sharks, and Other Marine Animals**

COSCO SHIPPING Lines actively participates in the "Protecting Blue Whales and Blue Skies Program" organized by the National Oceanic and Atmospheric Administration (NOAA) of the United States, taking multiple protection measures and technologies during navigation to reduce underwater noise and the risk of blue whale collisions, maintaining the harmonious coexistence of shipping and nature.

The main measures of the program include:



Restrict the speed of ships in areas where blue whales are present during the blue whale season (from April to November each year) to reduce the risk of collisions with blue whales.



Establish maritime monitoring stations to promptly detect blue whales and other marine life, and issue timely alerts to ships.



Strengthen law enforcement to combat illegal whaling and other unlawful activities.



Enhance public awareness and understanding of blue whale conservation through publicity and educational campaigns.

COSCO SHIPPING Lines has participated in the program since 2018, and continued to participate in 2024. During the Reporting Period, COSCO SHIPPING Lines was awarded the highest award by NOAA—the "Sapphire" award, and the economic rewards were invested in the program.

At the same time, given the sharp decline in global whale and shark populations, COSCO SHIPPING Lines has publicly committed not to accept bookings or transport cargo related to whales, sharks, and their products, demonstrating their determination to coordinate with regional and social stakeholders to protect social and environmental sustainable development.

#### **Container Paint and Ship Paint**

We insist on using more environmentally friendly container paint and ship paint to protect marine life. All containers use waterbased paint, and all ship paint is free of tributyltin, tin, and copper. All our new ships use silicone antifouling paint, continuously striving to improve the marine environment.



# **Digital** Empowerment, Promoting Global Connectivity

strengthening the construction of a digital and intelligent supply chain. Together consumption and production patterns, aiming to achieve sustainable development goals. Faced with fierce competition and numerous external challenges in the container shipping industry, COSCO SHIPPING Lines adheres to the strategic











#### **Shipping Safety**

COSCO SHIPPING Lines attaches great importance to shipping safety, adheres to the highest safety standards, and provides a guarantee for the company's long-term sustainable development. COSCO SHIPPING Lines continuously delivers positive impacts to stakeholders such as customers, investors, employees, and communities worldwide, and their trust forms a solid foundation for driving the Company's business development. Identifying risks in the shipping process and implementing relevant response measures enable the Company to reduce or avoid the impact of shipping incidents on its reputation and business, and are the basis for providing customers with high-quality services predicated on safety.

#### Governance

The Safety Management Committee of COSCO SHIPPING Lines serves as the top decision-making bodies for shipping safety matters of COSCO SHIPPING Lines. The committee oversees the applicability and effectiveness of the Company's shipping safety system from an independent perspective, continuously assessing and managing risks related to shipping safety.



#### **COSCO SHIPPING Lines**

- The shipping safety execution department is responsible for the daily management of shipping safety, formulating regulations and rules related to shipping safety, setting relevant shipping safety indicators and targets, and reporting to senior management.
- The COSCO SHIPPING Lines General Duty Office is responsible for emergency response and handling of safety incidents, and reports to the shipping safety execution department.

Governance Structure for Shipping Safety of COSCO SHIPPING Lines

#### Strategy

Adhering to shipping safety is a fundamental premise for stable development, employee safety, and promoting highquality growth of the Company. To continuously enhance our shipping safety management capabilities and ensure the full implementation of relevant measures, we have conducted comprehensive identification and assessment of shipping safety risks, thereby clarifying their business impact on the Company and the resulting financial implications. Based on the assessment results, we have formulated management strategies. We define the impact of shipping safety risks and opportunities within one year (2025) as short-term, within five years (-2030) as mediumterm, and within twenty-five years (-2050) as long-term. Relying on comprehensive and effective management strategies, During the Reporting Period, the Company did not experience any major shipping safety-related incidents or their resulting significant financial impacts.



#### Analysis Results of Risks, Opportunities, and Their Impacts

Shipping Safety Risks	Risk Description	Time Frame	Business Impact	Financial Impact	<b>Risk Response Measures</b> (For detailed risk response measures, please refer to the Shipping Safety Management System)
Risks in the Transportation of Dangerous Goods	Dangerous goods, such as explosives, flammable substances, toxic substances, infectious substances, radioactive substances, corrosive substances, and other hazardous chemicals and lithium batteries, may lead to safety accidents during transportation, causing explosions, leaks of toxic, infectious, or corrosive substances, resulting in cargo damage, environmental pollution, and casualties.	Short-term	Once a safety accident occurs, its impact will be immediately apparent and may persist for some time.	Safety accidents will result in direct economic losses, including cargo damage, compensation costs, and legal fees.  The company may face fines and legal liabilities for violating relevant regulations.	<ul> <li>Revise the Measures for the Prevention and Disposal of False Reports and Conceals of Dangerous Goods (2024 Edition)".</li> <li>Develop a professional Dangerous Goods Operation Management software system (DGAM).</li> <li>Implement the Booking and Carriage Regulations (BCR) to compare booking product names with a suspected dangerous goods vocabulary database.</li> <li>Digitally compare and verify the company's cargo name data across various sources.</li> </ul>
Risk of Armed Attacks and Pirate Attacks	The escalating geopolitical tensions in the Red Sea region have led to frequent attack incidents, posing significant disruptions and severe safety risks to the Asia-Europe trade route. To ensure the safety of seafarers and cargo, carriers have no choice but to take detours along longer routes, unable to directly use the Suez Canal for passage.  Pirate attacks also occur from time to time, stretching from the southern end of the Red Sea, the Gulf of Aden, and the Arabian Gulf to the Indian Ocean, and from the Somali coast to near the Indian coast. Pirate attacks result in damage to ships, cargo, and crew, affecting shipping safety.  Medium to Long-term	Short-term	The company needs to address the immediate consequences of attacks, such as ship repairs and cargo rearrangement.	<ul> <li>Loss or damage to ships and cargo will directly result in economic losses.</li> <li>Additional security measures and insurance costs will increase operating expenses.</li> </ul>	<ul> <li>The Group revises the <i>Guidance on Anti-Piracy Measures for Ships</i> and the <i>Detailed Rules for Risk Assessment of Ship Navigation Safety</i> to comply with relevant requirements.</li> <li>Guide the fleet to implement security measures, and arrange armed escorts for high-risk routes.</li> <li>All ships are equipped with safe havens to serve as places</li> </ul>
			The risk of pirate and armed attacks may persist, posing ongoing challenges to the company's safety management and operating costs.	Attack incidents may lead to a decrease in customer trust, affecting business cooperation and market share.	of refuge.  Implement 24-hour, 360-degree dynamic tracking and monitoring of owned ships.  Bypass geopolitically tense regions.

**Shipping Safety Opportunities** 

**Opportunity Description** 

**Time Frame** 

**Business Impact** 

**Financial Impact** 

**Customer Trust and Loyalty Enhancement** 



When COSCO SHIPPING Lines demonstrates excellence in shipping safety, clients develop heightened trust in its services. Such trust extends beyond individual transactions and often evolves into enduring cooperative partnerships and sustained loyalty.

Safe shipping services enhance customer recognition of the COSCO SHIPPING Lines brand, earning the company a good reputation.

Medium to Longterm COSCO SHIPPING Lines' emphasis on shipping safety will earn the company a good reputation and brand image, attracting more long-term customers.

- Increase in Business Revenue: When customers have high trust in COSCO SHIPPING Lines COSCO SHIPPING Holdings' shipping safety, they are more willing to choose the Ccompany as a partner, thereby increasing the Company's business revenue. This trust is not only reflected in one-time transportation contracts but may also translate into long-term partnerships, providing the company with a stable source of income.
- Improvement in Bargaining Power: With increased customer trust, COSCO SHIPPING Lines may have stronger bargaining power in negotiations with customers. This means the Company can strive for more favorable contract terms and prices while maintaining service quality, further enhancing financial returns.

COSCO SHIPPING Holdings Shipping Safety Opportunity List



#### Shipping Safety Management System

In response to risks related to shipping safety, COSCO SHIPPING Lines continuously improves its shipping safety management system to ensure the quality of shipping products and services. We have developed a series of institutional documents related to shipping safety and actively implemented safety management initiatives to comprehensively safeguard shipping safety and enhance service quality. During the Reporting Period, COSCO SHIPPING Lines obtained ISO 9001 Quality Management System certification and ISO 45001 Occupational Health and Safety Management System certification.

The Company continues to adhere to the basic norms of "Three Habits" and "Two Practices", further deepening and refining safety risk control measures, strengthening process management, and ensuring the long-term stability of the Company's safety production situation.

- The habit of "management personnel identifying and controlling safety risks daily"
- The habit of "operators reminding and avoiding safety risks before each operation"
- The habit of "ships maintaining a distance of at least 1 nautical mile when giving way in open waters"

#### **Three Habits**



Two Practices

Checklist management

Closed-loop management

To further ensure the safety of crew members during shipping operations, Shanghai Ocean Shipping Company (wholly-owned subsidiary of COSCO SHIPPING Lines) has conducted a series of crew training programs, which mainly include shore-based centralized training, online training, and onboard training. Additionally, Shanghai Ocean Shipping Company implements graded and layered training for crew members in different positions, combining centralized theoretical training with on-site practical training. This approach enhances the practicality and operability of the training, ensuring that crew members can respond quickly and effectively in the event of emergencies.



## Shore-based Centralized Training

Pre-embarkation centralized safety training for crew members, pre-embarkation debriefing training, new vessel takeover training, specialized technical training on ship lubrication, cargo stowage technique training, main engine technical training, CIC Seafarer Employment and SEA Compliance Training, captain-pilot salons, etc.



#### **Online Training**

Based on shipboard job positions, 18 precision training groups for various positions have been established. Courseware is released twice a month to provide precise, layered, and categorized guidance, with online Q&A sessions maintained to address any queries. This approach integrates teaching advantages with administrative management and frontline production, forming a virtuous cycle.





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To ensure that crew members fully understand relevant regulations, rules, and guides, and that newly hired or transferred crew members can quickly familiarize themselves with their duties, onboard training is conducted to ensure that crew members have the ability to implement and maintain the Company's safety, antipollution, and ship security management policies and objectives. Simultaneously, it enhances crew members' safety awareness, professional ethics, and technical skills, safeguarding ship production safety and crew personal safety.

#### Crew Training

During the Reporting Period, all 183 vessels of COSCO SHIPPING Lines successfully completed their emergency drill plans, with each ship conducting 21 drills. The Company carried out 5 ship and shore joint drills covering 11 emergency scenarios and organized 3 land-to-shore joint drills involving over 800 people.

Joint onshore drills





Number of participating in the drills

Over 800



#### Management of Dangerous Goods Transportation

Dangerous goods constitute a critical node in the prevention and control of shipping safety risks. We strictly adheres to the classification standards and operational procedures for dangerous goods outlined in the International Maritime Dangerous Goods Code issued by the IMO, effectively shouldering the responsibility for the safety management of dangerous goods. Meanwhile, we collaborate with competent authorities to continuously promote joint prevention and control, explore cooperation in container inspection, strengthen supervision over misdeclaration and concealment, and safeguard the sustainable development of the marine economy.

COSCO SHIPPING Lines has formulated a series of management measures for the transportation of dangerous goods, enhancing the management of various links in the process of receiving and transporting such goods.

Management System	Specific Content
Management Measures for the Administration of Transport of Dangerous Goods Operation Instructions for Transportation of Dangerous Goods	Set forth corresponding regulations for the job responsibilities of relevant departments and port branches regarding the receipt and transportation of dangerous goods
Measures for the Prevention and Disposal of False Reports and Conceals of Dangerous Goods	<ul> <li>Prevent and monitor the misdeclaration and concealment of dangerous goods, providing reminders at various stages of the receipt process, including product name review, document review, product name change review, and return cargo review, to strictly guard against misdeclaration and concealment</li> </ul>
Administrative Measures for False Reporting and Concealing of Black List of Dangerous Goods from Customers	<ul> <li>For cases of subjective and malicious misdeclaration and concealment of dangerous goods that are detected, hold the responsible parties accountable, add them to the company's blacklist for misdeclaration and concealment of dangerous goods, and increase the punishment for illegal customers and the cost of illegal behavior for offenders</li> </ul>
Operation Procedure for Confirmation of Loading of Dangerous Goods	• Establish specific requirements and regulations for the confirmation and operation procedures for the loading of dangerous goods
Dangerous Goods Policy	Require that dangerous goods be loaded in strict accordance with the company's policy on the receipt and transportation of dangerous goods

During the Reporting Period, COSCO SHIPPING Lines added 18 customers to the blacklist for misdeclaration and concealment of dangerous goods, to further strengthen responsibility awareness and regulate the transportation of dangerous goods.

#### Multi-dimensional promotion:

• Clearly require customers to truthfully declare cargo information and adhere to the principle of integrity in transportation.

#### Improvement of Booking and Cargo Receiving Rules (BCR):

• Clarify the requirements and prompts for the receipt of suspected dangerous goods and sensitive cargoes, and continuously optimize the vocabulary list of suspected dangerous goods to expand the scope of prevention and control.

#### Promotion of cooperation with competent authorities:

• Strengthen joint prevention and control, increase supervision of misdeclaration, concealment, and cargoes prone to incidents; establish an information sharing mechanism, including the interpretation of laws and regulations, and the sharing of information on cases of misdeclaration of dangerous goods within the industry, to maintain effective communication.

#### Focus on enhancing ship emergency response capabilities:

• Review the risk points throughout the cargo receiving process, research and formulate safety control measures and emergency response measures, and effectively improve the emergency response capabilities of ships in the event of unexpected incidents. In recent years, with the sustained growth in transportation demand for new energy vehicles and lithium battery cargoes, high safety standards and requirements have been imposed on these cargoes throughout the processes of transportation, storage, handling, and declaration. To ensure the safety of the transportation process, our company has actively organized special fire-fighting drills for cargo holds on ships, enhancing the crew's ability to respond to emergencies such as ship fires and improving their emergency response speed, thereby further strengthening the transportation safety defense line.

#### Binhai COSCO SHIPPING Lines Promotes Joint Spot Checks on Suspected Dangerous Goods



Binhai COSCO SHIPPING Lines, a subsidiary of COSCO SHIPPING Lines, has collaborated with the Tianjin Xingang Maritime Safety Administration to conduct meticulous spot checks on suspected dangerous goods. The inspection work comprehensively utilized a series of professional methods, including harmful gas detection, cargo sampling upon opening containers, and sealing for preservation. Binhai COSCO SHIPPING Lines played an active role in the process by arranging the cargo containers in advance, assisting with the sampling upon opening, and tracking the entire inspection process to ensure the smooth progress of the spot checks. After the goods passed the inspection, Binhai COSCO SHIPPING Lines efficiently and orderly arranged for the release and shipment of the cargo as planned, effectively ensuring the smoothness and safety of the logistics chain.

#### COSCO SHIPPING Logistics Actively Conducts Safety Training on Dangerous Goods Transportation



COSCO SHIPPING Logistics, a subsidiary of COSCO SHIPPING Lines, organized safety training on dangerous goods transportation for its subordinate units to strengthen transportation safety across the entire chain. The Tianjin region provided online courses to disseminate knowledge on dangerous goods, classification, and container management and control, and enhanced the standardization level of business personnel through case analysis. The South China region invited experts to give lectures, focusing on the identification of dangerous goods and non-dangerous goods, and organized on-site visits to testing institutions to enhance understanding of the dangerous goods testing process. COSCO SHIPPING Logistics will continue to pay close attention to cargo transportation safety, strictly enforce relevant regulations, prevent the misdeclaration and concealment of dangerous goods, and ensure the safe and stable development of the company's production.

#### Armed Attacks and Pirate Attacks

Armed attacks and pirate attacks pose severe threats to the life safety of crew members and bring enormous economic losses. COSCO SHIPPING Lines fully understands the importance of avoiding related risks. During the Reporting Period, the Company revised the *Guidance on Anti-Piracy Measures for Ships* and the *Detailed Rules for Risk Assessment of Ship Navigation Safety* to guide the fleet in implementing security measures. Shanghai Ocean Shipping Company also formulated the *Counter-Piracy Instructions* to ensure safe navigation.

Due to the geopolitical tensions in the Red Sea region, which have led to frequent attack incidents, significant disruptions and severe safety risks have been posed to the Asia-Europe trade route. In response to the risk of pirate attacks, we have implemented a series of preventive measures to reduce related risks.

- Conduct an analysis of high-risk pirate areas based on the latest international situation and design routes to avoid pirate zones as much as possible.
- For areas where entry into pirate-infested waters is unavoidable, the Group implements 24-hour, 360 degree dynamic tracking and monitoring of its own vessels. Additionally, the captain will deploy all crew members and clarify the anti-piracy alarm signals and contact methods for the entire ship.
- All vessels are equipped with safe havens to serve as refuges in emergencies. In such situations, the Company will ensure the safety of crew members and meet their basic living needs.
- Conduct anti-piracy emergency drills to enhance the emergency response capabilities to pirate incidents.
- Guide the fleet to implement security measures, and arrange armed escorts for high-risk routes.
- Convene special meetings on navigation safety, anti-piracy work, and labor safety to strengthen crew training and education, inspire crew members' enthusiasm for safe production, and further consolidate the foundation of ship safety.

COSCO SHIPPING Lines' Anti-Piracy Measures

COSCO SHIPPING

Lines

#### Risk Management

The Group has established a comprehensive risk management process and integrated shipping safety risk management into its enterprise risk management process, ensuring timely and effective response strategies to challenges posed by shipping safety (see "2.5 Risk Management" for details). Furthermore, the Company has broken down the response strategies for shipping safety risks into specific work tasks and performance indicators, which are assigned to each directly responsible unit. Regular assessments are conducted on these units.

#### **Indicators and Objectives**

#### **Setting Objectives for Shipping Safety**

2024 Shipping Safety Objective Completion Status

- Eliminate occupational diseases, responsible fatalities, and mass casualties accidents.
- Control responsible serious injuries among crew members to within 3 cases and responsible minor injuries to within 10 cases.
- Avoid responsible serious injuries among shoreside employees and control responsible minor injuries to within 3 cases.
- Achieve a 100% safety training coverage rate for new employees.
- Ensure a 100% certification rate for special occupation operators.

Objective Accomplished







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

Digital Intelligence, Green Development, Openness, Shared Benefits, and Security serve as both the strategic priorities of COSCO SHIPPING Lines' supply chain development and the essential pathway for advancing global industrial and supply chain systems. Since establishing its trinity global digital supply chain system integrating container shipping, port operations, and logistics services, COSCO SHIPPING Lines has consistently collaborated with global partners. Leveraging its comprehensive global route network, the Company continuously strengthens extended supply chain resource connectivity, innovates end-toend transportation solutions, and delivers secure, reliable, and efficient containerized full-chain services to clients worldwide, thereby injecting sustained momentum into global economic prosperity.

#### **End-to-End Full-Chain Services**

The ultimate objective of COSCO SHIPPING Lines 'end-to-end supply chain development transcends the mere transition from "maritime-centric operations" to "integrated chain solutions", aiming to achieve a leap toward building a global service ecosystem. While continuously enhancing its global route network, COSCO SHIPPING Lines collaborates with global maritime, port, rail, and road transportation stakeholders to drive high-level supply chain resource integration at critical logistics nodes, delivering flexible and diversified end-to-end full-chain services tailored to client needs.

#### **Domestic Intermodal Network Expansion**

During the Reporting Period, we intensified domestic corridor construction, continuously improved node layout, focused on increasing investment in supporting resources for corridor construction, and collaborated with local governments, local state-owned enterprises, railway bureaus, ports, and other resource providers. By fully leveraging the combined strength of multiple resources, we established regional logistics platforms, expanded port coverage to inland areas, improved the "shipping + port + logistics" supply chain system, and leveraged the advantages of platform resources to continuously enhance corridor operation quality and market influence.



#### Channel Operation Function

 The joint venture company, as the carrier entity for sea-rail regular trains and international regular trains, will leverage the advantageous resources of both parties to strengthen cooperation with railways and local governments. The channel construction and operation will focus on sea-rail transport, supplemented by resources such as trailers, and serve as the carrier for regional railway block trains.

#### Resource Integration and Operation Function

Based on the node resources of both parties in the region, node resources can be established and operated in the inland area according to the needs of channel construction, forming a network service capability with the channel as the main line.

#### Digital Capability Building

 Actively grasp the trend of digitalization, leverage the advantages of China COSCO Shipping Group's globally leading integrated logistics supply chain service platform, promote the application of digital technology and GSBN blockchain technology in platform operation, and achieve seamless connection and smooth flow of upstream and downstream shipping industry chains in terms of cargo flow, information flow,

#### Platform Company and Resource Operation Company with Regional Characteristics

 Combining regional business characteristics, create a channel platform operation company and a resource operation company that meet market demands.

Investment Direction of COSCO SHIPPING Lines' End-to-End Full-Chain Service

#### The Land-Sea Corridor Reshapes Global Connectivity

In 2024, COSCO SHIPPING Lines focused on building overseas supply chain services, with the establishment of the North America Supply Chain Logistics Division and the Europe Supply Chain Company, marking a new stage in the construction of overseas supply chain operation platforms. In terms of integrating domestic and international resources, "Land Link," "Warehouse & Distribution Link," and "Customs Clearance Link" have continuously expanded their service coverage, and the development of supply chain products has entered an "acceleration phase."

#### Warehousing:

 Within the year, 31 WMS projects were implemented and integrated into warehousing operations, along with theimplementation of the FOMS container stuffing and unstuffing systemA total of 191 domestic and international warehousing single supplychain products were showcased online, resulting in 1,842 convertd actual orders and a total of 20.312 TEUs.

#### **Customs Clearance:**

• Leveraging the COSCO SHIPPING Lines' customs integration platform ECP customs resources at home and abroad were integrated Digitally, connections were established with 15 major third-party suppliers in China, and the ECP platform was deployed overseas, covering a total of 52 countries and regions.

#### Railway:

• In 2024, the railway TMS system was fully launched domestically, encompassing all sea-rail intermodal, pure railway, and international regular train services. As of the end of 2024, the FMS system was launched in some regions overseas.

#### Trucking:

• To achieve key node tracking for trucks, satellite positioning systems were connected for over 7,000 vehicles.Xiaolu intelligent dispatch accounted for 43% of the total dispatch volume. The second phase of the Yukuai platform's empirical algorithm was launched at nine major ports and has been running stably during the trial operation. As of now, the average coverage rate at the nine major ports has increased to around 90%.

#### The Opening of Qiankai Port Boosts the Enhancement of Digital Full-Chain Service Capabilities



With the opening of Qiankai Port, COSCO SHIPPING Lines is committed to building a premium "Qiankai-Shanghai" container service. It plans to introduce a more competitive container transportation solution on the West Coast of South America route, reducing the sea transportation time from Peru to China to 23 days, thereby enhancing the quality and competitiveness of Peruvian fresh produce, fruits, agricultural products, and other commodities in the domestic market. Meanwhile, leveraging its hinterland resources and industrial advantages, South China Shipping has successfully delivered cargoes such as automobiles, electrical appliances, electronic products, footwear and apparel, and daily fast-moving consumer goods to Qiankai Port.

COSCO SHIPPING's "Kai" Xuanmen • Taihong product is a digital supply chain portfolio product that extends from Qingdao Port to Qiankai Port and then to the Port of Lima. It not only covers traditional maritime services but also expands to import and export trucking services in Qiankai Port and its surrounding areas, significantly promoting the upgrade of Qiankai Port's digital full-chain service capabilities.



#### **Exceptional Service**

COSCO SHIPPING Lines has always adhered to the customercentric service philosophy, continuously innovating. By adhering to standardized, digitized, and intelligent upgrades of customer service management, and optimizing service quality and process standards across all stages, the Company tailors personalized solutions for customers according to local conditions. This enhances the professional capabilities and service levels of customer teams in all aspects, providing customers with high-quality and reliable service experiences.

#### **Continuously Enhancing Service Quality**

COSCO SHIPPING Lines has established a service team structure model for the entire supply chain, forming a two-tier customer service system comprising one-stop customer service and local services at various stages, to comprehensively improve service professionalism and quality.

Customer Service Management

The Ground Service System is responsible for undertaking specific transportation services at various stages, with professional local service personnel handling sea segments, trucking, customs clearance, and other related tasks. The one-stop customer service serves as the entry point for full-chain services, accepting manual service applications and inquiries for all routes, end-to-end, import and export business.

In terms of customer service evaluation, the Company has optimized and established customer service evaluation indicators covering the entire process, increasing the timeliness of customer service responses and the proportion of customer service evaluation scores. This aims to enhance the quality and efficiency of end-to-end service processes, meeting customers' trust and expectations.

To further optimize the customer service experience, the domestic version of the Intelligent Customer Service Platform was officially launched in November 2023. After a year of stable operation, the platform has significantly accelerated external response speeds and greatly improved internal customer service efficiency. Currently, the overseas version of the Intelligent Customer Service Platform has completed its selection process and is expected to be launched in the first batch of three overseas countries in 2025. During the Reporting Period, the Intelligent Customer Service Platform's robot provided online automatic responses to over 50,000 inquiries, with an online response automation rate exceeding 64%.



- Telephone, Email, and Online One-Stop Access.
- 7\*24 Automatic Responses by Robots for Process-Related, Consultation-Related Issues, and Cargo Tracking Requests.
- The automation rate of online responses by robots exceeds 64%, significantly improving response efficiency.

Internal Efficiency Enhancement

- Platform precisely diverts customer needs, reducing redundant work.
- Electronic work orders facilitate communication between customer service and local service teams, enabling closedloop service and progress tracking.
- Service efficiency is enhanced through a knowledge base, reducing dependence on agent capabilities.

COSCO SHIPPING Lines Customer Service Management System



#### **Customized Service Solutions**

The Company relies on its Control Tower to meet customers' customized service needs. The Control Tower integrates 12 internal systems, including warehousing, land transportation, customs clearance, ocean shipping, documentation, railways, and fee collection, achieving visibility across 60 key process nodes and monitoring and issuing early warnings for over 500,000 items per month, significantly enhancing the customer experience. Through the deployment and implementation of Control Tower technology among customers across various industries, the Company has achieved precise matching of customers' logistics management, actively managing and responding to various "logistics anomalies".



## Customers in the Household Appliances Industry

- Achieve full-process digital integration, effectively reducing manual intervention and significantly enhancing the timeliness of information transmission.
- Customize a full-process logistics management interface for clients, enhance logistics operational efficiency.

#### Customers in the Renewable Energy Industry

- Tailor overseas service solutions covering Europe, North America, South America, Australia, Southeast Asia, and other regions.
- Facilitate seamless data integration across the entire process, including resource collaboration platforms, booking, documentation, reconciliation, towing, warehousing, and more.

#### Customers in the Automotive Industry

- Combining the development status of the supply chain control tower with industry characteristics, we innovatively customize data management down to the vehicle frame number level.
- Achieve tracking of key business nodes throughout the entire automotive process, including loading, boarding, unloading, and unpacking.

Customized Service Solutions for Clients in Various Industries





#### **Handling of Customer Service Complaints**

**Customer Complaint Closed-Loop Handling Process** 

In addressing customer complaints, the Group strictly adheres to the established complaint management system and acceptance procedures, upholding a proactive service mindset of "no perfunctory responses and no buck-passing." and a work style of efficient response to ensure prompt, appropriate, and comprehensive handling of customer complaints. Upon verification and confirmation of the validity of a customer complaint, the Group will immediately initiate the corresponding customer service handling procedure and resolve it within the promised timeframe based on the specific type of complaint case. To ensure fundamental resolution of customer issues, the Group implements a customer follow-up mechanism, collects customer feedback on complaint cases, and conducts in-depth case analysis to continuously optimize business processes.

#### **Preliminary** Customer **Judgment** Follow-up Assess the content of the complaint Follow up with the complaining initially, contact the responsible customer to confirm the handling department for handling, and determine results and satisfaction. **N4** the case type based on the investigation results. **Investigation and** Case **Evidence Collection Analysis** Analyze complaint cases, identify Investigate the authenticity, facts, 02 05 responsible party, degree of negligence, weaknesses in the process, and and losses of the complaint, and fill out propose optimization suggestions. the Customer Service Acceptance Form. Filing and **Processing** 06 **Archiving Time Limit** The Customer Service Department Respond to urgent incidents within will organize and archive the handling 2 hours, to general inquiries within 4 results, satisfaction, rectification hours, to general complaints within 1 measures, and process optimization working day, and resolve complaint cases within 5 working days. status.

In 2024, COSCO SHIPPING Lines received a total of 3 customer complaints, all related to cargo release without bills of lading in overseas regions, involving countries including Spain, Egypt, and Fiji. The complaint handling rate reached 100%.

#### **Customer Privacy Protection**

In the digital era, customer privacy protection is a fundamental prerequisite and crucial safeguard for high-quality development. As digitalization progresses, our company attaches great importance to customer privacy protection and continuously strengthens our efforts in this area, safeguarding high-quality development.

Regarding compliance with personal information protection, our company collaborates with external professional legal teams to review scenarios involving personal information in our existing businesses. We have formulated comprehensive and unified privacy policies, which are applied to our company's external websites and applications.



#### **COSCO SHIPPING Lines**

• We commit to collecting necessary customer information and related personal data solely for legitimate business purposes and proper objectives, and to taking strict measures to ensure that user privacy data is properly protected and managed.

Customer Privacy Protection Initiatives of COSCO SHIPPING Lines



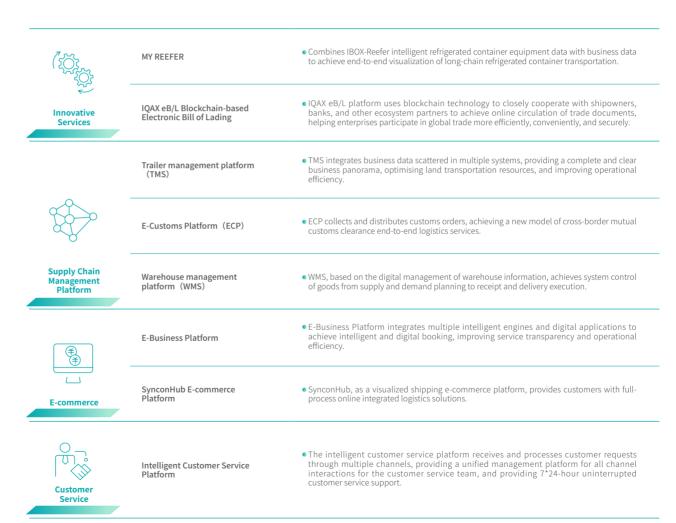
## **Smart Supply Chain**

As the trend of digitalization engulfs the globe, COSCO SHIPPING Lines focuses on the innovation-driven development strategy, continuously deepening digital supply chain services, guided by business needs, improving the intelligent management level of each supply chain node, gradually promoting the paperless, visualized, and intelligent full-process business, injecting strong momentum into the Company's high-quality development with new quality productivity.

#### **Digital Solutions**

COSCO SHIPPING Lines continuously explores digital innovation, launching multiple digital platforms and applications around innovative services, supply chain management, e-commerce, and customer service, committed to promoting digital systems and services throughout the upstream and downstream supply chain, providing important support for the Company's digital supply chain strategy.







MY REEFER provides customers with a digital solution featuring end-to-end visibility, controllable processes, and self-managed cold chain operations.

In terms of intelligent prediction, the My Reefer establishes an equipment lifecycle model, automatically generating equipment seaworthiness curves through a new generation of algorithms, providing early warnings for unseaworthy equipment, ensuring intelligent refrigerated containers are in optimal working condition, and achieving good carbon reduction effects.

In terms of intelligent monitoring, the My Reefer integrates multiple customized AI algorithms to achieve upstream and downstream visualization of transportation trajectories, improving end-to-end supply chain operational efficiency, helping customers optimize inventory, and flexibly adjust distribution and sales plans.

In terms of intelligent customs clearance, the My Reefer platform, relying on rich data interfaces, achieves "paperless" customs declaration and inspection of cold treatment data, improving the customs clearance efficiency of fresh fruit importers.

#### IQAX eB/L Blockchain-based Electronic Bill of Lading Platform



COSCO SHIPPING Lines continuously promotes the application practice of blockchain-based electronic bills of lading through user publicity, innovative cooperation, and participation in standard formulation. As of the end of the Reporting Period, the Company's IQAX eB/L blockchain-based electronic bill of lading platform has issued a total of 210,000 electronic bills of lading.

In 2024, COSCO SHIPPING Lines participated in the formulation of the international standard ISO 5909 *Business Process and Data Exchange of DLT-Based Electronic Bill of Lading*, which has completed the fifth stage of registration. The standard project aims to standardize the business process and data semantics of blockchain-based electronic bills of lading, providing normative guidance and standard basis for maritime blockchain-based electronic bills of lading, and providing a trustworthy digital foundation for international trade. At the same time, COSCO SHIPPING Lines participated in the formulation of the industry

standards Data interchange and business processes of electronic bill of lading based on blockchain and Technical requirements for container shipping information exchange platform and interface based on blockchain, which have been officially released.

During the Reporting Period, COSCO SHIPPING Lines, together with IQAX, held three online electronic bill of lading promotion meetings, focusing on the advantages of electronic bills of lading, circulation operations, and financial empowerment, deepening customers' understanding of electronic bills of lading and attracting potential users.

## 210,000 electronic bills of lading

The Company's IQAX eB/L blockchain-based electronic bill of lading platform has issued a total of



#### E-Customs Platform (ECP)



In 2024, the E-Customs Platform (ECP) achieved digital docking with major third-party suppliers in China and completed the deployment of the ECP platform overseas. Currently, the ECP platform has been connected with the upstream SynconHub e-commerce platform and the downstream customs declaration system, achieving full-process visualization of customs business.

Additionally, COSCO SHIPPING Lines continuously expands system links with partners, completing the connection between the ECP/SaaS system and multiple high-quality suppliers with advanced digital intelligent customs systems in China, significantly improving the unified management level of customs business data through intelligent identification, classification, and risk control functions of customs declaration documents.

#### **E-Business Platform**



In 2024, the E-Business Platform developed a series of new functions to further enhance customers' booking experience. Among them, the E-Business Platform, through docking with the customer middle platform, obtains customer tags and identifies customer types, achieving diversified tag customer identification. The E-Business Platform also docked with IQAX and launched the "My Intelligent Dry Container" query function development, providing customers with dry container query and subscription alarm services, using digital technology to escort cargo safety.

In terms of supply chain systems, COSCO SHIPPING Lines continuously improves the three major supply chain management platforms of trailer, warehouse, and customs, leveraging various professional digital platforms to deploy global resources in a targeted manner, improving the Company's container shipping service level.

#### Trailer management platform (TMS)

- Further improve the management functions of the order pool and capacity pool, optimize the commercial review process, and enhance the operational efficiency of self-operated trailer services
- During the Reporting Period, advancement efforts were completed in 21 overseas countries or regions.

#### Warehouse management platform (WMS)

• Provide a standardized online warehouse application process, generate packing lists in real-time, and achieve unified management of port inventory.

#### E-Customs Platform (ECP)

• Establish universal third-party integration standards to promote the connection with overseas customs declaration systems, develop a commercial settlement module to integrate the SAAS-ECP-CBS reimbursement channel, and enable occasional rate adjustment functionality.

#### COSCO SHIPPING Lines as of 31 December 2023

Paperless shipping exceeding over

3.09 million TEUs

More than **210,000** 

blockchain-based electronic bills of lading were issued

#### Enhancement of Customer Experience through Digital Intelligence

While promoting the digitalization of the supply chain, COSCO SHIPPING Lines is committed to optimizing the digital "bridge" for customer communication, continuously improving the functions of the one-stop customer service platform, providing customers with high-quality service experiences, and building a good brand image with digitalization.

The new version of the Intelligent Customer Service Platform was launched in China in 2023. As one of the digital supply chain platforms, the platform links customer service and other functional departments, covering shipping, customs, and trailer services, significantly improving customer service quality (refer to the "End-to-End Supply Chain" section for more details).

At the same time, the Company continuously promotes the functional upgrade of the IRIS-4 system, achieving digital interaction with global customers, further improving the accuracy of customer

#### **Data Security Assurance**

In the process of comprehensively promoting digital transformation, COSCO SHIPPING Lines continuously strengthens data security capability building, ensuring high-level security to guarantee the high-quality development of digitalization and intelligence. We strictly comply with relevant laws and regulations, actively take information and data security and network security protection measures, regularly conduct information security training and publicity, strengthen employees' information security awareness and prevention capabilities, and protect the lifeline of business operations. During the Reporting Period, there were no data security incidents.

COSCO SHIPPING Lines formulated and issued Measures on the Network Security Management, Regulations on Network Security Incident Emergency Response Management, and Employee Computer Information Security Manual, and equipped with a dedicated network security management team, established a 7\*24hour network security operation command and control room. Technically, COSCO SHIPPING Lines protects internal networks and information systems through the deployment of firewalls, intrusion detection systems, traffic situation awareness defense systems, EDR terminal protection systems, terminal antivirus, and other network security protection equipment and tools.

As of the end of the Reporting Period, both COSCO SHIPPING Lines has obtained ISO 27001 Information Security Management System certification and passed the Trusted Information Security Assessment Exchange (TISAX) certification.





## **Talent Team Development**

#### Diversified Recruitment

COSCO SHIPPING Lines strictly complies with a series of national laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Special Provisions on Labor Protection for Female Employees, the Trade Union Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and the Provisions on the Prohibition of the Use of Child Labor. It explicitly prohibits the employment of child labor and the imposition of forced labor. Should any cases of child labor or forced labor be discovered, the Company will take corresponding measures in strict accordance with local laws and regulations to address such violations. During the Reporting Period, there were no instances of child labor or forced labor within the Group.

COSCO SHIPPING Lines is committed to building a sustainable talent development team. During the Reporting Period, COSCO SHIPPING Lines completed the revision of the COSCO SHIPPING Lines Employee Recruitment Management Measures (Trial), enhancing recruitment channels and laying a solid foundation for constructing a diversified and high-quality talent pool.

COSCO SHIPPING Lines is committed to creating an equal, harmonious, and free workplace environment, safeguarding the rights of its employees. We have made a commitment to respect the human rights of all employees, explicitly providing job opportunities based on principles of equality and fairness. When selecting, appointing, utilizing, and retaining employees, we do not discriminate based on age, ethnicity, gender, race, religious belief, social status, etc., and provide equal opportunities for all employees.

#### **Campus Recruitment**

 According to the company's development requirements, over 110 individuals were recruited through campus recruitment in 2024.



#### **Social Recruitment**

 To meet the company's highefficiency business development needs, a total of 10 individuals were specifically recruited for the digital supply chain sector.



#### **Seafarer to Land Transfer**

 To further enhance the professionalism of onshore staff in maritime operations and meet the needs for emergency response in actual business, suitable personnel are selected from among seafarers for transfer to land-based work.





#### **Performance Appraisal and Career Promotion**

COSCO SHIPPING Lines has internally formulated a series of performance appraisal management systems, including the Management Measures for Business Positions and Ranks at Headquarters and Administrative Measures for Staff Assessment at Headquarters (Trial). For overseas employees, the Company has implemented the Compensation Management Measures for Management Measures for Remuneration of Overseas Employees of COSCO SHIPPING Group Co., Ltd. (Trial), aiming to systematically promote the performance appraisal system and provide key references for incentive and restraint mechanisms such as employee selection and training, job promotion, merit evaluation, and year-end bonus allocation.

Adhering to the principle of matching income levels with job responsibilities, the Company insists on closely linking compensation distribution to performance appraisals, aiming to effectively promote employees to achieve management goals and work tasks through positive incentives and facilitate the mutual growth of employees and the enterprise. At the same time, the Company actively establishes feedback channels for employees regarding performance appraisals, ensuring that employees can promptly provide feedback on issues and suggestions during the appraisal process, continuously optimizing the appraisal system, and fostering a fairer and more transparent performance culture.

#### Performance System Feedback

 The annual performance evaluation system includes the Annual Performance Evaluation Form, which consists of two parts: self-evaluation by the employee and evaluation by the immediate supervisor.

#### Performance Review Stage

 After the annual performance evaluation, the immediate supervisor conducts a performance review, listens to the employee's opinions and feedback, and discusses and proposes improvement suggestions together.

#### Daily Communication and Guidance

 In daily work, the employee's supervisor communicates with the employee in a timely manner, guides the employee in completing tasks, and enhances their work capabilities.

## Departmental Meeting Feedback

 Meetings are held within each department where employees propose improvement measures to each other.

#### **Employee Performance Evaluation Feedback Process**

COSCO SHIPPING Lines is dedicated to continuously expanding employees' career development opportunities and promotion pathways. A dual-channel career development system, encompassing both management and business position training channels, has been established to unleash employees' potential, facilitate talent echelon construction, and ensure the company's long-term steady development.



#### **Management Pathway**

 Promotions and selections are mainly based on multidimensional evaluations, including departmental recommendations, democratic recommendations, and daily performance assessments, with irregular promotions and selections implemented accordingly.



#### **Business Position Training Pathway**

 It is closely linked to comprehensive performance evaluations and is held twice a year on a regular basis, covering all employees.

#### **Employee Training**

The Company continuously optimizes its training management system, establishing a comprehensive, multi-level, and wide-reaching education and training program to meet employees' skill enhancement needs. We closely align with strategic objectives, precisely match job requirements, and meticulously plan and implement diversified training courses, aiming to enhance employees' professional skills and job adaptability, providing solid support for their personal growth and development.

In 2024, the Group further expanded online learning channels. COSCO SHIPPING Lines simultaneously introduced high-quality course resources from three platforms: "Chaos Learning Park", "Qing Xue Tang", and "Fan Shu", allowing employees to choose and enroll in one of the three, providing flexible and diverse learning options. On this basis, we launched specialized learning tasks, effectively assisting learners in quickly screening and precisely studying course resources, helping employees "learn what they want to learn and apply what they learn".

COSCO SHIPPING Lines continues to implement the Company's requirement to deepen cooperation with higher education institutions, carrying out joint training programs and providing employees with opportunities to apply for shipping and digital intelligence majors at reputable universities. In 2024, two employees successfully passed the Company's preliminary review, the review by national ministries and commissions, and the university's written examination, and were officially admitted to pursue part-time Ph.D. studies in July 2024. As of the end of the Reporting Period, 17 employees had applied to reputable universities. The joint training program not only enhances employees' professional skills but also promotes exchange and cooperation between enterprises and the academic community, jointly driving the progress and development of the industry.

#### As of the end of the Reporting Period

17



employees had applied to reputable universities

## **Safeguarding Employee Rights and Interests**

COSCO SHIPPING Lines attaches great importance to and fully safeguards the legitimate rights and interests of its employees, establishing a special union organization and adhering to the annual convening of the Employee Congress. Through collective bargaining mechanisms, it deeply explores issues of concern to employees, extensively listens to and incorporates their opinions and suggestions, ensuring the effective implementation of democratic participation and decision-making.

#### As of the end of the Reporting Period

The percentage of employees who are union members is

100%



#### **Employee Benefits**

COSCO SHIPPING Lines has established a comprehensive welfare system, including insurance benefits, women's welfare, medical examination benefits, subsidy benefits, vacation benefits, and social welfare, committed to providing comprehensive care for employees and creating a more reassuring and comfortable working environment.

We have implemented a series of care and assistance programs for female employees, vulnerable groups, and employees' families facing difficulties, and regularly provide health and legal-related consultation services to employees, fostering a warm and harmonious workplace environment.

- Basic social insurance contributions are made in strict accordance with national standards, and supplementary medical insurance is provided for employees, along with the establishment of an enterprise annuity system.
- Comprehensive insurance benefits, including traffic accident insurance and employer liability insurance for headquarters staff, and overseas employer liability insurance for expatriate employees, are in place to fully protect employees.
- Continuous improvement of the "Mammy Hut" is ongoing, enhancing the environment and services to provide more convenient and caring services for women, better caring for every mother
- Female employees are entitled to a one-hour nursing break per day for their infants up to one year old.
- Based on the principles of safety, frugality, effectiveness, uniformity, and employee satisfaction, and considering factors such as age and gender, health examinations are arranged for all employees.
- Eligible employees receive monthly payments for items such as employee hygiene fees.
- Non-Shanghai resident employees are provided with a certain standard of housing allowance.
- A comprehensive paid annual leave system is in place, with the number of annual leave days linked to cumulative years of service.
- With work permission and approval from the supervising leader, employees can enjoy two and a half months of prenatal leave and six and a half months of nursing leave.
- Assistance is provided for employees to obtain Shanghai residency, apply for talent apartments, low-rent housing, and other social welfare benefits.
- For employees whose family-owned housing is located in an area with central heating and
  where a family member has residency in the city where the housing is located, housing
  heating expenses are reimbursed.

Women's Welfare

Insurance Benefits

Medical Examination Benefits

> Subsidy Benefits

> > Vacation Benefits

> > > Social Welfare

COSCO SHIPPING Lines Employee Welfare System

#### **Employee Healthcare and Recreation Activities**



To further enhance corporate cohesion, and ensure the physical and mental health of employees, with the guidance of the relevant group's documents and the care and support of company leadership, COSCO SHIPPING Lines organized and conducted employee healthcare and recreation activities. This year, the locations for these activities are arranged as Boao, Hangzhou, Guangzhou, Dalian, and Qingdao. The activities mainly focus on rest and recuperation, red education, and cultural experiences. To enhance friendships among employees and make the activities more meaningful, each batch of healthcare and recreation activities includes local cultural training with distinctive characteristics, fostering closer relationships among employees through on-site interaction and exchange.



#### 2024 Welcoming the Spring Festival" Lantern Riddle Event for the Lantern Festival



To further promote the excellent traditional culture of the Chinese nation, enrich the cultural life of employees, and create a festive and lively holiday atmosphere, in February, the labor union organized the "2024 Welcoming the Spring Festival" lantern riddle event at Shanghai Ocean Tower.The lantern riddles combined traditional culture with corporate characteristics, integrating education with entertainment; the activity of making glutinous rice balls promoted collaboration among employees, symbolizing reunion. This event created a warm holiday atmosphere, deepened the emotions among employees, and further enhanced corporate cohesion.



#### "Her Shining Moment" Female Employee Portrait Photography Event



During the 114th International Women's Day, the COSCO SHIPPING Lines labor union organized the "Her Shining Moment" female employee portrait photography event, aiming to commemorate and celebrate Women's Day by capturing the shining moments of female employees through imagery.

Throughout the event, female employees from various positions received elaborately designed makeup and hairstyles, and had their artistic professional portraits and ID photos taken, showcasing their extraordinary charm and brilliance in ordinary positions. This event not only expressed respect and gratitude to female workers at the grassroots level but also effectively raised awareness of respecting and caring for women, paying tribute to every hardworking "her."

#### **Employee Communication**

COSCO SHIPPING Lines actively communicates with its employees, paying close attention to their needs. Through online and offline channels such as the Office Automation System (OA), corporate email, and employee forums, the Company promptly listens to employees' demands in various aspects and provides timely feedback on issues. helping them resolve practical difficulties.

COSCO SHIPPING Lines encourages employees to work enthusiastically and advocates for them to embrace life. We organize a variety of club activities covering sports, culture, and lifestyle, as well as events like singing contests and sports meetings, creating opportunities for employees to relax, unwind, and showcase themselves. These efforts help employees achieve a balance between work and life, enhancing their overall sense of happiness and belonging.

#### **Employee Assistance**

To strengthen the Company's cohesion and centripetal force, we have established an Employee Care Fund to assist employees in need, embodying mutual aid and care among employees. For recipients, whether facing financial difficulties due to illness, property losses caused by natural disasters, or other unforeseen emergencies, the Employee Care Fund can alleviate their economic pressure to a certain extent, helping them overcome difficulties and making them deeply feel the warmth and care from the Company.





## **Health and Safety Guardianship**

Ensuring the physical and mental health of employees is an unshirkable responsibility of the enterprise and a prerequisite for our stable operation, COSCO SHIPPING Lines attaches great importance to the health and safety of employees, continuously improves the occupational health and safety management system, and regards employee health as a vital aspect of enterprise management. We constantly monitor and maintain the physical and mental health of employees, actively prevent occupational diseases, reduce the risk of exposure to occupational hazards, and strive to create a safer and healthier working environment.

We prioritize employee occupational health and strictly adhere to national occupational safety and health regulations, establishing and continuously improving the occupational health management system. During the Reporting Period, the Company revised the Regulations on the Management of Corporate Safety Production Responsibilities and the Regulations on the Management of Corporate Safety Production Accountability, further standardizing the Company's responsibilities for safety production.

COSCO SHIPPING Lines always adheres to the basic principles of safety first, quality foremost, and pursuit of excellence, comprehensively planning and implementing occupational health and safety management, with a focus on ensuring the health and safety of every employee.

We deeply care about the physical and mental health of every worker and are committed to creating a safe and healthy working environment for employees and contractors, effectively preventing work-related injuries and health impairments. To this end, we have implemented a series of occupational health management measures to create a more comfortable and safer workspace for employees.

• Organize comprehensive health examination activities and establish detailed health records for employees to promptly identify health hazards and issues, and take proactive measures to ensure comprehensive employee health.





 Conduct knowledge update training on occupational health and safety management to enhance employees' safety awareness and management capabilities, ensuring they possess a high level of safety consciousness and professional skills.

• Identify potential major occupational health risk sources and carry out activities such as emergency drills.





• Collaborate closely with crew companies to pay attention to the physical health of dispatched ship employees. At the same time, dispatch crew members who meet the standards in both professional and safety skills to ensure that each crew member is competent in their position.

#### Each directly affiliated unit conducts emergency drills, fire drills, and other safety production activities



To comprehensively prevent and resolve major risks in safety production and eliminate major accident hazards, COSCO SHIPPING Lines requires each directly affiliated unit to carry out various safety production activities, such as emergency drills and fire drills, and conducts a comprehensive assessment of each unit's annual performance in safety production management. Overall, all units have successfully completed various safety tasks this year, fulfilled their primary safety responsibilities, and strictly and standardly implemented safety production management activities. All 16 domestic directly affiliated units have been recognized as outstanding or good-performing units.

We actively organize employees to participate in knowledge update training on occupational health and safety management, widely promote health concepts, guide employees to deeply understand the importance of health, and comprehensively pay attention to multidimensional issues such as employees' living conditions and psychological stress. Targeted solutions are formulated and implemented to ensure and continuously monitor employees' occupational health status.

#### **COSCO SHIPPING Lines Shanghai Region Health Consultation Activity**



In response to the Healthy China Initiative (2019-2030), the Human Resources Service Center of COSCO SHIPPING Lines held a health consultation activity in September 2024. Experts from multiple departments of Shanghai First People's Hospital were invited to provide comprehensive health guidance to employees through professional consultations, on-site Q&A sessions, and other forms. This activity enhanced employees' health awareness and self-care abilities. The Company will continue to pay attention to employee health and regularly hold similar activities.

# **Demonstrating** Responsibility, Building and Benefiting Together

revitalization strategy, addresses key social development issues, and leverages its professional expertise and resource contributing to the construction of a better and more













### **Sustainable Procurement**

COSCO SHIPPING Lines is committed to establishing long-term and stable cooperative relationships with suppliers, deeply promoting green development within the supply chain. We prioritize the selection of suppliers that are green and low-carbon and require suppliers to sign anti-commercial bribery commitment clauses, continuously improving their sustainable performance.

#### **Supplier Management**

COSCO SHIPPING Lines adheres to the principles of openness, fairness, and impartiality in supplier management, implementing strict supplier management systems for all supplies to ensure that all types of procurement activities are managed in accordance with rules and regulations.

The Company has established a comprehensive supplier management system, clearly defining the standard requirements for supplier onboarding, evaluation, and exit. To ensure the continuous improvement of supplier service quality, the Company implements an annual supplier assessment and rating mechanism. By calculating the average service score and determining the corresponding rating, issues in supplier services can be identified and resolved promptly. We assess and score suppliers from multiple dimensions, including their basic information, service cost, innovation advantages, service quality, supply capability, and safety assurance.



#### **Supplier Onboarding**

 Procurement plans are formulated based on market demand, and suitable suppliers are recommended through market research. The supplier onboarding standards explicitly include quality control, quality assurance measures, and product or service safety guarantee responsibilities, covering environmental management and occupational health and safety elements.



#### **Supplier Evaluation**

 According to the Group's management regulations, the correspondence between evaluation results and grade classifications is clearly defined as follows: Supplier business management units must follow established supplier rating standards, parameters, and rating processes to conduct detailed evaluations of supplier services and classify them into five levels.



#### **Supplier Elimination**

 For suppliers with lower scores, the Group will provide specific and targeted improvement suggestions and closely monitor their active implementation of corrective measures. For suppliers that fail the periodic evaluations and do not rectify to meet the qualified standards within the prescribed time limit, the Group will take elimination measures.



#### Supplier Sustainable Development Management

Adhering to the principles of transparent and green procurement, the Company implements a comprehensive assessment of suppliers in the dimension of sustainable development. The assessment covers multiple aspects including product and service quality, occupational health and safety management, business ethics, human rights and labor management, corporate governance, and environmental management, ensuring that suppliers not only have excellent service capabilities but also demonstrate good sustainable development performance.

To strengthen the concept of green procurement, suppliers with good sustainable development performance will be given priority under equal conditions. To reduce risks related to supply chain human rights, health and safety, and service quality, and to maintain supply chain stability, suppliers are required to complete the Supplier Self-Assessment Questionnaire on Social Norms Compliance and commit to adhering to relevant social norms. To reflect the anti-corruption requirements for suppliers, we have explicitly included anti-commercial bribery commitment clauses, which suppliers must sign simultaneously when signing contracts, thereby comprehensively ensuring supply chain transparency and sustainability.

#### **Supplier Communication and Training**

The Group values effective communication with suppliers. While building a digital supply chain, we proactively organize supplier meetings and communications to assist suppliers in enhancing their service capabilities and quality. We work together with suppliers to create a high-quality supply chain and jointly strive to provide better services.

Ningbo COSCO SHIPPING Lines actively communicates with its suppliers of self-operated warehouses, achieving simultaneous improvements in warehousing business



The Supply Chain Logistics Department of Ningbo COSCO SHIPPING Lines organized three operational exchange meetings in July, September, and November. The meetings focused on core topics such as client-side interface optimization, warehousing service quality improvement, and efficient system usage. Through in-depth discussions, the meetings reviewed and summarized previous work progress, agreed on multiple improvement measures, and laid a solid foundation for stabilizing the existing customer base, ensuring continuous business growth, and supporting subsequent warehousing business expansion.

At the same time, COSCO SHIPPING Lines actively conducts energy-saving and emission-reduction education for suppliers. Through organized training and on-site warehouse presence, we convey the importance and urgency of energy-saving and emission-reduction to suppliers, guiding them to adopt more environmentally friendly production methods and processes. During the Reporting Period, Ningbo's self-operated warehouses replaced original fuel-powered equipment with electric equipment, purchasing 16 electric forklifts and one fully electric reach stacker.





### **Rural Revitalization**

COSCO SHIPPING Lines has always adhered to the spirit of China's rural revitalization, leveraging its transportation business advantages to actively expand the rail-sea service and establish a three-dimensional transportation network in central and western China. In the future, we will accelerate the development of supporting logistics resources along the routes, continuously enhance the radiation capacity of logistics hubs and the capabilities of digital, green, and low-carbon development, in order to reduce overall logistics costs, enhance logistics efficiency and resilience, and make new contributions to promoting high-quality development in the western regions and building a modern economic system.

**Targeted Assistance Consumer Assistance** • Organized trade unions at all levels Actively conducted independent to participate in the "Spring Festival assistance, allocating a total of RMB Consumer Assistance Initiative by Central 2.83 million throughout the year for Enterprises" and the "Central Enterprises targeted assistance projects in Anhua Consumer Assistance Week for Agricultural County, Yongde County, Luolong Prosperity", purchasing agricultural and County, and Yuanling County. sideline products totaling RMB 9.33 million.

We also actively undertake social responsibilities, continuously increase support for rural industries, strengthen the construction of logistics corridors, and are committed to innovating cooperation models between central enterprises and local governments to deepen rural revitalization efforts. We have carried out a series of targeted assistance and consumer assistance initiatives to comprehensively promote high-quality rural development.

**Targeted Assistance: COSCO SHIPPING** Lines' Labor Union Conducts In-depth Investigation in Yongde



In April 2024, the labor union of COSCO SHIPPING Lines conducted an in-depth investigation in Yongde County, Lincang City, Yunnan Province, to assess the situation regarding rural revitalization, industrial development, and vocational education. On behalf of COSCO SHIPPING Lines, the investigation team provided assistance funds of RMB 350.000 for the construction of a bridge in Wumulong Yi Township and conducted a follow-up investigation on the electronic reading room project in Yongde County's education system, which was funded by COSCO SHIPPING Lines with RMB 500,000 in 2023. At the same time, the team also investigated and supported the local tea industry, the research and development of fragrant rose bushes, and the construction of a dry port and logistics park.



## **Social Public Welfare**

COSCO SHIPPING Lines is committed to the joint construction and development of communities, actively participating in domestic and overseas community services through diversified activities and platforms, covering charitable donations, public welfare activities, flood relief, community co-construction, and many other aspects. COSCO SHIPPING Lines deeply embeds the Company's mission and sense of responsibility in its heart, continuously conveys positive energy through practical actions, and contributes to promoting community prosperity.

#### In 2024

COSCO SHIPPING Lines allocated a total of RMB

14.235 million

for targeted assistance, paired assistance, as well as related social welfare and basic education initiatives

Among them:

**Charity Fund:** 

Allocate RMB

10<sub>million</sub>

in assistance funds for targeted help, paired support, and related social welfare and charity undertakings.

#### **Education Support:**

Directed loving donations to the Luolong region of Tibet, collecting a total of

14,050 pieces of clothing

8,539

7,022

books

learning materials

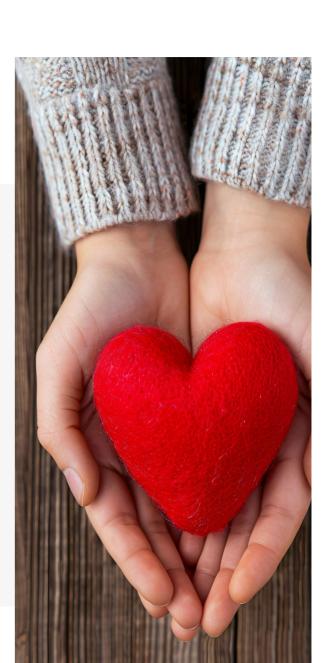
466

1,594

which were distributed to farmer and herdsman families and relevant schools in

11 townships and towns.

sports equipment items



#### **COSCO SHIPPING Lines Assists Vietnam in Combating Typhoon** "Lekima" Disaster



Typhoon "Lekima" was the strongest typhoon to hit Vietnam in 30 years. Heavy rainfall caused the water levels of multiple rivers to exceed historical highs, triggering severe flooding and landslides, resulting in significant losses to the lives and property of local people. COSCO SHIPPING Lines Vietnam responded promptly to the government's call in the northern disaster-stricken areas, raising donations for the affected regions through fundraising.

In September, COSCO SHIPPING Lines Vietnam held a "Flood Relief Charity Donation Ceremony," which received widespread support and response from leaders, employees. and their families in both China and Vietnam. COSCO SHIPPING Lines Vietnam used the raised funds to purchase emergency relief supplies such as rice and biscuits and formed a volunteer team to travel to the hardest-hit areas, participating in front-line rescue operations to ensure that relief supplies were delivered quickly and accurately to the affected people.



**COSCO SHIPPING Logistics, a** Subsidiary of COSCO SHIPPING Lines. Successfully Implements the "Bicycles of Love" Project in Cambodia

The international "Bicycles of Love" project, jointly implemented by the COSCO SHIPPING Charity Foundation and the China Foundation for Rural Development, set sail smoothly from Shanghai. COSCO SHIPPING Logistics, a subsidiary of COSCO SHIPPING Lines, undertook the full-chain transportation service for 2,000 bicycles to Cambodia

The international "Bicycles of Love" project is designed to address the issue of primary and secondary school students in developing countries missing school or dropping out due to lack of transportation. Since its launch, the international "Bicycles of Love" project has been carried out in two phases, delivering bicycles to 3,024 primary and secondary school students in Cambodia, helping them reduce their commuting time to school.



**Spring Breeze of Lei Feng Warms** Hearts: 'Blessings & Love' Charity **Bazaar Launches with Compassion** 



To better inherit and promote the spirit of Lei Feng. the Youth League Committee of the COSCO SHIPPING Lines headquarters joined forces with the Youth League Committee of Pan-Asia Company to hold the "Blessings and Love" Charity Bazaar on March 5th, Lei Feng Memorial Day. The bazaar integrated love and service, featuring surprise grab bag zones, charity food stalls, a fun game house, and a Sunshine Home, attracting enthusiastic participation from numerous employees.

In the surprise grab bag zone, employees donated lovingly used items, giving "old" things a "new" lease on life. At the charity food stalls, coffee enthusiasts prepared "love coffee" on site. In the fun game house, engaging ring toss games allowed employees to contribute small acts of kindness while having fun. At the Sunshine Home, handicrafts such as protective talisman and zodiac ornaments made by employees were eye-catching, and many employees eagerly purchased their favorite items. The "Blessings and Love" Charity Bazaar collected over 300 items for sale, including 52 handicrafts made by employees, raising a total of over RMB 9.000 in donations.







## **Appendix**

#### Sustainability Data

#### **Environmental data**

Indicators		Unit	2022	2023	2024
	Gasoline	Tons	16.10	21.09	21.24
	Fuel oil (heavy oil)	Tons	4,736,250	4,231,809	4,587,383
	High-sulfur oil	Tons	458,455	465,780	985,774
Direct energy use	Very Low-sulfur oil	Tons	4,277,794	3,766,029	3,601,609
Direct energy use	Diesel oil (light oil)	Tons	237,910	208,089	239,654
	Natural gas	Cubic meters	361,535	411,265	349,715
	Biofuel	Tons	-	=	53,119
	Total	1,000 kWh	57,879,336	51,662,709	56,169,503
Direct energy use in	tensity	1,000 kWh / million RMB revenue	224.56	445.20	359.92
Indirect energy use	Purchased electricity	1,000 kWh	4,479	4,507	4,237
Indirect energy use i	ntensity	1,000 kWh / million RMB revenue	0.02	0.04	0.03
	Scope I GHG emissions	Tons CO₂ equivalent	15,181,289	13,550,499	14,964,910
Greenhouse gas emissions <sup>2</sup>	Scope II GHG emissions	Tons CO <sub>2</sub> equivalent	2,555	2,571	2,274
	Total GHG emissions (Scope I + Scope II)	Tons CO₂ equivalent	15,183,844	13,553,069	14,967,184
Intensity of greenhouse gas emissions		Tons CO <sub>2</sub> equivalent / million RMB revenue	58.91	116.79	95.91

Indicators		Unit	2022	2023	2024
	Freshwater Consumption	Tons	240,584	336,482	384,045
Water for production	Seawater desalination	Tons	123,293	123,964	114,840
	Total consumption of water for production	Tons	363,877	460,446	498,885
Domestic water		Tons	32,247	34,586	35,934
Total water consum	ption	Tons	396,124	495,032	534,819
Total water consum	ption intensity	Tons /million RMB revenue	1.54	4.27	3.43
Exhaust	Nitrogen oxides		357,992	319,925	346,806
gas <sup>3</sup>	Sulphur oxides	Tons	147,291	97,476	120,669
gas	Particulate matter		32,088	28,776	31,194
Wastewater	Production wastewater - treated	Tons	10,883	16,016	17,274
	Domestic wastewater	Tons	29,022	31,127	32,341
	Hazardous waste	Tons	267	365	404
	Intensity of hazardous waste	Kilogram / million RMB revenue	1.03	3.14	2.59
Waste	Dangerous goods	TEU	217,249	301,348	316,528
	Non-hazardous waste	Tons	264	263	-
	Intensity of non- hazardous waste	Kilogram / million RMB revenue	1.03	2.27	-
Lubricating oil		Tons	26,485	25,807	28,063

<sup>&</sup>lt;sup>2</sup> Data scope is container shipping business and holding terminals. Data have been restated after review. <sup>3</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.

#### **Social Performance**

Indicators		Unit	2022	2023	2024	
Total number of	Regular employees	Person	15,123	14,976	14,915	
employees	Contractors	Person	1,995	1,905	1,785	
By Gender	Regular male employees	Person	8,402	8,348	8,417	
by defider	Regular female employees	Person	6,721	6,628	6,498	
	Regular employee aged 30 or below	Person	2,626	2,537	1,271	
By Age	Regular employee aged between 30 and 50 (excluding age 30 and 50)	Person	9,875	9,548	8,027	
	Regular employee aged 50 or above	Person	2,622	2,891	5,617	
By type of	Full-time employees	Person	15,123	14,976	14,915	
employment (full- time or part-time)	Part-time employees	Person	0	0	0	
	Regular Mainland China employees	Person	10,020	9,855	9,593	
By Region	Regular Hong Kong employees	Person	183	179	176	
	Regular overseas employees	Person	4,920	4,942	5,146	
Du rank	Management level employees	Person	542	526	388	
By rank	General employees	Person	14,581	14,450	14,527	
	By Gender					
	Total number of new male employees	Person	336	314	241	
	Total number of new female employees	Person	451	296	161	
	By Age					
New Employees	Total number of new employees aged 30 or below	Person	542	355	146	
	Total number of new employees aged between 30 and 50(excluding age 30 and 50)	Person	242	219	256	
	Total number of new employees aged 50 or above	Person	3	36	0	
	By Region					
	Total number of new employees in China	Person	200	187	214	
	Total number of new employees in overseas	Person	587	423	188	
Total turnover rate		%	3.63	3.09	1.25	
Employee turnover	Regular male employee	%	3.03	2.84	1.25	
rate by gender	Regular female employees	%	4.34	3.41	1.25	
	Regular employees in mainland China	%	0.78	0.66	1.66	
Employee turnover rate by region	Regular employees in Hong Kong, China	%	5.46	8.38	3.41	
ate by region	Overseas regular employees	%	9.22	7.75	0.41	
	Regular employee aged 30 or below	%	12.57	6.11	1.26	
Employee turnover rate by age group	Regular employees aged between 30 and 50 (excluding 30 and 50)	%	2.01	2.38	1.69	
	Regular employees aged of 50 or above	%	0.72	2.80	0.61	
Total number of emplo	oyees trained	Person	15,123	14,976	14,915	
Percentage of trained	employees by gender					
Percentage of trained m	ale employees	%	55.56	55.74	56.43	
Percentage of trained fe	%	44.44	44.26	43.57		

<sup>4</sup> New index added in 2024. <sup>5</sup> New index added in 2024.

Indicators		Unit	2022	2023	2024
Percentage of trained e	employees by rank				
Percentage of trained ma	anagement level employees	%	3.58	3.51	2.60
Percentage of trained ge	neral employees	%	96.42	96.49	97.40
Total training hours of	employees by gender				
Male		Hour	227,208	355,782	742,106
Female		Hour	224,569	257,635	511,796
Total training hours of	employees by rank				
Management Level emp	loyees	Hour	79,591	152,225	44,157
General employees		Hour	422,186	461,192	1,209,745
Average training hours	per employee by gender				
Male		Hour	32.99	42.62	88.17
Female		Hour	33.41	38.87	78.76
0	per employee by job rank/position level				
Management Level emp	loyees	Hour	146.85	289.4	113.81
General employees		Hour	28.95	31.92	83.28
Total number of	Number of work-related deaths	Person	-	-	-
deaths	Proportion of work-related deaths	<b>%</b> 0	-	_	-
	Number of accidents causing work-related injuries	Case	-	1	-
Work injury	Number of work-related injuries	Person	-	1	-
	Thousands of injuries	%o	-	0.07	-
Number of lost working days due to work-related injuries	Lost working days	Day	-	60	-
	Suppliers in mainland China	/	10,866	12,273	12,945
Number of suppliers (By region)	Suppliers outside mainland China (including Hong Kong, Macao and Taiwan)	/	2,832	2,895	3,113
Number of	Number of complaints	Case	201	3	3
complaints received about products and services	Complaint handling ratio	%	100.00	100.00	100.00
Number of concluded co	orruption lawsuits filed against the company	Case	-	-	-
Expenditures on partic public welfare activitie	ipating in or organizing community or s	Person/time	3,151	4,929	1,423.50
Total number of people welfare	e participating in community or public	Person/time	284	2,443	1,200
Total number of hours welfare activities	of participation in community or public	Hour	895	5,360	3,580
Customer Privacy⁴					
Number of Customer P	/	/	/	0	
Financial Impact of Cus	stomer Privacy Data Breach Incidents	RMB	/	/	0
Data Security⁵					
Number of Information	Security Drills	/	/	/	3
Data Security Incidents	o Occurred	/	/	/	0
Financial Impact of Dat	ta Security Incidents	RMB 10,000	/	/	0

#### Reporting Indicators Guidelines - HKEX Environmental, Social and Governance Reporting Guide

Environmental, and key perform		vernance areas and general disclosure ors (KPI)	Chapter
Environment			
	General disclosure	Related to emissions of exhaust gases and greenhouse gases, pollution discharge to water and land, generation of harmful and harmless wastes: (a) Policies; (b) Data on compliance with laws and regulations that have a significant impact on the issuer.	3.1 Climate change tackling 3.2 Environmental Stewardship
	A1.1	Types of emissions and data on emission	Environmental Data
	A1.2	Total emissions and density of greenhouse gases	Environmental Data
A1: Emissions	A1.3	Total amount and density of hazardous wastes produced	Environmental Data
	A1.4	Total amount and density of harmless waste generated	Environmental Data
	A1.5	Description of emission targets set and steps taken to achieve them	3.1 Climate change tackling 3.2 Environmental Stewardship
	A1.6	Description of disposal methods of hazardous and harmless wastes, and that of waste reduction objectives set and steps taken to achieve these objectives	3.2 Environmental Stewardship
	General disclosure	Policies to reduce the significant impact of the issuer on the environment and natural resources	3.2 Environmental Stewardship
	A2.1	Total consumption and density of direct and/or indirect energy sources (such as electricity, gas or oil) by type	Environmental Data
	A2.2	Total water consumption and density	Environmental Data
A2: Resources use	A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	3.2 Environmental Stewardship
	A2.4	Description any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	3.2 Environmental Stewardship
	A2.5	Total amount of packaging materials used for finished products and their share per production unit	No packaging materials are used in the operations of COSCO SHIPPING Lines

Environmental, and key perforn		vernance areas and general disclosure ors (KPI)	Chapter
A3: Environment	General disclosure	Policies to reduce the significant impact of the issuer on the environment and natural resources	3.2 Environmental Stewardship
and natural resources	A3.1	Description of the significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	3.1 Climate change tackling
A4: Climate	General disclosure	Policies for identifying and responding to significant climate- related issues that have and may have an impact on the issuer	3.1 Climate change tackling
change	A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	3.1 Climate change tackling
Society			
B1: Employee	General disclosure	Related to salary, dismissal and recruitment, promotion, working hours, leave, equal opportunities, diversity, anti-discrimination and other welfare and benefits: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	5.1 Talent Team Development
	B1.1	Total number of employees by sex, employment type, age group and region	Social Performance
	B1.2	Employee turnover by sex, age group and region	Social Performance
	General disclosure	Related to the provision of safe working environment and the protection of employees  (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	5.3 Health and Safety Guardianship
B2: Health and Safety	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year)	Social Performance
	B2.2	Number of hold-up working days due to work-related injuries	Social Performance
	B2.3	Description of the occupational health and safety measures adopted, and the relevant implementation and monitoring methods	5.3 Health and Safety Guardianship
B3:	General disclosure	Policies on improving employees' know-how and skills in performing their duties. Description of relevant training activities.	5.1 Talent Team Development
Development and training	B3.1	Percentage of trained employees by sex and employment category	Social Performance
	B3.2	Average number of training hours per employee by sex and employee type	Social Performance

	Environmental, social and governance areas and general disclosure and key performance indicators (KPI)				
	General disclosure	Related to the prevention and control of bribery, extortion, fraud and money laundering: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	2.6 Business Ethics		
B7: Anti- corruption measures	B7.1	The number of concluded corruption cases filed against the issuer or its employees During the Reporting Period and the results of the proceedings	2.6 Business Ethics		
	B7.2	Description of preventive measures and reporting procedures, as well as related enforcement and monitoring methods	2.6 Business Ethics		
	B7.3	Description of anti-corruption training provided for directors and staff	2.6 Business Ethics		
B8: Investment	General disclosure	Policies on understanding the needs of the communities in which the company operates through participation in community activities to ensure that the interests of the communities will be taken into account during business activities.	6.3 Social Public Welfare		
	B8.1	Areas of focus	6.3 Social Public Welfare		
	B8.2	Resources invested in areas of focus	6.3 Social Public Welfare		

## Reporting Indicators Guidelines - Shanghai Stock Exchange Self-Disciplinary Supervision Guidelines for Listed Companies No. 14 – Sustainability Report (Trial Implementation)

Topic	Chapter
Response to climate change	3.1 Climate change tackling
Pollutant emissions	3.2 Environmental Stewardship
Waste management	3.2 Environmental Stewardship
Ecosystem and biodiversity conservation	3.2 Environmental Stewardship
Environmental compliance management	3.2 Environmental Stewardship
Energy utilization	3.1 Climate change tackling
Water resource utilization	3.2 Environmental Stewardship
Circular economy	3.2 Environmental Stewardship
Rural revitalization	6.2 Rual Revitalization
Social contribution	6.3 Social Public Welfare
Innovation-driven	4.3 Smart Supply Chain
Ethics in technology	Not relevant
Supply chain security	4.1 Secure Supply Chain
Equal treatment of small and medium-sized enterprises	No overdue payments exceeding agreed terms to small and medium- sized enterprises (SMEs)
Safety and quality of products and services	4.1 Secure Supply Chain
Data security and customer privacy protection	4.2 End-to-End Supply Chain 4.3 Smart Supply Chain
Employees	5.1 Talent Team Development 5.2 Safeguarding Employee Rights and interests 5.3 Health and Safety Guardianship
Due diligence	2.3 Stakeholder Engagement
Communication with stakeholders	2.3 Stakeholder Engagement
Anti-bribery and anti-corruption	2.6 Business Ethics
Anti-unfair competition	2.6 Business Ethics

#### Reporting Indicators Guidelines - GRI Standards

Disclosure issues/items	Title of disclosure item	Sections
General standards		
GRI 1: Fundamental	s 2021	
GRI 2: General Disclo	osure 2021	
Organizing and repo	orting practices	
2-1	Organizational details	1.1 About this report
2-2	Entities included in the organization's sustainability reporting	1.1 About this report
2-3	Reporting Period, frequency and contact point	1.1 About this report
2-4	Restatements of information	1.1 About this report
2-5	External assurance	Independent Assurance Statement
Activities and works	5	
2-6	Activities, value chain and other business relationships	1.2About COSCO SHIPPING Lines
2-7	Employees	5.1 Talent Team Development
2-8	Workers who are not employees	5.1 Talent Team Development
Governance		
2-9	Governance structure and composition	2.1Corporate Governance
2-10	Nomination and selection of the highest governance body	2.1Corporate Governance
2-11	Chair of the highest governance body	2.1Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	2.1Corporate Governance
2-13	Delegation of responsibility for managing impacts	2.1Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	2.2Sustainable Development Governance
2-16	Communication of critical concerns	2.3 Stakeholder Engagement 2.4 Material topics
2-17	Collective knowledge of the highest governance body	2.2 Sustainable Development Governance 2.6 Business Ethics
Strategy, policies an	nd practices	
2-22	Statement on sustainable development strategy	1.3Message from the Chairman
2-24	Embedding policy commitments	2.2Sustainability-Related Governance Framework
2-25	Processes to remediate negative impacts	2.6Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	2.6Business Ethics

Disclosure issues/items	Title of disclosure item	Sections
Stakeholder eng	gagement	
2-29	Approach to stakeholder engagement	2.3Stakeholder Engagement
2-30	Collective bargaining agreements	5.2Safeguarding Employee Rights and interests
GRI3:Material To	ppics 2021	
3-1	Process to determine material topics	2.4Material Topics
3-2	List of material topics	2.4Material Topics
3-3	Management of material topics	2.4Material Topics
Topic standards		
GRI 201: Econon	nic Performance 2016	
201-1	Economic value directly generated and distributed	1.2About COSCO SHIPPING LineHoldings
201-2	Financial impacts of climate change and other risks and opportunities	3.1 Climate change tackling
GRI 203: Indirec	t Economic Impact 2016	
203-1	Infrastructure investments and services supported	6.2 Rual Revitalization
GRI 205: Anti-co	rruption 2016	
205-1	Operations where corruption risk assessment has been conducted	2.6Business Ethics
205-2	Communication and training of anti-corruption policies and procedures	2.6Business Ethics
205-3	Confirmed incidents of corruption and actions taken	2.6Business Ethics
GRI 206: Unfair (	Competitive Behavior 2016	
206-1	lem:lemma	2.6Business Ethics
Environment		
GRI 302: Energy	2016	
302-1	Energy consumption within the organization	3.1 Climate change tackling Environmental Data
302-2	Energy consumption outside of the organization	3.1 Climate change tackling Environmental Data
302-3	Energy intensity	Environmental Data
302-4	Reduce energy consumption	3.1 Climate change tackling
302-5	Reduce the energy demand of products and services	3.1 Climate change tackling

Disclosure				
issues/items	Title of disclosure item	Sections		
GRI 303: Water Resources and Sewage 2018				
303-1	Interaction between organizations and water (as a shared resource)	3.2 Environmental Stewardship		
303-2	Management of drainage-related impacts	3.2 Environmental Stewardship		
303-3	Water fetching	3.2 Environmental Stewardship		
303-4	Drainage	3.2 Environmental Stewardship		
303-5	Water consumption	3.2 Environmental Stewardship		
GRI 304: Biodiversity 2016				
304-2	Significant impacts of activities, products and services on biodiversity	3.2 Environmental Stewardship		
GRI 305: Emissions 2016				
305-1	Direct (category 1) greenhouse gas emissions	Environmental Data		
305-2	Energy indirect (category 2) greenhouse gas emissions	Environmental Data		
305-4	Greenhouse gas emission intensity	Environmental Data		
305-7	Emissions of nitrogen oxides (NO $_{\mbox{\tiny N}}$ ), sulfur oxides (SO $_{\mbox{\tiny N}}$ ) and other major gases	Environmental Data		
GRI 306: Waste 2	020			
306-1	Waste generation and significant waste-related impacts	3.2 Environmental Stewardship		
306-2	Management of impacts related to major wastes	3.2 Environmental Stewardship		
306-3	Waste generated	3.2 Environmental Stewardship Environmental Data		
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers selected using environmental criteria	6.1 Sustainable Procurement		
308-2	Negative impact of supply chain on environment and actions taken	6.1 Sustainable Procurement		
Society				
GRI 401: Employ	ment 2016			
401-1	New employee hires and employee turnover	Social Performance		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Safeguarding Employee Rights and interests		
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational Health and Safety Management System	5.3 Health and Safety Guardianship		
403-2	Hazard identification, risk assessment and incident investigation	5.3 Health and Safety Guardianship		
403-3	Occupational Health Services	5.3 Health and Safety Guardianship		

Disclosure issues/items	Title of disclosure item	Sections
403-4	Occupational Health and Safety Matters: Workers' Participation, Consultation and Communication	5.3 Health and Safety Guardianship
403-5	Occupational Health and Safety Training for Workers	5.3 Health and Safety Guardianship
403-6	Promoting Workers' Health	5.3 Health and Safety Guardianship
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	5.3 Health and Safety Guardianship
403-8	Workers Applicable to Occupational Health and Safety Management System	5.3 Health and Safety Guardianship
403-9	Work-related injury	5.3 Health and Safety Guardianship
403-10	Work-related health problems	5.3 Health and Safety Guardianship
GRI 404: Training	g and Education 2016	
404-1	Average hours of training per year per employee	5.1 Talent Team Development
404-2	Programs for upgrading employee skills and transition assistance programs	5.1 Talent Team Development
404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Talent Team Development
GRI 405: Diversit	y and Equal Opportunity 2016	
405-1	Diversification of Governing Institutions and Employees	5.1 Talent Team Development
GRI 406: Non-dis	crimination 2016	
406-1	Incidents of discrimination and corrective actions taken	5.1 Talent Team Development
GRI 408: Child La	abor 2016	
408-1	Operating points and suppliers at risk of major child labor incidents	5.1 Talent Team Development
GRI 409: Forced	or Compulsory Labor 2016	
409-1	Operating points and suppliers with significant risks of forced or compulsory labor events	5.1 Talent Team Development
GRI 413: Local 0	Communities 2016	
413-1	Operational sites with the participation of local communities, impact assessment and development plans	6.2 Rural Revitalization 6.3Social Public Welfare
413-2	Operations with significant actual and potential negative impacts on local communities	6.2 Rural Revitalization 6.3Social Public Welfare

Disclosure issues/items	Title of disclosure item	Sections		
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers screened using social criteria	6.1 Sustainable Procurement		
414-2	Negative social impacts in the supply chain and actions taken	6.1 Sustainable Procurement		
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	4.1 Secure Suppy Chain		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.1 Secure Suppy Chain		
GRI 418: Customer Privacy 2016				
418-1	Verified complaints related to invasion of customer privacy and loss of customer data $$	4.2 End-to-End Supply Chain		

#### **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 2024 ("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 of 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 the 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 audits 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 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:

- o Hazardous waste
- o Work injury Thousand of injuries
- o Domestic water
- The Assurance Engagement was with respect to information disclosed from January 01, 2024, to December 31, 2024 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>6</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 double materiality assessment for the Sustainability Report, collected the opinions of key stakeholders, identified material issues through appropriate methods, and presented the results of the double 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>&</sup>lt;sup>6</sup> The assurance engagement was conducted online and the interview was conducted by teleconference.

#### **Impact**

COSCO SHIPPING Lines has included "Impact Materiality" and "Financial Materiality" as two dimensions in its double materiality assessment, so that the content of the Sustainability Report can reflect its impacts on the economy, environment and society and the impact on its own business model, business operations, development strategy, financial positions, operating results, cash flow, and financing methods and costs, etc., 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 have not been prepared in all material respects in accordance with the basis of reporting.





