



中远海运控股股份有限公司  
COSCO SHIPPING Holdings Co., Ltd.

We Deliver Value - Connecting  
the Land and the Sea



# 2022 Sustainability Report

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# 01

## Foreword

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# About this report

## Reporting period

January 1, 2022 to December 31, 2022 (the "Reporting Period").

## Scope of report

This report covers COSCO Shipping Holdings Co., Ltd. (hereinafter referred to as "the Company" or "COSCO SHIPPING Holdings") and its subsidiaries (hereinafter referred to as the Group ").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 Group. We selected three first-level subsidiaries, namely COSCO Shipping Lines Co., Ltd. (hereinafter referred to as COSCO Shipping Lines), COSCO Shipping Ports Limited (hereinafter referred to as COSCO Shipping Ports), and Orient Overseas (International) Limited (hereinafter referred to as OOIL), as well as the subsidiaries covered by the financial reports of these three first-level subsidiaries. In case of special circumstances, the statistics of specific data will be explained in the corresponding part. See the Scope of Report in the appendix for the specific list of companies.

## Reference standard

This report complies with the Guidelines for Environmental, Social and Governance Reporting issued by The Stock Exchange of Hong Kong Limited and the GRI Standards issued by the Global Reporting Initiative (GRI). The compilation of this report mainly follows the following basic principles:

### Materiality

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

### 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.

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# Message from the Chairman



Looking back on 2022, faced with the challenges posed by global climate change along with world economic and trade pattern, COSCO Shipping Holdings - as the world's leading integrated provider of container shipping services - continued to accelerate the layout of the whole-process supply chain, the digitalization of shipping, and green and low-carbon development. We adhered to the essence of shipping services and continuously enhanced our service capabilities and sustainability performance, reflecting strong development resilience and potential of a striver.

With our two container transportation service brands, COSCO Shipping Lines and Orient Overseas Container Line (OOCL), the Group continued to enhance the comprehensive logistics and transportation service capacity, and accelerated the development of global terminal layout through COSCO Shipping Ports, striving relentlessly to build a world-class and all-round terminal network layout with an integrated supply chain service ecosystem and continuously improving service quality and customer experience. Meanwhile, the Group continued to accelerate its green and low carbon development in response to the national Dual Carbon goals and deliver long-term value.



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Delivering Value to the Environment

As a pioneer of low-carbon environmental protection, COSCO Shipping Holdings continues to promote green and intelligent development. The Group constantly improves the sustainability framework, identifies and responds to climate risks, and incorporates climate change management into its daily management system. At the same time, the Group speeds up the construction of green and low-carbon fleet, builds a green and low-carbon fuel supply chain support system, optimizes route layout and energy efficiency management of fleet to adapt to the new environmental protection rules and promote the application of renewable energy in port and shipping logistics.



Delivering Value to Marine Transportation

COSCO Shipping Holdings fulfills its mission and strives to ensure supply chain stability. The Group guarantees the safe delivery of the customers' cargos professionally, provides high-quality end-to-end whole-process logistics solutions for global customers, and effectively ensures a reliable supply chain. At the same time, the Group strengthens digital and intelligent empowerment, actively promotes the digitalization of the global supply chain platform, and actively innovates to create a transportation service model that meets customer needs.



Delivering Value to the Employees

COSCO Shipping Holdings adheres to the people-oriented principle to help reserve shipping talents for development. The Group deepened its system reform, further established and improved the mechanism of attracting, cultivating, using, and retaining talents, and provides employees with comprehensive protection of rights and interests, rich training content, clear career development paths, and safe and healthy working conditions, allowing employees to grow together with the Group in a harmonious working environment.



Delivering Value to the Society

COSCO Shipping Holdings insists on value sharing and promotes the sustainable development of the whole industrial chain. The Group always pays attention to improving the supply chain management system, creating a sustainable industrial chain, and driving suppliers to achieve common prosperity. At the same time, the Group actively engages in various rural revitalization initiatives, charitable donations, and voluntary activities to fulfill corporate social responsibilities and promote social welfare.



Embarking on a long journey while braving the wind and rain, a glorious chapter awaits. In the future, COSCO Shipping Holdings will rise to the challenge of global economic and trade changes, strive to lead the changes and development of the industry, and continue to build and improve a global and digital container supply chain service system. By implementing specific operational measures such as ensuring a stable supply chain, deepening customer cooperation, improving the global layout, strengthening digital intelligence empowerment, promoting low-carbon transformation, and implementing cost control, we strive to play an important part in global trade, continuously improve sustainable development resilience, and safeguard the development and green transformation of integrated shipping services.

COSCO Shipping Holdings Co., Ltd.

Chairman Wan Min

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# About COSCO Shipping Holdings

## Business Introduction

To fulfill the mission of serving customers worldwide, COSCO Shipping Holdings is committed to becoming a “customer-oriented, value-leading and world-class integrated service provider of the container transportation ecosystem”, and providing customers with high-quality, whole-process and end-to-end transportation solutions through its container transportation service network with global operation and integrated services. COSCO Shipping Holdings’ main business includes:

### Container shipping business

COSCO Shipping Holdings manages its international and domestic maritime container transportation services and related business through COSCO Shipping Lines and OOIL. By the end of the Reporting Period, COSCO Shipping Holdings has operated 287 international lines (including international branch lines), 56 coastal lines in China and 84 branch lines in Pearl River Delta and Yangtze River. COSCO Shipping Holdings has achieved fleet affiliation in 576 ports in about 140 countries and regions around the world. The capacity of its self-operated container fleet has exceeded 2.89 million TEUs.

### Port operation business

COSCO Shipping Holdings is mainly engaged in the loading, unloading and stockpiling of containers and bulk cargos through COSCO Shipping Ports. The ports of COSCO Shipping Ports are distributed all over the five major port groups along China’s coastline and the middle and lower reaches of the Yangtze River, as well as Europe, the Mediterranean, the Middle East, Southeast Asia, South America, Africa, and other major oversea terminal ports. By the end of the Reporting Period, COSCO Shipping Ports has invested 36 ports around the world, and is managing 367 berths, including 220 container berths, with a total target annual processing capacity of about 140 million TEUs. COSCO Shipping Port is committed to building a completed holding network around the world to provide customers with an integrated network leveraging linkage effect in cost, service and coordination.

Operated

287

international lines



The capacity of its self-operated container fleet has exceeded

2.89 million TEUs



Total target annual processing capacity reached

140 million TEUs



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Economic performance

2022

Audited operating income approximates      Audited operating costs approximate

391,058 million CNY      217,991 million CNY

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

109,595 million CNY

Audited corporate income tax approximates

35,759 million CNY

In 2022, the demand in the container shipping industry has been on the rise as the global market environment changes. With the development of the global digital economy, new industrial models such as cross-border e-commerce trade are influencing the existing market, and the global trade market is becoming more diversified. Against this background, COSCO Shipping Holdings firmly grasps the trend and actively adapts to changes to seize opportunities. COSCO Shipping Holdings regards digitalization as the key to business transformation and builds a sound and stable service system across the whole industry chain through digitalization to enhance the comprehensive logistics and transportation service capacity. Building on its solid foundation, the Group adheres to the globalization strategy, expands to emerging markets, seeks sustainable development partners, and builds an integrated supply chain service ecosystem by continuously enhancing the comprehensive logistics and transportation service capabilities, improving the service quality and customer experience, and strengthening the business resilience and continuity.

International initiatives

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



Collaborative Development of Ocean Alliance

Since its establishment in 2017, the Ocean Alliance continues to uphold the advantages of stable cooperation, abundant products, and flexible response after 6 years of development and growth. The Ocean Alliance members include COSCO Shipping Lines, OOIL, CMA CGM and Evergreen Shipping. COSCO Shipping Lines and OOIL always keep in mind the initial aspiration of providing customers with quality service, and continuously cooperate with the Ocean Alliance to optimize the line layout. In 2022, the 8 existing lines of the Alliance were upgraded, and 3 new lines were added, totaling 42 lines with 352 ships, an equivalent of 4.43 million TEUs.

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

8

existing lines of the Alliance were upgraded

3

new lines were added

42

the Ocean Alliance has provided services and products across lines

7

lines from the Far East to the Northwest Europe

4

lines from the Far East to the Mediterranean

23

trans-Pacific lines

3

trans-Atlantic lines

4

lines from the Far East to the Middle East

2

lines from the Far East to the Red Sea

including 1 line outside the Alliance



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Awards and Recognitions

COSCO Shipping Holdings understands the importance of sustainable development to enterprises, constantly fulfills the responsibility of sustainable development, and plays an exemplary role in the industry development. In 2022, the Group gained wide international recognition in environmental protection and public welfare, corporate governance, industry cooperation, and employee management. In 2022, COSCO Shipping Holdings, COSCO Shipping Ports, and OOIL were all included in the Hang Seng Corporate Sustainability Benchmark Index. COSCO Shipping Holdings and its subsidiary OOIL were both included in the Hang Seng ESG 50 Index, and OOIL was listed in the Hang Seng Corporate Sustainability Index, included in the FTSE Developed ESG Index, and for the first time included in the Dow Jones Sustainability Asia Pacific Index.

Hang Seng Index Series	COSCO Shipping Holdings	COSCO Shipping Ports	OOIL
Hang Seng Corporate Sustainability Benchmark Index	✓	✓	✓
Hang Seng Corporate Sustainability Index			✓
Hang Seng ESG 50 Index	✓		✓

2022.8.17

2021 BOCHK Corporate Environmental Leadership Awards

Federation of Hong Kong Industries (FHKI) and Bank of China (Hong Kong) (BOCHK)

Orient Overseas Container Line (OOCL) (a wholly-owned subsidiary of OOIL)

2022.9.22

Annual Best Managed Team of Listed Companies in China and the Top 100 Companies Listed on Main Board by Market Value

The sixteenth China Listed Company Value Evaluation

COSCO Shipping Holdings

2022.08.23

Singapore Environmental Achievement Awards (SEAA) (Regional)

Singapore Environment Council

Orient Overseas Container Line (OOCL) (a wholly-owned subsidiary of OOIL)

2022.12.8

2022 CLS ESG Pioneer Enterprise Award

The 3rd ESG Enterprise Summit Forum hosted by Cailianshe (CLS) in 2022

COSCO Shipping Holdings

2022.12.22

Best Capital Market Communication Award

China Excellence IR

COSCO Shipping Holdings

2022.12.23

Most Socially Responsible Award (ESG)

Crystal Ball Awards for Investor Relations of Listed Companies in 2022

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# Performance highlights

## Container shipping business



Economic data

The capacity of COSCO Shipping Holdings' self-operated container fleet has exceeded

**2.89** million TEU

Container freight volume

**24.41** million TEU

International routes (including international feeder lines)


**287** lines

Coastal routes in China

**56** lines

Branch lines in Pearl River Delta and Yangtze River

**84** lines



Environmental performance

Greenhouse gas emissions

**20,778,809** tons

Total marine fuel consumption

**6,567,804** tons

Sulfur oxide emissions

**242,353** tons

Oxides of nitrogen emissions

**496,430** tons

Fresh water consumption

**293,578** tons


Seawater desalination capacity

**285,297** tons

Oil spill accident

**0** incident

## Port business



Economic data

Number of ports

**36**

Number of docks

**46**

Number of berths

**367**

Number of container berths


**220**

Total terminal throughput

**130.11** million TEUs

2022 target annual processing capacity totalled

**140** million TEU



Environmental performance

Greenhouse gas emissions

**587,112** tons

Natural gas consumption

**355,959** cubic meters

Hazardous waste discharge

**5,990,357** tons

Diesel consumption

**76,986,169** liters

Waste water discharge

**1,054,890** cubic meters

## Social performance



Employment performance

Training and education coverage

**100%**

Average training hours per employee

**31** hours



Community

Investment in community activities

**CNY 44.39** million

Times of participating in community activities

**3,241** times



Safety performance

Injury rate per thousand people

**2.76%**

Hours of community activities

**11,685** hours

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# Board statement

## Board Responsibility

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

## Materiality Analysis

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

## Risk Identification

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

## Target Progress

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



# 02

## Sustainable Development Governance

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

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



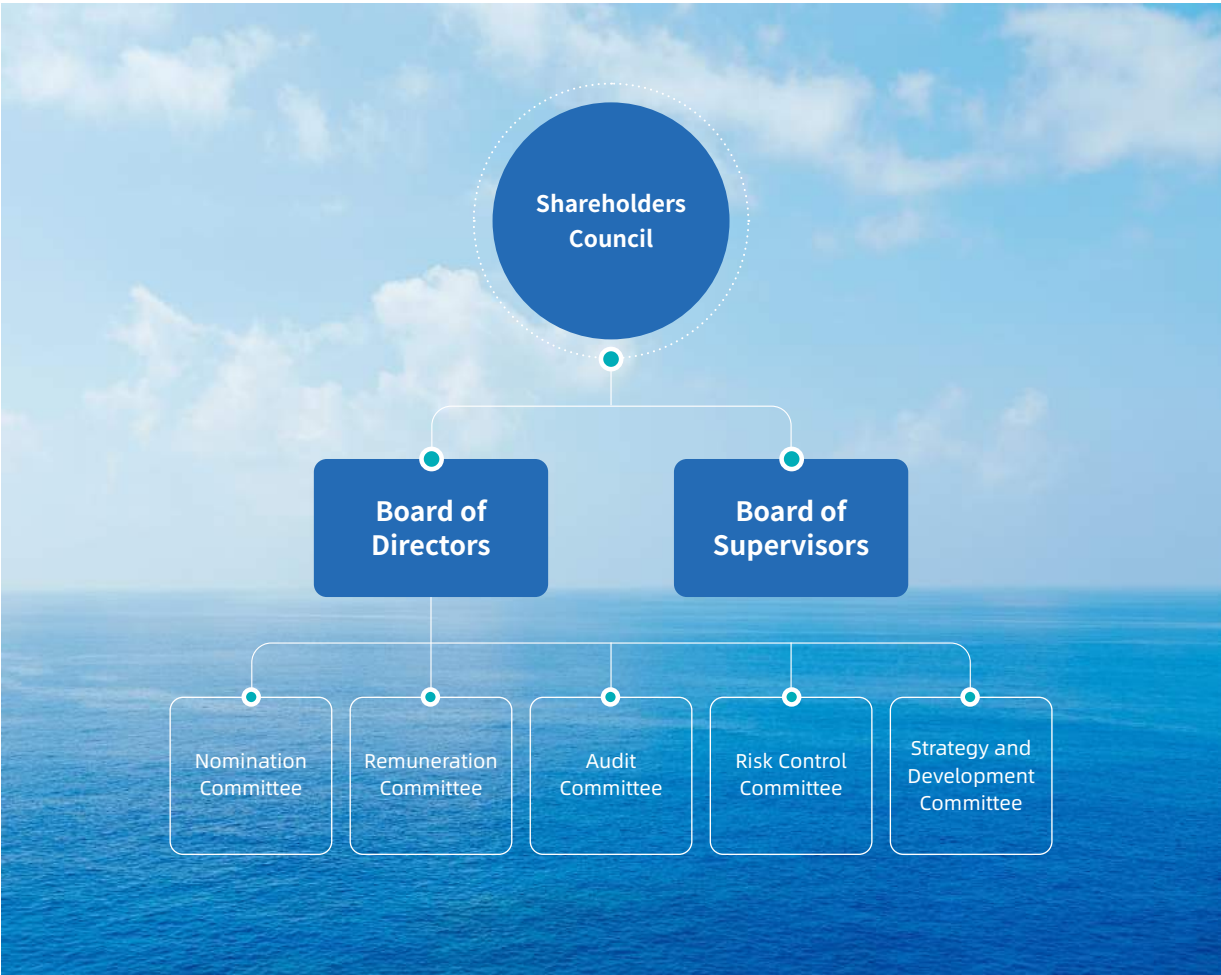
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# Governance Structure

COSCO Shipping Holdings continuously improves the governance structure of sustainable development during the daily operations, and makes the Shareholders Council the highest decision-making body to decide on major issues of operation and management to protect shareholders' rights and interests. The Shareholders Council consists of the Board of Directors and the Board of Supervisors. As a supervisory body, the Board of Supervisors plays a supervisory role in the changes of the Board of Directors and the management. The Board of Directors is responsible for day-to-day business decision-making of the enterprise.

COSCO Shipping Holdings attaches great importance to the diversity and professionalism of Board members. The Board of Directors includes 4 independent non-executive directors, with independent directors accounting for 50%. Members of the Board of Directors have rich industry experience and professional background in the fields of shipping, port management, ship design, business administration, etc., which elevates the decision-making of the enterprise from a comprehensive and scientific perspective. There are five professional committees under the Board of Directors:

The Board of Directors is the highest decision-making body for ESG governance of the Group. The Risk Control Committee under the Board of Directors takes the lead in matters related to sustainable development and comprehensively supervises the relevant work. The Committee is mainly responsible for guiding the formulation of sustainable development strategies, objectives, and management policies, and coordinating the resources required to achieve those objectives. Moreover, the Committee keeps tracking and reviewing the process of implementation, supervises and inspects related activities, and submits the annual sustainable development report to the Board of Directors for approval. Please refer to [the Rules and Procedures of the Risk Control Committee under the Board of Directors of COSCO Shipping Holdings](#) for details of its responsibilities.



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# Stakeholder Engagement












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

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



## Substantive Topic Table

Category	Topics	Major stakeholders	Communication channel	Category	Topics	Major stakeholders	Communication channel
 Economic	Economic performance	Public Interest Organizations/ NGOs/Industry Associations Media Investment institutions/shareholders	Shareholders Council Roadshow/reverse roadshow Investor Summit Interview Performance conference Press release Community public welfare activities	 Environmental	Material use	Government and regulatory authorities Social organization Media	Press release Interview Performance conference Community public welfare activities
	Indirect economic impacts				Water resources management		
	Tax transparency				Greenhouse gas emission		
	Market performance				Climate change and response		
 Corporate governance	Corporate governance	Investment institutions/shareholders Government and regulatory authorities Business partner Customers	General meeting of shareholders Roadshow/reverse roadshow Investor Summit Public mailbox Information Bulletin Press release Technical training On-site review		Biodiversity		
	Anti-corruption				Marine plastics		
	Risk management				Enhance staff awareness of environmental protection		
	Anti-competitive conduct			Employment			
	Political contributions				Occupational Health and Safety		
Socio-economic compliance	Training and education						
 Product Service and Security	Customer Satisfaction	Insurance Financial Institutions Customers Media Business partner Investment institutions/shareholders Others	Press release Community public welfare activities On-site review Information bulletin Interview Performance conference General meeting of shareholders Roadshow/reverse roadshow Investor Summit Technical training	 Employee	Diversity and equal opportunities	Employee Media Government and regulatory authorities Others	Employee training Employee communication/forum Employee satisfaction survey Interview Performance conference Public mailbox Information bulletin Press release Technical training
	Customer Complaints				Anti-discrimination		
	Customer Privacy Protection				Labor complaints mechanism		
	Optimize terminal operations				Employees' rights		
	Scientific and technological innovation				Freedom of association and collective bargaining		
	Contraband management and anti-smuggling of seaborne goods				Child and forced labor		
	Contraband management and anti-smuggling of seaborne goods				Human rights assessment		
	Safety of shipping			Employee management			
	Digital Security			Responsible procurement			
 Environmental	Environmental compliance	 Supply chain	Environmental and social assessment of suppliers		Government and regulatory authorities Suppliers	Public mailbox Information bulletin Press release Supplier assessment	
	Exhaust emissions		Strengthen the safety management of business outsourcing				
	Waste disposal	Insurance Financial Institutions Insurance Financial Institutions Media	Press release Interview Performance conference Community public welfare activities	 Social	Community public welfare	Media Government and regulatory authorities	Interview Performance conference Public mailbox Information bulletin
	Waste water discharge management				Cooperation for empowerment		
Energy management							

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# Risk Management

COSCO Shipping Holdings always puts risk management and control in an important position in its operation and makes it reliable and efficient by establishing and improving the risk management framework and internal control system. During the Reporting Period, based on the international COSO-ERM framework and the domestic *Basic Rules for Enterprise Internal Control*, COSCO Shipping

Holdings has strengthened the internal control supervision, and carried out the internal control self-evaluation and supervision evaluation, so as to realize the systematization and comprehensiveness of governance. COSCO Shipping Holdings always pays attention to minimizing risks to a reasonable range, and actively seeks opportunities while reducing the impact of risks on operations.

## Risk Management Framework

As the highest decision-making body of risk management, the Board of Directors is responsible for the overall risk management. Under the leadership of the Board of Directors, the Risk Control Committee is established to perform the duties of identifying, managing, supervising

and controlling various risks of the Company, and to provide risk analysis and management advice to the Board of Directors. The handling of the risks identified and analyzed will be handed over from the Risk Control Committee to the Legal and Risk Management Department.



## Risk Management and Early Warning Mechanism

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

COSCO Shipping Holdings not only focuses on internal evaluation, but also actively adopts external experts' opinions to supervise the key risk management. Every year, the Group engages a third party to conduct external audit to supervise the status of internal control and risk management. During the Reporting Period, COSCO Shipping Holdings has invited an external consulting company to carry out internal control supervision and evaluation in 2022. All subsidiaries of COSCO Shipping Holdings were included in the scope, achieving 100% completion of supervision and evaluation.

In order to have a sound response strategy to emergencies, the Group has continuously carried out and improved risk early warning and supervision mechanism. To effectively ensure timely response to risks and solution implementation of, the Group identifies risk early warning indicators on a quarterly basis and issued quarterly briefings. In addition, the Group constantly collects, tracks and analyzes major risk events and important information of the year. An analysis report about the progress and changes in trending events will be submitted to the management.

100%

completion of supervision and evaluation



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# Business Ethics

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

During the Reporting Period, COSCO Shipping Holdings has formulated and updated the Compliance Management Regulation of COSCO Shipping Holdings, the Legal Affairs Management Approach and the Reporting Management Regulation of COSCO Shipping Holdings, which further explained the compliance management structure, responsibilities, operating institutions and guarantee system of the enterprise, and refined the accountability and handling measures for violations.

## Anti-Corruption Management

The Group strictly abides by the United Nations Convention against Corruption, the *Foreign Corrupt Practices Act (FCPA)*, the Criminal Law of the People's Republic of China and other relevant laws and regulations. The Group has set up a Commission for Discipline Inspection to formulate and implement anti-corruption policies, and to manage and supervise the compliance of employees' behaviors. By continuously promoting internal anti-corruption review, the Group has created a clean and honest operational environment and governance. At the same time, as members of the Maritime Anti-Corruption Network, COSCO Shipping Lines and OOIL joined hands with all organizations in the industry to create a fair and clean maritime environment. During the Reporting Period, there has been no major lawsuit related to corruption or unfair competition against COSCO Shipping Holdings.

## Anti-Monopoly

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

The Group strictly abides by international and regional anti-monopoly laws and regulations. In 2022, COSCO Shipping Lines compiled the Anti-monopoly Compliance Management Manual, and identified the list of anti-monopoly risks in key positions. On the basis of the existing Anti-monopoly Compliance Management Measures and the Anti-monopoly Emergency Response Plan, COSCO Shipping Lines plans to further introduce special management guides in anti-monopoly and procurement management, refine management requirements and improve management level. During the Reporting Period, COSCO Shipping Ports has also revised the Anti-monopoly Compliance Guidelines and compiled the Overseas Acquisition Legal Guidelines; OOIL strictly adheres to the OOIL Competition Compliance Manual and continues to further strengthen and enhance antitrust and competition compliance management;

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



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Whistle-Blower Protection

The Group has always holds employees to the highest standards in terms of business behavior, and created a liberal, open, safe and efficient communication environment. The Group issues and abides by the Reporting Management Regulations of COSCO Shipping Holdings and other regulations, clearly defines the reporting requirements, reporting scope, investigation process and whistleblower protection mechanism, and encourages employees and outsiders of the Group to report all kinds of behaviors violating disciplines or professional ethics. The Group provides a variety of open and transparent reporting channels, including telephone and email.

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



Awareness Promotion

To continuously improve the compliance awareness of business ethics and create a culture of compliance, the Group organized various business integrity trainings and awareness-building activities to guide employees to improve their ethics.

● Upskilling Program for the Board of Directors

In 2022, COSCO Shipping Holdings provided a 2022 Upskilling Webinar targeted at the Board of Directors. Led by industry experts and professionals, the training focused on risk prevention and control, as well as compliance management.

● Anti-monopoly Training

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

● One-month integrity education campaign

COSCO Shipping Holdings conducted an one-month integrity education campaign in November. The Group collected cultural works of employees and created a collection called *Appreciate Integrity*. Meanwhile, the Group also awarded short videos recorded by employees and produced booklets and bookmarks on integrity. These initiatives are aimed to remind employees to hold the line on morality, as an constant reminder of the credo - "Don't Dare to, Are Unable to and Have no Desire to Commit Corruption". The Group works together with the industry to create a harmonious and stable shipping environment.

4,103 people

covered by anti-monopoly training in the form of webinar

Featured Training on Business Ethics

During the Reporting Period, COSCO Shipping Holdings has provided anti-corruption training for the Board of Directors and all employees (including contracted employees).

# 03

## Delivering Value to the Environment

As the backbone of global trade, shipping plays an important role in coping with climate change and promoting environmental protection. As a global shipping company, the Group has taken the initiative to assume environmental responsibilities, and established and continuously improved its environmental management system. 86% of holding terminals of COSCO Shipping Lines and COSCO Shipping Ports obtained the ISO 14001 Environmental Management System Certification. OOIL also complies with the requirements set out in Safety, Quality and Environmental Management System (SQE). The Group actively responds to climate change, explores energy transformation and carbon reduction measures, and realizes the joint development of environmental protection and economic benefits to contribute to the green development of global shipping.

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# Climate Change

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

## Governance

COSCO Shipping Holdings has established a sound climate risk governance structure, incorporated climate-related risk management into the Company's risk management system, and factored energy saving, emission reduction and environmental protection-related indicators into executive compensation. The Board of Directors is responsible for the ESG strategy and performance of COSCO Shipping Holdings, and the Risk Control Committee is responsible for reviewing the climate risk control strategy and risk assessment report, and guiding the formulation of sustainable development strategies, objectives, and management policies.

## Strategy

Based on its own business characteristics and the development trend of global shipping, the Group actively identified risks related to climate change and analyzed the potential financial impacts. The Group identified various physical risks and transition risks by referring to different climate scenarios and combining them with business development. Among those risks, physical risks refer to the risks related to the impact of acute climate events and long-term climate pattern changes on assets. The transformation risk refers to the risk related to the transformation to low-carbon economy, such as market risks brought about by changes in policies and regulations and customer behavior. Based on the identified risks related to climate change, the Group further analyzed the corresponding business and financial impacts.



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Climate Change Risk Identification

Category	Risk	Description	Potential financial impact
Physical risks  Acute risk  	Flood (including rain-storms and river overflows)	<ol style="list-style-type: none"><li>1. Heavy rain and floods damage port infrastructure and related facilities, and cause power failure in ships, equipment and facilities, which leads to evacuation of personnel, interruption of operations and loss of assets</li><li>2. Low visibility and abrupt rise in water levels and water velocities lead to reduced maneuverability of ship locks and ships, which affects navigation restrictions and ship berthing of sea routes</li><li>3. Extreme precipitation may lead to sudden flooding, affect the operation of inland roads, railways, docks and inland waterways, and hinder normal business operations</li><li>4. The safety of the ship, crew and cargo is affected, resulting in delayed shipment and claims for damage to the cargo</li></ol>	<p>Verification and early scrapping of existing assets</p> <p>Difficulties in transportation</p> <p>Increased operating costs</p>
	Strong wind/cyclone	<ol style="list-style-type: none"><li>1. It is difficult to forecast strong winds, which could damage the ship infrastructure and related facilities, ships or cargo, causing continuous interruptions of operations and loss of assets</li><li>2. Strong wind or cyclone affects the speed and direction of ships, making them deviate from or change their sea routes. This would result in shipment delay and also prevent ships from berthing and arriving at the port on time, resulting in the containers not being delivered on time, which increases the operating costs and reduces income. For ports, ships delays caused by strong wind and cyclone will increase the pressure on traffic management, resulting in increased cost.</li><li>3. Extreme weather will threaten the safety and health of personnel. Under the condition of strong wind/cyclone, the working hours and conditions of employees should be strictly controlled, which will affect the operating efficiency and increase the operating cost.</li><li>4. If ships encounter typhoon/cyclone/storm, they may sink due to high waves and storms caused by typhoon/cyclone/storm, resulting in loss of profits.</li><li>5. Under the condition of typhoon with high wind velocity, the port crane not being able to unload/load cargo will interrupt the operation and result in loss of profits</li></ol>	<p>Verification and early scrapping of existing assets</p> <p>Difficulties in transportation</p> <p>Increased operating costs</p>

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Category	Risk	Description	Potential financial impact
Physical risks Chronic risk 	Ocean acidification	<ol style="list-style-type: none"><li>1. Seawater temperature rise and ocean acidification accelerate the corrosion of ship hull, so it is necessary to use materials with higher corrosion resistance and pay higher maintenance fees</li><li>2. Seawater temperature rise and ocean acidification accelerate the corrosion of port infrastructure submerged in seawater and related infrastructure and facilities, so it is necessary for the port to use materials with higher corrosion resistance and pay higher maintenance fees</li></ol>	Increase maintenance costs
	Sea temperature rise	<ol style="list-style-type: none"><li>1. Rising sea levels change wave and tidal patterns, affecting the schedule of shipping companies</li><li>2. Tidal changes affect the sedimentation of the waterways, which reduces the smoothness of the waterways. So dredging works are required, and the operating costs rise.</li><li>3. If the sea level rises, some ports in low sea level areas may sink and no longer be used. The routes must be changed, and the operating costs rise.</li></ol>	Affect workforce management and planning Increased operating costs
Transition risks Laws and Regulation Risk 	Existing requirements and supervision of products and services	<ol style="list-style-type: none"><li>1. The International Maritime Organization issued the <i>IMO Preliminary Strategy for Greenhouse Gas Emission Reduction from Ships</i>, which requires the shipping industry to reduce the total greenhouse gas emissions by 50% by 2050</li><li>2. The Chinese government has continuously promoted green shipping, supported the low-carbon transformation of the shipping industry, and strengthened the requirements for enterprises' energy use</li><li>3. The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report and verify carbon dioxide emissions</li></ol>	Increase operating and maintenance costs
	Implement carbon pricing mechanism	<ol style="list-style-type: none"><li>1. The shipping industry will be included in the EU Carbon Emissions Trading System, and enterprises will have to pay for the carbon dioxide generated by their ships</li><li>2. China has opened up the national carbon trading market and will incorporate the shipping industry into carbon trading in the future</li></ol>	Increase operating costs
	Strengthen emission reporting obligations	<ol style="list-style-type: none"><li>1. The new IMO regulations include the requirements for installing DCS (Data Collection System) and for data disclosure (actual fuel consumption data and other data that need to be disclosed). Companies that do not meet the requirements may be prohibited from engaging in the shipping industry.</li><li>2. The shipping industry will be included in the EU Emissions Trading System, and enterprises are required to monitor, report and verify carbon dioxide emissions</li></ol>	Increase operating costs

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

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

<b>Dealing with extreme weather</b> 	<ul style="list-style-type: none"><li>• Develop emergency response plans</li><li>• Strengthen meteorological monitoring and early warning</li><li>• Regularly update the guidance on preventing typhoon and floods</li><li>• Strengthen ship-shore contact to ensure the smooth progress of typhoon and flood prevention and control</li></ul>
<b>Greenhouse gas emission</b> 	<ul style="list-style-type: none"><li>• Set greenhouse gas emission reduction targets and commit to achieving carbon neutrality before 2060</li><li>• Provide carbon emission calculator for customers to calculate carbon emissions during sea transportation</li></ul>
<b>Energy use</b> 	<ul style="list-style-type: none"><li>• Implement energy-saving and emission-reduction measures to reduce the use of fuel oil through process control of navigation and shore power transformation</li></ul>
<b>Information disclosure</b> 	<ul style="list-style-type: none"><li>• Continuous disclosure of greenhouse gas emissions</li><li>• Abide by IMO requirements and regulations</li></ul>

Climate Change Response Strategies

Risk Management

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

<b>Identification of risk and opportunity</b>	<ul style="list-style-type: none"><li>• Refer to the framework of the Task Force on Climate-related Financial Disclosures (TCFD) while also considering the business characteristics of the Group to identify climate risks and opportunities and develop a list of climate risk</li></ul>
<b>Measurement of risk and opportunity</b>	<ul style="list-style-type: none"><li>• Collect ratings of various risks from all departments based on the industry, market, and policy background from the perspectives of probability and materiality</li><li>• Prioritize the identified risks based on the ratings and sort out risks of the place where the Group operates accordingly</li></ul>
<b>Response to risk and opportunity</b>	<ul style="list-style-type: none"><li>• Evaluate risks and opportunities brought by climate change and develop a response plan</li></ul>

The Identification Process for Climate Risks and Opportunities



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Climate Change-related Opportunities

Energy source Use biofuels in cargo ships

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

Resource efficiency Adopt a more energy efficient transportation mode

- Energy efficiency should be continuously improved and IMO, EEDI, and other requirements for energy efficiency management should be met to reduce the consumption of fuels, and thus lowering costs and carbon emissions

Market Climate change affects customer choices

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

Metrics and Targets

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

COSCO Shipping Holdings has set the following targets in coping with climate change and reducing greenhouse gas emissions, and tracked the progress during the Reporting Period.

Goals set in 2021 for greenhouse gas emissions<sup>1</sup>

In 2030, the greenhouse gas emission intensity of container shipping business will decrease by 12% compared with 2019;

12 %

In 2030, the greenhouse gas emission intensity of the holding terminals will be reduced by 20% compared with 2020;

20 %

Achieve carbon neutrality before 2060



Total greenhouse gas emissions in 2022

In 2022, the total greenhouse gas emissions of container shipping business were

20,778,809 tons of CO<sub>2</sub> equivalent

In 2022, the total greenhouse gas emissions of the holding terminals were

587,112 tons of CO<sub>2</sub> equivalent

<sup>1</sup> Unit of measurement: container business: grams of carbon dioxide equivalent per ton kilometre; terminal business: kilograms of carbon dioxide equivalent per TEU

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# Energy Use and Emission Reduction

COSCO Shipping Holdings has always adhered to the concept of "energy conservation, carbon reduction, and green development" and kept reducing the environmental impact and carbon emissions of business operations. The Group actively adapts to the needs of future competition, responds to global customers' green and low-carbon initiatives, conforms to the new trend of green development in container shipping, and continuously promotes the construction of a clean fuel fleet. At the same time, COSCO Shipping Ports continues to optimize the use of energy at the ports, reduce greenhouse gas emissions, and strive to achieve harmony between corporate sustainability and ecological environment.

## Use of Fuel

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

## Energy Efficiency Improvement

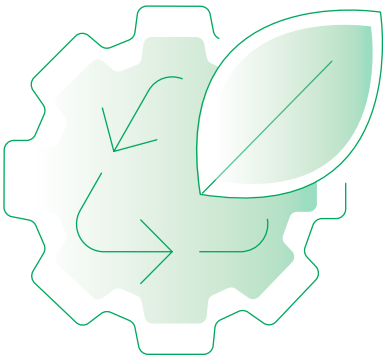
The Group has established a strict daily dynamic monitoring system to improve the efficiency of fuel oil use and realize energy conservation and efficiency improvement. The Group made full use of information systems and various monitoring methods to strengthen the daily dynamic monitoring of ships, realize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

COSCO Shipping Lines enhances the closed-loop management of fuel use through the whole-process management of fuel oil budget (pre-control), operation monitoring (in-process monitoring), and fuel oil cost analysis (post-inspection), achieves the shift from averaging ship speed to averaging ship power by conducting a 24/7 real-time monitoring of fuel oil con-

sumption of ships, thus reducing the instantaneous fuel consumption and carbon emissions of ships.

By conducting the Ship Energy Efficiency Management Plan (SEEMP), OOIL provides all ships with the Energy Efficiency Operational Indicator (EEOI), monitors the fuel oil efficiency of ships, and measures the impact of voyage planning and new technologies on fuel oil efficiency, continuously optimizing the ship performance to improve fuel oil efficiency.

At the same time, in response to the IMO 2020 sulphur cap, the Group strictly abides by relevant international rules and regulations and meets the upper limit of sulphur emission set by IMO by using low-sulphur fuel oil and installing desulfurization tower. By the end of the Reporting Period, the usage ratio of low-sulphur oil by the Group was 91%.



The Group's container transportation business will focus on green, low-carbon and intelligent ships in future research, and strives to improve the overall technical level of the fleet. Among them, COSCO Shipping Lines and OOIL have set up a Double Carbon Action and Green Low Carbon Transformation Working Group to lead the overall planning and guide the adoption of advanced technologies for energy conservation and emission reduction for all newly built ships. After the following technical retrofits, all the new ships of COSCO Shipping Lines can meet the requirements of IMO's Energy Efficiency Design Index Phase 3 (IMO EEDI PHASE III).

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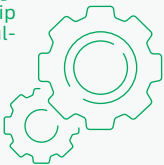
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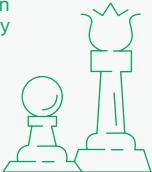
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Energy efficiency improvement in ship design

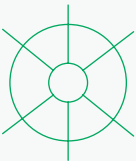
Select the best combination of hull form, propeller, and energy-saving device that meets the needs for operational conditions through optimization, screening, and comparison test of the ship models to maximize the propulsive performance.



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



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



Goals set in 2021 for energy use<sup>2</sup>

- Own a fleet using clean fuels, including ship supplies using LNG, alternative fuels, and renewable energy.
- In 2030, the energy consumption intensity of the holding terminals will decrease by

15 %  
compared with 2020.

Energy use performance in 2022

- In 2022, the energy consumption intensity of the holding terminals was

0.070 gigajoules per TEU

Progress towards the goals by 2022

- The energy intensity of the holding terminals in 2022 decreased by

7 %  
compared to 2020

Goals set in 2021 for exhaust emissions

- Increase the usage of ultra-low sulfur oil; implement the plan for installing desulfurizers, and continuously reduce SOx emissions.
- Continuously increase the number of denitration equipment on the ships and reduce NOx emissions.

Performance in 2022

- The usage ratio of low sulfur oil was

91 %

Progress towards the goals by 2022

- The number of ships with desulfurization devices was

33

<sup>2</sup>Unit of measurement: gigajoule per TEU for terminal business

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Clean Fuel

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

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

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

Upgrade Plan for Methanol Dual-Fuel Ships in OOIL

OOIL has also announced that it ordered 7 methanol-powered container ships of 24,000 TEUs, which are expected to be delivered in Q3 2026. It is an important milestone for OOIL to equip ships with green fuel power technology in decarbonization, especially methanol dual-fuel engines.

Trials of Ships Using Biofuels in COSCO Shipping Lines

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



Trials of Ships Using Biofuels in OOIL

During the Reporting Period, OOIL's container ship OOCL YOKOHAMA completed the sea trial of marine biofuels provided by the world's leading energy company. This is the first time that OOIL used biofuels in its fleet.

On June 24<sup>th</sup> of 2022, the 4,578 TEU OOCL YOKOHAMA was filled 1,999.3 metric tons of B22 marine biofuels in the Port of Singapore and performed a sea trial for 41 days from June 26<sup>th</sup> to August 5<sup>th</sup>. The container ship departed from Singapore, sailed along the AAA1 line, namely the Southeast Asia-Australia line, stopped at several ports in Australia to the south, and then returned to Singapore.

The biofuel used in the trial is a mixture of used cooking oil methyl ester (UCOME) certified by ISCC and very low sulfur fuel oil (VLSFO), in which the UCOME accounts for 22%. This biofuel can be used in ships without changing engine specifications, and it is expected to reduce carbon emissions by about 15% to 20% throughout the service life of container ships.

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Promoting Shore Power

NO<sub>x</sub> (nitrogen oxides), SO<sub>x</sub> (sulfur oxides) and particulate matter emitted by fuel oil combustion of ships cause environmental pollution, and the generators could be turned off after the ship is docked to use shore-based power supply for electricity as an alternative. The Group actively promotes the construction and use of shore power in ships and at ports to reduce fuel consumption and exhaust emissions when the ships are docked at the port.

Using Shore Power at Ports

The shore power system at the ports allows ships to use the shore-based power supply for electricity when pulled into the shore as an alternative to their own fuel oil generators. Compared with traditional marine fuel, retrofitted shore power generation can reduce NO<sub>x</sub>, SO<sub>x</sub> and particulate matter emissions by 97%, 96% and 96% respectively, which reduces air pollution and facilitates the development of green ports.

During the Reporting Period, COSCO Shipping Ports achieved full coverage of shore power at container berths of domestic holding terminals, providing power supply for ships, and helping ships reduce carbon emissions, exhaust emissions and noise pollution during berthing. COSCO Shipping Ports has also accelerated the "oil-to-electricity" for the gantry cranes on domestic holding terminals, which replaced the diesel generating sets with electric drive to improve energy efficiency. In this year, the completion rate of "oil-to-electricity" of the gantry cranes reached 97.7%, which not only reduced the energy consumption of the equipment but also improved the environmental quality.

Using Shore Power in Ships

The Group's container transportation business has actively promoted the construction of shore power systems. During the Reporting Period, COSCO Shipping Lines completed the transformation of the high-voltage shore power system of 26 Chinese ships. By the end of 2022, the Group's fleet had 133 self-owned vessels equipped with the high-voltage shore power system, including 105 vessels of COSCO Shipping Lines and 28 vessels of OOIL.

Shore Power Use of the Group's Fleet in 2022

Overseas ports

Among the overseas ports,the shore power at the Port of Long Beach and the Port of Los Angeles was used 193 times. The compliance rate of shore power use was over 93%, which meets the compliance requirements of California Air Resources Board (CARB). The shore power consumption was more than 20.8 million kWh

Domestic ports

A total of 236 ships have used shore power at domestic ports. The shore power consumption was more than 5.82 million kWh

Emission Reduction

COSCO Shipping Lines and OOIL launched a carbon emission calculator in 2010, an advanced dynamic carbon emission calculation tool for customers all over the world to calculate the CO<sub>2</sub> emissions in their supply chains. The calculator also helps customers achieve carbon emission reduction targets in the supply chains. The Group has achieved remarkable results in reducing energy consumption and CO<sub>2</sub> emissions by managing and controlling fuel oil use, optimizing navigation lines, upgrading shore power facilities at the ports, and adopting innovative energy-saving technologies. During the Reporting Period, the greenhouse gas emission of the Group's container shipping business was 20,778,809 tons.

The Group not only actively reports the CO<sub>2</sub> emissions in daily operations but also manages and reports the emissions of sulfur oxides and nitrogen oxides, constantly optimizing its own emission and environmental performance. COSCO Shipping Lines complies with the requirements of the Action Plan for Establishing Ship Emission Control Zones in China issued by the Ministry of Transport of the People's Republic of China and sets more stringent emission standards to reduce the amount of sulfur in marine fuels used for shipping.

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# Water Resources and Waste Water Management

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

## Sea Water Desalination

The Group attaches importance to the efficient use of water resources and optimizes the utilization of water resources through seawater desalination. The Group's water is mainly derived from desalination and only a small part is sourced from freshwater consumption, so water source has not been an issue. The ships of the Group are equipped with seawater desalination equipment to convert seawater into drinking water to supplement the on-board water for ships and reduce fresh water consumption. At the same time, the Group continues to cultivate its employees' water-saving awareness and habits and encourage them to participate in the optimal utilization of water resources on ships.

## Ballast Water Management

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

2022	Total consumption of fresh water	Seawater desalination capacity
COSCO Shipping Lines and OOIL	293,578 tons	285,297 tons

### Operation



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

### Replacement



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

### Checking



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

### Recording



- On each ship, designate a crew member to record the operation of ballast water in the Ballast Water Record Book, and each operation record shall be signed by the first mate, and each page shall be signed by the captain
- Require the captain to get familiar with and abide by the port state's reporting system on ballast water, and actively cooperate with the local port authorities in inspection and sampling

## Ballast Water Management Requirements

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Goals set for ballast water management in 2021

- All foreign trade ships shall be equipped with ballast water treatment systems that meet IMO and USCG requirements
- Strengthen water resources management and improve water use efficiency

Progress in achieving the goals in 2022

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

193

Among them, COSCO Shipping Lines has

135 ships

OOIL has

58 ships

Oily Sewage Management

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

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



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# Solid Waste Management

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

## Ship Recycling

The construction and operation of ships may involve harmful waste. The Group abides by the ship recycling requirements of the *Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC)* and *The European Union Ship Recycling Regulation (EU-SRR)*, and formulates the Inventory of Hazardous Materials (IHM) that identifies all dangerous and potentially dangerous materials on board to reduce the adverse impact of ship recycling on the environment, health, and safety. 90.6% of OOIL's ships hold valid IHM certifications with a Statement of Compliance for EU-SRR and a Statement of Voluntary Compliance for HKC. The Group will present the certification when selling off its ships to promote responsible ship recycling, and also adopt the concepts of Life Cycle Assessment (LCA) in the planning and manufacturing of new ships to reduce the impact of ship decommissioning on the environment.

## Garbage Management on Ships

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

The Group sets up proper waste disposal facilities on board, such as incinerators, food disposers and garbage mashers, to dispose of different categories of waste. If the garbage is disposed of through incineration, crushing, grinding and compaction, the disposal record must include the date, time, ship position (latitude and longitude) at the beginning and end of incineration, the classification of the incinerated garbage, and the estimated amount of each category of incinerated garbage. Throughout the garbage storage period, the Group cleans and disinfects the ships regularly, equips them with fire-fighting equipment, strengthens garbage management and inspection, and appoints qualified ship pollutant receiving companies to transfer the garbage away from the ships after the ship berth at the port.

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



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Goals set in 2021 for solid waste disposal

- Ships with IHM account for over 60% of the fleet
- Strengthen the management of leakage accidents
- Realize 100% harmless treatment of hazardous wastes in the holding terminals by 2030
- Gradually reduce the domestic garbage of the holding terminals and realize zero domestic garbage landfill in the future

Progress towards the goals by 2022

- By the end of the Reporting Period, 153 ships of COSCO Shipping Lines and OOIL had IHM, accounting for 64% of all owned ships

# Biodiversity

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



## Protecting the Blue Whales

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



# 04

## Delivering Value to the Employees

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

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



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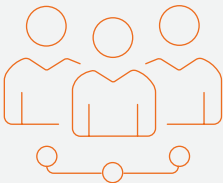
# Recruitment Compliance

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

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

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

By the end of the Reporting Period, the total number of employees of the Group was 31,510. The total number of new employees reached 2,668, and a total of 1,568 employees resigned, with a turnover rate of 4.46%.



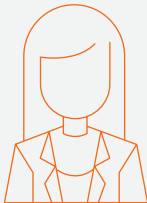
2,668

In 2022, new employees totaled



1,310

Male Employees



1,358

Female Employees

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# Promotion and Development

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

## Assessment Optimization

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

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

In terms of employee promotion, the Group further refined the Management Measures for Business Positions and Ranks at Headquarters to ensure the promotion and development of outstanding employees. Adhering to the principle of outstanding performance, meritocracy, and fulfillment of potential to the full, the Group emphasizes on cultivating outstanding young employees by selecting the best in a democratic, open and competitive way. At the same time, for employees who have made special contributions, the Group also provides exceptional promotion channels, giving positive incentives to outstanding employees to ensure high-quality development of talents in the shipping industry.

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

## Employee Training

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

COSCO Shipping Lines

The courses are planned with different share of general ability, expertise and leadership for personnel of different ranks. Four major talent development training camps like Sky Blue and Sea Blue are designed. Competency enhancement trainings for young employees are held to help them boost personal efficiency. Workplace Image Webinar is launched for the improvement of personal professional ability.

OOCL

Create a diverse range of training courses, including 2022 SSE Awareness Improvement Course, Code of Conduct and Cyber Security Awareness trainings. In order to improve employees' awareness of the Code of Conduct, OOCL has created an on-line conflict of interest declaration platform to strengthen employees' awareness of declaring conflict of interests and optimize the tracking of declaration status.

COSCO Shipping Ports

Launch the internal trainer program to gather savvy talents from different positions in the Company and subordinate terminals to pass on their experience, knowledge and skills to other employees. Launch diversified training courses, including thinking and leadership, team management, target management, digital security, information security, operation management model, corporate security and culture building, interpretation of the *Safety Production Law*, enterprise risk management.

Main Content of the Group's Training

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

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

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



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

In 2022, the total training hours of the Group's employees were

**983,514** hours

with a total of

**31,510** employees

received training.

## Protection of Rights and Interests

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

### Employee Benefits

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

Insurance

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

Female

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

Physical examination

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

Subsidy

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

Holiday

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

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Labor Rights and Interests

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

At the same time, the Group pays close attention to and continuously monitors the crew's working hours on board, prohibits long working hours, and protects the crew's rights and interests such as rest, shift and holidays. The Group takes the mental health of the crew seriously. When it is difficult to change shifts, the Group actively coordinates with subsidiaries and ports to arrange many crew shifts at overseas ports through close cooperation and joint efforts of shore-based authority and ships, making every effort to ensure that the crew can change shifts in time and go home smoothly.

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

Adhere and Improve the System of Workers' Congress

In January 2022, COSCO Shipping Lines held the first session of the second Workers' Congress, hearing and deliberating the Work Report of the General Manager, as well as deliberating and adopting the Implementation Opinions on the Treatment and Rest

94 %

Satisfaction

6 %

Basic Satisfaction

of COSCO Shipping Lines Workers (for Trial) and other matters that need to be reviewed by the Workers' Congress. The 17 proposals of worker representatives collected were sorted and all the responsible departments (units) were coordinated for serious research and handling. 94% of worker representatives were satisfied with the proposal handling, and 6% rated it as basically satisfied.

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



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## Employee Assistance

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

### The Trade Union of Xiamen Branch Cared for Employees

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

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

### Helping Employees with Difficulties

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

Mobilizing resources at the first time, the trade unions of the Group distributed solatium in cash and in-kind worth 5.757 million CNY, delivered 4,719 packages of vegetable and meat to employees, and ordered 1,323 packages for OOCL's employees in Shanghai.

5.757 million CNY  
Worth of in cash and in-kind distribution to help employees

4,719  
Care packages delivered



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# Employee Communication

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

## Young Employee Communication at the Shanghai Branch

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

## Young Employee Communication at Qingdao Branch

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

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

Through diversified team building activities, the Group enables employees to stay active and fit, enhances team communication and cohesion, and deepens employees' sense of belonging. At the same time, team building activities provide a platform for employees to relieve stress and communicate in depth, laying the foundation for a positive development of the enterprise.

## The Shanghai Branch Carried Out Team Building Activities

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



Shanghai Branch Team Building Activities

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

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

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

# 05

## Delivering Value to Marine Transportation

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

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



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## Safety in Shipping

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

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



## Accident and Emergency Management

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

COSCO Shipping Holdings insists on controlling risks at the source and strives to eliminate safety accidents from the source. The Group strengthens accident risk management and control from four aspects: system construction, risk identification, safety inspection, and system implementation, and effectively improves the strength and coverage of safety process control. During the Reporting Period, the Group had no safety accidents or work-related fatalities.

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

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

Improvement of emergency management

Revised emergency management plan, set up a risk assessment team led by deputy general manager of safety, and established an emergency expert group

Identified hazards in the production process of land-based units and vessels, and determined each initial risk level and control risk level on a case-by-case basis according to the company's Safety Production Risk Control Regulations and risk matrix assessment method

Developed onsite responding plans for

7

onshore emergencies and

18

vessel emergencies

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

>>> Joint drills <<<

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

>>> Special drills <<<

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



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## COSCO Shipping Ports Emergency Drills

The Quanzhou Pacific Wharf carried out emergency drills for ships carrying dangerous goods. The duty officer initiated emergency response procedures according to the company's action plan to carry out on-site command, rescue, alert and evacuation.



The Tianjin Container Terminal promoted awareness for laws and regulations on safe production and conducted emergency drills to improve emergency handling.



## Counter-Piracy Efforts

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

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



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Extreme Weather Response

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

Extreme Weather Risk Preparedness



Collaborates with four weather routing companies and invested massive funds to provide long-, medium- and short-term weather analysis, warning and forecast for vessels and shore before sailing and at sea

Develops a 24-hour duty system and provides severe weather warnings

Establishes a tracking and monitoring mechanism for key vessels

Arranges port agents to provide weather warning and emergency support functions in the event of sudden adverse weather events

Develops detailed typhoon and wave area sheltering standards to guide sailing vessels and vessels in port on response measures against wind



Responding to Typhoon Muifa and Getting Prepared for Typhoon and Flood

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

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

In terms of site safety, COSCO Shipping Lines reinforced containers against typhoon, focusing on binding and fastening of containers in the yard, strengthened gantry cranes and stacking machines against wind, and cut off electricity to outdoor temporary power lines in the container repair area to stop the operation. Typhoon prevention and flood control measures were taken for 4 ware-

houses in the storage area, including measures to prevent wind and rain for goods piled outside the warehouses. All types of special vehicles in the warehouse area were properly parked and all warehouse doors were closed when strong winds and heavy rains came.

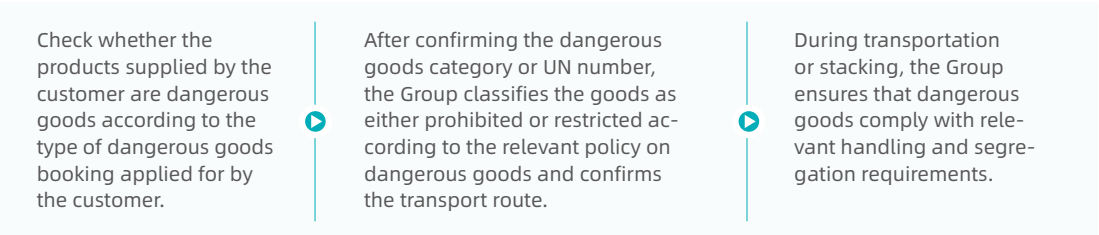
COSCO Shipping Lines also strengthened its 24-hour watch and dispatch, closely tracked port arrivals and departures and mapped out arriving vessels and vessels taking shelter during typhoon. It kept in constant contact with shipping companies and terminals, making full preparations for vessels arriving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



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Dangerous Goods Management

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



Whole Process Management of Dangerous Goods Transportation

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

COSCO Shipping Ports also issued the Regulations on the Safety Management of Dangerous Goods this year to regulate the operation, supervision and management of dangerous goods of the Group and its domestic holding terminals engaged in the storage and operation of dangerous goods, to prevent and reduce accidents caused by dangerous goods and to safeguard people's lives and corporate property.

OOIL strictly implements the policy of spot-checking of dangerous goods and suspected dangerous goods, with a total of 511 open-box inspections in 2022, effectively stopping under-reporting at the source and actively reducing the safety risks caused by non-standard packing during transportation.



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Supporting the Transport of Lithium Batteries in the New Energy Sector

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

In October, 2022, Wuhan Branch took the initiative to contact customs before the start of the first batch of pure electric vehicle export project to report details of the goods, customers' stock preparation and delivery requirements, and to confirm regulations and requirements of each aspect of customs for electric vehicles as a new type of cargo, including issues such as how to determine the export commodity declaration code and coordination of shipside loading of dangerous goods. Under the coordination of COSCO Shipping Lines, the export declaration, shipside loading and customs clearance for the first batch of 101 new energy electric vehicles were completed within two days.



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



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# Occupational Health and Safety

The health and safety of employees is an important driving force to promote the sustainable development of shipping. The Group has always adhered to the concept of "Employee Safety First", conscientiously fulfills its responsibility for occupational health and safety, strictly implements occupational health and safety laws, regulations and systems, regularly reviews health and safety policies and performance of employees in all operating sites, and provides comprehensive and well-established safety training to guarantee employees' occupational health and safety. The Group has also incorporated occupational health and safety requirements into supplier evaluation process. COSCO Shipping Lines and 58% of the terminals held by COSCO Shipping Ports have passed ISO 45001 (Occupational Health and Safety Management) certification. OOIL also strictly enforces occupational health and safety requirements under the Safety, Quality and Environmental Management (SQE) system to create a safe working environment for the employees.

## Occupational Health and Safety Management

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



### Governance

OOIL has established a Safety, Security and Environment Protection (SSE) Steering Committee to formulate action plans to achieve occupational health targets and hold quarterly meetings to assess health and safety performance

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

Safety production indicators incorporated into executive compensation



### Strategy

Improving safety risk management: identify occupational health hazards, provide health checks and improve emergency management

Enhancing occupational safety awareness: strengthen red line awareness and responsibility awareness

Strengthening safety management construction: strengthen system construction and team building

Occupational safety training: incorporate occupational safety education and training into annual development planning



### Risk Management

Carry out annual mapping and assessment of major risk sources, occupational health environmental health risks, operational risks, etc., and combine major safety risk and hidden danger investigation and remediation with the Three-year Initiative for special rectification of safety production

Develop and carry out annual safety inspection plans

Develop a 2022 hazard and risk factor control list for operational environment



### Metrics and Targets

Generally safe and stable, with no occupational diseases, major fatalities or mass casualties or serious injuries and less minor injuries for which liability is incurred

Continuous improvement to conditions in the workplace

100% training rate for new employees and crew members and 100% rectification rate for hidden peril of accidents

Significant improvement to awareness and ability of employees to prevent occupational injuries

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## Occupational Health and Safety Training

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

### Safety Training Highlights

A total of **87** persons in charge and safety managers were arranged to attend safety certificate training in various locations throughout the year

Intensive safety training for management-level crew, with **45** sessions held in the first 11 months and a total of **1,255** people trained

Three-level safety training for more than **670** new employees in the system

Continued online vessel positions special training, releasing a total of **198** tiered and classified course materials and providing online support, combining teaching, management and production

  
More than **420** in-person and online interviews and trainings for part-time vessel occupational health and safety supervisors

A total of **10** training courses on navigation safety, labor safety, equipment safety, production safety law, mooring safety for bulk carriers, green and intelligent shipping and vessel safety, tutoring for captains of vessels managing their own loading, container stacking and customs declaration, and crew business training, etc., with

**512** participants

COSCO Shipping Lines' Regular Meeting of Captains, Chief Enginners and Chief Offices of Vessels Training Course (Phase I) attended by over **220** participants

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Safe Production Month Activities Carried out Successfully

In June 2022, COSCO Shipping Lines kicked off this year's Safe Production Month activities with the theme of "Abide by Work Safety Law and Be the Focal Point". Through safety activities such as safe production warning and education activities, safety hazard investigation and management activities and safety emergency drills held on many vessels, COSCO Shipping Lines continued to implement the safety requirements of "Five Precautions" for all vessels, and insisted on "Taking care of minor matters, preventing major events, finding hidden dangers and filling shortcomings" to ensure the safe and efficient operation of vessels and the completion of customer transportation consignments.



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



OOIL Carried out Annual Emergency Drill

In order to test and ensure the Company's emergency response capability, OOIL conducts a special safety and security emergency drill on board and on shore every year. This year, the selected vessels made timely responses to emergency handling, cargo inspection, insurance claims and media inquiries after receiving the simulated emergency notice. After the drill, OOIL held a mock press conference, where colleagues played the role of journalists asking questions about the accident and OOIL's responses.



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# Improvement of Services

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

## Digital Transformation

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

## Digital Intelligence Empowered Supply Chain

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



### Upgrade of Syncon Hub Digital Intelligent Supply Chain Platform

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

In 2022, Syncon Hub started dedicated operations on road freight and customs declaration, which used to be part of the extended services of ocean freight, enabling Syncon Hub to provide full end-to-end services for e-commerce customers. The optimization and upgrade of the Syncon Hub platform enables the whole process of specific business operations, such as orders, bookings, documents and invoices, to be controlled at anytime and anywhere, and realizes the dynamic and real-time tracking of goods around the world. The Syncon Hub platform also provides customers with one-stop supply chain logistics solutions to meet their different needs and enables personalized combination of products. The platform further launched AI intelligent customer service to provide 7\*24-hour online professional services for massive repetitive inquiries. It can also provide customers with more differentiated and personalized services through constantly upgraded self-learning professional service solutions, to help customers overcome challenges.



Syncon Hub Digital Intelligent Supply Chain Platform



### WMS Warehouse Management System

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

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



WMS Warehouse Management System – Jiaxing Warehouse

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## Digital Intelligence Improves Customer Experience

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

### Intelligent Customer Service Platform

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

As of the end of 2022, the automatic processing rate of the intelligent robot accounted for 76.1% of the total online services, and the use of the platform's online channels by customers increased by 115.9%, while the hotline service channels increased by 11.6% in the same period. The global service response speed and service level were further enhanced.

### MY REEFER Intelligent Cold Chain Service Platform

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

The Group's fleet of intelligent reefer containers covers more than 400 routes in more than 140 countries around the world. With the help of Internet of Things technology, customized AI algorithm and rich data interfaces, real-time information is transmitted back to MY REEFER platform every 15 minutes to provide early warning when the container temperature is not up to standard and to enable paperless customs declaration of cold processing data. This further improves customs clearance efficiency for importers and provides a 7\*24-hour service for cargo transportation. The Group also uses Smart PTI technology to generate a suitability curve of the equipment through algorithms to ensure that the intelligent reefer containers are in the best working condition. The annual emission reduction effect is equivalent to the carbon emissions absorbed by 454 hectares of forest in one year.



Intelligent Cold Chain Platform

### IQAX eB/L Blockchain Electronic Bill of Lading

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

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

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

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Direct Service

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

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


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

COSCO Shipping Lines used whole-vehicle packing bracket for the first time to overcome the technical problems of vehicle packing and unpacking, and coordinated local customs, maritime safety administration and other authorities to successfully complete the packing operation at the site. After arriving at the port, the unloading and customs clearance procedures were completed in accordance with the established operational procedures and the unpacking operation was carried out the next morning under the close coordination of COSCO Shipping Ports' business team and customer project team and local inspection agency.

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



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













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

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

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


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



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Privacy Protection

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




### The South China Branch Carried out Cyber Security Awareness Training

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

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

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



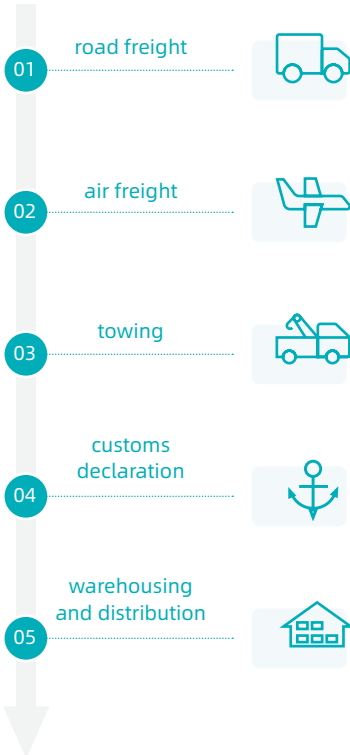
### Dalian Branch Carried out Special Training on Digital Security

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

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

Customer Experience

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



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### Customer Service Process Upgrade

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



#### Optimized Booking Confirmation Process

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

### Customized Services

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



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

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

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

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



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

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Customized Service of Dalian Branch  
Solved Customer's Problems

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

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

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



Customized Service of Dalian Branch Solved Customer's Problems

Supporting Small and Medium-Sized Enterprises

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



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

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

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

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

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Customer Satisfaction

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

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

Increase of Customer Satisfaction Rate for COSCO Shipping Lines



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

Preliminary judgment

According to the content of customer complaints, make preliminary judgments and promptly contact the responsible department for acceptance

Judging the type of case

After obtaining the investigation and handling results, make a judgment on the type of the case, and issue a "customer service hotline acceptance form" to the responsible department for the cases identified as complaints

Investigate, collect evidence and organize

The responsible department is responsible for investigating, collecting evidence and sorting out the content of the complaint to determine the authenticity of the customer's complaint, the facts, the main responsible party, the degree of negligence and the resulting or potential losses

Return visit and confirm the processing results and acceptance process satisfaction

After receiving the "customer service hotline acceptance form" fed back by the responsible department, the customer service department is responsible for returning visits to the complaining customers, confirming the handling results and satisfaction with the acceptance process with the customers

Customer complaint handling process

During the Reporting Period, the Group received 514 customer complaints and all of them were handled according to the process.

# 06

## Delivering Value to the Society

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

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

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

## Supplier Management Measures

In order to achieve sustainable supply chain management, the Group revised and strictly followed the Measures for Procurement and Supplier Management of COSCO Shipping Holdings Co., Ltd., further strengthened the review of supplier access and existing suppliers. Each subsidiary also formulated management measures for its own suppliers according to the respective business conditions.

## Supplier Admittance

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



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



Commitment Letter of Anti-Commercial Bribery for Suppliers

Self-examination Questionnaire of Supplier's Social Standards Compliance

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Supplier Assessment



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

Supplier Risk Assessment



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

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

Green Procurement Practices



While strictly screening and managing suppliers, the Group also actively promotes green procurement and implements its sustainability commitment in the procurement process. COSCO Shipping Ports actively promotes green procurement in the ports business. During the Reporting Period, its Spanish branch signed a purchase agreement with suppliers for hybrid RTG equipment, which can save 45% fuel consumption and reduce carbon emissions and exhaust emissions compared with the original equipment.



Procurement of Electric Unmanned Container Trucks by COSCO Shipping Ports

COSCO Shipping Ports has introduced electric unmanned container trucks in Xiamen Yuanhai Terminal, Tianjin Container Terminal CSP Wuhan Terminal and CSP Abu Dhabi Terminal, which reduce energy consumption and carbon emissions compared with traditional fuel trucks, becoming an important technical component of the Group's port business in building a green and intelligent port.



The unmanned container truck at Wuhan Terminal has been put into operation



The unmanned container truck at Wuhan Terminal has been put into operation for the first time

Supplier Communication

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

Suppliers by region

Suppliers in Mainland China

21,135

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

19,914

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# Prosperous Economy

## Mutual Assistance between Enterprises

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



### Facilitating SMEs to Unblock the Logistics Channel

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

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



### Facilitating the Export of Agricultural Products

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

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

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# Rural Revitalization

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

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



### Special Promoting Agriculture Event through the Ocean1 Platform in 2022

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

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

Yongde County in Yunnan

Anhua County in Hunan

Yuanling County in Hunan

Luolong County in Tibet

with a total of **105** specialty agricultural products



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# Community Involvement

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


44.39 million CNY

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



## Charitable Donation


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



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

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

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



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

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

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The Group not only helps the disadvantaged in China, but also uses its own international influence to spread love internationally, and provides public resources to areas in need through public welfare activities.

### Donation for Flood Alleviation in Malaysia

In 2022, the Malaysian Peninsula was hit by continuous rainstorms, which caused serious floods in many places in Malaysia. Upon learning about the disaster, the Southeast Asia Branch, together with major chambers of commerce and embassies, actively participated in the disaster relief activities, and donated lifeboats built with the raised money to help local people in Malaysia get out of the predicament and reduce losses. The Malaysian government was very grateful to COSCO Shipping Holdings for its good deeds, and expressed its appreciation to COSCO Shipping Lines for its long-term service in Malaysia and its active participation in public welfare activities.



### Education Assistance

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

### Paving Dreams with Education: Donation of School Supplies

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



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# Volunteering

Taking a boat of care we sail with great love. In 2022, the Group continued to provide volunteer services and showcased its corporate image. While business leaders carry out various charitable activities, employees of the Group also actively fulfill their social responsibilities in local communities, participate in various voluntary activities, and contribute to building a better society. As of the end of the Reporting Period, the hours of employee volunteering activities of the Group reached 10,529 hours.

10,529 hours

The Group's employees volunteered during the Reporting Period

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

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

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



## Life Buddies Mentoring Program at COSCO Shipping Ports

During the Reporting Period, COSCO Shipping Ports participated in the Life Buddies Program with active participation of employees, forming a volunteer mentor team of 15 people to share the Company's overview and main business with the students of Tung Wah Group of Hospitals Mrs. Wu Ruoyu Memorial High School through video conference. Through carefully designed interactive games and group discussions, the mentors shared their growth and career experience with the students, fully supporting the students to pursue their dreams.



## The Computer Center Continues with "Smurf" Volunteer Service

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

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

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### Laws and regulations

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<i>Labor Contract Law of the People's Republic of China</i>	<i>The European Union (EU) Ship Recycling Regulation</i>	<i>International Convention on the Prevention of Pollution from Ships</i>
<i>Trade Union Law of the People's Republic of China</i>	<i>International Safety Management Rules</i>	<i>Basic Norms of Enterprise Internal Control</i>
<i>Environmental Protection Law of the People's Republic of China</i>	<i>Safety Production Law of the People's Republic of China</i>	<i>United Nations Convention against Corruption</i>
<i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i>	<i>International Maritime Dangerous Goods (IMDG)</i>	<i>Foreign Corrupt Practices Act (FCPA)</i>
<i>Marine Environmental Protection Law of the People's Republic of China</i>	<i>Regulations on Reporting, Investigation and Handling of Production Safety Accidents</i>	<i>Criminal Law of the People's Republic of China</i>
<i>Implementation Plan of Air Pollutant Emission Control Zones for Ships</i>	<i>International Convention on the Control and Management of Ships' Ballast Water and Sediments</i>	<i>Anti-Monopoly Law of the People's Republic of China</i>
<i>International Convention for the Prevention of Pollution from Ships</i>	<i>Law of the People's Republic of China on Water Pollution Prevention and Control</i>	<i>Cybersecurity Law of the People's Republic of China</i>
	<i>Law of the People's Republic of China of Yangtze River Protection Law</i>	<i>Ocean Shipping Reform Act</i>

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Employee management program

Rules on the Recruitment of Employees in the Headquarters of COSCO Shipping Holdings Co.

Staff recruitment management methods (Trial)

Measures for the Administration of Safety Production

Comprehensive Emergency Plan for Safety Production

Safety Education and Training Management Regulations

Waste Management Plan

Oil Wastewater Treatment Management Regulations

OOCL Competition Compliance Manual

Implementation Opinions on Employee Recuperation Leave (Trial)

COSCO SHIPPING Lines Organization Structure Optimization Plan

Regulations on the Management and Operation of Ship Armed Escort Suppliers

Safety Production Risk Management and Control Regulations

Occupational Health and Safety Management Approach

Cybersecurity Management Approach

Measures for Procurement and Supplier Management of COSCO Shipping Holdings

Emergency Plan for Oil Pollution on Ships

Instructions for Management of Ship Ballast Water

Ballast Water Management Plan

Dangerous Goods Safety Management Regulations

Anti-monopoly Compliance Management Manual

Measures for the Administration of Anti-monopoly Compliance

Anti-monopoly Emergency Response Plan

Anti-monopoly Compliance Guidelines

Legal Guidelines for Overseas Collocation

Reporting Management Regulations of COSCO Shipping Holdings

Reporting Management Regulations of COSCO Shipping Holdings

Headquarter Staff Appraisal Management Method (Trial)

The Department's Business Post Grade Management Method

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

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

Collective Contracts

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# Sustainable Development Data

## Environmental data

Container Shipping Business					
Indicators		Unit	2020	2021	2022
Indirect energy use	Purchased power	1,000 kWh	25,090	25,720	25,300
	Intensity of indirect energy use	1,000 kWh/ million RMB revenue	0.15	0.08	0.06
Direct energy use	RMB revenue	Tons	111.3	109.6	113.9
	Fuel oil (heavy oil)	Tons	6,498,425	6,891,362	6,567,804
	High-sulfur oil	Tons	1,902,475	563,026	594,944
	Low-sulfur oil	Tons	4,595,951	6,328,336	5,972,860
	Diesel oil (light oil)	Tons	187,102	202,607	238,457
	Natural gas	Cubic meters	282,698	371,662	361,895
	Others(Kerosene )	Kilogram	7,370	6,475	6,295
	Acetylene	Kilogram	1,371	1,554	1,362
	Total	1,000 kWh	77,761,107	82,520,494	79,177,312
	Intensity of direct energy use	1,000 kWh/ million RMB revenue	454.06	247.29	202.47

Container Shipping Business					
Indicators		Unit	2020	2021	2022
Water for production	RMB revenue	Tons	52,545	343,822	293,578
	Seawater desalination capacity	Tons	303,986	297,840	285,297
	Total consumption of water for production-Seawater desalinati	Tons	356,531	641,662	578,875
Domestic water		Tons	118,946	132,915	135,712
Total water consumption		Tons	475,470	774,577	1,293,461
Intensity of Water resources use		Tons/ million RMB of operating income a million operating income	2.86	2.32	3.31
Green-house gas emissions <sup>3</sup>	Scope I greenhouse Greenhouse gas emis-sions	Tons of car-bon dioxide equivalent	20,927,960	22,198,758	20,764,380
	Scope II greenhouse gas emissions		15,454	16,066	14,428
	Total greenhouse gas emissions (scope I + scope II)		20,943,414	22,214,824	20,778,809

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

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Container Shipping Business					
Indicators		Unit	2020	2021	2022
Intensity of greenhouse gas emission		Tons of carbon dioxide equivalent/million RMB revenue	126.07	66.57	53.13
Exhaust gas <sup>4</sup>	Nitrogen oxides	Tons	545,325	522,229	496,430
	Sulphur Nitrogen oxides		301,620	132,479	242,353
	Particulate matter		45,070	47,066	44,496
Waste-water	Production waste-water - treated effluent discharge-Industrial waste-water-discharge of treated wastewater	Tons	150,902	84,464	63,877
	Domestic wastewater	Tons	168,559	129,308	132,487
Waste	Domestic wastewater	Tons	261	458	446
	Intensity of hazardous waste	Kilogram/million RMB revenue	1.57	1.40	1.14
	Total number of Hazardous waste	Standard container	309,050	333,062	339,761
	Number of dangerous goods containers	Tons	1,651	1,341	987
	Intensity of harmless waste	Kilogram/million RMB revenue	9.95	4.09	2.53
Lubricating oil		Total number of harmless waste	25,881	36,345	37,108

<sup>4</sup> The calculation method of exhaust gas mainly refers to the method of the Clean Transport Working Group (CCWG).

Port business					
Indicators <sup>5</sup>		Unit	2020	2021	2022
Direct energy use	Diesel oil	Litres	76,178,299	84,822,636	76,986,169
	Gasoline		597,858	778,698 <sup>6</sup>	767,467
	Liquefied petroleum gas		177,740	198,849 <sup>6</sup>	151,030
	Liquefied natural gas	Cubic meters	13,670,733	9,650,634	7,365,154
	Natural gas		372,410	450,549	355,959
	Total	Million megajoules	3,247	3,504	3,189
	Direct energy use intensity	Million megajoules / million RMB revenue	0.46	0.44	0.33
Indirect energy use	Purchased power	KWh	576,429,121	605,427,565	628,552,329
	Purchased other types of energyheating power	Million joules	43,440 <sup>6</sup>	392,839	2,061,984
	Total	Million megajoules	2,075	2,180	2,265
	Indirect energy use intensity	Million megajoules / million RMB revenue	0.30	0.27	0.23
Total water consumption		Tons	2,630,837	2,604,763	2,968,645
Intensity of total water consumption		tons/ TEU	0.04	0.04	0.04
Greenhouse gas emissions <sup>6</sup>	Scope I greenhouse gas emissions	Tons of carbon dioxide equivalent	219,941	245,656	220,388
	Scope II greenhouse gas emissions	Tons of carbon dioxide equivalent	398,664	390,364	366,724

<sup>5</sup> The energy consumption value of each fuel is uniformly calculated and referred to according to the total calorific value, density or conversion factor of the UK Government GHG Conversion Factors for Company Reporting (2019). The energy consumption value of electricity is calculated uniformly as 1 kWh equals 0.0036 gigajoules (from the Electrical and Mechanical Services Department of the Hong Kong SAR Government).

<sup>6</sup> The figures were restated after data review.

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Port business					
Indicators		Unit	2020	2021	2022
Greenhouse gas emissions <sup>7</sup>	Total greenhouse gas emissions (Scope I + Scope II)	Tons of carbon dioxide equivalent	618,605	636,020	587,112
	Intensity of greenhouse gas emission	Kilograms of carbon dioxide equivalent/TEU	8.77	8.41	7.58
Wastewater discharge		Cubic meters	1,135,327	834,336	1,054,890
Total amount of hazardous waste		Kilogram	4,518,625	5,592,200	5,990,357
Intensity of hazardous waste		Kilogram/million RMB revenue	646.54	705.11	611.38
Total amount of non-hazardous waste		Kilogram	1,226,269 <sup>6</sup>	1,471,781	1,361,146
Intensity of non-hazardous waste		Kilogram/million RMB revenue	175.03	185.57	138.92
Material used	Lubricating grease	Kilogram	924,945 <sup>6</sup>	1,004,547	911,236
Dangerous goods	Handling volume of dangerous goods	Standard container	306,226	386,907	351,146

<sup>7</sup> The calculation of greenhouse gas emissions is based on the 100-year global warming potential provided in the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC). Greenhouse gas emissions in mainland China are calculated uniformly according to the Guide to Tools for Calculating Greenhouse Gas Emissions Caused by Energy Consumption (Version 2.1) issued by the Greenhouse Gas Accounting System. The calculation of greenhouse gas emissions in Hong Kong is based on Appendix II: Reporting Guidelines for Environmental Key Performance Indicators issued by the Hong Kong Stock Exchange. The calculation of data in overseas regions is based on Emissions Factors from Cross-Sector Tools issued by the Greenhouse Gas Accounting System.

Social data

Indicators		Unit	2020	2021	2022
Total number of employees	Total number of employees	People	29,379	30,980	31,510
	Contractors	People	6,957	7,655	7,759
Composition of Regular Employees <sup>8</sup>					
By Gender	Proportion of male employees	%	65	63	62
	Proportion of female employees	%	35	37	38
By Age	Proportion of employee aged 30 or below	%	19	19	21
	Proportion of employee aged between 30 and 50 (excluding age 30 and 50)	%	67	66	63
	Proportion of employee aged 50 or above	%	14	15	17
By type of employment (full-time or part-time)	Proportion of full-time employees	%	99.8	99.6	99.5
	Proportion of part-time employees	%	0.2	0.4	0.5
By Region	Proportion of Mainland China employees	%	65	66	65
	Proportion of Hong Kong employees	%	5	5	6
	Proportion of overseas employees	%	30	29	29
By rank	Proportion of management level employees	%	5	5	5
	Proportion of ordinary employees	%	95	95	95

<sup>8</sup> OOCL's total employee number is 11,188, due to calculation method specification for the crew onboard, and 37,498 is the total number of employees underlying the calculation here.

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Indicators		Unit	2020	2021	2022
Composition of New Employees					
By Gender	Total number of new male employees	People	990	1,344	1,310
	Total number of new female employees	People	957	1,411	1,358
By Age	Total number of new employees aged 30 or below	People	1,384	1,849	1,848
	Total number of new employees aged between 30 and 50 (excluding age 30 and 50)	People	525	796	772
	Total number of new employees aged 50 or above	People	39	111	48
By Region	Total number of new employees in China	People	1,093	1,680	1,428
	Total number of new employees in overseas	People	855	1,075	1,240
Total attrition rateTotal turnover		%	3.78	5.37	4.46
Total number of employees leaving the company		People	1,358	1,813	1,568
Number of employees leaving the company by gender	Regular male employee	People	823	1,106	885
	Regular female employees	People	535	712	683
Employee turnover by gender	Regular male employee	%	2.74	5.16	4.74
	Regular female employees	%	3.26	5.74	5.24
Number of employees leaving the company by region		People	690	875	556
	Regular employees in mainland China	People	166	215	137
	Regular employees in Hong Kong	People	502	728	875

Indicators		Unit	2020	2021	2022
Employee turnover by region	Regular employees in mainland China	%	3.20	3.95	3.34
	Regular employees in Hong Kong, China	%	9.13	12.43	6.62
	Overseas regular employees	%	5.00	7.31	8.85
Number of employees leaving the company by age	Regular employee aged 30 or below	People	562	833	859
	Regular employees aged between 30 and 50 (excluding 30 and 50)	People	622	881	626
	Regular employees aged of 50 or above	People	173	104	83
Employee turnover by age group	Regular employee aged 30 or below	%	8.71	13.30	11.59
	Regular employees aged between 30 and 50 (excluding 30 and 50)	%	2.78	3.93	3.12
	Regular employees aged of 50 or above	%	3.74	2.01	1.74
Total number of deaths	Number of work-related deaths	People	0	1	0
	Proportion of work-related deaths	‰	0	0.02	0
Work injury	Number of accidents causing work-related injuries		78	72	118
	Number of work-related injuries	People	78	71	118
	Work injury rate per thousand people	‰	2.17	1.71	2.76
Number of hold-up working days due to work-related injuries	Total number of hold-up working days	Days	2,010	1,295	2,886
Total number of employees receiving training		People	29,379	30,980	31,510

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Indicators	Unit	2020	2021	2022
Number of trained employees by gender				
Number of trained male employees	People	19,071	19,628	19,655
Number of trained female employees	People	10,308	11,352	11,855
Percentage of trained employees by gender <sup>9</sup>				
Percentage of trained male employees	%	65	63	62
Percentage of trained female employees	%	35	37	38
Number of trained employees by rank				
Number of trained management level employees	People	1,478	1,579	1,607
Number of trained ordinary employees	People	27,901	29,401	29,903
Percentage of trained employees by rank <sup>10</sup>				
Percentage of trained management level employees	%	5	5	5
Percentage of trained ordinary employees	%	95	95	95
Total training hours of employees by gender				
Male	Hours	224,180	265,313	648,197
Female	Hours	121,176	153,441	335,317
Average training hours of employees by gender				
Male	Hours	11.8	13.5	33.0
Female	Hours	11.8	13.5	28.3
Total training hours of employees by rank				
Management Level employees	Hours	17,377	21,342	165,470
Ordinary employees	Hours	327,979	397,412	818,044

<sup>9</sup> Percentage of trained employees by gender = Number of employees trained for a certain gender/total number of employees trained

<sup>10</sup> Percentage of employees trained by employee rank=Number of employees trained at management level or ordinary level/Total number of employees trained

Indicators	Unit	2020	2021	2022
Average training hours of employees by rank				
Management level employees	Hours	11.8	13.5	103.0
Ordinary employees	Hours	11.8	13.5	27.4
Total training hours of employees by training category				
Anti-corruption and integrity	Hours	/	22,231	37,177
Safety and environmental protection	Hours	/	76,037	171,417
Others	Hours	/	320,485	774,921
Number of suppliers (By region)				
Suppliers in mainland China		33,827	19,762	21,135
	Suppliers outside mainland China (including Hong Kong, Macao and Taiwan)	34,043	21,456	19,914
Number of complaints received about products and services				
Number of complaints		213	630	514
	Complaint handling ratio	%	100%	100%
Number of concluded corruption lawsuits filed against the company or its employees				
		0	0	0
Expenditure on participating in or organizing community or public welfare activities				
	10,000 yuan	1,909	34,973	4,439
Total number of people participating in community or public welfare activities				
	Person/time	1,686	2,104	3,241
Total number of hours of participation in community or public welfare activities				
	Hours	2,351	3,691	11,685

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# Reporting Indicators Guidelines - HKEX

## Contents of Environmental, Social and Governance Reporting Guidelines








Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
Environmental			
A1: Emissions	General disclosure	Related to emissions of exhaust gases and greenhouse gases, pollution discharge to water and land, generation of harmful and harmless wastes: (a) Policies; (b) Data on compliance with laws and regulations that have a significant impact on the issuer.	Delivering Value to the Environment: Energy Use and Emission Reduction
	A1.1	Types of emissions and data on emission	Sustainable development data
	A1.2	Total emissions and density of greenhouse gases	Sustainable development data
	A1.3	Total amount and density of hazardous wastes produced	Sustainable development data
	A1.4	Total amount and density of harmless waste generated	Sustainable development data
	A1.5	Description of emission targets set and steps taken to achieve them	Delivering Value to the Environment: Energy Use and Emission Reduction
	A1.6	Description of disposal methods of hazardous and harmless wastes, and that of waste reduction objectives set and steps taken to achieve these objectives	Delivering Value to the Environment: Solid Waste Management
A2: Re-resources use	General disclosure	Policies for efficient use of resources (including energy, water and other raw materials).	Delivering Value to the Environment: Water Resources and Waste Water Management/ Solid Waste Management

Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
A2: Re-resources use	A2.1	Total consumption and density of direct and/or indirect energy sources (such as electricity, gas or oil) by type	Sustainable development data
	A2.2	Total water consumption and density	Sustainable development data
	A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	Delivering Value to the Environment: Water Resources and Waste Water Management/ Solid Waste Management
	A2.4	Description any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	Delivering Value to the Environment: Water Resources and Waste Water Management
	A2.5	Total amount of packaging materials used for finished products and their share per production unit	COSCO Shipping Holdings' operations do not involve packaging materials used
A3: Environment and natural resources	General disclosure	Policies to reduce the significant impact of the issuer on the environment and natural resources	Delivering Value to the Environment: Energy Use and Emission Reduction
	A3.1	Description of the significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	Delivering Value to the Environment: Energy Use and Emission Reduction

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Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
A4: Climate change	General disclosure	Policies for identifying and responding to significant climate-related issues that have and may have an impact on the issuer	Delivering Value to the Environment: Climate Change
	A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	Delivering Value to the Environment: Climate Change
Society			
B1: Employee	General disclosure	Related to salary, dismissal and recruitment, promotion, working hours, leave, equal opportunities, diversity, anti-discrimination and other welfare and benefits: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Delivering Value to the Employees: Recruitment Compliance
	B1.1	Total number of employees by sex, employment type, age group and region	Sustainable development data
	B1.2	Employee turnover by sex, age group and region	Sustainable development data
B2: Health and Safety	General disclosure	Related to the provision of safe working environment and the protection of employees (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Delivering Value in Shipping: Occupational Health and Safety
	B2.1	Number and rate of work-related deaths in each of the past three years (including the reporting year)	Sustainable development data

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


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Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
B5: Supply chain management	B5.3	Description of the practices for identifying environmental and social risks at each stage of the supply chain, and the related implementation and monitoring methods	Delivering Value to the Society: Sustainable Supply Chain
	B5.4	Description of the practices of promoting the use of environmentally friendly products and services during the selection of suppliers, and the related implementation and monitoring methods	Delivering Value to the Society: Sustainable Supply Chain
B6: Product liability	General disclosure	Related to the health and safety, advertising, labelling and privacy issues and remedies of the products and services provided: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Delivering Value in Shipping: Improvement of Services COSCO Shipping Holdings' daily operations do not involve advertising and labeling related matters
	B6.1	Percentage of products that need to be recalled for safety and health reasons of all sold or shipped products	COSCO Shipping Holdings mainly provides container services and port business, and product recycling is not involved
	B6.2	Percentage of products that need to be recalled for safety and health reasons of all sold or shipped products	Delivering Value in Shipping: Improvement of Services
	B6.3	Description of the practices related to the maintenance and protection of intellectual property rights	No intellectual property-related content in COSCO Shipping Holdings' business for the time being
B6: Product liability	B6.4	Description of quality verification process and product recall procedures	COSCO Shipping Holdings mainly provides container services and port business, not involving product recycling


Environmental, social and governance areas and general disclosure and key performance indicators (KPI)			Chapter
B6: Product liability	B6.5	Description of consumer data protection and privacy policies, and related enforcement and monitoring methods	Delivering Value in Shipping: Improvement of Services
B7: Anti-corruption measures	General disclosure	Related to the prevention and control of bribery, extortion, fraud and money laundering: (a) Policies; (b) Compliance with relevant laws and regulations that have a significant impact on the issuer.	Sustainable Development Governance: Business Ethics
	B7.1	The number of concluded corruption cases filed against the issuer or its employees during the Reporting Period and the results of the proceedings	Sustainable Development Governance: Business Ethics
	B7.2	Description of preventive measures and reporting procedures, as well as related enforcement and monitoring methods	Sustainable Development Governance: Business Ethics
B8: Investment	B7.3	Description of anti-corruption training provided for directors and staff	Sustainable Development Governance: Business Ethics
	General disclosure	Policies on understanding the needs of the communities in which the company operates through participation in community activities to ensure that the interests of the communities will be taken into account during business activities.	Delivering Value to the Society: Community Involvement
		B8.1	Areas of focus
		B8.2	Resources invested in areas of focus


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Disclosure issues/items	Title of disclosure item	Sections
Universal standards		
GRI 1: Fundamentals 2021		
GRI 2: General Disclosure 2021		
Organizing and reporting practices		
2-1	Organizational details	About COSCO Shipping Holdings
2-2	Entities included in the organization's sustainability reporting	About COSCO Shipping Holdings
2-3	Reporting Period, frequency and contact point	About COSCO Shipping Holdings
2-4	Restatements of information	About COSCO Shipping Holdings
2-5	External assurance	Verification report
Activities and works		
2-6	Activities, value chain and other business relationships	Sustainable Development Governance: Stakeholder Engagement
2-7	Employees	Delivering Value to the Employees: Recruitment Compliance
2-8	Workers who are not employees	Delivering Value to the Employees: Recruitment Compliance
Governance		
2-9	Governance structure and composition	Sustainable Development Governance: Governance Structure
2-10	Nomination and selection of the highest governance body	Sustainable Development Governance: Governance Structure

Disclosure issues/items	Title of disclosure item	Sections
2-11	Chair of the highest governance body	Sustainable Development Governance: Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance: Governance Structure
2-13	Delegation of responsibility for managing impacts	Sustainable Development Governance: Governance Structure
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Governance: Governance Structure
2-16	Communication of critical concerns	Sustainable Development Governance: Governance Structure
2-17	Collective knowledge of the highest governance body	Sustainable Development Governance: Risk Management/ Business Ethics
2-18	Valuation of the performance of the highest governance body	Delivering Value to the Environment: Climate Change
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Message from the Chairman
2-23	Policy commitments	Appendix: Laws, regulations and internal policies
2-24	Embedding policy commitments	Sustainable Development Governance: Governance Structure
2-25	Processes to remediate negative impacts	Sustainable Development Governance: Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	Sustainable Development Governance: Business Ethics


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
Disclosure issues/items	Title of disclosure item	Sections
2-27	Compliance with laws and regulations	Appendix: Laws, regulations and internal policies
2-28	Membership associations	About COSCO Shipping Holdings: International Initiative
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainable Development Governance: Stakeholder Engagement
2-30	Collective bargaining agreements	Delivering Value to the Employees: Protection of Rights and Interests
GRI3:Material Topics 2021		
3-1	Process to determine material topics	Sustainable Development Governance: Stakeholder Engagement
3-2	List of material topics	Sustainable Development Governance: Stakeholder Engagement
3-3	Management of material topics	Sustainable Development Governance: Stakeholder Engagement
议题标准		
GRI 201: Economic Performance 2016		
201-1	Direct economic value directly generated and distributed	About COSCO Shipping Holdings - Economic performance
201-2	Financial impacts of climate change and other risks and opportunities	Delivering Value to the Environment: Climate Change
GRI 203: Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	Delivering Value to the Society: Community Involvement
203-2	Significant indirect economic impact	N/A


Disclosure issues/items	Title of disclosure item	Sections
GRI 205: Anti-Corruption 2016		
205-1	Operations where corruption risk assessment has been conducted	Sustainable Development Governance: Business Ethics
205-2	Communication and training of anti-corruption policies and procedures	Sustainable Development Governance: Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Sustainable Development Governance: Business Ethics
GRI 206: Unfair Competitive Behavior 2016		
206-1	Legal proceedings against unfair competition behavior, antitrust and anti-monopoly practice	Sustainable Development Governance: Business Ethics
Environment		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Delivering Value to the Environment: Energy Use and Emission Reduction
302-2	Energy consumption outside of the organization	Sustainable development data
302-3	Energy intensity	Sustainable development data
302-4	Reduce energy consumption	Delivering Value to the Environment: Energy Use and Emission Reduction
302-5	Reduce the energy demand of products and services	Delivering Value to the Environment: Energy Use and Emission Reduction
GRI 303: Water Resources and Sewage 2018		
303-1	Interaction between organizations and water (as a shared resource)	Delivering Value to the Environment: Water Resources and Waste Water Management
303-2	Management of drainage-related impacts	

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
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
Disclosure issues/items	Title of disclosure item	Sections
303-3	Water fetching	Delivering Value to the Environment: Water Resources and Waste Water Management
303-4	Water discharge	Delivering Value to the Environment: Water Resources and Waste Water Management
303-5	Water consumption	Delivering Value to the Environment: Water Resources and Waste Water Management
<b>GRI 304: Biodiversity 2016</b>		
304-2	Significant impacts of activities, products and services on biodiversity	Delivering Value to the Environment: Biodiversity
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (scope I) greenhouse gas emissions	Sustainable development data
305-2	Energy indirect (scope II) greenhouse gas emissions	Sustainable development data
305-4	Greenhouse gas emission intensity	Sustainable development data
305-7	Emissions of nitrogen oxides (NOX), sulfur oxides (SOX) and other major gases	Sustainable development data
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	Delivering Value to the Environment: Solid Waste Management
306-2	Actions taken to prevent waste generation	Delivering Value to the Environment: Solid Waste Management
306-3	Waste generated	Delivering Value to the Environment: Solid Waste Management
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers selected using environmental criteria	Delivering Value to the Society: Sustainable Supply Chain


Disclosure issues/items	Title of disclosure item	Sections
308-2	Negative impact of supply chain on environment and actions taken	Delivering Value to the Society: Sustainable Supply Chain
<b>Society</b>		
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Delivering Value to the Employees: Recruitment Compliance
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Delivering Value to the Employees: Protection of Rights and Interests
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational Health and Safety Management System	Delivering Value in Shipping: Occupational Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	Delivering Value in Shipping: Safe in Shipping
403-3	Guidance for Disclosure	Delivering Value in Shipping: Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Delivering Value in Shipping: Occupational Health and Safety
403-5	Occupational Health and Safety Training for Workers	Delivering Value in Shipping: Occupational Health and Safety
403-6	Promoting Workers' Health	Delivering Value in Shipping: Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Delivering Value in Shipping: Occupational Health and Safety
403-8	Workers Applicable to Occupational Health and Safety Management System	Delivering Value in Shipping: Occupational Health and Safety

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Disclosure issues/items	Title of disclosure item	Sections
403-9	Work-related injury	Delivering Value in Shipping: Occupational Health and Safety
403-10	Work-related health problems	Delivering Value in Shipping: Occupational Health and Safety
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Delivering Value to the Employees: Promotion and Development
404-2	Programs for upgrading employee skills and transition assistance programs	Delivering Value to the Employees: Promotion and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Delivering Value to the Employees: Promotion and Development
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Disclosure <b>405-1</b> Diversity of governance bodies and employees	Delivering Value to the Employees: Recruitment Compliance
405-2	Ratio of basic salary and remuneration of women to men	N/A
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Delivering Value to the Employees: Recruitment Compliance
<b>GRI 408: Child Labor 2016</b>		
408-1	Operating points and suppliers at risk of major child labor incidents	Delivering Value to the Employees: Recruitment Compliance
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409-1	Operating points and suppliers with significant risks of forced or compulsory labor events	Delivering Value to the Employees: Recruitment Compliance

Disclosure issues/items	Title of disclosure item	Sections
<b>GRI 413: Local Communities 2016</b>		
413-1	Operational sites with the participation of local communities, impact assessment and development plans	Delivering Value to the Society: Community Involvement
413-2	Operations with significant actual and potential negative impacts on local communities	Delivering Value to the Society: Community Involvement
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1	New suppliers screened using social criteria	Delivering Value to the Society: Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Delivering Value to the Society: Sustainable Supply Chain
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Political contributions	Delivering Value in Shipping: Safe in Shipping
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Delivering Value in Shipping: Safe in Shipping
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Delivering Value in Shipping: Improvement of Services

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# Independent Assurance Statement

CECEP (HK) Advisory Company Limited ("CECEPAC (HK)" or "We" ) has been engaged by COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings" ) to conduct an independent limited assurance engagement ("Assurance Engagement" ) on the information and data related to sustainable development in COSCO SHIPPING Holdings 2022 Sustainability Report ("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 Holdings's adherence to the four AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact set out in the AA1000 Assurance Standard v3 ("AA1000AS v3" ). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specified performance information disclosed in the Sustainability Report that has been selected in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide" ) published by the Stock Exchange of Hong Kong Limited ("SEHK" ).

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

**I. Independence and Competence**

CECEPAC (HK) was not involved in collecting and calculating data involved in the Sustainability

Report, or in the development of the Sustainability Report. CECEPAC (HK)'s activities of Assurance Engagement are independent from COSCO SHIPPING Holdings. There is no relationship between CECEPAC (HK) and COSCO SHIPPING Holdings 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, 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 work on sustainable development issues in accordance with the internal assurance protocol of CECEPAC (HK).

**II. COSCO SHIPPING Holdings's Responsibilities**

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

whether due to fraud or error.

**III. Assurance Provider's Responsibilities**

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the ESG Reporting Guide published by the SEHK to the Board of Directors of COSCO SHIPPING Holdings. 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 Engagement. All results of assurance and certification audit are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

**IV. Scope of the Assurance Engagement**

- The scope of the Assurance Engagement is limited to the data and information in the Sustainability Report that related to COSCO SHIPPING Holdings and its subsidiaries, and does not include COSCO SHIPPING Holdings's suppliers, contractors and data or information provided by other third parties;








AA1000AS Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of COSCO SHIPPING Holdings's 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 Holdings 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 performance information is as follows:

- Total number of deaths – Proportion of work-related injuries
- Number of employees – By region – Regular employees in mainland China
- Port business – Direct energy use – Natural gas

- The Assurance Engagement was with respect to information disclosed from January 01, 2022 to December 31, 2022 only. Any information that falls outside this period that is disclosed in the Sustainability Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and
- The scope of the Assurance Engagement is confined to the information and data provid-

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ed by COSCO SHIPPING Holdings. Any queries regarding the content or related matters within this independent assurance statement should be addressed to COSCO SHIPPING Holdings only.

V. Methodology of the Assurance Engagement

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

- Evaluating the appropriateness of COSCO SHIPPING Holdings's stakeholder engagement process;
- Conducting online interviews<sup>11</sup> with COSCO SHIPPING Holdings's 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.

Assurance Engagement was performed and the conclusions within were based upon information and data provided to CECEPAC (HK) by COSCO SHIPPING Holdings 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 Holdings has identified key stakeholders and continuously communicated with key stakeholders in various way to understand their expectations and concerns. On this basis, COSCO SHIPPING Holdings has formulated policies in consideration of key stakeholders' expectations and concerns. Our professional opinion is that COSCO SHIPPING Holdings adheres to the principle of Inclusivity.

Materiality

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

Responsiveness

COSCO SHIPPING Holdings 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 Holdings adheres to the principle of Responsiveness.

Impact

In its risk management system, COSCO SHIPPING Holdings has established a process to understand, measure, assess and manage impacts. COSCO SHIPPING Holdings carried out a regular corporate significant risk evaluation to identify and rank related risks based on their significance levels. Our professional opinion is that COSCO SHIPPING Holdings 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 ex-

plain" provisions in the ESG Reporting Guide of SEHK in all material aspects. COSCO SHIPPING Holdings 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 Holdings before the issuance of this independent assurance statement.

Specified Performance Information

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



April 24, 2023  
Hong Kong, China

<sup>11</sup> The assurance engagement was conducted online and the interview was conducted by teleconference.