



中远海运能源运输股份有限公司
COSCO SHIPPING Energy Transportation Co., Ltd.



2016 Corporate Social Responsibility Report

Hong Kong Stock Exchange Stock Code: 1138

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CHAIRMAN'S STATEMENT

In the end of June, 2016, COSCO SHIPPING Energy Transportation Co., Ltd was restructured, which not only marks the restructuring integration work of COSCO SHIPPING business has made great achievements, but also means that the development of China and even the global energy transportation has opened a new chapter.

The establishment of COSCO SHIPPING Energy is an inevitable choice to comply with the new trend of global energy and international market and adapt to the new demand of China energy security strategy. It is also an important step to implement "the Belt and Road Initiative", deepen the reform of the state-owned enterprises and improve quality and efficiency. Besides, it has made a significant breakthrough in actively fulfilling the social responsibility and pursuing the sustainable development.

The restructured COSCO SHIPPING Energy adheres to the strategic guidance, formulates to be "the Most Admirable and Reliable Global Energy Transportation Service Provider", builds up the corporate value of "Integrated Capacity, Infinite Capacity", puts forward the "Four Global Leading" strategic goals of operation capacity, business structure, security marketing and business model, and leading the sustainable future with strategies.

The restructured COSCO SHIPPING Energy adheres to the innovative development, commits to better ensure global energy supply and achieves "the World's First Tanker Fleet" and the "China Unique" operation capacity of LNG transportation. The business model of interaction between domestic and international trade, the black and white oil, the large and small fleet and the flexible and diversified business model are initially shaped. The shipping security ability is further advanced, and there has been no general or more safety accidents around the year. The success ratio against typhoons and piracy is 100%. We have completed the layout of globalization in Britain, America, Singapore and other countries, and provided excellent service for our customers with customer

satisfaction reaching 100%.

The restructured COSCO SHIPPING Energy adheres to the green development, strictly complies with the international and domestic environmental protection laws and regulations, establishes and improves the environmental management system and green operations. We introduce the new technology to build the energy conservation, environmental protective, safe and efficient transportation fleet, reasonably arrange the routes, and carry out the low speed navigation, make efforts to reduce the energy consumption and pollution emissions in the process of ship navigation, and protect the blue sea and sky with heart of awe.

The restructured COSCO SHIPPING Energy adheres to the people-oriented principle, safeguards employees' legitimate rights and interests in accordance with law, and takes good care of the safety and health of staff especially the crew. We focus on employees' capacity cultivation and career development, and ensure their balance between work and life. We also attach great importance on the friendly relationships with community, undertake the fixed-point poverty alleviation, public welfare support, community governance, sea rescue and other social missions, try to achieve the harmonious development among enterprises, employees and operating in communities.

There is still a long way to go, and we shall never stop. The establishment of COSCO SHIPPING Energy is only the first step on this long journey. Our faith and steps of pursuing the sustainable development will never be ceased. We will continue our efforts on safe development, cooperative development and innovative development, achieve the original will with patience, and lead the industry with confidence, stride forward to be the world first-class enterprise that is "More Large-scale, More Global, More Competitive and More Valuable".

ABOUT US

COSCO SHIPPING Energy Transportation Co., Ltd (short for" COSCO SHIPPING Energy") is the subsidiary of China COSCO SHIPPING CORPORATION Limited that is engaged in such energy as oil and gas transportation with its former of China Shipping Development Co., Ltd (01138HK, 600026SS) and is headquartered in Shanghai. We are determined to be "the Most Admirable and Reliable Global Energy Transportation Service Provider". Relying on the national strategy of "the Belt and Road Initiative", targeted at serving the globalization management strategy of the large petrochemical enterprises and strategic partners, we offer our customers with the whole ship, globalized and all-weather excellent service.

By the end of 2016, we have occupied 100 tanker capacities with 14.67 million dwt; 1 LNG ship has been put into operation with 0.17 million cubic meters. The age of self-owned vessels was 7.6 year on average, and the tanker capacity scale ranked "the First around the World".

Corporate slogan

Integrated Capacity,
Infinite Capacity

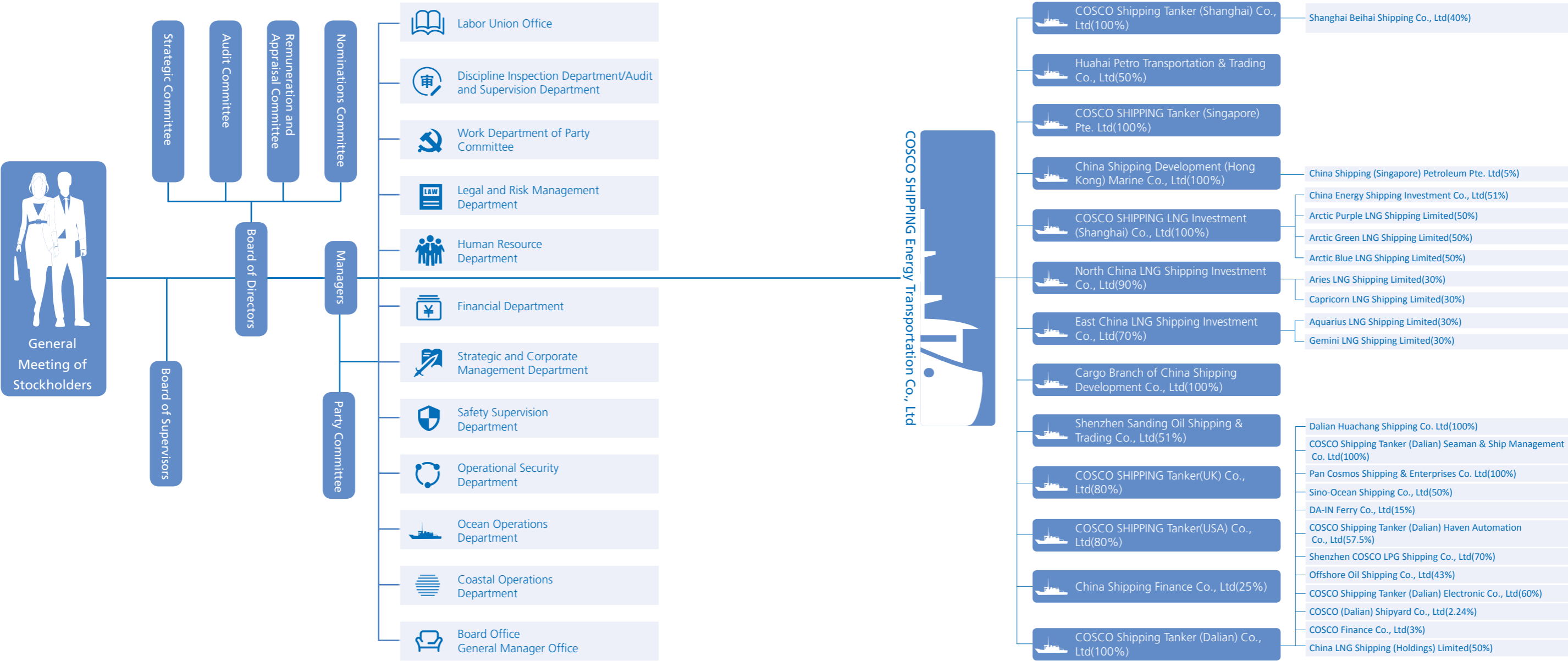
Corporate Vision

Be "the Most Admirable
and Reliable Global Energy
Transportation Service
Provider"

Development
Concept

- Safe Development
- Cooperative Development
- Innovative Development

Organization Structure of COSCO SHIPPING Energy



CORPORATE GOVERNANCE

Good corporate governance can improve its scientific decision-making and risk prevention capabilities, ensure its normal and effective operation, and promote its sustainable development. COSCO SHIPPING Energy strictly comply with the domestic and overseas laws and regulations, companies listed securities regulatory rules, the Articles of Association of COSCO SHIPPING Energy Transportation Co., Ltd and other rules and regulations, constantly improve the corporate governance system in light of the actual situation of company's management, make reasonable adjustments on related issues in a timely manner, enhance the effectiveness of corporate governance mechanism and improve the science of Board of Directors' decision-making.

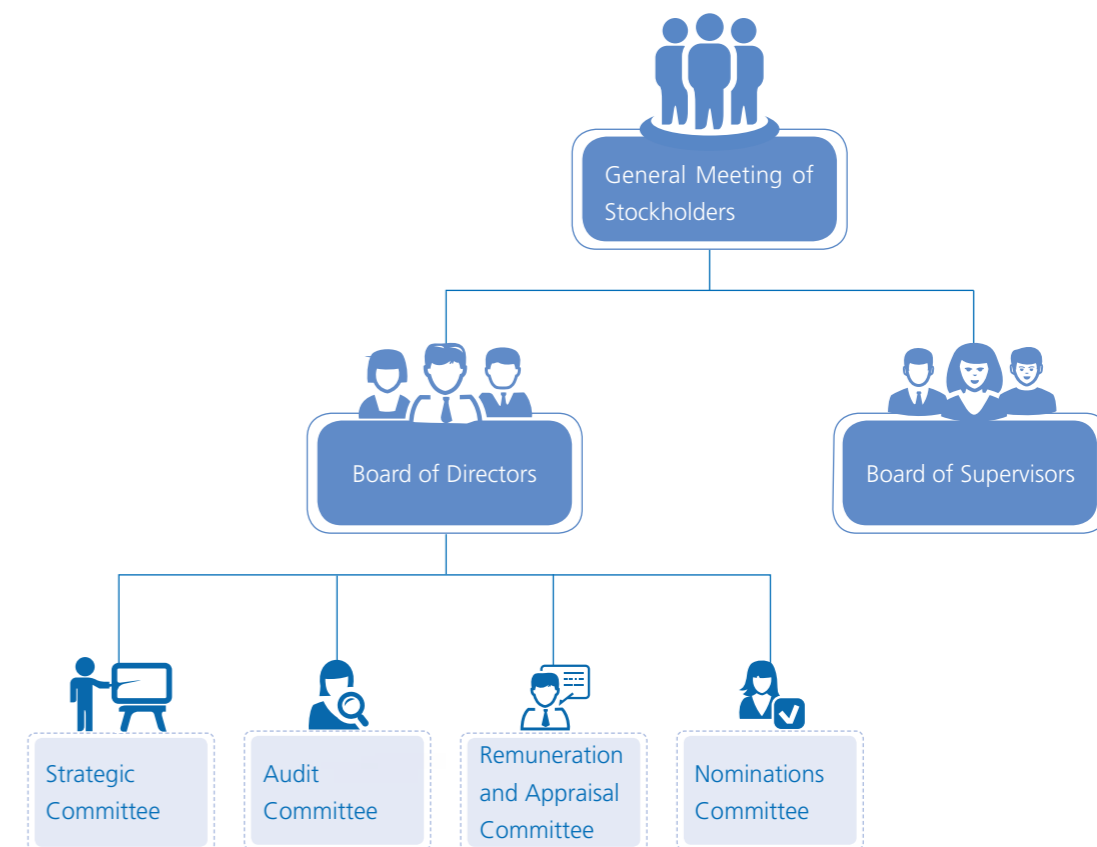
Continuing to Strengthen Internal Management in 2016

Revise the Detailed Rules of Auditing Committee of the Board of Directors, further define the responsibility scope of the audit committee members, increase the internal auditing, and internal control and risk management and supervision responsibilities.

Formulate the Information Disclosure Delay and Immunities Transaction Management System of COSCO SHIPPING Energy Transportation Co., Ltd.

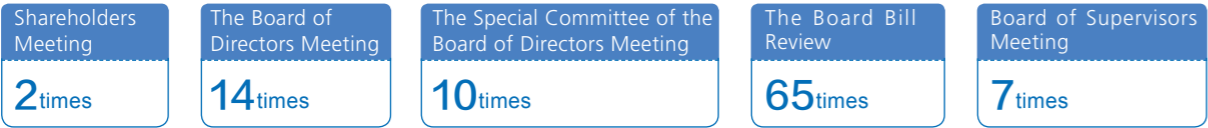
Revise the Investor Relations Management System and the Information Disclosure Affairs Management System.

Governance Structure of COSCO SHIPPING Energy



Improve Governance Structure

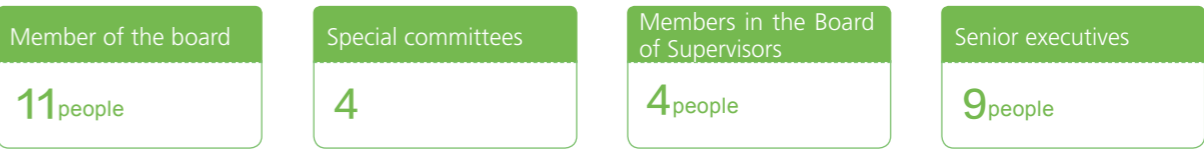
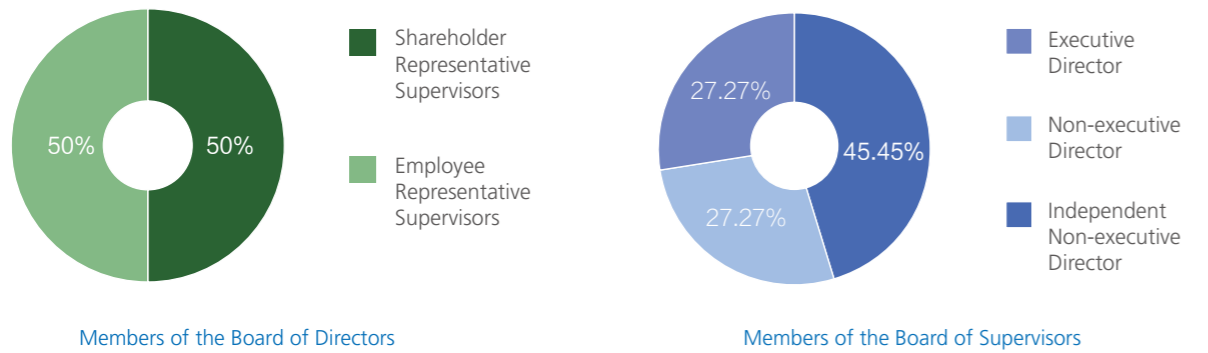
Since the reform and restructure on June 6, 2016, we have quickly improved the corporate governance structure that consisted of the general meeting of shareholders, the board of directors, the corresponding special committee, the board of supervisors and the general manager according to the Corporate Governance Standards for Listed Companies, Shanghai Stock Exchange Listed Company Governance Guidelines of China securities regulatory commission, Code on Corporate Governance Practices of Stock Exchange of Hong Kong Limited and other rules and regulations. We also guarantee the coordinated running and effective balance of every governance body, maintain the continuity and stability of corporate governance and improve its science and effectiveness of decision-making.



Note: The data above is till the end of 2016, all the meetings and decisions strictly abide by the statutory procedures, and we ensure the decisions of the board of directors are lawful and compliant.

The Top 10 Stakeholders Shareholdings of COSCO SHIPPING Energy (by the end of December 31th, 2016)			
China Shipping (Group) Company	38.12%	GF Fund- Agricultural Bank of China- GF CSI Financial Asset Management Plan	0.62%
HKSCC NOMINEES LIMITED	31.86%	Zhongou Fund - Agricultural Bank of China- Zhongou CSI Financial Asset Management Plan	0.62%
Central Huijin Assets Management Co., Ltd	2.30%	Industrial and Commercial Bank of China- Lion Value Growth Stock Securities Investment Fund	0.37%
China Securities Finance Co., Ltd	0.89%	Southern Fund- Agricultural Bank of China- Southern CSI Financial Asset Management Plan	0.31%
Harvest Fund- Agricultural Bank of China- Harvest CSI Financial Asset Management Plan	0.62%	Huang Peiling	0.31%

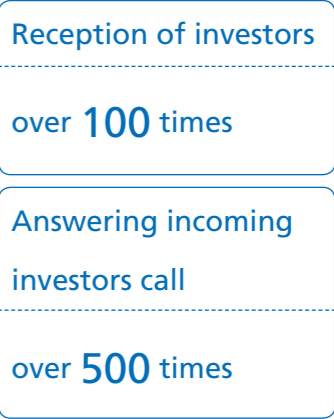
The “Three Meetings and One Level” Member Structure of COSCO SHIPPING Energy



Strengthening Information Disclosure

We formulate the information disclosure affairs management and investor relations management measures that meet the information disclosure requirements of a listed company. Disclose the relevant information normally, accurately, completely and timely through performance recommendation, reverse road show, conference call, investor relations website, released annual report, the social responsibility report and other methods, actively cooperate with the CSRC and the listed company association on its survey and consultation, answer and provide feedback on the investors’ related concerns, understand the appealing of the small and medium-sized shareholders through various channels, and ensure that all shareholders get effective information in a timely manner. By the end of 2016, we have released 121 announcements.

In 2016



Strategy

Leading a Sustainable Future

COSCO SHIPPING Energy adheres to the strategic leading, builds up the value of responsibility that corresponds to the enterprise's sustainable development, sticks to abiding by the responsible business rules, promotes the substantial stakeholder engagement, and ensures our operation complies with legal ethics, conforms to our own development needs and the stakeholder demands. We use strategy to lead the sustainable future of our company and the society.

- ➞ The Value of Responsibility and Strategy
- ➞ Responsible Business Rules
- ➞ Stakeholder Engagement

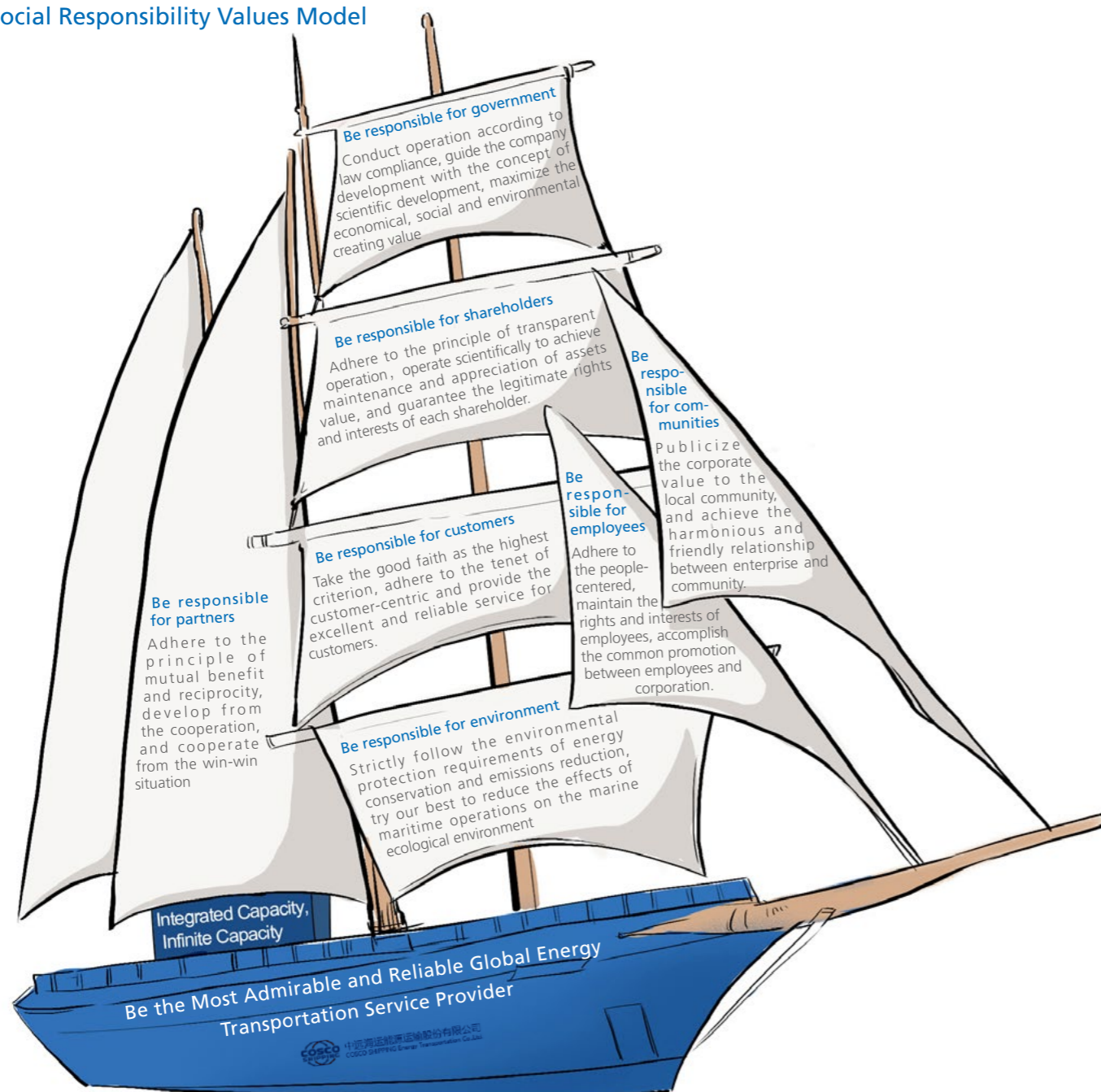


THE VALUE OF RESPONSIBILITY AND STRATEGY

The Value of Responsibility

We take the corporate slogan of "Integrated Capacity, Infinite Capacity" as the power, regard the government, shareholders, customers, partners, employees, communities, environment and other stakeholders as the indispensable important power that guarantees company's development, and commit to responsible for each stakeholder.

Social Responsibility Values Model



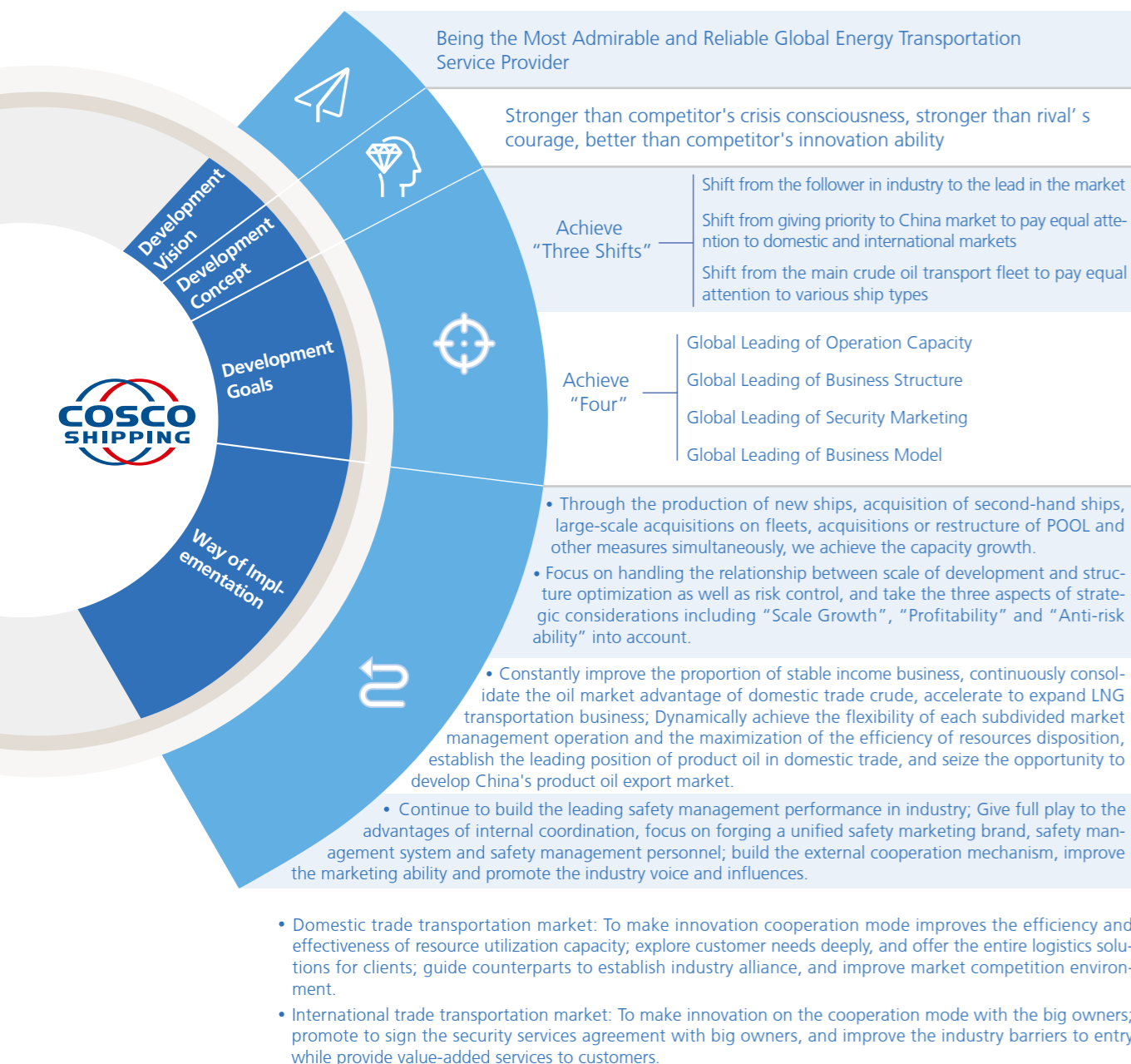
Challenges and Opportunities

Based on the external macro view, we adhere to focus on both the reality and the perspective, use the SWOT analysis tools, and systematically review our advantages, disadvantages, opportunities and challenges that we encounter in the process of operation and development. From it we formulate the strategic countermeasures to promote sustainable development of company.



Sustainable Development Strategy

We take "Being the Most Admirable and Reliable Global Energy Transportation Service Provider" as corporate vision, focus on the "Four Global Leading" strategic goals of operation capacity, business structure, security marketing and business model, adhere to the strategy leading, innovation-driven, reform deepening, development speeding up, commit to the shift from the follower in the international market to the leader, consolidate and strengthen the main national energy transport fleet status, ensure the safety of such national strategic energy transportation as oil and gas, build up to be the global first competitive fleet and the world's first-class operating energy transport enterprise.



RESPONSIBLE BUSINESS RULES

Operating in Accordance with the Law of Compliance

We stick to operate in accordance with the law of compliance, strictly abide by the international convention and the national laws and regulations, and ensure to operate in accordance with the laws and regulations. Before signing a contract, the legal audit shall be conducted by the legal department to effectively guard against legal risks, reduce such financial risks as directly because of being fined or indirectly affected by reputation; the commitment terms including the ban of special connection transaction and the commercial bribery are incorporated into the contract between our company and partners, promote the operation of upstream and downstream industry chain in accordance with law of compliance; always integrate the legal popularization work closely with company's actual management, carry out legal publicity and education, knowledge questionnaire problem solving and other activities, strengthen corporate legal system construction, and raise the legal consciousness of managers and employees. In 2016, there were no major punishments due to violation of laws and regulations in our company.

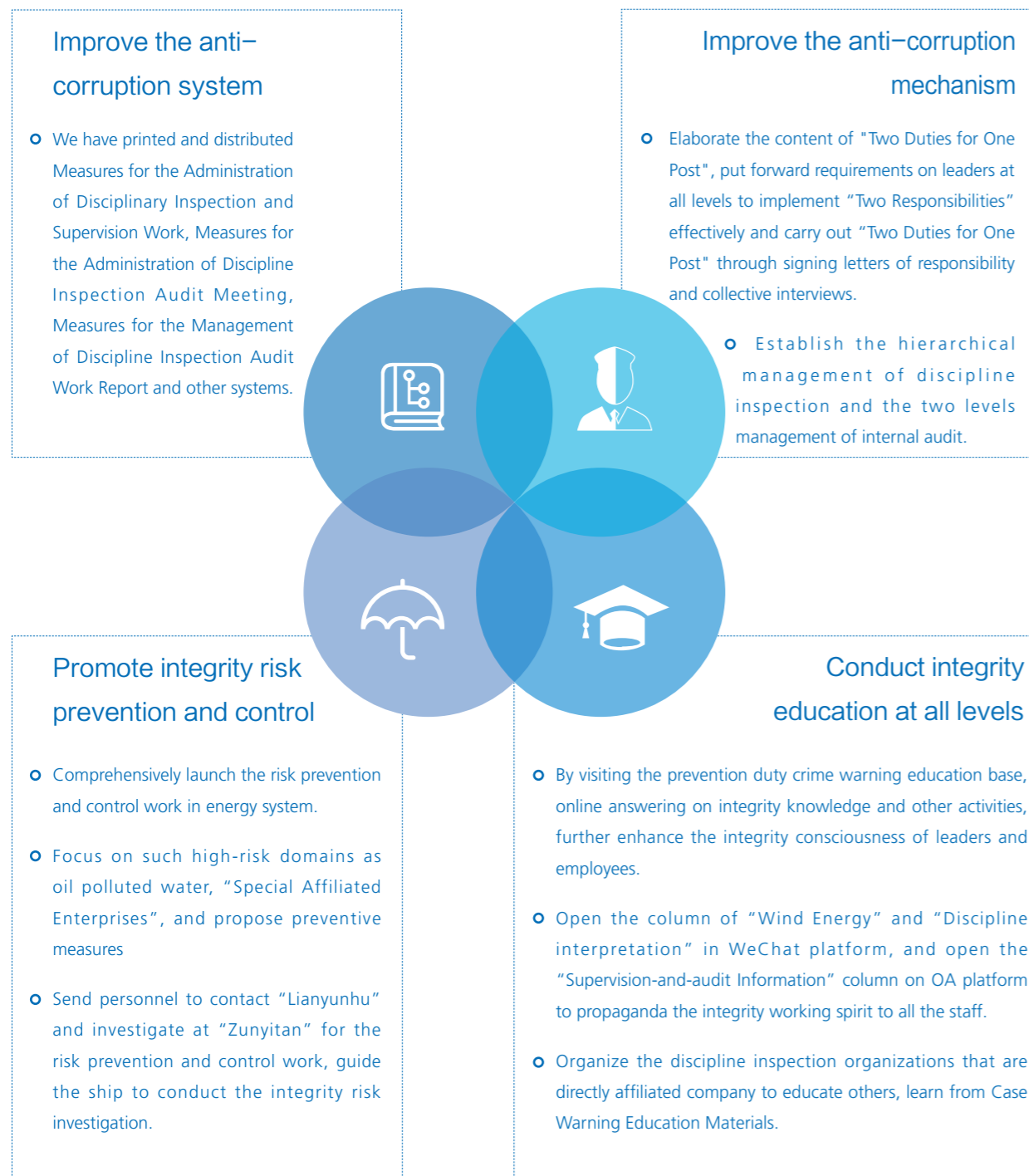
Comprehensive Risk Management and Internal Control

Under the background of company's reform and restructure, comprehensive risk management and internal control is the key to guarantee company's steady operation. We strictly abide by the policies and regulations, follow up the work methods of "Strengthening Foundation and Body, Make the Top-level Design and be Pragmatic and Efficient", formulate the Manual of Comprehensive Risk Management and Internal Control System Management, systematically explore every risk of various business points, make critical control measures and the core early warning indicators, standardize company's systematical process of risk management and internal control; actively explore the special risk management, conclude 56 major risk sources from the five dimensions of strategic risk, financial risk, market risk, operational risk and legal risk. The annual top ten risks are voted and identified by all staff up and down and conduct risk response in advance; manage the risk management of major projects. Concerning the site selection off coast branches, the working group of risk management assesses and responses from various aspects including political environment, corporate governance, legal compliance requirements of local operation, tax demands, labor requirement and commercial bribery, and ensures the safety advance of our key overseas projects.



Anti-corruption and Anti-commercial Bribery

COSCO SHIPPING Energy strictly abides by the business rules of incorruptible employment, takes anti-corruption and commercial bribery as the focus of company management, continually improve systems and mechanisms and strengthen the responsibility implementation, promote integrity risk prevention and control work solidly, carry out the feedback of inspection group from the Group Party, exploit the sword role of internal supervision and auditing, develop the integrity education at all levels, and form the long-term mechanism of “Dare not Corruption, Cannot Corruption, Do not Want Corruption”. In 2016, there were no increasing lawsuits about integrity in COSCO SHIPPING Energy. During the year ended 31 December 2016, we complied with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.



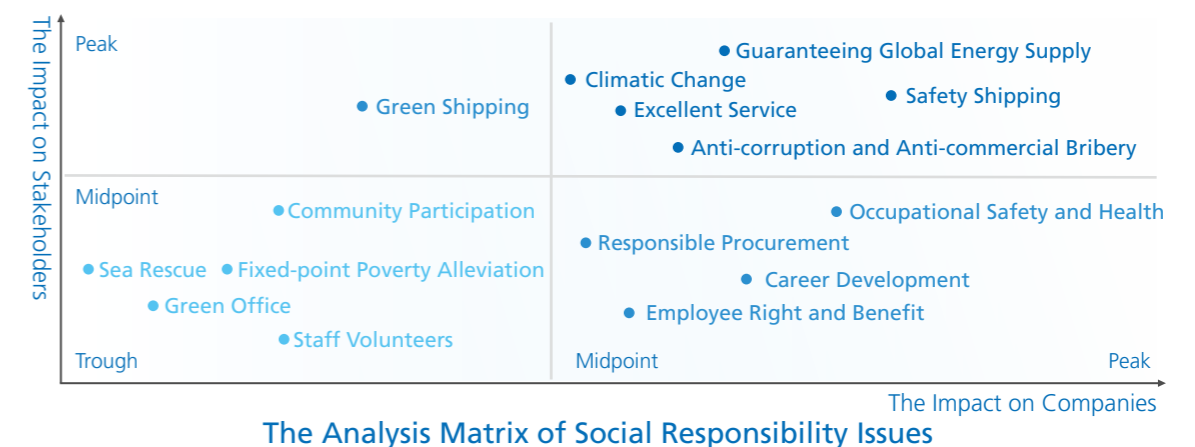
STAKEHOLDER ENGAGEMENT

Substantive Issues Analysis





According to the work process and methods of social responsibility issues management that are developed by research institutions, we collect and recognize the social responsibility issues from many stakeholders and sources, and analyze and determine the substance and importance of issues in accordance with the analysis matrix of "the Impact on Company-the Influence on Stakeholders", and provide guidance to carry out the social responsibility work with diversification and target.

Recognition on Social Responsibility Issues

Sources of Issues		Issues List
Experience source	International standard guidelines: the United Nations Global Compact 10 Principles, International Organization for Standardization, ISO26000 Guidance on Social Responsibility(2010), Global Reporting Initiative Sustainability Reporting Guidelines (GRI4.0), Hong Kong Stock Exchange Environment, social and governance reporting instructions(2016).	Anti-corruption and anti-commercial bribery; secure global energy supply; excellent service; responsible purchase; Safety shipping; Green shipping; Climate change; Green office; Rights and interests of employees; Career development; Occupational safety and health; Community participation; Sea rescue; the fixed-point poverty alleviation; Staff volunteers
	Benchmarking: Such as Maersk group sustainable development report, Nippon Yusen Kabushiki Kaisha social responsibility report and so on.	
Internal source	Company's monitoring on policy legal environment and social and natural environment	
	The social and environmental impact analysis in company's operations	
	Collect social responsibility issues from the inside	
External Source	Corporate public opinion monitoring	
	Investors visiting, customers survey, meeting with government, media communication, community visiting, social organizations and communicating with experts outside	
Theory Source	Triple bottom line theory, stakeholder theory, the pyramid model	



List of Stakeholders

Type of Stakeholders		Appealing and Expectations	Company Responses
 Shareholders	State-owned Assets Supervision and Administration Commission of the State Council	<ul style="list-style-type: none"> Preserving and increasing the value of state property Consciously accept the oversight of state-owned assets supervision and administration Play the leading role of state-owned enterprises and actively fulfill the social responsibility 	<ul style="list-style-type: none"> Promote the sustainable and steady growth of business and profit. The operating income is up to 13.006 billion yuan Strengthen the communication and report with the state-owned assets supervision and administration commission Release the 2015 corporate social responsibility report, and actively implement such CSR projects as company poverty alleviation
	2 major shareholders and 132552 minority shareholders	<ul style="list-style-type: none"> Transparent operation, Major decisions are public to shareholders Steady growth of share prices 	<ul style="list-style-type: none"> Constantly improve profitability There were 2 times general meeting of stockholders in 2016. Release the annual report and social responsibility report on a regular basis Maintain the steady dividend policy
 Government	Central government Shanghai municipal government Dalian municipal government	<ul style="list-style-type: none"> Operate in accordance with the law of compliance Promote employment and local economic and social development Strengthen environmental protection 	<ul style="list-style-type: none"> Observing laws and disciplines, there was 0 corruption lawsuit case in 2016. Create tens of thousands of jobs Drive the development of upstream and downstream The performance of environmental protection all reaches the standard.
 Customers	CNOOC, PetroChina and other big customers and small and medium-sized customers	<ul style="list-style-type: none"> Energy transportation is safe, efficient and lower The service is qualified and respond quickly 	<ul style="list-style-type: none"> Optimize the layout of global network, offer the closely service and the customer satisfaction is 100% Open channels of customer complaints, and the complaint handling rate is 100% Conduct the shipping safety management well, 100% successfully respond to the pirates and natural disasters
 Employees	3368 employees 6300 crew	<ul style="list-style-type: none"> The steady growth of wages and benefits Opportunities for Career Advancement Safe and healthy working environment the open channel of interests expression 	<ul style="list-style-type: none"> Provide better benefits We have launched 284 times trainings of all kinds with 5109 employees attending Conduct staff's comprehensive mutual medical security plan, comfort the frontline staff and care for the employees in difficulty Launch the workers congress, employees symposium and other communication meetings
 Suppliers	666 suppliers	<ul style="list-style-type: none"> Stable business relationship fair open and just business procurement capacity promotion and mutual growth 	<ul style="list-style-type: none"> Provide the fair opportunity and select the best Require reasonable price and high quality service Conduct responsible procurement and grow up together with suppliers
 Partners	Jimei University Dalian Maritime University Shanghai Maritime University Guangzhou University Institute of Navigation	<ul style="list-style-type: none"> Cooperate to play their respective advantages to achieve mutual benefit and win-win results 	<ul style="list-style-type: none"> signing a strategic cooperation agreement Open the ships to university students for internships Senior leaders also undertake part-time professors at university
 Media	Newspaper and magazine, news agency, new media	<ul style="list-style-type: none"> Transparent operation Timely communicate and respond to major issues 	<ul style="list-style-type: none"> There were 5 times media communication meetings and press conference Release 89 news information
 Community	Shanghai, Dalian and other operations; Targeted anti-poverty county Yongdecounty in Yunnan province	<ul style="list-style-type: none"> Protect the community living environment Promote the development of community out of poverty 	<ul style="list-style-type: none"> Fund for community to build and the public poverty alleviation Launch the fellowship activity with the street and community residents, hold the activities of sending love and warm
 Social Organizations	Association of Chinese Ports, China Association of Port-of-Entry and other social organizations that concerns about ocean transportation	<ul style="list-style-type: none"> Protect our marine environment participate in the supporting the development of the environment and community and other programs for public good Promote the development of ocean shipping industry 	<ul style="list-style-type: none"> Release the CSR Report to disclose performance in society, environment and other aspects on our own initiative Attend 12 times industry forum meetings Donate to social organizations or pay membership dues.

Cooperation

Promoting Industry Win-win Growth

COSCO SHIPPING Energy adheres to innovative development and win-win cooperation. While ensuring the supply of global energy and the safety of shipping nature, we innovate in the relationships with clients and partners, strive to become the maker of industry rules, the integrator of industrial resources and the offer of the whole logistics solutions, promote the mutual benefit and sustainable growth of the value chain of energy transport industry.

- ➞ Supporting Global Energy Supply
- ➞ Improving Shipping Intrinsically Safety
- ➞ Professional Service for Global Customers
- ➞ Promoting Win-win Cooperation with Partners



SUPPORTING GLOBAL ENERGY SUPPLY

We take “being the Most Admirable and Reliable Global Energy Transportation Service Provider” as the development vision, and regard the oil and as transport as the two development engines, commit to the development operation of tanker and LNG fleet, innovate in the energy transport business model, strengthen the intensity of market development in domestic and foreign trade, and provide strong transportation guarantee for global energy supplies. In 2016, the volume of goods transported by tankers is 103.81million tons, including 95.26 million tons crude oil transportation and 8.55 million tons refined oil product.

In 2016, we completed 16.378 billion tons sea miles turnover of domestic oil transport with an increase of 0.3%, and the market share of domestic oil transport kept around 55%.



In 2016, we continue to exploit the backbone of “State-owned Oil with State-owned Transport”, completed 44.13 million tons imported supply of goods transportation for 5 main domestic oil companies, accounting for 52.1% of our total transport in international trade; complete 331.565 billion tons sea miles turnover of international oil transport with a fall of 4.37%(mainly because of part proprietary ships transferred to rent)



After assets integration, we established “the Only in Domestic” market position, LNG projects were promoted continuously and steadily, and the economic benefit is rising steadily. In 2016, there was 1 ship put into operation in the subsidiary of Shanghai LNG with about 36.31 million yuan revenue of the whole year and 19.58 million yuan operating profit. The joint venture CLNG now has 6 ships in operation with the revenue of 1.041 billion yuan and the net profit of 0.369 billion yuan. The income from investment confirmed was about 0.108 billion yuan; Besides, the subsidiary of East LNG, North LNG was confirmed 11.59 million yuan and 19.82 million yuan revenue respectively. Now there are 23 LNG ships under construction with 3.98 million cubic meters, which all will be delivered by the end of 2020.

Building the World-class Operation Scale

As an energy transport company, promoting the large-scale, enlargement and high-end oriented of the shipping fleet is the key to ensure energy safety and efficient supply. In 2016, through merger and reorganization, we transferred the bulk assets to COSCO Group, acquired 100% stock rights of Dalian Ocean at the same time, and became the specific oil and gas transportation enterprise. We adopt acquisition, lease and other methods to possess and control 137 oil tankers of all kinds and LNG transport ships (105 state-owned ships in total). The whole scale of transport capacity is over 17 million DWT. We become the largest oil and gas transportation enterprise. In 2016, there were 5 new ships put into operation including CESI Gladstone Fleet and “Yuanzhihu” Fleet, further improving our ship structure and modern level.

The large-scale of tankers ranks “the First in the Global”

105 own ships, 14.68 million DWT; rent 7 tankers (6 VLCC and 1 PANAMAX), 1.97 million DWT; include the joint venture, 23 tankers under construction, 4.01 million DWT, the large-scale of tankers ranks “the First in the Global”

The LNG transport is “China Only”

11 LNG ships are put into operation(1 own ship), 1.35 million cubic meters, including 23 LNG ships invested by joint ventures under construction, the LNG transport is “China Only”

Modern tanker fleet

The most balanced ship structure, the youngest ship age and the highest modern level of tanker fleet around the world.



Optimizing the Business Structure of Domestic and Foreign Trade

We are committed to building the world's leading business structure, geared to the needs of customer requirements, and strengthen customer thinking. Based on the trade end and supply side, we rethink the shipping market development strategy, give consideration to the two-way development of domestic and foreign trade, enrich the crude oil, refined oil products, liquefied natural gas (LNG) and other business sectors, and guarantee the global energy transport with sustainable competitive power.



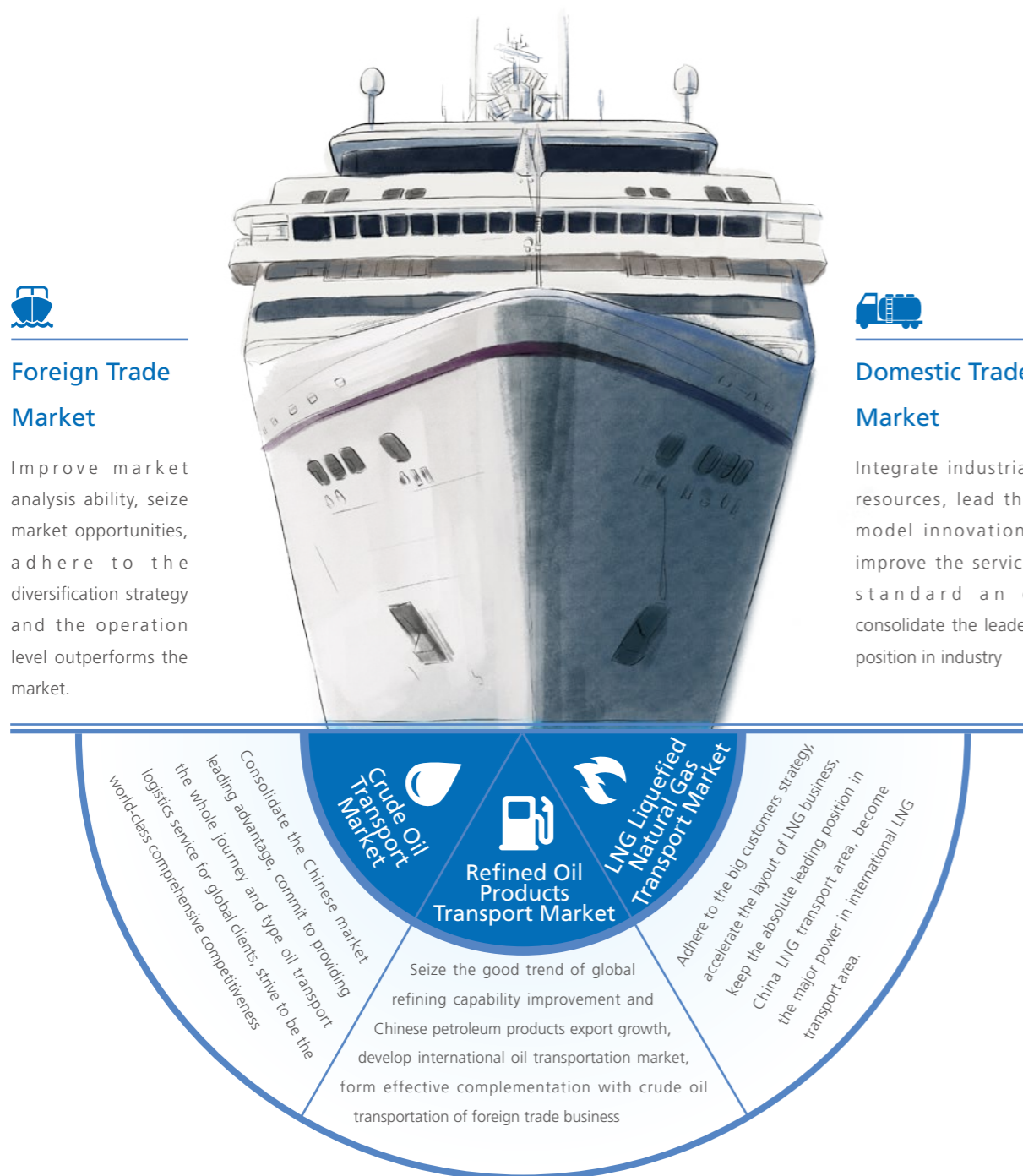
Foreign Trade Market

Improve market analysis ability, seize market opportunities, adhere to the diversification strategy and the operation level outperforms the market.



Domestic Trade Market

Integrate industrial resources, lead the model innovation, improve the service standard and consolidate the leader position in industry



Innovating in Diversified Business Model

Business model innovation is the key of enterprise's successful competition. We take full advantage of the strong customer marketing ability in domestic trade crude oil transport market, the high ship management level, the high market share and brand recognition, make innovation in diversified business model including "Longkou Model", "Laizhou Model", "Weizhou model", "Xingzhong Model" and "Ship and Routeing", Strengthen the integration of upstream and downstream industry chain, establish closer ties of capital assets with related parties, improve the efficiency and effectiveness of operations of the ship, and build the new ecological shareable development.



Exploring the New Pattern of "Ship and Routing Liner", Promoting Win-win Results of Improving Quality and Efficiency

Affected by seasonal climate, the vessel unloading operation around Bohai Sea Area is highlighted inefficiencies when in winter, and seriously affects the normal production and operation. In 2016, we explored the effective path of improving quality and efficiency, put forward the operating model of "Ship and Routing Liner" based on clients' actual practice and demand, provided the fixed ship and route for customers, which not only improved the operation efficiency of our ships, but also reduced the shipping quality disputes substantially.

Since 2016, we have conducted this pattern through collaboration with 6 customers. Take the "Ship and Routing Liner" as an example, as one of the ship routes pioneered the routing, the average turnover days of this route in the first three quarters of 2016 was 0.5 days less than that in 2015, improving 7% ship route efficiency; the average loading capacity increased by 1000 tons than that in 2015, improving 2% ship route efficiency; the average oil consumption reduced 6 tons than that in 2015, reducing 3.6% cost. The increasing efficiency and reducing cost helped improve about 10% ship route efficiency in total.

IMPROVING SHIPPING INTRINSICALLY SAFETY

Oil transport industry has high safety risks and standards. Making shipping safety is not only an effective means to provide value-added service for our customers and obtain the core competitiveness, but also a competitive strategy to lead formulating industry standards and raise barriers to entry in segmented market. COSCO SHIPPING Energy establishes the development strategy of "Global Leading Safety Marketing", takes the "Safety Priority" as the principle, the "Intrinsically Safety" as the core and the "Safety Development" as the main line, considers safety as our core competitive power, make innovation in safety concept, model, path and build the safety brand, strives to provide the safest and best logistics solutions for global customers.

Safety Production Concept

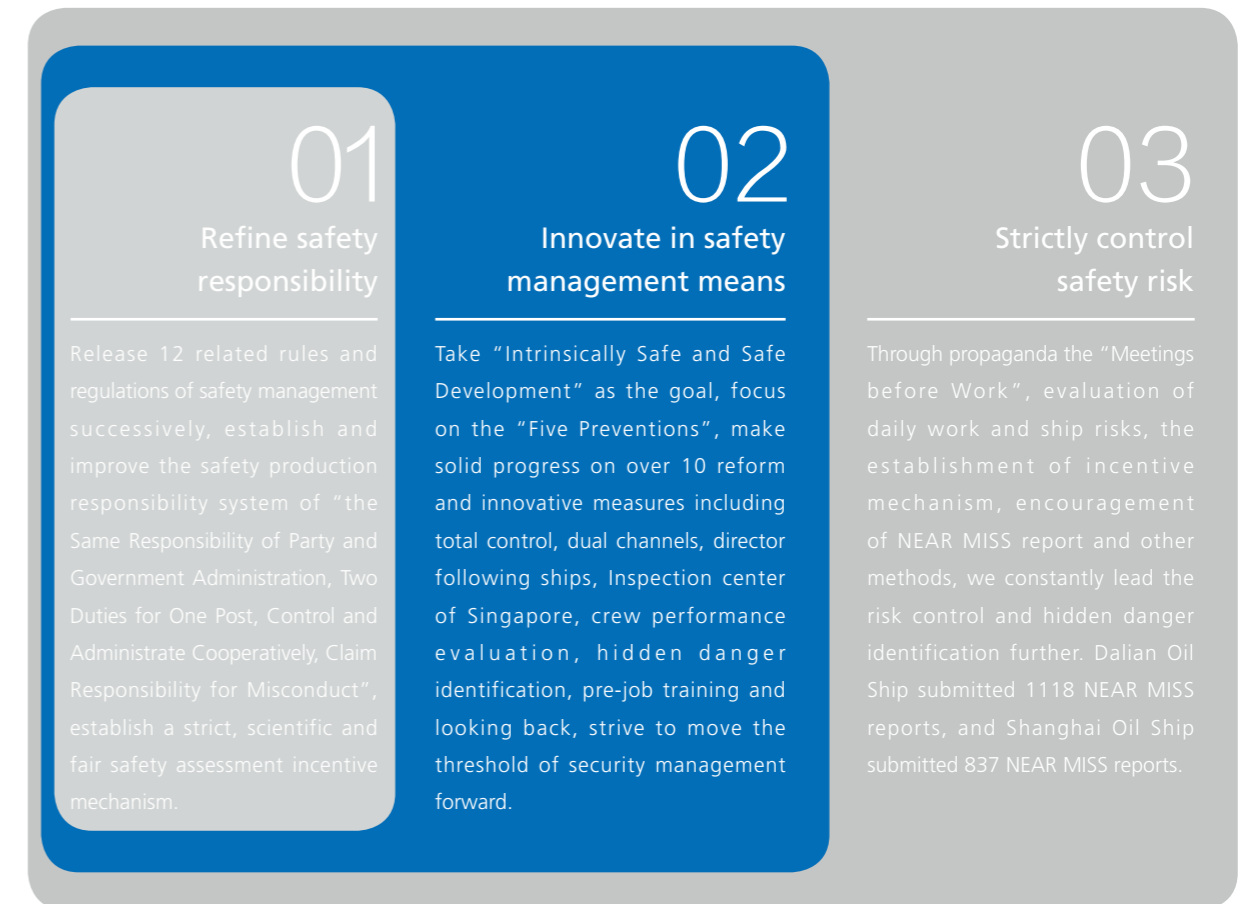


2016 Safety Performance Table of COSCO SHIPPING Energy

Performance Index	Unit	2016	Performance Index	Unit	2016
Investment in production safety	10 thousand yuan	15279	The success rate of preventing typhoon	%	100%
Severe accidents	Unit	0	The success rate of anti-piracy	%	100%
Major accidents	Unit	0	ISPS passing rate of checkup	%	100%
Accidents	Unit	0	Potential safety hazard checking and controlling activities	wTimes	12
Ordinary accident	Unit	0	Potential safety hazard	Items	16213
Minor accidents	Unit	5	Rectify and reform	Items	15901
PSC passing rate of checkup	%	100%	The rate of rectify and reform	%	98.08%
The passing rate of zero defect annotation	%	75.30%	Dying event of occupational injury	Unit	0

Strengthening Safety Management System

We adhere to the function orientation of "Leading and Dominating, Fusion and Collaborative, Serving and Supervising", focus on the five core elements of "Personnel Safety, Equipment Safety, Environment Safety, Standards Safety and Management Safety", strengthen the top-level design and system construction, accelerate the deep integration of team, culture, policy and system, give full play to its synergy effect, learn from each other, continuously strengthen the security basic management, constantly improve safety management performance, promote the high standards and high efficiency of energy system security management.



Opened Port Security Checks Promoting the Level of Ship Safety Management

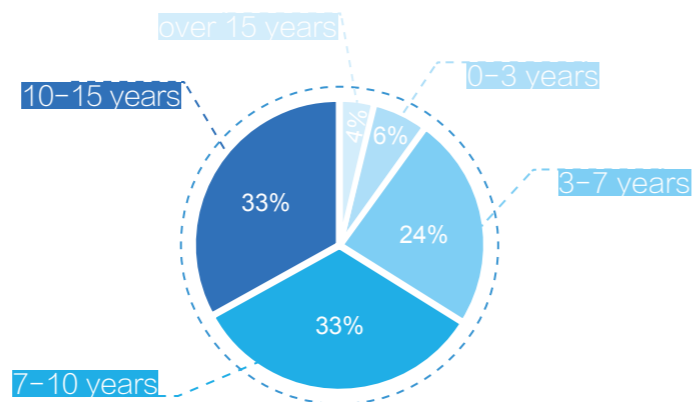
On June 14th, 2016, we conducted the open security check with Ningbo Maritime Bureau on "Ludingtan" vessel, aiming at narrowing the distance between the ship and port through the open and transparent check, and established a platform with learning from security check, and launched the onsite training on the existing general and preventive problems in the process of ship safety management, learned from each other, promoted the level of ship safety management between port and ships, and further enhanced the implementation of actual work management standards.

Improving Safety Level of Ships

Optimizing Ship Structure

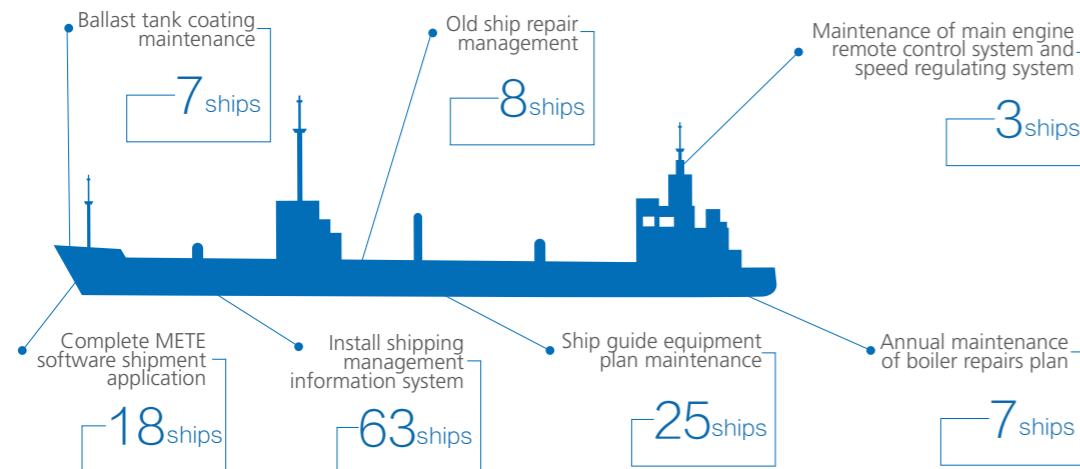
The ship and its equipment performance are the important indicators of security technology status. Since our merger and restructure, we have constantly adjusted the fleet structure, promoted the usage of new ships, accelerated the elimination of old ships, minimized the security risks of old ships resulting from equipment aging and high attrition rate, and improved the intrinsic safety of the whole ships. By the end of 2016, our ship age has been 7.6 years on average.

The Age Structure of COSCO SHIPPING Energy Ships



Full Life Cycle Maintenance of Ships

Strengthening the maintenance of ship structure, mechanical and electrical equipment and important system is the key to guarantee the safe operation of ships. We promote the maintenance concept of the whole life cycle plan of ships, by means of safety investment and reasonable degree evaluation, start with the new building ships, carry out the comprehensive demonstration of ship's full life cycle, and draw up the detailed maintenance plan. In the process of ship operation, we strengthen the ship maintenance and always ensure that the ship is seaworthy and cargo-worthy.



Eliminating Security Risks

We move the threshold of security management forward, strengthen suppliers management, strictly carry out the supplier access mechanism audit system, and implement the "One-vote Veto" and blacklist system to the suppliers with major safety and quality accidents. In 2016, we had annual negotiations with more than 20 main suppliers including paint, lubricating, materials, spare parts and repairs, eliminated 2 suppliers with low standards, canceled 2 small brand chemicals suppliers and avoided accidents from the security source.

Building Security Brand Image

We increase the security to the strategic height of marketing, build safety to be products, make innovation on the cooperation model of safety service, spare no effort to display company's image and brands, improve the power and influence in industry, commit to dedicated to bring customers the best and safest service and become Dupont in shipping industry.

Take the safety service UNIPEC UK as the template, strengthen the connection, service and cooperation with the domestic major oil companies, ports and harbors, display the image of company's safety, technology and service, and constantly expand the domestic influences.



Continue to improve "Qinzhou Operation Model" and "Weizhou Model", actively participate in the rules formulation of government and authorities, raise the voice and increase the power of influence, and become the leader in domestic industry and the rule maker.

Take every opportunity to show the company image and brand, preach our security concept and the best management practices, and become the leader of industrial safety management ideas.

Strengthen the cooperation with external professional companies, Maritime universities and classification society, constantly conduct R&D and make innovation on security technologies; Regularly visit international big companies like SHELL, BP and EXXONMOBIL and create a favorable environment for company development.



We participating in holding "China Oil Transport Security Forum"

On December 8th, 2016, the 7th "China Oil Transport Security Forum" was successfully launched in Dalian with the theme of "Safety Sharing and Innovative Development" by COSCO Shipping Energy and other units. Since established in 2010, "China Oil Transport Security Forum" has set up communicating platform for China energy production, sales, transport and other related parties, and made a great contribution to the healthy development of China oil transport. COSCO Shipping Energy actively organized and participated in this activity, and effectively improved our position and raised voice in oil transport industry.



Strengthening Security Risk Prevention and Control

Collisions with rocks, fire explosion, industrial accidents, pirate robbery and extreme weather are the five important security risks to the shipping company. We focus on the improvement and optimization of people, ship, environment, management and standard, continuously strengthen employees' training and evaluation, maintenance, seasonal prevention, risk evaluation and management change, system improvement and implementation and other risk management means, and ensure the double safety of customers' goods and crew.

Safety Risks and Prevention Measures

Pirates Robbery

Compile and issue the security information every month, timely report last year's anti-piracy situation analysis of every sea area, its characteristics and the recent anti-piracy status

Strengthen training drills, adhere to the risk assessment, follow-up monitoring, strengthen the ship on duty, participate in navy escort, employ armed security guards

Our ships went through 109 times in the Indian Ocean, 11 times in the Gulf of Aden, 23 times in West Africa and 132 times in Southeast Asian waters. The successful rate of anti-pirates was 100%

Fire Explosion

We have issued Report on Fire explosion accident of Jingjiang Factory, Jiangsu Province, Circular Telegram On Further Strengthening the Management of Dangerous Chemicals and Circular Telegram On Strengthening Ship Smoking Management and Security Control

Organize ships to actively conduct propaganda activities of "119 Fire Prevention Day"

There was no fire explosion accidents in 2016

Collisions with Rocks

Launch a special navigation safety inspection for one month

After the ship collision accident happened in brothers unit, we launched the topic analysis meeting and arranged the anti-collision work

At the same time playback CCTV monitoring of the ship and solemn duty to discipline

There was no major collision accident in 2016

Industrial Accidents

Hold two workshops industrial injury prevention successively

Make industrial injury prevention measures

Conduct industrial injury prevention training to onshore staff

Issue training materials to ships

There was 0 dying from industrial injury accidents in 2016

Extreme Weather

Strengthen the surveillance and monitoring of restricted visibility, typhoon, strong convection, cold wave, winds and other seasonal weather

Hold workshops in time, make arrangement to carry out the preventive measures as early as possible, and arrange personnel on duty when necessary

In 2016, the successful rate of anti-typhoon was 100%

Conducting the Construction of Safety Culture

We focus on building a team of high standard crew with excellent business and physical quality, safety consciousness and qualified capacity. Match the crew team reasonably according to their qualifications and business ability; strengthen the crew training, By sent before training, pre-service training, safety personnel training, labor protection supervision inspector training, skills competition training, orientation training, shore-based safety education and other aspects of trainings, we promote the crew's business skills and professional quality. We conduct Dupont safety culture learning, security prize essay, production safety month and other activities, strengthen the concept of safety development and enhance the quality safety of all crews. In 2016, we completed 31 times crew safety trainings in total with 527 persons attending it.

Frontline Staff Presence of Safety Management



PROFESSIONAL SERVICE FOR GLOBAL CUSTOMERS

“Goal 17. Strengthen the implementation means and revive the global partnership for sustainable development.

- Based on partnership experience and resource allocation strategy, encourage and promote effective partnerships between public-private sector and civil society.”

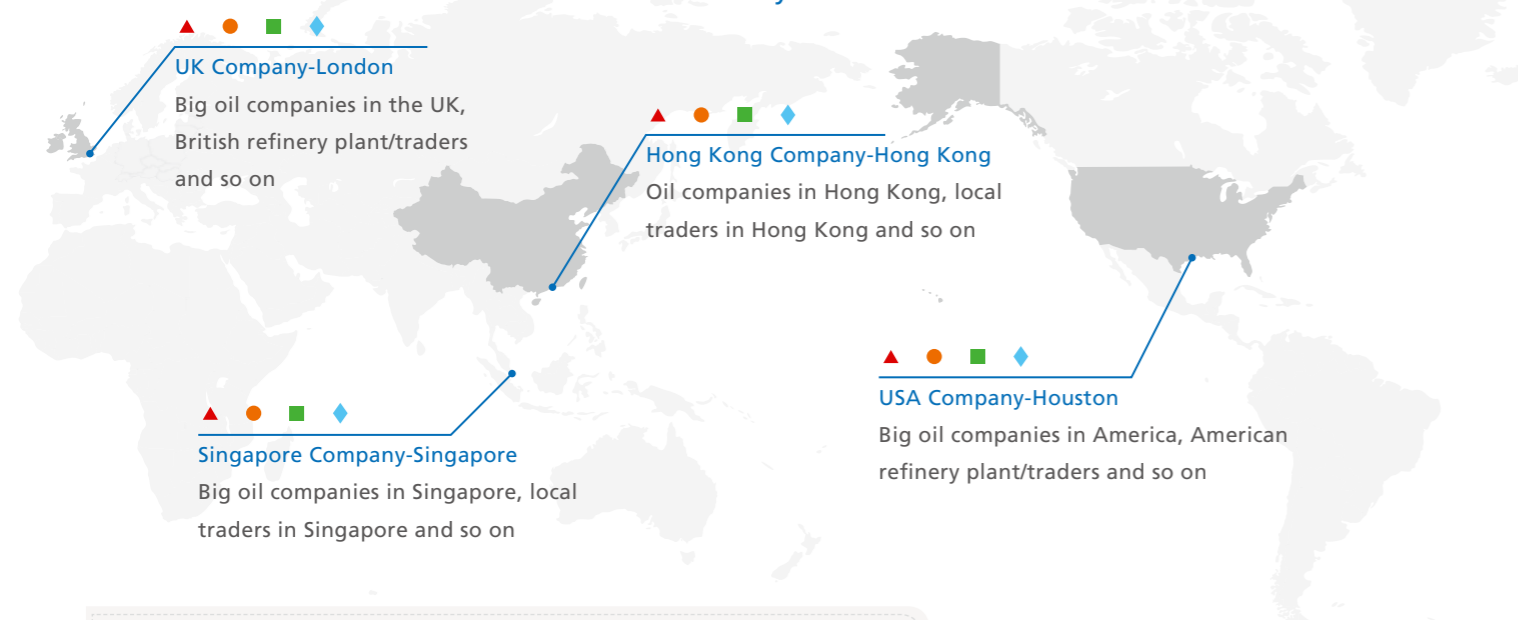
——The United Nations “Sustainable Development Agenda in 2030”

We closely focus on the development strategy of “Big Customers, Big Cooperation and Big Service”, further shift to the operating model of “Customer-centric”, continue to improve customer service ability, accelerate the globalization process of layout, deeply conduct customer communication activities, and strive to provide the most professional attitude and service for global customers. We have also been strictly conforming to the Advertising Law of China and fully disclosing the risks related to our products and services. By the end of 2016, we maintained good cooperation relations with more than 220 customers around the world, and our routes covered around the world.

Accelerating Global Layout Process

As the world's biggest oil transport logistics enterprise and China only LNG transport service provider, we accelerate the global layout and overseas branches construction, and have formed full coverage of the world's major energy trade center branches including Hong Kong, Singapore, London, Houston and other places, promote COSCO Shipping Energy to further enhance the level of management effect and fleet remote control with the help of regional advantage, provide global customers with 24 hours across time zones all-weather, all-round and all ships transport service, and effectively enhance the competitiveness of COSCO Shipping Energy in the field of international energy transport.

Status of Global Layout



Primary Functions of Overseas Branches:

- ▲ Provide customers with personalized service in a region
- Regional market development and market information collection
- Fleet Regional Business
- ◆ Managed Security Service

Promoting Customer Service Ability

Customer satisfaction is an important power of enterprise progress. We constantly strengthen customer service work, improve customer service system, optimize service procedure, improve customer complaints handling ability, focus on customer demand, meet customer expectation, constantly improve customer experience and satisfactory. In 2016, we received 76 commendatory letter in total, the rate of complaints handling was up to 100%, and the customer satisfactory was 100%.

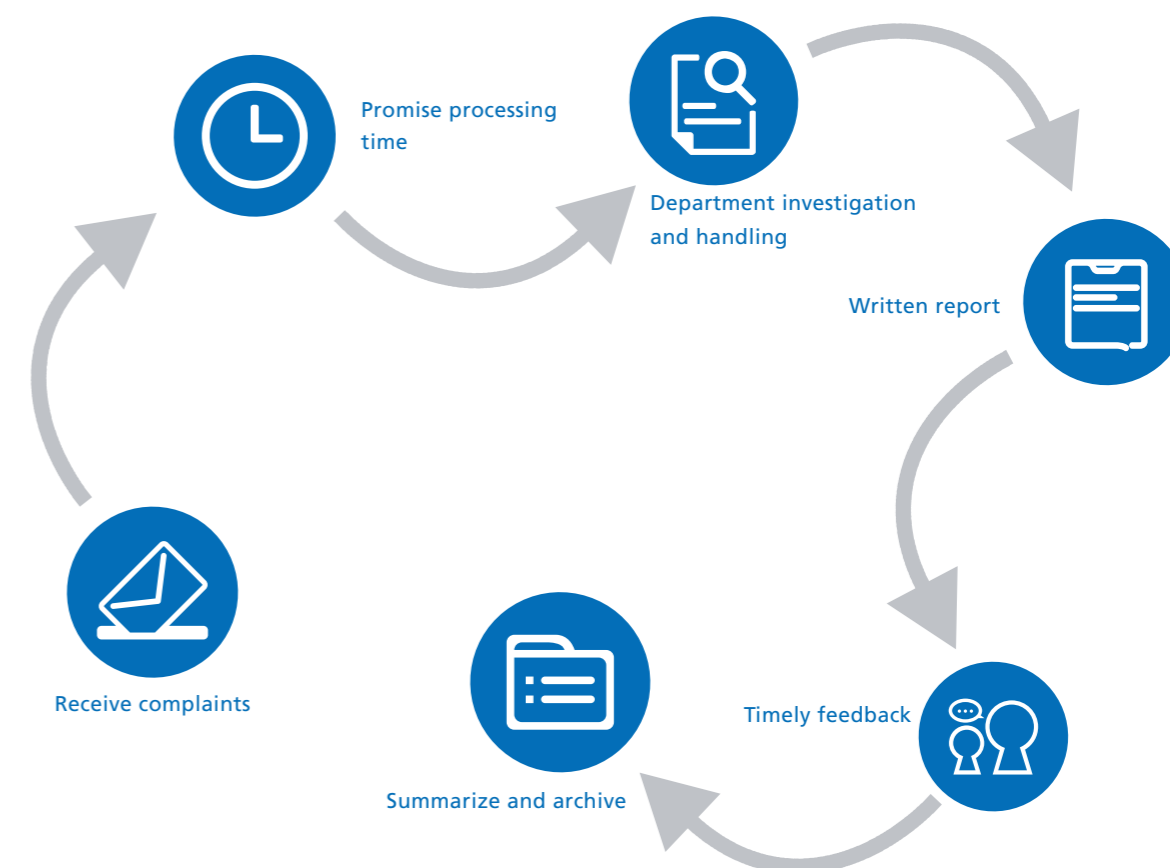
In 2016, we formulated the following management systems to improve customer service ability effectively:

Ocean Chartering Business Administrative Measures of COSCO SHIPPING Energy Transportation Co., Ltd (Trial Version)

Implementation Detailed Rules for Agent Management of COSCO SHIPPING Energy Transportation Co., Ltd

Management Measures for Charterers Credit Rating of COSCO SHIPPING Energy Transportation Co., Ltd (Trial Version)

Flow Chart of Company Customer Complaint Processing





"Big Customers, Big Cooperation and Big Service"

We have established strategic cooperation relationships with China Petrochemical Corporation (SINOPEC), China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC), Zhenhua Oil Holding Co., Ltd (Zhenhua Oil) and SINOCHEN GROUP (SINOCHEN), practice the big customer strategy, establish customer thinking, and achieve the shift from ship-centric to providing all high-end service for customers.

In 2016, the carrier oil amount of our foreign trade for the five strategic customers above was about 44.13 million tons, accounting for 52.1% of total foreign trade cargo.

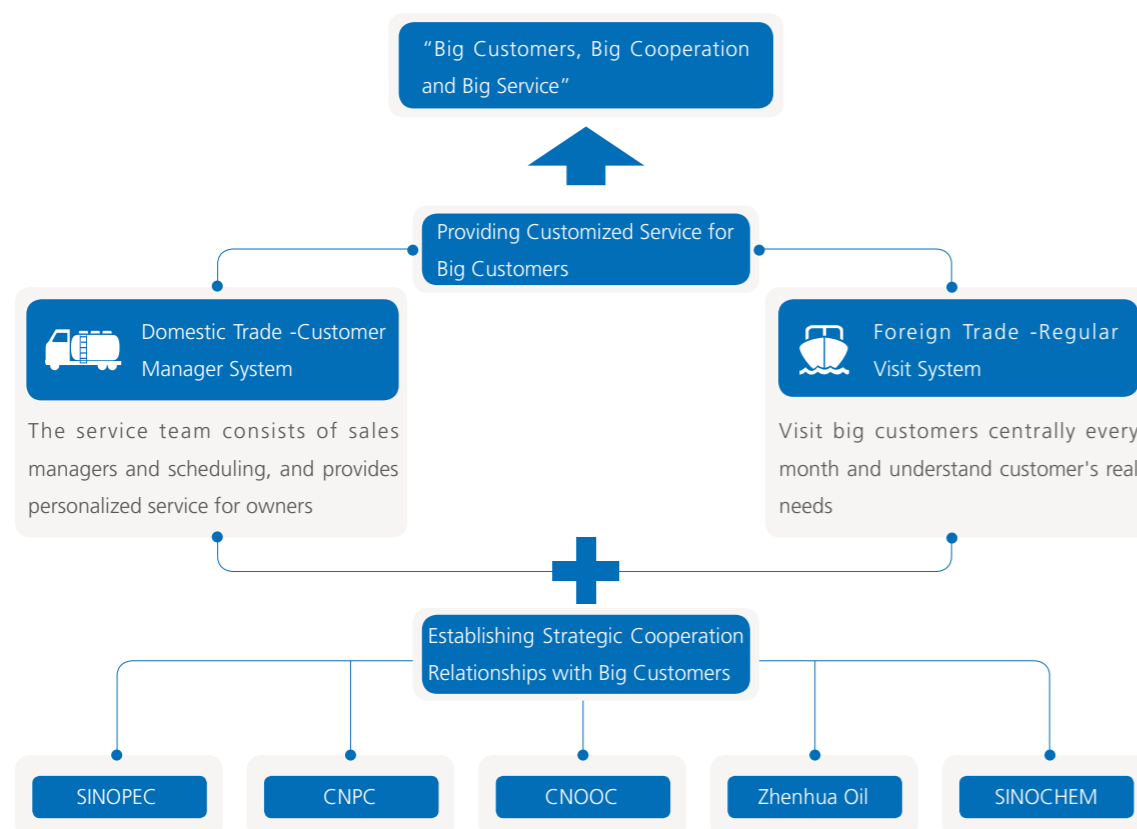
The five strategic customers above

44.13 million tons

Total foreign trade cargo

52.1%

Graph Work Pattern of "Big Customers, Big Cooperation and Big Service"



Weizhou Operation Model

Weizhou terminal is an oil drilling platform under CNOOC, and is the only sea terminal undertaken all transportation tasks by COSCO Shipping Energy. Based on many years of experience, COSCO Shipping Energy creatively initiates the operation and management mode of "Weizhou Terminal" revolving around guaranteeing the platform transportation service. In 2016, the guarantee team of Weizhou operation completed 35 times terminal oil extraction in total, the average trip time is shortened by 1.45 days. The marine utilization and operating efficiency are improved substantially. The hedging surface is up to 100%.

"Hope COSCO Shipping Energy can play a crucial role in guaranteeing marine oil terminal production and stable domestic marine oil transportation."

—CNOOC



Ensuring Customer Information Security

We strictly implement the system of secrecy. Through conducting encryption processing to important data with technological means, implementing ISO17799 information security management system, formulating information security management procedure, signing confidential agreement with employees and customers, safekeeping the information of customers and the related parties and other means, we ensure customer privacy and information security aren't violated or leaked. Except for company employees, agent authorized by customers, partners and subsidiaries, we ensure that do not share customer information with others, and don't let it out or sell information about clients or potential clients. During the year ended 31 December 2016, we complied with the relevant laws and regulations relating to privacy in all material respects.

Strengthening Customer Communicating and Exchanges

Through holding promotion conference, communication meeting and talks with stakeholders and other means, we make business operations open and transparent, listen attentively to the views and suggestions of stakeholders, strive to keep good communication and contact with all stakeholders, enhance mutual understanding and trust, and optimize company external development environment.



Making First Appearance on Founding Congress

On June 6th, 2016, COSCO Shipping Energy Held the founding congress and promotion conference, promoted corporate vision, development strategy, the historical opportunity of routing selection and so forth to customers, which marked the world's largest energy transport enterprises set sail.



Communicating and Meeting Enhancing Understanding

We actively conduct communication activities with stakeholders. Through the face-to face communication with customers, we further experience the new changes of global economic order, investment structure, trade structure and transport structure, and firm the confidence and determination on implementing Follow Ip strategy and Go Out policy under the background of the reconstruction of global economic order and the construction of national "Belt and Road Initiative". In 2016, we mainly communicated with Maersk (China), NAVIOS, China Oil International Business Co., Ltd, CHINA TALLY, China United Oil (America) Corporation, China United Chemical(America) Corporation, SHELL (America) Corporation, EXXONMOBIL、 KOCH and COSCO Shipping (America) Company, and earned mutual trust.



Meeting with Customers from Maersk



Visiting China Oil International Business America Corporation

PROMOTING WIN-WIN COOPERATION WITH PARTNERS

We take the common development with partners as the foundation of enterprise sustainable development, actively build the strategic cooperation mechanism with cooperative companies, achieve mutual benefits and reciprocity, and join hands to grow up; establish industry cooperation platform, promote the benign development of industry; regulate supplier management work, build responsible supply chain, and achieve the sustainable development of the whole society.

Strengthening Corporate Cooperation

We actively expand international and domestic market, develop LNG upstream and downstream industry chain, constantly improve company development potential, and commit to becoming the international first-class level of partner in ship, construction and management aspects.



Domestic Market

- Strengthen the close cooperation with CNPC, SINOPEC, CNOOC and other customers.
- Enhance executives' communication, sign a strategic cooperation agreement, and support each other in big projects.
- Take achieving the customer value as the guidance, and develop important customers of domestic private oil and gas enterprise.



International Market

- Explore to develop LNG upstream and downstream industry chain, establish wide relationships with Exxon Mobil, BP, SHELL, TOTAL and other major LNG sellers, actively participate in the China LNG project bidding
- Develop the diversified international LNG ship owners company partners, through the joint venture, cooperation and other means, participate in more international LNG transportation projects



Considering Clients' Demand as Our Duty and Growing Together with Customers

In December, 2016, the Crude oil distribution customer suddenly increased their demand plan to the Qingdao Storage Branch of CNPC Oil and Fuel Co., Ltd, and required to complete delivery task by the end of month, otherwise the customers of this company might have to halt their production. While this incident coincided with the lasting fog effect in north, Ships were backlog in ports, and the ship transporting plan was extremely tense. Faced with this situation, COSCO Shipping Energy actively coordinated customers and reasonably dispatched ships. Meanwhile, because of the lower oil temperature in the process of distribution, it had been impossible to meet customer's demand only by shore tank heating, COSCO Shipping Energy coordinated for heating ships in the first time till it met customer's demand. Ultimately it ensured the delivery of task execution on time with good quality.

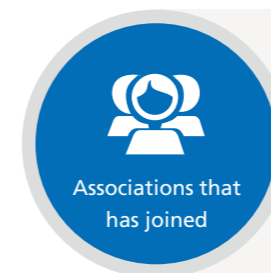
"The qualified service provided by you keeps our reputation, and helps win our customers' support and recognition for us. We truly believe that with your strong support, both of us will create more brilliant future."

—The Qingdao Storage Branch of CNPC Oil and Fuel Co., Ltd

Enhancing Industrial Communication

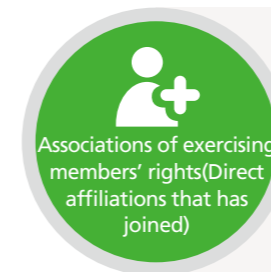
The overall development prospect of industry is an indicator of enterprise development. We constantly strengthen the communication and collaboration with industry partners in the process of our development, through participating in the Industry Association/Institutes organized and established by the competent authorities at all levels of government, Maritime Organization, Maritime colleges and ship owners, actively build the trade platform of industry chain" Ship Cargo Trade" and other work, share development experience with industrial partners and create bright future.

Association/Institutes Attended in 2016



Associations that has joined

- Association of Chinese Ports
- China Association of Port-of-Entry
- Shanghai Maritime Association
- Shanghai Academy of Ship and Ocean Engineering
- China Maritime
- COSCO Shipping Charitable Foundation
- The World Shipping Council of Dalian Maritime University



Associations of exercising members' rights(Direct affiliations that has joined)

- China Ship Owners Association
- Chinese Navigation Society
- China Maritime Law Society
- Shanghai Ship Owners' Association
- International Association of Independent Tanker Owners

Building Responsible Supply Chain

We stick to the fair and transparent procurement principle, focus on the impact of suppliers on society and environment. Procurement, regulate company procurement and outsourcing business management process and the control process of suppliers with Outsourcing and Supplier Management Program, regulate the entry, selection, evaluation and elimination mechanism, put forward the specific requirements including security, environmental protection, occupational health and energy management to suppliers. At the same time, the commercial bribery is introduced in part of the contract clause as one of the offer, gradually improve the social responsibility management consciousness and spirit of accountability of suppliers and achieve the sustainable development together with suppliers.

In 2016, we had 666 cooperative suppliers in total, including 106 Hong Kong, Macao and Taiwan and overseas suppliers, 560 mainland suppliers. The supplier audit coverage was 85%.

Cooperative suppliers in total

666

The supplier audit coverage

85%

Beauty

Committing to Build Green Shipping

“Goal 13. Take immediate action to respond to climate change and its impacts.

- Improve the education, understanding and abilities of personnel and institutions on slowing down and adapting to climate change, reducing the impact and early warning.”

——The United Nations “Sustainable Development Agenda in 2030”

COSCO SHIPPING Energy sticks to the ten principles of global enterprise contract, care for climate change, fully carry out the green operation, strengthen environmental management, advocate the low speed shipping, promote energy saving, environmental protection, safe and efficient transport fleet construction process, build the low carbon and green shipping, and lead the industrial sustainable development.

➞ Committing to Green Operation

➞ Building Green Ships

➞ Promoting Green Office



COMMITTING TO GREEN OPERATION

We integrate green into all aspects of company operations, carry out the environmental protection laws and regulations, continuously improve the environmental management system, strengthen the environmental management and the staff training of environmental protection and energy saving, improve the ship pollution prevention consciousness and skills of key personnel, adhere to the green office and centralized purchasing, reduce environmental impact and promote company green development. In 2016, COSCO Shipping Energy had no environmental pollution accidents.

The total energy consumption	The per unit of energy consumption	The total water consumption
11,53.646million tons of standard coal	3.1803tons standard coal/ thousand ton miles	142,519cubic meters

Strengthening Environmental Protection Management

Environmental management system is the enterprise strong support of low carbon operation. In 2016, we effectively carried out the relevant laws and regulations of environmental protection and international conventions, continue to improve the “Energy Management System”, and strengthen the comprehensive, all staff and the whole process control on energy management; strengthen the marine environmental protection and energy saving consciousness and skills training of staff, especially the key personnel, improve the capacity of environmental protection; strengthen the communication with related parties, effectively propaganda and implement the latest environmental management requirements and company green development.During the year ended 31 December 2016, we complied with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste in all material respects.

Promoting Green Shipping

With the growing concern for the shipping industry impact of climate change, we actively practice corporate citizen responsibility, reasonably arrange the routes and implement low speed navigation, strengthen the cooperation with ship owners, reduce pollutant emission, advocate to save water, improve resource utilization, and strive to reduce the environmental impact in the process of navigation of ships.

Area	Major Measures	Performance
Advocate low speed navigation	<ul style="list-style-type: none">Under the premise of safe navigation, arrange the speed reasonablyExplore the best benefit speed plan, and formulate the best benefit speed measureDalian Oil implements extreme speed down in typical ships of VLCC、SUEZMAX、PANAMAX, and form the ship navigation technology management of extreme speed downStrengthen the speed down navigation management of ship marine main engine, and adjust the new host running speed and fuel consumption indicators in time.Conduct trace analysis of ship speed down on a regular basis	<ul style="list-style-type: none">The total oil consumption was about 0.78 million tonsThe per oil consumption was about 2.2242 kg/thousand ton milsThe consumption of lubricating oil was 6704.38 tons
Reduce pollutant emission	<ul style="list-style-type: none">Strengthen the cooperation of owners, carry out the exchange of capacity.Regulate oil heated advanced and monitored, and reduce the energy consumptionImprove port oil discharging efficiency, and reduce the pollutant emission.Strengthen oil bunker, usage, oily waste water treatment and other whole process management and controlCooperate with Antarctic Pole China Oasis to develop marine sewage treatment plant and waste incineration systemFurther strengthen the daily oil consumption tracking and monitoring of ship, regulate the fuel consumption daily content and unified file and recordFocus on the monitor on shipping oil consumption, cargo oil heating consumption, and analyze the result on a regular basis.Dalian Oil Transport implements the quota management system of ship primary pollutant and monitor on daily report.	<ul style="list-style-type: none">The amount of nitrogen oxide emission was 67863.02 tonsThe amount of sulfur oxide emission was 46802.08 tonsThe amount of greenhouse gases emission was 2540573.02 tonsThe amount of carbon dioxide emission was about 2425907.92 tonsThe amount of oil pollutant emission was 63641 tonsThe amount of hazardous wastes emission was 368.14 tonsThe amount of non-hazardous wastes emission was 10376.89 tons
Strengthen the management of saving water	<ul style="list-style-type: none">Improve the water saving consciousness of crewAdvocate the cycling use of living waterStrengthen the rainwater collection, and supplement fresh water supply of the ship	<ul style="list-style-type: none">Save water 161607 cubic meters

BUILDING GREEN SHIPS

We seize the revolution opportunity of global ship intelligence brought by “Made in China 2025 Strategy”, vigorously promote the application of energy conservation and environmental protection technology in shipping, initiatively modify or eliminate the high polluting and high energy consumption ships, build the energy saving, environmental protection, safe and efficient transport fleet, and establish ships new standards.

Promote the performance of BWM convention

- According to the requirement of “the performance technological expert team of Group BWM Convention” and the addition plan of ship ballast water treatment system finally decided by the 70th meeting of amendment of the international maritime organization marine environment protection committee, there are 21 ships installing ballast water treatment system, including 1 current ship installment and the other 20 new ships installment.

Promote the application of low-sulphur fuel

- The promotion usage scope of low-sulphur fuel is expanded from port area to more overseas area, and reduces the oceans pollutant emission



Integrating Green Concept into New Shipbuilding

COSCO Shipping Energy strengthens the cooperation with R&D institution, practices green environmental protection concept, integrate the reduction of energy consumption and the improvement of oil consumption efficiency into the basic technology requirement of new shipbuilding, and build a safe and reliable energy conservation and environmental protection oil and gas fleet.

Taking the VLCC Oil Tanker Under Construction as an Example:

The oil consumption per day is 79.7 tons, which is 14.3 tons less than that of traditional ships, falling by 15.2%

Estimated by the Middle East –China route and 15 design speed navigations, 4290 tons oil consumption and 13361 tons carbon emissions can be reduced every year.



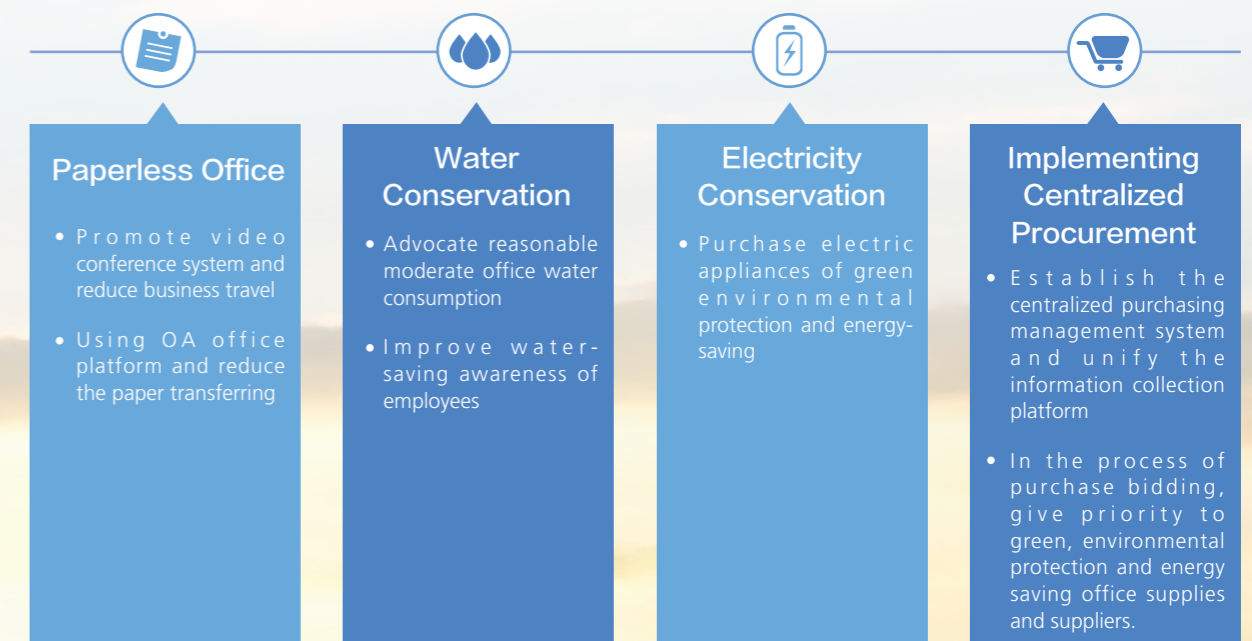
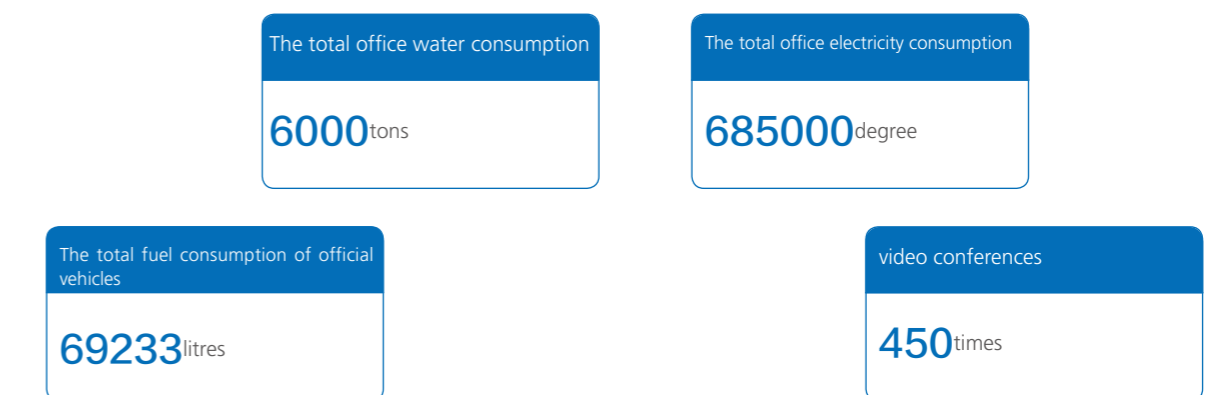
Energy Saving Technology Application of 308 thousand DWT Supertanker (VLCC)



Energy Saving Technology Application of the First LNG Vessel CESI Gladstone
Manufactured by APLNG Transportation Project

PROMOTING GREEN OFFICE

Conserve resources, act from me first. We integrate the energy conservation and emissions reduction, low-carbon lifestyle into daily work, save every drop of resource, put an end to waste, adhere to the centralized purchasing and strive to build green office space.



Happiness

Creating a Better Life Hand in Hand

COSCO SHIPPING Energy sticks to people-orientation, focuses on employees' rights and growth, strengthen employees' engagement management with dialogue, interaction and other methods; improve employees' development ability by expanding career development, conducting employee trainings; We also attach great importance on the friendly relationships with communities, through fixed point poverty alleviation, public welfare assistance and other means, help communities improve their respective development capacities, strive to achieve the common development of company, employees and communities.

- ➞ Caring for Employees' Growth
- ➞ Launching Fixed-point Poverty Alleviation
- ➞ Joining Actively into Social Welfare Activities



CARING FOR EMPLOYEES’ GROWTH

We stick to the concept of “Only Talents Prosperity can Make Business Flourishes”, safeguard the legitimate rights and interests of employees in accordance with law, strengthen the training and management of employees, respect the demand of employees balancing work and life, actively build the equal, non-discriminatory, democracy and harmonious development environment, achieve the common growth of company and employees.

Safeguarding Employees' Legitimate Rights and Interests

"Goal 8. Promote persistent inclusive and sustainable economic growth, promote full and productive employment and everyone has a decent job.

- By 2030, all the men and women, including the youth and the disabled, all achieve full and productive employment, get decent jobs and realize same work equal pay;
- Immediately take effective measures to ensure the prohibition and elimination of the worst forms of child labor, eradicate forced labor. By 2025, Terminate all forms of child labor, including recruiting and using child soldiers;
- Protect labor rights, and promote to create a safe and secure working environment for all workers, including migrant workers, especially migrant women and employment instability."

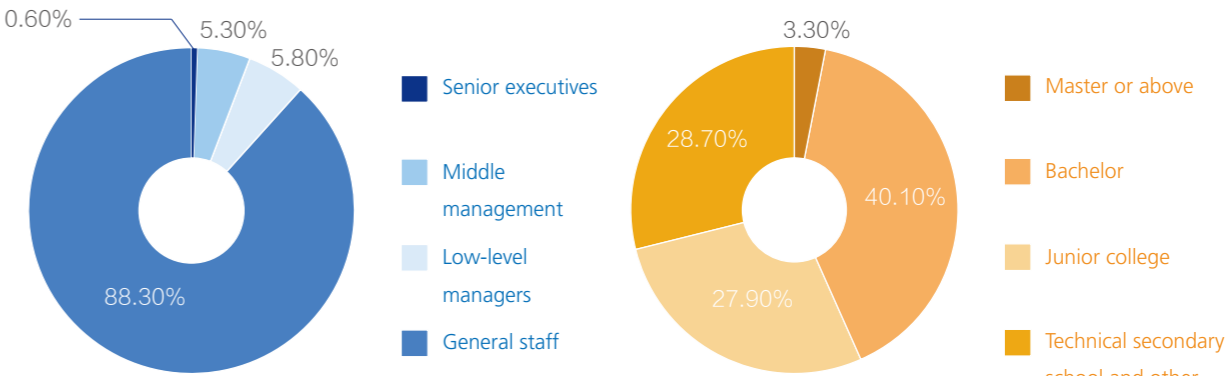
——The United Nations “Sustainable Development Agenda in 2030”

We strictly abide by the Labor Law of P.R. China and other laws and regulations, the international convention promised by Chinese government, international labor standards and law and regulations relating to preventing child and forced labour, ensure the legitimate rights and interests of employees in equal employment, career development, democratic participation and other aspects.

Equal Normative Employment

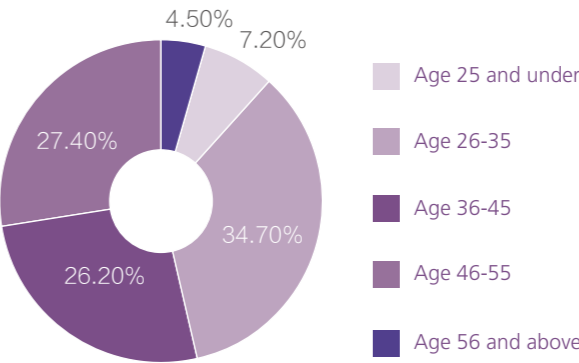
We stick to employment by law, adhere to the principle of “Open, Fair and Just” in recruitment and dismissal, in accordance with "COSCO SHIPPING Energy Transportation Co., Ltd Personnel Management Guide" , and put an end to any discrimination,advocates equal employment, applies same standards on pay scale,as well as reasonable working hours and holidays; clearly ban the use of child labor, oppose to the forced labor, and avoid any related violations occurrence. We focus on establishing harmonious labor relations, sign labor agreement with every employee, pay the social insurance according to the relevant provisions of the state and local, gradually improve the compensation management measures and performance evaluation mechanism of cadre, staff and crew, provide the salary and welfare fully matched with their values, and stimulate their endogenous driving force, in strict accordance with the "COSCO SHIPPING Energy Transportation Co., Ltd compensation management practices (Trial)" and other policies.

During the year ended 31 December 2016, we had 3368 employees, including 9 disabled employees, 140 minority employees, 108 new employees, 15 expatriate employees and 0 foreign employee.



Staff position structure of COSCO SHIPPING Energy

Staff academic structure of COSCO SHIPPING Energy



Staff age structure of COSCO SHIPPING Energy

Component of Employees’ Compensation			
Post wage and benefit wage	Age wage	Performance salary	Supplementary wage
↓	↓	↓	↓
Reflect different responsibility of various positions	Reflect difference of labor accumulation	Reflect the difference of labor contribution	Reflect national special treatment



Establishing and Improving Compensation and Welfare System

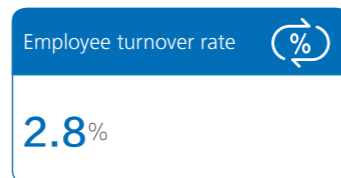
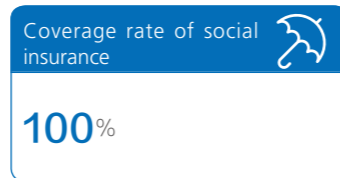
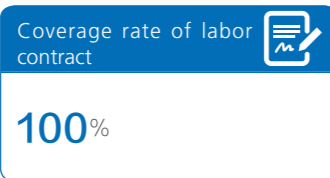
COSCO Shipping Tanker (Dalian) Co., Ltd regards talents as the most valuable wealth of enterprise, implement the post performance salary, adopt the method of “Payment by Post, Payment by Skills and Payment by Performance”, pay employee's salary according to their position grade, skills, qualifications and work performance, and allows employees value to win fully recognition and the fairest return.

Employees' Welfare Provided by COSCO Shipping Tanker (Dalian) Co., Ltd				
Training	Annual paid vacation	Social Insurance (endowment insurance, medical insurance, unemployment insurance, industrial injury insurance and maternity insurance)	On traffic accident damage insurance	Public accumulation fund for housing construction, enterprise annuity, healthy check-up, heating subsidies, lunch



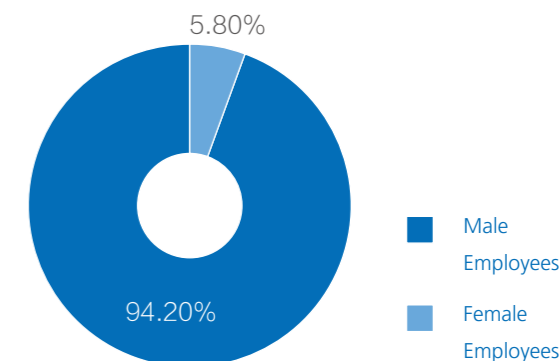
Launching the Seminar of “Keeping Seafarers' Rights and Owner's Interests”

To celebrate the 6th “Day of the Seafarer”, the Seminar of “Keeping Seafarers' Rights and Owner's Interests” was launched in the 5th floor of Ocean Plaza hosted by Liaoning Maritime Safety Authority and organized by COSCO Shipping Tanker (Dalian) Co., Ltd. The associate professor of Liaoning Normal University, maritime law Doctor Liwei was invited. He explained the labor contract, overtime pay, service time, social insurance and other matters related to crew's vital interests in detail, and introduced the legal risks that need to be avoided from the perspective of enterprises in signing labor contracts, the lowest salary, probation period, non-competition, rules and regulations, contract workers sent by enterprises and other aspects. Over 200 crew from 10 companies attended this seminar.



Focusing on Gender Equality

We respect the legal rights and interests and special benefits of female employees, establish female worker committee, launch female worker symposium regularly, understand their requirements and opinions, carry the Labor Protection Special Law of the Women Staff out seriously, implement the wedding leave, maternity leave and parental leave of female workers, focus on ensuring the return after parental leave of female workers, and guarantee the female workers enjoy equal rights with men in marriage, pregnancy, birth, breastfeeding promotion, rise, evaluation of professional technical titles and qualifications and other benefits, and ensure female workers' equal opportunities for development. In 2016, the return rate after parental leave of our female workers was up to 100%.



Employee Gender Structure of COSCO
SHIPPING Energy



Launching Essay Activities to Celebrate the “Women's Day”

To show female workers and the vast majority of the crew's family members and carry forward the spirit of their silently contribution for enterprise development, COSCO Shipping Tanker (Dalian) Co., Ltd launched the essay activities to celebrate the “Women's Day”, our ship shore workers responded actively, contributed article wholeheartedly, expresses their misses, worries, gratitude and blessings to their mothers and wife in narrative, prose, poetry and other literature, and the admiration for female colleague's hardwork. This activity won the consistent high praise of company ship shore staff, and further inspired the gathering strength of cadres and workers.



Encouraging Employees' Engagement

We attach great importance to the democratic management and the subject status of employees, establish and improve the workers congress system, the system of joint conference for staff and workers' congress, staff supervisor system, take labor union, workers congress and staff meeting as a platform for permanent communication with employees, solicit the reasonable suggestions from the grassroots widely, ensure all the employee's right to know about the company's handling plan in the form of a written feedback, and promote employees to participate in decision-making and management of company maximum furthest.

In 2016, we formulated the Detailed Rules for the Workers Congress of COSCO SHIPPING Energy, the Measures for the Management of Union Funds Balance of Payments of COSCO SHIPPING Energy, the Measures for Meals Management Committee of COSCO SHIPPING Energy and other systems; Launched the first Membership Representative conference, produced the first Labor Union Committee, the Review Committee, elected the chairman of Labor Union, the director of the review committee, the director of the Female Worker Committee, and improved the organization structure of the Labor Union.

In 2016, the construction rate of company labor union was 100%,and we received 18 employee suggestion schemes, and the scheme handling rate was 100%; we launched 3 employee seminars with 70 employees attending, solicited reasonable suggestions and made them effectively implemented.



We Launched the First Workers Congress and the Joint Conference for Staff and Workers' Congress

On July 8th, 2016, we launched the first workers congress and the joint conference for staff and worker's congress of COSCO SHIPPING Energy Transportation Co., Ltd, 37 representatives recommended by corporate organ, Shanghai Oil, Dalian Oil and Shanghai LNG attended this conference. The establishment of Labor Union was an important component of the reform and restructure of COSCO SHIPPING Energy, and marked the Labor Union of COSCO SHIPPING Energy stepped into the orbit of standardization and regularization.



Contributing Ideas and Exerting Efforts for 20 Key Problems

In 2016, we conducted the activities of "Contributing Ideas and Exerting Efforts for 20 Key Problems" among all employees. This activity was launched in online BBS, and there were 614 employees registering and discussing in 10 days (accounting for 80% of onshore employees), 1879 posts and comments. This big discussion inspired the enthusiasm of the staff involved in democratic management, created the atmosphere of promoting reform to deepwater area, and the new view and new atmosphere constantly sprung up.

Promoting Staff Development Ability

We take the staff growth and development as the first task of human resources management, improve the personnel training system and promotion management, strengthen staff training and cultivation, organize employee skills competition, and grow up together with staff hand in hand in the development of enterprises.

Clearing Career Development Channel

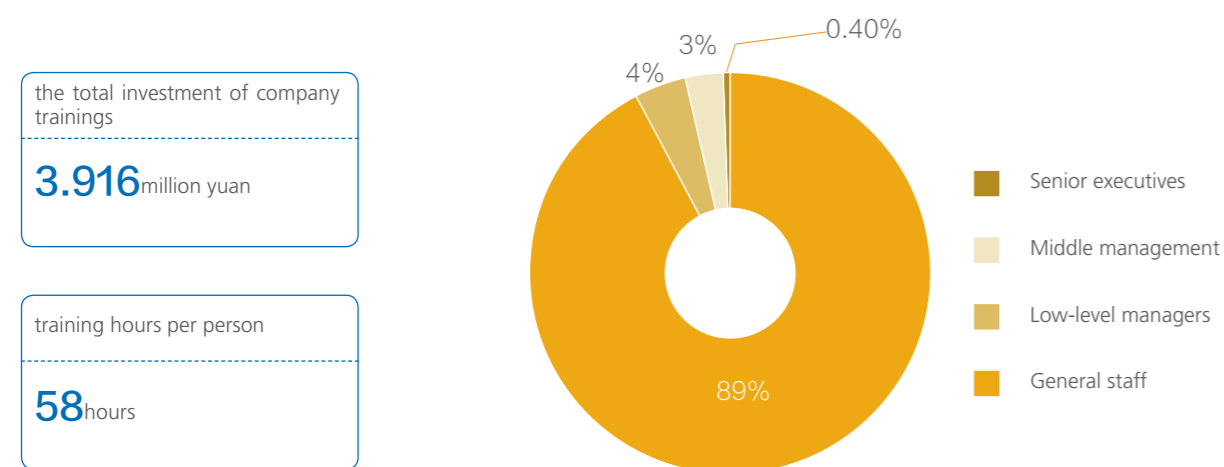
We broaden the talent development channels, provide professional talents with diversified growth options through cadre exit mechanism, dual-channel promotion mechanism of post and rank, breaking through the transformation of technology and management jobs and other methods, and ensure the capacities and specialties of employees can be given full play.

In 2016, we actively established talent pool of various fields, explored the professional manager system, strived to build a high-grade, expertised and advanced talent team in the fields of shipping operation, capital operation, marketing, ship management, party construction and other aspects, cultivated expert-type talents with solutions for complex problems in professional fields, and promoted the introduction plan of professional talents. Meanwhile, we strengthened the team construction of backbone crew, and built the first-class crew team matching the development of ship team advancing with the times to meet the development demand of fleet.

Improving Staff Training System

With the goal of talent development, we constantly improve the training work mechanism and training system, and optimize the training process. We promote the R&D on the training content, improve the course system, enrich training resources, improve training efficiency according to the business category, and conduct pertinent cultivation to employees through internal trainings, external trainings, autonomous trainings and other methods, and build a learning, knowledgeable, technical and innovative employee team.

In 2016, the total investment of company trainings was 3.916 million yuan. 284 times employees training had been conducted with 5109 employees attending and 58 training hours per person.



Staff Training Proportion of COSCO SHIPPING Energy at All Levels

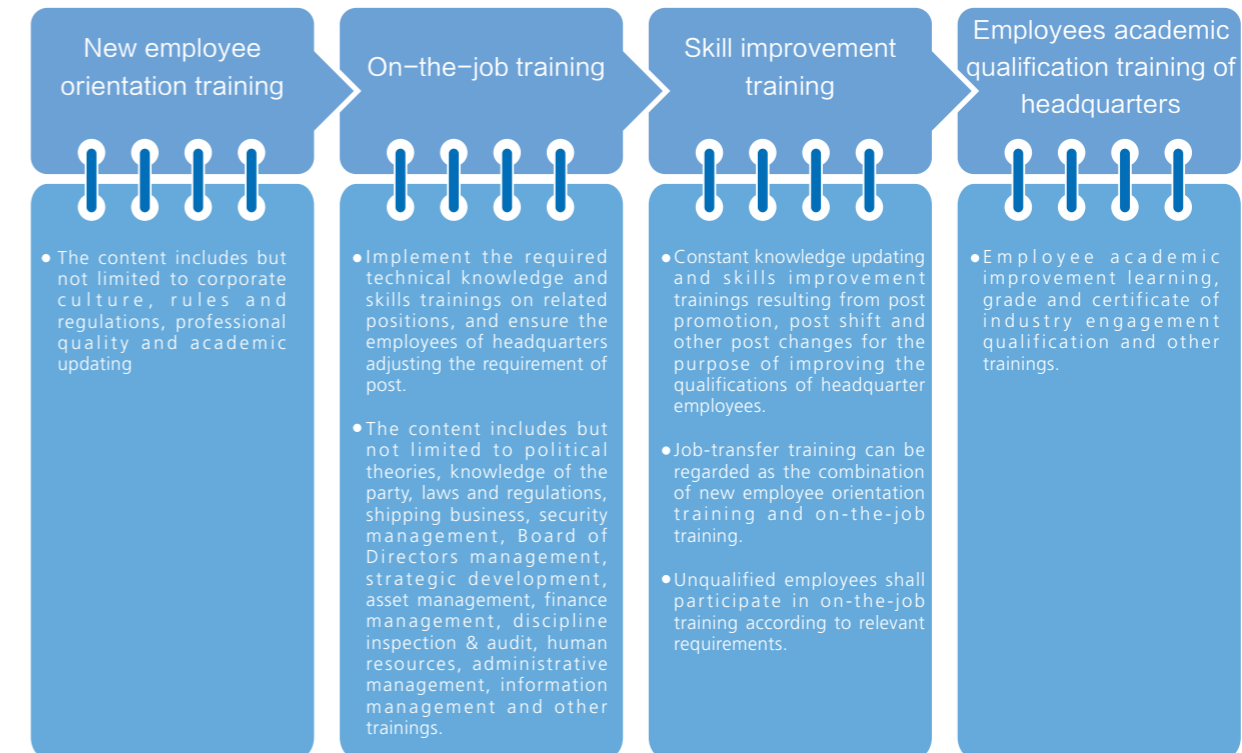


Table Employees Training Content System



Launching "Win-win Cooperation" Outward Bound

On every Friday of the period from October 14th, 2016 to December 6th, COSCO Shipping Tanker (Shanghai) Co., Ltd continuously organized employees and launched 4 times outward bounds. Each outward bound lasted for 3 days and 2 nights. During the trainings, everyone cooperated with each other and strived to overcome various difficulties, and completed many training projects including "Heading for Future Together", "Kapai Wind and Cloud", "Tower of Hanoi" and "Battle City", further strengthened the deep integration with land and shore employees, improved employees psychological quality and group cohesiveness, and enhanced the executive ability and innovation capacity.

"With outward bound, we deeply understand the importance of teamwork, rapport, cooperation, communication, inspiration, devotion, thanksgiving and trust. Every successful challenge cannot be without the support and help of team members, every action taken cannot be without our own courage and trust on others, every task completed cannot be without everyone's coordination and common effort."

— Employees of COSCO Shipping Tanker (Shanghai) Co., Ltd





Launching the Training Classes of Security Guards

To further improve the security guard response ability of ships and the security guard capacity of crew, from October 10th, 2016, to 13th, COSCO Shipping Tanker (Dalian) Co., Ltd held the 2016 training classes of security guards.

The outside experts and professional personnel of relevant departments were invited to this training class and gave onsite teaching and guidance. They mainly explained the related topics including ISPS performance trainings, the Gulf of Aden escort and ocean anti-terror measures, the international anti-piracy cooperation mechanisms, fire prevention knowledge and emergency trainings, and answered the security questions security guards met in their practical work. Over 40 employees ranging from captain, political commissar, chief engineer, boatswain to crew chief of frontlines attended the training classes.



Establishing and Improving Business Skills Training Mechanism of New Captains

Shanghai Oil requires that every new captain shall pass the shifting group training, and invites senior crew to attend onshore emergency exercise at least once in each year. Senior crew, especially captains, take advantage of senior crew seminar, the security management evaluation and other opportunities to receive the trainings.



Organizing Employees Skill Competition

We take the skill competition as one of the measures taken to cultivate and select the outstanding reserve-talented persons, actively organize the diversified labor skills competition, stimulate the enthusiasm of employees, and improve their professional capacities and comprehensive qualities.



Launching Skill Contest and Improving Crew's Quality

COSCO Shipping Tanker (Dalian) Co., Ltd attaches great importance to the skill trainings of the frontline crew especially the backbone crew. Through launching various skills competitions, we allow the frontline employees with excellent skills to display their capacities, and play a significant role in improving crew's comprehensive quality and adjusting the fleet development.

Skill contest of boatswain and crew chief

In September, 2016, we launched the skill contest of boatswain and crew chief in the crew training base. There were 55 boatswains and crew chiefs to participate in the 6 technology trainings of boatswains and 5 technology trainings of crew chiefs competitive projects respectively.



Skill contest of ship kitchen workers

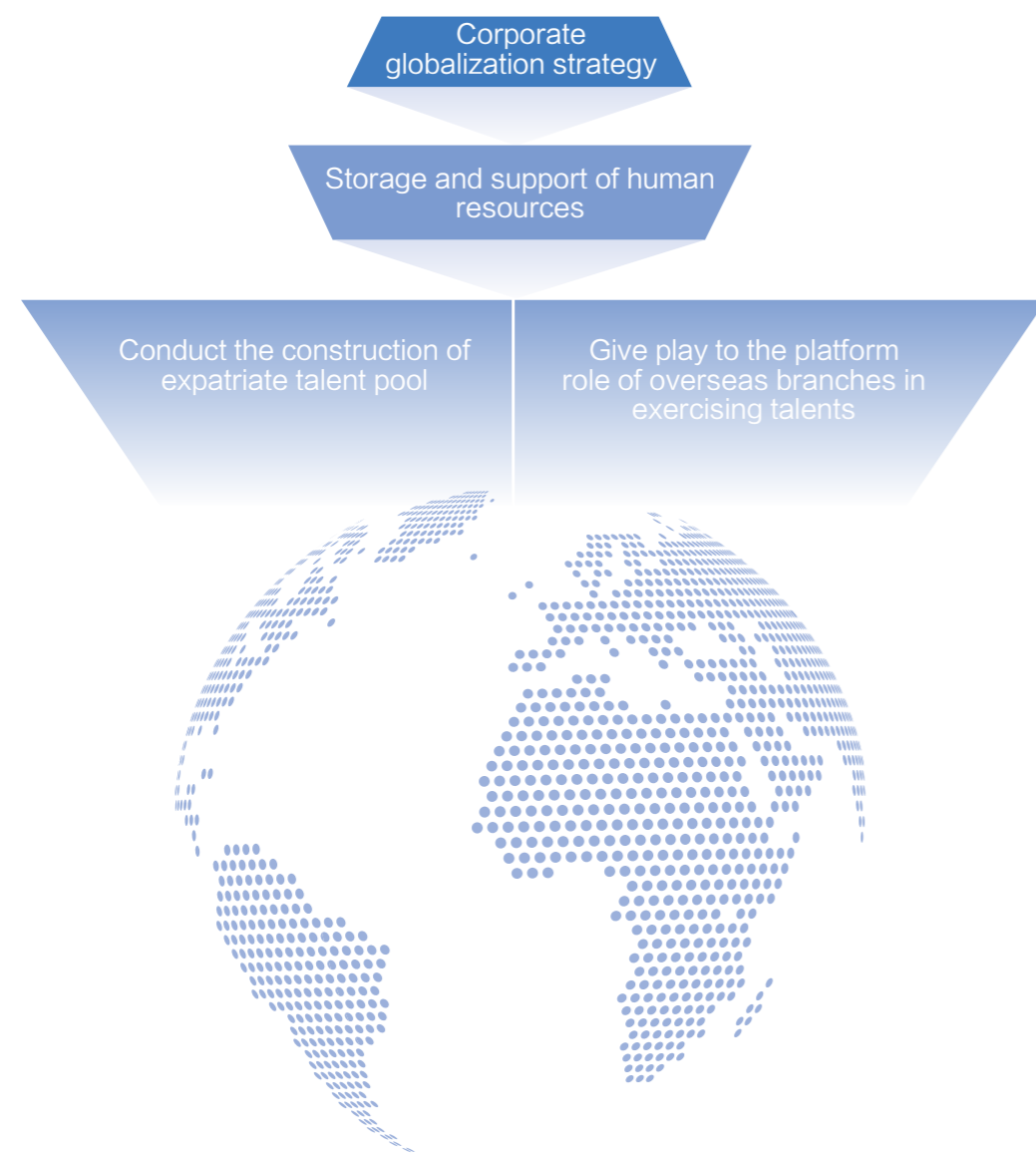
From July 4th, 2016 to 8th, we conducted kitchen workers training competition in training base. There were 26 kitchen workers from the frontline to attend this training contest. Judges has carried on the detailed evaluation score according to the rules of the game on the color, smell, taste, shape, knife skills, cooking finish and so on of players work, voted the awards of the three categories of cooking, pastries and comprehensive skills.



Cultivating Global Talents

We accelerate the talent pool construction of expatriate cadres, cultivate the international talents with hierarchy, category, plan and importance, gradually introduce the high-end, urgently demanded overseas operation management talents, strengthen the assessment on expatriate cadres, give full play the platform role of overseas branches in exercising talents, and provide the storage and support of human resources for company globalization strategy.

In 2016, we actively organized the selected examination on the talent pool of expatriate cadres. All the employees from the 5 departments of headquarters costal, ocean, operation, security and finance should complete the tests. There were 76 employees attending it in total. After several rounds of entrance exams and interviews, now there have been 13 employees entering into the expatriate talent pool of Group, and made a solid foundation for the UK and American business development and employees storage of overseas branches construction.



We Focusing on the Cultivation of Global Talents

Balancing Employees' Work and Life

We highly focus on the physical and mental health of employees, provide them with warm, happy and healthy work and living environment through focusing on occupational health, caring for employees, enriching cultural and sports activities and other methods, balance their work and life, and strengthen their loyalty and cohesion.

Focusing on Occupational Health

We strictly implement the relevant state regulations and standards on labor safety, provide employees with work conditions and places in accordance with labor security requirements, send out labor protection supplies, purchase medical insurance for employees, organize employees to have healthy check up regularly, improve employees' physical examination archives, help employees improve the ability of reducing psychological stress and emotional management through propaganda education, seminar, trainings and other methods, and build the stereoscopic defence for employees' health. In 2016, the coverage rate of employees' physical examination was 100%.

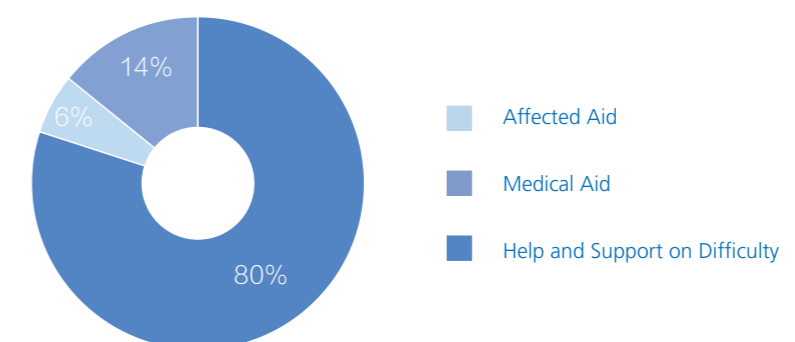


Organizing Onshore Employees to Have Physical Examination

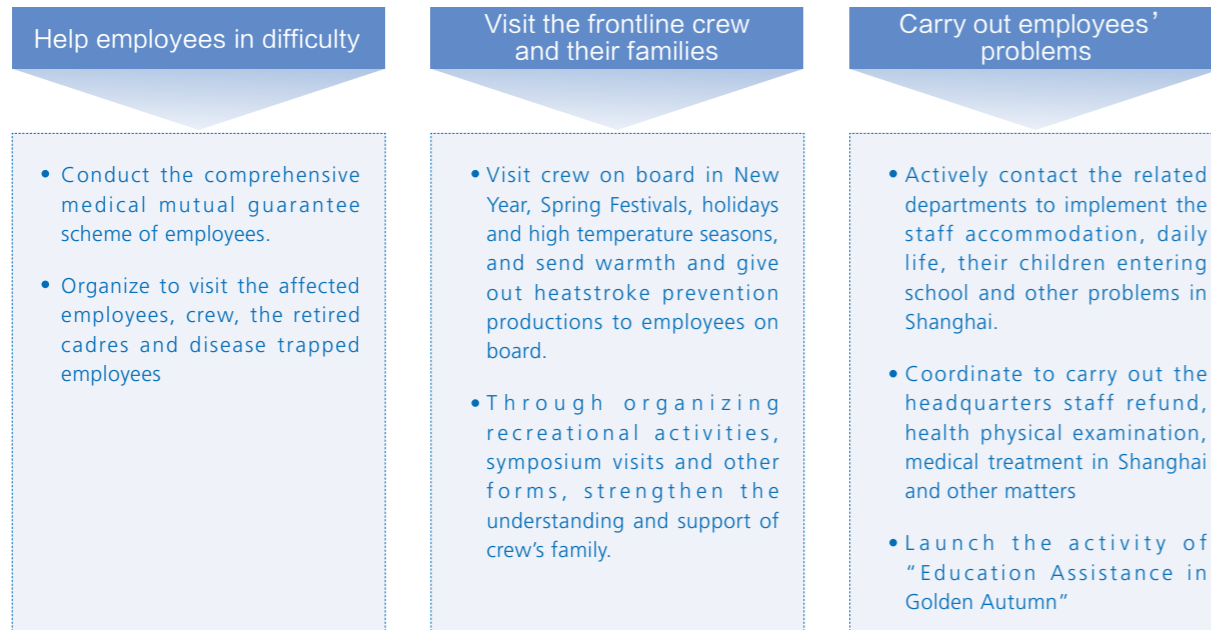
COSCO Shipping Tanker (Dalian) Co., Ltd has always highly focused on employees health, and arranges employees to have physical examination regularly with the concept of "People-oriented" and caring for employees, and propaganda the healthy hygiene knowledge through launching health lectures and other activities, which wins the wide support and praises of employees. Meanwhile, it provides driving force for further inspiring employees' enthusiasm and strengthening company cohesion.

Enhancing Caring for Employees

We continuously conduct the caring and visiting activities to employees and their family members, coordinate the work of dealing with various problems of employees in Shanghai through helping employees who are in difficulty and conducting visits to employees and their families, we strive to make company to become employees' "the Second Family", create better company environment, further strengthen their loyalty and cohesion as well as their families' acceptance and support. In 2016, we had helped 112 employees in difficulty and distributed 1129000 yuan in help and support.



Support Amount Distribution Proportion of COSCO SHIPPING Energy



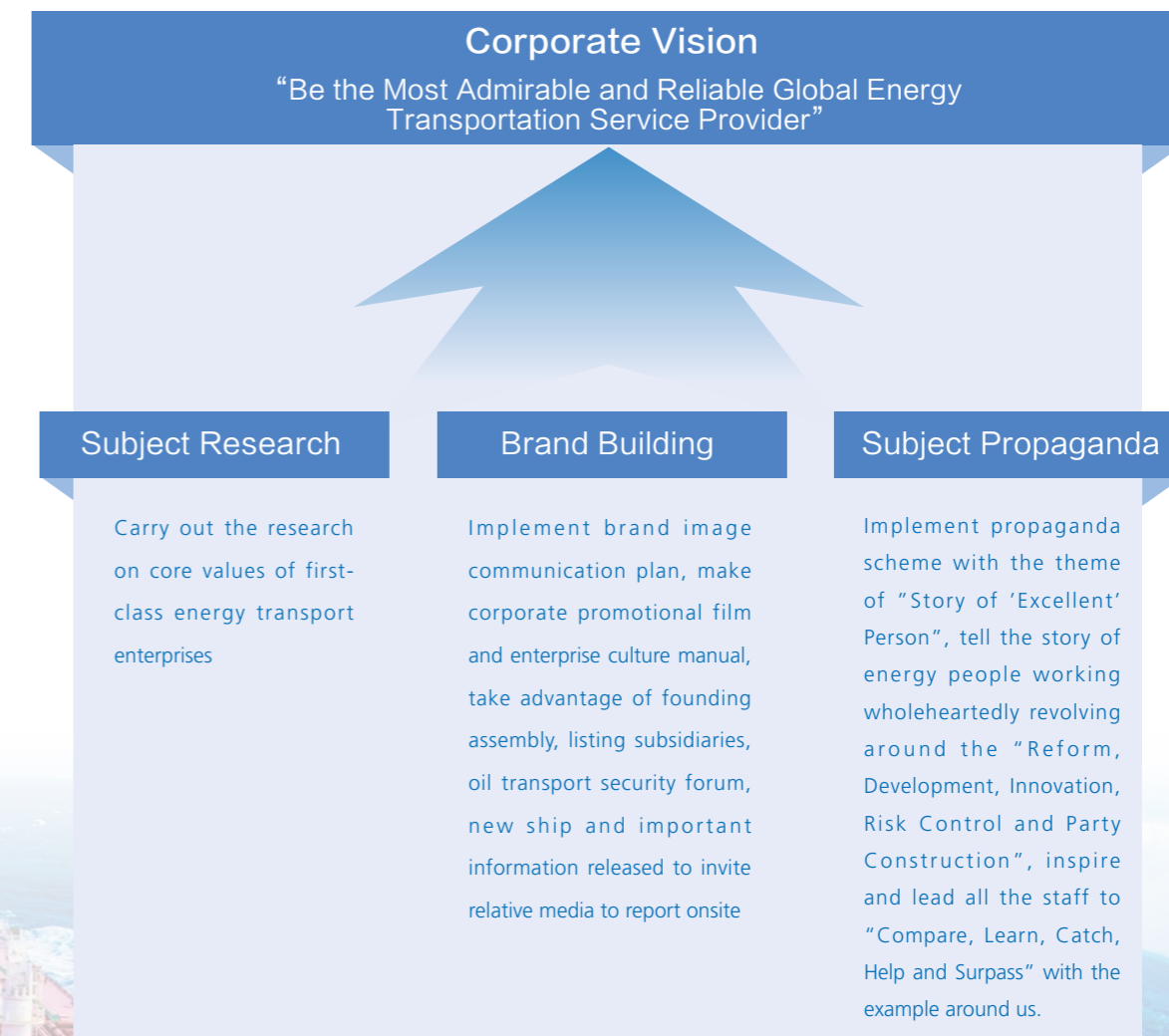
Organizing Director of Family Members Contacting Station to Launch Summer Beach Activities

In summer of 2016, COSCO Shipping Tanker (Dalian) Co., Ltd organized over 20 Directors of Family Members Contacting Station and crew from Liaoning, Shandong and other places to launch summer beach activities in Golden Mountain of Lvshun. Thank for their contribution and efforts they made to the crew's family, and hope they could be assurance, and continue to play a good bridge between company and crew.

"Company's caring and love to the crew and families is the most driving force to encourage them to do the director better."
 ——Director of Family Members Contacting Station

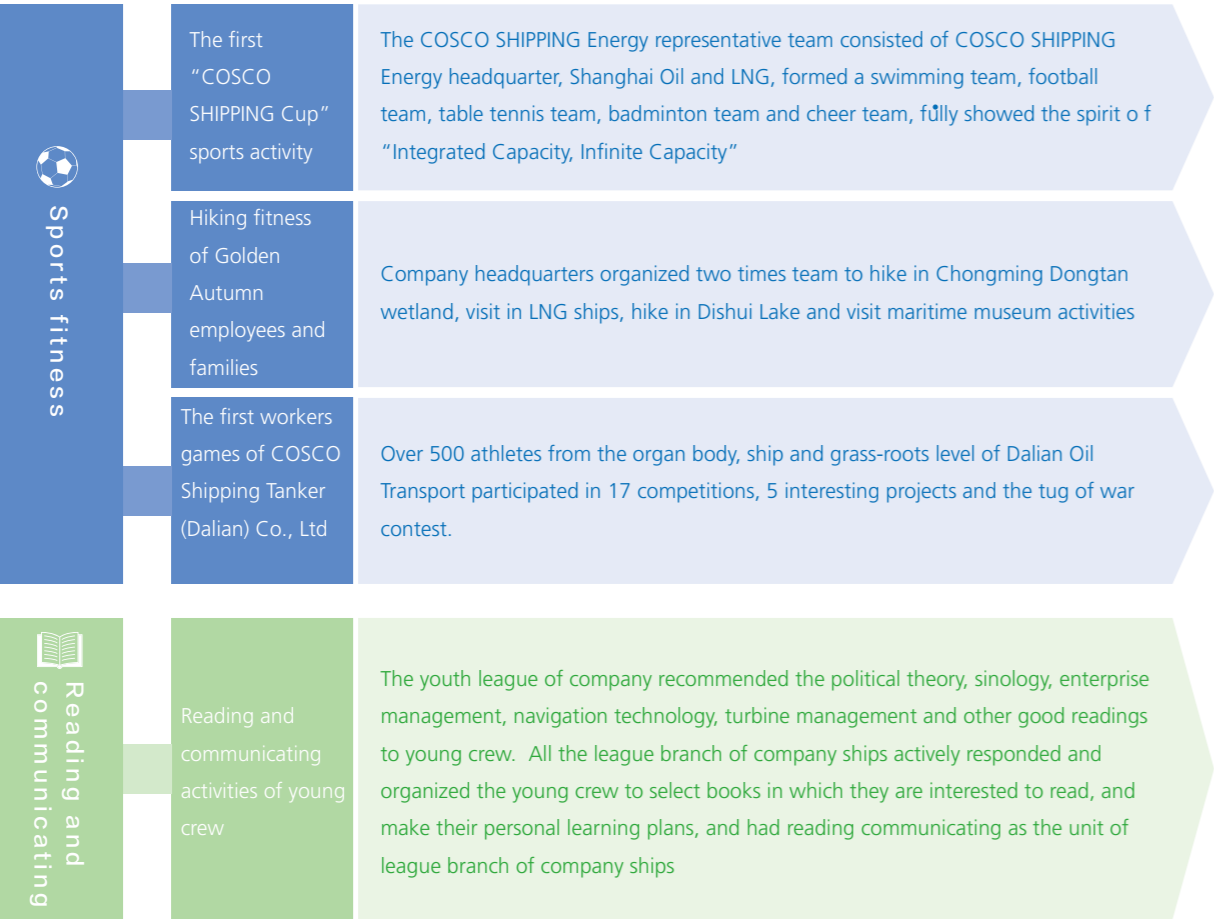
Building Corporate Culture

We take being "the Most Admirable and Reliable Global Energy Transportation Service Provider" as our corporate vision and propaganda it widely, implement corporate vision and value scheme internally and externally through subject research, brand building, subject propaganda and other means and channels, build corporate culture and strengthen company cohesion and centripetal force.



Enriching Employees’ Life

We encourage and advocate employees’ balance between work and life, launch various healthy and uplifting cultural and sports activities, enrich employees’ life, reduce their work pressure, and strengthen their coordination abilities and company cohesion.



Choosing Excellent Employees to Participate in Outside Training

The “second generation” youth talent cultivation project of Pudong new area co-hosted by the party committee, the human resources and social security bureau and the Youth League Committee of Pudong new area allowed more young talents to show on stage, develop with opportunity and create with incentives, cultivated and built a backup talents team for the second startup of Pudong new area. On November 1st, 2016, the 5th training class of the “second generation” youth talent cultivation project of Pudong new area was held officially. 1 youth representative attended in the study and communication of the 5th class, and had four months training revolving around the theme of “Innovation in Social Governance”.

LAUNCHING FIXED-POINT POVERTY ALLEVIATION

As the director unit of COSCO Shipping Charitable Foundation, we actively participate in the fixed-point poverty alleviation (Aiding Tibet) work plan of China COSCO Shipping Corporation Limited, earnestly implement the central requirements about poverty alleviation work and the project funding plan of 9 counterpart poverty alleviation (Aiding Tibet) counties including Luolong and Yongde in the “13th Five Year Plan”. According to the group's unified deployment, steadily push forward the poverty alleviation, through deploying cadres, providing funding support and other means, we take the assistance in education, assistance in infrastructure construction, Assistance in hygiene, economic product development and other assistance as the starting point, promote the self-development ability poor regions, and achieve the sustainable development.



JOINING ACTIVELY INTO SOCIAL WELFARE ACTIVITIES

We actively participate in salvage, cultivate future industrial talents together with stakeholders, and continuously promote the public welfare and employees voluntary activities. While make contributions in finance and human resources to the improvement of community living quality, we improve the external development environment and improve our sustainable development capacity.

Actively Participating in Salvage

We respect and focus on the public interests and fully carry forward the humanitarian spirit. Through participating in maritime search and rescue exercises, the formulation of sea rescue emergency plan and other means, we improve salvage skills, And in the critical moment that the human life, property and safety of other ships are seriously threatened, respond in the first time according to the coordination and arrangement of maritime search and rescue center, give a hand and build marine safety with all parties.



“Rongci Vessel” Participating in the Largest Maritime Search and Rescue Exercise

On May 19th, 2017, the “Rongci Vessel” of COSCO SHIPPING Energy participated in the largest maritime search and rescue exercise in Zhuhai Guishan island waters. This exercise was firstly adopted the method of combining the national level drill with onsite exercise. 42 units including the 19 ministries and commissions of the state power and its subordinate, Guangdong provincial government, Hong Kong and Macao SAR government and non-governmental forces cooperated to complete it. It used 35 ships, four aircrafts, over 1300 people, and had been the maritime search and rescue exercises with the most units and departments so far.

On the exercise day, the chemical ship acted by the “Rongci Vessel” had a collision accident. The cargo storage went into explosion and fire, which would cause serious influence on the life, property safety of the ship, the marine environment and the production and living of inland and island residents nearby. After explosion, all the crew of chemical ship immediately launched self-help action according to the ship's emergency response procedures. At the same time under the guidance of country's emergency assistance and company emergency response command group, we successfully put out the fire and avoided even greater calamities. In the exercise, the “Rongci Vessel” showed high level of training, completed all the courses required in this exercise with high quality and high standards.

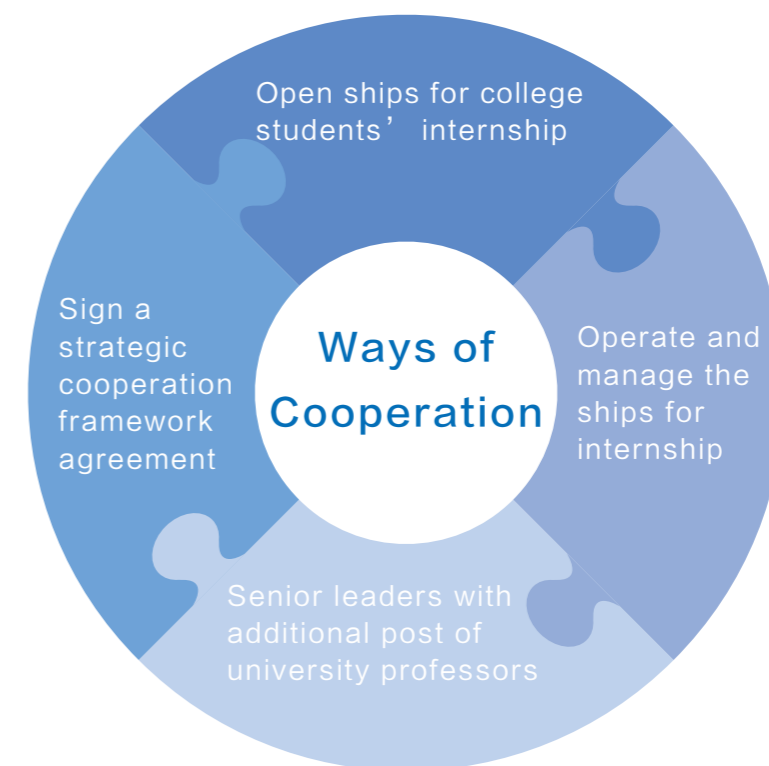
The performance of “Rongci Vessel” of COSCO SHIPPING Group reflected the first ship management level of COSCO SHIPPING Group, and also reflected the first-class emergency perform professional response and comprehensive qualities of general crew. Thanks very much for all your contributions to the successful completion of exercise.

—A Leader from State department of Transportation



Cultivating Industrial Talents Hand in Hand

We keep close cooperation with Jimei University, Shanghai Maritime University, Guangzhou Institute of Navigation and other navigation colleges and universities, and apply our own resources and excellent service on the cultivation of future qualified maritime talents through entering into cooperative agreements, open ships for college students' internship, senior leaders with additional post of university professors and other methods.



Joining Hands with Colleges and Universities to Strengthen Ship Bridge Resource Management (BRM) Training

COSCO SHIPPING Energy requires every direct affiliate to conduct simulator trainings on bridge resource management in approved onshore institutes for drivers on a regular basis, and constantly improve the bridge resource management ability and business skills. Dalian Oil Transport signed a long term agreement with Dalian Maritime University. 2 Bridge Resource Management Trainings are launched every year, and result of the training was positive.

Striving to Give Back to Society

We highly focus on people's livelihood, and proactively assume social responsibility, and we are actively involved in public welfare undertakings, launch the education assistance, voluntary service, environmental protection and other welfare activities, and give back to community.



“Setting Sail•Chasing Dream” Basic Education Public Welfare Project

In 2016, as the director unit of COSCO Shipping Charitable Foundation, we actively participate in the fixed-point poverty alleviation (Aiding Tibet) work plan of China COSCO Shipping Corporation Limited, and promoted “Setting Sail•Chasing Dream” basic education donation project in Anhua, Hunan province.

The “Setting Sail•Chasing Dream” basic education donation project was the charitable project launched by China COSCO Shipping Corporation Limited and implemented by COSCO Shipping Charitable Foundation. Since from 2007 to 2015, COSCO Shipping Charitable Foundation carried out 9 “Setting Sail•Chasing Dream” basic education donation projects in the primary schools of minority poverty areas, Lincang city, Yunnan province according to the principle of “Comprehensive Promotion, Outstanding Improvement and Students First”, invested 14.19 million yuan to purchase 31652 sets of desks and chairs for study, 2861 sets of desks and chairs for meals, 7182 sets of bunk beds, 2529 sets of office desks and chairs for teachers, 1035 sets of desks for teachers in 141 primary schools around the 6 countries of Lincang city. This project got the central financial support twice, and won the China charity award in 2009.



Desks Before and After Project Implemented



“Golden Belt” that Connecting Lujiazui Area

Lujiazui street is located in the core area of Lujiazui financial district and financial city in Shanghai free trade area. This region is clustered with more than 80 commercial office buildings, over 10000 companies, including more than 2700 Chinese and foreign financial institutions and over 0.2 million employees. Since 2015, the street has explored and formed the “Golden Belt” pattern of “Two Floor Linkage and Two Ends Expanding” to improve the efficiency and level of community governance. As the director unit of golden belt project, we actively participate in community innovation and serve its development.

“Love” on the Tip of Tongue

In 2016, COSCO Shipping Tanker (Shanghai) Co., Ltd invited employees to make manual biscuit, cake, nougat and other food for sale with the theme of “Love on the Tip of Tongue”. On March 4th, “Love on the Tip of Tongue” participated in the public welfare charity sale of brothers unit in No. 118 Yuanshen Road, and raised 1493 yuan love fund specially used for aiding the needy students.

“Lightening Wishes”

We actively participated in the “Lightening Wishes” Lujiazui young love public welfare action led by Lujiazui street, and respond to 1 or 2 New Year's wishes of Lujiazui community families' children every year, help children acquire gifts and present New Year greeting cards, and lighten their new year's wishes with love.







OUR COMMITMENT

2017 is an important year of the “13th Five Year Plan”, and will embrace the 19th congress of the Party. COSCO SHIPPING Energy Transportation Co., Ltd will be guided by the spirit of the central economic work conference, comprehensively implement work deployment of Group work conference, grasp the new normal economic development, revolving around the new energy strategy, target at the “Four Global Leading”, actively undertake the economic, social and environmental responsibility, improve sustainable competitiveness, and achieve the common development of enterprises and the economic society.

Development Goals	Work Direction
Lead sustainable development future	<ul style="list-style-type: none">• Enhance the level of value management and investor relations management, achieve the two-wheel driven of business development and capital operation• Further improve the system of information disclosure, and constantly improve the quality of corporate information disclosure• Integrate company information resources, eliminate information isolated island, strengthen the comprehensive data analysis ability, enhance the level of informationization• Start with the “Four Global Leading” strategic goals of “Operation Capacity, Business Structure, Security Marketing and Business Model”, launch the standard management in an all-round way
Promote industrial win-win growth	<ul style="list-style-type: none">• Promote the comprehensive fusion of the safety culture, concept, system and measures of energy system, establish the unified security management system in energy sector• Strictly implement the safety system, strengthen the implementation of production safety responsibility system and supervision management mechanism• Take shifting from the center of ship to provide customers with the entire high-end service as the reform direction, provide customers with one-stop service integrated with freight, dispatching, business and claims• Conduct customer manager system, take customers as the center to form a special team, stick to the forerunner of process, promote the reengineering and optimization of business process synchronously, improve the customer experience and service levels, achieve reunification of the marketing and customer service• Take providing across time zones, 24-hour uninterrupted customer service for global clients as the goal, highlight the geographical advantage of the network, provide the entire personalized service for big customers within the areas, achieve the comprehensive sharing of the customer service resources in energy sector• Deepen the exchange and communication within industry, expand industry upstream and downstream value, improve the supplier evaluation system, create the responsible and win-win supply chain
Commit to build green shipping	<ul style="list-style-type: none">• Improve environment management system, establish a sound system of energy conservation and emissions reduction• Promote the construction of low carbon fleet, realize saving energy resources consumption and reduce emissions with continuous ship management improvement and technology innovation• Promote the low speed navigation, and constantly improve solid, liquid waste and waste gas treatment• Advocate green new development model, and develop the energy-saving technology represented by LNG with high efficiency and low emission
Create bright life hand in hand	<ul style="list-style-type: none">• Solve the structural problems of talents, establish the market mechanism of talents selection and employment, explore the professional manager system, completes the internationalized talent development planning, promote the competition for a post and eliminate the last system• Establish and improve training system, optimize the allocation of compensation system, carry out the comprehensive assessment and evaluation system, establish long-term incentive mechanism, and improve the use efficiency of company human resources• Strengthen democratic management, promote caring employees, improve employee demand response mechanism• Improve sea rescue management work, enhance the emergency response ability and the ability of resource allocation, and help to ensure the safety of maritime• Counterpart support and the poverty alleviation work promote regional economic and social development• Hold the concept and spirit of voluntary service deep inside, innovate and improve the volunteer service organization pattern, and promote the normalization, standardization and institutionalization of voluntary service

KEY DATA

Category	Index	Unit	2016year	
 Economic Performance			A stock	H stock
	Total assets	0.1 billion yuan	580.22	580.22
	Operating income	0.1 billion yuan	130.06	125.20
	Net profit	0.1 billion yuan	19.55	19.34
	Self-owned ships	set	105	105
	Gross tonnage	10 thousand DWT/10 thousand cubic meters	1468/17	1468/17
	Volume of freight	0.1 billion tons	10365	10365
	Rotation volume of freight transport	0.1 billion tons	3479	3479
	Volume of crude oil shipment	10 thousand tons	9496	9496
	Volume of refined oil shipment	10 thousand tons	855	855
	Average boat age	year	7.6	7.6
	Number of total suppliers	Unit	666	666
	Number of total suppliers	Unit	106	106
	Mainland suppliers	Unit	560	560
 Environment Performance	Environment Performance	ton	67863.0189	
	The unit turnover emission of nitrogen oxide	kg/thousand ton miles	0.1935	
	The amount of sulfur oxide emission	ton	46802.082	
	The unit turnover emission of sulfur oxide	kg/thousand ton miles	0.1335	
	The amount of greenhouse gases emission	ton	2540573.018	
	The unit turnover emission of greenhouse gases	kg/thousand ton miles	7.2441	
	The amount of carbon dioxide emission	ton	2425907.917	
	The unit turnover emission of carbon dioxide	kg/thousand ton miles	6.9172	
	The amount of oil pollutant emission	ton	63641	
	Oil content of oil pollutant	ton	10930	
	The amount of hazardous wastes emission	ton	368.135	
	The unit turnover emission of hazardous wastes	kg/thousand ton miles	0.001	
	The amount of non-hazardous wastes emission	ton	10376.89	
	The unit turnover of non-hazardous wastes emission	kg/thousand ton miles	0.0296	
	Total energy consumption (electricity, gas and oil)	10 thousand standard coal	1115364.6	
	The unit turnover of energy consumption	Ton standard coal/thousand ton miles	3.1803	

	Unit oil consumption	10 thousand tons	79.34
	Unit oil consumption	kg/thousand ton miles	2.28
	Oil and gas conservation	ton	-10477
	Lubricating oil consumption	ton	6704.38
	Total water consumption	cubic meter	142519
	Water conservation	cubic meter	161607
	The total office water consumption	ton	6000
	The total office electricity consumption	degree	685000
	The total fuel consumption of official vehicles	liter	69233
 Social Performance	Total number of employees	person	3368
	Number of expatriate workers	person	15
	Number of new employees	person	108
	Number of minority employees	person	140
	Number of the disabled	person	9
	Coverage rate of labor contract	%	100
	Coverage rate of social insurance	%	100
	return rate of parental leave	%	100
	Total investment in trainings	10 thousand	391.6
	Times of employees' trainings	Term	284
	Training hours per person	hour	58
	Customer Satisfaction	%	100
	Number of Customer Complaints	piece	11
	Complaints Handling Rate	%	100
	Customer Satisfaction	%	100
	Number of Customer Complaints	piece	1
	Complaints Handling Rate	%	100
	The supplier audit coverage	%	85
	The passing rate of zero defect annotation	%	75.30
	success rate of preventing typhoon	%	100
	The success rate of anti-piracy	%	100
	ISPS passing rate of checkup	%	100
	Potential safety hazard checking and controlling activities	Times	12

APPENDIX

ESG Guidance Table

Subject Areas, Aspects, General Disclosures and KPIs				Page
	"Comply or explain" Provisions	Recommended Disclosures		
A. Environmental				
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		/	P42、P43、P45
	KPI A1.1	The types of emissions and respective emissions data.		P45
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P45
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P45
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	/	P45
	KPI A1.5	Description of measures to mitigate emissions and results achieved.		P45、P46
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.		P45、P46
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		/	P43、P44、P49
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).		P49
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		P73
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	/	P45、P46、P47、P48、P49
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		P45
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		Not suitable
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		/	P45
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		P45

Subject Areas, Aspects, General Disclosures and KPIs				Page
	"Comply or explain" Provisions	Recommended Disclosures		
B. Social				
Employment and Labour Practices				
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	/		P52、P53、P54
		KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	P52、P53、P55
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P54
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	/		P26、P27、P63
		KPI B2.1	Number and rate of work-related fatalities.	P26
		KPI B2.2	Lost days due to work injury.	P26
		KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P 2 7 、 P 3 0 、 P31、P63、P64
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	/		P58
		KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P58
		KPI B3.2	The average training hours completed per employee by gender and employee category.	P58
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	/		P50、P52
		KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P52
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Not suitable

Operating Practices				
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	/		P39、P41
		KPI B5.1	Number of suppliers by geographical region.	P41
		KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P41
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	/		P32、P35、P37
		KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not suitable
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P34
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P34
		KPI B6.4	Description of quality assurance process and recall procedures.	P36
		KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P34、P37
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	/		P16
		KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P16
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P16
Community				
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	/		P67、P68
		KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P64、P66、P67、P68、P69、P70
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P63、P70

Comparison Table of the Ten Principles of UN Global Compact

Main disclosure level and principles		Disclosure of the position
Human Rights	(1) Enterprises should respect and maintain the internationally recognized human rights	P52
	(2)Never participate in any behavior that disregard for or abuses human rights	P52
Labor Standards	(3) Enterprises should maintain the freedom of association, and accept the rights of bargaining	P56
	(4) Eliminate all forms of forced labor radically	P52、P54
	(5)Eliminate child labor	P52
	(6) Put an end to any discrimination in employment and industry	P52
Environment	(7) Companies take precautions to deal with environmental challenges	P43-P49
	(8)Take the initiative to increase the responsibility of environmental protection.	P43-P49
	(9)Encourage the development and promotion of harmless environmental technology	P46-P48
Anti-Corruption	10)Enterprises should oppose all forms of corruption, including extortion and bribery	P16

About the Report

Report Scope of Time

This report is from January 1st, 2016 to December 31, 2016 (including reconstruction). Part of contents is beyond the scope above.

Report Scope of Organizations

COSCO SHIPPING Energy and its subsidiaries. To facilitate elaboration and reading, “COSCO SHIPPING Energy Transportation Co., Ltd” is short for “COSCO SHIPPING Energy” and “we”. “COSCO Shipping Tanker (Shanghai) Co., Ltd” is short for “Shanghai Tanker”; “COSCO Shipping Tanker (Dalian) Co., Ltd” is short for “Dalian Tanker”; “COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd” is short for “Shanghai LNG”.

Release Cycle of Report

Every financial year. This report is the first social responsibility report released after COSCO SHIPPING Energy restructured.

Report data description

All information and data included in this report come from the official documents and related statistics of COSCO SHIPPING Energy.

Report Reference Standard

Environmental Information Disclosure of Listed Companies of Shanghai Stock Exchange Guidelines, the Annex II Compilation Guidelines of Company Performing Social Responsibility Report of No.1 Annual Report of Listed Companies in 2009 Memos, Hong Kong Stock Exchange Environment, Social and Governance Reporting Instructions(2016), the United Nations Global Compact 10 Principles, International Organization for Standardization, ISO26000 Guidance on Social Responsibility(2010), Global Reporting Initiative Sustainability Reporting Guidelines (GRI4.0).This report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Release Form of Report

The report is released with the two forms of print and online publication, and the search and download of online publication link is: <http://www.coscoshippingenergy.com/>

Report Language Version

This report has the 4 versions of full version (Chinese Simplified, Traditional Chinese, English version) and Chinese simple version. If any questions, the Chinese Simplified version shall prevail.

Report Obtaining

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Readers’ Feedback

Dear Readers,

Thanks very much for reading “COSCO SHIPPING Energy Corporate Social Responsibility 2016”. Flaws and omissions are hard to avoid in the process of writing this report. We are looking forward to your valuable suggestions and give feedbacks to us so as to help us improve further.

Thank you.

COSCO SHIPPING Energy Transportation Co., Ltd

March 28th, 2017

Multiple Choice Questions (please tick √ in the corresponding position)

(1) This report comprehensively and accurately reflects the significant impact of COSCO SHIPPING Energy on economy, society and environment?

☐ Best ☐ Better ☐ General ☐ Worse ☐ Worst

(2) The response and disclosure of this report to the stakeholders’ concerns ?

☐ Best ☐ Better ☐ General ☐ Worse ☐ Worst

(3) Is the information, index and data disclosed in this report clear, accurate and complete ?

☐ Best ☐ Better ☐ General ☐ Worse ☐ Worst

(4) The readability of this report, i.e. the logic thread, content design, language and words and format design ?

☐ Best ☐ Better ☐ General ☐ Worse ☐ Worst

Open Questions

What do you think is the part of this report that makes you most satisfied?

What ‘s your advice on our social responsibility report released in future?



This report is made from environmentally
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