



## 2018 Sustainability Report

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## Time frame

January 1, 2018 to December 31, 2018

## Organization Name

COSCO SHIPPING Holdings Co., Ltd.

## Release Cycle

The Social Responsibility Report is released annually. The previous version was issued in March 2018, and the issue date of this Report is March 2019.

## Guidance

This report is in line with the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and is based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards and prepared by referencing the Core option.

## Scope

The Report covers two first-tier subsidiaries (COSCO SHIPPING Lines Co., Ltd. and COSCO SHIPPING Ports Limited) as well as their affiliates in the financial statements. Should there be any exceptions, there will be description of specific statistical methods and data dimensions in the corresponding chapters.

## Definitions:

For the sake of readability, in this Report, COSCO SHIPPING Holdings Co., Ltd. is referred to as "COSCO SHIPPING Holdings", the "Company" or "We", China COSCO SHIPPING Corporation Limited is referred to as "COSCO SHIPPING Group" or the "Group", COSCO SHIPPING Lines Co., Ltd. is referred to as "COSCO SHIPPING Lines" or "CSL", COSCO SHIPPING Ports Limited is referred to as "COSCO SHIPPING Ports" or "CSP", Orient Overseas (International) Limited is referred to as "OOIL".

## Data

The data employed in this Report are from open government outlets and internal statistical reports of COSCO SHIPPING Holdings, as well as third-party investigations, interviews and other sources.

## External Assurance

We invited DNV GL as the assurer to ensure the accuracy, balance, comparability, timeliness, clarity, and reliability of the Report.

## Access

Chinese and English digital versions of the Report are available on [www.hkex.com.hk](http://www.hkex.com.hk) or [www.chinacosco.com.cn](http://www.chinacosco.com.cn).

## Contact Information

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## Special Note

The economic data involved in this report is consistent with the data published in 2018 COSCO SHIPPING Holdings' Annual Report, which means the data here is based on COSCO SHIPPING Lines, COSCO SHIPPING Ports and OOIL (COSCO SHIPPING Holdings acquired OOIL in July of 2018) and will be indicated by footnote in the report; for other data, if not listed in footnotes, do not include OOIL. OOIL's 2018 ESG Report can be downloaded from: <https://www.oocl.com/schi/Pages/default.aspx>. The ESG Report Guidelines Index can be found in the Report verification and index table part.



First of all, I would like to announce to you the 2018 Sustainability Report of COSCO SHIPPING Holdings. In the past years, COSCO SHIPPING Holdings has been adhering to the concept of sustainable development, not only formulating corresponding sustainable development goals and strategies, but also ensuring that it operates in accordance with sustainable development policies in the course of actual operations, we hold responsible business attitude to expand business, respond to challenges from the whole society and global business activities. At the same time, we focus on the requirements and expectations of stakeholders, maintain communication with stakeholders during the business process, listen to and adopt their opinions, and commit to prioritize the interests of stakeholders.

2018 is a milestone in the history of COSCO SHIPPING Holdings' development. The company successfully acquired OOIL in July. The acquisition effectively integrates the global network advantages of COSCO SHIPPING and OOCL<sup>1</sup>. It is conducive to giving full play to the synergy effect of both parties, which is conducive to providing customers with more abundant product choices and allowing customers to enjoy a better service experience.

COSCO SHIPPING Holdings has long adhered to the concept of sustainable development, and promoted the recognition and intrinsic value of the company through sustainable development management. While striving to improve its management, it also pays attention to social responsibility, attaches importance to the cultivation of employees, pursues green navigation, and creates a low-carbon port. In order to promote the continuous improvement of internal management, we are committed to becoming a respected and trustworthy multinational shipping company.

The development of the company depends on the efforts and support of all employees. As a good corporate citizen, we must reflect the highest standards of business conduct in our business. We have always understood that this is done by treating our employees well. We strictly abide by relevant ethical standards and codes, respect and protect employees' rights, and we are committed to providing employees with a more harmonious and comfortable working environment and pay attention to their physical and mental health. On an international scale, we are committed to creating a diverse work environment and actively hiring local employees. In terms of safety production, we also continue to strengthen safety and security work, require employees to participate in regular safety training activities, and regularly conduct safety drills to implement corporate safety and security policies, consolidating the commitment to work environment safety.

The company is committed to practicing green operations, actively participating in environmental protection initiatives, and actively responding to various environmental challenges, including global warming, air pollution, biodiversity loss, marine ecological damage and energy consumption. In the daily business process, the company applying innovative management methods and technologies for energy conservation and emission reduction to reduce the environmental impact of business operations, we are committed to meeting current and future environmental requirements and minimizing the environmental impact of our operations.

In addition, the company has always attached great importance to caring for the society, in order to give back to all stakeholders in the society related to our business.

. In addition to the contribution of environmental protection, we also actively participate in community activities such as street volunteers and poverty alleviation and other charitable projects, strengthen contact with the community, and promote social harmony.

Based on the company's unremitting efforts in serving global economic development and social responsibility, the company's brand image and market recognition have steadily increased. In May 2018, the company's A shares and H shares were included in the MSCI China index; in September, the company's H shares were selected into HSSUSB; in October, the company was selected by Forbes magazine's 2018 world's best employer List; In November, the company won the Hong Kong "Ta Kung Pao" Golden Bauhinia "Belt and Road" best practice listed company awards;

in January 2019, the company was listed in the first "New Fortune Best Listed Companies" selection of TOP50 company list.

Looking forward to 2019, we will continue to adhere to the concept of sustainable development and expand our business. Through regular review and promotion of sustainable development goals and strategies, we will reduce corporate risk while fulfilling corporate social responsibility, and while caring for our employees, we will focus on environmental protection and contribution to society are committed to economy and environment aspects to enhance our performance. In the future, we will continue to focus on the expectations and requirements of stakeholders, keep strengthening communication with them, make contribute to sustainable business, and create value for the development of society.

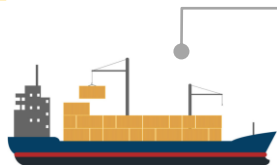
邵东

Note: Footnote1: OOCL is the abbreviation of Orient Overseas Container Line Limited, which is wholly owned by OOIL.

# 2018 Data disclosure

During 2018, our revenue amounted to RMB 120.34 billion<sup>1</sup> RMB, with an annual profit of RMB 3.03 billion<sup>2</sup>. We spent RMB8.87 million<sup>3</sup> on poverty alleviation projects.

## Economic Data



Total routes operated

425 routes<sup>7</sup>

Total countries and districts covered

100<sup>8</sup>

## Container Business

OOCLL owned

101 ships

Total Ships

477<sup>4</sup>

COSCO SHIPPING Lines owned

376 ships

Total capacity

2,758,813 TEU<sup>5</sup>

Total ports covered

329 ports<sup>9</sup>

Achieved a total container freight volume

21,791,911 TEU<sup>10</sup>



Container fleet ranked (according to Alphaliner capacity ranking)<sup>6</sup>

Third in the world

## Container Terminal Business



Operates

283 berths

Covering

36 ports

Annual handling capacity

106 million TEU

Total throughput

121,196,404 TEU<sup>11</sup>

Global market share (according to the 2018 Drewry report)

12.2%, First in the world

Equity throughput (according to the 2018 Drewry report)

4.7%, Fifth in the world



## Environmental Data



Usage of petrol

19.96 tons

Usage of unguent

11,698.8 tons

## Container Business

Discharged oily water

76,251 tons

Emission of CO<sub>2</sub>

16,014,898 tons

Emission of NO<sub>x</sub>

463,453 tons

Emission of SO<sub>x</sub>

308,969 tons

Usage of Household wastewater

38,878 tons



## Container Terminal Business

Usage of natural gas

406,976 m<sup>3</sup>

Emission of CO<sub>2</sub>

525,565 tons

Usage of diesel

55,577,110 L

Discharged solid chemical waste

2,968,798 kg

Discharged liquid chemical waste

319,296 tons

Usage of petrol

926,344 L

Oil leakage accident

0

No. of injured employees

95



## Social Data

Note: Footnote1,-11: The amount is consistent with the data published in the 2018 annual report of COSCO SHIPPING Holdings, which took account of OOIL.



# Company Introduction

## About us

COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"), a subsidiary of COSCO SHIPPING Corporation Limited ("COSCO SHIPPING Group"), which holds 45.47% equity interests of COSCO SHIPPING Holdings, was set up on March 3, 2005, headquartered in Shanghai. COSCO SHIPPING Holdings successfully listed on the HKEX on June 30, 2005 (Stock Code: 01919), and on Shanghai Stock Exchange on June 26, 2007 (Stock Code: 601919). We are committed to becoming one of "the world's first-tier container shipping and

wharf investment management suppliers". Currently we hold 100.00% shares in COSCO SHIPPING Lines and 47.61% shares in COSCO SHIPPING Ports, 75% shares in OOIL and 100% shares in China COSCO (Hong Kong) Limited<sup>1</sup>.

## Value concept of the Company

The Company takes "creating of value for customers and the society" as its obligations. It



performs its social responsibilities as a corporate citizen with people as the basis, market as the orientation, technology as the measure and benefits as the center, and insists on double-wheel drive of production operation and capital operation. It expands international shipping business, actively expands terminal industry, and cultivates and enlarges the container leasing business. It promotes the transformation from a comprehensive shipping enterprise into a leader in shipping and logistical cluster, and from a transnational operation company into a transnational company and a global company, so as to fulfill the better, faster and sustainable development targets. In the meanwhile, we ask our employees to be honest, patient and adhere to our national laws, regulations, ethics, and professional ethics and maintain the company's image.

world that mainly engages in container terminal operations with the principle of "The Ports for All".

## Significant changes in reporting period of the Company

On July 7, 2017, COSCO SHIPPING Holdings (through its affiliated companies) and Shanghai Port Group (BVI) Development Co., Limited jointly commenced a cash tender offer for the outstanding shares held by all the shareholders of OOIL, a public company listed on the Main Board of the Hong Kong Stock Exchange. On August 7, 2018, the payment of consideration have all been completed. After the transaction, the shipping capacity of COSCO SHIPPING Lines will increase to the third place in the world.

In 2018, according to the reform plan of the crew management system of COSCO SHIPPING Group, the subsidiaries planned to delivery more than 6,000 crew members to COSCO SHIPPING Seafarer Management Co., Ltd. The newly established crew company has built a professional modern shipping crew management system to provide services through measures such as improving crew quality, improving crew income, improving ship management, and reducing ship management and crew costs.



★ In January 2018, COSCO SHIPPING Holdings was honored as a Most Socially Responsible Listed Company by Zhihong Caijing in the 2017 Golden Hong Kong Stocks Awards contest.

★ In April 2018, it won the honor of Best IR Hong Kong Listed Company in the 14th New Fortune Hong Kong Listed Company IR Ranking.

★ On May 15, 2018, the A-shares and H-shares of COSCO SHIPPING Holdings were officially included in the MSCI China Index.

★ On September 4, 2018, it was included as a member of the Hang Seng Corporate Sustainability Index Series.

★ On October 11, 2018, Forbes listed the Company among the World's Best Employers 2018.

## Our supply chain

We as a member of the shipping industry, which mainly focuses on container transportation and terminal business, our upstream industry mainly has shipping related and petrochemical industries. The former mainly provide shipbuilding and ship repair services for us. The latter mainly provides fuel and engine oil for us. Our downstream is mainly concentrated in domestic and foreign trade business, involving steel, chemical, consumer goods and



## Early warning mechanism

We focus on the risk management. In order to further promote the prevention of risks and unknown losses, we established an early warning mechanism, including: early warning of changes in assumptions in the process of formulating strategic objectives; uncertain tracking warning in the process of risk assessment; external environmental volatility risk and warnings of risk preference and tolerance.

## International initiative

The Company participated in activities of CCWG (Clean Cargo Working Group) affiliated to BSR (Business Social Responsibility). We have been adhering to the CCWG's mission to actively report on the emissions of carbon dioxide, sulphides and nitrides based on our global routes, making comparison with the industry average level to help understand our environmental performance and discover space for improvement. Besides, this provides reference for the container transportation customer and cargo transportation agent in the process of their evaluation of suppliers. At the same time, we are also a member of WPCI (World Ports Climate Initiative). We have participated in the environment ship index ESI certification initiated by it since 2012, and in the last two years, we were rewarded RMB 6 million due to our participation of ESI.

## Member of the association

COSCO SHIPPING Lines affiliated to the Company is a member of following international organizations: IADA, TSA, WTSa, CTSA, CWTSA, IRA, AADA, TFA, WSC, Box Club, World Shipping Council, etc. It is also a member of 44 domestic organizations including China Shipping Society (standing councilor), Shanghai Association of Traffic and Transportation (vice president unit), Shanghai Navigation Society (vice councilor and councilor), Container Shipping Committee of China Navigation Society (director member), China Ship-owners Association (standing councilor, councilor), Shanghai Ship-owners Association (vice president unit),

COSCO SHIPPING Ports is also a member of more than 20 associations and organizations, such as Business Environment Council (special councilor member), China Free Trade Zone and Export Processing Zone Association (executive councilor), China Port Association (vice councilor), Container Branch of China Port Association (vice president), China Port Association (councilor), Hong Kong Investors Association (member), etc.



★ On December 5, 2018, it was honored as a Best Belt and Road Initiative Practice Listed Company in the China Securities Golden Bauhinia Award.

★ On December 11, 2018, it was included on the list of Hong Kong Stock Connect Growth Company Rankings in the 2018 Golden Wing Awards hosted by the Securities Times.

★ On December 28, 2018, it was awarded the Golden Horse Award for "Golden Board Secretary of Listed Company", which was hosted by the Securities Daily and co-organized by Haitong Securities.

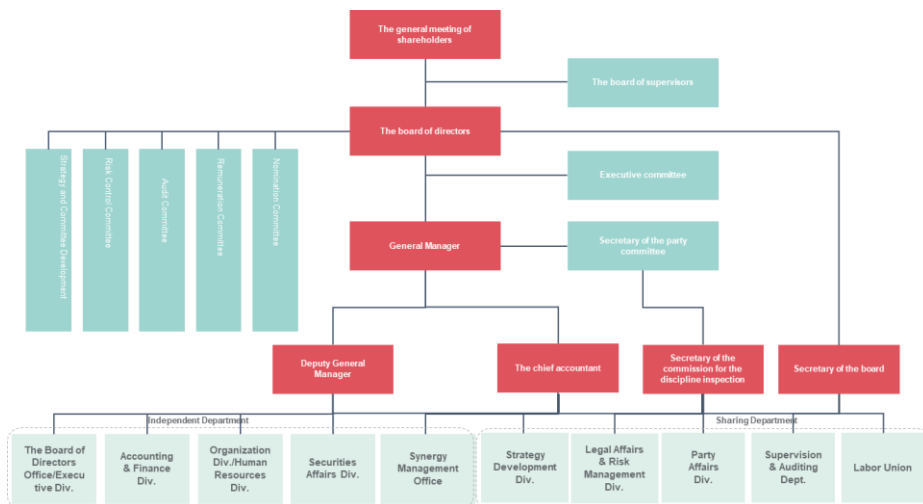
# Corporate governance mechanism

## Internal governance

In 2018, we set and strictly implemented sustainable strategic standards for corporate governance. Responding to General Secretary Xi Jinping's call for "green development", all of our executives upheld the company-wide concept of green, low-carbon and sustainable development, and were committed to economic and social development that is appropriate to population, resources and environment by continuously improving utilization rate of resources, accelerating the construction of green production system, and vigorously enhancing the awareness of energy conservation, environmental protection, and ecological consciousness. We will continuously improve corporate governance for sustainable development; ensure the establishment and implementation of appropriate business oversight and management procedures, and conduct periodic reviews of the procedures to meet the responsibilities towards our shareholders and society.

To achieve the strategic objectives of the Company, we establish rigorous governance structure according to the requirements of modern enterprises. In our organizational structure, the Board of Shareholders is the supreme decision-making body. The board of directors is the decision-making body for major business. As of 31st December 2018, it consists of 11 members, including 4 executive directors, 3 non-executive directors and 4 independent non-executive directors. The Board of Supervisors is the oversight body, and performs dual supervision on both the Board of Directors and the executives. In addition, we have established six Board Committees to prevent and control business and compliance risks. The Company's governance structure is illustrated below:

## 2018 Organization structure of COSCO SHIPPING Holdings



## Stakeholder engagement

COSCO SHIPPING Holdings communicates with the key stakeholders regarding the environmental, social and governance issues that are of most concern. As the Company's business involves multiple social dimensions, we reach out to different types of stakeholders, including the government, suppliers, communities, partners, labor unions, insurance and financial institutions, NGOs, shareholders, customers, and employees. We regularly communicate with key stakeholders in various forms (such as meetings, interviews, opinion surveys and work visits) to understand their views on environmental, social and governance.

During 2018, in conjunction with the announcement of performance results and non-public issuance of A-share projects, we held 33 roadshows and reverse roadshows, hosted 87 meetings, with 598 attendees including analysts, media reporters and investors. Through the roadshows, we provided an objective perspective on the actual development of the Company and established a positive corporate image. We held 256 meetings with investors, totally interviewing 1,164 investors and analysts throughout the year. Specifically, we participated 27 domestic and foreign investor conferences, hosted 105 meetings with 421 analysts/investors; paid 3 visits to 9 strategic investors in total, and hosted 10 investor receptions, meeting with 46 strategic investors.

We attach great importance to communication with and protection of the rights of small and medium investors. In 2018, we strengthened favorable interaction with the media and held two media briefings and two ship open days. Through these activities, we have shown our stakeholders a positive and objective corporate brand image.

## Sustainable development management

The management of COSCO SHIPPING Holdings participated in preparing the Company's environmental, social and governance report, including assessing and determining the risks associated with sustainability strategies, and ensuring putting in place effective risk management and internal control systems. The Legal and Risk Management Department lead the design of sustainable development strategies, initiatives, and action plans. Be responsible for assisting the board of directors in the preparation of sustainability reports and reporting to the board of directors.

We are committed to implementing risk management throughout the entire process of the strategy development, planning decomposition, top-down communication of decisions, execution and monitoring of business operations, while highlighting key business segments, key management areas, key business issues and high risk areas. To that end, we appoint relevant business functions to hold regular internal discussions to identify and assess the risk factors and the implications for our stakeholders.

According to the general disclosure requirements of the Environmental, Social and Governance Guidelines, we have included in this report the identified major environmental, social and governance issues, aiming to disclose the performance of COSCO SHIPPING Holdings' sustainable development in the operation process on a balanced basis.



## Management system

For the sustainable development of the Company, we have developed corresponding policies and requirements in our container shipping business. Taking container business as an example, we set up standards in quality, environment, safety, and society, which become part of our code of conduct.

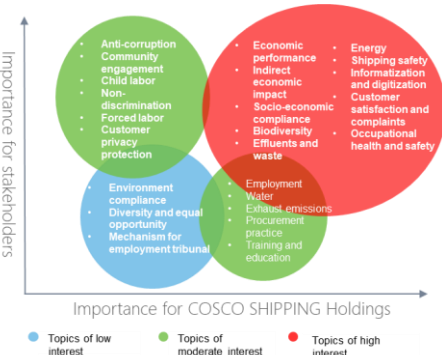
We established social responsibility, risk and internal control management systems according to the GB/T19001-2016/ISO9001: 2015 *Quality Management Systems – Requirements*, GB/T24001-2016/ISO14001: 2015 *Environmental Management Systems – Requirements with Guidance for Use*, GB/T28001-2011/OHSAS18000: 2007 *Occupational Health and Safety Management Certification*, and GB/T23331-2012/ISO50001: 2011 *Energy Management Systems – Requirements*.

We established the social responsibility, risk and internal control management system according to the ISO26000 *Social Responsibility, ISO31000 Risk management – Principles and Guidelines*, and the Basic Rules for Enterprise Internal Control issued by the Ministry of Finance of the PRC, China Securities Regulatory Commission, the National Audit Office, China Banking Regulatory Commission, and China Insurance Regulatory Commission.

Based on ISO26000 and the principles of the UN Global Compact, we developed corporate *Social Responsibility Management Manual* to fulfill our corporate social responsibility, respect and safeguard the human rights of corporate staff and other relevant personnel, especially their rights in health and safety, freedom, wages and benefits, and oppose any disregard or violation of human rights.

## Analysis of substantive issues

COSCO SHIPPING Holdings takes stakeholders' expectations and requirements as an important factor in the development of sustainable development strategies, and uses a variety of methods to identify specific action areas related to stakeholders. Based on the analysis of topics of interest, we can understand the concerns of the stakeholders, and define the direction in the process of preparation of the Report. During 2018, COSCO SHIPPING Holdings conducted communication surveys (such as meetings, interviews, opinion surveys, and work visits) with 10 stakeholders (government agencies, suppliers, communities, business partners, labour unions, insurers, financial institutions, NGOs, customers, and employees) from the dimensions of "importance to company" and "importance to stakeholders", based on the analysis of the annual hot issues, national policies, and industry trends, as well as its own development and the sustainability reporting guidelines of the Global Reporting Initiative (GRI). Through the surveys with the stakeholders, we analysed substantive issues that were of concern to both parties. We divided the 24 significant topics of interest into three categories by level of low, moderate and high interest. "Socio-economic compliance" and "informatization and digitization" are new issues of the year. Among them, we have evaluated the sustainability issues that stakeholders are most concerned about.



## Social issues

In terms of society, we mainly focus on occupational health and safety, training and community engagement. Safety is an eternal theme of the shipping industry, which is a high-risk industry. Therefore, safety is of top priority for shipping companies to survive and develop. It is also a topic of great concern to employees. In the sustainable development of enterprises, talent is an important factor that is also the first resource of enterprises, as well as the main driving force for enterprise development. How to effectively cultivate and retain talent has become a problem that cannot be ignored. Finally yet importantly, community engagement is about how companies contribute to society. In this regard, we have done a lot and made many achievements in 2018.

## Economic issues

In terms of economy, we mainly focus on economic performance, indirect economic impact and customer services. Economic performance and impact are the top issues facing the development of enterprises, and are also the focus of enterprises and stakeholders such as government agencies, NGOs, and business partners. During 2018, due to the centralized delivery of large container ships, the growth rate of global capacity exceeded that of demand, pressuring the market freight rate to go down. COSCO SHIPPING Holdings remained profitable benefiting from its above average operating performance of the container shipping business and the contribution from the terminal business. In addition, we have contributed to the Silk Road and increased overseas investment, which indirectly promoted social and economic development. The importance of customer satisfaction in business competition is obvious that each and every industry is inseparable from the interests of customers. If companies want to achieve better development and gain more profits, it is very important to improve customer satisfaction.

## Environmental issues

With respect to environment, we mainly focus on energy, biodiversity, wastewater and garbage. The biggest cost for shipping companies lies in energy consumption. The biggest impact on the environment comes from pollutants generated by energy consumption, such as waste gas and oil water. That is why it is the most important environmental issue for shipping companies and for their stakeholders as well. In addition, alien species invade through the ballast water generated by shipping activities, which would affect the diversity of marine organisms negatively. Therefore, proper management of ballast water is an important issue for shipping enterprises.

Those topics that are of great concern to our stakeholders are important to us as well. The 10 most significant topics of interest will be discussed in details in this Social Responsibility Report for 2018.

## Communication with stakeholders

Trust and support from the stakeholders are fundamental to COSCO's continuous development. We have established various channels to actively communicate with the 10 groups of stakeholders including government agencies, suppliers, communities, business partners, labor unions, insurance and financial institutions, NGOs, shareholders, customers, and employees.

Classification	Substantive issues	Main stakeholders	Issue boundary	Corporate Response	Corresponding Chapter
Economic Topics	<ul style="list-style-type: none"><li>Economic performance</li><li>Indirect economic impact</li><li>Customer satisfaction and complaints</li><li>Customer privacy</li><li>Shipping safety</li><li>Informalization and digitization</li><li>Anti-corruption</li><li>Procurement practice</li><li>Socio-economic compliance</li></ul>	<ul style="list-style-type: none"><li>Government</li><li>Partners</li><li>Employees</li><li>Shareholders</li><li>Insurers</li><li>Financial institutions</li></ul>	<ul style="list-style-type: none"><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li></ul>	<ul style="list-style-type: none"><li>Promote globalization and synergy</li><li>Actively respond to the Belt and Road Initiative</li><li>Implement customer satisfaction survey and improve customer privacy protection system</li><li>Comprehensively strengthen safe production work</li><li>Strictly manage the transportation of dangerous goods</li><li>Implement emergency readiness and response to accident</li><li>Develop a digital platform to provide customers with traceable services</li><li>Strengthen anti-corruption work</li><li>Establish anti-corruption reporting channels</li><li>Implement strict supplier evaluation and audit</li><li>Fully implement socio-economic compliance requirements</li></ul>	<ul style="list-style-type: none"><li>Continuing to create economic value</li><li>Following the Belt and Road Initiative and promoting globalization</li><li>Committed to providing high-quality services for customers</li><li>Committed to providing high-quality services for customers</li><li>Strengthening safety inspection</li><li>Deepening the digital economy and promote the development of the port and shipping industry</li><li>Anti-corruption</li><li>Strengthening procurement management</li><li>Implementing compliance requirements</li></ul>
Environmental Topics	<ul style="list-style-type: none"><li>Water</li><li>Energy</li><li>Biodiversity</li><li>Exhaust emissions</li><li>Effluents and waste</li><li>Environment compliance</li></ul>	<ul style="list-style-type: none"><li>Government</li><li>Communities</li><li>NGOs</li><li>Shareholders</li></ul>	<ul style="list-style-type: none"><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li></ul>	<ul style="list-style-type: none"><li>Implement energy conservation and emission reduction</li><li>Monitor and evaluate energy consumption</li><li>Improve operating efficiency and strengthen technological transformation</li><li>Take strict measures to treat exhaust gas, waste, oily sewage</li><li>Formulate an oil pollution contingency plan</li><li>Standardize the management of ballast water</li></ul>	<ul style="list-style-type: none"><li>Green business, energy conservation and emission reduction</li><li>Green business, energy conservation and emission reduction</li><li>Paying attention to the ecological environment</li><li>Green business, energy conservation and emission reduction</li><li>Strict treatment of sewage and waste</li><li>Green business, energy conservation and emission reduction</li></ul>
Social Topics	<ul style="list-style-type: none"><li>Recruitment</li><li>Training and education</li><li>Occupational health and safety</li><li>Diversity and equal opportunity</li><li>Mechanism for employment tribunal</li><li>Non-discrimination</li><li>Child labor</li><li>Forced labor</li><li>Promote the concept of public benefit</li></ul>	<ul style="list-style-type: none"><li>Government</li><li>Employees</li><li>Labor unions</li><li>Communities</li><li>Suppliers</li><li>NGOs</li></ul>	<ul style="list-style-type: none"><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li><li>Internal</li></ul>	<ul style="list-style-type: none"><li>Comply with national labor laws and regulations</li><li>Organize staff and worker assemblies</li><li>Enhance staff trainings</li><li>Improve wage security mechanism</li><li>Establish multilevel communication channels</li><li>Promote corporate equality culture</li><li>Conduct exchanges between domestic and overseas employees</li><li>Enhance labor union communication</li><li>Enrich employee activities</li><li>Implement targeted poverty alleviation programs</li><li>Organize community service activities</li></ul>	<ul style="list-style-type: none"><li>Maintaining equality and diversity</li><li>Valuing talent training and development</li><li>Ensuring the health and safety of employees</li><li>Maintaining equality and diversity</li><li>Building good relationships with employees</li><li>Protecting the legal rights of employees</li><li>Protecting the legal rights of employees</li><li>Protecting the legal rights of employees</li><li>Spreading the concept of public benefit</li></ul>



# Economic Topics

Economic performance, as well as its indirect economic impact during the development process, is the first issue faced by enterprises in sustainable development. Economic topics are also important and of lasting concern to stakeholders including government agencies, NGOs, customers, suppliers, partners, and employees. COSCO Shipping Holdings is committed to reasonable management and sustainable development, as well as maximizing the return to shareholders, employees, and partners. We keep optimizing logistics and transportation through our own growth to promote the development of the national shipping industry and to make a positive impact on the countries and regions where we operate





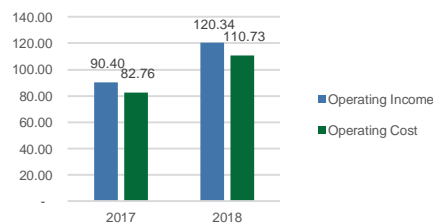
## Continuing to create economic value

In 2018, the world has seen the trade frictions between China and the U.S., tariff fluctuations and strained international political and economic situation. COSCO Shipping Holdings rose up to market challenges, seized opportunities to implement its global strategic deployment, and take a prudent business approach, creating lasting synergies. During the reporting period, the container shipping business volume, port business throughput, and the company operating income all increased.

### Operating income and profit

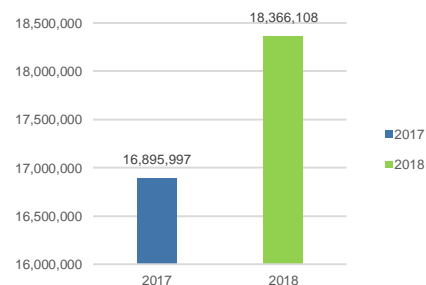
During 2018, COSCO SHIPPING Holdings achieved a total operating income of RMB 120.34 billion an increase of 33.12% from 2017. The operating cost was RMB 110.73 billion, an increase of 33.79% compared with the same period in 2017. The Company has achieved an annual profit of RMB 3.03 billion in 2018, and achieved net profit attributable to shareholders of Listed Companies RMB1.23 billion<sup>1</sup>.

Operating income and costs during the past two years of COSCO SHIPPING Holdings (RMB: Billion)



Note: Footnote1, 2, 3, 4: The data in this paragraph is consistent with the data in COSCO SHIPPING Holdings' 2018 Annual Report, and data of 2018 includes OOIL.

CSL: Container freight volume during 2017 and 2018 (TEUs)



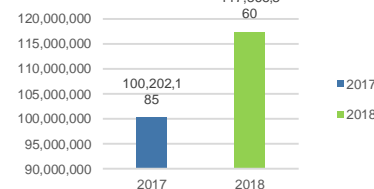
### COSCO SHIPPING Lines

During 2018, COSCO SHIPPING Lines actively responded to the market. By optimizing route network and implementing low-cost strategy, the route container freight volume was 18,366,108 TEUs, representing an increase of 8.70%, or 1,470,111 TEUs from 16,895,997 TEUs in 2017. The operating income was RMB 91.37 billion, representing a growth rate of 5.32% compared with RMB 86.75 billion in 2017.

### COSCO SHIPPING Ports

During 2018, COSCO SHIPPING Ports improved lean management, and created synergies with COSCO SHIPPING Lines to promote win-win growth. During the reporting period, it achieved 117,365,360 TEUs of total terminal throughput, an increasing of 17.1% by 17,163,175 TEUs from 100,202,185 TEUs in 2017. The annual operating income was RMB 6.63 billion, representing a growth rate of 54.55% compared with RMB 4.29 billion in 2017.

CSP: Total throughput of terminals during 2017 and 2018 (TEUs)



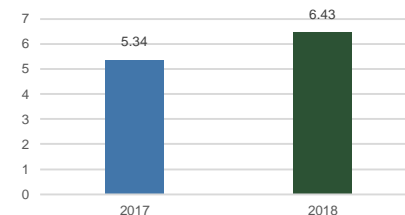
### Income taxes

The Company abides by the provisions of the tax laws and regulations of the People's Republic of China. During the reporting period, the Company assumed its due obligation as a taxpayer and filed tax timely to the local tax authorities. During 2018, the Company paid RMB404.48 million PRC enterprise income taxes, RMB6.78 million Hong Kong profit taxes, and RMB 258.53million overseas taxation.<sup>3</sup> In 2018, COSCO SHIPPING Holdings did not produce tax disputes or suffered high fines or sanctions for violating relevant regulations in the taxation field.

### Employee compensation

COSCO SHIPPING Holdings attaches great importance to safeguarding rights and interests, and providing reasonable compensation and benefits for employees. In 2018, the Company paid RMB6.43 billion for employee salaries and welfares, which is 21% higher than that in 2017—RMB5.34 billion.<sup>2</sup>

Employee salaried and welfares during 2017 and 2018 (RMB: Billion)



### Retained reserves

In 2018, the company did not distribute dividends to shareholders. As of December 31, 2018, the impact on retained reserves is RMB 2.22 billion.<sup>4</sup>





## Following the Belt and Road Initiative and promoting globalization

COSCO SHIPPING Holdings adheres to promoting the Company's development with a global vision and international thinking. By fully integrating and optimizing global network resources, it has strengthened synergies of its two major business segments—container shipping and terminal operation management, and accelerated the implementation of the strategic global deployment. As of the end of 2018, COSCO Shipping Holdings owns the world's third largest container shipping fleet and the world's largest container terminal operator by total throughput. COSCO Shipping Holdings actively responds to the national Belt and Road Initiative to build important strategic hub ports. It actively supports the China-Eastern Europe trains, playing an important role in the promotion of the Belt and Road Initiative. The data in this paragraph is consistent with the data in COSCO SHIPPING Holdings' 2018 Annual Report, and data of 2018 includes OOIL.





## Forging ahead and developing global network

Since September 26, 1978, "Pingxiangcheng", China's first container liner, loaded 162 containers from Shanghai Sydney, Australia, lifting the curtain on China's ocean shipping container shipping. Benefiting from the following 40 years of reform and opening up, the Company's container shipping business keeps growing. We continuously seek synergies of port operation and container shipping business based on the Group's "key shipping industry clusters" and aim to develop a global network from the Chinese market.

As of December 31, 2018, our subsidiary COSCO SHIPPING Lines owned and controlled 376 self-operated container ships; operated 362 container liner routes, including 134 domestic routes (including the Yangtze River and the Pearl River shipping services) and 228 international routes (including international feeder services), covering the Americas, Asia Pacific, Latin America, Africa, Europe, Mediterranean, Southeast Asia, Japan and South Korea. There are 9 port branches in mainland China: Dalian, Tianjin, Qingdao, Shanghai, Ningbo, Xiamen, South China, Hainan and Wuhan, 9 overseas port branches across Europe, North America, Southeast Asia, West Asia, South America, Australia, Japan, Korea and Africa. There are more than 450 domestic and overseas service networks.

Our subsidiary COSCO SHIPPING Port's terminal network covers the five major port groups in China's coastal areas, Southeast Asia, Europe and the Mediterranean, operating 192 container berths in 36 ports



around the world. We have 15 terminals in operation, of which 5 are international terminals. As of December 31, 2018, our subsidiary COSCO SHIPPING Port have deployed terminal operations in Greece, Spain, Belgium, United Arab Emirates, Egypt, Turkey, Singapore, South Korea, the United States, and the Netherlands.

The competition in the shipping industry cannot be separated from the competition in corporate planning and deployment. The Company plans and coordinates its shipping capacity input in the global markets by strengthening the European and American lines while actively entering the emerging markets. During the reporting period, our subsidiary COSCO SHIPPING Lines added shipping services to cover the entire Far East – South America West, Far East – South Africa, Europe – South America West, Far East – Southeast Asia, and South Asia – Europe routes, and increased the input of capacity in emerging and regional markets. As December 31, the shipping capacity in emerging markets increased significantly.

The Company also explores overseas terminals actively. In 2018, our subsidiary COSCO SHIPPING Port opened a new terminal in Abu Dhabi, which was the first green field project, and also started investing a Spanish port up front for the first year. During the reporting period, the container throughput of CSP was 117,365,360 TEUs, up 17.13% from 100,202,185 TEUs in 2017.



### Opinion

"an economic powerhouse must have a strong shipping industry"

—President Xi Jinping pointed out during his visit to Shanghai

As a leading company in the industry, COSCO SHIPPING Holdings adheres to the corporate strategy of globalization and continuously enhances its comprehensive competitiveness. As of the end of the reporting period, we have achieved good results in both the global container shipping business and the overseas terminal operations..



### Case: First trip of COSCO SHIPPING Rose to pass through the expanded Panama Canal

On October 1, 2018, COSCO SHIPPING Rose set sail from Qingdao, China, and traveled across the Pacific Ocean and Atlantic Ocean through the Panama Canal to three ports in the United States. On December 3, President Xi Jinping and Panamanian President Varela visited the new lock of the Panama Canal in Panama City. The heads of state and their first ladies were pleased to take a group photo in front of COSCO Shipping Rose. On the same day, COSCO Shipping Peony, another container ship of the Company, passed through the canal from the Pacific Ocean to the Atlantic Ocean. Two ships met at the Gatun Lake in the middle of the Panama Canal.

The Panama Canal is an important international waterway connecting the Pacific and the Atlantic Ocean. COSCO SHIPPING Group is one of the most important users of the Panama Canal. Each year, nearly 300 freighter ships pass through the canal, with an average of at least 4-5 ships per week, including containers, dry bulk, and tankers. The container shipping business of COSCO SHIPPING Lines in the Central America is headquartered in Panama, which is the most important container transit hub connecting the South and North America, as well as the Central America and the Caribbean. The Company has established a route network centered upon the Central America, connecting the Far East, Europe, North and South America, and has made positive contribution to the development of world trade and China-Panama economic and trade cooperation.



As of December 31, 2018, we had 9 trunk and straight shipping routes passing through the Panama Canal, supporting Panama's status as a key ship canal connecting the Central America/Caribbean, driving the development of local industries such as trade, shipping, warehousing and logistics.



### Case: Noatum Ports in Spain won praises

The year 2018 marks the first full year since COSCO Shipping Ports' acquisition of 51% of shares in Noatum Ports Holdings based in Spain. During the previous year, COSCO Shipping Ports has been committed to improving the terminal operations and management. With efforts to enhance customer service, refine the management system, and reduce the loading/unloading costs, we assisted Noatum Ports in delivering satisfactory results in 2018.

Under the leadership of COSCO SHIPPING Ports, four subsidiaries of Noatum Ports continuously broke monthly record of volume and revenue in container handling, with the highest volume of 325,969 TEUs in May 2018 since their establishment in 1991. During 2018, the throughput of Noatum was approximately 3.62 million TEUs, an increase of 11.5% from 2017. Since the acquisition of Noatum by COSCO Shipping Ports, we have successfully granted a ten-year (2031-2041) extension of administrative concession of Terminal Valencia from the local authority, which strongly supports the sustainable development of the terminal.

Noatum Ports helps improve the self-development capabilities of the Port of Valencia and Bilbao while driving local development. On May 10, 2018, Mr. Ximo Puig, President of the Valencian Regional Government, sent a thank-you letter on behalf of the government to COSCO SHIPPING Ports for bringing new development and job opportunities and making a positive impact on the development of the community. In August, Mr. Aurelio, Chairman of the Port Authority of Valencia, and Mr. Ricardo, Chairman of the Port Authority of Bilbao, highly praised COSCO Shipping Ports for the positive changes it has brought to the ports during press interview.



Thanks letter signed by Mr. Ximo Puig, President of Valencia Region



## Building strategic hubs to support the Silk Road

The year 2018 is the fifth anniversary of the Belt and Road Initiative. As a leading company in the shipping industry, we play an active role in fulfilling the responsibility and mission for development and promoting the Initiative. As of December 31, 2018, our subsidiary COSCO SHIPPING Line deployed about 170 ships (1.15 million TEUs of shipping capacity) in the countries along the Belt and Road, accounting for about 45.21% of the Company's total vessels. Most of the terminals in which our subsidiary COSCO SHIPPING Ports invest or own controlling interest are along with the Belt and Road. During the reporting period, CSP's annual container handling capacity reached 106 million TEUs, and achieved 117,365,360 TEUs of total terminal throughput and the overseas terminal container throughput was 24,768,235 TEUs, accounting for 21.10% of the Company's total, and gained a year-on-year increase of 31.50% compared with 18,840,664 TEUs in 2017.

During 2018, our subsidiary COSCO SHIPPING Lines actively built the service of sea-rail combined transport, and developed the China-Europe Railway Express by delivering door-to-door transportation services while maintaining our own shipping advantages. We also strengthened the synergies between the container shipping business and the terminal operation business. With the geographical advantages of the Port of Piraeus and the Port of Abu Dhabi, we built important strategic hubs and make great contribution to the implementation of the Silk Road Economic Belt Strategy.



### Case: China-Europe Railway Express

During 2018, COSCO SHIPPING Lines launched various China-Eastern Europe trains, including Tianjin-Moscow, Nanchang-Moscow, Liaryungang-Almaty/Tashkent, Shijiazhuang-Moscow, Minsk trains, Nanchang-Minsk, Ganzhou-Minsk, Changsha-Minsk, Nanjing-Moscow, Jinan-Moscow, Changchun-Moscow and so on. With the extensive network of routes and guaranteed supply sources, COSCO SHIPPING Lines contributed to the development of the China-Europe trains. At the same time, CSL also combine its advantages in shipping network with the strong domestic railway capacity and Central Asian railway capacity to provide customers with comprehensive supply chain services worldwide.

On January 5, 2018, COSCO SHIPPING Lines' first China-Russia (Tianjin-Moscow) international train officially departed from Tianjin Port,

leaving Erenhot and performing a bogie exchange in Zamyn-Uud (Mongolia) and Naushki (Russia), headed to Moscow directly, with a total journey of 7,600 kilometers for around 14 days. The trains operate in two directions and guarantee one-way operation on a weekly basis.

The inauguration of the first China-Russia international cargo route is a milestone that we actively take part in the Belt and Road Initiative, giving full play to the advantages of vast vessel resources, abundant supply of containers, and well-organized outlets at home and abroad while cooperating with railway and port enterprises. Relying on our global network of container shipping services as well as multimodal transport and extended services, we will build China-Russia freight trains into a quality brand that provides global customers with full supply chain solutions, as well as promote economic and trade exchanges among China, Mongolia and Russia and contribute to the development of global trade



### Case: Building the China-Europe land and sea express and the leading position of the Port of Piraeus

Since 2017, COSCO SHIPPING Lines (Greece) has launched the China-Europe land and sea express freight services centered on the Piraeus Port. By 2018, we have opened the scheduled freight services from the Piraeus Port to Pardubice in Czech Republic, Bratislava in Slovakia, Budapest in Hungary and Belgrade in Serbia and so on, and more sites are covered by trailers, trade barriers, and promoting global trade. The fast railway system connects the hinterland of the Central and Eastern Europe and major ports in the world through the Piraeus Port, shortening the time required for the flow of import and export



#### Opinion

“ There are two main trade routes from the Far to Europe. One is the China-Europe rail route and the other is the shipping route. What we do is to open a sea-rail combined transport route, which locates the Piraeus Port as the hub to serve ships from the Far East and the trains to the European inland. It connects the "maritime silk road" and "land silk road" in Europe perfectly and creates a third trade channel between Asia and Europe.”

—Su Xundong, General Manager of COSCO SHIPPING Lines (Greece)

While promoting the development of Piraeus Port, PCT has provided a large number of employment opportunities for the locality, and has brought positive impact on the local economic development. On December 20, 2018, at the annual awards ceremony of ICAP, the largest corporate advisory services group in Greece, PCT won the True Leader Award for the second year for its outstanding financial performance, head count and market influence. The continuous efforts of PCT have played an important role in pushing forward the "leading position" of Piraeus Port and promoting Piraeus Port to become a "shining pearl" on the Belt and Road.

*Note: The ICAP selection and awards is an important annual event for the business community in Greece, participated and supported by the Ministry of Economics and Development of Greek and the Greek Enterprise Confederation. It is a key reference indicator of business influence in Greece and Southern Europe.*



### Case: Taking a new journey in the Middle East

On September 28, 2016, our subsidiary COSCO SHIPPING Port signed an agreement with the Abu Dhabi Port Authority to jointly build and operate the second phase of container terminal at the Khalifa Port in Abu Dhabi (i.e. COSCO Shipping Ports Abu Dhabi Port Container Terminal, hereinafter referred to as CSP Abu Dhabi Terminal). On November 5, 2017, the CSP Abu Dhabi Terminal held its ground-breaking ceremony in conjunction with the signing of the agreement for leasing a container freight station. The CSP Abu Dhabi Terminal was inaugurated on December 10, 2018.

The coastline of the CSP Abu Dhabi Terminal is 1,200m long, the land depth is 581m, and the total land area is 697,300m<sup>2</sup>. The terminal adopts semi-automated operation, with a designed annual throughput capacity of 2.5 million TEUs. It is the first terminal project of green field investment of COSCO Shipping Ports.

goods, breaking trade barriers, and promoting global trade.

With its unique geographical location, the Piraeus Port has become an important hub for the China-Europe land and sea express. COSCO SHIPPING Port's subsidiary Piraeus Container Terminal Company (hereinafter referred to as PCT) operates and manages one terminal in Piraeus Port. During the report period, PCT has been vigorously optimizing the operation process, improving operational efficiency and management of the terminal, and striving to build a first-class terminal in Europe. In July 2018, the monthly throughput of the PCT terminal exceeded 400,000 TEUs for the first time, and the single-ship operation increased significantly. During the reporting period, the management team always insisted on improving the efficiency of operations and ensuring high quality services to customers, which made a significant contribution to the development of the port. At present, due to its convenient geographical location and improving customer service, the Piraeus Port has won the favor of customers and the recognition of the community. In 2018, the Piraeus Port ranked among the top European container ports with a throughput of 4.91 million TEUs.



The Port of Khalifa is the main port of Abu Dhabi, and an important hub in the Middle East. It is located at a strategic position in the Arabian Sea, as well as a shipping hub along the Belt and Road and West Asia, connecting countries of the Arabian Gulf region and playing a key role in maritime transportation. The UAE is one of the first countries who respond to the Belt and Road Initiative, and China has been the largest trading partner of the UAE for many consecutive years. The sound China-Arab strategic partnership has provided a stable and reliable guarantee for the operation of the CSP Abu Dhabi Terminal.

The construction of the CSP Abu Dhabi Terminal is a paradigm project of the cooperation between China and the UAE in promoting the Belt and Road Initiative. We will utilize the Port of Khalifa as a pivot to build an influential network center for container logistics business in the region. By the end of 2018, the CSP Abu Dhabi Terminal has successfully inaugurated, and we firmly believe that we can deliver satisfactory results in the future.



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## Embracing the blockchain to provide high quality service for customers

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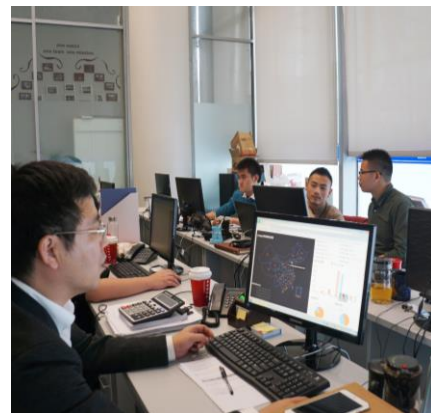
Relying on our vast global deployment and business size, we are committed to providing the best service for our customers. With the help of big data platforms, mobile internet, and cloud computing, we open the future of shipping digital services for our customers. We keep up with the trend of the intelligent era to realize timely sharing of information resources based on the needs of customers through various shipping digital platforms. Our professionals can provide personalized, customized end-to-end whole process transportation solutions. At the same time, we have proposed a series of industry-leading service standards to create convenient and reliable customer service experience, covering nine business links such as on-schedule shipping and transit services.





## Deepening the digital economy and promote the development of the port and shipping industry

With the continuous improvement of science and technology, informatization has gradually become an important challenge for enterprises. Informatization is not only beneficial to our own development, but also has an important impact on our customers and partners. We have been actively promoting, making our goal to enhance customer-oriented, digital-driven service capabilities. During 2018, our subsidiary COSCO SHIPPING Lines launched e-commerce services to provide customers with even better quality services. Our subsidiary COSCO SHIPPING Port improved the corporate operational efficiency by implementing technologies in our day-to-day work.



### Case: Optimization of e-commerce platform, provision of digital service

In May 2018, COSCO Shipping Lines optimized the new version of e-commerce platform with four months of debugging and improvement. After the upgrade, the interface of the website looks clearer while providing more functions and varied service channels.

The new version of e-commerce platform provides customers with a visual interface. The website introduces a "to-do list" to integrate and classify the operating information required by customers. Upon logging in the website, customers can view the status of transactions with the shipping company and the reminder for the next step of operation directly. It also sends a reminder in advance when the task is about to expire according to the cargo/documentation deadline in the shipping industry.

The updated website releases "customized service" for the "subscription of freight traffic plan" to enable personalized shipping planning and subscription. For example, customers can determine in advance to receive a notice when the ship delays for X days or X hours. They can use the

"self-defined report" function to present more than 90 data items in the business system by simply dragging and dropping the report field. The website will automatically send the report according to the settings by the customer.

In addition to the upgraded platform, our digital service channels include EDI and mobile applications. For instance, we continuously improve and optimize the services on mobile terminals. We extend the website services to mobile terminals through the "COSCO Shipping Lines" App. Customers may log in the mobile terminal with the same identity to upload and download freight documents, submit VGM data, etc. through the App, which makes the operation more convenient.

We provide customers with high-quality digital services through the optimized e-commerce platform.

### Case: Construction of data collection and monitoring system for refrigerated containers



During 2018, Xiamen Ocean Gate Container Terminal Co., Ltd. (Xiamen Ocean), held by COSCO SHIPPING Ports, actively promoted the application of information technology and focused on improving the company's operating efficiency to provide customers with paperless, more professional and efficient services.

Xiamen Ocean container yard has a pace for more than 500 refrigerated containers and over 20 refrigerated container shelves. The traditional way of manual timing (an average interval of 2 hours) to record and monitor the data of the refrigerated containers consumes a lot of manpower and material resources. If the containers break down during the intervals, technicians could not find out and handle it in time since the information was not collected on a real-time basis. That may cause serious damage to goods that are sensitive to temperature. In case of rain, typhoon or other bad weather conditions, potential risks exist for technicians to read meters in the shelves.

Therefore, we designed and created a data collection and monitoring system for refrigerated containers to collect information at the yard automatically such as the operation status, humidity, air supply temperature, air return temperature, voltage, and current. Multidimensional data of multiple refrigerated containers can be displayed through internal integration and processing of the abovementioned information. The system can also show the temperature of refrigerated containers directly, which is convenient for technicians to know the temperature information directly by watching the screen. If the temperature of refrigerated containers is abnormal, the system will send a warning so that technicians can find problems timely through the warning diagram and follow up.

By using the data collection and monitoring system for refrigerated containers, safety accidents happening to site workers decrease and problems such as complicated manual transcription and long monitoring cycle are solved, which improves user experience as well as the operating efficiency of the company.

We will continue to promote the construction of enterprise informatization, further integrate digitalization and informatization into the company's business, and devote ourselves to using informatization technology to promote the development of the company and provide better services to customers.

### Opinion

"The platform is just a tool. Our first goal is to share the existing digital achievements with all of COSCO's customers so that they can benefit from 'new value from data'. The second goal is to further expand and innovate while integrating the industry's technological development and customers' logistics management needs, and to strengthen our service capabilities in the digital field."

—Li Wei, Senior Specialist of the E-Commerce Department of Corporate Information Development Division at COSCO SHIPPING Lines



## Committed to providing high-quality services for customers

COSCO SHIPPING Lines has introduced service standards worldwide covering the whole process of international liner shipping services. Specifically, it includes nine procedures from space booking to dispute resolution:

### Nine procedures



Space booking - providing the status of space booking within **2** hours on work days; after opening the container yard, if complete space booking information is provided, the booking for general cargo and refrigerated cargo shall be confirmed within **2** hours on work days; the booking for dangerous cargo and awkward cargo shall be confirmed within **2** work days.



Container release—ensuring the release of containers within **48** hours after the equipment interchange receipt is printed.



Issuance of bill of lading—original bill of lading can be issued within **1** working day after the departure of the vessel if complete instruction information on the bill of lading is provided.



Issuance of invoice—invoice can be issued to the customer within **1** working day after the departure of the vessel if complete invoice information is provided.



The on-schedule rate of vessels—the overall on-schedule rate of self-operated vessels shall not be lower than **95%** (except for force majeure).



Transshipment services—the information of the subsequent vessel shall be provided **3** days before the goods arrive at the port of transshipment; shipment inspection result shall be provided within **1** day after the departure of the vessel from the port of transshipment; generally, the goods will be transshipped within **7** days, at most **14** days.

### Nine procedures



Notice of arrival—the notice of the coming goods shall be sent **1** day prior to the arrival at the port of discharge



Window services—completing business handling within **15** minutes upon arrival.



Dispute resolution—invoice disputes shall be settled within **5** work days; business disputes with clear facts shall be settled within **7** work days; complaint accepted shall be replied within **5** work days.

We have formulated the *Management Methods for the Preparation of Schedules*, regularly publish liner shipping schedules, and also established an e-commerce platform on the portal to provide customers with information on shipping schedules, freight rates, etc., and introduced IRIS (Integrated Regional Information system)-2 system to make sure the management of product information and its markup is under control, records global container business operation information in real time, and stores this information in a centralized database to realize information sharing on a global scale.

We also set a core unified standard process for port operations, and manage subsidiaries' operation ability, efficiency and services comprehensively and effectively according to the key performance evaluation system. At the same time, we encourage our team to adopt the best practices to improve our overall professional competence and to provide customers with better services.

We provide services to our customers based on the nine service standards. In 2018, in the booking process, the rate of cold box and general cargo booking confirmed within 2 hours reached 97.79% domestically, 94.64% overseas, and 96.79% overall; in the process of issuing bills, the rate of complete within 8 hours after receiving ESI (e-shipping instruction) is 99.94% in the domestic market and 98.31% in the overseas market, which is 99.33% in total. In the transfer process, the rate of maintenance of the transit provisioning information 1 day before its arrival at the port is 91.02% domestically, 97.79% overseas, the total reached 95.77%. In terms of shipping on-time rate, COSCO's self-operated ships in 2018 is 95.2%, basically the same as last year's 95.0%<sup>1</sup>.

During 2018, COSCO SHIPPING Lines conducted a customer satisfaction survey and distributed 2,462 questionnaires worldwide, including 1,604 copies in China and 858 in other 82 countries. Finally, 2,008 effective questionnaires were cleared and returned, among which 1,515 were from China and 493 were from overseas. According to statistics, the customer satisfaction index in 2018 was 88.03, compared to 87.94 in 2017 and 81.86 in 2016 (overseas customers were included since 2017). In addition, COSCO SHIPPING Lines received 8 customer complaints during the year and all settled COSCO SHIPPING Ports collects customer complaints and opinions every year. During 018, no complaints were received.

Note 1: The current system cannot acquire other relevant data.

In order to improve customer experience, COSCO SHIPPING Lines open a mailbox and a hotline to allow public supervision by our global customers. We also open an official WeChat account and a website for customers to evaluate, suggest and make complaint on our service quality and experience. Besides, COSCO SHIPPING Ports assign business personnel to collect customers' complaints at the ports and to visit customers regularly to understand their demands.

For customers' personal data, we make it a principle to be responsible for customers and protecting their personal information and privacy, strictly abiding by relevant laws and regulations. Our subsidiary terminal companies comply with the Regulations on Confidentiality Management or set up confidentiality committees to improve information security management as well as to protect and properly use customers' information.



### Case: Experience officer plan

In order to identify and analyze the pain points and difficulties in customer service, in 2018, COSCO SHIPPING Lines invited 65 customers from different regions of China as our experience officers, with 3 additional representatives compared with that in 2017. We tracked and handled 8 service feedback from the experience officers. The experience officers were made up of direct customers and agencies, long-term and new customers. Half a year after the implementation of the plan, we made two telephone follow-ups and one online investigation for each customer. During the investigation process, we consulted our customers about the services we provided, trying to find out their key concerns and the factors ignored by us. We visited our clients for complex issues reported in the survey. The plan helps us continuously enhance our services and customer experience.



# Operation Compliance

"Compliance" is the primary way for enterprises to survive. Internally, we implement anti-corruption and strengthen procurement management. Externally, we follow the laws and regulations of listed companies, abide by business ethics, and ensure legal compliance. We also strengthen the training of employees and improve the company's compliance awareness. COSCO SHIPPING Holdings adheres to the principle of "compliance" to continuously promote healthy and sustainable development of the company.



## Anti-corruption and Strengthening procurement management

### 1. Anti-corruption

As a long-term concern of society, anti-corruption not only has a far-reaching impact on the growth of a company, but also plays an important role, directly or indirectly, in the sound development of customers, suppliers and the whole industry. As a large international shipping company, COSCO SHIPPING Holdings always takes anti-corruption as a key step to ensure the Company's sustainable development and holds a zero-tolerance attitude towards corruption and bribery. By 2018, COSCO SHIPPING Holdings has developed documents to clearly regulate the Company's anti-corruption efforts such as the *Provisional Measures for Daily Supervision and Inspection*. Our subsidiary COSCO SHIPPING Lines and COSCO SHIPPING Ports have separately developed documents such as *Trial Method for the Organization Department to Asking the Discipline*, *Implementation Management Method of Audit Opinions and Suggestions of COSCO SHIPPING Lines*, and the *COSCO SHIPPING Ports Regulations on Staff Report Management*.

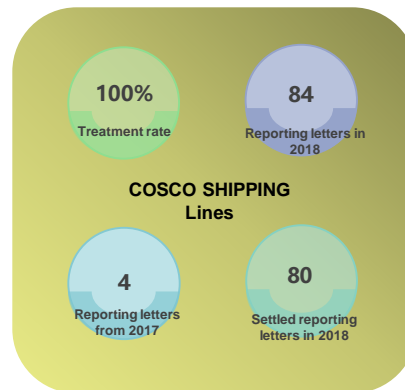
In order to actually carry out anti-corruption, the Company has signed letters of undertaking and responsibility with various divisions and departments to decompose the work related to anti-corruption. The Company has established easy report channels and promised to investigate report clues, to hold people accountable for verified problems, and to close supervision loopholes. At the same time, we carry out anti-corruption promotion during our day-to-day work, such as the month of anti-corruption, lectures and learning, memorial museum visit, etc., which lays a solid foundation for anti-corruption and the healthy development of the Company.

We have a hotline and E-mail for anti-corruption report to encourage employees to disclose corruption. During 2018, we kept the reporting channel open, actively accepted reporting letters and visits, and cleaned up the internal conduct and practices..

During 2018, COSCO SHIPPING Lines accepted 84 reporting letters and visits during 2018 with a treatment rate of 100%. As of December 31, 2018, we have settled 80 of the reports, rest 4 are still in progress, with a settlement rate of 95.24%. We settled 4 residual letters and visits carried forward from 2017. Through the discipline review during 2018, 1 person was expelled from the CPC; 2 persons were given serious warning; 2 persons were given warning; 1 person's probationary period for party member was extended; 22 people were treated with persuasion and admonition; 50 people were treated with conversation reminder; 1 person's employment contract was terminated; 3 people were demoted from administrative posts; 1 person's post was adjusted; 2 people were removed from their posts. Illegal funds of RMB325,100 was seized and returned, and RMB20,600 of performance-based salary was deducted as fines.

As of December 31, 2018, COSCO SHIPPING Ports accepted a total of five clues about the accusation, 5 pieces have been closed, and 3 pieces of clues commissioned by the superior and other questions were handled. The settlement rate was 100%. During the year, the handling of letters and visits is handled by the authorities, involving one person in the conversation (one case in the clues of the complaints was true), and RMB2,445 in the collection and removal of violations.

We connect anti-corruption education with our business activities closely. COSCO SHIPPING Holdings Headquarters has established a public account *COSCO SHIPPING Holdings Chuangzhi* in WeChat, and COSCO SHIPPING Lines has set up several columns such as *Integrity Window* and *Honesty Voyage*. We publish and share probity-related articles, stories education cases on the public account and the columns. We also organize probity-related group dialogues with newly promoted management and always effectively combine probity education with standardized business discipline.

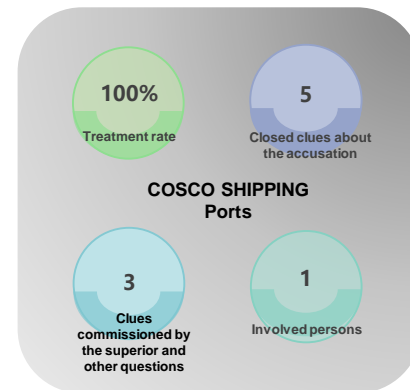


#### Case: Probity-related group talks for newly promoted management team

In December 2018, in order to enhance the integrity awareness of the leaders at all levels of the Company, as well as to regulate activities in operation and management, COSCO SHIPPING Lines organized probity-related group dialogues with newly promoted management and operating personnel. Every one of the Company is required to keep unity of knowledge and practice based on our posts.



Probity-related group talks



#### Case: Establishment of reading corner for clean governance

In order to fully understand the spirits of the 19th CPC National Congress and the second plenary session of the 19th CPC Central Committee for discipline inspection, to spread the spirits and the instructions on clean governance, discipline inspection and supervision to the management and employees, as well as to improve employees' knowledge reserves of probity and probity cultural attainment, COSCO SHIPPING Holdings' Discipline Inspection Department establishes a reading corner for clean governance, with relevant books for employees to read and learn in their spare time. To meet employees' reading preferences, at present the bibliography of the reading corner has around 50 categories of books, mainly including party construction theory, clean governance culture, discipline inspection, supervision and review, laws and regulations, party discipline and rules, etc. The Company is also responsible for the maintenance and daily management of the reading corner, including open time, reading rules, to create a civilized reading environment.

The establishment of the reading corner provides various channels for employees to learn and improve. It helps cultivate employee incorruptibility, improve employee qualities, and promote the implementation of anti-corruption work.



Case: The month of probity education

In December 2018, we organized "the month of probity education". Through diversified contents and ways, the event enhanced employees' awareness of probity. For example, COSCO SHIPPING Lines organized 40 CPC members and cadres to visit Shanghai Tilanqiao Prison for warnings and education. COSCO SHIPPING Ports and COSCO SHIPPING Holdings also separately organized CPC members and management personnel to visit education bases in Jiangsu Province, the former residence of Gu Yanwu in Kunshan and Chen Yun Memorial Hall in Qingpu, reviewing the work and life experiences of Gu Yanwu and Chen Yun and embracing the spirits of political and cultural integrity. In addition, we also organized learning for members of the CPC Committee and groups in the Company, in the form of Party lectures, case study and sharing, as well as warning and education films and so on, and achieved good results.



In December 2018, COSCO SHIPPING Lines organized 40 CPC members and cadres to visit Shanghai Tilanqiao Prison]

During the reporting period, we did not have legal prosecution for bribery, extortion, fraud, corruption or money laundering; and there were no incidents of dismissal or disciplinary action against employees due to corruption.



2.Strengthening procurement management

As the global society pays more attention to supply chain management, companies gradually realize that in sustainable development, they should not only focus on their own strategic goals, but also on partners in realizing their goals. As a large shipping company, COSCO Shipping Holdings is increasingly aware of the impact of supply chain on society, economy, and the environment. The Company cares about the compliance position of cooperative suppliers, and jointly carries out lawful procurement to create a clean, fair, just and open supply chain environment.

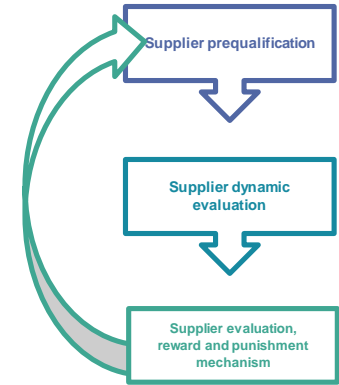
In order to reinforce the management of suppliers, COSCO SHIPPING Holdings and its subsidiaries have established directive documents such as the Basic Procedures for Competitive Procurement, the Basic Procedures for Non-Competitive Procurement, the Measures for the Management of Suppliers, and the Measures for the Management of Procurement, further defining the overall requirements on bidding, procurement, and supplier management. COSCO SHIPPING Holdings strictly controls the compliance of procurement and supplier management with laws and regulations from three aspects, i.e., supplier pre-qualification mechanism; supplier dynamic evaluation mechanism; and supplier evaluation, reward and punishment linkage mechanism.

Through "the month of probity education", every employee can truly understand that anti-corruption is closely related to the growth of the Company and to their personal development, so that they understand the danger of corruption and always keep disciplined.



In December 2018, COSCO SHIPPING Holdings organized CPC members to visit Chen Yun Memorial Hall

During the reporting period, we not only focused on anti-corruption, but also included requirements for preventing bribery, extortion, fraud and money laundering in the daily assessment of employees. We strictly abided by the requirements of laws and regulations such as the United Nations Convention against Corruption, the Anti-Money Laundering Law and the Company Law; built a strong defense, and checked erroneous ideas at the outset, and constantly helped enterprises develop in a clean and healthy and sustainable way



In the execution of procurement, we strictly abide by the company's management system and series of documents, select the appropriate procurement method, and strictly enforce the authorization and approval for various procurement. We strictly follow up and inspect all aspects of supplier management, and audit supervision departments timely implement audit supervision, and take accountability measures for those who are identified as responsible for the incidents



Case: Prohibition on cooperating with suppliers with administrative penalties

In December 2018, during reviewing the qualification compliance of suppliers, COSCO SHIPPING Lines found that there was a supplier being given administrative penalties by the local market supervision and administration bureau because of commercial bribery in 2017. It did not qualify for our requirement of "no major illegal record in business activities within three years". Upon review by the audit team, the supplier was not allowed for cooperation.

In addition, COSCO SHIPPING Holdings attaches importance to and actively develops strategic cooperation, and establishes strategic partnerships based on mutual trust, respect and benefit with excellent suppliers to jointly promote the development of the industry.



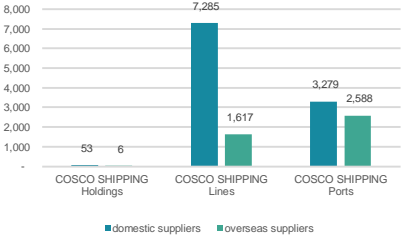
Case: COSCO SHIPPING Ports reaches strategic cooperation with GLP and Eshipping

On May 18, 2018, COSCO SHIPPING Ports signed tripartite strategic cooperation framework agreement with GLP China Holdings Limited ("GLP") and Eshipping Global Supply Chain Management (Shenzhen) Company Limited ("Eshipping") in Shanghai to form strategic partnership. The strategic alliance would start with domestic cooperation, then extend to the rest of the world to develop strategic platforms for comprehensive cooperation in the investment and operation of port, development and management of logistics infrastructure, supply chain solutions and financial services, etc.

We have 11,828 in our base by 2018. Among them, there were 10,617 domestic suppliers and 4,211 overseas suppliers. We actively pursue localized procurement as a strategy to ensure supply and support the local economy in order to maintain community relations and promote the development of local economy.

Procurement plays an important role in the standardized management and business efficiency of a company. Thus, supplier management is also an important link to which COSCO Shipping Holdings keeps paying attention. We will keep innovating cooperation models, strictly control the procurement process, and reduce procurement risks. We will ensure sustainable procurement on the basis of compliance, continue to be a reliable player in the international shipping supply chain, and take the opportunities and challenges in the new era.

Suppliers Distribution







## Implementing compliance requirements

Socio-economic compliance is necessary for the long-term development of a company. Compliance with laws and regulations is of lasting concern to a company, its employees, customers, partners, and investors. As a leading company in the shipping industry, COSCO SHIPPING Holdings highly values socio-economic compliance, abides by business ethics and resolutely forbids illegal behaviors. We have formulated rules to regulate the day-to-day operation of the Company. In addition, we launched propaganda campaigns to promote laws and regulations within the Company to improve employees' awareness of compliance, manage risks comprehensively, analyze, identify and control risks that affect the Company's development to ensure the sound, sustainable development of the Company.

### ● Management of related party transactions

COSCO SHIPPING Holdings follow the regulations related to listed companies and ensure compliance regarding related party transactions. We have formulated the *Regulations on the Management of Related Party Transactions*, and disclosed in accordance with the listing rules. In the daily management of related party transactions, COSCO SHIPPING Holdings regularly updates the list of related parties, identifies related party transactions in time, earnestly discloses related party transactions, strictly monitors the amount of continuous related party transactions, and ensures the legitimacy and compliance of related party transactions in accordance with the listing rules and company management measures of Hong Kong and Shanghai.

### ● Information Disclosure

COSCO SHIPPING Holdings shall strictly carry out information disclosure in accordance with the *Company Law of the People's Republic of China*, *Shanghai Stock Exchange Listing Rules*, *Hong Kong Stock Exchange Securities Listing Rules* and other laws and regulations as well as *Articles of Association* and *COSCO SHIPPING Holdings Information Disclosure Management Measures*. We always ensure the reliability, transparency, and timeliness of information disclosure and effectively protect the rights and interests of investors.

### ● Anti-monopoly

We fight against improper competition and monopoly. During the 2018 reporting period, we consistently abide by the anti-monopoly laws and competition policies of all countries and regions, participate in fair market competition, and provide better services to our customers. Based on the fierce market competition situation, we made independent judgments and decisions, followed and timely tracked changes in international anti-monopoly policies and regulations, and adopted follow-up measures. In 2018, the anti-monopoly compliance awareness of the company's management personnel at all levels was further improved.

### ● Legal training and education

We have trainings in laws and regulations within the Company every year to educate employees. We integrate propaganda campaign of laws and regulations into our day-to-day business operations and management through a variety of activities on a regular basis, improving employee awareness and knowledge of the rule of law and creating a good culture of compliance across the Company.



### Case: Active participation in propaganda campaign of laws and regulations

In December 2018, COSCO SHIPPING Lines took active part in activities such as the month of legal education, debate and mock court within the group. These interesting interactive activities strengthen the effectiveness of legal publicity and education, effectively enhance the concept of the rule of law, and make a habit among the employees to study, respect and observe the law.

### ● Risk control

During 2018, COSCO SHIPPING Holdings implemented the key points of annual risk management and improved the Company's risk control system. Guided by comprehensive risk management, the Company improved the organization, standards and work process of internal control. We integrated overall risk management with our business processes to identify, evaluate, and control risk events during the processes, supporting the Company to achieve strategic, business and compliance goals.

During the 2018 comprehensive risk management work, we fully participated in the risk assessment questionnaire, comprehensively assessed the possibility and impact of the risk event, assessed the current important risks of the company, and described and continuously tracked the major risks. We continuously promoted comprehensive risk management within the system to ensure that all decisions, operations and management behaviors of listed companies and business sectors comply with laws and regulations.

During 2018, the Company had no any heavy monetary fines or non-monetary sanctions for violating social and economic legislation. As strong compliance management has gradually become necessary for modern corporate management, COSCO SHIPPING Holdings, as a large shipping enterprise, will persistently improve its socio-economic compliance, adapt to the global economic environment and competition rules and develop sustainably.





# Ensuring safe production

Production safety accidents not only affect the operating efficiency, but also have adverse effects on the company and the country. Therefore, we shall fully understand and control the dynamic situation of production and further strengthen safety supervision and management to ensure safe production.





## Strengthening safety inspection

### Systematic management of the shipment of dangerous goods

### Reducing the impact of accidents on production safety

#### Strengthening safety inspection

We formulated various regulations for safe production such as *the Measures for the Management of Safe Production*, *the Safety Management Responsibility Provisions* and *the Emergency Readiness for Safe Production* and so on. Such documents regulate the important matters to be observed for safe production activities. Also, we attach great importance to safe production training. During 2018, we organized 1,567 trainings on safe production for employees, 1,249 for COSCO SHIPPING and 318 for COSCO SHIPPING Ports with 72,666 participants, 53,836 for COSCO SHIPPING and 18,830 for COSCO SHIPPING Ports. In 2018, there was no serious safety accident on our own ships, maintaining safe production in general. During 2018, we tracked 1,234 times with respect to our owned vessels with shipping risks, and the details are as follows::

Track and guide vessels facing heavy winds	111 times	We carried out safety inspections in order to find potential problems and rectify them in a timely manner. During the reporting period, COSCO SHIPP
Track vessels in ice zone	34 times	ING Lines implemented vessel inspections 730 times, identified and rectified 4,049 defects. We implemented inspections on land departments 922 times, identified and rectified 663 defects.
Track vessels in the mist	369 times	
Guide the prevention work in typhoon	328 times	We have established a specialized team dedicated to the quarterly safety inspection and supervision of the controlled terminals according to our standards, covering the loading and unloading work and large equipment of the terminals. The team would issue a "Notification of Rectification of Safety Hazards" to the department with safety hazards to rectify based on the inspection results so as to prevent potential production accidents and ensure the safe production throughout the year. At the same time, our subordinate terminals also hold regular emergency drills and simulate the accident scene to improve employees' emergency response ability.
Randomly inspect vessel footage	298 times	
Track tropical storms over Northwest Pacific Ocean	29 times	
Track storm over other oceans	65 times	During 2018, COSCO SHIPPING Ports carried out 120 emergency drills. The details are as follows:

Port security facilities drill	40 times
Fire drill	22 times
Typhoon drill	21 times
Dangerous chemicals drill	7 times
Personal safety emergency rescue drill	9 times
Road traffic emergency drill	5 times
Other special drill	16 times



#### Case: Supervision of the safety of Belgium Zeebrugge Terminal

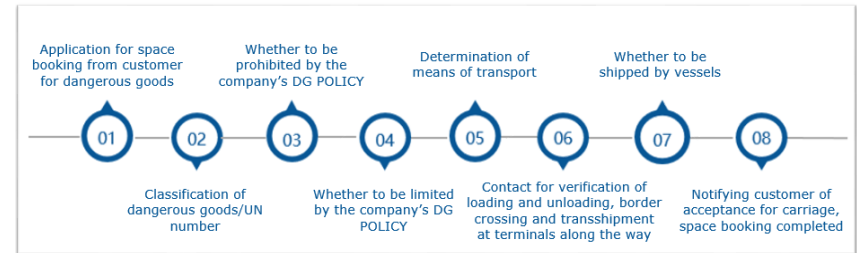
#### Systematic management of the shipment of dangerous goods

The International Maritime Organization (IMO) has formulated the International Maritime Dangerous Goods Code in order to ensure the safe shipment of dangerous goods and to protect the marine environment from pollution. As the shipment of dangerous chemicals features a long shipping period and many links, and the weather and sea conditions change rapidly during the shipment, the supervision and management of shipment safety of dangerous chemicals is a long-term, complex and arduous work. Therefore, we keep improving the sense of responsibility of practitioners and their competence to ensure safe shipment. While complying with the "Regulations on the Safety Management of Dangerous Chemicals" formulated by the State Council and the "Regulations on the Safety Supervision and

In April 2018, the inspection team went to PCT (Greece) and Zeebrugge Terminal (Belgium) for safety inspections. The team inspected the terminal operation sites, large equipment, maintenance workshops/teams, and key warehouses, checked the construction and implementation of safety management, operating instruction, safety training, emergency management, and safety legers. The inspection team pointed out the non-standard practices on the production site and gave suggestions for the potential dangers during the production.



Administration of Dangerous Goods Carried by Ships" formulated by the Ministry of Communications, we have formulated the Operation Procedures for the Acceptance and Carriage Confirmation of Dangerous Goods, defining the entire process of acceptance and carriage operation procedures for dangerous goods from the customers' application for space booking to the transportation of goods, and strictly abide by the operation procedures. For example, once customer inquiries or application for dangerous goods were received, our staff will check whether the product is listed as "Dangerous Goods" in Section 14 "Transportation Information" of the MSDS (Material Safety Data Sheet) provided by the customer, and also verify its relating data base and management system (chenwatch) according to the MSDS classification and CAS



No. If the results is inconsistent or the MSDS information is not standardized, the customer should be required to provide again. If the conclusions are consistent, it can be determined whether it is a dangerous goods or not. If it is not a dangerous goods, the customer should book a space in the trade area under the jurisdiction. If it is classified as dangerous goods, the specific category and UN number should be provided to determine the hazardous characteristics according to the International Maritime Dangerous Goods Code, CHEMWATCH, etc. If it is hard to determine whether the goods are dangerous, we will ask the customer to test the goods at the designated professional testing institutions, and determine whether the goods are dangerous according to the test report. In addition, the embargoed goods under the Company's policies are prohibited to be shipped under any circumstances.

According to the company's DG POLICY, Restriction policy of ports dangerous goods, Restrictive clauses for dangerous goods on leasing ship, etc., determine whether the dangerous goods are within the scope of prohibited transportation. If it is prohibited, our staff will refuse the application and also makes an explanation. If it is restricted, our staff will check if it meets the restricted transportation requirements, otherwise we will help them to meet. If the requirements are not met, our staff will refuse clients and explain to them. False and concealed reporting of dangerous goods is also a significant risk during our day-to-day management and operation These behaviors will cause serious loss of

life and property damage, so we must address such situation seriously. Therefore,

We established a blacklist and notification system for bad records such as lying about and conceal dangerous good, and build a three-step process for the management of dangerous goods, including prevention and monitoring, emergency response, as well as accountability and punishment. We will check and control suspicious activities strictly during the processes of goods' collection, booking, handling and transportation. In the meanwhile, we share blacklists of clients who lie or conceal reporting of dangerous goods with Chinese Customs Risk Control Centre, Maritime Safety Administration and OOCL, to curb the occurrence of risk from the source. In addition, we require all port companies to maintain communication with customers and to report any false and concealed reporting customers to the headquarters immediately. The headquarters will add such customers' bad records into the blacklist. Those blacklisted clients are strictly prohibited to order our containers in the future. In 2018, COSCO SHIPPING Lines issued the Notice for Customers on Regulating the Declaration of Dangerous Goods. It is repeated that we will charge a penalty of USD10,000/TEU for customers who misstate, conceal or misreport dangerous goods. Besides, we will claim against the responsible party for all losses and expenses incurred. The shipping contract and booking agreement of COSCO SHIPPING Lines has included relevant terms.



The picture shows the query interface of CHEMWATCH

## Reducing the impact of accidents on production safety

We usually prevent and make adequate preparation for unpredictable events during the day-to-day operations including pirate assault and extreme weather. In addition, in the case of unpredictable events, we respond appropriately in a timely manner to minimize their negative impact on production and operation as much as possible.

For possible pirate assault, we have equipped safety cabin as a place of refuge and retreat for the crew to ensure their personal safety and life support in case of threats or damages caused by armed pirates. When passing through the sea areas with frequent pirate assaults, the vessels shall inform relevant departments in advance so that they can make timely preparation. We also organize regular anti-piracy trainings and emergency drills, covering the use of the safety cabin, anti-piracy measures, emergency procedures and the safe use of anti-piracy equipment. For the day-to-day shipment, we hire a third-party armed escort team to track and monitor our owned ships in high-risk areas round the clock.

For extreme weather conditions, we have formulated the Regulation on the Readiness and Response of Flood and Typhoon at Ports and the Typhoon Precautions to prepare for and handle extreme weather conditions. In practice, we collect precise typhoon information by making use of advanced technologies to cover the data from high-altitude, ground whether and the global meteorological networks. In addition, we summarize the year's work by investigating and closing loopholes to improve existing problems and safeguard our personal and property safety.



### Case: Response to Super Typhoon Maria



Container reinforcement

In 2018, the Super Typhoon Maria (Typhoon No.8) landed on the coasts of Fujian and Zhejiang Province. At the time of landfall, the maximum typhoon force near the center was degree 14 in intensity (42 m/s), and the lowest pressure was 960 hpa. Terminal companies in Fujian Province took actions quickly before the landfall, paying close attention to the status of the typhoon, preparing machinery and equipment, material warehouse, construction site, etc. according to the typhoon readiness plan. They also took regional precaution measures including reinforcing containers and equipment at the storage yard, preparing emergency supplies, so as to ensure personnel and property safety.



Anti-typhoon sand bags



### Case: Emergency rescue drill for accident of dangerous goods on-board/at ports

At 14:00, June 8, 2018, COSCO SHIPPING Lines simulated the COSCO Piraeus vessel. During the routine inspection, the sailor found that there was special smell around the TANK at A location on deck No.1 with oily liquid flowing out. The vessel immediately reported to the company and organized personnel for on-site emergency response in accordance with the emergency plan and procedures. The chief commander of the drill evaluated the incident after the drill, the performance of COSCO Piraeus during the drill met the requirements of the company for the vessels to take response in the case of emergencies. Clear action steps, appropriate measures, and smooth communication characterized its response. The departments and relevant personnel showed tacit cooperation, clear responsibility, quick action, and accurate response in the drill. The drill met the requirements and achieved the anticipated results."



# Environmental Topics

The shipping industry is a main segment in the transportation-related international trade. It accounts for over 90% global trade transportation. Chinese shipping industry has a long history. With rapid economic development, China has become one of the most important maritime transportation service providers in the world. As shipping industry develops rapidly, its impact on the ecological environment becomes more and more obvious. Therefore, it is particularly important to pursue ecological and green shipment to protect the marine environment and maintain the marine ecosystem given the improvement of the strategic position of oceans today.







# Green business, energy conservation and emission reduction

We focus on green operation and environmental protection, and strictly abide by related domestic and foreign laws and regulations, including but not limited to the *Environmental Protection Law*, *Energy Conservation Law*, and the *Marine Environmental Protection Law*, *Prevention and Control of Environmental Pollution caused by Solid Wastes*, *Prevention and Control of Water Pollution*, and the *International Convention for the Prevention of Pollution from vessels*, etc., both of COSCO SHIPPING and COSCO Shipping Ports assigned specific staffs to pay attention to the latest tendencies in environmental protection, and continuously incorporate new requirements and standards into their corresponding policies and management methods. At the same time, we have established environmental and energy management mechanisms based on ISO140001, ISO50001 and apply which in our operation. The environmental and energy management mechanisms are improved continuously through internal and external supervisions. Besides, we also actively promote the concept of environmental protection and respond to inquiries from stakeholders. In 2018, we did not violate any relevant environmental laws and regulations.

In 2018, the 72nd session of the Marine Environment Protection Committee (MEPC 72) was held at the IMO headquarters in London during April 9-13, adopting an initial strategy for reducing GHG emissions from vessels. The vision of the strategy is that GHG emissions from the global shipping industry in the middle of the century decreases by at least 50% from 2008. Countries should start reducing emissions as soon as possible and move toward the goal of Carbon Zero. The strategy includes the shipping industry into the temperature goals of the Paris Agreement—to keep increases in global temperature less than 2 degrees Celsius above the "pre-industrial" levels. Henceforth, shipping emission reduction officially starts.

We have been emphasizing the importance of energy conservation and emission reduction. We are committed to the efficient use of resources and reducing the impact of business activities on the environment.

During 2018, our fleet increased 15 vessels. With the increase in the number of vessels and profit, the carbon dioxide emissions caused by energy consumption were 16,014,898.35tons during 2018, a year-on-year increase of 7.48%, average emission of per unit of logistics



Year	Oil consumption (ton)			Oil consumption per ship (kg/kiloton per nautical mile)	
	Number of vessels	Diesel oil (Light oil)	Fuel oil (Heavy oil)	Lubricant	Oil (Light oil + Heavy oil)
2017	361	182,050	4,609,030	8,506	4.80
2018	376	156,776.8	4,992,708.2	11,698.8	4.79

Year	2018	2018	2017	2017
	Total emission (ton) <sup>1</sup>	Average emission of per unit of logistics container (kg/kiloton per nautical mile)	Total emission (ton)	Average emission of per unit of logistics container (kg/kiloton per nautical mile)
CO2	16,014,898.35	14.90	14,900,262.80	15.04
NOx	463,453.66	0.43	431,179.20	0.44
SOx	308,969.1	0.28	287,464.80	0.29

container decreased by 1% . The NOx emissions were 463,453.66 tons, an increase of 7.48% from the previous year and average emission of per unit of logistics container decreased by 2.27%. The SOx emissions were 308,969.1 tons, up 7.48% over the prior year, average emission of per unit of logistics container decreased by 3.44% As the energy consumed in container shipping accounts for more than 99% of the total energy consumption within the Company, which keeps the exhaust gas and carbon dioxide emissions rising.

We have formulated the Measures for the Management of Energy Conservation and Emission Reduction, including the Energy Review Procedures and the Management Procedures for Energy Benchmarks and Performance Parameters. Employees can identify energy factors that can be controlled or influenced in the production and business operations according to energy review methods and requirements of the Energy Review Procedures. In this way, they can review energy impact, and determine the energy factors of priority control, discover equipment, facilities, systems, processes that have serious impact on energy consumption to achieve the goal of energy saving. Moreover, we regularly collect fuel data and publish Weekly Report of Fuel Management and Monthly Report of Fuel and Lubricant Oil Management, as well as study, analyze and review energy performance data under the Management Procedures for Energy Benchmarks and Performance Parameters. In practice, in order to ensure efficient operation and reduce oil consumption, we have launched the IOP project to improve the nonstop rate of vessels and operating efficiency at the port, to best control vessels' waiting time

and cut the turnaround time, so as to reduce oil consumption. Since the IOP project was officially launched in Singapore in March 2017, it has achieved the record single trip operating efficiency of 300+ on the AEU1 route, the average hourly handling capacity on berth increased from 84.8 last year to 95.2 in 2018. In February 2018, the IOP project was implemented in Piraeus Port in Greece, with the average hourly handling capacity increased from 70.3 to 81.7. We also actively conducted technical transformation, such as the upgrading of the bulbous bow, to improve the operation efficiency and achieve the goal of energy conservation and emission reduction.

In addition to strictly controlling the use of fuel, we also emphasize the importance of saving water. We work on water desalination by using the waste heat from the equipment to produce fresh water for domestic use and facilities. It helps decrease the pressure of fresh water supply on shore. In addition, we promote employees' awareness and habits of water conservation and encourage them to optimize the use of shipping water. During 2018, the total fresh water consumption of our fleet was 190,486.90 tons and decreased by 7% compared to last year. Some of our ships, such as COSCO Holland, are equipped with seawater desalination devices. For those ships, we can desalinate seawater and reduce the use of fresh water resources. During 2018, we achieved 46,007.33 tons of seawater desalination.

Note: footnote1: CO2 emissions=3110g/kg-fuel (by IMO MEPC/29/18/Dec.1989).  
SOx emission=Sulfur content (weight%) \*20g/kg-fuel. If sulfur content is 3%, 1Kg of fuel will create 60g of SOx.  
NOx Two-stroke emission factor: 87g-NOx/kg-fuel.  
NOx Four-stroke emission factor: 57g-NOx/kg-fuel.



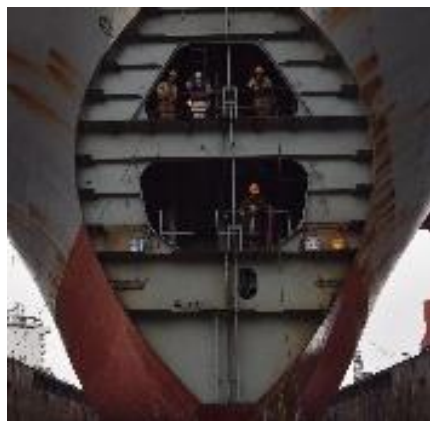


## Case: Technical renovation of bulbous bow

When a ship is sailing on the sea, it should consider not only the air resistance, but also the water friction and wave-making resistance. From the perspective of energy consumption, in order to overcome the wave-making resistance, a ship needs to burn a lot of fuel oil to increase power, so the smaller the wave is, the less fuel the ship consumes. A bulbous bow reduces wave-making resistance with the peaks and troughs of the waves generated by the bulbous bow superimposing those with other waves. The transformation of the bulbous bow can reduce the resistance during operation and cut fuel consumption. During 2018, we transformed the bulbous bow and propellers of ten 4,250-TEU ships, three 10,000-TEU ships and four 13,000-TEU ships. To date, all 17 ships have been upgraded. After the initial tracking since the transformation, the comprehensive oil saving rate reaches about 7.5%, which is a good result. At the same time, our energy conservation and emission reduction projects have won the support of the government and were given special funds:

"COSCO SHIPPING Lines 10062-TEU ship bulbous vessel and propeller renovation project" won a special support fund of RMB7,913,400 for transportation energy conservation and emission reduction from Shanghai Municipal Transportation Commission.

"COSCO SHIPPING Lines 'COSCO Asia' shore power project" received special support fund of RMB3.09 million from the Ministry of Transport.



Renovation of bulbous



## Case: COSCO SHIPPING Aries

The construction of COSCO SHIPPING Aries started on September 28, 2016 and it was officially delivered on January 15, 2018. The ship is 400 meters in total length, 58.6 meters in width, 16 meters in maximum draft, 22.5 nautical miles per hour in design speed, 198,000 tons in maximum dead weight, 19,273 TEUs in maximum container capacity, equipped with 952 reefer plugs for both LR and CCS classes. In order to comply with the development concept of energy conservation, emission reduction and environmental protection, the technical parameters and equipment configuration should be reasonably adjusted according to the actual operating conditions, so as to reduce fuel consumption and emissions and greatly improve fuel economy. The ship is equipped with an ultra-long stroke high-efficiency main engine, auxiliary engine exhaust economizer, high-pressure dark point system, marine engine water pump/engine fan frequency conversion control system, and an air-conditioning system with an energy



COSCO SHIPPING Aries

exchange device. The energy efficiency management system provides the most advanced vessel energy consumption management means and realizes the intelligent vessel management. The ship energy efficiency design index (EEDI) meets the MATPOL 2030 target ahead of schedule. The vessel has a green ship classification symbol and a specific route binding force calculation classification symbol, which meets the Code of Safe Practice for Cargo Stowage and Securing ("CSS Code"), and The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships ("Hong Kong Convention") and the latest International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention").

The energy conservation and emission reduction of maritime shipping is not only the responsibility of an industry, it also requires the strong support of the ports. At the same time, COSCO SHIPPING Ports have also developed the Emission reduction management standards to clarify the responsibilities of the relevant departments, and how to carry out energy conservation and emission reduction work. The office of energy conservation and emission reduction has been set up to supervise the implementation of the work and ensure the achievement of the targets. COSCO SHIPPING Ports requires its subordinate companies to take timely measures to improve energy conservation and emission reduction.

During 2018, COSCO SHIPPING Ports consumed 55,577,110 liters of diesel, 926,344 liters of petrol, 141,702 liters of liquefied petroleum gas, 16,436,900 liters of liquefied natural gas and 406,976 cubic meters of natural gas. In addition, the company purchased 454,835.93 thousand kWh of electricity, as well as 63,221,760 million joules of heat.

By 2018, there were 183 container gantry cranes owned by our eight controlled yards in China, and 160 units completed oil to electricity transformation, accounting for 87.9%. During 2018, our terminals within the jurisdiction of China consumed 120.67 tons of gasoline, 27.6% less than the previous year. The electricity consumption was 9,436,730 thousand kWh, 0.69% lower than the prior year. We completed the renovation and renewal of 175 sets and 989 lamps and lanterns according to the energy-saving technology reform. Diesel consumption during 2018 was 15,260.07 tons, up 5.23% from the prior year, and the increase was mainly due to the rise in business volume. According to the data of energy conservation and emission reduction of the controlled terminals, the comprehensive energy consumption per ten thousand RMB of income was 0.1115 tons of standard coal, down 8.76% compared with the previous year.



## Case: Zhangjiagang Yongjia Terminal

Located on the south bank of the Yangtze River, Yongjia Terminal has a quayside length of 722 meters, a storage area of 300,000 square meters, a container capacity of 43,668 TEUs, a container disassembly warehouse of 8,000 square meters, and a handling capacity of 1 million TEUs. In April 2018, Yongjia Terminal completed the project acceptance of the scientific research and technical renovation of the terminal tractor. The diesel-fueled tractor was upgraded to a hydraulic air hybrid tractor. Through the hydraulic hybrid transmission, the tractor can switch power system, change speed, convert torque to recover energy during regenerative braking and idling, and start the tractor with hydraulic drive, as well as to realize the acceleration and normal operation of the engine power. According to the data tracking and comparison before and after the transformation and with other terminal tractors, the fuel saving rate of the transformed tractor is about 12%. This project has contributed to energy conservation and emission reduction of COSCO SHIPPING Ports.



Year	2018	2017
Diesel	55,577,110 L	59,065,133L
Gasoline	926,344 L	1,294,114L
Liquefied petroleum gas	141,702 L	13,405L
Liquefied natural gas	16,436,900 L	18,001,030L
Natural gas	406,976 m <sup>3</sup>	407,908m <sup>3</sup>



## Case: Achievements in energy conservation and emission reduction of Taicang International Container Terminal

Following the completion of RTG oil to electricity transformation and sewage water supply system transformation at the end of 2017, the diesel consumption of Taicang International Container Terminal, a subsidiary of COSCO SHIPPING Ports, dropped by about 221 tons in 2018, and its carbon emissions continued to decrease. The sewage system is connected to the municipal sewage pipe network. Part of the recyclable sewage can be used for flushing toilets and irrigation after purification and recycling. In this way, the water consumption was 124,072 tons, decreases by about 29% compared to 175,091 in 2017.

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### Reducing the negative impact on the environment

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A healthy marine environment is the basis for the sustainable development of the shipping industry; therefore strict management of the ship's sewage and garbage is necessary. In 1967, Torre Canion hit the reefs and caused massive pollution in the nearby waters and coasts, and brought huge losses to Britain and France. The IMO set up a special legislative committee and published the International Convention for the Prevention of Pollution from Ships 1973, as modified by the Protocol of 1978 (MARPOL 73/78). We care the marine environment and require our crewmembers to follow the Ship's Garbage Management Plan to minimize the negative effects on the marine environment.





## Strict treatment of sewage and waste

## Paying attention to the ecological environment

### Strict treatment of sewage and waste

During 2018, we handled hazardous waste 2,136.27 m<sup>3</sup> from our own vessels. The owners of leased vessels were responsible for handling the garbage produced thereby. We handled 40,648.70 tons of oily water from our own vessels and 35,602.60 tons from our leased vessels. There were no major leak events happened during the year of 2018. In order to prevent marine incidents and pollution, and to protect the marine ecosystem, we comply with the laws and regulations of *Prevention and Control of Marine Pollution by Ships* and the *Law of the Ministry of Environmental Protection on Ship Pollutant Emission Standards* and formulated the *Ship's Garbage Management Plan* by reference to MARPOL 73/78 and Resolution MEPC.219 (63), MEPC.220 (63). The plan defines the responsibility of everyone on board and requires that all the crew to attend trainings conducted by the management staff concerning the collection, disposal and storage of garbage. All garbage should be stored, incinerated and disposed of after being classified and processed. At the same time, we have also formulated the *COSCO SHIPPING Lines Waste Oil Residues Disposal Instruction to prevent risks*, and the complete operation process of offshore oil and sewage treatment is specified in the rules. In the event of an accidental oil discharge, we have developed the *Shipboard Oil Pollution Emergency Plan* to help the crew take prompt measures to reduce and control the impact of an accidental oil spill.

In terms of sewage discharge management, we have dedicated sewage treatment stations or facilities at the port to treat port sewage. Through timely supervision and effective management, we strengthen the maintenance of sewage treatment facilities to ensure that the discharged sewage meet or even better the national and local standards. For the household garbage inside the port, we require the disposal of garbage at fixed sites, and the sanitation department is responsible for the transportation and further processing. The

production waste shall be disposed of on a daily basis. In the process of transfer, the garbage will be kept in a closed container in order to minimize the negative effects on the environment. For hazardous waste, COSCO SHIPPING Ports has established corresponding management system and the specified unit in charge of waste prevention and control. We have carried out solid waste declaration and formulated hazardous waste warehouse implementation plan. We have standardized the storage and transfer of hazardous waste, established and improved legitimate procedures and approaches for the transfer and disposal.

For the office garbage, we classify and recycle them according to the related waste classification requirements, and also signed contracts with the qualified environmental sanitation management center and the hazardous waste trading center as well. At the same time, the facilities of the sewage pool are regularly maintained to ensure its treatment capacity and the compliance with related requirements. For the renovation of the office area, we will entrust the property management office and the construction unit to deal with the construction waste.

In 2018, Guangzhou Nansha Port, a subsidiary of COSCO Shipping Ports, was found to violate related environmental protection regulations, which was due the indicator of domestic sewage discharge exceeding the prescribed limit. The local government has imposed a fine of more than RMB 250,000. We have taken action, including setting up a special rectification work team for sewage treatment, strengthening monitoring, and improving long-term training and supervision mechanisms to improve environmental management capabilities and prevent accidents from happening again. The terminal was all qualified in the supervision test in the fourth quarter of this year.



### Case: Ningbo Far East Terminal treatment of sewage with the SBR-based activated sludge method

After the SBR-based activated sludge method is adopted by Ningbo Far East Terminal to treat sewage. The domestic sewage will enter the sewage treatment station. The oily wastewater will be treated by an oil-water separator and then go to the sewage treatment station for centralized treatment. The separated waste oil will be recycled and treated by qualified companies. The processed sewage with water quality test results reaching the recycling standard can be used for irrigation

### Paying attention to the ecological environment

We adhere to the concept of sustainable development, trying to balance enterprise development and ecological protection. We believe that environmental protection is the premise and necessary for sustainable development. We strengthen the management of ballast water and strive to reduce the negative impact on the marine environment. In addition, we also enhance the environmental protection awareness of our staff by organizing relevant activities.

- Controlling the discharge of ship ballast water

The IMO has formulated the International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004 ("BWM Convention") and relevant implementation guidelines to help governments and relevant parties reduce the risk of introducing aquatic organisms and pathogens from ballast water and sediments. The BWM Convention will come into force in China on January 22, 2019. The COSCO SHIPPING Lines has formulated a number of directive documents, such as the Instructions on Ballast Water Management and the Ballast Water Management Plan, to prohibit any violation of the BWM Convention. In actual operation,



### Case: Environmental protection activities at Yantian Terminals

At Yantian International Container Terminals, the environmental protection committee organized the "recycling of red envelope bags", "green action, charity shopping", a flea market for environmental protection and public welfare purposes, and "earth hour" activities. The aim was to improve the staff's environmental protection awareness, promote green office, and encourage employees to act from details to reduce energy consumption and waste due to work.



### Case: Environmental activities at Zhangjiagang Terminal

At the Zhangjiagang Terminal, the "golden idea" seeking activity of environmental protection "inventions, creations, innovations, designs and breakthroughs" was carried out to let employees share environmental protection skills, so that they could develop good habits of environmental protection.





## Social Topics

COSCO SHIPPING Holdings aims to ensure the occupational health and safety of employees and create harmonious labor relations. Starting from the sustainable development strategy, establish a talent team that meets the company's development strategy requirements. In combination with international and domestic laws, regulations, and conventions, the company has formulated relevant policies for employee recruitment, management, as well as occupational health, labor safety, and welfare benefits.







## Ensuring the health and safety of employees

We carry out the national "safety first, prevention first" policy. In the production management, we always put the occupational health and safety of our staff in the first place, in accordance with the *OHSAS18000 occupational health and safety management standards* and *ISM rules* introduced by the company, establish an occupational health and safety management system to strengthen the management of labour safety and occupational health, and strive to provide a healthy and safe working environment for employees. To implement the *Work Safety Law* of the People's Republic of China and the State Council Regulations on the *Reporting, Investigation and Handling of Work Safety Accidents*, on August 15, 2018, COSCO SHIPPING Lines issued the *Rules on the Reporting, Investigation and Handling of Work Safety Accidents*, standardizing the report and the investigation mechanism to prevent and reduce production safety accidents. On November 28, 2018, COSCO SHIPPING Lines issued the *Annual Assessment Measures on the Safe Production Management* to clearly define the responsibility of the enterprise for safe production.

In 2018, there was no work-related injury or death in the COSCO SHIPPING Holdings headquarters; there was no work-related injury or death in the container transportation business; in the terminal business, the 1,000-person injury rate was 7.4‰, and 95 cases of work-related injuries and 1 death occurred. The direct cause of the death accident was that the maintenance staff was not properly seated during the operation and did not wear the safety rope. After the accident, all the teams in the COSCO SHIPPING Ports re-learned the safety production rules and regulations, improved safety awareness, and stipulated that when working at heights, Wear a safety rope. View all transmissions and install the necessary guards.

### ●Source management

In order to find and rectify the risk factors that affect the occupational safety of employees from the source, we collected and preliminarily identified ship hazard sources. There were 67 ship hazard sources in total. Through checking one by one, the duplicated and the checked hazard sources were deleted, with 13 newly identified hazard sources included in the directive documents.



### ●Labor protection

In order to ensure occupational health and safety, we regularly provide employees with protective equipment in compliance with the state regulations. For employees at posts exposed to toxic and hazardous substances or in food/catering services, we offer them special protection. In addition, we provide extra health examinations to female employees and employees over 40 years old. In summer and winter, we take appropriate protection measures to ensure that our people are working in good conditions. For example, we distribute cool drinks in summer and provide heating machines in winter.



### ●Safety education

In order to spread the awareness of safety and health among employees in their daily work and life, we actively organize various safety education activities and encourage employees to participate in safety training and pursue certification. For example, during 2018, the Company held trainings for safety management personnel of each department, and arranged safety certification trainings for 35 persons-in-charge and 27 safety management personnel in various places. The commission for safe production organized two special training programs themed "Production Safety Law" and "Labor Safety". For the transport safety of dangerous chemicals, we organized professional management staff from the ports to attend related trainings. We hope that these safety education and trainings could help reduce work-related injuries and casualties. Whenever there is a safety accident, we will take immediate measures to mitigate the employee's injury, then analyze and summarize the causes of the accident promptly so as to avoid any recurrence.





## Valuing talent training and development

The ultimate of enterprise competition and development lies in talent competition. That's why we pay attention to the development of employees. Based on the people-oriented corporate culture, we keep carrying out efficient personnel training, so as to ensure the abundance and depth of the talent system. We encourage employees to keep studying while working, and to accomplish self-improvement while promoting the development of the Company.



## Valuing talent training and development

We pay great attention to employee development and actively organize training sessions. During 2018, the headquarters of COSCO SHIPPING Holdings provided 33 employees with 2,426 hours of training and the percentage of employees trained was 94%. In the container shipping business, 15,097 employees received 310,707.6 hours of training, with a percentage of employees trained of 100% as well. (For formal employee training only, does not include labor staff leased to third-party companies) In the terminal business, the total training time of the staff in the department was 6,268 hours, and the total number of trainees was 715.

We organize trainings following the *Management Measures for Staff Education and Training*, the *Management Measures for Internal Trainers* and other directive documents. We add new and diversified training content on the basis of the traditional training courses to cover more extensive subjects. This year, the audience covered by the training are more diversified. Employees from different sectors and different ranks have actively signed up and participated in the trainings.



### "The Elite Plan"

In 2018, the Company started the second round of post exchanges in the Elite Plan. Fifty participants of the 2017 position exchanges stood out after evaluation according to their KPIs, the quality of the research report on special topics, and the overall performance during the exchanges.

We sent 28 of them to communicate in domestic posts. They have gained experience from many different positions, as well as certain and project management training opportunities. Another 22 participants were trained in emerging markets including Africa, South America, Central America and South Asia.

We made multi-dimensional evaluation from the overall results, research report defense and department evaluation during the exchange period, to make the evaluation results more objective and practical. Eventually, 17 members entered the third phase for a two-year overseas exchange program.



### "The Talent Plan"

COSCO SHIPPING Lines launched the Talent Plan for branch managers born in or after 1975 in 2018. Through system-wide open selection, 14 branch heads were selected from the first-line branches in China, and 10 business backbones were selected from the state-level overseas companies to serve at the headquarters. They would be trained to become the future departmental deputy heads at ports and the headquarters as well as the deputy posts in the state-level overseas companies. The Talent Plan evaluates the participants from the aspects of public opinions, performance, ability and potentials, and is an important measure to expand the talent pool of the company and to make up for the shortage of grassroots cadres.



### COSCO SHIPPING Ports' management trainee program

In 2018, we launched the management trainee project in the port business. The port company believes that the plan can attract more talent, help develop excellent leaders, and maintain the lasting competitive advantage of the organization.

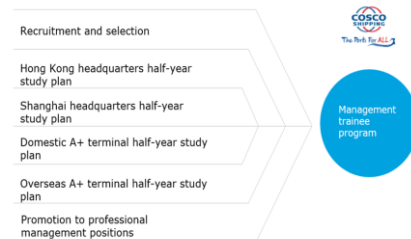
We plan to train young and talented college graduates to become future management leaders of the company. At the same time, we provide graduates with an opportunity to get prepared and learn about the company's business status and operation process through the training and job rotation. At the end of the job rotation, we arrange the positions according to the actual situation of the company and the participant's intent.



### COSCO SHIPPING Ports management and development training for middle level key personnel

In November 2018, COSCO SHIPPING Ports launched the one-week training for middle level key personnel in Shanghai. Thirty participants from 23 departments throughout the company completed the three-stage training sessions of lectures, independent study and summary.

The training included themed courses such as "the role of a manager", "execution co-creating camp" and "the management of the new generation of employees". With innovative learning models, the training changed the behavior model through experiential learning, and motivated the participants to find the parts that need to be adjusted and improved through practical exercises. Its purpose was to better train comprehensive management talent to serve the company's globalization strategy, and to promote sustainable development and talent value.





A group of COSCO crew members are on the deck of the COSCO BELGIUM. In the foreground, three officers in white uniforms are holding a large Chinese flag. Behind them, a line of crew members in blue uniforms stands at attention. The ship's name 'COSCO BELGIUM' is visible on the side of the vessel.

## Maintaining equality and diversity

The Company upholds equal and diversified employment opportunities, and is committed to treating all employees equally and fairly, so as to build a harmonious and efficient staff team. We strictly abide by the Staff Management Procedures and the Recruitment Procedures. We provide equal opportunities in recruitment, career development, promotion, training and awards, regardless of skin color, nationality, race, age, gender, religious belief or physical ability.



## Maintaining equality and diversity

In 2018, according to the reform plan of the crew management system of COSCO SHIPPING Group, the subsidiaries planned to delivery more than 6,000 crew members to COSCO SHIPPING Seafarer Management Co., Ltd. By the end of the reporting period, the total number of employees of COSCO SHIPPING Holdings were 29,931, working at the headquarters, COSCO SHIPPING Lines and COSCO SHIPPING Ports. Among them, the number of contracted employees was 24,603, and the number of outsourced employees (leased workforce from third-party companies) was 5,328. Among the contracted employees, there were 18,200 based in Mainland China, 489 in Hong Kong and 5,914 outside China. By gender, there were 16,809 male and 7,794 female employees. According to age group, there were 4,305 employees aged under 30, 17,497 between 30 and 50, and 2,801 over 50.

During the reporting period, COSCO SHIPPING Holdings headquarters resigned 1 person, the turnover rate was 2.86%; the resignation number of COSCO SHIPPING Lines was 678, and the turnover rate was 4.49%; the resignation number of COSCO SHIPPING Port Headquarters was 552, and the turnover rate was 5.83%. We fully respect the personal choices of our employees. When employees leave, we will handle the separation procedures according to law.



### Employee diversity

We promote the exchanges between domestic and foreign employees. While facilitating the Talent Plan to send staff at home abroad, we also invited three foreign employees from the Canadian, European and UAE companies respectively to the headquarters. We arranged a three-month exchange program for a sales staff in the Nigerian company to work at the headquarters and the port company.

The Company organized "IEDP" international employees to hold a "winter solstice dumplings" activity in the company canteen, which was attended by foreign colleagues from Panama, Egypt, India, Vietnam, Malaysia and other countries. Foreign colleagues do as the Romans do. Chinese and foreign students observed and learned from each other. Foreign colleagues learned Chinese words such as "dongzhi"(winter solstice), "jiaozi"(dumplings) and "tangyuan" (glutinous rice balls/sweet dumplings), learned about the culture of China's 24 solar terms, and also felt the immense corporate culture of "ONE TEAM, ONE FAMILY".



### Gender equality

COSCO SHIPPING holdings is committed to overcoming objective conditions such as high risk factors and high physical exertion, and strives to broaden employment channels for female employees.

There is a special group in our automation operation center. They are women employees in automated remote operation, which is a beautiful scenery on the terminal. In order to give full play to the unique advantages such as special attention to details of women, COSCO SHIPPING Ports optimizes the allocation of human resources, expands the employment and promotion for women in the port industry, and sets up an automation "women's team". The average age of the team is 27. They utilized equipment and machines while enduring the winter cold, summer sweat the same as their male colleagues. They learn and attaches great importance to the fieldwork. After days of hard training, they can finally live up to the expectations, with the wisdom of women to control the iron and steel. They are the representatives of modern women working at ports.

COSCO SHIPPING Lines works hard to safeguard legitimate and special interests of female employees, according to the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women* and the *State Council Special Provisions on Labour Protection of Female Employees*, as well as the *Special Collective Contract for Special Interests of Female Employees* formulated by the labour union. By letting female employees play a better role in corporate construction, it promotes the mutual growth for both the female employees and the company.



### Standardized management of the "Mommy Space"

The Mommy Space is a several-square-meters room to provide a private, clean and comfortable place for female employees who are mothers in lactation, pregnant or plan for pregnancy, giving them warm care to help them get through the special physiological stage. Our Mommy Space has been upgraded to a four-star level to provide moms with better services in the future.



### Organizing parenting education seminars

We invited psychologists with level II national certification and on-the-job postgraduates from Chinese Academy of Sciences to the seminars to help parents know about the physical and mental development characteristics, social situations and other common problems of children in different stages through lectures and case study. In order to let parents have positive impact on children's healthy growth, the seminars lead parents to self-examination and effective communication, as well as let them learn the love and logic in parenting.



### View

" At the first time on the gantry crane, I had to grab the handrail tightly. The cabin was almost transparent. At the beginning, I had to hold something and was afraid to let it go, but now I'm getting used to this."

"I had been working at the front-line operations and established good cooperation with field staff before. I'm familiar with the nature and characteristics of the fieldwork. That's why I fit into it quickly after my role changed. Now I get to know the difficulties to be a field-driver and I'm clearer about the job, operation and safety skills."

——Members of the team





## Building good relationships with employees

In recent years, shipping companies in China have developed rapidly and COSCO SHIPPING Holdings has made its way into the world's top ten shipping companies. COSCO SHIPPING Holdings is constantly working to set a good example for the industry. In terms of compensation, the company strictly abides by the minimum wage management regulations of local governments. We would never do following things to our employees: reduction of wages, dismissing any employee without reason or giving insurance benefits without regard to regulations. We safeguard employees' legitimate rights based on which to pursue employees' happiness, in the hope to build a bridge of trust with them.





## Building good relationships with employees

### Protecting the legal rights of employees

#### Building good relationships with employees

The labour union, as a representative of the employees, signed the *Collective Contract* with the Company and established a mediation mechanism for resolving labour disputes. In the event of labour disputes, the union will mediate and provide legal services. When it comes to major corporate decisions, we notify all employees through the workers' congress, local area network, newspapers, posters and other means.

We respect employees' rights to enjoy the freedom of association and collective bargaining according to the law and will not oppose their wills to participate in any legitimate activities held by locally registered labour unions without breaking the law. We would never harass, discriminate, threaten or revenge the employees due to their taking part in the abovementioned events.

In terms of employee hiring and dismissal, the company signed "collective contract" with the trade union through collective bargaining, established good communication mechanism with employees, and set up the labour dispute mediation and handling system. We have also formulated an "anti-discrimination policy" to strive to achieve diversification of employee structure, at the same time, we have signed and executed labour contracts in accordance with the requirements of the Labour Contract Law. In 2018, COSCO SHIPPING Holdings did not have any labour disputes arising from employment or dismissal.

#### Protecting the legal rights of employees

COSCO SHIPPING Holdings has formulated anti-discrimination

policies and systems in accordance with the *Labour Law*, the Regulations on Prohibiting the Use of *Child Labour*, the Law on the Protection of *Women's Rights and Interests*, and the *Trade Union Law*, and has improved the labour employment system. Through such systems as the *Employee Management Procedure* and the *Recruitment Procedure for Official Personnel*, we will fully implement the Global Compact and corporate social responsibility, and firmly support the *Universal Declaration of Human Rights*. Strictly abide by international conventions and rights related to human rights, and strictly prohibit the use of child labour to discriminate against employees and forced labour. We strictly prohibit discrimination in recruitment, promotion, remuneration, etc. in terms of race, sex, nationality, age, pregnancy or disability. As of 2018, there were no discriminatory acts or complaints about violations of minority rights or freedom of religious belief in our operating sites.

We explicitly prohibit the use of forced, debt-paying or contractual labour, and have made detailed and reasonable provisions in the important links of recruitment, employment and turnover of enterprises, thus eliminating the use of forced labour in concrete practice. In this year, there has never been forced labour in COSCO SHIPPING Holdings' operating points and suppliers.

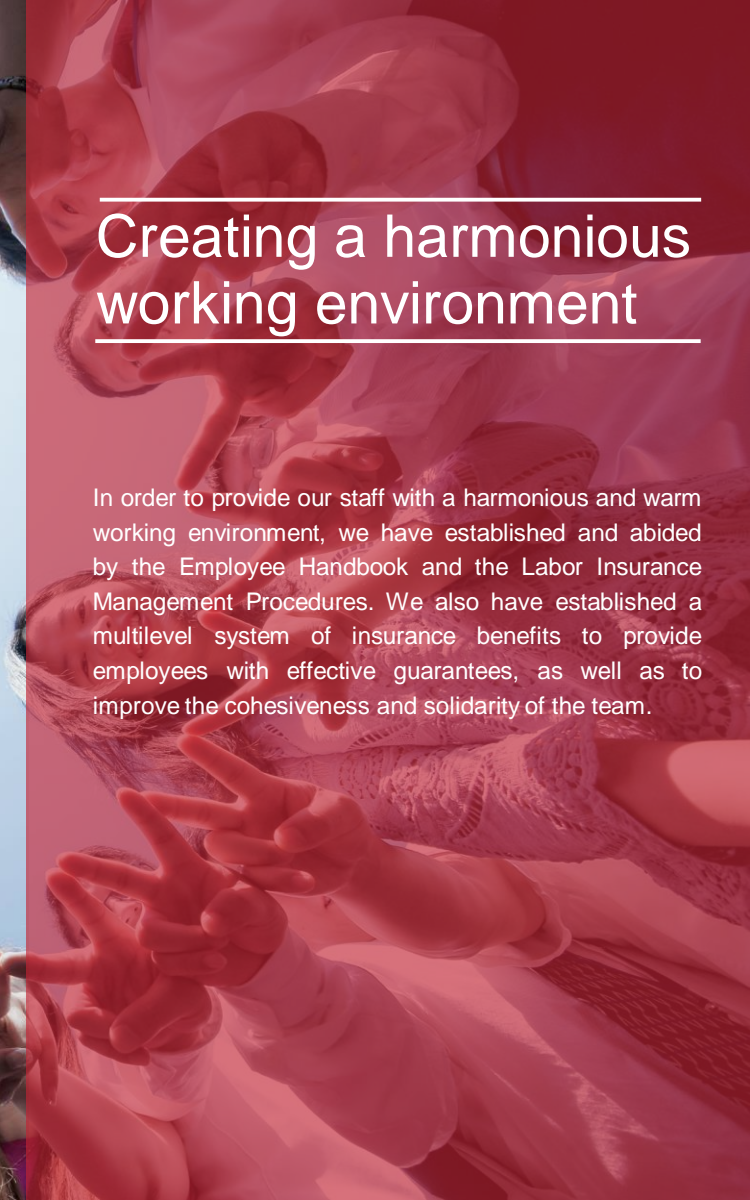
We explicitly prohibit the use of child labour. We have formulated relevant policies and perfect preventive measures in key links such as employee recruitment and employment, so as to eliminate the use of child labour. At the same time, in accordance with the requirements of SA8000, a "child rescue program" has been established to guide how to carry out remedial work in accordance with statutory requirements in case of employment errors. At the same time, we pass these ideas on to suppliers, and regularly supervise and audit to ensure that they do not use child labour.





## Creating a harmonious working environment

In order to provide our staff with a harmonious and warm working environment, we have established and abided by the Employee Handbook and the Labor Insurance Management Procedures. We also have established a multilevel system of insurance benefits to provide employees with effective guarantees, as well as to improve the cohesiveness and solidarity of the team.







## Creating a harmonious working environment

### Benefits for employees

With respect to statutory benefits, the Company performs responsibilities and obligations according to the law, pays for social insurances including basic endowment insurance, medical insurance, unemployed insurance, employment injury insurance, maternity insurance and housing fund fully and timely. In addition, we withhold and pay the personal insurance monthly on behalf of the employees. Our employees enjoy statutory off-days and holidays, paid leaves, family visit leaves, as well as other holidays specified by Chinese policies and the Company's regulations. Employees' salary on overtime hours and holidays are paid strictly according to Chinese policies and the Company's regulations. As for Company's benefits, we provide employees with daily lunch, annual medical examination for staff mental and physical health, as well as various health security services that employees can choose based on their needs. In order to help employees with their legal issues, enhance their legal awareness for safeguarding rights and boost company growth in a balanced way, the Company regularly carries out legal consultations for employees and invites professional lawyers to give legal advice.

### "COSCO SHIPPING Ports Cup"—Digital Photography Contest

To demonstrate the achievements of the reform and opening-up policy, as well as employees' excellent performance, COSCO SHIPPING Ports held the "COSCO SHIPPING Ports Cup"—Digital Photography Contest. The contest covered 159 digital photos taken by 26 photography hobbyists. Evaluated by the judges, there were three companies won the prize for Outstanding Organization, eight people awarded the first prize, eight second prizes and five third prizes. The company selected 36 best digital photos from all the contest entries, decorated them with photo frames, then showed them in a three-week photography exhibition which was fixed up like a gallery and held at the headquarters based in Shanghai. The exhibition won high praises among our employees. In addition, the company took a benefit auction for exhibited photos by organizing employees of COSCO SHIPPING Ports to bid and offer in turn in their WeChat group. The auction lasted three days with enthusiastic bidding, sold twelve photos and donated the fund raised to the COSCO SHIPPING Charity Foundation.



### Employees' thoughts and opinions

COSCO SHIPPING Lines has put proactive efforts on solving employees' problems by creating the email account the "Voice of Employees" and establishing a communication platform between employees and the Company, as well as members of the labor union and their leaders. To embrace a sustainable, healthy and balanced development, we encourage employees to express their appeals, tell us their problems and give suggestions for company growth. Generally, emails sent to Voice of Employees will be handled in 10 workdays, and the time limit for dealing with relatively complicated mails will be extended properly in order to solve employees' problems practically and effectively.



### Ikebana activities for employees

We carried out ikebana activities to enrich employees' mental world and flavor their daily life and work. Flower arrangement has cultivated employees' taste, enhanced their awareness of teamwork, as well as inspired their passion for life and nature.

### Cares for employees

In addition to holidays, insurance and welfare benefits, COSCO SHIPPING Holdings also takes employee activities as a vital aspect in cultural construction with people-oriented philosophy. In order to lighten employees' cultural life, create a comfortable working environment and drive the corporate cultural construction, the Company fully coordinated resources from various fields and organized various kinds of activities by the cooperation of numerous parties like the labor union, administration department and human resource department with joint powers formed among members from different departments.



### Employee Badminton Tournament

On July 27, 2018, COSCO SHIPPING Lines and COSCO SHIPPING Ports participated in second employee badminton tournament held by China COSCO SHIPPING Group. There were over two hundred participants from 20 teams of the Group's subordinate departments and companies. After six rounds of fierce competition, COSCO SHIPPING Lines and COSCO SHIPPING Ports won the top two of the group.



### "House for Seafarers" built by Xiamen Ocean Gate Container Terminal Co., Ltd., a subsidiary of COSCO SHIPPING Ports

With the assistance of its headquarters COSCO SHIPPING Ports, Xiamen Ocean Gate Container Terminal Co., Ltd. built the House for Seafarers after the integration of all the office facilities and available equipment: providing seafarers returned from long voyage with caring services like free Wi-Fi, bilingual (in English and Chinese) reading and audiovisual rooms, and convenience store. In addition, the project provides in-site cruisers for seafarers' easy disembarking and boarding, such considerate services not only give ease to transportation at the port, but also avoid security threats. In the future, House for Seafarers will be improved based on practical needs to let our seafarers over the world feel like being in a lovely home.



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## Spreading the concept of public benefit

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COSCO SHIPPING Holdings is focusing on both economic growth and public good. We take social responsibilities as a corporate citizen. In 2018, we as always organized and participated in a variety of socially useful activities to help people in need and contribute to society, such as charitable contributions, taking targeted measures to help the Yongde County (Yunnan) alleviate poverty and volunteering.

## Spreading the concept of public benefit

In 2018, COSCO SHIPPING Lines donated more than RMB 4 million, and COSCO SHIPPING Ports donated more than RMB 4 million, totaling more than RMB 8 million to the society.

### Targeted poverty reduction

In 2018, COSCO SHIPPING Holdings and its subsidiaries continued to pair with Yongde County and provide assistance, investing special funds to engage in poverty alleviation and social growth, as well as fighting poverty and supporting rural revitalization.

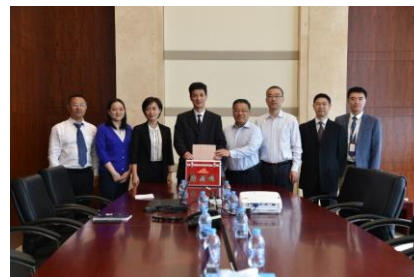
For eight years, we have paired with Yongde and kept assisting in poverty alleviation. We encouraged employees to provide teaching assistance and charitable donations and our colleagues responded enthusiastically. Our employees provided one-to-one sponsorship to impoverished students, helping make their dream of studying at school come true. COSCO SHIPPING Holdings and its business segments helped 63 impoverished students with RMB 110, 000 of supporting fund.

Apart from the "Spindrifts & Wishes", we actively promote poverty alleviation projects in other regions. For example, in Guiyunhua Village, Guiyunhua Manchu Township, Zhuanghe City, Dalian, we donated more than 100,000 yuan for village road lighting construction; in five fixed-point assistance areas such as Tibet, Yunnan, and Hunan, We have purchased more than 310,000 specialty products in the help area to help these areas.



### Helping Yongde with the assistance of E-commerce

Shanghai Ocean International Trade Co., Ltd., one of our subsidiaries, organized group purchase of Yongde's quality tea leaves on its e-commerce platform "Ocean One" to help relevant assistance recipients, making great contribution to targeted poverty reduction with care and love. According to statistics, the sales of the tea leaves in 2018 was RMB69,198, including RMB4,348 from "Ocean One", RMB59,606 from other intelligent platforms and RMB5,244 from offline sources.



### Charitable donations

October 17 is the Poverty Alleviation Day in China, also the International Day for the Eradication of Poverty. We take part in the Poverty Alleviation Day actively, act on President Xi Jinping's strategic thinking for poverty alleviation and development, as well as perform social responsibilities as a central enterprise. On that day, all employees of COSCO SHIPPING Holdings made charity donations out of sincere love. COSCO SHIPPING Holdings and its subsidiary COSCO SHIPPING lines raised over RMB 470, 000. Our employees' made great efforts on fighting poverty and supporting rural revitalization, regarding it their responsibilities to contribute to the development of poverty-driven areas. The fund raised was donated to the COSCO SHIPPING Charity Foundation by the labor union of COSCO SHIPPING Holdings.

### Volunteering

In September 2018, Some of CPC members at Shanghai Ocean Shipping Co., Ltd. participated in the activity "Pioneers of CIIIE, CPC Member Actions" organized by Party Building Service Centre of Wujiachang Street on the volunteer service day. The CPC organization in the company and the pioneers among the Party members play a leading role to support, serve and contribute to CIIIE (China International Import Expo) with practical actions, showing the spirit of Shanghai and the company.

Employees from Zhangjiagang Yongjia Terminal (subordinated to COSCO SHIPPING Ports), formed a volunteer service team by themselves, which brought a variety of socially useful activities such as blood donation, clothing donation, and one-day charity donation. In the future, the team will attempt to expand its range of services, improving Yongjia's social influence.

### Cares for communities

Shanghai Ocean Property Management Co., Ltd. had cooperated with employment service centers of eight communities and signed the Cooperation Agreement for Public Welfare Positions, allowing 16 people who meet the policy about employment difficulties to get employed (mainly as securities and cleaners). The company has created job opportunities for the community and employed 58 people with employment difficulties by now.





## Index Table

Level	Code	Page
<b>A</b> <b>Environment</b>	A1 Emissions	Green business, energy conservation and emission reduction
	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.	
	A1.1	Statistical tables
	The types of emissions and respective emissions data.	
	A1.2	Statistical tables
	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.3	Statistical tables
	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.4	Statistical tables
	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	A1.5	Green business, energy conservation and emission reduction
	Description of measures to mitigate emissions and results achieved.	
	A1.6	Strict treatment of sewage and waste
	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	
	A2 Use of Resources	Green business, energy conservation and emission reduction
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	A2.1	Statistical tables
	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).	
	A2.2	Statistical tables
	Water consumption in total and	
	intensity (e.g. per unit of production volume, per facility).	
	A2.3	Green business, energy conservation and emission reduction
	Description of energy use efficiency initiatives and results achieved.	
	A2.4	Green business, energy conservation and emission reduction
	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	
	A2.5	N/A
	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	

Level	Code	Page
<b>A</b> <b>Environment</b>	A3 The Environment and Natural Resources	Green business, energy conservation and emission reduction
	Policies on minimising the issuer's significant impact on the environment and natural resources.	Paying attention to the ecological environment
	A3.1	Green business, energy conservation and emission reduction
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Level	Code	Page
<b>B</b> <b>Society</b>	B1 Employment	Social issue
	Information on:	Maintaining equality and diversity
	(a) the policies; and	Building good relationships with employees
	(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.	Protecting the legal rights of employees
	B1.1	Statistical tables
	Total workforce by gender, employment type, age group and geographical region.	
	B1.2	Statistical tables
	Employee turnover rate by gender, age group and geographical region.	
	B2 Health and Safety	Ensuring the health and safety of employees
	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.	
	B2.1	Ensuring the health and safety of employees
	Number and rate of work-related fatalities.	
	B2.2	Ensuring the health and safety of employees
	Lost days due to work injury.	
	B2.3	Ensuring the health and safety of employees
	Description of occupational health and safety measures adopted how they are implemented and monitored.	
	B3 Training and Development	Valuing talent training and development
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	B3.1	Statistical tables
	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
	B3.2	Statistical tables
	The average training hours completed per employee by gender and employee category.	

Index Table

Level	Code	Page
B Society	B4 Labor Standards	Protecting the legal rights of employees
	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.	
	B4.1	Protecting the legal rights of employees
	Description of measures to review employment practices to avoid child and forced labour.	
	B4.2	Protecting the legal rights of employees
	Description of steps taken to eliminate such practices when discovered.	
	B5 Supply Chain Management	Strengthening procurement management
	Policies on managing environmental and social risks of the supply chain.	
	B5.1	Strengthening procurement management
	Number of suppliers by geographical region.	
	B5.2	Strengthening procurement management
	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
	B6 Social Responsibility	Committed to providing high-quality services for customers
	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.	
	B6.1	N/A
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	B6.2	Committed to providing high-quality services for customers
	Number of products and service related complaints received and how they are dealt with.	
	B6.3	N/A
	Description of practices relating to observing and protecting intellectual property rights.	
	B6.4	N/A
	Description of quality assurance process and recall procedures.	
	B6.5	Committed to providing high-quality services for customers
	Description of consumer data protection and privacy policies, how they are implemented and monitored.	
	B7 Anti-corruption	Anti-corruption
	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issue relating to bribery, extortion, fraud and money laundering.	

Level	Code	Page
B Society	B7.1	Anti-corruption
	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.	
	B7.2	Anti-corruption
	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
	B8 Community	Spreading the concept of public benefit
	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.	
	B8.1	Spreading the concept of public benefit
	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
	B8.2	Spreading the concept of public benefit
	Resources contributed (e.g. money or time) to the focus area.	



## Index Table

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
GRI 101 General Disclosure			
GRI102: General Disclosures 2016	102-1 Name of the organization	About the Report	
	102-2 Activities, brands, products, and services	2018 Data disclosure Introduction <a href="http://hold.coscoshipping.com/col/col9983/index.html">http://hold.coscoshipping.com/col/col9983/index.html</a>	
	102-3 Location of headquarters	Introduction	
	102-4 Location of operations	2018 Data disclosure	
	102-5 Ownership and legal form	Introduction	
	102-6 Markets served	2018 Data disclosure <a href="http://lines.coscoshipping.com/home/">http://lines.coscoshipping.com/home/</a>	
	102-7 Scale of the organization	Maintaining equality and diversity 2018 Data disclosure	
	102-8 Information on employees and other workers	Maintaining equality and diversity 2018 Data disclosure	
	102-9 Supply chain	Introduction	
	102-10 Significant changes to the organization and its supply chain	Introduction	
	102-11 Precautionary Principle or approach	Introduction	
	102-12 External initiatives	Introduction	
	102-13 Membership of associations	Introduction	
	102-14 Statement from senior decision-maker	Statement of the Chairman	
	102-16 Values, principles, standards, and norms of behavior	Introduction	
	102-18 Governance structure	Corporate governance mechanism	
	102-40 List of stakeholder groups	Analysis of substantive issues	
	102-41 Collective bargaining agreements	Building good relationships with employees	
	102-42 Identifying and selecting stakeholders	Analysis of substantive issues	
	102-43 Approach to stakeholder engagement	Analysis of substantive issues	
	102-44 Key topics and concerns raised	Analysis of substantive issues	
	102-45 Entities included in the consolidated financial statements	About the Report	

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
	102-46 Defining report content and topic Boundaries	Analysis of substantive issues	
	102-47 List of material topics	Analysis of substantive issues	
	102-48 Restatements of information	About the Report	
	102-49 Changes in reporting	Analysis of substantive issues	
	102-50 Reporting period	About the Report	
	102-51 Date of most recent report	About the Report	
	102-52 Reporting cycle	About the Report	
	102-53 Contact point for questions regarding the report	About the Report	
	102-54 Claims of reporting in accordance with the GRI Standards	About the Report	
	102-55 GRI content index		
	102-56 External assurance	About the Report	
Major issue GRI 200 Economy Standard Series			
GRI 201 Economic Performance	103-1 Explanation of the material topic and its Boundary	Economic topics ( foreword )	
	103-2 The management approach and its components	Analysis of substantive issues Economic topics ( foreword )  Continuing to create economic value	
	103-3 Evaluation of the management approach	Continuing to create economic value	
	201-1 Direct economic value generated and distributed	Continuing to create economic value	
GRI 203 Indirect Economic Impacts	103-1 Explanation of the material topic and its Boundary	Economic topics ( foreword )	
	103-2 The management approach and its components	Analysis of substantive issues Following the Belt and Road Initiative and promoting globalization	
	103-3 Evaluation of the management approach	Forging ahead and developing global network	
	203-2 Significant indirect economic impacts	Following the Belt and Road Initiative and promoting globalization	
GRI 204 Procurement Practices	103-1 Explanation of the material topic and its Boundary	Strengthening procurement management	
	103-2 The management approach and its components	Analysis of substantive issues Strengthening procurement management	
	103-3 Evaluation of the management approach	Strengthening procurement management	
	204-1 Procurement Practices	Strengthening procurement management	
		2018 Data disclosure	Considering the cost of practice, the "Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation" is not counted, which is replaced by "the supplier classification by region".

## Index Table

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
GRI 205 Anti-corruption	103-1 Explanation of the material topic and its Boundary	Anti-corruption	
	103-2 The management approach and its components	Analysis of substantive issues Anti-corruption	
	103-3 Evaluation of the management approach	Anti-corruption	
GRI 419 Socio economic Compliance	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption	
	103-1 Explanation of the material topic and its Boundary	Implementing compliance requirements	
	103-2 The management approach and its components	Analysis of substantive issues Implementing compliance requirements	
	103-3 Evaluation of the management approach	Implementing compliance requirements	
Major issue GRI 300 Environment Standard Series	419-1 Non-compliance with laws and regulations in the social and economic area	Implementing compliance requirements	
GRI 302 Energy	103-1 Explanation of the material topic and its Boundary	Green business, energy conservation and emission reduction	
	103-2 The management approach and its components	Analysis of substantive issues Green business, energy conservation and emission reduction	
	103-3 Evaluation of the management approach	Green business, energy conservation and emission reduction	
GRI 303 Water and Effluents	302-1 Energy consumption within the organization	Statistical tables	
GRI 303	103-1 Explanation of the material topic and its Boundary	Green business, energy conservation and emission reduction	
	103-2 The management approach and its components	Analysis of substantive issues Green business, energy conservation and emission reduction	
	103-3 Evaluation of the management approach	Green business, energy conservation and emission reduction	
GRI 304 Biodiversity	303-1 Interactions with water as a shared resource	Statistical tables	
	103-1 Explanation of the material topic and its Boundary	Reducing the negative impact on the environment	
	103-2 The management approach and its components	Analysis of substantive issues Reducing the negative impact on the environment	
	103-3 Evaluation of the management approach	Reducing the negative impact on the environment	
GRI 305 Emissions	304-2 Significant impacts of activities, products, and services on biodiversity	Reducing the negative impact on the environment	
	103-1 Explanation of the material topic and its Boundary	Green business, energy conservation and emission reduction	
	103-2 The management approach and its components	Analysis of substantive issues Green business, energy conservation and emission reduction	
	103-3 Evaluation of the management approach	Green business, energy conservation and emission reduction	
	305-1 Direct (Scope 1) GHG emissions	Statistical tables	
	305-2 Energy indirect (Scope 2) GHG emissions	Analysis of substantive issues Statistical tables	

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
GRI 306 Effluents and Waste	103-1 Explanation of the material topic and its Boundary	Strict treatment of sewage and waste	
	103-2 The management approach and its components	Analysis of substantive issues Strict treatment of sewage and waste	
	103-3 Evaluation of the management approach	Strict treatment of sewage and waste	
	306-1 Water discharge by quality and destination	Statistical tables	
	306-2 Waste by type and disposal method	Statistical tables	
	306-3 Significant spills	Strict treatment of sewage and waste	
GRI 307 Environmental Compliance	103-1 Explanation of the material topic and its Boundary	Environmental Topics	
	103-2 The management approach and its components	Analysis of substantive issues Environmental Topics	
	103-3 Evaluation of the management approach	Environmental Topics	
	307-1 Non-compliance with environmental laws and regulations	Environmental Topics	
Major issue GRI 400 Society Standard Series			
GRI-401 Employment	103-1 Explanation of the material topic and its Boundary	Creating a harmonious working environment	
	103-2 The management approach and its components	Analysis of substantive issues Creating a harmonious working environment	
	103-3 Evaluation of the management approach	Creating a harmonious working environment	
	401-1 New employee hires and employee turnover	Statistical tables	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creating a harmonious working environment	
GRI-403 Occupational Health and Safety	103-1 Explanation of the material topic and its Boundary	Social topics	
	103-2 The management approach and its components	Analysis of substantive issues Ensuring the health and safety of employees	
	103-3 Evaluation of the management approach	Ensuring the health and safety of employees	
	403-2 Hazard identification, risk assessment, and incident investigation	Ensuring the health and safety of employees	
GRI-403 Occupational Health and Safety	103-1 Explanation of the material topic and its Boundary	Social topics	
	103-2 The management approach and its components	Analysis of substantive issues Ensuring the health and safety of employees	
	103-3 Evaluation of the management approach	Ensuring the health and safety of employees	
	403-3 Occupational health services	Ensuring the health and safety of employees	
GRI-404 Training and Education	103-1 Explanation of the material topic and its Boundary	Social topics	
	103-2 The management approach and its components	Analysis of substantive issues Valuing talent training and development	



## Index Table

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
	103-3 Evaluation of the management approach	Valuing talent training and development	
	404-1 Average hours of training per year per employee	Statistical tables	
	404-2 Programs for upgrading employee skills and transition assistance programs	Valuing talent training and development	
GRI-405 Diversity and Equal Opportunity	103-1 Explanation of the material topic and its Boundary	Maintaining equality and diversity	
	103-2 The management approach and its components	Analysis of substantive issues Maintaining equality and diversity	
	103-3 Evaluation of the management approach	Maintaining equality and diversity	
	405-1 Diversity of governance bodies and employees	Statistical tables	
GRI-406 Non-discrimination	103-1 Explanation of the material topic and its Boundary	Protecting the legal rights of employees	
	103-2 The management approach and its components	Analysis of substantive issues Protecting the legal rights of employees	
	103-3 Evaluation of the management approach	Protecting the legal rights of employees	
	406-1 Incidents of discrimination and corrective actions taken	Protecting the legal rights of employees	
GRI-407 Freedom of Association and Collective Bargaining	103-1 Explanation of the material topic and its Boundary	Building good relationships with employees	
	103-2 The management approach and its components	Analysis of substantive issues Building good relationships with employees	
	103-3 Evaluation of the management approach	Building good relationships with employees	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Building good relationships with employees	
GRI-408 Child Labor	103-1 Explanation of the material topic and its Boundary	Protecting the legal rights of employees	
	103-2 The management approach and its components	Analysis of substantive issues Protecting the legal rights of employees	
	103-3 Evaluation of the management approach	Protecting the legal rights of employees	
	408-1 Operations and suppliers at significant risk for incidents of child labor	Protecting the legal rights of employees	
GRI-409 Forced or Compulsory Labor	103-1 Explanation of the material topic and its Boundary	Protecting the legal rights of employees	
	103-2 The management approach and its components	Analysis of substantive issues Protecting the legal rights of employees	
	103-3 Evaluation of the management approach	Protecting the legal rights of employees	

GRI content index	Disclosure	Corresponding chapter	Reason be omitted
	409-1	Protecting the legal rights of employees	
	Operations and suppliers at significant risk for incidents of		
	forced or compulsory labor		
GRI-415	103-1 Explanation of the material topic and its Boundary	Spreading the concept of public benefit	
Public Policy	103-2 The management approach and its components	Analysis of substantive issues Spreading the concept of public benefit	
	103-3 Evaluation of the management approach	Spreading the concept of public benefit	
	415-1 Political contributions	Spreading the concept of public benefit	
GRI-418 Customer Privacy	103-1 Explanation of the material topic and its Boundary	Implementing compliance requirements	
	103-2 The management approach and its components	Analysis of substantive issues Implementing compliance requirements	
	103-3 Evaluation of the management approach	Implementing compliance requirements	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Implementing compliance requirements Committed to providing high-quality services for customers	

## OOIL ESG report index table Table

Index	Disclosure	Corresponding chapter and page
<b>Aspect A1: Emissions</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.11); Natural Capital (p.26)
<b>KPI A1.1</b>	Type of emissions and data	Performance Data Summary (p.78)
<b>KPI A1.2</b>	GHG emissions in total tonnes and intensity	Performance Data Summary (p.78)
<b>KPI A1.3</b>	Hazardous waste produced and intensity	Performance Data Summary (p.78)
<b>KPI A1.4</b>	Total non-hazardous waste produced and intensity	Performance Data Summary (p.78)
<b>KPI A1.5</b>	Measures to mitigate emissions and results	Natural Capital (p.26-31)
<b>KPI A1.6</b>	Handling of waste and reduction initiatives	Natural Capital (p.30-31, 41)
<b>Aspect A2: Use of Resources</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.11); Natural Capital (p.31)
<b>KPI A2.1</b>	Direct / Indirect Energy consumption by type and intensity	Performance Data Summary (p.77)
<b>KPI A2.2</b>	Water consumption in total and intensity	Performance Data Summary (p.77)
<b>KPI A2.3</b>	Energy efficiency initiatives	Natural Capital (p.26-29); Intellectual Capital (p. 53)
<b>KPI A2.4</b>	Issues in sourcing water & water efficiency initiatives	Natural Capital (p.30-31)
<b>KPI A2.5</b>	Total packaging material	Not applicable as our business does not manufacture or sell any physical product
<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.11); Natural Capital (p.30-31)
<b>KPI A3.1</b>	Description of significant impacts of activities	Natural Capital (p.30-33)
<b>Aspect B1: Employment</b>		
<b>General disclosure</b>	Disclosure statement	Value Chain (p.21); Human Capital (p.51)

Index	Disclosure	Corresponding chapter and page
<b>Aspect B2: Health and Safety</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.11); Human Capital (p.47)
<b>Aspect B3: Development and Training</b>		
<b>General disclosure</b>	Disclosure statement	Human Capital (p.44-46)
<b>Aspect B4: Labour Standards</b>		
<b>General disclosure</b>	Disclosure statement	Value Chain (p.21); Human Capital (p.50)
<b>Aspect B5: Supply Chain Management</b>		
<b>General disclosure</b>	Disclosure statement	Value Chain (p.22)
<b>Aspect B6: Product Responsibility</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.11); Intellectual Capital (p.57) / We have covered the information on policies and compliance matters relating to health and safety, advertising, and privacy matters relating to services, except labeling to product, which is not applicable as our business does not manufacture or sell any physical product
<b>Aspect B7: Anti-corruption</b>		
<b>General disclosure</b>	Disclosure statement	Approach to Sustainability (p.12)
<b>Aspect B8: Community Investment</b>		
<b>General disclosure</b>	Disclosure statement	Social and Relationship Capital (p.59, 61)



2.Statistical tables

Energy consumption and waste emissions

Table 1: COSCO SHIPPING Holdings energy consumption indictors

Indicators	Unit	2018	2017
Water consumption	ton	449.00	395.00
Per unit water consumption (	ton/capital	12.83	12.34
Electricity consumption	1000 kWh	128.78	117.70
Per unit electricity consumption	1000 kWh/capital	3.68	3.68
Total fuel consumption by car	ton	6.40	1.20 <sup>1</sup>
Per unit fuel consumption	ton/capital	182.86	37.50

Table 2: COSCO SHIPPING Lines energy consumption and waste emissions

Indicators	Unit	2018	2017
Electricity consumption	Electricity consumption (1000 kWh)	5,463.12	5,684.01
	Electricity per capital (1000 kWh/capital)	4.97	5.17
Water consumption	Production water (ton)	190,486.90	204,988.70 <sup>2</sup>
	Domestic water (ton)	43,198.00	55,380.00 <sup>3</sup>
	Total water consumption (ton)	233,684.90	260,368.70
	Water consumption per unit (ton/RMB10,000 turnover)	0.03	0.03
Gas consumption	Gas (m³)	391,177.00	422,758.00
	Per capital consumption (m³/capital)	355.61	384.33
Fuel	Fuel oil (heavy oil)(ton)	4,992,708.20	4,609,030.00
	Diesel oil (light oil)(ton)	156,776.80	182,050.00
	Total fuel (ton)	5,149,485.00	4,791,080.00
	Per unit fuel consumption (kg/ kiloton per nautical mile)	4.79	4.80
Grease	Grease (ton)	11,698.80	8,506.24
	Per unit grease consumption (kg/ kiloton per nautical mile)	0.01	0.02
Gasoline	Gasoline (ton)	19.96	20.75 <sup>4</sup>
	Per capita consumption (ton / person)	0.02	0.02

Note: footnote1: this is three months usage of petrol in 2017, footnotes: 2, 3, 4, 5, 6: Report data released in 2017 is re-stated based on actual conditions.

Indicators	Unit	2018	2017
Greenhouse emission	CO <sub>2</sub> (ton)	16,014,898.35	14,900,262.80
	Per unit emission (kg/kiloton per nautical mile)	14.90	15.04
Exhaust emission	Oxynitride (ton)	463,453.66	431,179.20
	Average emission of per unit time turnover (kg/kiloton per nautical mile)	0.43	0.44
	Oxysulfide (ton)	308,969.10	287,464.80
	Average emission of per unit time turnover (kg/kiloton per nautical mile)	0.28	0.29
Waste water	Oilly water (ton)	76,251.30	72,742.70
	Domestic waste water (ton)	38,878.20	49,842.00
	Sewage discharge per unit(ton /RMB 10,000 turnover)	0.01	0.01
Waste	Production hazardous waste (m³)	2,136.27	1,926.60
	Domestic hazardous waste (kg)	0.00	40.00
	Non-hazardous waste	92,400.00	92,400.00
	Per unit non-hazardous waste emission (kg/capital)	5.41	3.82
Dangerous goods	Handling quantity of dangerous goods (TEU)	148,346.00	136,739.00

Remarks: Water, electricity, and gas consumption information are from the statistics of COSCO SHIPPING Lines' headquarters, the number of employees working at headquarter is 1,100. Fuel consumption, greenhouse gas emission, and exhaust emission data are from the of COSCO SHIPPING Lines' ships purchasing fuel oil. The data of wastewater and waste are from the COSCO SHIPPING Lines' headquarters and its ships purchasing fuel oil.

Table 3: Energy consumption and waste emissions of COSCO SHIPPING Ports

Indicators	Unit	2018	2017
Electricity	Electricity consumption (1000 kWh)	454,835.93	441,835.18
	Electricity usage per unit(1000 kWh/RMB10,000 turnover)	0.68	1.01
Heating	Heating (10,000 joules)	63,221,760.00	60,046,560.00 <sup>5</sup>
	Heating usage per ten thousand RMB output value (10,000 joules /RMB10,000)	94.09	137.78 <sup>6</sup>
Water	Municipal water supply (m³)	2,714,345.00	2,592,635.00
	Wastewater of other organizations (m³)	9,470.00	10,756.00
	Water from other water supply facilities (m³)	10,177.00	12,218.00
	Total water consumption (m³)	2,733,992.00	2,615,609.00
	Water consumption per ten thousand RMB output value (m³/RMB10,000)	4.07	6.00

Indicators	Unit	2018	2017
Gas	Liquefied petroleum gas (L)	141,702.00	13,405.00
	Liquefied petroleum gas consumption per ten thousand RMB output value (L/RMB10,000)	0.21	0.03
	Liquefied gas (L)	16,436,900.00	18,001,030.00
	Liquefied gas consumption per ten thousand RMB output value (L/RMB10,000)	24.46	41.31
	Gas (m³)	406,976.00	407,908.00
	Gas consumption per ten thousand RMB output value (L/RMB10,000)	0.61	0.94
Fuel	Diesel oil (L)	55,577,110.00	59,065,133.00
	Per unit diesel oil consumption (L/TEU)	0.94	1.14
Gasoline	Gasoline (L)	926,344.00	1,294,114.00
	Per unit gasoline consumption (L/TEU)	0.02	0.02
Grease	Grease (kg)	626,579.00	614,205.00
	Per unit grease consumption (g/TEU)	10.57	11.81
Greenhouse gas emission	CO <sub>2</sub> (ton)	525,565.00	529,787.00
	Per unit emission (kg/TEU)	8.86	10.18
Waste water	Oil sewage (tons)	827,228.00	510,315.00
	Unit production wastewater discharge (ton / person¹)	87.00	53.00
Waste	Hazardous waste (kg)	3,173,025.00	3,007,569.00
	Hazardous waste recycling (kg)	778,532.00	/
	Other non-hazardous waste (kg)	702,670.00	8,640.00
	Total non-hazardous waste recovery (kg)	1,397,981.00	431,884.00
Dangerous goods	Operation quantity of dangerous goods (TEU)	77,500.00	65,400.00

Note：footnote1：Here is the number of formal employees:9,471.

Social data statistics

Table 1: Social data statistics of COSCO SHIPPING Holdings

Indicators	Unit	2018	2017
Total	Total employee (person)	35	32
By gender	Contracted male employee (person)	24	23
	Contracted female employee (person)	11	9
By age	Contracted employee: ≤30 (person)	7	3
	Contracted employee: 30-50 (person)	25	23
	Contracted employee: ≥50 (person)	3	6
By employment type	Contracted employee (person)	35	32
	Part-time employee (person)	0	0
By area	Mainland contracted employee (person)	35	32
	Hong Kong contracted employee (person)	0	0
	Foreign contracted employee (person)	0	0
By level	Contracted employee of management level (person)	3	6
	Other contracted employee (person)	32	26
New come staff	Total number of new employees (person)	10	/
	Total number of new male employees (person)	6	/
	Total number of female new employees (person)	4	/
	Total number of new employees under 30 years old (person)	4	/
	Total number of new employees 30-50 years old (person)	5	/
	Total number of new employees over 50 years old (person)	1	/
	Total number of new employees in China (person)	10	/
	Total number of new employees in overseas(person)	0	/
Governing body	Total number of board members (person)	11	/
	Number of male board members (person)	11	/
	Number of female board members (person)	0	/



Indicators	Unit	2018	2017
Governing body	Board of Directors below 30 years old (person)	0	/
	Board of Directors 30-50 years old (person)	4	/
	Board of directors over 50 years old (person)	7	/
	Number of minority and vulnerable groups on the board (person)	0	/
Employee turnover / by gender	Total turnover number of contracted male employees (person)	0	/
	Total turnover number of contracted female employees (person)	1	/
Employee turnover / by region	Mainland contracted turnover staff (person)	1	/
	Overseas contracted turnover staff (person)	0	/
Employee turnover / by age	Turnover contracted employee age: ≤ 30 (person)	0	/
	Turnover contracted employee age: 30~50 (person)	1	/
	Turnover contracted employee age: ≥50 (person)	0	/
Employee turnover/total ratio	Turnover (person) of contracted employee	1	0
	Turnover rate of contracted employee	2.86%	0.00%
Occupational injury	Work-related fatalities (person)	0	0
	Ratio of Work-related fatalities	0.00%	0.00%
	Work-related injuries (person)	0	0
	Total number of missed work days	0	0
Training <sup>1</sup>	Injury rate by thousand person (‰)	0.00‰	0.00‰
	Trained contracted employee	33	20
	Total hours of training	2,426	1,994
	Percentage of contracted employee	94.00%	63.00%
	Trained contracted male employee (person)	22	17
	Percentage of contracted male employee	91.67%	72.00%
	Trained contracted female employee (person)	11	3
	Percentage of contracted female employee	100.00%	33.00%
	Trained contracted employee of management level (person)	3	4
	Percentage of contracted employee of management level	100.00%	66.67%

Footnote1 :The training data here only include the contracted employees.

Indicators	Unit	2018	2017
	Other trained contracted employee (person)	30	9
	Percentage of other contracted employee	93.75%	34.62%
Number of complaints received about products and services	Number of complaints (pieces)	0	0
Number of corruption suits filed and concluded by the company or its employees	Number of cases (pieces)	0	0

Table 2: Employee and training of COSCO SHIPPING Lines

Indicators	Unit	2018	2017
Total	Total employee (person)	17,080	24,190
By gender	Contracted male employee (person)	8,477	11,523
	Contracted female employee (person)	6,620	6,495
By age	Contracted employee: ≤30 (person)	2,440	3,551
	Contracted employee: 30-50 (person)	10,774	12,100
	Contracted employee: ≥50 (person)	1,883	2,367
By employment type	Contracted employee (person)	15,097	18,018
	Part-time employee (person)	1,983	6,172
By area	Mainland contracted employee (person)	10,436	13,581
	Foreign contracted employee (person)	4,661	4,437
By level	Contracted employee of management level (person)	11	12
	Other contracted employee (person)	15,086	18,006
New come staff	Total number of new employees (person)	333	/
	Total number of new male employees (person)	178	/
	Total number of female new employees (person)	155	/
	Total number of new employees under 30 years old (person)	230	/
	Total number of new employees 30-50 years old (person)	103	/
	Total number of new employees over 50 years old (person)	0	/
	Total number of new employees in China (person)	90	/
	Total number of new employees in overseas (person)	243	/

Indicators	Unit	2018	2017
Governing body	Total number of board members (person)	11	/
	Number of male board members (person)	8	/
	Number of female board members (person)	3	/
	Board of Directors below 30 years old (person)	0	/
	Board of Directors 30-50 years old (person)	8	/
	Board of directors over 50 years old (person)	3	/
	Number of minority and vulnerable groups on the board (person)	0	/
Employee turnover/ by gender	Total turnover number of contracted male employees (person)	381	/
	Total turnover number of contracted female employees (person)	297	/
Employee turnover/ by region	Mainland contracted turnover staff (person)	513	/
	Overseas contracted turnover staff (person)	165	/
Employee turnover/ by age	Turnover contracted employee age: ≤ 30 (person)	350	/
	Turnover contracted employee age: 30-50 (person)	156	/
	Turnover contracted employee age: ≥50 (person)	172	/
Employee turnover/total ratio	Turnover (person) of contracted employee	678	711
	Turnover rate of contracted employee	4.49%	3.95%
Occupational injury	Work-related fatalities (person)	0	0
	Ratio of Work-related fatalities	0	0
	Work-related injuries (person)	0	2
	Total number of missed work days	0.00	90.00
	Injury rate by thousand person (‰)	0.00‰	0.08‰
Training <sup>1</sup>	Trained contracted employee	15,097	18,018
	Total hours of training	310,707.60	375,334.00
	Percentage of contracted employee	100%	100.00%
	Trained contracted male employee (person)	8,477	11,523
	Percentage of contracted male employee		
		100.00%	100.00%

Footnote1 :The training data here only include the contracted staffs.

Indicators	Unit	2018	2017
Training	Trained contracted female employee (person)	6,620	6,495
	Percentage of contracted female employee	100.00%	100.00%
	Trained contracted employee of management level (person)	11	12
	Percentage of contracted employee of management level	100.00%	100.00%
	Other trained contracted employee (person)	15,086	18,006
	Percentage of other contracted employee	100.00%	100.00%
Suppliers	Domestic	7,286	/
	Overseas	1,617	/
Number of complaints received about products and services	Number of complaints (pieces)	8	/
	Number of corruption suits filed and concluded by the company or its employees	0	/

Table 3: Employee and training of COSCO SHIPPING Ports

Indicators	Unit	2018	2017
Total	Total employee (person)	12,816	13,408
By gender	Contracted male employee (person)	8,308	8,424
	Contracted female employee (person)	1,163	1,259
By age	Contracted employee: ≤30 (person)	1,858	2,169
	Contracted employee: 30-50 (person)	6,698	6,546
	Contracted employee: ≥50 (person)	915	968
By employment type	Contracted employee (person)	9,471	9,683
	Part-time employee (person)	3,345	3,725
By area	Mainland contracted employee (person)	7,729	7,940
	Hong Kong contracted employee (person)	489	513
	Foreign contracted employee (person)	1,253	1,230



Indicators	Unit	2018	2017
By level	Contracted employee of management level (person)	788	11
	Other contracted employees (person)	8,683	13,397
New come staff	Total number of new employees (person)	465	/
	Total number of new male employees (person)	415	/
	Total number of female new employees (person)	50	/
	Total number of new employees under 30 years old (person)	345	/
	Total number of new employees 30-50 years old (person)	115	/
	Total number of new employees over 50 years old (person)	5	/
	Total number of new employees in Hong Kong(person)	45	/
	Total number of new employees in China Mainland (person)	307	/
	Total number of new employees in overseas(person)	113	/
Governing body	Total number of board members (person)	14	/
	Number of male board members (person)	13	/
	Number of female board members (person)	1	/
	Board of Directors below 30 years old (person)	0	/
	Board of Directors 30-50 years old (person)	5	/
	Board of directors over 50 years old (person)	9	/
Employee turnover / by gender	Total turnover number of contracted male employees (person)	460	/
	Total turnover number of contracted female employees (person)	92	/
Employee turnover / by region	China Mainland turnover contracted staff (person)	384	/
	Hong Kong turnover contracted staff (person)	70	/
	Overseas turnover contracted staff (person)	98	/
Employee turnover / by age	Turnover contracted employee age: ≤ 30 (person)	158	/
	Turnover contracted employee age: 30–50 (person)	251	/
	Turnover contracted employee age: ≥50 (person)	143	/
Employee turnover/total ratio	Turnover (person) of contracted employee	552	548
	Turnover rate of contracted employee	5.83%	5.66%

Indicators	Unit	2018	2017
Occupational injury	Work-related fatalities (person)	1	0
	Ratio of Work-related fatalities	0.01%	0.00%
	Work-related injuries (person)	95	84
	Total number of missed work days <sup>2</sup>	1,414	1,207 <sup>3</sup>
	Injury rate by thousand person (%)	7.40 ‰	6.00 ‰
Training <sup>1</sup>	Total number of trainees (person-time)	715	435
	Total number of trainees (person)	302	/
	Male trainees	224	/
	Female trainees	78	/
	Management level trainees	144	/
	General staff trainees	158	/
	Total hours of training	6,268	23,480
	Average training hours (hours/person)	20.75	/
	Male employee training times (person-time)	530	/
	Male employees per capita training times	2.37	/
	Female employee training times (person-time)	185	/
	Female employees per training	2.37	/
	Management level staff training times (person-time)	339	/
	Management level staff per capita training times	2.35	/
	General staff trainees (person-time)	376	/
	Average number of training per employee	2.38	/
Suppliers	Domestic	3,279	/
	Overseas	2,588	/
Number of complaints received about products and services	Number of complaints (pieces)	0	/
Number of corruption suits filed and concluded by the company or its employees	Number of cases (pieces)	0	/

Note1 :2018 COSCO SHIPPING Ports training data statistics only include the staff of the headquarters;. 2: The amount is based on contracted employees. 3.Report data released in 2017 is re-stated based on actual conditions

# Independent assurance statement

## Scope and approach

DNV GL Business Assurance Group ('DNV GL') has been commissioned by COSCO SHIPPING Holding Stock Co., Ltd. ('COSCO SHIPPING Holding') to carry out an independent verification of the COSCO SHIPPING Holding 2018 Sustainability Report ('the Report').

The verification was performed against the DNV GL Protocol for Verification of Sustainability Reporting (VeriSustain®), which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

In addition to verify the contents disclosed in the Report, we evaluated the specified performance data using the reliability principle together with COSCO SHIPPING Holding data protocols for data measurement, recording and processing.

Performance and data disclosed in the Report refer to HKEx ESG Guide Appendix 27 <Environmental, Social and Governance Reporting Guide> ('HK-ESG')

We understand that the reported financial data and information are based on data from COSCO SHIPPING Holding's 2018 Financial Annual Report, which had been audited by third party. The review of financial data taken from the Annual Report is not within the scope of our work.

We planned and performed our work to obtain the evidence which is necessary to provide a basis for our assurance opinion. Our assurance engagement was performed against VeriSustain® with 'Principle Adherence' type, we are providing a 'Limited level' of assurance. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

## Responsibilities

COSCO SHIPPING Holding is responsible for the collection, analysis, aggregation and disclosure of information contained in the Report. Our responsibility in performing this work is to the management of COSCO SHIPPING Holding only and in accordance with terms of reference agreed. The stakeholders of COSCO SHIPPING Holding are the intended users of this statement.

DNV GL was not involved in the preparation of any information or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward any people interviewed and the verification by numerous public means to understand positive and negative comments on COSCO SHIPPING Holding. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

## Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at COSCO SHIPPING Holding headquarter. We undertook the following activities:

- Review of the current sustainability issues that could affect COSCO SHIPPING Holding and are of interest to stakeholders;
- Review of COSCO SHIPPING Holding's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by COSCO SHIPPING Holding on its reporting and management processes relating to the Principles;
- Interviews with top management and senior managers responsible for management of sustainability issues and review of evidence to support issues discussed;
- Based on significant sustainability issues disclosed in the Report, visits to COSCO SHIPPING Holding's headquarter and 2 operation sites to review process and systems for preparing sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data in the report. Our checking processes were prioritized according to materiality and we based our prioritization on the materiality of issues at a consolidated corporate level;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data presented in the Report;
- An independent assessment of claim's reporting against the HK-ESG.

## Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe COSCO SHIPPING Holding's adherence to the Principles. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

In our opinion, based on the scope of this assurance engagement, nothing came to our attention to suggest that the Report does not meet the content requirements of the HK-ESG, i.e.,

• General Disclosures: We reviewed the general disclosures reported in this Report and nothing came to our attention to suggest that the reported information generally does not meet the reporting requirement of HK-ESG and the reason for non-disclosure is explained.

• Key Performance Indicators: We reviewed the key performance indicators reported in this Report and nothing came to our attention to suggest that the reported information generally does not meet the disclosure requirement.

## Observation

The following is an excerpt from the observations and opportunities reported back to the management of COSCO SHIPPING Holding. However, these do not affect our opinion on the Report, and they are indeed generally consistent with the management objectives already in place.

- It is suggested to widen and deepen related sustainability performance information and data disclosure, to assure disclosed content and performance information to be matched with report boundary and scope
- It is suggested to disclose management method for sustainable materiality issues more clearly according to GRI guidance
- It is suggested to disclose the evaluation criterion and processes about suppliers' sustainability performance in the report.

Opinion for report content and quality of principles:

Materiality: COSCO SHIPPING Holding has established a materiality issues determination process within the company. The Report disclosed the materiality issues which identified through the determination processes and the relevant sustainability context. The Report also revealed the management approach and performance achievement through the transparent display of important sustainability information.

Stakeholder inclusiveness: COSCO SHIPPING Holding has established a mechanism for stakeholders' communication and engagement through multiple actions. Stakeholder expectation has been integrated into operation process, the results of this communication and engagement already influenced the setup of the sustainability strategy of COSCO SHIPPING Holding to a certain degree. The stakeholders' engagement and their focus has been revealed in the Report.

Responsiveness: COSCO SHIPPING Holding has setup a response mechanism to improve the responsiveness to stakeholders through establishing sustainability policies, objectives and target as well as improving governance structure, management systems and processes. With consecutive 2 years historical data and explicit context, the Report respond to the main stakeholder concerns about COSCO SHIPPING Holding's economic, social and environmental indicators and performance, especially of the multiple materiality issues as disclosed in the Report. The indicators and sustainability performance as disclosed in the Report was based on the identification and analysis in materiality issues that related with COSCO SHIPPING Holding's sustainability strategy.

Completeness: Within the reporting scope and boundary defined by COSCO SHIPPING Holding, we believe that the Report does not omit relevant information that could significantly influence stakeholders' decisions or reflects significant sustainability impacts during the reporting period.

Accuracy and Reliability: COSCO SHIPPING Holding has established a comprehensive sustainability performance information management processes, performance information and data about the key responsibility issues is accurately reflected in the Report. Per the requirements of moderate level of assurance, we believe the data/information presented in the Report are accurate and detailed for stakeholders to understand the organization's performance on material topics.

Neutrality: We consider the overall tone of the Report to be neutral and the presentation of information to be generally balanced. The emphasis on various topics in the Report is basically proportionate to their relative materiality.

Sustainability context: In the review of the audit team, we believe that the Report presents the performance in its own sustainability and general business context, through discussing the performance of the COSCO SHIPPING Holding in the context of the limits and demands placed on environmental, social resources at the sector and regional level.

For DNV GL - Business Assurance Group

 Cai, Kun Quan Lead Verifier Shanghai, March 29, 2019	 Lin, Chun Nan Reviewer Shanghai, March 29, 2019	 David Hsieh Approval Sustainability Service Manager, Greater China
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## 2018 Sustainability Report