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

Integrated Capacity Infinite Capability

Corporate Social Responsibility Report

2019

COSCO SHIPPING Energy Transportation Co., Ltd.

SSE Code: 600026
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About This Report

Reporting Period

This Report covers the period from 1 January to 31 December, 2019, and includes additional information beyond the stated reporting period.

Organizational Coverage

The Report covers COSCO SHIPPING Energy Transportation Co., Ltd. and its subsidiaries, which is also referred to as "COSCO SHIPPING Energy", "the Company" or "we".

Reporting Cycle

Our corporate social responsibility report is released in each financial year. This Report is the 12th CSR report released by the Company since 2008.

Data Source

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

Reference Standards

This Report is prepared with reference to the Environmental, *Social and Governance Reporting Guide* (HK-ESG) released by The Stock Exchange of Hong Kong Limited, the *Notice of Improving Listed Companies' Assumption of Social Responsibility* and the *Guide on Environmental Information Disclosure by Listed Companies*, as well as the *Notice on Further Improvement of Information Disclosure on Poverty Alleviation by Listed Companies* issued by the Shanghai Stock Exchange, and the *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Sustainability Standards Board (GSSB) and *SDG Compass* by the United Nations.

Report Formats

The Report is released in printed and online forms. It is available for online query and download via the following link: <http://energy.coscoshipping.com/>

Report Languages

The Report is available in simplified Chinese, traditional Chinese and English. In case of any discrepancy, the simplified Chinese version shall prevail.

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Message from the Chairman

The year 2019 marked the 70th anniversary of the founding of the People's Republic of China, and it was a crucial year for China to achieve the first centenary goal. It was also an enterprising and pioneering year for COSCO SHIPPING Energy. With the slowdown of the world economic and energy consumption growth, rising trade protectionism and superpower games, we face a complex and ever-changing external environment that deeply influences the development of shipping industry and our business operations. In response to the challenge, we are committed to the goal of being a world-leading navigator and the development path of "strategic transformation of traditional business and shift towards the Blue Ocean of emerging businesses". We constantly innovate and improve ourselves, and strive to achieve high-quality development, contributing to the national strategy of building China into a maritime power.

The shipping industry is highly internationalized, facilitating global trade and the flow of goods. Hence the industry faces the same challenges and opportunities as the global economy does, including climate change and digitization. We believe that sustainable development is the key to resolving global issues. Therefore, we have strengthened our governance on sustainable development and have incorporated our social responsibility values that highlight "Integrated Capacity, Infinite Capability" into business development and operation. We strategize for our future in the longer term and are prepared for opportunities and challenges. We strengthen communication and cooperation, pursue cooperation-competition and build a corporate ecosystem that brings together business partners to create holistic value in economic, social and environmental aspects to achieve win-win outcomes. We are doing our part in promoting sustainable development of the shipping industry.

Energy is a strategic resource and a key production factor for business development and national prosperity. As a world-leading energy carrier, we recognize it as our responsibility and mission to ensure energy security. Amid the recent round of economic globalization, the Company highlights safety as the core value in marketing, strengthens international cooperation and corporate brand building and upgrades the globalized distribution of businesses, so as to actively contribute to a safe, stable, high-quality and efficient energy transportation network. Capturing the opportunity from structural adjustment in the energy sector, we are developing the "Second Development Curve" and expanding our LNG transportation and oil shipping capacity. We take an initiative to construct vessel pool platforms and comprehensively enhance our competence in safeguarding energy security and providing quality customer services. In the meantime, we actively follow the low-sulfur, low-carbon and green development trend in the shipping industry, accurately identify environmental impacts, set ambitious long-term goals, and carry out environmental management throughout the life cycle of ships and the entire shipping process. We completed the low sulfur fuel switch for all operating tankers before the IMO 2020 Sulfur Cap took effect. We will keep on working hard to protect the marine ecosystem and biodiversity.

In addition, we provide a platform for employees to fulfill their potential and realize their dreams, and contribute to societal development in harmony. We care for our people's personal development and provide health care and other benefits to enhance their well-being and sense of satisfaction in work and life. We care about community development, and are more than willing to support the underprivileged areas and conduct rescues at sea. We aspire to work with the community towards the national strategies of building a moderately prosperous society and a Beautiful China.

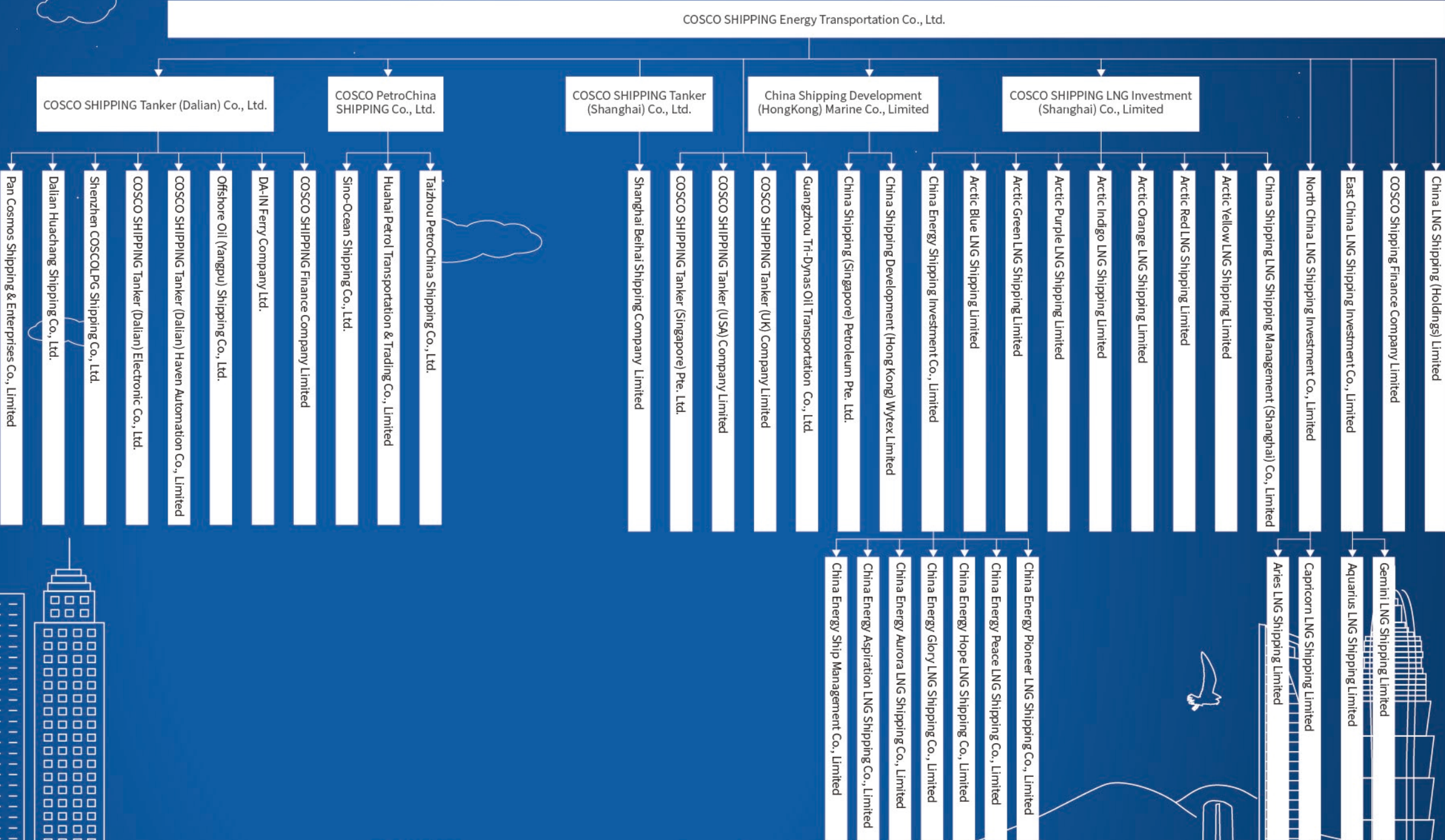
As the headwind is strong on the journey to our aspiration, so we shoulder the responsibilities and march forward upon the greatest dedication. In 2020, we are determined to reach the goal of high-quality development, continue self-upgrading towards the highest standards, explore sustainable business models that meet the needs of the times, and stand up to new challenges ahead. We will further strengthen communication and cooperation with stakeholders and utter our voice in leading the green and sustainable development of the industry, fulfilling our responsibility as a world-leading energy shipping navigator.

Liu Hanbo, Chairman of COSCO SHIPPING Energy

About Us

COSCO SHIPPING Energy Transportation Co., Ltd. is a specialized company engaging in international shipping and domestic coastal shipping of crude oil and product oil, as well as international transportation of liquefied natural gas (LNG) and chemicals, operating under China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING Group"). The Company is headquartered in Shanghai and was formerly known as China Shipping Development Company Limited. The Company's subsidiaries mainly include COSCO SHIPPING Tanker (Shanghai) Co., Ltd. ("Shanghai Tanker"), COSCO SHIPPING Tanker (Dalian) Co., Ltd. ("Dalian Tanker"), COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd. ("Shanghai LNG"), COSCO PetroChina SHIPPING Co., Ltd., China Shipping Development (Hong Kong) Marine Co., Limited. and COSCO SHIPPING Tanker (Singapore) Pte. Ltd..

COSCO SHIPPING Energy has recognized "strategic transformation of traditional business" and "shift towards Blue Ocean of emerging businesses" as the Company's development path. While consolidating the traditional oil transportation business, the Company develops a "Second Development Curve" and is committed to being "an outstanding global energy transportation leader with international competitiveness, brand influence and customer satisfaction". Seizing opportunities presented by the Belt and Road Initiative (BRI), the Company will deepen cooperation with large petrochemical enterprises and other strategic partners, turning into a commercial ecosystem player and a platform-based enterprise, developing cooperative and partnering business relationships, so as to create an extensive win-win model stretching horizontally and vertically through the industrial chain and provide clients with more intelligent whole-process logistics services.



Organizational structure of COSCO SHIPPING Energy

Key Performance

Parameters	2019	2018	2017
Economic Performance			
Total assets (RMB billion)	(A Share) 65.84 (H Share) 65.84	(A Share) 63.42 (H Share) 63.42	(A Share) 60.39 (H Share) 60.39
Operating revenue (RMB billion)	(A Share) 13.88 (H Share) 13.72	(A Share) 12.29 (H Share) 12.10	(A Share) 9.78 (H Share) 9.51
Net profit (RMB million)	(A Share) 432 (H Share) 414	(A Share) 105 (H Share) 75	(A Share) 1,766 (H Share) 1,775
Self-owned ships	153	148	125
Gross tonnage (million dwt/million cubic meters)	19.26/1.05	19.03/1.05	17.17/0.70
Volume of freight (million tonnes)	150	155	120
Turnover (billion tonne-miles)	440.79	545.37	406.83
Volume of crude oil shipment (million tonnes)	118.96	129.34	109.74
Volume of product oil shipment (million tonnes)	31.03	25.17	9.61
Average age of vessels (year)	9.40	8.50	7.60
Total number of suppliers	625	670	666
Suppliers from Hong Kong, Macao, Taiwan and foreign countries and regions	192	108	106
Suppliers from Mainland China	433	562	560
Environmental Performance			
Nitrogen oxides emissions (tonne)	84,816.30	90,116.39	74,987.23
Unit turnover emission of nitrogen oxides (kg/1,000 tonne-miles)	0.19	0.17	0.19
Sulfur oxides emissions (tonne)	58,494.00	62,149.23	51,715.33
Unit turnover emission of sulfur oxides (kg/1,000 tonne-miles)	0.13	0.12	0.13
Greenhouse gas (GHG) emissions (tonne)	3,168,459.94	3,373,667.58	2,807,280.38
Unit turnover emission of greenhouse gases (kg/1,000 tonne-miles)	7.19	6.34	7.22
Carbon dioxide emissions (tonne)	3,031,939.00	3,221,401.96	2,680,577.83
Unit turnover emission of carbon dioxide (kg/1,000 tonne-miles)	6.88	6.06	6.89
Oil pollutant emissions (tonne)	68,148.00	85,058.93	90,810.78
Oil content of pollutant water (tonne)	8,124.36	18,019.51	15,381.64
Hazardous waste emissions (tonne)	8,374.78	35.70	301.73
Unit turnover emission of hazardous waste (kg/1,000 tonne-miles)	0.0190	0.0001	0.0008

Non-hazardous waste emissions (tonne)	404.39	848.42	558.87
Unit turnover emission of non-hazardous waste (kg/1,000 tonne-miles)	0.0009	0.0016	0.0014
Total energy consumption (electricity, gas, and oil) (million tonnes of standard coals)	1.39	1.48	1.23
Unit turnover of energy consumption (kg standard coals /1,000 tonne-miles)	3.20	2.79	3.17
Gross oil consumption (thousand tonnes)	974.90	1,035.80	861.90
Unit fuel consumption (kg/1,000 tonne-miles)	2.21	1.95	2.22
Oil and gas conserved (tonne)	112,181.68	142,729.39	2,015.58
Lubricating oil consumption (tonne)	7,193.09	7,689.68	7,642.00
Total water consumption (m³)	373,607	451,285	395,314
Water conserved (m³)	198,447.92	228,968.00	150,827.00
Total electricity consumption for office of Shanghai Headquarter (kW · h)	1,811,600	2,144,678	715,891
Total fuel consumption of official vehicles in Shanghai Headquarter (Litre)	38,270	65,036	46,366

Social			
Total number of employees	775	737	3,157
Number of expatriate employees	24	12	18
Number of new employees	26	17	4
Number of ethnic minority employees	20	20	131
Number of disabled employees	0	11	11
Coverage of labor contract (%)	100	100	100
Coverage of social insurance (%)	100	100	100
Return rate after maternity leave (%)	100	100	100
Physical examination coverage (%)	99.87	100	100
Total investment in trainings (million RMB)	2.17	1.46	3.66
Per capita training time (hours)	23.85	33.10	48.00
Client satisfaction (%)	100	100	100
Number of customer complaints	18	0	1
Complaint handling rate (%)	100	-	100
Supplier inspection coverage (%)	100	85	85
Passing rate of zero defect annotation (%)	74.58	81.88	80.53
Anti-typhoon success rate (%)	100	100	100
Anti-piracy success rate (%)	100	100	100
ISPS (International Ship and Port Facility Security) inspection passing rate (%)	100	100	100
Investment in work safety (million RMB)	111.31	113.37	342.24
Work-related fatalities	2	0	0
Lost days due to work injury	25	0	13
Targeted poverty alleviation investment (million RMB)	7.60	4.46	4.00

Note Since 2019, the Maritime Safety Administration has defined waste oil as hazardous waste. After verification, the data of freight volume and unit turnover of energy consumption in 2018 and 2017 disclosed in this Report shall be relied on.

Honors and Awards

- COSGREAT LAKE, a vessel of COSCO SHIPPING Energy, won the honor of Shanghai Municipality Worker Pioneer .

3 April, 2019

- Tong Lin Wan, a vessel of COSCO SHIPPING Energy, won the honor of National Worker Pioneer.

13 April, 2019

- Xin Yue Yang, a vessel of COSCO SHIPPING Energy, won the National Youth Civilization Unit Award.

July 2019

- COSCO SHIPPING Energy won the title of Advanced Unit of Safety Culture Promotion in the National Ankang Cup competition.

October 2019

- COSCO SHIPPING Energy won the Best Social Responsibility Award and Corporate Governance Outstanding Enterprise Award on the Golden Qilin 2019 ESG Summit and the China ESG Golden Responsibility Awards 2019.

28 November, 2019

- COSCO SHIPPING Energy won the GoldenBee Excellent CSR Report 2019 - Growing Enterprise Award at the 12th International Conference on CSR Reporting in China.

5 December, 2019

- COSCO SHIPPING Energy won the Best Ship Management Company Award of the jurisdiction at the year-end technical seminar themed "Transparent Safety Check" held by Shanghai Pudong Maritime Safety Administration.

12 December, 2019

- COSCO SHIPPING Energy received the Outstanding Enterprise Award 2018 on the 4th Shanghai Listed Companies Corporate Social Responsibility Summit co-organized by the Listed Companies Association of Shanghai, Yicai media and Shanghai Federation of Economics Organizations.

28 December, 2019



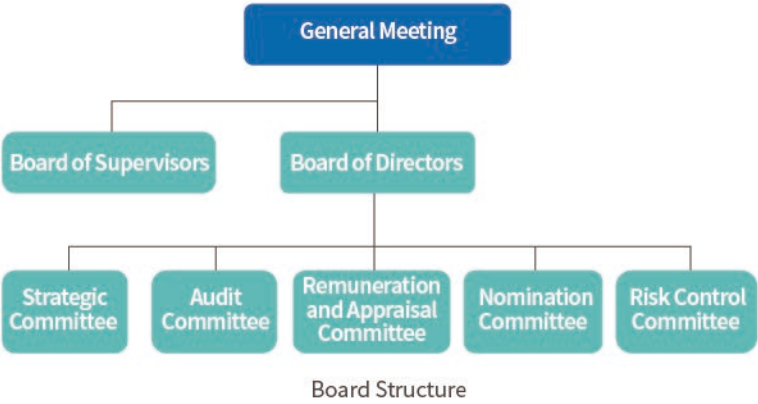
Corporate Governance

A sound corporate governance structure is an important foundation to realize effective resource allocation and ensure the stable operation of a company. COSCO SHIPPING Energy strictly abides by domestic and international laws and regulations and securities regulatory rules, and constantly improves the Company's corporate governance system. In 2019, the Company added and revised 46 administrative and 19 Party rules and regulations including the *Articles of Association*, the *Rules of Procedure of Shareholders' General Meetings*, the *Rules and Procedures of Meetings of the Board of Directors*, the *Rules and Procedures of Meetings of the Supervisory Committee* and the *Rules and Procedures on Independent Non-Executive Directors' Work*. We continue to optimize corporate governance structure and mechanism, improve management competence and effectiveness, and ensure sound decision-making and operation by benchmarking with advanced international enterprises.

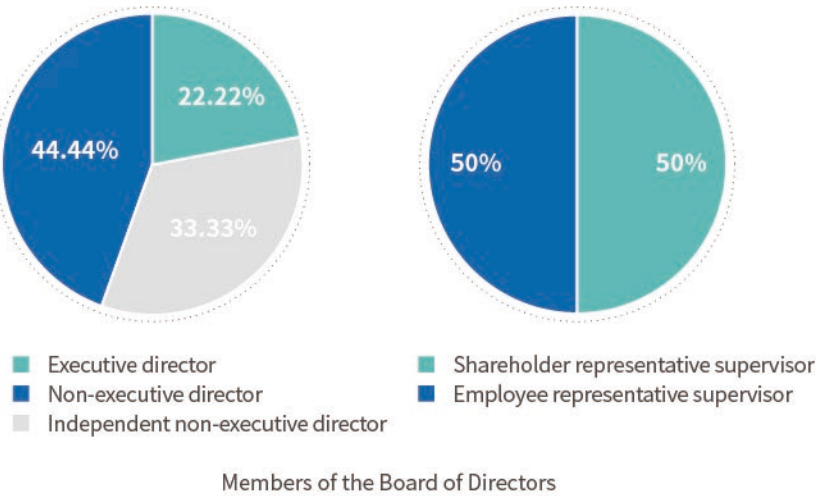
Improve Governance Structure

COSCO SHIPPING Energy strictly complies with the *Companies Law of the People's Republic of China*, *Law of the People's Republic of China on Securities*, *Corporate Governance Standards for Listed Companies* issued by China Securities Regulatory Commission (CSRC), *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, *Governance Guidelines for Listed Companies in Shanghai Stock Exchange*, the *Rules Governing the Listing of Securities* and the *Corporate Governance Code of The Stock Exchange of Hong Kong Limited*, as well as other relevant rules and regulations. The Company has formed a corporate governance structure that consists of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the corresponding Specialized Committees, each of which operates independently, balances each other effectively, and coordinates with each other.

In December 2019, in order to implement the directive of domestic and international regulatory authorities on promoting legal governance in listed companies and the requirements of COSCO SHIPPING Group on giving full play to the functions of specialized committees of the Board of Directors in the fields of legal governance and risk management, we established the Risk Control Committee of the Board of Directors and formulated the *Implementing Rules of the Risk Control Committee of the Board*, to further improve the structure of the Board of Directors, clarify the responsibilities of specialized committees and enhance the Company's comprehensive risk prevention and control ability, resilience and governance competence.



In 2019, the Company convened twelve meetings of the Board of Directors, which reviewed 51 proposals, and five meetings of the Board of Supervisors, which reviewed 19 proposals. Meanwhile, the Company held three general meetings of shareholders, including the annual general meeting.



Strengthen Information Disclosure

COSCO SHIPPING Energy has formulated the administrative measures for information disclosure and investor relations in compliance with such regulations as the *Measures for Administration of Information Disclosure of Listed Companies* issued by CSRC, *Listing Rules* issued by The Stock Exchange of Hong Kong Limited (HKEX) and the *Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses*. The Company has opened up a variety of online and offline communication channels, including phone calls, office visits, online communication, daily surveys, reverse roadshows and disclosures on HKEX and Shanghai Stock Exchange, to disclose information in a standardized, accurate, complete and timely manner and adequately communicate with investors. The Company constantly improves information transparency to help investors make informed decisions and facilitate effective operation of the capital market.



Information disclosure systems

We formulated the *Administrative Measures for Information Disclosure* and the *Administrative Measures for Information Disclosure Suspension and Exemption*

Regular information disclosure

We performed regular information disclosure through *China Securities Journal*, *Shanghai Securities News*, the websites of HKEX and Shanghai Stock Exchange and the official website of COSCO SHIPPING Energy

Nonroutine investor events

We strengthened investor relations by organizing reverse roadshows, office visits and interviews

Strengthening information disclosure to improve information transparency

In 2019, the Company maintained high quality information disclosure. According to the comprehensive evaluation by the Shanghai Stock Exchange, the Company received the grade A for its information disclosure in 2018-2019 (1 July, 2018 to 30 June, 2019).

Knit Corporate Culture

Culture is an intangible force that creates productivity, fuels competitiveness, increases attractiveness and forms cohesion. Therefore, we diligently cultivate our corporate culture to strengthen our soft power and competitiveness and achieve healthy and sustainable corporate development.

Cultural system

Mission

- To lead the transportation of energy for the world
- To act in fulfillment of social responsibilities
- To serve worldwide customers through value creation
- To support employees in their professional development

Vision

- To be an outstanding leader in global energy transportation with international competitiveness, brand influence and customer satisfaction

Values

- People-centricity, safety focus, innovative development, pursuit of excellence, integrity, environmental soundness

Corporate Culture of COSCO SHIPPING Energy

Responsibility Management

Guided by the value of "Integrated Capacity, Infinite Capability", we recognize the government, shareholders, clients, partners, employees, communities, the environment and other stakeholders as indispensable support in the development of the Company, and are committed to creating value for each stakeholder.

Social Responsibility Management

We believe that a solid management mechanism is the cornerstone for the Company to continue acting responsibly and creating value for stakeholders. Leveraging internationally recognized best practices in managing corporate social responsibility (CSR), we have established and improved our CSR management mechanism to integrate the CSR concept into our business processes and daily operations. The CSR management mechanism requires vertical implementation at various levels and horizontal collaboration across departments, so as to ensure that our departments and business sectors are synchronized on the CSR progress to facilitate the top-down implementation of the CSR strategy and plan.

We are aware that identification and management of environmental, social and governance (ESG) risks conduces to the Company's stable development in the long run. We conducted in-depth research into the background of sustainable development, industry attributes and our enterprise characteristics, and established a working mechanism led by the Board of Directors to focus on major CSR issues related to safety, environment and integrity. The Board of Directors is responsible for formulating and reviewing the Company's sustainability and ESG strategies and policies, and its Strategic Committee researches into and sets objectives for such strategies, establishes relevant evaluation mechanisms and provides recommendation. In addition, we have invited third-party specialized agencies to provide the management with ESG

trainings and will continue to benchmark our performance with international standards and best practices to elevate our ESG management and practical capabilities.



Safety management

- Target setting: The Company determines an annual target for safety work and incorporates safety management and safety performance goals into the Performance Report of the Board of Directors
- Supervision and management: The specialized committee of the Board of Directors is responsible for the supervision of safety management and the audit review of the annual safety performance report
- Implementation: The management sets up a safety management committee to take charge of the overall safety management and manages safety affairs through an integrated safety management model comprising the ship management center, safety supervision department and technical support department
- Performance management: The *Letter of Safety Operation Duty* is signed at various personnel levels to evaluate the implementation and result of the safety management work to ensure the effectiveness of the safety management mechanism

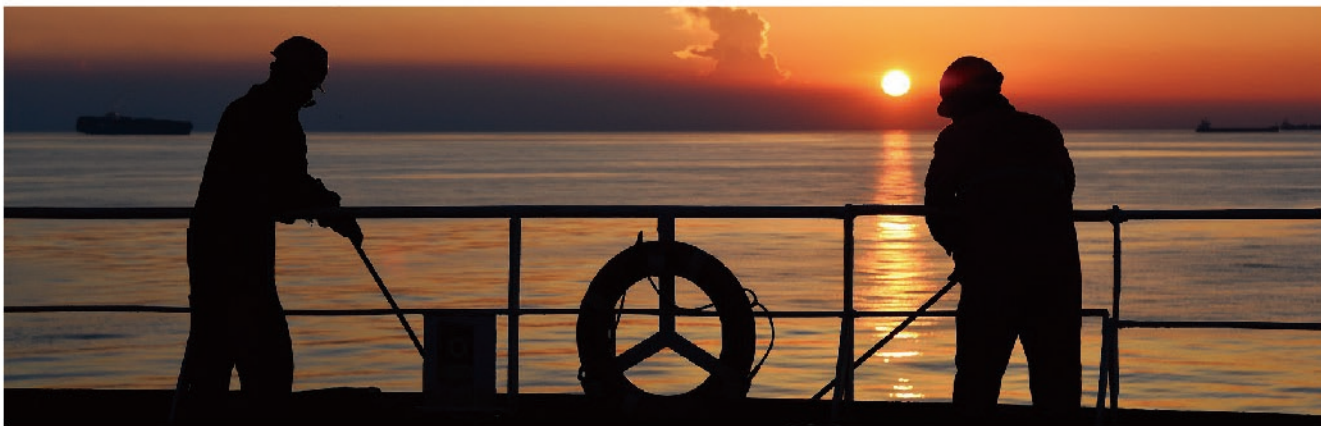
Environmental management

- Target setting: The Company determines long-term and short-term objectives and specifies the working path for environmental management
- Supervision and management: The Strategic Committee of the Board of Directors is responsible for reviewing the environmental work plan and targets
- Implementation: The Company sets up an energy conservation and emissions reduction leading group to coordinate important tasks and supervise, guide and evaluate environmental management, and establishes an administrative office for energy conservation and emissions reduction to facilitate inter-departmental collaboration and implement the environmental work plan
- Performance management: The Company has formulated the *Operational Performance Appraisal Standards for Management Personnel of COSCO SHIPPING Energy* to specify the performance in energy conservation and emissions reduction, as well as ecological and environmental protection as binding criteria for performance appraisal of the management to ensure that environmental objectives are honored in practice

Integrity management

- Planning: The Audit Committee prepares and reviews the annual work plan.
- Supervision and management: The Company has appointed a Chief Anti-commercial Bribery Officer to coordinate the establishment of anti-corruption policies and integrity management system, supervise the fulfillment of relevant responsibilities and conduct education on the integrity culture
- Implementation: The supervision and audit department supervises and manages the performance of anti-corruption work, puts forward rectification suggestions for potential corruption risks, and tracks and supervises the implementation of the rectification.
- Institutional guarantee: The Company has prepared the *Administrative Measures for Anti-commercial Bribery (Trial)* and *Anti-corruption Manual* to enhance employees' awareness and capability of upholding integrity

Management of CSR topics on safety, environment and integrity

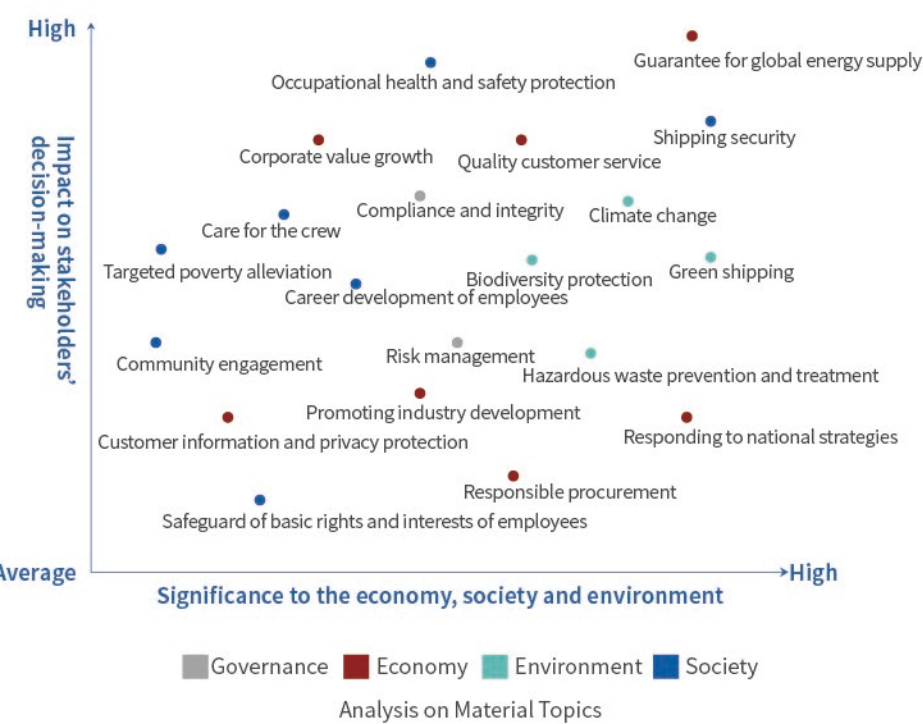


Based on the demands of stakeholders, the Company fully understands and recognizes the impacts of corporate business and operation on them. We have formulated and improved the CSR strategic plan of creating the best overall value, so as to promote the establishment of an ecosystem that nurtures the sustainable development of the Company, the industry and society.

Stakeholders	Demands
Shareholders	Operate with transparency and expertise to preserve and increase asset values and guarantee the legitimate rights and interests of each shareholder
Government / Regulators	Conduct fair operation in compliance with laws and regulations and accomplish healthy growth to maximize the value created for the economy, society and the environment
Customers	Uphold the virtue of honesty and integrity and adhere to the customer-centric principle to provide excellent and reliable services
Environment	Participate in clean energy transportation and fulfill the environmental requirements on energy conservation and emissions reduction to minimize impact on the marine ecological environment and global climate
Partners / Industry Associations	Accomplish business development through better communication and cooperation in pursuit of the common interests, expand cooperation through the value supply and jointly build a sustainable industrial ecosystem to promote the healthy development of the shipping industry
Employees	View people as the highest priority and protect the employees' rights and interests to accomplish both individual and corporate development
Communities / Social Organizations	Publicize the corporate values to the local community to achieve harmony and common well-being of the Company and the community
Media	Adhere to high standards of ethics, operate in accordance with laws and regulations, improve information transparency and accept public supervision

Analysis of Material Topics

According to the procedure of identifying material topics stipulated by the *GRI Standards* and *Environmental, Social and Governance Reporting Guide* (HK-ESG), COSCO SHIPPING Energy has reviewed and identified material topics, and has adjusted the original expression for topics according to internationally accepted standards. In addition, based on the sustainable development trends in the industry, benchmarking results and interviews and surveys with internal and external stakeholders, we have selected material topics according to their concern. In 2019, we identified and ranked 20 material topics according to their economic, environmental and social influence, as well as their impact on the decision-making of stakeholders, and determined the key areas in corporate management and disclosure, to better respond to the concerns of our stakeholders.



Communication with Stakeholders

Stakeholders	Main concerns	Responses of the Company
State-Owned Assets Supervision and Administration Commission of the State Council (SASAC)	Sustainable growth of corporate value Compliance and integrity Risk management Response to national strategies Targeted poverty alleviation	Promote the sustainable and steady growth of business and profitability Strengthen communication with the SASAC Respond to the "state-owned oil with state-owned transport" strategy, the Belt and Road Initiative (BRI) and other national strategies and initiatives Release the CSR report
Shareholders	Sustainable growth of corporate value Compliance and integrity	Enhance communication with investors Constantly improve profitability Hold general meetings of shareholders Release the annual and quarterly reports and CSR reports on a regular basis

Stakeholders	Main concerns	Responses of the Company
Government / Regulators	Compliance and integrity Risk management Climate change "Green shipping" Biodiversity protection Prevention and control of hazardous waste	Abide by laws Strengthen internal control and improve the supervision system Create jobs for local communities Facilitate upstream and downstream development Promote environmental protection practices in the course of business
Customers	Guarantee of global energy supply Shipping safety High quality customer service Protection of customer information and privacy	Optimize the layout of the global outlet network and offer customized services Open channels for customer feedback Ensure shipping safety and be prepared for responding to pirates and natural disasters
Employees	Safeguarding basic rights and interests Occupational health and safety protection Career development of employees Caring for the crew	Provide better remuneration and benefits Organize professional trainings Provide assistance to employees in need Arrange the staff congress, employee dialogues and other communication meetings
Suppliers	Responsible procurement Promoting industry development	Provide equal opportunities and select based upon merits Require reasonable prices and quality services Conduct responsible procurement and achieve growth with suppliers
Partners / Industry organizations	Promoting industry development	Establish strategic cooperation agreements Initiate university-enterprise cooperation Participate in industry scientific research and development of industry standards Attend industry forum meetings
Media	Compliance and integrity Promoting industry development	Hold media communication meetings and press conferences Attend industry forum meetings Release company news
Communities	Community engagement Targeted poverty alleviation	Invest in community building and poverty alleviation Participate in rescues at sea and protect the safety of navigation
Social organizations	Community engagement	Release the CSR report to disclose performance in relation to the economy, safety, society, environment and other aspects Donate to social organizations or pay membership dues

Risk Management

During the critical period of deepening the reforms and accelerating the strategic transformation, COSCO SHIPPING Energy has launched the development of risk control system, encompassing institutional policies, internal control and compliance systems, so as to improve the risk management mechanism that runs parallel to the Company's general management system, as allowing the Company to enhance its management competence, risk immunity and resilience.

In 2019, the Company formulated the *Implementing Rules of the Risk Control Committee of the Board* to specify the management functions and working procedures of the committee and stipulate the responsibilities of the Board of Directors in risk management and control, providing institutional guarantee for effective improvement of risk management capabilities.

We provided feedback on improving rules and regulations to Shanghai LNG, COSCO PetroChina SHIPPING Co., Ltd., and Guangzhou Tri-Dynas Oil Transportation Co., Ltd., and strengthened our guidance and supervision for the establishment of risk management systems within our subsidiaries, so as to elevate the effectiveness of risk management and control throughout the organization.

Institutional systems

According to the *Plan for Establishing Systems of Corporate Rules and Regulations*, we improved the risk management system, and revised or added a total of 57 rules and regulations in total in 2019.

Compliance management system

We formulated and released the *Administrative Measures for Compliance and Compliance Manual*, improved the compliance warning and risk identification mechanisms, and reinforced the compliance data application to upgrade our capability and performance of preventing and controlling compliance risk.

Internal control system

We improved the Company's internal control system, completed the establishment of procedural documents, risk database, authorization list, form library, risk warning indicator database and other modules in 2019, and reviewed the three-tier internal control management process.

Institutional development for risk control

In April 2019, COSCO SHIPPING Energy held a project kick-off meeting for establishing the risk control system, delineating the project advancement plan and conducting a special training on internal control and comprehensive risk management, including training on the prevention and control of risks from international operations, raising employees' awareness of and elevating their capability of risk prevention and control.



Integrity management

Operating in compliance with laws, regulations and business ethics forms the basis for COSCO SHIPPING Energy to fulfill responsibilities to stakeholders. We abide by the CPC Central Committee's requirements for anti-corruption governance while actively constructing and refining the anti-corruption governance system that aligns with international standards and meets the Company's needs in international development, so as to ensure that we operate with integrity at any location across the world.

In 2019, the Company further improved the integrity management system, set up the Chief Anti-Commercial Bribery Officer, and carried out key investigation on the prevention of shipboard integrity risks. On this basis, we formulated the *Administrative Measures for Anti-Commercial Bribery (Trial)* and the *Anti-commercial Bribery Manual (Trial)*, and drafted the *Manual for Prevention and Control of Shipboard Integrity Risks*, to earnestly promote clean operation. In addition, we have compiled training materials on the latest policies and plan to provide integrity training for all employees in 2020. In 2019, we were not sued for any corruption-related charges.

● Implement the supervising responsibility

- We established the audit committee, discipline inspection commission, ship Party committee, ship discipline committee, and other supervising divisions to enforce clean governance at each level
- We launched the signing of the Dual Duty Letter for Rigid Party Governance and the Integrity Commitment Letter and conducted group and individual dialogues to execute integrity management duties
- We maintain and update the integrity profiles of management personnel

● Strengthen risk prevention and control

- We conducted integrity risk assessment as well as special and routine inspections, identified areas of potential integrity risk, and tracked the implementation of any rectification
- We conducted in-depth interpretation of the *United Nations Convention against Corruption*, the *Foreign Corrupt Practices Act* of the United States, the *Bribery Act* of the United Kingdom and the anti-corruption laws of China to reduce corruption risks

● Conduct integrity-related audit

- We carried out internal audits based on the annual audit plan, summarized the audits, and submitted an audit report
- In 2019, we completed five integrity-related internal audits, covering four subsidiaries of COSCO SHIPPING Energy
- The Company completed an internal audit every three years, covering most of the subsidiaries

● Set up the reporting system

- We have set up a reporting mailbox and phone number, where authorized personnel would document and handle the reported issues
- We formulated the *Administrative Rules of Disciplinary Inspection for Clarification of Reported Issues (Trial)* to protect the whistleblowers' privacy and lawful rights and prevent retaliation
- We set up an incentive mechanism for crew members who report significant issues

● Create the culture of integrity

- Internally: we designate an anti-corruption training plan targeting all employees and enhance employees' awareness of integrity issues through holiday anti-corruption reminders, case studies, policy interpretation and special trainings
- Externally: we arrange visits to supplier sites for surveys and publicize the Company's anti-commercial bribery policies to oily water and sewage treatment suppliers to enhance their awareness of integrity

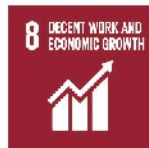
Integrity management mechanism

In 2019, COSCO SHIPPING Energy organized the following training programs on integrity targeting all staff:

<p>For new recruits – Clarifying integrity policies of the Company</p> <p>The Company educated new employees on business integrity, which covered Party disciplines and regulations, "Five Bans" of China COSCO SHIPPING Group and anti-corruption cases.</p>	<p>For newly-promoted managerial personnel – Specifying integrity-related responsibilities</p> <p>The Company conducted a group dialogue with newly-promoted officials on integrity to convey the significance of improving the Party conduct and ensuring clean governance, as well as the expectations and requirements of COSCO SHIPPING Group and COSCO SHIPPING Energy for business integrity.</p>	<p>For the ship management team – Highlighting key points of integrity management</p> <p>The Company conducted special training for the management team on the prevention and control of ship integrity risks, helped the management team sort out key points, and enhanced their anti-corruption capability.</p>	<p>For the discipline inspection and supervision team – Enhancing competence of management</p> <p>The Company put greater emphasis on the training of discipline inspection and supervision personnel at all levels, identified problems in integrity management, and proposed improvement measures to help better implement the Company's integrity work plan.</p>
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Create Infinite Value with Development of the Times

Energy is a strategic resource fueling national socio-economic development. As China's institutional reform in the oil and gas industry and the energy structural upgrade have influenced the energy industrial chain, we believe that constant innovation, self-reform and smart strategic decisions are key to seizing the opportunities for sustainable development. Therefore, the Company has set the long-term goal of becoming the global energy transportation solution provider, value creator and resource integrator, actively fulfilling the responsibility of "delivering energy for the world", and contributing to the building of a sustainable industry ecosystem with our ability to operate, serve and influence the industry, so as to empower the high-quality development of the domestic and global economy.



[Special] Serve the Belt and Road Initiative

With rapid development of the economy and society, China is facing the contradiction between the increasing energy demand and an unbalanced energy resource endowment that is rich in coal, short of oil and scarce in gas. As China becomes the largest energy consumer in the world, the National Energy Commission has proposed to increase the self-sufficiency rate while extending international energy cooperation to ensure energy supply. This is where the Belt and Road Initiative steps in by opening major energy transportation routes in addition to the passageways for international trade and cultural exchange.

As an operator of the world-leading fleet of oil tankers and LNG carriers, COSCO SHIPPING Energy conducts businesses around import of crude oil and LNG and export of product oil with countries along the Belt and Road, playing an important role in "bringing in and carrying out" energy in China. The Company recognizes countries along the Belt and Road in terms of energy producers, consumers and transit countries, and builds a multilaterally beneficial ecosystem in the energy industry with the Belt and Road countries to support the high-quality development of the Initiative.



LNG stands for liquefied natural gas, which is formed by liquefying natural gas at an ultralow temperature (-163°C) and consists mainly of methane. Its volume is 1/625 of natural gas of the same mass, so that it requires much less space for storage and transportation. LNG carriers are expensive to build and are internationally recognized for its high-tech, high-complexity and high value-added nature.

Captain Energy Classroom



COSCO SHIPPING Energy actively optimizes voyage routes along the Belt and Road, with emphasis on two core routes, namely the Middle East-China route and the Pan-Southeast Asia route. In 2019, on our crude oil import routes, approximately 87.8% of the crude oil imported was from Belt and Road countries, and 41.86% of our ocean-going shipment ran via third-country routes.

Establish globalized reach

Set up overseas outlets and build "important pivots" to connect the Company with the Belt and Road

Utilize better route arrangements

Optimize the distribution of routes, enhance win-win cooperation with countries along the Belt and Road

Develop business projects

Focus on developing upstream and downstream LNG and oil transportation projects along the Belt and Road, and expand the coverage and influence of our services

Improve logistics services

Leverage major channels and regional development to expand service coverage towards upstream and downstream and from sea to shore to improve the whole-process shipping service capabilities

Enhance internal coordination

Break regional and departmental barriers, share marketing, cargo soliciting and transportation resources through opportunities from major projects and client services to realize resource integration and coordinated internal development

The Company enhances the capability of serving the Belt and Road Initiative and builds up business advantages.

Case | Building the Polar Silk Road with Partners

Since *China's Arctic Policy* whitepaper proposed to jointly build a "Polar Silk Road", China has been actively facilitating multilateral cooperation for its blueprint. The Northern Sea Route can significantly reduce the voyage time between China and Europe and upgrade international trade channels and the interconnected global network for economic growth, promoting the development of countries and regions along the routes.

Since 2018, COSCO SHIPPING Energy has been involved in the large energy cooperation project between China and Russia, the Yamal LNG Project, actively working to transport LNG from the Yamal Peninsula to Europe and Asia through the Northern Sea Route. Following the release of the Joint Statement between China and Russia in 2019, COSCO SHIPPING Group signed the *Agreement in Respect of Maritime Arctic Transport LLC* with Novatek, Sovcomflot and Silk Road Fund in Saint Petersburg, marking an enterprise-level move to honor the joint statement for the sustainable development of the Arctic, advancing the Belt and Road Initiative and developing the Polar Silk Road.

As the project executor, we optimized the allocation of our shipping capacity and collaborated with partners to improve the world's energy transportation network through the Polar Silk Road, contributing to China's energy structural enhancement and energy security. In 2019, Shanghai LNG and China LNG Shipping (Holdings) Limited (CLNG) completed a total of 196 voyages for the Yamal Project with 15 LNG carriers, shipping a total of 32.7881 million cubic meters of LNG.

Excel in Ensuring Energy Security

Predictable and reliable energy production, transportation and supply are highly important for the development of modern society. As an intermediate part of the energy supply chain, COSCO SHIPPING Energy constantly develops and upgrades the world-leading fleet and its operation, optimizes the shipping routes and fleet placement, and strengthens abilities to ensure stable energy transportation and energy security.

Improve Holistic Planning and Build Foundation for Energy Security

We believe that a sufficient shipping capacity and outstanding competence in fleet deployment form the basis of safeguarding energy security. Therefore, we expand our self-owned and jointly operating fleet for this purpose.

At the end of December 2019

we owned and managed

151 oil tankers

with a total capacity of

21.71 million DWT

and invested in

38 LNG carriers

of which

35 were put into operation

with a total capacity of

5.9 million cubic meters



Balance Route Distribution and Reduce Transportation Risks

Traditional global energy trade and transportation routes are shaped by the distribution of global energy resources, so that countries in demand are highly dependent on several energy producers. But as the increasing global energy suppliers in the recent years have diversified the trade flows and transportation routes. We have established eight global customer service platforms, and have gradually expanded our shipping routes into West Africa, Europe, the Gulf Coast and other regions to diversify our operating routes, enhancing energy transportation security and building a foundation for realizing COSCO SHIPPING Group's strategic goal of being a "global carrier".

In 2019, our VLCC fleet achieved a 5.8% increase in the proportion of operating days on routes other than the Middle East-Far East route as well as a 10.5% increase in the proportion of operating days on triangular routes compared to 2018.

Eight Client Service and Operation Platforms



Support the Transition to Clean and Low-carbon Energy

According to *World and China Energy Outlook 2050* released by CNPC Economic and Technology Research Institute in 2019, the demand for non-fossil fuels and natural gas is expected to grow rapidly, and natural gas will surpass oil to become the largest energy source. As a leading LNG transporter in China, COSCO SHIPPING Energy actively serves China's energy strategies, vigorously expands and develops businesses in new energy sources such as LNG and ethane, and facilitates the energy structure transformation, ensuring the country's gas shipping with state-owned fleet and energy shipping security.

To accommodate the fast-growing LNG industry, COSCO SHIPPING Energy aligns resources and identifies the LNG shipping business as the "Second Development Curve". Considering that the upstream and downstream players of the LNG industry are closely connected, inseparable and mutually influencing, the Company is dedicated to coordinating business operations and communication between the upstream and downstream, and cooperates with partners to promote the development of clean energy.

As of the end of 2019

the Company owned a domestically leading and world-class LNG fleet and invested in

38 LNG carriers

of which

35 were in operation

with a total capacity of

5.9 million cubic meters

Case | COSCO SHIPPING Energy holds Shanghai LNG Forum to promote "connectivity and win-win cooperation"

On 7 August, 2019, COSCO SHIPPING Energy, Mitsui O.S.K. Lines, Ltd., Dalian Maritime University and Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. jointly held Shanghai LNG Forum under the theme "Green, Safe Development for Shared Benefits". More than 170 business insiders from 50 domestic and overseas enterprises and organizations participated in this Forum, including Royal Dutch Shell, Platts, Cheniere Energy, Shanghai Institutes for International Studies, Drewry, Lloyd's Register of Shipping, Fearnleys, Affinity, Industrial and Commercial Bank of China, SHPGX, Polar Research Institute of China and China Classification Society. The forum discussed the outlook of the LNG industry and technological development, and brought together players from the upstream, midstream and downstream to explore a more sustainable path for the LNG industry.

This was the second time for COSCO SHIPPING Energy to host the forum. The Company will continue to organize industry forums to provide a platform for industry participants to work together for sustainable development.



Provide Quality and Targeted Customer Services

In the spirit of craftsmanship, COSCO SHIPPING Energy never stops improving customer services. By implementing the principles of "Credibility, Safety, Efficiency and Transparency" during the whole process of serving customers, we are shifting towards lean operation and management closely following up on customers' demands to lead the industry back to the original rationale of serving customers and aiming for win-win partnerships with customers.

In 2019, COSCO SHIPPING Energy conducted a survey to improve customer management procedures accordingly. The Company aligned internal service procedures with customer demands to realize parallel operation of internal and external management and seamless connection of key procedures to improve customer services. In addition, the Company further regulated freight transportation and procedures of handling customer complaints to increase efficiency and competency. In response to challenges in the security of customer information following wider application of information technology, the Company revised the *Customer Management Measures* to control the access to customer information and better protect customer privacy.



In 2019

we received
18 customer complaints

where case settlement and customer satisfaction both achieved
100 %



"Craftsmanship is the pursuit of lean, meticulous, precise and exquisite work. It is what we need. No matter what capabilities and opportunities one has, he will become a venerable craftsman as long as he is willing to dive deep and pursue perfection in a certain field."

— Chairman Liu Hanbo

Case | Digital technology helps improve lean services

Digitization not only gives birth to emerging industries, but also brings opportunities for the rebirth of traditional industries. In April 2019, COSCO SHIPPING Energy released the mobile application "Captain Energy" to deliver greater convenience for customers by as allowing them to access energy information, market indices, ship availability, transaction inquiry, voyage ratings and information sharing. In addition, the Company continuously develops new features for Captain Energy and conducts internal training and system upgrades based on customer feedback, so as to constantly enhance online customer services, customer experience and our brand image.

COVID-19 response: A special customer service mechanism

To overcome the inconvenience in customer services from the outbreak of the Coronavirus Disease 2019 (COVID-19), COSCO SHIPPING Energy has launched a special customer service mechanism to help fight the pandemic.

Strengthen communication to respond to customers' demands

- Customize solutions: stay in contact with clients via WeChat, email and phone calls to meet their shipping demands
- Establish COVID-19 response mechanisms: in addition to the one-stop service of the account manager, a 24-hour service hotline is opened to deal with and resolve clients' urgent needs, opinions and suggestions in a timely manner

Coordinate comprehensively to guarantee energy transportation

- Track COVID-19 policies: monitor the epidemic prevention and control measures at loading and discharging ports, arrange ship speed and cargo oil heating adjustments to avoid rejection at ports
- Coordinate shipping capacities: coordinate internally to exchange cargo assignments as per port epidemic prevention policies to ensure delivery of offshore oil at the final destinations

Extend services to enhance customer trust

- Upgrade the mobile application for customer services: introduce functions to allow inquiries of epidemic prevention measures at ports, ship inspection and quarantine, and reports of the Company's prevention measures
- Announce preventive measures and statuses: disclose shipboard preventive measures, crew shift time and crew temperature monitoring, so that customers are assured of transportation safety
- Release research results: share with clients the impacts of the epidemic on the industry and enhance their trust

Elevate information transparency through internal communication

- Integrate internal experience: exchange knowledge with sister companies, learn from advanced experience and improve epidemic prevention and customer services
- Conduct external communication: inform clients of the Company's actions and achievements in response to COVID-19 and enhance information timeliness and transparency through the Company's website, WeChat official account and the mobile application

Customer services during the COVID-19 pandemic

Promote Flexible and Innovative Business Models

A flexible and innovative business model revitalizes internal resources and maximizes the value of expertise, so as to elevate the growth potential of the company. Hence, COSCO SHIPPING Energy promotes new marketing models and ship operation models and coordinates shipping for domestic and international trade to accelerate the strategic transformation into a whole-process energy carrier and provide efficient energy transportation services with flexible and holistic management of all types of tankers and marketing services.

Connecting domestic and international businesses

Providing a complete range of ship types and routes

Coordinating upstream and downstream

- Connect domestic and international trade voyages and provide whole-process logistics solutions involving crude oil import, internal crude oil transshipment and lightering, product oil transfer and export and downstream chemical transportation
- Operate all types of ships at major energy producing locations and domestic ports
- Promote the tripartite cooperation involving the port, the cargo owner and the ship owner
- Launch regular and quasi-regular liner shipping and provide a fixed fleet to assure availability

Advantages and features of our business models

Case | Whole-process logistics solutions

Seeing the rapid growth of independent refineries in China, we leverage our strengths in shipping to enhance our cooperation with them. By coordinating large and small vessels for domestic and foreign trade of crude and product oil, we provide large independent refiners with whole-process shipping services ranging from the import of crude oil, transshipment and lightering of crude oil for domestic trade, transit and export of product oil, to the transportation of chemicals at the downstream. In addition, we offer reasonable suggestions on shipping optimization, improve efficiency and reduce costs for customers by transporting product oil in larger batches. These measures enable larger tankers to gain significance in product oil shipping in China and drive the high-quality development of emerging independent refineries.

In 2019

we transported **2.25** million tons of product oil for key customers which represented **6** over times the amount of last year achieving over **100** RMB million of transportation cost saving for customers

Build a Win-win Industry Ecosystem

Build a Platform of Vessel Pool

As a global leader in energy transportation, COSCO SHIPPING Energy strives to become a platform based and ecosystem-based enterprise, gathering stakeholders to jointly build an organized and sound industry ecosystem and contribute our wisdom and experience to the sustainable development of the shipping industry.

Facing the slowing demand growth and rising shipbuilding prices in the new cycle of the shipping industry, we believe that expansion through newbuilding and purchases of vessels alone can no longer guarantee adequate asset operations. Instead, we advocate abandoning irrational competitive expansion and establish the vessel pool to optimize efficiency and quality of fleet operation to accomplish shared benefits. The pool is a platform that brings together individual players to jointly combat risks, and thus contributes to the industry's rational, sound and long-term development.

In 2019, we established China Pool for Very Large Crude Carriers (VLCC) and the basic structure of pool operation. Through trial operation, we continued improving VLCC pool operations and scoring and distribution systems to prepare for our commercial operation.

Build a Sustainable Supply Chain

We have developed the following policies to better manage the procurement process and suppliers: *Administrative Measures on Procurement, Administrative Measures on Suppliers, Administrative Rules on Tender and Procurement, Administrative Rules on Non-Tender Procurement, Administrative Rules on Selection and Engagement of Consulting Agencies and Administrative Rules on Brokerage Business*. Moreover, we have adopted stringent mechanisms for supplier admittance, selection, evaluation and elimination, which require suppliers to

submit "relevant quality, safety, environmental protection and other third-party qualifications and related materials", and have made "personal, food and environmental safety, commercial bribery and moral hazard" as important parameters of "safety evaluation" in the annual supplier evaluation. In addition, we conduct on-site inspection on key suppliers to comprehensively evaluate suppliers' capabilities of managing safety, quality, environmental protection and occupational health. An *On-site Inspection Report* is prepared to track corrections upon the issues identified, enhance suppliers' awareness and capability of fulfilling corporate social responsibilities and facilitate the sustainable development of the supply chain.

In 2019

the supplier audit covered all **625** suppliers of companies directly affiliated to COSCO SHIPPING Energy.



Promote Sound Development of the Industry

The Company's high-quality development benefits from and contributes to the sound industry ecosystem. The Company is committed to transforming into a platform, which collaborates with stakeholders including universities, industry organizations, research institutions and peer companies in high-tech research and talent development, promoting the harvest of research and technology and contributing knowledge, technology and talents to the high-quality and sound development of the industry.

Cooperate with universities to promote research turnover



In cooperation with Dalian Maritime University, the Company initiated the China International Research Institute for Energy Transportation as an innovative collaboration mechanism to build an integrated platform connecting the energy transportation industry, academics and research to provide intellectual support for the development of energy transportation business.

Publish research journals to share with partners



Based on historical market data analysis and outlook of policies, regulations and cutting-edge technologies, the Company compiles and publishes *Energy Transportation Weekly* and provides the journals to business partners to support their decisions-making.

Explore new technologies to accelerate integrated development



With the rise of new technologies involving big data and blockchain, the Company led a research project of "Practical Application of Blockchain Technology in Shipping", laying a foundation for the integration of emerging technologies and shipping, and helping to foster new forms of intelligent shipping.

Participate in industry events to consolidate the brand image



The Company organizes and participates in industry events and establishes cooperative bonds with industry organizations to be engaged in the forward-looking discussion of industry development issues, and shares the Company's research findings and practical experience to establish the image as an industry leader and promote healthy development of the industry.

Activities involving industry-wide cooperation in 2019 (Partial)





Anchor on Safety to Foster Stable Development

Our value on safety is that "safety is the foundation of business"-we regard safety as the absolute priority of corporate management. All our employees are deeply aware that safety is the basis of all work in the energy transportation industry and thus exercise extreme caution to ensure safety.





- Protect health of personnel
- Ensure safety of ships
- Protect the marine environment

- Zero injury
- Zero accident
- Zero pollution

- Safety risk is the biggest risk of the Company
- Safety has the absolute priority
- All accidents can be prevented
- Ensuring safety is the top responsibility of every employee
- Ensuring safety is the best care for employees
- Achieve intrinsic safety and safe development
- Safety is the brand and core competitiveness of the Company
- Safety management is mainly preventive work, involving all aspects, all employees and all processes



The Best Care for People is Safety Assurance

COSCO SHIPPING Energy is committed to ensuring safety in respect of personnel, equipment, standards, management and environment, among which safety of our people is the top priority. We firmly believe that the ultimate pursuit of our work around safety is to make sure that our people are safe, which will always been the greatest care for humanity. We follow the principle of "strict discipline and good care" in the management of our crew onboard. Strict discipline represents the high standards of safety management and requirements in training, warning and dismissal to ensure good behaviors. Good care means that we are working hard to meet their reasonable needs at work and in daily life.

As seafaring is a special profession, we believe that professional management may improve the work and life experience for seafarers. Therefore, most of our crew members are from COSCO SHIPPING Seafarer Management Co., Ltd. (COSCO SHIPPING Seafarer Management), a subsidiary of COSCO SHIPPING Group specializing in crew management as part of shipping services. We have signed the *Crew Management Service Agreement* with this seafarer management company, specifying our respective responsibilities including labor protection, occupational health and accident handling in accordance with the International Labor Organization's *Maritime Labor Convention 2006*, so as to ensure a safe working environment and seafarers' physical safety.


In order to ensure the effective implementation of the safety system, we have prepared training materials covering multiple safety management modules, and have formulated corresponding training plans tailored to staff at different positions, including middle- and high-level management, safety management personnel, senior crew members, corporate management personnel, ship onboard personnel of all positions, shore-based safety and non-safety management personnel, newly recruited graduates, newly promoted captains and chief officers.

In 2019, we launched the action plan of "caring for the crew for safety of the ship" to enhance ship safety through the care for the crew. Accordingly, we constantly improve safety management measures and strengthen preventive management and process control in every phase of shipbuilding and ship operation. Such actions include more extensive safety training, systematic identification of safety risks concerning crew members and the increase in safety management input.

Effective education and training is an important approach to ensure personnel safety. We not only educate workers to exercise caution to ensure safety, but also provide rigorous training on work safety regulations.

-  **No-blame safety culture**
Encourage all personnel to report risky cases and accidents and advocate a no-blame attitude towards the reporting of such cases
-  **Routine publicity and implementation**
Organize monthly publicizing and implementation activities on work safety, such as Song of the Week, Safety Month Consulting Day, fire safety lectures and fire drills
-  **Improved incentives**
Commend and encourage best practices and outstanding individuals for their contribution to health, safety and environment protection and energy conservation to achieve the incentive effect

-  **Management systems**
 - Safety management
 - Quality management
 - Occupational health and safety management
 - Environmental management
 - Energy management
 - Ship cyber security management

-  **Management procedures**
 - Functions and responsibilities of shore-based departments
 - Shore-based management
 - Crew job description
 - Ship management
 - Crew management
 - Emergency response
 - Fire rescue
 - Safety management
 - Cargo operation
 - Ship navigation
 - Energy efficiency and environmental protection
 - Ship technical management
 - Supportive documents
 - Records

Safety and environment training system

In 2019

we conducted

41
occupational health and safety

training sessions for
656 trainees

nearly

70%
of whom were senior crew members such as captains, political commissars and chief engineers.



COVID-19 response: Quick response to ensure employee health and safety

In January 2020, China was hit by the outbreak of COVID-19. To protect the health and safety of employees and ease their anxiety, COSCO SHIPPING Energy quickly set up an emergency response leading group and activated the mechanism for the first-level public health emergency response. The Company strictly implemented the national requirement to "manage COVID-19, a category B infectious disease, as a category A infectious disease" and took adequate prevention and control measures.

We planned and organized coronavirus detection for employees, guarantee of supplies for ships and shore-based sites and educational publicity on COVID-19, striving to provide a healthy and safe working environment for our employees. For ships operating during the epidemic, we formulated the *Emergency Shift Plan for Ships during the Epidemic* to cut the spread of the coronavirus from external and internal sources. We worked with COSCO SHIPPING Seafarer Management to suspend crew shifts, the landing of crew members and visits of family members of the crew, and developed onboard anti-coronavirus measures in accordance with related new circulars of the calling ports. Meanwhile, we put in an effort to guarantee sufficient supplies of protective equipment for onboard personnel, such as masks, thermometers and antiseptics, so as to minimize the impact of the epidemic on the seafarers' health and safety.

As of 30 March, 2020, we reported zero case of infection among our employees amid the COVID-19.

Safety Management System

Our safety management system complies with applicable international and domestic mandatory regulations and rules associated with occupational health, safety and security, as well as applicable rules, guidelines and standards that are suggested by relevant authorities, classification societies and industry organizations adopted by the Company.

To further specify the governing body for safety management as well as its support and oversight responsibilities, in 2019, we established a new high-standard safety management system with greater focus on problem management and closed-loop safety management. It allows multiple relevant departments to conduct mutual supervision and inspection, so as to continuously elevate the Company's safety management capability.

In 2019, our input in safety-related work was RMB 113,307,489.34.

Mandatory international conventions and rules
Pertinent mandatory international conventions and rules issued by institutions such as IMO, ILO, classification societies, etc.

Recommended international rules and guidelines
Relevant international rules and guidelines recommended by ICS, OCIMF, IMO, etc.

Mandatory and recommended domestic regulations
Relevant mandatory and recommended regulations issued by the State Council, the National People's Congress, the Ministry of Transport, Maritime Safety Administration, etc.



Audit of COSCO SHIPPING Energy's safety management system

Safety audit	Audited by	Frequency	Key audit focus
TMSA audit	British Petroleum (BP)	Once every two years	Review the relevant regulations in the documents of the Company's safety management system and the execution of the system in accordance with TMSA3 elements; conduct spot checks of records related to safety management, identify problems and provide corresponding advice.
Document of Compliance (DOC) audit for China-flagged, Hong Kong-flagged and Singapore-flagged ships	China Maritime Safety Administration	Annual	Audit the compliance and applicability of the Company's safety management system according to ISM rules and verify the performance of implementing requirements within the Company's safety management system.
DOC audit for Panama-flagged ships	China Classification Society	Annual	Audit the compliance and applicability of the Company's safety management system according to ISM rules and verify the performance of implementing requirements of the Company's safety management system.



Case

Shanghai LNG obtains the first QHSE management system certificate in China's LNG transportation industry

Shanghai LNG actively constructs a quality, health, safety and environment (QHSE) management system of high quality, high standards and strict requirements. After phases of learning and training, document sorting and compilation, internal auditor training, system pre-management assessment and trial operation, Shanghai LNG's QHSE management system was effective starting 1 February, 2019 and obtained the first Lloyd's QHSE management system certificate (No.: UKAS001) in China's LNG transportation industry.

Shanghai LNG's QHSE management system is in line with the three international standards of ISO 9001, ISO 14001 and ISO 45001, and will continue to improve the company's competence in whole-life-cycle risk management and safety management.

Major accidents	Serious accidents	Large accidents	Ordinary accidents	Minor accidents	Typhoon and flood prevention success rate (%)	Anti-piracy success rate (%)	ISPS inspection passing rate (%)	Work-related fatalities	Lost days due to work injury
0	0	0	0	2	100	100	100	2	25

Note: On 29 July, 2019, the unexpected severe convection weather caused an oil spill on the vessel Sheng Chi at the No.3 berth of Nanjiang Port, Tianjin. The Company formed an on-site team and an accident investigation team, and sent the cleaning team to clean up the site in a timely manner. The competent authority, Maritime Safety Administration, determined the accident as a minor liability accident. The Company conducted an in-depth analysis of the accident causes and strengthened the ability to cope with convective weather.

On 23 July, 2019, a fire accident happened on the vessel Lian Sheng Lake docking at the anchorage outside Dalian Port, the accident resulted in no pollution or casualties. The competent authority, Maritime Safety Administration, defined the accident as a minor non-liability accident caused by potential equipment defects. The Company drew the lessons and established corresponding rectification and prevention measures.

In February and May 2019, the vessels An Chi and CosPearl Lake each lost a crew member from sudden death respectively. First-aid rescue was performed under the guidance of medical personnel but failed to save their lives. After the incidents, the Company assisted COSCO SHIPPING Seafarer Management in handling the claims and protected the rights and interests of the families of the deceased crew members.

Ship Safety Risks

We believe that all accidents can be prevented. Therefore, we consider prevention and control of safety risks as utmost priority.

In 2019, we performed more systematic assessment of ship safety risks. The safety supervision department, ship management center and technical support department, which constitute the Company's "three-in-one" safety management system, jointly formed a team to develop the risk evaluation

template and determine the catalog of risk evaluation, clarify risk evaluation standards, assign tasks and key dates. The template was revised after internal review meetings and was distributed after finalization. In 2019, the Company completed 210 initial risk evaluation and 128 operational risk evaluation.

Case

The "Safety Overhaul" for all ships

COSCO SHIPPING Energy has launched the "Safety Overhaul" since 2017, and has formulated detailed safety inspection rules covering all ships. In 2019, the Company carefully summarized and analyzed the problems identified in the past two years, revised and improved the detailed inspection rules and high-risk items list, and added the category of "intolerable" unsafe behaviors.

During the Safety Overhaul in 2019, the Company strengthened the monitoring of identified important ships and the implementation of management measures proposed in the safety system documents. In addition, the Company formulated the administrative measures for Safety Overhaul to highlight the effective rectification of defects.

In 2019, a total of 185 ships were inspected in the Safety Overhaul and 56 high-risk safety hazards were identified. Relevant rectification was tracked and supervised until completion.



Emergency Management

While we have established a comprehensive safety management system, we still need to be cautious about potential accidents. In response to emergencies, we follow the principle of "safety prioritized, people focused, science followed, law compliance, coordinated response and quick handling". In this way, we make well-reasoned decisions and coordinate resources to quickly respond to the emergencies so as to ensure safety and health of our employees at all times and prevent and minimize casualties.

COSCO SHIPPING Energy has developed a complete emergency response plan and has conducted comprehensive emergency risk analysis for different types of business concerning ships and shore bases. Meanwhile, the Company has established an emergency organizational and command system, forming the emergency management leading team headed by the president of the Company and an emergency command center responsible for routine emergency management tasks. The emergency management system provides detailed requirements on emergency alarm and prevention, emergency reporting and response, emergency support, onboard emergency response training and drills and other procedures and matters.

In 2019, the Company completed eight joint drills involving onboard and shore-based personnel for ship collision, hull damage, navigation in the war zone/bomb threat and network and information security of ships and other situations to improve the emergency management competence.



Anti-typhoon

- We tracked the dynamic changes of 29 typhoons in the Northwest Pacific and hurricanes and tropical storms in other oceanic areas
- In 2019, the Company completed the anti-typhoon work for 186 ships with a success rate of 100%



Anti-piracy

- We conducted risk evaluations based on the quantitative system generally accepted in the industry to avoid high-risk areas
- We employed armed guards in high-risk areas
- We closely monitored changes in situations of the Middle East and formulated key monitoring management plans and emergency plans for ships operating in high-risk waters
- In 2019, the Company completed anti-piracy work for 304 times and reported zero pirate attack, giving rise to an anti-piracy success rate of 100%

Cyber Security Management

As ships are increasingly dependent on digital equipments and softwares, cyber security is gaining importance. In 2019, COSCO SHIPPING Energy built the Company Cyber Security Management System, and formulated the *Guidelines for the Operation and Maintenance of Ship Network Information Assets*. In addition, the Company signed an agreement with China Classification Society to establish the cyber security management system, and held a kick-off meeting for the project. Moreover, the Company had a meeting for appraising and releasing the documents pertaining to the system. The Company prepared a complete template for seven sets of highly specialized cyber security records. The Company also provided training on the documents for shore-based cyber security management system for 15 trainees.

Core Competitiveness of Safety

COSCO SHIPPING Energy, as an energy carrier, regards customers as the key stakeholders, and upholds the customer-centered service concept and the values of "Credibility, Safety, Efficiency and Transparency" to demonstrate our role as a responsible service provider. We perceive safety as more than a guarantee for business operation but as the basis for our brand and trust from our customers.

In 2019, we implemented the safety marketing strategy and released 14 safety marketing plans covering the development of a safety culture, construction and operation of high-standard safety systems, VLCC pool construction and industry exchange and cooperation. We are always aspired to establish advanced safety management concepts throughout the Company, build and earnestly put into effect the safety management system and on top of that build our core competitiveness in customer services.

Case | Safety-focused brand marketing to enhance customer relations

In order to enable clients to gain more knowledge of our safety management practices, in May 2019, our safety marketing team went to Ningbo to provide training for employees of China International United Petroleum & Chemicals Co., Ltd., and UNIPEC (Ningbo) International Logistics Co., Ltd. on ship equipment and cargo discharging operations. The team also organized on-site learning activities through a visit on the vessel Xin Yue Yang at Daxie Port, Ningbo.

Our safety marketing team introduced and explained to the clients the main equipment located at the stern deck, the forecastle deck, the cargo control chamber and the bridge, showed them the ship's major structure and the processes of loading and unloading cargoes, and explained in detail the most important points of oil tanker loading and unloading as well as approaches to avoid relevant risks.

The on-site exchange event allowed the clients better understand our professional competence and gain ship-related knowledge. This would enhance future communications to learn from and understand each other and make progress together.



Achieve Green and Sustainable Development

We are completely aware that the energy we transport comes from nature, and the transportation and utilization of energy have environmental impacts. Therefore, we firmly acknowledge our interdependent relationship with nature, and actively respond to environmental risks and take environmental responsibilities. We advocate and lead lower-carbon and more eco-friendly technological reform and management innovation, and work with stakeholders to promote the green development of the shipping industry, fulfilling our mission to be a leader in green shipping.



Enhance Whole-process Environmental Management

We strictly comply with relevant international, domestic and industry laws and regulations, and constantly improve the environmental management system. Moreover, we actively control ship environmental factors to prevent pollution to the sea, the air and ports, so as to pursue the goal of "zero pollution, high efficiency and low emissions".

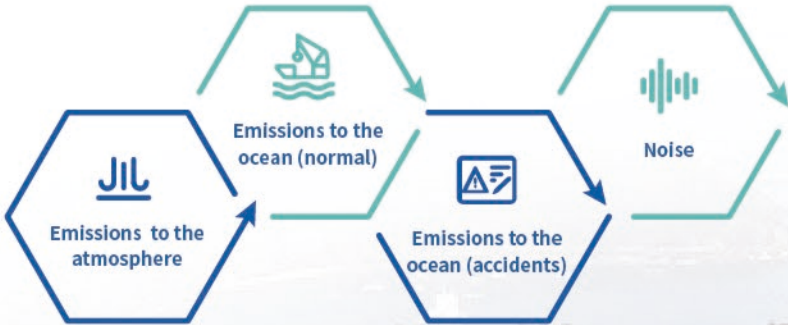
Establish and Environmental Management Accountability Mechanism

We have established an environmental management mechanism with clearly defined responsibilities and authorities to achieve our environmental management targets. Accordingly, we formed an environmental protection leading group and an environmental work group to coordinate and supervise major environmental issues. Responsibilities of the captain, the political commissar, the chief engineer and the chief officer are specified to make sure that our environmental management policies and mechanisms are implemented (Our environmental management adopts the same organizational structure as safety management, which is specified in the chapter of "Safety management system").

Meanwhile, we have formulated the *Executive Performance Assessment Standards*, which includes performance on energy conservation, emissions reduction and ecological conservation as restrictive parameters in the performance assessment of top executives. The document helps improve the environmental management performance assessment mechanism and ensure its long-term effective operation.

Identify and Manage Environmental Impacts

We have ranked environment impact factors during ship navigation by their severity of impact as per the *Identification of Ship Environmental Factors*, and have developed administrative measures accordingly to allocate and utilize resources reasonably while minimizing negative environmental impacts.



- Carbon dioxide (CO₂)
- Sulfur oxides (SO_x)
- Nitrogen oxides (NO_x)
- Ozone-depleting pollutants (gases such as Freon)
- Volatile organic compounds (VOCs)
- Chimney particles
- Incinerator waste
- Inert gases
- Tank washing water
- Oily water from the engine room
- Sewage from ships
- Grey water
- Ballast water
- Ship garbage
- Paint
- Chemicals
- Water from scrubber and deck water seal
- Biofouling
- Cargo leakage (cargo oil, bulk toxic liquid)
- Oil leakage such as fuel oil and lubricating oil
- Noise (including underwater noise interferences)

Ship environmental factors identified

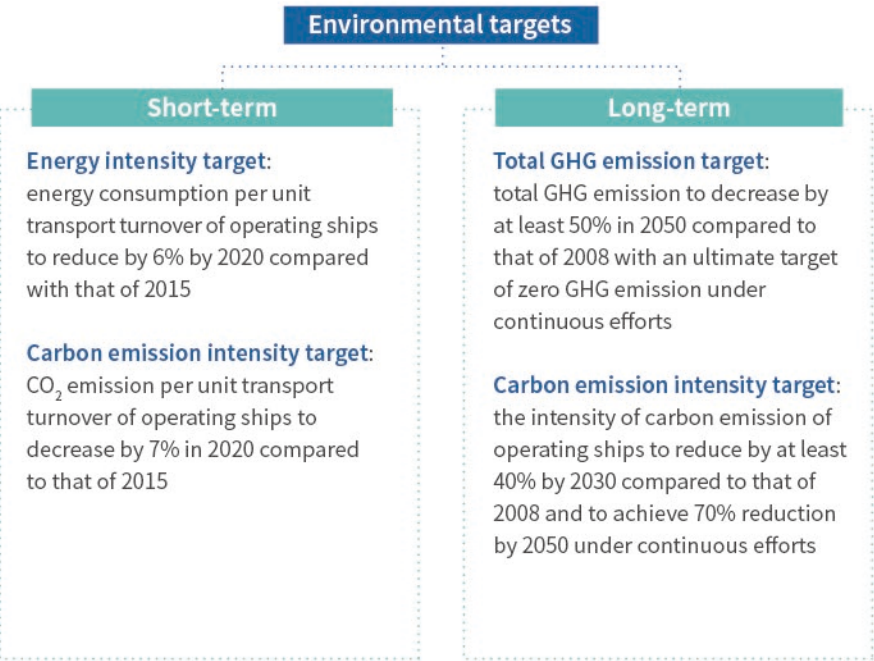
Major environment impact	Major laws and regulations or industry standards/conventions	Major management policies and documents
Discharge of oil pollutants	<i>International Convention for the Control and Management of Ships' Ballast Water and Sediments, International Convention on the Control of Harmful Anti-fouling Systems on Ships, International Convention for the Prevention of Pollution from Ships, Marine Environment Protection Law of the People's Republic of China, Environmental Protection Law of the People's Republic of China, Regulations on the Prevention and Control of Marine Environmental Pollution by Ships, Regulations on the Prevention and Control of Marine Environmental Pollution by Ships, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Regulation on Data Collection for Energy Consumption of Ships, Measures for Supervision and Management of Ship Ballast Water and Sediment (Trial Implementation)</i>	<i>Oil Tank Washing, Oil Record Book, Management of Fuel Oil and Lubricating Oil, Ship Oil Pollution Emergency Plan, Tanker Cargo Operations, Oil Tanker Ship-to-Ship (STS) Operation, Special Emergency Plan for Ship Emergency, Tanker Washing, Gas-Free and Cleaning Operation, Ship Environmental Factor Control</i>
Emission of toxic and hazardous substances		<i>Operations of Goods Containing Benzene, Hydrogen Sulfide and Other Toxic Ingredients, Tanker Wash, Management of Fuel Oil and Lubricating Oil, Special Emergency Plan for Toxic Liquid (Gas) Overflow Emergency, Cargo Operation on Chemical Tankers, Tanker Cargo Operations, Oil Tanker STS Operation, Tanker Washing, Gas-Free and Cleaning Operations, Inert Gas System Operation, Oil Tanker and Chemical Tanker Anti-Static Operation</i>
Garbage discharge		<i>Ship Garbage Management Plan</i> <i>Ship Environmental Factor Control</i>
Ballast water discharge		<i>Oil Tanker Ballast Water Operation, Ballast Water Management Plan</i>
Sewage discharge		<i>Domestic Sewage Treatment Plant Operation Record</i>
Greenhouse gas emissions		<i>Ship Energy Efficiency Management, The European Union Ship Greenhouse Gas Emissions Monitoring, Reporting and Verification</i>
Waste gas emissions		<i>VOC Management Plan, Ship Energy Efficiency Management</i>

Respond to Global Climate Change

Climate change is a global issue that interacts with global socio-economic development. Although seaborne shipping produces the lowest carbon emission per unit of cargo transported among all types of transportation, the shipping industry as a whole, which accounts for 90% of the global transport capacity, is still a significant contributor to the increase in total carbon emissions and climate change. COSCO SHIPPING Energy has always been concerned with climate change, and constantly seeks technological and operational solutions to reduce energy consumption, improve energy efficiency and further reduce carbon emission intensity to help mitigate climate change.

Set High Targets for Emission Reduction

COSCO SHIPPING Energy sets environmental protection targets, accumulates energy efficiency statistics and carries out statistics-based and planned tracking management in accordance with EU regulations on monitoring, reporting, and verification (MRV) of ship emissions and oil consumption, the International Maritime Organization (IMO)'s *Data Collection System for Fuel Oil Consumption of Ships* and other pertinent international conventions and domestic regulations.



Environmental management targets

Manage Energy Efficiency of Ships

COSCO SHIPPING Energy has formulated the *Ship Energy Efficiency Management Plan* to improve the closed-loop efficiency management mechanism for better energy efficiency management.

Strengthen efficiency management and promote green shipping

Elevate ship efficiency management

Optimize ship energy efficiency management plans and improve efficiency management through lean fuel management, lower navigation speed, routes optimization, installation of energy-conserving devices, optimization of ship types, energy-conserving upgrade of equipment, the use of clean energy and pollutants recycling and treatment

Improve data collection and monitoring mechanisms for energy consumption

Further improve data collection mechanisms for ship energy consumption, implement various measures of lean fuel management and actively promote best management practices

Promote the application of clean energy and energy conservation technologies

Build the world's first LNG dual-fuel VLCC to promote the application of clean energy and lead green shipping
Actively carry out research and discussion of other alternative energy sources (such as wind propulsion, hydrogen power and electric energy)

Strengthen training and raise environmental awareness among onboard and shore-based staff

Actively carry out publicity activities communicating environmental conventions, latest management requirements, technologies and processes, and ensure full participation
Organize trainings to raise employees' awareness and capabilities of energy conservation and emissions reduction

Energy efficiency management measures (Partial)

In 2019

the average Energy Efficiency Operational Indicator of fleets operated by COSCO SHIPPING Energy was

7.04

representing an increase of

16.17 %

compared with 2018

In 2019

the Company's fuel consumption target was

2.1

kg/1,000 tonne-nautical miles

while the actual consumption was

2.21

kg/1,000 tonne-nautical miles

The energy consumption per RMB 10,000 output was

1.11

tonnes of standard coal

26.29 %

lower than that of 2018

In 2019

the Company saved a total of

112,181.68

tonnes of fuels through lean management of fuel oil and extreme slow sailing measures during navigation of the main engine, berthing of auxiliary engines and the cargo heating and unloading processes

We performed monitoring of fuel consumption for

16,108

times throughout the year

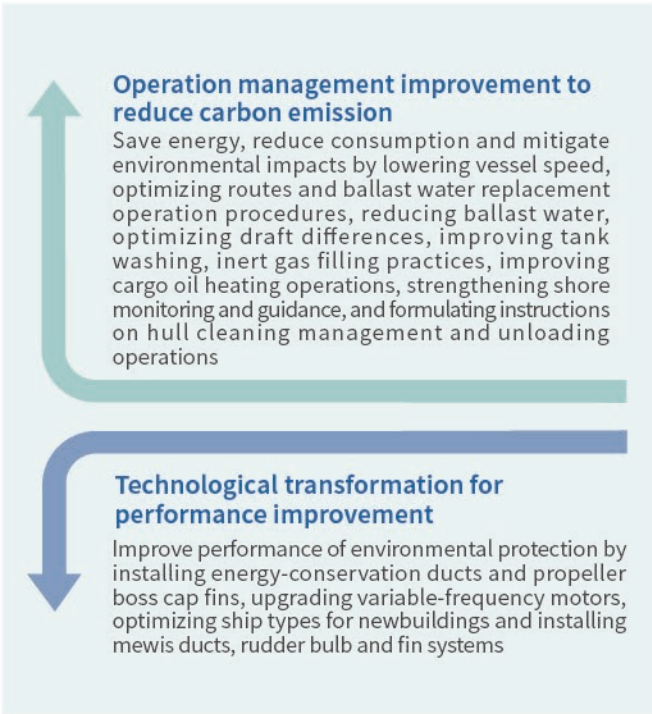
Captain Energy Classroom

The Ship Energy Efficiency Management Plan (SEEMP), formulated by the Marine Environment Protection Committee (MEPC) of International Maritime Organization (IMO), proposed the Energy Efficiency Design Index (EEDI) and the Ship Energy Efficiency Operational Indicator (EEOI) as standards to measure ships' energy efficiency.

Build Greener Ships

COSCO SHIPPING Energy considers economic and environmental costs throughout the whole life cycle of a ship from shipbuilding to demolition. We conduct a thorough market research and tailor the shipbuilding plan to market demands before launching a shipbuilding project. According to that plan, we establish technical standards and databases for energy conservation and environmental protection concerning ship emissions and prevention of hull biological pollution to support the lifecycle environmental protection management.

At the same time, the Company continues to manage ship lifecycle repair and maintenance planning and establishes a sound repair and maintenance planning system to ensure the stability of hull structures and conditions. This helps reduce operation costs, improve energy efficiency and reduce the discharge of pollutants, providing the foundation for environmental protection during navigation.



Participate in Carbon Emission Trading

In 2018, Shanghai Tanker, an affiliated company of COSCO SHIPPING Energy, was included in the *List of Companies under Carbon Emission Trading Quota Management in Shanghai (2018 Edition)*. In 2019, Shanghai Tanker monitored and reported its carbon emissions, and made compliance payment in accordance with the *Trial Measures of Shanghai Municipality on Carbon Emission Administration* to further enhance capabilities of managing carbon emission.

Research on Climate Change

In order to guide the shipping industry towards cleaner and lower-carbon development, IMO has formulated the *Initial Strategy on Reduction of GHG Emissions from Ships* (where CO₂ emissions per transport work, as an average across international shipping, to be reduce by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; the total annual GHG emissions to be reduced by at least 50% by 2050 compared to 2008). COSCO SHIPPING Energy acknowledges that green and low-carbon development is the path to sustainability for the shipping industry, and deems it one of the most important measures to explore alternative fuels so as to achieve industry-wide reduction of GHG emissions. Therefore, we, with a forward-looking vision, explore relatively mature alternative fuels or those with growth potential to progress from further reduction of overall emissions to zero emissions, and continuously improve the competitiveness of our fleets.

In addition, we believe that there is no single technical path that could solve emission issues alone; instead, a mix of technological approaches should be applied. Therefore, we continue to track the technological progress in intelligent efficiency management, development of energy-saving ship types, and ship CCS (carbon capture and storage), and adjust climate change response strategies in a timely manner.

Mitigate Environmental Impacts of Shipping

The IMO 2020 Sulfur Cap (*International Convention for the Prevention of Pollution from Ships* (MARPOL 73/78) concerning the limit on the sulfur content of bunker fuels) and China's *Implementation Scheme of the Global Marine Fuel Oil Sulphur Limit by 2020* demonstrate that there has been growing attention from home and abroad to the environmental impacts of the shipping industry and more stringent regulations and requirements are being implemented.

Meet Requirements of the IMO 2020 Sulfur Cap

In order to actively satisfy – instead of passively reacting to – the IMO 2020 Sulfur Cap, we had discussion sessions to strategize, assessing various measures and their feasibility and inviting external experts to give special training sessions, aiming to comprehensively collect and evaluate related industry information and provide strong support for decision-making. We believe that the main objective of the Sulfur Cap is to reduce the environmental impacts of sulfide emissions from the shipping industry. Though the use of low sulfur fuel oil might increase our voyage costs in the short term, it is a friendlier option to the atmosphere and the marine ecosystem. Therefore, we decided to adopt the use of low-sulfur fuel oil (LSFO) as our primary action to reduce the environmental impact of sulfides.

In 2019, we examined the equipment conditions ship by ship, and formulated measures for individual ship tank cleaning and the switch to LSFO. We established a LSFO switching task group with cross-departmental collaboration to ensure efficient transition. As of 20 December, 2019, we completed the replacement of high-sulfur oil with LSFO on all ships.

Case | Developing LNG dual-fuel ships to lead green development of the shipping industry

Fuel oil has long been the main source of power for ships, and the environmental impact of fuel combustion has always been a major concern of environmental management in the shipping industry. In order to promote the low-carbon development of the shipping industry, COSCO SHIPPING Energy has conducted research on the calorific value of lower-carbon, eco-friendly fuel sources and the feasibility of replacing fuel oil with cleaner energy. Through research we found that LNG, as the main fuel, has a higher calorific value, lower carbon equivalent, fewer impurities and lesser environmental impacts than ordinary fuel oils; LNG is a cleaner and more efficient energy, and may improve ships' energy efficiency and reduce the emissions of CO₂, NO_x, SO_x and particles during navigation.

In 2019, COSCO SHIPPING Energy and Dalian Shipbuilding Industry Co., Ltd. jointly built a VLCC, which was the first VLCC equipped with a dual-fuel LNG engine. It is estimated that the use of LNG fuel can reduce CO₂ and NO_x emissions by 20-30% and SO_x emissions by 90-99%, and lower the NO_x emissions to the latest Tier III threshold in the IMO Energy Efficiency Design Index (EEDI).

The development of the dual-fuel VLCC enables the Company to become a global leader in VLCC design, pushes the green development of shipping industry to a new level, and sets an example for more energy-efficient and cleaner shipping.

Protect Marine Biodiversity

Exotic species and pathogens in ships' ballast water, if not treated properly, will affect marine biodiversity and ecosystem as well as fishery. We underscore ballast water management and have formulated the *Ballast Water Management Plan* and the *Oil Tanker Ballast Water Operation* in accordance with the *International Convention for the Control and Management of Ships' Ballast Water and Sediments* and local laws and regulations. These documents standardize procedures of ballasting, treatment, discharge and replacement of ballast water and can help reduce the impact on marine biodiversity.

In 2019

we invested

RMB **71.31** million

to upgrade ballast water treatment systems on ten ships, further mitigating the impact of navigation on biodiversity.

Ballast water refers to the water onboard and suspended solids within the water for the purpose of controlling draft, trim, heel, stability or stress. Generally speaking, when a ship sails offshore, the ballast tank is loaded with ballast water to keep the ship stably suspended in a certain position in the water. For example, when the ship is empty, its stability and draft cannot meet the safety requirements, so that it is necessary to load ballast water to adjust the floating condition of the ship; when the ship is unevenly loaded, the local pressure is too high and needs ballast water to adjust the pressure.

Captain Energy Classroom



Ballasting

- Conduct examination against the *Checklist before Ballast Operation* to ensure that ballast tanks are free of oil before ballast water operation
- Formulate ballast water operation plans with consideration of ocean conditions, weather and stability
- Adjust ballast water operations appropriately according to the quality of ballast water

Treatment

- Install ballast water treatment plants and ballast water management systems to monitor and treat active substances in ballast water
- Reasonably control the amount of chemicals and treatment additives used and perform ballast water treatments to ensure that the amount of surviving organisms in ballast water complies with relevant standards

Discharge

- Perform operations on ballast water as per the *Ballast Water Management Plan*
- Examine before discharge in accordance with the *Checklist before Ballast Operation* and submit the application to the maritime administration authorities in accordance with the law
- Carry out discharge inspections and real-time monitoring of ballast water discharge

Replacement

- Formulate replacement plans by fully considering the ship's various factors, weather, sea conditions, and the distance between the ship and the nearest land, and scientifically carry out operations on ballast water replacement

Operational requirements for the ballasting, treatment, discharge and replacement of ballast water

Reduce Emissions during Navigation

COSCO SHIPPING Energy has formulated a high-standard environmental management system and detailed measures and procedures to manage the identified environmental impact factors. We have proposed management standards that are compliant with and even more stringent than international conventions to minimize environmental impacts from navigation.

Treatment of Hazardous Waste

The Company identifies hazardous waste, such as oily water, paint, and chemicals that might be generated during navigation and maintenance. Among them, oily water is the biggest hazardous waste which we are aiming to reduce by 3% year on year to further strengthen the management and control of hazardous waste.

For oily water in slop tanks and machinery spaces, we prioritize onshore treatment to minimize marine pollution. Qualified third-party suppliers are entrusted to receive and treat oily water, so as to reduce environmental impacts of hazardous waste. In 2019, we reduced oily water discharge by 16,910.93 tonnes through optimized operations and management. We also conducted investigations at third-party pollutant treatment sites to better control risk associated with oily water treatment.

With respect to the use of paint and chemicals for ship maintenance, we gradually raise staff's awareness of water pollution caused by marine paint, especially pollution in water area caused by organic tin anti-fouling primers, through publicity, education and training activities. We prohibit the use of organic tin anti-fouling primers and further standardize management procedures for paint operations. We also prohibit unauthorized paint operations in restricted areas, such as ports and terminals, to prevent environmental pollution.



In 2019

the Company's hazardous waste discharge per unit of transport turnover of operating ships was

0.019 kg/1,000 tonne-nautical miles

Management and Control of Gas Pollutant Emissions

In addition to GHGs generated by fuel oil, gas pollutants, such as ozone-depleting pollutants, VOCs, chimney particles, shipboard incineration, inert gases, and shipboard ash blowing generated during navigation require adequate management and control.

To reduce the emissions of ozone-depleting substances, the Company strictly regulates the maintenance, overhaul and treatment of systems or equipment to prevent slight release of ozone-depleting substances due to improper operations. We also gradually phase out devices that contains ozone-depleting substances in accordance with related conventions. In addition, refrigerants containing ozone-depleting substances are replaced with eco-friendly ones to improve the control of ozone-depleting substances.

In terms of VOC emission reduction, we have complied with MARPOL 73/78 requirements and formulated the *VOC Management Plan*, stipulating the correct use of the cargo vapor collection system to collect VOCs emitted during unloading at ports or unloading stations, effectively reducing the impacts on the atmosphere.

The Company has also formulated the *Anti-Pollution Equipment and Material Management* and *Technical Safety Operation* targeting air pollutants including chimney particles and inert gases and those generated by shipboard incineration and ash blowing, so as to further standardize the management of gas storage equipment and related operating procedures, effectively controlling the impacts of emissions on the atmosphere.

Garbage Management

Domestic waste is inevitable during navigation. In response, we have put forward the *Waste Management Plan* based on MARPOL 73/78 and the *IMO Guidelines for the Development of Garbage Management Plans* to standardize garbage treatment procedures. We seek to reduce waste from its sources and encourage responsible procurement of materials with consideration of their environmental impact, less packaging for batch purchases, waste recycling and the use of efficient, energy-saving and low-waste-generating equipment, so as to lower the environmental impact from ship waste. Aligning with the related international conventions and local laws and regulations, we keep detailed records of waste generation and treatment in the garbage record book, effectively improving garbage management and control.

Disposal of Scrapped Ships

As we consider the whole life cycle of our ships, we extend our responsibility for environmental impact control to scrap disposal. We voluntarily follow the non-mandatory *Industry Code of Practice on Ship Recycling* and do our best to reduce the potentially hazardous substances on board. We also provide the shipyard with a complete list of hazardous substances and assist the shipyard in discharging potentially harmful liquid from the ship, reducing the environmental impact from scrapping.





Build a Harmonious Enterprise for Employees

We firmly believe that our harvest comes from our employees' hard work. Therefore, we respect and care for our employees, and strive to support their growth. We unite all our people to paint the future with innovation, hard work and wisdom.

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

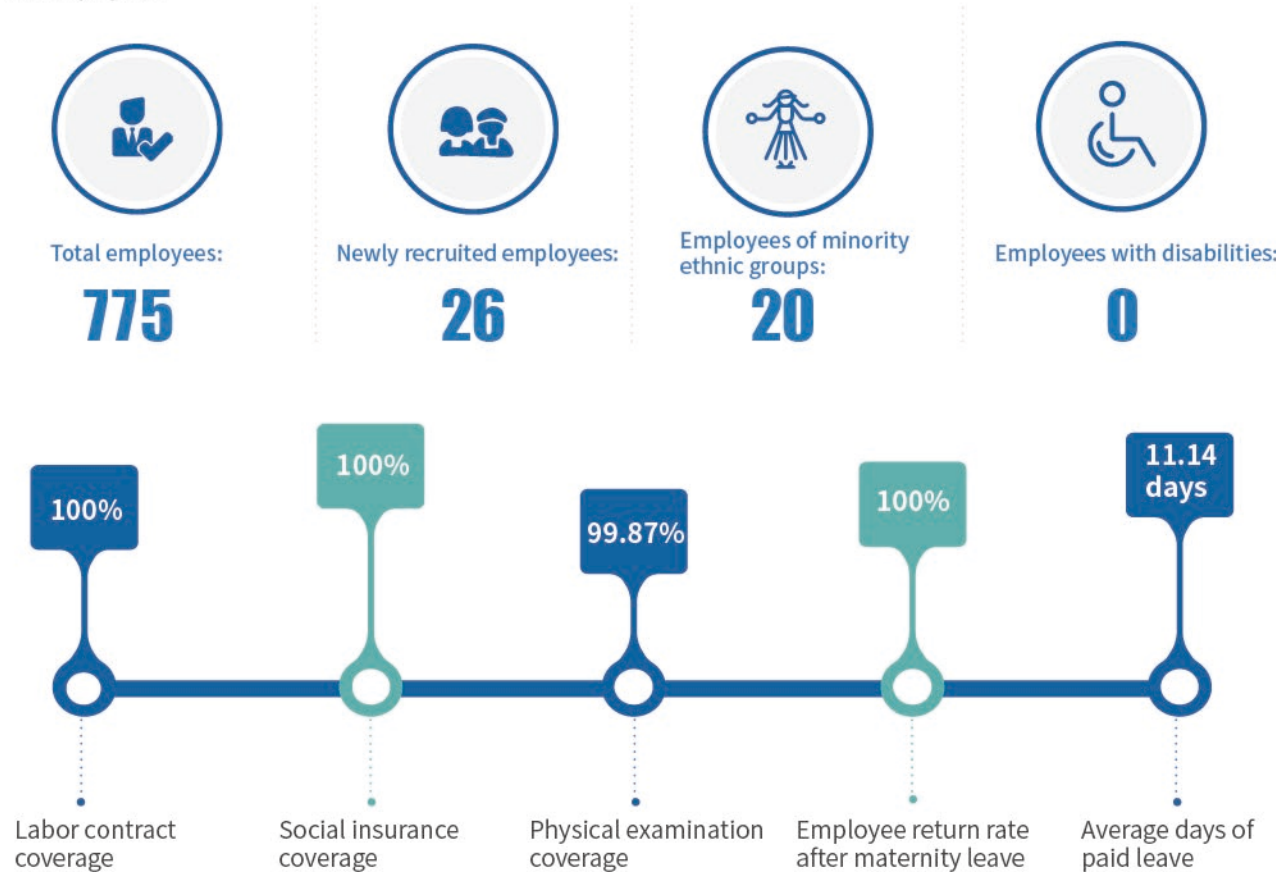


Safeguard the Rights and Interests of Employees

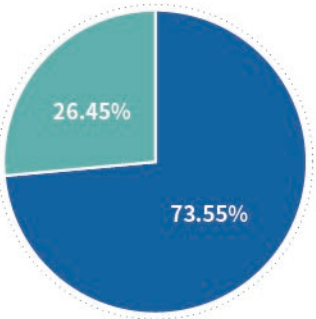
In strict compliance with *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and other laws, regulations and policies on labor, we have established a sound labor employment system that respects and protects employees' legitimate rights and interests. We have also improved the remuneration structure and communication channels to build a close-knit company with simultaneous growth of the enterprise and employees.

Uphold Employment Equity

COSCO SHIPPING Energy rejects discrimination in any form and provides employees with fair and equal employment opportunities and working environment. The Company has formulated and continuously improves the *Employee Management Measures*, which stipulates reasonable and law-abiding rules regarding procedures of recruitment and termination of labor contracts, channels and eligibilities for promotion, days of leaves, working hours and employee benefits. In addition, any forms of forced labor or child labor is forbidden.

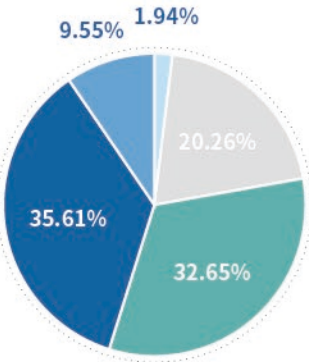


Employee composition by gender distribution



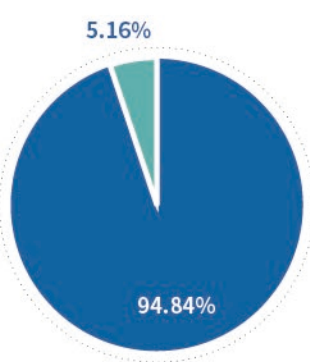
Male
Female

Employee composition by age distribution



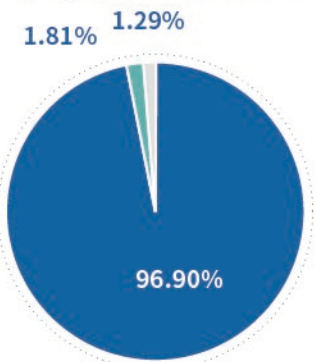
25 and below
26-35
36-45
46-55
56 and above

Employee composition by type of employment



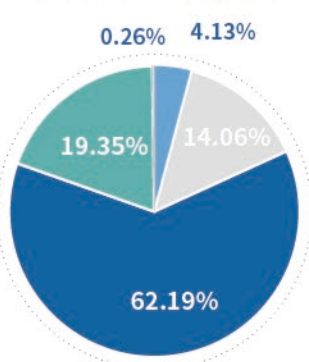
Formal employees
Contractors

Employee composition by geographical distribution



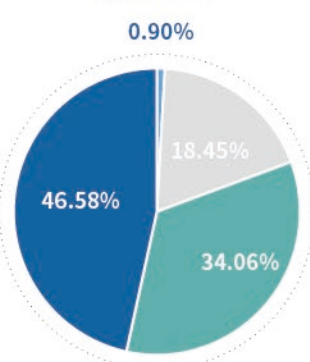
Mainland China
Hong Kong
Other regions

Employee composition by educational background



Junior college or lower
Junior college
Bachelor's degree
Master's degree
Doctor's degree

Employee composition by position



Senior management
Intermediate management
Junior management
Staff (and others)

	Number of employees turnover	Employee turnover rate (%)
By gender		
Male	3	0.53%
Female	6	2.93%
By age		
25 years old and below	0	0
26 – 35 years old	1	0.64%
36 – 45 years old	8	3.16%
46 – 55 years old	0	0
56 years old and above	0	0
By region		
Mainland China	9	1.20%
Hong Kong	0	0
Overseas others	0	0



Optimize Remuneration Management

To make the remuneration distribution more scientifically sound and reasonable, the Company released the *COSCO SHIPPING Energy Administrative Measures on Remuneration (Trial)* and *Detailed Rules for Remuneration Administration of On-site Supervising Staff for Newbuilding Projects in 2019*. As such, we allocate preferential remuneration to individuals with outstanding performance and contribution, in order to maximize the incentivizing role of remuneration management.

In 2019, we implemented a share option incentive scheme for core technical and management personnel, aiming to stimulate their enthusiasm and creativity and further promote the common growth of employees and the Company.

Provide Communication Channels

We encourage every employee to actively express their needs by providing transparent and open channels for them. Moreover, we have improved the communication management mechanism, communication procedures and channels to engage employees in corporate development, business improvement and all aspects of daily management and operation.



Participate in company development

In 2019, the staff congress reviewed and approved 9 proposals including the performance report and collected 12 proposals from the staff covering various aspects of the Company's operation management, team building and corporate culture. All proposals received feedback and were handled properly, obtaining 100% satisfaction from the proposing staff.



Participate in business improvement

The Company published popular issues related to corporate development and employee concerns through the Company's website, WeChat work group and other means to protect employees' right to information and right to review and supervise. Meanwhile, by regulating the disclosure of ship-related matters, the Company mobilized employees' enthusiasm to participate in and supervise the Company's business operations.



Participate in operations management

In 2019, the Company organized two "Golden Ideas" activities for collecting and evaluating reasonable proposals and received nearly a thousand proposals covering the Company's operation and development, energy saving and emission reduction, quality and efficiency improvement, talent training and corporate culture.

Support Employee Development

COSCO SHIPPING Energy is committed to becoming a leader in the global energy transportation industry with strong international competitiveness, brand influence and customer satisfaction. The key to achieving the vision is in the hands of our employees. We hope to achieve growth together with employees, help them realize individual values and sustain the vitality of the Company.

Optimize the Employee Training Program

We believe that training is a good incentive for our employees and the most rewarding input. In order to provide every employee with training that meets their needs, we formulated *2019 Employee Training and Education Plan* to serve employees of different business units and ranks to improve their professionalism and holistic capabilities, and tracked the implementation of the plan through the closed loop of management and improvement.

Case | More comprehensive, systematic and targeted training through the "5+N " training program

In 2019, COSCO SHIPPING Energy designed the "5+N " training program targeting five levels of employees, namely executives, department heads, managers, young specialists and new employees. We conducted comprehensive, systematic and targeted training on business, management and Party affairs, providing systematic support for employees' career development.

Part of "5+N "training program in 2019	
Executives	Educational campaigns on the theme of "staying true to our founding mission"
Department heads	Leadership and excellent team, interpretation and execution of strategies, etc.
Managers	Management skill improvement, stress and emotion management, etc.
Young specialists	Shipping insurance law, special training on business, etc.
New employees	Education on corporate policies and culture, business integrity, etc.

The "5+N" training gives every employee the resources they need, expands their professional knowledge and improves professional skills and team leadership, so as to fuel their personal growth.

In 2019

we organized
33 training

sessions for

446

employees with total attendance of

1,634

In 2019

we invested RMB

2.17

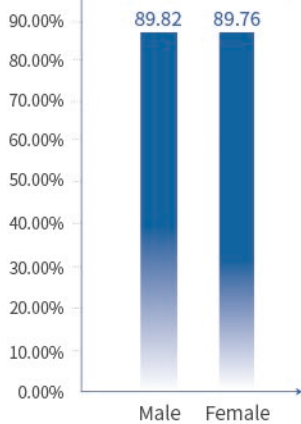
million in employee training

and accomplished

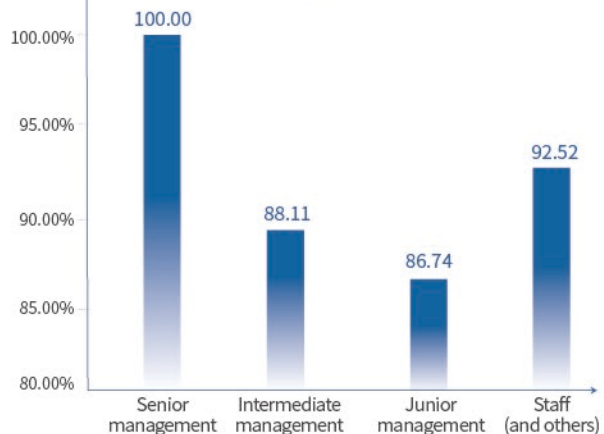
23.83

training hours per capita

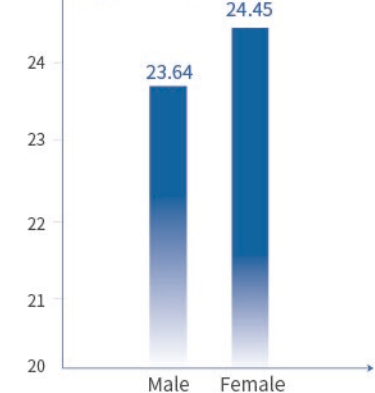
Employee trainee by gender (%)



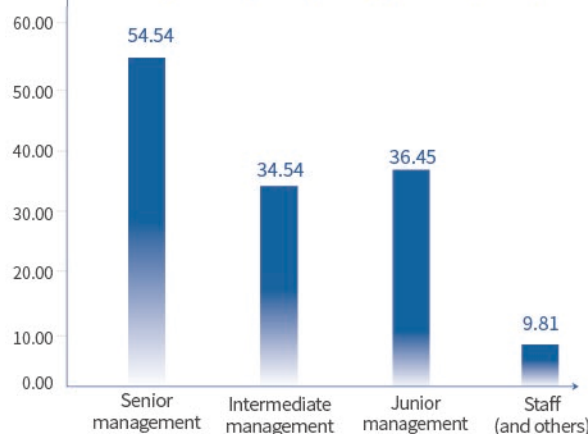
Employee trainee by position (%)



Training hours per capita by gender (hour)



Training hours per capita by position (hour)



Build a Platform for Career Development

By "promoting the best performers, keeping the average scorers and demoting the mediocre", we have established the employee development mechanism comprising the "overtaking lane, fast lane and slow lane". We offer dual promotion channels for administrative staff and professional plus technical staff while providing greater room for open and competitive selection. In this way, we are giving each employee equal opportunities and allowing them to find their pace of development according to their personal needs.

In 2019, the Company formulated the *Implementation Rules for Identifying, Training and Selecting Excellent Young Leaders (Trial)*, gaining understanding of the development needs of young and middle-aged employees and providing more platforms for those capable and promising talents. In 2019, 18 young employees were promoted to department staff-in-charge.

Build a First-class LNG Transportation Team

Riding on the global trend of green energy development, the LNG transportation sector in China has entered the golden period of development. However, we are facing a shortage of LNG crew. As a leading LNG transporter in China, we work actively to train Chinese LNG crew to build a world-class, high-quality, international LNG shipping team.

In 2019, the Company and Dalian Maritime University (DLMU) jointly established an energy transportation research center that is domestically based and internationally visioned. This represented an attempt to complement each other's strengths to build a world-class training platform for LNG shipping talents. With a "sandwich" teaching model, the research center selects and offers tailor-made programs to outstanding students from DLMU. Based on our rich management and operational experience accumulated through the years, we participated in the design of curricula, compilation of textbooks and teaching, so as to help students develop their career plans and provide nautical internships to them. The partnership not only provides an inexhaustible talent pool for the Company but also lays the foundation for nurturing new generations of high-quality LNG shipping talents for China.

Build a Warm Haven

We advocate work-life balance and actively create a healthy and enjoyable working and living environment for employees. We organized a series of cultural and sports activities, such as artistic and cultural performances, sports competitions, team building activities, painting, calligraphy and photography competitions and exhibitions, etc., to enrich the cultural life of employees and enhance their morale at work.

To help employees with work and life crises such as illness or emergencies, we have taken a series of measures, such as visiting hospitalized employees who are seriously ill, handing out festival gifts, visiting and sending gifts to retirees, providing student aids, and visiting employees on duty during holidays. Such heartwarming actions make employees feel the warmth of home and enhance employees' sense of belonging and cohesion.



Organizing a performing arts event for employees to show their talents in celebration of the 70th Anniversary of the Founding of the PRC



The first employee sports meet

Safeguard Seafarers

Seafarers are our "guardians" of safe and reliable energy transportation. The long tedious voyages, undiversified diet, harsh environment at sea and separation from families and some other downsides of the job call for more attention to crew members' physical and mental health.

In 2019, COSCO SHIPPING Energy formulated the action plan of "caring for the crew for safety of the ship", to pay more attention to seafarers' physical and mental health in addition to safeguarding their legitimate rights and interests in all aspects. Specifically, we offered better pay and benefits to crew members, support for their career development and more care about their life, striving to create a good living and working environment for them.

In respect of family bonding needs, we have set up contact stations for seafarers' wives and have established a family visit system to allow seafarers to better communicate with their family members. We have also organized cultural activities such as Seafarer Day and Maritime Festival to enrich their life at sea. We also listen to crew members' voices and help them resolve various difficulties in everyday work and life by means of meetings, complaint mailbox and the Crew Reception Day.

In 2019

the Company made visits to meet more than **2,000** shore-based and onboard employees including over **110** visits to the ships

and distributed more than **500,000** RMB of subsidies while organizing several "Staff Family Onboard" events.

To increase the pay level of seafarers, COSCO SHIPPING Energy has continuously improved the performance assessment and incentive mechanisms. In 2019, the Company completed the preparation and improvement of *Ship Performance Evaluation Measures, Measures for Assessment and Disbursement of Service Fees and Crew Performance Evaluation Measures* to ensure that crew members can benefit from fruitful development of the Company.

Meanwhile, the Company makes sure that for ocean going seafarers whose total onboard voyage time exceeds 183 days in the tax year, only 50 percent of their salaries count towards their annual taxable income for the individual income tax purpose in accordance with the national policy on the exemption and reduction of individual income taxes of crew members and under the coordinated effort of the human resources department of COSCO SHIPPING Group. This policy increases crew members' disposable incomes and promotes the sustainable development of the pool of seafarers.

In addition to providing life benefits and pay increases, we underscore the importance of crew members' career development. The action plan of "caring for the crew for safety of the ship" specifies the mechanism and measures for career development of the crew. For example, we have established a more unified training system that provides more relevant and effective training programs in order to create a good environment that highlights the value of knowledge, skills and talents.

In 2019, we launched the 100 Crew Member Program. We selected 119 senior crew members and customized their career development plan with their consent, covering the type of the ship they work on, the required serving years for promotion, future career goals, etc. In addition, a profile is set up for each participating crew member which would be updated and revised annually. The program provides talent resources for corporate development and guarantees sufficient resources for personal growth of the crew.





Build Happy Communities

We are convinced that corporate development and community prosperity are mutually reinforcing. Therefore, we take the initiative to address social issues and respond to national policies. By leveraging our resource advantages, we vigorously work on targeted poverty alleviation, carry out public charitable activities and provide rescues and assistance, contributing to community development.



Targeted Poverty Alleviation

COSCO SHIPPING Energy actively carries out targeted poverty alleviation under the master plan of COSCO SHIPPING Group. In 2019, we donated RMB 6 million and RMB 1 million to Yuanling County, Hunan Province and Yishui Village, Mayidui Township, Linxiang District, Lincang City, Yunnan Province respectively. In addition, we and our subsidiaries purchased a total of more than RMB 600,000 of products for poverty alleviation purpose from Yongde County in Yunnan; it allows us to both help local farmers fight poverty and provide benefits to employees so as to encourage employees to practically participate in poverty alleviation.

Volunteer Services for the 2nd CIIE

We selected and trained a team of ten volunteers to serve the 2nd China International Import Expo (CIIE) held during 5-10 November, 2019 in Shanghai. At the venue, our volunteers provided visitor guide services, conference services, booth introduction, concierge services and logistic services, contributing to the success of the Expo.

Rescues at Sea

COSCO SHIPPING Energy has always taken "Delivering Energy to the World" as the corporate mission. We have carried out multiple maritime rescue actions in different areas, fulfilling our sense of responsibility in the face of emergencies.

Rescue of 32 Fishermen Against Stormy Waves and Strong Wind

On 11 July, 2019, China's 15th Navigation Day, a fishing vessel from Qionghai City, Hainan carrying more than 30 people was caught in danger in Nansha offshore area due to a strong storm on its return voyage. The Emergency Command Center and the Ship Management Center of COSCO SHIPPING Energy as well as Dalian Huachang Shipping Co., Ltd. immediately activated rescue procedures. Our vessel Yuan Yang Hu, which was located near the emergency area, changed her direction towards the fishing vessel at full speed and successfully rescued all the 32 fishermen with other rescue teams.

The professional and efficient rescue performed by Yuan Yang Hu received commendation from the fishermen's association of Tanmen Town, Qionghai City and all the fishermen on the Qiong Qiong Hai Yu 01039 fishing vessel, who presented the crew an acknowledgement banner saying "caring for the fishermen as brothers".

Rescue of Lian Hang 516

On 3 November, 2019, as a strong cold current hit Bohai Bay, Lian Hang 516, a small freighter, found its cargo compartment flooded and kept sinking under forces of the strong winds and waves. Following the command of Dongying Ship Traffic Management System, our vessel Zhong Chi acted as the chief command center for coordinating nearby ships and rescue helicopters to carry out the rescue. Finally, despite the extreme weather conditions, they managed to rescue five people onboard.



Our Commitment

• Innovation

Continue the fundamental of the shipping industry with innovations to pursue shared industrial prosperity. Following the development path of "strategic transformation of traditional business and shift towards the Blue Ocean of emerging businesses", we will deepen reforms to stimulate greater development momentum and vitality, and continue to aim for high standards and innovate our business models, customer services and partnerships. Guided by the concept of cooperation-competition, we will strengthen communication within the industry to contribute to the healthy development of the shipping industry.

• Safety

Exercise vigilance for safety issues and conduct responsible safety management. Upholding safety as the basis for corporate development, we will continue to strengthen our capabilities of shore-based management and ship safety management. We will emphasize risk prevention and continuously enhance the competence in identification, prevention and management of risks, and strive to build up our core competitiveness in safety management and support the safe and stable development of the Company.

• Green

Embrace ecological protection and build a homeland of clear waters and green mountains. We will adhere to the path of green and low-carbon development and enhance our capability of coping with global climate change. We will continue to improve lifecycle ship management and build a green fleet. While strengthening the identification of environmental impacts, we will constantly track our progress towards environmental targets and pay attention to the impact of shipping on the marine and atmospheric ecosystems with better management of emissions, and contribute to the development of an ecological civilization and a Beautiful China.

• Employee

Show the greatest care for our people and create a collaborative environment. We will optimize the remuneration system to motivate employee enthusiasm, improve the training system and provide a career development platform, implement the action plan of "caring for the crew for safety of the ship" to create a warm working and living environment for the crew, as well as organize diverse cultural activities for employees to strengthen their sense of belonging and cohesion.

• Community

Undertake responsibilities and build an image of a responsible enterprise. We will continue to promote targeted poverty alleviation and contribute to the fight against poverty. We will actively carry out public-interest volunteer activities to contribute to a harmonious community. We will continue to carry out rescues at sea to fulfill our sense of responsibility.

HKEX ESG Indices Guidance

Environmental				
Aspect	Index number	Indicator	Page	Explain
A1: Emissions	General Disclosure	Information on the policies; and 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.	P48	
	A1.1	The types of emissions and respective emissions data.	P5-6;P47	
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P5	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P6	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P6	
	A1.5	Description of measures to mitigate emissions and results achieved.	P49-52	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P54-55	
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P50	
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P6	
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P6	
	A2.3	Description of energy use efficiency initiatives and results achieved.	P50	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P6	
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		Not applicable
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P49-P50	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P49-55	

Social				
Aspect	Index number	Indicator	Page	Explain
B1: Employment	General Disclosure	Information on the policies; and 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.	P59; P61-62	
	B1.1	Total workforce by gender, employment type, age group and geographical region.	P62	
	B1.2	Employee turnover rate by gender, age group and geographical region.	P63	
B2: Health and Safety	General Disclosure	Information on the policies; and 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.	P39	
	B2.1	Number and rate of work-related fatalities.	P6; P41	
	B2.2	Lost days due to work injury.	P6; P41	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P37	
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P65-66	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P66	
	B3.2	The average training hours completed per employee by gender and employee category.	P66	
B4: Labour Standards	General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour.	P61	
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P61	
	B4.2	Description of steps taken to eliminate such practices when discovered.		No violations

Social				
Aspect	Index number	Indicator	Page	Explain
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P32	
	B5.1	Number of suppliers by geographical region.	P6	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P32	
B6: Product Responsibility	General Disclosure	Information on the policies; and 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.	P29	
	B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.		Not applicable
	B6.2	Number of products and service related complaints received and how they are dealt with.	P29	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P29	
	B6.4	Description of quality assurance process and recall procedures.		Not applicable
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P29	
B7: Anti-corruption	General Disclosure	Information on the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	P18	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P18	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P18	
B8:Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	P71;P73	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P71;P73	
	B8.2	Resources (money or time) contributed to the focus areas (e.g. education, environmental concerns, labor needs, health, culture, sport) .	P71;P73	

Reader Feedback

Dear Readers:

Thanks for reading the Corporate Social Responsibility Report 2019 of COSCO SHIPPING Energy. Flaws and omissions are hard to avoid in the compilation of this report. We are looking forward to your valuable suggestions. Please give feedback to us for our further improvement.

Multiple Choice Questions (Please tick ☒ in the corresponding box)

1. Your general evaluation on this report:
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
2. How about the response and disclosure of this report on the stakeholders' concerns?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
3. What do you think of our work on economic responsibility?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
4. What do you think of our work on client service?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
5. What do you think of our work on environmental responsibility?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
6. What do you think of our work in safety management?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
7. What do you think of our work on employee responsibilities?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
8. What do you think of our work on community responsibilities?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
9. Are the information, index and data disclosed in this report clear, accurate and complete?
☐ Excellent ☐ Good ☐ Average ☐ Poor ☐ Very Poor
10. Are the content and format design of this report readable?
☐ Yes ☐ No

Open Questions

1. What do you think is the most satisfying aspect in this report?
2. What's your advice for our future social responsibility reports?