

2020 CHINA COSCO SHIPPING
CORPORATION LIMITED

Sustainability Report

Brave the Wind and
Waves to Chase Dreams



Brave the Wind and Waves to Chase Dreams

China COSCO SHIPPING Corporation Limited
Sustainability Report 2020

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Message from the Chairman

The year 2020 was very unusual as China encountered severe and complex situations, tasks, and unprecedented risks and challenges. Under the strong leadership of the Central Government with Comrade Xi Jinping at its core, the Chinese people of all ethnic groups had jointly fought hard and turned crises into opportunities. Major strategic achievements had been made in the fight against COVID-19, a full victory had been achieved in the battle against poverty, the 13th Five-Year Plan had come to a successful end, and great historic achievements had been made in building a moderately prosperous society in all respects. In the face of the profound changes unseen in a century, we continue to withstand the trend of the market, reform and the times in pursuit of acceleration, high quality and new achievements. Guided by the new development philosophy of innovation, coordination, green development, opening-up and sharing, we actively fulfill social responsibilities and promote sustainable development.

In the year, we adhered to strategic guidance and built on development. Guided by the strategies, we remained committed to deepening reform to strengthen the synergy of industrial clusters and stimulated the new vitality for development, and persisted in innovation orientation to promote digital transformation and innovation-driven high-quality development.

In 2020, the total cargo volume reached 1.34 billion tons with a 2.5% year-on-year increase, the revenue reached 331.1 billion yuan with a 7% year-on-year increase. Since the merger, COSCO SHIPPING has been awarded Grade A in the business performance assessment of the central enterprises for four consecutive years, and ranked 264th in Fortune Global 500, progressing to a new stage of development.

In the year, we kept in mind the mission and took on SOEs' responsibilities. In response to the COVID-19 pandemic, we donated goods and materials of 47,417,900 yuan to the areas heavily stricken by pandemic with 42 batches of goods and materials to overseas customers, cooperative institutions and local communities in more than 20 countries successively, 6,751 standard containers of epidemic prevention supplies and 150,000 tons of non-containerized cargoes, maintaining the stability of the global industrial chain and supply chain. We have been actively engaged in the fight against poverty. Over the years, nearly 700 million yuan has been donated for free assistance, 105 officials taking temporary rotating posts have been dispatched, and more than 900 assistance projects have been carried out. By May 2020, all the designated poverty-relief counties of the corporation have been lifted out of poverty.

In the year, we built an ecological civilization and a green dream. We have carried out special inspections of eco-environment protection, invested more in eco-environment protection, and improved continually the working standard on eco-environment protection. We took an active role in achieving the goals of carbon neutrality and emission peak, took the initiative in the international and domestic environmental protection, so as to promote energy conservation, emission reduction and low-carbon operation, strive to reduce the adverse impact of business activities on the ecological environment, and jointly protect the home where we live in.

In the year, we have performed duties overseas and lived up to our responsibilities. To implement the "Belt and Road" Initiative, we have been perfecting the overseas layout and contributing to the building of the "Maritime Silk Road". The corporation has achieved a historical leap from "serving in the whole world" to "serving the whole world", and strengthened international exchanges and cooperation to boost the development of the industry. We actively fulfilled our overseas social responsibilities and participated in the international maritime rescue. In 2020, we participated in 16 maritime search and rescue missions, and coordinated to dispatch 25 vessels of

our subsidiaries, highlighting our social responsibility as a central enterprise.

Only those who rise from a stream of challenges can be entrusted with a mission at a critical and difficult moment.

Standing at a new historical starting point, we will "ride the wind of double circulation, raise the sails of the industrial chain, and create a first-class COSCO SHIPPING", and strive to build the globally integrated logistics supply chain service ecosystem. Let's work with one heart and brave the wind and waves again for the high-quality development of the COSCO SHIPPING.

China COSCO SHIPPING Corporation Limited

Chairman of the board

About Us

Corporate Profile

China COSCO SHIPPING Corporation Limited

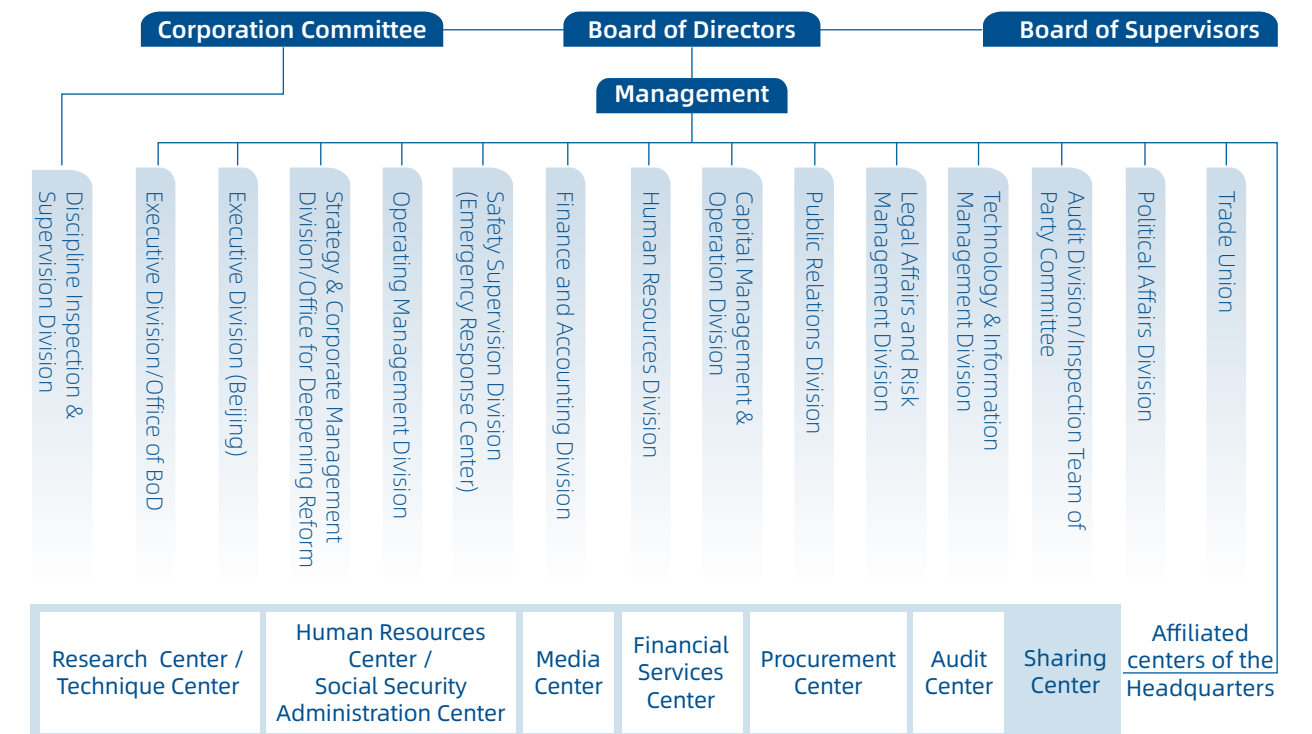
Headquartered in Shanghai, China COSCO SHIPPING Corporation Limited (COSCO SHIPPING) is the merged entity of China Ocean Shipping (Group) Company (COSCO) and China Shipping (Group) Company (China Shipping), and an extremely large state-owned enterprise (SOE) directly under the management of the Chinese central government. Upholding the concept of “One Team, One Culture, One Goal, and One Dream”, COSCO SHIPPING endeavors to become an outstanding enterprise that is “larger scale, more globalized, more competitive, and more valuable”. It is committed to becoming a better practitioner of international trade, a better service provider for customers, a better partner of suppliers, and a better platform for employee growth.

In 2020, the cargo volume reached 1.34 billion tons with a 2.5% year-on-year increase, the revenue reached 331.1 billion yuan with a 7% year-on-year increase. Since the merger, we have been awarded Grade A in the business performance assessment of the central enterprises for four consecutive years, and ranked 264th in Fortune Global 500. Meanwhile, the COSCO SHIPPING won the title of “the Sixth National Civilized Unit”, and the M.V. Yuan Shen Hai of COSCO SHIPPING Bulk was awarded the “Touching Transportation Special Tribute of the Year 2020”, advancing the development of the corporation to a new stage.

- ◎ The COSCO SHIPPING won the title of “the sixth National Civilized Unit”.
- ◎ The M.V. Yuan Shen Hai of COSCO SHIPPING Bulk was awarded the “Touching Transportation Special Tribute of the Year 2020”.



Organizational Structure of Headquarters



Corporate Culture

One Team: Building an excellent team that keeps forging ahead
 One Culture: Creating a culture of common destiny
 One Goal: Becoming a world-class enterprise
 One Dream: Achieving excellence

Pragmatic, efficient, coordinated,
 inclusive and intelligent

Pursuing a common destiny

Undertake the mission of globalizing Chinese economy, consolidate advantageous resources, take global shipping, integrated logistics, and shipping related financial services as core business while diversified industrial clusters grow together, so as to build a world-leading business that provides integrated logistics and supply chain services.



“Cabin with Ballast” in firming ideal and faith
 “Full Cabin” in implementing working responsibilities
 “Overbooked Cabin” in mental state

Adhere to the ideal belief of
 “A Shipping Power” Stick to the
 down-to-earth spirit of hard work Hold fast
 to the fighting spirit of battling with the
 wind and waves Abide by the team
 spirit of pursuing a common destiny

Create value and bridge dreams

Customer-prioritized, Talent-oriented
 Security as foundation, Innovation as core

Business Landscape

“3+4” Industrial Ecology

During the 14th Five-year Plan, COSCO SHIPPING’s existing “6+1” industrial clusters were recombined and readjusted into a “3+4” industrial ecology underpinned by the management concept of the industry chain. Shipping Industrial Cluster, Ports Industrial Cluster, and Logistics Industrial Cluster are the three core industrial clusters, and Shipping Finance Industrial Cluster, Equipment Manufacturing Industrial Cluster, Value-added Services Industrial Cluster, and Digital Innovation Industrial Cluster are the four enabling and value-added industrial clusters.

The Three Core Industries



Shipping Industrial Cluster

It includes container shipping, dry bulk shipping, oil tanker shipping, specialized cargo shipping, and passenger liner service. The shipping industrial cluster is committed to consolidating and developing the position of COSCO SHIPPING as the world’s biggest integrated shipping enterprise, ensuring efficient and smooth cargo flow on the global maritime transportation routes, and achieving the historical transition from “serving in the whole world” to “serving the whole world”.



Ports Industrial Cluster

The ports industrial cluster is committed to becoming a customer-oriented global leading integrated port operator, and strives to realize the shift from a global operator to a global leader, from a terminal investment operator to an integrated port operator, and from extended growth to leapfrog growth.



Logistics Industrial Cluster

It is committed to becoming a third-party logistics service provider with distinctive advantages, full business coverage and a leading market position. It provides end-to-end logistics and supply chain products and services in deep synergy with the shipping and ports industry clusters.



The Four Enabling and Value-added Industries



Shipping Finance Industrial Cluster

The cluster is comprised of ship chartering, shipping insurance, supply chain finance, logistics park investment, equity investment, and asset investment (especially infrastructure investment along the Belt and Road). Its objective is to become No. 1 shipping finance and logistics finance industrial cluster in China and gradually take the leading position in the world.



Value-added Services Industrial Cluster

As a key force of industrial cooperation within the corporate system, it is also an important vehicle for the development of COSCO SHIPPING’s new business.



Equipment Manufacturing Industrial Cluster

It is mainly engaged in shipbuilding, ship repair, offshore equipment and module manufacturing, provision of ship supporting facilities, as well as container and other logistics equipment manufacturing. While serving customers from both home and abroad, the industrial cluster aims to build a leading shipbuilding, container building and ship repair enterprise in China.



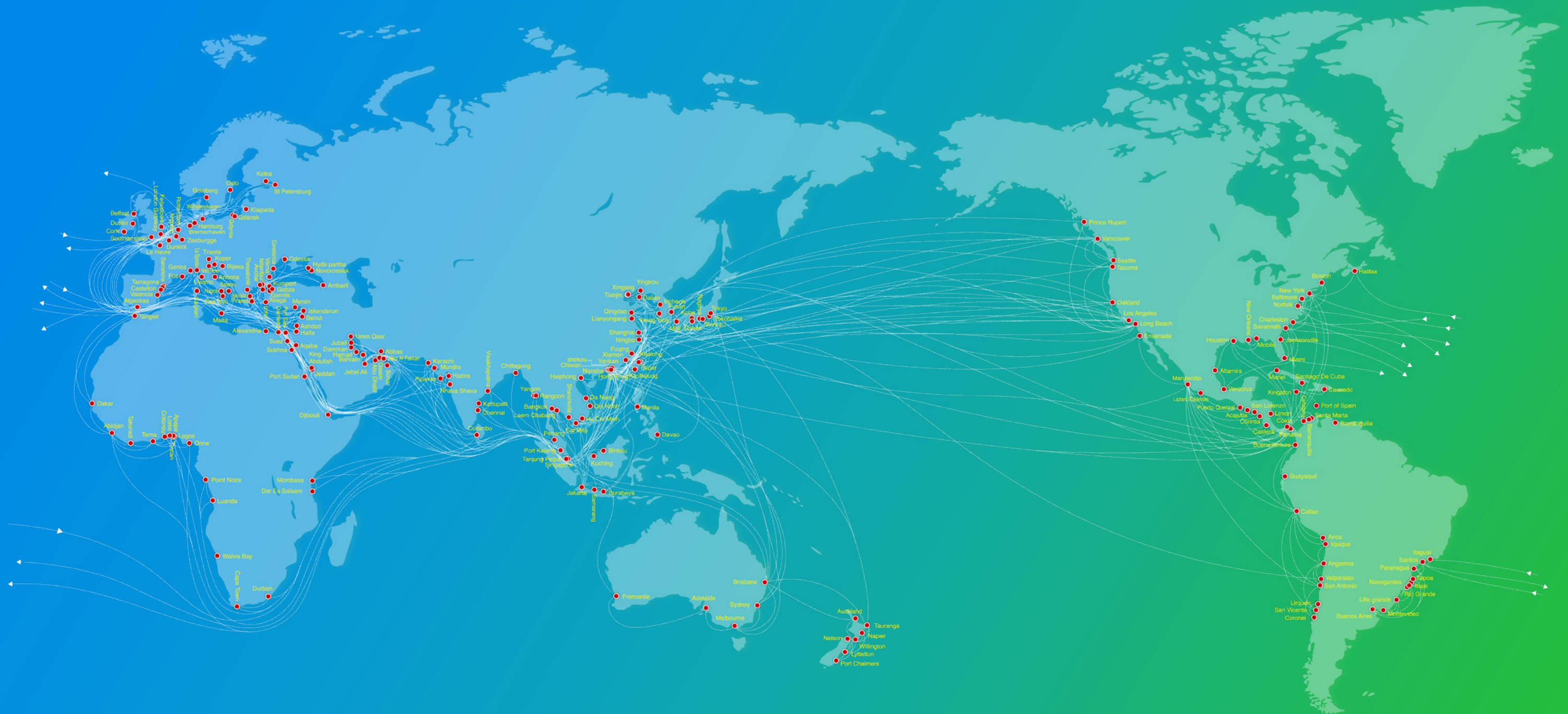
Digital Innovation Industrial Cluster

It is focusing on the development of the digital industry and the corporate venture capital platform. The digital innovation industrial cluster endeavors to become a new source of revenue for the corporation and an incubation platform for its new business by nurturing and incubating innovative business operations, steering the future technology deployment, promoting the implementation of innovation mechanisms internally, and creating a new industrial ecosystem that combines internal and external sources.



COSCO SHIPPING Global Navigation Chart

● Ports of Call — Routes



Historical Development

1

New China's Marine Shipping Industry Set Sail with the Uprising of Hong Kong Merchants Bureau

On September 19, 1949, on the eve of the founding of the PRC, when M.V. Hai Liao forced its way from Hong Kong to Shantou, Captain Fang Zhenliu led the crew in a solemn uprising. After an adventurous voyage for nine days and nights, the ship eventually returned to the port of Dalian on September 28. On October 24, 1949, Chairman Mao Zedong sent a telegram of congratulations to praise Captain Fang Zhenliu and the crew. On January 15, 1950, Hong Kong Merchants Bureau made an uprising with 13 ships, and those returning from the uprising served as an important shipping force in South China in the early days of the founding of the PRC.

3

The First to Go global

The shipping industry is the earliest industry in China to open to the world, and COSCO SHIPPING is also the earliest globalized enterprise, by opening international routes, setting up overseas representative offices and establishing joint ventures as early as in the 1950s and 1960s.

- On September 26, 1978, right before the Third Plenary Session of the 11th Central Committee, M.V. Ping Xiang Cheng, loaded with 162 containers, set sail from Shanghai port and arrived at Sydney Port and Melbourne port in Australia, opening the first international container liner route of the new China and ending the history of no container shipping route in China.
- On January 1, 1979, China and the US officially established diplomatic relations. On March 25, 1979, less than three months after the establishment of diplomatic ties, M.V. Liu Lin Hai set sail from Shanghai, officially opening the Sino-US sea route.
- In May 1979, M.V. Mei Shan became the new China's first ocean freighter to cross the Taiwan Strait.
- In June 1979, new China exported its first seafarer labor services.
- In December 1979, new China's first international tourist ship, M.V. Ming Hua, was put into operation.
- In 1988, China Ocean Shipping Company (COSCO) established its first overseas wholly-owned company in the UK.
- In 1993, Cosco Corporation (Singapore) Ltd. was listed in Singapore, becoming the first state-owned enterprise entered the overseas capital market.

2

The construction of the "maritime railway" lays the foundation for the construction of a shipping power. During the period of socialist revolution and construction, the Chinese people of all ethnic groups were united to achieve the success of the socialist revolution, establish the socialist system and advance the socialist construction, thus completing the most extensive and profound social transformation of the Chinese nation. It has laid the fundamental political prerequisite and institutional foundation for the progress of contemporary China, and provided valuable experience, theoretical and material basis for pioneering socialism with Chinese characteristics in the new historical period.

From the founding of the PRC in 1949 to the eve of the reform and opening up in 1978, China's shipping industry had established a preliminary foundation for the construction of a shipping power through hardships in the pioneering work.

Establish Chinese-Polish Joint Stock Shipping Company

In April 1950, the state-owned steamship corporation was established in Shanghai to operate the national state-owned steamship transportation business. In June 1951, to break the maritime embargo and blockade against the new China and respond to Chairman Mao's call for the construction of a "maritime railway", China and Poland jointly established Chinese-Polish Joint Stock Shipping Company (CHIPOLBROK), opening the first international ocean route connecting Asia and Europe.

Form the General Administration of Maritime Management

On August 1, 1951, the General Administration of Maritime Management was established, responsible for the centralized management of the national maritime transport, and the Beiyang, East China and South China maritime administrations were set up in Dalian, Shanghai and Guangzhou respectively.

Establish an Ocean Shipping Fleet

In order to build China's own ocean shipping fleet, Premier Zhou Enlai approved the purchase of a cruise ship named "Slabe" from Greece with a special grant of 265,000 pounds from the State Treasury, which was renamed M.V. Guang Hua after being repaired and transformed. On April 27, 1961, (COSCO) was founded in Beijing, with a branch set up in Guangzhou. On April 28, 1961, M.V. Guang Hua with China's national flag set sail overseas for the first time. The maiden voyage marked the birth of China's ocean shipping fleet.

Lay down the Shipping Pattern

COSCO Shanghai Branch, COSCO Tianjin Branch, COSCO Qingdao Branch and COSCO Dalian Branch were successively established in April 1964, October 1970, July 1976, and January 1978. Thus, the establishments of the five branches marked the formation of ocean shipping fleet pattern. In 1978, COSCO's shipping fleet reached 510 vessels with a capacity of 8,550,600 DWT.

Open up the North-South Route

From 1949 to 1968, the north-south route of China's main coastal transport artery was cut off due to attacks on ships sailing in the Taiwan Strait and the high seas around Taiwan by U.S. and Kuomintang warships. On April 25, 1968, M.V. Li Ming of COSCO Guangzhou Branch headed northward. On November 2, 1973, M.V. Qi Men of COSCO Tianjin Branch optimized the north-south route, shortening the distance by nearly a third. In 1979, M.V. Mei Shan of COSCO Guangzhou Branch sailed northwards across the Taiwan Strait, ending the 30 years of maritime isolation between the North and the South.

Open up International Routes

On April 28, 1961, M. V. Guang Hua opened the Route to Indonesia. In the 1960s and 1970s, China had opened the Southeast Asia Route, South Asia and West Asia Route, North Korea and Japan Route, Europe Route, African Route, Oceania Route, American Route, etc. By the end of 1978, Chinese ships had sailed to 410 ports in 99 countries and regions.

Events in 2020

February 26

COSCO SHIPPING succeeded in the first shipment of bauxite ore of CHALCO Guinea project

On February 26, 2020, the first shipment of bauxite ore of CHALCO Guinea Boffa Project, undertaken by M.V. Qu Shan Hai of COSCO SHIPPING Bulk, arrived in Shijiu port area of Rizhao Port, promoting the strategic cooperation of COSCO SHIPPING and CHINALCO in "entering Africa" to bear the first fruit.

April 14

The aircraft parts in the 500th sortie of the Airbus Project of COSCO SHIPPING arrived in Tianjin

On April 14, 2020, the aircraft parts in the 500th sortie of the Airbus A320 Series Asia Assembly Line project, with the whole-process logistics and transportation services provided by COSCO SHIPPING, arrived at Airbus Assembly Plant in Tianjin and completed delivery. It is the world's first transoceanic logistics project for aircraft parts, and a key strategic project to promote the development of China's aviation industry. It is highly valued by the Governments of China and Europe.

May 11

COSCO SHIPPING, China Mobile and Dongfeng Motor Corporation jointly launched the first Smart Port with full-scenario application of 5G Technology

On May 11, 2020, the first national Smart Port with full-scenario application of 5G Technology jointly launched by COSCO SHIPPING, China Mobile and Dongfeng Motor Corporation was put into use from the trial stage at Xiamen Ocean Gate Terminal. 5G smart port construction is an important effort for combining the industrial chain with the innovation chain, accelerating new infrastructure construction, and building China's strength in transportation. In addition, it is helpful for ports to fight against the pandemic of COVID-19, quickly resume operations, and ensure a smooth global supply chain.

June 4

COSCO SHIPPING's M.V. Xing Wang became the first cargo vessel registered at Yangpu Port

On June 4, 2020, COSCO SHIPPING Xing Wang being the first cargo vessel registered at Yangpu Port. It signifies the official implementation of the ship registration policy for the Hainan Free Trade Port, and the birth of the first internationally registered ship with "China Yangpu Port" as the port of registry. It is an important initiative for COSCO SHIPPING to implement its strategic framework agreement with Hainan Province and participate in the free port construction.

September 28

COSCO SHIPPING opened the first intercontinental container route in Hainan Free Trade Port

On September 28, 2020, the first intercontinental shipping line of Hainan Free Trade Port, the "Yangpu - South Pacific - Australia" container shipping line was officially put into operation at Xiaochantan Wharf of Yangpu. The opening of this route not only achieved a breakthrough in the intercontinental route of Hainan, but also greatly improved the layout of foreign trade routes in Yangpu, which laid a solid foundation for Yangpu to play the role of the new western land-sea channel access to the sea, vigorously developed marine transfer for foreign trade, and built China's opening to the Indian Ocean and the Pacific Ocean.

August 10

COSCO SHIPPING Continued its rise on 2020 Fortune Global 500 Ranking by 15 spots.

On the afternoon of August 10, 2020 (Beijing time), the 2020 Fortune Global 500 list was released, and COSCO SHIPPING ranked 264th, up 15 places from the previous year. Since the reorganization in 2016, COSCO SHIPPING has jumped 201 spots on the list in total.

July 3

COSCO SHIPPING University was founded in Qingdao

On July 3, 2020, COSCO SHIPPING University had its inauguration ceremony in the West Coast New District of Qingdao. The establishment of COSCO SHIPPING University is of far-reaching strategic significance as it complies with the national strategy of becoming a maritime power, carries out the talent development strategy of COSCO SHIPPING and improves the supporting capacity of scientific and technological innovation.

July 1

The History of COSCO SHIPPING was officially published, presenting the grand development of ocean shipping in new China for the first time

On July 1, 2020, *The History of COSCO SHIPPING*, the first set of books that systematically expounds on the development of shipping after the founding of the People's Republic of China, was officially published in Shanghai. COSCO SHIPPING's 70-year development is the epitome of the country and the socialist reform and development, a key milestone in the COSCO SHIPPING's development, and a new starting point for the COSCO SHIPPING's brilliant development in the new era.

November 4

COSCO SHIPPING participated in the 3rd CIIE

The 3rd China International Import Expo (CIIE) was held in Shanghai from November 4 to 10, 2020. For the third time, COSCO SHIPPING, as one of the key supporters of the CIIE, has deeply engaged in activities of the CIIE, acilitating the organization and implementation of all aspects of the event, including exhibitor invitation, service provision, and trade support.

November 6

COSCO SHIPPING won the Special Contribution Award at the Shanghai Shipping Construction

On November 6, 2020, COSCO SHIPPING attended the Seatrade International Maritime Awards Ceremony in Shanghai, where the company was awarded the "Special Contribution Award to Shanghai Shipping Construction." . This award represents the international shipping community's recognition and acknowledgment of COSCO SHIPPING's active role in this regard.

December

COSCO SHIPPING and its cooperative enterprises jointly released "Shipping Bill of Lading and Trade Documents Blockchain Platform"

In December 2020, the "Shipping Bill of Lading and Trade Documents Blockchain Platform" jointly created by COSCO SHIPPING Lines, Bank of China and other partners held a press conference in Shanghai. The Platform takes ant chain as the platform to provide smart technology support and make full use of the advantages of blockchain technology which is traceable and trusted and cannot be tampered with, to provide customers with paperless services.



Corporate Governance

It is the cornerstone of the safe and stable operation of an enterprise to adhere to a steady management positioning. COSCO SHIPPING continues to lay a solid foundation for development, taking integrity and compliance as the basic guarantee for high-quality development, improving the internal and external risk prevention mechanism, perfecting the construction of the Board of Directors, and promoting the sound and orderly development of the corporate.

Compliance Management

COSCO SHIPPING regards compliance as the bottom line, continuously promotes the construction of a compliance system, actively advocates compliance culture, and comprehensively guarantees the stable operation of the corporate. In 2020, COSCO SHIPPING studied and compiled relevant documents to strengthen compliance management, promotes the integration of the system, risk, internal control and legal affairs, and organizes and mobilizes resources and forces of the whole system to improve the level of compliance management in a systematic way.

Strengthen special compliance management

COSCO SHIPPING highlights compliance risk management in key areas of anti-monopoly, drafts the Notice on Further Strengthening Anti-trust Compliance Management, and strengthens the requirements on anti-trust compliance risk management; organizes relevant units to compile special compliance guidelines underpinned by the operating requirements of overseas investment & operation of ports and joint operation of shipping capacity; researches and utilizes information system to verify sanctions information of customers and suppliers, and strengthens investigation and control of compliance risks to provide guarantee for production and operation.

Improve the accountability system

In-depth study of the latest requirements of the State-owned Assets Supervision and Administration Commission (SASAC) on accountability for irregularities, revision and improvement, *Measures for the Implementation of Responsibility Investigation for Illegal Operation and Investment of the Companies (Trial)* are made to supervise and urge its affiliated units to establish a responsibility investigation system for illegal operation and investment, so as to prevent economic losses and the risk of the officials performing their duties.

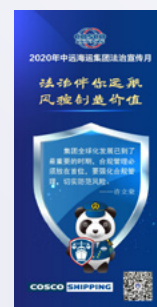
Carry out publicity training on the rule of law

COSCO SHIPPING organizes its affiliated units to carry out publicity training on rule of law focusing on compliance management, and strengthens training and publicity on basic national laws and regulations, laws and regulations closely related to production and operation, international rules and risk management standards and norms, as well as the rules and regulations on corporate management and internal risk control. COSCO SHIPPING participated in the "Lecture Hall on Rule of Law" organized by SASAC, and held lectures on the Civil Code and the international sanctions; organized the 2020 Rule of Law Publicity Month to enhance compliance concept and risk awareness.

© Case: COSCO SHIPPING launched the Rule of Law Publicity Month in 2020

It is the seventh National Constitution Day on December 4, 2020. In order to further study and publicize Xi Jinping's Thought on the Rule of Law, promote the spirit of the Constitution, safeguard the authority of the Constitution, and advance the full-scale implementation of the Constitution, COSCO SHIPPING organized the 2020 Rule of Law Publicity Month.

Adhering to the slogan of "Rule of Law Along Your Sailing, Risk Control for Value Creation", the Publicity Month of 2020 highlighted the function of rule of law on risk control and value creation, promoted the staff to form a good habit of learning, respecting, abiding by, and using laws. The affiliated units of COSCO SHIPPING actively participated and organized the activities of the Pulicity Month.



Risk Prevention and Control

COSCO SHIPPING continues to consolidate its risk management system, strives to strengthen the construction of risk prevention & control and internal control systems in key areas, and improves its risk management capability. In 2020, COSCO SHIPPING took the initiative to meet the requirements of the central government in accordance with the working concept of "a lucid exposition of an outline, a sharp definition of categories" and "classified advance", to revise and improve internal audit rules and regulations, initially form a more systematic system, strengthen the leadership, organization, management and supervision of the Group's internal audit, and carry out risk prevention in all aspects.

COSCO SHIPPING establishes a system-wide major risk reporting system, and issues the *Management Regulations on the Reporting of Major Business Risks and Major Business Risk Events of the Group*. It promotes the construction of the sanction risk system, issues notice on sanctions risk control, supervises 33 companies to develop special systems/risk control manuals, and realizes the full coverage of sanctions risk control systems in all business sectors.

According to the major risk assessment results approved by the Board of Directors in 2020, the *List of the Top Ten Risk Management Tasks of the Group in 2020* is made to implement the risk management responsibility decomposition to functional departments and related units, and to clarify the subject liability and the risk control responsibility.

We implement the quarterly monitoring and reporting mechanism for major risks, require all departments and units to dynamically assess and monitor changes in risks, and timely identify new risks and risk events.



Governance of the Board of Directors

The Board of Directors of COSCO SHIPPING continues to improve its self-construction, strengthens its strategic leading role, and plays a part in promoting the construction of modern enterprise system with Chinese characteristics and optimizing business structure in various ways and means, so as to promote the construction of a more scientific, standardized and efficient corporate governance system. In 2020, COSCO SHIPPING promoted the establishment of the Board of Directors of all 38 subsidiaries at home and abroad, and improved the standardization of the Board of Directors. COSCO SHIPPING organized relevant functional departments and all affiliated units to analyze the normative operation and the authorization and exercise of the power of the board of directors of subordinate units, formulated the Management Measures for Operation of the Board of Directors of Directly Affiliated Companies 3.0 and the authorization list of the Board of Directors of affiliated units, and promoted the authorization of these board of directors to assess the management and salary distribution of the operating entities, and recruit deputy management in a standardized and orderly manner, further deepening authorization, continuously guiding the standardized operation of these board of directors, and optimizing the asset disposal authorization of affiliated units.

Combat Corruption and Uphold Integrity

COSCO SHIPPING earnestly implements the political responsibility of the Party, adheres to the "Three Noes", and establishes a sound coordination mechanism, which continuously strengthen education by case learning with a positive attitude, creates a good political ecology for deepening reforms development, and provides strong disciplinary protection.



Sustainability Management

COSCO SHIPPING integrates the Sustainability Philosophy and the New Development Philosophy of "Innovative, Coordinated, Green, Open and Shared Development" into the operation management, taking into account the expectations and demands of stakeholders, sharing development achievements with stakeholders, and then promoting harmonious and sustainable development of economy, environment and society.

Sustainability Philosophy

We uphold the sustainability philosophy and original aspiration of "creating value and bridging dreams", and work with our stakeholders to create a more sustainable industry and social ecology. As a central shipping enterprise pioneering China's shipping industry and the largest shipping enterprise in the world, COSCO SHIPPING inherits the history and shoulders the future, and will stick to its original aspiration and commitment, endeavoring to become an outstanding enterprise that is "larger, more globalized, more competitive, and more valuable", and committing itself to shipping goods all over the world to create value and bridge dreams for the country, society, customers, and employees.

To be an excellent practitioner of social responsibility

In strong compliance with the law, long-lasting development must be realized with stronger capacity and better growth. Excellent development results must be achieved in order to fulfill our social responsibility and execute the global compact; due care must be given to the global environment and poverty-stricken areas with engagement in international aid; a role of "good corporate citizen" must also be played to promote the coordinated development of both the company and society.

To be an excellent leader in the world shipping industry

We aim to be a world-class shipping and logistics enterprise with international competitiveness, brand influence, and high reputation among customers, as well as form a complete global business chain. Our global resource allocation must be optimized to serve global trade, promote commercial civilization for global connectivity and bring convenience and happiness to all humans.

To be a firm enforcer of national strategy

We actively implement the Belt and Road Initiative, to build a key bridge between China and the world. We create a strategic channel for China to be integrated into global economy, and provide strong support for the China Dream. We uphold political responsibility and bear in mind our economic responsibility to ensure the preservation and appreciation of state-owned assets.

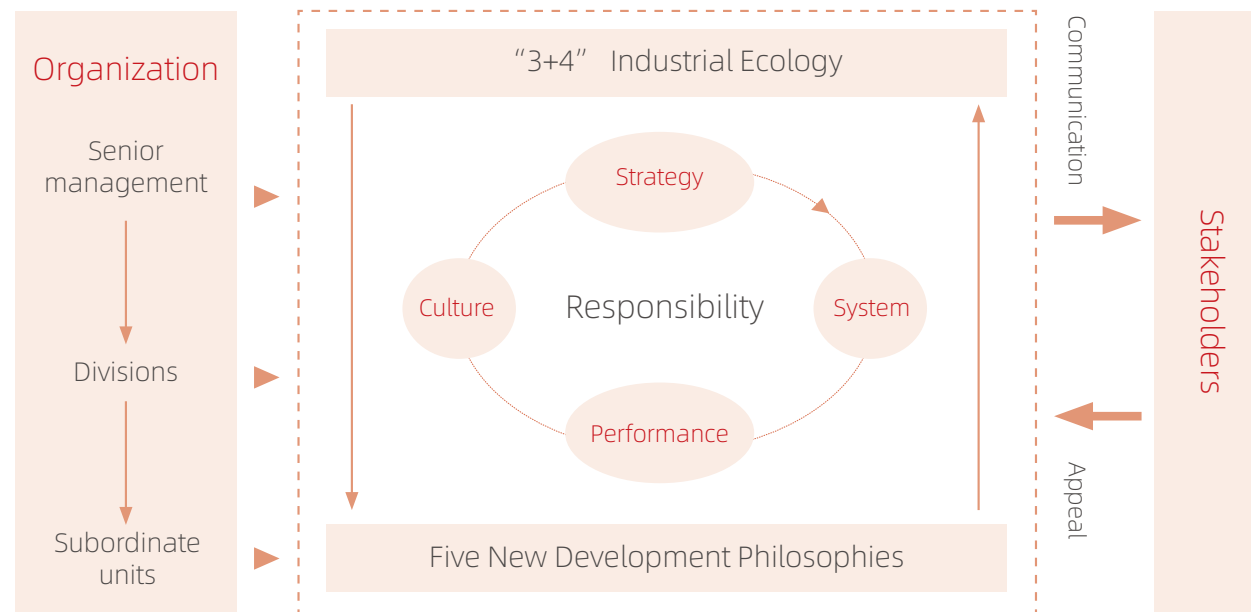
To be the best supporter of employee growth

Respect the pursuit of self-worth of employees, build a growth stage and a broad development platform for employees to start their own business, create a rich material foundation and a decent humanistic environment, build an excellent employer brand, and realize the unity of "personal dream" and "corporate dream".

To be a considerate service provider for global customers

Professional services must be rendered to earn the trust of customers. A leading integrated service platform for global supply chains must be built to provide global customers with more advanced, higher-quality, and more efficient industry-wide chain services, maximizing customer values.





Model of Sustainability Philosophy of COSCO SHIPPING

Communication and Participation of Stakeholders

Adhering to the mission of “maintaining an honest and trusting relationship with customers, employees and partners to maximize returns to shareholders, society and environment”, COSCO SHIPPING effectively communicates with customers, employees, communities and other stakeholders to disseminate corporate concepts and accountability dynamics, and enhance the understanding and support of stakeholders.

Stakeholders	Core Demands	Responses
The Government	<ul style="list-style-type: none"> → Compliant operation → Serving national strategy implementation → Fair competition 	<ul style="list-style-type: none"> → Official document exchange → Policy implementation → Information disclosure → Visit and exchange
Shareholders	<ul style="list-style-type: none"> → Good business performance → Good Corporate Governance → Risk control → Realization of corporate development strategy → Adequate information disclosure 	<ul style="list-style-type: none"> → Shareholders' general meeting → Performance report → Communication with investors

Customers	<ul style="list-style-type: none"> → Quality products and services → Excellent after-sales service 	<ul style="list-style-type: none"> → Innovating products and services → Improving product quality → Upgrading service level → Strengthening interaction with customers → Improving the customer service system
Partners	<ul style="list-style-type: none"> → Win-win cooperation → Industrial development through joint efforts 	<ul style="list-style-type: none"> → Exchange and visit → Industry forum
Employees	<ul style="list-style-type: none"> → Guarantee of rights and interests → Good prospect for career development → Comfortable working environment 	<ul style="list-style-type: none"> → Protecting employees' rights and interests → Creating a good working and living environment → Carrying out a variety of activities for employees → Setting up a sound vocational training and development system → Care for employees' physical and mental health
Environment	<ul style="list-style-type: none"> → Rational utilization of resources → Protection of marine ecology 	<ul style="list-style-type: none"> → Improving environmental governance and prevent and control environmental risks → Promoting publicity for environmental protection and advocate green development → Energy conservation and emission reduction → Using clean energy
Community	<ul style="list-style-type: none"> → Engaging in philanthropy → Serving Community Development 	<ul style="list-style-type: none"> → COSCO SHIPPING Charity Foundation → Active fight against the pandemic → Voluntary service → Targeted poverty alleviation → Public benefit activities

CSR Focus

Alleviating the Poor and Benefiting the People's Livelihood Together



The year 2020 witnessed the completion of building a moderately prosperous society in all respects and the 13th Five-Year Plan. This year was a decisive year in the battle against poverty. COSCO SHIPPING had successively assumed the duties of the targeted poverty alleviation and partner assistance to the Fugong County of Yunnan, Keping County of Xinjiang, Yanshan County and Haixing County of Hebei since 1995. At present, it undertakes the targeted assistance to Anhua County and Yuanling County of Hunan Province and Yongde County of Yunnan Province, as well as the partner assistance to Luolong County and Riwoqe County of Qamdo City of Tibet Autonomous Region. Over the past 20 years, COSCO SHIPPING has fully mobilized various internal and external resources to provide targeted assistance in an all-round way and a wide range of areas. By the end of 2020, it had invested nearly 700 million yuan in the targeted areas, dispatched 105 officials to take temporary rotating posts, and implemented more than 900 assistance projects, helping more than two million people get out of poverty. COSCO SHIPPING's poverty alleviation fully embodies the responsibility and duty of the central enterprises.

In 2020, COSCO SHIPPING held four conferences convened by the Party Committee, one conference convened by the President, one conference of Board of Directors, two video conferences, nine symposia to make special studies on the aid to help Tibet get out of poverty, investing special fund of 95.05 million yuan and attracting fund of 10.4662 million yuan for poverty alleviation. 25 affiliated units of COSCO SHIPPING spent 8.55 million yuan to help local governments fight poverty, carried out 73 assistance projects, trained 428 local cadres, provided skills training for 1,454 local professional and technical personnel, entrepreneurial leaders, and rural technical personnel, aided 2,813 students, and purchased and helped sell special agricultural products worth 16.3214 million yuan. With the help of the corporate, Yuanling County was removed from the poverty list on February 29, 2020, and Yongde County officially withdrew from the poverty-stricken county list on May 16, 2020. So far, all the five counties receiving its partner assistance have been lifted out of poverty, marking a successful end of the year of a decisive victory in the fight against poverty.

December 31, **2018**

Anhua County, Yiyang City, Hunan Province withdrew from the poverty-stricken county list

January 29, **2020**

Yuanling County, Huaihua City, Hunan Province withdrew from the poverty-stricken county list

September 28, **2018**

Riwoqe County, Qamdo City, Tibet Autonomous Region withdrew from the poverty-stricken county list

January 29, **2019**

Luolong County, Qamdo City, Tibet Autonomous Region withdrew from the poverty-stricken county list

May 16, **2020**

Yongde County, Lincang City, Yunnan Province withdrew from the poverty-stricken county list

Multiple Measures Taken to Create Synergy in Poverty Alleviation

COSCO SHIPPING has actively undertook the task of aiding Tibet in poverty alleviation, selected and assigned outstanding officials to take temporary rotating posts in fighting poverty over the past decade or so, and made active efforts to boost local industrial development, employment, education, healthcare, and consumption for poverty alleviation based on the actual situation. We have promoted all-round economic and social development in the five counties, improved the living environment, increased the income of people living in poverty, and greatly improved the production conditions. The countryside has taken on a new look, the life quality has improved in an all-round way, and the happiness index has greatly increased.

Poverty alleviation through industrial development

Local industrial development is key to enhance the driving force for development in poor areas, help the impoverished to improve their ability to get out of poverty and promote their income increase, and achieve stable achievements. Among the first batch of initiators of industrial investment fund for the poverty-stricken areas of the central enterprises, COSCO SHIPPING has invested 436 million yuan to support fund operation, giving full play to the advantages of enterprises in large industries, markets and platforms. Closely relying on the local industrial base and resource endowment, COSCO SHIPPING creates a stable source of income by means of industrial poverty alleviation, and finds a sustainable development path for rural prosperity and income increase.

◎ Case: Common people have access to poverty-alleviation products by on-line shopping

Chen Qiguang, one of the sixth batch of officials taking temporary rotating posts in Yuanling of COSCO SHIPPING, soon after his arrival in 2019, he caught the market opportunity of "telling the story of Jie Tan tea and getting out of poverty to get rich" through personal media with his acquaintance with the "Internet". In 2020, the COVID-19 pandemic brought both challenges and new opportunities to poverty alleviation. The pandemic has pushed consumers to shift their consumption habits from offline to online, and live stream sales has emerged. Chen Qiguang seized the opportunity and sold products in the Tiktok broadcast room of the Tmall Fengjiao Flagship Store of Jie Tan Tea Co., Ltd. in Yuanling, Hunan Province, becoming the first "county chief engaged in live-stream sales" in Yuanling.



"I'd like to express my sincere gratitude to Mr. Chen for his assistance in sales of agricultural products online. It is COSCO SHIPPING that helps us get out of the most difficult time, and supports us to rise from the valley bottom."

—Shu Hui, Chairman of Yuanling Jie Tan Tea Co., Ltd.

Poverty alleviation through employment

Increasing employment is the most effective and direct way to get rid of poverty. COSCO SHIPPING provides employment opportunities for poverty alleviation through employment, gives full play to the advantages of talents, and plays a positive role in solving the employment problem of the local impoverished. COSCO SHIPPING makes full use of its own advantages to build a platform to carry out "order-type" training for maritime professionals. Affected by the pandemic, the annual COSCO SHIPPING's Employment and Poverty Alleviation Fair of Yongde was held online, where the affiliated units of COSCO SHIPPING provided 231 posts in 22 types, including seafarers, freight forwarders, welders and mechanics, and realized the transfer employment of 127 people. By the end of 2020, a total of 422 seafarers had been recruited and trained under the project, of which 212 had been employed on ships.



COSCO SHIPPING Employment and Poverty Alleviation "Seafarer Training" Project (online in 2020)

CSR Focus

Poverty alleviation through education

COSCO SHIPPING focuses on the education of students in poor areas and dedicates itself to education charity. In Anhua and Yuanling of Hunan and Yongde of Yunnan, it has actively improved the basic education facilities, provided teaching equipment, recruited local teachers, and set up special scholarships and grants in schools and local places to promote excellence and help the impoverished students finish their studies. These methods effectively improve the local education situation, further promote balanced development and targeted poverty alleviation in education. By the end of 2020, COSCO SHIPPING had built and renovated 75 schools, carried out or participated in a number of educational poverty alleviation projects, contributing to the improvement of the educational conditions in poor areas.

Representative projects for poverty alleviation through education	Achievements
COSCO SHIPPING-Gesang Meiduo Scholarship Fund	Aid financially more than 9690 poor teachers and students
"COSCO SHIPPING Hope Class" "COSCO SHIPPING Self-improvement Class"	Aid financially a total of 5915 poor students
"Wave · Wish" Pairs-up Assistance	Aid financially a total of 3022 poor students
Lincang Basic Education Donation project	Involve 262 schools in eight counties (districts) of Lincang, benefiting over 60,000 people
"Teach for China" Aid Education Project in Anhua and Yuanling of Hunan province	Send 141 volunteer teachers to 30 rural schools, benefiting more than 140,000 local children



Launch the "Gesang Meiduo" Scholarship Project in Luolong County and Riwoke County of Tibet to support education in the two counties



Provide basic education facilities such as desks and chairs for poor areas



Aid Yuanling No. 1 Middle School (Furong School) to build a teaching building, with an investment of five million yuan



The "Voyage · Dream" Project provided assistance in the construction of The Dream-Chasing Building in Anhua County

Poverty alleviation through healthcare

COSCO SHIPPING pays close attention to helping the people in poverty-stricken areas live a healthy life, by providing health care for those receiving our targeted assistance by means of the access to basic medical care, the construction of medical hardware facilities and software resources, and the improvement of medical resources. It set up the "COSCO SHIPPING- Gangla Meiduo" Medical Aid Foundation and the "COSCO SHIPPING- Seqin Meiduo" Medical Care Talent Training Foundation to carry out training for the medical staff, and improve their health.

Upon the outbreak of COVID-19 in 2020, COSCO SHIPPING instantly allocated a special fund of one million yuan to Anhua and Yuanling counties near Hubei Province, to ease their capital pressure in pandemic prevention and control. In addition, COSCO SHIPPING donated negative pressure isolation ambulance for each of Yongde County, Anhua County and Yuanling County for the specific requirements of their anti-pandemic tasks. By the end of 2020, we had invested 19,827,300 yuan to support the realization of basic medical security in poverty-stricken areas.

As of 2020, COSCO SHIPPING had invested 19,827,300 yuan to support the realization of basic medical security in poverty-stricken areas

19,827,300 yuan



Donate negative pressure isolation ambulance to Yongde County



We carry out the "Kindness Project - Disabled Aid Action" to donate hearing aids, wheelchairs and such for Yongde County, Anhua County, and Yuanling County.

CSR Focus

Poverty alleviation through consumption

Poverty alleviation through consumption is a key link in the anti-poverty battle. As per the poverty alleviation through consumption, COSCO SHIPPING compiles the List of Featured Products of the Areas Receiving Targeted Assistance from COSCO SHIPPING, which includes 298 kinds of featured products for intra-Group purchase and sale. In accordance with the Letter of Targeted Anti-Poverty Responsibility of the Central Enterprises, COSCO SHIPPING deploys the consumption-aid poverty alleviation on a step-by-step basis. We have actively mobilized the staff to contact all counties for the online sales of the local agricultural products in the areas assisted by the Group on the poverty alleviation e-commerce platform of the central enterprises. In 2020, COSCO SHIPPING spent a total of 11,351,600 yuan to purchase featured products from these regions and contributed to the sales of 3,607,800 yuan. Meanwhile, we purchased unsalable agricultural products 556,000 yuan from Hubei Province and 806,000 yuan of agricultural products from other poverty-stricken areas.



COSCO SHIPPING and Yuanling County signed a million-yuan order to help solve the problem of lagging sales

Tell the Story of Poverty Alleviation Well

China's 832 poverty-stricken counties were all deregistered from the list of poor counties as of November 23, 2020, and 98.99 million rural residents living below the current poverty line were lifted out of poverty, marking China's achievements in poverty alleviation. With a strong sense of social responsibility and mission, COSCO SHIPPING has been widely recognized for its efforts to fight poverty. On February 25, 2021, at the National Poverty Alleviation Summary and Commendation Conference, COSCO SHIPPING's Assistance Team in Anhua County won the title of "National Advanced Collective in Poverty Alleviation", and our employee Xu Bu was awarded the title of "National Advanced Individual in Poverty Alleviation".

© Case: COSCO SHIPPING won the "National Advanced Collective in Poverty Alleviation" and an employee won the "National Advanced Individual in Poverty Alleviation"

COSCO SHIPPING has been providing assistance to Anhua County since 2010. It has sent nine officials to take temporary rotating posts in eight batches and invested 77.25 million yuan in total, benefiting 600,000 people. The Assistance Team in Anhua County of COSCO SHIPPING, bearing its original aspiration and mission in mind, reaches the grassroots level to work with the local cadres and the masses, helping the impoverished to live a happy and well-off life.



Serve in Tibet for
6 years

Travel more than
30,000 km

中国共产党永德县委员会

感谢信

中国远洋海运集团有限公司：

永德县是国家扶贫开发工作重点县之一，也是全省集中连片特困县之一。在贵单位的大力支持帮助下，2020年4月24日至28日，永德县顺利接受了贫困县退出专项评估检查，并且突出了“零漏评、零错退、零举证”的优异答卷。2020年5月8日至13日，云南省人民政府对永德县等31个2019年退出贫困县进行公示，并于2020年5月16日正式批准永德县退出贫困县序列！永德就此摆脱了千百年的历史性绝对贫困，如期兑现了高质量脱贫摘帽的庄严承诺，为全市实现高质量脱贫退出划上了圆满句号。

回首取得这场脱贫攻坚战役的胜利，与贵单位的鼎力支持和辛勤付出密不可分，与贵单位所有干部职工的用心、用情、用力挂钩帮扶密不可分。值此，中共永德县委、永德县人民政府谨向贵单位及广大干部职工长期以来对永德的发展，特别是对脱贫攻坚的倾心、倾情、倾力帮扶援助，表示衷心的感谢并致以崇高的敬意！

山通水达情相连，肝胆相照手足亲。自贵单位挂钩帮扶永德以来，积极响应国家精准扶贫、精准脱贫的号召，广大干部职工认真落实挂钩帮扶责任，带着高度的责任心、强烈的使命感和深厚的鱼水情，到永德走村入户“穷亲”、结对子，帮助永德出思路、想办法、谋发展，全心全意为永德脱贫攻坚“把脉问诊、对症下药”，全力以赴处永德贫困地区之所短，千方百计解永德贫困群众之所难。特别是在脱贫攻坚决战决胜的关键时刻，你们尽心尽力给予永德最大的支持和帮助，为永德精准扶贫精准脱贫做出了巨大贡献，让我们倍受鼓舞、倍感温

- 1 -

暖、倍添动力！这份血浓于水的手足之情，早已深深烙印在永德人民心中，这段开展挂钩帮扶的光辉岁月，必将永载永德脱贫史册，成为永德脱贫故事的一段佳话，代代相传，永不遗忘。

结对帮扶人心暖，精准扶贫气象新。在你们的大力支援帮助下，永德县全县上下以决战决胜、不胜不休的勇气苦干实干，坚决打赢打好这场输不起的脱贫攻坚战；在你们的大力支援帮助下，全县经济社会全面发展，贫困群众收入持续增加，生活质量全面提高，幸福指数大幅提升；在你们的大力支援帮助下，全县人居环境全面提升、群众生产生活条件极大改善，乡村面貌焕然一新。“吃水不忘挖井人”，成绩来之不易，奋斗难舍艰辛，永德人民是感恩的人民，是奋斗的人民，对你们的真情付出、用心帮扶，永德人民永远铭记在心，永远知恩感恩。

发展蕴含希望，奋斗赢得未来。我们深深的感到，永德县脱贫退出不是一个闭幕式，而是一个新的开始，为坚决落实好习总书记“脱贫摘帽不是终点，而是新生活、新奋斗的起点”和“四个不摘”要求，恳请贵单位一如既往的关心永德、支持永德、帮扶永德，为永德经济社会发展给予更大的帮助。我们坚信，在党中央、国务院和省委省政府、市委市政府的坚强领导下，在贵单位的大力帮助支持下，永德县委、政府将不忘初心，乘势而上，再创佳绩。我们将认真践行“头顶理想，脚踏泥巴，心中有民，手上有招，创新干、团结干、拼命干”的临沧作风，全面分析研判形势，全面巩固脱贫成果，全面抓实脱贫攻坚与乡村振兴的无缝对接，扎实做好永德经济社会发展各项工作，确保与全国、全省、全市同步全面建成小康社会，为实现第一个百年奋斗目标，昂首迈步小康社会，奋力谱写高原跨越式发展永德新篇章！



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Yongde County Government sent a letter of thanks to COSCO SHIPPING

CSR Focus

Racing against Time to Fight the Pandemic Together



In early 2020, a pandemic caused by COVID-19 resulted in concerns nationwide. COSCO SHIPPING took the mission and responsibilities of a central enterprise, and put the lives and health of the people first. We had a deep understanding of the importance and urgency of pandemic prevention and control, and resolutely obeyed the unified command and coordination of the local government departments. Efforts were made to mobilize and deploy in an all-round way both for pandemic prevention and operation. We did our best to help all sectors of society tide over difficulties, provided assistance to Hubei, Wuhan and other regions, and contributed to the global pandemic prevention and control.

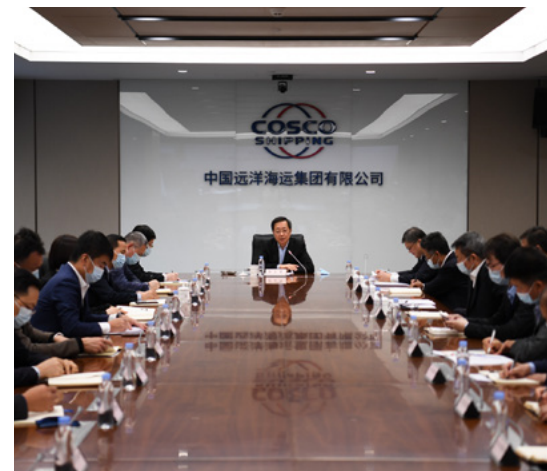
Rapid Response and Elaborate Deployment

Go where there is epidemic, fight it till it perishes. In the face of the urgent situation, COSCO SHIPPING promptly issued a notice to carry out an all-round deployment of the pandemic prevention and control. COSCO SHIPPING activated the first-level responding mechanism for major public health emergencies and set up a leading group to deal with the outbreak. The Party Secretary and Chairman Xu Lirong served as the leader, Deputy Party Secretary and President Fu Gangfeng served as the deputy leader, and Party Committee members served as the members of the leading group. Its Office of Pandemic Prevention & Control Emergency Command Leading Group was set up to keep the Leading Group informed per day to deal with the outbreak in a timely manner and propose suggestions. Each affiliated unit establishes an operating mechanism, with the head or the person in charge of each department (center) being the first person responsible, and each performs its own functions.

In addition, COSCO SHIPPING made work deployment for safety in production during the pandemic prevention and control, the resumption of work and production, and the regular pandemic prevention and control for affiliated units at home and abroad five times, to ensure the effective implementation of all safety working.



Capt. Xu Lirong, Chairman of COSCO SHIPPING, investigated the pandemic prevention and control



COSCO SHIPPING's video meeting on global pandemic prevention

Make Donations to Meet Challenges Together

At a critical stage in fighting against the pandemic, COSCO SHIPPING and the COSCO SHIPPING Charity Foundation donated 33 million yuan immediately for the pandemic prevention and control and the project of "Humanitarian Aid for Medical Personnel", allocated a special fund as much as one million yuan to Anhua and Yuanling counties to alleviate the financial pressure. As the pandemic was spreading, COSCO SHIPPING assisted overseas companies in carrying out a series of overseas donation activities entitled "Mutual Assistance and Joint Fight against the COVID-19" in response to the needs of many foreign embassies and consulates in China, which attracted extensive attention from domestic and foreign media. During the pandemic, COSCO SHIPPING made donations worth 47,417,900 yuan to the severely-hit areas, and made 42 batches of donations to more than 20 countries, revealing its accountability as a central enterprise.



COSCO SHIPPING (Africa) donated 10,000 medical masks and 200 bottles of hand sanitizer to Transnet

During the pandemic, COSCO SHIPPING made donations worth

47,417,900 yuan to the severely-hit areas.

42 batches of donations were made to more than 20 countries.



COSCO SHIPPING PPA S.A donated 10,000 pairs of medical gloves, 500 sets of protective suits and 500 pairs of goggles to the Ministry of Shipping and Insular Policy (Greece)

CSR Focus

Secure Adequate Supply in Anti-pandemic Practice

At the critical moment of the pandemic, it is a major test for the logistics and transportation industry to ensure global supplies. In response to the COVID-19, COSCO SHIPPING has assumed the mission of a central enterprise to coordinate the pandemic prevention and control, and the production and operation at home and abroad, open a “Green Channel”, and offer support in global shipping logistics for global pandemic prevention and cargo transportation for the people’s well-being. A total of 6,751 standard containers of anti-pandemic materials and 150,000 tons of non-container cargo are accepted for shipping.



COSCO SHIPPING assists JMC International to donate ambulances to Vietnam



COSCO SHIPPING and China Post jointly open a new channel for international mail transport during the pandemic



COSCO SHIPPING provides support in shipping for COFCO’s supply of rice, flour, grain and oil to Hubei Province



Open the first special train for epidemic prevention and control supplies from China to Paris, France, carrying 20 million medical masks, 45 million pairs of gloves, 1.3 million water-soluble bags, the touch-free disinfectant machines and other products worth more than 10 million euros to the epidemic prevention frontline in France.



On April 17, 2020, after a 10-day preliminary preparation and 17-hour installation, the world’s largest transport plane AN-225, carrying 130 tons and 850 cubic meters of anti-pandemic supplies, took off from Tianjin Binhai International Airport and arrived in France on April 19 (local time). COSCO SHIPPING Air Freight Tianjin, a subsidiary of COSCO SHIPPING Logistics, provided high-quality and efficient installation scheme design, ground operation and customs clearance services for the charter flight.

Seize Opportunities to Resume Work and Production

Go where there is epidemic, fight it till it perishes. While doing a good job in pandemic prevention and control, COSCO SHIPPING focuses on resumption of work and production to minimize the negative impact of the pandemic for the set goals of development, contributing to “double victories” of the pandemic prevention and control and the economic development.

© Case: CCTV reports that COSCO SHIPPING helps resume work and production, and the volume of ships at Yangshan Port in the Shanghai section of the Yangtze River is back to normal

As the battle against the COVID-19 shows positive signs, the social and economic recovery is accelerating. On March 26, 2020, CCTV “Midnight News” reported that the volume of ships at Yangshan Port in the Shanghai section of Yangtze River had returned to normal, and COSCO SHIPPING had made every effort to help the national resumption of work and production, with encouraging results.



Scan to learn more about COSCO SHIPPING’s efforts in resuming work and production

During the pandemic, COSCO SHIPPING pays close attention to the health, life and work of its employees, and performs well in pandemic monitoring, troubleshooting and early warning; implements the relevant requirements of the local government on pandemic prevention and control, and develops telecommuting as much as possible to cut down cross-infection; strengthens personnel management and control, guides scientific protection, enhances education and publicity, and stabilizes the employees; purchases and distributes masks and other protective articles for staff to use in working; reduces large-scale meetings, discussions and events to prevent the spread of the pandemic caused by the gathering of people; and cares for local employees, assists in the supply of daily necessities and ensures the basic livelihood of employees in the affected areas.



The disinfection of the plant areas are carried out by the Disinfection Team members



Daily work on pandemic prevention of the COSCO SHIPPING crew

Navigation

Stimulating Momentum for Continued Progress

Under the background of a new round of industrial revolution that is networked, IT-enabled and intelligent, as the largest central shipping enterprise and the world's largest shipping company, COSCO SHIPPING keeps in mind the responsibility of "large enterprise" to develop its main business and embrace the opportunities brought by emerging technologies to the shipping industry, striving to lead the shipping innovation and transformation, and drive the industry's quality development and building of a strong maritime country.

Respond to the New Development Philosophy:

**Innovation
Coordination**

Respond to SDGs:



Deepen Reform and Stimulate Vitality

The Fifth Plenary Session of the 19th CPC Central Committee pointed out that, as we enter the new development stage, we should “deepen the reform of state-owned assets and state-owned enterprises, make state-owned capital and state-owned enterprises stronger, better and larger in scale”, promote the three-year action of the reform of state-owned enterprises to achieve new results, and strive to create a new development paradigm. COSCO SHIPPING actively complies with state policies on reform, strikes a balance between reform, development and stability, gives priority to comprehensive use of reform measures that help energize enterprises and improve operational efficiency, promotes efficient linkage between reform and development, and enhances enterprises’ competitiveness, innovation, control, influence and resilience to risks.

Make the Top-level Design for the Three-year Action

COSCO SHIPPING has thoroughly implemented relevant decisions and arrangements, taken the lead in implementing the SOE reform policies and systems, and improved the overall results of the reform. According to the requirements of the three-year action plan for the reform of state-owned enterprises, we formulated *The Three-year Action Implementation Plan for the Reform of China COSCO SHIPPING Corporation Limited (2020-2022)* after soliciting the opinions of the Group management, the functional departments of the headquarters and the affiliated units. Moreover, we worked with the functional departments to connect their key tasks with the “14th Five-Year Plan”. Based on reporting the implementation plan, we further detailed our work objectives and measures with high standards and strict requirements.

Actively Promote Special Actions of the State-owned Assets Supervision and Administration Commission

“Double-Hundred Action”

COSCO SHIPPING actively carries out the comprehensive reform of “Double-Hundred Action” with an in-depth and comprehensive understanding of the policy-related and promotes the specific reform measures more practically by learning from the practices of excellent benchmark enterprises. On April 23, 2020, Ningbo COSCO SHIPPING Logistics Co., Ltd. held the first board of directors, to appoint the management, and establish the modern corporate governance structure of “Four Meetings and One Layer”, i.e., meeting of the management, general meeting of shareholders, meeting of the Board of Directors, meeting of the Board of Supervisors, and the management layer. The meeting of the Board of Directors marks the success of the pilot comprehensive reform of “Double Hundred Action” and serves as a key practical exploration for the reform toward a mixed system and comprehensively deepening reform, ushering in a new era of reform and development of COSCO SHIPPING.

Reform toward mixed system of logistics

In May 2019, the State-owned Assets Supervision and Administration Commission (SASAC) and the National Development and Reform Commission (NDRC) identified COSCO SHIPPING Logistics as the fourth batch of pilot units for the reform toward the mixed system. In 2020, under the guidance of the Group, COSCO SHIPPING Logistics adhered to the strategy and followed the “14th Five-Year Plan” to formulate a framework plan for step-by-step implementation, by processing clues, optimizing organizational structure, making extensive contact with strategic investment, building an employee shareholding platform and achieving IPO listing, attracting a number of influential strategic investors.

The sci-tech reform demonstration action of Shanghai Ship and Shipping Research Institute

In accordance with the requirements of the *Notice on Filing the Reform Plan of selected Enterprises for the “Demonstration Action of Sci-tech Reform”*, Shanghai Ship and Shipping Research Institute compiles the Reform Plan and Work Sheet of the “Demonstration Action of Sci-tech Reform”. In April 2020, after deliberation and approval at the 10th General Manager’s Office Meeting of the Group, the Reform Plan and Work Sheet of the “Demonstration Action of Sci-tech Reform” of Shanghai Ship and Shipping Research Institute was officially submitted to the Office of Leading Group of State-owned Enterprise Reform of the State Council for the record.

Deepen the “2+N” Reform

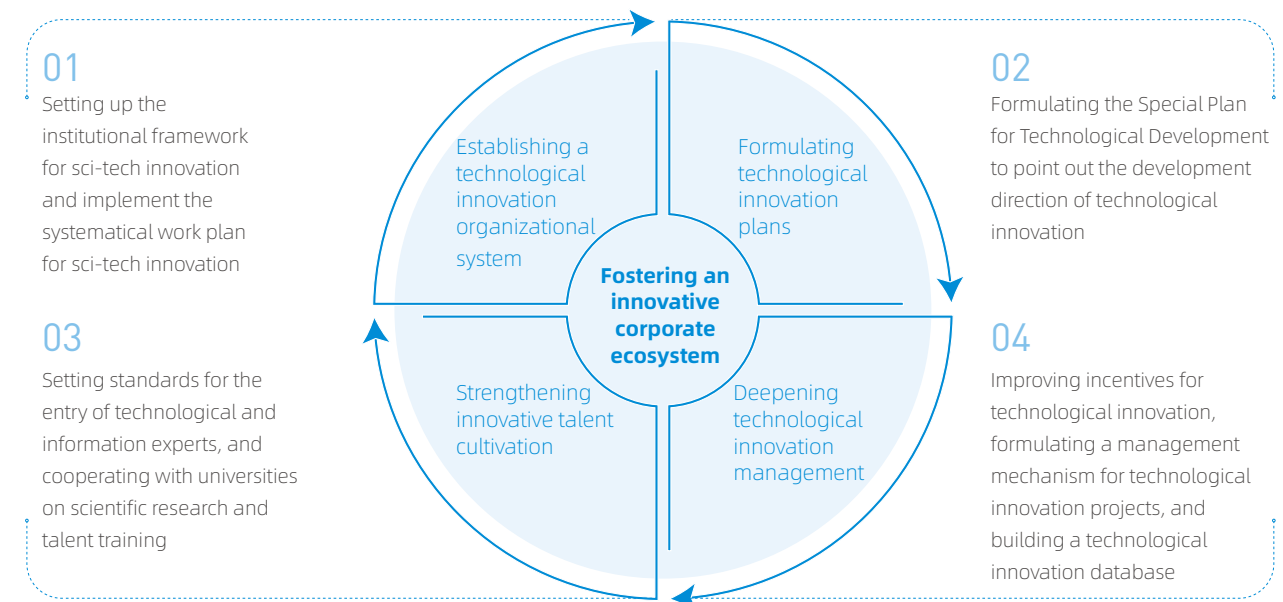
As required by the reform of state-owned capital investment companies, COSCO SHIPPING further optimizes the “2+N” reform plan, with the contents of improving the capacity building of the Group’s headquarters. In 2020, all affiliated units implement the reform plan, and the two prescribed actions have been made in an orderly manner supported by the headquarters. Meanwhile, several optional actions have achieved a substantial breakthrough as well. The work sheets submitted by the affiliated units prove that most of them have improved the corporate governance in the round, and the three systems within the system have been fully covered. In terms of reforming the use of the tool kit, all affiliated units have also made active exploration as needed.

Focusing on Transformation for Innovative Empowerment

In the technology-led information age, innovation is the core driving force of corporate development. Adhering to the concept of innovation, COSCO SHIPPING boasts strong sci-tech innovation ability and market competitiveness by virtue of strong research and development ability, high technological level and first-class professional equipment.

Pool Innovative Resources

With innovative development as the concept, COSCO SHIPPING attaches great importance to sci-tech innovation and core technologies in the development of the Group, promotes the construction of research and development platforms, and helps the full-scale improvement of industrial innovation. As the “14th Five-Year Plan” strategic plan is made, COSCO SHIPPING, on the premise of realizing value creation, strengthens the layout of forward-looking technological innovation, pools superior resources and creates a collaborative innovation model with the main development line of “Smart Shipping” and “Smart Highway” as the focus, and the breakthroughs in key and core technologies as the priority. We finish the research projects of “Smart Shipping Shore-based Data Center Development” and “Highway Provincial Video Networking Cloud Platform Research and Development”, and the innovation project “Intelligent ship/Smart shipping data Center project” is approved. More than eight million yuan has been invested in the research and development which are carried out steadily, laying a solid foundation for the long-term competitiveness of products and layout of the “smart” market.



Part of COSCO SHIPPING Technology's measures for promoting technological innovation

Innovative Research and Development Platform

COSCO SHIPPING further promotes the construction of its research and development platform, helping to comprehensively improve industrial innovation. In 2020, COSCO SHIPPING Ports declares “Automated Port Technology Shipping Industry Research and Development Center” and is approved by the Ministry of Transport, which has become its first national R&D vehicle, and also the first industry scientific research platform approved by the national ministries and commissions since COSCO SHIPPING was newly established, which lays a solid foundation for the Group to accelerate the construction of scientific and technological innovation system and achieve high-quality development.

Promote Digital Transformation

As the new technology has a greater influence on the industry, the three trends of digitalization, intelligence and automation will promote the shipping industry with leaps and bounds in cost, efficiency and reliability. COSCO SHIPPING adheres to the concept of an innovative nation, promotes digital transformation, improves its innovation capacity and competitiveness, and contributes to the high-quality development of the shipping industry.

Smart shipping provides efficient service in navigation

With the rapid development of big data, artificial intelligence and other technologies, the intelligent ship has become an inevitable trend in ship manufacturing and shipping. COSCO SHIPPING, by benchmarking the technological standard of international excellent smart ship manufacturing, comprehensively improves smart shipping with data-driven awareness, which will facilitate building smart ships that represent the future of the shipping industry.

1

Create more value of big data of shipping

The COSCO SHIPPING Research Institute exchanges experience with domestic and foreign partners on the top-level framework and management mode of the ship data center, makes the plan of building a shore-end smart ship data center and finishes the first-phase construction target, and develops some capabilities on data collection, analysis and display. In addition, COSCO SHIPPING drafts cooperation agreements with ship equipment manufacturers on smart ship standards and jointly carries out research on smart ship data standards.

2

Strengthen management on the full life cycle of ship quality

The software for supervising the management on the full life cycle of ship quality passed the acceptance of experts on June 19, 2020, realizing the electronic management of the whole process of the Group's ship supervision and manufacturing process, and finishing the effective collection of all kinds of data in the process, which provided systematic support for the standardized management.

3

Expand the development of sci-tech cooperation platforms on shipping

In 2020, the COSCO SHIPPING and the China Classification Society established in Shanghai a shipping technology joint innovation studio, backed by the power of transportation and the construction of Shanghai international shipping center, to carry out various R&D work on “ship type, energy consumption, emission, and intelligence”, with efforts to improve innovation ability, promote the industry chain on the whole and achievement transformation.

Smart ports empower upgrading of ports

5G technology speeds up the arrival of a digital society. Supported by digital technology and an open and innovative environment, the development of the port transportation industry is full of new vitality. In 2020, COSCO SHIPPING Ports cooperates with China Mobile and Dongfeng Motor Corporation to establish a 5G intelligent port laboratory relying on Xiamen Yuanhai Port, forming an innovation alliance of central enterprises and empowering the upgrading and development of ports. In May 2020, joint standards of enterprises such as Performance and Test Methods of Port Driverless Container Trucks, White Paper on implementation of 5G Smart Port with Full Business Scenarios, Implementation Plan and Roadmap of 5G Smart Port were released, and the project was approved by C-ITS Intelligent Transportation Industry Alliance of the Ministry of Transport. Substantial progress has been made in the cross-border integration of ports and 5G technology.



COSCO SHIPPING, China Mobile and Dongfeng Motor Corporation jointly launched the first 5G smart port with full-scenario application.

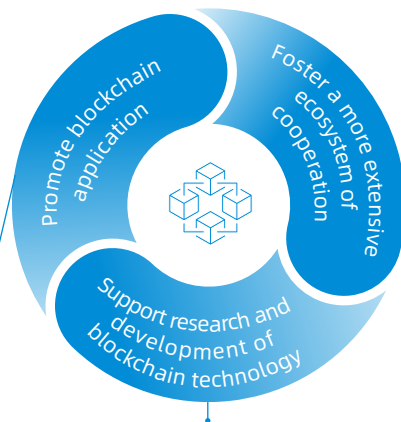
Smart service grasps the opportunity of innovation

Following the digital transformation policy of “data-intensive business, business-led data and Platform-as-a-Service”, COSCO SHIPPING actively carried out the exploration of digital transformation in 2020, made full use of the e-commerce platform to enable customers and to use various transportation supply chains of the Group more conveniently and intuitively, and met the requirements of small and medium-sized enterprises for foreign trade and transportation. In response to the spread of the pandemic overseas, COSCO SHIPPING used its existing information system to build a home office system with “zero distance online and zero contact offline” to keep the normal and orderly business at home and abroad, pooled internal and external high-quality resources and accelerates the development of end-to-end business channels through business model innovation. We built the Southeast Asia Transfer Center of Wastepaper Pulp abroad and took the lead in innovating and introducing container transportation routes “from land route to waterway” and “from land route to the railway” at home. Relying on Europe's own resources and the advantages of the Hong Kong and China-Europe Land-Sea Express lines, we introduced our successful experience to the Mediterranean region, breaking through the bottleneck of shipping during the pandemic and solving the difficulties faced by customers in the logistics supply chain.

Smart Industry Promotes Coordinated Development

COSCO SHIPPING gives full play to the advantages and good resources of each sector and creates a new model of industrial cooperation with blockchain as a link. By promoting the application of blockchain, carrying out cooperation and exchange with various parties, and supporting the research and development of blockchain technology, COSCO SHIPPING realizes the integration of blockchain with shipping, ports and other sectors to achieve a more extensive connection, promote the ecological construction of innovative industries, and jointly provide customers with more convenient services.

Take the initiative to cooperate with national ministries and commissions and Shanghai Municipal Commission of Transport to carry out blockchain cooperation and exchanges, listing GSBN project as a transportation power project, and assisting GSBN to finish the task of anti-monopoly; participate in the central enterprise blockchain alliance, the COSCO SHIPPING and the COSCO SHIPPING Lines serve as vice chairman and council member respectively.



Organize relevant sectors to have multiple discussions about strategic cooperation with Ant Financial and Alibaba, carry out cooperative exchanges in logistics digitalization, supply chain financial services, logistics supply chain standards and other aspects, and organize the signing of strategic cooperation agreements among COSCO SHIPPING, Ant Financial and Alibaba.

Implement sci-tech research projects to provide support to the study on the "legal effect, shipowner liability protection and application of smart contract of EDO in blockchain application scenarios", providing compliance guarantee for the shipping sector in promoting blockchain. The Group assisted the COSCO SHIPPING Lines in formulating blockchain data standards and realized the application of paperless cargo release by GSBN.



◎ Case: The whole-process paperless import makes the "one-click pick up" possible

In 2020, COSCO SHIPPING Container Lines (Shanghai Branch), which is a subsidiary of COSCO SHIPPING Lines, promoted EDO mode to help customers in a series of online services such as online order matching, online payment, electronic invoice, and online reservation, realizing the "paperless" all-in-one import business handling.

With the encryption protection of blockchain technology, customer-related information is transferred securely. The cargo delivery is visible in process, controllable in time and preventable in risk. Customers can finish all operations online with one click at home, which greatly saves the time and cost of waiting in line and commuting, revealing the efficiency and service advantages of COSCO SHIPPING.

◎ Case: Haining Chart, a new-generation electronic Chart software developed by COSCO SHIPPING

On October 28, COSCO SHIPPING (Guangzhou) introduced Haining Chart, a new-generation electronic Chart software developed by itself, at the third Bay Area Port and Shipping Development Forum, which is the first public appearance of the software in China.

As China's first self-developed electronic Chart software approved by the UKHO, Haining Chart strictly follows the standards and specifications of the International Hydrographic Organization (IHO), providing local solutions for purchasing, updating and transmitting electronic Chart data for ships. It effectively reduces the cost of chart procurement while meeting the requirements of navigation safety. Haining Chart has a bilingual interface in both Chinese and English. After taking the professional opinions of nearly 100 ship pilots into account, it has the system architecture and interfaces conforming to both international standards and the operation habits of the Chinese people.



Escort

Coordinating Forces for Sustainable Development

COSCO SHIPPING is committed to improving technical professionalism and sustainability, and pursuing quality products by virtue of strict quality guarantee, for providing customers with quality services. It also strictly guards the safety line in the production and operation, and continuously injects momentum into the sustainable development of shipping.

Respond to the New
Development Philosophy:

Coordination

Respond to SDGs:



Laying Solid Foundation for Safety Production

Safety is the top priority in business management of COSCO SHIPPING, who strictly abides by the Law of the People's Republic of China on Work Safety and other laws and regulations, and adheres to the insurmountable red line of "development must not be at the expense of safety". In 2020, all units and ships of COSCO SHIPPING had no production safety accidents at and above the general level and accomplished the target of production safety set at the beginning of the year.

Implement the Responsibility for Work Safety

COSCO SHIPPING implements the entity responsibility for work safety, lays a solid foundation for safe production, improves the work safety management system, strengthens risk control, and creates a safe, stable and harmonious environment.

Lay a solid foundation for safe production

In 2020, COSCO SHIPPING carried out a three-year campaign of special rectification of work safety, and formulated the *Implementation Plan of the Three-year Campaign of Special Rectification of Work Safety of COSCO SHIPPING* based on the research results. The Plan has seven special subjects, providing a strong guarantee for work safety from the institutional level.

For a more solid basis for work safety, COSCO SHIPPING places the implementation of safety responsibility in a key position and requires all levels of employees to clearly and fully shoulder corresponding responsibilities. The management of COSCO SHIPPING takes the lead in setting an example, publicizing, and emphasizing safety. Taking the *Three-year Action Plan of Special Rectification on National Safety Production* as the theme, they gave lessons on "Lecture on Safety", making interpretation of the main contents and related work deployment. All the subordinate units, and heads at all levels performed their safety duties well to ensure "required routines are finished as required, optional actions have highlights, and innovative actions have features". In addition, COSCO SHIPPING and its subordinate units, taking into account the deployment and requirements of Group's Meetings, formulated the annual target list and task list on safety work, detail measures and requirements, and implemented responsible persons and deadlines, to ensure the completion of the tasks of safety and environmental protection work in 2020.

Troubleshoot risks and hidden dangers

COSCO SHIPPING has strengthened the dual control and improved the level of risk control, providing a solid guarantee for the security risk prevention and control of industrial clusters. We have improved the safety risk prevention and control mechanism, revised the *Regulations on Work Safety Risk Management*, and emphasized the requirements of safety production risk control. It emphasizes the "management at dynamic and critical points" and promotes risk identification, hierarchical assessment and control on a daily basis and before each operation. Meanwhile, COSCO SHIPPING has further advanced the troubleshooting and management of hidden dangers by carrying out the 2020 Annual Safety Inspection in stages based on the seasonal characteristics of safety production. Drawing lessons from typical accidents at home and abroad, we sort out the shipping of dangerous goods, and the transport, storage and use of oil products and dangerous chemicals on land, etc, as the focus of safety supervision for COSCO SHIPPING to keep tracking.

Strengthen supervision on the field

COSCO SHIPPING continues to strengthen supervision and control on the four key links of Ship, Period, Industry and Project, striving to create a safe shipping environment.



Create a Safety Culture

For the purpose of creating a culture of safety and raising the safety awareness of all employees, COSCO SHIPPING actively carries out safety education, training and emergency drills, creating a unique safety brand.

Safety training and drilling

In view of the current safety management and the previous emergencies in the shipping industry, COSCO SHIPPING carries out employee safety education and training to enhance their safety awareness, while also escorting the effective implementation of the company's safety work.



COSCO SHIPPING carries out a fire drill



Slogan of safety production

Create a safety brand

In order to endow the safety brand with nautical characteristics, the Group mobilized safety management personnel and front-line captains and pilots to jointly compile the *Reference Guide to Ports and Waterways*, the Guide covering more than 260 ports around the world to summarize the maritime experience in 930,000 characters which took the COSCO Maritime Safety magazine and the Ship Navigation Committee of the China Institute of Navigation as a platform to spread the Group's concept on safety and provide supports for "Shipping Power" and "Ocean Power". We set up an expert team of 24 members on safety management responsible for making special studies on ship collision prevention, fire and explosion prevention, onshore occupational injury prevention and sub-contractor management. Based on the analysis of the existing problems and shortcomings, the expert team made suggestions for the improvement of management on the capabilities of controlling various safety risks. COSCO SHIPPING organized discussions and exchanges on the ammonium nitrate explosion in Beirut, Lebanon, and the collision and fire of an oil tanker in the waters off the Yangtze River Estuary, and played the role of various experts in decision-making and technical support in safety management and emergency response.

Providing Innovative Services for High Quality

Quality is what an enterprise relies on. With the value of "Customer First", COSCO SHIPPING pursues high-standard quality management in the process of production operation, and strives to create world-leading services and products. With concentrated attention, we care about customers' requirements, protect their rights and interests, and provide them with high-quality and satisfactory services.

Rigorous Quality Management

COSCO SHIPPING is committed to providing customers with quality products and services in accordance with strict quality standards to create value for customers and promote the establishment of a quality management system in subordinate units, and the high-quality development of production and services.

COSCO SHIPPING Development: The company highlights quality management in the whole process of production, strictly abide by the ISO9001 Quality Management System to make the business on container manufacturing, to ensure product quality and specifications in line with laws and regulations, industry standards and customer requirements. In 2020, Shanghai Universal Logistics Equipment formulated the *Excellent Quality Management Manual* to promote the unified quality management system between the headquarters and its subordinate trunk factories; carried out "Excellent Quality Month" to initiate large numbers of measures to set up platforms for exempting quality inspection, so as to tackle problems on production for improving quality; organized such activities as skills competition, quality inspectors' rotation, and quality training to promote skill upgrading and quality service.

COSCO SHIPPING Specialized Carriers: The certification of the quality management system (GB/T19001-2016/ISO9001:2015) has been achieved in the marine cargo transport project management, ship leasing and crew labor leasing within the business scope of the company. The company has also implemented QHSE Management System for high service quality and safe production, preventing marine environment pollution and personnel casualties.

Generous Presents to Customers

With the concept of "Shipping with the Essence of Service" and the "customer-focused" service standard, COSCO SHIPPING has made unceasing efforts to improve global service quality and customer satisfaction. We have been adopting the mode of business cooperation which features resource sharing with subordinate units for the joint promotion of strategic customer service. After sorting out the current work and existing problems of customer service, COSCO SHIPPING has proposed to further improve the construction of customer service system and customer value analysis and set the target of improving customer service for a higher quality of customer service. During the pandemic, COSCO SHIPPING actively publicizes the service plan of the container transportation routes "from land route to waterway" and "from land route to the railway" to facilitate the smooth flow of customers' supply chains and thus break bottleneck constraints in land transportation for customers. After consulting 23 central enterprises on the requirement of shipping anti-pandemic materials, we coordinated all units to make full use of their respective advantages for stable supply during the pandemic.

COSCO SHIPPING Specialized Carriers: The company has established the mechanism of holding a weekly regular meeting and the platform for exchanges with the customer to learn their needs, propose improvement programs and give instant feedback on the rectification results, so as to effectively improve the quality of pulp shipment. As of October 2020, the number of cases of pulp cargo damage and shortage has dropped by 73.7% year-on-year. The company also introduced the achievements of pulp freight quality to other business areas, and thus the amount of claims for damage to multi-purpose vessels decreased by 94.8% year-on-year.

North America Company: As a counter-measure against the COVID-19, the import & export customer service staff in the North American Operation Center received customer service calls through IP phones at home to achieve smooth answering of customer service calls. It also built a VIP customer service team to provide one-stop service, and promoted the use of the Portal system (web menu-type customer service demand collection system) in the United States, facilitating all inquiries in the system to be solved within two hours with higher efficiency of service.

South America Company: It completed the 2020 customer satisfaction survey report. During the pandemic, the nine overseas customer standards were put into operation in South American countries as required for the guarantee of customer service quality. Based on the requirements of the Group and the specific pandemic situation of various countries, our emergency service plans were formulated and the emergency response mechanism was strengthened, so as to protect the supply chain of customers.

Endurance

Protecting the Earth, Blue Seas and Skies

In September 2020, General Secretary Xi Jinping announced China's goal of "emission peak" and the vision of "carbon neutrality" at the United Nations General Assembly. How to blaze a trail of green development has become a major issue of enterprises. COSCO SHIPPING always places the social responsibility of protecting the environment and saving resources in the important position of corporate development. With the environmentally-friendly business strategy, we continue to improve the environmental management system, publicize and implement the culture of green environmental protection, use clean energy, control greenhouse gas emissions, develop the circular economy, and strive to achieve the harmonious co-existence of economic growth and ecological environment.

Respond to the New Development Philosophy:

Green

Respond to SDGs:



Advancing Green Development with Management First

COSCO SHIPPING adheres to green development, constantly improves its environmental management system, and integrates the concept of environmental protection into its operation and management. In 2020, COSCO SHIPPING formulated and issued the environmental management rules and regulations such as *the Inspection Standards of Ecological Environmental Protection*, *Management Guide for Ecological Environmental Protection* and *the Special Inspection Guide for Enterprise Volatile Organic Matter Management*, and organized all units of the Group to carry out self-inspection. In line with the supervision plan of enterprises in key industries, we made the on-site supervision on five subordinate units and the “Follow-up Re-examination” supervision on ecological environment protection of eight subordinate units. Following the principle of “supervision while training”, special trainings were conducted for the personnel in charge of relevant key units from the aspects of laws and regulations, institutional improvement, pollution sources and risk point investigation. In 2020, the energy consumption and emission reduction of the Group met the assessment standards of the SASAC.

COSCO SHIPPING Energy: We classify the environmental factors and the degree of impact of ship navigation in line with the *Identification of Ship Environmental Factors*, to provide a basis for the formulation of the corresponding management system to lower the negative impact on the environment to the greatest extent while making reasonable allocation and utilization of resources.

COSCO SHIPPING Specialized Carriers: We constantly improve the management of the environment, safety, occupational health, and quality (ESHQ), clarify the responsibilities of the management, the departments and the posts, and issue operating guidance documents to standardize all kinds of operating procedures and record management. In terms of environmental management, the company has passed the certification of the environmental management system (GB/T24001-2016/ISO14001:2015) for the project management of marine cargo shipping, ship leasing and the labor leasing of the crew.

Promoting Low-Carbon Environmental Protection and Green Operation

Green and low-carbon development is the trend of the shipping industry. COSCO SHIPPING has long attached great importance to environmental protection, improved energy efficiency management, practiced green development, promoted green shipping and green port development, reduced energy consumption and environmental emissions, and built an environmentally-friendly enterprise.

Respond to the Climate Change

Climate change is a major issue facing the sustainable development of the shipping industry. In the context of achieving goals of carbon peak and carbon neutrality, COSCO SHIPPING carries out carbon reduction action in line with the requirement of the greenhouse gas emission reduction by the International Maritime Organization (IMO), makes continuous technological innovation and management innovation to control the carbon dioxide emissions in the process of business operation. We’ve made studies on the green ship and alternative bunker fuel, giving full play to the professional advantages and serving as the actor responding to climate change.

COSCO SHIPPING Development: We take active response to the TCFD initiative of making transparent and consistent climate-related financial disclosures for enterprises, identify the risks and opportunities brought by climate change to our business sectors, and make scientific judgments and decisions to cope with the impacts of climate change.

COSCO SHIPPING Specialized Carriers: Our shipping management department selects advanced energy-saving and emission reduction technologies in the development & design of new cargo and new routes. As required by the EU, we implement a system of monitoring, reporting and verification of carbon dioxide emissions from ships with over 5,000 gross tons sailing on EU waters to reduce greenhouse gas emissions.

COSCO SHIPPING Energy: In order to achieve the “green development” of the company’s fleet under the trend of decarbonization, we have innovatively carried out research on LNG dual-fuel VLCC. In 2020, 89% of LNG dual-fuel VLCC projects were reviewed on design papers, making positive efforts for the green development of the industry.

Build A Green Port

Port is an important driving force for world economic growth, as well as the main energy-consuming unit and pollution source in the world. Guided by the concept of green development, COSCO SHIPPING is constantly committed to building a new-type port with environmental friendliness, ecological protection, rational utilization of resources, low energy consumption and low pollution. Port development, resource utilization and environmental protection should be organically combined to take the road of sustainable development with less energy consumption, less environmental pollution, better growth mode and strong scale effect, so as to promote the harmonious, unified and coordinated development of port development and environmental protection.



The Green C Ports European Project participated by COSCO SHIPPING (Piraeus) Ports Co., LTD. (PPA) won the “2020 World Port Sustainable Development Award” of IAPH

© Case: Shore Power project

Shore power is a key measure for port in green development. When a ship is berthing at a port, it needs to use the auxiliary generator on board to generate power for production and life as required. The harmful substances produced by the ship are an important factor affecting the air quality of the port and the city where it is located. COSCO SHIPPING ports has made great efforts to develop the shore power system to provide power when ships are connected to it, thus reducing harmful substances and greenhouse gas emissions during berthing at the port. In 2020, all the domestic holding companies affiliated with COSCO SHIPPING Ports installed shore power systems, and the newly-built shore power system of Nansha Wharf in Guangzhou put “COSCO America” into use, realizing seamless switching between ship power and shore power.



Build Garden Shipyard

COSCO SHIPPING's initial achievements in establishing a green and environment-friendly garden shipyard have received praise from the local government and all sectors of society. COSCO SHIPPING follows the concept of green development to speed up the research and development of new technologies and craft, increase the application of new equipment and new means, and gradually explore a path of building a garden shipyard driven by innovation and led by science and technology in green transformation.

© Case: COSCO SHIPPING Heavy Industry explores in building a green garden shipyard

COSCO SHIPPING Heavy Industry (Zhoushan) insists on the innovation-oriented construction of garden shipyard, and carries out "the reform on the sandblasting derusting" to solve the dust pollution caused by sandblasting derusting, with a set of domestic ultra-high pressure water derusting equipment developed and produced to improve unit efficiency while greatly improving the production environment. In response to the use of clean energy, it has built rooftop photovoltaic power stations. By August 2020, the installed area of rooftop photovoltaic power stations has reached 195,000 square meters, generating about 18 million kWh of electricity annually and reducing resource consumption and carbon emissions. It also increases the park's green area and beautifies the production environment to make a positive contribution to improving the regional ecological environment.

installed area of rooftop photovoltaic power stations has reached

195,000 m²

Annual power generation is about

18 million kWh

Nowadays, everywhere in a shipyard is a scene of green grass and blooming flowers, including a dock, wharf, workshop and office building. Since 2018, the company has been entitled "Zhoushan Green Ship-repairing Enterprise", "Zhoushan Green Ship-repairing Demonstration Enterprise", "Zhejiang Clean Production Enterprise" and other honors. The COSCO SHIPPING Heavy Industry (Zhoushan) takes the lead in compiling the *Standard Management of Green Ship Repair Enterprises*, which has been listed in the sixth batch of pilot reform projects of China's Free Trade Zones for promotion.



Reduce Environmental Emissions

The sulfur restrictions have been recently implemented around the world, and the concept of green shipping has gradually become popular. COSCO SHIPPING strictly abides by the new IMO2020 regulations to reduce emissions of sulfur oxides and other pollutants and lower the negative impact on the environment.

COSCO SHIPPING Specialized Carriers: In response to the IMO Low Sulfur Standard 2020, we have purchased and used 0.5% m/m VLSFO within the scope of our global business and 0.1% m/m ULSFO in specific waters to reduce sulfur oxide emissions, thereby reducing atmospheric pollution caused by ship exhaust.

COSCO SHIPPING Lines: The scrubber was installed on 23 ships, including 10 with 4,250TEU, 8 with 14,000TEU and 5 with 19,000TEU, to ensure that they could meet the sulfur limit requirements.

Improving technological guarantee

Carrying out key researches on such problems as the piston ring fracture of the main engine of ships caused by the fuel quality, and analyzing the ship scrubber market, to promote the related technology upgrade

Perfecting legal guarantee

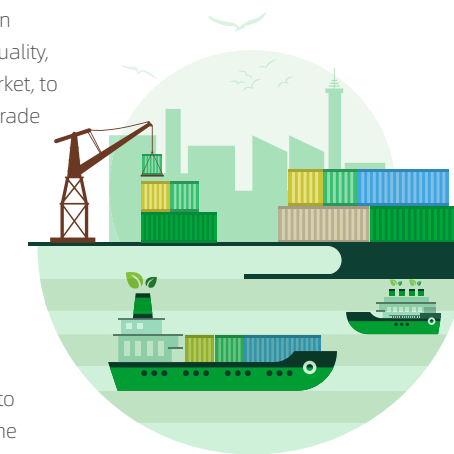
Carrying out special legal risk investigation on the implementation of the IMO sulfur limit, and compiling the IMO 2020 sulfur limit legal risk prevention and response guidelines

Conducting special researches

Conducting the Tracking Study on the Implementation of the IMO 2020 Sulfur Limit by Shipping Companies to enrich the research results of maritime conventions

Guaranteeing low-sulfur resources

Signing framework agreements on the low-sulfur fuel oil supply guarantee, and completing the contract negotiation on the floating price of low-sulfur fuel oil with domestic and foreign fuel supply companies, to lay a foundation for the supply, quality and price guarantee of low-sulfur fuel oil



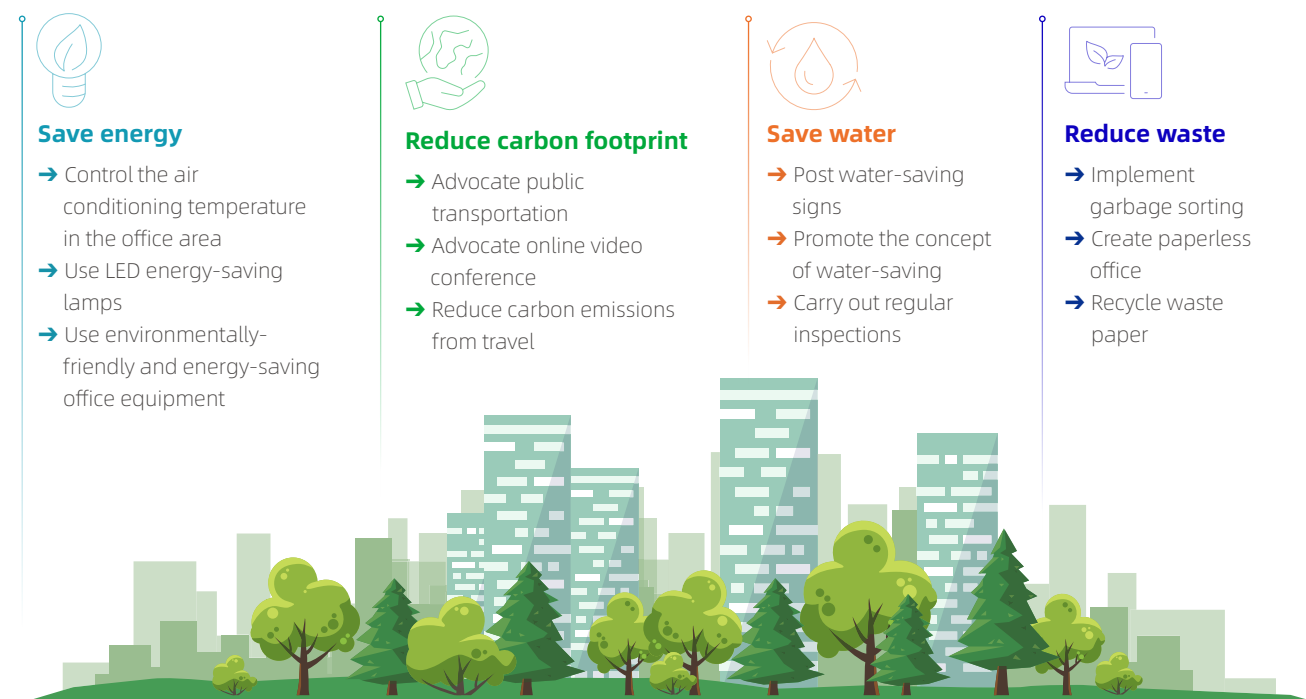
© Case: Use low-sulfur fuel to reduce harmful emission

OOCL strictly abides by the regulations of the EU, North American and International Maritime Organization to use fuels with a sulfur content of 0.1% or less in all SULFUR oxide emission control zones and to use fuels with a sulfur content of 0.1% when calling at designated EU ports. It strictly complies with Asia's First Air Pollution Control (Ocean-going Vessels) (Use of Fuel during Berthing) Regulation, which requires that vessels of over 500 gross tonnages shall use fuels with a sulfur content of 0.5% or less for auxiliary engines, generator sets and boilers when calling at Hong Kong port. This regulation provides a solid basis for the legislation of establishing an emissions control zone in Asia, bringing it into line with international practices in Europe and North America, and making a long-term and effective plan for improving air quality.

The sulfur content of fuel used by OOCL ships on the high seas is also much lower than the 0.5% standard set by the International Maritime Organization. In 2020, OOCL's fuel has only an average sulfur content of 0.47%.

Advocate Green Office

COSCO SHIPPING identifies and manages environmental risk factors in the routine office of headquarters, finance leasing business, investment and service business. During the process of operation, COSCO SHIPPING constantly advocates the green office concept of low carbon and environmental protection, actively practices waste reduction and recycling, and strives to build a resource-intensive and environment-friendly enterprise.



Protect the Ecology and Safeguard the Ocean

Oceans, where life is born and bred, account for 71% of the Earth's surface area and 99% of biological habitat. The shipping industry is closely related to marine biodiversity which, however, is negatively affected by ship navigation and cargo transport. COSCO SHIPPING has been abiding by the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, Law of the People's Republic of China on Prevention and Control of Water Pollution, Marine Environment Protection Law of the People's Republic of China and other relevant laws, regulations and conventions, and formulated the "Instructions on Ship Ballast Water Management" and "Ballast Water Management Plan" and other systems to promote the subordinate units to highlight the protection of marine ecology, reduce the possible impact of shipping on marine life, and protect the ocean on which human beings depend for survival.



To avoid collisions between whales and ships, COSCO SHIPPING Lines and OOCL have slowed down their navigation in main whale habitats to prevent whale injuries or deaths caused by shipping. In 2020, COSCO SHIPPING Lines was awarded the Comprehensive Gold Medal of the "Protection of Blue Whale and Blue Sky" project in 2019, and donated the award of US \$18,000 to the environmental protection organization promoting the project, contributing to the activities of the project to be carried out in 2020.

Ship Ballast Water Management

The presence of alien organisms and pathogens in the ballast water of ships will have a negative impact on the ecosystem structure and species diversity of the local waters. In 2004, the International Convention on the Control and Management of Ballast Water and Sediment of Ships 2004 formulated by the IMO strictly regulated the management of deep-sea ballast water replacement, so as to reduce the risk of introducing harmful aquatic organisms and pathogens from ballast water and sediment of ships. On January 22, 2019, the Convention officially entered into force in China. COSCO SHIPPING and its subordinate units actively improve ship ballast water management to reduce the impact of shipping on marine ecology.

COSCO SHIPPING Energy: We attach great importance to the management of ballast water of ships and formulate the *Ballast Water Management Plan*, the *Tanker Ballast Water Operation* and other management systems. Our ships are equipped with ballast water treatment devices to monitor the content of microorganisms, pathogens and such in ballast water, so that the discharge of ballast water would meet standards without alien species.

COSCO SHIPPING Specialized Carriers: We strictly comply with the Measures for the *Management and Supervision of Ship Ballast Water and Sediment*, which requires ships to finish ballast water replacement in waters where the land distance and water depth reach the standards, so as to reduce the negative impact of business operations on biodiversity to the utmost.

COSCO SHIPPING Lines: We formulate and implement the *Instructions on Ship Ballast Water Management* and the *Ballast Water Management Plan* and other institutional documents on the ship management, to prohibit the violation of the International Convention on The Control and Management of Ballast Water and Sediment of Ships 2004, and manage the ballast water through four links (operation, replacement, safety inspection, and recording).

Waste Management

For curbing the marine waste and garbage pollution and reducing the economic and ecological losses caused by the destruction of the marine ecosystem, COSCO SHIPPING encourages its subordinate units to formulate and carry out effective action plans to practice the thought on marine ecological civilization and the concept of a marine community with a shared future.

COSCO SHIPPING Specialized Carriers: We implement measures for the management of the discharge and disposal of wastes, dirty oil and water such as the *Waste Management Regulations*, and the *Measures for the Administration of Agreements on Pollution Removal from Ships*, form a process of shipboard waste disposal consisting of collection, processing, storage and discharge, and separate reusable waste from non-reusable waste.

OOCL: We adopt a shipboard waste management system with waste treatment facilities such as incinerators, food dispensers, and compactors; monitor the amount of sludge at all times and use specialized equipment such as fuel homogenizers and oil purifiers to reduce sludge and minimize the negative impact on the environment.

Wastewater Management

The discharge of wastewater is one of the important factors resulting in marine ecological pollution. The main wastewater pollution in shipping activities comes from ballast water and oily sewage discharged by ships. COSCO SHIPPING strictly complies with relevant laws and regulations, and establishes strict internal discharge standards to ensure that the discharge of wastewater meets the standards.

COSCO SHIPPING Energy: We exercise strict control over domestic sewage and garbage discharge. In general, domestic sewage is forbidden to be discharged into the sea, unless being treated through the domestic sewage crushing and disinfection system approved by the competent authority within the scope prescribed by the International Certificate for the Prevention of Domestic Sewage Pollution. All ship wastes are disposed of by shore.

COSCO SHIPPING Ports: In accordance with the *Water Quality Standard for Sewage Discharged into Urban Sewers (CJ343-2010)*, we strictly monitor the discharge of pollutants to ensure the safe treatment of wastewater.

Co-Building the Awareness of Environmental Protection Led by Green Development

It is the political task of the central enterprises to fight a tough battle for environmental protection. COSCO SHIPPING, as a large central enterprise, practices the concept of environmental protection while taking advantage of its own resource advantages to help the industry to promote energy conservation and environmental protection. Relying on the opportunity of accelerating energy transformation and promoting the development of the clean energy industry, COSCO SHIPPING actively explores LNG transportation and promotes water paint renovation, leading the development of green energy.

Develop the LNG Shipping Industry

According to the *Energy Prospects for the World and China 2050*, natural gas will be a choice to achieve carbon neutrality and China's demand for natural gas will continue to grow. As a leader in China's LNG transportation business and an important participant in the world's LNG transportation market, COSCO SHIPPING strives to grasp the intrinsic demand of green energy development. COSCO SHIPPING Energy takes the LNG transportation business as the second development curve to optimize its business structure. In 2020, COSCO SHIPPING Energy established its own ship management company to enhance its LNG ship construction and supervision capacity, built a high-quality LNG ship management platform, and established a sound LNG ship management system and crew training system, facilitating the development of LNG transportation.

© Case: Explore a new path for upstream and downstream cooperation to promote the comprehensive development of the domestic LNG industry chain

Under the leadership of COSCO SHIPPING, COSCO SHIPPING Energy works with PetroChina International and Hudong-Zhonghua Shipbuilding to participate in the PCI Project, the first project solely operated, managed and constructed in China, to build a win-win ecosystem of large cargo owners, ship owners and shipyards in an innovative way and accelerate the development of the LNG industry chain.



COSCO SHIPPING LNG Ship, Tian Quan Xing



On June 30, 2020, the cloud signing ceremony was held for the "LNG Transportation Project COSCO SHIPPING and PCI", in which the time charter & construction contract of three LNG transportation ships of 174,000 cubic meters was signed. The three state-owned enterprises, China National Petroleum Corporation (CNPC), COSCO SHIPPING and China State Shipbuilding Corporation (CSSC), have taken practical actions to build an LNG industry chain ecosystem of "interconnected integration, win-win symbiosis" and to realize the important practice of integrated development of upstream and downstream industry chains. It serves as a showpiece that the industrial chain coordinates the resumption of work and production. Moreover, COSCO SHIPPING Energy takes the opportunity of the PCI project to cultivate the technical team and talent echelon of "the second development curve", promoting the overall development of the LNG industry chain.

Actively Promote Water Paint Renovation

The traditional container manufacturing industry uses oil-based paint, generating a large number of VOCs posing serious harm to the environment and human health. COSCO SHIPPING integrates the concept of green environmental protection into every link of production and processing, and actively promotes its subsidiaries in transforming the oil-based paint to water-based paint, so as to reduce the impact of container manufacturing on the environment, and promote the green development of container manufacturing industry.

© Case: Shanghai Universal promotes water-based paint transformation

COSCO SHIPPING Development's Shanghai Universal Logistics Equipment fulfills the *VOCs Governance Self-discipline Convention of China Container Industry Association*, continues to promote the popularization and innovation of water-based coating process in the subordinate trunk factories, and replaces the organic solvents and high VOCs paint and ink in the production process with low VOCs or non-VOCs coating, promoting the green development of container manufacturing industry. In 2020, DongFang International Container (Lianyungang), DongFang International Container (Guangzhou), and DongFang International Container (Jinzhou) of Shanghai Universal finished the transformation to water-based paint.



Support Green Transformation of the Industry

As a new engine of high-quality development, digital development has an intrinsic relationship with green development. COSCO SHIPPING follows the trend of digitalization, intelligence and green environmental protection in the shipping field, and focuses on the exploration and research of intelligence, to further expand the application scope and depth of digitalization in the environmental protection, promote the green transformation and upgrading of the whole industry chain, and jointly build the application and development ecology of smart port and shipping.

© Case: Shanghai Ship and Shipping Research Institute implements smart environmental protection

The smart environmental protection module of COSCO SHIPPING takes the opportunity of the digital transformation of the industry to provide multi-level information services on environmental protection for government departments, industrial parks and production enterprises. At the government level, based on the Intelligent Environmental Protection Big Data Platform of Pudong New Area built in 2019, Big Data analysis and application of environmental protection have been carried out, and the Application Scenario of the Pudong Urban Brain Pollutants Monitoring Platform for Key Enterprises has been developed to realize smart, precisely-targeted and coordinated supervision on their pollution discharge, and improve the environmental protection management. At the enterprise level, centering on "Green Manufacturing" and focusing on industrial environmental protection service, the Butler System on Enterprise Digital Environmental Protection has been developed and applied in Shanghai Heavy Industry Co., LTD., which has achieved a good market effect.

Sailing

Sailing on the Maritime Silk Road

COSCO SHIPPING, with an open and inclusive mind and a pioneering spirit, stays at the forefront of global shipping and plays an important role in the Belt and Road Initiative. We're dedicated to promoting global network layout, deepening overseas cooperation, advancing the development of operations through their own development, and making an active contribution to national and public activities.

Respond to the New Development Philosophy:

Openness and Sharing

Respond to SDGs:



Undertaking Mission with Service Strategy

COSCO SHIPPING takes the strategic mission and task of national development as a pilot of “going global”, makes full use of its overseas layout advantages, and participates in the Belt and Road Initiative with a global vision. We give full play to the carrier functions of important infrastructure and basic industries, and assume the responsibility of the national platform for practicing the Belt and Road Initiative, to serve “the new development paradigm featuring dual circulation, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay”, the efficient and unimpeded global maritime transportation of basic goods and materials, and the steady operation of the national economy and the all-round implementation of the reform and opening-up policy.



On October 20, 2020, the DIAMOND Line “Vado Express” of COSCO SHIPPING officially launched at the COSCO SHIPPING Ports PCT terminal, opening up the fastest transshipment channel for the Far East Trunk Line from the Port of Piraeus to the Port of Vado Ligure. It also provides a new and unique route for the supply of goods from northwest Europe and the Eastern Mediterranean, the Black Sea, the Adriatic Sea, North Africa to northern Italy.



The China-Europe Land-Sea Express Line covers 1,500 outlets in nine central and eastern European countries. In 2020, the annual cargo volume exceeded 120,000 TEU, effectively changing the transport pattern in Europe.

Optimizing the Layout to Serve the World

COSCO SHIPPING actively optimizes its global route network, improves the service quality of ship routes, and opens up the lifeline of maritime transport between China and the world; optimizes its overseas network of terminals, and initially establishes a global terminal layout with the Chinese market as the main market and the international market growing continuously; sets up overseas companies in major overseas countries and regions to actively promote the global business in coordination, share information, incubate emerging businesses, provide regional service support, and constantly cultivate excellent talents in international shipping. As of 2020, COSCO SHIPPING has invested in the operation of 58 ports around the world. The shipping routes reach more than 1,500 ports in 160 countries and nine overseas companies.



HHLA Port of Hamburg



COSCO SHIPPING (Europe)



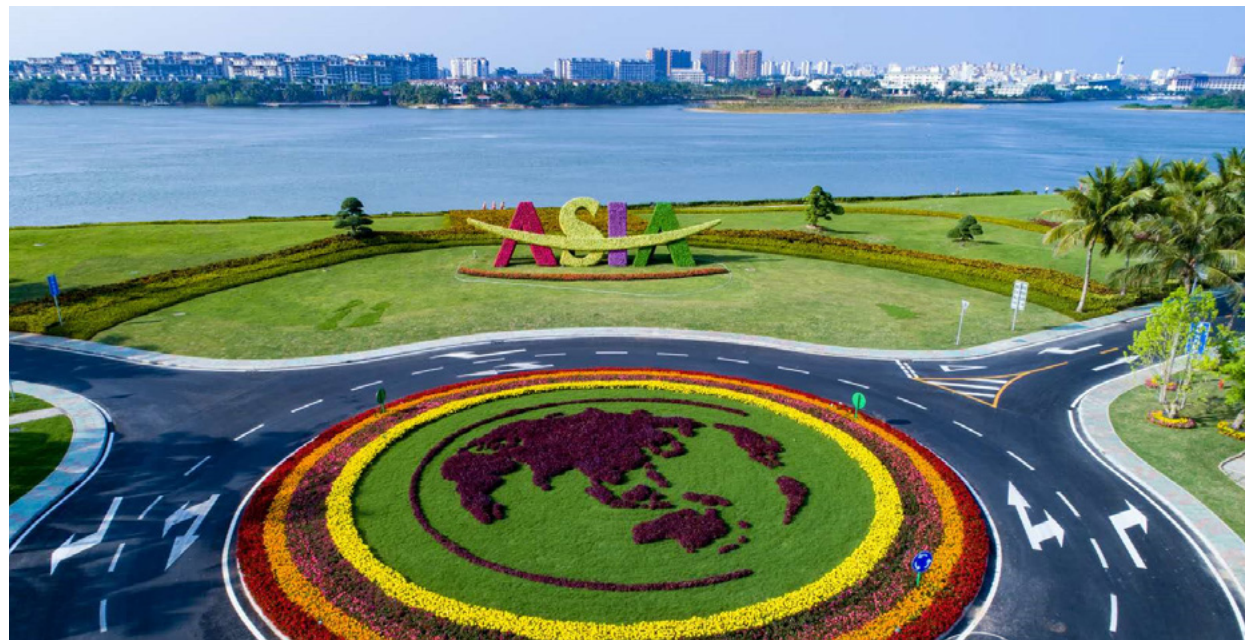
COSCO SHIPPING Piraeus Port

International Cooperation for Common Development

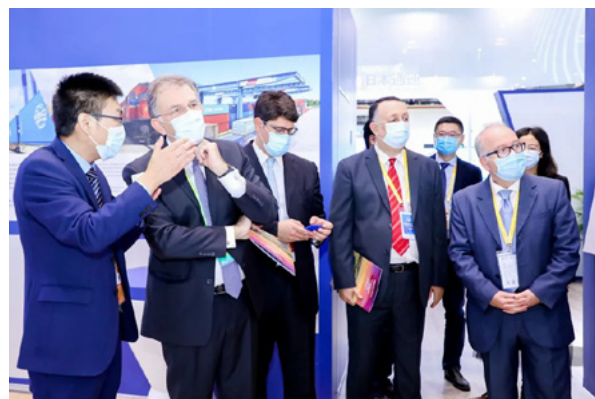
Strengthening overseas cooperation is the key to expanding new international markets and seizing new opportunities. COSCO SHIPPING has made solid efforts to enhance the Group's global influence by participating in high-level international activities and making cultural exchanges.

Provide Services to International Exchanges

COSCO SHIPPING (Boao), the core service unit of the annual conference of Boao Forum for Asia (BFA), has served for the preparation and organization of 19 annual conferences of the BFA since its establishment in 2001, which has been highly recognized and widely praised by the high-level officials of the participating countries. In order to provide better service and meet the increasing requirements for the supporting service, it finished such projects as BFA permanent site Phase II, Press Center, renovation of the Seashore Hotel, and BFA Park, striving to create a key platform of international economic cooperation and cultural exchanges. In addition, it has finished the task of serving the third CIIE, contributing to the promotion of global exchanges.



Boao Forum for Asia (BFA)



Serve the third China International Import Expo (CIIE)



COSCO SHIPPING starts shipment of exhibits from Germany and Denmark at the third CIIE

Participate in International Exchanges

In 2020, with the strategic deployment as the core, COSCO SHIPPING had actively served China's overall diplomacy, contributed to the construction of Shanghai International Shipping Center, and sent the messages that "China is willing and determined to cooperate with other countries", on behalf of the Chinese shipping industry and the Chinese business community through high-level organizations, high-end forums and other international platforms.

© Case: Participate in BRICS Business Council

On November 10, 2020, the Chinese Chapter of BRICS Business Council attended its annual video conference at the Ocean Building in Beijing and adopted the *Annual Report of the BRICS Business Council*. As the chairman of China's Council, COSCO SHIPPING has coordinated and organized members of the Chinese Chapter to participate in the discussions, conveying our message of multilateral cooperation. The BRICS countries jointly issued the *BRICS Business Council Joint Statement on COVID-19 Pandemic* which represented the determination of the five BRICS countries to jointly fight against COVID-19. Chairman Xu Lirong, on behalf of the Chinese Chapter of BRICS Business Council, attended the BRICS Business Forum, organized Chinese Council members to participate in the Expansion of the Secretariat of the Chinese Council and the BRICS Solutions Award Press Conference, and organized important monthly video conference meetings and activities of the working group of the Chinese Chapter.



© Case: Participate in activities organized by APEC China Business Council

As a member of the APEC Business Council, COSCO SHIPPING has participated in many summits and other activities. In 2020, due to the pandemic, the Malaysia Summit was held online. COSCO SHIPPING continued to follow up the preparations and latest developments of the event, and coordinated and arranges department leaders to attend the China Forum.

© Case: Promote the work of Sino-Italian, Sino-Finnish and Sino-Spain enterprise committees

The Sino-Italy Entrepreneur Committee, Sino-Finland Innovative Enterprise Committee and Sino-Spain Enterprise Advisory Committee are important platforms for COSCO SHIPPING to expand local business in Europe and implement the Belt and Road initiative, and play an important role in enhancing the brand influence of COSCO SHIPPING in Europe. COSCO SHIPPING has kept close exchanges with the Chinese secretariats of the three companies' committees, shared the company's measures to deal with the pandemic by attending relevant meetings and activities, and made suggestions for the development of China-EU economic and trade relations in the post-pandemic era.

© Case: Participate in the 10th Asian Logistics, Maritime and Aviation Conference

Co-organized by the Government of the Hong Kong Special Administrative Region and the Hong Kong Trade Development Council, the 10th Asian Logistics, Maritime and Aviation Conference, was held on line on November 17-18, 2020. Under the theme "Capturing opportunities and Amidst Volatility", The Conference focused on how to restructure supply chains under the new normal, the evolving role of Asia in the global supply chain, and the development of the global logistics industry driven by technology and innovation. The secretary-general of the International Maritime Organization (IMO) Lin Ki-ze, Chairman of the International Chamber of Shipping Esben Poulsson, Executive Vice President of COSCO SHIPPING Huang Xiaowen and other guests made speeches at the meeting.

Carry out Cultural Cooperation

Cultural exchange is a key platform for international communication and cooperation. COSCO SHIPPING is committed to enhancing brand culture, making every effort in the pilot of cross-cultural communication, and deepening overseas cooperation through a variety of cultural exchanges.

Strengthen public exchanges overseas

COSCO SHIPPING actively updates in the routine the Facebook and Twitter accounts of the Port of Piraeus, consults with professional institutions for launching overseas social media accounts in Spanish, Arabic and other foreign languages, comprehensively strengthening the construction of overseas new media platforms. Taking advantage of the opportunity of participating in the CIE exhibitions in the Port of Piraeus, arranged "Piraeus Port Cloud Video Media Exchange Conference" to deepen the communication with domestic and foreign media. We initiated the Port Piraeus of Cloud Open Day for central enterprises of "The Belt and Road" to keep close ties with the Publicity Bureau of SASAC, and made detailed plans on telling a good story of implementation of "The Belt and Road" in the Port of Piraeus.



Publish the Chinese version of "Children Counting the Stars"

COSCO SHIPPING actively promotes Sino-Greek cultural exchange actively. COSCO SHIPPING and the Port of Piraeus jointly published the Chinese version of the Greek Literary "Children Counting the Stars". After negotiated a copyright agreement with the authors and copyright owners in the Port of Piraeus, we communicated with China Foreign Languages Press and its children's book publishing institutions to promote the publishing and Chinese translation process, and carried our book donation activities as part of the Group's philanthropy after the book was published.

Fulfilling Overseas Responsibilities by Sharing the Winds and Rains

COSCO SHIPPING has always been committed to fulfilling its overseas social responsibilities, and is ready to achieve win-win cooperation and common development with the local community. COSCO SHIPPING carries out charity and social assistance activities overseas, and offers maritime rescue to convey the positive energy of the enterprise with practical actions.

Offer Maritime Rescue

COSCO SHIPPING has actively participated in the maritime rescue and earnestly fulfilled its responsibilities. In 2020, as required by China Maritime Search and Rescue Center, COSCO SHIPPING participated in 16 maritime search & rescue missions, and coordinated its shipping companies to dispatch 25 ships. Among them, COSCO SHIPPING Bulk's M.V. Xiu Yu Hai rescued 2 persons in distress on a sailboat in the Atlantic, COSCO SHIPPING Energy's M.V. Lian Gui Hu assisted in rescuing 9 crew members in Dalian waters, COSCO SHIPPING Energy's M.V. Yuan Hui Hu rescued 10 Indonesian fishermen in Java, Indonesia, and the M.V. COSCO Malaysia rented by COSCO SHIPPING Lines during the dates of shipment rescued 4 people in distress on a sailboat in the Gulf of Mexico, which demonstrated COSCO SHIPPING's humanitarianism and responsibility as a central enterprise.

© Case: "COSCO Malaysia" rescues a sailboat in distress in the Gulf of Mexico

On September 13, US Eastern time, the M.V. COSCO Malaysia dispatched by COSCO SHIPPING Lines rescued a sailboat in distress and 4 persons on board in the Gulf of Mexico, 130 nautical miles west of Tampa, Florida, USA.



Pass on Warmth by Heart

COSCO SHIPPING has participated in the construction of overseas communities through charity and social assistance activities and passed on corporate warmth, to make its own contribution to the improvement of the local social environment.

© Case: COSCO SHIPPING Lines (Germany) donated Easter chocolates to the local children's hospitals during the pandemic

On Easter Eve 2020 when the COSCO SHIPPING Lines (Germany) learned that two public welfare hospitals, the Hamburg Altona Children's Hospital and the Professor Hess Kinderklinik in Bremen, house many children who had to spend the holiday in hospital due to sickness, the company made instant contact with the two hospitals, under the premise of ensuring the safety of epidemic prevention, and gave the children carefully-packed rabbit chocolates as a surprise and love on Easter Day.



© Case: COSCO SHIPPING Piraeus gave Christmas gifts to the local children from poor families

In 2020, COSCO SHIPPING Piraeus delivered 4,000 Christmas gifts to children from poor families in Piraeus and its surrounding areas, providing a lot of help to local organizations and the people, and bringing the warmth of the festival to children, which was quite touching.

In addition to the donation at Christmas, COSCO SHIPPING Piraeus also provided monthly relief to poor families in the surrounding areas of Piraeus via the local government. The COSCO SHIPPING Charity Foundation had invested 500,000 euros in cooperation with the Greek Red Cross to provide educational assistance to local students in economic difficulty. Since the outbreak, COSCO SHIPPING had donated more than 250,000 euros of pandemic prevention supplies to Greek ministries, governments and hospitals in neighboring regions.



Co-shipping

Working
Together for a
Better Future



As a responsible enterprise, COSCO SHIPPING has always paid attention to coordination and cooperation with internal and external stakeholders to provide basic security for employees, promote personal growth and create a good workplace atmosphere. We work together with partners to promote the development of the shipping industry, and invest resources in the long-term development of the community for a better life.

Respond to the New
Development Philosophy:

**Innovation
coordination**

Respond to SDGs:



Maintaining Sustainable Growth with Talent-oriented Approach

COSCO SHIPPING is employee-oriented and treats every employee as a partner in the same boat. We pursue win-win results between corporate value and personal value, attach importance to employee's basic rights and interests, support growth and development of employees, develop diversified cultural and sports activities, balance work and life, and are committed to building a stable and sustainable business community.

Protect Basic Rights and Interests

COSCO SHIPPING strictly abides by relevant laws and regulations, fully protects the legitimate rights and interests of employees, and strives to create a positive, excellent and sound employment platform. We provide a diverse and inclusive working atmosphere for employees to fully display their talents.

Equal employment opportunity

COSCO SHIPPING strictly complies with the *Labor Law of the People's Republic of China* and other laws and regulations, adheres to the principle of equality and fairness in employment, ensures that employees are not discriminated against for gender, age, nationality, race, religious belief, family or health status, and prohibit any form of forced labor and child labor.

Salary and welfare

For attracting excellent talents, COSCO SHIPPING has made constant improvements in the salary system, and formulated clear rules and regulations for salary, taking ability, position and performance into careful consideration. COSCO SHIPPING implements the linkage mechanism of compensation and benefits, and creates differentiated compensation incentive schemes. We promote equity incentive schemes, create a long-term incentive mechanism, and form an incentive mechanism for sharing interests and risks to effectively stimulate the vitality of talent teams. In addition, COSCO SHIPPING continues to improve the welfare security system, pays various statutory social insurance, and actively complies with the adjustment of national social security policies to ensure the smooth transition of social security contributions and the basic welfare of all employees.

Democratic management

With respect and care for the grassroots employees, COSCO SHIPPING improves the democratic management system and encourages open communication for building diversified, multi-level and effective communication channels and platforms. COSCO SHIPPING extensively solicits opinions and suggestions for revision and improvement in the process of compiling the *Provisions on The Open Administration of Factory Affairs of COSCO SHIPPING* to safeguard employees' right to know, right to express, right to participate and right to supervise. We also comply with relevant requirements to standardize democratic procedures, earnestly safeguard the legitimate rights and interests of employees, and ensure the orderly implementation of reform. In addition, COSCO SHIPPING encourages its employees to make suggestions by holding joint meetings of staff representatives to open the communication channels and platforms between the management and grassroots employees, so that the management have access to learn the requirements and suggestions of the employees who in turn would keep in touch with the major decisions and development direction of the company.

Help the Staff to Make Progress

COSCO SHIPPING closely follows its business development needs, clarifies talent standards, and is committed to providing a stage for employees to show talent and realize value. We carry out various training for different targets to comprehensively improve the management and business ability of employees, stimulate their vitality, and realize the common growth of employees and the enterprise.

COSCO SHIPPING regards talent development as an important part of the overall strategy and provides personalized and professional training for different targets and needs for career development. In 2020, COSCO SHIPPING organized oriented training for new employees to improve their capabilities and promote cultural identity integration. For meeting the requirements of overseas business development, we select talents to be included in the overseas reserve, with strict personnel standards and warehousing procedures, raising the overall quality of the talent team. We have also carried out the "Three Batches" training, held training courses to enhance the ability of officials by combining theory with practice.



Director of the Board, Wang Haimin made mobilization in 2020 new staff training class

Enrich Leisure Time

COSCO SHIPPING actively organizes various activities to promote communication and interaction among employees in a harmonious workplace, and creates a free and open working environment and a warm team atmosphere. In 2020, we launched the labor competitions with the themes such as “ensuring safety, stabilizing production and improving quality” and “Ankang Cup” to enrich employees’ life, relieved working pressure and improved employees’ happiness index.



COSCO SHIPPING carries out colorful activities for staff

Care for Employees

In line with the “people-oriented” principle, COSCO SHIPPING cares for every employee and strengthens the cohesive power of the enterprise. We organized activities to offer cordial care for front-line staff, with a total of 270,000 visits and 55.2 million yuan as bonuses. We continued to carry out the work of “sending warmth to employees in need”, providing timely assistance to 102 employees in need from six subordinate units, with 102,000 yuan invested as bonuses. We launched the Golden Autumn Education Assistance program, granting 190,000 yuan to the children of 58 poor workers. We took care of the living conditions of the retirees and sent them anti-pandemic materials such as disinfectants, gloves and masks, medicines and food, conveying COSCO SHIPPING’s concern for them.

Care for the Seafarers

Seafarers are the most important and valuable strategic resources of the Group, and the development of shipping cannot be separated from the excellent crew. In order to build world-class ship management and comprehensive service enterprise, and cultivate first-class maritime talents, COSCO SHIPPING makes continuous innovation in caring for the crew and their families, with unremitting efforts made to maintain the stability of the crew and ensure the safe production of ships.



Capt. Xu Lirong visited M.V. Lian Xi Hu to express sympathy and solicitude on March 3, 2020

COSCO SHIPPING is committed to caring for the crew and their families

- The key project of “caring for sailors and protecting ships” has been carried out, and a “marine vegetable garden” has been created on the M.V. Lian Xi Hu to solve the difficulty of eating vegetables of ocean-going sailors.
- We launch the “Chuan Shi Bao” software to provide data tracking and behavior identification of ships around the world by means of a visual map, so as to facilitate the view of the details, real-time dynamics and navigation trajectory of ships concerned, providing heart-warming services for crew members and their families.
- The “Three Heads” of the ship are commended every year, which fully affirms their contributions to the shipping industry and encourages the seafarers to keep in mind president Xi Jinping’s instruction of “giving full play to the seafarers’ role as the main force”, highlighting the responsibility of COSCO SHIPPING as a “national team”.



On January 18, 2021, COSCO SHIPPING Work Conference 2021 and the fifth meeting of its first Workers’ Congress commended the golden “Three Heads” and advanced models in 2020

Cooperating with Partners for Joint Pursuit of Win-win Outcome

Partner is an indispensable support for the sustainable development of COSCO SHIPPING. We keep strengthening the sustainable audit of suppliers, improve supplier management & control, and enhance the competitiveness of sustainable development of suppliers. We expand cooperation with governments, industry associations, etc., to establish a strategic sharing mechanism of complementary resources, and to work with multiple partners to create a good business ecosystem.

Build a Harmonious Supply Chain

While fulfilling its social responsibilities, COSCO SHIPPING pays close attention to the performance of suppliers in sustainable development and constantly drives the value chain to fulfill its responsibilities. COSCO SHIPPING has issued nearly 20 institutional documents to regulate all kinds of procurement all-round, learning new regulations and documents in the process of practice, and summarizing the practical experience. In 2020, we organized the revision of three systems, *Management Measures for Suppliers*, *Basic Regulations on Non-tendering Procurement* and *Management Norms for Procurement Evaluation Experts*, to improve the Group's procurement business system, promote the Group's supplier management, non-tendering procurement and evaluation expert management to conform to new policies, guide new applications and meet new demands, laying a solid foundation for the Group's management and implementation on procurement. We will continue to improve the procurement and supplier management system to ensure that the procurement process is open, fair and equitable, effectively protecting the rights and interests of suppliers.

In 2020, the organization will revise the three systems

《Management Measures for Suppliers》

《Basic Regulations on Non-tendering Procurement》

《Management Norms for Procurement Evaluation Experts》

Training Industrial Talents

On July 3, 2020, COSCO SHIPPING University was founded in the West Coast New Area of Qingdao. COSCO SHIPPING integrated education and training resources and qualifications from all over the country, and relies on Qingdao COSCO Seafarers Vocational College to establish a four-in-one new platform of "Corporate School + Corporate University + Research Institute + Qingdao Shipping Academy", so as to create a new highland for high-end talent cultivation, shipping talent cultivation and shipping technology innovation. As an important platform in Qingdao for the development, COSCO SHIPPING University, with Qingdao's favorable location advantages, advanced development concepts and open development environment, closely met the requirements for the strategic development of the Group and the development of Qingdao's Blue Economy, focused on the training of shipping personnel and helped enterprises with scientific and technological innovation. With a wider vision and a greater sense of responsibility, COSCO SHIPPING created a world-class enterprise, and contribute to the construction of Qingdao International Shipping Center.



Opening ceremony of COSCO SHIPPING University



An aerial view of the planning and design of COSCO SHIPPING Maritime University's new campus by the West Coast

Promote Industrial Development

In realizing its own development, COSCO SHIPPING promotes the overall progress of the industry. In 2020, COSCO SHIPPING participated in industrial exchanges many times, and kept up with the latest trends in the shipping industry by participating in professional forums, international cooperation forums, industry symposia and other forms, so as to keep pace with the times and achieve innovation leadership. Meanwhile, COSCO SHIPPING actively carried out external cooperation, grasps new cooperation opportunities, forms strategic cooperative relations with partners from all walks of life such as government and enterprises, strengthens experience exchange, and realized mutually beneficial sharing of important information and resources.



Attend the third Summit on "New Era, Great Voyage, Dream of A Strong Country - Smart Shipping and New Infrastructure"



Participate in China Sailing Day 2020



Sign a strategic cooperation agreement with China National Salt Industry Group in Beijing



Sign a strategic cooperation agreement with Shougang Group

Co-building Communities to Pass on Warmth

COSCO SHIPPING has always borne in mind its mission and responsibilities, and adhered to the principle of “serving the society”, to incorporate social responsibility into corporate business, join hands with the public and the community to set up the COSCO SHIPPING Charitable Foundation, increasing investment in charity and voluntary service to fulfill social responsibility and make contributions to promote the harmonious development of society.

COSCO SHIPPING Charity Foundation

COSCO SHIPPING Charity Foundation is committed to promoting national spirit, dedicating COSCO SHIPPING’s love, supporting charitable and public welfare undertakings, and promoting harmonious social development. It actively fulfills its social responsibility to offer social assistance such as disaster relief, poverty alleviation, and student assistance, in accordance with the wishes of donors. By the end of 2020, COSCO SHIPPING Charity Foundation had organized and implemented more than 600 charitable projects, with a total donation of more than 845 million yuan, and created a series of industry-specific charitable projects such as “Voyage-Home”, “Voyage-Dream Pursuit”, “Voyage-Silk Road”, “Voyage-Health”, “Voyage-Green”, and “Voyage-Disaster Relief”. We have traveled throughout the great country, with love spread at home and overseas.

By the end of 2020, COSCO SHIPPING Charitable Foundation had organized and implemented more than **600** charitable projects

More than **845** million yuan had been donated



Engage in Public Service Activities

Using its own resources and advantages, COSCO SHIPPING has actively engaged in public welfare and charity undertakings, provided financial support to local charities, offered volunteer service, conveyed warmth and love with practical actions, and promoted the integrated development of enterprises and society.



COSCO SHIPPING launched the “1+1” legal aid program, providing voluntary legal aid services in 43 counties in six provinces (autonomous regions), including Inner Mongolia, Hunan, Yunnan, Guizhou, Sichuan and Xinjiang



COSCO SHIPPING cooperated with the Xinjiang Uygur Autonomous Region Education Aid Foundation to carry out the “Healthy drinking water” project in Xinjiang, purchased drinking water facilities for 20 local schools, and provided drinking water for teachers and students

Actively Fight Floods and Provide Disaster Relief

Since the flood season began in July 2020, several rounds of heavy and long-lasting rainfall occurred in southern China, causing severe floods in many areas and endangering the safety of people’s lives and property. COSCO SHIPPING attached great importance to safeguarding the stable corporate production and operation and the safety of employees’ lives and property during the flood season, and was dedicated to flood control. COSCO SHIPPING spared no efforts to formulate effective measures as per actual conditions to ensure the continuous production and operation and root out safety risks. We made solid preparations for flood control with rapid response, provided a strong “safety dam” for flood control and emergency rescue, and shouldered the responsibility of a central enterprise in the winds and rains.



COSCO SHIPPING delivered relief supplies

© Case: COSCO SHIPPING spared no effort to ship the flood relief materials to support Jiangxi

COSCO SHIPPING (South East Asia), concerned with the domestic flood situation, cooperated with its associated organizations to give full play to their business advantages, actively transported the necessary flood fighting and rescued materials, and contributed to the fight against the flood. On July 14, 2020, COSCO SHIPPING (South East Asia) learned that the Chinese Chamber of Commerce in Singapore was organizing a batch of flood relief materials to be delivered to the flood relief front line in Jiujiang, Jiangxi province. The company immediately mobilized resources in the region, carefully planned and coordinated with high efficiency to ensure that the materials were delivered safely and timely at the fastest speed.

“I’ve never seen such a large number of materials be loaded and shipped in only three days. My thanks go to COSCO SHIPPING for its strong support!”

——Du Qiaonan, chairman of the China Chamber of Commerce in Singapore



Outlook

In 2020, COSCO SHIPPING had set sail, gathering and stimulating the great power of our employees for the great ship forging ahead. In 2021, we will stay committed to our aspiration, mission and responsibility to steer the ship and set sail to embark on a new voyage of high-quality development. We will adhere to value creation, and work together to build a world-class enterprise. With a global perspective, we will strengthen and optimize the main shipping industry, build a whole-process logistics supply chain platform, provide global customers with more advanced, quality and more efficient services for the whole industry chain, achieve win-win results with customers and partners, and share the fruits of deepening reform with all employees. We will be seafarers who cleave through the waves, take action to overcome difficulties, and race against time towards our goals at an accelerated speed.

Appendix

About the Report

Reporting Period

This report is the fifth sustainability report issued by China COSCO SHIPPING Corporation Limited, which discloses its social responsibility practice and performance in an all-round way in 2020.

Time Frame

The time frame for the activities mentioned in this report is from January 1, 2020 to December 31, 2020, though some content may extend beyond the stated time frame when necessary.

Reporting Scope

For better readability, “COSCO SHIPPING Group” , “COSCO SHIPPING” , “Group” , “Company” and “We” are all referred to as “China COSCO SHIPPING Corporation Limited” .

References

Global Reporting Initiative, Sustainable Reporting Guidelines (GRI Standards)
International Standardization Organization, International Standard for Social Responsibility (ISO26000)
GB/T36001-2015 Guidance on Social Responsibility Reporting
Chinese Academy of Social Sciences, Guidance on Corporate Social Responsibility Reporting in China (CAS-CSR4.0)

About the Data

All data involved in this report are from official documents and statistical reports of COSCO SHIPPING, and have been reviewed by relevant departments. The company solemnly promises that there is no false record, misleading statement or material omission in this report.

Process of Compilation

Preparation → Compilation → Review → Design Release → Reader’s Feedback

Access to this Report

The company has set up a column on social responsibility on its official website where you can download the electronic version of this report. For a hard copy of the report, please contact us via:
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Key Performance Indicator

Economic Responsibility	Index	Unit	2018year	2019year	2020year
	Total tax	100 million yuan	72.69	87.47	76.46
	Number of ships	Ship	1285	1315	1387
	Global container terminals	Number	51	53	51
Employee Responsibility	Proportion of employees in labor union	%	100	100	100
	Investment in poor employee assistance	10,000 Yuan	6779.50	6137.33	1125.23
	Total employees	Person	137193	147878	135876
	Employee with social security	%	100	100	100
	Offer and Contract	%	100	100	100
	Employee returning to work after childbirth	%	100	100	100
	Ethnic minority employees	Person	2320	3021	2755
	Female employees	%	20.4	18.1	16.6
	Employees from Hong Kong, Macao, Taiwan and overseas	Person	8466	21622	21418
	Social insurance coverage	%	100	100	100

Social Responsibility	Index	Unit	2018year	2019year	2020year
	Investment in poverty alleviation by COSCO SHIPPING and subsidiaries	10,000 Yuan	5506.60	6932.82	11264.82
	Investment in poverty alleviation by COSCO SHIPPING Charity Foundation	10,000 Yuan	928	1063	883
	Total investment of COSCO SHIPPING in poverty alleviation	10,000 Yuan	—	9064.97	12147.82
	Investment in poverty alleviation through education	10,000 Yuan	1723	1446.60	2014
	Students receiving assistance from COSCO SHIPPING	Person-time	—	2905	2813
	Purchasing and helping sell products in poverty-stricken areas	10,000 Yuan	—	985.98	1632.14
	Social donation raised by COSCO SHIPPING Charity Foundation	10,000 Yuan	6691.75	7849	8250
	Expenditure for public welfare and charity	10,000 Yuan	6378.74	10155	14899
	Projects for public welfare and charity	Item	78	80	79

Feedback

My dearest readers:

Thank you very much for taking time out of your busy schedule to read the *2020 Sustainability Report of China COSCO SHIPPING Corporation Limited!* To continuously improve the management of the sustainability report, we're eager for your opinions and suggestions. Please fill in the form to offer your valuable feedback:

Address: No. 5299 Binjiang Avenue, Pudong New Area, Shanghai

Postcode: 200127

Website: www.coscoshipping.com

Your Personal Information

Name:_____

Tel:_____

Company:_____

Fax:_____

Position:_____

E-mail Address:_____

Form for Feedback

Optional questions: (please tick “√” in the appropriate place)

1.Please evaluate the extent to which this report reflects the significant economic, social and environmental impacts of COSCO SHIPPING:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

2.Please comment on the response and disclosure of stakeholders’ concerns in this report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

3.Please evaluate the clarity, accuracy and completeness of the information, indicators and data disclosed in this report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

4.Please evaluate the readability of this report:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

5.Please make an overall evaluation on the Sustainability Report 2020 of COSCO SHIPPING:

☐ Very good ☐ Good ☐ Fair ☐ Poor ☐ Very poor

Open-ended questions

1.What are your suggestions for the sustainable development of COSCO SHIPPING?

2. What deficiencies do you think exist in this report?

3.What valuable social responsibility information do you think this report provides for you?

4.What additional social responsibility information do you think should be disclosed in this report?



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