

# 2018 SUSTAINABILITY REPORT





# 关于本报告

## 报告简介

本报告是中国远洋海运集团有限公司面向各利益相关方发布的第三份可持续发展报告，披露集团在实现可持续发展过程中所遇到的机遇、挑战，以及将社会责任管理融入集团管理、为实现可持续发展所做的努力。

## 时间范围

本报告内容以 2018 年（2018 年 1 月 1 日—2018 年 12 月 31 日）的活动为主，部分内容超出上述时间范围。

## 报告范围

报告所披露的信息和内容覆盖中国远洋海运集团有限公司及所属公司，若部分信息和内容仅涉及所属公司，将会在相关内容中注明。

## 报告依据

本报告参考全球可持续发展标准委员会《GRI 可持续发展报告标准》(GRI Standards)、GB/T 36001《社会责任报告编写指南》、国际标准化组织 ISO《ISO 26000：社会责任指南（2010）》、联合国《2030 年可持续发展议程》等编制。

## 信息来源

本报告所披露的信息和数据源于中国远洋海运集团有限公司内部文件和相关统计数据。

## 报告称谓

为便于表述，本报告中将“中国远洋海运集团有限公司”简称为“中远海运”“我们”“集团”；将“中远海运集装箱运输有限公司”简称为“中远海运集运”；将“中远海运能源运输股份有限公司”简称为“中远海运能源”；将“中远海运散货运输有限公司”简称为“中远海运散运”；将“中远海运物流有限公司”简称为“中远海运物流”；将“中远海运特种运输股份有限公司”简称为“中远海运特运”；将“中远海运重工有限公司”简称为“中远海运重工”；将“中远海运港口有限公司”简称为“中远海运港口”；将“中远海运科技股份有限公司”简称为“中远海运科技”；将“青岛远洋船员职业学院”简称为“青岛船院”。

## 报告形式及获取

本报告语言为中文和英文，在对两种文本的理解上发生歧义时，请以中文文本为准。您可在中国远洋海运集团有限公司网站下载本报告的电子文档，网址为：<http://www.coscoshipping.com/>



扫一扫了解中国远洋海运集团

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## Message from Executives

Ever since the great endeavor of China's reform and opening up started forty years ago, the shipping industry in China has entered a new phase. In 1978, COSCO SHIPPING's "BRITTA KRUGER", China's first international oceangoing container vessel, loaded with 162 containers, departed from Shanghai Port to Australia, opening up China's first international container liner route.

As the main force of China's shipping industry and a major state-owned enterprise under the leadership of the Communist Party of China, COSCO SHIPPING has always been sharing the common destiny with the motherland since reform and opening up and has closely linked its development with the great rejuvenation of the Chinese nation. Giving full play to the advantages of global network and resources, we pursue the vision of innovative, coordinated, green, open and

shared development and strive to strengthen China's voice in the international shipping market.

We adhere to the innovation-driven development strategy, continuously strengthen management innovation, technological innovation and innovative talent training, and strive to enhance the Group's innovative capacity. We attach great importance to work safety and customer service, pursue win-win cooperation and promote industry prosperity with our partners, so as to achieve the common, coordinated development of value chains, the industry and regions. We respect nature, so we devote to developing green shipping, practicing low carbon and environmental protection, and protecting marine biodiversity in order to build a beautiful China. We remain open and inclusive in actively serving the country by continuously optimizing our global business layout and contributing to the Belt and Road

Initiative(BRI)and China's maritime power strategy, to gain a bigger say and more influence in the international arena. In addition, we always bear in mind the people's growing needs for a better life, and continue to help employees develop and promote social harmony.

During the past forty soul-stirring years, we have stayed true to our commitments and shared weal and woe with our employees, writing a glorious chapter for China's shipping industry. We, in an innovative, pioneering spirit, have created No. 1s one after another, all the way from China's first, Asia's first, to the world's first. We continue to build on past achievements and fulfill our mission and responsibilities as the shipping "national team" in building China into a strong maritime country and contributing to the Belt and Road Initiative with concrete actions.

Review the past and we foresee the future. On the journey of reform and opening up in the new era, COSCO SHIPPING, like a "giant ship", will, guided by President Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, continue to be a pioneer of deepening reform, a contributor to the Belt and Road Initiative, a practitioner of global development, as well as a promoter of the maritime power strategy. In the spirit of innovation, hard work, resilience and resolve, we will brave the wind and waves on our way towards a brighter, more brilliant future.

Chairman of China COSCO  
Shipping Corporation Limited

Xu Lirong





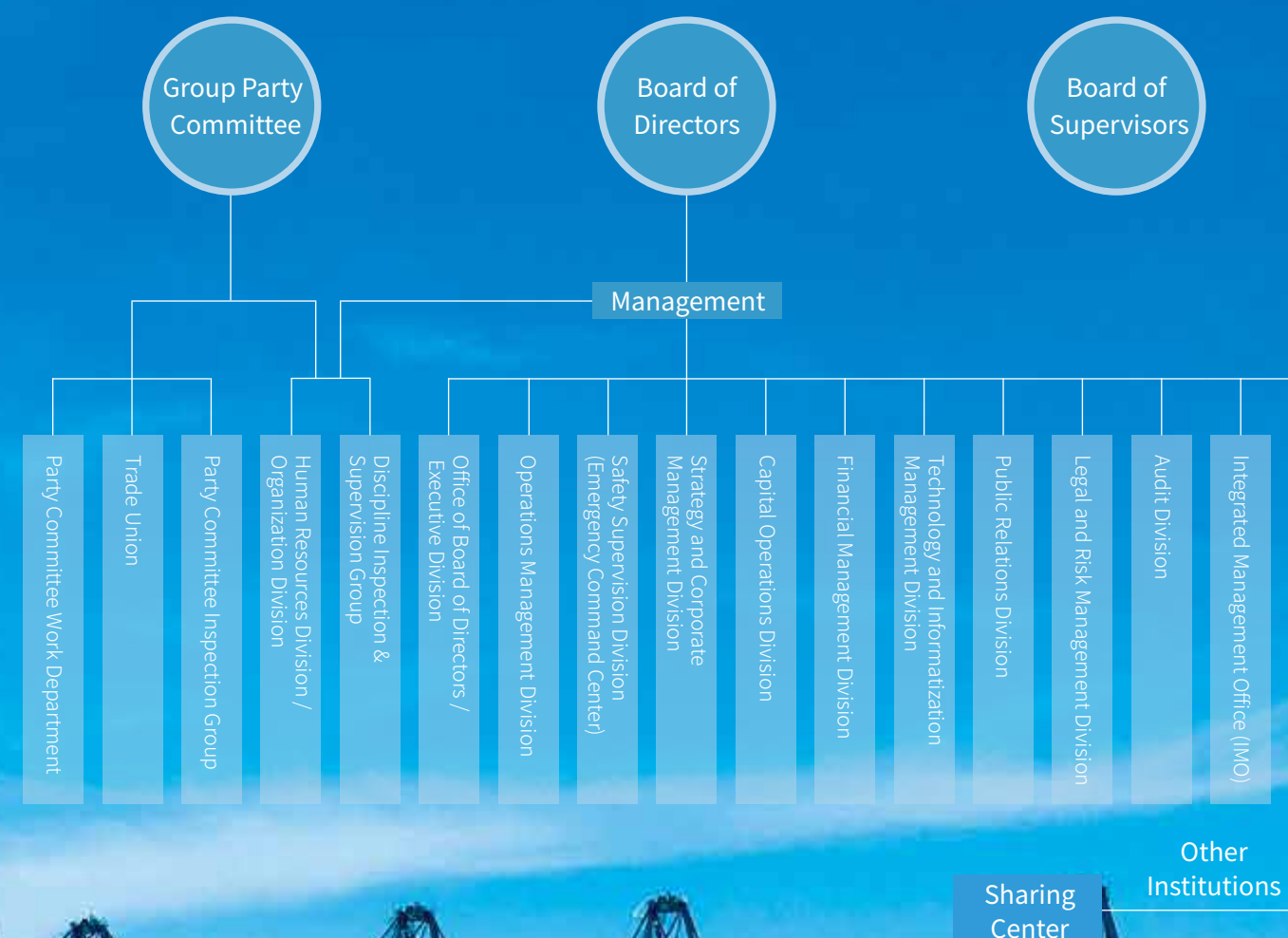
# About Us

## Company Profile

Headquartered in Shanghai, China COSCO Shipping Corporation Limited is a super large state-owned enterprise (SOE) directly under the management of Chinese central government. It was restructured from the former China Ocean Shipping (Group) Company and the former China Shipping (Group) Company. Upholding the concept of "One Team, One Culture, One Goal, and One Dream" (Four Ones), COSCO SHIPPING endeavors to become an outstanding enterprise that is more scaled-up, more globalized, more competitive, and more valuable, as well as a better practitioner of national initiatives, a better provider for customer service, a better partner of suppliers and a better career development platform for employees.



## Organizational Structure







## Our Vision

The vision of COSCO SHIPPING is to undertake the mission to globalize Chinese economy, consolidate advantageous resources, build global shipping, integrated logistics and shipping related financial services as its core business, and develop diversified industrial clusters, so as to foster a world-leading group that provides integrated logistics supply chain services.

Focusing on four strategic dimensions, which are "scale growth, profitability, anti-cyclical capability and building a global company", the Group highlights the "6+1" industrial clusters layout, namely, shipping, logistics, finance, equipment manufacturing, shipping services, and social services industrial clusters as well as "Internet Plus" business based on business model innovation. This layout will help facilitate the integration of shipping factors and build a world-class logistics service provider.



Shipping industrial cluster



The cluster comprises of container shipping, dry bulk cargo shipping, oil & LNG shipping, passenger liner and terminal investment and operation, etc. Currently, the Group is committed to building the world's largest integrated shipping company.



Equipment Manufacturing Industrial Cluster



Its business scope covers ship building, marine engineering manufacturing, ship repair and container manufacturing, etc. Currently, the Group is committed to sharpening its leading edge in terms of core technologies and market share in offshore equipment and ship manufacturing and other related fields.



Shipping Service Industrial Cluster



It includes ship management, seafarer labor service, ship spare parts procurement, conduction technology management, and fuel and material supply, etc. Currently, the Group is aimed at guaranteeing services for the shipping industry, developing third-party customers and providing necessary support for the mainstream shipping business.



Logistics Industrial Cluster



It includes project logistics, specialized and general cargo transportation, freight forwarding, storage facilities, multimodal transport, vessel agency, tally, etc. Currently, the Group is tapping into and fostering logistics business with core advantages to build China's best and a world-class integrated logistics service provider.



Shipping Finance Industrial Cluster



It includes ship chartering, shipping insurance, supply chain finance, logistics park investment, equity investment and assets investment mainly including the Belt and Road infrastructure investment. Currently, the Group is committed to building an integrated shipping finance service provider.



Social Services Industrial Cluster



Its business scope covers real estate development, hotel management, hospitals and schools, and other social services. Currently, the Group is developing this cluster into an incubator for new industries and a base for professional training.



"Internet Plus" Business

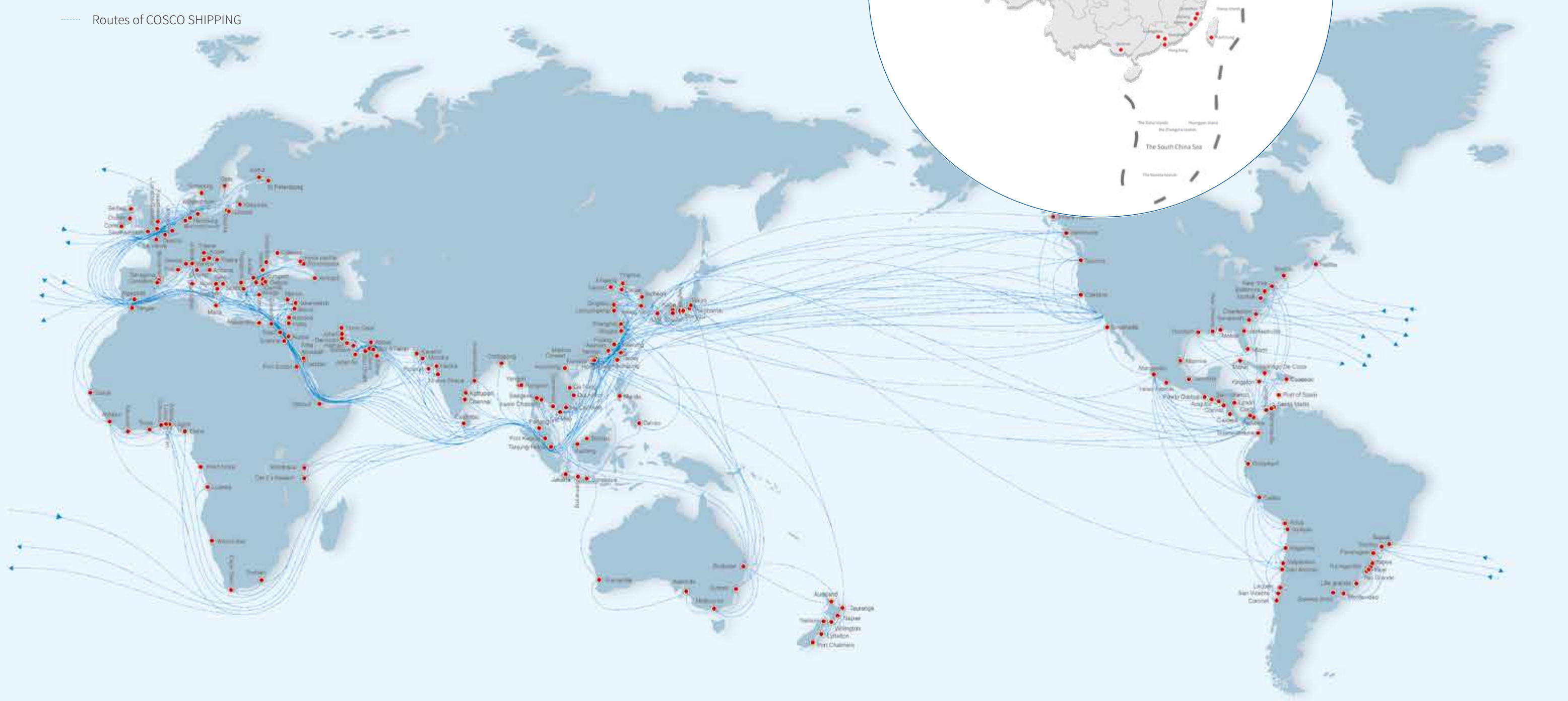


"Internet Plus" businesses based on business model innovation will serve new industrial forms with big data to realize integrated application of Internet resources and shipping elements. Currently, the Group is carrying out "Internet Plus" businesses to propel upgrading and transformation of all our business segments.



# Global Routes & Ports

- Port
- Ports of COSCO SHIPPING
- Routes of COSCO SHIPPING



## Figures in 2018

### Business Capability

Indicator	2018	2017
Number of ships	1,285 ships ranking No.1 in the world	1,123 ships ranking No.1 in the world
Deadweight tonnage of ships	102.19 million DWT ranking No.1 in the world	86.35 million DWT ranking No.1 in the world
Container fleet	2.928 million TEU with 486 vessels ranking the third in the world	1.895 million TEU with 371 vessels ranking the fourth in the world
Dry bulk fleet	39.85 million DWT with 428 vessels ranking No.1 in the world	38.11 million DWT with 422 vessels ranking No.1 in the world
Tanker fleet	24.77 million DWT with 193 vessels ranking No.1 in the world	20.92 million DWT with 155 vessels ranking No.1 in the world
General cargo and specialized cargo fleet	4.36 million DWT with 163 ships ranking No.1 in the world	4.61 million DWT with 175 ships ranking No.1 in the world
Global container terminals	51 wharfs	55 wharfs

### Employee Development and Care

Indicator	2018	2017
Investment in employee assistance	RMB 67.795 million	RMB 61.62 million

### Philanthropy

Indicator	2018	2017
Investment in targeted poverty alleviation	RMB 55.066 million	RMB 38.997 million

### Business Performance

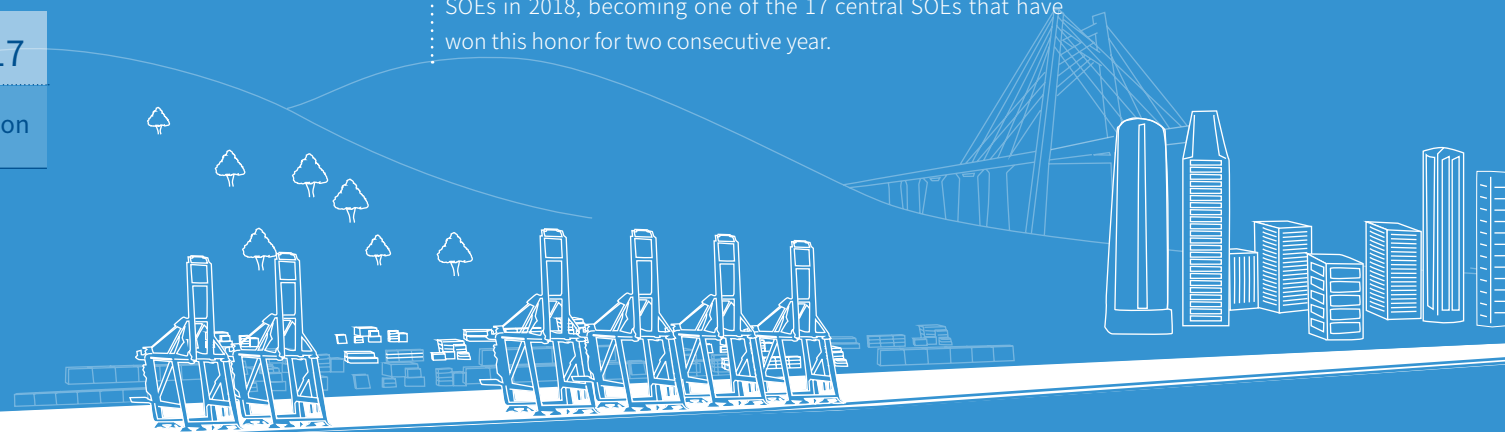
Indicator	2018	2017
Total turnover of transportation	3.1608 trillion tons of sea miles	2.914 trillion tons of sea miles
Quantity of shipments	1.20205 billion tons	1.08425 billion tons
Container transport volume	32.14 million TEU	26.44 million TEU
The container throughput of terminals	126.28 million TEU	104.25 million TEU
The global sales volume of bunker fuel	26 million tons	27.83 million tons

### Honors in 2018

- Xu Lirong, COSCO SHIPPING's Chairman, was awarded the title of Pioneer of Reform by the CPC Central Committee and the State Council.
- The Group was awarded the "Ship-Owner with the Most Gross Registered Tonnes (GRT) on the Hong Kong Shipping Register (HKSR)", "Company that Flagged in the Most GRT During 2017 on HKSR", "Company Whose Ship Crossed the 115 Million GRT Mark on HKSR", and the "Excellent Port State Control 2017" awards by the Marine Department of the Hong Kong Special Administrative Region.
- The Group was awarded the Best Global Performer Award by Seatrade.
- COSCO SHIPPING was again rated as the highest level "good" in the assessment of fixed-point poverty alleviation by the central SOEs in 2018, becoming one of the 17 central SOEs that have won this honor for two consecutive year.

#### Captain Panda's Tips

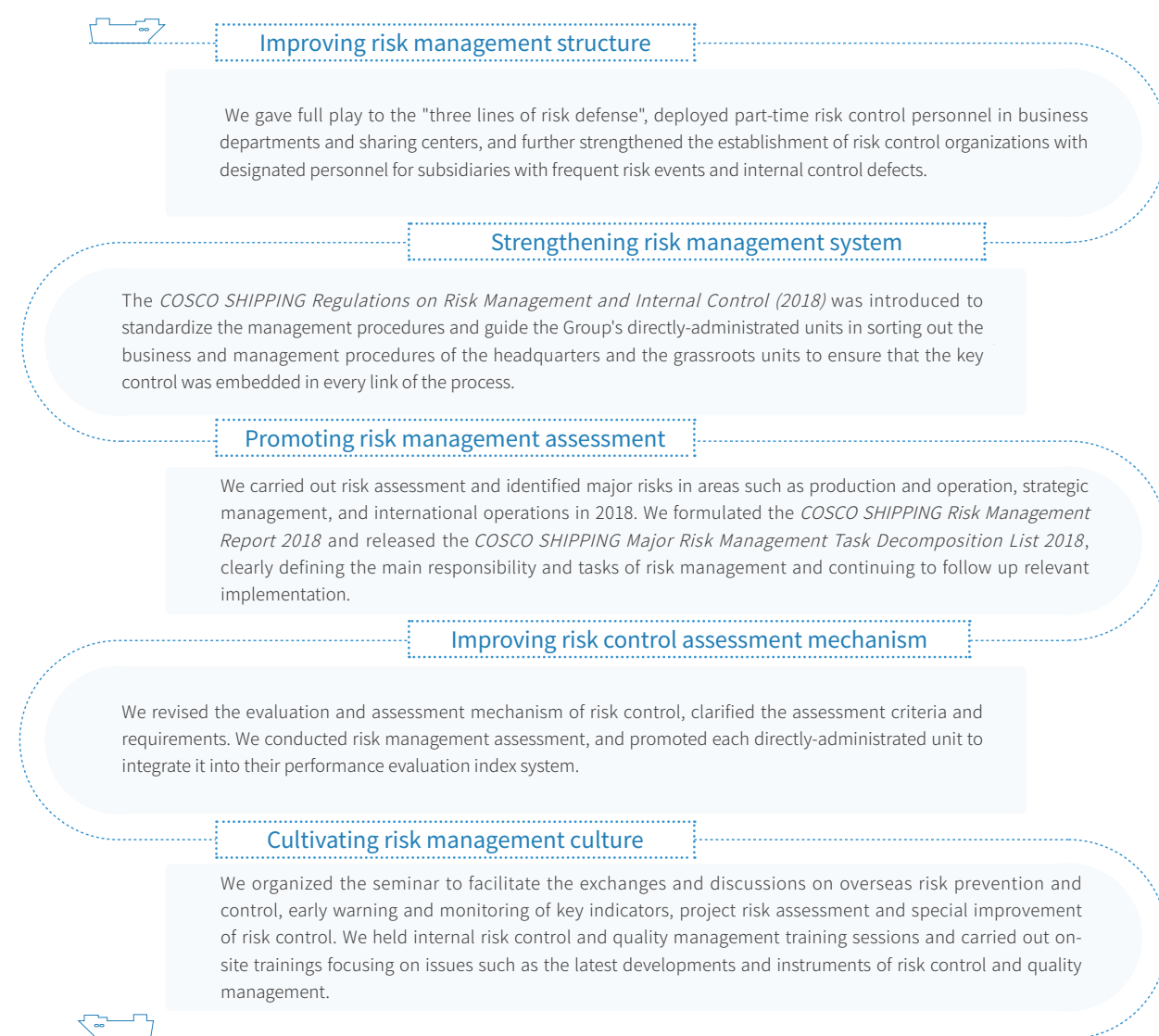
TEU refers to Twenty-foot Equivalent Unit. To facilitate the calculation of the number of containers, twenty-foot containers are taken as a standard and are usually used to indicate the ability of a ship to load containers, which is also an important statistics and conversion unit for container and port throughput.



# Corporate Governance

## Risk Management

COSCO SHIPPING has developed unified risk management concepts: institutionalized management, standardized regulation, platform-based operation, IT-based platform, systematized governance, and internationalized system. Based on a collaborative sharing, comprehensive balancing and self-management working mechanism, we are actively promoting risk management and related series of work, including system establishment, cultural advancement, team building, and capacity building, thus laying a solid foundation for corporate governance. In December 2018, COSCO SHIPPING set up an audit department to further improve the corporate governance structure, strengthen the leadership, organizational management and guidance of the internal audit work of the Company, and better play the role of supervision and service of internal audit.



## Integrity and Compliance

COSCO SHIPPING strictly abides by laws and regulations, promotes anti-corruption with zero tolerance, and incorporates the requirements of fostering employees' integrity and compliance within our management and operation. We have established mechanisms on anti-commercial bribery and complaint letter and clarification, with the intent of building a clean, compliance-centric environment and workforce with integrity.

### Defining Responsibilities

The *Breakdown of Anti-corruption Construction Tasks 2018* was prepared, dividing the year-round work into 38 specific tasks and clarifying the responsible departments and units; the Group's responsibility letters for strict Party self-governance, including the main responsibility, the supervision responsibility and "one post with functional duty and anti-corruption responsibility" were revised. The Party leaderships and the Secretaries of Committee for Discipline Inspection of the Group and its directly-administrated units signed 111 pieces of the three responsibility letters and 388 pieces of Letters of Commitment for Integrity.

### Raising awareness

Training and education activities were held to foster honesty and integrity, including education month campaign themed on "strictly observing disciplines and helping tackle challenges and increase efficiency".

### Deepening Inspection

An inspection organization was established. The Group's Inspection Office was set up under the Party Group and Discipline Inspection Group Working Department as an organization to handle the day-to-day affairs of the inspection working team of Party Group. Relevant inspection systems were formulated and revised. The *Implementation Measures of Regulations of CPC Inspection Work* and other four basic inspection systems of the Party Group were revised, and the *Party Group Inspection Work Plan (2018-2022)* and *Guidelines on Establishing an Inspecting System for Party Committees of COSCO SHIPPING* were formulated.

## Party Building

COSCO SHIPPING has conscientiously implemented the central government's decisions and defined the role of Party organizations in corporate governance. In 2018, COSCO SHIPPING focused on studying and implementing the guiding principles of the 19th CPC National Congress and the important speeches given by General Secretary Xi Jinping, and actively organized activities such as the "Welcome to the 19th CPC National Congress and build on the maritime dream" themed campaign and the Party consciousness-themed education of Jiaying Nanhu's "Setting sail for our dream", "Pillars of a power" briefing, "Liangjia River" reading and sharing activities, etc. We comprehensively strengthened the leadership of the Party Group and Party committees at all levels on ideological work, formulated detailed rules of the responsibility system for the implementation of the Party Group's ideological work, and carefully sorted out the risk points in ideology. Guided by the goals of "Four Ones", we enhanced spiritual navigation to systematically promote the integration of the Group's outstanding traditional cultures.



# Social Responsibility Management

COSCO SHIPPING actively supports the realization of the Sustainable Development Goals (SDGs), and has been pursuing the vision of innovative, coordinated, green, open and shared development. We have always fulfilled our economic, social and environmental responsibilities during business operations, taken the expectations and demands of stakeholders seriously and made continuous efforts to gain more trust from stakeholders and achieve sustainable development.

## Social Responsibility Philosophy

We uphold the social responsibility philosophy of "create value and bridge dream", integrating the fulfillment of social responsibilities into the Group's core values, and continue to promote social responsibility management for sustainable development.

As a central SOE that pioneered China's shipping industry and the world's largest shipping enterprise, COSCO SHIPPING carries on the past and shoulders the future, keeping its original faith and being dedicated to building a "more scaled-up, more globalized, more competitive, and more valuable" business model. Committed to providing smooth transport around the world, the Group creates value for the nation, society, customers and employees, while bridging the dreams.

### To be an excellent leader in the world shipping industry

A world-class shipping and logistics enterprise must be built with international competitiveness, brand influence, and high reputation among customers, with a complete global business chain; global resource allocation must be optimized to serve global trade, spread commercial civilization for global connectivity and bring convenience and happiness to all humans.

### To be a considerate service provider for global customers

Customer trust must be valued by practicing corporate spirit; 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 and maximize customer values.

### To be the best supporter of employee growth

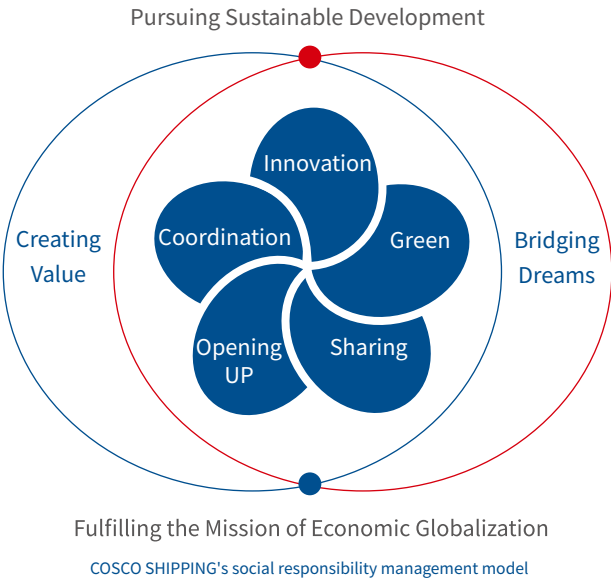
Employees' pursuit of self-value must be respected by providing growth stages and broad development platforms for business and entrepreneurship, with a solid material foundation and decent humanistic environment; a good employer brand must be built to realize the unification of "individual" and "corporate" dreams.

### To be a firm implementer of national strategies

An active response to the Belt and Road Initiative (BRI) must be made for connecting China with the world and being a strategic channel of economic globalization, thus supporting the Chinese dream strongly. There must be strict adherence to political responsibility, economic responsibility as well as the guarantee of value maintenance & appreciation of state-owned assets.

### 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 results must contribute to fulfilling social responsibility and the global compact; due care must be given to the global environment and poverty-stricken areas with engaging in international aid; a "good corporate citizen" role must be achieved to promote coordinated development of both the enterprise and society.



# Stakeholders Communication and Engagement

COSCO SHIPPING maintains an honest and trustworthy relationship with customers, employees and partners and fulfills the mission of maximizing the returns to shareholders, society and the environment. We continuously improve multi-tiered and multi-directional channels of communication with customers, employees, communities and other stakeholders, improving the communication mechanism based on mutual trust and commitment and promoting social responsibility management.

## Stakeholder identification and communication

Stakeholders	Core demands	Communication and responses
 Government	Serving the implementation of national strategies Serving local economic and social development Compliant operation Fair competition	Official document exchange Information disclosure Policy implementation Visits and exchange
 Shareholders	Good business performance Good corporate governance Risk control Realization of corporate development strategy Adequate information disclosure	Shareholders' general meeting Performance report Road show Communication with investors
 Customers	Efficient products Quality service Guaranteed information security	Investigation of customers' demand Official website WeChat platform
 Partners	Win-win cooperation Industrial development through joined efforts	Exchange and visit Industry forum
 Employees	Guarantee of rights and interests Good prospect for career development Comfortable working environment	Cultural construction Workers' Congress Employee training and activities
 Communities	Engaging in philanthropy Serving community development	Voluntary service Public benefit activities Targeted poverty alleviation
 Environment	Systematic environmental management Supporting green industry development	Environmental policies Green investment





# Promoting Interconnectivity to Link China with the World



"A great vision, simple and pure, requires credible actions. Given the profound shifts in the international economic landscape, the vision for a better world calls on countries to act with greater courage and actively champion openness and cooperation in order to secure shared development."

-Xi Jinping

Interconnectivity and economic growth complement each other and both are critical in achieving high-quality development. Against the backdrop of global economic integration, ship transport, the carrier of more than 90% of the world's trade circulation, bears the important mission of unblocking the global shipping channels. As the world's largest shipping company, COSCO SHIPPING takes the initiative to strengthen the interconnectivity between China and the rest of the world, and provides a global transportation network to help establish international economic and trade partnerships that is open and mutually beneficial, so as to jointly promote stable world economic growth and constantly advance human society.

## SDGs:



## Trade Connectivity-Captain Panda at the First China International Import Expo

The first China International Import Expo (hereinafter referred to as "CIIE") was held in Shanghai, China from November 5 to 10, 2018. This is the world's first import-themed national-level expo and represents China's concrete action to promote an open world economy and support economic globalization.

As an international transportation service provider recommended by the CIIE, COSCO SHIPPING, taking advantage of the "maritime, land and air" coordinated, three-dimensional transportation service and the end-to-end logistics supply chain customization service, undertook the whole process

transportation task of exhibits from overseas to Shanghai. By coordinating the shipping and air transportation business units and setting up a special transportation group, COSCO SHIPPING provided personalized logistics solutions to meet the needs of customers in different regions such as Asia Pacific, Europe and Latin America to ensure safe, efficient and timely delivery of exhibits. During the CIIE, COSCO SHIPPING provided quality transportation solutions and considerate services to nearly 100 exhibitors, 10 national pavilions and one international organization from 25 countries and regions.

### Case: New service experience of cross-border transportation

In order to better serve the needs of exhibitors, COSCO SHIPPING Lines opened up a customized green channel for exhibits transportation, and optimized the professional booking platform (<http://expo.lines.coscoshipping.com>) to enhance service experience of cross-border logistics and create greater value for customers around the world.

The booking platform coordinates with customs, domestic and overseas, online and offline businesses, and offers LCL, third-party logistics information integration and real-time, dynamic tracking and query functions to ensure efficient, smooth and reliable logistics.

The professional booking platform of COSCO SHIPPING will continue to be used after the CIIE and meet the diversified needs of a wider range of customers.



### Case: The "Fast" and "Furious" to race against time

The fast and efficient service is the basic requirement for COSCO SHIPPING's cross-border exhibit transportation. In order to guarantee timely, fast, safe and economical delivery of exhibits, COSCO SHIPPING coordinated sea routes, air routes and land routes, and formulated transportation schedules for exhibits from different regions according to routes and voyage conditions and arranged global exhibits shipping accordingly.

Barbados, an island country in the Caribbean, made its debut in China and is one of the exhibitors who are far from China. For various reasons, the exhibits scheduled to be shipped at the end of August were not ready until September 7. Under this circumstance, COSCO SHIPPING's special transportation group responded quickly and an "air + sea" transportation plan was finally formulated after rounds of negotiation with the customers, which included taking air transport from Barbados to Panama Airport and then transporting to the AAEE (Asia-Africa-Europe), the shortest route to Shanghai.

When exhibits were airlifted from Barbados to Panama Airport, less than 48 hours were left before the ships set sail. COSCO SHIPPING special logistics group began to race against time, coordinated and completed air customs clearance, delivery, maritime export customs declaration, packing, lashing, exhibit entry, loading and other work, and safely transported the exhibits to the Panama Port a few hours before departure, hitting the fastest local transport record.

Barbados exhibits transportation is just one example of exhibits transportation services for the CIIE. There are different stories behind each batch of exhibits. We raced against time again and again with professional services, excellent speed and passion, ensuring high-quality exhibits transportation. At CIIE, COSCO SHIPPING fully demonstrated its capability, confidence and commitment for "global shipping".



In addition, COSCO SHIPPING Technology fulfilled the security mission of the CIIE with its technological advantages. During the preparation of the CIIE, the company undertook the mission of building and implementing several security systems to help Shanghai Public Security Bureau build an efficient, intelligent video security network. During the CIIE, the company projected strong technical force at the Shanghai Public Security Bureau Command Center, Qingpu Field Frontline Command, and key links such as the Bund to ensure the stable operation of the urban security system and a safe CIIE.



Based on the global routes network, COSCO SHIPPING designs an electronic map showing the international land and maritime trade channels under the framework of the BRI.



COSCO SHIPPING CIIE volunteer team

## Smooth Transport- Technological Innovation Contributes to the Opening of Hong Kong-Zhuhai-Macao Bridge

The Hong Kong-Zhuhai-Macao Bridge (HZMB), a bridge of dream, unity, self-confidence, and rejuvenation, is constructed with high-standard and plays an important role in the coordinated development of the Guangdong-Hong Kong-Macao Greater Bay Area. In October 2018, the HZMB was officially opened to traffic after more than ten years of design and construction. During the construction process, COSCO SHIPPING's subsidiaries have made contributions for the bridge to meet important indicators such as quality and safety, ship navigation capability and traffic smoothness with leading shipping experience and scientific research capabilities.

### Case: Hong Kong-Zhuhai-Macao Bridge opened to traffic with intelligent support

The HZMB is an important bridge connecting the Mainland, Hong Kong and Macao and a link in the Guangdong-Hong Kong-Macao Greater Bay Area. COSCO SHIPPING Kansai Paint Co., Ltd. (hereinafter referred to as "COSCO SHIPPING Kansai") and COSCO SHIPPING Technology used their respective professional advantages and resources to help build a strong, safe and smooth HZMB at a high level.

In order to extend the service life of the Bridge, COSCO SHIPPING Kansai provided steel structure anti-corrosion coating materials for its Jiuzhou Section and developed a new generation of PTFE coating products with excellent weather resistance, corrosion resistance and stain resistance. In terms of navigation safety of ships, COSCO SHIPPING Technology has carried out key technological research such as bridge-immersed tunnel anti-collision, navigation safety assessment of non-navigable spans, and ship collision force and anti-collision measures in non-navigable spans. To improve traffic convenience, COSCO SHIPPING Technology invented a bridge toll collection system where the Hong Kong Autotoll is compatible with the ETC system in the same lane. The innovative system can identify license plates from the Mainland, Hong Kong and Macao within 0.3 seconds, helping improve the efficiency of toll collection.

## Cooperation-Promoting the Harmonious Global Partnership

By providing professional transportation services for major international events, COSCO SHIPPING actively contributes to the establishment of a harmonious partnership between China and the rest of the world for open cooperation and interconnectivity, demonstrating a new image of China's reform and opening up.

COSCO SHIPPING provided the high-tech electronic equipment, such as ice screens, robots, and mobile device platforms, used at the 2018 Pyeongchang Winter Olympics closing ceremony for displaying the "Beijing 8 minutes", and proposed professional logistics solutions for dangerous objects, such as batteries, to guarantee the perfect presentation of the cultural elements and unique charm of China in a new era.



"Captain Pandas" on behalf of China prepare to go on stage

COSCO SHIPPING Air Freight (Tianjin) Co., Ltd. undertook the race horse transportation project of the Jakarta Asian Games in Indonesia. A working group was set up to communicate and negotiate with stakeholders such as customers, customs, commodity inspection, security inspection, airport terminals, aviation division, border inspection, and public security authorities in advance to ensure a safe and comfortable journey for horses during transportation.



COSCO SHIPPING transports race horses for the 2018 Asian Games



# Poverty Alleviation for a Brighter Future of People and Regional Development

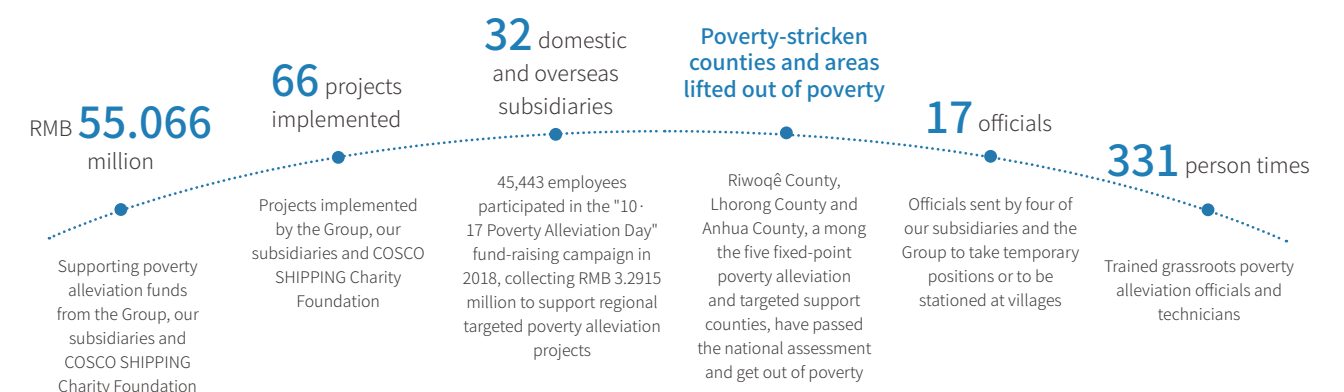
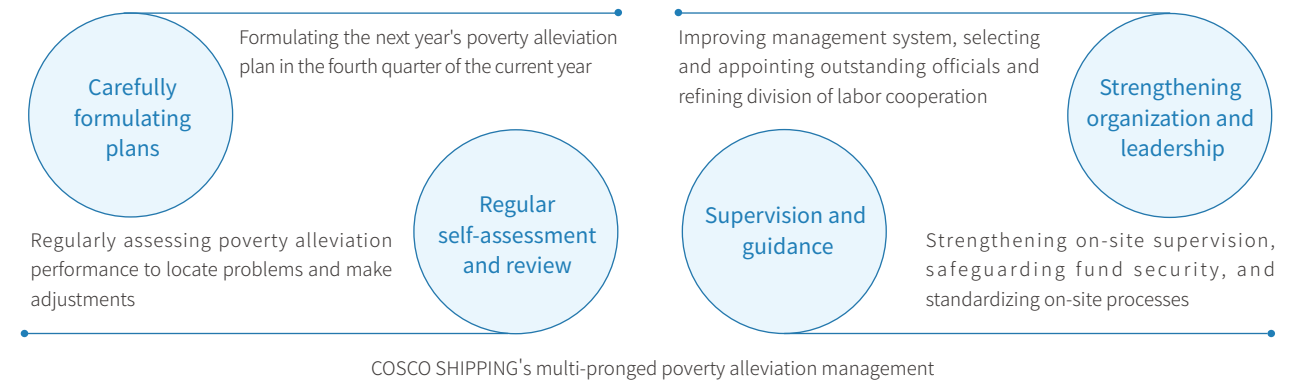


"As long as we find the way, we won't worry over a distant journey. On the road to poverty alleviation, no family or individual live in poverty will be left behind."

-Xi Jinping

Partner assistance and development-oriented poverty alleviation are important actions to promote coordinated, synergized and common regional development. COSCO SHIPPING attaches great importance to poverty alleviation and a leading group for poverty alleviation and aiding Tibet has been established. Adhering to targeted policies with joint efforts, the whole Group has been devoted great efforts to ending poverty. Over the years, the Group has carried out targeted poverty alleviation work at Anhua County and Fuling County in Hunan Province, and Yongde County in Yunnan Province, and provided partner assistance to Lhorong County and Riwoqê County in Changdu City, Tibet. In 2018, the Group systematically carried out poverty alleviation work ranging from official cultivation, fund management, as well as supervision and management, promoted industry-based poverty alleviation in local areas, and paid attention to the life and development of various groups of people in poverty-stricken areas, making new contributions to the promotion of local economic and social development and the improvement of people's livelihood.

SDGs:



## Industry: Injecting Vitality to Regional Development

Industrial development drives sustainable development in poor areas. COSCO SHIPPING continues to assist Luozong Specialty Product Development Company in Lhorong County, which helps increase the income of farmers and herdsmen. We serve as a matchmaker between Anhua County and China National Travel Service (HK) to launch the local tea and tourism integration projects. We have compiled specialty product catalogues for targeted poverty alleviation areas, promoting sales of agricultural products through multiple channels. In 2018, the Group directly purchased RMB 7.0363 million worth of agricultural products from targeted poverty alleviation counties and helped sell RMB 1.2456 million worth of agricultural products.

### Poverty alleviation story: COSCO SHIPPING always stands by the side of poverty-stricken households

Jiemuxi Village, located deeply in the Wuling Mountainous area at Yuanling County, Hunan Province, enjoys beautiful mountainous and forest sceneries, far away from the outside world, but remains underdeveloped. Since 2010, COSCO SHIPPING has promoted the transformation of traditional agriculture to the advantageous characteristic agriculture by highlighting the regional characteristics of the village and focusing on agritourism, honey and tea industries.

In 2018, with the strong support of COSCO SHIPPING, the project of Jiemuxi Village Visitor Service Center was launched. After the completion of the project, it is estimated that more than 100 jobs will be created through employment and entrepreneurship, and villagers' income and the village's collective tourism income will triple. The Group's poverty alleviation efforts in the mountainous areas of Yuanling County delivered real benefits to the poverty-stricken village, showing the poverty alleviation effect of "helping a village, driving the development of a town and influencing a county".



"Now we have a service center, a place for visitors from afar to stay, which is a good thing for Yuanling County's tourism. It is indeed conducive to the development of the beautiful Jiemuxi Village as well as the poverty elimination for villagers through tourism industry."

-Fu Yuansheng, owner of the Agritainment of Jiemuxi Village



## Education: Bringing Hope for Our Children

Poverty alleviation by supporting education enables people in poverty-stricken areas to gain self-development and self-reliance. COSCO SHIPPING adheres to the principle of helping people increase confidence in their own ability to lift themselves out of poverty and see that they can access the education they need to do so. In 2018, The Group invested RMB 17.23 million to support education development, and improved the infrastructure of a number of schools, such as teaching buildings and canteens. We helped develop education in poor areas through "COSCO SHIPPING Hope Class", "COSCO SHIPPING-Ganglameiduo" scholarship and grant and "COSCO SHIPPING's Wishes" paired student aid program. In 2018, 372 pairs were made through the "COSCO SHIPPING's Wishes" program, with RMB 663,400 of support funds invested.



"I am one of the first students of the *"COSCO SHIPPING Hope Class"*. Ten years later, I returned to the place where my dreams set sail and became a teacher. Without the three-year funding of COSCO SHIPPING, I wouldn't have the chance to complete high school and realize the dream of my life. I will continue to pass on love and hope and help more children realize their dreams."

-Lin Jianzhi, a teacher of the Yongde Country First Middle School and former student of COSCO SHIPPING Hope Class

### Poverty alleviation story: Teaching for China and forging ahead with respect

COSCO SHIPPING Charity Foundation continues to send teachers to poverty-stricken areas such as Anhua County and Yuanling County, Hunan Province, through its "Teaching for China" Volunteer Teaching Project, safeguarding the lifeline of rural education. Since the projects are implemented, the Foundation has invested nearly RMB 17 million in college student recruitment, school infrastructure construction and scholarships and grants for the "Teaching for China" project. Up to now, the project has recruited 125 outstanding university graduates as volunteer teachers to carry out two-year teaching work in 23 schools in remote mountainous areas.



## Employment: Building a Platform for the Youth

"A work for one family member lifts the whole family out of poverty" is one of the most effective ways to promote poverty alleviation. COSCO SHIPPING has strengthened its labor assistance based on its own industrial layout. In 2018, the Group held a special COSCO SHIPPING job fair in Lincang City, Yunnan Province, where four subsidiaries of the Group provided more than 700 jobs. The newly established COSCO SHIPPING Seafarer Management Co., Ltd recruited ocean-going crew members in Yuanling County and Anhua County, exempting training fees for all poor members. COSCO SHIPPING Charity Foundation cooperated with China Foundation for Poverty Alleviation in organizing two e-commerce training programs for five counties, involving 58 local trainees.

### Poverty alleviation story: Labor force transfer helps Yongde people get rid of poverty and become better off

Since 2006, COSCO SHIPPING has helped train 178 seafarers and 1,058 manufacturing workers in Yongde County. The giant ocean-going ship, COSCO SHIPPING, carried Yongde villagers out of the mountains, heading for the ocean and the world. Some seafarers returned to their hometowns to start their own businesses, and others led the villagers to get rid of poverty and get rich, effectively helping poor households get rid of poverty and increase incomes.



"For years, COSCO SHIPPING has been caring for the people as well as boosting the economic and social development of Yongde County, and promoted the poverty alleviation of our county through labor transfer. By working in the Group, not only can we overcome poverty and achieve prosperity, but also learn a lot of knowledge that is impossible to access back in our hometown, such as management expertise, ways of thinking and analyzing problems, etc., which prepared us for starting our own businesses."

-Li Zhenghua, former seafarer of COSCO SHIPPING, a villager from Yongde County

## Medical Service: Safeguarding People's Health

Providing health security for people in poverty-stricken areas is an important measure to prevent them from illness-resulted poverty or falling back to poverty because of catching diseases. COSCO SHIPPING has improved the health conditions of people in those areas by training doctors, donating funds and medical equipment, and donating nursing homes, etc. The Group vigorously promoted the development of the traditional Chinese medicine (TCM) industry in Anhua County, Hunan Province, and assisted in the construction of two drinking water projects and one nursing home, which is a demonstration of the county's old-age service facilities. COSCO SHIPPING Charity Foundation launched a "Voyage · Benevolence" TCM training program, and invited well-known experts to give lectures to TCM clinicians in Yongde County, Anhua County and Yuanling County, training nearly 100 clinicians and making great contributions to the healthcare career in poor areas.

### Poverty alleviation story: Helping the hearing-impaired break the silence

In December 2018, COSCO SHIPPING Charity Foundation donated RMB one million to jointly organize the "Benevolent Project (COSCO SHIPPING) Hearing Aid Action" for the hearing-impaired in Anhua County and Yuanling County, Hunan Province and Yongde County, Yunnan Province with the China Foundation for Disabled Persons. Three designated service centers for the hearing-impaired were set up here to provide assistance for no less than 750 people.





# Innovation

## Stimulating the Momentum for Moving Forward



"Innovation boosts productivity; it makes companies competitive and countries strong."

-Xi Jinping

SDGs:



"Powerful shipping empowers a country and prospers its people, while weak shipping power is a drag on a country and leads to poverty." Against the backdrop of rapid development of "Industry 4.0" and in the era of "Big Data" with mobile Internet and smart applications, COSCO SHIPPING, as the largest central SOE in China's shipping industry and the world's largest shipping company, seizes the strategic opportunity to create intelligent shipping in the era of Internet and innovate in technology and business models to boost our scientific and technological strength and development momentum. We must "stay ahead of the market, the changes and the times" so as to better serve global customers and achieve sustainable development.





# Building an Intelligent Shipping Ecosystem

In order to make China a country of innovators as proposed at the 19<sup>th</sup> CPC National Congress, COSCO SHIPPING focuses on developing new forms of trade of shipping industry and aims to build an intelligent shipping ecosystem. Guaranteed by infrastructure and basic equipment, we will leverage intelligent ships, intelligent services, intelligent logistics and intelligent ports to help build a modern shipping service system with complete functions, high quality, high efficiency, convenience and competitiveness.

## Intelligent shipping

By integrating modern information technology, artificial intelligence and other cutting-edge technologies, we have deepened the supply-side structural reform of the shipping industry, improved the integrated offshore-onshore communication network, and promoted the transformation of intelligent ship achievements. The Group has actively participated in a number of major national-level high-tech scientific research projects of shipping, and carried out key technology development and pilot applications in the fields of ship intelligent sensing, automatic berthing and departing, autonomous navigation, and intelligent equipment maintenance, etc.

## Intelligent logistics

The combination of digital technologies represented by the Internet of Things (IoT), cloud computing, etc. and mobile internet enables customers to track the status of goods at any time. Through the establishment of a demonstration platform, we process and intensively analyze data collected from a large number of shipping businesses and establish mathematical models for analysis and trend prediction to help enterprises make innovation, support rational decisions, and support the Internet Plus transformation of traditional shipping logistics enterprises, providing customers with quality logistics and information services.

The Group's "Demonstration Project of Integration and Innovation Application of Big Data Platform of Shipping Industry Chain" was included in the list of pilot projects for the development of big data industry in 2018 by the Ministry of Industry and Information Technology.



The "Xing Guang Hua" semi-submersible ship is currently the largest semi-submersible ship in China and the second largest in the world. It is also the world's largest semi-submersible ship equipped with DP2 dynamic positioning system.

### Case: The "Huke Plan" builds an information visualization platform for the supply chain

On March 16, 2018, the "Huke Plan" logistics information visualization project launched by COSCO SHIPPING Logistics was officially put into operation. Through integrating the business information system, the management information system, the safety information system and the IoT equipment, and monitoring relevant indicators, the project realized 24-hour real-time dynamic visual monitoring of logistics information along the entire supply chain. Driven by business and data and supported by advanced technology and IoT equipment, the project enhanced the visibility of the logistics supply chain and helped build a complete, safe logistics chain for customers.

On December 17, 2018, COSCO SHIPPING Logistics visualization project – "Huke Project" won the award of the "excellent intelligent logistics information platform application" in the 2018 Excellent Cases of China Intelligent Logistics organized by China Communications & Transportation Association.

## Intelligent ports

Intelligence is the key for future ports. We incorporate new technology in the operation and business systems of ports and build digital system with the Internet to make our ports more intelligent.

### Case: COSCO SHIPPING Ports joins hands with Navis to build digital, intelligent and visual ports

COSCO SHIPPING Ports signed an agreement on software cooperation with Navis, the world's leading provider of the container terminal operating system (TOS). With the help of Navis's advanced philosophy and rich experience of TOS product development and project implementation, COSCO SHIPPING Ports created the digital, intelligent and visual ports within CSP (COSCO SHIPPING Ports), which promotes information sharing between upstream and downstream terminals and creates a good port industry ecosystem.

## Intelligent services

In recent years, the shipping market has witnessed many element changes, technology changes in particular. These technological advances have brought customers with new shipping experiences and provided new means for creating customer values. Taking this opportunity, we continuously optimized business content and processes with the help of big data and the Internet to provide customers with more intelligent and convenient services.

### Case: Blockchain improves the quality of your life by tracing products' country of origin

Blockchain is immutable and trustable in nature, providing absolutely authentic traceable data throughout the entire process. In 2018, COSCO SHIPPING Lines realized the commercial application of blockchain technology in the international maritime container shipping industry for the first time in China.

Relying on the global information system and blockchain technology, it provides traceable information of the loading ports to ensure the traceability of Goodfarmer (an agricultural products company in China)'s imported bananas from Ecuador. The information is effectively shared with the tracing platform of Chinese e-commerce giant JD.com, so that consumers can confirm if the export location showed on their phone is consistent with the origin information by scanning the QR code on the package. This has also helped global sourcing customers such as Goodfarmer to enhance their brand credibility and market expansion.








# Advancing Shipping Technology

Based on a group of key technological projects, COSCO SHIPPING makes its technological development serve national strategies and takes shipping technologies to a higher level with new R&D capability. In 2018, the Group set up about 15 scientific research projects on topics such as "intelligent shipping, intelligent manufacturing", and invested RMB 1.17 billion in science and technology to deeply incorporate modern technology in every sector of shipping businesses.


Manufacturing-Internet integration	Green ship technology	Arctic navigation	The Maritime Silk Road
R&D and Application project of maritime cold chain container logistics monitoring system based on the Beidou Navigation Satellite System	Research on Key Sampling Device and Regulations of Ship Ballast Water Management System and Key Technology of Offshore Wind Power Equipment Installation Ship Using Hydraulic Lifting Device	Research on safe maritime navigation under extreme conditions in the Arctic	Integration and Demonstrative Application of Maritime Silk Road Transportation Environmental Safety Guarantee Service System

COSCO SHIPPING launches scientific research projects to help achieve national strategies


The Group scored high points in the evaluation of the National Enterprise Technology Center



The Group and our subsidiaries won one special award and five first awards of the Science and Technology Award of China Navigation Society



NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.'s "smart ship workshop" was rated as China's top ten intelligent manufacturing demonstration



COSCO SHIPPING has won many honors in technological innovation

The "Vladimir Russanov" completed the maiden shipment of LNG to China via the Arctic Channel. It is an ARC7 ice-class LNG tanker specially designed for the Yamal project and is suitable for ice navigation. Designed for ambient temperatures of up to minus 52°C with ice breaking capacity of 2.1 meters and known as the "Queen of the Ice", the vessel can navigate freely on the Arctic sea-ice.





# Developing New Business Model

Although the shipping industry is not something new, innovation should never stop. Guided by the principle of "ramping up, creating profit, and innovating", COSCO SHIPPING makes continuous efforts to optimize its business model, and strives to build a comprehensive global supply chain service platform, big data research and development platform, project marketing platform and e-commerce platform to develop new marketing and business model and enhance business competitiveness.

Case: Developing product templates guided by the transformations

Committed to transforming product into service and service into product and customer marketization, COSCO SHIPPING Logistics highlights innovation and continuously develops new business models, creating a series of product templates for the Group. In terms of port logistics, the Zhanjiang Port and Huanghua Port model was further promoted; tapping all the resources of the port, the Rizhao Port model was developed; taking China Ocean Shipping Agency Xiamen as the main body, the Xiamen port model was developed; and the product concept of an integrated logistics park was proposed for the first time in the Nantong Tonghai port project. These product templates have greatly improved the efficiency of the Group's business operation, and also provided customers with better service.



# Coordination

## Coordinating Forces for Sustainable Development

"We must ensure balance, stability and order among all internal elements of nature and between human, human and society, and man and nature in order to realize interdependency and coexistence. This is how we achieve dynamic equilibrium, coordinated development, moderate progress, unity in diversity, and order in the 'chaos'."

-Xi Jinping

### SDGs:

8

DECENT WORK AND ECONOMIC GROWTH



10

REDUCED INEQUALITIES



17

PARTNERSHIPS FOR THE GOALS



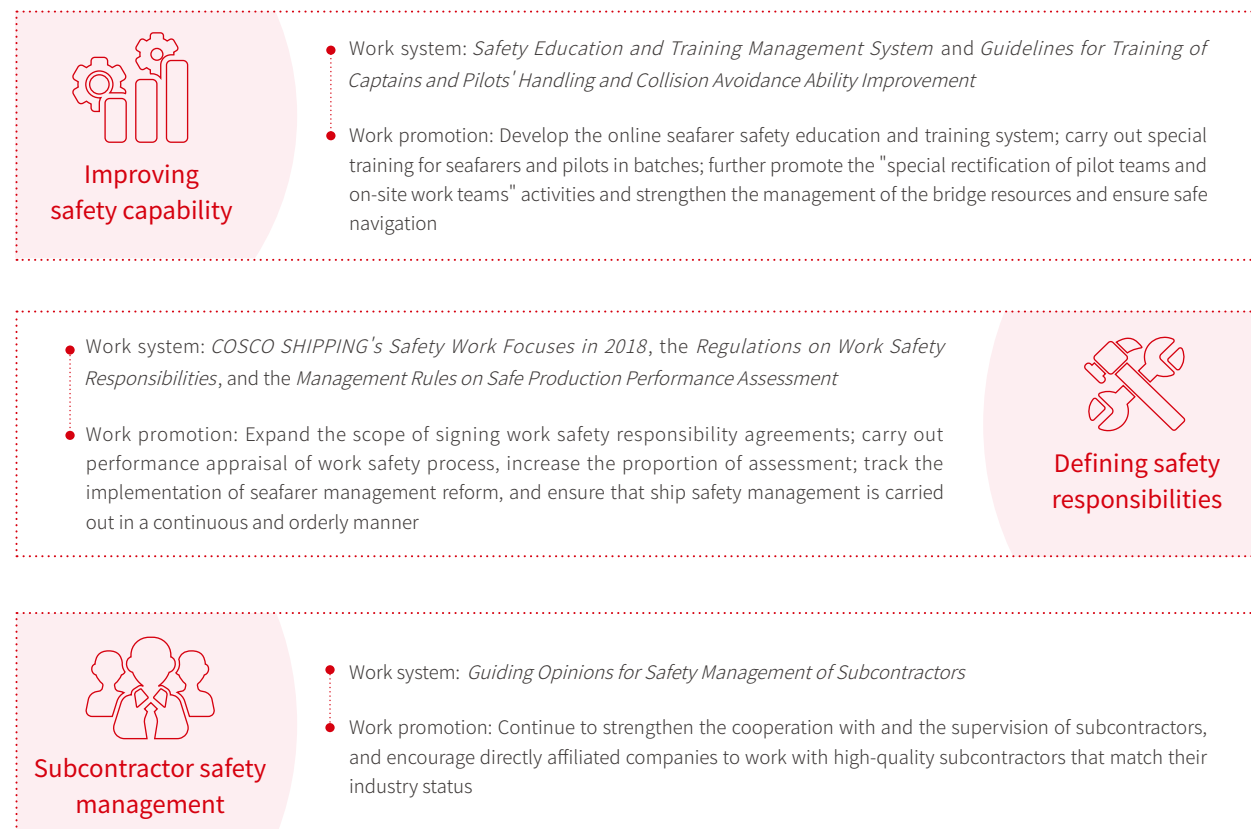
The world is an interconnected and interactional whole. Only by coordinating the relationship between partial and overall interests, immediate and long-term interests, and key and non-key interests, can we avoid losing the forest for the trees, which leads to imbalanced development. Facing the current imbalanced and inadequate regional development, COSCO SHIPPING puts equal emphasis on its own development and its external influences, balances the coordinated development of various industrial clusters, and establishes a harmonious and co-flourishing relationship with industry partners to promote higher quality, more coordinated industry, regional and social development.





## Consolidating Safety Basis

COSCO SHIPPING adheres to the bottom line of work safety and goal of "eradicating major accidents with heavy responsibility, avoiding serious accidents with relatively heavy responsibility and reducing general accidents". Guided by the "target-oriented" and "problem-oriented" safety philosophy, we have comprehensively improved our safety management awareness and capacity from the aspects of responsibility defining, source control, team management, education and training, technical support, and information security, consolidating safety management responsibility and ensuring stable work safety.



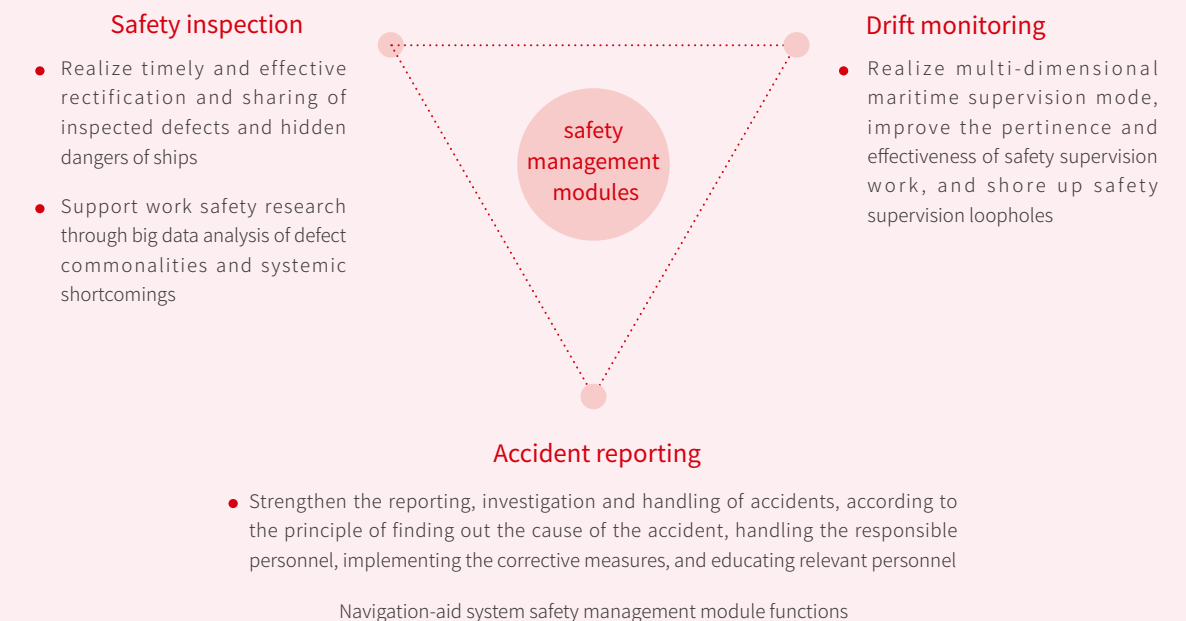
COSCO SHIPPING safety management measures



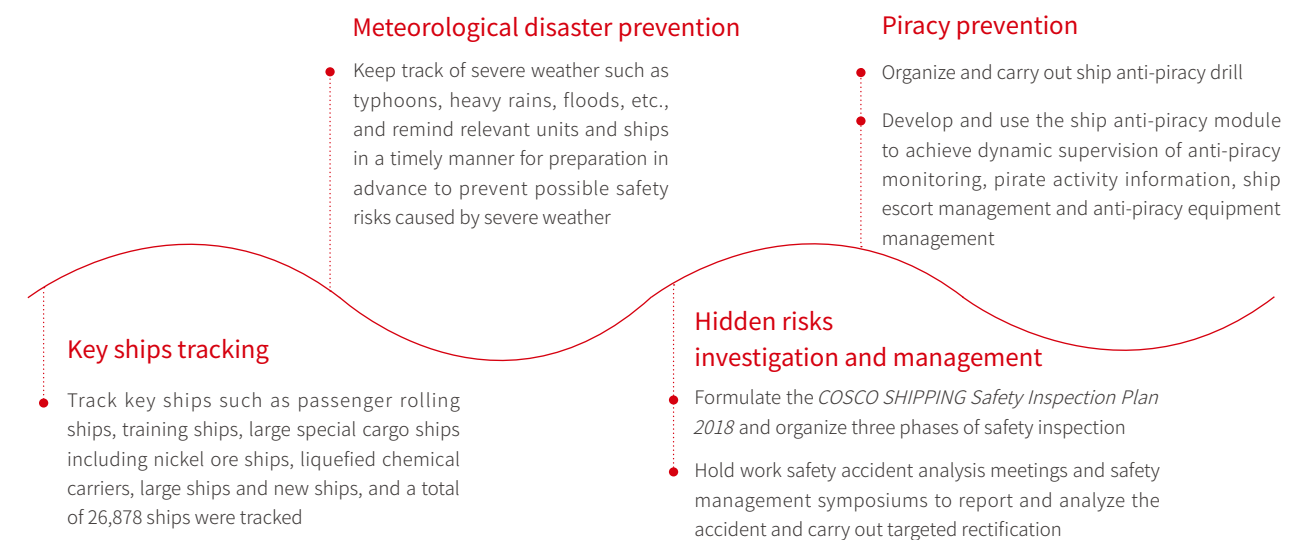
### Case: Information technology improves safety management capacity

COSCO SHIPPING develops and promotes the application of "Shipping Management Information Standardization Platform", and has realized the unified information monitoring of sub-modules of ship safety management, maritime management, machinery management, energy efficiency management, shipping insurance management and cost management, thus improving the refinement level of ship safety management.

In November 2018, "Shipping Management Information Standardization Platform" was selected as a typical production and operation case of informatization application among central SOEs cases by the SASAC.



COSCO SHIPPING has earnestly implemented the work safety policy of "safety first, prevention first and comprehensive management", strengthened the tracking and monitoring of ship safety, and enhanced the ability of safety risk identification, pre-control and resolution.



COSCO SHIPPING safety risk control measures



## Providing Quality Customer Services

Confronted with the homogeneity service competition in the shipping industry and new customer demands caused by the changes of the market environment, COSCO SHIPPING insists on strengthening the development of the shipping business sector and has proposed to transform product into service and service into product and realize customer marketization. Following the trend of the global market, we have refined basic service processes and standards and enhanced the ability to provide customized service so as to provide excellent service experience for customers around the world.

By optimizing customer service processes, we have strengthened communication with customers and formed long-term relationships with customers. In 2018, COSCO SHIPPING conducted a satisfaction survey on customers around the world, issuing 2,462 questionnaires and collecting 2,008 valid responses. The customer satisfaction stood at 88.03%, an increase of 0.09 percent over the previous year.



### Improving service standards

- Formulate booking, boxing, bill of lading, invoice provision, ship-to-class rate, transit service, arrival notification, window service, and dispute resolution whole-process service standards to improve fine service management



### Clearing service blind spots

- Conduct an "Experience Officer" customer service tracking survey to gain an in-depth understanding of customers' needs that are considered important by customers but ignored by the Company
- In 2018, the Company conducted two telephone interviews and an online survey of 65 Experience officers



### Opening feedback channels

- Open dedicated mailboxes, hotline, official WeChat account and official website to strengthen customer service experience communication and feedback



### Improving intelligent services

- Optimize the interaction function of e-commerce platform from the customer perspective to provide more intelligent and more convenient services

COSCO SHIPPING's continuous efforts to improve service quality

### Case: Ten years of sheer endeavor produces quality services

Aiming to become an integrated global logistics supply chain service provider, COSCO SHIPPING coordinates resources of each business segment to provide professional logistics solutions that meet the individualized needs of customers, which helped improve its competitive differentiation.

In 2006, Airbus officially decided to set up a final assembly line in Binhai New Area, Tianjin. In order to support the development of China's civil aviation manufacturing industry, COSCO SHIPPING took the initiative to undertake the long-distance transportation mission of large aircraft parts. From 2008 to 2018, we transported large components and parts with a total of 412 aircrafts, successfully completing the transportation mission for Airbus.



Loading supervision site of Airbus

Being COSCO SHIPPING's first high-precision aviation material transportation project, the Airbus project requires high safety standards. In order to meet those standards, COSCO SHIPPING has completed the R&D, design and manufacturing of Airbus-specific platform boxes, rolling trailers, road transport vehicles, trial masses and lashing tools, and has developed detailed operation procedures of barges, sea, land and air transportation, ensuring absolute transportation and operation safety.

The success of the Airbus project demonstrates the hard power of COSCO SHIPPING's integrated logistics transportation services. Taking it as a starting point, COSCO SHIPPING has provided more high-quality integrated logistics supply chain services for high-precision instruments and equipment. Since 2011, COSCO SHIPPING Logistics has cooperated with Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd. (hereinafter referred to as "Hafei Airbus") with its project logistics service in undertaking the export of key equipment such as Hafei Airbus A350 elevators and rudders. The company realized the "going global" mission of "made-in-China" and "created-by-China" products with zero accidents or complaints, as well as promoted the upgrading and transformation of the aviation industry.



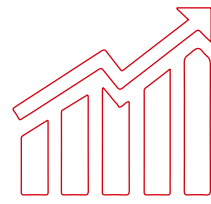
## Harmonious Supply Chains

Always bearing in mind the big picture of sustainable development, COSCO SHIPPING pays attention to suppliers' sustainable performance while actively promoting its own responsible operations and practices. The Group advocates responsible procurement. Suppliers' performance in the fields of safety, environmental protection and labor are included in the strict access, selection, assessment, and termination mechanisms. These measures are set to encourage suppliers to continuously improve their CSR fulfillment ability, reduce supply chain risks, and create a more sustainable and competitive supply chain ecosystem.

### Case: Strengthening suppliers' CSR fulfillment management

COSCO SHIPPING Holdings has established a supplier management mechanism for pre-qualification, dynamic evaluation and assessment, reward and punishment of suppliers. Suppliers are required to sign anti-corruption agreement and fill out social norms compliance questionnaires. The company holds zero tolerance towards commercial fraud, violations, and safety and environmental damages. These measures help monitor and regulate compliant operations and enhance suppliers' CSR awareness.

In 2018, COSCO SHIPPING won the third place in the fourth group in the ranking of the Central SOE Purchasing Management of the State-owned Assets Supervision and Administration Commission of the State Council, jumping two places from the previous year.



## Boosting Industry Prosperity

The sustainable and healthy development of an industry affects every company in the industry chain. COSCO SHIPPING actively carries out industry communication and cooperation and promotes the establishment of mutually beneficial industrial partnerships to boost a prosperous shipping industry.

### Industry exchanges and cooperation

COSCO SHIPPING actively organizes and participates in industry exchanges and cooperation to promote industry information exchange and experience sharing, and jointly create a better future with industry partners.

#### Case: Deepening cooperation to create a new era of carriers and ports

On January 17, 2019, COSCO SHIPPING held a seminar on port and shipping cooperation themed "New Trade Pattern, New Era of Carriers and Ports". Twenty port and shipping companies had in-depth discussions on the new developments, new models and new measures for future port and shipping cooperation and agreed that the port and shipping industry in the new era should be driven by new technologies, be based on service quality improvement and aim at coordinated development.

In order to further grasp the development opportunities presented by the new era and actively respond to new challenges, COSCO SHIPPING and all parties involved jointly put forward the "New Trade Pattern, New Era of Carriers and Ports: Boao Initiative" to make the port and shipping industry more open, green and digital, and boost sustainable development and competitiveness of the industry.

#### Case: The World Shipping Summit meets the CIIE, offering more promises for openness and win-win cooperation

On November 6, 2018, COSCO SHIPPING hosted the World Shipping Summit 2018 during the first China International Import Expo (CIIE), with nearly 1,000 participants from the shipping industries of dozens of countries and regions around the world. Focusing on the theme of "New Pattern of World Trade, New Challenges of Logistics Transformation", world-renowned economists, leaders in port, shipping logistics and other related industries explored new drivers for trade and the shipping industry and shared their thoughts on major issues in the international shipping market, which strengthened industry information exchange and deepened cooperation.

On the same day, the shipping industry's first blockchain alliance, the Global Shipping Business Network (GSBN), was launched. Leading port groups and liner companies will jointly develop digital industry standards, enhance industry collaboration, transform and innovate in traditional industry processes based on this platform, so as to achieve a higher level of coordinated development of the shipping industry.



DP World, Hutchison Port Holdings Limited (HPH), PSA International, Shanghai International Port Group (SIPG), CMA CGM, COSCO SHIPPING Lines, Evergreen Marine Corp., OOCL, Yangming Marine Transport Corp. and software solutions provider CargoSmart sign a letter of intent to create a Blockchain Alliance of the shipping industry



## Cultivation of industry personnel

COSCO SHIPPING cooperates with industry partners to carry out research on corresponding talent development topics and build a training platform based on industry development trends, so as to enhance the development ability of innovative talents and cultivate strategic resources for future development of the industry.

In 2018, COSCO SHIPPING participated in the "Study on the Construction of Young Officials Teams in the Central SOEs" of the CPC Organization Department. It went to Shanghai, Beijing and Guangzhou to conduct on-the-spot investigations and conducted research, analysis and discussion on 170 typical cases of young officials. The project report was completed in October; COSCO SHIPPING Ports and Navis jointly launched the Container Terminal Operating System (TOS) Competence Center Plan, sharing Navis' industry experience through training and project implementation, and rapidly developing a professional TOS implementation team for COSCO SHIPPING Ports.



Coating technology lab



## Promoting Regional Development

Coordination is an effective way to avoid development imbalance and boost overall development. COSCO SHIPPING has actively participated in the BRI, responded to and implemented national strategies such as the Yangtze River Delta Integration Plan and the coordinated development of the Beijing-Tianjin-Hebei region so as to open up sea and land trade channels and promote coordinated and balanced regional development.

### Promoting domestic coordinated regional development

Combined with the regional coordinated development policy of China, COSCO SHIPPING actively optimizes the domestic logistics transport network structure by constructing a new trade channel featuring smooth land and sea transport through railways and multi-modal transport, so as to promote regional economic development.

#### Case: Chengdu joins the BRI friend circle

As one of the earliest logistics enterprises having presence in the western China, COSCO SHIPPING Logistics has deepened its cooperation with the local government and its partners, set up several domestic and international multi-modal transport channels with Chengdu as its station of origin, and built up a freight network pattern that is closely connected with and supported by both domestic and international lines. The company built the Chengdu-Europe Express Railway into the only China-EU railway with stable supporting railway channels in China and transformed Chengdu into the hub for unimpeded trade of the western China and the Belt and Road countries.

The "Chengdu-Europe+" China Railway Express shortened the distance between Chengdu and the western China and even the world. By speeding up the circulation of goods, the development vitality of the inland areas was stimulated and the foundation of economic growth was consolidated. As of May 4, 2018, a total of 2,100 Chengdu-Europe express cargo trains were put into operation, and the number of trains in operation in 2016 and 2017 ranked first in the country, making it the most stable and most efficient China Railway Express with most trains in service.



In 2018, the People's Government of Chengdu signed a strategic cooperation agreement with COSCO SHIPPING to deepen cooperation and speed up the building of Chengdu into a Pan-European and Pan-Asian gateway



## Promoting international coordinated regional development

In response to the BRI, COSCO SHIPPING continues to expand overseas shipping businesses and optimize its international shipping network that covers the whole world to lay a foundation for COSCO SHIPPING's contribution to coordinated international regional development.

### Case: The Maritime Silk Road bridges China-Africa friendship

The friendship between COSCO SHIPPING and Africa dates back to 1967 when the Chinese-Tanzanian Joint Shipping Company was established. During the following fifty-one years, COSCO SHIPPING made continuous efforts to build shipping routes connecting China and Africa. We contributed our main container ships to build maritime transportation routes and inland transportation networks between China and African countries and actively facilitated trade exchanges and the implementation of major infrastructure construction projects, contributing to African regional economic growth and people's livelihood.

#### Serving Project Construction

01

##### Mombasa-Nairobi Railway construction

- From 2014 to 2017, we have invested more than ten multi-purpose heavy-lifting vessels to carry out 80% of the construction materials transportation task of the Mombasa-Nairobi Railway Project to realize the connectivity of six East African countries

02

##### Gibe III Hydropower Plant construction

- From 2011 to 2016, we provided full-scale logistics services for the equipment transportation project of the Gibe III hydropower plant in Ethiopia, and helped upgrade the "East Africa Water Tower" to "East Africa Electric Tower" to deliver clean energy to many African countries

03

##### South Africa De Aar Wind Power Plant construction

- During 2015 to 2017, we transported 163 sets of towers of South Africa's Wind Power Project from China to South Africa to facilitate China's self-developed and independently manufactured wind power equipment to go global and alleviate electricity shortage in South Africa

04

##### Guinea Aluminum Ores project

- In September 2018, COSCO SHIPPING and Aluminum Corporation of China Limited signed the cooperation agreement on the whole-process logistics project of Guinea, Africa, to carry out all-round cooperation including bulk cargo transportation, wharf construction, barge transportation and maritime transshipment, which will help Aluminum resources of Africa go global



Shipping services help build a better future for Africa

#### Shipping Capacity Investment

01

##### COSCO SHIPPING Lines

- As of the earlier November 2017, we have put more than 95,000 TEU of fleet capacity into 14 Far East-Africa services and 2 European-West African services

02

##### COSCO SHIPPING Bulk

- Shipping routes cover 18 African countries
- Completing about 20 million tons of Africa-related cargo transport in 2017
- In 2018, we put 18 ships into China-Africa routes service, a 13% increase year on year

03

##### COSCO SHIPPING Specialized Carriers

- With nearly 40 ships, over one million deadweight tons, including 11 professional timber carriers, 13 multi-purpose heavy-lift vessels and several chartered vessels were invested



# Green Development

## Cherishing the Earth and Protecting Blue Seas and Skies



"We will devote more energy and take more concrete measures to advance the building of an ecological civilization, accelerate efforts to develop green production and ways of life, and work harder to tackle prominent environmental problems. We will make the skies of our country more blue, mountains more green, waters more clear and the environment more beautiful so that the concept that lucid waters and lush mountains are invaluable assets is better demonstrated on the great land of our country."

-Xi Jinping

### SDGs:



In modern international shipping, protecting the marine ecology and promoting the green shipping has become an important historical mission for all players in the industry while practicing their CSR. Upholding the values to make voyages safer and seas cleaner, COSCO SHIPPING has always adhered to the concept of sustainable development, promoted green shipping, advanced the marine ecological development of China, and made important contributions to the global marine ecological environment.





## Green Shipping

Practices of respecting seas, protecting the marine ecology and advocating the green shipping are aimed at protecting and developing the international shipping industry. COSCO SHIPPING implemented large-scale technical transformations of ship equipment and carried out pollution prevention and control on ships and ports, thus saving energy and reducing emissions, reducing pollutants generated by shipping, and avoiding the negative impact caused by ship oil on the marine ecology.

### Energy saving and emission reduction

In accordance with relevant conventions, regulations and standards, we have formulated and issued the *Regulations on Energy Conservation and Emission Reduction Management* to provide a basis for the Group and our subsidiaries to carry out environmental protection. With the support of the information technology, COSCO SHIPPING has strengthened the monitoring of energy use and environmental protection, and researched on the application and transfer of energy conservation and environmental protection technologies, which has helped improve energy efficiency and reduce the generation of waste water, waste gases and residues during shipping.

#### Case: Attaching equal importance to management and technology for more efficient energy saving and emission reduction

To continuously improve the efficiency of energy saving and emission reduction, COSCO SHIPPING Holdings has constantly improved the environmental and energy management mechanism and formulated a number of energy saving and emission reduction systems, so as to realize the highest degree of control over the waiting time of ships and improve the energy efficiency of ships through technological transformations.

Formulate the *Energy Conservation and Emission Reduction Regulation*, collect fuel consumption statistics and issue *Fuel Management Weekly* and *Fuel and Lubricant Management Monthly* on a regular basis, and study, analyze and evaluate energy performance data

Formulate the *Operation Regulations for Back-to-Shore Treatment of Oily Sewage and Shipboard Oil Pollution Emergency Plan* to avoid the pollution of waste



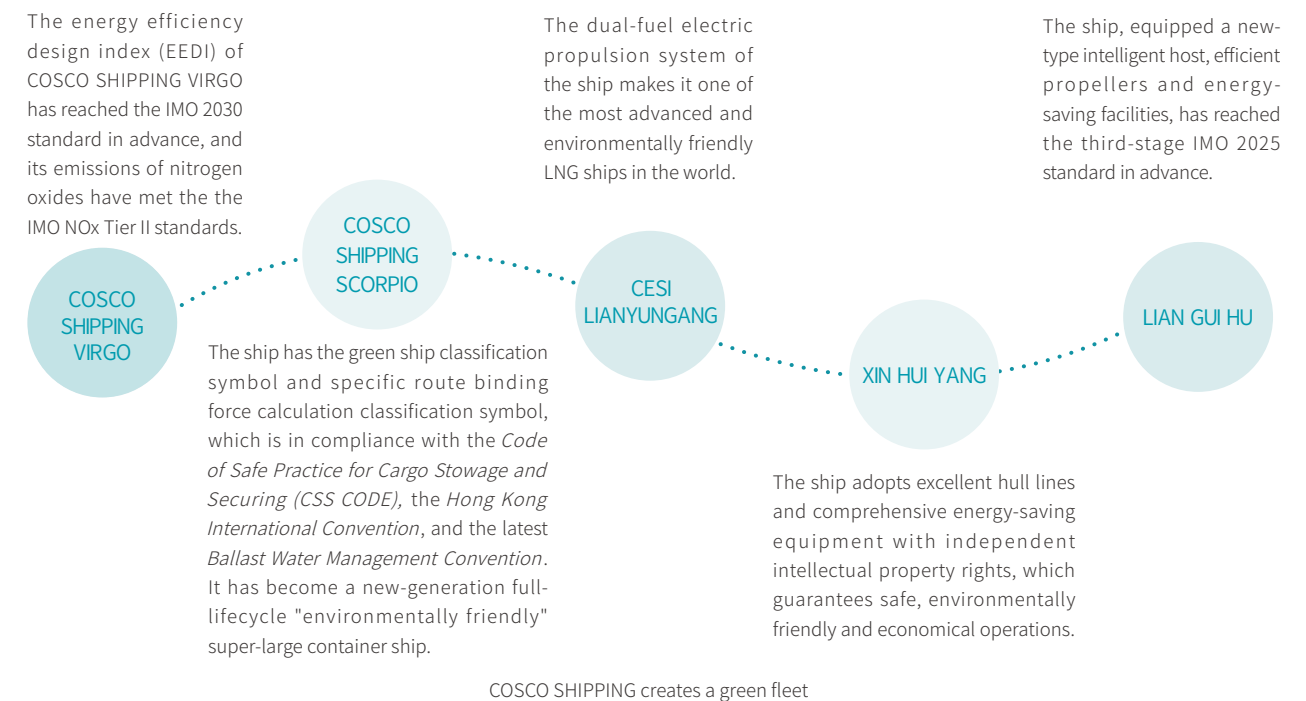
Improve the direct docking rate and operational efficiency of ships at the port to control of ship waiting time, continuously compress ship time in port, thereby reducing oil consumption

Renovate the bulb bows and propellers of ten ships of 4,250 TEUs as well as the propellers of three ships of 10,000 TEUs and four ships of 13,000 TEUs, which reduced the wave-making resistance during the voyage and contributed to energy saving and emission reduction

According to the Low Sulphur IMO (International Maritime Organization) 2020 Regulation, a new 0.5% global sulphur cap on fuel content shall be enforced from January 1, 2020 for all ships except for those equipped with exhaust gas cleaning systems. The sulphur cap is aimed at promoting global green development and environmental improvement, as well as benefiting the health and living quality of all human beings. As a shipping enterprise, we pay more attention to issues related to ship fuel and technological transformation, and has made a comprehensive plan from perspectives of technology and management to ensure our compliance with the Low Sulphur IMO 2020 Regulation.

## Green ships

Adhering to green shipbuilding, we practice green development throughout the processes of ship design, building, operation and dismantling, aiming to build a green fleet in a green and low-carbon way.



## Green ports

Fuels and electricity are the main energy sources for port businesses. By continuing to enhance investments in energy-saving and emission-reduction technologies, actively promoting the mode powered by electricity instead of oil and using cleaner energy such as electricity, we have reduced the pollutants generated by the Group, improved the efficiency of automated terminals and reduced energy consumption continuously.

#### Zhangjiagang Win Hanverky Container Terminal develops hybrid container transport vehicles

Zhangjiagang Win Hanverky Container Terminal is located on the south bank of the Yangtze River. The terminal has a stacking capacity of 43,668 TEUs and a throughput of one million TEUs. In April 2018, it completed the acceptance inspection of the technological transformation project for the new-type hydropneumatics hybrid container transport vehicles, an upgrade of the diesel container transport vehicles. By comparing the new vehicles' performance data with those before the transformation and those powered by diesel, the hybrid ones save about 12% of fuel consumption, thus promoting the sustainable development of the terminal.

#### Case: Taicang International Container Terminal makes outstanding achievements in energy saving

Following the completion of the RTG "oil to electricity" project and sewage water supply system transformation at the end of 2017, Taicang International Container Terminal, a subsidiary of COSCO SHIPPING Ports, cut its diesel consumption by approximately 221 tons in 2018 and realized continuous decreases in carbon emissions. The sewage system was connected to the municipal sewage pipeline network, through which some recyclable sewage was used for flushing toilets and irrigation after being recycled and purified. The water consumption of the terminal in 2018 was 124,072 tons, down 29% compared to that of 2017.



## Protecting Biodiversity

The transfer of harmful aquatic creatures and pathogens in ship ballast water is regarded as one of the four major threats to the ocean by Global Environment Facility. The *Ballast Water Management Convention* came into force in China from January 22, 2019. Besides, the Group has followed institutional documents such as the *Guidelines for Ship Ballast Water Management* and the *Ballast Water Management Plan* to prohibit any violation against the convention. By managing the operation, replacement, security check and recording of ship ballast water, we aim to reduce the risk of introducing harmful aquatic creatures and pathogens from ballast water and sediments of ships, and strive to reduce the negative impact of shipping on marine life.

### Case: Coping with challenges and protecting marine life

Globally, blue whales face various risks caused by climate change, chemical pollution, sound pollution, overfishing, ships, fishing nets and so on. In 2018, COSCO SHIPPING Lines took the initiative to participate in the "Protecting Blue Whales and Blue Skies" program. Along with strict cost management and operation time control in the liner industry, the company has stipulated stringent requirements on container shipping companies involved in the program as a greater challenge. Besides, COSCO SHIPPING Lines has made further researches on energy efficiency management of ships, updated plans related to sailing schedules, docking schedules and terminal operations, and communicated with stakeholders proactively. Such efforts have been recognized and helped the company won awards such as the golden award of Santa Barbara Channel Region and the silver award of San Francisco Bay Area, contributing largely to the protection of marine life.

### Captain Panda's Tips

Ship ballast water: To stabilize an unloaded ship, a certain amount of seawater should be pumped into the bilge before setting sail, so as to enhance the ship's resistance against winds and waves, and when the ship is loaded, the seawater is released. Such seawater is called the ballast water. Along with the ballast water, a large number of flora and fauna are transported to different sea areas around the world. Improper disposal of ballast water may cause the invasion of off-shore marine creatures in the local waters and the proliferation and spread of exotic creatures, which will destroy the ecological balance of local waters, damage fishery resources and affect public health.



## Facilitating the Green Energy Strategy

The development of clean energy is the fulcrum for addressing climate change, stimulating the adjustment of the energy structure as well as economic transformation and development. As China accelerates the development of green energy, COSCO SHIPPING endeavors to promote the implementation of the green energy strategy of China and global sustainable development. By vigorously developing the transportation of LNG and new energy resources, the Group strives to become a leader of the domestic LNG transportation market, and an important player in the international one. And by building ships capable of transporting wind power equipment, we actively participate in installation and transportation tasks in offshore wind power projects, and promote the development of various types of clean energy.



"Sea Challenger series" wind turbine installation vessel of COSCO SHIPPING

### Case: COSCO SHIPPING transports LNG to China through the Arctic shipping route, launching the revolution for energy development and transportation in the Arctic

In 2018, COSCO SHIPPING Energy launched the LNG Polar Silk Road Ice-breaking Tour to help ensure stable and green energy transportation and improve the diversification of the energy structure. In July 2018, the first ice-breaking LNG carrier Vladimir Rusanov for Yamal LNG Project set sail, becoming the first carrier that transports LNG from the Arctic to China. Compared to the traditional route that crosses the Suez Canal, the new route saved about 20 days for LNG transportation. The carrier was successfully unloaded at the LNG acceptance station of SINOPEC Jiangsu Rudong Petroleum Branch. Voyages along the new route saved fuel cost and carbon dioxide emissions by 30% to 40% respectively, which is a real green voyage. It is also the first time that an LNG carrier reached the Far East by way of the Bering Strait through the northeast waterway of the Arctic.

The successful arrival of the first LNG carrier, which marks the successful launch of the section of China-Russia energy cooperation model project that transports LNG to China, has added to China's LNG sources and will largely enrich China's clean energy supply. As a persistent energy transporter, COSCO SHIPPING Energy will continue to contribute to the optimization of China's energy structure and provide strong support for China's green development.

## Raising Environmental Protection Awareness

COSCO SHIPPING actively promotes green office, and encourages employees to print on both sides of the paper, recycle and reuse, save electricity and conduct environmental procurement. We hold various environmental protection publicity and practice activities such as training on environmental protection laws and regulations, knowledge contests and lectures, so as to help employees develop environmental protection into a conscious behavior.



Land

In 2018, the Environmental Protection Committee of Yantian International Container Terminals organized employees to actively participate in the "red bag recycling" activity, environmental protection and public welfare flea market activity themed "Green Action for Love" as well as the Earth Hour to enhance employees' awareness of environmental protection. Meanwhile, the company promoted green office by encouraging employees to protect the environment in every detail of life, and lowering energy consumption and the amount of waste generated by corporate operations.



Ships

In 2018, the activity themed with "Protecting the Marine Environment Hand in Hand, Carrying Forward the Marine Civilization Heart to Heart" was launched on the YUAN HUI HAI ship sailing in the East China Sea on the Earth Day. The activity made marine-themed publicity in various forms, transmitted the concept of ocean conservation, and helped spread marine civilization, which guided the crew to take care of, protect and kindly treat the ocean starting from small things.



Ports

On March 12, 2018, COSCO SHIPPING Specialized Carriers launched the "Running for Green" activity. In addition to the offline running activity, the company also organized the online running activity where everyone runner can share their running performance, photos taken along the route as well as thoughts about environmental protection. The running activity was aimed at motivating more young people to pursue a healthy lifestyle and implement environmental protection, contribute to a greener earth, and become energetic both physically and psychologically.

COSCO SHIPPING subsidiaries hold all kinds of environmental protection activities to enhance employees' environmental protection awareness



# Opening Up

## Sailing on the Maritime Silk Road



"China's door will never be closed; it will only open still wider. China will not stop its effort to pursue higher quality opening up; China will not stop its effort to pursue an open world economy, and China will not stop its effort to pursue a community with a shared future for mankind."

-Xi Jinping

### SDGs:



In the new era, China will continue to open up to the outside world, share the fruits of development with the world and strive to build a community with a shared future for mankind. As a participant and promoter of China's economic globalization, COSCO SHIPPING keeps optimizing global resource allocation, serving global trade and disseminating commercial civilization with a broader horizon. The Group has been building an important bridge between China and the world as well as strategic channels for the Chinese economy to integrate into the world, in an effort to strengthen global ties and boost economic development worldwide.





## Leading the World's Shipping Industry

COSCO SHIPPING knows that only by engaging in global competition, building China's marine transportation channels and logistics channels that are integrated into the global economy, optimizing its own global terminal, route, service layout and enhancing international business capabilities can the Group consolidate China's control and support of core transport resources and channels, better serve the implementation of national strategies, safeguard national security, and enhance the international discourse power and international influence of China's shipping industry.

### Layout of shipping routes

COSCO SHIPPING actively optimizes the layout of global routes, improves the service quality of ship routes, and opens up the lifeline of maritime transport between China and the world. Currently, with Hong Kong, Japan, South Korea, Australia, Southeast Asia, West Asia, North America, South America, Europe, and Africa as radiation points, COSCO SHIPPING has built up a global maritime transportation network with more than 1,500 ship routes, covering major regions of the world. In 2018, COSCO SHIPPING optimized and reorganized some shipping routes, including removing the Southeast Asia route and the Persian Gulf route, and establishing the Pan-Indian Ocean route. The Group also canceled the general cargo business unit, and successfully opened the African route, the Australia-New Zealand route and the Pan-Pacific route. We thus further optimized the mobilization of our transport capacity, and increased transport capacity in new markets and new regions. At the same time, we promoted the development of third-country markets such as the Atlantic route, providing liner services with multipurpose vessels between Europe and South America, Europe and the Gulf Coast, Europe and West Africa to further improve the Group's route layout.

### Key performance:

More than **160** countries and regions were involved in the Group's international operation

More than **1,500** ports were covered by the Group's ocean routes

COSCO SHIPPING provided funds for **55** terminals, including **21** overseas terminals

"Facing the future, COSCO SHIPPING will leverage its global network advantages and resource advantages to seek common development with customers and partners around the world. We must take advantage of the trend and ride on the momentum to play a bigger role in the international shipping market."

-Xu Lirong, Chairman of COSCO SHIPPING

## Serving the implementation of national strategies

The shipping industry plays a leading role in the implementation of the BRI, and it undertakes the historical mission of building a maritime trade channel and expanding the logistics corridor connecting the "Belt" and the "Road". As the backbone of China's shipping industry, COSCO SHIPPING insists on combining its own development with the national strategies, such as the BRI and the strategies to build China into a maritime power and a transportation power, etc., so as to add new momentums to the sustainable development of businesses, industries, countries and regions.

### Serving the building of the Belt and Road

With an international vision, COSCO SHIPPING participates in the implementation of the BRI in a deep-going way. Through deploying the "point, line and surface" layout, the Group accelerates the business expansion of ports, shipping and integrated logistics in countries and regions along the route, and continues to improve the trade channels and transportation infrastructure for those countries and regions. By the end of 2018, COSCO SHIPPING had invested RMB 55.8 billion in countries and regions along the Belt and Road.

### Port terminals: Giving priority to the development of key hub ports in countries and regions along the Belt and Road

COSCO SHIPPING maintains the resolution and development strategy to promote and improve the construction of global container hub groups, and actively deploys port terminals along the Belt and Road through the establishment of diversified global terminal portfolio. Currently, the Group's has carried out operations in 17 international ports in countries and regions along the Belt and Road, including the Port of Piraeus in Greece, the Port of Kumport in Istanbul, Turkey, the Euromax Terminal Rotterdam in the Netherlands, the VADO Terminal in Italy, the Marseille Fos Port in France, the Abu Dhabi's Khalifa Port in the UAE, the PSA Singapore Terminals, the Port of Busan in South Korea, the Port of Port Said in Egypt, etc., covering Singapore, Belgium, the Netherlands, Germany, Greece, Spain and other countries and regions.

Located in southeastern Greece, the Port of Piraeus is an important hub of the Maritime Silk Road in the Mediterranean in the 21st century. Thanks to efforts by COSCO SHIPPING for nearly ten years, in 2018, the cargo handling capacity of the Port of Piraeus has increased to 4.5 million TEUs from 685,000 TEUs a decade ago, and it has created 2,600 jobs for the local area. The port is now 36<sup>th</sup> in the world rankings, rising from the 93<sup>rd</sup> when it was taken over by COSCO SHIPPING.





## Shipping routes: Opening the lifeline of maritime transport between China and the world

COSCO SHIPPING is committed to connecting the five continents and the three oceans. The Group continuously improves its global route network with a well-established shipping route network, thereby promoting the shared development of countries and regions along the Belt and Road, and injecting economic vitality into these countries and regions. COSCO SHIPPING has opened several liner routes in Europe and Asia. At present, the container marine routes along the Belt and Road account for 58% of the total container routes of the Group.

As the fourth maritime transportation route between China and Europe, the "Polar Silk Road" is of great national strategic significance. In 2018, 7 vessels of COSCO SHIPPING Specialized Carriers completed 8 voyages on the Arctic route, transporting 626,000 RT of cargo; COSCO SHIPPING Energy's Yamal project completed one voyage across the Arctic and transported 76,000 tons of liquefied natural gas. The project strives to make greater contributions to the development of the "Polar Silk Road".



The merchant ship Yong Sheng sails across ice fields in the Arctic

## Logistics: Developing and enhancing the service capability on land

COSCO SHIPPING puts effort into solving the problem of land transportation along the Belt and Road and enhancing its comprehensive capability to serve the global supply chain. The Group has increased its investment in Asia-Europe sea-rail combined transport and Asia-Europe international line business, and opened nearly 10 lines including Chongqing - Shenzhen line, Chengdu - Shenzhen line, Lianyungang - Kazakhstan - Europe line and China - Russia international line. The Group promotes the construction of the "China-Europe Land-Sea Express Line" with the Port of Piraeus in Greece as a hub in an effort to open up a new logistics channel between China and Eastern Europe. In addition, the Group has opened new ocean-going routes with the Port of Qinzhou and the Port of Yangpu as the port of origin or transit port to support

the construction of the New International Land-Sea Trade Corridor, and turn the inland areas of China into a frontier zone for opening up. The efforts will help develop an opening-up pattern that links the land and the sea and boosts the east and west regions share development through coordinated efforts.

The "China-Europe Land-Sea Express Line" is built by COSCO SHIPPING with the Port of Piraeus in Greece as the hub for the integration of rail transport and maritime transport networks. In 2018, a total of 50,000 TEUs of cargo were transport along the "China-Europe Land-Sea Express Line", up by 27% year on year; the number of customers increased from 3 in 2016 to 635 in 2018, and the coverage of the express line expanded to 1,500 branches in 9 countries.



The China-Europe Land-Sea Express Line

### Case: Building the Abu Dhabi Terminals, COSCO SHIPPING Ports boosts the Belt and Road cooperation between China and the United Arab Emirates for a new level

On December 10, 2018, COSCO Shipping Ports and Abu Dhabi Ports inaugurated the Abu Dhabi Terminals at Khalifa Port. The Abu Dhabi Terminals (ADT), which has the largest container freight station in the Middle East and the first semi-automated cargo terminal in the region, is the first overseas greenfield project held by COSCO SHIPPING Ports. The ADT connects the Khalifa Port with the global network of COSCO SHIPPING, becoming not only one of the largest ports in the Middle East and the Indian subcontinent, but also a global shipping hub. The successful operation of the ADT has injected new vitality into the UAE. The Abu Dhabi Ports entered the top 25 largest container ports of the world from its previous ranking of the 89th.

"The opening of the ADT is another major achievement of the long-term economic cooperation between China and the United Arab Emirates. The cooperation between Abu Dhabi Ports and COSCO SHIPPING Ports will further strengthen the UAE's important role in global trade, enhance the diversification of our economy, and also help build the Belt and Road and expand trading links globally."

-Dr. Sultan Ahmed Al Jaber, Minister of State of the UAE and Chairman of Abu Dhabi Ports



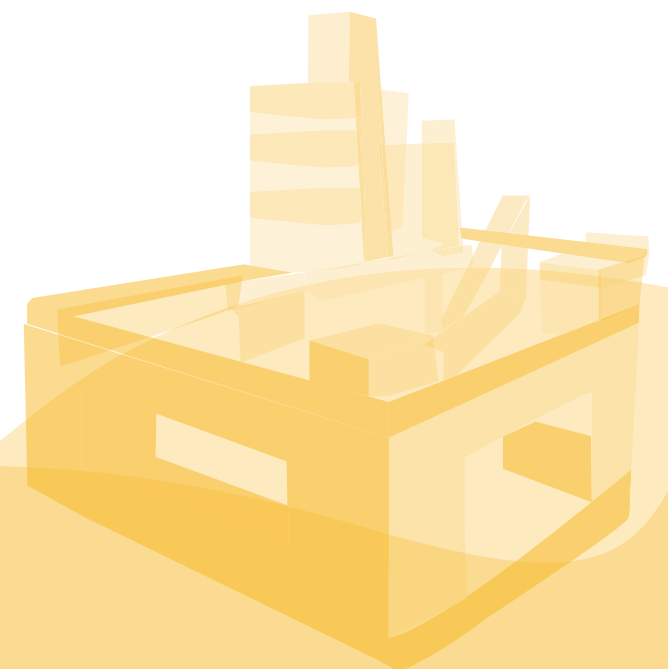
The Abu Dhabi Terminals

### Case: Developing the New International Land-Sea Trade Corridor by launching the COSCO SHIPPING "Hainan-ASEAN (Singapore)" Liner Route

On December 29, the launching ceremony of the New International Land-Sea Trade Corridor (ILSTC) and COSCO SHIPPING "Hainan-ASEAN (Singapore)" Liner Route, co-hosted by Hainan Provincial People's Government and COSCO SHIPPING, was held at Xiaochantan Terminal owned by Hainan Harbor & Shipping Holding Co., Ltd., Yangpu Economic Development Zone, Hainan Province. The "Hainan-ASEAN (Singapore)" Liner Route opens a direct passage through which goods from western China can be shipped southward to Singapore via Port of Yangpu, as well as a new channel for transferring cargo from China's coastal ports to Southeast Asia via Yangpu. It declares that Port of Yangpu in Hainan has turned to a new pivot of ILSTC and marks that ILSTC, which takes Qingzhou in Guangxi Province as its gateway and Yangpu in Hainan Province as its international hub, has entered a new stage of development.

"The opening of the container route from Yangpu to Singapore will bolster the confidence of international and Chinese shipping companies in expanding the Hainan shipping market while injecting vitality into the involvement of Hainan into ILSTC construction."

-Wang Lu, Vice Governor of Hainan Provincial People's Government





### Case: Chinese President and Panamanian President visit the Neo Panamax Locks and talk to the Captain of COSCO SHIPPING ROSE

COSCO SHIPPING ROSE departed from Qingdao, China on October 1, 2018, sailed across the Pacific and then into the Atlantic after going through the Panama Canal, and reached three U.S. ports respectively. On December 3 local time, Chinese President Xi Jinping and Panamanian President Juan Carlos Varela paid a visit to the New Panamax Locks on the Panama Canal. The two heads of state and their spouses then had a photo in front of the vessel with great delight.

The Panama Canal is an important international waterway connecting the Pacific with the Atlantic. As one of the major clients of the Canal, COSCO SHIPPING has nearly 300 cargo ships navigating through the Canal each year, with four to five ships on average each week, including container ships, dry bulk carriers, and oil tankers. COSCO SHIPPING has provided container, bulk cargo and oil product shipping service in Panama. Its Central American container shipping business headquarters is based in Panama, which has turned the country into the most important container transit hub that links South America, North America, and the Caribbean Region. In this way, COSCO SHIPPING has established a shipping network with Central America as the center that connects Far East, Europe, North America and South America, making positive contributions to promoting world trade development and China-Panama economic and trade cooperation. By the end of 2018, COSCO SHIPPING Lines had a total of nine trunk routes and direct routes through the Panama Canal, greatly supporting Panama's position as a shipping hub for Central America and the Caribbean, and driving the development of local industries such as trade, shipping, logistics and warehousing.



"I hope you can take full advantage of the Canal to continuously improve the logistic transportation and make greater contributions to the development of China's shipping industry and world trade prosperity."

-Xi Jinping

## Serving the maritime power strategy

In an effort to contribute to building China into a maritime power, COSCO SHIPPING continues to strengthen technological innovation, improve its ability to develop marine resources, and actively explore polar waters. In 2018, COSCO SHIPPING Specialized Carriers continued to carry out normalized and large-scale sails across the Arctic with 8 vessels, the most ever. Since the first Chinese merchant ship, the Yong Sheng ship, sailed the Arctic in 2013, COSCO SHIPPING Specialized Carriers has dispatched 15 ships to complete 22 voyages along the Arctic northeast channel.

### Case: Building the world's first deep-sea dynamic positioning crude oil transfer ship

On March 15, 2018, the world's first deep-sea dynamic positioning crude oil transfer ship designed and built by Nantong COSCO SHIPYARD Co., Ltd./COSCO (Qidong) Offshore CO., Ltd for Norwegian ship owner Seaload, was official named and delivered. The vessel provides powerful dynamic positioning for large tankers to be located in safe waters, and can conduct safe and quick STS transfer operation from FPSO to conventional tankers. In addition, the ship is equipped with international cutting-edge technologies such as variable speed diesel engine and DC power station system, and can significantly improve fuel economy and effectively reduce emissions.

### Case: "E Haitong" makes live broadcast on the sea possible

On January 25, 2018, the "Experiment 3" (Shi Yan 3) scientific expedition vessel, which was conducting the first China-Pakistan Indian Ocean Joint Expedition along the Moolan Trench in the northern Indian Ocean, conducted a live broadcast of their expedition mission on the earth sciences popularization platform initiated by the Xinhua.net via the "E Haitong" maritime satellite network developed by China Shipping Telecom. The successful live broadcast was the platform's first live broadcast on the sea since its establishment. The network was in good condition throughout the live broadcast. With real-time communication of texts, images, video data and remote monitoring data related to scientific research and ship navigation, the "E Haitong" system installed in the "Experiment 3" guarantees the success of the expedition, and further improves work efficiency and navigation safety.

## Key performance:

### As of the end of 2018,

Provided **141** cumulative liner services with the total shipping space of **137,700** TEU every week

Involving **34** domestic terminals and **9** foreign terminals along the Belt and Road

Yearly cumulative oil shipping volume and dry bulk shipping volume along the Belt and Road were **55.42** million tons and **64.69** million tons respectively

Covering **27** provinces, autonomous regions, municipalities directly under the central government, and **91** major ports and inland stations by over **150** operating COSCO SHIPPING container sea-rail lines

Invested **167** container lines, over **164** container ships, and **1.72** million TEU container ship capacity along the Belt and Road



# Sharing

## Making Joints Efforts to Build a Better Future



"The prosperity of the country and the rejuvenation of the Chinese nation will ultimately be reflected in the happiness of tens of thousands of families, and in the continuous improvement of the lives of hundreds of millions of people. When millions of Chinese people live happily, we can truly achieve national prosperity and rejuvenation."

-Xi Jinping

### SDGs:



Shared development is not only about the sharing of material wealth, but also about the sharing of development rights and opportunities. Currently, China's economic development is ahead of social development. As a responsible company, COSCO SHIPPING is obliged to cooperate with internal and external stakeholders to invest resources and create opportunities for the good life and long-term development of employees and communities. We always adhere to win-win cooperation, and establish good communication and cooperation with stakeholders, in an effort to contribute to a harmonious community with a shared future for all and to deliver on the aspirations of the people for a better life.



# Joining Hands with Employees to Move Forward

COSCO SHIPPING is fully aware that employees are the key to the development of the Group, and that enabling employees to feel the sense of belonging and happiness is an important foundation for our vitality and harmonious development. Therefore, we attach great importance to the growth and happiness of every employee, and strive to provide a platform for their development, helping them realize self-values and grow together with the Group.

## Staff management

COSCO SHIPPING strictly abides by the *Labor Law*, and actively implements the "13th Five-Year" *Staff Development Plan of COSCO SHIPPING* with a focus on the "six in one" employee management system and the employee development mechanism to continuously improve the talent management mechanism in line with the international development of the Group. In 2018, COSCO SHIPPING issued the *Opinions on Improving Salary Distribution to Benefit Front-line Employees* and improved the employee remuneration management mechanism. Meanwhile, we formulated the *Management Regulations on the Management Personnel (Trail)* and the *Management Regulations on the Open Competition for the Recruitment of Management Personnel* by taking reference to the *Management Regulations on the Leaders of Central SOEs*, thereby improving the system for selecting and appointing management personnel and consolidating the management foundation for the Group. By the end of 2018, the number of staff on active duty is 137,193.

### Selection and recruitment of employees

- Expand the coverage of the pilot project of market-based selection and recruitment of professional managers
- Tap the potential of talents and prioritize talent transfers within the Group
- Recruit employees in the transportation, financial, logistics management and other fields simultaneously to improve the quality of recruitment

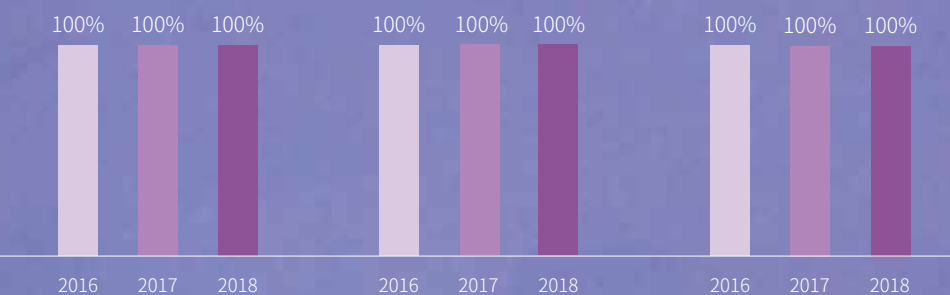
### Performance appraisal

- Comprehensive annual performance appraisal: Conduct 2017 annual performance appraisal of employees through annual debriefing, democratic assessment and other forms
- Comprehensive performance appraisal of officials within the tenure: Promote the comprehensive performance appraisal of officials within the tenure from 2016 to 2018 to realize regular and institutionalized supervision and management of officials

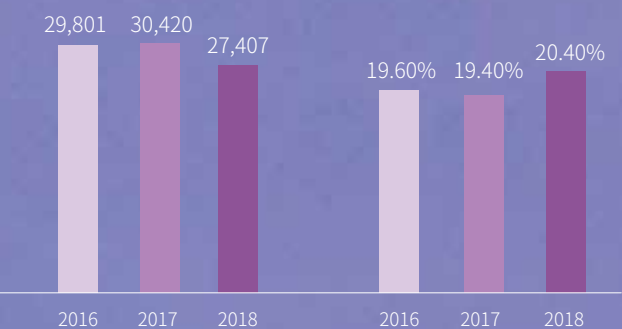
### Remuneration and incentives

- Medium- and long-term incentives: COSCO SHIPPING has implemented stock option incentives one by one. In June 2018, COSCO SHIPPING Ports authorized the first stock option and achieved phased results

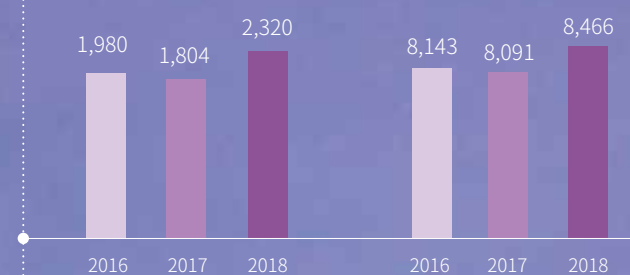
COSCO SHIPPING continuously optimizes the staff recruitment, evaluation and incentive mechanism to promote the scientific, institutionalized and democratic management of employees



Labor contract signing rate      Social insurance payment rate      Returning rate after maternity / parental leave

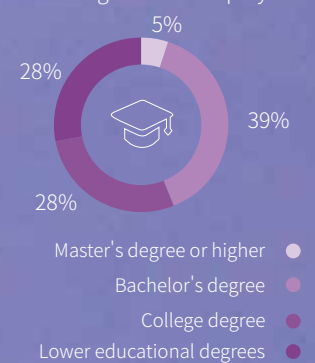


Number of crew numbers      Proportion of female employees

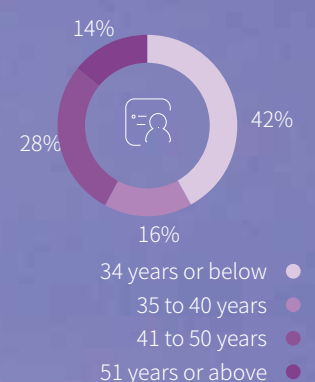


Employees from minority groups      Employees from Hong Kong, Macao, Taiwan and other parts of the world

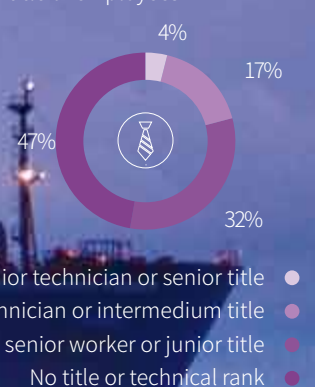
### Education background of employees



### Age breakdowns of employees



### Breakdown of the professional title of employees



Senior technician or senior title  
Technician or intermedium title  
Junior, intermedium, senior worker or junior title  
No title or technical rank



## Staff development

COSCO SHIPPING focuses on building key teams of staff, continuously optimizes the Group's staff training mechanism, and taps the potential of employees by expanding the career development channels of employees, and creating opportunities and platforms for them to play their roles.



Qingdao Ocean Shipping Mariners College was awarded the "Most Popular Seafarers Education and Training Institution" in the Zhenghe Sailing Honor Roll 2017. In 2018, the Group's Party school organized a total of 70 training classes, involving a total of 4,758 participants, a year-on-year increase of 6.4% and 7.7% respectively; among all those training classes, 59 were conducted face to face and 11 were online, with 3,635 and 1,123 participants respectively. The training classes received a 98% satisfaction rate from trainees.

### Case: Broadening talent development channels by launching the "Elite Program"

In response to the Group's call, COSCO SHIPPING Lines cultivates existing talents with potential, broadens the channels for employee promotion and development, and improves the efficiency of internal staff distribution.

In 2018, COSCO SHIPPING Lines launched the "Elite Program" which focuses on the development of branch managers born after 1975. Through public selection within the company, COSCO SHIPPING Lines aims to select elites from domestic first-line branches and overseas national companies to work at the headquarters, and back up as reserve management personnel. The program values the opinions of the masses, and pays equal attention to the performance, capabilities and potential of employees. It is an important measure to broaden the channels for selecting and recruiting staff and enable management staff to gain first-line work experience.

## Happy life

COSCO SHIPPING pays attention to the happiness of our employees, strives to create a harmonious working environment for our employees, and helps balance their work and life. For instance, we continually carry out various activities, such as visits to employees on the New Year's Day, during the Spring Festival and in hot summer days, and providing financial aid for employees' children. At the same time, we have filed documents of model workers, advanced employees and employees with difficulties, and implemented visit plans in an effort to bring the care of the Group to employees. In addition, we have carried out a variety of cultural and sports activities to enrich the spiritual and cultural life of our employees.

COSCO SHIPPING pays close attention to the career development and health of female employees. In 2018, the Group organized training sessions for female management staff to improve the career development of female employees. At the same time, we promoted the establishment of Mummy's Rooms for female employees with children, aiming to provide them with a more comfortable and private space in the workplace. Four Mummy's Rooms of COSCO SHIPPING Lines, COSCO SHIPPING Energy, COSCO SHIPPING Ports were rated as Shanghai four-star lactation room, and COSCO SHIPPING Bulk's Mummy's Rooms was selected as demonstration lactation room by the Guangdong Federation of Trade Unions.





## Caring for the crew

Seafarers are the foundation and valuable resource for the development of the Group's shipping business. However, the special working environment and the nature of their job inevitably put pressure on the crew, both physically and mentally. Therefore, COSCO SHIPPING attaches great importance to the health, development and well-being of the crew, actively enhancing their professional ability and competence while creating a warm and comfortable working environment for them.

**Health examination of crew:** We have established a health examination center to provide regular health examinations for the crew and form a crew health database

**Sailing health:** We prepare medicine for on-board crew according to their health data, and provide round-the-clock telemedicine consultation services



COSCO SHIPPING continues to carry out the Yuanhang-Health program to provide crew members with psychological consultation and intervention services. We have improved functions of the Yuanhang-Souls Harbor platform, which is now able to provide the crew with basic mental health knowledge necessary for work and life, and enhance their ability to cope with psychological problems independently

### Guaranteeing physical health

### Caring for psychological health

Caring for the physical and psychological health of seafarers

#### Case: Intensive management and refined training

In 2018, COSCO SHIPPING Seafarer Management Co., Ltd. promoted the establishment of the seafarer assignment mechanism and carried out centralized training for crew members before boarding the ship and centralized shift changes. These measures ensured that the company can accurately control the appointment of seafarers, improved the training results, and guaranteed the order and safety on the ships. At the same time, the company could get to know the performance of the crew and improve the analysis of the potential of crew members and their development, so that each crew member can enjoy a fair share of opportunities for growth.

## Jointly Creating the Future for the Community

Businesses and communities are stakeholders to each other. Only when both sides work together can we promote the simultaneous improvement of corporate value and community well-being. Therefore, COSCO SHIPPING takes the responsibility as a corporate citizen, pays attention to the development needs of the communities where we do business, and actively integrates into the local community, building a harmonious and productive relationship with them.

## COSCO SHIPPING Charity Foundation

COSCO SHIPPING Charity Foundation is a non-public offering, non-profit charity foundation sponsored and established by China COSCO SHIPPING Corporation Limited in October 2005 with the approval from the State Council and the Chinese Ministry of Civil Affairs (MOCA). It is among the first batch of non-public offering, non-profit charity foundations initiated by SOEs in China. As an important charity platform, the Foundation is committed to carrying forward the national spirit, devoting COSCO SHIPPING's benevolence, supporting charitable causes, and promoting social harmony and development. Adhering to the concept of "sailing with love and spreading love all over the world", the Foundation planned social responsibility projects reasonably and created the "Yuan Hang" (Voyage) series of charity brand projects to extensively carry out poverty alleviation in Tibet, disaster relief, medical assistance and educational aid, contributing to community development with its own resources and expertise.

With the help of China Shipping (Greece) Agency Ltd., the Foundation donated 100,000 euros directly to overseas social institutions for the first time in 2018 to assist the participation of Greek athletes with disabilities in the Beijing 2022 Winter Paralympics. This is laying the foundation for the establishment of a responsible image of COSCO SHIPPING overseas.

Besides, COSCO SHIPPING Charity Foundation raised RMB 66,917,500 of social donations, spent RMB 63,787,400 on charity causes, and organized 78 charity projects in 2018. By the end of the year, the Foundation had donated RMB 602 million and organized more than 500 charity projects accumulatively.

In 2018, the Foundation was rated as the 4A social organization among national social organizations by MOCA and has been given full score in the Foundation Transparency Index (FTI) by the China Foundation Center for six consecutive years. It means that the Foundation has ascended to a higher level in standardized operations and professional and targeted planning and implementation of public welfare causes.



Greek Paralympic Memorial Medal



COSCO SHIPPING Charity Foundation was awarded the title of 4A social organization





Charity projects launched by COSCO SHIPPING Charity Foundation

## Promoting community development

COSCO SHIPPING encourages its subsidiaries to participate in community development projects and public welfare activities for better understanding of the needs of local communities, so as to promote the high quality development of the local area.



Public welfare campaigns conducted by subsidiaries of COSCO SHIPPING

## Maritime rescue

COSCO SHIPPING cherishes lives, and carries forward the spirit of humanitarianism. We actively cooperated others to complete 35 maritime search and rescue, and successfully rescued 7 people in 2018, fulfilling the responsibility of maritime rescue.



On April 9, 2018, "Ning An Cheng", a vessel under COSCO SHIPPING (Xiamen) Co., Ltd., rescued a Japanese sailboat named "CHARCO", which lost its power as its mainmast broke under severe sea conditions. The 14-hour rescue operation involving deviation for more than 100 nautical miles was successfully completed



On December 17, 2018, M.V. "Tian Fu" of COSCO SHIPPING Specialized Carriers successfully rescued the British Golden Globe Race skipper, Susie Goodall, who had been in distress for more than 50 hours in the South Pacific Ocean





## CSR Fulfillment Overseas

Social responsibility is a topic of common concern around the world. COSCO SHIPPING constantly participates in or organizes CSR activities overseas, and actively integrates them into the development of local communities in an effort to gain the trust and support of the local people, establish a responsible corporate image, and prosper with local communities.

### Integrating into local culture

COSCO SHIPPING West Asia Company always respects local religion and customs, and has established good relationships with local partners. In 2012-2018, the company served as the chairman of the Chinese Business Council in UAE. Under the leadership of the Chinese Embassy in the United Arab Emirates, the company actively encouraged members of the Chinese Business Council in UAE to abide by local laws and regulation, practice social responsibility, respect local customs, and actively interact with local businesses. On June 10, 2018, the company sent 16 volunteers to participate in a three-day Ramadan charity event organized by the Council at Al Rashidiya Zanzibar Mosque, where they gave supper to participants of the event.

Serving as the executive vice president of the South Africa-China Economic and Trade Association, COSCO Shipping Africa Company has long been committed to a variety of social responsibility practices, covering environmental protection, wildlife protection and training. In 2018, the company participated in the compilation, revision and publication of the white paper on CSR fulfillment of Chinese-funded companies in South Africa, and encouraged Chinese enterprises in South Africa to actively participate in social responsibility practices.

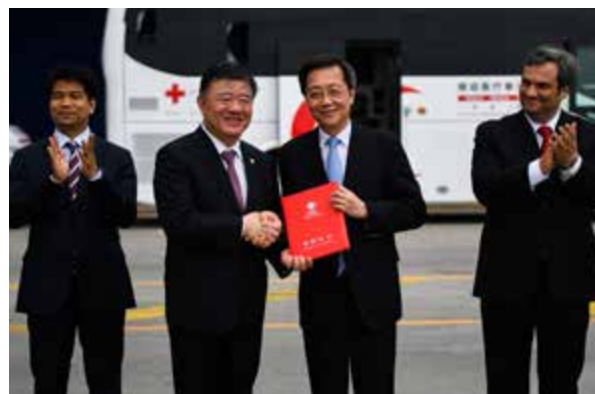


In 2018, COSCO SHIPPING Charity Foundation provided medical materials transportation services from China to Syria for the Red Cross Society of China. Chen Zhu, Vice Chairman of the Standing Committee of the National People's Congress and President of the Red Cross Society of China, and Xu Lirong, Chairman of COSCO SHIPPING Group attended the departure ceremony

### Improving the medical environment

In response to the Belt and Road Initiative, COSCO SHIPPING Charity Foundation has launched the "Yuan Hang • Silk Road" project module to expand the overseas public welfare practices, with an investment of RMB 7.48 million since 2016. The Foundation and the Red Cross Society of China jointly launched the Belt and Road Fraternity Fund (B&R Fraternity Fund), a project under the "Yuan Hang • Silk Road" module, to cooperate on overseas humanitarian assistance projects. The Foundation utilizes COSCO SHIPPING's logistics platform to provide transportation services for donated materials and a total of RMB 2,116,400 was invested to help improve the well-being of community residents.

In 2018, COSCO SHIPPING provided transportation support for large-scale multi-functional mobile medical facilities in conflict areas of Syria and Iraq, as well as basic medical treatment, surgery, health examination and medical transshipment services to local residents. Since the foundation of the B&R Fraternity Fund in February 2017, COSCO Shipping has provided free transportation support for foreign medical aid materials of the Red Cross Society of China for several times, destined to the countries and regions along the Belt and Road such as Syria, Afghanistan, Vietnam, Laos, and Cambodia.



## Supporting overseas aid

Taking the advantages of full-process logistics and transportation, COSCO SHIPPING provides professional transportation services for China's foreign aid and humanitarian assistance projects, demonstrating great sense of responsibility.

### May 2018

Through three months of efforts, COSCO SHIPPING Logistics completed the transportation of the 21st batch of supplementary materials for the peacekeeping force stationed in Democratic Republic of the Congo.

### July 2018

COSCO SHIPPING Lines undertook the mission assigned by the municipal government of Shanghai to donate vehicles to the sister cities in Peru, and completed comprehensive tracking of the whole process including booking of the cabin, customs declaration, entry of containers in the port, loading, unloading, customs clearance and devanning.

### November 2018

Le He Ship of COSCO SHIPPING Specialized Carriers completed the task to transport container houses in China's makeshift house aid program to Burma. The houses will be used for the resettlement of homeless local residents

Foreign aid and humanitarian assistance projects of COSCO SHIPPING in 2018

## Better education

During the BRICS Business Council in 2018, COSCO SHIPPING participated in a charity auction luncheon hosted by the South Africa Soong Ching Ling Foundation and made a donation. Funds raised through the auction will be used to build the Skill Training Center for Orphans in South Africa to enrich local educational resources and help local vulnerable groups improve their professional skills and competitiveness.

COSCO Shipping Lines Malaysia launched the "Malaysian Internship Program" to provide local students with internship opportunities, help them to store the knowledge and skills needed for future work, and subsidize a number of local public schools and orphanages to create a better learning and living environment for children. In July 2018, the Company invited 52 orphans from the orphanages funded by COSCO Shipping to participate in the "Family Day" activities and spend a good time with the Company's employees and family members.



## Outlook 2019

### Innovation:

COSCO SHIPPING will make constant efforts in technological and business innovation. With a group of key scientific and technological projects as the core, we will integrate the Group's scientific and technological development into the national strategy, and promote better application of the Internet and big data into business and management. Adhering to the goal of building a smart shipping ecosystem and with infrastructure construction and basic supporting facilities as the guarantees, we will endeavor to create intelligent ships, intelligent services, intelligent logistics and intelligent ports, and to establish a modern shipping service system with complete functions, high quality, high efficiency, convenience and competitiveness.

### Green Development:

Adhering to the concept of sustainable development, we will strive to create a world-leading intelligent and green fleet, and make constant efforts to protect the marine ecology and green shipping. Through continuous research on the application and transfer of new technologies for energy conservation and environmental protection, we will continuously improve the operational efficiency of automated terminals, pursue better energy efficiency, and reduce waste water, waste gases and waste residuals generated by voyages and ports. We will exercise strict control over ship ballast water, and protect marine biodiversity through cooperation with international organizations. Also, we will promote green energy development, help improve the marine ecological progress of China, and contribute to a safer global marine ecology.

### Coordination:

To guarantee the big picture of sustainable development, COSCO SHIPPING will coordinate balanced development of the Group itself and external stakeholders, the whole industry as well as the whole society. In pursuit of differentiated competition, we will innovate in and optimize resource allocation and services, improve customer service satisfaction and experience, and thus lay the foundation for building a world-class shipping company. Adhering to win-win cooperation, we will maintain a harmonious relationship with supply chain and industry partners, and strengthen information sharing and talent training, so as to promote a responsible supply chain and sustainable development of the industry ecology. As a firm promoter of the national strategy of coordinated regional development, we will contribute to the balanced social development and promote common development of the world in the tide of economic globalization.

### Opening Up:

With an open mindset, we will continue to optimize global operations and create marine transportation and logistics channels to provide strong support for China's integration into the global economy, global connectivity and shared economic development worldwide. Undertaking the mission of China's economic globalization, COSCO SHIPPING will focus closely on national strategies, such as the BRI and "maritime power" by actively leveraging advantages of the global network and resources, so as to improve the reputation of Chinese enterprises with international operations. Through such efforts, we strive to promote sustainable development of the Group, the whole industry, as well as regional and international economic development.

### Sharing:

We will continue to provide fair development rights and opportunities for employees and the community, and share development achievements with all stakeholders. Through constant talent cultivation, we will provide employees with smooth career development channels, care for employees' health and happiness, and seek common development with them. With a deep understanding of the community, we will meet the needs of community development earnestly, increase the investment in key community development areas such as education, health care and public welfare, and thus contribute to the well-being of all members of the community and their future development. We will continue to implement responsible practices in overseas operations, actively adapt to the local life and culture, respect the needs for local community development and willingness of all community members, and thus promote common development with the global community.





## Expert Review

After reading China COSCO Shipping Corporation Limited Sustainability Report 2018 (hereinafter referred to as the "Report") carefully, I am excited and thrilled to find that COSCO SHIPPING is keeping pace with the times and sharing weal and woe with the country. It is committed to fulfilling responsibilities, making innovations and hitting higher goals, opening up a new chapter of sustainable development with new ideas and new prospects.

**New requirements for the original aspiration of responsibility fulfillment.** As socialism with Chinese characteristics has entered a new era, new requirements have been put forward for CSR fulfillment. Enterprises must be rooted in the changes of the times, focus on the needs of the people, aim higher, and shoulder greater responsibilities. As a large state-owned enterprise under the direct administration of the central government, COSCO SHIPPING remains true to its original aspiration and keeps its mission firmly in mind, and has closely linked its own development with the development of the shipping industry as well as the great rejuvenation of the Chinese nation. Guided by the five development visions, namely innovation that stimulates the momentum for moving forward, coordination that coordinates forces for sustainable development, green development that cherishes the earth and protects blue seas and skies, opening up that sails on the maritime silk road, and sharing that makes joint efforts to build a better future, the report properly demonstrates the implementation of the new vision for development.

**New era for responsibility innovation that keeps up with the times.** We saw the Group's efforts to promote the development of China's clean energy from the LNG Polar Silk Road Ice-breaking Tour launched by COSCO SHIPPING Energy. From COSCO SHIPPING Ports' building of the Abu Dhabi Terminals, we saw the Group's global vision and in-depth participation in the Belt and Road Initiative. We also saw the Group's consideration for the development needs of and contributions to local communities from the series of "Yuan Hang" projects of COSCO SHIPPING Charity Foundation... All these actions highlight the Group's eagerness to integrate corporate operations with the legal, economic, social and environmental responsibilities, and make continuous contributions to the flourishing of China's shipping industry. Meanwhile, the report has disclosed the actions and achievements the Company has made in intelligent shipping from the Intelligent Shipping, Intelligent Logistics, Intelligent Ports and Intelligent Services sections, which fully reflects the Group's advanced sense of responsibility and leading responsibility actions.

**New future for a journey of global responsibilities.** As global CSR enters the era of SDGs, the report actively benchmarks against the SDGs and provides practical plans as reference and inspiration for other companies to contribute to the SDGs with specific cases. In addition, the two responsibility focuses on connectivity and poverty alleviation vividly show COSCO SHIPPING's actions to facilitate the connectivity between China and the rest of the world and to help the country win the battle against poverty.

The report also actively creates new responsibility communication methods, and enhances the readability and interest by adopting and matching diversified pictures and logical charts, fully demonstrating the sincerity to communicate with readers.

**The new era calls for hard work to write a new chapter in the new journey.** I hope that COSCO SHIPPING will continue to uphold the harmonious integration of economic and social benefits and add an important stroke to the epic of the Chinese Nation in the new era with extraordinary performance and outstanding responsibility fulfillment.

Secretary of ISO 26000 Stakeholder Global Network

Founder and Chief Expert of GoldenBee Think-tank

Yin Gefei

2018 is the third year after the release of the Transforming Our World: the 2030 Agenda for Sustainable Development (hereinafter referred to as the "2030 Agenda"). Advocated and encouraged by the UN Global Compact, more and more companies are taking the 17 Sustainable Development Goals (SDGs) proposed in the 2030 Agenda as the guide to proactively carry out social responsibility management and practice so as to promote coordinated economic, social and environmental development. I am very pleased to see that the world's largest shipping company has been adhering to the vision of innovative, coordinated, green, open and shared development in a time of major adjustment and shift in the global landscape, and has made in-depth thinking and innovative exploration of sustainable development. The report accurately and vividly demonstrates the inspiring innovative responsibility practice of COSCO SHIPPING and sets an example for enterprises to contribute to the realization of SDGs.

**Taking into account of the sustainability context and stakeholders' expectations.** In terms of the content, the report actively responds to new trends and new requirements of international, domestic and industry sustainable development, as well as the important topics and major events of interest to stakeholders. It depicts the overall picture of COSCO SHIPPING's responsibility fulfillment and highlights industry characteristics and characteristics of the times. For instance, the report reviews the highlights of COSCO SHIPPING in its involvement in the first China International Import Expo, the construction of the Hong Kong-Zhuhai-Macao Bridge and other international events during the implementation of connectivity responsibilities in the form of responsibility focuses. It also allows readers to fully recognize the active thinking of COSCO SHIPPING on how to use its professional expertise and resource advantages to better fulfill its social responsibilities and serve economic and social development.

**Compatibility between international standards with the SDGs.** In terms of framework, the report systematically discloses substantive issues from three dimensions of sustainable development context, management methods, practice and performance according to the requirements of the Global Reporting Initiative (GRI) Standards. The disclosure of the management methods offers a glimpse of the integration degree of COSCO SHIPPING's social responsibility concept and operation management and shows its in-depth responsibility fulfillment. At the same time, COSCO SHIPPING refers to the 2030 Agenda to benchmark against the SDGs, conducts exploration and practices in the areas that give best play to its professional capabilities and resource advantages, creates comprehensive economic, social and environmental values, and demonstrates its courage and capability to shoulder the responsibility of sustainable development. By doing so, it sets an example and paradigm for other companies to fulfill their social responsibilities and promote global sustainable development.

A combination of readability, credibility and communication. In terms of design, the report reasonably matches the contents with vivid pictures, logical charts, cases, etc., which not only improves the credibility of the report, but also makes it more attractive and readable, making it easier for readers to understand the responsibility fulfillment practices of COSCO SHIPPING, and gradually help the Company build influence in the global sustainable development discourse system so as to voice for itself.

On the whole, China COSCO Shipping Corporation Limited Sustainability Report 2018 is a high-quality report with succinct content, reasonable framework, clear description and beautiful design. I hope COSCO SHIPPING can sort out and summarize existing management and practical experience, clearly identify areas of focus, formulate long-term, quantitative management objectives and management mechanisms where performance is traceable and reviewable, promote targeted, high-level social responsibility practices, and maximize value creation. I am looking forward to seeing that COSCO SHIPPING makes continuous innovation and exploration in the field of sustainable development, sets an example in sustainability for the global shipping industry as a world-class enterprise, voices for Chinese enterprises under the global sustainable development discourse system, and makes greater contributions to the global sustainable development.

Deputy Director of the Employers Work Department of China Enterprise Confederation

Han Bin



# GRI Content Index

Indicator		Position
GRI 102: General Disclosures		
Organizational profile	102-1 Name of the organization	Company Profile
	102-2 Activities, brands, products, and services	Our Vision
	102-3 Location of headquarters	Company Profile
	102-4 Location of operations	Global Routes & Ports
	102-5 Ownership and legal form	Company Profile
	102-6 Markets served	Our Vision
	102-7 Scale of the organization	Staff Management
	102-8 Information on employees and other workers	Staff Management
	102-9 Supply chain	Harmonious Supply Chains
	102-10 Significant changes to the organization and its supply chain	Harmonious Supply Chains
	102-11 Precautionary Principle or approach	Risk Management
	102-12 External initiatives	Industry Exchanges and Cooperation
	102-13 Membership of associations	Integrating into Local Culture
Strategy	102-14 Statement from senior decision-maker	Message of Executives
Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	Company Profile, Integrity and Compliance
	102-17 Mechanisms for advice and concerns about ethics	Integrity and Compliance
Governance	102-18 Governance structure	Organizational Structure
Stakeholder engagement	102-40 List of stakeholder groups	Stakeholders Communication and Engagement
	102-42 Identifying and selecting stakeholders	Stakeholders Communication and Engagement
	102-43 Approach to stakeholder engagement	Stakeholders Communication and Engagement
	102-44 Key topics and concerns raised	Stakeholders Communication and Engagement
Reporting practice	102-45 Entities included in the consolidated financial statements	About this Report
	102-46 Defining report content and topic Boundaries	About this Report
	102-50 Reporting period	About this Report
	102-52 Reporting cycle	About this Report

Indicator		Position
Reporting practice	102-53 Contact point for questions regarding the report	Reader Feedback
	102-54 Claims of reporting in accordance with the GRI standards	About this Report, GRI Content Index
	102-55 GRI content index	GRI Content Index
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Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	CSR Focus II-Poverty Alleviation for a Brighter Future of People and Regional Development
Specific Topic Disclosures	203-1 Infrastructure investments and services supported	CSR Focus II-Poverty Alleviation for a Brighter Future of People and Regional Development
	203-2 Significant indirect economic impacts	CSR Focus II-Poverty Alleviation for a Brighter Future of People and Regional Development
GRI 205: Anti-corruption 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Integrity and Compliance
Specific Topic Disclosures	205-2 Communication and training about anti-corruption policies and procedures	Integrity and Compliance
GRI 302: Energy 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Energy Saving and Emission Reduction, Green Ships, Green Ports
Specific Topic Disclosures	302-1 Energy consumption within the organization	Figures in 2018
	302-5 Reductions in energy requirements of products and services	Energy Saving and Emission Reduction, Green Ships, Green Ports
GRI 304: Biodiversity 2016		
Management Approach	03-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Protecting Biodiversity
Specific Topic Disclosures	304-2 Significant impacts of activities, products, and services on biodiversity	Protecting Biodiversity
GRI 308: Supplier Environmental Assessment 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its	Harmonious Supply Chains



Indicator		Position
GRI 401: Employment 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Staff Management
Specific Topic Disclosures	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Staff Management, Happy Life, Caring for the Crew
	401-3 Parental leave	Staff Management
GRI 403: Occupational Health and Safety 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Consolidating Safety Basis, Staff Management, Caring for the Crew
GRI 404: Training and Education 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Staff Development
Specific Topic Disclosures	404-2 Programs for upgrading employee skills and transition assistance programs	Staff Development
GRI 414: Supplier Social Assessment 2016		
Management Approach	103-1 Explanation of the material topic and its Boundary; 103-2 The management approach and its components; 103-3 Evaluation of the management approach	Harmonious Supply Chains

# Reader Feedback

We sincerely look forward to your comments and suggestions and will carefully read and analyze the feedback of every recipient of this 2018 Sustainability Report of China COSCO Shipping Corporation Limited. Your comments and suggestions are an important basis for the continuous improvement of our CSR management and practices. Please feel free to fill in the following form, detach it, and send it to us by mail or fax. We sincerely welcome and appreciate your highly valued advice!

Your information

Name: \_\_\_\_\_ Organization: \_\_\_\_\_

Telephone: \_\_\_\_\_ E-mail: \_\_\_\_\_

1. Your overall evaluation of COSCO SHIPPING's social responsibility performance:

☐ Very good ☐ Good ☐ Fair ☐ Poor

2. Your overall evaluation of this report:

☐ Very good ☐ Good ☐ Fair ☐ Poor

3.What do you think of COSCO SHIPPING's performance in communication with stakeholders?

☐ Very good ☐ Good ☐ Fair ☐ Poor

4.What do you think of COSCO SHIPPING's performance in fulfilling economic responsibility?

☐ Very good ☐ Good ☐ Fair ☐ Poor

5.What do you think of COSCO SHIPPING's performance in fulfilling environmental responsibility?

☐ Very good ☐ Good ☐ Fair ☐ Poor

6.What do you think of COSCO SHIPPING's performance in fulfilling social responsibility?

☐ Very good ☐ Good ☐ Fair ☐ Poor

7.Do you think the content and layout of this report help you read?

☐ Yes ☐ No

8.What other information to your concern is not disclosed in this report?

9.What are your comments and suggestions on COSCO SHIPPING's fulfillment of social responsibility and this report as a whole?





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