



中国远洋海运集团有限公司
CHINA COSCO SHIPPING CORPORATION LIMITED

CHINA COSCO SHIPPING CORPORATION LIMITED

SUSTAINABILITY REPORT 2017

We are ready



About this Report

Introduction

This report is the second sustainability report issued by China COSCO Shipping Corporation Limited for all stakeholders, and it discloses the opportunities and challenges encountered by the Group in achieving sustainable development and social responsibility.

Period

The majority of this report is based on business data from January 1, 2017 and December 31, 2017.

Scope

The information and contents disclosed in this report cover China COSCO Shipping Corporation Limited and its affiliated companies. If some information and content are only relevant to affiliated companies, such will be indicated.

Basis

This report has been compiled with reference to the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards) of Global Sustainability Standard Board (GSSB), GB/T 36001 Guidance on Social Responsibility Reporting, ISO 26000: Guidance on Social Responsibility (2010), the 2030 Agenda for Sustainable Development of the United Nations.

Sources

The information and data disclosed in this report have been derived from internal documents and relevant statistical data from China COSCO Shipping Corporation Limited.

Appellations

For enhanced readability, "China COSCO Shipping Corporation Limited" shall be referred to as "COSCO SHIPPING", "we", and "the Group" in this report. "COSCO SHIPPING Lines Co., Ltd." shall be referred to as "COSCO SHIPPING Lines". "COSCO SHIPPING Energy Transportation Co., Ltd." shall be referred to as "COSCO SHIPPING Energy". "COSCO SHIPPING Bulk Co., Ltd." shall be referred to as "COSCO SHIPPING Bulk". "COSCO SHIPPING Development Co., Ltd." shall be referred to as "COSCO SHIPPING Development". "COSCO SHIPPING Logistics Co., Ltd." shall be referred to as "COSCO SHIPPING Logistics". "COSCO SHIPPING Specialized Carriers Co., Ltd." shall be referred to as "COSCO SHIPPING Specialized Carriers". "COSCO SHIPPING Heavy Industry Co., Ltd." shall be referred to as "COSCO SHIPPING Heavy Industry". "Piraeus Container Terminal S.A." shall be referred to as "PCT". "COSCO SHIPPING Leasing Co., Ltd." shall be referred to as "COSCO SHIPPING Leasing". "Nantong COSCO KHI Ship Engineering Co., Ltd." shall be referred to as "NACKS".

Form and Method of Acquisition

This report is issued in both English and Chinese. If there should be any inconsistency or ambiguity between the two versions, the Chinese report shall prevail. The electronic version of this report is made available for download from the China COSCO Shipping Corporation Limited website at: <http://www.coscoshipping.com/>



COSCO SHIPPING
WeChat Public Account

Contents

About this Report	02
Messages from Executives	05
About Us	06
Company profile	14
Social Responsibility Management	16
Responsibility Focus I : Piraeus Port	18
Responsibility Focus II : Concentrating Efforts on Poverty Alleviation	22
Innovation - Stimulating the Momentum for Continuous Expansion	28
Coordination - Coordinating Forces for Sustainable Development	36
Green Development - Embracing the Earth Blue Seas and Skies	46
Opening Up - Sailing the Maritime Silk Road	54
Sharing - Making Joint Efforts to Build a Better Future	64
Prospects for 2018	78
Expert Review	80
GRI Content Index	82
Reader Feedback Questionnaire	85



Messages from Executives

Chairman of China COSCO Shipping Corporation Limited

Xu Lirong

Message from the Chairman

The world is undergoing major adjustments. The multipolarization, economic globalization, society informatization, and cultural diversity have seen further advancement, with accelerated change of global governance systems and international order. As a massive state-owned enterprise directly managed by China's central government, COSCO SHIPPING stays true to its mission, closely links its development with the advancement of the shipping industry, the national destiny and the great rejuvenation of China, unswervingly shoulders economic, social and environmental responsibilities and strives to achieve sustainable and healthy development. It is committed to becoming a better performer of national policies, a better service provider for customers, a better partner for suppliers and a better career development platform for employees, and shaping the new ecology and new pattern of the shipping industry chain.

In 2017, COSCO SHIPPING sped up the development of "6 + 1" industrial clusters, tapped advantages of the whole industry chain, and leveraged scale, synergy of business segments and the industrial cluster advantages to continuously fulfill the five development concepts of "innovation, coordination, green development, opening up and sharing". We adhere to the innovation-driven development strategy, and constantly strengthen technological innovation, business model innovation and cultivation of innovative staff, thus enhancing the Group's capability of innovation and development. We attach great importance to safety production and the improvement of customer service capabilities, and help achieve mutual benefits and industry prosperity with the mutually beneficial cooperation mentality, and promote the optimization of coordinated development pattern in China and the world. We pursue green

and healthy ecological homes, practice energy conservation and environmental protection, protect marine biodiversity, and strive to build green shipping. We keep an open mind, act as the main force in the implementation of the Belt and Road initiative, improve and optimize the global business distribution, actively fulfill the needs of the country, and enhance the international voice and influence. We have paid attention to the people's growing needs for a better life and are dedicated to promoting employee growth and social harmony.

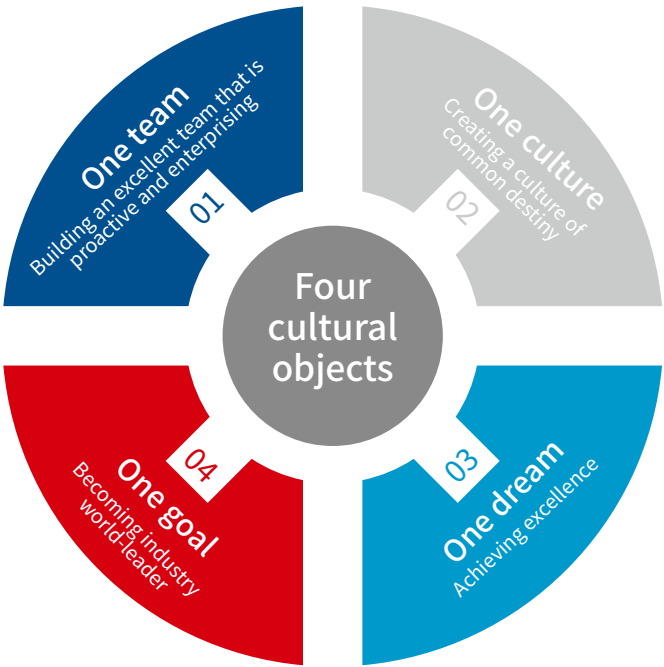
From the Huangpu River to the Hudson River, from Eurasia to north and south Americas, COSCO SHIPPING is making unremitting efforts to build a world-class enterprise with international competitiveness, and fulfill our common dream with hard work. With great aspirations, one will overcome whatever difficulties to reach the destination no matter how far it is. The new era is showing a new atmosphere, and we will create new glory on the new journey, reshape the global shipping pattern and become the world's leading international shipping giant. Already, COSCO SHIPPING has weighed anchor and set sail.

In the future, COSCO SHIPPING will continue to uphold the new development idea and the social responsibility concept of "Creating Values, Bridging Dreams", integrate business operations with legal, economic, social, and environmental responsibilities, and create and maximize the social value while maintaining responsible operations. With the spirit of unremitting efforts and pressing forward with indomitable will, we will make outstanding contribution to creating the epic saga of the Chinese nation in the new era.

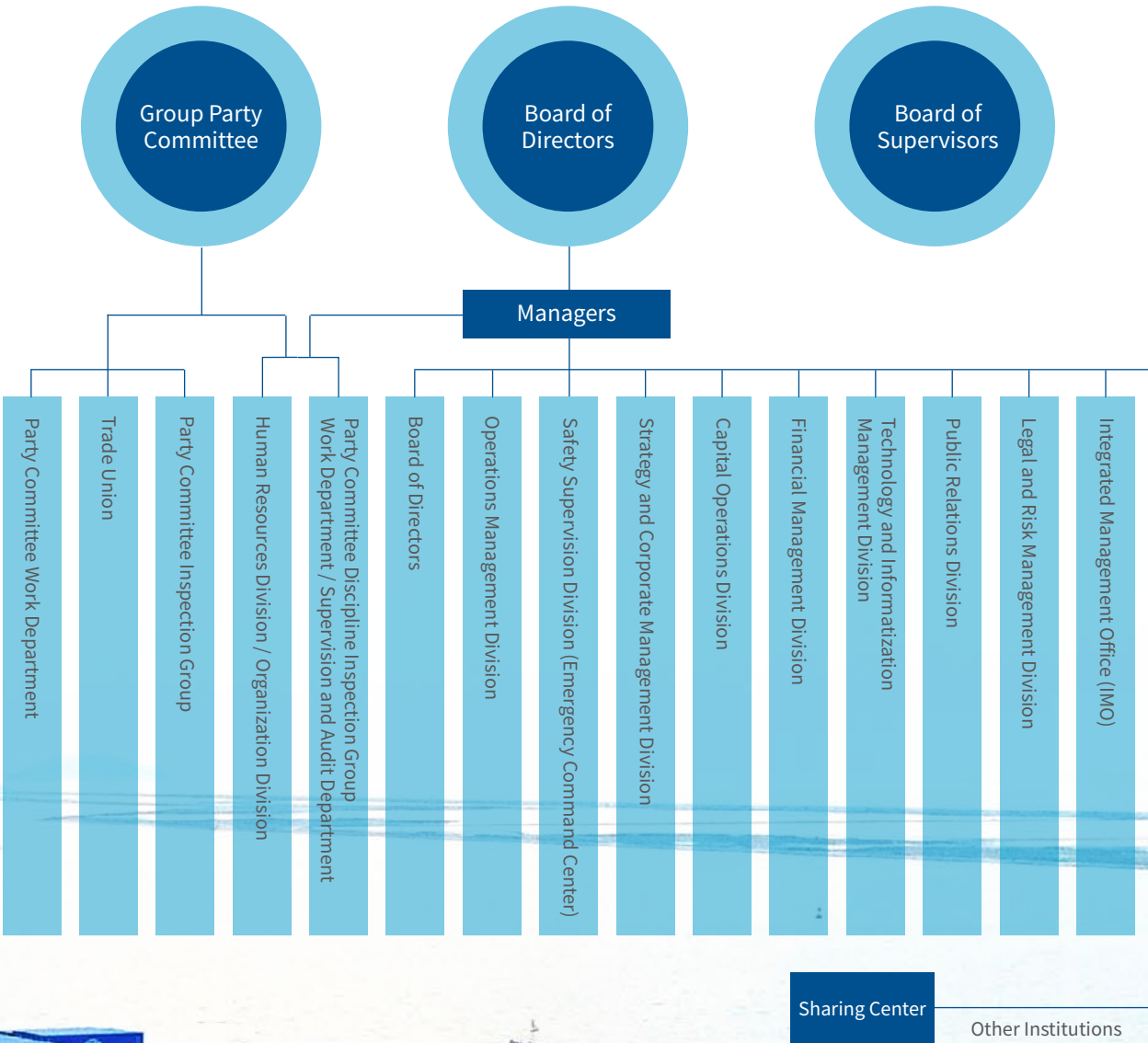
About Us

Company Profile

China COSCO Shipping Corporation Limited, headquartered in Shanghai, is a large state-owned enterprise under direct central management, 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", 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 service provider for customers, a better partner for suppliers and a better career development platform for employees.



Organizational Structure



Our Vision

The vision of COSCO SHIPPING is to undertake the mission of globalizing economy, consolidate advantageous resources, take global shipping, integrated logistics and shipping related financial services as core business, and develop diversified industrial clusters, so as to build a world-leading business entity that provides integrated logistics and 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. The "6" is shipping, finance, logistics,equipment manufacturing, shipping services, and social services industrial clusters. The "1" means "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.



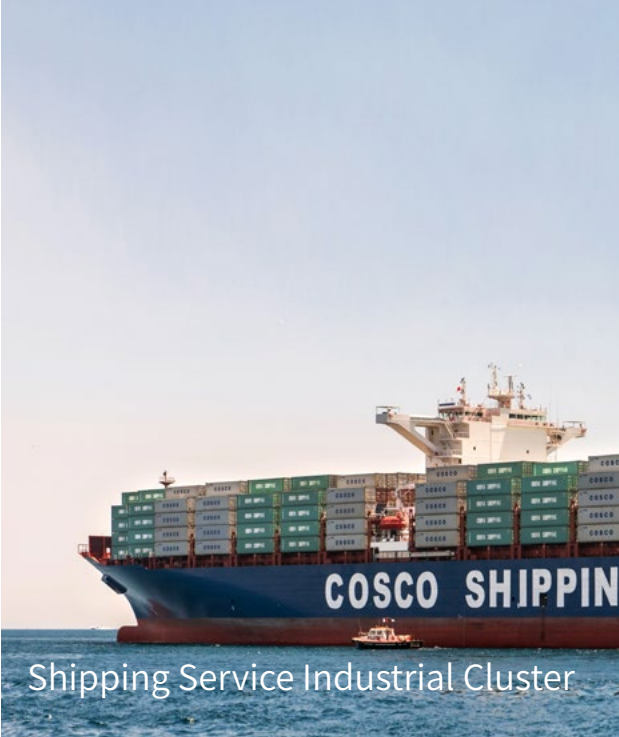
Shipping Industrial Cluster

It includes container shipping, dry bulk cargo shipping, oil & LNG shipping, passenger liner and terminal investment and operation. 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. 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. Currently, the Group is aimed at guaranteeing services for the shipping industry, developing third party clients and providing necessary support for the mainstream shipping business.

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 a world-class integrated logistics service provider.



Logistics Industrial Cluster

It includes ship chartering, shipping insurance, supply chain finance, logistics center 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.



Shipping Finance Industrial Cluster

The social services provided include immovable property investment management, real estate development, hotel management, hospitals and schools. Currently, the Group is developing this cluster into an incubator for new industries and a base for professional training.



Social Services Industrial Cluster

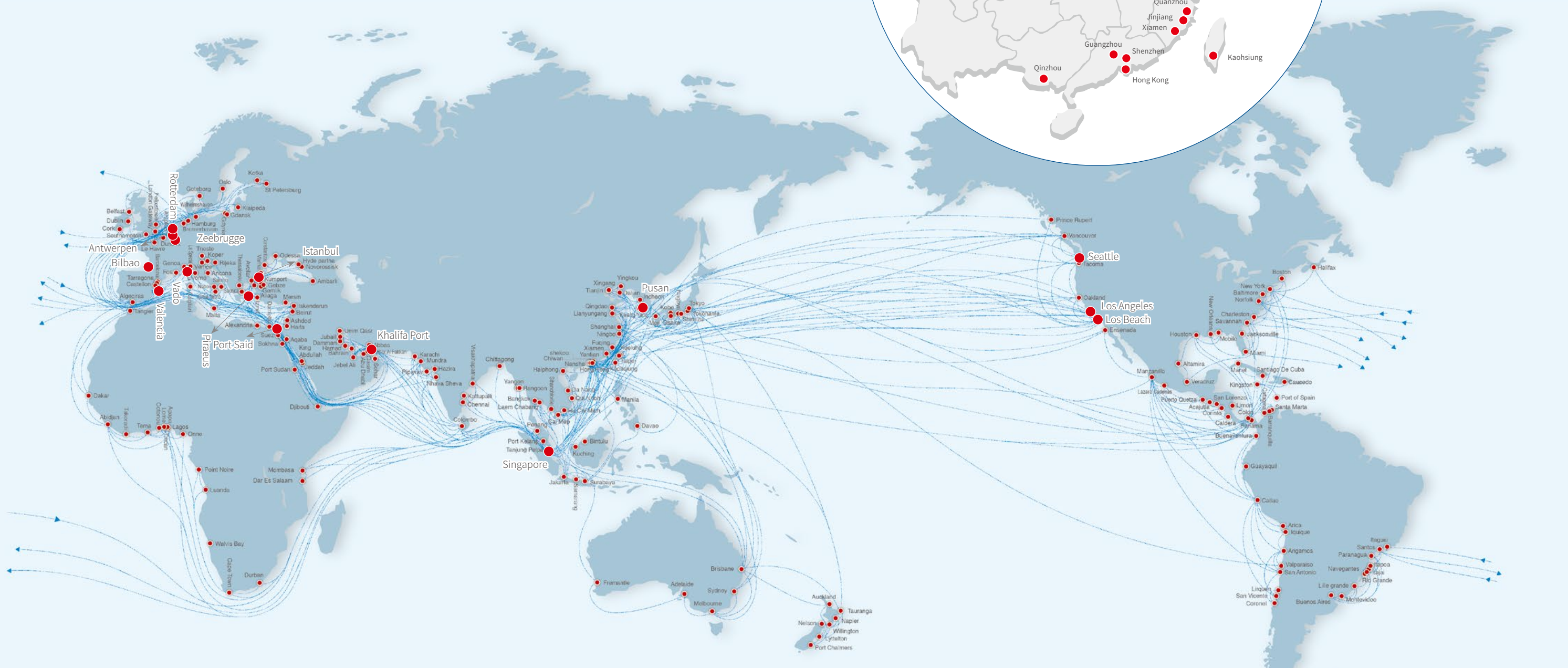
Internet + businesses based on business model innovation will serve new industrial forms with big data to realize integrated application of Internet resources and shipping elements. Currently, the Group is carrying out Internet + businesses based on innovation to propel upgrading and transformation of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



"Internet Plus" Business

Global Routes & Ports

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



Data 2017

Business Ability

Indicator	2017	2016
Number of ships	1,123 ships ranking No.1 in the world	991 ships ranking No.1 in the world
Deadweight tonnage of ships	86.35 million DWT ranking No.1 in the world	77.34 million DWT ranking No.1 in the world
Container fleet capacity	1.895 million TEU with 371 vessels ranking the fourth in the world	1.745 million TEU with 319 vessels ranking the fourth in the world
Dry bulk fleet capacity	38.11 million DWT with 422 vessels ranking No.1 in the world	38.065 million DWT with 453 vessels ranking No.1 in the world
Tanker fleet capacity	20.92 million DWT with 155 vessels ranking No.1 in the world	18.197 million DWT with 138 vessels ranking No.1 in the world
General cargo and specialized cargo fleet capacity	4.61 million DWT with 175 ships ranking No.1 in the world	3.361 million DWT with 128 ships ranking No.1 in the world
Global container terminals	55 wharfs	51 wharfs

Business Performance

Indicator	2017	2016
Total turnover of transportation	2.914 billion tons of sea miles	2.6461 billion tons of sea miles
Quantity of shipments	1,084.25 million tons	812.02 million tons
Container transport volume	26.44 million TEU	24.46 million TEU
The container throughput of terminals	104.25 million TEU	>102.05 million TEU
The global sales volume of its ship bunker fuel	27.83 million tons	>25 million tons

Employee Development and Care

Investment toward employee assistance	
2017	61.62 million yuan
2016	25.623 million yuan

Philanthropy

Investment toward target-oriented poverty alleviation	
2017	38.997 million yuan
2016	35.4205 million yuan

Informational Note

TEU stands for 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 established a unified risk management concept: institutionalized management, standardized institution, platform-based operation, informationized 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 involved system construction, cultural construction, team building, and capacity building, among many other similar efforts, thus laying a solid foundation for corporate governance.



Integrity and Compliance

COSCO Shipping strictly abides by laws and regulations, promotes zero tolerance anti-corruption policy, and incorporates the requirements concerning the promotion of employee integrity and compliance within the management and operation of the Group, with the intent of building a clean compliance-centric environment and workforce brimming with integrity.

Overall Planning of Institution and Mechanism	We studied and drafted the Measures of Party Committee Discipline Inspection Group of COSCO SHIPPING on Establishing the "Anti-corruption Institutional Mechanism" and have drawn up plans for the construction of the "Anti-corruption" system.
Institutional Perfection and Standardization	A series of institutional documents such as the Measures of Party Committee Discipline Inspection Group of COSCO SHIPPING on Conducting Party Conduct and Clean Government Talks were introduced to promote the institutionalization and standardization of the Group's party conduct and clean government construction and anti-corruption work.
Establishing the Cadre Integrity File	More than 200 integrity files of the Group management cadres including leadership members of the secondary units have been created to timely learn about their integrity performance and assess their integrity in the selection and appointment of cadres.
Anti-corruption Publicity and Education	The education on the theme of honesty and integrity was carried out intensively, and the thematic education month activities of "Building the Good Reputation and Advocating Honesty and Integrity in Work".

Party Building

COSCO SHIPPING has studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 19th CPC National Congress to carry out extensive publicity and study of the spirit throughout the system and organize special training courses for cadres. We have also published related articles and messages of all units learning, publicizing, and implementing the spirit of the 19th CPC National Congress in special columns set in China COSCO SHIPPING News, Party Building Essentials, the official website of the Group, and WeChat, setting off a craze for studying and implementing the spirit. We need to bring into full play the leading role of the Party leadership group and give top priority to the political building. We also need to maintain political integrity, think in terms of the big picture, follow the leadership core and keep in alignment with the central Party leadership. We must have full confidence in the path, theory, system, and culture of socialism with Chinese characteristics. We need to keep the core position of General Secretary Xi Jinping, the authority and centralized and unified leadership of the CPC Central Committee. We must closely follow the political orientation of the CPC Committee to focus on the implementation of the major principles, policies, strategic arrangements. We must chart our course, draft overall plans, and guarantee implementation to proactively carry out political, economic, and social responsibilities of central enterprises. The Party leadership group has implemented the spirit of the national Party building of state-owned enterprises, written the general requirements of Party building into the Group's articles of association, and clarified the legal status of the Party organization in corporate governance. It has also implemented the main responsibility of governing the Party, strengthened the top-level design, and formulated the Primary-level Work Plan for Party Building 2017-2019 and Measures for the Implementation of the Party Building Responsibility System so as to ensure that intraparty political activities are carried out in earnest, work to implement key tasks, standardize the building of community-level Party branches, and constantly consolidate the basic work of Party building. Focusing on serving the central task of economic development as well as the overall interests of the country, we will make it regular practice and an institutionalized requirement for all Party members to gain a good command of the Party Constitution, Party regulations, and related major policy addresses and to meet Party standards so that the Party branch has fully played its vanguard and exemplary role for Party members in promoting reform and reorganization, improving quality, and increasing efficiency. We need to focus on reform and restructuring to promote cultural integration. Guided by the concept of "one team, one culture, one goal, and one dream" We issued the Outline for Core Value of Corporate Culture, actively publicizing the concept of corporate culture and putting corporate culture in place. We need to implement the work requirements of "one history, one record" set by the Ministry of Transport to carry out the compilation of the Group's history.

Social Responsibility Management

COSCO SHIPPING actively supports the realization of the United Nations Sustainable Development Goals (SDGs), and has integrated business operations with economic, social and environmental responsibilities at the beginning of the Group's founding, coordinated with the expectations of stakeholders and made continuous efforts to gain more trust from stakeholders and achieve sustainable development.

Social Responsibility Concept

We uphold the social responsibility concept of "Create value and bridge dream", undertake the mission of economic globalization, and continue to promote social responsibility management to pursue sustainable development.

As a central government-led enterprise having made history in China's shipping industry and having become 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. Committed to providing smooth transport around the world, the group creates value for nations, society, customers, and employees, while still managing to bridge the most deeply held of dreams.

To become 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; a complete global business chain must be formed; global resource allocation must be optimized; global trade must be upheld and served; commercial civilization must be spread; global connectivity must be promoted; convenience must be brought to all human life; and overall happiness must be created.

To become a provider of considerate services to global customers

Customer trust must be valued; play must be given to the corporate spirit; a global leading supply chain integrated service platform must be built; global customers with more advanced, higher-quality, and more efficient industry-wide chain services must be provided; and the maximization of customer value must be achieved.

To become the best supporter of employee growth

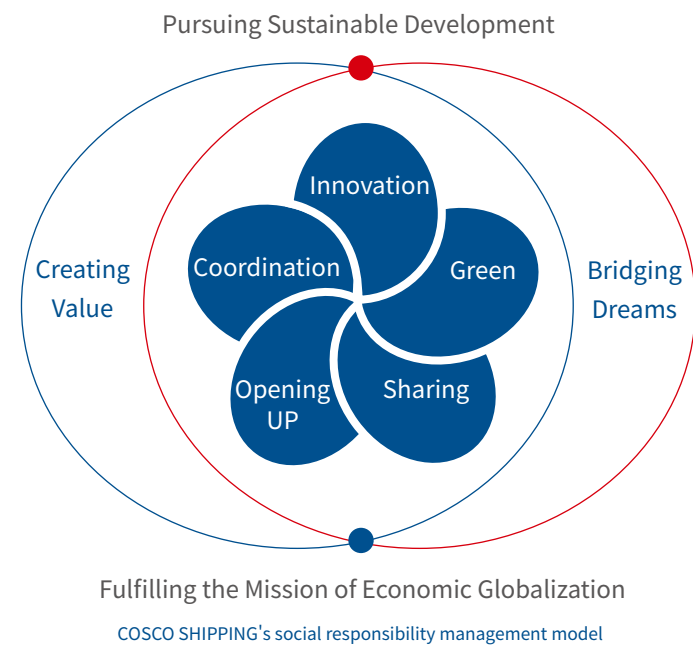
Employees' pursuit of self-value must be respected; a growth stage and broad development platform must be constructed for employees to do business and start their own undertakings; a solid material foundation and decent humanistic environment must be created; a good employer brand must be built; and the unification of "personal" and "entrepreneurial" dreams must be achieved.

To become a firm implementer of national strategies

An active response must be made to the Belt and Road Initiative; an important bridge connecting China with the world and a strategic channel of economic globalization must be built; and the Chinese dream must be strongly supported. There must be strict adherence to political responsibility; economic responsibility must be kept in mind; and value retention and an increase in state-owned assets must be ensured.

To become an excellent practitioner of social responsibility

There must be strong compliance with the law, leading to growth and prosperity; long-lasting development must be realized; high-level results must be attained concerning social responsibility and the Global Compact; due care must be given to the global environment and poverty-stricken areas; participation in efforts toward international aid must be maintained; a "good corporate citizen" role must be achieved; and coordinated development of both the enterprise and society must be promoted.



Communication and Participation of Stakeholders

COSCO SHIPPING maintains an honest and trustworthy relationship with stakeholders and continuously improves multi-leveled and multi-directional channels of communication with customers, employees, communities, partners and other stakeholders, maintaining mutual trust and commitment. We actively listen to the appeals of stakeholders, accept supervision, improve decision making according to feedback, and continuously promote social responsibility management.

Case

Port and shipping cooperation unfolds a new era

On November 29, 2017, the COSCO SHIPPING and Ocean Alliance Port-shipping Exchange 2018 - "Jointly Create a New Era for Carriers and Ports Partnership by Building a Community with a Shared Future" sponsored by COSCO SHIPPING was held in Boao, Hainan. The representatives of 16 domestic and overseas ports and shipping enterprises have conducted in-depth discussions on the new situation, new models and new paths of port and shipping cooperation, reached a consensus on further strengthening cooperation between port and shipping and building a port and shipping community with a shared future, and jointly released the *Jointly Create a New Era for Carriers and Ports Partnership by Building a Community with a Shared Future: Boao Declaration* to promote the opening of a new era of port and shipping cooperation.



Responsibility Focus I

Piraeus Port



Greece's strategy to construct an important international logistics hub dovetails with China's Belt and Road Initiative. Both sides should focus efforts on building Piraeus Port into an important container transit port, a bridgehead of land and sea combined transport and an international logistics distribution center in the Mediterranean region. Such efforts will lay a solid foundation for the construction of the China-Europe Land-Sea Express Line and the completion of the Belt and Road Initiative, facilitating the increasingly deepened and consolidated cooperation between the two countries in such fields as infrastructure construction, energy, telecommunications, and the maritime sector and thereby bringing more benefits to the people within both countries.

We will continue to promote exchanges between Chinese civilization and other civilizations. Let us tell the stories of China well, and make our voices heard; let us promote mutual understanding between the people of our own country and those of other lands and create a better environment for achieving the Chinese Dream.

-Xi Jinping

SDGs



The Greek word for Piraeus means "the place over the passage". The Piraeus Port on the coast of the Mediterranean Sea is the largest port in Greece and has been the southern gateway to Europe since ancient times. In 2008, in the context of the Greek debt crisis, COSCO SHIPPING signed a 35-year franchise agreement with Greece and officially operated port terminals #2 and #3 in 2010.

In the past 8 years, as the management of the port, COSCO SHIPPING has studied local laws, regulations and policies, fully considered the demands of local industries and urban development, focused on localized management, and fulfilled economic, social, and environmental responsibilities. With the hard work of COSCO SHIPPING, the port has gradually transformed from providing merely extensive primary shipping services to developing a complete logistics service chain. The Piraeus Port is the largest port in Greece and the second largest port in the Mediterranean, becoming a sparkling pearl in the construction of the "21st Century Maritime Silk Road". It creates new benefits and hopes for the Greek people, contributes to the optimization of Greek economic structure and stable economic development, and plays a pivotal role in the construction of the China-European Land-Sea Express line and implementation of the Belt and Road initiative. In the blueprint of the Belt and Road initiative, the construction of Piraeus Port is becoming a model for strategic cooperation between China and Greece and writing a new chapter in the history of Chinese and Greek civilizations.



"7 people" commitment

In 2008, the economic crisis hit Greece, as a result, a large number of people became unemployed and the public lost confidence in the future. At that time, the Piraeus Port handed over the operation rights of port terminals #2 and #3 to PCT. The locals believed that the Chinese came to take jobs from the Greeks. Therefore, they were dissatisfied with the investment of COSCO SHIPPING in Piraeus Port, and the dock workers began to launch large-scale strikes and the port operations faced crisis. In view of this, COSCO SHIPPING adhered to the oriental culture of high efficiency, staying pragmatic and transparent communication, and solemnly promised to the Greek workers that the Chinese side would only send seven management members, and all other jobs would be reserved for locals. Ever since PCT has made the commitment, all employees have been recruited locally in Greece except for seven senior executives, thus PCT has been recognized and supported by the local government and people.

Over the past eight years since its establishment in Piraeus Port, COSCO SHIPPING has directly provided and created more than 2,600 jobs and indirectly provided and created more than 8,000 jobs. According to the research and forecast of the well-known Greek think tank, Research Institute of Economics and Industry, by 2025, the Piraeus Port project will increase 470 million euros of financial revenue for Greece, create 31,000 jobs, and raise the Grecian GDP by 0.8%. According to the Greek National Bank, the value of the national logistics industry is expected to increase from 400 million euros in 2015 to 2.5 billion euros in 2025, in which the Piraeus Port project will play an important role.

The same pair of chopsticks

Due to the special location of the terminal, it is difficult to find a place to eat and the staff can only bring their own lunch, which is very inconvenient. In response to this problem, the PCT management decided to provide free lunches in the company and set up a lunch management organization by employees. Although the PCT staff canteen is aimed at Greek employees, there are Chinese dishes every week, which satisfies and enriches the taste of Greeks as world foodies. In addition, at Christmas every year, PCT invites children under 14 and their parents to get together in the company, with gifts prepared. Each year, four model Greek employees are selected and rewarded with a one-week trip to China. If employees encounter financial difficulties, they can get advance of wages.

Driven by such core values as "people-oriented", "harmony, mutual benefit, and common development", COSCO SHIPPING has an in-depth understanding of local customs and practices of Piraeus Port and cares for the Greek employees with the fraternity of the Chinese nation, thus forming a working atmosphere of mutual respect, solidarity and friendship between the Greek and Chinese cadres and employees, which facilitates the inheritance and integration of the long history and culture of the two ancient civilizations.

COSCO SHIPPING

Greece and China are two ancient civilizations. Under the new situation, both sides should work hard to promote pragmatic cooperation in fields of economy, investment, finance, energy, agriculture, new technologies, etc., and to promote the sound development of the Piraeus Port project. Greece is very happy to cooperate in the Belt and Road initiative, and believes that the initiative is farsighted and significant and conducive to the interconnection of economy, trade, energy, transport and network in Eurasia.

- Greek Prime Minister
Tsipras

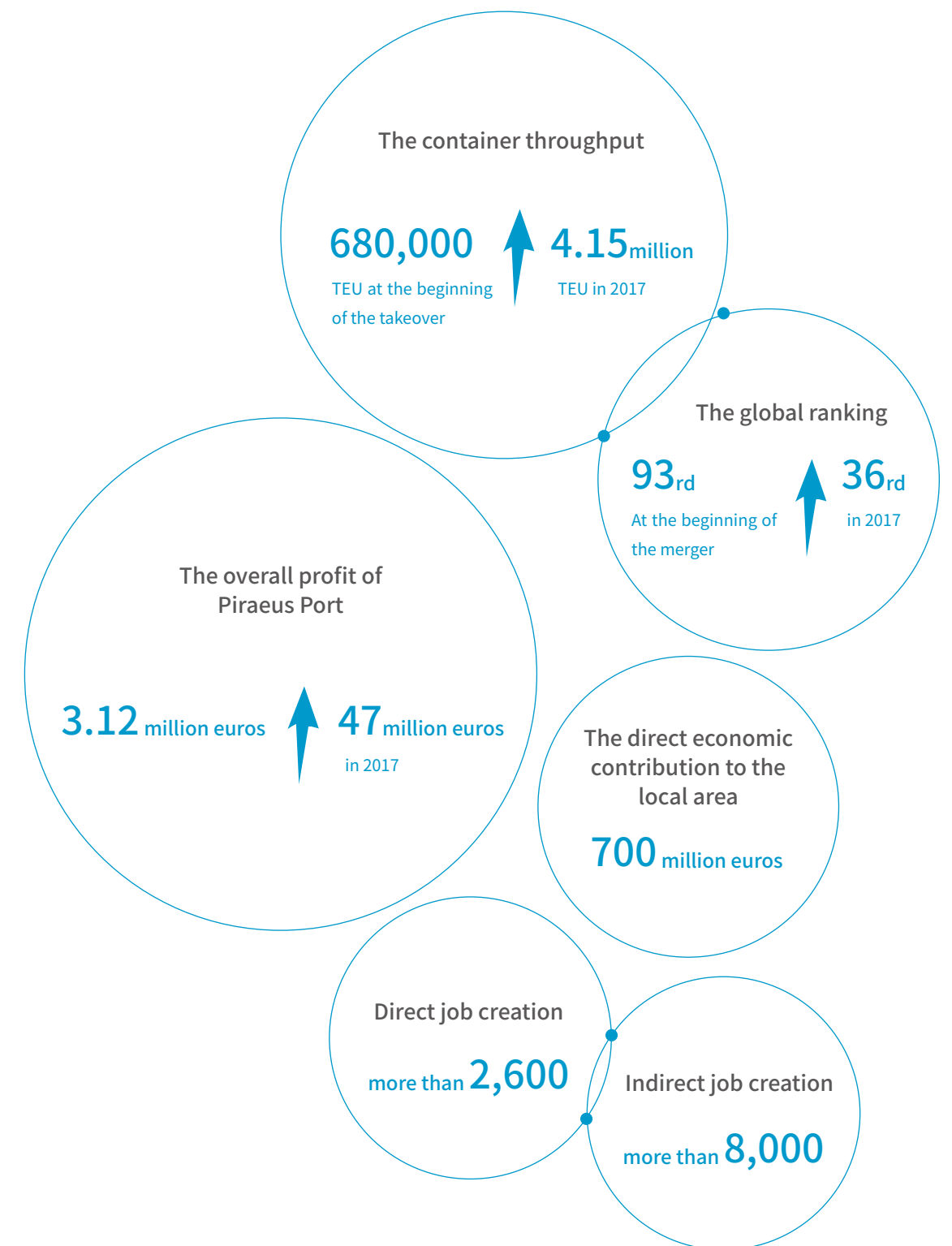
Piraeus Port is an important stop of the "21st Century Maritime Silk Road" and is the intersection of the maritime section and the railway section of China-Europe Land-Sea Express Line. With a unique and important position in Europe, it is the gateway to the Mediterranean Sea and can effectively promote the maritime prosperity between China and the Mediterranean, which is in line with the development strategy of COSCO SHIPPING.

Since 2009, COSCO SHIPPING has been making high-quality investment in Piraeus Port. After years of efforts, COSCO SHIPPING has successfully enhanced the competitiveness and importance of Piraeus Port in the international shipping market, which plays a positive role in promoting the economic development of Greece. By far, the Piraeus Port terminal has become a large and technologically advanced modern container terminal in Greece. It is the terminal with the fastest growing throughput among the world's top 100 container terminals for two consecutive years and is also an important hub port for many international container liner companies in the eastern Mediterranean.

- Chairman of China COSCO
Shipping Corporation Limited
Xu Lirong

COSCO SHIPPING has developed many job opportunities for us and given us a stable and reliable working environment, and we don't have to worry about tomorrow here. It has also formed a positive "economic climate" in Piraeus Port. I believe COSCO SHIPPING will bring prosperity to the port and create more jobs for Greece.

- PCT Security Department
Aris Fotopoulos



Scan to watch the video



Topics in Focus ("Jiaodianfangtan")
Piraeus Port

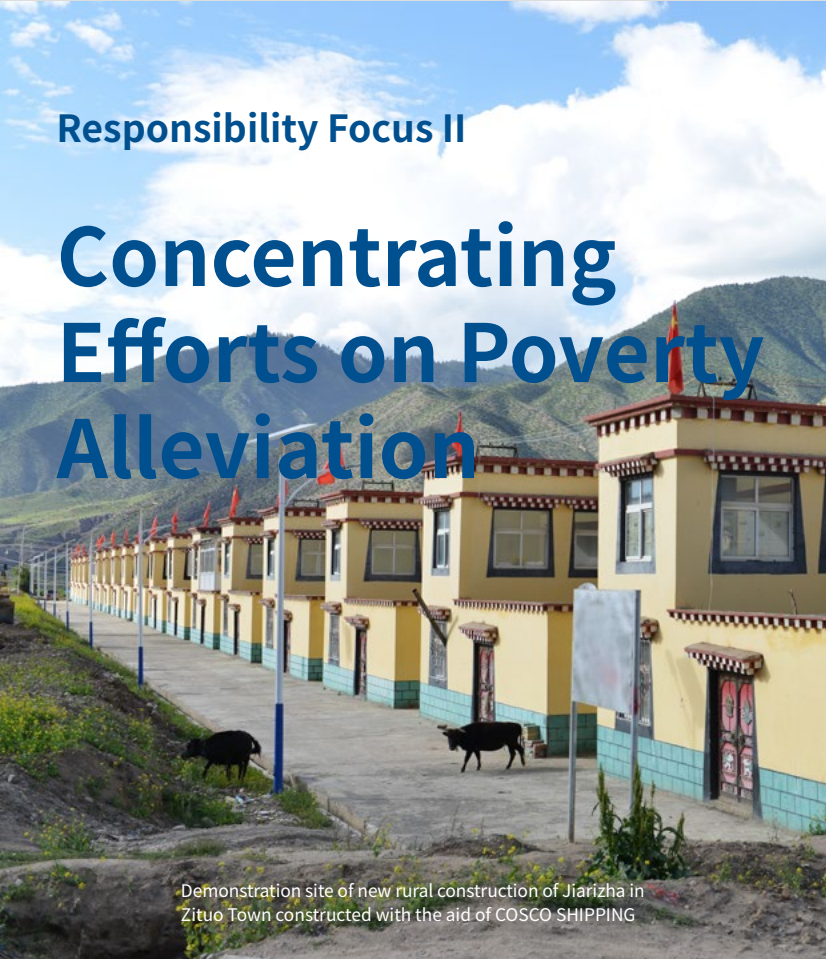


The Faraway Home
The Belt and Road - COSCO Holdings
Piraeus Port



The Faraway Home
The Belt and Road - New Look of
Piraeus Port

Concentrating Efforts on Poverty Alleviation



Demonstration site of new rural construction of Jiarizha in Zituo Town constructed with the aid of COSCO SHIPPING

We should combine poverty alleviation with establishing determination and promoting education, fully mobilize the enthusiasm and initiative of the low-income, and guide them to establish the subject consciousness, uphold the spirit of self-reliance, stimulate their vigor and determination to throw off poverty and change the destiny with their own efforts.

-Xi Jinping

SDGs



Nursing home aided by COSCO SHIPPING



Water supply plant built with the aid of COSCO SHIPPING

Poverty alleviation is the responsibility of central enterprises. In active response to the national call and to achieve targeted poverty alleviation, COSCO SHIPPING carries out poverty reduction with manpower, material resources and financial resources from multiple dimensions and in a comprehensive way. Extensive work has been carried out in education, public facilities, new rural construction, medical and health care, etc., which has contributed to the steady development of local economy and society and accelerated the realization of a prosperous society.



Residential building constructed with the aid of COSCO SHIPPING



System construction



Fund management



Cadre management

Promoting Poverty Alleviation Management

COSCO SHIPPING has improved the poverty alleviation system, optimized fund management, cultivated poverty alleviation teams, and systematically strengthened management of poverty alleviation to ensure efficient and orderly progress of poverty alleviation projects.

The 2017 plan on Tibet poverty alleviation funds and projects was prepared, the *Administrative Regulations of COSCO SHIPPING on Targeted Support* was formulated, and the *Guiding Opinions of the Party Committee Discipline Inspection Group of COSCO SHIPPING on Further Strengthening the Supervision and Inspection of Poverty Alleviation (Aid for Tibet) Funds and Projects* was issued, which clarify functions and duties, give priority to efficiency, ensure legal compliance and lay a solid institutional foundation for poverty alleviation and development.

The *Administrative Measures for the Group's External Donations* was issued, the "2017-2020 Aid for Tibet Poverty Alleviation Fund Plan", the "2017-2020 Aid for Tibet Poverty Alleviation Fund Raising Plan", the "2017 Fund Plan on Counterpart Support for Lhorong County Projects" and other fund plans were approved and the Group coordinated with the counterpart support areas to clarify matching funds and policy support for related projects.

Excellent cadres were selected from the system to shift work of five temporary cadres in Yongde County, Anhua County and Yuanling County respectively. Assessment on the previous batch of cadres was conducted and training and pre-employment talks were held for the incoming cadres, ensuring the cadres to be fully engaged in poverty alleviation and pull together with local cadres to solve practical difficulties.

COSCO SHIPPING



2017 Voyage · Homeland "Internet + Poverty Alleviation" E-commerce Poverty Alleviation Training Course was held in Chengdu | Primary school stadium in Lhorong County aided by COSCO SHIPPING | New shelter bridge - COSCO Happy Bridge

Actions of Poverty Alleviation

In the poverty alleviation, COSCO SHIPPING adheres to classified policies based on groups and local areas as well as the causes and types of poverty. Field surveys are carried out to understand local characteristics, and poverty alleviation resources in industries, education, employment, infrastructure, etc. are integrated and optimized to help economic and social development in poverty-stricken areas.

Developing Industry

Yuanling, Hunan: With ecological leisure tourism as the leading force, the gradual development of honey, vegetables, tea, kiwi and other industries are vigorously promoted; in the form of "agritourism cooperatives + farmer households", a model of poverty alleviation through tourism that can be replicated is formed.

Anhua, Hunan: Support Anhua black tea industry as the key point to adjust and improve the economic structure, expand employment and promote the poverty-stricken people to get rid of poverty and become rich.

Lincang, Yunnan: Mainly investing in and cooperating with industries such as leisure tourism, health, biomedicine and specialty agricultural products.

Improving Basic Education Level

Yongde, Yunnan: Implementing basic education assistance projects to improve the quality of education and teaching.

Anhua, Hunan: Promoting the school infrastructure construction in Anhua, providing assistance to poor students, and mobilizing social resources to aid students in need together.

Other: Riwoqê County, Lhorong County and Yuanling have scholarship and learning programs.

Providing Employment Training

Yongde, Yunnan: Establishing a partnership with specialized seafarer training institutions on the employment training of sailing and marine engine professionals to implement "order-based" professional training.

Yongde, Yunnan, and Anhua and Yuanling, Hunan: In cooperation with social organizations, through the establishment of a special training camp on traditional Chinese medicine, a group of traditional Chinese medicine personnel with professional excellence and moral integrity are cultivated.

Riwoqê, Tibet: Launching the "Voyage · Homeland" employee training program.

Promoting Infrastructure Construction

Yuanling, Hunan: Renovating public facilities; implementing ecological resettlement projects; safe drinking water project; strengthening the development of senior assistance projects.

Anhua, Hunan: River bank reinforcement and renovation, construction of safe drinking water projects.

Yongde, Yunnan: Construction of clinic, school, village square, village - level highway.

Riwoqê and Lhorong, Tibet: Relocation project for poverty alleviation.

Case

COSCO SHIPPING continues to promote the student aid activity themed "COSCO SHIPPING's Wishes"

Organizations of the Youth League at all levels of COSCO SHIPPING have carried out public welfare activities for young volunteers so that young employees can give back to society. COSCO SHIPPING has improved the long-term mechanism of organizing units and individuals to provide aid for students on a one-to-one basis. From September 1, 2017, to August 31, 2020, it launched a new round of student aid activities themed "COSCO SHIPPING's Wishes" in Yongde County, Yunnan Province, to expand the scale of aid to needy students. After the Group issued the *Notice on the Payment Arrangement for Student Aid Activity Themed "COSCO SHIPPING's Wishes"*, young employees have actively responded to and enthusiastically participated in the student aid activities. When the list of the fifth batch of 200 needy students provided by the Youth League Committee of Yongde County was published, all these students were provided with one-to-one aid in a few days. We even received calls from some good-hearted people outside the Group's system asking if they could participate in the aid activity. Throughout the entire system, we have supported 324 needy students in Yongde County with 537,800 yuan collected from all units and individuals. COSCO SHIPPING leaders, leaders of all units, retired cadres, Party branches, and Youth League branches have also joined the team of helping these students in their study, fostering healthy social conducts for the entire system to have the courage to fulfill its responsibilities, serve the society and send its love.

Poverty Alleviation Story - "Sixteen years in Tibet"

Since 2002, COSCO SHIPPING has stayed true to its mission and kept in mind the source of benefits, and undertaken affairs of Tibet's Lhorong County as its own. The Group has enhanced the counterpart assistance, broadened the scope of assistance and improved the aid mechanism to endeavor to accelerate the development of Tibet and enhance the well-being of the people.

COSCO SHIPPING believes that all the efforts of counterpart assistance will eventually reach the local people. People's livelihood is the top priority of COSCO SHIPPING's aid to Tibet. In order to become familiar with the customs and practices of Tibet and better understand local people's livelihood needs, the Tibet Aid Working Group of COSCO SHIPPING proactively integrated into the work and life of people in Lhorong County.

To ensure the effectiveness of the Tibet aid projects, the Tibet Aid Working Group conducted in-depth research to understand the local conditions. They traveled through four towns and seven townships of Lhorong County as well as some villages to get a comprehensive picture of the production and living conditions of farmers and herdsman, infrastructure construction in agricultural and pastoral areas, education and health undertakings, and the primary-level Party building and gain the first-hand information, which has laid a solid foundation for the rational planning of Tibet aid projects.

After learning and researching with multiple parties, the Tibet Aid Working Group made elaborate organizing and planning to promote the smooth implementation of aid projects one by one. During the 16 years of aiding Tibet, COSCO SHIPPING has promoted the development of education, and the "COSCO SHIPPING - Science and Education Cultural Center" has become the landmark of Lhorong County, and the "COSCO SHIPPING

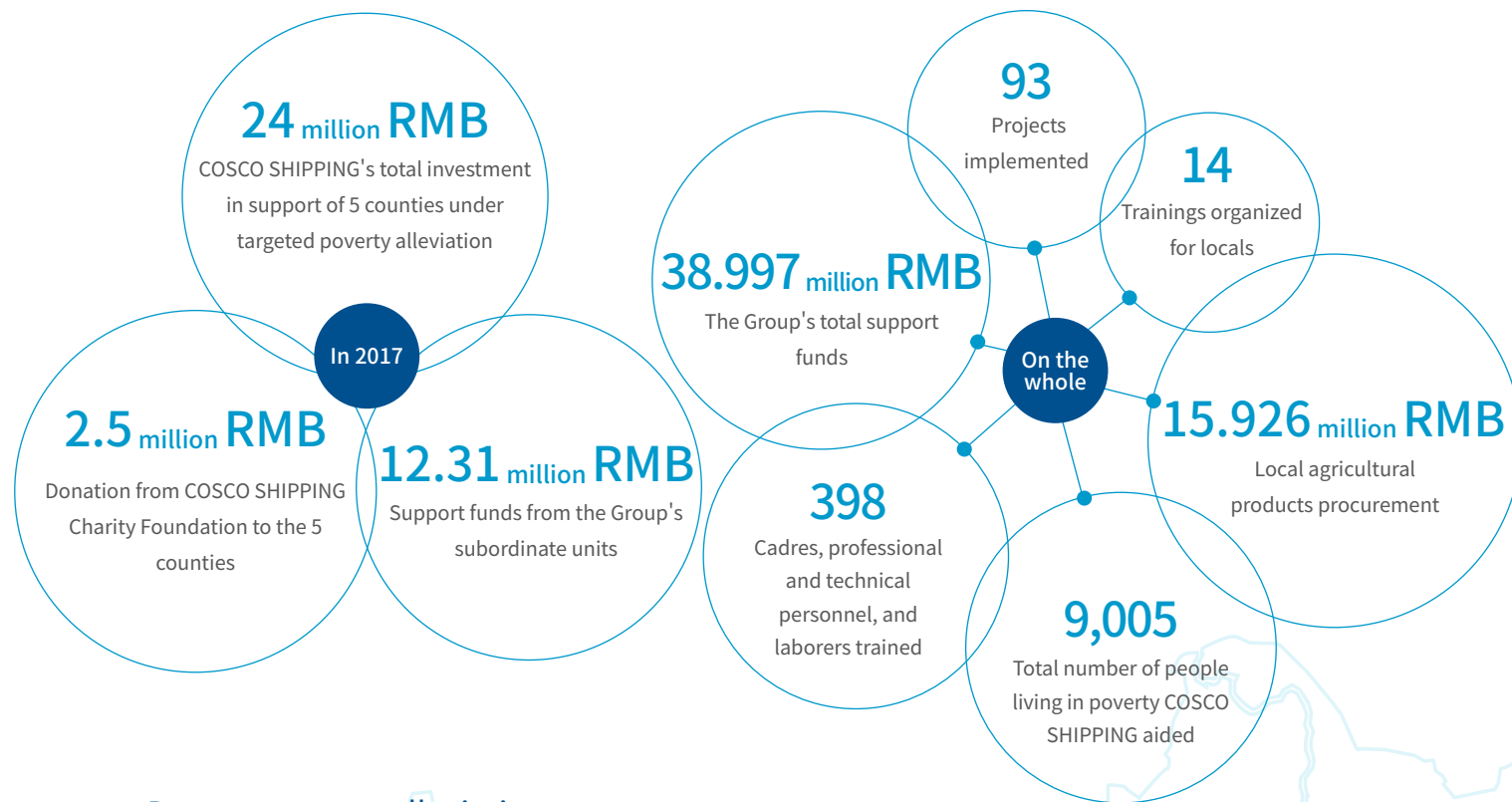
- Gesangmeiduo" fund provides education resources to low-income children. To improve the production and living conditions of farmers and herdsman, the "COSCO SHIPPING – County Unpowered Water Supply" has provided drinking water for thousands of people. And the "COSCO SHIPPING - Kangsha New Village" has created a model for small towns and beautiful villages. To promote the development of medical and health care, the "COSCO SHIPPING - Ganglameiduo" medical relief fund has enabled low-income households to receive medical treatment, and the "COSCO SHIPPING - Hospital Informationized Management System" has promoted the successful establishment of the first county-level secondary hospital in Changdu City...

The assistance of COSCO SHIPPING has played a role in the leap-forward economic and social development and lasting peace and order of Lhorong County.

On December 28, 2016, the Lhasa-Ningbo "Tibet" container train, which was planned by COSCO SHIPPING, officially launched. Carrying 70 containers and 1,890 tons of Zhuomaquan natural drinking water, it ran 4,500 kilometers through Tibet, Qinghai, Gansu, Shaanxi, Henan, Anhui, and Zhejiang and reached the destination after 6 days and opened the door for Tibet to fully integrate into the implementation of the national Belt and Road initiative and "South Asia Land Corridor". Lhorong County, COSCO SHIPPING's newly added counterpart support object - Riwoqê County and even the entire Tibet Autonomous Region are expected to achieve leap-forward development.



Combined transport helps the snowy plateau to pursue dreams under the Belt and Road"initiative, and the "Tibet" container train sets off for Ningbo



Data on poverty alleviation

Lhorong County, Tibet

Over the past 16 years, COSCO SHIPPING has selected **17 cadres** in **9 batches** to go to Lhorong County for assistance, **investing 169 million yuan** to aid Tibet, implementing **more than 100 support projects**, and benefiting over **50,000 people**.

Yongde County, Yunnan Province

Since the establishment of the pairing assistance relationship with Yongde County in 2006, the Group has accumulatively invested **more than 48.07 million yuan** to help a total of **584 villager groups** in **55 administrative villages** of **10 townships**, benefiting **28,700 households** and **113,324 people**.

Anhua County and Yuanling County, Hunan Province

Since participating in poverty alleviation of Anhua County and Yuanling County in Hunan Province in 2010, the Group has sent **14 poverty alleviation cadres** and provided a total of more than **40 million yuan** poverty alleviation funds. In addition, COSCO SHIPPING Charity Foundation provided more than **12 million yuan** of public welfare funds.

Riwoqê County, Tibet

Number of support cadres: **1**

Invested funds: **6.5 million**

Implemented projects: **3**

Beneficiary population: approximately **50,000**

"To ordain conscience for Heaven and Earth, to secure life and fortune for the people, to establish peace for all future generations", this is the famous saying of Zhang Zai, a renowned Neo-Confucianist of Northern Song Dynasty and leader of Neo-Confucianism in Guanzhong. To apply it in poverty alleviation, it can be comprehended as rebuilding the development concept for poverty-stricken areas, establishing life goals for people living in poverty, and expanding the thinking and helping the transformation for economic development in targeted poverty alleviation area."

- **Chairman, Secretary of Party Committee of China COSCO Shipping Corporation Limited**
Xu Lirong

"Doing good deeds is the social responsibility of a central enterprise. As a member of a state-owned enterprise and a member of the PRC, we will not hesitate to respond to the call of the Party Central Committee and fulfill social responsibilities."

- **Participant in poverty alleviation in Yongde County**
Liu Qingqing (COSCO SHIPPING Lines)

"As a participant of the economic and social development and long-term stability of Lhorong County, I've seen earth-shaking changes take place in the county since the support of COSCO SHIPPING in 2002. Over the past 16 years, the assistance of COSCO SHIPPING has played a leveraging role in the rapid economic and social development and lasting peace and order of Lhorong County, with a Tibet aiding road with COSCO SHIPPING characteristics and features of Lhorong County paved."

- **Former deputy county magistrate of the Lhorong County People's Government**
Gasongzhaxi

"Longqi Village is a reservoir migrant village and has expected for roads for more than 20 years. Now, with the help of COSCO SHIPPING, the roads are opened, and we feel a relief. Vehicles can come in, and the timber and mountain goods can be transported out smoothly, and our green hills will truly become "wealth". Thanks to the good policies of the Party and the state, and thanks to COSCO SHIPPING for its strong support."

- **Director of the Village Committee of Longqi Village, Malu Town**
Liu Ping'an

INNOVATION

Stimulating the Momentum for Continuous Expansion

In today's world, the trend of change and innovation is surging forward. Chinese ancestors realized as early as 2,500 years ago that, 'If it is beneficial to the people, it is not necessary to follow the ancient system; if it is suitable for the actual situation, it is not necessary to follow the old customs'. Change and innovation are the fundamental driving force for the development of human society. Those who reject change and innovation will fall behind the times and be eliminated by history.

-Xi Jinping

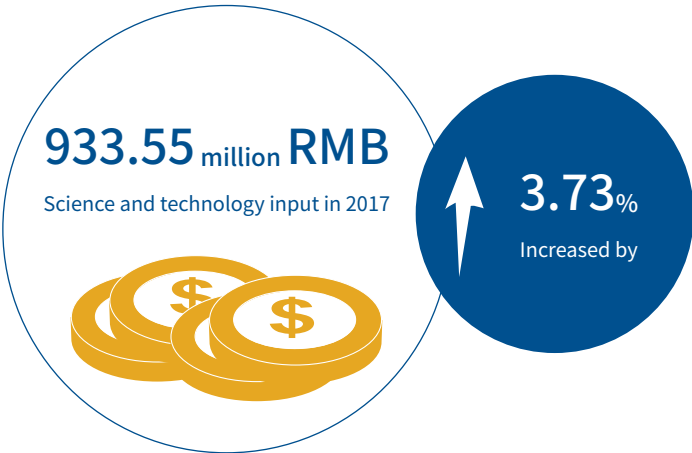
Innovation is the inexhaustible power for enterprise development. The three starting points for COSCO SHIPPING to properly carry out all work during the "13th Five-Year Plan" period are ramping up, creating profit, and innovating, which are also the important engine for the Group to devote to the construction of "shipping power" and implementing the Belt and Road initiative and to promote the enterprise to grow bigger and stronger. COSCO SHIPPING has attached great importance to the "mass entrepreneurship and innovation", promoting scientific and technological innovation, innovative employee training, business model innovation, fostering new models, and creating a new starting point for innovation and benefit-making.

SDGs



Technological Innovation

COSCO SHIPPING focuses on the frontier of technology, strives to master various key technologies, enhances its independent R&D ability, and promotes the Group's development towards the goal of "green, intelligent, and high-end".



CIN Navigation Technology First Prize

COSCO SHIPPING Specialized Carriers Co., Ltd.
Development of the new generation of 28,000DWT heavy-lift multi-purpose ship

CIN Navigation Technology Second Prize

Shanghai COSCO SHIPYARD
Large multi-point mooring FPSO design and construction technology

CIN Navigation Technology Third Prize

Shanghai Ship and Shipping Research Institute
Research and application of ship main power monitoring system

Technological innovation results



On July 11, 2017, Dalian COSCO Shipyard's first Subsea Support Vessel (SSV) completed a trial voyage



On July 9, 2017, China Shipping Industry Co., Ltd. (Shanghai Changxing), Shanghai COSCO SHIPYARD, and COSCO (Qidong) Shipyard Co., Ltd. promoted the P70 FPSO offshore project to achieve a major goal of closing ship bow, stern and undocking



Dalian COSCO SHIPYARD builds FPSO excellent refitting engineering based on modular projects

Case

"Hope No.6" leaves for the UK with "Xin Guang Hua" carrier, and China's marine engineering equipment manufacturing develops towards the high end

On February 25, 2017, "Hope No.6", the first floating production storage and offloading (FPSO) built for British DANA PETROLEUM Company by Nantong COSCO SHIPYARD Co., Ltd., a subsidiary of COSCO SHIPPING Heavy Industry under COSCO SHIPPING, officially set sail for the United Kingdom. The "Xin Guang Hua" carrier, which is responsible for transporting "Hope No.6", is currently China's largest and the world's second largest semi-submerged ship operated by COSCO SHIPPING Specialized Carriers. It is equipped with the world-leading DP2 dynamic positioning system and is the most advanced 100,000-ton large semi-submerged ship.

The "Hope No.6" cylindrical FPSO is the first one-stop turnkey project (EPC) undertaken by China's marine engineering equipment manufacturing enterprise which covers the design, procurement, construction, commissioning and some offshore installation and transportation. The design and construction has opened up a precedent for China's marine engineering equipment manufacturing industry in the FPSO turnkey project, promoted the development of China's marine engineering equipment manufacturing technology and industrialization, and achieved a breakthrough in the use of China-made FPSO in the North Sea by the UK, where sea conditions are complex and demanding. A number of technological innovations have filled the blank of domestic marine industry and reached the world's leading level, which marks a significant leap of China's marine engineering equipment manufacturing from the design and construction of middle-end marine engineering products to high-end products, with a Chinese brand of marine engineering equipment manufacturing created.



"Hope No.6" sails for the UK with "Xin Guang Hua" carrier

Informational Note



FPSO stands for Floating Production Storage and Offloading, which is offshore oil / gas plants integrating production, storage and unloading of oil, with the characteristics of large size, difficult to design and construct and high-level automation.

Scan to watch the video



Too capricious! "Hope No.6" floods the screen



CCTV Xinwen Lianbo FPSO "Hope No.6" starts the honeymoon trip with "Xin Guang Hua"



Xinwen Lianbo - Like China China Force - "Hope No.6" sails to the UK

Case

Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) is dedicated to creating intelligent workshops

In recent years, NACKS has been committed to the transformation and upgrading of production modes, and has taken the lead in trials in the domestic shipping industry. The company constantly promotes the application of digital design and manufacturing technologies, effectively integrates various core systems, and starts with automated production lines and assembly lines to gradually transit to intelligent production lines and workshops. At present, 29 automated and intelligent production lines have been put into production and 2 intelligent workshops have been initially established, undertaking many national, provincial and municipal scientific research projects.

The company has initially realized the transformation from labor-intensive to technology and information-intensive enterprise, and promoted the quality and efficiency of enterprise development. In 2017, the company's "ship manufacturing with intelligent workshop" project was shortlisted for "China's Top 10 Progresses of Science and Technology in intelligent Manufacturing". The demonstration experience of intelligent shipyard construction is a beneficial trial for Chinese ship industry in exploring the construction of intelligent shipyards and improving the level and capability of ship manufacturing. It also has good exemplary effects in the improvement of labor productivity, ecological environment and living conditions, as well as the industry's innovation ability and competitiveness.



Nantong COSCO KHI Ship Engineering Co., Ltd.

Cultivation of Innovative Staff

Achievements are made with intelligence, and business is expanded by staff. COSCO SHIPPING provides good environment for the development of science and technology employees, discovers staff in innovative practices, cultivates teams through innovative activities, and pools human resources in innovative undertakings, so as to provide continuous intellectual support for the Group's innovation development.



Innovation of Business Models

With the further promotion of the Belt and Road initiative, the logistics demands of domestic and overseas sales by enterprises has gradually increased. Keeping close with the market needs, COSCO SHIPPING innovates traditional shipping operation models, selects multiple routes to connect transport of sea and land, and transforms to develop full supply chain logistics. We provide customers with end-to-end, diversified and one-stop multimodal transport logistics services and more cost-effective solutions with better service quality and continuously enhance the Group's competitiveness to achieve a mutually beneficial situation with customers.

Case

Innovative layout of China-Europe Land-Sea Express Line opens the third trade channel between China and Europe

On December 28, 2017, OceanRail Logistics S.A completed industrial and commercial registration in Greece, which marks the official establishment of China-Europe land-sea express line company of COSCO SHIPPING. The China-Europe Land-Sea Express Line is a regional rail and sea intermodal brand built by COSCO SHIPPING with great efforts, with Piraeus Port as the hub and in cooperation with the Austrian National Railway Company and DB Schenker Rail of Germany. The business scope covers 16 countries including Greece, Macedonia and Serbia, and more than 32 million people.

The China-Europe sea-land express line covers a wide area and realizes the sea and rail combined transport. After the sea container arrives at Piraeus Port of Greece, it can reach central and eastern European countries such as the Czech Republic and Poland by train through the China-Europe Land-Sea Express Line. Through this route, the total transport time of goods from the Far East to Central Europe is shortened by 7 to 10 days compared with other traditional paths, which speeds up the delivery of goods and saves considerable transportation time and costs for customers. In order to further build the "China-Europe Land-Sea Express Line" with Piraeus Port of Greece as the hub, since 2017, COSCO SHIPPING has opened the China-Europe Express Route directly to Piraeus Port of Greece on the China-European container lines. More than 30 container ships of 7,000 to 13,000 TEU regularly travel between the Far East and the Mediterranean Sea, providing transportation services from Chinese cities such as Tianjin, Dalian, Qingdao, Shanghai, and Ningbo to Piraeus Port of Greece and connect with the China-Europe Land-Sea Express Line with the fastest shipping schedule.

With Piraeus Port as the hub and based on a strong network of shipping lines, COSCO SHIPPING innovates its business model, continuously strengthens cooperation with the railway company, and further advances the construction of China-Europe Land-Sea Express Line. It has won more business opportunities for the Group and provided customers with more choices to save cost and transportation time. The construction and development of China-Europe Land-Sea Express Line has greatly promoted the development of the "21st Century Maritime Silk Road" and countries along it and provided stronger support for the national strategy.



China-Europe Train



The China-Europe sea-land express line



Case

COSCO SHIPPING cooperates with China Railway Engineering Corporation to deepen the development of international combined transport and rail-water transport

In 2017, COSCO SHIPPING and CHINA RAILWAY signed a strategic cooperation agreement to promote the development of international combined transport and rail-water transport. The two sides has strengthened the cooperation to gather the shipping and railway resources, give play to their respective main business advantages and enhance synergies. This is conducive to expanding the scale of sea and rail transport and business operations, helps to improve logistics efficiency, reduce logistics costs and creates a new logistics ecosystem, and can join forces to serve and promote the implementation of the Belt and Road initiative to form a seamless connection between "sea" and "land".

Case

COSCO SHIPPING launched LCL e-commerce service to make LCL logistics simpler

In 2017, COSCO SHIPPING adapted to the booming trend of e-commerce and new retail business, vigorously promoted marketing innovation, and joined forces with Alibaba to launch LCL e-commerce services and promote the successful launch of COSCO SHIPPING Lines' LCL services on the "Alibaba Logistics Trade Platform".

Through the platform, the Group can connect with all large and medium-sized foreign trade enterprises registered on the Alibaba website. When the registered enterprise has the LCL logistics demand, it can directly log in to the OneTouch platform to obtain relevant logistics information of COSCO SHIPPING container LCL prices and sailing schedule, and make a one-click order online to complete all the logistics operations.

The launch of COSCO SHIPPING Lines' LCL services on the "Alibaba Logistics Trade Platform" is to expand COSCO SHIPPING Lines' LCL business by virtue of the high market visibility of e-commerce platform, which is of great strategic significance for the brand publicity and business development of COSCO SHIPPING Lines' ship-owners' LCL. It also helps the company to improve customer service capabilities and provide more convenient logistics services for foreign trade enterprises.

COORDINATION

Coordinating Forces for Sustainable Development

Coordination is not only a means but also the goal of development. It is the criterion and yardstick for evaluating development, and the unification of the two-point and key-point theory, balanced and unbalanced development, and shortcomings and potentials.

-Xi Jinping



Coordinated development is an effective guarantee to make development more comprehensive and promote the all-round progress of the cause. Facing its transformation and development, the upgrading of customer service capacity, and the new normal of national economic development, COSCO SHIPPING has adopted a holistic approach to the coordinated development among the "6+1" industrial clusters and worked hard to promote the simultaneous development of regions so that the Group and the society can achieve fairer sustainable development of better quality.

SDGs

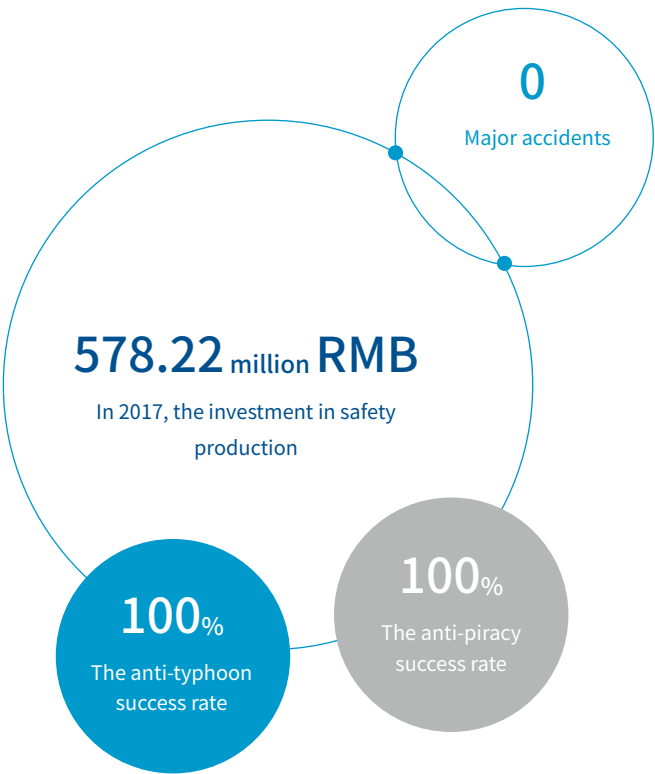


Consolidating Safety

COSCO SHIPPING gives top priority to safety in all work, and adheres to the safety concept of "implementing high-standard management, building high-standard ships, and staffing high-standard crews". The Group conscientiously implements the safety production policy of "safety first, prevention first, comprehensive management", further promotes the construction of safety management system, and implements the responsibility system for production safety at all levels, and strengthens the building of security teams to ensure safe production.



COSCO Shipping attaches great importance to and continuously strengthens the construction of the safety team, and improves the cohesiveness and the efficiency and quality of safety work. The Group organizes various special sessions such as meetings to seek for advices and suggestions. All units have strengthened coordination in ship repairing, ship spare parts, lubricant materials management, wastewater treatment, etc. All overseas companies continue to serve the main fleet of the Group by providing shore-based support in ship safety inspection, ship emergency response and coordination, and other aspects, to facilitate the safety pre-inspection and joint inspection, and reduce the risk of ship detention.



Scan to watch the video

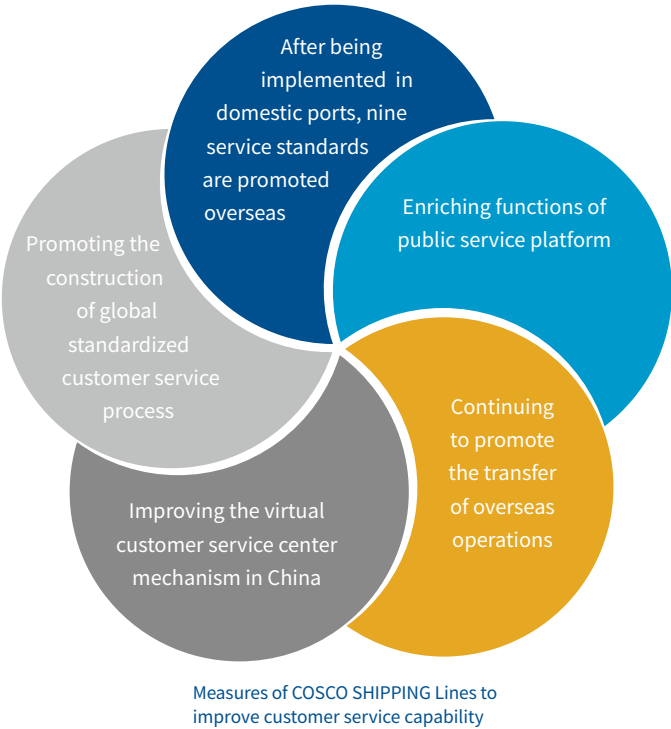
Shipping log on Maritime Silk Road
Ensuring safe navigation with uninterrupted sea drills

Shipping log on Maritime Silk Road
Driving into the Gulf of Aden, all the crew is engaged in anti-piracy exercises

Providing Quality Customer Services

COSCO SHIPPING adheres to a "customer-centric" principle, deepening and strengthening communication with customers, paying attention to customers' diversified needs and market changes and innovating products and service types to continuously improve its customer service capabilities, improve the construction of customer service system and achieve a mutually beneficial situation for the Group's business development and customer value.

COSCO SHIPPING has also established a customer feedback system to respond promptly to and earnestly handle customer feedbacks and opinions, improve service quality in a targeted manner, and maintain customer satisfaction. In 2017, COSCO SHIPPING Energy received 15 customer commendatory letters, and the complaint handling rate and customer satisfaction were both 100%. 11 customer satisfaction questionnaires were handed out by COSCO SHIPPING Ports with 7 copies collected in total, all of which got full marks.



Case

Innovating the service mode, with new breakthrough in cross-strait transport of special goods

Through customizing personalized shipping schemes, Xiamen COSCO SHIPPING broke the traditional operation mode of cross-strait shipping route passing through the surrounding ports, and split the 14,000 m³ ultra-high, ultra-wide and super-heavy large production line equipment from Taichung to Ji'an, Jiangxi for packing and shipping in batches, thus the transportation time was shortened from 15 days to less than 3 days, realizing the "the price of sea freight, the efficiency of air transport" and showing a new direction for the development of the cross-strait special cargo transportation market.

Case

Vehicle logistics service helps Chinese auto brands go global

In order to provide high-quality, professional, convenient, and efficient services, COSCO SHIPPING Lines has innovated and upgraded the auto transport mode to the "container + special car stand". Such vehicle logistics service, known as the fourth model, is safe, reliable, convenient, and efficient, and will effectively boost China's manufacturing to go global and create a new pattern of China's vehicle export transportation.

Harmonious Supply Chains

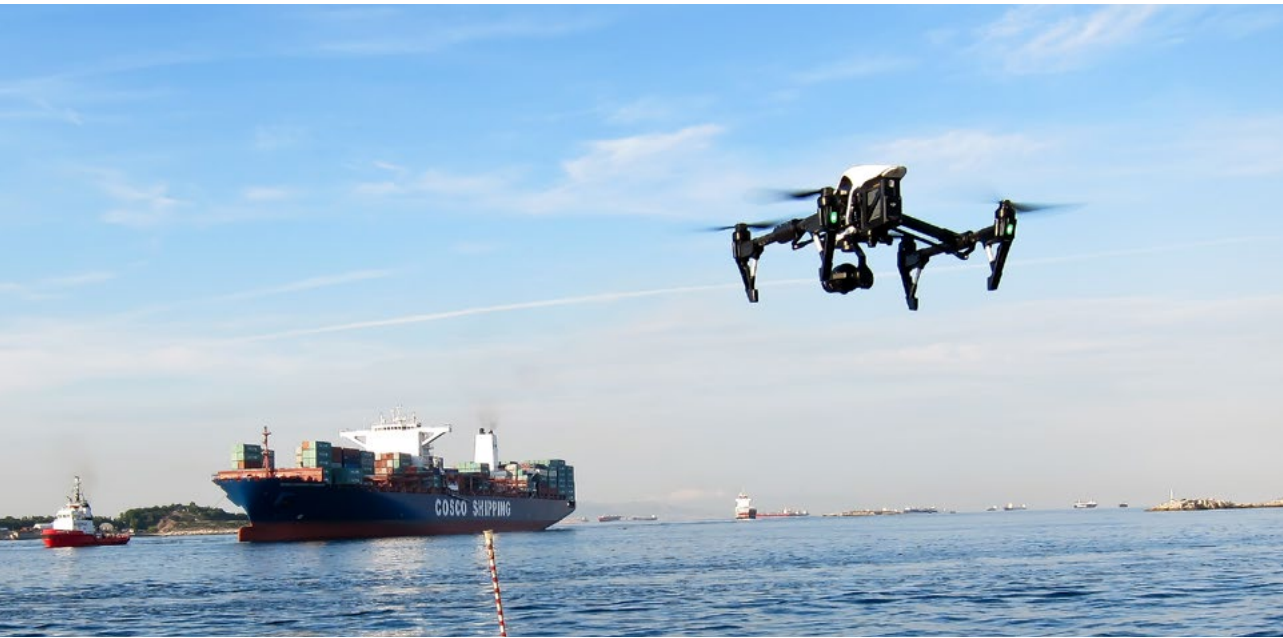
COSCO SHIPPING not only attaches importance to the impact of its operations on society and the environment, but also promotes the sustainable development of suppliers and actively promotes supplier responsibility management. The supplier access, selection, assessment, and termination mechanisms are strictly regulated. Suppliers are required to carry out businesses in compliance with applicable laws and regulations, and specific requirements concerning safety, environmental protection, and health are put forward for suppliers, so as to effectively monitor and control risks, urge suppliers to constantly enhance their social responsibility management awareness and responsibility performing capability, and maintain the overall health of the supply chain ecosystem.

In 2017, COSCO SHIPPING developed the work plan and timetable for 14 rules and regulations, and formulated the management rules for the Group procurement review experts in accordance with relevant requirements of the Group supplier management measures. In addition, COSCO SHIPPING also specially organized the work meeting on the improvement and self-evaluation of procurement management and invited relevant responsible members of the SASAC for special guidance, so as to promote procurement management. COSCO SHIPPING Holdings have established the supplier qualification review mechanism, and scored suppliers according to their comprehensive performance in reputation and service quality. The suppliers are grouped into A, B, C, D, and E levels based on their scores. Priority is given to high-rated suppliers while E-level suppliers are not involved.

Case

COSCO SHIPPING Development promotes suppliers to assume responsibilities

COSCO SHIPPING Development has continuously improved the supplier management system. The *Management and Audit of Florens Subcontractors and Accessories Dealers* and other regulations are formulated to put forward clear anti-pollution requirements for suppliers, supervise suppliers to reduce environmental pollution in the production process, and work with suppliers to reduce negative impacts of the industrial chain on the environment.



Boosting Industry Prosperity

The sustainable and healthy development of the industry affects every company in the industry chain. With its own advantages, COSCO SHIPPING actively carries out industry communication and cooperation, engages in the formulation of industry standards and cultivates high-end professional industry staff to boost the shipping industry to flourish.

Industry Exchanges and Cooperation

COSCO SHIPPING actively promotes the industry information communication, shares development experience with industry partners and strengthens exchanges and cooperation. In 2017, COSCO SHIPPING successively cooperated with China Ship-owners' Association and China Association of Port-of-Entry, etc. to complete the preparation, organization, and coordination of important conferences, and assisted in the re-entry of multiple associations including Shanghai International Shipping Center Development & Promotion Organization, Zhenghe Research Association, and China Association of Trade in Services, as well as recommendation for personnel change.

Case

We sponsored the Subforum "The Future of Logistics" of Boao Forum for Asia (BFA) to promote the development of logistics industry

Since the establishment of BFA, COSCO SHIPPING has undertaken the responsibility of serving the general diplomacy of China and shouldered the important mission of constructing and providing service guarantee for the BFA annual conference. In 2018, COSCO SHIPPING sponsored the annual conference subforum "The Future of Logistics" for the first time. In the subforum, the global logistics supply chain and upstream and downstream business representatives and stakeholders had extensive and in-depth discussions of the changing logistics industry, and reached a consensus on promoting global economic and trade prosperity and development.



Subforum "The Future of Logistics" of Boao Forum for Asia Annual Conference 2018

Construction of Industry Standards

COSCO SHIPPING closely follows the development trend and changes of the industry and participates in the formulation of industry technical standards to enhance the international rights for the shipping industry. COSCO SHIPPING Heavy Industry is carrying out the project, *Research on Quality Control Standards for Ship Repairs*, and with the "intelligent ship" project as the starting point, actively connected with the Lloyd's Register of Shipping to exchange cutting-edge navigation technology, and participated in the formulation of international normative standards. Qingdao Ocean Shipping Mariners College researched and developed China's industry standards - the *Operating Requirements for Marine Engine Simulator*, which has filled China's blank in the use standards for marine simulators, met the requirements of the STCW Convention on simulator training and evaluation and given full play to the standardization and promotion role of "standards" in simulator teaching and assessment.

Cultivation of Industry Staff

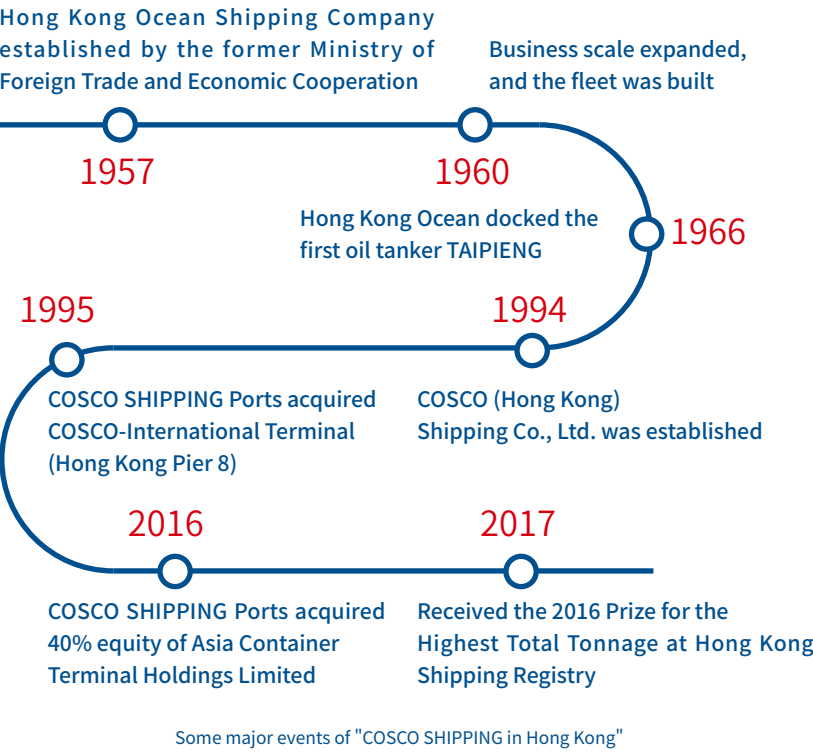
The ever-changing economic and social development and economic globalization keeps requiring for professional and international Chinese high-end shipping staff. COSCO SHIPPING has attached great importance to the training of staff for the shipping industry and continuously improves the quality of personnel training based on the actual needs of the shipping market, so as to bring vitality to the development and prosperity of China's shipping industry.



Promoting Regional Development

COSCO SHIPPING has actively responded to and served regional development strategies such as the development of the Yangtze River Economic Belt, the coordinated development of Beijing-Tianjin-Hebei, and accelerated the flow of production factors by virtue of the implementation of the Belt and Road initiative, contributing to the coordinated development of China and the world.

The story between COSCO SHIPPING and Hong Kong



2017 is the 20th anniversary of Hong Kong's returning to China and the 60th year of the connection between COSCO SHIPPING and Hong Kong. From the day of taking root in Hong Kong, COSCO SHIPPING has taken it obligatory to consolidate and enhance the international shipping center status of Hong Kong, and encouraged its subsidiaries and related industries to carry out business in Hong Kong. With its industrial influence, the Group promotes the convergence of shipping elements to Hong Kong and takes concrete actions to promote Hong Kong's economic and social prosperity.

Increasing the proportion of fleet registration in Hong Kong

As of May 2018, the Group had a total of 271 vessels registered with Hong Kong, with a total of 29.923 million DWT, making it the single largest owner of Hong Kong ships. Due to its support to the Hong Kong Shipping Registry and its commitment to keeping excellent quality of Hong Kong registered ships, the Group has been awarded the "Prize for the Highest Registered Gross Tonnage in Hong Kong" by the Hong Kong Marine Department for 13 times by 2017, and also won the 2017 "Award for Most Supportive Hong Kong Registered Ship-owner".

Strengthening port investment and operation capabilities

In 2017, COSCO SHIPPING Holdings and Shanghai International Port Group issued a voluntary comprehensive cash offer with pre-requisites to all Orient Overseas Container Line (OOCL) shareholders. In order to preserve the position of OOCL in Hong Kong, after the acquisition, OOCL will retain its brand and operate with COSCO SHIPPING in dual brands. COSCO SHIPPING will further leverage the global network advantages of both sides to contribute to the economic prosperity of Hong Kong and the construction of international shipping center.

Participating in economic development

The Group's companies in Hong Kong actively participate in various local economic projects and promote economic and trade exchanges. The main work for the Hong Kong-Zhuhai-Macao Bridge which sets multiple world records and integrates bridge, island and tunnel is undertaken by COSCO Kansai Paint & Chemicals Co., Ltd., a subsidiary of COSCO SHIPPING Hong Kong.

COSCO SHIPPING has actively responded to the national regional coordinated development strategy, and promoted the export and circulation of local products through the development of shipping and other industries, driven regional economic and social development, and assisted the country in coordinating and optimizing regional development.

Case

Trains of the Qinghai-Tibet Plateau

Due to being far away from China urban clusters, the cold and oxygen deficit conditions and long-distance transportation, the exchange of commodities with Tibet was relatively small. The trains from Tibet travelled 4,500 kilometers through Tibet, Qinghai, Gansu, Shaanxi, Henan, Anhui, Zhejiang for 5 days, and arrived at Beilun Port, Ningbo, Zhejiang on January 4, 2017. Just like a bridge, the "Tibet" train successfully connects Lhasa with Ningbo, creating a pattern of large circulation of goods in Tibet and western China.

Case

Helping Xinjiang international train for rail-sea combined transport to achieve the first domestic Belt and Road connection

As the core area of the Silk Road Economic Belt, Xinjiang has become the frontier of China's opening to Greater Asia and Europe. On May 15, 2017, a COSCO SHIPPING container train full of Austrian high-quality wood pulp arrived in Xinjiang, and after the cargo handling in Urumqi international inland port area, the PVC products of Xinjiang were transported to Lianyungang by train, and then to Southeast Asian countries such as India through the India and Pakistan COSCO SHIPPING lines. This international rail-sea combined transport line starting from Urumqi international inland port area runs across Asia and Europe and connects the Atlantic Ocean, the Pacific Ocean, and the Indian Ocean, achieving a seamless connection of the Belt and Road. Just like a bridge, the "Tibet" train successfully connects Lhasa with Ningbo, creating a pattern of large circulation of goods in Tibet and western China.

COSCO SHIPPING not only promotes coordinated development in China, but also provides material transportation services for infrastructure projects along the Belt and Road with excellent quality, contributing to global coordinated development.

Help to ease electricity shortage in Pakistan and power economic development

COSCO SHIPPING provided "sea-land-air" multimodal transport logistics services and professional value-added services for the Sahiwal coal-fired power station project in Pakistan. With quality service, COSCO SHIPPING Logistics was awarded the title of "Meritorious Unit of Sahiwal Power Station Project Construction" by Huaneng Group.

Help to support Java-Bali grid and boost economic growth and life improvement

COSCO SHIPPING Logistics provided nearly 200,000 m³ cargo logistics services for the Indonesian Java No.7 (2×1050MW) coal-fired power generation project, and fully guaranteed the safe and smooth delivery of the project materials to the site.

Promote the construction of "Energy Tanzam Railway"

COSCO SHIPPING Lines Qingdao Branch provided port agency of natural gas pipeline anti-corrosion steel tube for Tanzania natural gas processing plant and pipeline project. With quality services, it won the honorary title of "Excellent Logistics Service Provider" of the project.

GREEN DEVELOPMENT

Embracing the Earth Blue Seas and Skies

We should resolutely abandon the development model that damages or even destroys the ecological environment, the practice of sacrificing the ecological environment in exchange for economic growth for one time period and one place, and should make good ecological environment the growth point for people's livelihood, the support point for sustained and healthy economic and social development and the starting point for showcasing China's good image, making the sky bluer, mountains greener, water cleaner and environment more beautiful in China.

-Xi Jinping

A healthy marine environment is the foundation for the sustainable development of the shipping industry. Working on the vast azure sea for a long time, COSCO SHIPPING has a natural feeling of closeness and awe to the ocean. COSCO SHIPPING has adhered to green development, creating green ships and green navigation, protecting marine biodiversity and achieving harmonious development between society and nature.

SDGs



Green Ships and Sailing

Ships are an important factor that affects the marine ecological environment. COSCO SHIPPING attaches great importance to building and employing green ships, strengthening energy conservation and sewage management, and promoting green navigation.

Green Ships

COSCO SHIPPING has practiced the concept of green ships from ship design to dismantling of abandoned ships, vigorously carried out innovation and research of environmental technology, promoted the application of green technology in equipment, and built energy-saving and environment-friendly fleets, which sets the new standard of green ships and fundamentally guarantees COSCO SHIPPING's green and low-carbon navigation.

Case

Green ship creates a new record for China's ship industry

The "COSCO SHIPPING ARIES" built by COSCO SHIPPING is one of the longest ships in the world. As a typical model of the new generation of massive container ships, the vessel is equipped with an intelligent ship energy efficiency system. It has the advantages of low fuel oil consumption, large packing capacity, high intelligence and strong adaptability to ports. The energy consumption level is far lower than that of the same-class container ships, with the energy efficiency index about 50% lower than the benchmark value, meeting future international emission standards. There is also an installation system on board for LNG (liquefied natural gas) to meet the future refitting needs of large LNG fuel tanks on specific routes.

This type of vessel has the green ship classification symbol and specific route binding force calculation classification symbol, which complies with the *Code of Safe Practice for Cargo Stowage and Securing (CSS CODE)*, the *Hong Kong International Convention*, and the *Ballast Water Management Convention*. The ship fully practiced the green and environmental protection concept in the design, showing COSCO SHIPPING's high sense of responsibility for the marine ecological environment.

The ship recycling industry is an important link of the ship cyclic development industry chain. The elimination and dismantling of old ships is of great significance for the recycling of scrap resources and the reduction of marine environmental pollution. COSCO SHIPPING has selected the industry leading green ship recycling suppliers to protect the cleanness of ocean and the environment around the ship breaking yard.

In 2017, we delivered a decommissioned ship to a supplier specializing in the dismantling of green ships to ensure that the ship recycling complies with the Hong Kong International Convention and the EU's regulations on safe and pollution-free ship breaking, strictly abides by the General Code for Green Ship Recycling promulgated by the National Development and Reform Commission and other departments, and actively implements the concept of "safe, environmentally friendly and green ship breaking". For instance, untreated wastewater and solid waste must not be discharged to the waters during the ship scrapping process; environmental noise pollution is strictly controlled; the asbestos products to be removed are fully wetted with water to prevent the dust from polluting the environment.

Green Shipping

COSCO SHIPPING spares no effort to promote green navigation. Through management and technological innovation, it improves the energy efficiency, and reduces the discharge and emission of waste water, waste gas and solid waste during the transportation.



Hazardous materials such as tank wastewater, ballast water and sanitary sewage discharged by the ship, and the oil pollutant, toxic liquid and exhaust gas in a ship accident will seriously affect the marine ecological environment. COSCO SHIPPING environmentally disposes ship waste by means of strengthening the whole process control of oil refueling, fuel oil usage, oil sewage treatment, developing the ship sanitary sewage treatment and waste incineration system, scrapping the ship body pollutants, and implementing quota management and daily monitoring of main pollutants.

Case

A comprehensive waste treatment system to ensure the effectiveness of environmental protection

In order to maintain the marine ecology and avoid garbage pollution accidents, COSCO SHIPPING Holdings has formulated a number of waste disposal rules to clarify job responsibilities and ensure the effectiveness of waste treatment.

- Under the guidance of the *MARPOL 73/78* and the International Maritime Organization, the *Waste Management Plan* for ships is formulated
- The *Operation Regulations of COSCO SHIPPING Lines for Back-to-Shore Treatment of Oily Sewage* is formulated to clarify the complete operation procedures.
- The *Shipboard Oil Pollution Emergency Plan* is formulated to reduce and control the impact of accidental oil spills.

Green Ports

COSCO SHIPPING spares no effort to promote the construction of low-carbon ports, and keeps carrying out energy conservation and emission reduction from the aspects of personnel, technology and management. In 2017, COSCO SHIPPING Ports increased their efforts in low-carbon terminal operation and implemented projects such as "oil-to-electricity", port automation upgrading and onshore power transformation to strive to create "green terminals".

Case

Best terminal achieves zero emission for environmental protection

Xiamen Ocean Gate Container Terminal is the top terminal built with the efforts of COSCO SHIPPING Holdings in the core port area of Southeast International Shipping Center, and is also China's first complete intelligent, zero-emission, safe and environmentally-friendly fully automated container terminal, which can completely realize unmanned operation and is called "Demon Wharf" by the industry.



Xiamen Ocean Gate Container Terminal

Xiamen Ocean Gate Container Terminal is powered by electricity, with the whole operation process automated and the total carbon emissions dropping by about 15%. The energy consumption and emissions are significantly reduced compared with traditional terminals, which has addressed the negative impacts of traditional terminals on sustainable development due to the emission of massive carbon dioxide and exhaust gas. Meanwhile, it has improved the loading and unloading efficiency and reduced the labor cost and is a green zero-emission terminal indeed.

Case

Kumport Terminal, Turkey: Green ideas make green terminal

The Kumport terminal links the Eurasian continent and is a strategic area between the Black Sea and the Mediterranean Sea. Since the acquisition by the "Tripartite Consortium" of COSCO SHIPPING, China Merchants Port, and CIC Capital Corporation (CIC Capital) in 2015, the terminal's operating performance has been improved, becoming an important logistics node on the Belt and Road. The terminal has obtained the certification of ISO 14001 environmental management system and OHSAS 18001 occupational health safety management system, and guarantees to meet the requirements of the green port rating system in aspects of fuel oil discharge, carbon emissions, water resources use and mechanical equipment energy conservation, etc. In April 2017, the terminal became one of the first companies to receive the "Green Port" certificate from the Turkish Ministry of Transport, Maritime Affairs and Communications, and the third container terminal in Turkey to obtain this certificate.



Turkish Kumport terminal



COSCO SHIPPING Specialized Carriers' first wind power installation ship "boards" semi-submerged ship to return to China

Supporting the Development of Clean Energy

The clean, efficient, safe and sustainable energy development is an important part of reducing energy consumption and improving air quality. COSCO SHIPPING strengthens technology R&D and multilateral cooperation, actively develops clean energy such as wind power and methanol, and expands its business while ensuring the environmental sustainability.

Case

Super-large offshore wind power installation ship helps develop offshore wind power

In order to meet the construction needs of the world's major coastal wind power plant, Nantong COSCO SHIPYARD has developed a super-large offshore wind power installation ship that integrates various functions such as loading and transportation, self-propulsion and self-elevating, heavy lifting, dynamic positioning and offshore operations. The ship has a DP2 positioning system to meet the needs of offshore wind power hoisting, transportation and maintenance.

Built with high technology, it is a top-end offshore wind power installation ship and an important part of the offshore wind power industry chain. Its development is favorable to the construction and operation of offshore wind plant and the development of the offshore wind power industry chain, while promoting the development and domestication of related offshore equipment and driving technological advances of the upstream raw materials and key parts supply industries.



Super-large offshore wind power installation ship

With the in-depth implementation of the international sulfur restriction policy and the maturity of green ship development, research and application, green energy has gradually become an inevitable choice for the shipping market. COSCO SHIPPING Energy continues to promote the LNG transport business and boosts the development of clean energy.

Case

"CESI BEIHAI" writes a new chapter in LNG transportation

COSCO SHIPPING Energy "CESI BEIHAI" can load 174,000 cubic meters of LNG per voyage, and it is one of the most advanced and environmentally friendly LNG ships in the world. The "CESI BEIHAI", "CESI GLADSTONE" and "CESI QINGDAO" serve on the routes from Australia to China's Beihai and Qingdao ports, providing practical and effective energy guarantee for natural gas users of Sinopec in Guangxi and Shandong, etc.

At present, COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a subsidiary of COSCO SHIPPING Energy, has a total of 6 LNG ships in operation, with an annual transportation volume of more than 6 million tons. With the sailing of the "CESI BEIHAI" vessel, COSCO SHIPPING Energy will continue to write a new chapter for China's energy transportation and global LNG transportation.



"CESI BEIHAI"

COSCO SHIPPING Development disrupts clean energy field of photovoltaic, hydropower and wind power, etc. industry and supports enterprises in green technology upgrading, equipment renewal and energy project construction with its professional financial leasing services, and promotes the development of the clean energy industry.

Case

Transmission of green energy more effectively

Dunhuang, Gansu has rich solar energy resources and land resources and is the golden zone for establishing ground photovoltaic power plants. COSCO SHIPPING Leasing provides financial leasing service support for local enterprises, to help build local photovoltaic power plants. After fully utilizing solar energy resources to generate electricity, PV power plants can transmit clean electric energy to Shaoshan, Hunan from the ultra-high voltage (UHV) of Jiuquan, Guansu, which not only effectively improves the clean energy utilization level of Gansu, but also provides sufficient support for Hunan's power demand and economic development and promotes the effective allocation of regional power resources.

Protecting Marine Biodiversity

The maritime business, especially the loading and unloading of ballast water, directly affects the living environment of marine life. Without institutional or conventional regulation, it will lead to marine environmental pollution and destroy marine biodiversity. COSCO SHIPPING strictly strengthens the management of ship ballast water to protect marine biodiversity.

Informational Note

What is ballast water?

Ballast water refers to the water loaded to the ship to control draught, trim, heel, stability or stress and the suspended solids in it. Generally, when a ship leaves the bank, the ballast tank will be loaded with ballast water to keep the ship steadily floating with certain depth in the water. For example, when a ship is unloaded, its stability and draught cannot meet the safety requirements, thus it is necessary to load ballast water to adjust the floating state. When a ship is unevenly loaded and the local force is too large, the stress state should be adjusted with ballast water.



Case

COSCO SHIPPING Holdings vigorously protects marine life through multiple systems

COSCO SHIPPING Holdings' container business has 355 routes worldwide, covering five continents, 90 countries and 289 port routes. The number of routes is large and the coverage is wide. In order to reduce the impact of shipping business on marine biodiversity, the Group has developed such institutional documents as the *Guidelines for Ship Ballast Water Management* and the *Ballast Water Management Plan*. By establishing a strict system, the management is standardized and any violation of the ballast water convention is prohibited. Through strict management, COSCO SHIPPING Holdings has ensured reasonable loading and unloading of ship ballast water, which has minimized the risk of bringing foreign species into local waters in the shipping process.

OPENING UP

Sailing the Maritime Silk Road

The important strategy for China to achieve new achievements is to constantly expand opening up, raise the level of opening up, and promote reform and development through opening up.

-Xi Jinping

China will not close its door to the world. We adhere to all-round opening up and continue to promote the liberalization and facilitation of trade and investment.

-Xi Jinping

In the new era of socialism with Chinese characteristics, as China opens up to the outside world, COSCO SHIPPING, a participant and helper of China's economic globalization, actively follows the development law of the open world economy, maintains openness to serve the implementation of the national strategy and builds the marine transportation channel and logistics channel for China to integrate into the global economy. COSCO SHIPPING has also formed a complete global business chain to better allocate global resources and serve global trade, providing important support for the Chinese economy to go global and achieve connectivity and common development.

SDGs

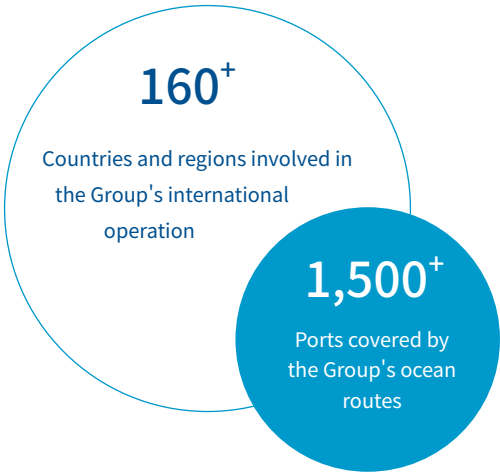


Piloting the World's Shipping Development

COSCO SHIPPING knows it well that only by striving for and building a world-class shipping industry leader with international competitiveness 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. COSCO SHIPPING is deeply involved in global competition, allocating global resources, expanding the overall scale of the Chinese fleet, strengthening the building of international strategic pivotal hub ports and laying a global efficient service network, committed to piloting the development of global shipping.

Layout of Shipping Routes

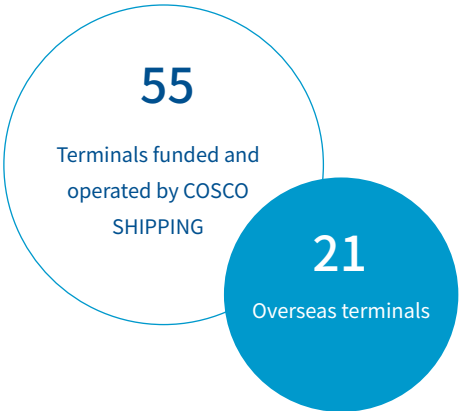
COSCO SHIPPING actively optimizes the layout of global routes, improves the service quality of ship routes, and opens up the lifeline of maritime transport between China and the world. Currently, COSCO SHIPPING has built up a global maritime transportation network covering major regions of the world, with Hong Kong, Japan, South Korea, Australia, Southeast Asia, West Asia, North America, South America, Europe, and Africa as radiation points and with more than 1,500 ship routes as the ties, which makes irreplaceable contribution to the prosperity of global economic and trade exchanges, especially to the maritime transportation security of China's import and export materials. In 2017, COSCO SHIPPING Specialized Carriers continuously opened the Southeast Asia route, the Persian Gulf - Red Sea route, the Europe - Mediterranean route, the West Africa and East Africa routes. COSCO SHIPPING Lines has completed the transport capacity adjustment of Africa, Latin America and South Asia lines, and opened the Northwestern Europe - Mediterranean direct route, achieving a historic breakthrough in the direct-to-market development in Europe.



Layout of Port Terminals

COSCO SHIPPING actively promotes the distribution of global terminals, and identifies suitable ports and terminals along the Belt and Road as well as important nodes of global trade routes, and constantly enhances the control over terminal assets. Efforts are made to improve the efficiency of terminal operations and provide overseas development support for Chinese enterprises in infrastructure construction, characteristic parks building, industrial structure adjustment, business division of labor, and output of high-quality production capacity, so as to lay the foundation for globalization.

At present, the Group's terminal network covers China's five coastal port groups as well as Hong Kong and Taiwan region, Southeast Asia, Europe, the Mediterranean and the Middle East. In 2017, COSCO SHIPPING actively organized domestic port integration work including project cooperation and equity transfer plan formulation of Shanghai Port and Qingdao Port, promoted the port and shipping cooperation, and improved the layout of the Group's domestic port resources. In addition, COSCO SHIPPING fully implements the Yangtze River Strategy: Participating in the Nantong Tonghai terminal investment project, reinforcing the control over key terminal nodes and warehousing resources in the lower reach of the Yangtze River; promoting the railway-river combined transport project of Wuhan Yangluo Terminal, controlling valuable shoreline resources in the middle reach of the Yangtze River, and creating a material basis and favorable conditions for the improvement of sea-rail combined transport and product innovation capabilities in the Yangtze River Basin.



Serving the Implementation of National Strategies

As the national backbone of the shipping industry, COSCO SHIPPING has borne in mind its responsibility and mission and been committed to serving national strategies and guidelines such as the Belt and Road initiative, the "Shipping Power" strategy and the "Manufacturing Power" strategy, actively integrating its development into the national development.

Serving the Belt and Road Initiative

With an international vision, COSCO SHIPPING participates in the implementation of the Belt and Road initiative in a deep-going way. Based on its huge fleet capacity and global service network, the Group accelerates the business expansion of ports, shipping and integrated logistics in countries and regions along the route, speeds up the "point, line and surface" layout of countries along the Belt and Road, continues to strengthen and optimize the main shipping business and enhance global competitiveness.

Port Terminals Along the Belt and Road

As one of the pioneer Chinese enterprises to explore the overseas terminal distribution, 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 terminals along the Belt and Road cover Singapore, Belgium, the Netherlands, Germany, Greece, Spain and other countries and regions. The main investment projects include: obtaining the operation rights of important hub ports and transit ports such as Piraeus Port of Greece, Abu Dhabi Khalifa Port in the UAE, Noatum Port of Spain, Zeebrugge Port of Belgium; holding shares of PSA Singapore, EUROMAX Container Terminal of Rotterdam, the Netherlands, and VADO Terminal of Italy as a major shareholder.

"The dry port project signed is a physical project and large project in promoting the construction of the New Eurasia Bridge Economic Corridor, which will surely promote greater development of the trade and logistics industries of the two countries. The government of Kazakhstan will give strong support to the project, promoting the cooperation to constantly yield fruitful results to benefit both countries and the people. "

- Askar Mamin, First Deputy Prime Minister of the Republic of Kazakhstan

Case

Building an Asia-Europe cross-border two-way transport corridor for China and Kazakhstan

The Khorgos-Eastern Gate port, located in the Khorgos-Eastern Gate Special Economic Zone in Kazakhstan, is 15km away from the Khorgos Port of China. It takes 5 days to Lianyungang and 9 to 10 days to Europe via railway transport. It enjoys an advantageous geographical location and convenient transportation, connecting China and Western Europe via the railway line and the Western Europe - Western China International Highway.

On May 15, 2017, COSCO SHIPPING and Lianyungang Port Holding Group jointly acquired 49% equity of Khorgos-Eastern Gate. COSCO SHIPPING fully utilizes the advantages of offshore container transportation network capability and comprehensive services of land, sea and rail combined transport, and builds Khorgos-Eastern Gate into an important logistics channel node for strategic connection of China's Belt and Road initiative and Kazakhstan's "Bright Road" initiative, and further into an important hub of China-Europe and China-Asia road and bridge services, so as to provide global customers with higher-quality full supply chain service solutions and provide important logistics guarantee for the 21st Century "Silk Road Economic Belt" and "Maritime Silk Road" trade connectivity.



Ship Transport on the "Maritime Silk Road"

COSCO SHIPPING builds the 21st Century Maritime Silk Road connecting the five continents and three oceans with its route network. Through the integration of smooth and efficient trunk routes with global network, COSCO SHIPPING has not only improved the route service of the 21st Century Maritime Silk Road and the service efficiency, but also connected the routes of the 21st Century Maritime Silk Road with other important emerging regional markets such as the Americas, West Africa, the Caribbean, and Northern Europe to form a more complete global network layout, thus promoting the shared development of countries and regions along the Belt and Road and injecting vitality into the regional economy along the Belt and Road. In 2017, COSCO SHIPPING Lines opened the Northwestern Europe - Mediterranean direct route, achieving a historic breakthrough in the direct-to-market development in Europe.



Case

Exploring the "Polar Silk Road" to expand the connotation of the Belt and Road initiative

The "Polar Silk Road" is a shipping lane that crosses the Arctic Circle and connects the three economic centers of North America, East Asia, and Western Europe. In June 2017, the *Vision for Maritime Cooperation under the Belt and Road Initiative* for the first time defined the "Arctic navigational route" as one of the three major sea lanes of the Belt and Road. On January 26, 2018, the Chinese government published the first Arctic policy document - *China's Arctic Policy*, proposing to "jointly building the Polar Silk Road".

The merchant ship Yong Sheng of COSCO SHIPPING Specialized Carriers opened the ice-breaking tour in 2013, becoming the first Chinese merchant ship that successfully reached Europe via the Arctic northeast channel. As of 2017, COSCO SHIPPING Specialized Carriers had dispatched 10 ships and completed the polar navigation missions of 14 Arctic northeast lane voyages and 22 module transport voyages to Arctic Circle, with a total of 465,000 tons of goods transported. Specifically, in 2017, COSCO SHIPPING Specialized Carriers sent a total of five ships to travel to and from the Arctic in the "window period", mainly carrying goods including equipment, steel and pulp, to explore to expand the scale of Chinese merchant ship's project-based and normalized voyage to the Arctic. The exploration and practice of COSCO SHIPPING Specialized Carriers on the "Polar Silk Road" has enriched the connotation of the Belt and Road initiative and played a positive role in promoting Made-in-China to go global, European goods to export the Far East, and the prosperity of Asia-Europe trade.



The "Yong Sheng" ship returned to China after successfully completing the first Antarctic expedition service.

Integrated Logistics of the Land "Silk Road"

COSCO SHIPPING actively promotes the development of the Silk Road Economic Belt and sea-rail combined transport. In opening up the logistics channel, the Group strengthens the layout of the logistics infrastructure of the "Land Silk Road", focusing on solving deficiencies and problems at shipping terminals for cargo transportation, and improves the ability in land extension businesses such as logistics, warehousing and distribution. The land and sea transports are seamlessly connected to form an economic trade tie that links Asia and Europe and radiates the world, thus realizing the smooth and efficient circulation of various trade materials between China and the world and building a bridge connecting China with the world.

COSCO SHIPPING 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. In order to properly implement the logistics infrastructure construction in the Central and Eastern Europe, COSCO SHIPPING has particularly strengthened the command of logistics resources such as railway operations, warehousing, customs declaration, sorting and distribution, and high-value cargo air transportation, opening up key links of the land, sea and air transport channels.

Case

Opening up the "China-Europe Land-Sea Express Line" to create a mutually beneficial situation

COSCO SHIPPING has opened up the "China-Europe Land-Sea Express Line", transporting Chinese goods from domestic ports to Piraeus Port, and then transporting them through the existing railway from Piraeus Port to Hungary, which forms a China-Europe land-sea combined transport mode. On the basis of the China and Europe trade route – the "21st Century Maritime Silk Road", COSCO SHIPPING connects Piraeus Port to the "China-Europe Land-Sea Express Line", thus extending the "21st Century Maritime Silk Road" to the interior of Europe and creating a road to mutually beneficial results.

COSCO SHIPPING has played an important role in promoting bilateral economic and trade exchanges between China and Panama. The long-term development and efforts of COSCO SHIPPING in Panama are commendable. We are very grateful to COSCO SHIPPING for the cooperation in Panama and its contribution to the sea transport and economy.

- Panamanian President Juan Carlos Varela

36

Total domestic terminals engaged
along the Belt and Road

9

Foreign terminals
engaged180⁺Container ships invested in the
container liners along the Belt and
Road as of the end of 2017

160,000 TEU

Capacity of all container
ships invested

60%

The proportion of
capacity invested
along the Belt and
Road compared to the
capacity of operation
fleets

117

The cumulatively liner services
provided every week

120,000 TEUs

Total shipping space

50%

The proportion of shipping space invested
in countries and regions along the Belt
and Road

58million tons

The Group's oil shipping
volume along the Belt
and Road

45million tons

The Group's dry bulk
shipping volume along
the Belt and Road

27

Provinces, autonomous regions,
municipalities directly under the
central government covered by COSCO
SHIPPING's more than 150 operating
container sea-rail lines

91

Major ports and inland stations
covered

The second phase of the container terminal of Khalifa Port

China-Europe Train at Hamburg Port

The Airbus project at Hamburg Port

Scan to watch the video

A new chapter for the new
century sea silk roadThe "Netherlands" ship starts the China-
Europe maritime Silk Road voyageThe Faraway Home: The Belt and Road
Initiative - Dubai, UAE

Serving the "Shipping Power" Strategy

For a long time, the shipping industry has undertaken more than 90% of China's foreign trade cargo transport volume, and is an indispensable strategic service industry concerning the national security and lifelines of the national economy. "Building the road is the first step to become rich". China must strengthen the shipping power construction to become a maritime power. COSCO SHIPPING has constantly strengthened technological innovation, improved the technology and equipment level for ocean exploring and actively explored the polar areas to contribute to the country's building into a maritime power.

Case

Constructing the first ultra-deep sea workboat, and promoting the marine equipment construction capability to a new level

Dalian COSCO SHIPYARD, a subsidiary of COSCO SHIPPING Heavy Industry, builds a series of ultra-deep marine working vessel for MAERSK, Denmark. The first ship "Maersk Installer" made by it was delivered on October 16, 2017. The vessel is currently the world's newest ultra-deep marine working ship, the first ship of the same type exported and the first Maersk marine project undertaken by the Chinese shipyard. Its successful construction and delivery has enhanced the visibility and brand image of China's offshore equipment manufacturing industry in the international market, and is of great significance in promoting China shipyard's continual development in the international mainstream ultra-deep marine workboat market.



The "Maersk Installer"

Case

Polar exploration to serve the construction of polar power

The polar region is a "new strategic territory" that concerns national interests. The polar power construction is an important part of the construction of maritime power. As the earliest and most experienced shipping enterprise in China to explore the polar navigation, COSCO SHIPPING has constantly explored the polar and ocean mysteries and moved towards a wider range of fields and higher levels.

In 2017, COSCO SHIPPING Specialized Carriers sent a total of five ships to travel to and from the Arctic to further expand the scale of commercial operations via the northeastern Arctic channel and lay a solid foundation for establishing the normalized operation for Arctic navigation. The normal operation of the Arctic route will expand the Belt and Road and can significantly promote Made-in-China equipment to go global, increase the European market share and facilitate European goods to export to the Far East. In addition, COSCO SHIPPING Specialized Carriers also completed the transportation mission for the construction of Brazil's Ferraz research expedition station - the world's first Antarctic commercial research expedition station project, which creates a precedent for merchant ships to transport construction materials for scientific expedition stations.

Serving the "Manufacturing Power" Strategy

While actively helping Made-in-China to go global, COSCO SHIPPING has upgraded the quality of its manufacturing and services through R&D and innovation, and led the Chinese shipping industry to upgrade from "Made in China" to "China Services".

Case

Helping China's nuclear power products to go global

As the knock-out products in China's nuclear power export, "Hualong One" is a key equipment of Pakistan nuclear power project for which COSCO SHIPPING provides the whole process logistics. With advanced hardware equipment, safe and reliable transportation plan, rigorous and reasonable fleet organization and serious and responsible coordination and communication, COSCO SHIPPING Specialized Carriers helps improve the international reputation of "Made in China".



The "Da De" vessel of COSCO SHIPPING Specialized Carriers is hoisting key equipment for Pakistan nuclear power project at Dalian Port



Case

Providing shipbuilding equipment for the Zvezda Shipyard and helping Russia enter the era of large-tonnage shipbuilding

As a large shipyard controlled by Rosneft Oil, the most important part of Zvezda Shipyard is the open-type heavy shipbuilding platform which is equipped with seven large cranes all built by Nantong COSCO Heavy Industry Co., Ltd. BECTI RU reported that, "The durations of the design, manufacturing and installation of bulky lifting equipment supplied by China have all broken Russian records. With huge cranes, the Zvezda Shipyard heavy shipbuilding platform opens a new era in Russian large-tonnage ship manufacturing history. "

Scan to watch the video

"Layout in the Ocean", episode 5, Season II of the Heavy Equipment of the Great Power



SHARING

Making Joint Efforts to Build a Better Future

The world has become a global village where our interests are intertwined and our economic and social progress interconnected. To promote common prosperity and development in today's world, we have no choice but to pursue greater connectivity and integrated development.

-Xi Jinping

Sharing is the starting point and the foothold of sustainable development. With the mission of becoming an excellent leader of the world shipping industry, COSCO SHIPPING adheres to opening up and cooperation, inclusiveness and sharing, and utilizes its own advantages to promote sustainable development worldwide. We strive to create an environment for harmonious coexistence with our stakeholders and achieve common development with employees and communities.

SDGs

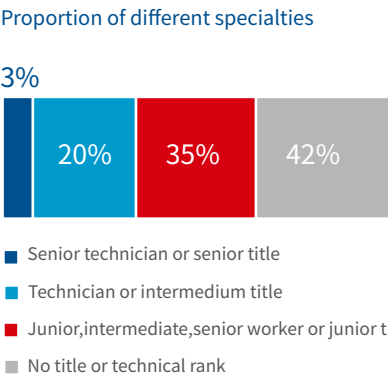
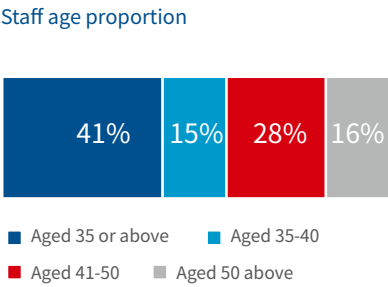
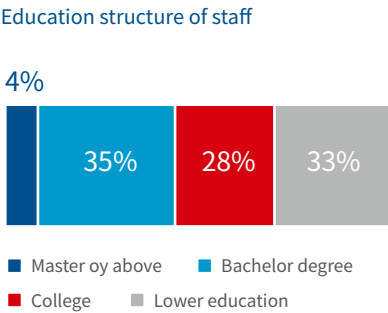
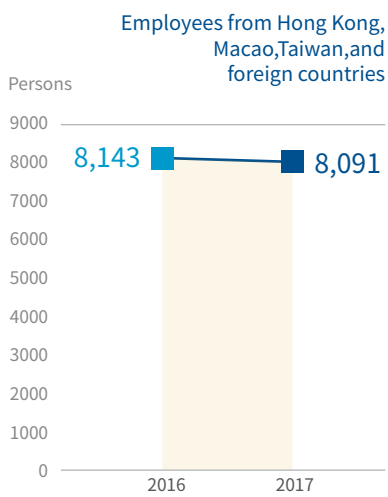
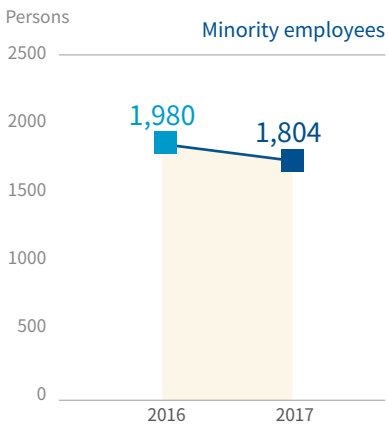
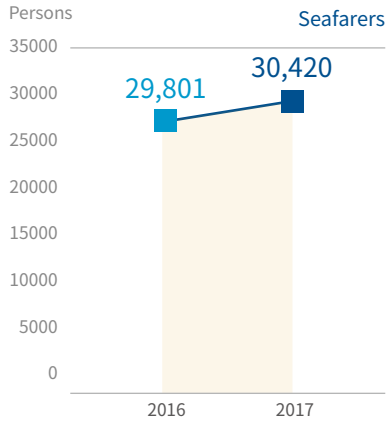
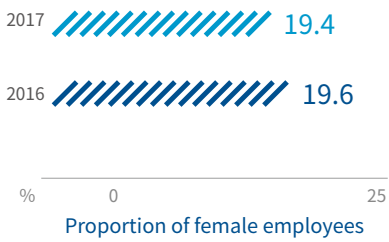
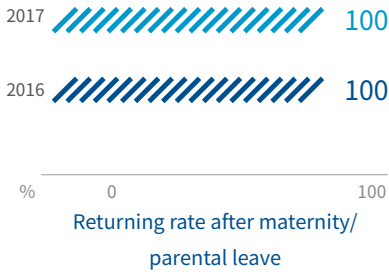
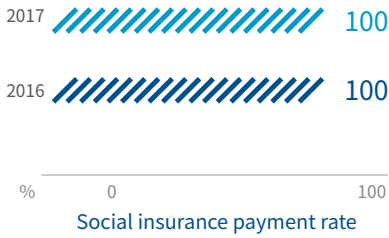
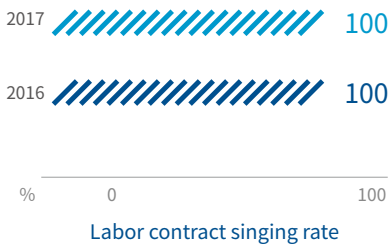


Joining Hands with Employees to Move Forward

COSCO SHIPPING adheres to "employee-oriented" values to improve the Group's employee management, training and care mechanisms. We build platforms for employees to develop their potential and creativity, care for their happiness and grow together with them.

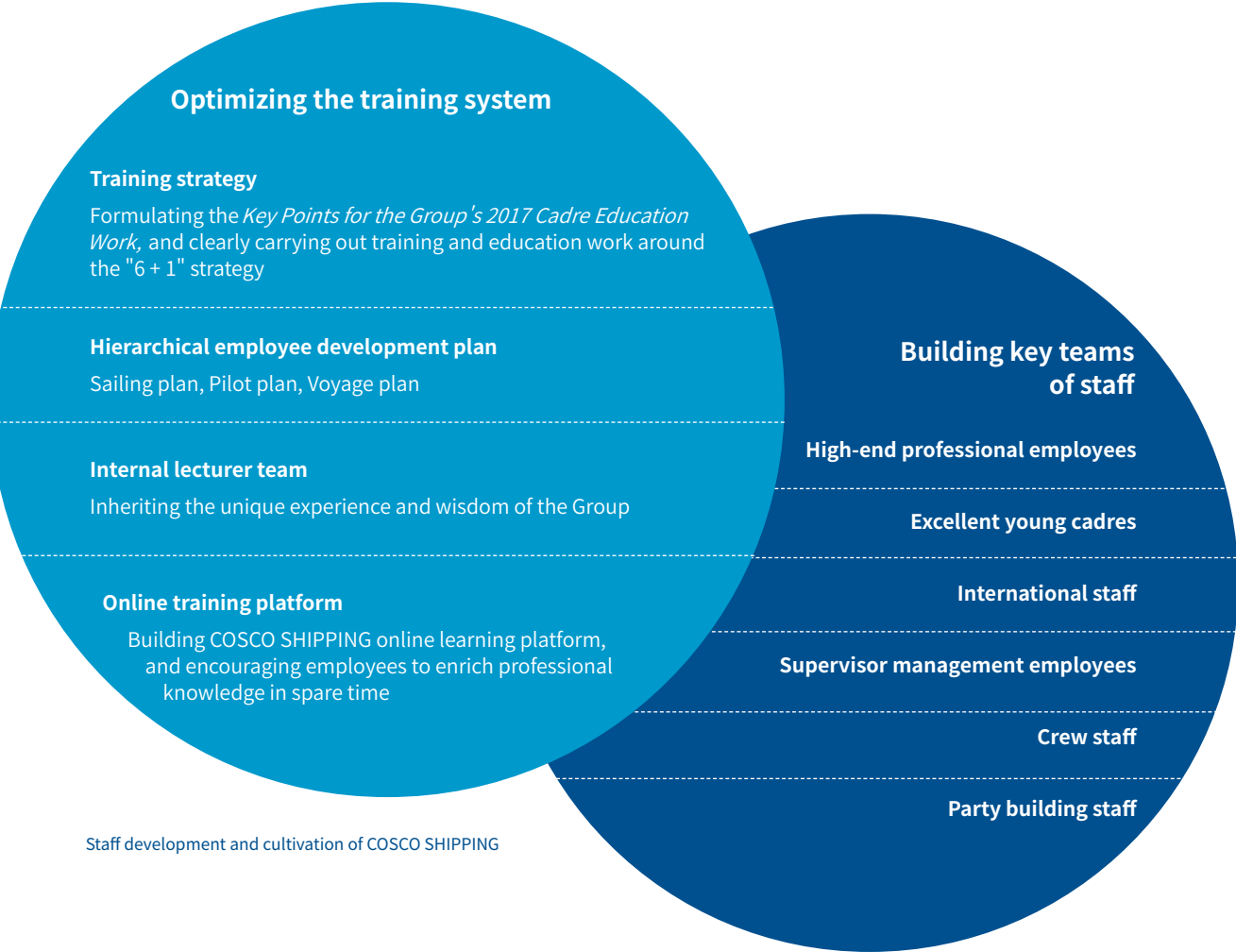
Staff Management

COSCO SHIPPING attaches great importance to the protection of employees' basic rights and interests, strictly abides by applicable laws and regulations such as the *Labor Law* and the *Labor Contract Law*, and signs labor contracts with employees and pays social insurance for them. In addition, we place emphasis on staff management, selection and incentives and optimize the corresponding systems to provide a solid institutional guarantee for the development and training of staff.



Career Development

COSCO SHIPPING optimizes and completes the employee training system by creating a positive learning and cultural atmosphere in the Group and providing employees with attractive platforms for capacity building and career development.



Case

The "Voyage Plan" facilitates the growth of young and middle-aged executives

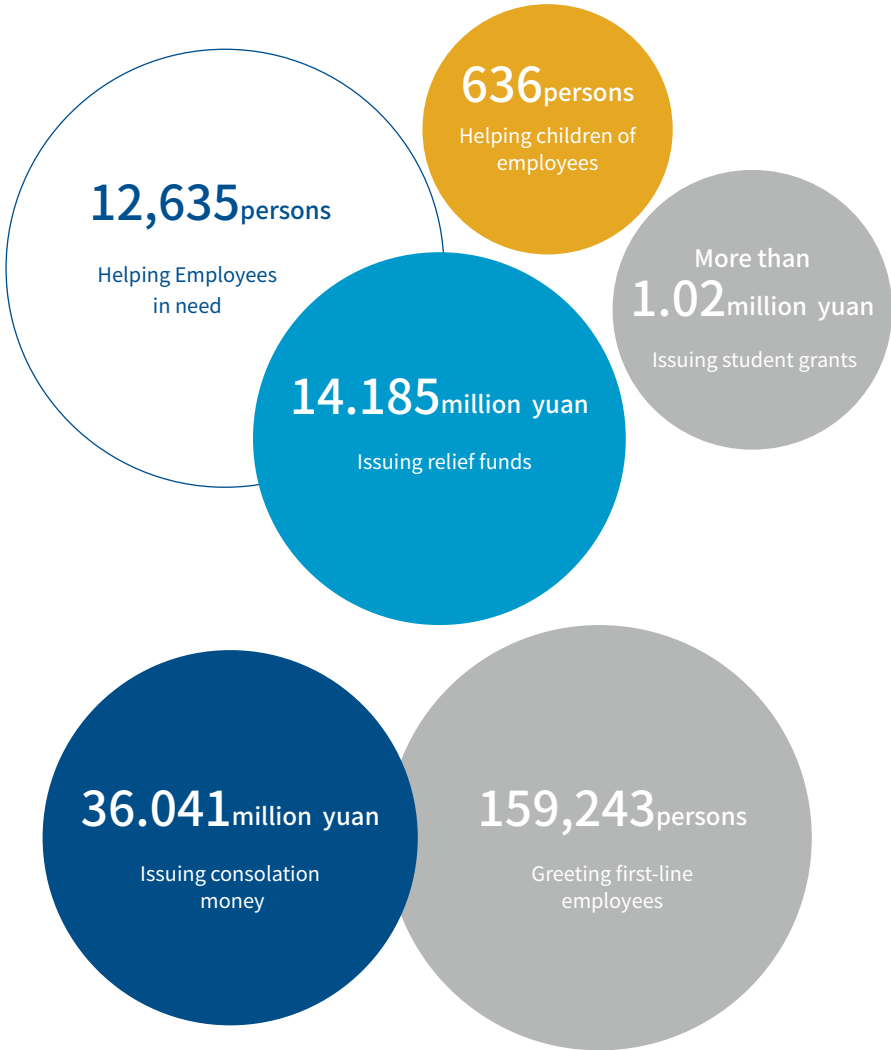
COSCO SHIPPING has formulated the "Voyage Plan" to systematically train young and middle-aged executives. Through the three stages of centralized training, post-practice, and centralized discussion and exchange, the theoretical literacy of young and middle-aged senior executives is improved, the macro vision is expanded and the management capabilities are enhanced, thereby promoting their career development.

Happy Life

COSCO SHIPPING cares about the lives of its employees and actively solves the difficulties regarding children's entering schools, medical care and housing for them. The labor unions at all levels carry out activities such as "May 1st Serious Diseases", "Student Grants", and "National Day's Support" to send care to employees in need.

In response to the challenges of hot weather in summer, COSCO SHIPPING gives high-temperature relief in summer and brings care to front-line employees. The Group has introduced measures such as peak shifting, improving working environment and diet and providing medicine to create a comfortable working environment for employees and safeguard their health.

COSCO SHIPPING provides comprehensive care for female employees. We hold training courses for female employees to help them improve their professional competitiveness.



Female paint workers

We advocate employees to balance work and life and carry out rich cultural and sports activities to help them release work pressure and improve their quality of life.



The "Racing Banana Boat" competition at the water sports event



The employee performance to celebrate the 19th CPC National Congress



The employee calligraphy interest group



Fun sports of COSCO SHIPPING Specialized Carriers



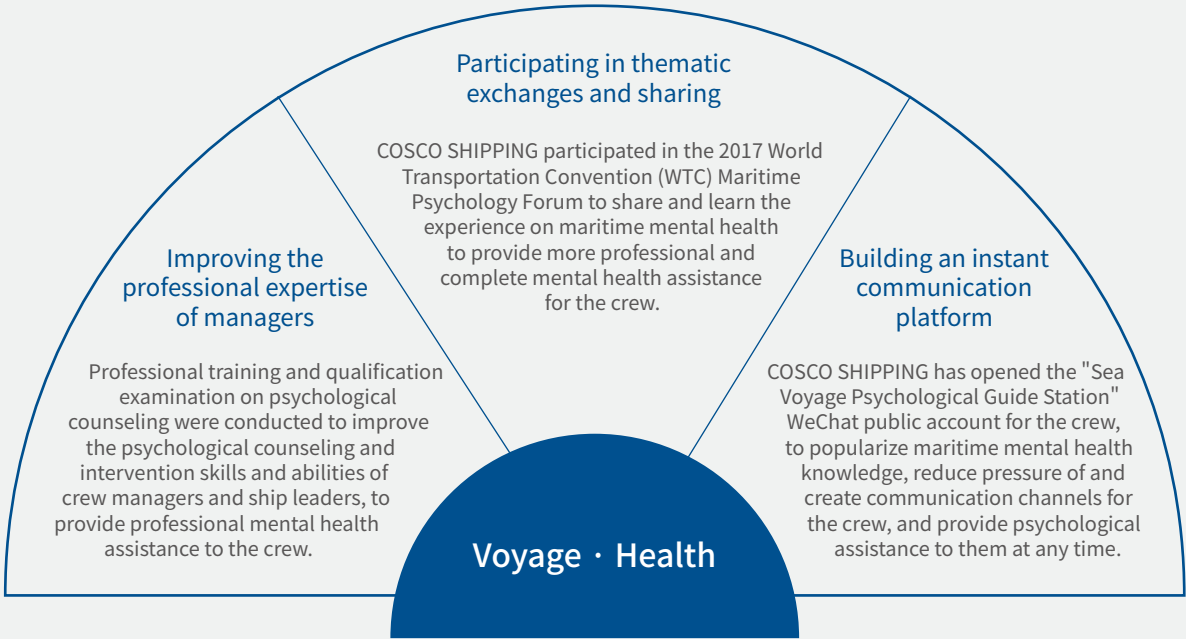
The employee climbing activity

Caring for the Crew

The crew work and live on ships all the year round, and their work is inseparable from the living environment. COSCO SHIPPING strives to create a comfortable living space, healthy entertainment and leisure facilities, scientific and nutritious meals and a physical and mental health management system for them, so as to provide for a happy life.

Case

The Voyage • Health program escorts the crew's mental health



The crew's mental health care system: The Voyage • Health program

Scan to watch the video



Day of the Seafarer-Voyage, because of the sea



Shipping log on Maritime Silk Road: Gyms on the ocean

Jointly Creating the Future for the Community

COSCO SHIPPING cherishes the harmonious symbiotic relationship with communities. We share industry experience and advantages with the community to enhance the professional expertise and capability of community staff. We carry out charity activities and participate in maritime rescue to give back to the community's support for the development of the Group.

Developing Industry Staff

Through the construction of maritime knowledge base, school-enterprise cooperation, and creation of industry standards, COSCO SHIPPING shares its own navigation experience and knowledge with the community, so as to reserve employee resources for the development of the shipping industry and boost the sustainable development of the industry.

Building a nautical knowledge base

We implement the national "Maritime Power" strategy, and undertake the nautical science library project of Chinese Society for Oceanography, providing rich resources for sea-related knowledge.

Cultivating industry staff

Through signing cooperation agreements, opening ships to college students, and senior leaders holding adjunct professorship at universities, we work with universities and colleges to serve the development of future high-quality maritime staff with our resources and advantages.

Building industry standards

Qingdao Ocean Shipping Marines College issued the *Use Requirements for Engine Room Simulators* to align with the international standards, which has promoted the standardization of simulator teaching and evaluation, and improved the quality of crew training and international recognition of Chinese seafarers.

Philanthropy

COSCO SHIPPING has paid attention to and actively engaged in charity. COSCO SHIPPING Charity Foundation has continuously improved the charity management system and launched the "Voyage" series of projects to share the development results of the Group with the community from the aspects of education, health and public welfare activities, passing on the power of love, fairness and justice.



Maritime Rescue

COSCO SHIPPING sees it as its task to pilot safe navigation and participates in global maritime rescue to maintain the safety of maritime navigation. In 2017, we overcame unfavorable weather and other marine operating conditions to participate in and assist with 38 maritime rescues, during six of which COSCO SHIPPING saved 29 lives and fully demonstrated the Group's professionalism and international humanitarian spirit.

Maritime rescues by COSCO SHIPPING

February 11, 2017

COSCO SHIPPING Bulk's "Fu Rong Feng" ship worked with RCC AUSTRAL to rescue 14 foreign mariners on the Panamanian cargo ship, and received written thanks from RCC AUSTRAL.

February 28, 2017

The "Da Ji" ship of COSCO SHIPPING Specialized Carriers successfully rescued 10 foreign crew members from the waterlogged "ANNA" vessel in the Mediterranean, which was praised and affirmed by embassies, marine boards and port authorities of many countries.

April 3, 2017

The "Far Eastern Mercury" ship of Tianjin Cosbulk Ship Management Co., Ltd. overcame the bad weather at sea and saved a foreign female sailor on the yacht "CLIMATE ACTION NOW", who was sailing alone in Antarctica.

October 16, 2017

The "Guo Tou 305" ship of Guangzhou Ship Management Center assisted the Hong Kong Marine Department in understanding the actual situation of the cargo ship HIGHWAY STAR that was in danger and reported the situation to it to facilitate the development of an optimal solution.

December 3, 2017

The "CSCL Indian Ocean" ship assisted TARIFAMRCC in rescuing a power-losing boat, saving three sailors, which received praise from the TARIFAMRCC and the rescued boat.

December 4, 2017

COSCO Qingdao's "Yu Zhong Hai" ship rescued foreign sailor on a Togolese ship - "Shenghailun" in the sea, and won high praise from Weihai Marine Rescue Center, "Bei Hai Jiu 111" ship and naval ships.



Rescue photo of the "Da Ji" ship



Rescue picture of the "Yu Zhong Hai" ship

Scan to watch the video



The rescue in the Mediterranean

Overseas Duty Performance

Under the Belt and Road initiative, COSCO SHIPPING pushes on the overseas business and actively integrates into the local community while helping overseas economic development.

Cultivation of Overseas Industry Staff

Through the school-enterprise cooperation and rotation exchanges, COSCO SHIPPING enhances the professional skills and qualities of local staff to promote the career development of local industry staff.

Case

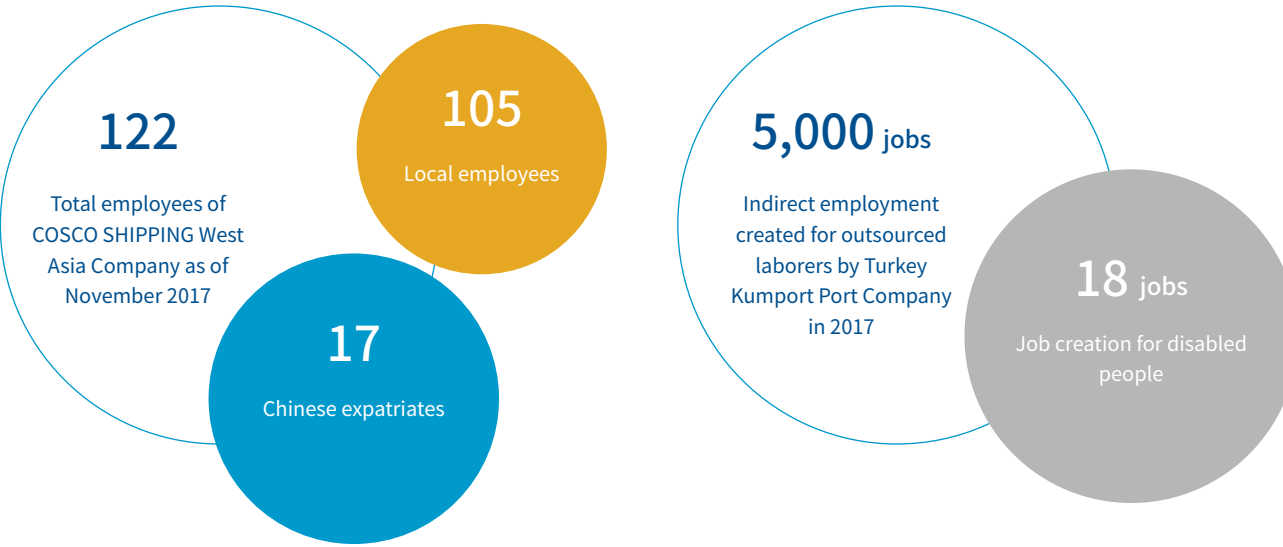
Spreading the wisdom of COSCO SHIPPING on the Panama Canal

Since 2006, COSCO SHIPPING Holdings has cooperated with Panamanian local universities such as International Maritime University of Panama to promote an internship program. By providing internships for local college students, we enable local students who are interested in shipping to experience real maritime work, help them understand more about the industry and enhance their professional competitiveness.

Creating Local Employment Opportunities

COSCO SHIPPING adheres to localized employment and creates direct and indirect employment opportunities for overseas communities to jointly build a future of sustainable development.

COSCO SHIPPING West Asia Company creates employment opportunities for local people while expanding overseas business. With the management experience of COSCO SHIPPING as the engine and local industry staff as the driving force, COSCO SHIPPING West Asia Company has achieved steady development.



Promoting the Integration of Domestic and Foreign Culture

Guided by a global vision in the overseas development, COSCO SHIPPING encourages Chinese employees to learn local languages and actively integrate into local culture and life. The overseas companies of the Group regularly hold employee activities and build the communication platform for Chinese and foreign employees and promote employee exchanges and cultural integration.

Case

"WE ARE FAMILY"

Most of Xinxinhai Company's (New Golden Sea Shipping Pte. Ltd.) employees are from Southeast Asia and the complex cultural backgrounds of employees bring challenges to daily work communication. With the core culture of "WE ARE FAMILY", the company established "Captain panda family club" to regularly carry out activities such as bowling, mountain climbing, and yoga to promote employee communication and cultural integration. The Chinese employees in Indonesia have mastered the Indonesian language and learned to ride motorcycles. The culture of "WE ARE FAMILY" has been supported and recognized by the staff.



Picture of the employees' team building activity

"I've been working in COSCO SHIPPING Malaysia for more than 12 years. I deeply feel the Chinese company COSCO SHIPPING's inclusiveness and understanding of local employees. Although our cultural backgrounds are different, we are united and work in harmony and happily. I even forget that the company is not a local one."

-Ailyn, Malaysian, staff of COSCO SHIPPING Malaysia Company



Scan to watch
the video

WE ARE READY

Case

COSCO SHIPPING North America Company promotes integration by action

In March 2017, COSCO SHIPPING North America Company organized the 2016 "Local Model Workers" to China for visit and inspection in order to understand the corporate culture of COSCO SHIPPING. Through the inspection and study at the Group, overseas employees' understanding of COSCO SHIPPING culture was enhanced, which promoted cultural integration between employees and the Group. In addition, COSCO SHIPPING North America Company launched the Health Day activity to provide a platform for communication between employees and promote the integration of Chinese and local employees.

COSCO SHIPPING provides transportation services for the Silk Road Fraternity Fund



Promoting the Improvement of Local Medical Level

Together with Red Cross Society of China, COSCO SHIPPING provides medical assistance to countries along the Belt and Road to improve local medical resources and provide guarantee for the healthy and sustainable development of overseas communities.

On February 20, 2017, Chinese Red Cross Foundation (CRCF) established the "Silk Road Fraternity Fund" to provide medical aids to countries and regions along the Belt and Road. As a co-sponsor of the "Silk Road Fraternity Fund", COSCO SHIPPING Charity Foundation donated transport services for the project.

The China-Pakistan Emergency Corridor is the first overseas medical assistance station, designed to build up the China-Pakistan philanthropy medical center in Gwadar Port to provide medical assistance to the local area. Since the launch of the first batch of medical supplies for Pakistan in March 2017, COSCO SHIPPING Charity Foundation has donated transportation services for three batches of overseas medical materials of the "Silk Road Fraternity Fund", with the donations amounting to 763,800 RMB.



Prospects for 2018

Innovation

Coordination

Green Development

Opening Up

Sharing

We will adhere to our innovation-driven development strategy and speed up to enhance our innovation capacity. We will keep a close watch on the frontier of technology, reinforce our independent R&D capabilities and help the Group continue to develop towards the "green, intelligent and high-end" goal. We will vigorously cultivate innovative staff, set up scientific research platforms, and provide sufficient conditions and opportunities for the development of scientific and technological staff. We will closely follow market demand, innovate business models and develop full-service supply chain logistics through transformation.

We will continuously attach importance to safety production and focus on improving the level of "essential security". We will constantly improve our people-oriented customer service and respond to market changes to meet the increasingly diversified, complex and systematic needs of customers. We will actively promote supplier responsibility management, propel suppliers to continually improve their social responsibility management awareness and ability of responsibility performing, and push sustainable and healthy development of the supply chain. We will further strengthen exchanges and cooperation and personnel training in the shipping industry, and promote China's shipping industry advancement. We will spare no efforts in building the world's leading integrated logistics supply chain service provider, accelerate the flow of production factors, better serve national strategies such as Yangtze River Economic Zone and Beijing-Tianjin-Hebei Integration, and promote the coordinated development of China and the world.

We will aim at green development goals, strengthen research on environmental technology innovation, promote the application of green technology and equipment, and create an energy-saving and environment-friendly fleet. We will improve energy efficiency and reduce waste emissions, and achieve green navigation. We will promote "oil-to-electricity", port automation upgrading and onshore power transformation projects, and strive to build low-carbon green terminals. We will strengthen technology R&D and multilateral cooperation, give impetus to the development of clean energy such as wind power and methanol, and promote the LNG clean energy transportation business. We will strictly strengthen ship ballast water management and protect marine biodiversity, and realize the harmonious development between human and nature.

We will continue to focus on global operations, build and improve the global route network distribution, strengthen the construction of strategic international hub ports, and build marine transportation channels and logistics channels for China to integrate into the global economy. We will provide important support for the Chinese economy to go global, achieve global interconnection and common development. We will actively shoulder the missions of the state and actively get involved in such national strategies as the Belt and Road Initiative, the "Shipping Power", and the "Manufacturing Power" initiatives. We will actively support the global distribution of Chinese enterprises with our global integrated supply chain services and localized advantages accumulated over the years to create a new reputation for the globalized operation of Chinese enterprises, and be committed to making greater contributions to promoting the common and sustainable development of the enterprise, industry, and international regional economy.

We are committed to sharing development results with employees and society. By improving the employee management and incentive system, we will build six key employee teams and expand the COSCO maritime employee pool, care for employees' health, life and career development, and create an attractive growth platform for them. We will contribute to the social development of local area with our industry advantages, share maritime knowledge and navigation experience to promote the development of local industry staff, carry out philanthropy, improve the level of education, medical care and people's livelihood infrastructure services, and boost the overall development of local community.

Expert review

Since its reform and restructuring in 2016, China COSCO Shipping Corporation Limited has carried forward the advantages of COSCO Group and China Shipping Group in sustainable development management, and actively exerted its overall efforts to organically integrate enterprise operation with economic, social and environmental responsibilities. In this report, I am deeply impressed by China COSCO Shipping Corporation Limited's profound sense of social responsibility and its determination and actions to closely connect its own development with the development of the shipping industry, the fate of the country and the great rejuvenation of the Chinese nation. After reading China COSCO Shipping Corporation Limited Sustainability Report 2017 (hereinafter referred to as the "Report"), I find that it has three distinctive features.

It is a high-level report on the implementation of the five development concepts. In this report, China COSCO Shipping Corporation Limited has set up a reporting framework around the five development concepts. Each chapter begins with a quotation from President Xi Jinping as an interpretation of the development concepts, and systematically discloses in the following text the Corporation's actions and performance in fulfilling the five development concepts. Through the systematic disclosure of the Corporation's fulfillment of responsibilities, such as continuously strengthening its innovation ability and level, boosting regional coordinated development, promoting ecological progress, upgrading green shipping development, serving the national strategy and global development with an open mind, and sharing and making common progress with all sectors of society, the report explains the characteristics of China COSCO Shipping Corporation Limited's spontaneous, conscious and voluntary fulfillment of social responsibilities, and reflects the Corporation's adherence to policy strategy and the needs of the times, as well as its continuously improving level of social responsibility management and its commitment to keep pace with the times. This is a report that vividly reflects the enterprise's current situation of sustainable development governance and practice and realizes communication with stakeholders.

It is a report closely related to the theme of the times. In the report, two special topics are set up on responsibility focus and social focus respectively to interpret the depth that China COSCO Shipping Corporation Limited goes to fulfill its social responsibility and the scope of its sustainable development. Responsibility Focus I centers on two stories, "7 people" commitment and "the same pairs of chopsticks", which vividly demonstrate China COSCO Shipping Corporation Limited's overseas CSR practice in building and operating the Piraeus port with Chinese passion. Responsibility Focus II discloses China COSCO Shipping Corporation Limited's efforts to strengthen poverty alleviation management, poverty alleviation actions in industry, education, employment and infrastructure, as well as the story of poverty alleviation story in Tibet for 16 years, which fully reveals the Corporation's management, practices and achievements in poverty alleviation.

It is a report that offers pleasant reading experience. The language style is cordial and solemn, supplemented by comments from key stakeholders such as Greek Prime Minister and vertically comparable performance, which reflects China COSCO Shipping Corporation Limited's active implementation of the national strategy and its emphasis on overseas accountability information disclosure in its process of "going global". The language is simple but touching, supplemented by comments from stakeholders such as the Former Deputy Head of Luolong County People's Government and local poverty alleviation performance. As far as forms are concerned, the report is flexible and diversified, with diversified presentation methods such as live pictures, logic diagrams and video QR codes, which make the report more attractive and readable while enhancing its credibility.

I am very pleased and impressed to see China COSCO Shipping Corporation Limited make such remarkable achievements in social responsibility performance in 2017. In the future, I hope that the Corporation would always stick to its commitments and shoulder its responsibilities to make further progress on the road of sustainable development and create more value for the people, for the country and for the world.

Secretary of ISO 26000 Stakeholder Global Network
Chief Expert of Goldenbee Think-tank
Yin Gefei

Since the publication of the United Nations 2030 Sustainable Development Goals (hereinafter referred to as UN 2030 SDGs) in September 2015, stakeholders, including enterprises, have further defined the direction and priorities of global sustainable development. As a pioneer in promoting a sustainable and inclusive global economy, the United Nations Global Compact, the world's largest sustainable development organization, also actively guides and promotes enterprises' contribution to the achievement of sustainable development goals. I am very pleased to see the positive actions taken by China COSCO Shipping in exploring sustainable development and in implementing the UN 2030 SDGs in its Sustainability Report 2017 (hereinafter referred to as the "Report").

Enterprise mobility lays a foundation for promoting the achievement of the UN 2030 SDGs and for creating harmonious development between enterprises and the environment and society. In terms of content, the report, themed "driving integration and promoting value", details the comprehensive social responsibility management concept and practice network developed by China COSCO Shipping after in-depth reflection of industry attributes and enterprise advantages, and shows the breadth of China COSCO Shipping in fulfilling its social responsibility. Consisting of two topics and five chapters, the Report vividly reflects the comprehensive value creation process of the Corporation. By presenting China COSCO Shipping's vision of shaping its core value with innovative ideas, leading industry and supply chain enterprises and balancing the development of different regions with ideas of coordination, promoting marine environmental protection with green development ideas, serving the development of global trade with opening up philosophy, and promoting the win-win cooperation between enterprises and communities with the sharing concept, the report fully displays the responsible corporate image of China COSCO Shipping and its vision and spirit as a leader actively assuming its social responsibility.

In terms of framework, the report systematically discloses substantive issues with industry and enterprise characteristics from two dimensions, management methods, and accountability practices and performance, according to the requirements of the Global Reporting Initiative (GRI) Standards, showing its early planning, implementation and follow-up of various aspects of management, and further illustrating the depth that China COSCO Shipping goes in fulfilling its corporate social responsibility. At the same time, the report shows that China COSCO Shipping, as a global enterprise, is fully aware of its responsibilities and clear about its mission. The excellent cases in the report can be used as references by other enterprises as they set examples for them to fulfill their social responsibilities and to promote the implementation of sustainable development goals.

On the whole, this is a high quality report on sustainable development with succinct content, beautiful language, reasonable chart arrangement and vivid and detailed data. I hope China COSCO Shipping can further analyze the value chain on the basis of current management and in light of the Corporation's business operations, focus on a number of specific sustainable development goals, adopt general international standards, and set more specific, quantifiable and measurable corporate goals. It is expected that China COSCO Shipping will continue to bravely shoulder its social responsibility in its future development and play an exemplary role in creating a community of shared futures and promoting the sustainable development of the world.

Executive Secretary-General of the Global Compact Network China
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, Global Routes & Ports
	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	About this Report, Serving the Implementation of National Strategies
	102-13 Membership of associations	Industry Exchanges and Cooperation
Strategy	102-14 Statement from senior decision-maker	Message from the Chairman
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	Communication and Participation of Stakeholders
	102-41 Collective bargaining agreements	Staff Management
	102-42 Identifying and selecting stakeholders	Communication and Participation of Stakeholders
	102-43 Approach to stakeholder engagement	Communication and Participation of Stakeholders
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 Questionnaire
	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
GRI 203: Indirect Economic Impacts		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Promoting Poverty Alleviation Management
Specific Topic Disclosures	203-1 Infrastructure investments and services supported	Actions of Poverty Alleviation, Poverty Alleviation Story- "Sixteen years in Tibet", Promoting Regional Development
	203-2 Significant indirect economic impacts	Actions of Poverty Alleviation, Construction of Industry Standards, Cultivation of Overseas Industry Staff, Creating Local Employment Opportunities
GRI 205: Anti-corruption		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Integrity and Compliance
Specific Topic Disclosures	205-1 Operations assessed for risks related to corruption	Integrity and Compliance
	205-2 Communication and training about anti-corruption policies and procedures	Integrity and Compliance
GRI 302: Energy		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Green Shipping, Green Ports
Specific Topic Disclosures	302-1 Energy consumption within the organization	Data 2017
	302-5 Reductions in energy requirements of products and services	Green Ships, Green Ports
GRI 304: Biodiversity		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Protecting Marine Biodiversity
Specific Topic Disclosures	304-2 Significant impacts of activities, products, and services on biodiversity	Protecting Marine Biodiversity
GRI 305: Emissions		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Supporting the Development of Clean Energy

Indicator		Position
Specific Topic Disclosures	305-1 Direct (Scope 1) GHG emissions	Data 2017
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Data 2017
GRI 306: Effluents and Waste		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Green Ships, Green Shipping
Specific Topic Disclosures	306-2 Waste by type and disposal method	Data 2017
GRI 308: Supplier Environmental Assessment		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Harmonious Supply Chains
Specific Topic Disclosures	308-1 New suppliers that were screened using environmental criteria	Harmonious Supply Chains
GRI 401: Employment		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; 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		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Consolidating Safety, Happy Life, Caring for the Crew
GRI 404: Training and Education		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Career Development
Specific Topic Disclosures	404-2 Programs for upgrading employee skills and transition assistance programs	Career Development
GRI 414: Supplier Social Assessment		
GRI 103: Management Approach	Explanation of the material topic and its Boundary; The management approach and its components; Evaluation of the management approach	Harmonious Supply Chains
Specific Topic Disclosures	414-1 New suppliers that were screened using social criteria	Harmonious Supply Chains

Reader Feedback Questionnaire

We sincerely look forward to your comments and suggestions and will carefully read and study the feedback of every recipient of this 2017 Sustainability Report of China COSCO Shipping Corporation Limited. Your comments and suggestions are an important basis for the continuous promotion of our CSR management and practice, so 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 for your highly valued advice!

Your information

Name:

Workplace:

Telephone:

E-mail:

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

☐ Very good ☐ Good ☐ Fair ☐ Poor

2. Your overall assessment 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 of economic responsibility?

☐ Very good ☐ Good ☐ Fair ☐ Poor

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

☐ Very good ☐ Good ☐ Fair ☐ Poor

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

☐ Very good ☐ Good ☐ Fair ☐ Poor

7. Do you think the content and layout of this report were made easy to read?

☐ Yes ☐ No

8. What information of concern to you was 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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