



INTEGRATED CAPACITY
INFINITE CAPABILITY



2023

COSCO SHIPPING Energy Transportation Co., Ltd.
Sustainability Report



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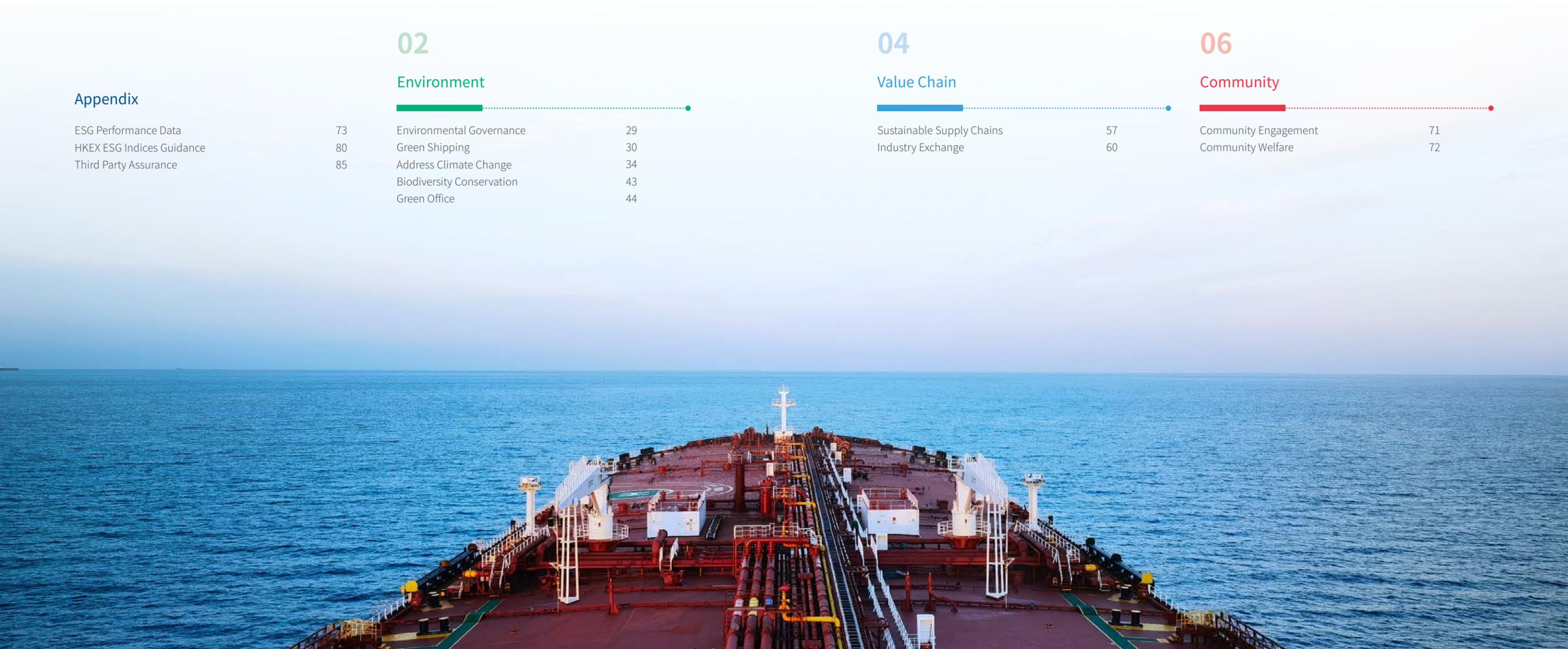
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Introduction

About This Report

Overview

This report is the 16th sustainability (CSR) report ("the Report") released by COSCO SHIPPING Energy Transportation Co., Ltd. since the first one released in 2008. The Report systematically elaborates the strategies, policies, measures, and achievements of COSCO SHIPPING Energy Transportation Co., Ltd. in corporate social responsibility and sustainable development in 2023.

Reporting Period

The Report covers the period from 1st January to 31st December 2023 ("the Reporting Period"), and includes additional information beyond the stated Reporting Period.

Organizational Coverage

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

Reporting Scope and Boundary

All information and data included in this Report come from the official documents and related statistics of COSCO SHIPPING Energy, covering this Company's headquarters and associated branches, which is consistent with the annual report. Unless otherwise specified, the currency involved in the Report refers to the RMB.

Reference Standards

The Report is prepared with reference to the *Environmental, Social and Governance Reporting Guide* set out in Appendix C2 to the *Rules Governing the Listing of Securities on Main Board (Listing Rules)* of the Stock Exchange of Hong Kong Limited ("HKEX"), the *Guidelines No. 1 for Self-Regulation of Listed Companies — Standardized Operation of Listed Companies* released by the Shanghai Stock Exchange, and *SDG Compass by the United Nations*.

Reporting Languages

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

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Confirmation and Approval

The Report was approved by the Board of Directors on March 28, 2024, upon confirmation by the management.

Message from the Chairman

In 2023, COSCO SHIPPING Energy continuously enhanced its development quality, confronting a multitude of challenges including oil and gas resource safety, industrial transformation and innovation, and geopolitical dynamics. Steadfastly adhering to the corporate spirit of "pursue excellence, work together and forge ahead", we intensified efforts to explore and establish our presence in emerging fields such as green, low-carbon, and smart maritime solutions. Aligned with the corporate vision of "being an outstanding leader in global energy transportation" and the strategic objectives of "global leadership in four sectors", we embraced the sustainable development philosophy of "integrated capacity and infinite capability", implementing a comprehensive set of measures to drive the Company towards high-quality, sustainable growth.

Focus on shipping as the primary business to guarantee security for global energy transportation

By fostering closer collaborations with stakeholders and working hand in hand to facilitate the smooth flow of energy maritime logistics, the Company consistently maintains its industry positioning as a provider of reliable energy transportation services to customers worldwide. During the Reporting Period, we deepened relationships with domestic clients, expanded partnerships with international customers, and successfully executed various LNG shipping projects. In addition to optimizing the global energy transportation network, we nurtured strong ties with industry partners, explored innovative cooperation models, and enhanced shipping capabilities to support the continuous development of global energy transportation.

Firmly advance safety management to underpin high-quality shipping services

COSCO SHIPPING Energy follows a safety policy that prioritizes people and safety, focuses on prevention, and emphasizes comprehensive management. The Company is committed to fully implementing a thorough and all-encompassing safety management system, aiming to achieve inherent safety through the establishment of a robust safety governance structure and a solid safety culture. We uphold our responsibility for workplace safety, with a primary focus on ensuring the safety of onshore employees and crew. We actively promote the "Safety Management Strengthening Year" initiative, which involves conducting detailed special inspections on potential major accident hazards, promptly addressing significant safety risks, and advancing high-quality development through a concerted effort towards elevated safety standards.

Insist low-carbon transition and strengthen climate change response capabilities

COSCO SHIPPING Energy places great importance on the impact of climate change on the shipping industry. We analyze our fleet's greenhouse gas emissions and ongoing trends, and develop a low-carbon transition strategy for the Company's tanker fleet. We also outline the Company's decarbonization approach, including fleet renewal and disposal, adoption of low-carbon/clean energy, and integration of energy-saving technologies. During the Reporting Period, the Company ordered three methanol dual-fuel tankers and three methanol-ready tankers. As we delve into our decarbonization strategy, we actively assess potential risks and opportunities stemming from climate change, thereby contributing to climate governance.

Promote the development of green shipping ecology, with energy saving and environmental protection as the core

COSCO SHIPPING Energy continuously enhances its environmental protection capabilities in management and operations, focusing on energy conservation and consumption reduction. We issued our *Biodiversity Protection Statement*, committing to safeguard the biodiversity of our operational areas and prevent any adverse environmental impacts during the Reporting Period. We actively implemented energy-saving technologies on our vessels and continuously enhanced our environmental management system, to spearhead the decarbonization of the energy transportation industry and attain our environmental objectives of "zero pollution, high energy efficiency, and low emissions".

Enhance intelligent management capabilities using digital technology to address business and development needs

COSCO SHIPPING Energy remains committed to prioritizing practical application and actively promoting the integration of digital and intelligent technologies in corporate management. Through increased investment in digital applications, accelerated research on cutting-edge technologies, and the deployment of relevant solutions, we are consistently advancing our presence in the digital intelligence landscape, effectively progressing project implementation. With the focus on corporate management, decision-making, business operations, and customer services, we constantly conduct scenario analyses with digital intelligence and develop applications. We have developed industry-specific, market-driven, and customer-centric full value chain products and services, with exceptional quality, high-level service, and meticulous management.

Adhere to people-oriented philosophy to build a strong talent pool

COSCO SHIPPING Energy recognizes talent as the driving force for high-quality development. We implement a strategy focused on enhancing corporate growth through talent cultivation, emphasizing the establishment of a robust talent pool, and strengthening the recruitment and training of talents at all levels. The Company adopts an objective, transparent, and practical performance evaluation mechanism, utilizes assessment outcomes in salary distribution, and rewards employees who excel in critical areas such as R&D, cost reduction, safety management, and technological innovations.

2023 symbolizes a year of hard work and bountiful harvest for COSCO SHIPPING Energy. Our mission is to connect with the world and deliver energy by offering safe, reliable, and high-quality energy transportation services. In 2024, we will adhere to the principle of "pursuing progress while maintaining stability, fostering stability through progress, and embracing innovation while retaining tradition". Furthermore, we will maintain close ties with stakeholders, focus on managing key ESG issues, enhance our sustainability capabilities, and aspire to become a contributor to industry development, a value creator for customers, and a leader in sustainable development, striving relentlessly to establish ourselves as a global leader in energy transportation.

Chairman of COSCO SHIPPING Energy
Yongqiang REN



Statement from the Board of Directors

Responsibilities of the Board of Directors

The Board of Directors, as the ultimate decision-making authority accountable for ESG governance, formulates and reviews policies and routine matters pertaining to the Company's sustainable development and ESG governance. It regularly evaluates the significance of ESG issues, analyzes the potential impacts and opportunities of the overall strategy, and makes informed decisions accordingly. The Board of Directors also keeps a close watch on material ESG topics that could impact the Company's business, operations, shareholders, and stakeholders, assuming full responsibility for ESG strategies and reporting.

Risk Management

The Strategy Committee, operating under the purview of the Board of Directors, is tasked with overseeing the Company's ESG-related risk management. This includes identifying, defining, managing, and supervising significant ESG risks, making decisions on ESG-related matters, providing regular reports on the list of ESG risks to the Board of Directors, and offering ESG risk analysis and decision-making support.

Materiality Assessment

The Board of Directors evaluates, determines, and prioritizes material topics that significantly affect the Company. It decides on the Company's sustainable development priorities by considering the external landscape, the Company's development strategy, and engagement with internal and external stakeholders. The Board of Directors also identifies and evaluates key ESG topics, tracks ESG trends and peer performance in a timely manner, and continuously enhances the Company's sustainable development strategies and management approaches.

Target Tracking

The Company has established a decarbonization goal of "carbon peaking by 2030 and carbon neutrality by 2050, based on the 2020 baseline" for the self-owned tanker fleet. We are steadfastly pursuing the long-term management objectives of "zero injury, zero accident, and zero pollution". The Board of Directors will monitor achievements and review sustainability efforts related to these goals.

About Us

Company Profile

COSCO SHIPPING Energy Transportation Co., Ltd. is a specialized company engaging in marine transportation of energy, including oil and Liquefied Natural Gas ("LNG"), operating under China COSCO SHIPPING Corporation Limited. The Company is committed to becoming a whole-process energy transportation solution provider, providing customers with all-type, all-location and all-rounded energy shipping services.

Business Services

COSCO SHIPPING Energy focuses on two core businesses, oil shipping and LNG transportation. Boasting years of rich experience and great brand reputation, the Company has formed a good corporate image in the industry.

COSCO SHIPPING Energy's tanker fleet has the largest capacity in the world, covering the world's mainstream tanker types, and stands out globally with its complete type of vessels. Taking vigorous efforts to develop VLCC POOL¹ and enhance the operating efficiency of the fleet, the Company strives to deliver win-win results to both clients and shipowners.

COSCO SHIPPING Energy is a leader in China's LNG shipping business and an important participant in the world's LNG shipping market. COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly owned subsidiary of the Company, and China LNG Shipping (Holdings) Limited, in which the Company holds 50% equity, are the leading large-scale LNG transportation companies in China.

Safety Management

COSCO SHIPPING Energy has always adhered to the principle of "World-Leading Safety Marketing", and practices world-class safety management of liquid cargo carriers. After years of exploration and competition, the Company has established a stable and efficient safety management system, as well as a technical, transportation and ship management system that continuously upgrades itself.

Global Development

COSCO SHIPPING Energy has gradually established a global marketing service system and global security emergency support system. By giving full play to the functions of global offices, the Company keeps expanding its overseas market share, fully utilizes its fleet size and structure advantage to achieve well-diversified clients, sources of cargos and shipping routes.

¹ POOL refers to an operational model where a sponsoring company brings together various shipowners of the same type of vessels through agreements to form a large fleet. The pool then handles the vessel chartering, freight charging, and profit distribution based on the performance of each vessel.

ESG Highlights in 2023



Concluded ESG-linked Syndicated Loan Agreement with Bank of China

In September 2023, COSCO SHIPPING Energy finalized an ESG-linked syndicated loan agreement with Bank of China, marking the first of its kind in the Chinese shipping industry. The loan amounted to RMB 1.5 billion and had a 3-year term.

Under this loan agreement, key performance indicators (KPIs) such as unit turnover emissions of CO₂ and NO_x, and the proportion of fatalities in the line of duty, etc., were chosen based on significant ESG issues, with corresponding sustainability performance targets (SPTs) established. If the Company achieves the ESG-related goals outlined by the syndicate, the interest rates on the loan will be adjusted accordingly. Overall, this ESG-linked syndicated loan represented a proactive measure aimed at innovating financing structures to uphold the Company's ESG principles. It enhances ESG governance practices, strengthens the ESG governance framework, and increases corporate value by aligning external creditors' mandatory targets with the Company's objectives.



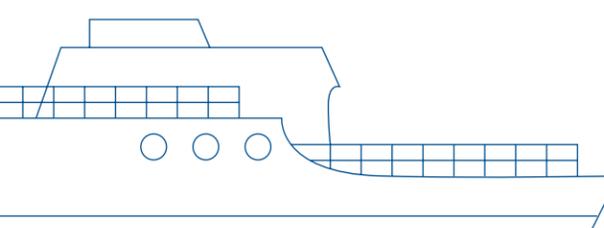
Formulated Biodiversity Conservation Program and Released Biodiversity Conservation Statement

In April 2023, COSCO SHIPPING Energy introduced the *Biodiversity Conservation Program* and issued the *Biodiversity Conservation Statement*, outlining the Company's commitments to biodiversity preservation and detailing its efforts to minimize biological impact.



Formulated Green & Low-carbon Transition Development Program

During the Reporting Period, COSCO SHIPPING Energy took proactive steps to align with China's strategic objectives of carbon peaking and carbon neutrality, as well as the performance standards set by the International Maritime Organization (IMO). The Company developed the *Green & Low-carbon Transition Development Program*, which carefully considered the current carbon footprint of its fleet and factored in future strategic planning. This program established a clear long-term objective of achieving carbon peaking by 2030 and carbon neutrality by 2050 for the self-owned tanker fleet, with 2020 as the base year.



Governance Performance



Enrollments in business ethics training sessions
23,502

Business ethics training coverage
100%

Risk awareness training coverage
100%

Information security accidents
0

Information security training coverage
100%

Environmental Performance



Environmental accidents
0

Unit turnover emission of non-hazardous waste reduced by compared with 2022
29.48%



Social Performance

Total investment in employee training
RMB 4.9416 million

Average employee training hours increased by compared with 2022
49.8%

Employee turnover rate decreased by compared with 2022
19.86%

Total investment in community activities
RMB 10.0994 million

Safety management system coverage
100%

Organized and participated in safety emergency drills
12

Honors and Awards in 2023

November 2023

Stockstar—"Capital Power"2023 Annual Event

2023 Most Socially Responsible Public Company

China Association for Public Companies—Best Practice by Board of Directors of Public Company

Excellent Practice Award

November 2023

China Association for Public Companies—Conference on Sustainable Development of Chinese Public Companies

The Biodiversity Conservation Program formulated and Biodiversity Conservation Statement released were successfully selected into Best ESG Practices of Public Companies

China Securities Journal—2023 Chinese Public Companies High-quality Development Forum

Golden Award for Information Disclosure

December 2023

Wind—2023 Wind's Top 100 ESG Best Practices of Public Companies

2023 Chinese Public Companies Best ESG Practice

Hong Kong Ta Kung Wen Wei Media Group—The 13th Hong Kong International Financial Forum and the 1st Hong Kong International ESG Annual Awards Ceremony in 2023

Best ESG Pioneer

China Association of Public Companies—2023 Director Secretary Performance Evaluation Awards

2023 4A Rating of Director Secretary Performance

February 2023

Shanghai Federation of Trade Unions, Science and Technology Commission of Shanghai Municipality, Shanghai Economy and Information Technology Commission—"Nominating Employee Rationalization Proposals and Advanced Working Methodologies of Shanghai Municipality in 2022"Selection

The innovation program of Environmentally-friendly Tank Washing Procedure for VLCC was granted **2022 Shanghai Municipality Employee Rationalization Proposal Innovation Award**

April 2023

China Federation of Trade Unions—"National Pioneer Worker" Selection

MT YUAN RUI YANG was named as the **"National Pioneer Worker"**

July 2023

Stockstar—Forum on ESG Trends of Public Companies in the Digital Economy Age

ESG Benchmarking Enterprise Award

August 2023

The Central Committee of the Communist Young League—National Youth Civilization Selection

MT YUAN HUI HU was recognized as **Two-Star National Youth Civilization**

September 2023

Forbes China—Multinational Company Column

China's 50 Top Multinational Company

Global Times—The 6th China Economy Conference and 2023 Chinese Public Companies Innovative Development Forum

2023 Most Socially Responsible Public Company



SDGs responded in this section



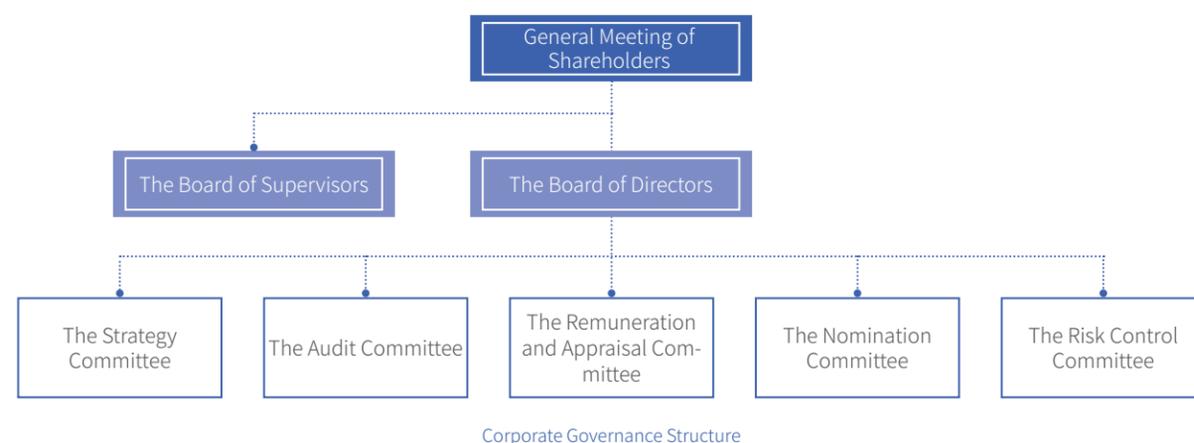
01 | Governance

A robust governance framework is essential for ensuring the Company's compliance, transparency, and sustainability. COSCO SHIPPING Energy has maintained a steadfast focus on enhancing corporate governance practices, standardizing business operations, and effectively managing and mitigating risks, which enhanced the Company's brand reputation and fostered stable growth.

Corporate Governance

COSCO SHIPPING Energy has diligently adhered to both domestic and international regulatory requirements and the governance standards. The Company has consistently optimized the operational systems and procedures of the Board of Directors and its specialized committees, in strict accordance with the Articles of Association, relevant statutes, and regulatory requirements, while also considering the Company's specific circumstances. These endeavors have resulted in the establishment of a robust governance framework, thereby enhancing the Company's governance capabilities.

The Company has implemented a corporate governance structure and mechanism that places the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and specialized committees at the core. We continuously review and enhance procedural rules to ensure the Company's compliance, transparency, and accountability. Through the establishment of a solid governance mechanism, the Company ensures the effective, efficient, and comprehensive fulfillment of all governance responsibilities, continuously enhancing governance practices, and fostering the long-term sustainable development.



General Meeting of Shareholders

The General Meeting of Shareholders provides a direct channel for the Board of Directors to communicate and establish a positive relationship with shareholders. To ensure equal participation and the exercise of shareholders' rights, the Company convenes the General Meeting of Shareholders annually in strict accordance with the notification and convening procedures stipulated in relevant laws and the Articles of Association. In 2023, the Company organized one general meeting to deliberate on nine proposals.

The Board of Directors

The Company strictly complies with the recruiting procedures by the *Articles of Association*, and the directors are elected or replaced by the General Meeting of Shareholders. The Company has formulated rules of procedure for the Board of Directors, to ensure that the Board of Directors makes scientific decisions and effectively implements the resolutions of the General Meeting of Shareholders. The duties of the Board of Directors mainly include decision-making of the investment scheme and business plan, preparation of the profit distribution and loss recovery proposals, formulation of the capital operation proposal and implementation of resolutions approved at general meetings.

The Company has developed the *Board of Directors Diversity Rule*, selects director candidates based on such factors as gender, age, race, language, cultural background, educational background, industry experience and professional experience, with reference to the Company's business model and specific needs.

By the end of the Reporting Period, the Board of Directors consisted of eight directors, including two executive directors, two non-executive directors, and four independent non-executive directors. In 2023, the Board of Directors convened a total of 10 meetings to evaluate 56 proposals.

Specialized Committees of the Board of Directors

Five specialized committees, namely the Strategy Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Risk Control Committee are set under the Board of Directors.

- 

The Strategy Committee is mainly responsible for analyzing the Company's long-term development strategy, investment decisions, financial budgets, and strategic plans for investment projects, and offers suggestions to the Board of Directors.
- 

The Audit Committee is mainly responsible for reviewing the Company's financial reports, considering the appointment of independent auditors at home and abroad, approving audit-related services, and supervising the Company's internal financial reporting procedures and management policies, ensuring financial transparency and compliance.
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The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration composition and appraisal standards of directors and senior management and offering suggestions.
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The Nomination Committee is mainly responsible for nominating directors to the Board of Directors for consideration and recommendation to the General Meeting of Shareholders.
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The Risk Control Committee is mainly responsible for deliberating risk control strategies and major risk control solutions, reviewing the effectiveness of the Company's risk management, implementing regulatory directives on advancing the rule of law, and supervising managers in accordance with rule and regulations.

The Board of Supervisors

The Board of Supervisors is responsible for supervising the compliance of the Company's financial staff, directors, general manager and other senior management in fulfilling their duties, thus safeguarding the legitimate rights and interests of the Company and its shareholders. By the end of the Reporting Period, the Board of Supervisors had four supervisors, including two employee representatives. In 2023, the Board of Supervisors held eight meetings to review the Company's financial situation, investment projects, related transactions, legal operation, and the due diligence of the senior management. The Board of Supervisors conducts work and performs supervision duties with the principle of integrity.

Senior Management

The senior management is the executive body and reports to the Board of Directors. The authority of senior management is strictly defined by the *Article of Association* and other corporate governance regulations. By the end of the Reporting Period, the Company's senior management consisted of six executives, including one female executive.

COSCO SHIPPING Energy attaches great importance to the training for directors, supervisors, and senior management to enhance their capabilities of performing duties. In 2023, the Company organized its directors, supervisors and senior management to participate in relevant training sessions organized by the China Association for Public Companies, Shanghai Stock

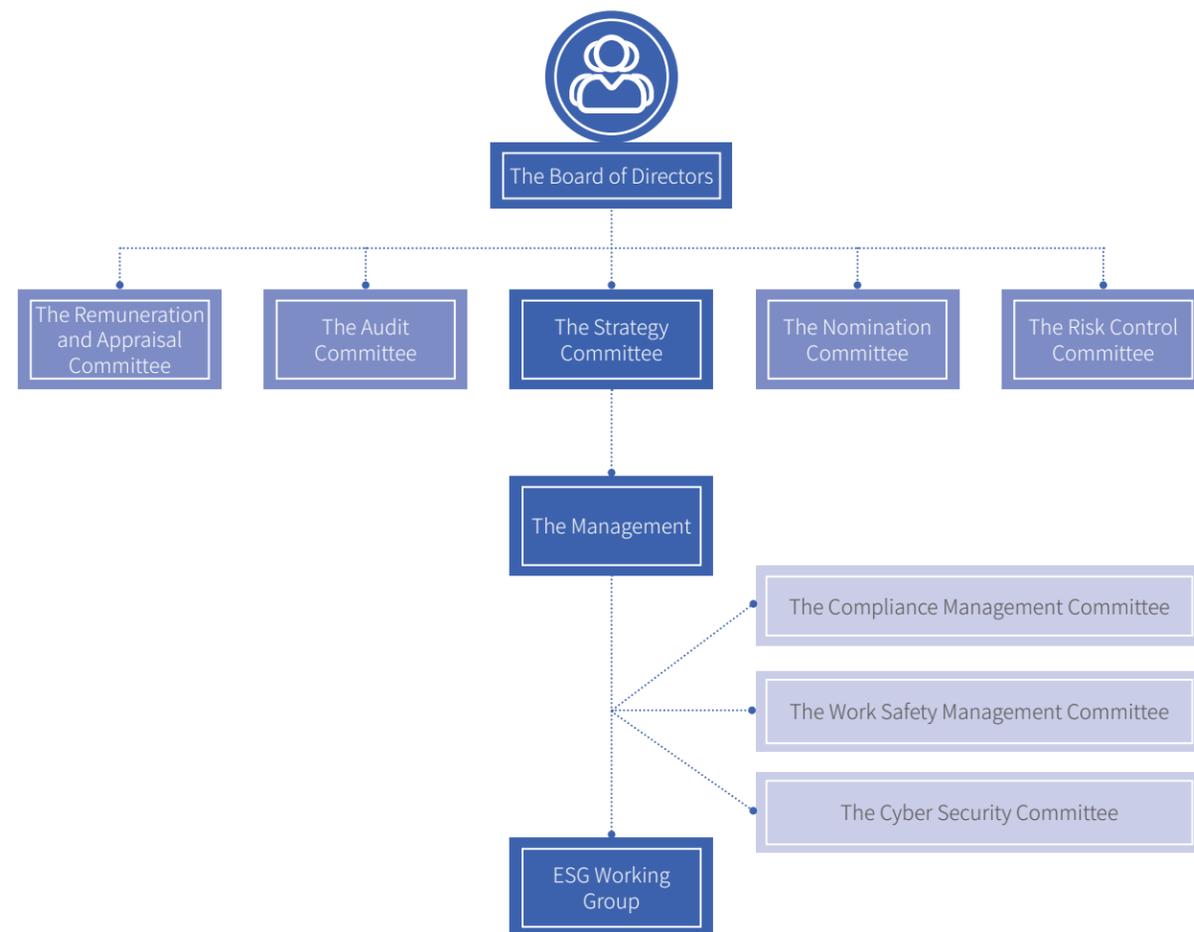
Exchange and other organizations, covering independent director system, legal responsibility, proper performance of duties, compliance management, information disclosure and supervision practice as well as other corporate governance-related knowledge, with a total of 42 participants.

ESG Management

COSCO SHIPPING Energy attaches great importance to the sustainable development of the Company. We have established a comprehensive ESG management system to fulfill our ESG responsibilities, and effectively responded to the expectations of various stakeholders including customers, investors, government, partners, and employees while ensuring compliance with regulatory requirements.

ESG Management Structure

In order to enhance and effectively execute management of the Company's ESG-related affairs, COSCO SHIPPING Energy has developed a comprehensive ESG management system to methodically identify, assess, and oversee ESG-related issues and compliance procedures.



ESG Management Structure of COSCO SHIPPING Energy



Performance-based Remuneration System

The Company has developed the *Scheme on Tenure System and Contractual Performance Appraisal for the Management (revised)*. These measures tie the senior executive's performance incentives to the performance of the Company's environmental and safety objectives. The one-vote veto performance assessment of senior executives will be implemented if any event with significant negative influences occurs, such as significant work safety accidents, oil spill pollution, environmental emergencies and major violations of laws and regulations.

Stakeholder Communication

The Company fully interacts with customers, government and regulatory agencies, shareholders, employees, communities, suppliers, peers, industry organizations, media, and other stakeholders online and offline, in a bid to track the concerns and expectations of stakeholders and take them as important considerations in the process of corporate management optimization.

On September 21, 2023, COSCO SHIPPING Energy held the 2023 Annual Partner Conference with the theme of "Win-win Cooperation in the Oil and Gas Transportation Industry Chain in an Ever-changing Era". More than 360 guests (from oil and petrochemical companies, traders, refineries, as well as competent authorities, research institutes, shipyards, terminals, banks, insurance company, brokers, suppliers and other partners from the upstream and downstream of the global energy industry chain) attended the conference to discuss the development of energy industries and collaboration opportunities.

During the Reporting Period, we conducted multiple investor communication activities

roadshows 66	strategy meetings 59	investor surveys 46
conference calls with investors 34	performance presentations 3	participants 2,280

Stakeholders	Stakeholders' expectations	Engagement channels
 Government/Regulators	Abide by laws Compliance operation Pay taxes legally Promote employment Financial performance Sustainable development Sustainable growth of corporate value	Press release Information disclosure Communication and reporting Survey and dialogue
 Shareholders	Compliance operation Business integrity Risk management and internal control Sustainable development	General meeting of shareholders Roadshow/Reverse roadshow Investor summit Earnings conference Press release Information disclosure

Stakeholders	Stakeholders' expectations	Engagement channels
 Employees	Safeguard rights and interests Talent attraction and retention Training and development Health and safety Humanistic care	Staff training Staff communication / dialogue Workers' congress Internal online office and communication system
 Community	Positive contributions Poverty alleviation / Rural vitalization	Public welfare event Rural revitalization Community communication and exchange
 Clients	Guarantee global energy supply Guarantee shipping safety High quality service Customer satisfaction	Press release Public mailbox Information notice Customer service APP Customer satisfaction survey
 Suppliers	Business ethics Responsible procurement Supplier management Supplier diversification	On-site assessment Information notice Partner conference Thematic training
 Peers / NGOs / industry organizations	Participate in industry cooperation Promote fair competition Drive the development of the industry	Press release Public mailbox Information notice Earnings conference
 Media	Media relations	Press release Interview

Material ESG Topics

Following guidelines in the *Environmental, Social, and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited regarding the determination of material ESG issues, the Company engaged internal and external stakeholders in conducting materiality surveys, amidst internal and external development status. Through a collaborative process involving internal feedback and external stakeholder consultations, we assessed and prioritized material issues based on significance to the economy, society, and environment, as well as influence on stakeholder's decision-making. The identified material ESG topics were confirmed by the Board of Directors.



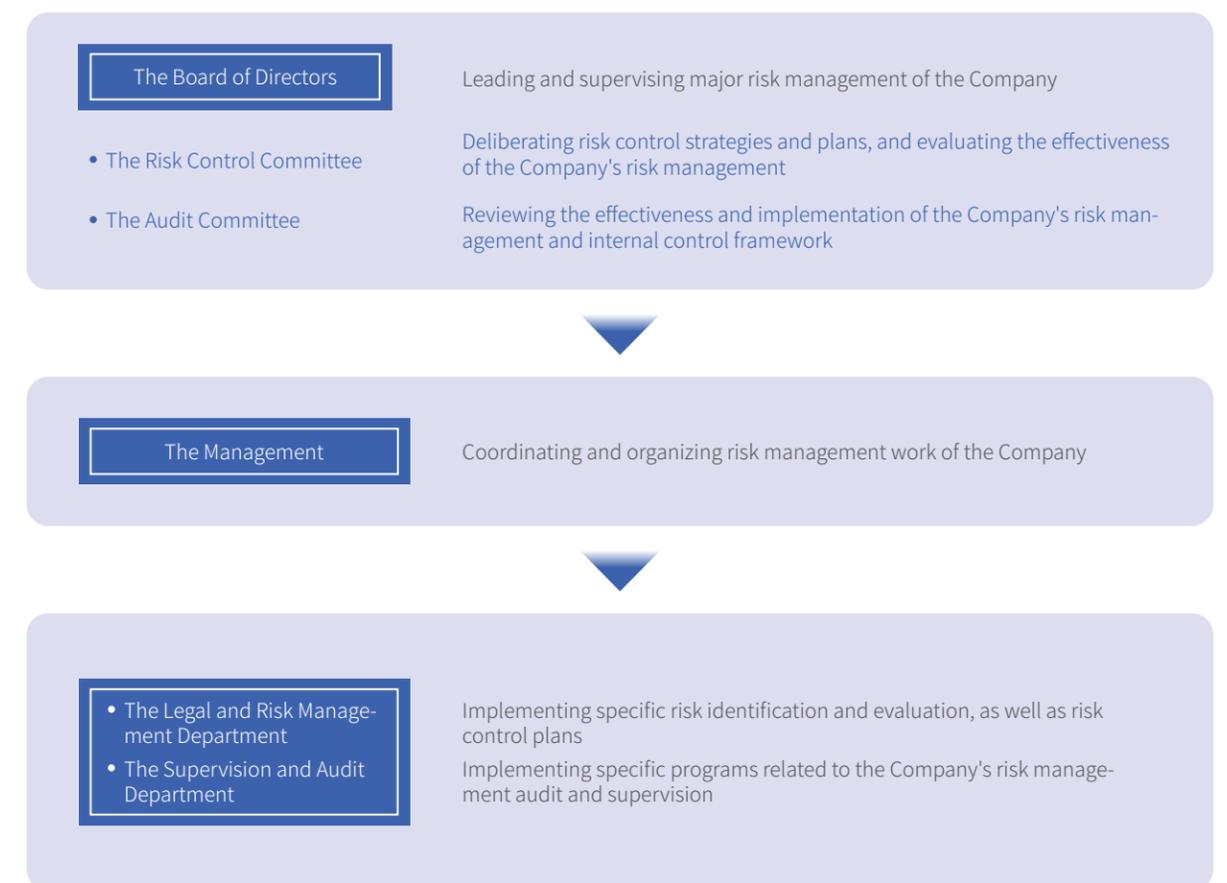
During the Reporting Period		
we identified a total of material topics	comprising highly significant topics	moderately important topics
10	5	5

Risk Management

We recognize the critical role of risk management in ensuring the Company's operational stability and protecting the rights and interests of shareholders. Consequently, we continuously enhance our risk management framework and risk identification system to proactively mitigate potential risks.

Risk Management Structure

We comply with relevant laws and listing regulations, and have established a three-level risk management structure composed of the Board of Directors (together with its Risk Control Committee and Audit Committee), the management and functional departments with reference to *the Fundamental Norms for Corporate Internal Control*.



The Three-level Risk Management Structure of COSCO SHIPPING Energy

With a robust risk management framework in place, COSCO SHIPPING Energy has established a three-level risk management structure, which includes business units, risk management departments, and supervision and audit departments. While ensuring the robustness of compliance risk control,

the Company emphasizes generating value through compliance risk control and high-quality business growth. Externally, the Company engages external agencies to conduct internal control reviews and issue annual risk management reports. Internally, the Company carries out two to three re-evaluation

analyses focusing on key specific risks each year, to establish a comprehensive, thorough, and systematic risk management mechanism. During the Reporting Period, our internal controls operated effectively, and there weren't any significant or crucial deficiencies in internal control.



The Three-level Risk Management Structure of COSCO SHIPPING Energy

COSCO SHIPPING Energy has implemented a comprehensive closed-loop audit and supervision system to ensure all operational aspects of the Company are encompassed by risk management oversight, facilitated by internal and external audits, routine and specialized audits, while also urging the remediation of internal control deficiencies and

risk management gaps. Additionally, a dynamic monitoring mechanism has been established to track significant changes in major risks, continually identify emerging major risks and significant business risk events, and promptly devise risk response plans and strategies.

Furthermore, COSCO SHIPPING Energy has instituted an inclusive risk collection and reporting channel, which involves the regular dissemination of risk identification questionnaires to employees, encouraging active participation in risk management based on individual experiences, thus enhancing overall risk management practices.

Risk Identification and Response

COSCO SHIPPING Energy conducts annual risk assessments to thoroughly identify internal and external risks across all sectors, encompassing a wide range including corruption risks, operational risks, and climate change

transition risks. These assessments are carried out by evaluating risk factors, likelihood of occurrence, and potential impacts, and establishing tolerance levels for various risks. Through sensitivity analysis and stress testing, a

structured risk control list is compiled, and specific risk mitigation and control measures are formulated. Notably, during the Reporting Period, COSCO SHIPPING Energy did not experience any significant risk events.

Case "Company-specific" Risk Control System

During the Reporting Period, to promote an integrated risk control system at home and abroad, four branches in the UK, the USA, Singapore, and Hong Kong issued the *Code of Conduct* to effectively identify risks in local business activities based on systematic analysis of local laws and regulations, providing clear guidance for employees on compliance behaviors.

To raise the risk management awareness and ability of the management and employees, we have incorporated the risk management culture into daily work while improving internal system and integrated compliance risk control system.



Risk Management Culture Building Measures of COSCO SHIPPING Energy

During the Reporting Period, COSCO SHIPPING Energy organized 15 risk management training programs covering all employees and main contractor employees (crew).



Business Ethics

Business Ethics Governance

COSCO SHIPPING Energy complies with business ethics at all times to prevent ESG risks and ensure the Company's sustainable development. We remain a "zero tolerance" attitude towards corruption, fraud, discrimination, bribery, money laundering, monopoly, unfair competition, as well as other acts in vi-

olation of business ethics as identified in such internal policies² as the *Code of Conduct*, the *Anti-commercial Bribery Management Measures*, the *Anti-commercial Bribery Manual*, the *Management Measures for Corruption Risk Prevention and Control*, the *Manual for Prevention and Control of Integrity Risk*

in *Important Business Areas*, the *China Pool Anti-monopoly Compliance Manual*, and the *Manual for Prevention and Control of Shipboard Integrity Risk*, laying a solid foundation for the improvement and practices of the Company's business ethics management system.

Case Real-Time Update of Business Ethic Compliance Risk Database

We comprehensively analyze and clarify risks and control points in each business process in accordance with such system and policies as the *Compliance Management Measures*, the *Shore-based Management Manual* and the *China Pool Anti-monopoly Compliance Manual*, promptly update the "Compliance Risk Database" to identify changes in international rules in a timely manner and effectively management compliance risk exposure.

To ensure the implementation of the Company's business ethics policies and related requirements, we have set up a sound governance system, with the Board of Directors acting as the highest supervision body for business ethics-related work, and the Discipline Inspection Department/Supervision and Audit Department responsible for supervising the implementation of business ethics policies and work; furthermore, the Company integrates

business ethics-related indicators into employee performance and salary, and severely punishes violations of business ethics and employee code of conduct. Moreover, we have set up a sound supervision system to regularly supervise the implementation of business ethics and anti-corruption policies, conduct tenure and post-leaving economic responsibility audits on the heads of subsidiaries, and ensure that business ethics audits cover all

operating branches every year through special and daily supervision. In the *Manual for Prevention and Control of Shipboard Integrity Risk*, we have clarified the risk points, control measures, and supervision requirements for shipboard integrity risk prevention and control, to establish a comprehensive integrity risk prevention and control system. During the Reporting Period, COSCO SHIPPING Energy had no major cases of corruption and bribery.

Business Ethics Training

For business ethics training, COSCO SHIPPING Energy organizes relevant training sessions covering all employees and main contractor employees (crew) at least once a year.

Crew Integrity Risk Training

COSCO SHIPPING Energy enhances the education on shipboard integrity through regular and centralized training. During the Reporting Period, a total of 716 programs and dialogues were provided to key crew, and the Integrity Undertaking was signed with all crew, thus enhancing their awareness of integrity in work and ensuring the continuous improvement of an honest fleet.

a total of training programs and dialogues were provided to key crew

716

² Refer to http://en.energy.coscoshipping.com/col21106/art/2021/art_21106_207936.html for specific requirements on business ethics

Anti-Commercial Bribery Training

During the Reporting Period, the Company arranged for all onshore employees, including senior management, to engage in anti-commercial bribery training sessions. These sessions addressed prevalent issues in high-risk overseas areas related to anti-corruption, provided experiential education through case studies, and highlighted the most recent foreign regulatory standards. The aim was to ensure that senior management and shore-based employees gained a comprehensive understanding of the significance of anti-commercial bribery and compliance, thereby enhancing risk-management awareness.

During the Reporting Period, we conducted specialized training on business ethics-related topics such as safety production, environmental protection, compliance management, protection of business secrets, and fair competition (including anti-corruption and bribery, anti-unfair competition practices) for all members of the Board of Directors and onshore employees.

Trainee	Person-time	Coverage	Training Hours
Director	11	100%	18
Employee	10,170	100%	20

Our business ethics training also extends to the employees (crew) of major contractors. During the Reporting Period, a total of 268 training sessions were conducted, with 13,321 person-times.

a total of training sessions

268

person-times

13,321

Reporting Management

COSCO SHIPPING Energy stipulates business ethics-related reporting requirements, procedure and investigation regulations in the *Anti-commercial Bribery Management Measures* and the *Anti-commercial Bribery Manual*, providing channels for employees, partners, third parties and the public to report acts in violation of business ethics and commercial bribery.

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Moreover, we have established a whistle-blower protection system to safeguard the confidentiality of the whistle-blower's personal information and the report content, offer protection in cases where the whistle-blower or their immediate family faces threats to personal or property safety as a result, and explicitly forbid any form of retaliation.

Privacy and Information Security

In the era of the Internet and digital transformation, we recognize the critical nature of privacy and information security. Therefore, we have implemented a robust and specialized information security governance framework. The Board of Directors and the Strategy Committee, as the highest governing bodies, are accountable for the overarching supervision and strategic direction of information security issues. Additionally, we have formed the Cyber Security Committee as the primary decision-making entity for cyber security and data privacy protection, ensuring thorough management of the Company's cyber security measures.

Information Security Management System

We have established a cyber security management system with reference to ISO 27001, formulated internal policies such as the *Ship Cyber Security Management Manual* and the *Company Cyber Security Management Manual*, to clarify the goals of "100% management of shore-based cyber security incidents" and "zero annual shore-based cyber security incidents throughout the year", and established an effective information and data security risk management mechanism. Furthermore, the Company has incorporated information security as an obligatory target into the performance assessment of employees and relevant executives, and imposed disciplinary actions on

employees in violation of information security-related regulations. During the Reporting Period, the Company had no cyber security incidents.

To ensure the effective implementation of the information security system, the Company annually engages independent third-party agencies to conduct IT audits. These audits commence with the audit of financial statements and extend to encompass the overall management of information systems, control over program modifications, computer operation management, data access permissions management, program development, and testing of key interfaces, permissions, and auto-

mated controls related to business and financial processes.

By establishing appropriate data access permissions and management protocols, COSCO SHIPPING Energy promptly aligns and adjusts data access permissions for employees and crew when job transitions. The company also enters into outbound data transfer agreements and data confidentiality agreements with suppliers and partners, while rigorously overseeing data access permissions. Regarding data retention, each department establishes deadlines for data archiving based on their specific responsibilities to ensure rigorous confidentiality.

Double Authentication for External Interfaces

For interfaces such as customer service applications, double authentication requiring real-name authentication and internal staff authentication is implemented before information browsing permissions are opened.

Information Retention and Deletion

We organize and update customer information, classify and manage information according to different levels, delete general information after ten years of retention, and appropriately extend the retention period for important information.

No Provision to the Third Party

Except for the purpose of business transactions and legal requirements, we pledge to never provide privacy information to third parties in any form.

Cyber Security Emergencies Management

All departments of COSCO SHIPPING Energy have set up cyber security officers/contacts to ensure smooth reporting channels for cyber security incidents. In addition, the Company conducts annual cyber security risk evaluation, and reviews the cyber security performance of the previous year in accordance with system documents

such as the *Cyber Security Management Review Procedure*.

We have created specific emergency response plans for potential data leakage threats and cyber security emergencies, and we conduct cyber security emergency drills annually. These drills encompass the headquarters and

our subsidiaries, aiming to enhance coordination in emergency situations. Additionally, we have implemented a thorough data risk monitoring and early-warning mechanism to promptly address system vulnerabilities and risk factors.

Case Emergency Plan Simulating Data Leakage

During the Reporting Period, COSCO SHIPPING Energy simulated an emergency security incident involving the leakage of sensitive information. We conducted emergency drills by simulating a scenario where a vulnerability in the data integration and analysis platform went undetected, leading to sensitive information leakage during file uploads. Promptly, we initiated an emergency response, reported the incident, identified the cause, assessed the extent of impact, and carried out follow-up evaluations and summaries. Through simulating the entire emergency incident process, we enhanced our ability to respond effectively to data leakage emergencies.

Information Security and Privacy Training

In order to enhance awareness of data security and privacy protection among employees, we have organized numerous training sessions on information security and privacy protection for all onshore employees and key contractor personnel (crew).

Induction Training for All

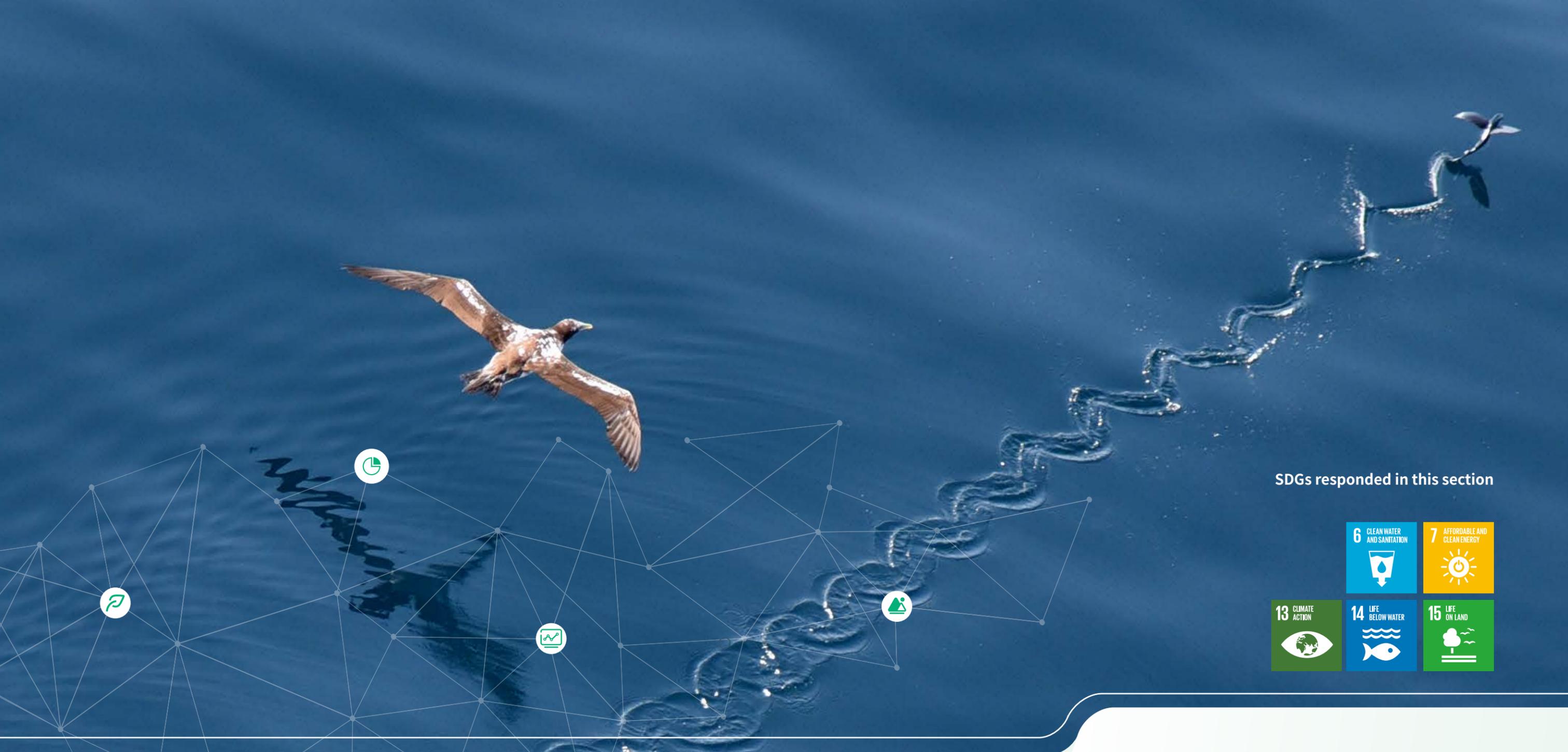
We provide specialized training on cyber security awareness for all new employees

Standardized Training for All

We have prepared a cyber security training video and promoted it among all employees, and conducted cyber security awareness and skills training for all employees

Crew Training for All

Through the implementation of system documents, such as *ADM06 Operation and Maintenance Instruction for Shipboard Cyber Assets*, all crew are trained on cyber security



SDGs responded in this section



02 | Environment

The shipping industry has a strong connection to climate change and the biological environment. The Company upholds the sustainable development principle of "integrated capacity and infinite capability" to continuously promote green shipping. We actively engage in the decarbonization strategy of the shipping industry, commit to safeguarding marine biodiversity, recognize the risks and opportunities associated with climate change, and strive towards a sustainable future.

Environmental Governance

We strictly comply with laws, regulations and conventions of international, national and industry level, such as the *Marine Environment Protection Law of the People's Republic of China*, the *Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment* and the *International Convention for the Prevention of Pollution from Ships* (MARPOL), and adopt applicable rules, guidelines and standards recommended by industrial organizations to constantly optimize environmental management systems, including *Environmental Protection Management Procedures*, *Environmental Aspects Identification and Evaluation Procedure*, and *Occupational Health and Safety, Environment and Energy Management Manual*.

COSCO SHIPPING Energy has established the overall environmental management framework of the Board of Directors, the Strategy Committee and the ESG Working Group. The Board of Directors acts as the highest leadership and decision-making body, while the chairman of the Company is the first person responsible for environmental management and anti-pollution agendas.

The Company formulates integrated management system policies and goals, and has been certified to ISO 14001 Environment Management System and ISO 50001 Energy Management System, ensuring effective implementation of integrated management systems and their integration into the Company's business processes.

Environment Management System Certifications:

Certificate	Issued to	Issued by	Validity Period
Environmental management system certificates: GB/T 24001, ISO 14001	COSCO SHIPPING Energy (Domestic oil shipping, international oil/chemical shipping)	China Classification Society Quality Assurance Ltd (CCSC)	November 12th, 2021 - November 11th, 2024
Shipping energy efficiency management certificate (SEEMC)	COSCO SHIPPING Energy	CCSC	July 19th, 2022 - July 18th, 2027
Certificates of management system for energy GB/T 23331, ISO 50001	COSCO SHIPPING Energy (Domestic oil shipping, international oil/chemical shipping)	CCSC	December 19th, 2022 - December 18th, 2025

We analyze and identify environmental risk factors in all business activities, relevant control procedures as well as corresponding processes in accordance with the *Environmental Aspects Identification and Evaluation Procedure*, and carry out environmental impact audits on a regular basis to conduct detailed investigations and formulate countermeasures for possible environmental impacts in business activities.

In the past three years, the Company had no oil spill pollution accident and environmental punishment due to out-of-limit emissions.

Green Shipping

COSCO SHIPPING Energy is dedicated to enhancing environmental management performance and rigorously implements environmental management and emission reduction initiatives, integrating the principles of green shipping across all production and operational processes.

Emissions Management

To mitigate environmental impacts throughout our operations, the Company has established stringent management systems for waste water, waste gas, and solid waste, ensuring the proper disposal in compliance with environmental regulations.

At the end of each year, we conduct environmental protection analysis meetings to evaluate the emissions for actual annual operational data. Subsequently, ship pollutant emission control objectives are established for the following year. For fleets under our head quarter's direct management, the emission reduction targets for 2024 include a 2% decrease in toxic and hazardous waste, tank washing water, slop sludge, CO₂, NO_x, and SO_x emissions compared to 2023 levels. These emission objectives will be closely monitored throughout 2024.

Waste water

The Company implements strict waste water discharge management, strictly complies with the provision of MARPOL 73/78, and has formulated comprehensive management procedures for slop water, domestic wastewater, tank washing water and ballast water.

Slop Water Management

- The onshore treatment and outboard discharge of slop water is regulated in *Environmental Protection Management Procedures*. We also entrust qualified third-party suppliers to dispose the harmful substances during onshore treatment.
- The operation responsible person and designated supervisor are required to measure and verify total volume of slop water treated and the oil content, as well as the volume of oil stored on ship, promptly obtain the receipt issued by the receiving company. The receipt will be signed and stamped by both parties upon confirmation and the *Oil Record Book* will be filled out.

Sewage Management

- All sewage treatment facilities undergo continuous upgrades and must be validated and approved by competent authorities;
- Sewage discharge fully conforms to international conventions, regulations, and mandatory standards. In cases where sewage is combined with waste or wastewater that are subject to varying discharge standards, the stricter requirements shall take precedence.

Tank Washing Water Management

- The tank washing water will be collected to slop water tank in a centralized manner. The tank capacity and liquid level are subject to continuous monitoring to prevent clog water spill.

We adhere strictly to the IMO's *International Convention for the Control and Management of Ships' Ballast Water and Sediments* for ballast water management. We install ballast water treatment systems on our ships to prevent environmental pollution caused by inadequate treatment of ballast water.

Ballast Water Discharge

- Ballast water will be inspected in accordance with *Checklist before Ballast Operation* prior to discharge to confirm that the ballast water is free of oil. Untreated ballast water and sediments will be delivered to qualified third parties for compliant treatment;
- Ballast water discharge will be declared and recorded as required by the Company's systems.

Ballast Water Replacement

- Ballast water treatment units are subject to regular inspections as required by the manufacturer;
- The ballast water treated will be subject to sampling and testing as required by competent authorities;
- Ships should replace ballast water in waters with sufficient depth and far away from the nearest land in compliance with the *International Convention for the Control and Management of Ships' Ballast Water and Sediments* to avoid the risk of invasion of alien organisms and marine pollution.

Waste Gas Management

The waste gas emissions from COSCO SHIPPING Energy primarily consist of NO_x, SO_x, VOCs, and particulate matter produced during ship fuel combustion. We improve the efficiency of waste gas management through measures such as enhancing maintenance and implementing technical equipment.

Reduce SO_x Emission

- We use low-sulfur fuel oil, carry out scrubber technical upgrade and retrofit scrubbers to reduce SO_x emission;
- We develop and keep updating list of emission control areas by tracking emission control areas to ensure emissions compliance.

Reduce NO_x Emission

- We strictly comply with provisions of conventions, keep repairing and upgrading equipment, and improve operation procedures to reduce NO_x emission;
- The NO_x emissions from all relevant diesel engines are expected to be measured under CCS's supervision and to obtain EIAPP certificate or compliance certificate;
- In emission control areas, the NO_x emissions from vessels are required to conform to requirements from MARPOL Annex VI.

Reduce VOC Emission

- We have the *VOC Management Plan*, use the cargo vapor collection system for VOC collection during the unloading process, and conduct onshore treatment;
- All ships are required to carry out onshore treatment of cargo vapor at ports or loading/unloading stations capable of receiving cargo vapor and conforming to receiving requirements; it is not allowed to release the vapor into atmosphere, to ensure compliance with local laws and regulations.

Reduce Particulate Matter Emissions from Chimneys

- We have strengthened the maintenance of equipment to ensure that the fuel can be fully burned.

Waste Management

COSCO SHIPPING Energy rigorously adheres to laws, regulations, and international conventions regarding vessel waste disposal. We meticulously manage vessel waste by ensuring proper treatment of waste in ports and effectively regulating the disposal and compliant discharge of hazardous waste. Our comprehensive approach aims to minimize the impact on the marine environment throughout the entire vessel lifecycle.

Vessel Recycling

- Upholding the concept of Life Cycle Assessment (LCA), we follow *Hong Kong Convention (HKC)* and *EU Ship Recycling Regulation (EU-SRR)* to ensure the application of mature, safe and environmental technologies in ship recycling, and the Inventory of Hazardous Materials (IHM) will be provided to ship scrapping agencies to avoid environment impact during recycling;
- A list of all potential hazardous materials in shipping machineries, devices, equipment and ship structure is required to be kept in the ship; the Inventory of Hazardous Materials on all vessels arrived at EU ports are required to conform to *EU Ship Recycling Regulation*.

Ship Garbage Management

- We prioritize onshore treatment of sewage and garbage. Additionally, we purchase and use environmentally friendly, recyclable materials, aiming to reduce waste at the source. All ships are provided with *Garbage Record Book* issued by marine authorities of the flag state, with standardized records. Beyond that, the *Guidelines for Preparation of Garbage Management Plan* and the *Garbage Management Plan* developed in accordance with Article 10 of Annex V of MARPOL73/78 as well as IMO should also be available;
- We follow the *International Convention on the Control of Harmful Anti-fouling Systems on Ships* to strengthen monitoring and control for the emission reduction of harmful substances generated by the use of paints and chemicals during the navigation and ship maintenance.

Development of Low-carbon Fleet

During the Reporting Period, we signed the shipbuilding contracts for three methanol dual-fuel Aframax oil tankers, two Panamax oil tankers (methanol-fuel ready) and one MR oil tanker (methanol-fuel ready), aiming to build a low-carbon fleet.

- The three Aframax oil tankers to be built are the first of its kind designed with methanol dual-fuel system across the globe. Compared with traditional fuel, the SO_x emissions from methanol will be significantly reduced, and the CO₂ emission from individual ship is estimated to be reduced by around 24,237.3 tons every year.
- The Panamax oil tanker and MR oil tanker to be built both adopt "Methanol Ready" design, allowing flexibility for future modification on the basis of consuming traditional fuel. In addition, the above-mentioned vessels are equipped with biofuel system. Taking 30% blended biodiesel for example, it is estimated that the CO₂ emission from individual ship will be reduced by 3,000 to 4,000 tons every year.
- Furthermore, those vessels adopt the hydrodynamics energy-saving technology, enabling comprehensive energy saving by above 5% and optimizing ship carbon footprint.

Energy-saving and Emission Reduction

COSCO SHIPPING Energy is dedicated to advancing resource-saving and environmentally-friendly development practices. We have formulated the *Energy Saving and Emission Reduction Management Regulation* of the Company and developed *Ship Energy Efficiency Management Plans* for reference by relevant ships. We determine the most appropriate energy-saving measures based on the unique characteristics of each vessel, its navigation area, operation and other relevant requirements. Furthermore, we actively promote digital empowerment and implement energy-saving technical upgrades during operations to achieve energy efficiency and emission reduction.

Digital Empowerment

We monitor and analyze such key indicators as speed, fuel consumption and fuel use through intelligent ship management platform, to ensure proper ballast water and cargo oil operations, and optimize equipment maintenance. We carry out summarization and analysis of energy use on a monthly basis, manage vessels' performance of Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) in accordance with IMO requirements, and propose energy efficiency improvement recommendations, to achieve energy saving and emission reduction.

Case Intelligent Ship Management Platform for Indicator Monitoring

COSCO SHIPPING Energy creates an intelligent ship-shore management platform featuring intelligent collaboration and integrate management, which integrates AI, IoT, big data and edge computing into ship management.

On the one hand, such acute climate change risks as typhoon can be promptly discovered and warned through big data analysis, with corresponding pre-control measures proposed; on the other hand, CII-based navigation optimization, economic speed calculation and energy consumption benchmarking analysis are carried out in an intelligent manner, aiming at improving performance and enhancing overall energy efficiency of the fleet.

Application of Energy-efficient Technologies

We are continuously exploring technical upgrades to enhance energy efficiency and reduce consumption. During the Reporting Period, the Company invested in researching and developing various energy conservation projects, conducted practical studies on new materials and equipment applications, and achieved significant accomplishments.

Case Energy-saving Retrofit of Ship Hydrodynamic Devices

Energy-saving appendage for ship hydrodynamic devices is one of the effective approaches to improve ship energy efficiency. During the Reporting Period, COSCO SHIPPING Energy carried out research on energy-saving appendage design, the non-circular duct structure and swept-back guide vane structure adopted can achieve average energy conservation by around 4%.

Case Application of New Marine Materials in Ships—Propeller Skin/coating Resistance Reduction and Energy Saving Technology

COSCO SHIPPING Energy and industrial chain partners jointly launched the "Research on Propeller Skin/Coating Resistance Reduction and Energy Saving Technology" project, aiming at reducing the shear resistance of the hull through the bionic liquid slip drag reduction coating material, with estimated annual energy conservation of 1%.

Water Resources Management

In view of the Company's business operation and industrial characteristics, the water uses of our vessels mainly come from seawater desalination and supply vessels. All vessels are equipped with seawater desalination devices; in addition, we conduct refined management for production and operation water use as well as water use by crew. We evaluate possible water resource risks in business processes on a regular basis, and there is no major water shortage risk currently.

Address Climate Change

In response to the global challenge of climate change and China's commitment to "carbon peak and carbon neutrality", we continuously enhance our climate change governance and strategic planning. We are actively identifying and analyzing the Company's risks and opportunities under climate change and enhancing our sustainability capabilities.

Governance

COSCO SHIPPING Energy has established the ESG governance structure consisting of the Board of Directors, the Strategy Committee and the ESG Working Group. The Board of Directors is responsible for comprehensively formulating and reviewing systems and policies related to climate change issues, leading and supervising climate change matters; the Strategy Committee is responsible for developing climate change-related strategies, setting objectives and evaluation mechanisms, and offering proposals to the Board of Directors; the ESG Working Group is responsible for developing countermeasures against climate change as well as specific implementation.

Furthermore, we have established Decarbonization Leading Group and Decarbonization Working Group based on the above governance structure. The Chairman acts as the head of the Decarbonization Leading Group and the general manager serves as the deputy head thereof to discuss and decide on the Company's projects for green & low-carbon transition; the vice general managers act as the heads of the Decarbonization Working Group, in charge of specific implementation of decarbonization projects and reporting to the Chairman on a regular basis.

Strategy

COSCO SHIPPING Energy follows the development trend of green, low-carbon and intelligent shipping, and has formulated corporate-level climate change strategy under the leadership of the Board of Directors in alignment with overall corporate strategies. With reference to the scenario analysis published by the International Energy Agency (IEA), Intergovernmental Panel on Climate Change (IPCC) and other institutions, we select Representative Concentration Path (RCP) GHG emission scenario to identify physical risks in climate change, identify risks in climate change transition with reference to "2050 Net Zero Emission (NZE)" and "Stated Policy Scenario (STEPS)", and prioritize risk based on the likelihood and severity of their occurrence to determine the materiality of climate change risks.

- RCP8.5: global average temperature increases above 4°C by 2100, i.e., "temperature increase above 4°C " scenario;
- RCP4.5: global average temperature increases above 2°C by 2100, i.e., "temperature increase above 2°C " scenario;
- The Stated Policies Scenario (STEPS): a scenario which reflects current policy settings based on a sector-by-sector and country-by-country policies that put in place, as well as those that are under development;
- NZE by 2050: a scenario that sets out a pathway for the global energy sector to achieve net zero CO₂ emissions by 2050, which does not rely on emissions reductions from outside the energy sector to achieve its goals.

Based on the identification and analysis of climate change risks, there are higher probability and impact of physical risks under high-emission scenario, while there are higher probability and impact of transition risks under low-emission scenario.

On the other hand, we actively identify climate change opportunities, study and formulate *Green & Low-carbon Transition Development Program* to improve the Company's ability to respond to climate change, consistently expand the investment in low-carbon and zero-carbon vessels to achieve green shipping.

Based on the analysis of different climate scenarios and the position of climates change as a key factor affecting the shipping industry, we identify climate change-related risks and opportunities in the short, medium and long run, analyze their potential financial impacts and put in place countermeasures.

Climate Change-related Risks				
Type	Description	Potential Financial Impact +/-	Period	Countermeasure
Transition risk	Policies and legal risks	<p>Mandatory requirements for carbon emissions control in the shipping industry: the member states have agreed the following carbon reduction targets in the revised IMO GHG Strategy adopted in July 7th, 2023: (1) Net-zero GHG emissions by or around 2050; (2) Setting indicative checkpoints, to reduce the total annual GHG emissions by at least 20%, striving for 30%, by 2030, compared to 2008; to reduce the total annual GHG emissions by at least 70%, striving for 80%, by 2040, compared to 2008.</p> <ul style="list-style-type: none"> ● Increase in operating costs (e.g. carbon emissions and carbon transaction costs increase, the penalty caused by failure to meet the compliance requirements and other compliance cost increases) ● Impairment on fixed assets (e.g. existing assets are written off or scrapped due to technology iteration) 	Mid-term Long-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, focusing on global regulatory and rules as well as other mandatory requirements, formulating decarbonization transition program and emission reduction plan, to ensure the compliant operation of the Company.
		<p>Mandatory requirements for ship energy efficiency management:</p> <p>Clear regulatory requirements are in place for the energy efficiency management of ships (e.g., EEXI, and CII, effective from January 1st, 2023), as the draft amendments to IMO MARPOL Annex VI come into force.</p> <ul style="list-style-type: none"> ● Increase in capital expenditures (e.g. the financial expenditures for technical renovation of high-emission vessels increase) ● Impairment on fixed assets (e.g. existing assets are written off or scrapped due to technology iteration) ● Increase in supply chain costs (e.g. the production and leasing costs of new vessels that meet the requirements of emission increases) 	Short-term Mid-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, to closely follow IMO regulatory requirements, ensure fulfillment of EEXI and CII, and optimize our fleet's CII rating.

Climate Change-related Risks				
Type	Description	Potential Financial Impact +/-	Period	Countermeasure
Transition risk	Policies and legal risks	<p>China's decarbonization policies:</p> <p>To achievement China's strategic goals of carbon peaking by 2030 and carbon neutrality by 2060, more stringent policies have been rolled out at the national and local levels.</p> <ul style="list-style-type: none"> ● Increase in operating costs (e.g. carbon emission costs increase, the penalty caused by failure to meet the compliance requirements increases the compliance cost) 	Mid-term Long-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, to focus on global regulatory and rules as well as other mandatory requirements, formulate green transition program and emission reduction action plan, to ensure the compliant operation of the Company.
		<p>Carbon pricing and trading:</p> <p>In 2021, China's national carbon market officially started trading.</p> <ul style="list-style-type: none"> ● Increase in operating costs (e.g. the higher price of carbon emission leads to the higher cost of carbon emission) 	Short-term Mid-term	We constantly strengthen carbon quota transaction management, complete annual carbon quota settlement on schedule as required by Shanghai Municipality Bureau of Ecology and Environment
	Technical risks	<p>With the promotion of the European Union Emission Trading System (EU-ETS), the total carbon emissions of the shipping industry in the EU region will be limited and gradually tightened.</p> <ul style="list-style-type: none"> ● Increase in operating costs (e.g. the higher price of carbon emission leads to the higher cost of carbon emission) 	Short-term Mid-term	We keep paying close attention to relevant trends and requirements of EU-ETS, improve carbon emission data management
		<p>R&D of new vessels: IMO and its EEDI and CII require shipowners to invest in the R&D of new and energy-efficient vessels</p> <ul style="list-style-type: none"> ● Increase in R&D costs (e.g. the increase of expenditure brought by the R&D and application of new technologies, new materials, and new processes) ● Increase in operating costs (e.g. the cost of deploying new practices and processes) 	Short-term Mid-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, to keep updating the latest shipbuilding and energy-saving technologies, management and reserve necessary capital expenditure, to consolidate the market competitiveness of fleet
	<p>R&D of energy conservation and emission reduction technologies:</p> <p>The shipping industry is calling for energy-saving devices and drag reduction technologies.</p> <ul style="list-style-type: none"> ● Increase in R&D and retrofit costs (cost of R&D and installation of energy-saving devices and other equipment) ● Increase in operating costs (e.g. the cost of deploying new practices and processes) 	Short-term Mid-term		

Climate Change-related Risks					
Type	Description	Potential Financial Impact +/-	Period	Countermeasure	
Transition risk	Market risks	Drop in demand for crude oil transportation: In the low-emission scenario, the rising demand for clean energy and lowering demand for crude oil are posing challenges to our crude oil transportation business	<ul style="list-style-type: none"> Decrease in revenue (e.g. the change of service demand leads to the decrease of business volume) 	Mid-term Long-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, to proactively explore the transportation opportunities of clean energy, closely follow global energy transition trend, match the fleet with trading demands, and consolidate core high-quality assets
		Depreciation of conventional oil tankers: Traditional energy-related assets, such as oil tankers, are at risk of depreciation	<ul style="list-style-type: none"> Impairment on fixed assets (e.g. existing assets are written off or scrapped due to technology iteration) 	Mid-term	
	Higher threshold for regional market access: More stringent environmental requirements in Europe, Asia and the U.S. form a higher threshold for market access	<ul style="list-style-type: none"> Decrease in revenue (e.g. the business area is limited due to failure to meet the environmental protection requirements) 	Short-term Mid-term	We closely follow global market trend, carry out overall planning on global route layout, arrange corresponding ships based on different market characteristics, to maximize the Company profit	
	Change in consumer behavior: Customers may prefer energy transportation services with zero or fewer carbon emissions (e.g. carbon neutrality in oil transportation)	<ul style="list-style-type: none"> Increase in operating costs (e.g. purchase Chinese Certified Emission Reduction (CCER) to achieve carbon neutrality) Decrease in revenue (e.g. the decline in oil demand will affect transportation demand) 	Mid-term Long-term	We establish Decarbonization Leading Group and Decarbonization Working Group as well as emission reduction leadership group and other cross-departmental special working groups centered by the Board of Directors, to provide strategic layout and fleet structure adjustment, developing green shipping	
	Drastic fluctuation in fuel oil costs Supply-demand imbalance of traditional fuel oil causes price fluctuation	<ul style="list-style-type: none"> Fluctuation in operating cost 	Mid-term	We closely follow the price fluctuation in fuel market, carry out fixed-price purchase in due time, and manage the Company's overall fuel costs	
	Increase in low-carbon/zero-carbon fuel costs: The shipping industry has rising demand on low-carbon/zero-carbon fuel, and the market might be in short supply, causing fuel cost rising	<ul style="list-style-type: none"> Increase in operating costs 	Mid-term Long-term		
	Reputational risk	Carbon information disclosure: Regulators, investors, customers and other stakeholders have put forward more demanding requirements for climate-related information disclosure and management in the shipping industry	<ul style="list-style-type: none"> Increase in operating costs (e.g. penalty due to the failure of information disclosure to meet compliance requirements, leading to higher compliance costs) Decrease in available capital (e.g. opaque information is difficult to attract investors) 	Mid-term Long-term	

Climate Change-related Risks					
Type	Description	Potential Financial Impact +/-	Period	Countermeasure	
Transition risk	Reputational risk	Damage to industry/enterprise reputation: It will be difficult to attract and retain stakeholders (e.g. customers, employees, business partners and investors) if our efforts to reduce emissions and improve energy efficiency are not effective enough, or event detrimental to the climate occurs	<ul style="list-style-type: none"> Decrease in revenue (e.g. the decrease of demand leads to the decrease of business volume) Rising labor costs (e.g. higher employee attraction and retention costs) Decrease in available capital (e.g. investors withdraw or reduce investment) Increase in financing difficulty (enterprises or projects with higher sustainable development capacity are easier to obtain financing) 	Mid-term Long-term	We proactively pursue decarbonization transition, formulate emission reduction objectives, optimize fleet carbon footprint, and increase sustainability capacity
		Physical risks	Acute risks	Extreme weather events and resultant damage: The increasing frequency and severity of extreme weather events, such as typhoons and tsunamis, are likely to cause damage to shipping infrastructure, vessels, and cargo, disrupting transportation activities	
Physical risks	Chronic risks	Extreme weather-induced transportation difficulties: Extreme weather makes navigation difficult and hampers planned operations or timely delivery of goods, increasing the risk of breach of contract	<ul style="list-style-type: none"> Decrease in revenue (e.g. transportation difficulties, supply chain disruption, and other business completion decreases, resulting in lower revenue) Increase in default costs (e.g. the cost of breach of contract will rise if the contract cannot be completed on time) 	Mid-term Long-term	We require the captain to receive meteorological information on daily basis at sailing stage, and the shore supervisor to track meteorological information of the sea area in real time
		Effects of climate change on human health	<ul style="list-style-type: none"> Increase in human resources costs (e.g. the increase of labor costs such as crew personal safety protection, mental health, and hygiene management) 	Long-term	We provide the employees with routine physical examination, psychological consulting and high-temperature subsidy through comprehensive occupational health and safety management to assure the employees' mental and physical health
Physical risks	Chronic risks	Rise of average temperature and sea level and extreme wind speed changes	<ul style="list-style-type: none"> Increase in operating costs (e.g. the cost may rise due to the re-selection of infrastructure such as channels and ports) Increase in default costs (e.g. the cost of contract breach caused by the failure to complete the shipment on schedule increases) 	Long-term	We keep focusing on the long-term changes of channels and ports, and ensure safety of production, operation and personnel operation, to provide the customer with high-quality transportation services

Climate Change-related Opportunities				
Type	Description	Potential Financial Impact +/-	Period	Countermeasure
Re-source efficiency	Ship energy efficiency management: Energy consumption can be effectively reduced to improve operation efficiency	+ Decrease in operating costs (such as reducing unit energy consumption and energy use cost through energy efficiency improvement)	Short-term Mid-term	We formulate <i>Ship Energy Efficiency Management Plans</i> and upgrade energy-saving equipment, to improve ship energy efficiency
Energy source	Use of energy with lower emissions: Optimize energy structure and reduce pollution, assuring energy supply stability	+ Decrease in operating costs (e.g. using alternative fuels with lower carbon emissions and pollution control costs) + Increase in revenue (use of low-carbon fuels increases customers' transportation demand) + Increase in available capital (e.g. investors prefer low emission service providers)	Mid-term Long-term	We use such clean fuel as LNG and green Methanol as alternative fuels, providing green shipping services
Products and services	Low-carbon/Zero-carbon services: Increase existing and potential customers retention rates	+ Increase in revenue (e.g. high-tech products and services drive increased revenue)	Mid-term Long-term	We conduct R&D on new-buildings, promote the application of green fuels such as LNG and Methanol to enhance competitiveness
	Carbon assets management and trading mechanism become mature: It offers new asset allocation choices	+ Decrease in operating costs (e.g. reduce carbon emission quota purchase expenditure) + Management of corporate carbon assets (e.g. participating in carbon market transactions) + Increase in non-operating income	Short-term Mid-term Long-term	We invest in carbon capture, use and storage (CCUS) technologies, establish carbon asset management system integrating data management, policy analysis and transaction management, and participate in carbon quota management and market trading

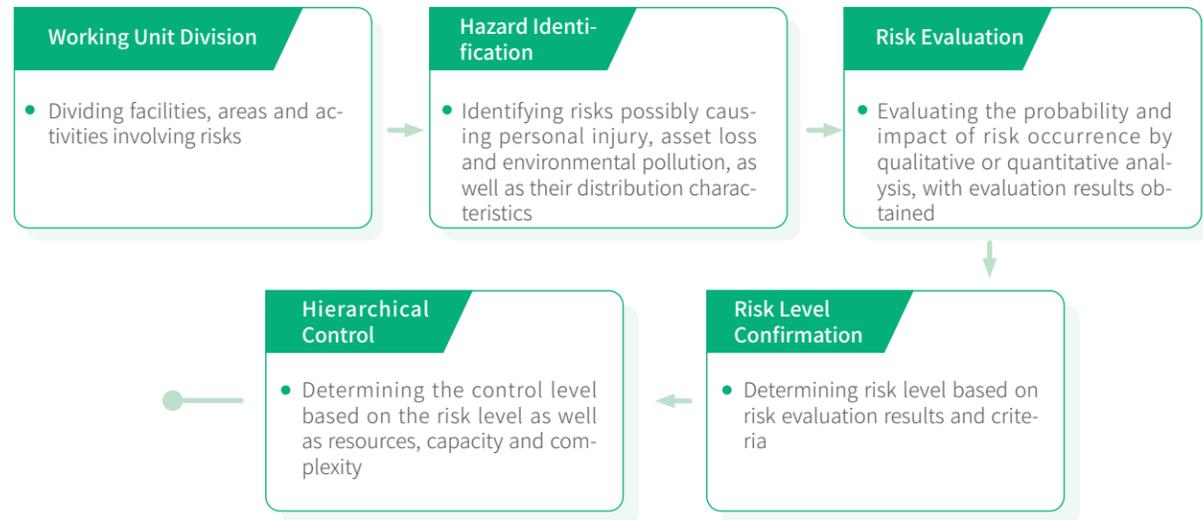
Climate Change-related Opportunities				
Type	Description	Potential Financial Impact +/-	Period	Countermeasure
Market	In the high-emission scenario, the demand for crude oil and the volume of crude oil transportation will keep rising. In the low-emission scenario, the transportation demand for low-carbon/zero-carbon energy increases, bringing market share increase for LNG and low-carbon shipping.	+ Increase in revenue	Mid-term Long-term	We consolidate transportation businesses of traditional energy; develop low-carbon/zero-carbon energy transportation businesses
	Chartering preference of cargo owners: International maritime cargo owners have pledged to make their chartering activities more transparent and provide carbon intensity trajectories in accordance with the <i>Sea Cargo Charter</i> . Shipping services with lower carbon emission will be the mainstream choice for cargo owners.	+ Increase in revenue (e.g. we have service capability and competitive advantage in low-carbon shipping, good reputation promotes the increase of service demand)	Mid-term Long-term	We conduct R&D on new-buildings, promote the application of such low-carbon/zero-carbon fuels as LNG and Methanol to enhance customer preference
Adaptability	Investment in clean energy projects and business diversification: In response to the trend of the energy transition, we focus on the LNG shipping business and investment in LNG vessels	+ Increase in revenue (e.g. the impact of crude oil price rise and cyclical changes is weakened, and the operating capacity under different scenarios is enhanced) + Maintenance and appreciation of asset values (e.g. the market valuation of the fleet is increased by planning the fleet layout in advance)	Mid-term Long-term	We conduct R&D on new-buildings, promote the R&D and application of such critical technologies as high-tech ships and dual-fuel VLCC to enhance competitiveness
	New route selection: the Arctic may become a new choice due to climate change and the melting of glaciers	+ Increase in revenue (the diversified routes improve operating efficiency of the whole fleet)	Mid-term Long-term	We focus on the long-term change trend of routes, seize the market opportunities brought with new routes, and organize global route layout
	Supply chain resilience and adaptability: In the coordinated transformation with such critical supply chain partners as shipyards and fuel suppliers, we will work together to reduce the carbon emissions of the supply chain and better address climate change	+ Decrease in operating costs (e.g. the enhanced reliability of the supply chain will reduce the supply chain cost)	Mid-term Long-term	We strengthen communication and cooperation with supply chain partners to address climate changes together

Risk Management

COSCO SHIPPING Energy has set up a robust structure and organization to manage climate change risks effectively. The Decarbonization Leading Group, along with its four specialized working groups, oversees the comprehensive management of climate change risks. These groups focus on decarbonization technology, a decarbonization supply chain, decarbonization energy security, and decarbonization standards, respectively. Climate change risk management has been integrated into the Company's overall risk management framework, and we consistently review and enhance the climate change risk list and corresponding measures.

Physical Risks

Based on the results of climate change risk identification, the current climate-related physical risks faced by COSCO SHIPPING Energy mainly include acute physical risks due to extreme weather and meteorological disasters. As for these risks, we adopt a qualitative and quantitative risk matrix analysis to conduct one-by-one evaluation of the hazards in ship operations, develop and implement prevention and control measures, and ensure the safety of personnel, ships, and cargo.



Prevention and Control Mechanisms for Acute Physical Risks

Transition Risks

We have incorporated the identification and management of climate change risks into the overall risk identification and management process of the Company. During the Reporting Period, (1) the business structure and transition risks; (2) environmental protection and emission reduction risks related to climate change were incorporated into the annual top ten risks of COSCO SHIPPING Energy.

Facing the specific impacts brought by the above risks on policies, technological innovation, market sentiment, and changes in customer preferences, on the one hand, we keep studying IMO policies, regional regulations and standards to ensure prompt and accurate responses; on the other hand, we proactively promote the construction low-carbon and zero-carbon fleet, and enhance our own risk resistance ability through use of emission reduction techniques and green fuels. In addition, we seek strategic cooperation and carry out R&D and exchange on low-carbon energy and technologies.

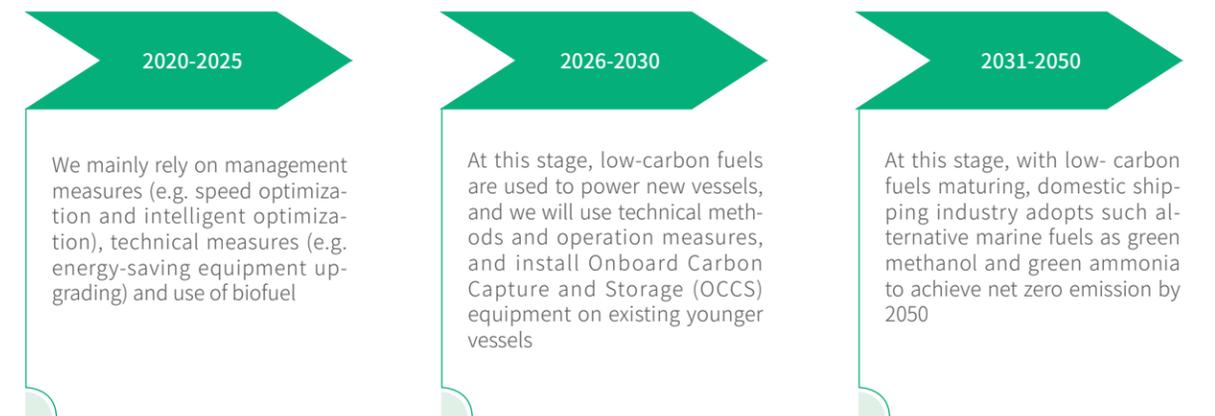
Objectives and Indicators

We play our role actively in addressing climate change, establish GHG emission objectives considering the Company's operational conditions and industry standards, consistently monitor and regularly disclose GHG emission data, and keep tracking and analyzing fleet data through digital means in our daily operations.

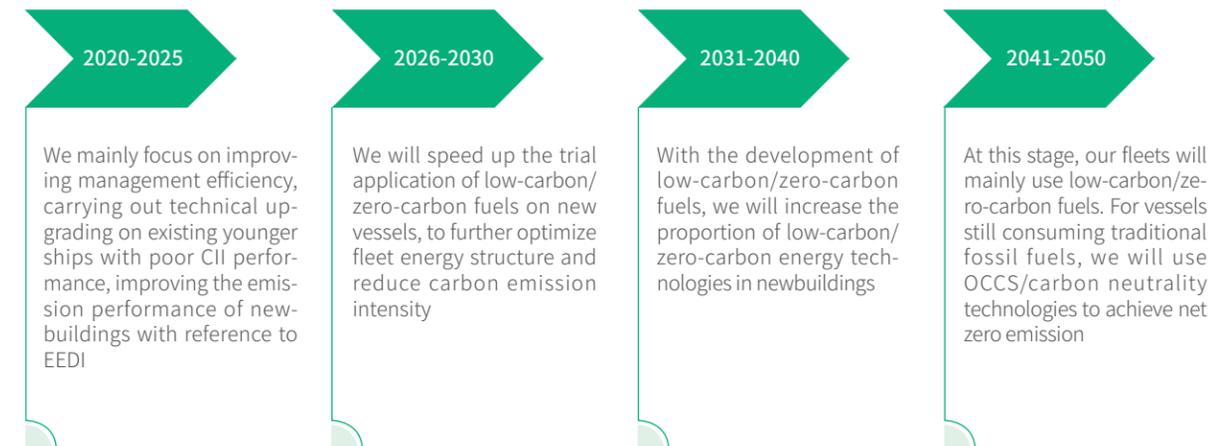
COSCO SHIPPING Energy has formulated *Green & Low-carbon Transition Development Program* with reference to the *Initial IMO Strategy on Reduction of GHG Gas Emissions from Ships*, considering the current carbon emission status of the Company's self-owned fleet and future strategic planning. The Program announced the long-term goal that self-owned fleets will strive to achieve carbon peaking by 2030 and carbon neutrality by 2050, as the base year of 2020.

The Company's GHG emissions are mainly from direct emissions by vessels. We have developed carbon neutrality pathways for international shipping and domestic shipping respectively, to achieve net-zero target.

Green & Low-carbon Transition Pathway (International Shipping)



Green & Low-carbon Transition Pathway (Domestic Shipping)



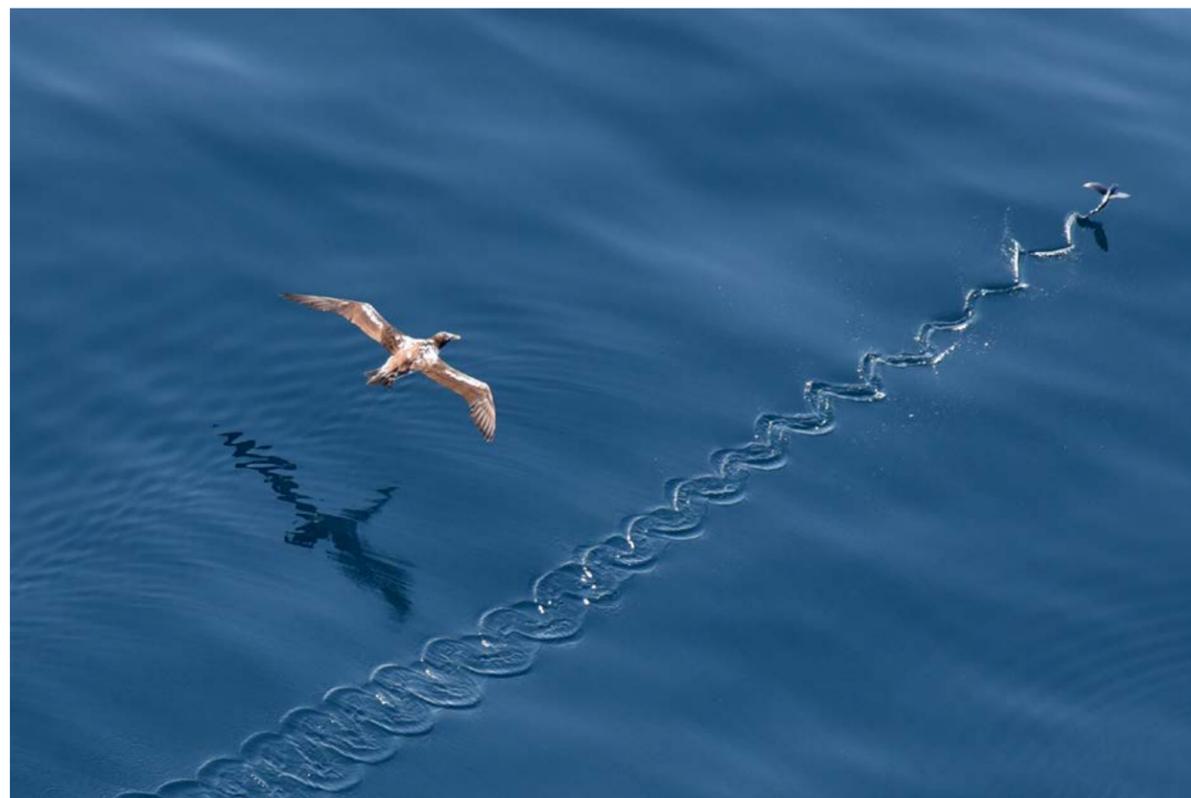
Biodiversity Conservation

We recognize the importance of biodiversity for protecting marine and global ecosystem. As a leader in global energy transportation and sustainable development, we pledge to spare no effort in reducing marine pollution in business processes, proactively maintain marine ecology and protect biodiversity.

Biodiversity Conservation Statement

To fulfill our commitment to biodiversity conservation, we developed the *Biodiversity Conservation Statement* during the Reporting Period, pledging to support and implement the *Kunming-Montreal Global Biodiversity Framework*. We carried out biodiversity conservation on land and within shipping routes to avoid business activities near global or national ecological conservation zones that are of biodiversity significance. We maintained navigational distance from key biodiversity conservation zones to avoid negative impacts, and encouraged suppliers to follow our practices.

We evaluate the biodiversity risks faced by all our operating sites on a regular basis, to incorporate biodiversity risk evaluation into route planning. We consider factors such as ship navigation safety, navigation mileage, cargo, port location, and shipping technology, seasonal migration characteristics of marine organisms, to avoid navigation in marine habitats and breeding areas and reduce noise and other negative impacts on marine organisms. In addition, we identify and evaluate biodiversity risk exposures during shipping, including but not limited to ship ballast water, slop water, navigation noise, oil spill incidents, toxic and harmful substance leakage, domestic sewage and garbage discharge, gas pollutant emissions, and disposal of scrapped ships, with specific management plans accordingly.



Biodiversity Conservation Initiatives

Upon identification of biodiversity risks, we follow the approach of sustainable use and management of natural resources in accordance with the *Biodiversity Conservation Plan*, to minimize the impact of our operations on the ecological environment, including the following aspects:

Strictly Control Ship Ballast Water

The Company standardizes fleet ballast control in a comprehensive way based on *Ship Environmental Aspect Control, Ballast Water Management Plan* and *Oil Tanker Ballast Water Operation*, to avoid biological invasion caused by non-indigenous organisms and pathogens.

Strengthen Management of Oil Spill Accidents

The Company formulates *Special Emergency Plan for Oil Spill and Environmental Pollution Events* and strengthens safety training and drills among crew. Furthermore, the Company strictly implements pre-unloading inspection and shipowner self-inspection, conducts similar accident analysis and self-inspection based on previous cases, to minimize the possibility of oil spill accidents.

Reduce Emissions into the Atmosphere and Ocean

We attach great importance to the R&D of low-carbon vessels, to reduce GHG emissions by use of green fuels. In addition, we promote the use of low-sulfur fuel in ships and improve hull paint grade to reduce emissions into the atmosphere and ocean.

Reduce Noise

We have earmarked extra funding to mitigate noise pollution by improving vessel design and propulsion methods, and implementing quieter equipment. Additionally, we enforce regulations on ship operations to reduce speed and noise levels when navigating near particularly sensitive sea area or marine protected areas. Moreover, we increase employee awareness of the effects of noise through various initiatives such as publicity campaigns, educational programs, and training sessions to minimize noise disturbances during navigation.

During the Reporting Period, COSCO SHIPPING Energy updated the biofouling management requirements for ships sailing to Australia and New Zealand in accordance with requirements of MEPC 80³ conference, and cleaned up hull to prevent invasion of alien species.

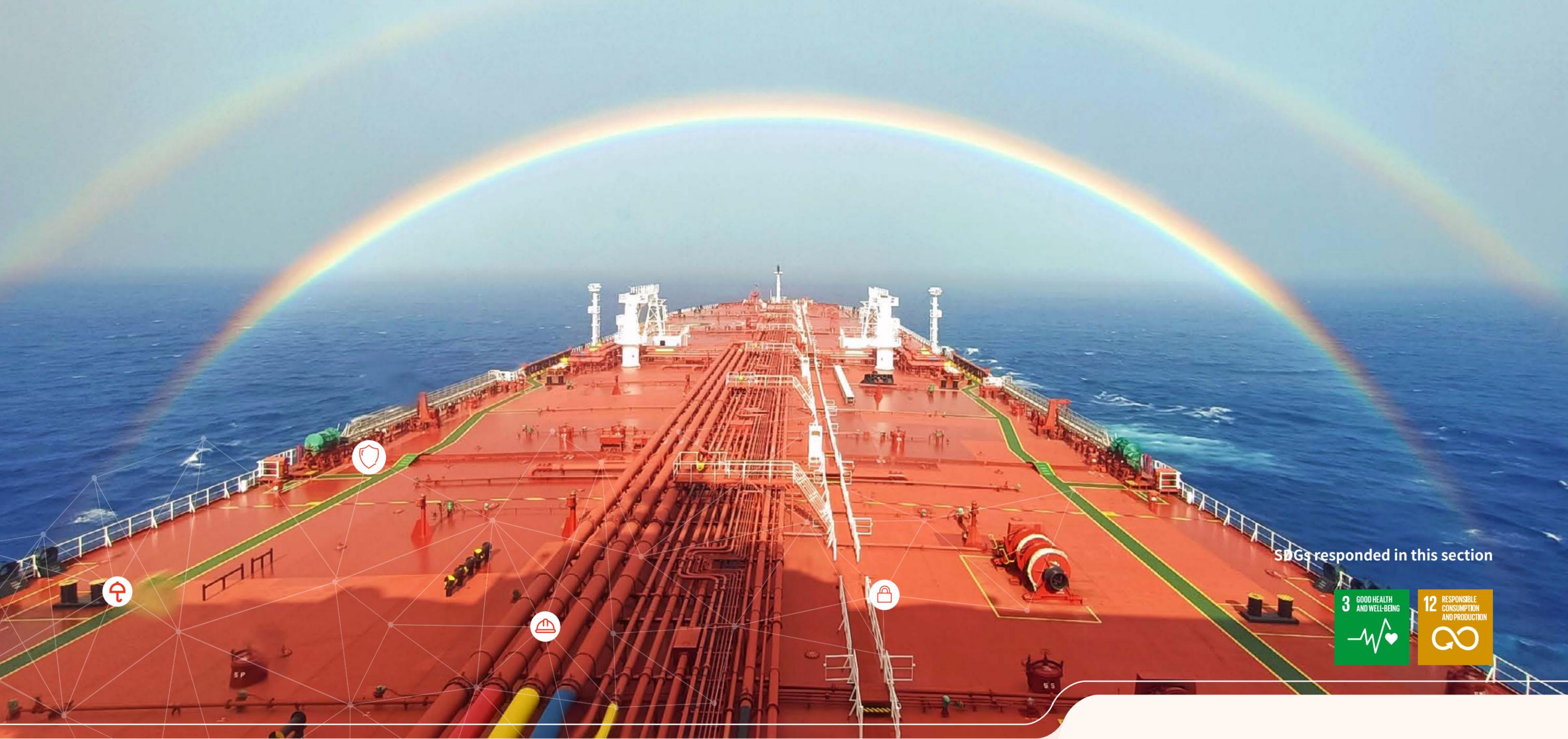
In addition, we have strengthened management of upstream suppliers, collaborated with shipyards and classification societies during shipbuilding to supervise ship building in accordance with asbestos-free regulations and require suppliers to provide asbestos-free statements in purchasing materials.

Green Office

We have launched a comprehensive company-wide campaign to advocate for energy conservation and carbon reduction. The *Instruction for Energy Conservation Management in Office Buildings* defined objectives and strategies for reducing energy consumption and promoting efficient resource utilization in offices.

To enhance employees' understanding of environmental preservation, we organized energy-saving activities during a designated publicity week, publicizing environmental conservation principles among both crew and land-based staff, encouraging a paperless office environment, and promoting low-carbon lifestyles.

³ At the 80th IMO Marine Environment Protection Committee Conference (MEPC 80), such topics as mandatory document amendments, harmful aquatic organisms carried by ballast water, air pollution prevention, energy efficiency, GHG emission reduction, plastic waste, pollution prevention and environmental protection zones were reviewed.



SDGs responded in this section



03

Safety and Security

COSCO SHIPPING Energy continues to prioritize safety in business operations. We continuously enhance safety management practices, boost safety consciousness and skills among our crew, and uphold strict measures to guarantee the safety of our vessels and staff, thus achieving secure and efficient energy transportation.

Safety Governance

We strictly comply with domestic and foreign laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Management Code of the People's Republic of China for the Safe Operation of Ships and for Pollution Prevention*, as well as relevant international conventions and rules.

The Company adheres to the safety policy "safety first, prevention-oriented, and comprehensive management", incorporates safety management into daily business operations of vessels, and consistently fulfill work safety to ensure operation safety and personnel health. In addition, we keep optimizing our safety management system by formulating a range of internal documents, including the *Safety Management Manual*, the *Safety Production Standardization Manual*, and the *Occupational Health and Safety, Environment and Energy Management Manual*, all of which are diligently executed.

Safety Management Organizational Structure

We have established Safety Management Committee ("Safety Committee") tasked with formulating policies, objectives and mid/long-term plans, as well as organizing special and regular safety inspections. Each ship has established a ship safety committee to perform the management functions of ship safety, crew health and environmental protection. Ship safety committee meeting is held regularly to deliberate and analyze the implementation of operation safety measures and rectification measures for potential safety risks, aiming at enhancements of work safety management.



We are dedicated to fully implementing a comprehensive and whole-process safety responsibility system among our staff. The Board of Directors carefully reviews the *Safety Performance Report* every year and the general manager distributes the Company's annual work safety tasks and objectives to each Unit/Division. The Safety Committee is responsible for evaluating and analyzing the implementation and management outcomes of our annual safety objectives, and proposing recommendations for continuous improvement.

Safety System Certification

COSCO SHIPPING Energy complies with national safety regulations and international safety standards, and incorporates sound safety management system into the Company's comprehensive management system, covering all ships and on-board crew managed by the Company.

Certification of the Safety Management System

Our safety management complies with international and domestic regulations and rules on occupational health and safety, and we design safety management system in accordance with applicable rules, guidelines and standards recommended by competent authorities, classification societies and industry organizations.

System	Standard	Issued by	Certificate	Validity Period
Safety Management	National Management Code for the Safe Operation of Ships and for Pollution Prevention (NSM)	China Maritime Safety Administration (MSA)	Document of Compliance (DOC)	5 years
	International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM) (China, Hong Kong, Singapore)			
	International Management Code for the Safe Operation of Ships and for Pollution Prevention (ISM) (Panama)	China Classification Society (CCS)		
Occupational Health and Safety Management System	GB/T 45001-2020/ISO 45001:2018	CCSC	Certificate of the Occupational Health and Safety Management System	3 years
Quality Management System	GB/T 19001-2016/ISO 9001:2015		Certificate of the Quality Management System	
Work Safety Standardization System	GB/T 33000-2016		Tier-one Certificate of Standardization of Work Safety for Waterway Transport of Hazardous Goods	

External Safety Audits

Annually, we receive external certification and audits of the safety management system conducted by third parties to confirm its effectiveness and compliance.

Safety Audit	Issued by	Frequency	Result
DOC audit for NSM	China MSA	Annually	Conformance to the Standard
DOC audit for China, Hong Kong and Singapore-flagged ships	China MSA	Annually	Conformance to the Standard
DOC audit for Panama-flagged ships	CCS	Annually	Conformance to the Standard
Annual audit of occupational health and safety management system	CCSC	Annually	Conformance to the Standard
Annual audit of work safety standardization	CCSC	Annually	Pass in the audit for tier-one companies

Internal Audits of the Safety System

We conduct annual internal audits of the safety system to review the implementation of our safety management following our system documents against relevant international and domestic conventions, laws and regulations and to consistently standardize the management of our safety system.

Safety Audit The 2023 internal audit of shore-based and vessels' safety situations	Frequency Annually	Result The shore-based and vessels' management system operate effectively
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Safety Management Goals



Zero Injury



Zero Safety Accident



Zero Environmental Pollution

Working Safety

Safety underpins the business operations of the Company. We handle safety-related issues with the highest standard and ensure safety risk prevention to avoid safety accidents in production and operation, and prevent possible personal injury, environment pollution and economic losses.

Safety Risk Prevention and Control

We have formulated such systems as the *Hazard Identification and Evaluation Procedure* to carry out risk evaluation and management, identify potential and existing risk factors, and adopt corresponding measures for prevention and control. In 2023, we carried out shore-based hazards identification and evaluation, issued the *Company Hazard Identification and Risk Control List* and updated *Shipboard Hazard Identification and Risk Control List*, developed multiple risk evaluation templates to further refine the management of ship control items and carry out targeted control on categorized risks.

"Five Prevention"

The normalized "Five Prevention" mechanism on ships has been incorporated into the comprehensive management system documents of the Company and we keep optimizing the "Five Prevention" working procedure on ships and ensuring the effective implementation of prevention measures.

- Collisions/ Groundings Prevention**

We established a special research group for anti-collision/anti-collision with commercial fishing boats and formulated the *Special Research Program for Anti-collision*. Through in-depth investigation and analysis, 9 promotable, reproducible and referential research results have been obtained and transformed into the best management practices in daily work, providing more effective guarantees for navigation safety. In addition, we continue promoting the good navigation habit of avoiding collisions in open waters by keeping a minimum approach distance of no less than 1 nautical mile.
- Piracy Prevention**

We develop and follow relevant instructions and standards, such as the *Minimum Standards for Shipboard Anti-Piracy Appliances*, and the *Contingency Plan for Pirate Threat*;

We closely monitor the spillover risks of the Red Sea conflicts and the global piracy situation, conduct specific management for each ship, develop anti-piracy contingency plans, strictly implement preventive measures, promptly update the *Sea Areas Piracy Risk Assessment Form*, and adopt measures such as joining naval escort fleet, hiring PCASPs and using Digital Guardian services to ensure the safety of ships.
- Fire and Explosion Prevention**

We develop and follow relevant instructions and standards, such as the *Safety Instructions for Fire and Explosion Prevention* and *Instructions for Oxygen and Explosion and Toxicity Testing*, and equip relevant firefighting facilities.
- Environmental Pollution Prevention**

We develop and follow relevant instructions and standards, such as the *Instructions for Anti-pollution Equipment and Material Management*;

We carry out special inspections on cargo operations to effectively avoid oil spill accidents and incidents.
- Workplace Injuries Prevention**

We develop and follow relevant job specifications and occupational health and safety instructions and standards such as the *Instructions for Work Permit*;

Through education and training, we have enhanced the safety awareness among crew and improved their occupational safety quality and resilience to reduce or avoid unsafe behaviors;

We create a safe working environment and necessary living conditions, foster a good working atmosphere, and ensure that all crew maintain a good mental state.

Normalized Mechanism of "Five Prevention" on Ships

Safety Hazard Investigation

We have further promoted hidden hazards investigation system, established the *Instructions for Potential Risk Identification and Management*, the *Instructions for Supervision & Inspection Management*, the *Instructions for Ship Safety Inspection Management* and the *Instructions for Ship Visit by Ship*

Management Team, formulated safety supervision implementation plans and major accident hidden hazard determination standards and checklists, and consistently improved the Company's safety inspections, the supervisor inspections and ship self-inspection system to carry out accurate investigation

of potential safety hazards.

The Company carries out safety risk investigation and rectification work every year, identifying, tracking and solving safety hazards and rectifications based on actual situation of the ship.

Seasonal Safety Risk Prevention

The Company focuses on special potential safety hazards, promptly organizes special work meetings on seasonal safety precautions such as mitigating winter-related hazards, navigation in foggy conditions, averting typhoon-related dangers and managing the risk of flood, and identifies major safety risks based on seasonal characteristics, to ensure and prioritize the safety of ships, guide ships in advance to develop and implement targeted preventive measures against safety risk events, and make full preparations for emergencies.

Ship Maintenance

The Company has formulated and strictly implemented standards such as the *Ship and Equipment Maintenance Procedure*, the *Instructions for Spare Parts, Materials and Lubricants Management*, the *Instructions for Ship Maintenance*, and the *Instructions for Ship Repair and Survey* to ensure the safety of ships and equipment.

Security Monitoring

The Company enhances supervision and monitoring of ship navigation, the implementation of anti-theft measures, and responses to severe weather. We conduct periodic random inspections of ship monitoring videos and advise ships to promptly address safety issues to ensure the safe operation.

Case

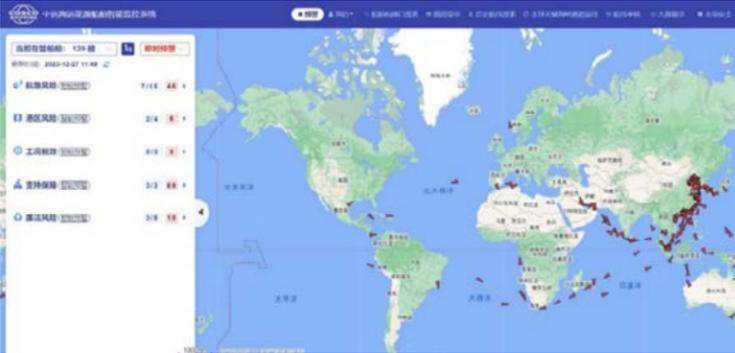
Intelligent Ship Management Platform—Safety Risk Identification, Intelligent Early-warning, and Risk Identification

COSCO SHIPPING Energy has been consistently improving digital navigation safety programs, enhancing safety management capabilities and efficiency, and ensuring navigation safety by digital means. We have created a ship-shore integrated ship management platform and transformed technological innovation achievements such as behavior identification and ship situational awareness to solve the difficulties in ship safety management, strengthen ship-shore cooperation and supervision, and achieve intelligent business processes, risk early-warning and prevention, and mobile safety management, empowering a sound ship safety management.

The Company strengthens the application of the Internet of Things,

Artificial Intelligence, and big data technology in ship navigation safety, gives full play to ship-end edge computing, builds a big data intelligent model, calculates route risks, key area risks, working condition risks, and integrity risks in combination with voyage plans,

ship positions, meteorological and sea conditions, port conditions, working conditions and other data, carries out early warnings, and assist crew and the shore supervisor in promptly identifying safety hazards and safe operation.



The Intelligent Ship Monitoring System

By the end of the Reporting Period, we had installed AI safety systems on 1 ship, collision avoidance warning and monitoring systems on 16 ships, and bridge behavior identification systems on 33 ships, providing intelligent assistance for navigation safety.

AI safety systems on ship	Collision avoidance warning and monitoring systems on ships	Bridge behavior identification systems on ships
1	16	33

Emergency Management

COSCO SHIPPING Energy has developed the *Comprehensive Emergency Plan* and established a sound emergency management organizational structure. The Company's on-board emergency management organization is composed of an Emergency Management Leading Group and an Emergency Management Command Group. The emergency management leading group is headed by the Company's general manager, with the vice general manager in charge of Safety Supervision Department and the vice general manager in charge of Ship Management Department serving as deputy heads. The emergency management leading group is responsible for unified leadership on the Company's emergency management work, researching and deciding on major issues in emergency management and response measures. The emergency command group is headed by the general manager and is responsible for specific command for the Company's ship-shore emergency accidents.

Emergency Plan

COSCO SHIPPING Energy has developed emergency response manuals such as the *Contingency Plan for Ship Special Emergency Situation* and the *Contingency Plan for Oil Spill and Environmental Pollution*, and prepared new emergency response plans for large-volume water inflow in the engine room and pump room, kitchen fires, communication and navigation equipment failures during the Reporting Period, providing specifications and guidelines for incident response processes and remedies.

Emergency Training

To ensure and enhance the crew's professional ability to respond to emergencies, we have established an annual emergency training program that mandates drills for various emergency scenarios. Additionally, we have organized training sessions covering emergency plans, emergency procedures, self and mutual medical assistance, and evacuation skills for all crew to enhance their emergency response capabilities.

Emergency Drills

COSCO SHIPPING Energy conducts drills for emergency situations on a regular basis. According to the type of ships, fleet size, and navigation area, we organize at least one ship-shore joint emergency drill every quarter, covering all emergencies within two years. The drills are carried out in strict accordance with relevant regulations such as *Emergency Report and Response* and *Ship Emergency Response, Training and Drills*. In addition, the Company will conduct post-evaluation, to analyze problems, and propose amendments to the emergency plan for constant improvement and optimization. In 2023, COSCO SHIPPING Energy organized and participated in 12 emergency drills.

Case

MT ZUN YI TAN Participated in 2023 National Maritime Oil Spill Emergency Drill

On September 6, 2023, the "2023 National Maritime Oil Spill Emergency Drill" jointly organized by the Ministry of Transport and the Tianjin Municipal People's Government was successfully held in Tianjin, with the theme of "building a government-enterprise joint maritime oil spill emergency response platform to ensure the safety of the marine ecological environment". COSCO SHIPPING Energy's MT ZUN YI TAN participated in the drill in which the crew presented their excellent professional skills and good mental outlook, fully reflecting the Company's emergency response ability.



2023 National Maritime Oil Spill Emergency Drill

Occupational Health and Safety

COSCO SHIPPING Energy attaches great importance on "People-oriented" philosophy. We have strictly implemented Maritime Labor Convention as well as applicable international and domestic mandatory rules and regulations with respect to occupational health and safety, and have formulated such systems as the *Occupational Health and Safety, Environment and Energy Management Manual* and the *General Principles for Crew Management and Occupational Health*, to ensure safety of crew, prevent maritime accidents caused by human factors, and ensure the safety of crew' work and living conditions on-board.

We developed the *Crew Occupational Health and Labor Protection Checklist* and improved the occupational health and safety conditions for our crew. We also conducted meticulous inspections of crew occupational health and labor protection, established procedures for

reporting, investigating, analyzing, and handling accidents and hazardous situations, and made every effort to safeguard the physical and mental health and safety of our crew. In addition to regular health checks, we adopt necessary safety measures by providing all crew with necessary protective equipment, such as work suits, work shoes, safety helmets, goggles and earmuffs, and posting safety warning signs in potentially hazardous areas.

To provide prompt response when the staff health is threatened, we have developed the *Instructions for Onboard Drug and Alcohol Control* and *Instructions for Crew Injuries and Illness Management*, which standardize the on-board and onshore medical management process. Furthermore, we have cooperated with hospitals to provide remote medical services for crew, to timely ensuring their health when needed.



Safety Culture Building

COSCO SHIPPING Energy strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Maritime Traffic Safety Law of the People's Republic of China*. To further foster corporate safety culture and raise the safety awareness among safety management personnel and crew, we carry out diversified safety training sessions and propagation, arrange shore-based staff and crew to learn cases regarding navigation safety and cargo operation safety before starting to work, and they are allowed to work only after passing examination.

We invited experts from the CCS to conduct work safety standardization self-evaluator training for relevant staff, and organized examinations. A total of 91 employees participated, passed the examinations and obtained work safety standardization self-evaluator certificates.

We invited experts from Lloyd's Register to conduct risk management and accident investigation training for 21 safety management staff of the Company, with certificates issued.

We organized such training programs as senior officer seminars, pre-deployment training courses, induction training courses, and special training courses, covering system familiarization, safety inspection preparations and responses.

Safety Training of COSCO SHIPPING Energy in 2023

During the Reporting Period, COSCO SHIPPING Energy carried out annual labor competition covering system knowledge, occupational skills, safety management, and other aspects, with crew of more than 120 ships participated.

with crew of more than ships participated

120





04 | Value Chain

COSCO SHIPPING Energy is devoted to value creation, building a sustainable supply chain and promoting industry communications and value co-creation. We endeavor to meet up customer needs and expectations and introduce digital technology to consistently improve our customer services.

Sustainable Supply Chains

We have developed and strictly complied with the relevant systems for supplier management and procurement management and empowered supplier capacity building and quality assurance, aiming to jointly promote the deep integration between sustainable development and supply chain quality.

Supplier Management

The Company attaches great importance to the establishment of sustainable supply chains and has formulated such systems as the *Supplier Management Measures*, the *Procurement Management Measures*, the *Management Regulations for Tendered Procurement through Bidding*, and the *Management Regulations for Non-Tendered Procurement*, to reduce supply chain-related risks. Through supplier supervision and rectifications, the Company ensures that the safety and environmental performance of the materials purchased conform to international conventions and relevant regulatory requirements, to further promote the continuous and standardized procurement in key areas and effectively improve supplier management and procurement compliance.

Supplier Access Requirements

In terms of supplier access, COSCO SHIPPING Energy conducts multi-dimensional evaluation of supplier risks, carries out anti-commercial bribery due diligence on potential suppliers. We require all potential suppliers to sign the *Notice of Environmental, Occupational Health, and Safety Management* and the *Supplier Anti-commercial Bribery Commitment* and to provide the third-party qualification certificates with respect to quality, safety and environmental protection before entering supplier pool. Furthermore, we supervise suppliers to comply with our ESG requirements.



Strengthen Environment Management

The supplier's raw materials, production equipment and processes, waste, packaging materials, product storage and transportation should conform to the environmental protection requirements of COSCO SHIPPING Energy, with a purpose to reduce environmental risks

Fulfill Social Responsibility

The suppliers shall put in place relevant policies with respect to such aspects as forbidding forced labor and child labor, protection of employees' human right, working conditions, employee remuneration, occupational health and safety, discrimination or harassment, labor union and freedom of collective bargaining, and ensure the implementation thereof

[COSCO SHIPPING Energy's ESG Requirements on Suppliers](#)

Supplier Rating

COSCO SHIPPING Energy conducts annual rating for all suppliers in the pool, considering product/service quality, after-sales service, integrity management, as well as environmental, safety, commercial bribery, ethical risk and compliance risk. For some important suppliers, we will conduct on-site audits to keep abreast of their operation and management conditions. In 2023, 96% of suppliers were rated "A-level", and there were no "D-level" suppliers.

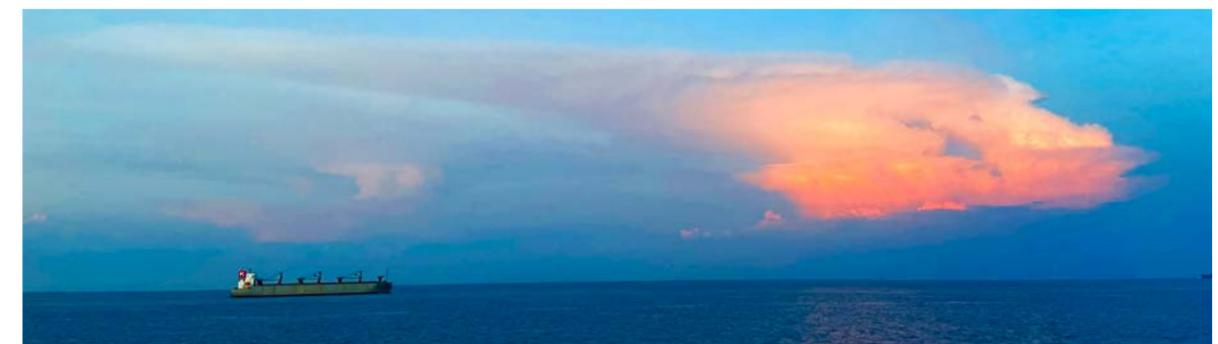
Rating	Management Measures
A-level	To be prioritized in procurement
B-level	Suitable for conventional business cooperation
C-level	Subject to key inspections of relevant links to promote rectifications, and generally suspend procurement transactions during the rectification period
D-level	To be eliminated from the supplier pool and banned from cooperation

Supplier Empowerment

To further enhance resilience in the industrial chain, COSCO SHIPPING Energy conducts supplier training programs and rectifications to help suppliers strengthen capacity building for win-win results. If the products or services delivered failed to conform to standards, we will immediately request them for rectification, clarify the problems and rectification plans through communication, and provide necessary support and guidance, to further supervise and help the suppliers for improvement, thereby reducing possible risks in the supply chain.

Case **Supplier Capacity Building in Singapore**

On July 6, 2023, we conducted safety audits on local suppliers in Singapore and shared the relevant Maritime Bureau regulations and recommendations on ship quality and safety. We helped the suppliers improve systems in ship maintenance, repair, and emergency repair, further strengthened their safety management system to enhance products quality and service capabilities.



Customer Service

COSCO SHIPPING Energy upholds the customer-oriented philosophy and establishes an efficient customer service management model according to local conditions while constantly improving its own operational capabilities, to promptly address reasonable customers' needs in a normalized manner.

Customer Satisfaction

COSCO SHIPPING Energy is committed to providing high-quality services to customers according to their needs. The Company places high emphasis on customer satisfaction and experience, and effectively responds to customer needs through the improvement of digital application systems, sparing no effort to meet customer's expectation.

COSCO SHIPPING Energy understands customer needs and sends questionnaires through emails and customer service APP to customers with business transactions this year. The questionnaires examine customer satisfaction from three dimensions of shipping service evaluation, shore-based service evaluation, and digital services, which comprehensively and deeply explore customer needs and improvement recommendations. In 2023, the Company's customer satisfaction reached 100%.

Digital Application

During the Reporting Period, several new functional modules were launched into the customer service APP, which further improved the overall service quality.



Query Functions of COSCO SHIPPING's Digital APP

Customer Complaints

We have formulated the *Regulations on the Quality Management of Transportation Services* to specify the accountability determination and handling procedures for complaint and disputes. In case of major complaint, the Company establishes an investigation task force immediately to carry out cause analysis and accountability determination, after which a complete report and a rectification plan will be compiled. During the Reporting Period, COSCO SHIPPING Energy received 6 customer complaints and handled them promptly and effectively, with 100% resolution rate.

Industry Exchange

Openness drives development and cooperation leads to a win-win future. COSCO SHIPPING Energy comprehensively promotes communications with the industry, associations, and enterprises, offering new opportunities for open cooperation, building consensus, enhancing confidence, and gathering joint forces. During the Reporting Period, COSCO SHIPPING Energy proactively cooperated and exchanged ideas with industry peers and suppliers in areas such as technological breakthroughs and low-carbon strategies:

Participated in "Optimization of Marine Logistics Solution for Imported Crude Oil" Special Session

COSCO SHIPPING Energy participated in the "Optimization of Maritime Logistics Solution for Imported Crude Oil" special session, proposed corresponding practical solutions, and provided staff support for the technical difficulties in ship berthing and stable berthing during the operations of cooperative enterprises.

Participated in Technical Training

COSCO SHIPPING Energy has assigned experienced captains to provide technical support at the operating ports of important domestic customers and carried out targeted technical training.

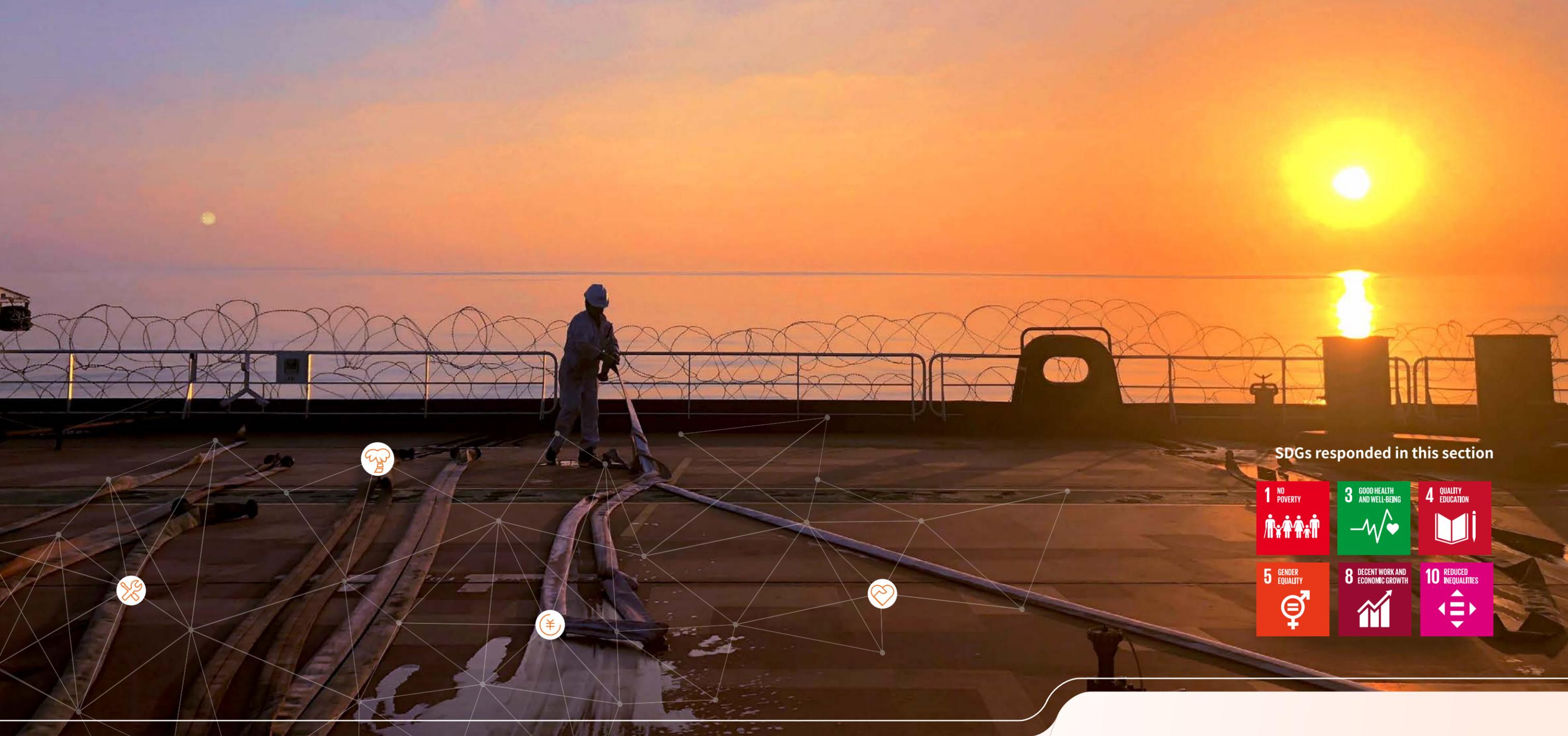
COSCO SHIPPING Energy resolutely implements green development strategy, explores ship decarbonization pathways, and actively engages in exchange with maritime organizations, classification societies and industry peers.

Case COSCO SHIPPING Energy Signed the Letter of Intent on Strategic Cooperation on Decarbonization Pathways by 2040 with Lloyd's Register

During Singapore Gastech, COSCO SHIPPING Energy and Lloyd's Register signed *Letter of Intent on Strategy Partner Agreement on Decarbonization Path to Carbon Neutrality by 2040*. Both parties will jointly explore the decarbonization pathways of LNG transportation, environmental protection performance plans, and energy transition practices in the future.

For government-university-enterprise cooperation, COSCO SHIPPING Energy, together with Liaoning Maritime Safety Administration, Dalian Maritime University and COSCO SHIPPING Seafarer Management Co., Ltd., jointly explored the training mode and implementation path for top LNG marine talents, established an "LNG Carrier Crew Cultivation Program" and developed the first batch of teachers and textbooks, further facilitating the cultivation and capacity building of high-quality LNG crew.





SDGs responded in this section

1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION
5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES

05

Employees and Human Capital

Talent is the key driving force for the long-term operation and sustainable development of the Company. COSCO SHIPPING Energy is committed to building a platform for talent growth and development, creating a healthy and safe working environment, and achieving a win-win future with employees.

Employment Compliance

COSCO SHIPPING Energy strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* as well as applicable laws and regulations of locations where it operates, and has developed the *Headquarters Employee Management Measures* and the *Administrative Regulations on the Recruitment of Shore-based Staff* to define the standards and working procedures in employee recruitment, signing and termination of labor contracts, and ensure that the recruitment is carried out in line with the principles of "openness, equality, competition and optimal selection" and "appointment based on integrity and ability".

For crew recruitment, we have developed the *Instructions on Recruitment, Placement and Working Conditions for On-board Crew*, which clarifies the conditions and standards for recruiting, placing and working of on-board crew. In addition, we conduct annual reviews on seafarer management companies or their branches to ensure that their crew recruitment complies with relevant conventions and legal policies.

Furthermore, COSCO SHIPPING Energy strictly abides by relevant provisions related to employment age, working hours, vacation stipulated in the *Labor Law of the People's Republic of China*, the *Declaration of Fundamental Principles and Rights at Works* of International Labor Organization (ILO) and the 10 Principles of the UN Global Compact, and pledges to forbid human trafficking, child labor and forced labor. To prevent child labor and forced labor, we keep optimizing human resources management systems and carry out identification verification in advance during employee recruitment to ensure the candidates above the legal working age.



Employee Development

COSCO SHIPPING Energy has always adhered to talent-oriented philosophy, profoundly implemented the strategy of strengthen enterprise with talent, provided employees with a broader development platform, and helped employees fulfill personal values in their work.

Pay and Performance Management

COSCO SHIPPING Energy promotes remuneration system reform actively, collects feedback from various parties, and optimizes the assessment and incentive mechanisms. In 2023, we implemented pilot reforms on assessment and remuneration incentives in our subsidiaries, and developed remuneration optimization program for company executives, to further improve the Company's remuneration management mechanism and help enhance management efficiency through positive incentives.

In line with the *Management Measures for Tenure System and Contractual Remuneration of the Management (revised)*, the salary package for senior executives and above includes basic salary and year-end performance bonus, which comprehensively assessed their performance and work achievements during the year. In addition, the Company has further standardized the salary recovery and deduction mechanism, and stipulated that, if the Company's senior executives make major decision-making mistakes, major violations of discipline and laws, major work safety accidents, which cause significant impact and losses, the Board of Directors will deduct or recover their annual performance bonus and tenure incentives as appropriate.

For performance assessment, we create a science-based objective and transparent comprehensive performance assessment mechanism, conduct performance assessment quarterly, and issue annual assessment results at the end of the year.

Goal Management

We develop work plans for annual comprehensive employee evaluation, clarify the assessment objects and methods, content and goals, and conduct assessment based on the completion of the goals

Multi-dimensional Performance Evaluation (360-degree Feedback)

We comprehensively study and determine employee salaries based on multiple factors such as multi-dimensional evaluation, business performance, daily performance, outstanding contributions, rewards and punishments.

Team Performance-based Evaluation

We intensify autonomous distribution by department, add assessment and reward packages subject to autonomous distribution by department, conduct comprehensive evaluations based on team and individual performance, and provide more favorable conditions for core talents with special contributions

Agile Dialogue

We establish a feedback and confirmation mechanism between managers and employees, which helps to conduct periodic reviews of individual and team performance goals and maintain communication between employees and their immediate supervisors, to ensure the ultimate achievement of individual and organizational goals

Employee Performance Evaluation Types of COSCO SHIPPING Energy

In 2023, COSCO SHIPPING Energy released the *2023 Stock Option Incentive Plan (Draft)*, to further increase the proportion of equity incentives for core and key staff. The plan will closely integrate the remuneration of senior management and core/key staff with shareholder benefits, establish a mechanism of benefit sharing and risk sharing between shareholders, senior executives and core/key staff, thus facilitating the Company to achieve high-quality sustainable development.

Employee Training

COSCO SHIPPING Energy attaches great importance to the improvement of employees' occupational quality and professional competence, and is committed to building a highly-efficient talent team with excellent quality. We have formulated relevant systems such as the *Administrative Measures for Staff Training* and the *Implementation Plan for Education and Training System* to ensure that training sessions cover all employees at the headquarter, develop scientific employee training programs, clarify training objectives and themes, and implement categorized and prioritized training for employees of different levels, such as senior executives and staff members.

Induction Training

During the Reporting Period, the Company conducted induction training for 32 new employees and group management trainees, to promote corporate culture, clarify employee behaviors and integrity standards, introduce business areas such as shipping operations, safety management, and risk control, and improve practical skills such as writing and OA office software operation.

Comprehensive Training for Middle Management and Above

We carry out "Outstanding Leaders" enterprise annual visit activities, to learn management experience from well-known enterprises in such areas as digitalization and internationalization, promote intermediate managers to constantly develop leadership-oriented digitalization and global mindsets, and lay a solid foundation for a first-class talent team to lead the Company's high-quality development.

On-board Practice of Key Personnel

In 2023, we comprehensively promoted the implementation of the *Practice Program for Key Personnel of Operation Department of the Headquarters in 2023* and the *On-board Work Plan for the Training of Ship-Shore Compound Cadres*, organized senior executives and key personnel to participate in on-board practice, complete training, and obtain competency certificates prior to embarkation.

In terms of crew training, COSCO SHIPPING Energy encourages diversified development, implements specialized training programs for crew members, and cultivates versatile maritime management talents.

Crew Talent Training

We keep implementing five major projects under the Crew Empowerment Scheme, namely occupational development, performance improvement, competency improvement, on-board management, and family care.

Special Training for High Potential Staff (Captain, Political Commissar and Chief)

We have invited 34 outstanding captains, political commissars and chief engineers to participate in advanced training integrating online self-study courses and off-line intensive classes to comprehensively improve their comprehensive management capabilities.

Special Training for English Proficiency Improvement among Crew

The Company organized a three-month "Special Training Course for English Proficiency Improvement among Senior Crew", involving 50 crew (above chief officer and the first engineer). Through two rounds of online and offline selection and intensive training, the professional English proficiency was consolidated and the crew's intercultural communication competences in addressing international maritime incidents were enhanced, which effectively improved the internationalized cognitive level of the crew.



During the Reporting Period

the Company invested in employee training

RMB 4.9416 million

Employee Promotion

COSCO SHIPPING Energy has formulated the *Management Measures for Party Committee Cadres*, the *Headquarters Employee Management Measures*, the *Headquarters Manager Recruitment Plan* and other systems to provide well-defined process of employee promotion, and consistently improves systematic promotion of cadres with consideration to actual situations. During the Reporting Period, the Company continued to implement the long-term talent team construction, sorted out the current condition of cadres at all levels, drafted the *Strategic Development Talent Analysis Report* and the "Successor Plan". We reviewed key positions to accurately set the successor training proportion, selection criteria and targeted management measures for each level and section, to further clarify relevant working principles and applicable objects, and build a comprehensive, orderly and progressive promotion and training system.

Employee Rights

COSCO SHIPPING Energy establishes the Labor Union Committee ("the Labor Union") in accordance with rules and regulations, in charge of the democratic management of the corporate, the protection of employee rights and interests, as well as the establishment and implementation of fair negotiation and the collective contract mechanism. The Labor Union shall sign the Collective Contract with the Company every three years and effectively safeguard the legitimate rights of employee by such means as collective negotiation. During the Reporting Period, the collective contract signing rate reached 100%, covering all employees of the headquarters and subsidiaries.

For the protection of crew' benefits, COSCO SHIPPING Energy signs the *Crew Service Agreement* with seafarer management companies every year to safeguard the legitimate rights and interests of the crew. In addition, we closely care about the rest, shift and vacation of the crew, ensure that all of them enjoy equal health and safety standard as regular employees of COSCO SHIPPING Energy, and conduct annual audits and supervisions on crew management through internal and external (classification society, maritime bureau, etc.) supervision.

Case Campus Campaign on Crew Rights Proposals

During the Reporting Period, as the first Deputy to the National People's Congress among active captains, Captain Ni Di of COSCO SHIPPING Energy drafted and submitted three proposals, including a proposal for the protection of the legitimate rights and interests of seafarers. Captain Ni Di conducted a series of activities, including visiting major maritime colleges and universities to share his insights accumulated in his navigation career, to enable more people to understand and support the proposals.



Captain Ni Di at Dalian Maritime University for Proposal Presentation

Diversity and Equality

COSCO SHIPPING Energy attaches great importance on diversity and equality, safeguards the labor rights and interests of female employees, disabled employees, ethnic minority employees and employees from different countries, eliminates workplace discrimination and harassment, and assures that the employees are treated fairly regardless of age, gender, physical condition, ethnicity, nationality and religion through such systems as the *Code of Conduct*⁴ and the *Headquarters Employee Management Measures*.

No Discrimination in Recruitment

- COSCO SHIPPING Energy advocates no gender restriction (except for the labor scope for female workers prohibited by national laws) or gender preference in drafting recruitment plans, publishing recruitment information, and recruiting employees. The Company does not restrict women's job applications and employment on the grounds of gender, does not require pregnancy tests as part of the orientation health check, and does not use childbirth limiting as a condition for employment; on the contrary, equal employment standards are put in place.

Promote Equality at Work

- COSCO SHIPPING Energy has enhanced the maternity insurance systems, implemented special labor protections for female employees during pregnancy, childbirth, and lactation, helped female employees return to work after childbirth to adapt to work demands, and set up breastfeeding rooms to offer convenience for working mothers.
- COSCO SHIPPING Energy strictly implements equal pay and opportunity system without gender pay gap for the same job title and rank, and clearly specifies equal competitive employment mechanism in the *Regulations on the Competitive Selection of Managers (Trial)*. During the Reporting Period, female employees promoted to supervisors and departmental managers accounted for 39% of the total.

Diversity and Gender Equality Training

- COSCO SHIPPING Energy diligently implements the basic state policy of gender equality and raise the gender equality awareness among all employees.
- COSCO SHIPPING Energy organizes training sessions on the Code of Conduct for all employees, which completely eradicates discrimination and harassment in any form, and requires all staff members to refrain from any activities or behaviors that may be considered (or threaten to be considered) as harassment.

Furthermore, to uphold the fullest legal rights and unique interests of female employees, COSCO SHIPPING Energy signs the *Collective Contract on Protection of Rights and Interests for Female Employees* with Trade Union representatives every three years to carry out collective negotiation on rights and interests of female employees, such as equal pay and opportunities, and the protection of pregnant and lactating employees.

Employee Benefits

COSCO SHIPPING Energy attaches great importance to employee welfare and provides cares and benefits to employees according to the statutory requirements of the country and the region, fully meeting employees' needs.



To effectively help employees solve difficulties in their work and life, COSCO SHIPPING Energy has launched special initiatives to provide employees with convenient services in talent tax refunding, public rental housing applications, and government special allowances. Furthermore, we assist relevant employees to complete talent introduction and settlement, local residence registration and enrollment information submission for children of employees from other provinces and cities.

⁴ Please refer to https://energy.coscoshipping.com/col26917/art/2023/art_26917_323231.html for more details about the *Code of Conduct*.

Employee Communication

COSCO SHIPPING Energy has established comprehensive communication channels among employees. In addition to email, mailbox, and telephone hotline in various departments of the Company, we also conduct extensive understanding on employee needs through offline meetings and online communication. Furthermore, we have established a network group communication mechanism to maintain regular contact with various overseas branches and respond to the inquiries of overseas employees timely.

We also attach equal importance on communication among all crew, follow the action plan of Caring for the Crew and Protecting the Safety of Ships, and have established corresponding systems in terms of protecting the physical and mental health, career development, communication and contact, and care on important festivals for the crew. We have also operated COSCO SHIPPING Energy Crew Service Hotline to provide 24/7 consulting service platform for the crew, so that they can keep abreast of their inquiries at any time.

The Company makes continuous efforts in employee condolences activities, sending warmth and care to needy employees, retired employees, and crew during holidays to fully meet the concerns of employees.

Case Visits of Crew during Holidays and Festivals

During the May Day, National Day and other holidays, we visited crew, including those on shore leave, those on board and those in difficulty. During the Reporting Period, the Company has visited crew of more than 100 ships, showing genuine concerns for the crew's physical and mental health as well as work conditions.

Case Visits of Retired Employees

To promptly understand the difficulties suffered by retired employees, we sent care and warmth to them through visits during holidays and telephone consolations. During the Reporting Period, we conducted a total of 80 visits to retired employees, with 100% consolation rate.

Employee Activities

To further enrich the cultural life of employees, help them relax and enhance team cohesion, we have carried out an array of team building activities for employees.

During the Lantern Festival in 2023, the Company invited all employees to make lanterns, prepare Yuanxiao (glutinous rice ball), and guess riddles, to jointly inherit Chinese culture, review folk art and enjoy a different festival atmosphere. In addition, the Company organized spring outings and team building activities, we organized visits to Jinxi Ancient Town and the Chinese Ancient Brick and Tile Museum together to enjoy natural scenery and enhance emotional communication among employees.

Furthermore, to enhance the lives and health conditions of employees, the Company organized activities such as badminton, table tennis, yoga, swimming, basketball and walking activities.



SDGs responded in this section



06 | Community

The growth of COSCO SHIPPING Energy cannot be achieved without social recognition and support. We diligently honor our social responsibility while guaranteeing the transportation safety and realizing the value growth of the industry chain, responding to social expectation with sincerity.

Community Engagement

COSCO SHIPPING Energy actively engages in community construction and has formulated the *Management System for External Donations* to standardize corporate strategies and working procedures for community engagement and public welfare undertakings. The manual also stipulates that the actual beneficiaries of external donations and assistance are social organizations and non-profit-making institutions with public interests, vulnerable groups or individuals in society as well as other guiding information.

In alignment with business areas of the Company and the current social situation, our community engagement strategies mainly focus on rural revitalization, sea rescue, public welfare and charity.



Rural Revitalization

In response to SDGs including "good health and well-being", "quality education", "clean water and sanitation", "decent work and economic growth", and "reduced inequalities", we vigorously participate in rural revitalization by providing continuous assistance and construction to places such as Yongde County of Yunnan Province, as well as deeply understanding and participating in the promotion campaigns of products receiving assistance.



Sea Rescue

Upholding the fine occupational ethics of crew and the noble spirit of humanitarianism of putting life first and dedicating ourselves, we actively cooperate with maritime rescue authorities in providing emergency rescue to secure safe seaborne traffic.



Public Welfare and Charity

We continue to carry out donations and assistance in various fields such as helping people with disabilities, education input, disaster relief, etc., and actively provide donations and assistance to medical and health care, cultural and sports cause, environmental protection, energy conservation and emission reduction, and vigorously support the construction of social and public facilities, and donations for public welfare and relief.

In addition, we are committed to fully respecting, understanding and protecting local residents in the communities, as well as their customs and cultural backgrounds in the course of our business operations. We investigate, identify and understand local residents and cultural backgrounds in advance, and put in place corresponding report channels and assessment with the purpose to ensure that local residents and community cultures are not affected by the Company's operational activities through adequate communication and negotiation.

Community Welfare

During the Reporting Period

our total investment in social welfare amounted to

RMB 10,099,350

COSCO SHIPPING Energy is committed to circulating the concept of volunteerism with full participation by encouraging employees to deeply participate in social welfare endeavors. During the Reporting Period, our total investment in social welfare amounted to RMB 10,099,350.

Case "Protecting Little Waves and Lighting up Small Wishes" Educational Donation Program

In March 2023, COSCO SHIPPING Energy launched the "Protecting Little Waves and Lighting up Small Wishes" activity, inviting a total of 101 students to light up their wishes at the cattle ranch in Banca Township, Yongde County, Yunnan Province, and then distributing various kinds of supplies and daily necessities to the children who had lighted up their wishes.

The activity was positively responded and strongly supported by the Company's employees, with a total donation of RMB 35,350.

Case Charitable Support for Children in Yongde County

In June 2023, COSCO SHIPPING ENERGY launched a painting activity themed with "I am a little painter for a green and beautiful world" on Children's Day, with an investment of RMB 6,000. The event was designated to help the local government of Yongde County to invite children to create artworks at the Yongde Youth Home. It not only brought fun for the children during the festival, but also demonstrated COSCO Shipping Energy's corporate mission of "Connecting to the world and delivering energy".



"I am a Little Painter for a Green and Beautiful World" Painting Activity

Case The 2nd "Central Enterprise's Support for Farmers through Consumption Week" Activity

During the Reporting Period, COSCO SHIPPING ENERGY actively responded to the COSCO SHIPPING Group's call of the group's consumption assistance initiative and promoted the 2nd "Central Enterprise's Support for Farmers through Consumption Week" Activity. The Company actively displayed support products and promotional materials to expand the scope of influence of this activity. The Company purchased a total of RMB 480,000 of products, which effectively enhanced the competitiveness of the special products in support-targeted areas and demonstrated the Company's social responsibility.

Appendix

ESG Performance Date

Waste gas, waste water, waste emissions				
Indicators	Unit	2023	2022	2021
	tonne	85,803.42	81,960.37	87,780.92
NOx emission	Note <ul style="list-style-type: none"> NOx emission = fuel oil consumption * emission factor (0.0759) + diesel consumption * emission factor (0.0567) Source of factor: <i>Fourth IMO Greenhouse Gas Study</i> <i>IMO 2014 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships</i> The NOx emission factor for 2021 comes from standards developed by COSCO SHIPPING Group, standing at 0.087 			
Unit turnover emission of NOx	kg/1,000 tonne-miles	0.16	0.15	0.17
	tonne	10,587.78	10,091.87	9,585.27
SOx emission	Note <ul style="list-style-type: none"> Calculation of the SOx emission factor for 2022 and 2023 comes from <i>Statistical Statement on Energy Conservation and Ecological Environmental Protection of Central Enterprises</i> Calculation formula: $E_{SOx} = \text{fuel consumption} * 19 * \text{Sulphur content} * 10^{-3}$ Sulfur content of fuel oil is 0.5% and diesel fuel is 0.1% 			
Unit turnover emission of SOx	kg/1,000tonne-miles	0.02	0.02	0.02
Slop water discharged	tonne	108,242.88	86,777.35	75,666.06
	tonne	11,536.24	10,197.87	10,290.50
Hazardous waste emission (Oil content of slop water)	Note <ul style="list-style-type: none"> The increase of slop water discharged and hazardous waste emission in 2023 was mainly due to the increase in the number of drydocking during the Reporting Period 			
	g/1,000tonne-miles	21.75	19.00	20.27
Unit turnover emission of hazardous waste (Oil content of slop water)	Note <ul style="list-style-type: none"> Hazardous waste is the oil content of slop water, and the data for previous years have been tracked and adjusted 			

Waste gas, waste water, waste emissions				
Non-hazardous waste emission	tonne	645.24	927.10	607.40
Unit turnover emission of non-hazardous waste emission	g/1,000tonne-miles	1.22	1.73	1.20
Total amount of waste recycled/ re-used	tonne	102.03	150.58	/
	tonne	2,701.55	2,407.54	/
Total waste disposal	Note <ul style="list-style-type: none"> Including unrecycled waste incineration and third-party treatment, solid waste for shoreline treatment, and food waste discharged into the sea in compliance with the convention 			
Waste incinerated without energy recovery	tonne	398.02	/	/
Waste disposed of in other ways	tonne	2,303.54	/	/

GHG emissions				
Indicators	Unit	2023	2022	2021
GHG emissions	tonne of CO ₂ equivalent	3,547,208.23	3,391,976.76	3,690,721.49
	tonne of CO ₂ equivalent	3,545,989.84	3,390,837.32	3,688,903.52
Scope 1 (ship)	Note <ul style="list-style-type: none"> Ship Scope 1 carbon emission = volume of fuel (fuel oil) * conversion coefficient (3.114) + volume of diesel (gasoil) * conversion coefficient (3.206) + volume of LNG * conversion coefficient (2.750) + volume of methanol * conversion coefficient (1.375) Source of factor: <i>Fourth IMO Greenhouse Gas Study</i> 			
	tonne of CO ₂ equivalent	87.02	51.84	/
Scope 1 (corporate vehicles)	Note <ul style="list-style-type: none"> Corporate Vehicle Scope 1 carbon emission = gasoline consumption * low heating value (44.800) * carbon content per unit calorific value (18.90) * fuel carbon oxidation rate (98%) * 44/12/1000 Source of factor: <i>Guidelines for Calculation and Report of Greenhouse Gas Emissions from Industrial and Other Sectors (Trial)</i> 			

GHG emissions				
	tonne of CO ₂ equivalent	1,131.37	1,087.60	1,059.42
Scope 2 (onshore office purchased power)	<p>Note</p> <ul style="list-style-type: none"> The GHG emissions are calculated in accordance with 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, ISO14064-1 as well as the latest national average carbon emission factor—0.5703 tCO₂/MWh as published by the Ministry of Ecology and Environment soliciting comments and recommendations for the Guidelines for Calculation and Report of Greenhouse Gas Emissions from Enterprises—Power Generation Facilities (Trial) 			
Unit turnover CO ₂ emissions of ship (Scope 1)	kg of CO ₂ equivalent/1,000tonne-miles	6.68	6.32	7.27

Energy and Resources Use				
Indicators	Unit	2023	2022	2021
	kWh in'000s	13,235,706.23	12,656,018.87	11,735,179.63
Total energy consumption	<p>Note</p> <ul style="list-style-type: none"> The total energy consumption in 2023 comprises fuel oil, diesel oil, the electricity purchased by the office and gasoline for corporate vehicles. No natural gas was consumed The total energy consumption in 2022 comprises fuel oil, diesel oil, the electricity purchased by the office and gasoline for corporate vehicles. No natural gas was consumed The total energy consumption in 2021 includes fuel oil, diesel oil, power purchased by the office and LNG. The consumption of gasoline for corporate vehicles was not considered <p>Energy consumption was calculated following the guidelines outlined in GB/T 2589-2020 General Rules for Calculation of Comprehensive Energy Consumption and Provincial Guidance on the Compilation of Greenhouse Gas Inventories (Trial)</p>			
Unit turnover of energy consumption	kWh in' 000s /1,000 tonne-miles	0.0250	0.0236	0.0231
	<p>Note</p> <ul style="list-style-type: none"> The unit turnover energy consumption calculation value presented in the 2021 Social Responsibility report was provided with a precision of two decimal places. In this report, we have revised this value to four decimal places to enhance accuracy 			
Gross fuel consumption	thousand tonne	1,137.9	1,088.0	1,009.0
Unit fuel consumption	kg/1,000 tonne-miles	2.14	2.03	1.99
Fuel oil	tonne	1,108,663.02	1,055,889.44	/

Energy and Resources Use				
	tonne	29,199.38	32,064.13	/
Diesel oil	<p>Note</p> <ul style="list-style-type: none"> Diesel oil expenses incurred by corporate vehicles exclusively pertain to the Shanghai Headquarters in 2021, which are not the scope of consolidated statements 			
Lubricating oil	tonne	10,168.03	9,896.00	9,262.41
Total power consumption (office)	kWh	1,983,819.68	1,907,064.80	1,823,445.25

Use of Water				
Indicators	Unit	2023	2022	2021
Total water consumption	m ³	579,640.00	528,170.00	505,032.50
Use of ship water	m ³	567,849.00	520,391.00	/
Use of office water use	m ³	11,791.00	7,779.00	/
	m ³ /1,000 tonne-miles	0.001070	0.000969	0.000995
Water intensity (ship)	<p>Note</p> <ul style="list-style-type: none"> The water intensity in 2021 was calculated based on total water use, whereas in 2022 and 2023, it was calculated based on the water used by ships Ship water use comes from fresh water generators for seawater desalination and supply vessels 			

Supplier Management				
Indicators	Unit	2023	2022	2021
Number of suppliers	/	618	591	581
Number of suppliers outside Mainland China	/	114	133	131
Number of Mainland China suppliers	/	504	458	450
Supplier vetting coverage (%)	%	100	100	100

Safety Management				
Indicators	Unit	2023	2022	2021
Work safety accidents incurring significant responsibilities	/	0	0	0
Work safety accidents incurring major responsibilities	/	0	0	0
Work safety accidents incurring moderate responsibilities	/	0	0	0
Small accidents	/	2	1	3
Work-related fatalities (including crew and onshore employees)	/	0	0	0
Work-related fatality rate	/	0	0	0
Lost days due to work injury	/	7	0	0
Lost time injury frequency rate of crew (supplier's employees) (per million man-hours)	/	0.03	0	/
Lost time injury frequency rate of onshore employees (employees of the Company) (per million man-hours)	/	1.90	0	/

Workforce Breakdown			
Indicators	Unit	2023	2022
Total number of employees	/	791	770
Number of new hires	/	60	49
<i>By employment type</i>			
Full-time employees	%	100	100
Part-time employees	%	0	0
Regular employees	%	92.41	95.45
Dispatched employees (excluding crew)	%	7.59	4.55
<i>By gender</i>			
Share of male employees	%	71.05	70.91
Share of female employees	%	28.95	29.09
Number of male new hires	person	42	34
Number of female new hires	person	18	15
<i>By age</i>			

Workforce Breakdown			
25 and below	%	2.53	2.73
26 to 35	%	18.08	18.83
36 to 45	%	30.59	30.00
46 to 55	%	38.18	37.66
56 and above	%	10.62	10.78
<i>By management position</i>			
Senior management	%	0.89	1.17
Intermediate management	%	8.47	11.30
Junior management	%	17.32	18.57
Staff	%	73.32	68.96
<i>By region</i>			
Mainland China	%	96.21	95.84
Hong Kong, Macao and Taiwan	%	2.65	2.73
Overseas	%	1.14	1.43
<i>Other indicators</i>			
Share of employees with disabilities	%	0.01	0.13
Employee union membership rate	%	100	100

Employee Training			
Indicators	Unit	2023	2022
Percentage of employees trained	%	100	100
Average training hours per employee	hour	199.24	133
<i>By gender</i>			
Percentage of male employee trainees	%	71.05	70.91
Percentage of female employee trainees	%	28.95	29.09
Average training hours per employee of male employees	hour	195.17	140
Average training hours per employee of female employees	hour	209.23	116
<i>By management position</i>			
Percentage of senior management trainees	%	0.89	1.17
Percentage of intermediate management trainees	%	8.47	11.30

Employee Training			
Percentage of junior management trainees	%	17.32	18.57
Percentage of staff trainees	%	73.32	68.96
Average training hours per employee of senior management	hour	550	252
Average training hours per employee of intermediate management	hour	299.28	167
Average training hours per employee of junior management	hour	212.96	161
Average training hours per employee of staff	hour	180.21	118

Employee Turnover			
Indicators	Unit	2023	2022
Total employee turnover	%	4.68	5.84
<i>By gender</i>			
Male employees	%	4.25	6.78
Female employees	%	5.00	3.57
<i>By age</i>			
25 and below	%	0	9.52
26 to 35	%	2.70	3.45
36 to 45	%	0.79	0.87
46 to 55	%	3.32	2.41
56 and above	%	3.08	34.94
<i>By region</i>			
Mainland China employees	%	4.04	5.83
Employees from Hong Kong, Macao and Taiwan	%	15.38	4.76
Overseas employees	%	10.00	9.09

Appendix

HKEX ESG Indices Guidance Environmental, Social and Governance Reporting Guide - Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer <i>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</i>	2.1 Environmental Governance 2.2 Green Shipping 2.3 Address Climate Change
	A1.1 The types of emissions and respective emissions data.	2.2 Green Shipping Appendix-ESG Performance Data
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3 Address Climate Change Appendix-ESG Performance Data
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix-ESG Performance Data
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix-ESG Performance Data
	A1.5 Description of emission target(s) set and steps taken to achieve them.	2.1 Environmental Governance
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.2 Green Shipping

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	2.2 Green Shipping
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.2 Green Shipping Appendix-ESG Performance Data
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix-ESG Performance Data
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	2.1 Environmental Governance
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.1 Environmental Governance
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	2. Environment
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2. Environment
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.3 Address Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.3 Address Climate Change

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Social		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Employment Compliance 5.2 Employee Development 5.3 Employee Rights
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix-ESG Performance Data
	B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix-ESG Performance Data
	Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		Appendix-ESG Performance Data
B2.2 Lost days due to work injury.		Appendix-ESG Performance Data
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.		3.3 Occupational Health and Safety 3.4 Safety Culture Building
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.4 Safety Culture Building 5.2 Employee Development
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix-ESG Performance Data
	B3.2 The average training hours completed per employee by gender and employee category.	Appendix-ESG Performance Data

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Aspect B4: Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Employment Compliance
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	5.1 Employment Compliance
	B4.2 Description of steps taken to eliminate such practices when discovered.	5.1 Employment Compliance
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	4.1 Sustainable Supply Chains
	B5.1 Number of suppliers by geographical region.	Appendix-ESG Performance Data
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.1 Sustainable Supply Chains
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.1 Sustainable Supply Chains
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.1 Sustainable Supply Chains
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.1 Sustainable Supply Chains
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
	B6.2 Number of products and service related complaints received and how they are dealt with.	4.1 Sustainable Supply Chains
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	N/A
	B6.4 Description of quality assurance process and recall procedures.	N/A
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.7 Privacy and Information Security

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.6 Business Ethics
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.6 Business Ethics
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.6 Business Ethics
	B7.3 Description of anti-corruption training provided to directors and staff.	1.6 Business Ethics
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Community
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Community
	B8.2 Resources contributed (e.g. money or time) to the focus area.	6.2 Community Welfare

Third Party Assurance



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 SUSTAINABILITY DEVELOPMENT REPORT OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD. SUBMITTED BY COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

NATURE OF THE ASSURANCE/VERIFICATION
 SGS-CSTC (hereinafter referred to as SGS) was commissioned by COSCO Shipping Energy Transportation Co., Ltd. (hereinafter referred to as COSCO SHIPPING Energy) to conduct an independent assurance of the 2023 Sustainability Report (hereinafter called "the Report").

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all COSCO SHIPPING Energy's stakeholders.

RESPONSIBILITIES
 The information in the Report and its presentation are the responsibility of the directors and the management of COSCO SHIPPING Energy.
 Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all COSCO SHIPPING Energy's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which includes:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
 - GRI 1: Foundation 2021, for report quality
 - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
 - GRI 3: Material Topics 2021, for the organization's process of determining material topics, its list of material topics and how to manage each topic.
- and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA verification regulations (Refer to GRI Principles and AA1000 Guides)

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included the evaluation of quality, accuracy and reliability of specified performance information as detailed below and the evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	The <Environmental, Social and Governance Reporting Guide> by HKEX
2	GRI (Reference)

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees onsite at COSCO SHIPPING Energy's headquarter located at No. 670 Dongdaming Road, Shanghai, China; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.
 The on-site verification was only at the COSCO SHIPPING Energy's head-office and did not involve other branches.
 This verification only conducted interviews with staff of COSCO SHIPPING Energy and access to relevant materials, did not involve external stakeholders.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 SGS is the world's leading inspection, verification, testing and certification company, SGS is recognized as the global benchmark for quality and integrity. SGS is a global leader in inspection, testing and verification, providing services including management systems and service certification; operating in many countries/areas quality, environmental, social and ethical audits and training; environmental, social and sustainability report assurance. SGS affirms that it is a completely independent organization from COSCO SHIPPING Energy, and that there is no bias or conflict of interest against COSCO SHIPPING Energy, its affiliates and stakeholders.
 The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CCAA registered ISO 9001, ISO 14001, ISO 45001, ISO 37001, ISO 37301 auditor and SGS-recognized CSR/ESG lead auditor.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
 On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate and reliable, which has provided a fair and balanced representation of corporate sustainability activities by COSCO SHIPPING Energy in 2023. There was no non-compliance with reporting standards in any material topics.

The CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
 In our opinion, the Report of COSCO SHIPPING Energy for 2023 is presented in accordance with the Introduction and Mandatory Disclosure Requirements of the < Environmental, Social and Governance Reporting Guide> of the < Rules Governing the Listing of Securities on the HKEX>.

REPORT PRINCIPLES

MATERIALITY
 The substantive research and the analysis of stakeholders' concerns had been disclosed in the Report, and through materiality analysis, the impact of the environment, society and governance concerned by relevant parties is reported on a key basis, which matches with the principle of materiality.

QUANTITATIVE

COSCO SHIPPING Energy had provided statistics and analysis on key quantitative performance indicators and outlined their impact and purpose in the Report. The Report compared data from some key performance projects over the past three years to assist stakeholders in evaluating their management performance better.

BALANCE

The Report basically matched with the principle of balance, the environment, social and governance subjects had been disclosed truthfully and impartially.

CONSISTENCY

A consistent methodology for disclosing relevant subjects had been used by COSCO SHIPPING Energy, including statistical methodologies, standards for key quantitative performance indicators, and appropriate notes and explanations provided in the Report, so that the stakeholders can make clear comparisons.

MANAGEMENT APPROACH

The Report had disclosed the management approach of the applicable subjects in the < Environmental, Social and Governance Reporting Guide >.

GENERAL DISCLOSURE

COSCO SHIPPING Energy 's disclosure of applicable subjects in the Report matches with the requirements of general disclosure of <Environmental, Social and Governance Reporting Guide>.

KEY PERFORMANCE INDICATOR DISCLOSURE

COSCO SHIPPING Energy had disclosed the key performance indicators about the economic, environmental, and social subjects which are applicable to the <Environmental, Social and Governance Reporting Guide>.

DISCOVERY AND RECOMMENDATIONS

Detailed reports of the good practices, findings and recommendations for continuous improvement were presented in the SGS internal management report, which has been communicated with COSCO SHIPPING Energy for their continuous improvement.

Signed:



For and on behalf of SGS-CSTC

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