



中遠海運國際(香港)有限公司

COSCO SHIPPING International (Hong Kong) Co., Ltd.

Staff Code of Conduct

September 2017



中遠海運國際(香港)有限公司

COSCO SHIPPING International (Hong Kong) Co., Ltd.

1. Introduction

COSCO International Holdings Limited (“the Company”) and its subsidiaries (collectively “the Group”) believes that honesty, integrity and fair play are important assets of the Group as well as the key factors in maintaining sustainable development of the Group. This Staff Code of Conduct (“the Code”) is hereby designed to safeguard the interests of the Group and its shareholders, forge good corporate image and harmonious corporate culture, and regulate the routine occupational behaviours of the Group staff in accordance with the Articles of Association of COSCO (Hong Kong) Group Limited and the applicable laws and regulations in Hong Kong and Mainland China.

2. Objective and Applicable Scope

The objective of defining this Code is to translate the philosophies and principles of the Group into a set of formal written rules and procedures. This Code sets out the standards of behaviour expected from the Group and the guidelines on how to handle different situations in business dealings. Contents of this Code are applicable to staff members of the Group both inside and outside Hong Kong.

“Subsidiary” hereunder shall have the meaning defined in The Listing Rules of the Stock Exchange of Hong Kong Limited.

3. Integrity and Fairness

- 3.1. The Group is committed to maintaining a high degree of integrity among its staffs and to applying a high degree of ethical standards in all its dealings. All staffs are expected at all times to observe an exemplary standard of personal conduct and integrity and to act in the best interests of the Group.
- 3.2. Staffs must always be on guard against any possible conflict of interest. Staffs who have any doubt about the propriety of any course of action or who find that their private interests (including the financial and other interests of the staff himself, his family or other relations, close personal friends, belonged clubs or societies, or any person to whom he owes a favour or is obligated in any way) are or may be in conflict with the interests of the Group should



immediately report the case to or seek advice from the General Manager of the respective companies.

- 3.3. Staffs should fairly treat customers, suppliers, competitors and other employees of the Group.
- 3.4. Staffs are prohibited from receiving corporate or personal benefits via unlawful, unethical or unscrupulous means (including but not limited to manipulation, concealment, abuse of privileged authority etc) when conducting job duties.
- 3.5. The Code can not list out every type of potential act or behaviour expected of the staff. Where the applicable circumstances arise but not prescribed in this Code, it is the responsibility of the staff to exercise sound judgments, in accordance with the principles set out in the Code, to act in order to uphold the integrity ethics for the best benefit of the Group.

4. Principle of Accepting Advantages

- 4.1. Staffs of the Group are committed to upholding the manners of integrity and fairness, and conducting all business without undue influence.
- 4.2. Principle of Accepting Gifts
 - 4.2.1. Giving and accepting gifts between the Company and / or subsidiaries are in principle not allowed by the Group.
 - 4.2.2. Staffs of the Group are prohibited from soliciting or accepting any advantages from any person having business dealings with the Group (e.g. clients, suppliers, contractors etc). However, they are allowed to accept (but not solicit) the following gifts offered voluntarily:
 - 4.2.2.1. advertising or promotional gifts of nominal value (usually means gifts bearing company's name or logo, such as diaries or schedules, with limited commercial value); or
 - 4.2.2.2. gifts given on festive or special occasions (e.g. moon cakes for Mid-Autumn Festival, food hampers for Christmas and New Year etc).



- 4.2.3.** Staffs should decline an offer of a gift if acceptance of it could affect their objectivity in making business decisions, or induce them to act against the interest of the Group, or lead to allegations of impropriety.
- 4.2.4.** Any staff who receives or is offered gifts valued at more than HK\$1,000 (or equivalent) but less than HK\$5,000 must declare it in written (see Form A) to the management in-charge of their companies. For values over HK\$5,000 but less than HK\$20,000, they shall seek approval from the General Manager of their companies. If the total value of the gifts is over HK\$20,000, they shall report it to the Group General Manager.

4.3. Principle of Accepting Entertainment

- 4.3.1.** Although entertainment is an acceptable form of business and social behaviour, staff must not accept the following entertainment from persons with whom the Group has business dealings (e.g. customers, suppliers or contractors etc):

- 4.3.1.1.** excessive or frequent – taking into account its value, substance, frequency and nature;

- 4.3.1.2.** inappropriate – taking into account the relationship between the staff and the donor (e.g. whether they have any direct official dealings); or

- 4.3.1.3.** undesirable – taking into account factors such as the character of the host; or

- 4.3.1.4.** any entertainment that is likely to put the staff in an obligatory position or lead to the embarrassment of the staff in the discharge of his or her functions, or bring the staff or the Group into disrepute, or lead to any real or apparent conflict of interest.

- 4.3.2.** Free trips or traveling expenses are not included in the definition of “entertainment” but are considered as “advantages”. Without the prior consent of their companies, staffs are not allowed to accept these advantages.

- 4.3.3.** The number of representatives of the Group accepting any offer of entertainment should be kept to the minimum. Staffs are advised, as



far as possible, not to take part in any games of chance with persons having business dealings with the Group, especially those involving high stakes. Staffs must exercise judgement on the appropriateness and withdraw from any high stake games.

5. Principle of Offering Advantages

- 5.1.** Good judgement and practice moderation have to be exercised in giving and receiving business gifts and entertainment. The value, frequency and nature of such events should not be excessive, so as to avoid even the appearance of impropriety.
- 5.2.** Gifts and entertainment must be offered only in connection with legitimate business interests and purposes. Proper use of budget, approval and reference to the Company's "Staff Benefit and Business Expenses Management Regulation" must be made when expensing business gifts and entertainment.
- 5.3.** When dealing with subsidiaries or organizations that have more restrictive limits or prohibitions against accepting business gifts and entertainment, staffs should abide by their standards.
- 5.4.** Gifts should be purchased by a designated department of the company. The designated department is responsible for setting up appropriate procedures for purchase and collection of gifts and keeps records for gifts giving including purchase, collection by sender and delivery. It is not allowed to split the spending amount or through multiple offers in an application for offering gift or entertainment in order to get around rules or procedures for approval.
- 5.5.** In principle staffs are prohibited from acceptance as well as under whatsoever excuse making offer to any supervisory office or its officer of any gift of cash, marketable securities or cash disbursement vouchers.

6. Principle of Conflicts of Interests

- 6.1.** A conflict of interest situation arises when the private interest of a director or staff competes or conflicts with the interest of the Company. Private interest includes both the financial and personal interests of staffs and those of their connections. Connections



include family members, relatives, and close personal friends.

- 6.2.** The business decisions and behaviours of the Group should be made basing on the best interests of the Group and shareholders instead of the personal considerations of staffs. Staffs should avoid any situation which may lead to an actual or perceived conflict of interest. Failure to do so or make a declaration in writing may give rise to criticism of favouritism, abuse of authority or even allegations of corruption.
- 6.3.** The followings are the most common types of conflict of interest situations (including but not limited to):
 - 6.3.1.** Any act or any interests of the staff that may directly or indirectly impair his or her fair and efficient performance of duties;
 - 6.3.2.** Staff or his or her family members receive any improper personal benefits as a result of his or her position in the company;
 - 6.3.3.** Having undeclared financial interests in any supplier, contractor or parties that do business with the Group;
 - 6.3.4.** Offering assistance to the Group's competitors through taking on part-time employment or consultancy service;
 - 6.3.5.** Engaging covertly in production of services or goods in competition with the Group;
 - 6.3.6.** Performing outside work on the Group's premises and using the Group's time and assets; and
 - 6.3.7.** Giving unduly favourable treatment to particular supplier, contractor, customer, job applicant or subordinate for personal reasons.

6.4. Staffs should not:

- 6.4.1.** bribe others or receive bribe or other unlawful income through use of position in the Group;
- 6.4.2.** take for themselves personally or family members or other parites any unlawful or improper benefits through the use of



position in the Group;

- 6.4.3.** take away or help others to take away business opportunities of the Group by taking advantage of the position or resources in the Group, unless the Group has known and waived such opportunity in writing;
 - 6.4.4.** seek for personal gains in any way by using the corporate assets;
 - 6.4.5.** participate in, personally or jointly with other parties or for the benefit of other parties, any business competitive with any line of business conducted by the Group;
 - 6.4.6.** engage in any other act that may impair the interests of the Group.
- 6.5.** Staffs should follow the principles below when any conflict of interests arise:
- 6.5.1.** Comply with the Articles of Association and rules of the Group, perform duties with integrity, avoid conflict of interests, safeguard the best interests of the Group and shareholders;
 - 6.5.2.** If there is any actual or potential conflict of interests in performing duties, staff should declare to the General Manager of his company in writing (see Form B) and either withdraw from dealing with the matter or follow the directions of his General Manager. If material conflict of interests is involved in such situation, General Manager of subsidiary should at the same time report to the Group General Manager.
 - 6.5.3.** If General Manager of subsidiary is involved in situations where conflicts of interests arise, he should declare to the Group General Manager and act according to the directions of the Group General Manager.
 - 6.5.4.** Any staff should report to the General Manager of his company or if necessary, directly to the Group General Manager if he notes any circumstance of conflict of interest.
 - 6.5.5.** Once there is any circumstance of undeclared conflict of interest noted, General Manager of subsidiary should promptly



report to the Group General Manager.

7. Loans

Staffs or their family members should not grant or guarantee a loan to, or accept a loan from or through the assistance of, any individual or organization having business dealings with the Company. There is, however, no restriction on normal bank lending.

8. Principle of Handling Confidential Information/ Company Property

- 8.1.** Staffs are prohibited from disclosing any confidential information classified by the Company to anybody without authorization. Those who have access to or are in control of such information should at all times ensure its security and prevent from any abuse or misuse of the information. Examples of misuse include disclosure of information in return for monetary rewards, or use of information for personal gains.
- 8.2.** Staffs are prohibited from appropriating Company property, including fixed assets, office equipment, raw materials and finished goods (if applicable) for personal use or resale. All Company property shall be used only for conducting the Company's business or for purposes authorized by the management.

9. Relations with Suppliers and Contractors

- 9.1.** The Company promotes fair and open competition and aims to develop and secure long-term relationships with suppliers and contractors based on mutual trust.
- 9.2.** The Company is committed to maintaining good relations and communications with suppliers and contractors. When selecting suppliers, the company should ensure fair competition or bidding, and make comprehensive, independent, objective and fair consideration of the supplier qualification, product or service quality, business credit, quotation and after-sales services via bid invitation or other fair/reasonable means in light of the current rules of the Company.
- 9.3.** The procurement of supplies or services should be conducted by staffs



in a manner consistent with ethical standards which assure a quality end product as well as the continued confidence of customers, suppliers and the public.

- 9.4.** The contracting of services and the purchase of goods should be based solely upon price, quality and need. Procurement and tendering actions should be conducted according to the following principles:
- 9.4.1.** The impartial selection of capable and responsible suppliers and contractors;
 - 9.4.2.** The maximum use of competition (minimum three parties);
 - 9.4.3.** The selection of appropriate contract types according to need;
 - 9.4.4.** Compliance with laws, relevant regulations and contractual obligations; and
 - 9.4.5.** The adoption of an effective monitoring system and management controls to detect and prevent bribery, fraud or other malpractice in the procurement and tendering process.
- 9.5.** All staffs should follow the Group policy on acceptance of advantages; receive no bribe, discount or any other material benefits of any supplier that may prejudice their independent business judgement to assist suppliers or contractors in placing orders, making excessive purchases, tolerating overcharging and accepting substandard goods and services. Those involved in the selection of and purchase from suppliers and contractors should avoid any misuse of authority or engage in situations which could affect or appear to affect their ability to make free and independent decisions regarding the purchase and procurement of goods and services.
- 9.6.** Staffs involved in the selection of and purchase from suppliers or contractors should make a declaration when there is any actual or potential conflict of interests in performing the duties. See related articles for details.
- 9.7.** Staffs involved in the selection of and purchase from suppliers or contractors should avoid leaking information of value, e.g. supplier quotation, tender prices, etc.



10. Relations with Customers

- 10.1.** Staffs are committed to providing high quality services and products to maintain customer satisfaction, and to developing and securing long-term relationships with customers based on mutual benefits.
- 10.2.** Staff member should ensure that sales prices and terms are set out in meeting ethical standards imposed and in arm-length, so as to ensure that it is for the best interest of the Group.
- 10.3.** Staffs should conform to the sales policy and prepare sales contracts exactly in accordance with the terms and conditions negotiated and agreed. Pocketing customer discounts or offering discounts to ineligible customers is prohibited.
- 10.4.** Staffs involved in sales should promptly and accurately report the sales record in accordance with the company policy.
- 10.5.** Cautiously handle the arrangement of sales-related commission, discount, credit and allowance in the marketing process within the legal, reasonable and proper range; provide sponsorship, gift, entertainment and business treatment to customers in the legal interest of the Group, and control such offer within the legal, reasonable and proper range; prohibit from building up customer relation via bribing, illegally discount and other illegal means or any other means that will bring negative impact on the Group.
- 10.6.** Staffs involved in sales and marketing should not divert the business of the Group without approval (including but not limited to business competitors or associates with close relationship with the staffs). Staffs should make a declaration when any actual or potential conflict of interests arise in performing duties. See related articles for details.
- 10.7.** Staffs are committed to protecting the information of customers from leaking. The information should be used in the proper context only for authorized business purposes and shall be accessible only to those who have a legitimate need to know.



11. Compliance with the Code

- 11.1.** It is the duty of every staff to fully understand and comply with the Code. Managers should also ensure that their subordinates understand well and comply with the standards and requirements stated in the Code.
- 11.2.** Anyone who is in breach of the Code will be subject to disciplinary action, including termination of employment. In cases of suspected corruption or other criminal offences, a report will be made to the appropriate authorities.
- 11.3.** Channels of complaint are open. Any enquiries of staffs about the Code or complaints on possible breaches of this Code should be channeled to the Internal Audit Department for advice and action. The Company will consider all complaints impartially and efficiently. All information received will be kept confidential.

12. Modification, Interpretation, Supervision and Effectiveness of the Code

- 12.1.** This Code constitutes the guideline document of the occupational ethics of staffs. The occupational behaviours of staffs are also governed by applicable government or regional policies, laws, regulations, Articles of Association and applicable rules of the Company.
- 12.2.** This Code shall be interpreted by the Board of the Company. Any termination or modification of the Code shall be subject to the approval of the Board in the form of resolutions pursuant to the Articles of Association.
- 12.3.** This Code shall take effect upon the approval of the Board of the Company.