



中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

Stock Code : 00517



SMART NAVIGATION
SUSTAINABLE MOMENTUM

Annual Report 2024

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This report highlights the environmental, social and governance (“ESG”) performance of COSCO SHIPPING International (the “Company”) and its subsidiaries (collectively, the “Group” or “we”), as well as the joint venture, Jotun COSCO with the aim to address the expectations of its stakeholders.

a. Reporting Period and Boundary

This report covers the period from 1 January 2024 to 31 December 2024 (the “reporting period”). The reporting boundary encompasses the sustainable development performance and measures of the Group’s main businesses, including ship trading agency services, insurance brokerage services, supply of marine equipment and spare parts, production and sales of coatings, intelligent shipping services, and trading of other ship-related products and services.

Unless otherwise specified, the general disclosures in this report reflect the Group’s ESG-related strategies, policies, objectives, management approaches and initiatives. Key performance indicators (“KPIs”) cover all subsidiaries of the Group and are presented in aggregate data. Although the environmental and social data of our joint venture, Jotun COSCO, are not consolidated, the report also includes information on its ESG activities.

The reporting boundary for the year is based on that of the previous year and further incorporated new businesses, including newly incorporated Green Intelligence Ship Services and Helen Insurance Brokers which was newly acquired in 2024.

b. Reporting Standards and Principles

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “ESG Code”) set out in Appendix C2 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). To ensure the quality of the content and data presented in this report, we strictly adhere to the principles stipulated in the ESG Code, which include:

Materiality	Quantitative	Balance	Consistency
We conduct stakeholder engagement and materiality assessments to ensure the identified ESG issues remain relevant and significant to our business operations and stakeholders.	We regularly collect and monitor quantitative metrics to evaluate the progress of ESG initiatives and objectives.	To objectively present our sustainability performance, this report highlights both our achievements and areas for improvement.	To enable effective comparison of ESG performance in a consistent manner, explanatory notes are provided whenever changes occur in the methodologies or scope of data compilation throughout this report.

As a responsible corporate citizen, we are committed to continuously optimising our sustainable operating environment and practices. Our goal is to maximise long-term returns for shareholders while actively advancing the development and well-being of the communities in which we operate.



2. PHILOSOPHY AND POLICIES OF CORPORATE ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

2.1 Sustainability Vision

Sustainable development is integral to our business philosophy and daily operation. Despite the challenges faced by our industry, we acknowledge that stakeholders (including regulators) still have high expectations for sustainability performance. Therefore, we continuously adjust our strategies and operations to align with our sustainability vision and seize opportunities brought by the sustainable development transformation.

Given that COSCO Kansai Companies account for over 90% of the Group's energy consumption, we have set specific targets in relation to sustainable development for COSCO Kansai Companies. We aim to achieve the following targets by 2030 compared to the 2020 baseline:

- Reduce greenhouse gas emissions (Scope 1 and Scope 2) by 10%.
- Reduce Volatile Organic Compounds ("VOCs") and benzene emissions by 5%.
- Reduce energy consumption by 10%.

In order to achieve the stated targets, COSCO Kansai Companies have made steady progress by increasing its production of water-based coatings to more than 50% of its total output over the past three years. This initiative aims to effectively reduce overall VOCs emissions. To align with the aforementioned sustainability goals, the Group will consistently track and monitor its energy consumption and relevant emissions, while seeking ways to improve overall cost and production efficiency.

2.2 Environmental, Social and Governance Structure

The Group fully recognises the rising expectations set forth in the current ESG Code issued by the Stock Exchange, which particularly emphasizes the participation of the Board in the governance of ESG issues. We have maintained an unwavering commitment to our environmental and social objectives, and clearly defined the specific roles of the Board and the internal governance structure of the Group. This robust foundation positions us to advance steadily toward long-term success in sustainable development.

2.3 Statement of the Board

The Board fully recognises the importance of effectively implementing sustainable development practices and incorporating ESG elements into key business decisions. It takes ultimate responsibility for ESG strategies and reporting, and oversees the management approach and strategy of all ESG issues. The Environmental, Social and Governance Committee ("ESG Committee") has been established to assist the Board in supervising the ESG-related strategies, policies and development plans of the Group. The ESG Committee comprises an Executive Director and a representative from each of the Operation Management Division, Executive Division, Strategy Development Division, Human Resources Division and Public Relations Division.

The ESG Committee convenes at least one meeting annually or as necessary to identify and address ESG-related opportunities, issues and risks. It also formulates the Group's ESG vision, strategy and objectives to guide its ESG direction and assess performance. Given the increasingly stringent regulatory requirements, the ESG Committee is responsible for overseeing the preparation of ESG reports to ensure compliance with the relevant laws and regulations. The ESG Committee reports its latest work, progress and/or recommendations on ESG-related matters to the Board annually.

2.4 Environmental, Social and Governance Management Approach

To support the Group's sustainable development, we consider multiple ESG factors when formulating strategies. Owing to the diversified operations of the Group, our policies are tailored to the business models of subsidiaries and include independent ESG risk assessments for these companies. As the business environment changes rapidly, we continuously optimize the Group's policies by reviewing the management approach to keep pace with the latest market trends, industry developments and regulatory requirements so as to ensure the relevance and applicability of our policies.

In line with the management measures for the Environmental Management System Certification of the International Organisation for Standardisation ("ISO"), the subsidiaries of the Group have formulated environmental policies in accordance with relevant standards to respond to the increasing public attention to environmental protection and tightening ecological restrictions. In addition to obtaining certifications from authorised institutions, we are committed to minimising the environmental impact of our business. We continue to invest in modern equipment to reduce VOCs emissions. Also, Jotun COSCO has developed the “一廠一策 (One Plant One Policy)” principle, which outlines emergency procedures for combating air pollution.

From a social perspective, we are dedicated to ensuring the highest standards of occupational health, safety and product quality in our operations. Our commitment is reflected in our ongoing success in maintaining the Quality Management System Certification (ISO 9001), Environmental Management System Certification (ISO 14001) and Occupational Health and Safety Management System Certification (ISO 45001:2018).

To promote sustainable development, the Group focuses on enhancing internal coordination within its network of subsidiaries. The Group continues to strategically participate in formulating the overall sustainable development plan, and subsidiaries are required to provide annual quantitative performance data, along with reporting of their management approaches, practices and initiatives, to the headquarters for annual review. The Group closely monitors and reports on the progress of strategy implementation and other ESG-related matters to ensure operational efficiency.

3. DETERMINING MATERIALITY

3.1 Stakeholder Engagement

Stakeholder feedback is pivotal to our path of development. We value insights from stakeholder groups potentially affected by our operations and perspectives from external organisations with expertise in areas we consider important. We engage with stakeholders across multiple platforms, and gather feedback regularly. These insights are vital for continuously evaluating and shaping our corporate strategies and sustainability plans.



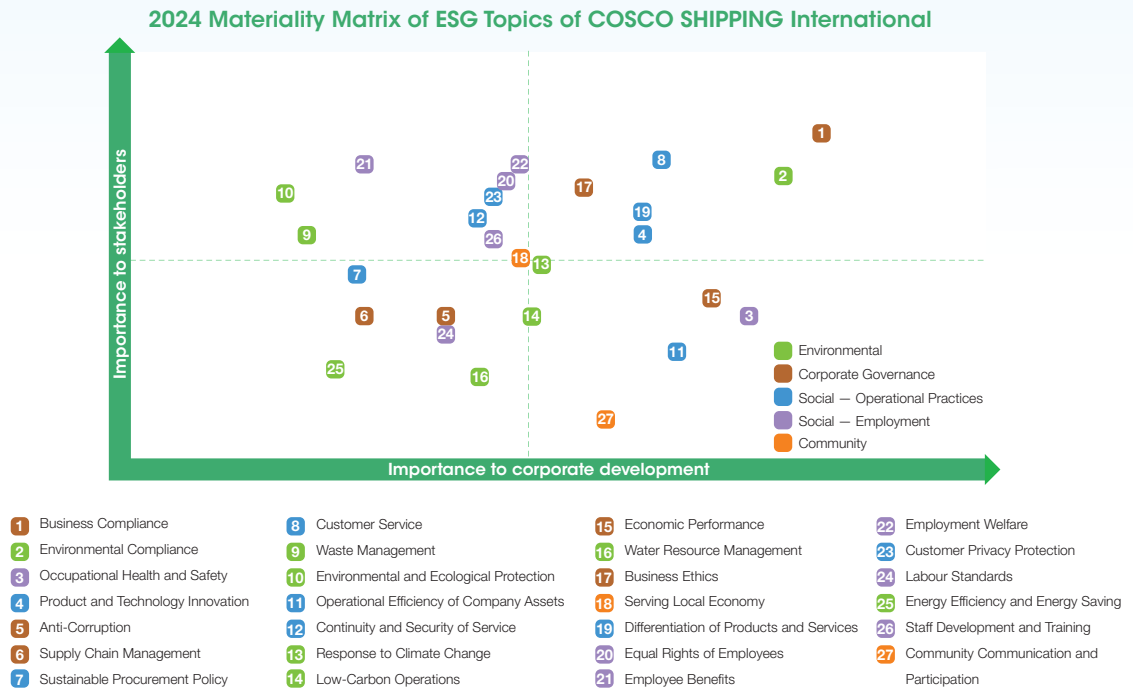
Environmental, Social and Governance Report

The following is a summary of the communication channels that correspond to the specified stakeholders in our daily operational activities:

Stakeholder Groups	Communication Channels	Communication Purposes	Communication Frequency
Government authorities	<ul style="list-style-type: none"> • Questionnaires • Discussion meetings • Site visits • Information submission 	<ul style="list-style-type: none"> • Compliant operation • Environmental stewardship • Social contribution • Tax compliance 	<ul style="list-style-type: none"> • Irregular
Shareholders and investors	<ul style="list-style-type: none"> • Roadshows • Company visits • Investment summits • Regular reports & announcements • Telephone conferences, emails, WeChat etc. 	<ul style="list-style-type: none"> • Communicate and report the Company's latest developments and future directions 	<ul style="list-style-type: none"> • Semi-annual/annual • Real-time communication such as meetings, calls and emails
Employees of the Group	<ul style="list-style-type: none"> • Training and educational activities • Employee satisfaction survey • Annual staff meeting • Work meetings 	<ul style="list-style-type: none"> • Workforce retention • Enhance occupational safety and health awareness • Ensure employee rights and benefits 	<ul style="list-style-type: none"> • Annual • Weekly management meetings • Monthly, quarterly, semi-annual and annual work summary reportings
Business partners, customers and suppliers	<ul style="list-style-type: none"> • Company visits • Telephone conferences, emails and other electronic means • Social media • Inspection and evaluation 	<ul style="list-style-type: none"> • Ensure stable and effective supply chain management • Sustainable procurement policy 	<ul style="list-style-type: none"> • Semi-annual/annual • Irregular meetings
Local communities and non-government organisations ("NGOs")	<ul style="list-style-type: none"> • Community projects • Collaborative projects • Public welfare projects 	<ul style="list-style-type: none"> • Community communication and engagement • Low-carbon operation • Create social benefits 	<ul style="list-style-type: none"> • Irregular

3.2 Materiality Assessment

We have identified 27 material issues covering environmental, social, community and corporate governance aspects, which reflect our ESG consideration in corporate management. These issues have been carefully considered in the preparation and compilation of this report. In 2024, we distributed questionnaires to major stakeholders to reassess the materiality of these issues and determine the results of the ESG materiality assessment. These issues are outlined in the following materiality matrix.



4. HONOURS AND RECOGNITIONS

In 2024, COSCO SHIPPING International received the following prestigious awards in the field of green and sustainable development:

- **“Employer of Choice Award” and “Corporate Social Responsibility Award”**

COSCO SHIPPING International actively fosters a positive workplace atmosphere. It has achieved excellent performance in terms of employee satisfaction, working environments, corporate culture, and talent recruitment and retention strategies, while fulfilling its corporate social responsibility. It received its first “Employer of Choice Award” and “Corporate Social Responsibility Award” at the Employer of Choice Award 2024 held by “Job Market”. These two accolades enhance our competitiveness and brand visibility in the labour market of Hong Kong, underscoring our substantive contributions as a Hong Kong-based stated-owned enterprise to local community engagement.



Environmental, Social and Governance Report

- **“15 Years Plus Caring Company” Logo for the second consecutive year**

Since 2008, COSCO SHIPPING International has been awarded the “Caring Company Logo” for 16 years in a row. It also received the “15 Years Plus Caring Company” logo for the second consecutive year. This award demonstrated the recognition and affirmation of our enduring commitment to charity initiatives, employee welfare, and environmental and social contributions in the past 16 years.



- **“Good MPF Employer Award” for the second consecutive year**

COSCO SHIPPING International received the “Good MPF Employer Award 2023–24” from the Mandatory Provident Fund Schemes Authority of Hong Kong for its outstanding performance in MPF administration and protection of employee retirement benefits. In addition, the Company won two special awards, namely the “e-Contribution Award” for enhancing efficiency and supporting green practices and the “MPF Support Award” for helping employees manage their MPF accounts as employer. The Company will remain committed to full compliance with MPF regulations and actively provide more comprehensive welfare and pension protection to employees in the future.

- **“2024 Anti-Corrosion Coating Influential Brand” & Intertek “ETL Certification”**

COSCO Kansai (Shanghai) advanced high-quality development by building new quality productive forces and evolved into a world-class professional and leading exemplary enterprise with innovative technologies, so as to become a trustworthy coating brand among customers. COSCO Kansai Companies were awarded the title of “2024 Anti-Corrosion Coating Influential Brand” by coatings.hc360.com and the ETL Certification by Intertek, which demonstrated the recognition of COSCO Kansai Companies by the market, industry peers and customers.



- **“Green Technology Excellent Project Award”**

COSCO Kansai (Shanghai) was invited to the 2024 China Container Industry Association Annual Convention, where it received the “2024 Excellent Green Container Technology Project Award” from the China Container Industry Association. At the “e-Enterprise Chain” Foreign Enterprise Summit and 2024 Foreign Enterprise Thematic Salon held in Qingdao High-tech Development Zone in Shandong Province, Jotun COSCO garnered the “Best Partner Award” and the “Outstanding Contribution Award”. These awards not only serve as a testament to the Group’s excellent product quality, innovation capabilities and market influence, but also represent an encouragement and expectation for the Group’s future development.

5. ENVIRONMENTAL PROTECTION

The Group always adheres to the green development concept and deeply integrates environmental sustainability into its daily operations to minimise the negative impact of its business activities on the environment. In the journey of promoting green transformation of the shipping industry, we strictly comply with regulations and adopt a forward-looking strategic vision to proactively make contribution to several crucial areas, including the reduction of carbon emissions, optimisation of resource utilisation and protection of biodiversity. In addition to launching products that feature more environmental characteristics and considerations, we explore and apply cutting-edge technologies on an ongoing basis. We also strive to create a greener workplace and enhance employees' understanding of sustainability and resource conservation through training.

The Group strictly follows all relevant environmental laws and regulations that include extensive requirements, such as:

- “Environmental Protection Law of the People’s Republic of China”;
- “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”;
- “Water Pollution Prevention and Control Law of the People’s Republic of China”;
- “Law of the People’s Republic of China on the Promotion of Clean Production”;
- “Law of the People’s Republic of China on Environmental Impact Assessment”;
- “Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste”;
- “Law of the People’s Republic of China on Prevention and Control of Environmental Noise Pollution”;
- “Environmental Protection Tax Law of the People’s Republic of China”; and
- Other local rules and standards concerning the prevention and control of pollution by discarded dangerous chemicals, air pollutants and integrated wastewater discharge in all operating locations.

To ensure our subsidiaries uphold operational standards and improve performance on an ongoing basis, the Group has developed a set of policies in line with ISO 14001 requirements and implemented a comprehensive environmental management system to achieve internal environmental goals. Meanwhile, COSCO Kansai Companies and Jotun COSCO maintained the ISO 14001 Environmental Management System Certification during the reporting period. In addition, the Group has also established a robust internal risk control system and management framework to ensure all risks are properly managed at the operational level. This system adopts a top-down approach to identify all environmental hazards generated from daily operations.

In order to pursue continuous enhancement, the Group also regularly conducts third-party audits of its business operations and identifies areas for improvement in a variety of environmental issues, such as wastewater management, exhaust gas management and noise control, etc. Pursuant to the requirements of the operating permits, COSCO Kansai Companies have taken additional measures to comply with increasingly stringent discharge restrictions.

In 2024, there were no cases of non-compliance related to our operational practices.



Environmental, Social and Governance Report

5.1 Green Operations

5.1.1 Gas Emission Reduction

The Group's main gas emissions are VOCs from the coatings production business, which mainly include benzene, toluene, xylene and particulate matter. With increasingly stringent national and municipal emission regulations, we have been actively exploring measures to strengthen the control and monitoring of VOCs emissions through product development, material selection, production methods and efficiency improvement. By shifting from solvent-based to water-based coatings, we have significantly reduced VOCs emissions. In 2024, the share of water-based coatings in the production volume of coatings of COSCO Kansai Companies has increased to 57.9%. At the same time, we further supported the new round of technological innovation and introduced more advanced emission control technologies to meet the latest environmental requirements. At the end of 2024, we continued to downsize our asphalt business, 靖州聯儲物流貿易有限公司 (Jingzhou Federal Reserve Logistics Trading Co., Ltd*), the subsidiary of 中遠海運國際貿易有限公司 (COSCO SHIPPING International Trading Company Limited*) ("COSCO SHIPPING International Trading") ceased production completely, resulting in zero energy consumption and VOCs emissions.

In 2024, COSCO Kansai Companies upgraded and renewed several exhaust gas treatment facilities to establish a more robust exhaust gas control mechanism, which allowed it to enhance the control of exhaust gas. Meanwhile, they optimised the production techniques and boosted pollution treatment efficiency to reduce pollutant emission effectively. They also specified pollutant emission standards and limits for different alert levels in pollution reduction emergency measures.

Furthermore, COSCO Kansai Companies collaborated with regenerative thermal oxidizer (RTO) manufacturers to optimise the exhaust gas collection system and strengthen equipment operations and maintenance. They actively upgraded the online exhaust gas inspection equipment and data collection system for more accurate data collection, which enabled the real-time monitoring of exhaust gas emissions after incineration and strengthened exhaust gas emission management.

Our plants undergo regular inspection in line with the guiding principles stipulated by the Government of the People's Republic of China. In 2024, COSCO Kansai Paint (Shanghai) passed the clean production inspection and acceptance process. Our plants will continue to enhance clean production level, reduce pollutant emissions and reduce energy consumption to achieve more environmental friendly and efficient production targets.

5.1.2 Waste Management

Due to the nature of the coatings industry, the production process has potential environmental impacts. The Group attaches great importance to waste management and adheres to the principles of reduction, recycling and harmless treatment in all production stages. Our subsidiaries also work together to promote the standardised treatment of solid waste through a hierarchical management system: Jotun COSCO has established the "Solid Waste Management" and relevant system to achieve solid waste sorting and disposal, standardised labelling of hazardous waste and full coverage of responsibilities; COSCO Kansai Companies have formulated the "Dangerous Goods Warehouse Management Regulations" and "Waste Management Regulations" to strengthen the protocols for the storage of dangerous goods and the treatment of waste; COSCO SHIPPING International Trading has introduced a hazardous waste management system specifically for directly managed and leased asphalt warehouses to effectively ensure operations compliance and risk control.

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Environmental, Social and Governance Report

To enhance resource recycling and hazardous waste treatment capabilities, COSCO Kansai Companies and Jotun COSCO have actively developed advanced production methods. By recycling and reusing residual materials from exhaust gas treatment facilities, as well as waste, cleaning solvents, chemical raw materials and their packaging from production workshops and Research and Development (“R&D”) laboratories, they effectively reduced their carbon footprints. Specifically, COSCO Kansai Companies increased the disposal of hazardous waste by qualified third-party in 2024 to enhance the capacity for hazardous waste transfer and disposal, which further ensured the proper and effective disposal of hazardous waste.

In terms of waste storage and disposal, COSCO Kansai Companies have set up dedicated on-site warehouses with anti-seepage and anti-corrosion features to store hazardous waste and hire qualified third parties for disposal. Non-hazardous waste is processed monthly and stored in a separate warehouse. Two new mixers were purchased in 2024. Coupled with the existing equipment, COSCO Kansai Companies built a set of waste solvent recycling system with an annual recycling capacity of approximately 170 tonnes. This system has recycled a large amount of waste solvent which would otherwise be treated as hazardous waste due to uncontrollable risks. As a result, the companies reduced their annual hazardous waste generation and disposal costs.

Throughout 2024, Jotun COSCO generated 1,816 tonnes of waste, including 1,237 tonnes of hazardous waste and 579 tonnes of general solid waste. Additionally, by using inner bags for the packaging of intermediate products and colour pastes, it reduced the use of hazardous waste drums by 100 tonnes.

5.1.3 Wastewater Management

Water scarcity has become an increasingly critical challenge faced by many nations globally and protecting this precious resource is an unequivocal responsibility for all. Although our coatings production process does not involve substantial freshwater consumption or wastewater discharge, we remain steadfast in managing freshwater usage and effluent discharge in a responsible manner. We conduct quarterly wastewater analysis to ensure the quality of all discharged effluent fully complies with applicable standards, including “污水綜合排放標準 (Integrated Wastewater Discharge Standard)”. Prior to discharge, we implement effective management and engage professionally qualified service providers to assist in wastewater treatment to ensure optimal treatment outcomes.

During the reporting period, COSCO Kansai Companies strictly adhered to “B44廢棄物管理規定 (B44 Waste Management Regulation)” and employed an automated environmental monitoring platform for real-time wastewater surveillance. Immediate investigations and timely corrective actions were initiated upon detecting anomalies in key parameters, such as pH levels or Chemical Oxygen Demand (COD) concentrations, so as to ensure sustained compliance with discharge standards and contribute our power to water conservation. On the other hand, Jotun COSCO did not generate wastewater in the production process, but performed regular testing on effluents and stormwater in the emergency pools. During the reporting period, all monitoring results met regulatory requirements.

5.1.4 Resources Optimisation

The Group is committed to maintaining the efficient use of a wide range of resources and continuously improving the level of sustainable development of its production facilities. The application of energy-saving technology in the coatings production industry is becoming more extensive. In 2024, COSCO Kansai Paint (Shanghai) successfully passed the energy management system audit and certification and obtained the energy management system certificate. They also set utilisation efficiency targets for overall energy consumption and overall energy consumption per product unit. In addition, according to “能源資源節約控制程序 (Energy and Resource Conservation Control Procedures)”, they provided clear instructions to employees on how to effectively use water, electricity, steam and other related resources in the production process.



Environmental, Social and Governance Report

In actual operations, the Jinshan Plant of COSCO Kansai Paint (Shanghai) actively implements the strategy for energy conservation, emission reduction and production efficiency improvement. It has upgraded the on-site logistics equipment, eliminated two diesel forklifts, and reduced the energy consumption and pollutant emissions of on-site mobile sources. Intelligent motion sensor lighting control devices were incorporated into the lighting system of the staff washroom, and human-body pyroelectric sensing technology was used to automatically turn on and off lighting fixtures, which effectively reduced energy consumption from unnecessary lighting. In addition, the Plant has upgraded the production equipment by updating several sets of sand mills, automatic packaging machines and other key equipment. As a result, it has optimised the production process, effectively improved production efficiency, promoted the efficient allocation and utilisation of resources, and reduced overall energy consumption.

To address the pain points in the production process, the Zhuhai Plant of COSCO Kansai (Zhuhai) implemented variable frequency and speed regulating technology conversion on the existing 3 fixed-frequency mixers. Fixed-frequency mixers have limitations in meeting the diverse requirements for mixing speeds in different production processes. By using variable frequency and speed regulating technology to accurately control the motor speed, the technology conversion project not only meets the diverse requirements for mixing speed in different production processes, but also significantly reduces power consumption during the operation of the motors, thereby lowering power consumption in the production process effectively. Furthermore, the precise control of the mixing speeds improves the mixing uniformity and quality stability of the coating products. Based on actual data monitoring, the total power saved after the conversion reached 59,000 kWh as compared to that before the conversion.

Jotun COSCO has optimised and enhanced resource utilisation through diversified green energy distribution. In 2024, it purchased 5.84 million kWh of green electricity through a third party and achieved 100% green electricity consumption throughout the year, which was six years ahead of the renewable energy consumption target set by Jotun A/S, Norway with an annual carbon reduction of over 3,600 tonnes. In December 2024, the innovative solar photovoltaic carport project was completed, in which the traditional carport ceilings were replaced by photovoltaic panels with an installed capacity of 357 kWp. The “self-generation and self-consumption + grid connection” mode has an annual electricity generation capacity of 438,000 kWh, which can cover approximately 10% of the annual power demand of the plants and is equivalent to a further reduction of 292 tonnes of carbon dioxide emissions per year. This forms a clean energy system characterised by the coordinated development of outsourced and self-generated green electricity.



Innovative solar photovoltaic carport project

In the non-production sector, we are committed to creating a green office and working environment through various resource conservation measures. COSCO Kansai Companies reduce electricity consumption by developing temperature control standards for air conditioning and conducting regular inspections to turn off idle electrical appliances; promoting green commuting to encourage employees to commute by public transport, choose low-carbon ways for business trips and adopt digital office practices to replace business trips; recording vehicle fuel consumption and other energy consumption data to analyse potential energy-saving ways; and putting up posters in the offices to raise employees' awareness of resource conservation.

5.2 Biodiversity and Marine Environment Protection

As a major global shipping service provider, the Group is committed to protecting the marine environment and biodiversity through different strategies as the basis for the Company to create value for its customers.

Our products are in strict compliance with all applicable laws and regulations, including the “Performance Standard for Protective Coatings” (PSPC) established by the International Maritime Organisation (IMO), the “International Convention on the Control of Harmful Anti-fouling Systems on Ships” (AFS Convention) and “International Convention for the Prevention of Pollution from Ships” (MARPOL Convention). This ensures that the coating products of the Company meet the highest environmental protection and quality standards in the global market for the provision of safe, environmental and compliant quality products. Since the implementation of GB 30981 “Limit of Harmful Substances of Industrial Protective Coatings” in 2020, the Company has taken it as a primary focus. It has organised seminars to inform the research and development team about the restriction requirements and strictly reviewed our product formula.

The Sea Quantum launched by Jotun COSCO is also widely recognised as one of the world’s top green silicon-based anti-fouling coatings. Using the most advanced silane technology, the product consists of a silyl acrylate methacrylate polymer that hydrolyses in seawater, thus protecting marine biodiversity. In 2024, Jotun COSCO continued to promote fuel-efficient acrylic silane anti-fouling coatings to its customers. Apart from that, we introduced SeaQuest Endura, an organosilicon self-polishing anti-fouling coating with a low anti-fouling inhibitor content and zero impact on the marine environment.

To demonstrate our commitment to biodiversity conservation, COSCO Kansai Companies and Jotun COSCO have both signed “土壤污染防治責任書 (Letter of Responsibility for Prevention and Control of Soil Pollution)” and engaged a third-party consultant to develop a land use survey plan and conduct groundwater quality monitoring. In addition, Jotun COSCO also conducted assessments under “中遠佐敦土壤自行監測方案 (JCMC Soil Self-Testing Scheme)” to monitor any potential soil contamination risks.

5.3 Green Products and Service Innovations

As a leading enterprise in the industry, we continue to centre on the Group’s technological innovation strategy, intelligent manufacturing and digital transformation, marine new energy technology and other themes to carry out green products and technological innovation. With a focus on low-carbon fields, we promote the development of new low-carbon products and lay a solid foundation for technological innovation.

During the reporting period, we jointly established 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*) with 吉林電力股份有限公司 (Jilin Electric Power Co., Ltd.*) and 上港集團能源(上海)有限公司 (Shanggang Group Energy (Shanghai) Co., Ltd.*) as our demonstration project to develop green methanol business, the project will have a capacity to produce 200,000 tonnes green methanol annually. The project will then help the green transformation and sustainable development of the shipping industry. Leveraging the strengths of these three parties in shipping logistics and port supply chains and production of new energy, we work together and contribute to the global energy transition.

At the same time, Jotun COSCO has utilised advanced technology to introduce hull performance solutions (HPS) for the maximisation of hull performance through sophisticated big data analysis, a real-time hull monitoring system and high-tech anti-fouling coatings technology. Since 2011, more than 2,300 ships have applied this solution and reduced over 80 million tonnes of carbon dioxide emissions. In 2020, Jotun COSCO launched a hull skating solution (HSS) that combined cutting-edge anti-fouling coatings technology, big data applications and a mix of underwater autonomous cleaning robots to achieve significant energy savings and reduce carbon footprint. In 2024, Jotun COSCO won the 2024 Asia Environmental Pioneer Coatings Award for the outstanding contribution of its HPS to greenhouse gas emission reduction.

* for identification purposes only



Environmental, Social and Governance Report

On the basis of its existing green and low-carbon products, Green Intelligence Ship Services conducted in-depth research in 2024. Using real ship and new energy data, coupled with industry big data and algorithm models, it analysed the initial loading and ship navigation to provide speed recommendations, and automatically performed an energy efficiency analysis after each voyage. The Group's open data of digital and intelligent ship and navigation metrics enabled the scientific measurement, digital monitoring and visualised supervision of carbon emissions from operational ships. Taking into consideration the total carbon emissions of shipowners' fleets, carbon market price and capital cost, a model was designed to help shipowners meet EU-ETS compliance at a low cost, guide green operations, and build a digital green emission reduction and digital carbon asset management platform for the industry. Currently, the certificate has been obtained for the CII calculator in this product issued by the Classification Society. In addition, Green Intelligence Ship Services has cooperated with the headquarters to investigate the current status of the European Union Allowance ("EUA") and completed the construction plan for the EUA platform.

5.4 Climate-related Risk Adaption

COSCO SHIPPING International has set up a dedicated ESG Committee to lead and coordinate climate environment strategy planning and major decision-making under the leadership of an Executive Director. Regular employee training is organised to enhance the awareness of environmental protection and sustainable development among the entire workforce. An effective collaboration mechanism has been built for all departments to ensure that green development is implemented in all aspects, so that the Company effectively fulfils climate and environmental responsibilities in business development.

Under the leadership of the ESG Committee, we continuously assess the impact of climate risks on our business and enhance our internal capabilities to effectively respond to increasing risks relating to climate changes, especially extreme weather events such as tropical cyclones, frequent seasonal storms, and abnormal rainfall. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have identified the following climate-related risks in relation to our business operation and proposed mitigation measures:

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Acute)	Extreme weather events (e.g., tropical cyclones, rain storm)	Short-term	Increasingly frequent extreme weather events may damage the assets and equipment in the production facilities and endanger employee safety.	<ol style="list-style-type: none">1) Enhance infrastructure resilience, install high-precision meteorological monitoring equipment around production plants and establish real-time data access from professional meteorological agencies for early warnings of extreme weather conditions.2) Enhance safety protection for staff, develop and conduct regular drills of extreme weather emergency plans. For example, Jotun COSCO has formulated the "On-site Response Plan for Natural Disasters" and conducted drills annually.

Environmental, Social and Governance Report

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Acute)	Extreme weather events (e.g., heavy snow, freezing)	Short-term	Ice-covered roads paralyze traffic and disrupt the transportation of goods. Under low temperatures, vehicle failures as well as machinery and equipment malfunction become frequent and directly lower transportation efficiency significantly. This will greatly affect logistics and delivery and may cause chain reactions in relevant industries, which result in inconveniences and losses.	<ol style="list-style-type: none"> 1) Use high-strength building materials to enhance the load-bearing capacity of roofs and walls, so that plants and facilities can withstand the pressure from thick snow accumulation. 2) Production plants should stockpile enough emergency supplies such as flashlights, matches and warm clothes to cope with potential power outages and supply shortages during blizzards. Also, backup power sources, such as generators, should be prepared to ensure the normal operation of critical equipment and lighting systems during power outages, so as to maintain the basic operation of the plants.
Physical Risk (Chronic)	Persistent high temperatures	Medium-term and long-term	Prolonged high temperatures increase electricity consumption, potentially harming the production health of employees and reducing productivity of the plants.	<ol style="list-style-type: none"> 1) Optimise the energy consumption for equipment and adopt intelligent temperature-control systems for efficient energy saving in plants to dynamically adjust the power and operation time of cooling equipment. 2) Enhance employee safety awareness training and develop a shift system for high temperatures with reasonable working hours.



Environmental, Social and Governance Report

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Chronic)	Rising sea level	Medium-term and long-term	Rising sea levels may threaten coastal plants, causing soil salinisation and the rise of groundwater level. This affects infrastructure as well as production and operations of the plants. In addition, the rise of sea levels can also increase risks of rain storm.	<ol style="list-style-type: none"> 1) Place critical equipment and supplies at higher locations to minimize damage of rain storm to the plants. 2) Strengthen coastline monitoring and maintenance to promptly identify and address coastal erosion issues.
Transition Risk	Regulatory compliance risk	Medium-term and long-term	Given the impact of increasingly stringent environmental regulations and carbon taxes on businesses, the Group must fully understand these requirements to ensure compliance with laws and regulations.	<ol style="list-style-type: none"> 1) Improve the internal compliance review system and establish independent compliance review teams to conduct proactive audits of all business processes on a regular basis. 2) Proactively establish regular communication mechanisms with environmental regulators and relevant industry associations, actively participate in policy discussion meetings, and receive guidance from regulatory authorities.

Environmental, Social and Governance Report

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Transition Risk	Reputation risk	Medium-term and long-term	Customer perceptions of the Group's actions in transitioning to a low-carbon economy may affect our reputation. The business model of the Group must align with the principle of low-carbon economy and any misalignment may lead to negative customer perceptions.	<ol style="list-style-type: none"> 1) Regularly publish detailed corporate low-carbon development reports to showcase our achievements in new energy applications and carbon emission reduction, so as to promote our positive image in the low-carbon transition. 2) Establish a green channel for environmental issue complaints, promptly collect customer views and inquiries on the low-carbon transition and proactively address potential negative perceptions.

COSCO SHIPPING International has made every effort to build a comprehensive and systematic ESG risk management system for the whole process, aiming to actively respond to the complex and changeable market environment and ensure its steady development on the road to sustainable development.

COSCO SHIPPING International adopts various means in the risk identification stage. On the one hand, with the help of big data analysis technology, it deeply explores existing industry data, policy and regulatory information, as well as internal operation data, to screen out risk signals that may related to ESG. On the other hand, it actively carries out benchmarking within the industry. While learning from advanced experiences, it identifies potential risk points in its own operations. Furthermore, it organises regular seminars and internal training to jointly analyse the potential risks in ESG practice.

For the risk assessment process, the Company has introduced an ESG risk assessment model to rank identified ESG risks. Risks with a higher probability and greater impact are rated as high risks; risks with a lower probability and smaller impact are classified as low risks.

In terms of risk monitoring, COSCO SHIPPING International has built an intelligent real-time dynamic monitoring system. Capitalising on the information platform and intelligent equipment, the status of various ESG risks is continuously tracked. In case the risk indicators exceed the preset threshold, the early warning mechanism will be immediately activated to alert the relevant divisions and responsible persons.



5.4.1 Transition Risk Scenario Analysis

The following is the climate transition risk scenario analysis framework designed by COSCO SHIPPING International, which includes the scenario design, quantitative process and quantitative results. The analysis is based on the Central Banks and Supervisors Network for Greening the Financial System (“NGFS”) ¹scenarios. Considering the differences and uncertainties of carbon pricing under different carbon pricing regimes and climate scenarios in the future, three different climate scenarios were selected to assess their potential financial impact. The test period was from 2024 to 2050.

Climate scenario setting

To meet the requirements of the stress test, we combined international policy guidance and industry data and took reference from the NGFS scenario framework and the mainstream selection of scenarios in the industry to design three scenarios: 1.5°C, 2°C, and current policy scenarios. This design system has fully considered the requirements of the “Paris Agreement” on temperature control targets. The design of the three scenarios is as follows:

Test Scenario	Scenario description
1.5°C scenario	Limit the rise in global average temperatures to 1.5°C above the pre-industrial levels through strict climate policies and innovations.
2°C scenario	Implement more stringent climate policies over time, so that there is a 67% chance of limiting global warming to below 2°C.
Current policy scenario	Assuming only currently implemented policies are preserved, resulting in high physical risks.

We employed carbon-sensitive scenario analysis, a systematic tool for evaluating the risks and opportunities businesses may encounter across various carbon emission scenarios. By leveraging NGFS data on carbon pricing and emission reduction trends, we simulated and quantified the impacts of different carbon pricing mechanisms and reduction efforts on our financial status, strategic planning, and operational decisions under different possible future scenarios.

Our approach begins with an in-depth analysis of the carbon pricing pathways and emission reduction targets provided by the NGFS, offering a framework to understand the challenges and opportunities during the low-carbon transition. This analysis enables us to identify the carbon risk exposure in our current business operations.

¹ The organisation is committed to advancing the assessment and management of environmental risks in the financial system. NGFS scenario analysis is set to assess the impact of climate-related risks on financial stability.

Environmental, Social and Governance Report

Quantitative analysis result

Carbon emission

Based on the NGFS framework, a carbon emission prediction model for the shipping and manufacturing industries was constructed for the systematic prediction and analysis of the carbon emission trajectories under the 1.5°C temperature control target scenario, the 2°C scenario and the current policy scenario. To ensure the scientific legitimacy and reliability of the forecast, the model innovatively integrates multi-dimensional key driving factors, such as the dynamic growth forecast of shipping freight volume, changes in manufacturing production scale, energy structure transformation path, equipment electrification progress and operational efficiency improvement. Meanwhile, the model also makes special consideration of factors such as the green transformation of the manufacturing supply chain and the low-carbon fuel replacement in the shipping industry, which provides accurate data support and a decision-making basis for developing a carbon-neutral path.

Reduction in Carbon Emission

(ten thousands tonnes)



The results of the scenario analysis indicate that carbon emissions show a significant downward trend under different climate policy scenarios. As climate policies become more binding, the intensity and progress of carbon emission reduction improve drastically. In particular,

In the 1.5°C scenario, the Company achieves significant progress in carbon emission reduction through combination of measures, such as accelerating clean energy replacement, fully rolling out electrification equipment, optimising manufacturing processes, and promoting green transformation of the supply chain.

In the 2°C scenario, the Company also reduces carbon emissions significantly by steadily promoting the transformation of the energy structure and upgrading technology. However, the reduction in carbon emission is slightly lower than that in the 1.5°C scenario.



Environmental, Social and Governance Report

In the current policy scenario, although the carbon emissions of the Company decreases, the progress is relatively limited due to weaker binding force of the policies.

Shipping has a relatively low carbon intensity in transportation. In the 2018 global transportation emission breakdown from International Energy Agency (IEA), shipping accounted for only 10.5% and is less sensitive to climate policy changes, so it is expected to peak later. This late peak provides a unique window for technological iteration. Even at social carbon neutrality, shipping is projected to retain 30%–40% of 2022 emissions.

As a downstream player in the shipping value chain, COSCO SHIPPING International is less affected by upstream demand fluctuations, which alleviates short-term transition risks and emission reduction pressures.

Carbon reduction cost forecast

The formula for calculating the Company's carbon reduction cost is: Carbon Reduction Cost of the Company = Carbon Reduction × Carbon Price². This formula succinctly reveals the direct relationship between carbon reduction costs, the amount of carbon reduction, and carbon prices. The carbon reduction is calculated using scientifically sound accounting methods and accurate monitoring data, while the carbon price refers to reasonable forecasts from carbon trading markets.

Carbon Reduction Cost



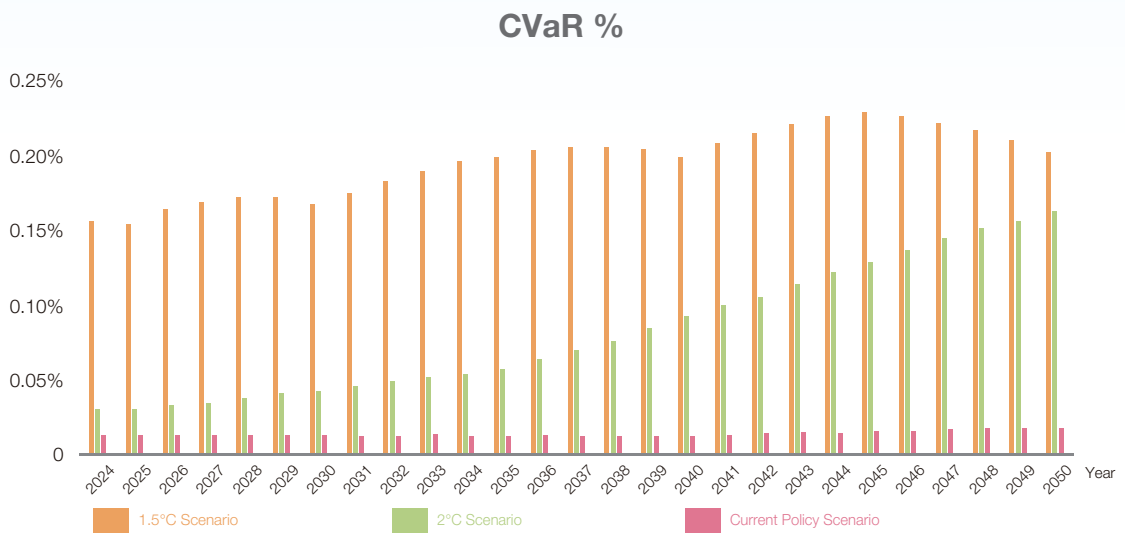
The results show that there are significant variations in carbon reduction costs under different climate policy scenarios, which can be summarised as 1.5°C scenario > 2°C scenario > current policy scenario. Under the 1.5°C scenario, enterprises face higher carbon reduction costs and greater operating pressure as the emission reduction requirements are the most stringent.

² Carbon price: Based on the REMIND—MAGPIE 3.3–4.8 model from the fifth version of NGFS data.

Environmental, Social and Governance Report

Carbon Value-at-Risk ("CVaR")

Carbon Value-at-Risk is a systematic assessment of the financial risks faced by enterprises in different carbon emission scenarios. It quantifies their potential losses or gains caused by carbon price fluctuations, policy changes, or market transition to a low-carbon economy. The calculation process mainly includes setting a variety of carbon emission scenarios, combining the carbon price prediction model, carbon emission data of enterprises and carbon cost transmission capacity, to comprehensively estimate the carbon-related costs or asset impairment risks that enterprises may face in a certain period in the future. Through the assessment of Carbon Value-at-Risk, enterprises can identify and manage carbon-related financial risks, collect data for the development of scientific and reasonable low-carbon transition strategies, and achieve sustainable development goals in the context of a low-carbon economy.



The results show a significant positive correlation between more stringent climate policies and the carbon cost risk of enterprises. Specifically, under the 1.5°C temperature control target scenario, enterprise CVaR³ reaches 0.2% in 2050, which is significantly higher than 0.16% under the 2°C scenario and 0.02% under the current policy scenario. This finding highlights the differential impact of different climate policy scenarios on the carbon cost risk of enterprises, among which the 1.5°C scenario has the most stringent policy constraints, resulting in the highest carbon cost risk for enterprises. Even under the most stringent climate policy scenarios, COSCO SHIPPING International's finances show strong risk resilience, indicating our potential to handle stringent climate policy constraints.

Types of scenario

2050 CVaR

1.5°C scenario	0.20%
2°C scenario	0.16%
Current policy scenario	0.02%

³ Enterprise CVaR = enterprise carbon reduction cost/enterprise value; enterprise value = (market capitalisation + debt + minority equity + preferential share) – cash and cash equivalents



5.4.2 Physical Risk Scenario Analysis

The following is the climate physical risk scenario analysis framework designed by COSCO SHIPPING International, which included the scenario design, quantitative process and quantitative results. The analysis is based on NGFS scenarios. Considering the changes in the frequency and intensity of natural disasters under different temperature rise conditions, Representative Concentration Pathways (“RCP”) scenarios and Shared Socioeconomic Pathways (“SSP”) climate scenarios were analysed both collectively and regionally to assess their potential financial impact. The test period was from 2024 to 2050.

Climate scenario setting

RCP and SSP scenarios are two different climate change scenario frameworks, featured in the 5th and 6th Assessment Reports (AR5 and AR6) of the Intergovernmental Panel on Climate Change (“IPCC”), which are crucial frameworks for climate research.

RCP scenarios focus on the changes of greenhouse gas concentrations, illustrating potential future levels of these gases and other factors affecting Earth’s solar energy absorption, known as “radiative forcing”. They include RCP2.6, RCP4.5, RCP6.0, and RCP8.5 scenarios, each of them corresponding to different radiative forcing values (in watts per square metre, “W/m²”) and used to explore climate change under different greenhouse gas emission pathways.

SSP scenarios, on the other hand, emphasize socio-economic factors, such as population dynamics, economic growth, education, urbanization, and technological advancement, which influence greenhouse gas emissions. Each SSP scenario outlines a distinct trajectory for future socio-economic development and its link to climate change risks.

Combining RCP scenarios and SSP scenarios offers a more comprehensive approach to analysing climate change, integrating both environmental and socio-economic dimensions.

Scenario	Radiative forcing	Temperature rise target	Socio-economic path	Emission characteristics	Application
SSP1-2.6	2.6 W/m ²	<1.5°C	Sustainable development	Significant emissions reduction, carbon neutrality, dominated by renewable energy	Feasibility study for the 1.5°C target
SSP2-4.5	4.5 W/m ²	2.0–3.0°C	Intermediate path	Moderate emissions reduction, fossil fuels still account for a certain proportion	Climate change research under current policy commitments
SSP5-8.5	8.5 W/m ²	>4.0°C	High economic growth	High emissions, dominated by fossil fuels	Research on risks and consequences of extreme climate change

Environmental, Social and Governance Report

Overall physical risk analysis

We analysed physical risks under different climate scenarios using climate models to assess disaster frequency and intensity of the locations of our offices and factories. We also collected geographical, floor, and altitude data for specific investigation and research. This analysis revealed those risks have significant impacts on the Company assets, operations, and the supply chain. The main impacts taking place in the most severe scenario are summarised in the table below.

Physical Value-at-Risk ("PVaR")⁴

Workplace and plant location	PVaR
Beijing	
Shanghai	
Tianjin	
Hong Kong	
Zhuhai	

Located in the Pearl River Delta, the Zhuhai Plant is vulnerable to meteorological disasters such as drought, rain-induced flooding and frost due to its unique geographical location. Marine disasters, such as storm surges and sea waves, also occur frequently, and the ecosystem around the industrial site has weak self-regulation and recovery capabilities. Therefore, close attention must be paid to this area with high PVaR.

PVaR Multi-hazard Analysis Results

Physical Risk Workplace and plant location	Rain Storm			Tropical Cyclone			Heavy Snow			Persistent High Temperatures			Rising Sea Level		
	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5
Beijing															
Shanghai															
Tianjin															
Hong Kong															
Zhuhai															

This analysis projects the 2050 climate by using RCP scenarios to identify physical risks for the Company under different scenarios, providing basis for corresponding strategy development. Under RCP4.5 and RCP8.5 scenarios, sea-level rise threatens low-lying areas in coastal cities like Shanghai and Zhuhai, risking inundation. Coastal facilities such as plants and offices may suffer seawater corrosion and storm damage, causing the destruction of factories, equipment and infrastructure. Extreme weather events, like tropical cyclones and heavy rainfall, will likely intensify and become more frequent, posing ongoing risks to coastal operations. Frequent intense tropical cyclones can cause physical damage, while flooding from heavy rain can lead to factories being flooded, resulting in cargo loss and environmental pollution. Moreover, the frequency and intensity of heatwaves may rise significantly. Factories may suffer from frequent and significant impact as extreme heatwaves may last for weeks or over months.

⁴ PVaR is the quantitative assessment of potential losses or negative impacts due to physical risks (such as natural disasters, climate change, etc.) in a given scenario.

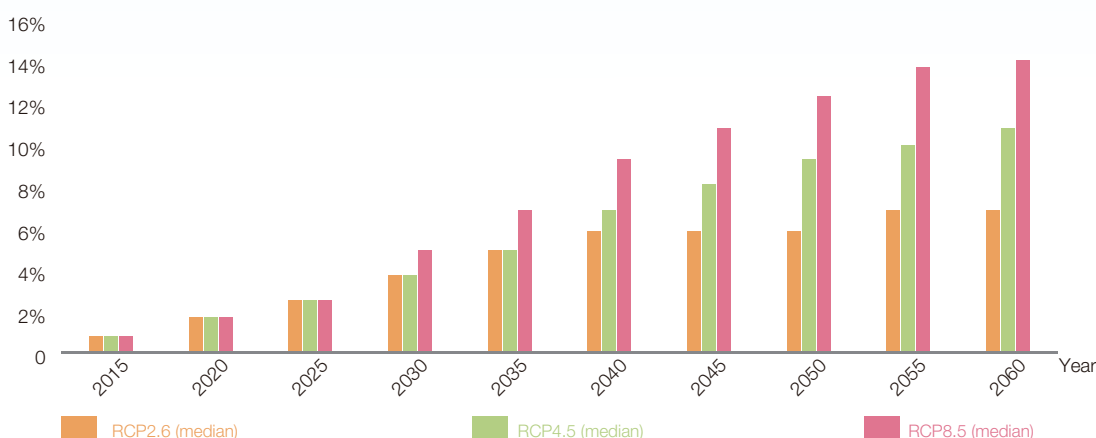


Environmental, Social and Governance Report

Tropical Cyclone Impact Assessment⁵ — Regional assessment of acute disasters

Under the high-emission RCP8.5 scenario, Hong Kong is projected to experience a significant increase in tropical cyclone wind speeds by the end of the 21st century. This is primarily due to rising sea surface temperatures in the northwest Pacific, which provide more energy for tropical cyclone formation and development. Additionally, global warming increases atmospheric humidity and enhances the atmosphere's moisture-holding capacity, intensifying convective activity within cyclones and further boosting wind speeds. According to high-emission RCP8.5 scenario projections, by 2050, this metric in Hong Kong could rise by over 12% compared to the 1986–2005 baseline. According to the comprehensive analysis, while the current and expected financial impacts are relatively limited, there is a strong possibility of rising risk levels in the future.

Relative change in expected annual damage due to tropical cyclones in Hong Kong



Rise in Sea Level Impact Assessment — Regional Assessment of Chronic Disasters

As predicted by the Hong Kong Observatory, under the medium (SSP2-4.5) and very high (SSP5-8.5) greenhouse gas emission scenarios, the annual mean sea levels of Hong Kong in 2050 may rise by 0.13–0.28 m and 0.16–0.32m⁶, respectively, compared to the average levels in 1995–2014 (1.45 m above the base level of the Hong Kong chart).

While the coastal areas in Hong Kong face the dual threats of rising sea levels and extreme weather, detailed analysis shows that our office has no risk of flooding for now as it is on a high floor. Although this has established a secure defence line for the Company's daily operations, considering the long-term trend of climate change, as well as the combination of emerging risks from different disasters such as heavy rain, storm surge, strong waves and rising sea levels, the Group should remain highly vigilant and track the risk dynamics on an ongoing basis to make countermeasure plan in advance.

⁵ The relative change in annual expected damage from tropical cyclones in Hong Kong is sourcing from <https://climate-impact-explorer.climateanalytics.org/impacts>

⁶ Rise in Sea Level Impact Assessment is sourcing from https://www.weather.gov.hk/sc/climate_change/proj_hk_msl.htm

5.4.3 Climate Risk and Opportunity Analysis

Analysis of important impact opportunities

Types of Climate Risk	Opportunity Analysis	Potential Financial Impact
Transition Risk	<ul style="list-style-type: none"> Opportunities of Green Fuel Production and Supply Projects: As global demand for green shipping grows, there is a market opportunity to be seized. By planning in advance to participate in green fuel production projects and collaborating across departments (energy, infrastructure, etc.), we can secure a foothold in the green fuel supply chain and establish technology export capabilities. Green Ship Services R&D and Port Energy-saving and Emission Reduction: Increasing investment in green ship services R&D and port energy-saving and emission reduction aligns with green development concepts. This can enhance the Company's social image and brand value, attracting more customers and investors, and opening up new market space. Development of Environmental Friendly Marine Coatings: Developing marine biofouling and environmental friendly anti-fouling coatings can reduce friction between the hull and seawater, cut fuel consumption and carbon emissions, and provide long-term and stable fouling protection. 	<ul style="list-style-type: none"> Increase operating revenue, enhance market competitiveness and drive long-term financial benefits.



Environmental, Social and Governance Report

Analysis of important impact opportunities (Continued)

Types of Climate Risk	Opportunity Analysis	Potential Financial Impact
Physical Risk	<ul style="list-style-type: none">• Addressing Chronic Physical Risks: Long-term climate change may lead to chronic impacts such as rising sea water temperatures and sea levels. Using high-corrosion-resistant materials in new ship designs can enhance market competitiveness.• Smart Ship Technology Development: Developing smart ship technologies enables real-time monitoring of a vessel's status and surrounding environment. It provides early warnings for potential physical risks like equipment failures and collision risks, allowing for timely preventive and corrective actions.• Emerging Market Opportunities: Expanding into emerging markets and optimising business layouts can prevent over-concentration in specific regions, thereby mitigating physical risks. Choosing areas with relatively stable natural environments and greater development potential can enhance the business's risk resistance and sustainable development capabilities.	<ul style="list-style-type: none">• Increase the business diversity and operating revenue, enhance market competitiveness and drive long-term financial benefits.

6. ENSURING OUR HEALTH AND SAFETY

The Group prioritises the health and safety of its employees. We have formulated a set of production safety and supervision management rules based on the two core principles of “一崗雙責、齊抓共管、失職追責(Share Responsibilities in One Post, Joint Management and Accountability for Delinquency)” and “管行業必須管安全、管業務必須管安全、管生產經營必須管安全(Safety as an Essential Component in Managing the Industry, Business and Production and Operation)”. We encourage accountability among employees and departments. All employees are responsible for promoting a safe workplace culture, and all departments are responsible for ensuring occupational health and product safety. The Group’s headquarters and the heads of corresponding departments will further supervise production safety matters.

We comply with all relevant safety laws and regulations in Mainland China and Hong Kong, including but not limited to:

- “Production Safety Law of the People’s Republic of China”;
- “Fire Control Law of the People’s Republic of China”;
- “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases”;
- “Safety Specifications of Special Work in Hazardous Chemicals Enterprises of the People’s Republic of China”;
- “General Rules for the Hazardous Chemicals Warehouse Storage of the People’s Republic of China”; and
- “Occupational Safety and Health Ordinance” (Hong Kong).

During the reporting period, the Group did not violate any laws or regulations related to occupational health and safety.

6.1 Safety Committee

“Safety First, Precaution as Crucial and Consolidated Governance” has been our guiding principle in promoting occupational health and safety in the workplace. To achieve this goal, we established the Safety Committee in 2006. The committee is headed by the directors of the Group and is composed of senior managers from various departments at the headquarters, such as the Human Resources Division, Financial Management Division and Audit & Supervision Division, who supervise production safety matters as members.

The duties of the Safety Committee are as follows:

1. Supervise safety issues, formulate overall production safety plans and provide guidance to the Group on production safety;
2. Review and determine the Group’s annual production safety targets, put forward suggestions on main production safety measures and solve major production safety problems; and
3. Monitor the key progress of the Group’s production safety program and provide relevant recommendations.

6.2 Production safety management

A comprehensive production safety management system is key to sustainable economic success. We continually evaluate our performance in occupational health and safety and maintain our long-term safety goal of “zero casualties.” We review and update our internal occupational health and safety objectives annually, assess our internal occupational health and safety objectives, and make necessary adjustments as needed. In 2022, the headquarters of the Group completed the revision of “生產安全事故隱患排查治理管理規定(並用)(Regulations on the Management of Potential Hazards in Production Safety Accidents (Combined Use))” and formulated “安全生產風險管理規定(並用)(Regulations on the Management of Production Safety Risks (Combined Use))” to ensure the effective control of potential safety hazards and the implementation of risk control. We evaluate our internal occupational health and safety objectives annually and make necessary adjustments as needed. We have achieved our goals for 2024 and recorded zero major fire, traffic accidents, equipment incidents and occupational fatalities, with an annual work-related injury rate of less than 5%.



Environmental, Social and Governance Report

In particular, COSCO Kansai Companies and Jotun COSCO are mainly engaged in manufacturing activities and are highly vulnerable to safety risks. To ensure the effective implementation of safety policies and standards, COSCO Kansai Companies have developed the “Occupational Health and Safety Management Procedure” which clearly defines the responsibility of each department in terms of production safety. The procedure also provides instructions on how to implement correct occupational health and safety measures in various business activities. Each of COSCO Kansai Companies regularly identifies occupational health and safety risks for the early identification and control of occupational health and safety risks to further reduce risks. In addition, COSCO Kansai Companies take the initiative to build a safety governance mechanism under public-private partnership, accept regular field inspections by local ecological environment departments and third-party professional institutions on their dangerous goods warehouse and hazardous waste disposal process, and implement remedial measures based on the recommendations and necessary actions proposed during the inspections.

To ensure compliance with international standards, the production facilities of COSCO Kansai Companies and Jotun COSCO are certified under the latest ISO 45001 standard. We have also developed the occupational health and safety manual to avoid and manage preventable workplace accidents. Before implementing the precautionary measures outlined in the occupational health and safety manual, the management team conducts a thorough inspection and assessment of potential occupational health and safety risks. Moreover, we have developed an occupational health and safety risk control guide detailing how to protect employees from various hazards, such as chemicals, dust, noise, high temperature, unsanitary conditions and manual lifting.

Employees working in manufacturing plants are at a higher risk of exposure to chemicals and hazardous substances. To reduce the negative impact on their health, we adopt the “STOP” principle, which stands for “Substitution”, “Training and Precautionary Measures”, “Operation and Engineering Control” and “Protection of Individuals”. In addition to implementing this principle, we provide suitable personal protective equipment.

STOP Principle

Substitution

- Substitute powder with alternative materials that encompass fewer hazardous compounds or present minimal physical contact risks, such as liquids or pastes.

Training and Precautionary Measures

- Provide employees with training to enhance their awareness of the risks of using hazardous substances.
- Perform regular assessments on the exposure level of chemical substances.
- Offer risk-related health assessments to employees working in high-risk functions.

Operation and Engineering Control

- In accordance with the properties of the stored substance, adequate ventilation facilities and specified technical requirements are implemented in place.

Protection of Individuals

- Provide personal protective equipment (“PPE”) to employees with high-risk exposure.
- Require employees to follow all PPE protection regulations and requirements at all times.

In addition, during the reporting period, the Group continued to hold production safety management training courses, which were attended by front-line safety management personnel of the Company’s headquarters and affiliated units at home and abroad, including personnel of all levels. The courses were designed according to the actual needs of participants in combination with enterprise development and talent training planning. For example, the second round of the production safety management training course was held in November 2024, which not only covered safety inspection and risk control, but also included on-site lessons at the Qingdao Plant of Jotun COSCO. The intense and efficient training allowed participants to get a full grasp of the situation and maintain high safety awareness, which helped consolidate the foundation of safety management and achieve the safety goals in 2024.

6.2.1 Production Safety at Production Plants

The Group always prioritizes the safety of employees at the production plants. It has a comprehensive production safety management system in place and strives to create a safe, healthy and harmonious working environment for employees. For our daily operations, we require the plants to develop sound control measures to monitor high-degree engineering control and personal protection. We always put production safety in the first place and ensure the production safety of the plants and the personal safety of employees through a series of measures.

COSCO Kansai Companies adopt a multi-pronged approach to ensure production safety. In terms of safety assurance, explosion-proof trucks with better protection features are purchased to minimise the risk of explosion or fire, and employees are required to obtain relevant certificates or complete training before operating machinery. Furthermore, an internal safety investigation team composing electrical, mechanical and operation experts is set up to conduct a safety inspection every quarter. Once a potential safety hazard is identified, the corresponding management division is notified immediately to ensure appropriate follow-up measures are implemented.

Jotun COSCO has developed “化學品安全技術說明書(Chemical Safety Technical Standard)” that provides detailed information on chemical hazards and documents the potential risks of chemicals used in industrial activities to the environment and humans. To ensure that hazardous chemicals and toxic substances are properly handled, we provide clear instructions to our employees on production operations in accordance with the protocol to minimise their exposure to xylene and ethylbenzene. We have also formulated emergency response plans to address a range of incidents, including first aid for chemical contact, fire protection, chemical leakage and waste management. To ensure the proper transport of coatings, we have developed operational codes in line with international standards, such as the “International Maritime Dangerous Goods Code” of the United Nations, the International Air Transport Association and the International Maritime Organisation. Moreover, we carry out comprehensive safety checks regularly.

In accordance with “安全生產風險管理規定(Regulations on the Management of Production Safety Risks)” of COSCO SHIPPING International Trading, the Group continues to conduct safety inspections every day of the asphalt storehouse under the direct management of the Company and the leased asphalt storehouse where the Company assumes safety management responsibility but have suspended production. Every month, the Company also performs fire safety inspections of the headquarters. Five potential hazards have been identified and the rectification rate is 100%.



Case: COSCO Kansai Paint (Shanghai) Carried Out Comprehensive Safety Inspections

In September 2024, the Jinshan Plant of COSCO Kansai Paint (Shanghai) carried out a comprehensive safety inspection with a focus on examining and eliminating potential safety hazards for building a strong line of defence to ensure production safety during the holiday. In the face of challenges including tight production schedules and labour shortages, the Jinshan Plant coped with a positive attitude and strengthened on-site production safety inspection. It paid close attention to whether the employees strictly followed the operational protocols and wore labour protection equipment properly, while stopping violations of the command policy, operating rules and labour discipline in a timely manner, sparing no efforts to ensure safe and stable operations at the production sites.





Environmental, Social and Governance Report



Case: “Safety Starts with Everyone, Emergency Readiness for All — Securing Life-Saving Pathways”

In June 2024, the Qingdao Plant of Jotun COSCO held the 12th Health and Safety Environment Day under the theme of “Safety Starts with Everyone, Emergency Readiness for All — Securing Life-Saving Pathways”. As part of the event, the plant provided fire safety training to employees and shared accident cases. Moreover, it carried out on-site experiments and emergency drills on chemical fire and explosion accidents caused by static electricity at the production workshop. During which, the emergency commander, the on-scene commander, the voluntary fire brigade and the leak management team performed their duties in an orderly manner and gained the recognition of the leaders of the Ministry of Emergency Management, the fire brigade and the Environmental Protection Bureau. In addition, the Qingdao factory organised a variety of activities from safety knowledge competitions to team building exercises, which not only enhanced the safety knowledge and skills of employees, but also further strengthened their safety awareness, thereby creating a robust culture of production safety and a strong assurance for the production safety at the plant.



6.2.2 Safety Management Self-Assessment System

Since 2012, the Group has evaluated the effectiveness of safety measures for companies engaging in the coating business by implementing the Safety Management Self-Assessment System (SMSA), which was formulated in accordance with the national safety technical standards for the coating industry, including “中華人民共和國生產法(Production Safety Law of the People’s Republic of China)”, “危險化學品安全管理條例(Regulation on the Safety Management of Hazardous Chemicals)”, “危險化學品從業單位安全標準化通用規範(General Norms for Safety Standardisation of Hazardous Chemical Enterprises)”, “塗料企業安全生產標準化實施指南(Guidelines for Implementation of Production Safety Standardisation of Coating Enterprises)” and “塗料生產企業安全技術規範(Safety Technical Specification of Coating Manufacturers)”. The SMSA monitors 10 crucial safety management dimensions, which mainly include governance structure, risks and environmental factor control, and uses the Likelihood Exposure Consequences method for inspection every six months. If any potential hazards are identified in the inspection, the relevant divisions should formulate corrective measures or remedial actions within the prescribed time limit.

In terms of actual implementation, we organise the compliance evaluation team, which reviews the compliance with laws and regulations, corporate commitments and contracts by comparing records, meetings and discussions according to the evaluation plan every year. In 2024, COSCO Kansai Companies obtained excellent results in the review, demonstrating the Group’s ability to ensure ongoing safety management.

Environmental, Social and Governance Report

The SMSA evaluation uses the following rating scale:

SMSA score	Below 90	90–105	106–135	135–150
Rating	Disqualified	Qualified	Good	Excellent

The following table summarises the results of the SMSA evaluation for various production facilities at COSCO Kansai Companies in previous years:

Year	Tianjin Plant		Shanghai Plant		Zhuhai Plant	
	First half of the year	Second half of the year	First half of the year	Second half of the year	First half of the year	Second half of the year
2024	138	139	140	139	140	138
Average score for the assessments in 2012 to 2024	138	138	139	139	139	138

6.2.3 Occupational Health and Safety at Workplace

As a responsible employer, the Group always regards the safety and health of its employees as the foundation for its development and strives to create a safe working environment. It has built a multi-dimensional protection network based on the ISO 45001 Occupational Health and Safety Management System certification. For example, COSCO Kansai Paint (Shanghai) uses the “13 occupational health items+ 89 safety items” dual-track system to establish the lines of defence for operation. Jotun COSCO relies on the “Risk Classification and Control” procedure to implement the four-colour dynamic early warning, so as to establish a multi-dimensional safety governance system for different scenarios and to support the sustainable development of enterprises.

We always regard the safety of our employees as the top priority and strive to deepen their understanding of the critical importance of safe operating procedures, thereby enhancing their safety assurance. In 2024, the Group actively carried out a special rectification campaign against habitual violations, aiming to effectively correct the bad behavioural habits that employees have developed over a long period of time and reduce safety risks and potential hazards from the root cause.

During the special rectification campaign, the Group established a rigorous safety inspection system by integrating various inspection methods such as daily safety patrols, monthly Safety Committee inspections, safety checks before and after holidays, and safety patrols for special control periods. Combined with the anti-habitual violation campaign and the three-in-one assessment and reward system, we comprehensively and thoroughly examined all kinds of safety risks and potential hazards. Once problems were identified, they were immediately addressed according to the “Five Fixed” principle, namely fixing the person responsible for the rectification, the rectification measures, the completion time for the rectification, the funds for the rectification and the person responsible for the inspection and acceptance. The problems were clarified and directed to the relevant divisions to ensure they effectively implemented the rectification works, which helped maintain a safe production environment.



Environmental, Social and Governance Report

In addition, the Group has been constantly providing regular and diversified comprehensive training and drills for employees (such as fire emergency drills and solvent leakage drills) to reduce work-related injuries and accidents and enhance their safety awareness. The training topics include fire safety, use of equipment, occupational health, medical emergencies and on-site response. Before commencing their duties, new employees are provided with written materials outlining the occupational health and safety matters that require their extra attention.



Case: COSCO Kansai (Zhuhai) conducted drills at the plant to improve emergency response capability and safety management

The plant of COSCO Kansai (Zhuhai) conducted a drill on the flange leakage incident of the xylene storage tank in the daily storage tank area. The drill covered staff evacuation, material deployment, emergency rescue and other areas. Before the drill began, the Zhuhai Plant developed a detailed drill plan, which specified the responsible person and operation process at each stage. During the drill, the employees responded quickly and implemented a series of measures such as emergency shutdown, on-site stoppage of leaking and reporting of danger in accordance with the plan. The drill not only tested the effectiveness and feasibility of the emergency plan, but also revealed the weaknesses and shortcomings of the employees in emergency handling. This allowed us to gain valuable experience and insights into the production safety of the plants.



6.3 Non-production safety management

While our staff of non-production operations (including the ship trading agency services, the insurance brokerage services, and the supply of marine equipment and spare parts) face lower health and safety risks, the Group has always adhered to the core philosophy of “Safety First” and adopted a series of comprehensive and detailed safety initiatives, with the aim to further reduce occupational health and safety risks in the workplace of non-production businesses.

During the year, we organised and encouraged non-production employees to actively participate in the “Safety Month” campaign. Through diverse training courses and practical exercises, we effectively enhanced their safety awareness in case of emergencies. Apart from special training on fire safety, a professional inspection team was set up during the event to carry out thorough safety inspections of offices and related properties so as to ensure that all preventive measures were implemented with precision. Meanwhile, the Group headquarters actively hosted safety training activities for new recruits by combining teaching and practice.

6.4 Reporting and investigation mechanism

The Group has established a sound safety incident reporting and investigation mechanism and strictly implemented an accountability system that sets out clearly the specific duties of each responsible person. In case of a safety incident, the relevant personnel must immediately report to the head of the division, notify the Safety Committee Office within 60 minutes, and submit a detailed and comprehensive incident report. Upon notification, the Safety Committee Office will conduct an in-depth and thorough investigation into the incident and report the findings to the Group's Safety Committee. Depending on the severity of the incident, the Group may send a special investigation team to conduct internal investigations. If necessary, internal and external experts will be invited to jointly analyse the root causes of the incident and assess the damage caused. The experts will use their expertise to identify responsible parties and make valuable recommendations to reduce risks.

In terms of accountability, depending on the severity of the safety incident, the employee involved may be subject to a warning interview or cautionary discussion. If the employees engage in concealment, delayed reporting, omission of reports, or cannot prove that they have immediately and continuously undertaken improvement work, they will face corresponding disciplinary actions.

In 2024, the Group did not record any non-compliance with relevant laws, regulations and standards that had a material impact. There were no work-related deaths or major production safety incidents.

7. EMPLOYEE EMPOWERMENT

Human capital is the Group's most valuable asset and one of the key driving forces of the Company's core competitiveness. We adhere to the concept of "employee-centred" human resource management and are committed to providing a diverse and inclusive work environment for our employees. We have formulated a human resource management strategy based on four management principles, which are managing by regulations, establishing an open and fair system, meritocracy and placing equal emphasis on rights and responsibilities. Human Resources Division verifies the basic information (such as age) of job applicants and effectively eliminates the possibility of child labor or any form of forced labor. Upon recruitment, we sign employment contracts with new hires, ensuring that all employment conditions are clearly communicated, thus establishing transparent employment relationships and eliminating any potential for forced labor.

To attract and retain talent, we offer comprehensive and competitive remuneration and benefits, as well as excellent development opportunities based on a reputable assessment and recognition system. We are committed to nurturing talents for the future and fostering a culture of continuous learning.

We were committed to maintaining high quality, professionalism, and business integrity in our operations. The Group strictly complies with relevant employment rules and regulations, including but not limited to:

- "Employment (Amendment) Ordinance 2022" (Hong Kong);
- "Employees' Compensation Ordinance" (Hong Kong);
- "Labour Law of the People's Republic of China";
- "Labour Contract Law of the People's Republic of China";
- "Provisions on the Prohibition of Using Child Labour"; and
- "Law of the People's Republic of China on Protection of Disabled Persons".

During the reporting period, there was no non-compliance of the above rules and regulations in relation to employment.



Environmental, Social and Governance Report

7.1 Equal employment

We have established a diversity and inclusion policy and are committed to creating a good working environment for employees. In terms of recruitment, promotion and other career opportunities, we strive to treat all employees equally and set scientific and reasonable qualification requirements for recruitment so that all employees are treated fairly and with respect, regardless of their gender, age, family status, race, religion, nationality, sexual orientation or disability. By revising and improving the recruitment standards and the comprehensive employment rules, such as “境內員工招聘管理實施細則(Implementation Rules for the Management of Domestic Staff Recruitment)”, “境外員工招聘管理實施細則(Implementation Rules for the Management of Overseas Staff Recruitment)” and “僱員多元化政策(Workforce Diversity Policy)”, we regularly evaluate the quality of staff recruitment and review the performance of new employees, turnover rate and satisfaction of the hiring departments to continuously optimise the recruitment process and enhance recruitment efficiency and quality.

7.2 Compensation and welfare

In terms of compensation and welfare, we have formulated management systems such as “直管公司工資總額管理辦法(Measures for the Management of Total Wages of Directly Managed Companies)” and “香港當地員工薪酬管理辦法(Measures for the Management of Salaries of Local Employees in Hong Kong)”. We offer a competitive remuneration package, including a basic salary, performance-related bonus and mandatory provident fund. To motivate and retain talent, we optimise the salary structure of employees, increase their salaries and give full play to the positive incentive role of remuneration. Moreover, we adjust the conditions for year-end double pay, which serves as a means to encourage employees to stay.

In addition, we provide our employees with a wide range of benefits, including paid annual leave, paid sick leave, medical insurance, medical benefits, continuing education opportunities and training allowances. We also offer additional leave options, such as paid marriage leave and paternity leave to meet the individual needs of our employees.

To create a more harmonious and inclusive working environment for female employees, COSCO Kansai Companies organised a variety of activities in March 2024 to celebrate International Women's Day on 8 March. For example, the Labour Union of COSCO Kansai (Shanghai) held a Women's Day book-sharing session with the theme of “Literary Enlightenment, Reading with Elegance”. The Labour Union of the COSCO Kansai (Tianjin) hosted the “Golden Harvest and Perfect Harmony” table tennis competition. The Zhuhai Plant organised the “Spring Outing and Fruit-picking Excursion” for all female employees and the Labour Union of COSCO Kansai Paint (Shanghai) planned a visit to the “Frozen Age Dream Factory” for all female colleagues.



COSCO Kansai (Shanghai) organised Women's Day book-sharing session

Environmental, Social and Governance Report

Apart from supporting female employees, we strive to safeguard the well-being of all staff as one of our main objectives. In September 2024, the Jinshan Labour Union of COSCO Kansai Paint (Shanghai) gave full play to their strengths in terms of organisation and effectively utilised the special funds for improving employee well-being to provide new changing room lockers for front-line employees, which greatly improved the environment of the staff lounge. In addition, convenience facilities such as refrigerators, chargers and hot kettles were added to the lounge. The Jinshan Labour Union also considered the health needs of employees and installed a first-aid box in the lounge. These thoughtful measures allow employees to feel our care and enjoy more convenience in their busy work schedules while providing solid safety assurance for them.

7.3 Employee training and development

Ensuring that employees have the necessary training and knowledge is crucial for the Group's sustainable development. To enhance staff capabilities and equip them with relevant skills and expertise, we have developed a comprehensive set of guidelines known as “專業人才庫建設管理辦法 (Management Methods for Setting up of Professional Talent Pool)”. The Group offers a well-structured leadership development program, which is managed and overseen by a professional team under the leadership of the Human Resources Division. We regularly evaluate our talent pool across different business and industry sectors. To foster the growth of high-calibre talents, we have an incentive mechanism in place that offers bonuses and professional development opportunities, such as training courses, academic conferences, and exchange programmes.

To create a culture of continuous learning and enhance the capabilities of our employees, we have established a robust training and development system with four training categories to meet the individual learning needs of our employees.

- **Induction training:** All new employees are required to undergo comprehensive induction training to understand the Group's corporate strategic planning, organisational structure, policies and systems. The training focuses on our occupational health and safety standards, operating procedures and staff responsibilities to ensure that new employees can quickly integrate into the team and have a clear direction of work. In 2024, we held intensive training for newcomers from campus recruitment.
- **Regular assessment:** The Human Resources Division regularly collects the training needs of various divisions and formulates training plans based on the actual situation of the Company. When necessary, we will engage relevant experts and professionals to conduct training courses and give presentations so that our staff can keep up with the times and perform their duties.
- **Regular training:** We will organise occupational health and business training regularly to raise employees' occupational health awareness and business capabilities. In 2024, a series of training sessions on “Strategic Emerging Industries and Technological Innovation” were conducted to help all employees understand and become familiar with knowledge on digital transformation, technological innovation management, and marine new energy. To improve the technology innovation management of Hong Kong Companies, a five-day “Special Training for Research and Development Personnel” was held. With the aim of further improving the professional level and capabilities of the Company's senior management, we organised special training for them and commissioned Antai College of Economics and Management of Shanghai Jiao Tong University to provide training courses.



Environmental, Social and Governance Report

- **External training programs:** Employees are encouraged to actively improve themselves. For employees who participate in academic education closely related to their positions, or those applying for intermediate qualification or middle-level title assessment, a certain percentage of education expenses can be reimbursed in accordance with the relevant provisions of “員工管理辦法(Employee Management Measures)”, “教育培訓管理辦法(Education and Training Management Measures)” and “僱員多元化政策(Workforce Diversity Policy)” to support their career development. In 2024, we continued to provide subsidies for personal development, professional associations and other external training and programs, with a total of more than 60 beneficiaries.

During the reporting period, the subsidiaries organised several training programs to promote continuous education and development of the staff, provide them with the latest knowledge and skills, further enhance their business capabilities and comprehensive qualities, and strengthen our core competitiveness. In 2024, special training courses offered by COSCO Kansai Companies covered the topics of “Contract Law and Practice”, “Green and Low-carbon Digitalisation”, Excel data processing skills, and “Powder and High Solids Coatings as Anti-corrosion Solutions for Marine and Offshore Applications”. In November 2024, Yuantong invited WinGD, a two-stroke engine manufacturer, to visit and conduct a briefing on their new marine engines, with the aim of introducing the latest research and development of two-stroke marine engines to our employees and facilitating technical exchange and cooperation.



COSCO Kansai Companies conducted “Contract Law and Practice” special training



Yuantong organised the briefing on new marine engines

7.4 Employee well-being

7.4.1 Employee communication

The Group believes that establishing open communication channels with employees is crucial for fostering mutual trust and respect. To this end, we actively seek and collect feedback and opinions from employees through various communication channels. In line with “合理化建議獎勵實施辦法(Implementation Measures of Awards for Reasonable Recommendations)”, we encourage employees to submit proposal plans to management and offer rewards to those who make suggestions. To ensure that the Group receives tangible benefits, our recommendation team is entrusted with evaluating and reviewing the proposals and granting financial rewards to outstanding employee suggestions. By combining employee observations and establishing open communication, this plan aims to create a dynamic and highly transparent corporate culture that drives the internal development of the Group.

Environmental, Social and Governance Report

To enhance employee communication, the Group has set up a human resources mailbox on the intranet homepage as a platform for employees to regularly raise their issues and concerns. The Human Resources Division plays an important role in collecting and forwarding emails to the relevant divisions to ensure that necessary follow-up actions are taken for the well-being of all employees.

Jotun COSCO conducted the regular “Employee Engagement Survey” in Northeast Asia (2023) and implemented action plans based on the survey results in 2024. Additionally, we promote the “Speak Up” mechanism to enhance employee communication and improve their satisfaction at work.

7.4.2 Employee Work-Life Balance

The Group is committed to promoting work-life balance and improving the overall health and well-being of its employees. We have organised various cultural and sports events to enrich employees’ options of entertainment and cultural activities, enhance their physical fitness, and foster interaction and cohesion among staff in various divisions, so as to boost productivity and sense of belonging at work.

In recent years, the Hong Kong Government has encouraged enterprises to adopt a breastfeeding-friendly workplace policy. Since 2020, the Group has collaborated with the Hong Kong Committee for UNICEF and joined the “Say Yes to Breastfeeding” campaign to set up a “breastfeeding-friendly workplace” at our headquarters. Tables, chairs, tissues, power outlets and refrigerators for storing breast milk are available to provide a suitable and friendly environment for staff who needs to breastfeed, so that mothers can prepare breast milk for their babies in a safe and hygienic place. In 2024, the Group was awarded the “Say Yes to Breastfeeding” Certificate of Appreciation by the Hong Kong Committee for UNICEF in recognition of our support and promotion of the “breastfeeding-friendly workplace”.

In 2024, we rolled out a series of activities to enhance corporate cohesion and personal development of employees under the themes of corporate talent development and the pursuit of the physical and mental health of employees. For example, the first “Dragon Soaring over Hong Kong” Tea Party was held to enhance employees’ understanding of traditional Chinese culture and foster stronger bonds among staff. An internal painting and photography competition was organised to celebrate the 27th anniversary of Hong Kong’s Return to China and the 75th anniversary of the founding of the People’s Republic of China, which strengthened the connection between employees in Mainland China and Hong Kong. The Company also launched its first calligraphy class and continued to offer the popular lunchtime yoga class. Meanwhile, the six-month Cantonese training class was concluded successfully. In addition, a health knowledge lecture was held for our employees for the first time, which provided useful guidance to our employees and helped them establish health concepts and prevent disease.





Environmental, Social and Governance Report

In 2024, COSCO Kansai Companies launched a series of activities to facilitate work-life balance. In October, a badminton tournament was held to strengthen exchanges and communication among employees and demonstrate their positive spirits and ambition. In November, the Shanghai Labour Union of COSCO Kansai Companies organised the 2024 autumn team-building trip with the theme of “Unity through Caring, Fitness through Happiness, Vitality Through Exercise.” Through a series of well-designed team-building activities, we improved communication and cooperation among employees and boosted team cohesion. Meanwhile, employees were able to enjoy sports and relax their bodies and minds after intense work. In the same month, COSCO Kansai Companies invited 30 employees and their families to the “Rhythmic Walk-2024 Happy Hike”, where participants gathered in Shanghai Fengxian Bay Forest Park to embrace challenges with passion and feel the power of walking together. This activity was open to all employees and their families to promote the concept of green and healthy living and encourage everyone to participate in sports. With this opportunity, we aimed to strengthen the communication and cooperation between different units.



COSCO Kansai Companies organised the 2024 autumn team-building trip



COSCO Kansai Companies participated in the 2024 Happy Hike

In 2024, Yuantong held tea parties and other activities to enrich employees’ sports and cultural lives outside work, facilitate communication among staff and improve team cohesion. At the same time, these activities helped new colleagues to quickly integrate into the team.

8. BUSINESS DEVELOPMENT AND COLLABORATION

The Group firmly believes that close collaboration with business partners and the continuous provision of quality products and services are key factors in driving our sustainable economic growth. We are committed to building a responsible and ethical supply chain while prioritizing customer satisfaction. The Group adheres to relevant rules and standards to guide its conduct and operations, mitigate potential risks, and uphold its commitment to business ethics. These measures are implemented to safeguard our integrity and ensure the long-term sustainable development of the business.

8.1 Supply chain management

8.1.1 Sustainable procurement

As a responsible corporate citizen, we are committed to building an environmentally friendly and responsible supply chain system. To this end, we carefully select suppliers to ensure that they meet our stringent sustainability standards. We have implemented a standardised procurement process that takes the environmental and social impacts of suppliers into consideration, thereby optimising the selection and evaluation process of suppliers and promoting sustainable supply chain development. We select suppliers in accordance with the guidelines set out in the “Procurement Management Measures” and “Supplier Management Rules”, which include safety-related criteria. In addition, we have adopted a number of sustainable procurement policies, including the “Tendering Procurement Management Measures”, “Non-tendering Procurement Management Measures” and “Special Affiliated Enterprises Management Measures”, so as to facilitate the engagement and cooperation of suppliers.

To carefully select suppliers for our coating companies, we have developed an internal procurement policy that enables initial screening based on necessary certifications, such as ISO 9001, ISO 14001 and ISO 45001. Moreover, relevant clauses are included in the contract to ensure continued compliance. Suppliers that meet the specific criteria will be included in the Group’s supplier database for procurement, so that they can be appointed by the procurement department. In 2024, COSCO Kansai Companies accepted a total of 12 suppliers in accordance with the “Supplier Evaluation Procedure”. When adding a new supplier, a comprehensive evaluation will be carried out to consider various factors, including technical capabilities, product performance, business scale and payment terms. Suppliers that score more than 60 points will be considered qualified suppliers and will be included in the Group’s supplier master database after approval by the corresponding management members.

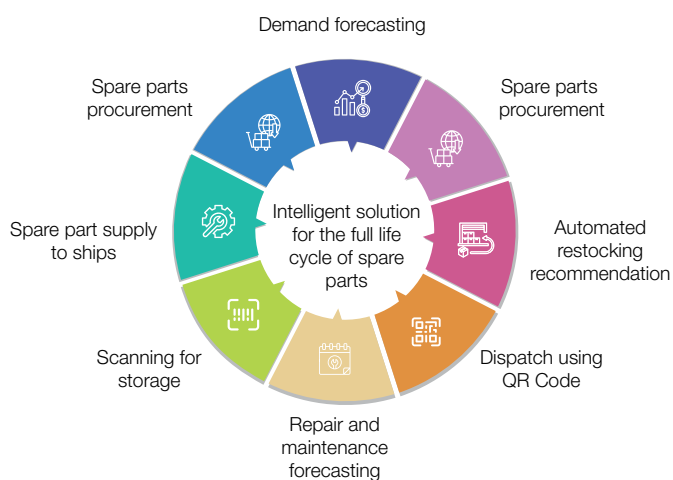
To maintain the sustainability performance and reputation across the supply chain, we regularly assess the compliance of the selected suppliers. The suppliers’ master database for procurement is updated every three years to remove any suppliers who fail to comply with relevant laws and regulations. In the event of any breach of safety standards, we will terminate the contract and partnership with the defaulting suppliers. However, if the supplier takes appropriate measures to address and resolve the issue, we will assess the effectiveness of these measures and their willingness to resume cooperation.



Environmental, Social and Governance Report

In addition to strengthening the sustainable procurement management of suppliers, the Group actively responds to the spirit of the “Guiding Opinions on Regulating the Procurement Management of State-owned Enterprises” promulgated by the State-owned Assets Supervision and Administration Commission and the National Development and Reform Commission of the State Council. It is committed to providing world-leading green and low-carbon digital intelligent solutions for the full life cycle of the shipping industry, while maintaining supply chain security and strengthening supply chain advantages through technological innovation.

By leveraging the Smart Sailing platform, a smart supply chain product line established by Green Intelligence Ship Services has achieved the full record, full process and full data presentation of marine spare parts procurement. All intragroup spare parts procurement businesses conducted by Yuantong on the platform migrated to the Smart Sailing platform. The organic combination of the Smart Sailing platform and Yuantong’s ERP system further enables the whole process of spare parts procurement business from inquiry, quotation, price comparison among multiple parties, order placing, order confirmation, logistics tracking, signing and acceptance, cost breakdown and allocation, billing and payment collection, which are displayed through the visualisation of the flows of business and goods. Green Intelligence Ship Services will continue to optimize the platform functions and gradually form an intelligent solution for the full life cycle of spare parts procurement, thereby transforming the fragmented spare parts business processes into a virtuous cycle:



The Group is committed to the promotion of full life cycle solutions while deepening the research, development and innovation of digital intelligent products. Our goal is to provide strong support to shipowners to ensure the safe operation of ships and effectively reduce the cost of spare parts storage, procurement and logistics, thereby improving the efficiency of spare parts management and achieving comprehensive digital and intelligent empowerment.

8.1.2 Supplier Monitoring and Supervision Mechanism

Under our annual supplier monitoring and supervision mechanism, we use comprehensive quantitative indicators to assess and evaluate the performance of our suppliers in different areas, including their basic qualifications, cost competitiveness, supply compliance, quality control, customer service, business innovation, and safety and environmental protection. Based on the evaluation results, we provide suppliers with suggestions on preventive measures and improvements and monitor their implementation to enhance the quality of their products and services. Suppliers found to have violated safety and environmental standards or engaged in bribery or other business misconduct will face penalties and immediate termination of the partnership. In addition, COSCO Kansai Companies include the quality assurance system as part of its supplier selection and admission process, in which environmental and social considerations play an important role and account for 10% of the overall supplier scores. Moreover, quality certification records are updated periodically in daily supplier management.

As part of our supplier monitoring process, we set up a supplier rating scale to evaluate and rank suppliers based on the evaluation results. We will prioritize suppliers with excellent sustainability performance.

The following is the supplier rating scale:

Rating	Definition
A Strategic supplier	Outstanding suppliers that achieved good progress in sustainability and stayed in line with the Group's ambition
B Meritorious supplier	Good suppliers that performed well beyond the basic requirements in some of the key indicators
C Qualified supplier	Fair suppliers that met the basic requirements of our indicators
D Negative supplier	Poor suppliers that failed to meet some requirements of our indicators
E Eliminated supplier	Poor quality suppliers that were eliminated and taken out from our supplier database

From October to November 2024, the Supplier Purchasing Department of COSCO Kansai Companies was responsible for coordinating the Technology Centres, Production Management Departments, Quality Control Departments and Warehousing Departments to conduct the annual supplier evaluation. According to the evaluation results, 204 qualified suppliers, 82 alternative suppliers, and 16 unqualified suppliers were identified. Suppliers with an overall score of less than 60 will be placed on the "Unqualified Supplier List", their SAP master data will be frozen, and their names will be marked "eliminated." Suppliers with higher ratings will be given priority for cooperation opportunities or will continue to work with us. Suppliers that have not participated in the annual inspection, failed the annual inspection, or have not cooperated with the Group for three consecutive years will not be included in the database. In addition, the Group actively promotes supply chain localisation to reduce delivery times, minimise transport-related environmental impacts, and support local economic growth.



Environmental, Social and Governance Report

8.2 Product quality and responsibility

As an industry leader, we are committed to providing consumers with quality, healthy and safe products and services. To this end, we maintain strict monitoring of technical standards and uphold product and service quality at every stage of the product life cycle, including raw material procurement, production, sales, marketing, recall, returns and replacement processes. We strive to ensure product safety and quality by complying with the following internal policies and international standards:

- The notice of the “Implementation Plan for Reducing Lead Content in Coatings of the Container Industry” issued by the China Container Industry Association;
- The “Rules for Classification and Labelling of Chemicals” under the national standard GB30000 series of the People’s Republic of China;
- The “Product Quality Law of the People’s Republic of China”;
- The “Regulations of the People’s Republic of China on Administration of Chemicals Subjected to Supervision and Control”;
- The “Regulations on the Administration of Precursor Chemicals”; and
- The “Measures for the Environmental Management of New Chemical Substances”.

To comply with international and domestic laws, regulations and standards, we have developed an internal “Health, Safety, Environment and Quality (HSEQ) Policy”, particularly for chemical manufacturing subsidiaries. These policies serve as guidelines to ensure compliance with safety and environmental regulations. To maintain the quality of our coating products, we implement strict control measures. We conduct comprehensive inspections and testing of semi-finished and finished products, and uphold quality control standards by isolating and disposing of non-conforming products in accordance with the requirements of procedural documentation, so that our products meet quality requirements. During the construction process, the coating quality was tested according to the construction process to ensure that the product quality met the process requirements.

In addition to ensuring the quality of our products, we see sustainability as our corporate responsibility and mission. As the main supplier of the container coating industry, COSCO Kansai Companies have always focused on the development and production of green and environmental friendly container coating products.



Case: COSCO Kansai Paint (Shanghai) received the first “EPD” certificate in the container coating industry

In September 2024, the waterborne container coating products of COSCO Kansai Paint (Shanghai) successfully passed the Environmental Product Declaration (EPD) evaluation of China Classification Society Certification Co., Ltd., and received the first EPD certificate in the container coating industry. EPD is an information disclosure method based on life cycle assessment, which details the impact of a product on the environment in its full life cycle from raw material acquisition, production, transportation, consumption to disposal. The statement, which is verified by third parties, provides scientific and comparable data on the environmental impact of the product throughout its full life cycle and is a key tool for promoting green production, green consumption and green trade. By identifying the type of environmental impact and potential impact value of the product, this certification provides a basis for the future development and design of green products, and the improvement of environmental protection and low-carbon in the production process, and enhances the green competitiveness of our products.



Environmental, Social and Governance Report

In our efforts to meet the needs of customers, we actively seek innovative approaches and apply the latest technologies to consistently deliver creative solutions. By better understanding the coating needs of new types of ships, we aim to reduce the corrosion risk of the coatings and, thus, the frequency of ship repairs. As China's leading companies in anti-corrosion coatings for ships and infrastructure, Jotun COSCO and COSCO Kansai Companies have demonstrated their excellence in promoting the green development of the shipping industry and offering anti-corrosion protection for major engineering projects with their professional coating technology and innovative coating solutions respectively in 2024.



Case: Jotun COSCO helped WINNING ZEPHYR ride the wave

In October 2024, Jotun COSCO successfully completed the dock repair and painting work of WINNING ZEPHYR for Qingdao Winning International Ship Management Co., Ltd. with its professional coatings technology and innovative coatings solutions. In the course of painting the vessel, Jotun COSCO selected the low resistance self-levelling anti-fouling paint with silane methacrylate SeaQuantum X200, a high-performance coating with excellent anti-fouling performance that can significantly extend the maintenance cycle of the ship during underwater operation, effectively reduce the resistance in sailing, minimise the speed loss in operation and greatly improve the sailing efficiency of the ship. SeaQuantum X200 not only provides excellent anti-fouling protection but also helps Winning International achieve both environmental and economic benefits by reducing marine fuel consumption.



Capitalising on the hull performance solutions (HPS), Jotun COSCO is committed to the mission of clean shipping. The above achievement reflects Jotun COSCO's leading position in marine coating technology and highlights its positive contribution to promoting the development of green shipping.



Case: Anti-corrosion coatings of COSCO Kansai Companies protected the new hub corridor in the Guangdong-Hong Kong-Macao Greater Bay Area

On 11 December 2024, the Huangmaohai Sea-crossing Channel was opened for trial operation. The Channel has a total length of around 31 kilometres, including approximately 15 kilometres of sea section composed of the Huangmaohai Bridge and the Gaolan Port Bridge (a cable-stayed bridge with a centre span of 700 metres). During the construction period, the Channel faced the extreme challenges of strong typhoons, high-intensity earthquakes, severe seawater corrosion and high ship impact force. In this context, COSCO Kansai Companies leveraged their expertise in the field of anti-corrosion coatings and successfully won the bid for the G1 section of the steel structure contracted by Shanghai Zhenhua Heavy Industries. The project covered the Gaolan Port Bridge with a total weight of 36,000 tonnes and used nearly 800 tonnes of anti-corrosion paint.

COSCO Kansai Companies provided the EPOFEND series of epoxy zinc-rich primer, high-solids fluorocarbon topcoat and other high-quality anti-corrosion coatings for the project. Since September 2022, they offered technical support throughout the construction and all departments cooperated closely to ensure the smooth implementation of the project. This sea-crossing anti-corrosion coating project highlighted COSCO Kansai Companies' strength in the field of anti-corrosion coatings and outstanding contributions to major projects, once again demonstrating their expertise in protecting infrastructure in extreme environments.





Environmental, Social and Governance Report



Case: COSCO Kansai Companies put on a solid “armour” for the underwater tunnel of the Shenzhen–Zhongshan Link

On 30 June 2024, the Shenzhen–Zhongshan Link was officially opened. As an important participant in the Shenzhen–Zhongshan Link Project, COSCO Kansai Companies successfully won the bid for the heavy-duty anti-corrosion coating supply project for the steel shells of the immersed tube tunnel of the Shenzhen–Zhongshan Link in 2018, providing nearly 2,700 tonnes of high-performance “epoxy glass scale” heavy-duty anti-corrosion coating for 320,000 tonnes of steel shells. The coating has excellent acid resistance, alkali resistance, oil resistance and seawater resistance. Its VOCs emission is far lower than the national standard and meets the green and environmental protection requirements. COSCO Kansai Companies strictly controlled the whole process from raw material procurement, production inspection to logistics distribution. They also sent on-site technical personnel to supervise coating spraying by intelligent robots to ensure an efficient and high-quality coating supply.

COSCO Kansai Companies completed the coating of all steel shells over six years. They ensured the durability of the coating with a fined construction approach to help the smooth opening of the Link in 2024, thereby gaining recognition from many parties. By providing high-performance and low-emission anti-corrosion solutions, COSCO Kansai Companies have demonstrated their leadership in the field of green infrastructure and contributed Chinese wisdom and strength to global sustainable development.



8.3 Customer care

8.3.1 Customer satisfaction

The Group believes that customer feedback is essential for driving continuous business improvement. We place considerable emphasis on monitoring all areas of the customer experience, including the service quality of our sales and technical service staff, delivery process, order placement procedures, invoicing, and the overall experience of engaging with us. We closely monitor and evaluate these areas through surveys to ensure that our customers enjoy a superior experience.

We have implemented the complaint handling procedure to effectively respond to consumer concerns regarding our products and services. COSCO Kansai Companies and Jotun COSCO have developed the “Administrative Procedure for Customer Feedback” to ensure fair, consistent and prompt resolution of complaints. Upon receipt of a complaint, the designated officer investigates the incident and takes appropriate action to avoid recurrence. In addition, our “Process for Paint Return” stipulates that management should be aware of the recall of non-conforming products and the necessary measures to be taken to resolve the problem. We timely understand customer satisfaction with the resolution of complaints, strengthen the follow-up of complaints and feedback, and improve the responses to customer complaints. We also conduct a detailed analysis of the causes of complaints and promptly address any product or service quality issues. Moreover, we use complaint cases for publicity, education and training for relevant departments.

Environmental, Social and Governance Report

During the reporting period, we did not have any outstanding complaints related to our services, nor did we have any products that had to be recalled for safety or health reasons.

We strive to build and maintain close relationships with our customers and better understand their needs to provide products and services that generate positive responses. In 2024, we continued our high-frequency customer interview program to conduct technical exchanges on multiple topics with strategic and key customers, share technical knowledge with them and showcase new products. In addition, we took advantage of the rapid communication speed of new media and regularly held technical lectures through webcast platforms to introduce our products and their applications. This measure aimed to facilitate technical exchanges among industry stakeholders.



Case: Jotun COSCO featured at the Green Shiptech China Congress 2024

On 26 September, Jotun COSCO participated in the 13th Green Shiptech China Congress 2024. Mr. Nikos Markakis, the general manager, delivered a keynote speech titled “Clean Hulls, Cleaner Operations,” highlighting the firm commitment of the company to sustainability. In his speech, Mr. Nikos Markakis emphasised the crucial role of ship coatings in enhancing the sustainability and operational efficiency of the shipping industry and introduced how the company used advanced ship coating technology to reduce fuel consumption, lower emissions and mitigate environmental impact. Jotun COSCO showcased several innovative products and solutions at the congress, demonstrating its determination to support the transition of the shipping industry to a green future.



Adhering to the customer-centric approach, we are dedicated to offering quality coating solutions that meet customer needs and expectations and enhance service quality and customer satisfaction on an ongoing basis, which earn us the trust and praise of customers. In 2024, Jotun COSCO was honoured with the “Golden Supplier” award from China State Shipbuilding Corporation and named the “Excellent Supplier” for the year by Guangzhou Shipyard International. These awards recognised the deep cooperation between Jotun COSCO and its customers and highlighted its ongoing efforts in technological innovation, product quality and comprehensive service provisions.



Jotun COSCO won the “Golden Supplier” award from China State Shipbuilding Corporation



Jotun COSCO was named the “Excellent Supplier” for the year by Guangzhou Shipyard International



Environmental, Social and Governance Report

During the reporting period, the Group continuously rolled out new service models. It formed a cross-divisional service team to tailor insurance solutions to clients' diverse and personalised needs. For instance, the CPI team was established for the reinsurance business of China Shipowners Mutual Assurance Association ("China P&I") to cater to its different reinsurance needs. As a long-term partner of China P&I, the Group is dedicated to providing top-notch reinsurance services. During the 2024 renewal, we successfully offered reinsurance services from three international protection and indemnity associations — Gard, UK and West of England — to China P&I, covering 813 vessels with a record-high total tonnage of 37.6 million tonnes. These achievements not only demonstrated the Group's professional strength in reinsurance but also deepened the cooperation and friendship between the two parties.

8.3.2 Customer Privacy

The Group prioritizes customer privacy protection in all business operations and strictly adheres to relevant local, national and international laws and regulations, such as the "Personal Data (Privacy) Ordinance" of Hong Kong. In addition, Jotun COSCO complies with the "EU General Data Protection Regulation" (GDPR) and implements the "Binding Corporate Rules" (BCR) to ensure that employees follow the same privacy protection framework.

We have implemented various internal procedures in strict accordance with international and domestic legal requirements to ensure information confidentiality and prevent leakage of stakeholders' sensitive information. Our information dissemination strategy, known as the "Information Management Method", emphasises four core values: "truthfulness, accuracy, completeness and timeliness". To protect trade secrets, we formulated the "Administrative Measures on the Protection of Trade Secrets" in compliance with the "Law Against Unfair Competition of the People's Republic of China", the "Interim Provisions on the Protection of Commercial Secrets of Central Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council, and the "Administrative Measures on the Protection of Trade Secrets" promulgated by China COSCO Shipping Corporation Limited. We have also implemented the "Employee Management Measures" to prevent employees from disclosing customer data and strategic cooperation agreements to third parties.

In July 2024, the Group organised a "Digital Literacy Skills Enhancement and Cybersecurity Training" session to raise employees' awareness of data privacy and protection. The training covered the basics of cybersecurity, security awareness development, cybersecurity threat and countermeasures, introduction to cryptography, response and management principle of cybersecurity incidents, emerging cybersecurity technologies and future development trends, cyberattack and defence demonstrations, as well as case studies. This not only met the requirements of the Bureau of Scientific and Technological Innovation of the State-owned Assets Supervision and Administration Commission for launching the "2024 National Digital Literacy and Skills Enhancement Month", but also improved employees' understanding and skills in digital technology application and their cybersecurity awareness. We will continue to strengthen cybersecurity promotion to enhance employees' risk identification and prevention capabilities for the Company's stable development.

Additionally, the subsidiaries enhanced staff training on trade secret confidentiality through national security video viewings and phishing email prevention training. Our staff also updated their strong passwords regularly and participated in group drills. To ensure data confidentiality, integrity and availability, the Group invited all employees to attend the phishing email prevention training in batches organised by COSCO SHIPPING (Hong Kong) on 8 and 9 April.

During the reporting period, the Group received no complaints regarding consumer privacy breaches or customer data loss.

8.4 Anti-corruption

8.4.1 Anti-corruption policy

We always adhere to the highest standards of integrity and compliance and strictly abide by the “Criminal Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China” and the “Bidding Law of the People’s Republic of China.” Recognising the significance of business ethics and anti-corruption measures, we have incorporated business ethics and code of conduct into the Group’s risk management framework and closely monitored their implementation.

The Group has formulated the “Professional Ethics and Code of Conduct for the Staff of COSCO SHIPPING International” (the “Code”) to ensure that employees understand and follow these principles and maintain high standards of integrity and ethics. The Code offers guidance on appropriate employee behaviour across various situations. Specifically, it prohibits employees from exploiting their positions of authority for bribery or accepting improper benefits, seizing the Group’s business opportunities, using the Group’s assets for personal gain, and engaging in other activities that may harm the Group’s interests. Moreover, employees are expected to maintain long-term and trustworthy relationships with customers, contractors and suppliers. Any employee who breaches the Code will face disciplinary action, including termination of employment. The Group has the responsibility to report any suspected incompliance or illegal acts to the authorities and cooperate with the investigations. The Company formulated anti-bribery policies and regulations on gift registration and administration.

8.4.2 Whistleblowing Policy

During the reporting period, the Group revised the “Whistleblowing Policy”, specifying that employees, and those who deal with the Company can report details of suspected corruption through anonymous channels. This aims to promote integrity, transparency, and accountability. The “Whistleblowing Policy” safeguards confidentiality by ensuring that the identity of the whistleblower remains undisclosed and inaccessible without proper authorisation. The Board oversees the effective implementation and execution of the policy to uphold a high standard of corporate justice. Any attempt to obstruct the investigation will be deemed a serious disciplinary offence. The Discipline Inspection Commission of COSCO Kansai Companies holds work meetings quarterly to discuss supervision measures based on specific circumstances. The Group has broadened the reporting channels, established a dedicated grievance mailbox.

8.4.3 Anti-Corruption Supervision

The Group explicitly prohibits all forms of corrupt practices, including but not limited to accepting benefits or kickbacks from suppliers and colluding in fraud and false sales reporting. We follow the “Whoever Takes Charge Should Be Responsible” principle, which holds employees and managers involved in such acts accountable. Upon discovering any transfer of benefits, we will launch a comprehensive investigation covering the individuals involved and the entire business division. Based on the “Performance Assessment and Management Measures for Directly-Managed Companies”, we closely monitor and assess binding indicators governing business transactions, risks, internal control and other ethical and anti-corruption requirements of staff in business evaluation.

The responsible division and each business division strictly implement the anti-corruption policy and make tremendous efforts to eliminate immoral business practices. The Audit & Supervision Division at the Group’s headquarters oversees the related matters at the group level. According to the “Special Affiliated Enterprises Management Measures,” the Audit & Supervision Division also manages special affiliated businesses through regular and irregular special inspections, effectiveness supervision and audits. Representatives of each business division implement the anti-corruption plan, while the Audit & Supervision Division supervises and assesses



Environmental, Social and Governance Report

the execution. Our business divisions guide suppliers to provide goods and services in accordance with the procurement and supply chain management policies of the Group. In addition, our subsidiaries are responsible for reporting on employees who violated the Company's policy to the Audit & Supervision Division. In April 2024, COSCO Kansai Companies organised the signing of integrity responsibility agreements for all cadres. In August, 49 middle-level cadres signed the "Undertaking Letter on Business Operation, Enterprise Establishment, and Related-Party Transaction", which enhanced their integrity awareness and stepped up their commitment to compliance responsibilities.

To deepen employees' understanding of ethical business practices, we aim to conduct annual employee self-assessment surveys across divisions and subsidiaries. The survey covers various aspects of the Code, including integrity and fairness, declaration and disclosure of interests, conflict of interests, protection of confidentiality and company assets, and relationships with customers, suppliers and contractors. During the reporting period, all employees completed the self-assessment survey.

During the reporting period, the Group complied with all relevant standards, laws and regulations. The Group faced no litigation in relation to corruption.

8.4.4 Anti-corruption training

Anti-corruption training is no doubt the most important preventive measure to strengthen employees' awareness against corrupt practices.

In June 2024, the directors, management and staff of COSCO SHIPPING International joined the second round of the "Professional Anti-corruption Training for Corporate Senior Executives" held by the Hong Kong Chinese Enterprises Association and the Independent Commission Against Corruption of Hong Kong. The training helped participants better grasp the latest anti-corruption policies and legal requirements in Hong Kong, which is conducive to building a culture of integrity and enhancing anti-corruption management. In 2024, we organised the Hong Kong-based employees to study the "Prevention of Bribery Ordinance" and complete the questionnaires.

9. COMMUNITY INVESTMENT

We are committed to supporting and investing in the development of the communities in which we operate. Established in 2014, the Group's "Donation Policy" addresses the rights and local needs of different communities. This policy outlines our collaboration strategies with regional NGOs and charitable organisations and our approach to managing philanthropic initiatives. It also specifies details regarding annual budgets of charitable donation and the precise criteria for determining the amounts and methods of community investments or donations.

In 2024, upholding the spirit of "Being Rooted in Hong Kong and Serving Hong Kong," the Group actively organised and participated in various charitable and public welfare activities. Our focus areas included charitable donations, supporting disadvantaged groups, funding student education and environmental protection initiatives, through which we conveyed messages of caring for society and serving the community to contribute to sustainable social development.

We have established a volunteer team comprising employees who are passionate about supporting local charities to work with us in extending compassion and assistance to those in need. To encourage active employee participation in volunteer activities and acknowledge their long-term support and enthusiasm, we offer half-day paid leave to staff who contributing 2-4 hours on volunteer days, while those participating in 4 hours or more of volunteer activities are eligible for a full-day paid leave.

9.1 Contribution to Community

The Group adopts “Dedicated Service, Enriching the Community” as the team motto, emphasising our unwavering commitment to community investment through participation in various volunteer programs. The Group also regularly reviews its community investment initiatives to optimise its utilisation of resources and time allocation. Our social contributions primarily focus on five key areas: charitable donation, environmental conservation, educational support, assistance for vulnerable groups and community support.

9.1.1 Charitable Donation

The table below lists the specific organisations to which the Group made direct donations during the reporting period to benefit the community:

Charitable Organisations	Donation Amount (HK\$)
World Wide Fund for Nature Hong Kong (“WWF”)	100,000
The Neighbourhood Advice-Action Council	23,000
Hong Kong Committee for UNICEF (“UNICEF”)	50,000
Sowers Action	232,640
Total Donations	405,640

9.1.2 Environmental Public Welfare

As a shipping service provider, the Group recognises that our primary environmental responsibility starts from the oceans and extends far beyond them. Realising the growing societal concern over environmental issues such as marine pollution, we are committed to minimising the negative impact of human activities on the environment.

The Group continued to support WWF by donating HK\$100,000 and upgrading to Gold Member during the reporting period. Under the Corporate Membership Programme, we maintained the collaboration with WWF on its environmental conservation initiatives, including the protection of Mai Po and the marshes, ocean, wildlife, local biodiversity, sustainable finance, and public engagement and education efforts, so as to support Hong Kong to become a more sustainable city. Beyond financial contributions, we organised outreach activities to promote the importance of environmental protection and conservation. Centring around the concepts of energy saving, carbon reduction and green development, local labour unions of COSCO Kansai Companies launched a themed campaign titled “Embarking on a New Journey, Leading the Way in Green and Low-Carbon Action” in April 2024. The campaign featured events such as group hiking and online knowledge competitions. These initiatives not only strengthened communication and cooperation among union members but also actively promoted the concepts of green and low-carbon development, energy conservation and environmental protection.

9.1.3 Education

The youth are the backbone of the future society. We firmly believe that equal access to education is a fundamental right for all. The Group actively fulfils social responsibilities by consistently investing in youth education and development initiatives and providing children with more financial and spiritual support, so that they can thrive and pursue their dreams.



Environmental, Social and Governance Report

In September 2024, Jotun COSCO held the First Outstanding Graduates Award Ceremony for the “Spring Bud Class” and Freshman Enrolment Ceremony 2024 at the Jindun Middle School in Heqing County, Yunnan Province. Mr. Nikos Markakis, the general manager of Jotun COSCO, attended the event with others and encouraged students to study hard, explore bravely and strive for excellence. After three years of relentless effort, students of the Spring Bud Class achieved remarkable results and all of them advanced to higher-level schools. Among them, four students ranked top 100 in the county. In 2024, Jotun COSCO donated RMB240,000 as study subsidies, awarded RMB10,000 to outstanding students, and gifted ten used computers to support the Spring Bud Class.

9.1.4 Assistance to the Elderlies, Underprivileged Children and Grassroots Families

We respect the uniqueness of every individual and recognise the diverse challenges that people face in their daily lives. By actively collaborating with local NGOs, we allocate resources effectively to address the needs of different community groups. Through various forms of volunteer services, we convey the messages of caring for society and serving the community while fostering social integration and community inclusion.

During the reporting period, we partnered with the Neighbourhood Advice-Action Council to organise a series of community initiatives:

Care to Elderlies

As the Chinese New Year approached, our volunteer team of 42 members participated in the “Passing Love to Sham Shui Po: Spreading Warmth in Winter” care visit organised by the Neighbourhood Advice-Action Council on 27 January 2024. The activity aimed to deliver gift packs containing rice, cooking oil, scarves and other essentials, along with festive blessings, to singleton and doubleton elderly persons living in the Shek Kip Mei public housing estates in Sham Shui Po. The elderly people expressed gratitude for the volunteers’ visit, the generous gifts and the warmth and care from their community.

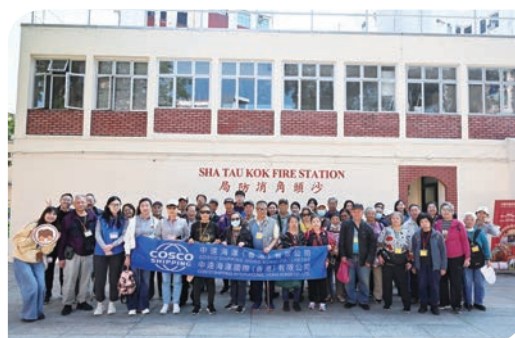


Environmental, Social and Governance Report

Ahead of the Mid-Autumn festival, our volunteer team joined the “Passing Love to Sham Shui Po: Mid-Autumn Festival Home Visit” organised by the Neighbourhood Advice-Action Council on 14 September 2024. A total of 79 volunteers visited elderly residents of Chak On Estate in Shek Kip Mei with gift packs containing mooncakes and other festive foods. The volunteers had warm talks with the elderly people by reminding them to stay healthy and happy in daily life and extended heartfelt festive greetings. The event visited 110 singleton and doubleton elderly persons living in Chak On Estate. Beyond providing material support, the visit offered an emotional boost that allowed them to experience the festive atmosphere of the Mid-Autumn Festival and the care and warmth of the community. This also underscored the Group’s dedication to social responsibility.



On 7 December 2024, we organised 15 volunteers to accompany 29 seniors on the “Travel with the Elderly: Discover Sha Tau Kok” trip. This event, co-hosted by the Company and the Shamshui Po District Elderly Community Centre of the Neighbourhood Advice-Action Council, is part of our continuous sponsorship of the “Travel with the Elderly” series since 2017, which has been well-received and praised by the elderly. Our enthusiastic volunteer team arranged a day tour tailored for the elderly. They visited the Hong Kong Railway Museum in Tai Po, the Wun Chuen Sin Kwoon Taoist Temple and Sha Tau Kok, and enjoyed an exciting and fulfilling day out.



Caring for vulnerable groups

In November 2024, COSCO Kansai Companies organised young employees to participate in the Shanghai volunteer project “Holding Hands with Love, You and Me Together,” where they accompanied visually impaired people on a tour of Guyi Garden in Jiading District, Shanghai. Volunteers were paired with their visually impaired friends to visit the garden. They gave special reminders and assisted their partners carefully when crossing streets, going up and down stairs, or getting around obstacles. Under the theme of “Let me be your eyes and accompany you in seeing the world”, the event allowed participants to experience the profound joy of helping others. Through their actions, our employees opened a window for the visually impaired to get in touch with the world and feel the care and warmth in society. In the future, we will continue to focus on vulnerable groups in society and provide them with more assistance, demonstrating our corporate responsibility and commitment.





Environmental, Social and Governance Report

Support to Underprivileged Children and Grassroots Families

In 2024, we also donated HK\$50,000 to UNICEF to support children's rights and well-being. The donation will fund UNICEF's efforts to ensure children have access to safe water and quality education and protect them from exploitation, violence, and preventable diseases. As children are the future pillars of society, every child should receive equal care and opportunity. In the future, we will continue to make greater contributions to protecting underprivileged children.

On 31 August 2024, the Company dispatched 10 volunteers to participate in the "Make the Most of Summer Vacation" volunteer activity. Our volunteers accompanied 29 children from low-income families to play at Tai Po Waterfront Park and Wadakiyama Plantation in Sha Tau Kok, so that the children could play and relax before the start of school and prepare for the new semester, bringing the summer vacation to a perfect end. Through participation in various outdoor activities, the children could get closer to nature, challenge themselves, and develop better communication and practical capabilities.



In October 2024, the Company sent a team of 109 members, consisting of our employees, their family members and guests, to join the 3 km family event, 14 km individual event and team event at the "Sowers Action Challenging 12 Hours" charity cross-country marathon. The activity aimed at raising funds for local grassroots families and other sponsored projects. On the day of the event, before the start of the 14 km race at Shing Mun Reservoir Main Dam, the Company was presented with a commemorative trophy by Sowers Action. Our team and over 1,300 other participants experienced the hardships of long journeys to school for children living in mountainous areas through walking. While enjoying the beautiful scenery of Hong Kong's natural trails, we raised funds for student assistance projects of Sowers Action. COSCO SHIPPING International has always been committed to public welfare activities. Since 2008, it has sponsored the "Sowers Action Challenging 12 Hours" fundraising activity for 16 years in a row, raising over HK\$3 million for more than 2,900 students in Hong Kong, Sichuan, Yunnan, Gansu and other regions.



PERFORMANCE DATA SUMMARY — ENVIRONMENTAL

Indicator	Unit	2024	2023	2022
Greenhouse gas emissions				
Scope 1 ^{Note 1}				
Total emissions	metric tonnes	682	412	470
Petrol ^{Note 2}		188	76	70
Diesel ^{Note 2}		154	101	117
Natural gas ^{Note 2}		340	235	283
Scope 2				
Total emissions	metric tonnes	3,625	3,479	3,970
Electricity ^{Note 3}		3,625	3,479	3,970
Scope 3 ^{Note 4}				
Total emissions ^{Note 4, 5}	metric tonnes	4,487,755	824	202
Purchased goods and services ^{Note 5}		71,004 ^{Note 5}	65	97
Fuel and energy-related activities (not included in Scope 1 and Scope 2)		4,416,201	Note 11	Note 11
Upstream transportation and distribution		2.22	Note 11	Note 11
Waste from operations		144	Note 11	Note 11
Business travel		320	759	105
Employee commuting		84	Note 11	Note 11
Total greenhouse gas emissions				
Scope 1, 2 and 3 emissions	metric tonnes	4,492,062	4,715	4,642
Greenhouse gas emissions per m ² of floor area (Scope 1, 2 and 3 emissions)	metric tonnes/m ²	96	0.10	0.10
Greenhouse gas emissions per employee (Scope 1, 2 and 3 emissions)	metric tonnes/employee	5,553	5.48	5.52
Air emissions				
VOCs and benzene	metric tonnes	2.46	2.37	4.14
Toluene ^{Note 6}		0.06	0.20	0.25
Xylene ^{Note 6}		0.15	0.19	0.33
Particulate matter		0.48	0.17	0.20
Other exhaust gas emissions		0	0	0.36
Total energy consumption ^{Note 7}				
Direct energy consumption				
Diesel	litre	58,129	38,185	44,342
Petrol	litre	70,722	28,608	25,752
Natural gas	m ³	157,033	108,719	131,091
Indirect energy consumption				
Power consumption	kWh	6,800,110	4,372,681	4,897,969
Power consumption density per m ² of floor area	kWh/m ²	146.03	95.46	106.92
Power consumption density per employee	kWh/employee	8,405.57	5,084.51	5,803.28
Water consumption ^{Note 8}				
Total water consumption	metric tonnes	43,992	31,713	33,971
Water consumption density	metric tonnes/m ²	1.20	0.87	0.93
Waste management ^{Note 9}				
Solid waste (hazardous)	metric tonnes	2,734	1,016	1,063
Solid waste (non-hazardous)		259.81	229.7	212.2
Wastewater				
Wastewater	metric tonnes	17,181	15,769	16,626
Packaging materials ^{Note 10}				
Coating packaging materials	metric tonnes	7,046	3,691	4,205



Environmental, Social and Governance Report

Notes:

- 1 The emission factors and the Global Warming Potential (GWP) of Scope 1 greenhouse gas emissions were applied in accordance with those provided in "Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange.
- 2 In 2024, as the production line of each of the plant of COSCO Kansai (Zhuhai) and COSCO Kansai Paint (Shanghai) operated at full capacity. As such the petrol, diesel, natural gas emissions significantly increased, resulting in an increase in the relevant Scope 1 emissions in aggregate.
- 3 The emission factors for Scope 2 greenhouse gas emissions were classified by region. For Hong Kong, China the carbon emission intensity of electricity generation from the "Sustainability Report 2023 of HK Electric Investments" was applied. For Mainland China, the carbon emission factor of electricity generation from the "2022 Electricity Carbon Emission Factor" was applied. Meanwhile, owing to the update of the electricity generation factors, the Scope 2 greenhouse gas emission intensity did not grow significantly in the context of increased electricity consumption in 2024.
- 4 The calculation of Scope 3 greenhouse gas emissions refers to various standards such as the "Greenhouse Gas Protocol Corporate Accounting and Reporting Standard", "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange, the "China Products Carbon Footprint Factors Database" and "US Environmentally-Extended Input-Output Models (USEEIO) Supply Chain Greenhouse Gas Emission Factors".
- 5 The significant increase in Scope 3 greenhouse gas emissions was mainly due to the expansion of the statistical scope in accordance with the new requirements of the Listing Rules, we included emissions from purchased goods and services, fuel and energy-related activities (excluding those in Scope 1 and Scope 2), upstream transportation and distribution, waste from operations and employee commuting. Paper consumption for the reporting period has been included in the purchase of goods and services.
- 6 Toluene and Xylene decreased because the plant of COSCO Kansai (Tianjin) ceased production, resulting in zero emission.
- 7 The noticeable increase in total energy consumption was mainly due to the increase in the annual production capacity of COSCO Kansai Companies, which led to the surge in its electricity consumption in COSCO Kansai Companies.
- 8 The water consumption and intensity increased as COSCO Kansai Companies operated at full capacity.
- 9 The change in its waste was mainly attributed to COSCO Kansai Companies' growth of production and sales.
- 10 The increase of packaging materials for coating consumed was mainly due to the increase of production volume of COSCO Kansai Companies.
- 11 According to the relevant requirements of the Listing Rules, the paper consumption and emissions from business trips have been disclosed in the annual reports in previous years. We have identified and quantified six categories of Scope 3 emissions in accordance with the new requirements. In the future, the Group will continue to strive for full coverage of indirect emission targets, including those relating to supply chain and product life cycle.

PERFORMANCE DATA SUMMARY — SOCIAL

Indicator	Unit	2024	2023	2022
Employee				
Total workforce	number	809	860	851
Employee by employment type				
Full-time	number	808	859	850
Contract or short-term employment		1	1	1
Employee by gender				
Male	number	565	615	629
Female		244	245	222
Employee by region				
Hong Kong	number	201	195	179
Mainland China		580	638	642
Overseas		28	27	30
Employee by age group				
Below or equal to 30	number	79	62	55
31 to 50		548	585	606
Over 50		182	213	190
Overall turnover rate of employee				
Turnover rate	%	4	4	4
Turnover Rate by gender				
Male	%	4	4	5
Female		4	5	4
Turnover Rate by region				
Hong Kong	%	9	12	3
Mainland China		2	2	5
Overseas		0	0	7
Turnover Rate by age group				
Below or equal to 30	%	4	6	7
31 to 50		4	4	4
Over 50		2	4	4
Employee development and training				
Total training hours received	hours	70,342	75,063	86,342



Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY — SOCIAL (Continued)

Indicator	Unit	2024	2023	2022
Percentage of workforce trained by gender ^{Note a}				
Male	%	99	91	96
Female		97	99	94
Percentage of workforce trained by employment category ^{Note a}				
Senior management	%	94	73	89
Middle-level management		92	94	93
General employee		100	100	99
Average training hours by gender				
Male	hours/person	98	98	107
Female		66	68	81
Average training hours by employment category				
Senior management	hours/person	95	92	144
Middle-level management		97	101	127
General employee		86	87	91
Supply chain management				
Total number of suppliers	number	1,734	1,589	1,613
Number of suppliers by geographical region				
Mainland China	number	817	841	823
Hong Kong		395	232	247
Overseas		522	516	543
Employee health and safety				
Work-related fatalities (person)	number	Nil	Nil	Nil
Work injury cases (case)	number	Nil	Nil	Nil
Lost day(s) due to work injury	day	Nil	Nil	Nil
Community investment				
Corporate charitable donations & sponsorships	HK\$	405,640	375,800	265,000
Volunteer participation				
Participants	number	255	320	28
Service hours	hours	1,128	1,304	168
Beneficiaries				
Number of beneficiaries	number	1,526	747	124

Note:

- a Employee training rate by category (in percentage) = number of employees trained in the relevant category/total workforce of the category at the end of the reporting period x 100%

INDEX OF THE ESG CODE OF THE STOCK EXCHANGE

A. Environmental		Relevant sections/Statements	Page Number
Aspect A1: Emissions			
General Disclosure	Disclosure Statement	Environmental, Social and Governance Management Approach; Waste Management	69, 74–75
KPI A1.1	Types of emissions and respective emissions data	Performance Data Summary — Environmental	117
KPI A1.3	Total hazardous waste produced	Performance Data Summary — Environmental	117
KPI A1.4	Total non-hazardous waste produced	Performance Data Summary — Environmental	117
KPI A1.5	Description of emissions target(s) set & steps taken	Sustainability Vision; Gas Emission Reduction	68, 74
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set & steps taken	Waste Management	74–75
Aspect A2: Use of Resources			
General Disclosure	Disclosure Statement	Resources Optimisation; Product Quality and Responsibility	75–76, 106
KPI A2.1	Direct and/or indirect energy consumption by type and intensity	Performance Data Summary — Environmental	117
KPI A2.2	Water consumption in total and intensity	Performance Data Summary — Environmental	117
KPI A2.3	Description of energy use efficiency target(s) set & steps taken	Sustainability Vision; Resources Optimisation	68, 75–76
KPI A2.4	Description in sourcing water that is fit for purpose, water efficiency target(s) set & steps taken	Environmental Protection; Wastewater Management; Biodiversity and Marine Environment Protection	73, 75, 77
KPI A2.5	Total packaging material used for finished products	Performance Data Summary — Environmental	117
Aspect A3: The Environment and Natural Resources			
General Disclosure	Disclosure Statement	Environmental, Social and Governance Management Approach; Environmental Protection; Biodiversity and Marine Environment Protection	69, 73, 77
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage	Environmental Protection; Biodiversity and Marine Environment Protection	73, 77



Environmental, Social and Governance Report

B. Social		Relevant Sections/Statements	Page Number
Aspect B1: Employment			
General Disclosure	Disclosure Statement	Employee Empowerment; Community Investment	97–98, 112
KPI B1.1	Total workforce by gender, employment type, age group & geographical region	Performance Data Summary — Social	119
KPI B1.2	Employee turnover rate by gender, age group & geographical region	Performance Data Summary — Social	119
Aspect B2: Health and Safety			
General Disclosure	Disclosure Statement	Environmental, Social and Governance Management Approach; Ensuring our Health and Safety	69, 91–97
KPI B2.1	Number and rate of work-related fatalities occurred in each of the previous three years	Performance Data Summary — Social	120
KPI B2.2	Lost days due to work injury	Performance Data Summary — Social	120
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented & monitored	Ensuring our Health and Safety	91–97
Aspect B3: Development and Training			
General Disclosure	Disclosure Statement	Occupational Health and Safety at Workplace; Employee Training and Development	95, 99
KPI B3.1	The percentage of employees trained by gender & employee category	Performance Data Summary — Social	120
KPI B3.2	The average training hours completed per employee by gender & employee category	Performance Data Summary — Social	120
Aspect B4: Labour Standards			
General Disclosure	Disclosure Statement	Employee Empowerment	97
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Equal Employment	98
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Equal Employment	98
Aspect B5: Supply Chain Management			
General Disclosure	Disclosure Statement	Business Development and Collaboration	103–105
KPI B5.1	Number of suppliers by geographical region	Performance Data Summary — Social	120
KPI B5.2	Description of practices relating to suppliers engagement & number of suppliers, and how they are implemented and monitored	Supply Chain Management	103
KPI B5.3	Description of practices used to identify environmental & social risks along the supply chain, and how they are implemented and monitored	Sustainable Procurement	103
KPI B5.4	Description of practices to promote environmentally preferable products & services when selecting suppliers, and how they are implemented and monitored	Supplier Monitoring and Supervision Mechanism	105

Environmental, Social and Governance Report

B. Social (continued)		Relevant Sections/Statements	Page Number
Aspect B6: Product Responsibility			
General Disclosure	Disclosure Statement	Product Quality and Responsibility	106
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Customer Satisfaction	108–109
KPI B6.2	Number of products and service related complaints received & how they are dealt with	Customer Satisfaction	108–109
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable — not considered as material topics to the Group's business	N/A
KPI B6.4	Description of quality assurance process & recall procedures	Product Quality and Responsibility; Customer Satisfaction	106–110
KPI B6.5	Description of consumer data protection & privacy policies, & how to implement & monitor	Customer Privacy	110
Aspect B7: Anti-corruption			
General Disclosure	Disclosure Statement	Anti-Corruption Policy	111
KPI B7.1	Number of concluded legal cases regarding corrupt practices & outcomes	Anti-Corruption Supervision	111–112
KPI B7.2	Description of preventive measures & whistleblowing procedures, & how to implement & monitor	Whistleblowing Policy	111
KPI B7.3	Description of anti-corruption training provided to Directors and staff	Anti-Corruption Training	112
Aspect B8: Community Investment			
General Disclosure	Disclosure Statement	Community Investment	112
KPI B8.1	Focus areas of contribution	Contribution to Community	113–116
KPI B8.2	Resources contributed to the focus area	Contribution to Community	113–116
Part D: Climate-related Disclosures			
Governance	Governance structure and processes for climate-related risks and opportunities	Climate-related Risk Adaption	78–90
Strategy and decision making	Identification of climate-related risks and opportunities, business impacts, and actions	Climate-related Risk Adaption	78–90
	Climate resilience	Climate-related Risk Adaption	78–90
Risk Management	Processes for managing climate risks and opportunities	Climate-related Risk Adaption	78–90
Metrics and Targets	Greenhouse gas emissions	Performance Data Summary — Environmental	117

This report has been prepared in accordance with the latest disclosure requirements of the “Environmental, Social and Governance Reporting Code” set out in the Appendix C2 of the Listing Rules. Even though the KPI A1.2 has been repealed, the Company still collected and disclosed the KPI A1.2: Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions and intensity. Such data has been included in the “Metrics and Targets” section under “Part D. Climate-related Disclosures”.