

Compliance Challenges for Chinese Maritime In-House Counsels

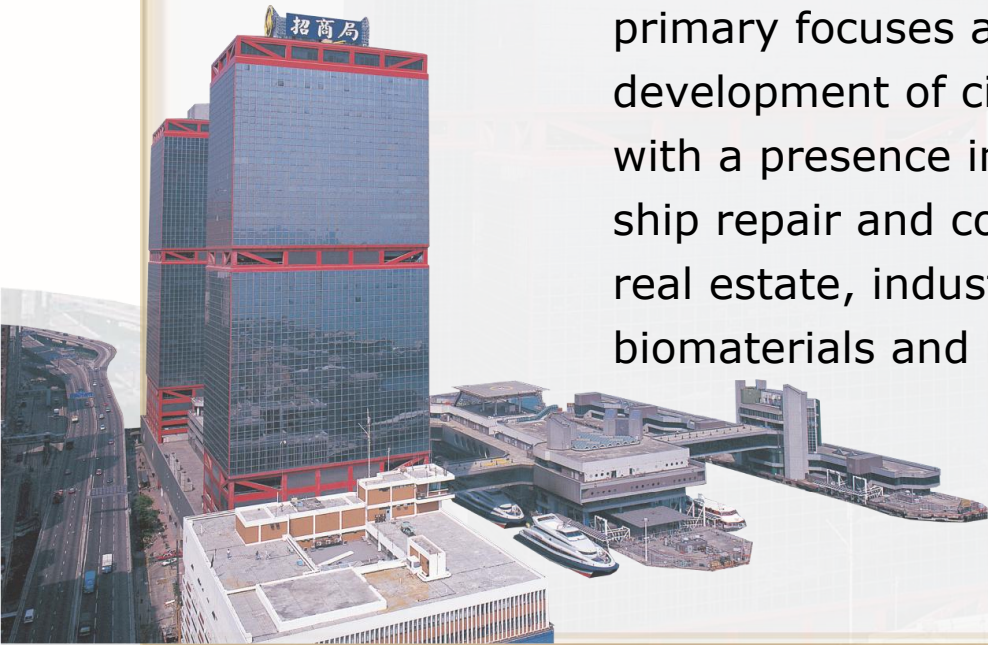
SONG Anqi, May 2026

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China Merchants Group

Founded in 1872, during the Self-strengthening Movement in late Qing Dynasty, China Merchants is the pioneer of China's national industry and commerce, which set up the first modern merchant fleet, the first bank and first insurance company, playing an important role in China's modern economic and social development history.

CMG is a comprehensive enterprise with diverse business operations. Its primary focuses are on transportation and logistics, comprehensive finance, development of cities and parks, and strategic and emerging tech ventures, with a presence in over 20 industries, including ports, shipping, logistics, ship repair and construction, highways, banking, securities, insurance, funds, real estate, industrial parks, property management, inspection and testing, biomaterials and biopharmaceuticals.

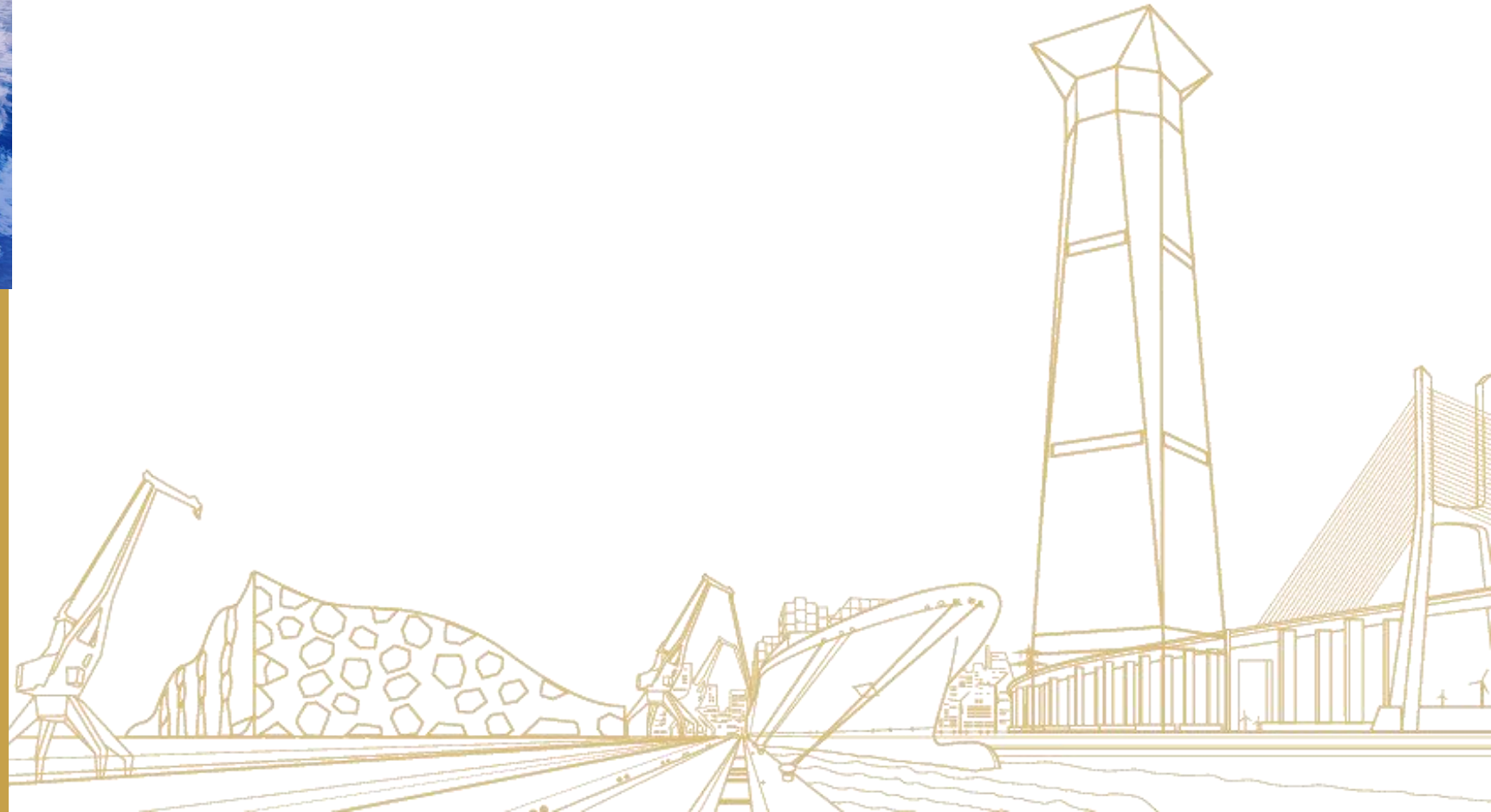




An analysis of the multifaceted compliance challenges confronting Chinese maritime in-house counsels in an era of heightened geopolitical tensions and regulatory fragmentation.

01

The Challenges Faced



The Raised Bar for Corporate Compliance: Rising Stakes in Geopolitics and Legal Protection

1

Trend for protectionism in legislation

Geopolitical tensions are reshaping national legal frameworks. Proliferation of sanction and export control regimes, tightened foreign investment reviews, and expansion of national security reviews, all of which create a complex, shifting compliance baseline for international companies.

2

Trend for unpredictability in jurisdiction

The stability of legal rules is being challenged. Several high-profile cases in recent years demonstrate how geopolitical pressure can lead to reinterpretation or overturn of established laws or legal doctrines, eroding the predictability of judicial outcomes.

3

Decline of multilateral mechanism

The erosion of multilateral governance, exemplified by the WTO appellate body's paralysis, has diminished the efficacy of international legal mechanisms. This decline makes it significantly harder for businesses to resolve disputes and protect their rights through traditional legal channels on international level.

4

Increased Protection for Rights and Interests

The regulations for protection of private and public interests are becoming more comprehensive on global scale. A series of jurisdictions have enacted laws on protection of personal information and data security. Environmental protection laws have turned into detailed roadmaps for carbon peaking and carbon neutrality.

Emerging Compliance Areas for Shipping Companies

1 Sanctions & Export Control

Constantly evolving sanctions regimes and complex export control item lists require that companies stay abreast of the latest lists and embed screening protocols directly into core operational systems.

The boundaries of carriers' compliance obligations are vague, making it more challenging to design the company's compliance system and often leading to conflicts between pursuit of prudent risk management and drive for operational efficiency.

2 Decarbonization & Green ESG

While IMO's Net-Zero Framework was postponed to be voted again in 2026, EU ETS and FuelEU Maritime raised the standards for shipping companies to invest on green upgrades and compliance with carbon MRV obligations.

EU has also taken significant steps to address environmental and human rights issues within its corporate governance framework, non-EU companies that fall into the scope of CSRD and CSDDD also need to be prepared for DD and reporting.

3 Data Protection & Security

The global trend is towards stricter data regulation. Managing cross-border data transfers and meeting enhanced notice obligations to the data interests demand significant modifications to the company's IT infrastructure, privacy notices and standard contract terms.

A series of emerging legal issues on data need to be clarified and regulated by international and national legislations, such as data ownership/authorization, AI-related data ownership and data security.

4 Foreign Investment Policies

Foreign investment screening mechanisms are being tightened in many jurisdictions. The focus in foreign investment reviews are shifting from traditional commercial aspects, such as antitrust, towards geopolitical considerations, particularly national security.

More prudent assessment of the host country's investment environment and the timeline needed for regulatory review are advised when enterprise conduct overseas M&A or investment. . .

The Rising Cost of Corporate Compliance

01

Financial Risks

The risks of non-compliance have never been higher. Regulatory fines and penalties for breaches of sanctions, antitrust, data privacy, environmental and other rules have increased in both frequency and severity, posing a material financial risk to companies.

02

Operational Expenditures

Continuous investment is required to track regulatory changes, amend operation procedures, retrofit infrastructure and upgrade information systems to meet new legal standards, and in some cases, negotiate with counterparties to allocate the added compliance risks and costs.

03

Lost Opportunities

Many business opportunities may be forgone out of increased protectionism policies and compliance prudence, resulting in implicit sunk costs that are difficult to quantify for enterprises.



02

The Way Forward

A strategic outlook on building resilient compliance frameworks and fostering collaboration to navigate an increasingly complex and uncertain global environment.



The Way Forward

The Enterprise: Compliance in Resilience

Business-Level Diversification

The enterprises need to enhance supply chain resilience by diversifying shipping routes, customer bases, target markets and service offerings, etc. This reduces reliance on any single jurisdiction or market, providing space to absorb regulatory shocks or geopolitical disruptions.

Compliance-Level Adaptability

The compliance system needs to support business diversification and examine a wider scope of investment and trade laws in more markets. It also needs to be designed for agility, establishing a framework that enables a swift, coordinated response to unexpected regulatory or political events.

1

2



3

4

The Community: Call for Collective Action

Joint Efforts for Shared Challenges

The complexity of modern compliance demands team effort. In-house counsels must work closely with lawyers, P&I clubs, insurers and international organizations like CMI to leverage specialized expertise, share insights, and develop defense strategies.

Advocating for Return to Reason

The world still needs time to restore a relatively balanced global order. However, the legal community shall remain rational amidst this chaos and call for reason. The community should jointly advocate for a more cooperative international legal framework that supports long-term sustainable development of global trade and transport.

以商业成功推动时代进步

Drive progress of our times through success of our business.

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