



# CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)  
Stock Code : 00560

## Environmental, Social and Governance Report 2020



*Spring ahead...  
Spring is back*



## CONTENTS

About this Report	02
Reporting Scope	02
Basis of Report Preparation	03
Report Disclaimer	05
Contact Us	05
1. About the Group	06
2. Approach to Sustainability	08
2.1. Governance and Compliance	09
2.2. Stakeholder Engagement and Materiality Assessment	14
3. Safety and Health	16
3.1. Safety First	17
3.2. Health and Wellness	22
4. People-oriented	26
4.1. Employment Profile	26
4.2. Thriving People	27





5. Quality and Reliable Service	32
5.1. Service Optimisation	33
5.2. Customer Satisfaction	36
5.3. Procurement Practices	36
6. Environmental Protection	38
6.1. Green Operation	39
6.2. Emergency Response	43
7. Our Performance	44
Appendix 1 Applicable Laws and Regulations	50
Appendix 2 Environmental, Social and Governance Reporting Guide Content Index	54





# About this Report

## ABOUT THIS REPORT

This environmental, social and governance (“**ESG**”) report (this “**Report**”) details the sustainability strategy, progress, and achievement of Chu Kong Shipping Enterprises (Group) Company Limited and its subsidiaries (collectively referred to as the “**Group**” or “**we**”).

## Reporting Scope

Unless otherwise specified, this Report contains information pertaining to the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”).

The reporting scope of this Report includes the Group’s terminal logistics business, passenger transportation business, fuel supply business, and corporate and other businesses, which covers our operation in offices, cargo terminals, and ferry terminals in Mainland China, the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), and the Macao Special Administrative Region of the People’s Republic of China (“**Macao**”).

- 
- |  |  |
|--|--|
| • Chu Kong Shipping Enterprises (Group) Company Limited (“ <b>CKSG</b> ” or the “ <b>Company</b> ”)                    | • Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. (“ <b>Zhaoqing Gaoyao Port</b> ”) |
| • Chu Kong Agency Company Limited  | • Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd.               |
| • Chu Kong Container Transportation Company Limited  | • Zhaoqing New Port Co., Ltd.  |
| • Chu Kong (Guangdong) International Freight Forwarding Co., Ltd.  | • Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd. (“ <b>Zhaoqing Sihui Port</b> ”)   |
| • Chu Kong Godown Wharf & Transportation Company Limited   | • Guangzhou Pintu Internet Company Limited   |
| • Chu Kong Transshipment & Logistics Company Limited   | • Chu Kong International Airfreight Company Limited                                |
| • Chu Kong Transportation (H.K.) Limited   | • Ever Sky Transportation Limited  |
| • Chu Kong Passenger Transport Company Limited (“ <b>CKPT</b> ”)   | • Chu Kong Cargo Terminals (Qingyuan) Co., Ltd. (“ <b>Qingyuan Port</b> ”)         |
| • Sun Kong Petroleum Company Limited (“ <b>Sun Kong Petroleum</b> ”)   | • Chu Kong Cargo Terminals (Gaoming) Co., Ltd.                                     |
| • Cotai Chu Kong Shipping Management Service Company Limited   | • Chu Kong Cargo Terminals (Kangzhou) Co., Ltd. (“ <b>Kangzhou Port</b> ”)         |
| • Chu Ou Engineering And Technologies Company Limited  | • Shenzhen Zhu Chuan International Freight Forwarding Co., Ltd.                    |
| • Sun Ferry Services Company Limited (formerly known as New World First Ferry Services Limited) (“ <b>Sun Ferry</b> ”) | • Chu Kong (Guangdong) International Shipping Agency Co., Ltd.                     |
| • CKS Container Terminal (Zhuhai Doumen) Co., Ltd.   | • Civet (Zhuhai Bonded Area) Logistics Company Limited (“ <b>Civet Port</b> ”)     |
| • Chu Kong Shipping (Guangdong) Logistics Co., Ltd.  |  |
-





Compared with CKSG's *ESG Report 2019*, Chu Kong Tourism Company Limited is excluded from the reporting scope of this Report, as its equity interest was transferred during the Reporting Period. In addition, the Group completed an acquisition of 60% equity interest of New World First Ferry Services Limited (currently known as Sun Ferry Services Company Limited), a company principally engaged in the operation of inner harbour and outlying island ferry routes in Hong Kong, in May 2020, and thus it is included in the reporting scope of this Report.

## Basis of Report Preparation

This Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* ("**ESG Guide**") 2016 edition set out in Appendix 27 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("**SEHK**"). For detailed information about the provisions of the *ESG Guide*, please refer to Appendix 2 of this Report.

This Report has complied with the "comply or explain" provisions of the *ESG Guide* and was prepared in adherence to the four reporting principles: Materiality, Quantitative, Balance and Consistency.

Materiality	Quantitative
We conducted a materiality assessment to inform the structure and focus areas of our ESG reporting. For the process to identify and the criteria for the selection of material ESG issues, please refer to the section "2.2.2 Focusing on What Matters Most" of this Report.	We reported our quantitative performance for stakeholders to evaluate the effectiveness of our ESG policies and management systems. Moreover, we disclosed the standards, methodologies, assumptions, and source of conversion factors used for the reporting of key performance indicators where applicable.
Balance	Consistency
This reporting principle is applied in the preparation of this Report.	We adopted consistent methodologies and reported the changes to the scope and methods to allow for meaningful comparisons of ESG data over time.



## About this Report



## Report Disclaimer

All information disclosed in this Report was sourced from the Group's documents and statistics. The Board of Directors (the "**Board**") has overall responsibility for the Group's ESG strategy and reporting. This Report was reviewed and approved by the Board on 30 June 2021.

This Report was published in Traditional Chinese and English versions. Should there be any discrepancy between the two versions, the English version shall prevail.

## Contact Us

We welcome your feedback on our ESG performance and this Report. Please contact us with the information below:

Chu Kong Shipping Enterprises (Group) Co., Ltd.

Address: 24/F., Chu Kong Shipping Tower, 143 Connaught Road, Central, Hong Kong.

E-mail: [info-cksd@cks.com.hk](mailto:info-cksd@cks.com.hk)





## About the Group







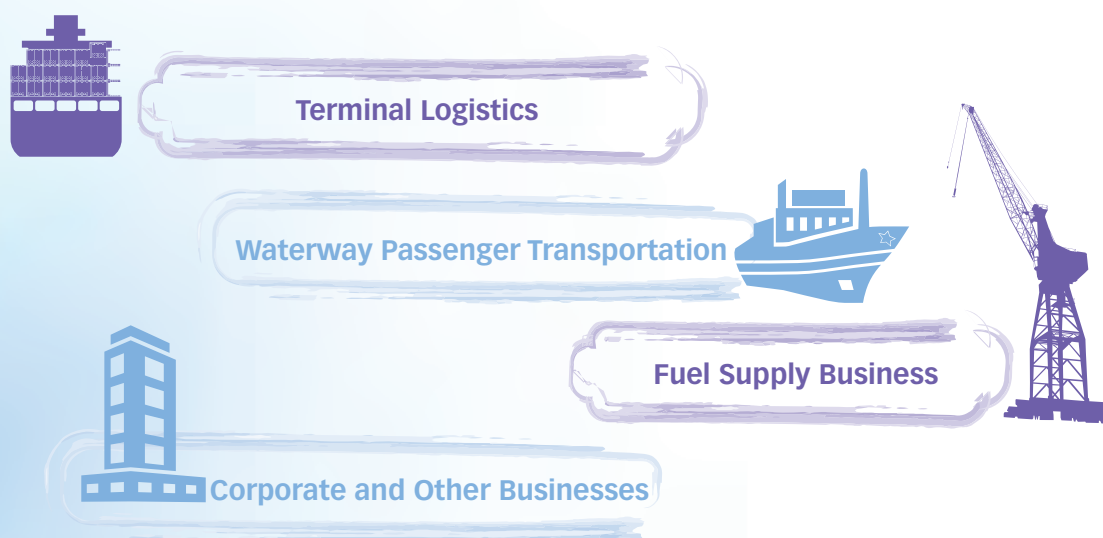
## 1. ABOUT THE GROUP

CKSG (Stock Code: 00560) is a listed company incorporated in Hong Kong held by Chu Kong Shipping Enterprises (Holdings) Company Limited and indirectly owned by Guangdong Province Navigation Group Company Limited.

The Company is principally engaged in investment holding, focusing mainly on terminal logistics, waterway passenger transportation, and fuel supply business.

The Group establishes our terminal logistics business based on a number of cargo terminal enterprises in Guangdong and Hong Kong, which forms a complete supply chain of terminal logistics including cargo canvassing, feeder transportation, vessel agency, wharf handling, warehousing and storage services in Guangdong and Hong Kong. Another major business of the Group, the waterway passenger transportation based in Guangdong, Hong Kong and Macao, has developed into the largest operation agent of waterway passenger transportation in the region. The Group also operates five inner harbour and outlying island ferry routes in Hong Kong. The fuel supply business of the Group mainly covers the provision of diesel and lubricants for passenger ferries and cargo vessels, and other businesses of the Group include the provision of operation and management of facilities maintenance services for properties in Macao.

Ferry business in Hong Kong has been included in the principal activities of the Group during the Reporting Period.



## Approach to Sustainability





## 2. APPROACH TO SUSTAINABILITY

The Group is committed to embedding sustainable business practices into our operation and to operating responsibly by adhering to the highest ethical standards in the course of business. Moreover, for stakeholders to understand our approach to sustainability, we actively engage with them via effective communication channels and publicly disclose our performance, successes, and challenges in respect of ESG.

### 2.1. Governance and Compliance

To demonstrate our commitment to sustainability, the Group has established a robust governance structure with the Board's oversight that covered all business segments.



#### The Board

The Board is the highest decision-making body for the ESG management of the Group. The Board oversees the Group's ESG management and provides final approval for the Group's ESG strategies, targets, and approaches.





## Approach to Sustainability

### Governance Group for the ESG Report

The Governance Group for the ESG Report is headed by one of the Executive Directors and is comprised of the top management from different business segments. It is accountable to the Board, and has the following main duties:

- assist the Board in fulfilling its oversight responsibility for the Group's ESG strategies and programmes;
- to engage with stakeholders and to solicit their feedback on the Group's ESG risks and opportunities;
- to determine ESG priorities, to formulate corresponding objectives and policies, and to monitor progress;
- to assess and manage ESG risks arising from operation and to progressively integrate ESG considerations into the Group's business strategy;
- to comply with the obligations under the *ESG Guide* set out in Appendix 27 of the Main Board Listing Rules of SEHK;
- to regularly report ESG matters to the Board.

### Working Group for the ESG Report

The Working Group for the ESG Report is comprising ESG representatives from all subsidiaries across the Group, and is responsible for implementing the Group's ESG policies, compiling necessary information for ESG reporting, and reporting to the Governance Group for the ESG Report. Besides, members of the Working Group for the ESG Report are encouraged to exchange experiences and best practices to improve the overall ESG performance of the Group.

For a more comprehensive view of the Group's governance structure as a whole, please refer to CKSG's *Annual Report 2020*, in particular the "Corporate Governance Report" section contained therein.

### 2.1.1. Adhering to Our ESG Policy

The Group is committed to operating in an environmentally responsible manner and to creating value for the communities in which we operate. To that end, the Group has formulated the *Environmental, Social and Governance Policy* ("**ESG Policy**") to strengthen our ESG governance and to provide guidance for the development and implementation of ESG initiatives. It outlines our sustainability vision, mission, commitment, and responsibility.

#### Vision

We are devoted to becoming the most competitive navigation company and leading service provider in Guangdong, Hong Kong and Macao through adopting innovation and sustaining our commitment to environmental protection.

#### Mission

We strive for excellence in providing safe and reliable services to our customers with dedication, professionalism, and efficiency.

#### Commitment

We are committed to adopting sustainable practices and operating our business in a transparent and ethical manner. We embed accountability in the workplace and take responsibility for our decisions and actions.

#### Responsibility

We recognise that our employees make a significant contribution to the Group's success. We therefore place great emphasis on providing a safe and healthy workplace and improving employee engagement.



### 2.1.2. Ensuring Operations in Compliance

With subsidiaries operating in multiple regions in Mainland China, Hong Kong, and Macao, it is of paramount importance for us to ensure that our operations across regions are in compliance with applicable local laws and regulations at all times.

The Group has an integrated risk management process that involves all functional departments.

- The Legal Department of the Group provides legal advisory services in supporting the decision-making process of the Group, manages the Group's legal and regulatory risk and enables the Group to conduct business legally.
- The Company Secretary of CKSG is responsible for ensuring compliance with the Listing Rules of SEHK and serves as the principal channel of communication with the SEHK on behalf of the Group.
- The Audit Department of the Group conducts annual audit to evaluate the sufficiency and effectiveness of our risk management and internal control systems and to examine whether our operation is in full compliance with all relevant laws and regulations. Moreover, the Audit Department provides regular updates to the Audit Committee of the Group.
- Other functional departments of the Group closely review the laws and regulations that have a significant impact on the Group, and formulate and refine various policies, standards, management measures and systems to govern the Group's operation.





### 2.1.3. Operating with Integrity

Integrity is the foundation on which sustainable businesses are built. The Group is devoted to creating a fair, ethical, and compliant workplace by strictly abiding by the relevant laws and regulations relating to bribery, extortion, fraud, money laundering and other illegal activities in the regions in which we operate.

#### *Preventing Illegal Acts*

The Group strives to build and maintain an ethical workplace culture. The “Code of Conduct for Employee” stipulated in the *Employee Handbook* clearly outlines employees’ responsibilities in preventing illegal acts such as soliciting and accepting bribes, and misappropriation of funds. To support the Group’s commitment to integrity, employees are required to hold themselves to the highest ethical and professional standard by signing the *Undertaking Letter of Integrity for Employee*, and are prohibited from outside employment which constitutes a conflict of interest. Moreover, the Group provides training to familiarise employees with the risks of corruption and the probity requirements.

The Group works hand in hand with our business partners to conduct business in an ethical manner. To promote clean government and to safeguard the legitimate rights and interests of the Group and our business partners, we have an *Integrity Agreement for Business Partners* in place to regulate business activities with our business partners.

#### *Encouraging Whistleblowing*

The Group strongly supports the identification and reporting of suspected corrupt conduct or misbehaviour under its *Whistle-blowing Policy*. A whistle-blowing system was also established along with the policy to provide a channel for employees and business partners to report on any misconducts and malpractices. To protect whistle-blowers and to build trust within the Group, all relevant information will be treated in the strictest confidence, and the employees who make such reports are protected from any detrimental action or reprisal. All complaints and reports will undergo a thorough and fair investigation.

During the Reporting Period, no legal cases regarding corrupt practices were brought against the Group or our employees.



## 2.2. Stakeholder Engagement and Materiality Assessment

Engaging and responding to our stakeholders is an essential part of our ESG management. The Group proactively engages with stakeholders to understand their expectations towards the Group and to identify areas that we could make the biggest positive changes.

### 2.2.1. Engaging with Our Stakeholders

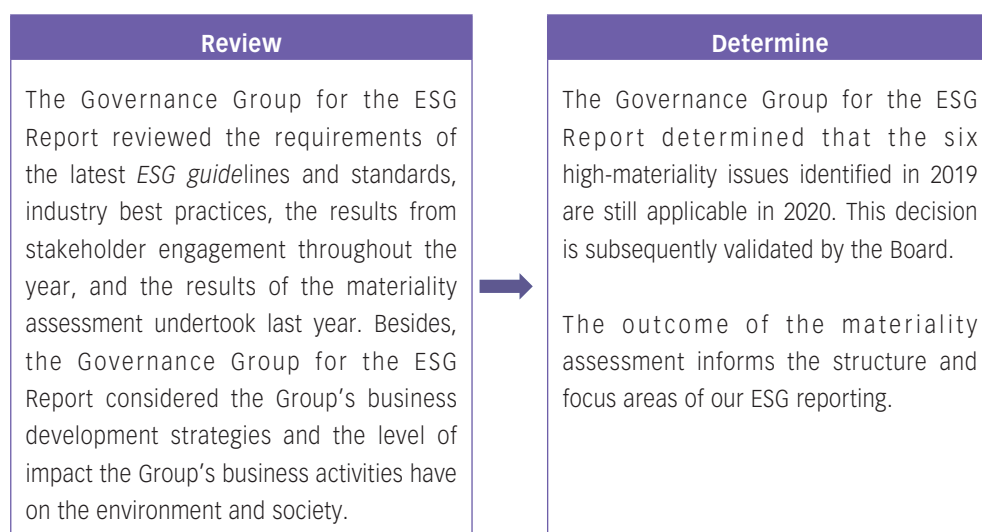
The Group puts efforts into listening to stakeholders' expectations and views on our ESG performance and collaborates with them for mutual benefit. Below we have outlined the major communication channels and frequency that we communicate with our stakeholders to understand opportunities for improvement and to prioritise issues for consideration when refining our business strategies.

Stakeholder Groups	Communication Channels	Communication Frequency
Regulatory Authorities	<ul style="list-style-type: none"> <li>On-site inspection</li> <li>Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Regularly/as needed</li> <li>Regularly/as needed</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>Annual general meeting and other shareholder meetings</li> <li>Annual report</li> <li>Announcement</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>As needed</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Meeting</li> <li>Group interview</li> <li>Performance appraisal</li> <li>Training, seminar and briefing session</li> <li>Cultural and sports activity</li> <li>Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Annually</li> <li>Regularly</li> <li>Regularly/as needed</li> <li>Regularly</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Website</li> <li>Email</li> <li>Customer service hotline</li> <li>Satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Daily/as needed</li> <li>As needed</li> <li>As needed</li> <li>Annually</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Open tendering</li> <li>Supplier evaluation and appraisal</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Annually</li> </ul>
Potential Investors and Financial Institutions	<ul style="list-style-type: none"> <li>Potential investor briefing</li> <li>Roadshow</li> <li>Analyst briefing</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>As needed</li> <li>As needed</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Website</li> <li>Email</li> </ul>	<ul style="list-style-type: none"> <li>Regularly/as needed</li> <li>As needed</li> <li>Daily/as needed</li> </ul>

### 2.2.2. Focusing on What Matters Most

Materiality assessment helps us to prioritise and highlight the material ESG issues to both the Group and our stakeholders. The results of the materiality assessment guide us in formulating our ESG reporting framework and provide insights into our strategic decision-making.

Starting from 2017, the Group adopted a two-year cycle in conducting materiality assessment, with a quantitative assessment involving both internal and external stakeholders in the first year, and an internal review the next year. For the 2019 materiality assessment, the Group reached out to the members of the Board, senior management, and five other stakeholder groups (employees, major shareholders and investors, customers, suppliers, and the public) via a materiality survey. More than 300 respondents provided their priorities on relevant ESG issues of the Group in the survey. In preparation of this Report, the Governance Group for the ESG Report conducted an internal review to determine the high-materiality issues in 2020 with two main steps described below.



The high-materiality issues are as below:



- Work Safety
- Employees' Health
- Employees' Rights
- Employees' Development and Training
- Compliant Operation
- Service Quality



## Safety and Health



### 3. SAFETY AND HEALTH

The Group ensures all business activities are carried out with the safety and health of our people in mind.


#### 3.1. Safety First

The Group promotes safety management through a four-pronged approach, including formulating safety management systems, setting safety performance indicators, conducting safety training, and providing safety inspections and supervisions.





## Safety and Health

Formulating Safety Management Systems	Setting Safety Performance Indicators
<p>The Group has formulated various safety management systems to help us maintain a high level of safety performance that protects our employees. For example, the Group has established the <i>Safety Operation Liability System</i> to clearly define the roles and responsibilities for each party, to ensure the safety management and procedures are followed meticulously at different levels of every business segment. Besides, the Group implements safety incentive and penalty programmes to encourage and reward safe behaviour and practices of subsidiaries, departments or individuals and impose penalty in case of non-compliance with safety rules are discovered.</p>	<p>To assess operational safety performance, the Group requires subsidiaries to set performance indicators. Number and rate of work-related fatalities, number and rate of severe work injury, number of fire and explosion accidents, number of collective acute poisoning cases and other performance indicators are monitored to measure the safety performance of the Group.</p> 
Conducting Safety Training	Providing Safety Inspections and Supervisions
<p>Our safety management systems are supplemented by ongoing training to keep the concepts top-of-mind. All new employees are required to undergo safety induction training. Ongoing job-specific training are provided to employees to equip them with comprehensive knowledge of safe operation to ensure they possess requisite safety skills for the job.</p>	<p>To further enhance the Group's safety standard, we conduct regular safety inspections to identify potential safety hazards and improper practices. The Group established extensive safety inspection plans on machinery, equipment and working environment to ensure that the business operation is conducted in an organised and safe manner. Comprehensive inspections are undertaken regularly, including daily inspections, monthly inspections, seasonal inspections, and inspections prior to and after long holidays.</p>

We have implemented extensive safety precautions thoroughly at all operating locations to ensure the safety of our employees and customers. Besides, the Group provided numerous safety training to positively influence the safe behaviour of our employees and help to ensure that employees are up to date on the latest safety rules and practices. We also conducted drills and simulation exercises to rehearse for anticipated emergency scenarios.



### Cargo Terminal Safety

For cargo terminals, machinery and warehouse safety are the two major safety concerns, and thus the Group focuses on enhancing the safety management of machine operation and fire hazard prevention.

Machine operation without proper safety management poses threats to the employees at the cargo terminals. Thus, the improvement of working environment and equipment safety is extremely important to reduce the occurrence of workplace accidents. The Group safeguards the machine operators' safety by providing them with safe and reliable machinery and clear operating guidelines. Moreover, regular maintenance is conducted on the machines to preserve their conditions as well as extend their lifespan. This is conducive for preventing workplace injuries and fatalities caused by malfunctioning machinery, maintaining a safe working environment for employees.



During the Reporting Period, Qingyuan Port conducted a simulation exercise where an employee was hit by a trailer.

Fire hazard is one of the major concerns for cargo handling and storage. To reduce the risk of fire, the Group implemented several measures for fire prevention, including regular fire inspection and maintenance of fire service installations and equipment. Good housekeeping is also essential for ensuring warehouse safety, and thus we keep our warehouse clean and tidy at all times.



## Safety and Health



During the Reporting Period, Zhaoqing Sihui Port performed a fire evacuation drill.

Moreover, the operation of cargo terminals can be vulnerable to severe weather events as they are in close proximity to the coastal areas. Apart from ensuring the safety of our terminal operators, the Group stresses on cargo safety. All subsidiaries under the terminal logistics business of the Group formulated the *Typhoon Emergency Plan* to prepare for typhoon.



During the Reporting Period, drills were conducted for our employees to familiarise with the safety measures for severe weather events, such as binding of containers and stabilising of cranes.



### Fleet Safety

All drivers are required to join the safety training to ensure that they have sufficient understanding of the safety policies and procedures for operating a vehicle. The Group understands that poor driving behaviour may lead to accidents that cause serious injury and fatality. Thus, we improve fleet safety by conducting mandatory alcohol tests with drivers every day before their shifts, and by monitoring the speed and location of our vehicles in real-time.



### Passenger and Crew Safety

The Group has a strong responsibility towards our passengers and employees to ensure safety on ferries and ships. The Group has formulated and implemented the *Safety Management Manual for Ferries* and other standards and guidelines to guide employees on daily maintenance and inspection to ensure proper functioning and safe operation of ferries and ships. We also provide instructions on how to manage and respond to scenarios such as severe weather conditions and fires. In addition, the Group cooperates closely with ferry companies to ensure safe operation of ferries. Safety training and simulation exercises are carried out periodically to foster a safety awareness culture and to ensure that the Group's safety standards are communicated effectively. During the Reporting Period, there was no occurrence of major safety accidents in passenger transportation.



During the Reporting Period, Sun Ferry conducted fire drill and passenger ferry evacuation exercise every month.

During the Reporting Period, CKPT cooperated with passenger transport companies to perform emergency exercises simulating ferry collision, stranding of ferry, hull damage, oil spill, and other emergencies. Through the exercises, CKPT enhanced its contingency preparedness, and raised situational awareness of passenger transport companies.



### 3.2. Health and Wellness

The outbreak of COVID-19 has brought upon unprecedented challenges and has put health and hygiene in the spotlight. The Group is committed to safeguarding the health and safety of our employees and customers and helps combating the spread of COVID-19 while delivering terminal logistics and passenger transportation service.

#### Our Response to COVID-19 Epidemic

Throughout the COVID-19 epidemic, the Group followed the guidelines on epidemic prevention and anti-epidemic issued by the government and prioritised the health and safety of our people, customers, and communities through communication and collaboration.

##### *For our employees:*

The Group took multiple measures to minimise the risk of infection, including flexible working hours, split-team operations, work-from-home arrangements, video conferencing with customers, procurement of protective equipment, arranging employees to perform COVID-19 nucleic acid tests from time to time, etc. These measures had been effectively implemented, with no confirmed cases of infection among the Group's employees during the Reporting Period. In addition, the Group encourages employees to be fully vaccinated.



Disinfected and sanitised the office buildings







Disinfected and sanitised machinery and trucks



Had employees' body temperature checked at the entrance of work area



Provided anti-epidemic tips



## Safety and Health

### *For our customers:*

Regarding the passenger transportation business, in order to address the need for epidemic prevention and control, the Group fully tied in with epidemic prevention policies, operations of the cross-border waterway passenger routes of urban areas and the airport were progressively suspended since the end of January 2020.

For local ferry services in Hong Kong, we offer complimentary hand sanitiser for passengers on ferries and require them to put on masks. In addition, we provide useful and updated information pertaining to the anti-epidemic measures at the terminal and on the company website.



### *For the communities:*

The Group faithfully fulfilled our corporate social responsibility by supporting the communities during the challenging time. The Group assisted 4,500 Mainland tourists, overseas Macao compatriots and Taiwanese entrepreneurs stuck in Hong Kong, utilising cross-border passenger vessels. Leverage on the domestic and international logistics networks, the Group launched multiple “Overseas-Hong Kong-Mainland China” routes for anti-epidemic supplies transportation, successfully transporting a number of anti-epidemic supplies such as Hong Kong quarantine sites and supporting facilities.

Apart from preventing the transmission of COVID-19 at workplace, the Group invests time and resources in promoting employees’ health in the normal course of business.

The Group provides adequate and appropriate personal protective equipment to employees based on their nature of works. Understanding fatigue can affect employees’ health, safety and work performance, the Group forestalls fatigue accidents in the workplace by establishing reasonable work arrangement to avoid excessively long shifts. In addition, the Group provides employees with common rooms, and ensures that adequate breaks are provided to employees. To protect our drivers’ health, the Group installs air cushions in the driver’s cab of terminal tractors for shock absorption, providing greater comfort and stability while reducing drivers’ spinal stress when driving.

Moreover, the Group encourages employees to actively undertake sports activities and physical exercises to improve their physical fitness, and hence to maintain a healthy workforce.



Employees of Qingyuan Port enjoyed a friendly basketball game during the Reporting Period.



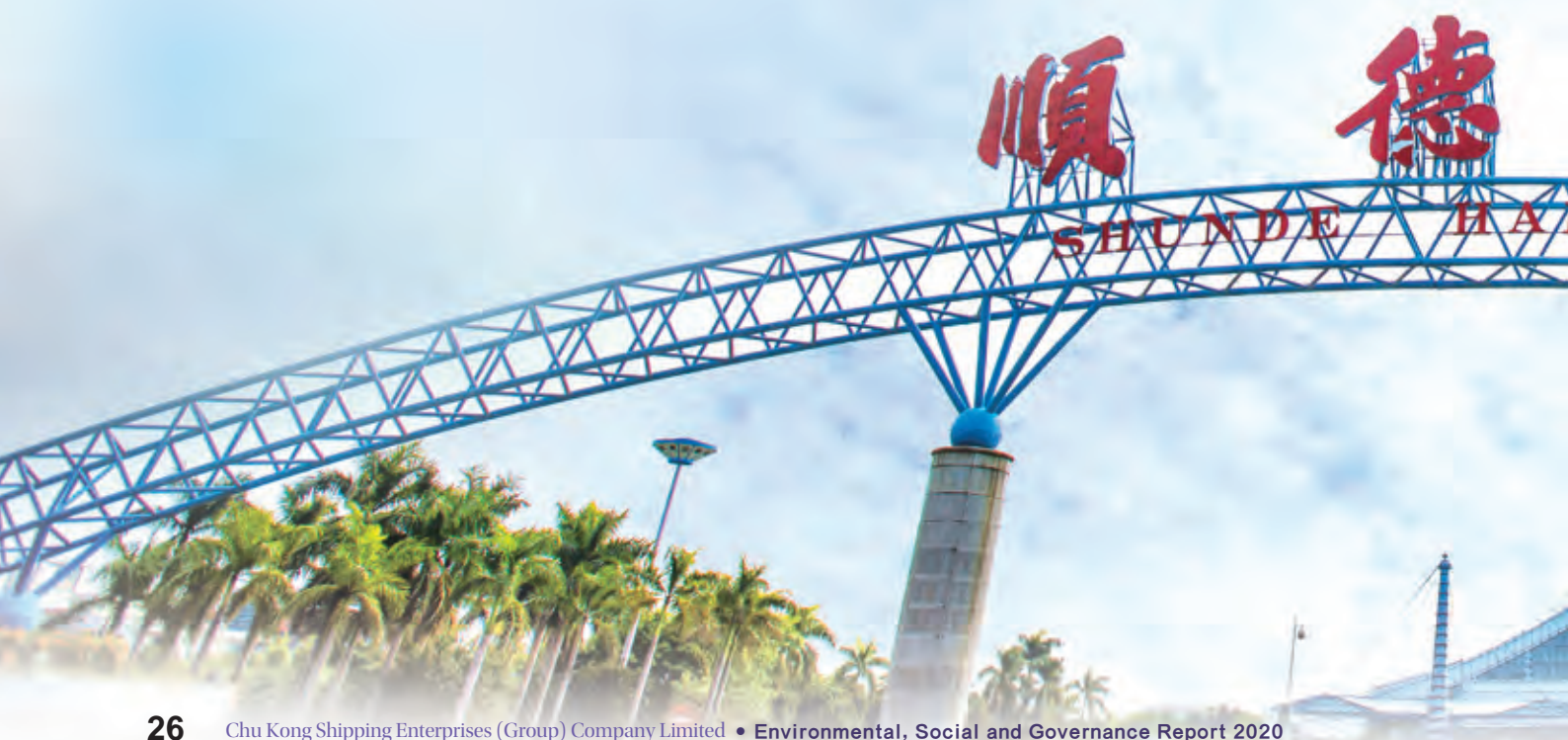
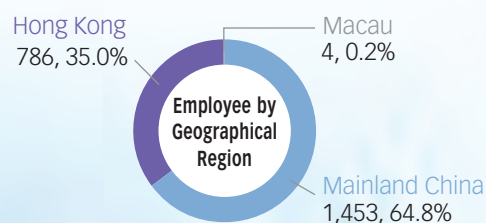
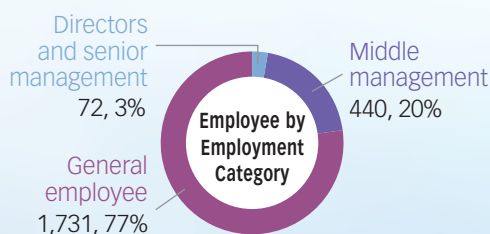
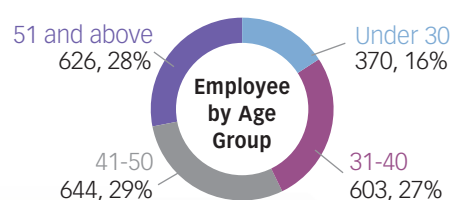
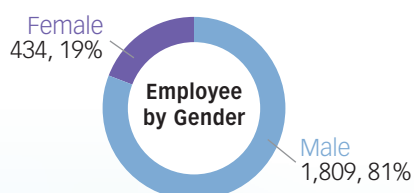
# People-oriented

## 4. PEOPLE-ORIENTED

Our people play a pivotal role in the Group's success. The Group strives to create a fair and motivating workplace for our employees and continually explores ways to support them in pursuing career advancement.

### 4.1. Employment Profile

As of the end of the Reporting Period, the Group has 2,243 employees and all of them are full-time employees. The composition of our workforce by gender, age group, employment category, and geographical region are as follows:





## 4.2. Thriving People

The Group adopts a three-pronged approach to attract and retain talents, which encompasses the adoption of reasonable employment practice, the dedication to employee engagement, and the investment in employee development.

### 4.2.1. Adopting Reasonable Employment Practice

The Group has formulated the *Employee Handbook*, the *Employee Promotion Management System*, and other policies and management standards to manage the procedures pertaining to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, benefits and welfare, and prevention of child and forced labour.

#### *Fair and Reasonable Recruitment and Dismissal*

The Group strives to attract and hire the right employees, regardless of gender, nationality, race, sexual orientation, marital status and any other protected status under applicable laws and regulations. We treat all candidates equitably by adopting a rigorous recruitment process that focuses on candidates' qualification, capacity and work experience. To avoid child labour, the Group requires candidates to provide proofs of identity. Candidates without a valid identity proof would not be considered.

The Group strictly prohibits unfair or unreasonable dismissal, and the termination of labour contracts and dismissal of employees are carried out in strict compliance with the relevant laws and regulations to protect the rights and obligations of both employees and the Group. Relevant dismissal conditions and rules are stipulated clearly in the *Employee Handbook*.





## People-oriented

### *Merit-based Remuneration and Promotion*

The Group offers a comprehensive remuneration package to employees with reasonable terms. The Group conducts performance review according to the *Regulations on Employee Performance Review*, and promotes employees based on their performance at work. The review also enables management to assess what employees have accomplished and provides recommendations on how to achieve career goals. The Group has formulated the *Employee Promotion Management System* to govern the promotion criteria and procedures, and to encourage employees to enhance their capabilities.

### *Proper Working Hours Management*

The Group would never force employees to work against their wills with violence or intimidation, or by restricting their freedom. To prevent forced labour, the Group properly regulates employees' working hours and rest periods. Based on the Group's business nature, both standard and flexible work hour systems are adopted to suit the operational needs. To ensure appropriate work and rest schedules are arranged for employees, the Group stipulated the working days, normal working hours, and rest periods of employees in the *Attendance Management Standard* and laid down the appropriate arrangement of providing monetary compensation or granting of time off in lieu for overtime work. The Group ensures that employees enjoy statutory holidays such as marriage leave, maternity leave, funeral leave, and paid annual leave.

#### **4.2.2. Focusing on Employee Engagement**

The Group believes that employees' dedication is a strong contributing factor to our success. Therefore, we place great emphasis on fostering employee loyalty by maintaining good relationships and keeping an open dialogue with employees from the moment they join the Group and along employment.

To improve workplace morale and help with employee retention, the Group provides employees various benefits above the statutory requirements. We provide subsidies on holidays and festivals, and meals, transportation, residential allowances and other benefits for employees.



Zhaoqing Sihui Port thanked the female employees with flowers, chocolate and gift cards on Women's Day.

## People-oriented

The Group communicates with our employees in a variety of ways, including WeChat groups, regular team meetings, employee performance appraisals, suggestion boxes, etc. The Group relishes the opportunity to receive constructive feedback, and thus we solicit employees' opinions on our areas for improvement and responds to them appropriately.



During the Reporting Period, Zhaoqing Gaoyao Port organised a team building activity.

In addition, the Group is committed to creating a work environment where our employees feel respected and valued. The Group acknowledges employees' exemplary performance and expresses gratitude for their contribution to the Group by giving recognition.



During the Reporting Period, subsidiaries of the Group held "2020 Commendation Conference for Outstanding Employees" to honour and acknowledge departments, teams and individual employees who achieved outstanding performance at work.



## People-oriented

### 4.2.3. Investing in Employee Development

Training is an essential part of how the Group unlocks employees' full potential. The Group puts continued efforts into developing talents and provides resources that they need to be an expert in their field of work.

The Group follows the *Implementation Guide of Talent Development and Management* issued by Chu Kong Shipping Enterprises (Holdings) Company Limited to establish mentorship program for new recruits. Dual mentors would be assigned to each new recruit, including an integrated mentor and a job-specific mentor. The integrated mentor is responsible for the training and development of employees' integrated capabilities and providing guidance on career path planning, while the job-specific mentor is responsible for providing training on job duties. Along employment, the Group proactively provides diversified business and function-specific training to enable behaviours and capabilities that empower employees' growth and performance.

	Terminal Logistics	Passenger Transportation	Fuel Supply
Training topics	<ul style="list-style-type: none"><li>• container and terminal management</li><li>• components and maintenance of trailer trucks, reach stackers and other machinery</li><li>• operation procedures in bonded warehouses</li><li>• digital operation</li><li>• accounting</li></ul>	<ul style="list-style-type: none"><li>• communication skills</li><li>• complaint handling</li><li>• ferry terminals management and operation</li><li>• number and type of ferry</li><li>• passenger safety and wellbeing</li></ul>	<ul style="list-style-type: none"><li>• ship management</li><li>• work safety</li><li>• quality management</li></ul>





## People-oriented

During the Reporting Period, the Group delivered a variety of training to our employees that aimed at improving their knowledge and skills for discharging duties at work.



During the Reporting Period, Zhaoqing Gaoyao Port provided training on business operation.



During the Reporting Period, Zhaoqing Gaoyao Port provided training on basic computer skills and introduction of container.

## Quality and Reliable Service



## 5. QUALITY AND RELIABLE SERVICE

Providing excellent services is a business imperative of the Group. As a responsible service provider, the Group is dedicated to providing quality and reliable services through safe, secure and efficient operation.

### 5.1. Service Optimisation

The Group strives to deliver excellent services to our customers in every business segment.

#### Container and Cargo Handling



The Group has formulated work manuals for every operation process at the cargo terminals, including containers loading and unloading, unpacking containers, weighting of containers and cargoes, warehouse operation and other processes. The Group has also formulated a set of shipping container inspection procedures and deployed well-trained inspectors to conduct extensive inspections on the shipping containers.



## Quality and Reliable Service

The Group leverages technology to enhance operational efficiency at cargo terminals. We adopted an information management and business intelligence system for the review of operation data to support better business decision-making. The system consists of information required for a smooth operation, including customer demands, fleet schedules, vessel information, and containers and cargo locations. This allows us to meet customer's needs pertaining to container loading and unloading, customs clearance of cargoes, and cargo transportation. In addition, the Group utilises an e-platform, namely HK ETouch, to provide customers with access to the most updated information on the location and arrangement of containers at the terminals, providing them with accurate and real-time logistics information.

Terminal security is a major focus area of the Group for maintaining the security of shipping containers and cargoes. To control security risks, we set up security infrastructures and deploy security teams at the cargo terminals. Our security controls include:

- site perimeter fencing
- security gates
- lighting
- surveillance cameras monitoring
- guarding check-in/check-out processes of personnel and vehicles
- site patrolling

### Passenger Transportation

Regarding the passenger transportation business, we put emphasis on improving passenger experience by enhancing the timeliness and convenience of journeys. CKPT cooperates with passenger terminal operators and passenger transport companies to provide a quick and smooth embarkation and disembarkation process for passengers. Sun Ferry strives to provide a more desirable and safer environment for passengers.



During the Reporting Period, Sun Ferry has successfully tendered for the five-year ferry service licences for operating three outlying-island ferry routes in Hong Kong. Sun Ferry is committed to enhancing customer experience by installing charging facilities, luggage racks and wheelchair parking spaces on the vessels, adding new seats in the terminal waiting rooms, and painting murals illustrating the unique features of the outlying islands.



Sun Ferry supports “Senior Citizen’s Day 2020” in November 2020 by offering free rides to the elderly, promoting a culture of respect and care for the elderly. Elders presenting the “Senior Citizen Card” issued by the Social Welfare Department on the “Senior Citizen’s Day 2020” could enjoy free rides on Sun Ferry’s ordinary class of ordinary ferry service of the following routes:

- Central – Cheung Chau
- Central – Mui Wo
- Inter Islands (Peng Chau – Mui Wo – Chi Ma Wan – Cheung Chau)
- North Point – Hung Hom
- North Point – Kowloon City

### Ensuring Fuel Quality

The Group applies the highest standard of operational integrity in our fuel supply business. We clearly communicate with customers the types and quantity of oil and lubricant, with the supplement of material safety data sheet (MSDS). We also carry out pre-inspections prior to delivery and conduct oil sampling together with our customers to ensure the quality of products.





## 5.2. Customer Satisfaction

The Group unceasingly strives for service excellence, and is devoted to building lasting relationships with customers. The Group values customers' opinions, and thus we listen and respond to customer needs in an engaging manner and strive to protect customers' rights.

### Listening and Responding Attentively

The Group has established the *Management Rules for Customer Engagement*, the *Management Procedures for Customer Relationship* and other policies and procedures to regulate the process of interacting with customers and strengthen our relationship with them. The Group has specified in the documents the responsibilities of different departments and personnel pertaining to customer engagement.

The Group values customers' views and suggestions for improving our service quality. We have established various channels for customers to share their views and lodge complaints. After receiving the complaints, the Group promptly activated the complaint handling mechanism, developed proper rectification plan, and followed up on the complaints to ensure that customers are satisfied. During the Reporting Period, the Group received a total of 469 complaints. All complaints received during the Reporting Period were handled properly.

It is important for us to understand how well we are performing from customers' perspectives. Hence, we undertake customer satisfaction survey to gather customers' feedback every year. The customer satisfaction rates for the terminal logistics business and the fuel supply business are >91% and 99% respectively.

### Valuing Customer Privacy and Persistence in Information Accuracy

The Group is committed to protecting the privacy and confidentiality of our customers' information. Customers' information is treated as strictly confidential within the Group. We have in place a robust system to secure information entrusted to us. The Group follows the *Management Measures for Brand Building* to regulate the information dissemination of the Group. Designated internal departments are assigned for the approval and dissemination of the Group's information to ensure they are true and accurate.

## 5.3. Procurement Practices

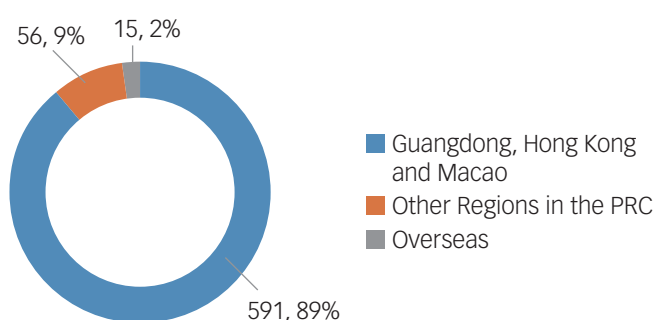
The Group understands that effective management of the supply chain is beneficial to the Group in terms of risk reduction and service quality improvement, which ultimately enables us to create value for the society. To this extent, we are committed to partner with our suppliers to achieve operational efficiencies and deliver sustainable performance.

The major suppliers of the Group are terminal machinery, parts, oils and lubricants suppliers and ship owners. The Group has established a comprehensive tendering evaluation system and set up stringent supplier screening procedures in the *Management Measures for Tendering and Bidding* and the *Procedures of Procurement Management*, regulating the management of different types of suppliers of the Group to achieve the principles of “transparency, fairness, impartiality and honesty”. The Group’s Technical Support Department works closely together with relevant departments to identify suitable suppliers and assess their qualifications and performance. At least three potential suppliers would be invited for tendering for the Group to choose the right suppliers.

The Group is committed to corporate sustainability and seeks to work with suppliers who share the same value with us. Therefore, apart from evaluating the cost, reputation and delivery of potential suppliers’ products and services, the Group also evaluates their performance in several ESG areas, such as product and service quality, ethical conduct and environmental conservation, in order to build a responsible supply chain. Taking Sun Ferry as an example, Sun Ferry has stipulated its ESG requirements for suppliers in a *Supplier Code of Conduct*, and favours the suppliers who could demonstrate commitments to uphold the principles listed in the code during suppliers’ selection process.

To verify compliance with our requirements and drive improvements, we evaluate the performance of our existing major suppliers every year according to the criteria and procedures specified in the *Regulations Governing Integrated Supplier Evaluation*. If the suppliers fail to meet our requirements, they would be required to formulate rectification plans and carry out corrective actions.

As of the end of the Reporting Period, the number and percentage of our suppliers<sup>1</sup> by geographical regions are as follows:



<sup>1</sup> Types of suppliers mainly include shipowners, manufacturers and distributors of machinery and mechanical parts, tyre suppliers, fuel suppliers, and service providers.



# Environmental Protection





## 6. ENVIRONMENTAL PROTECTION

The Group attaches foremost importance to environmental compliance in each operating location and is committed to managing our environmental impacts in a responsible manner. In the *ESG Policy*, we outlined our vision and commitment in relation to environmental protection and stated our environmental objectives. To fulfil the environmental objectives, we incorporate green concepts across every business segment by continuously evaluating how our operations impact the environment and undertaking appropriate measures to minimising the impacts.

The Group advocates an environmentally conscious workplace and encourages subsidiaries to set environmental targets best suit their business characteristics. At the beginning of the Reporting Period, all the subsidiaries<sup>2</sup> set environmental targets and reported to the Group for the first time. After the Reporting Period, the subsidiaries reviewed and reported their progress on the targets. Over a half of subsidiaries successfully met their targets by implementing proper environmental management measures. However, the subsidiaries failed to meet their targets due to business expansion or COVID-19 and provided detailed explanations to the Group. The Group will continue to regularly review progress and identify areas for target modification in the future if necessary.

### 6.1. Green Operation

#### 6.1.1. Improving Ambient Air Quality

The Group understands that vessels operating and berthing at cargo terminals may affect the air quality of the local communities to the immediate vicinity of cargo terminals if they are not controlled properly. To this end, the Group actively seeks opportunities to minimise the air emissions generated from vessels to reduce potential air pollution.

##### *Providing Onshore Power Supply*

Normally, the auxiliary generators are required to run continuously to provide sufficient electricity for vessels during berthing. Considering that the use of diesel generators generates air emissions, the Group has installed shore power connection boxes instead, to provide onshore power supply to the vessels at berth. All of the Group's cargo terminals in Mainland China have installed onshore power connection boxes, reducing air emissions associated with fossil fuel burning of vessels.



<sup>2</sup> Not including Sun Ferry as the Group completed the acquisition in May 2020.



## Environmental Protection

### *Supplying Light Diesel with Low Sulphur Content*

Coastal communities are likely to suffer from vessel-related emissions. Sun Kong Petroleum, a subsidiary under the Group's fuel supply business, strictly follows the statutory cap of 0.05% on the sulphur content of light diesel when providing marine bunkering services in Hong Kong, reducing emissions from vessels substantially and bringing positive impacts on ambient air quality.

### *Employing Electrical Machinery*

The operation of diesel-powered machinery generates the emissions of nitrogen dioxide and other air pollutant. To improve ambient air quality, the Group employs electric reach stackers and forklift trucks at cargo terminals. For example, four electric forklift trucks are adopted in Civet Port to move heavy objects.



### **6.1.2. Reducing Energy Consumption and Greenhouse Gases ("GHG") Emissions**

Fuel consumption of machinery, vehicles, and vessels and electricity consumption from the operation of offices and cargo and passenger terminals are the main contributors to our carbon footprint. As such, the Group strives to lower our fuel and electricity consumption in order to cut down the associated GHG emissions.

The Group implemented multiple energy conservation initiatives, such as promoting energy conservation behaviour in the workplace and adopting energy-efficient equipment. The Group also regularly inspects and maintains the conditions of the machinery, vehicles, and vessels in order to ensure that they are operating at optimum conditions. In addition, we assign dedicated personnel for energy consumption monitoring and recording to identify anomalies. During the Reporting Period, Kangzhou Port switched to LED lightings for terminal area. A total of 6 LED lightings were installed, resulting in an estimated of over 85% reduction in lighting electricity consumption for terminal area.



6.1.3. Preserving Water Resources

Water consumption of the Group is sourced from municipal water supply. The Group did not encounter any difficulties in water sourcing. Despite not being a water-intensive industry as our water consumption is primarily for domestic use, we have nevertheless seized every opportunity to reduce the consumption of precious water resources.

At office:	We install water-saving faucets and encourage employees to be mindful of their water consumption by posting water conservation signs in restrooms.
At cargo terminals:	We reduce demand on freshwater by deploying rainwater harvesting system as a sustainable alternative. The Group’s subsidiaries operating cargo terminals collect and store rainwater for irrigation, road spraying and fire suppression. During the Reporting Period, over 48 tonnes of rainwater were collected and used.

Managing wastewater discharge is also an important way to preserve water resources. The Group’s cargo terminals are located in coastal areas, and hence the Group pays extra attention to wastewater discharge. Wastewater treatment facilities were installed with careful planning to divert all wastewater within the boundary of cargo terminals to the treatment facilities for proper treatment before discharge.



### 6.1.4. Effective Utilisation of Materials and Waste Reduction

The Group is well aware that improper handling of waste would pose a serious threat to both the environment and any surrounding residences. The Group strictly follows regulatory requirements and entrusts qualified third-party companies to handle and dispose of non-hazardous and hazardous wastes. The Group strives to reduce the amount of waste at source by making the most of our resources.

To minimise the amount of waste tyres and the consumption of new tyres, the Group retrieves and refurbishes tyres and reuses them at the cargo terminals. Tyres would only be discarded if they were worn down with irreparable damage, and would be disposed of in a standardised manner. During the Reporting Period, a total of 429 tyres were refurbished and reused at the cargo terminals.



During the Group's operation at the cargo terminals, oil and lubricants are used to maintain a smooth operation of our vehicles and machinery, and are replaced from time to time. To reduce the amount of waste oil generated from the replacement process, the Group optimises the replacement interval and volume to avoid any premature discard of oil and lubricants. No abnormality was found in the generated amount of waste oil during the Reporting Period.



The Group also set up recycling facilities at our operating sites to separate the unavoidable wastes for recycling.



## 6.2. Emergency Response

Environmental emergencies such as oil spills and hazardous material leakage may cause serious impacts to the environment. The Group has identified environmental emergencies that exhibit a high likelihood and has correspondingly formulated the *Environmental Emergency Response Plan* to outline our strategies and procedures for responding to environmental emergencies. Functions and responsibilities of departments in the event of environmental emergencies are also set out in the plan. Regular drills are conducted to test the adequacy and effectiveness of the plan.



During the Reporting Period, Zhaoqing Gaoyao Port organised an oil spill response exercise to validate the emergency plan and to develop employee competencies by providing them practice in carrying out their roles in emergency.





## Our Performance

### 7. OUR PERFORMANCE

The reporting scope of environmental data has been extended to include Sun Ferry (from May 2020), and therefore the Group recorded a significant increase in energy consumption and the associated air emissions and GHG emissions in 2020.

#### Revenue

Revenue	Units	2020	2019
Revenue	HKD million	1,854.55	2,147.90

#### Emissions and Wastes<sup>3</sup>

Emissions and wastes	Units	2020	2019
<b>Air emissions<sup>4</sup></b>			
NO <sub>x</sub>	Tonnes	929.46	107.70
	Tonnes per HKD million revenue	0.50	0.05
SO <sub>x</sub>	Tonnes	11.04	0.46
	Tonnes per HKD million revenue	5.95 x 10 <sup>-3</sup>	2.14 x 10 <sup>-4</sup>
<b>GHG emissions</b>			
Total GHG emissions	Tonnes CO <sub>2</sub> e	51,476.72	20,037.82
(scope 1 and scope 2)	Tonnes CO <sub>2</sub> e per HKD million revenue	27.76	9.33
Direct GHG emissions <sup>5</sup>	Tonnes CO <sub>2</sub> e	45,055.77	13,859.51
(scope 1)			

<sup>3</sup> Revenue of the Group were used for the calculation of the intensity of environmental KPIs.

<sup>4</sup> The reporting scope of air pollutants includes those generated from the operation of vehicles, vessels and machinery. Air pollutants were calculated using the methods and emission factors from the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources*, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*, the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2019*.

<sup>5</sup> The calculation scope of Scope 1 GHG emissions includes those generated from the operation of vehicles, vessels and machinery. Scope 1 GHG emissions were calculated using the methods and emission factors from the *Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, the *Guidelines for Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, and the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong*.

Emissions and wastes	Units	2020	2019
Indirect GHG emissions <sup>6</sup> (scope 2)	Tonnes CO <sub>2</sub> e	6,420.95	6,178.31
<b>Non-hazardous waste</b>			
Domestic waste	Tonnes	95.43	112.62
	Tonnes per HKD million revenue	0.05	0.05
Waste tire	Pcs	1,784	1,594
	Pcs per HKD million revenue	0.96	0.74
<b>Hazardous waste</b>			
Waste machine oil	Tonnes	15.93	16.16
	Tonnes per HKD million revenue	0.01	0.01
Waste vehicle battery	Pcs	275	192
	Pcs per HKD million revenue	0.15	0.09

## Use of Resources

Use of resources	Units	2020	2019
<b>Direct Energy</b>			
Total Direct Energy	MWh	173,789.58	48,559.61
Gasoline (vehicles)	MWh per HKD million revenue	93.71	22.61
Diesel (vehicles and machinery)	Litres	62,160.50	74,460.51
	Litres per HKD million revenue	33.52	34.67
Diesel (vessels)	Litres	4,116,497.22	4,764,200.36
	Litres per HKD million revenue	2,219.73	2,218.07
	Tonnes	10,970.68	379.59
	Tonnes per HKD million revenue	5.92	0.18
<b>Indirect Energy</b>			
Electricity	kWh	11,523,564.60	10,298,662.40
	kWh per HKD million revenue	6,213.84	4,794.76
<b>Water</b>			
Water	Tonnes	242,264.97	198,575.40
	Tonnes per HKD million revenue	130.64	92.45

<sup>6</sup> The calculation scope of Scope 2 GHG emissions includes those came from the use of electricity. Scope 2 GHG emissions of 2020 were calculated by referencing the 2015 national grid average emission factors, and the emission factors provided in the *Sustainability Report 2020* of HK Electric Investments Limited, the *Sustainability Report 2020* of CLP Holdings Limited, and the *CEM Sustainability Report 2019* of Companhia de Electricidade de Macau – CEM, S.A.



## Employees<sup>7</sup>

No. of employees (as of the end of the reporting period of each year)	Unit	2020	2019
Total no. of employees	No.	2,243	1,878
<b>By gender</b>			
Male	No.	1,809	1,438
Female	No.	434	440
<b>By employment type</b>			
Full-time	No.	2,243	1,878
Part-time	No.	0	0
<b>By employee category</b>			
Directors and senior management	No.	72	64
Middle management	No.	440	541
General employee	No.	1,731	1,273
<b>By age group</b>			
≤ 30	No.	370	339
31 – 40	No.	603	605
41 – 50	No.	644	564
> 50	No.	626	370
<b>By operating location</b>			
Mainland China	No.	1,453	1,413
Hong Kong	No.	786	460
Macao	No.	4	5

<sup>7</sup> The Group followed SEHK's guidance on how to calculate the information called for under the social KPIs provided in the *How to Prepare an ESG Report Appendix 3: Reporting guidance on Social KPIs*. The calculation formulas for employee turnover rate, employee training coverage, percentage of employees trained, and average training hours completed per employee are provided in this section. The data for 2019 has been adjusted with corresponding formulas for meaningful comparison, and the data for 2019 of this Report shall prevail.



## Employee Turnover

Employee turnover rate <sup>8</sup>	Unit	2020	2019
Employees turnover rate	%	13.8%	16.7%
<b>By gender</b>			
Male	%	11.8%	16.3%
Female	%	22.4%	18.0%
<b>By age group</b>			
≤ 30	%	22.4%	33.0%
31 – 40	%	14.6%	18.8%
41 – 50	%	8.2%	10.6%
> 50	%	13.7%	7.6%
<b>By operating location</b>			
Mainland China	%	11.4%	15.5%
Hong Kong	%	18.3%	20.7%
Macao	%	25.0%	0.0%

<sup>8</sup> The calculation formula of employee turnover rate is: number of employees who left during the reporting period / number of employees as of the end of the reporting period x 100%.



## Training

Employee training coverage <sup>9</sup>	Unit	2020	2019
Employee training coverage	%	67.2%	62.8%
<b>By gender</b>			
Male	%	69.6%	64.7%
Female	%	57.1%	56.4%
<b>By employee category</b>			
Directors and senior management	%	50.0%	62.5%
Middle management	%	48.9%	34.0%
General employee	%	72.6%	75.0%
Percentage of employees trained <sup>10</sup>	Unit	2020	2019
<b>By gender</b>			
Male	%	83.5%	79.0%
Female	%	16.5%	21.0%
<b>By employee category</b>			
Directors and senior management	%	2.4%	3.4%
Middle management	%	14.3%	15.6%
General employee	%	83.3%	81.0%

<sup>9</sup> The calculation formula of employee training coverage is: number of trained employees during the reporting period / number of employees as of the end of the reporting period x 100%.

<sup>10</sup> The calculation formula of percentage of employees trained is: number of employees trained of the specific category during the reporting period / total number of trained employees during the reporting period x 100%.

## Training Hours

Average training hours completed per employee <sup>11</sup>	Unit	2020	2019
Average training hours completed per employee	Hour	28.7	9.98
<b>By gender</b>			
Male	Hour	33.8	10.67
Female	Hour	7.5	7.37
<b>By employee category</b>			
Directors and senior management	Hour	11.0	15.99
Middle management	Hour	6.1	10.64
General employee	Hour	35.2	9.60

## Safety

Safety performance	Unit	2020	2019
Number of work-related fatalities	No.	0	0
Work-related fatalities rate	%	0%	0%
Lost days due to work injury	Days	408	333

<sup>11</sup> The calculation formula of average training hours completed per employee is: total training hours received by employees during the reporting period / number of employees as of the end of the reporting period x 100%.



## Appendix 1 Applicable Laws and Regulations

The laws and regulations that have a significant impact on the Group's operation in Mainland China, Hong Kong and Macao and our performance during the Reporting Period are as follows:

Law and Regulations <sup>12</sup>	The Group’s Performance During the Reporting Period
Environment	
<b>Mainland China</b> <ul style="list-style-type: none"><li>• Environmental Protection Law of the People’s Republic of China</li><li>• Atmospheric Pollution Prevention and Control Law of the People’s Republic of China</li><li>• Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes</li><li>• Water Pollution Prevention and Control Law of the People’s Republic of China</li><li>• Law of the People’s Republic of China on Water and Soil Conservation</li><li>• Law of the People’s Republic of China on the Promotion of Cleaner Production</li><li>• Law of the People’s Republic of China on Ports</li><li>• Law of the People’s Republic of China on Conserving Energy</li></ul>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
<b>Hong Kong</b> <ul style="list-style-type: none"><li>• Cap. 311Z Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation</li><li>• Cap. 358 Water Pollution Control Ordinance</li><li>• Cap. 354 Waste Disposal Ordinance</li><li>• Cap. 313 Shipping and Port Control Ordinance</li><li>• Cap. 311Y Air Pollution Control (Marine Light Diesel) Regulation</li></ul>	
<b>Macao</b> <ul style="list-style-type: none"><li>• Administrative Regulation No. 15/2016 Standards for Unleaded Petrol and Light Diesel for Vehicles</li></ul>	

<sup>12</sup> The laws and regulations of Macao are translated from Portuguese.



Law and Regulations <sup>12</sup>	The Group's Performance During the Reporting Period
Employment and Labour Practices	
<p><b>Mainland China</b></p> <ul style="list-style-type: none"> <li>• Labour Law of the People's Republic of China</li> <li>• Labour Contract Law of the People's Republic of China</li> <li>• Law of the People's Republic of China on the Protection of Minors</li> <li>• Provisions on the Prohibition of Using Child Labour</li> </ul> <p><b>Hong Kong</b></p> <ul style="list-style-type: none"> <li>• Cap. 57 Employment Ordinance</li> <li>• Cap. 282 Employee Compensation Ordinance</li> <li>• Cap. 608 Minimum Wage Ordinance</li> </ul> <p><b>Macao</b></p> <ul style="list-style-type: none"> <li>• Law No. 4/98/M Framework Law on Employment Policy and Worker's Rights</li> <li>• Law No. 7/2008 Labour Relations Law</li> <li>• Administrative Regulation No. 13/2010 Regulation of the conditions or responsibilities to be established in the employment permit for non-resident workers</li> </ul>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labour.</p>



## Appendix 1 Applicable Laws and Regulations

Law and Regulations <sup>12</sup>	The Group’s Performance During the Reporting Period
Health and Safety	
<b>Mainland China</b> <ul style="list-style-type: none"><li>• Production Safety Law of the People’s Republic of China</li><li>• Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases</li></ul>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards.
<b>Hong Kong</b> <ul style="list-style-type: none"><li>• Cap. 509 Occupational Safety and Health Ordinance</li><li>• Cap. 59J Factories and Industrial Undertakings (Lifting Appliance and Lifting Gear) Regulation</li><li>• Cap. 59K Factories and Industrial Undertakings (Cargo and Container Handling) Regulation</li><li>• Cap. 59AC Factories and Industrial Undertakings (Suspended Working Platforms) Regulation</li><li>• Cap. 59AG Factories and Industrial Undertakings (Loadshifting Machinery) Regulation</li><li>• Cap. 81 Port Control (Cargo Working Areas) Ordinance</li></ul>	
<b>Macao</b> <ul style="list-style-type: none"><li>• Law No. 2/83/M Sanctions Applicable to the Transgression of Legal or Regulatory Norms on Occupational Health or Safety in Industrial Establishments</li><li>• Decree-Law No. 24/95/M Fire Security Regulation</li><li>• Decree-Law No. 37/89/M Approves the General Regulation on Occupational Health and Safety in Commercial, Office and Service Establishments</li></ul>	





Law and Regulations <sup>12</sup>	The Group's Performance During the Reporting Period
<b>Product Responsibility</b>	
<b>Mainland China</b> <ul style="list-style-type: none"> <li>Product Quality Law of the People's Republic of China</li> <li>Law of the People's Republic of China on Import and Export Commodity Inspection</li> <li>Law of the People's Republic of China on the Protection of Consumer Rights and Interests</li> </ul> <b>Hong Kong</b> <ul style="list-style-type: none"> <li>Cap. 486 Personal Data (Privacy) Ordinance</li> <li>Cap. 456 Consumer Goods Safety Ordinance</li> <li>Cap. 362 Trade Descriptions Ordinance</li> </ul> <b>Macao</b> <ul style="list-style-type: none"> <li>Law No. 8/2005 Personal Data Protection Act</li> </ul>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group in relation to safety, advertising, and privacy matters relating to services provided and methods of redress.</p>
<b>Anti-corruption</b>	
<b>Mainland China</b> <ul style="list-style-type: none"> <li>Criminal Law of the People's Republic of China</li> <li>Anti-Unfair Competition Law of the People's Republic of China</li> <li>The Bidding Law of the People's Republic of China</li> <li>Supervision Law of the People's Republic of China</li> <li>Interim Provisions on Banning Commercial Bribery</li> </ul> <b>Hong Kong</b> <ul style="list-style-type: none"> <li>Cap. 201 Prevention of Bribery Ordinance</li> </ul>	<p>During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud and money laundering.</p>





## Appendix 2

### Environmental, Social and Governance Reporting Guide Content Index

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Environmental</b>		
<b>Aspect A1:Emissions</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	6.1, 6.2, Appendix 1
KPI A1.1	The types of emissions and respective emissions data.	7
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.5	Description of measures to mitigate emissions and results achieved.	6.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6.1



General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	6.1
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6.1
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group does not produce any products, and thus the total packaging material used for finished products is not applicable to the Group.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	6.1, 6.2
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.1, 6.2



## Appendix 2 Environmental, Social and Governance Reporting Guide Content Index

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.2, Appendix 1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1, 7
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	7
<b>Aspect B2: Health and Safety</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.1, 3.2, Appendix 1
KPI B2.1	Number and rate of work-related fatalities.	7
KPI B2.2	Lost days due to work injury.	7
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.1, 3.2
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	4.2
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7
KPI B3.2	The average training hours completed per employee by gender and employee category.	7



General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Aspect B4: Labour Standards</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	4.2
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, no cases of child and forced labour were discovered.
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.3
KPI B5.1	Number of suppliers by geographical region.	5.3
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.3





## Appendix 2 Environmental, Social and Governance Reporting Guide Content Index

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1, 5.2, Appendix 1  *Due to the Group's business nature, products, labelling relating to the services provided, and recall procedures are not applicable to the Group.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	* The Group does not produce any products.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
KPI B6.4	Description of quality assurance process and recall procedures.	5.1  * Due to the Group's business nature, recall procedure is not applicable to the Group.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2





General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
<b>Aspect B7: Anti-Corruption</b>		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.1, Appendix 1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.1
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.1
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	3.2
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3.2
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	3.2



**CHU KONG SHIPPING ENTERPRISES (GROUP)  
COMPANY LIMITED**

24th Floor, Chu Kong Shipping Tower  
143 Connaught Road Central  
Hong Kong

Tel: (852) 2581 3799

Fax: (852) 2851 0389

[www.cksd.com](http://www.cksd.com)