

CHAPTER 7

CARING FOR OUR PEOPLE





The Group believes that an excellent team of talents is the cornerstone of business operations and sustainable development. We strive to uphold the people-oriented principle by creating an inclusive, harmonious, fair, safe and efficient working environment for our employees. We continue to improve human resource management and recruit talents all over the world, as well as providing abundant training resources and diversified development opportunities, thereby keeping our employees and the Group moving forward together.

The Group's focus areas in Caring for Our People:

Attracting talents	Adhere to the recruitment principles of fair selection and recruitment, and attract talents from diverse channels
Staff benefits	Proactively safeguard staff interests and provide competitive remuneration packages
Diversity and inclusiveness	Promote equality and diversity, and foster an inclusive corporate culture
Open communication	Encourage internal communication and increase staff engagement to facilitate harmonious labour relations
Occupational safety and health	Continuously optimise the safety management mechanism and develop a safe and healthy culture based on the principle of "safety first, precaution-oriented"
Talent training	Provide diversified trainings to assist employees in skill enhancement, encourage self-enhancement, and set up systematic progression pathways

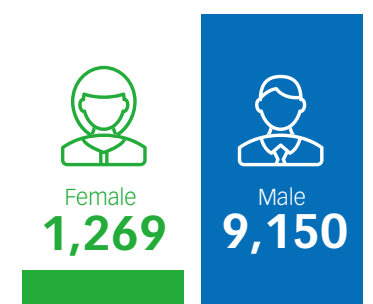
PERFORMANCE HIGHLIGHTS IN 2021

The Company and the terminal companies had a total of 10,419 employees in 2021, which were distributed as follows:

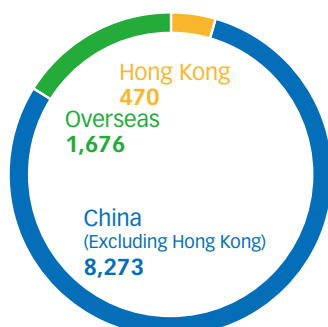
Total Workforce by Employee Category



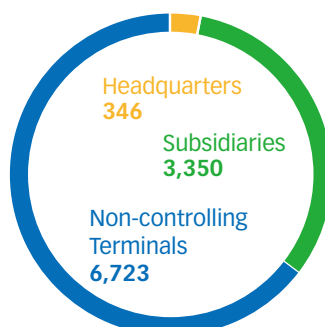
Total Workforce by Gender



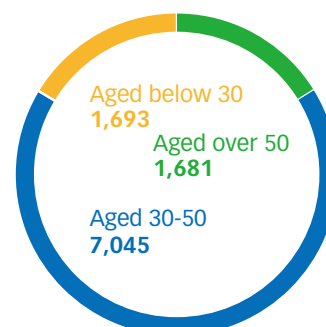
Total Workforce by Geographical Location



Total Workforce by Workplace



Total Workforce by Age Group



For details of employee statistics, please refer to Chapter 12 – Appendices – Key Performance Indicators of this report.

MANAGEMENT APPROACH

The Group strives to protect the basic rights of employees and comply with all the laws and regulations in relation to employment, diversity, occupational safety and health in the regions where we operate, including, but not limited to, the Labour Law of the People's Republic of China, the labour legislation of Hong Kong and those applicable to overseas terminals. In 2021, the Group was not convicted of any non-compliance to the laws and regulations, which had significant potential impacts on the Group, relating to discrimination, child labour, forced labour or other related matters.

The Group manages human resources and staff conduct based on the Human Resources Management Regulations and the Staff Handbook. These policies set out the Company's expectations of our employees' ethics, as well as the policies and procedures they should follow in their daily work to uphold high level of ethical standards and conduct. The Staff Handbook also stipulates that the employment practices of the Company and the Subsidiaries must be consistent with local laws and regulations, strictly prohibiting the use of child labour or forced labour during business operations.

ATTRACTING TALENTS

We actively build and retain an excellent team of employees to create value for the business. In the process of talent recruitment and selection, we follow the principles of fair selection, comprehensive assessment, and merit-based recruitment, and attract talents solely based on assessment indicators such as personal abilities, experience, qualifications, expertise, vision and performance.

In order to maintain market competitiveness and ensure that the working team has sufficient experience and skills, we review our recruitment strategy based on business performance, socioeconomic conditions and industry development from time to time, and continue to expand recruitment channels to attract outstanding talents, including:

- Job fairs
- Media platforms such as advertisements and the Internet
- Recruitment agencies
- Recruitment of fresh graduates from universities and institutions
- Employee referral
- Internal selection

STAFF BENEFITS

We offer competitive remuneration and benefits packages based on the performance and experience of our employees, including paid leaves, statutory social insurance and medical insurance, etc. Considering the long-time separation from families for employees in Mainland China, we have family friendly measures in place and grant leaves for family visit so that they can be reunited for a longer time. We also provide education grants for our employees to subsidise the tuition fees for accredited courses to encourage continuous learning and improvement of personal skills. In addition, the Company has a share option incentive scheme, and will also implement special incentive plans in line with the business development needs of the Group to boost employee motivation. The Company regularly reviews and improves the policies and measures related to remuneration and benefits to ensure their attractiveness.

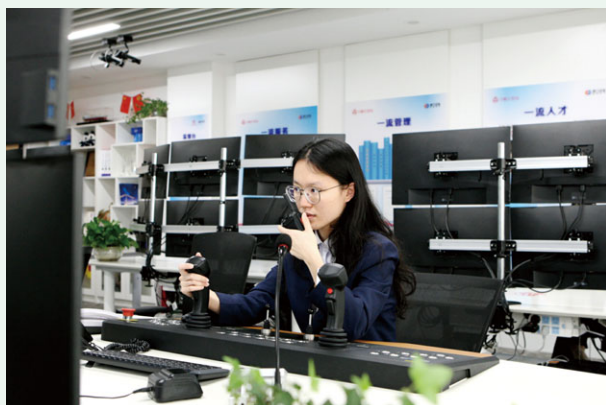
The Group has a well-established staff appraisal and promotion system. We perform a comprehensive evaluation of the performance and skills of the Company's employees and appointed staff at terminals based on the principles of fairness, openness and impartiality. Meanwhile, the senior management and department heads will provide feedback to the subordinate employees, to help them improve their overall performance and establish future development goals. The appraisal results are an important basis for human resource planning and implementation, including year-end bonus, pay adjustment, position review and training development. At the same time, we will promote motivated employees and form excellent teams in a bid to enhance the core corporate competitiveness and promote business development. In 2021, the employee turnover rate of the Company was 1.4%.

DIVERSITY AND INCLUSIVENESS

We are committed to building a diverse and inclusive corporate culture to create a harmonious working environment. We provide equal employment opportunities to all job seekers and current employees, regardless of age, gender, race, religion, nationality or other factors. We do not tolerate any employment discrimination or unfair treatment and we expect all employees to be treated equally.

Because of the high physical requirement for traditional operations at terminals, historically most of the workers were male. However, the Group's promotion of information technology development and the wide application of automated systems have started to transform the terminal workflow. We take this opportunity to build female work teams and promote gender equality.

Case Study: Terminal companies have established female work teams to promote workplace diversity



Our Subsidiaries are committed to building diverse and efficient teams. Among which, Xiamen Ocean Gate Terminal, Quan Zhou Pacific Terminal and Jinzhou New Age Terminal recruited more female staff to engage in strategic planning, business management and terminal machinery operations during the year. With the continuous advancement of technology nowadays, there are more opportunities for terminals to implement remote control and automation for terminal machinery. This enables female staff to operate machinery inside the office and make a significant contribution to the port development, taking a big step forward in promoting gender equality at the terminals.

OPEN COMMUNICATION

We are committed to implementing a transparent and open internal communication mechanism, encouraging two-way communication between the management and staff as well as proactively understanding the suggestions and expectations of the staff. In order to promote smooth and effective internal communication, the management of the Company holds departmental meetings regularly, including annual and half-yearly meetings, monthly working meetings, weekly meetings, management meetings, project meetings, cross-departmental meetings, etc. We have also established information sharing platforms such as intranet and official WeChat and LinkedIn accounts to keep our employees informed of the latest development of the Group and enhance internal communication.



Employees who encounter any questions at work can share their opinions or suggestions with the management or the heads of relevant departments through the open communication mechanism, or provide feedback to the labour union. The Company has a grievance mechanism in place for employees to report any potential misconduct, and promises to handle all cases seriously in accordance with corresponding procedures to ensure that we maintain a high level of business ethics and professional conduct. The Human Resources Management Regulations of the Company outlines the complaints handling procedures regarding violations of laws and regulations, fraud, misconduct, damage to the Company's interests and other non-compliance incidents, and lists the confidentiality measures. The Company promises not to take retaliate actions such as dismissal, demotion, suspension, threat or harassment against the whistleblowers. The Audit and Supervision Department of the Company will set up a taskforce to forward the reporting situations and investigation results to the relevant senior management and the Chairman of the Board according to the content and severity of the complaint, and eventually informing the whistleblowers about the investigation results. At the same time, the relevant departments will be instructed to rectify and improve the system loopholes found in the cases to prevent similar incidents from recurring. If employees of the Audit and Supervision Department are involved in any case, we will adopt the principle of party avoidance to deal with the relevant incident.

OCCUPATIONAL SAFETY AND HEALTH

The Group attaches great importance to the safety of employees and is dedicated to creating a safe, comfortable and healthy working environment. At the same time, we strictly implement safety and risk management-related measures to minimise the risk of safety accidents⁵. In 2021, there were 62 cases of work-related injuries, with a total of 1,201 lost days.

5 For details of safety performance, please refer to Chapter 12 – Appendices – Key Performance Indicators of this report.

SAFETY MANAGEMENT SYSTEM

Accountability System

The Group is in strict compliance with applicable national and local laws and regulations, including, but not limited to, the Production Safety Law of the People's Republic of China, and adheres to the Occupational Safety and Health Management Regulations of COSCO SHIPPING. Each terminal company has formulated internal policies and management regulations related to operational safety based on their operations to ensure the safety of their employees. We have also developed the Regulations on Safety Management Responsibility, which stipulates the Group's responsibility for the primary and macro-supervision of the operational safety of the headquarters and each Subsidiary. It also clearly states the respective safety management responsibilities of the management, the work safety committee, the headquarters, the Subsidiaries and the appointed staff in Non-controlling Terminals. Furthermore, we require different departments to sign the Operational Safety Responsibility Statement annually and incorporate the latest safety objectives and requirements into the performance appraisal, thereby strengthening the enforcement of the safety system.

Operational Safety Standards

The Group complies with the Standards for Work Safety of Bulk Cargo (Container) Terminal Enterprises in Ports issued by the Ministry of Transport of the People's Republic of China, aiming to achieve Class-1 standard to promote safety culture and become the best practice in the industry. At present, among the Subsidiaries of the Group in Mainland China, five of them have been qualified as Class-1 enterprises and two are Class-2 enterprises. Moreover, CSP Spain Related Companies have maintained the certification of the ISO 45001 Occupational Health and Safety Management System.

Safety Risk Management

To keep strengthening the safety risk management system, we have formulated the Guiding Opinions on the Risk Identification, Control and Management of Safe Production, as well as updating and revising policies such as the Measures for the Assessment of Production Safety Performance, the Regulations on Safety Management Responsibility, the Contingency Plan for Production Safety and the Safety Inspection Standards. In 2021, the Company carried out exchange activities on safety inspections and management for its Subsidiaries according to the annual plan, identified and managed potential hazards for the sites, equipment and facilities, optimised risk identification and established hierarchical management of safety risks, thus reducing the potential safety risks in production and operation.

Safety Risk Management Process



The Safety Management Department of the Company is responsible for the inspections of safety performance and measures at the Subsidiaries in China. If potential safety hazards are identified, we will ask the relevant terminals to rectify by issuing the Notification on Rectification of Potential Safety Hazards.

Case Study: Nantong Tonghai Terminal launched Production Safety Month Campaign



The Production Safety Month Campaign 2021 at Nantong Tonghai Terminal covered a wide range of activities, including convening traffic safety meetings in the port area, arranging all employees to learn about safety and environmental protection regulations, procedures and plans, occupational safety risks, occupational health, work-related injury prevention, port facility security, ecological and environmental protection, among others, as well as updates on the laws and regulations such as Safe Production Regulations, the Yangtze River Protection Law, so as to ensure employees fully understand the safety risk management system of the terminal.

ACCIDENT INVESTIGATION

The Group has established a comprehensive occupational safety and health management mechanism and a sound safety risk management system. In case of accidents in the workplace, we will carry out a rigorous investigation into the cause of the accident and implement mitigation measures to minimise the impact of it. At the same time, we will formulate corresponding preventive measures to avoid similar accidents from recurring.

Case Study: Lianyungang New Oriental Terminal organised operational safety classes for new drivers



Lianyungang New Oriental Terminal provided safety training for drivers to raise the knowledge and awareness of new terminal employees on operational safety. The training content included analysis of typical on-site traffic accidents and explanation of all safety precautions on site, thereby enabling them to understand the conditions of operational safety and adapt to the port operating environment.

OCCUPATIONAL SAFETY AND HEALTH TRAININGS

The Company and our terminals organise occupational safety and health trainings on a regular basis to continuously raise the safety awareness among our employees. During the year, the Company organised the "COSCO SHIPPING Ports 2021 Ecology and Environmental Protection Training and Safety Management Experience Sharing". Through external lectures and internal exchanges, we learned and drew lessons from advanced management concepts and working methods as well as pointing out the safety and environmental protection risks that port enterprises needed to consider in order to improve the safety management capabilities of ports. In addition, the terminal companies also hold various activities in the Operational Safety Month campaign in June every year and arrange for their staff to undergo appropriate occupational safety and health trainings based on the actual conditions.



COSCO SHIPPING Ports 2021 Ecology and Environmental Protection Training and Safety Management Experience Sharing



Lianyungang New Oriental Terminal conducted emergency handling training for the front-end employees of the terminal to improve their emergency preparedness and facilitate their rapid and effective rescue operations in case of emergency to help significantly reduce the impact of accidents.



Guangzhou South China Oceangate Terminal held fire emergency drills for short-circuit spontaneous combustion of empty container handler engines and motors for maintenance personnel and mobile machinery operators to strengthen their understanding of standard fire-fighting procedures and ability to respond to fire accidents.

In 2021, the number of participants of safety educations and trainings were 19,008, with a total of 57,282 training hours, safety training investment of RMB364,800 and a training rate of 100%. The number of full-time safety management personnel trained was 542, with training investment of RMB90,800 and a training rate of 100%.

MEASURES TO SAFEGUARD EMPLOYEES' HEALTH UNDER THE COVID-19 EPIDEMIC

Amid the COVID-19 epidemic, health protection of employees has been our top priority. The Group has taken comprehensive and prompt responses to curb the spread of COVID-19 in the early stage of outbreak. In order to ensure that our prevention and control measures comply with the requirements of the places where we operate in, the local governments and COSCO SHIPPING, our leading group and working group for epidemic prevention and control have coordinated to regulate the preventive measures for the headquarters and the Subsidiaries. In addition, we have also created a WeChat group for port companies to closely monitor the epidemic development as well as announcing and implementing corresponding measures in response to the COVID-19 situation.

In order to meet the requirements of “guard against imported cases and prevent a resurgence in local cases” stated by the State Council of the People’s Republic of China, the Company has required our domestic Subsidiaries to strictly implement daily prevention and control measures and further strengthen the safety and protection of port workers. The Company has established the Guideline for the Prevention and Control of the COVID-19 Epidemic for Ports and Front-line Personnel, showing full support for fighting against the epidemic. The guideline lists the major duties of epidemic prevention and control, and regulates the protection requirements, environmental sanitation conditions and emergency treatment procedures of terminal workers. We also pay close attention to the situation in overseas Subsidiaries by actively promoting normalised epidemic prevention and control, updating and optimising prevention and control measures and emergency plans, as well as sending early warnings and alerts of the epidemic according to the changes in epidemic prevention. Additionally, we have also been disinfecting port areas and office areas regularly, implementing shift work, monitoring the health of employees at the Company and terminals, distributing protective gears to employees, so as to protect the health and safety of employees.

Case Study: Quan Zhou Pacific Terminal developed COVID-19 nucleic acid testing auxiliary management system



In order to strengthen information management, Quan Zhou Pacific Terminal utilised the nucleic acid testing auxiliary management system to complete the steps of information collection and statistical analysis in nucleic acid testing procedures. The system has incorporated ID card automatic identification technology to help record employees’ testing cycles, and effectively arrange employees to conduct on-site testing to improve the efficiency of the nucleic acid testing process.

Case Study: Lianyungang New Oriental Terminal carried out nucleic acid testing practice drills for all employees



Lianyungang New Oriental Terminal actively cooperated with the municipal government's epidemic prevention drills by collecting nucleic acid test samples of all employees, thereby improving the awareness and ability of port employees in emergency command, logistics support, and volunteer services, as well as increasing their pandemic preparedness.

IMPROVING EMPLOYEES' PHYSICAL AND MENTAL HEALTH AND WELL-BEING

The Group places great emphasis on the work-life balance of employees, and actively organises different kinds of recreational activities in spare time to increase employees' sense of belonging and cohesion.

In April, the Shanghai headquarters of COSCO SHIPPING Ports held the Spring Healthy Run, allowing employees to explore Dongping National Forest Park together and visit the strawberry farm for strawberry picking, thereby promoting sporting culture and encouraging participants to expand their social networks.



In order to encourage employees to actively engage in sports activities, Quan Zhou Pacific Terminal and Jinjiang Pacific Terminal held the Entertaining Sports Day in June, attracting 275 employees to participate. The sports day featured ten events, including tug-of-war and team rope skipping, helping strengthen the bonds among employees and advocate the importance of exercising.

Lianyungang New Oriental Terminal paid attention to the health of employees and arranged annual physical examination for them in September, allowing the employees to better understand their actual physical conditions and enhance their health awareness.

TALENT TRAINING

The Company and the terminal companies continued to invest in a host of training resources to ensure that our staff keep abreast of industry trends, and to maintain our competitiveness and leading position in the market. The trainings covered a full range of operational, management and technical knowledge, which included:

- Executive Training Course and Special Training Course on Operational Management and Marketing
- Lean Management Seminar
- Training on the Statutory Requirements in relation to Environmental, Social and Governance, Governance Recommendations and Case Sharing
- Online Classes for Implementing New Development Concepts and Promoting High-Quality Development of State-Owned Enterprises
- Management Ability Improvement Training for National Port Enterprise Team Leaders
- Continuing Education and Training in the 2021 Engineering and Economics Series
- 2021 New Enterprise Accounting Standards Online Training
- Training on National Port Production Planning and Scheduling and Terminal Accident Handling
- Online Training Camp for Enterprise Performance Management Experts
- Special Work Permit Forensics
- On-the-job Training for Security Practitioners in Port Facilities

In 2021, the Company organised or participated in training for 7,623 hours and the total number of participants reached 155.

