



CHU KONG SHIPPING ENTERPRISES (GROUP) COMPANY LIMITED

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

Environmental, Social and Governance Report 2021



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1. 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”) in 2021.

Reporting Scope

Unless otherwise specified, this Report contains information pertaining to the period from 1 January 2021 to 31 December 2021 (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 (“CKSG” or the “Company”)
- Chu Kong Agency Company Limited
- Chu Kong Container Transportation Company Limited
- Chu Kong (Guangdong) International Freight Forwarding Co., Ltd.
- Chu Kong Godown Wharf & Transportation Company Limited
- Chu Kong Transshipment & Logistics Company Limited
- Chu Kong Transportation (H.K.) Limited
- Chu Kong Passenger Transport Company Limited (“CKPT”)
- Sun Kong Petroleum Company Limited (“Sun Kong Petroleum”)
- Cotai Chu Kong Shipping Management Service Company Limited
- Chu Ou Engineering And Technologies Company Limited
- Sun Ferry Services Company Limited (“Sun Ferry”)
- CKS Container Terminal (Zhuhai Doumen) Co., Ltd. (“Doumen Port”)
- Chu Kong Shipping (Guangdong) Logistics Co., Ltd.
- Zhaoqing Chu Kong Logistics (Gaoyao) Co., Ltd. (“Zhaoqing Gaoyao Port”)
- Zhongshan City Huangpu Port Cargo and Container Terminal Co., Ltd. (“Huangpu Port”)
- Zhaoqing New Port Co., Ltd. (“Zhaoqing New Port”)
- Zhaoqing Chu Kong Logistics (Sihui) Co., Ltd.
- Chu Kong International Airfreight Company Limited
- Ever Sky Transportation Limited
- Chu Kong Cargo Terminals (Qingyuan) Co., Ltd. (“Qingyuan Port”)
- Chu Kong Cargo Terminals (Gaoming) Co., Ltd. (“Gaoming Port”)
- Chu Kong Cargo Terminals (Kangzhou) Co., Ltd. (“Zhaoqing Kangzhou Port”)
- Shenzhen Zhu Chuan International Freight Forwarding Co., Ltd. (“Shenzhen Zhuchuan”)
- Chu Kong (Guangdong) International Shipping Agency Co., Ltd.
- Civet (Zhuhai Bonded Area) Logistics Company Limited (“Civet Port”)
- Guangdong Digital Port & Shipping Technology Co., Ltd (formerly known as Guangzhou Pintu Internet Company Limited)

Basis of Report Preparation

This Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (“**ESG Guide**”) 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 as well as mandatory disclosure requirements of the *ESG Guide* and was prepared in adherence to the four reporting principles: Materiality, Quantitative, Balance and Consistency.

Materiality	Quantitative
A materiality assessment was conducted 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 “3.2 Stakeholder Engagement and Materiality” 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 Report is prepared in a transparent manner of which the information disclosed covers both sustainability achievements and challenges of the Group.	We adopted consistent methodologies and reported the changes to the scope and methods to allow for meaningful comparisons of ESG data over time.

Report Disclaimer

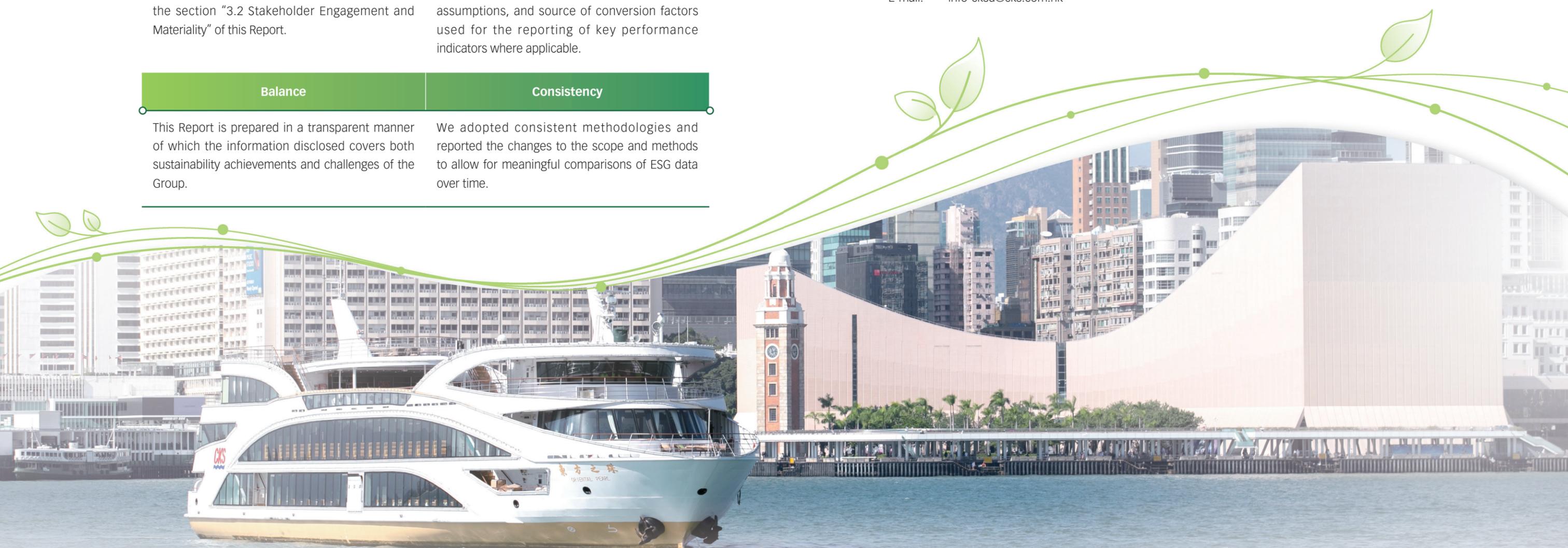
All information disclosed in this Report was sourced from the Group’s documents and statistics. The board of directors of the Company (the “**Board**”) has overall responsibility for the Group’s ESG strategy and reporting. This Report was reviewed and approved by the Board on 12 May 2022.

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:

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About the Group

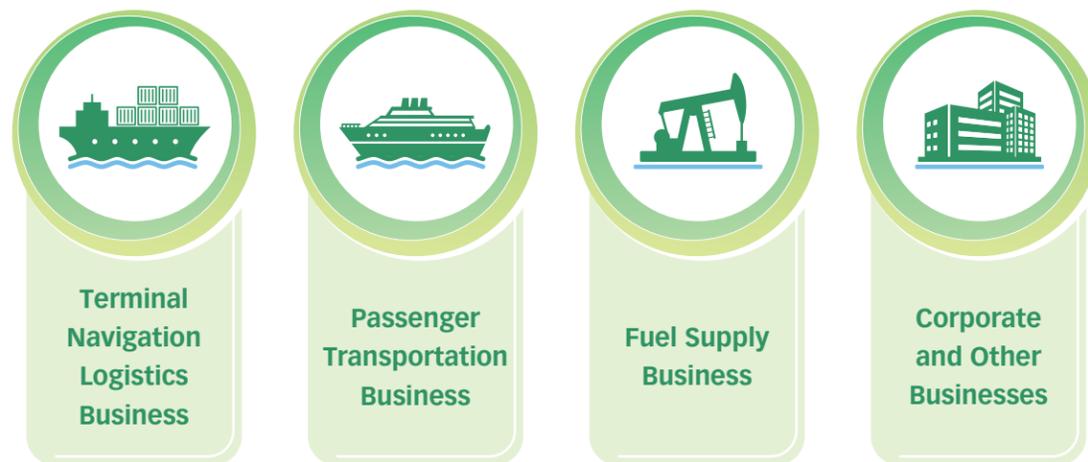
2. ABOUT THE GROUP

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 Provincial Port & Shipping Group Company Limited.

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

We establish our terminal navigation logistics business based on a number of cargo terminal enterprises in Guangdong and Hong Kong, which form 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 is the waterway passenger transportation business. The cross-border high-speed 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 focuses on the provision of diesel and lubricants for passenger ferries and cargo vessels, and other businesses of the Group cover the operation and management of facilities maintenance services for properties in Macao.



In the future, the Group will actively integrate into national strategies such as the “Belt and Road” initiative and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, focus on key strategies such as logistics upgrades, waterway public transportation, Hong Kong airport, intelligent terminals navigation, and the “Belt and Road” so as to strengthen the promotion of business transformation and upgrade, overcome major adverse effects of the epidemic, achieve sustainable development, and create greater value for the Shareholders.

Approach to Sustainability

3. APPROACH TO SUSTAINABILITY

The Group spares no efforts on embedding sustainable business practices into our daily operation. To this end, we create a sustainable value for all stakeholders by operating responsibly in adhering to the highest ethical standards, reducing our cost to the environment and contributing to the society. We actively engage our stakeholders through various effective communication channels and disclose our ESG performance publicly.

3.1. Governance and Compliance

As to demonstrate our continuous commitment to sustainability, the Group has established a governance structure with the Board’s oversight on ESG issues covering all business segments.



The Board

As the highest decision-making body for the overall ESG management of the Group, the Board provides oversight of the Group’s ESG management and gives final approval for the Group’s ESG strategies, targets, and approaches.



Governance Group for the ESG Report

Spearheaded by one of the executive directors of the Company, the Governance Group for the ESG Report is comprised of the general managers from different business segments. It is accountable to the Board, and has the following main duties:

- to assist the Board in fulfilling its oversight responsibility for the Group’s ESG strategies and programmes;
- to engage with stakeholders and solicit their feedback on the Group’s ESG risks and opportunities;
- to determine ESG priorities, formulate corresponding objectives and policies, and monitor progress;
- to assess and manage ESG risks arising from the 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 comprised of 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. In order to improve the Group’s ESG performance, members of the Working Group for the ESG Report are encouraged to exchange experiences and best practices.

3.1.1. 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 *Environment, 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.



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.



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



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.



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.

3.1.2. ESG Risk Management

The Board has overall responsibility for the assessment and determination of the Group’s significant ESG risks and for ensuring that the Group establishes and maintains appropriate and effective risk management.

The Group has identified significant ESG risks in 2021 and the approaches to address them are as follow:

Significant ESG risks	Potential Impacts	Response Approaches
Policy Changes And Compliance Risks	Changes in the external legal and policy environment and inconsistent regulatory requirements across the region may lead to increased compliance risks for the Group. Failure to comply with legal and regulatory requirements may cause legal sanctions or regulatory penalties, significant financial losses and other impacts on the Group, as well as significant damage to the Group’s reputation and image.	<p>The Opreation Management Department collects the risks and corresponding control measures of each segment company according to the <i>Risk Management Guidelines of Chu Kong Shipping</i>, then categorises the major risks into important risk points based on the major categories of risks, and annually summarises the risk assessment results and incorporates these major risks/business processes/audit units into the audit focus of the annual Internal Audit Plan.</p> <p>The Group’s Legal Department provides legal advisory services to support the Group’s decision-making process, manage the Group’s legal and regulatory risks and enable the Group to conduct its business legally.</p> <p>Other subsidiaries scrutinize laws and regulations that have a significant impact on the Group and develop and amend various policies, guidelines, management practices and systems to govern the Group’s operations.</p>

Significant ESG risks	Potential Impacts	Response Approaches
Supply Chain Management Risk	Supply chain instability can affect production costs and operations, for example, in the face of unforeseen events (such as natural disasters, environmental accidents, epidemics, political risks, etc.), supply chain disruptions affect the logistics, information and capital flow between the Group and other enterprises, which may cause business interruptions, resulting in delays in the delivery of goods, affecting the reputation of the Group and cooperation with customers, and affect the achievement of corporate strategic objectives.	The Group has established a comprehensive tender evaluation system and set out a supplier selection process in the <i>Tender Management Measures and Procurement Management Process</i> , which regulates the management of different types of suppliers to the Group and realises the principles of “transparency, fairness, impartiality and honesty”. The Group’s technical support department works closely with relevant departments to identify suitable suppliers and assess their qualifications and performance. At least three potential suppliers will be invited to tender for the Group to select a suitable supplier.

Significant ESG risks	Potential Impacts	Response Approaches
		<p>The Group will also assess the supplier’s performance in a number of ESG areas, such as product and service quality, ethical conduct and environmental protection. Sun Ferry has set out its ESG requirements for suppliers in the <i>Supplier Code</i> and favours suppliers who demonstrate a commitment to the principles outlined in the Code in the supplier selection process. To verify that our suppliers meet our requirements and drive improvements, we assess the performance of our existing key suppliers annually against the criteria and procedures specified in the <i>Comprehensive Supplier Evaluation Management Scheme</i>. If suppliers fail to meet our requirements, they are required to develop corrective action plans and take corrective action.</p>

3.1.3. Ensuring Operations in Compliance

The subsidiaries of the Group operate in multiple regions in Mainland China, Hong Kong and Macao. Our daily operations strictly with all applicable laws and regulations at all times in the regions where we operate. Please refer to the section “Appendix 2” of this Report.

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 an 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.

3.1.4. Operating with Integrity

Integrity is the foundation to maintain long-term relationships with our stakeholders. The Group is devoted to maintaining the highest standards of ethics and integrity to create a fair and honest workplace. To achieve so, the Group applies a zero-tolerance approach to any forms of corruption and strictly complies with relevant laws and regulations relating to bribery, extortion, fraud, money laundering and other unethical business activities in the regions where we operate.

Preventing Illegal Acts

All employees are required to follow the *Code of Conduct for Employee* specified in the *Employee Handbook*, which stated employees' responsibilities in following anti-corruption practices and preventing illegal acts such as soliciting and accepting bribes, and misappropriation of funds. They strictly prohibited employees to accept gratuities and gifts exceeding a certain amount. To avoid conflict of interest, all employees are required to uphold the highest ethical and professional standards by signing the *Undertaking Letter of Integrity for Employee*, and are prohibited from outside employment which constitutes a conflict of interest.

In order to increase the awareness of anti-corruption practices, the Group provides training to employees to help them understand the risks of corruption and the importance of ethical business behaviour.



In December 2021, we invited ICAC to organise an anti-corruption training on relevant laws and regulations and common corruption risk in business practice for the Board and management level of employees.

We also work with our business partners to ensure we conduct business in an ethical and professional manner. As 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 and cooperation with our business partners.

Encouraging Whistleblowing

The Group established the *Whistle-blowing Policy* to support the identification and report of any suspicious cases of unethical business conduct or misbehaviour have developed a whistle-blowing system along with the policy to provide a channel for employees and business partners to report or submit a grievance on any misconduct malpractices. All relevant information will be treated in a confidential manner to protect whistle-blowers. Personal details of the whistle-blowers are anonymous to safeguard their rights and personal safety. All complaints and reports will undergo a thorough and fair investigation. During the Reporting Period, there was no legal case regarding corrupt practices were brought against the Group or our employees.

3.2. Stakeholder Engagement and Materiality Assessment

The Group values stakeholder engagement as a channel to promote our sustainability development. It allows us to refine our sustainability strategy and improve our ESG performance. The Group maintains a regular dialogue with our stakeholders to understand their expectations towards the Group and to identify areas where we could make positive changes.

3.2.1. Engaging with Our Stakeholders

The Group communicates and collaborates with our stakeholders regularly to listen to their expectations and views on our ESG performance. 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"> On-site inspection Meeting 	<ul style="list-style-type: none"> Regularly/as needed Regularly/as needed
Shareholders and Investors	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Annual report Announcement 	<ul style="list-style-type: none"> Annually Annually As needed
Employees	<ul style="list-style-type: none"> Meeting Group interview Performance appraisal Training, seminar and briefing session Cultural and sports activity Newsletter 	<ul style="list-style-type: none"> Regularly Regularly Annually Regularly Regularly/as needed Regularly
Customers	<ul style="list-style-type: none"> Website Email Customer service hotline Satisfaction survey 	<ul style="list-style-type: none"> Daily/as needed As needed As needed Annually
Suppliers	<ul style="list-style-type: none"> Open tendering Supplier evaluation and appraisal 	<ul style="list-style-type: none"> As needed Annually
Potential Investors and Financial Institutions	<ul style="list-style-type: none"> Potential investor briefing Roadshow Analyst briefing 	<ul style="list-style-type: none"> As needed As needed As needed
Communities	<ul style="list-style-type: none"> Information disclosure Website Email 	<ul style="list-style-type: none"> Regularly/as needed As needed Daily/as needed

3.2.2. Focusing on What Matters Most

Materiality assessment is fundamentally significant for the Group’s sustainable development. It helps us to prioritise and highlight the material ESG issues from both internal and external stakeholders. The results of the materiality assessment guide us in constructing our ESG reporting framework and provide insights into our strategic decision-making process.

In preparation of this Report, the Group completed a materiality assessment with the participation of the Group’s major stakeholders, in collaboration with an external consulting firm. For the materiality assessment, the Group reached out to the members of the Governance Group for the ESG Report and five other stakeholder groups (employees, major shareholders and investors, customers, suppliers, and the public) via a materiality survey. The Group followed the four-stage process described below when conducting the materiality assessment.

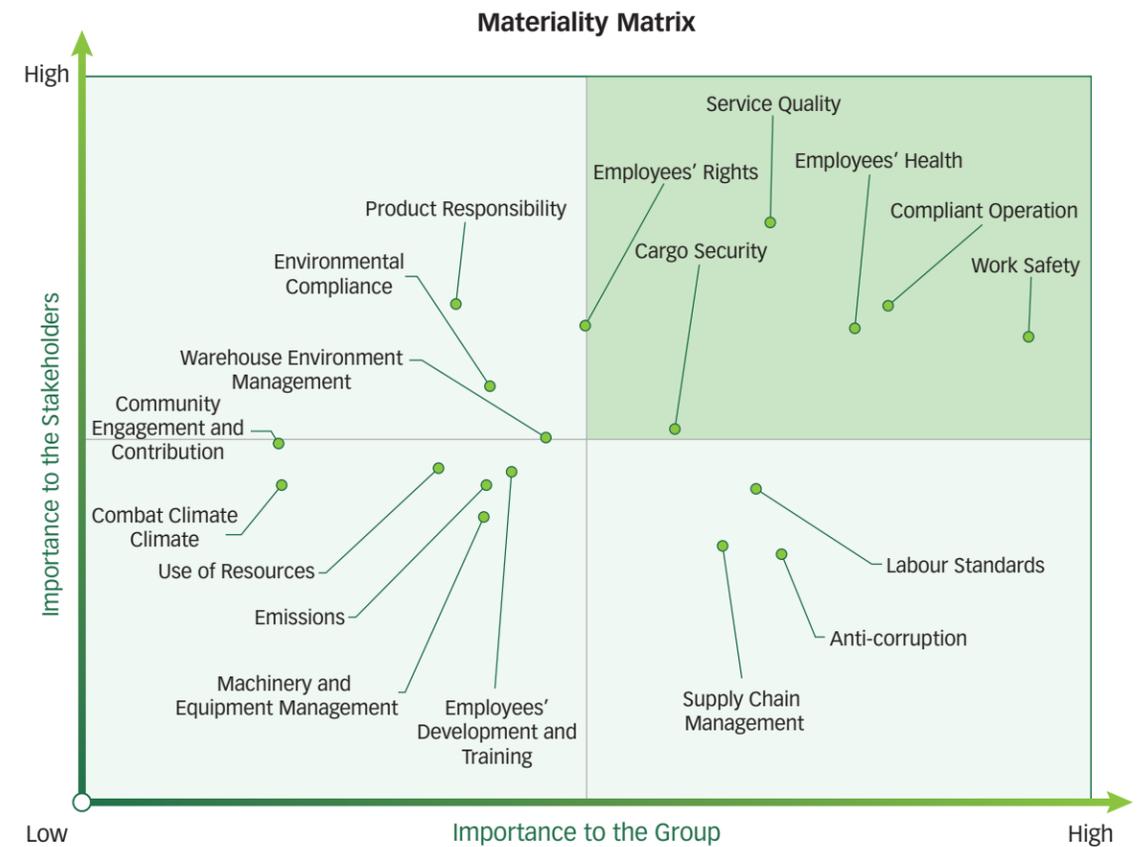
- 1. Identify**

To investigate the ESG issues that are relevant to our business, the Group took reference from the local and international sustainability guidelines and standards, industry best practices, and the results of our communication with stakeholders throughout the year. A total of 18 ESG issues relevant to the Group were identified.
- 2. Engage**

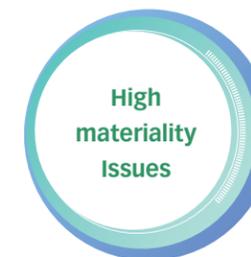
The Group defined our major stakeholders as groups or individuals who have impacts on or are affected by the Group, and invited them to fill in an online survey to participate in the materiality assessment process. Major stakeholders were asked to prioritise each ESG issue based on the level of importance.
- 3. Analyse**

To analyse the relative materiality of each ESG issue, the Group consolidated stakeholders’ views and mapped the ESG issues on a matrix in two perspectives, which are the “Importance to the Stakeholders” and the “Importance to the Group”. The Governance Group for the ESG Report decided that the issues that are of high importance to both our stakeholders and the Company (mapped on the upper right corner of the matrix) are the high-materiality issues of the Group.
- 4. Validate**

The Governance Group for the ESG Report validated the six high-materiality issues of the Group in 2021, confirming the focus of this Report.



The high-materiality issues are as below:



- Work Safety
- Compliant Operation
- Service Quality
- Employees’ Health
- Employees’ Rights
- Cargo Security

4. SAFETY AND HEALTH

The Group attaches great importance to the health and safety of its people. To build a safe and healthy workplace for our employees, we have a well-developed management system in place to ensure the safety of our daily operations, following various training and inspections.

4.1. Safety above all

The Group places the highest priority on the safety of our employees. We promote 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.



Management Systems

The Group has formulated several safety management systems to pursue a high safety level. *Safety Operation Liability System* has been established to define and clarify the roles and responsibilities of each party, to ensure that the safety management and procedures are followed meticulously at different levels of every business segment.



Performance Indicators

Setting performance indicators are essential to assess operational safety performance. The Group requires subsidiaries to set performance indicators, for example, the number and rate of work-related fatalities, number and rate of severe work injury, number of accident cases and other performance indicators are monitored to measure safety performance.



Training

The Group focuses on the ongoing training in the safety management systems. All new employees are required to undergo safety induction training. Ongoing job-specific trainings are conducted for employees to equip them with comprehensive knowledge of safe operation in order to ensure they familiarise with safety skills for the job.



Inspections and Supervisions

To further improve the Group's safety standard, regular safety inspections are carried out to monitor and identify potential safety hazards. We pay attention to safety inspection plans on machinery, equipment and working environment. Comprehensive inspections are conducted routinely, including daily, monthly, seasonal and annual inspections.

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.

Safety performance	Unit	2021	2020	2019
Number of work-related fatalities	No.	0	0	0
Work-related fatalities rate	%	0%	0%	0%
Lost days due to work injury ¹	Days	880 ¹	408	333

4.2. Safety Training

Comprehensive safety precautions and practices are implemented in all operating locations to ensure the safety of our employees and customers. To promote a strong culture of safety in workplace, we organised various safety training to ensure our employees keep up to date with the latest safety rules and practices. We prepared for emergency scenarios by conducting drills and simulation exercises.

Cargo Terminal Safety

Machinery and fire safety are recognised as the two major safety concerns in cargo terminals. To secure port safety, the Group emphasises enhancing the safety management of machine operation and fire hazard prevention.

Fire safety and warehouse safety are important issues for cargo handling and storage. To minimise the risk of fire, the Group implemented several measures in preventing fire. In the fire safety plan, there are regular fire inspections and maintenance of fire service installations and equipment. Cargo ports conduct fire drills in order to practice and prepare for handling a fire emergency. In addition, we maintain good warehouse housekeeping all the time to ensure and improve safety.



During the Reporting Period, Huangpu Port performed a fire drill on 25 November 2021 near the warehouse at the port.

¹ The data increase is due to longer lost days of work injury incidents from Gaoming Port, Doumen Port, Civet Port and Sun Ferry as compared to previous year.

Machinery safety is essential as machine operation without proper safety management poses serious threats to the employees at the cargo terminals. To prevent the occurrence of workplace accidents, the Group focuses on the improvement of the working environment and equipment safety. We safeguard machine operators' safety by providing them with safe and reliable machinery and clear operating guidelines. Furthermore, regular machinery maintenance is conducted to conserve their conditions as well as extend their lifespan. This is conducive to avoiding workplace injuries and fatalities caused by malfunctioning machinery, maintaining a safe working environment for employees.



During the Reporting Period, Zhaoqing Gaoyao Port conducted the machinery and equipment safety inspection, including the trailers and loaders on 27 August 2021.

Fleet Safety

To improve fleet safety, all drivers are required to join the safety training to increase their understanding of safety policies and procedures for operating fleet trucks. To avoid poor driving behaviours and accidents that cause serious injury and fatality, we implemented supervisory control and monitoring of drivers. For example, we conduct mandatory alcohol tests with drivers every day before their shifts and monitor the speed and location of our vehicles in real-time. Moreover, regular fleet inspections and maintenance are performed, while the emergency plan and accident analysis are carried out.



Passenger and Crew Safety

The Group has a strong responsibility towards our passengers and employees to ensure safety on ferries and ships. We have formulated and implemented the *Safety Management Manual for Ships* and other standards and guidelines to guide employees on daily maintenance and inspection to ensure the 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 to subsidiaries under the passenger transportation business, so as to eliminate potential risks and ensure safe operation of ferries, ships and cruise ship. In order to enhance the contingency preparedness and situational awareness of the subsidiaries under the passenger transportation business, we conduct emergency exercises simulation exercises are regularly conducted such as spill collision, stranding of ferry and hull damage simulation. Safety training is 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 case of significant safety accident in passenger transportation.



During the Reporting Period, Sun Ferry performed regular fire drills and evacuation practices in the piers.

4.3. Health and Wellness

The ongoing COVID-19 pandemic has continued to bring health and hygiene as the major challenges. In 2021, the pandemic situation has remained unclear and uncertain. The Group is devoted to safeguarding the health and safety of our employees and customers. At the same time, we are committed to helping combat the spread of COVID-19 while maintaining our delivering terminal navigation logistics and passenger transportation service.

The Group follows the guidelines on pandemic prevention and anti-pandemic issued by the government and prioritised the health and safety of our people, customers, and communities through communication and collaboration.

Response to COVID-19 pandemic

For our employees

To enhance pandemic preparedness, the Group took several 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.



Body temperature checking for entrance control against COVID-19 in Zhaoqing Kangzhou Port



Disinfection and sterilisation of the cargo shipment



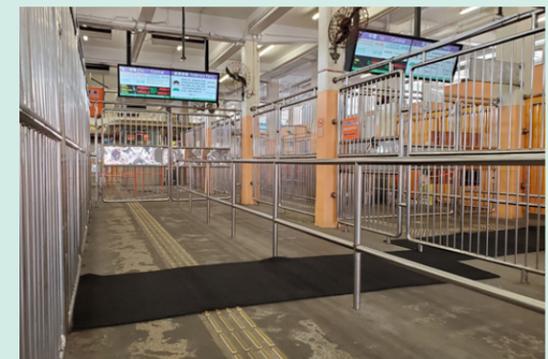
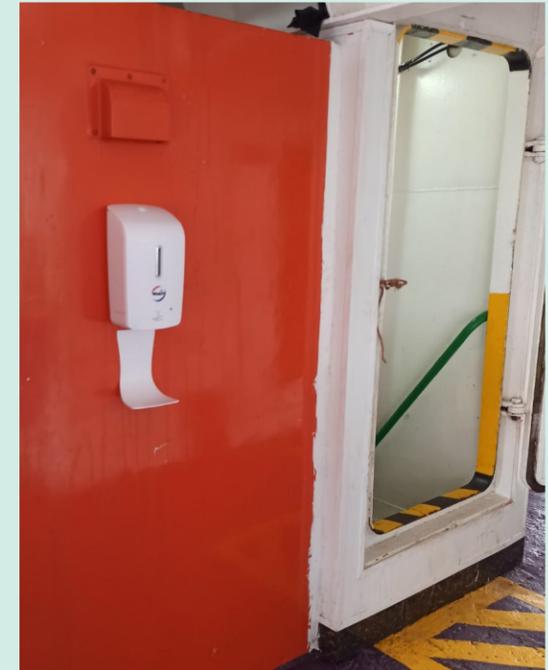
COVID-19 Infection control and prevention training



For our customers

Regarding the passenger transportation business, in order to address the need for pandemic prevention and control, the Group fully tied in with epidemic prevention policies, operations of the cross-border waterway passenger routes of urban areas.

For local ferry services in Hong Kong, we offer complimentary hand sanitizer 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.



Implementation of hand sanitizer and disinfection carpet in the Sun Ferry piers

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

Safety and Health

Occupational Health Management

The Group provides adequate and personal protective equipment to employees based on their nature of work. Understanding fatigue can affect employees' health, safety and work performance, the Group prevents fatigue accidents in the workplace by establishing reasonable work arrangements to avoid excessively long shifts. In addition, the Group provides employees with common rooms, and adequate breaks for them to take rest. 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.



Sun Ferry distributed beverages and snacks to employees to avoid heat stroke on a hot summer day

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



Employees of Qingyuan Port enjoyed a basketball friendship game with Qingyuan Maritime Safety Agency

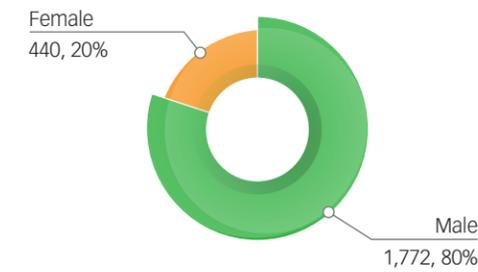
5. PEOPLE-ORIENTED WORKPLACE

We understand our people are the essence of the Group. The Group spares no effort to create an engaging environment that allows our employees to proactively contribute to our long-standing success and pursue their career advancement.

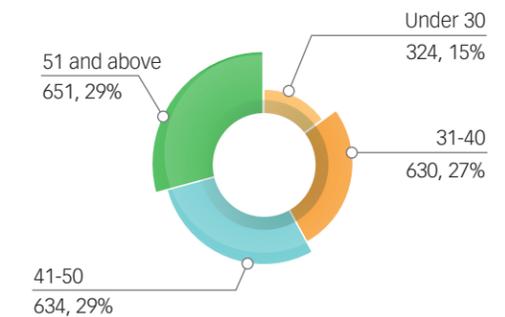
5.1. Employment Profile

As of the end of the Reporting Period, the Group has 2,212 employees and all of them are full-time employees. During the Reporting Period, the overall turnover rate of the Group is 13.0%. The composition of our workforce by gender, age group, employment category, and geographical region are as follows:

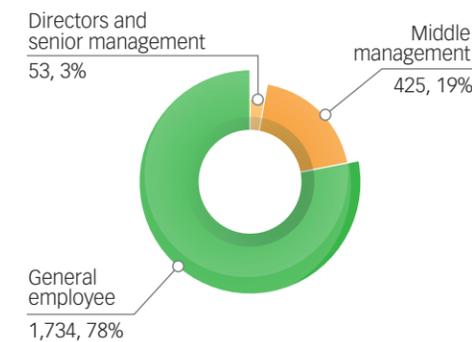
Employee by Gender



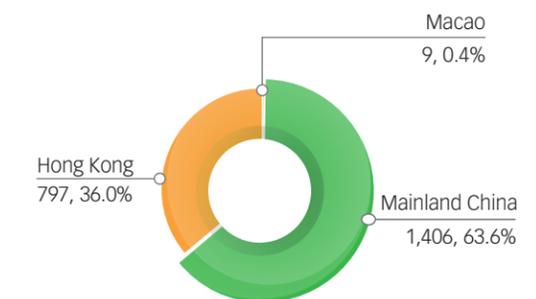
Employee by Age Group



Percentage of Employee by Employment Type



Percentage of Employee by Geographical Region



5.2. Thriving People

The Group attracts and retains talents by adopting a people-oriented approach. We continue to strengthen our competitiveness through the adoption of employee practices, the dedication to employee engagement, and investment in employee development.

5.2.1. 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 employment practice.

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.

Fair and Reasonable Recruitment and Dismissal

The Group seeks and hires the right employees, regardless of gender, nationality, race, sexual orientation, marital status and any other protected status under applicable laws and regulations. All candidates are treated fairly by adopting a rigorous recruitment process focusing on candidates' qualifications capacity and work experience.

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*.

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 working performance. 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

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 it includes the appropriate arrangement of providing monetary compensation or granting of time off to compensate overtime work. The Group guarantees that all employees enjoy statutory holidays such as marriage leave, maternity leave, funeral leave, and paid annual leave.

Prevent Forced Labour and Child Labour

The Group strictly follows labour laws and regulations in areas where it operates and prohibits any form of child labour or forced labour. To prevent forced labour, the Group properly regulates employees' working hours and rest periods. We would never force employees to work against their wills with violence or intimidation, or by restricting their freedom. To avoid child labour, the Group requires candidates to provide proof of identity and candidates without a valid identity proof would not be considered. In case of child labour and forced labour are discovered, the Group will take immediately actions to stop such from happening.

5.2.2. Focusing on Employee Engagement

The Group strives to promote employees' dedication and foster their loyalty by building a happy and balanced workplace where our employees feel respected and valued. We maintain good relationships with our employees and keep an open dialogue with them in different ways during their time in the company.

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

The Group maintains regular communications with our employees in a variety of channels, including WeChat groups, regular team meetings, employee performance appraisals, suggestion boxes, etc. We value constructive feedbacks and opinions from our employees and respond to them appropriately.

In addition, the Group acknowledges employees' exemplary performance and expresses gratitude for their contribution to the Group by giving recognition and public appreciation.



Zhaoqing Gaoyao Port held a film viewing to celebrate International Women's Day.



Zhaoqing Gaoyao Port participated in the trade union sports game during the Reporting Period.



Shenzhen Zhuchuan held outstanding employees selection and election to honour and show appreciation for the excellent working performance of individual employees.

5.2.3. Investing in Employee Development

The Group believes training optimises employees' potential and supports our business growth. We help our employees to acquire professional knowledge and skills that match their work duty and encourage them to maximise their ability to achieve future career goals.

The Group issues the *Implementation Guide of Talent Development and Management* to establish mentorship programme for new recruits. When new recruit is on board, dual mentors, including an integrated mentor and a job-specific mentor, are assigned to each new employee. 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. To equip employees with the skill set that they need for their roles, the Group proactively provides a wide range of business and function-specific training to empower employees' growth and performance.

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

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.



Zhaoqing New Port organised a cargo transportation technical competition for the training of employees



Subsidiaries of the Group held several training regularly for the employees during the Reporting Period

6. QUALITY AND RELIABLE SERVICE

The Group is committed to delivering top-quality and dependable services by operating in a safe, secure and efficient manner. We strive to provide first-class services to our customers across all business segments by focusing on service optimisation and increasing customer satisfaction. The Group has been certificated from the ISO 9001:2015 Quality Management System.

6.1. Service Optimisation

The Group strives to optimise the quality of our services in all the business through continuous improvements and innovations.

Container and Cargo Handling

- Adhering to standardised work manuals

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

- Leverage technology

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, in order to meet customers' needs pertaining to container loading and unloading, customs clearance of cargoes, and cargo transportation. The Group also utilises an e-platform, namely HK ETouch, to offer customers 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.

- Improving terminal security

Terminal security is a major focus area of the Group for maintaining the security of shipping containers and cargoes. To control security risks and cargo safety, we set up security infrastructures and deploy security teams at the cargo terminals. In the cargo terminals, site perimeter fencing, security gates, security lighting are installed. The check-in and check-out processes of personnel and vehicles are strictly guarded as well as the site patrolling. Moreover, the security of terminals is monitored by installing the surveillance cameras system.



Passenger Transportation

When it comes to passenger transportation, we focus on improving the passenger experience by improving the timeliness and comfort level of journeys. Sun Ferry strives to provide as well as CKPT collaborates with ferry terminal operators and ferry companies to deliver a quick and smooth embarkation and disembarkation process for all passengers.



Sun Ferry strives to provide a more comfortable and safer environment for passengers. To this end, Sun Ferry enhances customer experience by installing charging facilities, luggage racks and wheelchair parking spaces on the vessels, adding new seats in the terminal waiting areas, and painting murals illustrating the unique features of the outlying islands.

Sun Ferry supports “2021 International Day of Persons with Disabilities” on 14 November 2021 by offering disabled people with free rides on the free ride day, to foster social integration and build a caring society. In addition, Sun ferry enhances the barrier-free facilities over the years, by facilitating disabled passengers with designated wheelchair spaces and accessible toilets on the vessels.



Ensuring Fuel Quality

The Group applies the highest standard of operational integrity in our fuel supply business. We clearly communicate with customers about the types and quantity of oil and lubricant, with the supplement of the 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.

6.2. Customer Satisfaction

The Group is dedicated to exceeding client expectations while creating long-term relationships with them. Customers’ opinions are important to the Group, therefore we listen to and respond to their needs in a friendly timely manner, and work hard to defend customers’ rights.

Listening and Responding Attentively

The Group has established the *Management Rules for Customer Engagement*, the *Management Procedures for Customer Relationship* and relevant policies and procedures to regulate the process of interacting with customers and strengthen our relationship with them. The Group has identified and enumerated the roles of various departments and individuals in relation to customer involvement.

The Group understands customers’ opinions and suggestions contribute to reflecting and improving our service quality. Customers can express their opinions and file concerns through a variety of channels, including collection boxes and customer hotlines. The Group engaged in the complaint handling procedure as soon as it received the complaints, devised a proper rectification plan, and followed up on the complaints promptly to ensure that customers are satisfied. During the Reporting Period, the Group received a total of 658 complaints. All complaints received were handled properly.

It’s critical for the Group to know its performance from the standpoint of our customers. As a result, we conduct a customer satisfaction survey every year to collect customers’ feedback. The customer satisfaction rates for the terminal navigation logistics business and the fuel supply business have customer satisfaction rates of >93% and 98% respectively.

Valuing Customer Privacy and Persistence in Information Accuracy

The Group emphasises safeguarding the privacy and confidentiality of customers' information by strictly aligning with the *Management Measures for Brand Building* to regulate the information dissemination of the Group. Our businesses in Hong Kong and Guangzhou have obtained certification from ISO27001 Information Security Management System. Customers' information is kept strictly confidential within the Group since we have installed a solid system to secure information entrusted to us. The Group strictly follows the designated internal departments that are assigned for the approval and dissemination of the Group's information to ensure they are authentic and accurate.

6.3. Data and Privacy Protection and Intellectual Property Rights

The Group handles and processes customers' information with great attention to protect personal data and privacy. In Sun Ferry, a *Privacy Policy* is in place aligning with *the Personal Data (Privacy) Ordinance* to ensure customers' personal data will be gathered and stored in the Group's database in an appropriate and secure manner. Without the Group's consent, all employees are prohibited to disclose any confidential information to others. We also hire professional third party to collect and destroy confidential documents.

As for intellectual property rights, we have developed the *Computer User Handbook* to ensure the use of authentic software. We also ensure our advertisements would not against intellectual property rights by requesting the advertising company to follow the practices.

During the Reporting Period, the Group did not encounter any cases of infringement of laws and regulations related to data privacy and security as well as intellectual property rights.

6.4. Procurement Practices

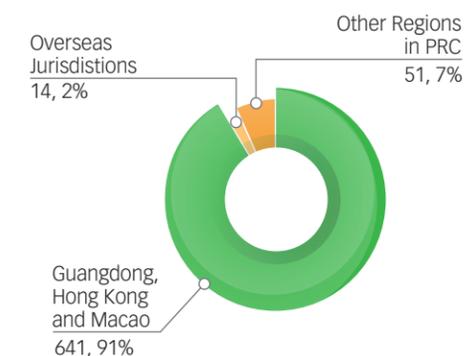
The Group recognizes an effective supply chain management would be beneficial to the Group in terms of risk reduction and service quality enhancement. To this extent, we work with partners and suppliers to improve operational efficiency and sustainable performance.

The major suppliers of the Group are terminal machinery, components, oils and lubricants suppliers and ferry owners. Under the principles of "transparency, fairness, impartiality and honesty", 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. A total of 234 suppliers were covered in the evaluation during the Reporting Period. The Group's Technical Support Department works closely together with relevant departments to identify suitable suppliers and to 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 has been trying to incorporate the sustainable practice into its supply chain management. We seek to work with suppliers who share the same value with us. Apart from evaluating the cost, reputation and delivery of potential suppliers' products and services, the Group also considers their social and environmental performances, such as product and service quality, ethical conduct and environmental conservation. Taking Sun Ferry as an example, Sun Ferry has stipulated its ESG requirements for suppliers in a *Supplier Code of Conduct*, and favours suppliers who could demonstrate commitments to uphold sustainability principles listed in the code during suppliers' selection process.

Every year, we evaluate the performance of our existing suppliers according to the criteria and procedures specified in the *Regulations Governing Integrated Supplier Evaluation* to ensure suppliers are aligned with our requirements. If the suppliers fail to fulfill our specifications, they will be compelled to develop rectification plans and carry out corrective actions. To facilitate energy-saving, the Group is tended to choose energy-efficient products with Grade 1 Energy Label when procuring air-conditioners and dehumidifiers.

During the Reporting Period, the number and percentage of our suppliers² by geographical region are as follows:



² Types of suppliers mainly include shipowners, manufacturers and distributors of machinery and mechanical parts, tyre suppliers, fuel suppliers, and service providers.

7. ENVIRONMENTAL PROTECTION

The Group attaches great importance to minimising its impact on the environment during its business operation and is committed to managing its environmental impacts in a responsible manner. We strictly comply with environmental laws and regulations in each operating location.

The Group implemented the *ESG Policy* which outlines our vision and commitment in relation to environmental protection. We incorporate green management in every business segment by continuously evaluating how our operations affect the environment and carrying out appropriate measures to minimise the impacts.

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.

In order to promote environmental consciousness, we encourage all subsidiaries to establish environmental goals. At the beginning of the year, all subsidiaries from the Group are invited to set environmental targets that best suit their business characteristics and report to the Group. All subsidiaries are asked to review and report their progress at the end of the year. The details of the environmental goals set are listed as follows:

Environmental Targets	Corresponding Measures
Emissions Reduction Targets	
For short-term goals, we aim to increase the use of clean marine fuels and increase shore power equipment.	<ul style="list-style-type: none"> – Adopt the use of low sulphur oils – Provide shore power services for ships at berth
For medium-term goals, we aim to strengthen official vehicles management and reduce business travel emissions.	<ul style="list-style-type: none"> – Recording fuel consumption of official vehicles, regular servicing of official vehicles and gradual conversion of official vehicles to lower/zero-emission vehicles – Reduce unnecessary business travel, first-class and business-class use

Environmental Targets	Corresponding Measures
Waste Reduction Targets	
For short-term goals, we aim to achieve waste reduction at source by reducing print paper usage.	<ul style="list-style-type: none"> – Use of electronic documents (CKPT) – Double-sided paper, including printing, photocopying, drafts, etc.
For middle-term goals, we aim to reduce the use of disposable materials by increasing the recycling rate for all types of waste, recycling electronic equipment, separating waste for recycling.	<ul style="list-style-type: none"> – Purchase reusable tableware – Arrange for recyclers to recycle various types of waste, including waste oil, old electronic products, optical tubes, batteries, waste paper, plastics, metals, paper-wrapped beverage containers – Recycling of waste tires – Trade-in of trailer batteries – Set up recycling bins for non-renewable and recyclable waste
Energy Use Efficiency Targets	
For short-term goals, we aim to reduce unnecessary electricity use	<ul style="list-style-type: none"> – Reduce energy consumption of office equipment by standby and switching off power in a timely manner – Vessels use all shore power during standby and switch off main engines and generators – Turn on 1-2 generators less during daily voyage
For middle-term goals, we aim to reduce energy consumption in offices to improve the efficiency of energy use	<ul style="list-style-type: none"> – Replace office lights to LED lighting
For long-term goals, we aim to reduce fuel consumption of vessels and reduce fuel consumption of outboard trailers. We also aim to improve the efficiency of fuel consumption on ships and vehicles	<ul style="list-style-type: none"> – Control vessel speed – Implementing assessment and management of vehicle fuel consumption quotas – Optimising transport routes – Conduct regular vehicle energy efficiency tests to ensure energy efficiency

Environmental Targets	Corresponding Measures
Water Efficiency Targets	
For short-term goals, we aim to reduce average water and consumption achieve a 5% reduction in monthly water consumption compared to last year	<ul style="list-style-type: none"> – Conduct water conservation and environmental awareness – Regular maintenance of water pipes – Ships switch to seawater instead of freshwater for toilet flushing
For middle-term goals, we aim to increase the rate of water recycling	<ul style="list-style-type: none"> – Adopt water-saving production processes and equipment and recycle water wherever possible – Monitor water use to encourage water-saving behaviour – Reuse water for greening

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.

7.1. Green Operation

7.1.1. Improving Ambient Air Quality

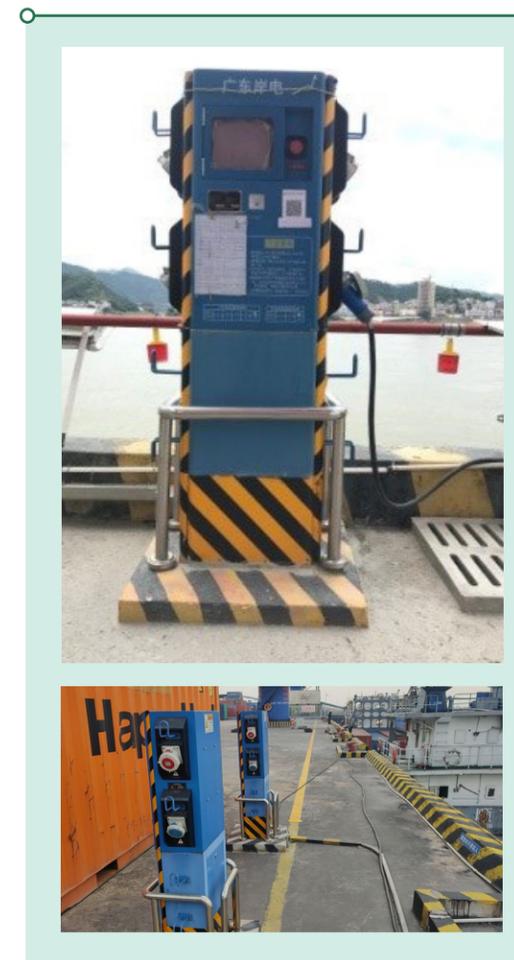
The Group understands that vessels operating and berthing at cargo terminals may affect the air quality of the local communities and nearby regions of cargo terminals. The major air pollutants from the Group are contributed to vessels operating and berthing at cargo terminals including sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters (PM). To reduce its impact on air quality in the local communities, we continue to monitor and control air emissions generated from vessels to improve air pollution.

Providing Onshore Power Supply

The auxiliary generators are required to run continuously to provide sufficient electricity for vessels during berthing. In order to reduce the use of diesel generators and air emissions, the Group has installed several shore power connection boxes to provide onshore power supply to the vessels at berth. Shore power connection boxes have been installed at all of the Group's cargo terminals in Mainland China, effectively reducing air emissions associated with fossil fuel burning of vessels.

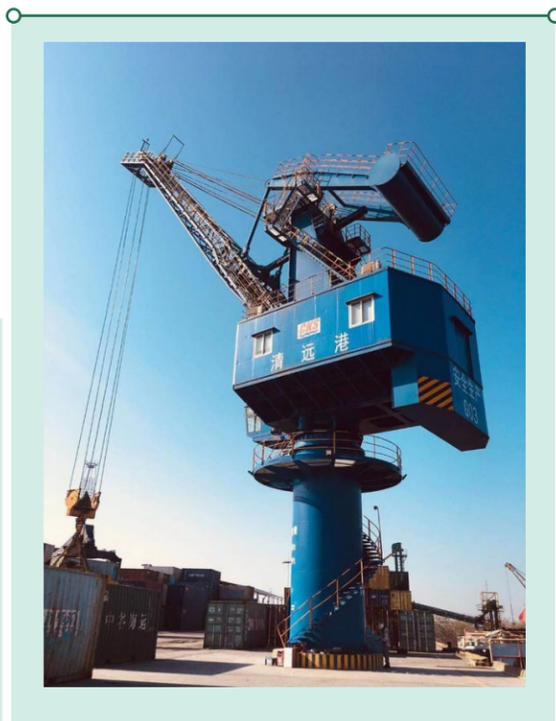
Supplying Light Diesel with Low Sulphur Content

The vessel-related emission is one of the major air pollution sources that may affect the coastal communities. 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. It is significant to reduce emissions from vessels substantially and bring positive impacts on ambient air quality.



Employing Electrical Machinery

The operation of diesel-powered machinery generates emissions of nitrogen oxides and other air pollutants. To improve ambient air quality, the Group employs an electric reach stacker for lifting containers at cargo terminals.



Electric Ferry Experimental Scheme

In November 2021, Sun Ferry signed a subsidy agreement with the Environmental Protection Department of the Hong Kong SAR Government for the Electric Ferry Experimental Scheme. It is an important step in promoting the use of local green ferries in Hong Kong and the implementation of green ferries and new energy.

7.1.2. Reducing Energy Consumption and Greenhouse Gases (“GHG”) Emissions

The major contributors to the Group’s carbon footprint are fuel consumption of machinery, vehicles, ferries and vessels and electricity consumption from the operation of offices and cargo and passenger terminals. The total amount of GHG emissions was 71,394.34 tCO₂e, Scope 1 and Scope 2 GHG emissions were approximately 63,356.95 tCO₂e and 8,037.39 tCO₂e respectively. Therefore, the Group strives to reduce our fuel and electricity consumption in order to cut down the associated GHG emissions.

Aiming to achieve environmental improvements, the Group looks into every possibility for energy saving and emissions reduction during our business operation. 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, ferries 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.



Sun Ferry has adopted the renewable energy like solar power for supporting the energy consumption in order to reduce GHG emissions.



The Group employs electrical gantry cranes and overhead cranes with variable frequency drives to reduce energy consumption and hence the associated air and GHG emissions.

7.1.3. Preserving Water Resources

Water consumption of the Group is sourced from municipal water supply. During the Reporting Period, the Group did not have any issues in sourcing water. Although the Group is not 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 careful of their water consumption by posting water conservation signs in restrooms.



At cargo terminals, the Group reduces demand for freshwater by deploying a 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 52.12 tonnes of rainwater were collected and used.

Wastewater discharge management is also an important way to preserve water resources. As our cargo terminals are located in coastal areas, the Group pays extra attention to wastewater discharge. Wastewater treatment facilities were built with careful planning to divert all wastewater within the boundary of cargo terminals to the treatment facilities for proper treatment before discharge. Apart from this, the wastewater is collected at the terminal to prevent wastewater discharge and pollution in the nearby coastal region.



7.1.4. Effective Utilisation of Materials and Waste Reduction

The Group makes every effort to reduce the amount of waste at the source by making the most of our resources. To avoid improper handling of waste that would pose a threat to both the environment and any surrounding community, the Group strictly follows regulatory requirements and assigned qualified third-party companies to handle and dispose of non-hazardous and hazardous wastes.

The Group retrieves and reuses the used tires at the cargo terminals, to minimise the amount of waste tires and the consumption of new tires. For those tires which are worn down with irreparable damage, they would be discarded and disposed in a standardised manner. During the Reporting Period, a total of 253 tires 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. The Group optimises the time interval of the replacement and volume to avoid any premature disposal of oil and lubricants, in order to reduce the amount of generated waste oil from the replacement process. No abnormality was found in the generated amount of waste oil during the Reporting Period.

The Group has also set up recycling facilities at our operating sites to separate the unavoidable wastes for recycling, such as the used lamp and waste metal.



7.2. Climate Change

Climate change threatens significant risks to global economic and social development. The Group is planning to explore the risks and challenges of climate change to its business operation. As our business operation is located along the coastal area, we understand our business segment has a potential risk when facing extreme weather.

7.2.1 Emergency Response

The operation of cargo terminals is vulnerable to severe weather events as they are located close to the coastal areas. The Group pays attention to its terminal operators and cargo safety under unexpected extreme weather caused by climate change. To enhance the preparedness in responding to severe weather events, all subsidiaries under the terminal navigation logistics business of the Group conduct emergency plans for severe weather conditions. Extreme weather such as typhoons and flooding may cause serious impacts to the environment and the Group's business operation. The Group has identified several 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. The plan outlines the functions and responsibilities of relevant departments in the event of environmental emergencies. Regular drills are conducted to test the adequacy and effectiveness of the plan.



During the Reporting period, Zhaoqing Gaoyao Port performed a simulation and hurricane emergency exercise to enhance typhoon preparedness by providing employee practice in carrying out their roles in the emergency.



Zhaoqing Kangzhou Port simulated flood protection in the port for flood control, in order to enhance the preparedness for responding to the severe flood.

8. COMMUNITY ENGAGEMENT

The Group fulfills our corporate social responsibility by supporting the local communities where it operates. We have been involved in the communities via a wide range of activities. We partner with local communities and organisations to take concrete steps in community engagement, while advocating our employees' volunteerism to share the Group's passion to foster a better society. During the Reporting Period, we have contributed HKD\$1,488,605 and more than 234 hours in communities activities.



On 30 March 2021, Zhaoqing Gaoyao Port participated in a volunteering community clean-up activity for community services.



We organised a team of the representatives from the Group to join a support and research team in helping to revitalise the rural villages. The team visited Shilingzhen, Lianjiang to learn more about the work and living environment in the rural area.

9. 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 2021.

Revenue

Revenue	Units	2021	2020	2019
Revenue	HKD million	2,268.41	1,854.55	2,147.90

Emissions and Wastes³

Emissions and wastes	Units	2021	2020	2019
Air emissions⁴				
NO _x	Tonnes	1,364.77	929.46	107.70
	Tonnes per HKD million revenue	0.60	0.50	0.50
SO _x	Tonnes	16.69	11.04	0.46
	Tonnes per HKD million revenue	7.36 x 10 ⁻³	5.95 x 10 ⁻³	2.14 x 10 ⁻⁴
CO ⁵	Tonnes	146.11	/	/
	Tonnes per HKD million revenue	0.06	/	/
PM2.5	Tonnes	25.08	/	/
	Tonnes per HKD million revenue	0.01	/	/
PM10	Tonnes	26.07	/	/
	Tonnes per HKD million revenue	0.01	/	/

³ Revenue of the Group were used for the calculation of the intensity of environmental KPIs.

⁴ 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*.

⁵ The Group started to disclose air emissions of CO, PM2.5 and PM10 in the environmental data in 2021.

Emissions and wastes	Units	2021	2020	2019
GHG emissions				
Total GHG emissions (Scope 1 and Scope 2)	Tonnes CO ₂ e	71,394.34	51,476.72	20,037.82
	Tonnes CO ₂ e per HKD million revenue	31.47	27.76	9.33
Direct GHG emissions ⁶ (scope 1)	Tonnes CO ₂ e	63,356.95	45,055.77	13,859.51
Indirect GHG emissions ⁷ (scope 2)	Tonnes CO ₂ e	8,037.39	6,420.95	6,178.31
Non-hazardous waste				
Domestic waste ⁸	Tonnes	1,118.62	95.43	112.62
	Tonnes per HKD million revenue	0.49	0.05	0.05
Waste tire	Pcs	1,824.60	1,784	1,594
	Pcs per HKD million revenue	0.80	0.96	0.74
Hazardous waste				
Waste machine oil	Tonnes	39.85	15.93	16.16
	Tonnes per HKD million revenue	0.02	0.01	0.01
Waste vehicle battery	Pcs	3,791	275	192
	Pcs per HKD million revenue	1.67	0.15	0.09

⁶ 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.

⁷ The calculation scope of Scope 2 GHG emissions includes those came from the use of electricity. Scope 2 GHG emissions of 2021 were calculated by referencing the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for Power Generation Facilities (2021 Revision) (Draft for Comments)*, 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 2020* of Companhia de Electricidade de Macau – CEM, S.A.

⁸ The significant increase is due to domestic waste generation of Sun Ferry which is newly included in the reporting scope during the Reporting Period.

Use of Resources

Use of resources	Units	2021	2020	2019
Direct Energy				
Total Direct Energy	MWh	241,951.46	173,789.58	48,559.61
	MWh per HKD million revenue	106.66	93.71	22.61
Gasoline(vehicles)	Litres	52,627.70	62,160.50	74,460.51
	Litres per HKD million revenue	23.20	33.52	34.67
Diesel(vehicles and machinery)	Litres	4,122,506.20	4,116,497.22	4,764,200.36
	Litres per HKD million revenue	1,817.35	2,219.73	2,218.07
Diesel(vessels)	Tonnes	16,621.57	10,970.68	379.59
	Tonnes per HKD million revenue	7.33	5.92	0.18
Indirect Energy				
Electricity	kWh	14,872,138.00	11,523,564.60	10,298,662.40
	kWh per HKD million revenue	6,556.19	6,213.84	4,794.76
Water				
Water	Tonnes	324,192.46	242,264.97	198,575.40
	Tonnes per HKD million revenue	142.92	130.64	92.45

Employees⁹

No. of employees (as of the end of the Reporting Period of each year)	Unit	2021	2020	2019
Total no. of employees	No.	2,212	2,243	1,878
By gender				
Male	No.	1,772	1,809	1,438
Female	No.	440	434	440
By employment type				
Full-time	No.	2,212	2,243	1,878
Part-time	No.	0	0	0
By employee category				
Directors and senior management	No.	53	72	64
Middle management	No.	425	440	541
General employee	No.	1,734	1,731	1,273
By age group				
≤ 30	No.	324	370	339
31 – 40	No.	603	603	605
41 – 50	No.	634	644	564
> 50	No.	651	626	370
By operating location				
Mainland China	No.	1,406	1,453	1,413
Hong Kong	No.	797	786	460
Macao	No.	9	4	5

⁹ 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.

Employee Turnover

Employee turnover rate ¹⁰	Unit	2021	2020	2019
Employees turnover rate	%	13.0%	13.8%	16.7%
By gender				
Male	%	13.0%	11.8%	16.3%
Female	%	13.0%	22.4%	18.0%
By age group				
≤ 30	%	23.8%	22.4%	33.0%
31 – 40	%	9.6%	14.6%	18.8%
41 – 50	%	11.0%	8.2%	10.6%
> 50	%	12.6%	13.7%	7.6%
By operating location				
Mainland China	%	10.1%	11.4%	15.5%
Hong Kong	%	18.2%	18.3%	20.7%
Macao	%	0.0%	25.0%	0.0%

Training

Employee training coverage ¹¹	Unit	2021	2020	2019
Employee training coverage	%	64.6%	67.2%	62.8%
By gender				
Male	%	70.7%	69.6%	64.7%
Female	%	40.5%	57.1%	56.4%
By employee category				
Senior management	%	73.6%	50.0%	62.5%
Middle management	%	40.0%	48.9%	34.0%
General employee	%	70.4%	72.6%	75.0%

¹⁰ 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%.

¹¹ 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%.

Percentage of employees trained ¹²	Unit	2021	2020	2019
By gender				
Male	%	87.6%	83.5%	79.0%
Female	%	12.4%	16.5%	21.0%
By employee category				
Senior management	%	2.7%	2.4%	3.4%
Middle management	%	11.9%	14.3%	15.6%
General employee	%	85.4%	83.3%	81.0%

Training Hours

Average training hours completed per employee ¹³	Unit	2021	2020	2019
Average training hours completed per employee	Hour	26.9	28.7	9.98
By gender				
Male	Hour	32.0	33.8	10.67
Female	Hour	6.6	7.5	7.37
By employee category				
Senior management	Hour	19.0	11.0	15.99
Middle management	Hour	7.3	6.1	10.64
General employee	Hour	32.0	35.2	9.60

Safety

Safety performance	Unit	2021	2020	2019
Number of work-related fatalities	No.	0	0	0
Work-related fatalities rate	%	0%	0%	0%
Lost days due to work injury	Days	880	408	333

¹² 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%.

¹³ 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 ¹⁴
ENVIRONMENT
Mainland China
<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Atmospheric Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes Water Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Water and Soil Conservation Law of the People's Republic of China on the Promotion of Cleaner Production Law of the People's Republic of China on Ports Law of the People's Republic of China on Conserving Energy
Hong Kong
<ul style="list-style-type: none"> Cap. 311Z Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation Cap. 358 Water Pollution Control Ordinance Cap. 354 Waste Disposal Ordinance Cap. 313 Shipping and Port Control Ordinance Cap. 311Y Air Pollution Control (Marine Light Diesel) Regulation
Macao
<ul style="list-style-type: none"> Administrative Regulation No. 15/2016 Standards for Unleaded Petrol and Light Diesel for Vehicles

¹⁴ The laws and regulations of Macao are translated from Portuguese.

Appendix 1 Applicable Laws and Regulations

Law and Regulations ¹⁴
EMPLOYMENT AND LABOUR PRACTICES
Mainland China
<ul style="list-style-type: none"> Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Law of the People's Republic of China on the Protection of Minors Provisions on the Prohibition of Using Child Labour
Hong Kong
<ul style="list-style-type: none"> Cap. 57 Employment Ordinance Cap. 282 Employee Compensation Ordinance Cap. 608 Minimum Wage Ordinance
Macao
<ul style="list-style-type: none"> Law No. 4/98/M Framework Law on Employment Policy and Worker's Rights Law No. 7/2008 Labour Relations Law Administrative Regulation No. 13/2010 Regulation of the conditions or responsibilities to be established in the employment permit for non-resident workers
HEALTH AND SAFETY
Mainland China
<ul style="list-style-type: none"> Production Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases
Hong Kong
<ul style="list-style-type: none"> Cap. 509 Occupational Safety and Health Ordinance Cap. 59J Factories and Industrial Undertakings (Lifting Appliance and Lifting Gear) Regulation Cap. 59K Factories and Industrial Undertakings (Cargo and Container Handling) Regulation Cap. 59AC Factories and Industrial Undertakings (Suspended Working Platforms) Regulation Cap. 59AG Factories and Industrial Undertakings (Loadshifting Machinery) Regulation Cap. 81 Port Control (Cargo Working Areas) Ordinance
Macao
<ul style="list-style-type: none"> Law No. 2/83/M Sanctions Applicable to the Transgression of Legal or Regulatory Norms on Occupational Health or Safety in Industrial Establishments Decree-Law No. 24/95/M Fire Security Regulation Decree-Law No. 37/89/M Approves the General Regulation on Occupational Health and Safety in Commercial, Office and Service Establishments

Appendix 1 Applicable Laws and Regulations

Law and Regulations ¹⁴
PRODUCT RESPONSIBILITY
Mainland China <ul style="list-style-type: none"> Product Quality Law of the People's Republic of China Law of the People's Republic of China on Import and Export Commodity Inspection Law of the People's Republic of China on the Protection of Consumer Rights and Interests
Hong Kong <ul style="list-style-type: none"> Cap. 486 Personal Data (Privacy) Ordinance Cap. 456 Consumer Goods Safety Ordinance Cap. 362 Trade Descriptions Ordinance
Macao <ul style="list-style-type: none"> Law No. 8/2005 Personal Data Protection Act
ANTI-CORRUPTION
Mainland China <ul style="list-style-type: none"> Criminal Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China The Bidding Law of the People's Republic of China Supervision Law of the People's Republic of China Interim Provisions on Banning Commercial Bribery
Hong Kong <ul style="list-style-type: none"> Cap. 201 Prevention of Bribery Ordinance

Appendix 2 Environmental, Social and Governance Reporting Guide Content Index

Mandatory Disclosure Requirements	Descriptions	Relevant Sections and Remarks
Governance Structure	Statement from the board containing the following elements: <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	About This Report



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Mandatory Disclosure Requirements	Descriptions	Relevant Sections and Remarks
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Balance: The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About This Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report

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General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
Environmental		
Aspect A1: Emissions		
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.	9
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	7.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7.1

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General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.1
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).	9
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	9
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.1
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.1
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.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	7.1
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.1
Aspect A4: Climate change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.2
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.2

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General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
Social		
Aspect B1: Employment		
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.	5.2, Appendix 1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1, 9
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	9
Aspect B2: Health and Safety		
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.	4.1, 4.2, Appendix 1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.1
KPI B2.2	Lost days due to work injury.	4.1
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.1, 4.2
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	5.2
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	9
KPI B3.2	The average training hours completed per employee by gender and employee category.	9

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General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
Aspect B4: Labour Standards		
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	5.2
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.2
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.2
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.4
KPI B5.1	Number of suppliers by geographical region.	6.4
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.	6.4
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.4
Aspect B6: Product Responsibility		
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.	6.1, 6.2, 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.	6.2

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General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections and Remarks
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.3
KPI B6.4	Description of quality assurance process and recall procedures.	6.1 * 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.	6.3
Aspect B7: Anti-Corruption		
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.	3.1, 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.	3.1
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	3.1
KPI B7.3	Description of anti-corruption training provided to directors and staff.	3.1
Aspect B8: Community Investment		
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.	8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8

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