

CHAPTER 3

CHAIRMAN'S MESSAGE



YANG Zhijian
Chairman

In 2022, COSCO SHIPPING Ports persevered and embraced challenges in strengthening the level of compliance and risk management with strong execution capability and accelerating business development with sustainable innovation, to lay a solid foundation for steady progress despite influences such as pandemic resurgence, logistics disruption and global stagflation.

I am pleased to present the 2022 Sustainability Report of COSCO SHIPPING Ports to review the work done by the Company in promoting sustainable development last year.

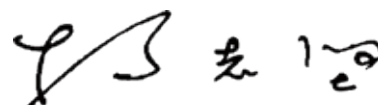
COSCO SHIPPING Ports, under the leadership of the Board, is committed to promoting its governance structure to a higher standard to consistently improve the resilience of corporate governance to provide strong support for long-term stability and sustainable development of the Company. On the one hand, the Company has strictly adhered to the operational and management philosophy of managing in accordance with law and upholding integrity, while enhancing compliance management system and cultivating the culture of integrity and compliance. On the other hand, the Company has attached great importance on risk management and control, remained committed to the work on risk assessment and prevention, paid close attention to the investigation and rectification of hidden risks and potential hazards, and continued to refine the risk prevention and control system with an objective to build a risk defense line with high standards and quality. Furthermore, the Company has proactively strengthened the bottom line of clean governance, enhanced the development of anti-corruption system and further raised the degree of corporate governance through training and awareness education, providing a solid foundation for the stable and healthy development of the Group.

In the face of pandemic spread and logistics disruption, the Company insisted on upholding the concept of “The Ports for ALL” and took the initiative to coordinate resources to cope with logistic interruption by staying customer-oriented, and made every effort to ensure smooth operation of the logistics chain at ports, providing customers with peace of mind in cargo shipping. In addition, the Company implemented relief measures at its Subsidiaries to alleviate challenges for small, medium and micro-sized enterprises by offering initiatives, such as reducing and waiving overdue storage fees for cargo, providing assistance in expediting customs clearance and inspection, and prioritising berthing and port operations, during logistics disruption caused by the pandemic to tide over the difficult times with the small, medium and micro-sized enterprises with the aim of demonstrating our sense of social responsibility.

Smart, green and low-carbon terminal has become a new development trend in the ports industry. The Company embraces digitalisation and vigorously speeds up technological transformation, innovation and upgrading as well as accelerates green and low-carbon transition by focusing on customer needs and adapting to changes in the ecosystem of the industry. Aiming to achieve the goal of carbon neutrality by 2060, the Company will continue to improve the energy consumption structure at ports, proactively explore the application of new energy and clean energy in its terminals, and accelerate the development of the 5G smart port demonstration area in Xiamen Ocean Gate Terminal and replicate it elsewhere. COSCO SHIPPING Ports was awarded the Certificate of BRICS Solution for Sustainable Development Goals Award under the Category of Technological Innovation and Application and the Platinum Award for Innovative Application of Global Navigation Satellite System and Location-Based Service, among others, in 2022, signifying the wide recognition of its achievements in developing 5G smart ports. In 2022, the energy consumption intensity of the Company’s Subsidiaries decreased by 20.7% year-on-year to 0.069 GJ per TEU, while their greenhouse gas (Scope 1 and Scope 2) emission intensity decreased by 18.5% year-on-year to 7.39 kg of CO₂ equivalent per TEU, demonstrating the effective implementation of energy-saving and emission-reduction works and establishing a strong foundation for long-term green development.

Thanks to the support of the local communities where it operates and the stakeholders, the Company is able to remain steadfast and keep moving forward despite the impact of external environment and uncertainties. In the spirit of mutual benefits and sustainable development, the Company supports local economic and social development through investment cooperation and port development and upgrading to drive the development of industry chain in terms of local shipping, ports and comprehensive logistics, create employment as well as create favourable conditions for releasing economic vitality, with the goal of realising win-win situation between its business development and local social benefits.

The Company will continue to move forward steadily and guarantee the long-term development of the Company by leveraging on three drivers including building a more stable business model, refining its corporate structure, and optimising the risk prevention and control system, while fulfilling its corporate social responsibility to speed up environmental and social sustainable development with the aim of sharing the fruits of success with the stakeholders.



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