

CHAPTER 5 ABOUT COSCO SHIPPING PORTS





CORPORATE OVERVIEW

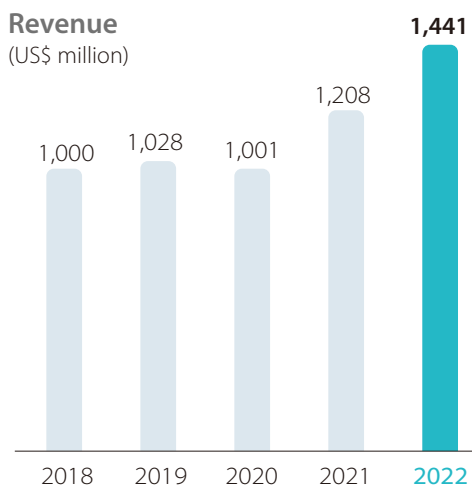
COSCO SHIPPING Ports is a leading ports operator in the world, with a portfolio covering the five main port regions and the middle and lower reaches of the Yangtze River in China, Europe, the Mediterranean, the Middle East, Southeast Asia, South America and Africa, etc. As of 31 December 2022, COSCO SHIPPING Ports operated and managed 367 berths at 37 ports worldwide, of which 220 were for containers, with a total annual handling capacity of approximately 122 million TEU.

The Company upholds its mission of “The Ports for ALL” and strives to build a global terminal network with controlling stake that offers a linkage effect on costs, services and synergies, creating mutual benefits across the shipping industry chain, connecting global shipping services and becoming truly “the ports for all people”.

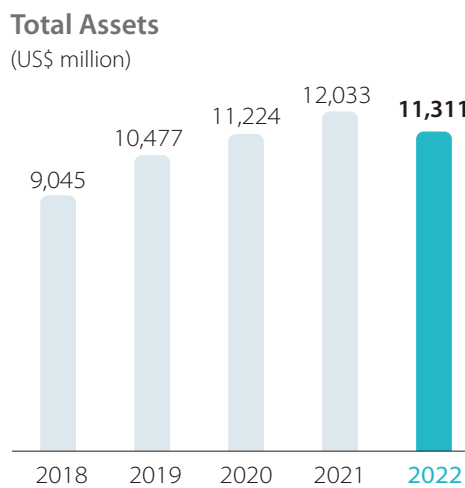
COSCO SHIPPING Ports’ intermediate holding company is COSCO SHIPPING Holdings Co., Limited (“COSCO SHIPPING Holdings”) (stock codes: 1919 (H Share), 601919 (A Share)) whose ultimate holding company, China COSCO SHIPPING Corporation Limited (“COSCO SHIPPING”), is the largest integrated shipping enterprise in the world. As of 31 December 2022, COSCO SHIPPING held 41.94% of the shares in COSCO SHIPPING Holdings, which in turn held 58.36% of the shares in COSCO SHIPPING Ports.

KEY FINANCIAL PERFORMANCE IN THE LAST FIVE YEARS

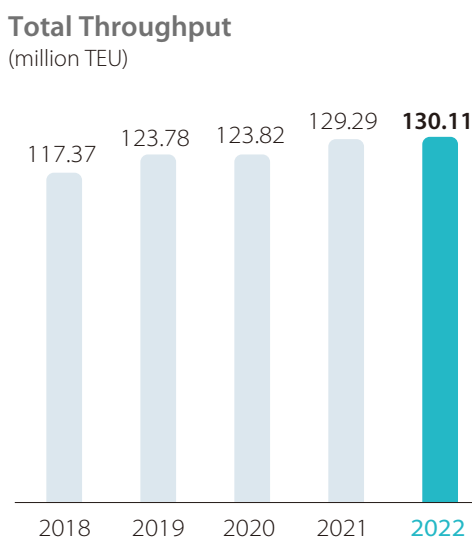
Revenue
(US\$ million)



Total Assets
(US\$ million)



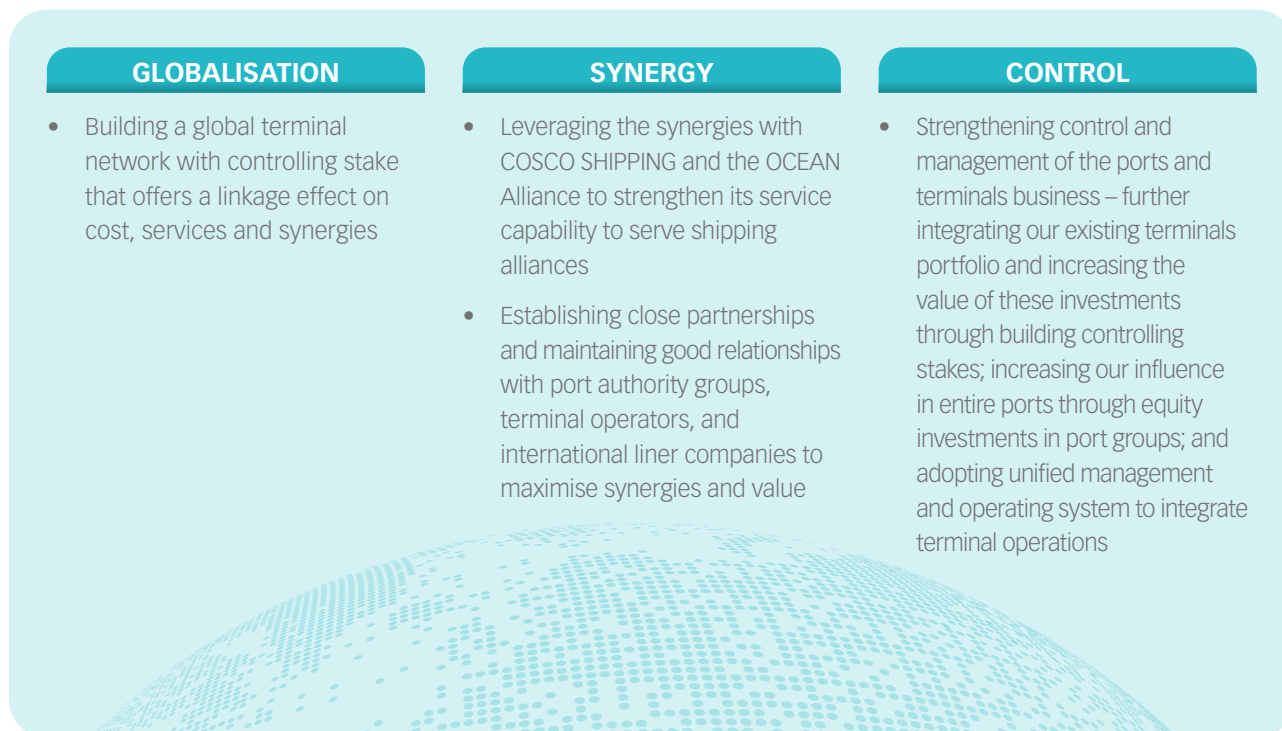
Total Throughput
(million TEU)



As of 31 December 2022, the Company had a total of 15 Subsidiaries and 31 Non-subsidiaries. For details on the global terminal portfolio and financial performance, please refer to the 2022 Annual Report of the Company.

CORPORATE VISION

The Company completed its reorganisation in 2016 and developed three major strategies:



In order to implement the concept of sustainable development, the Company proactively invests in and builds green and smart ports to improve the operational efficiency of the terminals, and achieve energy saving and emission reduction, so as to further cope with the risks and challenges arising from climate change. In 2022, in addition to promoting energy saving and emission reduction and optimising energy mix in the Subsidiaries, the Company continued to promote technological innovation, through the application of 5G, guided by automated and smart terminal technology, to improve operational efficiency and accelerate the development of green and smart ports, and provide customers with the choice of a green and low-carbon logistic to further support carbon reduction in the shipping industry. During the year, Xiamen Ocean Gate Terminal once again won the title of Service Firm Adopting Advanced Technology 2022, and its “Smart Port Innovative Application based on 5G+BeiDou High-precision Positioning” project also won the Platinum Award for Innovative Application of Global Navigation Satellite System and Location-Based Service, which laid a solid foundation for the Company to promote digital transformation of its Subsidiaries.

THE APPROACH TO SUSTAINABILITY

The Company adheres to “The Ports for ALL” as its corporate philosophy and supports to achieve the SDGs to create shared value for stakeholders and communities. Apart from global business expansion towards the new five-year development plan, the Company persists to integrate the principles of sustainability into its daily management, operations and culture, to fulfill its corporate responsibility and commitment to the environment and society. Being a responsible corporate citizen, the Company has been referring to the SDGs of the United Nations, integrating the five goals most relevant to and most influential on business operations into the Company’s five sustainable development areas.

Relevant SDGs

The Company’s Five Key Areas of Sustainable Development



Caring for our People

Providing a safe, healthy, diverse and inclusive workplace to attract and nurture talent for sustained growth.



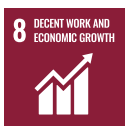
Customers First

Increasing brand awareness and expanding global terminal network to improve operational efficiency and offer high-quality customer services.



Green Development

Investing in building “green ports”, minimising the environmental impacts arising from daily operations by targeting reduction in energy consumption and carbon neutrality, and promoting environmental awareness of employees, business partners and the public to facilitate green and low-carbon development together.



Win-win Cooperation

Incorporating sustainability criteria into supplier and business partner selection and management, and deepening strategic partnerships to enable value chain enhancement.



Investing in Communities

Upholding business ethics and ensuring operational compliance to promote the development, inclusiveness and construction of the communities where we operate in to foster a favourable business environment.

AWARDS AND HONOURS

Awards and Honours Received	Awarding Party
COSCO SHIPPING Ports	
<ul style="list-style-type: none"> Best Corporate Governance and ESG Awards 2022 – Special Mention 	Hong Kong Institute of Certified Public Accountants
<ul style="list-style-type: none"> Best in ESG Awards – Middle Market Capitalisation 	BDO Limited
<ul style="list-style-type: none"> Excellence Award for H Share & Red Chip Entries – Annual Reports Awards 	The Hong Kong Management Association
<ul style="list-style-type: none"> HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Trade) 	Metro Broadcast
<ul style="list-style-type: none"> “Caring Company 2018-2022” logo 	Hong Kong Council of Social Service
<ul style="list-style-type: none"> Most Innovative Port Operator 	International Finance Magazine
<ul style="list-style-type: none"> Best Container Operator of the Year Most Socially Responsible Port Operator 	Global Business Outlook Magazine
<ul style="list-style-type: none"> Best Port Operator Best CSR Company (Port Sector) 	Finance Derivative Magazine
<ul style="list-style-type: none"> Best Shipping Port Operator Hong Kong Best Investor Relations Company (Ports sector) Hong Kong Most Sustainable Company (Ports sector) Hong Kong Best CSR Company (Ports sector) Hong Kong 	International Business Magazine
<ul style="list-style-type: none"> First-Class Award for Science and Technology Prize of China Ports and Harbours Association (Award winning project: Research and application of key technologies of smart port and shipping multicloud service) Second-Class Award for Science and Technology Prize of China Ports and Harbours Association (Award winning project: Digital platform for pandemic control and prevention at ports) 	China Ports and Harbours Association
Tianjin Container Terminal	
<ul style="list-style-type: none"> Four-star Green Port 	Container Branch of China Ports and Harbours Association
Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal	
<ul style="list-style-type: none"> Advanced Workers 	Guangzhou Port Group Co., Ltd.
Xiamen Ocean Gate Terminal	
<ul style="list-style-type: none"> AAAA Logistics Enterprise 	China Federation of Logistics & Purchasing
<ul style="list-style-type: none"> AA-Class Enterprise in Corporate Credit of Ports and Shipping Enterprises in Xiamen in 2021 	Xiamen Port Authority

Awards and Honours Received	Awarding Party
Xiamen Ocean Gate Terminal (continued)	
<ul style="list-style-type: none"> Certificate of BRICS Solution for Sustainable Development Goals Award under the Category of Technological Innovation and Application (Award winning project: Xiamen Ocean Gate Terminal 5G Smart Ports Intelligent Cargo Loading and Unloading Demonstration Area Project) 	The Chinese Chapter of BRICS Business Council
<ul style="list-style-type: none"> Platinum Award for Innovative Application of Global Navigation Satellite System and Location-based Service (Award winning project: Smart port innovative application project based on 5G+BeiDou High-precision Positioning) 	GNSS & LBS Association of China
<ul style="list-style-type: none"> First-Class Award for Innovation Achievement among Workers in Water Transportation in China in 2022 (Award winning project: Research & development and application of key technologies for automated terminals based on 5G) 	National Committee of the Chinese Seamen & Construction Workers' Union
<ul style="list-style-type: none"> Customer Satisfied Container Terminal for the 19th "Jinlunbei" China Freight Service Quality Tracking Survey 	China Shipping Gazette
<ul style="list-style-type: none"> 2022 Innovative Enterprise (Industry) 	Yazhou Forum
Jinzhou New Age Terminal	
<ul style="list-style-type: none"> Third-Class Award for Science and Technology Prize of China Ports and Harbours Association (Award winning project: Curtain wall lighting system for cranes) 	China Ports and Harbours Association
Dalian Container Terminal	
<ul style="list-style-type: none"> 2022 Information Technology Application Innovation List – Xinchuang Smart Port Excellent Solution (Award winning project: Smart port project "smart production, smart management, chain service, collaborative environment") 	China Information Industry Association
<ul style="list-style-type: none"> 2022 Ports and Shipping Logistics Industry TOP30 Innovation Case Award (Award winning project: "Hard technology + soft power, providing Dalian solution for smart port development") 	China Shipping Gazette
<ul style="list-style-type: none"> Customer Satisfied Container Terminal 	
<ul style="list-style-type: none"> Excellent Team in Boutique Shipping Service Competition (Award winning team: Team 4 of the Dispatch Centre of the Operations Department) 	Dalian Seamen's Union
<ul style="list-style-type: none"> 2022 National Smart Enterprise Development Innovation Case – National First-Class Award (Award winning project: Safety management and control system) 	Entrepreneurs Association
<ul style="list-style-type: none"> 2022 National Smart Enterprise Development Innovation Case – Municipal Third-Class Award (Award winning project: Innovation management of industry-financial integration based on digital transformation) 	

Awards and Honours Received	Awarding Party
Dalian Container Terminal (continued)	
<ul style="list-style-type: none"> • Provincial Quality Trustworthy Team Award (Award winning unit: A team composed of the safety supervision department and the technical engineering department) • Second-Class Award of Provincial Excellent Quality Management Team (Award winning unit: A team composed of the technical engineering department and the operation department) • Third-Class Award of Provincial Excellent Quality Management Team (Award winning unit: A team composed of the safety supervision department and the operations Department) 	Liaoning Province Association for Quality
Yantian Terminals	
<ul style="list-style-type: none"> • Global Best Green Container Terminal 	Asian Freight, Logistics and Supply Chain Awards (AFLAS)
Asia Container Terminal and COSCO-HIT Terminal	
<ul style="list-style-type: none"> • 2020-2021 Good MPF Employer 5 Years+ 	Hong Kong Mandatory Provident Fund Schemes Authority
<ul style="list-style-type: none"> • 2021-2022 Partner Employer Award – Excellent Enterprise Award • Current Employee Employment Retention Award 	The Hong Kong General Chamber of Small and Medium Business
<ul style="list-style-type: none"> • Caring Company 2021-2022 • Colourful Star Award in the Age-friendly City Appreciation Scheme 2021-2022 	The Hong Kong Council of Social Service
<ul style="list-style-type: none"> • Warm Heart Award in the Commendation Scheme for Elderly Caring Organizations 2021-2022 	District Co-ordinating Committee on Elderly Services in Tsuen Wan and Kwai Tsing Districts
CSP Abu Dhabi Terminal	
<ul style="list-style-type: none"> • NEESHAN Award for Best HSE Performance • MAFNOOD Award for Customer Happiness • MAFNOOD Award for Service Digitalization & Process Automation • MAFNOOD Award for Innovative Employee • MAFNOOD Award for Artificial Intelligence & Big Data 	Abu Dhabi Ports
CSP Bilbao Terminal	
<ul style="list-style-type: none"> • Bronze Recognition for 5 years of Continuous EMAS Registration 	European Commission
CSP Valencia Terminal	
<ul style="list-style-type: none"> • “Fent Empresa” Equality Seal (Award winning project: Gender equality scheme) 	Generalitat Valenciana

MEMBERSHIP AND CHARTERS

Name of Institution	Position
COSCO SHIPPING Ports	
China Ports and Harbours Association	Committee Member
China Ports and Harbours Association	Member
Container Branch of China Ports and Harbours Association	Vice President
Container Branch of China Ports and Harbours Association (including committees under the Association)	Member
China Shipping Gazette	Director
Council of Maritime China	Director
Business Environment Council	Board of Director
Council of Containerization Magazine	Vice President
World Shipping Magazine	Committee Member
International Port Community Systems Association (IPCSA)	Member
Xiamen Ocean Gate Terminal	
Xiamen Logistics Association	Vice President
Xiamen Free Trade Zone Chamber of Commerce	Executive Vice President
Council of China COSCO SHIPPING Magazine	Committee Member
Containerization	Vice President
Xiamen Ports Association	Vice President
Xiamen Container Transportation Association	Vice President
China Ports and Harbours Association	Member
Xiamen Modern Supply Chain Federation	Member
Lianyungang New Oriental Terminal	
Lianyungang Port and Port Association	Vice Chairman
Container Branch of China Ports and Harbours Association	Member
Quan Zhou Pacific Terminal	
Quanzhou Container Association	Vice Chairman
Container Branch of China Ports and Harbours Association	Vice President
Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal	
Container Branch of China Ports and Harbours Association	Member
Guangzhou Port Shipping Service Association	Supervisor
Guangdong Ports Association	Director
Dalian Container Terminal	
China Shipping Gazette	Committee Member
CSP Bilbao Terminal	
UNIPORT, ACBE	Member
Kumport Terminal	
İstanbul & Marmara, Aegean, Mediterranean, Blacksea Regions Chamber of Shipping (IMEAK DTO)	Corporate capacity
İstanbul Mineral and Metals Exporters' Association (IMMIB)	Corporate capacity
İstanbul Chamber of Commerce (İTO)	Corporate capacity
Türkiye Marine Environment Protection Association (TURMEPA)	Corporate capacity
Ports Operators Association of Türkiye (TURKLİM)	Corporate capacity
International Investors Association (YASED)	Corporate capacity
Türkiye Quality Association (KALDER)	Corporate capacity

CORPORATE GOVERNANCE

Good corporate governance is the key for the Company to promote high-quality and sustainable development, building a business environment which upholds integrity and maintaining investor confidence through continuous improvement of risk management. The Company has always adhered to the highest ethical standards, followed good corporate governance codes and all applicable laws and regulations, and shaped a professional, transparent, open and accountable corporate image, thus demonstrating a commitment to corporate social responsibility to stakeholders and the society, and achieving sustainable business operations to increase corporate value.

For details on corporate governance, please refer to the section headed “Corporate Governance Report” in the 2022 Annual Report of the Company.

STRUCTURE

The Board of the Company maintains oversight of the overall business and performance, leading corporate strategies and managing allocation of resources to lay a solid foundation for the Company’s long-term development. As at 29 March 2023 (the date on which the Board approved this report), the Board consisted of 10 members, including 3 executive directors, 2 non-executive directors and 5 independent non-executive directors. The members of the Board strictly comply with all applicable laws and regulations, uphold integrity and act in the best interests of the Company and stakeholders as a whole to ensure the continuous and healthy development of the Group.

To assist the Board in the execution of duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, including the Environmental, Social and Governance Committee appointed by the Board to supervise the environmental, social and governance matters of the Company, and to promote the effective implementation of relevant policies and measures. The Environmental, Social and Governance Committee is consisted of three members, most of whom (including the chairman of the Committee) are independent non-executive directors of the Company. Under the leadership of the Board, the Environmental, Social and Governance Committee could effectively support the Company to further enhance its standard of corporate governance, and provide professional and diversified opinions on corporate social responsibility as well as the development and implementation of sustainable development measures, effectively facilitating the monitoring and achievement of the Group’s future goals in sustainable development.

Currently, there are 7 committees under the Board, including the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee, Environmental, Social and Governance Committee, Investment and Strategic Planning Committee and Risk Management Committee. Each committee specifies in writing its terms of reference and its relevant powers and responsibilities to assist the Board in management and governance, enabling it to play an effective leadership role.

COSCO SHIPPING Ports acknowledges that a diversified Board can help enhance the Company’s overall performance. In 2022, the Company has updated the Board Diversity Policy, which ensures the Board would not consist solely of members of the same gender, enabling diverse perspectives and further improving corporate governance and enhancing competitive advantages. When considering candidates for directors, the Nomination Committee takes full consideration into the objective conditions of candidates, including, but not limited to, gender, age, skills, cultural background, knowledge and professional experience, adequately taking the structure and diversity of the Board into account. This is to ensure that directors can complement each other and bring diverse views to the Board, thereby assisting in the overall supervision of the Company’s operations.

For details on the Board committees, please refer to the section headed “Corporate Governance Report – Delegation by the Board” in the 2022 Annual Report of the Company.

RISK MANAGEMENT

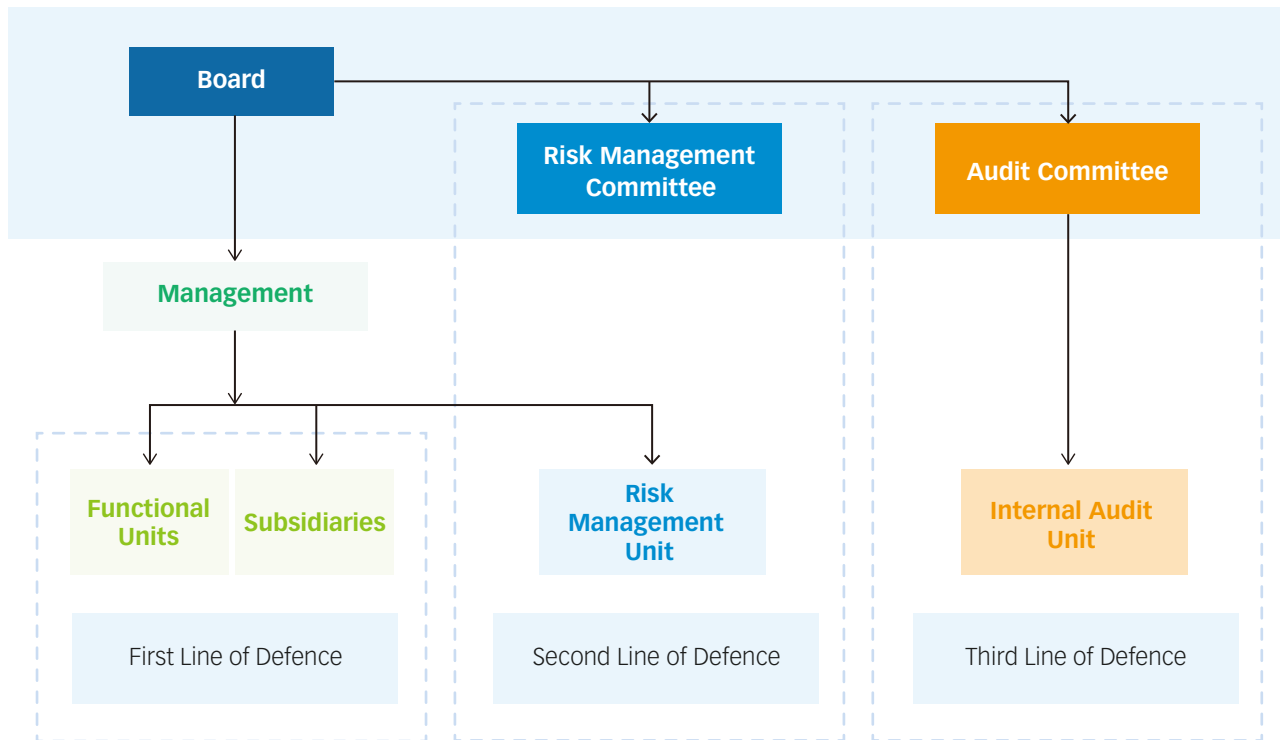
In 2022, the Company issued the Compliance Management Policy to further standardise the operational and management standards of the Company, its Subsidiaries and employees, abide by the requirements of relevant laws and regulations, international treaties, regulatory requirements, industry standards, corporate articles of association, and rules and regulations, and strengthen risk management and improve the level of legal and compliant operation and management to ensure the continuous and healthy development of the Company.

To ensure a prudent risk management strategy, the Company has developed the “three lines of defence” risk management and internal control system based on control environment, risk assessment and measures against risks, to identify, analyse and respond to potential risks in its business. The Company also makes reference to nationally and internationally recognised guidelines⁴ to develop the risk management framework which covers five dimensions, namely corporate strategy, market, finance, law, and operations. The Board authorises the Risk Management Committee to oversee, review and improve the Company’s risk management system, with the aim of preventing all kinds of risks and challenges.



4 Including the COSO Framework established by the Committee of Sponsoring Organisations of the Treadway Commission of the United States of America, the “General Risk Management Guidelines for State-owned Enterprises” issued by the State-owned Assets Supervision and Administration Commission of the State Council, the “Basic Norms of Internal Control for Enterprises” and complementary guidelines issued by the Ministry of Finance and four other ministries and commissions of the People’s Republic of China, and the guide on internal control and risk management issued by the Hong Kong Institute of Certified Public Accountants.

Risk Management Structure



Risk Management Procedures



The Company conducts risk assessments and responds in accordance with the risk management procedures, in order to ensure sustainable development, and analyse any risks that may be involved in future operations and business development, including, but not limited to, risks related to sustainable development issues such as safe production, customer relationship management and human resources. The Company plans ahead from all aspects to formulate risk response measures one by one. The Company evaluates and updates potential risks based on the "severity of risk" and "possibility of risk occurrence" to monitor and manage the impacts on the Company's operating costs and other financial impacts caused by related risks.

For details on the risk management system and risk evaluation assessment, please refer to the section headed “Corporate Governance Report – Risk Management and Internal Control” in the 2022 Annual Report of the Company. For the climate risks and opportunities identified by the Company and related countermeasures, please refer to the section headed “Green Development – Response to Climate Change” in Chapter 9 of this report.

ANTI-CORRUPTION

The Company has always upheld high standard of business ethics and integrity. In 2022, the Company issued the Anti-corruption Policy to regulate the Company and its Subsidiaries to maintain a corporate culture of honesty and integrity at all times, and strictly abide by laws and regulations of the jurisdiction where the business is located and prevent all forms of improper behaviour such as suspected corruption and bribery. The Company maintains a zero-tolerance approach in handling all relevant situations. The Company stipulates in the Staff Handbook its anti-corruption principles and regulations, stating that seeking personal benefits in the name of the Company or personal authority is strictly forbidden, in order to ensure that all employees respect and comply with the corporate ethical standards and business ethics and maintain the core values of law-abiding and honest business. The Company’s Anti-corruption Policy is set out in the section headed “About CSP – Corporate Governance – Policies and Guidelines” of the Company’s website.

Through anti-corruption trainings, the Company strengthens the promotion of a clean and honest corporate culture, and enhances the integrity standards of the management and employees. In 2022, all directors of the Company completed anti-corruption training. In addition, the Company invited the Independent Commission Against Corruption of Hong Kong to provide a professional training seminar on integrity for the employees of its headquarters in Hong Kong and the management personnel of COSCO-HIT Terminal and Asia Container Terminal by introducing laws and regulations on the prevention of bribery, extortion, fraud and money laundering, so as to strengthen their awareness of anti-corruption issues. The employees of the Shanghai headquarters of the Company conducted anti-corruption video sharing sessions to learn from case studies during the month of business integrity education.

To deepen the anti-corruption culture at all levels, the Subsidiaries of the Company in China collected domestic anti-corruption training materials and conducted video sharing, and promoted the anti-corruption code of conduct to employees during the month of business integrity education. In addition, the Company requires overseas Subsidiaries to fully consider the local situation and conduct seminars, special lectures, standard promotional and educational video sharing or online courses for anti-corruption training, to strengthen the prevention and control of overseas corruption risks. In 2022, Piraeus Terminal took the national conditions of Greece and the actual operational conditions of the terminal into account and set up online courses to demonstrate the importance of anti-corruption work in corporate governance. It also conveyed practical content on anti-corruption measures according to specific workplace scenarios, guided employees to make correct judgments and responses in anti-corruption work to establish a positive corporate image.



During the year, CSP Wuhan Terminal and Nantong Tonghai Terminal launched a painting and calligraphy exhibition on business integrity, promoting the spirit of strict self-discipline, and creating an atmosphere of advocating integrity.

The Company encourages stakeholders to monitor the standards of integrity and accountability of the Company and work together with us in maintaining good corporate governance. In 2022, the Company issued the Whistleblowing Policy to standardise the reporting procedures and confidentiality measures of the Company and its Subsidiaries. It provides a formal and confidential reporting channel for all members of the Company or others who do business with the Company, such as customers and suppliers, while the Company commits to strictly follow investigation guidelines to handle violations of discipline and regulations and take corresponding follow-up actions, to stamp out corruption and illegal activities which may damage the interests of the Group. The Company has set up a channel for reporting fraud at the corporate website to allow stakeholders to report any suspected misconduct. The Company's Whistleblowing Policy is set out in the section headed "About CSP – Corporate Governance – Policies and Guidelines" of the Company's website.

In order to maintain stringent and uniform standards of business ethics with business partners and proactively improve supplier management system, the Company encourages suppliers and contractors and other parties or institutions with business contacts to abide the Company's Anti-corruption Policy. Before choosing a supplier, the Company and its Subsidiaries require all interested suppliers to sign the Supplier's Undertaking Against Commercial Bribery to ensure that they clearly understand and comply with the Company's business ethics requirements, forbid any illegal and unethical business activities, and persist in honest operation.