

CHAPTER 6

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT











The Company endeavours to maintain good and close communication with stakeholders through diverse channels to better understand their comments and expectations on its sustainability strategies, goals and daily operations in order to further improve the management of sustainable development.

KEY STAKEHOLDERS AND REGULAR ENGAGEMENT

The table below outlines the objectives and channels of maintaining regular engagement with key stakeholders in the Company's daily operations:

Stakeholder Groups	Objectives	Channels
 Customers	Strive for service excellence by understanding customers' concerns and expectations for the Company's business and sustainable development as well as sharing industry prospects and development strategy with customers, and listen to their recommendations to maintain long-term relationships with mutual trust	Meetings, business visits, exhibitions, seminars, customer satisfaction surveys, service hotlines, instant messaging software, letters
 Employees	Value the opinions of employees to constantly improve staff-related policies, as well as attract and retain talent to lay a solid foundation for long-term business development	Company website, social media platforms of the Company and its Subsidiaries, including official WeChat account and LinkedIn account, presentations, meetings, labour unions, emails
 Shareholders and investors	Maintain close communication with shareholders and investors and understand their concerns as well as share latest business update to enhance their understanding of the financial and non-financial performance, results and future development of the Company	Meetings, roadshows, investor conferences, company website, corporate communications, including but not limited to financial reports, sustainability reports, circulars and press releases and general meetings
 Suppliers	Ensure that suppliers understand the Company's policies and expectations to improve service quality and act on its social responsibility	Tender meetings, contract and agreement negotiations, regular assessments, business exchanges, seminars
 Governments and regulators	Comply with the requirements and guidelines of government authorities and regulators and understand their policies and priorities in respect of sustainable development	Subject-specific reports, information submission, forums
 Community and environmental advocates	Establish good relationships with the communities and environmental advocates, maintain sound reputation, and identify and respond to different environmental and social risks	Company website, social media platforms of the Company and its Subsidiaries, including official WeChat account and LinkedIn account, community public welfare activities

OUR RESPONSES TO STAKEHOLDERS

The Company strives to maintain close communication with stakeholders, and regularly appoints professional consultants to engage with stakeholder groups including employees, investors, customers, suppliers and community representatives, to help understand their recommendations and expectations on the Company's efforts in promoting sustainability, assess the materiality of each sustainable development topic and respond accordingly. The table below summarises stakeholders' feedback and our corresponding responses:

Issues on sustainability	Issues raised by stakeholders and their expectations	The Company's responses
 <p>Financial performance</p>	<ul style="list-style-type: none"> • Follow business plans, make corresponding arrangements in response to market changes, further expand operations and install new equipment to optimise terminal operations • Continue to enhance lean operations, strengthen quality control of terminal services, and maintain competitive advantages in the international market 	<ul style="list-style-type: none"> • The Company continues to promote technological research and development and implements technology including 5G and artificial intelligence to facilitate the development of smart ports and improve service quality with the aim of strengthening competitiveness. • The Company strives to become the world's leading ports operator and seizes investment opportunities worldwide to enhance its global terminal network. <p style="text-align: right;">For more details, please refer to the section headed "Customers First" set out in Chapter 8 of this report.</p>

Issues on sustainability



Issues raised by stakeholders and their expectations

- Extend corporate governance to the management of environmental and social issues and strengthen corporate social responsibility and sustainable development
- Improve terminal-related management policies based on the actual conditions of the terminals and devise suitable management solutions to increase operational efficiency

The Company's responses

- With the assistance of the Environmental, Social and Governance Committee, the Board of the Company considers and approves material topics, monitors the progress of the Company's environmental performance goals and related measures, and reviews the effectiveness of the work.
- The Environmental, Social and Governance Committee of the Company is in place to enhance the leadership of the Board in corporate social responsibility and sustainable development, and has incorporated environmental protection, energy saving and emissions reduction, and climate change into the risk assessment and management framework to better prevent against the relevant risks.
- The Company regularly evaluates on how its Subsidiaries drive sustainable development agendas. Based on the actual situation of each terminal, the external environment and the recent development of the ports and shipping industries, it continues to optimise the management policies and corporate governance.

For more details, please refer to the section headed "About COSCO SHIPPING Ports" set out in Chapter 5 of this report and the section headed "Corporate Governance Report" in the 2022 Annual Report of the Company.

Issues on sustainability

Issues raised by stakeholders and their expectations

The Company's responses



Employees

- Provide education and training on environmental, social and governance issues for employees to enhance their awareness of and ability in cooperating with the Company's approach to sustainability
- Increase the percentage of women in senior management positions to demonstrate the Company's efforts in promoting gender diversity

- The Company keeps abreast of the trends in sustainable development, and conducts publicity and education campaigns to employees on topics such as energy saving and emission reduction, production safety, and the development of reporting guidelines, so as to improve the knowledge of employees in different positions on environment, society, and governance.
- The Company regularly hosts work meetings on production safety, ecological and environmental protection, and pandemic prevention and control, and provides training courses on risk management, corporate safety culture development, to enhance employees' attention to corporate sustainable development.
- The Company has set a measurable goal of gender diversity in the Board and advocates the concept of diversity and inclusion from the leadership level.

For more details, please refer to the section headed "Caring for our People" set out in Chapter 7 of this report.

Issues on sustainability



Environment

Issues raised by stakeholders and their expectations

- Reduce energy use and greenhouse gas emissions, set environmental performance targets, and proactively respond to national policies and goals
- Strengthen the protection of ecological environment and biodiversity, and fulfil corporate social responsibility

The Company's responses

- The Company embraces the development of digital, intelligent and automated terminals, improves the efficiency of terminal operations through technological transformation and innovation and upgrading, proactively explores the application of new and clean energy, optimises the structure of energy use, and accelerates the pace of green port development.
- The Company has set targets for four criteria of environmental performance, including energy efficiency, greenhouse gas emissions, water efficiency and waste disposal to effectively monitor and review the effectiveness of related work.
- The Company has formulated the Management Policy on Ecological and Environmental Protection and the Measures for Performance Evaluation of Ecological and Environmental Protection to standardise the pollution prevention and ecological and environmental protection work of its Subsidiaries in China and enhance environmental protection awareness. At the same time, the Company promotes the implementation of ecological and environmental protection risk response measures at its Subsidiaries, and organises drills and strengthens training to improve emergency response capabilities.

For more details, please refer to the section headed "Green Development" set out in Chapter 9 of this report.

Issues on sustainability

Issues raised by stakeholders and their expectations

The Company's responses



Supply chain management

- Strengthen strategic cooperation with upstream and downstream players in the shipping industry and explore and develop new projects which offer mutual benefits
- Constantly optimise the supplier selection mechanism, by which suppliers could have a better understanding of our procurement standards

- The Company values supplier management, and has developed a strict supplier admission system to ensure they comply with applicable laws and regulations of where they operate, international and industry standards as well as the requirements of the Company. The Company proactively strengthens collaboration with the industry chain, aims to provide highly efficient low-carbon services and works with business partners to build 5G smart ports.
- The Company requires suppliers to fill in the Suppliers' Self-evaluation on the Compliance with Social Regulations to allow new suppliers to better understand the Company's requirements, and facilitate assessment of their sustainability performance and compliance, so as to monitor and management the impact on the value chain, putting responsible procurement in practice.

For more details, please refer to the section headed "Win-win Cooperation" set out in Chapter 10 of this report.



Community

- Engage in charity work and encourage employees to participate in community activities

- The Company vigorously advocates and practices corporate social responsibility and proactively engages in charity work to create value at the places where we operate, and to achieve collaborative development. The Company alongside its Subsidiaries proactively participate in charitable activities to help promote local employment and education, provide funding for community facilities and support local poverty alleviation initiatives.

For more details, please refer to the section headed "Investing in Communities" set out in Chapter 11 of this report.

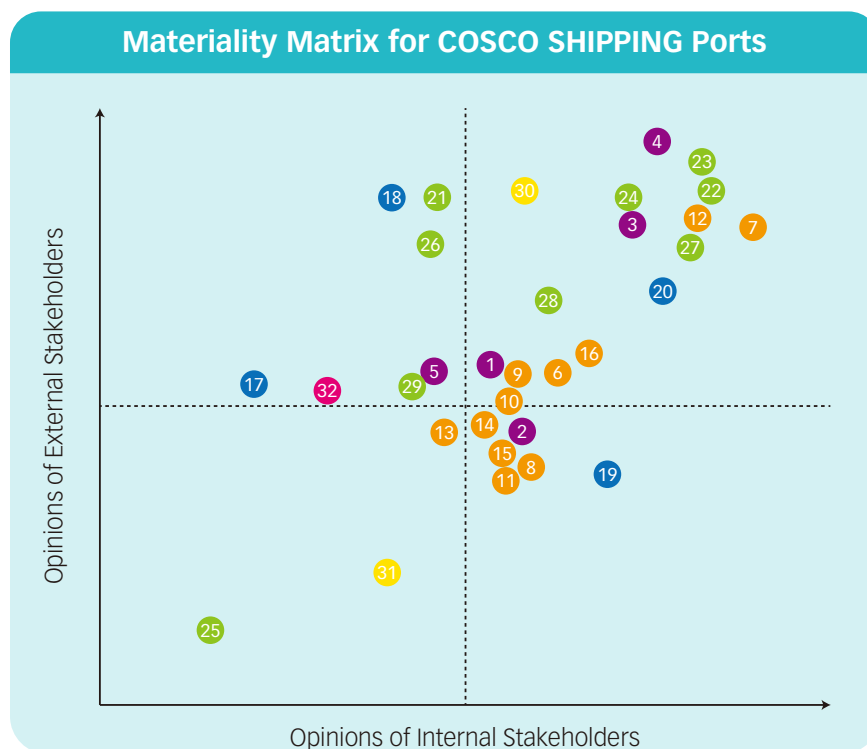
MATERIALITY ASSESSMENT

The Company has made reference to the ESG Reporting Guide issued by the SEHK, the GRI Universal Standards 2021 and material topics of other domestic and international ports and shipping companies to integrate and adjust the number of sustainability issues from 45 in 2021 to 32 for the year. Details of which are as follows:

Issues	Changes	Reasons for changes
<ul style="list-style-type: none"> • Enhancement of the globalisation strategy • Political contributions • Enhancement of strategic cooperation • Indirect economic impact • Cooperative empowerment • Responsible overseas investment 	Deleted	According to the peer benchmarking and market analysis conducted by external consultants, ports and shipping companies seldom list such issues as independent issues on sustainable development although they are disclosed in their sustainability reports.
<ul style="list-style-type: none"> • Environmental compliance • Socio-economic compliance 	Deleted	Disclosure requirements on such issues have been deleted in the GRI Universal Standards 2021.
<ul style="list-style-type: none"> • Customer complaints • Enhancement of the safety management of outsourcing • Market performance • Improvement in employees' awareness of environmental protection 	Deleted	To enhance the accuracy and clarity of the materiality assessment, the Company has made adjustment to certain issues that overlap with, or are similar to, other issues.
<ul style="list-style-type: none"> • Supply chain management 	Newly added	According to the peer benchmarking and market analysis conducted by external consultants, this could significantly increase the relevance of the issues to the operations of the Company and the ports and shipping industries.
<ul style="list-style-type: none"> • Consolidated "risk management" and "corporate governance" into "corporate governance and risk management" • Consolidated "responsible procurement" and newly added "supply chain management" into "supply chain management and responsible procurement" 	Consolidated	

To strengthen communication with its stakeholders, the Company conducts interviews or surveys every year to communicate with stakeholders and reviews the effectiveness of the practices on a regular basis. In 2022, the Company collected information from internal and external stakeholders through online surveys to identify the impact of the Company's business operations on the economy, environment, and people, and hence to strengthen our understanding of the stakeholders' expectations on the Company. Based on the survey results, the Company has adjusted the sustainability issues that are most relevant to the Company's operations and stakeholders and updated the materiality matrix.

During the year, the Company identified 16 highly material issues in the materiality assessment. For the boundary of each high material topic, please refer to the section headed “Appendices – Boundary Mapping of Material Topics” set out in Chapter 12 of this report.



Sustainability Issues

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| <ul style="list-style-type: none"> 1 Economic performance 2 Tax transparency 3 Corporate governance and risk management 4 Anti-corruption 5 Anti-competitive behaviour 6 Employment 7 Occupational health and safety 8 Training and education 9 Diversity and equal opportunity 10 Anti-discrimination 11 Labour grievance mechanism 12 Employee rights and interests 13 Freedom of association and collective bargaining 14 Child labour and forced labour 15 Equal rights assessment 16 Employee care | <ul style="list-style-type: none"> 17 Customer satisfaction 18 Customer privacy protection 19 Improvement in terminal operations 20 Technological innovation 21 Exhaust emissions 22 Waste management 23 Wastewater discharge management 24 Energy management 25 Material use 26 Water resource management 27 Greenhouse gas emissions 28 Climate change and response 29 Biodiversity 30 Supply chain management and responsible procurement 31 Supplier environmental and social assessment 32 Community charity |
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