

CHAPTER 6






STAKEHOLDER ENGAGEMENT AND DOUBLE MATERIALITY ASSESSMENT



The Company endeavours to maintain good and close communication with stakeholders to gain an in-depth understanding of their suggestions and expectations on the Company's sustainability strategies, goals and daily operations to further improve the management of sustainable development.

KEY STAKEHOLDERS AND REGULAR ENGAGEMENT

The table below outlines the objectives and channels for 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 listening to their feedback to maintain long-term relationships with mutual trust	Meetings, business visits, expositions, seminars, customer satisfaction surveys, service hotlines, instant messaging software, emails
 Employees	Value the opinions of employees to constantly improve our staff policy, as well as attract and retain talents to lay the foundation for long-term business development	Company website, social media platforms (including WeChat and LinkedIn accounts), presentations, meetings, labour unions, emails
 Shareholders and Investors	Maintain close communication with shareholders and investors and understand their concerns as well as share our business update to enhance their understanding in 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, announcements, circulars and press releases), general meetings
 Suppliers and Partners	Ensure that suppliers and partners understand the Company's policies and expectations to improve service quality and act on its social responsibility	Tendering, 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
 Non-governmental Organisations and Local Community Groups	Establish good relationships with non-governmental organisations and local community groups, maintain sound reputation, and identify and respond to different environmental and social risks	Company website, social media platforms (including WeChat and LinkedIn accounts), social welfare activities

DOUBLE MATERIALITY ASSESSMENT

During the year, the Company engaged an external consultant to conduct a materiality assessment of sustainability issues and introduced the concept of double materiality which identified risks and opportunities that might have a significant impact on the Company's operations and development from both financial and non-financial perspectives, to understand the concerns of stakeholders.

Identification

Based on the issues that stakeholders were previously concerned about, global ESG trends, international and the SEHK reporting standards, as well as ESG rating requirements, making reference to the material issues of major port operators, and taking into consideration our corporate development philosophy, the Company has identified and consolidated a total of 22 issues.

Analysis And Prioritisation

The Company conducted online surveys and interviews to understand the perspectives of stakeholders and consider the impacts of the Company's business operations on the economy, environment and society and the financial impacts of each of these issues on the Company from the perspectives of both financial materiality and impact materiality. Based on the results of the surveys and interviews, the Company prioritised the issues based on their respective levels of impact and updated the materiality matrix accordingly.

Confirmation

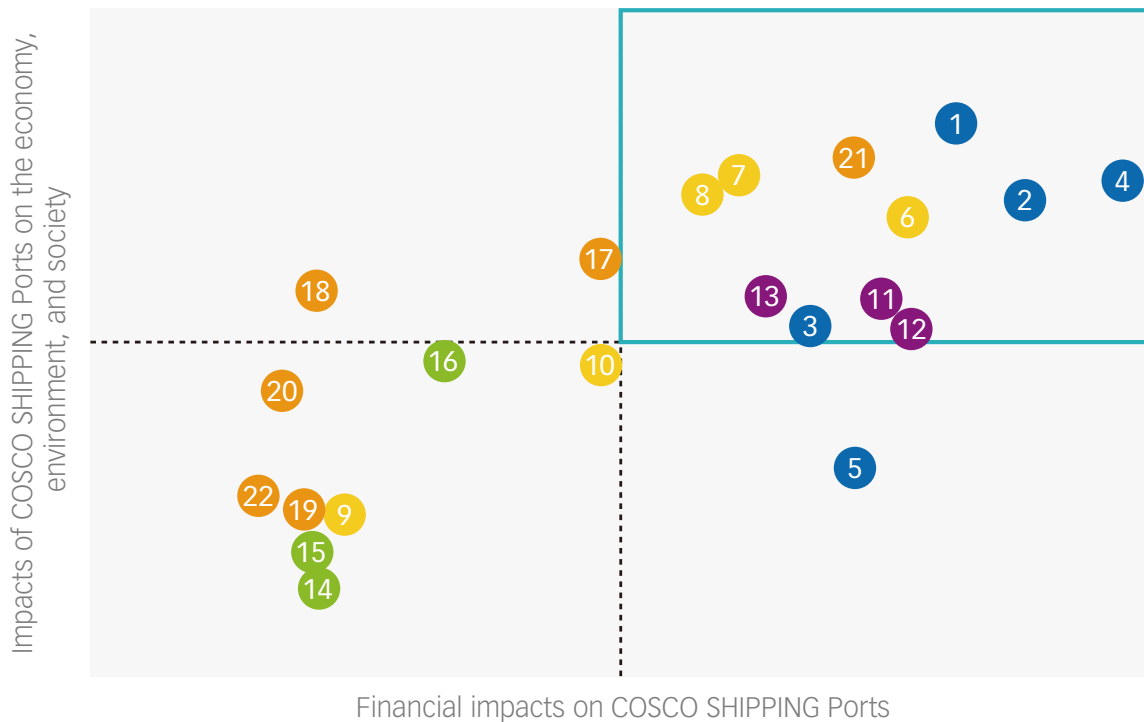
The double materiality matrix was reviewed and validated by the ESG Committee. The Company will consider the identified sustainability issues in the course of its business operations in the future.

In the process of identifying the sustainability issues, the Company consolidated and adjusted the number of issues from 32 in 2022 to 22 for the year. Key changes are as follows:

Issues	Changes	Reasons for changes
<ul style="list-style-type: none"> • Employment • Employee rights and interests 	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"> • Material use 	Deleted	According to peer benchmarking and market analysis, ports and shipping companies would disclose such issue but seldom list it as an independent issue.
<ul style="list-style-type: none"> • Data privacy protection and cybersecurity 	Newly added	According to peer benchmarking and market analysis, the relevance of the issues to the Company's operation and the ports and shipping industries has increased significantly.
<ul style="list-style-type: none"> • Employee engagement and development 	Newly added	
<ul style="list-style-type: none"> • Anti-competitive behaviour • Anti-corruption 	Consolidated	The two issues are consolidated into "business ethics".
<ul style="list-style-type: none"> • Anti-discrimination • Freedom of association and collective bargaining • Child labour and forced labour • Equal rights assessment • Labour grievance mechanism 	Consolidated	The five issues are consolidated into "human rights management".
<ul style="list-style-type: none"> • Wastewater discharge management • Water resource management 	Consolidated	"Wastewater discharge management" is consolidated into "water resource management".
<ul style="list-style-type: none"> • Supply chain management and responsible procurement • Supplier environmental and social assessment 	Consolidated	The two issues are consolidated into "supply chain management".

Based on the results of surveys and interviews, the Company has identified a total of 11 highly material issues, which are shown on the top right-hand corner of the materiality matrix. For the boundary of impact of each highly material topic, please refer to the section headed "Appendices – Boundary Mapping of Material Topics" set out in Chapter 13 of this report.

Double Materiality Matrix



List of Sustainability Issues

Governance

- 1 Corporate governance
- 2 Business ethics
- 3 Data privacy protection and cybersecurity
- 4 Economic performance
- 5 Tax

Resilience

- 6 Climate resilience
- 7 Greenhouse gas emissions
- 8 Energy management
- 9 Air emissions
- 10 Supply chain management

Agility

- 11 Technological innovation
- 12 Terminal operation optimisation
- 13 Customer satisfaction

Nature

- 14 Water resource management
- 15 Waste management
- 16 Biodiversity

Dynamic

- 17 Employee engagement and development
- 18 Employee well-being
- 19 Diversity, equity and inclusion
- 20 Human rights management
- 21 Health and safety
- 22 Community engagement

OUR RESPONSES TO STAKEHOLDERS

During the year, the Company conducted interviews with stakeholders on the financial and impact materiality of our sustainability issues to understand their recommendations and expectations. The stakeholders' concerns and the Company's responses are summarised below:

Issues	The materiality of the issue and its impact	The Company's responses
Climate Resilience	<ul style="list-style-type: none"> Increasingly frequent occurrence of extreme weather or climate-related disasters may lead to loss of assets or increased maintenance costs. As carbon pricing mechanisms and policies are being implemented globally, the Company may incur additional costs to address related transition risks. 	<ul style="list-style-type: none"> The Company takes active steps to strengthen seasonal safety measures of the Subsidiaries by implementing measures against typhoons, summer heatwaves and cold weather, and organising emergency drills to enhance its emergency response capabilities. Shanghai Pudong Terminal and Shanghai Mingdong Terminal have been designated as key emission units under the carbon emissions rights trading system and have carried out carbon emission monitoring, reporting and settling. <p>Please refer to Chapter 9 headed "Resilience" of this report for more details.</p>
Energy Management	<ul style="list-style-type: none"> Reduce carbon emissions and environmental pollution through effective carbon reduction measures. Increase investment in and application of energy-saving and emission reduction technologies to improve energy efficiency, reduce costs, and enhance efficiency. 	<ul style="list-style-type: none"> The Company actively promotes the electrification of terminal equipment and vehicles. For the Subsidiaries in China, the completion rate of the "diesel-to-electricity conversion" of the gantry cranes has reached 97.7%, and the proportion of container vehicles powered by new and clean energy has risen to 46%. The Company continues to expand the application and coverage of clean energy in ports by implementing distributed photovoltaic power generation projects in five of its Subsidiaries. <p>Please refer to Chapter 9 headed "Resilience" of this report for more details.</p>
Technological Innovation	<ul style="list-style-type: none"> Reduce labour costs through technological innovation such as automation and digitisation. Through the development of cutting-edge technologies and the exploration of more environmentally friendly, efficient, accurate and safer operation modes and intelligent systematic solutions, the Company could increase its revenue and become an industry benchmark. 	<ul style="list-style-type: none"> The Company is committed to developing the 5G smart port demonstration area in Xiamen Ocean Gate Terminal as a smart port model and facilitate the advanced upgrading of its Subsidiaries to full intelligence. Xiamen Ocean Gate Terminal, CSP Wuhan Terminal, Quan Zhou Pacific Terminal and CSP Abu Dhabi Terminal have implemented driverless container vehicle horizontal transportation. <p>Please refer to Chapter 10 headed "Agility" of this report for more details.</p>

Issues	The materiality of the issue and its impact	The Company's responses
<p>Customer Satisfaction</p>	<ul style="list-style-type: none"> • By promoting digitalisation, intelligence and green port development, the Company improves operational efficiency, of ports and also reduces reliance on fossil fuels and carbon emissions. • Provide customers with complementary measures for low-carbon and emission reduction purposes, assisting vessels in reducing fuel consumption, air emissions and noise pollution during berthing. 	<ul style="list-style-type: none"> • By extending the port's intelligent logistics industry chain, the Company continuously improves the capability of "Container Shipping + Ports + Related Logistics" and develops an integrated supply chain. • The Company actively promotes the all-round coverage of shore power facilities and issued the Initiative to Promote the Use of Shore Power by Vessels at Berth to assist shipping companies in energy conservation and emission reduction. <p>Please refer to Chapter 10 headed "Agility" of this report for more details.</p>
<p>Health and Safety</p>	<ul style="list-style-type: none"> • Reduce and avoid the occurrence of safety accidents to maintain the Company's reputation and corporate image. • Promote unmanned and automated operations to enhance the safety and accuracy of equipment operations while reducing and preventing occupational health and safety incidents. 	<ul style="list-style-type: none"> • The Company has developed policies to regulate safe production, management of dangerous goods and prevention of occupational hazards. • The Company continues to conduct quarterly safety inspections, ensure that subcontractors adhere to safety management protocols and enforce annual safety assessments to eliminate any non-compliant behaviour and minimise potential occupational health and safety risks on a best effort basis. • The Company encourages the terminals to obtain ISO 45001 Occupational Health and Safety Management System Certification through third-party verification, demonstrating its commitment to establishing and continuously improving health and safety management systems. <p>Please refer to Chapter 12 headed "Dynamic" of this report for more details.</p>

Issues	The materiality of the issue and its impact	The Company's responses
<p>Data Privacy Protection and Cybersecurity</p>	<ul style="list-style-type: none"> • The digitalisation process of ports and terminals relies on information technology and network systems. If a company fails to establish standardised and robust information systems and data security management mechanisms, fails to develop clear data backup requirements, fails to prevent computer viruses, and lacks effective physical environmental protection and access control of information equipment, it may lead to issues such as information leakage, data loss, unauthorised access to information, or malicious destruction that will pose a threat to the company's information systems and data security. 	<ul style="list-style-type: none"> • The Company has published and continuously improved management policies regarding data privacy protection and cybersecurity to provide norms and guidelines for related work. • The Company continuously organises its Subsidiaries in China to fully promote and apply safety systems. Through regular monitoring and scanning, security vulnerabilities are identified and dealt with immediately, to effectively prevent viruses, intrusions and attacks. • Trainings on cybersecurity and data privacy protection are provided to employees, and cybersecurity emergency drills and exercises are conducted. • Regular rectification of cybersecurity risks and breaches is carried out to prevent potential risks to system security and to ensure that the Company's and customers' information is properly protected.

Please refer to Chapter 8 headed "Governance" of this report for more details.